

Winter 2024 Newsletter



It just got a lot harder to lower your premium rate

2024 is the fifth year of the Rate Framework Model (RFM) and many of our readers have learned the fundamentals of this experience rating system but are still having difficulty with the nuances this system presents.

NOTE: This is a complex subject and SE-GA will be providing analysis and answering questions as part of our regular working group meetings.

These groups are co-chaired by the WSIB's Stakeholder relationship team and are no cost to join.

**Please send a note to info@segaconsulting.com to join one of our industry specific groups.
<https://www.linkedin.com/groups/14024362/>**

The primary difference between NEER and RFM is the impact of claims costs to your financial outcome.

NEER was an individual claim cost model. If you removed one claim from your experience it would more than likely alter your rebate/surcharge outcome.

RFM is a cumulative cost model. Except for extreme cases, no one claim increases your premium rate.

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IT JUST GOT A LOT HARDER TO LOWER YOUR PREMIUM RATE

WSIB EDUCATION VIA WSIB WORKING GROUPS

FIVE MINUTE EDUCATION VIDEO ON UNDERSTANDING THE IMPACT OF CLAIMS COSTS IN RATE FRAMEWORK!

0% SIEF AT THE ARO TO 100% COST RELIEF AT WSIB

What does this mean for your company?

In terms of prevention and claims management, continue with your good practices:

- Thorough accident investigation and corrective action
- An inventory of modified work jobs based upon injury type
- Focus on the workers abilities in conjunction with their restrictions
- Immediate and Formal offers of modified work
- Ensure your workforce is trained in their requirement to participate in modified work in the event of a workplace accident

What needs to change is your approach to fighting claims, and the reason is how the finances of RFM work. Specifically, the change that was unannounced and implemented to the model in 2023 but went unnoticed until late last year.

Rate Framework is a risk band model and all premium rates in that model are in 5% increments. For this example, lets assign the base rate (risk band 60) for this business class (rate group) at \$1.00:

Risk Band Tables 2020 - 2022

RB 61	1.02 to <u>1.05</u>	\$1.05
RB 60	0.98 to 1.02	\$1.00
RB 59	<u>0.95</u> to 0.98	\$0.95

Risk Band Tables 2023 -2024

RB 61	1.02 to <u>1.071</u>	\$1.05
RB 60	0.98 to 1.02	\$1.00
RB 59	<u>0.931</u> to 0.98	\$0.95

This change, while appearing subtle, has substantial impact to every WSIB account.

NOTE: Actuarial Predictability is one of the key components of determining your premium rate. It is based upon your company's 6-year insurable earnings (75%) and claim count (25%).

For a company with an actuarial predictability of 50% - meaning your business class peers are 50% responsible for determining your company's premium rate - this change means the following:

2020 - 2022

Amount of Weighted Claims Cost to be removed to reduce your risk band by 1

\$85,000

2023

Amount of claims cost to be removed to reduce your risk band by 1

\$120,000

What does this mean?

This change is meant to bring greater stability to the model but it only benefits employers who are expecting their premium rate to increase as it takes MORE additional cost to increase your risk band score by 1.

It is as equally difficult to increase your risk band as it is to decrease your risk band however as it is the goal of every company to decrease their risk band as this lowers their premium rate, this change has greater benefit to companies with increased claims costs from the prior year as it helps them maintain their current rate when they otherwise would have seen an increase.

In terms of your internal practices, it means that your company needs to focus on the big picture of cumulative claim costs versus individual claims.

As an example - there is limited value (from a WSIB cost perspective) to appealing WSIB decisions on minor claims such as granting entitlement or allowance of even 2 or 3 months of loss of earnings benefits when you feel your offer of modified work was suitable to the worker's restrictions.

Negative Return on Investment: Your internal or external team (at a potential legal fee of several thousand dollars) may be successful on these appeals but you cannot remove enough cost to change your risk band. There may be other reasons to appeal these decisions but if your considerations are financially motivated do not throw good money after bad because the impact of the "bad money" is \$0.00.

For a company with an actuarial predictability of 100% - meaning your business class peers are 0% responsible for determining your company's premium rate - this change means the following:

2020 - 2022

Amount of Weighted Claims Cost to be removed to reduce your risk band by 1

\$110,000

2023

Amount of claims cost to be removed to reduce your risk band by 1

\$126,000

NOTE: please contact SE-GA to calculate this change for your company as there are factors that need to be considered, such as your company's:

- Actuarial Predictability
- Business Class
- Current six-year weighted claims costs
- These numbers are approximate

The difference between your statements and what is the current experience rating window

The most common question SE-GA is asked is what is the current experience rating window. There is a lot of confusion about the current window and the reason is your WSIB statements.

Remember in RFM your past determines your current position

Your 2024 statements use data from 2017 - 2022 to determine your 2024 rate, with 2023 being the gap year.

2023 applies for the 2025 calculations and the window will be 2018 - 2023

“The current experience rating window is 2019 - 2024 but that window does not apply until 2026!!”

Any claim prior to January 1, 2019 is not in the current experience rating window and will not affect your 2026 premium rate. If your company receives a Notice of Appeal from any prior claim the most important thing when considering whether or not your company should participate in the appeal is the date of accident. If the date of accident is December 31, 2018 or prior, there is no financial reason to participate.

WSIB Education Via WSIB Working Groups

Since the summer of 2021 SE-GA has been offering WSIB working groups (1 for health care employers and 1 for all other employers) to educate companies on WSIB policies, practices and decision making. Starting in 2022 the Board's Stakeholder Relationship Team has partnered in these sessions and they have created many presentations to these groups, on topics including:

- Entitlement decisions
- Excellence Program
- Mental Stress claims
- How to use the Employer Portal
- Reading WSIB Reports
- Compass & Safety Check
- Reporting & Compliance issues
- Re-Employment Obligations

There is no fee to join these groups and you do not need to be a SE-GA client to participate. Please contact info@segaconsulting.com for topics and dates suitable to your company.

Our upcoming schedule includes:

WSIB Payment 101 – information and tips to assist you when completing your Form 7s

February 21 – 11am-12pm

February 28 – 11am-12pm

Mental Stress Strategy – introducing the plans for change in our Mental Stress Injury program

March 20 – 11am-12pm

March 27 – 11am-12pm

Compass and Safety Check – year end information and how to use WSIB's online data resources to help with your disability management.

April 17 – 11am-12pm

April 24 – 11am-12pm

Early and Safe Return to Work - decision making, tools and accommodations and Maximum Medical Recovery – Panel discussion with Eligibility, Case Management, Return to Work, Nurse Consultant.

May 22 – 11am-12pm

May 29 – 11am-12pm

Recurrences, Temporary and Permanent Work Disruptions – advance planning and what to expect.

June 19 – 11am-12pm

June 26 – 11am – 12pm

Five Minute Education Video on Understanding the Impact of Claims Costs in Rate Framework!

For a snapshot to share with your team on understanding the new Experience Rating Model and how to reduce your costs and subsequent rates, SEGA has developed a short video on what you need to know about Rate Framework. For a copy, please send us a note to info@segaconsulting.com

In-House Education Sessions

SE-GA has provided numerous virtual public rate framework education session throughout the pandemic, most recently in December 2023 and these sessions have been very well attended.

It appears 2024 will be “back to normal” and we will be going back to customized sessions tailored to your company’s individual statements and providing in-house education sessions on the Rate Framework model.

These sessions will show your entire company – Finance, Operations, Human Resources and Safety – how short-term decisions can have very negative impacts to your WSIB financial performance for the very long-term but how good performance can consistently improve your performance. These sessions include:

- Key metrics and benchmarking
- Why your statements say 2017 – 2022 but what matters is 2019 - 2024
- How going accident free does not produce immediate improvement
- Claims Management techniques for Rate Framework
- The importance of your accident cost statement
- Why Compass and Safety Check may not give you the answers you are looking for

Please note these sessions are not recorded for privacy reasons and as per the regulations of the Law Society of Ontario requiring written approval of 100% of the attendees, including presenters.

0% SIEF at the ARO to 100% Cost Relief at WSIAT

A truck driver suffered a severe injury during their lunch break, falling out of the truck due to a coughing fit and lost consciousness before falling from the truck as they had opened the truck door prior to an asthma attack. The driver lost consciousness and fell about six feet and suffered a skull fracture.

The worker was granted entitlement for a skull fracture, left temporal subarachnoid haemorrhage, concussion, multiple rib fractures and low back strain. For obvious reason the WSIB deemed this accident severity as major.

The argument for cost relief was based upon the pre-existing condition, and the treatment for that condition was solely responsible for the workplace accident. Without the upper respiratory infection and the prescription of Ventolin to treat the worker's asthma this accident would not have occurred at all, or could have occurred at any given point but happened to occur in the course of employment. The likely cause for the denial at the lower levels was that accident was deemed major and it is also likely the medical information in the file was not considered as it is rare for a major accident to granted cost relief.

The Vice-Chair wrote in WSIAT 645/23

Having had the opportunity to consider all of the evidence before me, I find myself in agreement with the employer's representative, that 100% SIEF is in order in this claim, because the balance of evidence supports a conclusion that it was the prior, non-work-related condition which precipitated the worker's fall from his truck.

The purpose of this article is to show the importance of continuing appeals to the Tribunal, even when appeals at the lower levels are denied, if the medical evidence supports the appeal.

Remember that all costs charged to your company's account are in essence permanently a part of your WSIB risk-band/premium rate calculation even though the experience rating window is only six-years.

Unlike the previous experience rating models that reset annually, the Rate Framework Model is a continuous system (it never resets) and your current risk-band, for 2024 and into the future forever, is directly linked to your 2020 starting point.

Consider this the easiest way to look at the difference between the prior RETROSPECTIVE models and the current prospective model.

NEER was a bar graph. While the years were adjacent to each other there was no direct influence from the prior year to the current year's outcome.

Rate Framework is a line graph where all prior years DIRECTLY influence the current and all future outcomes. In order to improve your future, you need to improve your past. The only way to improve your past is via SIEF cost relief.

Please discuss cost relief strategies with SE-GA before launching your appeals as not every claims carry enough cost to impact your rate calculation (likely less than 10% of all of your claims.)

SE-GA Workplace Consulting P.C. is a legal services firm specializing in WSIB Cost Management for Employers.

A graphic of a globe on a stand, rendered in a dark red color, positioned on the left side of the contact information box.The logo for SE-GA Workplace Consulting P.C., featuring a stylized red and black graphic of a person's head and shoulders in profile, facing right. To the right of this graphic, the text "SE-GA" is written in a bold, black, sans-serif font, with a red dot between the "E" and "G". Below "SE-GA", the text "Workplace Consulting P.C." is written in a smaller, black, sans-serif font, and the website "www.segaconsulting.com" is written in a red, sans-serif font.

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