

The ABC's of NEER

Last month your organization received your September 2015 NEER statement indicating whether your company received a rebate or a surcharge. **Did you maximize your rebate?**

Many companies find NEER very complicated. Please keep this newsletter on file as it will be useful with this NEER statement and everyone in the future.

We consider it our mandate to empower and educate our clients with the intricacies of WSIB. Here a few helpful hints about how to better understand your NEER statement and the financial outcome it details.

A) What drives claim costs?

There are three costs to a claim:

- **Past Discounted Awards (PDA)** is the actual spend by the WSIB
- **Projected Future Costs (PFC)** is money reserved by the WSIB
- **Overhead Cost Factor (OCF)** WSIB administration charge

Adding these three costs together gives you the Limited Claim Costs (LCC) of a claim.

What **drives up the cost of a claim** is the duration of absence from work by your injured worker where the WSIB provides of Loss of Earnings benefits. The longer a worker is absent, the higher the amount paid to them by the WSIB AND the higher the Projected Future Costs. PFC's begin on the 6th day of loss of earnings benefits paid by the WSIB.

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Using this example: A worker is compensated by the WSIB at a rate of \$200.00/day, and the company has a 50% overhead Cost Factor.

Day 5: Total Cost of the Claim is:

$$\text{\$1,000 PDA} + \text{\$0.00 PFC} + \text{\$500.00 OCF} = \text{\$1,500 LCC}$$

On Day 6 the WSIB begins to reserve money against the total cost of the claim. The Total Cost of the Claim is:

$$\text{\$1,200 PDA} + \text{\$9,600.00 PFC} + \text{\$5,400 OCF} = \text{\$16,200 LCC}$$

In order to maintain low claim costs it is critical that modified work be offered immediately so that the employer can pay the employee directly their normal daily wages.

B) Your 2015 NEER Rebate/Surcharge is based upon:

- Your 2014 Performance AND
- The change in NEER costs from 2011 – 2013 compared to your September 2014 NEER statement

Meaning your company could have been accident free in 2014 but still owe a NEER surcharge due to a claim from 2011 – 2013 becoming reactivated. (Conversely a company can receive a NEER rebate with a poor NEER year for 2014 if the company has significant NEER costs reclaimed from 2011-2013.)

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C) Active and Inactive Claims: Claim Codes

Claim Type 01 (less than one week of lost time) and 02 (medical aid only). This discussion focuses on claim types 03 and higher

Claim Codes with odd numbers are considered active by the WSIB. Any claims (within the 4 year NEER window) that receives Loss of Earnings or Pension benefits in a given year is active for that entire calendar year.

Claim codes with even numbers are considered inactive unless they are reactivated by Loss of Earnings Benefits or a Pension award after the year of the accident.

NOTE: a claim with loss of earnings (LOE) benefits of 6 days or more is always active during the year the LOE are paid and cannot become inactive until January 1 of the next year. That is why a claim will be active (odd number claim code) on your NEER statement after the worker has returned to full duty.

The higher the claim code the longer the duration of loss of earnings benefits paid by the WSIB to your injured worker. Therefore claim codes increase (03, 05, 07, etc.) the longer your worker is not participating in modified work.

When a claim becomes inactive it moves to the next higher even number. (An active 07 claim type becomes an inactive 08.)

D) December 15th is the most important date of the NEER year!!!

Unfortunately many companies successfully manage their WSIB cases for the entire NEER year but still earn a NEER surcharge. This is the result of an injured worker receiving LOE benefits into the next year.

As an example assume a worker is injured December 1, 2015 and receives LOE benefits until January 15th 2016. This claim will remain active (claim code 03) until January 1, 2017.

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The company in this example would pay a substantial NEER surcharge with their September 30, 2016 NEER statement due to this one minor claim.

In order to avoid this type of NEER surcharge:

- For all late year claims immediately offer modified work
- Pay the full daily/weekly wage rate to avoid WSIB LOE wage top-ups
- Remember to pay these workers for the upcoming statutory holidays (or the WSIB will)
- Call SE-GA to discuss case specific strategies if you have a lost time accident between now and the end of the year

DON'T RISK YOUR 2016 NEER REBATE DUE TO POOR NEER MANAGEMENT BETWEEN NOW AND DECEMBER 31st, 2016!

SE-GA hosts public NEER sessions across Ontario and conducts many in-house sessions for our clients. When we host an in-house session we incorporate a client's NEER statement into the session.

Upon request SE-GA will meet with you in your office and provide a no-charge explanation of your NEER performance and discuss strategies to obtain NEER rebates on a sustainable basis.

If you have NEER questions or would like to forecast your September 2016 NEER please contact us at 416-463-7342 EXT 4.

