

The WSIB Proposed Rate Framework: What Workers Should Know

The proposed Rate Framework will have negative implications for workers injured on the job. This document summarizes key elements of the proposed plan, and the impact it may have for injured workers.

What is the Rate Framework?

The rate framework is like a blueprint that the WSIB will use to determine the premium rates that employers must pay into the system.

The framework sets out how employers will be grouped and also how each employer's rate will be adjusted within the group based on its own track record (its "risk" to the system). In the new rate framework, claims costs are used to measure risk.

Employers will pay "risk adjusted premium rates". The starting point is the group rate. The group rate is set by the type of work that the employer does (what the WSIB calls its "predominant business activity"). This is similar to the way the system is now, except that the new framework will have fewer categories.

Each individual employer's rate is then adjusted up or down from the group rate depending on claims cost. This is done with a scale that the WSIB refers to as "risk bands".

To determine where on the scale each employer falls (which risk band it belongs to), the Board will look at its claims costs in the past 6 years. There will be some tinkering based on the size of the employer (actual costs will matter less for small employers than large employers) and there will be some limits. That is, there will be a cap on costs, and the costs of a claim that go above this cap will be spread amongst the whole group.

What does this mean for workers?

Under the new framework, the premium that an employer pays is directly tied to its claims experience. Employers with lower claims costs will pay lower premium rates than employers with higher claims costs. This means that employers will want to keep their claims costs as low as they can.

We expect that all of the negative behaviours that are fueled by experience rating now will continue and may expand under the new framework. Unlike the current system, all employers will be experience rated under the new system. **Since premiums will be**

clearly and directly linked to claims experience, all employers will feel the pressure to minimize claims.

This is bad news for workers. We know that at present, employers will often go to great lengths to keep costs down. Bad behaviours include not reporting work accidents, appealing workers' claims, and pushing workers back to work before they are ready.

The new framework embeds experience rating right into the premium rate. There won't be separate programs any longer, such as NEER, and there won't be rebates (although there may still be surcharges for employers with very bad claims records).

What about health and safety?

The new framework is based on the flawed premise that claims costs are a good measure of health and safety. The WSIB claims that the rate setting framework will "act as an early warning sign" for employers.

In reality, there is no encouragement for health and safety in the new plan, and there is no evidence that claims costs are linked to actual safety. An employer who invests in safer equipment could pay exactly the same rate as an employer who does not, and may in fact pay more.

The increased safety risk for temporary workers also continues under the new framework. The proposed framework continues the practice of attributing accidents to temp agency employers, rather than the true accident employer. This means that there will continue to be an incentive for employers to use temporary workers for their more dangerous tasks, even though they often lack safety training and are unfamiliar with the work environment.

Call to Action

Once the framework is implemented, experience rating will be entrenched in the system and very difficult to get rid of. It will also be less visible, since there won't be off balances or rebates to track.

The government needs to hear from workers now. It needs to hear about the negative effects of the proposed plan. We encourage injured workers, unions, and allies to write to Minister Flynn and tell him your concerns.