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WCB 2009 Rate Model

AMC – 31010

December 3, 2008



WCB
Workers Compensation
Board of Manitoba

Presentation Overview

- What's happening with Compensation Boards across Canada?
- Statistics for Agricultural Implement Manufacturing
- WCB Rate settings
- 2009 Rates – 8 Detailed Steps
- Disability Management
- Questions



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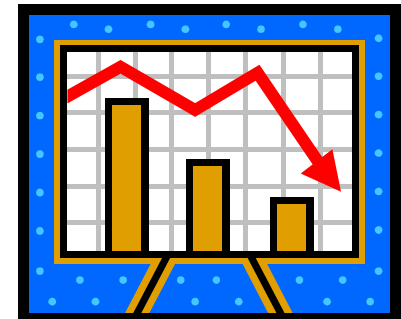
What's Happening With Compensation Boards Across Canada?

- Focusing more on prevention – some are responsible for all of prevention & enforcement
- Seeing declining injury rates
- Focusing more on disability management and return to work



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What's Happening In Manitoba?

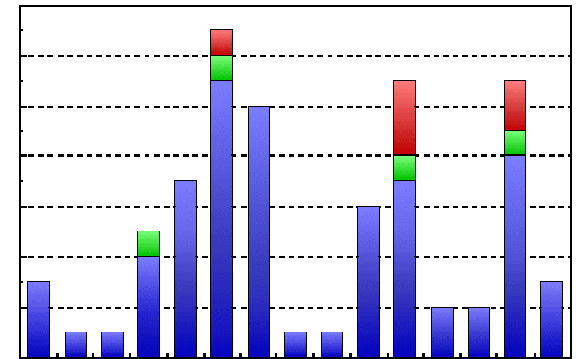
Time Loss Injury Rate Per 100 Full Time Equivalent Workers in Manitoba, 2000 to 2007



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What's Happening with "Agricultural Implement Manufacturing." (Rate Code 310-10)



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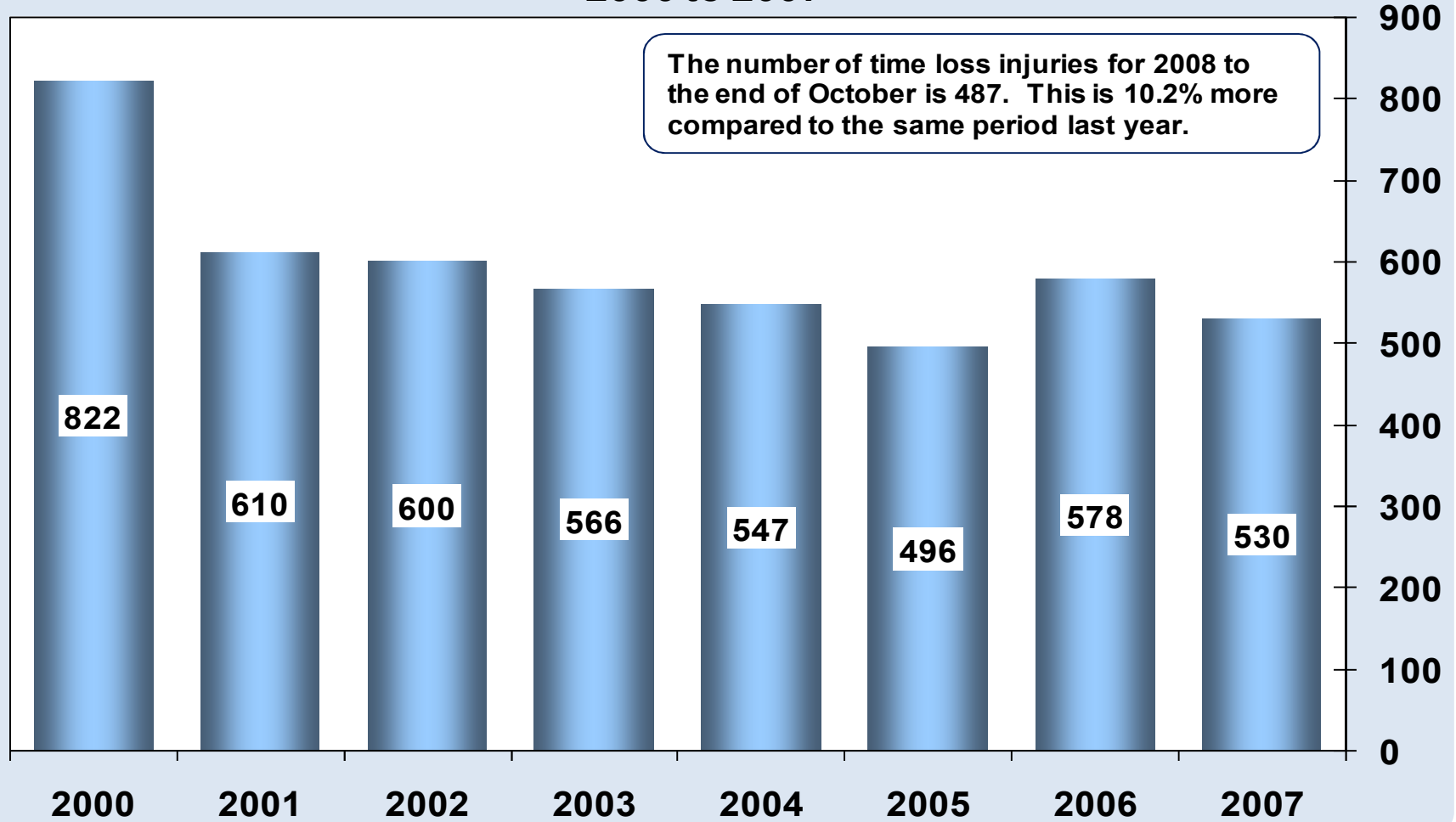
New Firm Rates for Agricultural Implement Manufacturing 2005 to 2009



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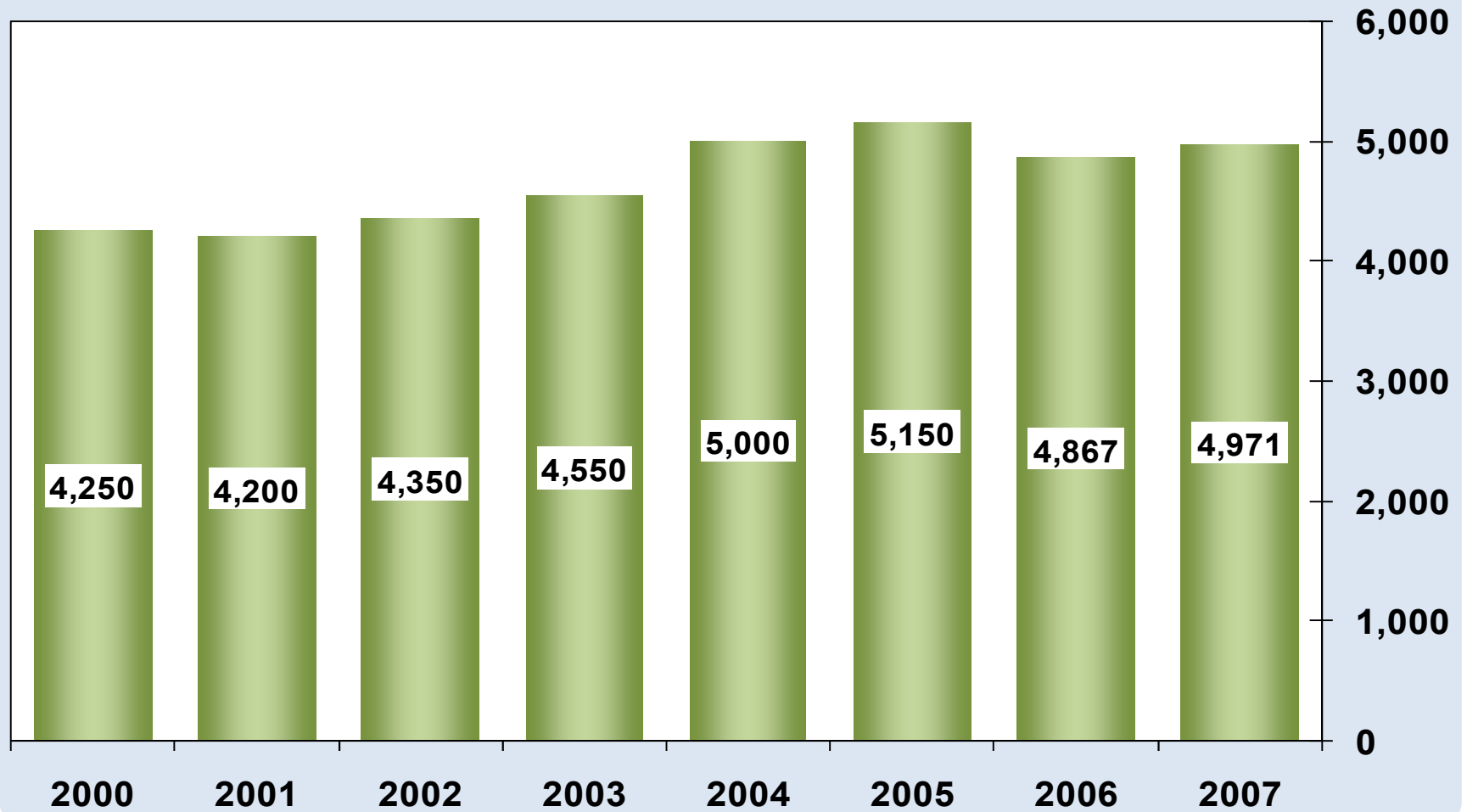
Time Loss Injuries in Agricultural Implement Manufacturing 2000 to 2007



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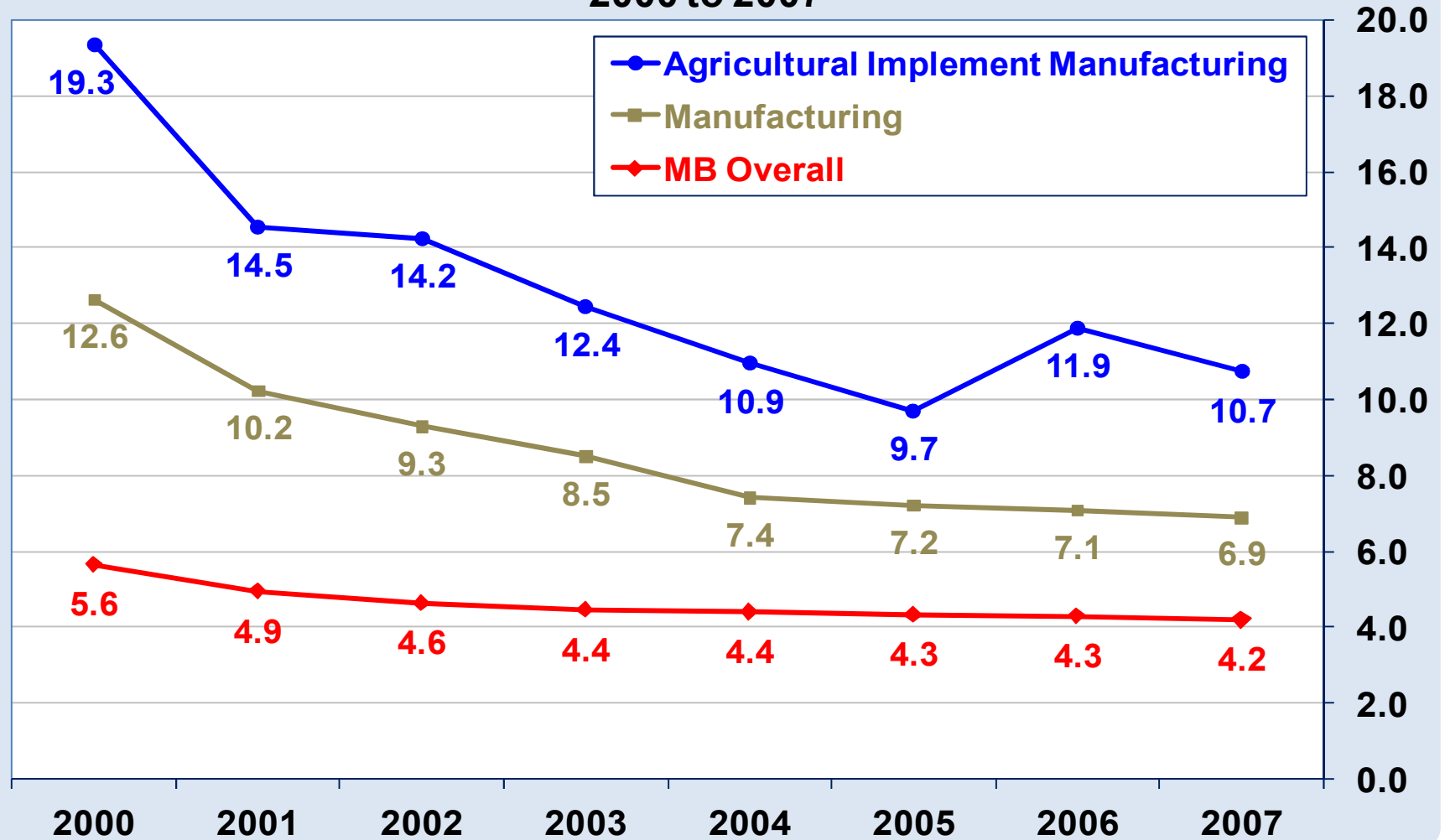
Estimated Number of Full Time Equivalent Workers 2000 to 2007



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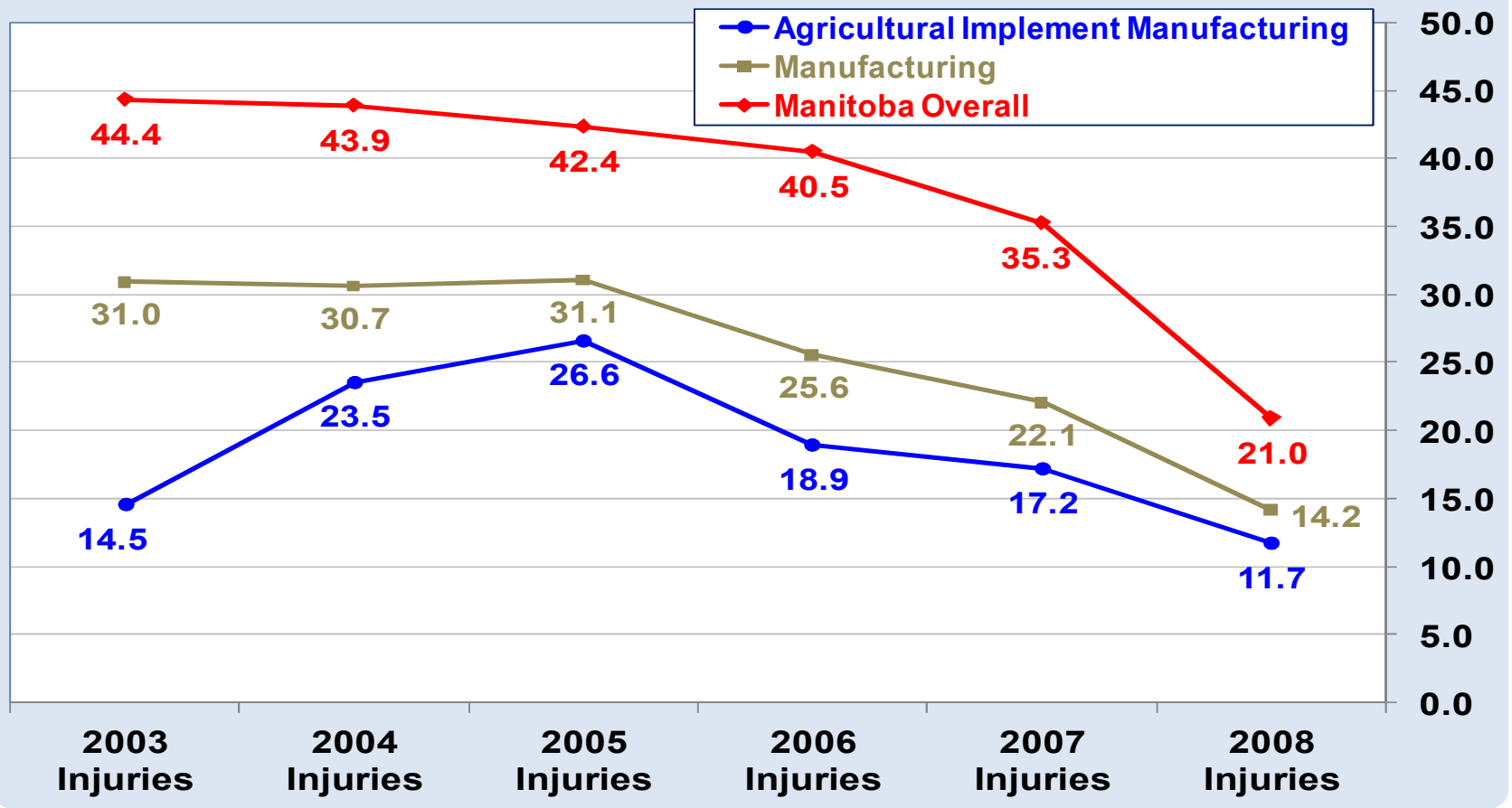
Time Loss Injury Rates per 100 Full Time Equivalent Workers
2000 to 2007



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Average Accumulated Days Paid per Time Loss Injury as of Oct 31, 2008



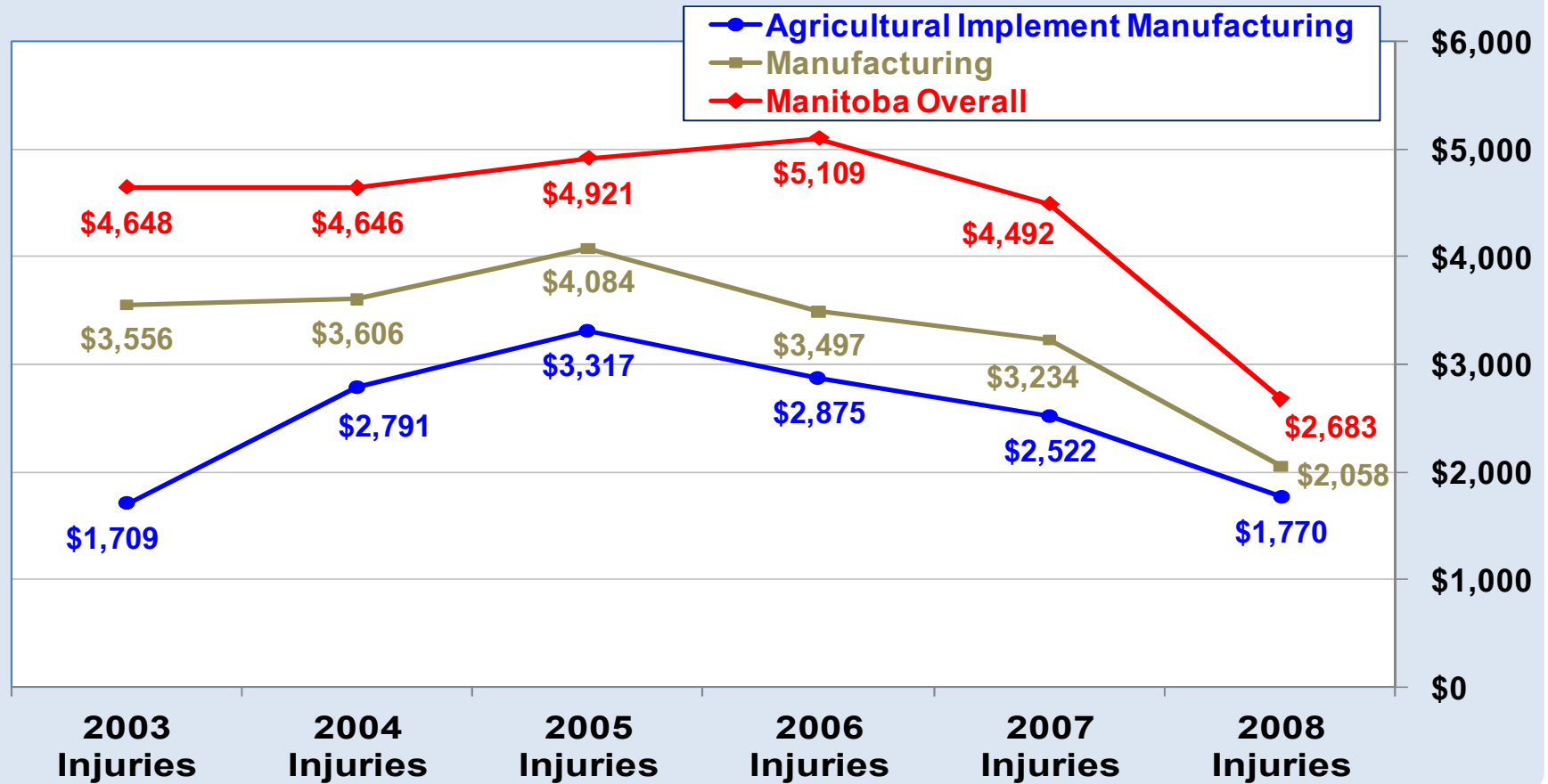
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Average Accumulated Days Paid per Time Loss Injury = the total number of days paid to date on time loss injuries from the reporting year divided by the number of time loss injuries from the reporting year. These figures are a dynamic snapshot as of October 31, 2008. They will change over time as ongoing time loss injuries accrue days paid. It is not a trend indicator between years as injuries from previous years have had more time to age. Compare figures within the reporting year, not across years.

Data Source: Claims Test Master Database

Average Accumulated Direct Costs per Time Loss Injury as of Oct 31, 2008



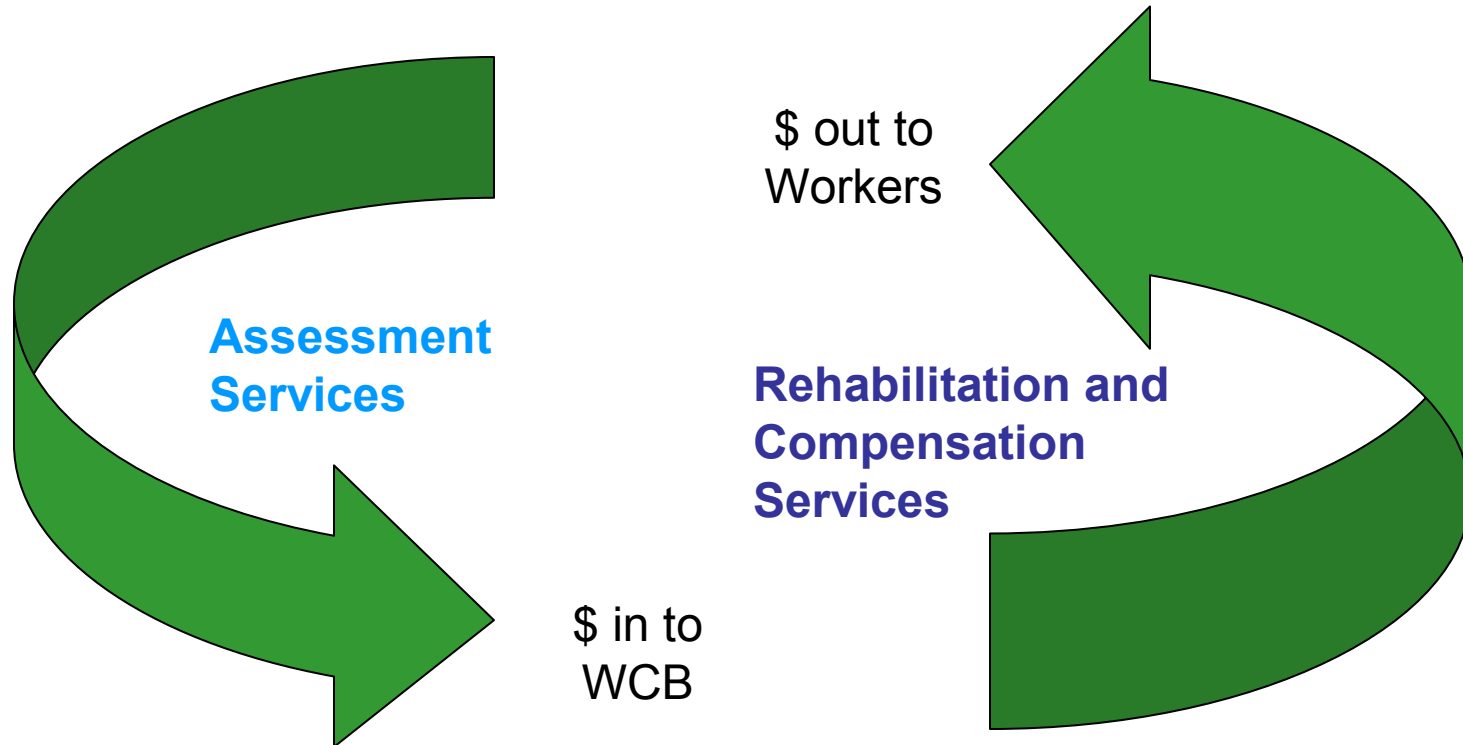
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Average Accumulated Direct Cost per Time Loss Injury = total direct costs paid to date on time loss injuries from the reporting year divided by the number of time loss injuries from the reporting year. These figures are a dynamic snapshot as of October 31, 2008. They will change over time as ongoing time loss injuries accrue direct costs. It is not a trend indicator between years as injuries from previous years have had more time to age. Compare figures within the reporting year, not across years.

Data Source: Claims Test Master Database

WCB Services at a Glance



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Calculating WCB Assessment Rates

Rate Setting Model



- All Employers share costs
- Firms will pay more or less depending on their own claims record (experience) and the claims record (experience) of their industry.

Experience rating provides employers financial incentives to prevent injuries from occurring for promoting safe and timely return to work



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Direct Claim Costs Determine Rate Direction

Three Significant factors determine rate direction:

1. Claim Costs (benefits paid)
2. Duration of claims (prediction points)
3. Fatalities

Rate setting includes claim costs paid between October 1 and September 30 each rate setting year.

Claim costs are included in rate setting for a 5 year period



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Claims Costs Used to Set Employer's 2009 Rate

1 year of experience is used

October 1, 2007 and September 30, 2008

Wage loss, medical aid, rehabilitation and pension benefits

- Only includes the 1 year of costs from accidents that occurred between **January 1, 2004 and September 30, 2008**



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Your Rate Today

Payroll Size

Rate Setting
Limits

Injury/Illness
Costs

Your Target Rate



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Manitoba WCB Rate Setting

- In Manitoba the WCB has had experience rating since 1989
- In 1999 a review of the Rate Setting Model commenced
- For 2001 rates, a new Rate Model was established



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Guiding Principles as Developed with WCB Stakeholders

- Promote & enhance prevention/safety/injury reduction
- Promote effective workplace disability programs
- Enhance fairness
- Maintain financial soundness



Step 1: Re-stated Rate

- When the WCB changes the average assessment rate (not applicable in 2009)
- Firms contributing toward the annual budget of industry-based safety officer programs
- Firms receiving added rate increase following fatal injuries



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Step 2: Set the Target Rate

- This is the rate the WCB would charge an employer if the rate model did not have limits
- This comparison determines how much of the collective WCB costs should be assigned to that employer and gives us a “Target Rate”
- An employer will move from their previous year assessment rate to the target rate or as close as possible toward the target rate.



Target Rate Formula

Employer's Actual Claims Cost X 2009 Average Rate
Average Employer Claim Cost

5(b)	$\frac{\$84,236}{\$23,332} \times \$1.60 = \5.7765
5(a)	\$23,332



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Step 3: Annual Rate Change Limits

Rates Move Up Twice as Fast as they Move Down!!!

	<u>Decrease</u>	<u>Increase</u>
First Year	5%	10%
Second Year	10%	20%
Third Year	15%	30%
Fourth Year	20%	40%
Fifth Year	25%	50%



When an employer changes direction, they go to first year of the opposite side

Step 4: Prediction Change Limit (1 of 2)

- Points are applied based on the following:
 - 1 point for a claim that reaches 2 weeks of time loss
 - An additional point for a claim that reaches 26 weeks of time loss
 - An additional 4 points for a claim that reaches 104 weeks of time loss
 - 6 points for a fatal claim



Step 4: Prediction Change Limit (2 of 2)

- Allows employers to move an additional 5% toward their Target Rate
- The 5% applies when accident costs & counts indicate a trend in an employer's accident experience
- Accident costs & counts are compared to the firm's previous year assessment rate
- The trend can be positive, negative (+/-5%) or neutral (0%)



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Step 5: Risk Categories

- Risk is measured by cost rather than the physical risk of being hurt
- Each industry is assigned to one of nine risk categories, based on claim cost experience.
- In Step 5, an employer will move toward their target rate but will not move outside their category rate range



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Step 5 - 2009 Risk Categories

Category	Fixed Percentage of Average Rate	Category Average	High Rate in Category	Low Rate in Category
9	15%	0.24	0.72	0.14
8	25%	0.40	1.20	0.24
7	40%	0.64	1.92	0.38
6	70%	1.12	3.36	0.67
5	120%	1.92	5.76	1.15
4	200%	3.20	9.60	1.92
3	300%	4.80	14.40	2.88
2	500%	8.00	24.00	4.80
1	800%	12.80	38.40	7.68
2009 Average Rate = \$1.60				



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Step 6: Fatalities

Year 1

- \$250,000 assigned to experience to determine target rate
- Up to 25% *additional* increase (limited by target rate)
- No limit by upper category boundary

Year 2

- 15% rate reduction then experience rated

Years 3-5

- Experience rated then potential for up to an additional one time 10% decrease in years 2-5 after fatality if experience warrants reduction



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Step 7: Balancing Adjustment

- A balancing adjustment is applied equally to all employers to ensure the WCB meets its revenue requirements
- The balancing adjustment can move an employer's rate beyond the category rate range
- For 2009, the balancing adjustment is 2.17%



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Step 8: Safety Program Funding

- Four associations have established industry-based safety programs to assist firms with their common injury prevention needs
- As a service, the WCB has agreed to collect revenue for these associations, from employers within the industry codes represented
- Employers will see the rate/\$100 they pay to fund the association on their WCB account statement



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Step 8: Safety Program Funding

- Four associations have established industry-based safety programs to assist firms with their common injury prevention needs

■ AMC (31010)	6.27%
■ MHCA (407** to 408**)	6.82%
■ WCA (all other 40000 codes)	4.96%
■ MRA (701-06)	4.86%



What is Disability Management?

- *Proactive formal workplace approach to helping injured workers return to safe and productive work as soon as physically possible.*
- Disability management programs take place in the workplace.



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Disability and Claims Management

- The WCB has a responsibility to injured workers, their families and their employers to help them return to health and to work in a timely and safe manner.
- Has evaluated its internal processes in an effort to make the entire claims process easier, faster and more efficient.
- Has brought together previously separate functions and departments and aligned service delivery teams with industry sectors.



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Returning Injured Workers to Health & To Work

- Team approach makes timelier service delivery possible and alignment along sector lines increases staff knowledge of an industry's injury profile and return to work opportunities.
- The sooner a claim is reported, the sooner the WCB can provide services to facilitate recover.
- Healthcare providers were encouraged to submit forms by fax, rather than by mail.



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Working Together For A Safer Manitoba

- In line with the other Canadian jurisdictions, the WCB of Manitoba has recognized the need and the importance for prevention in the workplace.
- In 2002 the WCB & WSHD formed a partnership, under the SAFE Work Program, with the goal of reducing the injury rate in Manitoba, along with the overall vision of safe work in every workplace.
- The WCB and WSHD are working together to accomplish this through protection, promotion, education, and capacity.



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Strategic Framework

Protection	Promotion	Education	Capacity
Ensuring the safety of workplaces through enforcement, inspection, and the internal responsibility system	Creating a culture of SAFE work through awareness, partnerships, and accountability	Expanding prevention knowledge through multiple channels	Ensuring that Manitoba has the tools and expertise to achieve its prevention goals



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SAFE Work

- WSH and WCB joint responsibility for PREVENTION
- Strategy:
 - Build awareness
 - Reinforce responsibility
 - Enhance education
 - Enhance Regulation



THANK YOU



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