

A DISCUSSION PAPER ON THE RATE SETTING MODEL

PREPARED BY DOUGLAS C. STANLEY

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INTRODUCTION

WHAT KIND OF SYSTEM FOR WORKERS COMPENSATION DO WE WANT?

We have been engaged, with Morneau Shepell, to conduct a comprehensive review of the Manitoba WCB's assessment rate setting model. My role in this project is to engage and manage the stakeholder consultation that is central to any reform of the system. The purpose of this "Discussion Paper" is to focus attention on that rate setting model. Other issues, such as benefit levels, claims administration and the treatment of specific injured worker claims, are outside the parameters of this review.

We believe that stakeholder support for the Worker's Compensation system is essential to its long-term sustainability. Therefore, rate setting must be, "responsive to stakeholder's legitimate interests". The existing system of workers compensation in Manitoba is the model recommended by Sir William Meredith over 100 years ago. Meredith was charged with finding an alternative to the common-law tort remedy of damages for compensating workers who were injured at work. That existing common law remedy for injured workers was hap-hazard, inadequate, unsecured and inefficient. What Meredith was looking for was a system that was financially secure for injured workers and efficient for the economy as a whole. What he recommended was a system that provided a statutory right of injured workers to recover against a fund of money raised for that purpose through a levy on all employers. He referred to it as "compulsory mutual insurance".

Stakeholders (Employers, Injured Workers and their representatives) accepted Meredith's recommendations and have continued to support that model for compensating injured workers. That continued stakeholder support depends on the system serving the interests of all stakeholders and maintaining a fair balance of those interests. The challenge for governments and the administrators of workers compensation systems is to ensure that those stakeholders continue to see this model as the most secure and efficient system for compensating injured workers and continue to support the system. That means balancing employer/injured worker interests but it also means balancing interests within the injured worker community and within the employer community.

The on-going dialogue we have about workers compensation is about ensuring there is a fair balance of those interests throughout the system in order to ensure that the stakeholders continue to see it as the most secure and efficient system of compensating injured workers. When stakeholders lose confidence in the security, efficiency or fairness of the system, the ability of the system (and administrators) to deliver its intended goals becomes more difficult.

Meredith was very concerned about "fairness". It is key to the success of any consultation and reform of workers compensation that we focus on the fair balance of stakeholder interests and on "principle based consultation". What we would like to explore in this Discussion Paper, and the dialogue that follows, is what is fair for all the stakeholders in this system, not what is fair for any one stakeholder given their interests and circumstances. In answering the questions that follow in this Paper, we ask you to consider "*what is fair?*" and that you set aside the question "*what is fair for me?*" We appreciate that this is sometimes difficult.

MANITOBA'S GOAL IN RATE SETTING

WCB Manitoba wants a rate setting process that is consistent with principles for a fair and efficient system for compensating injured workers. Those principles are mainstays of the system – they underlie stakeholder support for the system. To the extent they are eroded, stakeholder support will be eroded. We understand that WCB Manitoba wants a rate setting model that:

- Promotes and enhances prevention and injury reduction
- Promotes effective workplace disability management programs
- Ensures security of benefits
- Protects employers (particularly small employers) from the financial devastation that might accompany a large claim through collective liability
- Distributes the cost of the system on all employers fairly taking into consideration the “risk” they pose to the system
- Is clear and transparent

In this consultation, we need stakeholder input on whether these are appropriate goals for Manitoba's rate setting system and how best to achieve them. We will be using your input and our own analysis in order to determine if the current assessment rate setting model is the best approach to achieving these goals or if another approach is preferable.

We recognize that stakeholders have varying degrees of familiarity with the details of the current assessment rate setting model. We would expect that stakeholders only address those questions to the extent they have been able to reflect on the issues raised and feel comfortable taking a position or expressing an opinion. We are not expecting all stakeholders to comment on all the questions.

ISSUES FOR STAKEHOLDER CONSIDERATION

RATE SETTING AND THE COSTS OF THE SYSTEM

Security of benefits is central to the interests of injured workers. Workers compensation is unique in that it is intended to be a “fully funded” program. Thus, the most fundamental aspect of rate setting is that the process raise, on an annual basis, sufficient funds to pay the present and future costs of injuries in that year, including administrative expenses.

The process must start from an accurate determination of how much money needs to be raised to pay current benefits and maintain the fund for future benefits. This should be an actuarial and accounting exercise. There are some estimates that are required to be made, (for example: how much are medical costs expected to increase in the coming years) but there cannot be any “subjective overlay” external to the process of rate setting without running the risk of not being adequately funded. The benefit levels and entitlements are established in the legislation and the rate setting mechanism must collect sufficient funds to meet that legislative promise.

There can be a legitimate conversation about the “costs of the system” from the standpoint of the level of benefits offered or the utilization of those services, but costs will not go away simply by depressing assessment rates or avoiding recommended rate increases. Avoiding assessments today will simply pass costs on to future generations of employers and injured workers.

Do Stakeholders still agree with the above?

WHAT IS FAIR IN RATE SETTING?

Any classification and rate setting framework for workers’ compensation should be measured against guiding principles of efficiency and fairness. Focusing on those core principles that will guide improvements to the system for everyone is key to the success of this consultation and reform.

Meredith acknowledged that he was developing a system for an economy characterized by many small and transitory employers. In Manitoba, the WCB registers 3,400 new employers every year and closes 2,600 accounts every year. One of Meredith’s primary concerns was that there not be any “intergenerational subsidization” amongst employers. This is an important part of the “balance of legitimate interests amongst employers”. Every workers compensation system in Canada is designed to ensure that the current year’s employers pay the full costs of the current year’s injuries (both the current year’s cost and future costs of those injuries). While it is very difficult for WCBs to ensure that revenue collected in a given year matches the exact cost of claims incurred in that year, most Boards (including Manitoba) have policies in place to ensure that any revenue shortfalls (or excess amounts) are recovered (or re-distributed) in a reasonable timeframe.

Do Stakeholders still agree that there should be no intergenerational subsidization amongst employers?

WHAT IS EACH EMPLOYER'S FAIR SHARE OF THE COSTS?

In the introduction to his report Meredith said that under a just law, the risks to workers arising from injuries in the course of their employment should be regarded as risks of the industries and that compensation for those injuries should be paid for by those industries.

Meredith's Report, and the original sections in the legislation that he drafted, speak about "hazards" of particular industries. Meredith speaks about the "hazards of steam and electricity" and the relative hazards of one industry to another. He recognized that some workplaces were more "dangerous" and employment in those workplaces entailed a greater "risk" of injury. This preceded the development of more sophisticated statistical and actuarial analysis.

Today we have actuarial and accounting tools available, as well as a substantial body of data. Manitoba WCB has years of claims cost history for individual employers and they have the ability to measure real, statistically reliable "risk" as opposed to relying on a subjective assessment of how "risky" a workplace environment might seem to be. Today, when we speak about "risk" in the workers' compensation system, we are referring to a real measurable relative factor as opposed to an abstract notion of "hazard".

When we talk about employers bearing their fair share of the costs of the system we often speak of the risk that the employer presents to the system. We use the concept of relative risk to apportion the premium responsibility of employers. It is important to realize that "risk" in these terms is not what comes to mind when we ask the simple question—*what is the risk in that employment?*

Meredith referred to his system as compulsory "mutual insurance". In the insurance world, the payment of a premium effectively acts as a risk transfer arrangement between the insured and the insurer. By paying a premium to an insurance fund, the insured accepts the notion of paying a fixed cost to protect himself / herself from the financial impact of an unfortunate and potentially catastrophic event. Whatever form of insurance (home, disability, car or life), the insured is willing to pay a fixed fee for protection against the occurrence of a random unlikely event. The insured should consider premiums paid over a long time, with no claim being made, as a prudent safeguard that was fortunately not required to be used. However, those premiums went to pay the claims of those who were unfortunate enough to experience the loss and require the protection.

Workers' compensation coverage is no different from these other forms of insurance. An employer pays an assessment rate to protect itself from the potentially devastating cost of a workplace injury. Employer premiums are pooled in a fund to pay the costs of those who experience a loss.

When we use risk in the apportionment of the premium costs for workers' compensation, we are using "cost of injuries" as a proxy for risk. However, this does not imply that an employer with a history of zero workplace injuries represents zero risk. For larger employers with more stable injury cost levels, the actual cost of injuries becomes more of a reliable proxy for risk. Because a relatively small proportion of employers are of sufficient size to have stable cost histories, the

measurement of cost often must be done for groups of employers (for example, industries or risk categories in Manitoba). Within these groups, there may be some employers that have little or no cost while others have high cost levels. Furthermore, for employers that are not of sufficient size, it is not readily apparent looking at claims data whether the difference in cost levels is due to different workplace safety and return-to-work practices or simply the result of statistical fluctuations. For these reasons, it is not necessarily unfair to include these employers in the same rate group if the observed cost levels on an individual basis are unstable and therefore unreliable.

Is setting premiums based on risk fundamental to fairness in rate setting?

WHAT IS FAIR FOR SMALL EMPLOYERS?

For Meredith the real virtue of his system from the point of view of the small employer was two-fold. First, the injured worker of a small employer did not have to worry about being able to recover sufficient compensation for his injuries from that small employer; the worker is provided security of benefits. Second, the small employer did not have to worry about being bankrupt by a large claim; they were protected by collective liability.

One of the challenges in a rate setting system is maintaining the protection that collective liability provides small employers while introducing a system of risk adjusted premium rate setting that uses “cost experience” (sometimes referred to as “experience rating”) as a measure of that risk.

Attached to this Paper, as an Appendix you will find a graph, with an explanation, that shows the impact on the assessment rate for small, medium and large employers in Manitoba and two other jurisdictions resulting from a hypothetical claim. We are not suggesting there is one best model. The graph is intended to inform stakeholders on where the balance between collective liability and individual employer responsibility is struck in the present Manitoba model, relative to where that balance is struck in other jurisdictions that use experience rating.

Is the existing system appropriately balanced between the competing interests of setting premiums based on risk and the protection of collective liability, particularly for small employers?

Currently the administrative costs of the system are borne by all employers based on a formula that does not distinguish between large and small employers.

Does treating all employers “the same” always result in all employers being treated “fairly”?

Should small employers contribute to the cost of administering the system based on a different formula that reflects the relative size of the employer?

IN ADDITION TO “FAIRNESS”, WHAT ARE WE TRYING TO ACHIEVE IN RATE SETTING?

The consultation on a new rate setting model for Manitoba WCB that took place in 2000 set four guiding principles that the new rate model would have to support. They were:

1. **Prevention/Safety/Injury Reduction.** The rate model should provide employers with financial incentives to focus on safety in the workplace so that both the frequency and severity of injuries are significantly reduced.
2. **Disability Management.** Reducing the frequency and severity of workplace injuries is only part of the challenge. It is also imperative that time-loss injuries are reported quickly to the WCB, and that injured workers quickly receive the highest quality and most appropriate treatment and rehabilitation so that they can return to health and employment. The rate model should be structured to encourage these outcomes.
3. **Actuarial Soundness.** This means that the WCB must collect sufficient revenue to pay existing claims and administrative costs and have sufficient financial resources to be able to pay workplace anticipated future claims; and that each employer’s premium accurately reflects the risk of injury at that workplace.
4. **Fairness.** There is always a risk that injuries will occur, so it is reasonable that employers, even the safest ones, pay premiums for insurance. The new rate model should ensure, however, that each business pay no more or no less than its fair share. The rate model should also be sufficiently simple and clear so that employers understand how their premiums were set.

Do stakeholders still support these principles?

Does the existing rate setting model further the above principles?

Over time, as Manitoba's economy has changed and the current rate setting model has evolved, have there been unforeseen and undesirable consequences?

ACHIEVING SAFER WORKPLACES

The public policy goals of advancing workplace health and safety, through enforcement of safety-related laws, preventing injuries, and encouraging safe and healthy return to work, have always been about carrots and sticks. The sticks are fines, administrative penalties, and higher premiums. The carrots are rewards (both tangible and intangible), reduced premiums, and, in some sectors, premium discounts for having a certified safety program. Other jurisdictions in Canada also include premium surcharges and rebates and impose “administrative penalties” based on performance criteria.

It is important that the carrot be an incentive for the behavior that you are trying to encourage and that it not be so attractive that it becomes a goal in itself. To influence Prevention/Safety/Injury Reduction and Disability Management through premium rate setting is possible. However, it might be done at the risk of encouraging less desirable employer behavior.

The consolidation of responsibility for workplace injury and illness prevention in Manitoba under SAFE Work Manitoba, an arm of WCB, will cause them to develop a variety of program responses to Prevention/Safety/Injury Reduction. Financial incentives, in the form of WCB premium reductions, are one such response and their effectiveness in achieving prevention goals should be compared to other programs.

Under the current model in Manitoba any financial penalty for poor performance relative to the employer’s peer group is incorporated in the premium rate setting model. This results in the employer paying a higher premium relative to its peers. Again we refer to the appendix. It is demonstrates how much of a financial penalty is imposed on a small, medium and large employer in Manitoba, under the existing rate setting model, as a result of a claim. The graph provides a comparison of what that penalty is relative to other jurisdictions.

In his report “Fair Compensation Review” Paul Petrie said, at page 15:

“There are effective safety programs in place in many workplaces that were designed to control the hazards, conditions and practices that cause injuries. As indicated earlier in this report, I found little persuasive evidence that the Assessment Rate Model provides a substantial direct incentive to develop and implement effective safety programs. The primary driver for these programs is the employer’s genuine commitment to safety together with the Workplace Safety and Health Act, which prescribes the minimum standard for such programs and the enforcement of that standard by the Workplace Safety and Health Division. The WCB also provides valuable support for developing and maintaining effective safety programs through their Prevention Department.”

Are there limits to the effectiveness of premium adjustments, both up and down, as an incentive to creating a safer workplace?

If the rate setting model does provide a financial incentive to implement effective safety programs would a more modest financial penalty achieve the same results?

Should WCB consider administrative penalties, based on measures related to failure to meet best practice prevention standards, for employers who consistently contribute greater costs to the system than their peers?

Should rate adjustments be linked only to satisfactory workplace safety and health practices, only to claim cost experience, or to a blending of both?

If safety practices were incorporated into the rate model process, would it result in WCB having to administer an overly complex and inefficient system? How could that issue be addressed, especially for smaller employers?

Are there design features in a system of rate setting linked to safety practices that might contribute to undesirable behaviours?

EXPERIENCE RATING AND THE ISSUE OF CLAIM SUPPRESSION

In the design of their system, claim suppression has always been a concern of the Manitoba WCB. It was an issue considered in 2000, when the current rate setting model was being put into place. Consideration was given then to a program to target the problem of claim suppression. The model has been in place for 12 years and now we can look at the experience over those years and the impact it may have had on “injury frequency” and “claim duration”. We should be able to develop a sense of whether some elements of the model have the potential to encourage claim suppression.

In his report “Fair Compensation Review” Paul Petrie said, at page 15:

“Failure to enforce the fundamental right of making a claim for a workplace injury can undermine the perception of fairness of the system and if claim suppression is pervasive enough, it can raise serious questions regarding the integrity of the system, since it is directly contrary to the purpose of the legislation.”

The right of injured workers to the benefits specified in the legislation and to the fair and just adjudication and administration of the system are fundamental legitimate interests of injured workers. A fair balance must exist between that interest and the employer’s legitimate interest of a fair distribution of the costs of the system.

Do the stakeholders agree that a fair balance should exist between the interests of injured workers and employers?

Are these interests properly balanced in the present system?

Can the system be improved in such a way so that balance is achieved?

Is it possible that the very large financial penalty imposed by the existing rate setting model, as illustrated in the appendix, might be an incentive to unintended employer behavior?

Would the elimination of experience rating be a solution to the issue of claim suppression, or are there other factors contributing to claim suppression?

Would the elimination of experience rating create other undesirable outcomes such as employer subsidization and employers losing an incentive to invest in legitimate workplace safety improvements?

One of the specific recommendations Paul Petrie made in response to the issue of claim suppression was that the first two weeks of a wage loss claim be charged to the industry sector as opposed to the employer’s claim costs. This recommendation goes directly to the balance in the system between collective liability and individual employer responsibility for the costs they present to the system.

Would this change achieve the desired results?

Is there a potential for negative consequences from this change?

EXPERIENCE RATING RESPONSIVENESS AND RATE VOLATILITY

Any discussion of rate setting should include consideration of rate responsiveness to cost measures. Some commentators have suggested that there may be a relationship between rate responsiveness and unintended incentives to game the system. There are two important aspects to this: first, what are the costs that are being measured, and second, how responsive are rate changes to variations in the individual employer's cost experience relative to the group.

The design elements in Manitoba's current rate setting model, relating to both these aspects, should be considered in relation to their impact on responsiveness and rate volatility.

The Petrie Report "Fair Compensation Review" commented as follows:

Manitoba's experience rating system, generally referred to as the Assessment Rate Model, is a relatively aggressive system when compared to other jurisdictions. Manitoba first introduced experience rating in 1989 and used the individual firm's claims costs over the previous 5 year years. Under that system a firm's rate within a category could range from plus or minus 40% of the category's average rate to reflect the claims experience. A new Model was introduced in 2001 that ranged from 40% below the category average rate to 200% above that rate... Manitoba's maximum upper limit of 200% is significantly higher than Alberta's 40%, British Columbia's 80% and New Brunswick's 100%.

...

Under the Manitoba Assessment Rate Model, an employer's assessments can rise quickly when that employer's claims cost is above the average for that employer's rate group. However, when the employer's claims cost is reduced, the assessment rate goes down relatively slowly by comparison. The expression that assessments, "go up like a rocket, and come down like a snail" is often repeated when describing the Assessment Rate Model.

The graph found in the appendix provides an illustration of the relative responsiveness and volatility of the existing rate setting model in Manitoba.

Design elements in the Manitoba model allow a rate to go as high as 200% above the category average but only 40% below. Does this result in the employer incentive being skewed towards avoiding the upside potential as opposed to achieving the downside potential?

If the answer to the question above is 'yes', some follow-up questions would be:

- ***Does the high upside potential create an incentive for employers to focus on inappropriate cost containment practices or is it more important to assign a higher rate to those employers that are generating higher costs?***
- ***Would larger downside potential encourage employers to increase their investment in legitimate workplace safety improvements?***
- ***Would stakeholders be prepared to have smaller rate adjustments in order to decrease the motivation for inappropriate behavior?***

- *Are there situations where financial penalties, unrelated to rate setting, might be an appropriate response to employers with high claim costs or injury frequency?*
- *Conversely, are there situations where financial rewards, unrelated to rate-setting, might be an appropriate response to those with low costs and frequency?*

The Manitoba model uses actual claim costs in the last 12 month period for injuries that occurred in the last 5 years. This is referred to as the claim cost window. A consequence of that design choice is that the occurrence of an injury does not necessarily affect an employer's rate but a long-term claim can affect an employer's rate for 5 years. Under this model, a Manitoba employer can see an immediate benefit if the injured worker returns to work in the first year as there would be no costs attributed to that claim in the second and subsequent years.

This design choice is in contrast to some Boards which use a different claim cost window. For example, in a model that factors in 5 years of payments on 5 years of injuries, the employer has a greater incentive to prevent injuries since the claim costs will remain on record for five years.

Do employers lean towards disability management rather than prevention as a result of the 12-month claim cost window?

The Manitoba model uses the actual full cost of claims when defining an employer's cost experience. There is no limit or cap on the costs that are allocated for any one injury. This design choice is in contrast to some Boards that place a limit on claim costs to be used in experience rating. In those systems, costs over the cap are part of the "collective liability" of all employers in the system.

Would a reasonable limit on a claim costs used in experience rating remove some incentive to claim suppression?

Would a reasonable limit on a claim costs used in experience rating result in a more desirable balance between the protection of collective liability and the individual employer's responsibility for its cost to the system?

The design elements of a rate model include decisions about what kind of claim costs should be subject to experience rating. For example, the costs for specified occupational diseases could be excluded based on the rationale that the exposure to the hazard may have occurred many years in the past with different employers. The costs that are excluded from experience rating are considered to be part of the collective liability of the system.

What types of claim costs, if any, should be excluded from experience rating?

In the Manitoba model, small employers are treated the same as large employers, allowing a small employer's rate adjustment within a risk category to be determined in the exact same manner as a large employer. There is no adjustment for degrees of cost volatility that can occur at different employer size levels.

Does treating all employers "the same" always result in all employers being treated "fairly"?

Should employers be treated identically by the rate model regardless of size?

TRANSPARENCY IN RATE SETTING

When we talk about “transparency” in rate setting, there are two levels of transparency we are concerned about. First of all, stakeholders should be able to understand the math of the rate setting mechanism. Individual employers must be able to see and understand how their “fair share” of the costs of the system are being calculated and translated to a “premium rate”. If the rate setting model is going to achieve its stated objectives of promoting prevention and injury reduction and promoting effective disability management it is important that employers are able to actually see the cause and effect relationship. On a more fundamental level, the policy decisions behind the mechanism (for example, how the mechanism strikes the balance between collective liability and individual employer responsibility for the costs of their claims), must also be transparent and understandable. This aspect of transparency is critical to the ability of the Manitoba WCB to further their policy objectives and balance the legitimate interests of stakeholders.

Is the current rate setting model “transparent” on both these levels?

CONCLUDING REMARKS

I want to thank all stakeholders who have taken a part in this consultation. Your participation is critical to our achieving the objective of a system of workers compensation that is fair for all stakeholders. The “fairness” that we are trying to achieve is critical to the sustainability of this important program.

Douglas C. Stanley

Consultant

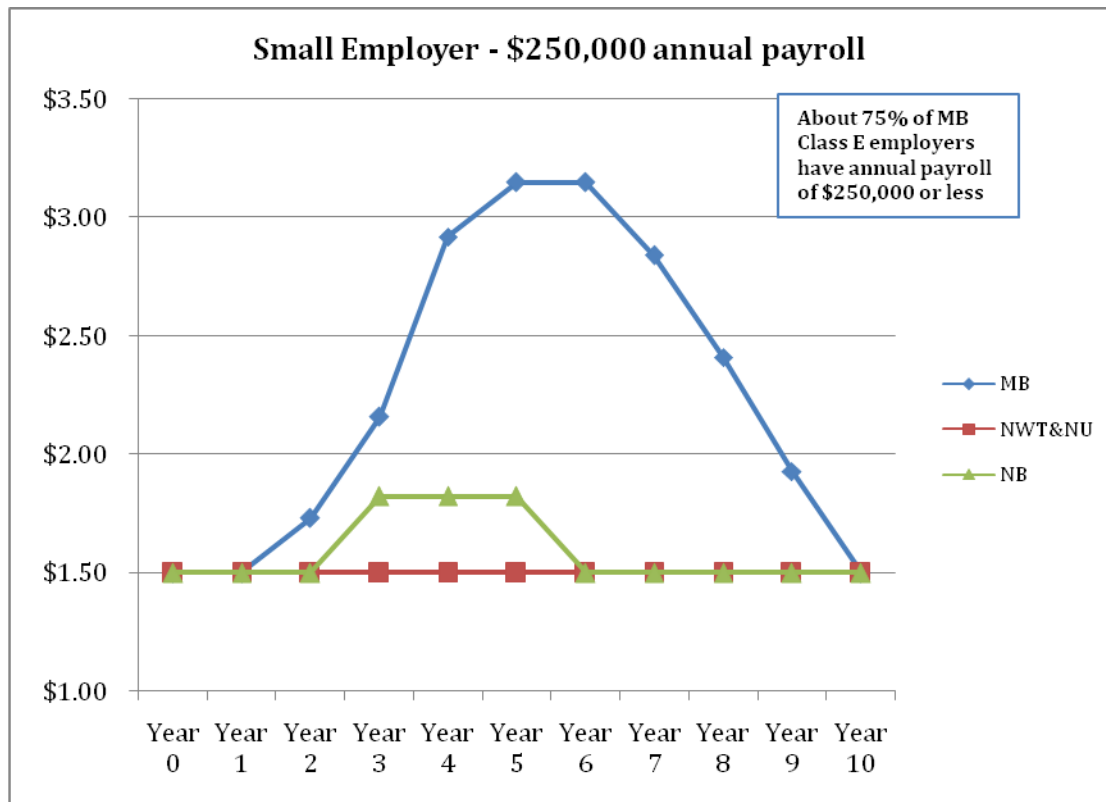
APPENDIX

EXPERIENCE RATING OUTCOMES IN DIFFERENT JURISDICTIONS

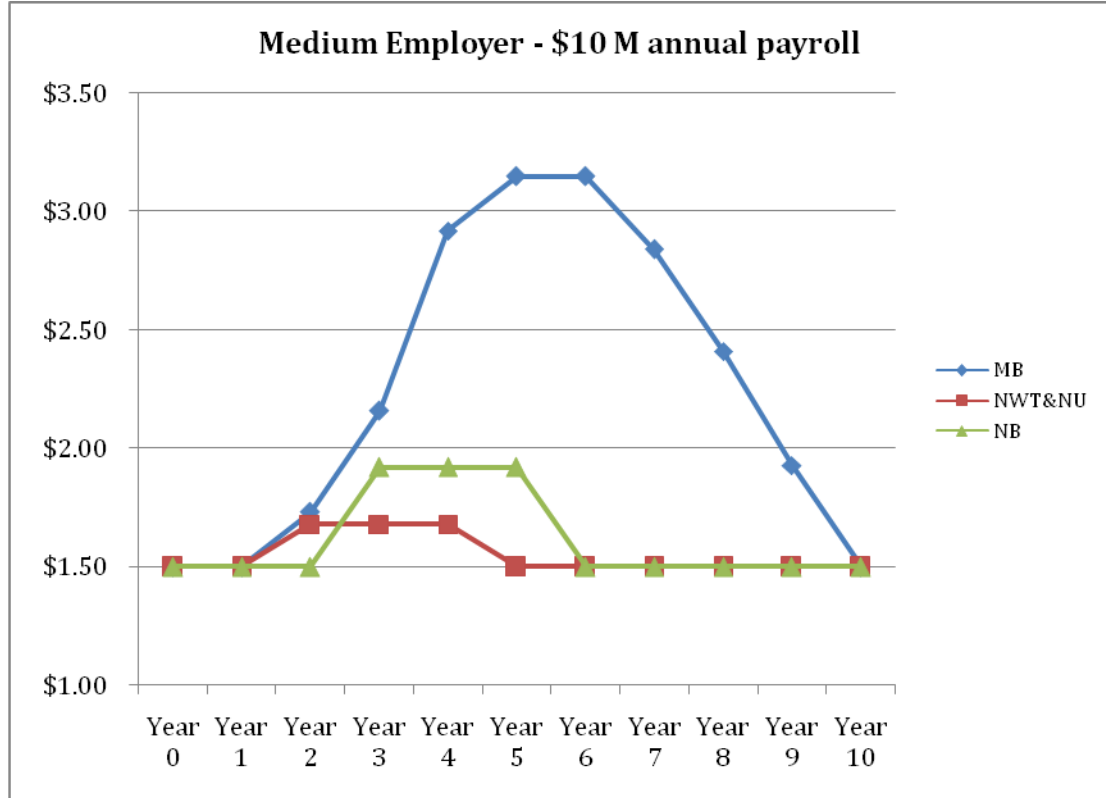
In order to illustrate the different approaches to experience rating in Canada, we have projected experience rating outcomes under different jurisdictions. In particular, we examined the following scenarios:

- Three jurisdictions were examined: Manitoba (MB), New Brunswick (NB) and the Northwest Territories and Nunavut (NWT&NU).
- Three different employer sizes were examined: An employer with \$250,000 in annual payroll (Small), an employer with \$10 million in annual payroll (Medium) and an employer with \$100 million in annual payroll (Large).
- Beginning in year 0, each employer is paying, and has experience consistent with, a rate of \$1.50 per \$100 of assessable payroll.
- A high cost claim is assumed to occur in year 1 of the projection. This claim is assumed to have costs of \$100,000 per annum for each of the next 5 years (i.e. year 1 to year 5) for a combined total of \$500,000 over the five-year period.
- Rates are projected for each employer for year 1 to year 10 according to the rules of the experience rating system for each jurisdiction.

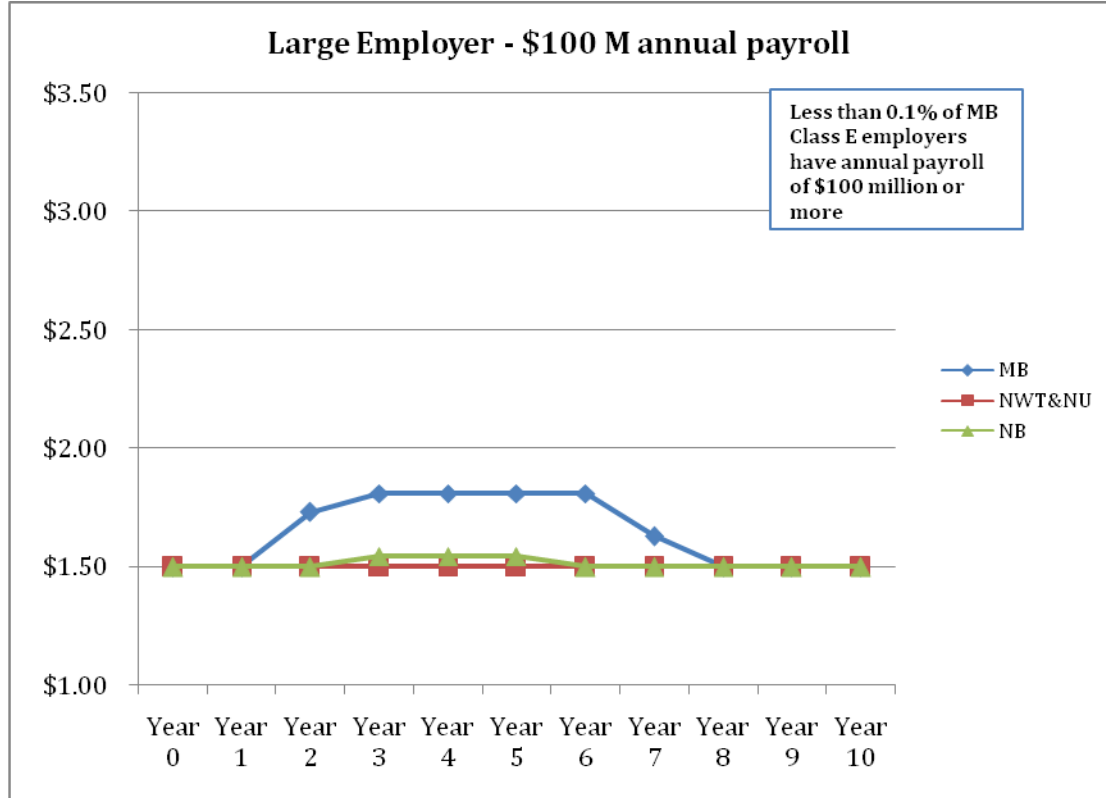
The results of the projections are shown below.



- The high cost claim results in an upward adjustment to the employer’s rate in year 2 under the MB system. The rate continues to trend upwards, moving towards the employer’s target rate, until year 5 and 6 when it reaches the maximum rate allowed under the employer’s risk category. After year 6, the high cost claim is no longer included in the employer’s cost experience and the rate begins to decrease, subject to the limits of the MB model, eventually returning to \$1.50 in year 10.
- Under the NWT&NU system, employers that have less than \$40,000 in annual assessments do not participate in experience rating so the projected rate remains at \$1.50 under this scenario.
- In NB, the experience rating system considers a 3 year window and incorporates a lag (i.e. experience rates for year 3 are calculated in year 2 based on cost experience up to the end of year 1). So the high cost claim in year 1 results in an upward rate adjustment beginning in year 3 and lasting for 3 years. The NB system also incorporates a participation factor that depends on employer size (to account for the inherent volatility in the cost experience of smaller employers, they participate in experience rating to a lesser degree) and a maximum claim cost of \$60,000. These features limit the rate increase due to the high cost claim.



- Under the current MB system, the rate impact for the “Medium” employer is the exact same as for the “Small” employer
- The “Medium” employer qualifies for participation in the NWT&NU experience rating system. This system establishes an expected range for normal costs and provides employers with surcharges or refunds if actual experience is outside of the expected range. In this scenario, the high cost claim moves the employer above its expected cost range and results in an upward adjustment to its experience rate for the three years following the accident (the NWT&NU system uses a 3 year window for experience rating). In addition, the claim costs used for experience rating are capped annually at 50% of the maximum wage rate, which further helps to limit the amount of surcharge resulting from a high cost claim.



- For the “Large” employer in MB, the high cost claim increases the employer’s rate but to a lesser extent than for either the “Small” or “Medium” employer. This is because the high cost claim has a smaller percentage impact on the employer’s overall cost experience given the high level of costs that we would normally expect from an employer of this size. As a result, the “Large” employer’s target rate after the high cost claim is lower than in the other cases and it returns back to the normal \$1.50 rate more quickly.
- In the NWT&NU, the effect of one high cost claim is not significant enough to move an employer of this size outside of its expected range of costs and thus no experience rating adjustment is made.

In NB, an upward adjustment is made to rates in years 3 through 5, similar to the results for “Small” and “Medium” employers, but the adjustment is smaller given that the high cost claim only has a limited impact on cost experience for an employer of this size.