



	REPORT No.: 2020-58
MEETING DATE: NOVEMBER 18, 2020	DATE PREPARED: OCTOBER 30, 2020
SUBJECT: RECOMMENDATION FOR WSIB SCHEDULE CHANGE	

RECOMMENDATION

THAT with respect to Report No. 2020-58 (Chief Administrative Officer Division), we approve the transfer to Schedule 1 under the Workplace Safety and Insurance Act (WSIA) effective January 1, 2021;

AND THAT we authorize the Chief Administrative Officer to complete any administrative requirements necessary for the transfer.

REPORT SUMMARY

To present the Board with information relating to the transfer to Schedule 1 under the Workplace Safety and Insurance Act (WSIA) for approval.

BACKGROUND

Employers who are registered with the Workplace Safety and Insurance Board (WSIB) are covered under either Schedule 1 or Schedule 2 of the *WSIA*. The District of Thunder Bay Social Services Administration Board (TBDSSAB) is currently covered under Schedule 2.

Schedule 1 employers are required by legislation to pay premiums to the WSIB and are protected by a system of collective liability and are relieved of individual responsibility for actual claim costs, as the WSIB pays benefits to people with workplace injuries or illnesses.

Schedule 2 employers are self-insured for benefits under the *WSIA* and must pay for all workplace injury and illness claims. The WSIB administers the payment of injury and illness claims and recovers the cost of these benefits plus administration fees from the employer. Each year, administration rates are calculated and applied as a percentage added to employers' benefit costs to reflect the costs for administering these benefits.

On January 1, 2020, the WSIB implemented a new premium rate-setting model and developed the Employer Classification Manual (ECM) for Schedule 1 employers. The new classification structure is adapted from the North American Industry Classification System (NAICS) and includes additional WSIB-specific classification codes.

Under the new classification structure, TBDSSAB has been classified under NAICS code 624190, *Other individual and family services*, Class N3. The premium rate under this code for 2020 and 2021 is set at \$1.22 per \$100.00 of payroll, or 1.22%.

COMMENTS

TBDSSAB Administration is recommending a transfer to Schedule 1 as employers are protected by a system of collective liability. As the WSIB pays benefits to injured workers out of money pooled in the insurance fund, Schedule 1 employers are relieved of individual responsibility for accident costs. As a result, the liability risks for Schedule 1 employers are reduced.

As a Schedule 2 employer, TBDSSAB is self-insured and is responsible for the full cost of the injury and illness claims filed by our workers. WSIB maintains full authority over the claims entitlement process and bills actual benefit costs plus the administration fees. In the event of a critical injury and/or a permanent injury, TBDSSAB would be responsible for all claim costs including 85 percent of earnings up to age 65, regardless of active service with the organization.

There have been no critical or serious injuries or illnesses in the past 5 years. Most incidents did not result in lost time, therefore controlling WSIB expenses. TBDSSAB conducts risk assessments and promotes health and safety best practices to manage the risk of workplace incidents. However, external factors including the increase of crime in Thunder Bay and the Coronavirus have the potential of increasing WSIB expenses.

In 2018, a workplace injury resulted in 757 hours of lost time which accounts for the increase in WSIB expenses as shown below. The number of lost time hours of this claim exceeds the total number of lost time hours for the past 5 years. The injured employee returned to work on an accommodation. This demonstrates that a single claim can significantly increase an employer's expenses under Schedule 2. If an injured employee is unable to return to work, with or without accommodation, TBDSSAB would be responsible for all claim costs including 85 percent of earnings up to age 65, consequently increasing WSIB expenses.

Any existing injury and illness claims would remain under Schedule 2. As of November 9, 2020, there are no active lost time claims and 1 active health benefits claim. The estimated costs associated with the active claim is low.

Should WSIB re-open a claim that was originally filed under Schedule 2, TBDSSAB would be liable and responsible for the full cost of the claim plus the associated administration fees. Based on current claim records, the likelihood is low, however due to unknown factors, the associated cost of such occurrence cannot be determined.

WSIB expenses incurred since 2015 have been covered by in-year underspending, therefore were not included in proposed budgets.

The breakdown of WSIB expenses over the past 5 years is shown below.

2019	\$26,495
2018	\$68,650
2017	\$20,382
2016	\$8,609
2015	\$34,741

The expenses vary significantly each year as it reflects the actual cost of injury and illness claims filed by workers within the year plus the administration fees.

FINANCIAL IMPLICATIONS

The annual premium rate is calculated based on the organizations insurable earnings and the assigned premium rate. Using the 2020 premium rate of 1.22% and the 2020 insurable earnings, the annual premium under Schedule 1 would equal approximately \$121,0005.

The projected annual premium amount for 2021 based on budgeted staffing levels is \$139,400, although the actual amount expended will depend on staffing levels throughout the year. The municipal share of this premium would be \$98,800.

The proposed 2021 budget, as presented in Report No. 2020-51 (TBDSSAB Proposed 2021 Operating and Capital Budgets) does not include these WSIB Schedule 1 premium implications. If approved, these amounts will be factored into the 2021 budget and Levy to Municipalities and Territories without Municipal Organization to be presented at the December Board meeting. Considering the impact across the program areas (Ontario Works, Child Care, Housing), the net impact on the 2021 levy would be an increase of \$63,500, with the full Ontario Works portion of \$70,600 recommended to be financed by the Levy Stabilization Reserve Fund in 2021 only.



CONCLUSION

The transfer to Schedule 1 would initially increase the WSIB expenses, however, as the TBDSSAB would be protected by a system of collective liability and be relieved of individual responsibility for actual claim costs, this would ultimately reduce the organizations liability risks. In terms of budgeting, this would allow for more accurate and accountable forecasting.

It is concluded that we recommend the Board approve the transfer to Schedule 1 under WSIB effective January 1, 2021.

REFERENCE MATERIALS ATTACHED

None

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