

# Today's Objectives

- To discuss government plans for disability

## Module 4 – Poor Health – Disability

→ Government Plans (Ch 18 of *Social Ins. & Economic Security*)

### Government Disability Benefit Programs

- **C/QPP Disability Pension** - previously discussed in Module 2
- **Employment Insurance** - Sickness Benefits
  - Provides payments for up to 15 weeks for individuals who are unable to work because of sickness, injury, or quarantine (but who would otherwise be available for work)
  - There are work related requirements (must have worked 600 hours in last 52 weeks or since last claim)
- **Workmen's Compensation Program(s)**

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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**
  1. Background/Overview
  2. Eligibility
  3. How WC programs are funded
  4. Employer Accountability (Refunds)
  5. Benefits

## Module 4 – Poor Health – Disability

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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- 1. Background/Overview

- WC Canada's oldest government social security program with Ontario being the first province establish a program in 1915
    - **WC programs** are set up at the **provincial level**
      - All provinces and territories have WC plans and each has set up their own provincial legislation and regulatory boards
    - **WC is essentially a form of “no-fault” insurance**
      - An employee is guaranteed benefits for injury, disease or death “arising out of and in the course of employment”, and
      - E'ee forfeits right to sue e'er in exchange for these benefits (right to sue the responsible party goes to respective WCB)

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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

1. Background/Overview

- If an employee is injured at work they can choose to
  - Take legal action against the e'er for negligence, OR
  - Claim Worker Compensation (WC) benefits
- *Employers* are required to take appropriate precautions to prevent accidents, provide safety appliances, and provide and maintain first aid services
- *Employees* are entitled to reasonable compensation for any lost earnings that occur due to injury or sickness while on the job and also prompt medical treatment

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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

1. Background/Overview

- **Benefits provided by WC** include
  - Health care
  - STD and LTD
  - Rehabilitation
  - Survivor benefits
- **WC Benefits are not taxable** (e'er contribution is a tax deductible expense, but not a taxable benefit to the e'ee)

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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- 2. Eligibility

- WC is mandatory for certain occupations/jobs but not for others
      - **Generally mandatory for all e'ees in industrial occupations**
      - Some provinces exempt following groups from mandatory WC coverage:
        - » domestic (work at home) e'ees
        - » casual or contract e'ees
        - » e'ees in certain service industries
        - » e'ees in the “knowledge” industries such as finance and insurance

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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- 2. Eligibility

- WC is mandatory for certain occupations/jobs but not for others
      - Note however that employers who have employee groups that are exempt from mandatory cover may still, and often do, elect to be covered under WC (have to apply)
      - Business owners and executives are not subject to mandatory coverage but may elect to be covered as e'ees



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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- 3. How WC programs are funded

- **WC system is funded solely by employers:**
      - Employee contributions are not permitted
      - Government doesn't contribute in any way
    - Employers whose e'ees are covered by WC are "assessed" by their respective provincial WC board to determine the premium that they (the e'er) will have to pay
    - Two assessment methods are used:
      - a) Individual Liability
      - b) Collective Liability

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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- 3. How WC programs are funded

- a) Individual Liability

- Individual Liability method is used by

- » Government or public agencies

- » Crown corporations

- » Large public transportation companies (e.g. airlines, railways)

- Under this method **each employer is self-insured**

- » So employers are individually liable for accident & sickness costs (related to the WC claim), and these are usually paid on a “pay as you go” basis

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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- 3. How WC programs are funded

- a) Individual Liability

- The **claims however are adjudicated and administrated by the respective WC board** (which is called WSIB in Ontario)

- Employer's annual assessment (what they pay WCB) then includes:

- » actual cost of claims (accident & sickness occurrence), plus

- » a charge for WCB admin and adjudication services

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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- 3. How WC programs are funded

- b) Collective Liability

- With this method, employers are divided into industry classes, and each year, each class is assessed a premium rate (or **assessment rate**)

- The **assessment rate charged must** be sufficient to **cover**:

- » current and expected future benefits

- » administrative costs

- » costs of accident prevention programs

- » all or some of funding deficiencies of previous years

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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- 3. How WC programs are funded

- b) Collective Liability

- **Assessment rate expressed as \$\$ amount/per \$100 payroll**

- » Rate is applied to annual payroll of covered e'ees, up to a max.

- » The maximum is called 'assessable earnings maximum' (the 2019 maximum is 92,600) and this is linked to AIW

- » Current rates for some Ontario classes can be accessed here  
[http://www.wsib.on.ca/WSIBPortal/faces/WSIBArticlePage?fGUID=939604048075007229&\\_afLoop=2830834546248000&\\_afWindowMode=0&\\_afWindowId=null#%40%3F\\_afrWindowId%3Dnull%26\\_afrLoop%3D2830834546248000%26\\_afrWindowMode%3D0%26fGUID%3D939604048075007229%26\\_adf.ctrlstate%3D3dybkgwue\\_4](http://www.wsib.on.ca/WSIBPortal/faces/WSIBArticlePage?fGUID=939604048075007229&_afLoop=2830834546248000&_afWindowMode=0&_afWindowId=null#%40%3F_afrWindowId%3Dnull%26_afrLoop%3D2830834546248000%26_afrWindowMode%3D0%26fGUID%3D939604048075007229%26_adf.ctrlstate%3D3dybkgwue_4)

- » In 2019 most rates reduced (with elimination of Unfunded Liability)

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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- 4. Employer Accountability (Refunds)

- In all provinces and territories, there some form of a “refund” for employers who have low WC claims
      - These refunds are **called ‘experience rating refunds’**
      - Experience rating refunds are an incentive for employers to sponsor initiatives that will help reduce claims such as
        - » accident prevention programs
        - » early return to work initiatives
    - There are **two types of “experience rating refunds”**
      - a) Prospective, and
      - b) Retrospective
    - Some provinces use only one of these methods, several use both

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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- 4. Employer Accountability (Refunds)

- a) Prospective

- Under this method the average industry assessment rate to the rate for the current year is adjusted down for e'ers in that group with good WC claims experience over the past year(s) and for e'ers with poor claims experience over recent years, a surcharge is charged
      - This **method is used by small business in Ontario**

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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- 4. Employer Accountability (Refunds)

- b. Retrospective

- Assessments are adjusted retroactively (after year is over)
      - A refund of contributions can be made to e'ers with good claims experience, while a surcharge may be applied to e'ers with poor experience
      - This **method is used by large businesses in Ontario**



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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- 5. Benefits

- a) Health Care

- WC pays all medical expenses incurred as a result of an occupational accident or disease
      - Health care costs covered by WC:
        - » hospital charges, physician and surgical fees (costs normally covered by provincial health care plans)
        - » drugs and ancillary services (costs often covered by private medical plans-individual or employer plans)

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### Government Disability Benefit Programs

- **Workmen's Compensation Program(s)**

- 5. Benefits

- a) Health Care

- For injuries that do not result in a “lost time claim” health care is usually the only WC benefit
      - Benefits described in (b) – (e) below are additionally provided for “lost time” claims

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- **Workmen's Compensation Program(s)**

- 5. Benefits

- b. Short Term Disability \*\*

- Benefits begin the day following injury and are paid weekly
      - The benefit period may range from 3 months to 2 years
      - The payment ranges from 75-90% of net earnings pre-injury (many provinces/territories at 90%)
        - » Payment will be reduced if disability is partial and e'ee is able to work part time
      - If disability recurs, employee may re-qualify for benefits, even if not working for the same employer

\*\* Some provinces co-ordinate STD/LTD calculations

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- **Workmen's Compensation Program(s)**

- 5. Benefits

- b. Long Term Disability

- (benefits vary from province to province)

- LTD begins after STD period expires and, under the “permanent disability awards system there are/were two benefit categories

- i. Permanent Partial Disability

- » E'ee is permanently unable to perform his/her regular job functions, but could perform some type of employment or participate in a rehab program

- » Disabled e'ees will receive a benefit (monthly in many cases), usually at some % of permanent total disability benefit amount

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- 5. Benefits

- b. Long Term Disability

- ii. Permanent Total Disability

- » E'ee is unlikely to ever work again (at their regular or any other type of job)
        - » Disabled e'ees receive a benefit (monthly in many cases)
        - » Benefit is paid until e'ee reaches age 65 or dies or recovers (whichever comes first)

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- **Workmen's Compensation Program(s)**

- 5. Benefits

- b. Long Term Disability

- Several provinces, including Ontario, now use a dual award system

- In Ontario (WSIB) the disability benefit includes:

- i. Benefit based on earnings loss system (Economic Loss or LOE)

- Benefit =  $85\% \times \min(\text{take home pay, earnings ceiling cap})$  if fully disabled\* & is paid till earlier of {age 65, recovery, death}, PLUS

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- **Workmen's Compensation Program(s)**

- 5. Benefits

- b. Long Term Disability

- ii. Lump sum (LS) award for non-economic impact of permanent disability (referred to as “Non-Economic Loss” )

- LS = % [Base amount +/- \$X per year e'ee is < 45 / >45]

- (adjustments capped at +/-20 \$X)

- % = impairment rating (more severe → higher % where

- % is determined at maximum medical recovery)

- » Current values: Base amount = \$59,095.26 and \$X is \$1,313.71

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- 5. Benefits

- b. Long Term Disability

- Notes:

- i. Ontario adjusts benefits annually for cost of living increases (some provinces adjust on an 'ad hoc' basis)
        - ii. In Ontario, disability benefits are paid every 2-weeks
        - iii. In Ontario there is also a "Loss of Retirement Income" benefit