

PRIME



Newfoundland and Labrador's
Employer Financial Incentive Program

Employer Financial Incentive Programs: Newfoundland and Labrador's Experience

Presented by: Brenda Greenslade, Executive Director Employer Services, Workplace Health,
Safety and Compensation Commission

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PRIME Program Development



PRIME needed to:

1. Reward efforts as well as results
2. Include more employers
3. Increase accountability of employers
4. Improve clarity and effectiveness

How PRIME works



Part 1: Practice Incentive

- 5% refund based on compliance with five criteria in the areas of:
 - Occupational health and safety
 - Early and safe return-to-work
- Specific Practice requirements depend on Employer Category (size)
- Employer completes questionnaire on Annual Employer Statement

Part 2: Experience Incentive

- Additional refund (or charge) based on claims experience
- Must meet Part 1 criteria to get an Experience Refund under Part 2

How PRIME works



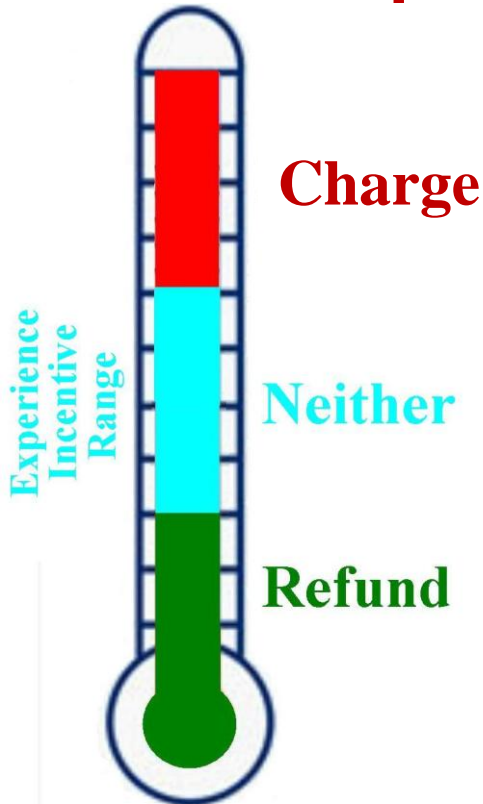
Part 1: Practice Incentive

Practice Requirement	Employer Category *			
	NCR	Small	Medium	Large
Policy Statements	✓	✓	✓	✓
Injury Reporting System	✓	✓	✓	✓
Worker H&S Representative, Designate &/or an OH&S Committee		✓	✓	✓
Occupational Health and Safety Program			✓	✓
Return-to-Work Program				✓

*Construction employers must also be COR™ Certified with a valid *Letter of Good Standing* to be considered for PRIME Refunds.

How PRIME works

Part 2: Experience Incentive



- Charge equals amount that claims costs are above the range
- Refund equals amount that claims costs are below the range
 - Maximum refund occurs when there are no claims

How PRIME works



Part 2: Experience Incentive Example

- An employer has an experience incentive range of \$40,000 to \$60,000
- **If claim costs are \$10,000**
 - There is a **\$30,000 refund** (\$40,000-\$10,000)
 - Employer will only receive this credit if they meet their Practice Incentive Requirements
- **If claim costs are \$50,000**
 - There is neither a refund nor a charge
- **If claims costs are \$80,000**
 - There is a **\$20,000 charge** (\$80,000-\$60,000)

The Commission's Experience



▪ Stakeholder Communication

- Massive communication campaign targeted at primary stakeholders

▪ Stakeholder Reaction

- Employers
- Injured Workers
- Internal Staff

The PRIME Program Today



Practice - Comparative Year Results

Chart 1

**% Employers who received Practice refunds
(number of employers)**

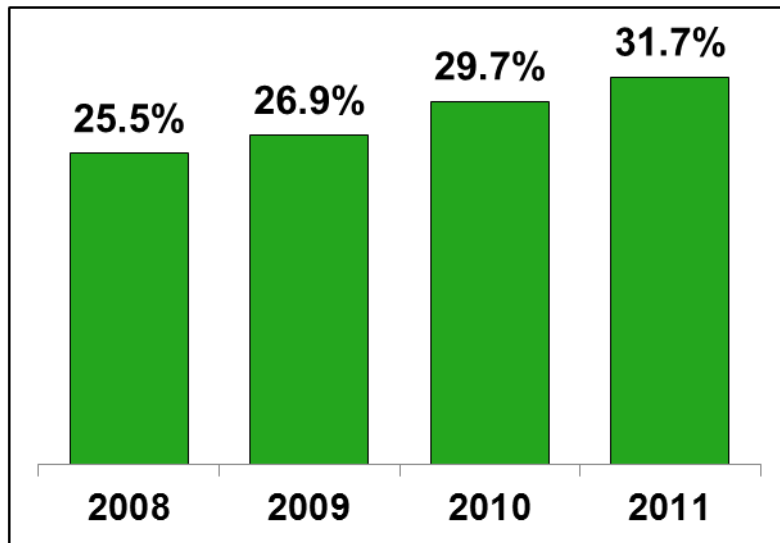
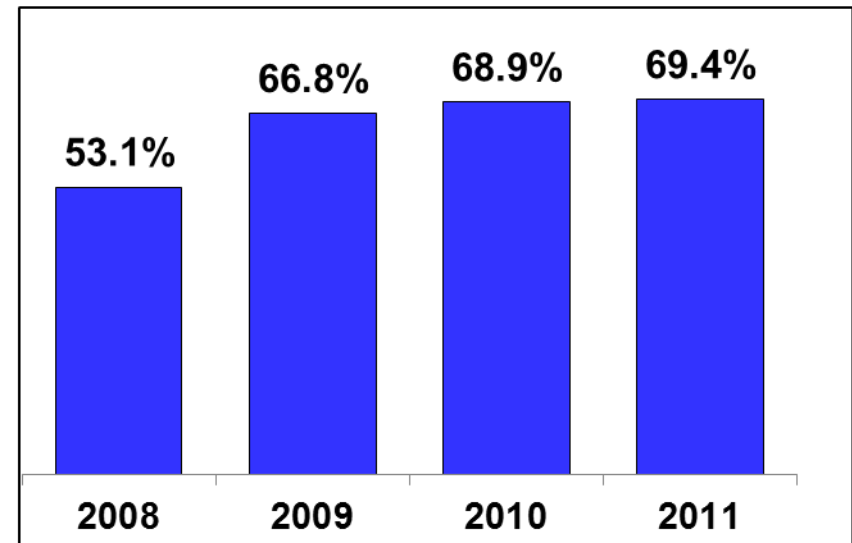


Chart 2

**% Available Practice refund dollars applied
(refund \$)**

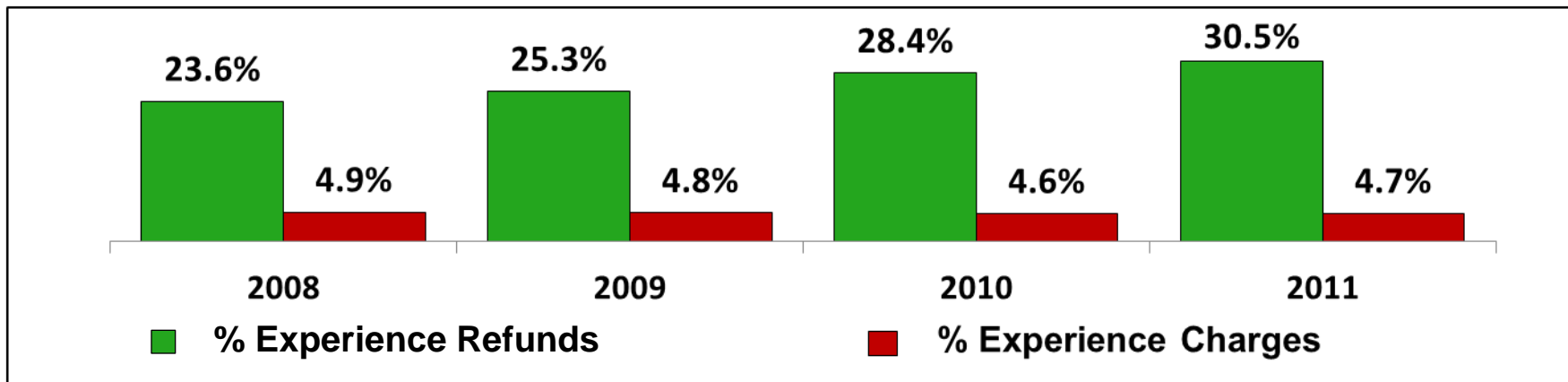


The PRIME Program Today



Experience - Comparative Year Results

% of Employers who received Experience refunds and charges, 2008-2011

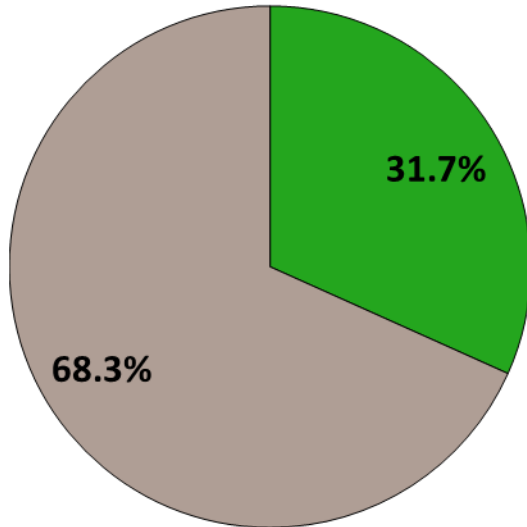


Practice Results - by Employer Size

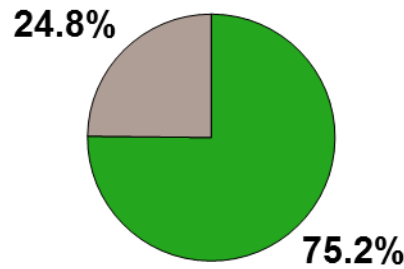


2011 Practice Results (% of employers)

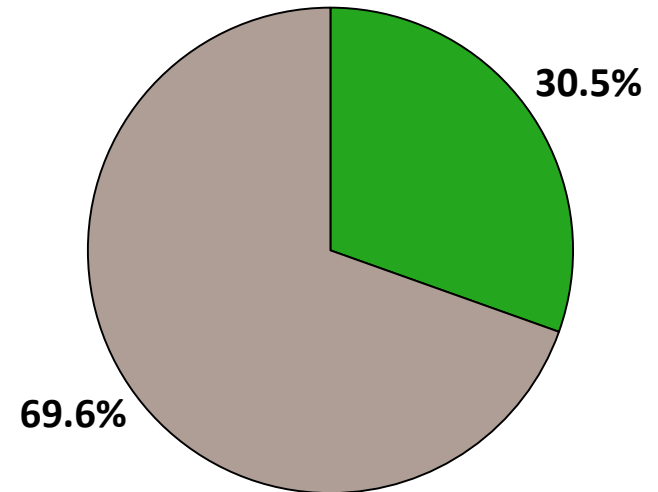
All Employers
(15,929)



Large Employers
(447)
Average Assessment \geq \$48,000



Small & Medium Employers
(15,482)
Average Assessment $<$ \$48,000



■ % Practice Refunds Applied

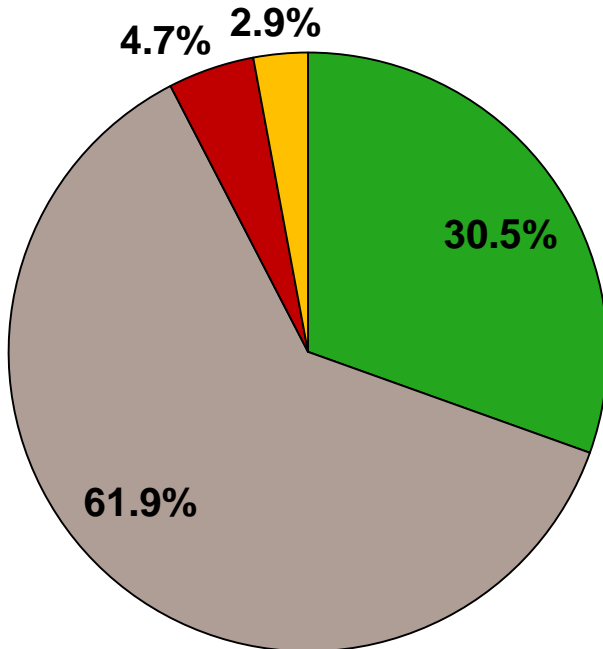
■ % Practice Refunds Forfeited

Experience Results - by Employer Size



2011 PRIME Experience Results (% of employers)

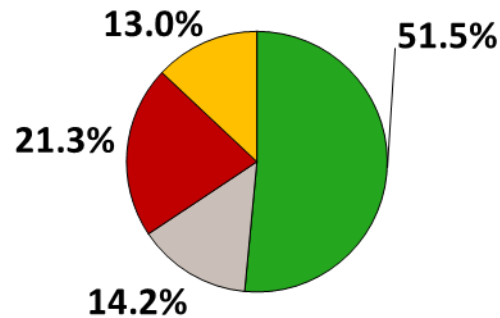
All Employers



Eligible Employers = 14,187

Large Employers

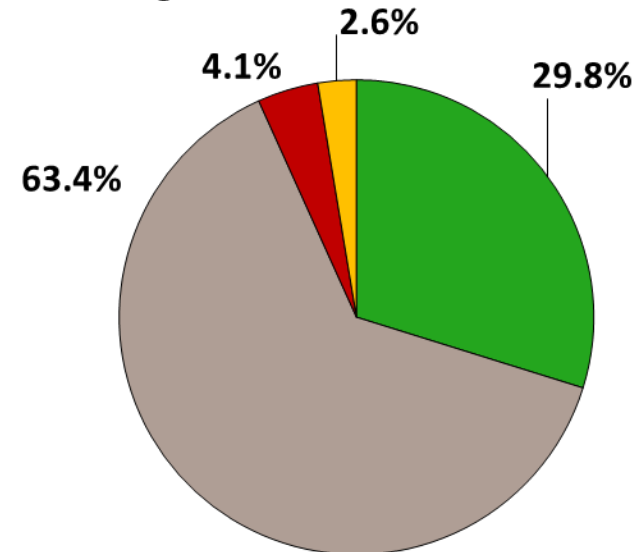
Average Assessment \geq \$48,000



Eligible Employers = 431

Small & Medium Employers

Average Assessment $<$ \$48,000



Eligible Employers = 13,756

- Experience Refunds Applied
- Experience Charges Applied

- Experience Refunds Forfeited
- Within Range (Neither Result)

Impact on Early and Safe Return-to-Work

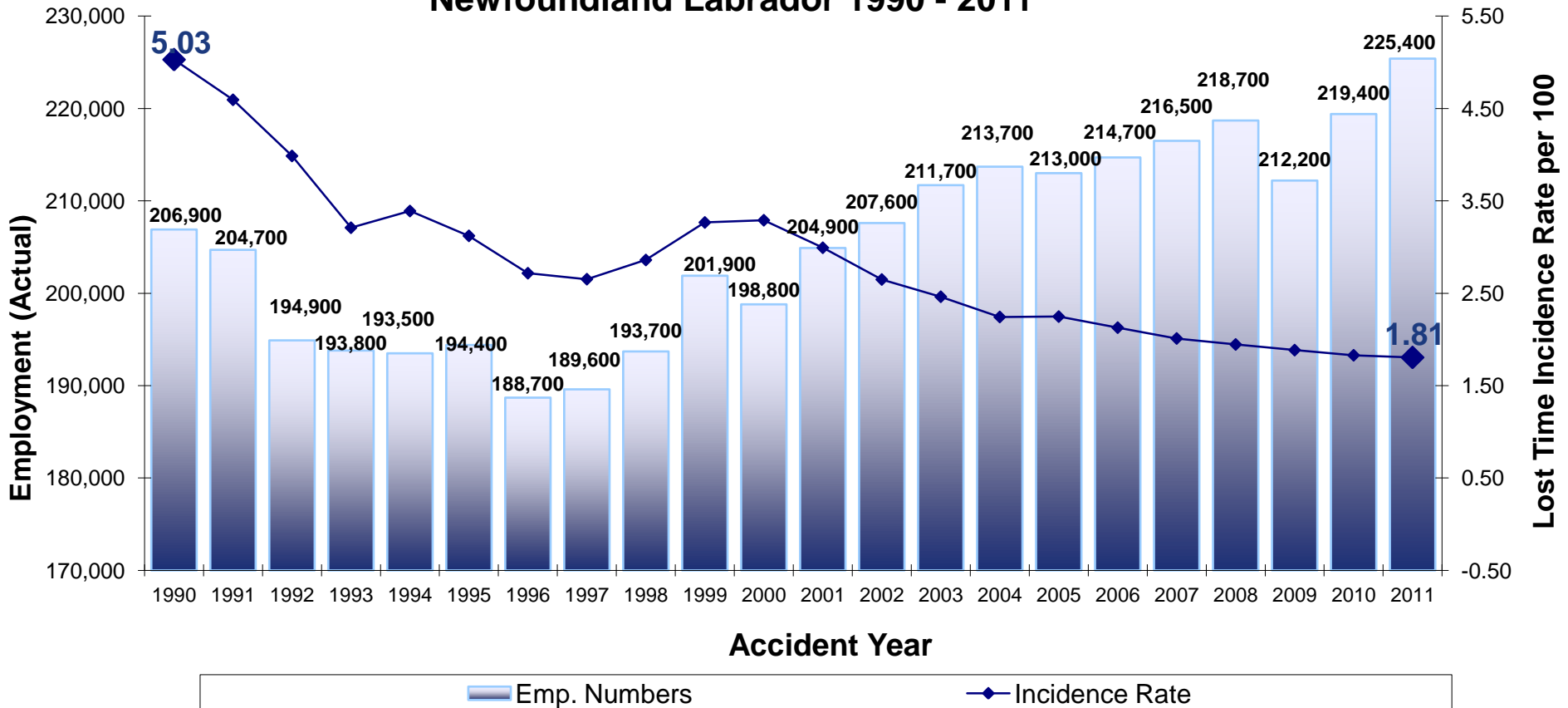


- ✓ Increased general level of awareness of specific Early and Safe Return-to-Work (ESRTW) policies and procedures.
- ✓ Has given employers and employees the opportunity to have a more consistent and fair approach to ESRTW through the development of a program.
- ✓ Increased cooperation between management and employees.
 - Due to requirement to engage in joint and meaningful consultation on the RTW program.
- ✓ Has allowed employees to be more engaged and have a sense of ownership of the ESRTW process.
- ✓ Has increased employers use of ESRTW options for injured workers given the potential cost implications associated with PRIME.

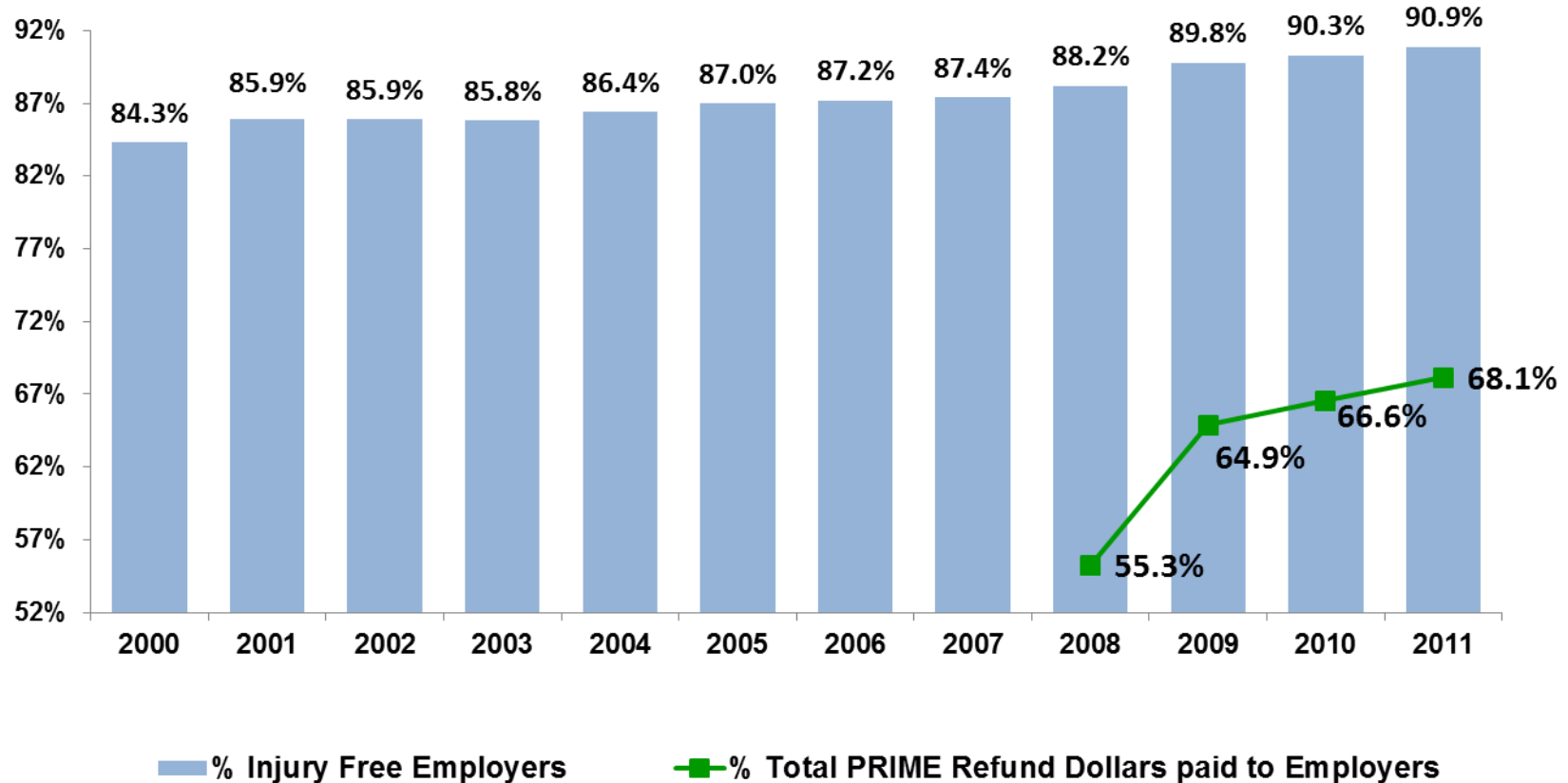
20-year Lost Time Incidence Rate



Lost Time Incidence Rate per 100 Employees and Employment, Newfoundland Labrador 1990 - 2011



Percentage of Injury Free Employers 2000 to 2011



Note: Claims include lost-time, health care only, and fatalities.

PRIME

Q&A

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