

Lost Time Frequency – Ask the Expert



Industry standards for lost time frequency are not the same in all parts of the country because of workers' compensation classification and claim rules.

However, if you are federally mandated, lost time frequency is not dictated by the industry standard but rather the requirements of workers' compensation laws themselves – specifically the definition of “lost time”.

QUESTION

What is the industry standard for lost time frequency with respect to denied workers' compensation claims. For example, should a denied claim be included?

ANSWER

Counting just accepted claims makes sense because it's in line with the overall workers' comp policy of allocating premiums to employers based on how much they cost the workers' comp system; moreover, employers are still required to report all time loss injuries to the WCB regardless of whether the claim is compensable.

EXPLANATION

Regarding Alberta, British Columbia, and Ontario:

Alberta: In calculating an employer's experience rating for the year, the WCB considers BOTH the number of claims AND total claim costs, among other factors.

BC: "POLICY As a general rule, all acceptable claims coded to a particular firm are counted for experience rating purposes. Whether the firm was at fault is not considered." ASSESSMENT MANUAL, Experience Rating Cost ITEM: AP5-247-2 Inclusions/Exclusions.

The notion that only accepted claims count toward ER is reinforced by the ASSESSMENT MANUAL policy on the Experience Rating plan which notes that ER adjustments are based solely on claims costs and that the Board's admin costs don't get counted in ER calculations. In addition, the claims costs that are included are subject to caps of 100% of the first \$70,000; 50% of the next \$50,000; and 10% of all costs above \$120,000.

Ontario: Like BC, Ontario counts just accepted claims. Here's a cite from the WSIB NEER Policy: "The premium rate calculation methodology considers all of an employer's insurable earnings, claim count and the associated claim costs over the six year period before the year premium rates are set. . . .". The claim count refers to allowed claims with an accident date within the review period. The claim costs refer to the actual costs that are paid in respect of claims with an accident date falling within the review period.