

Client Services Policy Manual

Policy Number: **PR-01**
Subject: **PRIME Overview**
Chapter: **PRIME**

Policy Statement

The **Prevention and Return-to-Work Insurance Management for Employers/Employees (PRIME) Program**, through financial incentives or charges, recognizes employers' claim costs as well as their compliance with certain health and safety and return to work practices defined by WorkplaceNL. The program has two components: the practice incentive component which provides a refund to qualifying employers who meet requirements for health and safety and return to work practices; and the experience incentive component which applies refunds, charges, or neither depending on how the employer's actual claims cost experience compares with the experience incentive range established for that employer. Employers must qualify for the practice refund in order to receive experience refunds.

PRIME is addressed in a series of policies (designated by "PR") to provide an explanation of all aspects of the program and to direct the decision making process. Since the various provisions of these PRIME policies are interrelated, it is essential to consider the PRIME Program in its entirety and not only the specific guidelines under an individual PRIME policy.

Once the PRIME Program is fully implemented (refer to Policy PR-11 "PRIME Transitional Policy" for details on implementation), the total amount of assessments that an employer will pay to WorkplaceNL for a calendar year is determined using:

1. the employer's applied base assessment (assessable payroll multiplied by applied base rate for the employer's industry);
2. the impact of the practice incentive component of PRIME (a potential 5% practice refund of the average calculated base assessment for employers who qualify based on compliance with certain health and safety and return to work practices – refer to Policy PR-06 "PRIME Practice Incentive for Provincially Regulated Employers" and PR-07 "PRIME Practice Incentive for Federally Regulated Employers"); and
3. the impact of the experience incentive component of PRIME (an experience refund, an experience charge or neither based on employer claim costs).

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In order to receive an experience refund, the employer must first qualify for the 5% practice refund (refer to Policy PR-06 “PRIME Practice Incentive for Provincially Regulated Employers” and PR-07 “PRIME Practice Incentive for Federally Regulated Employers”).

Because PRIME has been structured as a self-reporting model for employers, the Employer Payroll Statement will be used by WorkplaceNL as the primary method of calculating and validating PRIME refunds and charges. The Employer Payroll Statement must be filed with WorkplaceNL by February 28th of each year in accordance with the *Workplace Health, Safety and Compensation Regulations*. Employers who do not meet the due date will not qualify for a PRIME refund, but experience charges will be applied to their account, where appropriate.

The PRIME Program will be applied to all eligible employers as defined in this policy.

General

PRIME Objectives

The objectives of PRIME are to:

1. promote healthy and safe workplaces;
2. promote effective and sustainable return to work practices;
3. reward employers under the practice incentive and experience incentive components;
4. be inclusive so that as many employers as possible can participate; and
5. provide a program that is responsive to the individual employer's actions while maintaining the principle of collective liability.

Definitions

While PRIME terms will be defined throughout this and the other PRIME policies, a Glossary of Terms used in the PRIME Program is attached to this policy for easy reference.

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Eligibility for PRIME

All employers are eligible for the practice incentive component of PRIME, with the exception of:

1. Employers in the following classifications:
 - a) Fish Purchases;
 - b) Volunteer Firefighters/Volunteer Ambulance Service;
 - c) Government Funded Projects;
 - d) Inter-jurisdictional Trucking Agreement Employers who are registered in the province but do not pay assessments;
 - e) Self-insured Employers; or
 - f) Disaster/Enhanced/Second Injury Employers who have no assessable payroll or assessments.
2. Employers with the following types of coverage:
 - a) Optional Personal Coverage under Policy ES-01 “Personal Coverage”, or
 - b) House Holder Coverage.
3. Employers with a calculated base assessment in the PRIME year that is less than or equal to the prescribed minimum assessment for that year as per section 24 of the *Workplace Health, Safety and Compensation Regulations*. New employers can be eligible for the practice incentive component (refer to Policy PR-06 “PRIME Practice Incentive for Provincially Regulated Employers” and PR-07 “PRIME Practice Incentive for Federally Regulated Employers”) in the first year of operation where the minimum assessment requirement has been met.

Eligibility for Experience Incentive Component of PRIME

All employers are eligible for the experience incentive component of PRIME, with the exception of:

1. Employers described in items (1) and (2) above;

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2. Employers who do not have an assessment in the PRIME year (the calendar year for which costs are considered for PRIME) and an assessment in one or both of the other two years of the PRIME base period (maximum three year period including the PRIME year and the two years prior); and
3. Employers who have calculated base assessments in any one of the qualifying years of the PRIME base period which is less than or equal to the prescribed minimum assessment as per section 24 of the *Workplace Health, Safety and Compensation Regulations*.

For new employers, a period of at least two years is necessary before eligibility for the experience incentive component can be determined.

The requirement for a return to work program under the practice incentive component (refer to Policy PR-06 “PRIME Practice Incentive for Provincially Regulated Employers” and PR-07 “PRIME Practice Incentive for Federally Regulated Employers”) depends on whether the employer’s average assessment is large in accordance with the criteria set out in this policy.

Determining Large PRIME Assessment Employers

Criteria for large PRIME assessment employers:

A PRIME assessment limit is established to determine whether an employer is a large PRIME assessment employer. An employer is considered a large PRIME assessment employer if the employer’s average calculated base assessment for the PRIME base period is greater than or equal to the PRIME assessment limit.

The employer’s claim costs are central to calculations in the experience incentive component of PRIME. One objective of the PRIME Program is to be responsive to the individual employer’s actions while maintaining the principle of collective liability.

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Claim Costs Considered in PRIME

Claim Costs Included in PRIME

Claim costs that are included in the PRIME experience incentive component are:

1. Cash payments by WorkplaceNL (including Temporary Earnings Loss, Early and Safe Return to Work, Labour Market Re-entry, Extended Earnings Loss, Health Care Costs, Permanent Functional Impairment and Pension Replacement Benefits) made in the PRIME year for each injury that occurred in the PRIME base period. This amount is capped annually per claim at the prescribed maximum compensable earnings during the PRIME year;
2. Adjustments in the PRIME year to those payments referred to in (1) above (refer to Policy PR-03 “PRIME Adjustments”); and
3. An amount equal to two times the maximum compensable earnings (as prescribed in the injury year) for each fatality.

Claim Costs Excluded from PRIME

Claim costs that are excluded from the PRIME experience incentive component are:

1. Cash payments made by WorkplaceNL in the PRIME year for injuries that occurred prior to the PRIME base period (this includes the exclusion of PRIME base period recurrences of injuries that originally occurred prior to the PRIME base period);
2. Cash payments made by WorkplaceNL related to third party, industrial disease, and denied claim costs;
3. All cash payments per claim made by WorkplaceNL in excess of the prescribed maximum compensable earnings in the payment year;
4. All actual cash payments made in the PRIME year related to fatality claims. Any actual cash payments made in the PRIME year before the injury was accepted as a fatality

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claim will be reversed in that PRIME year only. Any cash payments made in a previous PRIME year are unchanged.

5. Adjustments made in the PRIME year for payments made before the PRIME year (refer to Policy PR-03 “PRIME Adjustments”);
6. Adjustments made in the PRIME year for injuries that occurred prior to the PRIME base period;
7. Reserves; and
8. Overpayments established on a claim and amounts collected with respect to those overpayments (refer to Policy EL-04B “Overpayments”).

Implementation

The PRIME Program will be transitioned into effect in phases. PR-01 is effective 2005 01 01 subject to the provisions of Policy PR-11 “PRIME Transitional Policy”.

Reference: *Workplace Health, Safety and Compensation Act* (the Act), Sections 15-17, 89.3, 89, 89.1 and 96

Workplace Health, Safety and Compensation Regulations, Sections 24 and 25

Occupational Health and Safety Act, Sections 36.1, 36.2, 37, 38, 38.1 and 39 – 44

Occupational Health and Safety Regulations, Sections 4, 4.1 and 21

Amendment History

<i>Original Effective Date</i>	2005 01 01
<i>Revision #1</i>	2006 11 28
<i>Revision #2</i>	2008 02 15
<i>Revision #3</i>	2010 02 01

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PRIME Glossary of Terms

The following definitions are provided to promote understanding of common terms and ensure consistency when referencing various aspects of PRIME.

Active Status – the employer's status with WorkplaceNL once the employer registers with WorkplaceNL and receives a firm number.

Applied Base Rates – the rates that WorkplaceNL uses to determine employers' base assessments. These rates are being transitioned towards the calculated base rates to more accurately reflect industry claim costs.

Average Calculated Base Assessment (sometimes referred to as "average assessment") - the total calculated base assessments divided by the number of years with assessments, up to a maximum of three years.

Calculated Base Assessment – assessable payroll multiplied by the calculated base rate. This amount is used in determining eligibility for PRIME.

Calculated Base Rates – the rates that WorkplaceNL uses when determining practice refunds, experience incentive ranges and experience refunds, charges or neither under PRIME. These rates may differ from applied base rates when they are being transitioned towards calculated base rates.

Experience Incentive Component – the component under PRIME which uses an employer's claim costs to determine whether an experience refund, experience charge or neither applies. In order to be entitled to an experience refund, the employer must have first qualified for the practice refund under the practice incentive component.

Experience Incentive Range – the range of claim costs against which WorkplaceNL compares the employer's actual claim costs.

Firm Number – a unique identifier which is assigned to a business when it registers with the Workplace Health, Safety and Compensation Commission. It is possible for a business to be assigned more than one firm number if that business operates in more than one industry.

Large PRIME Assessment Employer – an employer that meets the criteria in PR-01 "PRIME Overview".

Practice Incentive Component – the component under PRIME that recognizes an employer's compliance with health and safety and return to work practices. Under this component, employers can qualify for a 5 per cent practice refund.

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Practice Refund – the 5 per cent refund for which employers may qualify if they meet all the criteria under the practice incentive component. This refund is calculated using the employer's average calculated base assessment.

Prescribed Maximum Assessable Earnings – the maximum assessable earnings amount prescribed by regulation.

Prescribed Maximum Compensable Earnings – the maximum compensable earnings amount prescribed by regulation.

Prescribed Minimum Assessment – the minimum assessment amount prescribed by regulation.

PRIME Assessment Limit – the amount set by WorkplaceNL to establish the benchmark for determining whether an employer is considered a “large” assessment employer.

PRIME Base Period – the three-year period that WorkplaceNL considers in determining PRIME calculations.

PRIME Year – the last year in the PRIME base period.

Qualifying Years – the PRIME year and at least one other year of the PRIME base period.

Reserves – the estimated total payments expected to be paid over the life of a claim.

Suspended Status – the employer's status with WorkplaceNL when that employer's firm number has been deactivated.

Workplace – any place where a worker carries out the duties of employment.