

Client Services Policy Manual

Policy Number: **PR-02**
Subject: **PRIME Calculations**
Chapter: **PRIME**

Policy Statement

Employers who are eligible for the practice incentive component under PRIME in accordance with Policy PR-01 “PRIME – Overview” may qualify for a 5% practice refund based on their compliance with certain health and safety and return to work practices defined by WorkplaceNL (refer to Policy PR-06 “PRIME Practice Incentive for Provincially Regulated Employers” and PR-07 “PRIME Practice Incentive for Federally Regulated Employers”).

Employers who qualify for the practice refund and who are eligible for the experience incentive component under PRIME in accordance with Policy PR-01 “PRIME – Overview” may qualify for:

- a) an experience refund,
- b) an experience charge, or
- c) neither an experience refund nor a charge,

depending on how their actual claims cost experience compares with their experience incentive range for the PRIME year. Employers who do not qualify for the practice refund will not qualify for an experience refund.

In accordance with the *Workplace Health, Safety and Compensation Regulations*, Employer Payroll Statements are due by February 28th of each year. Once an Employer Payroll Statement has been received by this due date and processed by WorkplaceNL, the above calculations will be performed for the PRIME year and the results forwarded to the employer for information and invoicing purposes. 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.

Employers who are eligible for the practice incentive component are required to meet the practice incentive criteria regarding health and safety and return to work practices outlined in Policy PR-06 “PRIME Practice Incentive for Provincially Regulated Employers” and PR-07 “PRIME Practice Incentive for Federally Regulated Employers”, whichever policy applies. Where these criteria have been met, a 5% practice refund is calculated using the employer’s average calculated base assessment for the PRIME base period. (Note: the actual assessable payroll reported for each of those years is multiplied by the employer’s calculated base rate in each year).

The calculation for the PRIME experience incentive component

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considers the past and future claim costs and assessment premium patterns of employers.

Experience Incentive Range

The experience incentive range is the range of claim costs against which WorkplaceNL compares the employer's actual claim costs.

Experience Refunds and Charges

An employer's experience refund or charge is determined by the comparison of that employer's actual claim costs to their experience incentive range. In general, an employer may qualify for:

1. an experience refund if the employer's claim cost is below the bottom of their range;
2. an experience charge if that cost is above the top of their range; or
3. neither if that cost is within their range.

Where this comparison, measured as a percentage of the employer's average calculated base assessment, results in a less favourable position than the previous year, the percentage cannot move by more than the maximum rule.

Implementation

The PRIME Program will be transitioned into effect in phases. PR-02 is effective 2005 01 01 subject to the provisions of Policy PR-11 "PRIME Transitional Policy".

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An employer's calculated rate may differ from the base rate that the employer actually pays as a result of the WorkplaceNL's annual rate setting process. As part of WorkplaceNL's rate setting process, it regularly reviews industry groupings. Changes in industry groupings can sometimes cause significant rate changes that are phased in over a period of time. The calculated base rate is the industry base rate that the employer would be paying if there was no phase-in period. The applied base rate is the industry base rate the employer will actually pay in a particular year during that phase-in period.

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Reference: *Workplace Health, Safety and Compensation Act (the Act), Section 96*
Workplace Health Safety and Compensation Regulation, Section 25

Amendment History

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