

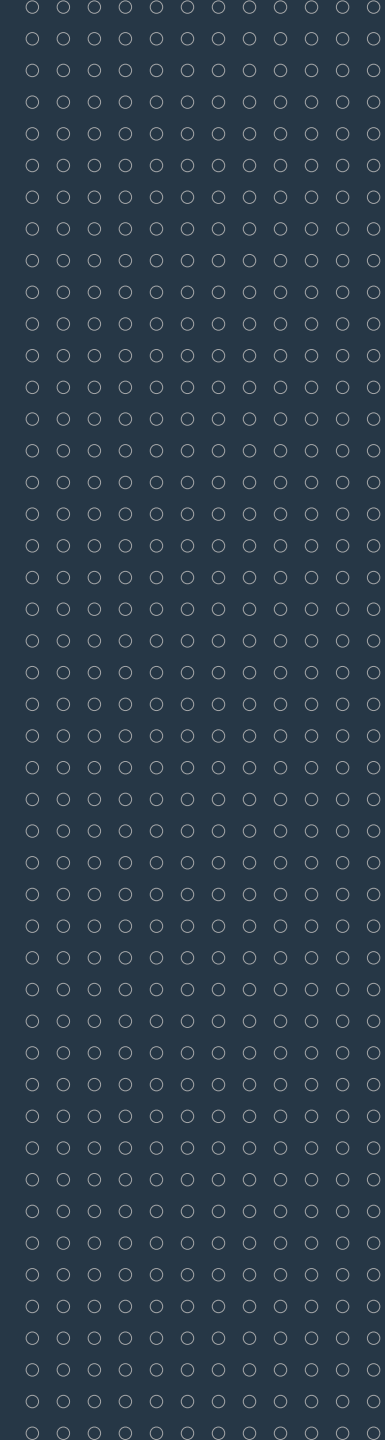
HUB

Risk & Insurance | Employee Benefits | Retirement & Private Wealth

Employment Insurance program

Understand the changes & how they
impact your organization

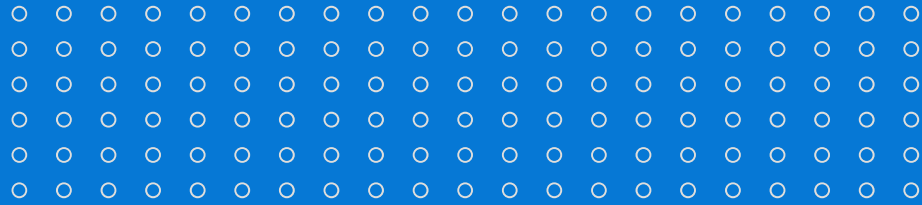
January 18, 2023



Agenda

- 1) **Introduction & Overview of EI Program** – Allen Furlong
- 2) **Premium Reduction Program** – Janine McInnis
- 3) **Employer Considerations** – Louis Bernatchez
- 4) **Disability Management** – Jennifer Magnard
- 5) **Q&A**

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Introduction & Overview of EI Program



What are EI Sickness Benefits?



Financial Assistance if you can't work for medical reasons

Employment and Social Development Canada (ESDC)

Up to 26 weeks (2023) of benefits after one week waiting period

55% earnings to a weekly maximum of \$650 (2023)

Available to employees who have accumulated at least 600 hours
in the 52 weeks prior to the start of a claim

Employment Insurance Sickness Benefits Extension



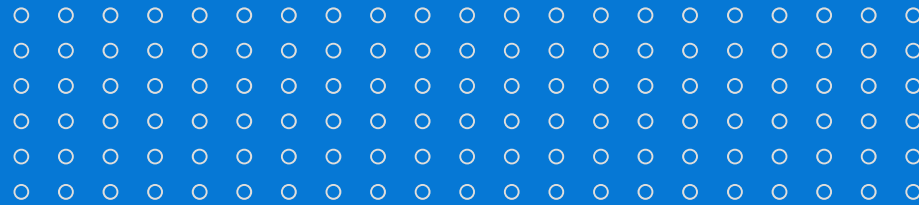
 <p>Benefits increasing from 15 weeks to 26 weeks</p>	 <p>Impacts new claims which commenced December 18, 2022 or after</p>
<p>Improved support for Canadians with no or limited STD benefits who are unable to work due to an illness or injury.</p> 	<p>Announced November 25, 2022</p> 

Job Protected Leave



- The maximum length of unpaid medical leave available to **federally regulated private-sector employees** also increased from 17 to 27 weeks under the *Canada Labour Code* effective December 18, 2022.
- Job protected leave legislation for non-federally regulated employees vary by province as stated in the Employment Standards Act (ESA).
- Not all provinces currently protect medical leaves up to 27 weeks; however, we anticipate these provinces will, in due course, amend their ESA to align with the EI Sickness Benefits extension.

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Premium Reduction Program



What is the Premium Reduction Program (PRP)?



Employers who provide qualifying disability wage-loss replacement plans can obtain a reduction in EI employer contributions

Generally, plans must match or exceed the level of benefits provided under EI Sickness Benefits*

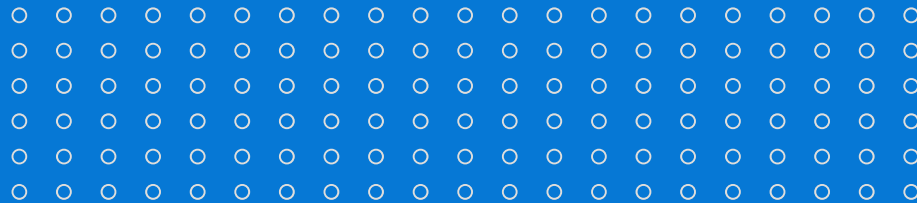
The amount of reduction depends on the type of plan offered and differs slightly for Quebec employers

Employers must return 5/12 of savings to covered employees, regardless if the plan is employee or employer paid

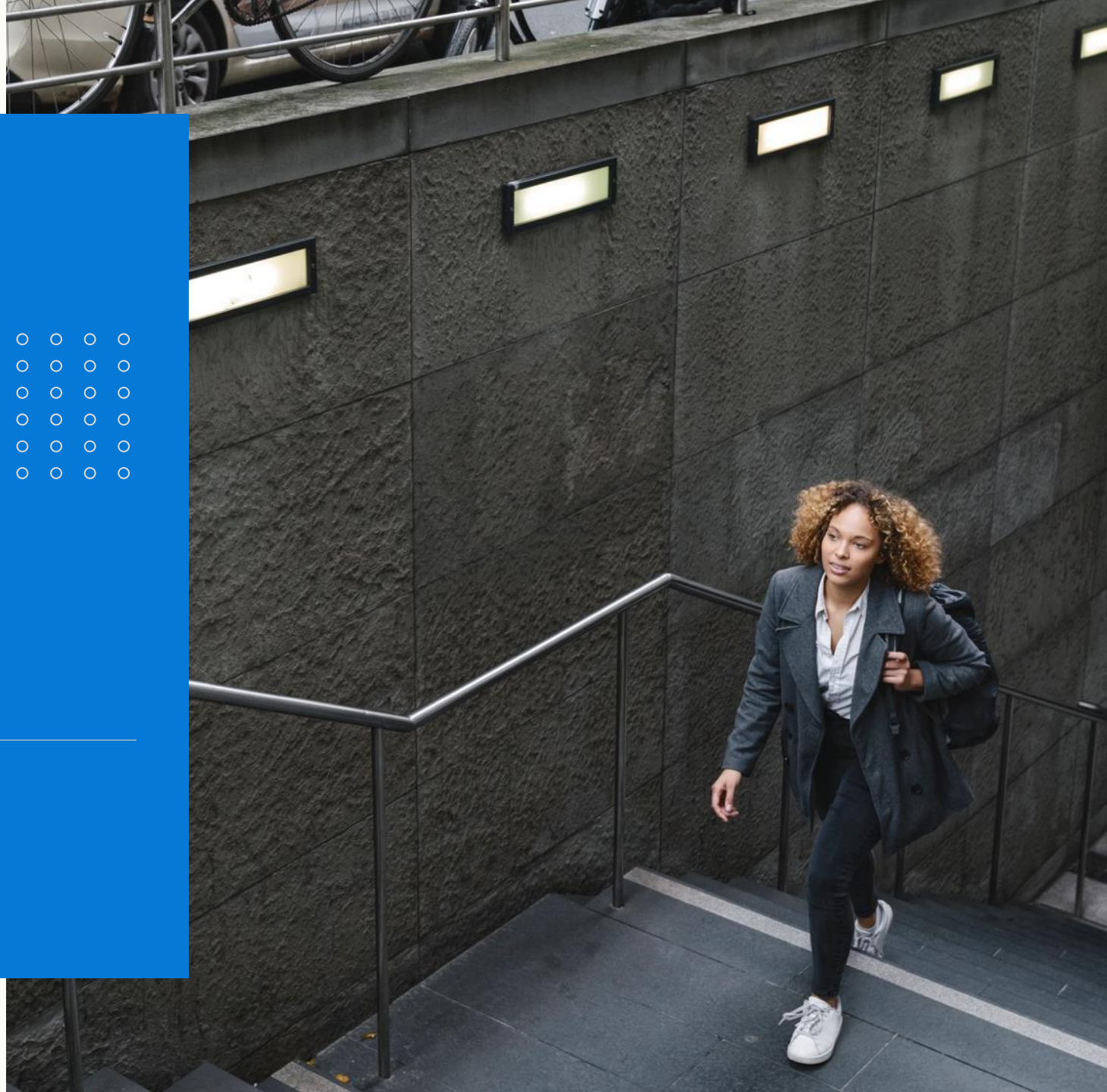
Last year HUB participated in multiple roundtables regarding improvements to the PRP hosted by Employment and Social Development Canada. However, the government has not yet indicated a timeframe for announcing future changes to the PRP.

**Employers who offer cumulative paid sick leave plan that meets certain requirements can also qualify to PRP*

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Employer Considerations



Employers with short-term and long-term disability benefits

- **No immediate impact** of this change or action required for employers who offer STD benefits that align with the LTD elimination period.
- However, for employers who qualify for the PRP, **future announcements may require a review and/or changes** to your short-term and long-term disability benefit plans in order to continue to qualify for the PRP.
- We anticipate the government will provide an **adequate transition period** to implement any required changes in order to continue to qualify for the PRP.
- The government has not yet indicated a timeframe for announcing future changes to the PRP.

Employers with short-term disability benefits only

- For employers who offer a short-term disability plan with fewer than 26 weeks of benefits **but no long-term disability**, the EI sickness benefits will extend the length of **paid leave** your employees may be eligible to take.
- The employer plan will continue to be the first payer until the benefit period is exhausted.
- Employees who are still unable to work due to illness or injury, may be entitled to additional weeks of EI sickness benefits.

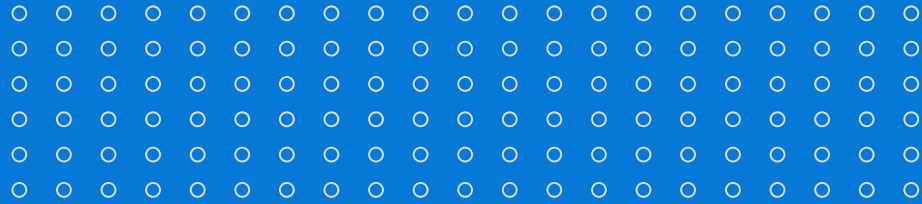
Employers with with no short-term or long-term disability benefit plans

- This change will extend the number of weeks to 26, that a disabled employee will be able to collect EI Sickness Benefits.
- Job protected leave will be extended to 27 weeks for **federally regulated private-sector employees.**
- While not all provinces allow for 27 weeks of job protected illness and injury leave, we anticipate these provinces will amend their ESA, in due course, to provide a minimum of 27 weeks of job protected leave to align with the EI Sickness Benefits extension.

**Employers
who rely on
EI Sickness
benefits for
short-term
disability and
have a long-term
disability plan**

- If the LTD plan has a 26 weeks or shorter elimination period, you may want to consider extending it to 27 weeks to align with these changes.
- Extending the LTD elimination period has the following pros & cons:
 - **Premium rate reduction** – Extending the elimination period should result in an immediate LTD premium rate reduction.
 - **Employee take-away** – EI sickness benefits generally provide lower income replacement than private LTD benefit plans.
 - **No claims management during EI Sickness benefit period** – EI Sickness claimants are not actively managed from a disability perspective by the government.

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Disability Management



For employers that use EI Sickness benefits instead of an insured or self-insured arrangement, there are three main points to consider:



Incidence

Number of disability claims that are approved



Duration

Length of time an employee is off work



Employer/Employee Experience

Level of support and contact between the employer and employee during a leave



Incidence

- The current EI Sick Leave Benefits program is not a managed program
- Eligibility is based on a medical certificate alone:
 - Employee completes required forms and provides a medical certificate, which attests to the duration of the illness and their incapacity to work
 - Attending physician is responsible for completing required forms and directing the employee (patient) to any additional resources
- Even prior to the pandemic, this system caused delays and gaps in care
- The lack of this overview and support can prove costly to the employer and jeopardize the employee's return to health, which in turn can increase the LTD incidence

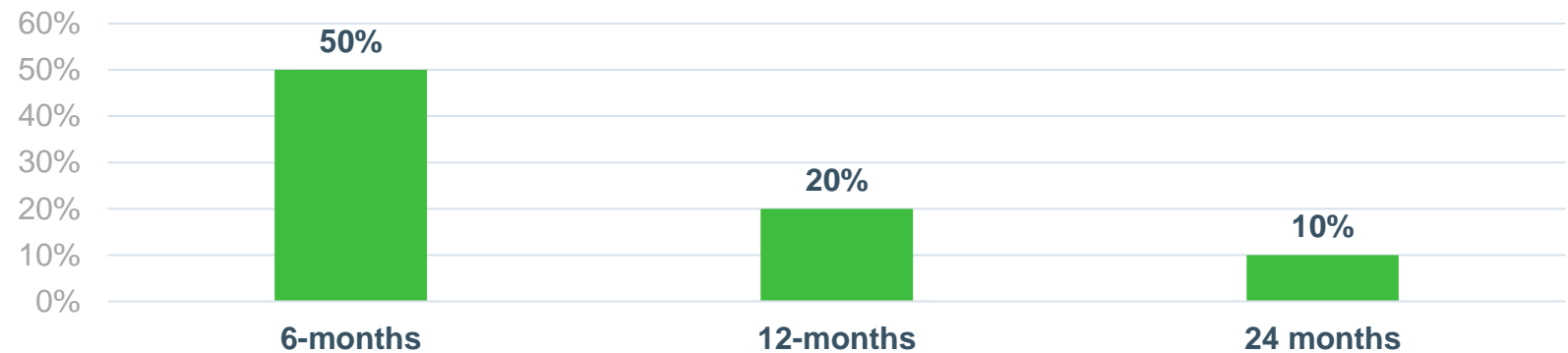


Duration

The longer an employee is off work, the harder it is to get them back.

- **Early intervention** is a key component in the disability management process to control durations, typically provided by a managed program (does not occur with a non-managed program)
- Ongoing communication and support from a case manager will assist in implementing **appropriate and timely return to work** where feasible

Probability of RTW*





Employer/Employee Experience

Employee

- With no case management they will feel disconnected and unsupported
- No assistance with getting the resources they need
- Delays with LTD application will result in decision delays and financial stressors

Employer

- Deficiency in communications on their employee's progress and updates
- No return to work/accommodations assistance = continued disruption in the workplace
- Lack of support in mitigating the workplace issues as part of the equation

- EI Sickness Benefits extended from 15 to 26 weeks effective December 18, 2022
- Job protected leave extended for federally regulated employees, and likely to follow in provinces with less than 27 weeks of medical leave
- No changes to the Premium Reduction Program (PRP) for qualifying employers, but future changes expected
- No immediate action is required; however, employers may want to consider aligning disability programs with the new legislation where feasible
- Employees receiving EI sickness benefits are not managed from a disability perspective, which can present challenges for employers

Q&A?

Thank you.