



YUKON WORKERS
COMPENSATION
HEALTH AND
SAFETY BOARD

SUBJECT: PAYMENT OF INTEREST ON POLICY NO.: CL -52
COMPENSATION BENEFITS

BOARD APPROVAL: *Debra Solomon*

APPROVAL DATE: December 5, 2001

BOARD ORDER NO.:

EFFECTIVE DATE: April 1, 2000

REVOKED

JUL 01 2008
replaced by EL-03
Payment of Interest on
Compensation Benefits
effective July 1, 2008

POLICY STATEMENT

SECTION 19.4, 90(1) (1.1) (1.2), 101
REFERENCE: *Workers' Compensation Act*

POLICY: PAYMENT OF INTEREST ON COMPENSATION BENEFITS

INTRODUCTION

Interest on compensation benefits shall be awarded to workers in accordance with section 19.4 of the Workers Compensation Act to reflect legislative amendments that came into effect with the passage of Bill 83.

Section 19.4 states "where compensation is payable, the adjudicator, hearing officer, or appeal tribunal shall order that interest be paid on such compensation in accordance with board policy and the board shall pay such interest".

It is recognized that the support and engagement of employers and service providers is an integral part of ensuring quick and effective adjudication of claims so that interest payments will not be necessary.

POLICY

A. INTEREST PAYMENTS ON COMPENSATION BENEFITS

Interest shall be paid on compensation benefits where the adjudication of a claim for a worker was delayed due to circumstances that are under the control of the board. Subject to paragraph E (Exclusions), the date of receipt of the worker's notice of injury/illness report shall be used as the commencement date for the claim.

Delays not under the control of the board are those caused by workers and service providers in support of a claim for compensation benefits.

B. ELIGIBILITY FOR INTEREST ON COMPENSATION BENEFITS

Interest will be paid on compensation benefits for a worker, where the worker's disability was incurred after March 31, 2000.

C. INTEREST RATE

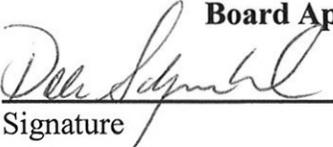
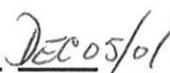
The rate of interest to be applied to compensation benefits shall be the rate as established by section 35(1) of the *Judicature Act*, that was in effect the month prior to the month of the commencement date of the injured workers' claim as noted in paragraph A above.

Simple interest will be used to determine the interest payable. (See Appendix A.)

D. APPLICATION

Interest is payable on compensation benefits that have direct monetary implications to the claimant. Compensation benefits that shall be considered for interest payments include;

- Compensation for loss of earnings
- Modified average weekly earnings
- Compensation for spouse
- Benefits for dependent children
- Equivalent to spousal compensation

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- Other dependants

Interest will also be paid in those instances where a claimant incurs out of pocket expenses for services that are directly attributable to their work-related disability that would have been paid by the board had the claim been accepted as part of the adjudication process. These expenses shall include reimbursement for medical services, travel and training that are supported by receipts and would have been considered eligible and reasonable expenses by the board.

When new evidence is received that changes the diagnosis of a condition and such evidence should have been known or investigated at the time of the initial adjudication, any resulting change to compensation benefits shall be subject to the payment of interest.

Interest entitlement will commence 31 calendar days following the date of receipt of the worker's notice of injury/illness report.

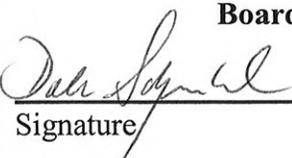
An example of the interest payment calculation methodology is noted in Appendix A of this policy.

E. EXCLUSIONS

Interest payments shall not be paid on compensation benefits in those instances where the delay was beyond the control of the board.

By way of illustration, the board would not be responsible for interest payments on compensation benefits including but not limited to the following instances;

- delays that occur in reporting work-related disabilities by the worker and service providers (from the date of disability to the receipt of the worker's notice of injury/illness report).
- changes to compensation benefits resulting from evidence submitted based on advanced medical technology that was not reasonably available at the time of the initial adjudication.
- awards for permanent impairment.

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F. MISCELLANEOUS

1. INTEREST EXPENDITURES

Interest on compensation benefits will be calculated separately.

The cost of interest payments on compensation benefits awarded under this policy will be charged against the Benefit Liability Fund.

2. EMPLOYERS - NO IMPACT

The employer of the worker will not incur any costs to their experience rating account as a result of the payment of interest on compensation benefits.

3. OVERPAYMENT AND RECOVERY

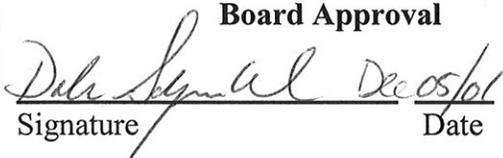
The Workers' Compensation Act provides where the board pays compensation to which a person is not entitled, such amount may be recovered from the person. This amount will include any interest that may have been paid.

4. RETROACTIVITY

This policy will apply retroactively to April 1, 2000.

HISTORY

1. Workers' Compensation Act, SY 1992, c.16, in force January 1, 1993
2. An Act to Amend the Workers' Compensation Act, SY 1997, c. 26 in force December 11, 1997
3. An Act to Amend the Workers' Compensation Act, SY 1997, c. 23 in force December 01, 2000 and April 01, 2000
4. Policy CL-52, Payment of Interest on Compensation Benefits, effective April 1, 2000.

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An adjudicator shall calculate interest payments by converting the applicable interest rate to a daily interest equivalent. The daily interest factor shall be applied to the compensation benefit owing, multiplied by the number of days that exceed the 30-day claims processing period. Simple interest will be used to calculate the amount of interest owed. Simple interest is the method of computing interest on a principal sum where the interest rate is applied only to the original principal amount.

Example;

The board receives a worker's report of injury/illness on January 1, 2001. An adjudication decision denying compensation benefits is issued on January 28, 2001. The decision is appealed. The appeal decision issued on January 2, 2002 determines compensation is payable in the amount of \$50,000 plus interest.

Calculation of interest payable:

Interest rate in effect the month prior to the month of commencement date of the workers claim (date of receipt of the worker's report of injury/illness) = December 1, 2000 is 7.5%.

Daily interest equivalent (interest rate divided by 365 days) $.075 \div 365 \text{ days} = .0002055$

Number of days for application of interest - 335 days

Note: The number of days from the commencement date (date of receipt of the worker's report of injury/illness) to appeal decision is 365 days (January 1, 2001 – January 1, 2002). The 30-day claim processing period is deducted from the total number of days. $(365-30=335)$

$335 \text{ (days)} \times .0002055 \text{ (daily rate equivalent)} \times \$50,000$.
The worker is owed \$50,000 plus \$3441.78 interest.

Board Approval

Dale S. [Signature] DEC 05/01
Signature Date