

## Changes to the EI Sickness Benefits: What it means for Group Disability Plans

**Please note that this is general information. We have worked to cover as many ends of this topic as possible. To discuss your specific situation, please email Client Care at [clientcare@jrpinsurance.ca](mailto:clientcare@jrpinsurance.ca) and someone will respond to your query within two business days.**

### What is changing?

The federal government announced it will extend paid EI sickness benefits from 15 to 26 weeks.

#### Why is this change being made?

According to the Government of Canada, they are committed to modernizing the Employment Insurance (EI) program for the 21st century. It intends to build an EI system that is simpler, fairer, and more flexible. This includes increasing EI sickness benefits for Canadians who are facing illness or injury from 15 weeks to 26 weeks.

#### What are the timelines?

The effective date of this change is December 18, 2022.

#### What is not changing?

The EI Premium Reduction Program (PRP) will remain unchanged until further notice. The government has indicated it may make changes sometime in 2023. The PRP allows employers with eligible short-term disability plans to pay lower EI premiums. The eligibility criteria are not changing; therefore, all plans that currently qualify for the premium reduction will remain eligible and are not required to make a change at this time. For more information on the PRP please [Click Here](#).

#### What decisions and actions do you need to take?

Technically none. There is no requirement to align to the 26-week EI sickness period—or change STD duration and LTD elimination period to match the new 26-week period. **However, please consider the following information:**

### If you have Long-Term Disability (LTD) WITHOUT Weekly Indemnity/Short-Term Disability (WI/STD)

**If you have LTD but not STD/WI and rely on EI sickness, do you need to change the elimination period of your LTD benefit to 26 weeks (182 days)?**

No, this is not a mandatory change; however, since EI sickness benefits do not offer claim management/early intervention and return-to-work services, it is possible that longer elimination periods may result in longer claim duration. If there is an overlap period of EI sickness benefits and LTD, the member will be required to take certain action in order to cease receiving EI, at which point, a switch to LTD will occur.

#### What would be the impact on LTD rates be if the plan changes to a longer elimination period?

This change would need to be quoted, but generally speaking, the LTD rates should be lower since, in principle, the longer the elimination/waiting period the lower the rate.

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### **What could happen if a member is receiving EI sickness benefits and LTD benefits at the same time?**

EI considers LTD benefits as “other income” that needs to be deducted from the EI sickness benefits payment. If a member is receiving EI and LTD benefits at the same time, the member may be required to refund EI for benefits overpaid. To avoid this situation, disability claim managers at the insurer should remind the plan members to close their EI sickness claim once they are approved for disability benefits. It is important that you explain this process to your members. To learn more, visit [EI sickness benefits](#).

### **If EI sickness benefits will be paid for 26 weeks and LTD benefits are payable from 17 weeks, how much is paid during week 17 to 26?**

The LTD insurer is the first payor and will pay the LTD benefit amount offered in the current LTD policy. The EI benefit should stop EI at week 17 to avoid overpayments. Disability claim managers at your insurer should remind the plan members to close their EI sickness claim once they are approved for disability benefits. It is important that you explain this process to your members.

### **What is the value of keeping shorter elimination periods in LTD plans?**

A shorter elimination period guarantees earlier access to an insurer’s early intervention expertise (when available), which can help return plan members to health and work without unnecessary delay. A longer elimination period, on the other hand, may delay access to early intervention and return to work assistance.

Impact on the claimant should be a consideration as there is a reduced benefit to members as the EI reimbursement (55%) is usually lower than the LTD reimbursement percentage (Note: EI covers nothing over EI max insurable earnings – \$61,500 in 2023).

EI is taxable, but LTD may or may not be, therefore, the after-tax income replacement may be even lower compared to LTD.

## **If you have Long-Term Disability AND Weekly Indemnity/Short-Term Disability**

### **What happens if you have STD/WI and LTD included in the plan?**

The EI sickness extension does not obligate you to amend your STD and LTD plans to align with the new 26-week EI period. If you decide to make a change, the LTD elimination period and STD benefit periods must align to avoid overlapping payment.

### **What would be the impact on rates if you change plans to reflect 26 weeks?**

In principle/general, LTD rates will be lower and STD rates will be higher (in both instances, changes would need to be quoted). The net result would be slightly higher total premiums combining the savings in LTD and the extra cost of STD. More research would need to be done to determine the specific circumstance.

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**When is the best time to implement LTD or WI/STD plan changes?**

This is not a mandatory change and you can make a change at any time, including at renewal or via amendment.

**If you self-insure your STD for 17 weeks and are currently registered for the EI Premium Reduction Program but LTD benefits commence at 26 weeks. Is the plan member entitled to EI benefits between weeks 17 and 26?**

Yes, the plan member could still apply for EI sickness benefits between the STD and LTD period.

**If you have Short-Term Disability and NO Long-Term Disability**

**Do you need to change the benefits period of STD/WI to 26 weeks?**

No. This is not a mandatory change. The EI Premium Reduction Program (PRP) is not changing, so STD plans registered with the government for PRP do not need to make changes to preserve EI premiums reductions now.

**If you self-insure STD, do you need to change benefit periods of your short-term disability plan to 26 weeks?**

No. If your WI/STD plan is registered with the government for the EI Premium Reduction Program, there is no need to make changes to preserve EI premiums reductions now because the PRP is not changing.

**What would be the impact on STD/WI rates if the plan changes to a longer benefit period?**

Rates will be higher—generally speaking, the longer the benefit period the higher the rate (this change would also need to be quoted).