

Standing Committee on Law and Justice

Workers compensation injury management pilots project

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Chair's foreword

This report is the culmination of the Committee's inquiry into the Workers compensation injury management pilots project. The report collates the information gathered during the Inquiry, including evidence from the Committee's public hearing with representatives from WorkCover, WorkCover's Evaluation Report and submissions from stakeholders.

The Committee has a statutory obligation under Schedule 5A of the *Workplace Injury Management and Workers Compensation Act 1998* to review the effectiveness of the injury management pilots project conducted in 2001 by organisations selected by WorkCover.

During the Inquiry, WorkCover advised the Committee that they have addressed the key findings of the injury management pilots project as part of the broader reforms to the workers compensation scheme that were introduced to enhance the performance of the system and ensure that injured workers are provided with the treatment and support they need to return to work. The reforms include the introduction of the case management model, provisional liability, the Claims Assistance Service, the Business Assistance Unit and the premium reforms.

Of particular interest to the Committee was the introduction of the case management model for insurers dealing with injured workers and employers. This model was developed during and following the pilots project and aims to integrate all aspects of injury and claims management for the purposes of achieving optimum results regarding a timely, safe and durable return to work for injured workers.

Overall, with consideration given to the Committee's recommendations in this report, the injury management pilots project was beneficial to the injury management process by identifying the critical components of the process. It is acknowledged that WorkCover has implemented programs to help improve outcomes for workers and employers based on the findings of the pilots project.

I would like to thank a number of people for their participation in the Committee's inquiry. The contribution of senior managers of WorkCover in providing the Committee with information and evidence has been appreciated. The Committee has also greatly valued the input of various stakeholders as the Committee is aware of the time and resources involved in preparing submissions. I would also like to thank my colleagues on the Committee for their participation during this inquiry. I am also appreciative of the work undertaken by the Committee Secretariat in managing this inquiry.



Hon Christine Robertson MLC
Committee Chair

Summary of recommendations

Recommendation 1

page 15

The Committee endorses the case management model developed during and following the injury management pilots project and recommends that WorkCover continue applying and developing this model to manage injured workers.

Recommendation 2

page 18

That WorkCover advertise the Claims Assistance Service, including providing clear information on the homepage of the WorkCover website, other advertising as may be necessary and advising workers at time of injury notification that this service is available.

Recommendation 3

page 22

That WorkCover implement the findings of the trial of the employer kit developed by the Central West Injury Management Service (CWIMS) across the whole Scheme.

Recommendation 4

page 23

That WorkCover consider alternative ways to establish the benchmarks for workers health outcomes that were not achieved in the injury management pilots project, that is, benchmarks for integrated injury and claims management.

Chapter 1 Introduction

- 1.1 The Standing Committee on Law and Justice (the Committee) has a statutory obligation under Schedule 5A of the *Workplace Injury Management and Workers Compensation Act 1998* (the Principal Act) to review the effectiveness of the injury management pilots project conducted in 2001 by organisations selected by WorkCover Authority New South Wales (WorkCover).
- 1.2 Schedule 5A was inserted into the Principal Act by amendment in 2001 by the *Workers Compensation Legislation Amendment Act 2000* (the Amendment Act), to provide the legislative basis for the pilot projects. Schedule 5A is set out as Appendix 1. The Amendment Act was the first in a series of legislative packages to reform the NSW WorkCover Scheme passed in 2000 and 2001.
- 1.3 Schedule 5A also requires WorkCover to ensure that the effectiveness of the pilots project is evaluated by an independent person or body chosen by WorkCover. The results of the independent evaluation are then to be referred to the Standing Committee on Law and Justice which is to review the results and report to Parliament.
- 1.4 The Amendment Act was assented to on 6 December 2000 and the majority of provisions were proclaimed to commence on 1 January 2001, including Schedule 5A. The two year period for the pilots project therefore ended on 1 January 2003.
- 1.5 On 9 December 2004, the Chair of the Committee received from the Minister a copy of a report prepared by WorkCover titled *Injury Management Pilots Project: Evaluation Report, July 2004* (Evaluation Report). This report is set out in Appendix 2.

Conduct of the Inquiry

- 1.6 The Committee conducted its inquiry into the evaluation of the workers compensation injury management pilots project between December 2004 and June 2005.

Stakeholder participation

- 1.7 In March 2004 the Committee invited approximately 20 individuals and organisations with an interest in injury management to participate in the Committee's inquiry by making a submission and/or identifying specific issues of concern for the Committee to consider raising with WorkCover.
- 1.8 Five responses were received raising various issues of interest to the Committee. Submissions were received from:
 - CGU Workers Compensation NSW
 - WorkCover NSW
 - Injuries Australia
 - QBE Workers Compensation
 - Campbell Research and Consulting.

- 1.9** The submissions are available through the Committee's homepage on the NSW Parliament website at www.parliament.nsw.gov.au/lawandjustice. The issues raised in the submissions were subsequently considered by the Committee in its inquiry.
- 1.10** A number of other stakeholders responded that they had no questions or issues to raise in relation to the evaluation of the injury management pilot projects. The Committee is grateful to those stakeholders who participated in the review particularly given the time and resources it takes to prepare submissions.

Hearing

- 1.11** The Committee conducted a public hearing on Friday 13 May 2005. Appearing before the Committee were Mr Rob Thomson, A/General Manager, Insurance Division, WorkCover, and Ms Mary Hawkins, Director, Injury Management Branch, WorkCover. The transcript of the public hearing is available through the Committee's homepage on the NSW Parliament website at www.parliament.nsw.gov.au/lawandjustice.

Questions on notice

- 1.12** During the hearing WorkCover agreed to take a number of questions on notice in order to provide further information to the Committee than what was possible at the time of their appearance at the hearing. Answers to questions on notice are available through the Committee's homepage on the NSW Parliament website at www.parliament.nsw.gov.au/lawandjustice.

Report

- 1.13** This report is divided into three chapters. Chapter 2 provides background information on injury management, WorkCover's role in relation to injury management and an overview of the injury management pilots project and evaluation methodology, including costs and how the evaluation consultants were chosen.
- 1.14** Chapter 3 outlines the key findings of the Evaluation Report and discusses WorkCover's progress on the findings and future actions. In particular, the chapter looks at the key findings relating to each of the three aims of the injury management pilots project and how WorkCover have addressed these findings. Also in this chapter are stakeholder views on the findings and WorkCover's actions. There are also a number of Committee recommendations for further action by WorkCover in respect of the findings of the Evaluation Report and the injury management pilots project in general.

Chapter 2 The injury management pilots project

This chapter provides background information on injury management, WorkCover's role in relation to injury management and an overview of the injury management pilots project and evaluation methodology, including costs and how the evaluation consultants were chosen.

Injury management

What is injury management?

2.1 Injury management in the context of workers compensation involves the provision of assistance to an injured worker to enable the worker to attain optimal recovery from injury and to return to work. Injury management focuses on ensuring the prompt, safe and durable return to work of an injured worker and includes: treatment of the injury; rehabilitation to enable the worker to return to work; retraining into a new skill or new job; management of the workers compensation claim; and the employment practices of the employer. All those involved in a worker's injury are required to cooperate and participate in injury management, including the employer, the injured worker, the insurer and treating practitioners.⁴

2.2 Ms Mary Hawkins, Director, Injury Management Branch, WorkCover, was asked to describe the injury management process:

There is notification and then the screening process occurs and then the early contact, which is a critical component of the whole process. From that, the case manager develops a plan of action and then if the person goes back to work early on following that it is the end of the matter. If they proceed and are off work or away from their normal job, the case manager will develop a formal injury management plan, which they develop in consultation with the worker, the employer and the doctor if necessary. Then they go on to operate within the parameters of the injury management plan and keep that reviewed, making sure that everyone is in the communication loop and working towards a return-to-work outcome with the injured worker.⁵

2.3 Ms Hawkins also described the role of insurers in the injury management process:

The insurers develop injury management programs that they submit to WorkCover and they set out the process by which they will manage injuries. That obviously has to be consistent with the legislative requirements as a basic but they can have their own special value-adding processes included in that. Then WorkCover has audits of insurers' performances, and part of that is the injury management process and also, importantly, what they actually achieve through it. So the return-to-work outcomes that they achieve are measured as part of the insurer auditing. Basically, chapter 3 of the injury management Act sets out what is to happen in injury management so there is a good legislative base for what they need to do.⁶

⁴ www.workcover.nsw.gov.au/WorkersCompensation/Treatment/default.htm (accessed 14 February 2005)

⁵ Ms Hawkins, Evidence, 13 May 2005, p6

⁶ Ms Mary Hawkins, Director, Injury Management Branch, WorkCover, Evidence, 13 May 2005, p7

WorkCover's role in injury management

- 2.4 WorkCover's role in injury management is to set in place the framework for insurers, providers, employers and workers to meet their obligations under the injury management provisions of the *Workplace Injury Management and Workers Compensation Act 1998*. Within WorkCover, the Workplace Injury Management Branch is primarily responsible for interpreting the policy and legislation relating to injury management and putting these into operation with industry stakeholders.⁷
- 2.5 At the hearing, Ms Hawkins was asked to further describe the role of the Injury Management Branch, to which she advised the Committee:

In terms of what the injury management branch does, we approve those programs and then we have a lot of other activities that support the development of the infrastructure for injury management, both within insurers and also with service providers—because you are an injured worker does not mean you get your service from a different kind of practitioner; you go to the same ones, but they then need to operate within the workers compensation system so we support and promote all of those processes of interaction between the parties.⁸

Injury management pilots project

- 2.6 WorkCover's *Injury Management Pilots Project: Evaluation Report, July 2004*, states that the aim of the injury management pilots project (pilots project) was to:
- identify the critical components of injury management
 - achieve measurable improvements in workers' health outcomes, return to work for injured workers and service use and costs, and
 - establish benchmarks in integrated injury and claims management.⁹
- 2.7 Four pilots were selected by competitive tender and began in January 2001 with an aim to manage 1,000 major claims and process around 2,000 additional minor claims during 2001. The pilots were organised into two groups: an 'insurer group' and a 'non-insurer group'. The insurer group included two projects managed by licensed insurers who issue and administer workers compensation insurance policies on behalf of WorkCover. The non-insurer group included a pilot that operated within a geographical region (central-west NSW) and another project that focused on an industry (private hospitals and nursing homes).
- 2.8 At the hearing, Mr Rob Thomson, Acting General Manager, Insurance and Scheme Design Division, WorkCover, provided the Committee with information on how the pilot providers were selected:

⁷ www.workcover.nsw.gov.au/WorkersCompensation/Treatment/default.htm (accessed 14 February 2005)

⁸ Ms Hawkins, Evidence, 13 May 2005, p7

⁹ WorkCover, *Injury Management Pilots Project: Evaluation Report, July 2004*, (hereafter Evaluation Report), p11.

The then New South Wales Department of Public Works and Services managed the two-step process of selecting industry and original pilots providers in accordance with New South Wales Government Services procurement policy. The process included interested parties responding to an expression of interest, and that was advertised late in August 2000 and briefing sessions were held in September 2000 of what was being proposed. Discussions were held with potential providers and feedback provided in relation to the expressions of interest that they actually submitted. The short list of potential providers was developed. They were invited to submit a proposal if they wished to be considered. There tender evaluation committee, which included a probity adviser from the Department of Public Works and Services, was established to review them against selection criteria that reflected the requirements expressed in the expression of interest. Licence insurers were also invited to put a proposal forward to conduct a pilot. An evaluation committee on a similar sort of basis as outlined above was put in place and proposals were submitted to that evaluation committee against a selection criteria. No advocacy groups actually submitted an expression of interest.¹⁰

- 2.9** Each provider was required to develop strategies to deliver appropriate, cost-effective and high quality services to injured workers for the benefit of all stakeholders in the system.¹¹ A brief description of the four pilot projects is set out below.

Warrakanji pilot

- 2.10** The Warrakanji Care Integration (WCI) pilot involved a consortium of organisations including occupational health providers and an actuarial and insurance consultancy firm. The pilot targeted private hospitals and nursing homes and planned to use a number of strategies including the delivery of effective injury management, streamlined claims management, effective workplace injury and illness prevention, and improved service use and costs. This pilot failed to deliver according to contract and the contract was terminated, with the WCI pilot ending in August 2001.¹²
- 2.11** Ms Hawkins and Mr Thomson further explained the reasons for the failure of the WCI pilot at the hearing:

There was probably a range of reasons. One was that they did not adequately resource it and therefore, as I have just mentioned, staff were not available when people needed to get to them and they just did not get it right.¹³

I think the other thing I would add to that is that I do not think they had the appropriate systems in place to support the business activities that they were trying to undertake. The combination of that plus the under resourcing resulted in them not being able to deliver what they indicated that they would be able to deliver.¹⁴

¹⁰ Mr Rob Thomson, Acting General Manager, Insurance and Scheme Design Division, WorkCover, Evidence, 13 May 2005, p2

¹¹ Evaluation Report, p5 and p11

¹² Evaluation Report, pp14-15

¹³ Ms Hawkins, Evidence, 13 May 2005, 10

¹⁴ Mr Thomson, Evidence, 13 May 2005, 10

Central-west pilot

- 2.12** Central West Injury Management Service (CWIMS), a large private rehabilitation provider, undertook the central west region pilot, which ran from January to December 2001. The pilot aimed to identify new and more effective ways of assisting key stakeholders to manage workers injured in the workplace, with the primary focus on injury management. CWIMS focused on early reporting of injury, proposing a thorough approach to education and developing several safety net strategies to detect injuries not reported in the correct way.¹⁵

QBE pilot

- 2.13** QBE is an insurer that issues and administers workers compensation insurance policies on behalf of WorkCover, and which also manages workers compensation claims. The QBE pilot commenced mid February 2001 and targeted small to medium employers in south and south west New South Wales. The objective was to develop strategies other than those ordinarily used by insurers including early reporting of injuries, improved training of staff, the use of claims management staff with professional qualifications and introducing technology to improve service use and costs.¹⁶

Employers' Mutual Indemnity Workers Compensation Limited pilot

- 2.14** Employers' Mutual Indemnity Workers Compensation Limited (EMI) formed a partnership with PricewaterhouseCoopers to manage the EMI pilot, which ran from January to December 2001. EMI is an insurer that issues and administers workers compensation insurance policies on behalf of WorkCover and also manages workers compensation claims. The EMI pilot focused on certain employers in the Sydney area and utilised a number of strategies: early reporting of injuries, integration of injury and claims management, evidence-based injury management and cross-disciplinary review.¹⁷

The Evaluation Report

- 2.15** The Evaluation Report provided to the Committee, titled *Injury Management Pilots Project: Evaluation Report, July 2004*, was prepared by WorkCover. It appears from the WorkCover report that the evaluation was comprised of a number of elements undertaken by bodies including the Department of Econometrics and Business Statistics at Monash University, Jane Elkington and Associates, Tillinghast-Towers Perrin and Campbell's Research and Consulting. The Evaluation Report prepared by WorkCover synthesises and presents further analysis of the various findings.

¹⁵ Evaluation Report, p14

¹⁶ Evaluation Report, pp16-17

¹⁷ Evaluation Report, p16

Evaluation methodology

2.16 The Evaluation Report brings together the findings of the various elements that comprise the evaluation. These elements were:

- quantitative analysis of the performance of the pilot populations in 2001 compared with control groups in 2000 by Monash University's Department of Business Statistics and Econometrics
- qualitative analysis of satisfaction levels of a sample of employers and workers involved in the pilots by Jane Elkington and Associates
- cost benefit analysis and identification of the potential impact on the WorkCover Scheme by WorkCover's actuaries, Tillinghaust-Towers Perrin
- comparison of the return to work rates of pilot participants with those for the WorkCover Scheme by Campbells Research and Consulting
- self-analysis by three of the pilot providers: EMI, QBE and CWIMS
- a workshop on the results of the pilot programs convened and facilitated by WorkCover and attended by the pilot managers and evaluators, along with WorkCover representatives.¹⁸

Pilot and evaluation costs

2.17 At the hearing, Mr Thomson, advised the Committee of the overall costs of the pilots project and the evaluation:

A total of \$2,486,506 was paid to pilot providers for undertaking the pilot work, and a total of \$79,935 was paid to the evaluation service providers for evaluating the work undertaken by the pilots.¹⁹

2.18 In correspondence from the Hon John Della Bosca MLC, Minister for Commerce, to the Chair of the Committee, the Minister provided a breakdown of the costs of the pilots project and the evaluation.²⁰ These costs are outlined in the table on the next page.

¹⁸ Evaluation Report, p6

¹⁹ Mr Thomson, Evidence, 13 May 2005, p3

²⁰ Correspondence from the Hon John Della Bosca MLC, Minister for Commerce, to the Chair, 16 May 2005

Table: Costs associated with injury management pilots project²¹

External Providers	Contract	Payment
Central West Injury Management Service (Regional Pilot)	\$649,133.00	Pilot set-up & operations \$649,133.00
		Performance payments \$71,500.00
		Finalisation of cases at end of Pilot \$163,973.00
		Overall total \$884,606.00
Warrakanji Care Integration (Private hospital and Nursing Home Industry)	\$1,402,500.00	\$855,000.40 (negotiated settlement following early close of pilot)
Insurer		
Employers Mutual	\$508,200.00	\$508,200.00
QBE	\$217,000.00	\$238,700.00 (includes GST)
Evaluation		
Elkington	\$23,127.00	\$24,227.00 (includes attendance at a workshop)
Monash University	\$46,400.00	\$46,400.00
Campbell Consulting	\$9308.00	\$9308.00

2.19 Ms Hawkins was asked if the funding for the pilots covered the total extra costs that QBE and other participants incurred, to which she replied:

Not necessarily for the insurers. They put forward their bid and said what they needed to cover costs for the additional work that they saw being involved in running the pilots. So they were a bit different from the external contractors. The external contractors certainly in their proposals did attempt to cover their entire costs.²²

Consultants and their independence

2.20 In correspondence from the Minister for Commerce to the Chair of the Committee, the Minister advised that:

In relation to the independence of the bodies undertaking the evaluation of the pilot projects, I can advise that both Elkington and Monash University were selected through an open competitive process. It is important to note that due to the cost amounts associated with the evaluations, an open tender process was not required. Campbell Consulting also undertook evaluation work, and this was conducted as part

²¹ Correspondence from the Hon John Della Bosca MLC, Minister for Commerce, to the Chair, 16 May 2005

²² Ms Hawkins, Evidence, 13 May 2005, p3

of a six-monthly return to work survey already being carried out by the firm on behalf of jurisdictional workers compensation authorities.²³

- 2.21** Mr Thomson was asked at the hearing to advise the Committee which of the bodies carrying out the evaluation fit the schedule 5A requirements for evaluation by an independent body, to which Mr Thomson replied:

In response to that, Monash, Elkington and Campbell were external to WorkCover and competitively selected. The agreement to provide consultancy service, which was signed by the consultants—Monash, Elkington and Campbell—specifically required the consultant to advise WorkCover of any conflict of interest. No such conflict was advised. The professional charter of both Monash and Tillinghast prevents them from working in circumstances where their independence is compromised.²⁴

- 2.22** The Committee is satisfied that the work carried out by Monash University, Jane Elkington and Associates and Campbell Research and Consulting meets the requirements under Schedule 5A of the legislation for an independent body to conduct the evaluation.

Key findings

- 2.23** WorkCover's Evaluation Report states that the injury management pilots project demonstrated that it is possible to achieve major improvements in injury management and return to work for injured workers. The key findings are marked against the aims of the project and are discussed in the following chapter.

²³ Correspondence from the Hon John Della Bosca MLC, Minister for Commerce, to the Chair, 16 May 2005

²⁴ Mr Thomson, Evidence, 13 May 2005, p3

Chapter 3 Progress on findings and future actions

This chapter reports on WorkCover's progress on implementing or responding to the findings and future actions. In particular, the chapter looks at the key findings relating to each of the three aims of the pilots project and how WorkCover have addressed these findings. Also in this chapter are stakeholder views on the findings and WorkCover's actions. There are also a number of Committee recommendations for further action by WorkCover in respect of the findings of the Evaluation Report and the pilots project in general.

WorkCover's progress on the findings and future actions

- 3.1 WorkCover's Evaluation Report stated that the pilots project provided useful information about the effective integration of claims and injury management, including the identification of factors that contribute to reducing the costs of work injury claims.²⁵
- 3.2 In their submission to the Inquiry, WorkCover advised that the findings of the pilots project and the Evaluation Report contributed to broader reforms in the Scheme:

The NSW Government and WorkCover have applied the findings of the *Evaluation Report of the Injury Management Pilots* as part of the broader reforms to the workers compensation scheme that were introduced to enhance the performance of the system and ensure that injured workers are provided with the treatment and support they need to return to work.

The reforms include the introduction of provisional liability, the establishment of the Claims Assistance Service, the establishment of the Workers Compensation Commission, the establishment of a new system for objective assessment of medical impairment, the implementation of a project to manage long-term claims, and the implementation of the case management model.²⁶

- 3.3 The key findings relating to each of the three aims of the injury management pilots project and how WorkCover have addressed these findings is discussed in the next section of this chapter.

Pilot project aim: identify the critical components of injury management

- 3.4 WorkCover advise in the Evaluation Report that the critical components of injury management include:
- the importance of adopting high levels of customer service
 - focus on needs of both the injured worker and employer to produce better outcomes
 - need to have a consistent and easily contactable case manager

²⁵ Evaluation Report, p37

²⁶ Submission 2, WorkCover, p5

- clear communication from the outset with both workers and employers assists with injury management and return to work
- adopting case conferencing and or review to reduce claim duration and result in streamlined case management
- importance of having adequate numbers of staff to efficiently handle the case load, including well trained case managers familiar with the issues faced by type of enterprise
- attention to speed and efficiency in processing all claims allows staff to concentrate on the important tasks of injury and issues management
- attention to pro-active education of workers and employers about the injury management process, including return to work plans ensures that there are clear understandings of responsibilities and processes and
- the need to actively provide information and training about injury prevention.²⁷

Case management model

3.5 A reform that WorkCover advised addresses the critical components of injury management is the case management model. WorkCover advised the Committee in their submission that the findings of the Evaluation Report and pilots project has contributed to the introduction of a new case management model for insurers.²⁸

3.6 The submission from WorkCover provides a description of the new model:

In 2003 WorkCover introduced a case management model into insurer operations. This model integrates all aspects of injury and claims management for the purposes of achieving optimum results regarding a timely, safe and durable return to work for injured workers. The model also focuses on more effective management of providers.

The case management model was introduced to:

- improve return to work and health outcomes for injured workers;
- develop a holistic and systematic approach for managing injuries and return to work;
- improve claims management infrastructure;
- improve cost effectiveness of claims management and return to work; and
- secure outcome focused active case management of claims that includes improved communication between all stakeholders.

It focuses on cost-effective service delivery and aims to ensure the achievement of health and return to work outcomes. The key to this approach is the appointment of a

²⁷ Evaluation Report, p36

²⁸ Submission 2, WorkCover, p5

single person who is accountable and responsible for the active management of an injured worker's return to work.

The model incorporates principles and associated elements that support the achievement of outcomes for return to work. The principles include triage and screening, people management and training systems, cost-effective service provision and quality assurance and evaluation.

3.7 WorkCover advised the Committee that all insurers have adopted the case management model and this model applies across all industries.²⁹

3.8 WorkCover advised that there is a range of actions that they are carrying out to assist insurers to move to the case management model. Ms Mary Hawkins, Director, Injury Management Branch, WorkCover, advised the Committee:

There is a range of things. There is a requirement for the case management program to be developed by the insurers, and we have put forward principles that they need to adopt in those programs. Part of that is the recruitment induction and ongoing professional development of their staff. Then on the other side in terms of the payments that are available to them, the incentives have changed over the years to promote them having the right kind of staffing mix and the right kind of staff complement to deal with caseloads. So they have reduced their caseloads enormously over the past couple of years in order to be able to achieve the performance targets that are set and get the outcomes.³⁰

3.9 The Committee notes that one of the key findings of the pilots project was a need for a high level of customer service. WorkCover was asked how they measure the customer service level of the case management process. Mr Thomson advised the Committee that the feedback they get from complaints and the Claims Assistance Service helps them measure customer service levels:

I guess we get our feedback and information regarding customer service from the number of issues or complaints received by the claims assistance service, and the number of complaints we receive from other parties about matters that do not come through that service. So there are a range of mechanisms, and you can pick up trends of where the issues are coming from, and whether one particular organisation is getting, say, 30 or 40 per cent of the issues we are seeing, and that can highlight where there is an issue that requires further investigation. We use a range of mechanisms to try to identify where the problems are arising.³¹

3.10 Mr Thomson advised the Committee that the insurers commitment to the case management model has changed their focus:

I think the approach of the insurers is—and there is a link with it as well—the case management program has tried to put a different emphasis on identifying things that they need to consider. The way their remuneration arrangements are structured have focused them to try and deliver those things. But one of the key issues that it has

²⁹ Mr Rob Thomson, Acting General Manager, Insurance and Scheme Design Division, WorkCover, Evidence, 13 May 2005, p9 and p17

³⁰ Ms Mary Hawkins, Director, Injury Management Branch, WorkCover, Evidence, 13 May 2005, p8

³¹ Mr Thomson, Evidence, 13 May 2005, p13

focused on is delivering improved outcomes for the injured worker, and also for the financial outcome of the scheme moving forward. That is what the focus is around.³²

3.11 In relation to whether there had been any evaluation of the new case management model compared to previous models, Mr Thomson advised the Committee:

I am not sure that you would actually say that the evaluation compared to previous models. We have undertaken evaluations of the case management. There have been three evaluations undertaken over the past 18 months since the program has come in to assess some of the key components of case management, and that is awareness of case managers and application; so, how aware are they of the program, and how well are they actually applying it in practice. There has been I think significant improvement in the level of awareness where I think nearly all of them are above 90 per cent at this point in time with awareness, and I think that is a very positive sign, and the level of application has been steadily moving forward. It is not per se an assessment of case management versus the injury management approach, but it is certainly assessing the effectiveness of case management and how it is being applied in their operations.

3.12 In their submission to the Inquiry CGU advised the Committee that the pilots project highlighted a need for a case management model for injury management:

The pilot program highlighted the need for a case management model, which addressed both the needs of the worker and employer, and that embraced exemplary customer service. These critical components have been targeted as requirements for agents as part of the Claims and Policy Services outlined in the Request for Tender administered by WorkCover NSW.

CGU endorses the stance WorkCover has taken in relation to these initiatives and agrees that active management of claims will result in improved claims outcomes.³³

3.13 QBE advised in their submission to the Inquiry that the pilots project enabled them to test a new model which resulted in QBE Connect:

The conclusion of the QBE pilot project, its internal evaluation by QBE and the results of its research and development activity culminated in the internal launch of QBE Connect an integrated Claims and Injury Management model.

QBE has determined QBE Connect must meet Community and Scheme expectations. This reasoning concluded the new modelling required a multi faceted approach, encompassing improved claims, leadership; outcomes; and service orientation to both clients and stakeholders. Considerable resources have been allocated by QBE to the successful implementation of QBE Connect.³⁴

3.14 A further critical component of injury management identified by the pilots project was the importance of having adequate numbers of staff to efficiently handle the case load, including well trained case managers.

³² Mr Thomson, Evidence, 13 May 2005, p16

³³ Submission1, CGU Workers Compensation NSW, p1

³⁴ Submission 4, QBE Workers Compensation, p9 (partially confidential)

- 3.15** At the hearing WorkCover was asked what they have done to ensure insurers have adequate staff numbers and that the case managers are well trained. As outlined in paragraph 3.8, Ms Hawkins advised that the recruitment, induction and professional development of staff is a requirement of the case management model adopted by insurers.³⁵
- 3.16** The Committee notes that the case management model addresses a number of the critical components of injury management as identified in the pilots project and outlined in paragraph 3.4. In particular the case management model:
- highlights the importance of high level customer service
 - focuses on the needs of both the worker and employer
 - advocates the need for a consistent and contactable case manager
 - advocates clear communication methods with both worker and employer
 - can lead to the adoption of case conferencing if appropriate
 - highlights the importance of having adequate numbers of staff to efficiently handle the case load, including well trained case managers.
- 3.17** The Committee endorses the case management model developed during and following the injury management pilots project and recommends the continuation of this model in dealing with injury management.

Recommendation 1

The Committee endorses the case management model developed during and following the injury management pilots project and recommends that WorkCover continue applying and developing this model to manage injured workers.

Provisional liability

- 3.18** Another reform that WorkCover advised addresses the critical components of injury management is provisional liability.³⁶
- 3.19** In relation to provisional liability the submission from WorkCover advises that:

Provisional liability streamlined injury notification and claims processing by requiring insurance companies to begin weekly compensation payments and injury management within seven days of notification of injury, unless there is a 'reasonable excuse' (eg. When there is insufficient medical information or the injury is not work related).³⁷

³⁵ Ms Mary Hawkins, Evidence, 13 May 2005, p8

³⁶ Submission 2, WorkCover, p5

³⁷ Submission 2, WorkCover, p5

- 3.20** Mr Thomson advised the Committee at the hearing that provision liability has led to an improvement in the dispute rate. Mr Thomson advised that:

Certainly I think that some of the key changes put in place have led to improvement in the dispute rate. I think that provisional liability has been one of the most significant changes whereby it has placed an emphasis on insurers making payments or making decisions on liability within seven days of receipt of a claim from a source—the employer, an injured worker, a doctor or whatever. That has had a significant impact where the insurers are focused on getting payments to injured workers on a more timely basis. They have an extended window to make a formal determination of liability in a matter of 12 weeks, which is what provisional liability is about and I think that that has provided an environment in which it takes out a lot of contention from the issue. The injured workers are looked after on a much more timely basis and I think the streamlining of the process has assisted. I think the other things that have assisted in that have been some of the changes in the way WorkCover has remunerated and tried to encourage insurers to operate in the marketplace. I think a combination of those factors has certainly assisted in reducing the level of disputation within the scheme.³⁸

- 3.21** The submission from WorkCover advises that provisional liability aims to help with the prompt management of claims:

The aim is to facilitate timely decision-making, ensure the prompt management of claims and ensure that injured workers return to work as quickly and safely as possible. There factors were shown as some of the keys in the pilots to be successful injury management.

There has been a sustained improvement in the timely determination of claims and a significant improvement in return to work rates. The average reporting time for an injury has been halved and injured workers are therefore getting access to injury management and return to work programs more quickly.

Over 62 per cent of injured workers now receive their weekly benefits within seven days of their injury being notified to the insurer, compared to 53 per cent under the previous arrangements.³⁹

- 3.22** The Committee acknowledges that the particular key finding of the pilots project that provisional liability addresses is the attention to speed and efficiency in processing claims to allow staff to concentrate on the important tasks of injury and issues management. The beneficial impact of WorkCover introducing provisional liability is indicated in the increase from 53% to 62% of injured workers receiving their weekly benefits within seven days of notification to the insurer.

³⁸ Mr Thomson, Evidence, 13 May 2005, p4

³⁹ Submission 2, WorkCover, p5

Claims Assistance Service

3.23 Another program that WorkCover advised addresses the key findings of pilots project is the Claims Assistance Service.⁴⁰

3.24 WorkCover advised in their submission that:

The Claims Assistance Service provides information and assistance to injured workers and employers about claims for workers compensation, particularly resolution of potential disputes.

In 2003/04, the Claims Assistance Service handled 5,611 cases with a resolution rate of almost 81 per cent.⁴¹

3.25 At the hearing, Mr Thomson provided the Committee with a description of the types of issues the Claims Assistance Service may deal with:

They get a range of issues and they get some quite simple issues with people just trying to navigate and are unsure of certain issues. They can get clarification about what their real or appropriate entitlements are and how about they can go about ensuring that, and they also get some quite complex issues to deal with. So they get quite a broad spectrum of issues that they have to try to deal with.⁴²

3.26 Ms Hawkins also informed the Committee on the workings of the Claims Assistance Service:

You might remember that years ago we had the information centre where they just gave information, and that was to hopefully empower people to be able to manage the problem themselves. But the claims assistance service can go further than that and it can actually get in touch with the insurer and find out what is actually going on. If it is not in accordance with legislation or something has gone wrong, that gives the insurer the opportunity to rectify it.

... If the claims assistance service cannot actually deal with the issue, if it is beyond them, they escalate it out through WorkCover, so it comes into the injury management branch if it is a thing about service provision, or if it is about weekly benefits, it goes into the insurance performance evaluation group.⁴³

3.27 One key aim of the Claims Assistance Service is that it attempts to minimise the need to have to go the legal professions for small matters. Mr Thomson told the Committee:

I think that is one of the key criteria, to minimise the need to have to go to the legal profession in certain instances for small matters, or in some of the major matters to try to ensure a more timely and appropriate result for injured workers and the parties and also for the scheme.⁴⁴

⁴⁰ Submission 2, WorkCover, p5

⁴¹ Submission 2, WorkCover, p6

⁴² Mr Thomson, Evidence, 13 May 2005, p11

⁴³ Ms Hawkins, Evidence, 13 May 2005, p11

⁴⁴ Mr Thomson, Evidence, 13 May 2005, p11

3.28 Further to this, Ms Hawkins also advised that:

There is probably one other service that I think they do provide and that is that it is also an independent group because sometimes people will question an insurer's decision.⁴⁵

3.29 The Committee notes that the Claims Assistance Service addresses the key finding of attention to pro-active education of workers and employers about the injury management process to ensure clear understandings of responsibilities and processes.

3.30 However, the Committee was concerned about the means by which the individual worker becomes aware of the Claims Assistance Service, ie. how pro-active WorkCover is in promoting this service. Mr Thomson advised the Committee that the worker receives this information from the insurer in their first piece of correspondence. He advised the Committee that:

When you start a claim, the insurer will write to you and inform you of the name of your case manager, and the insurance company also provides you with a little pamphlet from WorkCover, which says, "This is what will now happen in your workers compensation claim." The claims assistance service is mentioned in that pamphlet. Right from the early part of the claim, the worker gets that pamphlet—which they will probably throw away. But there is another brochure that they would get later on if they stay in the system.⁴⁶

3.31 The Committee acknowledges that the insurers send information with the first piece of correspondence, however, still remains concerned that the individual worker may not be aware of the Claims Assistance Service at the time they may need to access the service. The Committee recommends that WorkCover promote the Claims Assistance Service, including providing clear information on the homepage of the WorkCover website, other advertising/promotion as may be necessary and advising workers at time of injury notification that this service is available.

Recommendation 2

That WorkCover advertise the Claims Assistance Service, including providing clear information on the homepage of the WorkCover website, other advertising as may be necessary and advising workers at time of injury notification that this service is available.

Injury prevention

3.32 A further critical component of injury management identified by the pilots project was the need to actively provide information and training about injury prevention. WorkCover was asked at the hearing what they were doing in relation to this critical component, to which Ms Hawkins replied:

We have done quite a bit. We have run a lot of seminars, particularly in rural and regional areas, and I think we run special things like actually managing injury

⁴⁵ Ms Hawkins, Evidence, 13 May 2005, p11

⁴⁶ Mr Thomson, Evidence, 13 May 2005, p13

management and return to work. We have run a pilot program with small businesses on providing them with health and safety and injury management information. We have developed a whole series of fact sheets, which actually provide information to employers about what they need to do and how they can go about it. I mentioned earlier we have got a business assistance unit set up, which is specifically set up to assist small and medium employers.

The WorkCover Assist Program also has had lots of funding and through the organisations who are most in touch with the workplace, as the unions and employer groups, they have been running their own programs to inform their members, and then everything we do even through the Claims Assistance Service there is also an opportunity for education and particularly with an employer, because if they can manage the return to work of one employee they are then in a better position if they ever have another injury to apply those learnings.⁴⁷

- 3.33** The Committee acknowledges that, through the case management model, provisional liability, the Claims Assistance Service and other actions aimed at information and training for injury prevention, WorkCover has introduced measures to address the critical components of injury management as highlighted under the first aim of the pilots project and set out in paragraph 3.4 of this report.

Pilot project aim: improve workers' health outcomes, return to work for injured workers and service use and costs

- 3.34** WorkCover advised that the key findings relating to improvements to workers' health outcomes, return to work for injured workers and service use and costs included that:

- insurers should consider using a different approach to employers according to premium band, internal resources and the ability to provide suitable employment
- assistance should be provided to employers so that, with an appropriate level of support, they can provide suitable duties
- the importance of employer involvement in return to work plans for injured workers should continue to be emphasised
- the feasibility of a Scheme-wide monetary incentive to influence employers to report injuries and become actively engaged in returning injured workers to employment may be worthy of further examination
- the employer kit developed by the regional CWIMS pilot should be trialed to establish if it assists employers in improving their capacity to manage injuries.⁴⁸

- 3.35** The Committee notes that the case management model was introduced to address this aim in relation to improving workers' health outcomes and return to work rates for injured workers, as discussed earlier in this chapter. It is also noted that the case management model focuses on cost effective service delivery.⁴⁹

⁴⁷ Ms Hawkins, Evidence, 13 May 2005, p16

⁴⁸ Evaluation Report, pp36-37

⁴⁹ Submission 2, WorkCover, p8

3.36 The Committee also notes that the Evaluation Report provides statistics in relation to improved return to work rates⁵⁰ and the reduction in total costs of claim at weeks 8 and 13.⁵¹

3.37 The submission from Campbell Research and Consulting reiterated the improved return to work rates for the pilots:

The pilots had achieved measurable improvement in return to work for injured workers.

... Pilot participants were more likely to consider the return to work plan helpful. A medical practitioner was more likely to be involved in developing the return to work plan, while the main supervisor at work was more likely to help pilot participants do what was recommended in the return to work plan. Pilot participants were more likely to return to their pre-injury employer and duties.⁵²

3.38 WorkCover advised in their submission, in relation to recent return to work rates, that the Scheme's independent actuaries, PriceWaterhouse Coopers, advised that in the quarterly monitoring report for the Scheme for December 2004 that there are less claims developing to 13 weeks of weekly payments since the 2001 reforms than did pre reforms. This suggests that workers are returning to work earlier.⁵³

3.39 However, in relation to the specific key findings listed in paragraph 3.34, WorkCover was asked at the hearing what they have done to incorporate these key findings into the Scheme.

3.40 In relation to the first three points, that is, insurers using a different approach to different employers, assistance for employers that can provide suitable duties and the importance of employer involvement in return to work plans, WorkCover advised that the Business Assistance Unit addresses these issues. Ms Hawkins advised the Committee that:

One of our latest initiatives is the setting up of the business assistance unit to really reach those small to medium employers who really do not have the services internally or the experience to manage an injury, if and when it does occur. They just do not have an ongoing experience of it.⁵⁴

3.41 In their submission to the Inquiry, CGU advised that the pilots project identified key strategies for the management of small to medium employers:

The pilot identified key strategies for the management of small to medium employers targeting both their injury prevention strategies by providing employers kits and also providing incentives for early reporting of injuries. CGU support both of these initiatives and believes there is a role in the scheme for the use of WorkCover accredited return to work providers to service this niche market of employers.⁵⁵

⁵⁰ Refer Table 4, page 27 and Table 5 page 29 of the Evaluation Report at Appendix 2

⁵¹ Refer Table 6, page 30 of the Evaluation Report at Appendix 2

⁵² Submission 5, Campbell Research and Consulting, p2

⁵³ Submission 2, WorkCover, p5

⁵⁴ Ms Hawkins, Evidence, 13 May 2005, p8

⁵⁵ Submission 1, CGU Workers Compensation, p1

3.42 In relation to the key finding of a Scheme wide monetary incentive to influence employers to report injuries, as was trialed in the EMI pilot, Mr Thomson advised that this incentive has been incorporated into WorkCover's premium reform paper⁵⁶:

[O]ne of the projects undertaken in the EMI pilot was about earlier notification and modifying the excess in the way that it works in the scheme. So if you reported within the five-day period from the employer becoming aware, the excess was waived. If you reported after that period of time, you had to pay the excess. They just did not do the financials; they actually wrote letters to the financial controllers of the organisation saying, "You have just saved yourself \$500 but you have also provided a greater opportunity for the injured worker getting back to work". Conversely, if they reported late, they wrote a letter saying, "You have just missed out on that opportunity and the likely costs of your premium are going to be higher because of that." That has been incorporated as one of the proposals in the review of the premium reform paper that is out and has been subject to public consultation. That is where some of that has actually come from as well. It has come from a variety of areas where we have taken initiatives and ideas from the pilots and moved them forward.⁵⁷

3.43 Ms Hawkins further advised that:

Firstly, the incentive was about the notification process, so that brought EMI into the picture earlier. The other thing they were able to demonstrate it is that once they were in the picture, they then had an ability to influence employers' reaction to the injury and make suitable duties available. So they were able to get on top of the situation. Rob mentioned earlier that part of our premium review considerations is an incentive for employers, or a disincentive, if they do not notify on time.⁵⁸

3.44 CGU agreed that this financial incentive was a positive step:

Additionally, providing a small incentive to employers regardless of the size of the organisation promotes the right type of behaviour and facilitates change. Ensuring the quality of service provisions aligns with more rigorous management of service providers highlighted in the recent WorkCover tender.⁵⁹

3.45 The Committee notes that on 17 June 2005 the Minister for Commerce announced reforms to the NSW workers compensation premium system. As part of those reforms a Scheme wide monetary incentive will be introduced effective 31 December 2005, whereby the claims excess will be waived for all employers, if the injury is notified within five days of the employer becoming aware of the injury.⁶⁰

3.46 The Committee is unclear whether the last key finding under the second aim, to trial the employer kit developed by the Central West Injury Management Service (CWIMS), has been completed by WorkCover and requests that WorkCover implement the findings of the trial of

⁵⁶ WorkCover's premium reform paper is available on WorkCover's website at www.workcover.nsw.gov.au

⁵⁷ Mr Thomson, Evidence, 13 May 2005, pp8-9

⁵⁸ Ms Hawkins, Evidence, 13 May 2005, p14

⁵⁹ Submission 1, CGU Workers Compensation, p1

⁶⁰ WorkCover, June 2005, *Workers compensation premium reforms – Summary of reforms by reform area*, p4

the employer kit developed by the Central West Injury Management Service (CWIMS) across the whole Scheme.

Recommendation 3

That WorkCover implement the findings of the trial of the employer kit developed by the Central West Injury Management Service (CWIMS) across the whole Scheme.

- 3.47** The Committee acknowledges that, through the Business Assistance Unit and the WorkCover premium reforms, WorkCover has addressed 4 of the 5 key findings set out under the second aim of the pilots project in paragraph 3.34 of this report.

Pilot project aim: establish benchmarks in integrated injury and claims management

- 3.48** The WorkCover Evaluation Report states that it was not possible to make a reasonable evaluation on establishing benchmarks for an integrated injury and claims management approach due to the available data. The report further states that the analysis conducted by Monash University commented on the significance of various factors impacting the results of the establishment of benchmarks and that these comments will be used as a basis for further benchmarking work.⁶¹

- 3.49** At the hearing, WorkCover was asked to expand on why this third aim, including benchmarks for workers health outcomes, did not go ahead. Ms Hawkins advised the Committee that:

We actually did not proceed with that. That was one of our intentions. There are some measures of health outcomes, but because of the short time we had to set up the pilots and get everything going this was considered to be just a bit above and beyond what they could actually manage during the pilot process. We did not proceed with that, and that is not in the analysis either. In fact, the reference to it in our evaluation report says that we did not proceed.⁶²

- 3.50** Further to this, Mr Thomson advised the Committee that as the pilots only ran for 12 months, this limited the ability to establish benchmarks. He advised that:

The other comment I would make is that because of the length of time of claims with the pilots being run for 12 months that restricted the ability to do it and a number of those claims that were being managed then had to be transferred back to the insurers in the marketplace for their ongoing management moving forward. It would start to distort potentially what came out of the data in that respect.⁶³

⁶¹ Evaluation Report, p37

⁶² Ms Hawkins, Evidence, 13 May 2005, p3

⁶³ Mr Thomson, Evidence, 13 May 2005, p4

- 3.51** WorkCover was asked at the hearing whether any more work to establish benchmarks for injury management has been undertaken, for example, as part of another pilot project, to which Ms Hawkins responded:

Generally. It would be interesting. It would be a very big impost on any service provider to actually do it. So far they are fairly subjective assessments that you would be doing. That is all that is available in the community.

... We are probably still only at an early stage in terms of benchmarks per se, but for an individual insurance company they can actually see the improvement over time, as they have actually implemented their case management model. ... So whilst we have not established across-industry benchmarks as yet, within a particular insurer they can see how they have tracked over the time that they have implemented their case management model.⁶⁴

- 3.52** Mr Thomson also told the Committee:

The case management [model] is looking at principles of the management and assessing how they perform against those principles.⁶⁵

- 3.53** The Committee notes the difficulties that insurers and WorkCover faced in attempting to establish benchmarks for integrated injury and claims management during the pilots project. It is the Committee's view that benchmarks for integrated injury and claims management would be beneficial to the injury management process and to the Scheme as a whole. The Committee recommends that WorkCover consider alternative ways to establish the benchmarks that were not achieved in the injury management pilots project.

Recommendation 4

That WorkCover consider alternative ways to establish the benchmarks for workers health outcomes that were not achieved in the injury management pilots project, that is, benchmarks for integrated injury and claims management.

Other issues that arose out of the injury management pilots project

- 3.54** Some submissions to the Inquiry raised a number of issues that arose out of the injury management pilots project that were not directly related to the key findings or aims of the project. The Committee considers these issues to be worth noting in this report.

Data issues

- 3.55** The submission from CGU raised the issue of data integrity and how this has been an issue for WorkCover and the insurers for some time:

⁶⁴ Ms Hawkins, Evidence, 13 May 2005, p 3 and p18

⁶⁵ Mr Thomson, Evidence, 13 May 2005, p18

The pilot study highlighted data integrity issues that appear to be facing the industry as a whole. Again WorkCover has taken the opportunity to rectify this situation in their recent request for proposal which specifies the necessary changes to information technology enabling the agents to capture more robust data which will allow the effective monitoring and evaluation of scheme performance.⁶⁶

3.56 This issue of data integrity was raised at the hearing to which Mr Thomson advised:

Yes, I think there have definitely been some issues with data and we have been working closely or at least some of the work was started as part of the McKinsey review which was undertaken. We have had teams within WorkCover working with the insurers to work out the most appropriate way to ensure that we do have that timely, accurate and quality data for use in analysing and assessing the scheme. Some of that certainly is being implemented in the new changes that are being proposed to be undertaken at the moment.

... I think some of it goes back to the source: the way questions are asked; the way the information then comes in; and the appropriate coding within systems with the level of transactions that flow through the scheme. As you would appreciate, there are hundreds of thousands of them each year. It is just trying to ensure greater accuracy and consistency across a range of those areas, and also trying to ensure that the guides that say that data field X means A, B, or C, that that is worded in a more appropriate way so that people can get a more common understanding. I think there has been some confusion in that as well.⁶⁷

3.57 WorkCover was asked what work was being undertaken to rectify problems with data. Mr Thomson advised the Committee that:

[T]he primary source of all the information that WorkCover gets comes from the insurers, and it is largely the primary source where we believe some of the issues are raised. But it is also an interaction in the interpretation of some of the data, and what the data fields are and what they mean, which is the issue that is being resolved.

...a team has been working on that over the last two years. Certainly the data requirements under the new arrangements as the scheme moves forward are a lot tighter and there has been quality control to ensure that before the data gets to us it is in a cleaner state.⁶⁸

3.58 WorkCover advised in response to questions taken on notice that WorkCover does validate the data when it arrives from insurers and that insurers are provided with rules and very clear statements about what they are required to do so far as data collection and provision to WorkCover is concerned.⁶⁹

⁶⁶ Submission 1, CGU Workers Compensation, p2

⁶⁷ Mr Thomson, Evidence, 13 May 2005, p12

⁶⁸ Mr Thomson, Evidence, 13 May 2005, p13

⁶⁹ WorkCover response to questions on notice, question 1

Disputes

- 3.59** The WorkCover submission raised the issues of a reduction in disputes due to the application of the findings of the injury management pilots project and the broader reforms to the Scheme.⁷⁰ At the hearing Mr Thomson advised the Committee that:

There has also been a reduction of legal disputes. Prior to the 2001 reforms New South Wales had the highest rate of disputed claims in Australia. Approximately 32,000 or 45 per cent of major claims were referred for conciliation in that 2000 year. Disputes have reduced by nearly 60 per cent, from 8,000 per quarter to around 3,300 per quarter.

- 3.60** As mentioned earlier in this chapter, WorkCover point to the introduction of provisional liability as a main reason dispute rates have reduced.⁷¹

- 3.61** Further to this, Mr Thomson advised the Committee at the hearing that the broader reforms to the Scheme have made a significant contribution to the reduction in disputes:

The other comment about the disputes that I would make is that I think post-2002 you changed the environment, with the main changes in the scheme moving the threshold for common law or commutations, which is also a potential generator of disputes because it leads to a lot more investigation. That also changed the dynamics within the scheme from a lump sum environment to a more ongoing weekly benefit environment, which has also assisted in reducing the level of disputation in the scheme.⁷²

- 3.62** WorkCover advised the Committee that the current dispute process is much more comprehensive than previous processes:

We have tried to take a very comprehensive dispute prevention and dispute resolution model. So the old WCRS, as it was called, was a conciliation service so a worker could go there and try and get conciliation, but they did not have any determinative powers. So anything that could not be conciliated then had to go to the court for resolution. Now it all happens in one. We have got the Claims Assistance Service to problem-solve and try to resolve issues without them becoming a full dispute; the Workers Compensation Commission is the body that looks after formal disputes, and they have got a conciliation/arbitration model, so they can actually make a determination if they cannot conciliate the outcome. But it is very much a conciliation model; they try and get agreement with the parties.⁷³

- 3.63** WorkCover were asked at the hearing whether there were any disputes within the pilots project. Ms Hawkins advised the Committee that they were not aware of any disputes:

We were not aware of any disputes. We did try to track them through the system but we found that the workers and employers, because they had access to the steering committees and also to WorkCover, had somewhere to go. So if there was an issue we

⁷⁰ Submission 2, WorkCover, p6

⁷¹ Mr Thomson, Evidence, 13 May 2005, p4

⁷² Mr Thomson, Evidence, 13 May 2005, p5

⁷³ Ms Hawkins, Evidence, 13 May 2005, p17

were able to then go straight to the pilot provider and try to work it out. Formal disputes tended not to arise as a result of that.

Self insurers

3.64 The issue of self insurers was raised with WorkCover at the hearing. Self insurers are an employer with a self insurer's licence, which means they do not pay workers compensation premiums to a licensed insurer. They carry their own underwriting risk and control their own claims administration.⁷⁴

3.65 WorkCover were asked what impact outcomes of the pilots project, such as the case management model, have had on self insurers. Mr Thomson advised the Committee that, in relation to self insurers:

They have not been required to undertake the case management model. They have got some information about it. They are aware that we are requiring the managed fund insurers to use it and the like, but at this stage we have not actually made it a requirement that they actually undertake and implement case management, although I think a lot of them are either there in some ways, or have moved in that direction anyway.

... It is under consideration I think as to whether we actually require it as a matter for them to deal with in moving forward, it has certainly been considered.⁷⁵

3.66 The Committee acknowledges that there are benefits to the Scheme from the introduction of the case management model and notes that it may be worth extending this model to self insurers.

Tail Project

3.67 The submission from WorkCover brought the Committee's attention to the Tail Project run by WorkCover, which includes two pilot programs that are being undertaken to test different approaches to the rehabilitation of long tail claims (non-catastrophic claims that are older than three years) the Fitness Upgrade Pilots and the Job Placement Pilots.⁷⁶

3.68 The Committee was interested in the positive results of these pilots, as stated in WorkCover's submission, with \$218 million saved and a 35% reduction in open tail claims and specifically for the Job Placement Pilot with the shorter time of 2.8 months to place participants in employment compared to 13.8 months for non-participants.⁷⁷

⁷⁴ <http://www.workcover.nsw.gov.au/Insurers/default.htm>, (Accessed 17 June 2005)

⁷⁵ Mr Thomson, Evidence, 13 May 2005, p12

⁷⁶ Submission 2, WorkCover, p7

⁷⁷ Submission 2, WorkCover, p7

3.69 At the hearing Mr Thomson further discussed the positive results of these pilots:

It is a fairly significant move in the right direction. I guess the financial improvements are one thing, but it is also the improved quality for the injured workers in particular. We are actually getting people who have been off work for two or three years back to the position where they can find employment, get back to work, and then have gainful employment and go forward.⁷⁸

3.70 WorkCover advised that the process involved in these pilots have now been adopted by six insurers:

I guess we have probably moved on a bit now, so it is not really a pilot; it is being utilised by the six insurers and it is having increased focus placed upon it.⁷⁹

Objective assessment of permanent impairment

3.71 The issue of objective assessment of permanent impairment was raised by WorkCover in their submission to the Inquiry. WorkCover advised that:

Where a worker suffers permanent impairment from a work related injury, the degree of that impairment is a medical matter requiring assessment by a medical specialist. Since January 2002 assessments of permanent impairment are conducted by medical specialists who are trained in the use of the WorkCover Guides for the Evaluation of Whole Person Impairment.⁸⁰

3.72 At the hearing WorkCover was asked how this related to the pilots project, to which Ms Hawkins advised the Committee:

It was basically to do with the evidence-based decision-making that was a hallmark of the pilot project, using medical evidence for medical issues. So that just flowed through to the fact that we now use clinicians to assess permanent impairment and it is a decision of a clinician rather than ultimately the judiciary, as it used to be.⁸¹

Involvement of advocacy groups

3.73 The submission from Injuries Australia raised the issue of whether advocacy groups, such as Injuries Australia, were involved in the process of the injury management pilots project. WorkCover advised in the response to questions taken on notice that:

At the time of the Injury Management Pilots, WorkCover had discussions with Injuries Australia about the projects but they did not participate in the EOI process.⁸²

⁷⁸ Mr Thomson, Evidence, 13 May 2005, p15

⁷⁹ Mr Thomson, Evidence, 13 May 2005, p16

⁸⁰ Submission 2, WorkCover, pp6-7

⁸¹ Ms Hawkins, Evidence, 13 May 2005, p18

⁸² WorkCover response to questions on notice, question 3

Committee conclusions

3.74 The Committee acknowledges that WorkCover has addressed the majority of the key findings of the injury management pilots project through the introduction of the case management model, provisional liability, the Claims Assistance Service, the Business Assistance Unit, and the premium reforms.

3.75 WorkCover was asked at the hearing whether they considered the pilots to be a success, to which Mr Thomson advised the Committee:

I think the pilots projects were successful. They provided a lot of information about the integration of claims and injury management, including the identification of a number of factors that contributed to more effective outcomes for injured workers. We have been able to utilise a number of the learnings that have come out of the pilots for the scheme moving forward I think in a positive manner for the various stakeholders involved.⁸³

3.76 QBE advise in their submission that they valued their participation in the pilots project, which afforded them an opportunity to test a new approach to claims and injury management. QBE's participation in the pilots project contributed to the insurer successfully implementing QBE Connect, an integrated claims and injury management model.⁸⁴

3.77 Campbell Research and Consulting advised in their submission that injured workers who participated in the pilots had better return to work outcomes and experienced better insurance type services than other injured workers.⁸⁵

3.78 Mr Thomson also stated at the hearing that the pilots project was an opportunity to test new approaches to injury management:

I emphasise that the injury management pilots were regarded as an opportunity to test some of the practical aspects of the way in which injured workers are provided with the treatment and support that they need to return to work. As a testing exercise, the pilots provided valuable information and have resulted in a number of reforms being introduced to enhance the New South Wales workers compensation system.⁸⁶

3.79 It is the Committee's view that, with consideration given to the Committee's recommendations in this report, the injury management pilots project was beneficial to the injury management process by identifying the critical components of the process. The Committee acknowledges that WorkCover has implemented programs to help improve outcomes for workers and employers based on the findings of the pilots project.

⁸³ Mr Thomson, Evidence, 13 May 2005, p19

⁸⁴ Submission 4, QBE Workers Compensation, p9 (partially confidential)

⁸⁵ Submission 5, Campbell Research and Consulting, p1

⁸⁶ Mr Thomson, Evidence, 13 May 2005, p1

Appendix 1 Workplace Injury Management and Workers Compensation Act 1998, Schedule 5A

Schedule 5A Injury management pilot projects

1 Two year pilot scheme

(1) This Schedule (except subclause (2)) operates for a 2 year period following the commencement of this Schedule.

(2) The effectiveness of this Schedule is to be evaluated by an independent person or body, chosen by the Authority by private tender, and the results of the evaluation are to be referred to the Law and Justice Committee of the Legislative Council which is to review the results and report to Parliament.

2 Definitions

In this Schedule:

employer's injury manager means the person for the time being appointed under this Schedule as injury manager for the group of employers of which the employer is a member.

injury management functions means:

- (a) any function arising under Chapter 3 (Workplace injury management),
- (b) any function that may be exercised in connection with dealing with and satisfying any claim against which an employer is indemnified under a policy of insurance,
- (c) such other functions in connection with the operation of this Act or the 1987 Act or the regulations under those Acts as may be prescribed by the regulations for the purposes of this definition.

3 Appointment of injury manager for group of employers

(1) The Authority may, by order published in the Gazette, appoint a person as injury manager for the employers in a group of employers identified in the order as the group of employers to whom the order applies.

(2) A group of employers may be identified in an order by reference to employers in a geographical area or to employers engaged in a particular business or industry or may be identified in any other manner.

(3) The appointment of an injury manager may be made so as to apply in respect of all claims or injuries or be limited to apply in respect of a specified class or classes of claims or injuries, and may be made subject to specified terms and conditions.

(4) The Authority may by order in writing direct that an order under subclause (1) is not to apply to a specified employer or to a specified class of employers, and such a direction has effect accordingly.

4 Injury manager appointed as agent and attorney of employers and insurers

(1) An employer's injury manager is by this clause appointed as the agent and attorney of the employer, and of any insurer of the employer, in respect of such of the injury management functions of the employer or insurer as are specified in the order appointing the injury manager.

(2) As agent and attorney of an employer or insurer, an injury manager may exercise such of the rights and discharge such of the obligations of the employer and the insurer as may be necessary or convenient for the effectual exercise by the injury manager of the functions in respect of which the injury manager is appointed agent and attorney of the employer or insurer.

(3) The functions of an injury manager under this Schedule are subject to:

(a) the terms and conditions of the appointment of the injury manager, and

(b) such directions as the Authority may give to the injury manager in writing from time to time.

(4) An injury manager may exercise rights and discharge obligations as agent of an employer in the name of the employer or in the injury manager's own name.

(5) When an injury manager is authorised under this Schedule to exercise any rights or discharge any obligations of an employer or insurer as agent and attorney, the employer or insurer is not entitled to exercise those rights or discharge those obligations, except with the consent of the injury manager or the Authority.

(6) The order appointing an injury manager may require that any specified reference in this Act, the 1987 Act, the regulations under those Acts or a policy of insurance to an insurer or to an employer is, in connection with the exercise of any functions of the injury manager under this Schedule, to be read as a reference to the injury manager.

(7) The appointment effected by this clause may be revoked only by order under this Schedule.

5 Disclosure of information

The regulations may make provision for or with respect to authorising the Authority to disclose information obtained by the Authority as a result of or in connection with the operation of this Schedule.

6 Funding

(1) The Authority may establish a fund (an ***injury management fund***) to be used for the payment of amounts by an injury manager in the performance of functions as agent and attorney of an employer or insurer.

(2) The Authority may, by direction in writing to an insurer, require the insurer to pay amounts into an injury management fund out of the insurer's statutory fund.

(3) The regulations may make provision for or with respect to the following matters in connection with injury management funds:

(a) requiring the payment of interest on and the recovery of overdue payments required to be made by insurers into an injury management fund,

(b) the functions of an injury manager in connection with the administration of an injury management fund,

(c) the winding up of any such fund and the payment into the statutory funds of insurers of amounts standing to the credit of the fund,

(d) the auditing of an injury management fund.

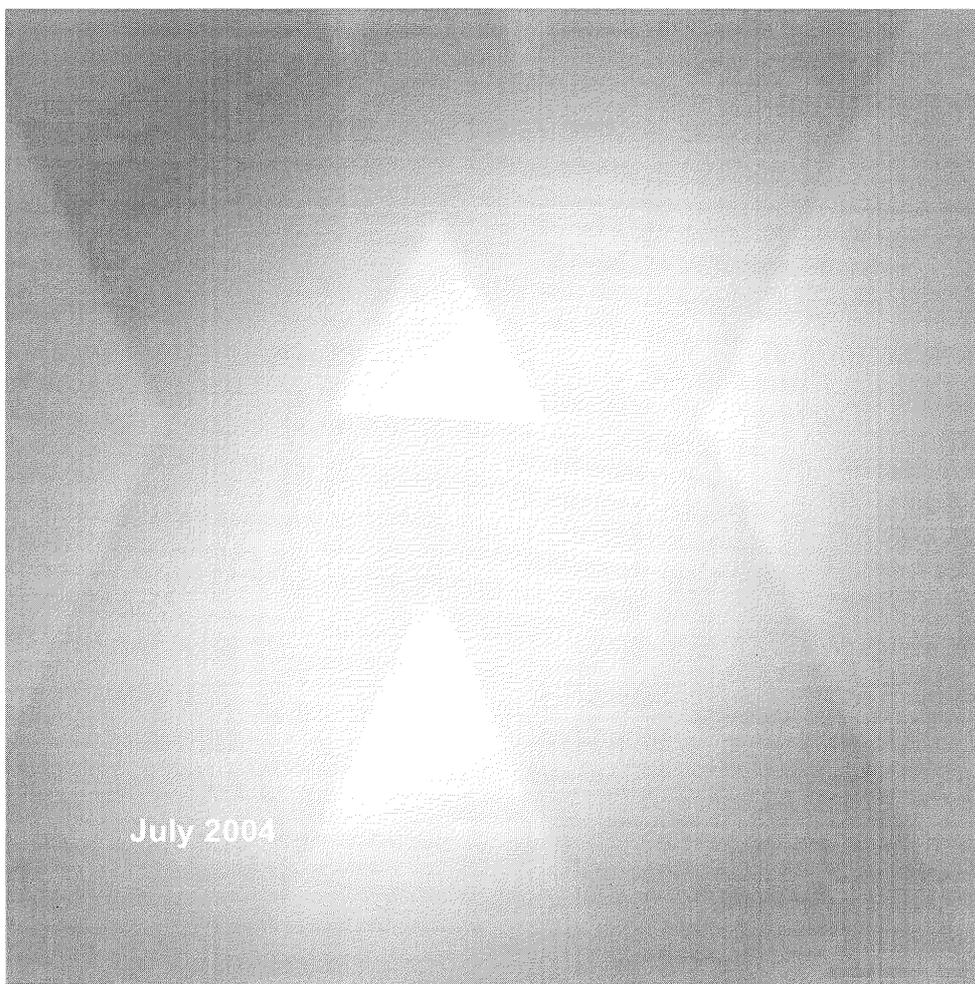
(4) The assets of the statutory fund of an insurer are authorised to be applied as required by or under this clause.

Appendix 2 WorkCover's Injury Management Pilots Project Evaluation Report



INJURY MANAGEMENT PILOTS PROJECT

EVALUATION REPORT



WorkCover. **Watching out for you.**

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The following additional material is available on request from WorkCover's Workplace Injury Management Branch on (02) 4321 5318 or 1800 801 905.

- Central West Injury Management Service Report
- PwC Report on EMI
- QBE Report
- WorkCover Audit Reports
- Quantitative Analysis by Monash University
- Return to Work Monitor Report by Campbell Consulting
- Qualitative Survey by Elkington and Associates
- Cost/Benefit Analysis by Tillinghast-Towers Perrin
- Narrative Analysis – Results of Injury Management Pilot Workshop

ACKNOWLEDGEMENTS

WorkCover acknowledges the contribution and effort of the many parties in conducting the injury management project:

Employers and injured workers who participated.

IRS who conducted the pilot in the Central West of NSW

Staff of EMI and PricewaterhouseCoopers (PwC)

Staff of QBE Insurance

Monash University Department of Business Statistics and Econometrics

Staff of Tillinghast-Towers Perrin

Jane Elkington who conducted and reported on the qualitative survey

Stephen Campbell who produces the National Return To Work Monitor

1. Executive Summary

1.1 Injury management pilots project evaluation

1.1.1 Reforming NSW Workers compensation

During 1998–2002 major reforms were made to the NSW workers' compensation system. Among those was new legislation in 1998 aimed at improving return to work for injured workers and a series of reform measures announced in 2000. These reforms included an increased emphasis on injury management and return to work strategies, improving dispute resolution mechanisms, a focus on compliance measures and providing incentives for improved workers compensation performance.

An important part of the reform program was an injury management pilots project undertaken in 2001 aimed at identifying and promoting best practice in injury management. WorkCover managed this project with oversight provided by a Steering Committee.

1.1.2 Pilot studies to identify and achieve best practice approach to injury and claims management

Injury management pilots began in January 2001 with the aim of identifying and achieving best practice claims and injury management. The project involved four pilots organised into two groups:

NON-INSURER PILOT GROUPS

- regional – The Central West Injury Management (CWIMS) pilot targeting central west NSW
- industry – the Warrakanji Care Integration (WCI) pilot targeting private hospitals and nursing homes

INSURER PILOT GROUPS

- EMI in partnership with PricewaterhouseCoopers targeting around 1,000 major claims among employers holding policies above \$5,000 and below \$600,000 but not aged care or construction industries
- QBE targeting small to medium employers with under \$1000,000 in premiums in south and southwest NSW

Each provider was required to develop strategies that would deliver appropriate, cost-effective and high quality services to injured workers and benefit all stakeholders in the system. The industry pilot was discontinued in August 2001 because it failed to meet contractual obligations.

For each of the pilots a steering committee, comprising stakeholder representatives from all the groups, was established and employer information sessions were held to advise on pilot initiatives.

1.1.3 Aims of the injury management pilots project

The purpose of the project was to:

- identify the critical components of injury management

- achieve measurable improvements in:
 - workers' health outcomes
 - return to work for injured workers
 - service use and costs
- establish benchmarks in integrated injury and claims management

1.1.4 Evaluation methodology

The project evaluation consisted of:

- quantitative analysis of performance of the pilot populations in 2001 compared to control groups in 2000 by Monash University's Department of Business Statistics and Econometrics
- qualitative analysis of satisfaction levels of a sample of employers and workers involved in the pilots by Jane Elkington and Associates
- cost benefit analysis and potential impact on the WorkCover Scheme by WorkCover's actuaries, Tillinghast-Towers Perrin
- return to work rates of pilot participants compared with NSW Scheme results by Campbell's Monitor
- self-analysis by three of the pilot providers, EMI, QBE and Central West Injury Management Service (CWIMS)
- results workshop attended by pilot managers and pilot evaluators

1.2 Outline of Pilots Project Results

Caution in interpreting the findings of the pilot project outcomes is urged as differences between the groups may have affected their view of the pilot injury management provider. These could be the proportion of shift workers and unskilled workers, and differences in location, such as metropolitan versus rural.

Nonetheless, early indications of the pilot are that it is possible to substantially improve claim and injury management. Achieving this change is a long-term proposition requiring more time than the 12 months duration of the pilot projects.

1.2.1 Pilots project aim: Identify critical components of injury management

Common elements of injury management service provision were valued by both employers and workers

Surveys showed clearly there were differing levels of satisfaction among participants in the four pilots.

The insurer pilots managed to be clear, consistent and helpful to both workers and employers. Employers and particularly injured workers in the regional pilot experienced problems due to low levels of communication with workers and slowness in processing claims. Least satisfactory to

both workers and employers was the industry pilot, due to lack of continuity in case managers, difficulties in reaching the right person and slowness in attending to claims.

Based on the surveys, the important elements of an injury management service provider are:

- consistent and easy to contact case managers who were familiar with workers compensation and workplace issues
- frequent communication initiated by the service provider and clear communication throughout for both workers and employers
- speedy and efficient claims processing
- adequate numbers of staff for efficient case load management
- pro-active education of workers and employers about the injury management process and information and training on injury prevention

The insurer QBE pilot:

- rated highest on employer and worker satisfaction
- used a model that influenced higher return to work rates
- decreased benefits paid and total claim costs compared with the control period

Most pilots suggested excessive paperwork for minor claims could hamper staff in completing injury management actions. The insurer QBE pilot streamlined workloads to allow pilot staff to move away from process, as well as managing stakeholders and resources more efficiently.

Lessons for the Scheme:

Insurers should adopt the same high level of customer service demonstrated by the pilot providers, and pay equal attention to the needs of workers and employers. This may be achieved by regularly monitoring customer satisfaction to improve performance. Processing efforts should be streamlined by insurers to free staff to concentrate on the more value adding activities of injury and issues management.

Case review by multi-disciplinary teams is effective in improving return to work

The insurer QBE pilot tested case conferencing and mobile case management and reported these approaches promoted cooperation and commitment to decisions, resulting in streamlined case management.

The insurer EMI pilot showed that rigorous internal review was instrumental in restoring direction to cases, removing the need for external review.

The regional CWIMS pilot succeeded in reducing the proportion of cases reaching 26 weeks and (anecdotally) a significant further reduction in the proportion of claims beyond 12 weeks.

Lessons for the Scheme:

Insurers should adopt case conferencing and/or review as an ongoing part of injury management.

1.2.2 Pilot project aim: achieve measurable improvements in workers health outcomes, return to work for injured workers and service use and costs

All pilot groups improved return to work rates compared with the non-pilot population.

- All pilot groups reported:
 - improved return to work rates
 - improved durable return to work rates
 - fewer workers receiving workers compensation at comparable times

Lessons for the Scheme:

The focus on return to work and models used by the pilots was successful and should remain a focus of activity. Further success in this area may be achieved with the reduction of long-term (tail) claims.

Small/medium employers benefit most from insurer assistance with return to work

Employers and workers agreed that the model used by the QBE pilot was a successful mix of the elements required to achieve higher and durable return to work rates. This pilot had:

- a higher proportion of injured workers from small enterprises
- high ratings for helpfulness
- a higher proportion of workers reporting the claims process as easy and feeling ready to return to work

Successful return to work programs also largely rely on the involvement of employers in developing and overseeing a return to work plan.

An anomalous result was the high number of workers returning to work in the industry WCI pilot. The industry pilot reported higher initial partial return to work than other pilots and control groups. Workers in the industry WCI pilot identified that employers provided the greatest assistance in return to work. These workers were also more likely to have a return to work plan and be involved in the plan's development than workers from the other pilot groups.

Lessons for the Scheme:

Insurers should consider using a different approach to employers according to premium band, internal resources, and the ability to provide suitable employment. Assistance should be provided to employers that, with an appropriate level of support, can provide suitable duties. The employer kit developed by the regional CWIMS pilot should be trialed to establish if it assists employers in improving their capacity to manage injuries, in particular during the return to work phase. The importance of employer involvement in return to work plans for injured workers should continue to be emphasised.

An early reporting incentive to employers improves injury report times

Insurer EMI pilot's use of the \$500 rebate and employer education package influenced pilot employers to report injuries earlier than non-pilot employers and allowed the insurer to commence payments earlier. Both EMI and QBE insurer pilots slightly shortened payment delay, whereas the non-insurer pilot lengthened the time from date of injury to date of first payment.

Lessons for the Scheme:

The feasibility of Scheme-wide monetary incentives to influence employers to report injuries and become actively engaged in returning injured workers to employment should be further examined.

Injury management pilots significantly reduced costs.

The insurer EMI and QBE pilots self-reported savings compared with their control groups in 2001. Overall, the insurer and regional WCIM pilots decreased benefits paid to claimants at 8 and 13 weeks, while the insurer QBE pilot decreased total claims costs at 4, 8 and 13 weeks.

The insurer EMI and QBE pilots were successful in significantly reducing the duration of claims.

Lessons for the Scheme:

Injury management and provision of quality treatment should be emphasised as it reduces claims costs and benefit duration.

1.2.3 Pilot project aim: Establish benchmarks in integrated injury and claims management**No clear statistical patterns were found**

Analysis of the statistical relationships of a range of variable, such as duration, timeliness and cost, did not show clear patterns but highlighted some interesting observations. An example is that medical intervention appeared to decrease the time between date of injury and date of first payment of benefits.

Data quality was a major problem in evaluating the process and interpreting the results from all the analyses. No evaluation reports measured outcomes in the same way and for this reason they should be considered sources of information about the injury management process rather than definitive quantitative results.

Lessons for the Scheme:

Reliable data is essential to the effective monitoring and evaluation of Scheme performance. Data integrity needs to be emphasised across the Scheme, with those responsible for data entry adhering to explicit, agreed definitions. Since the pilots were undertaken WorkCover has initiated a major project to improve data quality.

1.3 Future action

The injury management pilot provided useful information about the effective integration of claims and injury management, including the identification of factors that contribute to reducing the cost of work injury claims. This report summarises lessons learned from the pilots.

Future action includes:

- report to the Minister with recommendations for further action
- presentation to WorkCover Board, Advisory Council and WorkCover staff
- presentation to stakeholders associated with the pilot programs and publication of the summary of findings
- use the project findings for:

- the Scheme Design Project
- establishing insurer remuneration measures
- insurer training programs
- IRG information sessions
- workshops and presentations to interested parties and industry groups
- trial of the employer kit with employers in the Central West of NSW

2 Overview of the injury management pilots project

2.1 Introduction

2.1.1 Reforms to workers compensation in NSW

Major reforms have been implemented in the workers' compensation system in NSW since the Government's announcement in June 2000 of a package of initiatives aimed at ensuring the NSW workers compensation scheme is fair and affordable for the State's workers and employers. These reforms follow the enactment in 1998 of new legislation designed to improve injury management and return to work.

The reforms aim to:

- improve injury treatment and management processes to increase injury recovery
- prevent disputes by improving claims management and assessment processes
- develop a fair, flexible and efficient dispute resolution process
- increase incentives within the premium system
- achieve better outcomes using industry-based schemes and self-insurance
- develop strategies to improve compliance.

An important part of this reform program was the injury management pilots project, aimed at achieving best practice in claims and injury management.

2.1.2 Aims of the injury management pilots project

The purpose of the project was to:

- identify the critical components of injury management
- achieve measurable improvements in:
 - workers' health outcomes
 - return to work for injured workers
 - service use and costs
- establish benchmarks in integrated injury and claims management.

2.1.3 Structure of the injury management pilots project

Four pilots were run with the aim to manage 1,000 major claims and process around 2,000 additional minor claims during 2001. The four pilots were selected by competitive tender and organised into non-insurer and insurer groups.

NON-INSURER PILOT GROUPS

Regional

IRS, a large private rehabilitation provider in the Central West of NSW and trading as Central West Injury Management Service (CWIMS).

Industry

Warrakanji Care Integration (WCI), a consortium of Trowbridge Consulting and High Performance Health Care (later known as McKessons) which targeted private hospitals and nursing homes.

Note: The industry pilot failed to deliver according to contract and the contract was terminated in August 2001. This means data from the industry pilot is less reliable than data from the other three pilots and any interpretation should be made with caution. The data from this population has been included in some of the analyses for comparison purposes only.

INSURER PILOT GROUPS

EMI

EMI in partnership with PricewaterhouseCoopers targeted around 1,000 major claims among employers holding policies above \$5,000 and below \$600,000 but not in the aged care or construction industries

QBE

QBE targeted small to medium employers (under \$100,000 premium) in south and southwest NSW

2.1.4 Management of the projects

WorkCover established a Steering Committee for the regional, industry, and the insurer pilots to oversee the project and provide a means for stakeholders to give and receive information about the project.

Membership of the Steering Committees included employers, workers, service provider representatives and the Insurance Council of Australia.

2.1.5 Performance measures

Performance measures were also used for external injury management service providers that would attract bonus payments.

The external injury management service providers were required to implement and report on internal quality assurance processes to demonstrate that quality injury management was in place. WorkCover audits were to confirm the conduct and outcome of the quality assurance process.

The providers were also required to report regularly on the process measures shown in Table 1 and WorkCover audits were to confirm the data.

Table 1: Process Measures

Injury notification date*	Incremental improvements February 20% March 40% May 50% August 60% November 80%
Early contact with relevant parties	90% in 3 days
Date* initial action plan developed, consistent with available information	75% in 5 days
Injury management plan developed; all parties informed of responsibility	100% in 20 days
Evidence of implementation of Injury management plan	
Review of injury management plan following receipt of information impacting on plan date*	90% in 5 days

*Date measures were to be analysed and ranked according to the relative impact on return to work outcomes, if possible.

2.1.6 Pilot provider reports

The regional CWIMS pilot, provided quarterly reports to all five steering committee meetings.

The industry WCI pilot provided an initial performance report in April 2001. As the information was based on manual counting, the report is not considered credible. Later reports concentrated on addressing the operational difficulties the pilot was experiencing, rather than providing performance or injury management data. Due to the poor performance and forced early closure of the industry WCI pilot, the data was not considered reliable. Partial results from the industry WCI pilot are included in this report to provide comparisons, but need to be treated cautiously when drawing conclusions.

The insurer EMI pilot provided reports to all three steering committee meetings and a presentation to the Advisory Council.

The insurer QBE pilot presented written and verbal reports to the steering committee.

WorkCover carried out a file review and audits to confirm self-reporting by the pilot managers, and make sure that pilot claims complied with all legislative requirements. The industry WCI pilot was an exception as WorkCover initially conducted audits to try to improve the pilot performance and, in later phases, to contain the damage of the pilot's failure to meet its contractual obligations.

2.1.7 Description of the four injury management pilots

NON-INSURER PILOTS

Regional pilot

Central West Injury management Service (CWIMS), planned to ensure success of its pilot by encouraging early reporting of injury, taking a thorough approach to education, and developing several safety net strategies to detect injuries not reported correctly. The CWIMS pilot used the following strategies:

1. Encouraging early reporting

Key features of the model for an injury management system included providing information and education to all parties about rights and responsibilities.

Employers were offered a range of technology for injury notification. To reduce confusion about which injuries require notification at different periods of time (ie. significant versus non-significant), procedures were established for employers to notify all injuries within 48 hours.

When notification did not follow the defined procedure, for example a claim form was submitted without early notification, employers were telephoned to remind them about the notification requirements in the event of future injuries.

2. Evidence-based approach to injury management

An evidence-based approach was used to monitor an injured worker's progress by using medical staff and physiotherapists to apply treatment guidelines. Proactive injury management was emphasised through coordination of resources, monitoring of performance, and consultation with stakeholders, in particular, the licensed insurer. An intensive team-based approach was taken for claims remaining on benefits outside the anticipated recovery time.

All injury notifications and claims were recorded to provide a complete data set of all reportable incidents received in the pilot and claims and injury management plans were reviewed regularly to ensure new information was recorded.

CWIMS also planned to establish an online claims evaluation system which profiles claims by identifying those that might result in a delayed recovery. In the end, the system was unable to deliver this capability.

3. Comprehensive education campaign

To educate employers about early reporting of injury, information seminars were held, employer information packages were developed and a newspaper article about the project was published in local media. A satellite training program was discontinued because of financial limitations.

To detect potential claims that are not reported, the insurers, treating practitioners, employer organisations, unions, and local brokers were encouraged to contact CWIMS to discuss the issue. In addition, injured workers were encouraged to notify their employer about an injury.

Industry pilot

Warrakanji Care Integration (WCI) is a nationally operated company that offers clients management consulting expertise and integrated clinical care management solutions. This pilot was a consortium of several organisations which was to include:

- external providers - High Performance Healthcare, now known as McKessons; Medical and Occupational Health and Safety Services, a health assessment provider; Health 4 Life, a group of Occupational Health Physicians; Preferred Provider Network, a company that assists individuals to implement healthy lifestyle behaviour; and Knowledge Partners in the field of disease and injury management
- industry provider - Trowbridge Consulting, an actuarial and insurance consultancy specialist firm

Ultimately, only Trowbridge Consulting, McKessons HBOC, and later, WIMS a company specialising in the provision of injury management services, were involved in this pilot.

Note: This pilot failed to meet contractual obligations and referrals stopped in early August 2001 with all claim files returned to the insurers by 31 October 2001.

This pilot planned to use the following strategies:

1. Ensure the delivery of effective injury management

WCI planned to help employers meet their legislative obligations, improve internal systems to efficiently manage an injured worker and facilitate early notification of injury, as well as providing timely and appropriate treatment and early return to work programs to either the existing job or alternative employment.

2. Provide streamlined claims management

Under the pilot, the external pilot providers received notifications of injury and all documentation and information about claims within the pilot and took responsibility for day-to-day management of all aspects of the claim. The providers were responsible for organising treatment, developing injury management plans and other services for injured workers, determining liability and claim estimates and organising approval of payment of services.

The insurers were to process all payments, update claims estimates authorised by the provider, and arrange payment within 12 working days of receiving payment details. They were to update all claims alterations within 12 working days of receipt. Insurers maintained responsibility for calculating premium adjustments and premium renewals and the transfer of data to WorkCover in the normal manner.

Overall, this process encountered difficulties, resulting in delayed allocation of claim numbers and payment processing. There were subsequent time lags in the recording of data in insurers' systems and the transfer of data to WorkCover.

3. Introduce effective workplace injury and illness prevention

WCI proposed to introduce effective workplace injury and illness prevention strategies and introduce modern technology as part of an effective injury management program.

4. Improve service use and costs

It was planned to provide human resource change management, recruitment and training and introduce a team and partnership-based approach.

INSURER PILOTS

Employers Mutual Indemnity (EMI)

Employers' Mutual Indemnity (Workers Compensation) Limited (EMI) and PricewaterhouseCoopers (PwC) formed a partnership to manage around 1,000 major claims from employers in the Sydney region that held policies above \$5,000 and below \$600,000 but were not in the aged care or construction industries. The pilot used the following strategies:

1. Early reporting of injuries

To encourage early reporting of injuries by employers, it was planned to refund the \$500 excess when employers reported within 48 hours of becoming aware of an injury. Eligible employers were those that reported the injury to EMI within three days of the date of a medical certificate showing the worker unfit or fit for suitable duties.

To provide other ways to report injuries, a medical provider network was introduced for employers insured with EMI, and resources to medical practitioners were provided, including electronic medical certificates and reporting injury via the internet.

2. Integration of injury and claims management

It was planned to integrate injury and claims management by carrying out a comprehensive review of injury and claims management business processes. This included development of information technology to support the approach, changes to job descriptions, a staff development program, and altered operational reporting requirements to reflect the changes.

The result would be an integrated injury and claims management manual for the workers compensation insurance industry.

3. Evidence-based injury management

Computer based prompts on evidence-based medical procedures were developed for staff who also received guidelines on management of workers with lower back injury.

4. Cross-disciplinary review

When appropriate, a multi-disciplinary team reviewed cases identified as potentially high risk. The process included information on the means of identifying such cases, how to determine the optimum time for review, and when to involve the EMI medical provider network, an injury management consultant, or approved medical specialist.

QBE

The QBE pilot targeted small to medium employers (under \$100,000 premium) in south and southwest NSW. The objective was to develop strategies other than those ordinarily used by insurers. One of these was to select for management claims that were five days non-return to pre-injury duties (not the same definition of major claim used in the quantitative analysis or the legislative definition of significant injury). The pilot used the following strategies:

1. Early reporting

Targeted occupational health and safety services would be provided to employers by integrating accident reporting with claim reporting and developing preventative strategies for high-risk areas.

Early reporting was available through a web-based system, a 1800 number, longer opening hours and a mobile case manager based in a geographic area and/or industry group.

2. Improved training of staff

To improve medical and functional management, it was planned to evaluate staff training in claims and injury management, promote a non-adversarial claim culture, and evaluate the impact of these initiatives on claim outcome. Another aim was to evaluate the impact of changing the emphasis from managing claims to managing cases.

3. Claims management staff to have professional qualifications

To improve integration of injury management and claims management, staff with professional qualifications in a health-related field were recruited and trained in claims management. The objective was to test whether improved medical and functional management would lead to improved return to work outcomes. Other objectives were to improve assessment processes and return to work outcomes as well as identifying barriers to return to work.

4. Introduce technology to improve service use and costs

This strategy intended to implement an IT system more suited to injury management, in particular claim streaming and classification, case planning, provider management, workflow and financial audit trail. This aspect of the pilot did not proceed as software developers were unable to deliver the required system.

A comprehensive marketing and communication strategy was proposed to inform and collect feedback from stakeholders.

3 Evaluation methodology

3.1 Evaluation Process

WorkCover established a comprehensive evaluation program, which included several different methods of analysis were identified. Each method is described below.

1. Comparison between pilot populations in 2000 and 2001

The Department of Econometrics and Business Statistics at Monash University was selected through competitive tender to carry out the independent evaluation. This analysis evaluated the injury management project against the first two pilot aims which are to identify the critical components of injury management, and achieve measurable improvements in workers health outcomes, return to work for injured workers and service use and costs.

The Monash University analysis included data from the industry EMI and QBE pilots and the regional CWIMS pilot. It compared performance in the pilot populations across 2000 and 2001. Two control groups were established for the external regional and industry pilots:

- an industry pilot control group comprising like claims and occupations in the Treasury Managed Fund and Catholic Church Insurances Limited
- a regional pilot control group comprising like claims and occupations in the New England area in northern NSW. This region was chosen because of its similar demographics to the central west area covered by the regional pilot and to provide a quasi control population across the two years.

The analysis compared the information on pilot claims with the control group on 31 March 2001. It described the pilot populations and compared performance on a series of measures for the four pilots and the New England region in northern NSW. Regional population descriptions did not differ from one year to the other in terms of age or gender. The industry WCI pilot population was, however, significantly different in its gender composition, with the age group on average 5 to 7 years older than the other pilot and control populations.

The analysis covered:

- total number of claims, number of major claims, and benefits paid at 4, 8, 13 and 26 weeks
- injury type
- age
- gender
- industry (ANZSIC code)
- occupation (ASCO code)
- date of injury
- date the claim entered insurer system

2. Cost benefit analysis

WorkCover's independent actuaries, Tillinghast-Towers Perrin, carried out the cost benefit analysis and Monash University reviewed the methodology used.

3. Actuarial evaluation of the impact on the WorkCover Scheme

WorkCover's actuaries evaluated the potential impact of the pilot outcomes on the WorkCover Scheme.

4. Return to work outcomes

Campbell's National Return to Work Monitor, which is conducted annually under the auspices of the Heads of Workers Compensation Authorities, measured return to work outcomes.

5. Changes in health status

To provide a benchmark for future comparison, changes in health status of injured workers during the pilot process were measured.

6. Reduction in dispute notification

The numbers and type of referrals from the pilots to the Workers Compensation Resolution Service (WCRS) compared to non-pilot populations were measured.

7. Qualitative survey

Jane Elkington and Associates surveyed employer, worker and service providers about the pilot process.

8. Narrative descriptive analysis

Pilot managers and evaluators attended a workshop to review the pilot results and provide descriptive analysis of the significant results.

3.2 Evaluation against project aims

The different methods of analysis were used to evaluate the Injury Management Pilots Project against its aims.

Pilots project aim: Identify critical components of injury management

The independent evaluation undertaken by the Department of Econometrics and Business Statistics at Monash University was used to identify those components of injury management that make a difference to achieving outcomes. The reduction in claims being referred for dispute resolution was also used as a measure.

Jane Elkington and Associates surveyed employer, worker and service providers about the pilot process.

Pilots project aim: Achieve measurable improvements in workers' health outcomes, return to work for injured workers and service use and costs

Workers Health Outcomes

To provide a benchmark for future comparison, changes in health status of injured workers during the pilot process were measured.

Return to work for injured workers

Campbell's Monitor, which is conducted annually under the auspices of the Heads of Workers Compensation Authorities, measured return to work outcomes.

Additional measures were return to work status at 4, 8, 13 and 26 weeks post-injury date, average period between date of injury and initial return to work, average period between date of injury and full return to work, and early contact with relevant parties.

Improve service use and costs

WorkCover's independent actuaries, Tillinghast-Towers Perrin, carried out the cost benefit analysis and Monash University reviewed the methodology.

WorkCover's actuaries evaluated the potential impact of the pilot outcomes on the WorkCover Scheme.

Outcome measures included average costs (medical, rehabilitation, physiotherapy, chiropractic) for claimants and the reduction in the proportion of claimants receiving benefits at 4, 8, 13, and 26 weeks.

Pilots project aim: Establish benchmarks in integrated injury and claims management

Data from WorkCover's licensed insurers were analysed and compared to data from North America.

3.3 Data collection

All four pilots provided claim numbers for injured workers in the project. The claim numbers were used to identify claims within the WorkCover database for analysis. Not all claims managed by the CWIMS regional pilot or the industry WCI pilot could be matched with the WorkCover database. This resulted in a reduced number of data sets available for analysis.

3.4 Issues relating to data interpretation

Comparing data across the three pilots proved difficult as each developed their own definition of a significant injury (an injury which results in seven or more continuous days of incapacity whether full or partial). Monash conducted its quantitative analysis based on the WorkCover definition of major claims (five days benefit paid), but the difference in definition affected direct comparison with self-reported results.¹

The major claim flag is activated in the WorkCover database when claims are coded under particular injuries (death, permanent total incapacity and permanent partial incapacity). This process resulted in some major claims analysed as zero weeks on benefit. The evidence from the three pilots that collected data indicated that significant injuries, which require management, outnumbered major claims. The regional pilot in particular reported claims were prevented from becoming major claims by early and assertive injury management intervention. It is possible that the intervention of the pilot may have skewed the numbers by preventing significant injuries from becoming major claims.

The quantitative analysis by Monash University relied on data transferred to WorkCover's Insite database on 31 March 2002 for pilot data and 31 March 2001 for control data.

The quality of the data on the industry WCI pilot was poor and difficult to interpret because management of the pilot ceased for private hospitals in August 2001 and for aged care in October 2001. Ongoing insurer management re-commenced in October 2001, making the relative influence of each difficult to pinpoint.

¹ While all major claims are significant injuries, the reverse is not true – all significant injuries are not major claims. When an injury is significant an insurer is required to institute a formal return to work plan within three days of notification

There was considerable difficulty with the quality of the data provided to Monash for the quantitative analysis. Data on claims that was incorrect, for example dates of payment prior to date of injury, was excluded from the analysis.

For the qualitative analysis, measurement of stakeholder satisfaction with workers compensation processes was not completed for both insurer EMI and QBE pilots, so it could not be ascertained qualitatively whether performance improved or worsened.

The qualitative and return to work surveys were conducted six months after date of injury and participant recall may have been a problem, particularly for the regional CWIMS pilot as the name would not have been familiar.

4 Performance of the injury management pilots project

4.1 Results of Analyses against the pilots project aims

The purpose of the injury management project was to identify the critical components of injury management and achieve measurable improvements in workers' health outcomes, return to work for injured workers and service use and costs, as well as establishing benchmarks in integrated injury and claims management.

Pilot project aim: Identify critical components of injury management

Quantitative Analysis

Two measures of timeliness were used to examine the impact pilot providers had on improving the delay between injury occurrence and notification, and the date a first payment was made to a worker:

- time from date of injury to the date the claim is entered in the insurer system
- time between date of injury and the date of initial payments

Injury to notification

The information from insurers suggests that 10% of claims in NSW are notified within one week. The experience from North American jurisdictions suggests that most states have between a 30-40% notification within one week, while the best performing states achieve 60% notifications in this timeframe.

In self-reporting, insurer EMI reported 56% of claims reported in five days while the regional CWIMS pilot reported 42%, 3% less than EMI's non-pilot group.

The quantitative Monash University study provided insight into the time from injury to the date this information entered the insurer system. Insurer EMI performed best on this measure with a mean of 20.1 days (reduced from 27 days) while the Insurer QBE pilot recorded 35.2 days. WorkCover carried out additional analysis on total Workers Compensation Scheme claims for 2001 to better understand the pilots' performance within the context of the Scheme (Table 2).

Table 2: Time from injury to date of entry in insurer system

Pilot	Mean	Median
Insurer EMI pilot 2000	27.0	15
Insurer EMI pilot 2001	20.1	11
Insurer QBE pilot 2000	28.8	20
Insurer QBE pilot 2001	35.2	20
Regional CWIMS pilot 2000	25	15
Regional CWIMS pilot 2001	49.4	37
Non-pilot northern region 2000	26.3	16
Non-pilot northern region 2001	26.8	16

Time from injury to first payment

Both insurer pilots performed well on this measure of timeliness, with EMI reducing the time by 10 days on average (42.4 to 32.9) and QBE by 2 days (44.7 to 42.5). Table 3 shows the results.

Table 3: Days from injury to first payment

Data set	Mean	Median
Insurer EMI pilot 2000	42.4	27
Insurer EMI pilot 2001	32.9	22
Insurer QBE pilot 2000	44.7	32
Insurer QBE pilot 2001	42.5	27
Regional CWIMS pilot 2000	53.5	36
Regional CWIMS pilot 2001	72.7	61
Non-pilot northern region 2000	55.0	36
Non-pilot northern region 2001	46.6	32

WorkCover Internal Analysis

Additional analysis was completed on total Scheme claims for 2001 in order to better understand the pilots' performance within the context of the Scheme.

EMI bettered the Scheme average by 9 days on delay in report to insurer, and both EMI and QBE bettered the time to first payment by 19 days and 8 days respectively (the Scheme average was 49.4 days). The Northern region control was also marginally better than the Scheme average on both measures.

Claim Duration

Comparisons by WorkCover of data on claim duration between the insurer EMI pilot and the overall Workers Compensation Scheme revealed that this pilot's average claim duration of 19.2 days was significantly better than the Scheme performance of 40 days for 2001.

Reduction in dispute notification

Due to the changes in dispute management in the workers compensation system from January 2002, figures could not be obtained for this element.

Anecdotally, the pilots managers reported lower levels of disputes. All pilots reported that keeping the employer informed about decisions increased employer understanding of the workers compensation process and helped overcome employer resistance to accepting and managing claims.

The insurer QBE pilot reported three disputes. Despite claim denial, one of these was referred to a rehabilitation provider to facilitate and maintain return to work. By the end of December 2002, QBE had not received any Applications for Determinations to the Workers Compensation Court. QBE managed employer concerns through regular phone contact and worksite visits to educate employers about claims costs. They fostered a partnership in claims management between insurer and employer.

Insurer EMI pilot's integrated model encouraged the sharing of information. A decision to dispute a claim was made in consultation with employers.

The regional CWIMS pilot reported they were not aware of any disputes being lodged at the time of closure. Its strategy was to accept claims and provide information to the employer about the process to overcome employer resistance to initial acceptance of a claim.

In the overall Workers Compensation Scheme, approximately 5% of all claims are coded as disputed and 2% are ultimately denied. The pilot performance (as reported) is an improvement on Scheme performance.

Qualitative analysis

Jane Elkington and Associates conducted a qualitative evaluation of workers, employers and service providers.

Across the four pilots, 129 telephone surveys were completed with workers and 101 with employers. The response rate from the 80 health care service providers contacted from within the regional pilot area and insurer QBE groups was so low (approximately 15%), it was considered impossible to draw any reliable conclusions. Therefore, the analysis did not include this group of respondents.

Overall satisfaction with the pilot

In terms of the experiences of the workers and employers in the four pilot groups and their views of the process, clear trends emerged from the surveys. It was evident that both workers and employers in the insurer QBE pilot found this pilot most responsive to their needs and were the most satisfied with the claim and injury management processes.

At the other end of the spectrum, 38% workers and 45% employers in the industry WCI pilot were least satisfied with their experience in the pilot study. Comments from workers and employers indicated that staff were too few in number, overworked, and difficult to contact or to maintain consistent contact.

In between these two extremes were those in the insurer EMI group where, on the whole, the experience was positive and generally only a short way behind the satisfaction levels experienced by the other insurer pilot, QBE. Third were the participants in the regional CWIMS pilot with lower satisfaction levels experienced by the workers; 53% of workers reported CWIMS as helpful, compared to 90% in the insurer QBE pilot.

It would appear from some comments that the regional CWIMS pilot operated primarily through the employer and had less contact with the injured worker. There were also considerable delays, particularly for processing workers claims and this was expressed as an important issue.

Level of contact

Across all groups, 39% of workers and 50% of employers reported that within five days of the injury, the pilots contacted them to provide assistance with managing the claim.

There were significant differences between the four pilots, both for workers and employers, on frequency of contact. While 80% or more of the workers and employers from the insurer QBE pilot indicated they were contacted at least fortnightly, only 40-50% of participants from the other three pilots indicated this level of contact.

A very high proportion of industry WCI pilot employers (45%) compared to regional CWIMS pilot (4%), insurer QBE pilot (0%) and insurer EMI (4%) reported it difficult or very difficult to make contact with the relevant person at the pilot organisation.

In addition, around 70-80% of employers in the regional CWIMS pilot, and insurer pilots EMI and QBE (in ascending order) were satisfied with the level of contact they experienced, compared to 40% for the industry WCI pilot. The ranking was the same for workers, however, more industry QBE pilot workers (90%) and fewer (53%) regional CWIMS pilot workers were satisfied with the level of contact.

Return to Work

No workers in the insurer QBE and EMI pilots indicated the pilot was unhelpful in managing their injury, while 23% of the regional CWIMS pilot and 38% of the industry WCI pilot rated them unhelpful or very unhelpful.

While 97% in the regional CWIMS pilot and 93% in the insurer EMI pilot reported they had returned to work at the time of the survey at least six months after their injury, only 81% of the industry WCI pilot and 74% of the insurer QBE pilot had returned to work. A total of 55% of the regional CWIMS respondents reported returning to work within one week of their injury, compared to 21% in insurer QBE pilot, 20% in insurer EMI pilot, and 17% in industry WCI pilot.

The majority of injured workers who had returned to work (n=101) were either satisfied or very satisfied (80%) with the suitability of duties to which they initially returned. There were no large differences between pilots.

There were significant differences between employers in satisfaction with the return to work process. Whereas less than 14% of the regional CWIMS pilot, and the QBE and EMI insurer pilots were dissatisfied, 55% of the industry WCI pilot were dissatisfied.

Information, reporting, communication and assistance

Among employers, 91% of the insurer QBE pilot indicated they had received accurate information at the outset, compared with 68% of the insurer EMI pilot, 45% of the regional CWIMS pilot and 36% of the industry WCI pilot. Among workers, the regional CWIMS pilot rated lowest on clarity about what to expect from the beginning (49%) compared to 67% industry WCI pilot, 72% insurer EMI pilot and 81% insurer QBE pilot. No employer among the insurer QBE and EMI pilots considered the pilot injury reporting mechanism more difficult to follow than previously and only one employer in the insurer QBE pilot reported more difficult compliance. However, as many as 26% of regional CWIMS and 27% of industry WCI employers found it more difficult to follow, and 40% and 27% respectively found compliance more difficult.

Workers and employers involved in the insurer QBE pilot overwhelmingly presented more positive comments than the other three pilots. In all four pilots, both workers and employers appreciated the easy access to and informed and consistent communication with case managers. Employers preferred a simplified notification and communication process, while workers appeared very focused on time taken for payment to occur, with workers from the regional CWIMS pilot expressing concerns about delays in payments for travel expenses.

Conclusion

Caution in interpreting the findings of this analysis is urged given that subjects were not randomly allocated to pilot groups. Differences that may have pre-existed between the groups such as injury severity, proportion of shift-workers, proportion of unskilled workers, metropolitan versus rural

locations, and size of industry, may have interacted with their experience and their view of the Injury Management Pilot Provider.

However, by examining the open-ended comments it was clear that there were definitely different levels of satisfaction among participants in the four groups.

The QBE pilot managed to be clear, consistent and helpful to both workers and employers during the pilot. Close behind was the EMI group – with generally positive comments and high satisfaction levels among workers and employers. More problems were experienced by employers and particularly injured workers in the CWIMS pilot – seemingly attributed to low levels of communication with workers and slowness in processing claims. Least satisfactory to both workers and employers was the injury management service of the WCI group. The large number of negative comments offered by participants in this group focused on lack of continuity in case managers and associated difficulties reaching the right person and slowness in attending to claims.

From the findings of this survey alone, the important elements of an injury management service provider are:

- having a consistent and easily contactable case manager
- clear communication from the outset with both workers and employers
- frequent communication initiated by the injury management service provider
- adequate numbers of staff to efficiently handle the case load
- well-trained case managers who are familiar with the issues faced by the types of enterprises with which they work
- attention to speed and efficiency in processing all claims (salary, medical and travel related expenses)
- attention to pro-active education of workers and employers about the injury management process
- provision of information and training about injury prevention

Pilot project aim: improve workers health outcomes, improve return to work for injured workers and improve service use and costs

Quantitative Analysis

The quantitative Monash University study utilised the proportion of claimants receiving weekly benefits as a de facto measure of return to work. The overall Scheme rates at December 2001 were:

- 43.5% at 4 weeks
- 17% at 13 weeks
- 12% at 26 weeks.

Table 4 presents the rates for the pilots.

Table 4: Percentage Of Workers Receiving Benefits At 4, 13 And 26 Weeks

	Insurer EMI pilot			Insurer QBE pilot			Regional CWIMS pilot			Non-pilot northern region		
	4 wks	13 wks	26 wks	4 wks	13 wks	26 wks	4 wks	13 wks	26 wks	4 wks	13 wks	26 wks
2000	40	20	10	46	21	11	44	21	10	44	20	10
2001	48	21	10	54	27	13	45	16	7	47	21	9

National return to work monitor

Campbell's Monitor studied workers who had 10 days away from work. This group may have sustained more severe injuries than the major claims analysed in the pilot evaluation. Interviews were conducted in November 2001 and again in February 2002 to ensure the analysis covered an adequate sample size.

Campbell's Monitor explored issues related to the process of making a claim and getting assistance to go back to work. An important part of return to work includes access to the information needed to make a claim as well as the complexity of the information.

Overall, there was no difference in responses of pilot and non-pilot groups, although workers in the insurer EMI (72%) and QBE (84%) pilots reported it easier to access information than those in the regional CWIMS pilot (60%). (The CWIMS finding may have been a result of the external provider/insurer interface.) The industry WCI pilot also rated highly with an 84% response rate, possibly reflecting the systems used by the employer.

In response to the question '*who helped the most in the return to work plan?*', the main difference between pilot and non-pilot groups was the acknowledgement that for the pilot group the main supervisor at work (employer) had helped the most. Employer supervisors, rehabilitation coordinators, or more generally the employers, were rated as the most helpful in following the plan. Overall, there was no difference between pilot and non-pilot groups in their responses to usefulness of rehabilitation providers. While not rated the most helpful, rehabilitation providers received high scores on helpfulness in all pilots with the exception of the regional CWIMS pilot.

There were interesting results from each pilot group about who was the most important person:

- regional CWIMS pilot – 38% nominated the employer and 11% nominated the rehabilitation provider.
- industry WCI pilot – 53% nominated the employer and 25% nominated the rehabilitation provider
- insurer EMI pilot – 50% nominated the employer and 13% the doctor
- insurer QBE pilot – 33% nominated the employer and 33% the rehabilitation provider.²

² The result from QBE is questionable given the small use of providers and the possibility that workers may have confused the rehabilitation provider category with the compensation provider category (the insurer QBE pilot scored very highly as a helpful compensation provider).

Combining this information with the proportion of workers who reported having a return to work plan, it appears success largely relied on employers. A total of 73% of workers in the industry WCI pilot reported having a plan compared with 48% in the regional CWIMS pilot, and for the insurer pilots, 41% in EMI and 21% in QBE. The helpfulness of these plans varied with 100% of workers in the insurer QBE pilot finding the plan helpful, compared with 88% in insurer EMI, 84% in industry WCI, and 78% in regional CWIMS.

Workers in the industry WCI pilot were more likely to return to work on partial duties (43%) compared to 25% in regional CWIMS pilot, and 15% and 11% in insurer pilots QBE and EMI respectively. These results compare with 30% in the non-pilot group. At the time of interview, 13% of respondents in the insurer EMI group remained on partial return to work, 16% in the insurer QBE group, 14% in the regional CWIMS group, and 23% in the industry WCI group. These results compare with 14% in the non-pilot group.

These statistics also helped to explain the unexpectedly high rating attributed to the industry WCI pilot in the Campbell's Monitor. It confirmed that employers in the nursing home and private hospital industry do attempt to assist workers to return to work through offers of employment with lighter duties, no heavy lifting, or reduced hours. However, a higher proportion of industry WCI pilot workers (19%) were still receiving compensation at the time of interview, so the return to work was partial and, additionally, they reported receiving less income.

Doctors were also rated the most helpful in the industry WCI pilot while the insurer QBE pilot was rated as the most helpful for workers by all the parties in that pilot.

Return to work status

Nine out of 10 (89%) injured workers in the pilot project had returned to work for some period seven to nine months after submitting a claim. This result was higher than that for injured workers not in the project (83%).

Injured workers in the insurer pilots (QBE 93% and EMI 90%) and the industry WCI pilot (93%) had a significantly higher return to work rate than the injured workers in regional CWIMS pilot (82%).

Durability of employment

The durable return to work rate is the proportion of injured workers who returned to work and were still working at the time of interview.

Injured workers in the pilot projects (80%) had a significantly higher durable return to work rate than those not in the pilot project (69%). At 84%, the industry WCI pilot once again scored higher than any of the other pilots compared to 75% for the regional CWIMS pilot, 79% for EMI, and 81% for QBE insurer pilots.

One in five (20%) injured workers in the pilot was not working at the time of interview – 11% had not returned to work and 9% had a non-durable return to work. These results compare favourably with the non-pilot group of whom 17% had not returned to work and 14% had a non-durable return to work.

Table 5 shows the results of workers not returning to work and those reporting a non-durable return to work.

Table 5: Non-Pilot Compared To Pilot Groups

	Non-pilots	All pilots	Insurer EMI pilot	Insurer QBE pilot	Regional CWIMS pilot	Industry WCI pilot
Workers who had not returned to work	17%	11%	10%	7%	18%	7%
Workers who had a non-durable return to work	14%	9%	10%	12%	6%	9%

One in four (27%) injured workers outside the pilots were still receiving compensation payments at the time of interview. This was significantly higher than injured workers from any pilot (17%). The industry QBE pilot scored best on this measure at 14%, with the regional CWIMS pilot at 16%, industry WCI pilots at 19%, and insurer EMI pilot at 21%.

A higher proportion of injured workers from all pilots (63%) reported their main source of income came from employment than injured workers not in a pilot (56%).

Quantitative Analysis

Cost of Claims

The Monash quantitative analysis concluded that, overall, the three injury management pilots decreased benefits paid to claimants at 8 and 13 weeks. The QBE pilot decreased the total costs of a claim at four weeks.

Overall, the pilots did not appear to have a uniform improved effect on the duration of claims. On average, the duration of claims decreased for the insurer QBE pilot.

Cost of claims at specified intervals

The cost of claim measure indicates that only insurer QBE pilot reduced costs at four weeks, from \$8,709 to \$6,637, with reduced costs also at 8 and 13 weeks.

Monash University's statistical model included the CPI increases and noted in the report there was no statistical difference between the data for the insurer EMI and regional CWIMS pilots at 4, 8, and 13 weeks. Table 6 gives the results.

Table 6: Total cost of a claim at weeks 4, 8, 13 and 26

	Week 4	Week 8	Week 13	Week 26	Week 52
Data set	Mean	Mean	Mean	Mean	Mean
Insurer EMI pilot 2000	7882	16422	26841	52437	116738
Insurer EMI pilot 2001	10165	19998	33689	75307	196747
Insurer QBE pilot 2000	8709	15323	25478	51278	92575
Insurer QBE pilot 2001	6637	14383	23620	57359	178378
Regional CWIMS pilot 2000	7914	16268	26363	54142	123068
Regional CWIMS pilot 2001	12260	24759	48144	142026	138280
Non-pilot northern region 2000	8031	17387	26979	58426	145515
Non-pilot northern region 2001	8937	19837	36307	73951	130258

Cost benefit analysis

WorkCover's independent actuaries performed a cost benefit analysis. The results took into account Scheme deterioration during 2001 and pilot performance. In the evaluation of return to work outcomes using the return to work status code, regional CWIMS pilot and insurer QBE pilot showed improvements of 7% and 1% respectively over the two years (2001 compared to 2000). The regional CWIMS pilot appears to have achieved a reduction in benefits paid by 8%, but delays in data entry may have affected this figure.

The report by WorkCover's actuaries, described implications of the pilots on the Workers Compensation Scheme as a whole. It analysed a number of scenarios from the best performing pilot which achieved a 7% improvement in return to work rates through to the worst-case scenario which achieved 2% decrease in performance. Provided the change in return to work rates was sustained over time, an optimal saving of \$768 million could be obtained or up to \$631 million of additional costs in the Scheme's outstanding claims liability. If the change in return to work was a one-off improvement, there would be no positive result for the Scheme because the short-term response would not affect the stock of long-term claimants.

If the same scenarios were applied to the 2002 group of claimants, savings of \$266 million or up to additional costs of \$232 million would be possible. A positive impact would be reported even if the change was a one-off at the improved return to work levels of 7% and 4% respectively.

Pilot project aim: Establish benchmarks in integrated injury and claims management

The injury management project was to measure date of injury to notification to establish a benchmark for the provider industry by recording the time between date of injury to notification. During the project, NSW lacked these statistics on the performance of the WorkCover Scheme. Following the introduction of provisional liability on 1 January 2002, insurers and WorkCover are now able to collect this information.

Injury management benchmarks could not be established from the evaluation as no factors emerged from the analysis to develop useful benchmarks.

The Monash University report included a stepwise regression analysis to consider the statistical relationships of a range of variables on duration, timeliness and cost measures. A preliminary review of this Monash analysis highlights some interesting observations but no clear patterns. For example, the age of a claimant increases the likelihood of the worker receiving benefits at 4, 8, 13 and 26 weeks.

The influence of medical intervention was also interesting. This factor appears to decrease the time between date of injury and date of first payment. When there are medical interventions and presumably procedures to be approved and accounts to be paid, the time delay for first payment is reduced. The medical intervention variable continues to have some relationship with the amount paid to workers (increasing the amount) at 4 and 8 weeks, although it has a negative directional relationship with the number of workers (that is reducing the numbers) in receipt of benefits at 4, 8, 13 and 26 weeks.

These relationships would require further consideration to tease out any correlations that would potentially influence the outcomes of the project.

4.2 Discussion of the evaluation of the injury management pilots project

4.2.1 Regional pilot

CENTRAL WEST INJURY MANAGEMENT SERVICE (CWIMS)

SELF REPORT

The regional CWIMS pilot reported it managed 2,102 claims in total. However, when these were matched with the WorkCover database, the numbers for analysis were reduced to 1,502 claims – 1,041 (69%) minor claims and 461 (31%) major claims. CWIMS reported they managed 727 significant injuries, 547 (75%) returned to pre-injury duties and 112 (15%) returned to suitable duties, leaving 68 (9%) unfit as at December 2001. The results of the qualitative analysis supported these percentages, but not the numbers.

CWIMS reported that the following contributed to the success of the pilot:

- accessibility, early contact and consistency as well as communication with employers, injured workers and service providers

- education of employers to ensure a thorough working knowledge of local issues, workers compensation and injuries
- implementation of recovery timeframes to facilitate injury management
- use of injury management consultants to support return to work planning with the nominated treating doctors and health professionals trained as injury management advisors
- using file reviews and a team approach to solve long term claim issues and conflict resolution to limit disputes and encourage recovery

CWIMS reported receiving 42% of injury notifications within seven days of injury. This increased by 3% from the first quarter. CWIMS reported contacting all relevant parties within three calendar days in 92% of cases. These statistics were verified by WorkCover file reviews, however, it was noted the CWIMS system measured contact attempts rather than successful ones and this may explain the discrepancy with the results of the qualitative study which showed that a large number of workers did not report contact within five days. CWIMS reported that contacting treating doctors without worker approval was problematic and, as a matter of policy, they preferred to wait until receiving completed claim forms with the worker's authorisation for contact.

CWIMS reported 41% of workers back to work in four weeks with 3% remaining unfit at 26 weeks. By the end of December 2001, 75% of workers had returned to pre-injury duties.

CWIMS reached the target measure established by WorkCover for all the performance measures set for bonus payments.

Quantitative evaluation

The timeliness measures showed that the regional CWIMS pilot claims took significantly longer than the control group. The average number of days between the date of injury and the date of initial payments for the control group was 48 and for the pilot group 73. Similarly, the data for duration of claim indicates that, on average, pilot claims were open for longer periods than the control group.

The Monash University quantitative analysis suggests that the regional CWIMS pilot did not show a significant increase in either benefits paid or total costs between 2000 and 2001.

Qualitative evaluation

The biggest difficulty in this report was the number of worker respondents who had not been away from work for five days. Subsequent checking of the claims included in the sample indicated that up to 45% of the workers were in this category. Negative employer comments about CWIMS centred on the slowness of paperwork and payments, reflecting the problems in the insurer/provider interface, while positive feedback highlighted access, local presence and timesaving by simplifying the process.

Workers' attitudes were clearly influenced negatively by the difficulty in getting payments processed by insurers in a timely manner.

Return to work monitor

The Campbell's Monitor confirmed workers' views about difficulty in getting claims processed. A total of 82% of the CWIMS sample returned to work, the lowest of the pilot groups and lower than the non-pilot sample of 83%. A total of 75% of the pilot remained in durable work compared to 69% in the non-pilot. A total of 16% were still receiving compensation payments. This is second to the insurer QBE pilot in which 14% remained in receipt of compensation. This compares well with the non-pilot group where 27% were receiving compensation at the time of interview.

Compared to the industry WCI pilot, regional CWIMS workers were more likely to return to normal duties with fewer reporting less hours or changed duties. This may reflect the rural nature of the industry and the reported lesser involvement of employers in arranging return to work.

4.2.2 Industry pilot

WARRAKANJI CARE INTEGRATION (WCI)

SELF REPORT

There were significant problems with the data from this pilot and only 903 claims could be analysed. The pilot stopped receiving claims in early August 2001, so the sample covered eight months compared to 11 months for the industry EMI pilot and regional CWIMS pilot, and 10 months for the insurer QBE pilot. Of these, 501 (55%) were major claims and 402 (45%) were minor claims.

WCI did not analyse the pilot's performance and the final report was general, referring to high volumes of clerical claims management. WCI did not collect data on performance measures and consequently were not able to achieve the injury management benchmarks.

Quantitative evaluation

The value of the quantitative analysis for this group is questionable. The pilot claims were returned to insurers for ongoing management in October 2001 and any conclusions drawn from the data on 31 December 2001 may need to consider the role of insurers during the last quarter. Consequently, the final analysis of data on 31 March 2002 was not completed for this data set.

The timeliness measure for this pilot was very poor, with an average difference of 24 days between the 2000 control group and the 2001 pilot group for the number of days between date of injury and date entered in the insurer system. The average number of days between date of injury and date of initial payments for the control group was 43.7 and for the pilot group 83.9. Similarly, the data for duration of claim indicated that, on average, pilot claims were open for longer periods than the control group.

On the measure of claimants receiving benefits at different points in time, the Monash University analysis suggested that 2001 rates were higher than the 2000 control group. Similarly, costs and payments analysis indicates the 2001 pilot group had a higher range of costs than the 2000 control group.

Qualitative evaluation

The qualitative survey overwhelmingly indicated employer and worker dissatisfaction with the injury management provided by this pilot. Reasons such as too few staff, no consistency, no expertise and poor levels of contact were cited for the very high levels of dissatisfaction. Employers reported that they found the process of working with the industry WCI pilot difficult.

Return to work monitor

Campbell's Monitor revealed the most interesting and useful information about this pilot and this industry. The industry pilot's return to work rate was significantly higher than the other pilots and the durability of the return to work was higher.

Claimants in the industry WCI pilot reported that providing a change in duties was an important consideration in their return to work, especially removal of the task of heavy lifting. Furthermore, the person most helpful in the return to work process was the employer. The industry WCI pilot used more rehabilitation providers than the other pilots and, at the time of survey, more workers

remained on partial return to work and compensation benefits. This survey was completed in November 2001 and February 2002 when claims were returned to management by the insurers.

4.2.3 Employers Mutual Indemnity Limited (EMI) Insurer Pilot

SELF REPORT

Major claims numbered 716 in this pilot. The insurer EMI pilot reported managing 1,280 significant claims (defined as having a medical certificate of greater than seven days). Insurer EMI pilot's final report, prepared in conjunction with PricewaterhouseCoopers (PwC) indicates that pilot claim performance across a number of variables was significantly better than non-pilot claims in 2001.

This analysis indicates differences between the pilot and non-pilot groups in respect of occupations. In addition, the pilot group had a higher number of significant injury (a medical certificate for seven days or more), and non-English speaking claimants had higher levels of open wound injuries and lower levels of back injuries.

One of the key initiatives of this pilot was to provide employers with a rebate for reporting injuries early. According to the PwC analysis, the pilot performed significantly better in reporting injuries earlier with 56% reporting in five days compared to 44% in the non-pilot group, and with 77% and 69% respectively at 10 days. Both groups were reporting approximately 89% by 20 days from date of medical certificate to date of notification.

At four weeks, the pilot group reported a decreased proportion of workers on benefits in both the small business (49%) and corporate sectors (37%). A striking result from the EMI figures was the difference between the small business sector and the corporate sector.

Average durations also reflected this difference, with the corporate sector averaging 15.43 days compared to 18.62 in the non-pilot group, while small business averaged 22.91 days, compared to 27.71 days in the non-pilot group in December 2001.

Quantitative evaluation

The initial analysis from Monash University suggested that, using basic demographics, the groups from the 2001 pilot and 2000 were similar. On measures of timeliness, the number of days between date of injury and the date the claim entered the insurer system, and the number of days between date of injury and date of initial payment, the insurer EMI pilot performed better than the control 2000 group. The analysis indicated that the insurer EMI pilot strategy to use a rebate to encourage employers to report early was successful. The significance of this early reporting on the final outcome for the injury and claim was more difficult to evaluate.

The Monash University analysis suggested the insurer EMI pilot did not show a significant increase in either benefits paid or total costs between 2000 and 2001.

Qualitative evaluation

The qualitative analysis indicated that workers and employers were satisfied with the responsiveness of the insurer EMI pilot. Reports from employers and workers on contact from EMI fell outside the legislative framework. At the time of the survey (almost six months from date of injury), 93% of workers had returned to work, the second highest in the pilot groups.

Return to work monitor

The results of the Campbell's Monitor also support the higher rates of return to work. All pilots, including the insurer EMI pilot, had higher rates of return to work when compared with the non-pilot group. EMI attained a 90% return to work rate with 80% durability. A total of 21% were still

receiving workers compensation at time of interview, a lower rate than the non-pilot group (27%) but the highest of the pilot groups. EMI reported the highest percentage of returning to work on same duties of all pilots at 34%, with only 71% reporting a return to suitable duties, compared to 88% in the non-pilot group and 77% over all pilots.

4.2.4 QBE Insurer Pilot

SELF REPORT

Claim selection for management in the pilot was five days non return to pre injury duties, not the same definition of major claim used in the quantitative analysis or the legislative definition of significant injury. In the pilot, QBE managed 675 claims, identified as requiring injury management assistance. A total of 457 (68%) were major and 218 (32%) were minor claims. The insurer QBE pilot did not commence until 1 February 2001, so only 10 months of pilot claim data was available for analysis.

QBE reported a decrease of 4% in average weeks paid, while their control region of Newcastle increased by 7%. The largest savings reported by QBE were rehabilitation provider costs, recording a 46% decrease compared to a 231% increase in the control region.

Quantitative evaluation

The initial analysis available from Monash University suggested that the basic demographics for the two pilot and control groups were similar. In respect of timeliness of claim management, the QBE pilot performed slightly better for 2001 on the number of days between date of injury and date of first payment.

The Monash University analysis suggested that the QBE pilot demonstrated decreases in benefits paid and total claims costs for 2001 when compared with the 2000 control group.

Qualitative evaluation

The QBE pilot performed very well on the measures of client satisfaction for both employers and workers. This pilot contacted workers and employers more frequently than the other pilots and received the highest rating for providing accurate and useful information in the workers compensation process. The QBE pilot provided clear, consistent and helpful assistance to employers and workers.

Return to work monitor

The results of Campbell's Monitor supported the higher rates of return to work. All pilots, including the QBE pilot, had higher rates of return to work when compared with the non-pilot group. This survey indicated that the QBE pilot used rehabilitation providers to support the return to work plan although, given QBE's report of lesser provider use and lower costs, workers were possibly confused about identifying who was assisting them. The compensation provider was also rated highly by workers in the QBE pilot in assisting the return to work. A total of 83% of the QBE pilot went back to work on suitable duties, the highest of all pilot groups with 93% reporting a return to work and 81% reporting this as a durable return to work. Only 14% reported still being on compensation payments to supplement their return to work.

5. Summary of key findings and future action

The Injury Management Pilot Project demonstrated that it is possible to achieve major improvements in injury management and return to work for injured workers. The key findings are outlined below for each of the pilots project aims.

5.1 Pilot project aim: Identify the critical components of injury management

The key findings with regard to injury management from the pilots are:

- the importance of adopting high levels of customer service (as demonstrated by the pilot providers)
- a focus on the needs of both the injured worker and the employer will produce better outcomes
- the need to have a consistent and easily contactable case manager
- clear communication from the outset with both workers and employers assists with injury management and return to work
- adopting case conferencing and or review as an ongoing part of injury management can reduce claim duration and result in streamlined case management
- the importance of having adequate numbers of staff to efficiently handle the case load, including well-trained case managers familiar with the issues faced by the type of enterprise with which they work
- attention to speed and efficiency in processing all claims (salary, medical and travel related expenses) allows staff to concentrate on the important tasks of injury and issues management
- attention to pro-active education of workers and employers about the injury management process, including return to work plans ensures that there are clear understandings of responsibilities and processes, and
- the need to actively provide information and training about injury prevention.

5.2 Pilot project aims: Improve workers' health outcomes, return to work for injured workers and service use and costs

A number of factors were shown to make a difference in health outcomes, return to work and service use and costs. The key findings are:

- Insurers should consider using a different approach to employers according to premium band, internal resources, and the ability to provide suitable employment.
- Assistance should be provided to employers that, with an appropriate level of support, can provide suitable duties.

- The importance of employer involvement in return to work plans for injured workers should continue to be emphasised.
- The monetary incentive provided by EMI in their pilot appeared to play an important role in the success of their pilot. For this reason, the feasibility of Scheme-wide monetary incentives to influence employers to report injuries and become actively engaged in returning injured workers to employment may be worthy of further examination.

In addition, the employer kit developed by the regional CWIMS pilot should be trialed to establish if it assists employers in improving their capacity to manage injuries, in particular during the return to work phase.

5.3 Pilot project aim: Establish benchmarks in integrated injury and claims management

Given the available data, it was not possible to make a reasonable evaluation of the third project aim, to establish benchmarks for an integrated injury and claims management approach. The Monash University analysis commented on the significance of various factors impacting the results of the establishment of benchmarks. These comments will be used as the basis of further benchmarking work.

5.4 Future Action

The injury management pilot provided useful information about the effective integration of claims and injury management, including the identification of factors that contribute to reducing the cost of work injury claims.

Future action includes:

- report to the Minister with recommendations for further action
- presentation to WorkCover Board, Advisory Council and WorkCover staff
- presentation to stakeholders associated with the pilot programs and publication of the summary of findings
- using the project findings for:
 - the Scheme Design Project
 - establishing insurer remuneration measures
 - insurer training programs
 - IRG information sessions
 - workshops and presentations to interested parties and industry groups

trial of the employer kit with employers in the Central West of NSW

Appendix 3 Minutes

Minutes No 1

1.00 pm, Thursday 26 June 2003
Room 1153, Parliament House, Macquarie Street, Sydney

1. Present

Ms Robertson (in the Chair)
Mr Pearce
Mr Bourke
Mr Clarke
Ms Rhiannon

2. Apologies

Mr Obeid

3. Resolutions establishing the Committee

The Chair tabled the resolution of the Legislative Council of 21 May 2003 establishing the Committee, as amended by the resolution of the Legislative Council dated 25 June 2003.

4. ...

5. ...

6. ...

7. Review of workers compensation injury management pilot projects

The Committee deliberated.

Resolved, on the motion of Mr Bourke, that the Chair write to the WorkCover Authority seeking advice as to whether any independent evaluation of the effectiveness of Schedule 5A of the *Workplace Injury Management and Workers Compensation Act 1998* has been undertaken, and requesting that the results of any such evaluation be forwarded to the Committee.

8. Government responses to past Committee reports

9. General business

No business arising.

10. Adjournment

The Committee adjourned at 1.30pm *sine die*.

Tony Davies
Director

Minutes No 3

1.00pm, Thursday 30 October 2003

Room 1136, Parliament House, Macquarie St, Sydney

1. Present

Ms Robertson (in the Chair)

Mr Pearce

Mr Burke

Ms Fazio

Ms Rhiannon

2. Apologies

Mr Clarke

3. Minutes

Resolved, on the motion of Ms Fazio, that the Minutes of Meeting No 2 be adopted.

4. ...

5. ...

6. ...

7. ...

8. ...

9. Workers' Compensation Injury Management Pilot Project Evaluation

A/Director provided an update on this progress of this matter, in particular, that the Secretariat had received an advance copy of the evaluation from WorkCover, as well as a copy of WorkCover's report and will commence research and development of options for conducting the inquiry. The Committee cannot commence inquiry until official receipt of the evaluation from the Minister.

10. Next meeting

The Committee adjourned at 1.45pm *sine die*.

Rachel Callinan

A/Director

Minutes No 12

12:30pm Tuesday 7 December 2004

Room 1153, Parliament House, Macquarie St, Sydney

1. Present

Ms Robertson (in the Chair)

Mr Clarke

Ms Fazio

Mr Pearce

Ms Rhiannon

Mr Roozendaal

2. Minutes

Resolved, on the motion of Ms Fazio, that Minutes of Meeting Nos 10 and 11 be adopted.

3. ...

4. ...

5. ...

6. ...

7. ...

8. Workers compensation injury management pilot projects evaluation

The Chair advised the Committee that the evaluation report required to commence this inquiry was received from Minister Della Bosca's Office today.

9. Next meeting

The Committee adjourned at 1.20pm *sine die*.

Rachel Callinan
Director

Minutes No 13

1:00 pm Thursday 3 March 2005

Room 1153, Parliament House, Macquarie St, Sydney

1. Present

Ms Robertson (Chair)

Mr Clarke

Ms Fazio

Mr Pearce

Ms Rhiannon

Mr Roozendaal

2. Minutes

Resolved, on the motion of Ms Fazio, that the Minutes of Meeting No 12 be adopted.

3. ...

4. ...

5. ...

6. Inquiry into the workers compensation injury management pilots project

Correspondence

The Chair tabled the following item of correspondence:

26 November 2004 – to Committee from the Hon John Della Bosca MLC enclosing copy of the *Injury Management Pilots Project: Evaluation Report, July 2004*.

The Director briefed the Committee on the briefing paper and the three options for conducting the inquiry. (*copies circulated previously*).

The Committee deliberated.

Resolved, on the motion of Mr Pearce, that the Committee defer consideration of its options for its Inquiry into the workers compensation injury management pilots project until the next meeting.

Resolved, on the motion of Ms Fazio, that the Committee write to the Hon John Della Bosca MLC, Minister for Industrial Relations, seeking additional information in order to commence the inquiry.

7. ...

8. Next meeting

The Committee adjourned at 1:30 pm to reconvene at 8:45 am on Tuesday 15 March 2005.

Rachel Callinan

Director

Minutes No 14

8:45am Tuesday 15 March 2005

Room 814-815, Parliament House, Macquarie St, Sydney

1. Present

Ms Robertson (Chair)

Mr Clarke

Ms Fazio

Mr Pearce

Ms Rhiannon

Mr Roozendaal

2. Minutes

Resolved, on the motion of Ms Fazio, that the Minutes of Meeting No 13 be amended by inserting under item 6 “that the Committee write to the Hon John Della Bosca MLC, Minister for Industrial Relations, seeking additional information in order to commence the inquiry”, and adopted.

3. ...**4. Workers compensation injury management pilot projects evaluation**

Resolved, on the motion of Mr Pearce, that the Committee commence its Inquiry into the workers compensation injury management pilots project along the lines of option B, set out in the briefing paper provided to the Committee with the provision for a longer initial hearing with interested stakeholders if required.

Resolved, on the motion of Mr Pearce, that the Committee write to the stakeholders identified in the briefing paper, and any other stakeholders identified by Committee members, inviting them to participate in the inquiry with a return date for submissions of Friday 29 April 2005.

5. ...**6. Adjournment**

The Committee adjourned at 12.30pm until 9.30am on Thursday 17 March 2005 (public hearing for back-end home detention Inquiry).

Rachel Simpson
A/Director

Minutes No 18

10:00 am Friday 13 May 2005

Room 1153, Parliament House, Macquarie St, Sydney

1. Present

Ms Robertson (Chair)

Ms Fazio

Mr Pearce

Ms Rhiannon

Mr Roozendaal (from 12 noon)

2. Apologies

Mr Roozendaal (until 12 noon)

3. Public hearing – Injury management pilots project inquiry

Witnesses, media and public were admitted.

The Chair made a brief opening statement acknowledging that WorkCover had not had the benefit of reviewing submissions to the inquiry in preparation for the hearing and inviting WorkCover to comment on submissions to the inquiry, by way of correspondence to the Committee, after the submissions have been made public.

Mr Rob Thomson, Acting General Manager, Insurance Division and Ms Mary Hawkins, Director, Injury Management Branch, WorkCover Authority, were sworn in and examined.

Witnesses took a number of questions on notice during the hearing and agreed to accept additional questions from the Committee arising out of the hearing. The Chair requested that answers be returned to the Committee Secretariat by Wednesday 25 May 2005.

Evidence concluded and witnesses withdrew. Media and public withdrew

4. Publication of transcript

Resolved, on the motion of Ms Fazio, that the transcript of the public hearing for the injury management pilots project held on 13 May 2005 be published.

5. Minutes

Resolved, on the motion of Mr Pearce, that Minutes No 17 be confirmed.

6. Correspondence

The Chair tabled correspondence received:

Injury Management Pilots Project Inquiry

Submissions No 1 to 5 (No 4 partial confidentiality requested by authors)

Resolved, on the motion of Ms Rhiannon, that submissions nos 1 to 3 and 5, be published.

Resolved, on the motion of Mr Pearce, that submission no 4 be published, except those parts identified as confidential by the author.

7. ...

8. ...

9. ...

10. ...

11. Adjournment

The Committee adjourned at 11:25pm until 9.30am on Monday 6 June 2005 (community based sentencing inquiry public hearing).

Rachel Simpson
A/Director

Minutes No 19

10:00am Monday 6 June 2005

Room 814/815, Parliament House, Macquarie St, Sydney

1. Present

Ms Robertson (Chair)

Mr Clarke

Ms Fazio

Mr Pearce

Mr Roozendaal

2. Apologies

Ms Rhiannon

3. ...

4. Minutes

Resolved, on the motion of Ms Fazio, that Minutes No 18 be confirmed.

5. ...

6. ...

7. Injury Management pilots project Inquiry

Resolved on the motion of Mr Roozendaal, that the answers to questions taken on notice during the public hearing on 13 May 2005 be published.

8. ...

9. Adjournment

The Committee adjourned at 4:49pm.

Rachel Simpson
A/Director

Minutes No 27

9:45am, Wednesday 29 June 2005
 Supper Room, Bega Town Hall
 Zingel Place Bega

1. Present

Ms Robertson (Chair)
 Mr Pearce
 Ms Fazio
 Ms Rhiannon

2. Apologies

Mr Roozendaal
 Mr Clarke

3. ...**4. Deliberative meeting****1. ...****2. Confirmation of minutes**

Resolved, on the motion of Ms Fazio, that Minutes No 19 and 24 be confirmed.
 Resolved, on the motion of Ms Rhiannon, that Minutes No 20 be confirmed.

3. ...**4. ...****5. Correspondence****1. ...****2. Injury management pilots project inquiry*****Correspondence received***

- 16 May 2005, from the Hon John Della Bosca MLC, Minister for Commerce, providing information for the inquiry including advice on costs of pilots project and evaluation

3. ...**4. ...****6. *Injury management pilot project inquiry***

The Chair tabled her draft report, as previously circulated.

Resolved, on the motion of Mr Pearce, that the Chair's draft report be corrected by the Secretariat for typographical and grammatical errors if necessary, redistributed to members and considered at the next deliberative meeting on 1 September 2005.

Resolved, on the motion of Mr Pearce, that the Chair write to Minister Della Bosca regarding the committee's decision to consider the report in September.

5. Adjournment

The committee adjourned at 1pm until 10am, Tuesday 30 August 2005, Room 814/815, Parliament House, Macquarie Street, Sydney.

Rachel Simpson
A/Director

Minutes No 30 (draft)

10:00 am, Thursday 1 September 2005
Room 814/5, Parliament House, Sydney

1. Members present

Ms Robertson (Chair)
Mr Pearce (from 4pm onwards)
Ms Fazio
Mr Donnelly
Ms Rhiannon
Mr Clarke

Apologies

Mr Pearce (until 4pm)

2. ...

3. Deliberative Meeting

...
...

Confirmation of minutes

Resolved on the motion of Ms Fazio. That Minutes No 25 to 27 be confirmed.

Correspondence

...
...

Injury management pilots project inquiry***Correspondence sent***

- 1 July 2005, to the Hon John Della Bosca MLC, Minister for Industrial Relations, regarding the Committee's decision to consider the report in September 2005.

4. Injury management pilots project inquiry***Chair's draft report***

The Chair tabled her draft report, which was taken as read.

The Committee considered the draft report.

Resolved, on the motion of Ms Fazio, that the report, with amendments, be adopted by the Committee and signed by the Chair.

Resolved, on the motion of Ms Fazio, that the Committee Secretariat be authorised to make any typographical or grammatical changes to the report prior to tabling of the report.

Resolved, on the motion of Ms Fazio, that the report, with accompanying documents, be tabled in the House in accordance with Standing Order 231.

5. ...

6. ...

7. Adjournment

The committee adjourned at 5 pm *sine die*.

Beverly Duffy
A/Director