

Law and Justice Committee's 2022 Review of the Lifetime Care and Support Scheme

Pre-hearing questions

Number	Question	icare's response																
1	Please provide an update on the financial performance of the Lifetime Care and Support scheme, including a breakdown of liabilities.	<p>The Lifetime Care and Support Scheme is in a financially sound position. At 30 June 2022 the scheme has assets of \$8.1 billion and liabilities of \$7.3 billion, giving an accounting funding ratio of 110%. The insurance ratio at 30 June 2022 was 131%. These have been impacted by volatile equity markets, rising interest rates in the second half of FY22 and inflationary pressure on treatment and care costs.</p> <p>The net result for the year to 30 June 2022 was positive \$507m. Negative movements in investment markets and increasing attendant care rates were more than offset by the impact of interest rates on the outstanding claims liability.</p> <p>Attendant care benefits make up 68.7% of the total liability, and brain injury participants account for 70.7% of the total liability.</p> <p>Breakdown of outstanding claims liability as at 30 June 2022</p> <table border="1"> <thead> <tr> <th>Payment type</th> <th>Amount (\$m's)</th> </tr> </thead> <tbody> <tr> <td>Attendant care</td> <td>4,984</td> </tr> <tr> <td>Equipment</td> <td>317</td> </tr> <tr> <td>Home modifications</td> <td>119</td> </tr> <tr> <td>Rehabilitation</td> <td>623</td> </tr> <tr> <td>Medical</td> <td>172</td> </tr> <tr> <td>Hospital</td> <td>108</td> </tr> <tr> <td>Case management</td> <td>246</td> </tr> </tbody> </table>	Payment type	Amount (\$m's)	Attendant care	4,984	Equipment	317	Home modifications	119	Rehabilitation	623	Medical	172	Hospital	108	Case management	246
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		Claims handling expenses	683
		Total	\$7,252
2	Please provide further information about the management action plans put in place to return the insurance ratio for the Lifetime Care and Support scheme to Zone A? (refer to page 6 of your submission)	<p>There are four elements that impact the insurance ratio for the Lifetime Care and Support Scheme, levies, scheme costs, scheme expenses and investment returns. When the insurance ratio is outside Zone A these are the elements that are considered to try and move the financial position.</p> <p>The long-term nature of the Lifetime Care and Support Scheme allows it to take a higher return investment profile. This supports the future costs of the scheme and reduces the cost to motorists in the long-term. It also means changing the investment return in the short term is not a viable management action to address the capital position.</p> <p>The Lifetime Care and Support Scheme is set up to provide bespoke treatment and high levels of support to people, to ensure they have quality of life following catastrophic accidents. While there are always opportunities to look at the way support is contracted, or providers are paid, these tend to have relatively low impact on scheme costs.</p> <p>icare's focus is on the requirements of participants. The expenses of the Lifetime Care and Support Scheme are a relatively small proportion of the overall scheme costs and liabilities. As such, a large movement in the expenses, which are already regularly reviewed and optimised, would have a relatively small impact on the overall capital position.</p> <p>The costs and expenses associated with participants who enter the scheme each year are met by a combination of levies collected and investment earnings. There are no margins built into the levy.</p> <p>A 10-year timeframe was selected to minimise the impact on levy paying motorists while still addressing the capital position of the scheme. Regular monitoring of the capital position and the levy will occur and adjustments to the levy will be made if indicators suggest they are required.</p> <p>The current management action plan includes a sustainability margin of \$8 per vehicle or \$50min total, in the target levy for period 15 January 2023 to 14 January 2024 and in each subsequent year thereafter. The aim of this is to add approximately \$550 million to the assets of the scheme over a 10-year period. This will improve the insurance ratio for Lifetime Care and Support Scheme from 131% at 30 June 2022 up to above 140% (i.e. Zone A) by 30 June 2032. This depends on the budgeted investment returns being realised and the claims experience performing in line with expectations.</p>	

3	What steps are being taken to ensure the long term viability of the Lifetime Care and Support scheme?	(see the answer to question 2 above)
4	Is it icare's intention to re-introduce a deficit repair levy from January 2023? Please provide the reasons for this.	(see the answer to question 2 above)
5	Noting the information provided in the 'Funding position' section of the icare submission, what recommendations or findings arose from the review of the Capital Management Policy and Levy Setting Policy?	(see the answer to question 2 above)
6	What certification requirements and standards will be applicable from February 2023 to the new panel of Attendant Care Providers?	<p>The Attendant Care Industry Standard (ACIS) is required for all providers on the new panel. This Standard is overseen by Australian Community Industry Alliance (ACIA). Most providers will already meet the NDIS Practice Standard, so Lifetime Care has worked with ACIA to minimise duplication by developing a Bridging Standard.</p> <p>Lifetime Care cannot rely on the NDIS Practice Standard as the audit program to meet this Standard does not cover Lifetime Care participants. Lifetime Care has also worked with ACIA to ensure ACIS and the Bridging Standard specifically meet the needs of people with a brain and spinal cord injury. For panel providers who successfully meet ACIS, Lifetime Care contributes to the cost of the audit and certification.</p> <p>The tender for the panel of Attendant Care providers is currently being assessed. Lifetime Care has been pleasingly surprised at the response despite the fact that Lifetime Care's hourly rates are significantly less than those of the NDIS. The support and service model of Lifetime Care is valued by these providers.</p>

		<p>Because of the important and personal nature of attendant care services for participants, Lifetime Care works closely with its panel of attendant care providers to monitor emerging issues and trends and to provide assistance where possible. It was great to see that during the pandemic and other emergencies over the last 3 to 4 years the panel providers have assisted each other so that participant's services can be maintained.</p>
7	<p>SIRA notes the increases to the LTCS and MAITCB levies in its submission. Can you please provide further information on the context for these increases?</p>	<p><u>LTCS levy</u></p> <p>Since 2017 the levy has risen from \$81.95 per vehicle to \$87.30 in 2023. The key drivers for the increase are growing vehicle numbers (which increases exposure risk) and increased cost of providing attendant care to catastrophically injured motorists.</p> <p><u>MAITC Fund Levy</u></p> <p>The MAITC levy increased on a per vehicle basis from \$10.50 in 2018 to \$22.39 in 2023.</p> <p>It is important to note that this fund was established with no seed funding, in an environment of great uncertainty around actual costs at start up. The initial levies were expected to fund the people who would ultimately enter the scheme after five years, while covering the cost of establishing of the scheme itself.</p> <p>The largest increases occur in the 2022 and 2023 years as the actual gap from the lack of seed funding was realised, as well as developing experience around care costs and the broader economic environment.</p> <p>The initial levy was set by SIRA and based on data from the TAC in Victoria due to the lack of NSW CTP data on injuries with durations in excess of five years. Since then, icare has gained valuable insights from the emerging NSW CTP scheme claims experience and has better understanding of possible CTP Care client volumes and needs. This has led to changes in the levy and the financial position of the scheme over time.</p> <p>A high degree of uncertainty remains around the number of CTP Care clients that will enter the scheme, the average cost of claims, as well as the operating costs of the scheme, as there are no CTP Care post five year claims as yet.</p>

		<p>Should actual CTP claim experience for post 5-year periods materially deviate from the current expectations used in initial levy estimation, there could be material adjustments to the future levies.</p>
8	<p>What is the expected completion date for the Building Remediation Program. What are the anticipated program costs? How many buildings will be remediated?</p>	<p>Lifetime Care has houses at Blacktown, Liverpool, Revesby, Ermington (2), Rosemeadow and 3 units in Coffs Harbour. The houses are tenanted by participants with extremely severe disabilities and Lifetime Care provides the care and support required. The anticipated program costs are up to \$400,000 and the expected completion date is December 2023.</p> <p>The works are across all properties and will include:</p> <ul style="list-style-type: none"> - repairs to bathrooms, such as repairing of cracked tiles, grout repairs - an upgrade to a ramp at one of the properties to meet current building code requirements - repairs to cracks in interiors and exteriors of some properties - internal and external painting - a range of other general property maintenance to comply with relevant standards, as well to be a comfortable and presentable living environment for participants.

<p>9</p>	<p>Please provide a report on the outstanding work required to commence CTP Care on 1 December 2022.</p>	<p>CTP Care is ready and able to commence providing treatment and care with people, process and systems in place. This was recently verified by external reviewers applying the Department of Customer Service Gateway review framework for pre-commissioning. A comprehensive operational readiness review by icare’s line one and line two assurance teams has also confirmed operational readiness.</p> <p>At this point, the work that remains in the CTP Care delivery program is primarily technology that will support additional scale and daily reporting to SIRA’s Universal Claims Database via an Application Programming Interface (API). The planned delivery date for these items is 18 November 2022. The build work has been completed and we are currently in a comprehensive test phase.</p> <p>New CTP Care staff have been onboarded and are currently undergoing training which will continue through until mid-November.</p> <p>A further small technology release is planned for March 2023 that will provide additional enhancement for scaled document management.</p> <p>It is expected that the CTP Care service delivery model will be refined and enhanced as scheme experience develops. Feedback mechanisms have been developed to ensure operational experience informs continuous improvement. The overall CTP Care delivery program is expected to remain in place until March 2023 to ensure successful embedment throughout the first months of commencement.</p>
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