

**Submission
No 5**

**INQUIRY INTO 2018 REVIEW OF THE WORKERS
COMPENSATION SCHEME**

Organisation: icare
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Standing Committee on Law and Justice
2018 review of the workers compensation
scheme

Context

On 1 May 2018, the Standing Committee on Law and Justice resolved that the 2018 review of the workers compensation scheme focus on:

- the feasibility of a consolidated personal injury tribunal for Compulsory Third Party and workers compensation dispute resolution, as per recommendation 16 of the Committee's first review of the workers compensation scheme, including where such a tribunal should be located and what legislative changes are required;
- recommending a preferred model to the NSW Government.

In its first review of the workers compensation scheme in 2017, the Committee observed that many stakeholders expressed concern with the dispute resolution system at the time. The system was described as complex, the process of review overwhelming, and the system too difficult to navigate. The Committee concurred with the need for a simplified, more accessible dispute resolution system. The Committee subsequently recommended:

That the NSW Government consider the benefits of developing a more comprehensive specialised personal injury jurisdiction in NSW (**Recommendation 16**).

Submission

icare is committed to improving customer service and building a simpler, more transparent and supported workers compensation experience. We are a social insurer whose purpose is creating a positive impact for customers and the NSW community through a 'commercial mind, social heart' ethos and the simplification of insurance for injured people and employers.

It is widely acknowledged that the current NSW workers compensation dispute resolution system, with its multiple dispute resolution bodies and overlapping and confusing functions, is a major source of frustration for injured workers, employers and scheme providers. In this respect, icare acknowledges and welcomes the Committee's examination of the option of a personal injury tribunal for Compulsory Third Party and workers compensation dispute resolution.

This being said, we do have some concerns about the implementation and operation of such a jurisdiction. These concerns relate specifically to the differing purposes of the Compulsory Third Party and workers compensation schemes. They operate under separate processes, different legislation and different funding. They also have differing customer bases, with different statutory entitlements, different permanent impairment entitlements, different damages, different resolution, different streams of resolution, different costs of entitlement, different payments.

icare suggests that thought should be given to ensuring that any benefits arising from a combined tribunal jurisdiction are real and consider the ongoing complexities of both scheme, as well as consistency in the interpretation and application of the law – not just shared administrative resources.

Further suggestions the Committee may like to consider when discussing the operation and implementation of a combined tribunal include:

- The District Court still retains exclusive jurisdiction to deal with exempt workers.
- Complex and contentious matters are often appealed to the District Court and Supreme Court, and the Courts retain a wealth of expertise therein.
- More work needs to be done to explore other models of merged CTP/workers compensation tribunals in any other jurisdiction in Australia.

- A full benefits analysis needs to be undertaken to ensure the system drives better outcomes for injured workers, employers and managing agents.
- Undertake a quantitative impact assessment of the full cost of implementation across the scheme, as well as a robust plan for implementation and clarity around deliverables as developed in consultation with all stakeholders.
- Further clarity is needed about what demonstrable utility would be gained by having a personal injury tribunal, over the current two systems.
- Thought should be given as to whether other forms of compensation, such as Dust Diseases, Coal Miners and Sporting Injuries should be included in a centralised model.
- Impartiality and independence should be central to any centralised tribunal.

Further consideration should be given to the recently announced plans by the NSW Government to reform the workers compensation dispute resolution system following an extensive review. The Minister for Finance, Services and Property has said that the proposed reforms are intended to improve the experience of injured workers by improving support services, simplifying claim processes and removing duplication.¹ The Minister identified that some of the reforms are subject to legislation, which is expected to be introduced in late 2018.

Lastly, with the commencement of the *State Insurance and Care Governance Act 2015*, icare was given the task of improving customer service and building a simpler, more transparent and supported claims experience for workers and employers. Since the Committee's first review, icare has worked tirelessly to develop a more straightforward, intuitive and accessible claims system to improve the experiences of users in the workers compensation scheme.

Human-centred design is embedded across every part of icare's business, so it works from the customer's perspective to radically improve their experience from point of injury to end of claim. To achieve this, icare has made a number of changes to the way claims are managed across the system.

In January of this year, icare officially launched its new claims service model, which is detailed further **Annexure A**. icare has concerns that any significant departure from its current claims service model will have a detrimental financial and operational impact on icare, its service providers and agents, with resulting impacts for injured workers. There has been a significant investment in bringing about the new claims service model and the Committee's consideration of the proposed dispute tribunal would need to be cognisant of the significant investment in the new claims model, as well as the potential impact for injured workers and the management of the scheme.

Conclusion

icare is making every effort to improve the experiences of scheme participants, and just as importantly, providing transparency and accountability in its operations.

icare is aware that caring for the State's injured and vulnerable is not a 'one-size' fits all approach and that every customer is unique. icare supports their long-term care needs to improve quality of life, including helping people return to work, where appropriate.

icare's aspiration is to create the best possible outcome for every person and organisation it serves, delivered through a fair, respectful and empathetic experience that is focused on the person, not the process.

¹ <https://www.finance.nsw.gov.au/about-us/media-releases/new-dispute-resolution-process-workers-compensation>

icare looks forward to the recommendations from the Committee in its second review of the workers compensation scheme and looks forward to working with the Committee and other relevant stakeholders in improving the experience of all users in the workers compensation system.

icare thanks the Committee for the opportunity to provide a submission to its second review of the workers compensation scheme.

ANNEXURE A

icare's new claims services model

On 1 January 2018, icare officially launched the new claims service model which aims to benefit the workers of NSW by:

- Ensuring fairer entitlements and provision of better care for the seriously injured.
- Getting people back to work for a faster, fuller recovery when they are able.
- Improving outcomes and the quality of lifetime care.
- Making sure the benefits of the reforms go back into the system, keeping premiums at the right level.

As the single largest workers compensation insurer in NSW, we recognise we need to offer valuable propositions that meet our customers' evolving needs. icare's co-design approach utilises feedback from workers with an injury, employers, managing agents, service providers, brokers, and industry bodies, and includes a comprehensive review of international best practice in the target area. This important collaboration provides transparency and accountability in our operations.

Over its lifetime, icare has made significant investment in designing and developing claims handling models, structures, knowledge articles, technology and accompanying processes that embed the legislative framework to deliver a fair, effective and positive experience for the worker and employer by empowering those who deliver the service, namely, the case managers.

All elements of this redesign have been co-authored in conjunction with key stakeholders, such as workers, employers and service providers, with the aim of meeting and balancing the needs of each group. The approach taken has been to build an agile service model that:

- Responds to a rapidly changing environment.
- Consistently meets customer needs.
- Evolves and aligns with innovative and emerging best practice.

icare's claims Target Operating Model (**TOM**) is the practical realisation of this. The program includes the collaboration of teams between icare and its managing agents, who are jointly responsible for delivering the TOM and will help realise the benefits of the overall human centred design service model.

The service model reflects all elements of the legislative framework, including key communication, timeframes and decision points. One of the main outcomes has been to create efficiency and consistency for case managers, allowing icare and its agents to focus its resources on areas where they are needed most.

Over-arching work includes:

- Development of the Target Operating Model (TOM) – a triaged based model using industry leading technology and approaches designed to segment claims into appropriate streams allowing for fast and appropriate handling of injuries and associated claims.
- Development of enabling technology – significant investment in claims handling and management software systems to enable more efficient and accurate handling of claims. It will also enable streamlined self-service processing for “low touch” (non-complex) claims. This allows icare to focus its case management resources on claims with needs for higher levels of support.

- Development of accompanying processes – process maps have been designed around the new operating model and the enabling technologies. The work includes process map design and testing in line with developments in information technology and practical examples using subject matter experts at icare and EML, as well as customer groups.
- Knowledge Articles and Training Modules – developed to accompany key systems and processes, detailing steps and approaches case managers need to take in handling claims, with a view to create the most positive experience possible for customers. These initiatives allow for the development of case management competency and experience, and also create consistency of service delivery and claims management strategy across the industry.

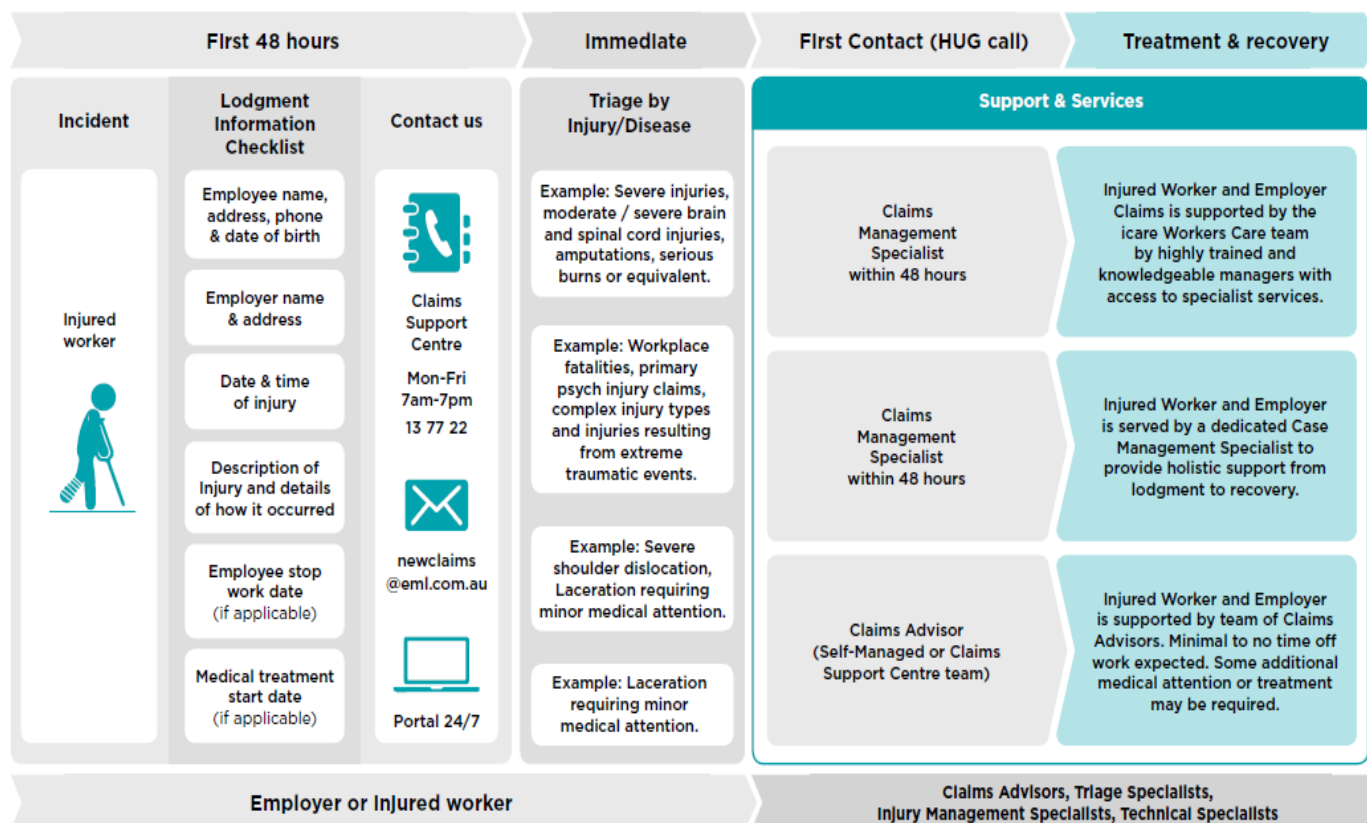


Figure 1 - Claims services model

Other support services available

A further innovation in the new claims model is that icare is now handling complaints relating to injury notifications and claims from employers and injured workers throughout the scheme. These complaints are being managed within an independent framework to ensure accurate and consistent tracking, efficient escalation pathways and timely reporting and aligns with the Australian Standard for Complaint Handling (*ISO 10002:2014*) and NSW Ombudsman's guidelines, *Managing unreasonable complainant conduct practice manual 2nd Edition 2012*; and the Australian Securities and Investment Commission (ASIC) requirements for financial institutions (RG165).

Having such a framework within the claims model ensures that any improvements identified can be quickly and economically applied to the model and continually improve the customer experience.

This has resulted in, and continues to deliver:

- A consistent, empathetic and customer-centred approach.
- An integrated pathway for complaints and disputes with an enhanced centralised "ticketing" system to enable transparency and accountability in the management of complaints.

- Reporting and analytics/insights capability for ongoing process improvements and governance leading to the capability to predict and prevent complaints and reduce unnecessary disputes.
- Clear and transparent escalation pathways, including targeted Service Level Agreements and Key Performance Indicators relating to complaints and implementation of improvements.

icare has also implemented a Net Promoter Score (**NPS**) to actively gauge client satisfaction and how well the organisation is delivering services and meeting the needs of its customers. According to the Australia NPS Industry Benchmarks 2017 Report collated by Customer Monitor, the NPS score for the insurance sector is -3 and for charities is +27. As at April 2018, the customer satisfaction score for icare is +22, which has consistently improved since March 2017 where it was +11).

Two of the most well-received innovations to date within the new claims model are:

- the online portal where employers, workers or their representatives can lodge their notification at a time that suits them; and,
- the 'How You Going' (HUG) phone call that every injured worker receives within the first 24 hours after lodging their claim, regardless of the severity of their injury.

The ability to lodge notifications and claims online has so far seen 66 per cent of claim lodgements made through the portal. As at May 2018, the service centre has handled over 143,000 inbound and outbound calls to injured workers and employers. Of these, over 32,000 HUG calls have been made.

icare's current grievance resolution model

Concurrently with the launch of the new claims model on 1 January 2018, icare also initiated an alternative grievance resolution process and management for new claims in the workers compensation scheme. For new claims lodged on or after 1 January 2018, icare plays a more active role in overseeing and managing disputes in their early stages.

The changes under the new claims model are designed to allow faster resolution of grievances and a better experience for both employers and workers.

Under the icare claims model, there are two distinct grievance applications:

Compensation and liability grievances

(weekly benefits, treatment and care, permanent impairment disputes)

Who can apply: An employer or their representative

A worker or their representative

How to apply: Complete and lodge a form by email to wiclaimsreviews@icare.nsw.gov.au or phone icare (13 99 22) or EML (13 77 22)

What the team can do: Affirm, change or withdraw the decision on review within 14 days of receipt.

Work capacity grievances

(current work capacity, suitable employment, the amount a worker can earn in suitable employment, the amount of pre-injury average weekly earnings (PIAWE) or current weekly earnings)

Who can apply: A worker or their representative

How to apply: Complete and lodge a form by email to wiclaimsreviews@icare.nsw.gov.au or phone icare (13 99 22) or EML (13 77 22)

What the team can do: Affirm or provide a different decision on review within 30 days of receipt

When a grievance is lodged, a grievance resolution specialist is allocated to the matter and all parties to the dispute are:

- notified that a disputes application has been received;
- provided with a step-by-step guide of the review process including what they need to, by when and why;
- given the opportunity to send in any relevant information they would like to be considered; and
- informed of the review outcome.

This review mechanism is unique to icare's claims model and highlights our commitment to greater transparency and engagement with all NSW workers compensation customers.