

**REPORT OF PROCEEDINGS BEFORE**

**STANDING COMMITTEE ON LAW AND JUSTICE**

**INQUIRY INTO THE WORKERS COMPENSATION INJURY  
MANAGEMENT PILOTS PROJECT**

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**At Sydney on Friday 13 May 2005**

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**The Committee met at 9.40 a.m.**

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**PRESENT**

The Hon. C. M. Robertson (Chair)

The Hon. A. R. Fazio  
The Hon. G. S. Pearce  
Ms L. Rhiannon

CORRECTED TRANSCRIPT
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**ROBERT JAMES THOMSON**, Acting General Manager, Insurance and Scheme Design Division, WorkCover New South Wales, and

**MARY WINIFRED HAWKINS**, Director, Workplace Injury Management Branch, WorkCover New South Wales, affirmed and examined:

**CHAIR:** Are you conversant with the Committee's role of reviewing the evaluation results of the pilot project as set out under schedule 5A of the Workplace Injury Management and Workers Compensation Act 1998?

**Mr THOMSON:** Yes.

**Ms HAWKINS:** Yes, I am

**CHAIR:** I realise that the submissions to this inquiry have yet to be made public and that you have not had an opportunity to review them as part of your preparation. Copies of the submissions will be forwarded to you after they have been published, and I invite you to comment on any issues raised in them by way of correspondence to the Committee. As well as that, if you feel it is necessary, although we have not set another date for this to occur, to pick up on issues from the submissions and would like to re-present to us, the Committee would have to accept that even though we may have to change the reporting date. If you do take any questions on notice, I would appreciate it if the response to those questions could be forwarded to the secretariat by Wednesday 25 May to help the Committee finalise the report. If you should consider at any stage that certain evidence you wish to give or documents you may wish to tender should be heard or seen only by the Committee, please indicate that fact and the Committee will consider your request. Would you like to start by making a short statement?

**Mr THOMSON:** Yes, we would, please. On behalf of New South Wales WorkCover I thank you for the opportunity to provide an opening statement. Between 1998 and 2002 major reforms were made to the New South Wales workers compensation system. Among these reforms was the legislation in 1998 aimed at improving return to work outcomes for injured workers. 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 were injury management pilots undertaken in 2001 aimed at identifying and promoting best practice in injury management.

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. The purpose of the project was to identify the critical components of injury management and achieve measurable improvements in workers health outcomes and establish benchmarks in integrated injury and claims 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.

The Department of Econometrics and Business Statistics at Monash University was selected through competitive tender to carry out independent evaluation of the pilots, which included key findings including 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 caseload, 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—including all salary, medical and travel related expenses—allows staff to concentrate on injury and issues management; attention to proactive educational 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.

The New South Wales Government and WorkCover applied the findings of the pilots as part of the broader reforms to the workers compensation scheme, including 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. The application of the findings of the pilots as part of the Government's broader reforms to the workers compensation scheme has achieved the following significant improvements. There is improvement in claims administration and return to work rates. There has been a substantial improvement in the timely determination of claims and a significant improvement in return to work rates. The average reporting time for injury and has been halved and injured workers are therefore getting access to injury management and return to work programs more quickly. More than 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.

There has also been improvement in support to employers and workers. In 2003-04 the claims assistance service handled 5,611 cases, an increase of about 12 per cent on 2002-03, with a resolution rate of almost 81 per cent. 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.

Finally, it is important to note that a key component of the ongoing scheme designed reforms is getting claims management right and significantly improving return to work outcomes. This means creating more competitive tension and clearer definition of roles within the scheme. It also involves WorkCover more actively managing agents and getting them to increase the number of appropriately skilled claims managers by training and certification and targeting recruitment programs to attract professionals from the healthcare and related fields. Thank you again to the opportunity to make an opening statement.

**CHAIR:** Do you wish to make an opening statement?

**Ms HAWKINS:** No, I will not add anything to that.

**CHAIR:** How were the pilot providers selected during the tendering process? What criteria were used? Were any advocacy groups interested in being involved in the pilots projects? If so, who were they?

**Mr THOMSON:** 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.

**CHAIR:** The Committee is interested to know what the costs of running the pilots project and evaluation were. Are you able to provide that information?

**Mr THOMSON:** Yes, we can. 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 valuation service providers for evaluating the work undertaken by the pilots.

**The Hon. GREG PEARCE:** Did the failure of the Warrukandji care integration pilot affect outcomes of the pilots as a whole, and were there any lessons from this?

**Mr THOMSON:** I guess it is fair to say that the failure of Warrukandji meant that a small range of conclusions potentially could have been drawn and also the amount of data that was available was reduced to that extent. But there were, as I think our report indicates on pages 33, 36 and 37, lessons that we could learn, and some of those were fairly important, regarding early decisions about liability of the injury of a claim in relation to the adequate number of people required to manage claims efficiently and to ensure that case loads were appropriate and that we had the right appropriately trained people to manage the claims and get sufficient consistent level of service to deal with the various parties involved in workers compensation claims, the importance of employer involvement in the management of a claim and modification of duties and return to work opportunities for injured workers, the importance of reliable data on benchmarking performance certainly came out to the assessment, and early identification of the failure of Warrukandji was possible because of the monitoring of the project by the steering committees that was put in place to oversee the pilots during the process.

**The Hon. GREG PEARCE:** In relation to evaluation of various pilots, the Committee would like clarification on which of the bodies you consider fit the schedule 5A requirements for evaluation by an independent body?

**Mr THOMSON:** In response to that, Monash, Elkington and Campbells were external to WorkCover and competitively selected. The agreement to provide consultancy service, which was signed by the consultants—Monash, Elkington and Campbells—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.

**The Hon. GREG PEARCE:** You looked at the independence in terms of conflict of interest?

**Mr THOMSON:** Yes.

**The Hon. GREG PEARCE:** Page 19 of the evaluation report advises that a benchmark for future comparison changes in health status of injured workers during the pilot process were measured. By whom were these measured and what were the outcomes?

**Ms HAWKINS:** 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.

**The Hon. GREG PEARCE:** You simply did not have time?

**Ms HAWKINS:** It is partly time, but it is also actually quite a complex thing to do. To do it properly you would have to measure status at notification of injury and status again on outcome, and there was just too much to be done to actually set up the pilots, get them operating and do the basic injury and claims management.

**The Hon. GREG PEARCE:** Is it something that should be done in another pilot?

**Ms HAWKINS:** 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.

**Mr THOMSON:** 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.

**The Hon. GREG PEARCE:** In the evaluation report under data collection on page 20 there is reference that hard data was collected by WorkCover for analysis. The report states that not all claims managed by the regional pilots or the industry pilots could be matched with the WorkCover database. This resulted in a reduced number of data sets available for analysis. Can you tell us why that was the case? Was it a significant number of claims in so much as it could affect the findings of the report?

**Ms HAWKINS:** First of all, the pilots had their own numbers of notifications coming in and then they allocated them according to whether they considered them to be a significant injury or not. They had to flow their data through the insurers and then into the WorkCover database. The WorkCover database actually assigns what we consider to be a major claim or not, so that can account for some differences plus there was the time delay of actually getting them through the whole process.

**CHAIR:** Is the WorkCover database an internal thing?

**Ms HAWKINS:** Yes.

**CHAIR:** That WorkCover runs itself?

**Ms HAWKINS:** Yes.

**Mr THOMSON:** Yes.

**CHAIR:** Is it checked by anybody?

**Ms HAWKINS:** Validation?

**CHAIR:** Yes.

**Mr THOMSON:** I think we would take it on notice, but I am pretty sure that the internal audit bureau audits it, which I presume it does. But we can take that on notice.

**The Hon. AMANDA FAZIO:** Your opening statement, Mr Thomson, talked about the reduction of rates in disputes. In the submission we have received from CGU they make the comment that additionally providing a small incentive to employers regardless of the size of the organisation promotes the right type of behaviour and facilitates change. I take that to mean that a change of culture would be involved in the reduction in the number of disputes. Can you tell us why you think there has been this reduction in the number of dispute claims because I know that is something that can really mitigate against an early return to work for an employee?

**Mr THOMSON:** 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.

**The Hon. AMANDA FAZIO:** When you were running the injury management pilots projects did you see any disputed claims that you want to comment on to help us work out what we are doing?

**Ms HAWKINS:** 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 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.

**Mr THOMSON:** 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 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.

**CHAIR:** I have a follow-up question that may be outside the terms of reference because we are supposed to be considering the pilots, but I am interested. Is there a way that people get to know that they can negotiate with somebody or other or find someone to help them in disputes? What is the process through which they find that out?

**Mr THOMSON:** The communication that insurers send out to injured workers, because that is predominantly what I think we are talking about, includes information—they should include it and I am pretty sure they do—about the claims assistance service and also mechanisms that the insurers have in place if disputes arise and where they can escalate those within their organisations. In addition, the WorkCover web site and correspondence that WorkCover has highlights that people can use the claims assistance service. The commission also refers some matters there when it may get contacted. I think the claims assistance service has had a significant impact in trying to minimise the level of disputes and resolving issues within the scheme. It has helped injured workers navigate the scheme in some way. But certainly I think there are a lot of trigger points for people to pick up on and information out there.

**CHAIR:** Does WorkCover run the claims assistance service?

**Mr THOMSON:** The claims assistance service is a WorkCover-run operation where we have officers who are dedicated to dealing with issues that come through and a call centre type arrangement.

**CHAIR:** I understand that the pilots project meant that people had better access to resource-type information. Making sure that people know where to go is very important in the long term.

**Ms HAWKINS:** I can probably add to that because, apart from provisional liability, insurers are required to contact the injured workers shortly after the injury notification. So by getting the injury notifications earlier they get that earlier contact with their case manager. All the correspondence from insurers today says who the case manager is, the direct number and all that. That has made an enormous improvement in the interaction between workers and the insurer case managers.

**Ms LEE RHIANNON:** You have answered some of my questions. When in the injury management process is a case manager assigned to an injured worker? How is that decision made?

**Ms HAWKINS:** The injury notification comes in and, as you can imagine, they range from everything from a person who needs a bit of medical treatment or a little bit of time off work to quite major injuries. So the insurers have a screening process to determine what is the most appropriate part of their organisation to manage the claim. Anyone who has a significant injury, which means they are not able to return to their normal job for more than seven days, is assigned a case manager. That is the person they then have ongoing contact with.

**CHAIR:** Thank you. I have another question following on from the earlier discussion. What sort of people made up the steering committee?

**Ms HAWKINS:** We had an industry pilot and a regional pilot. So we had the private hospital and nursing home pilot that comprised representatives of the industry—the employers and unions involved in that. The regional pilot comprised people from the regional area who made up the representation. Once again, it was employers and unions—the stakeholders for the scheme obviously. Because we had two insurer ones as well there was one single steering committee for the two insurer pilots, and that included representatives of the professional bodies and also the Insurance Council of Australia.

**CHAIR:** Could you please describe to the Committee the major steps in the injury management process?

**Ms HAWKINS:** Sure. 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.

**The Hon. AMANDA FAZIO:** What does the screening process involve?

**Ms HAWKINS:** Each insurance company has its own processes. We require them to do that. Basically, it is like a triaging to work out the level of assistance that the worker needs. If it is a simple thing such as paying some medical expenses it goes to a team who can manage that efficiently but if it is something where the worker will require ongoing care and attention that goes to the case manager. It gets re-screened along the way because, as you know, things can go wrong and you may need some different assistance.

**CHAIR:** The process for the additional notification particularly for the employer is, quite rightfully, incredibly extensive. There are many pages to fill out and a lot of information to collect together.

**Ms HAWKINS:** We have actually moved on from that.

**CHAIR:** Have you taken it away?

**Ms HAWKINS:** Not entirely but a notification now is a notification. So each of the insurers has made it really accessible: You can just do it by phone, by email or by fax. The thing is to get that notification. A lot of it is done by phone so they get the critical details they need and our claims guidelines set out what they are and then from that the insurer goes on to make their decision on provisional liability. If they need to later, they will add all the pages.

**CHAIR:** I am interested to learn whether the pilots were influenced by that because I recall having to fill in as many forms for people with skinned knees as for somebody who had broken something.

**Mr THOMSON:** I think we have got to the stage with provisional liability whereby—I am not sure exactly what the number is at the moment—we would expect that at least 50 per cent of claims coming through the scheme would not necessarily need to have a claim form completed to try to minimise the level of paperwork.

**CHAIR:** How is the injury management process regulated and what is WorkCover's role in this process? What are the functions of the injury management branch?

**Ms HAWKINS:** We only have till 11 o'clock! First of all, the—

**CHAIR:** Is that your branch? Then, no, you cannot tell us.

**Mr THOMSON:** Do not worry, I will stop her.

**Ms HAWKINS:** 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.

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.

**CHAIR:** You have spoken about assigning a case manager. Precisely when does this happen for an injured worker and who makes the decision about whom the case manager will be?

**Ms HAWKINS:** In the past 18 months or so we have required the insurers to move onto a case management model in order to promote all the things we have been talking about—the single person contact et cetera. So the insurer makes the decision about the assignment of the case manager and it should be based on the worker's needs—whether they need some additional assistance, for example. It would vary. In the normal course of events you would expect it to be assigned early on, post notification. Once it is identified a person will have some ongoing needs and they will be on weekly benefits. The case manager should be assigned then. If, however, it looks like a minor injury at the beginning and things change later on, then the assignment of the case manager may happen as soon as that is identified.

**The Hon. GREG PEARCE:** How are the case managers selected? Do they have training? What are their qualifications?

**Ms HAWKINS:** They have a variety of qualifications. Certainly within the pilots each of the contractors tried to get health professionals. In the case of QBE, for example, they decided not to use any of their current staff and recruited especially for their pilot. There is a variety of backgrounds, such as health professionals. They do take people with experience in things like return-to-work co-ordination with employers and also people with legal backgrounds. All the insurers have an induction and staff development program—an in-house program—to assist their employees to adapt to the new requirements because it is a bit different from anything you do outside. But then they bring their own experience and knowledge from their own professional background as well.

**The Hon. GREG PEARCE:** QBE mentioned in their submission that they hired outside people and could not start on time—they took a bit longer to start.

**Ms HAWKINS:** They did.

**The Hon. GREG PEARCE:** Did the pilots' funding cover the total extra cost that QBE and the other participants incurred?

**Ms HAWKINS:** 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.

**The Hon. GREG PEARCE:** So the insurers might have spent more money than they were actually paid?

**Ms HAWKINS:** Yes, definitely, because they already had operations in existence they did not have to set up.

**Mr THOMSON:** Part of the explanation for that is that they saw it as an opportunity to learn, gain from that direct knowledge and then be able to use that in their business moving forward. So it was an investment opportunity as well.

**The Hon. GREG PEARCE:** The submissions from the insurers show that they are reasonably positive about the experience and the changes to their own processes that came about as a result.

**Mr THOMSON:** Employers Mutual and QBE have both adopted the models that they trialled in those pilots. They have moved forward with those and continue to use in their current operations as they are today a fair proportion of the things that they trialled during the injury management pilots.

**The Hon. GREG PEARCE:** Obviously the use of these case managers has been shown to be very positive. What is WorkCover doing to encourage the insurers to move to that model and to ensure that there is sufficient funding?

**Ms HAWKINS:** 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.

**The Hon. GREG PEARCE:** Those performance targets, have they been changed as a result of your experience with the pilots?

**Ms HAWKINS:** It would not only be the pilots.

**Mr THOMSON:** I think it has been from a range of factors. I think the pilots would have had some influence over it, but it would not be as a specific response to that. It is probably a combination of issues, I would suggest.

**The Hon. GREG PEARCE:** In terms of future action, page 37 has a list of things that they recommend for the evaluation report. What action has been taken or progress has been made in relation to those items, the future action items?

**Ms HAWKINS:** Well, there were a number of things. There are obviously the evaluation report itself and making it available. There have been the changes that we have effected within the scheme as a result of it and basically education and promotion. What the pilot did was change the philosophy of injury management. They reinforced the need for it. One of the big things is the education of workers and employers about their responsibilities and obligations in injury management, so we have attempted to do that in a range of ways. We have run lots of educational seminars. We have put information out there. We have had a WorkCover Assist Program which has provided funding to employer and union groups to actually educate their members about what is required, so there has been a whole range of activities and it is ongoing. 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.

**Mr THOMSON:** I think that what I will actually add to that as well is that one 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.

**The Hon. GREG PEARCE:** You mentioned CGU and QBE having changed their processes as a result of the pilots. What have you done in terms of other insurers, educating them as to the sort of changes that CGU and QBE have adopted?

**Mr THOMSON:** The learnings from EMI and QBE that came out of the two pilots that they undertook, we have had presentations back to the industry so that the learnings that the two insurers gained were actually provided to the other four so that they were made aware of it, and then they have the opportunity to have the reports and the interaction through the presentation and take back what they believed was appropriate for their organisations. So they have had that opportunity.

**The Hon. GREG PEARCE:** What is your analysis of the take-up by those other insurers?

**Mr THOMSON:** Across specifics, it is a little difficult, but I think the evolution of case management and those other initiatives which have come out of it and the change in their approach to case loads and the like, I think there has been a very significant move forward and quite a positive acceptance of it.

**Ms LEE RHIANNON:** In your submission you state that a new case management model has been implemented for insurers. I am just wondering whether that has been adopted by all WorkCover insurers.

**Ms HAWKINS:** By all those in the managed fund.

**Mr THOMSON:** All managed fund insurers have adopted the case management model, yes they have.

**Ms LEE RHIANNON:** Has there been an evaluation on how effective this new model is, compared to previous models?

**Mr THOMSON:** 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.

**Ms LEE RHIANNON:** And in terms of that assessment, what are your plans for future evaluation?

**Mr THOMSON:** I think at this stage there is no decision that has been made about the continued evaluation of it. It is likely to be some form of evaluation on a similar basis to what we are operating under the moment.

**Ms LEE RHIANNON:** How are the insurers feeling about it? What are you picking up?

**Mr THOMSON:** The evaluation process and how that works: I think the second and third evaluation processes have been more effective probably than the first because we actually changed our approach. The way the evaluation is being done involves two of our WorkCover staff and external

consultants. We have also now included one of the insurer representatives from each of the relevant insurers as part of the evaluation team, so it is a part of a learning/training program for them as well and they get one of their own staff to see first-hand the issues that exist or do not exist within the management of their files. I think that has been a very positive move and it has been very well received by the insurers. They are broadly comfortable with the assessment process.

**CHAIR:** What happens to the individual if they get a nasty case manager?

**Ms HAWKINS:** If they are not getting on with their case manager or if they have difficulties in communicating with them—

**CHAIR:** That is a nice way of putting it.

**Ms HAWKINS:** Well, none of them should be nasty, to start with, because they are there and one of their actual competencies is communication skills, and they are there to assist the worker—that is their primary objective—and the employer. They do have to deal with competing views of the parties involved sometimes in a compensation claim, but if the worker is just not getting on with their case manager or they cannot get communication, they should actually have advice on how to escalate that through the company. All of the insurers have processes for complaints management now so the worker then goes through that process. If they are really having difficulty, they can obviously come to our claims assistance service and the people there will get onto the insurer and find out what is going on and get the problem rectified.

**CHAIR:** Recognising that none of these issues came up from your report, did you hear of any of them coming up during the pilots?

**Ms HAWKINS:** No. Actually, that was really interesting. It became very clear through the qualitative research that was done that the actual expectations of both employers and workers are virtually exactly the same in what they would like to see and what assistance they would like to get from a claims or case manager. We did not have any particular problems in interaction except, interestingly in the Warrakanji pilot that failed, the indications that we got about that were starting to come from complaints from employers and workers that they were not getting the communication. That was a primary indicator that something was going wrong.

**The Hon. GREG PEARCE:** Can you explain to us why the Warrakanji project failed. What actually was the problem?

**Ms HAWKINS:** 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.

**Mr THOMSON:** 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 underresourcing resulted in them not being able to deliver what they indicated that they would be able to deliver.

**The Hon. AMANDA FAZIO:** I will ask you another strange question. One of the submissions we received is from an organisation that calls itself Injuries Australia.

**Ms HAWKINS:** Yes.

**The Hon. GREG PEARCE:** It is a well-known organisation.

**The Hon. AMANDA FAZIO:** I was just wondering if you could tell us a little bit about that organisation because in its submission it has not given us a lot of background information, though it has given us some fairly strong comments.

**Mr THOMSON:** I think that is one I would prefer to take on notice.

**The Hon. AMANDA FAZIO:** All right. In that case, I will ask you little bit about the claims assistance service. You said that is run from within WorkCover.

**Ms HAWKINS:** Yes.

**The Hon. AMANDA FAZIO:** Can you give us any idea of the range or the nature of things that people ring up for? Do people make the sort of inquiries that would allow them to manage their claims themselves from the injured worker's perspective?

**Ms HAWKINS:** That certainly would be a primary way we would encourage people to work, but the claims assistance service can actually intervene. It is a bit different. He 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. They actually resolve it. As Rob said earlier, they actually resolve over 80 per cent of the problems that are brought to them.

**Mr THOMSON:** 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.

**The Hon. AMANDA FAZIO:** I am sure that the Hon. Greg Pearce will not appreciate this question. Does that mean that somebody would say that with the assistance of their union and the claims assistance service, they could actually manage their own claim without the need for legal representation?

**Ms HAWKINS:** Oh, yes, in fact.

**The Hon. AMANDA FAZIO:** The Hon. Greg Pearce is a lawyer.

**The Hon. GREG PEARCE:** I have never been in a workers compensation commission or an industrial court.

**Ms HAWKINS:** That is absolutely correct. 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.

**Mr THOMSON:** 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.

**Ms HAWKINS:** 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.

**The Hon. AMANDA FAZIO:** Their motives?

**Ms HAWKINS:** Yes, that is right. You will hear somebody in the WorkCover saying, "Well, that is correct in accordance with the legislation."

**The Hon. AMANDA FAZIO:** I often ask this strange question. Seeing that you are from the injury management branch, do you approve the use alternative therapies as part of the case management plan for an injured worker?

**Ms HAWKINS:** We do not actually have to approve anything, but what we do is we assist the insurers in terms of their general decision making as to what is reasonably necessary treatment.

One of the criteria is: Is it generally acceptable? Alternative therapies certainly are used. The degree to which they are used often depends on the doctor. Most things are still by the doctor's referral in the general run-of-the-mill cases.

**The Hon. GREG PEARCE:** The Hon. Amanda Fazio has been lucky in that she has not sat through as many workers compensation inquiries and Motor Accidents Authority hearings as I have.

**The Hon. AMANDA FAZIO:** In some sense, nearly as many. Where I used to work, we used to have these Chinese cupping claims and people would want us to pay them.

**Ms HAWKINS:** Yes.

**The Hon. GREG PEARCE:** Self-insurers, what is happening with them in terms of case management?

**Mr THOMSON:** 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.

**The Hon. GREG PEARCE:** Are you reviewing that in some way, or monitoring that?

**Mr THOMSON:** 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.

**The Hon. GREG PEARCE:** Is there a review on it?

**Mr THOMSON:** There is no specific review on it, no.

**The Hon. GREG PEARCE:** There are quite a number of references to the difficulties with data. Can you tell us what those problems are and what you have been doing about it?

**Mr THOMSON:** 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.

**The Hon. GREG PEARCE:** Where were the deficiencies? The financial reporting seems to be fairly strong. Were the deficiencies in the data in relation to workers going back to work?

**Mr THOMSON:** 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.

**The Hon. GREG PEARCE:** Are we talking about the data that WorkCover keeps, or are we talking about the reporting that comes in from insurers, or the whole lot?

**Mr THOMSON:** The data that WorkCover gets comes from the insurers. So the 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.

**The Hon. GREG PEARCE:** You have a team working on that?

**Mr THOMSON:** Yes, 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.

**The Hon. GREG PEARCE:** I asked you about that earlier. I was asking whether an independent person was doing it or whether it was the same WorkCover people who have been doing the data collection processing in the past. It seems to keep coming up. I wonder whether it is something that requires outside expert assistance.

**Mr THOMSON:** It is something that I probably cannot comment on. I will take the question on notice.

**CHAIR:** We have spoken about customer service, and you spoke about the company that did not succeed. Do you have other more technical ways of measuring the customer service level of the case management process?

**Mr THOMSON:** 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.

**CHAIR:** You are consistently analysing the information to get that sort of feedback?

**Mr THOMSON:** Yes. And we provide some of that information back to the insurers in the marketplace, so they become aware, at the management level, of the issues that their organisations are experiencing, which they may or may not be aware of. We make it an interactive approach.

**CHAIR:** I am still interested in how the individual worker gets to hear of the claims assistance process.

**Ms HAWKINS:** 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.

**CHAIR:** It is not possible for the worker to get this information at the time of notification of injury?

**Mr THOMSON:** The first piece of correspondence from the insurer would include that.

**CHAIR:** Could you tell us a little more about the emphasis on the single person responsible and accountable for the management of a case and how this corresponds with the key finding of adopting the case conferencing process?

**Ms HAWKINS:** Firstly, you have your case manager. Case conferencing is having a discussion with other key parties that are involved in the claim. It came out of the QBE pilot; they introduced that and found it a very useful mechanism. Sometimes the case manager would go to, for example, the office of the doctor and be there with the worker and the employer. Alternatively, they can do it all by phone case conferencing, which is probably the way it would happen in the majority of cases. In that event, you have all parties present at the one time and you can resolve an issue and get agreement on the way you can move forward.

**CHAIR:** Is there consistent agreement about what comprises a case conference, or does it just happen as required for the individual worker?

**Ms HAWKINS:** It would be as required. It is usually where there is perhaps some miscommunication occurring, or things do not seem to be gelling and the case manager is getting different messages from different parties. One way of resolving those differences is to get all the parties together at the one time.

**The Hon. AMANDA FAZIO:** Is that sort of case conferencing used when there is difficulty identifying appropriate duties for the person to return to work to do?

**Ms HAWKINS:** Yes, it could be done for that reason. For example, you may have an employer who is a little reluctant because they simply do not understand, and one way of buy-in is to get the doctor and the employer on the phone, and together with the worker determine what they could possibly do. Yes, that is a way in which you can resolve issues.

**The Hon. AMANDA FAZIO:** At page 36 of the evaluation report you say that the aim of the pilot project was to improve workers health outcomes, return to work for injured workers, and service use and costs. You also say that assistance should be provided to employers that, with an appropriate level of support, can provide suitable duties. Does that look at the issue of either returning to work on light duties or finding permanent alternative duties for a person?

**Ms HAWKINS:** Initially it is about alternative duties that the worker can cope with. We always talk about suitable duties as being a temporary or transitional arrangement, as a means of getting back to their pre-injury job. But, obviously, if someone has a more serious injury or the demands of the workplace are such that they will not be able to make that upgrade back to their pre-injury job, at some point you have to take a decision with the employer about whether ongoing alternative employment is available with that employer, or whether redeployment for the worker is required.

**The Hon. AMANDA FAZIO:** Also in that section of the report you refer to the monetary incentive provided by EMI in its pilot. Could you give a little more information about that? You go on to say, regarding the feasibility of a scheme, why monetary incentive is being considered as a result.

**Ms HAWKINS:** 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.

**The Hon. AMANDA FAZIO:** Have you found employers resistant to people going onto alternative duties early because they think they have paid the insurance premiums and therefore until the person is 100 per cent fit they are the responsibility of the insurance company? I know that there is potential for some employers to think that that is the case, and that they do not have a further duty of care to the employee.

**Ms HAWKINS:** There is a whole range of reactions to a workplace injury. Part of it could be that, as well as the misunderstanding that it is insurance and therefore they do not have any responsibility: they have paid for it and now the worker is going to be looked after. In fact, that is incorrect. The evidence shows that the longer you leave a worker unattended and off work, the less likely they are to get back to that workplace.

The other thing here is that for employers it adds to the additional cost of future premiums, either directly for them or indirectly across the whole cost of the scheme. Also, they still have a responsibility as an employer of that worker. So all those obligations do not change simply because a person has a workplace injury. That it is an educative process.

**Mr THOMSON:** One of the key roles of the case manager, if you have employers who have that view, is to communicate effectively with them to get them to understand that they do have

obligations, how the process is supposed to work, and the potential impacts on their premiums, which is what Mary was alluding to, if they do not take an active involvement in trying to get the person back to work in appropriate duties.

**The Hon. GREG PEARCE:** In the WorkCover submission there is reference to the pilot project in relation to longtail claims. Do they in any way arise out of the other pilot projects, or are they simply an example of other things that WorkCover is doing?

**Mr THOMSON:** I think there are certain aspects that the injury management pilot has identified, which has then led to ideas being thought of and then considered further down the track. Certainly the long-term project is definitely picking up on some of those, but it has actually progressed it a lot further from what the ideas were back in 2001 when the pilots were undertaken.

**The Hon. GREG PEARCE:** In relation to that project, one of them was job placement pilots, which are group-based, cognitive, behavioural-style intervention programs. What does that mean?

**Ms HAWKINS:** It is the latest buzz; you hear it all the time now: cognitive behavioural therapy or a cognitive behavioural approach.

**The Hon. GREG PEARCE:** You get a bunch of people in a room and have a talk to them?

**Ms HAWKINS:** It is a little like that. It refers to the motivation that comes from being in a group, the fact that you are not alone. An injured worker is a very lonely place. It is about taking a group together and then getting the motivation happening and sharing experiences, and perhaps a little bit of competition about getting to work.

**The Hon. GREG PEARCE:** The results quoted are quite breathtaking. With regard to that pilot, the submission says that on average it is only taking 2.8 months to place the pilot participants into employment, compared with 13.8 months for non-pilot longtail claimants. That seems spectacular—unless it is such a tiny group of people—

**Mr THOMSON:** You are talking about only a few hundred people. But it is still significant. One of the key things is getting the injured worker back to improved health, making contact, and having appropriate ongoing contact with the worker to focus on their own health and wellbeing, getting them back to that, and then getting them into the process and giving them back control, where possible, of their own lives. But there have been some very significant and positive learnings out of that, and that is being rolled out further as we speak.

**The Hon. GREG PEARCE:** It goes on to say that the first 12 months of performance in pilot projects shows promising signs, with \$218 million saved and a 35 per cent reduction in open-tail claims. That also sounds fairly spectacular.

**Mr THOMSON:** 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.

**The Hon. GREG PEARCE:** Do those longtail claim pilots involve extra cost to WorkCover?

**Mr THOMSON:** The only extra cost would be the employment of a small number of staff who are involved in the process.

**The Hon. GREG PEARCE:** When you have something that seems to be successful, such as that job placement pilot, what is the process for WorkCover adopting that as a normal operating procedure, as distinct from a pilot?

**Mr THOMSON:** 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.

**CHAIR:** Critical components of injury management highlighted in the evaluation report include attention to proactive education of workers and employers about the injury management process, and the need to actively provide information and training about injury prevention. How has WorkCover moved forward on these critical components of injury management?

**Ms HAWKINS:** 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 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.

**CHAIR:** Is there any difficulty with small employers or people who perceive they do not have time to go to seminars or are not interested, do they find your services in crisis times or do you think you do not reach them?

**Mr THOMSON:** I think that for small employers the time when they need to become involved is when they have claim, and the likelihood of the small employers having the claim is fairly remote, given the way the scheme's statistics come through. For some employers some of the analysis that we have undertaken indicates that they may only get a claim once every 35 to 40 years, something along those lines, and a lot of small businesses only last three years and the like. So it really depends on when a claim actually occurs, and that is usually when the employer will make contact with their insurer and seek advice and assistance in those situations.

**CHAIR:** So they do not actually come to you people, they go directly to their insurer?

**Mr THOMSON:** I think a lot of it will go to their insurer. Some of them will also deal with insurance brokers and advisers, so they would go there. But they have also got the ability to come to WorkCover as well. So it is not as if there is just one source where they can actually go and seek assistance, there are multiple sources for them to actually seek out.

**CHAIR:** The second aim of the pilots project is to improve workers' health outcomes, and the return to work for injured workers and service use and costs. We have sort of asked some of this already, I understand that these areas are also the aims of the new case management model. Specifically, how has WorkCover moved forward on the points on page 37 of the evaluation report, which are: insurers should consider using a different approach to employers according to premium band, internal resources, and the ability to provide suitable employment; the importance of employee involvement in return to work plans for injured workers should continue to be emphasised; and examining the feasibility of scheme-wide monetary incentives to encourage employers to report injuries early?

**Ms HAWKINS:** We have largely gone over all of this but, just in a nutshell, they have got their case management program. I do not think anyone in an insurer today could be in any doubt that small and medium-sized businesses need special attention and they need to provide that. We have talked about the financial incentives.

**CHAIR:** So the insurers are doing this to improve their service provision or the outcomes of the service?

**Mr THOMSON:** 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 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.

**CHAIR:** Can you please explain to the committee the difference between the Workers Compensation Resolution Services [WRCS] and the Workers Compensation Commission, which I understand also has a function as a dispute resolution service? And how does the Claims Assistance Service fit into that?

**Ms HAWKINS:** 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.

**The Hon. GREG PEARCE:** I just wanted to ask about aged care and construction industries, which were excluded from the EMI insurer pilot group. What is happening in those industries? Are you promoting a care-based management?

**Mr THOMSON:** The approach we take, as across all industries, is across the whole scheme. The reason why aged care was excluded from EMI was because you had the Warrukandji pilot that was looking at that sort of area anyway. And construction—I am not sure of the exact reason. I do not know if you can recall, Mary?

**Ms HAWKINS:** I think it was because they tended to be larger employers as well. We wanted to concentrate on the small to medium band. So they just selected out there policies.

**The Hon. GREG PEARCE:** Small to medium band. But these ones were \$5,000 to \$600,000 policies?

**Ms HAWKINS:** Yes. EMI is a relatively small insurer. So to get their thousand claims they had to have a broader one than you would have had in a larger insurer.

**Mr THOMSON:** I guess one of the key points is that the approach taken across case management in a range of these initiatives is across the whole scheme; it is not being identified. There may be some industries where some of the insurers have modified things to make it more appropriately targeted for industries; if they have got sufficient employers in that industry that they actually manage.

**The Hon. GREG PEARCE:** So the fact that the pilot did not look at those particular industries is simply the way the pilots work?

**Mr THOMSON:** That is right.

**The Hon. GREG PEARCE:** Your approach is across all industries?

**Mr THOMSON:** That is correct.

**CHAIR:** On pages 6 and 7 of the WorkCover submission there is reference to the objective assessment of permanent impairment. Could you let us know how this related to the pilots project, or if it did?

**Ms HAWKINS:** 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.

**CHAIR:** Has there been further work to establish benchmarks? Actual measures of injury management?

**Ms HAWKINS:** They are certainly part of the principles in the case management model. 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.

**CHAIR:** Of the individual person?

**Ms HAWKINS:** The individual organisation. 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. Some, I might say, also look at individuals, but that is a performance issue.

**Mr THOMSON:** The case management is looking at principles of the management and assessing how they perform against those principles. Certainly some of the insurers I think, as Mary just alluded to, have undertaken seeing this as a vehicle to assist them in managing more effectively, and they have utilised that to get an understanding of individuals and team performance within their organisations.

**CHAIR:** Do many of the insurers manage CTP insurance as well as workplace insurance, or are they separated off?

**Mr THOMSON:** The actual organisation at a group level, a number of them would be involved in both CTP and workers compensation, but the staff that are involved in managing the workers compensation, to my understanding for all of the cases they are not multi-handling claims, they are dealing with workers compensation specifically. They have separate departments that look after each area.

**The Hon. GREG PEARCE:** On the permanent impairment point again: Your permanent impairment is 15 per cent, is it not?

**Mr THOMSON:** For claims that are lodged after 1 January 2002 to get the 15 per cent it gives you access to common law or commutation, that is the threshold to get to common law or commutation.

**CHAIR:** But generally it is just a percentage point?

**Mr THOMSON:** That is right.

**CHAIR:** And there is a dollar amount attached to that. So if you have any level of permanent impairment that is assessable, then the formula in the legislation sets out a dollar amount per percentage point for lump-sum compensation.

**Mr THOMSON:** Yes.

**The Hon. GREG PEARCE:** Are you keeping statistics on the levels of impairment, particularly the 10 per cent to the 15 per cent sort of range?

**Mr THOMSON:** That is one of the data issues that we are dealing with and changing and will be seeking to collect that appropriate data moving forward. Some of that is collected, but it is not sufficient. The new data requirements will actually cater for that.

**The Hon. GREG PEARCE:** So that has not been collected?

**Mr THOMSON:** No, not specifically. The database would not do it; it would need to be done through a manual exercise.

**The Hon. GREG PEARCE:** But in future you will be keeping that sort of information?

**Mr THOMSON:** Yes.

**The Hon. GREG PEARCE:** So we will be able at some stage to look at those figures and see how you get them?

**CHAIR:** What the ranges are?

**Mr THOMSON:** Yes, that is right.

**CHAIR:** Jane Elkington and Associates' qualitative evaluation of workers and employers showed positive feedback and satisfaction with the pilots. In your opinion do you think the pilots project was successful, and why do you think it was successful or why do you think it was not successful?

**Mr THOMSON:** 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.

I guess the key thing is the pilot environment is a test environment where you can undertake some tests; you do not expect everything that is undertaken in there to work, but certainly there were a number of very positive learnings that we gained out of the pilots that we could utilise for the scheme moving forward.

**CHAIR:** Thank you both very much indeed for coming and giving us this information today. I know that most of us were not around when this particular inquiry was set up, but it has been very informative to have read the report and the submissions. Your information has been very valuable. I know that you have got some questions on notice. You will receive some further information.

**(The witnesses withdrew)**

**(The Committee adjourned at 11.00 a.m.)**