



# Severe Injury: Lessons for No Fault Insurers and the National Disability Insurance Scheme

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# SEVERE INJURY: LESSONS FOR NO FAULT INSURERS AND THE NATIONAL DISABILITY INSURANCE SCHEME

Dr Maree Dyson

## **Abstract**

Based on more than 10 years' experience with no-fault insurers in strategic management and operational tools for managing people with severe injuries, this presentation will compare and contrast different approaches to serious injury management, strengths and risks. The presentation will speak to implementation challenges, measurement of success, outcomes and sustainability. The presentation will work to deliver an understanding of what it is that lies behind the numbers and the sort of questions actuaries need to ask to understand the numbers.

*Key Words: severe injury; catastrophic injury; strategy; monitoring; enhancing actuarial modeling and reporting*

## **Introduction**

This paper presents reflections and observations on the management of severe injuries within a personal injury insurance environment. There are key elements, varyingly applied, for effective client and liability management for severe injury across compulsory third party, workers compensation and general injury insurance in schemes in Australia and New Zealand. These elements inform an approach to effective case management for the National Disability insurance Scheme.

## **Approaches to claims management**

Personal injury insurance schemes include participants with a range of injuries that broadly fall into two categories; those from which the individual, to a greater or lesser extent recovers, and more severe injuries (including acquired brain injury, spinal cord injury, amputation or loss of vision) resulting significant lifelong impairment for the individual. The differing nature of recovering and severe injuries requires a different approach to claims management. The approach to claims management used profoundly affects actuarial performance.

Recovering injuries typically make up the vast majority of claims in a personal injury scheme. The approach to claims management for these claims focusses on individual

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operators managing a large volume of claims, throughput of claims, inputs (particularly treatment) to maximise return to work and other activities and the management of short term costs.

Severe injuries are a small proportion of claims; however, in schemes with lifetime liability for supports this small proportion of claims can represent a significant proportion of scheme liabilities. An approach to the management of severe injury claims that focusses on ongoing management of claims and delivering supports that enable participants to achieve their goals (participation in work and other valued activities) also enables the management of growth in key liabilities, particular personal care support.

### **Key observations**

#### **Practice models**

As the numerically dominant group with the largest group spend, the recovery clients and management models typically come to dominate organisational thinking. Health paradigms predominate over a social model of disability, data collection focuses on risks associated with recovery clients and not disability and return to work planning and supports fail to accommodate the needs of people with brain injury.

#### **Definitions of success**

Management of severe injury claims recognises that outcomes for individuals can be achieved in a range of different ways. Volunteering may lead to paid employment. Participation in valued leisure activities can strengthen an individual's social network and reduce reliance on funded support to access such activities. Outcomes are often achieved over a longer timeframe than for individuals with recovering injuries. A focus on liability management enables a short term increase in costs (such as home or vehicle modifications) to enable a reduction in long term liabilities (particularly personal care support).

#### **Person centred planning**

Person centred planning focusses on what individuals wish to achieve. Funded services are but one means to achieve outcomes. This approach to planning leads to increased participation in employment and other valued roles. Enabling individuals to achieve their goals results in increased scheme satisfaction and reduced rates of disputation.

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### **Resources to achieve success**

Specialist teams with a specific focus on managing severe injury claims enable the recruitment of claims managers with appropriate expertise. The use of specialist teams also enables the use of claims management processes appropriate to the nature of severe injury claims.

### **Data management**

Data design and collection is an essential component of performance management, particularly understanding key liabilities. Data design can ensure that key information is collected as part of the day-to-day work of case managers. Good data models will be aligned to long term risks, not simply through put management, return to work rates and durations.

### **Employment participation**

Employment participation for individuals with a severe injury requires a new paradigm. These individuals may require a change of occupation. Individuals who sustained injuries as children may never have worked. The appropriateness of work duties and hours may not be known until on the job work experience has taken place.

In some schemes, there may be disincentives for return to work for individuals with severe injuries. Many individuals will require several attempts at employment participation before their employment becomes sustainable. Participation in valued roles and activities builds confidence and abilities that may increase an individual's employment options.

Employer incentives also play a key role in supporting employment participation in work trial programs, particularly in relation to wages and other costs as well as worker's compensation.

### **Learnings for the NDIS**

Given the preceding, NDIS actuaries will need to be asking very different questions from those typically asked of personal injury insurers if they are to understand what sits behind the numbers and trends.