

Injury Schemes Seminar

Balancing Outcomes

10-12 November 2013
Sheraton Mirage Gold Coast



A new world: emerging experience in a post-reform NSW workers compensation scheme

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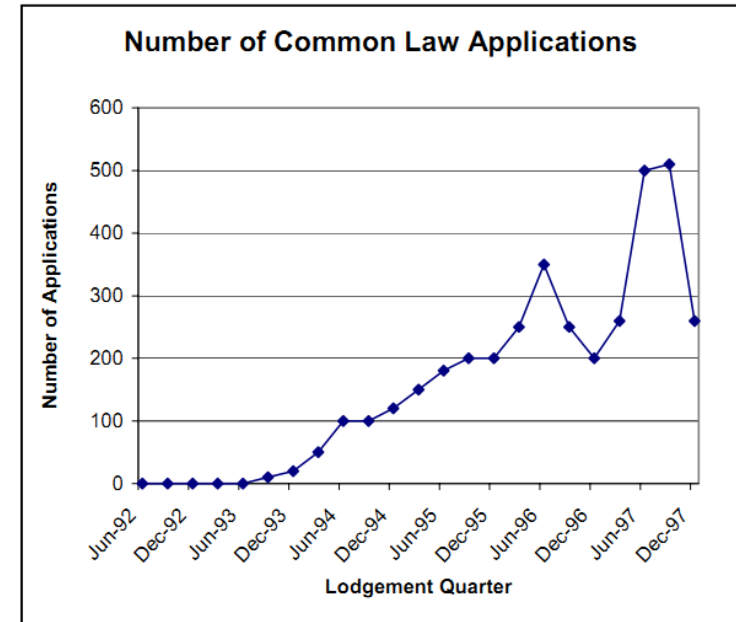
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*This presentation has been prepared for the Actuarial Institute 2013 Injury Schemes Seminar.
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Our journey...

- Drivers of the reforms
- An introduction to the reform package
- Emerging experience post reforms
- The transition process
- Moving forward



Graph Source: Victorian WorkCover Authority Half-yearly Report July-December 2000, page 4, via 'Spikes and Honeymoons – The effect of legislative change on accident compensation systems,' Noeline Woof, Sylvia Wong, Chris Latham 2002



A question of reform...

- Financial drivers of reform included:
 - Large deficit at December 2011
 - Deteriorating claims experience
 - Economic factors
 - Pressure on premium rates to increase in the future



A question of reform...

- But the issues were deeper:
 - Poor claim culture
 - An opportunity to increase investment in claims management
 - Lack of support for seriously injured workers



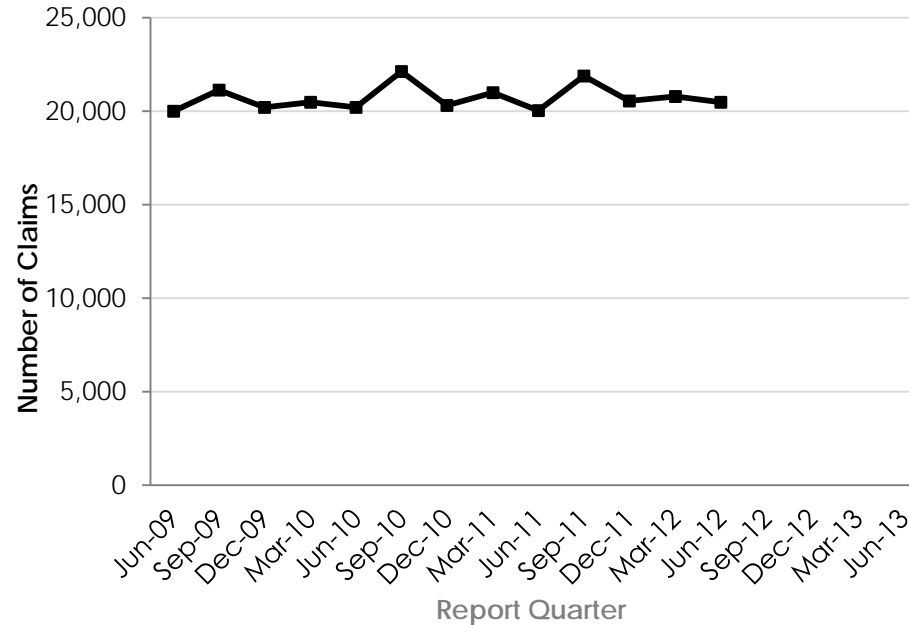
Snapshot of the reforms

- Key features of the package
 - Changes to weekly benefits
 - Aligning weeklies with earnings, particularly for long term claims
 - Step downs from day 1 and complete cutoff after 5 years
 - Work capacity assessments introduced
 - New thresholds and limits on lump sum benefits and medical benefits
 - High WPI claimants exempt from limits and thresholds
 - Introduction of new decision review process and WIRO
 - Exclusion of journey claims



What we're seeing...

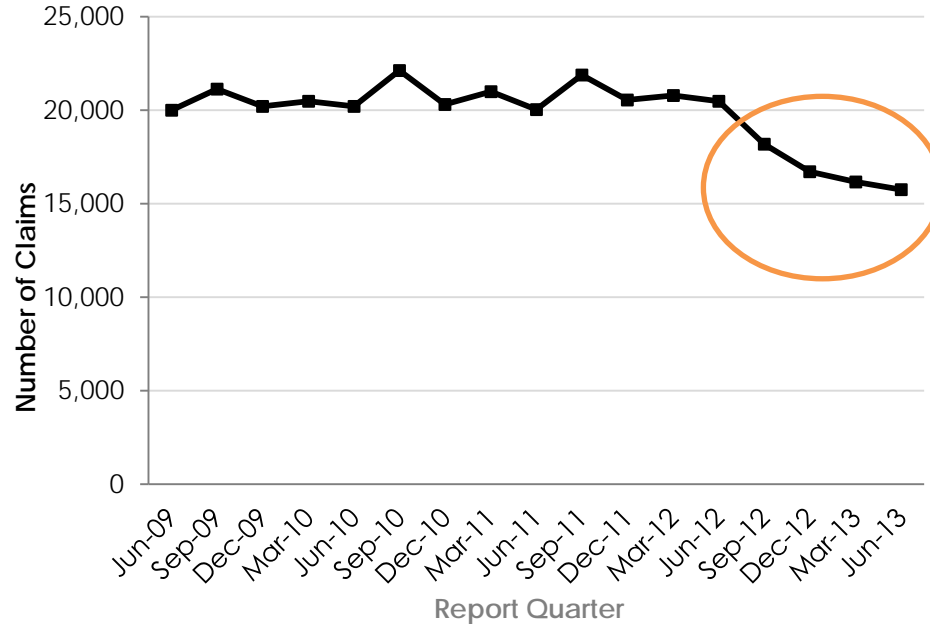
Number of Claims Reported ... (so far)





What we're seeing...

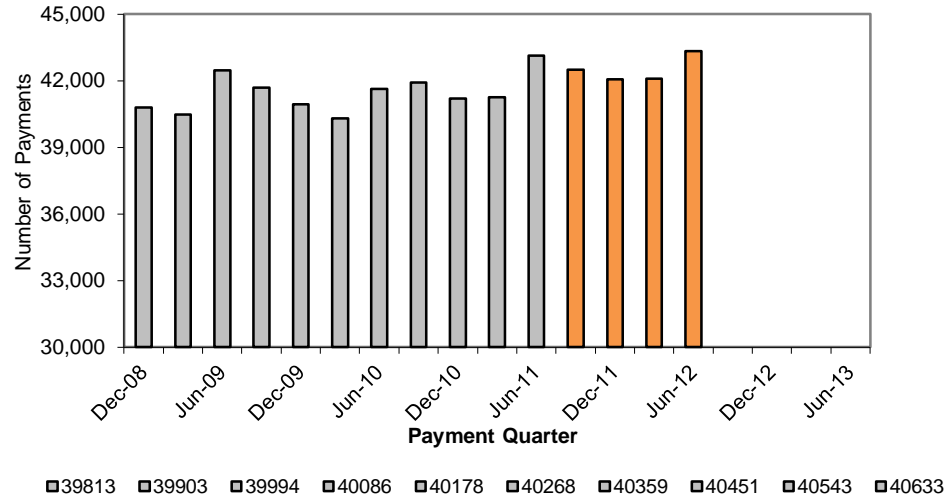
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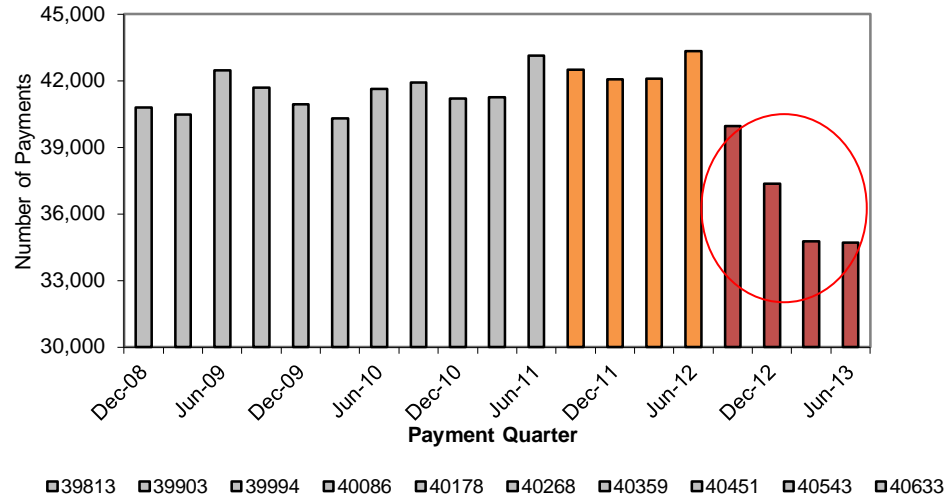
Number of claimants receiving weekly payments





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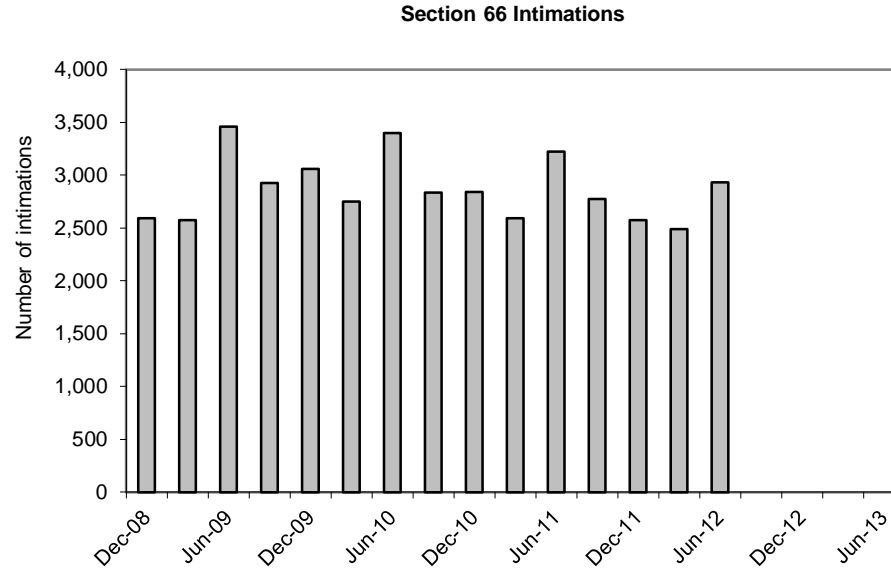
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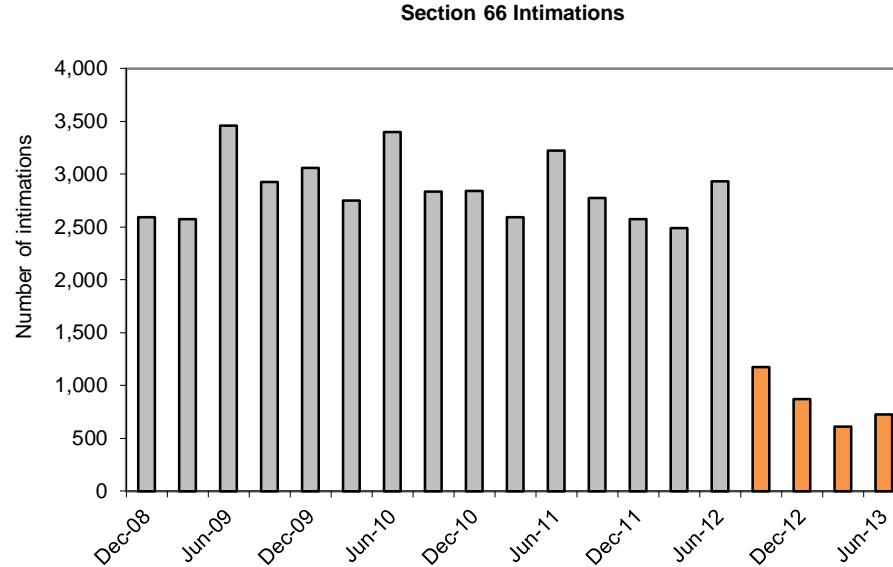
Specific Injury (statutory lump sum) intimations





What we're seeing...

Specific Injury (statutory lump sum) intimations





The transition process

- Transition required for approximately 34,000 existing claims (at December 2012) onto new weekly benefits, with the introduction of work capacity assessments for the first time.
- Aim to complete by the end of calendar year 2013
- WorkCover approach was to:
 - Build **knowledge and capacity** of Scheme Agents to transition claims according to the legislative intent
 - Promote **consistency** and **sound decision making** to minimise risk of disputes
 - Ensure all opportunities are provided to **support return to work**
 - Plan **communication** approach to manage stakeholder expectations



The transition process

- **Key observations and learnings so far:**
 - Continued surprising return to work outcomes, especially in tail claims
 - Changing attitude of Agents has been critical to the success of the transition - a greater willingness to share information and feedback useful to improving the transition process
 - WorkCover's increased interaction with Agents has also been important
- **Some challenges remain**
 - More complex claims now require transition e.g. concurrent claims, challenging claimants
 - Quality of work capacity decision making
 - Ensuring new process adopted as part of claims management
- **Opportunities**
 - Capacity building in the Scheme – legislative reform provides opportunity for a new approach to case management



The road ahead

- Challenges for the Scheme
 - The behaviours of scheme participants
 - Common law
 - ‘Bracket creep’
 - Work capacity assessments
 - Alternative interpretations for the legislation