



TAC Claims Management Transformation – The Journey Continues

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Introduction

The Transport Accident Commission supports Victorians injured in transport accidents by paying for appropriate medical, rehabilitation and disability services as well as income support. Approximately 16,000 claims are lodged each year at the TAC, with approximately 30,000 active at any time. Minor to moderately injured clients make up 97% of the TAC's overall annual claim numbers, resulting in \$550M in annual payments which represents approximately 65% of the total spend for the TAC and accounts for 30% or \$2.5B in claims liabilities for the TAC (including common law damages and costs). The remaining 3% of claims, 35% of payments and 70% of liabilities comprises the TAC's severely and catastrophically injured client base.

In mid 2009 the TAC Board approved the "TAC 2015" strategy and in doing so introduced client outcomes as a third strategic objective in addition to scheme viability and client satisfaction. In October 2010 the TAC implemented "Recovery" as part of this six year strategy, and this was a new claims management model for minor to moderately injured clients. This new model aimed to improve performance measured using all three objectives: client outcomes, client satisfaction and scheme viability, with ambitious targets relating to each of these objectives.

In November 2011 "TAC Claims Management Transformation" was presented at the Accident Compensation Seminar looking at the drivers for change, how the Recovery model compared to the previous model, progress with the implementation of Recovery and early results.

This paper examines the progress of the Recovery model three years post implementation, exploring how the key features have evolved over time, and what's in store for the future.

The Recovery Model

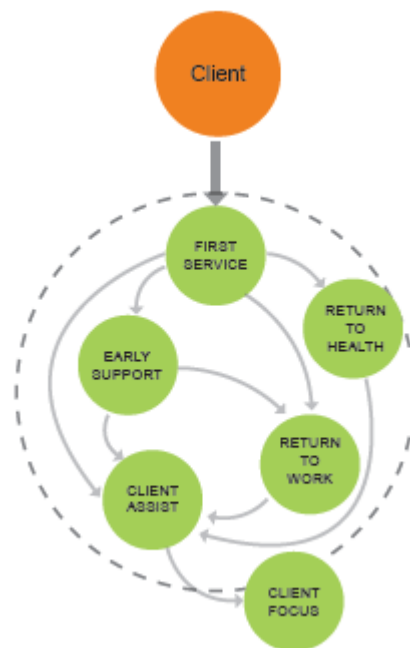
Vision and Objective

The vision of the Recovery model is to support clients to return to work and health, as quickly as possible.

The objective of the Recovery model is to get the right information up front so that clients can be directed to the team best equipped to assist them with their individual needs and support them in achieving their health and return to work goals.

Visual Representation of Model

The model is represented visually below.



A client's journey through the Recovery branch

The Recovery branch has two major sub-branches, Return to Work and Pathways, and these sub-branches are based around return to work liability. Clients who are segmented into the Return to Work sub-branch have varying levels of work capacity and the primary focus is ensuring sustainable return to work outcomes. For clients segmented into the Pathways sub-branch the primary focus is returning to health sooner.

For a client in the Recovery model, the typical claim lifecycle segmented into the Return to Work sub-branch is:

- Commence in “First Service” where the claim is accepted and then automatically moved to the appropriate team via an algorithm.
- Move to “Early Support” where the claim is managed for up to six months. If within this time return to work has been achieved and no significant treatment remained, the claim would move to “Client Assist.”
- If at the end of six months the client still requires ongoing return to work support the claim would move to one of the Return to Work teams. It would stay in this

team until the client had achieved return to work, and then the claim could be moved to Client Assist for ongoing assistance.

The TAC 2015 Strategy

The Recovery project was a part of the TAC 2015 strategy and this program of work has three components: Recovery, Independence and Service. The Recovery project has focused on helping our clients get back to health and work sooner, and the Independence project has focused on maximising the independence of severely injured clients. The Service project is the third and final stage of the strategy and has focused on making the TAC easier to deal with, ensuring our clients have access to the services they need as quickly as possible. The Service project has had a significant impact on the Recovery model and is both complementary and transformational.

The Service Program

The Service program is an ambitious body of work that covers the service delivery dimensions of the four major claims branches: Recovery, Independence, Resolution and Connect. The breadth and depth of the Recovery model has been enhanced by the cross-organisational focus of the Service program. This program of work has provided further process, system, and people changes that have supported the Recovery model vision of getting our clients back to work and health as quickly as possible.

The Service program has five key streams of work aiming to transform the way we work with our clients. It has been introduced to achieve a broad uplift in the service experience that clients receive from the TAC and to support and deepen the Recovery and Independence initiatives. Through the Service Program we are making changes in our capability, process and technology to respond quickly to the needs of our clients so they can concentrate on their recovery and independence. It has had an extensive but gradual implementation that has focused on a constant program of change. This has aligned with the program view of the work and the extensive cultural and behavioural change required to transform the way we work with our clients.

A number of aspirational targets were developed that described the transformation in our service provision. These were grouped into five program streams:

1. **First Service:** The First Service stream aims to provide a fast and efficient lodgement and acceptance process by significantly reducing red tape for our clients, providing a single point of contact in lodgement and acceptance, and a faster response to the provision of services so that clients can concentrate on their recovery and independence.
2. **Service and Benefit Decisions:** This program has three streams of work, Streamlined Decisions, Individualised Funding, and Home Modifications. All three streams are about reducing the time it takes for Claims Managers to make decisions

so that clients receive their support and services earlier to meet their health, work and independence goals sooner. Streamlining our decision making will reduce the administrative burden internally and enable providers to deliver uninterrupted services to clients.

3. Right Payments: This project will transform the way accounts are handled at the TAC. The accounts management function will be centralised to increase processing capacity and improve quality control. At the same time, the intake structure will be simplified and improved. The changes will reduce the time it takes to pay provider accounts and client reimbursements, and will result in fewer payment enquiries.

4. Quality Health and Disability Services: This stream is focused on providing access to a broader range of services for TAC clients as well as a focusing on provider performance. There are three related projects, Provider Strategy, Provider Performance Management, and the Mental Health Strategy. The Mental Health Strategy has particular importance for the Recovery branch because it focuses on recovery from mental health issues sooner by expanding the service and treatment options available and by ensuring that clients have access to the right interventions at the right time.

5. Customer Service: This stream is focused on making it easier for our clients to contact us and get the right information, and for the organisation to understand client needs and respond promptly. It has three related projects: Client Focus Curriculum, Call Quality Coaching, and Coaching and Leadership.

Impact on the Recovery branch

This program of work has both deepened and extended the Recovery model. Part of Recovery was a focus on capability development and improvements in systems and processes to support clients' recovery. The Service program has sharpened this focus with a particular emphasis on the client's end-to-end experience with the organisation and the relationship between various processes and activities within the organisation. The Recovery and Independence projects were both discrete programs of work that focused on transformation of the respective claims branches. The Service program has added a layer of complexity to this because it has taken a program view that crosses the branches, processes, and systems that a client sees and interacts with, together with the offstage activities of the organisation.

The Service program has impacted the cultural and behavioural activities of the claims branches and it has also had impacts on the practical activities of each branch. An example of this is the impact of receiving claims much sooner post injury. Prior to the "First Service" project it could take up to 100 days to accept a claim and provide income support. It could take 70 days for a client to return their claim form and then once accepted it could take another 30 days for clients to receive an income decision. The First Service teams will be in a position to accept claims much earlier and help deliver on the aspirational target of 80% of claim acceptance and income decisions to be made by five days post injury. This means that the Recovery branch is now receiving the vast majority of claims much closer to the time of accident - in some cases even on the same day. Although the benefits of focusing on return to

work soon after accident is well understood, the structure and activity of the Recovery branch has not been optimised to respond to all clients so soon. This is a challenge to our more traditional vertical view of projects and the impact of changing one significant process across the claims branches. The Service program has introduced a number of similar Claims wide initiatives that have challenged the single branch view of the end-to-end client experience.

This program of work requires further consolidation and integration to ensure that the exciting initiatives fully optimise the client's end-to-end experience of the organisation and maximise the benefits of the Recovery and Independence projects.

Key components of the Recovery Model – Where are they now?

Teams

Recovery was implemented with nine different kinds of teams, and eleven teams in total. Over the past three years changes to the team structures have taken place, and there are now five kinds of teams, and ten teams in total. The branch has two major sub-branches – Return to Work and Pathways.

Return to Work Teams

These teams manage claims with a return to work focus.

Early Support

- Manages clients with return to work needs or an entitlement to income within six months of accident
- The key objective of this team is to return clients to work as early as possible
- Team comprises highly skilled rehabilitation coordinators with a health or strong claims management background
- Portfolio size of 45 clients

When first implemented this team managed both return to work and clients not needing to return to work. Within the first six months of the model it was recognised that a stronger focus on return to work was needed, and that managing both types of claims made it difficult for staff to prioritise return to work.

Return to Work

- Manages clients with ongoing return to work needs
- Teams comprise highly skilled rehabilitation coordinators with a health or strong claims management background
- Five consistent teams with portfolio sizes of 70 clients

When first implemented there were two complex teams managing claims with greater risk (defined largely by Common Law risk), and two less complex teams manage claims with lower risk. Over the first two years of the model 'risk' had been defined as risk of high cost, which in the return to work space is linked to common law activity, however these claims often did not have a high work load. This meant that the workload between complex and non complex was uneven, making it

difficult for the less complex teams to achieve outcomes for clients. In March 2013 the concept of complex and less complex was abandoned and the structure was changed to five teams managing claims of varying complexity, risk and cost.

Pathways teams

These teams manage claims with a return to health focus and all low risk claims

Return to Health

- Manages clients with ongoing return to health needs who exhibit significant risk factors
- Team comprises highly skilled rehabilitation coordinators with a health or strong claims management background
- Portfolio sizes of 100 clients

When first implemented there were two return to health teams, a complex team managing claims with greater risk, and a less complex team managing claims with lower risk. In December 2011 the less complex team was dissolved because the claims in this team were not significantly different to those in Client Assist, making the purpose of the team unclear.

Client Assist Team

- Recovery's largest teams, managing clients with low needs and low risk with an intention to fast track entitlements and provide excellent customer service
- Claims advisors with customer service backgrounds manage these clients
- Portfolio sizes of 1300 clients

The only change to date in the Client Assist space has been to break it into two equivalent teams, giving staff better access to coaching from team managers and seniors.

Client Focus Team

- Reviews long tail claims and outlier providers from the low risk Client Assist team.
- Team does not manage individual claims but reviews the reasonableness of ongoing benefits (primarily medical and paramedical)
- Team comprises rehabilitation coordinators with a health or strong claims management background

Although it was always intended to review claims this purpose proved difficult to achieve. This is in part because the Client Focus team has been called upon over the last three years to help the Client Assist teams with some of the more challenging tasks and their purpose has not solely focused on managing risk.

There were eight staff in this team at implementation but in March 2013 this was reduced to three, making the other five available to create the fifth Return to Work team. This was possible because the Client Assist teams had further developed their skills to take on some of the more complex tasks that Client Focus had been doing. Since this time the smaller Client Focus team has been able to focus on reviewing analytically driven files.

Eligibility and Income Teams

Until October 2013 the eligibility and income processes were also managed as part of the Pathways side of Recovery. Following the implementation of the “First Service” stream of the Service Program, these teams are now part of “Connect” a new branch focused on the client’s first interactions with the TAC, general customer service, and payments functions.

Tools and Processes

A number of new tools and processes were introduced with the Recovery model, and like the team structure these have changed over time.

Client Conversational Tool

- A series of questions to identify “high needs” in relation to return to work, mental health and/or persistent pain
- Derived from two existing tools: the Rehab Progress Checklist to predict persistent pain (from ACC in NZ) and the Trauma Screening Questionnaire to predict psychological injury (from the UK)

The conversational tool has been used inconsistently within teams. In recognition of this in December 2011 it was reviewed externally and altered so as to be simpler. However this change has still not achieved consistent use, but it is understood that identifying clients at risk is important and alternative tools are currently under investigation.

Another challenge for the conversational tool has been what to do when “at risk” clients are identified. There have been limited options and pathways for claims managers to take which makes them less likely to use the tool. This clearly puts client outcomes at risk and is being addressed as part of the Service Program.

Managing Common Law Risk

- Automated identification of claims with high risk of Common Law driven by a logistic regression model based on data available at intake
- Common law flag included on claims management software to increase visibility of common law risk
- Shared KPIs between the Recovery and Lump Sum (who manage Common Law benefits) branches

The automated identification of common law claims continues, however it has been recognised that basing the predictive model only on information available at claim acceptance results in a model that is less accurate than required. In October 2013 a new model, to be run three months post acceptance incorporating both intake information and payment activity was put in place. It is expected that this will capture the claims that previously have been missed.

There has been recognition that Recovery and Lump Sum do not share KPIs but that Recovery has an impact on common law. Lump Sum do not manage Recovery claims

differently to claims from the Independence branch, but their work should be easier because of the Recovery approach. To this end there are no longer joint KPIs, and instead the KPIs for Recovery in 2013/14 call out their impact on common law. These include measuring return to work outcomes for the subset of claims with common law potential.

Proactive Data Analytics

- Claims analytically selected for review by Client Review, Return to Health, and Return to Work teams using a variety of triggers based on cost, age of claim and recent activity.
- These triggers are able to be adjusted to address current areas of performance concern.

The system put in place proved to be flexible enough to accommodate a number of changes to both numbers of files selected and to criteria used for selection. The number of files selected have reduced over the past three years due to workload challenges in Client Assist, a more targeted approach, and a change in the way active management teams focus on more proactive management which has reduced the need for review.

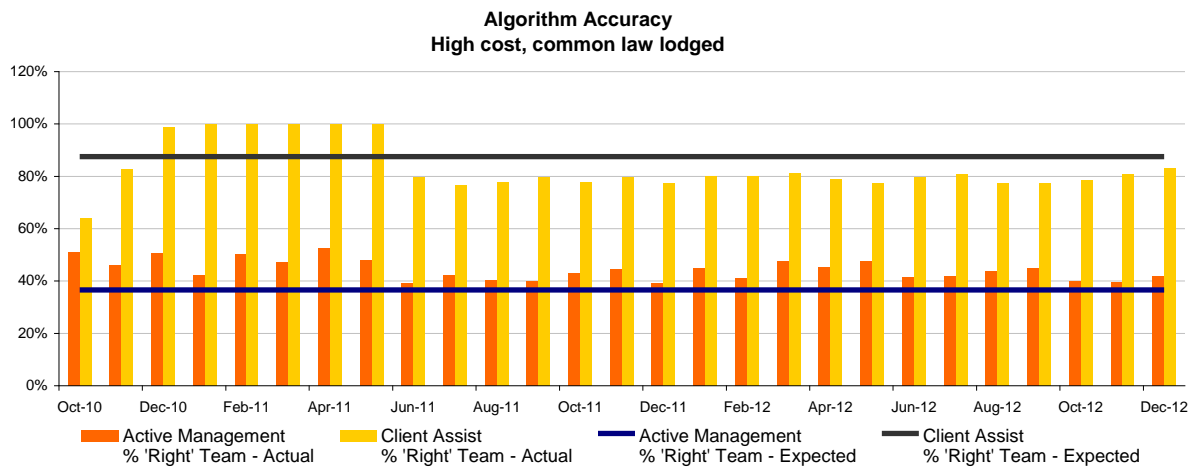
In October 2013 the Service Program introduced streamlined up front approvals which has created space for reviews, and new criteria for file selection with positive early results.

Segmentation Algorithm

- Logistic regression model which delivers automated allocation of claims to the most appropriate team at acceptance based on data available at that time
- One model which predicts the probability of a claim being “high cost” (defined as receiving a no-fault payment in the seventh month post accident)
- One model which predicts the probability of a claim ultimately lodging a serious injury (common law) application
- Claims are assigned two scores, with thresholds used to select the appropriate team based on those scores
- Claims allocation process linked SAS and the claims management system

Over 32,000 claims have been through the segmentation algorithm. As seen in the discussion above the Recovery model has changed structure over the past three years, and the segmentation model has been flexible enough to cope with these changes by adjusting the thresholds for team assignment rather than by full review of the model. Overall the accuracy of the combined model has fallen slightly short of expectations for claims going to Client Assist. This is largely due to the common law part of the model, as discussed above.

Algorithm Team	Claims	In 'Right' team	
		Actual %	Expected %
ACTIVE MANAGEMENT	6,609	44%	37%
CLIENT ASSIST	17,425	79%	88%
Total Claims	24,034		



Of the original two models, the one predicting ‘high cost’ has proved more accurate. This model has recently under gone a full review and has now been fully integrated in the claims management system. This means claims can move to the most appropriate team immediately following acceptance where previously there was a day delay to allow for the SAS process.

In October 2013 (as part of the Service Program) the use of statistical models to support decision making was extended to the initial claim eligibility decision and initial income payment. Like segmentation, these both use regression models and are integrated with the claims management system.

Recovery Phase 2

Following the implementation of the initial phase of the Recovery model in October 2010 work commenced immediately on Phase 2 which was designed to focus on the systems, processes and people required to better support our client’s recovery. Work included:

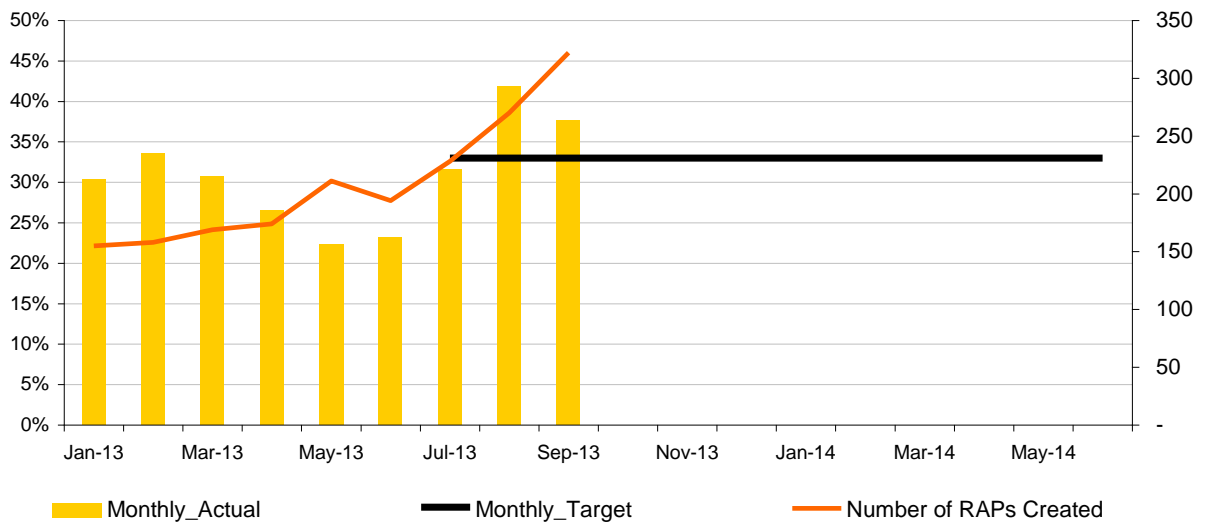
- Roll-out of “motivational interviewing” skills training for rehabilitation coordinators
- Introduction of a Recovery Action Plan (RAP). This sits within our claims management system enabling clear monitoring of the barriers and interventions for clients, and allowing the capturing client outcomes.

These initiatives were rolled out to teams who managed clients with and without return to work potential because of their broad application and goal of working with clients in a more proactive and holistic way.

A key focus of this phase was to be on effective interventions and pathways for Return to Work clients, particularly those with mental health, persistent pain and return to work barriers. This work is carrying on under the Service Program which will offer further options, this time to all Recovery clients.

The RAP has been in place for over twelve months and is now being used to measure return to work outcomes, in a similar way to income payment durations. This provides more information than just payment data as it distinguishes between clients who have returned to work, and those that have ceased for other reasons.

RAP RTW Outcomes 6 months Recovery



Impact of Recovery on Scheme Objectives

It is now three years since implementation of the Recovery model. The ultimate benefits relating to common law will take further time to be realised, however the impact of the model should be seen in other areas.

Client Experience

Client Satisfaction has improved with a record score of 7.63 achieved in June 2013. This is the highest score that the organisation has achieved since it began measuring satisfaction. All teams within the branch achieved significant improvements over the last 12 months. All attributes – keep me up to date, resolve my issues, treat me as an individual, and empathy, have shown statistically significant improvements since the introduction of the Recovery model. This score is the result of long term change and improvement and is not underpinned by an increase in payments for benefit types that have impacted our short term actuarial performance.

Scheme Viability

While initial results were positive, in the past 18 months both income and paramedical benefits have been under pressure. The impact of the Recovery Model on return to work and Common Law outcomes will not be fully realised until 3-4 years after implementation of the Recovery model but we are currently utilising ISCRR to evaluate the impact to date and a report is expected to be available for the Board in October.

Returning clients to work remains a major focus for Recovery and is key to achieving future savings in common law payments. The main indicator of return to work

success is a low percentage of clients who require income support at 6 months post accident. The result for the full year was slightly above target at 41.1% (against a target of 39%). It is also important to note that the percentage of return to work outcomes has continued to perform significantly better than target (68.7% against a target of 60%) which means that a higher number of income payment cessations are due to genuine return to work outcomes.

The Recovery Branch has had a negative result for paramedical payments in the last 12 months and growth in tail payments has been experienced in housekeeping, prosthetics, post hospital support, and client travelling expenses. Growth in more recent claims has also been experienced in housekeeping, post acute support, childminding, psychology, physiotherapy and sports centres (gym / swim programs). Growth issues relate primarily to more recent payment experience and are the result of an increase in the number of services per client and an increase in the number of clients receiving services.

Client Outcomes

A client outcomes index has been developed and incorporating outcomes survey results, income durations and scheme participation for Recovery. Used for the first time during 2012/13 it fell short of its target. The outcome measures used include self assessed mental health, physical health and return to work outcomes. The branch has seen improvement in both 12 month income durations and Scheme Participation results over the last three months. The 12 month Income Duration results are below target for the first time this financial year and whilst Scheme Participation remains above target it has continued to improve. The branch has specifically focused on ensuring that return to work outcomes are sustainable and that the services we fund drive both return to work and return to work outcomes. The successful launch of First Service, Streamlined Decisions and Right Payments is already having a significant impact on the time it takes for clients to access the services they need to help them recover. This early intervention is a key strategy for client outcomes.

Learnings

Claims management model

The implementation of the Recovery model focussed on:

- a) The organisational structure (i.e. teams and roles) within which claims are managed;
- b) The rules and processes via which claims move within the structure and the resulting portfolio sizes and claim flows; and
- c) The strategies, work practices and interventions employed by staff in managing claims given the structure and claim movements under a and b.

A significant proportion of the focus on the implementation of the Recovery model was in structure and process ((a) and (b)) but much of the focus was also on the management of return to work and common law risk. Over the last three years the importance of integrating the practice of claims managers to achieve these goals has developed ((c)) and the focus has also shifted to ensuring that we manage the risk of clients where the organisational focus is not on return to work or common law.

View of Risk

Recovery initially focused on claims at risk of becoming high cost. In the three years post implementation this view has shifted to encompass claims also at risk of poor client experience and poor outcomes with a particular focus on return to work clients. This has now also extended beyond return to work clients and is more deeply focused on all clients within the branch.

Risk Identification and Services

A key aspect of Recovery has been improved identification of clients at “risk” - risk of becoming high cost, or of having poor client experience and outcomes. However, once clients were identified as being at risk there were limited tools and services to meet this need. The model has deepened our understanding of risk factors for clients and the Service program is partly focused on providing increased options. The Recovery model identified risk and we will now have the tools and services to more effectively meet our clients’ needs.

Change Management

In order for the Recovery model to meet its objectives a significant shift in the thinking, mindset and behaviour of staff was required. With 150 staff having their roles directly affected by the change of model it was important that they were “taken along on the journey”. The change management plan began ten months prior to implementation and focused on the behaviour and mind-set changes required.

Immediately post the implementation of the model various activities continued with numerous feedback sessions conducted giving staff the opportunity to share their views on the strengths and weaknesses of the new model. A number of the suggestions made by staff resulted in refinements to the model, and in other cases further education sessions have been held to help provide staff with a deeper understanding of the new model.

The change management approach taken for Recovery seemed extensive, and the TAC were one of three finalists in the Excellence in Personal Injury awards, run by the Personal Injury Education Foundation (PIEF) for the Change Management plan for Recovery. However, despite the focus on change prior to and immediately following implementation it has still been difficult to ensure that all aspects of the Recovery model have become fully embedded. Regardless of the quality of tools or processes available they will not deliver results unless the people involved understand, use and believe in the new model and approach.

Conclusion

The Recovery model has focussed the branch’s attention on its core purpose of returning people to work and health as quickly and sustainably as possible. The model’s successful introduction saw the creation of twelve new teams with clear purposes and portfolio sizes aligned to client needs; it saw 24,000 active claims and 128,000 inactive claims move into the new structure, and the realignment of every staff member’s role and work purpose. New processes such as the segmentation

algorithm and client conversational tool were introduced to more effectively identify claims at risk of becoming high cost and gave each team a strong chance of achieving outcomes with our clients. Recovery Phase 2 enhanced this by providing improved skills for claims staff through motivational interviewing and improved planning and monitoring for claims via the Recovery Action Plan. The introduction of the Service program of work has also had a significant impact on the implementation of the Recovery model and its benefits are not yet fully realised. Receiving claims faster, providing access to treatment sooner, improved variety and access to services, and focussing further on the capability and development of our staff will further enhance the Recovery model's effectiveness.

The TAC has undergone a large cultural shift towards putting client outcomes at the centre of everything we do. The successful implementation of the Recovery model has been an instrumental part of this shift and there remains considerable upside for both our clients and the organisation's objectives.

Acknowledgements

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We would like to recognise the 150 staff in the Recovery branch who were the most important ingredient in making the Recovery vision come to life. It is only via the energy and contribution of the staff that the model is fully realised.