12th Accident Compensation Seminar 2009

Rising to the Challenge

Institute of Actuaries of Australia

Melbourne • 22nd – 24th November 2009

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An approach to improving claims management

Bevan Damm & Daniel Marlay

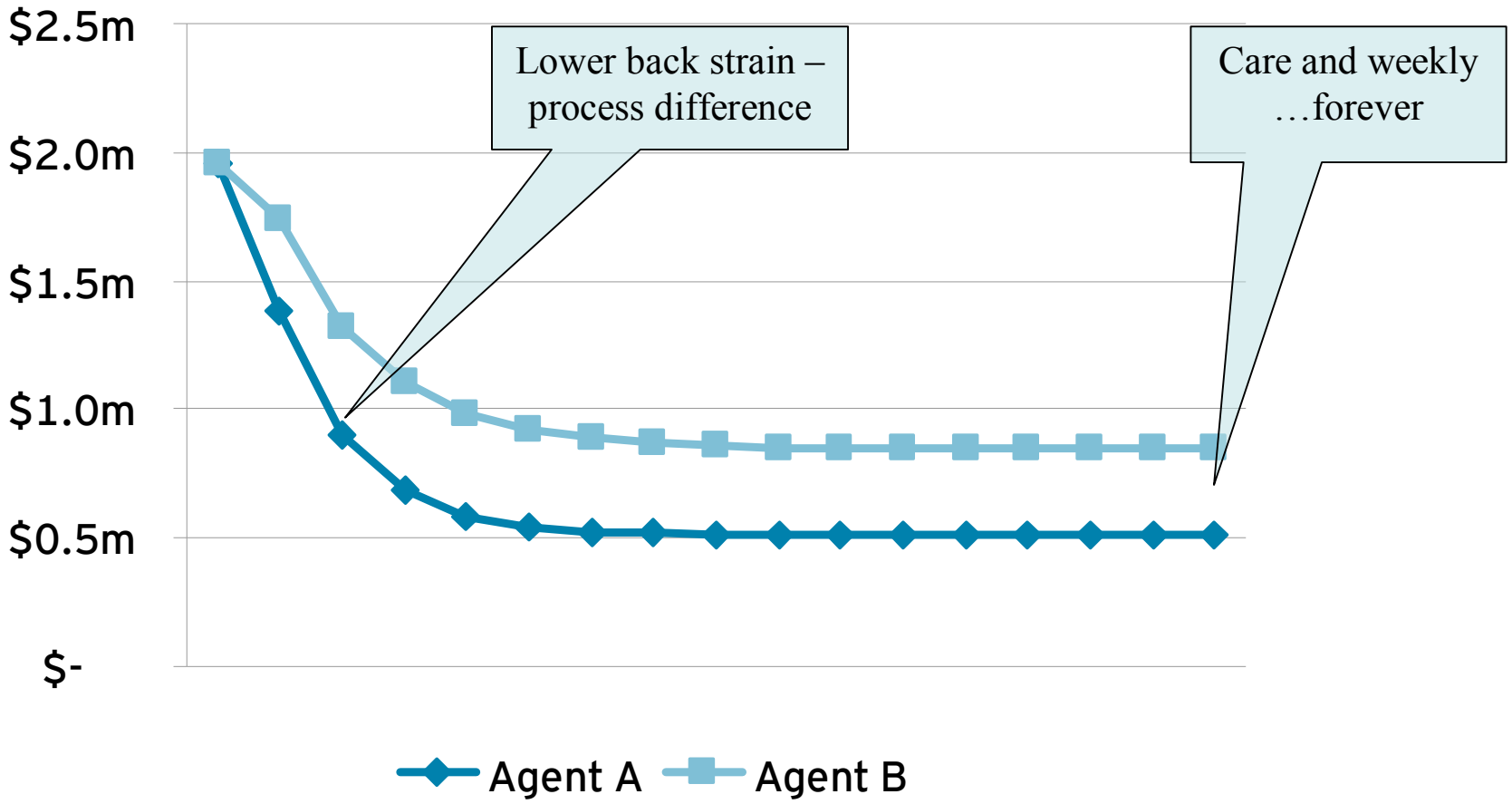
Agenda

- Conclusions
- Key results
- Interesting observations
- Wrap up

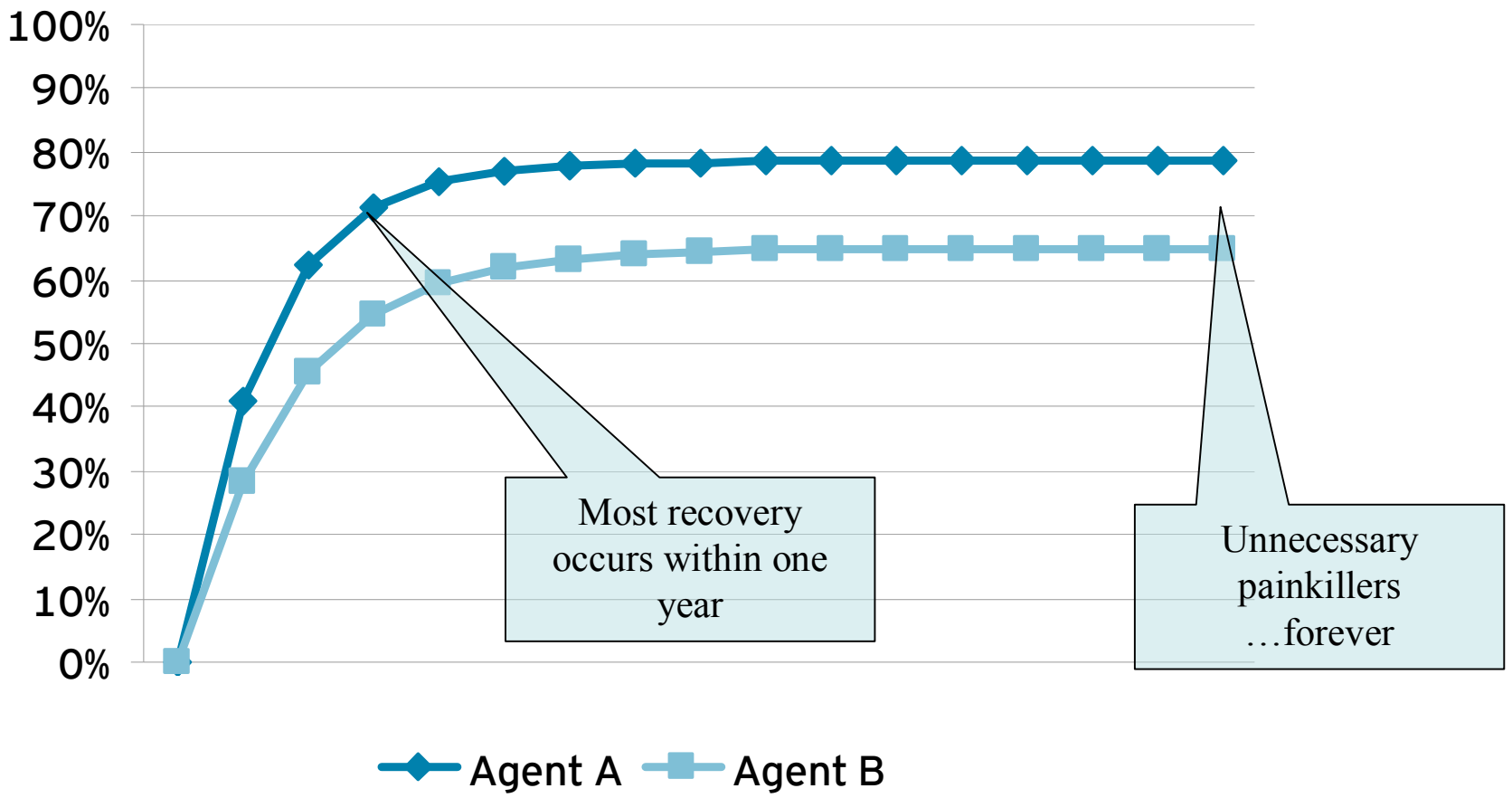
Conclusions

- Method allows retention of critical elements while removing detail
- Claims path patterns give information about likely claiming and treatment behaviours
- Illustrated potential savings of 15% whole of claim costs between agent approaches
- ***This approach is designed to identify where to look for the next incremental improvement***

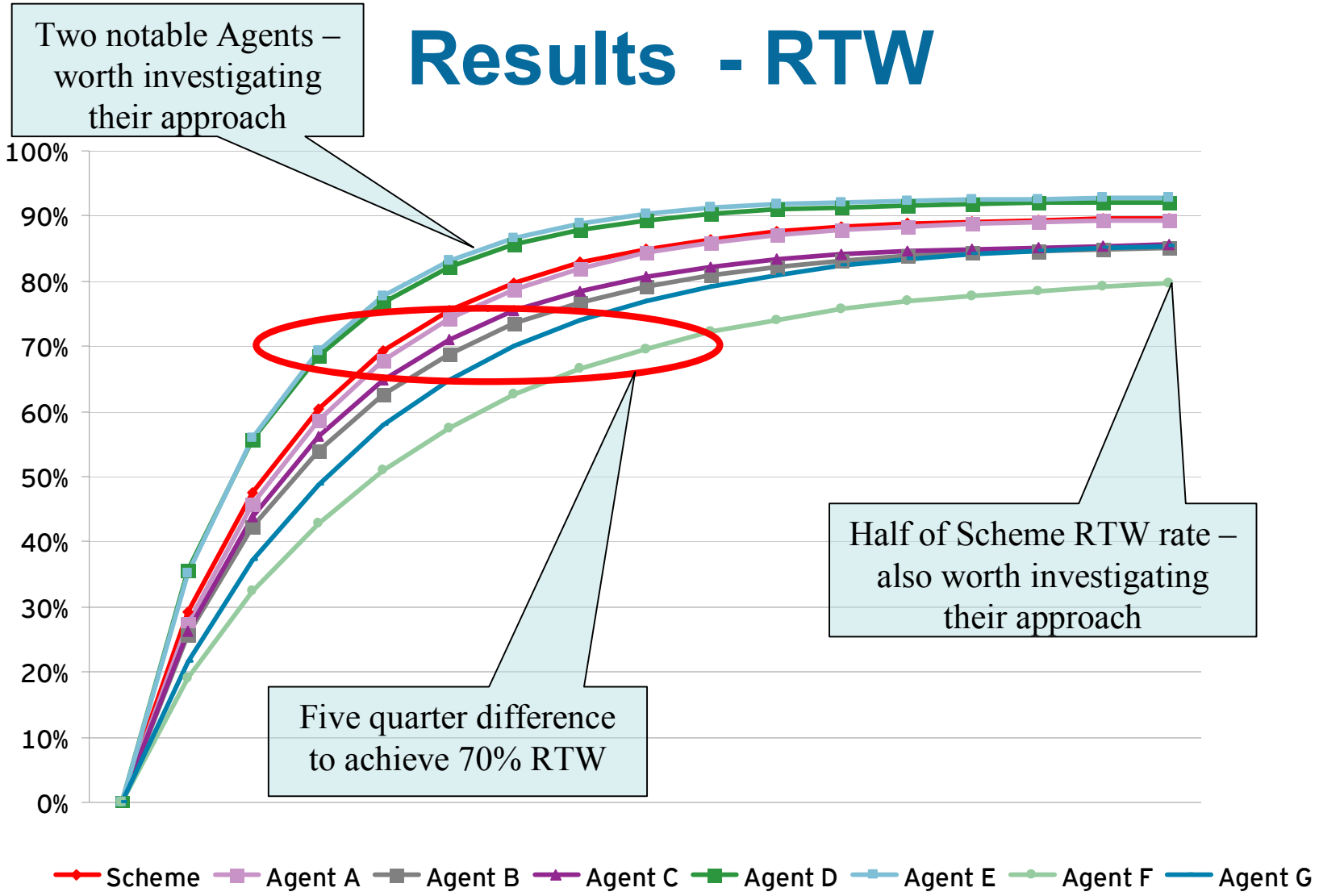
Results - Claims (per qtr)



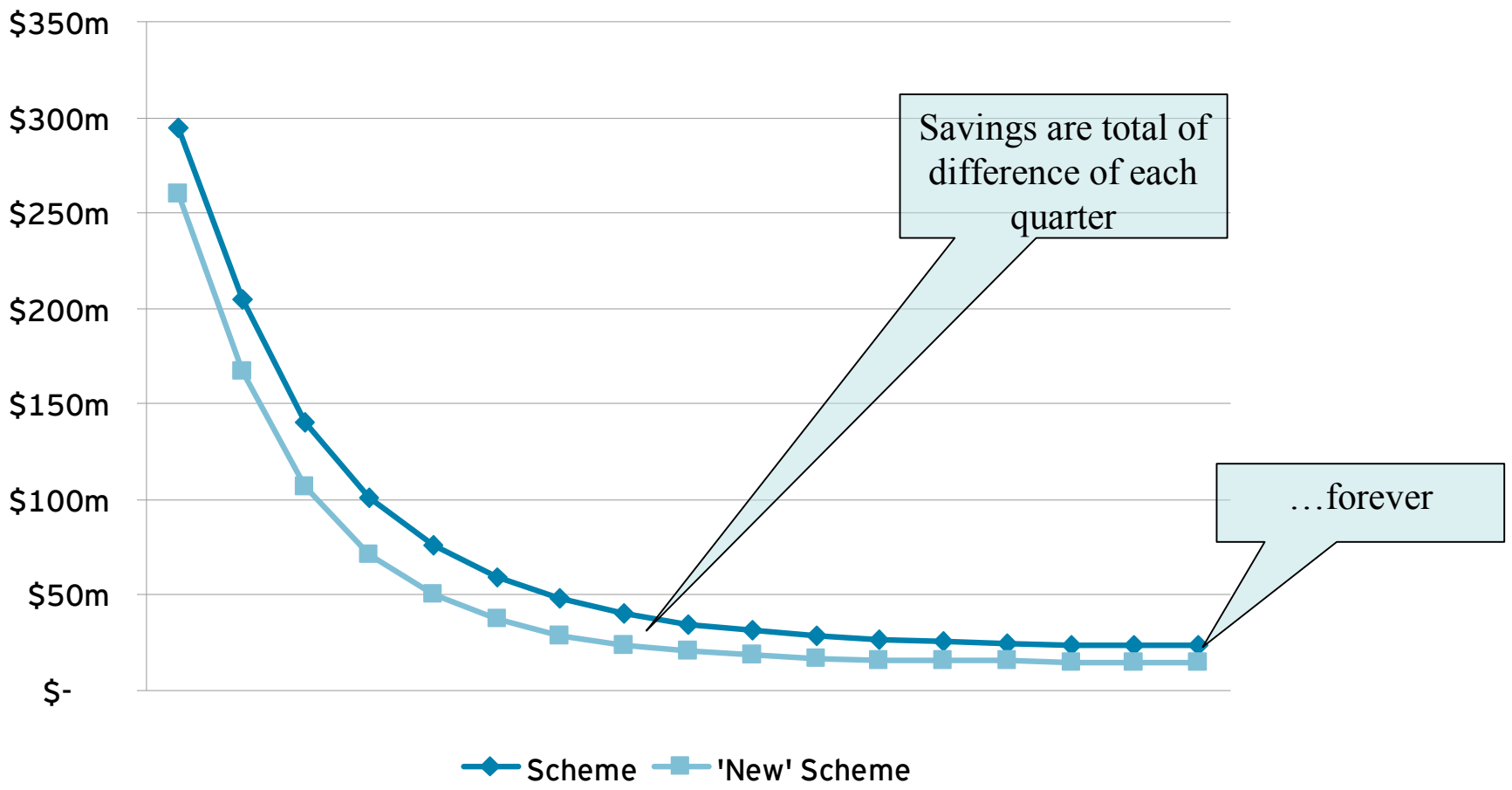
Results - RTW (per qtr)



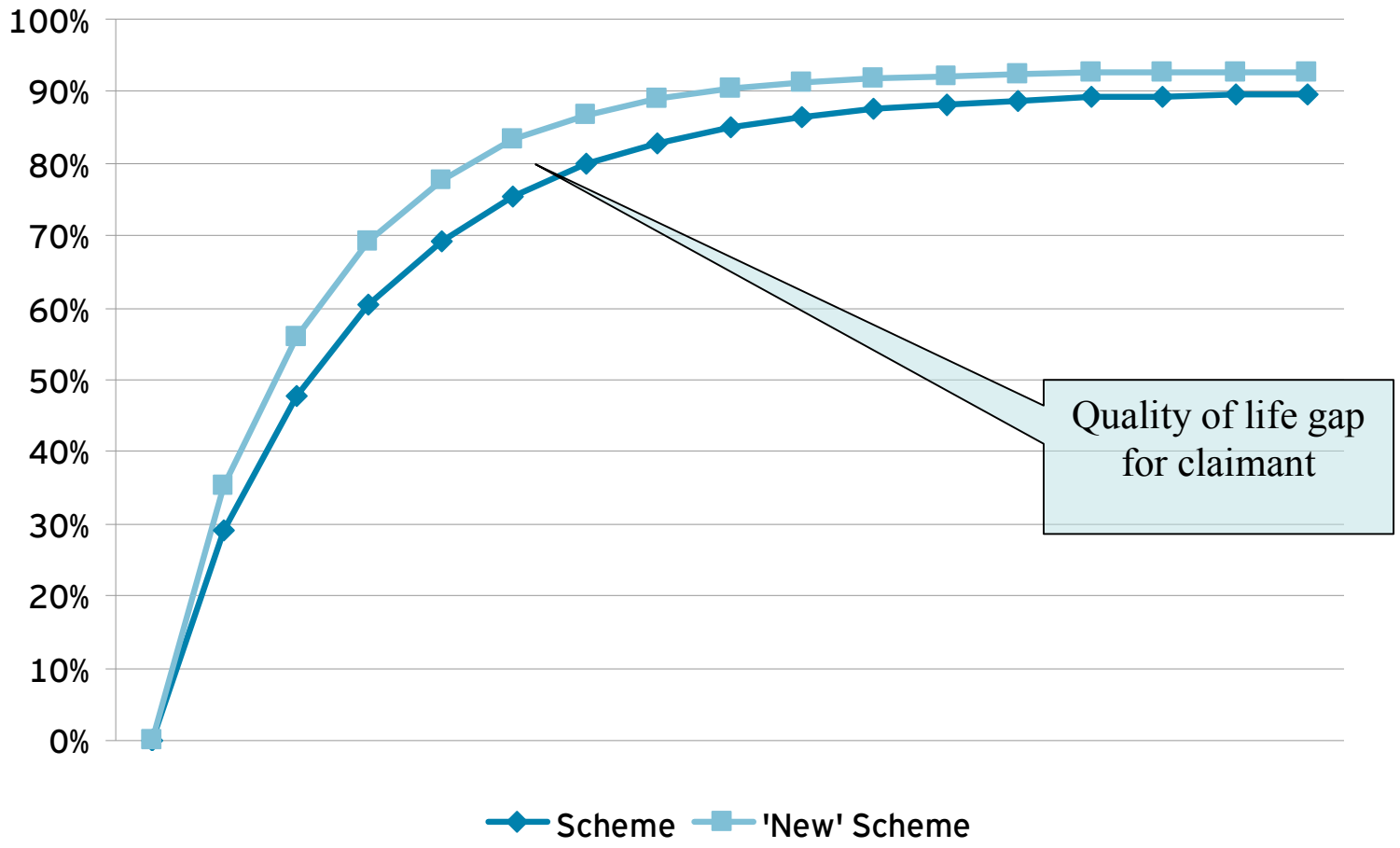
Results - RTW


Two notable Agents – worth investigating their approach
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Five quarter difference to achieve 70% RTW
Half of Scheme RTW rate – also worth investigating their approach
Scheme
Agent A
Agent B
Agent C
Agent D
Agent E
Agent F
Agent G

Results - Claims



Results - RTW


100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Quality of life gap for claimant
Scheme
'New' Scheme

Interesting observations

Most claims go directly to *Light injury* (GP, Physio)

Weekly, GP, Investigations

Weekly, Investigations, Lump sums

From=> To	*Entry*	From=> To	*Initial surgery*	*RTW*	*Further surgery*	*Compen-sation*	*Post-op recovery*	*Exit*
Entry	0%	*Entry*	0%	0%	0%	0%	0%	0%
Initial surgery	3%	*Initial surgery*	12%	0%	3%	0%	1%	0%
Light injury	**69%**	*RTW*	19%	31%	34%	8%	28%	0%
Further surgery	2%	*Further surgery*	7%	3%	18%	1%	13%	0%
Initial injury	**23%**	*Compen-sation*	43%	32%	34%	63%	32%	3%
Post-op recovery	3%	*Post-op recovery*	3%	2%	9%	1%	16%	0%
Exit	0%	*Exit*	17%	32%	3%	27%	9%	97%

Public Hospital, GP, Physio, Weekly

Interesting observations

From *RTW* claims have a 32% chance of exiting per quarter

From *RTW* claims 32% chance of moving to *Compensation*

From=> To	*Initial surgery*	*RTW*	*Further surgery*	*Compen-sation*	*Post-op recovery*	*Exit*
Entry	0%	0%	0%	0%	0%	0%
Initial surgery	12%	0%	3%	0%	1%	0%
RTW	19%	**31%**	34%	8%	28%	0%
Further surgery	7%	3%	18%	1%	13%	0%
Compen-sation	43%	**32%**	34%	**63%**	32%	3%
Post-op recovery	3%	2%	9%	1%	16%	0%
Exit	17%	**32%**	3%	**27%**	9%	97%

Interesting observations

Most claims stay in *Compensation*

27% chance of exiting from *Compensation*

From=> To	*Initial surgery*	*RTW*	*Further surgery*	*Compen-sation*	*Post-op recovery*	*Exit*
Entry	0%	0%	0%	0%	0%	0%
Initial surgery	12%	0%	3%	0%	1%	0%
RTW	19%	**31%**	34%	8%	28%	0%
Further surgery	7%	3%	18%	1%	13%	0%
Compen-sation	43%	**32%**	34%	**63%**	32%	3%
Post-op recovery	3%	2%	9%	1%	16%	0%
Exit	17%	**32%**	3%	**27%**	9%	97%

Interesting observations

Average cost per quarter $1,700

Average cost per quarter $1,400

Variation between agents

From=> To	*Initial surgery*	*RTW*	*Further surgery*	*Compen-sation*	*Post-op recovery*	*Exit*
Entry	0%	0%	0%	0%	0%	0%
Initial surgery	12%	0%	3%	0%	1%	0%
RTW	19%	**31%**	34%	8%	28%	0%
Further surgery	7%	3%	18%	1%	13%	0%
Compen-sation	43%	**32%**	34%	**63%**	32%	3%
Post-op recovery	3%	2%	9%	1%	16%	0%
Exit	17%	**32%**	3%	**27%**	9%	97%

38%

35%

21%

17%

Interesting observations

From=> To	*Initial surgery*	*RTW*	*Further surgery*	*Compen-sation*	*Post-op recovery*	*Exit*
Entry	0%	0%	0%	0%	0%	0%
Initial surgery	12%	0%	3%	0%	1%	0%
RTW	19%	31%	34%	8%	28%	0%
Further surgery	7%	3%	18%	1%	13%	0%
Compen-sation	43%	32%	34%	63%	32%	**3%**
Post-op recovery	3%	2%	9%	1%	16%	0%
Exit	17%	32%	3%	27%	9%	**97%**

Once in *Exit*, claims have a 3% chance of returning, usually to *Compensation*

Where they tend to stay

Applications

- Preferred treatment plans
- Identifying potential treatments to speed up existing claims
- Within agent claims teams performance improvement
- Cost benefit analysis of claims approach
- Geographical differentiation of claims paths

Wrap up

- ***This approach is designed to identify where to look for the next incremental improvement***