

12th Accident Compensation Seminar 2009 Rising to the Challenge

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Institute of Actuaries of Australia



Claims Management – Lessons Learnt

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Overview of session

- Claims management and why it's important
- What we know from best practice
- Why it's difficult to translate into reality
- Our experience and key learnings



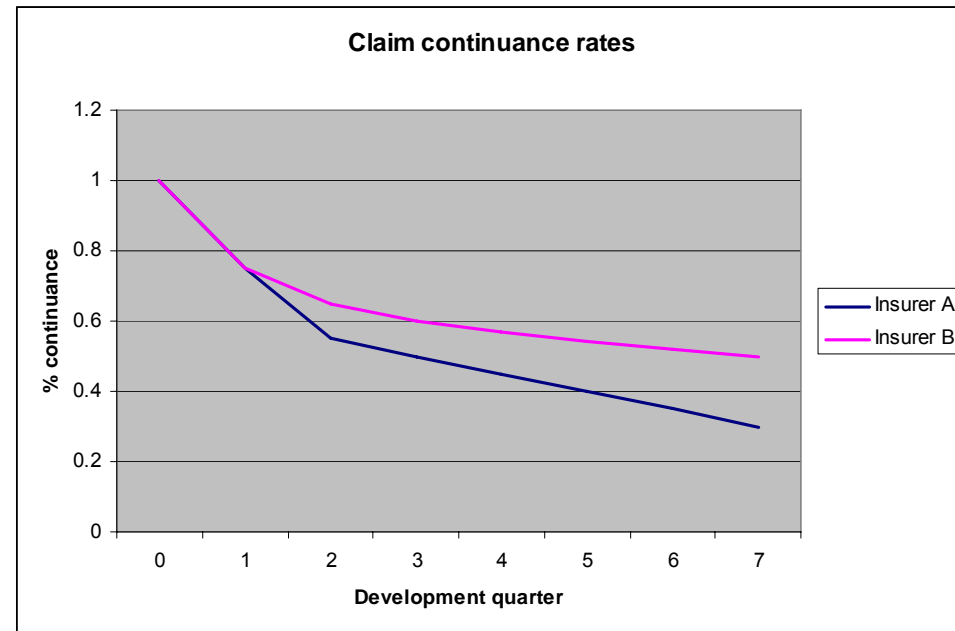
What is claims management?

- Claims management is the integration of injury management and claims administration, with the aim of returning people back to health and work
- Claims management involves:
 - organising and coordinating care support
 - managing the multiple dimensions of rehabilitation
 - individual focus and management



Why claims management is important

- Consider two insurers in the same scheme with the same lost-time claims at 3 months
- Improving year 2 continuance from 50% to 30% reduces average major lost-time claim size from \$172,000 to \$112,000
- Flow on benefits to medical costs and statutory lump sums



Note: Based on real examples



Areas of focus for claims management

These include:

- Management of the tail
- Short-term return to work
- Specialisation



Principles of best practice

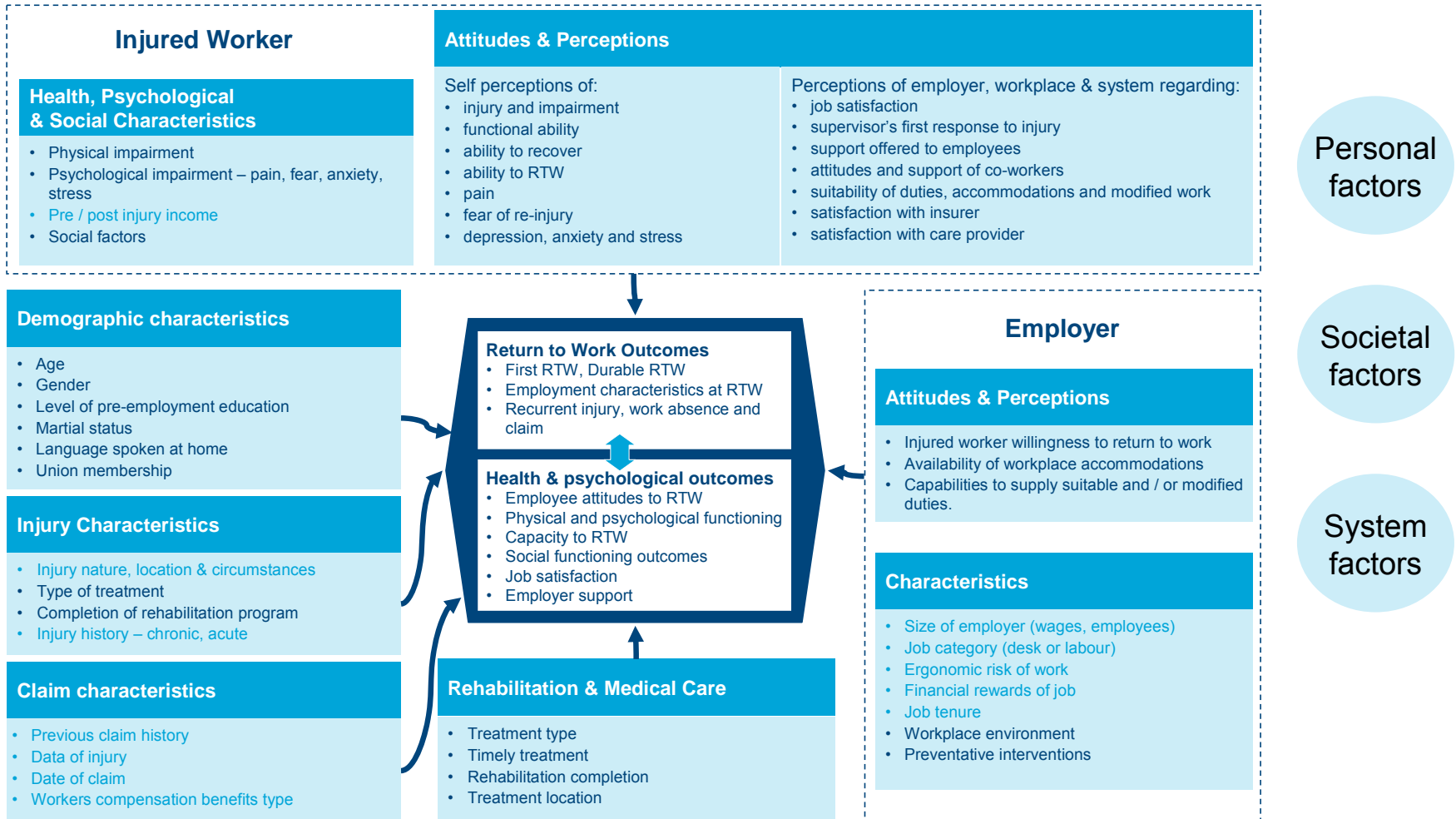
Good claims management practice is built on:¹

- multi-disciplinary management
- multi-dimensional management
- best practice clinical management
- rehabilitation that is tailored
- outcome measurement
- timeliness / early intervention

¹Murphy G, Foremen P. Facilitators and Barriers to RTW: Report. *Institute of Actuaries Australia's XIth Accident Compensation Seminar 2007*. Melbourne Australia: Institute of Actuaries Australia, 2006.



Pressures influencing RTW





Organisational challenges

- Building to scale
- Skills and competencies of staff
- Leadership



Our approach

Identify opportunities to reduce:

- operating costs
- future liabilities

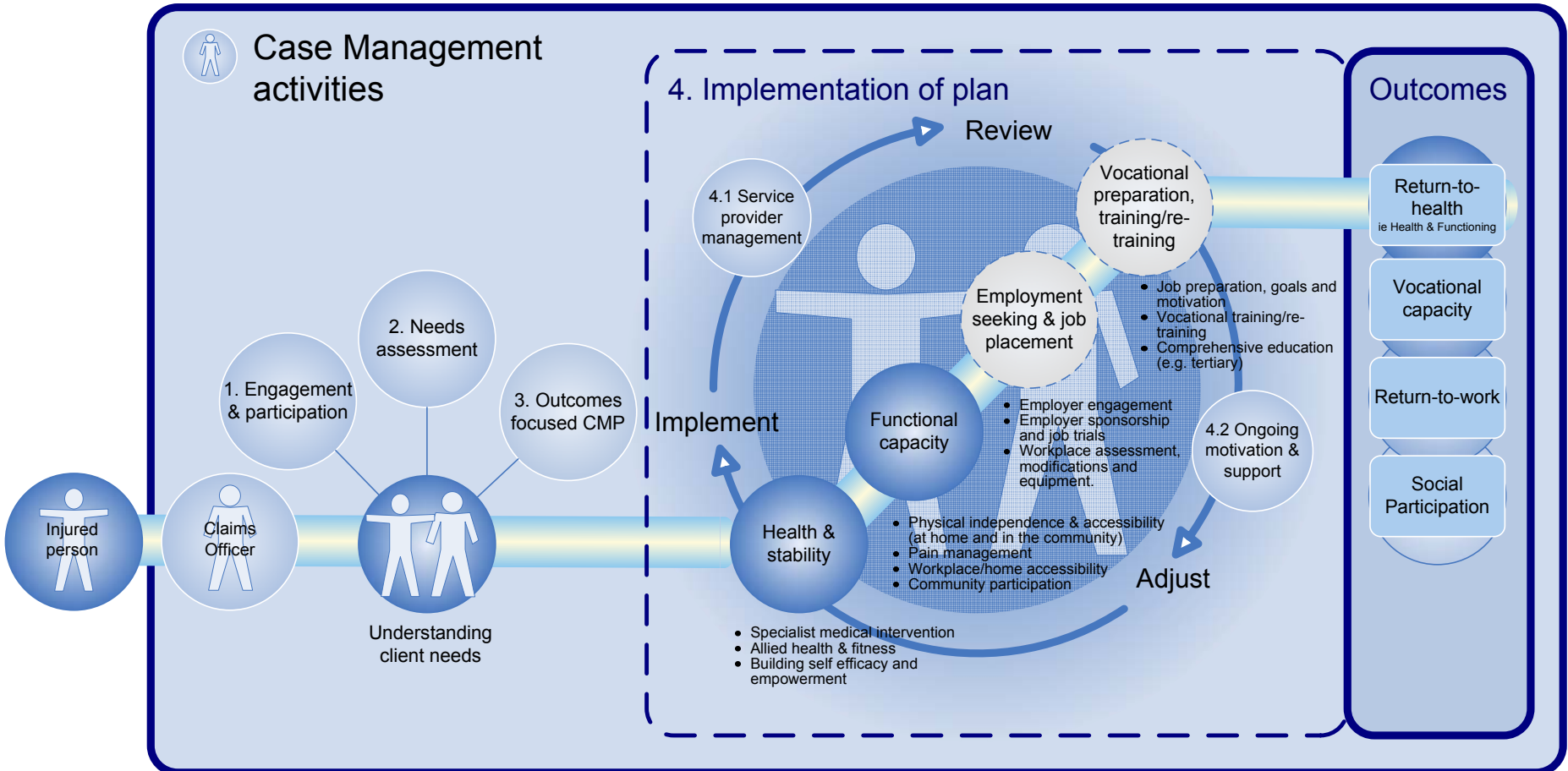


It is important to:

- engage key stakeholders and include them in the process
- transfer knowledge and encourage ownership
- work within organisational-specific parameters

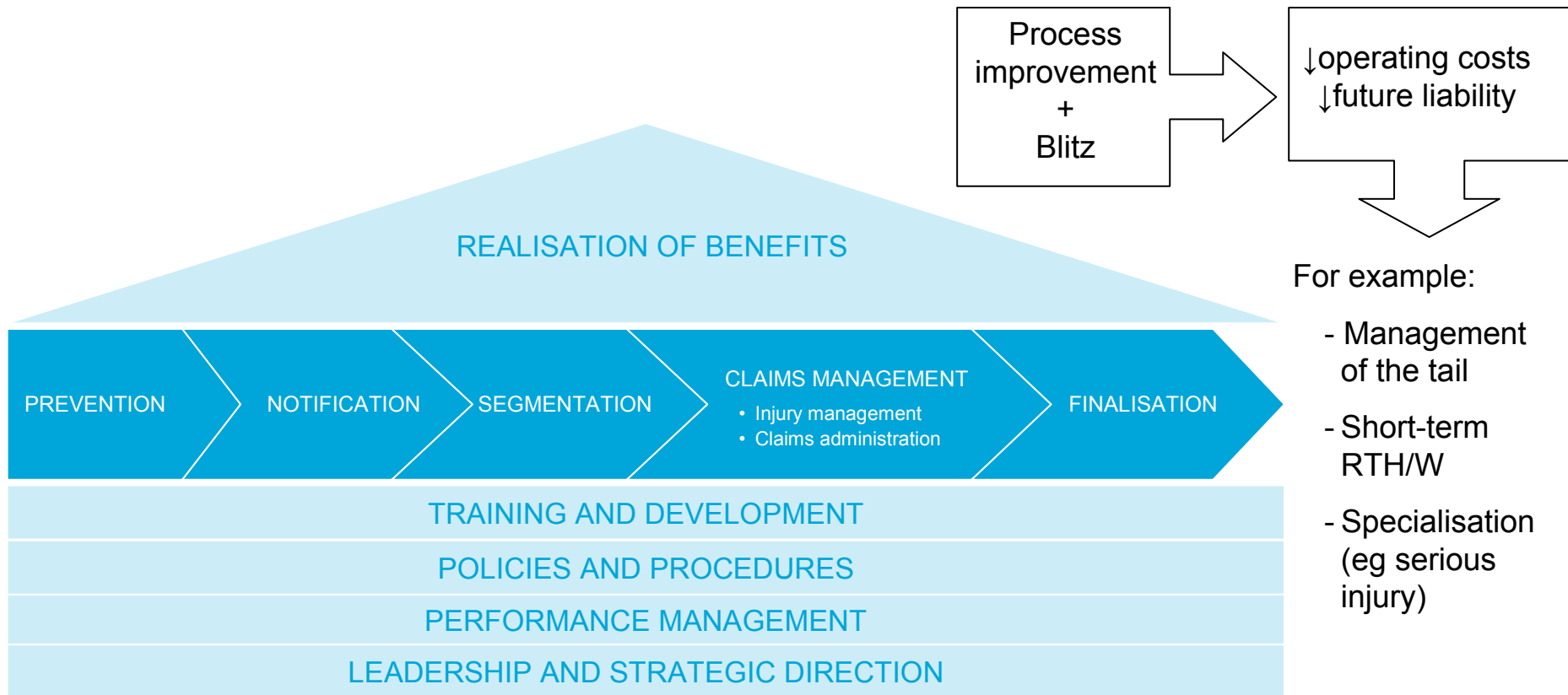


The claim pathway





Claims management framework



* A claims management process that is underpinned by strong leadership and a clear strategic direction; standardised policies and procedures, a performance management framework aligned to strategy and policies and facilitated through training and development.

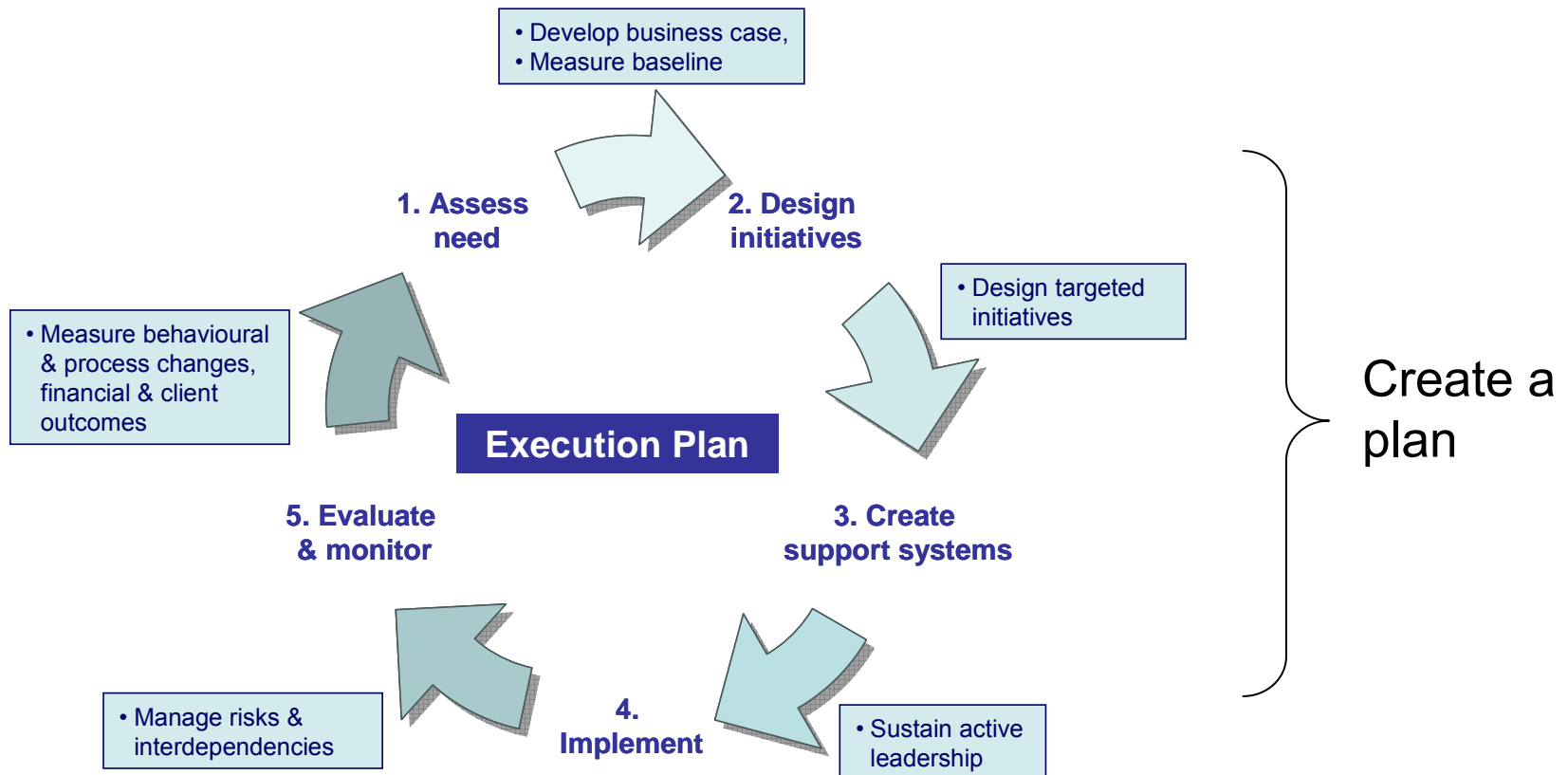


Benchmarking

- Understanding what is being done elsewhere - what is working / not working
- How do you compare?
- Considering:
 - case loads
 - team size and structure
 - qualifications and grades
 - models of segmentation
 - accountability (KPIs, budgets)
 - interaction with other stakeholders

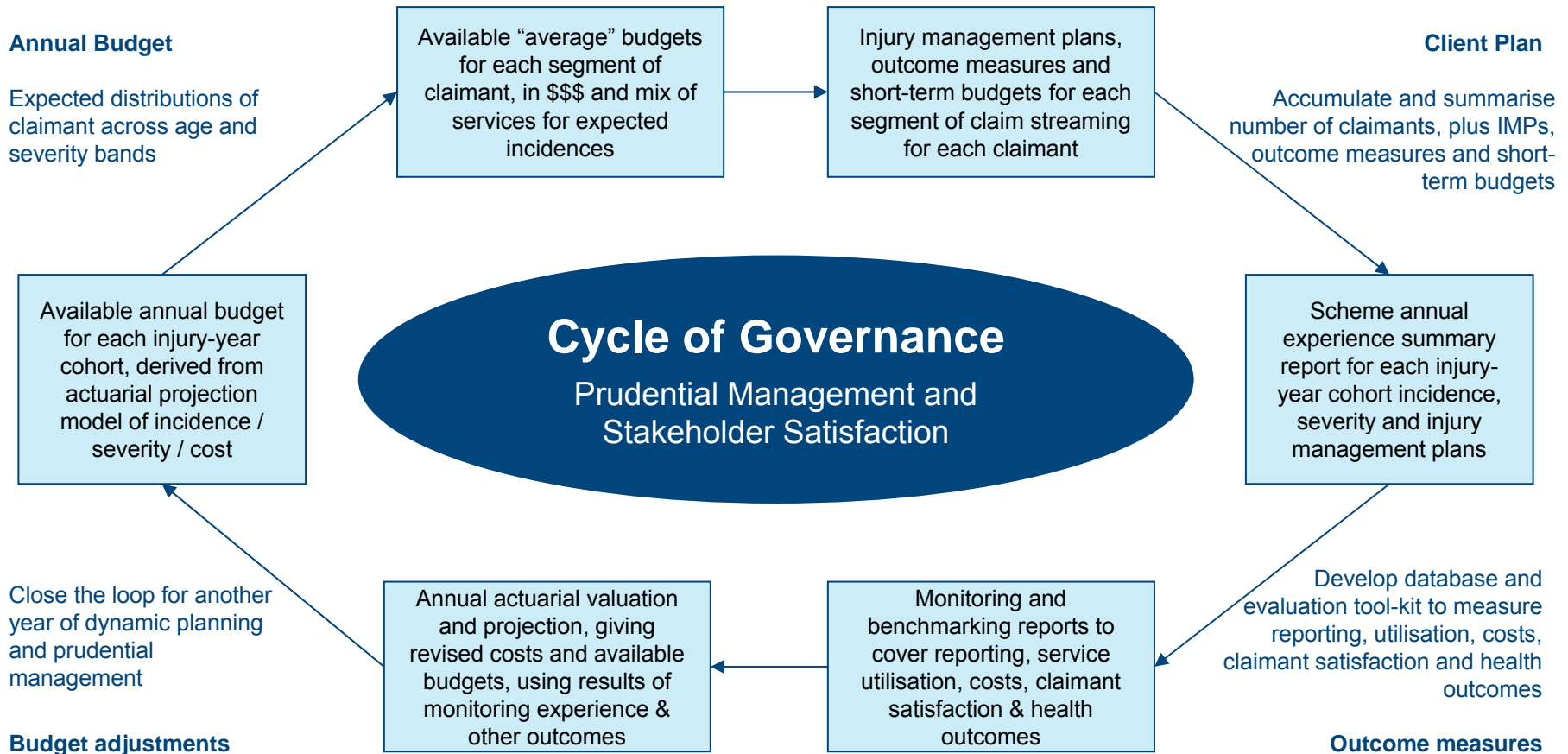


Implementation lifecycle





Example monitoring framework





Implementation: key messages

- Leadership as key driver
- Ownership = sustainability
- Resourcing change



Concluding remarks

- Claims (case) management is crucial for claimant and financial outcomes
- Communication and collaboration with all parties is important for return to work
- Continuous improvement through strong leadership and application of a control cycle