

12th Accident Compensation Seminar 2009 Rising to the Challenge

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Institute of Actuaries of Australia



Sharing Best Practice Use of Impairment Guides

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A brief historical overview

- The Prussian Legacy in Europe (late 1800's)
- Comprehensive social welfare schemes had disability insurance as their central piece
- USA Social Security Administration's requirements
- USA Workers' compensation laws c1910
- Requirement for disability determination based on impairment



A brief historical overview

- Appealing to administrators of various compensation systems to have recourse to a method for quantifying severity of a disease or injury
- Based on medical assessment
- Allowed for decisions regarding qualifying for compensation, and how much to pay



A brief historical overview

- American Medical Association Guides to the Evaluation of Permanent Impairment (“AMA Guides”)
- 13 articles 1958-1970 (JAMA) → AMA Guides 1st Edition
- Subsequent editions (2nd -1984, 3rd – 1988, 3rd Revised 1990, 4th – 1993, 5th 2000, 6th – 2008)



Impairment evaluation in Australia

- Up until 1990's largely based on “Table of Maims” aka “Table of Disability”
- These tables were problematical
- No guidance to the user
- No methodology to follow
- Based on clinical guess (“% loss of efficient use of a part”)



Impairment Evaluation in Australia

- Table of Maims estimates often wildly varied and were not helpful to decision makers (e.g. Judges)
- The absence of a guided methodology allowed for bias and unsubstantiated evaluations to be made
- These values could not be depended on, but there was nothing else



Impairment Evaluation in Australia

- COMCARE Guides 1st Edition 1988
(used AMA 2nd ed and current DVA Guide)
- COMCARE Guides updated to a 2nd Edition 2006, and this drew upon AMA5
- DSS Guides
- DVA Guides (GARP)



Impairment Evaluation in Australia

- 1999 MACA (NSW) → MAA Guidelines based on AMA4
- 2002 NSW W/C Guidelines based on AMA5
- 1997 W/C (Vic) → AMA4
- 1998 TAC (Vic) → AMA4
- W/C SA Table of Maims until 2009 etc



Impairment Evaluation in Australia

- Tasmania W/C used AMA4 and MAA (NSW) Guidelines
- WA W/C has adopted NSW W/C Guidelines
- Thus many varied systems have been developed in response to regional / idiosyncratic legislation...most have generally depended on AMA Guides



Impairment Evaluation in Australia

- The last 10 years has seen considerable development in impairment rating systems
- The most recent has been in W/C in SA (April 2009)
- Systems around Australia still remain disparate
- Strong argument for harmonization



Best Practice

- Updated Impairment Guidelines using current science wherever possible
- Critical review of subsequent editions of AMA Guides before adopting them
- Formal training in impairment evaluation
- Formal testing of knowledge after training
- Formal QA on impairment reports



Best Practice

- Ongoing refresher training
- Ongoing dissemination of new information on impairment rating
- Peer review (as by medical panels)
- Formal qualification as an assessor
- Set period for accreditation, then re-accreditation



Best Practice

- Impairment Guidelines are not perfect
- They are consensus based documents
- Some parts of impairment evaluation can be based on normative data
- Some parts remain consensus based values
- Ongoing revision of impairment guidelines (updating, modifying)



Best Practice

- Ultimate aim is a common impairment guide (i.e. harmonization) that is acceptable to all assessors Australia wide
- Develop common knowledge and experience base amongst assessors
- Review and modify guidelines as indicated by practice and experience



Best Practice

- Impairment rating uses a medical tool to help decision makers with respect to compensation for illness and/or injury
- Impairment rating provides no more than a number that is measured against artificial thresholds as set by legislation
- It gives no information on disability occasioned by the impairment



Best Practice

- In the last 10-15 years there has been dramatic change and development with respect to impairment rating
- Australia is now poised to move forward to a common impairment guideline, while the training of assessors and the overall approach to quality assurance sees impairment rating becoming an increasingly refined practice



Sharing Best Practice – Use of Impairment Guidelines

Thank you for your attention