

Performance indicators Measuring change in workers' compensation systems

Prepared for

**Australasian Evaluation Society
Adelaide Conference 2012**

August 2012

The presentation

- A definition of performance indicator
- Brief overview of workers' compensation in Australia and New Zealand
- RTW as part of the Comparative Performance Monitoring (CPM) project
- Key concepts of the RTW Monitor
- Some detail of RTW as a Performance Indicator for SA
- How the RTW Monitor has been used

Performance Indicator

- A simple measurement of a complex system to inform governance and executive decision making.

In 2008–09 work related injury and illness were estimated to cost \$60.6 billion. 4.8% of GDP.

- Identifies the scope of the issue
- Captures attention
- Drives government action

History of workers' comp

- Workers' compensation insurance is the responsibility of States and Territories in Australia.
- 1900 SA introduced the first legislation making no fault workers' compensation compulsory for employers. 1927 in all states.
- Managed by private insurance companies that underwrote premiums as well as managing claims.
- 1970s major reforms
 - Increased regulatory role of government authorities
 - Authorities underwriting premium
 - Focus on rehabilitation

A wicked social problem

- Employers claimed injured workers were **malingering**
 - Rorting the comp system
 - “Mediterranean” back
- Injured workers and their advocates (unions) claimed they were being **maligned**
- Workers compensation politicized
 - The single piece of legislation passed by the Cain Labor govt when it had control of both house (short window)
 - Kennet – removed perceived indulgences when first in office
- Compensation authorities as regulators.

Three models for workers' compensation schemes in Australia

(from Clayton)

1. Managed by private insurers

Private insurance companies collect premiums and manage claims (underwritten by insurers)

Australian Capital Territory, Northern Territory, Tasmania & Western Australia

2. Claim agents

A government agency collects premium and private insurance companies manage claims

Victoria, South Australia & New South Wales

3. Scheme managed

A government agency collects premium and manages claims

Queensland & New Zealand

Australian and New Zealand Jurisdictions

Private insurers underwrite:
ACT, NT, TAS & WA

Private insurers as claim agents:
VIC, SA, & NSW

Government only:
QLD & NZ

Other
Schemes



Seacare



Concare



NSW

Evaluating Workers' Compensation Systems

- Workers' compensation is regulated by legislation unique for each jurisdiction
- Workers' compensation is a complex system with many stakeholders
- Each system has a unique implementation of common elements
- The challenge is to evaluate performance across diverse and changing systems

Comparative Performance Monitor (CPM)

- December 1998
 - Labour Ministers' Council first Comparative Performance Monitoring (CPM) report.
- Key domains:
 - Occupational health & safety
 - includes incidence of injuries and fatalities.
 - Workers' compensation
 - premium
 - scheme costs and disbursements and level of benefits (claim based data).
 - **Return to work.**

Measuring performance

- Scheme based measures were originally developed from information systems geared for accounting:
 - Claim cost
 - Duration of weekly benefits (Days comp paid)
- Performance indicators for claim management (payment to insurers) based on claim closure
- System level
 - continuance rates - proportion of claims that continue 13, 26, 52 and 134 weeks from the date the claim was registered
- Vic Auditor-General *“continuance rates are not a reliable indicator of RTW” (2009)*

RTW as a performance indicator

- RTW has been used as an outcome for rehabilitation programs
 - Early measures of RTW rates did not account for point in time of the claim
 - Apples and oranges
 - Gaming
 - rehab providers focused on early intervention because they go back to work anyway
- Durable RTW – going back to work and staying there
 - Requires a shift from the claim to the injured worker
 - Effective indicator compares apples with apples

History of the RTW Monitor

- 1993 developed by Stephen Campbell (RAMIS Corp) with the Victorian WorkCover Authority
- 1996 first comparative study with South Australia (CR&C)
- 97 / 98 National RTW Monitor commenced
- 98 / 99 self-insurers (Vic)
 - 2002 Comcare self-insurers
- 00 / 01 NZ Monitor commenced

RTW Monitor: Key concepts

The RTW Monitor – key concepts

- Injured worker as the “*unit of analysis*”
 - When the Monitor was first developed KPIs based around “*the claim*”
 - *RTW monitor focused on the injured worker*
- Only be achieved through surveys
- Consistent sampling frame
 - Independent to claim status
 - i.e. measures outcome even if claim is closed
- Surveys enable capture of process measures
 - Injured worker awareness of processes
- Integration with scheme data

What is the RTW Monitor?

- A survey using Computer Assisted Telephone Interviews (CATI)
 - Consistent **sampling** procedures
 - Consistent survey instrument (**questionnaire**)
 - Consistent survey **technique**
 - Interviews conducted by the **same interview team** at the **same time**
- Two waves (November and May)
- Report combines both waves to give a result for the full financial year (July - June)

Evaluating Workers' Compensation Systems

- RTW Monitor provides 2 types of indicators:
 1. Outcome – measures of scheme effectiveness
 - RTW, Durable RTW, income, compensation status
 2. Process – measures of Scheme outputs
 - RTW plans, partial duties, assistance (helpfulness) of stakeholders, satisfaction with insurance type services
- Presentation to focus on RTW and durable RTW

Key concepts

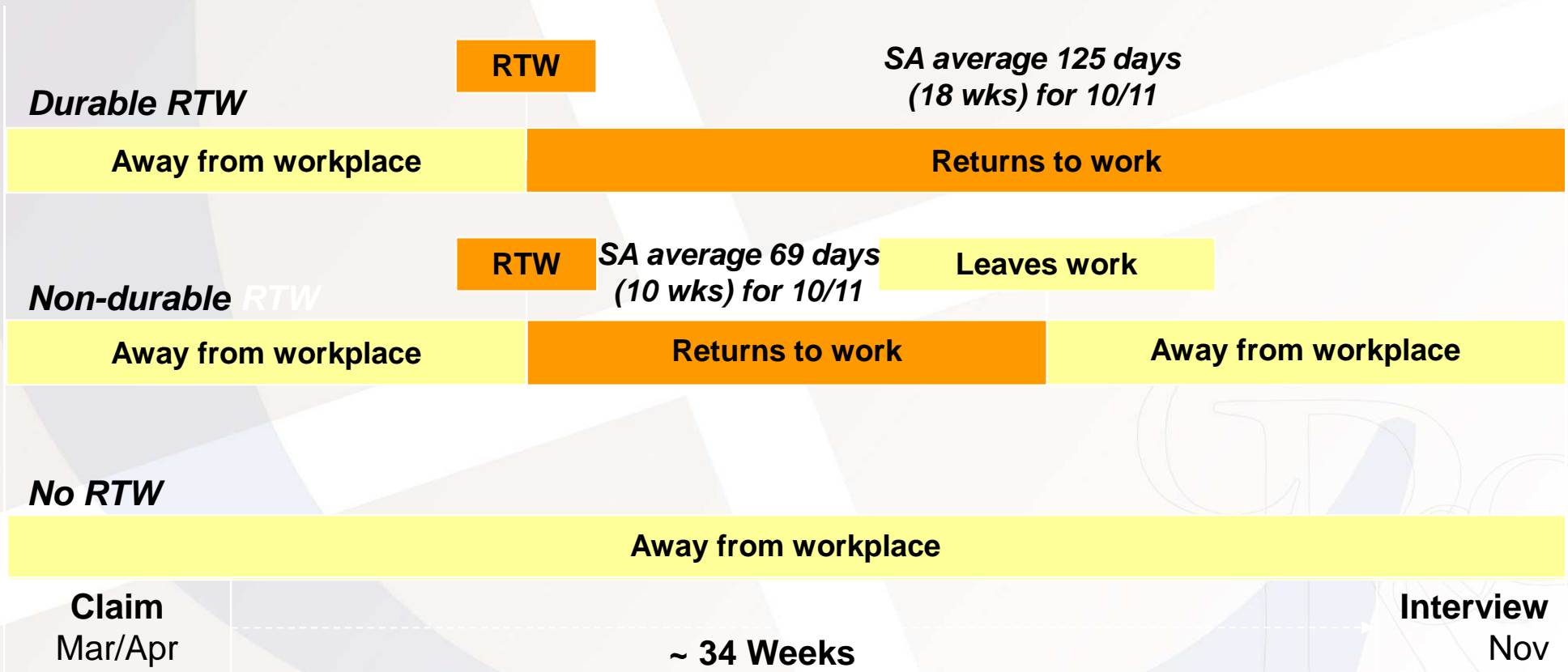
- Three key time points
 - Time of claim (sample drawn on claim)
 - Sample only time loss claim
 - Time of RTW
 - Time of interview
- Three key outcomes
 - Durable RTW
 - Non-durable RTW
 - No RTW

Outcomes: Durable, Non-durable & No RTW

Durable RTW: Injured worker was working at the time of interview

Non-durable RTW: Injured worker had RTW, but was not working at the time of interview

No RTW: Injured worker had not returned to work at all



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What is delivered?

- Robust and sensitive measures of difference:
 - Between workers' compensation schemes and
 - Over time for both individual schemes and nationally
- Independent of scheme design
- Information that is not otherwise available
- Reports
 - National
 - Jurisdiction
 - Interim national (November wave)

Measures of Performance

- **Effectiveness** of schemes
 - Outcome measures
- **Access** to services
 - Claim process measures
- **Appropriateness** of services from the injured worker perspective
 - *Helpfulness of RTW/ rehabilitation plans*
 - *Readiness for RTW*
 - *Partial RTW & modified duties*
- **Quality**
 - Rating of insurance type services
 - *Who helped/ who made it harder?*

Sampling ensures comparability

- Injured workers with 10 days or more compensation paid (two weeks)
 - Most injured workers return to work within the **first two weeks**
 - RTW Monitor measures outcomes for “more serious” injuries
- Interviews are conducted with injured workers with claims **seven to eight months** before the interview

Sampling ensures comparability

- Sufficient sample size for statistically robust comparisons
 - Between jurisdictions
 - Over time (national and jurisdiction trends)

Privacy Processes

- Participation is voluntary and no individual is identified in any reporting
- Passive consent
 - Ensures injured workers are informed
- Careful briefing
 - Respondents can refuse or withdraw
- High response rates
 - 70% to 80% of contacts agree to interview
- No formal complaints after more than 10,000 interviews
 - The most critical are satisfied when processes are explained
 - Many report the interview as a positive experience
- Personal identifying information (contact details) is held separately to survey results
 - Not used for any other purpose

Measuring effectiveness

- Outcome measures
 - RTW and durable RTW outcomes
 - Employment status
 - Sources of income
 - Compensation status

**Measures focus on
actual behaviour
using simple language**

RTW Rate

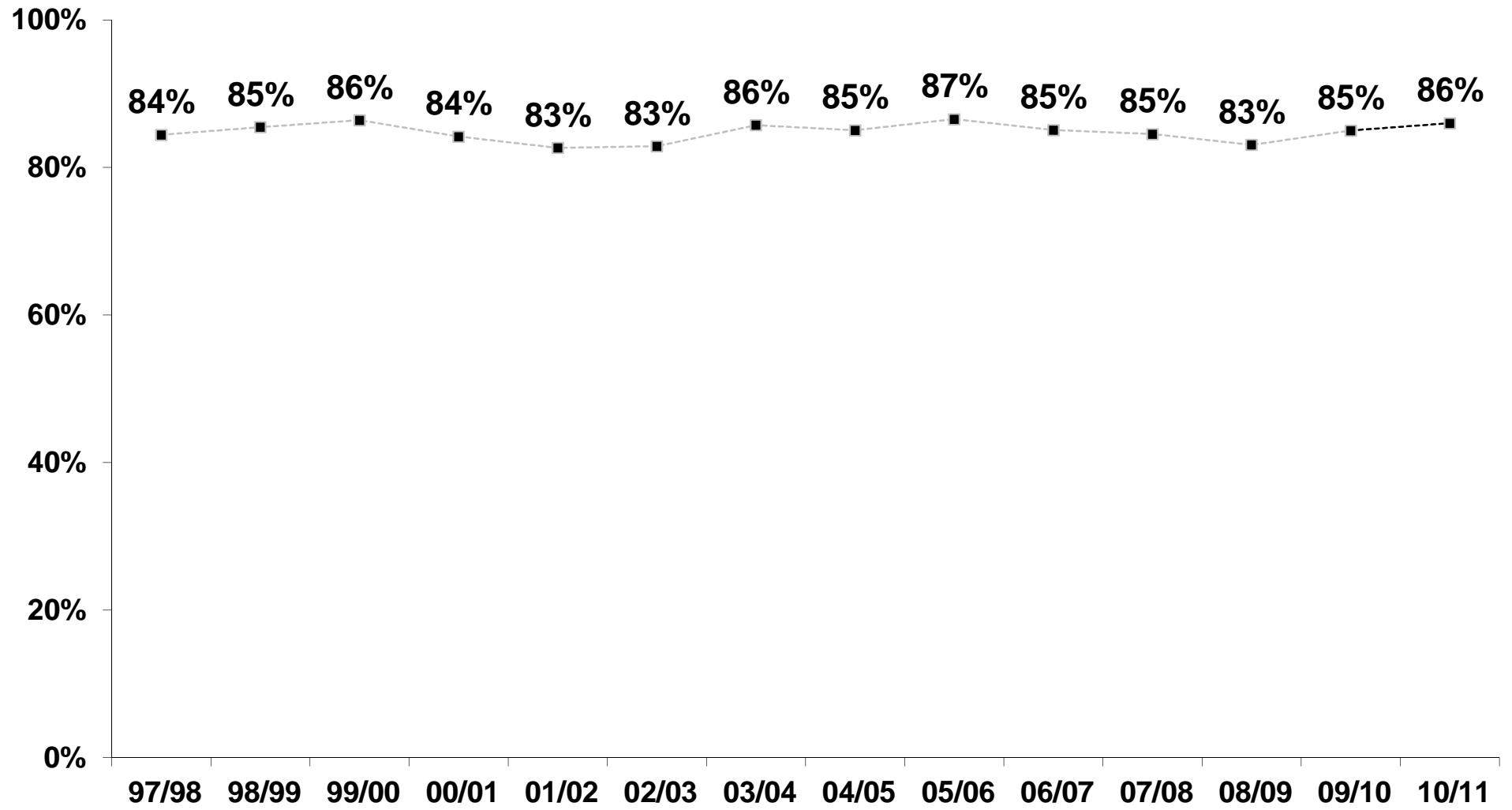
- The proportion of injured workers who went back to work for any period:

“Would you please tell me whether you have returned to work at all since you put in your WorkCover claim.”

We are talking about the claim you made in March or April this year?”

**National RTW rates have been
stable over time**

■ National



CPM report: claims declining

- Between 2000–01 and 2008–09
 - The number of serious claims decreased by 5%
 - The incidence rate fell 23% from 17.5 to 13.5 serious claims per 1,000 employees, and
 - the frequency rate fell 20% from 10.2 to 8.1 serious claims per million hours worked.
 - The decrease in rates was the result of the decline in the number of claims combined with an increase in the number of employees.

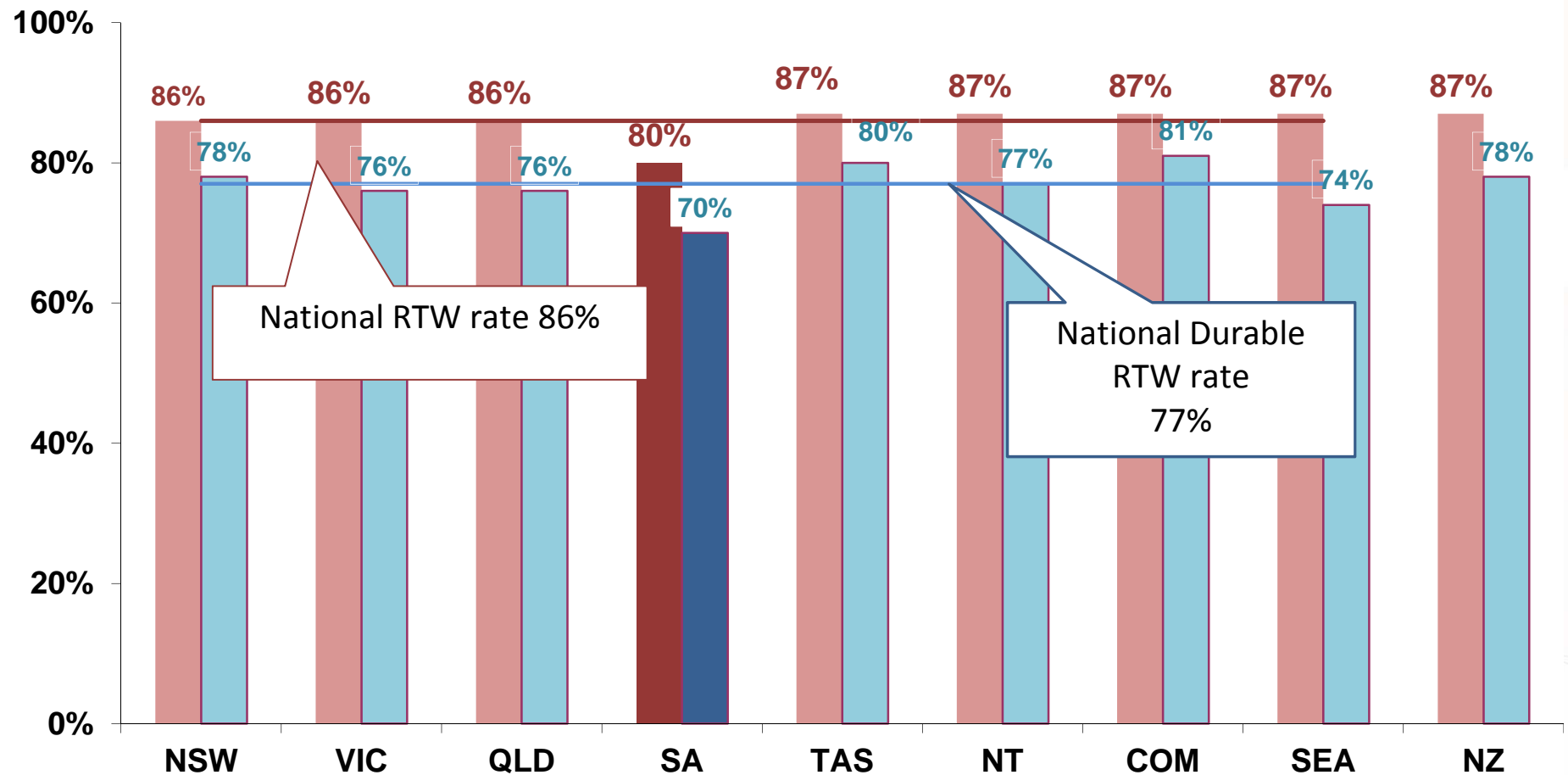
Durable RTW

- Returned to work and still working:

“Are you currently working in a paid job?”

Close to one in ten injured works do not have a durable RTW

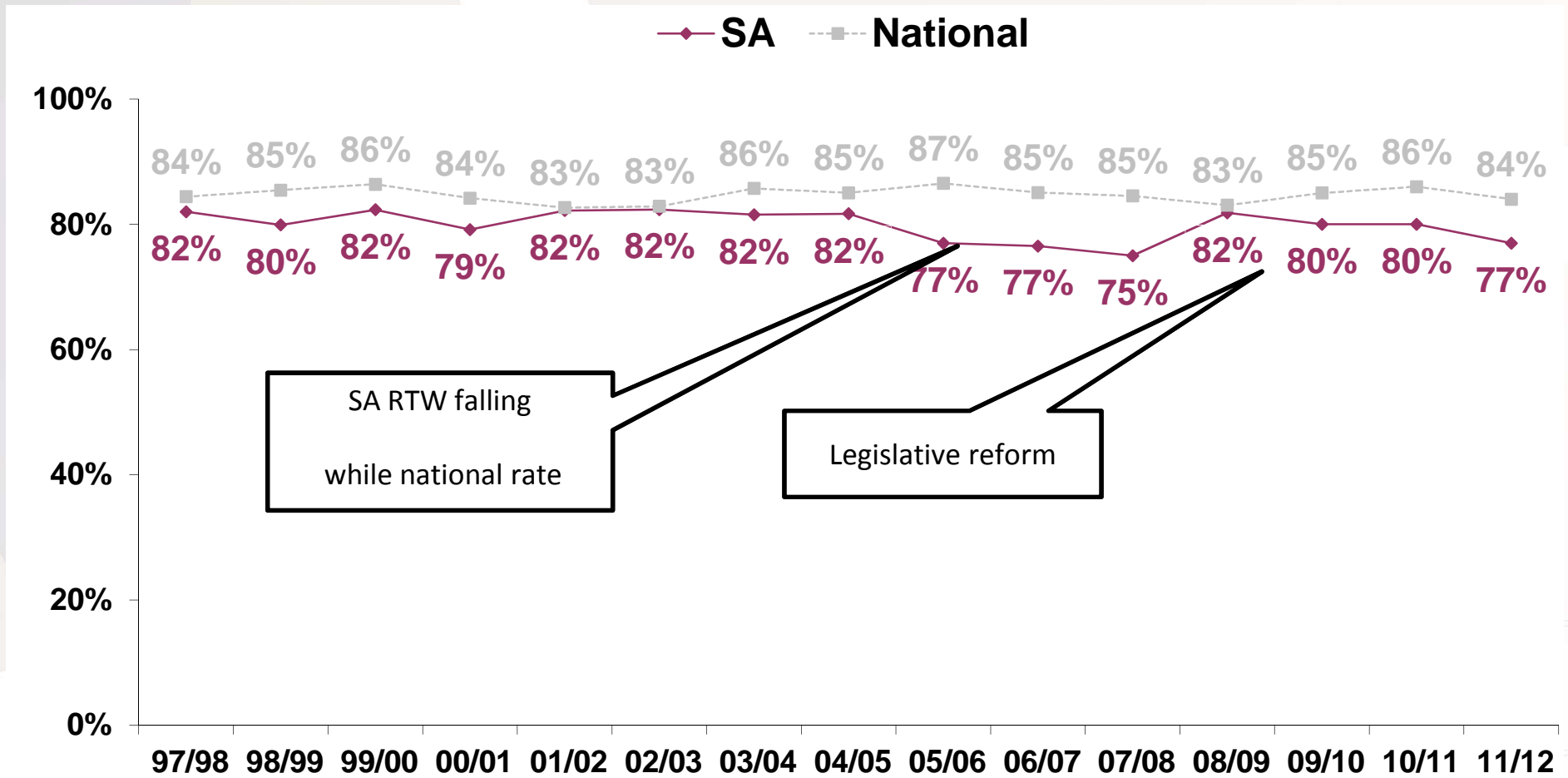
RTW Rates 2009/10



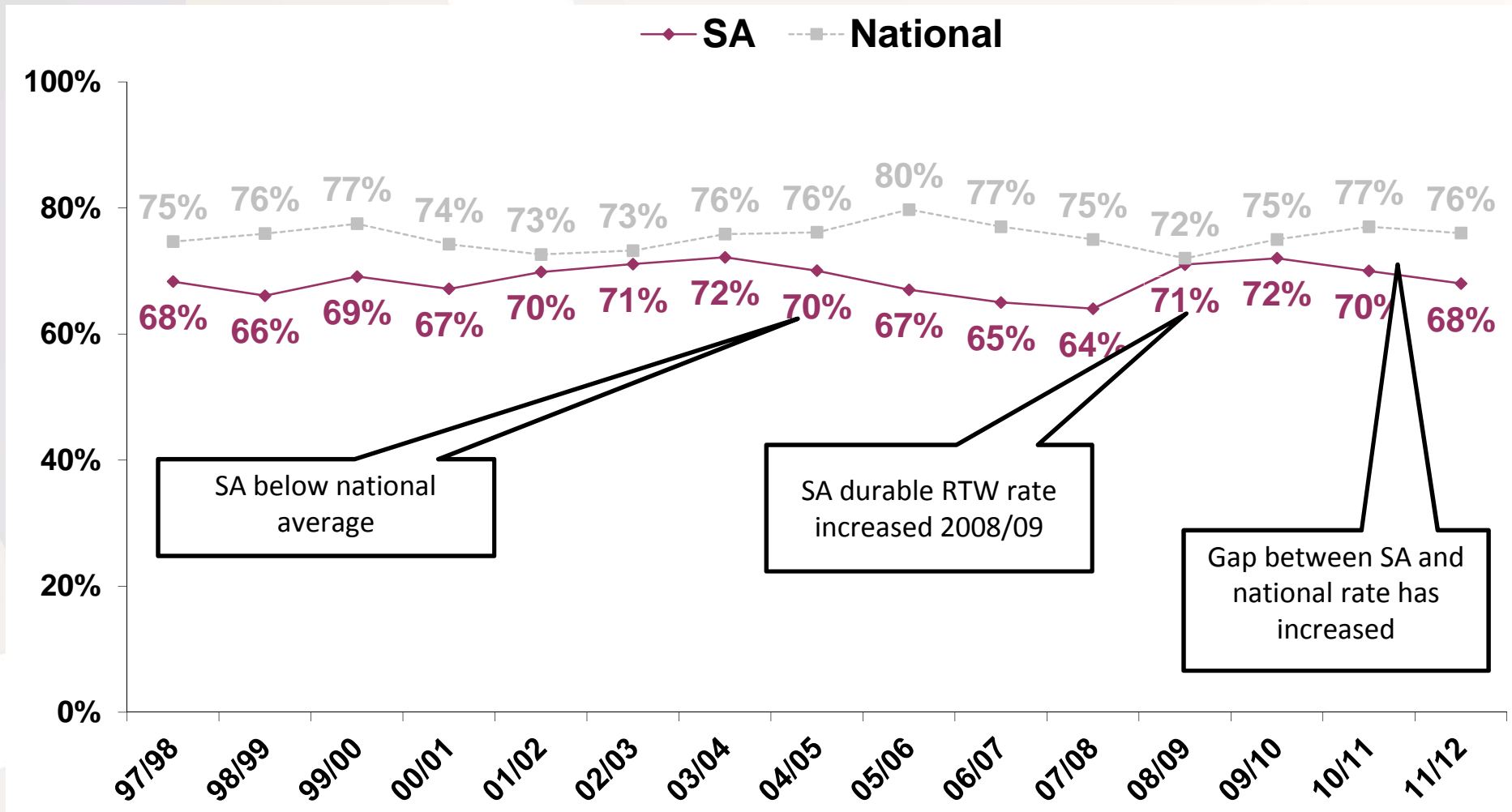
Comparison over time

- Durable RTW has changed
- SA as a case study
 - performed well on process measures but
 - poorly on outcome measures
- SA has had lower RTW rates and durable RTW rates over the course of the Monitor

Comparison over time – RTW



Comparison over time – Durable RTW



Use of RTW as a PI

- Published as a PI by Heads of Workers' Compensation Authorities and individual jurisdictions
- Included in the National CPM report
- Evaluate the impact of a major initiative in NSW
- Identify the difference between Maori and other injured workers in New Zealand
- Evaluate comparative outcomes for public sector and self-insured schemes
- Used to compare outcomes between jurisdictions

WorkCover CEO press release

15 August 2012

- These figures are disappointing
- Moving through reforms of the workers compensation scheme
- Financial incentives for business to focus on injury prevention and reducing claim cost when injuries occur
- Tough demands on claims agents
- Increased emphasis on compliance and regulatory activities (for) ... employers, case managers and health providers

Conclusions

- The RTW Monitor provides process and outcome measures independent of claim status
 - A reliable and consistent measure of injured workers' experience
 - Measures of quality and
 - Income sources
- The RTW Monitor has shown that for injured workers with a serious claim:
 - 80% - 85% will RTW in the first 6 – 9 months
 - 10% will have a non-durable RTW
 - Close to 15% will not return at all
- The Monitor is a robust tool that can detect difference between jurisdictions, populations and over time.
- Informs executive decision making and drives change

Thank you for your attention

GR&C