

icare status report for SIRA 21-point actions as at 8 October 2020

icare actions required by SIRA

#	Details of action from SIRA 21-Point Action Plan	Progress	Comments
1	<p>Business Plan</p> <p>SIRA will require icare under Division 4 of the Workers Compensation Act 1987 to revise and re-submit to SIRA its FY19/20 business plan by 28 February 2020 to address key issues and findings from the review. The revised Business Plan is to include appropriate targets for return to work at 4, 13 and 26 weeks and action to deliver performance at the targeted levels as well as comprehensive plans to improve claims management by the NI including:</p> <ul style="list-style-type: none"> • Scheme agent capability, resilience, staff turnover and resourcing • Ongoing review and refinement of claims management including agent arrangements, triaging of claims and provision of dedicated case managers to significantly injured workers 	Closed	<ul style="list-style-type: none"> • A copy of the revised plan was provided to SIRA on 28 February 2020. • icare and SIRA have agreed that no further action is required by icare on the FY19/20 Business Plan. • SIRA remains concerned that the current performance targets for Return to Work (RTW) rates are too low and that icare's current RTW calculation method differs from that of SIRA. • icare will continue to work with SIRA to ensure SIRA's expectations are met in the FY20/21 Business Plan. • A draft version of the Business Plan was submitted to SIRA on 30 September 2020 for preliminary feedback prior to finalisation. • Drafting of the FY20/21 Business Plan included the seeking of additional information from SIRA and their clarity of expectations, with two iterations of feedback on draft versions of the Business Plan. • SIRA is currently undertaking its formal review of the Business Plan, which will also be provided to SIRA Executives and Board. icare expects further dialogue and follow up enquiries from SIRA following its review.

#	Details of action from SIRA 21-Point Action Plan	Progress	Comments
	<ul style="list-style-type: none"> • Claims management for workers with psychological injuries or mental illness • Systems for ensuring reasonably necessary healthcare services are provided appropriately, at the appropriate time for optimal recovery and return to work, and with high levels of regulatory compliance • Compliance with the Market Practice and Premiums Guidelines and review and refinement of the NI premium methodology • Compliance with mandatory data reporting and data quality requirements • Risk management, internal audit planning and risk mitigation reporting • Stakeholder engagement 		
2	<p>Data and ICT Assurance Specialist</p> <p>icare is required to urgently address data quality and timeliness issues and provide monthly data in accordance with regulatory requirements.</p> <p>SIRA recommends icare work with an ICT assurance specialist agreed with SIRA to ensure adherence to data provision requirements</p>	In progress	<ul style="list-style-type: none"> • icare and SIRA have agreed to continue monitoring submissions on a monthly basis. • icare commissioned KPMG to conduct a review of icare's SIRA report submission process (completed December 2019) and a remediation plan, designed to improve the data submission process, was developed in response to the review recommendations. • This action is in progress with a project underway designed to improve the quality and timeliness of icare's SIRA data submission. • Phase one of system enhancements has focused on resolution of fatal errors in data submissions to SIRA which has been successful. This is evidenced by the Nominal Insurer data submissions to SIRA for April, May, June and July 2020 being delivered in accordance with regulatory requirements. • Phase two is focused on remediation of suspect errors with review and resolution of a large number of suspect errors, which will be evidenced in the September data submission. The remainder of the issues are being reviewed and are expected to be fixed by December 2020.

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			<ul style="list-style-type: none"> • Regular engagement with SIRA is ongoing, along with updates on other data initiatives through the routine Joint Claims Assurance Committee (JCAC) and Executive forums. • During the September JCAC meeting, further clarity was provided to SIRA with regards to Phase 1 and Phase 2 of the data remediation plan and expected timeframes. • SIRA remain concerned as to the number of long dated suspect errors and expressed it will maintain active regulatory oversight of data. More recently, SIRA advised it considers a monthly data submission register to be related to this action item, and its expectation that each item on the register be resolved and closed prior to considering the action item closed. • icare expect that all items on the monthly data register that were open at the time of the 21-point action plan was published to be closed by December 2020. icare plan to engage further with SIRA to seek clarity of expectations and delineate items that are BAU continual improvement versus those directly related to the action item.

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3	<p>Premium Calculation Model</p> <p>icare will undertake a comprehensive review of the icare Workers Insurance Premium Calculation Model, including:</p> <ul style="list-style-type: none"> detailed assessment of all components of the existing premium calculation methodology against the principles of the Market Practice and Premium Guidelines (MPPGs) detailed analysis of longitudinal impacts for employers and any consequential or perverse impacts for the broader workers compensation system development of alternative options with the objective of improving consistency with MPPGs <p>icare will provide SIRA with a report on its review of the Workers Insurance Premium Calculation Model as part of the 2020 NI premium filing.</p>	Complete	<ul style="list-style-type: none"> On 22 April 2020, icare received a 'non-rejection' formal letter on the pricing which stated, "As a result, SIRA has concluded that overall the filing is reasonably compliant with the MPPGs". The Joint Premium and Prudential Oversight Committee (JPPOC) provided a successful forum to review and recommend changes for the 2020/21 premium filing, in doing so resolving this action. The 2020 NI premium filing was deferred under governmental guidance on 19 May 2020 due to the effect of COVID-19.
4	<p>Premium review arrangements and quarterly reporting</p> <p>icare will review and formally advise SIRA of its premium review arrangements under s8.5 of the Market Practice and Premiums Guidelines issued by SIRA under Division 2 of the <i>Workers Compensation Act 1987</i>. icare will report to SIRA quarterly on premium complaints received and premium reviews and other actions taken as required.</p>	Complete	<ul style="list-style-type: none"> icare submitted June 2019, September 2019 and December 2019, in line with compliance requirements. Action has been completed and remains a quarterly business as usual rhythm.

icare actions recommended by SIRA

	Details of action from SIRA 21-Point Action Plan	Progress	Comments
5	<p>Case Manager</p> <p>Noting icare has advised SIRA that icare and its agents now allocate a dedicated case manager where an injured worker is away from work for 2 weeks. SIRA recommends icare consider a further enhancement to allocate a dedicated case manager whenever an injured worker is likely to be (or has been) incapacitated for work for a continuous period of more than 7 calendar days. This would include any injured person meeting the definition of a worker with a significant injury as defined by s42 of the <i>Workplace Injury Management and Workers Compensation 1998 Act (1998 Act)</i> and would strengthen delivery of appropriate injury management as required by s45 of the 1998 Act.</p>	In progress	<ul style="list-style-type: none"> Throughout 2019, icare made changes to its service segment allocation to make sure that a dedicated case manager is assigned to all workers who need support considering the circumstances and nature of the claim. icare has undertaken an assessment to address the claims that are the focus of SIRA's concerns and is consulting with our claims service providers on the best approach to implementation. icare has advised SIRA it agrees with the intent of the action item and are committed to greater alignment to complete the action item. icare are currently trialling enhanced triage of risk factors for claims that would benefit with a dedicated case manager including: <ul style="list-style-type: none"> Item 1: Claims with an expected time loss between 7-14 days in EML Item 2: Claims where treatment has extended beyond expectations icare will embed the amendments to claims for item 1 in EML over the next two weeks, with roll out expected to the Authorised Provider partners within six weeks. Following ongoing testing and refinement, it is anticipated that item 2 will be implemented in EML within six weeks and rolled out to the Authorised Provider partners within three months. Formal correspondence has been sent to SIRA in October 2020 to outline the current trial and expected embedment across its system. icare will continue to keep SIRA updated on progress against the implementation plan, with relevant data and updates shared through the established Joint Claims Assurance Committee meetings.

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6	<p>Agent contracts</p> <p>icare should review RTW remuneration incentives for scheme agents and relevant icare employees to ensure focus on return to work outcomes at four, 13 and 26 weeks.</p>	In progress	<ul style="list-style-type: none"> • For icare employees who do participate in an incentive program, RTW is one of the measures that is included in a balanced scorecard approach to performance and rewards. • icare has modified scheme agent contracts for Authorised Providers to a risk and reward structure, with remuneration at risk for failing to meet compliance and minimum service standards, and incentives to achieve RTW (currently measured through a payments-based metric). • The remaining contracts (NI or TMF) to transfer to this remuneration structure are the EML contracts (NI) and the contract with GIO to manage tail claims. • icare is currently in negotiations with EML to implement a similar risk and reward-based approach subject to performance and compliance measures. Contract negotiations with EML are anticipated to be completed in Q4 CY2020, with performance based on both payments- and outcomes-based metrics. • Concurrently we will be working with the providers to refine performance metrics to include the SIRA outcomes-based metric. • Once finalised this action will be complete (pending agreement with SIRA).

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7	<p>AP Model</p> <p>Noting the announcement of the extended Authorised Provider Model will increase choice of claims management service for large employers, it is recommended icare also enhance the NI operating model to provide small business employers with greater choice of claim management service provider. Options would be developed by icare in consultation with SIRA.</p>	In progress	<ul style="list-style-type: none"> Following feedback and recent changes, icare intends to further consult with all stakeholders before implementing any additional changes to the operating model. The consultation will precede an RFP for claims services as part of the EML contract redesign. SIRA and icare agreed in May that this was a low priority in the context of COVID-19. Following feedback and recent changes, icare intends to further consult with all stakeholders before implementing any additional changes to the operating model. The consultation will precede an RFP for claims services as part of the EML contract redesign.
8	<p>SIRA Tripartite Reference Group</p> <p>SIRA will invite icare to attend SIRA Tripartite Reference Group meetings at least once per quarter to outline progress on actions arising from the</p> <p>Review and on the performance of the NI. It is recommended the icare CEO attend whenever possible to engage with peak business organisations and unions.</p>	Complete	<ul style="list-style-type: none"> icare management has committed to attend SIRA Tripartite Reference Group meetings when invited to do so. icare's CEO and a number of senior executives attended a Tripartite Reference Group meeting on 4 May 2020. icare CEO and Head of Regulatory Affairs attended a Tripartite Reference Group meeting on 31 August 2020. icare CEO offered to meet individually with all stakeholders in attendance and several meetings have since been scheduled. icare CEO and Head of Regulatory & Affinity Partners has since met with Business NSW and the Australian Manufacturing Workers Union, with standing invites for other Tripartite members.

	Details of action from SIRA 21-Point Action Plan	Progress	Comments
9	<p>Review of icare and agents</p> <p>SIRA recommends icare commission an independent review into the culture, governance and accountability in the icare team and agents managing the NI.</p>	In progress	<ul style="list-style-type: none"> • A Request for Proposal has been completed and a provider (PwC) has been selected to undertake this review. It is anticipated that PwC will commence the review mid to late October 2020. • Findings and recommendations relating to the NI and agents managing the NI are expected by mid-December 2020, and full findings and recommendations by February 2021. A firm plan and timeline for the review will be finalised once PwC has been onboarded. • The Honourable Robert McDougall QC has confirmed he is willing to use this review as an input to the review he is conducting subject to finding being submitted by end of January 2021. • While the focus of the SIRA recommendation was the icare team and agents managing the Nominal Insurer, in order to ensure a better outcome, this has been expanded to cover all of icare to deliver a more complete view to support SIRA's recommendation. • The review will be undertaken in line with ASIC and APRA standard and a Review Director, Board Director Christine Bartlett, has been appointed to provide oversight of the end to end review process. • Progress updates on the review will be provided to SIRA through existing reporting mechanisms for the 21-point action plan and Executive meetings. • It is expected that the independent review will leverage previous work conducted to improve icare's understanding of culture, governance and accountability including a strategic risk review by KPMG (mid-2019), participation in the NSW Treasury review of the outcomes of the Hayne Royal Commission (April 2020), a Board effectiveness review completed by an independent party (early 2020), and regular employee Net Promotor Score surveys providing insights on employee engagement.

SIRA regulatory actions related to the Nominal Insurer managed by icare

#	Details of action from SIRA 21-Point Action Plan	Progress	Comments
10	<p>Claims compliance and performance audit</p> <p>During 2020, SIRA will conduct and publish a quarterly compliance and performance audit of claims management by the NI, under Division 4 of the <i>Workers Compensation Act 1987</i>, including file reviews utilising an enhanced methodology. Audit reports will be provided to the SIRA and icare boards.</p> <p>The first audit will commence in February 2020 and will be undertaken by EY in accordance with Terms of Reference to be finalised by January 2020.</p>	Noted	<ul style="list-style-type: none"> The first audit (Q1 audit) commenced on 24 February 2020 and finished early due to COVID-19. icare received the final Q1 audit report on 10 July 2020. SIRA published its findings on its website on 4 September 2020 and icare submitted a response to SIRA which was published on icare's website on 9 September 2020. The quarter 2 (Q2) audit commenced on 29 July 2020 and finished on 28 August 2020. Claims reviewed were from April 2019 to March 2020 and included claims managed by EML, icare and Allianz. The reviewers have provided some individual feedback on specific claims, but formal feedback has not been provided on themes within the portfolio. SIRA has indicated that the draft report will be available mid-September. A template has been developed for icare's response to the EY claims reviews and will be used for the next response. icare has not yet received the information on all claim files to be able to respond to the Q2 review. Q2 draft report has not yet been received by icare. Quarter 3 review is expected to commence in October 2020.

#	Details of action from SIRA 21-Point Action Plan	Progress	Comments
11	<p>Audit of medical services approval and payments</p> <p>Noting that the NI has experienced a higher rate of increase in utilisation of medical services than other providers, without improvement in return to work outcomes, under Division 4 of the <i>Workers Compensation Act 1987</i>, SIRA will commission an independent audit of the NI's approval and payments process for medical and related treatment expenses to monitor compliance with regulatory requirements.</p> <p>This audit will commence in the April quarter of 2020.</p>	Noted	<ul style="list-style-type: none"> SIRA engaged Synapse to undertake data analysis on medical payments SIRA has provided claim details relating to the preliminary Synapse Audit findings to assist icare to undertake appropriate verification activities through manual claims reviews. icare is undertaking a sample review of claims and will be able to engage further with SIRA in mid-September to discuss the findings. icare presented its findings of the Synapse claim verification, which identified significantly less "leakage" than that which was reported in the preliminary report. icare is working with SIRA on appropriate levels of pre-approval for allied health sessions and enhancements to allied health approvals. Feedback from icare seeks to improve focus on value-based care, allow appropriate time for case managers to engage with stakeholders to understand treatment needs and increases clarity of guidelines for specific stakeholder groups. icare is actively participating in consultation processes that SIRA is undertaking and supports their desire to improve medical costs. 6-weekly medical discussions with SIRA and icare's Medical Office team have been established. An Executive medical meeting with SIRA occurred in September 2020 to discuss options for how icare and SIRA could work together to urgently address high medical costs in the system.
12	<p>Prudential supervision</p> <p>SIRA will provide advice to Government on prudential supervision options for the NI. SIRA will continue its monitoring focus on capital adequacy. SIRA will continue to work with NSW Treasury in line with the NSW Treasury/ SIRA Memorandum of Understanding.</p>	Noted	<ul style="list-style-type: none"> icare notes this is a matter for the NSW Government. SIRA has advised this action has been completed.

#	Details of action from SIRA 21-Point Action Plan	Progress	Comments
13	<p>Board and executive engagement</p> <p>SIRA will engage constructively with the icare board and senior executives on the NI management and improvement plans; SIRA will retain its independent approach on compliance and enforcement matters</p>	Noted	<ul style="list-style-type: none"> Joint meeting with icare and SIRA boards has been arranged twice yearly. SIRA has advised this item has been completed.
14	<p>Legislation</p> <p>SIRA will provide advice to Government on legislative policy matters as required</p>	Noted	<ul style="list-style-type: none"> icare looks forward to ongoing consultation with SIRA on potential legislative policy matters, to ensure informed regulatory impacts on the Scheme and its stakeholders are well understood before advice is given to Government.

SIRA regulator commitments

#	Details of action from SIRA 21-Point Action Plan	Progress	Comments
15	<p>KPI and benchmarks</p> <p>SIRA will review definitions and strengthen key performance indicators and compliance benchmarks for workers compensation insurer performance over 2020 and will publish the results at least quarterly. SIRA will consult widely on the development of the indicators and benchmarks.</p>	Noted	<ul style="list-style-type: none"> There has been considerable dialogue between SIRA and icare executives on KPIs and benchmarks, including discussions on a number of options for measurement and metrics informed by the work of independent actuary Mr John Trowbridge. icare supports reliable indicators of performance and looks forward to further consultation with SIRA on appropriate measures.

#	Details of action from SIRA 21-Point Action Plan	Progress	Comments
16	<p>RTW measurement</p> <p>As a priority, SIRA will lead consultation on measurement of return to work outcomes for injured people and is working with Safe Work Australia on its national RTW measurement framework.</p>	Noted	<ul style="list-style-type: none"> icare supports an independent review of data analysis and return to work measurements, given the need to establish a consistent and transparent view of actual injured worker experience and reduce market confusion. icare notes SIRA is consulting broadly with stakeholders, including icare, to develop a national RTW measurement framework. Following extensive collaboration with SIRA, icare has increased its understanding of the SIRA metric and its ability to replicate within a reasonable threshold. icare have published its most recent RTW dashboard in the icare website using the SIRA metric to align itself more with SIRA and reduce market confusion.
17	<p>Medical partners</p> <p>SIRA will partner with professional medical colleges to increase awareness of the Health Benefits of Good Work initiative amongst GPs and other health providers</p>	Noted	<ul style="list-style-type: none"> icare is a signatory to the Australian Consensus Statement of the Australasian Faculty of Occupational and Environmental Medicine (AFOEM) on the Health Benefits of Good Work. icare and SIRA have established six weekly meetings between icare's Medical Office and SIRA's Health, Policy, Prevention & Supervision team. The focus of these meetings has been on healthcare reform in NSW WC and CTP. icare has provided SIRA with feedback and key learnings from its GP engagement activities within the NSW WC scheme to help inform regulatory engagement approach with peak medical associations.

#	Details of action from SIRA 21-Point Action Plan	Progress	Comments
18	<p>Review health care costs</p> <p>SIRA is currently undertaking a review of health care arrangements for the workers compensation and CTP schemes in response to rising health care costs. Over 2020, this review will result in improved regulatory and fee setting approaches to ensure injured people have access to the right healthcare at the right time for optimal recovery and return to work, and so the schemes provide value-based healthcare.</p>	Noted	<ul style="list-style-type: none"> icare has provided comprehensive feedback to SIRA in its submission to the SIRA <i>Regulatory requirements for health care arrangements in the NSW workers compensation and CTP schemes</i>, including regulated fees. A copy of this submission is available here.
19	<p>Survey workers and employers</p> <p>SIRA will conduct a rolling survey to measure the customer experience of injured people and policy holders across workers compensation and CTP. The first survey will commence by March 2020 and will be published by June 2020.</p>	Noted	<ul style="list-style-type: none"> SIRA has advised the survey has commenced with 1,500 customer experience surveys to claimants across the workers compensation and CTP schemes and that results will be published by October 2020. icare continues to capture feedback from customers through its Customer Experience Measurement program (formerly known as the Net Promoter Score program). Approximately 24,000 survey invitations are issued each month to Injured Workers and Employers within the NI, with an average response rate of 16%. SIRA has also requested of icare an attestation of its Customer Service Conduct Principles, the attestation is due to be provided to SIRA by 31 October 2020.

Agreed joint SIRA/icare NI actions

#	Details of action from SIRA 21-Point Action Plan	Progress	Comments
20	<p>Board and executive meetings</p> <p>SIRA and icare boards will meet half-yearly. The SIRA Chief Executive and icare CEO will meet monthly with a more detailed quarterly review meeting in line with quarterly audit processes.</p>	Complete	<ul style="list-style-type: none"> • Joint meeting with icare and SIRA boards has been arranged twice yearly. • icare's CEO and SIRA's CE continue to meet regularly to discuss strategic matters. • The joint SIRA and icare Boards agreed to the development of joint KPIs at a meeting on 29 May. SIRA has requested to pause the joint KPIs. icare is continuing to look at appropriate KPIs.
21	<p>Monitoring</p> <p>SIRA and icare will continue, until at least December 2020, the current level of escalated monitoring and communication provided by the SIRA/icare NI Joint Premium and Prudential Oversight Committee (JPPOC) and Joint Claims Assurance Committee (JCAC).</p>	Complete	<ul style="list-style-type: none"> • Monthly meetings continue. • SIRA and icare agree this action is now completed.