



Measuring Return to Work

The importance of work

Helping injured workers get back to work as soon as possible is extremely important, medically, socially and financially.

Much research has shown that returning to work is the best way to prevent injured people from becoming socially, physically, emotionally and psychologically isolated from a core support network – their work.

For employers, poor levels of injured staff returning to work lower workplace productivity and undermines workplace culture.

For insurers, high levels of injured people returning to work is a critical part of delivering customer centric services and has financial benefits through reduced claims costs.

Measuring 'Return to Work'

Return to work (RTW) is a key measure of the performance of the workers compensation system. It is influenced by factors including legislative and regulatory policy, insurance operations, employers and employees and treating health practitioners.

RTW is currently measured in different ways by different schemes and insurers, including SIRA (the State Insurance Regulatory Authority) and icare.

What is good RTW measurement?

icare believes there are five key attributes to good RTW measurement:

1. Comparability:
 - a. Across time – this enables analysing performance across time periods.
 - b. Across cohorts/portfolio – this enables the comparison of performance across industries, injury types, age, insurer, etc.
2. Understandable: A simple and understandable metric is easier to communicate and avoids misinformation.
3. Influences behaviour: Good RTW metrics can help drive improvements in RTW contributing to social and financial benefits.
4. Linked to the outcomes you wish to measure: The metric needs to be reflective of the core outcomes achieved. Otherwise the measure is not useful.
5. Practical: It must be practical to employ and should not require onerous effort to implement.

Different measurements

icare continues to use the payment methodology¹ (payment-based metric) which has existed for more than a decade in NSW. It is a practical measure for RTW that is focused on financial outcomes, translates directly into scheme performance and is comparable over time. Various payments based RTW measures continue to be used by the other jurisdictions.

The RTW metric report by SIRA, introduced in 2018, is focused on the social outcome of RTW, using a work status code field to indicate whether the injured worker has returned to work.

icare notes that there is value in measuring both the financial and social outcomes.

Factors to consider:

- The payments-based metric starts measuring from the date the worker is injured.
- By comparison, the new metric only starts to consider RTW once the injury is entered into the insurer's system, which may understate the time taken to RTW.
- Most RTW metrics will develop as more information becomes available. The initial publication of the new metric does not allow for this which means it initially misreports the metric and later amends it in historical figures for subsequent reports. The payments-based metric is measured at consistent times allowing for three months of development.
- The time periods of when RTW is measured (4, 13, 26, 52, 104, 130-weeks) differs greatly. Through a brief industry scan, only SIRA and ReturnToWork SA measure at four-weeks. Most schemes lean towards 13, 26 weeks or longer due to the long tail nature of workers compensation. For example, SafeWork Victoria's Back at Work measure does not include claims with less than 10 days off work and is measured at 26 weeks. That said, icare recognises the social and financial benefits of early RTW outcomes.

Current challenges with the 'new' metric

As with any new metric it takes time to mature. That said, icare believes there are significant practical, technical and principle-based issues with the new metric.

- To date, the new metric has been complex and opaque. SIRA's publications do not remain constant nor consistent over time. Using one or a combination of all the five different sources of SIRA data - website, the open data tool, data books, QLIK code and Corporate Data Repository - do not result in the same outcome.
- Historical comparisons are difficult and imperfect. The new metric relies on seven key data fields that are manually entered and prone to human error. There are significant historical data integrity issues (pre-dating icare and SIRA) relating to the critical fields now used by the new metric.
- There is a significant regulatory cost associated with the implementation of the new metric. icare has invested more than 7,000 hours into data remediation on top of the increased day to day effort to enter correct data, for the purpose of enabling the new RTW measurement methodology. This is a significant ongoing regulatory cost to record the key fields at an accuracy level that SIRA requires for its new metric.

What next?

icare believes industry consultation is critical to any new regulation or change and should occur prior to its implementation. icare proposes that SIRA sets up a joint working group with industry to address three core aims:

1. Jointly explore how to measure RTW from a whole-of-system perspective, balancing both social and financial dimensions
2. Develop RTW metrics that are transparent, practical for insurers and which meet the five criteria outlined
3. Utilise industry expertise and support to answer the significant technical issues highlighted.

The joint working group should include senior regulatory, business and technical leaders to ensure its success. In this way we can determine and implement a consistent and accurate way forward for the measurement of RTW, freeing up more time to focus on our core goal of helping people get back to work and continuing life as it was pre-injury.

¹ When workers are back to their pre-injury work capacity they are no longer eligible for income replacement benefits. Therefore, it is a clear indication that the worker has in fact returned to work.