



**Broker Information Pack On The
Nominal Insurer New
Claims Model**

November 2022

New Claims Model summary

What are the changes to the way claims are being managed?

The model that guides how claims are managed (also known as the claims model) in the NSW Nominal Insurer scheme is changing. The new model will have a greater range of Claims Service Providers (CSPs), and eligible employers can choose between a generalist CSP or one with additional specialist capabilities in managing psychological claims.

- Changes to the claims model aim to help both employers and workers navigate a worker’s compensation claim together; enabling employers to get the support they need earlier and helping their workers return to work and health faster.
- The new claims model applies to workers in the private sector.

Why the changes?




- The NSW Nominal Insurer has faced challenges in recent years, and we are implementing these changes to improve the performance of the scheme and better support our injured workers and employers.
- Our external environment is changing and we need to **change our thinking about mental health**.
- Mental health issues are now the **most diagnosed long-term conditions in Australia** and icare is seeing the impact in increasing rates of psychological injury claims.

Who are the providers?

- We have selected six providers: **Allianz, DXC Technology, EML, Gallagher Bassett (GB), GIO, and QBE** to manage workers compensation claims for the NSW Nominal Insurer.
- These changes are part of an extensive improvement program underway at icare to improve outcomes for injured workers and businesses.

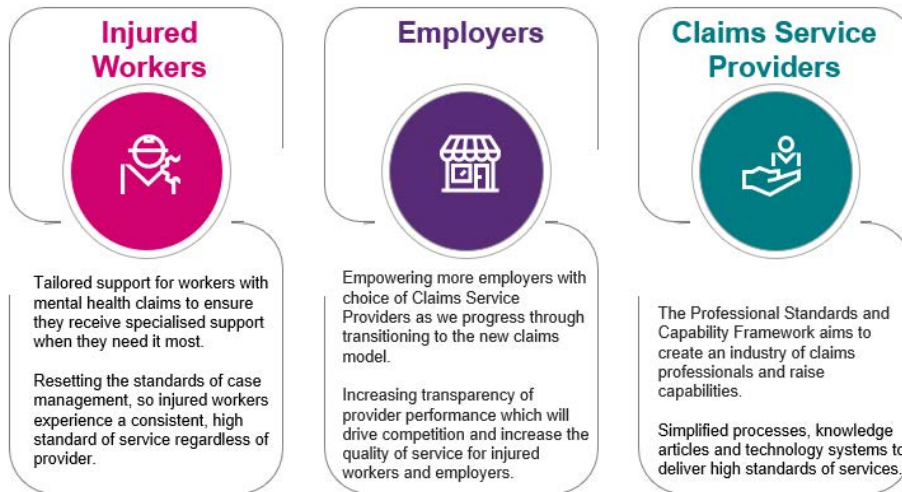
What’s changing?

- Four of the six claims providers will provide **specialist psychological claims capability** with skilled and experienced Case Managers dedicated to managing psychological claims.
- icare is establishing an internal team that will develop and trial new approaches to psychological claims that can then be rolled out to all Claims Service Providers.
- Subject to contract execution, the changes will be **progressively implemented from early 2023**, with more details provided over coming months.
- The Claims Service Providers' contracts commence on 1 January 2023.

 <p>Generalist Claims Service Providers: GIO, QBE</p> <ul style="list-style-type: none"> • Generalist providers can manage all claim types, including psychological injury claims. • If employers, who do not have choice, have existing claims with a generalist provider (GIO, QBE), new claims will be managed by the same provider to ensure consistency of service. 	 <p>Generalist with Specialist Capability Providers: Allianz, DXC, EML, Gallagher Bassett</p> <ul style="list-style-type: none"> • Provider can manage all claims types. • They offer specific support structures and appropriately skilled and experienced Claims Managers dedicated to managing specialised claims, such as mental health claims. 	 <p>Specialist Claims Service Providers</p> <ul style="list-style-type: none"> • Providers can only manage psychological claims. • icare is working towards having a specialist only provider on the panel as we progress from transition to the new model. Other providers may be added in the future.
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What are the benefits of the changes?

The changes to the claims model are designed to deliver a higher standard of service and improved return to work outcomes, ensuring better support and experience for injured workers and employers.



EMPLOYER CHOICE

What is the difference between a provider that is a Generalist and a Generalist provider with Specialist Capability?

Specialised Providers offer a tailored approach to particular types of claims (beginning with Primary Psychological Claims Only) and provide targeted quality service for injured workers and employers. Providers with Specialised Capability offer specific support structures and appropriately skilled and experienced case managers dedicated to managing specialised claims. Generalist Claims Service Providers can still manage psychological injury claims using a non-specialised approach via case managers that are not dedicated to managing psychological claims.

Do all employers get a choice of Claims Service Provider? If not, why?

No, only those larger employers with an Average Performance Premium of above \$500,000 will be able to choose their Claims Service Provider initially. This helps to ensure there is stability in the scheme as new providers come on board. In line with recommendations from the McDougall review, icare is taking a measured and staged approach to expanding employer choice. Our aim is to offer employers with an Average Performance Premium (APP) or Group APP of \$200,000+ the choice of provider from 31 July 2024. This will be lowered further to \$30,000 APP from 31 July 2025.

What happens if I want my claim managed by a new Claims Service Provider?

Employers with choice (Average Performance Premium above \$500,000) can choose to have their claims managed by a new Claims Service Provider as soon as they are onboarded.

New Claims Service Providers are expected to be onboarded in a staged manner from mid-2023.

When it comes to employer choice is there the potential for employers to have claims with three different providers over a three-year period?

Stability and minimising the disruption to injured workers and employers is a key objective throughout transition. If employers with choice choose to have multiple providers, icare will not to re-allocate these policies and claims. With employers who have not exercised choice under the current \$500,000 Average Performance Premium threshold, it is icare's intention not to reallocate their policies where there are open claims on the

policy. This will prevent repeated movement of claims during the transition period and ensure continuity of Case Manager (and resulting treatment, payments, and contact) on an injured worker's claim.

As a smaller employer, can I move Claims Service Providers?

Not currently. Choice of Claims Service Providers is currently offered only to large employers (above \$500,000 Average Performance Premium). This helps to ensure we have stability in the scheme as new providers come on board. However, icare's intention is to provide more choice in future, so smaller employers can select the Claims Service Provider they want.

Will claims stay where they are until 31 July 2024 when more employers have choice?

Yes. Where a current open claim exists or an employer has exercised choice, both open claims and new claims will remain with their current Claims Service Provider.

Will information about the Claims Service Providers be provided prior to 1 January 2023 to allow employers to make an informed choice of new providers?

The standard selection process would apply from 1 January 2023 for all existing Claims Service Providers (CSPs). icare will notify eligible employers ahead of any new CSPs coming onboard during 2023 to give you enough time to make an informed choice.

CLAIMS ALLOCATION

How will claims be transferred between providers?

Any open or closed claims will only be transferred between providers if an employer wishes to consolidate their claims with their selected Claims Service Provider (CSP). This affects only large employers eligible for choice (those with an Average performance premium greater than \$500,000) who have transferred to a new CSP since 2020. Large volumes of claims are not expected to be moved between providers.

When will claims be transferred?

The consolidation of claims is dependent on enhancements made to icare's Guidewire system (claims management system) and is planned for mid-2023. Further information will be provided in future with the timing of any transfers to be finalised in the coming months.

How will I know who to contact once my claims have moved?

Your new Claims Service Provider is responsible for contacting you and your injured worker with details of the new Case Manager. Your new Claims Service Provider team will be able to assist you from the date of the move.

If my claim moves between Claims Service Providers, what is the process?

If claims do move, there will be a process in place to ensure minimal disruption to the injured worker and that adequate notice is provided to the worker and employer before any transfer. Further detail about this will be shared in due course.

How quickly will my Claims Service Provider be able to review and start management of my claims after they move?

One of the benefits of icare's system is that the claim history and all information on the claim file will be available to your Claims Service Provider of choice immediately after moving.

Will pre-2018 claims stay with existing providers?

Yes, pre-2018 claims will stay with existing providers to avoid disruption to injured workers and employers. If an eligible employer has claims with one provider and they wish to choose to go to a different provider then icare would consolidate these claims alongside that decision. icare would first ensure the provider has the capability and capacity to take on these claims before they are transferred.

If an injured worker has a psychological claim and a physical claim, and an employer chooses a Generalist with Specialist Capability, will the injured worker be likely to have multiple claims managers?

That scenario is a possibility, although it will be at the discretion of the Claims Service Provider on a case-by-case basis to appropriately triage and allocate the claims, so the injured worker and employer experience is not impacted.

How will psychological claims differ to other workers compensation claims? For example, will there be similarities like how COVID-19 claims differed to general claims? Are there specific points to be aware of and when will this specialised scheme come into place?

The lodgement and management of a psychological claim continues to be in line with legislative requirements and will not fundamentally change. What will change is the service approach taken and support structures that providers put in place to support the mental health and safe return to work outcomes of workers who have a psychological claim.

Why did icare split psychological claims from other complex claims?

Return to work rates for psychological injury claims are much lower than physical claims. The proportion of psychological claims in the Nominal Insurer has grown over time and the changing proportion has contributed to approximately a third of the decline in return to work rates overall.

While the return to work rates for psychological injury claims have been stable for the past three years they aren't improving. We believe this is because psychological injuries need to have different approaches to claims management, and this is why the new claims model includes a specialised capability for Claims Service Providers (CSP).

Generalist with Specialist capability CSP's have additional support structures, whether it's psychological experts or mental health specialists, that provide further targeted claims management. This targeted approach to psychological claims will improve return to work rates over time.

The specialised segment that was part of icare's previous claims model included claims types that icare considers 'specialist' due to the nature of legislative and expert support needed to manage these types of claims, such as fatality or complex medical claims. We expect that Generalist with Specialist Capability Claims Service Providers will have case managers with the relevant skills and expertise to manage these claims when they occur.

How will an employer or broker be notified of who their Claims Service Provider is if their claims are reallocated?

We will be notifying employers who their Claims Service Provider is at least six weeks before renewal.

How will market share be allocated?

The intention is not to move open claims, particularly where an employer may have future choice. To support the new providers (GB and DXC) in getting up and running, policies without open claims that are in the non-premium impacting segment (under the \$30,000 Average Performance Premium) will be allocated to them initially. As we move through the transition process and as employer choice expands, there will be greater

market equity.

Once all the providers are fully operating, icare may use provider performance data to allocate claims.

How will icare allocate volumes of claims to each Claims Service Provider?

icare's claims management system looks for information related to the policy and/or group initially, so to ensure there are no delays in managing new claims, please use your correct policy number at lodgement to ensure the claim is directed to the right Claims Service Provider (CSP) immediately. Where an employer is not eligible for choice of CSP, subsequent checks are completed to determine the right CSP with the right capacity to manage the claim, for example psychological injury claims. Allocation will be based on CSP capability and capacity to take on claims – there are no plans to transfer existing claims in the short-term, unless by request from an eligible employer.

Claims Service Providers

How will the new Claims Service Providers have adequate resources given the current employment landscape?

As we onboard new providers in a staged manner, there will be 'readiness checks' with them to ensure they are sufficiently resourced and have the capacity to manage claims. These readiness checks are done throughout the onboarding process to ensure a standard level of capacity and capability is met and to minimise disruption to active claims by movement of Case Managers.

Will Case Managers need to have the Cert IV in Claims Management before they engage with injured workers or will they learn on the job?

No. Providers might have additional support structures as part of their service offering, like formally trained psychologists or mental health specialists, but that is at the discretion of the provider.

How will Case Managers who are managing mental health claims be supported to avoid burnout?

Claims Service Providers will be accountable to ensure their Case Managers have a case load that is manageable. They will need to innovate and develop methods to ensure Case Managers supporting psychological claims do not burnout, and this may also include additional support structures, like formally trained psychologists or mental health specialists, within their service model.

How will Claims Service Providers be remunerated in the new contracts?

Remuneration is moving from a 'cost plus' model to a 'performance-based' model, where a variety of outcome measures will be considered, such as duration or the PIAWE relating to a claim. There will also be a performance element that rewards 13, 26, 52-week thresholds and milestones relating to a claim.

How will the performance be measured? Is it sustainable return to work with full clearance or is it claim closure?

Sustainable return to work outcomes will be one measure within a balanced scorecard that will also consider Case Manager competency via the Professional Standards Framework, retention, and other key leading measures like contact timeliness.

When will Claims Service Provider performance be made public?

icare has committed to publishing Claims Service Providers (CSP) performance results, which will drive competition and, in time, make it easier for businesses to choose the claims providers who can give their injured workers the best care and support to help them return to health and work faster. It will take time for performance data to be gathered for all CSPs, so it is anticipated this will be available after 2023.

Are there changes to dispute resolution pathways for an employer that is not satisfied with the handling of a claim/decisions made on a claim?

Not at this time, however icare may pilot processes throughout 2023 to help expedite the dispute resolution process.

Could a specialist model place an employer in a position where they may be dealing with more than one provider?

Yes. One of the fundamental changes in the new claims model is the expansion of informed choice for more employers. In time, an employer eligible for choice may elect to have psychological claims managed by a provider with a specialised model to support the mental health and safe return to work of workers who lodge a psychological claim, and another provider to manage physical claims.

How will Generalist providers still have psychological skill sets as there will be physical claims that have a psychological and sometimes overtaking psychological impact to status/capacity?

Both Generalist and Generalist with Specialist Capability providers will be able to manage primary and secondary psychological claims.

You have advised there is a new platform for all providers to be working from. Can you provide any details about what platform employers can access to monitor claims and policies?

At the moment there is no platform for monitoring policies, however customers can update estimated and actual wages via the customer self-service function on our website [here](#). We intend to expand the information that employers can access by including performance results, which will drive competition and, in time, make it easier for businesses to choose the claims providers who can give their injured workers the best care and support to help them return to health and work. It will take time for performance data to be gathered for all CSPs so it is anticipated this will be available after 2023.

When new providers come onboard, can employers change to these new providers or do they need to wait until renewal date?

An eligible employer will be able to change providers on their policy renewal date. icare will provide notice and communication to eligible employers ahead of any new providers coming onboard during 2023.

How does it work with a specialised provider if you have a mix of physical and psychological claims? Do you then work with two different claims providers?

One of the fundamental changes in the new claims model is the expansion of informed choice for more employers. In time, an employer eligible for choice may elect to have psychological claims managed by a provider with a specialised model to support the mental health and safe return to work of workers who lodge a psychological claim, and another provider managing physical claims.

If someone chooses to go with a specialist-only provider could an employer have two different providers?

Yes, once icare appoints specialist-only providers as is intended, an eligible employer may select a Specialist-only provider, however they will still need to select a different provider for their physical claims which means they will have two different providers.

What is the triage process of allocating claims to new providers?

icare's claims management system looks for information related to the policy and/or group initially, so to ensure there are no delays in managing new claims, use your correct policy number at lodgement to ensure the claim is directed to the right Claims Service Provider (CSP) immediately.

Where an employer is not eligible for choice of CSP, subsequent checks are completed to determine the right CSP with the right capacity to manage the claim, for example psychological injury claims.

Will employers be told their Claims Service Provider at renewals?

Yes, where the transfer to a new Claims Service Provider occurs aligned to renewal date, the employer will be notified six weeks prior to their policy renewal date.

Can Generalist providers (QBE, GIO) still manage psychological claims?

Yes, Generalist Claims Service Providers can still take on psychological injury claims for those employers who have nominated to have GIO or QBE as their Claims Service Provider.

If I have a psychological claim, why would I choose a Generalist provider over a Generalist with Specialist Capability provider who have dedicated teams to address mental health claims?

You may already have a relationship with QBE or GIO and wish to remain with them. Your claims must be managed by one Case Manager who has a combined portfolio of physical and psychological claims. Generalist with Specialist Capability Claims Service Providers may have their claims segmented with psychological claims being managed by dedicated mental health Case Managers or have combined physical and psychological claim portfolios as per Generalist providers.

Generalist Claims Service Providers have Case Managers who have the capability to manage psychological claims. Employers may choose a Generalist or Generalist with Specialist provider to keep all their claims under a single provider (applicable to employers who have choice). GIO and QBE will continue to manage both physical and psychological injury claims.

Communication updates

Will there be any impact to the reporting I receive from icare or my Claims Service Provider?

No, your Cost of Claims report from icare will automatically update with the relevant details in the managing entity field for claims that are moved.

Who will contact the injured worker to notify them their claim will move?

If claims are being moved, then the existing Claims Service Provider will be in touch to let them know what provider will be managing their claim in the future and the date that their claim will be moved.

Who will take care of my worker(s)?

Our priority is to continue to support employers' injured workers return to work and health. icare and the Claims Service Providers will ensure workers continue to receive any payments and medical treatments as usual.

Who do injured workers contact if they have an issue?

Injured workers should first contact their Case Manager if they have any questions or concerns about changes impacting their claim.

How long before the Guidewire system is fully operational?

icare's system is fully operational and is already used by icare and all existing CSPs. Like all systems, icare's system requires ongoing maintenance and enhancements to further develop the functionality to meet icare's changing needs, the external environment and to better support those we serve. A series of enhancements will continue to be made throughout 2023 and beyond.

Will there be an interruption to reporting during the transition process? Will claims reports still be able to be pulled?

There will be no interruption to reporting throughout the transition process and claims reports will still be available.

How are employers going to be communicated with after January 1?

Employers will continue to be kept updated through **icare Connect**, Looped In sessions, icare's website, their broker (where applicable) and other industry bodies. icare has recently also developed **icare Workplace** and we welcome employers to opt-in to receive updates. You can subscribe here:

<https://www.icare.nsw.gov.au/about-us/publications/workplace>

How will I receive updates on any changes to my claims?

icare is committed to keeping you informed if your claims are impacted. Any transition of claims (a claim moving between Claims Service Providers either via choice, or through icare allocation) activity will be communicated with employers and injured workers well ahead of time.

Professional Standards

How are Claim Service Providers going to retain staff?

A large part of the evaluation process and selection of the appointed providers for the new model was weighted to capability and how Claims Service Providers (CSPs) will retain and develop staff. The reason we are taking a staged and measured approach to transition is to ensure CSPs have the maximum amount of time to retain, attract and train staff.

Is there a minimum standard for Case Managers?

icare has developed, in conjunction with industry, a framework of professional standards for workers compensation claims management professionals within the NSW Nominal Insurer and the Treasury Managed Fund.

Professional standards will define the expectations of practices, skills, and knowledge required for everyone who works in workers compensation claims. These standards are overarched by our Customer Service Principles which have been designed to reflect the State Insurance Regulatory Authority's (SIRA) Customer Service Conduct Principles to foster consistent behaviour and service delivery. They will also provide the establishment of a career pathway for claims professionals.

The Professional Standards Framework contains key competencies for staff who manage workers compensation claims and will support professional development and growth, allowing individuals to acquire new skills and knowledge and accelerate existing ones. We will do another session with brokers on the Professional Standards Framework.