RightHandTurn

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Report of the Customer Advocate

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Executive Summary

In February 2019 the State Insurance Regulatory Authority (SIRA) announced they had appointed an Independent Reviewer to undertake a Review of the Nominal Insurer throughout 2019 with an anticipated release of a public report in December 2019 detailing the findings. The specific terms of reference for this review can be found at https://www.sira.nsw.gov.au/fraud-and-regulation/review-of-the-nominal-insurer/terms-of-reference-for-the-review-of-the-nominal-insurer. Customers and stakeholders of the Nominal Insurer were invited to provide submissions to the Review, 73 of which are available to the public SIRA's website at https://www.sira.nsw.gov.au/consultations/review-of-the-nominal-insurer/consultation-submissions.

icare engaged Righthandturn Pty Ltd in October 2019 as a Customer Advocate. The initial engagement was to meet with a minimum of 20 stakeholders and customers (referred to collectively as customers in this report) that provided written submissions to the SIRA Review of the Nominal Insurer (referred to as icare in this report as icare provides services on behalf of the Nominal Insurer). The terms of reference was to gain further insights on their experience as a customer interacting with icare and provide recommendations to assist icare to understand how it can be more customer centric in the delivery of its services and more effective in engaging with its customer base.

I made direct contact with customers of icare to schedule meetings with the authors and their representatives of the submissions. Detailed conversations were held which discussed the content of the written submission and also invited customers to provide feedback on icare's engagement approach and opportunities for improvement.

Limitations to the content of this report include not having tested the practicality of customer expectations and my recommendations with icare management. As the focus is the experience that customers are having I have not recorded any feedback regarding technical matters or provided comment on the effectiveness of icare's Claims Model. I have also not examined in detail icare's claims management practices or met with the Claims Service Providers. It was not in the terms of reference to solve specific issues arising within discussions although I note that on occasions I was requested to provide information back to icare to enable a direct dialogue between the customer and icare on resolution.

My recommendations, expanded upon in the body of this report, follow. All recommendations made are expected to be considered and acted upon in the fair and best interests of the customer.

Recommendations:

1. Identify and implement processes that improve the timeliness of premium notices to customers.
2. Identify the system (technology) and human causes that contribute to inaccurate premium notices and implement the required corrective actions to minimise the frequency of controllable events.
3. Provide on the icare website, instructional guides (written and media) that explain the premium formula, how employers can understand and influence the premium management process including a calculator to assist managing premium expectations. Supporting this, consider implementing a process that ensures customers who are likely to have a >10% increase in premium are contacted as early as possible in the premium cycle.
4. Review the learning and development materials for the Call Centre to ensure that knowledge requirements are sufficient to answer general premium queries and enact efficient triage for escalation.
5. Consider the requirements that would enable a direct icare underwriting contact for customers of a determined size (e.g. >$250k per annum).
6. Review the Learning and Development frameworks within icare and its Claims Service Providers to ensure appropriate baselines of core competencies are set out clearly set out. Where appropriate, management action plans for lifting the standard of technical and soft skills in Claims Service Providers should be implemented.
7. Investigate the approach to setting interim Pre-Injury Average Weekly Earnings (PIAWE) and set standards for the fair setting of interim PIAWE and finalisation of actual PIAWE.
8. Review and improve the existing claims management practices that support the approval of treatment for injured workers.
9. Review the systems that support the generation of written claims management communication to identify opportunities to improve the timeliness and relevance of written correspondence.
10. Review existing processes for the determination of compensability to ensure that there are mechanisms in place for the consideration of all information and material relevant to the decision.
11. Review the effectiveness of existing mechanisms for allocation of continuity of case management staff to customers.

12. Identify and implement processes that will enable customers to be proactively consulted and involved in the management of health and return to work during the complete life cycle of the claim.
13. Review the existing approach to the holistic management of mental injury claims with a focus on early support and guidance for customers.
14. Consider providing on the icare website a Frequently Asked Questions document and/or a Claims Management Guide for customers to understand the claims journey.
15. Consultation on changes to the scheme (design, operating model, products) requires a formal and structured engagement framework to be developed to ensure the views of customers are heard.
16. Consider enhancing the current use of forums as an engagement tool, in consultation with customers.
17. Consider a more structured engagement model for representative bodies and associations.
18. Enhance the existing Customer Promise with open commitment to customer service levels.
19. Publish the performance of Claims Service Providers.
20. Embed the continuation of the Customer Advocate role.

Introduction

SIRA is the independent insurance regulatory body that covers all statutory schemes in NSW including Compulsory Third Party (CTP), workers compensation and home warranty. SIRA's focus is on ensuring key public policy outcomes are being achieved in relation to service delivery to injured people, affordability and the effective management and sustainability of the insurance schemes. SIRA is responsible for pricing regulation, insurer licencing, dispute resolution and issuing claim and premium guidelines.

icare delivers services across five schemes – Workers Insurance (the Nominal Insurer), Insurance for NSW (Self Insurance), Lifetime Care, Dust Diseases and the Home Building Compensation Fund (HBCF) and is a Public Financial Corporation regulated by SIRA. icare is not part of the government sector but is a part of the public sector.

The SIRA Review of the Nominal Insurer commenced in February 2019 and was complete with the release of a public report on 13 December 2019. The specific terms of reference for this review can be found at https://www.sira.nsw.gov.au/fraud-and-regulation/review-of-the-nominal-insurer/terms-of-reference-for-the-review-of-the-nominal-insurer. Customers of icare were invited to provide submissions to the Review, 73 of which are available to the public to read on SIRA's website at https://www.sira.nsw.gov.au/consultations/review-of-the-nominal-insurer/consultation-submissions.

I was engaged by icare as a Customer Advocate to engage a minimum of 20 customers that made submissions to the SIRA review of the NSW Nominal Insurer in accordance with the media release made by icare on 9 October 2019 (see Appendix 1 of this report).

The purpose of this engagement was to hold individual discussions with this target group to gain further insights on their experience in order to help icare understand how it can be more customer centric in the delivery of its services and to gain insights on customer experience in engaging with the icare.

Throughout this engagement I have had a direct line of communication with Mr John Nagle, CEO & Managing Director of icare, and have not been privy to any correspondence that may have been

occurring between icare and SIRA on the subject of the SIRA review, nor have I read the reports released by SIRA on 13 December 2019 or icare's response. My work was for all intents and purposes, independent.

I made direct contact to the customers of icare to organise a meeting with the authors and their representatives of the submissions. Detailed conversations were held, which reviewed the content of the written submission and also invited customers to provide feedback on icare's engagement approach and opportunities for improvement.

My engagement has resulted in 33 discussions with customers, most of which were from those that made submissions however I also met with a small number of other organisations and individuals at their request, which is consistent with the opportunity afforded by icare in their media announcement.

Feedback and recommendations in this report arise from 33 interviews from October 2019 and December 2019. Of the 33 interviews, 27 were in person and 6 by telephone. All interviews between myself and customers were attended by a Customer Experience Researcher from the icare Customer Team, with the exception of those interviews conducted by telephone. The Customer Experience Researcher provided valuable research support which included assistance to ensure accuracy in synthesising insights from customer interviews.

The purpose of my engagement was not to replicate the information provided in individual submissions but rather to explore broader experiences as customers of icare, using the submissions as context to the discussion. As a result, rather than provide individual customer feedback in this report I have collated the feedback into themes to assist with providing more targeted recommendations. Throughout this process, my commitment to those interviewed was to provide icare with aggregated findings and recommendations so as to maintain confidentiality of discussions.

I would like to thank all those that made time to meet and discuss their icare customer experience. The conversations were at all times professional, transparent, honest and overwhelmingly in the

interest of making icare service delivery a better, more reliable and consistent experience for participants.

Methodology

Submissions to SIRA

Prior to commencing direct engagement with customers, I read all 73 identifiable and anonymous submissions that were uploaded to the SIRA website. This served as important background context to understanding the feedback provided by customers and allowed for an optimal engagement.

Target Group

icare's media announcement on 9 October 2019 regarding the appointment of a Customer Advocate provided opportunity for all customers that had made submissions to the SIRA Review to meet with me as the Customer Advocate as well as any other customer outside of this group who wanted to discuss issues or concerns of importance to them.

Contained in this report is the feedback of the 33 customers I met with, of which 29 arose from customers that made a submission to the SIRA review.

I note that there was one refusal to meet among those contacted and 6 non-responses. There remains a small number of organisations and individuals that would like to meet (largely from referral from those that I have met with) which I will endeavour to contact in early 2020 to meet with and provide additional written feedback through to icare.

Interview Structure

The majority of interviews were conducted in person with a small number by teleconference. Interviews were conducted with an emphasis on two areas:

1. The written submission on icare's premium and claims management products; and
2. icare's approach to customer engagement.

Outcomes

My discussions with customers has allowed me to provide the summary feedback 'themes' below.

Premium Management

icare is responsible for providing a premium management service to employers based on various statutory and policy parameters, all of which is managed internally by icare. Premiums are paid by employers based on individual policy renewal timing.

Themes arising from customers are:

a) Timeliness: many customers expressed a deep frustration over the timeliness of communication of premium notices. Premium communications have been received late and the resolution of actual premium has, for some, taken many months into the new financial year to resolve. Feedback on the 2019/20 premium cycle was that there was a definite improvement on the 2018/19 premium cycle however issues of timeliness linger for some and it is noted that one customer had not had their premium notice for 2019/20 resolved at the time of writing this report.

   Customers noted that for some the resolution of premium adjustment notices as early as the 2016/17 premium year remain unresolved which is frustrating and time consuming.

   Staff with responsibilities for managing premium on behalf of their employer report a sense of embarrassment and feel their credibility is undermined when they are unable to answer questions on premium payable. For small to medium sized employers, the impact of timeliness on cash flow and (their) product pricing can be substantial as for most, premium is a material input.

   Customer expectation is that they are able to use accessible and accurate premium information in their budgeting and financial planning cycle (April to July annually).

Recommendation 1	**Rationale**
• Identify and implement process improvements that improve the timeliness of future financial years premium information and notices to customers. This should include exploring the possibility of delivering premium communications in the April to July period annually.	Customers report that their budgeting, forecasting and pricing processes are significantly impacted by late notification of premiums. The premium cost is a 'variable fixed' cost which customers find difficult to manage and sometimes recover from, especially when they are not notified prior to the

	commencement of the financial year or not clear on the cost of premium.

b) Accuracy: customers have experienced inaccuracies in premium calculation which for some has taken an extended period of time to resolve. Some customers have reported being unclear on the premium dispute process, some of which is exacerbated by the points raised under (d) Skills and Knowledge below. For example, there is confusion on the inputs to premium and limited understanding on premium capping, with customers noting that this has changed over recent years. A customer responded by saying 'if I don't understand the inputs how can I understand the outputs'.

Customers have also reported frustration over what they believe is an automated debt recovery process. Customers report paying their premium on or before the due date in order to receive the discount available, only to receive a debt recovery notice for the discounted amount some time later. Customers assume this to be a technology deficiency in that the system does not recognise the discount claimed.

Customer expectation is that the first premium notice they receive is accurate, acknowledging their responsibility to have provided all relevant and required information to icare in a timely fashion. Customers expect the technology based service for premium management to reflect accurate receipt of payments.

Recommendation 2	Rationale
• Identify the system (technology) and human causes that contribute to inaccurate premium notices and implement the required corrective actions to minimise the frequency of controllable events, including the auto recovery of discount amounts.	Some customers report receiving inaccurate notices and having to devote a disproportionate amount of their organisational time to working with the icare to rectify. They find it necessary to engage external expertise (e.g. Broker, lawyer or consultant) to understand the calculation and mediate the outcome or assist them to understand the process.

c) Complexity: some customers find the written premium notices complex in the layout across multiple pages and feel it doesn't adequately explain the premium outcome (increase or decrease). Those with dedicated resources to manage premium and workers compensation

and/or access to external expertise to support them are able to interpret and navigate the premium process more easily. Customers are confused by the premium capping process and rules and have difficulty in accessing the required information to understand it. Customers also note that the premium formula has changed over the transition from WorkCover NSW to icare and find it more confusing to understand the current premium approach than when under the NSW WorkCover scheme (pre icare formation).

Customers report needing more information and tools at their disposal to manage their premium. In this regard customers point to positive experiences they have or are aware of in other workers compensation jurisdictions where websites are easy to navigate and are supported by 'how to' instructional material and calculators for managing premium. There is a feeling of confusion amongst customers and a sentiment that either icare is hiding something or there is a lack of product understanding within icare.

With regard to premium payable, some customers report bill shock, having received no indication of an impending premium increase, the pressure of which is exacerbated when the premium notice is not received in a timely manner.

Customer expectation is simplicity in communications supported by a website that they find easy to navigate, populated with reference guides and a premium calculation tool. Customers expect icare to provide early advice of pending increases in premium.

Recommendation 3	**Rationale**
• Review the premium notice for opportunities to simplify and support it with web based instructional guides (written and media) that explain the premium formula, the factors impacting its calculation, the premium calculation process and a premium calculator. This should reference premium notices and how to interpret them and be explicit on the operation of premium capping.	Customers reported limited available information on the icare website or uncertainty on where to locate the information on the website to help them understand their premium notice. Specifically, customers are seeking access to a premium formula description to assist them to improve performance through targeted risk management strategies. A 'how it works' media display is of interest. Many employers have a calculator available to them in other jurisdictions where they operate and report it being of extreme value in setting expectations for the business and for influencing the business to take

	proactive risk management steps to mitigating the human and financial cost of workplace injury.
• Consider implementing a process that ensures customers who are likely to have a >10% increase in premium, are contacted as early as possible in the premium cycle. This could include the monitoring of lead performance indicators that informs icare customers with potential increases, allowing for early and regular contact (e.g. quarterly) to assist in the development of strategies to influence the premium outcome.	Customers report there being no early warning system in place that informs them of a significant pending premium increase or decrease from the prior year. This is compounded by delayed receipt of premium notices and the lack of a premium calculator available to assist with forecasting.

d) Skills and Knowledge: some customers reported an inability to have their queries resolved when contacting icare through the general phone number (134 422), extended periods of delay on the telephone and an inability to resolve a customer query. Subsequent escalation to the icare Premium and Underwriting team means a need to repeat the history to their query multiple times. This has led to a feeling that there is inadequate skill level in the resourcing of the general number.

Customer expectation is early identification and triage of queries to the right level of expertise to resolve their query in a timely fashion.

Recommendation 4	**Rationale**
• Review the learning and development materials for Call Centre operators to ensure that knowledge requirements are sufficient to answer general queries and enact an efficient triage process. This should include setting very clear and measurable criteria for the triage and subsequent escalation of queries.	Customers reported service level issues when contacting icare via the general phone number (134 422) for premium related queries. They advised of being on hold for what they consider to be unreasonable periods of time, only to have queries escalated where the need to repeat the query is frustrating. Transparent triage pathways supported by a measurable competency framework will be important in managing customer expectations and query resolution.

e) Access: customers express a strong preference for an icare account managed approach for premium management i.e. direct and accountable contacts within the icare Premium and Underwriting business unit. This is seen by customers as a more efficient and more personal approach which will enhance

customer understanding and relationship building and one that can extend to a more proactive risk management approach to mitigating loss.

Customer expectation is that icare will enable easy access direct to the Premium and Underwriting team for ease in resolution of queries and to build a more personal relationship with icare.

Recommendation 5	Rationale
• Consider the requirements that would enable a direct icare underwriting contact for customers with of a determined size (e.g. >$250k per annum).	Customers that have a direct icare contact report high levels of proactive management and value in their relationship with icare. Typically, customers are seeking a broader relationship beyond the financial calculation of premium, to partnering on cost mitigation through injury prevention programs.

Claims Management

icare is responsible for the provision of claims management arrangements for employers and their employees in the event of injury or illness arising from the workplace. icare outsources claims management services requiring employers and injured workers to interact with their service provider, noting that the majority of the feedback received from customers relates to their experience with the default provider. Unlike premium management, customers have not reported any consistent, reliable improvement in their experiences.

Themes arising from customers are:

a) Skills and Knowledge: customers report a low level of confidence in the technical and soft skills of front line case managers which they believe is impacted by multiple factors. Customers believe that the creation of a default provider has diminished skilled resources in the industry. They observe a default provider with a large portfolio volume, high levels of case manager turnover, believe case managers to be time poor and consider there to be a lack of clarity in case management decision making between outsourced providers and icare. Customers experience in in this environment has significantly eroded their trust and confidence that a reliable and consistent claims management service is available to them.

   There is a belief that case managers do not understand the scheme they operate in (the system, the legislation and icare's claims product (model and policies)). Customers consistently report a lack of proactive management on claims which they believe significantly impacts health and return to work outcomes and creates an environment where the wellbeing of the injured worker is not cared for and the needs of the employer are not considered in claims management.

   Customer expectation is that icare and its Claims Service Provider ensure that adequate and appropriate systems are in place that deliver a consistent high level of skill in case management, delivering optimal health and return to work outcomes.

Recommendation 6	Rationale
• Review the Learning and Development frameworks within icare and its Claims Service Providers to ensure appropriate baselines of core competencies are set out clearly. Where appropriate, management action plans for lifting the standard of technical and soft skills should be implemented. This could include the setting of mandatory learning and development standards across technical and soft skills, assessment tools to create a baseline level of competency and regular assessment to establish a continuous improvement approach to the resources that deliver claims management services for icare.	Consumers of this service are entitled to believe that icare has implemented proactive Learning and Development programs to optimise health, return to work and claim outcomes for customers. Customers have demonstrated a significant level of understanding and empathy towards the impact that turnover has on knowledge and skill however they also see this as controllable.

b) Timeliness: customers report difficulty in the timeliness of written communication, payment of invoices and reimbursement of expenses. Examples were provided of late (and therefore irrelevant) written communications to injured workers which customers believe are auto-generated correspondence, and of delayed wage reimbursements. One customer has experienced consistent long delays for reimbursement of wages and for expenses to their injured workers. Another spoke at length about the use of interim Pre-Injury Average Weekly Earning (PIAWE) payments being managed ineffectively by the stetting of lower than acceptable PIAWE amounts (compared to anticipated actual PIAWE) and that once set, complacency within the Claims Service Provider in calculating and communicating the final determined PIAWE, creating financial distress for injured workers. In the examples discussed, base Award payments were being used for industries where the maximum amount payable in final determined PIAWE is often the norm.

Customers reported substantial delays in approvals for medical and allied health services, resulting in protracted claim outcomes and a lack of confidence in the system to provide efficient, effective and sustainable health and return to work outcomes for employers and injured workers. Some employers report the need to spend a disproportionate amount of time supporting their employees through protracted delays rather than expending that energy in the positive focus of an early and effective return to health and work.

Customer expectations are prompt reimbursement of expenses, fair management of the PIAWE process and consistent proactive management of the health requirements of injured workers.

Recommendation 7	Rationale
• Investigate the approach to setting interim PIAWE and establish the level of fairness applied. This should include revisiting policies, procedures and the setting of standards for interim and final PIAWE calculations. This should be clearly encapsulated in the outputs of recommendation 18.	One member based organisation reported consistent unreasonable setting of low interim PIAWE and slow finalisation of actual PIAWE amounts. Whilst the setting of interim PIAWE is designed to alleviate delays in financial support, this requires immediate attention as the distress for families receiving lower than reasonable interim PIAWE is unreasonable.

Recommendation 8	Rationale
• Review existing claims management practices that support the approval of treatment for injured workers. This should include a review of the necessary skills and processes to ensure that there are no unreasonable delays in the approval of medical and other services needed to optimise health and return to work outcomes.	Customers consistently report long delays for approval of services necessary for injured workers to assist with their recovery and return to work. This is seen to have a detrimental effect on recovery and a resultant impact to stay at and return to work options and outcomes.

Recommendation 9	Rationale
• Review the systems that support the generation of written communication to identify opportunities to improve content, timeliness and relevance of written correspondence. This could include the ability to manually override any auto-generated correspondence that is linked to various data fields in the technology base that supports the claims management service delivery.	Customers are experiencing correspondence arriving late that should have been received earlier in the claims management communication process. Where correspondence is auto generated from data entry points in the technology base, it is equally important for icare to ensure controlled processes support early data entry as well as the ability to manually override where necessary.

c) Liability: employers believe that they are excluded from the initial claim test for compensability, reporting that their requests to be contacted to discuss the circumstances of a claim are often ignored, despite notifying the claims service provider of a desire to do so in what they understand to be the correct procedural manner. Employers report becoming aware of the outcome of a claim determination when written correspondence is received or when they initiate contact with the Claims Service Provider.

Employers report not wanting to manipulate an outcome but a desire to be heard on what they believe to be meaningful and material information that should be shared in the decision making process.

Customers (employers) expect that when they follow the correct procedural processes requesting to be heard on the compensability determination of a claim, they are promptly contacted prior to decision making.

Recommendation 10	Rationale
• Review existing processes for the determination of compensability to ensure that there are mechanisms in place for the consideration of all relevant information and material prior to the decision. This should include documented claims management practices that ensure that all parties are contacted to gather the information necessary for the compensability decision.	Customers have expressed a need for claims management systems to be more proactive and timely in the gathering of accurate information needed from the injured worker, employer and treating doctor in order for a fair and fully informed decision to be reached.

d) Single Case Manager: customers express a desire for a single case manager in the optimum environment however are equally appreciative of the resourcing difficulty this presents for icare. This feeling is exacerbated by the experience of high case manager turnover and resultant reduction in skills and knowledge contributing to them needing to constantly repeat claim history and context to new staff or a change of staff at the claims service provider. Customers have reported prior commitment by icare to ensure a single case manager for complex claims and acknowledge there is genuine attempt for this to occur, subject to the limitations of case manager turnover as highlighted earlier in this report.

Customer expectation is that they are able to make contact with a consistent core group of case management staff within the Claims Service Provider with the appropriate skill and knowledge of their claim(s) and as much as is practicable, a level of knowledge about the industry the employer and injured worker operate in.

Recommendation 11	Rationale
• Review the effectiveness of existing mechanisms for allocation of continuity of case management staff to customers. This could include consideration being given to an industry approach to allocating staff or small groups of case managers being allocated to specific employers. For complex claims, consistency in single case manager provision is essential.	Customers observe high levels of turnover and make the observation that front line case management staff seem time poor, leading to a belief that resourcing levels are inadequate or inconsistent, impacting health, return to work and claim outcomes. Customers need to constantly repeat their 'story', complicated further when agreed claims actions are not actioned requiring the need to follow up.

e) Involvement: employers express a deep desire to be proactively involved and informed in the management of their employees return to work. Equally, there is a strong feeling that employers are 'locked out' of claims management strategy and have little or no control on how they are able to positively contribute to their employee's health and return to work outcomes.

Customers experience a constant need to repeatedly follow up their Claims Service Provider to obtain general information in relation to claims administration, claim progress, claim activity such as return to work and future claim strategy. The overwhelming experience is that communication is rarely initiated by the Claims Service Provider and if it is, it is an exception and not the rule.

Customers report that a lack of proactive and effective case management is creating disproportionate effort on their behalf. Employers express that there is a lack of focus on claims ('claim strategy') and when claims reviews are held with the Claims Service Provider (which is reportedly spasmodic) they experience a lack of knowledge and skill in the claims to be discussed.

Customer expectation is that they will be listened to, proactively involved by people with appropriate knowledge and skill and their needs respected and acted upon quickly.

Recommendation 12	**Rationale**
• Identify and implement processes that will enable customers to be proactively consulted and involved in the management of health and return to work during the complete life cycle of the claim. This should include documented policies and procedures to ensure that an injured worker is properly supported by their employer through early, consistent and appropriate contact by the case manager with the employer when a return to work is imminent, circumstances change or it is identified that the employer needs to offer alternate return to work options. Where appropriate this should include the support of professional services to facilitate the desired outcome (e.g. return to work providers).	Employers have expressed frustration at being 'locked out' of the claims management process. Often employers have return to work options and want to be a proactive participant in the return to work strategy. Customers reported not being able to make contact with a case manager, the case manager not having the necessary context to the claim or the case manager solely deciding when return to work will commence. A critical component to a successful and sustainable return to work outcome is the engagement of both employer and injured worker with employers feeling disengaged in this process.

f) Mental Injury Claims: customers are expressing concern on their capability and capacity to manage the complex nature of mental injury claims. Specifically, employers express a desire to be closely involved in the management of these claims as they recognise the critical role they play in their employees overall wellbeing.

Customers are reporting that this nature of claim is the most complex to manage and are seeking strong guidance and support from icare and its Claims Service Provider. Customers experience case management support that does not have the necessary knowledge and skill to effectively lead and management these complex claims.

Customer expectation is that they are actively involved in mental injury claims, supported by skilled case management staff and the availability of appropriate educational materials and networks available to all those involved in the support and management of the injured worker, employer and treating medical and allied health providers.

Recommendation 13	**Rationale**
• Review the existing approach to the holistic management of mental injury claims. This should include educational resources and case management approaches that minimises disruption to recovery and optimises health and return to work outcomes.	Customers are reporting a significant need for education and support in the management of mental injury claims. Customers report the nature of these claims creating a lack of certainty on how to proactively contribute to the management of the claim. Customers expect icare to provide the pre-requisite skills in case management and a range of supporting initiatives (practical and educational) that support the injured worker and employer alike.

g) Understanding the Claims Journey: customers report being uncertain on the typical claims journey. Details on what happens when a claim is lodged, who makes contact with various participants, what evidence and information is needed, how a return to work is managed, what and how payments are made and how variations to the expected process are managed, are all activities that customers report having limited information on or visibility of. Further, customers expect to know typical timeframes for claims management activities and what to expect when variations to the typical approach occurs. One customer pointed to the claims guide on the Victorian WorkCover website as a 'fantastic' example. This can be found at http://www1.worksafe.vic.gov.au/vwa/claimsmanual/Home.htm.

Customer expectation is that they have visibility of the claims management process so that expectations can be managed and participants have the ability to proactively contribute.

Recommendation 14	Rationale
• Consider providing on the icare website a Frequently Asked Questions/Claims Guide document for customers to understand the claims journey. This could be a generic guide to managing claims that allows customers to understand the typical steps in the lifecycle of a claim and what to expect when variations to that process occur. It should be clear on process steps, roles, responsibilities and entitlements, and transparent on timeframes.	Customers want visibility of the process and employers want to be able to share this with their workforces to manage expectations. One employer described the currently feeling as 'flying blind', noting that the provision of this information would remove a lot of anxiety from the claims management process. This is of significant importance for small to medium employers with low claim frequency.

Engagement

Customers were asked to provide feedback on the current engagement approach by icare, including what are considered to be the areas of strengths and the opportunities to improve.

The summary feedback below needs to be considered in the context that within the entire interview, the product discussion (Premium and Claims Management) was the dominant feature and primary purpose of the engagement. However, notwithstanding this, customers were willing to provide their views and feedback, which is recorded below.

Current Approach

Customers report that when engagement with icare occurs it is largely felt to be genuine. Customers have generally positive experiences and sight the following examples:

a) Forums – customers that have attended forums across NSW report that these are typically engaging and contain information relevant to their needs. Forums with specific industry information and updates on whole of icare activity (including the Nominal Insurer) receive positive feedback.

b) Co-design – prior to the implementation of the new Claims Model, customers report being involved in co-design workshops with icare. This level of engagement was greatly appreciated and an ongoing desire of customers. Customers noted that the outputs of that particular co-design experience did not reflect the content of the co-design workshops and whilst they respect that icare is leading the design, there is a need for timely communication and explanation of the end product output.

c) Mobile Engagement Team – whilst this method of engagement was not discussed in detail, customers exposed to the Mobile Engagement Team acknowledge the positive nature of this engagement approach.

d) Written correspondence and email – customers expressed a desire for the current 'general' (not premium or claims management specific) icare information sharing that occurs by email and

written correspondence to continue. Some customers expressed that this medium is preferred however would appreciate greater access to informative forums (refer (a)).

The general feeling amongst customers is that icare is making genuine attempts to reach out to its customers and engage although they feel that this engagement can at times be one sided and spasmodic. Information is often provided by icare however the opportunity to co-design and raise issues and concerns is not consistent. There is an underlying belief that icare is willing and able to create close and meaningful relationships with its customers however follow through on committed actions and next steps is considered to be inconsistent.

Where a customer has a dedicated contact(s) within icare (Account Manager, Underwriter or Claims Management contact) the reported level of engagement is high as is the value of the engagement. This arrangement is often achieved on the customer's initiation.

Engagement Opportunities

Customers have expressed 3 key needs in the approach to future engagement by icare and have confidence that icare will be able to meet their needs.

a) Consultation: customers have expressed frustration at the pace of change since the formation of the icare brand and perceived inadequate levels of consultation associated with the change. Customers accept that icare is on a change journey to improve outcomes and experiences for scheme participants however believe that change is executed with diminished effectiveness and sub optimal levels of consultation leaving customers to find out second hand about impending or already delivered changes to the management of icare products and services. This is contributing to a reduced level of confidence that icare can effectively meet customer needs.

Customer expectation is that changes that are in design are communicated in the development phase and where appropriate, co-design opportunities are afforded to ensure that customer impact and needs are understood and incorporated into design and execution planning.

Recommendation 15	Rationale
• Consultation on changes to the scheme (design, operating model, products) requires a formal and structured framework to engage and hear the views of customers.	Customers have observed the rapid and expansive change journey icare embarked on over the last 3 years and comment that execution is poor as is the consultation preceding any change. Customers respect that the change journey and the delivery of services needs to be icare led however express a strong desire for the voice of the customer to be heard and the impact to the customer to be understood during the development and implementation process.

b) Knowledge: customers have expressed not having a clear picture of icare strategy in the short, medium and long term. This feedback is consistent with other feedback in this report with customers reporting a strong desire to understand the strategic direction icare is planning, the opportunity to contribute and clarity on the impact to them.

Customer expectation is that they are afforded the opportunity to be informed on the strategic and operational direction icare is taking the scheme.

Recommendation 16	Rationale
• Consider enhancing the current use of forums as an engagement tool. This could include the co-design of agenda items, opportunities within forums for co-solutioning and addressing specific topics of interest (e.g. industry level issues, direction of the scheme etc).	Customers have commented that forums held across NSW are a genuine attempt by icare to engage with its customers and are well received. There is a significant opportunity to build on the effectiveness of this medium and build a more robust two-way exchange.

c) Associations and Representative Groups: customers welcome the opportunity to have icare proactively involved in their businesses. There is a strong desire to be involved, be heard and to influence through the deep experience and expertise of their member bases and the committee structures that exists in their organisations. One customer expressed the view that there had been valuable in depth consultation previously however this ceased on or about time icare commenced preparing for the execution of section 39 provisions (September 2017) which they note was also around the same time a new Claims Service Model was enacted (January 2018).

Customer expectation is that they are afforded the opportunity to be informed on the strategic and operational direction icare is taking the scheme.

Recommendation 17	Rationale
• Consider a more structured engagement model for representative bodies and associations. icare should be a regular feature of the committee and sub-committee structures that exist within the association and representative bodies. They have valuable expertise that can contribute to the development of scheme programs of work and can act as a significant distribution channel to their membership bases. Interaction of this nature must be data (fact) led and feature opportunities for corrective action, follow through and co-design.	Customers report engagement being irregular and lacking follow through. There is a significant opportunity for icare to engage the expertise that exists and to co-design and co-message the needs of customers and the scheme.

Other Recommendations- Governance

The conversations identified an expectation by customers of increased transparency in icare's governance of services it provides on behalf of the Nominal Insurer. Customers specifically feel that they have no visibility on the performance level of icare Claims Service Providers and are unable to assess or understand if icare is acting in their best interest.

a) Customer Promise: it was apparent throughout this engagement that customers are seeking clearly stated commitments from icare on its service levels for the provision of products and services, including clear mechanisms for customers to provide feedback and make complaints.

Customers desire transparency on the level of service that they can reasonably expect to receive from icare and confidence icare is prepared to transparently commit to minimum sets of standards and publish performance against them.

The icare website has a Customer Promise (found at https://www.icare.nsw.gov.au/about-us/core-services-information/#gref) which can be enhanced to provide greater clarity on the service levels customers can expect to receive.

Customer expectation is that there are transparent service standard levels for premium and claims management products.

Recommendation 18	Rationale
• Enhance the existing Customer Promise with an open commitment to customer service levels. This should clearly articulate the level of service that a customer can expect, the manner in which the service will be delivered, the skills that will support the service, the customer's role and responsibilities and the transparent performance metrics that underpin the customer commitment. For the management of claims and premium, service levels include as a minimum, measurable standards for: ○ Wait times (Call Centre) ○ Query resolution timeframes ○ Premium notices delivery (timing and accuracy)	At present icare does not publish service levels for customers to understand the level of service that they can reasonably expect when engaging with icare.

○ Access to operational data inputs to premium calculation ○ Processing timeframes (decisions, approvals, payments) ○ Contact with and responses to all parties (at various points throughout the lifecycle of the claim) ○ Complaints (lodged, nature, substantiated, time to resolution) ○ Disputes (lodged, nature and outcomes) ○ Caseloads	

b) Performance of Claims Service Providers: customers have clearly expressed that they do not know what or how icare holds its Claims Service Providers accountable, and consequently have little clarity on what level of service to expect. Customers assume that there is very little active governance by icare as they believe there is no available Claims Service Provider performance data that speaks to performance against compliance, service levels and return to work. Customers view this level of transparency as critical to the health of the workers compensation system, the choices they can make and view this as a display of active and transparent management of suppliers by icare.

Customer expectation is that icare will set transparent standards for its Claims Service Providers and publish performance data accordingly.

Recommendation 19	**Rationale**
• Publish the performance of icare's Claims Service Providers. This should include service level standards (refer to recommendations 21), legal compliance and the contractual key performance indicators (subject to commercial-in-confidence provisions) however as a minimum this should be return to work performance across the various segments of the icare claims service delivery model and performance against compliance requirements.	Customers are unaware on what icare holds their Claims Service Providers to account and therefore unsure if the service and performance they receive as a customer is poor, adequate or excellent. In an environment of choice, customers want data to use as a basis for objective decision making and have a reasonable expectation of knowing the level of value that the service provider is delivering.

c) Role of the Customer Advocate: customers have welcomed the appointment of a Customer Advocate and view this as a significant step forward in transparency by icare. Customers have expressed seeing the value of a 'voice' with direct access to senior management at icare and some

have indicated that they would like to see the role of the Customer Advocate as an ongoing feature of transparency and openness from icare.

Customer expectation is that icare will continue to commit to the value that the role of the Customer Advocate has in transparency.

Recommendation 20	**Rationale**
• That the role of the Customer Advocate continues. The scope should as a minimum be resourced to: ○ Develop and publish terms of reference and processes to access this function ○ Develop communication mediums with icare and its customers ○ Receive and analyse complaints data to understand and investigate systemic customer issues ○ Have direct contact with customers to hear their voice and report their interests ○ Be a voice of the customer in the icare design and distribution of products and services ○ Have access to icare leadership for issue resolution The function should: ○ Report independently to the CEO and Managing Director ○ Present regularly to the icare Board ○ Produce regular independent reports for publishing on the icare website	The appointment of a Customer Advocate has been praised by customers. Customers have openly welcomed a raised level of transparent icare initiated accountability and have accepted this as a genuine display of engagement and the building of trust. This initial work of the Customer Advocate has been limited in scope and not addressed the full range of activities typically associated with the function. Extension of this function and its scope will continue to have a substantial positive impact on engaging with customers. Continuing to enable the voice of the customer through this medium is critical particularly during the period icare embeds the recommendations from this review and any other recommendations arising from the SIRA review.

Next Steps

icare management should consider the recommendations made in my report and respond with a management action plan that identifies the recommendations that will be considered and ultimately implemented. I recommended both are published on the icare website, consistent with customer feedback on transparency.

A customer engagement plan for communication of progress to the management action plan should be developed and implemented.

Lastly, I note that my role as Customer Advocate is a newly appointed function and it would be advantageous to have the opportunity to present the content of this report to the Board and all icare staff. Sharing customer feedback and assisting the Board and staff to understand the role and functions of the Customer Advocate is consistent with the icare commitment to sharing the insights internally to drive improvement actions.

Appendix 1: Media Release

Date: 9 October 2019

icare NSW appoints independent customer advocate

Understanding customer needs is a priority for icare NSW and will be integral to icare's response to the State Insurance Regulatory Authority's (SIRA) review of the NSW Nominal Insurer and the ongoing commitment to deliver customer centricity. As such, it has appointed a dedicated customer advocate to engage with customers and stakeholders who have participated in the review or have concerns with the customer service that they are experiencing

Former RTWSA director Darrin Wright will lead this engagement to ensure customer views are understood about the performance of the NSW workers compensation Nominal Insurer.

icare NSW CEO and Managing Director John Nagle said the appointment would be beneficial for the 320,000 businesses and 3.2 million employees across NSW who are covered by the Workers Compensation Nominal Insurer.

"icare is committed to delivering a fairer system for both employers and their injured workers and that includes always listening to constructive feedback," Mr Nagle said.

"We have appointed Mr Wright as an independent customer advocate to initially work through the review submissions and engage directly with our customers and stakeholders to ensure we understand what the underlying pain points are and how best to address our customers' needs, while continuing to improve the fairness of what has historically been an unbalanced scheme.

"We acknowledge that in driving a fundamental change to fairness in the workers compensation system, we have not always explained the issues and impacts broadly enough. In a number of cases this has caused unnecessary confusion and uncertainty. We welcome the review of the Nominal Insurer and look forward to understanding the findings as we remain committed to delivering a neutral scheme that works for everyone," he said.

Mr Wright, who has more than 25 years' experience in operations and risk-management and played a pivotal role in the delivery of reforms to the South Australian workers compensation scheme from 2013 to 2016, said he welcomed the opportunity to advocate for employers and injured workers.

"I've seen how impactful it can be to really listen and respond to customers through driving reform in South Australia and I look forward to working with icare," Mr Wright said.

Mr Wright will report directly to the CEO and work with icare's Customer Experience team to ensure

icare fully understands the customer feedback and experience outlined in the submissions which have already been published by SIRA. He will reach out directly to customers and stakeholders to schedule meetings over the coming weeks.

Appendix 2: Customers Engaged

In forming my recommendations I met with a cross section of customers as set out in table 1.

Table 1: Customers Engaged

	Employers	Representative Groups	Brokers	Injured Workers	Doctors	Other
Total Engaged	13	13	2	2	2	1
In Person	7	13	2	2	2	1
Telephone	6	-	-	-	-	-

Appendix 3- Recommendations as Customer Value

It is important to consider the recommendations as value that can be created in the customer experience. There are five themes of value that customers expect to receive in their relationship with icare.

1. Value in Information: being kept informed in a timely manner;
2. Value in Knowledge: learning and understanding about icare and participant roles, responsibilities and entitlements;
3. Value in Delivery: execution in a fair and consistent manner;
4. Value in Involvement: having the opportunity to contribute and be heard; and
5. Value in Transparency: comfort in knowing there is active accountability and transparent management of expectations.

Value in Information

Recommendation 3
Review the premium notice for opportunities to simplify and support it with web based instructional guides (written and media) that explain the premium formula, the factors impacting its calculation, the premium calculation process and a premium calculator. This should reference premium notices and how to interpret them and be explicit on the operation of premium capping. Consider implementing a process that ensures customers who are likely to have a >10% increase in premium, are contacted as early as possible in the premium cycle. This could include the monitoring of lead performance indicators that inform icare customers of potential increases, allowing for early and regular contact (e.g. quarterly) to assist in the development of strategies to influence the premium outcome.

Recommendation 14
Consider providing on the icare website a Frequently Asked Questions document and a Claims Guide for customers to understand the claims journey. This could be a generic guide to managing claims that allows customers to understand the typical steps in the lifecycle of a claim and what to expect when variations to that process occur. It should be clear on process steps, roles, responsibilities and entitlements, and transparent on timeframes.

Value in Knowledge

Recommendation 5
Consider the requirements that would enable a direct icare underwriting contact for customers with of a determined size (e.g. >$250k per annum).

Recommendation 13
Review the existing approach to the holistic management of mental injury claims. This should include educational resources and case management approaches that minimises disruption to recovery and optimises health and return to work outcomes.

Value in Delivery

Recommendation 1
Identify and implement process improvements that improve the timeliness of future financial years premium information and notices to customers. This should include exploring the possibility of delivering premium communications in the April to July period annually.

Recommendation 2
Identify the system (technology) and human causes that contribute to inaccurate premium notices and implement the required corrective actions to minimise the frequency of controllable events, including the auto recovery of discount amounts.

Recommendation 4
Review the learning and development materials for Call Centre operators to ensure that knowledge requirements are sufficient to answer general queries and enact an efficient triage process. This should include setting very clear and measurable criteria for the triage and subsequent escalation of queries.

Recommendation 6
Review the Learning and Development frameworks within icare and its Claims Service Providers to ensure appropriate baselines of core competencies are set out clearly. Where appropriate, management action plans for lifting the standard of technical and soft skills should be implemented. This could include the setting of mandatory learning and development standards across technical and soft skills, assessment tools to create a baseline level of competency and regular assessment to establish a continuous improvement approach to the resources that deliver claims management services for icare.

Recommendation 7
Investigate the approach to setting interim PIAWE and establish the level of fairness applied. This should include revisiting policies, procedures and the setting of standards for interim and final PIAWE calculations. This should be clearly encapsulated in the outputs of recommendation 18.

Recommendation 8
Review existing claims management practices that support the approval of treatment for injured workers. This should include a review of the necessary skills and processes to ensure that there are no unreasonable delays in the approval of medical and other services needed to optimise health and return to work outcomes.

Recommendation 9
Review the systems that support the generation of written communication to identify opportunities to improve content, timeliness and relevance of written correspondence. This could include the ability to manually override any auto-generated correspondence that is linked to various data fields in the technology base that supports the claims management service delivery.

Recommendation 10
Review existing processes for the determination of compensability to ensure that there are mechanisms in place for the consideration of all relevant information and material prior to the decision. This should include documented claims management practices that ensure that all parties are contacted to gather the information necessary for the compensability decision.

Recommendation 11
Review the effectiveness of existing mechanisms for allocation of continuity of case management staff to customers. This could include consideration being given to an industry approach to allocating staff or small groups of case managers being allocated to specific employers. For complex claims, consistency in single case manager provision is essential.

Value in Involvement

Recommendation 12
Identify and implement processes that will enable customers to be proactively consulted and involved in the management of health and return to work during the complete life cycle of the claim. This should include documented policies and procedures to ensure that an injured worker is properly supported by their employer through early, consistent and appropriate contact by the case manager with the employer when a return to work is imminent, circumstances change or it is identified that the employer needs to offer alternate return to work options. Where appropriate this should include the support of professional services to facilitate the desired outcome (e.g. return to work providers).

Recommendation 15
Consultation on changes to the scheme (design, operating model, products) requires a formal and structured framework to engage and hear the views of customers.

Recommendation 16
Consider enhancing the current use of forums as an engagement tool. This could include the co-design of agenda items, opportunities within forums for co-solutioning and addressing specific topics of interest (e.g. industry level issues, direction of the scheme etc).

Recommendation 17
Consider a more structured engagement model for representative bodies and associations. icare should be a regular feature of the committee and sub-committee structures that exist within the association and representative bodies. They have valuable expertise that can contribute to the development of scheme programs of work and can act as a significant distribution channel to their membership bases.

Interaction of this nature must be data (fact) led and feature opportunities for corrective action, follow through and co-design.

Value in Transparency

Recommendation 18
Enhance the existing Customer Promise with open commitment to customer service levels. This should clearly articulate the level of service that a customer can expect, the manner in which the service will be delivered, the skills that will support the service, the customers role and responsibilities and the transparent performance metrics that underpin the customer commitment.

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Recommendation 20
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