

icare's response to the First Quarterly Claim File Review of the Nominal Insurer

As part of SIRA's 21 Point Action Plan arising from the Compliance and Performance Review of the Nominal Insurer (the 'Dore Report') SIRA undertook a claim file review in Quarter 1 of 2020 (Q1 Review). icare acknowledges the findings of the Dore Report and subsequent Q1 Review and welcomes the opportunity to identify improvements that can be made to efficiency and effectiveness of it's the Nominal Insurer operations.

icare is focused on ensuring that the Nominal Insurer builds the confidence of its stakeholders and continues to improve how it operates, cares about and supports its customers.

Injured workers benefit most from early care to ensure that they get back to work. icare's focus is to make sure that injured workers and their employers are supported in the right way and at the right time. icare is striving hard to fix the issues identified in the review, to engage meaningfully and consult with its stakeholders for feedback and to demonstrate its commitment to delivery, accountability and transparency.

icare is focused on increasing customer quality, improving service and protecting the scheme liabilities through improving scheme performance. icare's actions have included monthly reviews of return to work outcomes, compliance activities and data quality, as well as direct involvement in the review of claims cohorts to ensure return to work outcomes are being achieved through active case management. The initial focus has been on the 2018 and 2019 accident years with increasing attention on 2020 accident year in recent months.

Operating through a significant period of transition, with changes to the service, operating and governance models, icare remains committed to drive ongoing improvements to claims processes for injured workers and employers.

The Quarterly File Review

In its response to the Dore Report the State Insurance Regulatory Authority (SIRA) released a 21-point action plan. Action number 10 stated:

During 2020, SIRA will conduct and publish a quarterly compliance and performance audit of the claims management by the NI, under Division 4 of the Workers Compensation Act 1987, including file reviews utilising an enhanced methodology. Audit reports will be provided to the SIRA and icare boards.

The intent of the reviews is to provide a longitudinal assessment of performance of the Nominal Insurer following the Dore Report and to see demonstration of improvements that icare is making.

Time period and sample size

The Q1 Review was designed and conducted in the first quarter of 2020 by EY's actuarial practice, on behalf of SIRA. The Review was based on claims that were lodged across the course of 2019, which pre-date the publication of the Dore Report. A sample of 85 claims reviewed, noting that the intent was to sample 120 claims, however the Q1 Review length was shortened and completed in mid-

March 2020 due to COVID-19. icare was given the opportunity to provide feedback on the report and submit a formal response.

Review methodology

icare supports SIRA's goal to ensure accountability in the system and is focused on improving performance of the scheme and customer outcomes. Through ongoing discussion with SIRA regarding the effectiveness of the Q1 Review and future quarterly reviews as a mechanism to assist icare to improve performance:

- SIRA has provided a greater level of claim specific detail as part of the Q2 Review with a file summary being provided on each claim assessed. This will support icare in identifying root causes and implement process improvements, and
- regular check ins throughout the Q2 Review are providing an opportunity to better understand the principles and criteria being applied by the Review team in their assessment of files.

Review Findings

The findings of the Q1 Review demonstrate icare's improvement in some areas and areas where further improvements are required when comparing the 2019 year to 2018, which was reviewed by the Dore Report. As the sample of claim files for the Q1 Review were taken from calendar year 2019, the findings in the report do not yet reflect the significant improvements made this year icare is focused on demonstrating continued improvements in future file reviews. icare looks forward to working with SIRA on any areas of concern to ensure there are agreed standards quality and completeness of compliance activity.

Areas of Improvement

It was pleasing to see that the report identified and acknowledged areas of uplift that reflected initiatives icare had underway in early 2019. These improvements reflect many of the benefits that the launch of the centralised claims system was designed to deliver to injured workers and employers. These included:

- *Claim acceptance and initial communication with the employer and worker*

Best practice design, customer feedback and our performance data highlighted gaps in early communication with both the employer and worker. This was a feature of the model that was not effectively implemented in the early stages of operation. Our initiatives targeted improvement in this area with the result that initial contact is now made within 3 days in 98% of cases. These improvements can be attributed to the use of SMS in order to initiate contact with workers, development of a consistent call guide to support effective contact conversations and targeted exception reporting to identify activities at risk of being overdue.

- *Timeliness of triage*

Throughout 2019, we made changes to our service segment allocation to make sure that a dedicated case manager is assigned to all workers who need. Support requirements are assessed based on the situation on the claim including: the employer's view of the claim, the

industry, availability of suitable duties, worker age and health profile, as well as injury type and possible duration. We use our ongoing information and claims reviews to make sure that the segment allocation is constantly reviewed.

Of those claims that are re-segmented, allocation to a new segment after more than week usually reflects an unexpected recurrence of symptoms or continuation of treatment beyond expected time frames.

To help this allocation we updated our business practices, call guides and supporting claims system to ensure that our customers are getting the right level of support. Our records show that 92 per cent of claims are allocated the right level of support by day seven and 98 per cent by day 30.

Once a claim is allocated to a case manager it stays with that case manager regardless of any capacity improvements the worker may have or if the worker is able to return to the same level of normality they had prior to the injury.

- *Appropriateness of referral to a rehabilitation provider*

In 2019 icare undertook an early intervention program that sought to improve appropriate and timely referrals to rehabilitation providers whilst supporting effective utilisation. This has resulted in the average time from notification of injury to referral to now be approximately 6 days. icare is continuing to work with the industry and Claims Service Providers to monitor and improve outcomes and customer experience through appropriate use of workplace rehabilitation providers.

- *Appropriate scrutiny of medical costs*

icare increased its ability to scrutinise medical costs through the introduction of additional system validations throughout the course of 2019, along with the Official Disability Guidelines (ODG) decision support tool informing better claims decisions. There is continued focus on improving the level of people and system controls around reasonably necessary medical costs that supports value-based health care and return to work.

Areas for Improvement

icare accepts and acknowledges that the Q1 Review findings also identified several areas for improvement. icare remains committed to continue to improve the performance of the scheme and will continue to focus on its initiatives to improve and support Claims Service Provider efforts in developing capability across the scheme.

Over the course of CY2019 and CY2020 icare has established a number of initiatives aimed to improve performance in these areas which we will continue to drive and monitor. These include:

- *Liability Determination*

As the report noted, while the resulting decision may not have been incorrect, icare's interventions have focussed on ensuring that the right information is gathered and considered in determining initial and subsequent liability for any claim. Initiatives have included:

- Roll out of portfolio reviews that address timeliness and quality of RTW management, injury management and liability decision, informed by effective case strategies
- Quality assurance reviews on the approach taken on liability decisions both for timeliness, consideration of information and use of appropriate liability status with feedback and coaching provided to Claims Service Providers on findings
- Changes to icare's decision-making framework to facilitate quicker decisions by enabling case managers (rather than icare) to make referral to legal providers in the first 13 weeks of a claim
- Ongoing discussions with SIRA regarding the appropriate use of Provisional Liability and outright Liability in accordance with the Standards of Practice and Guidelines
- Management of psychological injury claims aligned to the SafeWork Australia Best Practice for Psychological Injuries Guide
- Supporting Claims Service Providers in the determination of liability in psychological injury claims and the use of Section 11A based on the legislation and relevant case law
- *Injury and Medical Management Planning*
 - Improving the timeliness and quality of Injury Management Plans
 - Broadening the scope of the Medical Support Panel to provide additional medical support and expertise to claims managers, whilst streamlining the referral process
 - Enhanced use of the ODG to inform effective medical management and exception reporting
 - Utilisation of independent medical consultants
 - Measurement of compliance and performance through daily activity and exception reporting and quality assurance reviews
- *Weekly Benefit Calculation*
 - Ongoing monitoring of Pre-Injury Average Weekly Earnings (PIAWE) reforms implementation
 - Implementation of a weekly benefits calculator based on the new PIAWE methodology
 - Enhanced system validation to support accurate and timely weekly benefit payments
 - Monitoring timeliness of initial weekly benefit payments
 - Roll out of new training modules and workshops to all claims staff
- *Workforce Capability*

icare has worked to support EML to:

 - Review and enhance recruitment and employment processes to reduce staff turnover and build workforce capability
 - Roll out a capability uplift program to drive improved return to work and customer outcomes. The capability framework consists of four major capability streams across injury management, technical skills, customer focus and case management.

icare will continue to monitor the roll out and effectiveness of the abovementioned and other identified initiatives as we work towards improving customer outcomes and experience as defined by icare's purpose and strategy (as outlined below).

We look forward to working with SIRA on driving scheme improvements throughout its quarterly reviews.

icare's approach and purpose

icare was established by the NSW Government in 2015 to improve insurance and care for people in NSW. We are the state's social insurer.

Over the last five years we've focused on delivering fairer workers insurance by focusing on people as well as process. Our objective was to make it fairer for employers and fairer for injured workers, and to ensure that workers receive the support to which they are entitled. We continue to listen to customer and stakeholder feedback which informs and shapes the way we work.

Since 2015, the icare team has undertaken the biggest transformation to workers compensation in over 30 years. The most important of the changes as part of its claims model, has been the launch of a centralised claims system in February 2019, giving us a single view of customers and claims for the first time – and enabling the consistent application of a consistent claims experience for workers and employers.

Through icare's claims service model and claims system, a number of systemic changes were initiated to improve outcomes for customers. These included:

- introducing the Medical Support Panel (MSP) to reduce unnecessary use and validating the use of Independent Medical Exams (IMEs)
- offering workers choice of IME
- promoting 'How you Going' (HUG) calls for early contact on all claims
- piloting the use of the ODG, a decision support tool to inform better decision-making on medical treatment
- reviewing our contractual arrangements with rehabilitation, investigation and legal providers to promote consistency of service and performance standards
- Risk assessment of all claims to determine risk of delayed return to work (RTW) within the first 2 days of lodgement (combination of data driven and human triage)
- Injury Management Planning focussed on health, return to work and social / community goals to improve worker engagement in injury management planning and recognise the impact of the injury outside of the workplace.
- Claim segmentation model allows development of bespoke RTW and Injury Management strategies / capabilities to account for the needs of different types of claims (low risk vs high risk / physical vs psychological).

icare's new service model

In 2018, icare introduced a new service model to provide improved levels of customer service and consistency across the scheme. The service model promoted new principles in the way the scheme would operate - allocating resources according to need, straight-through processing where possible,

empathetic customer service which empowers customers, service partners as an extension of icare and a focus on return to work and life. EML was chosen to manage new claims and GIO was selected to deliver service model enhancements for existing (tail) claims. Allianz was selected to assist develop the Authorised Provider model. Our goal was to develop an operating model that provided tailored solutions for all customers, including solutions for large and small employers. Prior to February 2019, claims continued to be managed across the legacy systems of five scheme agents.

From February 2019, the core claims service model was supported by an icare centralised claims platform and began to provide transparency to customers and enhanced oversight, enabling icare to provide customers (employers and workers) with greater consistency in service and decision making and gave icare a greater line of sight on performance and compliance. All new claims lodged with EML have been managed on the new claims system since February 2019.

In addition to launching the core claims service model (2018) and the centralised claims system (2019), icare also launched a tailored offering to eligible large employers to empower them with greater choice in claims service provision with a full pilot of the authorised provider (AP) model in January 2019. The pilot, with Allianz, allowed large employers to choose their provider and tailor claims services to meet the complex needs of their business and choose to purchase additional services. Following a successful pilot with Allianz, the AP model was expanded as a long term offering for large employers with Allianz, QBE and GIO providing services, underpinned by the consistency of the icare service model. QBE commenced management of claims on the system in May 2020 with Allianz and GIO transitioning to management of new claims on the icare platform from August 2020.

icare's newest product offering is in design stage. Acknowledging that small and medium sized employers have specific needs icare is developing a pilot to respond to those needs, and where practicable to align to specific industries to improve outcomes, known as the industry model.

When icare set out on its transformation journey its commitment was to improve the performance of the Nominal Insurer through increased accountability and transparency. As observed in the Dore Report and by the icare Customer Advocate [report](#), we have not always got things right, or kept our customers and industry abreast of the goals. As icare continues to work towards its ambitious goal of improving insurance and care for people of NSW, we are committed to listening to our customers, learning from undertakings to date, and making necessary adjustments to drive the right outcomes.