

Explanatory Note

NSW Workers Compensation
April, May and June 2019 monthly dashboards



About these results

Effectiveness

RTW rates continue to deteriorate

Return to work is a key indicator of the Workers Compensation system performance and health. Research has indicated that it makes an important contribution to a workers recovery, it is important to employers and it is important to a sustainable Workers Compensation system.

Across the system this quarter (April, May and June 2019) there continues to be a deterioration in the RTW performance rate with June being 62% at 4 weeks compared with 72% in June 2018. That is 10%, 9% and 6% less return to work at 4 weeks, 13 weeks and 26 weeks respectively compared to June 2018.

Table 1 - RTW performance across the system

RTW rates	June 2018	June 2019
4 weeks	72%	62%
13 weeks	85%	76%
26 weeks	89%	83%

This quarter the deterioration was evident across all insurer types which showed deterioration in the RTW rates. Comparatively, performance differs across all insurer types with 4 weeks RTW performance for TMF at 73%, Specialised Insurers 73%, Self-Insurers 65% and Nominal Insurer (NI), 56%. This can be seen in the insurer scorecard in the dashboard.

SIRA identified data quality issues with the accuracy and completeness of return to work data submitted by the Nominal Insurer (NI). The data appears to indicate a significant deterioration in the NI's RTW performance. SIRA instructed the NI to improve the quality of the data. To address the data quality and potential performance concerns with the NI, SIRA carried out a data quality audit in December 2018 and commenced a Compliance and Performance Review in February, 2019. If you would like more information on the Compliance and Performance Review, please follow the link to the SIRA website:

<https://www.sira.nsw.gov.au/consultations>

Reportable Claims

Measuring the number of reportable claims on a monthly basis continues to present some challenges for several reasons. SIRA is however committed to offering this information in a

timely way. The caution with this process is that there are movements retrospectively following insurers data update and/or late reporting submission to SIRA. Update can occur as the claims data (like the workers claims journey) takes time to mature or develop. During this latest quarter ending June 2019, there are a number of insurers who have not provided monthly data submission to SIRA. SIRA is currently undertaking regulatory action and is imposing licencing conditions as a consequence of these types of breeches. For example, Veolia and CCI (Catholic Churches Insurance) received a formal warning letter from SIRA on 30 August 2019, as they have breached their licence conditions by providing inaccurate and untimely data to SIRA. SIRA proposed imposing an additional licence condition, which is currently being drafted and SIRA will shortly be releasing a bulletin with more details of its regulatory action for this type of breach of the legislation and Workers Compensation Insurance licencing conditions.

In addition, insurers across NSW working with SIRA, have changed their processes to provisionally accept claims earlier to enable workers to receive the medical treatments and compensation in a timely way. In this regard SIRA values the transparency and timeliness of reporting therefore reportable claims are often revised retrospectively and following insurers data update and/or late reporting submission to SIRA.

To provide historically comparable reporting SIRA has produced reportable claims development charts in the April, May and June 2019 reports across a 36-month development timeframe. Displaying reportable claims in this way and by financial year, across development periods, enables tracking of variations in figures and benchmarks against previous financial years. Please see the “reportable claims development” and “claim payments development” charts in the monthly dashboards.

Balancing this volatility in the data development with the importance of transparency and timely reporting to stakeholders the following commentary is offered. In April, May and June 2019 quarter there was a total of 24,413 [reportable claims](#). With 7,241 being reported in April, 9,398 in May and 7,744 being reported in June 2018. Trends in the reportable claims are difficult to interpret as claims move from reportable to non-reportable over the course of up to 6 months. It is also evident form work undertaken with the SIRA actuary that there is increasing numbers of active claims during 2018/19.

Efficiency

System costs – in particular weekly payments

SIRA in the previous quarter offered additional data on the Workers Compensation system performance. These additional data have been included at the end of the dashboard reports to show:

1. The cost to the system of weekly benefits payed each month.
2. The number of distinct workers receiving weekly benefits per month.
3. The average duration of weekly benefits paid to workers in the first 6 months following injury.
4. The number of workers who have returned to work and including those who received medical benefit only (no loss time) at 4, 13 and 26-week intervals as a percentage of all injured workers.

These additional metrics reveal an upward trend for both the costs associated with deteriorating RTW rates and the number of workers receiving weekly benefits.

For example, to identify the system performance in relation to how workers are recovering and returning to work SIRA measures the average number of days weekly benefits are paid to workers for the first six months post injury. For the NI the average in June 2015 was approximately 21 days. This has increased in March 2018 to 30 days and staying at about 29 days by December 2018. For the Government self-insurer (TMF), the average number of days

weekly benefits paid has increased from around 22 to 29 days by December 2018. For self-insurers, the number of days paid has increased but not as significantly from 16 to 21 days from June 2015 to June 2016 with further decreases to 17 days observed in June 2018 and up to 20 days by December 2018. (Note: the data for these measures requires six months to development before it can be reported. Therefore, December 2018 is the latest reporting point for data up to June 2019)

There are increases in the NI results in the average duration of workers receiving weekly benefits. Given that the NI holds close to three quarters of the Workers Compensation System market share, the deteriorating performance continues to represent a significant risk to the system.

Table 2 - Average duration of weekly benefits paid in the first 6 months*

Quarter ending	Nominal insurer	Government self-insurers (TMF)	Self insurers	Specialised insurers
Jun-13	23.1	26.0	15.6	18.3
Sep-13	24.2	25.1	16.0	20.1
Dec-13	24.5	24.4	15.8	16.2
Mar-14	23.8	25.4	15.2	17.2
Jun-14	24.7	25.0	17.1	21.9
Sep-14	24.3	24.1	18.8	20.2
Dec-14	24.2	23.5	16.5	20.1
Mar-15	22.1	23.5	17.9	19.2
Jun-15	21.1	21.9	16.1	18.5
Sep-15	20.0	22.3	19.4	15.6
Dec-15	20.5	22.0	17.5	16.6
Mar-16	21.1	22.4	18.3	15.8
Jun-16	22.7	23.8	21.2	18.1
Sep-16	22.6	22.6	19.6	15.9
Dec-16	24.2	24.7	19.4	15.5
Mar-17	24.3	25.3	16.7	17.5
Jun-17	26.9	25.3	17.2	18.5
Sep-17	28.1	24.4	18.3	16.1
Dec-17	29.3	24.9	17.6	19.0
Mar-18	29.7	27.9	17.3	18.0
Jun-18	29.8	27.8	16.9	19.2
Sep-18	29.4	27.6	15.3	18.7
Dec-18	29.3	28.7	19.7	17.6

*To ensure consistency across the time series, the table excludes Section 39 claimants that exited the system. The table gives the distinct number of workers receiving weekly benefits per month.

* This measure uses work hours lost and injury quarter to calculate average days, it is reported to September 2018 to allow for claim data development.

Whilst the SIRA measure of RTW has been developed to exclusively measure only workers who have been off work (for in excess of a day) and achieved a RTW, in this *in focus* section of the monthly dashboard report, a snapshot has been developed to show the percentages of workers who have returned to work. This includes workers who received medical benefits only (no loss of time) at 4, 13 and 26 week intervals from the date the claim is entered into the system. The results reveal that there is significant and ongoing decline in the number of workers who have returned to work and including those who received medical benefit only (no loss time) as percentage of all injured workers.

Viability

Stability of system payments

Like the number of claims data, the payments data is also relatively volatile on a month to month basis. In this regard SIRA values the transparency and timeliness of reporting on system performance however payments reported are often understated in the latest monthly reports and revised retrospectively following insurers data update and/or late reporting submission to SIRA.

The quarter ending June 2019 shows medical cost inflation with increases in excess of 10% per annum for all insurer types is an issue for system viability across the system.

Claim payments for the year ending June 2019 total \$2.9B of which Weekly payments for June 2019 being 40% of the \$ 263M payments in June. The “Claim payment development” chart has been added to the dashboard. The chart shows total system payments by financial year, presented across a 36-month development period from the date of the injury/accident. This chart allows for like for like comparisons across financial years, and presented in original dollar values with no indexation applied. The data underlying the “Claim payment development” chart is also made available in the supporting data tables.

Customer experience

Customer feedback (enquiries, complains and disputes)

The customer enquiries aspect of the monthly dashboard ([enquiries, complaint, and disputes](#)) has changed to reflect the system changes where the Workers Compensation Independent Review Office (WIRO) are now servicing workers' calls about the system. This change was implemented from January 1, 2019.

Feedback on these reports

This monthly dashboard includes a number of enhancements, feedback and comments on the dashboard reports are welcome. Please email us at:

WCRSystemperformance@sira.nsw.gov.au

About the data in this report

The dashboard reports data from multiple sources to provide insights into the drivers of return to work (RTW) and return to health of workers in the system. The report is structured on SIRA's performance framework, reporting on performance measures of effectiveness, efficiency, viability, affordability, customer experience, and equity.

In addition, SIRA monitors system performance based on research commissioned by SIRA and others including the Safe Work Australia (SWA) RTW survey. SIRA also monitors service delivery performance including customer feedback from our frontline customer experience team.

Methodology, data notes and data sources

The data presented in this report are derived from monthly claims submission data, annual declarations provided to SIRA from NSW workers compensation insurers, the Workers Compensation Commission and the Workers Compensation Independent Review Office.

The financial and cost information in this report is presented in original dollar values with no indexation applied. Costs in the workers compensation scheme are subject to a variety of potential inflationary factors including wage and salary rates, medical fee schedules, statutory benefit indexation and general price inflation. As there is no single index which adjusts for all potential factors, costs have been shown in their original dollar values for simplicity.

The premium value used for the Nominal Insurer in this report is calculated as total premium payable net of GST and levies, such as the dust disease levy and mine safety levy. Premium for self-insurers is deemed premium, calculated as wages covered multiplied by the premium rate applicable for the appropriate industry class. Premium for Government self-insurers (TMF) is the value of the deposit contributions made by each member agency. Premium for specialised insurers is the gross written premium, net of GST and levies, such as the dust disease levy and mine safety levy.

Insurers regularly update claims data based on the progression of a claim. This may result in changing claim details month on month.

Data source information

Effectiveness

Reported claims

Standard terms	Definitions
Active claim	An active claim is defined as a claim with any payment within a three-month period.
Reportable claims	<p>A reportable claim for workers compensation or work injury damages is a claim that a person has made or is entitled to make under the Workplace Injury Management and Workers Compensation Act 1998. Claims become reportable once they meet certain liability conditions and/or have received payments. For example, the injury or illness may be physical or psychological and employment must be a substantial contributing factor to injury, except for those claims made by police officers, paramedics, fire fighters, volunteer bush fire fighters and emergency and rescue services volunteers for injuries suffered during journeys to and from work or place of volunteering.</p> <p>Reportable claims include claims from workers whose employer is uninsured. Where a split by insurer segment is shown, claims of uninsured employers are included with the Nominal Insurer segment.</p> <p>Exclusions</p> <p>Reportable claims exclude administration error claims, claims closed with zero gross incurred cost, claims shared between two or more workers compensation agents/insurers and the agent/insurer is not responsible for the management of the claims, and claims with payments only for recoveries, vocational programs or invalid payment classification numbers.</p> <p>Reportable claims also exclude claims for:</p> <ul style="list-style-type: none"> dust diseases (administered by the Dust Diseases Authority) workers who are self-employed employees of the Australian Government a member of the NSW Police Force who is a contributor to the Police Superannuation Fund under the Police Regulation (Superannuation) Act 1906.
Records submitted	All records received from insurers across NSW. This data excludes administration errors.
Lost time	Monthly average, over the last 12 months, of workers who had lost time.

Claim types

Standard terms	Definitions
Claim types	Claims reported in the reporting month, classified as either 'psychological injuries' for mental disorder claims or 'all non-psychological injuries' for all other claims
Psychological Injury (ies)	The range of psychological conditions for which workers compensation may be paid, including post-traumatic stress disorder, anxiety/stress disorder, clinical depression and short-term shock from exposure to disturbing circumstances.

Return to work

Standard terms	Definitions
Return to work rate	<p>The Return to work (RTW) rate is the percentage of workers who have been off work as a result of their employment-related injury/disease and have returned to work at different points in time from the date the claim was reported (i.e. 4, 13 and 26 weeks for the SIRA Stats report).</p> <p>RTW rates are calculated monthly for the last 13 months up to the date of data. The cohort for each RTW measure is based on claims reported in a 12-month period, with a lag to allow for claim development (i.e., the lag for the 4-week measure is 28 days; the lag for the 13-week measure is 91 days; and the lag for the 26-week measure is 182 days).</p> <p>Calculation method for 4-week measure for November 2018 is given below as an example:</p> <p>a) Total number of time lost claimants = Claims reported from November 2017 to October 2018</p> <p>b) Total number of claimants back at work in 28 days (based on work status codes 1, 2, 3 & 4) with any capacity</p> <p>RTW Rate=b/a multiplied by 100</p> <p>SIRA identified data quality issues with the accuracy and completeness of data submitted by the Nominal Insurer (NI). The data revealed a significant deterioration in the NI's RTW performance. To address the data quality and potential performance concerns with the NI, SIRA carried out a Data Quality audit in December 2018 and commenced a Compliance and Performance Review in February 2019</p>

Claims by body locations

Standard terms	Definitions
Bodily location of injury / disease	The bodily location of injury/disease classification is intended to identify the part of the body affected by the most serious injury or disease. Only 1-digit bodily location of injury is used.
Mechanism of incident	Mechanism of incident applies to claims entered into the insurer's system on or after 1 July 2011 and uses the Type of Occurrence Classification System, 3rd Edition (Revision 1) Australian Safety and Compensation Council, Canberra 2008.
Nature of injury /disease	The nature of injury/disease classification is intended to identify the type of hurt or harm that occurred to the worker. The hurt or harm could be physical or psychological.

Efficiency and viability

Claim payment types

Standard terms	Definitions
Payment data	Payments made are based on the transaction date. Payments with payment date within the reporting period.
Common Law (WID) payments	Lump sum payments for damages and common law legal expenses incurred by the worker or agent/insurer, pursuant to Part 5 Common Law remedies, Sections 149 to 151AD, Workers Compensation Act 1987 and Section 318H, <i>Workplace Injury Management and Workers Compensation Act 1998</i> .

	WID stands for 'Work injury damages' and this term is used interchangeably with 'common law'
Commutations	The actual gross amount of commutation awarded or agreed upon for the claim. This refers to compensation where a commutation of the claimant's right to compensation has been made by the insurer. The up-front lump sum payment is made to an injured worker in place of continuing weekly compensation award and future medical and hospital expenses, pursuant to Part 3, Division 9 Commutation of compensation, Sections 87D to 87K, <i>Workers Compensation Act 1987</i> .
Death payments	Funeral expenses, weekly payments for dependant children and lump sum payments paid to the dependants or estate of the deceased worker, pursuant to the <i>Workers Compensation Act 1987 No. 70</i> and <i>Workers Compensation (Dust Diseases) Act 1942</i> .
Investigation payments	Payments for insurer and worker investigation expenses, pursuant to Sections 9A, 11A and 44A, <i>Workers Compensation Act 1987</i> and Sections 45A, 330, 331, 337, 339 and 376, <i>Workplace Injury Management and Workers Compensation Act 1998</i> .
Number of workers receiving weekly benefits per month	Number of injured workers receiving weekly benefit payments excluding Section 39 claimants that exited the system until June 2018.
Other payments	Payments for repair to or replacement of artificial limbs and clothing because of the workplace injury, amounts paid to any approved interpreter service for English language assistance to the claimant, transport and maintenance expenses related to travel costs incurred by the worker and shared claim payments.
Lump sum (S66 and S67)	Section 66 payments are lump sum payments for the permanent loss or impairment of a specified bodily function or limb, or severe facial or bodily disfigurement, including interest, pursuant to Section 66, <i>Workers Compensation Act 1987</i> and as provided by the Table of Disabilities or whole person impairment (WPI) and Ready-reckoner of Benefits Payable.
Rehabilitation payments	Payments for a single workplace rehabilitation service, a suite of services provided to assist a worker to RTW with the same employer, a suite of services provided to assist a worker to RTW with a different employer or travel costs of the workplace rehabilitation provider in the delivery of rehabilitation services, pursuant to Sections 59, 60 and 63A, <i>Workers Compensation Act 1987</i> . Rehabilitation treatment includes the initial rehabilitation assessment, workplace assessment, advice concerning job modification, and rehabilitation counselling. Rehabilitation treatment does not include medical, hospital, physiotherapy or chiropractic treatment.
Weekly benefits paid per month	Weekly benefit payments paid to injured workers for incapacity excluding Section 39 claimants that exited the system until June 2018.
Weekly payments	Weekly payments paid to an injured worker for incapacity.

Compliance and Enforcement

Standard terms	Definitions
Compliance promotion and assurance	The count of individual cases within the reporting period that SIRA has undertaken a compliance assurance activity. These include proactive

	compliance assurance activities and assessments of referred cases of alleged non-compliance.
Escalated enforcement and fraud	The count of individual cases within the reporting period that SIRA has undertaken an assessment or investigation of alleged fraud or escalated matters consideration for an enforcement response.
Penalties and prosecutions	SIRA enforcement actions undertaken with the reporting period, including the issuing of infringement notices, recoveries of avoided premiums and prosecutions.

Benefits paid to and for workers as a percentage of total claims expenditure

Standard terms	Definitions
Benefits paid directly to workers	Includes weekly payments, common law, s66, death benefits, commutations and miscellaneous payments.
Benefits paid for services for workers recovery and return to work	Includes medical costs, allied health services e.g. rehabilitation payments to support claimants.
Insurer expenses	Includes administration and operating expenses, regulatory costs, investigations, insurer's legal fees etc.

Affordability

Insurance affordability

Standard terms	Definitions
Affordability	<p>A reflection of the cost of premiums for workers compensation as a percentage of the reported NSW wages bill.</p> <p>The premium value used for the Nominal Insurer is calculated as total premium payable net of GST and levies, such as the dust disease levy and mine safety levy. The premium for self-insurers is deemed premium, calculated as wages covered multiplied by the premium rate applicable for the appropriate industry class.</p> <p>The premium for Government self-insurers (TMF) is the value of the deposit contributions made by each member agency. The premium for specialised insurers is the gross written premium, net of GST and levies, such as the dust disease levy and mine safety levy.</p> <p>Premium information is updated annually.</p>

Customer experience and equity

Enquires, complaints, and perceptions of equity

Standard terms	Definitions
Enquiry	<p>An enquiry is defined as a customer call regarding information or advice that is general in nature.</p> <p>The number of enquiries received in the reporting period.</p>
Complaint data	Is derived verbatim from reports from customers. Whilst some data cleansing processes are undertaken by SIRA the reporting is verbatim from

	<p>customers and may from time to time reference an incorrect insurer and/or insurer type.</p> <p>The number of complaints received in the reporting period.</p>
Level 1 complaints	A level 1 complaint is defined as a complaint received by frontline staff where an insurer is notified (via email) by the Customer Advisory Service on behalf of the complainant.
Level 2 complaints	A level 2 complaint is an escalation of an unresolved level 1 complaint.
Justice	<p>Customers' perception of how equitably, fairly and justly they were treated is an important measure of the performance of the system.</p> <p>The SWA 2018 RTW survey included asking workers about their perceptions of equity. Workers rated their experience across these four broad dimensions of equity and perceived justice:</p> <ul style="list-style-type: none"> • distributive justice, about the fairness of their compensation • informational justice, in receiving accurate and timely information about the rationale for decisions • interpersonal justice, on whether they were treated with respect and sensitivity • procedural justice, about the fairness of the procedures used to determine the outcomes. <p>Survey respondents rated their agreement with a range of specific attributes on a five-point scale. For the SWA 2018 RTW survey, a range of specific attributes were measured within each of these four dimensions, comprising some 15 attributes. A higher mean score denotes a higher level of agreement (or a higher perceived sense of justice/fairness).</p>

Complaints theme

The top 5 complaint themes may vary month by month.

Standard terms	Definitions
Complaint types reported to SIRA	Complaints received in the reporting period, split by complaint type.
Case Management Practice: Insurer conduct / behaviour	Where there is a general enquiry or complaint about insurer behaviour or conduct e.g. poor communication, or the way the claim is managed by the insurer.
Communication	Clarity of insurer information. When an insurer has made a request of a worker, and the worker doesn't understand the request, or why the request was made.
Customer Service: Behaviour	Where the customer is dissatisfied with the behaviour of any stakeholder involved in management of the claim, e.g. insurer or provider.
External Decision: WCC Determination	Enquiry or complaint about a determination not being applied or complied with, e.g. consent orders not being paid
Independent Medical Examination: Guidelines	Where there is an enquiry or complaint regarding Independent Medical Examination (IME) guidelines, that is, where a worker believes the insurer is not adhering to the guidelines e.g. not being given 10 days' notice to attend an appointment.
Licensed Insurers: Claims Lodgement	Any enquiry about how to lodge a claim.

Medical: Liability	Process /communication to determine liability including any reference to reasonably necessary treatment and s59A entitlement periods e.g. medical entitlements have not been approved and the worker believes they have not received the relevant communication.
Medical: Payments	Delay in payments to the provider or reimbursement to worker.
Medical: Timeframes	A worker has made a claim for medical treatment, but the request has not been responded to within legislated timeframes i.e. a decision has not been made within 21 days.
Weekly payments: Payments	Enquiry or complaint about delays in payments to the worker or reimbursement to the employer
Weekly payments: Calculations	Enquiry or complaint about the calculation of pre-injury average weekly earnings e.g. the worker not receiving correspondence detailing the calculation. Enquiry or complaint from exempt workers about their current weekly wage rate or average weekly earnings.
Weekly payments: Liability timeframes	Enquiry or complaint about the relevant timeframes to determine liability, e.g. when a worker has lodged a claim form, but a decision has not been made within 21 days.

Dispute rate

Standard terms	Definitions
Disputes lodged/finalised	Disputes lodged/finalised in the reporting period.
Dispute rate	The number of disputes lodged (internal review, merit review, procedural review and workers compensation commission disputes) in the reporting month divided by the number of active claims as at the end of the same reporting month.
Active claim	An active claim is a claim that has had any payment activity in the three months as at the end of the same reporting month.
Internal review	An internal review is a review of the work capacity decision by someone within the insurer other than the person who made the decision. The source of information for the number of internal reviews is the insurers' submission data to SIRA.
Merit review	A merit review is undertaken by an independent decision maker at SIRA who conducts a merit review of the insurer's work capacity decision and outlines findings and recommendations. These reviews are binding on the insurers.
Procedural review	A review by the Workers Compensation Independent Review Office (WIRO) can follow a merit review by SIRA and is a procedural review of the insurer's work capacity decision.
Workers compensation commission	The WCC is an independent statutory tribunal that has jurisdiction to deal with a broad range of disputes. Most of the compensation dispute applications are Applications to Resolve a Dispute (Form 2), and may involve claims for more than one type of compensation benefit, including weekly payments, medical and related treatment, and permanent impairment.

Data disclaimer

Disclaimer

The NSW Government is committed to producing data that is accurate, complete and useful. Notwithstanding its commitment to data quality, the NSW Government gives no warranty as to the fitness of this data for a particular purpose. While every effort is made to ensure data quality, the data is provided “as is”. The burden for fitness of the data rests completely with the user.

The NSW Government shall not be held liable for improper or incorrect use of the data.

Please note, this data is an accurate reflection of the information provided by each insurer, to SIRA, however this data may change due to the progression of data and the application of regular data quality reviews. There are several areas where SIRA is actively working on the methodologies and data sets with the view to improving the measures and the capability to monitor the system.

Would you like additional data?

For more information about this dataset or data source:

There is additional data from the NSW Government on the following sites -

- the [OpenGov NSW](#)
- [SafeWork NSW](#)
- [State Insurance Regulatory Authority](#)

If you cannot find the information you require, then complete the external data request form and email to the DFSI Ministerial team at gipa@finance.nsw.gov.au or phone 13 10 50.

Telephone contact details

Contact: The Data, Analysis and Reporting team

Email: Information.Analysis@sira.nsw.gov.au

Phone: 02 4321 KNOW (5669)

