



## Submission into the Nominal Insurer review – July 2019

### Premiums questions

**1.1 Please rate your experience with workers compensation premiums issued by the Nominal Insurer (icare) from 5 (excellent) to 1 (poor).**

N/A

**1.2 What has been your experience with workers compensation premiums issued by the Nominal Insurer (icare)?**

N/A

**1.3 What should the Nominal Insurer (icare) be doing more of?**

Every workplace insurance policy in NSW includes access to an accredited Workplace Rehabilitation Provider (WRP). These services are vital in helping a worker (and their employer) safely stay at work, or transition back to work after an injury, accident, illness or disease. Under icare, more people with an injury in NSW are staying out of the workforce longer than they need to and less workers and employers are being provided access to WRP expertise. As evidenced by the SIRA Dashboards, results for December 2017 demonstrated a scheme wide return to work rate in the first four weeks post injury of 73%; for March 2018 72%. At these times, results for the Managed Fund were not separated from the rest of the scheme within the report. Once performance results were separated the SIRA Dashboard report for August 2018 demonstrated a scheme wide return to work rate in the first four weeks post injury of 67% and an icare specific return to work rate for the same cohort of just 62%. The latest SIRA Dashboard to be released is now December 2018 which has shown the decline continue to alarming levels to now reflect 59% for the first four weeks following injury. This equates to hundreds of workers each month, not being back at work and significant escalating their risk of not ever returning to work. The reduction in return to work rates over a short period of time is alarming, and this coincides directly with a massive reduction in the utilisation of WRP services within the scheme by the Nominal Insurer (icare). The correlation is further highlighted by the sustained achievements of the TMF, Self and Specialised Insurer portfolios in NSW, who have maintained the targeted and appropriate use of WRP services and have outperformed the managed fund return to work rates in the first four weeks by a full 18 percentage points in some cases, representing 30% better outcomes. The correlation with a reduction in referral and revenue numbers of WRP members of between 35% and 50% is clear.

In addition, workers' compensation claims costs incurred by employers in NSW have increased dramatically, rising nearly 17% from 2017 to 2018 (source: icare 2017/18 Annual Report). Premiums are significantly impacted by any delays to return an employee with an injury to the workplace. These delays are unfairly inflating insurance costs. Ensuring that workers with an injury are able to get earlier referral to an independent WRP will help address this significant increase for employers and help achieve scheme sustainability, as was evidenced prior to the enormous structural changes undertaken following icare's introduction.

ARPA NSW are aware of many instances of employers requesting assistance from icare and its agents for referrals to WRP services and not receiving any communication for weeks. There have been numerous occurrences of employers attempting to engage rehabilitation to facilitate an early return to work, however, these have often been stymied by the scheme agent or have taken weeks to enact. Astoundingly, some employers have been told to pay for early intervention



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themselves. Many employers have been advised that they do not need WRP assistance and that they should use internal resources to manage the RTW themselves. This is consistent with a cost shift from the scheme back to the employer. The workers compensation policy includes access to WRP for workers and employers to support RTW, yet they are being denied access to this benefit as it is drip fed by the Nominal Insurer. The results have been significant with dramatically declining RTW rates that will be magnified in the coming years as the current 0-26 week cohort becomes the tail cohort of tomorrow. Historically we have observed comparable trends as jurisdictions have sought to reduce WRP spend in an effort pull an easy level on scheme investment, only to see the subsequent decline in scheme performance.

Previous scheme reviews have identified the need for the employer to increase their literacy and capability in managing RTW following injury. This has been poorly interpreted as an opportunity to shift the responsibility to the employer to manage all aspects of RTW when clearly this is not within the capability for most employers within NSW. Conversely, the scheme, the employer and the worker all benefit from the unique health intervention that comes from WRP intervention which is what is intended in the legislation. The Nominal Insurer should not be given the mandate to randomly or selectively allow access to WRP benefits to some workers and employers, and not others as a short-term measure to reduce scheme spend. This is akin to some workers receiving plaster casting for their broken leg and others being told to grab 2 sticks and a bandage and manage this themselves. WRP intervention is a prescribed benefit under the legislation and should not be subject to arbitrary application under the guise of what is 'reasonable and necessary'. Objective criteria should be applied to remove any subjective decision making in respect of access to WRP intervention. The employer and the worker are entitled to and need the quality health support that only comes from an accredited WRP and the Nominal Insurer should be engaging WRP more often and earlier in the life of a claim. ARPA have made a case for mandatory referral to WRP which will deliver value from investment for the scheme and improve the experience for workers and employers.<sup>1</sup>

Australasian and international empirical evidence shows that good work is beneficial to people's health and wellbeing. Conversely, long-term work absence, work disability and unemployment have a negative impact on a person's health and can exacerbate underlying mental health conditions.<sup>2</sup>

The risks to long term scheme viability by reluctance, refusal, inability or inaction to engage WRPs in early intervention support of workers and employers are real and evident in the independent (SIRA) statistics. ARPA NSW recommends that the Nominal Insurer mandate referral to workplace rehabilitation for workers not anticipated to return to work within **four weeks**. Earlier referral to focused workplace rehabilitation would save NSW at least **\$38 million each year**<sup>3</sup> and workplace rehabilitation has a proven track record of delivering quality care and offers a return on investment between **\$28-\$32 for every \$1** invested.<sup>4</sup>

Early referral will minimise delay to support; delays of return to work and the associated wages recorded on the claim. Further, it will significantly improve the employer's experience and the worker's experience by allowing the worker to return to work earlier, stay engaged with work and recover at work. The impact of delays can also contribute to a breakdown in the relationship



between the worker and the employer and the heightened development of secondary psychosocial factors that directly impact on an individual's recovery timeframes.

To facilitate the early engagement of workplace rehabilitation icare should:

1. Allow an automatic approval and funding for employer or treating doctor directed rehabilitation referrals in recognition of the employer's commitment to facilitating recovery at work
2. Mandate early referral for workplace rehabilitation at 2 weeks (where the worker is likely to be off work for greater than 4 weeks) <sup>1</sup>
3. Direct scheme agents to immediately approve referrals from employers, workers or treating doctors
4. Ensure that training manuals, information and support available to agents and their team of case managers accurately represents early intervention and the benefits of same
5. Train case managers on the effective use of workplace rehabilitation services, in particular on the benefits of early referral to workplace rehabilitation.

This reduction in spend on WRP services had previously been seen as a positive improvement by icare before RTW rates started to decline as a result. However, what is clear is that this reduction in spend on WRP services is resulting in:

- enormous social and health impacts on workers and their families
- escalating employer premiums
- reducing the viability and ability for the scheme to self-fund into the future.

This doesn't include the impact on the small, medium and large businesses providing WRP services in NSW, that themselves employ thousands of NSW workers, and that have suffered significant financial hardship as a result of the approach taken by the Nominal Insurer.

#### **1.4 What should the Nominal Insurer (icare) be doing less of?**

There are numerous examples of practices that are inconsistent with or otherwise contradict the ambitions of the scheme and the intent of the legislation within which all stakeholders and administrators operate. A brief summary of concerning and contrary practices are listed below:

1. There is evidence of the Nominal Insurer directing and training scheme agents not to refer to a WRP if a worker with an injury is certified unfit for work, with no work capacity. This is clearly contrary to best practice and must be immediately addressed and WRP engagement actively facilitated. This leaves workers without direction, support or assistance and can escalate tensions between a worker and their employer and can result in the employer(s) paying higher premiums for their insurance.
2. There is evidence of the Nominal Insurer and their scheme agents preventing, discouraging, delaying and redirecting employers who have initiated a referral to their preferred WRP. As with the point above, this is clearly contrary to best practice, as well as disregarding an employer's obligation to nominate a preferred WRP as part of their return to work plans. This must be stopped and rectified.
3. There is evidence of the Nominal Insurer and their scheme agents directing employers to NOT attend a treating doctor case conference due to privacy issues. Encouraging and maintaining relationships between employers and workers is essential to good outcomes. This is contrary to good injury management practices.



4. There is evidence the Nominal Insurer and its scheme agents directing a WRP to avoid keeping the pre-injury employer informed of the different employer return to work programs. ARPA NSW believes that this is at odds with collaborative problem solving, an employer's rights and supporting the best outcome for a worker.
5. There has been an emergence of non-accredited providers of various guises providing services within the scheme. This includes social prescribing agencies who have been allowed by the Nominal Insurer to provide programs to workers with an injury to help get them 'work ready'. There is no transparency on the skills, qualifications, care or capability of these organisations or their staff to work with workers who are vulnerable due to injury or illness. Whilst WRP's are accredited and meet strict approval and auditing requirements, are cost controlled and outcome measured, there is a new burgeoning, costly and unregulated marketplace for social prescribing services that are charged at daily rates that **swamp** WRP fees for full programs and whose efficacy is not measured. There is no accountability to the scheme funders (employers), no measures of return to work outcomes nor is there any recognition that the scheme already possesses the qualified skills, accreditation and expertise to get workers with an injury job ready through evidence based, best practice approaches (via WRPs). The Nominal Insurer should stop funding service providers of this nature and engage WRPs for such services.

A separate area of significant concern is the responsibility that comes with such market monopoly and power held by the Nominal Insurer. This disproportionate power has been used unfairly to manipulate market rates for WRP services and raise the risk of critical market failure. Since the Nominal Insurer took over WRP service contracts with Agents under one single Deed, rates have not been renegotiated nor indexed and are held at 2016/17 levels. This has occurred at a time when there is significantly increasing demand for health professionals, mostly due to the introduction of the NDIS. Health professionals within WRP have higher demands and expectations placed upon them in comparison to other health sectors and as such a premium is required in wages to attract and retain staff. Conversely, the service rates have actually declined and now fallen below other health sectors. For example, the NDIS which is the largest consumer of allied health services nationally outside of the state health systems, have published rates for an occupational therapist that are 7.7% higher than NSW workers insurance. The published rate from the NDIS for a psychologist is 16.7% higher than NSW workers insurance. The nominal insurer demands the best and brightest from the health sector to meet the stringent demands of workers insurance however the service rates have now fallen from a leading position, to a trailing position within the market. NSW workers insurance runs the risk of not being able to maintain quality allied health personnel as WRP cannot compete with wages and conditions of employment elsewhere. For the first time ever WRP are reporting losing allied health staff to the aged care sector which was previously at the lower end of the scale for wages with less challenging professional demands on qualified professionals. The NDIS has published material regarding the risk of critical market failure nationally within the allied health sector and has moved to increase service rates in an effort to attract resources in direct competition to traditional market sectors such as NSW workers insurance.

#### **1.5 Are there any improvements you would like to suggest regarding premiums?**

ARPA NSW members have advised that many employers have reported a poor claims management experience with scheme agents. Many employers lack the skill, know-how



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and/or resources in-house to manage their claims effectively, causing lengthy delays in workers receiving necessary medical and rehabilitation services. As premiums are in large part calculated on the time it takes to return an employee with an injury to the workplace; these delays are unfairly inflating insurance costs. The current approach also means employers are unlikely to benefit from the 15% RTW incentive as workers are not being referred before 13 weeks in most cases. The critical factor impacting RTW rates has universally been the time taken from injury to make a referral to WRP (delay to referral). The approach of the nominal Insurer in recent years has seen the delay to referral deteriorate to drastic levels having a direct impact on RTW rates which directly translates to premium increases. The data surrounding delay to referral has not been shared. The independent reviewer should request this data directly from the Nominal Insurer and SIRA.

Further, the delay to referral data will not capture the increasing number of claims that should, but have not been referred to WRP, which has an even larger impact on RTW rates. This data has not been shared. As such, data reflecting the decline in engagement of WRP over the last 3 years should also be obtained by the independent reviewer.

The trend data for delay to referral and engagement of WRP will show a drastic decline which will correlate directly with the decline in scheme RTW rates. WRP has been seen as a cost rather than an investment. The relatively modest savings achieved through a reduction in scheme investment in WRP has resulted in enormous cost increases in income support benefits, medical, claims administration and avocational programs. This is translated directly to scheme performance and premium pressure.

To improve this SIRA or the Nominal Insurer **should** mandate early referral workplace rehabilitation (see our response in section 1.3 above).<sup>1</sup>

1 ARPA National: The case for mandated referral to WRP

2 The Royal Australian College of Physicians: Realising the health benefits of work – An evidence update November 2015

3 ActuarialEdge Occupational Rehabilitation Financial Benefits Report, NSW, January 2019

4 SwisseRe Rehabilitation Watch 2014



**Claims management questions**

2.1 Please rate your experience with the management of claims by the Nominal Insurer (icare) and/or its scheme agents EML, Allianz and GIO from 5 (excellent) to 1 (poor).

N/A

2.2 What has been your experience with the management of claims by the Nominal Insurer (icare) and/or its scheme agents EML, Allianz and GIO?

As a collective, ARPA NSW members are reporting a significant deterioration in their experiences engaging with the Nominal Insurer, and most particularly with their scheme agent EML for all new claims. Amongst the list of experiences, our members have advised that there is a significant lack of knowledge and experience amongst claims managers within EML, particularly around:

- the Health Benefits of Good Work
- the impact of worklessness on a worker's health and well-being
- the effective use of workplace rehabilitation
- understanding the bio-psychosocial factors which impact on worker with an injury and their ability to recover at or return to work
- the complexity and difficulty for employers in managing workers' compensation claims
- the level of support needed by both injured workers & employers.

The lack of a dedicated case manager and/or account manager has caused significant distress, frustration and delays in return to work. Because no one person manages a claim, (even though there are case notes), requires employers, workers and service providers to constantly repeat and provide information, and explain/discuss a claim matter, such as the justification for a treatment or service.

Further to this, across the entire rehabilitation industry there is a trend of having:

- funding requests in rehabilitation plans reduced with often no or little reasoning (as noted in our response to question 2.5)
- case managers who have no relevant qualifications and little rehabilitation knowledge, who are responsible for reducing, cutting, denying WRP requests, often without any explanation

which significantly reduces the ability to provide necessary and tailored services to injured workers.

When WRP costs were removed as a premium-impacting cost, it was with the aim of removing a barrier for employers to engage the assistance of a WRP to help with return to work. This was seen as a very positive step by employers and workers. The introduction of the 15% RTW incentive for early return to work was another positive change.

Under the current model however there has been a significant decline in use of workplace rehabilitation services – between 35% and 50% drop reported by the industry. In addition, there has been significant delay in referral, contributing to the rise in claim costs due to wages paid whilst the worker is off work. As a result, return to work rates in NSW are continuing to decline and claim costs continuing to rise. It also means employers are less



likely to access to the 15% RTW Incentive as the longer someone is off work, the less likely they are to return.

### **2.3 From your perspective, what impact has icare's new claims management processes had on return to work outcomes and the customer experience?**

As stated under our response in question 1.3, return to work rates have decreased significantly under the Nominal Insurer and continue to drop at a significant rate - except where rehabilitation intervention has occurred. Although no data has been provided by icare, ARPA NSW estimate that referrals to workplace rehabilitation have reduced by between 35% and 50% during that corresponding period and it is ARPA NSW's assertion that the reduction in referrals has had a direct effect on the decreasing return to work rate in NSW. (Please note that there is a lag in WRP data presenting in scheme data as closure and cost data is recorded many months after initial WRP engagement. The decline in WRP engagement is around 3 months behind and likely to be worse than may appear within the present data). The impact of declining referral o RTW rates is made more evident by the sustained or improved return to work rates in TMF, Self and Specialised insurer portfolios, who continue to engage WRPs for services and continue to achieve consistent, positive outcomes for workers with an injury.

Furthermore, poor return to work rates not only cost the employer in premiums, but the community and NSW economy. The impact for injured workers with long term work absence has a negative effect on their health, financial position and can exacerbate underlying mental health conditions.

The level of frustration amongst employers has increased largely due to both the lack of communication by the scheme agent and significant delays in actioning claims.

Furthermore, the reduction in referrals has had a significant impact on the workplace rehabilitation industry. The majority of WRPs are small businesses and the industry employs several thousand employees and the significant drop in referrals has seen many providers:

- reduce staff and/or
- suffer severe financial hardship or
- permanently close down, which has reduced the level of diversity amongst providers.

ARPA NSW considers it important to note the funding arrangements for agents in the new model, which we believe is driving perverse behaviours and providing poor value. Agents within the scheme are remunerated on a 'costs plus' basis. That is, the more the Agents spend in servicing the scheme for icare, the greater the revenue and profit that they will receive from the Nominal Insurer. It is clear that this arrangement incentivises Agents to spend more on in-house operations, administration and 'servicing' of the scheme, rather than in deploying external, qualified, capable and experienced experts to solve the complex problems of return to work for NSW employers and workers. In delivering services in house, there is clearly an erosion of the value being achieved for the scheme (noted by deteriorating return to work rates and escalating premiums). There is also a very clear perceived conflict of interest question that needs to be explored – how can a scheme agent being paid to spend more money, achieve cost effective



outcomes for the scheme and its stakeholders? The Nominal Insurer arrangements have come at a clear and direct cost to:

- the competitive landscape for employers and brokers
- a financial, health and social cost for workers and the broader NSW society
- a rising financial cost for employers
- a financial and employment cost for NSW WRPs and their team members (employees).

#### **2.4 What should the Nominal Insurer (icare) and/or its scheme agents EML, Allianz and GIO be doing more of?**

ARPA believes it critical that there is a clear, evidence based, best practice approach to early intervention for new claims and that there is proactive and early engagement of workplace rehabilitation to facilitate early and sustainable return to work. As previously outlined, to facilitate the early engagement of workplace rehabilitation icare should:

1. Allow an automatic approval and funding for employer or treating doctor directed rehabilitation referrals in recognition of the employer's commitment to facilitating recovery at work
2. Mandate early referral for workplace rehabilitation at 2 weeks (where the worker is likely to be off work for greater than 4 weeks)
3. Direct scheme agents to immediately approve referrals from employers, workers or treating doctors
4. Ensure that training manuals, information and support available to agents and their team of case managers accurately represents early intervention and the benefits of same
5. Train case managers on the effective use of workplace rehabilitation services, in particular on the benefits of early referral to workplace rehabilitation.

The Nominal Insurer and its agents should be honouring employer requests for assistance and their preferred rehabilitation provider organisation. At present, referrals are frequently and consistently being neglected, delayed, not approved, or redirected to a non-preferred provider who has no history or relationship with the employer.

The Nominal Insurer should be providing data that is clear and consistent – to all WRPs and the scheme more broadly, and that the source and accuracy of that data is verified by an independent party (or SIRA), so as to provide confidence to all stakeholders and the NSW community that results are being achieved. It is noted that SIRA has requested clarification of data provided by icare to SIRA that presumably form part of the dashboard reports. It is ARPA members experience that data provided by icare, in particular with respect to NPS outcomes, is often inaccurate. ARPA believes there a significant problem with the current model that is not being made clear to the public and that are therefore delaying the urgent actions required for these problems to be solved. These problems cannot be solved by icare, its agents or SIRA alone – they require the collective engagement of all stakeholders including employers, brokers, workers and WRPs to get the scheme back on track. Our belief is that all stakeholders are willing, and collectively improvements can be achieved.



There are signs that the Nominal Insurer (icare) is becoming more genuinely collaborative as the state and magnitude of the issues they are seeking to solve becomes clearer. ARPA and our members have always been keen and eager to support the Nominal Insurer to understand the impact of changes and be in front of the issues that are currently being experienced. All of the issues known to exist with the current scheme model were predicted by ARPA, yet no advice was either sought nor heeded with respect to this same model. Personal injury schemes and claims cannot be handled in the same manner as a general / commercial insurance scheme and claims, yet this appears to have been the approach from the outset.

ARPA encourages:

- more collaboration and trust from scheme agents, particularly EML, in their work with WRPs
- the Nominal Insurer and EML in particular to have a dedicated case manager for all claims, which would significantly improve the worker, employer and provider experience
- the reasonable and appropriate use of work capacity decisions in the claims process as appropriate.

### 2.5 What should the Nominal Insurer (icare) and/or its scheme agents EML, Allianz and GIO be doing less of?

There are four (4) areas that ARPA NSW believes that icare / scheme agents should be doing less of:

- 1 Withholding referral when someone has no work capacity (as noted in question 1.4)
- 2 Scheme agents should provide services within their expertise only.

There is a clear attempt to bring services in-house that are not within the remit or expertise of the scheme agent and are conflicted. For example, provision of workplace rehabilitation services appears to be moving in-house for EML. This includes:

- recover at work services, including return to work planning, return to work plan development & management
- job seeking services & monitoring
- treating doctor / treater case conferencing
- mobile case management.

There are a number of issues with this trend:

- independence and objectivity are compromised
- the inherent conflict of interest jeopardises the validity of Agent claims decisions which would have precedent setting and reverberating impacts across the scheme
- there is no oversight by SIRA on these services (as workplace rehabilitation services are governed by SIRA)
- services are being provided by a non-accredited WRP and, in many cases, by non-allied health qualified or experienced personnel
- this is a grab for costs plus, rather than acting in the best interests of the injured person and employer.

The Nominal Insurer and indeed SIRA should direct this to cease immediately.

- 3 WRPs are having their funding for rehabilitation plans significantly decreased, often without any explanation or discussion, which hampers our ability to provide individual / targeted services to injured workers. For example, an injured worker

with a significant injury / psychological overlay / long-term unemployment, requires comprehensive, tailored and specialist intervention to return to work. It is not just a matter of 'job seeking'. They need significant support to rebuild their capacity for work, including their self-worth, self-confidence, physical and psychological well-being, re-skilling, re-training and work experience. A one-size-fits-all approach does not work. Yet, WRPs are often expected to achieve an outcome on as little as 10-20 hours of service.

- 4 At the same time, there is an alarming trend from the Nominal Insurer to engage other service providers to perform workplace rehabilitation services, including using recruitment agencies for job seeking. Programs that include costs of over \$5,000 per person for getting a worker job ready through non-accredited, non-accountable, social prescription service providers. ARPA NSW believes that this is inappropriate as:
- they are non-accredited as a workplace provider, yet providing workplace rehabilitation services
  - they lack experience, mandated qualifications and an understanding of working with workers with injuries and the impact of disability, injury/illness
  - there is a lack of appropriate support tailored to the needs of those works with injuries
  - there is a lack of understanding of the Health Benefits of Good Work
  - there is no oversight by SIRA
  - there is no accountability on their outcomes, value or methods of service delivery – that exposes the scheme and workers to wasted funds, at risk behaviours and unqualified personnel delivering services.

#### **2.6 Are there any improvements you would like to suggest regarding claims management?**

All of the above.

### **Other questions**

Aside from your experience and views on premiums and claims management by the Nominal Insurer (icare), the scope also includes a review of changes to the Nominal Insurer's operating model, its data quality and reporting. We are interested in any other matters you may want to raise.

#### **3.1 Are there other matters or areas you like to comment on?**

Data is an important driver of transparency and enables monitoring of performance and performance improvement activities. It is ARPA's recommendation that SIRA, as the independent regulatory authority actively collects, manages accuracy, reports upon and distributes data about scheme performance. Presently NSW stakeholders do not know who holds the authority on data, SIRA or icare.

Included in the data set should be the effectiveness of WRP - including return to work outcomes, costs and durations for the claims in which they are involved in the provision of return to work services. Ideally, ARPA would like SIRA to validate and communicate the return on investment of \$1 spent on WRP services in the NSW workers' compensation scheme with



savings in wages, medical and other claims costs. The impact of savings from engaging rehabilitation at the right time on the right claims has been measured in other schemes and jurisdictions, it is appropriate that the same be done in NSW. ARPA have requested that WRP data also capture the change in benefit status paid to a worker so that the investment in WRP can be quantified against the saving that his generates in income support benefits. This request has been denied. SIRA should collect and report on this data in a transparent fashion.

Data has also been presented by the Nominal Insurer that directly conflicted with data presented by SIRA. SIRA data demonstrated a direct correlation between increasing investment in WRP and improvement in RTW rates. The Nominal Insurer presented unqualified data that directly contradicted SIRA, to infer that WRP costs had increased without a corresponding improvement in RTW rates. ARPA has requested that this data be shared in the interests of transparency. ARPA has requested that SIRA and icare resolve the data inconsistency however we are unaware of any progress to this regard. ARPA holds the view that it is misleading to publish data without validation. The data has been used as justification to reduce the investment in WRP. The impact has been the corresponding sharp decline in RTW rates within the managed fund portfolio.

Investment in WRP has a mitigating benefit against medical treatment costs, though this is not directly measured (this would be an inappropriate performance measure). The savings generated by reducing investment in WRP have been eclipsed by the increase in medical treatment costs, with the compounding factor of deteriorating RTW rates. Suggestions that increase in medical spend has been driven by higher case complexity or surgical rates is out of step with comparative experience outside of the managed fund. A reduction in avoidable medical costs is a facilitatory by-product of good WRP intervention which only further enhances the value of investment in WRP intervention. We encourage the Independent Reviewer to seek data to correlate the increase in medical costs against the corresponding reduction in WRP investment.

### **3.2 Are there any improvements you would like to suggest in these areas?**

There are a range of easily implemented improvements to immediately improve outcomes. ARPA strongly advocates for these evidence-based changes to be enacted immediately so as to prevent the ongoing decline in scheme performance and the health and social outcomes for the people of NSW. A strong and directive stance is important. Many stakeholders know what needs to be done and what can be done quickly. It is ARPA's hope that SIRA will support immediacy of action as part of this review.

### **3.3 Do you have any other issues or ideas about the Nominal Insurer (icare) that you want to share?**

The Nominal Insurer has to date been unable to achieve the outcomes promised by the new model. This has not been a surprise to ARPA and its members. The errors were avoidable and predictable. There is an opportunity to improve scheme performance through simple, evidence-based measures that yield consistent, clear and measurable results. In so far as these



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fall in the remit of expertise of ARPA and its members, these measures have been articulated in this submission.

ARPA members have been subjected to unpredictability in the market, a serious, unexplained, unexpected and ongoing depletion of revenue and referrals, that continues to impact on businesses and people. We have a vested interest in scheme viability and performance and we remain eager to be part of the solution – to ensuring that workers with an injury and their employers, can be supported through recovery to independence at work and the people of NSW have the confidence in a scheme for now and into the future.