



THE UNIVERSITY OF
SYDNEY

Julia Cohen

Director, Safety Health and Wellbeing

23 July 2019

Ms Janet Dore
State Insurance Regulatory Authority
Sydney, NSW 2000

Dear Ms Dore

We thank you for the opportunity to respond to the SIRA review of the Nominal Insurer. In addition to the conversation between you and I, please find the answers to the general questions below.

The University has developed its in-house claims operating model from the in-house expertise, and from its positive relationship with both icare and Allianz, and because we have been able to draw upon the scheme and utilise our own expertise we have a far more personalised model at every step, compared to the nominal insurer claims operational model and this is part of the success and point of difference with our RTW program. It is on the basis of the success of this model, and the acknowledgement of our success by Safework NSW as winners of the 2018 Excellence in Recovery at Work award that we make this submission. The University has always been a driver of exceeding what the legislation requires of us, as this is synonymous with our University values.

Safety Health and Wellbeing
Human Resources Operations
Building G12
The University of Sydney
NSW 2066 Australia

T +61 2 9351 4175

E julia.cohen@sydney.edu.au
sydney.edu.au

ABN 15 211 513 464
CR COS 00026A



Premiums questions

- 1.1 Please rate your experience with workers compensation premiums issued by the Nominal Insurer (icare) from 5 (excellent) to 1 (poor).
- 1.2 What has been your experience with workers compensation premiums issued by the Nominal Insurer (icare)?
- 1.3 What should the Nominal Insurer (icare) be doing more of?
- 1.4 What should the Nominal Insurer (icare) be doing less of?
- 1.5 Are there any improvements you would like to suggest regarding premiums?

1.1 Rating - 2/5

- errors in premiums calculated
- late notices particularly 2017

1.2 Premiums and adjustments factors especially in relation to the LPR scheme lack transparency. For example, in the current year the adjustment factors have been increased for the 2nd year in a row, and for **all** LPR participants irrespective of actual performance. There is no transparency of information about the overall performance of the LPR scheme. In 2017, the entry requirements to LPR were relaxed, dispute some participants within the scheme warning that initial entry should require a more stringent assessment of competency and performance. It now appears that performance has deteriorated, and that the cost is expected to be borne by all participants, even those who have performed well within the scheme.

The recent announcement reducing what incentives are available by 25% (from 10% to 7.5% is disappointing. There is a growing implication that the benefits of good performance, often achieved by the employer taking on some upfront costs are being sacrificed for areas within the scheme that are not performing well.



One area of particular disappointment to the University was the way that the Third-Party Provider (TPP) options were handled by icare. Following being informed by icare that a private claims management arrangement with a TPP, we sought to understand the process by which this could be finalised. We were informed that it would be a pilot, and we were asked if we would agree to participate. We were pleased to be asked and agreed to participate. It was later in the process where we became aware that there was an expectation that the University would need to formulate our own contract for services directly with the Allianz (the TPP). The process seemed unusual, for example, there was no proscribed form of agreement. The other aspect of the TPP pilot which was confusing was the pricing. Initially icare advised that there would be an opportunity to negotiate the price of the claims service directly and in private. This was matched with the advice that there would be an 8% discount applied to the Base Tariff Premium to account for the TPP services. The University then entered negotiations with the TPP on the basis of the expected cost to manage our claims portfolio. The process was confused by the lack of clarity around the form of agreement with icare informing us that we were free to arrange our own, and Allianz advising us that they had to get the form of the agreement agreed through icare. Similarly, there was a lot of confusion about how to price the services, some of which was related to the way that the discount was calculated (i.e. a flat 8% of BTP) compared with our expectation that we would pay for the cost of the service.

Ultimately, the University spent a significant amount of time working through the negotiations and process, and were very close to an agreed contract and price only to unexpectedly have the process of direct contract for services and pricing stopped by icare. This was very frustrating, and could have been avoided if the guidance at the beginning of the process was clearer. We hope that this will be revisited in the future.



A final observation on the future of the TPP arrangements. There have been some discussions between icare and large employers, which the University is grateful to be part of, which indicates that there is an intention to allow a number of TPP's into the scheme. The University advises that until the performance of the large employer group and/or all employers in the LPR scheme are known and assessed, opening up the scheme to additional or new TPP's may be fraught. It is a good idea to keep choice in the system, however entry of new TPP's into the scheme must be accompanied by clear performance requirements and KPIs that are tracked and made transparent. This view has been shared directly with icare through involvement in the Employer advisory group as well as directly to icare management.

1.3 More of

- Reporting scheme-wide results on a timely basis
- Guidance from the nominal insurer on performance impacts and premium
- Greater transparency of performance good and bad

1.4 Less of

- In our experience, changes and improvements have been accompanied by some ambitious overpromising by icare. For example, promises of a co-design process for future LPR premiums and promises of a reward style scheme for positive/strong performance. Whilst we acknowledge that promises were made with the best intention, the experience has been that the foundational aspects of premium management were not being met (eg: notices on time).

1.5 Improvement suggestions

Many of the changes that icare has made to the scheme over recent years have necessarily focussed on the whole of the NSW scheme. However, changes applied that benefit the majority in the scheme in a blanket one-size-fits-all fashion may have benefits for most but at the same time a significant negative impact on the very large employer cohort (BTP >\$750K) in NSW. The very large employers tend to have a constant portfolio of open and active claims and frequently have highly experienced and well-resourced internal workers compensation teams. We suggest that the icare board would benefit greatly from having an advisory group of approx. 4 representatives from NSW large employers (eg: BTP >\$750,000 and/or large employers with a specific positive claims performance profile). This group should be charged with the responsibility to review proposed changes to the scheme/claims operating model etc and advise on the likely impact to the large employer cohort. This may prevent some of the current concerns within that employer cohort and potentially prevent some movements towards self-insurance, which is currently the only other avenue available to large employer.

A final comment on premium models. Any future premium model needs to ensure aligned drivers, goals and measures for both the insurer/agent and the employer which the current models do not really achieve.

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).

This response relates to Allianz as agent rating = 3



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?

The University of Sydney's experience with management of claims by Allianz has not changed significantly since the changes were implemented. We have managed to maintain a single case manager service model, with the exception of how a psychological injury claim is managed. This was not without some effort and negotiation, with periods of uncertainty which have impacted our ability to manage injury claims in-house.

The University has continued to work closely with our Allianz case manager who has a close partnership with our team, this is the method that best suits our own management model, as that person knows our business very well and understands the complexities of our business.

The University has been consulted by icare on claims management many times, and we appreciate the opportunity to provide input and insights as the new claims management model continues to be bedded down.

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

Overall the University has not experienced any real improvements to claims management or the customer experience as a result of the new claims management model. This is partly related to the fact that we have continued to work with Allianz as our claims services provider, as also discussed in the answers to section 1 above.



Initially there was a lot of confusion about what the model actually was, how it was to apply without the presence of the promised claims management technology and without the University claims being managed by the default agent (EML). The only publication that has ever been made available has been the single diagram of the claims model. The manual or guidelines on how the processes behind the model work have never been shared.

The initial major observed impact of the overall transition to the single (default) agent was the departure of many highly experienced claims staff from the scheme altogether.

Customer experience as a large employer regarding maintaining the overall performance of our claims portfolio has deteriorated, with our observation that there is a lack of overall strategic claims management. There appears to be a culture within the scheme claims managers that icare permission is required for many decisions, which is tending to default towards a process focus. The University claims team report that Claims managers seem to work to an ongoing expectation for claims to close themselves off when people reach the extent of their entitlements (under S59A of the Act) and running out of treatment benefits or fit for full duties (full capacity).

As a customer with a claims portfolio that carries a high financial risk and potential of harm to our staff in terms of their health and



their ongoing workplace success, if their work-related injuries are not resolved in an appropriate manner and time, we experience major issues with the sharing of information that relate to our employee's recovery progress. Particularly the medical information which is essential for us to manage a safe and durable return to health and full capacity. In our experience, access to this essential information requires us to constantly follow up with our agent, negotiate for the information, often only ever being given manually written summaries of information which the case manager (Allianz) have had to write. This is contradictory to our own internal RTW program and staff health support program which is managed by qualified rehabilitation specialists and allied health professionals. This is also contradictory to our own injured staff expectations, who provide their information to Allianz with the expectation that it will be shared with us. It is our recommendation that there is a focus on this aspect of claims management, and similar to pricing for experienced high performing employers, an agreement for sharing of medical information be added to the system to enhance information sharing. This will be for the benefit of the scheme in terms of speedier return to work outcomes, greater efficiencies for case managers and enhanced service to us and our staff as customers.

One of the concerns raised by the University staff health support team is that our TPP (agent) does not acknowledge the in-house team, who are all rehabilitation or allied health qualified and together have approx. 50 years in total of experience in workers compensation in NSW for their professional clinical skills and



extensive Return to Work and Health experience.

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

Provide greater transparency of the operating manual behind the claims model

Communicating more – more recently communications have been smoother and easier, initially this was not the case. Recommend that communications continue to be prioritised.

As per above – icare should change the way that medical information can be shared.

The agent should be proactively engaging the employer more so we are able to assist with a quicker return to work. As mentioned before the lack of strategy is the primary issue, followed by the lack of transparency (sharing) of medical information. We would be better able to assist with returning our staff to work more quickly we received more regular medical updates and reports.

This also relates to injury claims even once people have resigned from the University with the claim still active. It seems to be forgotten that the University are still paying the premium impacted by the costs of these claims but have little oversight into what strategy is being placed to ensure the claim is moving towards finalisation. As one of the University Staff Health Support coordinators states, “Claims that are no longer in our employ are still every part of our overall claims management for the University. The agent tends to ‘take over and stop information sharing’ if an injured worker has left the organisation”.



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

Injury Management plans these are completed by the insurer but are rarely enforced or reviewed or used to strategically drive claim outcomes.

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

Please see responses 2.2-2.5 above

Should you wish to discuss any of the details within this response, please contact the author directly.

Yours sincerely, Julia Cohen