

Regulatory requirements for health care arrangements in the NSW Workers Compensation and CTP Schemes

Consultation Paper

State Insurance
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Purpose

The purpose of this consultation paper is to seek views to inform revised regulatory requirements relating to the healthcare arrangements within the NSW workers compensation and compulsory third party systems, to manage costs and improve outcomes for injured motorists and workers.

Introduction

Submissions in response to the paper will inform SIRA's consideration for revised regulatory requirements. Ultimately SIRA would like to ensure that health care arrangements within the personal injury schemes in NSW promote safety and quality in services provided to injured motorists and workers and reflect the principles of value-based care.

SIRA is the NSW Government agency responsible for regulating workers compensation (WC) insurance and related activities, motor accidents/compulsory third party (CTP) insurance, and home building compensation in NSW. In stewarding these schemes, it is our mission to ensure they are:

- equitable and fair
- efficiently delivered
- affordable for the community
- sustainable and viable for generations to come
- delivering scheme outcomes effectively
- providing positive experiences.

Why is SIRA doing this?

The health care expenditure in SIRA-regulated schemes accounts for over \$1 billion annually. While it represents a small overall component of the healthcare market for some segments SIRA-regulated schemes commission a significant proportion of healthcare expenditure.

Scheme performance monitoring activity has highlighted escalating healthcare costs, particularly in the workers compensation scheme. Preliminary analysis by Ernst Young (EY) conducted over the past couple of months has indicated some trends that may warrant further investigation across the key categories of expenditure including private and public hospital fees, ambulance; surgery and diagnostics; medical attendance; and allied health. A summary of EY's findings is available in support of this public consultation.

SIRA has also undertaken consultation with a range of insurers to further inform the range of issues canvassed in this consultation paper.

A broader range of views is now sought on how we can improve outcomes and the value provided to injured motorists and workers in NSW through health care expenditure within the personal injury schemes.

Key challenges and trends

The dimension of medical spend

- Health care costs are rising. Medical spend represents more than 30% of the cost of NSW CTP and WC schemes, and continued growth could pose a risk to workers compensation scheme sustainability.
- Current data collections do not contain sufficient information to analyse health outcomes within the schemes.
- The WC scheme is undergoing faster medical spend growth, particularly in recent years, than either Private Health Insurers in NSW, or Medicare.

Medical cost dynamics

- There has been consistent year-on-year increases in spend on surgery across both schemes. The growth includes increases in items billed and earlier approvals of surgery.
- Increased service utilisation has been observed in both schemes.
- There are variations in billing practices including how codes are used.
- There is increased utilisation of some technologies, such as imaging, that the evidence suggests may be contra-indicated.
- Clinical pathways are not always available to guide leading practice and evidence-based medical care.

Interjurisdictional comparison of medical cost regimes

- NSW medical fees reference Australian Medical Association (AMA) rates (with loadings for some practitioners). Other jurisdictions use AMA rates without loadings, or Medicare Benefits Schedule (MBS) rates.

Regulatory requirements

Regulatory requirements could include the following areas, among others:

- health provider fee regulation
- clinical safety and quality
- cost-efficiency and cost-effectiveness of care
- insurer performance monitoring
- provider performance monitoring
- patient experience and health outcomes monitoring
- coding and billing system improvements

There are also controls available to other participants in the schemes. For example, insurers can implement controls to manage health care cost 'leakage', that is an overpayment that could have been prevented. Leakage can arise from inadvertent administrative errors by providers as well as potential over-servicing or overcharging. Adequate systems are needed to support the implementation of these controls and support the achievement of improved health outcomes for injured motorist and workers.

How you can get involved

Please make a submission answering the questions below.

We invite you to tell us your views by using our online form. You don't have to answer every question, but your submission needs to address the specific issues raised in the documents and where possible provide evidence to support your feedback (for example, are there any reports or papers you can refer to?) or refer to your personal experience with healthcare services provided as a result of a CTP or workers compensation claim.

Next steps

Stage of consultation	Key date
Consultation opens	23 September 2019
Consultation closes	01 November 2019

It's likely that there will be further opportunities to have your say on health care arrangements in the WC and CTP schemes as the review progresses.

Matters for consultation

We are seeking your views on opportunities to deliver best value health care under the WC and CTP schemes, and to improve health outcomes for injured motorists and workers.

The following are some specific ideas you may wish to comment on. Please feel free to suggest and comment on other ideas and options as well.

Ensuring best outcomes for injured people

Do you think that injured people are receiving high quality, evidence-based health care in the personal injury schemes (workers compensation and motor accidents schemes)?

Which issues need to be addressed to ensure injured people receive high quality, evidence-based health care?

How can SIRA, insurers and providers help injured workers and motorists access the best outcomes?

From your observation what are some of the reasons for the increase in service utilisation (ie the increase in the amount of services each injured person is receiving)?

Setting and indexing of health practitioner fees

Should fee setting and indexation be used in these schemes?

How can rates best be set for doctors? Are there other options available to set rates?

Should NSW use MBS item numbers and billing rules to classify and report services instead of the AMA's? Are there other options available?

How could SIRA appropriately set and index private and public hospital fees with the aim of better outcomes?

How could SIRA appropriately set and index allied health fees with the aim of better outcomes?

Should consideration be given to the schemes having fee setting mechanisms for additional health practitioners? If so, which ones, and why?

Improving processes and compliance

What could help improve administrative processes – including reducing paperwork and leakage – for providers, insurers and other scheme participants?

What enhancements to claims administration requirements would help ensure scheme sustainability and improve understanding of the outcomes being achieved?

What improvements to monitoring, data collection and reporting would help ensure scheme sustainability and improve understanding of the outcomes that are being achieved?

Implementing value-based care

What opportunities does a value-based care approach present for the personal injury schemes? How could these be implemented?

What options are there to better understand and influence the health outcomes and patient experiences within the personal injury schemes?

Any other issues

Are there any other issues you want to raise or comments you would like to make?

Disclaimer

This publication may contain information that relates to the regulation of workers compensation insurance, motor accident third party (CTP) insurance and home building compensation in NSW. It may include details of some of your obligations under the various schemes that the State Insurance Regulatory Authority (SIRA) administers.

However to ensure you comply with your legal obligations you must refer to the appropriate legislation as currently in force. Up to date legislation can be found at the NSW Legislation website legislation.nsw.gov.au

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