

Healthcare costs and outcomes in the workers compensation and CTP schemes

SIRA quarterly dashboard report

For the quarter ending
30 September 2021

Published August 2022



State Insurance
Regulatory Authority

Contents of this report

This report provides analysis of healthcare costs and outcomes in the workers compensation and motor accidents insurance (CTP) schemes up to Quarter 1, financial year 2022 (quarter ending 30 September 2021).

The report is segmented into three sections:

- **Section 1** – Summary, and overall trends in quarterly healthcare costs to Quarter 1, financial year 2022 – workers compensation and 2017 MAIA CTP schemes
- **Section 2** - Quarterly healthcare data update to Quarter 1, financial year 2022 – workers compensation scheme
- **Section 3** – Drivers of healthcare expenditure for the 12 months to Quarter 1, Financial year 2022 – workers compensation and 2017 MAIA CTP schemes

FY2021-Q2	FY2021-Q3	FY2021-Q4	FY2022-Q1
1 Oct – 31 Dec 2020	1 Jan – 31 Mar 2021	1 Apr – 30 June 2021	1 July – 30 Sept 2021

Definition of 'healthcare' used in this report

Within this report, healthcare encompasses the following services only:

Medical & investigation services	Allied health services
Surgery	Hospital services – public & private
Diagnostic & therapeutic procedures, nuclear medicine, radiation, ultrasound, MRI etc	Care – domestic, personal and nursing
Ambulance services	Aids & appliances
Pharmaceutical services	Dental related services

Section 1

Summary and overall trends in quarterly healthcare costs to Quarter 1 Financial year 2022

– Workers compensation and 2017 MAIA CTP schemes



Summary of key observations for section 1

Workers compensation

Healthcare expenditure in the workers compensation scheme for Q1 of financial year (FY) 2022 totalled \$245.15m across 87.407k claims.

- Quarterly healthcare expenditure increased for the 12-month period following the COVID-19 impacted Q4 FY2020 at a level greater than all historical quarters.
- Q1 FY2022 experienced a reduction in healthcare expenditure which coincides with the wave of COVID-19 delta variant. This reduction appears largely to be driven by decreases in hospital and surgical utilisation.
- Allied health expenditure continued to grow despite any potential impact from the COVID-19 delta variant. For the 12 months to September 2021 allied health expenditure has grown 8.44%, driven primarily by more claims accessing allied health services, increases in the number of services, and inflation.

CTP (2017 MAIA scheme only)

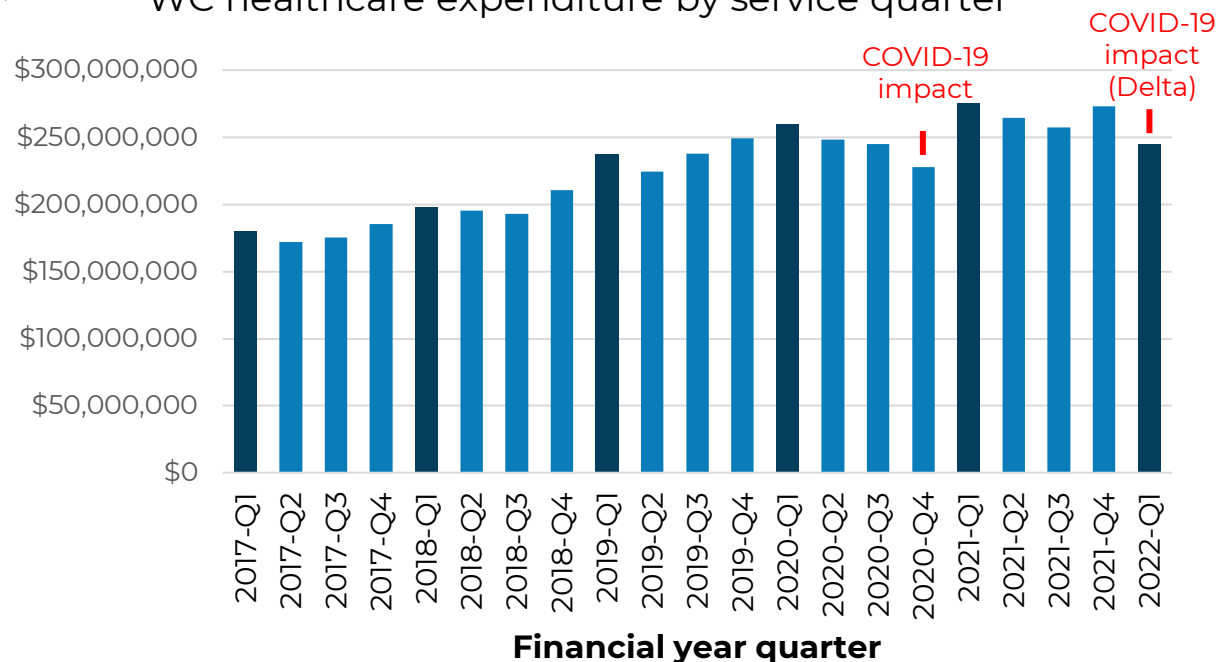
- Healthcare expenditure in the 2017 MAIA CTP scheme for Q1 of financial year (FY) 2022 totalled \$26.82m across 8.85k claims.
- Q1 FY2022 experienced a significant reduction in healthcare expenditure which coincides with the wave of COVID-19 delta variant.
- Prior to Q1 FY 2022, healthcare expenditure growth resumed following subdued expenditure in Q4 FY2020 (COVID-19 restrictions) primarily driven by an increase in claims accessing healthcare and increase in services per claim.
- The 2017 MAIA scheme is continuing to mature. It is challenging to draw conclusions on healthcare trends until the scheme reaches a steady state.
- Healthcare delivered under the 1999 MACA CTP scheme is not included in this report.

Note: Analysis is using data collected up to 31 December 2021. The most recent quarter's data may not have fully developed and will continue to mature with successive reports. Differences between successive service quarters will be impacted by seasonality of service provision and must be taken into consideration when comparing quarter to quarter.

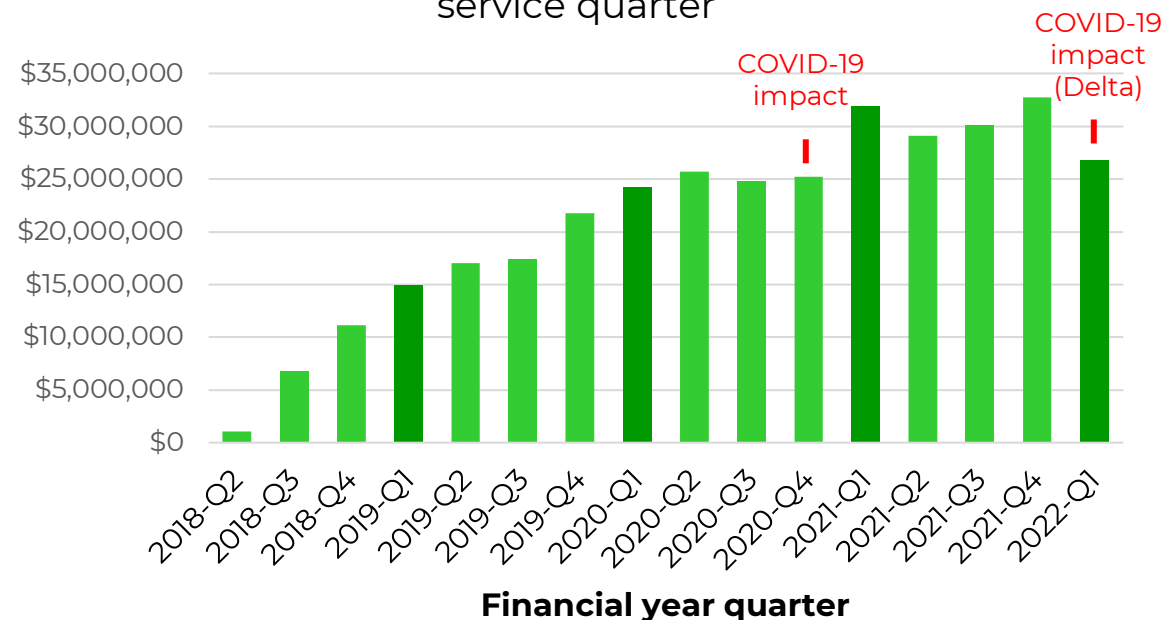
FY2021-Q2	FY2021-Q3	FY2021-Q4	FY2022-Q1
1 Oct – 31 Dec 2020	1 Jan – 31 Mar 2021	1 Apr – 30 June 2021	1 July – 30 Sept 2021

Trends in healthcare expenditure

WC healthcare expenditure by service quarter



2017 MAIA CTP healthcare expenditure by service quarter



Healthcare expenditure for the workers compensation (WC) scheme totalled \$1.04 billion for the 12 months to 30 September 2021, an increase of 4.39% compared with the previous 12 month period. Overall, the WC scheme demonstrates continued growth in health care expenditure despite the intermittent impacts of COVID.

Healthcare expenditure for the 2017 MAIA CTP scheme totalled \$118.8 million for the same 12 month period, an increase of 10.38%. Healthcare expenditure for the 2017 MAIA CTP scheme continues to grow as the scheme matures.

In the 12 month period following the COVID impacted on Q4 2020, both schemes experienced healthcare expenditure elevated above all historical quarters. Both schemes experienced a reduction in healthcare spend for Q1-FY2022, coinciding with the impact of the COVID-19 Delta variant.

FY2021-Q2	FY2021-Q3	FY2021-Q4	FY2022-Q1
1 Oct – 31 Dec 2020	1 Jan – 31 Mar 2021	1 Apr – 30 June 2021	1 July – 30 Sept 2021

Note: Analysis is using data collected up to 31 December 2021. The most recent quarters data has not fully developed and will continue to mature with successive reports.

Section 2

Quarterly healthcare data update to Quarter 1
Financial year 2022

- workers compensation scheme



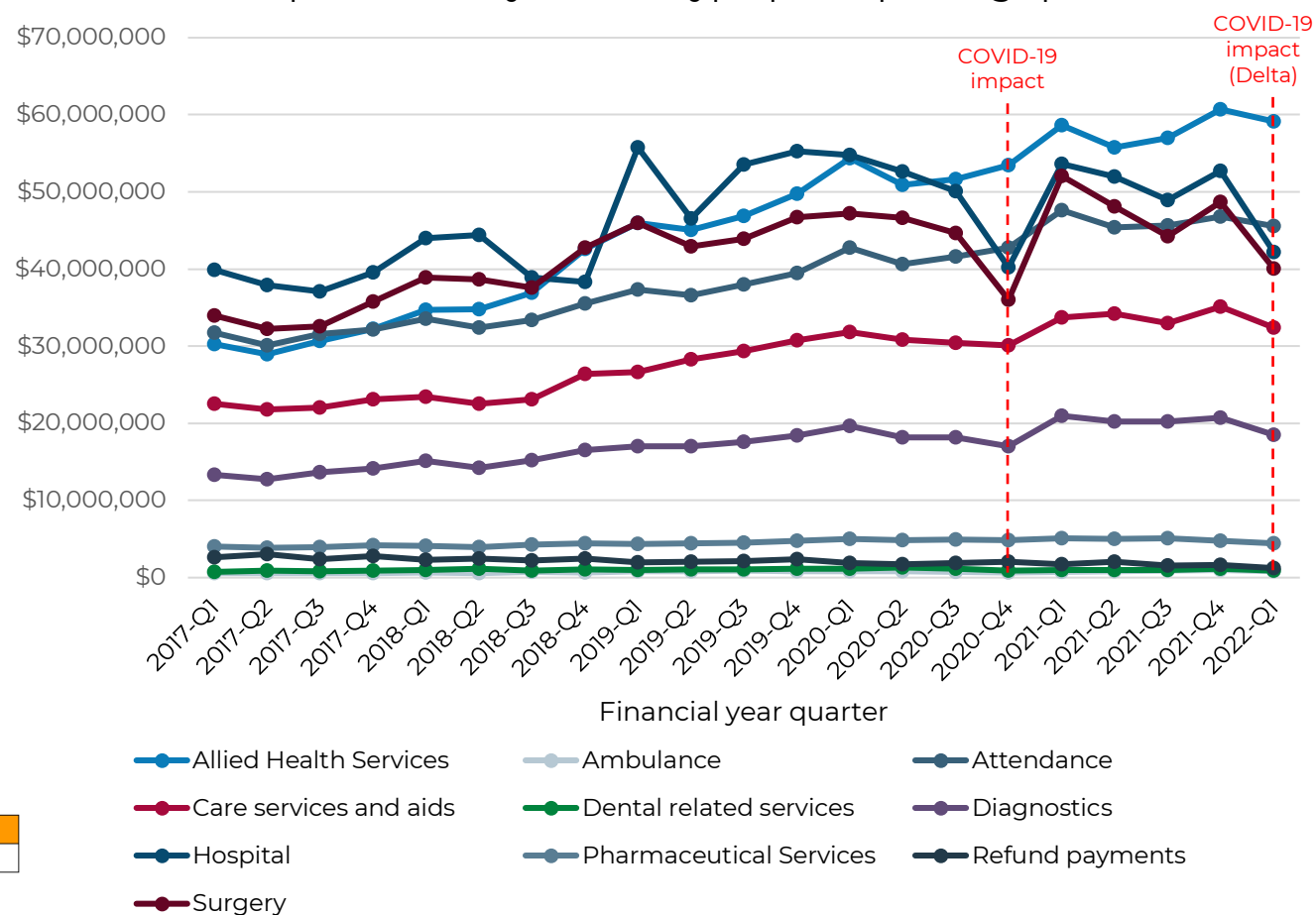
Workers compensation expenditure by service type

Significant reductions in hospital and surgical costs are demonstrated in FY2020-Q4 as a result of COVID-19. Hospital and surgical costs show significant increases immediately following FY2020-Q4, corresponding with easing of COVID-19 related restrictions.

Reductions in hospital and surgical expenditure is again demonstrated in FY2022-Q1, potentially due to impacts of the COVID-19 Delta variant. These reductions will be more accurately represented in future healthcare dashboards as data for FY2022-Q1 matures.

Most all other healthcare service types continue to trend upwards and demonstrate annual seasonality in costs. Allied health demonstrates more significant cost growth over other healthcare service types.

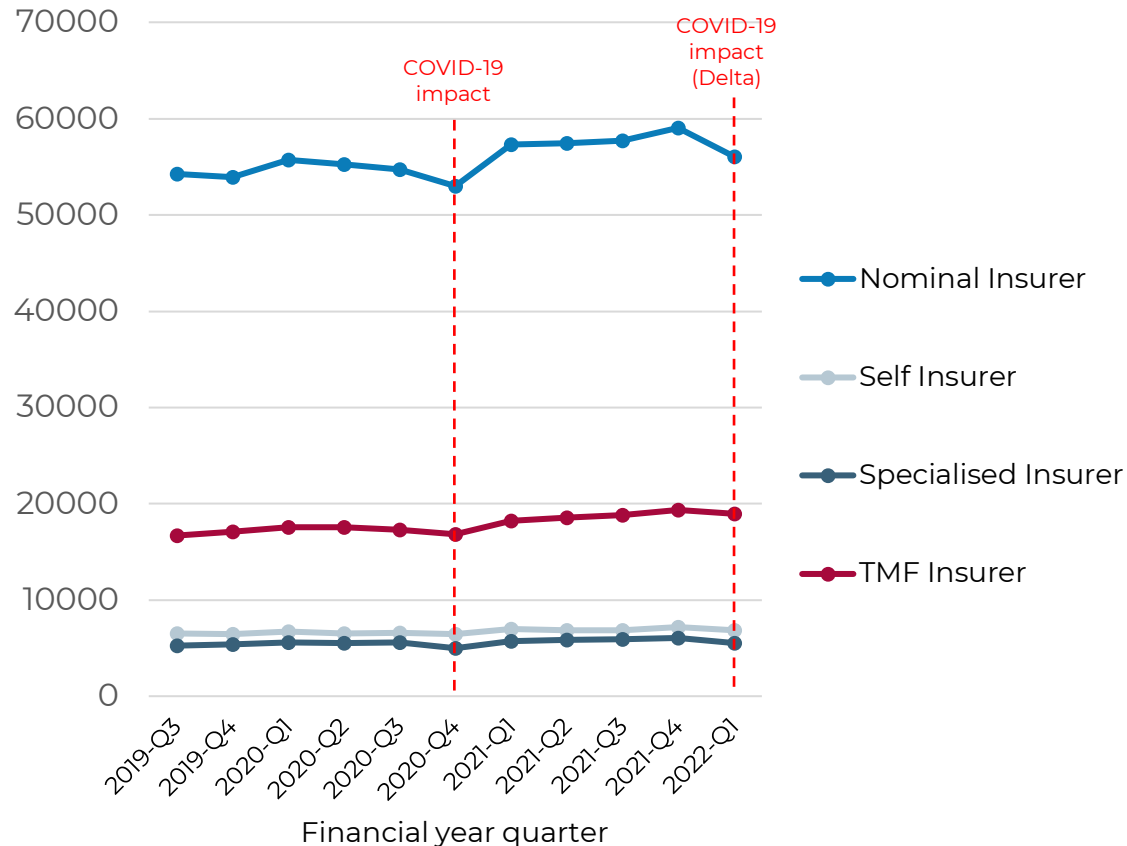
WC expenditure by service type per reporting quarter



FY2021-Q2	FY2021-Q3	FY2021-Q4	FY2022-Q1
1 Oct – 31 Dec 2020	1 Jan – 31 Mar 2021	1 Apr – 30 June 2021	1 July – 30 Sept 2021

Trends in the number of workers compensation claims receiving healthcare services

Number of claims receiving a healthcare service by service quarter by insurer type



The number of claims receiving healthcare services grew steadily across all workers compensation insurers in the 12 months following the impact of COVID-19 in FY2020-Q4. This growth was less significant for self and specialised insurers.

The FY2022-Q1 quarter demonstrates a reduction in the number of claims receiving healthcare services most noted for the nominal insurer. This coincides with the COVID-19 Delta variant.

Note: Analysis is using data collected up to 31 December 2021. The most recent quarters data has not fully developed and will continue to mature with successive reports.

FY2021-Q2	FY2021-Q3	FY2021-Q4	FY2022-Q1
1 Oct – 31 Dec 2020	1 Jan – 31 Mar 2021	1 Apr – 30 June 2021	1 July – 30 Sept 2021

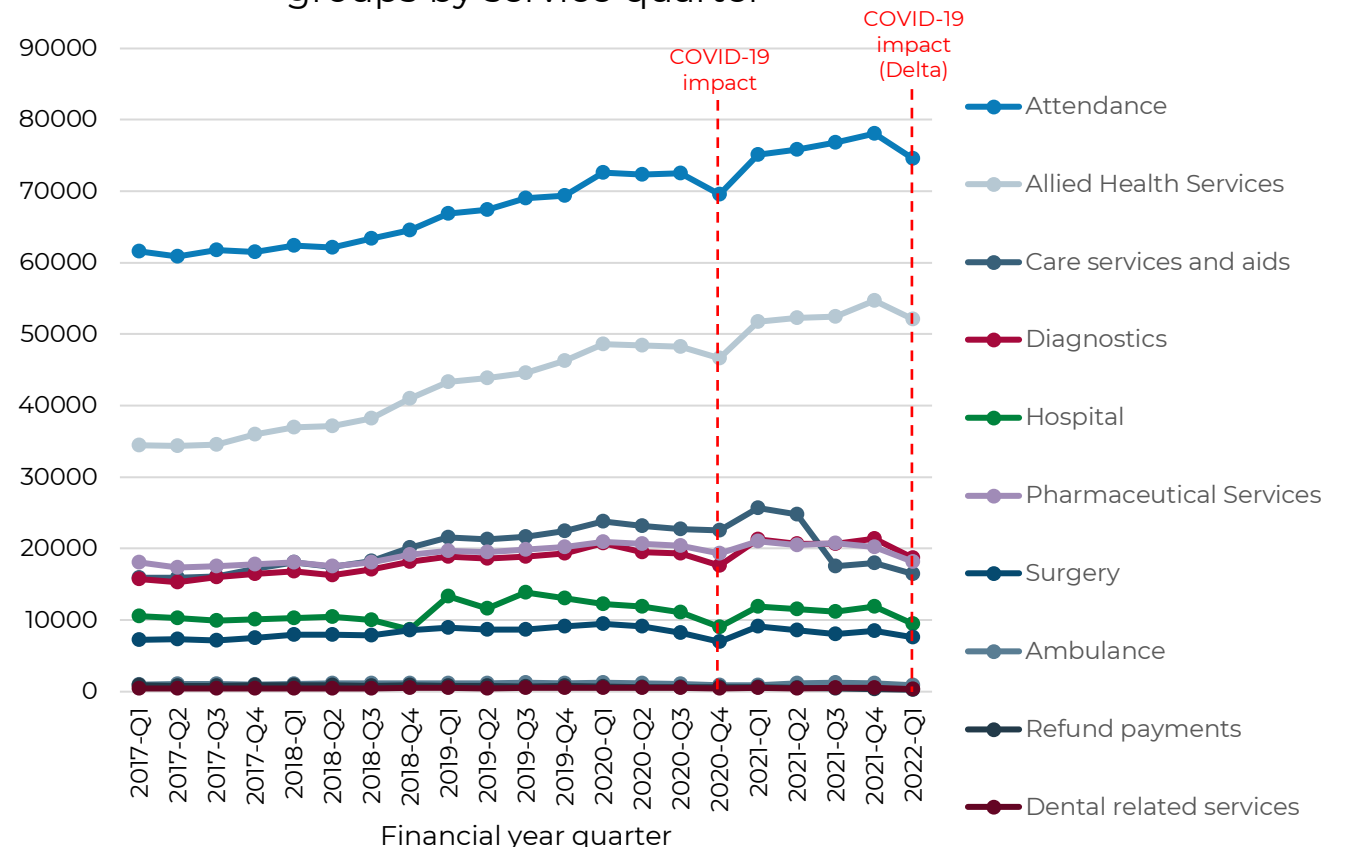
The number of WC claims receiving healthcare services by service group

An increase in the number of claims accessing most healthcare services is seen following the COVID-impacted FY 2020-Q4. While most levelled out after this increase, professional medical attendances and allied health both experienced strong growth in the number of claims accessing their services.

The number of claims accessing *Care services and aids* shows a significant reduction from FY 2021-Q3 to FY2022-Q1. This is driven primarily by reductions in the *aids* subgroup containing items such as back rests and braces, strapping tape, theraband and other consumables. Other *Care services* subgroups such as personal care and nursing care at home show steady claim numbers over the same period.

All service groups show a reduction in claim numbers for FY 2022-Q1. This coincides with the COVID-19 Delta variant.

Number of WC claims accessing healthcare service groups by service quarter

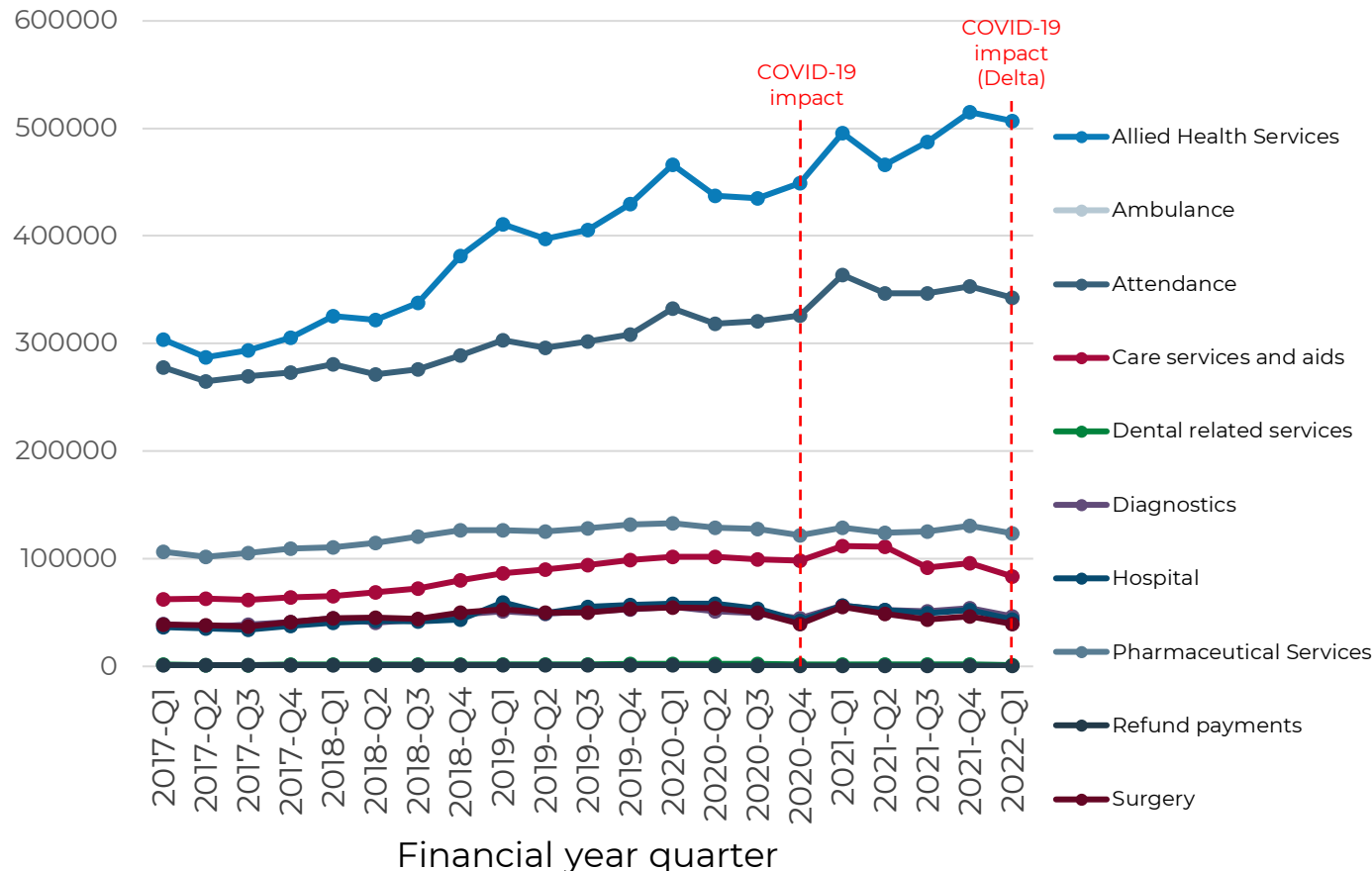


FY2021-Q2	FY2021-Q3	FY2021-Q4	FY2022-Q1
1 Oct – 31 Dec 2020	1 Jan – 31 Mar 2021	1 Apr – 30 June 2021	1 July – 30 Sept 2021

Note: Analysis is using data collected up to 31 December 2021. The most recent quarters data has not fully developed and will continue to mature with successive reports.

Trends in the number of healthcare services by service group for workers compensation claims

Number of services by service group in WC



The number of healthcare services delivered by service group per quarter continues to grow.

This is again driven primarily by allied health services and professional medical attendances.

Surgery, hospital and diagnostics demonstrate very similar trends and also numbers of services, all impacted in FY2020-Q4 by COVID, but recovering and remaining relatively static thereafter.

Pharmaceuticals has remained steady with no appreciable impact in the number of services during COVID impacted quarters.

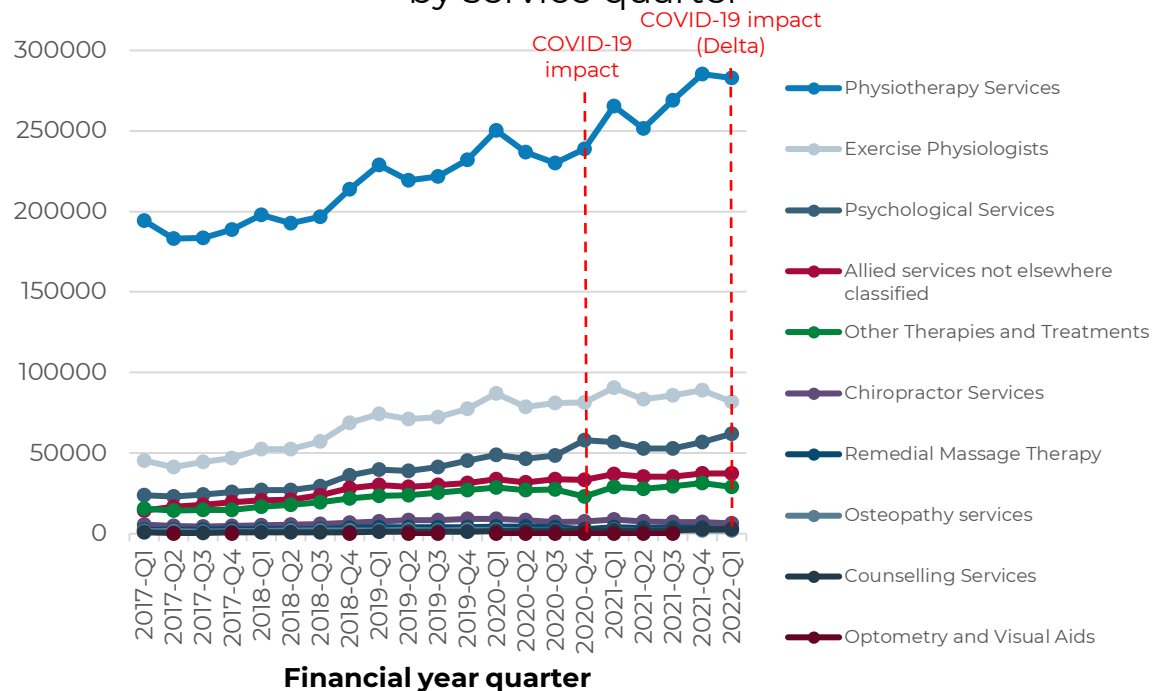
Care services and aids demonstrates a recent decline in service numbers. As mentioned previously, this is driven primarily by reductions in the *aids* subgroup for items such as back rests and braces, strapping tape, theraband and other consumables.

Note: Analysis is using data collected up to 31 December 2021. The most recent quarters data has not fully developed and will continue to mature with successive reports.

FY2021-Q2	FY2021-Q3	FY2021-Q4	FY2022-Q1
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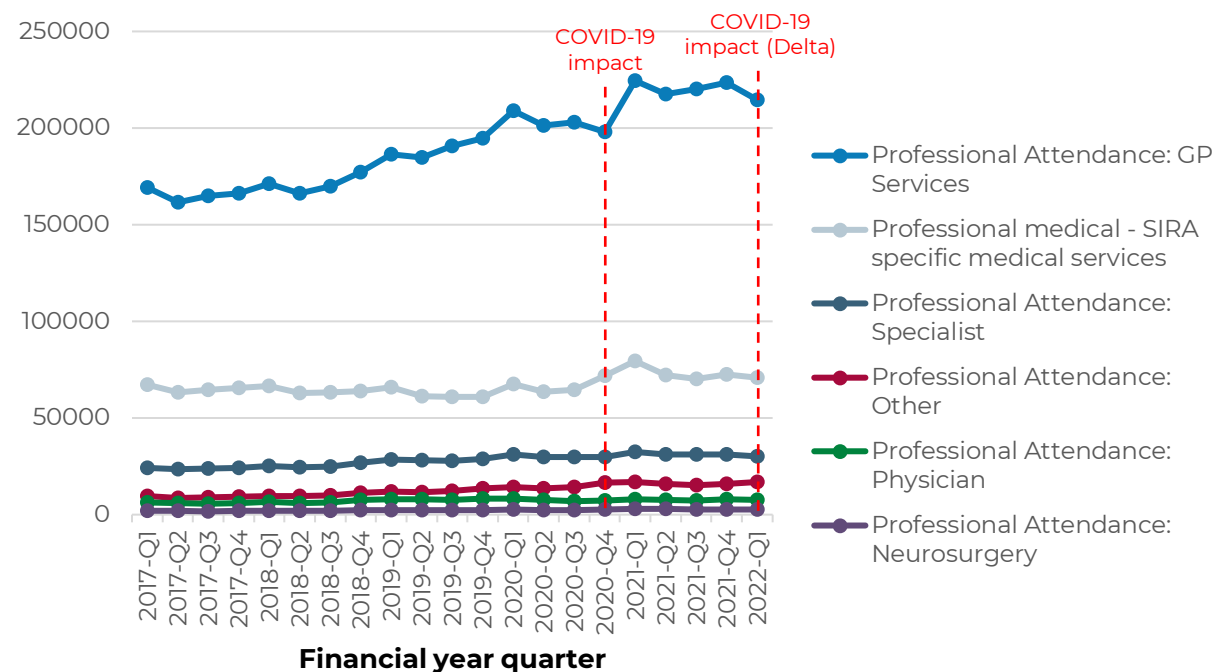
Trends in the number of services by service sub group for workers compensation claims

Number of services for allied health sub groups by service quarter



Physiotherapy demonstrates the largest increase in service utilisation, with exercise physiology and psychology contributing to overall growth in the allied health service group. Chiropractic, osteopathy, and remedial massage service groups remained static.

Number of services for attendance – GP and specialist sub groups by service quarter

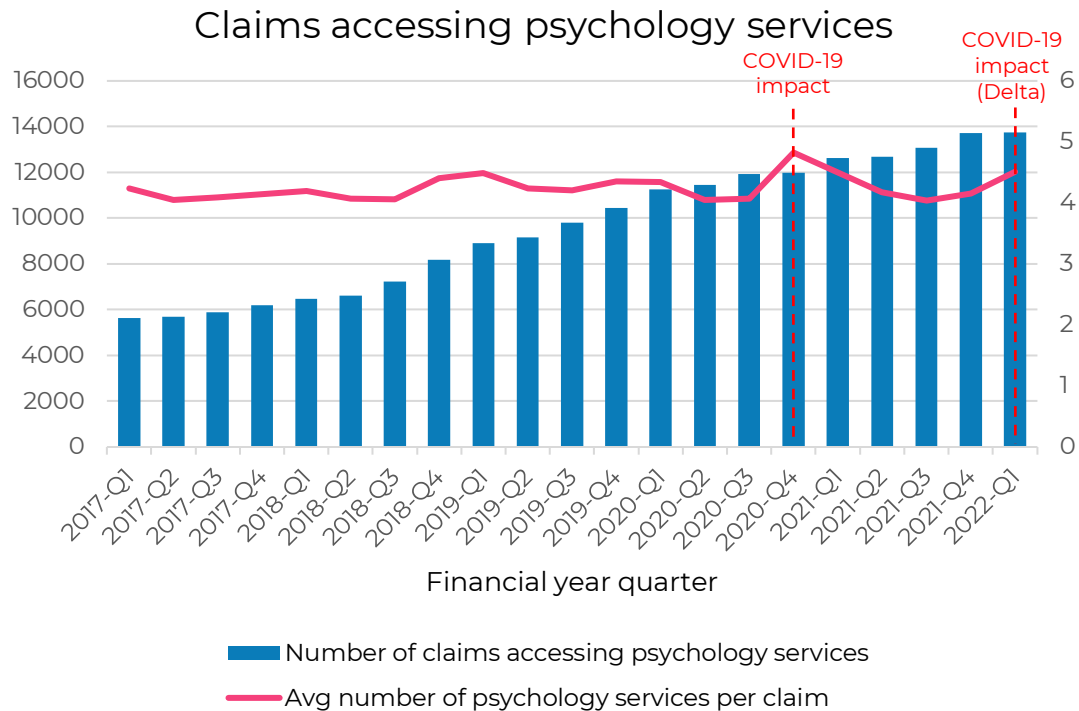


General practitioner (GP) attendances and SIRA specific services (e.g. certification, report writing, case conferencing) were primary drivers for the increase in medical attendances. While not at the same scale, specialist, physician, and surgical attendances also demonstrated moderate increases across the reporting period relative to their historical levels.

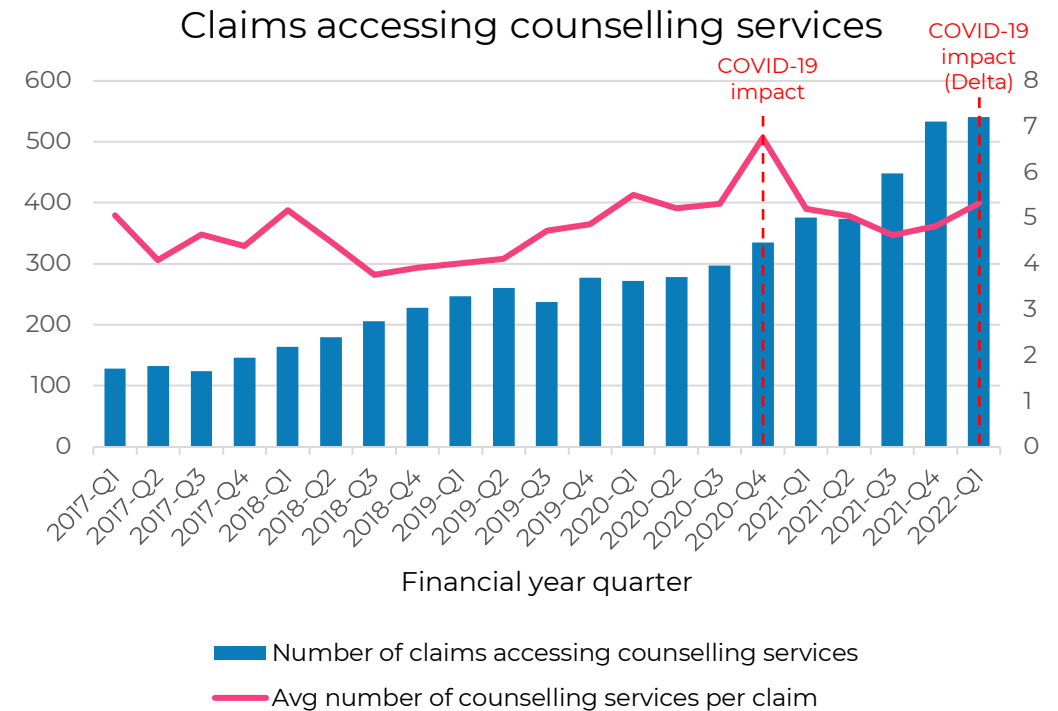
FY2021-Q2	FY2021-Q3	FY2021-Q4	FY2022-Q1
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Note: Analysis is using data collected up to 31 December 2021. The most recent quarters data has not fully developed and will continue to mature with successive reports.

Psychology and counselling – trends in number of workers compensation claims accessing services and average services per claim



Claims accessing psychological services has continued its growth trajectory following flattening in the quarters immediately preceding FY2020-Q4.



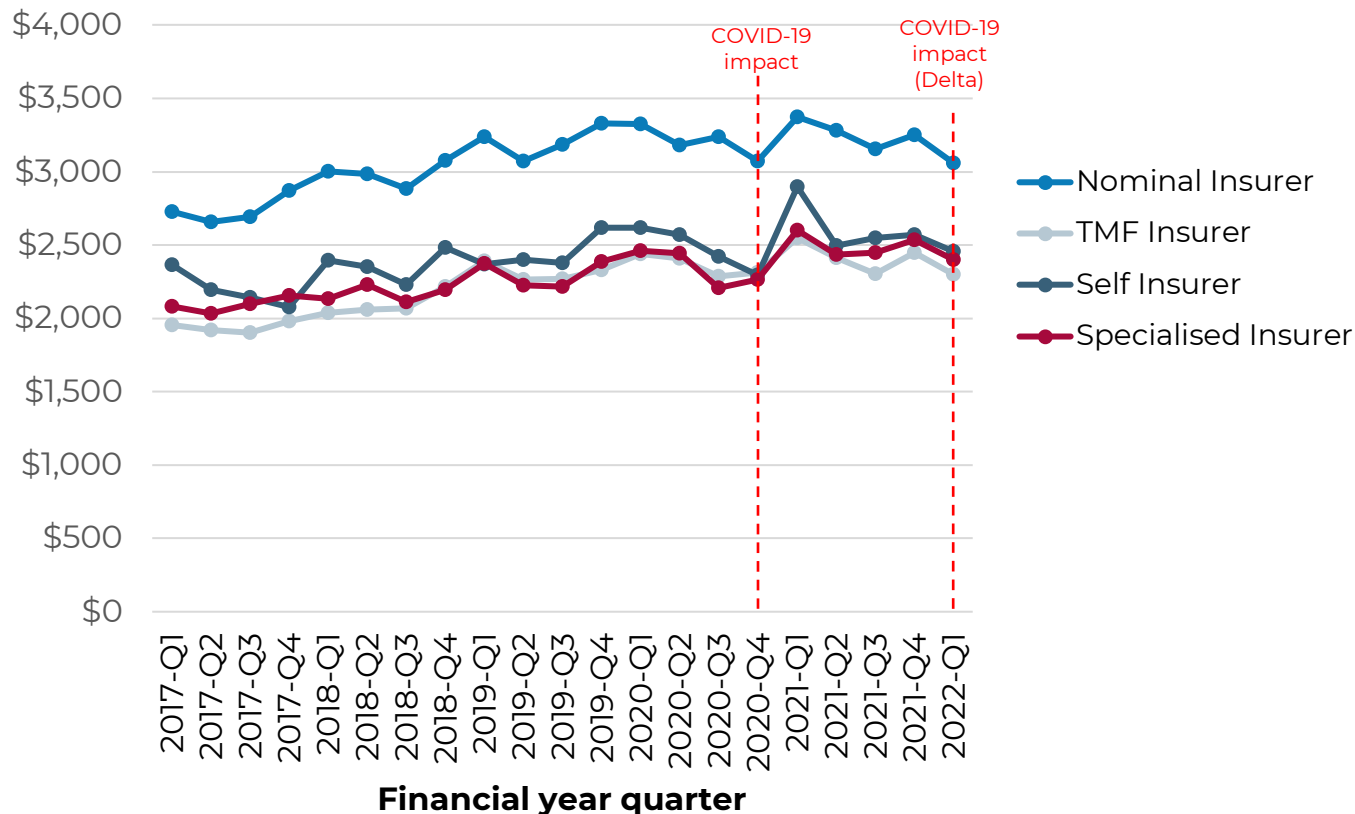
Claims accessing counselling services on a quarterly basis has grown at a significant rate for the most recent quarters.

Note: Analysis is using data collected up to 31 December 2021. The most recent quarters data has not fully developed and will continue to mature with successive reports.

FY2021-Q2	FY2021-Q3	FY2021-Q4	FY2022-Q1
1 Oct – 31 Dec 2020	1 Jan – 31 Mar 2021	1 Apr – 30 June 2021	1 July – 30 Sept 2021

Average cost of healthcare per claim in the workers compensation scheme

Average healthcare cost (nominal) per claim by insurer group



All insurers demonstrate a gradual increase in average healthcare costs per claim across successive financial years.

A spike in average healthcare spend per claim is seen in FY2021-Q1, most likely a result of access to postponed higher cost healthcare such as surgery and hospital services.

Trends in average healthcare costs per claim are varied across insurers after this spike, however a higher average cost appears to be maintained.

No adjustment for case mix has been made for these figures.

Note: Analysis is using data collected up to 31 December 2021. The most recent quarters data has not fully developed and will continue to mature with successive reports.

FY2021-Q2	FY2021-Q3	FY2021-Q4	FY2022-Q1
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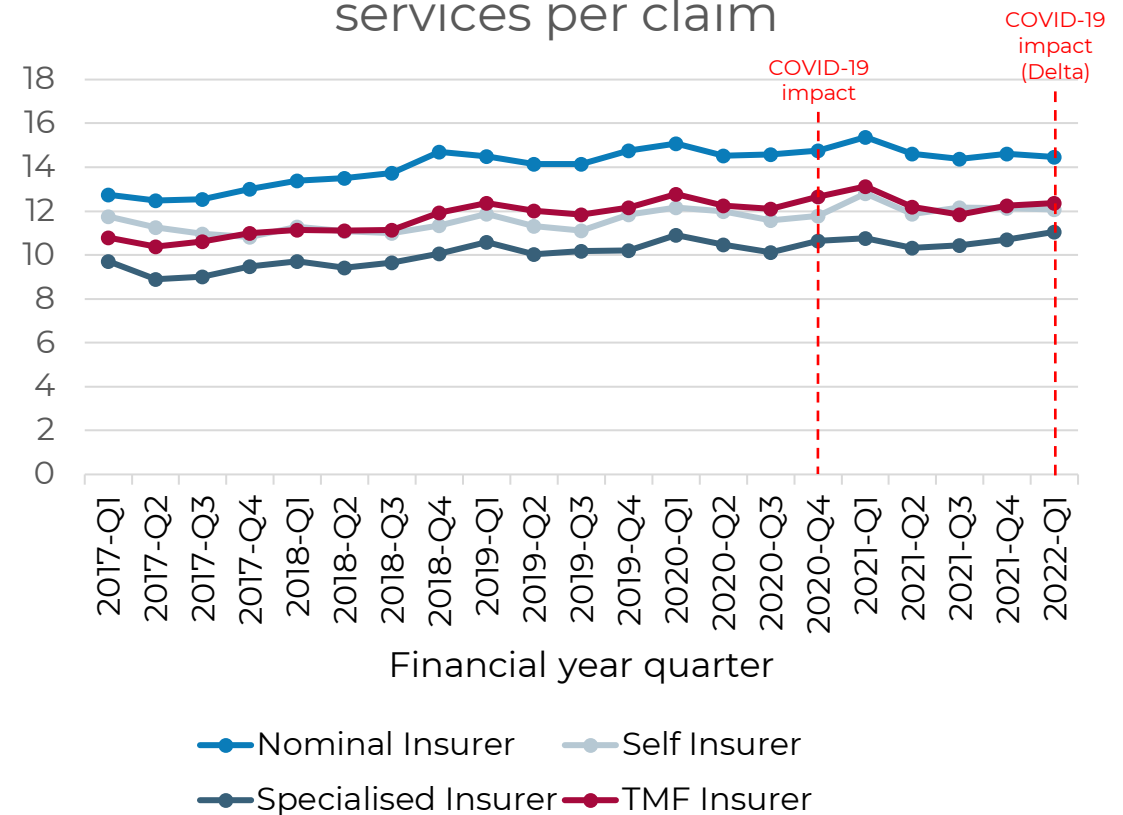
Average number of healthcare services per claim in the workers compensation scheme

The number of healthcare services per claim increased gradually across all insurers from Q2 2017 to Q4 2018. This appears to have flattened to a new higher average number of healthcare services per claim per quarter, with some minor seasonal variations.

The increase seen in Q1 FY2021 is noted, most likely attributed to the easing of COVID-19 restrictions allowing access to postponed services, and the increase in psychological and counselling services.

No adjustment for case mix has been made in this graph.

Average number of healthcare services per claim



FY2021-Q2	FY2021-Q3	FY2021-Q4	FY2022-Q1
1 Oct – 31 Dec 2020	1 Jan – 31 Mar 2021	1 Apr – 30 June 2021	1 July – 30 Sept 2021

Note: Analysis is using data collected up to 31 December 2021. The most recent quarters data has not fully developed and will continue to mature with successive reports.

Section 3

Drivers of healthcare expenditure for the 12 months
to 30 September 2021

- workers compensation and 2017 MAIA CTP schemes



Drivers of healthcare expenditure for the 12 months to 30 September 2021

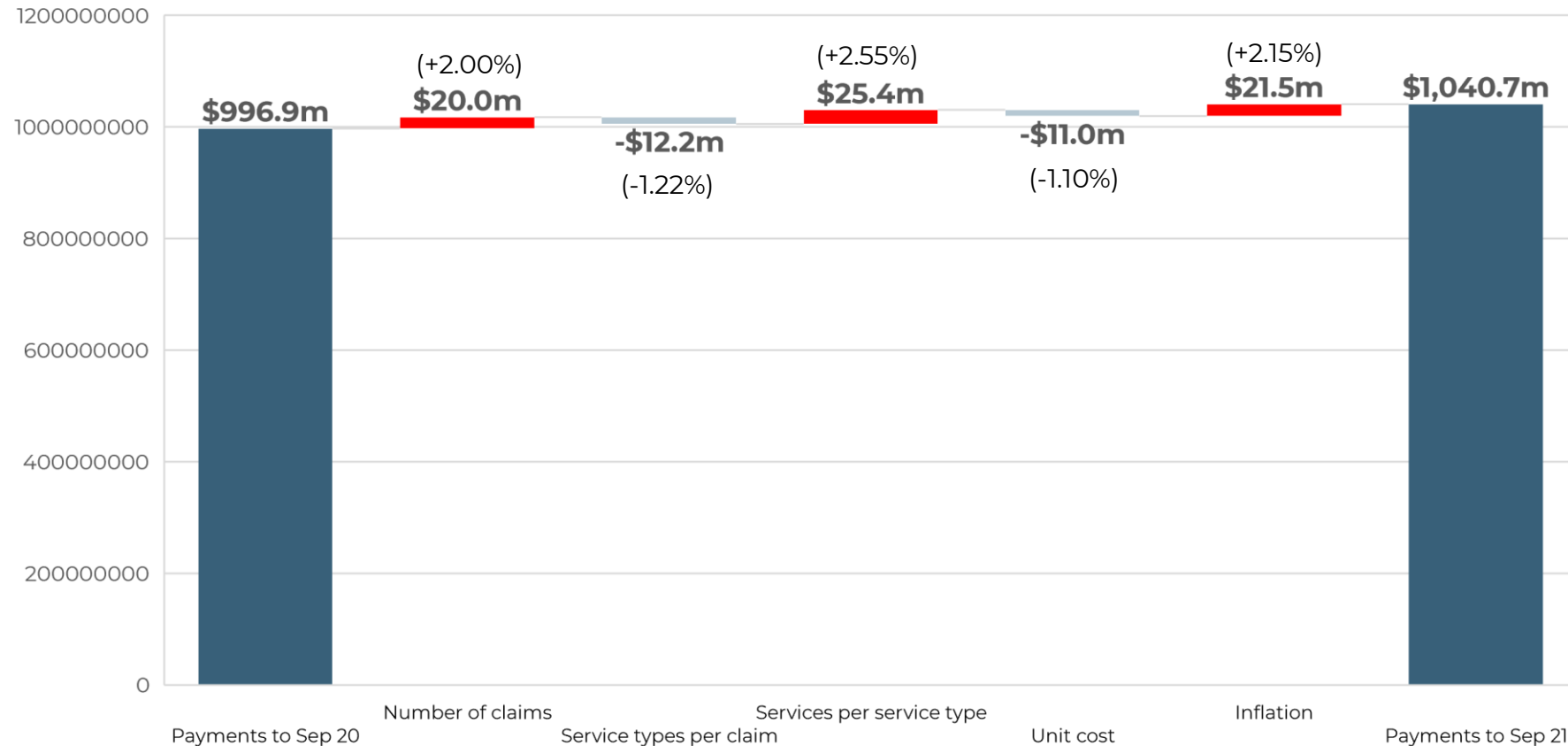
The following graphs provide analysis of cost drivers in healthcare over the twelve-month period from 1 October 2020 to 30 September 2021 compared to the period 1 October 2019 to 30 September 2020. This is not a comparison of financial years.

The cost driver analysis apportions the change in total healthcare expenditure between the consecutive periods to:

- Change in healthcare claims (across all service types)
- Number of different healthcare service types per claim
- Number of healthcare services per healthcare service type
- Change in the average unit cost of each healthcare service
- Impact of inflation

Consideration must be made when comparing the following graphs to drivers of healthcare expenditure graphs in previous reports as they may cover overlapping time periods.

Drivers of workers compensation healthcare expenditure for the 12 months to September 2021



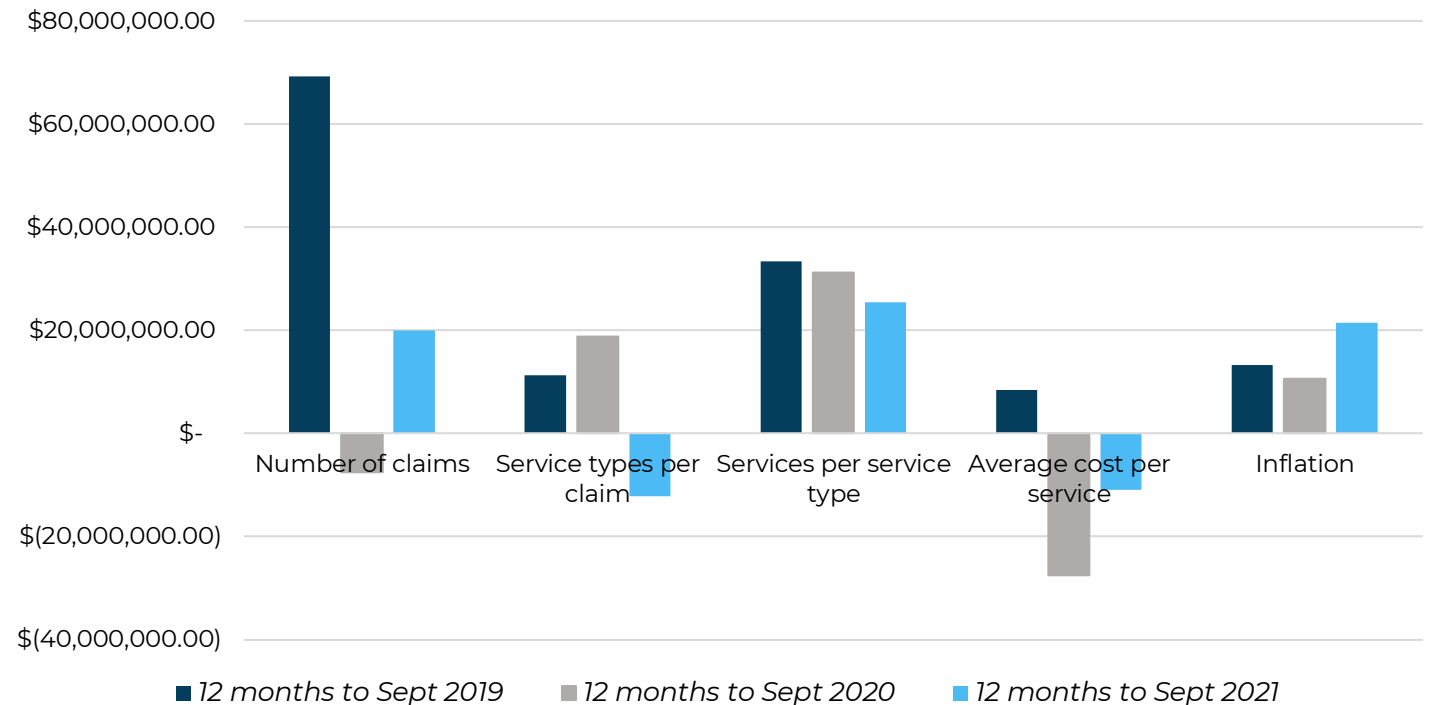
Healthcare expenditure in the workers compensation scheme grew 4.39% in the 12 months to September 2021 compared with the previous 12 month period. This has been driven primarily by increases in the number of claims accessing in-scope healthcare services and the number of services per service type.

(see Appendix 1 for more information on how to interpret this chart)

Drivers of workers compensation healthcare expenditure for the last three years ending 30 September 2021

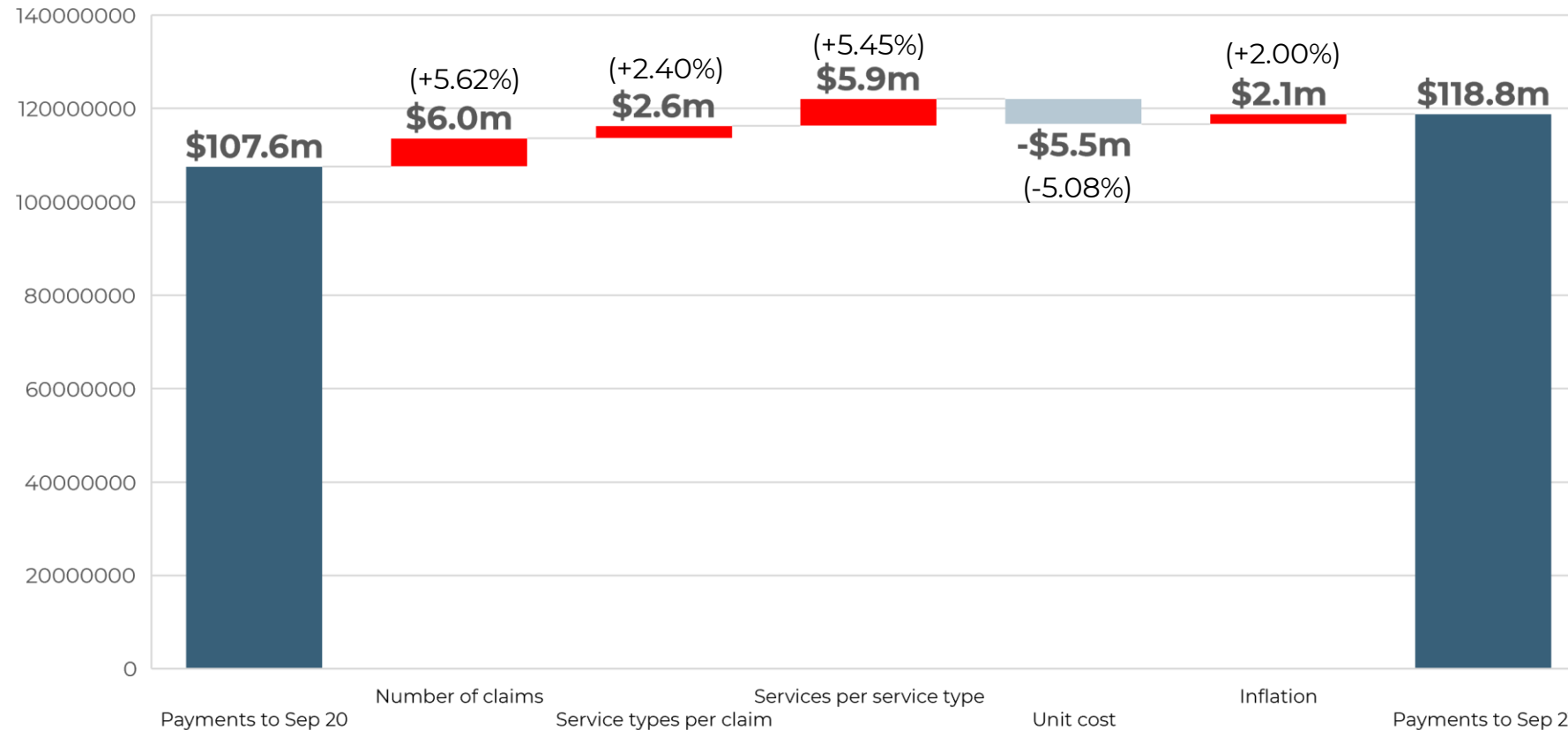
- **12 months to Sept 2019** – all drivers of healthcare expenditure contributed to positive growth when compared with the previous 12-month period, particularly the *number of claims*, and service utilisation (comprising of the number of *service types per claim* and the number of *services per service type*)
- **12 months to Sept 2020** – the main driver was utilisation (number of *service types per claim* and the number of *services per service type*). The *number of claims* was a small negative driver. *Average cost per service* was a significant negative driver, reflecting reductions in high-cost services of hospital and surgery due to COVID-19
- **12 months to Sept 2021** – the *number of claims* has returned as a positive driver of healthcare expenditure. While the *number of service types per claim* was a negative driver, the *number of services per service type* remained (as part of service utilisation) a positive driver. *Average cost per service* was still a negative driver. This is not as significant as the previous 12 months, indicating a return of higher cost services (i.e. surgery and hospital).
- **Inflation** continues to contribute to healthcare expenditure growth across all periods, more so in the 12 months to Sept 2021.

Changes in the growth of WC healthcare expenditure



Note: Amounts shown are the cost of the change in the healthcare driver when compared to the preceding 12 month period.

Drivers of 2017 MAIA CTP scheme healthcare expenditure for the 12 months to September 2021

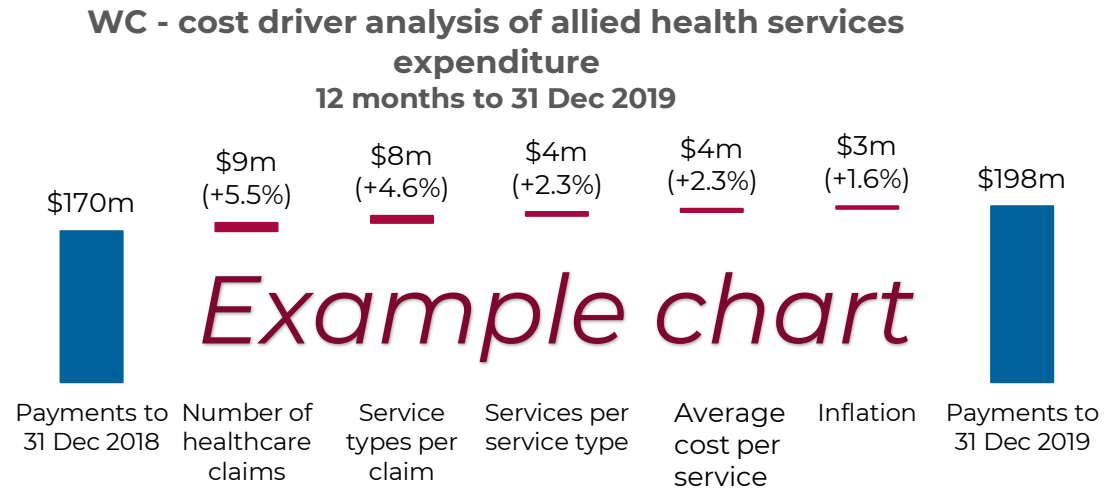


Healthcare expenditure in the 2017 MAIA CTP scheme grew 10.38% in the 12 months to September 2021 compared with the previous 12 month period. This has been driven primarily by increases in the number of claims accessing in-scope healthcare services, and increases in service utilisation (both the service types per claim, and the number of services per service type).

(see Appendix 1 for more information on how to interpret this chart)

Appendix 1:

How to interpret the drivers of WC healthcare costs waterfall chart



- **Change in the number of claims** – Difference between the number of claims receiving any in-scope healthcare service between years. This is indicative of the propensity for claimants to access any of the in-scope medical treatments in the given year.
- **Change in service utilisation, comprising:**
 - **Number of different service types per claim** – For a given claim, this refers to the different number of service types utilised during the year, where a service type refers to a medical sub-category. This component reflects any changes in the breadth of services accessed by claimants and the resulting expenditure impact.
 - **Number of services provided per service type** – For a given claim, this refers to the number of services that are provided to the claimant for each service type during the year (i.e. the volume of services).
- **Change in average cost of each service** – Differences in the average cost for each medical payment in the year. This component is impacted by many factors including service complexity, changes of the fee schedule year-on-year, and providers charging prices above the fee schedule.
- **Impact of inflation** – Inflation is assumed to follow the Australian Consumer Price Index. This does not contribute to the levels of superimposed inflation.
- Percentages shown are the impact relative to the starting payments

Glossary

Term	Definition
Days to treatment	The number of days between the when claim was first reported to the insurer (taken as date entered into system for WC and date of lodgement for CTP) and when the first service was provided to the claimant.
Healthcare spend	The total cost of payments made on behalf of a claimant for healthcare related services provided in a period. All figures are nominal unless specified otherwise.
Insurer Type/Group (WC only)	A categorisation of the insurers in the WC scheme.
Number of healthcare claims	The total number of claims with at least one healthcare related transaction in the period (i.e. during the year or in the quarter)
Number of services	The total number of healthcare transactions in the period, excluding negative payments and reversals
Service date	Date of treatment. If this date is unknown, the transaction date is used instead.
SIRA specific medical services	A set of payment codes developed by SIRA for specific medical services in addition to services found in the AMA Fees List and relevant to NSW personal injury schemes. SIRA specific services includes SIRA certificate of capacity, report writing and case conferencing, among others.
Service type / Service sub-group	A categorisation of the type of healthcare service. Details and examples of each service types provided on the next page.

Glossary – service types

Service type	Definition	Example sub-groups
Allied health services	Services provided by trained healthcare professionals who are not doctors, dentists or nurses e.g. physio, chiropractic, acupuncture etc.)	Chiropractic, Exercise Physiology, Physiotherapy, Psychological Services, Remedial Massage Therapy
Ambulance	Emergency related services	Ambulance
Attendance	Medical and investigation services e.g. GP services and specialist consultations	GP, Specialist
Care	Provision of personal or domestic care	Domestic, Nursing, Personal
Diagnostics	Medical imaging, incl. X-ray, nuclear medicine, radiation, ultrasound, MRI etc.	Imaging
Hospital	Services, treatment and rehabilitation provided by private or public hospital services	Private Hospital Services, Public Hospital Services
Surgery	Any services related to surgeries incl. anaesthesia and assistance at operations	Anaesthesia, Specialist
Dental	Services provided by a dental practitioner.	Dental and Dental Prothesis
Pharmacy	Pharmaceutical services including prescription medicines and non-prescription medicines such as analgesics and Chinese herbal medicine, as directed by a medical practitioner.	-
Refund payments	Includes payments to health funds for medical expenses payable under a claim and payments to Medicare Australia. Includes a payment to a worker following deduction of money owed to Medicare Australia from an advanced payment.	-



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