

Healthcare costs and outcomes in the workers compensation and CTP schemes

SIRA quarterly dashboard report

For the 12
month period
ending 30
June 2020



State Insurance
Regulatory Authority

Definition of 'healthcare' used in this report

Within this report, healthcare encompasses the following services only:

Medical & investigation services

Surgery

Diagnostic & therapeutic procedures, nuclear medicine, radiation, ultrasound, MRI etc

Ambulance services

Pharmaceutical services

Allied health services

Hospital services – public & private

Care – domestic, personal and nursing

Aids & appliances

Dental related services

Summary of key observations

Workers compensation

- Healthcare expenditure growth in the workers compensation scheme continues to grow, though at a slower rate (0.75%, or \$7.1M) in FY2019/20* (most likely due to the impact of COVID) with service utilisation continuing to be the primary contributor to increasing healthcare costs.
- This slower growth was driven by reductions in:
 - unit cost per service across the scheme (i.e. the average cost of a service). This result is driven primarily by reductions in surgery and hospital services.
 - the number of claims accessing healthcare.
- Allied health services continued to be the fastest growing service group in terms of expenditure, increasing by 10% between FY2018/19 and FY2019/20. This was driven by increases in physiotherapy, exercise physiology and psychology service utilisation.
- Attendance (GP services and specialist consultations) in FY2019/20 also grew, driven by increases in GPs attendance. In the last 6 months of FY2019/20 telepsychiatry and report writing/case conferencing showed an increasing trend.

CTP (2017 MAIA scheme only)

- Healthcare expenditure in the 2017 MAIA Scheme continues to mature, driven primarily by increasing claims and service utilisation.
- Unit cost (average cost per service) in the 2017 MAIA CTP scheme has shown a reduction between FY2018/19 and FY2019/20*. This could be due to the maturing nature of the scheme, and/or impact from COVID.
- As the 2017 MAIA CTP scheme is only in its third year of operations (as of the period analysed), 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

* Using data collected up to 31 December 2020. Results for the later half of FY2019/20 will continue to mature as future data is ingested by SIRA.

Healthcare costs in the 12 months ending 30 June 2020

(Using data collected up to 31 December 2020)

Healthcare in the WC scheme

\$953m

spent on healthcare services

0.75%

Increase in healthcare spend from previous 12 months

162.6k

claims with healthcare payments

\$5,859

spent on healthcare services per claim

Healthcare in the 2017 MAIA CTP scheme

\$96m

spent on healthcare services

37%

Increase in healthcare spend from previous 12 months

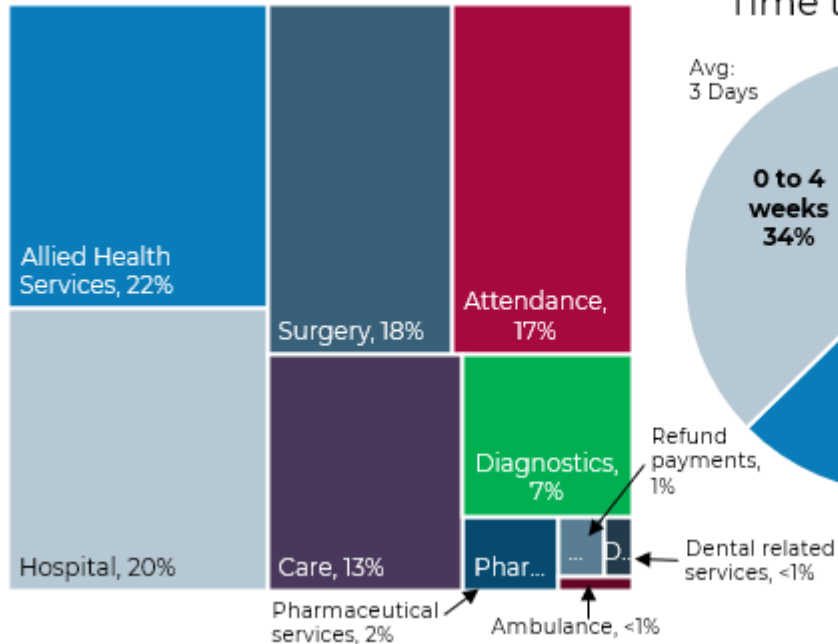
14.5k

claims with healthcare payments

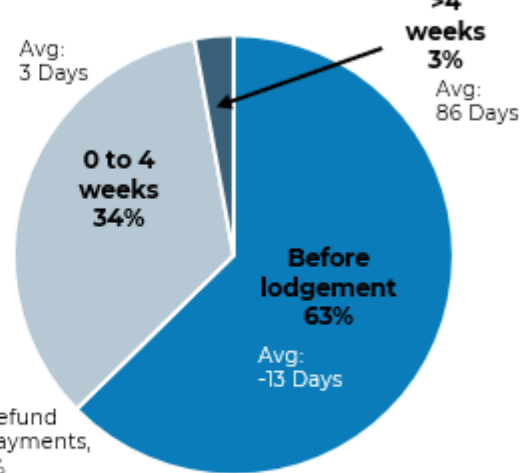
\$6,620

spent on healthcare services per claim

Mix of service group (by expenditure)

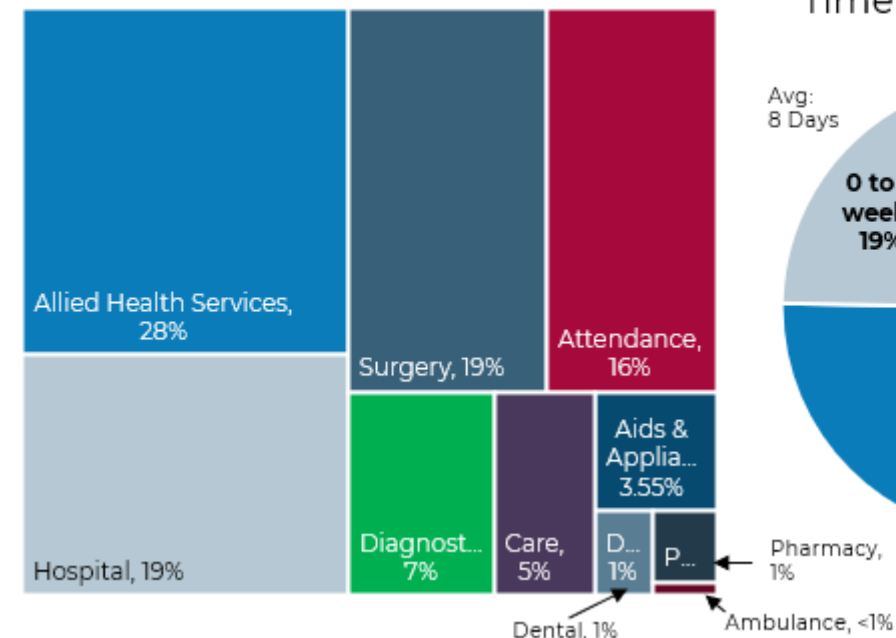


Time to treatment

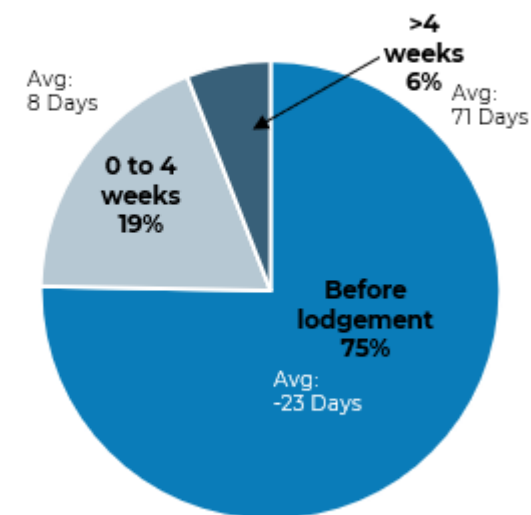


The 2017 MAIA scheme continues to mature. It is challenging to draw conclusions on healthcare trends until the scheme reaches a steady state.

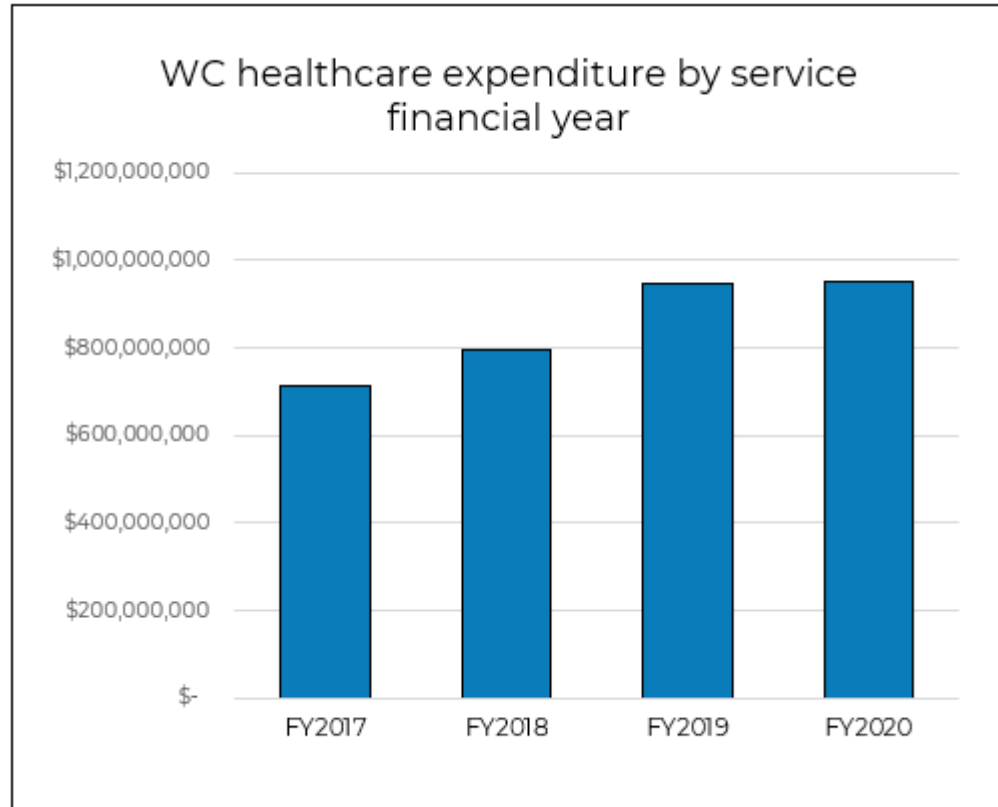
Mix of service group (by expenditure)



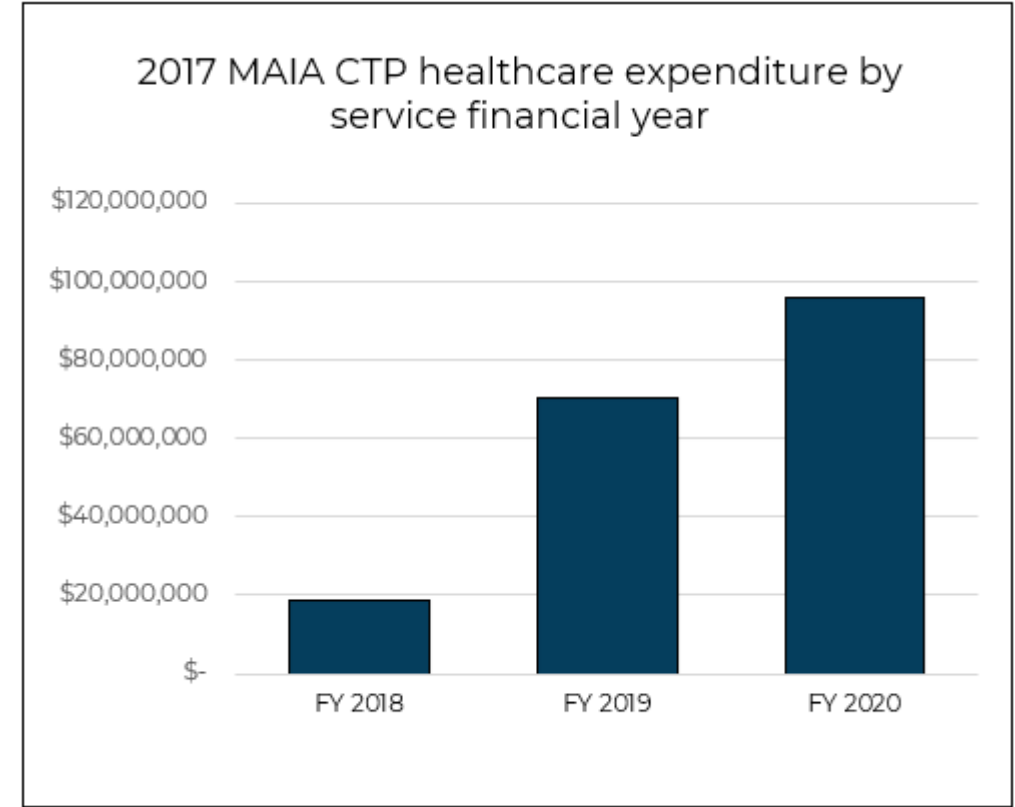
Time to treatment



Trends in healthcare expenditure by financial year

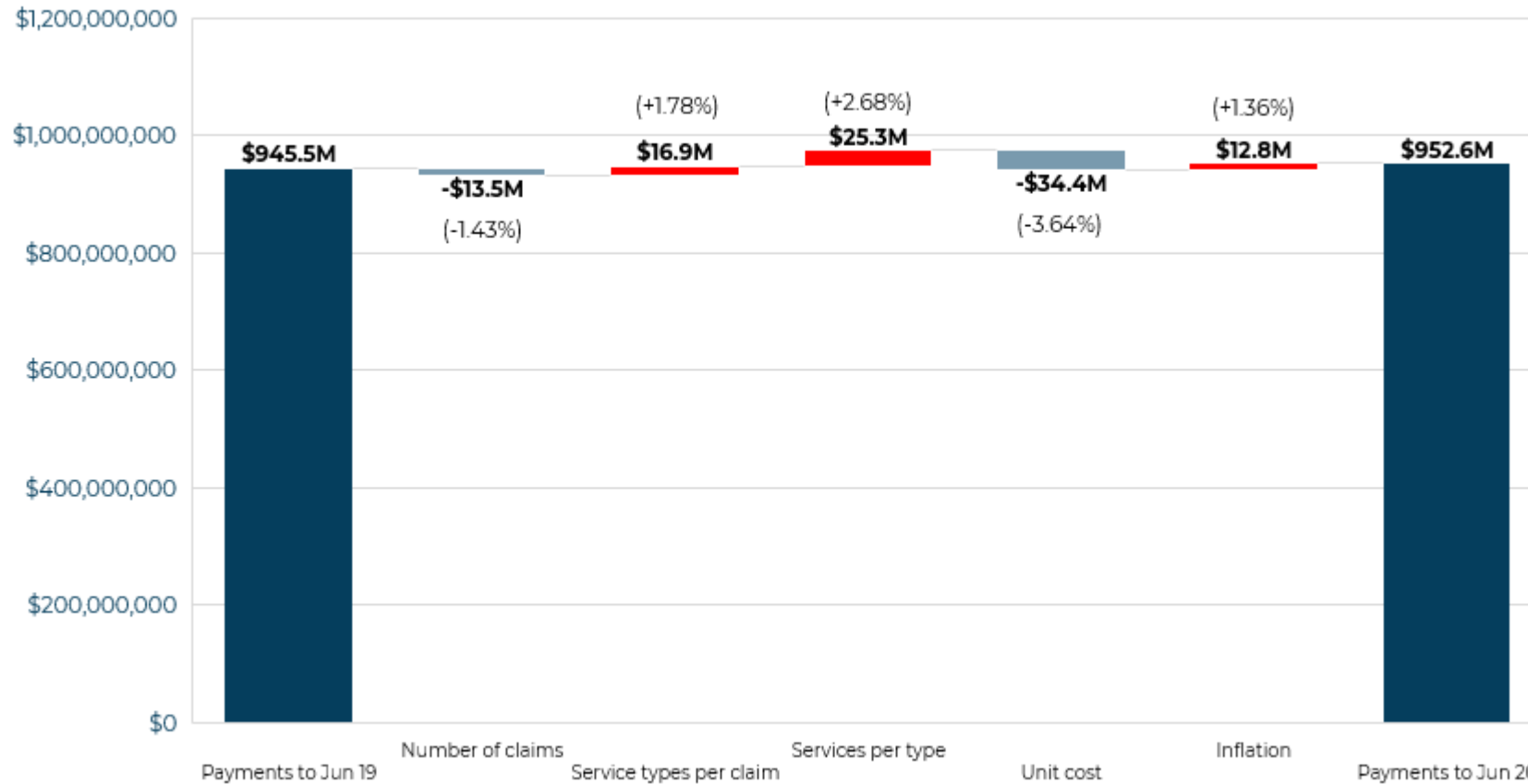


Healthcare expenditure in the workers compensation scheme grew at a slower rate (0.75%, or \$7.1M) from FY2019 to FY 2020 primarily due to the impact of COVID



Healthcare expenditure experienced growth in the 2017 MAIA scheme from FY2019 to FY2020 of 37%, or \$25.9M, as the scheme continues to develop.

Drivers of workers compensation healthcare costs for the 12 months to 30 June 2020



In FY2019/20 total workers compensation healthcare costs increased by \$7.1M (or 0.75%) to \$952.63M

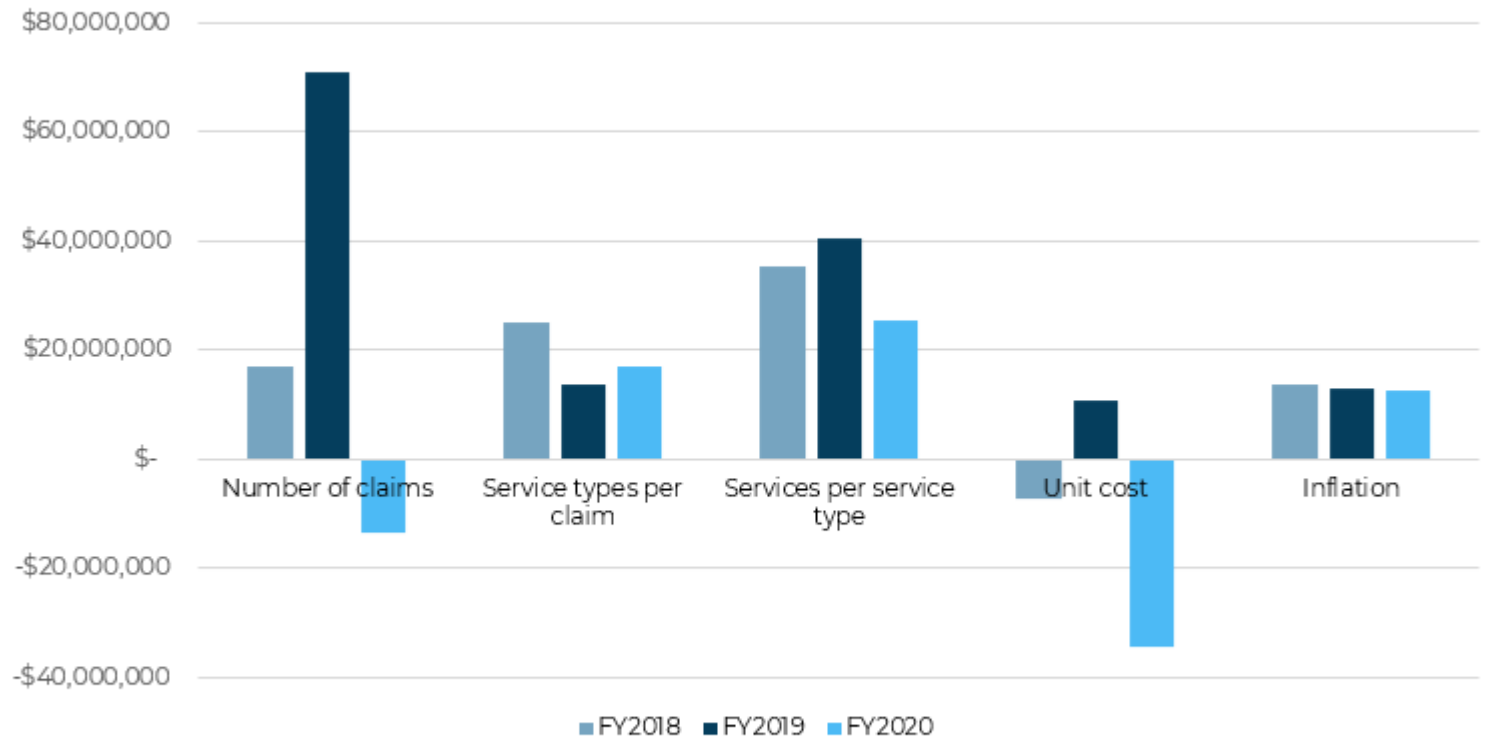
(Refer to Appendix 1 for more information on how to interpret this chart)

Drivers of workers compensation healthcare costs over the last three years

Over the last three financial years:

- **Service utilisation** (comprised of *service types per claim* and *services per service type*) continues to be a constant source of positive growth.
- **Number of claims** accessing healthcare services has seen large fluctuations.
- **Unit cost** (i.e. average cost of services) has also seen fluctuations as a driver of healthcare expenditure over the past three financial years.
- **Inflation** has added to growing healthcare expenditure at slightly declining rate.

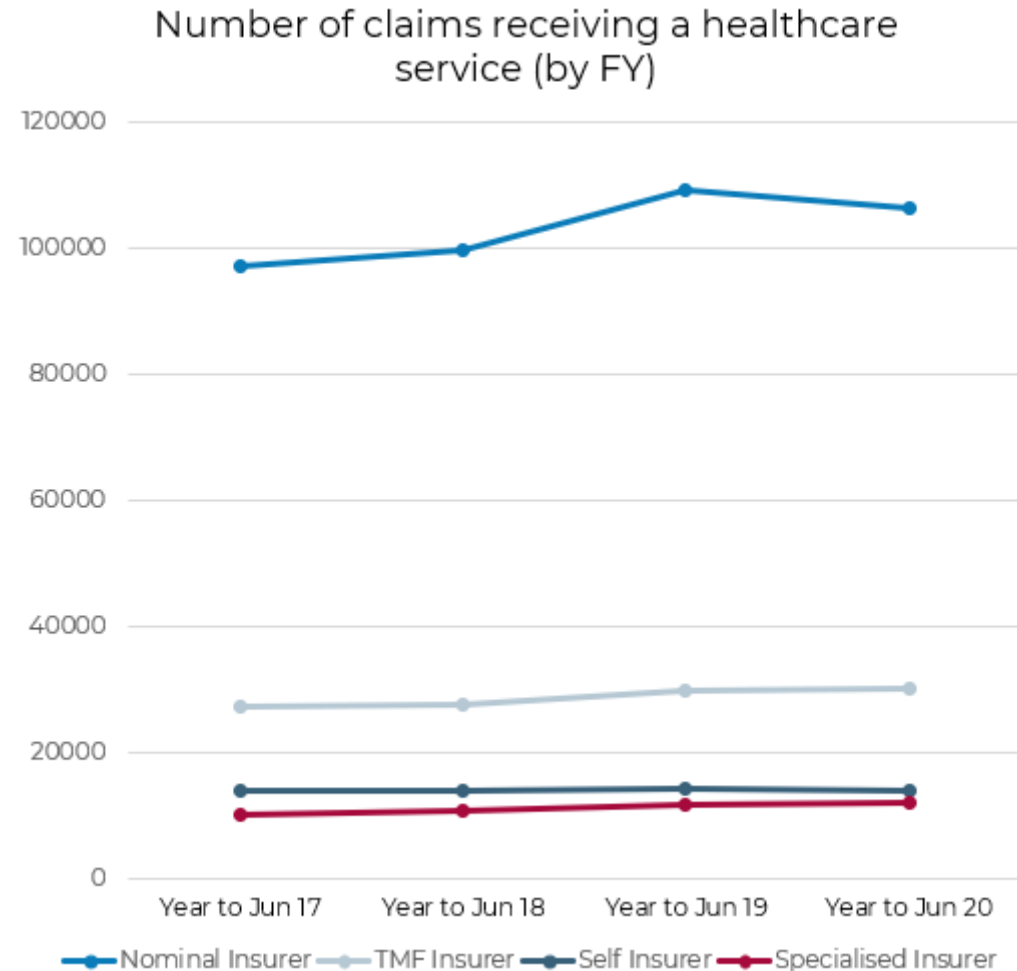
Changes in the drivers of WC healthcare cost by FY 2018, 2019, 2020



NB: Amounts shown are the cost of the change in the healthcare driver when compared to the preceding financial year.

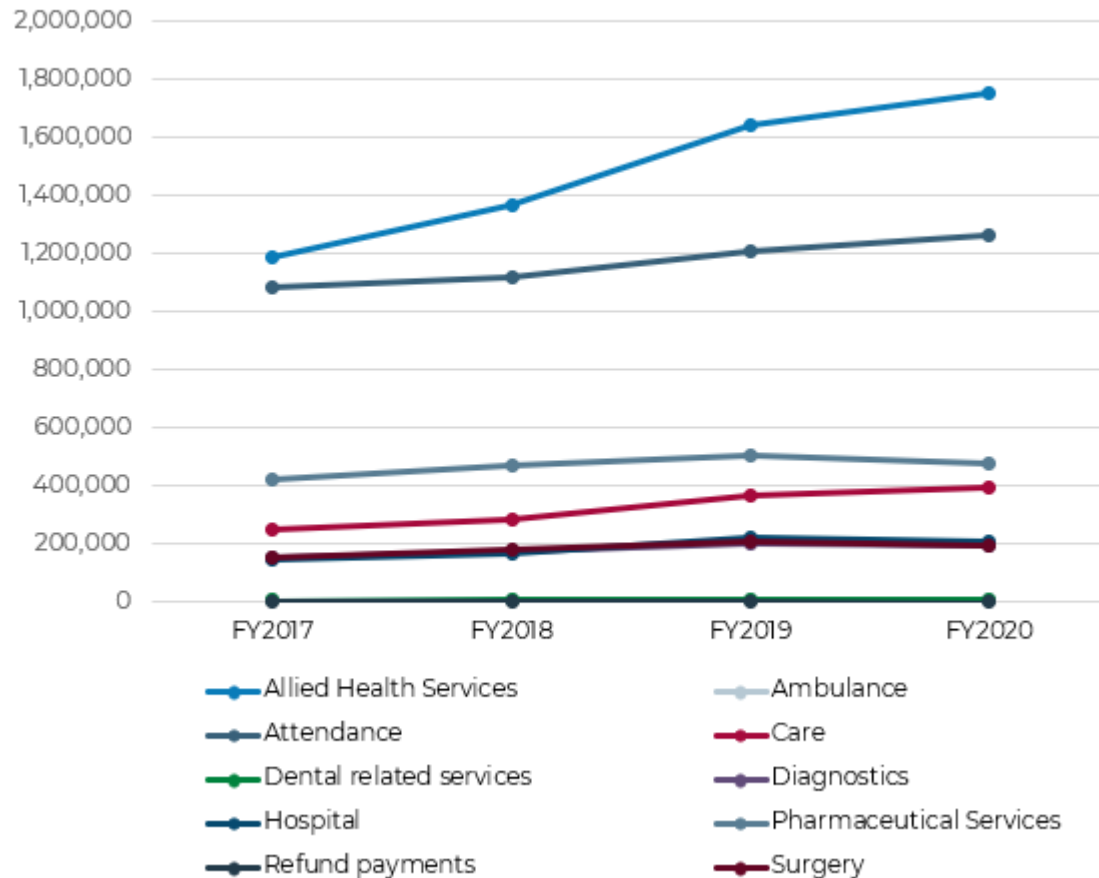
Trends in the number of workers compensation claims receiving healthcare

- For FY2019/20, the number of claims that received a healthcare service in the WC scheme reduced slightly from 164,893 to 162,581 (or - 1.4%).
- In the last 6 months of FY2019/20, most insurer groups saw a decline in claims receiving healthcare. Most likely this is because of temporarily restricted access to services due to COVID, and the decrease in reportable claims.
- The Nominal Insurer had a 2.37% drop in the number of claims accessing healthcare services, while TMF had an increase (1.46%).



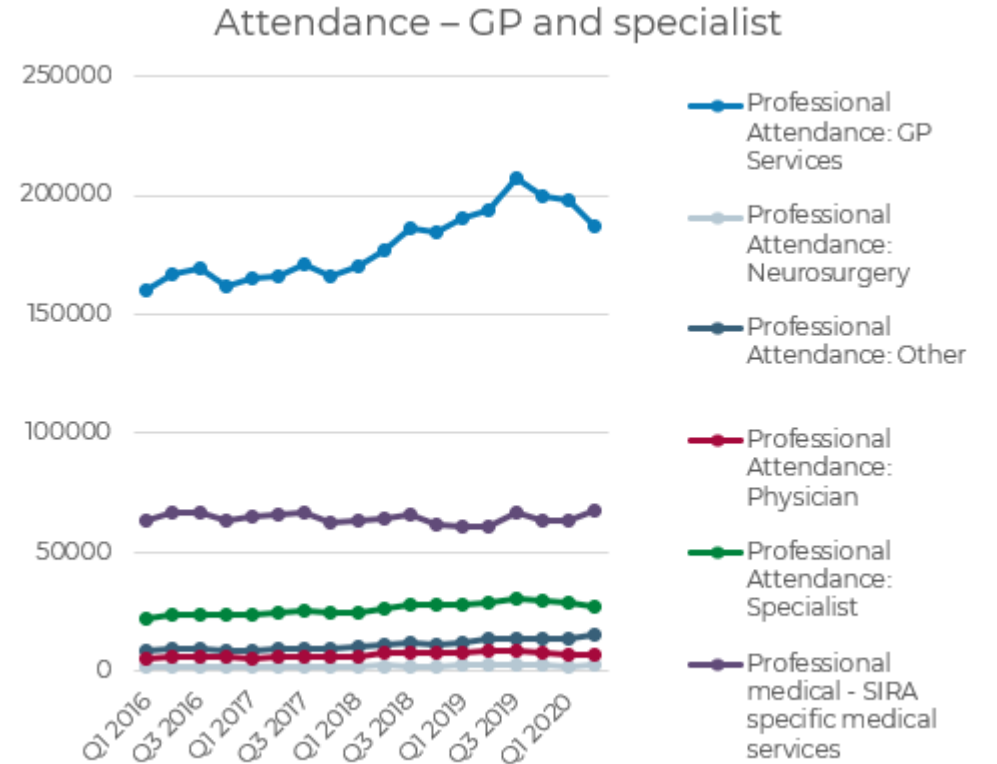
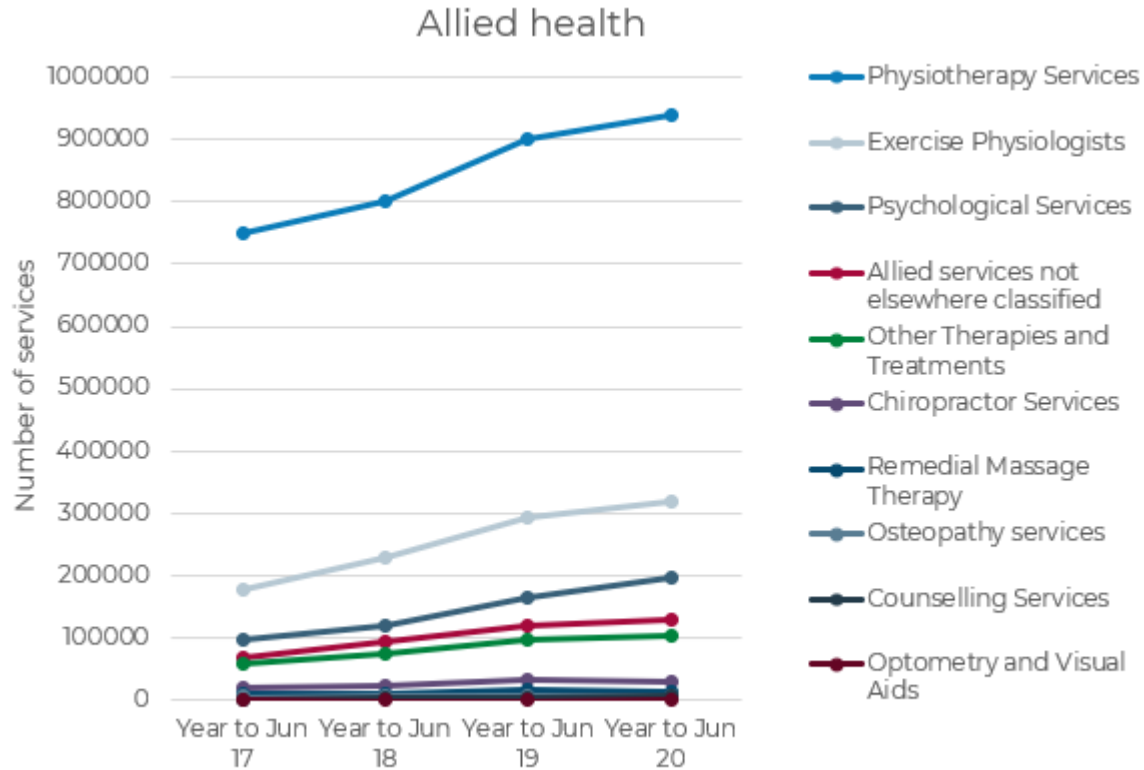
Trends in the number of healthcare service types per claim for workers compensation claims

Workers compensation - number of healthcare service types



- The number of healthcare services between FY2019 & FY2020 increased 3%. The primary drivers in service type were allied health (+7%) and attendance (i.e. GP and specialist consultations) (+5%).
- Care services (+7%) also increased over this period.
- Reductions in the number of pharmacy, surgery, hospital and diagnostic services mitigated further growth in service utilisation overall.

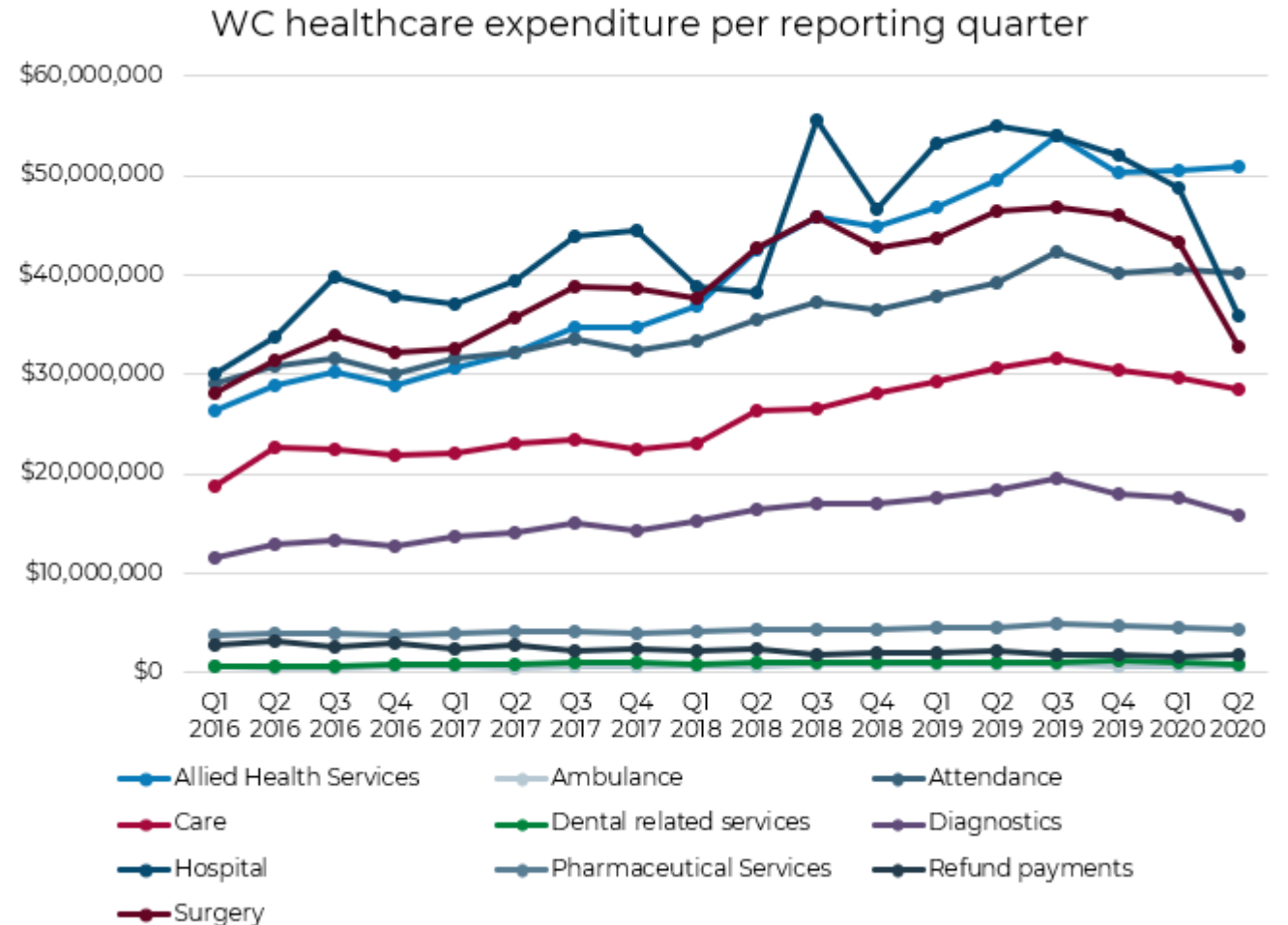
Trends in the number of services per service type for workers compensation claims



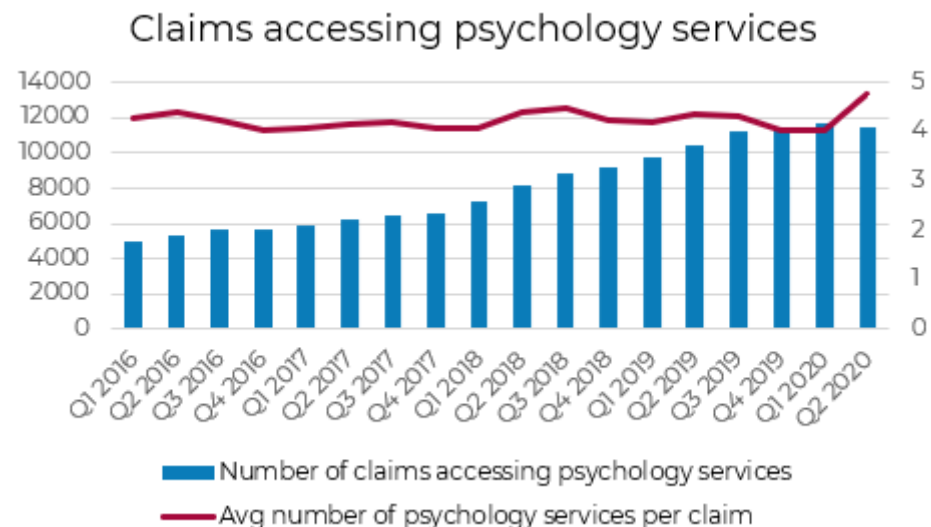
Increases in psychology services (+19%), exercise physiology (+9%) and physiotherapy (+4%), drove the increase in number of allied health services from FY2018/19 to FY2019/20.

Trends in *unit cost* of workers compensation healthcare services

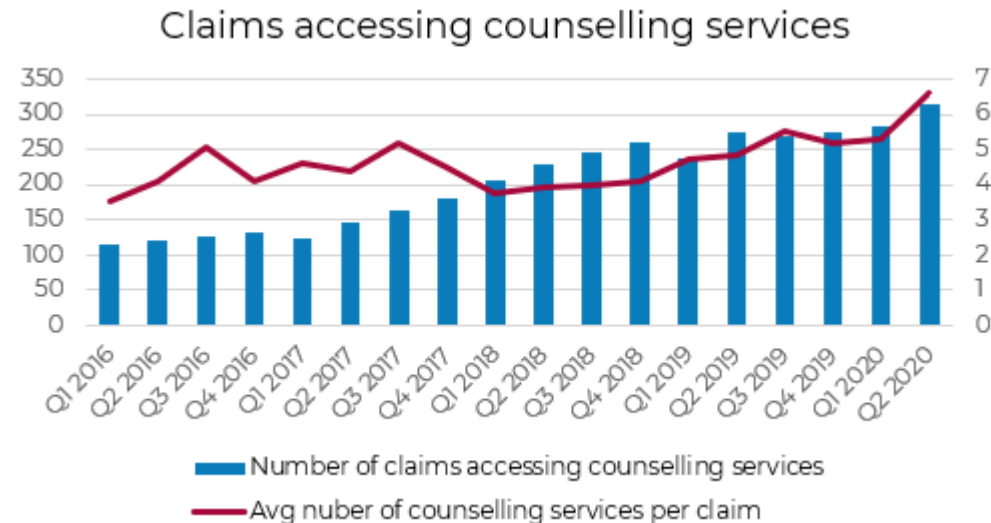
- Unit cost = average cost of services
- The reduction in unit cost per service across the workers compensation scheme for the 12 months ending June 2020 was driven primarily by reductions in surgery and hospital utilisation as both have high average costs per service.
- Sharp reductions in expenditure from both these groups can be seen from FY2019/20 with a significant drop seen in the last quarter of FY2019/20 which could reflect COVID restrictions.
- While growth is noted in allied health services and attendance, these are lower cost services.



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



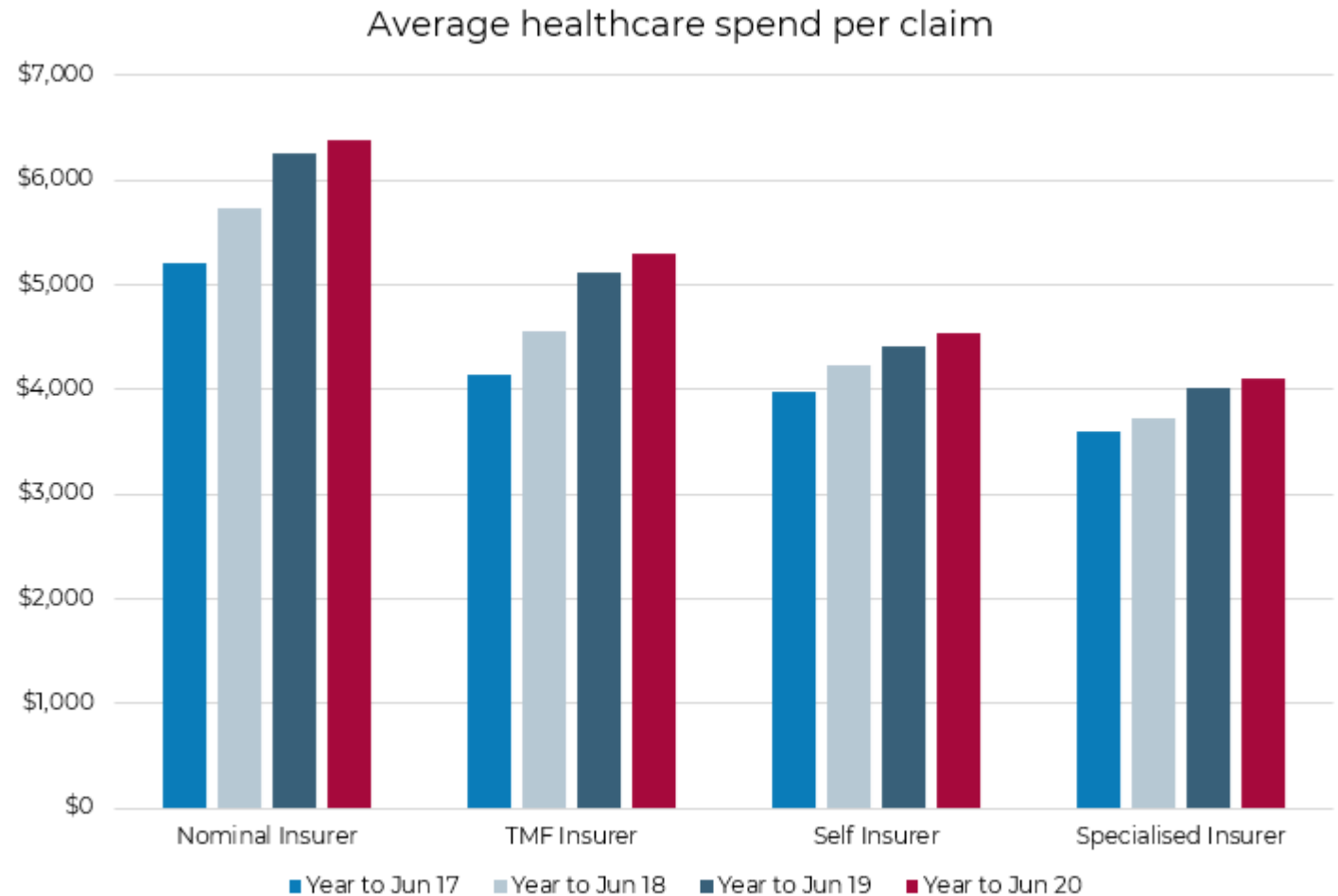
- The growth in psychology services has been driven primarily by increases in the number of claims accessing these services, rather than an increasing number of services per claim. However the latter did increase in the last quarter of FY2019/20.
- Tele-psychology utilisation saw a significant rise in the last 3 months of FY2019/20 (313 to 10.65K), which offset reductions seen in face to face consultations.



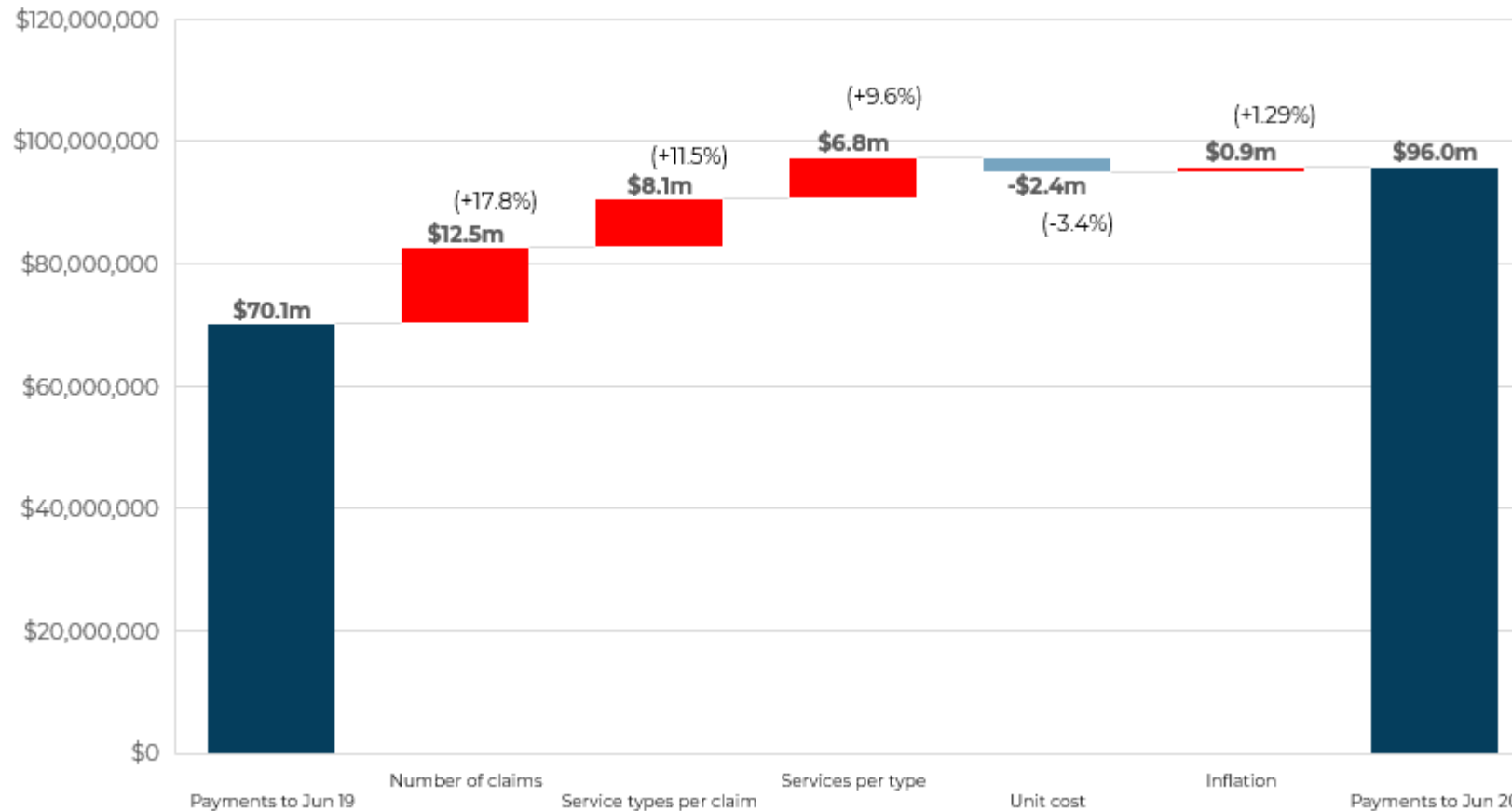
- The growth in counselling services have been driven by both increases in the number of claims accessing these services and the average number of services per claim.
- Counselling also saw a large increase in the use of telehealth items however also showed increases in face to face consultation codes in the last 3 months of FY2019/20.

Trends in average healthcare costs per workers compensation claim

- Average healthcare cost per claim continues to grow across all insurer types.



Drivers of 2017 MAIA CTP healthcare costs in the 12 months to 30 June 2020



Healthcare expenditure in the 2017 MAIA Scheme is driven primarily by increasing claims and service utilisation. Unit cost (average cost per service) has shown a slight reduction between FY2018/19 and FY2019/20 - this is possibly due to the maturing nature of the scheme, and the impact of COVID restrictions.

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

WC and CTP customer experience and outcomes

- results of the first survey

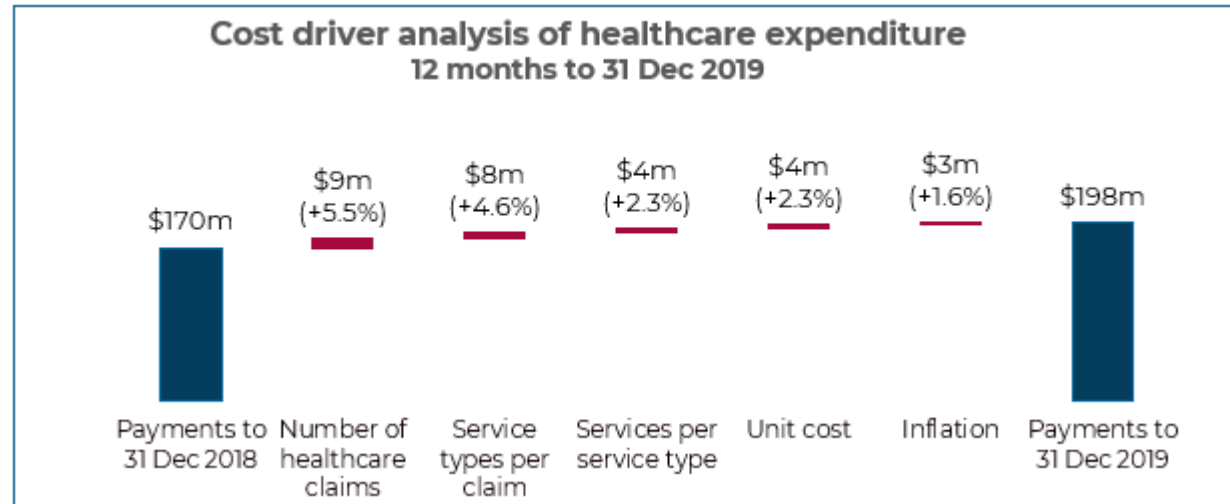
Health-related WC and CTP findings from *Regulatory Measurement of Customer Experience and Outcomes Study*:

- 71% WC claimants rated their overall health prior to their injury (or illness) as very good or excellent. 32% rated it as very good or excellent at the time of the survey.
- 69% CTP claimants rated their overall health prior to their injury as very good or excellent. 22% rated it as very good or excellent at the time of the survey.
- 65% WC claimants and 64% CTP claimants agreed they were able to easily access the medical treatment and services they needed.
- 35% WC claimants and 50% CTP claimants reported that the COVID-19 situation had made it more difficult to access medical treatment and services they needed.
- 19% WC claimants and 25% CTP claimants were classified as having a probable serious mental illness at the time of the survey, based on their answers to specific questions developed based on Kessler 6 Psychological Distress scale, which is a six-item scale for self-reported frequency of psychological distress indicators.

Results of the first survey will form a baseline to measure future trends and inform scheme design, support recovery and return to work and activity, and regulatory supervision activities.

Appendix 1:

How to interpret the drivers of 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 unit 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 of terms used in this report

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 amount of payments made on behalf of a claimant for healthcare related services provided in a period (nominal expenditure)
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.
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.
Unit Cost	Average cost per service

Glossary of 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.	-



State Insurance
Regulatory Authority