

# Healthcare costs and outcomes in the workers compensation and CTP schemes

SIRA quarterly dashboard report

For the quarter  
ending 31  
March 2021

Published Dec 2021



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 Q3 in financial year 2021 (quarter ending 31 March 2021).

The report is segmented into two sections:

- Section 1 – Quarterly healthcare data update for Quarter 3 financial year 2021
- Section 2 – Drivers of healthcare expenditure for the Quarter 3 FY2020 to Quarter 3 FY2021

# 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

# Summary of key observations for section 1

## Workers compensation

- Healthcare expenditure in the workers compensation scheme for Q3 of financial year (FY) 2021 totalled \$240m across 87.35k claims.
- The reduction in healthcare expenditure in Q4 FY2020, coinciding with the implementation of COVID-19 restrictions, has since reverted with Q1 and Q2 of FY2021 increasing significantly and demonstrating higher than quarterly spend when compared to the same period in previous years.
- Surgical and hospital expenditure has returned to recent historical trends following the easing of COVID-19 related restrictions on elective surgery, which were introduced Q4 FY2020.
- The number of services delivered quarterly in the service groups allied health and attendance did not appear to be significantly affected by COVID-19 restrictions in Q4 FY2020. Total healthcare services delivered quarterly continues to trend upwards.
- The increase in average psychology and counselling services per claim during Q4 in FY2020, coinciding with COVID-19 public health orders in NSW, has since returned to recent historical levels.
- Following the easing of COVID-19 restrictions in Q1 FY2021 there was a spike in the average healthcare spend per claim. This is most likely a result of access to postponed healthcare services. Future reports will demonstrate if this is temporary trend.
- Preliminary analysis of Q4 FY2021 data indicates that for the full financial year 2021, healthcare expenditure increased 7.3% compared to the previous financial year.

## CTP (2017 MAIA scheme only)

- Healthcare expenditure in the 2017 MAIA CTP scheme for Q3 of financial year (FY) 2021 totalled \$27m across 9.11k claims.
- Healthcare expenditure growth was subdued in Q4 FY2020 most likely due to impacts of COVID-19 restrictions reducing access to some healthcare services and reductions in traffic volumes reducing the exposure to new claims.
- 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 30 June 2021. The most recent quarters data has not 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.

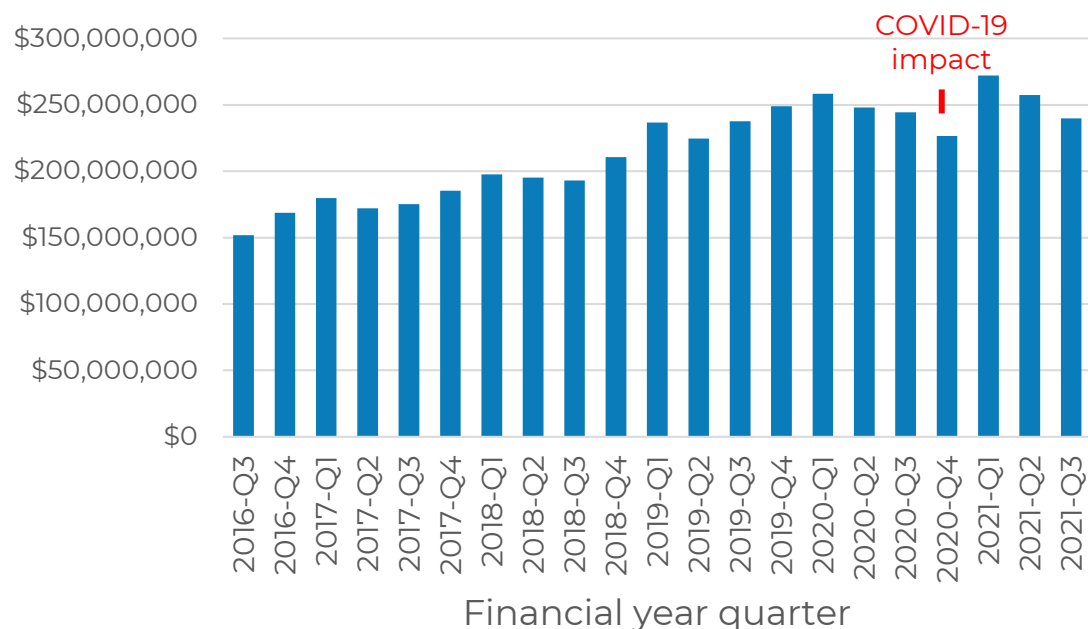
# Section 1

Quarterly healthcare data update for Quarter 3  
financial year 2021

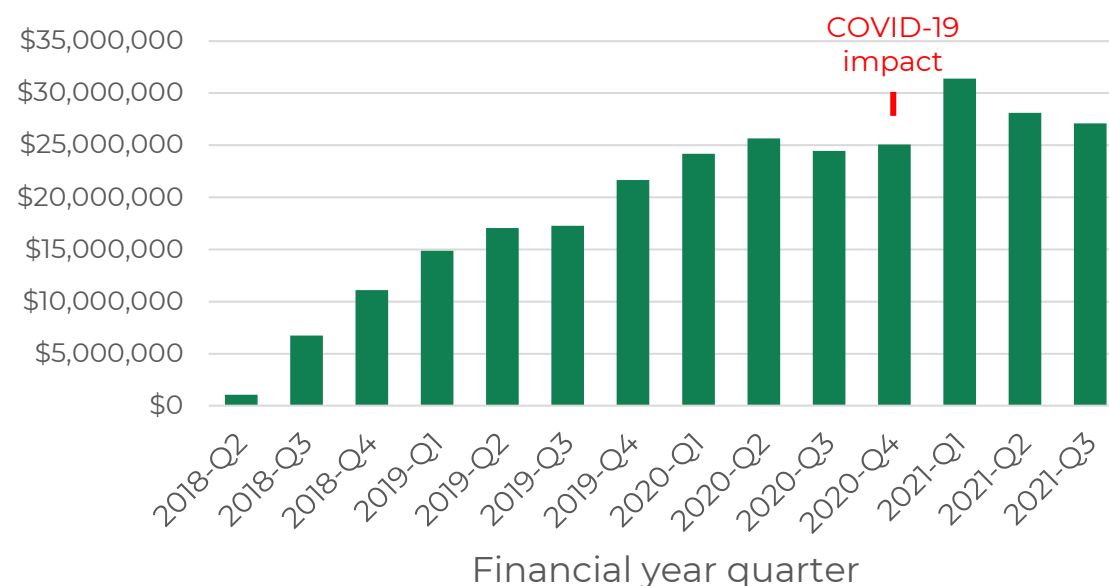


# Trends in healthcare expenditure

WC healthcare expenditure by service quarter



2017 MAIA CTP healthcare expenditure by service quarter



Healthcare expenditure for both the workers compensation and 2017 MAIA CTP scheme in Q1 and Q2 of financial year (FY) 2021 increased significantly with the easing of COVID-19 restrictions when compared to Q4 FY2020 and historical quarters. For the workers compensation scheme, healthcare expenditure in FY2021 for the nine months to 31 March 2021, totals \$769.5m which is a 2.48% increase on the same period in FY2020 which was \$750.8m. Preliminary analysis of workers compensation data for Q4 FY2021 suggests that for FY2021, there has been an overall increase of 7.3% in healthcare expenditure when compared to FY2020. Healthcare expenditure for the 2017 MAIA CTP scheme continues to grow as the scheme matures.

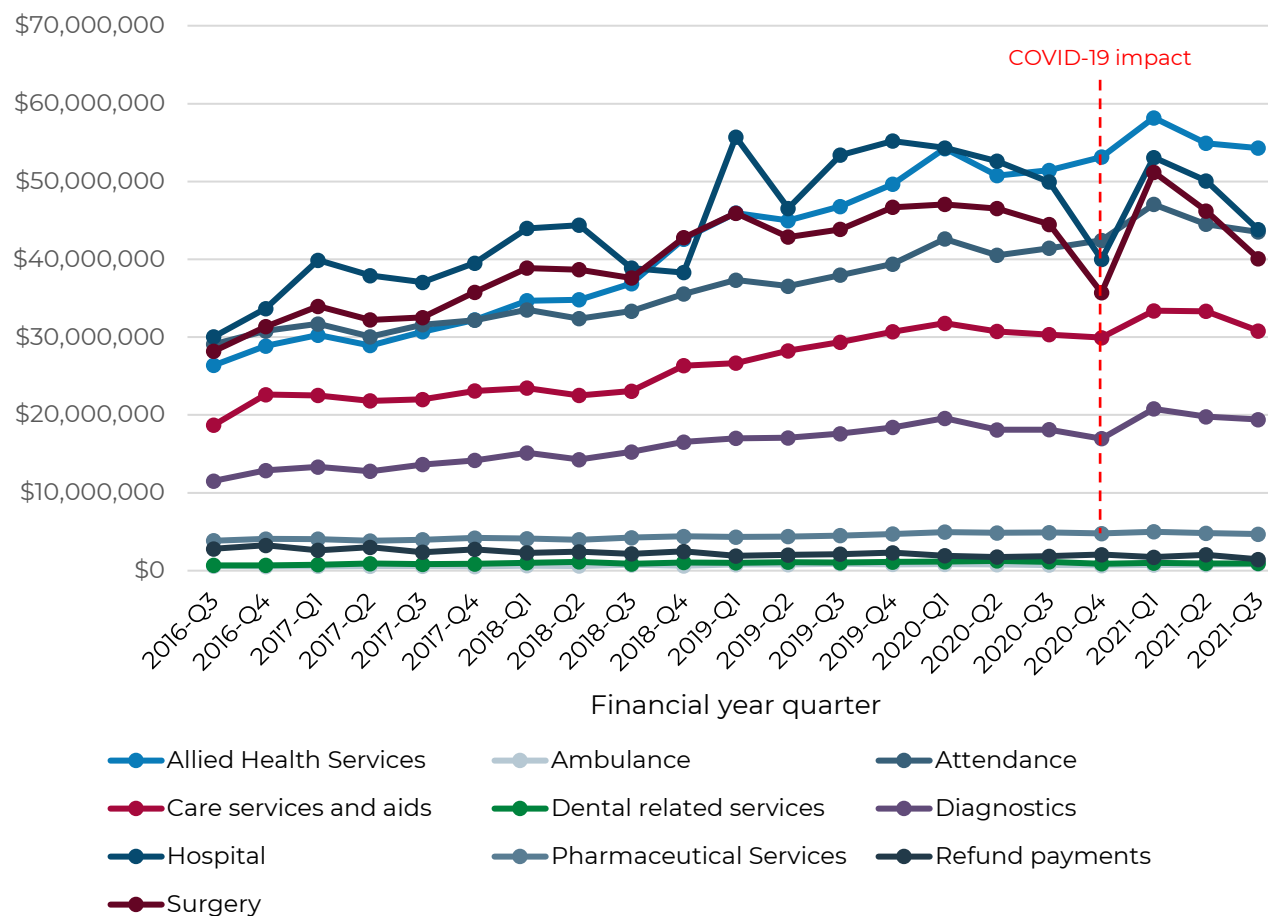
*Note: Analysis is using data collected up to 30 June 2021. The most recent quarters data has not fully developed and will continue to mature with successive reports. Differences between successive service quarters will be impacted by seasonality of service provision and must be taken into consideration when comparing quarter to quarter.*

# Workers compensation expenditure by service type

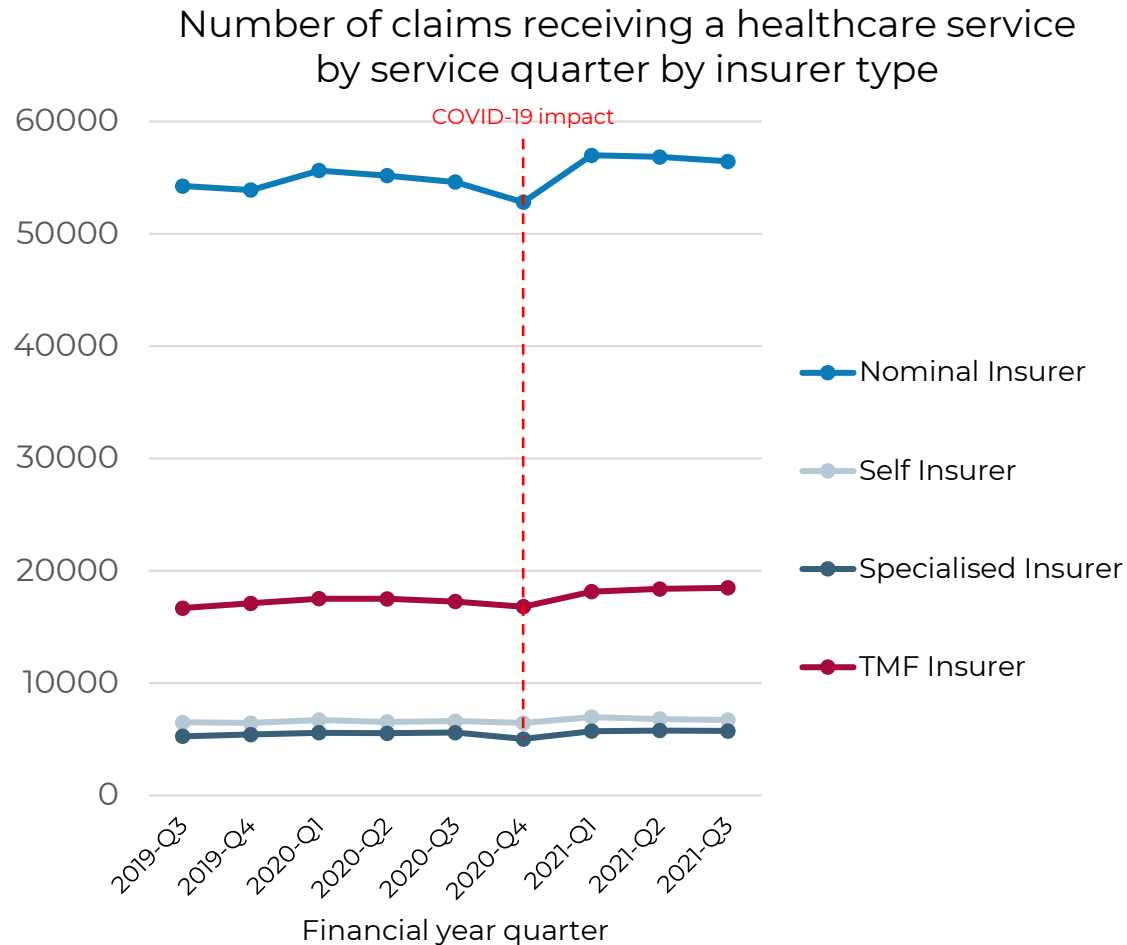
Surgical and hospital expenditure increased significantly in Q1 FY2021 following the easing of COVID-19 related restrictions on elective surgery. Subsequent reductions in surgery and hospital expenditure appear to be a return to recent historical trends.

Most all other healthcare service types continue to trend upwards and show annual seasonality.

WC expenditure by service type per reporting quarter



# Trends in the number of workers compensation claims receiving healthcare services



A reduction in the number of claims receiving healthcare by service quarter was seen in Q4 in financial year 2020, most likely due to factors including the disruption of COVID-19 impacting the access to some health services.

Claim numbers receiving healthcare per quarter have since returned to a level above those seen pre Q4 in financial year 2020. This increase may be due to claims accessing postponed health services. Future quarters data will show if this increase remains a trend or a short term response.

*Note: Analysis is using data collected up to 30 June 2021. The most recent quarters data has not 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.*

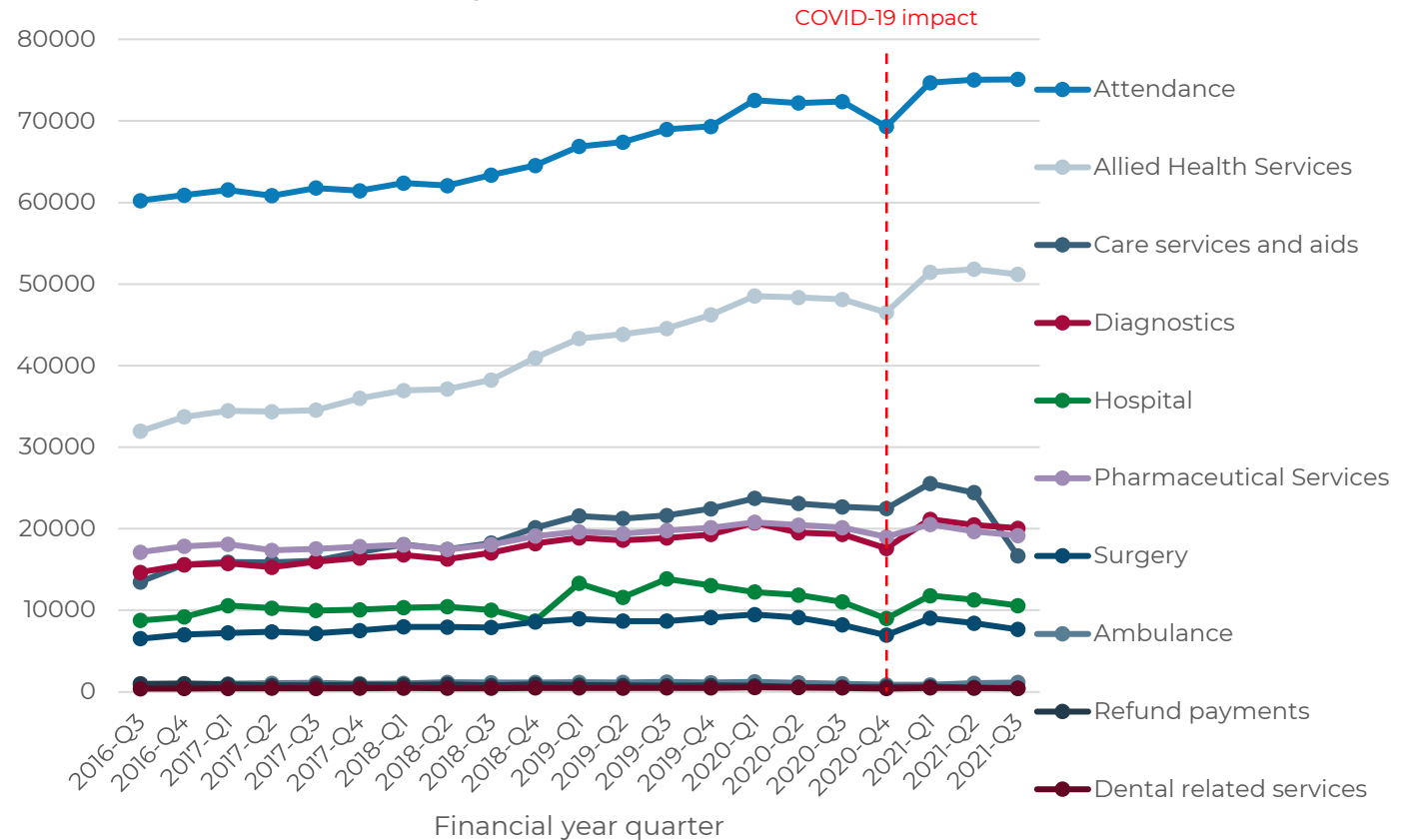


# The number of WC claims receiving healthcare services by service group

The decline in claims for most service groups seen in Q4 FY2020 has since returned to pre COVID levels.

Post Q4 FY2020, many service groups have experienced a growth in claims accessing them on a quarterly basis.

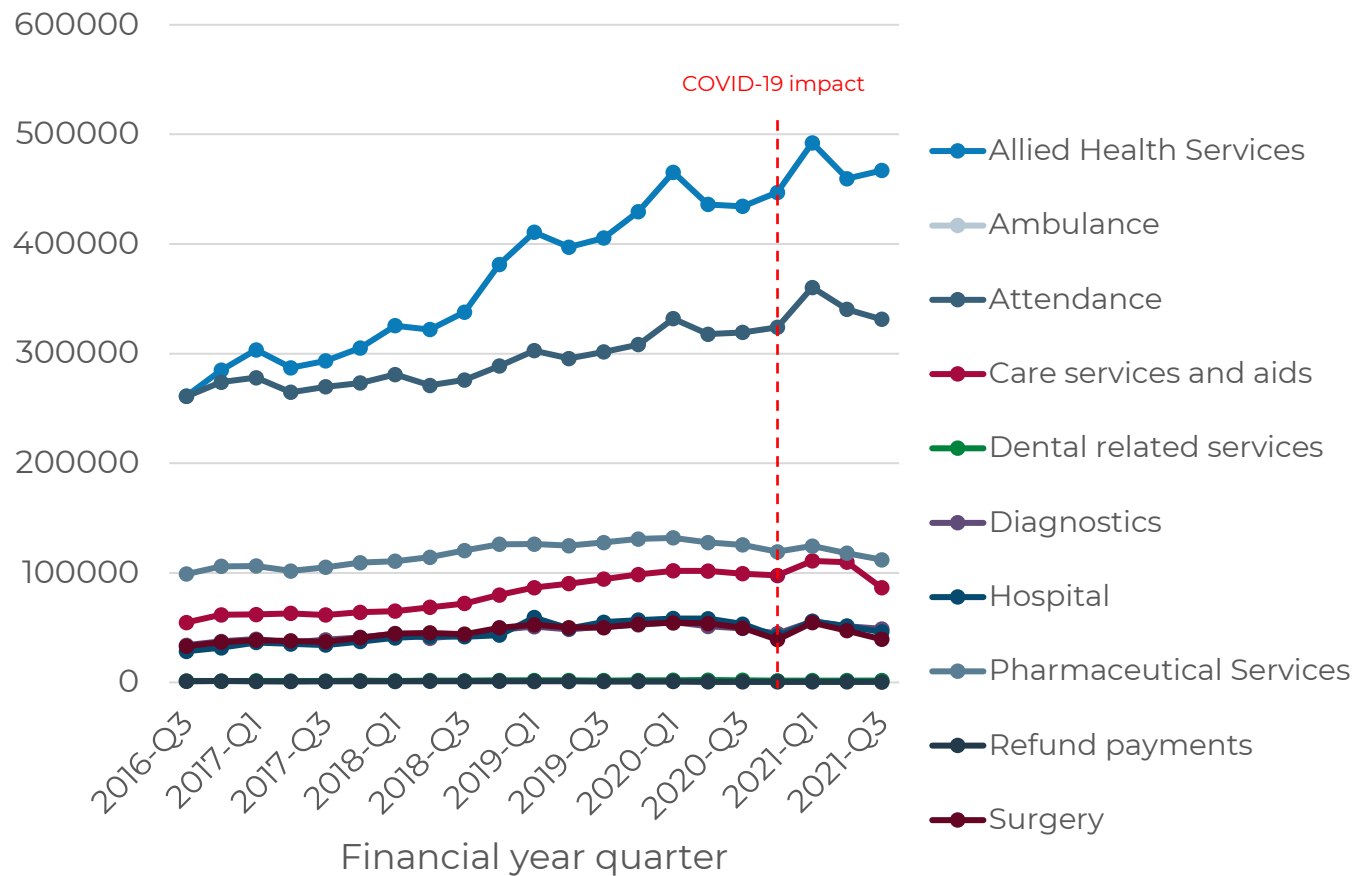
**Number of WC claims accessing healthcare service groups by service quarter**



Note: Analysis is using data collected up to 30 June 2021. The most recent quarters data has not 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.

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

Number of services by service group in WC



The trend in the number of services by quarter appears to continue in a growth trajectory driven primarily by allied health services and attendance service groups.

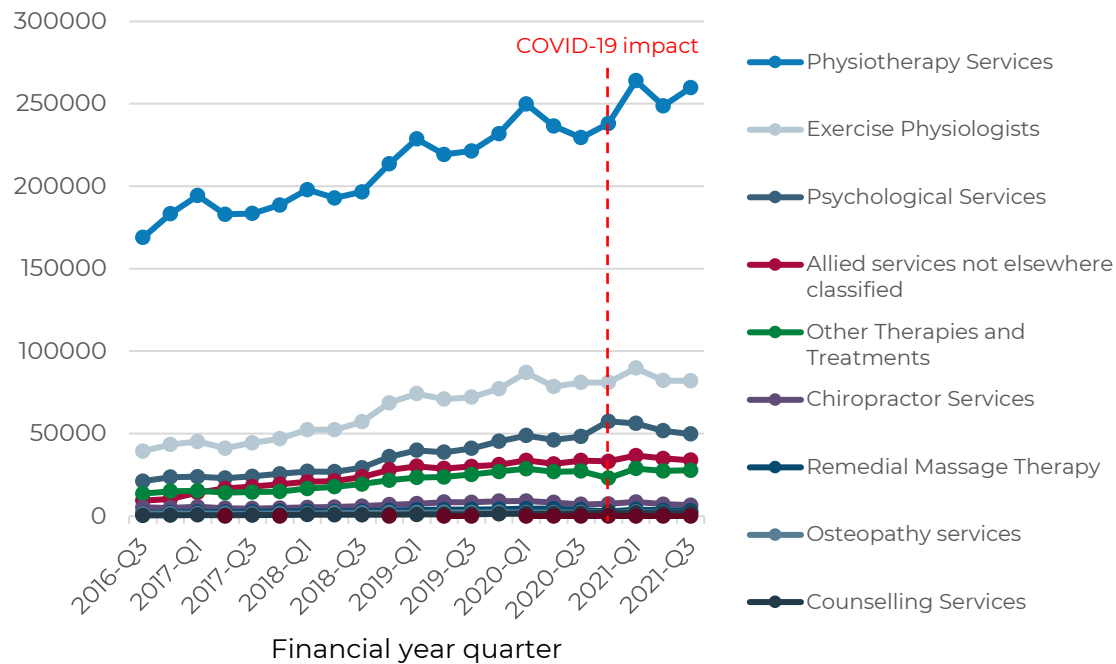
The number of hospital and surgery services saw an increase in Q1 FY2021 following the easing of elective surgery restrictions due to COVID-19.

The effects of seasonality over a twelve month period can be best seen in allied health services and attendances.

Note: Analysis is using data collected up to 30 June 2021. The most recent quarters data has not 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.

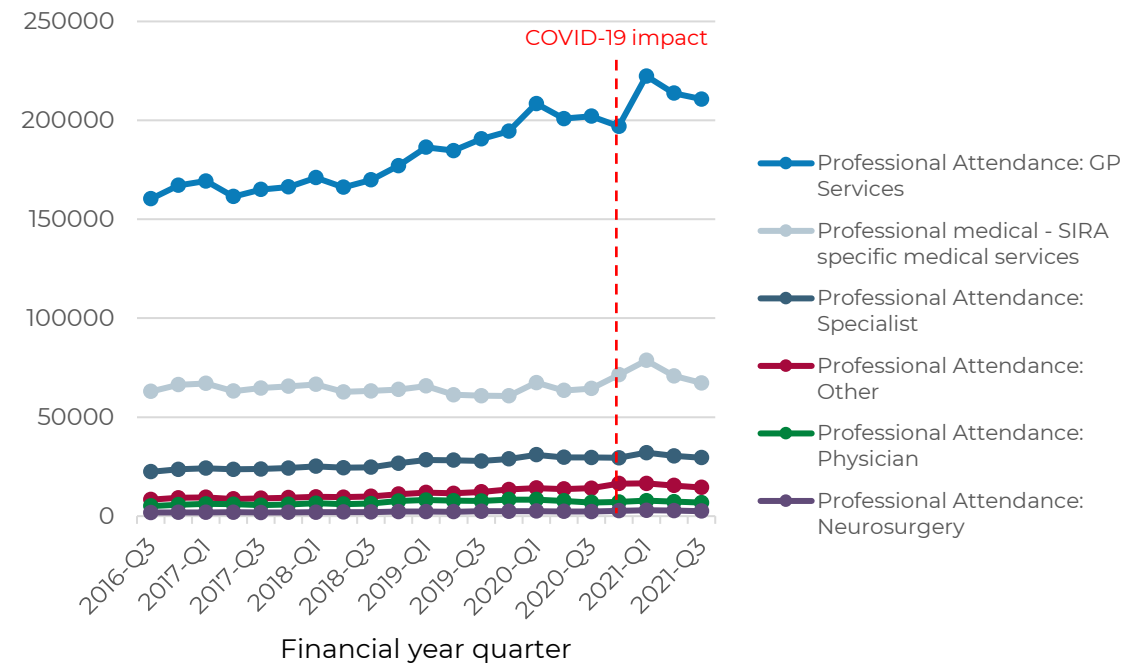
# Trends in the number of services by service sub group for workers compensation claims

Number of services for allied health sub groups by service quarter



Physiotherapy, exercise physiology and psychological subgroups were the primary drivers of continued growth in service numbers for the allied health service group.

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

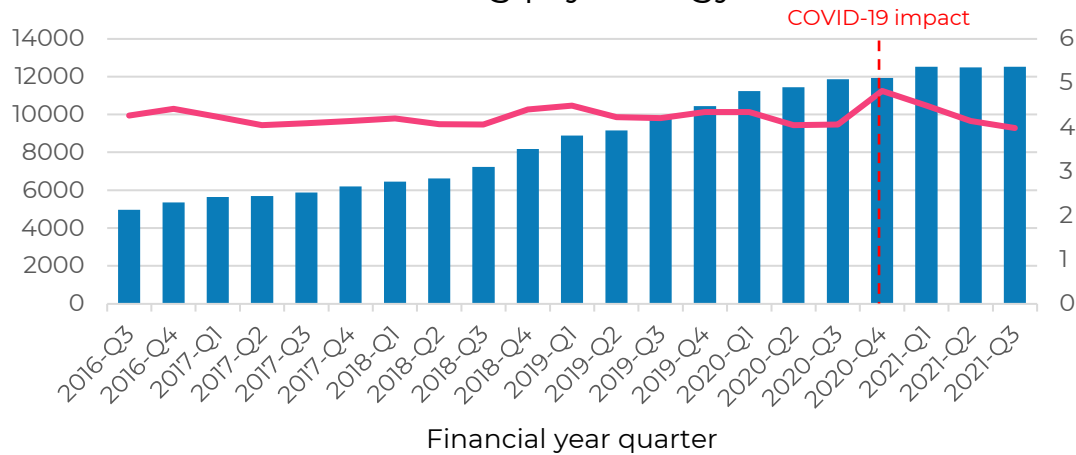


Almost all attendance sub groups experienced growth in the number of services for the quarters proceeding Q4 FY2020, which was impacted by COVID-19. GP and SIRA-specific attendance services were the primary drivers for continued growth in this group.

Note: Analysis is using data collected up to 30 June 2021. The most recent quarters data has not 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.

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

## Claims accessing psychology services

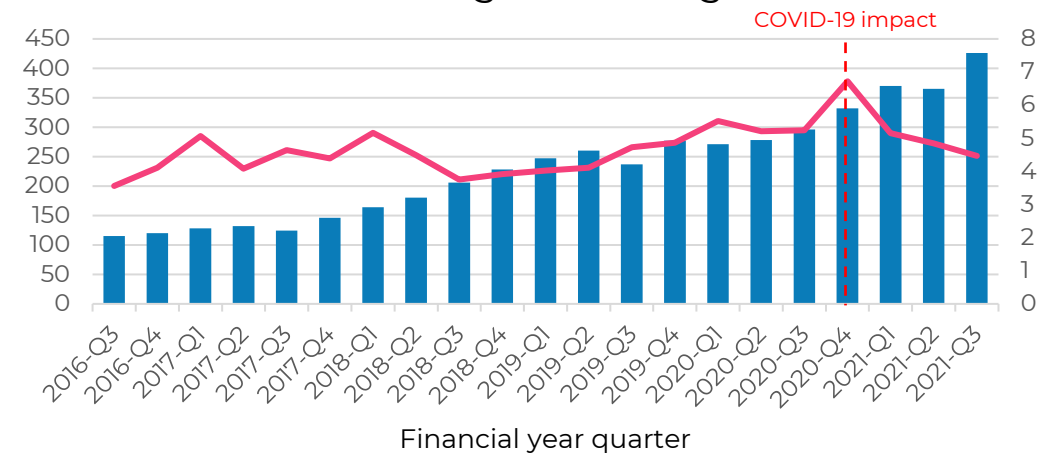


■ Number of claims accessing psychology services  
 — Avg number of psychology services per claim

The spike in the average number of psychology services per claim seen in Q4 FY2020, coinciding with COVID-19 restrictions, has since returned to recent historical levels.

Although the growth in the number of claims accessing psychological services appears to have flattened post Q4 FY2020, the workers compensation scheme is observing increased claim numbers accessing this service subgroup on a quarterly basis.

## Claims accessing counselling services



■ Number of claims accessing counselling services  
 — Avg number of counselling services per claim

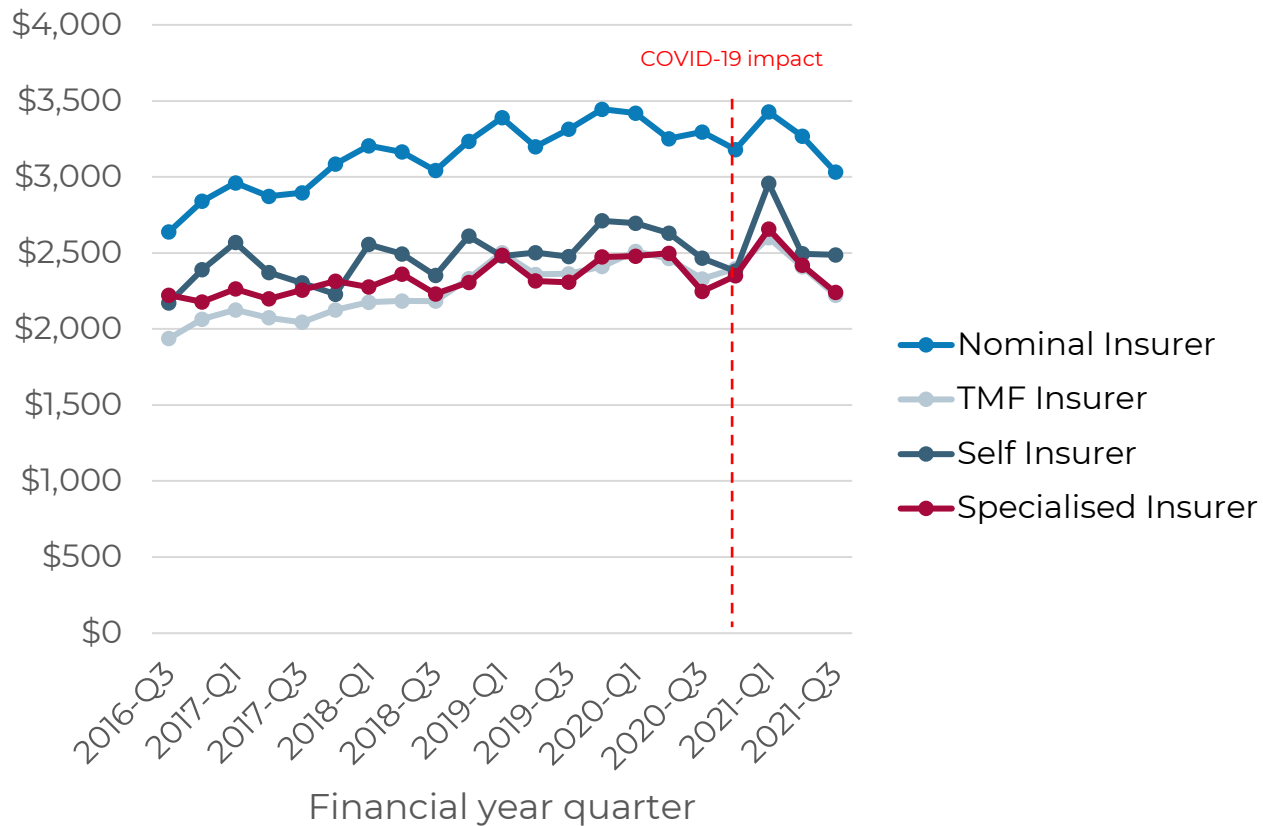
The spike in the average number of counselling services per claim seen in Q4 FY2020, coinciding with COVID-19 restrictions, has since returned to recent historical levels.

The number of claims accessing counselling services continues to grow.

*Note: Analysis is using data collected up to 30 June 2021. The most recent quarters data has not 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.*

# Average cost of healthcare per claim in the workers compensation scheme

Average healthcare cost (nominal) per claim by insurer group



Coinciding with COVID-19 restrictions, a decrease in the average healthcare expenditure per claim was seen across all insurer types for Q4 FY2020. Historically this quarter has demonstrated an increase in average healthcare expenditure.

A spike in the average healthcare spend per claim is seen in the proceeding quarter (Q1 FY2021), most likely a result of access to postponed services (including surgery and hospital services) in the previous quarter. This is likely due to easing of COVID-19 restrictions, and increases in psychological and counselling services.

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

Note: Analysis is using data collected up to 30 June 2021. The most recent quarters data has not 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.

# Average number of healthcare services per claim in the workers compensation scheme

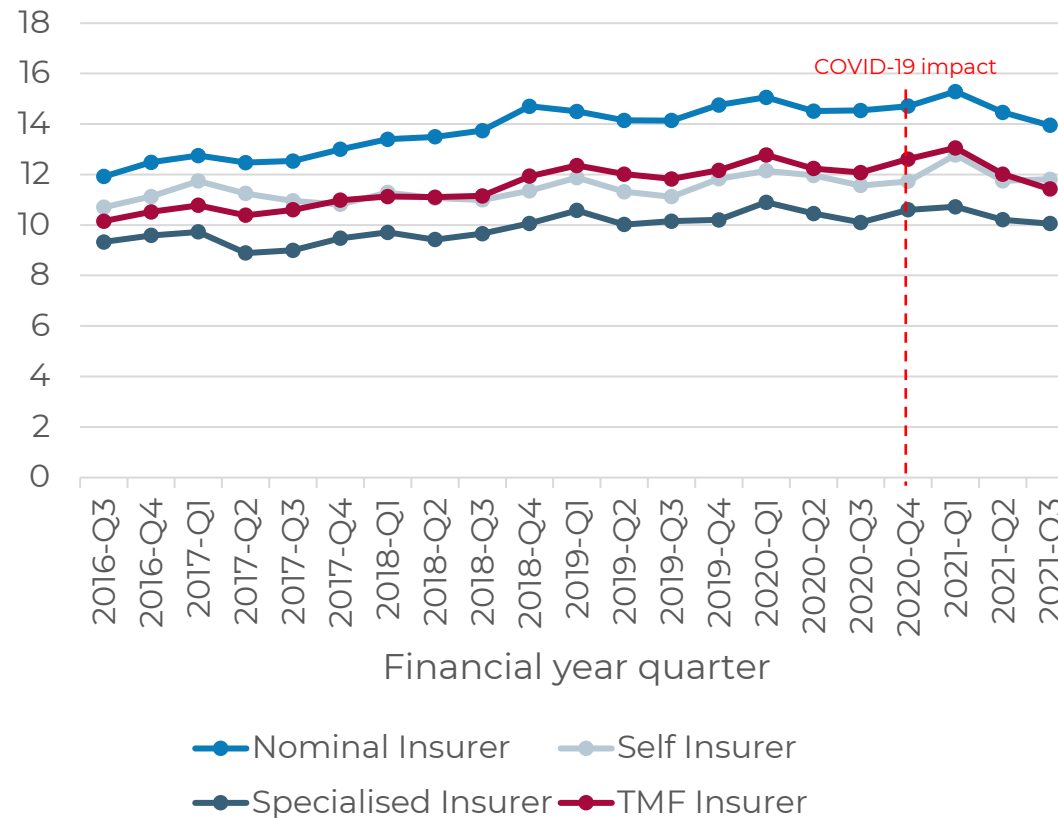
During Q4 FY2020, the period coinciding with COVID-19 restrictions, the average number of healthcare services per claim increased. This is in contrast to decreasing claims and average healthcare expenditure per claim for the same period.

This indicates claims that were accessing healthcare services were accessing more lower cost services during this period.

The average number of healthcare services per claim again increased in Q1 FY2021, most likely attributable to easing of COVID-19 restrictions allowing access to postponed services and increases in psychological and counselling services.

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

Average number of healthcare services per claim



Note: Analysis is using data collected up to 30 June 2021. The most recent quarters data has not 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.

## Section 2

Drivers of healthcare expenditure for the 12 months to 31 March 2021



# Drivers of healthcare expenditure for the 12 months to 31 March 2021

The following graphs present cost driver analysis over the twelve-month period from 1 April 2020 to 31 March 2021 compared to the period 1 April 2019 to 31 March 2020. This is not a comparison of financial years.

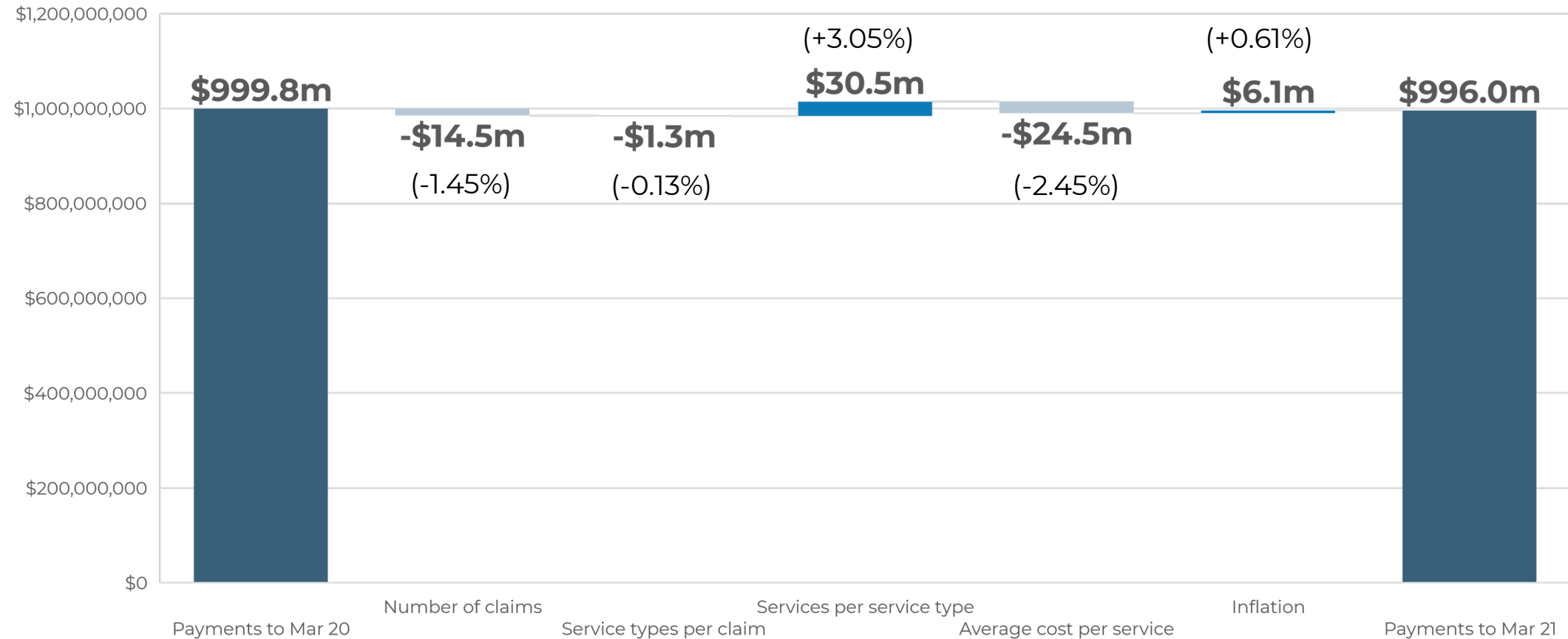
The cost driver analysis apportions the change in total healthcare expenditure between the consecutive periods to:

- 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 March 2021



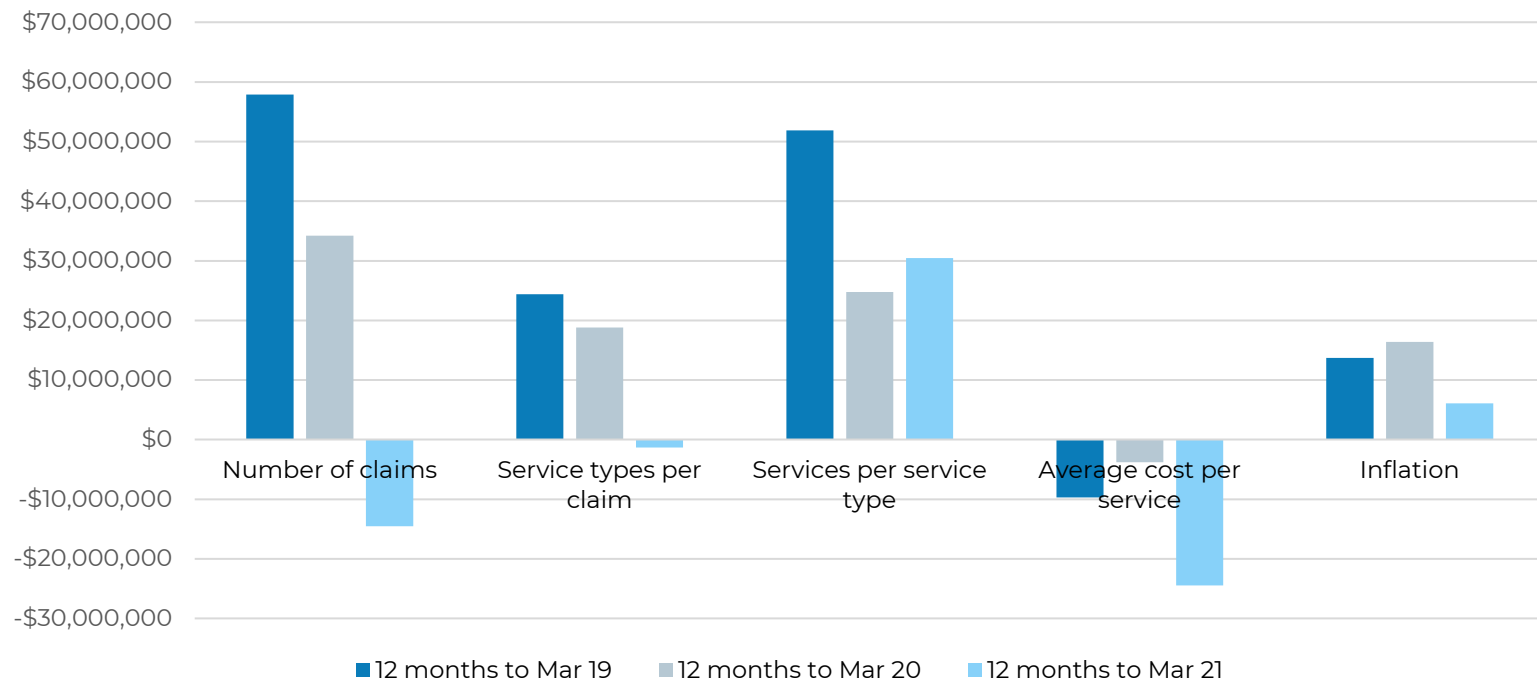
(Please refer to Appendix 1 for more information on how to interpret this chart)

# Drivers of workers compensation healthcare costs for the last three years ending 31 March 2021

Over the last three years ending 31 March 2021:

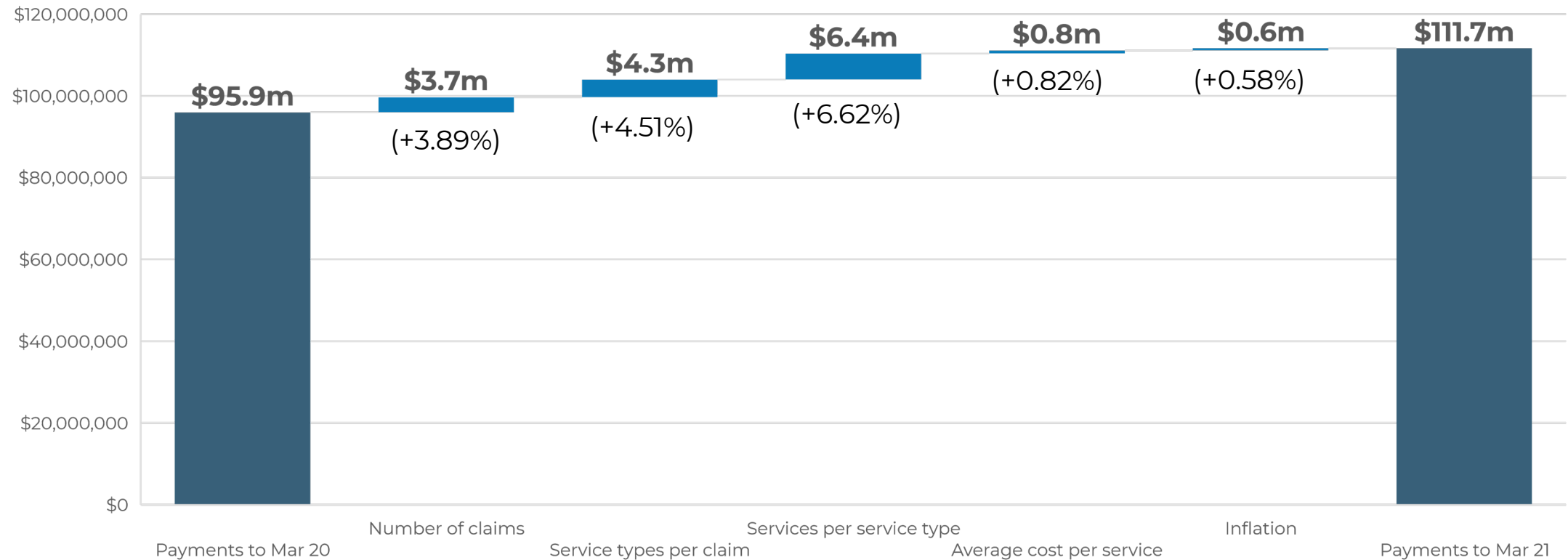
- **Number of claims** accessing healthcare services has seen reductions in the rate of growth, with the year to Mar 2021 seeing a reduction in claim numbers.
- **Service utilisation** (comprised of *service types per claim* and *services per service type*) overall continues to be a constant source of positive growth. However, in the year to Mar 2021, claims received less *Service types per claim*.
- **Average cost per service** has declined over the past three years to Mar 2021 by varying amounts, most notably in 12 months to Mar 2021, primarily attributable to reductions in hospital and surgery services during the 2020 restrictions on elective surgery.
- **Inflation** continues to contribute to healthcare expenditure but at a reduced amount for the most recent 12 month period.

## Changes in the growth of drivers of WC healthcare expenditure



*NB: 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 March 2021

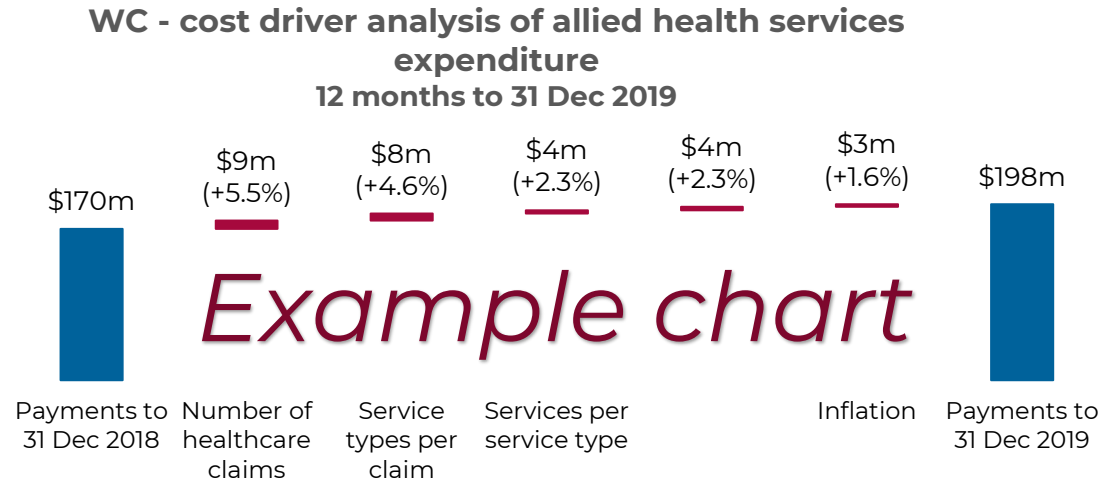


Healthcare expenditure in the 12 months to March 2021 in the 2017 MAIA Scheme is driven primarily by increasing service utilisation (*Service types per claim* and *Services per type*). The rate of increase in the number of claims accessing healthcare has slowed since the previous report (in part a result of COVID-19 travel restrictions reducing exposure to new claims).

(\*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

<b>Term</b>	<b>Definition</b>
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.	-



State Insurance  
Regulatory Authority