

NSW Government CTP Roundtable

Disability Care and
Support:
Best practice in injury
and disability insurance

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Criteria for evaluation of injury schemes use by PC

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Coverage of injured people

By definition, full coverage of injured people can only be achieved through “no-fault” access to benefits.

People excluded or with reduced access to benefits in fault-based schemes include:

1. “At fault” motorists
2. “Chance” or blameless accidents
3. Single vehicle accidents

Approximately 50% of injured motorists in NSW do not have full access to benefits. However most motorists believe their green slip covers them if they are injured.

Certainty, timeliness and quality of care and support

Recovery and health outcomes

Early acknowledgement and diagnosis of the motor injury and access to appropriate hospital and medical treatment, rehabilitation and return to participation are critical for maximum recovery and positive health outcomes.

Where there are distractions or delays the focus on injury recovery can be compromised.

The health treatment and participation support also needs to be built on excellent insurer/scheme injury management and case management

Freedom and choice

Access to lump sum, final determination of compensation allows injured motorists maximum freedom and choice.

Systems should be supportive of the reasonable needs of injured motorists, and respect individual circumstances, while having a goal of overall system equity.

It is not practical to deny an injured motorist access to social welfare, care and support if they have extinguished their lump sum entitlement. Nor is it practical to retrieve an un-used lump sum where the injured motorist dies.

Hence it is logical to pursue a “reasonable and necessary” statutory benefit system of entitlement, with a collaborative approach to injury management and ongoing income support, and self-directed funding for lifetime care and support.

The Justice argument

Should an “at fault” party be declined access to benefits, and be required to pay damages in order to achieve “justice” or “retribution”?

In practice “intent” rarely is implied by “fault”, and “fault” is more closely described as “accident”.

The pursuit of retribution compromises other desirable features of injury insurance – including full coverage, timely care and support and efficiency.

Moreover in the presence of insurance, it is not the “at fault” motorist who pays the damages. Other penalties and price signals are required to penalise negligent or criminal behaviour.

Mitigating risk

Where possible, the price signals in insurance schemes should be designed to reward mitigation of risk. In the case of motor injury insurance, this means a lower premium for drivers who have fewer and less costly accidents.

This feature needs to be balanced against the societal benefit of vehicle ownership and access – e.g. young male drivers.

On balance, a combination of community rating and risk rating is required.

Cost and efficiency

Premium efficiency can be measured by the proportion of premium revenue which pays for benefits to the injured motorist.

Scheme efficiency is more complicated, and relates to outcomes in terms of aggregate outcomes for injured motorists, relative to scheme cost.

Cost is the aggregate of premiums, and its “affordability” can be described relative to other jurisdictions or parameters such as average weekly earnings.

The most efficient schemes achieve positive outcomes relative to cost, and usually have high premium efficiency.

Prudential governance

It is critical for entitlement-based schemes to exist within a framework of continual improvement and prudential governance.

Outcomes need to be measured and reported both in terms of financial sustainability and the health, social and economic outcomes of injured motorists.

Such a system provides ongoing evaluation of success and scheme efficiency.

PC findings

Current disability system “... *underfunded, unfair, fragmented and inefficient...* “

- double funding from \$7.2b to \$13.7b, funded by the Commonwealth
- introduce a national assessment process for eligibility and entitlement, based on support need
- create a National Disability Insurance Agency (NDIA), with localised coordination and innovation
- replace block-funding with individual packages, introducing supported choice and control

PC recommendations

Two schemes:

National Disability Insurance Scheme (NDIS) – trading name “Disability Care Australia”

National injury insurance scheme (NIIS) – state-based schemes providing no-fault coverage for long term care and support for “catastrophic” injuries:

- Motor injury – required for NDIS launch
- Medical treatment injury – working group appointed
- Workplace injury – officials discussions
- General injury – funding issues under consideration

Key features of both schemes

Universal insurance cover

Insurance-based governance framework

Surety of funding base

Support based on reasonable and necessary need

Support focused on the individual and their carers

Choice and Control