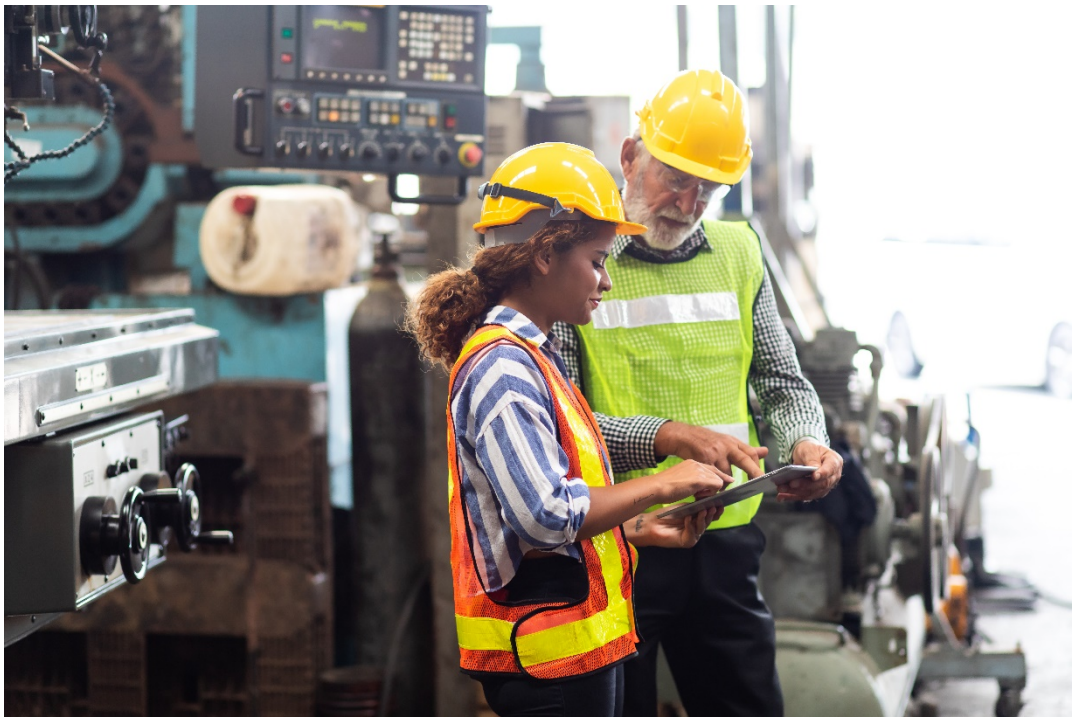
ARPA NSW submission to the icare and workers' compensation independent review



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1. Introduction

The NSW Council of the Australian Rehabilitation Providers Association (ARPA NSW) appreciates the opportunity to contribute to the icare and workers' compensation independent review.

People with injuries need varying degrees of medical and treatment care. Some very little and others with more complex presentations, much more. Those same people with injuries who require more medical and treatment support, are those that have historically been referred to workplace rehabilitation providers (WRPs). Amongst other services, WRPS ensure medical assessment and treatment services are coordinated, goal driven, evidence-based and timely, therefore ensuring care and spend is effective. By working closely with employers, WRPs additionally ensure that workers with injuries return to work (RTW) duties that are safe, medically, psychologically and functionally appropriate, and that are ultimately sustainable for the long term.

2. Who is ARPA?

ARPA is the industry voice for the Australian workplace rehabilitation industry, representing the majority of independent WRP organisations in Australia. With strong industry and government links and affiliations, ARPA is dedicated to promoting and protecting the professional interests of our member organisations and through them, the sustainability of a purpose driven, socially impactful industry.

ARPA, its members, and the rehabilitation consultants they employ are committed to facilitating the personal, social, occupational and economic independence of individuals with injuries or disabilities. In fulfilling this commitment, rehabilitation consultants work with individuals, employers, insurers, and other medical and health professionals, in a variety of service delivery systems, in order to achieve the best possible outcomes for their clients, including those who may be suffering from a mental health illness or episode in the workplace.

3. What is a workplace rehabilitation provider (WRP)?

A WRP is comprised of tertiary qualified health professionals that specialise in the complex needs of workers and employers to achieve timely and sustainable RTW outcomes following injury or illness, be it either a physical or psychology injury or illness. Like treating health professionals, they are independent of other stakeholders and strive for a safe and sustainable RTW for workers with an injury, in consultation with their treating medical practitioners. WRPs can be relied on to provide expert opinion and solutions to resolving workplace injury, illness and disease and to manage the relationship between the worker and their employer where attempts to RTW has broken down.

Every workplace insurance policy in NSW includes access the right to an accredited WRP. These services are vital in helping a worker (and their employer) safely stay and recover at work, or transition back to work after an injury, accident, illness or disease.

All WRPs in NSW are aligned to the HWCA Principles of Practice for Workplace Rehabilitation Providers, which is designed to ensure minimum standards are consistently met in the delivery of services to workers and employers. The WRPs are assessed and audited against the framework and approval principles by the State Insurance Regulatory Authority (SIRA).

In addition, rehabilitation consultants are each require d to maintain their own registration with their relevant allied health professional authorities. This includes mandatory professional development to accrue CPD points which would include courses to access updated research and guidelines.

ARPA NSW believes that this framework and the regulatory oversight accompanying the framework, ensures that all providers of workplace rehabilitation services in NSW provide consistently high quality and evidence-based services.

4. The Health Benefits of Good Work

Australasian and international empirical evidence shows that good work is beneficial to people's health and wellbeing. Conversely, long-term work absence, work disability and unemployment have a negative impact on a person's health and can exacerbate underlying mental health conditions.[1]

ARPA are strong supporters of the Health Benefits of Good Work (HBGW) initiative that is being delivered via the Royal Australasian College of Practitioners (RACP) and are represented by ARPA NSW Councillor Tatjana Jokic on the HBGW Executive and by ARPA National CEO Nathan Clarke on the Signatory Steering Group (SSG). The HBGW informs ARPA NSW's response to our considered submission to the review.

5. Collapse in RTW rates in NSW under the current icare model

Under the current model initiated by icare, more people with an injury in NSW are staying out of the workforce longer than they need to and a significant number of workers and employers are being denied access to WRP expertise.

As evidenced by the SIRA Dashboards, results for December 2017 demonstrated a scheme wide RTW rate in the first four weeks post injury of 73%; however, for April 2020 the rate had collapsed to just 64.2% (the latest public data available).

[1] https://www.racp.edu.au/advocacy/division-faculty-and-chapter-priorities/faculty-of-occupational-environmental-medicine/health-benefits-of-good-work

This reduction in the RTW rate **equates to hundreds of workers each month,** not being back at work and significantly escalating their risk of not ever returning to work.

These dramatically declining RTW rates will be magnified in the coming years as the current 0-26 week cohort becomes the tail cohort of tomorrow. Historically we have observed comparable trends as jurisdictions have sought to reduce spending on rehabilitation services in an effort pull an easy lever on scheme investment, only to see a predictable decline in scheme performance follow.

Furthermore, poor RTW rates not only cost the employer in premiums, but the community and NSW economy. The impact for workers with injuries extending to long term work absence includes a profound and negative effect on their health, relationships, financial position and can exacerbate underlying mental health conditions.

In addition, workers' compensation claims costs (Gross Outstanding Claims Liability) incurred by employers in NSW have increased dramatically, **rising nearly 29%** from 30 June 2016 to 31 December 2019, whereas rehabilitation benefits for injured workers have **decreased by nearly 22%** at the same time [2]. Premiums are significantly impacted by any delays to return an employee with an injury to the workplace. These delays are unfairly inflating insurance costs.

6. Correlation between reducing RTW rates and reduced WRP spend

Although no formal data has been published by icare, ARPA NSW estimate that referrals to workplace rehabilitation have reduced by between 35% and 50% during the above mentioned period (December 2017 – September 2019) and it is ARPA NSW's assertion that the reduction in referrals has had a direct effect on the decreasing RTW rate in NSW.

The impact of declining referral on RTW rates (the latest SIRA Dashboard return to work rate is just 64.2% for April 2020) is made more evident by the sustained or improved RTW rates in TMF, Self and Specialised insurer portfolios, who continue to engage WRPs for services and continue to achieve consistent, positive outcomes for workers with an injury.

ARPA NSW are aware of many instances of employers requesting assistance from icare and its Scheme Agents for referrals to WRP services and not receiving any communication for weeks. There have been numerous occurrences of employers attempting to engage rehabilitation to facilitate an early RTW, however, these have often been stymied by the Scheme Agent or have taken weeks to enact.

[2] icare nominal insurer valuations taken from their website.

Astoundingly, some employers have been told to pay for early intervention themselves.

Many employers have been advised that they do not need WRP assistance and that they should use internal resources to manage the RTW themselves. This is consistent with a cost shift from the scheme back to the employer. The workers compensation policy includes access to WRP for workers and employers to support RTW, yet they are being denied access to this benefit as it is drip fed by the Nominal Insurer.

The Nominal Insurer has acknowledged these issues and reportedly worked more directly with their Scheme Agents to ensure these bottlenecks are overcome, so that employers and workers are able to access early rehabilitation intervention to support recovery at work, however issues persist.

Previous scheme reviews have identified the need for the employer to increase their literacy and capability in managing RTW following injury. This has been poorly interpreted as an opportunity to shift the responsibility to the employer to manage all aspects of RTW when clearly this is not within the capability for most employers within NSW.

Conversely, the scheme, the employer and the worker all benefit from the unique health intervention that comes from WRP intervention, as is intended in the relevant legislation.

The Nominal Insurer should not be given the mandate to randomly or selectively allow access to WRP benefits to some workers and employers, and not others as a short-term measure to reduce scheme spend. This is akin to some workers receiving plaster casting for their broken leg and others being told to grab two sticks and a bandage and manage this themselves. WRP intervention is a prescribed benefit under the legislation and should not be subject to arbitrary application under the guise of what is 'reasonable and necessary'.

Objective criteria should be applied to remove any subjective decision making in respect of access to WRP intervention. The employer and the worker are entitled to and need the quality health support that only comes from an accredited WRP. For a range of reasons, not least of which the financial cost benefits to the scheme, the Nominal Insurer should be engaging WRP more often and earlier in the life of a claim.

Investment in WRP has a mitigating benefit against medical treatment costs. The savings generated by reducing investment in WRP have been eclipsed by the increase in medical treatment costs, with the compounding factor of deteriorating RTW rates. Suggestions that increase in medical spend has been driven by higher case complexity or surgical rates is out of step with comparative experience outside of the managed fund. A reduction in avoidable medical costs is a facilitatory by-product of good WRP intervention which only further enhances the value of investment in these services. WRP reduces medical and treatment costs by:

- coordinating treatment to aligned goals
- ensuring treatment is medically and functionally beneficial (i.e. treatment providers are held accountable to outcomes of intervention rather than ceaselessly being provided additional treatment sessions without results)
- ensuring communication is clearly directed to recovery at work and gains in functional and psychological tolerances
- engaging treatment and medical providers in the worker's return to work plan
- ensuring appointments are scheduled and attended at appropriate milestones to ensure worker assessment and progression through recovery.

This reduction in spend on WRP services (due to the assumption that WRP services are superfluous to the scheme) had previously been touted as a positive improvement by icare, before return to work rates started to decline as a result. However, what is clear is that this reduction in spend on WRP services is resulting in:

- a massive decline in RTW rates for 4, 13, 26 and 52 week measures
- enormous social and health impacts on workers and their families
- pressure on employer premiums
- increases in medical and treatment spend
- reductions in the scheme funding ratio which is attributable to these factors
- GPs / specialists becoming the contact point for the worker by default, who often have little time and impact on the workplace or other treating parties, also leading to the overmedicalisation of injuries and the rehabilitation process.

7. Early intervention is the key

Lack of early intervention and infrequent use of WRPs is central to the deterioration in evidence-based healthcare in NSW. SIRA has found that increased (medical) service utilisation is a driver for burgeoning medical and treatment costs. This correlates directly to a reduction in workplace rehabilitation service usage.

Medical and treatment providers have consistently demonstrated a lack of contemporary knowledge of the mechanisms operating within personal injury schemes. That is not to impart blame, but merely underscores the fact that workers compensation and personal injury components of caseloads for health professionals and doctors is a smaller component over their overall workload profile. Without the oversight, support, review and collaboration with accredited WRPs, medical and treatment providers' quality and evidence base is severely eroded.

A critical factor impacting RTW rates has universally been the number of days taken from the time of significant or high risk injury presentation, to a referral being made to the WRP (delay to referral).

The approach of the Nominal Insurer in recent years has seen the delay to referral (more time taken) deteriorate to alarming levels, which is having a direct impact on RTW rates, which in turn leads to premium increases. The data surrounding delay to referral has not been shared, however industry feedback demonstrates delay to referrals extending from an average low of 2 weeks post date of injury prior to icare's management, to more than 6 weeks average.

Further, the delay to referral data will not capture the increasing number of claims that should, but have not been referred to WRP, which has an even larger impact on RTW rates.

Key factors that need to be addressed for workers with injuries and illnesses to receive high quality care include:

- assessment and management of worker risk factors for long term chronicity, including psychosocial risks
- identification and confirmation of worker return to work goals
- coordination of worker recovery and RTW timeframes (especially with difficult RTW programs, aiming to RTW to the same employer rather than having a worker displaced)
- coordination and accountability of treatment provider outcomes
- alignment of treatment outcomes to work capacity
- accountability on the efficacy of treatment and medical intervention
- engagement with employers and identification of suitable duties
- workplace relationship management and return to work facilitation
- worker and employer support for claims and scheme navigation.

More consistent use of workplace rehabilitation for those who need it, coupled with early referral, will significantly enhance the quality and efficacy of medical and treatment provision within the NSW workers compensation scheme. This ensures NSW workers with injuries and illness receive the best and most effective care and recover at, or return to, work sooner.

We have included the ISCCR report on the value and effectiveness of workplace rehabilitation that has recently been released (Appendix A). While centred in Victoria we note that the consistency of the conclusions with our submission that identifies:

- WRP intervention has a significant positive impact on claim outcomes
- early referral improves the effectiveness of WRP intervention and claim outcomes
- service delivery model design can have positive but also unintended negative consequences.

Additionally, we anticipate that a current project underway in conjunction with SIRA will provide further data and conclusions that will add additional value to this analysis and your review. This project is nearing completion therefore we would seek leave to provide this as an addendum to this submission once completed in the near future.

8. Escalation of medical costs in the scheme

In workers' insurance, with the implementation of an alternate icare model of case management, triage and attempts to automate claims management, the volume of referrals to WRPs has plummeted, as outlined above. It is no coincidence, that with the reduction in rehabilitation spend, there has been an inordinate expansion of costs in medical and treatment spend.

More medical costs clearly do not reflect high quality, nor evidence-based health care, as there is a corresponding deterioration of RTW outcomes and worker experience.

Medical professionals are not experts in workplace matters and rehabilitation, as such being placed as the focal point of contact for the worker, creates a fundamental issue as we are currently evidencing.

The growth in medical and treatment spend of over $72,000,000 over the 12 months from 2017/18 to 2018/19 swamps the savings in rehabilitation spend over the same time and will continue to grow unabated. Combine this with the increasing cost of benefits due to the decline in RTW rates, the attempted savings from the reduction in workplace rehabilitation has been a very costly exercise indeed.

Those workers with injuries requiring additional care and support are being left to doctors and treatment providers with little to no knowledge of the workers' compensation scheme, no accountability to outcomes, no incentive for outcomes and an open slate for prolonged service provision. Simultaneously, workers in these situations readily develop dependencies on treatment and medical providers that further prolong treatment. This sustains a cycle of disempowerment, desperation and aimlessness. In the absence of WRP involvement, questions must be asked such as:

- Who is directing workers with injuries towards independence?
- Who is support them to get the right treatment?
- Who is asking their clinicians to be accountable and work towards a common goal?
- Who is supporting their recovery and RTW?
- Who is activating work, as a key treatment modality, with their employer?

While rehabilitation spend has plummeted, RTW outcomes for workers in the first 4 weeks has fallen dramatically. As noted earlier, it is most recently quoted by SIRA at 62.1%. This is a travesty, letting down people with injuries and the employers funding the scheme. It also clearly highlights that without rehabilitation support, those people most in need will be over serviced, under supported and are the emerging tail of despondent, disengaged members of society, which will become even more severe due to the COVID-19 pandemic on industry.

The correlation between these factors is obvious, clear and direct. Unfortunately, there remains either a direct lack of acknowledgement, understanding or urgent action to rectify.

The escalation in medical costs in the NSW workers compensation scheme is a result of a combination of factors, but what cannot be in dispute is that a lack of knowledge of the appropriate, evidence-based approach for the management of injuries by insurer case managers, is resulting in a significant escalation of costs and poor case outcomes for those that need it. This is supported by a claims model that fails to identify cases of high risk, as the most severely impacting risk factors are outside the injury biology.

As there is no accountability on treatment or RTW outcomes, no peer reviewed discussions and negotiations on the effectiveness of treatment, and no regular assessment of treatment efficacy, costs blow out. Treatment and medical providers apply economic rationale and deliver more services with a negative impact on costs and RTW.

9. Non-accredited providers operating in the NSW scheme

There has been an emergence of non-accredited providers of various guises providing services within the scheme. This includes social prescribing agencies who have been allowed by the Nominal Insurer to provide programs to workers with an injury to help get them 'work ready'.

There is no transparency on the skills, qualifications, care or capability of these organisations or their staff to work with workers who are vulnerable due to injury or illness.

There is no accountability to the scheme funders (employers), no measures of RTW outcomes nor is there any recognition that the scheme already possesses the qualified skills, accreditation and expertise to get workers with an injury job ready through evidence-based, best practice approaches (via WRPs). In addition, these service providers may not be equipped to deal with the vulnerable and psychologically impacted worker who requires trained and experienced personnel to ensure they are providing best practice treatment. Furthermore, WRP have a known network of appropriate service providers who are fluent in workers compensation and rehabilitation, allowing workers to benefit from this expertise (as do employers and insurers).

Many of these social prescribing programs are selected based on clever marketing campaigns rather than evidence-based decision-making. Further, they target a very small portion of claimants, typically long-term job-detached, with measures of success not including RTW, yet include subjective, non-validated questionnaires measuring feelings and emotions.

At the same time, there is an alarming trend from the Nominal Insurer to engage other service providers to perform workplace rehabilitation services, including using recruitment agencies for job seeking. Programs that include costs of over $5,000 per person for getting a worker job ready through non-accredited, non-accountable, social prescription service providers.

ARPA NSW believes that this is inappropriate as:

- they are non-accredited as a workplace provider, yet providing workplace rehabilitation services
- there are serious concerns regarding conflicts of interest
- they lack experience, mandated qualifications and an understanding of working with workers with injuries and the impact of disability, injury/illness
- there is a lack of appropriate support tailored to the needs of those works with injuries
- there is a lack of understanding of the Health Benefits of Good Work
- there is no oversight by SIRA
- there is no accountability on their outcomes, value or methods of service delivery – that exposes the scheme and workers to wasted funds, at risk behaviours and unqualified personnel delivering services
- this represents an early erosion of the structure that is evidence based and has been shown to work
- we have already seen the impact of declining RTW rates as similar concept projects have been trialled under a culture of wanting to discover the next big thing, rather than actually administer the scheme in the way in which it was designed and has been shown to work effectively.

Whilst WRPs are:

- accredited and meet strict approval criteria (including the mandatory requirement to employ registered allied health professionals for delivery of services)
- required to meet auditing requirements to maintain approval
- have a national track record of results with those workers that need the greatest level of support
- are cost controlled and outcome measured,

new entrants without accreditation are not.

In addition, due to the lack of qualifications and years of experience, such non-accredited providers are able to offer lower hourly rates, making a comparison of costs between these providers and WRPs incompatible.

The Nominal Insurer should stop funding service providers of this nature and engage WRPs for such services, as the technical experts in the field of supporting workers with injuries.

10. Practices inconsistent with scheme principles

There are numerous examples of practices that are inconsistent with or otherwise contradict the ambitions of the NSW workers compensation scheme and the intent of the legislation within which all stakeholders and administrators operate. A brief summary of concerning and contrary practices are listed below:

1. There is evidence of the Nominal Insurer directing and training Scheme Agents not to refer to a WRP if a worker with an injury is certified unfit for work, with no work capacity. This is clearly contrary to best practice and must be immediately addressed and WRP engagement actively facilitated. This leaves workers without direction, support or assistance and can escalate tensions between a worker and their employer and can result in the employer(s) paying higher premiums for their insurance.
2. There is evidence of the Nominal Insurer and their Scheme Agents preventing, discouraging, delaying and redirecting employers who have initiated a referral to their preferred WRP. As with the point above, this is clearly contrary to best practice, as well as disregarding an employer's obligation to nominate a preferred WRP as part of their RTW plans. This must be stopped and rectified.
3. There is evidence of the Nominal Insurer and their Scheme Agents directing employers to **NOT** attend a treating doctor case conference due to privacy issues. Encouraging and maintaining relationships between employers and workers is essential to good outcomes. This is contrary to good injury management practices.
4. There is evidence the Nominal Insurer and its Scheme Agents directing a WRP to avoid keeping the pre-injury employer informed of the different employer RTW programs. ARPA NSW believes that this is at odds with collaborative problem solving, an employer's rights and supporting the best outcome for a worker.

11. The excessive market power of the Nominal Insurer

A separate area of significant concern is the responsibility that comes with such market monopoly and power held by the Nominal Insurer. This disproportionate power has been used unfairly to manipulate market rates for WRP services and raise the risk of critical market failure.

Since the Nominal Insurer took over WRP service contracts with Scheme Agents under one single Deed, rates have not been renegotiated nor indexed and are held at 2016/17 levels. This has occurred at a time when there is significantly increasing demand for health professionals, mostly due to the introduction of the NDIS. Health professionals within WRP have higher demands and expectations placed upon them in comparison to other health sectors and as such a premium is required in wages to attract and retain staff. Conversely, the service rates have actually declined and now fallen below other health sectors.

For example, the NDIS which is the largest consumer of allied health services nationally outside of the state health systems, have published rates for Employment Related Assessment and Counselling services that are **14% higher** than the minimum NSW workers insurance rate ($193.99 compared to $170).

The Nominal Insurer demands the best and brightest from the health sector to meet the stringent demands of workers insurance, however the service rates have now fallen from a leading position, to a trailing position within the market. NSW workers insurance runs the risk of not being able to maintain quality allied health personnel as WRPs cannot compete with wages and conditions of employment elsewhere.

For the first time ever, WRPs are reporting losing allied health staff to the aged care sector which was previously at the lower end of the scale for wages with less challenging professional demands on qualified professionals. The Australian Government has published material regarding the risk of critical market failure nationally within the allied health sector and has moved to increase service rates in an effort to attract resources in direct competition to traditional market sectors such as NSW workers insurance.

ARPA NSW has recently undertaken a review of the current rates paid for workplace rehabilitation services within all workers' compensation schemes and compared them to the current rates paid for allied health services and for NDIS services.

The purpose of this undertaking is to highlight the growing disparity between the rate paid by the NDIS and those of the NSW workers' compensation scheme for similar services provided by WRPs. Due to the additional costs required to provide high quality WRP services, the disparity between rates paid for WRP services across the country and with the NDIS, and with significant service creep for fixed fee services where far more hours are required to deliver the services than are allocated, ARPA NSW has requested the Nominal Insurer to prioritise a review into WRP hourly rates.

12. Issues with the sole agent EML

As a collective, ARPA NSW members are reporting a significant deterioration in their experiences engaging with the Nominal Insurer, and most particularly with their Scheme Agent EML for all new claims.

Amongst the list of experiences, our members have advised that there is a significant lack of knowledge and experience amongst case managers within EML, particularly around:

- the Health Benefits of Good Work
- the impact of worklessness on a worker's health and well-being
- the effective use of workplace rehabilitation
- understanding the bio-psychosocial factors which impact on worker with an injury and their ability to recover at or RTW

- the complexity and difficulty for employers in managing workers' compensation claims
- the level of support needed by both injured workers & employers.

The lack of a dedicated case manager and/or account manager has caused significant distress, frustration and delays in RTW. Because no one person manages a claim (even though there are case notes), requires employers, workers and service providers to constantly repeat and provide information, and explain/discuss a claim matter, such as the justification for a treatment or service.

Further to this, across the entire rehabilitation industry there is a trend of having:

- funding requests in rehabilitation plans reduced with often no or little reasoning
- case managers who have no relevant qualifications and little rehabilitation knowledge, who are responsible for reducing, cutting, denying WRP requests, often without any explanation or legitimate justification.

which significantly reduces the ability to provide necessary and tailored services to injured workers.

As Scheme Agent case managers are not required to be tertiary allied health qualified, are not subject to professional health standards, are not routinely audited and monitored and are not required to have knowledge of, or to even reference, evidence-based strategies for the provision of health care, there can be no doubt that not all people with injuries are receiving high quality or evidence-based healthcare. It also means these case managers are not able to make clinical and best practice judgments which can impact on workers getting appropriate treatment. This may also lead to an increase in cost, longer durations, and a distrust of all parties within the scheme, with workers becoming very distrustful. All these issues impact on the RTW rates.

The level of frustration amongst employers has increased largely due to both the lack of communication by the Scheme Agent and significant delays in actioning claims.

We acknowledge the adoption of the Authorised Provider (AP) model enabling other agents including GIO, Allianz and QBE to operate to manage new claims. However, we also note that only large employers are able to access agents under the AP model, therefore precluding approximately 95% of businesses represented by SME, from accessing a competitive marketplace.

13. Scheme Agent funding arrangements

ARPA NSW considers it important to note the funding arrangements for Scheme Agents in the new model, which we believe are driving perverse behaviours and providing poor value. Agents within the scheme are remunerated on a '*cost plus*' basis. That is, the more the Agents spend in servicing the scheme for icare, the greater the revenue and profit that they will receive from the Nominal Insurer.

It is clear that this arrangement incentivises Scheme Agents to spend more on in-house operations, administration and 'servicing' of the scheme, rather than in deploying external, qualified, capable and experienced experts to solve the complex problems of RTW for NSW employers and workers. In delivering services in house, there is clearly an erosion of the value being achieved for the scheme (noted by deteriorating RTW rates and escalating premiums). It is understood that just 5% of remuneration is tied to Return to Work Outcomes, which is in severe distortion to objectives of existing legislation.

There is also a very clear perceived conflict of interest question that needs to be explored – how can a Scheme Agent being paid to spend more money, achieve cost effective outcomes for the scheme and its stakeholders? The Nominal Insurer arrangements have come at a clear and direct cost to:

- the competitive landscape for NSW employers
- the financial cost to NSW workers with an injury by being off work longer than required
- the health of NSW workers and the broader NSW society
- NSW WRPs and their team members (employees).

14. Scheme data issues

The Nominal Insurer should be providing data that is clear and consistent – to all WRPs and the scheme more broadly, and that the source and accuracy of that data is verified by an independent party (or SIRA), so as to provide confidence to all stakeholders and the NSW community that results are being achieved. It is noted that SIRA has requested clarification of data provided by icare to SIRA that presumably form part of the Dashboard Reports. It is ARPA members experience that data provided by icare, in particular with respect to Net Promoter Scores outcomes, is often inaccurate.

Data is an important driver of transparency and enables monitoring of performance and performance improvement activities. It is ARPA's recommendation that SIRA, as the independent regulatory authority actively collects, manages accuracy, reports upon and distributes data about scheme performance. Presently NSW stakeholders do not know who holds the authority on data, SIRA or icare.

Included in the data set should be the effectiveness of WRP - including RTW outcomes, costs and durations for the claims in which they are involved in the provision of RTW services. Ideally, ARPA would like SIRA to validate and communicate the return on investment of $1 spent on WRP services in the NSW workers' compensation scheme with savings in wages, medical and other claims costs.

The impact of savings from engaging rehabilitation at the right time on the right claims has been measured in other schemes and jurisdictions, it is appropriate that the same be done in NSW.

ARPA have requested that WRP data also capture the change in benefit status paid to a worker so that the investment in WRP can be quantified against the saving that this generates in income support benefits. This request has been denied. SIRA should collect and report on this data in a transparent fashion.

Data has also been presented by the Nominal Insurer that directly conflicted with data presented by SIRA. This data demonstrated a direct correlation between increasing investment in WRP and improvement in RTW rates. The Nominal Insurer presented unqualified data that directly contradicted SIRA, to infer that WRP costs had increased without a corresponding improvement in RTW rates. ARPA has requested that this data be shared in the interests of transparency. ARPA has requested that SIRA and the Nominal Insurer resolve the data inconsistency however we are unaware of any progress to this regard. ARPA holds the view that it is misleading to publish data without validation. As noted above, the data has been used as justification to reduce the investment in WRP. The impact has been the corresponding sharp decline in RTW rates within the managed fund portfolio.

15. The role of WRPs in improving mental health

WRPs are experts at negotiating the complex landscape of injury recovery for people who have mental health issues, their employers, insurers and the schemes under which they operate. Exceptional outcomes are achieved by working in partnership with all parties to prioritise the key elements of an individual's recovery and integrating these with the workplace. Work is a central tenant to good health and WRPs play a key role in ensuring people and workplace benefit from safe, timely and sustainable injury recovery.

In reviewing elements that contribute to an individual's mental health injury, WRPs work closely with employers to ensure their potential for other workplace harm is mitigated, their risk of injuring others in their workplace eliminated or reduced and the health of the workforce improved. This enables improved workplace safety, improved productivity and reduced financial burden. Additionally, WRPs have a purpose beyond insurances and working for compensation schemes. At the core of workers with a mental health injury or illness are families and the broader social networks who are impacted by events that resulted in psychological injuries and illnesses.

WRPs engage and liaise with all relevant stakeholders, mediating and negotiating a safe and sustainable return to work.

While returning to work may not always be easy for those with a mental health issue, supporting a worker to stay at work in some capacity provides the best chance of a positive outcome. It's also better for the workplace. This is the key function of the WRP – ensuring both a commercial and social return on investment.

Because they are independent, WRPs offer a fair and impartial assessment of the worker with a mental health issue and the RTW situation, which provides better outcomes for all parties to the case, including the worker, their employer, the insurer and the schemes in which all parties function.

WRPs operate under strict professional codes of practice, with significant state and federal oversight. WRPs therefore have exceptional standards for quality, confidentiality and continually strive for best-practice and continuous improvement in how they approach the treatment of those under their care. Furthermore, all WRP staff must hold a recognised allied health qualification and continue to undertake approved professional development activities and WRP staff are supervised by more experienced practitioners with over 5 years' experience.

Recommendation 1: Early & mandatory referral to workplace rehabilitation

The risks to long term scheme viability by reluctance, refusal, inability or inaction to engage WRPs in early intervention support of workers and employers are real and evident in the independent (SIRA) statistics. ARPA NSW recommends that the Nominal Insurer mandate referral to workplace rehabilitation for workers not anticipated to RTW within four weeks.

Earlier referral to focused workplace rehabilitation would save NSW at least $38 million each year[3] (see Attachments 1 & 2) and workplace rehabilitation has a proven track record of delivering quality care and offers a return on investment between **$28-$32 for every $1** invested[4] (see Attachment 3).

Early referral will minimise delay to support; delays of RTW and the associated wages recorded on the claim. Further, it will significantly improve the employer's experience and the worker's experience by allowing the worker to RTW earlier, stay engaged with work and recover at work. The impact of delays can also contribute to a breakdown in the relationship between the worker and the employer and the heightened development of secondary psychosocial factors that directly impact on an individual's recovery timeframes.

[3] ActuarialEdge Occupational Rehabilitation Financial Benefits Report, NSW January 2019 / ARPA NSW Policy Paper the case for compulsory referral to workplace rehabilitation in NSW July 2019

[4] SwisseRe Rehabilitation Watch 2014

Ensuring that workers with an injury are able to get earlier referral to an independent WRP will help address this significant increase for employers and help achieve scheme sustainability, as was evidenced prior to the enormous structural changes undertaken following icare's introduction.

Recommendation 2: The definition of workplace rehabilitation is expanded

Old school thinking is still applied to many schemes by not allowing WRPs to expand interventions into psychosocial interventions that would follow the biopsychosocial approach. Support should be given for widening the definition of what constitutes workplace rehabilitation and this made available universally both in compensable and public funded healthcare.

ARPA NSW also recommends that WRPs staff who are allied health professionals to use their clinical judgement and expertise, which will help move the NSW workers compensation system from being a heavily driven process scheme.

Recommendation 3: banning practices not aligned with scheme principles

ARPA NSW are aware that under the new claims management model introduced by icare, there are a range of practices that have been introduced that are inconsistent with the NSW workers compensation principles, regulation and legislation (as outlined in section 10).

ARPA NSW recommends that these practices are banned and that SIRA are provided with appropriate power and resources to effectively monitor, manage and to stamp out these practices when reported.

Recommendation 4: Non-accredited providers are banned from the NSW scheme

ARPA NSW recommends that all non-accredited providers who are providing workplace rehabilitation or similar services are explicitly banned from providing these services in the NSW workers compensation scheme and penalties are able to be applied by SIRA for non-compliance.

Recommendation 5: WRP service rates are gazetted by SIRA

Although ARPA NSW has recently requested that icare undertakes an urgent review into the appropriateness of current WRP rates paid in the NSW workers compensation scheme, ARPA NSW recommends that WRP service rates are gazetted by SIRA, bringing WRP services into line with all other allied health services, thus ensuring consistency across services and that rates are able to be adjusted frequently according to market conditions.

Recommendation 6: Improved training / mandatory qualifications for Scheme Agents

The quality and consistency of case management staff in Scheme Agents varies widely and as noted, can lead to very poor service for workers and employers in the NSW workers' compensation scheme and has led to delays in RTW and leads to increased costs for the scheme.

ARPA NSW recommends that:

- a comprehensive and mandatory training program for all Scheme Agent case managers is developed that outlines the benefits of early intervention, RTW and workplace rehabilitation (amongst other related items)
- all Scheme Agent case managers (or a minimum % of) are required to gain Personal Injury Management qualifications, so that their workforce are well trained, professional and that they have the requisite skills and qualifications to manage NSW workers compensation cases on behalf of the Nominal Insurer.

Recommendation 7: Scheme data issues are resolved

There is a significant scheme issue whereby SIRA and the Nominal Insurer are at odds over the accuracy of scheme data, in particular as it relates to WRPs.

ARPA NSW recommends that:

- as a matter of urgency, the data issues between SIRA and icare are resolved
- data is captured by the scheme whereby the investment in WRP can be quantified against the saving that this generates in income support benefits, included in the data set should be the effectiveness of WRP services.

Recommendation 8: The funding arrangements of Scheme Agents are reviewed

ARPA NSW believes that the current '*cost plus*' model for managing the NSW workers compensation scheme provides for an inherent conflict of interest, whereby this incentivises Scheme Agents to spend more on in-house operations, administration and 'servicing' of the scheme, rather than in deploying external, qualified, capable and experienced experts to solve the complex problems of RTW for NSW employers and workers.

ARPA NSW recommends that the NSW Government reviews these current payment arrangements and that an alternative model with less potential for a conflict of interest is implemented.

Recommendation 9: Mental health injury claims to be referred to WRPs ASAP

With the increasing prevalence of reported mental health injury, and the increased acknowledgement of underlying mental health, industrial relations, and litigious factors hindering a successful RTW from physical injury, this cohort is growing and becoming more complex every day.

Targeted intervention from an independent 3rd party (such as WRPs) with appropriate knowledge in the workplace to facilitate the support mechanism and the relationship between the worker and their employer, has proven benefits for the employer and also for the worker with a mental health issue.

The most significant drivers of prolonged work absence are psychosocial factors and therefore psychosocially targeted assistance to support the employer and in turn the worker through a workplace-based intervention will produce the greatest results.

ARPA NSW recommends that it is imperative that these cohorts should be referred for workplace rehabilitation services as soon as practicable.

Appendix A:

ISCRR - Institute for Safety, Compensation and Recovery Research, Recommendations Report 211, June 2018

JUNE 2018

RECOMMENDATIONS REPORT 211

ISCRR
Institute for Safety, Compensation and Recovery Research

Occupational Rehabilitation Review

Recommendations Report

Synthesis of research findings and recommendations arising from *ISCRR Project 211: Occupational Rehabilitation Review*

Daniel Pejic / Frances Taylor / Sunita Bayyavarapu / Dr Len Forgan

A joint initiative of

WorkSafe VICTORIA · TAC Transport Accident Commission · MONASH University

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ACKNOWLEDGEMENTS

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ISCRR is a joint initiative of WorkSafe Victoria, the Transport Accident Commission (TAC) and Monash University. The accuracy of this publication is the responsibility of the authors. The opinions, findings, conclusions and recommendations expressed in this publication are those of the authors and not necessarily those of WorkSafe Victoria, the TAC, Monash University or ISCRR.

1. EXECUTIVE SUMMARY

This report summarised the findings from the four studies undertaken as part of the ISCRR Occupational Rehabilitation Review (ISCRR Project 211) and identified cross cutting themes.

Project key findings

Findings from the evidence review

- The evidence review found moderate to strong evidence that OR interventions are effective at improving RTW outcomes, particularly for musculoskeletal injuries
- Occupational rehabilitation achieves the best outcomes when delivered early (2-4 weeks of injury)

Findings from the environmental scan

- There was significant variation in the approaches to providing OR services, including within WSV
- Measures and incentives are a major influencer of behaviour in the current system
- A number of challenges in the provision of OR services exist in the current model, including the lack of ability for OR consultants to provide recommendations, turnover of OR consultants, the injured workers' capacity, capability and motivation to RTW, stigma of clients, unintended consequences of performance measures and incentives and the employers' capacity, capability and motivation

Findings from the data analysis

- Over the time period studied (2007–2016), the data analysis found that OR service use increased
- In the study period, improvements in the time to commencement of OR services as well as OR outcomes including time to placement and sustainability were observed, however, as the analysis only reviewed claims that had received OR services it is unclear as to whether this was as a result of the OR services provided

Findings from the qualitative interviews

- Both positive and negative experiences were reported in the management, delivery and receipt of OR services in Victoria
- For recipients of OR services, positive experiences were associated with perceptions that OR consultants were helpful, supportive, listened and tailored services to their needs while negative experiences were associated with perceptions of unrealistic expectations of RTW on the injured worker, communication challenges and services that did not match needs

Cross cutting themes

Over all of the research pieces, five key themes emerged which require attention to improve the management, delivery and receipt of OR services in Victoria:

- Performance measures and incentive structures
- Early and targeted referral of injured workers
- Information flow and communication between stakeholders
- Flexibility and ability to involve injured workers
- Stigma towards injured workers and people with mental injury

Recommendations are provided based on the cross cutting themes identified.

Recommendations

The following is recommended to improve occupational rehabilitation services for injured workers.

Performance measures and incentive structures

1. Review current system measures and benchmarks for both Agents and OR providers to ensure they are driving behaviours that maximise client RTW outcomes.

2. Consider measures and incentives that fairly reward OR consultants for case complexity and encourage professional growth.

3. Align measures used by WorkSafe and Agents to measure OR provider performance.

Early and targeted referral

4. Facilitate early referral to OR services with a focus on improving case management.

5. Consider the development of client screening approaches to identify the injured workers most likely to benefit from OR services.

6. Review eligibility and referral requirements for NES services, particularly for mental health claims.

Information flow and communication between stakeholders

7. Promote initiatives that enable the sharing of information between stakeholders such as case conferencing.

8. Explore opportunities to provide information to injured workers through channels other than formal letters.

Flexibility and ability to involve injured workers

9. Enable OR consultants to provide recommendations on the services and treatments delivered to their clients.

10. Explore opportunities for greater engagement with injured workers in the OR assessment process.

Stigma towards injured workers

11. Invest in activities and programs aimed at reducing stigma associated with accessing workers' compensation.

2. BACKGROUND AND APPROACH

2.1 Background

Occupational rehabilitation (OR), also referred to as vocational rehabilitation or workplace rehabilitation is a suite of activities and interventions which aim to facilitate employment. In the context of the Workers' Compensation System in Victoria, OR services aim to support injured workers to return to work (RTW) following workplace injury or illness.[1] OR services include workplace assessments, occupational therapy, worksite visits, on-site management, vocational guidance, occupational health services, work hardening, work modification, job accommodation, work adjustments, work reintegration plans, or ergonomic interventions.

The primary goal of OR is to support injured workers to RTW at either their original employer or a new employer. Services delivered to facilitate RTW to the original employer are termed Original Employer Services (OES) and services aiming to find a different employer, New Employer Services (NES).

Although not restricted to work-related injuries, occupational rehabilitation is a key component of the approach to workplace injury in Australia and is guided by the relevant state-based workers' compensation legislation.[2]

In 2015/16, 14,887 WorkSafe Victoria claims were referred to occupational rehabilitation, managed by WorkSafe Victoria's Insurance Agents.[3] Despite the increased investment in these services in recent years, results in return to work rates have not seen significant improvements.[4]

WorkSafe Victoria is reviewing their current approach to the provision of occupational rehabilitation services to identify areas for improvement in service delivery and RTW outcomes. To support this process WorkSafe commissioned a strategic review through ISCRR (Project 211).

2.1.1 Stakeholders in occupational rehabilitation services

In Victoria and other jurisdictions, the strategic review identified a range of stakeholders involved in occupational rehabilitation:

- **Management of OR services** includes WorkSafe Victoria through the set-up of standards, procedures and contracts, Insurance Agents through determination and decision making regarding which injured workers receive OR services and OR providers who distribute referrals to consultants.
- **Delivery of services** includes OR consultants who deliver OR programs and undertake OR servicing on claims, healthcare providers who provide treatment and recovery including fitness certification and employers through providing workplace accommodations and alternative duties.
- **Receipt of services** includes the injured workers who had been assigned OR services to support their recovery and return to work.

[1] Hou W, Chi C, Lo DH, Kuo KN, Chuang H. Vocational rehabilitation for enhancing return-to-work in workers with traumatic upper limb injuries. Cochrane Database Syst Rev. 2013(10).

[2] Harrison K, Allen S. Features of occupational rehabilitation systems in Australia: a map through the maze. Work. 2003;21(2):141-52.

[3] Compensation Research Database. Melbourne: Institute for Safety, Compensation and Recovery Research, 2017.

[4] Stay safe at work. WorkSafe Victoria Annual Report 2017 [internet]. Melbourne: Victoria State Government, 2017. Available from: https://www.worksafe.vic.gov.au/__data/assets/pdf_file/0019/214831/ISBN-WorkSafe-annual-report-2017.pdf

2.2 About this project

This report has been prepared for WorkSafe Victoria to synthesise the evidence generated through ISCRR Project 211: *Occupational rehabilitation strategic review*. The project delivered the following outputs:

- An evidence review of effective occupational rehabilitation interventions in the scientific literature
- An environmental scan of current and emerging practice in occupational rehabilitation
- A quality improvement review involving qualitative interviews with a number of stakeholders involved in the delivery of occupational rehabilitation services in Victoria
- A data analysis of trends and outcomes in the delivery and receipt of occupational rehabilitation services in Victoria.

This program of work aimed to answer the following questions:

1. How well are existing Victorian occupational rehabilitation approaches working?
2. What models and initiatives are being used in other jurisdictions?
3. What occupational rehabilitation initiatives have been shown to be effective in improving return to work outcomes?
4. How do the proposed initiatives compare with what is evidence-based and being implemented elsewhere?
5. What are the evidence-based recommendations for future approaches?

This synthesis presents the major cross-cutting themes which emerged across all the research activities undertaken. It provides evidence-based recommendations with the aim of improving the efficiency of OR services and maximising return to work outcomes for clients.

2.3 Approach

The approach taken for the four primary study components and the synthesis are described below.

2.3.1 Evidence review

A systematic search of the scientific literature for systematic reviews and primary studies that tested occupational rehabilitation interventions was conducted in July and August 2017. The review aimed to answer the following questions:

1. What occupational rehabilitation interventions for injured workers have been shown to impact return to work and health outcomes?
2. What are the characteristics of effective interventions, in particular:
    - 2.1. What are the differential effects across worker, employer and injury characteristics?
    - 2.2. How are they implemented?

The search found 24 systematic reviews and primary studies that met the eligibility criteria. Data from these reviews were extracted and synthesised into the following intervention themes: 1) occupational/vocational; 2) physical; 3) psychological; 4) multicomponent; and 5) recovery and return to work coordination.

2.3.2 Environmental scan

An environmental scan was conducted to provide an industry-wide snapshot of current and emerging practice in providing occupational rehabilitation services to clients. Specifically it aimed to identify:

1. Approaches and models for occupational rehabilitation that currently support people with injury, illness or disability to return to work

2. The emerging approaches for occupational rehabilitation that are being developed or recently being trialled to support people with injury, illness or disability to return to work.

The scan involved desktop scanning of publicly available information and interviews with key informants. A total of 23 organisations participated in the scan ranging from workers' compensation authorities, insurance agents, Federal Government agencies, occupational rehabilitation providers, industry associations and one managed care consortium. Participating organisations were based in Australia and internationally. Cross-organisational findings were presented as well as case studies identifying emerging best practice.

2.3.3 Quality improvement review

This study adopted a multi-component design which involved a survey, targeted stakeholder interviews, survey data collection and subsequent data analyses. It aimed to answer the following research questions:

1. What are stakeholders' experiences of return to work processes that include OR approaches?

2. Based on their experience, which aspects of the existing Victorian OR approach to return to work are effective and which are less effective?

The data from previous surveys conducted by WorkSafe Victoria, which evaluated OR providers from the perspective of employers and injured workers was analysed in line with the study questions. Additional semi-structured interviews were conducted with 20 injured workers and 11 employers to explore the experience, barriers and facilitators for OR approaches to return to work. A survey for OR consultants was developed and delivered to 20 participants, in addition to 11 semi-structured interviews with OR consultants. Finally, semi-structured interviews were conducted with representatives from all five WorkSafe Agents. All data was synthesised and the findings presented as they related to the management, delivery and receipt of OR services.

2.3.4 Data analysis

This study analysed WorkSafe claims data held by ISCRR in the Compensation Research Database (CRD). The study aims were to:

1. Examine OR service utilisation in Victoria between 2007 and 2016

2. Identify any patterns in OR service use

3. Examine OR service outcomes and their sustainability

4. Identify factors associated with return to work placement and sustainable work outcomes for Original Employer Services and New Employer Services.

Data analysed were claims, service and payment data on standard time loss claims where a WorkSafe client was provided with OR services between July 2007 and December 2016. Data were extracted from the CRD and the following analyses were performed:

1. Descriptive statistics and data visualisation to examine trends in the provision of OR services

2. Duration analysis to examine claim characteristics, such as time to return to work

3. Logistic regression to identify any relationships between individual client and claim characteristics and claim outcomes

4. Logistic regression to identify any relationship between claim characteristics and return to work placement, as well as characteristics the positively influence return to work outcomes.

2.3.5 Evidence synthesis

The four primary output reports in the project were reviewed to identify themes consistent across the evidence gathered in the project. Authors of the primary output reports were also consulted to provide feedback on the synthesis findings. Recommendations were devised in areas where sufficient evidence was identified.

2.4 Report structure

The report's findings are presented under the following cross-cutting themes:

1. Summary of project key findings
2. Overview of findings against proposed WorkSafe Victoria initiatives
3. Identified focus areas for improvement
4. Thematic synthesis and recommendations
5. Insights

3. SUMMARY OF PROJECT KEY FINDINGS

This section provides a summary of the key findings from the four components of the Occupational Rehabilitation Review (ISCRR Project 211).

3.1 Evidence review

3.1.1 Key findings

The review of scientific evidence identified a variety of occupational rehabilitation interventions which were effective at improving return to work outcomes.

The key findings were that:

- **Coordination of recovery and RTW** in interventions incorporating early contact and referral, functional and biopsychosocial assessment, employer engagement, collaborative service coordination and individualised planning improved early return to work, function and well-being for injured workers with musculoskeletal (MSK) or pain-related conditions.
- **Multicomponent and multidisciplinary interventions** that involved early contact with the worker and the employer were effective in improving the likelihood of return to work and improved function and pain outcomes for workers with a MSK injury.
- **Work-directed vocational interventions** effectively reduced the time to return to work (by as much as half) and increased the likelihood of return to work for workers with a MSK injury.
- **Physical and psychological interventions** that involve the workplace are effective for reducing time to return to work and sickness absence.

From the evidence we drew the following conclusions:

- There is **strong** evidence that **coordination of recovery and RTW** can reduce the time to RTW for workers with musculoskeletal injury.
- There is **strong** evidence that **multicomponent and multidisciplinary interventions** that include early contact and employer engagement can significantly improve RTW and health outcomes for workers with musculoskeletal injury.
- There is **moderate** evidence that **workplace based vocational interventions** that include employer engagement can reduce the number of sick leave days.
- There is **moderate** evidence that **psychotherapy interventions** that are work focused and include employer engagement can reduce sick leave duration and time to RTW for workers with musculoskeletal injury and mental health conditions.
- There is **mixed** evidence that **psychotherapy interventions** are effective in facilitating RTW for workers with mental health conditions.

3.1.2 Implications

Post injury or illness process

- Consider an approach that provides injured workers with a primary contact person (e.g. coordinator), to assist in navigating the system and to achieve timely referrals and service appointments.
- Undertake early (<2 to 4 weeks after discharge from hospital or soon after claim lodgement) functional and biopsychosocial assessment to identify injured workers' needs, occupational status and work readiness.
- Refer to occupational rehabilitation provider/consultant as early as possible.

Post referral to OR provider process

- Work collaboratively with occupational rehabilitation providers/consultants, injured workers, health service providers, and employers to develop a tailored return to work plan. A return to work plan should incorporate periodic case conferences for ongoing assessment of progress.
- Offer workplace based and work focused multicomponent interventions that are tailored for physical and mental health conditions.
- Align intervention intensity and duration with the complexity of the return to work process for individual injured workers to achieve optimal employment and health outcomes.

New employment services

- Individual placement and support programs can effectively result in competitive employment for individuals of working age with severe and long term physical and mental illness.
- Currently there is insufficient evidence of effectiveness of new job placement and support programs for individuals with back pain on disability pension and unemployed individuals with musculoskeletal injuries.

Future enquiry

- There is insufficient evidence on the effectiveness of voluntary work, motivational interviewing and telephonic interventions for promoting occupational re-integration and improving RTW outcomes.
- Further evidence of the effectiveness of structured individual placement and support programs for injured workers unable to return to the same job and the same employer is required.
- Trials of work focused motivational interviewing, voluntary work, retraining to improve work readiness and telephonic interventions are recommended to strengthen the evidence base.
- The applicability of established RTW processes for workers with musculoskeletal injury cannot currently be directly translated to mental health conditions in the workplace.

3.2 Environmental scan

Findings from the Environmental Scan comprised desktop scanning of 23 organisations involved in the management and delivery of OR services and semi-structured interviews with 21 of these organisations.

3.2.1 Key findings

Approaches and models for occupational rehabilitation

- There was considerable variation in the role, use and governance of OR providers by agencies providing OR services to clients with injury, illness or disability.
- Outsourcing of occupational rehabilitation services to external OR providers was the standard practice across the vast majority of organisations examined, with the exception of two who had brought services in house.
- Multiple compensation authorities reported increasing their control of OR service delivery in recent times. Examples of ways this was done included limiting the number of OR providers, introducing stronger performance monitoring approaches, and new payment models such as outcomes-based incentive payments and package payment approaches to encourage outcome-driven behaviour.
- Only limited evaluation of OR provider initiatives was available, with only two organisations having reviewed their OR frameworks in recent years.
- A noticeable focus on moving from general OR service provision to delivering client-centric approaches was observed in the scan, including increasing attention on the provision of support for mental injury.

Barriers and enablers for occupational rehabilitation service delivery

- Barriers and enablers to the effectiveness of OR services were identified across the system and included:
    - Level of employer capability, capacity and motivation for enabling RTW
    - Level of worker/client capability capacity and motivation for work
    - Negative stigma of compensation claimants and mental injury, making employers and workers unwilling to work with the system and/or compensable clients
    - OR consultants, including their skills and the level of turnover
    - Relationships and trust within the system, with positive relationships supporting RTW and negative relationships impeding RTW.
- In the Victorian system, the measures applied to the sector were identified as a key driver for the provision and behaviours regarding delivery of OR services to clients. Measures were reported to be driving an increase in service referrals in an effort to meet benchmarks as well as driving OR Provider behaviour such as cherry picking cases to receive outcome incentives.
- Several organisations had worked to minimise identified barriers in the system including consultant turnover though stepped payment models, stigma through incentive payments and relationships and trust through mobile case management.

3.2.2 Implications

Occupational rehabilitation provides valuable services to clients to support RTW processes. The scan identified a number of current and emerging trends in the provision of OR services, as well as key challenges and opportunities in the current WorkSafe Victoria system.

Currently, significant effort is expended on assessments of the client, including their functional capacity and capability, as well as their work-related capability including transferrable skills. It was

unclear from the scan as to how the assessments link to OR service delivery and discussions with insurance agents in the WSV system identified a lack of ability to understand when OR servicing should continue and when it should cease.

The scan also identified a number of challenges and opportunities in the current system, and the ways these have been addressed where possible. Key challenges included:

- Relationships and trust between stakeholders
- The ability to recruit and keep OR consultants
- The client's capability, capacity and motivation for work
- The employer capability, capacity and motivation to both return the worker to work and/or hire workers with illness, injury or disability
- Stigma associated with both workers' compensation and mental health
- Discrepancy between the measures and indicators used to measure OR services between stakeholders.

The measures used to track and monitor OR provider performance within the workers' compensation system in Victoria were frequently referred to by providers and agents as influencing and driving behaviours. In particular, the Back @ Work measure that Agents are required to meet, whereby the worker is back at work in some capacity at 26 weeks, was frequently referred to as driving OR services. This resulted in providing OR services on claims as a means of attempting to meet this measure, rather than as a means of improving outcomes for clients. Decisions regarding providing OR services in Victoria were also characterised by a need to have face-to-face representation and intervention, particularly in more remote areas of the State.

There was a strong sentiment from providers of wanting to work with WorkSafe Victoria and Agents to develop solutions to problems identified in this report. Approaches such as those used to develop WorkSafe Victoria's new employer service were appreciated and further engagement with providers would be welcomed. A new model that builds on existing engagement practices such as those used to develop WorkSafe Victoria's new employer service is likely to both yield both better outcomes and improved relationships.

The provision of payment to providers with outcome-based measures and incentives was overall seen as a positive, however, despite their intent, the incentives for consultants sometimes created a divide between experienced and less experiences consultants. This resulted in a situation in which experienced consultants were more likely to be allocated complex cases, and as a result, receive fewer incentive payments. Consideration of consultant incentives could support providers to keep trained consultants in the system and further support delivery of services for workers.

Another area for further exploration was the prioritisation of services delivered to injured workers. Currently, RTW to the worker's original employer is the top priority in the Victoria Workers' Compensation system, with new employment services initiated only after workers fail to RTW at their original employer. OR providers reported that this approach is restrictive and, in some cases, not in the worker's interest. Several examples were given where consultants had identified early on that a worker was unlikely to return to their original employer but the consultant was unable to move them into new employer services until much later than they would recommend due to the current legislative environment requiring employers and consultants to meet their RTW obligations.

Of note was discussion around incentives for employers and the insights provided around the poor adoption of incentives by employers. Providers noted that the stigma associated with being on workers' compensation or having a mental health condition often prevented workers from wanting to disclose their status as a compensation client. In addition, a strong theme around employer reluctance to hire workers with mental injury was noted. Based on the findings from this scan, incentive payments are unlikely to resolve this issue.

In light of these findings, the following considerations were highlighted to inform future models for the provision of OR services:

- Collaboration with key stakeholders including OR providers for the development and implementation of services
- Re-consider the usefulness of incentive payments in relation to improving client outcomes
- Consider mechanisms of rewarding experienced OR consultants
- Align insurer and provider performance measures for assessing success
- Provide tailored services to injured workers that respond to their needs and motivation for work, particularly for those who are unlikely to return to their original employer
- Provide capacity building for employers to build skills for RTW planning and understanding RTW obligations in the system.

3.3 Quality improvement review

Findings from the Quality Improvement Review comprised data from previous surveys conducted by WorkSafe Victoria, which evaluated OR providers from the perspective of employers and injured workers, semi-structured interviews with 20 injured workers and 11 employers, a survey completed by 20 OR consultants and 11 semi-structured interviews with OR consultants. Semi-structured interviews were also conducted with representatives from all five WorkSafe Agents.

3.3.1 Key findings

Roles and responsibilities in the management, delivery and receipt of OR services

Occupational rehabilitation is a service provided by WorkSafe though insurance agents when agents determine that a claim would benefit from OR services. Decision-making processes across agencies in determining claims for OR services varied, with some agents reporting undertaking early case conferences and others using screening approaches to identify barriers for RTW. In the Victorian system, injured workers are given 3 OR providers to select from at the start of their claim, usually within the acceptance package. Providers are selected using different approaches including location, availability, provider performance and service type.

Once a claim is referred to an OR provider, the provider then assigns the claim to an OR consultant. Insurance agents reported that all claims started in OES, and only when all options had been exhausted and evidence supporting the employer's inability to provide suitable duties and/or the workers incapacity for a role within their original employer, was the worker referred to NES.

The role of the OR consultant was described relatively consistently across the stakeholders included in this study. Insurance agents were also described consistently by stakeholders involved in the management and delivery of services, however, there appeared to be some confusion between the role of OR consultants and mobile case managers. This could result from the reported use of OR consultants for cases where a need for face-to-face intervention was the main driver for the service provision.

Further, the role of the employer was less clear, with some stakeholders in the system reporting that the employers supported the delivery of OR services by providing suitable employment tasks for injured workers, workplace accommodations and by actively participating in service delivery. Agents, however reported that one driver for providing OR services was to support employers with limited capability and capacity for RTW planning and that in some cases, employers were the ones requesting OR services.

Stakeholder experiences with OR approaches were characterised by their role in OR in the Victorian Workers' Compensation System, specifically whether stakeholders were involved in managing OR services, delivering OR services and/or treatments and receiving OR services, as outlined below:

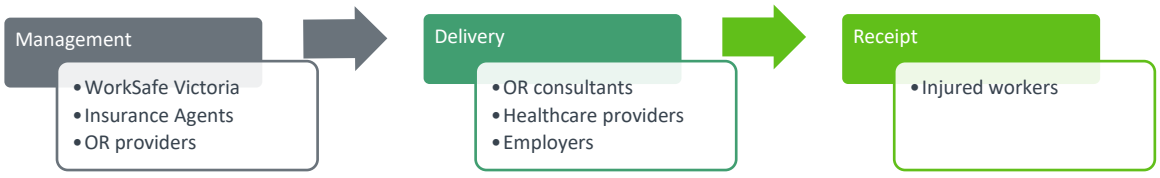

Fig 1. Stakeholder roles in the management, delivery and receipt of OR services in the Victorian Workers' Compensation setting

Agencies involved in the management of OR services included:

- **WorkSafe Victoria** – through the establishment of standards, regulation and enforcement of associated legislation, and development of procedures and contracts with OR providers
- **Insurance Agents** – WorkSafe's five insurance agents provide management through determination and decision making regarding which injured workers receive OR services, as well as undertaking claims management processes, including payment
- **OR Providers** – OR providers support the management of serivces by distributing referrals to consultants and providing reporting and compliance.

Agencies involved in the delivery of OR services included:

- **OR Consultants** – who deliver OR programs and undertake OR servicing of claims
- **Healthcare providers** – who provide treatment and recovery including fitness certification
- **Employers** – through providing workplace accommodations and alternative duties.

Stakeholders receiving services appeared to be exclusively the injured workers who had been assigned OR services to support their recovery and return to work. WorkSafe Agents reported the level of knowledge and skill of the employer in relation to RTW planning as a key determinant for the assignment of services for injured workers.

Some cross-cutting themes emerged as issues for stakeholders managing, delivering and receiving OR services including:

- **Discrimination** – discrimination was reported against injured workers who had made a claim. Agents, consultants and injured workers all reported that the stigma associated with being on workers' compensation was a key issue and barrier in the successful delivery of OR providers and, in some cases, led to discrimination and prevented workers from returning to thieir original employer or finding new employment after injury.
- **Communication and transparency** – all stakeholders in the system reported instances where they were unaware of progress or issues in the claim. A desire for improved knowledge transfer and exhange across stakeholders was a strong theme in the review.

Experiences in the management of OR services

Experiences in the management of OR services provided below were captured from the perspective of WorkSafe's insurance agents. Perspectives from WorkSafe and OR Providers who also manage OR services are not included in the following analysis as they were not included in this report.

Overall, WorkSafe's insurance agents indicated that OR services did improve RTW outcomes for injured workers and that these services provide a critical function for the injured worker. Insurance agents reported that positive OR outcomes occurred when:

- Injured workers and employers were willing to participate in the RTW process
- OR services were provided at the right time for the right purpose
- There was good communication and collaboration between and amongst case managers OR consultants and healthcare providers.

Agents also noted that the implementation of Mobile Case Management is providing face time to more injured workers and employers, which is reducing barriers to RTW and improving coordination between stakeholders. Many believed that these changes will assist in achieving better RTW outcomes.

Reported challenges in the system in relation to the management of OR services were largely associated with a lack of flexibility in the system, competing success measures, unwillingness of healthcare providers/employers/injured workers to participate in RTW processes and the individual skills of the OR consultant.

Overall, agent representatives suggested that the following aspects of the system be reviewed:

- Enable OR consultants to provide suggestions regarding treatment to the injured workers and practitioners.
- Review current system success measures (e.g. Back @ Work and RTW measure) for both agents and OR providers as current measures do not consider the multiple barriers beyond agent/consultant control that may prevent injured workers' RTW.
- Review data inputs for reporting; particularly the suspension code to enable accurate reporting of active/suspended services.
- Provide guidance around length of OR service provision and when treatments should cease.

Experiences in the delivery of OR services

Experiences in the delivery of OR services were captured from the perspectives of OR consultants and employers. Perspectives from healthcare providers who also deliver/support the delivery of OR services are not included in the following analysis as they were not involved in this review.

Employer experiences with OR consultants were largely positive, with employers stating that when consultants were knowledgeable, proactive and communicative, the process was smooth, easy to understand and easy to participate in. Of those who reported negative experiences, a lack of communication, knowledge and the employer having to follow up providers were reported as the main reasons.

Employers reported that barriers to the effectiveness of OR service provision included:

- Injured worker barriers, including their skill level, training and willingness to take on roles within the organisation
- Employer barriers, including their inability to provide suitable duties
- Healthcare provider barriers, including their certification practices and willingness to recommend work
- Insurance agent barriers, including poor communication, delays in approvals and case manager change processes.

OR consultants reported barriers to providing OR services at the insurance agent level (inappropriate timing of referrals for services), injured worker level (attitudes and skills), with healthcare providers (unwillingness to participate in the process), and with employers (ability to provide duties and system barriers including the measures and payments applied for services).

Conversely, OR consultants' experiences indicated that they achieved better RTW outcomes when:

- The injured workers were content with the treatment and the WorkCover claim process and were participative in the RTW plan
- Employers participated in the RTW plan process
- OR consultants had good communication exchange with health care providers and case managers.

Overall, representatives from stakeholders involved in the delivery of OR services suggested that the following aspects of the system be reviewed:

- Communication and information about OR services
- Provide OR consultants more flexibility from the system, the ability to provide treatment recommendations, reduction in administration and faster approvals
- Review measures used for payments of both agents and OR providers, which were driving referrals from agents at inappropriate times and enabling behaviours such as using OR services as a means to measure compliance
- Pathways to referral with a focus on supporting early referral mechanisms

- Provide education and skills to the injured workers, employers and healthcare providers involved in OR claims so that they understand their obligation and cooperate with OR consultants
- Recognise and work to abolish the stigma associated with WorkCover claimants
- Approval, payments and processing times for services
- Handover practices when claims managers change to minimise the impact on the injured worker and ensure stakeholders are informed of changes.

Experiences in the receipt of OR services

Injured workers' experiences with receiving OR services were mixed. Positive experiences with OR consultants were associated with perceptions that OR consultants were helpful, supportive, listened to them and provided services tailored to their needs. Negative experiences were associated with perceptions of unrealistic expectations of RTW on the injured worker, communication challenges and mismatched services.

Injured workers' experiences with insurance agents were also mixed with positive experiences associated with swift approval processes, support of the treatment recommendations and clear and transparent communications. Negative experiences were associated with delayed approvals and/or denials of services and poor communication.

Injured workers reported multiple factors that they believed affected the OR service delivery, including:

- Case management processes – current practice provides limited personalised communication to the injured workers regarding the WorkCover claim process as well as frequent change in case managers with poor handover practices
- Employer barriers – unwillingness to provide alternative duties or participate in the process
- OR consultants – some injured workers reported that their consultants placed unrealistic expectations on them and pressured them to RTW.

Injured workers who had been able to successfully RTW after their injury reported that they were able to RTW because:

- They worked in organisations where the injury management systems were in place
- They did not find the claim process complicated
- Their employers were accommodating
- They were eager to return to work
- The OR consultants were supportive and did not pressure them to RTW.

Overall, representatives from injured workers who had received OR services suggested that the following aspects of the system be reviewed:

- Provide more tailored services from the system and enable informed decision making from the injured worker
- Recognise that their injury and the challenges associated with having an injury that they perceived were not their fault
- Guide and audit employers to provide safe and accommodative work environment (e.g. mental injury – bullying)
- Simplify and streamline claims management processes to enable decisions related to treatment and/or course requests without delay
- Minimise pressure on the injured worker to RTW.

3.4 Data analysis

The data analysis looked to identify trends in standard time loss claims where a WorkSafe client was provided with OR services between July 2007 and December 2016. The findings are described as they related to use of the Original Employer Services (OES), direct referral the New Employer Services (NES) and NES after OES.

3.4.1 Key findings

Trends in occupational rehabilitation service use

- The **number of OR claims increased** from 2007–2008 (11,434 claims) to 2015–2016 (14,887 claims), with **increases in both OES and NES** during that period. The number and proportion of direct NES claims increased over the period.
- In regards to timing of services:
  - OES was primarily delivered in the first year from claim approval (73% of claims), and by 3 years for 98% of claims
  - Only 25% of NES services were delivered in the first year after claim approval and 85% of NES services had been delivered within 3 years.

Patterns of occupational rehabilitation service provision

OES

- Claims that **achieved OES placement had a shorter commencement time** (15 weeks) than claims that did not (19 weeks). This was seen when all claims were analysed together and across all Insurance Agents and OR Providers.
- **Time to first OES placement decreased** from 2008 (11 weeks) to 2016 (8 weeks).
- The **time to a sustainable OES outcome increased** from 2008 to 2016 for clients who were not at work at OES commencement (23 to 28 weeks), as well as for clients at work at the time of commencement (19 to 21 weeks).

NES

- The **time to commencement was considerably shorter for direct NES than NES following OES**, regardless of year (in 2016, an average of 91 weeks compared to 131 weeks).
- There was an **increase in time to commencement for direct NES services** each year, increasing from an average of 36 weeks in 2008 to 91 weeks in 2016.
- **Time to commencement increased** between 2008 and 2016 for both direct NES and NES following OES for all but one Agent and for all but one OR Provider.
- **Time from commencement to sustainable outcome increased for both direct NES and NES following OES** for all Agents and all Providers between 2008 and 2016. Overall the increase was 40% for Direct NES (44 weeks in 2016) and 31% for NES following OES (42 weeks in 2016).

OR outcomes: client placement and sustainability

OES

- The proportion of clients who **achieved placement** increased from 55% in 2008 to 77% in 2015.
- The largest proportion of clients who **achieved placement** went through gradual OES placement and achieved 100% pre-injury hours (PIH) (about 30-40%).
- The largest proportion of clients who RTW through OES placements do so **within 3 months** after commencing OES, regardless of the year in which they began using OES. The proportion of clients who RTW in under 3 months through OES almost doubled from 36% to 63% from 2008 to 2015, respectively.

- Clients who commenced OES in **later years** such as 2015 took a **shorter time** to achieve their first OES **placement** relative to earlier years.
- Clients who RTW through gradual 100% PIH placements took a **shorter time** to achieve their first OES placement compared to those who RTW using 100% PIH placements directly.
- The total proportion of clients who achieved **placement sustainability** increased from 44% in 2008 to 59% in 2015.
- Placements were more likely to be **sustainable** where there was a shorter time to commencement, a shorter time to first placement, and placement type was gradual or directly 100% pre-injury hours.
- Over 90% of clients who achieved gradual 100% PIH and direct 100% PIH placements attained **sustainability**.

NES

- 32% of clients who used NES services from 2008 to 2015 achieved **placement with a new employer** and 26% achieved **placement sustainability**.
- A higher proportion of clients who commenced using NES in more recent years (2014–2015) took a shorter time to achieve both their **first NES placement** and **sustainable placement** compared to those who commenced using NES in earlier years (2008–2009).
- Clients who used **retraining services** were slightly (1.13 times) more likely to achieve NES **placement**, compared to clients who did not use retraining services.
    - Of the clients who achieved placement with NES, 45% were retrained and of these 77.5% attained sustainable placements.
    - Of the clients who did not achieve NES placements, 41.5% were retrained.
- Clients who were **directly referred to NES** were slightly more likely to achieve **placement** (1.11 times) and **sustainability** (1.15 times), then those who were referred to NES following OES.

Factors associated with occupational rehabilitation service outcomes

OES

- The most important factors in achieving **OES placement** were: lack of use of psychiatric or psychological services, type of injury, location on body, and cause of injury.
- The most important factors in achieving **OES sustainability** were similar: lack of use of psychiatric or psychological services, location on body, type of injury, and hospital admission
- Regardless of type of injury (any physical or mental), the use of psychiatric or psychological services was strongly negatively associated with OES placement and sustainability.
- Characteristics of the injury (i.e. type, location and cause) were also very important for OES clients.

Direct NES

- Factors determined to be statistically associated with achieving **both placement and sustainability** for direct NES clients were age group, time to commencement, occupation and cause of injury.
- Clients with **mental injuries** were more likely to achieve **placement and sustainability** with direct NES compared to other types of injuries.
- The other most significant factor in determining NES placement and sustainability was **client age**. Time to commencement and occupation were also important.

NES following OES

- Factors significantly associated with achieving **both placement and sustainability** for NES following OES clients were age group, time to NES commencement, location on body and type of injury.

- Clients with **mental injuries** were more likely to achieve **placement and sustainability** with NES following OES compared to other types of injuries.
- The same factors appear important in determining placement for NES, regardless of whether the client had previously used OES: client age and time to commencement.

3.4.2 Implications

This report provided extensive analysis of WorkSafe claims with occupational rehabilitation services over a ten-year period. A number of findings demonstrate positive trends in OR service provision. These included an increase in OR services utilisation, an improvement in OR service timelines (including a reduction in time to commencement and time to first placement), and improvements in placement outcomes and their sustainability. Injured workers who commenced OR services more recently were not only more likely to find a placement, but were also more likely to find a placement in a shorter time. There was also reduced variation between WorkSafe Agents' performances in recent years, with data showing a more consistent and uniform approach to OR services provision over time.

Original employer services (OES) were the largest proportion of claims, and 73% of these are delivered in the first year after claim approval. **Claims that achieved OES placement had a shorter commencement time than claims that did not.** This was seen when all claims were analysed together and across all Insurance Agents and OR Providers. Therefore this is an important implication from this work.

- The faster OR services commenced, the better the outcomes for clients.

Over the study period, the average time to first OES placement decreased from 11 to 8 weeks, and the proportion of clients who achieved placement increased from 55% to 77%. **The largest proportion of clients who RTW through OES placements did so within 3 months after commencing OES and through gradual OES placement and achieved 100% pre-injury hours (PIH).** Clients who commenced OES in later years such as 2015 took a shorter time to achieve their first OES placement relative to earlier years.

By 2015, the proportion of OES clients who achieved placement sustainability had increased to 59%. However, there was an increase in the time it was taking to achieve sustainability. Placements were more likely to be sustainable where there was a shorter time to commencement, a shorter time to first placement, and placement type was gradual or directly 100% pre-injury hours. The successful and increasing use of gradual return to work may be related to the finding of increased time taken to achieve sustainability.

NES clients took longer to commence compared to OES clients (in 2016 time to commence was 91 weeks for direct NES and 131 weeks for NES following OES; compared to about 15 weeks for OES) and only a quarter of the NES services are provided in the first year. The time to commencement for both direct NES services and NES following OES had increased over the study period. The time from commencement to sustainable outcome also increased for both direct NES and NES following OES between 2008 and 2016. There is a clear need to reduce the time to commence NES services and provide support to achieve sustainability.

The bulk of OR services are delivered as OES. OES achieved successful outcomes (placement and sustainable placement) for two-thirds of clients. This was considerably more than for NES (either direct or following OES) where only one third of clients achieved successful outcomes.

Analysis of claims' factors associated with OR outcomes showed that claims' factors that were most significant for OES outcomes were the lack of use of psychiatric or psychological services, and injury related such as type of injury, location on body and severity shown by hospital admissions, while

factors most significant for NES outcomes were characteristics such as age, occupation and time to NES services commencement.

After adjusting for the significant factors, the odds of achieving placement and sustaining that placement were significantly lower if there had been use of psychiatric or psychological services and late hospital admission. This was seen in patients with primary and secondary mental health problems. Specifically for NES, odds of successful outcomes were lower if clients were aged over 55, or worked as intermediate production and transport workers or labourers. For OES, a longer time to commencing OR services, and having a mental injury were also associated with lower the odds of successful placement and sustainability.

The characteristics associated with significantly higher odds of achieving placement and sustaining that placement were younger client age, and no use of psychiatric or psychological services. Specifically for NES, odds for successful outcomes were higher if clients were younger and had a mental injury. A shorter stay in hospital, shorter time to commencing OR services, and working for a large employer were associated with higher odds of placement and sustainability for OES clients.

4. OVERVIEW OF FINDINGS AGAINST PROPOSED WORKSAFE INITIATIVES

From the strategic review several factors were identified that can inform WorkSafe's Victoria's future approach to OR and provide insight into the feasibility and likely success of approaches currently being considered for implementation. An analysis of the findings against key proposed WSV initiatives in terms of the level of support from stakeholders (injured workers, employers, agents and OR providers) and the level of evidence in practice is provided in Table 1. Overall, across the sector there was strong support for re-training, volunteer work, improving agent quality-decision making, early triage referrals as potentially facilitating positive OR and RTW outcomes.

Table 1. Overview of findings against key WorkSafe Victoria initiatives

Initiative	Level of support identified in study	Evidence in practice
OES assessment – splitting into phone initial assessment and workplace intervention/ergonomic assessment	●	●
Phone-based assessment particularly for major injuries	●	●
Early triaging of claims/ earlier identification of RTW and recovery pathways	●	●
Improving agent quality decision-making	●	●
Volunteer work as part of RTW rehabilitation, work trials and worker incentive payments	●	●
Multidisciplinary conferences for motivational interviewing	●	●
Motivational interviewing for RTW by phone	●	●
Facilitated conflict resolution discussion (mediation style)	●	●
New Employer Service – job-seeking coaching service	●	●
Re-training	●	●

	Level of support	Description
●	No support for initiative discussed	No evidence of approaches being used in current practice/ issue not discussed
●	No support for initiative	Issue discussed but not supported by interviewees/ tested previously and found unsuccessful
●	Some support for initiative	Some support for the initiative identified through discussion but not universally positive, mixed reports of success/some early application of initiatives into practice but no evidence of success
●	Medium support	Medium level of support for the initiative identified through discussion, mostly positive/some examples of approaches in practice and some evidence of success
●	Strong support	Strong support for initiatives identified through discussion with all /strong evidence of application of approaches in practice including strong evidence of success

5. IDENTIFIED FOCUS AREAS FOR IMPROVEMENT

Across the strategic review a number of key challenges and areas for improvement were identified in the management, delivery and receipt of OR services. This section provides an overview of these focus areas and Section 6 provides more detailed thematic analysis and recommendations to address these areas.

5.1.1 Management of OR services (WorkSafe Victoria, insurance agents, OR providers)

There were a number of challenges and opportunities identified in the project relating to the management of OR services. As the area where WorkSafe has the most direct influence, the majority of recommendations identified in Section 6 relate to the management level.

As detailed above, the Environmental Scan identified that the Victorian model of outsourcing both claims management and the provision of OR services provides some efficiencies in administration and simplifying the service pathway, however it can also result in challenges for the compensation authority in measuring the effectiveness of services, and limiting the capacity to tailor services for individual clients.

There were challenges identified for worker's compensation authorities and Agents in being able to assess whether the client receiving OR services is benefitting from them or not, or at what point of a claim to discontinue OR services.

A key finding relating to the management of OR services were challenges identified in measuring and assessing the effectiveness of the services. All WorkSafe Agents reported having their own measurement frameworks in place for OR providers, which were in addition to the frameworks applied by WorkSafe. This was recognised as having the potential to create competing or even conflicting goals for providers, as well as increasing the time spent reporting.

Another key challenge identified at the management level were the processes around client referral. The project clearly showed the benefits of early referral in achieving faster return to work outcomes for clients. There are opportunities to streamline referral pathways and to identify the clients which will benefit most from OR services. There were specific challenges identified in referring clients from OES to NES services. OR consultants reported that the referral pathways could be cumbersome and at times they felt that clients who would benefit from direct referral to NES were being disadvantaged by receiving having to receive OES services first.

5.1.2 Delivery of OR services (OR consultants, healthcare providers, employers)

There were some challenges reported relating to the delivery of OR services. WorkSafe does not have direct control over most of these factors, however through changes at the management level they can influence most.

Active participation from employers, healthcare providers and injured workers in the process of occupational rehabilitation was identified as a key factor for the effectiveness of the services. A number of the challenges identified by OR consultants and injured workers related to the flow of information between stakeholders in the system and the willingness to participate in meetings and conferences relating to the injured worker. Employer participation was identified as a key facilitator for return to work, for both OES and NES clients.

OR consultants reported challenges with the current incentives structures for their work, with many believing that current incentives disadvantage senior consultants and inhibit professional development. They believed this may contribute to the high turnover of consultant staff that was identified by a number of stakeholders as a key challenge in ensuring the quality of services.

5.1.3 Receipt of OR services (injured workers)

This project gathered some evidence from injured workers relating to their experiences in receiving OR services. One of the key challenges identified was a perceived lack of flexibility in the services injured workers received. Some reported that the rigidity of the system resulted in the provision of services that did not match their needs. There was mixed feedback from injured workers regarding their experience of OR services, however they reported positive experiences with consultants when they felt they were listened to, supported and offered tailored services that matched their needs.

6. THEMATIC SYNTHESIS AND RECOMMENDATIONS

6.1 Performance measures and incentives

One of the most consistent findings across the Environmental Scan and Quality Improvement Review was that the current performance measures and incentive structures for OR providers and consultants are mismatched with the primary goal of OR services, which is to support injured workers who need extra assistance to return to work as quickly as possible.

The Environmental Scan showed that the majority of compensation authorities interviewed used a full or quasi outcomes-based payment model or were transitioning to this type of model. Responses from WorkSafe Agents and OR providers indicated that both preferred outcome-based funding to fee for service payments, however they reported that there are both positives and negatives to incentive payments.

There were a number of unintended consequences from the current incentives structure reported across the projects. OR consultants reported that they believed workers were being referred to their services at inappropriate times, with the aim of meeting benchmark measures rather than acting in the best interest of the worker. Another unintended consequence reported was that experienced OR consultants were disadvantaged through the incentive structures as they were more likely to take on complex cases that required greater investment in time, and had a lower chance of resulting in sustained RTW. This disincentives professional development for consultants and may be a contributor to the high staff turnover rates reported by OR providers. OR consultants also reported instances where sustained return to work incentives were not paid as a result of a worker choosing to resign their position after being successfully supported to return to work. Consultants reported feeling penalised in these circumstances despite doing their job effectively.

The Environmental Scan presented a case study from the Department of Work and Pensions (DWP) in the United Kingdom, who after an extensive review of payment arrangements introduced in 2011 an outcome-based funding model which took into account the types of services delivered and the complexity of the case. This model resulted in an increase in the proportion of clients achieving a job outcome within 12 months. At the time of publication DWP were considering changing the calculation of client complexity to a more needs-based approach, which is a potential model for WorkSafe to consider.

All Agents reported that they use their own reporting and metrics to measure performance and OR providers described this as challenging, as these measures could contradict WorkSafe measures and create a significant administrative burden. WorkSafe's review of the OR provider service agreement provides an opportunity to standardise the tools used to measure performance.

Summary

- Current performance measures and incentive structures for OR providers and consultants are mismatched with the primary goal of OR services.
- OR consultants reported that they believed workers were being referred to their services at inappropriate times, with the aim of meeting benchmark measures rather than acting in the best interest of the worker.
- Experienced OR consultants were disadvantaged through the incentive structures as they were more likely to take on complex cases that required greater investment in time.
- Agents reported that they use their own reporting and metrics to measure performance and OR providers which could contradict WorkSafe measures and create a significant administrative burden.

Recommendations

1. Review current system measures and benchmarks for both Agents and OR providers to ensure they are driving behaviours that maximise client RTW outcomes.

2. Consider measures and incentives that fairly reward OR consultants for case complexity and encourage professional growth.

3. Align measures used by WorkSafe and Agents to measure OR provider performance.

6.2 Early and targeted referral

Early referral to OR services was identified across all reports in the strategic review as key to facilitating timely return to work. The Evidence Review found support in the scientific literature for early contact (within 2–4 weeks after injury) being a key component of successful return to work interventions. Early referral to OR services was identified as a key facilitator to return to work by Agents, OR providers and consultants. This was also supported by the analysis of WorkSafe claims data which concluded that the faster OR services commenced, the better the outcomes were for the clients.

Mobile case management was identified in the review as an effective strategy for enabling early contact with injured workers. Close to two thirds of OR consultants interviewed noted improvements in the workers' compensation claims process in the previous year, and a number specifically highlighted mobile case management as a key improvement. ReturnToWorkSA also operate a mobile case management approach with early referral (24–48 hours) and reported a reduction in the premium rate paid by employers from 2.75% to 1.95% since this has been implemented. WorkSafe is currently evaluating the effectiveness of its Agent's mobile case management processes and continuing to improve this service is a key facilitator to early referral.

A number of compensation bodies in Australia and internationally are exploring methods of screening clients and providing targeted intervention and this strategic review presented opportunities for WorkSafe to use the findings to enhance their tailoring of OR services. The analysis of WorkSafe claims data identified some of the individual characteristics associated with work placement. The highest percentage of placement was achieved by claimants between 15–24 years of age (79% OES, 40% direct NES and 54% NES after OES). A key finding in the data analysis was that although clients with mental injury had a lower percentage rate of placement using OES (52%) compared to other injury types, they had a higher rate of placement through direct NES (35%) and NES after OES (42%). This is supported by qualitative evidence that indicated workers with mental injury may be unwilling to return to their original employer, particularly when they have experienced bullying and/or harassment, and would likely benefit from direct referral to NES.

Summary

- Early referral to OR services was identified as a key facilitator for return to work.
- Mobile case management was identified in the review as an effective strategy for enabling early contact with injured workers.
- Evidence from the data analysis can be used to inform client screening approaches.
- Although clients with mental injury had a lower percentage rate of placement using OES (52%) compared to other injury types, they had a higher rate of placement through direct NES (35%) and NES after OES (42%).

Recommendations

4. Facilitate early referral to OR services with a focus on improving mobile case management.

5. Consider the development of client screening approaches to identify the injured workers most likely to benefit from OR services.

6. Review eligibility and referral requirements for NES services, particularly for mental health claims.

6.3 Information flow between stakeholders

A key area for potential improvement in the delivery of OR services identified in the research was information flow between stakeholders in the system. The Evidence Review found strong support in the scientific literature for the coordination of recovery and RTW, which was shown to reduce the time to RTW for workers with musculoskeletal injuries. The evidence of its effectiveness in reducing time to RTW for mental injuries was less clear. There was also support in the scientific evidence for a collaborative approach to RTW involving a clear RTW plan and periodic case conferencing.

This evidence aligns well with the qualitative data in the Quality Improvement Review. Agents, employers and injured workers all consistently described the role of OR consultants, particularly the role they play as a coordinating point between the various stakeholders involved in RTW. When OR consultants were engaged they were reported as being "the face of the claim" for a number of stakeholders and this aligned with the scientific evidence that indicated the value of having a primary contact person to assist injured workers with navigating the system.

Despite a recognition of this coordination role, and a willingness to perform it, many OR consultants reported being hindered by disrupted information flow between stakeholders. Consultants reported difficulty in obtaining information from Agents, healthcare providers and employers. More frequent case conferencing was identified in the scientific and qualitative evidence as a potential facilitator for better communication between stakeholders.

Both the evidence in the scientific literature and qualitative data indicated the importance of employer engagement in the success of OR services. Employers reported being generally satisfied with the service received by OR providers and a number reported the value of consultants acting as a buffer between them and the injured worker, and assisting in the implementation of RTW plans.

Evidence also highlighted the value of OR consultants having an allied health background as this was reported to give them greater credibility in their interactions with healthcare providers.

Summary

- Multiple stakeholders involved in the OR services reported being hindered by disrupted information flow.
- More frequent case conferencing was identified in the scientific and qualitative evidence as a potential facilitator for information flow between stakeholders.
- Employer engagement was identified as a key factor for the success of OR services.

Recommendations

7. Promote initiatives that enable the sharing of information between stakeholders such as case conferencing.

8. Explore opportunities to provide information to injured workers through channels other than formal letters.

6.4 Flexibility and injured worker involvement

A lack of flexibility in the delivery of OR services was identified as a challenge for OR providers, consultants and injured workers. Consultants reported they were hindered in their capacity to provide tailored support to clients by restrictive eligibility criteria, particularly for NES referrals. As highlighted above, the qualitative evidence and data analysis suggested benefit in providing greater flexibility in direct referral to NES services for workers with mental injury.

Many consultants reported being overruled by claims managers in service recommendations for their clients. This was a source of considerable frustration for OR consultants who were working closely with injured workers and believed they had a good understanding of what was required for their timely return to work.

The qualitative evidence indicated that in Victoria injured workers are passive recipients of OR services and one of the few choices they are given is the initial choice of provider. It was reported that a lack of injured worker involvement in the delivery of OR services can lead to a mismatch of service to need.

The Environmental Scan found that this can be a particular challenge in OR management models where both the case management and OR service provision are outsourced, as this creates a number of levels of administration between key decision makers and the injured worker. The Environmental Scan highlighted the model of OR assessment operated by the Accident Compensation Corporation (ACC) in New Zealand, which involved extensive engagement with the injured worker and gave them the opportunity to provide feedback on potential job opportunities and their career goals and aspirations. The ACC model was the only one identified where the injured worker was required to formally approve their OR assessment and this has the potential to minimise time loss and the frustration of the injured worker being offered unsuitable or unwanted opportunities.

Summary

- A lack of flexibility in the delivery of OR services was identified as a challenge for OR providers, consultants and injured workers.
- Consultants reported they were hindered in their capacity to provide tailored support to clients by restrictive eligibility criteria, particularly for NES referrals. OR consultants reported frustration at having their client recommendations rejected by Agents.
- Injured workers in Victoria are passive recipients of OR services and their lack of involvement in decision making can lead to a mismatch of service to need.

Recommendations

9. Provide a mechanism for OR consultants to give feedback and recommendations on the services and treatments delivered to their clients.

10. Explore opportunities for greater engagement with injured workers in the OR assessment process.

6.5 Stigma toward injured workers

A clear finding from this project was that there remains considerable stigma toward injured workers who access benefits through workers' compensation, particularly for those with mental injury. Findings from the Quality Improvement Review indicate that the stigma of being on workers' compensation permeates throughout the system, with several injured workers reporting experiencing discrimination with new employers and their existing employers as a result of their claim.

The majority of employers surveyed in the Quality Improvement Review somewhat acknowledged the existence of this stigma and that it may be a barrier to workers achieving new job placement. Injured workers reported this stigma was especially prevalent for those receiving NES. Some injured workers believed they would not be able to get another job because they had a workers' compensation claim and evidence from the Environmental Scan showed workers hiding the fact that they had submitted a claim through workers' compensation, as they thought it would lower their chances of achieving work placement.

Employers who represented small organisations indicated that they would be particularly cautious in hiring who had had a workers' compensation claim. Responses from medium to large employers were more mixed with some pessimistic of the chances of WorkSafe claimants finding new jobs, while others reported that it was dependent on the injury type.

While stigma was reported towards all workers' compensation claimants, it was particularly prevalent toward workers with mental injury. Both the Quality Improvement Review and Environmental Scan reported evidence that employers were reluctant to hire workers with mental injury.

This evidence all suggests that stigma toward compensation claimants continues to be a barrier which impacts the effectiveness of OR services and may be a factor in the lower rate of NES placement shown in the data analysis. There is an opportunity for WorkSafe to continue its efforts to eliminate this kind of stigma and create more employment opportunities for injured workers.

Summary

- There remains considerable stigma toward injured workers who access benefits through WorkCover, particularly for those with mental injury. This stigma can impact the likelihood of workers achieving placement through NES.
- Employers indicated a reluctance to hire workers who had a workers' compensation claim and this may have contributed to the lower rates of NES placement, compared with OES.

Recommendations

11. Invest in programs to target stigma associated with accessing workers' compensation.

7. INSIGHTS

This strategic review identified a range of evidence that supported the use of occupational rehabilitation services to facilitate return to work for injured workers. Key components of successful OR services identified were:

- early and targeted referral
- communication and coordination between stakeholders
- flexibility and tailoring in the delivery of services.

Qualitative evidence and analysis of WorkSafe claims data revealed that a number of components of the system are operating well and there have been improvement in OR service performance in recent years. Of particular note, two thirds of OR consultants also reported improvements in WorkCover claims processes in the previous 12 months, particularly earlier referral as a result of mobile case management approaches.

A key focus area for WorkSafe should be ensuring that the measures and benchmarks set for Agents and OR providers are incentivising behaviour that promotes client RTW outcomes, and do not result in unintended consequences. The strategic review has identified potential models to help inform this approach, with a focus on recognising and rewarding case complexity. An incentive structure which rewards experience and professional development could also improve the current high level of turnover among OR consultants, which was identified as a significant challenge for providers in the review.

WorkSafe's review of OR services also presents an opportunity to align the measures used by WorkSafe and Agents, to ensure they not contradictory or creating unnecessary administrative burden for providers.

Some of the most significant findings in the strategic review related to the management of mental injury claims, which is a key focus of WorkSafe's *Strategy 2030*. Analysis of WorkSafe claims showed that OR consultants would benefit from greater flexibility in their management of clients with mental injury, and that direct referral to NES may be a better option for many of these clients. The qualitative evidence supported these findings, suggesting that workers who have experienced significant stress or bullying and harassment are unlikely to want to return to their original employer. Further evidence suggested a reluctance from employers to hire workers on WorkCover, particularly those with mental injury, indicating that reducing stigma toward compensation claimants remains an important strategy for improve OR outcomes.