

October 8, 2010

Commissioner Patricia Scott
Disability Care and Support
Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2601

By email: disability-support@pc.gov.au

PRODUCTIVITY COMMISSION INQUIRY INTO DISABILITY CARE AND SUPPORT

Dear Ms Scott

I refer to the *Disability Care and Support* Productivity Commission Issues Paper (Issues Paper) released on 17 May 2010. Suncorp welcomes the opportunity to provide written comments to the Productivity Commission's inquiry into Disability Care and Support (the Inquiry).

Suncorp supports the objectives of the Inquiry. An equitable, efficient and targeted method for the funding of services to eligible persons is critical both in terms of the social fabric and the economic well being of our community. Such an approach has the potential to increase the:

1. Quality of life and independence of those who require care and support, including an increased workforce with the skills to offer appropriate services coupled with a more effective delivery mechanism to achieve this;
2. Work force participation rates of those who have a disability and are currently under or unemployed and have an employment capacity; and
3. Quality of life and work force participation of unpaid carers, once they are released from their duties by the provision of independent support services.¹

All points go to the broader principle of human rights and economic import. It has been previously argued² that it is in Australia's economic interests to support productivity growth in light of the challenges raised in the 2010 Intergenerational Report *Australia to 2050: Future Challenges*³. Those challenges include the need to produce more output with proportionately fewer workers in the next 40 years. Apart from the vital social policy perspective, the above points have the ability to positively contribute to productivity challenge and therefore are worthwhile of further consideration in the context of Australia's future economic challenges.

¹ Of the 2.6 million carers, almost 2 million are of workforce age: Source: Australian Bureau of Statistics 2006.

² ABC News 18 January 2010: <http://www.abc.net.au/news/stories/2010/01/18/2795337.htm>

³ Released on 1 February 2010:

<http://www.treasurer.gov.au/DisplayDocs.aspx?doc=pressreleases/2010/012.htm&pageID=003&min=wms&Year=&DocType=>

Lastly, the existing haphazard provision of treatment, care and support for people with disabilities is currently placing increasing strain on the ever growing costs of the provision of Health Resources in Australia.

Who Are We?

Suncorp is an Australian financial services company providing banking, insurance, investment and superannuation. We have a proud history of playing a key role in the development of insurance in the Australian market.

Our focus is on retail customers and small to medium businesses. Suncorp is Australia's largest general insurer by Australian gross written premium. Our general insurance portfolios offer a range of personal and commercial insurance products including compulsory and pseudo compulsory products such as workers compensation and CTP insurance, public and product insurance, professional indemnity, as well as life insurance policies, superannuation and investment products.

We are the largest insurer in the Australian privately underwritten personal injury markets.

Suncorp's interest in the Inquiry is two-fold. First, as a national insurer, Suncorp seeks opportunities to generally contribute to the debate surrounding the Inquiry, from a social policy perspective. Secondly, Suncorp seeks opportunities to enhance the current national accident compensation scheme in an effort to support the financial viability of the proposed National Disability Long Term Care & Support Scheme (NDLTC&SS).

General Approach

Suncorp believes that we have an unique opportunity through the Productivity Commission Inquiry into Disability Care and Support to introduce significant change to the provision of Health and Care services and Personal Injury insurance in Australia that will:

- Improve quality of life and independence for those with disabilities and associated unpaid carers.
- Move people with disabilities and associated unpaid carers from solely relying on support from government agencies to actively participating in the work force.
- Release significant pressure on the provision of health resources both in terms of availability and cost.
- Provide opportunity to harmonize provision of benefits given not only to people with disabilities across all states and territories in Australia but also benefits given under key compensation schemes – such as workers compensation and CTP (it should be noted the ability to harmonise these compensation schemes across Australia presents large economic benefits to governments and business.)

Suncorp strongly supports the development of a NDLTC&SS and believes it should be developed on the basis of sound commercial insurance principles. The Insurance Council Submission has set out the rationale behind the need of this Commercial Insurance approach.

Suncorp also believes that any NDLTC&SS should include the following fundamentals:

- The focus of the scheme is on health outcomes and not compensation.
- Access to the scheme is built on a needs basis with clear objective national guidelines - fault does not come into it.
- Care is based on what is regarded as reasonable and necessary, again set out in clear and objective guidelines.
- The provision of care and support services must be driven by leveraging the scale of having it provided under the one national scheme – this includes innovative ways of providing housing, both permanent and respite, care and provider management.
- Alternative non-adversarial dispute resolution mechanisms set up that minimizes time and cost spent on disputes but providing fair outcomes.
- Use of information for effective and efficient management of scheme in respect of costs and funding, customer service and providers driven off a Central databank.
- The scheme to be fully funded with appropriate valuations of projected claims cost reflected by adequate funds collected and set aside.
- Any NDLTC&SS scheme should build on successful schemes that are currently working in Australia and overseas. In particular, Suncorp believe the Lifetime Care and Support Scheme (LTSC) scheme introduced in NSW CTP is a very good example of a Disability Insurance scheme that meets most of the fundamentals we have set out. It provides an excellent framework on which to build the NDLTC&SS .
- Lastly, the implementation of any NDLTC&SS must be done on a phased approach. We believe the most practical form of implementation is to introduce the NDLTC&SS across existing compulsory personal injury schemes. Once the scheme is successfully operational it can be extended to other forms of personal injury insurance and then extended across other selected areas of disability that currently are not covered by any form of insurance.

Role of Insurers

Suncorp believes that Insurers have an important role to play in any National disability insurance scheme.

The role is two-fold:

- In the establishment and running of any NDLTC&SS Insurers are able to provide invaluable advice and experience on the running and sound financial management of any such scheme. As mentioned previously, the need to drive scale both in terms of funding and provision of service for these NDLTC&SS claims may preclude a competitively and privately underwritten scheme to be developed.
- The implementation of a NDLTC&SS would require a review of existing personal insurance for small to medium size claims. It is in this area where schemes developed are best operated on the basis of a competitively and privately underwritten basis. This approach for these high

volumes claims, would be an opportunity to drive further harmonization of the various schemes across Australia as well as driving lower costs for businesses and consumers

Suncorp broadly supports the Insurance Council submission lodged on behalf of its insurer members. Specifically, Suncorp strongly supports the core message that commercial underwriting drives downward pressure on costs (and premiums) through sponsoring research and innovation whilst maximising positive outcomes. The benefits of commercial underwriting have a vital role to play for certain classes of risks in the proposed NDLTC&SS.

We take this opportunity to comment on points that may provide important synergies between the accident compensation schemes and the proposed NDLTC&SS in achieving the social and economic objectives and these points are discussed below.

1. Alignment of Key Terms and Concepts

The Issues Papers notes the widespread view that the current disability scheme is deeply flawed in that the delivery to care and services is inter alia, disjointed with gaps on who is able to access them and the level of services available. Suncorp suggests that in considering any scheme design for the NDLTC&SS, a gap analysis is performed to ensure access to care and services at appropriate levels is consistent and seamless as one navigates between the proposed NDLTC&SS and others schemes such as the accident compensation scheme, the welfare scheme and the aged care scheme, where relevant.

Ensuring consistency of key terms and concepts would enhance the seamless navigation between schemes whilst maintaining adherence to international obligations. Some terms or concepts (not an exhaustive list) which would benefit from consistency in interpretation are considered below.

1.1. Disability

Australia is a signatory to the [Convention](#) on the Rights of Persons with Disabilities⁴-which describes 'disability' as an evolving concept, resulting from the interaction between persons with impairments and attitudinal and environmental barriers that hinders full and effective participation in society on an equal basis with others.

To collect data nationally to assess the reported levels of disability in Australia, the Australian Bureau of Statistics (ABS) Survey of Disability, Ageing and Carers (SDAC) defines disability as any limitation, restriction or impairment that has lasted, or is likely to last, for at least six months and restricts everyday activities.

These definitions are to be considered against the myriad of interpretations of disability identified in following papers and legislation:

⁴ On 30 March 2007, Australia signed the Convention as one of the original signatories. On 17 July 2008, Australia ratified the Convention in New York and it entered into force for Australia on 16 August 2008. Australia acceded to the Optional Protocol to the Convention on 21 August 2009. The Optional Protocol came into force for Australia on 20 September 2009.

- 1.1.1. [‘Australia’s Initial Report under the Convention on the Rights of Persons with Disabilities’](#) released by the Federal Attorney-General’s Department in May 2010⁵
- 1.1.2. [‘Submission To The Productivity Commission’s Inquiry Into The National Long-Term Disability Care And Support Scheme’](#) lodged by Safe Work Australia on 16 August 2010 at page 23
- 1.1.3. State/Territory based legislation in respect to personal injuries, such as relevant CTP legislation
- 1.1.4. Federal based legislation, such as legislation in Aged Care

If ‘disability’ is to be used as a key criteria for eligibility to access and coverage of the NDLTCS, it would be useful to perform a gap analysis of the definition in all relevant legislation to ensure all intended ‘disabilities’ are eligible for cover. A consistent definition of ‘disability’ would also be useful for data collection, as discussed in subparagraph 1.4 below.

1.2. Determining the Level of Disability/Impairment

Currently, determining the level of disability and/or impairment triggers access to current insurance coverage or other non insurance disability entitlements. This in turn influences the type and length of care and services to be provided. It is suggested that the method of determining the level of disability and/or impairment between the various schemes should be considered holistically to ensure there is no inconsistency in access to cover to those intended and equitable delivery of the type and length of care and services.

Further, the level of care and services delivered should be on a needs basis (as opposed to the level of impairment) based on best practice models. Areas where there is variation in the method of determining the level of disability and/or impairment include:

- 1.1.1. State and Territory based workers compensation cover;⁶
- 1.1.2. State and Territory based CTP cover;
- 1.1.3. Federal legislation, including the welfare scheme administered by Centrelink; and
- 1.1.4. Non compulsory insurance cover.

1.3. Pensionable Age and Caps on Coverage

One initiative introduced to support Australia's productivity growth, is the increase in the qualifying age for the Age Pension for both men and women. From 1 July 2017, the qualifying age for the Age Pension will increase from 65 to 65½ years and will continue to rise by 6 months every 2 years, reaching 67 by 1 July 2023.⁷

⁵ Australian Government - Attorney-General's Department: *Australia’s Initial Report under the Convention on the Rights of Persons with Disabilities* : http://www.ag.gov.au/www/agd/agd.nsf/Page/Human_rights_and_anti-discriminationInitial_Report_under_the_Convention_on_the_Rights_of_Persons_with_Disabilities;

⁶ [Submission To The Productivity Commission’s Inquiry Into The National Long-Term Disability Care And Support Scheme’](#) lodged by Safe Work Australia on 16 August 2010 at page 25

⁷ Australian Government-Centrelink:
http://www.centrelink.gov.au/internet/internet.nsf/individuals/ssp_age_pension.htm#start

Currently, Federal, State and Territory legislation for compulsory insurance defines retirement age inconsistently for income replacement.⁸ Further, inconsistent caps are applied for medical treatment and care.⁹

To ensure equitable coverage and consistent cost shifting between the proposed NDLTC&SS, the accident compensation scheme, the welfare scheme and the aged care schemes (where appropriate) it is suggested that the stated retirement age (or the qualifying age for the Aged Pension) and caps on medical services and care are consistent.

1.4. Comprehensive Data Base

To monitor the financial viability of any proposed NDLTC&SS, it is vital to establish a comprehensive data base. A comprehensive data base has the capacity to monitor and compare scheme performance over a period of time and against the results of other schemes, where appropriate (for instance care and service delivery performance between the proposed NDLTC&SS and the accident compensation schemes).

To maximise the usefulness of the data base, the timing of the collection of data that is clearly defined should be consistent across the accident compensation scheme to enable useful, direct comparisons of scheme performance between schemes. Such measures also has the potential to reduce the current regulatory burden on insurance businesses and the benefit of this approach is likely to see insurance businesses invest any savings into its core activity of sponsoring research and innovation of risk and case management and early identification of emerging trends which in turn drives downward pressure on costs and premiums .

The lack of consistent data collection is evident in the workers compensation scheme.¹⁰ It is also evident in the various CTP schemes.

2. Eligibility

Suncorp does not have a view on the eligibility criteria to trigger access to the proposed NDLTC&SS other than to comment that the eligibility criteria should be clear, maintained strictly over time without boundary creep and subject to timely and cost effective dispute resolution, where required.

However, others have stated that not all people with disability need support and when they do it is often because of the barriers and attitudes that they face.¹¹ Accordingly, promoting a fully

⁸ [Submission To The Productivity Commission's Inquiry Into The National Long-Term Disability Care And Support Scheme](#) lodged by Safe Work Australia on 16 August 2010 at pages 20-21; see also various CTP legislation

⁹ [Submission To The Productivity Commission's Inquiry Into The National Long-Term Disability Care And Support Scheme](#) lodged by Safe Work Australia on 16 August 2010 at page 22; see also various CTP legislation

¹⁰ [Submission To The Productivity Commission's Inquiry Into The National Long-Term Disability Care And Support Scheme](#) lodged by Safe Work Australia on 16 August 2010 at page 5; see also various CTP Scheme annual reports

¹¹ Keynote Address: *Putting People with Disability at the Core of the Support System- The Case for a Disability Inclusion Allowance*, Lesley Hall Australian Federation of Disability Organisations

accessible and tolerant society may need to be considered when designing a suitable scheme. Further, measuring disability support needs over a lifetime, as opposed to the severity of the disability may be a more equitable method of determining access to cover.¹²

3. Coverage for Care

As stated in the Issues Paper, evidence suggests that early intervention in response to injuries produces better and lasting outcomes. Suncorp supports the Insurance Council submission that enshrining the principles of early intervention into the design of the proposed NDLTC&SS will ensure that appropriate treatment and rehabilitation services are delivered when they will receive the most benefit. Provider management goes hand in hand with this objective. The insurance industry has much experience with early intervention strategies and provider management.

Nevertheless, for catastrophic injuries where there is a requirement for lifelong care and services; attendant care, suitable accommodation and/or home and or vehicle modifications represent the most expensive component of the claim's life. Whilst the accident compensation scheme has experience managing these services effectively, the insurance industry and the proposed NDLRC&SS could develop cost saving synergies from:

- 3.1. nationally consistent attendant care codes of conduct, guidelines and policies based on a best practice discipline of needs analysis with ongoing monitoring of service standards;
- 3.2. nationally consistent approach to funding guidelines for home and vehicle modifications and relocations;
- 3.3. nationally consistent policies to develop a stock of appropriate accommodation for those with high care needs, respite care and holiday venues;
- 3.4. a national pool of authorised service providers for home and vehicle modifications and/or relocations;
- 3.5. nationally consistent guidelines on the use of unpaid carers in the delivery of ongoing care and services

The nationally consistent approach to the above designated points would assist with monitoring scheme performances and drive service and case management innovation to maximise positive outcomes through competition between the proposed NDLTC&SS and the accident compensation, welfare and aged care schemes.

4. Dispute Resolution

An essential ingredient to a successful NDLTC&SS is to develop a timely and cost efficient dispute resolution process. The benefit of this process is to prevent an adversarial approach to threshold

¹² Keynote Address: *Putting People with Disability at the Core of the Support System- The Case for a Disability Inclusion Allowance*, Lesley Hall Australian Federation of Disability Organisations

issues where clarity is required to clearly delineate the eligibility criteria for access and coverage of the proposed scheme.

Others have suggested that regard must be made to the mutual social and economic obligations to maintain a financially robust scheme and therefore the appeal process should take into account scheme implications with reference to financial sustainability, when making a determination on a dispute.¹³ This is worth further consideration as a mechanism to prevent boundary creep, as boundary creep has the capacity to severely impact on the financial viability of the scheme.

5. Conclusion

Suncorp acknowledges the social imperatives of the NDLTC&SS concept and the 2010 Intergenerational Report highlights the economic necessity of exploring options to increase Australia's productivity. The Inquiry has the potential of designing a scheme that would contribute to these challenges and Suncorp broadly supports this.

In terms of supporting the NDLTC&SS, consistency in key terms and concepts between the proposed NDLTC&SS, the accident compensation, welfare and aged care schemes has the potential to provide cost saving synergies between the schemes by promoting service and case management innovation whilst maximising scheme objectives. The benefits include reduction in business regulatory burden, vital monitoring of scheme performance to enable healthy competition which would enhance the current accident compensation scheme and support a financially robust NDLTC&SS.

It is noted that the Productivity Commission intends to release a draft report for further public comment in February 2011. Suncorp looks forward to contributing to the public discussion.

In the interim, Suncorp is keen to actively work with the Productivity Commission and relevant stakeholders to further explore the scheme design of the proposed NDLTC&SS or any comments considered in this submission.

In this regard, should you wish to explore these options further, or have any questions or wish to seek further clarification of Suncorp's position in relation to the matters discussed above then please feel free to contact me on 03 8520 1623 (0425294903) or Government Relations Manager, Mike Thomas on 02 8121 3115.

Regards

¹³ Dyson Consulting Group, *Possibilities and Practicalities of Fully Funded Disability Support*, Dr Maree Dyson, 30 April 2010.

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