SUBMISSION TO THE PRODUCTIVITY COMMISSION REVIEW ON

WORKERS' COMPENSATION AND OCCUPATIONAL HEALTH AND SAFETY FRAMEWORKS

BY THE

SOUTH AUSTRALIAN REHABILITATION PROVIDERS' ASSOCIATION

Introduction

The South Australian Rehabilitation Providers' Association (SARPA) is the industry body that represents the providers of the majority of rehabilitation services within South Australia. The membership represents service delivery of more than 80% of the WorkCover total and is responsible for managing the rehabilitation needs of around 2000 injured workers.

SARPA is affiliated with the Australian Rehabilitation Providers Association (ARPA) which represents approximately 70% of rehabilitation providers in the Australian industry. Member organisations are committed to the following:

- Providing effective rehabilitation of workers with a disability
- Early and safe return to work
- Reducing the overall social and economic costs to the community of employment related disabilities within a framework that achieves a reasonable balance between the interest of employers and workers.

As a key stakeholder in the current SA scheme, which has undergone some significant changes since 1987, SARPA is well placed to comment on those issues that have had a positive as well as a negative impact on the scheme in the State, together with a unique insight into the issues within the scope of this enquiry that relate to rehabilitation.

This submission will in particular address the following aspect of the enquiry;

d) the most appropriate workplace based injury management approaches and/or incentives to achieve early intervention, rehabilitation and return to work assistance to injured workers and care for the long term and permanently incapacitated, including the opportunities for re-employment or new employment of people with a compensable injury, and the incentives and disincentives for employers with regard to the employment of workers who have suffered a compensable injury.

Principles of the SA Scheme Supported by SARPA

While this submission will be directed mainly toward the aspect of the enquiry stated above, SARPA would like to express its support for a number of key principles of the SA scheme that have varying degrees of importance to the delivery of effective rehabilitation. These principles are listed below:

- The scheme should be regulated by the state rather than the private sector, either at a National or sub-national level
- The principle of "no blame" should be maintained, and if practicable common law should be excluded from the scheme

- The rehabilitation focus should be one of restoration and recovery as is described in Section 26(1) of the South Australian Workers Rehabilitation and Compensation Act of 1986

  "shall establish or approve rehabilitation programmes with the object of ensuring that workers suffering from compensable disabilities

  a) achieve the best practicable levels of physical and mental recovery; and
  b) are, where possible, restored to the workforce and the community"

- Secondary and unrepresentative claim should not directly impact on employers' levies
- There should be an obligation on injured workers to maintain mutuality and participate in rehabilitation
- There should be an obligation on employers to maintain mutuality and provide suitable duties for injured workers
- Partial incapacity should be deemed to be total incapacity for a realistic period of time
- The levy system should encourage prevention of work injury.

As well as there being important scheme principles that should be maintained, there are also a number of rehabilitation principles that, while they are obvious, should be stated.

IMPORTANT PRINCIPLES OF REHABILITATION PRACTICE

SARPA believes that the following principles are universally understood to form the basis of effective rehabilitation of injured workers.

1. Early intervention including assessment and service delivery
    - Medical
    - Functional Capacity
    - Motivational
    - Industrial
    - Skills and knowledge
    - Environmental
    - Home
    - Work
2. Outcome focussed, planned support
3. Work place based
4. Effective communication and active involvement of worker and employer, including communication of options
5. Prompt service delivery
6. Services matched to individual needs
    - Right discipline at the right time
    - Environmental change where this is positive to recovery

CHALLENGES TO THESE KEY PRINCIPLES

Each of the important principles of rehabilitation practice are challenged to varying degrees within each of the states. The legislative frameworks, culture, and resource availability combined with business imperatives and individual philosophies create a complex range of benefits and barriers to each scheme. Wherever a key principle of rehabilitation is challenged, so is the scheme.

Most Appropriate Approach

Workplace based early rehabilitation intervention is the most appropriate service delivery to achieve the best practical levels physical and mental recovery, and where possible restoration to the workforce and the community.

This approach relies on the availability of the right resources, the use of the right services at the right time, the confidence of both the injured worker and the employer in the provider, and the quality of the services delivered. Each of these factors can be challenged by influences within the scheme.

Resource Availability

Resource availability across the range of provider services is strained to almost breaking point. Much has been stated publicly about the shortage of nurses, doctors, and specialists. In South Australia there is a serious shortage of rehabilitation providers, and currently we have up to a third that have no relevant tertiary qualifications.

Firstly, it is not surprising that with WorkCover as almost a monopoly buyer of rehabilitation services in the State, and also the fee setter, there has been no review of rehabilitation rates for over 9 years (although WorkCover did see the need to put in place an interim rate increase in December 2002 following Ministerial questions). This lack of adequate funding has implications including the following:

- An inability to pay competitive remuneration to Rehabilitation Consultants and to retain the services of quality human resources.
- A disincentive for Rehabilitation Providers to make medium and long-term investments, such as advancements in rehabilitation techniques, specialised programs and support for professional development and quality assurance.
- Limiting the integration of new technologies such as email, the Internet and advancements in service delivery, payment and reporting systems.

- A disincentive for providers to service regional South Australia and small business. The additional cost of maintaining regional offices has discouraged providers from locating themselves in these areas, while small business needs information assistance that providers can no longer afford to provide adequately.

This lack of resources is negatively impacting outcomes in the State. While it is clear that the scheme is benefiting from the involvement of rehabilitation services, SARPA is far from satisfied with the level of rehabilitation and return to work performance.

The Heads of Workplace Safety and Compensation Authorities, Return to Work Monitor 2001/2002 report provides the following information about return to work performance in South Australia:

- The mean number of days compensation paid is the highest in Australia.

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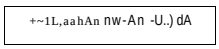

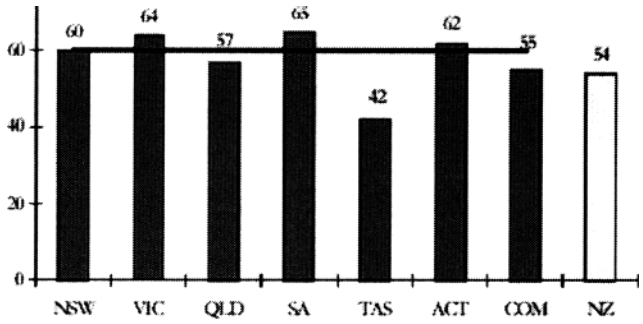
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- The mean cost of rehabilitation services on per claim basis is the lowest nationally.

Figure 1: RTW rate (Comparative)

Q\. Would you please tell me whether you have returned to work at all since you put in your workers' compensation claim?

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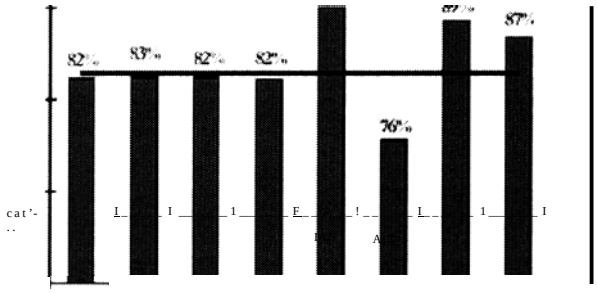
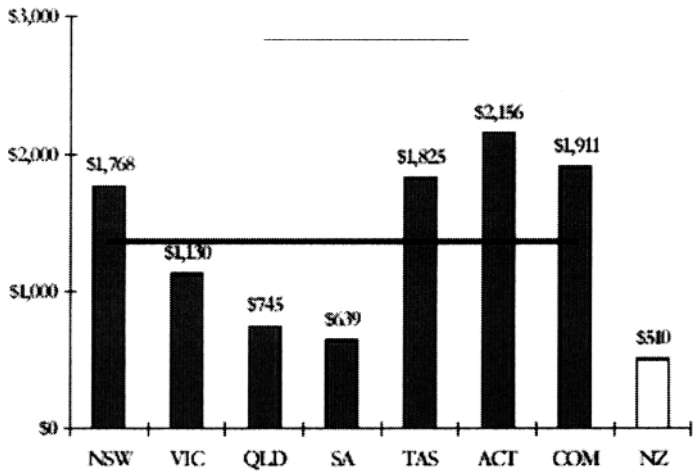
- The return to work rate is lower



than the national average.

Figure (7; Mean rehabilitation costs Erin



Base: Participated in rehabilitation

NSW = 207	QLD = 113	TAS = 234	COM = 139
VIC = 228	SA = 405	ACT = 49	NZ = 74

* The durability of return to work is the second lowest nationally. 3:

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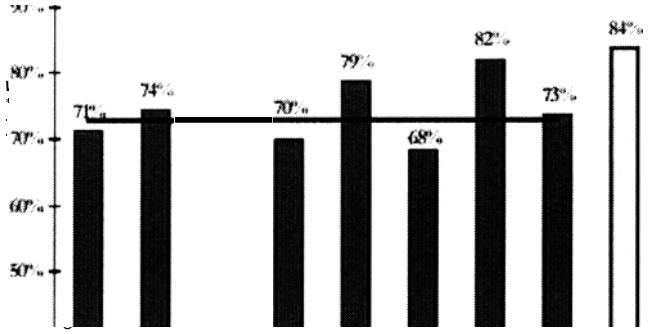

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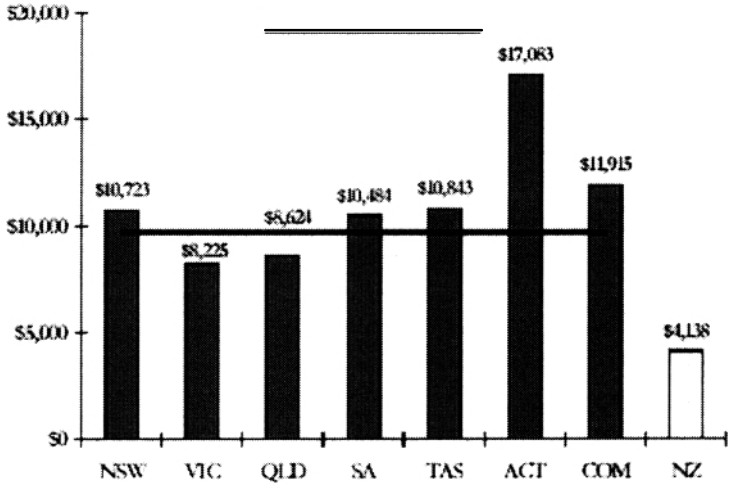

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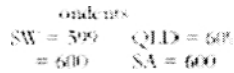
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The WorkCover Corporation Statistical Review 2000/2001 provides the following information about return to work performance and rehabilitation costs in South Australia.

- The number of claims with Rehabilitation and Return to Work plans has reduced over the last 18 months. The outcome rates at 6, 9, 12 months have declined since the March 2000 quarter.

- Rehabilitation costs during 2000/2001 continued to trend at a level below that seen during 1997/1998.

The Association believes that these results have, at least in part, resulted from the following:

- An inadequate and declining level of quality rehabilitation resources, as previously discussed.

- A shift in the focus of rehabilitation services towards cost containment.

- A failure to address process inefficiencies.

The focus shift will be addressed later. With process inefficiencies it probably is enough to say that every unnecessary administrative process in the scheme takes valuable resources away from delivering effective rehabilitation to injured workers and assistance to their employers. The South Australian scheme now has as much none core process service requirements as it has professional services which means that a provider spends little time involved in early workplace based rehabilitation. The industry recognises that South Australia's paperwork requirement is the most onerous in the nation, again with about the poorest outcomes.

The Right Service at the Right Time

After many years of models that include staged intervention, mufti-disciplinary clinical and office based intervention, hospital models; early and effective intervention at the workplace, using the service that fits the need, is known to deliver the best outcomes.

Although the WorkCover Corporation Statistical Review 2000/2001 has noted some improvement in the time taken for rehabilitation activity to commence on a claim, only 50% of injured workers who receive a rehabilitation service do so within 49 days. The actual type of intervention may only be an assessment, with

the median time for the Rehabilitation and Return to Work Plan to commencement date being 76 days.

These results are of some concern, in light of evidence that supports the benefits of early intervention (Kenny 1995, p.255). One study Frank 1998 found that return to work programs implemented in the sub-acute stage (3-4 weeks to 12 weeks after the onset of pain) have shown reductions in the amount of time lost from work by between 20%-50%. A secondary finding was that employers who promptly offer appropriate modified duties are able to reduce time lost per episode by at least 30%. In a similar way, SARPA's experience with self-insurers in South Australia suggests their approach to early intervention and focussing support on outcomes has delivered positive results.

South Australia has a multi level hybrid scheme with WorkCover as the Insurer and a small number of Agents managing claims on WorkCover's behalf. This has produced some significant benefits including much greater efficiencies in claims determination and risk assessment which has had a positive impact on the scheme as well as injured workers and their employers. The greater challenge has been in the area of rehabilitation services.

It is probably more difficult to continuously measure the benefits of effective rehabilitation. Comparisons over long periods of time or between different schemes are the easier ways to quantify rehabilitation effectiveness.

With this in mind, it would not be surprising that there are no measures of Agents that lead to bonuses based on restoration and recovery indicators other than reductions in claims liability. Despite their need to conform to the legislation, Agents must be under commercial pressures to refer to rehabilitation services that deliver their bonuses, rather than those that may assist injured workers, their employers, or even the scheme. The other pressure on Agents is to maintain a viable market share and in the South Australian scheme this is achieved through Agents courting employers to sign up annually with them, a reasonable commercial imperative. This can lead to use of services with an employer leaning rather than one that is focussed on the objects of the scheme.

Another difficulty faced by Agents is that Case Managers are often very busy with large caseloads and also have limited knowledge with or experience of the complexities of rehabilitation. These Case Managers are the decision makers in relation to:

- What rehabilitation profession to engage
- Which company to use
- Which individual within that company
- What service to request
- When the service should start
- Once a Plan is written, what to approve and what to reject
- When the service should cease

Case Managers must make these and many other rehabilitation decisions with many customers in mind. There is WorkCover and the Service Agreement that is imperative to the Agent they work for. There is the employer that has chosen them as their Agent. There are the rehabilitation providers that are courting the Agents and particularly the Case Managers for work for their own commercial survival and of course there are the injured workers. Delivering the right service at the right time becomes difficult for Case Managers in these circumstances, particularly when there is a shortage of rehabilitation professionals.

A number of temporally based models have been used to overcome this difficulty with limited success. These models are usually based on all claims up to a certain date from injury need medical rehabilitation intervention (GP's and Specialists), then after a period of time need occupational rehabilitation (Occupational Therapists or Industrial Physiotherapists), and then in the final stage need vocational rehabilitation (Rehabilitation Counsellors). This model also includes "in house" injury management co-ordinators that make 3 point contact by telephone with the injured worker, the employer, and the GP in order to triage the claim from a rehabilitation perspective to assist Case Managers. While this can be useful with some claims, it often provides an illusion of early intervention when there has only been a phone call.

Broadly accepted performance and outcome measures for providers, as well as Agent bonuses that incorporate more than limiting liability, will assist to overcome many of the difficulties in determining where referrals should be directed. Referrals to businesses rather than individuals would remove much of the complexity for Case Managers.

SARPA also believes a focus on a broader range of outcomes from the referral stage of a claim will improve results as well as assist with data collection for comparative purposes. Currently the South Australian scheme (as have most other schemes in Australia) has a number of service codes, few of which align with the objects of rehabilitation. These could be simplified as follows;

- Return to Work pre-injury employer, or
- Return to Work new employer, or
- Transition Management, or,
- Restoration to the Community, or,
- A referral for a claims management related service (such as a 2-Year Review Assessment).

Confidence in the Provider

Unless the injured worker, the employer, and sometimes the treating medical expert have confidence in the professionalism of the provider, they are unlikely to benefit greatly from the rehabilitation involvement. Where there is confidence, outcomes improve.

Barriers to confidence in providers in the South Australian scheme come from a number of areas including; workers see providers as too close to Agents or employers, employers see providers as "a bit of a soft touch" because they are too focussed on the injured workers recovery and restoration, also, employers, workers and doctors see providers as ineffectual and/or unprofessional.

It is easy to understand injured workers believing that providers are too close to Agents and employers because workers do not choose their providers except for their medical experts. Usually Agents choose providers although many larger employers have preferred providers that they choose and the Agents accept.

Employers are quite right. Rehabilitation providers in general are focussed, despite the pressures discussed earlier, on assisting injured workers with their recovery and restoration. In recent years South Australia has experienced a shift toward cost control and compliance with anecdotal and limited industry data indicating that this has been detrimental to the scheme both financially and socially.

Because of the lack of resourcing of rehabilitation over such a prolonged period, South Australia has the least qualified and probably the least experienced providers of any State of Australia. SARPA is addressing this in conjunction with the University of South Australia, although it will take up to five years even if the other issues work out positively.

Rehabilitation is considered ineffectual and largely this perception is reinforced by the lack of any professional discretion in this State. Until a Case Manager approves services on a Plan or a Programme, they cannot be provided. Not only does this cause delays, it reduces any likelihood of worker confidence in the provider.

Quality of Services

Many of the issues related to service quality have been addressed previously. Adequate resourcing, a focus on rehabilitation outcomes, reduced administrative requirement, improving qualifications, training and professional development, and a degree of professional discretion at both a company and individual provider level will go a long way toward improving service quality.

National service standards and codes of conduct will also enhance service quality and this is best discussed by ARPA, our national body.

Incentives for service delivery

As ARPA will be presenting a national approach to incentives for service delivery, SARPA will limit comments to some of the experiences and principles experienced in South Australia.

From our experience, hourly rate services with sound measurement of broad based outcomes have delivered the best services over the years. "Fee for outcome" and packaged services are fraught with the dangers the bonus system applied to Agents is prone toward. Fee for outcome often leads to client picking where a provider can concentrate on a particular industry, a particular Agent, or particular employers that deliver easy results. Often the stars of the industry are in a better position to pick and choose leaving the less experienced with the more difficult rehabilitation. Another problem with the "fee for outcome" approach is that clients can be triaged and the really difficult ones left to chance with the provider only working on those clients likely to deliver an outcome bonus. Some of those left to chance will also deliver retuning a bonus for no work.
Any moves in the past toward other than an hourly rate have appeared to be based on cost reduction rather than outcome improvement. The danger also is that the risk is shifted from the insurer to an external provider that may not be adequately resourced to accept it.

Conclusion

The delivery of quality rehabilitation services in South Australia has been in decline for some years and as delays in addressing adequate resourcing continues, the situation only worsens. There is considerable evidence from independent sources that return to work outcomes are being negatively impacted upon and that the scheme is falling behind its interstate counterparts. In addition to this, an increasing focus on cost control and compliance represents a significant departure from the intention of the legislation and places the ongoing viability of the scheme at risk.

In South Australia, Rehabilitation Providers now operate in an environment that requires a significant commitment in terms of standards, processing requirements and performance expectations, but no longer provides a fair and reasonable means of remuneration. The result of this has discouraged the type of long- term commitment that is required to support the best interests of all of the scheme’s stakeholders.

Meaningful data collection will also lead to improved rehabilitation outcomes.

Finally, a degree of professional discretion within a controlled framework will speed up the rehabilitation process and build the confidence of the injured workers, employers, and treating medical experts.

George Hallwood
President
South Australian Rehabilitation Providers Association 12
June 2003

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