

***Submission to the Productivity
Commission's Review On
Workers Compensation and Occupational
Health and Safety Frameworks***

by



An approved Occupational Rehabilitation Provider

INTRODUCTION

Recovre is a wholly owned subsidiary of Allianz Australia Pty Ltd.

Recovre is one of the largest private providers of Occupational Rehabilitation and Injury Management services nationally with a total of 22 offices nationally.

Recovre provides;

- Injury Management Consulting services to employers to assist them to develop effective systems to reduce the human and financial cost of injury
- Risk Management solutions to prevent injuries from occurring
- Training Programs in injury and risk management
- Occupational Rehabilitation services

Recovre is pleased to be able to respond to the Productivity Commission Inquiry into the effectiveness of the Australian Workers Compensation and OHS frameworks.

Based on our extensive experience of over 15 years in the industry, Recovre would like to make comments and recommendations in relation to;

- 1) Early intervention
- 2) Small to medium employers
- 3) Re-employment
- 4) National Frameworks
- 5) Vertical integration

1) Early intervention

Recovre concurs with the medical, employer and worker groups who support appropriate early intervention as a key strategy in reducing the cost of work place injury. Recovre's data clearly demonstrates that early referrals to occupational rehabilitation achieve better outcomes.

Design features in many state Compensation schemes hamper this process by not providing sufficient incentives or structure to have claims lodged early and/or once received appropriate intervention strategies implemented in a timely fashion. This has resulted in increased costs of treatment and rehabilitation because it has occurred too late with little benefit. Considerable resources are being spent at the wrong time. Success relies upon the right intervention at the right time for the right person.

Recommendations

It is recommended that any enhancements to Workers Compensation schemes nationally focus on incentivising employers to be proactive in both lodging and managing workplace.

It is recommended that there be thorough screening of claims upon receipt with immediate referral for appropriate intervention including, if necessary, referral to occupational rehabilitation.

2) Small to medium employers

Successful rehabilitation is not only reliant upon early intervention but also a workplace-based intervention model.

Small to medium employers (SME's) often lack the expertise to deal with workplace injuries. These SME's require more support and guidance in the return to work process to achieve successful outcomes.

Recommendations

It is recommended that an effective screening tool be developed to ensure those workers/employers requiring workplace-based rehabilitation are assisted at the earliest stage – within days of the claim being received.

3) Re-employment

It is Recovre's experience that referral for vocational placement occurs far too late to have significant success. Across all jurisdictions there appears to be no effective early assessment of the need for vocational re-direction. Particularly with small employers where there is limited availability to offer permanent suitable alternative duties vocational re-direction is frequently not considered until there has been a significant period of time off work. By this stage the worker is de-conditioned and is likely to have significant psychosocial barriers to returning to work. Early vocational re-direction will require education of the GP to assist them in understanding the benefits of early vocational direction when required.

A comparison of the state based incentive schemes available for new employers should be undertaken to determine which scheme provides the best outcomes. Finding new employers can be extremely difficult in a tight labour market with a disadvantaged group.

Recommendation

It is recommended that as a minimum a screening tool is used at 8-12 weeks post injury to determine if vocational re-direction is required.

It is also recommended that the incentive schemes for re-employment be reviewed.

4) National Frameworks

As a national provider of occupational rehabilitation services, Recovre is aware of the impact of the inconsistencies across jurisdictions.

Increasing national consistency has the potential to improve outcomes for all schemes. This can be achieved by;

- National organisations implementing thorough induction and development programs for staff rather than state-based programs
- Robust national key performance indicators
- Consistent service provision requirements
- More effective management of cross-border claims when workers move interstate.

Recovre would therefore support a move towards greater national consistency in Australian Workers Compensation schemes.

5) Vertical Integration

The issue of vertical integration was raised by the House of Representative Standing Committee on Employment and Workplace Relations in the *Back on the Job: Report into aspects of Australian Workers Compensation schemes*. It recommended that vertical integration whereby insurance companies own and operate rehabilitation providers be eliminated. However the report provided no evidence or data as to why this had a negative impact on the industry.

Recovre believes vertical integration of insurers and injury management service providers is a legitimate commercial arrangement that delivers a number of advantages to injured workers and the Workers Compensation industry. Allianz Australia has a very clear strategic objective to build a strong capability in injury management. The ownership of an injury management service provider enables a strong core competency to be leveraged across a claims environment.

There are many forms of vertical integration that concurrently exists across the Workers Compensation environment. For example self-insurers are a form of vertical integration, and have demonstrated excellent return to work outcomes. The *Back on the Job* report states, “often the best results for rehabilitation occur in larger organisations and worksites, and that often these are self-insured....who have in-house expertise and the commitment to manage the rehabilitation closely”.

As an Occupational Rehabilitation Provider, Recovre provides a professional independent service with a commitment to returning injured workers back to work in a safe and durable way. Recovre is a member of the occupational rehabilitation providers associations in Victoria, Tasmania, New South Wales, Australian Capital Territory and South Australia and is also a member of the national council of Australian Rehabilitation Providers Association. Recovre conducts its business in a professional and ethical way. Vertical integration of a rehabilitation organisation with

an insurer does not negatively impact on its ability to maintain independence or on quality of service delivery.

Recovre competes in the same way all other rehabilitation providers do. Key performance indicators set by regulators, insurers and employers are the same for all providers. Agents / insurers are incentivised based on return-to-work outcomes, hence they must refer to a provider that offers the best outcomes to gain these incentives.

Most jurisdictions require rehabilitation providers to be accredited to provide services. The accreditation standards ensure appropriately qualified staff are employed, effective quality standards are in place and that key performance indicators are met. Recovre has met the accreditation standards of the regulator in all jurisdictions in which it operates. In fact Recovre have clearly demonstrated their ability to provide above average outcomes in many jurisdictions including the NSW environment (Appendix 1).

References

Back on the job: Report into aspects of Australian Workers Compensation schemes, House of Representatives Standing Committee on Employment and Workplace Relations, The Parliament of the Commonwealth of Australia, June 2003.

APPENDIX 1

RECOVRE RTW OUTCOMES

Recovre achieves Return-to-Work outcomes equivalent to or better than industry average.

Table 1 contains data received from WorkCover NSW.

Table 1: NSW WorkCover stats for 12months till end March 2003:

BRANCH	RTWSE (%)	RTWNE (%)
Sydney	91	71
Wollongong	88	54
Tamworth	93	71
Canberra (inc Albury)	85	70
Central Coast	87	83
Newcastle	90	81
Dubbo	83	78
Lismore	96	100
Recovre All	90	73
All Providers	90	64