

# Why I took on the Role of CEO at ReturnToWorkSA

By Greg McCarthy CEO ReturnToWorkSA (Formerly WorkCoverSA) Dec 2012 – Dec 2016



In 2005 as Chairperson of the NSW Workers Compensation and Workplace Occupational Health and Safety Council I provided the Minister of the day with a recommendation on behalf of the Council for the introduction of a "Post Accident Assessment" to be delivered by the Claims Agents. The proposal for the post-accident assessment was developed by a sub-committee of the Council, predominately made up of Unions & Employers, and subsequently approved by the full Council for recommendation to the Minister.

It was an innovative approach to provide support to small employers or for that matter employers who lacked the capability to manage RTW within their workplace. The assessment was intended to:

- advocate for appropriate and early attention to injury management and return to work from within the workplace.
- mobilise a timely (early and safe) return to work support at the workplace.
- help to overcome fears, ignorance and anxiety about the workers compensation system and what should be done for both the worker and the employer.
- assist the worker and employer to understand their roles and responsibilities in the workers compensation system.
- identify potential barriers to a safe and durable RTW

- prepare and assist with RTW planning and make decisions at the workplace regarding appropriate solutions.

The Post Injury Assessment was to be delivered by the claims agents and mobilised within 48 hours of a significant injury being identified.

All very innovative at the time and it was endorsed by the entire Council and approved by the Minister.

WorkCover of the day were to work up an implementation programme for a pilot to commence in 2006. Suffice to say it never happened. Why, well you will have to ask those at WorkCover at the time though with a change of Minister there was no longer Ministerial drive for this to happen.

For me it was extremely disappointing as I had strong views that best practice RTW outcomes happened in the workplace not in the back room of an insurance company or claims agent hiding behind a telephone, computer screen or email. This was an opportunity to put into practice at a scheme level a model to commence claims management face to face with workers and employers at the workplace. All this led to significant frustration and ultimately was one of the reasons for my resignation as Chairman of WorkCover NSW in mid 2012.

In late 2012 I was offered the opportunity to become CEO of what was WorkCoverSA now ReturnToWorkSA. I had been retired for several years and was not looking for a “fulltime job”, but this was too good an opportunity to pass up. It was an opportunity to take on a Scheme in trouble and put into practice many of the initiatives that I had been advocating for many years that had largely been ignored. I put a business plan to the WorkCoverSA Board for consideration before accepting the role which was embraced all of which and more was achieved during my tenure at RTWSA (See attachment)

So, at WorkCoverSA (now ReturnToWorkSA) the Post Accident Assessment was implemented (under a different name though as a pilot with both Claims Agents) which did demonstrate significant improvements in RTW and subsequently provided the evidence needed to prove to the Board and Government that better RTW outcomes were in fact achieved in the workplace. This led to what is known as the “**Mobile Claims Management**” model that is now operating across the entire RTWSA scheme for injuries of a complex or significant nature providing face to face interaction with workers, employers and doctors. Most importantly this puts decision making authority into these face to face meetings at the workplace or at the doctor’s surgery.

**Other innovations/improvements that were able to be introduce at RTWSA were:**

- Moved RTWSA from a passive manager of the Scheme and Claims Agents to a very active manager taking full responsibility for the successes and failures.
- Established RTWSA as two distinct businesses: an insurer and a scheme regulator. It had not previously seen itself as an insurer.
- The introduction of a Service Culture into the Scheme. “How Can I Help You” became the service mantra, it was introduced into both RTWSA and both Claims Agents. It was the catalyst for culture change. It still had a way to go after my retirement but it is getting there. It is a never ending challenge.

- Telephone Injury Reporting (no more claim forms) known as INARA (Injury Notification and Risk Assessment) allowing mobilisation of the Mobile Claims Management to a workplace within 2-3 days of injury report. Straight forward claims are accepted during the phone report.
- Substituted common law for no fault economic lump for claimants with a WPI between 5-29%. The economic lump was added to the Scheme to provide additional income support beyond the 2 year income support cap recognising that some workers may need additional financial support in the future. This took away the perceived need for workers to “stay sick” in order to claim additional income support benefits and was in effect a redemption of future income support beyond the 2 year cap.
- The EnAble team dedicated to managing catastrophic injuries.
- Re-Skilling programme using Industry Vocational Training Centres to provide work hardening and re-training.
- Sophisticated real time data analytics with industry leading self service capability to monitor and manage the Scheme providing evidence for RTW performance, interventions for poor risks, over servicing and for fraud identification.
- An online work capacity certificate embedded into GP medical practice systems.
- Second Opinion Medical Panels to support GPs and workers with diagnosis and treatment support (this reduced Independent Medical Examinations (IME) spend from \$1.4M per month to \$300K)
- GP support and education programmes with help from the AMA.
- ReCONNECT. ReCONNECT is a free voluntary service offered through the Return to Work scheme which helps people reconnect with the workforce and community after their income support has ended.
- Simplified premium model that employers could understand.
- Introduced the concept of actual underwriting individual risks (never done in public/Govt schemes).
- Implemented an insurance based risk management team to work with poor performing risks/employers.
- Premium avoidance programme (Inappropriate use of labour hire and phoenix activity are two examples of this - \$50M per annum of avoided premium was identified).

I was also afforded the opportunity to play a significant role in the development of a ground-breaking reform of a workers’ compensation scheme undertaken by the Government of the day led by the Deputy Premier, John Rau.

The Scheme at the time was poorly designed pension until retirement age scheme that generally caused those injured at work to stay sick and become long term claimants. It was very adversarial with workers generally fighting for entitlements and not being assisted to recover from injury and return to work. It a significant detrimental impact on the mental health of workers and even employers. It was the most expensive Scheme in Australia for employers. The scheme was \$1.4B in

deficit and with the breakeven premium rate at 3.34% and the collected average premium rate at 2.75% the scheme was going backwards and adding \$180M million to the deficit each year.

A new Minister, John Rau, was appointed at about the same time that I was appointed. He quickly formed the view that the Scheme was “buggered” which led to the 2014 ReturnToWork legislation. The legislation had it’s key focus on better health and return to work outcomes and not on compensation with service reform embedded in the legislation including the "face to face" management of a claim.

All the above initiatives contributed to a turnaround in scheme liabilities, RTW rates, more affordable premiums and of course service. At 31 December 2016, when I retired, Scheme Liabilities had improved from a deficit of \$1.4B in 2013 to a surplus of \$500M (with very low discount rate, so no help from economic factors). RTW work rates had improved by about 30%. The average premium had dropped from 2.75% to 1.8%. About half the Scheme liability improvement was because of the legislative reform but most telling is that half of the liability improvement was from improved claims management and especially RTW rates.

I retired from RTWSA in December 2016 feeling very justified and satisfied. I was given the opportunity to put into practice many of the initiatives I had been long advocating not just from a claims and premium management perspective but also from a scheme design and culture perspective as well. These were initiatives that I had been advocating for in NSW during the later half of my time as Chairman of the NSW WorkCover Authority without success. Most importantly I was able to achieve my vision because of the dedicated team at RTWSA, the RTWSA Board and the Minister as well as both Employers Mutual and Gallagher Bassett who all embraced my vision and worked diligently and tirelessly for it to succeed. I also need to acknowledge both the Unions and Employer groups for the trust and support as well, though it had to be earned through demonstrated positive action.

At my retirement I conceded it was still early days but with a Scheme focused on service to deliver better health and RTW outcomes for workers at an affordable price for employers it augers well for the future. RTWSA was in the very capable hands of Rob Cordiner as CEO who shared the passion and who believed in the vision enough to move from Queensland to join me at RTWSA for the journey that was to be the most fulling of my working life. I could not have achieved any of the above without Rob and the dedicated team at RTWSA.

# WorkCover SA

Greg McCarthy - September 2012

Business Plan Outline for WorkCover SA CEO Interview

# Key Outcomes for this outline to achieve

Taken from the WorkCover Strategic Plan and Annual Report (2011-12)

- Ensure that maximum recovery and RTW is achieved
- Establish cooperative relationship between employers, workers, providers (including Scheme Agents) and WorkCover to prevent injuries and manage them effectively if they do occur.
- A Scheme that is sustainable and affordable in meeting it's financial commitments whilst meeting both the fair and reasonable expectations of both workers and employers.
- Ensure that WorkCover has the capability to achieve this in a highly professional manner.

# Summary of Key Actions

1. WorkCover Organisational Capability & Succession Planning.
2. Insurance (Scheme) Monitoring.
3. Agent management, capability & alignment to Scheme loss ratio.
4. Return to Work.
5. Training & Communication (both internal & external).
6. Scheme Design and Barriers to Effectiveness.
7. Stakeholders.
8. Medical & Treatment Providers.

# 1. WorkCover Organisational Capability

- Organisational Structure to meet requirements of Scheme.
- Strong financial focus required – where is the CFO.
  - Management reporting
- Underwriting (includes experience rating).
- Scheme monitoring capability.
- Scheme & claims review/audit capability.
- External Risk Management Capability and Support for Employers.
- Develop and recruit appropriate staff capable to drive scheme objectives.
- Strong succession planning capability.
- Develop leadership culture that leads by example, rolls up their sleeves and strives to create a cooperative & supportive team environment.
- Change Management – two way communication throughout all levels.
- Develop strong training capability both for staff and the Scheme.
- Develop culture of doing what you say – people ultimately **trust** in what you do, not what you say you will do.
- Ensure that a inclusive relationship is developed with Scheme Board.



# 2. Insurance (Scheme) Monitoring

- Implement internal Insurance (scheme) monitoring capability
- Identify specific trends in poor performance - e.g.
  - Employers
  - Industry sectors
  - Injury and payment types
  - Injury periods (13, 26, 52 weeks etc)
  - Doctors
  - Rehab providers
  - Agent performance
  - lawyers
- Use information to actively manage Agents and providers (doctors, rehab etc).
- Monitor effectiveness of agent contract/remuneration and transition.
- For targeting educational and risk management requirements.
- To influence behaviour of High Risk/High Cost Employers & industry sectors.
- To identify specific weaknesses for the development of training needs.
- Share and discuss findings regularly with agents & other key parties.
- Effectiveness or weaknesses in Scheme design and provide evidence for legislative change.

# 3. Scheme Agents

- Develop contract & performance monitoring tools and capability to actively manage the Scheme Agents.
- Establish a trusting but firm relationship with Agents
- Share Scheme monitoring information with Agents through regular dialogue with them.
- Monitor Agent performance against their contract business model (what they said they would do).
- Create opportunities for piloting new and innovative case management and early intervention programmes that integrate with key service providers.
- Ensure Agent contract/remuneration is appropriate to achieve Scheme objectives and that it has flexibility to meet the ever changing dynamics of the Scheme and what will ultimately be the different portfolio mixes of the two Agents.
- Ensure WorkCover file review capability is established (internal or contractor?).
- Monitor disputes and identify remedies.

# 4. Return to Work

- Outcome Based Rehabilitation Framework
  - Consider fixed fee activity base with success fee as additional component.
- RTW Coordinators
  - Understand limitations for employers who have small numbers of claims. Develop business model to suit.
  - Focus activity on early reporting and suitable duties
  - Provide external resource for these employers to coordinate, construct RTW plan and communicate with doctor.
- Consider tender/contract for a core group of elite providers.
- Develop products to support employers with RTW who have small claim numbers.
- Ensure Agent capability to effectively utilise rehab through case management not abrogation of responsibility – Walsh Report model 1
- Consider framework for retraining and placement of workers not able to return to PID.
- Utilise modern technologies to convey actual workplace practice to Drs, Case Managers, etc.
- Work with providers and Scheme agents to develop new and innovative tools and service delivery methods including models for early intervention, for working with doctors, WCR and for retraining and redeployment of injured workers when needed.
- Use pilots to gauge success of new models/tools.

# 5. Training & Communication

- Utilise new mediums to provide simple, clear and consistent messages about obligations and practices that are available 24/7 for:
  - Employers
  - Workers
  - Doctors
  - Rehabilitation providers
  - Agent Case Managers
  - Internal Staff
- Utilise social media for quick updates and information alerts.
- Promote and develop community of shared learning.
- Ensure strong messages about Scheme objectives, including the importance of risk management, early reporting, RTW and suitable duties are all part of a strong, consistent and continuous communication strategy.
- Create a “how to....” programme.

# 6. Scheme Design & Effectiveness

- Identify weaknesses or deficiencies in scheme design if any.
- Develop strategies for key focus areas and improvement opportunities within existing Scheme design.
- Provide evidence for the need for any change in Scheme design from any weaknesses identified.
- Recognise difficulties associated with any legislative change requirements.
- Ensure that Scheme **entitlements** come with clear and enforceable **obligations** and that both workers and employers are continually made aware of what they are.
- Work Capacity Review – effectiveness and weaknesses
- S58B – importance of suitable duties early in the RTW process.
- Medical Panels.
- Improve early injury reporting. Consider phone report capability.

# 7. Stakeholders

- Build an open & consultative relationship with stakeholders rather than just making announcements.
- Strong lines of communication to be opened & maintained.
- Ensure that Stakeholders are clear that consultation is not consensus. The forum for Scheme decisions is the Board having considered stakeholder views.
- Demonstrate to stakeholders that their opinions are valued and will be given fair consideration.
- Essential to win and maintain trust with stakeholders.
- Key Stakeholders:
  - Employers
  - Workers
- All others are service providers but do require consultation.

# 8. Medical/Treatment Providers

- Consider focus on capacity not incapacity certificates.
- Monitor treatment and provider outcomes for effectiveness (using scheme monitoring capability)
- Develop strong consultative forums and feedback with medical and provider associations (e.g. AMA etc)
- Monitor medical panel effectiveness.
- Consider intervention strategies for poor performing service providers identified from scheme monitoring.
- Develop communication and education strategies for providers.