



PREVENTION. CARE. RECOVERY.

Te Kaporeihana Āwhina Hunga Whara

# Lessons from the insurance approach Making ACC more 'business-like'.

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# Context

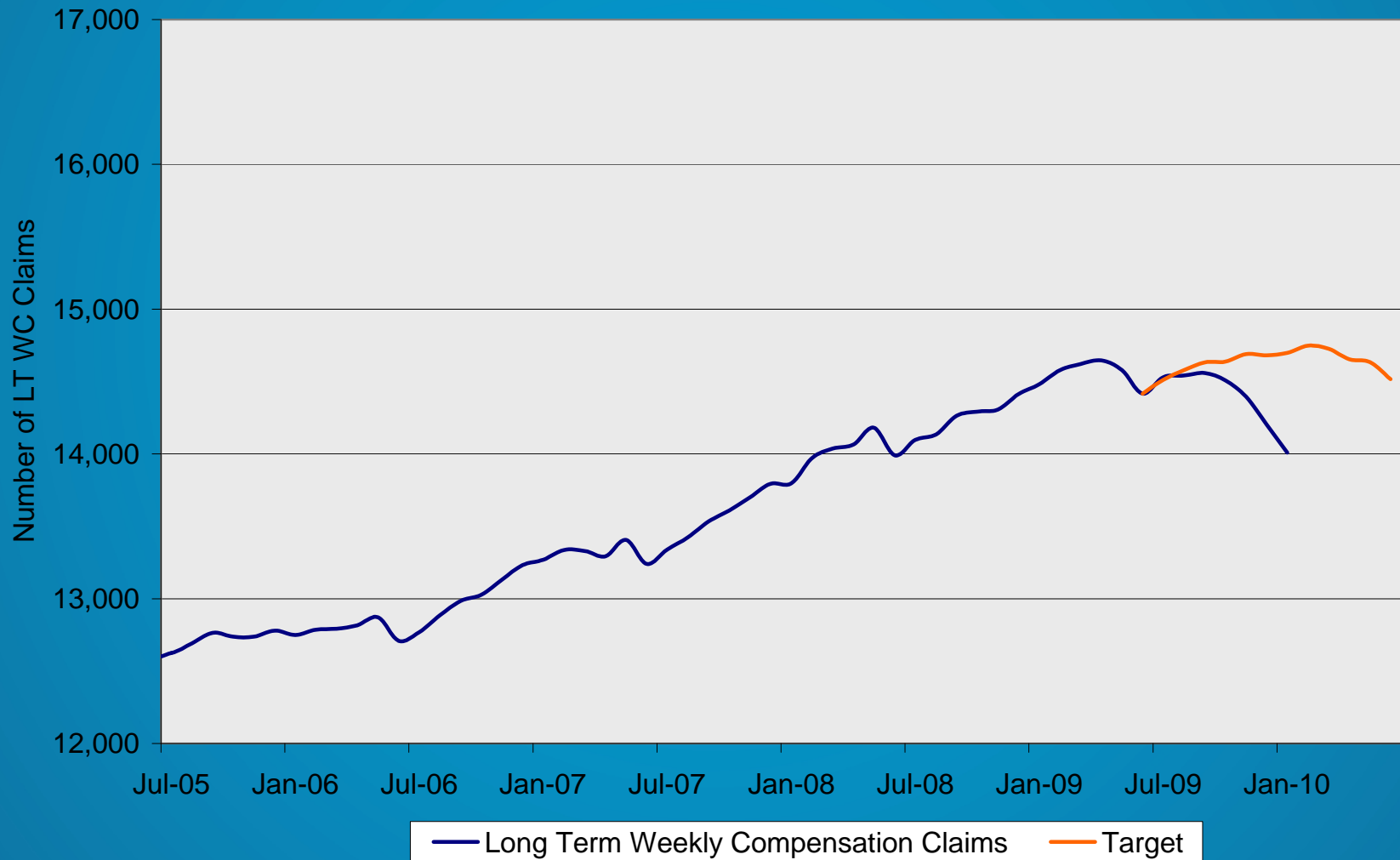
Since 2004

- Increased claims and rising healthcare costs
- Declining rehabilitation performance
- Levies set too low
- \$12.8 billion deficit

*Trend is unsustainable. 5-10 year problem to fix.*

# Long-term claims

## Number of Long-term claims



# Rising health costs

	04/05	08/09	Increase (\$)	Increase (%)
Elective surgery	\$128m	\$240m	\$112m	87%
X-rays/MRI/CT scans	\$44m	\$97m	\$53m	120%
Physiotherapy	\$73m	\$144m	\$71m	97%
Public hospital costs	\$289m	\$380m	\$91m	31%
Personal support	\$159m	\$285m	\$126m	79%
Time off work (weekly comp)	\$655m	\$966m	\$311m	47%

# Making ACC sustainable

Problem must be tackled in two ways:

- Levy increases
- Operational changes

# Levy increases

- Need to 'catch up' (past shortfall) as well as fund costs of new claims
- Some cross-subsidisation being removed
- Acknowledge that levy increases are unpalatable – but they must be set at a level to meet costs
- Experience rating and risk sharing being developed.

# Operational changes

Three key programmes of work:

- Better claims management
  - faster assessment and intervention
- New approach to health purchasing
  - greater focus on value for money
- Greater focus on workplace rehabilitation
  - research shows benefits of timely return to work

# Managing claims better

- Control the gateway better
  - only those actually covered by the legislation
- Early claims 'triage'
- Specific needs of clients identified and addressed promptly by specialist teams
  - serious injury and long term clients
  - innovation hubs
- Not assume ACC best placed to do everything
  - partnering

# Health-purchasing changes

- Emphasis on improved value for money
- Limited vendor models
- Move from 'inputs-based' to 'outputs-based' or 'outcomes-based' purchasing
- Increased monitoring and support

## 'Better-at-work'

- Evidence is clear – early return-to-work boosts prospects of successful recovery
- Team approach – clients, employers, health providers, ACC working together
- Pilots underway to test new ways of maximising 'better-at-work' philosophy in practice

# Progress to date

- Improving rehabilitation performance
- Long term claims falling
- Costs control on track
- Growth in deficit halted

# Looking ahead

- More ACC change to come
  - embed current initiatives
  - find greater efficiencies
- Government initiatives as well
  - stocktake
  - legislative changes

# Conclusion

- Strong support for principles of ACC scheme
- Reality is the Scheme can only deliver what the country can afford to pay for
- Personal responsibility – injury prevention, responsible use of Scheme.