

## ACC: Overview for the Welfare Working Group

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### Introduction

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- 1 As a provider of income support and vocational rehabilitation services, ACC has much in common with the social welfare system. However, there are some important differences:
  - ACC operates under a social insurance model with its own mechanisms for raising revenue
  - ACC's involvement in the annual Budget process is limited to the Non-Earners Account which makes up less than 20% of the Scheme's liability
  - ACC is a Crown entity with a governing Board appointed by the Minister for ACC
  - ACC's liability sits on the Crown Accounts and there are explicit policies in relation to the Scheme's funding (partially in legislation and partially set by ACC's Board)
  - ACC has a strong internal actuarial capacity, supported by independent contracted actuarial advice
  - ACC manages investments, currently totalling over \$11b, that will increase over time to ultimately match the liability
  - ACC provides income-related compensation rather than benefits set at a safety-net level (making it more attractive for clients to remain on the Scheme).
- 2 This note provides an initial overview for the Welfare Working Group to highlight how ACC's funding arrangements and long-term liability focus influence the way the Scheme is managed, especially since the change of government in 2008.

### Background

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- 3 Each year the ACC Board makes recommendations to Government on the rates of ACC levies. Since 1999, these have been required to cover ('fully fund') the lifetime costs of injuries that will occur during the upcoming year. Recent legislation also provided that ACC now has until 2019 to fully fund pre-1999 claims<sup>1</sup>.
- 4 These requirements drive a continual focus on the part of ACC Board and management on our outstanding claims liability and the gap between this and our assets. The total outstanding claims liability of the Scheme as at 30 June 2009 was \$23.8b, with assets of \$11.0b. The two main drivers of the liability are social rehabilitation costs for serious injury clients and weekly compensation payments for long-term clients. In 2008/09, ACC paid \$1.9b for treatment and rehabilitation services (including \$0.5b for social rehabilitation), \$1.0b in weekly compensation, and a further \$0.2 in other forms of financial compensation.

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<sup>1</sup> Previously the date for achieving full funding was 2014.

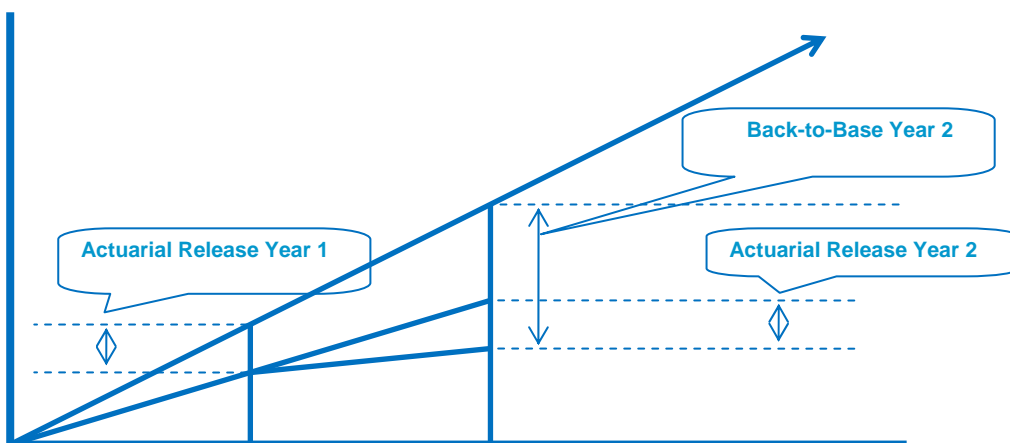
- 5 Information on ACC's account structure, claims, entitlements, and client breakdown is provided in Attachment 1.
- 6 In response to steady growth in the cost of the Scheme over recent years, and after a record deficit of \$4.8b in 2008/09, ACC has been tasked with ensuring the Scheme's financial sustainability into the future. To assist in this process, the Board has set a target of achieving a \$2b actuarial release by 30 June 2012. The Minister has been advised of this, and it has been incorporated into our Statement of Intent for 2010-13 along with a range of Key Performance Indicators as shown in Attachment 2.
- 7 The following sections outline:
  - Actuarial release – the concept of actuarial release and progress to 31 December 2009
  - Operational Initiatives – key initiatives to achieve financial sustainability that may be of particular interest to the Welfare Working Group.

## Actuarial Release

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- 8 Actuarial release is defined as the difference between a current and previous estimate of the outstanding claims liability, plus cost savings realised during the period compared to original expectations. The measure attempts to isolate the impact of internal operational management on financial outcomes. Adjustments are made to remove the impact of external factors such as changes in economic conditions, legislation, and other factors beyond the control of management.
- 9 A 'Back-to-Base' is the cumulative actuarial release from a defined starting point. Figure 1 displays the concepts of actuarial release over time and 'Back-to-Base'.

**Figure 1: Actuarial release**



- 10 ACC's improved performance is beginning to have a positive impact on the liability. As at 30 June 2009, the outstanding claims liability provision of \$23.785b was projected to grow to \$24.800b by 30 June 2010. However, based on the draft mid-year valuation (using data and information to 31 December 2009) the updated projection of the 30 June 2010 provision is \$24.397b. This is a reduction of \$403m, which is predominately due to:
  - reduction in weekly compensation claims rates of new injuries and a resulting decrease in vocational rehabilitation spend, together with the success of the Recover Independence Service, particularly in relation to injuries occurring between 2005 and 2008. The reduction in the provision for weekly compensation and vocational rehabilitation combined is \$223m.

- social rehabilitation serious injury has seen almost no growth in care hours, and there are fewer claims transferring from informal carers (eg family members) to contracted agencies than expected. This has resulted in a \$57m reduction in the provision.
- medical and elective surgery costs have reduced due to decreased volumes and a reduction in contract rates. This reflects the impact of improved health purchasing and an effort by ACC to educate general practitioners and other gatekeepers of the Scheme.

11 Based on the preliminary actuarial release projections performed in September 2009, the Back-to-Base target for financial year ending 30 June 2010 was \$400m. ACC has already exceeded this target.

## Operational Initiatives

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12 ACC has implemented a number of initiatives that have contributed to these results and moved us towards financial sustainability. Many of these impact on our rehabilitation rates which, after a long period of deterioration, have been showing an improvement since early 2009.

### *Service Delivery Model*

13 ACC implemented a new Service Delivery Model in 2008. This introduced a triage process which identifies clients at risk of delayed recovery when they enter the system, in order to ensure that an appropriate level of rehabilitation is provided as soon as possible.

14 ACC's 70-day rehabilitation performance has improved markedly from 65.2% at the end of December 2008 to 71.5% at the end of March 2010<sup>2</sup>. This improvement followed four years of declining rehabilitation rates.

### *Return-to-work initiatives*

15 Return-to-work initiatives include the Better@Work and Stay at Work programmes. Through these programmes ACC works with general practitioners and injured clients to promote return to work plans that suit the client's workplace and their injury. By returning clients to work sooner, ACC can improve a client's rehabilitation outcomes and generate substantial savings in weekly compensation payments.

16 Savings from a pilot of the Better@Work programme in Taupo are running at about 10% and the pilot has now been extended into four additional PHOs in advance of a nationwide roll out of the service.

17 These initiatives are clinically supported by a growing body of local and international research which shows that workplace rehabilitation provides clinical, social and financial benefits for injured workers. For example, extended periods of time off work are linked to an increased suicide risk, poorer health, and decreased life expectancy.

18 Further information is provided in Attachment 3.

### *National Serious Injury Service*

19 This service was put in place in 2007 and covers clients with significant (often permanent) impairment or loss of function, and a need for lifetime support. There were 4,750 seriously injured clients in 2009 and there are about 300 new clients each year.

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<sup>2</sup> The proportion of clients receiving weekly compensation entitlements who have exited the Scheme within 70 cumulative days weekly compensation paid (measured against a 13-week rolling average).

Seriously injured clients are a key driver of ACC's liability, with social rehabilitation costs for this group making up a little over one third of the total liability.

- 20 The objective of the National Serious Injury Service is to help people who have had a serious injury, and their families, adjust to living with the injury. The service helps clients to set goals (e.g. living independently or participating in work) and determines what support they will need to achieve those goals.
- 21 The new approach to the management of these clients involves shifting from a default assumption of providing high levels of care, to agreeing with the client the right level of care, and identifying opportunities where the client can re-engage in the community without needing full-time attendant care. A reduction in the average hours of attendant care provided has a significant impact on the lifetime costs of a serious injury claim.
- 22 Further information on the service, and its achievements since 2007, is provided as Attachment 4.

#### *Recover Independence Service*

- 23 Clients who have been in receipt of weekly compensation for more than a year are a key driver of liability, as the longer people remain on the Scheme the less likely they are to leave it. As at 30 June 2009, and after 3 years of steady growth, ACC had 15,271 clients in the 'long-term claims pool'.
- 24 In July 2009 ACC introduced the Recover Independence Service to provide more specialised and focused rehabilitation services to clients with long-term incapacities (but excluding those defined as 'serious injury' clients). The new service works with clients who've been in receipt of weekly compensation for 30 months or more. It uses case management services across ACC branches to work with clients to establish their rehabilitation needs, their capacity (if any) for work or independence, and how we can help them to develop it.
- 25 The Service is supported by a range of programmes aimed at addressing a range of known barriers to independence, including:
  - Progressive Goal Attainment Programme – targets psychosocial risk factors for pain and disability
  - Pain Disability Prevention Programme - targets psychosocial risk factors for pain and disability for clients who also have mental health conditions eg depression
  - Traditional Job Search Programme – support for seeking and securing employment including the option of a subsidy provided to the employer
  - Work Preparation Programme – includes education and activity sessions delivered by vocational and rehabilitation providers
  - Work Ready Programme – assists clients to become work ready or to trial work types identified in the Initial Occupational Assessment and the Initial Medical Assessment.
- 26 The Recover Independence Service had achieved 1,246 net exits compared to a target of 935 as at 31 March 2010. At the same date there were 13,804 clients in the long term claims pool.

*Contracting out management of long-term claims*

- 27 ACC has recently announced that it has reached agreement with four companies to manage about 600 long term claims, excluding seriously injured clients. These 600 clients have been on the Scheme for 1-5 years and are expected to be able to return to independence within the next 2 years.
- 28 The four companies involved are Southern Cross Healthcare (trading as Care Advantage), Wellnz Ltd, Total Rehabilitation Services (an Aon company), and Gallagher Bassett Services. They will each receive 150 claims to manage.

**ACC Claims and Entitlement information  
by Account for 2008/09**

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## Part B

The following information is provided for each of the following Accounts:  
Information includes:

- New Claims registered
- Entitlement numbers and percentages
- Cash entitlements
- Duration – rehabilitation rates for Account (where applicable)
- Long-term claims

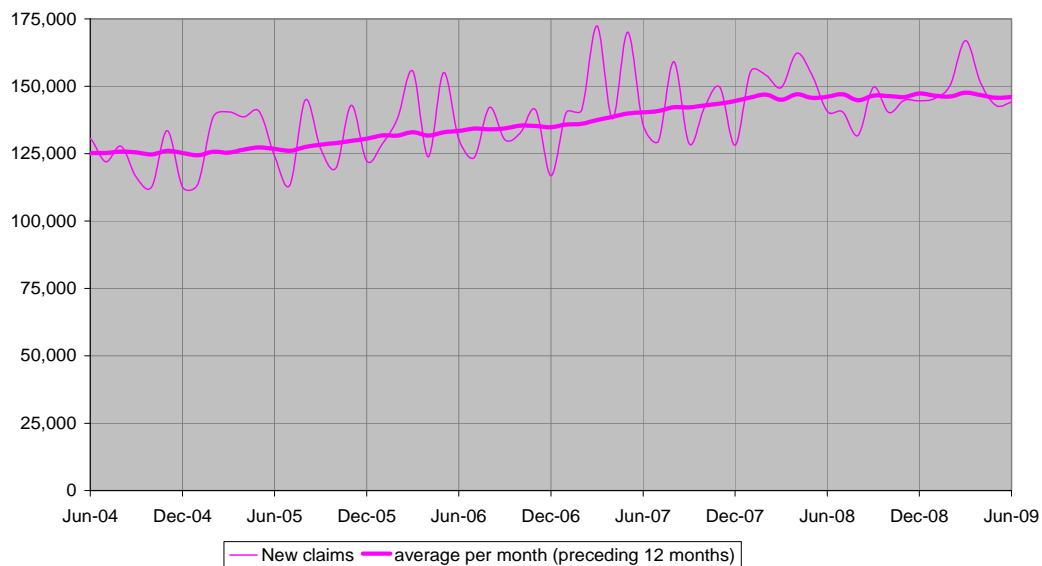
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## PART A. NUMBER OF CLAIMS – the number of new claims in each Account

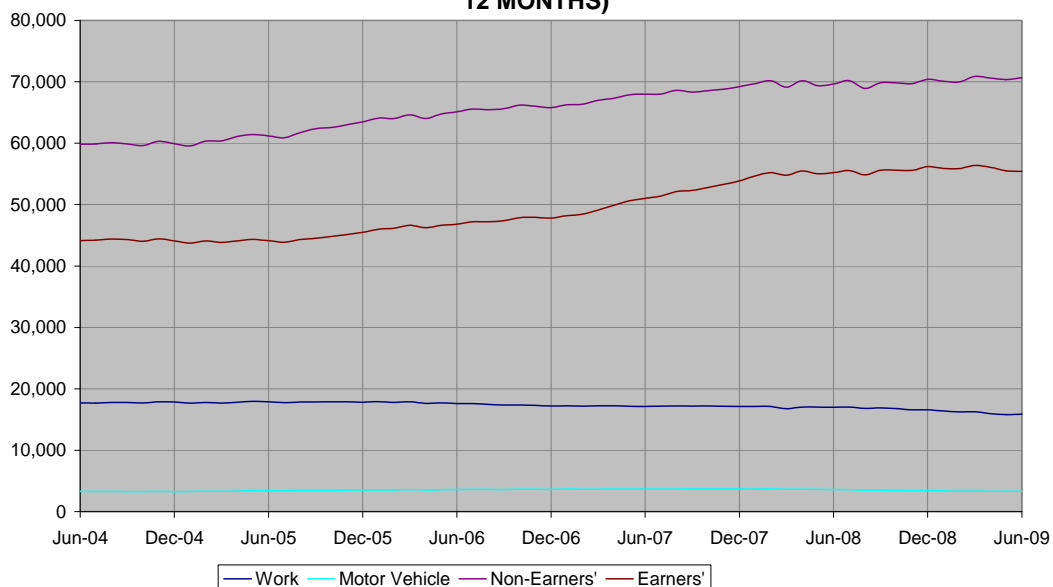
Account	2005	2006	2007	2008	2009
Scheme	1,601,553	1,684,077	1,753,962	1,755,899	1,752,452
Work	211,398	205,369	203,983	204,898	190,495
Residual claims	1,229	3,079	3,927	3,432	3,573
Motor vehicle	43,083	44,107	43,102	43,135	39,990
Non-earners'	781,414	815,822	835,653	836,693	847,852
Earners'	561,866	612,097	662,650	662,668	665,070
Treatment Injury	2,563	3,603	4,647	5,073	5,472

The table below outlines the new ACC claims by Account over the last 5 years

### NEW CLAIMS REGISTERED PER MONTH ACC TOTAL



### NEW CLAIMS REGISTERED (AVERAGE PER MONTH IN PRECEDING 12 MONTHS)



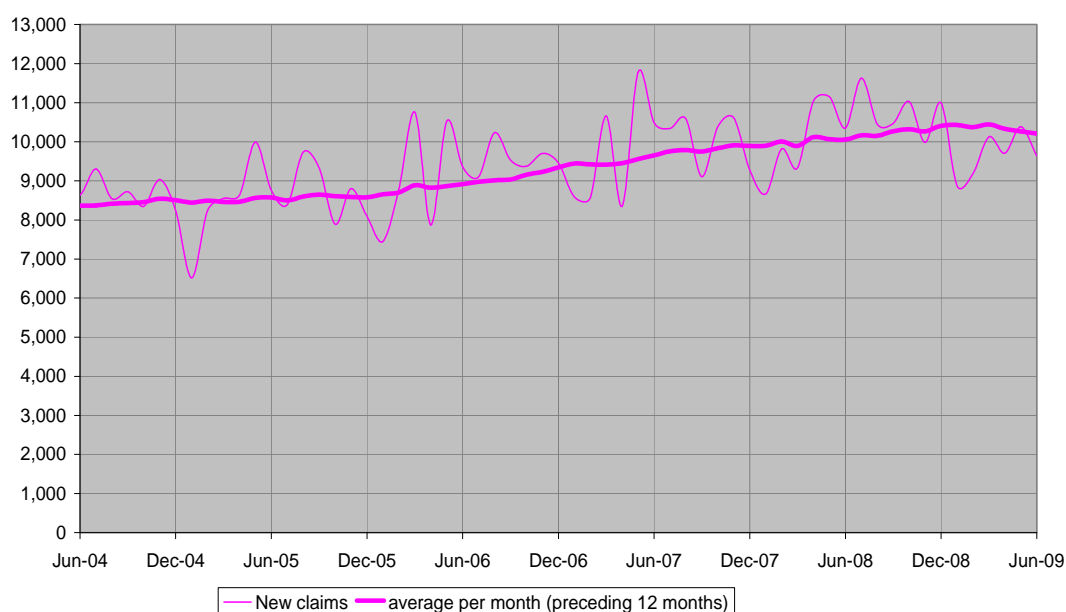
## ENTITLEMENTS – the entitlements that clients get under each account

The majority of claims that enter ACC (92%) only require one-off medical fee payments. This is where a client visits a medical provider, receives treatment, and requires no further action from ACC. These claims can involve a Doctor certifying short periods off work to recover.

The following table outlines the percentage of claims that enter the ACC scheme that go on to have an entitlement from ACC, other than the original medical fee payment.

Entitlement	2005	2006	2007	2008	2009
New Claims	1,601,553	1,684,077	1,753,962	1,755,899	1,752,452
Number of claims that go on to have an entitlement	107,000	115,821	120,664	120,593	122,463
Percentage of claims that go on to have an entitlement	6.68%	6.88%	6.88%	6.87%	6.99%

### NEW ENTITLEMENT CLAIMS PER MONTH ACC TOTAL



There are two standard measurements for entitlement that are consistent across all Accounts:

1. claims that receive Weekly Compensation
2. claims that receive an entitlement from ACC other than weekly compensation, these are referred to as "other entitlement" claims.

### Weekly Compensation

Weekly compensation means compensation for loss of earnings, or loss of potential earning capacity, and compensation for the spouse, partner, child, or other dependant (of a deceased claimant) payable by ACC.

The table below outlines the number of new claims by account in receipt of weekly compensation.

<b>Account</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Work	22,389	22,709	22,475	22,074	20,753
Residual	465	459	467	380	357
Motor Vehicle	3,711	4,112	4,288	4,395	4,032
Earners	33,754	36,681	39,987	42,990	42,631
Non-Earners'	397	355	563	511	309
Treatment Injury	218	393	369	600	672
<b>Total</b>	<b>60,934</b>	<b>64,709</b>	<b>68,149</b>	<b>70,950</b>	<b>68,754</b>

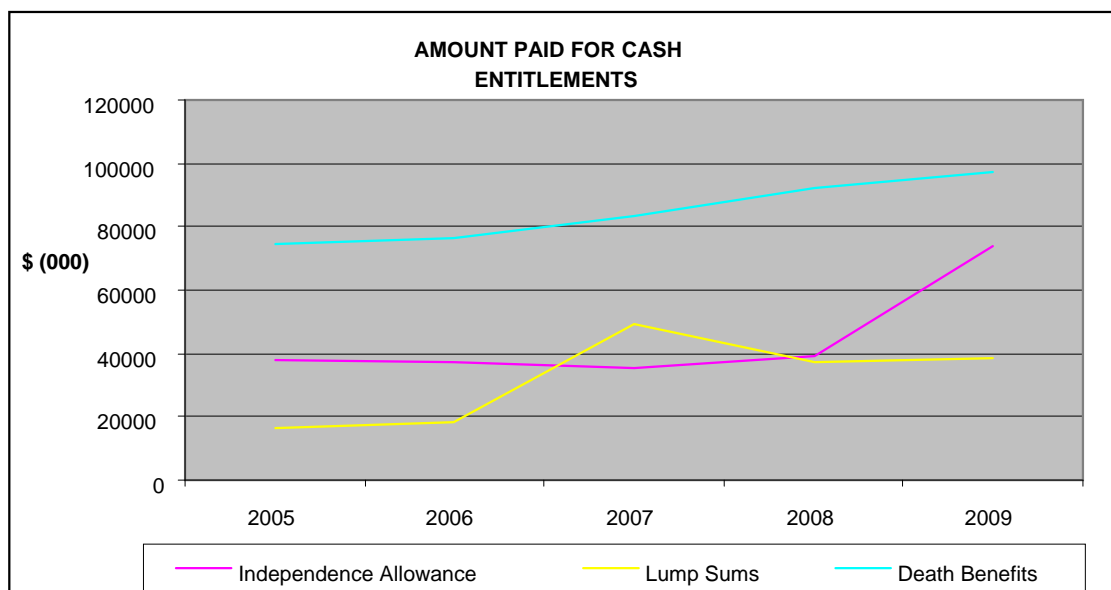
## **Other Entitlements**

ACC also provides entitlements in the form of Social Rehabilitation which include:

- Inpatient rehabilitation, includes:
  - Residential Support Services (RSS) covers long-term care for seriously injured clients, primarily clients who have sustained severe traumatic brain injury. The service also covers temporary accommodation for clients with spinal cord injuries while they are waiting for housing modifications or to locate a suitable property
  - Active Rehabilitation Services (AR) provides post-acute inpatient rehabilitation to clients who sustain moderate to severe traumatic brain injury.
  - Specialised Spinal Cord Injury Service (Spinal) provides inpatient rehabilitation for spinal cord injured clients who have completed the acute phase of their treatment.
  - Integrated Rehabilitation Services provide rehabilitation for adults with moderate to severe traumatic brain injuries.
- Equipment – includes the following:
  - Medical consumables – medical consumables required for clients to meet daily living needs, includes items like dressings and catheters
  - Equipment for rehabilitation - aids and appliances to assist rehabilitation
  - Artificial limbs
  - Orthotics
- Other Social Rehabilitation – payments and entitlements include
  - Education support for children that have an injury covered by ACC
  - Speech Therapy
- Housing Modifications – funded by ACC to assist clients to live independently and safely as possible, achieved by removing structured barriers and adding fixtures.
- Vehicle modifications – enables clients to safely access transport and where possible maintain mobility.

## **Cash Entitlements other than weekly Compensation (included in “other entitlement” payment)**

Under the Legislation ACC also provides the following cash entitlements to injured clients. These can be measured by Account and the dollar amount paid by ACC



## Independence Allowance

The Independence Allowance (IA) compensates people for any long-term impairment they have as a result of a personal injury.

ACC can pay an IA to a claimant in addition to any other assistance they might be entitled to receive. IA is applicable for injuries suffered on or before 31 March 2002.

## Lump Sums

Under the Accident Compensation Act 2001 (AC Act), lump sum compensation is a one-off non-taxable payment, made to compensate a claimant for the non-economic loss of a permanent impairment resulting from an injury. Assessments for lump sum payments begin two years after the injury occurs, or once the injury stabilises, whichever is the earlier. ACC can pay a lump sum to a claimant in addition to other assistance they might be entitled to receive. However, if a claimant is eligible for a lump sum they cannot be paid an Independence Allowance (IA) for the same injury.

These new lump sum payments are completely separate from any lump sum payments that may have been made under former legislation. Claimants who received lump sum payments under former legislation and whose impairment has worsened are *not* eligible for a further lump sum payment for that injury, but may be considered for an IA.

## Death Benefits

Under the current legislation death benefits are paid to surviving spouses and/or children if the death is a result of a personal injury, death entitlements include:

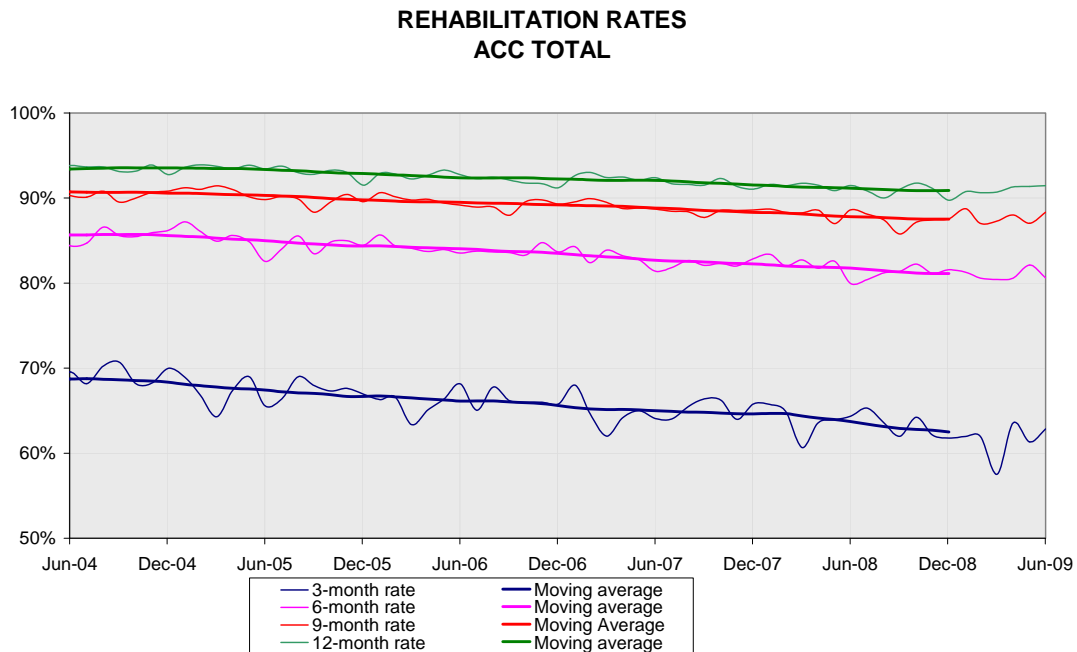
- funeral grants
- survivors' grants
- weekly compensation for the spouse [or partner], children and other dependants of a deceased claimant,
- child care payments.

The table below outlines the number of new claims by Account that receive weekly compensation as well as other entitlements from ACC:

<b>Account</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Work	6,732	6,645	5,309	5,339	5,602
Residual	1,626	1,958	2,885	2,861	3,175
Motor Vehicle	1,452	1,646	1,670	1,672	1,797
Earners	10,010	11,695	13,311	13,306	14,679
Non-Earners'	21,892	24,779	25,460	25,527	27,218
Treatment Injury	339	759	941	938	1238
<b>Total</b>	<b>42,051</b>	<b>47,482</b>	<b>49,576</b>	<b>49,643</b>	<b>53,709</b>

## DURATION RESULTS – How long clients receive entitlements under each Account

ACC only measures duration in weekly compensation claims as these claims receive regular payments from which duration can be reliably counted. ACC has measured the duration at 3, 6 and 12-month periods. The following graphs plot the change in rehabilitation rates since 2004.



As ACC uses the payment of weekly compensation as its measure of claims duration, it can only provide reliable estimates of duration for those clients that receive weekly compensation, ie those in the Work, Earners' and Motor Vehicle Accounts. Reliable indicators of duration for the Non-Earners' Account are not available.

The remaining claims that do not exit the scheme after 12-months enter the long term claims pool.

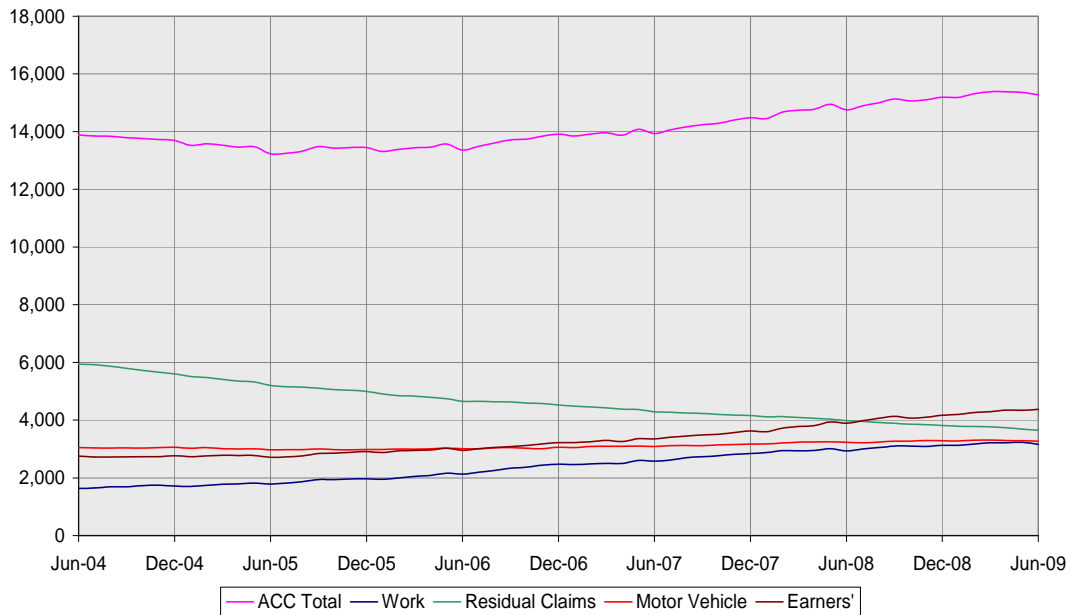
### The Long-term claims pool

The long-term claims pool is made up of claims that have been in receipt of weekly compensation for a period exceeding 12-months. In the case of serious injury, clients can remain in the long-term claims pool for more than 40 years after the date of injury. Given the duration of entitlements and possible weekly compensation the Long-term claims pool is a significant driver of ACC's liability.

The table below provides the make up of long-term claims pool by Account.

Account	2005	2006	2007	2008	2009
Work	1,796	2,125	2,594	2,912	3,164
Residual	5,186	4,655	4,248	3,971	3,643
Motor-vehicle	2,974	3,007	3,085	3,219	3,274
Earners	2,695	2,945	3,352	3,921	4,379
Non-Earners'	299	313	339	371	398
Treatment Injury	271	303	310	361	413
<b>ACC Total</b>	<b>13,221</b>	<b>13,348</b>	<b>13,928</b>	<b>14,755</b>	<b>15,271</b>

## NUMBER OF LONG-TERM WEEKLY COMPENSATION CLAIMS



### Key points

The duration of entitlement is determined by the nature of the injury received, not the Account that the claim enters. An example of this is a motor vehicle accident. If the location of the motor vehicle accident is on a public road, legislation determines that the Motor vehicle Account will fund any entitlement. However, it is the nature of the injury that will determine the length of time ACC will pay an entitlement. If the accident results in a serious injury, the client will receive an entitlement, or multiple entitlements from ACC for the rest of their life.

Under the legislation ACC, through an assessment process, can determine that a client is vocationally independent. This means that they are able to return in some capacity to work, and therefore cease entitlement. As above, this is not determined by the Account that is funding the entitlement, but rather by the extent of the injured client's recovery.

## How the interpretation of legislation impacts on claimants when the entitlements are provided?

Entitlements are not account specific, with the exception of entitlements such as weekly compensation which are only available for earners, and are therefore paid from the Earners' and Work accounts only. ACC's interpretation of legislation can impact on client entitlements in the following ways:

**Case law** – is where the Courts decide that ACC should apply a different interpretation of legislation. For example ACC had a policy to pay weekly compensation to clients who were non-earners' at the date of injury but earners at the date of incapacity. The District Court found this position was not aligned with the AC Act (Giltrap v ACC, DC 141/2006). As a result of this Court case ACC changed its policy to provide weekly compensation only when a client is an earner at the date of injury and incapacity<sup>1</sup>.

**Policy decision** – policy decisions are required when legislation is ambiguous and can be interpreted in more than one way. For example where there is a legislative change and transitional arrangements are in place for entitlement changes.

**Prescriptive legislation** – where the legislation prescribes the level of entitlement in detail and little interpretation is required. For example the Injury Prevention, Rehabilitation, and Compensation (Liability to Pay or Contribute to Cost of Treatment) Regulations 2003 specify the amount ACC will contribute towards treatment costs by specified treatment providers.

**Discretion**– some parts of the legislation requires ACC to apply discretion. For example s70 of the AC Act sets out the client and ACC's obligations in relation to rehabilitation. It requires that ACC will provide rehabilitation to restore the client's health, independence and participation to the maximum extent practicable, and the client is responsible for their rehabilitation to the extent practicable (having regard to the personal injury). This requires ACC to apply discretion when deciding what rehabilitation entitlement to provide. ACC considers the client's individual circumstances and the legislation.

For example an elderly person who lives alone and breaks a hip may be provided with home help, whereas an 18 year old living with their parents and breaks a hip may not be provided with home help as there are other people in the house that can help with those tasks.

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<sup>1</sup> This does not include clients who meet exceptions under s105 of the AC Act. S105 provides an alternative test in three circumstances – extension of earner status, potential earners and clients with Time-Out cover.

## PART B. The Work Account

The Work Accounts provides cover for employees and self-employed for work-related personal injuries.

Cover is also provided for treatment injuries as an unexpected consequence to medical treatment for a work-related injury.

### New Claims

	2005	2006	2007	2008	2009
Total number of ACC claims	1,601,553	1,684,077	1,753,962	1,755,899	1,752,452
New Work Account claims	211,398	205,369	203,983	204,898	190,495
% of new claims	13.2%	12.2%	11.6%	11.7%	10.9%

### Entitlements

	2005	2006	2007	2008	2009
New Work Account claims	211,398	205,369	203,983	204,898	190,495
Number of Work Account claims that go on to have an entitlement from ACC	29,493	29,166	27,401	27,413	26,355
% of claims that receive an entitlement in the work Account	14.0%	14.2%	13.5%	13.3%	14.0%
Number of Work Account claims that receive weekly compensation	22,761	22,521	22,092	22,074	20,753
% of claims that receive weekly compensation	11.0%	11.0%	11.0%	10.7%	11.0%
Number of claims that go on to receive other entitlements	6,732	6,645	5,309	5,339	5,602
% of claims that go on to receive other entitlements	3.0%	3.2%	2.5%	2.6%	3.0%

#### New registrations

- The number of claims made for work-related injuries has been decreasing at 3% per annum for the last five years.
- The declining number of claims has been driven by a reduction in the number of claims for work-related injuries in people aged 30-39.
- Injuries to the lower back are the predominate type of work-related injury followed by injuries to the fingers/thumb.

#### New entitlement claims

- The number of new weekly compensation claims from workers has dropped substantially since the mid-90s.
- The number of new injuries to the shoulder and low back have stabilised after experiencing growth over the previous four years.
- The new other entitlement claims are primarily for industrial hearing loss.

### **Serious Injury claims**

- Stable trend of between 15 and 20 new claims each year – these are the type of claim that end up in the long-term claims pool

### **Fatal Injury claims**

- The number of fatal work injuries per year fluctuates between 40 and 60 (average of 53 over the last 7 years).
- The majority of fatal injuries are sustained in industrial work situations.
- Work related fatal injuries occurring on the farm have been halved over the last 7 years.

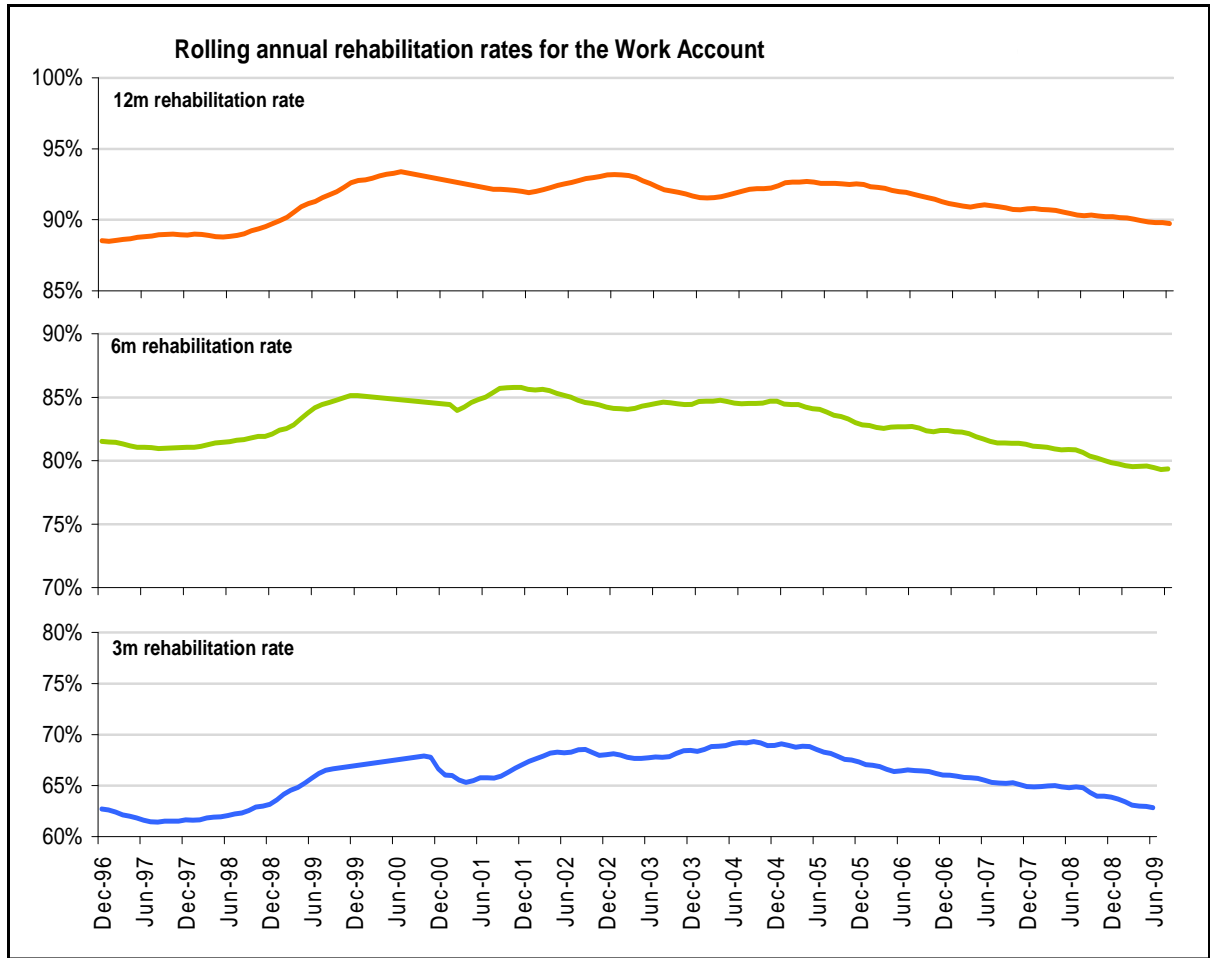
## **Cash Entitlements**

In the Work Account the following amounts were paid over the last five years:

<b>\$ (000)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Independence Allowance	2,043	538	581	1,126	1,821
Lump Sums	3,488	1,352	787	3,762	-1,640
Death Benefits	6,062	5,014	6,531	7,499	6,294

## **Duration – Rehabilitation rates**

The following graphs plot the change in rehabilitation rates (a measure of return to work) for the combines Accounts since 1996. For the period where the insurance and management of work injuries was privatised (1999-2000) the available data is unreliable and the performance has been interpolated in the graphs.



The table below compares the recent rehabilitation rates of the Work Account with those seen across the entire Scheme. This shows that the rehabilitation performance for the Work Account is much the same as for the overall Scheme.

		Year ending		
		30 June 2007	30 Jun 2008	30 June 2009
3 month rehabilitation rate	Work	65.6%	64.8%	62.8%
	ACC	65.6%	64.6%	62.5%
6 month rehabilitation rate	Work	82.3%	81.2%	76.9%
	ACC	83.5%	82.3%	81.2%
12 month rehabilitation rate	Work	90.9%	90.3%	89.7%
	ACC	92.2%	91.6%	90.9%

## Long term claims

The table below provides the number of work account claims that have entered the long-term pool over the last 5 years.

	2005	2006	2007	2008	2009
Total number of ACC claims that entered the long-term claims pool	-665	132	575	824	514
Number of Work Account claims that have entered the long-term claims pool	149	341	450	358	232

## Motor Vehicle Account

The Motor Vehicle Account covers all personal injuries involving motor vehicles on public roads. Funded from petrol excise duty and a levy collected with the motor vehicle relicencing fee.

### New Claims

	2005	2006	2007	2008	2009
Total number of ACC claims	1,601,553	1,684,077	1,753,962	1,755,899	1,752,452
New Motor Vehicle Account claims	43,083	44,107	43,102	43,135	39,990
% of new claims	2.7%	2.6%	2.5%	2.5%	2.3%

### Entitlements

	2005	2006	2007	2008	2009
New Motor Vehicle Account claims	43,083	44,107	43,102	43,135	39,990
Number of Motor Vehicle Account claims that go on to have an entitlement from ACC	5,594	5,963	6,086	6,067	5,829
% of claims that receive an entitlement in the Motor Vehicle Account	13.0%	13.5%	14.1%	14.1%	14.6%
Number of Motor Vehicle Account claims that receive weekly compensation	4,142	4,317	4,416	4,395	4,032
% of Motor Vehicle Account claims that receive weekly compensation	9.6%	9.8%	10.2%	10.2%	10.1%
Number of Motor Vehicle claims that go on to receive other entitlements	1,452	1,646	1,670	1,672	1,797
% of Motor Vehicle claims that go on to receive other entitlements	3.4%	3.7%	3.9%	3.9%	4.5%

#### New registrations

- The number of claims has fallen over the last year
- Until around 60 years of age, females have a lower claim rate than males
- 20-29 year olds have the highest number of claims. For people aged 30-39 the claim numbers drop by 30% from that of 20-29 year olds.

#### New entitlement claims

- A higher proportion of claims require more than medical treatment than other Accounts: 14-15% of claims convert to entitlement claims compared to 13-14% of work claims and 5-6% of non-work claims.
- Over the past three years the number of entitlement claims made by 40-60 year olds has increased at a faster rate than other age groups.

- 58% of entitlement claims come from drivers or passengers in a car, 21% from motorcycle riders, and 8% from pedestrians. Passenger cars make up 80% of the fleet, motorcycles around 3% of the fleet.
- The entitlement claim rate for Maori is slightly higher than that of European/Pakeha.
- Injuries to the neck and chest are the most common claims.

### **Serious Injury claims**

- 43-45% of the serious injury claims managed by ACC arise as a result of a road crash and are therefore funded from the Motor Vehicle Account.
- The definition of serious injury changed recently with the introduction of ACC's National Serious Injury Service. This has led to an increase in the number of claims classified as serious but the definition change has not been in place long enough to determine the number of serious injury claims the Account receives each year. For the last two years the volume of serious injury claims has been in excess of 100.
- A crash resulting in a serious injury is a very rare event. On average one serious injury claim occurs for every six million kilometres travelled by road users. In comparison a road fatality occurs every 1.1 million kilometres travelled.

### **Fatal Injury claims**

- Claims for fatal injuries as a result of a motor vehicle crash have been reducing over the past ten years. There have been around 380 claims for the last two years.
- Males aged between 15 and 30 are at the highest risk of being involved in a fatal crash.

## **Cash Entitlements**

In the Motor Vehicle Account the following amounts were paid over the last five years:

<b>\$ (000)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Independence Allowance	5,867	5,118	4,893	5,639	13,703
Lump Sums	3,994	5,187	5,947	8,062	7,705
Death Benefits	34,080	35,971	33,727	34,747	34,673

## **Duration – Rehabilitation rates**

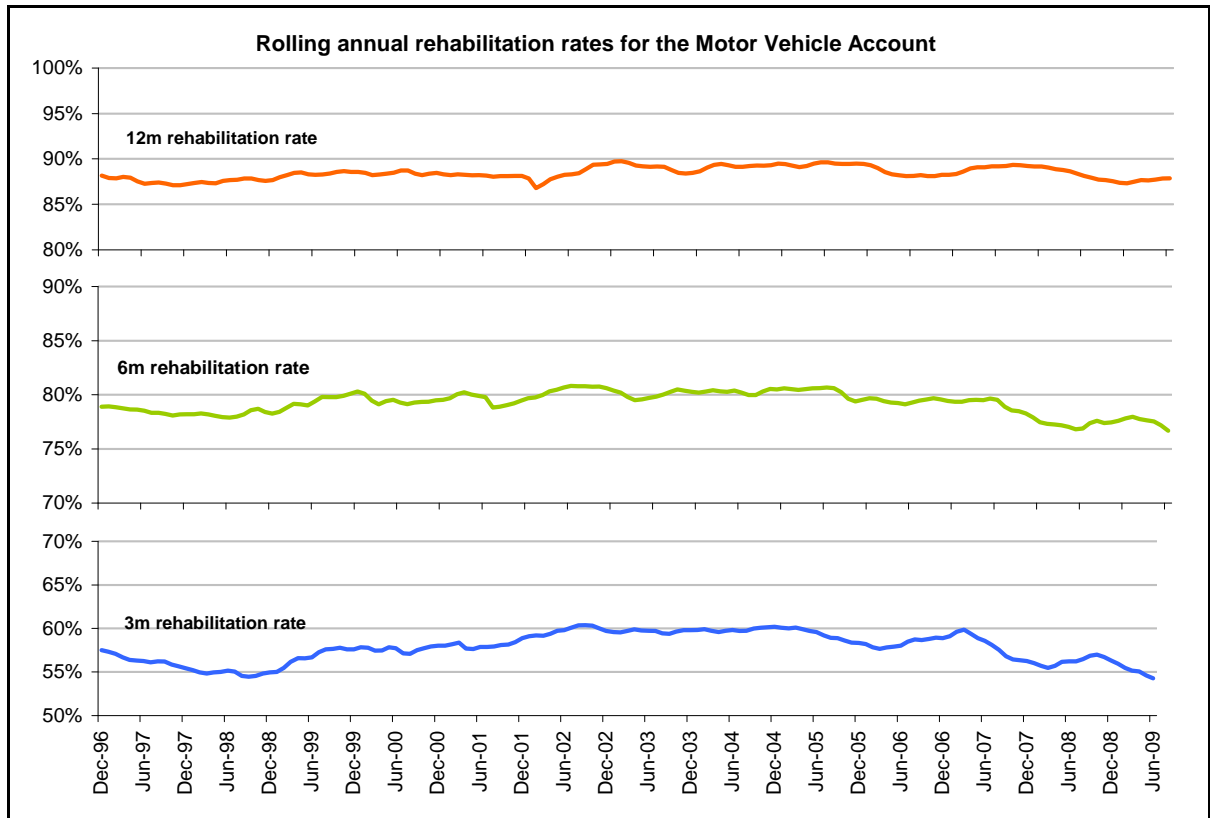
The following graphs show that gains in early rehabilitation (measured by the three month rehabilitation rate) were made in the Motor Vehicle Account with the introduction of contact centres in 2001-2002. Over this period there were also improvements in the 6 and 12 month rehabilitation rates indicating that focussing case management towards claims suited to this type of intervention was beneficial.

The period 2005-2008 was characterised by declining rehabilitation performance across all Accounts in the Scheme. The Motor Vehicle Account experienced declines in performance in early rehabilitation as seen in the falling 3 and 6 month rehabilitation rates. Changes made in the management of claims within the contact centres and between contact centres and case managers provided a short term improvement in the three month rehabilitation rate in 2006 and early 2007. From mid 2007 there has been a period of declining rehabilitation performance in the first six months of a claim's life. This has been accompanied by more rapid increases in weekly compensation payments than between previous years. Current performance is at its lowest since 2000.

The graph below is useful when considering rehabilitation rate performance as it impacts the Scheme over time. The use of 12 months of data for each point on the graph hides early

signs of improving performance. Over the past three months there have been improvements in the performance seen in the 3 and 6 month rehabilitation rates. This has been attributed to the following:

- reducing new claim volume reducing the caseload for case and claim owners
- the introduction of the new service delivery model
- front-end staff focussing on value of money



The table below compares the 3, 6 and 12 month rehabilitation rates for the Motor Vehicle Account with that of the ACC Scheme as a whole. The Motor Vehicle Account has experienced a larger decline in performance over the first six months of a claims' life than the Scheme as a whole. At 12 months the extent of the decline in performance is similar to that seen across the Scheme.

		Year ending 30 June		
		2007	2008	2009
3 month rehabilitation rate	Motor Vehicle	58.58%	56.21%	54.28%
	ACC	65.60%	64.62%	62.52%
6 month rehabilitation rate	Motor Vehicle	79.53%	76.87%	76.67%
	ACC	83.50%	82.27%	81.13%
12 month rehabilitation rate	Motor Vehicle	89.20%	88.15%	87.87%
	ACC	92.25%	91.55%	90.91%

## Long term claims

The table below provides the number of Motor Vehicle Account claims that have entered the long-term pool over the last 5 years.

	2005	2006	2007	2008	2009
Total number of ACC claims that entered the long-term claims pool	-665	132	575	824	514
Number of Motor Vehicle Account claims that have entered the long-term claims pool	-70	38	70	145	41

## Non-Earners' Account

The Non-Earners' Account covers injuries to people not in the paid workforce. This includes students, beneficiaries, older people and children. Funding for this Account is from Government Appropriation.

### New Claims

	2005	2006	2007	2008	2009
Total number of ACC claims	1,601,553	1,684,077	1,753,962	1,755,899	1,752,452
New Non-Earners' Account claims	781,414	815,822	835,653	836,693	847,852
% of new claims	48.8%	48.4%	47.6%	47.7%	48.4%

### Entitlements

	2005	2006	2007	2008	2009
New Non-Earners' Account claims	781,414	815,822	835,653	836,693	847,852
Number of Non-Earners' Account claims that go on to have an entitlement from ACC	22,253	25,322	25,966	26,038	27,527
% of claims that receive an entitlement in the Non-Earners' Account	2.8%	3.1%	3.1%	3.1%	3.2%
Number of Non-Earners' Account claims that receive weekly compensation	361	543	506	511	309
% of Non-Earners' Account claims that receive weekly compensation	0.0%	0.1%	0.1%	0.1%	0.0%
Number of Non-Earners' claims that go on to receive other entitlements	21,892	24,779	25,460	25,527	27,218
% of Non-Earners' claims that go on to receive other entitlements	100.0%	99.9%	99.9%	99.9%	100.0%

#### New registrations

- The increase in claim numbers over the last years is primarily due to an increase in the number of claims from 10-19 year olds (they represent 30% of the claims received).
- 26% of injuries in 10-19 year olds happen in the home, 29% while playing sports or participating in a recreational activity, and 19% occur while at school.
- Only 1.5% of injuries to 10-19 year olds require more than medical treatment.
- 17% of claims for injuries are from people aged 70+. Only 8% of these injuries require more than simple medical treatment.

#### New entitlement claims

- The new weekly compensation claims are generally for claimants who become eligible for the potential earnings entitlement. There are fewer than 600 claims per year in this category.

- New other entitlement claims are primarily made by females aged 60+. These claims result from injuries to knees and hips.

### **Serious Injury claims**

- The recent change in definition of what injuries are classified as serious with the introduction of the National Serious Injury Service in ACC has led to an increase in the number of claims classified as serious. At present the definition change has not been in place long enough to determine the number of serious injury claims the Account receives each year. For the last two years the volume of new serious injury claims has been over 70.

### **Fatal Injury claims**

- Around 440 claims for fatal injuries occur each year. The distribution of the age of the person fatally injured is bimodal with peaks at 20-29 and 80+ years of age (80+ representing >20% of fatal injury claims).
- The fatal injuries most commonly occur around the home in all age groups.

## **Cash Entitlements**

In the Non-Earners' Account the following amounts were paid over the last five years:

<b>\$ (000)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Independence Allowance	17,320	17,757	17,148	17,814	29,074
Lump Sums	3,028	3,612	16,838	7,173	3,605
Death Benefits	2,844	3,738	4,916	5,942	6,709

## **Duration – Rehabilitation rates**

Duration results for the Non-Earners' Account are not available because of the small number of Non-earners' in receipt of weekly compensation.

## **Long term claims**

The table below provides the number of Non-Earners' Account claims that have entered the long-term pool over the last 5 years.

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Total number of ACC claims that entered the long-term claims pool	-665	132	575	824	514
Number of Non-Earners' Account claims that have entered the long-term claims pool	39	32	17	36	35

## Earners' Account

This account covers non-work injuries (including at home, and during sport and recreation) to earners. This account is funded from earners' levies (paid through PAYE) plus self-employed levies based on earnings

### New Claims

	2005	2006	2007	2008	2009
Total number of ACC claims	1,601,553	1,684,077	1,753,962	1,755,899	1,752,452
New Earners' Account claims	561,866	612,097	662,650	662,668	665,070
% of new claims	35.1%	36.3%	37.8%	37.7%	38.0%

### Entitlements

	2005	2006	2007	2008	2009
New Earners' Account claims	561,866	612,097	662,650	662,668	665,070
Number of Earners' Account claims that go on to have an entitlement from ACC	46,808	51,778	56,395	56,296	57,310
% of claims that receive an entitlement in the Earners' Account	8.3%	8.5%	8.5%	8.5%	8.6%
Number of Earners' Account claims that receive weekly compensation	36,798	40,083	43,084	42,990	42,631
% of Earners' Account claims that receive weekly compensation	6.5%	6.5%	6.5%	6.5%	6.4%
Number of Earners' claims that go on to receive other entitlements	10,010	11,695	13,311	13,306	14,679
% of Earners' claims that go on to receive other entitlements	1.8%	1.9%	2.0%	2.0%	2.2%

#### New registrations

- The number of claims for injuries sustained outside of the workplace by earners has been steadily climbing over the past 15 years.
- The average age of people injured is increasing at slightly less than 1% per annum.
- Injuries around the home are the most significant contributor to the increasing volume of claims. These injuries are generally soft-tissue injuries to the low-back, neck and hands.
- Soft-tissue injuries to the joints of the leg are the most prominent injuries incurred during a sport/recreational activity.
- People aged 40 and over are making up a higher proportion of sports/recreational injuries than 3 years ago.

#### New entitlement claims

- The Earners' Account is the single largest source of new weekly compensation claims for ACC. Unlike the Work Account the volume of new weekly compensation claims has

continued to rise until 2008/09. This has been driven by both an increase in the workforce and a higher propensity to claim for non-work injuries.

- The main growth in new entitlement claims over the past 2 years has come from people aged over 40 years of age.

### Serious Injury claims

- The number of new claims has been growing at around 8% per annum over the last 15 years. Currently there are between 30 and 35 new serious injury claims each year

### Fatal Injury claims

- The number of fatal injuries per year ranges from 200-220. However in 2006/07 the number of fatal injuries resulting in a claim rose to more than 250. This increase may be due to a greater awareness of being able to lodge a claim with ACC for a non-work fatal injury rather than an increase in the number of fatalities around the home or from sporting/recreational activities.

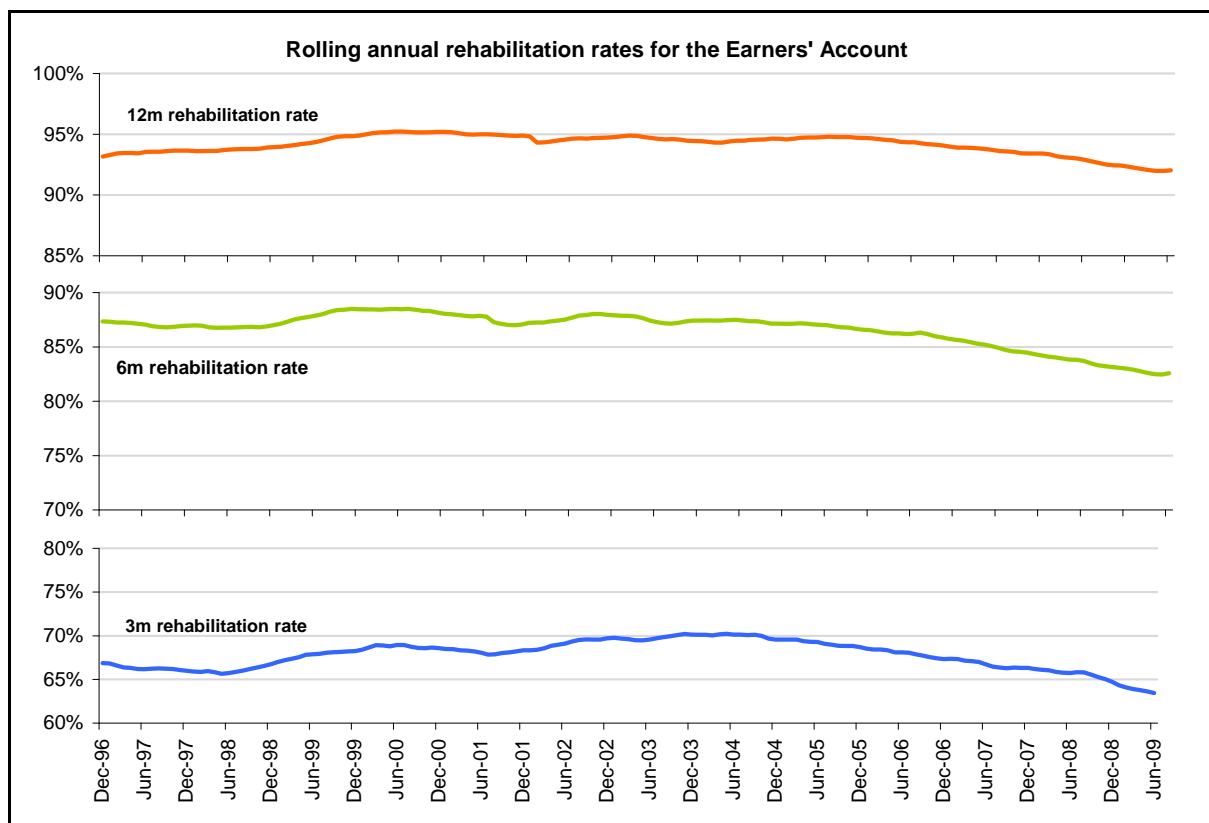
## Cash Entitlements

In the Earners' Account the following amounts were paid over the last five years:

\$ (000)	2005	2006	2007	2008	2009
Independence Allowance	5,415	5,974	6,279	6,725	12,831
Lump Sums	3,079	3,224	5,214	6,699	6,456
Death Benefits	14,055	17,273	21,291	26,905	33,485

## Duration – Rehabilitation rates

The Earners' Account provides the majority of the new weekly compensation claims and therefore has a significant impact on the Scheme rehabilitation rates.



While the changes appear to be small these have a significant impact when the total volume of claims is taken into account. For example the 3% decline in the three month rehabilitation rates from 2007 to 2009 means that 1,400 more people will require more than three months of income replacement in 2009 than would have occurred in 2007.

The table below provides a direct comparison between the Earners' Account and the Scheme as a whole. While both sets of rehabilitation rates are declining, the pattern of non-work injuries being quicker to return to work has continued to apply over the past two years.

		Year ending 30 June		
		2007	2008	2009
3 month rehabilitation rate	Earners'	66.71%	65.75%	63.44%
	ACC	65.60%	64.62%	62.52%
6 month rehabilitation rate	Earners'	84.92%	83.72%	82.57%
	ACC	83.50%	82.27%	81.13%
12 month rehabilitation rate	Earners'	93.61%	92.88%	92.04%
	ACC	92.25%	91.55%	90.91%

## Long term claims

The table below provides the number of Earners' Account claims that have entered the long-term pool over the last 5 years.

	2005	2006	2007	2008	2009
Total number of ACC claims that entered the long-term claims pool	-665	132	575	824	514
Number of Earners' Account claims that have entered the long-term claims pool	-37	233	396	546	488

## Treatment Injury Account

The Treatment Injury Account provides cover for treatment injuries that occur as an unexpected consequence of medical treatment. This excludes treatment injuries subsequent to medical treatment for a work-related injury, which are covered by the Work Account.

Cover was increased from medical misadventure to the wider treatment injury cover from 1 July 2005.

It is funded by Employees via their earner levies (for injuries to earners) and a Government contribution (for injuries to non-earners).

## New Claims

	2005	2006	2007	2008	2009
Total number of ACC claims	1,601,553	1,684,077	1,753,962	1,755,899	1,752,452
New Treatment Injury Account claims	2,563	3,603	4,647	5,073	5,472
% of new claims	0.2%	0.2%	0.3%	0.3%	0.3%

## Entitlements

	2005	2006	2007	2008	2009
New Earners' Account claims	2,563	3,603	4,647	5,073	5,472
Number of Treatment Injury Account claims that go on to have an entitlement from ACC	735	1,133	1,540	1,538	1,910
% of claims that receive an entitlement in the Treatment Injury Account	28.7%	31.4%	33.1%	30.3%	34.9%
Number of Treatment Injury Account claims that receive weekly compensation	396	374	599	600	672
% of Treatment Injury Account claims that receive weekly compensation	15.5%	10.4%	12.9%	11.8%	12.3%
Number of Treatment Injury claims that go on to receive other entitlements	339	759	941	938	1,238
% of Treatment Injury claims that go on to receive other entitlements	13.2%	21.1%	20.2%	18.5%	22.6%

### New registrations

- The number of claims for treatment injuries has continued to increase
- the change in scope of the Account which has increased the volume of new claims that receive cover and therefore entitlements, and is the primary driver of growth in expenditure

## Cash Entitlements

In the Treatment Injury Account the following amounts were paid over the last five years:

<b>\$ (000)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Independence Allowance	1,804	1,753	1,975	2,137	3,824
Lump Sums	2,555	2,792	4,385	4,897	6,438
Death Benefits	1,747	1,429	1,932	2,952	2,932

## Long term claims

The table below provides the number of Earners' Account claims that have entered the long-term pool over the last 5 years.

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Total number of ACC claims that entered the long-term claims pool	-665	132	575	824	514
Number of Treatment Injury Account claims that have entered the long-term claims pool	6	31	6	48	52

Rehabilitation duration information is not available for this account.

## Residual Claims Account

The residual Account covers the continuing cost of work-related injuries sustained before 1 July 1999 and non-work injuries to earners before 1 July 1992.

It is funded through levies paid by employers and self-employed

## New Claims

	2005	2006	2007	2008	2009
Total number of ACC claims	1,601,553	1,684,077	1,753,962	1,755,899	1,752,452
New Treatment Injury Account claims	2,117	2,459	3,276	3,241	3,532
% of new claims	0.1%	0.2%	0.2%	0.2%	0.2%

Given that these are historical claims, which were managed several years ago, no current duration is provided.

## Cash Entitlements

In the Residual Account the following amounts were paid over the last five years:

\$ (000)	2005	2006	2007	2008	2009
Independence Allowance	5,235	6,544	3,853	5,635	12,850
Lump Sums	294	1,952	15,923	,6852	16,040
Death Benefits	15,630	14,752	13,169	13,901	12,907

## Attachment 2

Impact Measures		
Measure	2010-2011 Target	2009-2010 Target
<p>As a result of the amendment to the Accident Compensation Act 2001, ACC needs to be fully funded by 30 June 2019</p> <p>The funding ratios are a measure of the assets available to each Account as a percentage of that Account's claims liability. The targets represent the percentage of assets required in 2011 to be on track to achieving the full funding requirement</p>	<p>Work Account – 81.7%</p> <p>Earners Account – 76.8%</p> <p>Non-Earners – 39.4%</p> <p>Motor vehicle – 56.8%</p> <p>Treatment Injury – 50.6%</p>	<p>Aggregate funding ratio was to be on track to achieve a fully funded position by 30 June 2014.</p>
<p>Actuarial release – ACC will be on track to achieve a \$2 billion actuarial release by 30 June 2012</p>	<p>ACC will achieve a \$1,254 million actuarial release by 30 June 2011</p>	<p>Targets for actuarial release were under development in 2009-2010</p>
<p>Expenditure against claims costs. This tracks how much ACC is spending on rehabilitation, treatment and compensation</p>	<p>Claims costs to be within \$3,095 million (a 4% increase from 2009-2010 forecast)<sup>1</sup></p>	<p>Expenditure tracked against the drivers of liability and cash costs. Growth in expenditure to be no more than:</p> <ul style="list-style-type: none"> <li>• non-fatal weekly compensation: 8%</li> <li>• social rehabilitation: 7%</li> <li>• medical treatment: 7%</li> <li>• elective surgery: 9%</li> <li>• administration: 0%</li> </ul>
<p>Investment returns against market benchmarks. This compares ACC's investment performance with the market average as an indicator of relative performance</p>	<p>0.5% above blended market average benchmarks</p>	<p>0.5% above blended market average benchmarks</p>
<p>Net change in the number of active long-term weekly compensation claims</p>	<p>The net change in number of clients who have been receiving weekly compensation entitlements for 365 days to be not less than 1,150 (reduction)</p>	<p>The net change in number of clients who have been receiving weekly compensation entitlements for 365 days to be no more than 100</p>

<sup>1</sup> Growth targets are calculated against total expenditure during the financial year. Note that because the Statement of Intent is produced before the end of the financial year, these targets are set against the most current estimates of annual expenditure. These are calculated in March of each year, based on eight months of actual data and forecast expenditure for the remaining four months of the financial year.

## Attachment 2

Impact Measures		
Measure	2010-2011 Target	2009-2010 Target
The proportion of clients receiving weekly compensation entitlements who have been rehabilitated within 70 days	71.1% of exits within 70 days weekly compensation days paid	69% of exits within 70 days weekly compensation days paid
The proportion of clients receiving weekly compensation entitlements who have been rehabilitated within 273 days	92.3% of exits within 273 days weekly compensation days paid	91.3% of exits within 273 days weekly compensation days paid
Number of workplace entitlement claims in 5 priority areas (agriculture, construction, forestry, manufacturing and health) and Discomfort Pain and Injury (DPI).	2% reduction (against forecast)	No equivalent target
12 month rolling claim rate (accepted new entitlement) per 10,000 for the working age population (25 – 64)	Below the historical two yearly average (July 2007 – June 2009) of 215.64	No equivalent target
12 month rolling claim rate (accepted new entitlement claims in motor vehicle account) per 10,000 registered motorcycles	Below the 08/09 average of 131.89	No equivalent target
12 month rolling motor vehicle (excluding motorcycles) claim rate (accepted new entitlement) per 10,000 registered vehicles	Below the 08/09 average of 14.62	No equivalent target
New entitlement targeted claims in the rugby union, soccer, netball and rugby league.	2% reduction (against forecast)	2:1 positive return on investment on sports programmes

## It's Better at Work – ACC's workplace rehabilitation philosophy

'Better at Work' is the general name for ACC's workplace rehabilitation philosophy. It reflects an international view, based on a growing body of [research](#), which shows injured workers heal faster and avoid psychological impairment if they can safely recover in the workplace, or return to it as soon as possible after an injury.

The aim of ACC's Better at Work philosophy is, therefore, to bring these benefits to injured clients. This will be achieved, over time, by:

- providing claim management services that support the Better at Work philosophy, these being ACC's current Better at Work programmes – [Stay at Work](#) and [Better@Work](#).
- encouraging GPs to shift their approach from routinely providing time off work to routinely certifying clients as "fit for selected duties," where it is safe and practicable, because doing so will unlock the benefits of workplace rehabilitation for clients and their employers and GPs. To see how this works in practice, see the [Better at Work Philosophy in action](#).

## ACC Better at Work Services

### Stay at Work (SAW)

Established in mid-2009, SAW services are delivered by a nationwide network of contracted SAW vendors. They receive referrals from ACC and actively work with the client, their GP and the employer to provide a tailored and coordinated approach to organising services designed to safely keep the patient at work, or return them to work as soon as possible.

The key features of the service are:

- vendors have the flexibility to determine how and when service should be provided (within service guidelines), to meet each patient's individual needs
- emphasis is on early identification and removal of obstacles preventing early return to work
- early intervention services are delivered quickly, within tight timeframes, to address patient needs
- a collaborative approach is taken, with the SAW Co-ordinator involving the client, employer, primary treatment provider, whanau, GP and others to identify issues and develop solutions that will enable workplace rehabilitation
- there are three different stages within the service, each tailored to meet the differing needs of clients

- success is measured via ongoing and simultaneous assessment, evaluation and service.

### **Service Design**

There are three stages within the Stay at Work service based on the client's level of complexity, taking risk and need into consideration:

- Stage 1 – Early Return to Work
- Stage 2 – Graduated Return to Work
- Stage 3 – Continued Interventions

Clients can enter the service at Stage 1 or Stage 2. The stages are consecutive, and include a systematic process of assessment, planning, activities, monitoring and review. For more information, see [Stay at Work service overview map \(DOC 128K\)](#).

#### **Stage 1 – Early Return to Work**

Initial interventions are provided by the vendor where ACC has identified that the client has a low complexity injury (likely to be simple musculoskeletal injuries) and risk factors and requires support to facilitate their early return to work. This stage allows a maximum of one week to coordinate parties that need to be involved in facilitating successful early return to work for a client.

#### **Stage 2 – Graduated Return to Work**

Clients can enter the Stay at Work service at this stage or may in occasional cases be transitioned from Stage 1 (with approval from ACC). Clients who directly enter the service at Stage 2 are likely to require a more in depth level of assessment and documented planning to support their return to work. This may involve a gradual approach to returning to work, and monitoring progress towards a full return to pre-injury duties and hours of work.

#### **Stage 3 – Continued Interventions**

Stage 3 recognises that there are a small proportion of clients who require more extensive support and intervention to enable their return to work. Clients are not able to enter Stage 3 without having been through Stage 2. Entry to Stage 3 requires specific approval from ACC.

The Workplace Assessment written report remains available under Stay at Work, but is no longer the required entry point of the service.

### **Better@Work**

Better@Work offers an early intervention and intense case management workplace rehabilitation service for all injured workers over 16 years of age who are enrolled in participating Primary Health Organisations (PHOs), excluding serious injuries and work place injuries with accredited employers.

Better@Work is a service prototype which was established in Taupo via Lake Taupo PHO in early 2009. Since then, it has been expanded to include Harbour Health, Waiora Healthcare and HealthWEST PHOs (north and west Auckland), and to the Hawkes Bay through Hawkes Bay PHO.

A decision on rolling out Better@Work nationwide will be based on a formal review of the prototype, which will take place in early 2010.

Service is provided by GPs, supported by Better@Work Coordinators employed by, or contracted to, the PHOs. Claims are allocated to the Better@Work service by PHO GPs based on criteria established by ACC. Better@Work Co-ordinators are supported by ACC Case Co-ordinators, who manage patients' entitlements.

Better@Work Coordinators bring all parties together to identify suitable duties for injured workers and any supports required to help the patient safely stay in the workplace. They also help those certified as fully unfit to maintain normal routines, including contact with their workplace. The general practitioner sees the client every two weeks, updating their work certificate accordingly.

The goal of the service is to use a combination of best practice certification and active liaison between the client, their GP, the Better@Work Coordinator and the employer to keep people at work through the recovery period, or get them back to work as soon as is safe and practicable.

Early performance indications from Lake Taupo PHO show that Better@Work clients return to work faster than those who are not participating in the programme. Despite referrals not yet reaching their full capacity, weekly compensation savings from this programme are running at just under 10%.

The Lake Taupo prototype has:

- enabled general practitioners to take an evidence-based approach to the management of injuries for workers
- supported employers by helping to get their injured workers to remain in, or return earlier to, the workplace as a part of the evidence based management approach
- compared to the 2007 baseline, over the last nine months ACC has seen 40 fewer weekly compensation claims (there were 600 claims for weekly compensation in Taupo in 2007) because early intervention services are being delivered within the first week, and
- for those injured people that did require time-off work ACC has been required to fund 1,000 fewer weekly compensation days.

Updated: 17 March 2010



# National Serious Injury Service

Serious injury clients are a small but growing group that are costly to support (see box). They receive lifelong support from ACC: in the case of children this can extend to the next 70-80 years. Liability estimates are difficult because the quantity of support provided is the only variable under ACC's direct control: the health sector is more influential on pricing and demand has yet to be curbed through injury prevention.

## History

Established in July 2007, the National Serious Injury Service (NSIS) is charged with achieving two outcomes:

1. Enable serious injury clients to rebuild their lives and take part in the social and working life of their communities
2. Achieve a sustainable rate of growth in ACC's liability for costs of supporting serious injury clients.

The NSIS works exclusively with serious injury clients (previously these clients were managed by case management staff in the branch network). The NSIS comprises 126 service delivery staff working out of ACC branches throughout the country, and 10 support staff mostly located in Wellington. Service delivery staff performing the case management function are either Support Coordinators (case loads up to 30 where client needs are changing) or Service Coordinators (case loads-up to 70 where clients needs are stable). Individual performance management is the responsibility of 16 Team Managers. Accountability for business results is spread across five regionally-based managers reporting to a national Service Delivery Manager.

### Quick facts

- Growing portfolio - currently 4,750 with 300 new clients added each year
- \$35m each month on social & vocational rehabilitation
- 37% of ACC's total outstanding claims liability

## Specialist case management

The NSIS is the first of several recent moves by ACC towards increasing specialisation in the case management function. Service delivery staff are recruited for their knowledge and experience of disability, and receive on-going training in contemporary disability practice.

In serious injury, case management revolves around the following functions:

- Engaging specialist independent assessors to determine the client's injury-related needs for support so they can lead an everyday life
- Putting in place the right balance of supports from the family, from the community, from the school or workplace and from ACC-funded services
- Engaging clients, family members and others involved in their care in an individualised planning process to develop achievable social participation and independence goals
- Facilitating access to specialist services to support clients to achieve greater independence and increase their employment and community participation.



## NSIS management challenges

### Situation in 2007

Prior to the establishment of the NSIS the rate of growth for the average cost of a serious injury claim had been accelerating (4.2% in 2005, 5.8% in 2006, and 14.5% in 2007). For accidents prior to 1998, the average cost per claim had doubled in the preceding 8 years. Analysis confirmed this was primarily due to a mix of factors: legislation changes, subjective assessment practices, contracting and pricing, inconsistent case management decision-making and over-reliance on attendant care as the primary support option. PricewaterhouseCoopers regarded the serious injury portfolio as ACC's most significant liability risk.

Despite increasing expenditure, employment and community participation rates for ACC's serious injury clients were substantially lower than international benchmarks. For example, overseas employment participation rates are typically 30% - 35%: only 18% of ACC's serious injury clients were in paid employment.

### NSIS achievements since 2007

Action	Result
<ul style="list-style-type: none"> <li>Engagement of specialist disability assessors using evidence-based objective assessment tools and attendant care guidelines to determine appropriate levels of care</li> <li>Limited vendor contracting implemented with evidence-based reporting requirements</li> <li>Disability support services purchased as more appropriate alternatives to attendant care contributing to achievement of better outcomes for clients</li> <li>Claim segmentation aligned to financial and outcome risk profile</li> <li>Specialist case management –dedicated resources assigned for serious injury claims management and targeted at areas of greatest risk or where greatest opportunity for management of liability exists.</li> <li>NSIS service-wide understanding and accountability for liability growth targets.</li> </ul>	<ul style="list-style-type: none"> <li>Assessment costs reduced by \$1.2m in 1<sup>st</sup> year</li> <li>4% growth in liability for serious injury social rehabilitation costs at June 2009 (down from 15% from previous year)</li> <li>300 fewer claims receiving attendant care</li> <li>Median hours of attendant care for new clients lower than for pre-NSIS new client cohort</li> <li>Year-on year growth in median hours of attendant care stabilised across entire portfolio (i.e. new and existing clients)</li> <li>Annual savings of \$721,000 for 31 new child &amp; youth clients, and \$641,00 for 29 existing child &amp; youth clients during a 12-month trial of new assessment tools</li> </ul>

In September 2009, the Executive Leadership Team approved 21 additional roles for the NSIS as part of a strategy which will deliver \$29m in annual cost savings and a \$620m reduction on ACC's outstanding claims liability by 2012. Recruitment is currently underway and new staff will be trained and ready to start implementation of the strategy by March 2010.