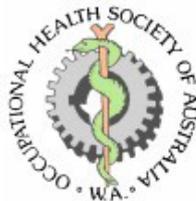




## **OCCUPATIONAL HEALTH SOCIETY OF AUSTRALIA (WA BRANCH)**

### **WORKERS' COMPENSATION ITEMS OF INTEREST FOR DISCUSSION AT WORKSHOP/S**

1. WorkCover WA. Workers' Compensation in Western Australia Annual Statistical Report 2007/08 to 2010/11 Overview.
2. Lost Time Claims 2007/08 to 2011/12 (preliminary).
3. Public Sector Commission. State of the sector 2012 RiskCover workers' compensation data



### Overview

In 2010/11, claim numbers increased for the first time since 2007/08, as did (total) lost time claim frequency.

For lost time claims between 2007/08 and 2010/11, the proportion of long duration claims (defined as 60 days or more lost time) has steadily increased. In 2010/11, long duration claims represented 27.9% of all lost time claims in the WA workers' compensation scheme. The frequency rate for these claims also increased.

Adjusted (real) claim payments\* rose by 5.6% in the same reference period. This is largely attributed to increases in both the proportion of long duration claims in the scheme and average claim duration.

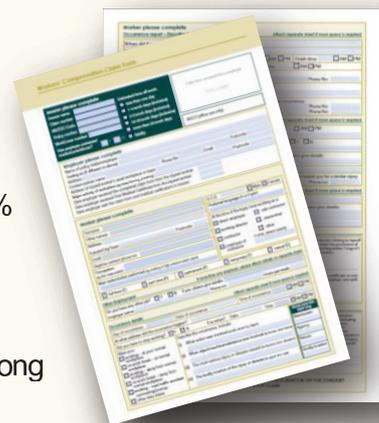
Long duration claims account for 81.6% of all claims costs, with the majority of costs incurred by claims with 180 days or more time off work.

With the exception of medical and hospital payments, all other payments types have increased over time. Notably, legal and miscellaneous payments (adjusted) increased by 26.9% between 2007/08 and 2010/11. This is reflective of increased civil proceedings and settlement activity within the scheme.

Based on new indicators, the majority of claimants are returning to work after a work-related injury or illness. Of all lost time claims lodged in 2010/11, as at 31 January 2012, 70% of claimants had returned to work in some capacity (working either full or partial hours compared to pre-injury). This is consistent with the proportion of claims (36%) that continue to receive weekly income replacement payments six months after a claim was lodged (continuance rate\*). Both the six-month and twelve-month continuance rates have been increasing over time.

Over the last four years, insurers' claim management performance has been consistent. However, the average claim duration is increasing, despite a small reduction in 2010/11. Currently, it takes an average of seven months to finalise a claim.

The number of disputes (over workers' compensation claims) and disputation rate\* is increasing.



### Explanatory notes:

#### Claims

- Claims information presented in this section refer to both finalised and unfinalised claims. As claims develop over time, there is a higher proportion of unfinalised claims in the most recent financial year (2010/11p). The 'p' indicates preliminary data for this year.
- The information presented on claims data refers to the financial year in which the claim was lodged with the insurer. This may not be in the same financial year in which the injury or disease actually occurred.



### Lost Time Claims 2007/08 – 2011/12 (Preliminary)

Days	2007/08	2008/09	2009/10	2010/11	2011/12
1-59	14,193	13,506	12,542	13,034	13,212
60-119	1,409	1,413	1,413	1,579	1,767
120-179	641	603	613	714	1,039
180+	1,904	2,040	1,927	2,276	2,544
<b>Total</b>	<b>18,147</b>	<b>17,562</b>	<b>16,495</b>	<b>17,603</b>	<b>18,562</b>

Note: After relatively stable years 2007/08 to 2009/10 lost time claims for 1-59 days increased by 4% in 2010/11 and by less than 2% in 2011/12 (preliminary).

By contrast:

60-119	day claims increased	12% and	12%	in the last 2 years
120-179	day claims increased	16.5% and	45.5%	in the last 2 years
180+	day claims increased	18% and	12%	in the last 2 years

### Overall percentage of lost time claims by days lost group

Days lost	2007/08	2008/09	2009/10	2010/11	2011/12
1-59	78.2	76.9	76.0	74.0	71.2
60+	21.8	23.1	24.0	26.0	28.8

### Claims Costs (\$M)

Days	2007/08	2008/09	2009/10	2010/11	2011/12
1-59	92.38	99.07	102.64	110.03	118.13
60-119	57.46	59.26	64.20	72.80	85.66
120-179	44.03	43.89	47.44	52.72	80.57
180+	336.77	359.94	359.25	414.58	369.67
<b>Total</b>	<b>530.64</b>	<b>562.16</b>	<b>573.53</b>	<b>650.13</b>	<b>654.03</b>

### Total Costs (\$M)

Days lost	2007/08	2008/09	2009/10	2010/11	2011/12
1-59	92.38	99.07	102.64	110.03	118.13
60+	438.26	463.09	470.89	540.10	535.90
<b>Total</b>	<b>530.64</b>	<b>562.16</b>	<b>573.53</b>	<b>650.13</b>	<b>654.03</b>



## RiskCover workers' compensation data

Data from RiskCover (Table 6.1) indicates that for 2011/12 there was a decrease in the rate of incidents resulting in a lost time injury (LTI) but the severity and duration of injuries continued to increase.

**Table 6.1 Lost time injury claims, estimated days lost and rates, 2008/09 to 2011/12 (Source RiskCover)**

	LTI Claims	Estimated Days Lost	Incident Rate <sup>(a)</sup>	Duration Rate <sup>(b)</sup>	Severity Rate <sup>(c)</sup>
2008/09	2580	107 033	4.03	24.5	21.7
2009/10	2675	120 832	4.13	26.1	22.8
2010/11	2801	134 100	4.04	29.0	26.5
2011/12	2836	153 014	3.87	33.6	27.6
(a) (Number of LTI Claims / Number of FTE) * 100					
(b) Estimated Days Lost / Number of Claims					
(c) Number of Severe Claims / Number of LTI Claims					

- The number of LTI claims increased marginally in 2011/12, with 2836 of the 4566 claims resulting in at least one day of lost time.
- The incident rate has decreased since 2009/10, indicating that growth in employee numbers is outpacing LTI claims. This rate has been derived using FTE numbers rather than employee headcount.
- The duration rate has increased consistently over the past three years, with each LTI claim on average in 2011/12 expected to result in 33.6 days of lost time due to injury.
- The severity rate increased to 27.6% in 2011/12, indicating that more than a quarter of LTI claims resulted in over 60 days of lost work time.