

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 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 the 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.

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/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 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.

So, at WorkCoverSA (now ReturnToWorkSA) the Post Accident Assessment was implemented (under a different name though) which did demonstrate significant improvements in RTW and subsequently provided the evidence needed to prove 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 doctors surgery.

Other innovations/improvements that we were able to 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 and it was introduced into both RTWSA and both Claims Agents. It was the catalyst for culture change. It still has a way to go but it is getting there.
- 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.
- 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 IME spend from \$1.4M per month to \$300K)
- Substituted common law for no fault economic lump for claimants with a WPI between 5-29%.
- 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 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 is ground breaking in that it's key focus is 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. As at 31 December 2016 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 perspective as well. These were initiatives that I had been trying to get up 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.

It is still early days but with a Scheme now 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 is now 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.