

1 July 2018

Veterans' Compensation and Rehabilitation Inquiry  
Productivity Commission  
GPO Box 1428  
CANBERRA CITY ACT 2604

Dear Sir/Madam

**RE: Submission to the Productivity Commission Inquiry into Veterans' Affairs' Legislative Framework and Supporting Architecture for Compensation and Rehabilitation for Veterans**

Thank you for the opportunity to contribute to the Productivity Commission's inquiry into the system of compensation and rehabilitation for Australian veterans. EML is delighted to see the Productivity Commission examining ways to improve healthcare and employment services for Australian veterans and their families.

EML is Australia's leading injury claims manager, with more than 100 years of experience supporting injured workers and employers to receive high-quality, sustainable rehabilitation and employment pathways. We have particular experience working in Australian statutory injury compensation schemes, employing a specialist team of 1,800 return-to-work experts to support 50,000 injured workers annually and more than 80,000 employers.

Between April and July 2017, EML was contracted by the Department of Veterans Affairs (DVA) to undertake an Expert File Review of forty veteran claims across four defined groups: severely injured veterans, less severely injured veterans at risk of lifetime dependency, recently reported claims and younger veterans with a mental injury.

The review provided specific recommendations on each individual's claim, as well as observations on broader system and scheme improvements DVA could consider based on our experience working across multiple statutory injury schemes. DVA welcomed the review and its observations in the context of its Veteran Centric Reform (VCR) program.

This submission draws upon EML's observations from the review, particularly as they relate to our specialist understanding of the best-practice features of Australian statutory workers' compensation schemes. We believe we are ideally placed to assist the Productivity Commission in making recommendations for how best to design a sustainable system to deliver compensation, support and service for veterans – as well as value for money.

We welcome any opportunities for further engagement.

If you would like any further information please do not hesitate to contact Simon Bailey, General Manager, New Markets

Yours sincerely

Mark Coyne  
CEO

## A System to Meet the Needs of Australia's Veterans

Social insurance schemes around the world are maturing to deliver highly-personalised services, with choices for case management ranging from self-management to support and intervention-based models – all ultimately depending on individual needs. There is growing acknowledgment that active support for families in turn helps injured persons, too. Alongside personalised case management, there is an overarching understanding that compensation schemes need to be financially sustainable in the long term.

EML is the preferred claims manager for statutory workers compensation schemes nationwide, including in South Australia, Victoria and New South Wales. We also act on behalf of some of Australia's largest self-insurers and life insurers. Drawing on this broad experience, we'd like to highlight the following general features we believe are evident in well-functioning social insurance schemes.

***Can you point to any features or examples in other workers' compensation arrangement and military compensation frameworks, that may be relevant to improving the system of veterans' support?***

### **Governance**

1. **Competition and contestability.** Diverse, competitive markets will always deliver more for injured persons as case/claims managers are forced to listen to their customers, innovate their service delivery, and improve their offering's value to maintain competitive advantage. This has been evidenced in numerous other social insurance schemes, such as Victoria's workers' compensation system since 1980s, South Australia's since the 1990s and more recently Comcare looking to the private sector to manage some government department claims based on the outcome of a 2 year pilot program.

One way to improve veterans' support is with private sector experts providing specialised case management services for those with complex needs. For example, in the late 2000s the Victorian Government has further outsourced the management of catastrophic claims to the Transport Accident Commission (TAC), as experts in that field.

These private sector experts would work alongside DVA, who could continue to manage less complex cases, thereby fitting into the overall framework of services provided by DVA. EML is confident similar positive outcomes that have been achieved by the public and private sectors coming together in such schemes throughout Australia can be achieved with the service provided to veterans. EML would welcome the opportunity to discuss its experience with the benefits of competitive compensation schemes with the Productivity Commission and/or DVA further.

2. **Evolving case/claims management frameworks.** Our review found significant opportunities to introduce a consistent practice framework to the way DVA manages veteran claims. It could draw upon the features of basic case management models evident in most social insurance schemes throughout Australia – such as a documented case management model, supported by an organisational competency-based training program focused on customer service, engagement and recovery planning skills. Another essential feature of any framework is that it is flexible; static case management models that are unable to reflect innovations in service delivery and technology will inevitably fall short of meeting contemporary community expectations.
3. **Innovation.** EML has firsthand experience of the benefits that an innovation mindset can bring to compensation schemes. As Australia's only workers' compensation mutual, we reinvest our profits back into research, thought leadership and innovation initiatives. Our research partnerships with the University of Sydney, University of NSW and Monash University have resulted in important changes to case management and clinical approaches for injured works with Post Traumatic Stress Disorder.

In our experience, Australia's best performing compensation schemes actively collaborate with experts to improve their operation, drawing upon their specialist knowledge. For example, Return to Work South Australia engaged its Agents including EML to implement a mobile case management service, which improved return to work rates and engagement between injured workers and clinicians. We have now rolled this model out to our Victorian operations.

Comcare has also demonstrated an innovation mindset through its Collaborative Partnership initiative: a national effort by public, private and not for profit organisations to improve workforce participation for people with temporary or permanent physical or mental conditions which may affect their ability to work.

If DVA were to take further steps towards adopting a similar innovation mindset for service delivery, it would easily ensure Australia's veterans are receiving the best support available. To its great credit, DVA's collaboration with EML for the Expert File Review under the VCR program indicates it is already proactively moving towards such a mindset.

4. **Performance.** Successful schemes aim to continuously improve in order to provide fit-for-purpose services and value for money. One way to identify areas for improvement is through performance approach that assesses a scheme's success in defined areas against set criteria. Our review found that there is an opportunity to introduce a performance approach aligned to the objectives of the DVA scheme in order to drive that continuous improvement. Any performance approach should assess DVA as an organisation (scheme, division, individual) in order to influence behaviours (e.g. of case managers, providers etc.) and meet short, medium and long-term objectives of Australian Government and DVA.

### **Customer Engagement – Veterans and their Families**

At the time of our review, the metric used by DVA to ascertain the service experience of veterans was based on the rate of veterans contacting DVA, rather than DVA reaching out to veterans. Indeed, we found little evidence of verbal communication with veterans and their families. A subsequent observation was that DVA's relationship with veterans and their families errs towards being 'transactional' rather than personalised, focused on passing them through procedures and administering payments. Simple opportunities for improvement exist, such as setting expectations and standards for communication – both spoken and written.

EML commends the transformational efforts of DVA's VCR program for working to better understand veterans' experiences. To build upon this important work, EML recommends that – like some of Australia's best-functioning schemes – DVA adopt a system that regularly and proactively seeks to hear from veterans across multiple channels of interaction, supported by professionally trained customer divisions/departments.

### **Liability**

In comparison to other compensation schemes, the benefit structures available to Australian veterans are well resourced and largely generous. However, one side effect observed in our review is that DVA can at times operate as a 'passive payer' rather than an 'active manager' of cases.

Ideally, the system of veterans' support would be well resourced with actively managed cases, including payment of benefits. Where payments are more passively managed, the observed risk has been that processes and assessments for entering and exiting the scheme have insufficient safeguards, which are often overly risk adverse, inconsistent and not veteran centred. EML also identified a lack of thorough understanding of cost drivers such as treatment and rehabilitation costs by DVA.

Most seriously, EML saw no evidence of event or time-based case management interventions in any of the files it reviewed, leading to missed rehabilitation opportunities. By not adopting an active case management approach that recognises intervention opportunities, DVA could risk the delivery of sustainable, productive outcomes for veterans.

There are many ways for DVA to improve its case management approach, such as embedding experts from organisations such as EML to work alongside and train its staff in industry best practice. The VCR program is a clear indication that DVA is open to these opportunities and actively looking for ways to improve its systems and offering.

### **Stakeholders**

EML appreciates the sensitive stakeholder environment in which DVA operates, including veterans, their families, and advocacy and representative bodies.

There is a well-researched link between family support and effective physical and mental rehabilitation of injured workers. In EML's review, a majority of individual veteran cases showed a need for greater family engagement, support and assistance. DVA's current paradigm for personal injury management is narrowly focused on the injured person, which can overlook the fact that the first line of support for an injured veteran is often not a treating practitioner, ancillary support service, employer or the case manager – but rather, the veteran's immediate family. Engaging family and social support structures in the rehabilitation process would better facilitate mental and physical healing for veterans, supporting them back into the workforce where appropriate.

EML has more experience than most in constructively engaging stakeholders similar to DVA's through our work providing customer-centric services to Australian emergency bodies (including police, fire and ambulance). For example, through our work with NSW Police, EML is at the forefront of trialing a new version of case management that incorporates the family. This concept moves away from an approach that only assists injured workers and moves towards the provision of a broad range of services to officers' partners and families, with numerous benefits – primarily, positive pathways back into the workforce. The Veterans' Affairs system is perfectly placed to introduce a similar evidence-based approach.

***What is the rationale for providing different levels of compensation to veterans to that offered for other occupations, including people in other high-risk occupations such as emergency services workers? Are there implications for better policy design?***

EML's experience as a claims manager for workers in high-risk occupations – including Police, Fire, Health and State Emergency Services – introduced us to the spectrum of injuries that can occur to those working in a highly physically, cognitively and emotionally demanding role where violence, horror and trauma is present. To ensure we are adequately addressing the needs and complexities of those injured in this type of work, we have invested significantly in resources, education and programs to build our internal capability while also empowering and educating our clients, claimants and the community on best-practice claims management, particularly where trauma plays a role.

An important element of our psychological injury program is our relationship with Phoenix Australia and the Black Dog Institute, who have reinforced our understanding of the similarities and differences between the Emergency Services and veterans – allowing us to strategically manage claims to achieve the best possible outcome for all parties and stakeholders. Many similarities do exist between veterans and the emergency services, and they should be considered as important policy design considerations for DVA, including:

- The interconnection of their role and sense of identity: most view their service as more than just a job and this can complicate the way injuries, career transition and discharge are viewed;
- An unwillingness to engage and reluctance to trust people who aren't within their service and haven't shared the experiences they have, which can dilute the benefits of treatments and make recovery more difficult;
- A masculine culture that has historically fostered an environment where individuals have self-stigma about their psychological injury. This has led to individuals persevering with their symptoms and delaying seeking help, so consequently more severe conditions present and treatment becomes harder;
- Individuals presenting with co-morbidities to their psychological injury with a tendency to self-medicate and partake in unhelpful coping strategies;
- Personnel being used to maintain a base level of physical fitness, when their health declines due to physical or psychological injury their overall wellbeing and ability to recover is compromised. However, they do often respond well to exercise as an additional treatment; and
- The work environment is transient and exposes individuals to repeated direct and vicarious trauma, horror and grief that is outside of their control. Although the trauma experienced differs, Emergency Services work within their communities daily with objectionable material, family violence, drug affliction, motor vehicle accidents and local terror while veterans are exposed to war and warlike conditions.

As a result of the above, balancing functional recovery with symptom minimisation is much harder in this population but is vital to achieve a return to work transition. Overall, our experience has taught us that a one-size approach does not suit each industry and that understanding the portfolio and its intricacies is vital in making constructive policy decisions.

## *How could the administration of the claims and appeals process be improved to deliver more effective and timely service to veterans in the future?*

It was evident from EML's review that the Veterans' Affairs system is highly complex, governed by three separate Acts with different eligibility requirements and benefit structures, as well as multiple delegates interacting with veterans. Ultimately, this complex legislative framework should be re-examined by the Australian Government. In the interim, a greater issue facing DVA is the complexity of its operations. Prior to any legislative changes taking place, some of these operations could be reformed to improve the case management process for veterans, including:

- Placing controls on timeliness of case management actions such as eligibility, follow up after reports and progress updates;
- Improving the timeliness of injury reporting to minimise risk of delayed treatment and rehabilitation services;
- Improving the timeframe between claim lodgement and decision, and incapacity assessment to payment;
- Introducing expectation setting and care planning with veterans on recovery and return-to-work goals;
- Introducing a consistent process to assess permanent impairment that reduces reliance on commissioning medical reports and is transparent as to how impairment figures were determined;
- Considering broader use of investigations to support critical decisions including eligibility for entry into the scheme, and building in peer review of significant claim decisions; and
- Work with veterans and their families to establish long-term life goals that will promote self-reliance and empowerment.

## *Are transition and rehabilitation services meeting the needs of veterans and their families?*

There is a significant opportunity to improve the transition of veterans from the Australian Defence Force (ADF) to suitable employment through improved career planning. Compelling international and local evidence indicates that employment is generally good for health and wellbeing, while long-term absences from the workplace, work disability and unemployment have a negative health impact.

Another suggestion made by EML for DVA's consideration is the introduction of 'work mapping' to develop individualised, injury-specific strategies for returning veterans to the workforce. EML's review found that responsibility for returning veterans to work was often outsourced to rehabilitation providers rather than being coordinated and 'owned' by DVA and the veteran.

While the majority of claims we reviewed did have a return-to-work opportunity identified, there was little measurement of the success rates of these opportunities being attained and no accountability on the primary parties of DVA and the veteran.

Changes to the length of benefit eligibility in state-based workers' compensation schemes have placed greater pressure on schemes' to consider transitioning injured workers out of these schemes into suitable, sustainable employment.

In 2016, EML commissioned a report by the Institute for Safety, Compensation and Recovery Research (ISSCR) into the features of compensation schemes worldwide that contribute to the successful transition of injured workers either out of schemes or into new systems. The ISSCR's report indicated that the best schemes had models of service featuring:

1. **A focus on proactive support and engagement for individuals with employment options ahead of system exits.** Services should centre on individualised programs that include one-to-one contact with a personal advisor or group of professionals who are qualified to educate, retrain and support the injured worker for new employment opportunities.
2. **Active management of transitions to new states (e.g. employment, other schemes).** For a successful transition, it is essential to have a multi-disciplinary team including experienced project managers and healthcare professionals leading the scheme participant.

3. **Post-transition support for employers to ensure sustainable outcomes.** Evidence suggests that employer incentives to hire long-term unemployed and/or disabled workers do not motivate employers to support the worker outside of the payment window. Instead, ongoing post-transition support should be provided to the employer to ensure the scheme participant's transition is sustainable.

EML welcomes the opportunity to share the ISSCR's report if the Productivity Commission would find it useful.

***Is health care for veterans, including through the gold and white cards, provided in an effective and efficient manner. Has the non-liability coverage of mental health through the white card been beneficial?***

Since the early 2000's, social insurance schemes have progressively improved their approaches to customer treatment and scheme funding. Proactively engaging with medical providers, demanding evidence-based approaches to treatment and care, implementing peer review frameworks for decision-making, and tracking treatment costs has enabled schemes to better manage customer outcomes and budgets. Striking this balance between ensuring customers are receiving suitable health care that addresses their needs and managing costs is essential for a scheme to be considered high-performing.

Our review found that DVA is yet to evolve to this point. EML did not observe any line of sight within DVA of its overall treatment expenditure. There is an inadequate focus on managing individual veteran treatments and scheme costs (i.e. a passive approach), resulting in over-servicing, as well as the regular administration of concurrent, ineffective and/or potentially harmful treatments. It was frequently unclear in individual cases who the treating GP or trusted medical advisor was, or what their view was of the veteran's return to work capacity and treatment goals. There was also no evidence of treatment expectation frameworks being provided to providers by DVA, or targeted selection of specialised providers for specific injury types.

This could be improved by DVA more actively monitoring cases, tracking whether rehabilitation and return-to-work strategies are being adequately achieved for individual veterans. Constantly reviewing the quality of providers and the effectiveness of treatments being administered is essential. If this does not happen, DVA risks funding redundant treatments, which does not benefit either the veteran or DVA's bottom line.

Based on the timeframes of EMLs work, EML is unable to make any conclusions on the impact of the recent introduction of non-liability mental health support. DVA's White and Gold cards should nevertheless be commended. More active case management would also support the administration of these cards. EML found that, when issued without initial and ongoing guidance about how the cards are best used to support an individual's rehabilitation and employment, the cards often incurred high or unnecessary costs without achieving specific health goals. Again, a more active case management approach would resolve this issue.

## **Veteran Centric Reform Program**

EML congratulates DVA for its initiation of the VCR program, drawing on veteran feedback to re-shape its services and improve the experience for veterans and their families. Based our review, we have a number of suggestions for how DVA can achieve its VCR ambitions in a timely and effective way.

### **1. Greater industry engagement**

EML appreciates many stakeholders are eager to contribute to DVA's service delivery reform. Prioritisation is required. In addition to veterans and their families, we believe DVA should focus on engaging with external claims management experts experienced in similar compensation schemes to study industry best practice.

### **2. Too much focus on technology as the ultimate solution**

Schemes must be agile, with the technology to capture information and provide channel options for client engagement. However, technology alone won't solve some of the inherent issues apparent within the DVA case management model highlighted in this submission. Active case management can often benefit exponentially from a human element – a phone call, direct interaction or tailored personal support. It is EMLs view that the DVA model must be improved to first and foremost engage with veterans by introducing a new framework of management and a capability uplift on the importance of active management with a personal approach.

### **3. Agility through trialling alternatives**

In order to advance DVA's ambitious agenda, DVA will need to be flexible in how to deliver its services. Testing low fidelity solutions could fast track new service alternatives and/or improvements. Private sector personal injury claims managers are well placed to help DVA trial new approaches to case management, rehabilitation, customer service and family support. DVA may decide that, in the longer term, a version of an outsourced case management model (as seen in NSW, Victorian and South Australian workers compensation schemes) is appropriate for Veterans' Affairs.