



Policy paper: the case for compulsory referral to workplace rehabilitation in NSW

APRIL
2019

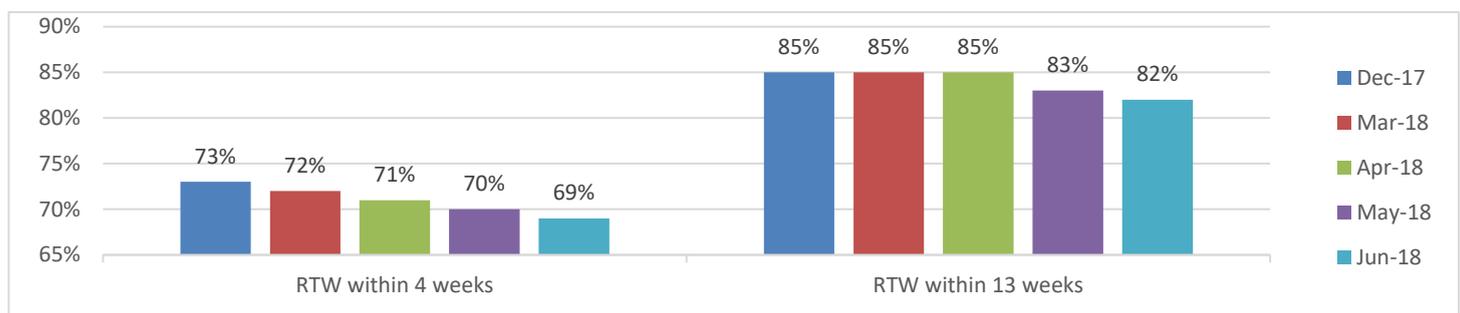
The Australian Rehabilitation Providers Association (ARPA) calls for the NSW government to mandate referral to workplace rehabilitation for workers not anticipated to return to work within **four weeks**. Earlier referral to focused rehabilitation would save NSW at least **\$38 million each year**¹.

ARPA is the peak body for the Australian workplace rehabilitation industry, representing thousands of independent workplace rehabilitation providers and allied health professionals. Our industry has a proven track record of delivering quality care and offers a return on investment between \$28-\$32 for every \$1 invested.²

THE PROBLEM

- More than **560,000 Australians** suffer work-related injuries or illnesses every year³, costing an estimated **\$61.8 billion annually**⁴ (extrapolated to be 160,000 New South Welshmen, at a cost of \$20 billion).
- Nearly one in five of the state's workers⁵ are employed in industries with the highest rates of serious claims - **agriculture, forestry and fishing; manufacturing and construction**.⁵
- The state's **700,000+ businesses** (ABS 8165.0 published 21 Feb 2019) are legally required to hold workers' compensation insurance, costing them more than **\$2.3 billion every year**.⁶
- **Return to work (RTW) rates are in dramatic decline in NSW**. More than 2,400 or 31% of injured workers have not returned to work within four weeks (up from 2,000 or 27% of injured workers in just 6 months)⁷. Poor RTW rates cost the worker, their family, the employer, the community and the economy.⁸ Reduced referrals to workplace rehabilitation are correlated directly to reduced return to work rates.
- Many employers have poor claims management practices, causing lengthy **delays in workers receiving necessary medical and rehabilitation services**. Premiums are calculated on the time it takes to return an injured employee to the workplace; these delays are unfairly inflating insurance costs.
- Workers' compensation claims costs incurred by employers in NSW have increased dramatically, rising nearly **17% from 2017 to 2018**.⁶ Ensuring workers with an injury are able to get earlier and a mandated referral to an independent workplace rehabilitation provider will help address this significant increase.¹
- The state's peak business organisation, the NSW Business Chamber, recently called upon a review of the NSW workers' compensation system to address the **serious concerns** raised by businesses across NSW. The Chamber said the system "is not working properly and is negatively impacting both employers and employees."⁹

Chart 1: NSW workers' compensation system return to work rates (December 2017 to June 2018)⁷



1 ActuarialEdge Occupational Rehabilitation Financial Benefits Report, NSW, January 2019

2 SwisseRe Rehabilitation Watch 2014

3 ABS 6324.0 - Work-Related Injuries, Australia, Jul 2017 to Jun 2018

4 SafeWork Australia, The Cost of Work-related Injury and Illness for Australian Employers, Workers and the Community: 2012-13

5 SafeWork Australia, Australian Workers' Compensation Statistics Report 2015/16

6 icare 2017/18 Annual Report

7 SIRA - NSW workers compensation dashboard, Dec 2017 - June 2018

8 The Royal Australian College of Physicians: Realising the health benefits of work - An evidence update November 2015

9 NSW Business Chamber <https://www.nswbusinesschamber.com.au/Media-Centre/Latest-News/December-2018/URGENT-REVIEW-NEEDED-OF-WORKERS-COMPENSATION-IN-NS>



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MANDATED REFERRAL: HOW WILL IT WORK?

Where any worker is likely to be off work for more than **four weeks**, the case manager must refer them to accredited WRP for an independent rehabilitation assessment. This must happen within **three working days** of the triaging outcome. A mandated referral to an accredited workplace rehabilitation provider means workers who are at risk of remaining off work long-term, are provided expert, impartial and informed support to get them back to work as quickly and safely as possible.

THE BENEFITS OF MANDATED REFERRAL TO EMPLOYEES, EMPLOYERS & THE SCHEME

Workplace rehabilitation helps a worker with an injury recover, stay at, or, return to work following an injury or illness. Accredited workplace rehabilitation providers address physical, psychological and social risk factors that affect a worker's ability to recover at, or return to work.

Every workplace insurance policy includes access to a workplace rehabilitation provider. This service is vital in helping a worker and their employer safely stay at work, or, transition back to work after an injury, accident, illness or disease. But more people with an injury in NSW are staying out of the workforce longer than they need to. This comes at an enormous personal, social, health and economic cost to them, their employers and the workers' compensation scheme in NSW.

Australasian and international empirical evidence shows that good work is beneficial to people's health and wellbeing.¹⁰ Conversely, long-term work absence, work disability and unemployment have a negative impact on a person's health and can exacerbate underlying mental health conditions.

Workplace rehabilitation providers are approved, accredited, audited and measured by the State Insurance Regulatory Authority (SIRA) and the Australian Health Practitioner Regulation Agency (AHPRA), so employers and workers with an injury are guaranteed high levels of service, independence and the application of regulated health standards. Accredited workplace rehabilitation providers are the key resource providing expertise across these areas and more.

RAISING THE STANDARD OF SERVICE

ARPA is committed to improving the standard and the quality of service within the workplace rehabilitation industry. To help ensure mandated referral to rehabilitation is a cost-effective and consistent service, ARPA proposes that all consultants who work for workplace rehabilitation providers in NSW should complete a new and mandatory online training program.

This training program would:

- be competency based, which is training that is designed to allow the learner to demonstrate their ability
- outline the skills and attributes required to provide early, consistent and efficient workplace rehabilitation services in the NSW scheme
- be delivered by ARPA
- require an undertaking of no more than a few hours.

¹⁰ARPA National - WRPs: Getting people back to work, back to health and back to life



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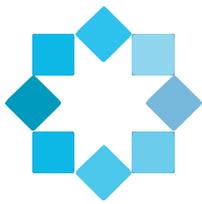
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CASE STUDIES

The following case studies demonstrate the significant difference in cost between an early and late referral to an independent workplace rehabilitation provider for NSW employers and the scheme. In this instance, the employer whose worker was **not** referred to an independent rehabilitation provider soon after their injury has incurred wage costs more than **980%** of the employer whose worker (with the same injury) was referred to an independent rehabilitation provider within four days of their injury (**\$304,640** compared to **\$26,160** in estimated wage costs over the life of the claim*).

Case details	Late referral to workplace rehabilitation	Early referral to workplace rehabilitation
Date of Injury (DOI)	14 January 2016	4 September 2016
Date of Referral	5 March 2018	9 September 2016
Delay to Referral (days)	781 days	4 days
Nature of Injury	Lower back disc bulge L4/L5 disc bulge	Lower back disc bulge L4/L5 disc bulge
Summary	<p>Worker was referred 781 days after the injury, which was managed internally by an employer representative.</p> <p>Intervention required:</p> <ul style="list-style-type: none"> • Exercise Physiology Program (moving from passive to active treatment) to increase functional capability to increase hours and duties within the workplace • Intensive support to worker and employee to ensure maintenance of relationship given duration of injury and strain between both parties • Identification and facilitation of investigation into pathology of injury • Facilitation of additional treatment for compensable condition including cortisone injections. 	<p>Worker was referred four days after injury for RTW services following L4/L5 disc bulge. Intervention required:</p> <ul style="list-style-type: none"> • Treatment facilitated and commenced by 22/09/16 • Employer able to offer suitable duties reduced hours / tasks in the interim • Graded RTW Program commenced alongside treatment recommendations increasing hours and duties accordingly • Worker able to return to pre-injury duties within 11 weeks as a result of early referral; early treatment; supportive employer and graded RTW plan alongside AHRR (treatment plan).
Outcome	Working same employer pre-injury duties	Working same employer pre-injury duties
Date of Closure (DOC)	7 September 2018	30 November 2016
Duration to outcome	26.42 weeks	11.7 weeks
Rehabilitation cost paid by the scheme	\$8,344 incl GST	\$4,782 incl GST
Estimated wages cost during rehabilitation*	\$42,272	\$18,720
Estimated wages cost from DOI to DOC*	\$304,640	\$28,160

* Estimated using NSW Average Weekly Ordinary Time Earnings (6302.0 - Average Weekly Earnings, Australia, May 2018)



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WHAT IS WORKPLACE REHABILITATION AND WHY DO WE NEED IT?

Australia's 2.17 million businesses pay more than \$10 billion every year in workers' insurance

A key benefit of every workplace insurance policy is access to a workplace rehabilitation provider.

Workplace rehabilitation is the process of helping an injured worker recover and return to work following an injury or illness.

Workplace rehabilitation providers help address risk factors that can affect a worker's ability to recover at, or return to, work.

THE PROBLEM



High-Risk Industries

- Agriculture
- Forestry and fishing
- Manufacturing
- Construction



More than

107,000

Australians suffer work-related injuries or illnesses each year, costing

\$62 billion

in lost productivity annually

- THE LONGER
- SOMEONE IS OFF
- WORK, THE LESS
- CHANCE THEY
- HAVE OF EVER
- RETURNING. THIS
- MAY LEAD TO
- HIGHER RATES
- OF DEPRESSION,
- ISOLATION AND
- POORER HEALTH
- FOR AUSTRALIANS.

THE SOLUTION



Workplace Rehabilitation Providers are independent, allied health professionals. They are free from conflicts of interest between the insurer and the employer.

WITH EARLY REFERRAL, THEY CAN HELP INJURED WORKERS RECOVER AND RETURN TO WORK THROUGH:

- ✓ **A SUITABLE DUTIES PROGRAMS**
- ✓ **ON-THE-JOB TRAINING TO ACQUIRE NEW JOB SKILLS**
- ✓ **SPECIAL ASSISTANCE FOR SEVERE INJURIES**

THE SAVINGS

WRPs provide **\$28** in claims cost savings for every **\$1** invested

IN NSW, EARLY REFERRAL TO FOCUSED REHABILITATION WOULD SAVE \$30M EACH YEAR

In Queensland, government agencies saved **\$6m** in premiums, and **\$25m** in on-costs from early intervention over 3 years