

Tasmanian Risk Management Fund

Guidelines for Setting Workers Compensation Case Estimates

1. Introduction

The Tasmanian Risk Management Fund provides a whole-of-government approach to the treatment of major risks to which Fund participants are exposed, including ensuring that adequate financial provision is made for the cost of those risks.

Maintaining accurate case estimates on workers compensation claims improves the management of the Fund. The Department of Treasury and Finance, the Fund Administration Agent (FAA) and the Fund's Actuary all use case estimates to monitor and respond to emerging trends in workers compensation claims within the Fund as a whole and within Fund participants. Ultimately, developing best practice around case estimates will assist in reducing Fund participants' costs.

Case estimates are initially calculated and updated periodically by the FAA, based on data provided by Fund participants. Fund participants also review case estimates and may advise the FAA of adjustments to case estimates from time to time.

The purpose of this document is to set out the approach to be adopted by Fund participants when providing data to the FAA and also the approach to be adopted by the FAA and Fund participants in setting or adjusting case estimates. The overall objective is to help ensure that case estimates remain accurate throughout the life of a claim.

2. Principles for developing case estimates

Case estimates should be:

Consistent	That is, prepared consistently over time and consistently between Fund participants. Consistency over time makes it easier to identify underlying trends in claims experience, while consistency between Fund participants improves equity.
Complete	That is, use all of the available data. A key part of achieving this is for Fund participants to actively provide all the relevant data to the FAA as soon as it becomes available, and for the FAA to routinely incorporate the data into case estimates. Case estimates must be based on evidence and avoid any intentional biases.

3. Factors to consider in setting case estimates

Below is a non-exhaustive list of factors to consider in setting case estimates.

Weekly payments and lump sum payments	<p>Consider all the relevant entitlements applicable to an estimate. As information comes to light or the worker's incapacity lasts for a significant period, a worker's entitlements may change. An estimate should be based on the number of weeks that the evidence suggests the worker will be off work and any potential lump sum payment for a permanent impairment. Information from multiple sources should be considered, including:</p> <ul style="list-style-type: none"> • current Injury Management Plan: duration and review dates • current medical certificate: review dates and the expected period of incapacity • any Return to Work Plan • anticipated duration and cost of any treatment plan (see <i>medical and other expenses</i>)
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	<ul style="list-style-type: none"> • any medical reports provided by the treating medical practitioner and any treating specialist • any independent medical reports • interviews with the worker, treating medical practitioner and rehabilitation provider • any background knowledge about the worker (ie age, geographic location, pre-injury duties, employment history, prior known claims, lifestyle, any previous similar injury the worker had and how they recovered after those injuries, pre-existing conditions impeding recovery and return to work timeframes, the availability of rehabilitation)
Medical and other expenses	<p>Draw on experience to inform usual recovery times for an injury taking into account the nature and severity of the injury, age of worker, the worker's job description and the need for, and anticipated costs of, any medical treatment. It is important to think broadly about the types of medical and other services the worker may need, including:</p> <ul style="list-style-type: none"> • treatment provided by a primary treating medical practitioner • treatment provided by treating specialist/s • diagnostic and/or radiological services • physiotherapy • chiropractic • pharmaceutical • rehabilitation • hospitalisation • investigations (medico-legal opinions, investigator costs) • household services • associated travel and maintenance (food and accommodation) expenses
Liability pending and legal cost factors	<p>If liability on the claim has been pending by the Fund participant for initial medical and/or other investigations, the estimate must still reflect the potential cost of the claim. If liability is to be disputed, potential legal costs should also be taken into account.</p>
Likelihood of return to work	<p>Consider the availability of suitable duties for the worker's return to work. The type of injury the worker has and the type of duties available at the workplace will affect the time it takes for a worker to return to work. In some instances, suitable duties will be unable to be provided at the workers usual workplace as the worker has been medically certified to return to a different place of work (including a different Fund participant) for a temporary or ongoing period. Some workers with certain injuries may be able to return to some kind of work before they have fully recovered. Some workers will not be able to return to any kind of work until they have fully recovered. Where it is unreasonable or impracticable for the employer to provide suitable duties, a worker may be on full benefits even when certified fit for return to work. In some cases, the worker's duties may be supernumerary or the Fund participant may be absorbing the lost or unproductive time and not claiming wages.</p>
Settlement option	<p>Consider the potential for agreement to settle the claim within or after two years from the date of the claim.</p>

4. FAA responsibilities

The FAA is responsible for:

- setting initial case estimates within five (5) days of receiving a claim;
- reviewing case estimates within six (6) weeks of receipt of a claim; and
- reviewing case estimates at least quarterly thereafter, or whenever new information comes to hand that will impact on case estimates.

5. Fund participant responsibilities

Fund participants are responsible for:

- providing accurate, complete and prompt data to the FAA, to assist them in calculating case estimates;
- reviewing case estimates based on monthly reports provided by the FAA and instructing the FAA of estimate adjustments; and
- at a minimum, reviewing case estimates six monthly and providing formal advice to the FAA of any adjustments no later than 15 May and 30 November each year. This timing will assist the Actuary's reporting requirements to the Fund.

6. Other responsibilities

The FAA will advise Treasury of instances where a case estimate is adjusted:

- materially; and/or
- from the estimate recommended by the Office of the Solicitor-General.

Treasury may then make further enquiries seeking explanation of the adjustment, to assist with the management of the Fund.

Treasury, the FAA and the Fund's Actuary will continue to monitor case estimates to check their accuracy from time to time. In particular, claims that have been settled for materially more or less than the case estimate may be reviewed, to better understand the reasons for the differences between the case estimate and the settlement amount.