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# Scheme quarterly status report

December 2007

Data used in this report was extracted from the WorkCover WA Q1 database on 24 February 2008, and reflects scheme activities that occurred prior to and including December 2007.





Scheme quarterly status report: December 2007

## **Citation**

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This scheme performance report contains information on outcomes and activity within the WA workers' compensation scheme. Some of the indicators are subject to development as claims mature.

The data used in the report is derived from data supplied by insurers and exempt employers in accordance with the Q1 specification. The report is based on a model of the scheme that has six components:

- insurance;
- compensation;
- injury management;
- dispute resolution;
- medical and allied health services; and
- administration.

This report includes well developed scheme level indicators in the area of compensation and initial indicators for injury management. Indicators for other areas are either annually based (in the case of the insurance area) or under development.

The report is designed to report trends across the scheme with a minimum of commentary or interpretation.

The Insurance Commission of Western Australia (ICWA) is included in this report. Although not an approved insurer, for the purposes of insurer and self insurer comparisons, ICWA is considered to be more appropriately grouped with approved insurers than self-insurers.

- 1 Due to the dynamic nature of workers' compensation claims, the interpretation of data contained within this report (the data) must be undertaken with some caution. Data users are cautioned to consider carefully the provisional nature of the data before using it for decisions that concern personal or public safety or the conduct of business that involves substantial monetary or operational consequences.
- 2 The accuracy or reliability of the data is not guaranteed or warranted in any way. WorkCover WA has made a reasonable effort to ensure that the data is up-to-date, accurate, complete, and comprehensive at the time of disclosure. This data reflects data reported to this agency by insurers for the reporting periods indicated. Data users are responsible for ensuring by independent verification its accuracy, currency or completeness.
- 3 Neither WorkCover WA, or its agencies or representatives are responsible for data that is misinterpreted or altered in any way. Derived conclusions and analysis generated from this data are not to be considered attributable to WorkCover WA.
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- 5 Information concerning the accuracy and appropriate uses of the data or concerning other workers' compensation data may be obtained by contacting WorkCover WA.

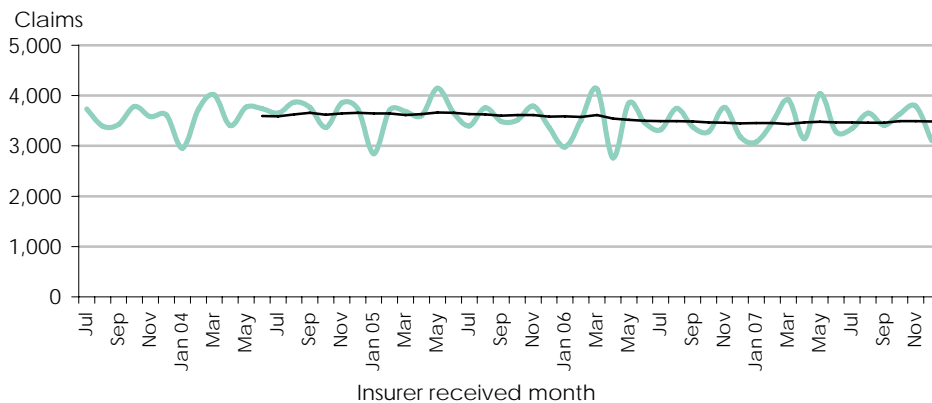
## Indicators

<b>B: Compensation</b>			
<b>Indicator</b>		<b>Long term trend</b>	<b>Short term trend</b>
B1	New claims	Stable	Stable
B2	Active claims	Stable	Stable
B3	Ratio of new to closed claims	Decreasing	Decreasing
	Average duration of closed claims	Stable	Increasing
B4	Number of claim payment transactions	Decreasing	Decreasing
	Value of total payment transactions	Increasing	Stable
B5	Direct compensation	Increasing	Stable
B6	Estimated claim costs	Stable	Stable
B7	Common law claims	Decreasing	Decreasing
	Total common law payments	Increasing	Decreasing
B8	Initial liability decision period	Decreasing	Decreasing
B9	Employer lodgement period	Stable	Decreasing
	Insurer lodgement period	Decreasing	Increasing
B10	Service payment period	Decreasing	Increasing
	Service reporting period	Decreasing	Stable
B11	Compensated time lost	Stable	Decreasing
<b>C: Injury Management</b>			
<b>Indicator</b>		<b>Long term trend</b>	<b>Short term trend</b>
C1	Active Vocational Rehabilitation (VR) claims	Decreasing	Decreasing
C2	Total Vocational Rehabilitation payments	Decreasing	Decreasing
<b>D: Dispute Resolution</b>			
<b>Indicator</b>		<b>Long term trend</b>	<b>Short term trend</b>
D1	Disputation rate	Decreasing	Decreasing
D2	Memorandum of Agreements recorded	Stable	Decreasing
<b>G: Data Quality</b>			
<b>Indicator</b>		<b>Long term trend</b>	<b>Short term trend</b>
G1	Claim detail records - errors	Increasing	Decreasing
G2	Claim payment records - errors	Decreasing	Decreasing

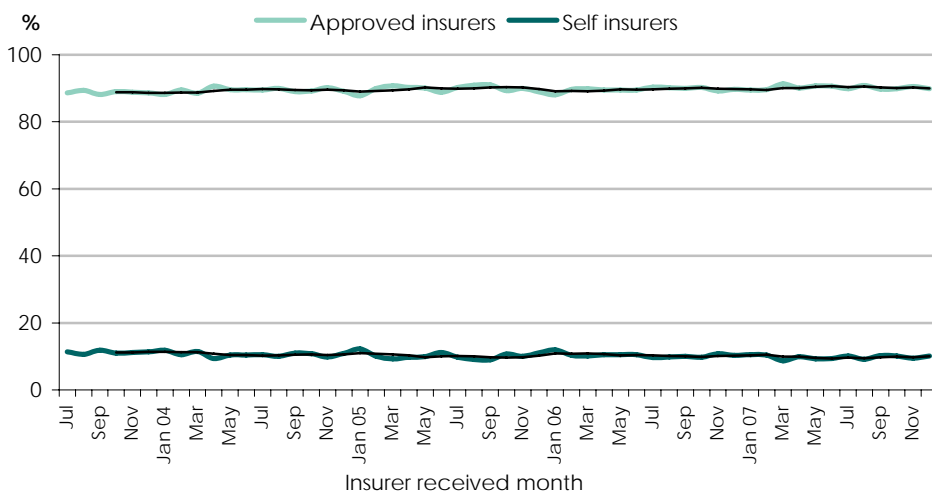
The monthly trend in the level of new claims is **stable**.

Indicator	Dec 2007 N	Nov 2007 N	Dec 2006 N
New claims lodged	3,103	3,789	3,179
Cumulative claims for financial year	20,928	17,825	20,665

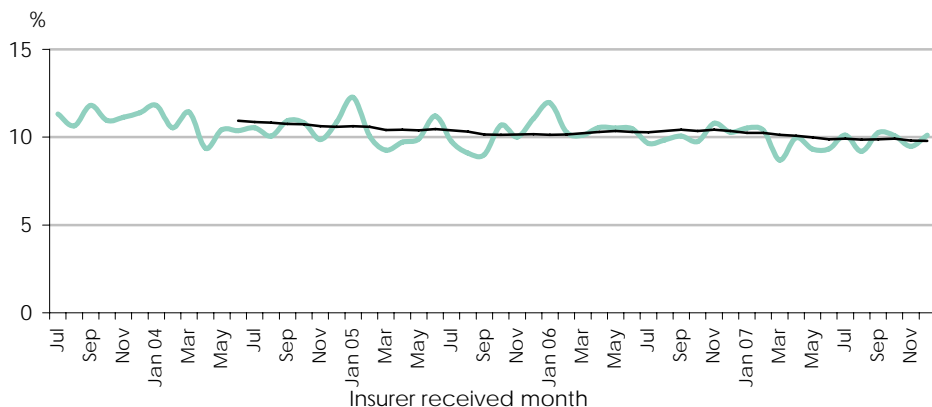
B1.1: Monthly new claims - scheme total



B1.2 Monthly new claims - proportion of new claims



B1.3: Self insurers - proportion of new claims



The number of new claims lodged with an insurer in the relevant month or quarter.

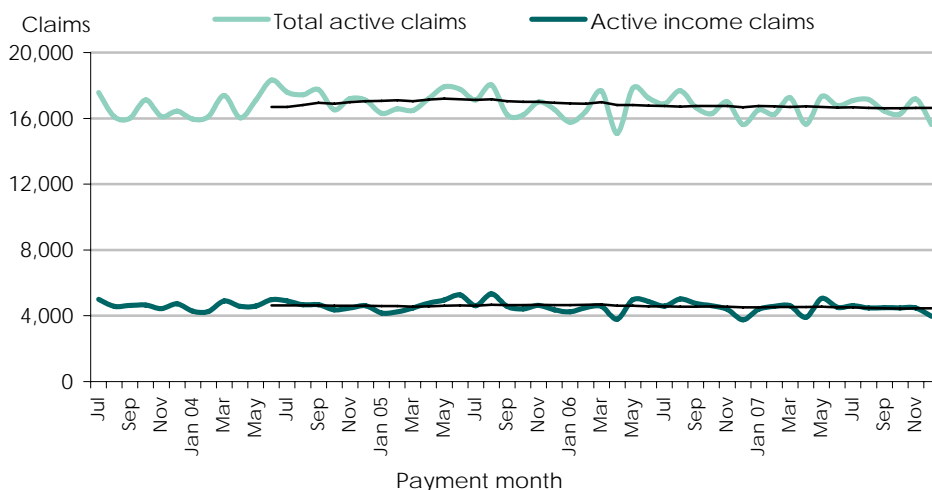
Trends are 12 month moving average

## Active claims

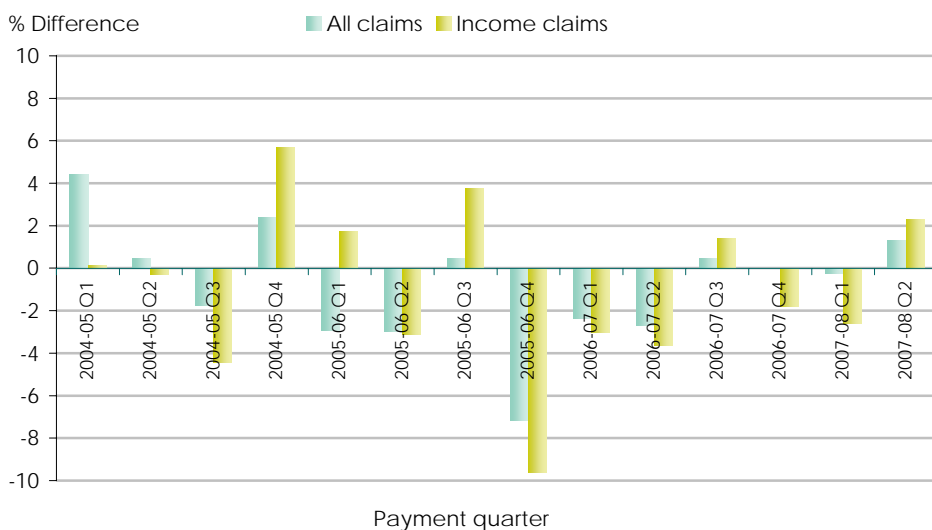
The trend in the level of active claims is **stable**.

Indicator	Dec 2007 N	Nov 2007 N	Dec 2006 N
Active claims – all	15,615	17,187	15,623
Active claims – income claims	3,963	4,470	3,754

B2.1: Monthly active claims - scheme total



B2.2: Active claims - scheme total - change from previous year



Active claims are claims with at least one claim payment in the month or quarter (regardless of when the claim was originally lodged).

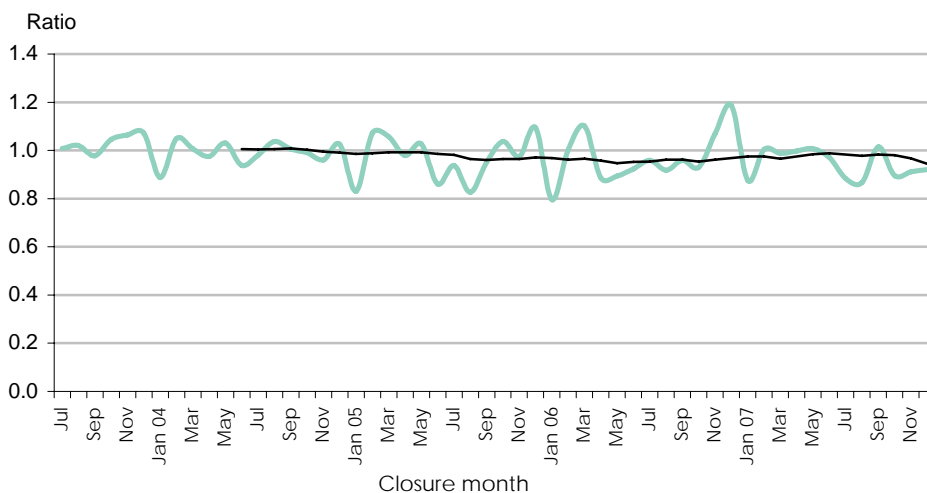
Trends are 12 month moving average

## Claims closed

The trend in the ratio of new to closed claims is **decreasing**.

Indicator	Dec 2007 N	Nov 2007 N	Dec 2006 N
Claims closed	3,370	4,159	2,679
Ratio of new to closed	0.9	0.9	1.2
Average duration of closed claims (months)	9.4	10.4	10.0

**B3.1: Ratio of new to closed claims - closure month**



The average duration of closed claims is **stable**.

**B3.2: Average duration of closed claims**



Insurers report the date on which they consider that a claim is closed and for which no further payments are expected.

The duration of closed claims (B3.2) is the number of calendar months between the date the insurer received the claim and the date on which the insurer recorded the claim as closed.

Trends are 12 month moving average

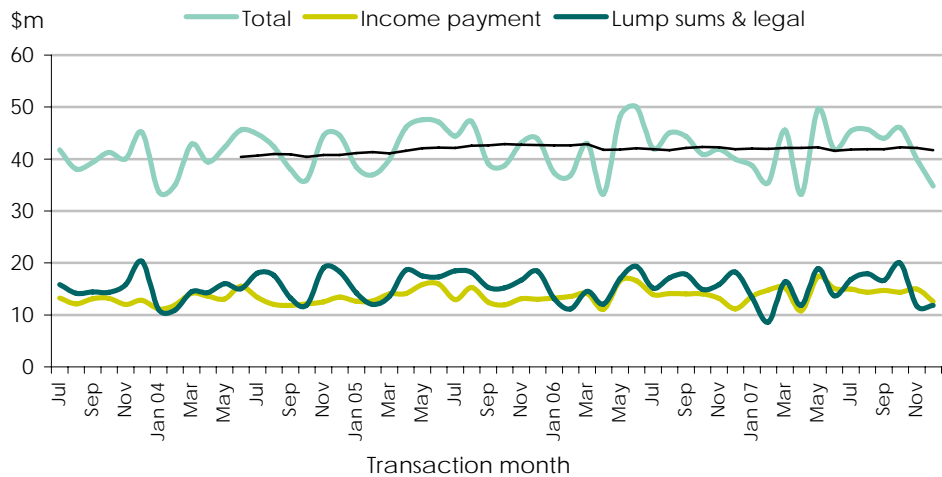
## Claim payments

The recent trend in the value of monthly total claim payment transactions is **stable**.

Indicator	Dec 2007 \$m	Nov 2007 \$m	Dec 2006 \$m
Income payments	12.6	15.0	11.2
Lump sums & legal	11.8	11.7	18.3
Medical & hospital	5.7	7.4	5.6
Allied health	1.8	2.4	1.8
Vocational rehabilitation	1.1	1.4	1.3
Other	1.7	2.1	1.9
<b>Total</b>	<b>34.8</b>	<b>40.0</b>	<b>40.0</b>

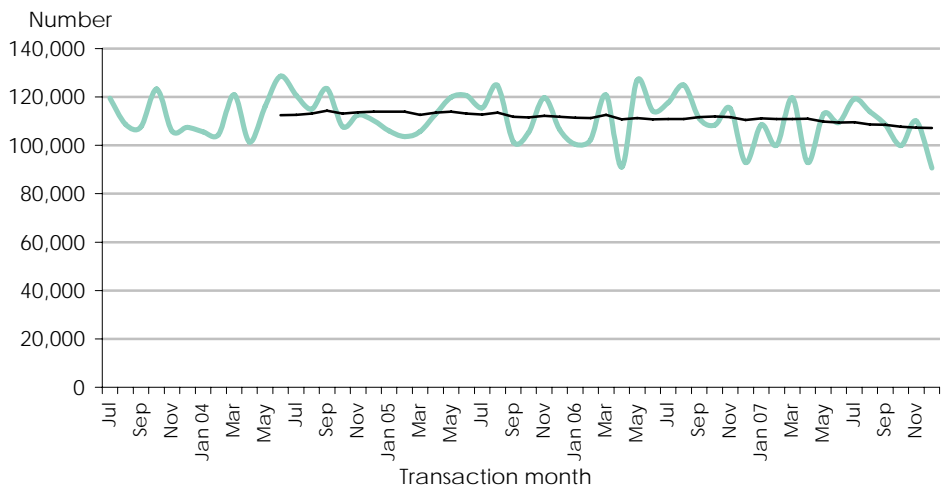
The increase in the level of payments since January 2005 may reflect the increase in statutory benefits and entitlements under Schedule 2 for permanent impairment introduced at that time.

**B4.1: Total claim payments**



The trend in the number of monthly claim payment transactions is **decreasing**.

**B4.2: Claim payment transactions**



Total claim payments (B4.1) indicate the sum of payments made in the various payment categories in the relevant month or quarter.

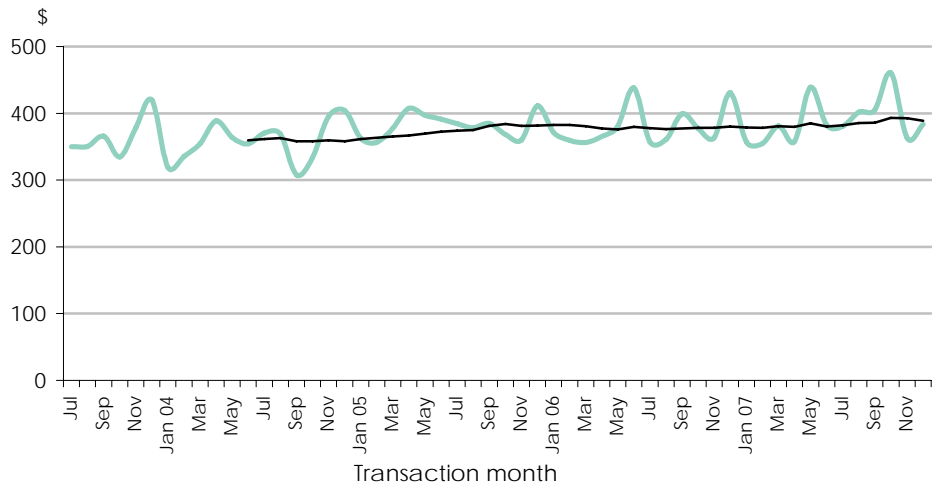
Claim payment transactions (B4.2) records the number of transactions of all kinds paid during the relevant month or quarter.

Trends are 12 month moving average

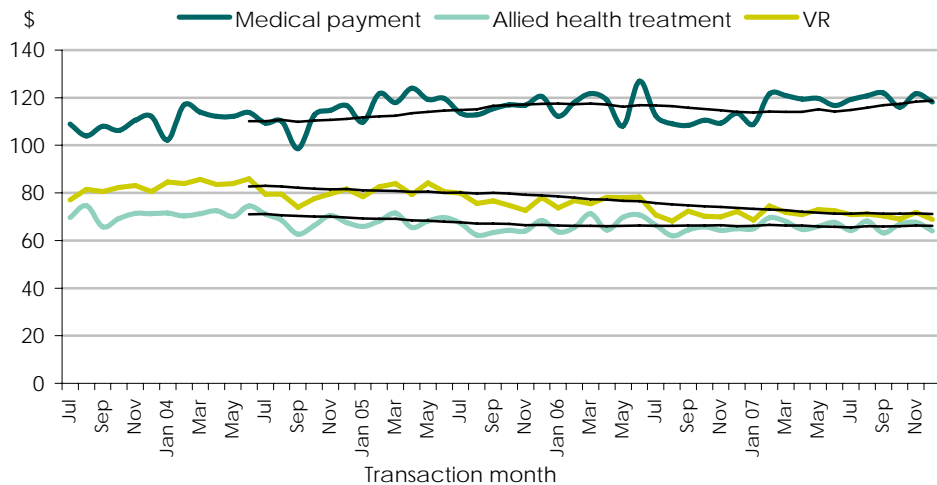
Claim payments (cont'd)

Consistent with the stability in the number of transactions and the increasing total payments, the average (real) payment per transaction has **increased**.

B4.3: Average payment per transaction

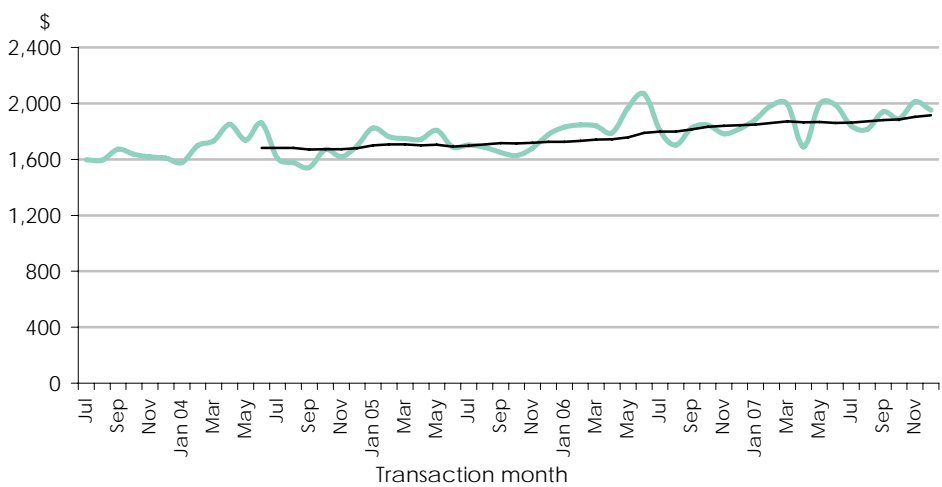


B4.4: Average payment per medical & allied health transaction



The impact of the January 2005 increase in income payment entitlements is evident in the increase in the average payment per income payment transaction.

B4.5: Average payment per income transaction



Trends are 12 month moving average

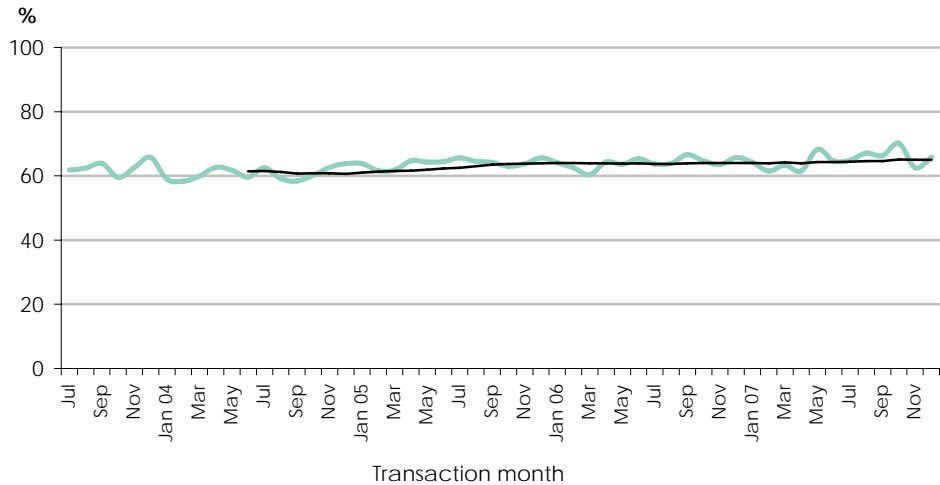
## Direct compensation: percentage of total claim payments

The monthly trend in the proportion of claim payments paid directly to workers in the form of income payments is **stable**.

After a slight increase as from January 2005 the proportion of claim payments paid as direct compensation has stabilised at approximately 64%. This may reflect that the changes in benefits introduced in January 2005 have now fully impacted on this indicator.

Indicator	Dec 2007	Nov 2007	Dec 2006
Direct compensation as % of total claim payments	66%	63%	66%

**B5.1: Direct compensation as a percentage of total claim payments**



Direct compensation paid reports the proportion of total claim payments (B4.2) that are paid directly to injured workers in the form of income payments, redemptions, fatality payments, common law and Schedule 2 payments.

Note: Unlike the similar CPM indicator, non-claim costs such as insurers' administrative costs and profit/loss are not included in total claim payments used to calculate indicator B4.

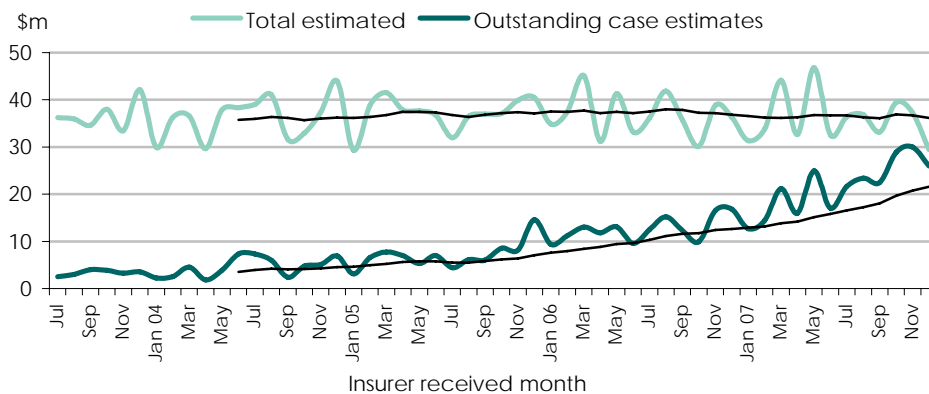
Trends are 12 month moving average

**Estimated costs**

After allowing for the underdevelopment of estimates for claims lodged in recent months, estimated total payments (actual paid plus case estimates) per lodgement month indicates a **stable** trend.

Indicator	As at Dec 2007 \$m	As at Nov 2007 \$m	As at Dec 2006 \$m
Incurred costs - new claims	29.4	37.2	40.5
Total current case estimates	692.5	698.7	691.0
Total current common law claim estimates	154.8	157.3	161.6

**B6.1: Estimate of payments by lodgement month**



**B6.2: Current case estimates**

Lodgement year	Open claims N	Case estimates \$	Average estimate \$
All earlier years	669	21,138,559	31,597
1998-99	318	9,937,893	31,251
1999-00	463	10,985,101	23,726
2000-01	587	14,750,578	25,129
2001-02	639	17,697,291	27,695
2002-03	994	24,302,443	24,449
2003-04	974	42,083,540	43,207
2004-05	1,505	68,896,533	45,778
2005-06	2,795	116,565,810	41,705
2006-07	6,575	189,592,572	28,835
2007-08	12,266	176,500,131	14,389
Total	27,785	692,450,451	24,922

**B6.3: Current common law case estimates**

Lodgement year	Open claims N	Case estimates \$	Average estimate \$
All earlier years	48	6,152,390	128,175
1998-99	18	3,331,490	185,083
1999-00	23	4,016,142	174,615
2000-01	23	6,346,960	275,955
2001-02	27	7,446,082	275,781
2002-03	40	8,768,063	219,202
2003-04	79	18,943,202	239,787
2004-05	97	29,574,150	304,888
2005-06	102	36,023,554	353,172
2006-07	93	26,143,216	281,110
2007-08	50	8,056,151	161,123
Total	600	154,801,399	258,002

Trends are 12 month moving average

Total payments (B6.1) report insurers' current estimate of the total payments to be made for claims that were lodged in the relevant month or quarter.

This estimate includes actual payments to date plus the case estimate of the outstanding liability for unfinalised claims.

Common law claims

The monthly trend in new common law claims is **decreasing**.

Indicator	Dec 2007	Nov 2007	Dec 2006
Common law claims	1	5	13
Common law payments \$m	\$3.4	\$3.6	\$8.0

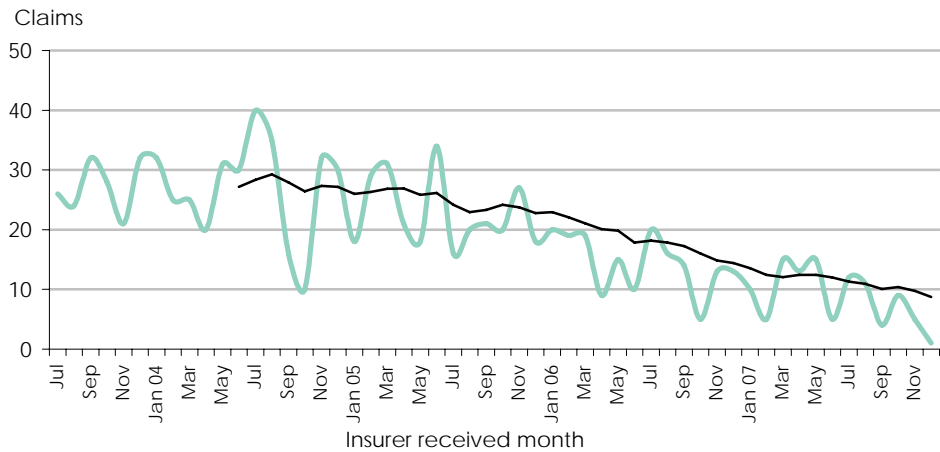
The monthly trend in total common law payments has been **increasing** since July 2007.

The number of claims lodged in the relevant month or quarter that insurers have flagged as having an actual or potential common law component.

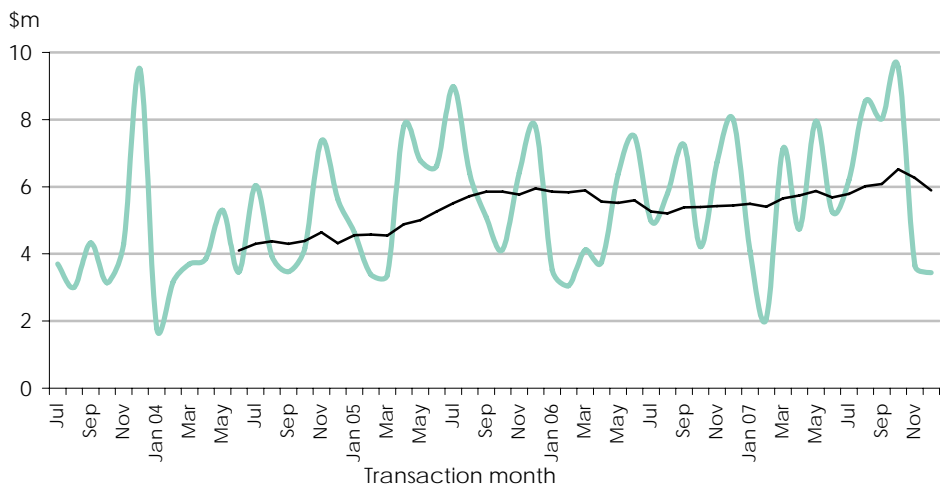
Common law payments are claim payments (B4) relating to common law judgements or settlements.

The monthly data can change, as cases develop, particularly where claims initially identified as having a potential common law component do not proceed before the courts or common law aspects become apparent for existing claims.

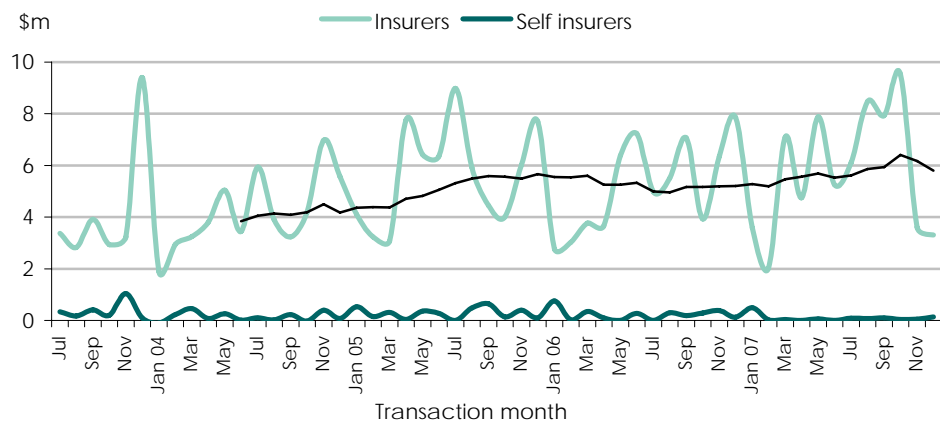
B7.1: New common law claims



B7.2: Common law payments – scheme total



B7.3: Common law payments



Trends are 12 month moving average

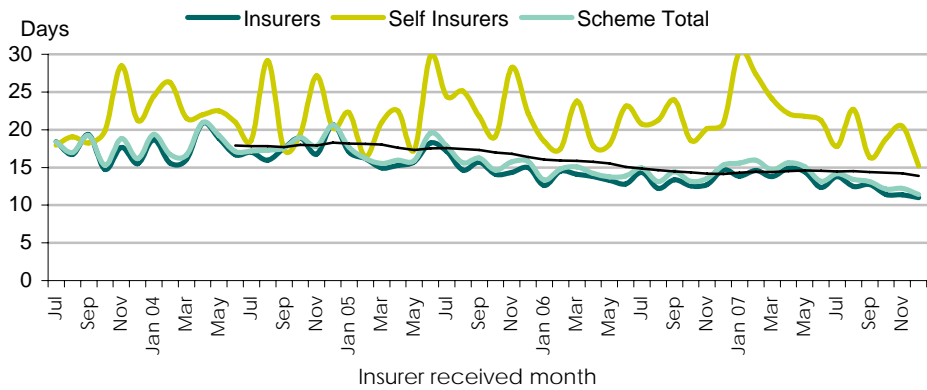
## Initial liability decision period

The monthly initial liability decision period is **decreasing**.

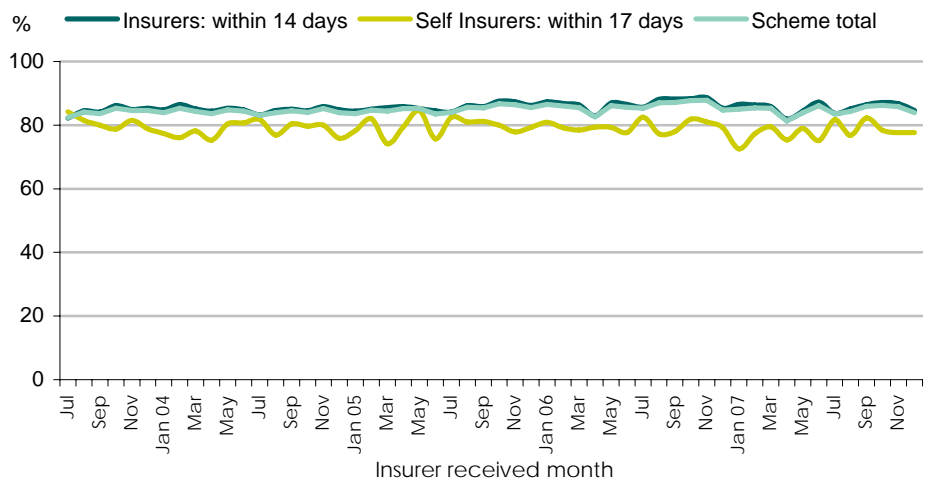
In December 2007 the proportion of initial liability decisions made within the specified time was **84%**.

Indicator	Dec 2007	Nov 2007	Dec 2006
Avg initial liability decision period days	11	12	15
Scheme: % decisions within specified time	84	86	85
Insurers: % decisions within 14 days	85	87	85
Self insurers: % decisions within 17 days	78	78	79

B8.1: Average initial liability decision period



B8.2: Proportion of initial liability decisions made within specified time



For approved insurers initial liability decision period reports the number of calendar days between the date the claim was lodged with the insurer and the date on which the insurer first made a decision about liability for the claim. For self insurers initial liability decision period reports the number of calendar days between the date the claim was lodged with the employer and the date on which the insurer first made a decision about liability for the claim.

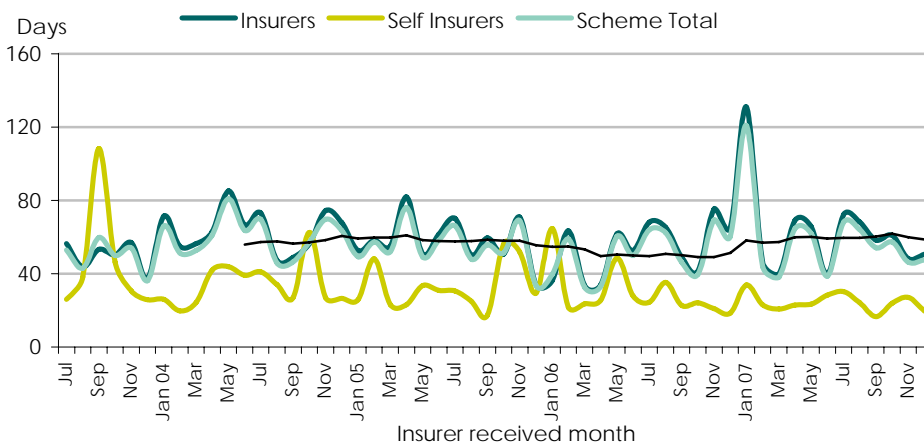
Trends are 12 month moving average

## Employer and insurer lodgement period

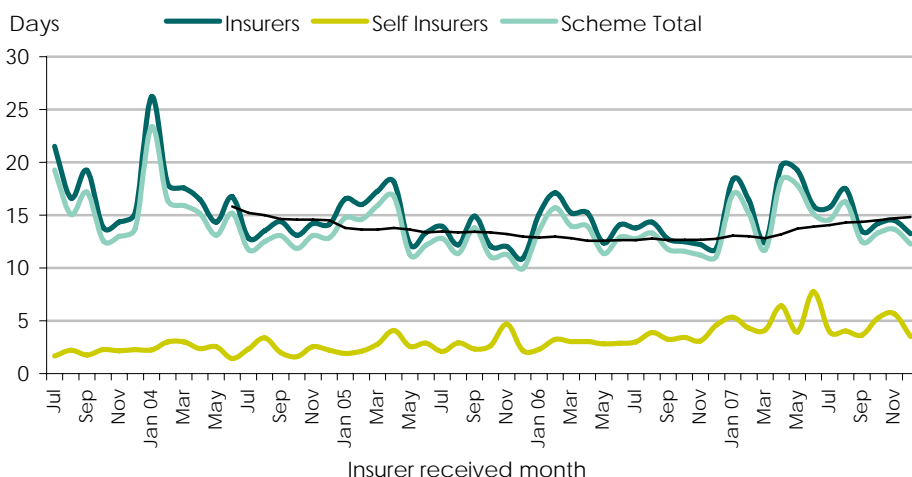
Indicator	Dec 2007 Days	Nov 2007 Days	Dec 2006 Days
Employer lodgement period	48	46	60
Insurer lodgement period	12	14	11

The recent monthly trend in the employer lodgement period is **stable**. It should be noted that reporting of long latency diseases can significantly affect this indicator.

**B9.1: Average employer lodgement period**



**B9.2: Average insurer lodgement period**



The recent monthly trend in the insurer lodgement period is **increasing**.

Employer lodgement period reports the number of calendar days between the date of the occurrence and the date the claim was lodged with the employer.

Insurer lodgement period reports the number of calendar days between the date the claim was lodged with the employer and the date the claim was lodged with the insurer.

Trends are 12 month moving average

## Service payment and reporting period

The monthly trend in the average service payment period is stable to **decreasing**.

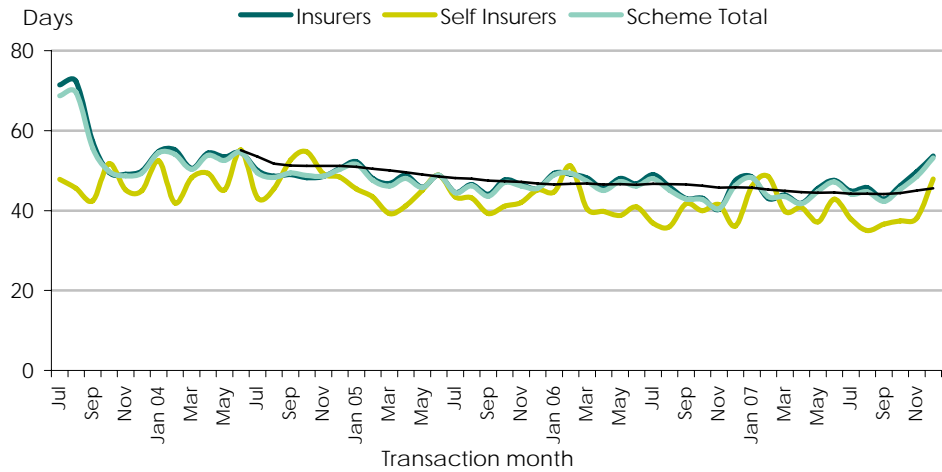
The monthly trend in the reporting period is **stable**.

Service payment period is the number of calendar days between the delivery of a service by a service provider and the date on which the insurer paid for medical, allied health or vocational rehabilitation services.

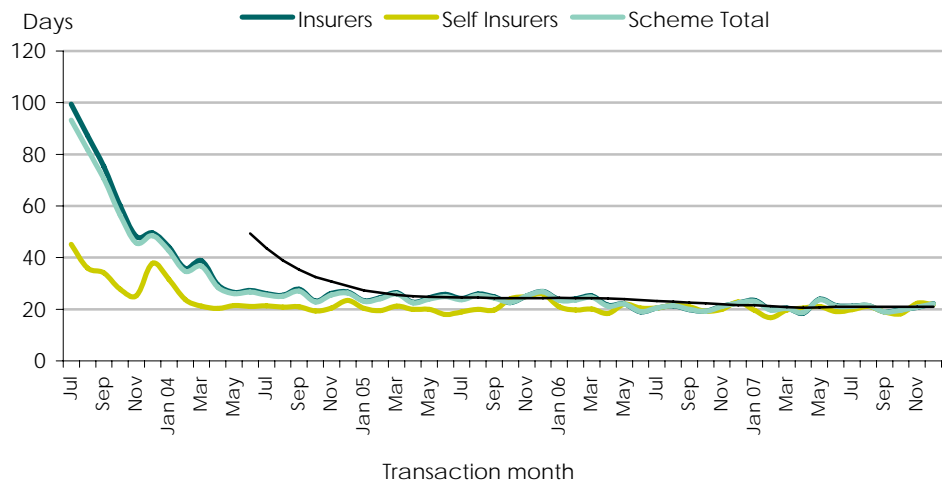
Reporting period is the number of calendar days between a claim payment transaction and the date the transaction is recorded on the WorkCover WA database.

Indicator	Dec 2007 Days	Nov 2007 Days	Dec 2006 Days
Service payment period	53	49	46
Reporting period	22	21	22

**B10.1: Average service payment period**



**B10.2: Average reporting period**



Trends are 12 month moving average

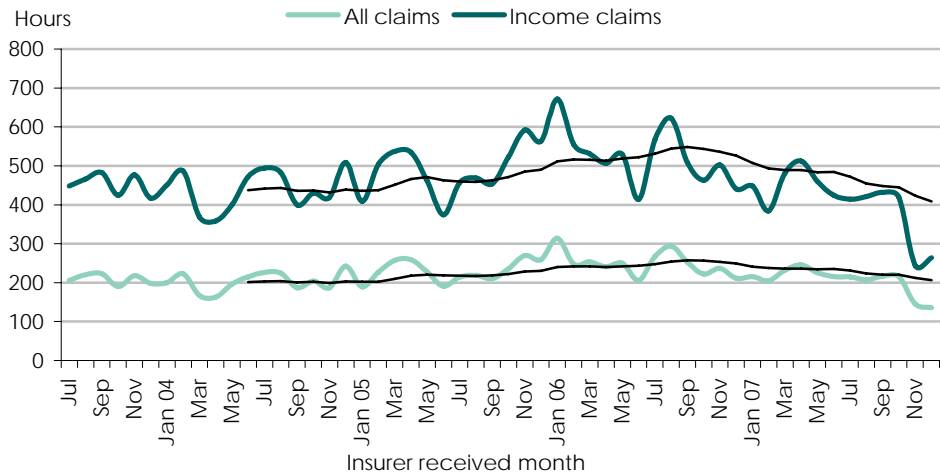
## Compensated time lost

The monthly trend in compensated hours is **decreasing**.

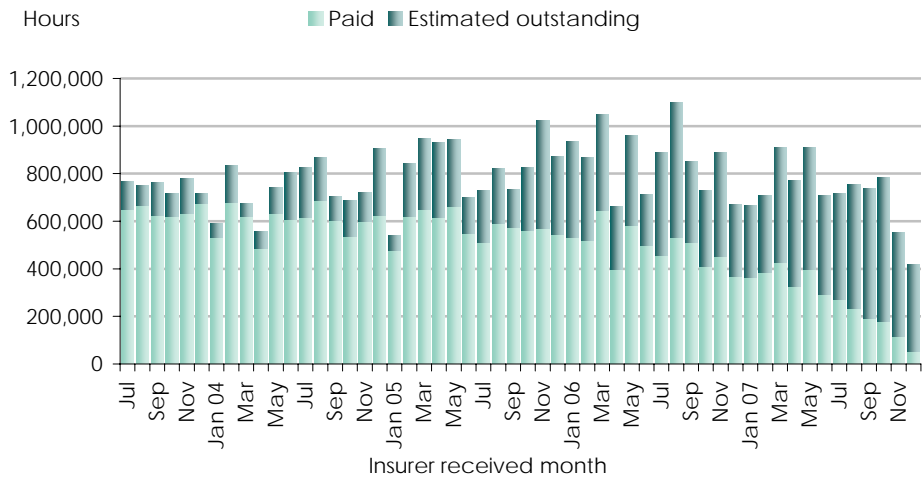
Indicator	Dec 2007 (Hours)	Nov 2007 (Hours)	Dec 2006 (Hours)
Average compensated hours – all claims	135	146	211
Average compensated hours – income claims	264	244	441

*Estimates are subject to development.*

**B11.1: Average compensated hours**



**B11.2: Paid and estimated outstanding compensated hours**



This indicator is based on the total of actual hours for which income payments have been paid plus insurers' case estimates of the outstanding liability.

Compensated time lost reports the number of hours for which income payments have been paid plus insurers' case estimates of the outstanding liability for income payments measured in hours.

This indicator is subject to significant development as claims mature and insurers revise case estimates.

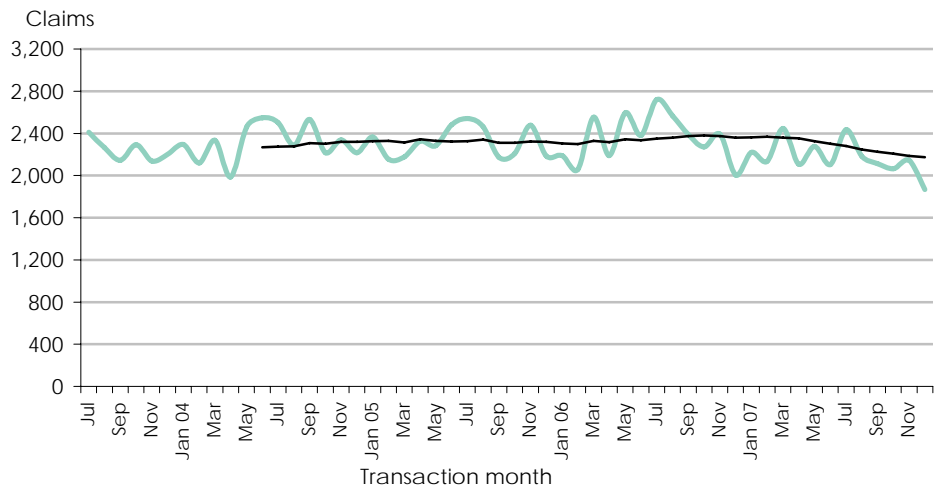
Trends are 12 month moving average

## Active Vocational Rehabilitation claims

The recent monthly trend in the number of active vocational rehabilitation claims is **decreasing**.

Indicator	Dec 2007 N	Nov 2007 N	Dec 2006 N
Active Vocational Rehabilitation claims	1,866	2,144	2,005

**C1.1: Active Vocational Rehabilitation claims**



The number of claims with at least one claim payment for vocational rehabilitation services in the month (regardless of when the claim was originally lodged).

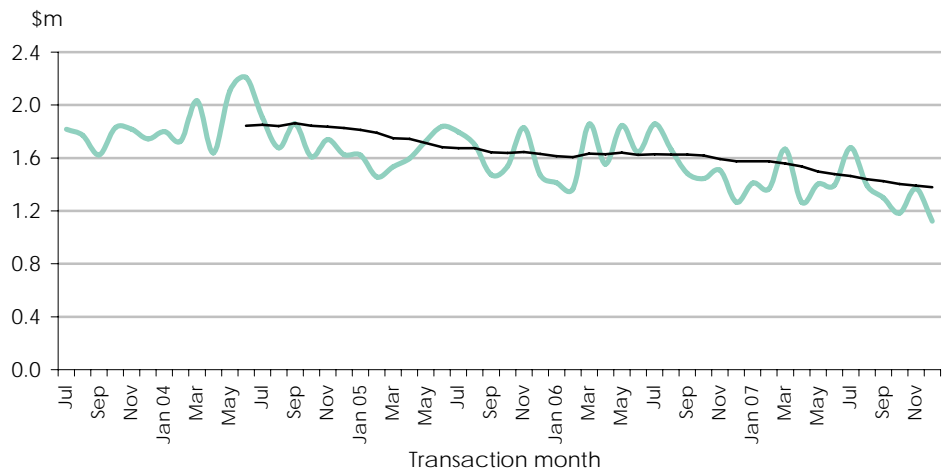
Trends are 12 month moving average

## Total Vocational Rehabilitation payments

Payments for vocational rehabilitation services vary significantly throughout the year. This is consistent with the seasonal pattern of vocational rehabilitation transactions. The recent trend in vocational rehabilitation payments is **decreasing**.

Indicator	Dec 2007 \$m	Nov 2007 \$m	Dec 2006 \$m
Total Vocational Rehabilitation payments	1.123	1.370	1.265

C2.1: Total Vocational Rehabilitation payments



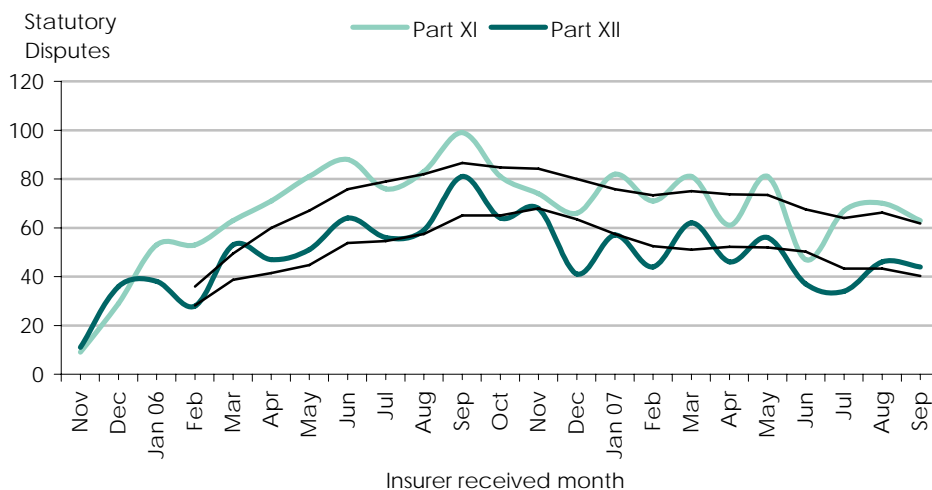
Total vocational rehabilitation payments indicate the sum of payments for vocational rehabilitation made in the services in the relevant month or quarter.

Trends are 12 month moving average

The number of new disputes is **low** relative to historical levels.

Indicator	Sep 2007	Aug 2007	Sep 2006
	N	N	N
New Part XI disputes	63	70	99
New Part XII disputes	44	46	81
New disputes as % of new claims	3%	3%	5%
Agreements recorded	250	371	329
Agreements as % of new claims	7%	10%	10%

D1.1: New statutory disputes

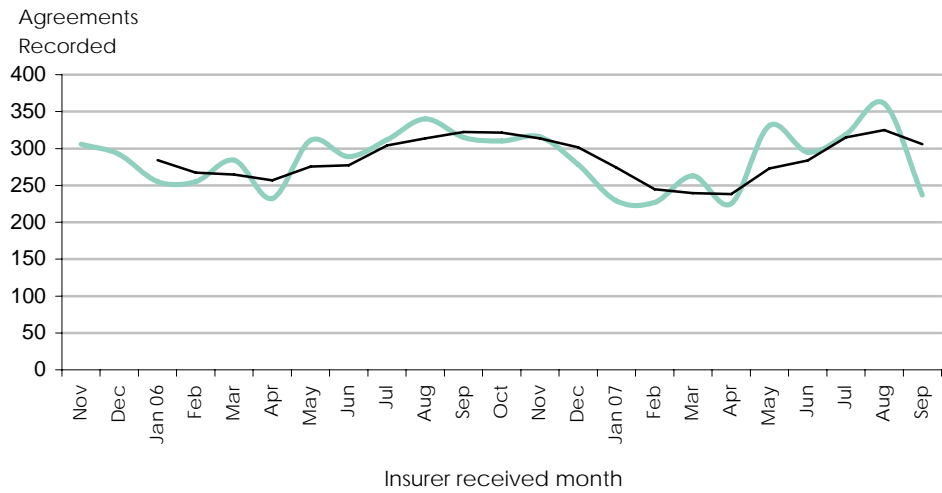


New statutory disputes reports the number of new dispute applications accepted under Part XI and Part XII. Dispute data is updated quarterly.

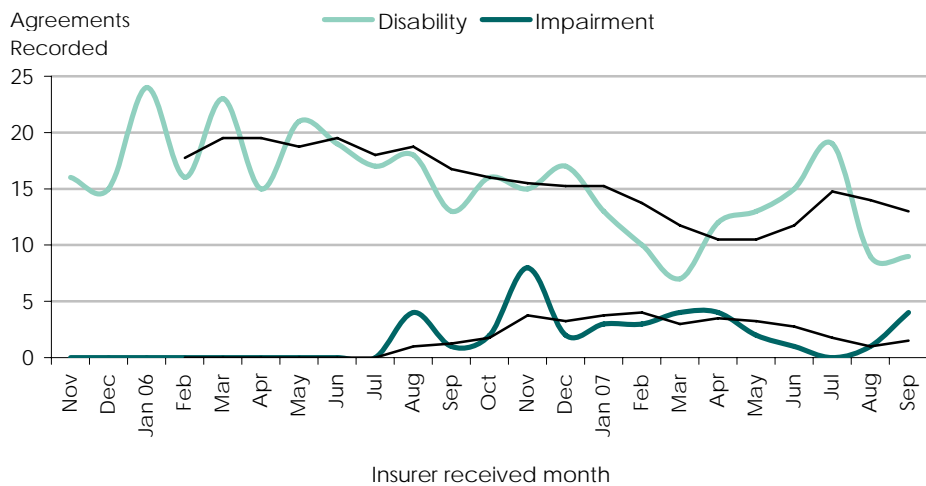
Trends are 12 month moving average

The number of agreements recorded was decreasing, however since May 2007 has **increased**.

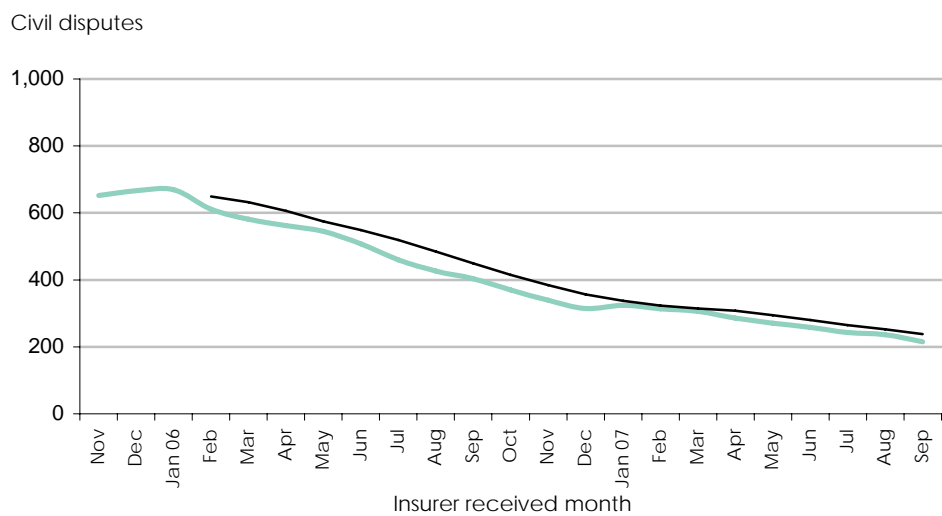
D2.1: Memorandum of Agreements recorded: total



D2.2: Memorandum of Agreements recorded: Disability and Impairment



D2.3: Civil disputes outstanding



Memorandum of Agreements reports the number of agreements registered. Civil disputes outstanding reports the number of outstanding civil (common law) disputes under the previous common law scheme.

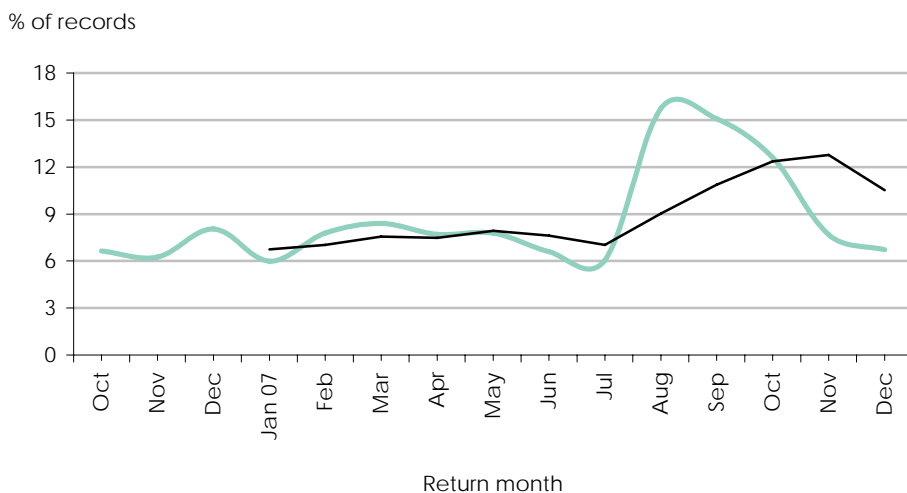
Trends are 12 month moving average

## Data quality: Claim detail records

Indicator	Dec 2007 N	Nov 2007 N	Dec 2006 N
Records	23,724	26,885	24,147
Errors	1,595	2,066	1,946
Confirmations	3,990	4,117	5,532
Errors as % of records	6.7%	7.7%	8.1%
Confirmations as % of records	16.8%	15.3%	22.9%

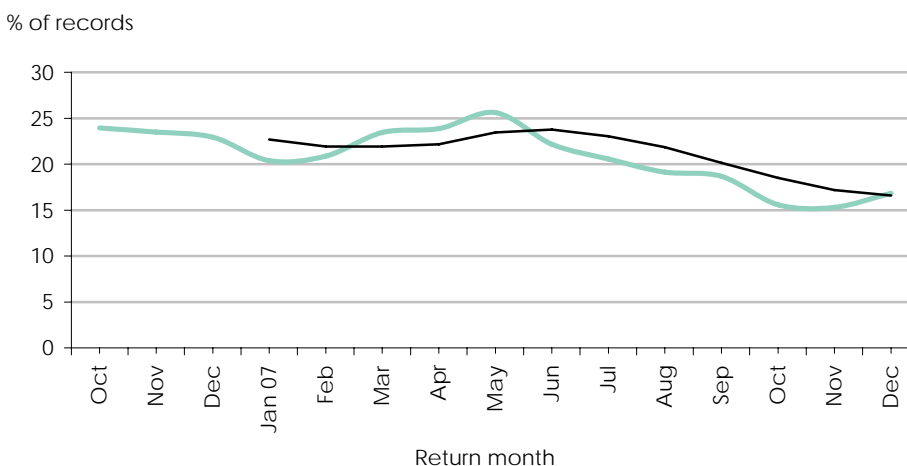
The recent trend in the error rate for claim detail records has been **decreasing**, but increased since August 2007, due to system modifications by GIO General Ltd.

### G1.1: Error rate



The recent trend in the confirmation rate for claim detail records is **decreasing**.

### G1.2: Confirmation rate



Error rate reports the proportion of errors to claim detail records, however it should be noted that one claim may result in more than one error.

Confirmation rate reports the proportion confirmations to claim detail records, however it should be noted that one claim may result in more than one confirmation.

Trends are 12 month moving average

## Data quality: Claim payment records

Indicator	Dec 2007 N	Nov 2007 N	Dec 2006 N
Records	87,591	111,583	92,389
Errors	180	171	174
Confirmations	2,000	2,744	2,033
Errors as % of records	2.3%	2.5%	2.2%
Confirmations as % of records	0.2%	0.2%	0.2%

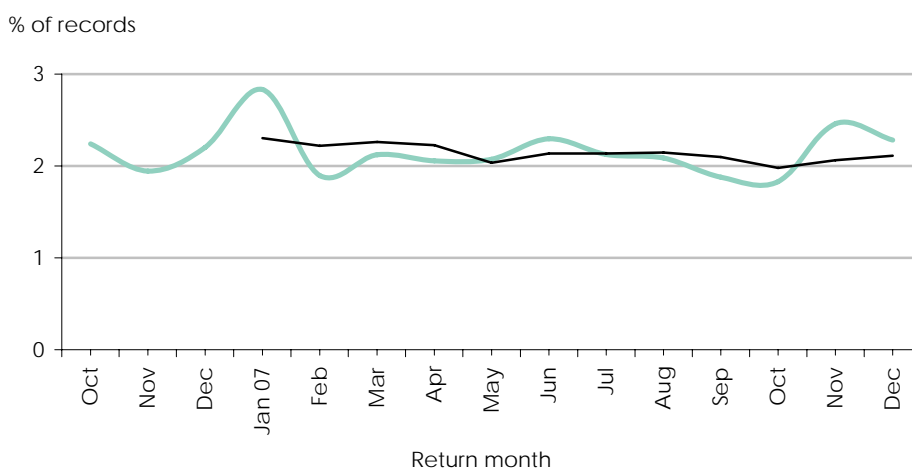
The trend in the error rate for claim payment records is **decreasing**.

### G2.1: Error rate



The overall trend in the confirmation rate for claim payment records is **stable**.

### G2.2: Confirmation rate



Error rate reports the proportion of errors to claim detail records, however it should be noted that one claim may result in more than one error.

Confirmation rate reports the proportion confirmations to claim detail records, however it should be noted that one claim may result in more than one confirmation.

Trends are 12 month moving average