

Appendix One – Case scenarios

Most people experiencing temporary incapacity due to health issues or injury are able to return to work within days, weeks or months, however, some people experience long periods of work incapacity that can also result in the loss of their original employment.

Getting people back into work has benefits to the individual and the economy, including reducing dependencies on the welfare system.

During longer periods of work incapacity, people may be dependent on a range of payment systems. The first system a person accesses will generally be determined by the nature of their illness or injury.

Payment systems generally have different eligibility requirements, different levels of case management and other supports and tend to operate in isolation from each other. Systems can also vary between jurisdictions.

The following hypothetical case studies demonstrate the complexity involved in moving between systems, the financial pressure points that are experienced and the lack of consistency and continuity of rehabilitation and retraining necessary for people to return to work after an extended period of work incapacity.

CASE 1

52 year-old aged care worker, Patricia, works full-time in South Australia and earns an average income. Over the course of several months, Patricia develops chronic, disabling back pain that is directly attributable to her employment. Following a number of intermittent absences, the condition worsens and Patricia requires an extended absence from work and significant treatment.

THE PATHWAY

Patricia initially accesses employer provided sick leave, then accrued recreational leave and finally terminates her employment. She continues to receive medical treatment from her GP and sees a specialist who recommends surgery. During this time she is funding her own medical care, physiotherapy and medications.

Patricia makes a claim for workers' compensation, which is approved. Benefits in the South Australian system are limited to two years and Patricia receives a weekly income of 100 per cent of normal earnings for the first year, and 80 per cent of normal earnings during the second year. Workers compensation funds her health care needs during this time, including physiotherapy and rehabilitation.

Toward the end of the workers compensation period, Patricia applies for the Disability Support Pension (DSP), and for access to a Total and Permanent Disablement (TPD) payment through a group life insurance policy.

While waiting for the DSP application to be determined, and having no other source of family income, Patricia claims and receives Newstart Allowance, which pays 25 per cent of her previous employment income, putting her under significant financial strain. She does receive a concession card, which subsidises the costs of health care and medications under Medicare and the PBS.

Following a waiting and assessment period of several months, Patricia receives a lump sum TPD payment. Based on the amount received, she is not eligible to receive any social security benefits for 98 weeks and as a result, her DSP application is unsuccessful. Patricia uses her TPD to cover the continuing costs of her healthcare, rehabilitation and retraining.

Over the period of her incapacity, Patricia was required to undertake numerous work capacity and medical assessments, including on entering and exiting the workers compensation system and on applying for both the DSP and TPD. She received occupational health and rehabilitation services through her period of incapacity, initially through her previous employer and later through the workers' compensation scheme.

Following a total of four years of incapacity, in which she retrained, Patricia was able to re-enter the workforce in a different role.

CASE 2

Rajesh lives in Queensland, is aged 28, is single and employed full-time as a bricklayer, earning an average income. While driving to a community event, Rajesh is involved in a motor vehicle accident (MVA) caused by another motorist. The crash leaves Rajesh with multiple limb fractures requiring hospitalisation, multiple bouts of surgery and a significant course of rehabilitation. He is left with substantial physical disabilities, but they are not considered severe enough to warrant lifetime care under the 'catastrophic' injury compensation scheme. His disabilities mean he is unable to return to work as a bricklayer.

THE PATHWAY

In the immediate aftermath of the crash, Rajesh accesses his sick leave and annual leave and lodges a compensation claim with the Queensland lump sum MVA compensation scheme. While waiting for the compensation claim to be determined, his employer provided leave entitlements run out. He is forced to resign from his employment due to his ongoing disabilities and has no income.

Rajesh applies for Newstart Allowance, which is approved, but he now has mutual obligation requirements that he finds difficult to meet. Newstart Allowance reduces his income to 23 per cent of his pre-injury weekly earnings, and places significant financial stress on his ability to meet financial commitments for housing and other daily needs. Rajesh receives a concession card, which subsidises the costs of health care and medications under Medicare and the PBS. To reduce costs he cancels his private health insurance cover. He also applies for the Disability Support Pension.

After receiving Newstart Allowance for six months, Rajesh's application for DSP is approved and his income increases to 40 per cent of his pre-injury weekly wage.

Eighteen months after the accident, Rajesh's MVA compensation claim is finalised he is paid a sizeable lump sum benefit for past and future economic loss, and non-economic loss. The lump sum excludes Rajesh from continued financial support from social security benefits and his DSP payment ceases.

Rajesh uses the MVA compensation lump sum to retrain in another industry and is able to return to work in a new role on a part-time basis.

During his period of incapacity, Rajesh underwent medical assessments conducted by doctors contracted to the MVA compensation system insurer and by Centrelink when he applied for DSP. He received some retraining assistance while in receipt of DSP, but most of his rehabilitation was self-funded through Medicare and his retraining costs were self-funded after receiving the MVA compensation.

CASE 3

Selena is 42, lives in Victoria and works full-time earning an above average income. She is the single parent of two children aged three and six. Selena has worked for the same employer for 20 years. Her mental health condition pre-existed before joining her current organisation. She has experienced mental health issues intermittently over the years, however, these have been manageable, but more recently she experienced a major mental health episode that has affected her ability to work.

THE PATHWAY

Due to her long history with the same employer, Selena has accrued substantial sick leave, annual leave and long-service leave. Selena accesses these leave benefits while obtaining self-funded treatment through her GP and a mental health specialist. After three months, she has expended her leave entitlements and her employer approves a further nine months of unpaid leave as she is not well enough to return to work.

Selena's superannuation fund provides a group life insurance policy, however, following medical assessment Selena is assessed as having work capacity and is not approved for a TPD payment.

While serving the waiting period for access to TPD, Selena applies for Parenting Payment Single but due to her level of savings, is advised she will have a 13-week waiting period. Selena begins drawing down on her savings to meet her financial commitments, including mortgage repayments.

Selena's Parenting Payment Single claim is approved after 13 weeks, providing about 50 per cent of her previous employment income. This also gives her access to a concession card, which subsidises the costs of her ongoing health care and medications under Medicare and the PBS.

After being on unpaid leave for nine months, her employer contacts her and on hearing she is still unable to work full-time, offers her a part-time position in a less demanding role. Selena accepts this position and is able to retain her concessions and some benefits from Parenting Payment Single, which allows her to continue to access mental health care and support.