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Comcare information session: Understanding your 2023-24 premium

Thursday 22 June 2023
10:30am – 11:30am AEST





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Acknowledgement of Country

Acknowledgement of artist

Healing Hands – Cover artwork by Dion Devow of Darkies Designs





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Session overview



- Liability and the premium pool
Ash Evans, Taylor Fry
- Premium process and key drivers of premiums
Mick Duke, Comcare
- Key observations, trends and initiatives in claims
Chloë Eaton, Comcare
- Q&A





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Context



Key drivers of premiums:

- **Time off work** ('Incapacity' payments)
- **Prevention** and **return to work**





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Context



- **Psychological** diseases claims.
 - **Work-related harassment** and/or workplace **bullying**, and **work pressure**
 - Psychological claims continue to have **poorer return to work outcomes**





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The big picture

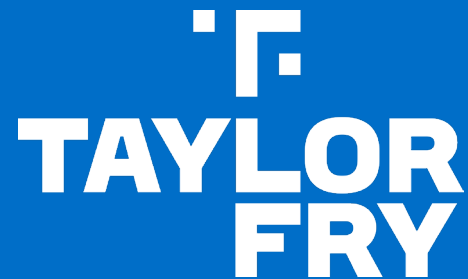


- Approximately **1,900 employees and ex-employees** are on incapacity benefits
- In 2021–22, accepted incapacity weeks for the scheme equal to about **1,650 people off work** for the year





Ash Evans, Principal, Taylor Fry



Comcare premium payers briefing

Actuarial commentary

22 June 2023

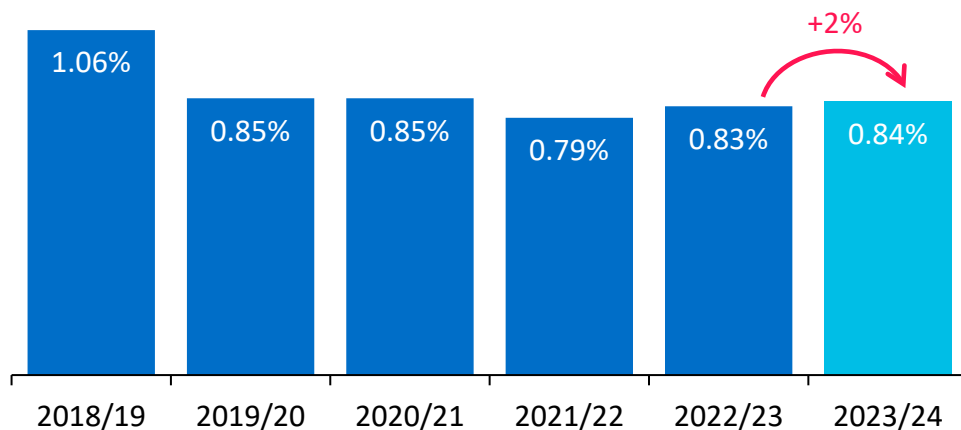
Agenda

1. Premiums
2. Drivers of premium movement
3. Headwinds and volatility
4. Outstanding claims liability

Premiums

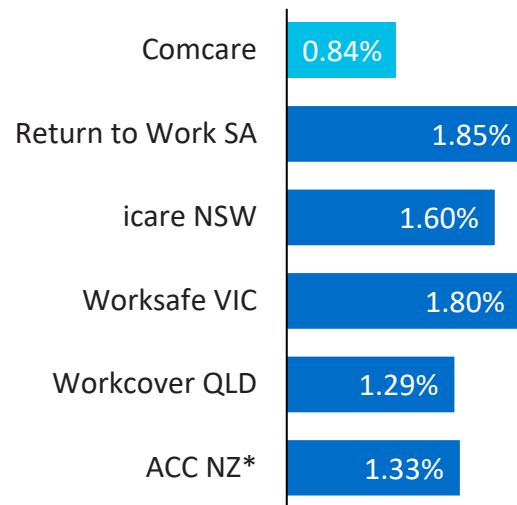
➤ We advise a central estimate premium rate of **0.84%** of wages for 2023/24

Comcare premium rates



Premium rates shown exclude GST

Other scheme rates for FY23/24



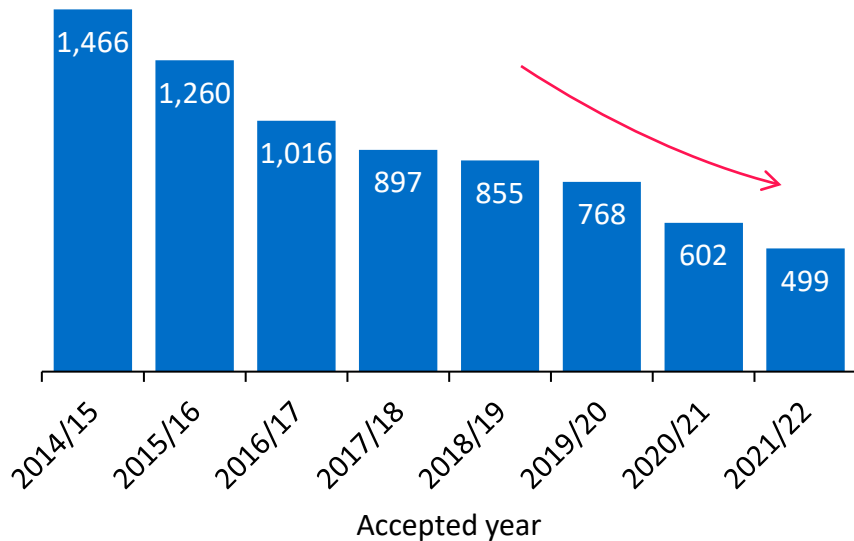
*Applies from 1 April 2023 to 31 March 2024

Comcare's premium rate compares favourably to other schemes, although the makeup of the workforces and benefit structures differ significantly

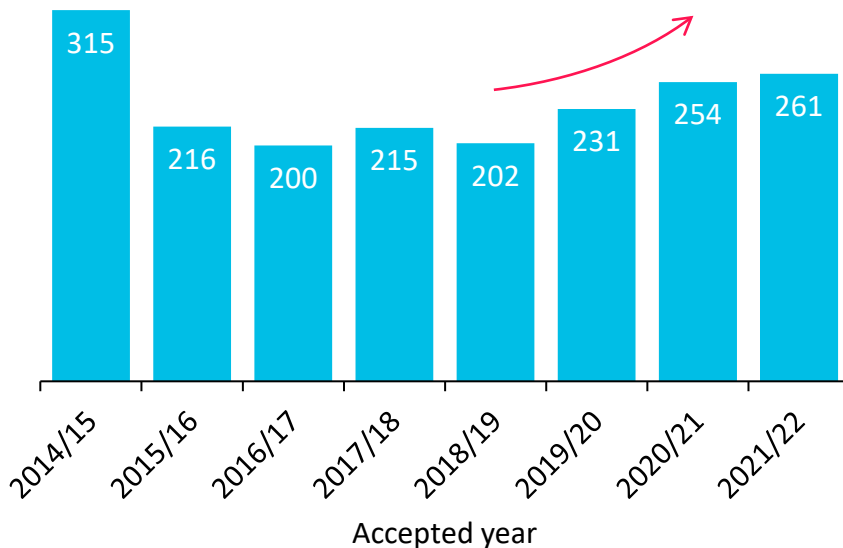
Drivers of premium rates

➤ Improvements in the frequency of injury and physical disease claims have been offset by increases in frequency for psychological disease claims

Injury and physical disease: claims accepted



Psychological disease: claims accepted

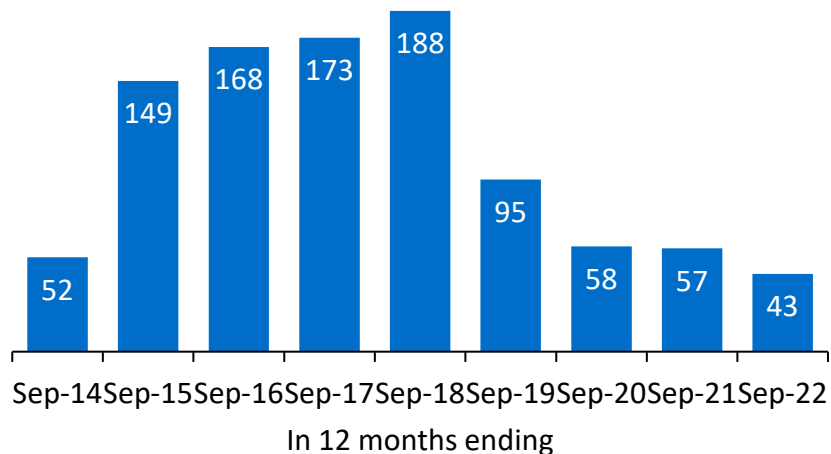


Headwinds and volatility

Long-term claimant return to work rates

- The net number of people leaving benefits beyond 5 years of injury has been reducing over the last

Net leavers of incapacity benefits
beyond 5 years from injury



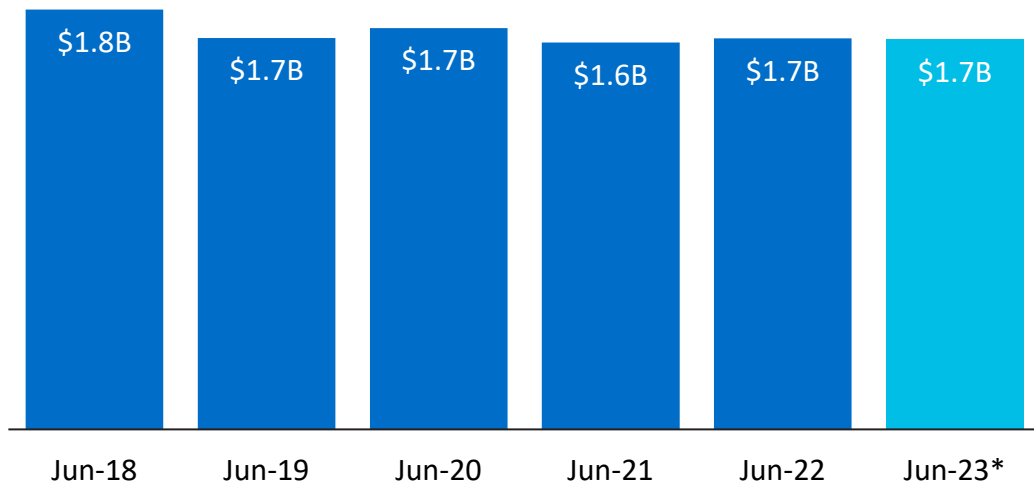
Economic conditions

- Economic conditions are outside of Comcare's control. These have a large effect on Comcare's liability because many costs are forecast to occur years in the future
- Comcare's premium and liability is especially vulnerable to the changes in the economic environment because of the long-term nature of the liability
- Both inflation and interest rates (and thus investment returns) have increased significantly over the last year. Depending on the relative size of changes in inflation rates compared to interest rates, the liability could increase or reduce.

*A 1% increase in investment returns
reduces the liability by 6%*

Outstanding claims liability

▾ Our preliminary estimate of Comcare's Premium Scheme outstanding claims liability provision at 30 June 2023 is **\$1.7B**.



ACT is excluded from the analysis

**Preliminary 30 June 2023 valuation*



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The premium process and key drivers

Mick Duke, General Manager Scheme Management Group, Comcare





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2023-24 scheme premium



- The 2023–24 average premiums are up from 0.83% of payroll to 0.84% of payroll.
 - all premium paying entities are affected
 - removal of the 10% premium ‘discount’ for 2023–24.
 - at a pool-level, mostly offset by higher estimated interest rates
- Safe Work Australia 2022: Comcare recorded a reduction in premium charged of 27% over past 5 years.





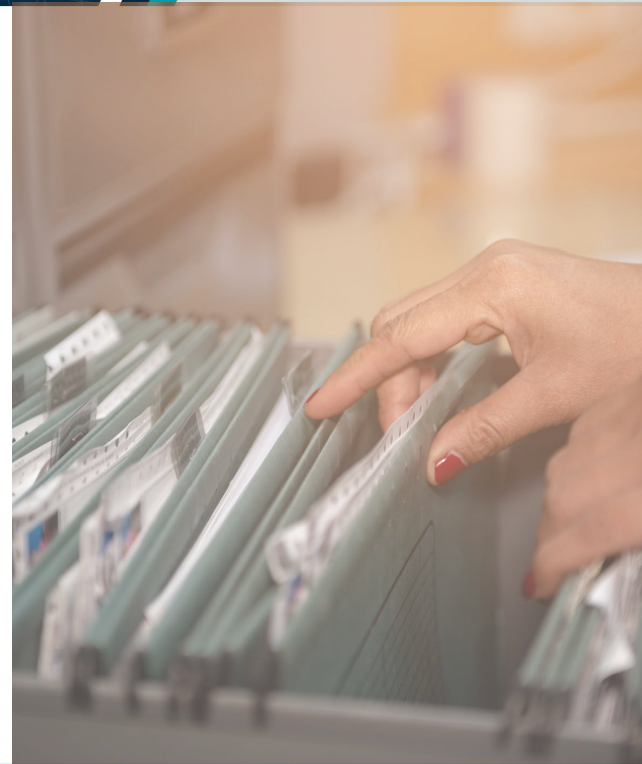
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What does your 2023-24 premium cover?



- The premium is set to fully fund the forecast lifetime cost of claims sustained in 2023–24
- Costs include payments for:
 - Time off work
 - Medical and rehabilitation expenses
 - Lump sums for death or permanent impairment.
 - Legal services
- Lifetime cost of 2023–24 injuries and diseases will emerge over decades.





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Key elements of premium calculation



- Premium calculation uses accepted claims with date of injury in the last four financial years: 2018–19 to 2021–22 (**premium window**).
- Estimates of future payments are calculated using a **statistical case estimate** (SCE) system.



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What makes up the premium calculation



Premium calculated as the sum of two components:

- **Prescribed amount** = is your entity's share of the premium pool for the financial year.
 - **Prescribed rate** = prior year's prescribed rate x pool trend x performance adjustment.
- **Bonus/penalty** = an adjustment to your entity's contribution to the prior year's premium pool, based on an additional year of claims data.



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Pool trend factor



Reflects the changes in the scheme's claim performance since the previous year's premium pool (as percentage of payroll).

- The same factor **applies to all** insured entities.

- **Pool trend for 2023–24:**

$$= \frac{0.84361\% \text{ (23/24 year)}}{0.82588\% \text{ (22/23 year)}} = 102.15\%$$



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Performance adjustment



- Reflects changes to **incurred cost rate** relative to the overall scheme since last year.
- Incurred cost rate (estimated lifetime cost of claims / payroll) to measure claims performance:
 - reported and accepted claims only
 - reassessment window refers to last four full financial years
 - lifetime costs uses SCE system to estimate likely future costs for claims.



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Performance adjustment



Common drivers of entity performance adjustments are:

- The 'premium window' moves forward
- Changes in existing claims
- Processing Backlogs
- Claims accepted late





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Bonus/Penalty



- Each entity's share of the prior year's final premium pool is adjusted by changes in your entity's incurred cost rate.
- The difference between revised and initial prior year's prescribed rate multiplied by the prior year's estimated payroll.





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How can you affect your entity's premium?



*The best way for entities to reduce claim costs is to prevent injury and manage the **early and sustainable return to health and work** of injured employees.*





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Key observations, trends and initiatives in claims

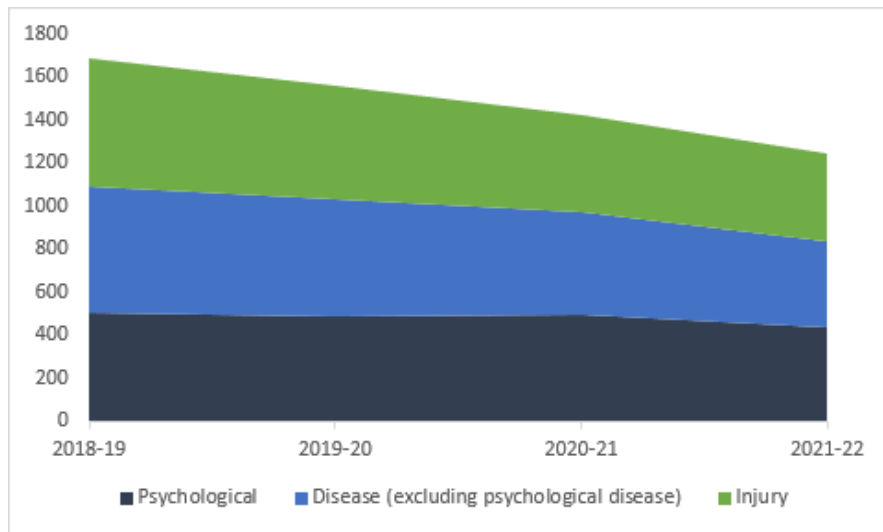
Chloë Eaton, Acting General Manager
Claims Management Group, Comcare



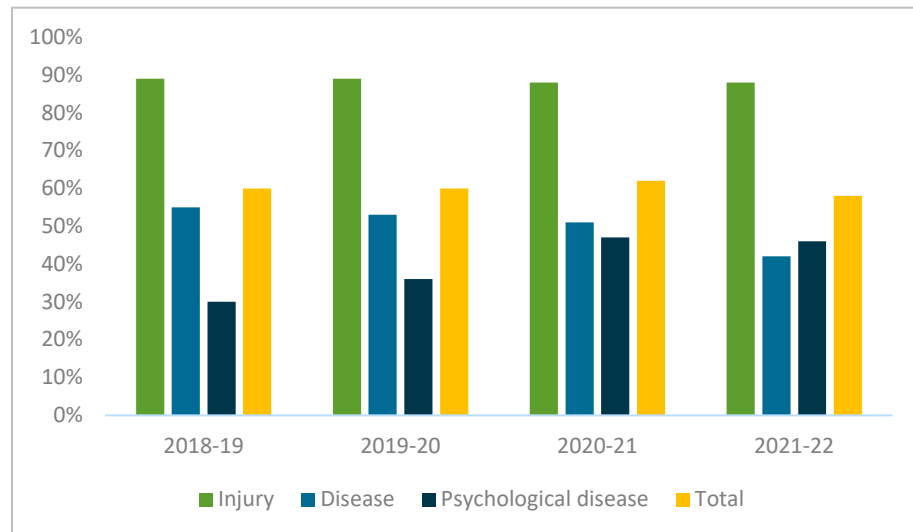


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Claim frequency



Claims received by primary condition

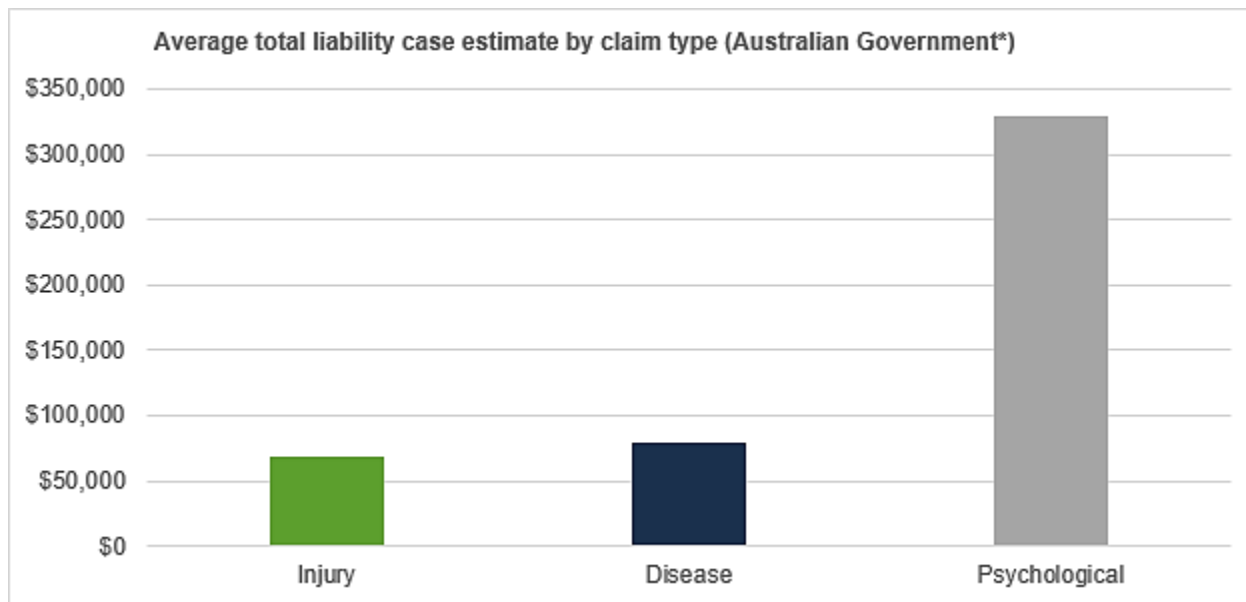


Initial acceptance rate by primary condition



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Average Claim Costs



*All Australian Government claims currently accepted with a date of injury between 1 July 2018 and 30 June 2022 (premium allocation window).



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Return to Work (RTW)



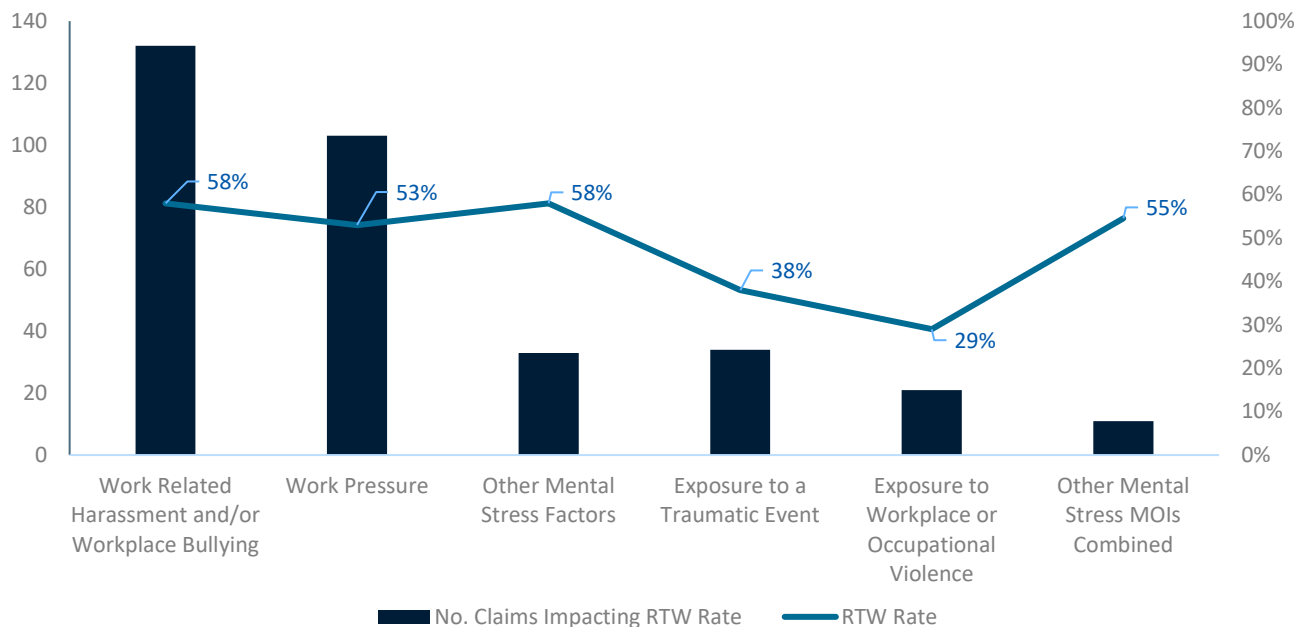
RTW rates for currently accepted premium claims determined in the 24 month period ending 31 May 2023

Claim Type	Full RTW	2023 RTW Rate (as at 31 May 2023)	2022 RTW Rate (as at 31 May 2022)
Injury	66.8%	88.1%	82.4%
Disease (excl. Psych)	65.7%	86.6%	82.5%
Psychological	35.6%	51.6%	46.8%



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Mechanism of psychological injury



RTW rate by Mental Stress MOI for currently accepted premium claims determined in the 24 month period ending 31 May 2023



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Improving RTW



- Psychological claims
- Employer role is critical
- Importance of early action
- RTW rate and impact on premiums





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How can Comcare help?



- Embedded Injury Managers in Claims Teams
- Psychological Claim Practice Lead
- Clinical Panel
- RTW Support team
- RTW employment brokerage service
- Account Management support





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Resources



- Comcare premiums - Your guide
- Early intervention
- Work demands
- Bullying and harassment
- Good work design
- Mental health

Work DEMANDS
Set the standard.

Good Work Design: Providing flexible work

Supporting recovery and return to work

Let's talk
Check in
Speak up
Seek help

Your mental health is a priority

People AT WORK

Step 1 Preparing your workplace
Step 2 Consulting the People at Work survey
Step 3 Understanding your results
Step 4 Taking action
Step 5 Reviewing and improving

Presentation: Leaders influencing positive change - Workplace sexual harassment
Live learning (Instructor led)
Mode: In-house
Cost: Paid

Workshop: Manager workshop - Workplace sexual harassment
Live learning (Instructor led)
Mode: In-house
Cost: Paid

WHS Act
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COMCARE PREMIUMS
Your guide



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Q&A





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Pool 'Discount'



- 10% discount applied to 2022–23 premiums.
- This year, funding ratio is within desired range and no 'discount' is being applied to 2023–24 premiums.
- This approach ensures the Scheme remains fully funded, protects against volatile economic conditions and ensures we do not need to apply a 'loading' in the case of being under funded.



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Feedback survey



Thank you for attending

Please take a moment to complete
our short evaluation survey.



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