

# Long-Term Workers' Compensation Claims in Australia

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- The above organisations are all represented on the project advisory group, in addition to the Australian Council of Trade Unions and the AiGroup.
- The COMPARE project team, and report authors, include Professor Alex Collie, Dr Tyler Lane, Dr Shannon Gray, Ms Dianne Beck and Mr Luke Sheehan of the Insurance Work and Health Group at Monash University. Please refer to the final page for contact details.
- The views expressed in this document are those of the authors and do not necessarily represent those of the project funders, data providers or members of the project advisory group.

- A central objective of WC systems is to reduce the duration of time away from work after work-related injury and disease. An associated objective is to reduce the number of people experiencing very long periods of time off work.
- Long-term workers' compensation (WC) claims (defined in this report as claims with a time-loss of at least 6 months) comprise a small percentage of all claims but are very costly to insurers and employers.
- Long periods of involvement in WC systems have been associated with, and may contribute to, poor health and quality of life outcomes for workers.
- In order to reduce these impacts and identify worker cohorts requiring greater or more targeted support, it is important to understand the relationships between demographic and injury characteristics and claim duration.
- Analysing changes in long-term claims over time can be used to assess the impact of policy and practice changes, and to identify growing areas of concern.

- One aspect of Australian workers' compensation legislation are the inclusion of (a) time limits on the duration of income support in some systems and (b) the ability to pay commutations or settlements to conclude a claim.
- These features vary substantially between jurisdictions (see table on following slide) and may have a significant impact on the number and proportion of long-term claims. For example, where commutations can only be paid in limited circumstances and income benefits are not time limited, we might expect to see a larger proportion of long-term workers' compensation claims than in a jurisdictions that are able to use commutations more widely, or where there are time limits on benefit duration.
- Comparing jurisdictional patterns of long-term claims may provide some insight into the effect of these legislative settings on duration.

# Policy Settings Relating to Income Duration (2003-2013)

Jurisdiction	Maximum Duration of Income Support	Commutation / Redemption
ACT private	Retirement age.	No time limit. Negotiated between worker and insurer/employer.
NSW	Pre-2012: 52 weeks (partial incapacity and no suitable duties); 104 weeks (partial incapacity and not seeking work); retirement age (no work capacity). Post-2012: 130 weeks (work capacity); 260 weeks (no work capacity).	In limited circumstances.
NT	104 weeks (work capacity + suitable employment); retirement age (work capacity and no suitable employment or no work capacity).	No time limit. Negotiated between worker and insurer/employer.
QLD	104 weeks (<15% WRI*); 260 weeks (>15% WRI).	After 2 years. Negotiated between insurer and worker.
SA	Pre-2009: Retirement age Post-2009: 130 weeks (work capacity); retirement age (no work capacity).	Pre-2009: No time limit. Permanent disability only. Post-2009: In limited circumstances.
TAS	Pre-2010: 9 years Post-2010: 9 years (<15% WPI*); 12 years (15-20% WPI); 20 years (20-30% WPI); retirement age (≥30% WPI).	Pre-2010: After 12 months. Post-2010: No time limit. Must be approved by tribunal if in first 2 years.
VIC	Pre-2006: 104 weeks (most workers); retirement age (no work capacity) Post-2006: 130 weeks (most workers); retirement age (no work capacity).	In limited circumstances.
WA	Retirement Age.	After 6 months for permanent incapacity.

\*WPI - Whole Person Impairment \*WRI – Work Related Impairment

Source: Comparison of Workers' Compensation Arrangements in Australia and New Zealand (2006, 2010, 2011, 2013)

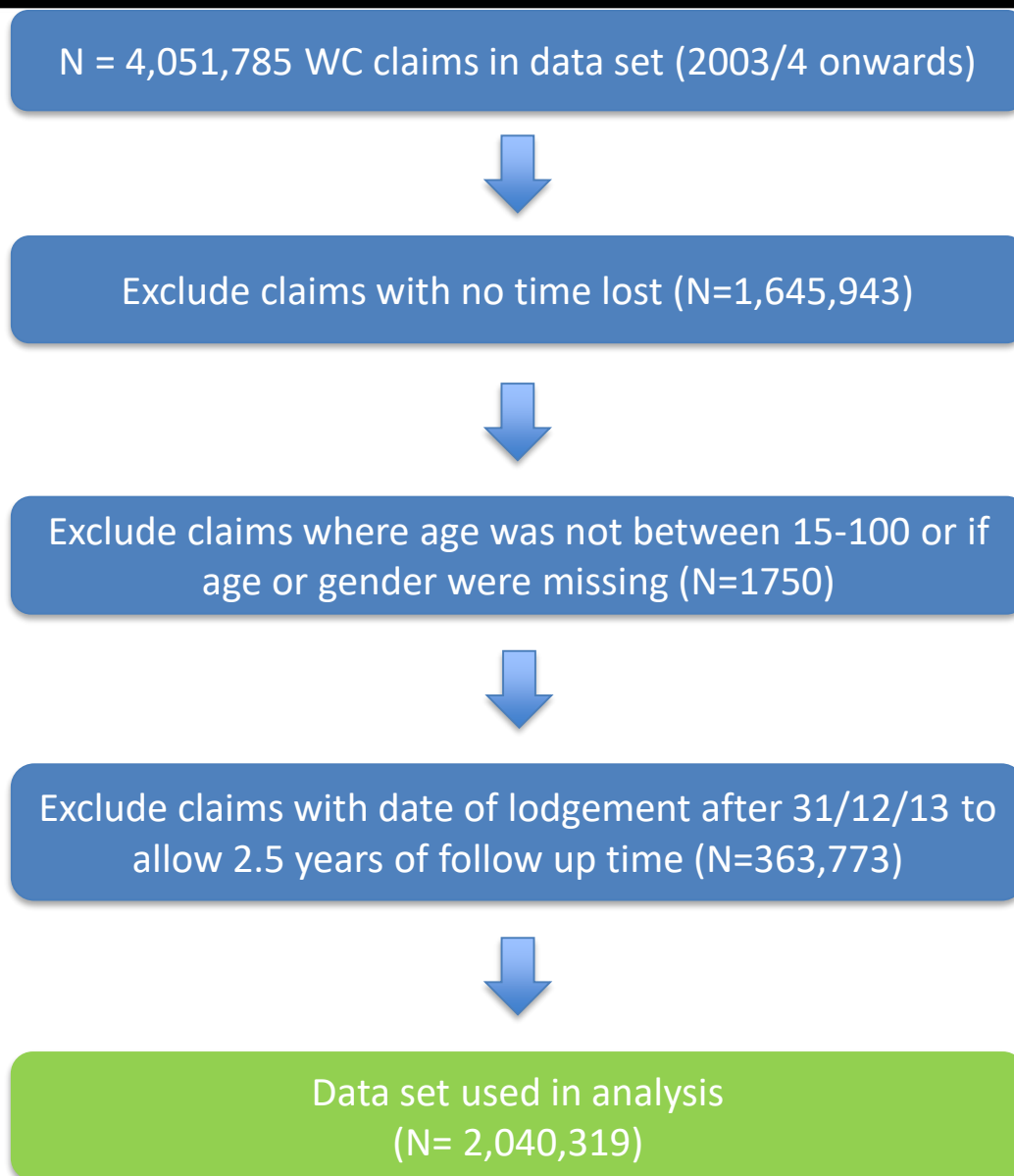
- There have been a number of prior studies examining long-term claims and factors leading to long term claims. For example:
  - **Collie et al (2016)** analysed WC administrative data and found large differences between Australian jurisdictions in the percentage of workers that had returned to work within 2 years.
  - **Stover et al (2007)** utilised administrative WC data from Washington State and identified age, gender, working in construction, time from injury to treatment and time from treatment to claim as key predictors of long-term claims.
  - **MacEachen et al (2010)** performed interviews in Ontario with 35 injured workers and 34 individuals involved in WC and identified dysfunctions in organisational dynamics including work, healthcare, WC and vocational retraining contributed to claims becoming long-term (defined as 3 months or longer).

This project sought to answer the following questions via analysis of the National Data Set of Compensation Based Statistics:

1. What is the prevalence of long-term workers' compensation claims among injured Australian workers?
2. What proportion of total national compensated time loss can be attributed to long-term claims?
3. What are the major demographic factors and injury types that are associated with long-term claims?
4. Has there been a change over time in the prevalence of long term claims?



# Case Selection (inclusion and exclusion)



The final data set included 2.04 million accepted workers' compensation claims lodged between July 2003 and Dec 2013.

All of these workers had received a benefit payment for time off work.

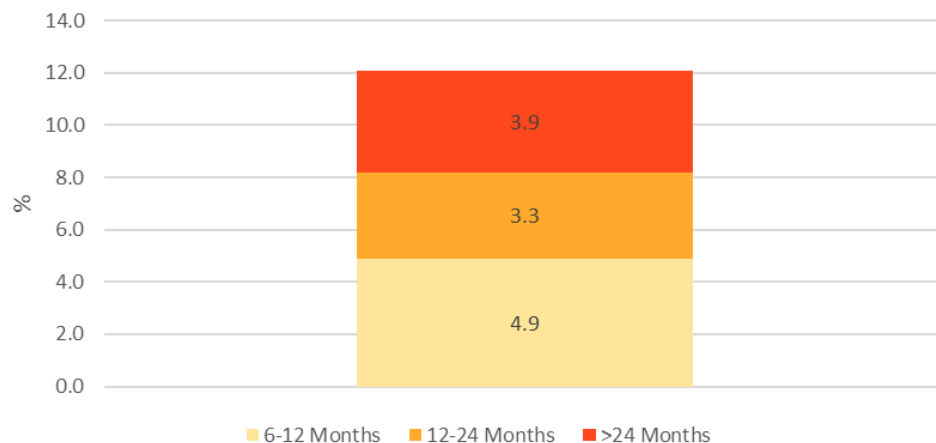
We included a minimum 2.5 years of follow-up for to enable us to identify claims that went beyond 2 years of duration.

- Each claim was categorised into one of four groups based on duration of paid time loss:
  - Group 1 = less than 6 months
  - Group 2 = 6 to 12 months
  - Group 3 = 13 to 24 months
  - Group 4 = Greater than 24 months.
- Claim duration was capped at a maximum of 260 weeks (5 years) to ensure estimates were conservative and did not over-inflate the impact of very long duration claims.
- The following statistics were calculated for each group:
  - The number claims in that group expressed as a percentage of all time-loss claims.
  - The rate of claims per 1000 covered workers per year.
  - The number of weeks compensated as a percentage of all compensated time loss.
  - The number of weeks of compensation paid per 1000 covered workers per year.
  - The percentage change in the rate of claims and weeks compensated per 1000 workers between 2003/4 and 2012/3.
  - The median number of days from date of accident to date of claim lodgement, date of lodgement to date of decision and date of accident to date of decision

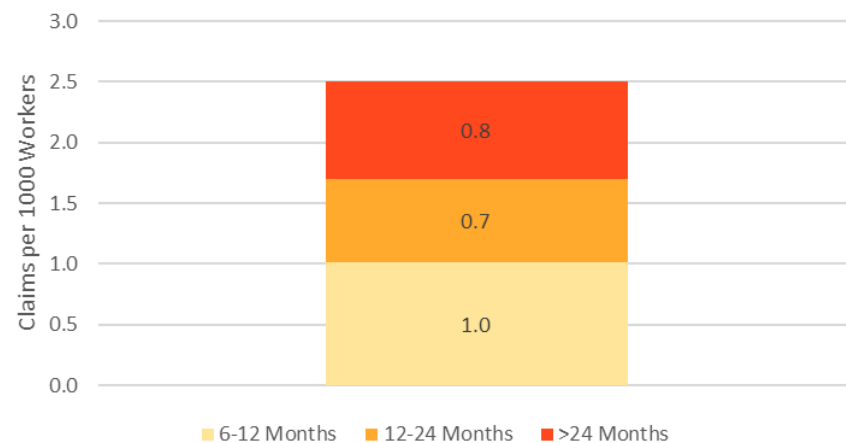
- Pearson's Chi squared test was used to test for statistical differences in the proportion of claims and weeks compensated between each group.
- Statistical differences in the rate of long-term claims, weeks compensated and in the change in the rate of long-term claims and weeks compensated from 2004-2013 between groups were tested by modelling the incidence rate ratio with a Poisson distribution.
- A Kruskal-Wallis test was performed to assess if there was a difference in the median time from date of accident to date of decision between groups.

# Overview of Time-Loss Claim Cohorts – National Data

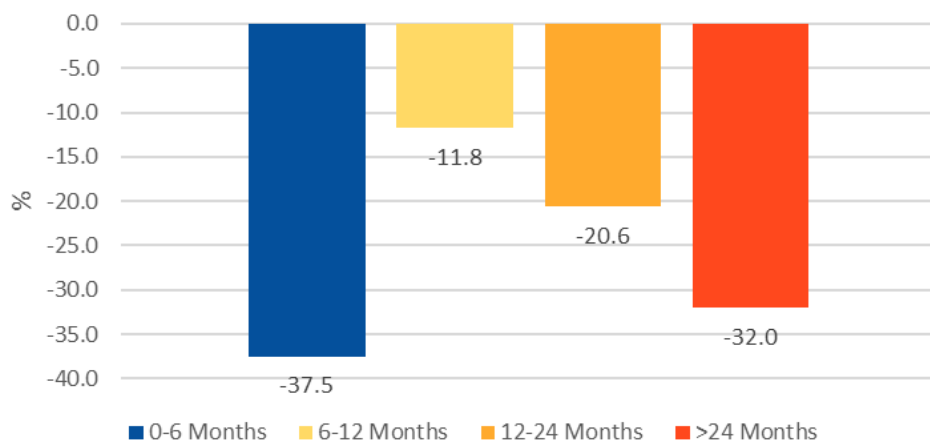
Percentage of all Claims that were Long-Term



Long-Term Claims per 1000 Covered Workers



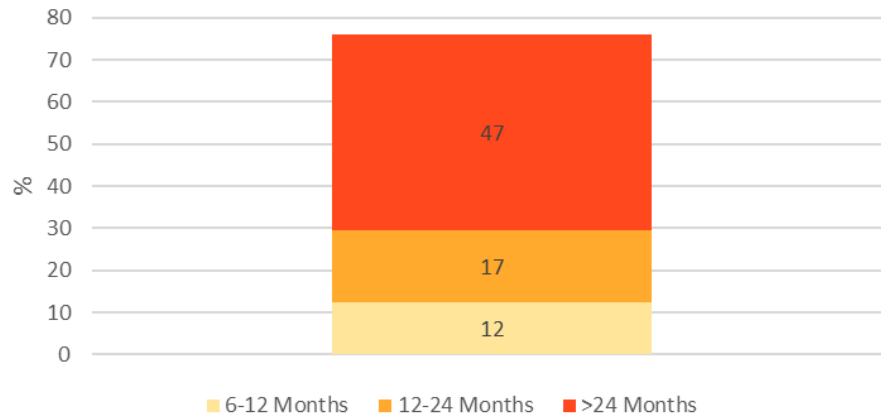
Change in Rate of Long-Term Claims from 2004-2013



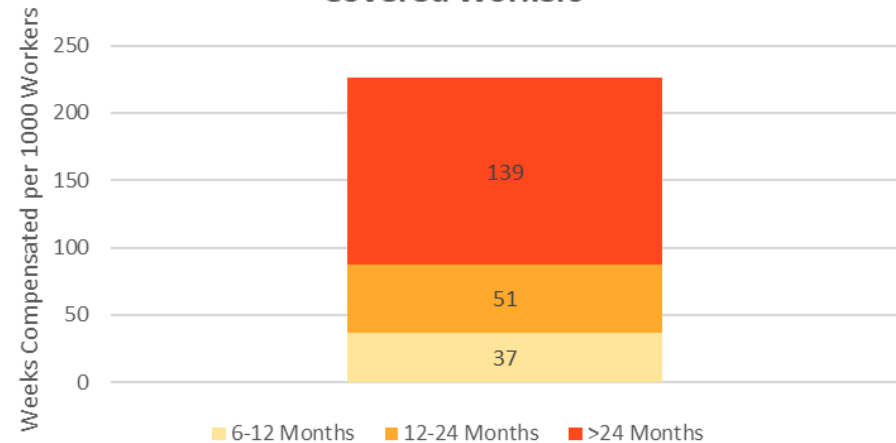
- 12% of all time-loss claims were of at least 6 months duration.
- Every year 2.5 in 1000 covered workers made a WC claim that becomes long-term.
- There has been a large reduction in the rate of claims between 2004 and 2013.
- Long-term claims have not reduced at the same rate as short-term (<6mth) claims.

# Time lost due to Long-Term Claims – National Data

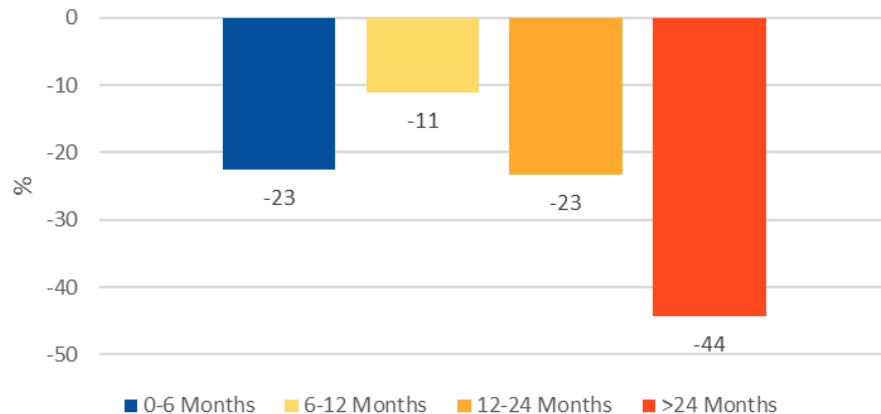
**76% of All Weeks of Compensation Paid were from Long-Term Claims**



**Number of Weeks Compensated per 1000 Covered Workers**



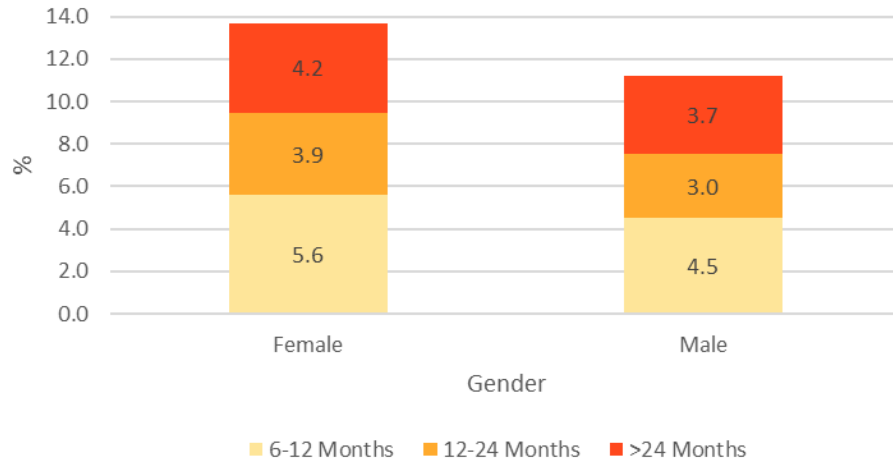
**Change in Weeks Compensated per 1000 Workers from 2004-2013**



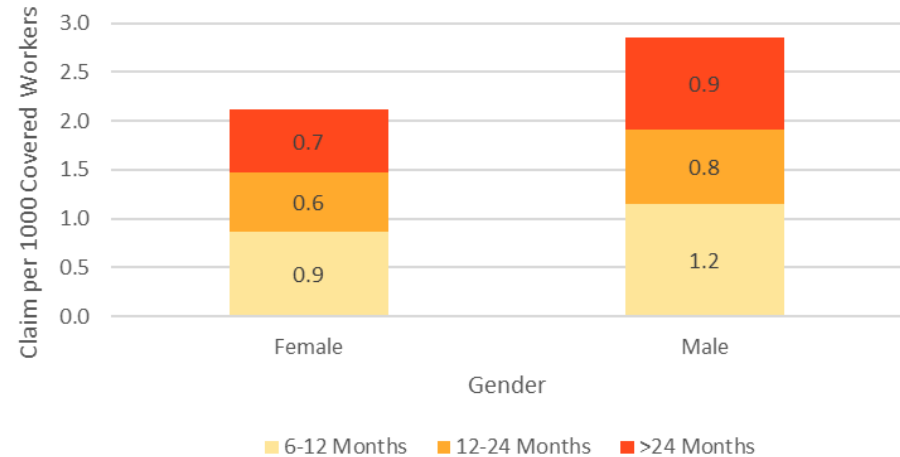
- Long-term claims were responsible for 76% of total time compensated, despite representing just 12% of all time loss claims.
- Almost half of all time compensated (47%) was in those whose claims lasted over 24 months.
- For every 1000 workers, 226 weeks of compensation was paid to long-term claimants every year.
- Weeks compensated per 1000 covered workers has reduced at a faster rate for very long-term claims (>24mths) than other claims.

# Long-Term Claims Differ by Gender

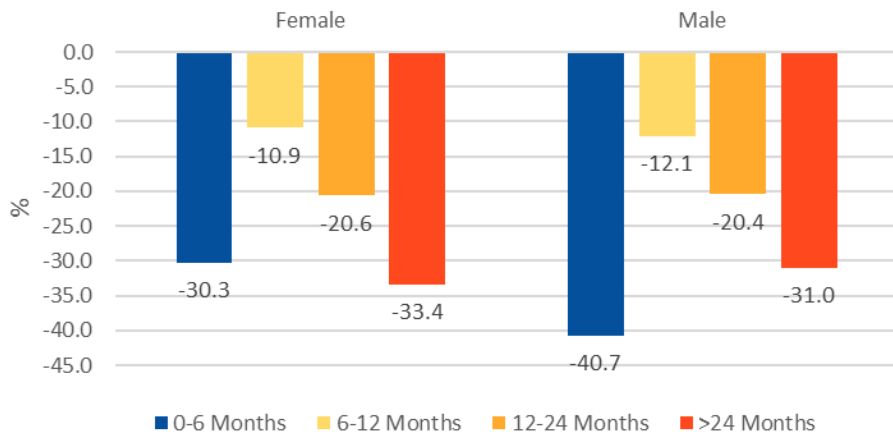
Percentage of Claims that were Long-Term



Long-Term Claims per 1000 Covered Workers



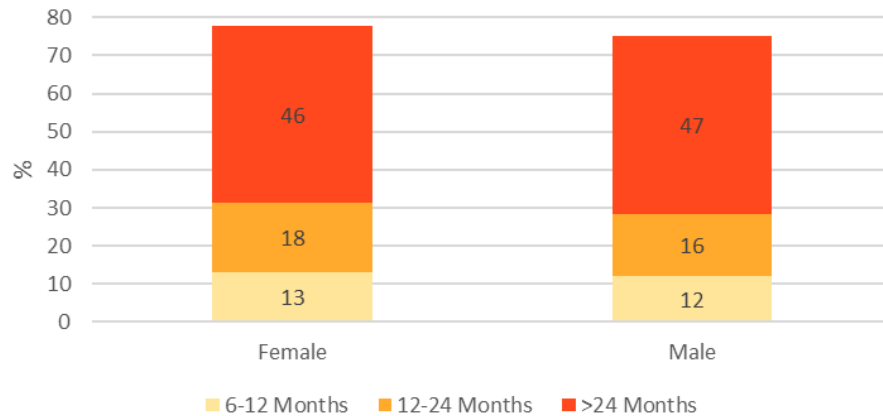
Change in Rate of Long-Term Claims from 2004-2013



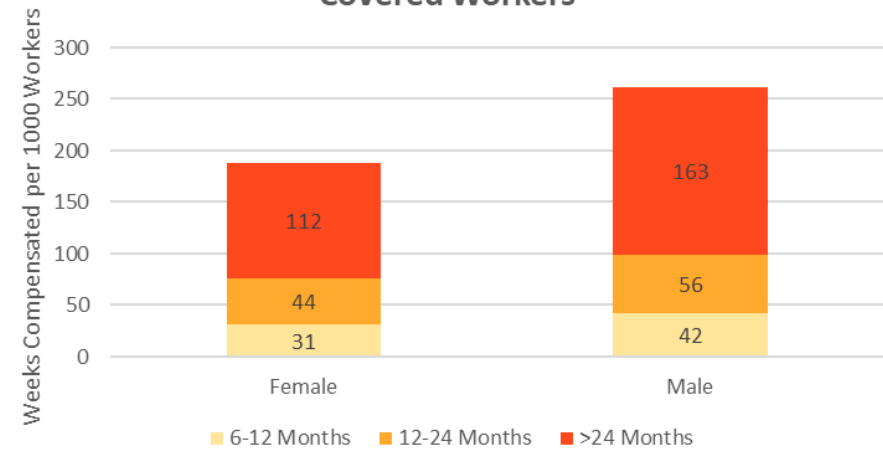
- A larger percentage of time-loss claims are > 6 months duration in females.
- However, males have a higher rate of long-term claims per 1000 workers, reflecting the overall higher claim rate for male workers.
- From 2004 to 2013 short term claims decreased at a greater rate in men, but there was no significant difference in changes to the rate of long-term claims between men and women.

# Time Lost to Long-Term Claims Differs by Gender

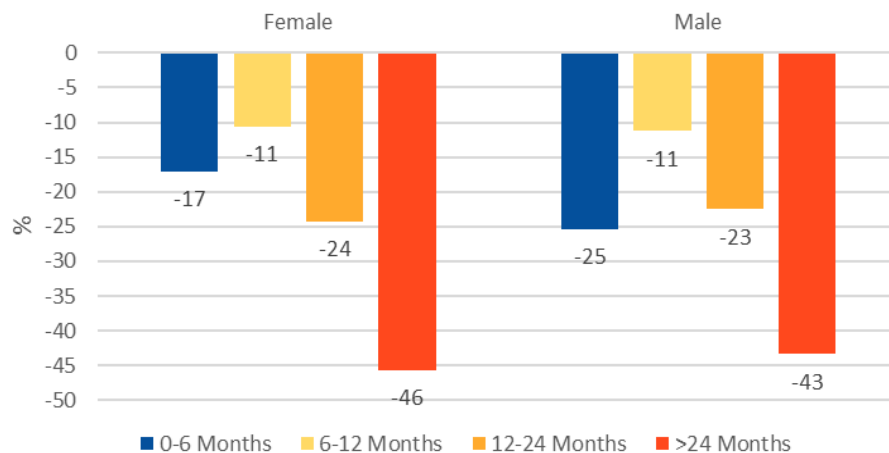
## Proportion of Weeks Compensated due to Long-Term Claims



## Number of Weeks Compensated per 1000 Covered Workers



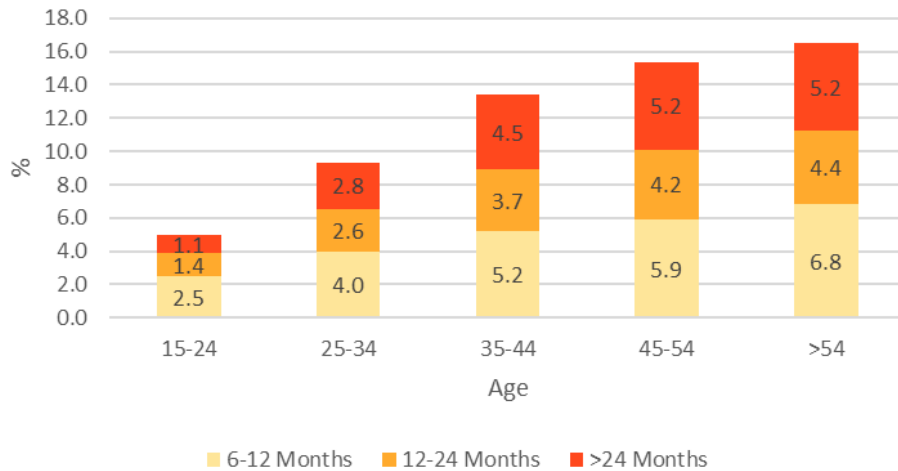
## Change in Weeks Compensated per 1000 Workers from 2004-2013



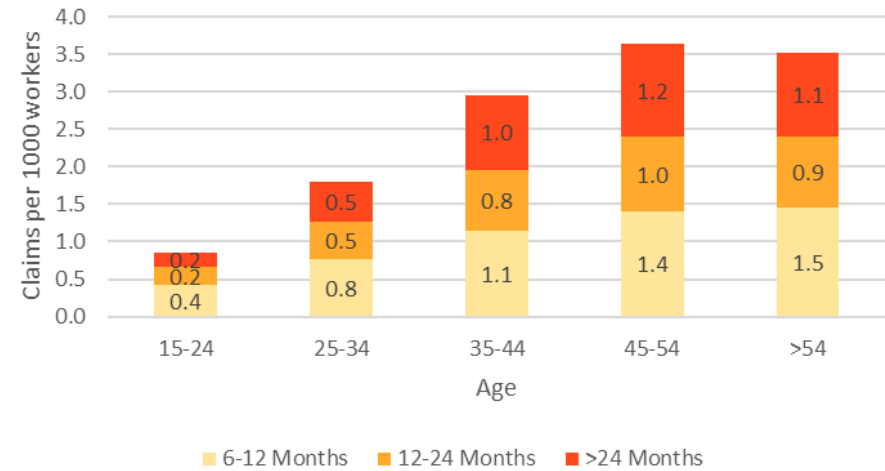
- The proportion of all weeks lost due to long-term claims is similar between men and women.
- However, male workers with long-term claims have a greater number of weeks compensated per 1000 workers than female workers.
- The change from 2004-2013 in the weeks lost per 1000 workers to long-term claims is very similar between men and women.

# Long-Term Claims Are Associated with Worker Age

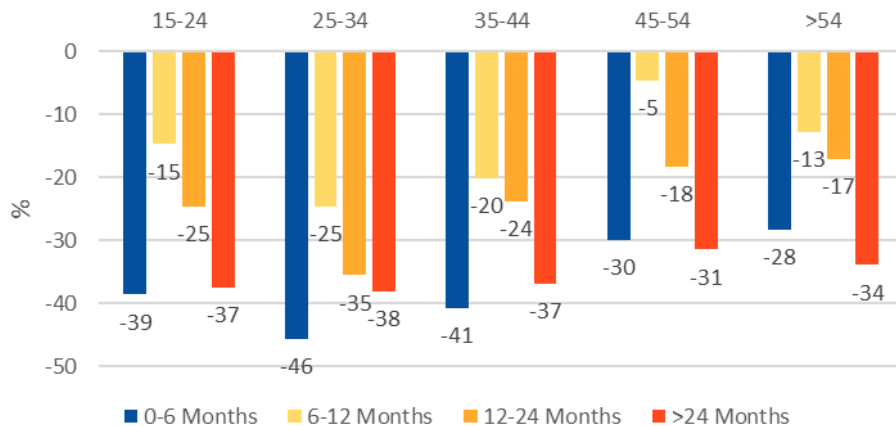
Percentage of Claims that were Long-Term



Long-Term Claims per 1000 Covered Workers



Change in Rate of Long-Term Claims from 2004-2013

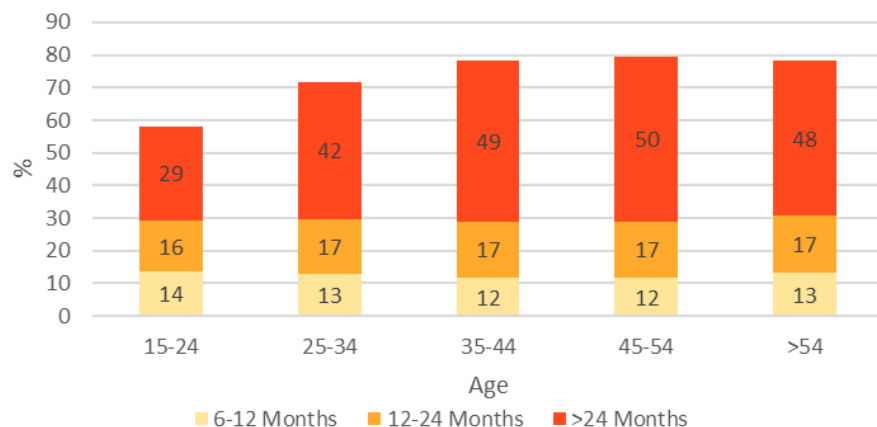


- Older workers have a higher rate of long-term claims than younger workers and a greater percentage of all claims became long term.
- A worker aged 45-54 was 4 times more likely to have a long-term claim than a worker aged 15-24.
- There was no evidence of a relationship between age and change in long-term claim rates over time.

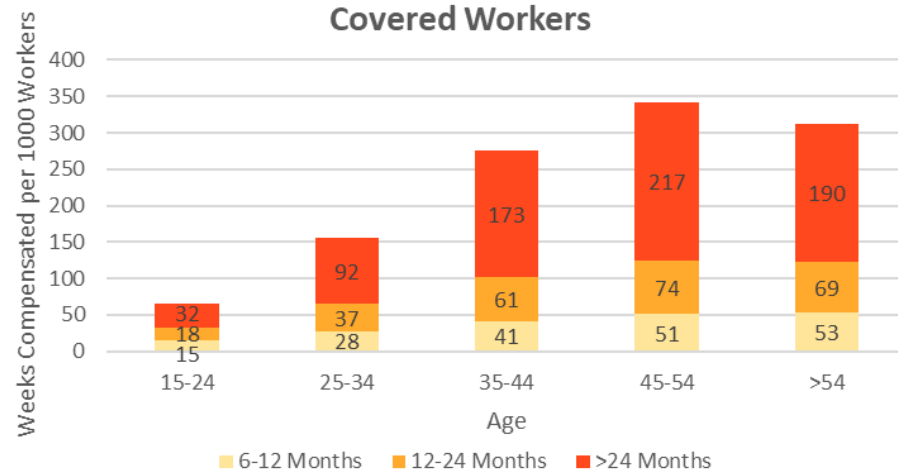


# Long-Term Claims Are Associated with Worker Age

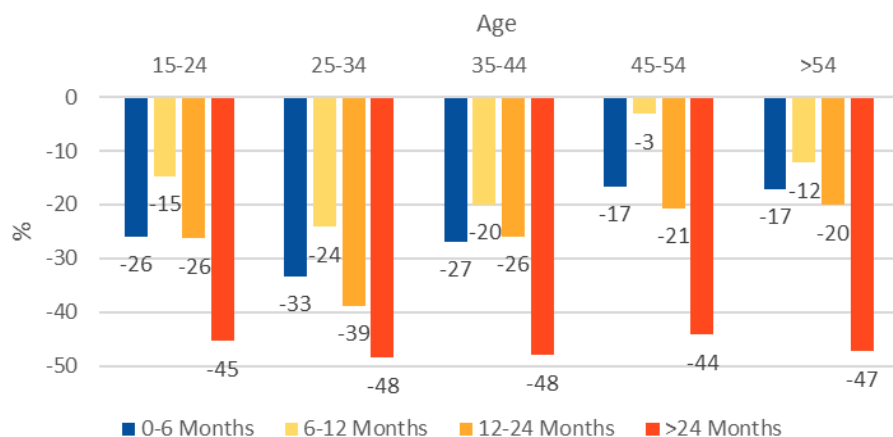
**Proportion of Weeks Compensated due to Long-Term Claims**



**Number of Weeks Compensated per 1000 Covered Workers**



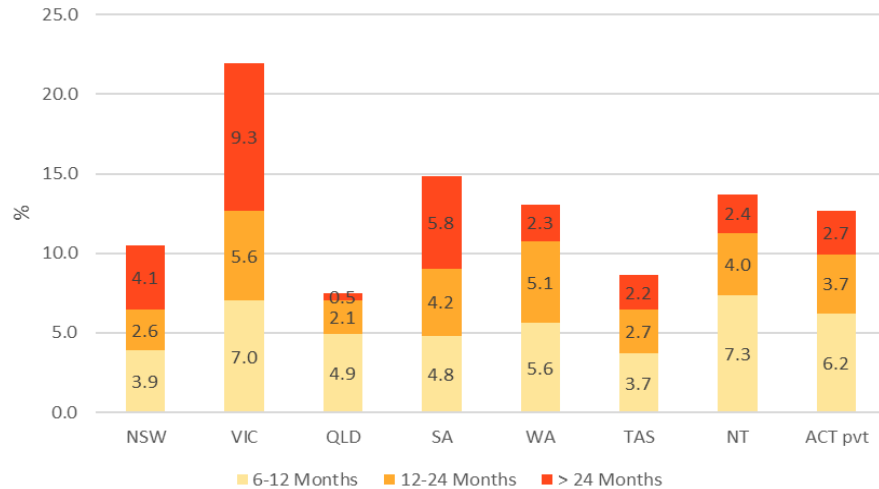
**Change in Time Compensated per 1000 Workers from 2004-2013**



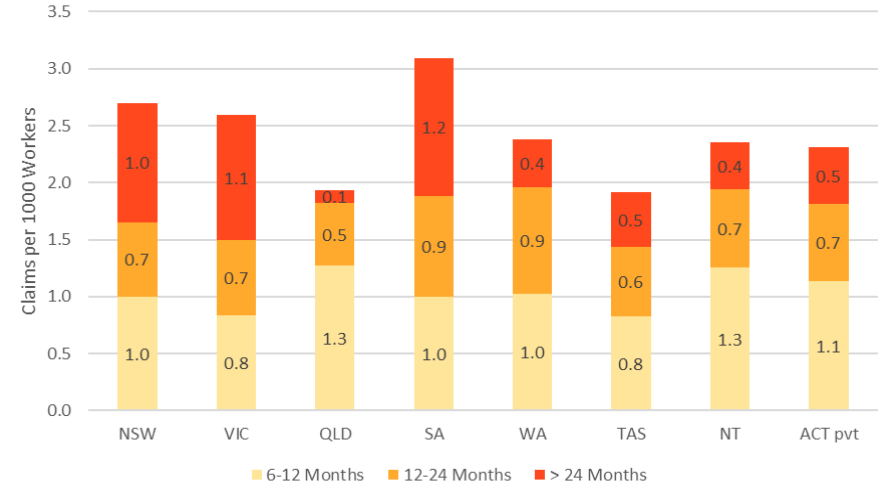
- Younger workers have a smaller proportion of their weeks compensated due to long-term claims.
- For every 1000 covered workers, those aged 45 to 54 were compensated for 342 weeks, a more than five fold increase on the equivalent figure of 65 weeks in workers aged 15 to 24.
- There was no evidence of a relationship between age and a change in weeks lost per 1000 workers over time.

# Long-Term Claims Vary by Jurisdiction

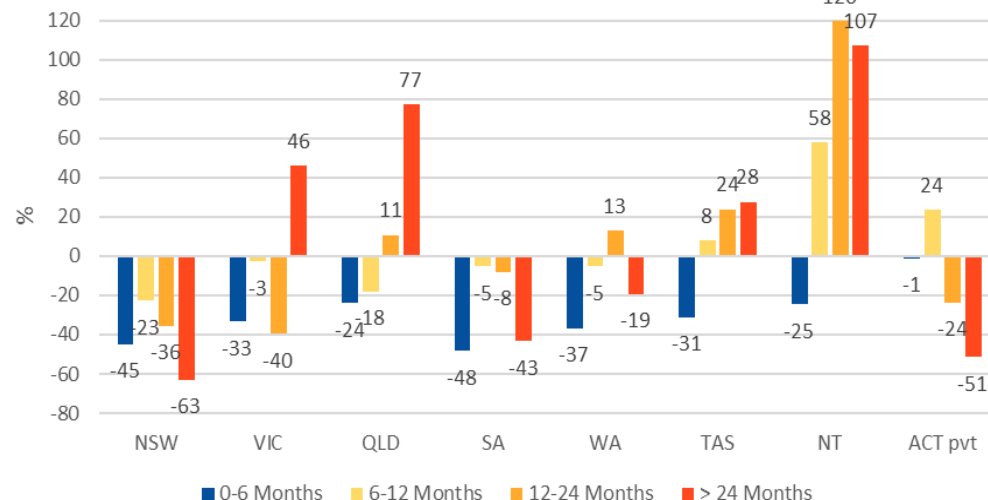
Percentage of Claims that were Long-Term



Long-Term Claims per 1000 Covered Workers



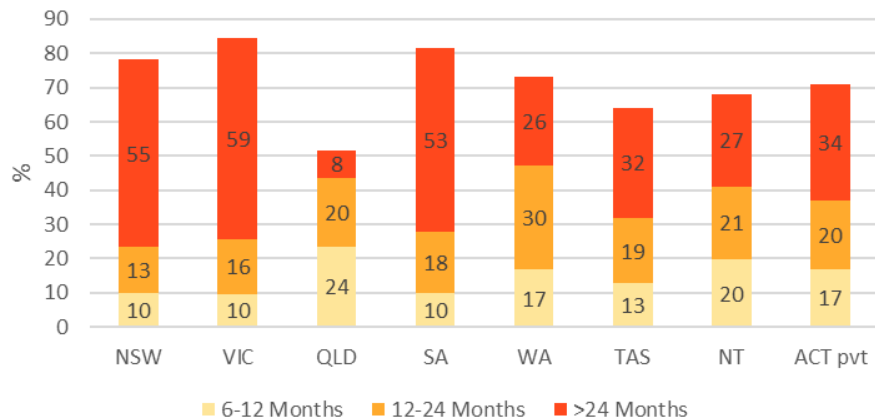
Change in Rate of Long-Term Claims from 2004-2013



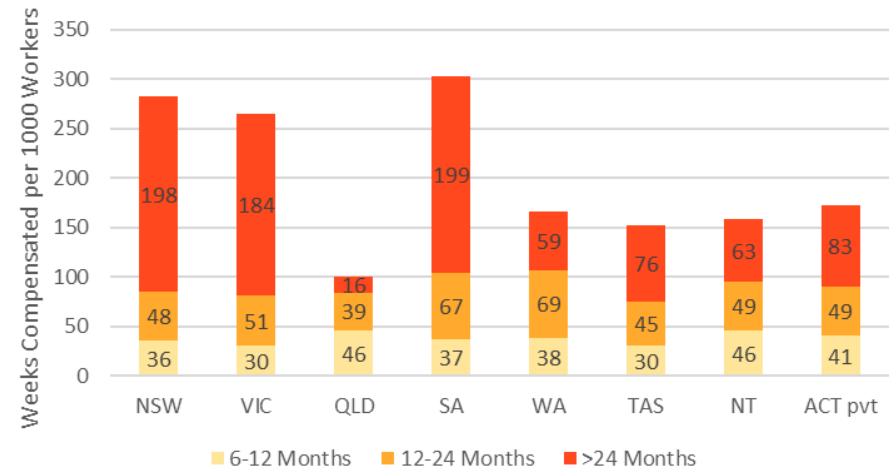
- The highest percentage of long-term claims was in VIC (22%) and the lowest in QLD (8%).
- Long-term claim rates vary from 1.9 per 1000 workers (QLD) to 3.1 (SA).
- The rate of claims > 24 months duration varied from 0.1 per 1000 workers (QLD) to 1.2 (SA).
- Between 2004 and 2013 the rate of claims < 6 months decreased in all jurisdictions, but there was substantial variation in changes to long-term claims.

# Long-Term Claims Vary by Jurisdiction

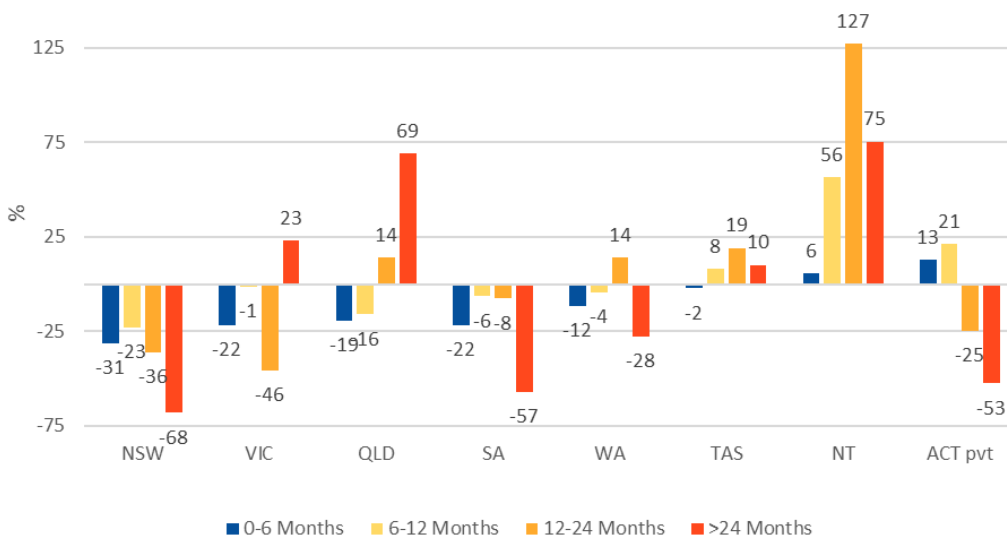
Proportion of Weeks Compensated due to Long-Term Claims



Weeks Compensated per 1000 Covered Workers



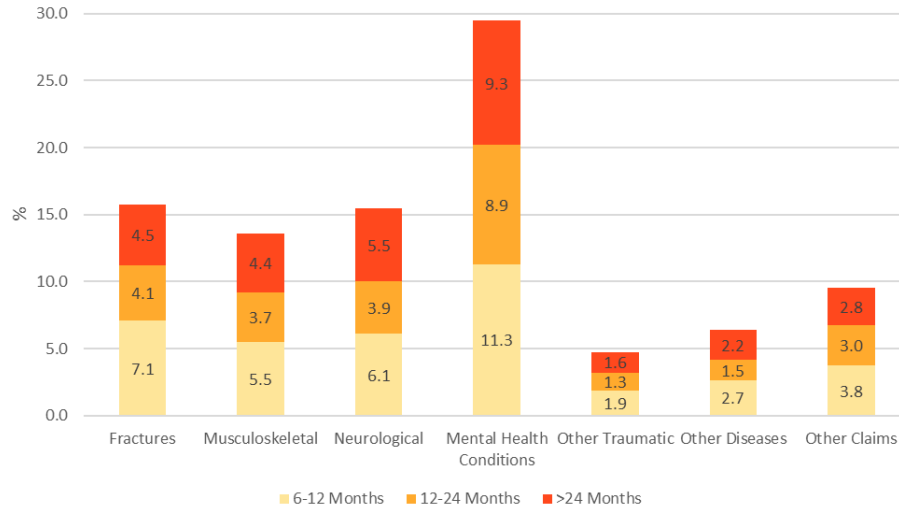
Change in Weeks Compensated per 1000 Workers from 2004-2013



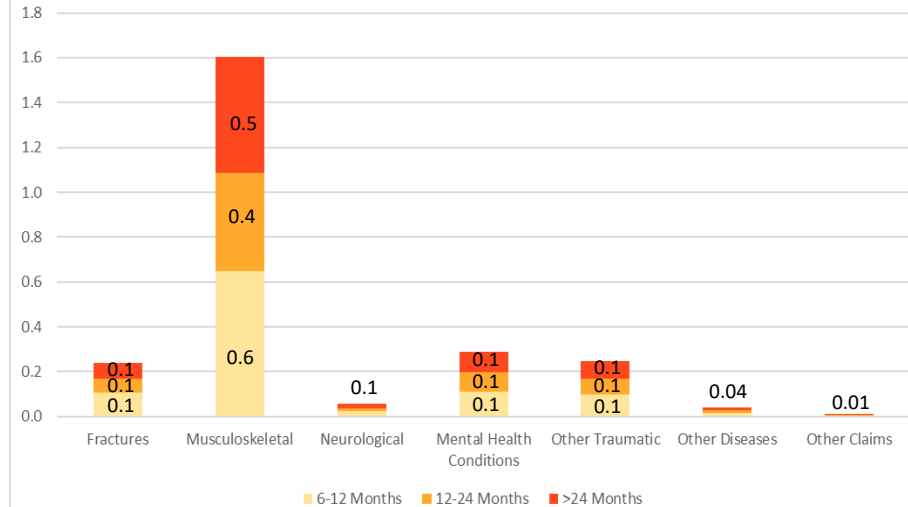
- The proportion of all time loss due to long-term claims varied from 52% in QLD to 84% in VIC.
- The number of weeks of compensation paid per 1000 covered workers each year ranged from 100 in QLD to 303 in SA.
- Jurisdictions where legislation limits use of commutations or redemptions (NSW, VIC, SA) had substantially higher rates of claims lasting > 2 years.
- There was substantial variation between jurisdictions in the changes over time.
- See the Appendix for a more detailed breakdown of each jurisdiction over time.

# Type of Injury is Associated with Long-Term Claims

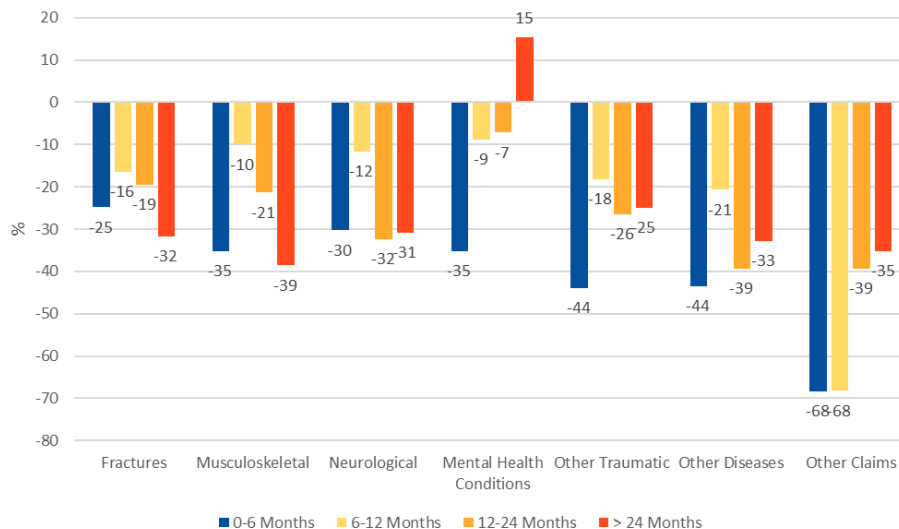
Percentage of Claims that were Long-Term



Long-Term Claims per 1000 Covered Workers



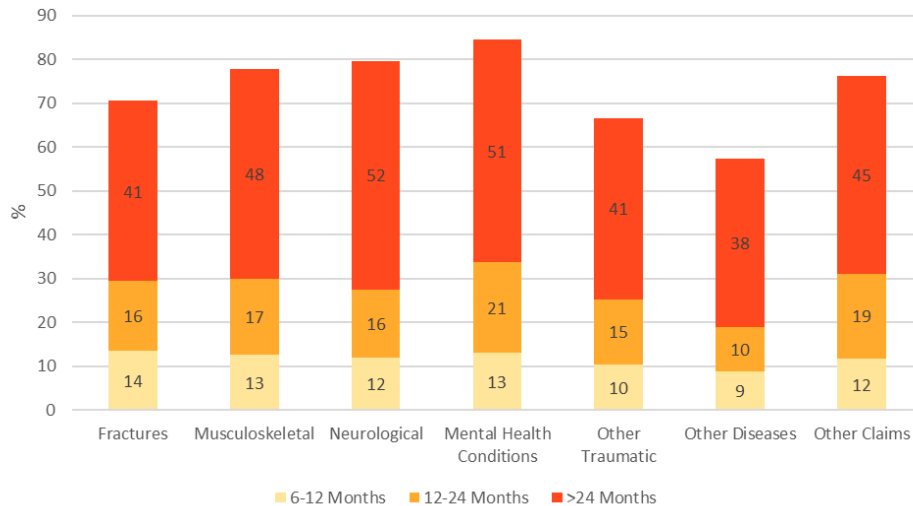
Change in Rate of Long-Term Claims from 2004-2013



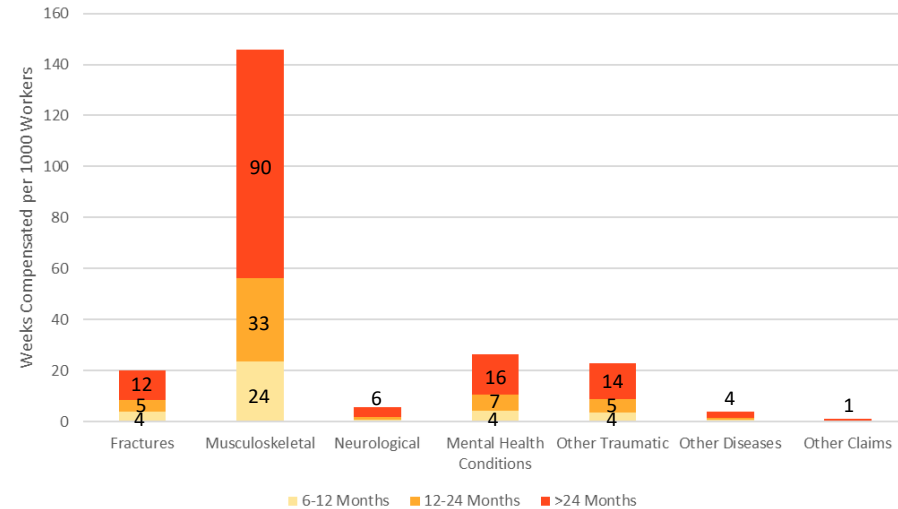
- 29% of mental health condition claims lasted longer than 6 months with 9.3% longer than 2 years.
- Claims for musculoskeletal conditions were by far the most common long-term claim (as they are for short-term claims).
- The only condition to show an increase in claim rate from 2004-2013 was mental health claims of greater than 2 years duration.

# Type of Injury is Associated with Long-Term Claims

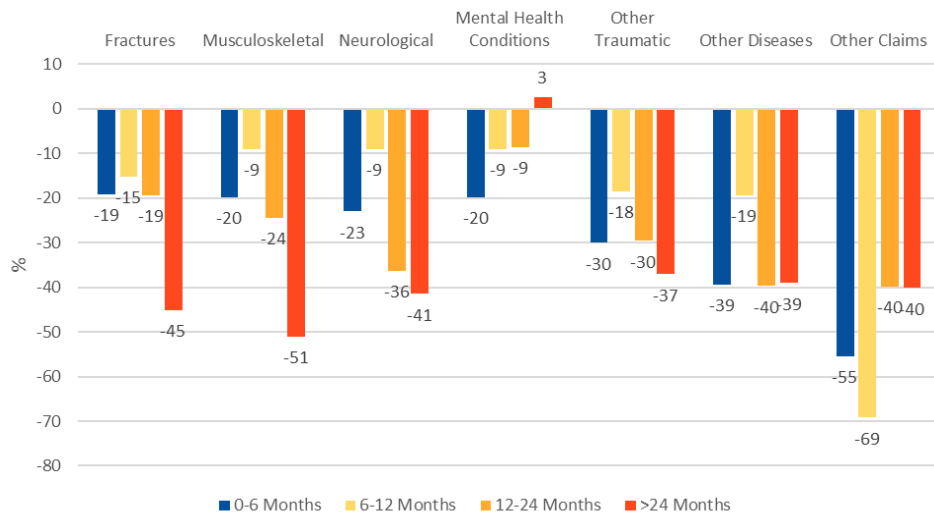
Proportion of Weeks Compensated due to Long-Term Claims



Weeks Compensated per 1000 Covered Workers

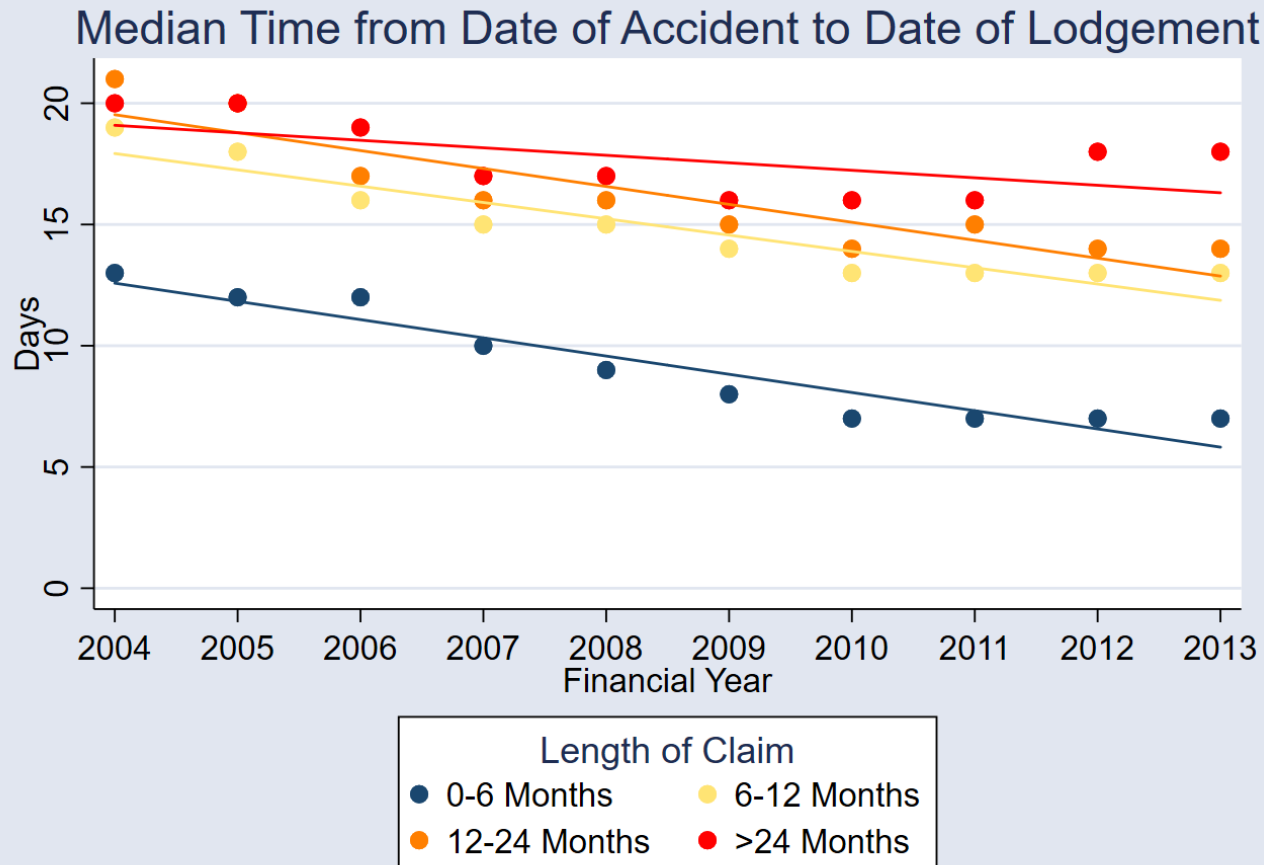


Change in Weeks Compensated per 1000 Covered Workers from 2004-2013



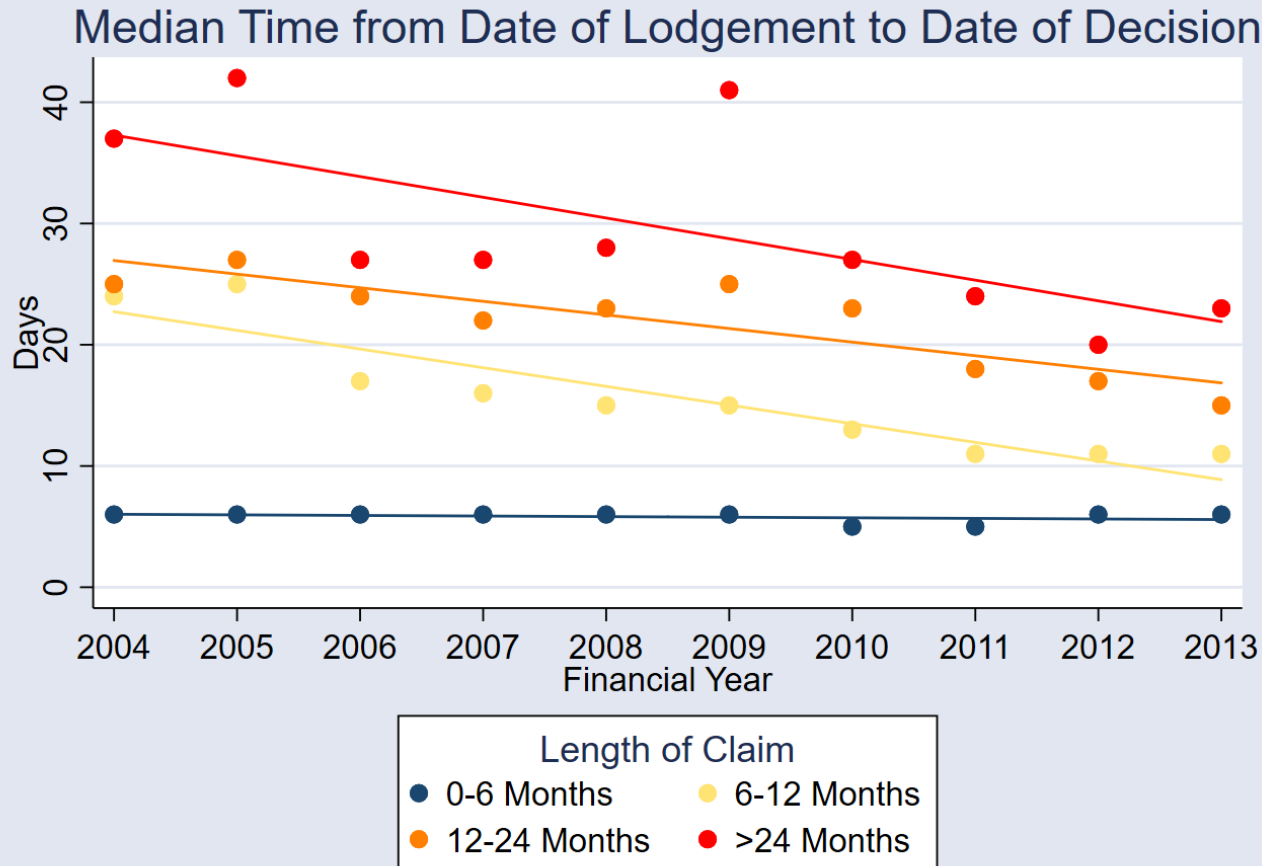
- 84% of all weeks compensated for mental health claims were for claims lasting longer than 6 months.
- Musculoskeletal condition claims accounted for 147 weeks per 1000 covered workers, followed by mental health conditions at 27 weeks.
- The only condition to show an increase in total time loss from 2004-2013 was mental health claims of greater than 2 years duration.

# Median Time from Date of Accident to Date of Lodgement is Associated with the Length of Claim



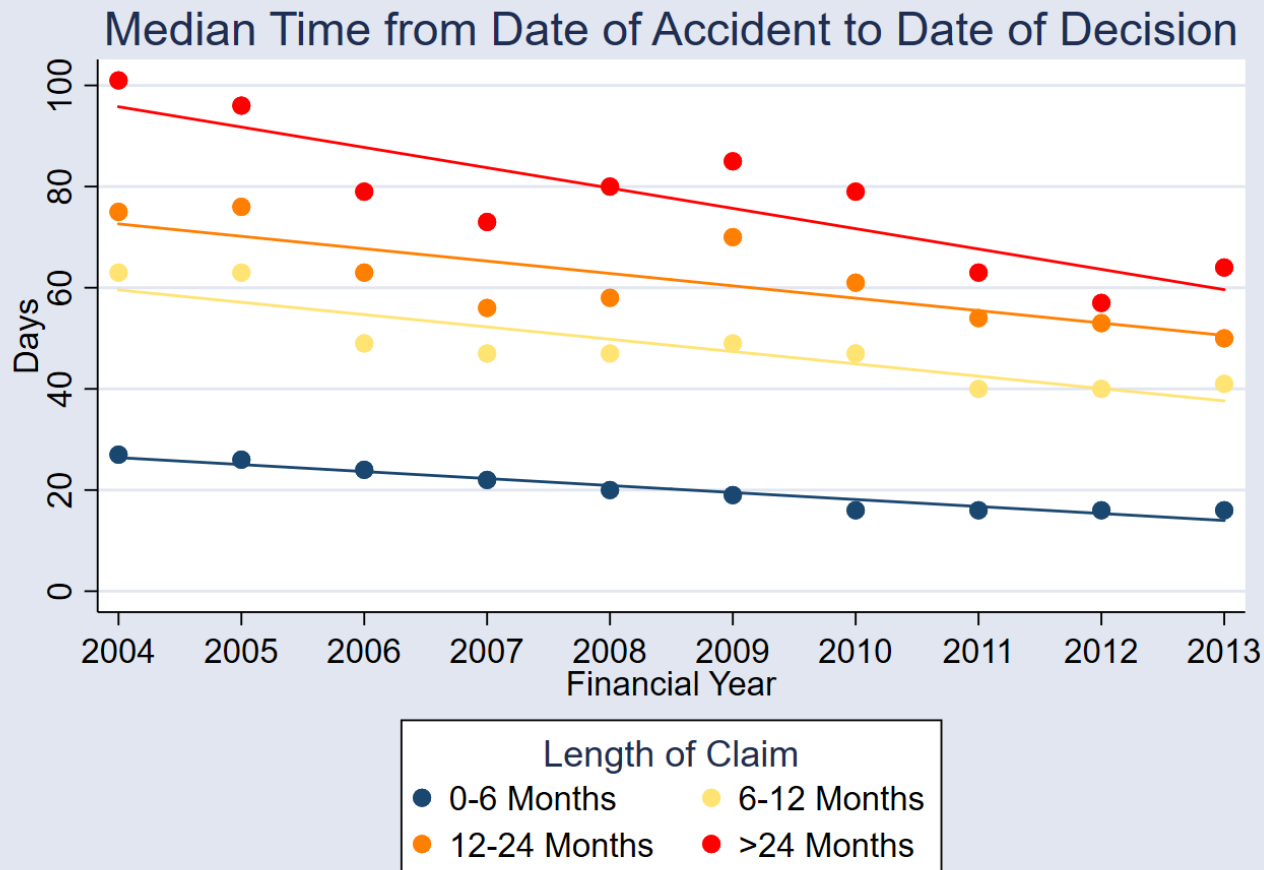
- The time between date of accident and date of claim lodgement was associated with total claim duration.
- Longer duration claims had on average longer times between accident and lodgement.
- Claims > 2 years duration had a median of 16 to 20 days between accident and lodgement.
- The median time from date of accident to date of lodgement decreased between 2004 and 2013.

# Median Time from Date of Lodgement to Date of Decision is Associated with the Length of Claim



- The time between date of claim lodgement and date of claim determination was associated with total claim duration.
- Longer duration claims had on average longer times between lodgement and decision.
- Claims > 2 years duration had a median of 20 to 42 days between lodgement and decision.
- The median time from date of lodgement to date of decision decreased in long term claims but not in claims <6 months between 2004 and 2013.

# Median Time from Date of Accident to Date of Decision is Associated with the Length of Claim



- The time between date of accident and date of claim determination was associated with total claim duration.
- Longer duration claims had on average longer times between accident and decision.
- Claims > 2 years duration had a median of 57 to 101 days between accident and decision.
- The median time from date of accident to date of decision decreased between 2004 and 2013.



- Long-term WC claims represent a major cost to compensation systems.
- 12% of claims from 2004-2013 were long-term and 4% were compensated for over 2 years.
- 76% of all weeks compensated were for long-term claims and 47% were for claims lasting over 2 years.
- There were large variations in the patterns of long-term claims between jurisdictions, both overall and in change over time. These variations were particularly noticeable for claims > 2 years duration. This is likely to reflect policy differences, such as the length of time a worker is able to claim benefits, or legislative limits on commutation or redemption, rather than reflect RTW outcomes.
- The age, gender and injury type of the worker is associated with their likelihood of having a long-term claim.
- Long-term mental health claims stood out as an area of concern as the only condition in which the rate of very long term claims (> 2 years duration) were increasing over the study period.
- There is a strong association between the time from date of accident to date of decision and the subsequent duration of time loss, suggesting an opportunity for earlier intervention.

## Strengths

- Very large national dataset of over 2 million time-loss WC claims.
- All major workers' compensation jurisdictions represented except for Comcare.
- Multiple worker, injury, demographic, claim and employer factors recorded.

## Limitations

- The NDS is a WC administrative data set, so only time-loss that has been paid as income compensation is recorded. This means that a proportion of workers with long-term claims exit the WC system but do not return to work, and we do not know how many claims this represents in each jurisdiction.
- Claim rate and rate of weeks lost was estimated using 1000 covered workers, however there are potential differences between groups in hours worked (e.g., women are more likely to be part-time).

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Safe Work Australia. (2011). Comparison of Workers' Compensation Arrangements in Australia and New Zealand

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<https://www.safeworkaustralia.gov.au/system/files/documents/1702/comparisonworkerscompensationarrangementsausnz2011.pdf>

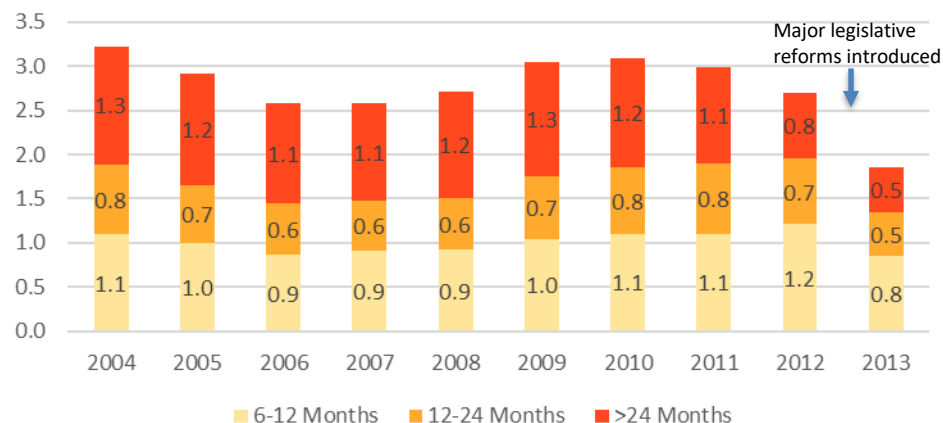
Safe Work Australia. (2013). Comparison of Workers' Compensation Arrangements in Australia and New Zealand

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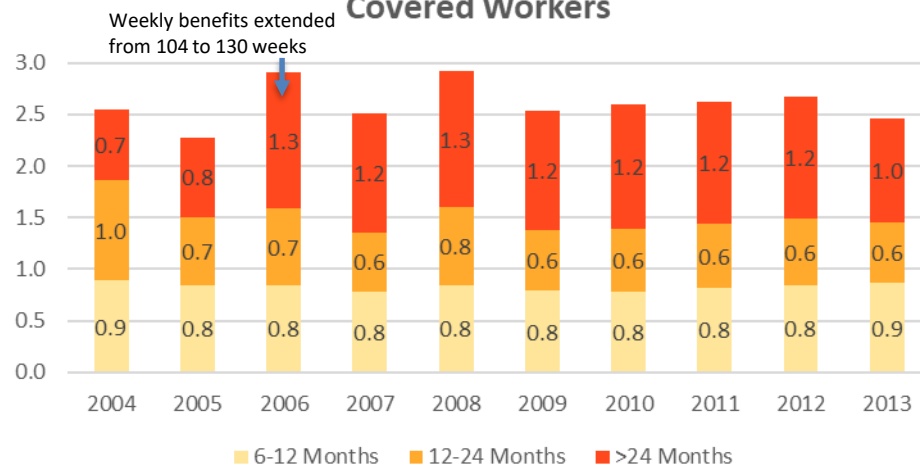
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# Appendix – Long-Term Claims each Year by Jurisdiction

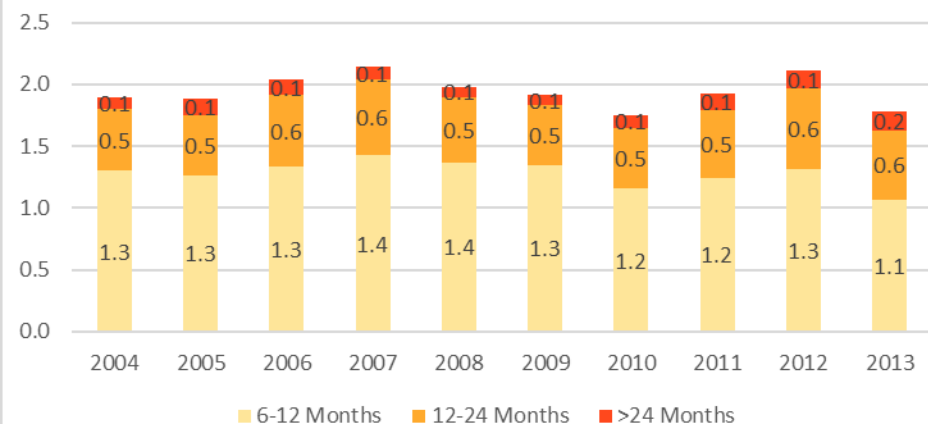
**NSW - Number of Long-Term Claims per 1000 Covered Workers**



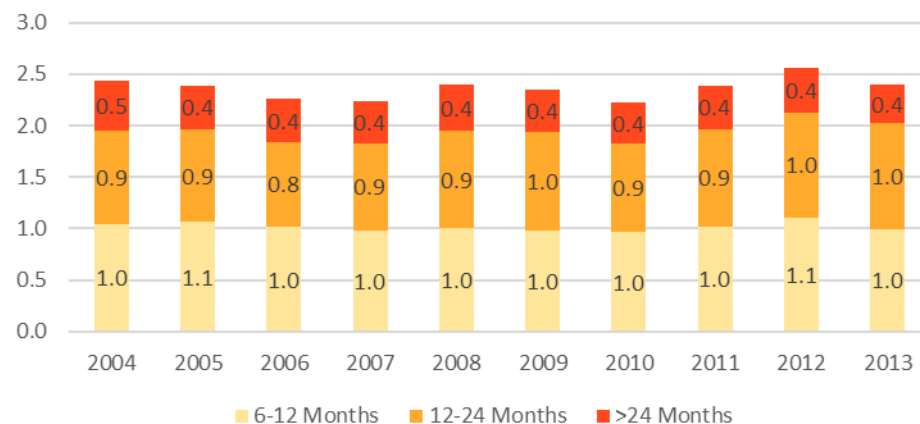
**VIC - Number of Long-Term Claims per 1000 Covered Workers**



**QLD - Number of Long-Term Claims per 1000 Covered Workers**

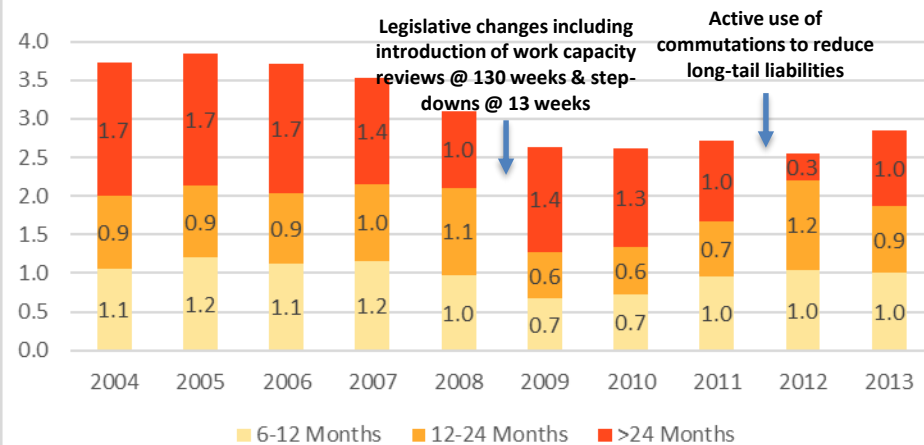


**WA - Number of Long-Term Claims per 1000 Covered Workers**

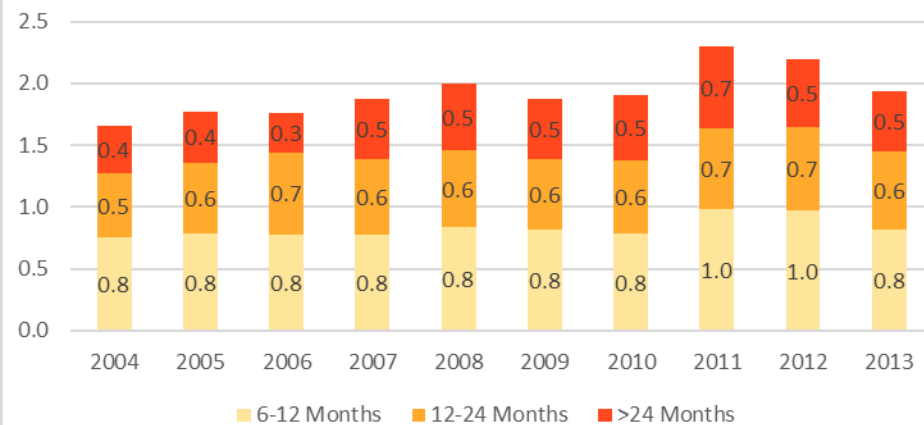


# Appendix – Long-Term Claims each Year by Jurisdiction

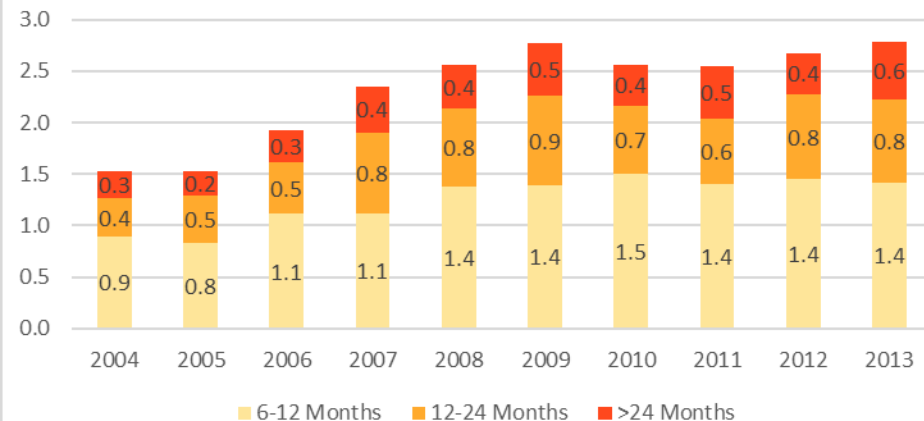
**SA - Number of Long-Term Claims per 1000 Covered Workers**



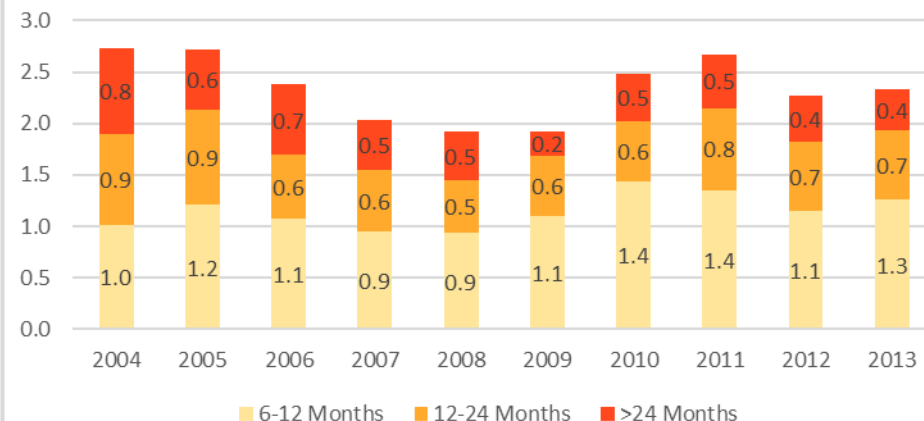
**TAS - Number of Long-Term Claims per 1000 Covered Workers**



**NT - Number of Long-Term Claims per 1000 Covered Workers**



**ACT Private - Number of Long-Term Claims per 1000 Covered Workers**

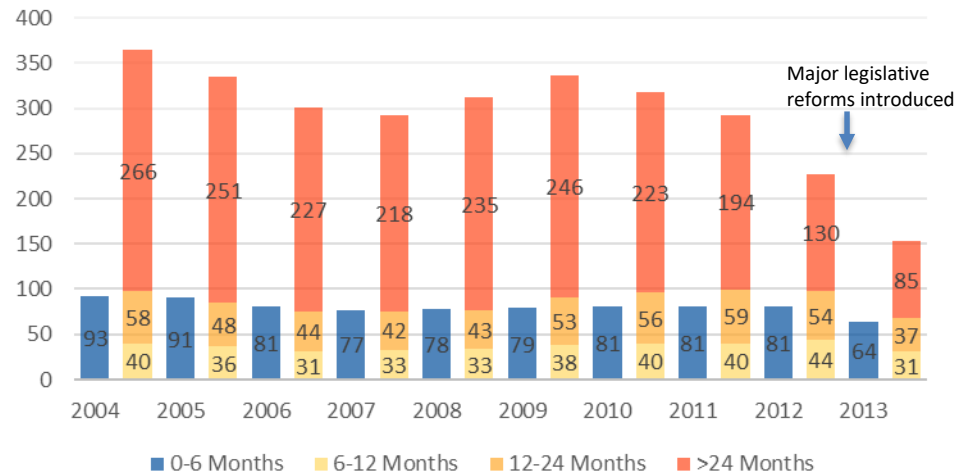


# Appendix – Long-Term Claims each Year by Jurisdiction

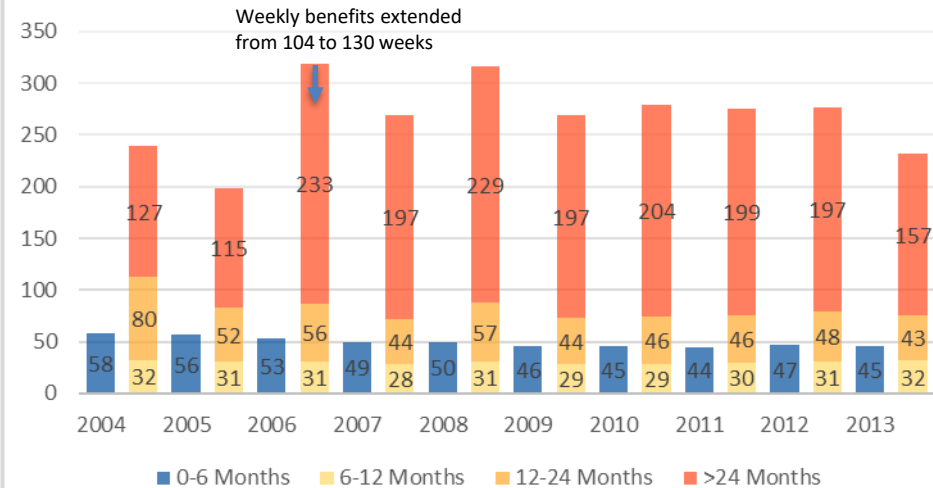


MONASH  
University

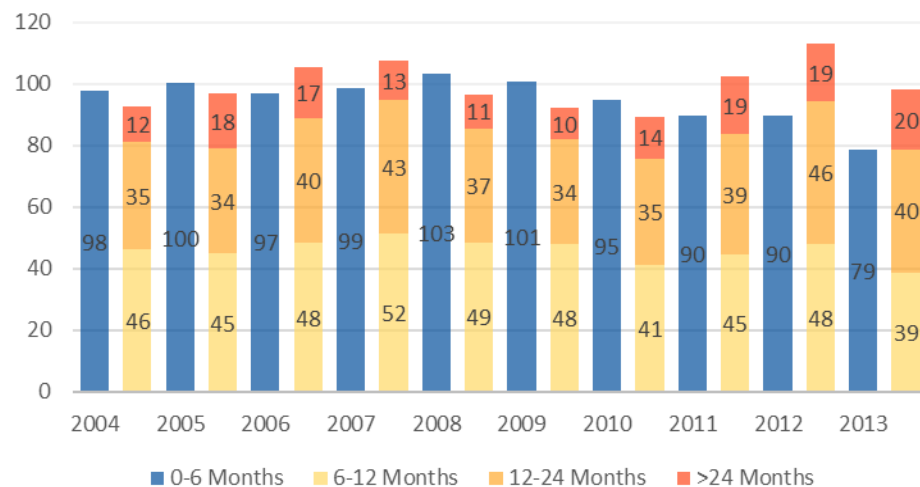
## NSW - WEEKS COMPENSATED PER 1000 WORKERS



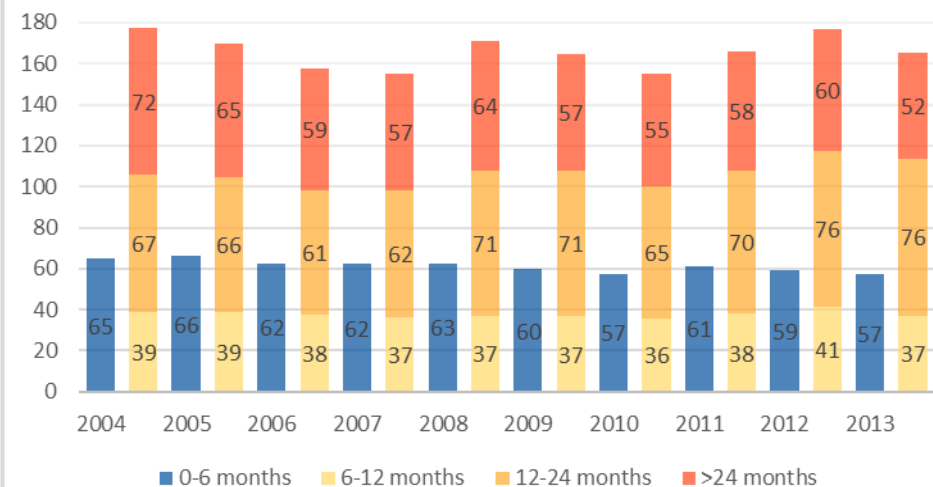
## VIC - WEEKS COMPENSATED PER 1000 WORKERS



## QLD - WEEKS COMPENSATED PER 1000 WORKERS



## WA - WEEKS COMPENSATED PER 1000 WORKERS

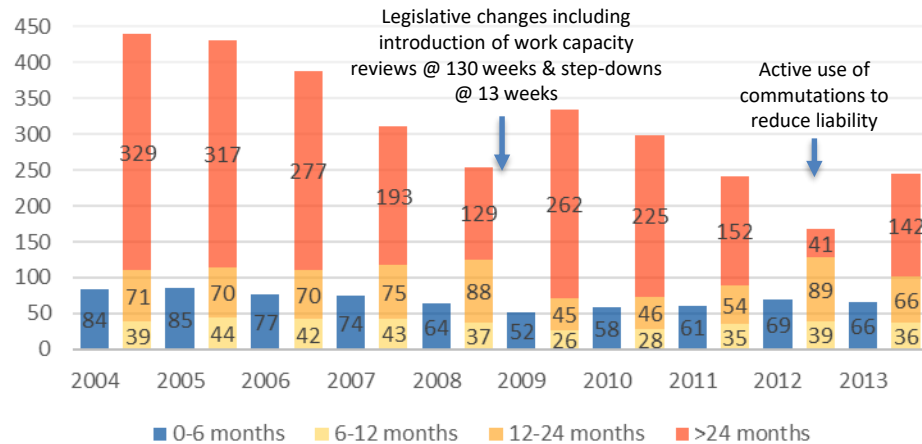


# Appendix – Long-Term Claims each Year by Jurisdiction

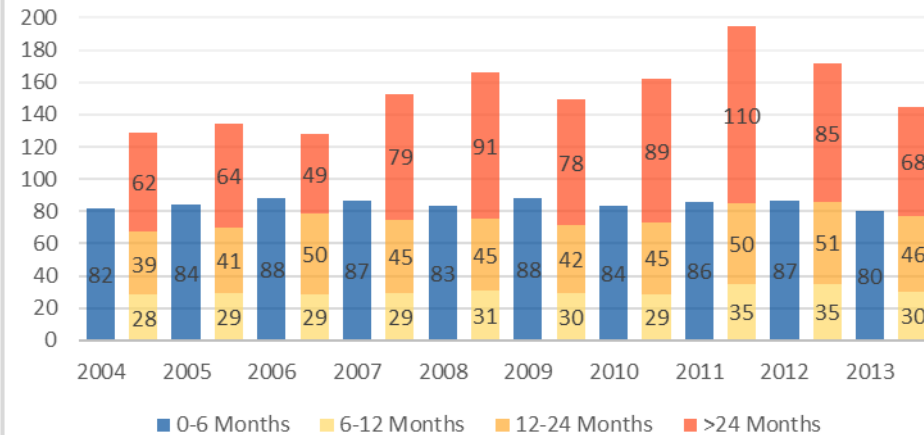


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University

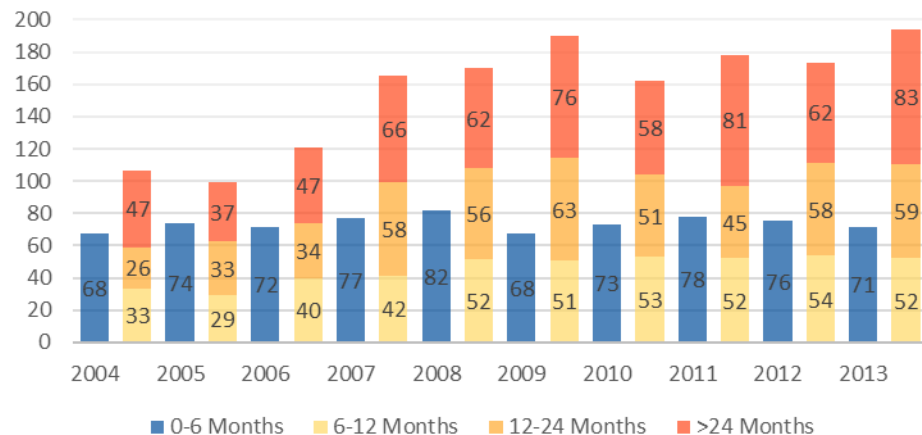
## SA - WEEKS COMPENSATED PER 1000 COVERED WORKERS



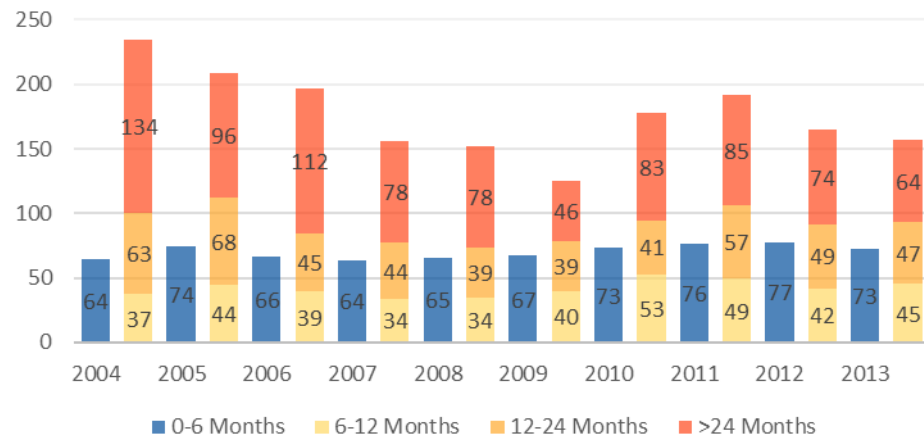
## TAS - WEEKS COMPENSATED PER 1000 COVERED WORKERS



## NT - WEEKS COMPENSATED PER 1000 COVERED WORKERS



## ACT PRIVATE - WEEKS COMPENSATED PER 1000 WORKERS COVERED





- More detailed data tables can be accessed through contacting the first author Luke Sheehan ([luke.sheehan@monash.edu](mailto:luke.sheehan@monash.edu) or 03 9903 0794).

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