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Information session: Understanding your 2024-25 Comcare Premium

Thursday 23 May 2024, 10.00am – 11.00am 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
Lachlan Vivian-Taylor, Comcare
- Q&A



Context

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





The big picture

- 174 Agencies will pay a premium this year, covering 210,743 Employees
- **4,741 open** premium payer claims
- Incapacity is by far the biggest driver of premium costs
- Approximately **2,000 employees and ex-employees** are on incapacity benefits
- In 2022–23, accepted incapacity weeks for the scheme equal to about **1,650 people off work** for the year





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Liability and the premium pool

Ash Evans, Principal, Taylor Fry

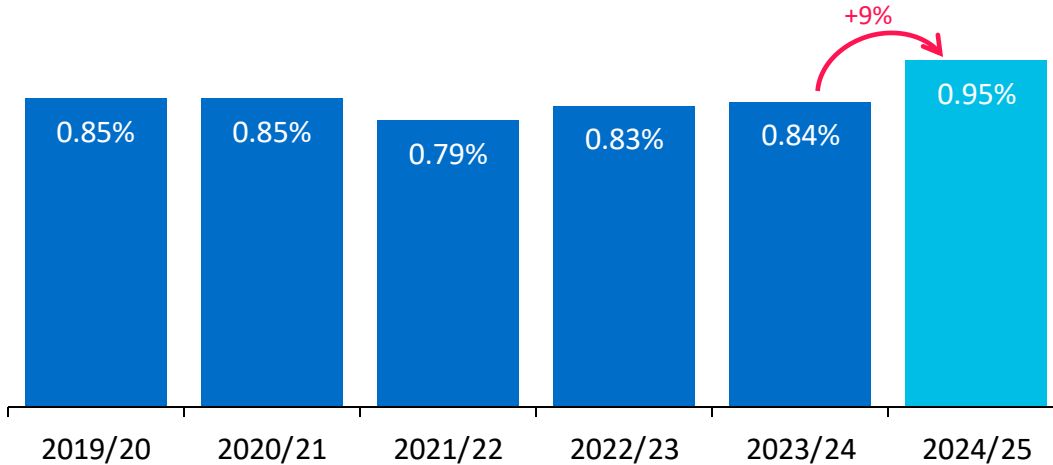
Agenda

1. Premiums
2. Driver of premium rates
3. Headwinds and volatility
4. Outstanding claims liability
5. Case study – Helping long-term claimants back to work

Premiums

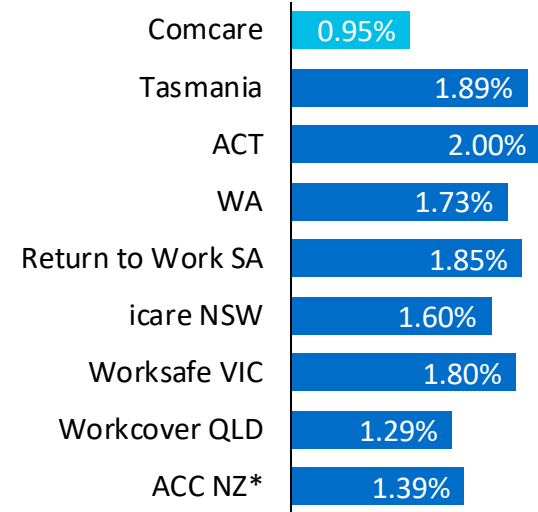
↳ We advise a central estimate premium rate of **0.95%** of wages for 2024/25

Comcare premium rates



Premium rates shown exclude GST

Other scheme rates



*Applies from 1 April 2024 to 31 March 2025

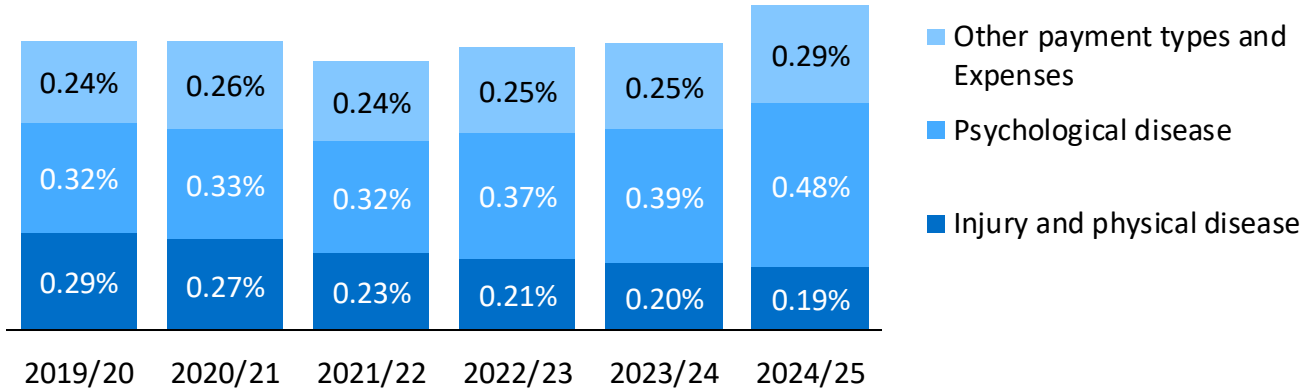
Rates for icare NSW, Worksafe VIC, Return to Work SA and Workcover QLD relate to the 2023/24 year, all other rates shown relate to the 2024/25 year

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

Premiums

Psychological disease claims have comprised an increasing proportion of premiums over time

Comcare premium rate breakdown

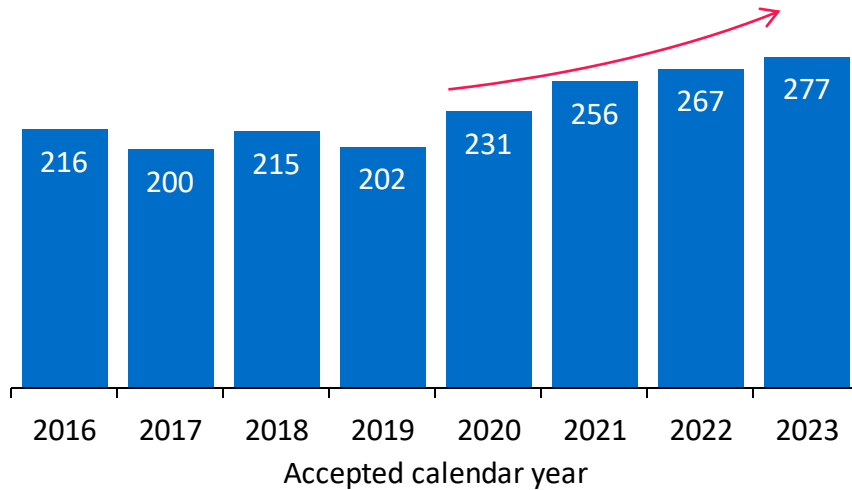


Premium rates shown exclude GST

Driver of premium rates

▾ Increasing frequency of psychological injury claims

Psychological disease: claims accepted



▾ Expected increase in accepted PTSD claims due to the Closing Loopholes Act (2023)

- This legislation allows presumptive workers' compensation coverage for first responders and other eligible employees who are suffering from Post-Traumatic Stress Disorder (PTSD)
- The impact of the legislation was estimated by analysing experience for other jurisdictions (QLD and TAS) which already had similar legislations in place
- This adds **\$9.2M** (excl. GST) to the 2024/25 premium pool, which will be split across the impacted agencies (Australian Federal Police, Airservices Australia and Department of Home Affairs)

Headwinds and volatility

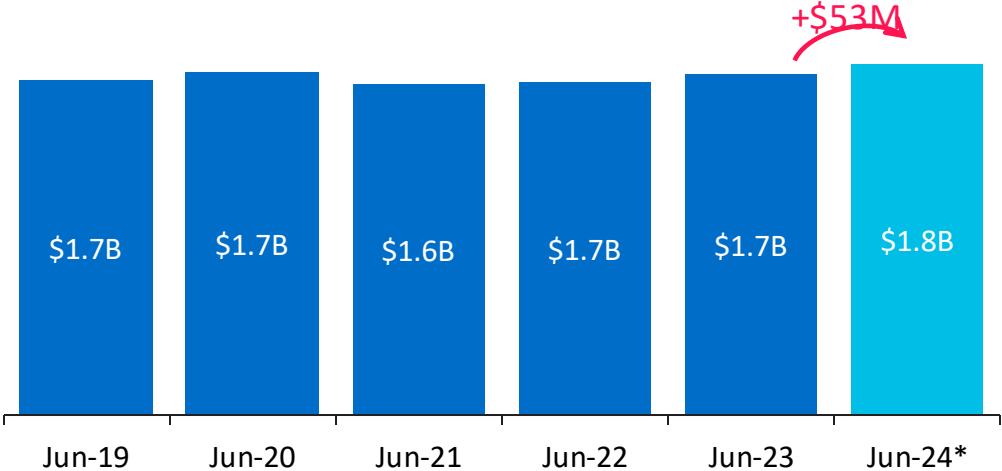
↳ Economic conditions

- 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 over the last year. Depending on the relative size of changes in inflation rates compared to interest rates, the premium could increase or reduce.

*A 1% increase in investment returns
reduces premiums by 6%*

Outstanding claims liability

Our preliminary estimate of Comcare’s Premium Scheme outstanding claims liability provision at 30 June 2024 is **\$1.8B**.



*Preliminary 30 June 2024 valuation

Case study – Helping long-term claimants back to work

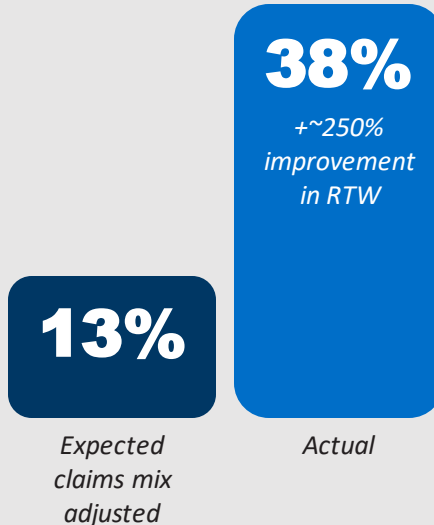
Returning long-term claimants to work is difficult and **requires intensive management**



Our evidence gives *early* signs that employment specialists (brokers and coaches) can **work with long-term claimants to get them into new jobs**

Evidence – Comcare’s Your Future pilot has strong early results, albeit on a small sample

RTW (for >6 months) for participants





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The premium process and key drivers

Mick Duke, General Manager Scheme

Management Group, Comcare



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Context

Key drivers of premiums:

- **Time off work** ('incapacity' payments)
- **Prevention** and
- **Return to work**





2024-25 indicative scheme premiums

- The 2024–25 average premiums have increased from 0.84% of payroll to 0.92% of payroll (0.95% if the estimated impact of the presumptive PTSD legislation is included).
 - Increase due to psychological disease claims
 - Increase due to higher projected claim administration expenses
 - Reduction due to Injury and physical disease claims
- Safe Work Australia 2023: Comcare recorded a reduction in premium charged of 18% over past 5 years.

25th Edition

Comparative Performance Monitoring Report 25 /

Workers' Compensation Premiums

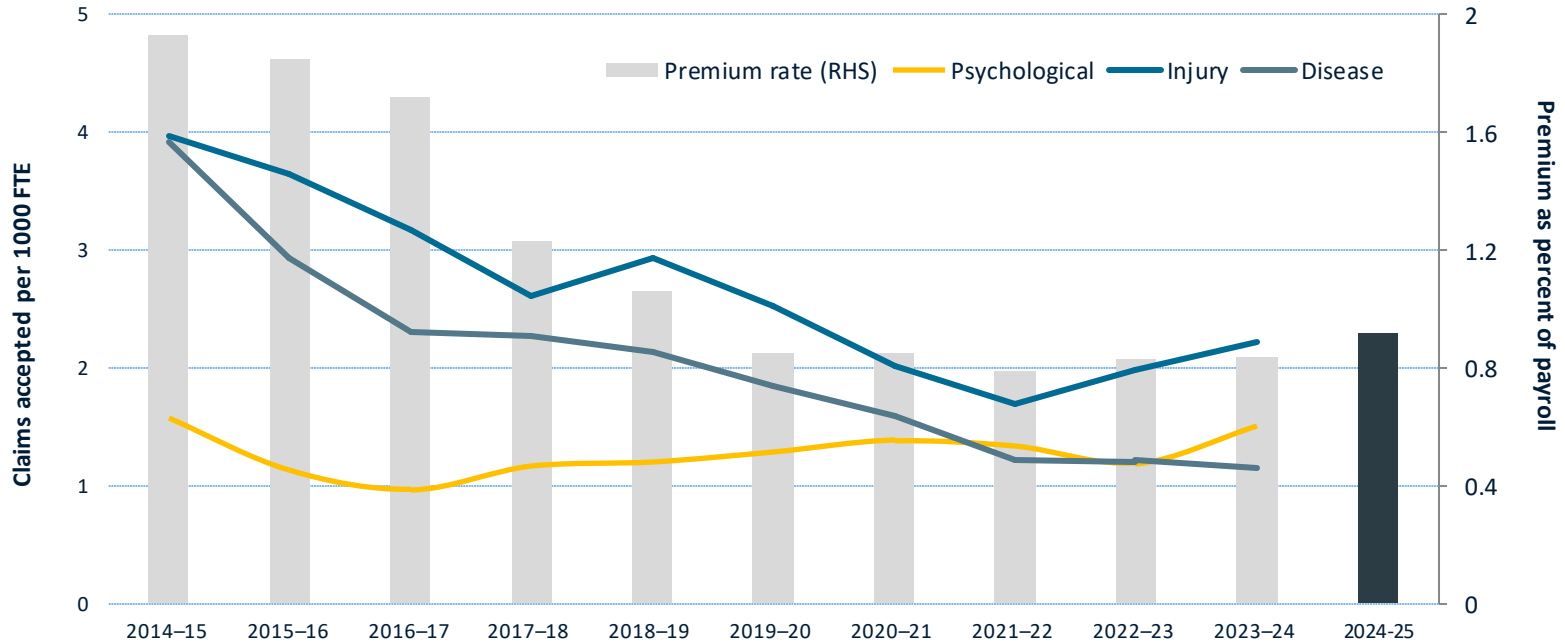




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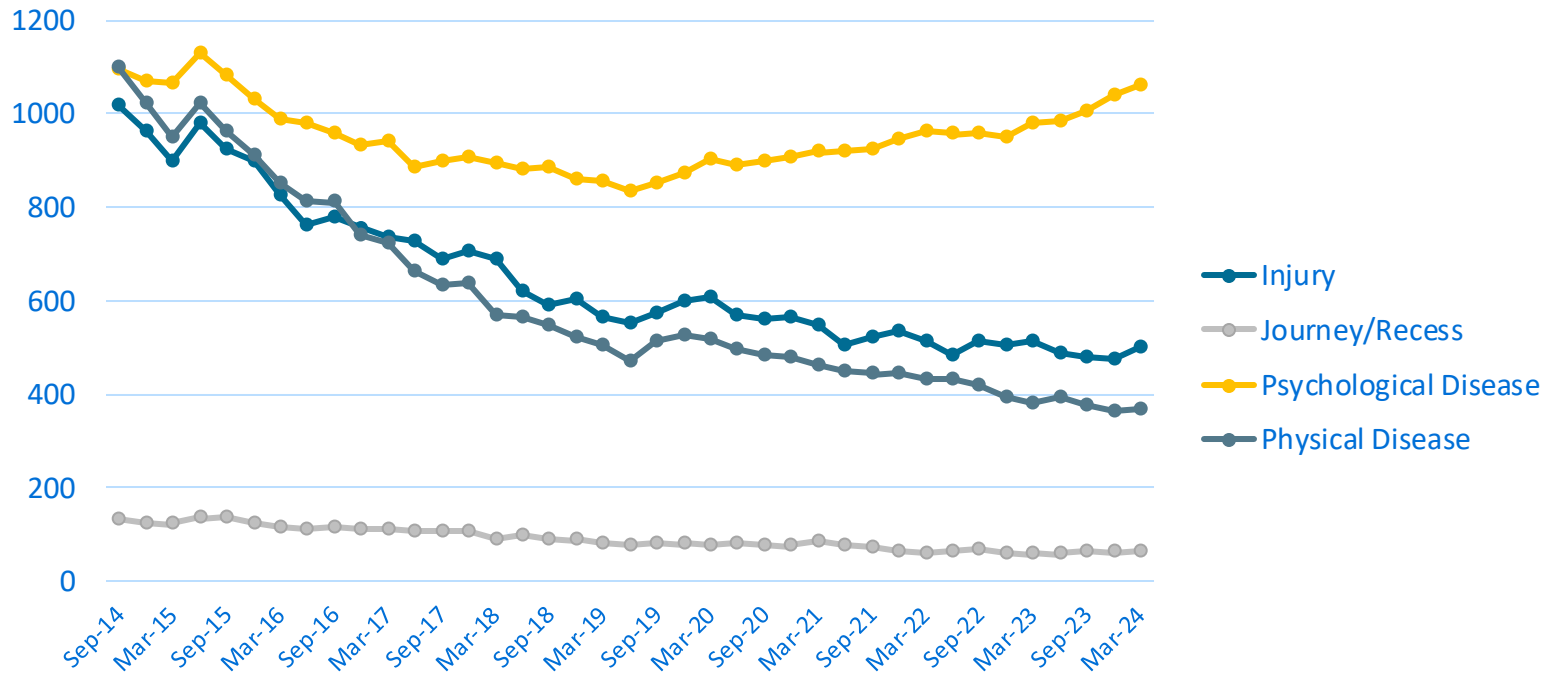
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Average premiums over the past decade





Count of claims receiving incapacity benefits in quarter





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What does your 2024-25 premium cover?

- The premium is set to fully fund the forecast lifetime cost of claims sustained in 2024–25
- Costs include payments for:
 - Time off work
 - Medical and rehabilitation expenses
 - Lump sums for death or permanent impairment.
 - Legal services
 - Claims administration
- Lifetime cost of 2024–25 injuries and diseases will emerge over decades.





Key elements of premium calculation

- Premium calculation uses accepted claims with date of injury in the last four financial years: 2019–20 to 2022–23 (**‘premium window’**).
- Estimates of future payments are calculated using a **statistical case estimate (SCE)** system.



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.



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 2024–25:**

$$= \frac{0.92\% \text{ (24/25 year)}}{0.84\% \text{ (23/24 year)}} = +108.9\%$$

*Trend excludes amounts applied to specific agencies affected by recent presumptive PTSD legislation



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) is used to measure claims performance:
 - reported and accepted claims only
 - “premium window” spans the 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





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.





Pool ‘Discount’ or ‘Loading’

- As with the previous year, funding ratio is within desired range and no ‘discount’ (or ‘loading’) is being applied to 2024–25 premiums.
- This approach ensures the Scheme remains fully funded, protects against volatile economic conditions and ensures we reduce the likelihood of being under funded.



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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.*





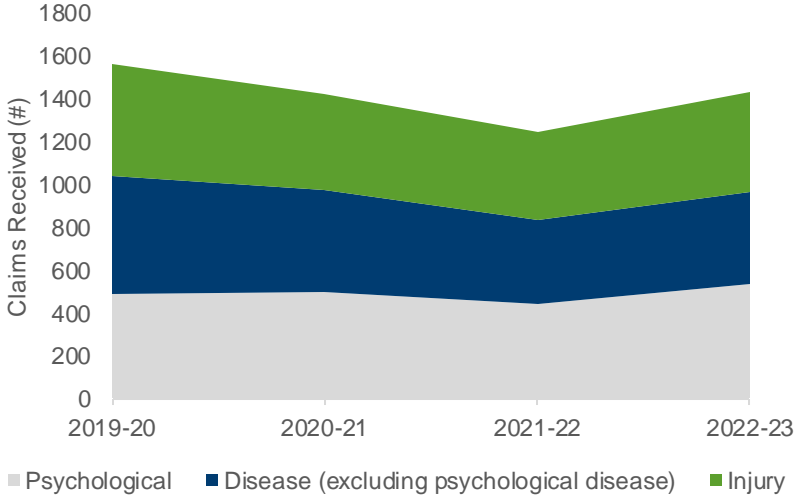
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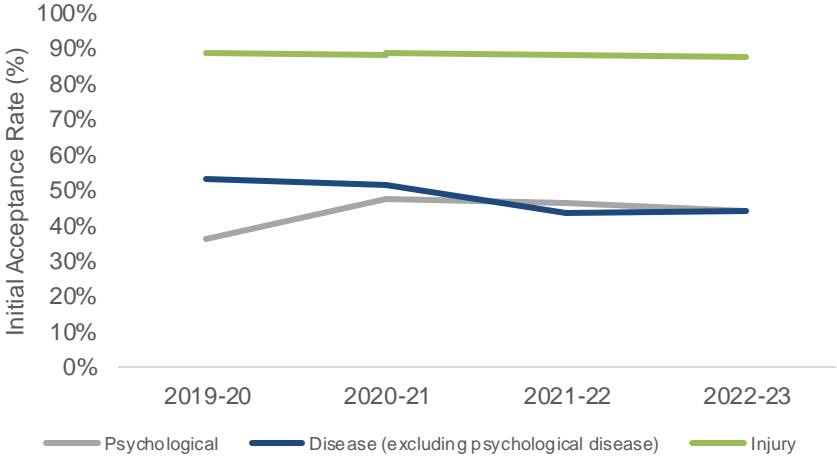
Key observations, trends and initiatives in claims

Lachlan Vivian-Taylor, General Manager
Claims Management Group, Comcare

Claim Profile

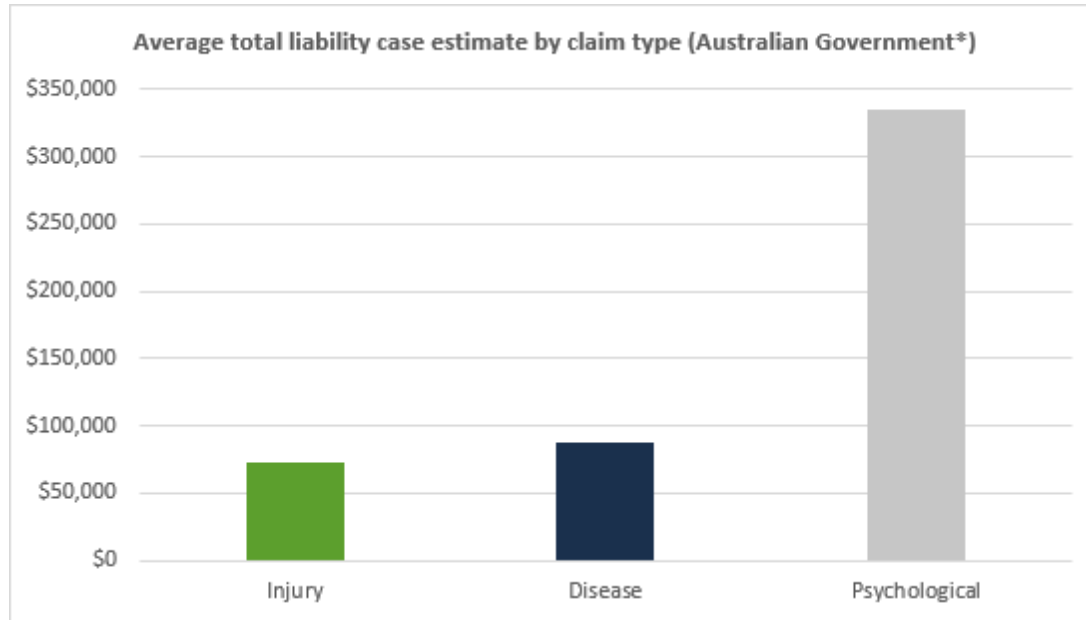


Claims received by primary condition



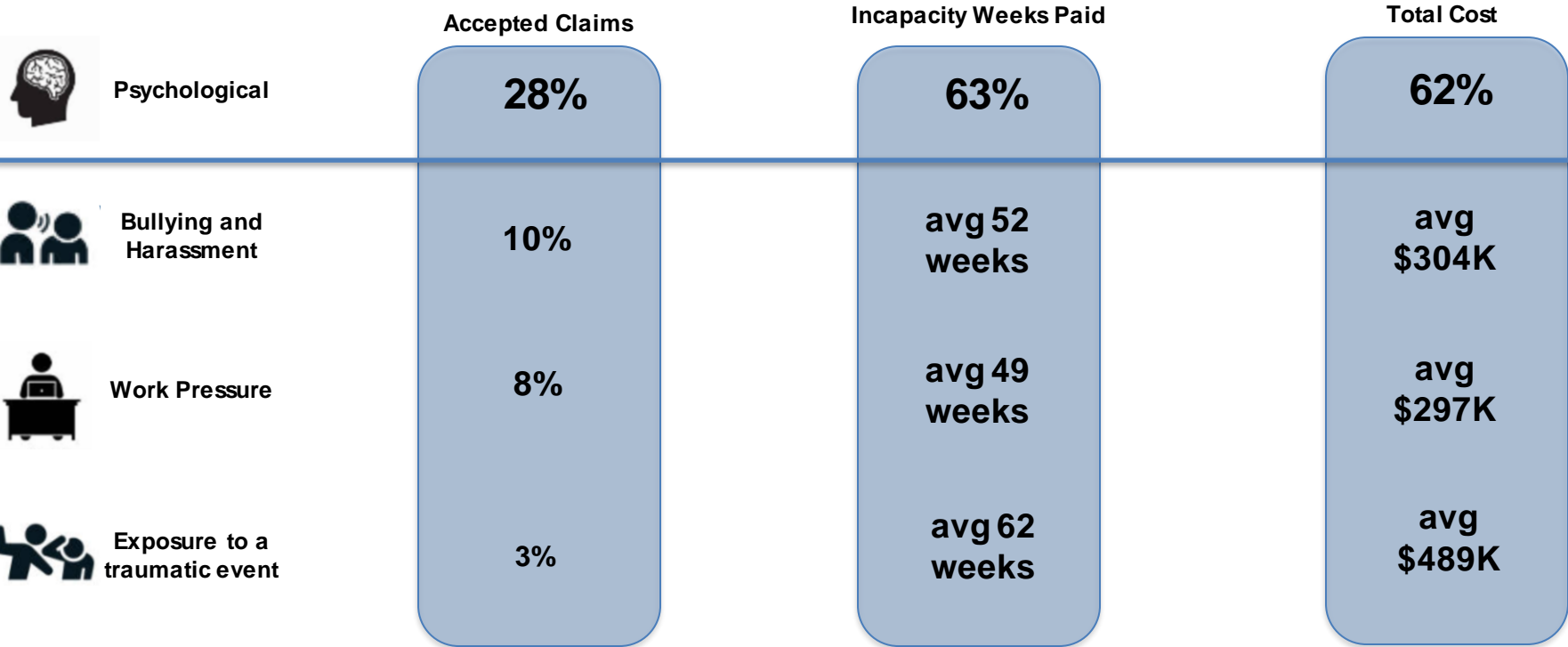
Initial acceptance rate by primary condition

Average Claim Costs



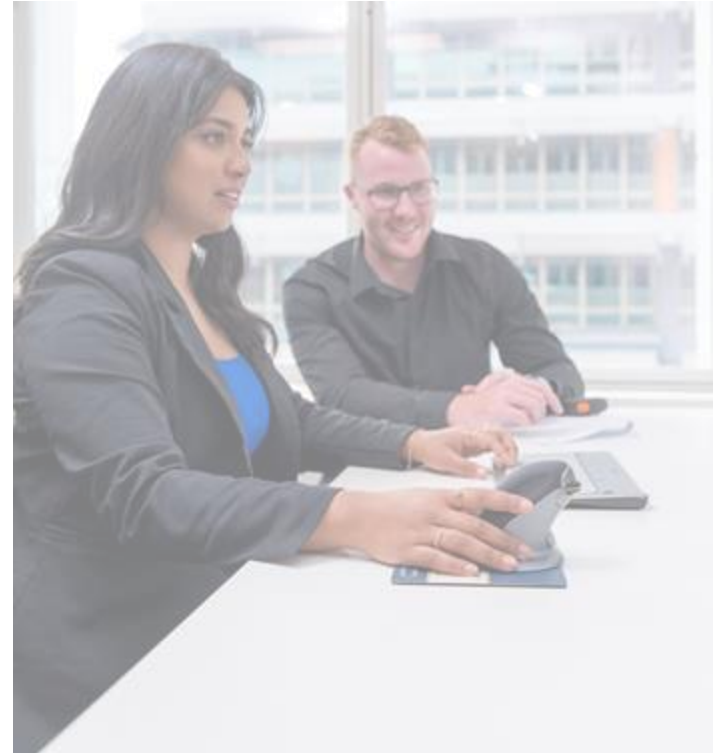
*All Australian Government claims currently accepted with a date of injury between 1 July 2019 and 30 June 2023 (premium allocation window).

Mechanism of psychological injury



Improving RTW

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



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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Q&A



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Feedback survey

Thank you for attending

Please take a moment to complete our short evaluation survey.



EmployerAccountManagement@comcare.gov.au
Premiums@comcare.gov.au



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