

# Levelling the playing field for illness and accidents



## BOARD DISCUSSION

### Spotlight on the impact of injury and illness

- 8.8 days average per employee
- \$32bn in payroll and lost productivity
- \$3,000 per employee per annum

The support available for people who suffer an illness or accident at home can be quite different to the support provided in the event of a work-related illness or injury. Employers need to consider how they can ensure people receive the right support to return to work, no matter where the incident occurs.

There are legislated actions employers must take if someone is injured or falls ill as a result of their work, to help support their return to work. However, if an employee experiences an incident while they are at home that means they can't work, there is a risk they won't receive the right support so they can go back to work.

These are inconsistencies employers must confront, explains Sarah Brown, managing director of Mercer Marsh Benefits™, who recently addressed Marsh's Workforce Strategies Forum on this topic.

“There is a mandated requirement to notify the employer if someone has a work-related injury or illness. The employer also needs to notify the insurer or the administrator of the insurer. But there is no such requirement if the injury is non-work-related and the business's actions will depend on its sickness absence policy,” she notes.



In a situation where an employee has suffered a non-work-related injury or illness, personal salary continuance insurance may provide a benefit for a salary if the employee has taken out this cover. This insurance may also provide some rehabilitation support, but it won't fund medical treatments.

In contrast, the workers' compensation regime provides for rehabilitation for work-related injury and illness. It may fund medical treatment and salary benefits.

“Within the workers' compensation regime, if the injury is work-related, the salary cover is between 80 per cent to 95 per cent of the salary and the benefit generally continues for up to two and a half years. The cover may also be ongoing if the case is serious and the individual is not able to return to any type of work,” Brown explains.

In a non-work-related scenario, under a salary continuance life insurance product, salary replacement is limited to a maximum of 75 per cent of the salary, up to age 65.

“The issue is the difference in the medical treatment and salary cover between a person with an injury that has happened at work and another person with the same injury that has happened at home,” says Brown.

<sup>1</sup> Stephen Frost, deputy president of the Administrative Appeals Tribunal of Australia, via [www.theguardian.com/media/2016/sep/06/abc-catalyst-host-maryanne-demasi-loses-broken-hip-workers-compensation-claim?CMP=share\\_btn\\_link](http://www.theguardian.com/media/2016/sep/06/abc-catalyst-host-maryanne-demasi-loses-broken-hip-workers-compensation-claim?CMP=share_btn_link)

In this situation, says Brown, employers need to consider how to adopt a consistent approach to managing illness and injury irrespective of whether it's work-related or non-work related. "The idea is to not let the type of insurance cover drive the way the injury or illness is managed."

## GETTING BACK TO WORK A TEAM EFFORT

Using effective measures to monitor employees as they return to work is critical to ensuring that businesses provide the best supports to help injured workers get back to work, according to LendLease head of injury management, Australia, Michael Stoddart.

"All too often ineffective measures like lost time injury rates or medical treatment numbers are used to give a false read of reality. The more effective measures ensure there is both a qualitative and quantitative approach to measuring workplace injury management," he argues.

By adopting qualitative measures businesses should seek structured feedback from injured employees, Stoddart says. This should happen not just after their return to work but some time after the staff member has settled back into his or her role as well.

"This feedback is not only about injury management or workers compensation insurance. It should include anyone involved in the person's return to employment. This includes medical providers, the staff member's supervisor and everyone in between," he explains.

Qualitative measures should enhance other quantitative measures that should also be used to assess the situation. These could include duration rates, which is how long a person is off work, as well as whether the person remained at work after returning from an injury.

"To measure a person seriously injured and off work for several months as a single lost time incident is a false read on reality. As is counting a successful return to work as a person who is on suitable and reduced duties for many months," Stoddart says.

The message for employers is to consider the consequences of inequalities in the way people are treated if they suffer an illness or accident at work as opposed to at home. This starts with reviewing the business's strategy for managing illness and injury and exploring options to ensure that if people do suffer an accident or illness, they are covered no matter where it occurs.

## INSURANCE KEY

Insurance has a critical role to play when there is a workplace injury. As Stoddart notes, it provides the structures and processes that sit behind and support a person's return to work.

"Workplace injuries are an expensive part of doing business. But suitable and adequate insurance makes the management of injuries easier to undertake with the support of a good insurance product," he says.

The insurer can provide effective analysis and detailed information injury trends in the business and deliver the advice to ensure the business is adequately covered for future events.



The idea is to not let the type of insurance cover drive the way injury or illness is managed.