

Solutions for Managing Workers' Compensation Risks



BOARD DISCUSSION

Effectively managing workers' compensation and safety risks requires organisations to adopt strategies that take into account the age profile of the workforce, the physical nature of caring, and the high rate of accidents and incidents in the sector.

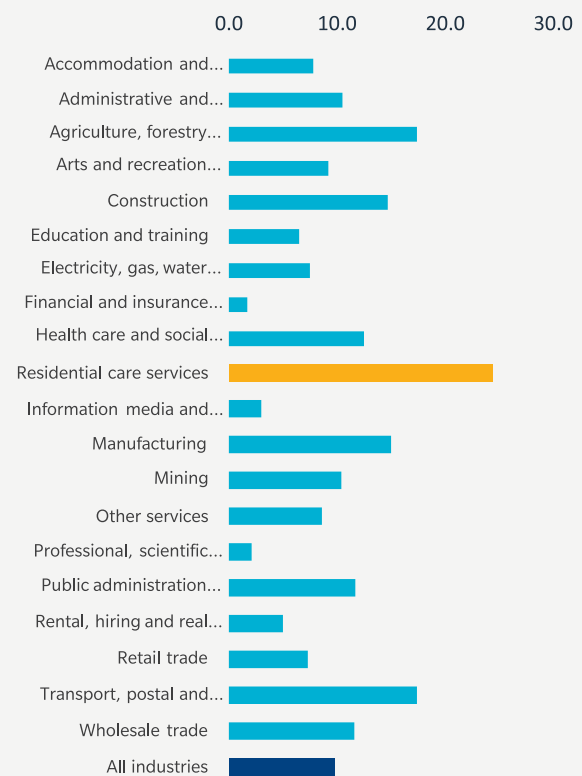
Australian aged care providers continue to face significant challenges when it comes to running their businesses, particularly in the areas of risk, strategy and people.

Effectively managing workers' compensation and safety risks requires organisations to adopt strategies that take into account the age profile of the workforce, the physical nature of caring, and the high rate of accidents and incidents in the sector.

Data from Safe Work Australia illustrates the ageing nature of the workforce within this sector, with more than 40% of employees aged over 45. In addition, Safe Work Australia also found that the incidence rate for serious workers' compensation claims in the 2013-14 financial year¹ was two and a half times higher among residential care workers than the average for all industries. These figures also showed that the frequency of serious claims among residential care workers was more than three times higher than the average across all sectors.



FIGURE 1 2013-14 INCIDENCE RATES
(NUMBER OF SERIOUS CLAIMS PER 1 000 WORKERS)



A 2014 survey by the Australian Catholic University found that more than one in three aged care nurses reported being physically attacked by a resident or patient's family member in their previous five shifts. A further 13% to 15% said these forms of violence occurred more frequently². These statistics could lead to increased workers' compensation claims and higher premiums.

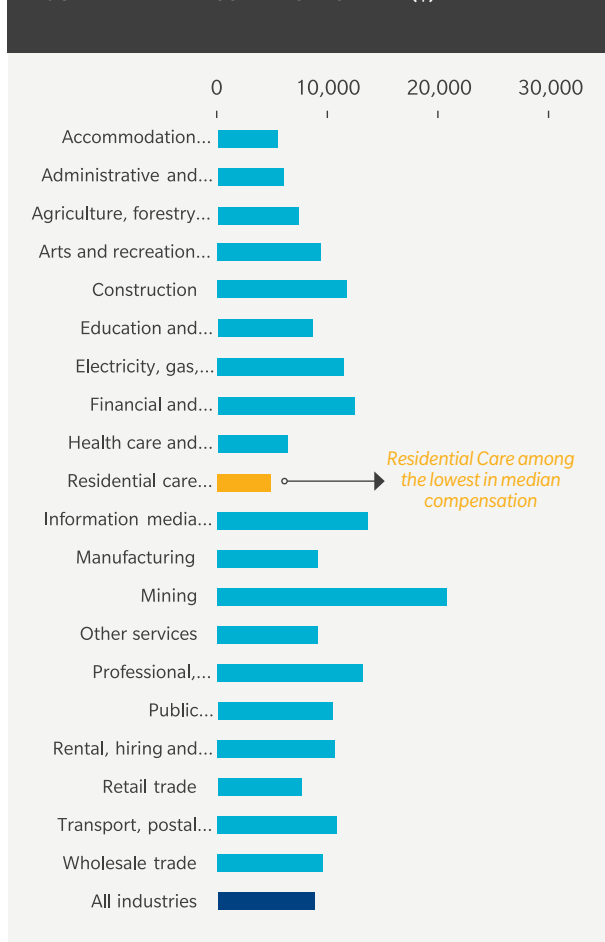
¹ Safe Work Australia – Australian Workers' Compensation Statistics 2013-14 Incidence Rates (Number of serious claims per 1,000 workers) - available from: <http://www.safeworkaustralia.gov.au/sites/SWA/Statistics/Documents/Table-2-1-number-frequency-rate-and-incidence-rate-of-serious-claims-by-industry-2009-10-2013-14.pdf> © Commonwealth of Australia 2014

² Survey result encapsulated in the report: Occupational Violence Against Healthcare Workers – Victorian Auditor-General's Report May 2015, available from <http://www.audit.vic.gov.au/publications/20150506-Occ-Violence/20150506-Occ-Violence.pdf>, page 11.

Interestingly, despite the number of claims, the median compensation pay-out for serious claims made by those working in the sector was only \$4,900 in the 2013-14 financial year and is one of the lowest payouts received across all industries.

Due to the federal government's revised funding model, the pressure to control costs and improve revenue streams is becoming more and more important for residential care providers. As workers' compensation costs are a significant item on the expense budget, organisations can implement solutions that may assist their bottom line.³

FIGURE 2 MEDIAN COMPENSATION PAID (\$)



WHAT CAN YOU DO TO REDUCE YOUR RISK?

There are a number of solutions that an organisation can implement in order to reduce their workers' compensation and safety risks. Some of the key solutions may include:

1. Design Strategic Plans

Designing a strategic plan for workers' compensation and safety that is part of the overall business plan is imperative for engaging with senior management and obtaining their support. Strategic plans should include high level goals with a number of specific objectives and targets.

For example, if the high level goal is to reduce manual handling injuries, the objectives and targets may include:

- Reviewing and updating risk assessments.
- Purchasing lifting equipment.
- Undertaking training.
- Assessing work procedure competencies.

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Finding the right solutions to effectively manage your workers' compensation and safety program can be enhanced by engaging a trusted risk partner.

2. Measure performance

It is important to measure workers' compensation and safety performance to provide senior leaders with relevant information that aligns with the organisations' strategic plans.

Some key performance measurements may include:

- % of corrective actions closed out by due date.
- Uncontrolled hazards rated moderate or higher.
- Incident investigations completed within set timeframes.
- % of training completed.
- % of risk assessments or safe work procedures completed.
- % of contractors that were reviewed and audited.

3. Implement an online compliance system

Businesses can modernise their work health and safety management systems, through the implementation of online compliance software. These systems allow for accurate data collection and reporting, real time information and immediate feedback. Although such programs require an investment, they can be affordable and are designed to increase safety awareness and compliance. In addition, their aim is to reduce inefficiencies and errors associated with paper based systems.

Online compliance systems allow workers with a computer, tablet or smartphone to get involved in safety and can include:

- Management of hazards and incident reporting.
- Workplace inspections checklists and audits.
- Management of chemical registers, plant and equipment.
- Recording of consultation and training.
- Effective management of corrective actions.

4. Implement a behavioural safety program

Traditional approaches to safety that involve engineering and process solutions are critical for every organisation. Although such approaches can produce substantial improvements in safety performance, organisations often reach improvement plateaus or encounter cyclical performance. Breaking these patterns and achieving continuous improvement requires a change in focus. Behavioural safety solutions, when implemented effectively, can assist an organisation to develop a strong safety culture and drive lasting improvements in safety and injury performance.

Finding the right solutions to effectively manage your workers' compensation and safety program can be enhanced by engaging a trusted risk partner. Marsh Risk Consulting has teams of experienced and qualified staff with access to global and local resources who can provide strategic and compliant advice for your business. Contact your Marsh adviser for more information.



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