



Institute of Actuaries of Australia

# **The benefits of health and wellness programs – the WA Local Government experience**

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# **The Benefits of Wellness programs**

## **The WA Local Government Experience**

### **Abstract**

The purpose of this paper is to measure the positive impact on the workforce and the insurance schemes following the introduction of employee wellness programs to the Western Australian local government workforce.

The Local Government Insurance Services in Western Australia is the self-insurance operation covering over 14,000 local government employees. For 9 years the Scheme has adopted a positive approach to the general health and well being of the local government councils' workforce by providing a wide range of preventative health based services.

This initiative is aimed at establishing a cultural change to the employer/employee relationship and to incorporate health and wellness into the overall business strategy of councils. The concept is based on the fundamental principle that a workforce which takes ownership and interest in its own health and well being will derive benefits in productivity and enhance awareness of positive occupational health and safety and consequently to improvements in risk management.

The Local Government Insurance Services has collected detailed data on the wide range of preventive health services provided and this paper sets out to :

- Describe the combined approach adopted by the Scheme
- Collect and analyse the data provided
- Present the findings including the distribution by major health issues, case studies etc
- Draw conclusions about the outcomes.

This paper is intended to be of interest to regulators, scheme management /administrators, employees, employers, insurers, self insurers, mutuals, actuaries and others

### **Key words:**

*Asset management* – maintaining employees as the most valuable asset

*Combined physical and psychological preventative approach*

*Cultural change*

*Impact on occupational safety, health and risk management strategies*

*Financial advantages* to both workers compensation and general liability costs.

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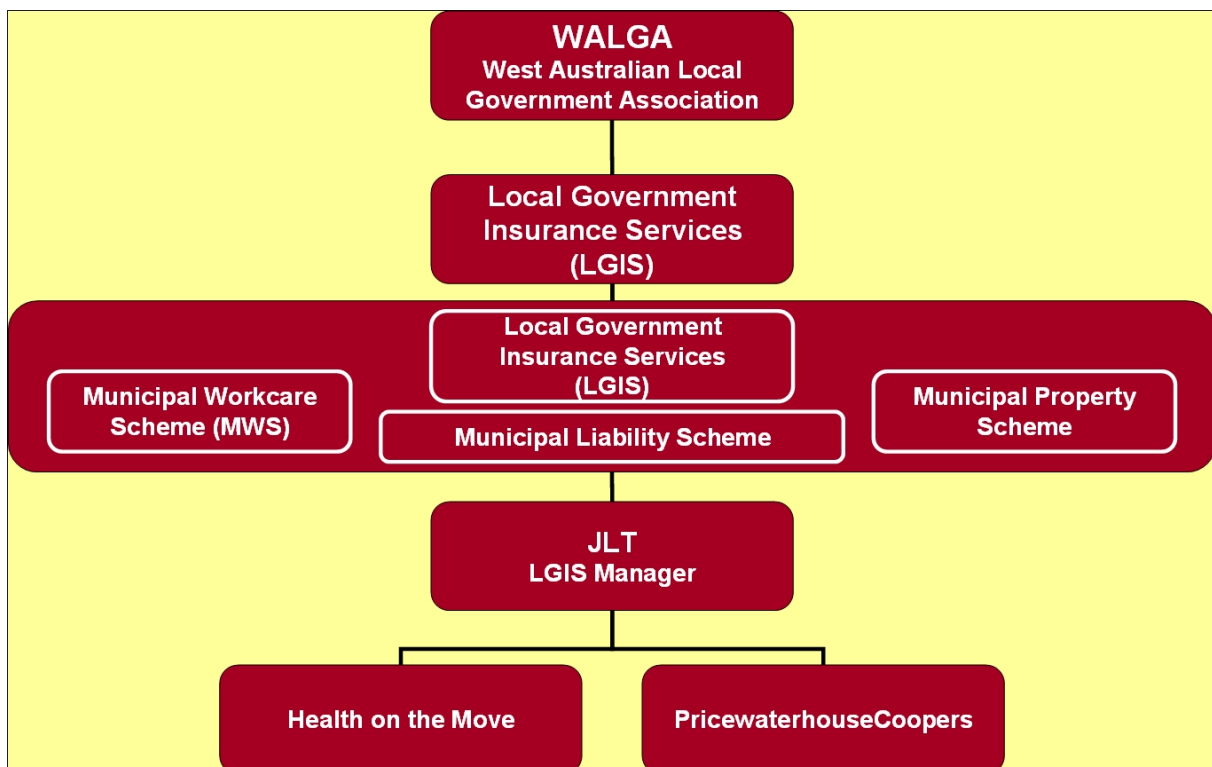
## 1. Background

The Health and Wellbeing program for West Australian Local Governments had its genesis in 1996.

The year prior saw the introduction of a self insurance facility for both Workers Compensation and General Liability.

This facility is owned by the Western Australian Local Government Association and is managed by Jardine Lloyd Thompson all on behalf of the participating member local governments. In support of these services PricewaterhouseCoopers are the appointed actuaries and Health on the Move are the appointed contractors in respect of the health programs.

From June 1998 all mainland WA local governments have been members of both self insurance pools which are managed as follows:



The self insurance schemes were developed against a background of rising costs and an industry reputation as one of the worst performers in workers compensation.

Prior to 1995 the industry employed approximately 10,000 people with 1 in 4 submitting a compensation claim. In General Liability claims frequency was around 880 cases per annum with the costs per case escalating as well as a rising incidence rate.

Risk management was seen as a cornerstone if the schemes were to be successful and this program started life as a hazard management process.

At that time the local government industry was undergoing significant change.

The City of Perth was being split into 4 separate councils while other major local governments were being either split or merged. A new Local Government Act was to be released as were new accounting standards.

Within 12 months from the commencement of the Schemes it became apparent much more was needed.

Analysis of the claims runoff from the Perth experience indicated a number of areas of concern :

1. accidents were not causing the claims deterioration even though claims frequency and costs were rising
2. stress related claims caused by job uncertainty made investigation and resolution difficult and costly
3. staff morale seemed to be at an all time low (polling of member councils indicated this to be state wide)
4. return to work programs and conventional injury management practices were having limited impact

The Board of Directors of the Municipal WorkCare Scheme decided that a different approach was needed and that to effect an industry wide change in attitude a long term commitment was required. It was also seen as necessary that the employees be involved from the ground up.

Approximately 10% of the total contribution pool in each year was set aside for this purpose in addition to any spend on the more common approaches to safety and health that may be made from time to time.

It was decided to try to address the overall health and well being of the entire workforce in an effort to:

- grow awareness among employees that they have a direct and personal responsibility for their health
- reduce the effects of stress, both organisational and personal
- improve morale
- grow awareness of employees individual responsibilities in accident prevention programs.

This decision was not an easy one for the Board to make as it required a quantum leap in the thought process to institute and pay for something that would have no direct bearing on claims and would be very difficult to measure in a value for dollar spent manner for many years, if at all.

The primary criteria for the program were:

- member councils were to be encouraged to make it available to all employees
- it would be entirely voluntary in respect of both council and employee
- all information was to be private and not available to any other party other than the person's own doctor and subject to their written request
- wherever possible the service was to be taken to the employee to encourage the employer to agree to allow the program ie minimise downtime for the employer.

## **2. The Program**

A contract was developed with Health on the Move to deliver the envisaged program.

As the program evolved and gained acceptance it became apparent that we were capable of testing a high percentage of employees more than once and, due to the nature of the program, 2 years after their initial test.

The results of this data is summarised below together with a summary of the extent of the tests in the various periods.

### **Summary of Services Delivered 1996 – 2006**

94% of all West Australian local governments have participated in the program to date with over 19,000 separate tests being completed.

Over 19,000 assessments have been performed.

5 different assessments have been introduced, starting as a health benefit for the individual, progressing to a specific occupational injury and illness reduction assessment in 2004-2005.

The latest assessment has introduced new techniques to:

- identify all Range of Movement in Joints
- Flexibility
- Motion & Posture Analysis
- Strength Testing of the Upper Torso (arms chest and back)
- Core (abdominals and erector spine)
- the Lower Torso (quadriceps, gluteals and hamstrings)
- Hearing and Vision Assessments
- Reaction Timing
- Agility
- Metabolic
- Exercise
- Dietary Assessments
- Individually Tailored Exercise and Diet Programs.

These factors are all relevant to ensuring functional fitness for workers so as to reduce potential for injury or industrial illness.

The assessment still includes the fundamentals of general illness prevention including full pathology (cholesterol, blood sugar, liver & kidney, iron studies and prostate), body composition, cardiovascular fitness & personal illness and injury history questionnaire. As men in particular traditionally do not attend regular medical checkups, it provides a conduit into the health system by referral to the GP network.

## **Health Assessment Summary**

### **1996-1997 – Metropolitan Only**

Assessment Type: Executive Health Assessment

340 Performed (note this period also introduced the ‘General Doctor and Physical Assessment’ – approximately 600 of these were completed however due to the developmental nature of this service the data is insufficiently clear for inclusion here).

405 hours of exercise prescription based on health results

### **1997-1998 – Metropolitan Only**

Assessment Type: General Doctor & Physical Assessment

1,543 Assessments Performed

734 Re-assessments Performed

### **1998 -1999 – Metropolitan Only**

Assessment Type: Lifestyle Assessment

1,186 Assessments Performed

931 Re-assessments Performed

### **1999- 2000 -- Metropolitan & South West**

Assessment Type: Lifestyle Management

1,160 Assessments Performed

774 Re-assessments Performed

### **2000 – 2001 – LGA’s North to Geraldton, East to Kalgoorlie & South to Esperance**

Assessment Type: Lifestyle Management & Executive Health Assessment

1,397 Assessments Performed

1,157 Re-assessments Performed

### **2001 – 2002 - LGA’s North to Geraldton, East to Kalgoorlie & South to Esperance**

Assessment Type: Health Risk Assessment & Executive Health Assessment

1,185 Assessments Performed

1,009 Re-assessments Performed

### **2002- 2003 - LGA’s North to Geraldton, East to Kalgoorlie & South to Esperance**

Assessment Type: Health Risk Assessment, Health & Lifestyle Assessment & Executive Health Assessment

1,372 Assessments Performed

994 Re-assessments Performed



### **2003- 2004 - LGA's North to Geraldton, East to Kalgoorlie & South to Esperance**

Assessment Type: Health Risk Assessment, Health & Lifestyle Assessment & Executive Health Assessment

1,287 Assessments Performed

789 Re-assessments Performed

### **2004 – 2005 - LGA's North to Pilbara, East to Kalgoorlie & South to Esperance**

Assessment Type: Health Risk Assessment, Health & Lifestyle Assessment & Executive Health Assessment

818 Assessments Performed

925 Re-assessments Performed

### **2005 – 2006 - LGA's North to Pilbara, East to Kalgoorlie & South to Esperance**

Assessment Type: Health Risk Assessment, Health & Lifestyle Assessment & Executive Health Assessment

805 Assessments Performed

954 Re-assessments Performed

### **Risk Factor Results**

Due to the number of different assessment types performed over the last 8 years only a select group of variables could be collected to illustrate trends for the time period. Those risk factors include:

Cholesterol, Liver and Kidney function, Iron levels, Prostate cancer , Blood Pressure, Stress at Work, %Body Fat, Family History, Diabetes, Physical Inactivity, Cardiovascular Fitness

Exercise ECG (Referral to Heart Specialist), Lung Function Assessment, Previous Musculoskeletal Injury, Flexibility, Abdominal endurance, Grip Strength, Posture

Referral to General Practitioner.

The tables of results below show a significant level of improvement in controllable risk factors, as evidenced by the reduction in the workforce distribution assessed as 'outside health range'.

**1996-1997**

| Test                               | Result %<br>Outside Health<br>Range<br>Initial<br>Assessment | Result %<br>Outside<br>Health Range<br>Re-Assessment |
|------------------------------------|--|--|
| Pathology                          |  |  |
| Cholesterol                        | 40   | 16   |
| Liver                              | NA   | NA   |
| Kidney                             | NA   | NA   |
| Iron                               | NA   | NA   |
| Prostate                           | NA   | NA   |
| Blood Pressure                     | 78   | 17   |
| % Body Fat                         | 66   | 42   |
| Family History                     | 72   | 72   |
| Diabetes                           | 11   | 5  |
| Physical Inactivity                | 66   | 11   |
| Cardiovascular Fitness             | 53   | 21   |
| Exercise ECG (Heart<br>Specialist) | 5  | 1  |
| Lung Function                      | 6  | 4  |
| Stress at Work                     | 33   | 16   |
| Previous Musculoskeletal<br>Injury | 66   | 66   |
| Grip Strength                      | NA   | NA   |
| Posture                            | NA   | NA   |
| Abdominal Endurance                | 39   | 12   |
| Flexibility                        | 26   | 15   |
| Referral                           | 78   | 22   |

**1997-1998**

| Test                               | Result %<br>Outside Health<br>Range<br>Initial<br>Assessment | Result %<br>Outside Health<br>Range<br>Re-Assessment |
|------------------------------------|--|--|
| Pathology                          |  |  |
| Cholesterol                        | 47   | 18   |
| Liver                              | 10   | 2  |
| Kidney                             | 16   | 1  |
| Iron                               | 45   | 5  |
| Prostate                           | 16   | 16   |
| Blood Pressure                     | 86   | 21   |
| % Body Fat                         | 47   | 35   |
| Family History                     | 68   | 68   |
| Diabetes                           | 4  | 4  |
| Physical Inactivity                | 69   | 18   |
| Cardiovascular Fitness             | 89   | 42   |
| Exercise ECG (Heart<br>Specialist) | NA   | NA   |
| Lung Function                      | 36   | 16   |
| Stress at Work                     | 19   | 11   |
| Previous<br>Musculoskeletal Injury | 71   | 71   |
| Grip Strength                      | NA   | NA   |
| Posture                            | NA   | NA   |
| Abdominal Endurance                | 37   | 12   |
| Flexibility                        | 36   | 15   |
| Referral                           | 89   | 21   |

**1998-1999**

| Test                               | Result %<br>Outside Health<br>Range<br>Initial<br>Assessment<br>1998-1999 | Result %<br>Outside Health<br>Range<br>Re-Assessment<br>2000-2001 |
|------------------------------------|---|---|
| Pathology                          |   |   |
| Cholesterol                        | 42  | 15  |
| Liver                              | 11  | 0   |
| Kidney                             | 12  | 0   |
| Iron                               | 26  | 3   |
| Prostate                           | 24  | 15  |
| Blood Pressure                     | 82  | 17  |
| % Body Fat                         | 52  | 32  |
| Family History                     | 77  | 77  |
| Diabetes                           | 6   | 2   |
| Physical Inactivity                | 59  | 35  |
| Cardiovascular Fitness             | 87  | 52  |
| Exercise ECG (Heart<br>Specialist) | NA  | NA  |
| Lung Function                      | 41  | 16  |
| Stress at Work                     | 24  | 12  |
| Previous Musculoskeletal<br>Injury | 56  | 56  |
| Grip Strength                      | 19  | 10  |
| Posture                            | 52  | 24  |
| Abdominal Endurance                | 40  | 12  |
| Flexibility                        | 29  | 15  |
| Referral                           | 88  | 17  |

**1999-2000**

| Test                               | Result %<br>Outside Health<br>Range<br>Initial<br>Assessment<br>1999-2000 | Result %<br>Outside Health<br>Range<br>Re-Assessment<br>2001-2002 |
|------------------------------------|---|---|
| Pathology                          |   |   |
| Cholesterol                        | 35  | 8   |
| Liver                              | 12  | 4   |
| Kidney                             | 11  | 4   |
| Iron                               | 20  | 12  |
| Prostate                           | 32  | 8   |
| Blood Pressure                     | 55  | 19  |
| % Body Fat                         | 49  | 28  |
| Family History                     | 79  | 79  |
| Diabetes                           | 7   | 5   |
| Physical Inactivity                | 68  | 32  |
| Cardiovascular Fitness             | 64  | 38  |
| Exercise ECG (Heart<br>Specialist) | NA  | NA  |
| Lung Function                      | 28  | 14  |
| Stress at Work                     | 14  | 8   |
| Previous<br>Musculoskeletal Injury | 52  | 52  |
| Grip Strength                      | 15  | 10  |
| Posture                            | 59  | 32  |
| Abdominal Endurance                | 29  | 18  |
| Flexibility                        | 48  | 14  |
| Referral                           | 62  | 19  |

**2000-2001**

| Test                               | Result %<br>Outside Health<br>Range<br>Initial<br>Assessment<br>2000-2001 | Result %<br>Outside Health<br>Range<br>Re-Assessment<br>2002-2003 |
|------------------------------------|---|---|
| Pathology                          |   |   |
| Cholesterol                        | 34  | 18  |
| Liver                              | 14  | 8   |
| Kidney                             | 11  | 7   |
| Iron                               | 18  | 12  |
| Prostate                           | 3   | 3   |
| Blood Pressure                     | 19  | 7   |
| % Body Fat                         | 47  | 23  |
| Family History                     | 69  | 69  |
| Diabetes                           | 7   | 4   |
| Physical Inactivity                | 67  | 24  |
| Cardiovascular Fitness             | 50  | 22  |
| Exercise ECG (Heart<br>Specialist) | 7   | 2   |
| Lung Function                      | 30  | 7   |
| Stress at Work                     | 22  | 9   |
| Previous Musculoskeletal<br>Injury | 73  | 73  |
| Grip Strength                      | 20  | 10  |
| Posture                            | 48  | 31  |
| Abdominal Endurance                | 52  | 17  |
| Flexibility                        | 51  | 14  |
| Referral                           | 59  | 18  |

**2001-2002**

| Test                               | Result %<br>Outside Health<br>Range<br>Initial<br>Assessment<br>2001-2002 | Result %<br>Outside Health<br>Range<br>Re-Assessment<br>2003-2004 |
|------------------------------------|---|---|
| Pathology                          |   |   |
| Cholesterol                        | 39  | 8   |
| Liver                              | 9   | 0   |
| Kidney                             | 10  | 0   |
| Iron                               | 36  | 0   |
| Prostate                           | 17  | 9   |
| Blood Pressure                     | 16  | 4   |
| % Body Fat                         | 46  | 13  |
| Family History                     | 81  | 19  |
| Diabetes                           | 11  | 4   |
| Physical Inactivity                | 58  | 16  |
| Cardiovascular Fitness             | 54  | 34  |
| Exercise ECG (Heart<br>Specialist) | 4   | 0   |
| Lung Function                      | 16  | 10  |
| Stress at Work                     | 21  | 9   |
| Previous<br>Musculoskeletal Injury | 47  | 47  |
| Grip Strength                      | 26  | 12  |
| Posture                            | 50  | 30  |
| Abdominal Endurance                | 51  | 18  |
| Flexibility                        | 50  | 21  |
| Referral                           | 48  | 8   |

**2002-2003**

| Test                               | Result %<br>Outside Health<br>Range<br>Initial<br>Assessment<br>2002-2003 | Result %<br>Outside Health<br>Range<br>Re-Assessment<br>2004-2005 |
|------------------------------------|---|---|
| Pathology                          |   |   |
| Cholesterol                        | 51  | 11  |
| Liver                              | 14  | 2   |
| Kidney                             | 5   | 0   |
| Iron                               | 37  | 0   |
| Prostate                           | 4   | 4   |
| Blood Pressure                     | 24  | 5   |
| % Body Fat                         | 50  | 22  |
| Family History                     | 71  | 71  |
| Diabetes                           | 13  | 4   |
| Physical Inactivity                | 55  | 12  |
| Cardiovascular Fitness             | 55  | 15  |
| Exercise ECG (Heart<br>Specialist) | 3   | 0   |
| Lung Function                      | 31  | 11  |
| Stress at Work                     | 14  | 3   |
| Previous Musculoskeletal<br>Injury | 56  | 56  |
| Grip Strength                      | 26  | 12  |
| Posture                            | 42  | 23  |
| Abdominal Endurance                | 46  | 13  |
| Flexibility                        | 45  | 25  |
| Referral                           | 72  | 15  |

**2003-2004**

| Test                               | Result %<br>Outside Health<br>Range<br>Initial<br>Assessment<br>2003-2004 | Result %<br>Outside Health<br>Range<br>Re-Assessment<br>2005-2006 |
|------------------------------------|---|---|
| Pathology                          |   |   |
| Cholesterol                        | 41  | 15  |
| Liver                              | 15  | 3   |
| Kidney                             | 20  | 6   |
| Iron                               | 26  | 3   |
| Prostate                           | 4   | 2   |
| Blood Pressure                     | 17  | 5   |
| % Body Fat                         | 46  | 22  |
| Family History                     | 75  | 75  |
| Diabetes                           | 11  | 5   |
| Physical Inactivity                | 58  | 25  |
| Cardiovascular Fitness             | 52  | 22  |
| Exercise ECG (Heart<br>Specialist) | 8   | 2   |
| Lung Function                      | 33  | 16  |
| Stress at Work                     | 12  | 7   |
| Previous<br>Musculoskeletal Injury | 58  | 58  |
| Grip Strength                      | 13  | 8   |
| Posture                            | 46  | 24  |
| Abdominal Endurance                | 46  | 12  |
| Flexibility                        | 45  | 15  |
| Referral                           | 58  | 17  |

## 2004-2005

| Test                               | Result %<br>Outside Health<br>Range initial<br>Assessment<br>2004-2005 | Result %<br>Outside Health<br>Range Re-<br>Assessment<br>2006-2007 |
|------------------------------------|--|--|
| Pathology                          |  |  |
| Cholesterol                        | 36   | N/A  |
| Liver                              | 18   | N/A  |
| Kidney                             | 5  | N/A  |
| Iron                               | 31   | N/A  |
| Prostate                           | 3  | N/A  |
| Blood Pressure                     | 9  | N/A  |
| % Body Fat                         | 56   | N/A  |
| Family History                     | 78   | N/A  |
| Diabetes                           | 9  | N/A  |
| Physical Inactivity                | 16   | N/A  |
| Cardiovascular Fitness             | 64   | N/A  |
| Exercise ECG (Heart<br>Specialist) | 7  | N/A  |
| Lung Function                      | 14   | N/A  |
| Stress at Work                     | 28   | N/A  |
| Previous Musculoskeletal<br>Injury | 52   | N/A  |
| Grip Strength                      | 35   | N/A  |
| Posture                            | 29   | N/A  |
| Abdominal Endurance                | 54   | N/A  |
| Flexibility                        | 43   | N/A  |
| Referral                           | 62   | N/A  |

## 2005-2006

| Test                               | Result %<br>Outside Health<br>Range Initial<br>Assessment<br>2005-2006 | Result %<br>Outside Health<br>Range Re-<br>Assessment<br>2007-2008 |
|------------------------------------|--|--|
| Pathology                          |  |  |
| Cholesterol                        | 37   | N/A  |
| Liver                              | 22   | N/A  |
| Kidney                             | 7  | N/A  |
| Iron                               | 29   | N/A  |
| Prostate                           | 2  | N/A  |
| Blood Pressure                     | 12   | N/A  |
| % Body Fat                         | 54   | N/A  |
| Family History                     | 76   | N/A  |
| Diabetes                           | 12   | N/A  |
| Physical Inactivity                | 37   | N/A  |
| Cardiovascular Fitness             | 33   | N/A  |
| Exercise ECG (Heart<br>Specialist) | 5  | N/A  |
| Lung Function                      | 7  | N/A  |
| Stress at Work                     | 28   | N/A  |
| Previous<br>Musculoskeletal Injury | 55   | N/A  |
| Grip Strength                      | 42   | N/A  |
| Posture                            | 51   | N/A  |
| Abdominal Endurance                | 58   | N/A  |
| Flexibility                        | 52   | N/A  |
| Referral                           | 74   | N/A  |

Other direct outcomes from the program are:

- the development of a cohesive business strategy incorporating health
- the development of appropriate plans for improved staff retention
- reduced absenteeism
- improved productivity
- reduced workers compensation, general liability and motor vehicle claims frequency
- reduced 'insurance' cost
- improved employee awareness of risk management programs
- greater organisational ownership of the business
- the introduction of other health and well being programs eg SunSafe examination and education, Stress Management both personal and organisational.

### **3. The SunSafe Program**

The SunSafe program was introduced to Local Government in June 2003 on request from a significant number of Local Government Authorities to address the safety issues of working in the sun. Two programs were developed to address the issue.

- 1) SunSafe Education – addressing issues such as personal protective equipment, heat stress and stroke, fluid consumption, sunscreen application, damage to skin, skin cancer.
- 2) SunSafe Screening – screening program to detect Melanomas, Squamous Cell Carcinomas, Basal Cell Carcinomas and Solar Keratosis.

As with the health assessment service it was a requirement the SunSafe program be taken to the individual.

#### **2003-2004**

1,100 individuals attended the SunSafe Education in 2003-2004

4,021 Individuals were screened using advanced technology with the SiaScope Skin Scanning Unit.

2,335 of those individuals were referred for further treatment

17 of those were diagnosed with Melanomas.

422 were diagnosed with Basal Cell Carcinomas

227 had Squamous Cell Carcinomas

1,012 had Solar Keratosis

#### **2004-2005**

2,800 individuals attended the SunSafe Education in 2004-2005

3,281 Individuals were screened using advanced technology with the SiaScope Skin Scanning Unit.

1,034 of those individuals were referred for further treatment

8 of those were diagnosed with Melanomas.

397 were diagnosed with Basal Cell Carcinomas

222 had Squamous Cell Carcinomas

290 had Solar Keratosis

117 were instructed to monitor the lesion

**2005-2006**

1,920 individuals attended the SunSafe Education in 2005-2006

3,415 Individuals were screened using advanced technology with the SiaScope Skin Scanning Unit.

460 of those individuals were referred for further treatment

9 of those were diagnosed with Melanomas.

308 were diagnosed with Basal Cell Carcinomas

105 had Squamous Cell Carcinomas

112 had Solar Keratosis

38 were instructed to monitor the lesion

98% of all Local Government Authorities have participated in this service.

## **4. Actuarial considerations of workers compensation impacts of the programs**

### **4.1 Approach adopted**

We reviewed the Municipal WorkCare Scheme (MWS) workers compensation claim cost trends relative to those of the overall Western Australian workers compensation scheme using

- (a) average claim size
- (b) claim frequency
- (c) cost as a percentage of wages
- (d) payment type analysis by financial year

as benchmarks for the analysis.

We note that a more direct form of comparison would be a before and after health program analysis of MWS itself. However for the reasons discussed below, this was not practical. Also MWS has a very different composition by industry group than the overall WA scheme, so our benchmark comparison is to be regarded as a high level one.

The incurred cost of claims by accident year includes the projection of uncertain future cash flows and hence the actual outcome may well be different from the results obtained especially for the most recent accident years. When making these projections, we have included allowance for the impact of the 2004 legislative reforms.

### **4.2 Underlying differences**

While this analysis showed MWS trends to be better than overall WA scheme trends, the amount attributable to the health and wellness programs was not easily quantified. The 'better' conclusion was in relative terms on common law exposure, as discussed below.

We did consider performing separate actuarial analyses on the data for local government workers who participated in the programs and those who did not. After investigating the practical data implications and validity of this approach it decided not to proceed as it was unlikely to produce reliable and useful results.

It is also important to appreciate that the WA scheme improvements over the past six years have largely been driven by the October 1999 legislative reforms which put restrictions on access to common law while opening up lump sum redemptions of future weekly benefits. Prior to the October 1999 reforms, common law costs had escalated to around 30% or more of overall claim costs compared to somewhat less than 15% over the three most recent years. Most of this improvement is due to common law frequency reduction.

The MWS Scheme on the other hand has always had a relatively low level of common law activity so the level of saving available from this source is limited.

This important difference in distribution by head of payment clearly further obscures the real benefit derived from the health and wellness programs when comparing the trends for MWS and the overall WA scheme.

We therefore concluded that the real improvement in MWS from the programs is greater than shown by the charts and tables below as its common law exposure is lower than the overall WA scheme.

### 4.3 Other benefits of the programs

It is also interesting to contemplate how one might quantify the benefit derived from the early detection and treatment of melanomas in the 34 cases identified, not to mention the more than 500 squamous cell carcinomas and even greater number of basal cell carcinomas. We also observed data indicating a level of success with the management of potential stress claims.

### 4.4 Conclusions

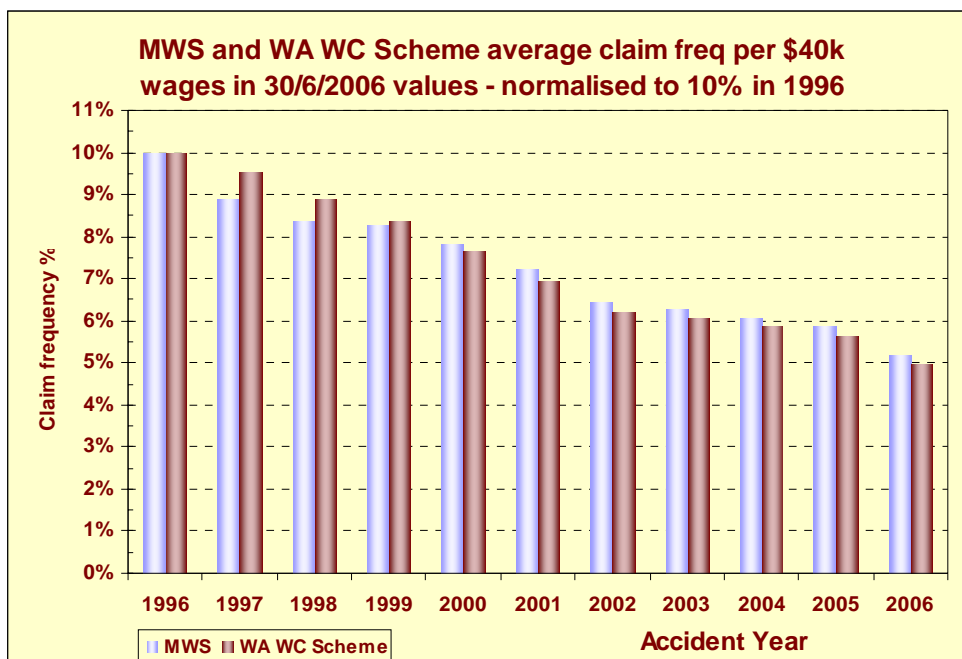
The incurred cost of claims for MWS as a percentage of wages, in real current day values, reduced by 16% over the past 11 years compared to a 12% reduction for the overall WA scheme. The improvement in the overall scheme is largely driven by common law savings while that of MWS is not.

While the health and wellness programs are not cost driven, the evidence suggests them to be at least self funding. If the context is broadened beyond workers compensation costs, there are significant benefits both in financial and workforce terms.

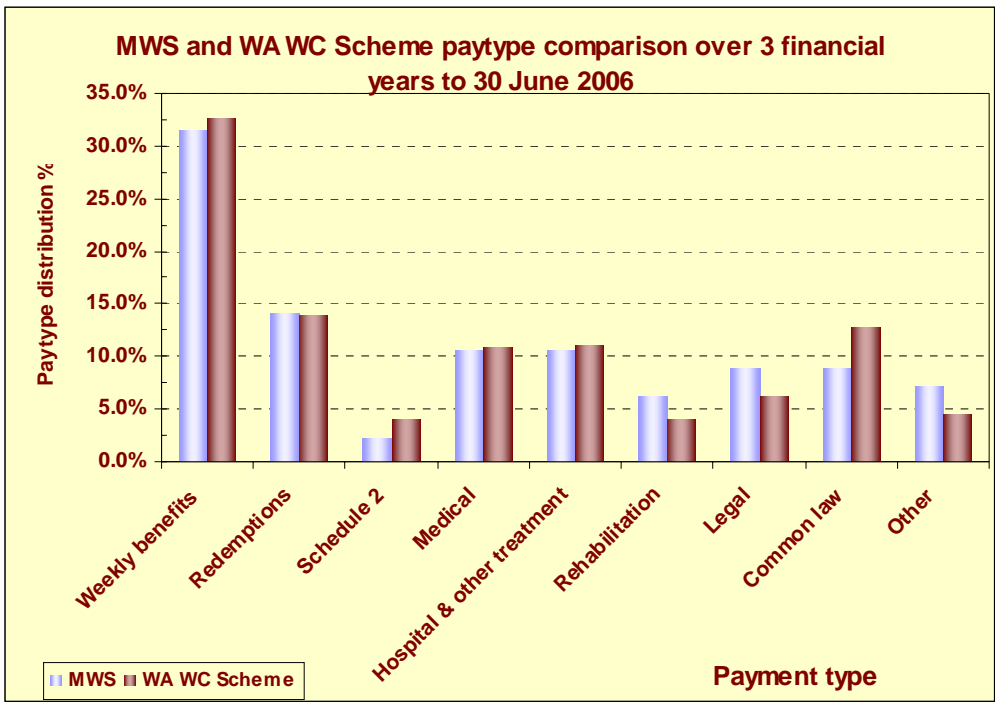
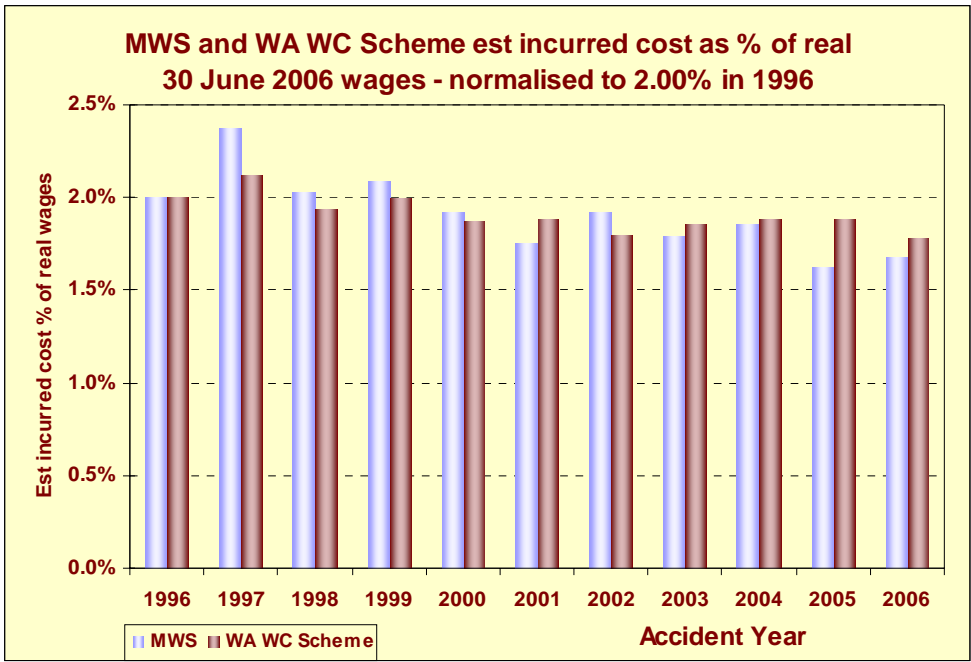
### 4.5 Charts and tables of Results

The charts and tables below present the output of our analyses. The WA scheme figures for 2006 are estimates only and the 2005 and earlier results are from publicly available data. The MWS analysis is based on its own claim data. For comparative purposes and to protect the confidentiality of the data for both the WA scheme and MWS, the results of our analyses have been normalised to a common but realistic base. This aspect and that fundamental difference in the composition of benefit cost by type of claim and head of payment, should be borne in mind when drawing any conclusions from the analyses below.

*Charts of trend analyses*







*Tables of trends analyses*

**MWS data at 30 June 2006 - normalised**

| <b>Accident year</b> | <b>Claim freq<br/>% (a)</b> | <b>Incurred cost %<br/>of real wages (c)</b> |
|----------------------|-----------------------------|--|
| 1996                 | 10.0%                       | 2.00%  |
| 1997                 | 8.9%                        | 2.37%  |
| 1998                 | 8.4%                        | 2.03%  |
| 1999                 | 8.3%                        | 2.08%  |
| 2000                 | 7.8%                        | 1.92%  |
| 2001                 | 7.2%                        | 1.75%  |
| 2002                 | 6.4%                        | 1.92%  |
| 2003                 | 6.3%                        | 1.79%  |
| 2004                 | 6.1%                        | 1.86%  |
| 2005                 | 5.9%                        | 1.63%  |
| 2006                 | 5.2%                        | 1.68%  |

- Notes :**
- (a) = scaled to start at 10% in 1996
  - (b) = scaled to start at \$10,000 in 1996
  - (b) = scaled to start at 2.0% in 1996

**WA WC Scheme data at 30 June 2006 - normalised**

| <b>Accident year</b> | <b>Claim freq<br/>% (a)</b> | <b>Incurred cost %<br/>of real wages (c)</b> |
|----------------------|-----------------------------|--|
| 1996                 | 10.0%                       | 2.00%  |
| 1997                 | 9.5%                        | 2.12%  |
| 1998                 | 8.9%                        | 1.94%  |
| 1999                 | 8.4%                        | 1.99%  |
| 2000                 | 7.7%                        | 1.87%  |
| 2001                 | 6.9%                        | 1.88%  |
| 2002                 | 6.2%                        | 1.80%  |
| 2003                 | 6.1%                        | 1.86%  |
| 2004                 | 5.9%                        | 1.88%  |
| 2005                 | 5.6%                        | 1.89%  |
| 2006                 | 5.0%                        | 1.78% estimates only                         |

- Notes :**
- (a) = scaled to start at 10% in 1996
  - (b) = scaled to start at \$10,000 in 1996
  - (b) = scaled to start at 2.0% in 1996

## Analysis of payments by type of payment

| Type of Payment        | 3 year average to 30 June 2006 |                   |
|------------------------|--------------------------------|-------------------|
|                        | by financial year              |                   |
|                        | MWS<br>%                       | WA WC Scheme<br>% |
| Weekly benefits        | 31.4%                          | 32.6%             |
| Redemptions            | 14.1%                          | 14.0%             |
| Schedule 2             | 2.1%                           | 4.0%              |
| Medical                | 10.6%                          | 10.8%             |
| Hospital & other treat | 10.6%                          | 11.0%             |
| Rehabilitation         | 6.2%                           | 4.0%              |
| Legal                  | 8.8%                           | 6.2%              |
| Common law             | 8.8%                           | 12.8%             |
| Other                  | 7.3%                           | 4.5%              |
| <b>Total</b>           | <b>100.0%</b>                  | <b>100.0%</b>     |

## **5. Other Risk Management Programs**

Following on from the success of the preventative health programs a number of other programs have been introduced both on a fully scheme funded or co-funded basis. These include:

- Enterprise Wide Risk Management (which incorporates Strategic, Operations, OSH, Disaster Recovery and Business Continuity – planning for pandemic falls into these categories)
- Special Events Risk Management
- Human Resource and Organisational Well Being
- Stress Management
- Counselling and Peer Support
- Emergency Management (including Pandemic)
- Additionally a wide range of hazard related programs have been introduced such as manual handling, skateboard parks, property maintenance and coastal management.

## **6. Conclusions and Comment**

There is no doubt the health of the local government work force in WA has improved significantly over the past 10 years.

Traditionally, workers compensation focuses on claim trends and outturns. It deals with OS&H, job training and the like. All very important but the tradition misses the individual to a large extent.

LGIS sees great value in taking that giant leap in thinking to include the 'personal'.

Having a system that has moved from being one of the worst performers in workers compensation in WA (WorkSafe comment 1994) to one of the best strongly suggests they are on the right track.

Within the LGIS structure there are a number of members (including some major councils) who, for one reason or another, fail at the OS&H hurdle quite considerably yet, year after year, they continue to record the lowest claims incurred of the 142 member councils.

Research confirms these results are as a consequence of the greater ownership, awareness and responsibility demonstrated by staff (in particular the outdoor) which is a major shift from a decade ago.

The result is that OSH and other risk management functions take on more of an holistic and seamless approach rather than being forced.

'Health' is a conundrum in our community generally. There seems to be a feeling it is free.

The LGIS experience is such that the attitude of local governments in WA reflects that of the wider community. Very few will contribute to the cost or promotion unless encouraged to do so by payment or subsidy from the system. Yet, of all the services offered by LGIS the Health and SunSafe programs are the most highly valued as evidenced by their continual top score in the WALGA customer satisfaction surveys.

The workers compensation reward for performance system includes an allowance for the provision of these services and programs to encourage members to invest in their own future. It applies equally to all members to encourage the underperformed to improve. The LGIS view is that it is an investment into the health and well being of the self insurance scheme itself and to date there is nothing to contradict that view.

## **7. Further Information and Contact**

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