

Change • Challenge • Opportunity

Injury & Disability Schemes Seminar



12 - 14 November 2017 • Sofitel • Brisbane





NSW Lifetime Care and Support

Scheme Update 2017

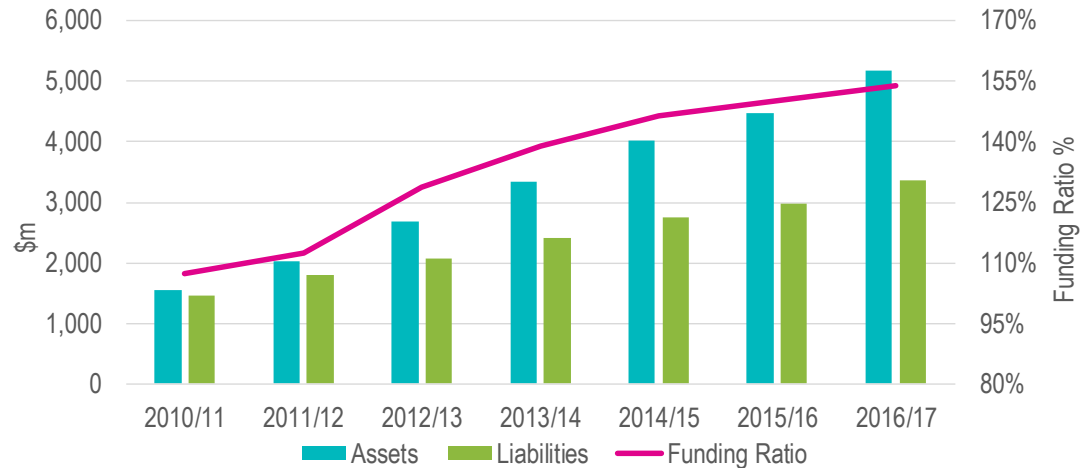


Overview

- Have been running over ten years but still in the early days of the scheme due to the very long tail nature of the scheme.
- In a financially strong position (but is subject to IFRS17 applicability)
- There is still a lot of uncertainty:
- Tail experience – still only have limited data around ultimate cost development
- What impact will NDIS have – supply side shocks? e.g. cost of services
- Changes in the medical field in the future may have strong effects on the scheme – relevant for LTCS due to the long tail nature of the scheme
- Changes in motor vehicles (e.g. driverless cars) may materially impact the scheme
- NSW CTP post 5 year medical cost transfer
- In this update, we'll have a quick look at the participant experience to date followed by major changes in LTCS.



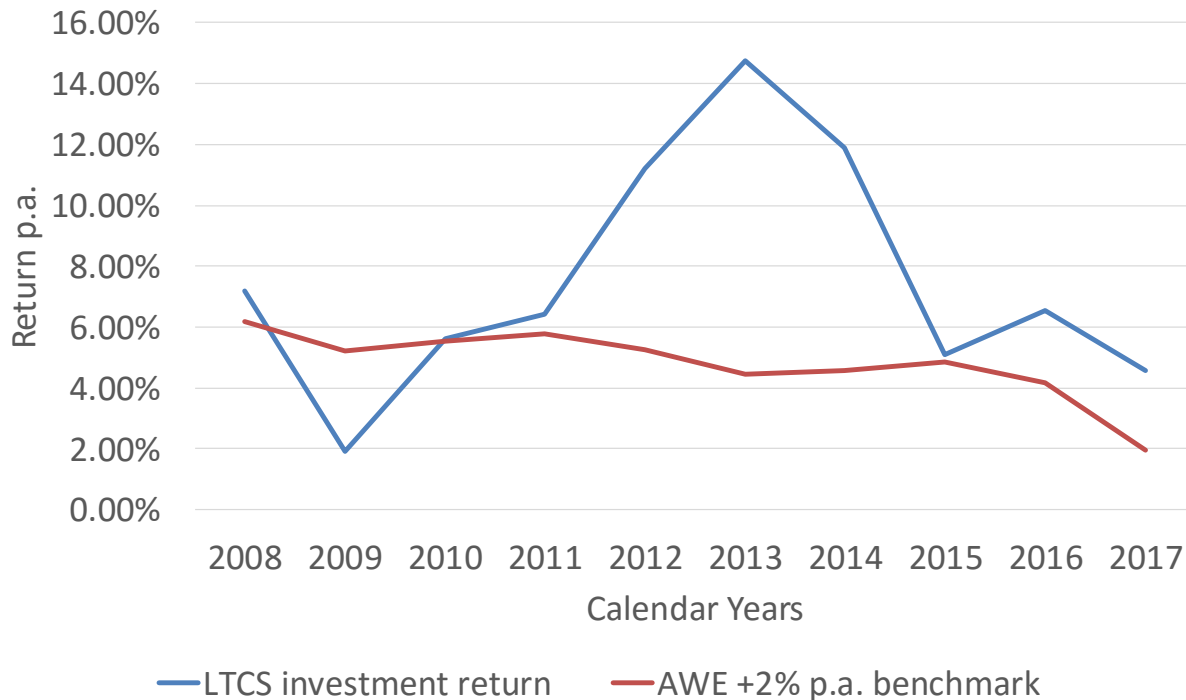
Financial Position



- \$461m of levies collected in the 2016/17
- The scheme now has \$5.1bn of assets and \$3.4bn of liabilities with a funding ratio of 154%. However the liabilities are central estimates only, if a 75 percentile risk margin was included, the current funding ratio would be **126%**.
- Levies are set with the intent of covering the scheme's cost only. The current funding ratio is due to better than expected investment results and reserve releases. The funding ratio is projected to decrease in the future years as the scheme continues to grow.
- The graph above shows how assets and liabilities have developed through the years of the scheme.



Investment Returns



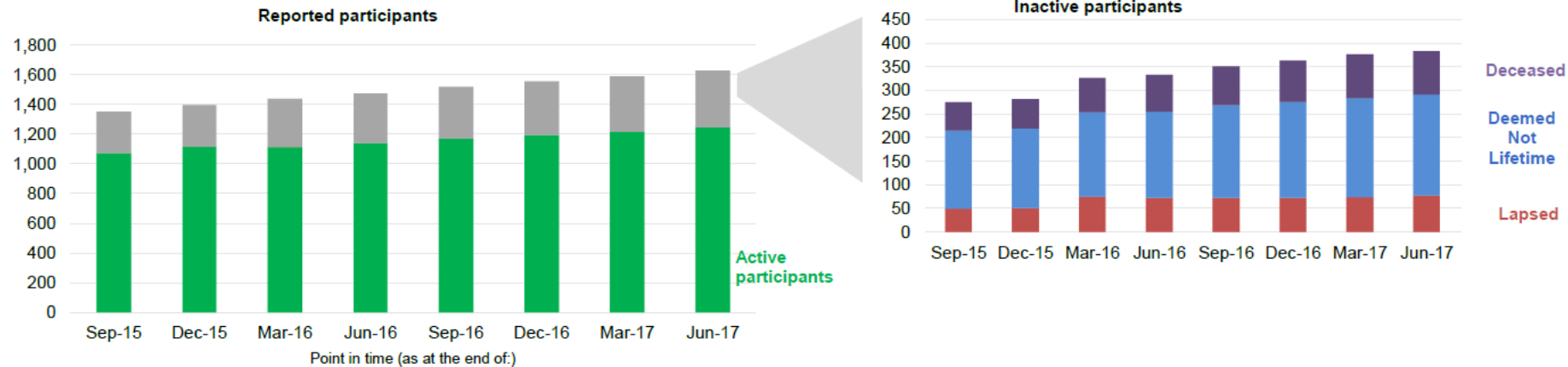
The chart to the left shows the investment returns of LTCS compared to the benchmark of AWE + 2.0% p.a.

The graph shows that for LTCS has beaten the benchmark with the exception of 2009.

For 2012 to 2014, the investment returns were particularly good and as noted in the previous slide, that contributed to increasing funding ratio.



Number of participants



As at June 2017:

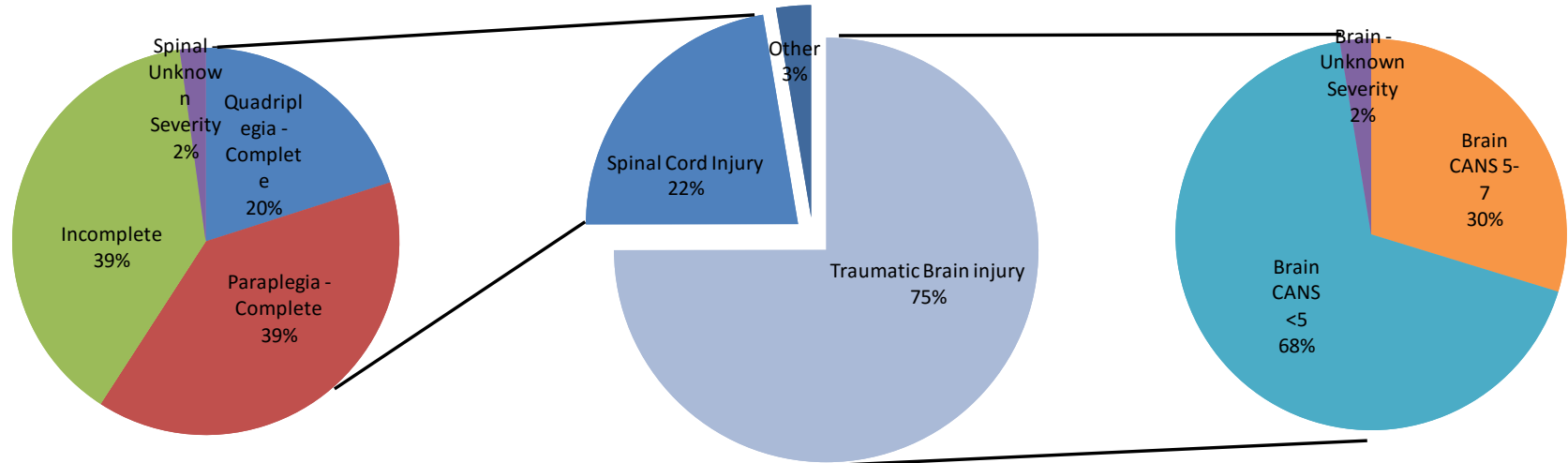
- 1,628 participants reported to the scheme since commencement.
- 213 interim participants whose injury stabilised below the threshold for inclusion and hence are not lifetime participants
- 92 have died
- 1,245 current participants of which 941 are lifetime participants

Projected to incur on average 180 participants a year



Participant Breakdown by Injury

Current Active Participants by Injury Type - All Participants, Lifetime Care



75% of the current participants have traumatic brain injury.

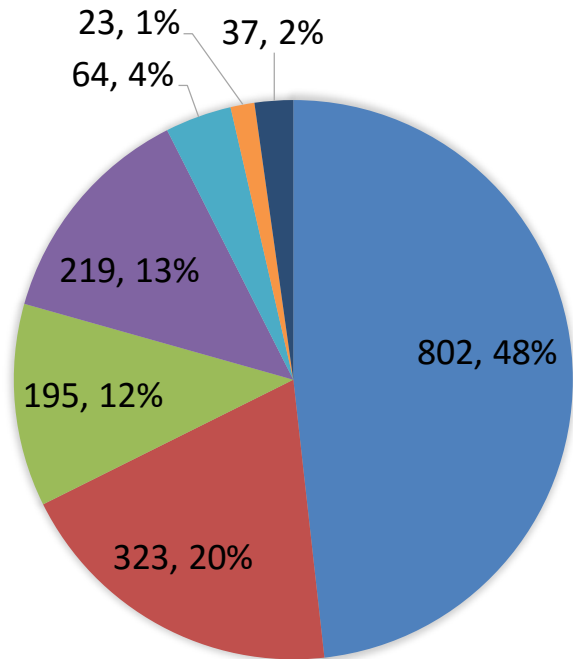
Of which 30% have CANS scores of 6 or 7 and 68% are CANS 5 and lower.

22% of the participants have spinal cord injury.

Of which 20% are Quadriplegia – Complete



Participant breakdown by injury and Gender



- Brain Injury Male Adult
- Brain Injury Female Adult
- Brain Injury - Children
- Spinal Cord Injury Male Adult
- Spinal Cord Injury Female Adult
- Spinal Cord Injury - Children
- Other

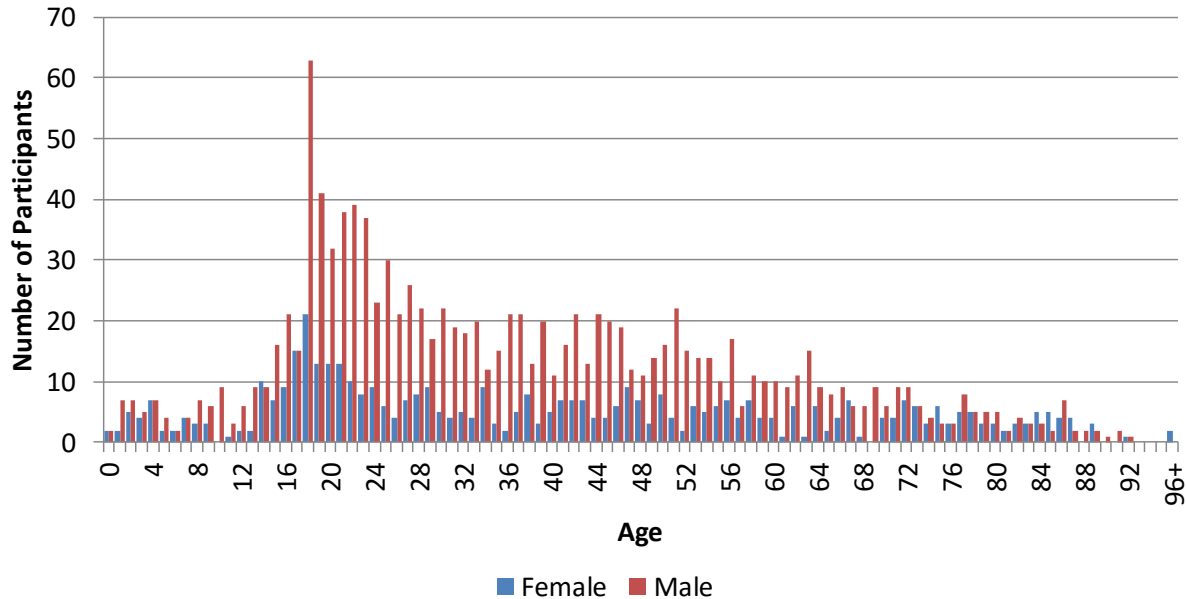
The majority of our participants are male.

- The adult male cohort is larger than the female and children added together for both brain injury and spinal cord injury
- 50% of our participants are male with brain injury



Participant breakdown by injury and Gender

Number of Participants by Age at Injury



As noted in the previous slide, the majority of the participants are males.

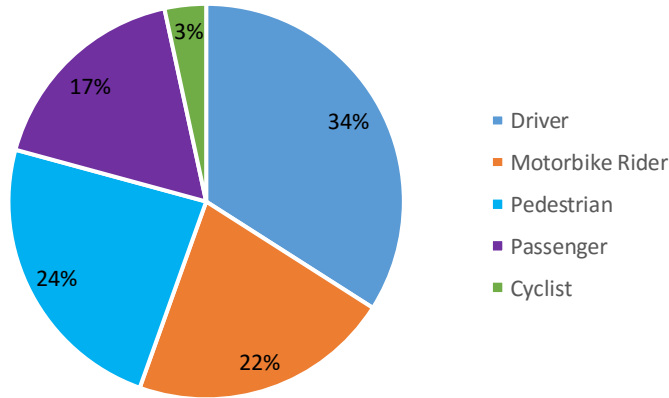
There is a large spike at and around age 18 for both males and females.

For males, the number of participants declines from age 18. Whilst this is still true for females, it is less remarkable than the male declination. It is interesting to note that at age 70+ the participant numbers between the genders are similar.

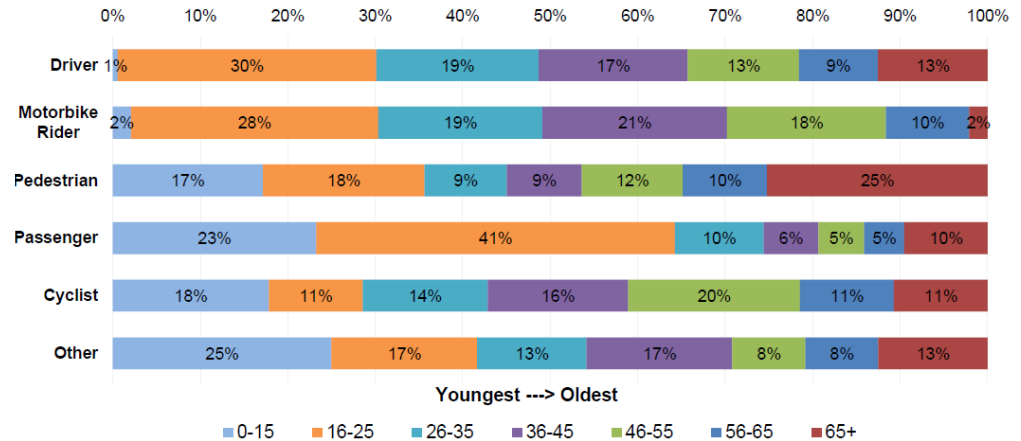


Participant Breakdown by Role

Proportion of participants by Role



Proportion of participants by Role and Age



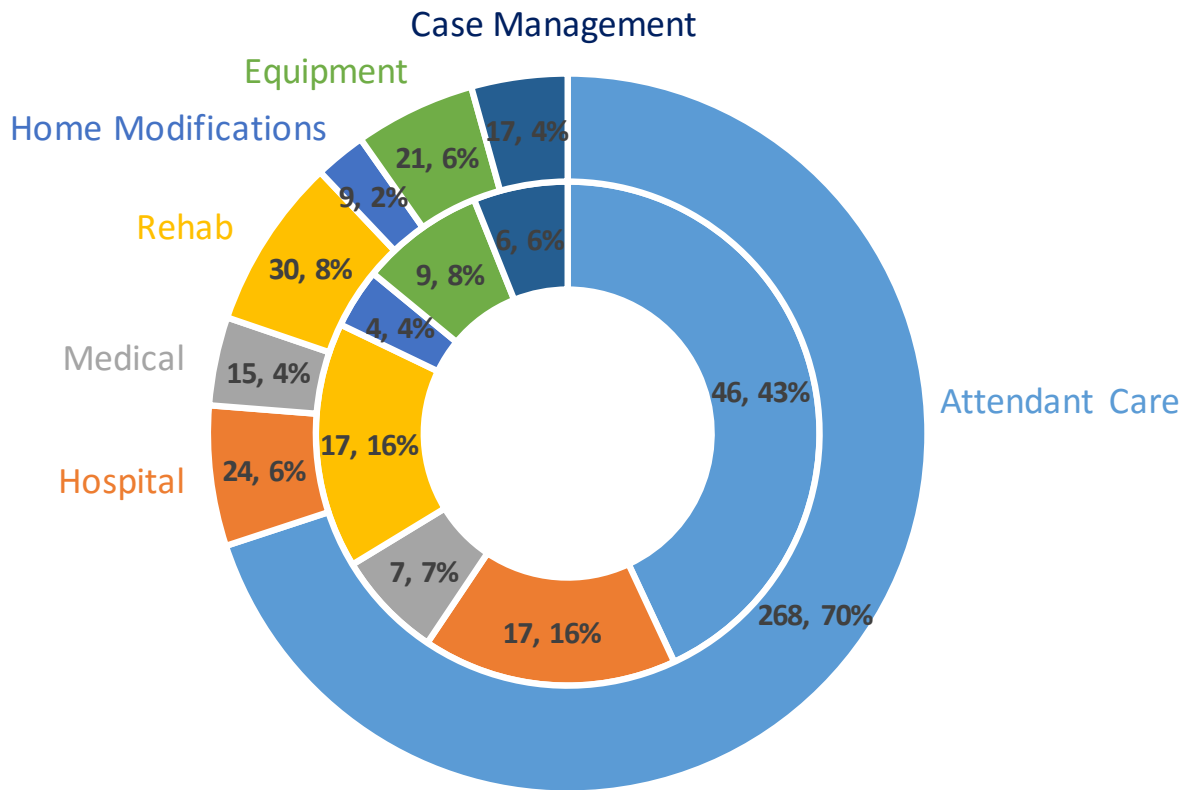
The make up of participants by role is relatively stable for the scheme.

The make up of the participants by role and age shows an expected but non-the-less interesting profile. Of note are:

- Amongst drivers and motorbike riders, the 16-25 age band is the largest age cohort. 16-25 is also an overwhelmingly large cohort of passengers.
- Age 65+ is the largest pedestrian age cohort but there are very few motorbike riders in this cohort.
- Motorbike riders are disproportionately represented in the 36-45 and 46-55 year age ranges.



Benefit payments



The inner circles shows NSW LTCS payments in 2016/17 broken down by benefit type, whilst the outer circle shows the LTCS ultimate incurred cost in 2016/17

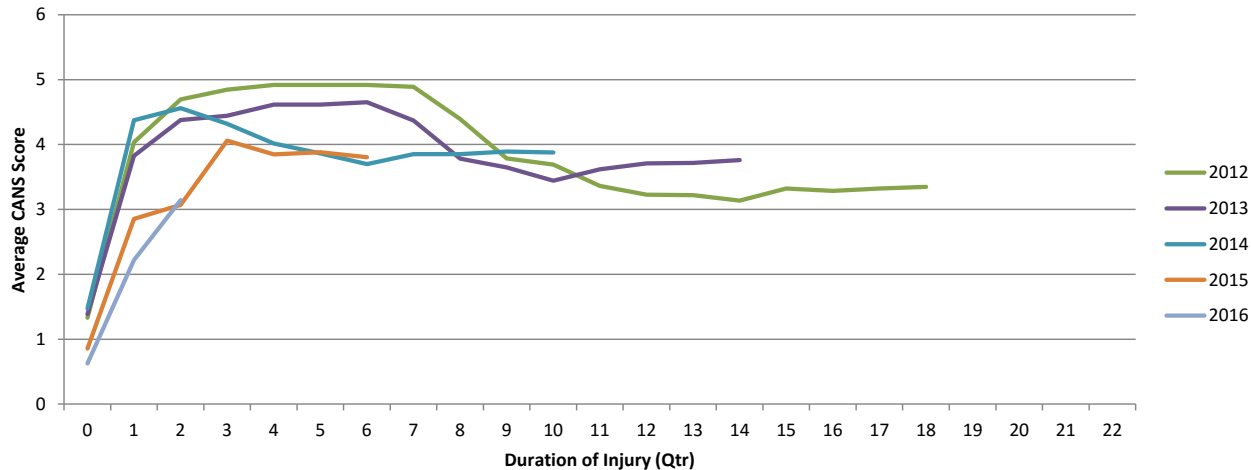
Total paid in 2016/17 was \$106m whilst the discounted ultimate incurred including expenses for the 2016/17 year is \$435m. This highlights the long tail nature of the LTCS and the fact that there are still many years to go before the scheme reaches a "steady-state" (where ultimate incurred is similar to paid)

In recent years, we have observed an increase in travel costs. This is related to travel and accommodation required to receive rehab.



Participants with brain injury

**Transition States - CANS Score Weighted by Accident Calendar Year
(incl inactive participants)**



It is expected that the CANS level for some participants with a brain injury will improve. Participants with an initial CANS level of 7 (24 hours of care a day) may improve to CANS level 4 (up to 11 hours of care a day). Those with CANS level 0 to 3 may no longer be eligible for the scheme at 2 years (excludes deceased).

The graph above shows a weighted average CANS score by accident year and development period. It shows that after the initial reporting of the claims, the average CANS score tends to decrease during the 2 to 3 years post injury period.



Strategic Focus Areas

Over the last 12 months and into the future



Optimal Care Program

Creating an organisational asset for icare which will deliver world class care for severely injured people, that is designed and tested by customers, that can be leveraged both domestically and internationally



Safeguarding

- Risk Assessment Tool
- Participant Visiting Program
- Support and Advocacy Program



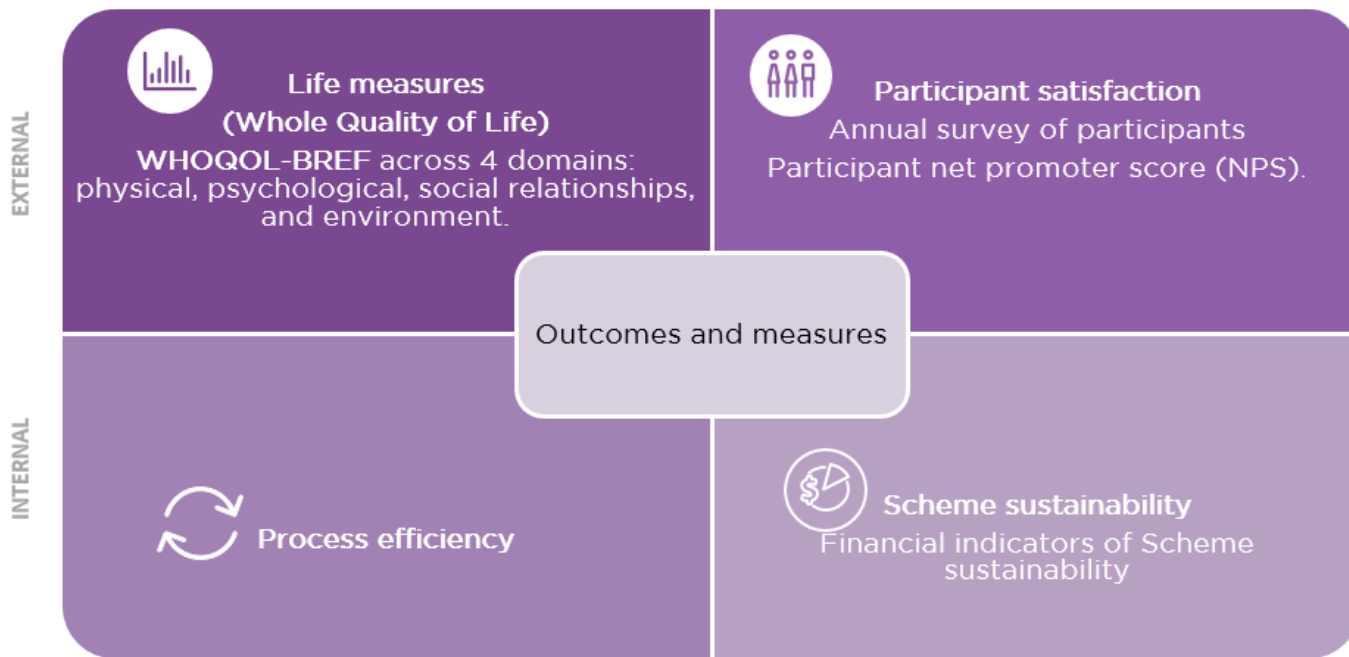
Expanded Care

- NIIS – motor and workers' compensation
- Models for less severely injured
- CTP Scheme changes



Outcomes & measures

We are establishing systems and current baselines to measure outcomes in 4 key areas: 2 external measures focused on participant quality of life and satisfaction, and 2 internal measures focused on driving efficiency and long term sustainability.*





Workers Care Migration

Expanding Integrated Care to include workers with catastrophic injury. A true collaborative effort across Integrated Care and Workers Insurance to manage these high complexity, low volume claims.



12 months since we commenced taking on severely injured workers



252 workers fully transitioned from 30 Sept 16 – 30 June 17



31 workers have been experiencing the care model since the time of injury



19 workers' cases have been closed, exited from the scheme or deemed not eligible



Workers Care migration highlights

We have been getting to know our workers and building capacity amongst providers and are continuing to refine the program as our experience develops



Our relationships with workers are developing as Coordinators provide personalised service coordination.



Many **home visits** continue to occur and Workers are engaging in **MyPlans**. These are resulting in lots of referrals for specialised services



Support gaps identified ranging from home modifications through to retraining and return to work



We expect an increase in claims cost in the short to medium term due to the proactive intervention by Workers Care. Its expected this will stabilise over time

Where to
from here?



Future work

- Work is underway to co-design a consultancy / advisory service with TMF Claims Managers to bring the Care model to icare Self Insurance workers
- Planning for whole claim management is kicking off with the ultimate aim to manage workers' entire claim including weekly payments from within Care soon after the single system becomes available.
- Expansion of the Care model to include more people with other complex injuries or injuries with long term treatment and care needs



Changes to the Compulsory Third Party Insurance Scheme

CTP co-shared

- The new legislation will impact Lifetime Care participants who are injured from 1 Dec 2017.
- People severely injured in motor accidents will continue to receive their treatment and care from Lifetime Care but they may also access weekly payments for loss of earnings from the CTP insurer.
- We are working with SIRA, CTP insurers and across Care to ensure a seamless customer experience for our participants around these changes.

CTP 5yrs (long term treatment and care)

- The Act introduces a new function for Lifetime Care.
- Damages for future treatment and care have been removed from the CTP scheme. People with a treatment or care need after five years will now receive their treatment and care through Lifetime Care (or earlier by agreement).
- A separate levy will be collected and invested in a new 'Motor Accident Injuries Treatment and Care Benefits Fund' that is introduced under the legislation.
- People receiving these services will not be 'participants' of Lifetime Care and may have a variety of injury types. We expect they will include complex orthopaedic injuries, single amputations and significant PTSD.
- The service model will align with the expansion of Care for workers with other complex injuries or ongoing treatment and care needs but will operate under different legislation.



Empowered Living

“Empowered Living” is a strategic technology initiative that will encompass a number of solutions and concepts over time



Problem statement:
What are we solving for?

“How might we apply technologies to empower participants and their families with more independence, control and choice to achieve the best possible quality of life”

The Empowered Living initiative will amplify and integrate a range of Optimal Care Program solutions through innovative use of technology

Two initial streams of work:



1. Development of Virtual Care Interface- “Eli”



2. Market scan to build out portfolio of potential solutions based on a variety of key dimensions including nature of injury, target cohort, stage in Care lifecycle, target outcome



Empowered Living portfolio of concept solutions

(illustrative only; colours/icons represent different dimensions)

Example: Components of Virtual Interface

“Eli”

- Digital solution with bespoke functionality
- In addition will under-pin and integrate all Care participant propositions
- Targets cohort with greatest benefit with potential flow-on benefit to balance of icare and broader Care environment (national and global)
- Leverages emerging technologies



Thank you

Questions?