



A PERFECT PARTNERSHIP: IMPROVING THE FINANCIALS AND DELIVERING BETTER CLIENT OUTCOMES

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The Accident Compensation Corporation (ACC) provides national, no fault coverage for accident caused personal injury in New Zealand. The ACC receives approximately 1.8 million claims per year of which around 250 are for serious (catastrophic) injury, typically a traumatic brain or spinal cord injury or a comparable injury, such as severe burns or multiple amputations.

In total, there are 4,172 such claims in the ACC portfolio and the client base is expected to continue to grow for another 20 -25 years. Therefore the ACC must deliver timely and appropriate services and outcomes to children, young people and adults with significant disabilities, while managing lifetime care and support (social rehabilitation) liabilities.

The liabilities for the Serious Injury cohort currently sit at \$5.07 billion. In the December 2006 valuation, PricewaterhouseCoopers actuaries expressed concerns regarding the continuing and escalating rate of growth of social rehabilitation liabilities, particularly liabilities for Attendant Care. Growth patterns by injury type (high level tetraplegia, low level tetraplegia, paraplegia, moderate traumatic brain injury, TBI and severe TBI), key services and particular risks identified by PricewaterhouseCoopers and ACC's internal actuarial team are detailed in the presentation.

To respond to the liability risks identified the ACC developed a Serious Injury Strategy in the final quarter of the 2006 – 07 financial year and established a National Serious Injury Service (NSIS) in the first quarter of the 2007 - 08 financial year, with national coverage achieved in the third quarter of the same year. The objectives of the strategy and service delivery model are:

1. To achieve a sustainable rate of growth in liabilities; and,
2. To improve client outcomes.

The following critical strategic elements are described in the presentation:

- Client segmentation and management to risk profile with particular emphasis on the use of liability and Attendant Care utilisation risk data;
- The use of evidence based assessment and outcome measures to inform claim management decisions;
- Individual planning to outcomes and specialist case management;
- Enhanced information management and monitoring; and,
- Development and application of impairment and functional skills benchmarks to inform Attendant Care decisions.

The operational delivery of the key components, with risks and risk management will be discussed and first quarter financial results presented. As first quarter results, the financials are obviously preliminary but are positive. This is an encouraging result in the light of the previous liability growth pattern.

Preliminary results on the use of a standardised measure (Functional Independence Measure, FIM™) and its potential to improve the identification of outliers and actuarial modelling will be presented, together with recent findings regarding liability risk indicators within the Serious Injury cohort.

ⁱ (2001: No 49). Injury Prevention, Rehabilitation, and Compensation Act. Edition 22 May 2006. Wellington, New Zealand Parliament.