7 Areas

Proposed solutions for workers' compensation reform





Proposed solutions for workers' compensation reform

Area #1 of 7:

Improving the collection and use of medical information

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Overview

This document outlines a **series of solutions** proposed by people with lived experience of Australia's workers' compensation systems. The full series will be available on <u>workersvoice.com.au</u>

These individuals have directly experienced the challenges of making a claim, accessing support, and navigating the system during recovery.

The solutions were developed through extensive consultation with the Workers' Voice **Lived Experience** Advisory Group, including input from a dedicated workshop held in November 2024.

What it includes

The document highlights number one of the seven key areas for improvement.

- medical information (this document)
- communication with claims managers
- navigating the system
- reducing financial burden
- mental health claims model of care
- pathways for scheme exit
- strengthen regulation

Each section begins with a brief problem statement (describing an issue faced by injured workers), followed by practical solutions that could improve outcomes and system fairness.

These insights reflect **real-world experiences** and offer concrete ideas for reform, grounded in the everyday realities of injured workers across Australia.

Problem Statement

Many injured workers regard their treating doctor as a trusted advocate and support during their claim.

They report that their treating doctors' opinion is often challenged or ignored by insurers when making claim-related decisions.

Injured workers also often report negative experiences with **Independent Medical Examinations (IMEs)** including that they find IMEs stressful, that they are used too often, have very little influence over the choice of examiner, and that the outcomes of examinations are often not communicated to workers or their treating doctors.





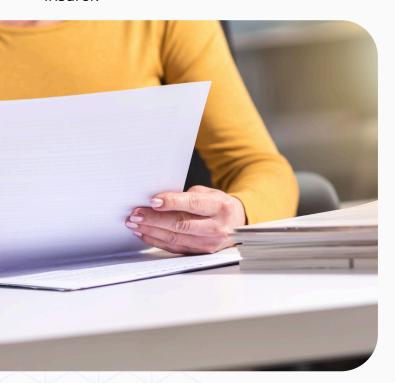


1.1 Place more emphasis on the treating doctor's opinion.

Insurers in workers' compensation schemes should place **more emphasis on the opinion and documentation** provided by injured workers' treating doctors, when they are making important claim-related decisions.

This includes **decisions regarding** whether to accept or deny a claim, treatment and rehabilitation funding decisions, and assessments of work capacity.

Administrative barriers to achieving this should be removed or reduced (e.g., requirements for additional assessment by a third party). This will enhance the focus on the therapeutic relationship between doctor and worker, and reduce the chances of a dispute or disagreement with the insurer.



1.2 Give General Practitioners greater autonomy.

Treating General Practitioners (GPs) should have more autonomy to **determine the duration of work incapacity** when completing certificates of capacity, rather than being bound to reviews at set intervals (e.g., every 4 weeks).

This will reduce the number of GP appointments focused on meeting the administrative requirements of workers compensation schemes, and ensure more appointments are focused on treatment and recovery.

1.3 Conduct examinations in a fairer and more transparent manner.

The injured worker should have **input into selecting** the independent medical examiner, which will increase the agency of workers, support their active participation in the examination, and likely increase their acceptance of the examination finding.

Granting injured workers some agency over the process makes it less likely that workers feel questioned or not believed.

Injured workers and their treating doctors should always receive a copy of the IME report.



Proposed solutions for workers' compensation reform

Area #2 of 7:

Build trust by being fair, transparent and supportive of workers

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What it includes

The document highlights number two of the seven key areas for improvement.

- medical information
- communication with claims managers (this document)
- navigating the system
- reducing financial burden
- mental health claims model of care
- pathways for scheme exit
- strengthen regulation

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Area #2 of 7: Build trust by being fair, transparent and supportive of workers



Problem Statement

The relationship between the **injured worker and their workers' compensation claims manager/s** can have a very powerful influence on worker health and return to work.

This **relationship begins** during a time of stress and vulnerability for many injured workers (soon after onset of injury or illness and departure from work).

Workers often report that they are viewed with **scepticism or mistrust** and that the legitimacy of their compensation claim is questioned. The process of evidence gathering to determine a claim can become adversarial if it is undertaken in a procedural manner that **does not recognise the human** at the centre of the compensation claim.

Once **trust is eroded,** it is very difficult to re-establish a collaborative relationship.

Workers report that they do not always understand the **reasoning behind important claim decisions** which have direct impacts on their lives, and that this leads to stress as well as frustration with insurance claims managers.





2.1 Start from a position of trust.

Acknowledge that the **vast majority** of injured workers want to return to work and get on with their lives.

They do not want to be involved in a workers' compensation claim. The underlying assumption, at the beginning of a claim, should therefore be that the injured worker and their advocates (e.g., treating doctors) are genuine and honest and are motivated to achieve a return to work.

Remove claim processes that assume or suggest injured workers are 'gaming' the system.



2.2 Improve communication of important claim decisions.

Acknowledge that most injured workers (like most other Australians) have **limited understanding** of workers compensation.

Claims decisions, such as whether to accept or deny a claim, or whether to fund treatment, can have a very meaningful impact on workers lives and livelihoods, and that of their families.

Claims decisions should be communicated clearly, in **plain language**, and in a **timely manner.** It is particularly important that reasons for important claim decisions (e.g., decisions not to fund treatment) are well explained in plain language.

Effective **communication** throughout the process is vital.

2.3 Build the soft skills of front-line claims managers.

Enhancing the ability of **front-line claim managers** to engage with injured workers when they are vulnerable (sick, injured, off work etc.) will help to ensure a more **positive relationship** exists.

In addition to **training** that enhances technical knowledge and administrative skills, training aimed at building health literacy, procedural fairness, and empathic communication could address many of the grievances raised by injured workers.



Proposed solutions for workers' compensation reform

Area #3 of 7:

Help injured
workers navigate
a complex
system

Area #3 of 7: Help injured workers navigate a complex system



Overview

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What it includes

The document highlights number three of the seven key areas for improvement.

- medical information
- communication with claims managers
- navigating the system (this document)
- reducing financial burden
- mental health claims model of care
- pathways for scheme exit
- strengthen regulation

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Area #3 of 7: Help injured workers navigate a complex system



Problem Statement

Workers report that they often have **very limited knowledge or understanding** of how workers' compensation systems work or what is expected of them when they make a claim.

They report that workers' compensation processes are **opaque and confusing**, that system rules are **very complex**, and that they are often communicated in technical and legalistic language.

Workers often report that important decisions affecting their lives are **made by others** but not adequately explained, and that they **do not have access to independent people** who can help them to navigate their way through the compensation claim.

Sometimes, injured workers rely on **outdated information** they have found themselves because clear, succinct and current information is hard to find. They feel unsure about what or how much information to provide to the insurer, and wary of how that information might be used later in a claim.

In summary, injured workers feel at a **disadvantage** because they do not always have access to knowledge or information that could help them through their claim and they have very limited resources available to them. In contrast, **insurers understand** all the system rules and processes and have lots of resources. This can mean that **misunderstandings become disputes**, and can heighten **worker stress and anxiety** early in their claim.





3.1 Provide access to independent, knowledgeable system 'navigators'.

Acknowledge that there is a real information asymmetry between workers and insurers, with insurers having access to vastly more system knowledge and resources than most injured workers, and also that insurers have decision-making roles that at times can place them in conflict with injured workers and are not considered by workers to be independent (e.g., when deciding to deny a claim).

These issues can be addressed by providing access to a **knowledgeable**, independent, non-legal third party system **'navigator'** who can support workers through their claim.

This is particularly important at the **beginning stages** of a claim, when workers are most vulnerable and when their knowledge of system rules and processes is lowest, but will also be helpful through **other key stages** of a worker's claim, such as during **claim exit.**

3.2 Provide timely access to succinct, plain language information in multiple formats.

Insurers and other key decision makers in workers' compensation systems should provide **clear and succinct information** on claim rules, processes, benefits, worker and employer obligations, and the specific roles that insurers, doctors, and employers play in a compensation claim.

This is particularly important at the beginning of a claim, but is also important throughout the claim.

Claim-related communication should use **language appropriate** for a lay person (non-expert) and avoid or minimise the use of technical language and jargon.

The information should be available in **multiple formats,** including in writing and in other media (e.g., videos, podcasts, visual diagrams), and should be readily available in **multiple languages.**

Information should be available **'on-demand'** to injured workers and their supports in easily accessible places (e.g., websites, social media, via employers) and should be rapidly provided to all workers following their injury.





Area #4 of 7: Reduce financial burdens on workers and their families



Overview

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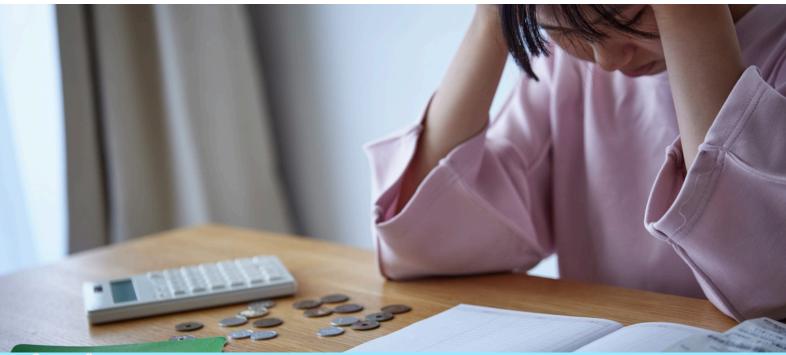
What it includes

The document highlights number four of the seven key areas for improvement.

- medical information
- communication with claims managers
- navigating the system
- reducing financial burden (this document)
- mental health claims model of care
- pathways for scheme exit
- strengthen regulation

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Area #4 of 7: Reduce financial burdens on workers and their families



Problem Statement

Workers report that some aspects of workers' compensation scheme rules can have unintended, and often unrecognised, financial impacts on workers and their families.

These include substantial **reductions in income** due to wage replacement "step-downs" for workers with longer claims, often combined with **increased out-of-pocket costs** for healthcare in order to access rapid or preferred treatment.

Scheme funding rules and administrative requirements are also a barrier for healthcare practitioners, with many reluctant to treat workers compensation clients, which in some cases leads to workers paying gap fees (for Medicare funded services) or for entire services not covered by other sources.

Workers also acknowledge that their **family members** provide important, unpaid supports that help workers recover and return to work (e.g., transport to medical appointments), and that not having this support can slow recovery.





4.1 Reduce or eliminate 'out of pocket' medical costs.

Recognise that workers and their families have **increased expenses** during periods of **sickness** and **time off work,** including contributions to their own medical treatment, and costs of travelling to and from appointments and meeting other scheme requirements.

Removing administrative and financial **barriers** to healthcare practitioner engagement in workers' compensation will also **reduce the likelihood** that workers will need to **self-fund** services.

Providing the **full costs** of medical treatment, including incidental costs, will support worker engagement in treatment and **positively influence** recovery.

4.2 For low income workers, provide full wage replacement.

Recognise that **financial stress** is a barrier to recovery and return to work.

It contributes to worsening **mental health**, can affect close **personal relationships**, and thus may negatively impact on **work capacity.**

Workers with **low pre-injury incomes** or those with **limited financial** resources should be provided with **full wage replacement** to reduce financial stress and mitigate its negative consequences.

Wage replacement step-downs should be **eliminated for low income workers** and instead emphasis should be on positive, rather than punitive, return to work incentives.

4.3 Financial support for primary carers.

Workers with **complex or serious health conditions** often require the support of family members or close friends during their recovery.

This can include practical supports that require the **carer to take time off work** (e.g., to transport the injured worker to required appointments, or to assume other caring duties such as childcare).

Providing **financial** or other services for **primary carers** can support faster, more enduring recovery.







Proposed solutions for workers' compensation reform

Area #5 of 7:

Develop a mental health claims model of care

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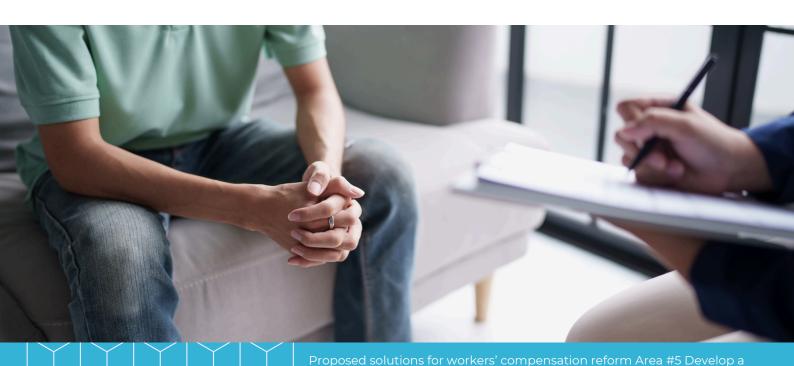
What it includes

The document highlights number five of the seven key areas for improvement.

- medical information
- communication with claims managers
- navigating the system
- reducing financial burden
- mental health claims model of care (this document)
- pathways for scheme exit
- strengthen regulation

Each section begins with a brief problem statement (describing an issue faced by injured workers), followed by practical solutions that could improve outcomes and system fairness.

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mental health claims model of care October 2025

Area #5 of 7: Develop a mental health claims model of care



Problem Statement

Workers report that workers' compensation systems and claim management processes and rules are designed for workers with physical injury, and are **not always suited** to workers with **mental health conditions** (often referred to as psychological injuries).

Some **practices** of workers' compensation **insurers** that are designed to ensure eligibility of psychological injury claims contribute to **worsening of worker mental health.** These include additional evidence gathering prior to claim decisions which lead to both **longer waiting times** and higher probability of **referral for medical examination** by a non-treating doctor.

Stressors experienced during a claim can also worsen mental health for workers with psychological injury claims, and contribute to **onset of new symptoms** of mental ill health for workers with physical injury claims (often referred to as 'secondary psychological injury').

Workers report that accessing **skilled**, **timely mental health care** during their claim is **challenging**.

5.1 A mental health claims model of care.

Develop and implement a model of claims management, healthcare provision, and rehabilitation that is designed for workers with both primary and secondary **psychological injury.**

This may be an adaptation of the existing claims model, or a new model, that recognises and addresses the unique needs of these workers.

This model should be **co-designed** with the injured worker community and mental health practitioners.





Area #6 of 7: Provide supportive and alternative pathways for scheme exit



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What it includes

The document highlights number six of the seven key areas for improvement.

- medical information
- communication with claims managers
- navigating the system
- reducing financial burden
- mental health claims model of care
- pathways for scheme exit (this document)
- strengthen regulation

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Area #6 of 7: Provide supportive and alternative pathways for scheme exit



Problem Statement

Over the past two decades, multiple Australian workers' compensation schemes have moved towards a **'short-tail' model**, where benefits and services are time-limited (e.g., to 2 years) except for very seriously injured people.

A small but significant proportion of people reach these time limits and then **exit** compensation systems **without having returned to work.**

Workers report that they are often **unprepared for this transition** off workers' compensation, that the transition can have substantial financial consequences (e.g., moving onto the low rate of the national unemployment benefit), and that insurers provide few supports during the transition period.



6.1 Provide support during scheme transitions.

Provide access to services that **assist** workers with **long-duration** claims to **transition** to other community and health services as they are approaching the end of their **wage replacement** period.

These **transition** services should be initiated well before wage replacement ends, and should involve **services that help workers** access alternative financial supports, healthcare and treatment, and community services where required.

This will be **particularly important** for workers without other sources of **financial support** (e.g., a working partner) and with ongoing health needs.

6.2 Alternative pathways for scheme exit.

Some Australian schemes provide **options for workers** with longer-duration claim to access **lump-sum payment** to end their claim (sometimes referred to as 'redemptions' or 'commutations').

These payments recognise the **prolonged exposure** to scheme processes and procedures may cause **ongoing harm** for some workers.

Exiting the compensation scheme may support **improvements** in health and enhance ability to work for these people.







Proposed solutions for workers' compensation reform

Area #7 of 7:

Strengthen regulation of insurers, employers and service providers

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What it includes

The document highlights number seven of the seven key areas for improvement.

- medical information
- communication with claims managers
- navigating the system
- reducing financial burden
- mental health claims model of care
- pathways for scheme exit
- strengthen regulation (this document)

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Area #7 of 7: Strengthen regulation of insurers, employers and service providers



Problem Statement

Workers report that **scheme regulators** could **do much more** to ensure that workers' compensation systems were operating as they are intended, and that key participants in the schemes are **meeting their obligations** and working in the **best interests** of injured workers.

Insurers and employers are often perceived as being 'gatekeepers' to the workers' compensation system. Workers report that employers have a lot of power and influence in the initiation of a claim, and that insurers hold decision making power during a claim.

Workers also note that **both of these stakeholders** often have direct **financial interests** in claim **outcomes** (e.g., via employer premiums and insurer incentives).

Workers also report that the process for **selecting medical examiners**, whose opinion can have a substantial influence on the workers claim, is **not always** independent or transparent.

The **limited regulation** of potentially harmful treatment was also noted, with specific mention of **opioid prescribing** as a challenge for workers compensation schemes.







7.1 Enhance transparency by publishing monitoring and audit results.

Regular independent **audits** of insurers claim management processes and performance should be **conducted and published** in a format accessible publicly (e.g., a website).

A **similar approach** should be followed for other key stakeholders in compensation schemes, such as workplace rehabilitation providers.

Particular attention should be paid to organisations involved in delivering **critical services** but which also have **financial motives** for involvement in workers' compensation.

These organisations should be required to publish **key financial information** including their income, expenditure, and profit margins to increase transparency.

Taking these steps would help the public stay informed and could help injured workers gauge whether the system is working as intended.

7.2 Strengthen regulation of independent medical examiners.

Require IMEs, and the organisations that employ them to provide services to workers compensation, to **disclose any commercial relationships** or **conflicts of interest** IMEs may have with insurers or employers.

Require organisations employing IMEs to **publish aggregate statistics** on the recommendations arising from their examinations.







7.3 Reduce misuse of potentially harmful medicines.

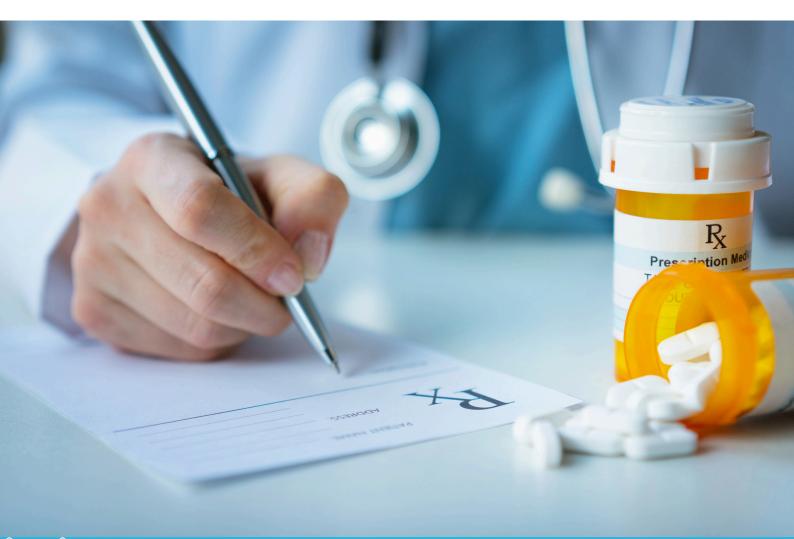
To better protect injured workers from developing **substance use** problems, establish a more robust **monitoring system** for prescription medications that have addiction or abuse potential.

Regularly **publish statistics** on the use of these medications and conduct analysis to identify healthcare practitioners with outlying/unusual prescription patterns.

7.4 Promote re-investment back into the scheme.

Require insurers and other service delivery organisations who are making financial profits from the scheme to **re-invest a portion of their profits** back into the scheme.

This could include, for example, insurers funding activities that will enhance their capability and capacity to support workers to recover and return to work.





Acknowledgement
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Workers' Voice

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