

# Reducing red tape for employers

## Employer excess payment

**Issue – to reduce red tape in Queensland Worker's Compensation scheme for employers**

Addressing the relatively high number of claims under the Queensland scheme.

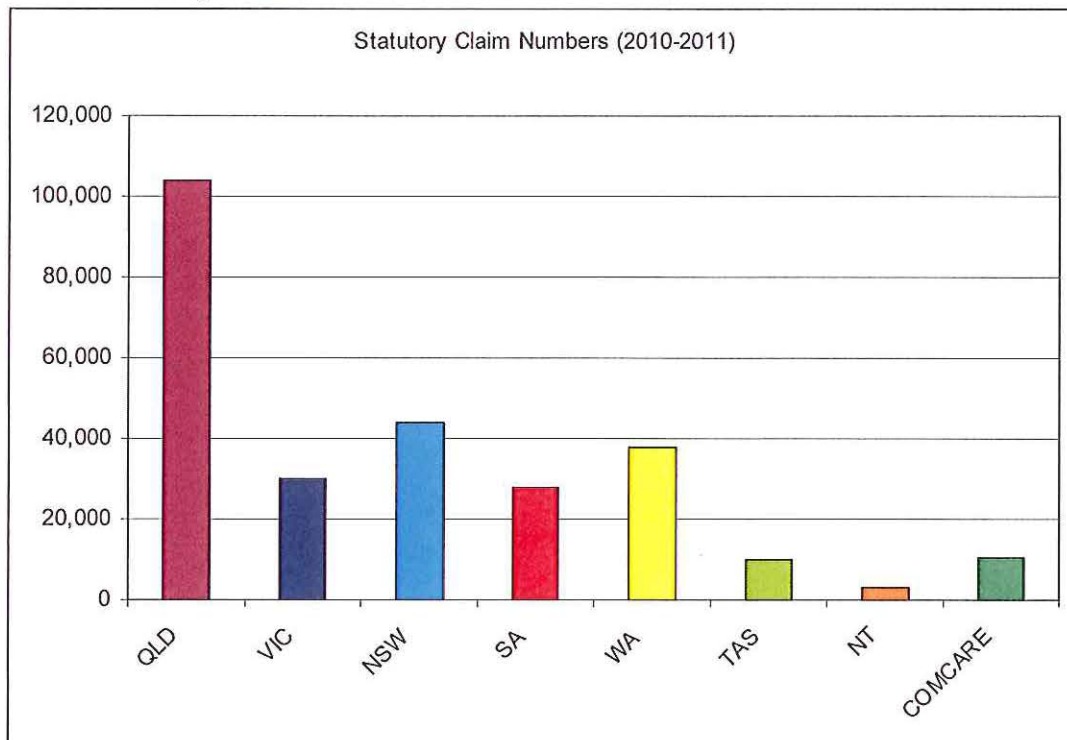
### Facts

One of the features of the Queensland workers' compensation scheme is that it has significantly more claims than any other scheme. The number of claims is disproportionately high relative to other schemes when adjusted for labour force and safety records of the respective schemes.

The reason is the current employer excess and claim lodgement arrangements in Queensland.

Graph 1 shows the disparity in terms of claim numbers.

Graph 1 – Annual statutory claim numbers for Australian schemes



In Queensland injured workers are required to lodge an application for compensation with the insurer to receive compensation regardless of how minor in nature and insurers need to administer the assessment and compensation process.

In 2011/12, there were 94,001 claims lodged with WorkCover Queensland, of which 32,787 were medical expense only claims and 15,148 report only claims.

The excess in Queensland is Queensland ordinary time earnings (QOTE) which is currently \$1,330.50 or the value of the first week of benefits if under that amount. QOTE is adjusted annually for inflation.

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WorkCover Queensland administers all the claims from the beginning, including those where the excess period for weekly compensation is not exceeded. Medical expenses are not covered by the excess and payment needs to be made by WorkCover either directly to the medical provider or by reimbursing the worker.

**Option for employer excess payment:** amend the legislation to remove the requirement for claims to be lodged with the insurer until 50% of QOTE is reached with medical or compensation for loss of wages is reached (\$665.25).

The amount of excess remains the same.

Retain the right for the employer or injured worker to lodge a claim with the insurer immediately if there is:

- dispute
- strong indication that the claim will cost more than QOTE.

In all other jurisdictions claims are lodged through the employer. In Victoria for example, where claims are lodged with the employer, the employer is not required to pass that claim on to the insurer for 10 days. The excess amount payable by an employer in Victoria is the first 10 days of compensation and the first \$610 of medical expenses. If the injured worker returns to work and does not require any further treatment within the bounds of these excess provisions the employer is under no obligation to lodge the claim. The employer is simply required to keep a register containing details of the injury. Victoria has about 30,000 statutory claims a year compared to about 105,000 in Queensland.

Both Queensland and Victoria enjoy low premium rates.

## Consequences – claims reduced from 105,385 to 55,519

If Queensland employers were not required to lodge claims unless 50% of the QOTE value is reached in payment of wages or medical expenses, it is estimated that 49,866 claims would be removed from the system. If any of those claims were disputed the employer could lodge the claim with WorkCover.

Table – Reduction in WorkCover lodgements based on excess value  
Based on lodgements for 2011/12, QOTE for 2011/12 - \$1,263.20.

Excess \$	Excess payments (\$M)	Potential reduction in Lodgements
300	19.5	35,270
400	23.2	41,157
500	26.2	45,692
600	30.3	48,847
632	31.2	49,866
700	35.1	51,638
800	37.8	53,832

While this option reduces red tape for employers in interacting with WorkCover, it includes the requirement for employers to develop and maintain a register for minor injuries.

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## Benefits

There are a number of benefits including:

- This would reduce red tape and allow employers, workers and treating doctors to manage low impact and uncomplicated injuries themselves and get on with business.
- Cost neutral to the scheme;
- Reduction in administrative savings for WorkCover.
- Earlier intervention of claims with time lost. Having a shorter excess period puts greater emphasis on the employer to be proactive in the early intervention of claims and return to work.