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Actuaries Institute Disability Insurance Taskforce - Feedback – Document A Section 9 - Provisional Findings and Recommended Actions for Individual Disability Income Insurance

October 2020

About The Royal Australasian College of Physicians (RACP)

The RACP trains, educates and advocates on behalf of over 18,000 physicians and 8,500 trainee physicians, across Australia and New Zealand. The RACP represents a broad range of medical specialties including general medicine, paediatrics and child health, cardiology, respiratory medicine, neurology, oncology, public health medicine, infectious diseases medicine, occupational and environmental medicine, palliative medicine, sexual health medicine, rehabilitation medicine, geriatric medicine, and addiction medicine. Beyond the drive for medical excellence, the RACP is committed to developing health and social policies which bring vital improvements to the wellbeing of patients.

About the Australasian Faculty of Occupational and Environmental Medicine

The Australasian Faculty of Occupational and Environmental Medicine (AFOEM) of the Royal Australasian College of Physicians is the peak medical body for occupational and environmental physicians, comprising over 500 medical specialists in Australia and New Zealand.

The AFOEM specialist training programme is centred on combining high level clinical expertise with a strong work focus to develop specialist knowledge and skills in preventing and managing ill-health, injury and disability in workers; promoting safe and healthy workplaces; and reducing the impact of environmental hazards on the community.

Occupational and environmental physicians are specialist physicians with clinical skills and knowledge applicable to the worker, employers, organisations and government bodies.

Occupational and environmental provide independent, evidence-based knowledge using a worksite specific approach. They have expertise in the early identification and health risk assessment of workplace hazards. Through the design and application of heath surveillance and monitoring programs Occupational and environmental physicians can provide tailored advice and management for the individual worker and organisation to prevent and address identified work related health issues.

Occupational and environmental physicians work effectively and productively in multidisciplinary teams consisting of a broad range of stakeholders that includes, the worker, treating practitioners, allied health professionals, health and safety personnel, employers, unions, insurers, organisations and government regulatory authorities.

About the Australasian Faculty of Rehabilitation Medicine

The Australasian Faculty of Rehabilitation Medicine (AFRM) of the Royal Australasian College of Physicians is the peak medical body for rehabilitation medicine physicians, comprising over 800 medical specialists in Australia and New Zealand. AFRM provides training and continuing education for rehabilitation medicine Fellows and trainees throughout all stages of their career.

The AFRM's focus on interdisciplinary training and teamwork makes the rehabilitation medicine physician the best qualified specialist to lead teams of allied health staff, nurses and other medical practitioners (specialists or general practitioners) in providing coordinated, patient-focused, individualised programs of goal-directed rehabilitative care in order to optimise the health and well-being of those with short-term or long-term disability.

Rehabilitation medicine is a diverse specialty whose members are trained to facilitate the best possible recovery of function over the full range of medical and surgical conditions seen in contemporary practice.

Rehabilitation medicine physicians are trained and experienced to manage all patient types who experience disability due to illness or injury affecting all body systems. They are experts in the assessment, treatment and management of people with permanent disability as a result of injury or illness. Also, they are trained in injury prevention, conditioning, fitness and wellness.

Rehabilitation medicine physicians engage in the delivery of a variety of health services to provide a holistic approach, have experience in integrated care with primary care physicians and training in leading interdisciplinary teams.

RACP submission

Thank you for the opportunity to provide feedback on the documents produced by the Actuaries Institute Disability Insurance Taskforce (the Taskforce) as part of its review into individual disability income insurance (IDII). Thank you also for the opportunity to provide feedback earlier on in the review process via a virtual meeting in July 2020.

This submission has been led by the RACP's Australasian Faculty of Occupational and Environmental Medicine (AFOEM) in consultation with the Australasian Faculty of Rehabilitation Medicine (AFRM). It focuses on *Document A- Provisional Findings and Recommended Actions for Individual Disability Income Insurance* and more specifically on *Section 9 Underwriting and Claims Management* which is most relevant to the knowledge and expertise of physicians.

We understand that this review has been undertaken by the Taskforce to identify issues with IDII and to assess where critical reform is needed in the system. As outlined in the Summary section of Document A, "the IDII product provides critical cover for many members of the community who may suffer loss of income because of disability". However, it has become more complex over time making it difficult for policy holders to understand and be satisfied with claims outcomes. At the same time, affordability, and accessibility for those needing cover is declining and the more health policyholders are less likely to maintain cover.[1]

RACP feedback – Document A – Section 9

The primary role of physicians in the disability income insurance system is to assess impairment and the impact of impairment on the individual. Therefore, we have focused our feedback on *Section 9 Underwriting and Claims Management* as this section is most relevant to the knowledge and expertise of physicians.

Our suggestions and recommendations are outlined in the table below.

Extract from Document A – Section 9	RACP feedback
Introduction	
p.37, paragraph 3: *"The skills required to assess occupational disability are highly specialised and the medical professionals traditionally engaged by insurers in certifying IDII claims may not have all of these skills."*	The RACP strongly agrees with this statement. Most medical practitioners have minimal experience or training in how to assess occupational disability and fitness for work or in how to perform workplace hazard assessments and advise as to how to eliminate or reduce such hazards. Occupational and environmental physicians, and rehabilitation medicine physicians, are the only such medical specialties which are specifically trained to be able to do such assessments. Whilst some general practitioners (GPs) have the necessary skills and experience, they face other constraints such as time, the complexity of such assessments and the fees currently paid for such assessments. Insurers generally underestimate the time required and complexity of these assessments.
p.37, paragraph 4: *"The Taskforce is also of the view that there may be a lack of experience/training in occupational disability that could result in only high-level assessments relating to work capacity and return to work…."*	We recommend clarifying this statement. Comprehensive and accurate assessments require a high level of training and expertise. Lack of training and minimal expertise will inevitably result in poor results, wasted money and time as well as likely

[1] Disability Insurance Taskforce of the Actuaries Institute, Document A- Provisional Findings and Recommended Actions for Individual Disability Income Insurance. September 2020

Extract from Document A – Section 9	RACP feedback
	adverse outcome for the injured person and his or her family.
p.37 paragraph 6: *"It is also recognised claims team members are expected to have a wide range of skills (spanning medical, legal, financial, occupational, rehabilitation, dispute resolution and customer empathy skills) to assess disability claims."*	This has been a problem across the insurance industry for many years. Training is often inadequate and staff turnover is often a major problem as each new case manager has to become familiar with each claim. This is a cause of significant frustration on the part of claimants, which can lead to significant delays in returning those with a disability to work.
p.37, paragraph 7: "*Further to this, the inappropriate use of experts can delay and complicate the claims process and lead to poor customer outcomes."*	This issue has been recognised as a significant problem across all compensable injury systems. Excessive use of independent medical examinations, selective use of specific specialists who are known to provide the 'required' opinion and repeated assessments until the 'required' opinion is received all increase costs and delays and cause significant distress to claimants. It also increases the likelihood of legal involvement which further increases costs and further delays.
p.37, paragraph 9: *"It is also common practice that occupational underwriting practices typically focus on job title at policy inception only, don't align well to IDII benefit terms and can complicate claims management. They also don't reflect changes in employment that can occur after policy issue."*	Completely agree. People's work frequently changes over time and IDII benefit terms are not sufficiently flexible at present to allow for these changes meaning that the original policy is sometimes no longer 'fit for purpose'.
p.38, 3rd dot point: "*There was wide acceptance that the relationship between the life industry and the medical community is not in sound condition and that there is not a lot of trust."*	There is indeed little trust between the insurance industry and the medical profession and allied health professions. The recent publicity about the longstanding experiences in the Victorian and New South Wales workers compensation systems demonstrate that at times this lack of trust is well founded. The insurance industry generally must work towards greater transparency and ethical behaviour and open engagement with health professionals including GPs, occupational and environmental physicians and rehabilitation medicine physicians to help foster increased trust.
p.38, 4th dot point: "*There was universal agreement that terminology in use is poor. E.g. there were views that words like 'permanent' should not be used."*	We agree with this assessment. There is currently no clear agreement with many terms used. There is sometimes confusion between the use of the terms 'disability', 'impairment', 'illness' and 'injury'. This is often because many of the industry terms are more aligned with legal use rather than medical terminology.

Extract from Document A – Section 9	RACP feedback
	The RACP does not agree that the word 'permanent' should not be used. Many conditions are permanent in the sense that they are present for the foreseeable future and this is usually a simple medical decision. Although a disability may be considered permanent, the condition may still fluctuate in severity or symptoms. There should be agreed definitions across the medical profession and insurance industry.
p.38, 6th dot point: *There was agreement that claims teams have a challenging job that requires multiple skills. There was general agreement that more skills were required within claims teams, with greater use of medical experts such as doctors, occupational therapists and psychiatrists suggested.*	We agree with this assessment, there should be more use of medical experts, specifically occupational and environmental physicians, rehabilitation medicine physicians and other allied health professionals such as psychologists. For complex cases, we recommend the use of multi-disciplinary assessments such as those used in pain management.
p.38, 7th dot point, 1st sub-dot point: "*GPs must be patient advocates."*	The RACP agrees that GPs and indeed *all* treatment providers must be their patients' advocates. The RACGP has specifically addressed the complex issue of advocacy within the framework of supporting work participation in its publication of *Principles on the Role of the GP in Supporting Work Participation*[2]. If a GP is only aware of the patient's perspective, and has little knowledge of the work or workplace, it is difficult for them to provide a balanced assessment which takes into account all the factors affecting disability and employability. The RACGP principles address the need for GPs to work with other specialists, allied health and case managers.
p.38, 7th dot point, 2nd sub-dot point: "*GPs also get asked to use different forms for each life company, and for workers compensation (…)"*	The multiplicity of forms and certificates across sickness benefits, DSS, state workers' compensation, state motor accident schemes, income support, superannuation schemes is overly complex. It is time consuming even for those practitioners who are familiar with a particular system. There needs to be significant standardisation and simplification of the forms in use.
p.38, 8th dot point: *"GPs are asked to do things by the life industry that they are not skilled to do, nor have the time to do. They are not occupational therapists. They do not understand the details of what determines incapacity for many occupations. The views put forward on this varied, and included: Industry should use a standard form for seeking*	We agree with this assessment. In addition, there should be more use of other specialties and multi-disciplinary assessments. For complex cases (e.g. for a psychiatric disability), this might include the GP, an occupational and

[2] The Royal Australian College of General Practitioners (RACGP), Principles on the role of the GP in supporting work participation. Available online: https://www.racgp.org.au/FSDEDEV/media/documents/RACGP/Position%20statements/Principles-on-the-role-of-the-GP-in-supporting-work-participation.pdf [last accessed 15/10/2019]

Extract from Document A – Section 9	RACP feedback
information. This consistency should make it easier for GPs and they will likely view it as fairer."	environmental physician or rehabilitation medicine physician, a psychiatrist and/or psychologist.
p.38-39, 8th dot point, 2nd sub-dot point: *Industry should stop asking questions as to whether the person meets a definition and not delegate decision-making to the GPs. Instead, GPs should be asked more straightforward/direct medical questions and the life insurer should use that to assess the claim itself.*	We agree with this assessment. The medical profession can provide advice as to whether the person meets a definition of incapacity for a given occupation based on medical expertise, but it cannot provide legal or claims-related decisions.
p.39, 3rd sub-dot point: "*There should be alternative answers to yes/no. E.g. 'I don't know' or 'Unsure' to allow for complexities regarding cases."*	We agree with this assessment. Sometimes there is no 'true' diagnosis such as in non-specific back pain or many pain disorders. In those instances, there may be many medical conditions contributing to the disability or there may be uncertainty about causality. The RACP acknowledges that many conditions have psychosocial aspects which may complicate medical assessments. Complex and/or unclear cases could be referred to independent medical panels for assistance in determination as a means of avoiding lengthy legal battles
p.39, 1st and 2nd dot point: *"There was strong agreement that rehabilitation support can make a difference, particularly early rehabilitation of the right kind. There was strong belief in the health benefits of work. There was an argument that payments should be more frequent than monthly so that there is more frequent interaction, which would help in getting people back to work and setting expectations, mindset etc. about returning to work."* *"There was general agreement that GPs support the health benefits of working to a degree, though they may not want to go against patient views and so take the line of least resistance."*	Agree with these points. However, the simple statement regarding going against a patient's belief systems is more complex and as written does not take into account the individual's home, cultural and workplace factors. The RACP acknowledges that many conditions have psychosocial aspects which may complicate medical assessments. These need to be taken into consideration and managed especially where these are noted to be barriers to return to work. Maintaining employment, or retraining to different employment, produces better long term health outcomes than being long term unemployed and this is recognised by AFOEM and the RACP's ongoing work with the Health Benefits of Good Work[3]. Occupational and environmental physicians and rehabilitation medicine physicians are specifically trained to perform complex assessments taking into consideration the benefits of good work.
Recommendations p.39-41	
"9.1 Life Insurers should engage more effectively with GPs in claims management ***Life Insurers*** *should:*	We agree with this recommendation.

[3] Further information about the Health Benefits of Good Work campaign which is led by AFOEM is available via this link: https://www.racp.edu.au/advocacy/division-faculty-and-chapter-priorities/faculty-of-occupational-environmental-medicine/health-benefits-of-good-work [last accessed 15/10/2020]

Extract from Document A – Section 9	RACP feedback
• *Request factual medical information from the GPs only e.g. treatment plan, current stage of treatment, how patient is responding;* • *Use assessments from occupational physicians, occupational therapists and other specialist practitioners in assessing a claimant's function and capacity to work;* • *Through claims assessors, retain ownership of the decision regarding payment of claim."*	The RACP strongly supports this recommendation and would suggest the use of rehabilitation medicine physicians and the use of multidisciplinary teams for assessment of complex cases is explicitly mentioned in this recommendation. We agree with this recommendation.
"9.2 Make more effective use of experts in claims management ***Life Insurers** should:* • *Develop clear guidelines for the use of subject matter experts by the claims function and incorporate these into claims competency frameworks;* • Endorse this and strongly suggest that such guidelines be developed with active collaboration with relevant colleges, both medical colleges and allied health. • *Collect sufficient data to monitor use of experts and impact they have on claims outcomes and claimant's experience"*	We support this recommendation. All decision processes must be evidence based and data driven. All of those in the industry – not just the medical profession – should be regularly audited to ensure transparent, appropriate and ethical decision-making. However, there must be clear agreement as to what is the expected outcome. There have been many documented examples of insurers refusing claims or seeking to minimise claims where there appears to be no medical justification to do so.[4] This apparent prioritisation of the financial interests of the insurer over the responsibility to provide medical treatment to injured or ill people has resulted in a lack of trust in insurers, the industry and the insurance products. It is the cause of much of the crisis in the industry and the community to date and in our view needs to be comprehensively addressed.
"9.3 Improve the way claims information is sought from the medical community *The **FSC** should adopt a standard form across the industry to collect medical information and developed in conjunction with the medical community."*	We strongly agree with this recommendation.
"9.4 Develop Industry financial and occupational underwriting benchmarks ***ALUCA** should develop an industry underwriting benchmark (as a risk management tool for life insurers) to cover financial and occupational underwriting topics such as:* • *Potential for overlap in different types of living benefit covers (e.g. IDII, critical illness and TPD);*	We agree with this recommendation.

[4] See for example: Victoria Ombudsman, *WorkSafe 2: Follow-up investigation into the management of complex workers compensation claims,* p.130-135. December 2019. Available online: https://assets.ombudsman.vic.gov.au/assets/Reports/Parliamentary-Reports/1-PDF-Report-Files/WorkSafe-2-final-report.PDF?mtime=20191216121840 [last accessed 22/10/2020]

Extract from Document A – Section 9	RACP feedback
• *Underwriter focus on job duties (rather than job title);* • *Revalidation of policyholder financial and occupational details at least every five years.* ***Life Insurers** should adopt the Sustainability Guide and assess their current practices against the industry underwriting benchmark"*	
"9.5 Improve underwriting and claims data ***Life Insurers** should:* • *Develop a strategy for underwriting and claims data, including identifying gaps in current practices and develop action plans accordingly;* • *Implement a dashboard of claims and underwriting data for monitoring by the Board."*	We agree with this recommendation.
"9.6 Focus on return to work and lift rehabilitation ***Life Insurers** should:* • *Focus on supporting customers to return to work, and intervention should be as soon as possible after the sickness or injury occurs;* • *Make more use of rehabilitation support, invest in understanding the most beneficial rehabilitation methods and incentivise early reporting of claims".*	We strongly support this recommendation. Early intervention can and should be a major focus. This will likely require a major re-think of the industry's focus away from simple financial management and claims cost reduction. It will require a much more multi-disciplinary case management system and closer liaison with other insurance and compensation schemes. It is not uncommon for an individual claimant to move from one system, for example, a person with a work injury may on closure of the claim, receive income support, make claims upon his or her superannuation, ultimately be supported by the Disability Support Pension. We feel there needs to be an industry wide approach to this problem which can reduces costs, reduce delays in the system and minimise the development of significant morbidity.
"9.7 Develop the claims management profession ***Life Insurers** should:* • *Work with ALUCA and ANZIIF to develop a minimum industry wide qualification standard for claims assessors, including ongoing continual professional development requirements;* • *Develop competency frameworks for the different roles within their claims management functions;* • *Perform regular assessments against their competency framework as part of ongoing quality assurance processes and address gaps as identified."*	We strongly agree with this recommendation. In particular we recommend the development of a nationally agreed set of standards and a minimum level of training with the establishment at a vocational training level of appropriate competency at the Certificate III or IV level, or diploma to provide future claims assessors with a better understanding of medical issues and other roles within their claims management functions. It may be beneficial to make this certification mandatory and required for promotion.

Occupational and environmental physicians have skills and expertise that could be used to improve the IDII system. They could assist with:

- providing much needed training, support and medical advice to claims team members to assist them in their roles
- providing advice on the appropriate use of clinical specialists and interpretation of their assessments
- improving liaison between assessing clinicians and claims team members to improve trust, respect and credibility
- providing much needed medical advice to claims team members to assist them in obtaining effective use of subject matter and clinical experts to assist the claimant
- providing advice to claims team members to assist them in supporting claimants in early intervention and promoting early return to work.

Thank you again for this opportunity to provide feedback on the documents produced by the Actuaries Institute Disability Insurance Taskforce as part of its review into individual disability income insurance (IDII). Should you require any further information about this submission, please contact Ms Claire Celia, Senior Policy & Advocacy Officer, on Policy@racp.edu.au.