

The return on investment for workplace rehabilitation

WHY DETERMINE THE RETURN ON INVESTMENT FOR WORKPLACE REHABILITATION?

Like most other services, workplace rehabilitation should be subject to a rigorous cost benefit analysis and as the saying goes, if you don't measure it, it doesn't get done! ARPA believes that workplace rehabilitation is an invaluable service that when used correctly and promptly can yield a significant return on investment, for workers, employers and the broader Australian economy.

WHY FOCUS ON DETERMINING THE RETURN ON INVESTMENT FOR WORKPLACE REHABILITATION?

There are many reasons why workplace rehabilitation is seen in some circles more as a cost rather than an investment. ARPA believes that this is due to:

- In previous years, many workers' compensation insurer case managers would make a referral to a workplace rehabilitation provider just to complete a checkbox list (with no clear intent on expected service or outcome), which led to an increase in costs, with no discernible benefit to return to work (RTW) outcomes or to workers with an injury
- Previously in some jurisdictions workplace rehabilitation providers were engaged to undertake basic claims management procedures that should have been provided by insurers
- Workers' compensation regulators / insurers have significant control over the level of spend and the number of services that can be referred to workplace rehabilitation services, unlike other allied health services such as physiotherapy, psychology etc which ARPA believes provides for a mindset that workplace rehabilitation services need to be highly regulated and restricted, thereby ensuring a cost perception, not an investment perception.

This history, ARPA believes, has at times led to some negative perceptions of the value of workplace rehabilitation across workers' compensation schemes. ARPA is of the belief that workplace rehabilitation should only be provided to those workers with an injury who need it and that in all cases should be provided as soon as safe to do so.

Early and mandated referral to workplace rehabilitation could help save Australian workers' compensation schemes \$800 MILLION per year



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WORKPLACE REHABILITATION PROVIDERS ARE THE KEY TO ACHIEVING BETTER RTW OUTCOMES

ARPA consistently advocates the benefits of workplace rehabilitation providers (WRPs) versus other alternatives in its representation of the sector. Research has demonstrated that workplace-based interventions are effective in improving a broad range of RTW outcomes¹.

WRPs possess important characteristics that differentiate them from other alternatives. These include independence and impartiality, as well as skills and qualifications that have been demonstrated to be effective in improving rehabilitation and RTW outcomes.

WHAT DOES THE RESEARCH SAY?

Up until now no Australian workers' compensation regulator has published independent research on the return on investment (ROI) of providing workplace rehabilitation services. However, recently the NSW State Insurance Regulatory Authority (SIRA) commissioned Ernst & Young to undertake a comprehensive research study to investigate the impact of receiving WRP services on RTW rates for claimants on weekly benefit². The high-level results show that:

- for claims between 6 months and 24 months time lost, the appointment of a WRP improves the RTW outcome
- the timely appointment of a WRP (within the first 8 weeks) can improve RTW rates by 3% to 5%
- appointing a WRP early in the claims process can result in total claims costs savings of between 4% and 9%.

With claims costs for NSW approximately \$3.7 billion per year³, if the appointment of a WRP occurs early in the claims process this could lead to a **\$330 million** saving for the NSW workers' compensation scheme. Extrapolated across all Australian workers' compensation schemes, the increased use of workplace rehabilitation earlier in the claims process could equate to an **\$800 million** annual saving for Australian employers⁴.

OTHER STUDIES

Apart from the recent SIRA / Ernst & Young research, there are many studies that have provided insight into the value of workplace rehabilitation services:

- the ROI for every \$1 invested in early intervention is \$7⁵
- international evidence has shown that expenditure on work reintegration and rehabilitation has an average ROI for employers of 3.7⁶
- Swisse RE found that for every \$1 spent on rehabilitation services on life insurance claims, insurers saved between \$24 and \$39 on income protection claims costs⁷
- The Occupational Rehabilitation Financial Benefits Report conducted by Actuarial Edge for ARPA, in January 2019 found a ROI of between \$28-\$32 for every \$1 invested
- PWC in 2014 produced a ROI Analysis: Creating a Mentally Healthy Workplace which identified the positive financial benefits of good workplace rehabilitation.

The evidence shows that the engagement of a WRP has a demonstrated strong ROI.

ARPA's CALL TO ACTION

To help significantly improve the financial viability of all Australian workers' compensation schemes, ARPA recommends that:

*Where any worker is likely to be off work for more than **4 weeks**, the insurer case manager must refer them to an accredited workplace rehabilitation provider for an independent rehabilitation assessment. This must happen within three working days of the triaging outcome. Triage is an essential component of the RTW process and should include timeframes for early referral to a WRP.*

1 Franche, Cullen et al. 2005, Franche, Severin et al. 2007, van Vilsteren, van Oostrom et al. 2015

2 Impact of Workplace Rehabilitation Providers, Analysis of claims data, September 2021, Ernst & Young

3 SIRA Workers compensation system monthly dashboard October 2020

4 Safe Work Australia Comparative Performance Monitoring Report 2021

5 Early workplace intervention for employees with musculoskeletal-related absenteeism: a prospective controlled intervention study. Journal of Occupational & Environmental Medicine 2003;45(5):499-506.

6 The Return on Work Reintegration, International Social Security Association (ISSA)

7 Rehabilitation Watch 2014

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This solution is also backed by research funded by WorkSafe Victoria and undertaken by the Institute for Safety, Compensation and Recovery Research (ISCRR). In their 2018 Occupational Rehabilitation Review Recommendations Report⁸ their evidence review found moderate to strong evidence that:

- workplace / occupational rehabilitation interventions are effective at improving RTW outcomes, particularly for musculoskeletal injuries
- workplace / occupational rehabilitation achieves the best outcomes when delivered early (2–4 weeks of injury).

ABOUT ARPA

The Australian Rehabilitation Providers Association (ARPA) is the peak body representing the workplace rehabilitation industry in Australia. ARPA and our members are incredibly proud of the role we play in:

- supporting workers in their recovery
- enabling and educating employers to support recovery at work
- engaging doctors and treatment providers to achieve meaningful goals
- empowering workers to identify vocational goals and finding new pathways where a return to their pre-injury work duties is not possible
- ensuring early, safe and sustainable RTW outcomes.

ARPA acknowledges that innovation and proactive management is key to successful RTW outcomes. People are at the centre of successful rehabilitation and are best managed by qualified and experienced consultants for their rehabilitation needs. This is the role of the WRP, we are passionate about it, and we are good at it.