

PROPOSED LICENSING SYSTEM FOR THE NEW EMPLOYMENT SERVICES MODEL

EML RESPONSE

ABOUT US

EML is the partner of choice for personal injury and workers' compensation expertise and claims management. We currently manage over 80,000 personal injury claims and our 2,500+ strong workforce focus on 'helping people get their lives back' with an emphasis on service excellence, and achieving rapid, durable work outcomes in outcome-based funding arrangements.

As a personal injury claims expert across workers' compensation, life insurance and accident and health schemes, we are a trusted partner to regulators, government agencies, employers and industry bodies. This has enabled EML to pioneer and co-design the use of new services and implement joint strategic plans across the industries in which we operate to make a difference to our customers and their people.

EML recognise the role of innovation across the Social Insurance sectors we operate in. In the last 5 years, one element of our innovation has focussed on the improvement of and access to, higher quality Career and Case Management Transition support for injured, ill and disadvantaged people in the community to improve workforce participation.

As a Mutual, EML re-invest a portion of its profits to fund programs that deliver benefits to our members and improve Return to Work rates.

Specifically, as it relates to improving workforce participation and employment prospects, EML have for example, but not limited too;

- Funded and collaborated with the NSW Police Force to deliver an enhanced Career Transition Program designed to improve the medical retirement experience for NSW Police officers and to provide earlier and tailored support services, health outcomes and return to work opportunities to NSW Police Force employees.
 - The Career Transition program covers:
 - Career Transition (More than a Cop) website
 - Online education program
 - Career Transition booklet
 - Career Transition information sessions.
- Developed and launched to market, EML's "Your Future" service model - designed for people receiving income support payments to achieve health, welfare and employment outcomes and meet local labour market needs. The service is tailored to meet the needs of a broad demographic including young adults and mature age job seekers and has been observed to achieve up to an +89% participant satisfaction score and 75% job placement for participants completing a service. The model leverages EML's evidence-based employment case management capabilities, our unique network of employer relationships (across 80,000 customers and affiliates) and a network of trusted partners to provide work pathways.
- EML partnered with PricewaterhouseCoopers (PwC) as the operational partner to deliver the "Career Skills for new jobs" pilot for over 55's in western Sydney during 2019. Results are yet to be published by the Department of Social Services under the 2nd Tranche of the "Try, Test, Learn" fund.
- EML's first to market Transition Support Project provides care coordination services delivered by a qualified Social Worker to individuals who are transitioning between income support systems and are looking to re-enter the workforce. It is about working in a holistic way and supporting connections in the community such as mental health, financial and social support services.

Being an organisation at the forefront of research into workplace injury prevention and management in the industries in which we operate, EML has obtained national accreditations and membership to support our innovations, initiatives and ideas to assist workers achieve health and employment outcomes including:

- Foundation member of the Collaborative Partnership to improve workforce participation.
- Personal Injury Education Foundation (PIEF) member: EML enjoys long-time active membership and maintains senior representation at Board level.
- A signatory to the Royal Australian College of Physicians (RACP) consensus statement, realising the health benefits of work: We have integrated the statement's recommendations into our overall approach, using them to optimise outcomes.
- Australian Network on Disability member: To build the capacity of organisations to welcome people with a disability as employees, customers and stakeholders.
- Australian Federation of Disability Organisations associate member: For the past 18 months, EML has contributed to the national policy agenda.
- Veterans' Employment Commitment: A signed public declaration that EML supports greater employment opportunities for veterans.

Providing case management services for both government and private sector clients, we are experienced at operating under funding models that include outcome-based payments for performance. Utilising our experience and commitment to improving workforce participation, EML are pleased to provide the Department of Employment, Skills and Education (DESE) with feedback on the Proposed Licensing System for the New Employment Services Model: Discussion Paper.

Please see our response to Chapters 2 through 6 and Chapter 9 of the paper.

EML SUBMISSION

CHAPTER 1 – OVERVIEW AND OBJECTIVES OF THE LICENSING SYSTEM

We recognise the departments objectives of the new model, namely:

1. Driving quality outcomes for job seekers and employers
2. Simplifying the approach for providers to enter and exit the market
3. Reducing the cost and disruption of procurement

EML are pleased to provide feedback on the proposed licensing system for new employment services, leveraging relevant insights from the adjacent sectors we operate in.

CHAPTER 2 – ESTABLISHING A PANEL

Guiding questions

- 2.1 Should generalist and specialist organisations be included on the same panel?
- 2.2 How long should the panel be in place for?
- 2.3 In what circumstances should a panel refresh occur?
- 2.4 How else could the panel be used?

Background

EML's 110 years' experience in the sectors we operate in has given us a deep experience in the development of and changes to services across the passage of time. Currently, typical contracts with government and private industry are in the range of 1 up to 5-years duration with options for extension. Our experience is that shorter duration panel arrangements are established to manage transactional services where there is typically a mature operating environment, with longer duration panel arrangements of 5 years and over being established where changes are sought in the operating environment, legislation or service model.

The duration of panel arrangements in our sectors has varied in response to:

- The changing economic environment for the social insurance scheme which can drive fluctuating funding ratios;
- A change in legislation or scheme structure to improve scheme performance and outcomes in response to the operating environment
- Partnering to achieve cultural change and step level improvement in service delivery for scheme participants and stakeholders.

Response

EML hold a view that a 5-year panel term with options for extension, governed by a strong performance review framework, would allow sufficient time for the performance of a new employer services model to emerge and begin to be understood. However, our view is that a longer term of up to 10 years duration would allow a strong maturity to be observed together with benefit realisation.

As a Mutual, we recognise our customers as our members. We return a proportion of profits to our members via a range of programs designed to benefit customers, partners and the schemes in which we operate. An example of this investment is EML's dedication to improving mental health services for injured workers. One such project involved Phoenix Australia providing trauma-focused therapy training for NSW practitioners to improve the skills of psychologists treating PTSD, funded by our Member Benefits Program.

Our member experience is critical to our approach in designing and delivering our products and services; a longer panel duration as described above would allow EML for example, to re-invest a proportion of profit into programs and innovations that drive improvement in employment outcome performance and participant experience.

EML acknowledges that the introduction of the panel feature aims to remove the need to run a tender every time a new provider is needed; an exercise that requires significant time and resources and which may disadvantage smaller organisations. This is consistent with current best practice.

This may however represent some risk to smaller providers who are required to maintain their panel status in the absence of contractual licences over an extended period of time. In 2018/19 we went through a detailed and thorough process to become a provider for another Commonwealth Government department that involved a 3 month Request for Tender period and a further 6 months finalising a contract. Work allocations are yet to be received from being on this panel. Thinking about this experience, a smaller provider may be challenged to remain ready to transition into a contractual license to meet changes in demand of the labour market in a given region where existing business resources are not readily accessible.

While panel membership, once acquired, is less resource intensive in the long term, it nevertheless requires a significant upfront time and resource commitment. Furthermore, we envisage that specific contractual requirements might need to be met on an ongoing basis in order to remain on the panel, further challenging smaller providers.

To achieve better quality outcomes for job seekers and employers, best practice shows that a panel refresh process would allow DESE to better respond to changes in the labour market and remain agile and innovative in their approach. This would signal to providers there being a reasonable degree of confidence that new entrants would occur over time and to make it attractive for panel members without contracting licences to maintain a state of readiness for the future.

CHAPTER 3 – ISSUING CONTRACTUAL LICENCES

Guiding Questions:

- 3.1 How long should licences be issued for initially?
- 3.2 Should an organisation be allowed to service areas smaller than an Employment Region?
- 3.3 Should the number of licences be capped in each Employment Region?
- 3.4 When should new licences be added to a region?
- 3.5 In what circumstances should short-term licences be issued?

Response

A best practise approach indicates a longer licence term of 5 years, aligned to panel membership terms would provide stability for business operations supporting investment into high quality case management over the longer term. We see the Department setting market share as desirable to encourage a range of organisations to apply to the panel and consider this would drive a diversity of service due to a level of certainty being provided.

A best practise approach encourages and promotes innovation through agile service delivery options and enabling new entrants and new ideas to enter the sector. As such, it appears advantageous for job seekers and employers alike, that a certain percentage of market share is reserved for new entrants to each region. We see this as enabling a certainty of trade for existing licence holders and an opportunity for Panel Members to respond to changes in the labour market for each region.

Furthermore, Panel Members may also develop new expertise over the passage of time which would allow innovation to be tested through unallocated market share. Providers with panel membership however no contracting licence would effectively be on an unfunded retainer thus enabling them to present new and emerging expertise can help create innovation and an opportunity for a contractual licence.

In respect of adding new licences to a region, our experience in Personal Injury Workers Compensation is to generally partner with an existing provider or stakeholder of service to help formulate a specific response to a change in the operating environment. We do this to leverage existing relationships and the investment made in to partnering with stakeholders. Where specific new expertise is required, we would then seek to engage a new provider to help with the development of a response. The Department might consider event based milestones such as changing labour markets like has been seen with the impact of Covid-19 or changes to the participant experience in cohorts of job seekers, to rally new expertise.

CHAPTER 4 – LICENSE REVIEWS

Guiding Questions:

- 4.1 How many performance groupings should there be?
- 4.2 How frequently should Licence Reviews occur?
- 4.3 How often should providers receive performance data?
- 4.4 Should provider performance be publicly accessible?
- 4.5 When should the first Licence Review occur?
- 4.6 Should the first Licence Review be any different to later reviews?

Response

In recognition of the objectives set out for the new employer services model, best practise is for annual licence reviews to provide oversight into provider performance levels which would strike a balance between accountability for existing licence holders and an ability for other panel members to be offered a contractual licence within more regular time periods.

In our experience across multiple jurisdictions in the sectors we operate in, a thorough annual review process against key objectives and deliverables during a period of change has enabled:

- The provision of positive feedback to the business on areas of performance and compliance that are on track during the change.
- Highlighted areas of focus required to adjust systems and process to continue improvement towards targets.
- Helped drive a continuous improvement culture within the business.

We would further add, that bi-annual health checks may also be of some benefit in the first two years of the new scheme to develop a strong dialogue between providers and the department on the emerging experience of the new scheme.

In respect of the first licence review, we suggest caution that there ought **not be** an option for contractual licence extension noting that:

- We understand the Department is seeking a step level improvement in employment outcomes and job seeker experience as well as the introduction of new ways of working by way of new entrants and innovation. This will require a level of comprehensive cultural change within the scheme that will likely take longer than 12 months to materialise
- This may give rise to unintended provider behaviour focussing on short term incentives which may limit the progress of longer-term objectives being achieved.

CHAPTER 5 - SPECIALIST LICENSES

Guiding Questions:

- 5.1 Should cohort specialists only be referred job seekers from their target cohort?
- 5.2 Which cohort types should have specialists?
- 5.3 What factors should determine where specialists are located?
- 5.4 How should the new model interact with complementary programs (e.g. Transition to Work, Work for the Dole)?

Background

Our experience has also allowed us to combine services to deliver an end to end experience for our customers.

For example, EML's employer broker strategy provides customised and individualised support for both the job seeker and the employer in managing employment placements, working with individuals in context of their environment, interests and skills, and abilities. This includes social work and care co-ordination expertise. Including select specialist expertise for particular cohorts can be advantageous in providing a full suite service offering to those at higher risk of long-term unemployment and intergenerational welfare dependence.

Response

Specialisation is important, however a degree of flexibility should be maintained to promote innovation. The challenges faced by individuals rarely occur in isolation and may be experienced across cohorts. Our experience has shown that the success of specialised programs can be translated into working with people who may face similar challenges but are different to the cohort a program was originally intended for. If providers are restricted to working with one particular cohort only, then this may limit the benefits to people in the generalist category.

It may be sensible that cohort specialists should predominantly receive referrals for their target cohort but may request a small percentage of referrals to be allocated to other cohorts to ensure that the success of specialist programs can be applied more broadly where deemed appropriate.

Within our sector, EML frequently observes significant differences in personal circumstances within and across co-horts of participants. A triage process helps us identify which services the individual would benefit from the most and participants are then referred accordingly.

We see it being advantageous to the Department to consider:

- General License being able to provide a suite of services within an area of specialty to ensure participants receive support that is tailored to their individual needs, or
- That General License holders be either able to add areas of specialty or seek a Specialist Licence in the regions they operate in, where new expertise is developed and available to job seekers.

CHAPTER 6 – MARKET SHARE

Guiding Questions:

6.1 How should market share operate?

6.2 How should tolerance work?

6.3 Should a portion of market share remain unallocated?

Response

EML offer a view that market share ought be managed by the Department, particularly where panel arrangements may run for 5 + years and business' are committing to meeting the objectives for the new model.

We suggest a range of 18-25% market share allocation as a basis for stable business operations and confidence for business to invest in the model.

A market share tolerance of up to 10% would smooth out fluctuations in service demand across regions which would offer stability in resource management. The flow on of this is to allow for more certain investments to be made to uplifting capability and attracting new talent to the sector with a longer term development pathway.

A percentage of market share being left unallocated appears advantageous to the Department, allowing new entrants to be given market share on entry and an increased flexibility for the Department to trial innovations and pilot programs.

CHAPTER 9 – NEXT STEPS

Guiding Questions:

9.1 What would ensure an effective transition from job active to the new model?

9.2 What lessons can be learnt from previous program transitions?

Background

Over the past 3 years, EML have successfully transitioned 12 major clients into our self-insurance business, including:

- Virgin Australia Airlines (Comcare)
- ACT Government (Comcare) transition in of 1,500 claims.
- George Weston Foods (VIC)
- Tomago Aluminium (NSW)
- BHP (WA, NSW, SA, VIC, QLD)
- GFG Alliance (WA, SA, QLD)

In addition, EML successfully transitioned:

- **WorkSafe Vic in 2016:** 16,500 claims and 26,000 active policies transitioned in a few months following a successful tender process
- **WorkCover NSW in 2015:** 1,690 open claims and 105,000 closed claims transitioned from another NSW scheme agent
- **Woolworths in 2014:** 5,000 claims and 95 existing self-insurance claims personnel transitioned under our national self-insurance partnership with Woolworths Ltd

As such, we understand the challenges that are associated with large scale transitions and have developed sound governance and project management frameworks, protocols and processes that ensure the effective communication between all key stakeholders, the timely identification and mitigation of risks and clear allocation of responsibilities.

Response

Our experience identifies two critical factors that determine a successful program transition.

Insight 1: Robust governance

A strong relationship between the Department and providers is essential to establish an effective operating rhythm.

Our experience working with government departments and large private entities alike has shown that access to a dedicated contact person is invaluable as well as robust governance structures which ensure that responsibilities are clearly understood. In summary, we believe that a formal program transition would benefit from the following elements:

- The appointment of a **dedicated and experienced Transition / Project Manager**: The Project Manager will work as a conduit between all parties, establish a clear governance structure and arrange regular project meetings to keep the communication open between all parties.
- **Project documentation**: A successful transition is further underpinned by a clear scope, deliverables and realistic timeframes that are agreed by all parties prior to project commencement and captured in a detailed transition plan which will govern the implementation of the project. The Transition Manager will be responsible for updating the transition plan regularly to identify resource bottlenecks, scope creep or dependencies which could adversely affect project delivery.
- **Risk management**: A successful transition should include a comprehensive risk management framework that is established at the start of the project and backed by leadership supervision. A sound risk management framework should adopt a 'three lines of defence' model, which is embedded via reporting, client meetings, training, and reporting to ensure risks are escalated proactively to minimise service disruption.

Insight 2: Incentives for exiting providers

The success of a transition often hinges on the willingness of exiting providers to collaborate and provide information. As such, EML recommends that clear guidelines are established that govern the responsibilities of exiting providers and that incentives are agreed which will ensure exiting providers adhere to their responsibilities.

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