

Commercial: In Confidence

Office of the Minister for ACC

Chair, Cabinet Government Administration and Expenditure Review Committee

Accident Compensation Corporation May 2022 Integrated Change Investment Portfolio Progress Update

Proposal

1. This paper updates Cabinet on the Accident Compensation Corporation's (ACC) *Shaping our Future* Programme between July and December 2021, and next steps. It takes Cabinet through the remaining deliverables, benefit progress, and challenges faced.

Relationship to Government priorities

2. This paper has no direct relationship to the Government's priorities.

Executive Summary

3. The Shaping our Future programme is a strategy to redesign ACC's systems to improve clients' outcomes and experience and trust and confidence in ACC. The programme is implemented through ACC's Integrated Change Investment Portfolio (ICIP).¹
4. ACC has now implemented and is working to embed all major ICIP projects. Its focus has moved to delivering the Health Sector Strategy it developed as part of ICIP, completing remaining ICIP initiatives aimed at enhancing the client experience, and improving or replacing systems for better management of the corporation's needs.
5. The implementation of these remaining ICIP initiatives are due to be completed in the 2022/2023 financial year. I recommend Cabinet agree that a report back on ICIP should be provided in six months' time.
6. ICIP is fully funded by ACC. The expected cost for ICIP is \$619 million against a budget of \$669 million.² As at 31 December 2021, \$558 million has been spent, with \$61 million (including a \$12 million contingency) available for the remainder of the project.
7. ACC's financial target for the Shaping our Future programme is to achieve a Net Present Value (NPV) of \$300 million by 2030. This means that the value of the benefits of the initiatives delivered through ICIP will exceed their costs by at least \$300 million by 2030.
8. ACC's current forecast is that it will reach its NPV target by 2031, one year longer than original projections.³ Benefit realisation is performing above the March 2021 updated projection, however current and future year targets are more ambitious, and ACC will need to increase benefit realisation markedly over the next three years to meet the updated forecast for NPV.
9. ACC is performing well against some targets by better tailoring vocational rehabilitation for clients, optimising levy processes, and reducing fraud, waste, and abuse. However, resource efficiency, reducing time spent on weekly compensation, trust and confidence, and aspects of the Health Sector Strategy remain a challenge.
10. ACC is working to mitigate these challenges through a range of strategies including actively managing staff numbers, further refining its case management model, and

¹ ICIP is the group of programmes and projects within ACC that make up its investment in the changes required to achieve its Shaping Our Future objectives. Projects that have been successfully delivered include MyACC, Heartbeat, and client payments.

² A \$50 million reduction to the original budget of \$669 million was made in response to the challenges presented by COVID-19.

³ This is consistent with the update I gave to Cabinet in October 2021.

working collaboratively with providers on solutions to issues such as short-term rehabilitation performance.

ACC is preparing for final ICIP changes to be complete in the 2022/2023 financial year.

11. Since my last update to Cabinet in October 2021⁴ [GOV21-MIN-0035 refers], ACC has continued to deliver the following ICIP initiatives:

Health Sector Strategy

12. The Health Sector Strategy aims to improve rehabilitation outcomes for clients and fundamentally change the way ACC works within the health sector. Key goals of the Health Sector Strategy are to:

- build a better understanding of both injury and non-injury determinants of health to enable ACC to commission services that are more impactful for clients' recovery
- support providers to work better together and to improve interactions between providers and ACC
- improve identification of when a client's recovery may be on or off track by tracking patient-reported outcome measures, and
- improve equity of health outcomes for Māori and develop new services with Māori, that provide choice for Māori.

13. The following initiatives have been implemented, or are planned to be implemented, to support the goals of the Health Sector Strategy:

Ensure services are impactful for clients' recovery

14. In 2021, ACC began trialling ACC-initiated referrals to **Escalated Care Pathways**⁵ (ECP) to increase the number of claims going through this pathway (previously all referrals came from providers). This care pathway aims to provide smoother, simpler and faster recovery for clients, and reduce the risk of re-injury. ACC plans to continue to increase its referrals, incorporate referrals for injuries to other body sites (wrist/hand and foot/ankle), explore different funding models, and increase availability across the country.

15. ACC has **reduced acupuncture treatment limits** to align with evidence that acupuncture is most likely to be effective in the first 12 weeks of treatment.⁶ Reducing the number of, and timeframes for, treatments⁷ allows pain and function to be treated in the short and medium term, when it is most beneficial for recovery. ACC expects a total savings of \$50.89 million by the end of the 2030 financial year.

Support providers and improve their relationships with ACC

16. ACC began two **concussion pathway** pilots in 2022:

- A primary care⁸ pilot enabling GPs to better manage mild traumatic brain injury. By providing tools and education, ACC will support GPs to make healthcare pathway decisions and manage their patient's symptoms and recovery

⁴ covering January to June 2021.

⁵ Escalated Care Pathways is for clients who have suffered a complex back, shoulder, or knee injuries. ECP brings together an inter-disciplinary team of providers who determine the best way to care for the client over the lifetime of an injury. This service aims to improve experiences and outcomes for clients.

⁶ The evidence base was developed by ACC over the last five years in partnership with the University of South Australia, with engagement from acupuncturists and the wider health sector.

⁷ Treatment limits have been reduced from 16 sessions over 52 weeks to 12 sessions over 12 weeks

⁸ Primary health care is the first point of contact for most health services. These are services people can access directly, and do not need to be referred there by another health provider.

following a concussion.⁹

- A secondary care¹⁰ pilot allowing GPs in the pilot to refer ACC clients with more complex needs into secondary care services without ACC approval. This aims to reduce wait times for clients to receive specialist support after a concussion.

Improve knowledge of recovery by collecting information directly from clients

17. In 2021, ACC began trialling the use of **patient-reported outcome measures**. These are self-report questionnaires that ask clients directly about their health and recovery.¹¹ Two trials are underway to collect this data from clients with concussions and upper- and lower-limb fractures. So far, these trials have collected information from more than 2,400 clients.

18. ACC plans to expand the Health Outcomes trial in June 2022 to include clients accessing physiotherapy services, and clients with a sensitive claim. ACC will then evaluate¹² the information gathered and will decide whether to use these measures more widely to help achieve the goals of the Health Sector Strategy.¹³

Improve health outcomes for Māori

19. In 2021, ACC began developing **kaupapa Māori health services** in partnership with Māori. This service aims to deliver whānau-centred, tikanga-aligned care to injured people with complex needs.

- ACC's kaupapa Māori health services will be regionally based to address the needs of haukāinga (local people) and will be available for ACC kiritaki (clients) of all ethnicities. Each rohe will have its own need and will be designed and delivered independently by local kaupapa Māori organisations.
- ACC began the development and implementation of kaupapa Māori services in the Tainui rohe in 2021. This will be completed in mid-2022. ACC will then begin to design kaupapa Māori health services for the remaining 11 rohe.

Strengthening IT system reliability and performance

20. ACC's **Corporate Enterprise Resource Planning Project (Te Kahu)** moves its core Finance, Procurement and Human Resource systems to a cloud-based system which will provide a single source of information and remove the risk of relying on existing systems that are nearing the end of their life.¹⁴ Release one (of two) went live in September 2021. Release two is scheduled to roll out in April 2022¹⁵.

21. ACC has been working to break down its claims management system, **Eos**, into smaller and more useable components that complete specific actions (decoupling).¹⁶ This allows ACC to make changes to specific parts of the system, when updates are required. This will reduce risk and require less effort to implement necessary changes. Since July 2021,

⁹ The pilot will introduce the Brain Injury Screening Tool, which was developed by ACC in partnership with Auckland University of Technology. ACC has also commissioned the Best Practice Advocacy Centre and the Goodfellow Unit to develop educational materials for GPs treating concussion patients to improve treatment and recovery in conjunction with the Brain Injury Screening Tool.

¹⁰ Secondary health care refers to more specialist level care. A person will usually be referred to specialist health care from a primary care provider, usually a general practitioner.

¹¹ The questionnaires can be used to inform clinical decision making, provide insight into inequities, and better understand the effectiveness and value of the services ACC provides.

¹² Evaluations will assess whether the use of these measures is sustainable, feasible and reliable, and if the information can be used in a meaningful way by ACC, providers and/or clients.

¹³ The trials are expected to end mid-2023.

¹⁴ ACC's Financial Management Information System solution sits within the Unisys data centre which is closing in 2022.

¹⁵ The previous paper indicated roll out in March 2022. Due to the complexity of the work required, implementation was pushed out. This is not expected to have an impact on benefit realisation.

¹⁶ Decoupling is completed by creating a new version of a specific function from Eos and once tested and approved, decommissioning the original function in Eos, thereby slowly reducing the size and complexity of Eos.

ACC has successfully decoupled 13 of the 14 operations in Eos, with the remaining operation to be completed by June 2022.

Cross agency collaboration

22. ACC continues to work with the Ministry of Health, Department of Internal Affairs, and New Zealand Police on the use of new technologies including provider payments, Digital Identity solutions, data sharing and Application Programming Interface services, and Microsoft 365.
23. Senior leaders from ACC and the Ministry of Social Development (MSD) meet every six weeks, to discuss how the two agencies can better support clients to transition from one agency to the other. This work also aims to establish a process for ACC to connect with MSD when clients need urgent assistance that is outside the scope of ACC entitlements.¹⁷

Benefit Performance

24. ACC's ICIP initiatives aim to achieve more effective case management that delivers improved client experience and outcomes, reduced pressure and expenditure on healthcare and improved productivity and operational resilience for and New Zealanders' trust and confidence in, ACC.
25. ACC's key financial target for ICIP was to achieve a NPV of \$300 million by 2030.¹⁸ As at December 2021, ACC has realised \$59.9 million in gross benefits against the updated forecast of \$48.2 million needed to meet the NPV target of \$300 million by 2031. Its forecast at that time was that it will reach its NPV target by 2031.¹⁹
26. ACC is currently tracking ahead of its ICIP targets (\$11.7m above the March 2021 update estimates). It has been achieving benefits across the following areas:

Levy Optimisation

27. Through optimised levy collection ACC can invest earlier and increase returns on investment, improving affordability of the Scheme (\$13 million Life to Date²⁰ value). ACC has achieved this through initiatives such as:
 - ensuring business customers' addresses and contact information is accurate; this improves the number of levy invoices successfully delivered and collected. This also streamlines the levy payment process for business customers.
 - use of the Business Customer self-service portal MyACC for Business has resulted in reduced demand on the business contact centre and allows customers to have their queries resolved more efficiently.

Fraud, waste, and abuse detection (Analytics)

28. Despite moving from an investigative and prosecution approach to a preventative approach, ACC continues to meet its ICIP benefits target for reducing fraud, waste and

¹⁷ Both MSD and ACC have committed to establishing an interagency relationship at both a regional and local site management level to strengthen connections between the agencies. The implementation of this has been delayed at MSD's request due to the ongoing impact of COVID-19. ACC has published internally a process flow chart that allows ACC to link into tools that MSD use with their clients, as well as information for use at a regional level, covering off what ACC staff should do when urgent MSD support is required.

¹⁸ NPV is a calculation of the future monetary costs and benefits of a collection of initiatives over time (benefits minus costs), expressed in the present value of cash. A positive NPV indicates that, over time, the financial benefits that flow from ICIP initiatives will be greater than their overall costs.

¹⁹ This is consistent with the update I gave to Cabinet in October 2021. See Appendix 2 for further detail.

²⁰ Life to Date is a measure of progress from the point where benefits begin to be realised following implementation.

abuse²¹ by realising Life to Date benefit of \$31.7 million, currently \$5.7 million above the target of \$26 million²².

Vocational Rehabilitation

29. ACC's new vocational rehabilitation contract ensures the vocational support clients are offered is necessary, effective and appropriate by allowing better tailoring of support to the client's needs and providing a more consistent service to clients with complex needs in order to create better rehabilitation outcomes. This has resulted in reduced unnecessary vocational support, with associated cost savings of \$53 million Life to Date.

Challenges

30. ACC's benefit realisation performance has been above projections to date but current and future targets are more ambitious and performance for the current financial year is tracking \$15.8m behind target. ACC will need to realise the benefits of ICIP faster over the next three years to meet the updated forecast for NPV.

31. ACC's ability to achieve this will continue to be impacted by challenges realising benefits from its Health Sector Strategy and the time taken to embed and draw value from other key ICIP initiatives (ie, the new case management model) External factors such as COVID-19 restrictions have also reduced claim volumes, which slows benefit realisation.

32. The Treasury shares ACC's concern about these challenges and their potential impact on ACC's ability to achieve \$300m NPV by 2031 It will continue to actively engage with ACC in order to monitor its progress against targets and ensure the new initiatives outlined in this paper are utilised appropriately to achieve them.

33. ACC's responses to the challenges are outlined below:

Resource Efficiency

34. Resource efficiency performance has declined since my last update to Cabinet (Life to Date actual is \$10.8 million below target). Resource efficiency measures the number of claims processed per FTE or contractor.²³

35. Resource efficiency is vulnerable to shocks. COVID-19 restrictions resulted in reduced new claim registrations, which impacted the number of claims processed per resource and performance in this measure declined. Reduced registration volumes are expected to continue to impact this measure until the quarter ending December 2022,²⁴ after which ACC expects improvement, provided claim volumes remain at expected levels.

36. To meet this target, ACC will need to actively manage staff count, so that the full benefits of this measure can be realised.

Rehabilitation Performance (Reduce Average Weekly Compensation Days Paid)

37. Rehabilitation performance remains behind target (Life to Date actual is \$8.9m below target).²⁵ These results partially reflect the impact of COVID-19 restrictions that led to a decrease in new weekly compensation claims volumes due to lower claim lodgements.

²¹ **Fraud** – any unlawful act or omission made with an intent to gain advantage for yourself or another. **Waste** – any careless act or omission that results in an advantage contrary to policy, practice or procedure. **Abuse** - any negligent act or omission that results in an advantage for yourself or another through abuse of policy, practice or procedure.

²² Noting a decrease over recent quarters due to prioritisation of frontline effort on rehabilitation outcomes.

²³ 'Resource' includes – FTE, (full time equivalent staff members) and contractors at ACC.

²⁴ The impact of reduced claim registrations stays present in the reporting data for 12-months (the measure is a 'rolling 12-month average for new claim registrations'). 12-months after the March 2020 COVID-19 lockdown, claim volumes returned to pre-COVID levels, this in turn saw an expected improvement in the resource efficiency measure. It is expected the rolling 12-month average for new claim registrations will return to pre-COVID levels around December 2022.

²⁵ Rehabilitation performance benefits target and realisation is outlined in Appendix 3.

This results in a larger proportion of long-term weekly compensation claims compared to short-term claims.

38. ACC aims to improve rehabilitation performance by:

- utilising capability streaming, which results in work being completed faster and to a higher standard by allocating work to the frontline staff member best placed to do that specific task based on their capability and experience
- freeing up capacity to support rehabilitation by reviewing the allocation of work across frontline teams, and via technology improvements
- early identification and activation of services for clients who need support to recover at their usual place of work, and
- applying new approaches for working with clients most at risk of poor rehabilitation outcomes, such as creating specialist teams to work intensively with long-term clients and clients who have not recovered within the expected timeframe.

Provider Performance (Health Sector Strategy)

39. The overall Health Sector Strategy claims cost savings are currently \$5 million below the Life to Date target of \$38.2 million. This has been impacted by fewer clients passing through Escalated Care Pathways than expected.²⁶ Despite this, results indicate recovery outcomes are improving, with good results seen through the reduction of re-injury rates and associated costs for those that have gone through the ECP.

40. To improve Health Sector Strategy performance ACC is working to expand ACC initiated and direct referrals.

- Increased ACC initiated referrals will mean more clients on Escalated Care Pathways and receiving the rehabilitation benefits that come from this programme. This will also drive claims cost savings and a reduction in time spent receiving weekly compensation (a key rehabilitation outcome indicator).
- ACC clients with qualifying injuries can now receive a direct referral by their GP for an MRI. This removes the need for ACC clients to visit a specialist before they can access an MRI. The improved diagnosis time shows GP MRI clients are successfully returning to work between eight to ten days faster than prior to the implementation of this service.

41. Future initiatives to increase benefit performance includes changes to concussion [see paragraph 16] and acupuncture services [see paragraph 15].

Provider trust and confidence (measured using the Net Trust Score method)²⁷

42. Provider trust and confidence is performing below expectations for the quarter ending December 2021 (Provider Net Trust Score (NTS) is at -25, against a target of -13.).²⁸ This is driven by declines in trust from GPs, Specialists and particularly Physiotherapists.

43. Feedback relates to improving the consistency of ACC's decision making and, in turn, improving providers' engagement with ACC about their patients. ACC continues to work

²⁶ ECP claims volumes have been impacted by COVID-19 restrictions, particularly in the Auckland region.

²⁷ Net Trust Score (NTS) surveys Clients, Business Customers and Providers on a quarterly basis. It is an internationally recognised method of measuring client trust and confidence and provides ACC with valuable insight into how its clients perceive it. NTS is calculated by subtracting the percentage of clients with low trust from those who provide a high trust score. A negative score indicates that there are more low trust scores than high trust scores.

²⁸ This score has stayed stable since the June 2021 update.

with providers to address these concerns and has implemented several changes to improve trust and confidence, including a review of current processes.²⁹

Client and Business Customer trust and confidence (measured using the Net Trust Score method)

44. Client and business customer trust and confidence is performing below expectations for the quarter ending December 2021 (Client NTS at +23, against targets of +31 for all clients and +28 for Māori clients, Business NTS at -27, against a target of -5.).
45. The Client NTS showed minor declines in scores for 'ease of dealing with ACC' and 'effective communication'. However, two of the key drivers of NTS have remained stable, these are: 'outcome focused'³⁰ and 'staff showing empathy and understanding'
46. ACC has implemented the following initiatives to increase performance in Client NTS:
 - Automated outbound dialling to new clients, allowing those who are available and need support from ACC to speak to a staff member right away.³¹ This will improve the rate at which clients are onboarded, and speed up the provision of entitlements and support.
 - A dedicated Assisted Recovery team to have welcome conversations with clients and connect with the client's employer to ensure they understand their role in their employee's recovery. Client surveys suggest this is making a difference, with satisfaction exceeding 85 percent in October-December 2021.
 - Embedding the single inbound call channel (One Front Door), to reduce call wait times, action tasks quicker, and allow staff to focus on clients' rehabilitation needs.
 - Introducing 'Live Support' to ACC's self service digital platform MyACC, which allows clients to chat online with an ACC staff member to resolve their queries more easily.
47. Lower Business Customer NTS was driven by declines in scores from self-employed and large businesses. Small business NTS remained stable while medium business NTS showed improvement.
48. There are some things driving the declining scores that ACC can influence: more effective engagement with ACC, greater involvement in the rehabilitation of injured employees, and for businesses to have stronger belief in ACC's purpose and the value of the levy. ACC is continuing to monitor business trust with further surveys while working on initiatives to improve business customer trust, such as further developments to MyACC for Business and resources to help employers with injured employees.
49. The downward trend may also be influenced by external factors including COVID-19 and financial pressures, the timing of invoice collections and levy rate consultation.

Workload pressures

50. In my last update to Cabinet, challenges with increased call volumes, response time to provider emails, and workloads were identified. Between July and December 2021, ACC

²⁹ Changes include: System adjustments to ensure quicker responses to provider queries, engagement with people leaders to ensure processes are being followed correctly, providing greater telehealth capabilities, updating provider forms, and initiatives such as GPMRI, Rongoa Māori, ECP, and kaupapa Māori health services.

³⁰ ACC getting the best possible outcome for your situation.

³¹ When a client receives a call from the pre-dialler system they hear an automated message asking them to dial 1 to speak to a staff member if they are available to talk and need assistance from ACC. If they don't answer, they receive a text or voicemail with an 0800 number and extension that will put them through to an available staff member without joining the general queue.

introduced the following initiatives to continue to address these challenges and ensure a healthy work environment and more consistent customer experience:

- Forward recruitment based on knowledge of workload peaks and attritions rates so ACC will be able to manage seasonal peaks in new claims lodged.
- Capability streaming [see paragraph 38]. This approach is currently being finalised, with an implementation plan underway.
- Recording client information in a way that is easier for staff to view when speaking with clients to quickly understand the context of the claim and the client's needs. This results in tasks being actioned quicker.
- Channelling inbound calls from providers to a dedicated team when their queries cannot be resolved by the contact centre. This has resulted in a reduction and stabilisation of ACC's average speed to answer a call,³² a reduction of emails received, and improved customer service for providers.
- Automated outbound dialling to new clients [paragraph 46] reduces the time spent by ACC staff calling clients who are not able to answer.

Employment market competition

51. The increased demand in the broader labour market, restricted immigration, increasing inflation, public pay restraint and other COVID-19 related impacts are making it difficult for ACC to attract and retain talent.

52. This is a national and global challenge, but ACC has several actions underway to address it, including recruitment processes, promoting employee benefits, and assessment of flexible working opportunities.

Next Steps

53. I will provide Cabinet with a further update on ACC's implementation of ICIP initiatives and its responses to the challenges identified above in six months' time.

Section 9(2)(f)(iv)

Portfolio risk, monitoring and assurance arrangements

Portfolio risk

55. Portfolio risks are reviewed and updated quarterly to the ACC Executive and ACC Board, with the overall portfolio risk remaining stable at medium.

Monitoring and assurance arrangement

56. ACC regularly refreshes its ICIP Assurance Plan. To date, independent quality assurance and internal assurance have been delivered as planned. ACC will continue to update me on its monitoring and assurance practices in its quarterly reports.

57. Another Independent Quality Assurance Portfolio Review was conducted by Ernst & Young in Q2 2021/2022 to provide a strategic assessment of ACC's transformation and performance against the original time, cost, and benefits to ICIP. The report stated that ACC has continued with strong delivery performance through the move into Continuous

³² The average speed to answer a provider call has reduced from 18 minutes to less than five minutes, and provider emails have reduced by approximately 100 per day. As this trial began on 12 November 2021, it is too soon to know if this will impact Provider Net Trust Score, however this initiative was introduced in response to provider feedback from the NTS surveys, and is expected to have an impact on Provider NTS.

Delivery. Consistent with the previous Portfolio Review, there needs to remain a key focus on continuously improving the solutions delivered and the ICIP investment to drive organisational performance and deliver on the committed benefits.

Consultation

58. The Treasury and Ministry of Business, Innovation and Employment were consulted on this paper. The Department of the Prime Minister and Cabinet, the Department of Internal Affairs, Government Chief Digital Officer, the Ministries of Health and Social Development, Inland Revenue, the New Zealand Police and New Zealand Customs have been informed.

Financial Implications

59. The expected overall cost for ICIP is \$619 million, comprised of a forecast spend of \$607 million and \$12 million for pipeline initiatives. \$558 million has been spent as at 31 December 2021, with \$61 million (including \$12 million contingency) available for the next 12 months.

60. ICIP is tracking below the original budget of \$669 million; is fully funded by ACC reserves and will not require additional government investment or an increase in levies.

Human Rights Implications

61. The proposals in this paper have no human rights implications.

Legislative Implications

62. The proposals in this paper do not require any changes to legislation.

Regulatory Impact Analysis

63. The proposals in this paper do not require a Regulatory Impact Statement.

Population Implications

64. The proposals in this paper have no gender implications. ICIP will result in improved service delivery for New Zealanders with injury-related disabilities.

Proactive Release

65. I propose to proactively release this Cabinet paper, subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

The Minister for ACC recommends that the Cabinet Government Administration Review Committee:

1. **note** the current spend forecast for ICIP is \$619 million, with \$61 million (including a contingency of \$12 million for uncertainties) available for the remaining period.
2. **note** that ACC has implemented and continues to embed key ICIP initiatives and is continuing to realise benefits from these initiatives, though challenges in a number of areas are present.
3. **note** that ACC acknowledges these challenges and is working to mitigate their impacts by further developing its new and existing ICIP initiatives, and working closely with providers to expand and enhance services.

4. **note** that over the next 12 months, ACC will continue to work with providers and clients to achieve targets in its Health Sector Strategy in order to support clients to recover more quickly from injury and improve the client experience.
5. **note** that over the next 12 months ACC will actively manage its staff numbers, and work with providers, clients, and business customers to improve trust and confidence from these groups.
6. **note** that as at December 2021, ACC estimates it will achieve NPV of \$300 million by 2031, one year later than previously projected.
7. **note** that benefit realisation targets are ambitious, and ACC will need to increase benefit realisation markedly over the next three years to meet the updated forecast for NPV as the impact of ACC's changes improve performance.
8. **note** that I should provide a further update to Cabinet in six months' time on ACC's implementation of ICIP initiatives and its responses to challenges, Section 9(2)(f)(iv)

Hon Carmel Sepuloni

Minister for ACC

PROACTIVELY RELEASED BY
THE MINISTER FOR ACC

Appendix 1: ICIP cost forecast as at 31 December 2021

Investments to 2023 (\$m)	Transformation Programme (2015 Cost Estimates)	Current Management Forecast (Life Time)	ICIP Baseline (Life Time) as approved through ICIP Cabinet Paper June 2018		
			Base Cost Estimate	Contingency	Total
Juno	\$46	\$92	\$93		\$93
Client Payments	\$66	\$85	\$75	\$50	\$125
Claims Front End Establishment	\$10	\$21	\$17	\$3	\$20
Analytics	\$13	\$33	\$15	\$10	\$25
Channels	\$32	\$42	\$47		\$47
MFP replacement	\$24	\$40	\$31	\$20	\$51
Programme Management	\$34	\$53	\$53		\$53
Other Transformation	\$55	\$44	\$44		\$44
Other Contingency	\$40	\$12		\$15	\$15
Total	\$320	\$423	\$375	\$98	\$473
Additional ICIP initiatives:					
Next Generation Case Management		\$74	\$38	\$20	\$58
Health Services strategy		\$37	\$30		\$30
Channel – continuous improvement		\$27	\$30		\$30
Eos upgrades – 8.8 & 9.x		\$22	\$30	\$10	\$40
Other Change Initiatives		\$37	\$38		\$38
Total		\$619	\$541	\$128	\$669

Appendix 2: ICIP annual financial benefit forecast for 2030

Note as per the October 2021 update [GOV21-MIN-0035 refers], current performance against the planned benefits indicates some delay in achieving the \$300 million Net Present Value, (NPV). ACC's current forecast is that it will reach targets by 2031 (one year longer than original projections).

ICIP annual financial benefits as at 2030 (\$m)	June 2021 Update		December 2021 Update	
	2030 annual benefit estimates	Notes	2030 annual benefit estimates	Notes
Resource efficiency Baseline: 532 Claims per resource	\$46m	Based on 597 claims per resource by 2025/26	\$27m	Based on 562 claims per resource by 2025/26
Return to work rates Reduce number of weekly compensation days paid from Claims Front End, NGCM, Health Services Strategy	\$40m	Based on 5.5 day reduction by 2028/29	\$43m	Based on 5.5-day reduction by 2028/29
Health care costs Reduction in treatment expenditure from rollout of current Proof of Concept trials	\$75m	Based on a \$75m p.a. reduction in health expenditure by 2026/27	\$75m	Based on a \$75m p.a. reduction in health expenditure by 2026/27
Other financial benefits	\$85m	Based on other savings across vocational rehab, outstanding claims liability (OCL) and cash claims, IR fees, levy cash flow, debt management and resource mix efficiency	\$95m	Based on other savings across vocational rehab, OCL and cash claims, IR fees, levy cash flow, debt management and resource mix efficiency
<i>Sub Total – Gross benefits</i>	\$246m		\$239m	
Less: recurring costs	-\$26m		-\$26m	
<i>Total</i>	\$220m		\$213m	

Appendix 3: ICIP benefit realisation

The below table shows ICIP benefit realisation Life to Date (FY15 to December 2021) which performed above the March 2021 update estimates.

While over the lifetime period of FY15 to December 2021 benefits are performing above projection, (\$11.7 million above the March 2021 update estimates), current and future year targets are ambitious and ACC will need to increase benefit realisation markedly over the next three years to meet the updated forecast for NPV. For example, benefit realisation performance for the current financial year, (from July to December 2021), is tracking \$15.8 million behind the annualised target.

Table: Life to Date benefit realisation, (FY15 to December 2021)

ICIP life to date gross financial benefits (\$m)	June 2021 Update			December 2021 Update		
	Life to Date Realised Benefits	Life to Date Target (Mar 2021 update)	Variance	Life to Date Realised Benefits	Life to Date Target (Mar 2021 update)	Variance
Resource efficiency Increase productivity of staff	-\$0.7m	-\$1.6m	\$0.9m	-\$3.3m	\$7.5m	-\$10.8m
Return to work rates Reduce number of weekly compensation days paid	-\$89.5m	-\$88.6m	-\$0.9m	-\$107.7m	-\$98.8m	-\$8.9m
Health care costs Reduction in treatment expenditure from rollout of current Proof of Concept trials	\$27.4m	\$29.5m	-\$2.1m	\$33.2m	\$38.2m	-\$5m
Other financial benefits Vocational rehab, OCL and cash claims, IR cost, levy cash flow, debt management	\$98.1m	\$71.4m	\$26.7m	\$137.7m	\$101.3m	\$36.4m

and resource mix efficiency						
<i>Total</i>	<i>\$35.3m</i>	<i>\$10.7m</i>	<i>\$24.6m</i>	<i>\$59.9m</i>	<i>\$48.2m</i>	<i>\$11.7m</i>

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