

Consultation on ACC's Accredited Employers Programme

**Seeking your views on changes to the Accredited
Employers Programme to apply from 2024**

Introduction

On behalf of the Minister for ACC, the Ministry of Business, Innovation and Employment (MBIE) is consulting on a suite of proposals to improve the Accredited Employers Programme (AEP). The proposed changes to AEP include:

- Introducing a Performance Monitoring model to better measure the performance of Accredited Employers (AEs)
- Strengthening entry and ongoing participation requirements for AEs by:
 - Requiring external health and safety assessments
 - Strengthening the assessment of claims and injury management processes
- Providing more tailored pricing options for AEs.

We are also consulting on the preliminary proposal to require full and final claims liability settlement for all AEs in the Full Self Cover (FSC) plan. If there is support for this preliminary proposal, we intend to undertake a further, more targeted, consultation on a fully developed version of the proposal in 2023.

The proposed changes are based on a culmination of the feedback that ACC received from workers, employers, health and safety experts and other interested parties during several rounds of co-design. These changes are aimed at improving AEP so that it:

- puts worker wellbeing at the centre of AEP
- achieves better outcomes by improving the oversight and guidance ACC provides to AEs
- incentivises AEs to continually improve their performance.

These changes are proposed to be phased in with a transition year in 2023 and changes formally starting to apply from 1 April 2024. More detail on the implementation timing is given in Appendix One.

Tell us what you think

On behalf of the Minister for ACC, the Ministry of Business, Innovation & Employment (MBIE) seeks written submissions on the changes proposed in this document by 6 November 2022.

Please read through the proposed changes. At the end of each section there are questions relating to each proposal.

Your submission may respond to any or all of the questions. Where possible, please include evidence to support your views, for example, references to independent research, facts and figures, or relevant examples.

Please also include your name and (if applicable) the name of your organisation in your submission, and include your contact details in the cover letter or email accompanying your submission.

Submissions process

You can make your submission by:

- sending your submission in as Microsoft Word document or Adobe Acrobat, or a compatible format as an attachment to ACregs@mbie.govt.nz
- mailing your submission to:

The Manager, Accident Compensation Policy
Ministry of Business, Innovation & Employment
PO Box 1473
Wellington 6140
New Zealand

Please direct any questions that you have in relation to the submissions process to ACregs@mbie.govt.nz

Release of information

A summary of submissions will be made publicly available on MBIE's website following the consultation period. Please clearly indicate in your submission if you do not want your name to be included in this summary.

If your submission contains any information that is confidential, commercially sensitive, or you otherwise wish us not to publish, please:

- indicate this on the front of the submission, with any confidential information clearly marked within the text
- provide a separate version excluding the relevant information for publication on our website.

Submissions remain subject to request under the Official Information Act 1982. Please set out clearly in the cover letter or e-mail accompanying your submission if you have any objection to the release of any information in the submission, and in particular, which parts you consider should be withheld, together with the reasons for withholding the information. MBIE will take such objections into account and will consult with submitters when responding to requests under the Official Information Act 1982.

Private information

The Privacy Act 2020 establishes certain principles regarding the collection, use and disclosure of information about individuals by various agencies, including MBIE. Any personal information you supply to MBIE in the course of making a submission will only be used for the purpose of assisting in the development of policy advice in relation to this review. Please clearly indicate in the cover letter or email accompanying your submission if you do not wish your name, or any other personal information, to be included in any summary of submissions that MBIE may publish.

Background

AEP allows large employers to take on the role of ACC

AEP allows sufficiently large employers to ‘stand in ACC’s shoes’ to make cover and entitlement decisions and manage their employees’ claims for work injuries and occupational diseases. In return for taking on this financial liability, AEs receive a substantial reduction in the employer levy they pay to ACC.

The premise for AEP is that employers may be able to provide a better and more efficient experience for injured workers than ACC, as the employer should have a closer relationship with their employees and know the industry better.

Only employers who are accredited by ACC can participate in AEP. Becoming accredited involves meeting financial strength requirements and being able to demonstrate sufficient experience and expertise in workplace health and safety, and claims and injury management.

AEP has operated largely unchanged since its inception in 2001. Following the recent changes ACC has been making to become more effective and efficient in its operations, a number of reforms to AEP are proposed. These reforms also aim to address issues raised in a recent independent review of AEP.

Reforming AEP requires amendments to the Framework and consultation

The rules for AEP are set by a combination of primary legislation, secondary legislation, contract and ACC internal procedures. The secondary legislation that governs much of the day-to-day operations of AEP is the *Framework for the Accredited Employers Programme* (the Framework), which is published in the New Zealand Gazette.

The proposed changes to AEP require amendments to the Framework (secondary legislation) as well as changes to operational procedures and modifications to the Accreditation Agreement with employers. It is also proposed to update the drafting style of the Framework to make it more modern and accessible.

The Framework can be changed only after the Minister for ACC consults with interested parties. This consultation document has been published to meet that consultation requirement. Although the Minister does not have to consult on operational changes, these are included in the discussion document given all the changes are proposed as a package.

Reform proposals have evolved over several years

In 2017, ACC held workshops with business customers, advocacy groups, unions, and employers across New Zealand. These focused on improving ACC’s workplace safety incentives. The insights from this engagement highlighted opportunities to improve AEP.

In 2018, MBIE commissioned research on AEP. This research found that although AEP was delivering better return to work outcomes for employees and lower compensation costs, there were areas where AEP could be improved. These mostly related to ensuring AEs have sufficient capability to meet AEP objectives and appropriate governance, including engagement arrangements with employees and their representatives.

The research also highlighted concerns with the performance of third-party administrators (TPAs). AEP employers that self-managed employee claims were significantly outperforming those who used TPAs on key employee satisfaction indicators.

Following on from its work in 2017 and the findings of the MBIE review, ACC began several engagements with AEs, TPAs and worker representatives to look at the ways that AEP could be improved. This work culminated in the development of a 'Targeted Operating Model' (TOM) for AEP.

The TOM set an aspirational vision that *"AEP is the premium injury prevention and management programme for NZ's highest performing workplaces, that continuously and sustainably improves everyone's health, safety and wellbeing."*

The key features of the TOM were:

- Positioning AEP as a programme for the 'best of the best'
- Setting incentives for AEP that drives performance
- Putting worker wellbeing at the centre of the programme
- Building a culture of continuous improvement
- Developing a holistic and outcomes-focussed performance monitoring system
- Working together to achieve better outcomes
- Ensuring quality assurance through a robust certification process
- Managing the AEP system rather than the contract

Options were narrowed

After the TOM was developed, MBIE and ACC engaged with the Minister for ACC in early 2019 to seek direction on the future of AEP. A range of options were considered, including making fundamental changes to AEP via a change to primary legislation, and abolishing AEP entirely.

However, all the issues with AEP identified in MBIE's 2018 review can be addressed by making changes to the AEP Framework and operational settings. Taking this route would allow changes to be made more quickly and easily than changing the primary legislation.

If AEP was to be abolished entirely, worse outcomes could result and a substantial amount of actuarial work would need to be done to assess the impact of incorporating the affected workforce into the ACC Work Account (in April 2022, 21% of New Zealand's total workforce was covered by AEP).

For the reasons outlined above, the options of making fundamental changes to AEP via primary legislation and abolishing AEP entirely were discarded. Instead, it was decided that MBIE and ACC would progress changes to AEP via changes to the AEP Framework.

Further co-design was undertaken after options clarified

In response to direction from the Minister, ACC undertook a further co-design process to strengthen and further develop the proposed changes to AEP. As with the TOM, ACC invited all relevant parties to confirm the 'pain points' and work together to identify opportunities to improve the programme. This work built on the findings of the TOM and recommended the following improvements to AEP:

- Introduce qualitative and quantitative information requirements to understand the experience of workers in AEP
- Introduce stronger claims and injury management requirements to ensure AEs and TPAs are effectively managing their workers' claims
- Utilise health and safety assessments which are recognised by external regulators
- Develop a performance framework to effectively measure and monitor the performance of AEs
- Hand back all claim files regardless of claim status at the end of the claims management period.

Covid delayed consultation and proposals were further refined

ACC was due to begin consultation on the 2019 co-design vision in mid-2020 but due to COVID-19 the then ACC Minister agreed to delay this consultation.

In 2020, with approval from the ACC Board and the Minister, ACC continued working on foundational changes to AEP not requiring Framework changes.

In 2021, further work was undertaken by ACC to refine the co-design vision into fully fleshed proposals ready for consultation. This led to the four main proposals covered in this consultation document:

- Implement new health and safety assessment requirements
- Strengthen the assessment of Claims and Injury Management
- Introduce a Performance Monitoring Model
- Introduce additional pricing options for AEs on the Partnership Discount Plan

There is a table in Appendix Three that shows how these proposals reflect the co-design process and address the findings of the MBIE review.

In addition, to further enhance AEP it is proposed to test whether there is support for requiring the full and final settlement of claims at the end of an AE's claim management period, for those on the Full Self Cover plan.

Relationship between proposals and Framework changes

As indicated above, not all the proposed AEP changes require a change to the AEP Framework (secondary legislation). The particular proposals considered to require a Framework change to implement are outlined below.

External health and safety assessments

It is proposed to require external health and safety assessments not administered by ACC. This means the audit provisions in the Framework will need to be amended to specify assessments may be undertaken by third parties on ACC's behalf, and to provide more flexibility on the frequency of the assessment.

Performance monitoring and plan options

It is proposed to establish a range of performance measures for individual employers to determine their *level of performance* against the Framework eligibility criteria. This will assist in determining an AE's ongoing eligibility to the range of FSC and PDP plan options and might affect audit frequency. This means the Framework will need to be amended to allow ACC to restrict eligibility to product options based on an AE's level of performance.

Claim Management Period options

For the PDP plan it is proposed that ACC offer further claim management period options which end 3 or 4 years after the year in which the injury was suffered. The Framework currently allows only a maximum of 2 years so will require amendment.

Additional minor changes to the AEP Framework

AEP has evolved significantly over the last 22 years, and the current Framework is no longer fully reflective of current practice. We are therefore also proposing to make all the technical changes required to ensure the Framework reflects long-standing ACC practice.

Overview of consultation proposals

Product Proposals we are seeking your views on	
Proposal 1	Implement new health and safety assessment requirements (page 9)
Proposal 2	Strengthen assessment of Claims and Injury Management (page 14)
Proposal 3	Introduce a Performance Monitoring Model (page 17)
Proposal 4	Provide additional Claims Management Periods for Accredited Employers in the Partnership Discount Plan (page 26)
Preliminary Proposal we are seeking your views on	
Preliminary Proposal 1	Require Full and Final Settlement for Full Self Cover (page 29)
Appendices	
Appendix 1	Transitional arrangements
Appendix 2	Current state of AEP
Appendix 3	How consultation proposals reflect co-design processes and MBIE review findings

Proposal 1: Implement new health and safety assessment requirements

What is the proposed change?

It is proposed that ACC cease auditing each AE's health and safety performance, and instead that third party tools be used for this assessment. After evaluating all the available health and safety systems in market, the following two products were selected to allow AEs to choose from:

- Becoming certified under *AS/NZS ISO 45001:2018 Occupational health and safety management systems* (ISO 45001); or
- implementing WorkSafe's SafePlus onsite assessment and advisory service (developed by MBIE, ACC and WorkSafe)

Implementing either product (and for ISO45001 maintaining certification, or for SafePlus maintaining 'performing' or better) will be a requirement to remain in AEP. In future, ACC may introduce additional assessment tools if appropriate.

Given ACC is removing itself from the health and safety assessment process, it is also proposed that ACC's partial subsidy of assessor fees be removed. AEs are expected to take full responsibility for selecting and implementing a health and safety solution in their workplace, including the financial responsibility.

AS/NZS ISO 45001:2018 Occupational health and safety management systems (ISO 45001)

ISO 45001 is an internationally accepted system guiding organisations on how best to manage their health and safety.

ISO 45001 is designed to be integrated into an organisation's existing health and safety process and follows the same high-level structure as other ISO management system standards.

ISO 45001 requires internal (organisational) and external (customers, suppliers, certification, and surveillance) audits to gain certification. Further detail on ISO 45001 can be found here: [iso.org/obp/ui/#iso:std:iso:45001:ed-1:v1:en](https://www.iso.org/obp/ui/#iso:std:iso:45001:ed-1:v1:en)

SafePlus

SafePlus provides government-endorsed guidance on what 'good' health and safety practices and performance look like in New Zealand. SafePlus is a tool based on a conceptual framework that supports organisations through discussion to seek health and safety outcomes well above minimum legal requirements.

The SafePlus intervention enables an organisation to qualitatively measure, through a 'deep dive' process of conversations and practical observations, their current health and safety practices, and underlying work culture. It provides a platform for continuous improvement.

After the SafePlus intervention, organisations have a report about their risk management maturity, based on a selection of their critical risks.

SafePlus focusses health and safety performance improvement on three key areas: health and safety leadership, worker engagement and risk management.

Further information on SafePlus can be found here: worksafe.govt.nz/managing-health-and-safety/businesses/safeplus

Why is the change proposed?

Improving the health and safety performance of AEs is the most effective way to influence workplace health and safety outcomes. Despite the resources provided by levy reductions, claim rates for AEs (a key indicator of health and safety performance) are similar to organisations not in AEP.

Currently, ACC audits employers using the AS/NZS4801 2001 audit tool, developed by ACC, to determine whether an AE has sufficient health and safety systems in place. An external auditor (who is approved by ACC) makes a recommendation on an AE's alignment with ACC's audit standards. ACC partially subsidises these audits.

The current audits are focussed on compliance, with performance indicators having a 'lag time' between an issue being identified and organisations fixing it. The two new proposed health and safety systems should encourage a more proactive approach.

Expert reviews¹ have indicated that strengthening worker engagement, participation and representation (WEPR) has positive outcomes for everyone – it reduces the incidence of injuries for workers and reduces claims cost for ACC and AEs. These findings informed the selection of the two independent, external health and safety tools for AEP.

Utilising external health and safety tools, as part of ACC's AE monitoring programme, encourages an adaptive approach to health and safety, which aligns with the industry's best practices. These audits/assessments will provide assurance that AEs are implementing a comprehensive and effective health and safety programme.

As AE's make up some of New Zealand's largest and most influential firms, improved health and safety performance and practices has the potential to have an outsize influence on system-level health and safety outcomes. Improved practices from AE's can filter through relevant industries and supply chains, sparking a shift in work health and safety culture in New Zealand.

What options were considered?

The options that were considered in developing this proposal, in addition to the option chosen, were keeping the status quo and improving ACC's current health and safety audits. How these options were weighed up is outlined below.

Option one: status quo

Retaining the status quo would not address the key issues raised by AEs and worker representatives about ACC's health and safety assessments. These issues were:

- AEs and TPAs want a better health and safety audit process.
- Workers feel inadequately represented in health and safety audits.

¹ <https://www.worksafe.govt.nz/dmsdocument/4269-worker-engagement-participation-and-representation-literature-review>

Option two: improve ACC's current health and safety audits

This option would work towards addressing the issues raised by AEs and Workers. However, ACC is not an expert at health and safety assessments. It would be more efficient to allow AEs to choose from a number of assessment tools which are representative of industry best-practice and place appropriate emphasis on the worker's experience of health and safety in the workplace.

Option three: implement external health and safety assessments

This is the favoured option because it would address all of the issues with ACC's internal audits mentioned above, while also ensuring that the standards for assessment are reflective of industry best practice.

After doing an analysis of all the available external assessments in the market, ACC found two suitable products: ISO 45001 and SafePlus. These are well established and may already be implemented by some AEs as part of their management systems

Other assessments did not sufficiently focus on broader health and safety, which is a requirement under the AC Act. They instead focussed on risk and environmental management.

How will it work?

For AEs who choose to implement ISO 45001, it is proposed that they will:

- obtain ISO certification by engaging with an external ISO certified auditor
- maintain ISO certification through annual surveillance audits
- re-obtain ISO certification every three years (this is the usual recertification period for ISO standards).

Where an audit reveals an AE is underperforming, ACC would expect this to be resolved to ACC's satisfaction. Continued underperformance would put an AE's accreditation at risk.

For AEs who choose to implement SafePlus, it is proposed that they will:

- implement SafePlus using the onsite assessment and advisory service
- obtain an assessment report by an accredited SafePlus assessor confirming their health and safety performance is at 'performing' or 'leading' level
- repeat this assessment by an accredited SafePlus assessor every two years

If an assessment report states an AE is performing only at the 'developing' level, the improvements suggested by the assessor will be expected to be implemented within six months. ACC will then request an out-of-cycle assessment to check for positive implementation results able to be assessed as 'performing' or 'leading'. These out-of-cycle assessments would be paid for by the AE.

Their selected audit/assessment professional must be registered on the HASANZ (Health and Safety Association of NZ) register as either a certified auditor of ISO 45001 and/or accredited SafePlus assessor.

New entrants into AEP

To enter the programme, prospective AEs must implement one of the two selected health and safety management tools. This means being ISO 45001 certified or having a recent

SafePlus assessment report indicating the organisations' health and safety systems are considered to be at the 'performing' level or above.

Focus group interviews

Currently in conjunction with its audit, ACC organises at least two 'focus groups' interviews with AEs each year – one with management and one with workers. The focus groups provide an opportunity to hear how health and safety is being run at an AE's workplace. These meetings are separated to ensure that everyone is able to speak freely and frankly about their experiences at work.

It is proposed to retain these focus groups because the worker experience of their workplace's health and safety management systems is considered to be a key indicator of effectiveness.

However, it is proposed to extend the remit of the focus groups to include the experience of injured employees. This will require ACC to develop a new series of outcomes-based questions to attempt to capture the experience of injured workers.

To get a good, independent, view of the worker experience it is important that information gathering is completed by an appropriate external person. To get this independence and reduce the inconvenience of focus group interviews, it is proposed that the interviews be combined with the annual assessment of an AE's Claims and Injury Management. This assessment is proposed to be conducted by an independent assessor as outlined in [Proposal Two](#).

What will this mean for Accredited Employers?

AEs will be responsible for gaining and maintaining the health and safety requirements.

The AE will be responsible for:

- The implementation of one of the selected health and safety management tools, ISO 45001 or SafePlus, and gaining an initial certification or satisfactory assessment report.
- Bearing the full costs of accreditation, implementation and auditing of the chosen health and safety tools.
- Arranging the required periodic audits/assessments. The selected audit/assessment professional must be registered on the HASANZ (Health and Safety Association of NZ) register as either a certified auditor of ISO 45001 and/or accredited SafePlus assessor.
- Implementing any recommendations that an assessment recommends
- Providing ACC with a copy of the periodic assessment/audit reports, including any action plans.

What will this mean for workers?

We anticipate that utilising these health and safety tools will positively impact workers' health and safety. Both external health and safety tools (ISO 45001 and SafePlus), require the involvement of workers in the health and safety management system.

Tell us what you think:

Please answer the following questions and provide your feedback via e-mail:

General feedback	<ol style="list-style-type: none">1. Do you support the proposed new health and safety requirements, or would you prefer one of the other options? Why/why not?2. What benefits and/or risks do you see if ACC adopts external health and safety management assessments? Why?3. What impacts do you expect when an AE adopts one of the proposed tools?4. How would these changes impact on your participation in the Programme?5. If you don't support any of the options, what alternatives do you propose?
Worker engagement feedback	<ol style="list-style-type: none">1. Do you think the proposed changes will improve worker engagement in health and safety? Why/why not?2. Do you think the proposed changes will improve worker outcomes? Why/why not?

Proposal 2: Strengthen the assessment of Claims and Injury Management

What are the proposed changes?

We are proposing a package of changes to the Claims and Injury Management (C&IM) process within AEP. These include:

1. Revising and streamlining the C&IM aspects of the AEP audit standards.
2. Removing the current 'Primary', 'Secondary' and 'Tertiary' levels of assessed performance and, instead, requiring AEs to meet **all** C&IM requirements to remain in AEP.
3. Disestablishing the current external auditor panel and replacing it with a new panel of ACC-approved external assessors. These assessors will have the necessary claim and injury management expertise required to provide sufficient oversight.
4. Strengthening the assessment of claims files undertaken by independent assessors by shifting to an outcome-based focus. Outcomes will make up a number of key measures in Performance Monitoring (see [Proposal Three](#)).
5. Strengthening the capture of workers' experience of C&IM, which will feed into the Performance Monitoring model (PM). This will be achieved by:
 - a. including more outcome-focused questions for interviews and focus groups, and
 - b. introducing tools (such as targeted surveys) to better reflect the journey of injured workers.
6. Requiring an action plan to be developed by AEs when C&IM assessment identifies that an AE is not meeting the required Assessment Standards.
7. Enhancing targeted selection of claim files for assessment, particularly where performance results indicate more scrutiny of C&IM related activities is required.

Why are these changes proposed?

These changes will strengthen the worker engagement and participation in AEP. It will also improve the experience of injured workers and the recovery at work performance of AEs.

Shifting to a performance-based focus will:

- Incentivise AEs to enact and maintain continuous improvement in C&IM; and
- Measure the commitment of AEs towards improving the wellbeing and recovery at work outcomes of their workers.

What options were considered?

The options that were considered in developing this proposal included keeping the status quo and adopting the proposed package of technical improvements. How these options were weighed up is outlined below.

Option one: status quo

This option would not address the concerns with the current C&IM assessment, and would not generate sufficient data to enable the new PM to work.

Option two: package of technical improvements to C&IM

This is the favoured option because the technical and operational improvements to C&IM would address concerns by encouraging AEs to focus more on outcomes and workforce engagement. The improvements would also generate the inputs required for the proposed new PM.

How will it work?

What's new?

The current panel of external auditors will be replaced by a panel of approved assessors with the requisite claims and injury management experience. AEs may continue to select the same independent assessor from this panel for three successive years. The requirement to change assessor after three years is to ensure 'fresh eyes' after a reasonable interval.

It is also proposed to collect a wider range of information (e.g. targeted surveys) to obtain a more holistic picture of how workers experience the AE's management of their injury, from claim lodgement to closure. The results will be anonymised and fed into performance monitoring as qualitative input. This will be in addition to reviewing selected claim files against the assessment standards.

Currently, auditors review selected claim files against the assessment standards. Where an assessment identifies that an AE is not meeting requirements, an action plan must be developed by the AE to address the areas of concern, to be reviewed and approved by ACC.

Focus group and claims file interviews

As was mentioned in Proposal One, the new external assessors will, in conjunction with their assessment of C&IM performance, conduct focus group interviews that collect information on both health and safety management and C&IM.

In a separate process, ACC undertakes claims file monitoring and weekly compensation monitoring, to review the intricacies of case management and the accuracy of technical decisions. This also involves claims file assessment interviews with the employee making the claim (and their worker representative if they have one).

It is proposed to strengthen the capture of worker experience by using outcomes-focused questions for claim file assessment interviews and focus group interviews. Findings from claim file assessments, associated interviews, focus group interviews and injured workers' surveys will be anonymised and fed into performance monitoring as qualitative input.

The frequency of ACC monitoring activities will depend on the overall performance of the AE (e.g. higher performance will result in less frequent claims file monitoring by ACC).

Recommendations from claims file monitoring could also trigger further investigation by ACC and/or an out-of-cycle assessment.

What will this mean for Accredited Employers?

AEs that demonstrate high-performance in C&IM can expect a reduction in compliance-based activities. The stronger an AE's performance, the less claims file monitoring ACC will undertake.

It is proposed to remove the current Primary, Secondary and Tertiary performance levels (see Appendix Two for more detail). Instead, to remain in AEP employers must meet **all** C&IM requirements described in the updated ACC assessment guidelines and standards.

What will this mean for workers?

The workers' experiences of claims and injury management practices are important indicators of effectiveness. To get an independent view of the worker experience, claims experience information will be collected by assessors who are independent from both ACC and AEs.

Workers will benefit from increased engagement and participation in the monitoring processes. Over time, this participation should improve the performance of AEs and TPAs.

What will this mean for TPAs?

ACC will continue to assess TPAs' systems annually with no changes to the timing and process, but the assessment will be against the proposed new C&IM assessment standards. TPAs may benefit from reduced assessment/compliance administration when AEs are considered high performing.

Tell us what you think

Please answer the following questions and provide your feedback via e-mail:

General feedback	<ol style="list-style-type: none">1. Do you support the proposed changes to C&IM? Why/why not?2. If you don't support these changes, what alternatives do you propose?
Worker performance feedback	<ol style="list-style-type: none">1. Do you support the proposed changes to C&IM from a worker perspective? Why/why not?2. Do you think that the proposed changes will improve worker satisfaction with how claims and injuries are managed in the workplace? Yes/no; Why/why Not?3. Do you think the proposed increased employee representation will improve claims and injury management?

Proposal 3: Performance Monitoring

What is the proposed change?

We propose to introduce a Performance Monitoring Model (PM) as part of ACC's monitoring programme of AEs.

PM will provide AE's and ACC with regular, tailored performance reporting. This reporting will use a mix of quantitative and qualitative sources to provide a holistic view of an AE's performance. ACC will use the Model to tailor an individualised response which will include active and ongoing monitoring.

AEs will be required to provide ACC with relevant data to make meaningful decisions on their performance. Most of the data ACC will require is currently being collected, but this may change to fulfil the goals of Performance Monitoring.

We also propose that PM will include incentives to AEs for performing well and disincentives for those performing poorly. High performance AEs will enjoy a range of pricing options (such as access to a longer claims management period) while poorly performing AEs will be required to complete action plans and be subject to follow-up assessments and monitoring. Failure to improve performance may raise questions of whether they can continue in AEP.

Why is the change proposed?

Currently ACC undertakes performance monitoring and engagement only when poor performance is flagged during ACC's annual audit of AEs or the periodic claim file monitoring process.

The proposed PM will address this by introducing more proactive performance monitoring. It will mean AEs will have access to clear and up-to-date information on their performance. It will also enable ACC to better track an AE's performance during the contract period.

What options were considered?

The options that were considered in developing this proposal included continuing with the status quo, just requiring AEs to provide more data, and adopting the proposed new PM. How these options were weighed up is outlined below.

Option one: Status quo

Current monitoring doesn't collect enough information to benchmark an AE's performance against other AEs. This makes it difficult for ACC to identify and manage poorly performing AEs.

Option two: requiring AEs to provide more data

While this option would address the data issues, it would, by itself, not address the problems of the current process not being pro-active or assisting AEs to improve.

Option three: The proposed PM

This option is favoured because it would address all the issues identified in co-design. It would facilitate collection of sufficient data to undertake the analysis required, and would allow ACC to use PM to provide tailored feedback to AEs that would enable them to lift their performance. PM would provide a path to enable ACC to appropriately manage poorly performing AEs and, if necessary, enable them to be exited from AEP entirely.

How will the Performance Monitoring model work?

Performance Monitoring has two main components:

1. **Performance measures and reporting** – this is an ongoing measurement of an AE's performance against a range of measures, and then assessment against a performance scale. These measures will broadly align with ACC's Service Agreement with the Minister for ACC.
2. **Performance response** – this is a targeted response from ACC that includes support for an AE which is under performing.

These two components are explained in detail below:

Performance measures and reporting

It is proposed to track a range of performance measures under three performance categories:

1. *Claims and Injury Management (C&IM)*
This category will measure an AE's operational processes and the effectiveness of their claim and injury management.
2. *Worker Experience of C&IM*
This category will measure a worker's experience of their employer's management of claims, including injury treatment and rehabilitation.
3. *Injury Prevention*
ACC will seek evidence that AEs are continuing to prioritise and improve injury prevention practices within their workplace. This will include gathering and acting on worker experience and insights on whether there is sufficient leadership and organisational commitment to injury prevention.

Performance response

Regular engagement between ACC and an AE about their overall performance is proposed. The frequency of engagement will be dependent on the AE's position on the Performance Scale (see details below).

ACC will also be monitoring the claims file management process for any trends. Any irregularities noted may trigger a prompt response (see Proposal Two for more details).

What is the Performance Scale?

The Performance Scale is a subset of measures used to indicate an AE's performance level within AEP. We propose that performance be measured at the end of each contract period, with an AE's performance determining the level of engagement between ACC and the AE for the next contract period.

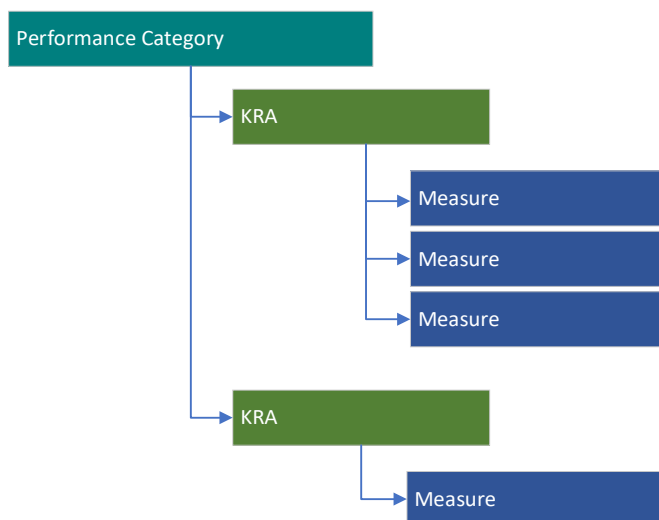
The proposed levels within the Performance Scale are shown in the following table:

Term	Definition
Performance Scale Levels	<p>Leading</p> <p>For AEs assessed as ‘Leading’, the relationship will be collaborative with engagement by mutual agreement. The focus will be on continual improvement and acknowledgement of good practice.</p> <p>The monitoring of individual claims by ACC will continue with opportunities for improvement being reported back to an AE on a regular basis.</p>
	<p>Good</p> <p>For AEs assessed at the ‘Good’ level, the relationship will be more needs based. As the Programme requires participants to practice continuous improvement, the contact with ACC will be on an ‘as required’ basis, allowing an organisation that is improving capability to initiate more frequent engagement to support good Claims and Injury Management practice.</p>
	<p>Adequate</p> <p>For AEs assessed at the ‘Adequate’ level, the actions will be more directive, with a moderate to high frequency, involving AE improvement actions.</p>
	<p>Low</p> <p>For AEs assessed at the ‘Low’ level, remedial actions for performance improvement will be more prescriptive, compliance focused, frequent and formal, with communication via senior management, the chief executive and/or the board.</p>

The performance measures and descriptions that determine an AE’s level on the Performance Scale will be documented and communicated to AEs and TPAs in advance.

Performance Measures

The Performance Monitoring model is a multi-layered reporting schema. Individual Performance Measures focus on specific areas, while Key Result Areas (KRAs) and Performance Categories provide a wider indication of AE performance.



Structure of Performance Category, KRA and measures

The table below shows the set of measures proposed to include in the Performance Scale. This is only an initial set of measures and ACC will review all KRAs and determine what measures within each KRA will be included in updates of the Performance Scale.

Where appropriate, these measures and targets will align with ACC’s Service Agreement that it holds with the Minister for ACC.

Performance Category	Key Result Area	Initial Performance Measure(s)
Claims and Injury Management	Timeliness, quality of claims decisions and rehabilitation outcomes	<ul style="list-style-type: none"> • AE efficiency in making claim decisions (non-complicated claims) • AE efficiency in making claim decisions (complicated claims) • Return to work – full fitness & pre-injury role • Return to work during incapacity – alternative duties • Quality and accuracy— claims decisions • Weekly compensation – days paid
Workers’ experience of claims and injury management	Workers’ knowledge of AEP	<ul style="list-style-type: none"> • Workers’ knowledge of AEP and their rights within it
	Injured worker experience of claims management	<ul style="list-style-type: none"> • Workers’ level of satisfaction with claim management • Net promoter score indicating satisfaction levels
Injury prevention	Rates and types of claims	<ul style="list-style-type: none"> • Number of claims per \$1,000 of liable earnings
	Rates of fatalities and serious claims	<ul style="list-style-type: none"> • Number of serious claims • Number of fatalities

Detail on each performance measure will include an explanation of what level of performance an AE needs to receive a rating of either Low, Adequate, Good, or Leading. The table below illustrates how a measure can be applied across the four performance scale categories:

Measure	Low performance	Adequate Performance	Good performance	Leading Performance
Measure 1: Quality of paying entitlements	<u>Example only:</u> Major calculation issues with x% or more claim files checked. Major calculation error includes the following issues:	<u>Example only:</u> Minor calculation issues with X% or more of claim files checked OR a single major calculation issue with less than x% of claim files checked Minor calculation Issues include... The major calculation issue is...	<u>Example only:</u> Minor calculation issues with less than X% of claims files checked Minor calculation issues include ...	<u>Example only:</u> No issues with calculation on any claim files
Measure 2: Timeliness of cover decision (non-complicated)	<u>Example only:</u> Average time to make cover decision (of claims over period) is XXX days or more	<u>Example only:</u> Average time to make cover decision (of claims over period) is XX days or greater, and less than XXX days	<u>Example only:</u> Average time to make cover decision (of claims over period) is X days or greater, and less than XX days	<u>Example only:</u> Average time to make cover decision (of claims over period) is less than X days

The scale used for each measure will account for an AE's organisational size and industry risk, so that ACC can fairly assess their performance relative to the risk profile.

How will the Performance Scale work?

Each performance measure will be explained under each level within the Performance Scale and communicated to AEs, well in advance of implementation, and will be built into each AE's contract.

Each measure will be scored and placed on the four-level Performance Scale. The scores will be averaged to provide a single overall assessment of the AE. The labels are subject to change.

The table and example below illustrate this:

Overall Performance Scale

Level	Assessment #	Assessment range
'Leading'	4	4
'Good'	3	3 – 3.9
'Adequate'	2	2 – 2.9
'Low'	1	1 – 1.9

Example: applying the Performance Scale to Company A		
#	Level Assessed at	Assessment #
Measure 1	'Leading'	4
Measure 2	'Adequate'	2
Measure 3	'Low'	1
Measure 4	'Adequate'	2
Measure 5	'Good'	3
Total		12
Assessment overall (average)		2.4 (Adequate)

Company A scored an average of 2.4 across all measurements. This places it in the 'Adequate' range [2.0 – 2.9] and therefore achieves an 'Adequate' rating on the performance scale.

Continuous low performance will have consequences

It is proposed that ACC will manage AEs assessed as **low** on the Performance Scale as follows:

1. **Increased monitoring and engagement:** ACC will inform the AE of their low performance and engage with them on how to lift their performance.
The AE must develop, implement, and complete a specific performance improvement plan within a set time period. During this time, the AE will continue to manage their own claims with increased contact and visibility from ACC as they provide frequent updates on their progress.
2. **Exit:** Failure by an AE to meet all their individual improvement actions by the specified time will result in an escalation and the AE's exit from AEP.

Exit from the AEP

When an exit occurs, ACC will provide clear information about why the AE is leaving AEP, any settlement arrangements, and how the AE can transition to other levy products. Part of exiting may include a final report on the areas of improvement necessary for re-entry.

There may be circumstances where prolonged or sustained poor performance will result in ACC requiring an AE to exit AEP part-way through their contract period.

Data, information sources and reporting

AEs will be required to provide all the information that ACC needs to make an assessment of AE performance.

The sources of data and information include:

- The detailed claims data that AEs or their TPAs submit to ACC (currently through the Monthly Claim Files (MCF))
- Summary results from claim file quality assessments
- Worker experience surveys, worker and worker representative engagement surveys, and focus group interviews
- Reports from C&IM assessment, and
- Health & Safety audit/assessment reports.

Although most of the above data is already being collected, there may be changes to the content and format of the data and information required. Where additional information is required and/or changes, this will be communicated to AEs well in advance.

The reporting will be individualised to each AE and produced regularly. This will give AEs a better, more timely insight into their performance (compared to the current annual Employer Performance Reports) to assist them to focus on any areas needing improvement.

The same set of measures will be used to measure the performance of AEP as a whole. It will enable ACC to identify any systemic issues needing remedial action or to identify areas where changes might be necessary to improve AEP or better support AEs and their workers.

What will this mean for Accredited Employers?

An AE's scores on the Performance Scale will have a direct impact on how ACC engages with them. The table below summarises the different actions at different performance levels:

Performance level	Engagement	Actions
Leading	As mutually agreed, or when required	<ul style="list-style-type: none"> More pricing options (subject to financial assessment) Longer contracting period Acknowledgement of high performance by ACC Opportunity to share successes with other AEs
Good	As mutually agreed, or when required	<ul style="list-style-type: none"> More pricing options (subject to financial assessment) Longer contracting period Support from ACC on how to move from 'good' to 'leading'
Adequate	Regular engagement between ACC and the AE's primary contact	<ul style="list-style-type: none"> Limited pricing options Targeted performance improvement plans on the areas where an AE's performance is low
Low	Regular engagement between ACC and the AE's Chief Executive (or delegated senior management)	<ul style="list-style-type: none"> Limited pricing options Targeted performance improvement plans to improve an AE's overall performance Additional claims monitoring Out of cycle assessments Additional performance conversations

Assessing new AEs against the Performance Scale

Prospective or new AEs will be 'on-boarded' into AEP. This will involve an initial 12-month period of 'needs based' support, performance monitoring and engagement. This will help participants adopt a continual improvement approach and good C&IM practice.

After the initial 12 month 'on-boarding' is complete, the AE will be assessed and placed on the Performance Scale. Their rating will dictate the level of engagement with ACC until the next review.

What will this mean for workers?

The range of changes proposed to AEP will mean that workers will have more opportunities to engage and provide feedback on an organisation's C&IM performance. The workers' voice will have a direct impact on the assessed performance of AEs, which should drive better outcomes for injured workers.

What will this mean for TPAs?

The changes to performance monitoring will indirectly affect TPAs. Under the AEP Framework, AEs (but not TPAs) are required to meet the programme's requirements, and ACC has a contractual relationship with each AE.

However, if an AE is using a TPA to manage their employees' claims, the performance of the TPA will have a direct impact on an AE's performance. Where required, it is proposed that ACC work with the TPA servicing an AE when attempting to improve an AE's claims management performance.

Further, if any systemic issues identified with a TPA are negatively impacting the performance of multiple AEs, ACC may address these with the TPA directly.

Tell us what you think

Please answer the following questions and provide your feedback via e-mail:

General feedback	<ol style="list-style-type: none">1. Do you agree with the proposed changes to performance monitoring of AEs, or would you prefer one of the other options? Why/why not?2. How would these changes impact on your participation in the Programme?3. If you don't support these changes, what alternatives do you propose?
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Proposal 4: New pricing options for the Partnership Discount Plan

Background

There are two AEP pricing plans for AEs to choose from:

- the Partnership Discount Plan (PDP)
- the Full Self Cover (FSC) plan

Under both plans, AEs assume responsibility and bear the cost for the treatment, compensation and management of all work-related injuries suffered by their employees during a cover period (1 April – 31 March). In addition, they continue to assume these responsibilities for cover-period injuries for a further Claims Management Period (CMP) of up to four years after the end of the cover period. At the end of the CMP, the management of the claims is passed to ACC.

Under the PDP plan an AE’s cover period liability for an employee ends at the completion of the CMP. Under the FSC plan, the AE continues to have cover-period liability for an employee for the rest of the employee’s life.

The two types of pricing plan are summarised in the tables below:

Partnership Discount Plan (PDP)			Full Self Cover (FSC)		
Claim Management Period (CMP)	Liability	Average downward adjustment	Claim Management Period (CMP)	Liability	Average downward adjustment
1 year	Limited to CMP	50%		Lifetime	
2 years		58%	2 years		92%
			3 years		92%
		4 years	92%		
Optional cover		Approx. cost	Optional cover		Approx. cost
Stop-Loss Limit		+0.1% to +30%	Stop-Loss Limit		+0.1% to +30%
High-Cost Claim Cover		N/A	High-Cost Claim Cover		+0.1% to +10%

Under the PDP plan, an AE can choose a CMP of either one or two-years. In return, the AE receives a downwards adjustment on the ‘standard employer’ levy that ACC would usually charge. The average downward adjustment is a decrease of 50% for a one-year CMP and 58% for a two-year CMP.

At the end of the CMP, the responsibility for all claims, regardless of status, is handed back to ACC, and the AE has no further liability for those claims. However, the physical file is passed back to ACC if only the claim is still active at this stage.

Around 30% of AEs are currently in the PDP plan, split evenly between the one and two-year CMP options.

What is the proposed change?

It is proposed to add options for a three and four-year CMP. In return for AEs taking on a longer CMP, a larger downwards adjustment of the levy would be given. The proposed changes are illustrated in the table below:

Partnership Discount Plan (PDP)		
Claim Management Period (CMP)	Liability	Average downward adjustment
1 year	Paid	50%
2 years		58%
3 years (new)		63%
4 years (new)		66%

It is also proposed to adjust the current claims hand-back process so AEs have to return **all** claim files to ACC at the end of their CMP.

Why is the change proposed?

These pricing changes will align the CMP options for the PDP plan with the options available for the FSC plan. Aligning these options will allow AEs more flexibility to choose a CMP that best fits their situation.

It is proposed that AEs return all claim files at the end of their CMP to give ACC greater oversight of claims history, and so that ACC does not need to request any claims files later if there is a reactivation. It also ensures that claim files are being stored securely according to ACC's privacy policy.

What options were considered?

The options considered when developing this proposal included retaining the status quo and the proposed change to add the 3 and 4 year CMP options (along with the requirement for all claim files to be handed back to ACC at the end of CMP). How these options were weighed up is outlined below.

Option one: Status quo

Currently there is a discrepancy between the range of claims management period options available under the FSC plan and the PDP. There is no particular rationale for this difference.

Option two: align the PDP discount with FSC

This option is favoured because it would remove the discrepancy between the FSC and PDP plans, giving those on the PDP plan more flexibility to choose a CMP that best fits their situation. In addition, requiring all files to be handed back at the end of the CMP would streamline the claims hand-back process for both AEs and ACC and should reduce the risk of files not being able to be found at a later date.

What will this mean for Accredited Employers?

For existing AEs (on the PDP plan or the FSC plan and looking to switch), there will be new three and four-year CMP options available. There is no change proposed to what happens (liability wise) at the end of the CMP – i.e. the responsibility for the management of all claims is transferred to ACC and AEs have no further liability.

There will be no impact on workers.

Tell us what you think:

Please answer the following questions and provide your feedback via e-mail:

General feedback	<ol style="list-style-type: none">1. Do you support the proposed changes to the Partnership Discount Plan? Why/why not?2. If you don't support these changes, what alternatives do you propose?
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Preliminary Proposal 1: Require Full & Final Settlement for Full Self Cover

Gauging your support for this preliminary proposal

Unlike the prior chapters, this proposal is more preliminary. The objective is to gauge whether there is sufficient support from stakeholders to warrant ACC committing further resources to fully develop the preliminary proposal to require full and final settlement for AE's in the FSC plan.

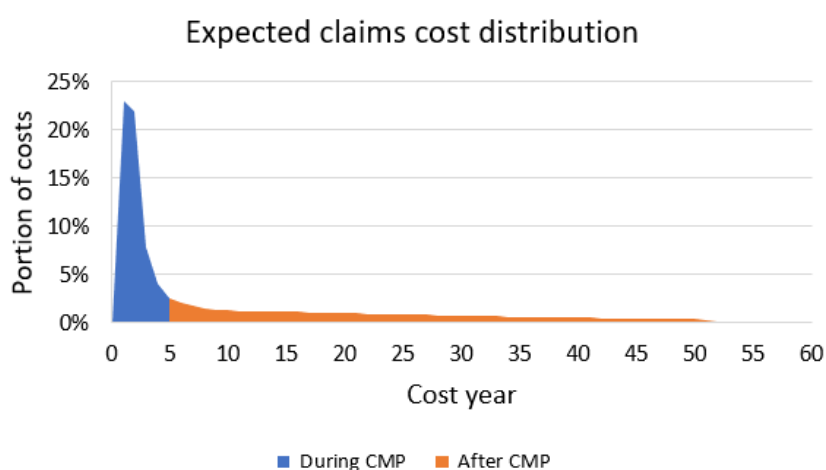
The proposal includes a set of principles on which the final methodology for calculating full and final settlement would be based. If there is sufficient support for the preliminary proposal, a further targeted consultation on a fully developed version, requiring full and final settlement, will be undertaken next year.

The status quo

Under the FSC plan, AEs assume the lifetime responsibility and cost for their employees' work-related injuries suffered during a cover period. An AE continues to manage their cover-period claims for two, three or four years after the end of the cover period. This is known as the Claims Management Period (CMP). Roughly 70% of AEs have chosen the FSC plan.

At the end of the CMP, all active claims are transferred to ACC for ongoing management, with the AE paying ACC a lump sum to settle the estimated liability for further costs over the lifetime of injured employees. There is also a residual ongoing cost liability for new claims arising, as detailed below.

At an aggregate level, claims costs for work-related injuries follow a predictable distribution. Most costs are paid at the time of the injury or in the years shortly thereafter, with a smaller portion of claims costs incurred after that. The graph below illustrates this:



In return for taking on all these liabilities, AEs receive a downwards adjustment of the 'standard employer' levy by an average of 92%.

Lifetime liability and reactivated claims

After the end of the CMP, an AE's claims liability continues:

- indirectly, because they have paid ACC an estimate of the remaining lifetime cost of active claims that arose during the cover period, and
- directly, because they have to pay ACC in arrears for the cost of reactivated and incurred but not reported (IBNR) claims arising after the cover period.

A claim that is inactive at the end of the CMP can be reactivated for a number of reasons – including, but not limited to:

- The employee sustains a reaggravation of a covered injury and seeks entitlement
- The employee makes a first claim for cover for a covered injury only after the end of the CMP
- An invoice for prior treatment is received after the end of the CMP
- ACC or another AE requests information related to the claim to assist with their investigation of another claim.

If a closed claim is reactivated after the CMP, or the claim is for an injury that occurred during the cover period but the employee did not make a claim until after the CMP, the employer pays ACC for actual claim costs incurred during the lifetime of the claim plus an additional fee for case management services.

Reactivated claims are identified throughout the year and are invoiced collectively every six months.

What is the preliminary proposal?

It is proposed to enhance the current claims hand-back invoice calculation at the end of the CMP with a 'full and final liability calculation' that will include (based on ACC's best estimate) liability for all active claims, reactivated claims and IBNR claims. This should not change the cost of the claims, but it will affect when the liability of the AE for the claims is crystallised.

The following changes would be made to the current claim hand-back process:

- ACC will request return of **all** claim files at the end of the CMP.
- From the commencement of the cover period in which the new AEP Framework is introduced, full and final settlement will be mandatory for all AEs in the FSC plan.
- ACC will estimate the full and final liability amount for each AE on this plan and invoice them for that amount
 - This will be ACC's estimate of outstanding lifetime costs for active and closed, and IBNR claims for work-related injuries occurring during the cover period.
 - The estimate will be based on each AE's reported claims to date and ACC's expectations of future claims payments.
 - The estimate will also consider the AE's stop-loss and high-cost claims cover limits.
 - Claims handling expenses and a risk margin will be added to the estimated lifetime costs of all claims for the cover period.
- The process will repeat annually at the end of the CMP for each cover period.

Once the full and final settlement has been paid, an AE will have no further liability for claims costs beyond the CMP – this will instead be fully carried by ACC.

Settlement of previous cover periods

It is proposed that during the transition from the current Framework to the new Framework, AEs will have an opportunity to request a full and final settlement for **all** the previous cover periods at the end of their CMP. Further details on this process will be presented during consultation (if this proposal is progressed).

If an AE elects not to have a full and final settlement calculated for previous cover periods, the AE will continue to have liability for claims from previous cover periods that may reactivate or were not identified beforehand (IBNR cases), and these claims will continue to be invoiced every six months as incurred.

What should the final methodology look like?

ACC is still working on developing what the methodology and calculation for full and final settlement will look like and what information it will consider. However, it is proposed that the final methodology will be based on the following principles:

1. ACC should be able to justify individual calculations – the AE’s claim liabilities should be fair to all other AEs, to ACC, and to employers in the wider Work Account. This means:
 - a. Apportioning the total AEP Outstanding Claims Liability in a manner which accounts for both the risk profile of the individual employer and their past claim experience, so that relative to other employers, and over time, each employer should pay the full cost of their employees’ claims.
 - b. There is minimal impact on other AEs from employers entering or exiting the scheme.
 - c. The AE’s fully fund their own claims with no cross subsidisation from non-AEP employers
 - d. The methodology should self-correct so that over time an AE does not pay too much or too little relative to the cost of the claims incurred by their employees
 - e. The methodology should not amplify existing volatility in claim patterns and liabilities.
2. The approach should be transparent and easy to calculate.
3. The approach should not incentivise adverse behaviour by the employer to reduce the hand-back liability. The outcomes of injured employees should remain the primary focus.
4. The approach should allow for corrections over time for under or over collecting from AEs.
5. There should be consistency with the basis for calculating the wider ACC outstanding claims liability, to the extent it makes sense.

If there is sufficient support for this change, ACC will further develop the methodology and undertake additional consultation.

What options were considered?

The options considered when developing this preliminary proposal included retaining the status quo and adopting the proposed change to require full and final settlement of all claims at the end of the CMP. How these options were weighed up is outlined below.

Option one: Status quo

Retaining the status quo would mean AEs continue to pay for reactivated claims:

- indirectly when they pay ACC an estimate of the remaining lifetime cost of active claims arising during the cover period, and
- directly when they pay ACC in arrears for the cost of reactivated and incurred but not reported (IBNR) claims arising after the end of the cover period.

However, if an AE's business is liquidated then there is no surviving entity to pay ACC for the cost of any reactivated IBNR claims. This extra cost incurred by ACC inevitably has to be recovered from AEs remaining in AEP or the Work Account in general.

Option two: implement full and final settlement

This option is favoured because adopting it would improve the accuracy of the estimated liability of AEs for reactivated claims by using a full and final settlement methodology to calculate the liability of an AE. After the settlement payment is made, the AE would have no further liability for reactivated claims. This would give AEs greater certainty when determining their liabilities and allow them to better account for AEP liabilities on their balance sheets.

This option is also favoured because it would mean that continuing levy payers would not end up effectively having to meet the outstanding liabilities of AEs who are liquidated.

Tell us what you think

Please answer the following questions and provide your feedback via e-mail:

General feedback	<ol style="list-style-type: none">1. Do you support the preliminary proposal to change the FSC plan to require full and final settlement at the end of the CMP? Why/why not?2. Do you think that the proposed changes would reduce the administrative burden of claims invoicing? Yes/no; Why/why not?3. Do you agree with the proposed principles for developing a methodology for calculating a full and final settlement? Yes/no; Why/ why not?4. If you don't support these changes, what alternatives do you propose?5. Should sufficient support be received for the preliminary proposal, would you like to be involved in the next round of consultation?
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Appendix One – Implementation

The following section provides an overview of how accreditation for AEP will work in the future, as well as a timeline of how it is proposed ACC will implement the changes through contractual arrangement.

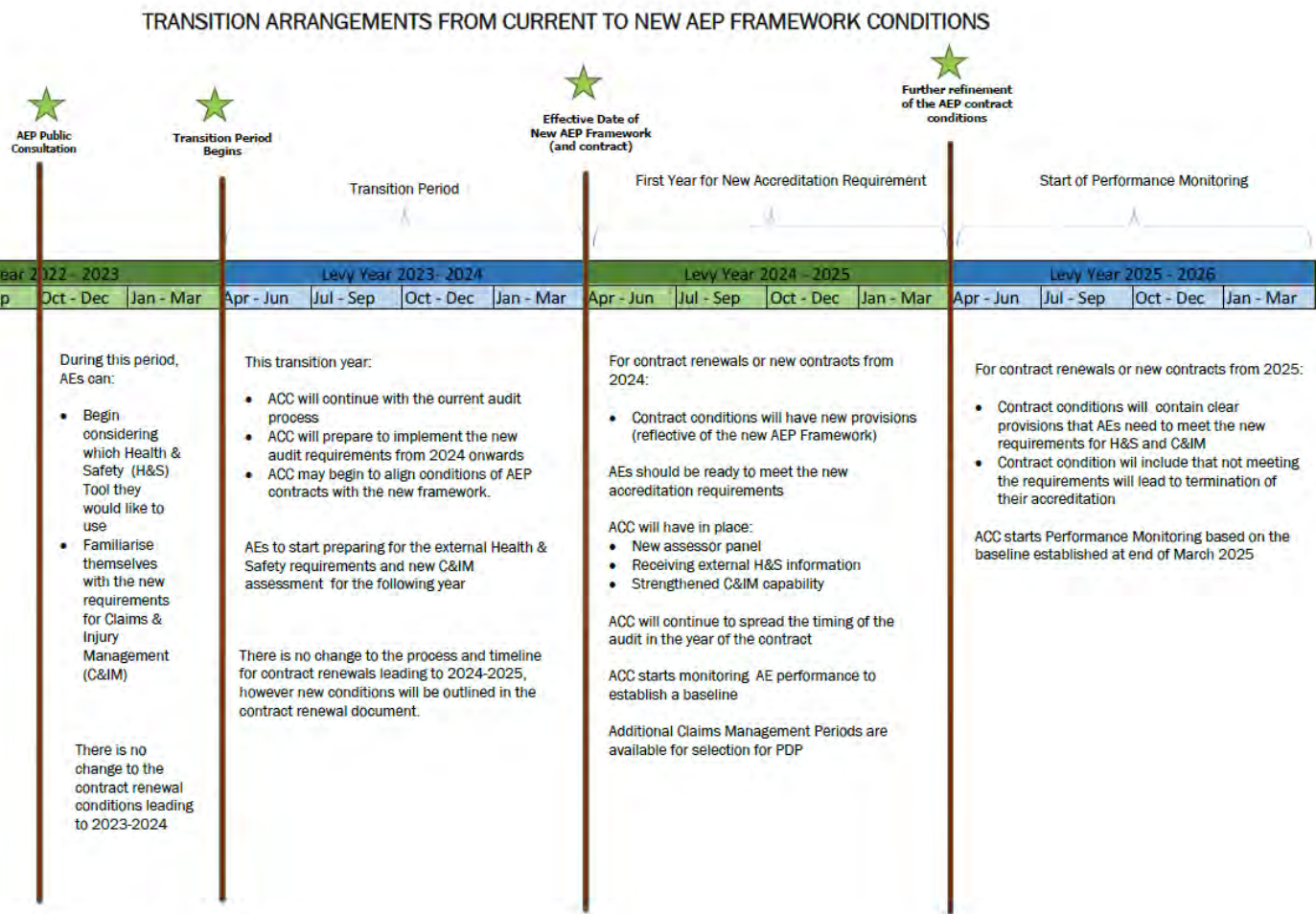
Future state accreditation

It is proposed ACC will implement accreditation as follows:

1. Assess if an employer has the financial strength and stability to meet the costs of their employees' cover and rehabilitation.
2. Require an ACC-approved external health & safety assessment that is current for at least 12 months and has met a level acceptable to ACC (see [Proposal One](#))
3. Check the employer has passed the revised and strengthened Claims and Injury Management Audit (see [Proposal Two](#))
4. Assess performance to determine if an AE can get reaccredited and what product choices they can access. (see [Proposal Three](#) and [Proposal Four](#))

Transitional arrangements

The graphic below shows a timeline of how ACC intends to implement the proposed changes to AEP. All AEs will have renewed contracts reflective of these changes by 2025.



Appendix Two – Current State of AEP

This section is provided as a summary of the current state of AEP for your information only. We are not seeking feedback on this section.

Accreditation

Only an employer that ACC has accredited can participate in AEP. When an employer applies to be in AEP, ACC first checks that they meet the financial strength requirements for accreditation then depending on the outcome may have an impact on their product choice. These 'products' include:

- **Partnership Discount Plan (PDP)** - an AE accepts claims management and financial responsibility for injuries that were suffered during the cover period until the end of their nominated claims management period. The current available CMP options are one or two years after the end of the cover period. Any continuing claims at the end of the claims management period are transferred back to ACC, and the AE has no further liability for those claims.
- **Full Self Cover Plan (FSC)** - an AE accepts claims management and financial responsibility for injuries that were suffered during the cover period until the end of their nominated claims management period. The current available CMP options are two, three and four years after the end of the cover period. At the end of the CMP, claims are handed back to ACC, with the AE making a one-off payment to cover the continuing liability for active claims. The AE is also regularly invoiced for the costs of any claims that are reactivated or are identified after the end of the CMP.
- To limit the exposure of AEs to major workplace-related injury events, **Stop-Loss Cover** is available to limit their liability. Stop-Loss Cover is mandatory for FSC employers and optional for PDP employers.
- In addition to Stop Loss Cover, FSC employers have the option of purchasing **High-Cost Claim Cover (HCCC)**. This cover provides financial protection against unexpectedly high claim costs for injuries resulting in one or more claims due to any one event. This cover is provided for claim costs in excess of \$250,000, \$500,000, \$750,000, \$1,000,000, \$1,500,000, \$2,000,000 or \$2,500,000. This cover reduces an FSC employer's financial exposure and thereby reduce barriers to an employer's participation in AEP.

ACC also assesses the employer's systems, processes, and capability against its Audit Standards for accreditation, as follows:

- 'Safety management practices requirements' - the adequacy of the employer's health and safety management systems and processes, and
- 'Injury management requirements' - the adequacy of the employer's injury management systems and processes to make decisions on and manage workplace injury claims.

ACC deems an AEP employer to have met, or not met, each of these two requirements at one of the following 3 levels:

- 'Primary' - programme entry level requirement.
- 'Secondary' - consolidation of good practice.
- 'Tertiary' – framework for continuous improvement of good practice.

Employers must be deemed to be at least at Primary level, across both safety management practices requirements and claims and injury management requirements, to meet accreditation requirements to enter AEP. ACC can then enter into a one-year cover period agreement with them.

To maintain accreditation ACC:

- audits each AE:
 - every year at the Primary or Secondary Level and bi-annually if Tertiary level is maintained against the Audit Standards 'safety management practices', and 'injury management practices',
 - annually against the Audit Standards 'injury management practices requirements'
- reviews several pre-selected employee claim files and conducts case study reviews (including 1:1 interviews with claimants) to check the timeliness of the AE's cover decisions and injury management and rehabilitation services.
- conducts focus group interviews to validate safety management practices and subsequent injury management for claims with management and employees.

Additionally, an AE is responsible for complying with legislation, maintaining health and safety standard(s) relevant to their industry, and continually improving their health and safety systems and processes.

Third-party administrators

If an AE wants to use a third-party administrator (TPA) to provide some or all services to injured employees, ACC requires the employer to provide their draft TPA agreement to ACC in advance. To support this, ACC also audits the three TPA's injury management systems and processes annually. Approximately 120 AEs use a TPA to manage their claim files.

Monitoring and reporting

Claim file monitoring

ACC undertakes monitoring of a selection of claim files for all AEs. This is undertaken every two to three years. Additional out-of-cycle monitoring can take place:

- always when an AE moves from a TPA to self-management
- sometimes when an AE moves from self-management to a TPA, or changes TPA provider
- as required, where there are concerns with the performance of an AE (for example, if an issue is raised in an audit or through claim file monitoring)

When monitoring claim files, ACC looks in detail at the employer's claims management and administration, cover decisions, appropriateness of rehabilitation, and payment of entitlements. These are measured against the claims and injury management elements of the Audit Standards, and the relevant sections of the Accident Compensation Act 2001.

A report assessing the actions undertaken on each file is produced which might be concluded by providing a series of recommendations for the employer to consider and required actions which must be undertaken. Consequently, the employer must provide evidence to ACC that the required actions have been completed.

ACC also undertakes regular monitoring of an AEs understanding and capability of the fundamentals of weekly compensation. A report is produced outlining their level of capability and any concerns, plus an assessment of the accuracy of calculations. Recommendations on improvements are provided and followed up as necessary.

Performance reporting

Once in AEP, employers are required to submit monthly data about the claims under their management.

Employers receive an annual Employer Performance Report covering the last completed seven years with information about the levies they paid, how they are performing in claims management (number of claims and entitlements paid), and some benchmarking against ACC and the risk group they belong to.

Appendix Three – How consultation proposals reflect co-design processes and MBIE review findings

This section is provided as a summary of how the consultation proposals reflect the prior four years of co-design, and how they address the findings of the 2018 MBIE review. The section is for your information only, so we are not seeking feedback on it.

The 2022 consultation proposals...	...address the findings of the 2018 MBIE review...	...and incorporates feedback from the TOM and co-design
Implementing new health and safety assessment requirements	By ensuring that workers' experience is an integral part of health and safety	<p>By utilising health and safety assessment tools which are recognised by external regulators</p> <p>By putting worker wellbeing at the centre of AEP</p> <p>By ensuring quality assurance through a robust assessment process</p>
Strengthening the assessment of Claims and Injury Management	By ensuring that AEs and TPAs are effectively managing their workers' claims	<p>By introducing stronger claims and injury management requirements to ensure AEs and TPAs are effectively managing their workers' claims</p> <p>By managing the AEP system rather than the contract</p>
Introducing a Performance Monitoring model	<p>By providing clear measurements on an AE's performance</p> <p>By setting clear performance requirements to become accredited and remain in AEP</p> <p>By embedding workers' experience as making a meaningful impact on an AE's performance</p> <p>By requiring AEs to provide the data necessary to enable performance monitoring</p>	<p>By setting incentives for AEP that drives performance</p> <p>By putting worker wellbeing at the centre of AEP</p> <p>By building a culture of continuous improvement</p> <p>By developing a holistic and outcomes-focussed performance monitoring system</p> <p>By ensuring quality assurance through a robust certification process</p> <p>By introducing qualitative and quantitative information requirements to understand the experience of workers in AEP</p> <p>By creating incentives for high performing AEs and consequences for poorly performing ones</p> <p>By allowing ACC to be more proactive in assessing an AE's performance</p>
Provide additional Claims Management Periods for Accredited Employers in the Partnership Discount Plan		<p>By setting incentives for AEP that drive performance</p> <p>By managing the AEP system rather than the contract</p> <p>By creating incentives for high performing AEs and consequences for poorly performing ones</p> <p>By ensuring claim files are handed back to ACC for ongoing management at the end of a Claims Management Period</p>