

Summary of submissions from consultation on proposed changes to ACC's Accredited Employer Programme

Introduction:

On 6 October 2022, the Minister for ACC released a consultation document on proposed changes to ACC's Accredited Employers Programme (AEP).

The document outlined proposals aiming to improve AEP. These included putting workers wellbeing at the centre of AEP, achieving better outcomes by enhancing the oversight and guidance ACC provides to Accredited Employers, and incentivising Accredited Employers to continually improve. The proposed changes included:

- Introducing a performance monitoring model to better measure the performance of Accredited Employers.
- Strengthening entry and ongoing participation requirements for Accredited Employers by:
 - requiring external health and safety assessments, and
 - strengthening the assessment of claims and injury management processes.
- Providing more tailored pricing options for Accredited Employers.

The Minister also consulted on a preliminary proposal to require full and final claims liability settlement for Accredited Employers in the Full Self Cover plan. If there was support for this preliminary proposal, ACC intended to undertake further, more targeted consultation on a fully developed methodology of this proposal in 2023.

During consultation, ACC held information sessions with Accredited Employers, Third Party Administrators, Unions, auditors and health and safety experts. ACC presented the five proposals in the consultation document and encouraged submitted written feedback to MBIE.

The submission process closed on 6 November 2022. A total of 65 submissions were received from a range of public and private sector organisations, unions, health and safety experts, third party administrators and members of the public.

We would like to acknowledge everyone who took the time to make a submission.

Executive Summary

Most submitters were supportive of the goals of improving AEP. Many shared concerns that the changes would shoulder them with an increase in cost, time and resourcing in order to meet the new, enhanced requirements of the programme.

Although submitters supported the proposal to move towards externalised health and safety assessments, nearly all submitters raised a number of concerns with the proposal.

Most submitters supported our proposed changes to claims and injury management, and the introduction of a performance monitoring model.

We received relatively fewer responses on our proposed changes to the pricing options for the Partnership discount Plan; a majority of submitters made no comment on this proposal. Overall,

submitters did not support this proposal, with many considering the levy discount to be insufficient to offset the increased claim management period.

The preliminary proposal on requiring full and final settlement for the Full Self Cover plan received fewer responses compared to other proposals. Submissions were mixed, with the majority not supporting the changes. Some submitters considered that an 'optional' full and final settlement would be more agreeable.

Proposal One: Implementing new health and safety assessment requirements

Key features of this proposal:

- ACC would cease auditing each Accredited Employers health and safety performance, and replace with an appropriate third party tool.
- ACC would cease the partial subsidy of assessor fees.
- Accredited Employers could choose either:
 - Becoming Certified under *AS/NZS ISO 45001:2018 Occupational Health and Safety Management (ISO 45001)*; or
 - Implementing WorkSafe's SafePlus onsite assessment and advisory services.
- Implementing either product would be a requirement to remain in AEP.

A majority of submitters did not support the proposal to implement new health and safety assessment requirements. In particular, submitters raised concerns relating to each of the proposed assessment tools. For ISO 45001, submitters considered that:

- ISO 45001 would be costly to implement, costing an estimated minimum of \$10,000 up to \$100,000 (depending on the size of the employer).
- It could take two to three years for Accredited Employers to become certified under ISO 45001, particularly for those with multiple sites or with a head office outside of New Zealand.
- There may not be enough ISO 45001 accredited auditors in New Zealand to accredit everyone in AEP.
- ISO reports are confidential between the assessor and the business, reducing transparency and preventing unions from being informed on the health and safety issues at a work site.
- ISO 45001 may not be suitable for low-risk industries.

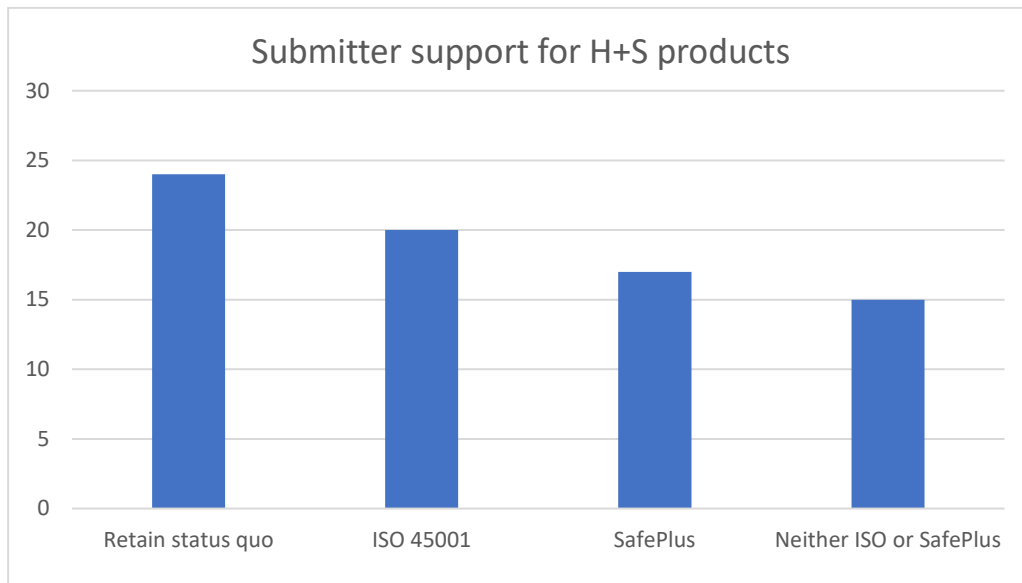
For SafePlus, submitters considered that:

- SafePlus is not intended to be an audit tool.
- SafePlus is a client driven tool. There is no systematic or impartial sampling process for site selection, inclusion or exclusion of the SafePlus components, or areas required to be assessed.
- SafePlus assessors are not required to complete ongoing training to ensure consistency and currency.
- Reports produced by SafePlus assessors are confidential between the assessor and the business, reducing transparency and preventing unions from being informed on the health and safety issues at a work site.
- There is no auditing or quality assurance for SafePlus.

- SafePlus is not moderated or monitored which introduces a risk of inconsistent assessments and outcomes between Accredited Employers.
- SafePlus would be time consuming and costly to implement, and this could be significant for large, multi-site Accredited Employers.

Many submitters supported ACC ceasing the current health and safety audit. Most submitters were not supportive of ACC ceasing the partial subsidy of assessor fees.

A breakdown of support for various health and safety assessment product options¹:



Many professional auditors and health and safety experts raised concerns with the proposal that all AEP auditors would have to be registered with HASANZ (Health and Safety Association New Zealand). They recommended that ACC only use 'conformity assessment bodies' to conduct ISO 45001 audits and to determine compliance.

Some submitters requested to retain the current ACC audit tool as it was well understood by both Accredited Employers and auditors. This would preserve the investment many Accredited Employers have made to implement and maintain their health and safety system to meet the audit requirements.

Some submitters also raised an alternative option, suggesting CEOs and Senior leaders sign a declaration every year that they have a robust health and safety management system in place.

A few submitters considered these changes were not reflective of the high standards in health and safety that Accredited Employers have, and it felt like 'change for the sake of change'.

¹ Some submitters expressed support for both SafePlus and ISO; these have been added to the count for each product separately.

Proposal Two: Strengthen the assessment of Claims and Injury management

Key features of this proposal:

- Revising and streamlining the claims and injury management (C&IM) aspects of the AEP audit standards.
- Including changing 'audit standards' to 'assessment standards'.
- Removing the current 'Primary', 'Secondary' and 'Tertiary' levels of performance and instead requiring Accredited Employers to meet all C&IM requirements to remain in AEP.
- Disestablishing the current external auditor panel and replacing it with a new panel of ACC-approved independent assessors. These independent assessors would have the necessary claim and injury management expertise required to provide sufficient oversight.
- 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.
- Strengthening the capture of workers' experience of C&IM, which will feed into the Performance Monitoring model. This will be achieved by:
 - including more outcome-focused questions for interviews and focus groups, and
 - introducing tools (such as targeted surveys) to create better insights in how injured workers experience the management of their claim and injury by their employer.
- Requiring an action plan to be developed by Accredited Employers when C&IM assessment identifies that an Accredited Employer is not meeting the required Assessment Standards. This must be completed in order for an Accredited Employer to remain in AEP.
- Enhancing targeted selection of claim files for assessment, particularly where performance results indicate more scrutiny of C&IM related activities is required.

A majority of submitters were supportive of our proposed changes to claims and injury management (C&IM). Many expressed particular support for ACC moving towards a focus on 'outcomes'.

Many submitters felt that the level of detail provided in the consultation material was insufficient. For this reason, some submitters chose not to provide feedback on this proposal.

Many submitters expressed their desire to be involved in the development of the new standard. If this proposal is progressed, ACC will seek input from all interested parties to develop the standard.

Many submitters, particularly unions, were supportive of capturing the worker experience in the enhanced standard. Some submitters raised the issue of worker experience being linked to claim decisions. For example, if a worker has their claim declined, they may report a negative experience on their experience even if the claim was effectively handled and managed appropriately.

Some submitters did not support the removal of the Primary/Secondary/Tertiary status.

Proposal Three: Performance Monitoring model

Key features of this proposal:

- Introducing a Performance Monitoring model (PM) as part of ACC's regular monitoring of Accredited Employers.
- PM would use a mix of quantitative and qualitative information sources to provide a holistic view of an Accredited Employer's performance.
- PM would provide Accredited Employers and ACC with regular, tailored performance reporting.
- PM would include incentives for Accredited Employers who perform well, such as access to longer claims management periods. Poorly performing Accredited Employers would get disincentives such as increased monitoring and assessment. Failure to improve would raise questions of whether or not an Accredited Employer could remain in AEP.

Most submitters supported the Performance Monitoring model (the PM model) in principle, but wanted more detail than provided in the consultation documents. In particular, submitters wanted to know exactly what measurements ACC intends to use to assess their performance. Only one submitter commented on the proposed measurement information in the consultation material.

Like proposal two, many submitters expressed their desire to be involved in the development of the new measurements. ACC will seek input from all interested parties to develop the standard.

Some submitters noted that the model would encourage continuous improvement and was a welcome improvement from the status quo of an annual point-in-time audit. Some also supported an increase in reporting and benchmarking on performance.

Submitters from unions, as well as some Accredited Employers, stressed the importance of capturing the worker experience as part of the measures of PM.

Proposal Four: New pricing options for the Partnership Discount Plan

Key features of this proposal:

- Increasing the claims management period for Accredited Employers on the Partnership Discount Plan from one or two years, to up to three and four years.
- In return for a longer claims management period, Accredited Employers would receive a comparable downward adjustment of their employer levy.
- Changing the current claims hand-back process to require all claim files to be returned to ACC at the end of the claims management period.

Submitters were split on this proposal. A majority of submitters made no comment at all, reflective that this proposal impacts a small proportion of Accredited Employers (27%) who are on the Partnership Discount Plan.

Many submitters considered the downward adjustment to their levies will not be sufficient to cover the increase in liability from the extended claims management period.

Many submitters did not support ACC requiring the return of all claim files at the end of a claims management period. They noted the difficulties with the current hand-back process.

Some submitters wanted the option to choose which claims they could extend the claim management period for, especially where a longer period could have better outcomes for injured workers.

Preliminary Proposal: Requiring a Full and Final Settlement for the Full Self Cover plan

Key features of this proposal included:

- Enhancing the current claims hand-back invoice calculation at the end of the claims management period with a 'full and final' liability calculation. This would include liability for all active claims, reactivated claims and incurred but not reported claims.
- This proposal would not change the cost of these claims, but it would quantify and crystallise the liability of Accredited Employers.

This proposal received fewer responses compared to other proposals. Submitters were not favourable to a compulsory full and final settlement, with the majority opposing it.

Many submitters commented that they would support an 'optional' full and final settlement. This would allow Accredited Employers to choose when to settle their liability. Others commented they would prefer to have a full and final settlement on a per-claim basis.

Submitters who supported a full and final settlement noted that they supported the proposed principles outlined in the consultation document.

Most submitters wanted to be part of the next consultation if this proposal continues.