

# A critical equation: balancing Australian worker health and company wealth



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How can Australian companies optimise rehabilitation,  
mental health and return to work programs?  
An introductory insights paper.

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August 2013

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*"Returning to work restores more than your income. It also helps restore your identity and self-esteem. We've spent several years driving change to get rehabilitation and return to work right. It has impacted the whole way we approach claims."*

**Damien Mu, General Manager, Life Insurance, AIA Australia**

*"Resilient organisations are prioritising worker health and wellbeing and investing in integrated management systems that protect and promote good health. There is a growing body of evidence that early identification of mental illness symptoms and encouragement to seek treatment is a cost effective method to increase employee wellbeing. When workers have perceived control of their environment, and have adequate resources to do their job, they are more likely to be in the flow and are more productive, increasing the bottom line."*

**Dr Sallie Strickland, Human Capital Expert, Empowering Engagements**

*"This isn't just important business – it's important for business."*

**Margo Lydon, CEO SuperFriend**

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## Overview

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Picture this – you unexpectedly have to take time off work for an illness, disability or injury. Unfortunately it may not be covered by your workers compensation. So it's down to you and your employer to decide how best to manage how you can, if at all, return to the workplace. This kind of stress is the last thing you need but unfortunately for a large number of Australians it is an all too harsh reality.

Thankfully an increasing number of business savvy Australian organisations are realising returning to suitable work is not only one of the best forms of treatments for the employee, but also that rehabilitation and return to work programs actually help boost organisational profitability through increased work output and reduced unscheduled absence.

So why don't all companies offer rehabilitation programs to their employees? Positive change in organisational health takes time and it is an investment for companies to make over the long term. This obviously presents a challenge when the key decision makers are typically and understandably focused on KPIs and business outcomes over short-term cycles. And we're not just talking about recovering from physical injuries here, but also mental health conditions, cancer and other conditions which further add to the complexities.

## Introduction

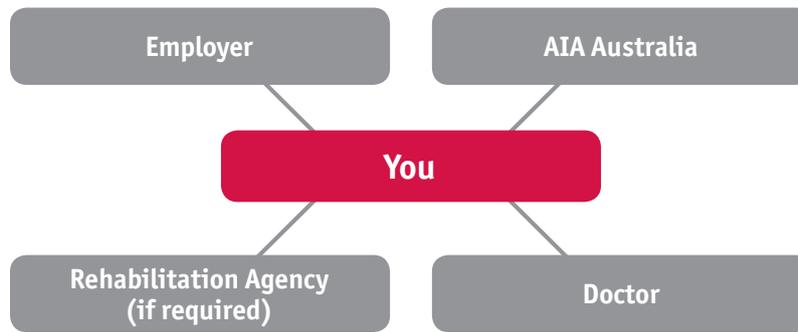
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As life insurance specialists trusted to protect more than 2.5 million Australian lives, AIA Australia is committed to helping people improve their health. The company is a strong believer in occupational rehabilitation and the power it has, where health conditions permit, in getting people back to work – and therefore a full life - faster.

It is not easy for a life insurer to get occupational rehabilitation right. There are significant challenges. By addressing and working through these issues, AIA Australia believes that the bar can and should be raised on how claims are managed. Over the last two years, the company has built expertise across its whole claims assessment team in order to meet this challenge to develop a tailored rehabilitation program designed to help employees get back to work. It is a journey that continues today.

Together with SuperFriend – an initiative that has well and truly put mental health and wellbeing on the workplace agenda, and Dr. Sallie Strickland, one of Australia's leading workplace health and safety experts, AIA Australia has developed the following introductory insights paper. This paper explores some of the ways group insurers, employers and employees can make rehabilitation and return to work (RTW) programs a win/win for those involved with the benefits also impacting society as a whole. The paper also addresses some of the main challenges in implementing RTW programs and some recommended solutions for the future.

## How the process works



### What do we mean by rehabilitation and return to work?

In the context of this paper rehabilitation refers to Occupational Rehabilitation which is the process of helping employees regain their ability to return to work following illness or injury, either with:

- their existing employer; or
- with a new employer.

Occupational rehabilitation is about preparing the employee and the workplace (where possible) for a successful and sustainable return to work. It can involve:

- Determining the most appropriate treatment to improve one’s capacity to manage their illness;
- Ensuring all stakeholders are heading towards the same RTW goal;
- Determining appropriate work tasks for RTW or suggesting changes to the workplace (reasonable modifications);
- Considering up-skilling and role changes within the workplace (internal redeployment); and
- Gaining alternate employment if they cannot resume their normal role.

The most efficient pathway back to employment is often with one’s usual employer, but if this is not deemed suitable, rehabilitation aims to improve an employee’s skills and abilities so that they can gain meaningful employment elsewhere.

Group insurers now pay out over **\$160,000,000** PER YEAR

FOR IP AND TPD CLAIMS WHERE THE PRIMARY CAUSE OF CLAIM IS

**MENTAL ILLNESS**



#### Early intervention: timing is everything

In terms of physical conditions, if the person is off work for

|                |  |            |
|----------------|--|------------|
| <b>20 DAYS</b> | the chance of ever getting back to work is | <b>70%</b> |
| <b>45 DAYS</b> | the chance of ever getting back to work is | <b>50%</b> |
| <b>70 DAYS</b> | the chance of ever getting back to work is | <b>35%</b> |



Having a **support network** in place both **inside and outside the workplace** is extremely important for the recovery process, and enhances the chances of a **full recovery** and return to **meaningful work**.

## Venessa's story – rehabilitation and return to work in practice

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Returning to work following a physical injury, illness or a mental problem can be one of the best treatments for employees by restoring their sense of identity and self esteem. However, it's important the transition to work is managed appropriately taking into consideration the employee's medical situation, workplace arrangement and personal circumstance.

Here, Venessa, a business support officer for a large national employer, shares her story about how she returned to work through rehabilitation.

Employed on a full time basis as an HR Officer, Venessa underwent back surgery in 2008 after it was discovered that she had a genetic deformity of the spine, which led to her L5 vertebrae breaking in half and separating.

“One day while I was walking up a set of stairs, my right leg completely stopped functioning. As a part of the subsequent surgery, I had to have a complete fusion from the L3 right down to the S1 of the spine and, unfortunately, this left me with nerve damage on my right leg and partially on my left leg.”

Though she was able to make a claim on insurance through her superannuation fund, the injury meant that Venessa was unable to work for several years. Indeed, at the time of the Initial Rehabilitation Assessment arranged by her insurer, it became clear that her inability to wear steel cap boots, a requirement for her pre-disability role, meant that she would need to find another position in the business if she returned to work.

“Being away from work for several years means that you begin to doubt your own abilities, and you question if you will ever get back to work. It all began to chip away at my confidence and self esteem.”

While a return to her previous HR role was not possible, an initial Vocational Assessment with a Rehabilitation Provider was held to explore other work options.

After a period of time, a new position became available with Venessa's employer that she accepted. In order to help her start in the new position, an Ergonomic Assessment was arranged by the life insurer and her employer to ensure she was set up safely at her workstation while also not aggravating her injury. The assessment identified the need for an ergonomic chair and this was subsequently purchased by her employer.

Now back at work, Venessa is confident of what her future career will bring.

“Being back to work... it feels almost like being back to me”

## It may not always feel like it but work is good for our health

Work is an important part of life regardless of whether it is paid or unpaid. It positively influences our mental health as in most cases it provides an opportunity for social interaction, skill development, structured time and routine, a sense of identity and purpose and, in the case of paid work, income. Work therefore is considered a determinant of health<sup>1</sup>. It is imperative that employees and their treatment providers are educated about the benefits of work, and that this informs reasonable and necessary treatment for positive work restoration and recovery.

Health in organisational terms is the ability of an organisation to align, execute, and renew itself faster than the competition to sustain exceptional performance over time. It is estimated that at least 50 per cent of any organisation's long-term success is driven by its health<sup>2</sup>. That is, good health drives future performance. We know when workplace demands and responsibilities exceed what the individual perceives they are able to manage, their psychological health suffers. Conversely, when there are adequate resources provided by the organisation for the individual to perform their job, together with rewards, support and perceived control, this breeds high engagement, psychological resilience and increased productivity.

While severely depressed employees take nearly three times as many sick days and are 6 per cent less productive than mildly depressed workers – itself a significant and substantial decrease in employee productivity – the majority of the financial burden in sickness absence (about 60 per cent) is attributed to those who are mildly depressed<sup>3</sup>.

Insurers, funds and intermediaries need to respond to the complexity of these issues by working collaboratively and relationally with their members and their treating professionals, as well as supporting early rehabilitation intervention and effective return-to-work programs to promote and restore positive health outcomes.

*“While employers and workplaces can do a lot to cultivate, actively promote and support employee wellbeing, positive and corrective action by the employee is equally important. This is a systemic behavioural change issue for organisations, and should be a core component of effective leadership.”*

**Dr Sallie Strickland, Human Capital Expert, Empowering Engagements.**

Employee health has increasingly become a focus of employers over the past few years. There are a number of drivers that have led to this, including:

- Growing awareness of the negative and detrimental effects of mental health issues on employees;
- Australia's poor productivity growth over the past decade due in part to reduced labour output<sup>4</sup>;
- Work Health and Safety law reform;
- Rising insurance premiums;
- An increase in the incidence of mental illness;
- The rise in mental stress claims (Safe Work Australia, 2012)<sup>5</sup>.

1 (Australasian Faculty of Occupational and Environmental Medicine, 2011).

2 Organisational health: The ultimate competitive advantage. McKinsey Quarterly, June 2011.

3 The Australian Workplace Barometer: Report on psychosocial safety climate and worker health in Australia. Safe Work Australia, 2012

4 Productivity Commission Productivity Update, 2013

5 The incidence of accepted Workers' Compensation claims for mental stress in Australia, Safe Work Australia, April 2013.

- Employees are increasingly seeking meaning from their work over and above just a salary<sup>6</sup>; and
- Recognition that when employees are in the “flow”, they are more productive<sup>7</sup>.

## Mental health problems and workplace stress on the up

In Australia, evidence suggests that absenteeism from work due to mental health issues is close to outstripping that of physical injuries or other issues. Indeed, mental health is now one of the top three claims in the life industry<sup>8</sup>. Close to 40 per cent of all Australian employees are reported as being stressed out on a daily basis, with 12 per cent claiming to be highly stressed. In fact, stress related illnesses are forecast to be the leading cause of global disease by 2020<sup>9</sup>.

In Australia, employees with job-related stress and mental illness are absent from work for 10.8 weeks a year<sup>10</sup>. After heart disease and cancers, mental health issues are the third biggest health problem<sup>11</sup>. Depression is currently the leading cause of non-fatal disability, but only three percent of Australians identify it as a major health problem<sup>12</sup>.

As an industry, group insurers are now paying out over \$160 million each year for income protection and total and permanent disablement claims where their primary cause of claim is mental illness alone<sup>13</sup>.

*“Many businesses accept when an employee is sick they should be encouraged to take time off but what many firms don’t know is that returning to work can be just as important in the recovery process from mental illness. We shouldn’t have to wait for someone to have to be 100 per cent ‘fit’ before considering returning to work as good work can make such a difference in aiding recovery.”*

**Margo Lydon, CEO SuperFriend**

SuperFriend recommends workplaces have a policy and procedure for helping their employees return to work following a mental health problem and has assisted Orygen Research to develop guidelines for all organisations to use. The ideal return to work policy should include the following:

- **A commitment to helping employees RTW** after sick leave due to a mental health problem, and encouraging their RTW through adjustments rather than prolonging sickness absence “to play it safe”;
- **Expectations, roles and responsibilities of all parties** involved in the RTW process;
- **What should happen when someone discloses a mental health problem**, with a commitment to ensuring that employees who have experienced a mental health problem are treated fairly, equally and consistently;
- **How supervisors should seek advice regarding an employee’s mental health problem**, the actions they should take, and when and how this action will be supported by the organisation;
- **Sources of advice within the organisation** on what can be done to help an employee’s RTW and continued employment;

6 Increasing the ‘meaning quotient’ of work, McKinsey Quarterly, January 2013.

7 Csikszentmihalyi, M (1991). Flow: The Psychology of Optimal Experience. Harper Perennial.

8 SuperFriend – SuperMIND project, 2013

9 Cost of Workplace Stress Report, Medibank, 2008

10 Compendium of Workers’ Compensation statistics Australia 2008–09 – Canberra. Safe Work Australia, 2011

11 Begg, S, Voc, T., Barker, B, Stevenson, C, Stanley, L. & Lopez, AD (2007). The burden of disease and injury in Australia. 2003 Canberra: Australian Institute of Health and Welfare

12 Highet, N (2005). Beyondblue Depression monitor. beyondblue: the national depression initiative.

13 SuperFriend commissioned research by IFS Insurance Solutions, December 2012.

- **The reasonable adjustments that can be made to retain an employee** who has developed a mental health problem so they are not put at a disadvantage in their job, including provision of time off to attend medical appointments;
- **Procedures for keeping in contact with staff on sick leave**, including when and how employees should notify absence and what is expected from the employee while on sick leave;
- **Provision for RTW plans** with agreement of everyone affected;
- **Defining responsibilities for putting the RTW plan into action** and reviewing its progress, including arrangements for RTW interviews; and
- **Links with other key policies**, such as human resources, health and safety, equal opportunity etc., and company employee benefit schemes.

AIA Australia acknowledges that on occasions employees may not be able to be employed in their usual job. Alternate employment then becomes the goal, and the rehabilitation program focuses on identifying a robust plan that ensures successful redeployment, involving input from all stakeholders.

## Healthy employee = Productive companies

There are of course many challenges posed in dealing with both mental and physical rehabilitation cases. However, for employers, creating a culture that fully supports RTW can actually help increase corporate profitability and improve employee productivity.

Every dollar spent on identifying, supporting and case-managing employees with mental health issues yields close to 500 per cent return in improved productivity through increased work output and reduced sick leave and other leave<sup>14</sup>.

Research has also shown that a network of selected healthcare providers who are focused on RTW and viewed early RTW as integral to their treatment, achieved significantly reduced costs and lost time by approximately 50 per cent<sup>15</sup>.

*“Where the health condition permits, getting back to work following an illness or injury is good medicine and a win for everyone when it’s done properly. It’s not a simple thing to get it right and that just saying you have a rehabilitation team is not enough. You need to leverage that expertise across the whole claims team.”*

**Damien Mu, General Manager, Life Insurance, AIA Australia .**

## Early intervention: timing is everything

Timing is critical and research overwhelmingly suggests it is a case of the quicker the better when returning people back to work.

In terms of physical conditions, if the person is off work for:

- 20 days the chance of ever getting back to work is 70 per cent;
- 45 days the chance of ever getting back to work is 50 per cent; and
- 70 days the chance of ever getting back to work is 35 per cent<sup>16</sup>.

Much of the crucial work in preparing and integrating employees back to the workplace occurs before they step foot back into the office.

<sup>14</sup> Hilton M, Assisting the Return on Investment of Good Mental Health Practices as cited in Cowan G, Best Practice in Managing Mental Health in the Workplace.

<sup>15</sup> Bernacki, Toa & Yuspeh 2005.

<sup>16</sup> Johnson D, Fry T. Factors Affecting Return to Work after Injury: A study for the Victorian WorkCover Authority. Melbourne: Melbourne Institute of Applied Economic and Social Research; 2002.

In addition to early intervention, seeking windows of opportunity during the lifecycle of an illness or injury is another way of identifying the timing for intervention. Having regular, meaningful interactions with the doctor, employer and insurer will highlight these opportunities.

## AIA Australia's perspective: the importance of getting it right

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AIA Australia has undergone over two years of extensive trials to gain insights on how effective rehabilitation should be done. It has developed ways to work closely with its partners, some of which include Australia's major funds, to maximise the opportunity of early intervention. This has included the restructuring of the claims team, as well as the recruitment of allied health professionals to align with business objectives.

It is important to note that AIA Australia's approach considers both the bio-medical and the psychological situation for the claimant. While putting in place a program that consistently deals effectively with both of these issues can add a lot of complexity, being able to work holistically for each claimant is important to help get the best outcome, both for the employer and employee.

*"The trials we have conducted have confirmed that rehabilitation opportunities identified through an Early Intervention framework resulted in increased RTW outcomes for all employees. More broadly we've provided the tools and training for our claims assessors to conduct accurate assessment as soon as possible, and have established processes to enable fast access on a daily basis to our rehabilitation experts." Damien Mu, General Manager, Life Insurance, AIA Australia .*

Identifying the direction of the RTW program is key to a successful outcome. Determining if an employee can return to their normal role or whether assistance is required to identify alternate roles is one of the most important decisions in the occupational rehabilitation process. This requires collaboration between the employee, their health professionals, AIA Australia and a specialist rehabilitation provider.

Another important factor to consider is the emotional strain illness and injury can have on the employee but also on their friends and family. Having a support network in place both inside and outside the workplace is extremely important for the recovery process, and enhances the chances of a full recovery and return to meaningful work.

## What should we do and where to next?

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This paper has just scratched the surface on what is a critical issue for all Australians whether they are employees, company decision makers, superfunds or rehabilitation providers. The next step is to conduct some more quantitative research to back up the anecdotal evidence from industry experts which overwhelmingly supports the fact that rehabilitation and RTW programs, when implemented appropriately, are a winning combination for all involved.

*"We haven't finished this journey. We are still looking for ways to drive better outcomes. We believe our work in this area is strong and we are pushing the boundaries to make real changes on how claims are managed. We believe that these developments will make a real difference to peoples' lives through Occupational Rehabilitation. The opportunity exists for our superfund partners and Australian companies to play a leading role in helping employees get back to work following illness or injury. It's up to the life insurance industry to educate funds and companies on how they can best support RTW practices, ensuring their absence from work doesn't have a perpetuating effect."*

**Damien Mu, General Manager, Life Insurance AIA Australia .**

*"The challenge is to build the business case that challenges the view that workforce wellbeing is a discretionary spend. Its influence over productivity, safety behaviour, risk management, performance, and rehabilitation success cannot be underestimated. Strong executive leadership in this instance is critical to drive culture change and reduce stigma which in the case of mental health is the number one barrier."*

**Dr Sallie Strickland, Human Capital Expert, Empowering Engagements.**

*"There is compelling evidence that good work is good for people's health and wellbeing, including their mental health. Keeping people in work, or returning them to work sooner, with the right supports and rehabilitation, is the best outcome for all involved. I believe that workplaces have a tremendous opportunity to foster organisational health and employee health, and by doing so, make a real difference in people's lives, as well as to the business bottom line. This is particularly true in providing the best supports available to people when they are unwell and to facilitate effective rehabilitation to achieve early return to work. We still have a lot to learn and require true leadership and collaboration to get even better outcomes."* **Margo Lydon, CEO, SuperFriend.**



## About AIA Australia

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AIA Australia is an independent life insurance specialist with over 40 years of experience building successful partnerships. One of the country's leading life insurers, AIA Australia offers a range of products that protect the financial health and welfare of more than two and a half million Australians.

As life insurance specialists, AIA Australia is committed to helping people improve their health. The AIA Australia Rehabilitation team works with the employee, their doctor and employer to develop a tailored rehabilitation program aimed at maximizing their recovery and ability to resume meaningful work.

With a growing rehabilitation and claims team focused on early intervention, it is one of the largest rehab-focused teams of any Australian life insurer. The rehabilitation team has over 100 years combined experience and includes highly experienced rehabilitation counsellors, physiotherapists and occupational therapists that have assisted people with all types of injury and illness to return to the workplace.

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## About SuperFriend

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SuperFriend is a national mental health promotion foundation that helps 'all profit to members' superannuation funds to promote and support improved mental health and wellbeing for their members, through the workplace. Created by the Industry Funds Forum, an association whose members are the CEOs of Australia's largest industry super funds, SuperFriend collaborates with industry funds, group insurers and the mental health sector to facilitate targeted workplace mental health initiatives for members of these funds. [www.superfriend.com.au](http://www.superfriend.com.au)



## About Dr Sallie Strickland

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Dr Sallie Strickland is the Managing Director of Empowering Engagements which is a specialised service provider that applies systems thinking to deliver consulting services for individuals, teams and organisations to support their broader people and performance, and organisational health and wellbeing agenda. Sallie has delivered services in occupational rehabilitation and return to work for more than 15 years to government, corporate and the not-for-profit sectors across a wide range of jurisdictions including Workers Compensation, Life Insurance, CTP and Comcare. She has recently been appointed as a Panel Member of the Expert Work Health & Safety and Workers' Compensation at Safe Work Australia. Sallie is a strong advocate of the benefits of proactive preventative action by enabling organisations build effective integrated management systems to embed a positive approach in managing workplace stress and conflict within a work health safety framework. These bolster the individual's personal capacity to manage their own emotions, including stress and conflict, more skillfully, whilst simultaneously increasing their personal resilience and wellbeing, that feeds back into the organisational system. [www.empoweringengagements.com.au](http://www.empoweringengagements.com.au)

