

OPENING STATEMENT: TIME TAKEN TO PROCESS COMPENSATION CLAIMS

- At the last Senate Estimates in November 2013, we acknowledged the urgent work needed to address claims processing times.
- The Minister for Veterans' Affairs and I are strongly committed to addressing this issue. In fact, this was the first issue the Minister raised with me following his swearing-in last September.
- Supporting clients is our core business and addressing claims quickly and efficiently is vital.
- Today, I am pleased to report on some significant progress in this space.
- As a first step, the Department has developed a four-part action plan to improve the timeliness of claims processing. The strategies are:
 1. reducing work on hand;
 2. improving client communication and engagement;
 3. improving case management practices; *and*
 4. reviewing and improving business processes.
- Let me take you through the four parts in more detail and outline a number of short and longer-term initiatives that have been identified and progressed.

1. Reducing work on hand

- The Department has developed new workload management and forecasting tools that allow for better monitoring, reporting and distribution of workload on a national basis.

- As part of this monitoring we are focusing on meeting or exceeding Key Performance Indicator targets to ensure output exceeds intakes.
- A dedicated team in Melbourne has been working to address the claims work on hand.
- Between 1 July 2013 and 31 January 2014 the number of compensation claims awaiting completion fell from 7,001 to 5,885.

I acknowledge that this is a small gain, but it's a start, and I expect that this number will continue to fall.

2. Improved client communication and engagement

- The Department is ensuring that clients are kept informed of the progress of their claims from start to finish.

We're engaging clients in the claims process as early as possible and do this through:

- discussions with serving members about the lodgement of claims at 35 On Base Advisory Service (OBAS) locations at Australian Defence Force bases across the country;
- the Training Information Program (TIP) - providing training and information for ESO welfare and pensions officers on the claims process; and
- MyAccount - a step-by-step process guiding claimants through the online lodgement of claims.

- As well as supporting individuals to submit a claim, these services also help promote a better understanding of the claims process including the information and documentation required to speed-up this process.

- Once a client has submitted a claim, we will keep them informed of its progress by;
 - contacting them when the Department has received the claim; and
 - For MRCA claims we provide a progress report to the client on the status of the claim at the 60-day mark and provide further advice to the client at the 110 day mark (if we anticipate that the claim will not be completed within 120 days).
 - The Department is bound to these steps by new administrative protocols tabled in the Senate in June 2013 and which came into effect for MRCA claims from 14 October 2013.
 - We are looking to expand these protocols to the VEA and SRCA claims this year.
- In addition, clients can also keep informed of their claims progress by tracking it through the online self-service portal My Account

3. Improving case management practices

- The Department has taken action to ensure better reporting and distribution of work across all of its claims processing locations. This will ensure more effective workload management.
- We have also introduced other strategies to reduce the delays in processing of claims. These include:
 - Further training, guidance and support to claims assessors to expedite claims through the process; *and*
 - Better use of Departmental medical advisers to ensure faster turn around for advice on medical aspects of compensation claims.

4. Reviewing and improving business processes

- The initiatives I've covered are all fast wins for our clients.

In the longer term, DVA is reviewing its business processes for handling claims.

We have engaged experienced change management consultant Beca to assist in this work.

Beca's work will encompass the following:

- "As-is" business/work process maps allowing DVA and Beca to document and analyse the current business processes;
- "To-be" business/work process maps which will identify streamlined practices and business processes; and
- An implementation strategy, that will identify a pathway to introduce organisational change and the development of any ICT systems to support the "To-be" business process.

Finally, the Department is also examining the structure of its Compensation processing areas in order to maximise efficiencies.

Summary

In summary, reducing the times taken to process claims is achievable.

The Department is working towards achieving its current target of 75-120 days per claim.

I thank the Veteran and Defence communities and their families for their patience on this issue.

Whilst in the short-term, it may take some time to reach these targets – while the Department is working to implement the strategies I've outlined – in the long-term I expect to report on better results for our clients.

I will continue to provide updates on progress of this very important work.

I thank the Committee for the opportunity to provide this update.

ATTACHMENT A

Administrative protocols for determining claims under the *Military Rehabilitation and Compensation Act 2004* (MRCA)

The report from Senate Foreign Affairs, Defence and Trade Legislation Committee was tabled on 17 June 2013 regarding the Veterans' Affairs Legislation Amendment (Military Compensation Review and Other Measures) Bill 2013.

The Committee's views with respect to the timeframes associated with processing of claims under the MRCA that there *'is further scope for DVA to engage with ex-service organisations and veteran communities to identify areas where delays could be mitigated in the processing and review of applications'* is acknowledged.

The Committee further noted *'Performance measures for DVA's processing and review of applications should also continue to be closely monitored by the Australian Government. If no improvement is evident in the times for processing and reviewing applications, further consideration should be given to legislative change'*.

In response to the Committee's report, the Military Rehabilitation and Compensation Commission will be examining options for the introduction of statutory timeframes for processing claims under the MRCA, and that this examination will be reported to Parliament by 1 July 2014.

In the interim, the Department of Veterans' Affairs will implement revised administrative protocols to ensure more streamlined, efficient and timely claims processing and will continue to keep clients informed of their claims status.

This will include the following processing timetable:

Receipt of Claim	Written acknowledgement of claim which: <ul style="list-style-type: none">• Explains process required• Explains what further information is required from the client to support the claim• Commits to keeping the client regularly informed• Aims to have claim finalised within 120 days
60 day mark	Written progress report on claim Advise of any outstanding matters, etc
110 day mark	Advise client if not anticipating the completion of the claim within 120 days and include details of: <ul style="list-style-type: none">• What matters are outstanding• Provide a revised <u>date</u> for completion of the claim• Advise client if they are unhappy with the processing of their claim, they can contact the Ombudsman's office

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Revised timeframe	If revised timeframe is not met, the case is automatically referred to the Case Escalation Team in Canberra who will expedite all outstanding processes.
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This is in addition to a number of initiatives already implement to address times taken to process claims, including the better training and guidance for staff, streamlining of certain claims decisions, redistribution of claims across the department's locations and, better prioritisation of cases, and closer relationship with Defence about receipt of service information.

The Government also provided DVA an additional \$1.7 million in this year's Budget to support improved claims processing times.

ATTACHMENT B

Compensation Claims Time Taken to Process (TTTP)

CLAIMS	TARGET	1/7/12 - 30/6/13	1/7/13 – 31/1/14
VEA ¹	75 days on average	79 days	81 days
MRCA Initial Liability ²	120 days on average	155 days	150 days
SRCA Initial Liability ²	120 days on average	171 days	160 days

¹ The TTTP claims in 2011-12 financial year was 74 days compared to 79 days in 2012-13. For the first half of the 2013-14 financial year the TTTP has increased slightly to 81 days. This increase is due to the reduction of work on hand and finalising older cases. Whilst the TTTP has increased the average age of outstanding cases has reduced.

² There has been a decrease in the TTTP in both MRCA and SRCA Initial Liability claims over the past two financial years and again in the first half of this financial year.