WorkCoverSA

Return to Work Performance Framework (RTWPF)

May 2014

Contents

1. Introduction

WorkCover SA spends a significant amount annually on return to work (RTW) services, and is responsible for ensuring these services are necessary, appropriate and help improve the outcomes for workers with a compensable work injury.

The *WorkCover Corporation Act 1994* states that two of WorkCover's functions are to:

1. promote the rehabilitation of persons who suffer disabilities arising from employment.

2. manage, and ensure the financial viability of, funds that come under its control.

WorkCover aims to achieve the above functions in relation to RTW services primarily through the implementation of the following strategies:

a. Appointment of providers who are appropriately qualified to deliver RTW services.

b. Audit of RTW providers to ensure they comply with required standards.

c. Appropriate management of RTW referrals and services by claims agents.

d. Payment system which incorporates a component of outcome based fees.

e. Measurement of performance outcomes for RTW providers, and the use of those providers who can achieve better outcomes. This document (the Return to Work Performance Framework) describes how WorkCover will measure the performance outcomes for each provider.

2. Framework Objectives

The objectives of the RTWPF are to:

*   Provide a fair and reliable system of performance measurement which informs RTW providers, claims agents and WorkCover of the relative performance of each provider.

*   Provide performance information to claims agents to facilitate referral of workers to providers who achieve better outcomes.

*   Provide performance information to assist RTW providers to improve their own performance.

*   Facilitate a continuous improvement approach to the management of RTW services.
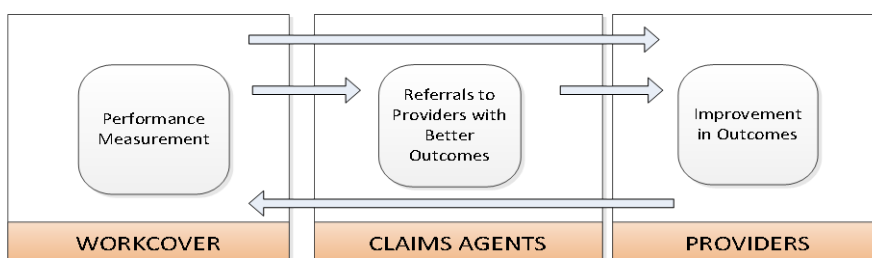
3. Guiding Principals

The following principles are to guide the implementation and application of the RTWPF:

- All activities undertaken in the operation of the RTWPF are to be consistent with WorkCover's strategic goals and organisational values.

- Performance measurement calculations will be transparent. Providers and claims agents will able to review their own data and check its accuracy.

- The performance measurement methodology and relevant RTWPF processes are to be communicated to claims agents and service providers to ensure their understanding of WorkCover's service level expectations and the application of the RTWPF.

- The RTWPF and related processes are to be appropriately communicated to business partners to ensure they are able to effectively carry out their roles and responsibilities in relation to the RTWPF.

- Appropriate confidentiality will be maintained regarding provider performance measurement and reporting.

4. Performance Measurement

This section describes the performance measurement methodology used to measure the relative performance of each provider. The specific detailed formula used to measure the performance ratings are shown in attachment A, B and C. The following aspects of performance are intended to be captured in this measurement process:

PERFORMANCE MEASUREMENT	PRE-INJURY	FIT FOR WORK	JOB PLACEMENT
Return to Work Outcomes	X		X
Improvement in Work Capacity		X	
Cost	X	X	X
Service Duration	X	X	X
Timeliness of Reporting	X		
Referral Rejections	X	X	X

Other service quality measures (eg, worker complaints, provider management systems, etc) will be addressed through the provider appointment and audit processes.

Adjustments are made for case characteristics (as described below) to ensure performance measurement is fair and reliable.

4.1 Service Measurement Categories

The performance of each provider will be separately measured and reported for the following service categories:

- Pre-injury Employer Services

- Fit for Work Services

- Job Placement Services

These three service categories are separately measured as the service provider skills and supporting infrastructure needed to deliver each are different which may also lead to different performance outcomes.

It is expected that future referrals for each service category will be directed to those providers who consistently achieve better results.

4.2 Performance Rating (star rating)

Each provider will receive a separate star rating for each service category (Pre-injury Employer, Fit for Work and Job Placement services). The star rating is a measure of the providers' relative performance compared to the average of all providers in the service category.

The star rating is based on an "Overall Score", which is a weighted sum of component scores (as outlined in the next section below).

For each reporting period, the Overall Scores are adjusted so that the provider with the average score (the median provider) receives an Overall Score of zero. A positive score indicates above average performance, and a negative score indicates below average performance.

The following table shows the star ratings and associated performance level for each service type:

PERFORMANCE	PRE-INJURY	FIT FOR WORK	JOB PLACEMENT
5 star	greater than +25	TBD refer attachment B	TBD refer attachment C
4 star	greater than +15 to +25	TBD refer attachment B	TBD refer attachment C
3 star	-15 to +15	TBD refer attachment B	TBD refer attachment C
2 star	less than -15 to -25	TBD refer attachment B	TBD refer attachment C
1 star	less than -25	TBD refer attachment B	TBD refer attachment C

Those providers achieving better performance results than average will receive a rating of 4 or 5. Providers achieving average performance results will receive a rating of 3 and those providers achieving less than average performance results will receive a rating of 2 or 1.

4.3 Measures and Weightings Used for Performance Rating

A number of key measures are used to determine the performance rating. These measures reflect the important aspects and expected outcomes from delivery of the service. The measures are combined to provide a single performance rating (star rating) for each service category and are weighted based on their relative importance.

The measures and relative weightings for each service category are:

MEASURE	PRE-INJURY	FIT FOR WORK	JOB PLACEMENT
Rejection ratio (for eligible referrals)	5%	5%	5%
Timeliness of assessment, closure and placement Reports	5%	N/A	N/A
Duration of service delivery (from referral to closure/placement)	20%	20%	20%
Service Cost (excl outcome fees, regional travel, reimbursements)	20%	20%	20%
Reduction in IM at 13 weeks post closure/placement (end of durability period)*	50%	N/A	55%
Increase in capacity at referral closure	N/A	55%	N/A
NOTE: *Any increase in return to work occurring in the durability period, beyond that achieved at referral closure, is not attributed to the workplace rehabilitation provider.			

These measures have been chosen based on relative importance in relation to achieving outcomes for injured workers, and the availability of data to undertake the measurement.

4.4 Characteristic Adjustment

It is recognised that the outcome that can be achieved for each worker is impacted by the workers injury and other claimant/environmental characteristics that are outside the control of the service provider. To account for these factors, each performance measures will be normalised (characteristic adjusted) before being combined into a single performance rating for each provider.

Whilst there are many factors that can impact on return to work, only those identified as significant will be recognised in this characteristic adjustment process. This adjustment process will use statistical regression to normalise the results. The factors to be recognised in the adjustment process are:

CHARACTERISTIC ADJUSTMENT	PRE-INJURY	FIT FOR WORK	JOB PLACEMENT
1. Worker age	X	TBD	TBD
2. Worker gender	X	TBD	TBD
3. Worker residential location (metro or country)	X	TBD	TBD
4. Claim duration	X	TBD	TBD
5. Occupation	X	TBD	TBD
6. Nature of injury	X	TBD	TBD
7. Body location	X	TBD	TBD
8. History of Inc. Maintenance Payment Proportion	X	TBD	TBD
9. Selected claim costs to-date	X	TBD	TBD
10. Prior income maintenance redemption	X	TBD	TBD
11. Previous workplace rehab services	X	TBD	TBD
12. Pre-injury employer size (renumeration)	X	TBD	TBD
13. Pre-injury employer industry	X	TBD	TBD

Note, as there is no history for Fit for Work or Job Placement services, characteristic adjustments cannot be determined as yet. This will occur once sufficient service history develops.

The inclusion of the characteristic adjustment in the performance measurement and rating will make it possible to directly compare the performance of each provider even though the complexity caseload of each provider may be different.

4.5 Performance Measurement Intervals & Service Volumes

Performance measurement will be formally undertaken bi-annually initially (period ending June and December each year) however this may be increased to quarterly (with a rolling six month reporting period) once all associated systems and processes are fully tested. The following criteria will be used to select the referrals for inclusion in each bi-annual performance measurement:

- All referrals that have been closed and where the durability period (13 weeks) ends in the measurement period.

Using this criterion, each referral will be included in one measurement period only (except where a provider has less than 10 closed referrals in the reporting period - see below). It is the responsibility of the claims agent to ensure all referrals are closed within an appropriate timeframe and are not extended indefinitely.

Each provider must have a minimum of 10 referrals to be included in the published results. This will minimise any impact from a small number of difficult referrals. Most providers will have more than 10 referrals in each measurement period, however those providers with less than ten will still appear in the published result but the rating will be based on the last 10 referrals regardless of the period in which they were closed. These providers will be separately identified in the report.

WorkCover may informally undertake performance measurement on a quarterly basis and share this information with providers to assist them in making performance improvements.

4.6 Publication of Results

The results of the formal (bi-annual) performance measurement will be distributed to relevant staff of WorkCover, its claims agents and appointed providers of workplace rehabilitation services. The results will be presented in a format similar to that shown in attachment A.

Each provider will only be informed of their own results and the results for all other providers will be de-identified.

The results will not be used by the claims agents for referral purposes until there is confidence that the results reflect a true and fair outcome.

5. Confidentiality

WorkCover will only provide information relating to individual referrals and associated outcomes to its claims agents and the provider who received the referral, thus maintaining confidentiality of claimant information.

6. Review of Framework

The WRPF will be reviewed on a regular basis following implementation to ensure its objectives are achieved as intended. Consultation on changes to the WRPF will occur as outlined in the guiding principles above.

Performance Measurement Methodology
Pre-Injury Employer Services

Overview

Workplace rehabilitation providers will be given a "star rating" that indicates their performance during a reporting period. All providers with at least 10 closed referrals during the period will receive a star rating for that period. The rating for providers with less than 10 referrals will be based on the most recently closed 10 referrals, using a longer reporting period[1].

The star rating is an indicator of relative performance, comparing each provider's outcomes with those of other providers. The star rating scores range from one star to 5 stars. Average performance is given 3 stars. Above average and exceptional performances are given 4 and 5 stars respectively. Below average and poor performances are given 2 and 1 stars respectively.

Workplace rehabilitation referrals with a return to work goal of "pre-injury employer", for which the injured worker is receiving income maintenance, are included during the reporting period in which the referral is closed. Provider scores are based on the average outcomes for those referrals.

The star rating is based on an "Overall Score", which is a weighted sum of five component scores:

Component	Weight
Return to work	50%
Service duration	20%
Service cost	20%
Rejection ratio	5%
Timeliness of assessment etc.	5%

The weight for each component refers to the amount of variation in the Overall Score explained by the independent variation in the component.

The component scores are adjusted to allow for the unique characteristics of the referrals, which vary between providers and over time. The major referral, claim, worker and employer characteristics which are unrelated to the provider's performance, and for which reliable data are available, have their effects removed from the outcome measures. As a result the scores are the best available indicators of performance without being unduly influenced by measurable non-performance factors.

For each reporting period, the Overall Scores are adjusted so that the provider with the average score (the median provider) receives an Overall Score of zero. A positive score indicates above average performance, and a negative score below average performance.

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[1] At least 10 referrals are required for a minimum level of accuracy.

Star ratings are awarded using the following table:

Overall Score, Period adjusted	Star Rating
> 25	☆ ☆ ☆ ☆ ☆
>15 to 25	☆ ☆ ☆ ☆
-15 to 15	☆ ☆ ☆
-25 to <-15	☆ ☆
< -25	☆

Based on analyses of historical results, we expect between 50% and 60% of providers to receive the average score of 3 stars. We also expect approximately the best 10% of providers to receive 5 stars, and the worst 10% to receive 1 star. These distributions will vary between reporting periods.

Details

Objectives of Overall Score

The main objectives of the Overall score, and how they are met, are:

1. To give an indication of the overall performance of providers during a reporting period.
   o Component outcomes during a reporting period are combined into a single score, the result being a single number that is an indicator of overall performance.
2. To be driven by component outcomes in proportions that WorkCover believes reflect the relative importance of each outcome
   o Component scores are scaled and combined linearly, to produce an overall score whose variance is driven by the component variances in pre-determined proportions.
3. As much as possible, to remove the influence of non-performance factors, i.e. factors that have an impact on the outcomes but are outside of the provider's control.
   o Statistical modelling is employed to remove the effects of non-performance factors that are unique to each provider's portfolio of referrals.
4. To compare the performance of the provider with other providers during the same period.
   o Overall scores are adjusted every reporting period, so that the average score is zero, a positive score is better than average for the period, and a negative score is worse than average. The higher the value, the better the performance.
5. To facilitate a simple rating system which indicates the relative performance of every provider.
   o Star ratings are based on the Overall Score (period adjusted) using a simple lookup table. Providers will be given a report which shows their own results, as well as those for the other providers (with the names of the other providers removed to maintain confidentiality).

The rest of this paper explains the details of how these objectives are met.

Calculation of component scores
(Objective 1)

Criteria for including referrals in the component scores

Component scores are calculated during the reporting period for all referrals which meet the following criteria:

- have received workplace rehabilitation services, with a pre-injury employer return to work goal
- in receipt of income maintenance as at the date the claim was referred to the provider
- workplace rehabilitation is closed during the reporting period[2]

Return to work

The building block for Return to work measurement is the "Income Maintenance Payment Proportion" (IMPP) for the claim. IMPP is defined as the weekly income maintenance paid *divided by* the maximum income maintenance that would be paid if the worker was fully incapacitated and therefore not in any paid employment.

The 13-week and 26-week "step downs" of income maintenance do not require a change to the definition of IMPP, because the respective 10% and 20% step-downs affect the numerator and the denominator by the same proportions.

So, for example:

- A worker who is fully incapacitated (no paid working hours) is on full income maintenance, and therefore IMPP = 1
- A worker who is fully back at work, being paid at their full (or more) pre-injury hourly rate, has no income maintenance and therefore IMPP = 0
- A worker who is partially back at work, working two paid days per week at the full pre-injury hourly rate, whose pre-injury hours were 5 days per week, has income maintenance of 60% and therefore IMPP = 0.6
- A worker who is partially back at work, working three paid days per week at the full pre-injury hourly rate, whose pre-injury hours were 5 days per week, has income maintenance of 40% and therefore IMPP = 0.4

It is apparent that the proportion of pre-injury hours that the worker is at paid work equals 1 *minus* IMPP, in most circumstances. The main exceptions are if the worker (i) receives an income maintenance redemption (rare under current WorkCover policy), and (ii) has income maintenance ceased following a Work Capacity Assessment (WCA). These are dealt with by recognising improvements in IMPP immediately prior to the redemption or WCA, and ignoring changes in the IMPP after the redemption or WCA.

Therefore, an improvement in IMPP between two points in time is equal to an improvement in the proportion of pre-injury hours worked – that is, the "return to work" between the two points in time.

There are three Return to work measures, defined as follows:

1. Return to work as at closed date =
    - IMPP as at referral date *minus* IMPP as at closed date
2. Return to work, sustained =

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[2] At least 10 referrals are required for a minimum level of accuracy. For providers with less than 10 referrals closed during the reporting period, their results will be based on the most recently closed 10 referrals.

- IMPP as at referral date *minus* IMPP as at 3 months after closed date
3. Return to work outcome =
    - the lower of 1. and 2.

Measure 3 is the Return to work outcome which is the basis for the Return to work score. It has two desirable features:

(i)   if the return to work outcome at closure is sustained for 3 months (or improves), it gives recognition to the entire return to work achieved as at the closure date, and

(ii)   if the return to work is not sustained, then the outcome is reduced, but only to the extent that the return to work is not sustained. That is, if at least some of the return to work is sustained, then the entire sustained return to work is recognised.

The Return to work <u>score</u> for an individual referral is the difference between the Return to work outcome as defined above, and the expected Return to work given the characteristics of the referral. The expected Return to work is the average for other referrals with similar characteristics, calculated using a statistical model. Details of the modelling are given later in the report.

So, the definition of the Return to work score for an individual referral is:

Return to work score =
    Return to work outcome *minus* Expected Return to work outcome   (1)

The unscaled Return to work score for a Provider for a reporting period is the average score for all the Provider's referrals which meet the criteria (see the previous subsection "Criteria for including referrals in the component scores").The scores are then scaled in order to achieve objective 2 of the Overall Score (explained in detail later).

<u>Service duration</u>

For an individual referral, Service duration is the number of days between the referral date and the closed date. However, Service duration in its raw (unadjusted) form is not suitable as an outcome component, because it is highly positively skewed. The unadjusted values for some referrals are very high, and would have an undue influence on the Overall Score. Therefore, in the first instance the natural logarithm of Service duration is used as the outcome measure.

The advantages of using the logarithm include (i) unusually high values are reduced to values closer to the usual values, so that they do not unduly influence the data, (ii) it maintains the ranking – that is, referrals with the best (or worst) unadjusted service durations will also have the best (or worst) logarithms, and (iii) provider scores are more stable (especially important for smaller providers). The use of logarithms is a standard, widely used approach to adjusting data with high positive skewness.

The Service duration <u>score</u> for an individual referral is the difference between the log of the Service duration, and the expected log of the Service duration given the characteristics of the referral. The expected log of the Service duration is the average for other referrals with similar characteristics, calculated using a statistical model. Details of the modelling are given later in the report.

So, the definition of the Service duration score for an individual referral is:

Service duration score =
    Expected log of Service duration *minus* log of Service duration   (2)

The unscaled Service duration score for a Provider for a reporting period is the average score for all the provider's referrals which meet the criteria. The scores are then scaled in order to achieve objective 2 of the Overall Score (explained in detail later).

Service cost

For an individual referral, Service cost is the costs paid by WorkCover as defined in the document "Workplace Rehabilitation Performance Framework".

In the same way as the Service duration outcome described above, Service cost suffers from positive skewness and the associated problems. Therefore, the natural logarithm transformation is used.

The Service cost score is the difference between the outcome and the expected outcome, the latter being the average for other referrals with similar characteristics. So we have:

Service cost score =
Expected log of Service cost *minus* log of Service cost   (3)

The unscaled Service cost score for a Provider for a reporting period is the average score for all the provider's referrals which meet the criteria. The scores are then scaled in order to achieve objective 2 of the Overall Score (explained in detail later).

Combining component scores into the Overall score
(Objectives 1, 2 and 4)

The Unadjusted Overall Score for a provider is a linear combination of the provider's scaled component scores, calculated as:

Unadjusted Overall Score =
50 x Scaled RTW score + 20 x Scaled Duration score + 20 x Scaled Cost score

where the scaled component scores are calculated as:

Scaled RTW score   =   1.91 x RTW score
Scaled Duration score   =   1.07 x (Duration score – 0.53)
Scaled Cost score   =   1.07 x (Cost score – 0.5)

Each provider's Unadjusted Overall Score is adjusted every reporting period as:

Overall Score   =   Unadjusted Score – median (Unadjusted Score)

where median (Unadjusted Score) is the score of the central (or "middle") provider when the providers are listed in order from highest to lowest Overall Score.

The effect of the adjustment is that the typical Overall Score for every reporting period equals zero, above-average Overall Scores are positive, and below-average Overall Scores are negative.

The above approach ensures that the variance of the Overall Score is driven by the independent variances of the components according to WorkCover's priorities, in accordance with the following:

Component	Proportion of Overall Score's variance explained by the Component
Outcome (return to work)	50%
Service duration	20%
Service cost	20%
Rejection ratio	5%
Timeliness of assessment etc.	5%

At this stage the last two components are not measured. When they are, the scaling factors for the components will be revised so that the proportions in the table are maintained.

Removing non-provider performance factors –Adjusting for the characteristics of referrals
(Objective 3)

As explained previously, for every referral, an "expected outcome" is calculated for each component outcome (RTW, duration and cost). The difference between the outcome and the expected outcome is the referral's "score".

The purpose of calculating the score is to remove the effects of non-provider performance factors on the outcomes. In other words, to adjust for the unique characteristics of the referral.

The expected outcome for a referral is the average outcome for all referrals which have the same characteristics as at the referral date. Since it is unlikely that many other referrals would have exactly the same characteristics, statistical modelling is employed to estimate the expected value.

The following referral, claim, worker and employer characteristics have been modelled, and their effects incorporated into the expected outcomes:

- Worker age
- Worker gender
- Worker residential location (metropolitan or country)
- Claim duration
- Occupation
- Nature of injury
- Body location
- History of IMPP (defined previously)
- Selected claim expenditures to-date
- Previous income maintenance redemption
- Previous workplace rehabilitation services
- Pre-injury employer size (measured by remuneration)
- Pre-injury employer industry

Expected Return to work model

The statistical model for Expected Return to work is complex because it explicitly caters for the mixed nature of outcomes. By "mixed" we mean that the outcome is a mixture of discrete outcomes and continuous outcomes.

The dependent variable in the model is the IMPP (defined previously) outcome, being the highest of the IMPP as at the closed date and the IMPP as at 3 months after the closed date. The model provides a formula to calculate the Expected IMPP outcome for each referral, from which the Expected Return to work outcome is calculated as:

Expected Return to work outcome =
IMPP as at referral date *minus* Expected IMPP outcome   (4)

There are three discrete IMPP outcome categories, (i) Zero IMPP (full RTW), (ii) 0<IMPP<1, and (iii) IMPP = 1. These outcomes are modelled using multinomial probabilities.

The continuous value of (ii) 0<IMPP<1 is modelled using Generalised Linear Modelling, with a Logit link function, and a beta probability distribution.

The two models (discrete and continuous) are combined into the following model:

$$E[IMPP_i|\boldsymbol{X'}_i] = P(IMPP_i = 1|\boldsymbol{X'}_i) + P(0 < IMPP_i < 1|\boldsymbol{X'}_i) \times E[IMPP_i|0 < IMPP_i < 1, \boldsymbol{X'}_i] \quad (5)$$

where

$IMPP$	is the IMPP outcome
i	denotes an individual referral
$E[\cdot]$	is an expected value
$P(\cdot)$	is a discrete probability
$\boldsymbol{X'}_i$	is the vector of characteristics unique to the referral as at the referral date

Using these symbols, the Return to work score is calculated by the following steps:

1. develop the discrete model to enable estimation of the discrete probabilities $P(IMPP_i = 1|\boldsymbol{X'}_i)$ and $P(0 < IMPP_i < 1|\boldsymbol{X'}_i)$

2. develop the continuous model to enable estimation of the expected value $E[IMPP_i|0 < IMPP_i < 1, X'_i]$

3. apply the combined model (5) to estimate $E[IMPP_i|X'_i]$;

4. apply formula (4) to estimate the Expected Return to work as at closed date

5. apply formula (1) to calculate the Return to work score for the referral.

Expected Service duration model, and Expected Cost model

Service duration and Cost are each modelled using Generalised Linear Modelling, with a log link function and a gamma probability distribution. The resultant Linear Predictors for each referral are the Expected logs, which take account of the unique characteristics of each referral, and are used in formulae (2) and (3) to calculate the scores.

Star ratings, and Provider Reports
(Objective 5)

The Overall Score is converted to a Star Rating using the following table:

Overall Score, Period adjusted	Star Rating
> 25	★ ★ ★ ★ ★
>15 to 25	★ ★ ★ ★
-15 to 15	★ ★ ★
-25 to <-15	★ ★
< -25	★

The following is the type of report that providers will receive each reporting period.

Provider Performance Report
Return to work with Pre-injury employer goal
Workplace rehabilitation closed during current reporting period

Provider Name: **XYZ Services Pty Ltd**

Your results are highlighted in black and other provider results in green

Provider	Overall score	Rank				Star rating	
		Overall	RTW	Service durn	Cost	Current reporting period	Historical periods
A	26.1	1	1	9	8	★★★★★	
B	24.1	2	5	4	1	★★★★	
C[1]	23.9	2	1	6	15	★★★★[1]	
D	23.6	3	19	1	2	★★★★	
XYZ Sv	17.2	4	3	7	7	★★★★ ★★★ ★★★ ★	
F	16.2	5	17	2	6	★★★★	
G	15.2	6	20	3	4	★★★★	
H	14.9	7	12	8	3	★★★	
...	...	...	...	...	...	...	
V	-11.5	21	23	16	11	★★★	
W[1]	-11.6	21	14	19	22	★★★[1]	
Y	-26.5	22	24	23	19	★	
Z	-42.4	23	11	24	24	★	

[1] These providers have less than 10 referrals closed during the reporting period, and their results are based on the most recently closed 10 referrals irrespective of the period

Performance Measurement Methodology
New Employer Fit For Work

Overview

For the fit for work services there are important aspects of the performance measurement that cannot be defined at this stage, but will be developed over time as we collect more data.

When we have sufficient outcome data, we will produce an Overall Score and star rating with the same objectives as the pre-injury performance measurement system. The Overall Score will be a weighted sum of four component scores:

Component	Weight
Outcome (improved capacity for work)	55%
Service duration	20%
Service cost	20%
Referral Rejections	5%

The weight for each component refers to the amount of variation in the Overall Score explained by the independent variation in the component. Initially we will not have sufficient data to accurately measure the independent variations, and it will not be possible to produce an Overall Score with known weights. However as the data develop we will gradually introduce more sophistication. The stages are likely to be as follows:

1. Initially we will measure each of the components and compare providers on the four outcomes without producing a combined score;
2. When we have enough data, we can estimate the relative variations of the four outcomes, and use these estimates to combine the three outcomes into a weighted Overall Score with an associated star rating. At this stage the "expected" outcomes (refer to the previous section) will be the average outcomes of providers, without adjustment;
3. With much more data (probably 12 months of outcomes or more) we can adjust the expected outcomes for referral characteristics.

Calculation of component scores

Improved capacity for work

The underlying data will be recorded by case managers, based on definitions of "capacity for work" (CFW) and "Pre-injury Hours" provided by WorkCover. CFW will be measured by three categories:

> 1 = CFW is less than Job Placement Services (JPS) referral criteria
> 2 = CFW meets JPS referral criteria, but is less than the Pre-injury hours
> 3 = CFW is equal to or greater than Pre-injury hours

CFW will be recorded for every claim receiving Fit for Work services, at two points in time:

- the date of referral for the Fit for Work services
- the date of closure

The provider's "Improved capacity for work" outcome is divided into two component outcomes measured as follows:

> For all referrals closed during the measurement period:
>
> 1. The proportion of referrals with an improvement in CFW =
>
>   Number of referrals where CFW category at closure > CFW category at referral
>   *divided by* Number of referrals
>
> 2. The proportion of referrals achieving Pre-injury hours =
>
>   Number of referrals where CFW category at closure >= Pre-injury hours
>   *divided by* Number of referrals

Initially we will measure these two component outcomes independently. However, when we have sufficient data (probably at least 12 months) we will determine weights to combine them into a single "Improved Capacity for Work" score.

Service duration and cost

Service duration is the number of days between the referral date and the closure date.

Service cost is the costs paid by WorkCover as defined in the document "Workplace Rehabilitation Performance Framework".

As explained in the previous section, Pre-injury employer services, there are advantages in taking a log-transformation when measuring service duration and cost. This is also likely to occur with Fit for Work services.

Performance Measurement
Job Placement Services

Overview

For the Job Placement services (JPS) there are important aspects of the performance measurement that cannot be defined at this stage, but will be developed over time as we collect more data.

When we have sufficient outcome data, we will produce an Overall Score and star rating with the same objectives as the pre-injury performance measurement system. The Overall Score will be a weighted sum of four component scores:

Component	Weight
Outcome (return to work)	55%
Service duration	20%
Service cost	20%
Rejection ratio	5%

The weight for each component refers to the amount of variation in the Overall Score explained by the independent variation in the component. Initially we will not have sufficient data to accurately measure the independent variations, and it will not be possible to produce an Overall Score with known weights. However as the data develop we will gradually introduce more sophistication. The stages are likely to be as follows:

1. Initially we will measure each of the components and compare providers on the four outcomes without producing a combined score;
2. When we have enough data, we can estimate the relative variations of the outcomes, and use these estimates to combine the outcomes into a weighted Overall Score with an associated star rating. At this stage the "expected" outcomes (refer to the pre-injury section) will be the average outcomes of providers, without adjustment;
3. With much more data (probably 12 months of outcomes or more) we can adjust the expected outcomes for referral characteristics.

Calculation of component outcomes

Criteria for including referrals in the component scores

Component scores are calculated during the reporting period for all referrals which have received Job Placement services (JPS) with closure date during the reporting period, and are in receipt of income maintenance as at the date the claim was referred for JPS.

Outcomes

The component outcomes will be calculated using the methodology described in the pre-injury performance measurement section.