

# Levels and Cost of Catastrophic Injuries from Motor Vehicle Accidents in Australia

CTP Claims Management Symposium

16 June 2005



**ACTUARIAL**  
*Turning risk into value*

# Contents

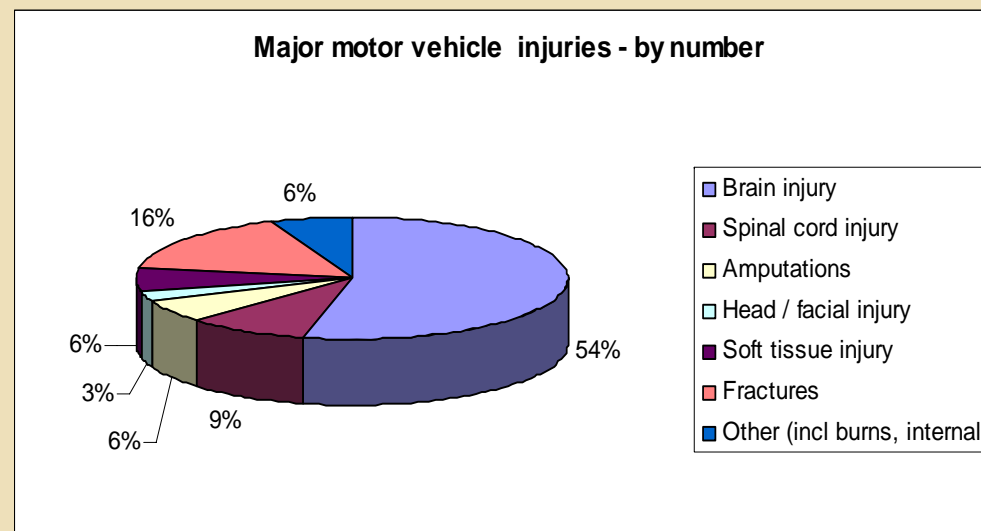
- National Long Term Care project
- What is a major injury?
- The nature and scale of the problem
- Benefits currently received
- What services and support are needed
- Estimated cost distributions by severity
- Cost of a no-fault scheme across jurisdictions

# The National Long Term Care Project

1. Remove the “future care” head of damage from common law with the other heads of damage remaining under common law.
2. Establish a fully funded scheme where the injured are provided with services rather than a lump sum
3. Establish criteria for eligibility and the range and quantum of services to be provided
4. Encourage the development of contestable service networks
5. Within each jurisdiction pool future care funds from all sources into a single fund and establish a jurisdictional entity to manage the scheme
6. Establish a national coordinating capability

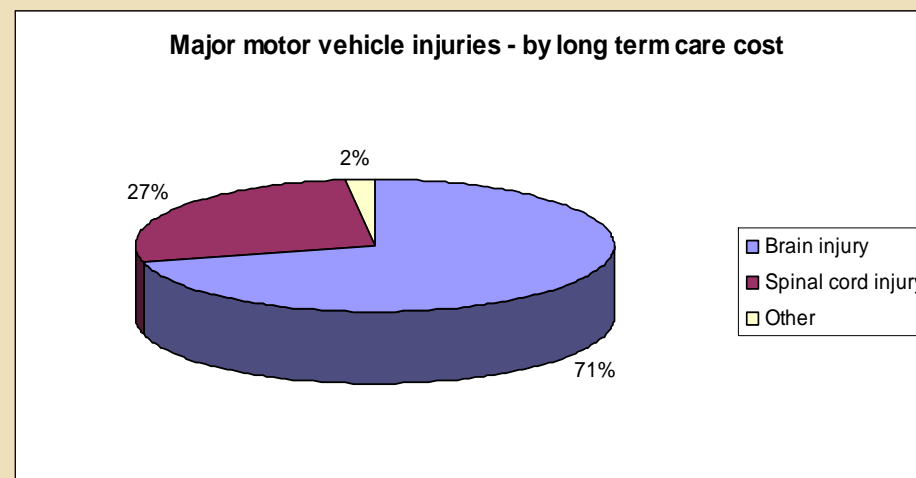
# What is a major injury?

- Each year 1200-1500 Australians sustain major injury as a result of a motor vehicle injury
- Of these, about 2/3<sup>rds</sup> sustain spinal cord injury or brain injury – ie about 800 – 1000 per year



## What is a major injury? (2)

- Of these, we estimate 380 per annum will require daily care and support for a major part of their life
- Of the total care cost for these people, up to 98% is in respect of people who sustain spinal cord injury or brain injury
- These will be the topic of the remainder of this presentation



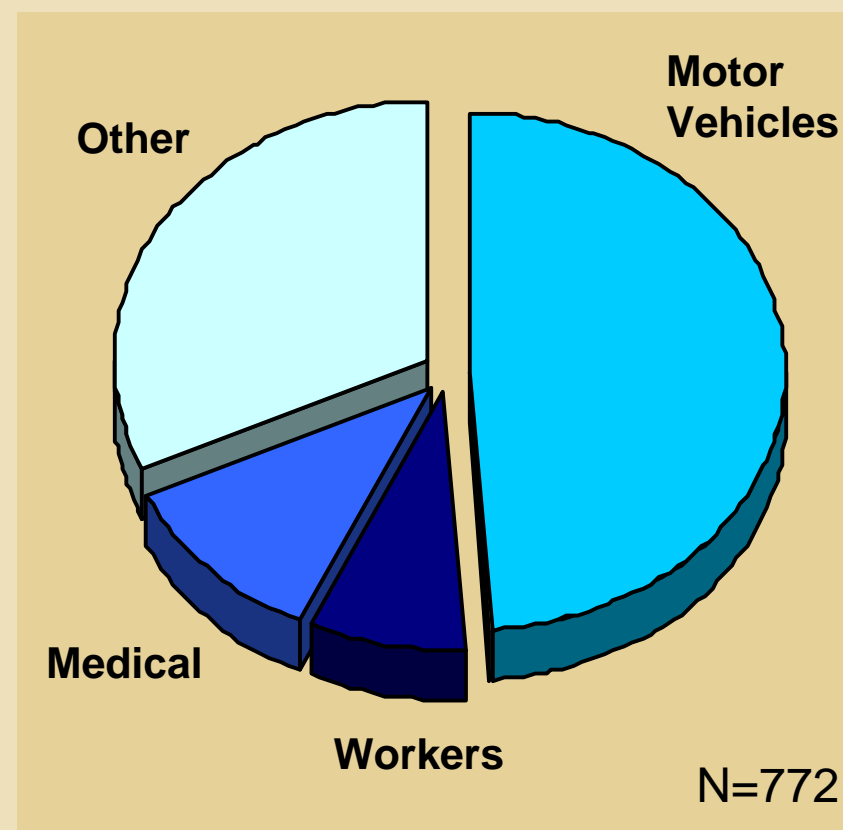
# Catastrophic trauma: What does this include?

- Australian residents with a severe disability as a result of an injury (which may include a treatment injury) may enter on an interim basis if they have either:
  - A spinal cord injury with neurological deficit assessed after spinal stability, or
  - A traumatic brain injury resulting in post traumatic amnesia of a period to be determined (probably 7 days)
- After 2 years, a functional assessment will be used to determine further eligibility for benefits
- For injuries other than spinal or brain, entitlement will be assessed at a suitable time post injury, likely 2 years, by exception based on a functional assessment

# Nature and Scale of the Problem beyond Motor Vehicle Injury

- Across all causes, each year 750-800 Australians are catastrophically injured and will require lifetime care and support for their activities of daily life.
- They are young, 70% under 30

- Accidents result from:



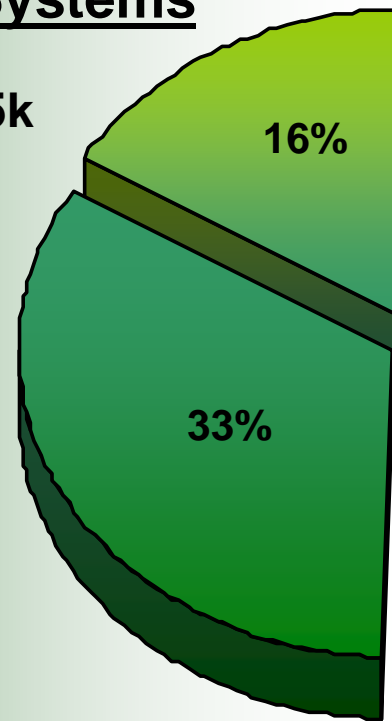
# What Benefits are Received?

- In Australia's currently predominantly fault-based compensation systems less than half of the catastrophically injured receive compensation

## Compensation Systems

**Services ~ \$60k - 65k value pa**  
(TAC, MAIB and some workers comp)

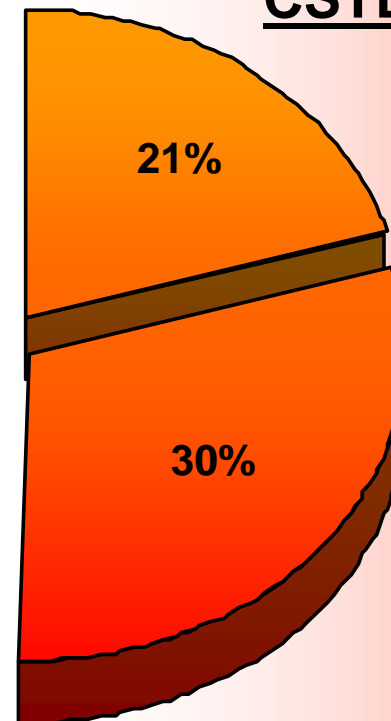
**Lump Sum – \$1.5m each**  
(\$400m nationally pa)



## CSTDA/HACC Systems

**CSTDA/HACC ~ \$20k - 30k value pa**

**NIL**

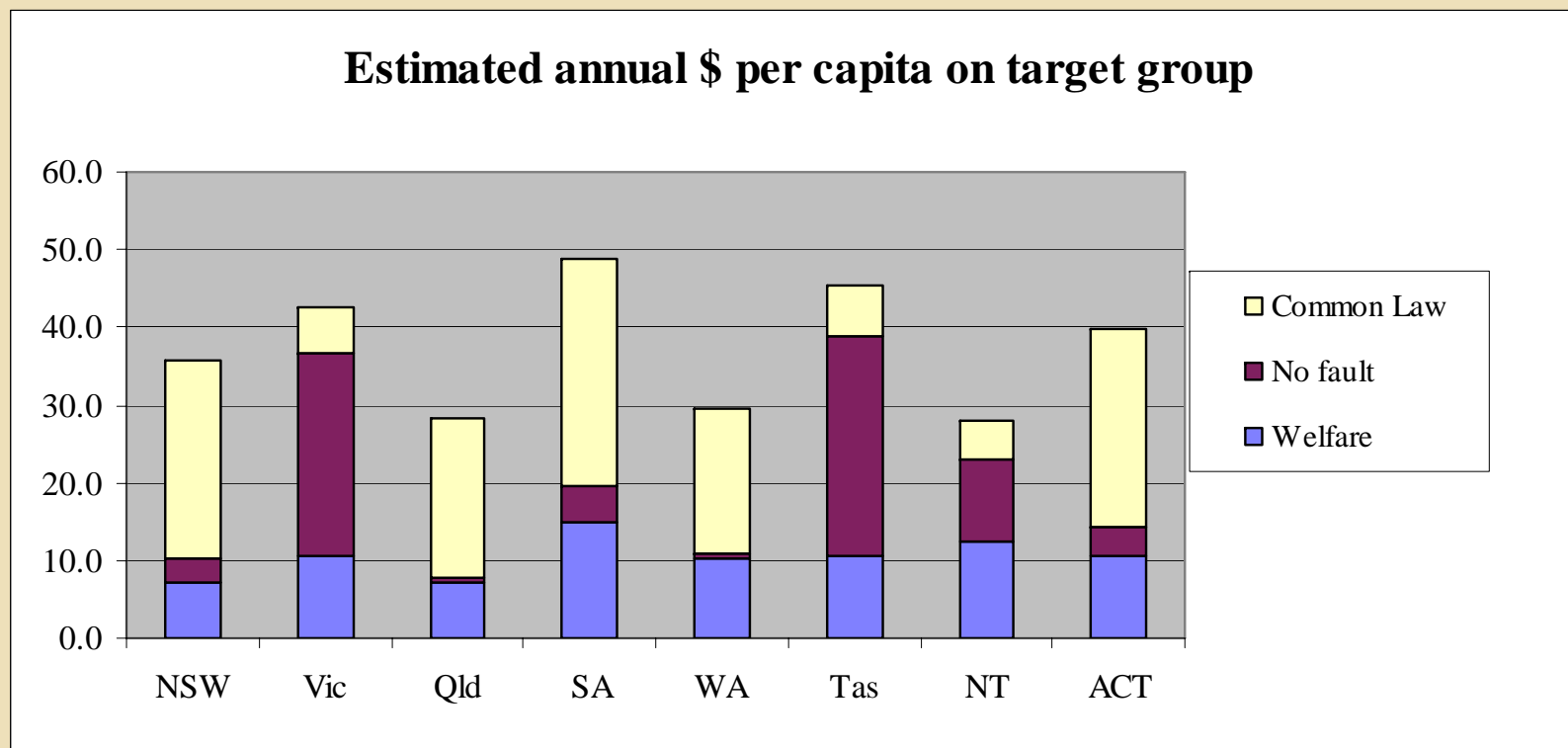


N=772

Commonwealth State Territory Disability Agreement (CSTDA)  
Home and Community Care (HACC)



# The Nature and Amount of Benefits varies across Jurisdictions



# The cost of What ??

## Long term support: What does this include?

- Recommended to include a wide range of “reasonable and necessary” services, within the overall objective of facilitating community involvement and independence. These would include, but not be limited to:
  - Attendant care and substitutable services;
  - Domestic assistance;
  - Respite;
  - Equipment and modifications;
  - Case planning and case management; and
  - Counseling and social support.
- Some jurisdictions may decide to include post-acute medical and rehabilitation, which will increase the costs provided by approximately 5%.

# Expected care and equipment costs at each severity level

## Acquired Brain Injury

Level of care at discharge	Personal Care and Services	Equipment Costs	Average Annual Cost
<i>Level of care at discharge</i>	<i>hrs pw</i>	<i>\$pa</i>	
24 hour surveillance / care	141.7	16,724	282,992
20-24 hour individual care	141.6	16,724	282,678
12-20 hour individual care	96.8	10,969	192,734
7-11 hour individual care	62.5	6,825	124,163
4-6 hour individual care	37.7	4,875	75,620
2 hours/day personal care	18.1	2,925	36,939
Community living	4.7	0	8,819
<b>All adults at discharge</b>	<b>55.8</b>	<b>5,007</b>	<b>123,055</b>

Note: Excludes hospital and medical costs

# Expected care and equipment costs at each severity level

## Spinal Cord Injury

	Personal Care & Services	Equipment costs	Average Annual Cost
	hrs pw	\$pa	\$pa
<i>Neurolevel:</i>			
C1-3 Ventilator dependent	182.0	22,279	364,162
C1-3 Not ventilator dependent	101.8	16,724	207,977
C4	56.3	16,724	122,389
C5	51.4	10,969	107,476
C6	40.9	11,261	88,044
C7-8	22.1	10,774	52,335
T1-T6	4.5	7,508	15,961
T7-L1+	3.0	7,508	13,143
All SCI	28.1	10,338	63,156

Note: Excludes hospital and medical costs

# Estimated no-fault LTC costs by jurisdiction

	NSW	Victoria	Queensland	South Australia
Annual cost (\$m)	240.9	134.7	123.5	70.6
Annual number of claims (a)	124	80	69	41
Annual number of interim claims (b)	217	141	121	73

	Western Australia	Tasmania	ACT	NT	Australia
Annual cost (\$m)	79.2	13.7	12.0	8.4	683.0
Annual number of claims (a)	47	8	6	4	380
Annual number of interim claims (b)	82	14	11	8	666

Note: Excludes hospital and medical costs