

Chapter Three: Claims

Claims Directorate



*Kefilwe Tselane
Executive Manager: Claims*



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Acting Chief Medical Officer*



*Vernon Mchunu
Manager: Communication*

The Executive Manager of the Claims Directorate is Ms Kefilwe Tselane.
The managers are:

- | | |
|------------------------|-----------------------------------------------------------|
| • Mr SJP Kruger | Compensation Claims |
| • Dr M T P Ramantsi | Medical Services |
| • Mr J M van der Merwe | Policy Development /Review, Adjudication and Registration |
| • Mr R C Lengolo | Exempted Employers and Unreported Accidents |
| • Adv Z Bastile | Legal Services |
| • Mr V Mchunu | Communication |

Chapter Three: Claims

Claims Directorate

Main functions

The main objectives of the Directorate are:

- Registration, processing and payment of claims for occupational injuries and diseases
- Payment for the costs of medical treatment provided to injured/diseased workers
- Monitoring compliance with COIDA
- Handling of objections and appeals against the decisions of the Director-General of Labour, based on COIDA
- To improve access to COIDA services.

Human resources

The Executive Manager is responsible for providing the strategic leadership and management of the Claims Directorate. It has six subdirectorates, namely, Medical Claims, Medical Services, Legal Services, Compensation, Exempted Employers and Unreported Accidents and Communication. Within the Directorate there are 349 permanent personnel and over 284 contract workers.

Compensation benefits

Compensation benefits include loss of salary, lump sum payments and monthly pension payments to the employee or his/her dependants. Other benefits are constant attendance allowances and artificial appliances. The calculation of benefits paid is based on the earnings received by the employee at the time of the injury, the extent of the injury and related disability. The affordability of benefit increases proposed annually by the Fund is actuarially evaluated. Based on the annual returns of earnings received from employers, 5 254 429 workers are covered and these workers are all potential beneficiaries.

Medical Services

The Fund processes the medical claims of more than 14 000 medical service providers that treat employees for occupational injuries and diseases. Medical service providers are from different disciplines of medicine. The payment of claims is based on negotiated tariffs agreed with the different specialist associations. The tariff increases are implemented on the first day of April each year and are based on the actuarial evaluation.

The Fund has different medical specialists who give advice on medical issues, review and develop policies relating to medical issues, manage the occupational diseases and train staff as well as external clients.

Exempted employers

Government departments, provincial administrations and local authorities do not pay assessments to the Compensation Fund, and the Fund therefore does not pay COIDA benefits to public servants. However, they are expected to register with the Compensation Fund as their employees are entitled to COIDA benefits. When accidents and diseases are reported, the Fund processes the claims and sends payment awards to the Department concerned for processing of payment. Only monthly pension payments are processed by the National Treasury - Pensions Administration.

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Claims Directorate

The Fund and the Department of Public Service and Administration (DPSA) have recently finalised a guideline on COIDA to assist all the departments in dealing with COIDA claims. This guideline explains roles and responsibilities of each department, including the Compensation Fund, on all COIDA issues.

Mutual Associations

The other groups of employers are those who are registered with the mutual associations. There are two mutual associations who operate under a license from the Minister of Labour to insure employers against their liabilities to employees in terms of the COIDA. The mutual associations operate in terms of their license conditions and the Fund exercises a monitoring function on COIDA related matters.

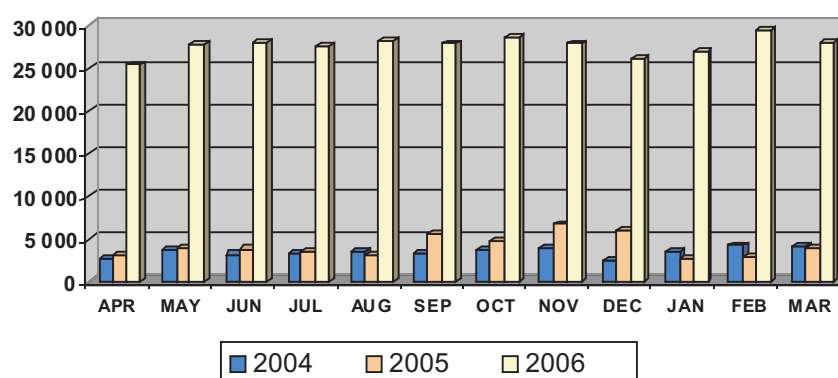
Major achievements

- A pilot project to decentralise claims registration and adjudication to labour centres was run successfully in the Eastern Cape's Port Elizabeth Labour Centre. The value derived is that decision on liability was given to clients within 10 days and medical accounts of claims with complete documents paid in 15 days. This pilot also confirmed that certain functions of the Fund can be decentralised to improve service delivery as the clients can be served in their areas of residence/employment
- The services iimbizo were held in all provinces and achieved their objective of assisting clients and finalising their claims during their visits and again encouraging the use of provincial offices and labour centres, thus paving the way to decentralise clients' services to the provinces. This has greatly improved the services of the Fund
- COIDA benefits and medical tariffs were increased
- A total of 84% of backlog claims was finalised and 58% of current claims processed. Improved claims settlement resulted as evidenced in the graphs below:

Table 1: Benefits paid for financial year 1 April 2006 to 31 March 2007 (all employer types)

Benefits	No. of claims paid	No. of payments made	R'000 000
Medical	543 449	886 511	1 415
Compensation	324 627	331 672	655
Group total	868 076	1 218 183	2 070

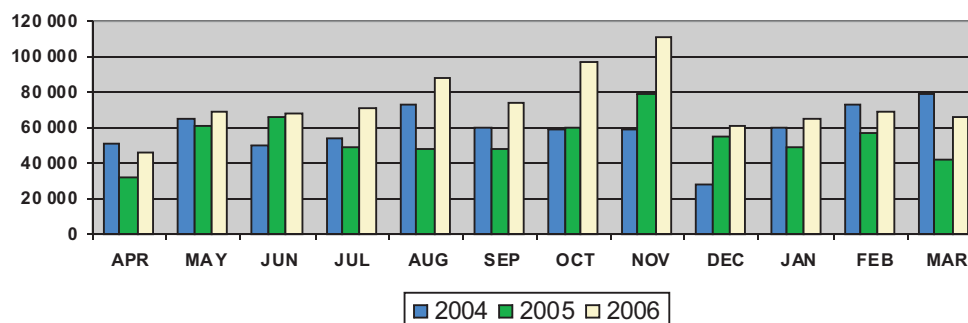
Figure 1: Number of compensation payments to employees from 1 April 2004 to 31 March 2007



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Figure 2: Number of medical aid payments from 1 April 2004 to 31 March 2007



Challenges

- Capacity to process and finalise claims timeously
- Re-designing business processes while still meeting clients' needs
- Finalising the legal processes on hearing cases.

Exempted Employers and Unreported Accidents

Core functions

- Process claims for exempted employers, viz. national departments; provincial departments; exempted municipalities and two mutual associations
- Monitor compliance with COIDA by exempted employers
- Investigate unreported accidents in conjunction with provinces.

Key performance areas

- Adjudication, assessment and calculation of permanent disablement
- Payment of medical expenses
- Monitoring compliance with COIDA by exempted employers
- Investigation of unreported accidents.

Achievements

1. Processing of claims for exempted employers

- On average 73% of all exempted employers' claims have been finalised, as indicated in the table and graph below:

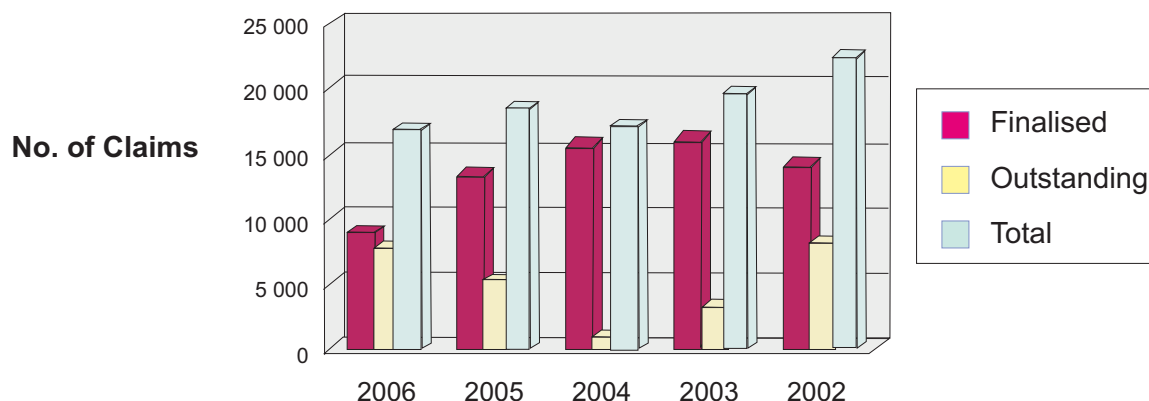
Table 2: Finalised claims

Year	Registered	Finalised	Outstanding
2006	16 816	9 029	7 787
2005	18 555	13 270	5 285
2004	16 582	15 680	902
2003	19 479	16 217	3 262
2002	22 404	14 214	8 190
Total	93 836	68 410	25 426

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Exempted Employers and Unreported Accidents

Table 3: Finalised Claims



2. Monitor compliance with COIDA by exempted employers

- New provisional settlements were drafted jointly with mutual associations and will come into operation during the 2007/08 financial year.

3. Investigation of unreported accidents

- All temporary claims that could not be made permanent due to insufficient information were published in the Government Gazette in September 2006
- A follow-up awareness campaign was launched during December 2006 / January 2007 on print and electronic media to sensitise clients about this project of tracing clients whose injuries were not reported by their employers
- The new COIDA enforcement policy was developed and will be integrated into the departmental enforcement strategy for implementation.

Challenges

- Improving the turnaround time in processing claims
- Intensifying compliance with COIDA policies and prescripts by all exempted employers.

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Compensation Claims



Clients waiting to be served at the Fund's Head Office.

Objective

The objective of the Compensation Subdirectorate is the strengthening of the social safety net and the protection of vulnerable workers through the timeous processing of claims and payment of compensation to injured or deceased employees in the form of periodical payments for temporary disablement (loss of salary) and for permanent disablement in the form of a lump sum or a pension for life. The Subdirectorate also pays compensation to the dependants of employees who are fatally injured in the form of a lump sum and/or pension.

Outputs

The outputs of the Compensation Subdirectorate were:

- Improved claims processing
- Reduction of the backlogs
- Stakeholder education.

Major achievement

There was a significant reduction in the backlog claims for 2003 and 2004. A total of 83% of these claims were finalised.

External impact

- Knowledgeable stakeholders and bigger involvement of stakeholders
- An increase in the number of new pensions awarded.

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Compensation Claims

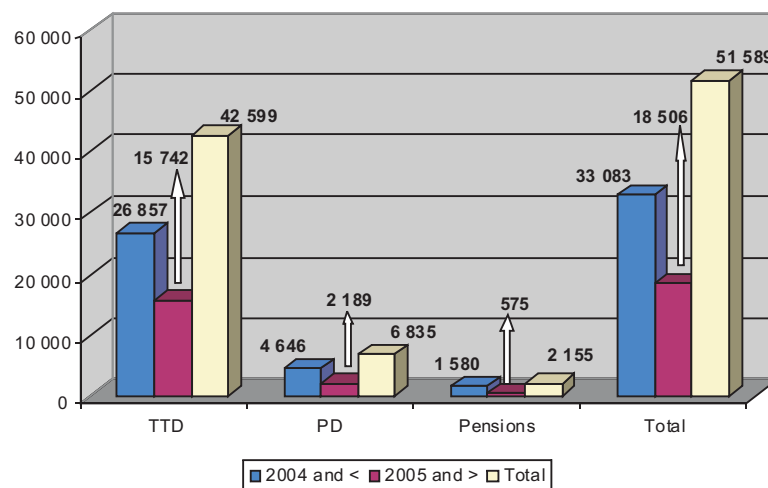
Awards made for injuries on duty

The backlog strategy embarked upon in 2005/06 was given momentum in this financial year with a concerted effort to eradicate the backlogs of claims from 2004 and older. The impact of the strategy can be seen in the number of payments made in respect of claims for 2004 and older. 64% of all payments made were in respect of claims that have occurred prior to 2005:

Table 3: Awards made

Number of payments made	2004 and <		2005 and >		Total
*TTD	26 857	(63%)	15 742	(37%)	42 599
**PD	4 646	(68%)	2 189	(32%)	6 835
Pensions	1 580	(73%)	575	(27%)	2 155
Total	33 083	(64%)	18 506	(36%)	51 589

**Figure 4: Compensation payments
Backlog claims vs. New claims**



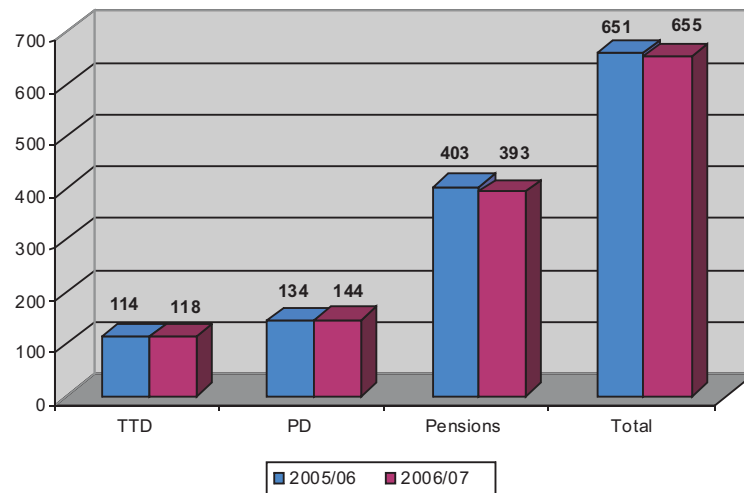
By the end of the financial year, the Fund had 21 757 (23 608 previous financial year) pensioners. The payment of pension per cheque was stopped as from January 2007. All payments are made by electronic transfer to minimise the risk for both the Fund and the pensioners. The capitalised value of the new pensions awarded in this financial year is R393 million (R403 million in 2005/06). The expenditure towards Permanent Disablement (lump sums) was R144 million (R134 million in 2005/06) and the expenditure towards Temporary Total Disablement was R118 million (R114 million in 2005/06).

*TTD = Temporary Total Disablement
**PD = Permanent Disablement

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Compensation Claims

Figure 5: Monetary value of compensation paid
R million



A project was launched in October 2006 with some large employers whereby the employers submit complete claims to the Fund which will enable the Fund to improve the turnaround time on the payment of benefits. By the end of December 2006, the average turnaround time of the first TTD payment was 32 days and by the end of March 2007 it had reduced to 10 days. The promising results from this initiative will be taken to other employers in the next financial year.



The mission of the Fund is to provide compensation for occupational injuries and diseases

The major challenges for the financial year 2007/08 will be to further improve service delivery by:

- Improving the turnaround time on the payment of compensation
- Developing and implementing new business processes
- Accelerating the process of decentralisation of the Fund's services to labour centres.

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Policy Development Review, Adjudication and Registration

Objective

The main objectives of the Subdirectorate Policy Development/Review, Adjudication and Registration are:

- Development of new policies and the reviewing of existing policies in respect of occupational injuries/diseases
- Registration of all new claims received and the scanning and indexing of all reports and medical accounts received
- Adjudication of all claims.

Outputs

The outputs were:

- To reduce the period taken in registering new claims
- To reduce the turnaround time for awarding compensation
- To improve the quality of the scanned images and reduce the number of duplicate documents on the system.

Major achievements

- All new claims received are being registered within 24 hours of receipt. A pilot project on receiving, registering, adjudicating and payment of compensation and medical expenses was run from the end of 2006 at the office of the Compensation Fund. The benefit from this was that decisions on all new claims were communicated to clients and first payments were made within 10 days
- A new document management system was piloted and implemented. This has improved the quality of electronic files
- A pilot was started in Port Elizabeth and East London to receive, register, adjudicate and pay medical expenses for new claims. This was a huge success and will now be rolled out to other provinces as a beginning of decentralisation.

External impact

The payment of compensation and medical expenses increased as a result of the above mentioned achievements.

Reporting of accidents

The Act requires employers to report occupational injuries within seven days of it being reported to them and occupational diseases within 14 days of it being diagnosed. The current reporting of occupational injuries/diseases is still far from being satisfactory as depicted by the graph below for the financial year 2006/07. Although the average number of days it took to report accidents or occupational diseases has slightly decreased from 112 days in the previous year to 100,8 days in this financial year this state of affairs is unacceptable.

The Act makes provision for penalties to be levied against employers who do not report within the prescribed time limits. The amount can be the entire cost of the claim. The Fund is in the process of reviewing the amount of the penalties and to increase the education campaigns, targeting employers as employees with occupational injuries and diseases are being prejudiced in receiving compensation on time.

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Policy Development Review, Adjudication and Registration

Figure 6: Number of days from date of accident/date of diagnosis of occupational disease to date of reporting for the financial year ended 31 March 2007

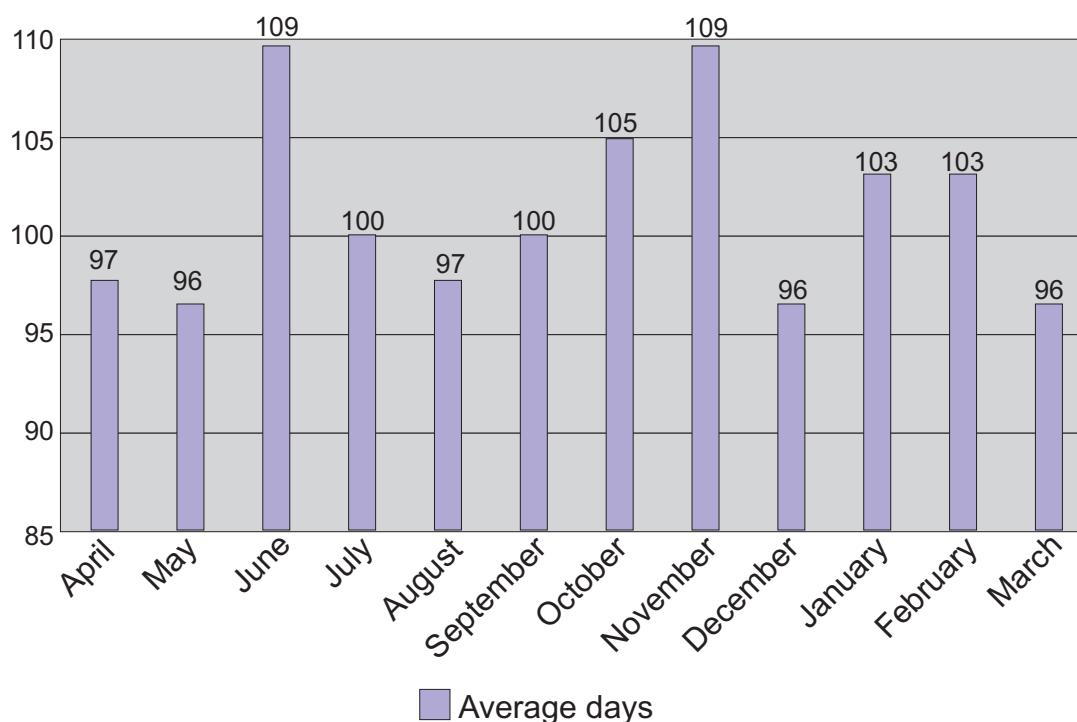


Table 4: Number of accidents reported

Year	Accident Fund	Exempted employers	Total
2001/02	253 666	26 965	280 631
2002/03	210 020	20 254	230 274
2003/04	217 680	19 853	237 533
2004/05	201 003	17 870	218 873
2005/06	219 399	18 581	237 980
2006/07	196 172	17 054	213 226

Table 5: Number of claims repudiated

Year	Number
2001/02	1 798
2002/03	3 307
2003/04	2 453
2004/05	5 712
2005/06	9 558
2006/07	6 796

The number of claims repudiated decreased by 28, 9% from 9 558 in 2005/06 to 6 796 in 2006/07. The reason for this decrease may be that the backlog has been reduced tremendously.

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Policy Development Review, Adjudication and Registration

The major challenges for the financial year 2007/08 will be to further improve service delivery by:

- Improving the overall turnaround time in claims processing
- Eliminating the backlog still existing on incomplete claims
- Business Process Re-engineering and restructuring
- Decentralisation of more COIDA services.

Medical Services and Occupational Diseases

Main objective:

- Policy developing and processing of occupational disease claims
- Rollout of the Provincial Medical Advisory Panels to all provinces
- Give medical advice on the processing of claims for occupational injuries
- Rehabilitation and case management.

Achievements

Policy development

The following policies were finalised by the Technical Committee on Occupational Diseases (TCOD) in the 2006/07 financial year:

- Circular Instruction regarding the establishment of impairment due to occupational lung diseases (CI 195)
- Circular Instruction regarding the compensation for Occupationally Acquired HIV infection and AIDS (CI 183)
- W.CL. 306 form, which is a specific form for the initial reporting of occupational exposure to blood or other body fluid borne pathogens.

The expected outcomes of these policies and the form are that:

- There will be national policies for compensation with uniform criteria for the diagnosis, assessment and evaluation of impairment of workers and the public will be aware of the policies
- The form will improve the reporting of work-related incidents of exposure to blood or other body fluid borne pathogens; improve record keeping and provide a tool for research purposes.

Processing of occupational disease claims

The total number of occupational diseases reported during this financial year has decreased from 3 108 to 2 865, a decrease of 7.8% from the previous year. There has also been a decrease in the number of occupational diseases claims being finalised in the 2006/07 financial year, a decrease from 4 564 in 2005/06 to 3 720 in 2006/07.

Table 6 draws a comparison of the different occupational diseases claims finalised in 2005/06 and 2006/07 financial years. There has been a decrease in all the diseases with the exception of diseases caused by chemical agents which increased by nearly 823%.

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Table 6: Occupational diseases claims finalised

Disease	2005/06	2006/07
Noise Induced Hearing Loss	3 228	2 644
Tuberculosis of the lung	119	69
Pneumoconiosis	261	172
Occupational Asthma	159	109
Occupational skin diseases	204	142
Irritant Induced Asthma	12	6
Repetitive strain injuries	70	32
Mesothelioma	47	29
Lung cancer	8	9
COAD / COPD	30	10
Disease caused by chemical agents	35	323
Diseases caused by physical agents, excluding noise	14	10
Diseases caused by biological agents	275	144
Others	102	21
Total	4 564	3 720

- Roll-out of the Provincial Medical Advisory Panels to all provinces.

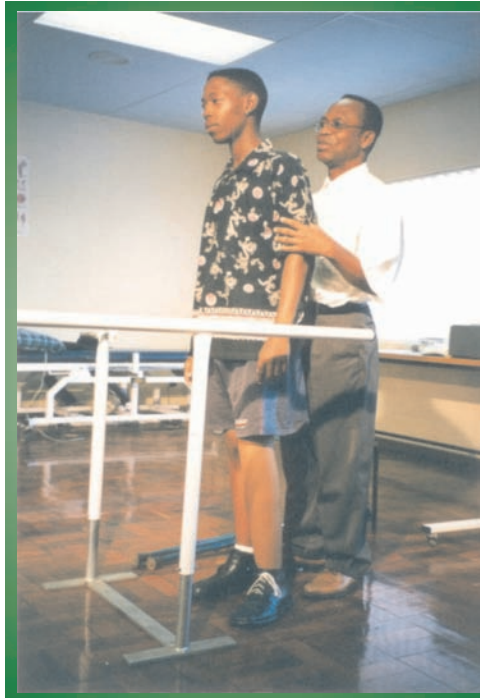
There are currently three Provincial Medical Advisory Panels that are functioning, in the Western Cape, KwaZulu-Natal and the Gauteng Provinces. Adverts were sent out to invite applications for panel members in the North West, Free State, Northern Cape and the Eastern Cape provinces. The major challenge in the roll-out of the panels to other provinces has been the low number of applications and the inavailability of facilities to house the panels.

Since the establishment of the panels, the following have been achieved:

- The panels facilitated the speedy finalisation of claims by ensuring that claims are submitted with complete documentation and also assisted in collecting outstanding information/documentation needed to finalise long outstanding claims
- Training of stakeholders in the provinces, i.e. service providers, employers, employees and IES inspectors
- Policy development: Circular instruction regarding the establishment of impairment due to occupational lung diseases. (CI 195).

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Medical Services and Occupational Diseases



In order to ensure that rehabilitation services are established an Early-Return-To-Work Project has been piloted where the Fund has engaged several stakeholders to assist.

Rehabilitation and Case Management

The Fund has in the past noticed that employees are being treated for extended durations without any outcomes. In order to ensure that the employees receive treatment that is cost effective and outcome-based with the intention of re-integration back into the workplace or the community, the Fund is in the process of implementing case management and rehabilitation.

In order to ensure that rehabilitation services are established an Early-Return-To-Work Project has been piloted where the Fund has engaged several stakeholders to assist. A Technical Committee on Rehabilitation was established and will assist in finalising the Rehabilitation Policy, develop a rehabilitation model for injured workers and roll this out to all provinces.

The Department of Labour together with the Provincial Department of Health in the Western Cape have approved a pilot project on rehabilitation services at the Western Cape Rehabilitation Centre (WCRC). The primary objective of the project is to work with the established Technical Committee on Rehabilitation to develop an employee-centred model for rehabilitation that focuses on community and work reintegration in the management of occupational injuries and diseases.

Challenges

- Finalise roll-out of the Provincial Medical Advisory Panels to remaining provinces
- Implement case management and rehabilitation
- Appoint appropriately qualified medical personnel to provide medical advice
- To improve access to medical benefits for employees using assistive devices by implementing a medical outreach programme for the evaluation of these Employees.

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Medical Claims



The rehabilitation centre offers an injured worker occupational therapy

Objectives

To authorise payment for the cost of reasonable medical aid incurred by or on behalf of an injured employee.

Output

- Process payment of medical accounts on accepted claims
- Consult with different healthcare provider associations in respect of the tariff of fees for medical aid.

Achievements

- **Medical accounts**

The new medical account payment process and reorganisation of medical claims staff resulted in an improvement in the payment of medical accounts and earlier identification of duplicate accounts. This resulted in an increase of 5% of medical accounts authorised for payment as compared to the previous financial year.

A total of 869 395 medical accounts to a value of R1, 4 billion were authorised for payment, compared to 721 000 accounts worth R1, 3 billion in the previous year. Of the 869 395 medical accounts authorised for payment, 60% were paid within 30 days of receipt.

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Medical Claims

- **Consultation with healthcare provider associations**

Meetings were held with different healthcare provider associations to discuss, amongst other issues, applicable tariffs, payment of medical accounts, the procedure to submit medical accounts and the COIDA services available in all provinces. Health care providers were also advised to make use of the provincial offices of the Department of Labour in their regions for submission of accounts and enquiry on all COIDA related issues.

- **Tariff of fees for medical aid**

For the past four years, there has been a significant increase in cost of medical aid with the 2006/07 being the highest. In an effort to contain cost, the Compensation Fund intends to benchmark the COIDA tariff to the National Reference Price List.

After considering the proposals for the 2007/08 increases from all healthcare provider associations and after consultation with the Compensation Board, the 5% increase in tariff was recommended for approval by the Director-General of Labour.

- **Services iimbizo 2006/07**

The Fund embarked on a campaign to visit clients in all provinces and process outstanding claims. The campaign was focused on the medical accounts backlog; even though clients were assisted in all COIDA related issues. This campaign improved the turnaround time to between 2 and 14 days. This was also a great opportunity to have direct contact with the clients and clear up some misconceptions that have delayed the successful processing of claims. Below is the result of the iimbizo on medical claims.

Table 7: Payment of medical accounts at service iimbizo

	Providers	Accounts	Paid	Duplicates	Not payable	Value
KwaZulu-Natal	405	9 921	6 197	2 915	809	R 13 491 004.76
Free State	135	8 169	4 490	2 058	1 621	R 5 316 562.60
Western Cape	411	8 274	4 460	2 529	1 285	R 4 291 323.55
Northern Cape	113	2 934	1 654	326	966	R 3 581 615.27
Limpopo	111	3 531	2 694	504	533	R 2 977 632.73
North West	165	3 996	3 398	401	197	R 5 663 577.32
Eastern Cape	431	5 746	3 809	960	1 937	R 8 955 609.48
Gauteng North	112	6 656	5 429	647	580	R 45 232 724.55
Gauteng South	222	18 168	14 265	2 169	1 734	R 25 355 260.95
Mpumalanga	50	2 239	1 551	265	422	R 3 503 223.80
Total	2 155	69 634	47 947	12 774	10 084	R118 368 535.01

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Medical Claims

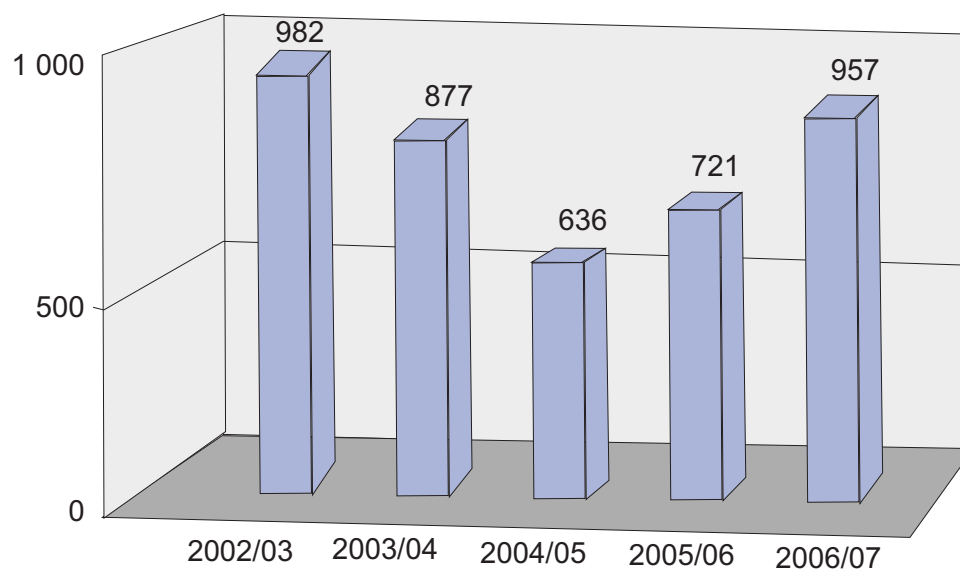
Challenges

- Eliminate duplicate submission of accounts
- Ensure that healthcare providers submit medical accounts when liability of the claim is accepted
- Decentralisation of processing of medical accounts
- Review the tariff of fees structure
- Recover all duplicate and overpayments made to healthcare providers
- Capacity to process and authorise medical accounts effectively and timeously.

Table 8: Medical awards made, 2002/03 - 2006/07

Year	Number '000	Value (Rand million)
2002/03	982	1 205
2003/04	877	1 154
2004/05	636	1 030
2005/06	721	1 311
2006/07	957	1 415

Figure 7: Number of payments made '000



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Medical Claims

Figure 8: Value (Rand million)

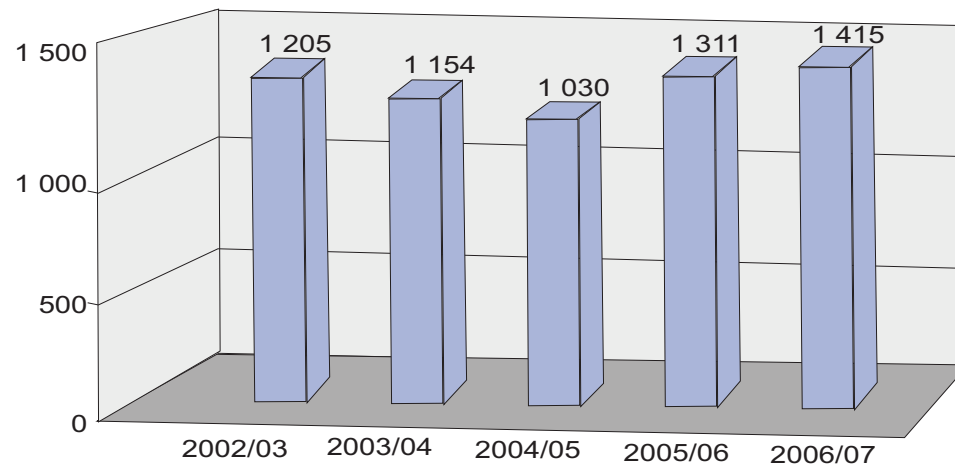


Table 9: Age analysis of accounts paid 2006/07

Paid within	Number	%
30 days of receipt	529 635	61.0
60 days of receipt	67 378	7.8
90 days of receipt	41 992	4.8
120 days of receipt	29 733	3.4
120+ days of receipt	200 657	23.0
Total	869 395	100

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Legal Services

Objectives

- To legally protect the interests of the Fund
- To minimise litigious matters against the Fund
- To give advice in terms of the Compensation Act.

Key performance areas

The section has two main components namely, Third Party and Hearings.

- The Hearings Section administers the objections in terms of section 91 and administers claims for additional compensation in terms of section 56. The Commissioner continually makes decisions of an administrative nature, which affect the employees and the employers in the most significant way and any of the parties affected by any decision of the Commissioner has a right to lodge an objection.

Employees may claim for additional compensation in the event where an accident was caused by the negligence of the employer or a person deemed to be a supervisor/manager.

- The Third Party Section recovers moneys from the third parties where an accident was caused by the negligence of a third party other than the employee or employer, in circumstances that the third party is liable for the payment of damages in terms of the common law. The section is also responsible for the issuing of final awards in respect of payments made to the employees, to the affected third parties.

Achievements in 2006/07

- A total of 1 930 third party claims and a total of 935 objection cases were finalised.

Challenges

- Reduce long delays and improve quality in terms of recovery of third party claims and outstanding hearings
- Increase capacity of Legal Services
- Revise rules pertaining to the Compensation Act.

Communication

Return of Earnings Campaign

The campaign was held as an effort to improve the revenue generation and debt collection, reminding the employers of their duty to submit their return of earnings on or before 31 March 2007. The campaign also raised awareness to our stakeholders and encouraged all unregistered employers to register with the Compensation Fund. Since its inception three years ago, we have achieved significantly in terms of our objective.

Services iimbizo

The Fund's inability to carry out its mandate has led to clients being dissatisfied with the service, and medical service providers refusing to treat COIDA patients. The services iimbizo were an attempt to reach out and improve service delivery to stakeholders.

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Communication

The objectives were:

- Campaign for payment of outstanding medical and compensation claims in all provinces
- Educating our clients about Coida
- Obtaining feedback regarding our services.

Temporary files campaign

The objective was to raise awareness about the untraceable employees with temporary claims at the Compensation Fund and bring the necessary documents to their nearest labour centre or provincial office. This will speed up processing of all outstanding claims. Over 5 900 employees have benefitted from this project and the Fund is still receiving the necessary forms to finalise pending temporary claims.