

Accredited Employers Programme

Lump Sum Compensation for Permanent Impairment

Operational directive



People who suffer permanent impairment as a result of an injury may be eligible for lump sum compensation, if the injury occurred on or after 1 April 2002.

What is a lump sum?

- A lump sum is a one-off non-taxable payment for permanent impairment resulting from an injury. If the client deteriorates, the amount of lump sum compensation may be reassessed leading to an additional payment.
- The amount an injured person can receive depends on their level of impairment, and is paid in addition to any other entitlements or assistance they may receive for injuries.
- ACC will manage the lump sum claims process for accredited employers.

What is permanent impairment?

Permanent impairment is assessed as the percentage of a person's body functionality lost as the result of injury.

Impairment means a loss, loss of use, or derangement of any body part, organ system or organ function. For example loss of an arm is considered to be an impairment.

Permanent impairment is an impairment that has become static or well stabilised with or without medical treatment and is not likely to remit despite medical

treatment. A permanent impairment is considered unlikely to improve substantially and by more than 3% in the next year, with or without medical treatment.

Where there is impairment from multiple injuries, the impairment attributable to each injury will be combined to provide a total whole person impairment percentage. No person can be assessed as having more than 100% whole-person impairment, and cannot receive payments for more than 100% whole person impairment.

Who is eligible for lump sum compensation?

The threshold for eligibility for lump sum compensation is 10% whole-person impairment in respect of injuries that occur on or after 1 April 2002.

Injuries must be certified by a registered medical practitioner as stable (or two years must have passed since the date of injury) and likely to have resulted in permanent impairment.

How will impairment be assessed?

The level of whole person impairment is assessed by an ACC appointed assessor using the American Medical Association Guides to the Evaluation of Permanent Impairment (4th edition) ("AMA4") and the ACC User Handbook to AMA4.

How much compensation might employees receive for permanent impairment?

The Injury Prevention, Rehabilitation, and Compensation (Lump Sum and Independence Allowance) Regulations 2002 specify the compensation payable for impairments between 10% and 80% in 1% increments. The payment scale is weighted so that the more seriously injured employees receive a proportionately greater amount than those with less serious injuries.

What is ACC's role in the lump sum claim process?

The Lump Sum Unit at the Dunedin or Hamilton Service Centre will manage the lump sum assessment process. This means that ACC will:

- keep you and your injured employee informed of key decisions throughout the process
- pay for assessment costs directly to service providers (this is factored into ACC levies)
- pay any lump sum compensation directly to employees of accredited employers who are in the Partnership Discount Plan (this cost is factored into ACC levies)

- advise accredited employers who are in the Full Self Cover Plan of the lump sum amount that they are required to pay to their injured employee. Where applicable, this will also include a calculation to show the proportion of a total lump sum payment the client is eligible for that ACC and accredited employers are required to contribute to
- ACC will pay the entire lump sum entitlement to the injured employee and will then invoice the employer for the portion they are required to contribute to
- manage any application from you for formal peer revision
- manage an application from you for determination by FairWay Resolution Ltd (“FairWay”), and will forward all relevant documentation to FairWay within the required 20-day timeframe

What is your role in the lump sum claim process?

As an accredited employer, you may be the first point of contact for lump sum compensation claims. When an injured employee enquires about a lump sum, follow this process.

1. Explain the basic eligibility requirements - the injury must have occurred on or after 1 April 2002 and a registered medical practitioner must certify that the injury is stable, or two years have passed since the date of injury and permanent disability is certified as likely.
2. Explain the process the injured employee should follow (refer below).
3. Provide the injured employee with the lump sum fact sheet “Information on Lump Sums and Accredited Employers”, which is available on www.informe.acc.co.nz.
4. If the injured employee decides to progress further, complete the ACC557 Accredited Employer’s accident details for Lump Sum application (available on ACC Informe) detailing the work-related injuries. Injury details required on the ACC557 include diagnosis, date of injury, last event date and cost summary. Give this to the injured employee and keep a copy for your own records.
5. From there ACC will keep you informed of key decisions and any further requirements.
 - ACC will pay for assessment costs directly to service providers. This is factored into ACC levies.
 - ACC will pay any lump sum compensation directly to employees of Accredited Employers Programme Partnership Discount Plan employers. This cost is factored into ACC levies.
 - ACC will advise Accredited Employers Programme Full Self Cover (FSC) employers of the lump sum amount.

- ACC will pay the entire lump sum entitlement to the injured employee and will then invoice the employer for the portion they are required to contribute to.

Note: FSC accredited employers remain liable to pay this form of entitlement even after the end of the agreed claims management period.

How does an injured employee apply for lump sum compensation?

To apply for lump sum compensation, the injured employee should:

1. Phone ACC (on 0800 101 996) to request an Accredited Employer lump sum compensation application pack - (LSIA02). This pack includes an application form Accredited Employer Accident Details for Lump Sum Application Form (ACC054), blank medical certificates (ACC554) and an accredited employer accident details for lump sum application form (ACC557)
2. Obtain a completed ACC557 from you that details their work injuries.
3. Complete the application form, and arrange for their doctor to complete medical certificates.
4. Return all completed forms, medical certificates and any other required information to the Lump Sum Unit notified by ACC.

When ACC receives the completed forms and supporting information, ACC will progress the lump sum application and advise any further requirements.

What if I disagree with an assessment?

All accredited employer-related lump sum compensation claims will be automatically peer reviewed by a second assessor to ensure that the correct process has been followed and that the assessment is accurate.

If you disagree with an assessed outcome you have the right to dispute the assessment in two ways.

1. Seek a formal peer revision

You may seek a formal peer revision, at your own cost. The formal peer revision:

- is carried out by an independent medical assessor who is contracted to ACC to conduct medical assessments
- is based on the assessment information, but does not involve a reassessment of the claimant's injuries
- checks that the injured employee's injuries have been appropriately assessed – they check the paper work of the assessor to confirm that they have applied AMA4 and the ACC User Handbook to AMA4 appropriately

Requests for formal peer revisions must be made in writing to the Lump Sum Unit¹ notified by ACC within 20 working days from receipt of ACC's notification.

ACC will arrange the formal peer revision and forward the information on file direct to the peer reviewer.

You will be notified of the outcome and invoiced for the assessor's service. If the peer review results in a new assessment being required, ACC will arrange for this to be done and will bear the cost.

Note: both ACC and the peer reviewer are subject to the Privacy Act 1993 and in some cases may not be able to release all information to you.

2. Seek a determination through FairWay Resolution Ltd

If you wish to seek a determination, you must lodge a completed application with the Lump Sum Unit¹ notified by ACC within 20 working days from receipt of ACC's original notification.

You should attach to this application, documentation that details the grounds for which you believe the process with respect to the assessment and calculation of the lump sum compensation (including the peer revision) has not been conducted appropriately; and/or the assessment and calculation are incorrect.

ACC will collate all relevant information and forward it to the nearest FairWay office.

A FairWay adjudicator will undertake a technical review of the file (assessment and claim information). FairWay's findings are final and are not reviewable. FairWay will invoice you directly for the cost of the technical review. If the FairWay determination results in a new assessment being required, ACC will pay for the new assessment costs.

What is a 'technical review'?

The FairWay adjudicator reviews the medical and assessment information for the lump sum claim. This will determine whether procedures have been appropriately followed during the assessment and that the assessment outcome and entitlement determination is appropriate in terms of the medical information available, legislation and policy. There is no formal hearing as part of this process and oral submissions by ACC and the accredited employer are not required.

Note: the determination does not have the same standing as a formal review under the Act, so cannot include directions, or directly alter the client's entitlement. Where a determination shows a flaw in the decision it will be for ACC to decide what action is needed to address the problem.

1. Hamilton Service Centre, 5-14 Parkinson Place, PO Box 952, Waikato Mail Centre 3240 Dunedin Service Centre, PO Box 408, Dunedin

Do I get a copy of the FairWay report?

Non-accredited employer injury claim information relating to the lump sum claim is only to be released to FairWay. If there is only information relating to accredited employer injuries, you can receive a copy of the FairWay report. If there are non-accredited employer injuries involved in the lump sum claim, FairWay cannot provide a copy of their full report/findings to you, but must (in writing), respond to the issues set out in your initial written complaint or request for determination.

What happens if I disagree with the outcome of the formal peer revision or the FairWay determination?

The formal peer revision and the FairWay determination are the two options available to you to dispute the lump sum assessment. If the assessed amount is confirmed as being correct through the formal peer revision; and/or the technical review confirms that the procedures have been appropriately followed; you must pay the assessed amount to your injured employee.

If the FairWay determination results in a new assessment being required, ACC will pay for the new assessment costs. You cannot dispute the outcome of this re-assessment – you must pay the assessed amount to your injured employee.

What if the injured employee reviews the lump sum assessed amount?

If the injured employee submits an application for a review of the lump sum assessed amount, the outcome of this review will in all cases prevail over the outcome of a formal peer revision or a FairWay determination.

Where can I get more information?

Dunedin Service Centre, PO Box 408, Dunedin

Phone: 0800 101 996

Fax: 0800 844 850

Hamilton Service Centre, PO Box 952, Waikato Mail Centre, 3240

Phone: 0800 101 996

Fax: 07 848 7086

Important note

This advice should be read as a Directive in terms of Clause 8 of the Accredited Employers Programme Accreditation Agreement.

Disclaimer

All information in this publication was correct at the time of printing. This information is intended to serve only as a general guide to arrangements under the Accident Compensation Act 2001 and regulations. For any legal or financial purposes this Act takes precedence over the contents of this guide.