

Talking Notes for Programme Performance Indicators (PPI)

Meeting (21 May 2015)

Background

The current performance indicators have been in place for a number of years:

- VEA targets being set in 1998-1999; and
- SRCA and MRCA targets being set in 2005-2006.

Late last year, the SES forum in Canberra agreed that DVA's current PPIs were no longer appropriate.

The PGPA set out assessment criteria to be followed in reviewing the PPIs. In reviewing the performance indicators against this criteria, it has become obvious the programme objectives and deliverables (under Outcome 1) were inconsistent, some were irrelevant, and others either not accurate or missing.

In summary, the 3 key points are:

1. The objectives and deliverables of Outcome 1 do not accurately reflect their respective programmes;
2. Measurement of timeliness on the basis of the mean is of limited value and is out of step with the direction pursued by other agencies with comparable business; and
3. The assessment of quality currently emphasises the negative and does not clearly exclude those factors that have no impact on the outcome for the client.

Issues

From the EMB feedback received, it would appear the issue for Outcome 1 is about managing negative perceptions and reactions of stakeholders (Veterans, ESOs and the Senate) if a decision is made to change the timeliness indicators for R&C VEA claims from 75 days to 120 days for VEA Disability claims and to 30 days for VEA War/Widow/ers claims. In the context of this potential challenge, I will concentrate my points on the changes to programme 1.2 and 1.3.

Timeliness indicator

The current timeliness indicator is the "mean number of days" to process a claim. The weakness of this measure is that it is easily misunderstood, with the veteran community often overlooking that it is an average. It is also easily distorted by finalisation or merging of very old or very young cases.

A review of other Departments' timeliness targets shows that most use a percentile band as a timeliness measure. The strength of the percentile measure is that it is intrinsically understandable, shows what will happen with a typical case and is not distorted by a few very old or very young cases.

Current R&C performance data for 2014-15 FYTD, would suggest that the introduction of percentile measure is still some way off. However, the 50th percentile (also known as “the median”) would be a positive starting point and a good introduction to percentile measures.

The use of the median to assess TTTP was also a recommendation of the R&C Improvement Project.

Table 1 shows R&C targets and 2014-15 FYTD mean as well as timeliness results against the median and percentile point at the current target.

Table 1 – VEA Targets and 2014-15 FYTD (1 July 2014- 17 May 2015)Performance

Programme	Claims Finalised (including merged and withdrawn)	Target Days	Mean Days	Median Days	Percentile point at Target
1.2 VEA Primary Claims (currently incorrectly included WW claims)	11,688	75	72	54	61th
1.2 Disability claims (DP, AFIS & DP Assessment)-excluding war widow/ers claims	10,183	75	76	59	58th
1.3 War Widow/ers only	1,505	75	44	24	82th

The data currently used to provide the timeliness figures is incorrect in programme 1.2 and 1.3. This data is based on all VEA Compensation Primary Claims, however 1.2 is only related to disability pensions and allowances and 1.3 is specifically related to widow/ers and dependants pensions.

In addition, when a client lodges both a disability pension claim and an application for increase (AFI) under the VEA, both claims are registered. For ease of case management and to streamline disability pension assessment and advices upon finalisation, the AFI is generally registered and then immediately “merged”. This shows that two separate claims were lodged, but leaves only one case outstanding.

Although such AFIs are actually only completed together with the disability pension claim with which they have been merged, these merged AFIs count as finalised cases for the purposes of VEA timeliness. The number of these cases is not insignificant, amounting to almost 30 per cent of cases finalised each year, and all with a TTTP on only one day. The effect of this practice on mean TTTP is clearly shown in the tables below.

Table 2 shows the effect of including and excluding merged and withdrawn cases on VEA mean TTTP for 2014-15 FYTD.

Table 2 – VEA Mean TTTP 2014-15 FYTD (1 July 2014- 17 may 2015)

Claim Type	Disposals including Finalised, Merged and Withdrawn cases	Disposals Finalised cases only, Merged and Withdrawn cases excluded
VEA Primary Claims (currently incorrectly used in 1.2)	72	94
Disability claims (DP, AFIS & DP Assessment) – excluding war widow/ers claims (correct data for 1.2)	76	102
1.3 War Widow/ers only (correct data for 1.3)	44	46

Table 3 shows the effect of including and excluding merged and withdrawn cases on VEA median TTTP for 2014-15 FYTD.

Table 3 – VEA Median TTTP 2014-15 FYTD (1 July 2014- 17 may 2015)

Claim Type	Disposals including Finalised, Merged and Withdrawn cases	Disposals Finalised cases only, Merged and Withdrawn cases excluded
VEA Primary Claims (currently incorrectly used in 1.2)	54	78
Disability claims (DP, AFIS & DP Assessment) – excluding war widow/ers claims (correct data for 1.2)	59	88
War Widow/ers only (correct data for 1.3)	24	27

It is clear that this way of measuring performance is an inaccurate indicator, with the inclusion of merged cases essentially distorting the timeliness results. This should be amended to more accurately reflect DVA's performance.

Not addressing this now may have significant consequences for the timeliness results over time, if the proportion of cases that are both AFIs and disability claims decreases. It should be understood, however, that addressing this issue will have the immediate effect of increasing reported timeliness. This should be offset by explaining that the disability claims now exclude war widow/ers claims. Furthermore, the revised target for all initial liability claims (under VEA, SRCA and MRCA) would be 120 days.

The War Widow/ers results clearly indicate that the target could easily be reduced to 30 days instead of 75 days, if the median was used.

Quality indicator

Currently the quality indicator is the critical error rate.

This measure is also easily misunderstood, with the veteran community having little understanding of what constitutes a critical error. For example, it could imply that 1 in 20 payments/pensions are incorrect and this error rate is acceptable to DVA.

The data used to provide the quality results currently captures a variety of errors whereas other agencies like the Department of Human Service (DHS) clearly distinguishes between financial impact errors and administrative errors.

A review of Australian National Audit Office (ANAO) audits on performance measures used by DHS in relation to payment integrity highlighted that they used two terms, 'payment accuracy' and 'payment correctness' when reporting quality results against their programmes.

The ANAO recommended that DHS make transparent, in its Annual Report (and any other documents where the agency reports on its level of payment accuracy and payment correctness), how the figures are derived to allow readers to properly interpret and understand the data and have confidence in the results.

In terms of payment correctness, a payment is considered 'correct' if: the right person is paid; under the right programme; at the right rate; for the right date(s). 'Correctness' relates only to decision-making processes within DHS's control.

DVA could use the term 'Correctness' as it relates only to decision-making processes within the Department's control. This would be consistent with comparable agencies and allow for comparison of performance.

Price indicator

The 'price' indicator is only listed under programme 1.1 and 1.2 and as a standalone measure, does not offer any meaningful information about the programme. This indicator was removed.

Recommendations

The PBS objectives, deliverables, and performance indicators should be reviewed annually to ensure they remain relevant and appropriate.

Timeliness Indicator

Programme 1.2

The timeliness data should:

- remove war widow/ers claims; and
- exclude merged and withdrawn cases.

The timeliness indicator should be:

- based on percentile bands, commencing with the median in 2015-16; and
- changed to 120 days.

These recommendations would reflect more accurately, the time it takes for a Disability claim to be determined. It also aligns with initial liability claims under MRCA and SRCA, so instead of reporting our timeliness by Act we would be reporting by type of claim (i.e. Liability claim).

Once improvements in timeliness are proven to be sustainable then the median as a measure should be removed and a higher percentile point be introduced.

Programme 1.3

The timeliness data should only include war widow/ers claims.

The timeliness indicator should be changed to 30 days.

Quality Indicator

The 'quality' indicator should be rephrased to 'correctness rate' or 'accuracy rate' and include a clearly articulated explanation of how the rate is derived to ensure readers are able to easily and properly interpret the results.

The quality data should only represent factors that impact on the programme outcomes, i.e. direct financial impact to the client and exclude administrative errors.

Price Indicator

The 'price' indicator is removed from programmes 1.1 and 1.2.

Validation

From meetings with Barry Press it is my understanding that the suggested changes to the indicators were validated against the assessment criteria and received positive support.

Maralyn Newman
20 May 2015