

# CLAIMS MANAGEMENT SYSTEM PRE-LICENCE AUDIT WORKBOOK

Auditing claims management systems and capacity for compliance under the *Safety, Rehabilitation and Compensation Act 1988* for new applicants for a self-insurance licence

Version 2  
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Australian Government

Comcare

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## DEFINITIONS

<b>Competent personnel</b>	For the purposes of auditing claims management systems under the <i>Safety, Rehabilitation and Compensation Act 1988</i> (SRC Act), competent personnel are defined as people with knowledge of the SRC Act and relevant experience. Relevant experience in this case would include audit training and experience.
<b>Consultation<sup>1</sup></b>	Consultation means appropriately informing employees, and inviting and considering their response prior to a decision being made. Employees' opinions should not be assumed. Sufficient action must be taken to secure employees' responses and give the employees' views proper attention. Consultation requires more than a mere exchange of information. Employees must be contributing to the decision-making process, not only in appearance but in fact.
<b>Claims management systems</b>	A claims management system is defined as part of an overall management system which includes organisational structure, planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, achieving, reviewing and maintaining the claims management policy.
<b>Corporate governance</b>	The process by which organisations are directed, controlled and held to account. The term encompasses authority, accountability, stewardship, leadership, direction and control exercised in the organisation. It includes the transparency of corporate structures and operations, the implementation of effective risk management and internal control systems, and the accountability of management to stakeholders.
<b>Determining authority</b>	For the purposes of this document: (a) in relation to an employee who is employed by a licensee—the licensee (b) in relation to any other employee—Comcare <sup>2</sup> .
<b>Documented commitment</b>	A statement by the employer of its commitment, intentions and principles in relation to its overall claims management system performance, including its commitment to minimising the human and financial cost of injury and providing for fair compensation when an injury occurs. It provides a framework for action and for setting claims management system objectives and targets. It could take the form of a policy, management arrangements or an employer/worker agreement.
<b>Senior executive</b>	At the level required for the endorsement of the employer's documented commitment to claims management—Chief Executive Officer/Principal Officer and/or senior management team.
<b>Stakeholders</b>	Includes, but is not limited to, employees, managers/supervisors, service providers, rehabilitation providers, case managers, medical practitioner, the claims manager, and Comcare.

1 The definition of 'consultation' has been taken from the Safety, Rehabilitation and Compensation Commission document 'Consultation on Health and Safety'.

2 The Hanks Review has proposed that premium-paying entities may seek to become a determining authority in the future.

## INTRODUCTION

This workbook has been produced to support the Claims management system pre-licence audit tool (the pre-licence audit tool) developed by Comcare for applicants for a self-insurance licence under the Safety, Rehabilitation and Compensation Act 1988 (SRC Act). The pre-licence audit tool provides the means for assessing and reviewing whether an applicant's proposed arrangements for the management of claims by employees have the capacity to meet the Safety, Rehabilitation and Compensation Commission's (the Commission's) standards and the requirements of the legislation.

The workbook is intended to assist persons who are either undertaking the pre-licence claims management system audit or who are subject to such an audit. The workbook provides an explanation for each of the pre-licence audit criteria and examples of evidence that may assist in demonstrating conformance and compliance with—or capacity to meet upon licence commencement—the pre-licence audit criteria.

For further information on the pre-licence audit process, including auditor qualifications, refer to the *Claims management system pre-licence audit tool*.

## RELATED DOCUMENTATION

*Claims management system pre-licence audit tool*

*Claims management system pre-licence audit report template*

*Licence Application Handbook*

*Performance Standards and Measures for licensees*

Details of the Commission's performance standards and measures for licensees are available on the Commission's website at: [http://www.srcc.gov.au/self\\_insurance/licence\\_conditions\\_and\\_performance\\_standards\\_outcomes/licence\\_conditions\\_and\\_performance\\_standards](http://www.srcc.gov.au/self_insurance/licence_conditions_and_performance_standards_outcomes/licence_conditions_and_performance_standards)

## ADVICE AND ASSISTANCE

All enquiries about the claims management system pre-licence audit workbook should be directed to:

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## WORKBOOK LAYOUT

This workbook contains 23 criteria grouped within five elements. These elements are:

1. Commitment and corporate governance (three criteria)
2. Planning (five criteria)
3. Implementation (nine criteria)
4. Measurement and evaluation (five criteria)
5. Review and improvement (one criterion)

When conducting a pre-licence audit, the auditor will be required to make judgements as to whether the criteria have been met. This judgement is informed by evidence which verifies that systems exist and that they are being effectively and appropriately administered—or that they will be in place at the time of licence commencement. The workbook has been designed to assist auditors to make these judgements.

*\*Please note that the criterion numbers throughout this document have been aligned with Comcare's Claims management system audit tool.*

Each criterion in the workbook is set out as follows:

### 1. CLAIMS MANAGEMENT SYSTEM PRE-LICENCE AUDIT ELEMENT

Example: *Element 1: Commitment and corporate governance*

### 2. CLAIMS MANAGEMENT SYSTEM PRE-LICENCE AUDIT CRITERION

Example: 1.1: *The applicant will set the direction for its claims management system through a documented commitment by senior executive*

Note: The pre-licence audit criteria are replicated from the Claims management system pre-licence audit tool and are the assessable components of the workbook. All other information provided against each criterion assists with understanding the criterion and includes guidance about the evidence that may be assessed to verify performance.

### 3. RATING

The auditor will provide a rating against each criterion as follows:

**Conformance:** the standard is fully met.

**Capacity to meet:** there is sufficient evidence to demonstrate how the standard will be met upon licence commencement.

**Non-conformance:** the standard is not met and there is insufficient evidence to establish and verify how the standard will be satisfied upon licence commencement.

#### 4. COMMENTARY

Commentary may be included to assist with interpreting the criterion.

*Example: The applicant's senior executive will provide stewardship for its claims management system through a documented commitment which will benchmark the organisation's objectives, be used to formulate strategic direction and be reviewed to ensure it remains relevant and strives for continuous improvement. It will be supported and endorsed at the executive level and be relevant to the organisation's overall values, vision and business objectives.*

#### 5. EXAMPLES OF EVIDENCE

The applicant may demonstrate conformance (or capacity to meet) using whatever evidence it considers appropriate to its operations. However, guidance is provided in the workbook for each criterion about the types of evidence that may assist the applicant in meeting that criterion.

The types of evidence that are referenced in the workbook include:

- > documentation
- > interview with relevant personnel
- > workplace observations.

The examples are not suggested as the only or preferred way of meeting the criteria. An applicant may have alternative ways of meeting the requirements of the criterion and the examples should not detract from this.

#### 6. EVIDENCE SIGHTED

The auditor will document the evidence sighted against each criterion including the title of each document, its version number, the date, and the location of the document.

#### 7. OBSERVATIONS/NON-CONFORMANCES

An 'observation' may be made against a criterion rated as 'conformance' where the auditor has identified that there has been a minor deviation from the documented management system or reference criteria that would need to be addressed prior to the commencement of the licence.

Where the auditor finds that a criterion has not been met, a non-conformance will be issued. The non-conformance must identify the deficiency of the system against the requirements of the criterion.

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## ELEMENT 1: COMMITMENT AND CORPORATE GOVERNANCE

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### CRITERION 1.1

**The applicant will set the direction for its claims management system through a documented commitment by senior executive.**

This is a requirement under 1.1.1(i) of the Performance Standards and Measures for licensees

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### COMMENTARY

The applicant's senior executive will provide stewardship for its claims management system through a documented commitment which will benchmark the organisation's objectives, be used to formulate strategic direction, ensure legislative compliance, be reviewed to ensure it remains relevant, and strives for continuous improvement. It will be supported and endorsed at the executive level and be relevant to the organisation's overall values, vision and business objectives.

### EXAMPLES OF EVIDENCE

Documentation may include:

- > a copy of the proposed claims management policy document that is to be signed on or after the date of commencement of the licence by the present CEO or other senior executive
- > a statement of commitment by senior executives which undertakes to reduce the human and financial costs of injuries and indicates how this will be achieved
- > a transition/project plan which identifies the development and signing of the documented commitment, including timeframes



Criterion 1.1  Conformance  Non-conformance  Capacity to meet

Evidence and comments

Multiple horizontal lines for text entry.

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## CRITERION 1.2

### The claims management system will provide for internal and external accountability.

This is a requirement under 1.1.1(ii) of the Performance Standards and Measures for licensees.

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## COMMENTARY

Senior executives of the applicant must define a framework for corporate governance where organisational accountabilities, including claims management accountabilities, are described.

## EXAMPLES OF EVIDENCE

Documentation (internal) may include:

- > job descriptions and/or performance and development plans for all staff who will be involved in the injury management process, including the senior executive staff with overall responsibility for the claims management system
- > an organisational structure, charts or matrices demonstrating accountabilities
- > mechanism for consultation with employees in relation to the claims management system
- > claims management system audit plans and audit outcomes presented to senior executive
- > monitoring of corrective action plans
- > premium or financial costs of managing ill or injured employees (will be) devolved to managers/supervisors
- > a transition/project plan for ensuring internal and external accountability, including timeframes.

Documentation (external) may include:

- > contracts or service level agreements (SLAs) with external parties, including
  - contracted claims manager
  - providers of medical, hospital or allied health services
  - auditors
  - legal firms (general, AAT, reconsiderations)
  - computer system/database providers
- > reports to state/territory regulators
- > key performance indicators
- > external audits.



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## CRITERION 1.3

**The applicant will identify, assess and control risks to the claims management system.**

This is a requirement under 1.1.1(ii) of the Performance Standards and Measures for licensees.

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## COMMENTARY

The applicant shall establish, implement and maintain documented procedures for risk identification, risk assessment and control of risks that may adversely affect the effectiveness of the claims management system.

## EXAMPLES OF EVIDENCE

Documentation may include:

- > risk management policy
- > an audit program/review process to monitor the claims management system
- > procedures which provide for evaluation of, and action in response to, internal and external actuarial reports and other financial reports relating to claims management
- > guidelines which dictate evaluation and response to changes in staffing levels and/or changes in risk profile as a result of new business areas
- > strategic assessments of how changes in staffing levels or business areas are likely to impact on the claims management system
- > review of high cost claims, tail claims and claims under previous workers' compensation arrangements
- > procedure for monitoring incident reports, absence data, industrial relations data (grievances, workplace conflict), claims estimates, claim costs, return to work performance, continuance rates and other trends
- > quality assurance process
- > business plans which incorporate risk analysis and risk control mechanisms
- > reports of audits conducted on the performance of contracted claims managers and other key external parties
- > a transition/project plan identifying how risk will be managed within the claims management system, including timeframes.



## ELEMENT 2: PLANNING

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### CRITERION 2.1

**The applicant will identify the administrative and financial limitations for each level of claims manager, including arrangements for the management of reconsiderations.**

This is a requirement under Schedule 3, Part 8, Item 6, of the SRC Regulations.

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### COMMENTARY

Regardless of whether workers' compensation claims will be managed in-house, or under a contractual arrangement with a claims administrator, the applicant is required to identify both the administrative and financial limitations for claims managers.

SRC Act delegations should ensure that the full functions of the delegations are exercised effectively and are applied to the most appropriate office, person or position for the performance of those functions and powers.

The delegation schedule should include delegations to undertake the reconsideration function, having regard to any proposed specific conditions of licence (if applicable).

NOTE 1: In most circumstances, the power of delegation itself should not be further delegated.

NOTE 2: Reconsideration delegations for the review of rehabilitation determinations also need to be made under this claims delegation instrument.

### EXAMPLES OF EVIDENCE

Documentation may include:

- > the draft instrument of delegation for the assignment of the powers and functions of the determining authority to be signed by the principal officer on the date of commencement of licence
- > a (draft) contract or SLA with a contracted claims manager where delegations and financial limitations are specified
- > a transition/project plan which identifies the development and signing of an instrument of delegation on the date of commencement of licence.

Criterion 2.1  Conformance  Non-conformance  Capacity to meet

Evidence and comments

Multiple horizontal lines for writing evidence and comments.

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## CRITERION 2.2

**The applicant will have documented procedures for paying compensation to injured employees, dependants of deceased employees, providers of medical treatment and other recipients.**

This is a requirement under Performance Standard 2.2.1(i) of the Performance Standards and Measures for licensees, and under Schedule 3, Part 4, Item 1, of the SRC Regulations.

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## COMMENTARY

The applicant is required to have documented procedures in place that will detail the process for the payment of compensation entitlements to injured employees, their dependants and other relevant stakeholders.

## EXAMPLES OF EVIDENCE

Documentation may include:

- > (draft) procedures for the payment of compensation to injured employees, dependants of deceased employees, providers of medical treatment and other recipients.
- > a transition/project plan which identifies the development of compensation payment procedures, including timeframes.





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### CRITERION 2.3

The applicant recognises legislative obligations and plans for legislative and regulatory compliance, having regard to any policy advice that Comcare or the Commission may issue.

This is a requirement under 1.1.1(ii) and 2.1.1(i) of the Performance Standards and Measures for licensees.

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### COMMENTARY

The applicant shall establish, implement and maintain procedures for assessing all legal and other requirements that are directly applicable to the claims management function. The applicant shall keep this information up to date. It shall communicate relevant information on legal and other requirements to its employees.

The applicant shall also develop business plans, policies and procedural documentation that will identify how legislative compliance will be achieved and maintained.

### EXAMPLES OF EVIDENCE

Documentation may include:

- > the (draft) claims management policy
- > a (draft) procedure specifying personnel responsible for monitoring changes to the SRC Act, SRC Regulations and relevant guidelines (including Comcare Jurisdictional Policy Advices [JPAs]), that also documents how the information is disseminated
- > training plans which will require key claims management staff to attend relevant legislative training
- > job descriptions which require legislative competence to be maintained
- > evidence of (proposed) participation in a specialised subscription service that monitors legislative changes (including JPAs) and issues regular updates
- > proposed formal reports to senior management on compliance with legislative obligations
- > business management plans
- > SLAs with a contracted claims manager (proposed, draft or current)
- > (draft) claims management procedures that reflect the determining authority's legislative obligations
- > (draft) claims management system policies and procedures which have regard to natural justice principles
- > the applicant's plans demonstrate how they will integrate legislative change into operational activities
- > a transition plan which identifies how the applicant will ensure its claims management system will recognise legislative obligations and includes timeframes.

Interview with relevant personnel:

- > Is all applicable legislation identified, readily available and will be included in staff training?
- > When legislation or policy changes, how will business plans be revised to include implementation of the changes?



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## CRITERION 2.4

### **The applicant sets objectives and targets and identifies key performance measures for its claims management system.**

This is a requirement under 2.1.1(ii) of the Performance Standards and Measures for licensees.

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## COMMENTARY

Objectives and targets are key features of an effective claims management system that provide a shared direction for members of an organisation to strive towards.

The applicant shall establish and maintain documented objectives and targets for its claims function at each relevant level within the organisation. When establishing and reviewing its objectives, the organisation shall consider its legal and other requirements, its risks, its technological options, its operational and business requirements, and the views of interested parties. The objectives and targets shall be consistent with the claims management policy.

The applicant's objectives and targets will also be specific, measurable, and influence positive behaviours amongst employees. The key performance indicators (KPIs) need to be identified.

## EXAMPLES OF EVIDENCE

Documentation may include:

- > the (draft) claims management policy
- > business plans that identify objectives and targets, and the key performance indicators (KPIs)
- > performance reports identifying/will identify outcomes and achievements against planned claims management activities, objectives and KPIs
- > SLA with contracted claims manager
- > a transition/project plan that identifies the claims management system planning process and how objectives, targets and performance measures will be part of that process.



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## CRITERION 2.5

The applicant establishes plans to:

- (i) achieve its objectives and targets
- (ii) promote continuous improvement
- (iii) provide for effective claims management arrangements.

This is a requirement under 1.1.1(i) and 2.1.1(iv) of the Performance Standards and Measures for licensees.

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## COMMENTARY

The applicant shall establish and maintain management plans for achieving its objectives and targets. They shall:

- > designate responsibility for achieving objectives and targets at relevant levels of the organisation
- > outline the means and timeframe by which objectives and targets are to be achieved
- > outline the means and timeframe by which system improvements will be implemented
- > outline the means and timeframe by which claims management activities will be undertaken.

Procedures shall be established to ensure that current plans are reviewed, and if necessary amended to address such changes at regular and planned intervals, and whenever there are changes to the activities of the organisation or significant changes in operating conditions.

The applicant's claims management system plans should also include appropriate documentation, procedures and contractual arrangements to provide for effective claims management arrangements.

## EXAMPLES OF EVIDENCE

Documentation may include:

- > the (draft) claims management policy
- > business plans that identify objectives and targets, and the key performance indicators (KPIs)—these may cascade down from whole of organisation plans to group plans, to team plans and to individual performance plans
- > performance reports identifying/will identify outcomes and achievements against planned claims management activities, objectives and KPIs
- > a (draft) review process of the claims management system for ongoing effectiveness
- > SLA with a contracted claims manager



## ELEMENT 3: IMPLEMENTATION

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### CRITERION 3.1

**The applicant will allocate adequate resources to support its claims management system.**

This is a requirement under Performance Standard 3.1.1(i) of the Performance Standards and Measures for licensees, and under Schedule 3, Parts 4 and 8, of the SRC Regulations.

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### COMMENTARY

Management shall identify and provide the resources required to implement, maintain, and improve its claims management function. Resources include human resources and specialised skills, technology and financial resources.

### EXAMPLES OF EVIDENCE

Documentation may include:

- > assessment of resourcing requirements based on the complexity of cases, including number, location, classification and expertise of staff performing the claims management function
- > claims management budgets to support claims management system plans
- > a transition/project plan which identifies claims management resources as an issue to be considered and actioned, and includes timeframes for such actions.

Interview with relevant personnel:

- > What indicators would you consider in order to seek increased resources for the claims management function?
- > How many claims do you propose that claims managers will manage at any given time?





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## CRITERION 3.2

### The applicant will define and communicate responsibilities to relevant stakeholders.

This is a requirement under 1.1.1(ii) and 3.1.1(iii) of the Performance Standards and Measures for licensees.

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## COMMENTARY

Communication is a key element of successful claims management outcomes and all stakeholders must understand their role and responsibilities in the claims management process.

The applicant shall define, document and communicate the areas of accountability and responsibility of all personnel involved in the claims management function. Where service providers are involved, these areas of accountability and responsibility shall also be clarified.

## EXAMPLES OF EVIDENCE

Documentation may include:

- > claims management responsibilities and accountability included in (draft) position statements (claims manager, supervisor, senior managers)
- > (draft) claims procedures manual
- > intranet—existing or proposed information (to be made) available to employees
- > (draft) claims pack (where information about workers' compensation is included, that specifies the roles and responsibilities of the various stakeholders in the return to work and claims management process)
- > (draft) contracts or SLAs with external parties, including:
  - contracted claims manager
  - providers of medical, hospital or allied health services
  - auditors
- > claim costs will be devolved into individual business units/cost centres and reported
- > (proposed) supervisor training for managing ill or injured employees
- > emails and/or other records of meetings where responsibilities are discussed with relevant employees
- > a transition/project plan which identifies activities to define and communicate claims management responsibilities to relevant stakeholders, including timeframes.



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### CRITERION 3.3

The applicant will communicate relevant information regarding the claims management process including:

- (i) ensuring that employees are aware of their legislative rights and obligations in relation to workers' compensation
- (ii) ensuring that employees are informed of the status of their claims
- (iii) ensuring consultation occurs between all parties in regards to the claims management process.

This is a requirement under 3.1.1(iv), 3.1.1(viii) and 3.1.1(xi) of the Performance Standards and Measures for licensees.

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### COMMENTARY

Natural justice requires that employees are properly informed of their rights and responsibilities. Furthermore, the Conditions of Licence require that licensees provide employees with information about their rights and responsibilities in relation to workers' compensation under the SRC Act at the time of employment.

Employees should have ready access to information on how the determining authority will assist them to return to work and claim compensation. In particular, employees must be informed of their rights and obligations in the claims process. Correspondence and enquiries should be responded to in a timely manner.

Employees should be kept informed of the status of their claims, especially during the stages of initial claim determination, benefit determination and during reconsiderations and appeals (if applicable). The determining authority must ensure that all relevant parties who have roles and responsibilities in the claims management process are consulted. This is particularly pertinent if the employee is undertaking a rehabilitation program to assist in the return to work process.

### EXAMPLES OF EVIDENCE

Documentation may include:

- > (draft) claims procedures that outline the responsibilities of managers, senior managers, claims managers, injured employees and rehabilitation providers
- > (proposed) induction/orientation program
- > (draft) claims pack (where information about rights and obligations is included)
- > intranet—existing or proposed information (to be made) available to employees
- > emails and/or other records of meetings where responsibilities are discussed with relevant employees
- > posters (or similar) that will be displayed in the workplace
- > the (draft) notice of rights and obligations that will accompany claims determinations that are issued to employees
- > a transition/project plan which identifies the processes and activities the applicant will undertake to ensure that employees are aware of their rights and obligations in relation to workers' compensation.



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## CRITERION 3.4

**The applicant has identified training requirements and will develop and implement training plans to ensure personnel are competent.**

This is a requirement under 2.2.1(v) and 3.1.1(ii) of the Performance Standards and Measures for licensees, and under Schedule 3, Part 8, Item 7 of the SRC Regulations.

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## COMMENTARY

The applicant, in consultation with employees who will be involved, should identify training needs in relation to performing workers' compensation claims management competently.

Procedures should be in place to ensure that claims management competencies are developed and maintained and that personnel involved in the management of workers' compensation claims have undertaken training appropriate to the identified needs. Training should be carried out by persons with appropriate knowledge, skills and experience in SRC Act training.

## EXAMPLES OF EVIDENCE

Documentation may include:

- > training needs analysis of relevant personnel
- > job descriptions detailing required skills/competencies
- > proposed training schedules
- > personal development plans for individuals
- > training matrix
- > training attendance records
- > training program materials
- > details of the organisation(s) or individual(s) that provided/will provide the training (experience and qualifications)
- > claims management staff CVs
- > (proposed) supervisor induction/training package
- > a transition/project plan which identifies claims management training (under the SRC Act) and dates and times of training courses to be undertaken by staff.



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## CRITERION 3.13

The applicant will provide employees with a reasonable opportunity to provide information or comment when claims for ongoing liability are being assessed or reviewed.

This is a requirement under 3.1.1(ix) of the Performance Standards and Measures for licensees.

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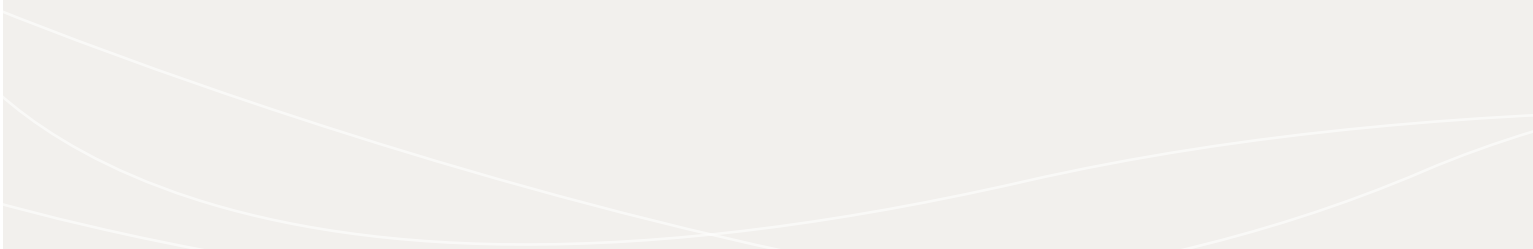
## COMMENTARY

Natural justice requires that any relevant party be given a fair opportunity of presenting their case. This may well be satisfied where the relevant party has already seen the evidence or, in fact, provided that evidence in the first place. This is often the case in relation to the submission of a new claim. In such cases, a decision can be made forthwith. When ongoing liability is being reviewed and an adverse decision is contemplated, the requirement to provide fair opportunity will best be satisfied in most cases by:

- > advising the relevant party of all the evidence which might adversely affect them
- > giving that party reasonable opportunity to respond to that evidence.

## EXAMPLES OF EVIDENCE

Documentation may include:

- > (draft) claims procedures that outline natural justice obligations
  - > a contract or SLA with a contracted claims manager.
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## CRITERION 3.14

The applicant will ensure that claim reviews are timely, made accurately and guided by equity, good conscience and the substantial merits of each case without regard to technicalities.

This is a requirement under 3.1.1(x) of the Performance Standards and Measures for licensees.

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## COMMENTARY

To ensure effective claims management, claims must be reviewed in a timely and accurate manner having regard to the provisions of the SRC Act. Effective claims reviews involve the gathering of relevant information for analysis and evaluation to ensure appropriate management strategies are implemented so that employees who have an entitlement under the SRC Act are in receipt of their full and correct entitlements. When making determinations or reviewable decisions, the determining authority must be guided by equity, good conscience and the substantial merits of the case, without regard to technicalities.

## EXAMPLES OF EVIDENCE

Documentation may include:

- > (draft) procedure for claims reviews
- > a contract or SLA with a contracted claims manager
- > a (draft) quality assurance process.



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## CRITERION 3.15

The applicant will have a policy on the use of covert surveillance and will comply with its requirements. The policy must include:

- (i) on whose authority approval may be granted
- (ii) detailed instruction on the manner in which covert surveillance is to be conducted
- (iii) a requirement that any operative undertaking covert surveillance on behalf of the applicant has been issued with, and has agreed to, written instructions on the policy.

This is a requirement under Schedule 3, Part 8, Item 11 of the SRC Regulations.

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## EXAMPLES OF EVIDENCE

Documentation may include:

- > a (draft) surveillance policy
- > (proposed) application process to conduct covert surveillance
- > (draft) policy or procedure statements delegating authority for the approval of covert surveillance
- > copies of (proposed) agreements or contracts between the applicant and any operative who will be undertaking covert surveillance on behalf of the applicant, which show that the operative will be issued with (and will agree to) the applicant's policy on the use of covert surveillance in claims management, and the manner in which it is to be conducted
- > (draft) policy or procedure statements which document the procedures to maintain the confidentiality of information and appropriately apply the requirement of the relevant Privacy Act, particularly in relation to applying for, undertaking and reporting on covert surveillance.



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### CRITERION 3.16

#### The applicant will maintain the confidentiality of information and apply legislative requirements.

This is a requirement under 3.1.1(vi) of the Performance Standards and Measures for licensees.

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### COMMENTARY

Privacy Acts are binding upon all employers in the Comcare scheme and aim to protect the rights of individuals regarding the way information about them is collected, stored, used and disclosed. These Acts regulate:

- > the way information is requested and collected
- > the type of information an employer can request
- > the way information is stored
- > the uses an employer can make of information held
- > the quality of information an employer uses (for example, whether it is current, accurate and relevant to the purpose for which it was collected)
- > the release of information to others
- > the individual's right of access to their records.

### EXAMPLES OF EVIDENCE

Documentation may include:

- > (draft) recordkeeping procedures that specify how information about injured employees is kept, the form of the records, the location of the records, who is authorised to access them and how long each record should be kept. These should be current and ensure compliance with the *Privacy Amendment (Enhancing Privacy Protection) Act 2012*
- > if claims management services are provided under contract, a copy of the relevant part of the contract that confirms the contractor's adherence to the relevant Privacy Act
- > a transition/project plan identifying the steps that will be taken to ensure that the confidentiality of claims information will be maintained, including timeframes.

Workplace observation:

- > (proposed) physical storage of files
- > (proposed) IT system for electronic storage of records.



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## CRITERION 3.17

**The applicant will maintain the relevant level of reporting, records and/or documentation to support its claims management system and legislative compliance.**

This is a requirement under 3.1.1(v) of the Performance Standards and Measures for licensees.

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## COMMENTARY

Claims management system documentation shall be legible, dated and readily identifiable and be maintained in an orderly manner for a specified period. It should be current, comprehensive and issued by an authoritative source.

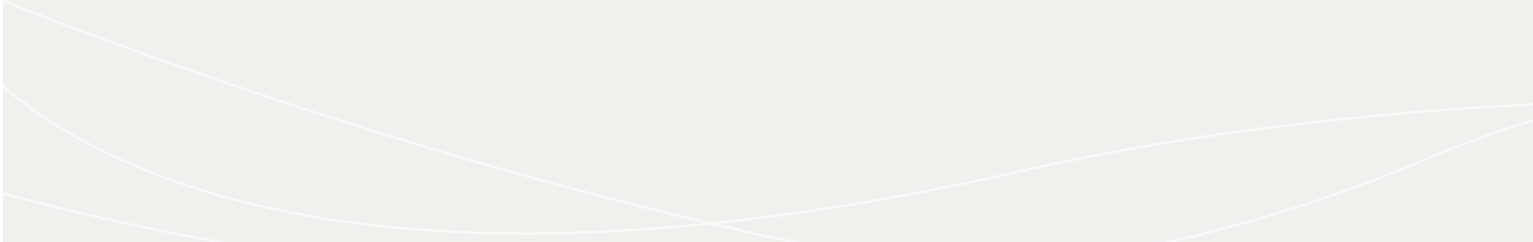
Operational processes and procedures should be defined and appropriately documented and updated as necessary. The degree and quality of the documentation will vary depending on the size and complexity of the applicant.

## EXAMPLES OF EVIDENCE

Documentation may include:

- > (draft) document control and file maintenance procedures
- > document register
- > quality assurance procedures
- > performance reports
- > proposed file maintenance system
- > a transition/project plan which identifies how the applicant will maintain the relevant level of records and/or documentation to supports its claims management programs, including timeframes.

## NOTE TO APPLICANT

- > paper files are to be folioed or have an index sheet recording documents received
  - > where files are to be maintained electronically, the system must provide for document indexing and tracking
  - > where files are to be maintained electronically, the system must provide protection from deletion.
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## ELEMENT 4: MEASUREMENT AND EVALUATION

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### CRITERION 4.1

**The applicant will monitor planned objectives and performance measures for core claims management activities.**

This is a requirement under 4.1.1(i) of the Performance Standards and Measures for licensees.

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### COMMENTARY

Monitoring of planned objectives is a key activity which ensures that the applicant is performing in accordance with its claims management system objectives and targets. The results should be analysed and used to determine areas of success and to identify activities requiring corrective action and improvement.

### EXAMPLES OF EVIDENCE

Documentation may include:

- > a (draft) procedure for claims management system performance monitoring and measurement
- > (proposed) periodic claims management system performance measurement reports
- > (proposed) periodic claims activity reports
- > strategic plans which include claims management system performance objectives and key performance indicators
- > a transition/project plan which identifies how the organisation will monitor planned claims management objectives and performance measures.



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## CRITERION 4.2

**The applicant will conduct an audit program—performed by competent personnel and in accordance with the requirements of the Commission and Comcare—to measure the performance of its claims management system.**

This is a requirement under 4.1.1(ii), (iii) and (v) of the Performance Standards and Measures for licensees.

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## COMMENTARY

Once granted a licence, periodic audits of the claims management system will be expected to be conducted in order to determine whether the system has been properly implemented and maintained and whether the employer has met the performance objectives defined within its documented commitment to claims management.

All licensees are required to conduct an annual audit of their claims management systems, except Tier 2 and Tier 3 licensees when they are in their final year of licence and Comcare is undertaking a regulatory audit.

Audits of the claims management system must be carried out by competent personnel. 'Competent personnel' are defined as people with knowledge of the SRC Act and relevant experience. Relevant experience in this case would include audit training and experience. Furthermore, the auditors must be independent of the area being audited.

Determining authorities are expected to use the current claims management system audit tool for internal audits. If an alternative audit tool is used, the determining authority must provide this tool, and evidence that the tool meets the requirements of the current audit tool, to Comcare for approval.

## EXAMPLES OF EVIDENCE

Documentation may include:

- > a (draft) audit procedure encompassing claims management system audits
- > a documented (proposed) claims management system audit program
- > qualifications and experience of personnel who will be conducting audits (CVs)
- > documentation demonstrating that the auditor will be independent of the area being audited
- > if the claims management system audit tool proposed by the applicant is different to the current claims management system audit tool, there is documentation demonstrating the mapping exercise/gap analysis, including identification of additional criteria required
- > a transition/project plan which identifies the development and implementation of a claims management system audit program, including timeframes.



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### CRITERION 4.3

**Audit outcomes will be appropriately documented and actioned. The applicant will report to senior executive on its claims management system performance, including audit outcomes.**

This is a requirement under 4.1.1 (iv) of the Performance Standards and Measures for licensees.

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### COMMENTARY

Internal audits are more likely to be effective if the senior executive is actively involved in reviewing the outcomes and if prompt corrective action is taken to rectify the identified deficiencies. Individuals should be assigned responsibility to ensure recommended actions are implemented.

The applicant's senior executive needs to be fully engaged in assessing the performance of the claims management system, and to provide strong direction to claims management staff in response to regular claims management performance reports.

### EXAMPLES OF EVIDENCE

Documentation may include:

- > (draft) audit report procedures encompassing claims management system audits
- > the most recent claims management system audit report
- > corrective action plans from recent claims management system audits
- > minutes of meetings between senior executive and claims personnel
- > (proposed) periodic claims management system performance reports to senior executive
- > memoranda from senior executive to claims management staff providing comment or direction for action, in response to claims management system performance reports
- > (proposed) periodic reports by national workers' compensation/injury manager (or equivalent) to senior executive.

### NOTE TO APPLICANT

This criterion has two parts. The first part assesses whether audit outcomes will be documented, and a corrective action plan developed *and implemented*. The second part is whether senior executive will be kept informed of claims performance, including, but not limited to, proposed presentation of the audit findings and outcomes of corrective actions. A non-conformance for one part will result in a non-conformance overall for this criterion.



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## CRITERION 4.4

**The applicant will communicate the outcomes and results of claims management system audits to its employees.**

This is a requirement under 4.1.1(vi) of the Performance Standards and Measures for licensees.

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## COMMENTARY

The process of continuous improvement will be most effective if all employees are aware of the results of both internal and external claims management system audits, and the corrective actions and improvements arising from these audits. Communicating the results to all employees also provides an opportunity for senior executive to demonstrate its ongoing commitment to continuous improvement.

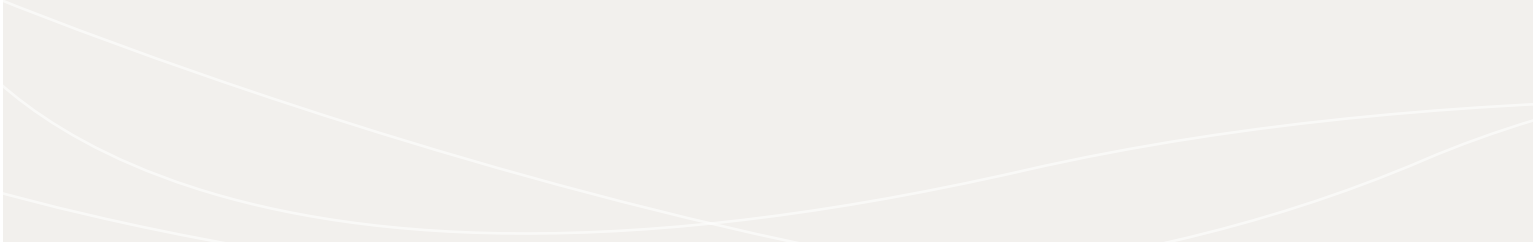
## EXAMPLES OF EVIDENCE

Documentation may include:

- > a (draft) audit procedure encompassing claims management system audits and the proposed method for communicating results to employees.

## NOTE TO APPLICANT

Where the Health and Safety Committee (HSC) is the sole method of distributing audit results to employees, it will *not* be sufficient to show that the report will be sent to the HSC—evidence must be presented that the report will be tabled and discussed, and that the minutes of the HSC meeting will be available to employees.







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## CRITERION 4.5

The applicant will provide the Commission or Comcare with reports or documents as requested. This includes informing Comcare as soon as practicable of any proceedings brought by them, or against them, in relation to a matter arising in respect of a claim managed by them under the SRC Act.

This is a requirement under 4.1.1(vii) of the Performance Standards and Measures for licensees and under the General Conditions of Licence and SRC Act.

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## COMMENTARY

Once granted a licence:

On the written request of the Commission, a licensee must give to the Commission, within the timeframe specified in the request, such information relating to the licensee's operations under the SRC Act and *Work Health and Safety Act 2011* (WHS Act) in the form and at the place specified in the request. Information likely to be requested by the Commission includes information required for the Data Warehouse, the Commission's Annual Report, Commission indicators, the Comparative Performance Monitoring and Return to Work Monitor, as well as the Licensee Improvement Program Report.

If a licensee brings proceedings in relation to a matter arising in respect of a claim under the SRC Act, the licensee must inform Comcare as soon as practicable that the proceedings have been brought and give Comcare a copy of the initiating process. The Conditions of Licence stipulate that the proceedings may be court or tribunal proceedings.

If proceedings are brought against the licensee, section 108C(8) requires the licensee to inform Comcare as soon as practicable.

Matters that go to the AAT are reported through the Data Warehouse. Other matters will be picked up through the Tribunal and Court Reporting templates that Comcare requires licensees to complete and return on a regular basis.

## EXAMPLES OF EVIDENCE

Documentation may include:

- > a transition/project plan which identifies the implementation of a claims management IT system capable of meeting the reporting requirements of the Commission, including timeframes
- > (draft) procedures for communicating relevant information to Comcare.



## ELEMENT 5: REVIEW AND IMPROVEMENT

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### CRITERION 5.1

The applicant will analyse claims management system performance outcomes against documented objectives to determine areas requiring improvement and promote and implement continuous improvement strategies.

This is a requirement under 5.1.1(i) and (ii) of the Performance Standards and Measures for licensees.

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### COMMENTARY

The applicant should be able to demonstrate that its claims management system will continue to be effective by undergoing regular review. The applicant's senior executive should actively manage this process and be accountable for the results and actions arising from the review.

### EXAMPLES OF EVIDENCE

Documentation may include:

- > reports of claims management system reviews which include recommendations for action
- > implementation of corrective action plans from claims management system audits
- > evidence of changes made as a result of management reviews
- > internal claims management system audit reports
- > management reports
- > documented (proposed) review timeframes
- > (draft) policies and procedures with (proposed) review dates
- > a transition/project plan which identifies the continuous improvement processes and actions to be developed and implemented, including timeframes.







For further information contact:

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