

Performance management program

Queensland workers' compensation self-insurers

Effective: June 2016

Statement of program

The Workers' Compensation Regulator monitors the performance and compliance of all self-insurers in Queensland under the *Workers' Compensation and Rehabilitation Act 2003* (the Act). This function is delegated and undertaken by the Office of Industrial Relations (OIR).

The role of the OIR is to ensure insurers meet their legislative obligations in the delivery of workers' compensation services, and to enable self-insurers to achieve early, safe and durable return to work outcomes through effective claims management.

To meet its responsibilities, the OIR undertakes a *Self-Insurer Performance Management Program* (the program). The primary purpose of the program is to describe the procedures the OIR and self-insurers will use to evaluate compliance with the legislation and ensure Queensland self-insurers maintain high standards expected with the provision of a self-insurer licence.

The program aims to:

- promote standards of excellence in self-insurer performance
- provide a framework for monitoring that is transparent, fair, accountable and responsive.

For this purpose, performance is the way in which a self-insurer fulfils its functions under the Act, including:

- claims management
- provision of rehabilitation
- financial position and performance
- complaints handling
- data management and supply, and
- reporting.

The execution of the responsibilities outlined in this framework enable the OIR to obtain a clear understanding of the level of risk that the Queensland Government is exposed to as the ultimate risk bearer for the scheme.

The regulatory framework for self-insured employers has, at its core, the licensing of those self-insurers and the requirement for the OIR to make judgements about their reasonable exercise of powers and about whether they are fit and proper to hold a licence. The risk of self-insured employers not being able to meet their workers' compensation liabilities is managed by the requirement for them to lodge bank guarantees for at least 150 per cent of their estimated claims liability, to have a specified level of reinsurance, and through the OIR monitoring their performance and financial results.

The OIR's aim is to discharge its duty to monitor the performance and compliance of self-insurers rigorously, using risk-based methods which minimise the regulatory burden on self-insurers.

Rehabilitation case management

Responsibilities

Self-insurers are responsible for taking the steps it considers practicable to secure the rehabilitation and early return to suitable duties of workers who have an entitlement to compensation.

The OIR is responsible for monitoring self-insurer's rehabilitation performance in accordance with Chapter 4, Part 3 of *the Workers' Compensation and Rehabilitation Act 2003* and Part 9 of the *Claims Management Performance Standards and Guidelines*.

How	When
The OIR will:	
<ul style="list-style-type: none"> accredit the self-insurer's return to work program 	As agreed
<ul style="list-style-type: none"> review self-insurer's self-assessment or internal audit reports on rehabilitation obligations 	As required
<ul style="list-style-type: none"> review complaints and matters recorded in the OIR's issues management database 	Quarterly
<ul style="list-style-type: none"> undertake data analysis of return to work indicators 	Annually
<ul style="list-style-type: none"> where appropriate, investigate rehabilitation issues using the following: <ul style="list-style-type: none"> discussion with key stakeholders stakeholder interviews stakeholder surveys. 	As required

Claims management

Responsibilities

Self-insurers are responsible for ensuring claims management is fair, timely, applied consistently and fulfills the requirements of *the Act, Regulation* and appropriate guidelines.

The OIR is responsible for assessing the claims management performance using a risk based approach that focuses on the distribution of outcomes on key performance indicators relative to the performance of other insurers.

How	When
The OIR will:	
<ul style="list-style-type: none"> analyse self-insurer claim data trends and performance on key indicators relative to the performance of all other insurers. Examples of performance indicators are; average decision times, the number and percentage of intimations that require more than the legislated decision making time, rejection rates, average duration of claims, return to work rates etc. 	monthly
<ul style="list-style-type: none"> undertake review of individual claims where high level indicators suggest suboptimal performance or where a complaint may require specific inquiry regarding an individual claim 	as required
<ul style="list-style-type: none"> review complaints and issues recorded in the OIR's issues management database. 	quarterly
<ul style="list-style-type: none"> review self-insurer's self-assessment response. 	as required
<ul style="list-style-type: none"> conduct compliance audits prior to licence renewals or as otherwise required. 	prior to licence renewal and after six months for a new licence

Self-insurer complaint management systems

Responsibilities

Self-insurers are responsible for maintaining a documented complaints management system that ideally complies with AS/NZS 10002:2014 *Guidelines for complaint management in organizations* and which applies to workers' compensation complaints.

How	When
A self-insurer is to maintain and review its complaints management system as part of the self-assessment program.	ongoing
The OIR may review the system and the complaints register as part of its compliance audit.	negotiated with insurer advisor

Complaints about self-insurers

Responsibilities

Self-insurers are responsible for investigating complaints made directly to them and for responding to complaints referred to them by the OIR.

The OIR is responsible for receiving and investigating complaints in accordance with its complaints management policy.

How	When
<p>The OIR records all complaints in an issues management database.</p> <p>Complaints are encouraged to raise their issue directly with the self-insurer in the first instance, so as to give the self-insurer an opportunity to adequately address the issue.</p> <p>When a complainant requests that the OIR follow up the complaint;</p> <ul style="list-style-type: none"> • The matter will be referred to the Insurer Services team. • Insurer Services will investigate the substance of the complaint and seek resolution in consultation with the self-insurer. <p>Complaint Resolution</p> <p>When a satisfactory resolution cannot be achieved by the insurer advisor and the self-insurer, the Director Engagement and Insurer Services will decide whether to escalate the matter in consultation with the licence manager or other relevant manager for the self-insurer.</p> <p>If the complaint remains unsatisfactorily resolved, the Director Engagement and Insurer Services will consult with the Executive Director, Deputy Director-General and insurer advisor to make a determination about the self-insurer exercising its powers reasonably, or the fitness and propriety of the self-insurer to hold a self-insurance licence.</p> <p>An unsatisfactorily resolved issue may result in:</p> <ul style="list-style-type: none"> • increasing the risk rating on the performance profile • the imposition of special licence conditions • the issuing of a show cause notice as to why their self-insurance licence should not be cancelled. 	<p>as occurs</p>

Data management and provision

Responsibilities

Self-insurers are responsible for providing reconciled and timely data to the OIR.

The OIR is responsible for providing insurers with relevant data specifications.

How	When
The OIR will:	
<ul style="list-style-type: none"> provide self-insurers with access to Online Services including Worker Injury and Payment Profiles 	as required
<ul style="list-style-type: none"> report to self-insurers any identified errors in their monthly data monitor the timeframes for responses and any corrections until rectification. 	monthly

Statistical analysis and performance reporting

Responsibilities

Self-insurers are responsible for analysing their own data to determine key performance trends and for taking any necessary corrective action.

The OIR is responsible for compiling and providing timely reporting to insurers on performance.

How	When
The OIR will provide each self-insurer:	
<ul style="list-style-type: none"> a validation report a statistical report 	monthly
<ul style="list-style-type: none"> a performance risk profile showing Insurer Service's assessment of the self-insurer's performance 	quarterly
<ul style="list-style-type: none"> a statistical report benchmarking each self-insurer against the scheme and where possible the industry 	annually
<ul style="list-style-type: none"> notification of unusual trends or potential exceptions to legislative compliance. 	as required

Prudential supervision of self-insurers

Responsibilities

The Board or equivalent authority of a self-insurer has primary responsibility for supervision of the organisation and for ensuring its financial viability in the short and long term.

The OIR is responsible for prudential regulation of self-insurers.

How	When
The OIR will:	
<ul style="list-style-type: none"> review the controlled entities and ensure all are covered by the licence. 	annually
<ul style="list-style-type: none"> assess the self-insurer's long-term financial viability using a standard set of financial indicators. 	annually
<ul style="list-style-type: none"> review the self-insurer's audited financial statements to verify that workers' compensation liabilities are appropriately provisioned. 	annually
<ul style="list-style-type: none"> assess that the valuation of the estimated claims liability submitted in the self-insurer's actuarial report: <ul style="list-style-type: none"> is reasonable complies with Section 57 & 58 of <i>Workers' Compensation and Rehabilitation Regulation 2014</i> complies with Section 84(6) of <i>Workers' Compensation and Rehabilitation Regulation 2014</i> 	annually

<i>Rehabilitation Act 2003.</i>	
• advise of the required bank guarantee levels to take into account the current assessed estimated claims liabilities.	annually
• ensure adequate reinsurance cover is in place.	annually

Self-assessment and improvement action plans

Responsibilities

Self-insurers are responsible for undertaking a self-assessment and providing a report to the OIR detailing the results, with an action plan for rectification and continuous performance improvement. The OIR is responsible for determining the need for any additional investigation and audit activity.

How	When
<p>Self-insurers (other than in the year of licence renewal) should conduct the self-assessment as follows:</p> <ul style="list-style-type: none"> • new self-insurers – exempt • established self-insurers – mid-term of licence unless a special licence condition specifies otherwise • as requested by the OIR 	negotiated by the OIR with the self-insurer
<p>Self-insurers are to conduct the self-assessment as provided by the OIR, using:</p> <ul style="list-style-type: none"> • the self-insurers internal audit unit, or • an external party agreed by the OIR, or • the self-insurer's workers' compensation unit. <p>Self-insurers should, upon completion of the self-assessment process, provide the OIR a written response including the results of the self-assessment and, where necessary, an improvement action plan signed off by the self-insurer's senior officer in Queensland.</p>	negotiated by the OIR with the self-insurer
<p>The OIR will:</p> <ul style="list-style-type: none"> • review the self-assessment reports, improvement action plans and conduct any further investigations required to clarify compliance and performance. 	negotiated by the OIR with the self-insurer

Workers' compensation OIR Audits

Responsibilities

The OIR is responsible for verifying the performance and compliance of each self-insurer.

Self-insurers are responsible for providing access to the OIR in facilitating the audit.

An audit will generally involve, but is not limited to;

- Review of a sample of files and supporting documents relative to the requirements of *the Act* and the *Regulation*; and the criteria in the *Claims Management Performance Standards and Guidelines*.
- Interview of key self-insurer staff.
- Interview of employer staff and/or claimants to clarify issues if necessary.
- Either a full systems audit or specific audit of relevant components depending upon the performance issues identified.

How	When
<p>Standard audits</p> <p>The OIR will conduct a systems based compliance audit of each self-insurer in the year prior to their licence renewal application.</p>	prior to licence renewal
<p>New self-insurers will be subject to annual audits by the OIR for the period of their first licence.</p>	after six and 18 months of licence commencement

Targeted Audits

The OIR will conduct a targeted audit if there are significant performance issues arising from data analysis trends or complaints. The OIR reserves the right to conduct targeted audits at any time.

as required

Self-insurer licence renewal

Responsibilities

Self-insurers are responsible for applying at least 60 business days prior to expiration of licence.

The OIR is responsible for assessing applications in accordance with *the Act* and in a professional and timely manner and for promptly advising applicants of any queries.

How

The OIR will:

- assess the reasonableness of all assessed liabilities
- review the guarantee against current actuarial report
- review the reinsurance policy for coverage and adequacy against membership of the group
- request a current report from Workplace Health and Safety Queensland
- conduct a financial viability assessment
- assess the adequacy of systems and resources for managing claims and rehabilitation
- assess whether the applicant has exercised its powers and performed its functions reasonably
- review the self-assessment report and action plan
- conduct a site audit if necessary
- undertake data analysis and identify trends
- review recent performance reports
- review complaints and matters recorded in the issues management database
- reconcile claims decision makers for currency of database
- review the quality and frequency of supply of claims data to the OIR
- assess compliance with the requirement for rehabilitation and return to work coordinators and workplace rehabilitation policies and procedures.

When

prior to licence renewal recommendations

Stakeholder surveys

Responsibilities

The OIR will carry out qualitative research as required to explore issues identified from the Issues Management Database, data analysis or audits, including when further insight is required into stakeholder perception of the self-insurer's performance.

How

The OIR will discuss the element requiring further investigation with the relevant self-insurer, and use methods such as:

- mailed questionnaires
- telephone surveys
- structured personal interviews.

When

as required

Relationship management

Responsibilities

The OIR and self-insurers are each responsible for maintaining good professional working relationships based on regular and open communication of confidential information.

How	When
Self-insurers are supported by the Insurer Services team. An Insurer Advisor will maintain monthly contact with the self-insurer and more regular contact where there are particular issues. Contact will be primarily by phone and email with face-to-face meeting at least annually.	ongoing
The OIR will organise self-insurer forums on specific scheme-wide regulatory issues.	as required

Reporting

Responsibilities

The Insurer Services team are responsible for reporting to the OIR, the performance of self-insurers and their compliance with the Act.

How	When
Insurer Services will provide the OIR with: <ul style="list-style-type: none"> the insurer performance and prudential risk profiles, reports on the relative performance and compliance of insurers, with an explanation of the relative risk ratings of the respective insurers. 	biannually
Insurer Services will provide the OIR with: <ul style="list-style-type: none"> advice on specific performance and compliance issues as these arise. 	as required

Employer rehabilitation obligations

Responsibilities

It is a legislative requirement that the employer of a worker who has sustained an injury must take all reasonable steps to assist or provide the worker with rehabilitation for the period for which the worker is entitled to compensation.

The OIR is responsible for monitoring self-insured employers rehabilitation performance in accordance with Chapter 4, Part 4 of *the Workers' Compensation and Rehabilitation Act 2003* and the *Guidelines for standard for rehabilitation*.

How	When
The OIR will:	
<ul style="list-style-type: none"> review self-assessment or internal audit reports on rehabilitation obligations 	as required
<ul style="list-style-type: none"> review complaints and matters recorded in the OIR's issues management database 	quarterly
<ul style="list-style-type: none"> undertake data analysis of return to work indicators 	annually
<ul style="list-style-type: none"> where appropriate, investigate rehabilitation issues using the following: <ul style="list-style-type: none"> discussion with key stakeholders to ensure that the functions undertaken by rehabilitation and return to work coordinators are separate to the role undertaken for ongoing self-insurance claims management. stakeholder interviews stakeholder surveys. 	as required

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