

Workers Compensation Claims and Policy Services

DATE

2005

Schedule 2 – Scheme Services

Nominal Insurer

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Schedule 2 – Scheme Services

1 OVERVIEW

1.1 PURPOSE OF THIS SCHEDULE

The purpose of this Schedule is to define the Scheme Services that must be delivered by the Scheme Agent acting as agent for the Nominal Insurer.

Scheme Services means:

- (a) all the activities described in this Schedule;
- (b) all obligations to provide deliverables or outputs in the clauses of the Deed or in any Schedule; and
- (c) any service or work that is necessary or incidental to the provisions of the Scheme Services, including any Variation agreed or required by the Nominal Insurer under Clause 10, or by virtue of the Law, but excludes Transition Services, Disengagement Services and Project Services.

For the meaning of defined terms used in this Schedule, refer to Schedule 14 (Glossary).

The obligations in this Schedule are in addition to other parts of the Deed.

1.2 PRIMARY STAKEHOLDERS AND INTERESTED PARTIES

Workers and Employers are the primary stakeholders of this Schedule. Other interested parties include, but are not limited to:

- (a) **WorkCover:** has an interest through its regulatory role and requires an effective Scheme through active management of Scheme Agents and the achievement of Scheme Objectives.
- (b) **Nominated Treating Doctor:** requires early engagement, relevant information and accurate and timely payment for providing Services.
- (c) **Third Party Service Provider:** requires early engagement, relevant information and accurate and timely payment for providing Services.
- (d) **Industry organisations:** representing Employers or Workers, require Scheme Agents to be accountable for their service delivery/provision.
- (e) **WCC:** requires the provision of timely and accurate information and cooperation from Scheme Agents.

1.3 FORMAT OF THIS SCHEDULE

The components of the Schedule are as follows:

- (a) **Section 1: Overview.** This section provides an overview of the purpose of this Schedule, stakeholders, interested parties, format of this Schedule, links to other Schedules and applicability to the Deed.
- (b) **Section 2: Scheme Services.** This section describes the obligations of the Scheme Agent with regard to the delivery of Policy services, Claims services,

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Long-Term Claims services, Major Injury Claims services, Third Party Service Providers management, Injury Prevention and Risk Reduction services, Fraud Management, Specialised Domestic Workers Compensation Insurance services and Work Injury Damages and Common Law Claims Damages.

- (c) **Section 3: Infrastructure.** This includes the requirements for people and systems underpinning the delivery of the Scheme Services. It is envisaged that the infrastructure will support the Business Model in the delivery of the Scheme Services.

1.4 LINKAGES TO OTHER SCHEDULES

This Schedule links to the following Schedules:

- (a) Schedule 1 – Business Model
- (b) Schedule 4 – Commercial Management Framework:
 - (i) Attachment B – Annual Services Plan
 - (ii) Attachment C – Reports
 - (iii) Attachment D – Performance Management Strategy
- (c) Schedule 5 – Key Performance Indicators

1.5 OPERATIONAL DOCUMENT SET

The Operational Document Set (Appendix A to the Deed) sets out obligations on the Scheme Agent, which expand on the detail of the Services in this Schedule and the Deed.

2 SCHEME SERVICES

Applicable information supporting the Services under this section can be found in the Operational Document Set.

2.1 POLICY SERVICES

The Scheme Agent's obligations in the provision of Policy services are that it must ensure the consistent, accurate, complete, and timely calculation and collection of Premiums and other services that relate to Policy management.

2.1.1 Issue Policies

The Scheme Agent must, at a minimum:

- (a) **(Issue Policies)** Issue Policies on behalf of the Nominal Insurer.
- (b) **(Unique Identifier)** Assign a Unique Identifier to all Policies.
- (c) **(Issue Certificate of Currency)** Issue Certificates of Currency.

2.1.2 Determine Premiums

The Scheme Agent must, at a minimum:

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- (a) **(Collect)** Collect all information necessary for the calculation of Premiums including:
 - (i) the business activity proposed;
 - (ii) Wages estimated and declared;
 - (iii) the costs of Claims to be included in the calculation; and
 - (iv) Input Tax Credit.
- (b) **(Premium Calculation)** Conduct a Premium Calculation in accordance with the correct IPO and ensure the Policy is endorsed accordingly for Claims Excesses, instalments, Claims experience adjustments, and any other adjustment/s necessary within the KPI.
- (c) **(Issue)** Issue the Employer with a Premium Demand.
- (d) **(Adjust)** Adjust the Premium when information is made available that will affect the Premium and notify the Employer.

2.1.3 Collect Premium, Premium-related debts and Claims Excesses

The Scheme Agent must, at a minimum:

- (a) **(Notify)** Notify Employers of Premium, Premium-related debts and Claims Excesses. In doing so, the Scheme Agent must include at least the information required by the Nominal Insurer.
- (b) **(Collect)** Collect all Premiums, Premium-related debts within the KPI and Claims Excesses, owed by current and former Employers, in a timely, ethical and equitable manner.
- (c) **(Statutory Fees)** Manage, charge, and collect all Statutory Fees and/or applicable penalties.

2.1.4 Assess compliance

The Scheme Agent must, at a minimum:

- (a) **(Review)** Review the information supporting the Premium Calculation on a targeted systematic basis, to ensure that Employers are paying the correct Premium in accordance with the correct IPO. Reviews should include:
 - (i) verification of the Employers business description activity;
 - (ii) comparison of the occupation of workers with the Employers declared business activity to identify inconsistencies;
 - (iii) comparison of wages claimed against Wages declared;
 - (iv) methods to identify and target possible under-declaration of Wages; and
 - (v) processes to identify potential Premium non-compliance with relevant Law.
- (b) **(Notify)** Where Premium non-compliance occurs, the Scheme Agent must take the necessary action to rectify the non-compliance and notify the Nominal

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Insurer, as required, on the Investigation/Complaint referral form in a timely manner.

- (c) **(Audit)** Ensure Premium Compliance Audits are conducted, as required by the Nominal Insurer, in a timely manner. Subsequent to any audit, the Scheme Agent must, at a minimum:
 - (i) review findings, assess recommendations, and ensure that appropriate action is taken in a timely manner as a result of the audit;
 - (ii) calculate Statutory Fees and other charges, as appropriate, and charge to the Employer;
 - (iii) enter the results of the audit on to the wage audit database;
 - (iv) ensure that further audits are conducted to follow up on the issues raised in an initial audit, where deemed necessary by the Scheme Agent, or as required; and
 - (v) ensure that the findings and results of the audit/s are communicated to the Employer, and the Employer is aware of the reason for the result of the audit.
- (d) **(Information sharing)** Ensure all necessary information regarding Policies and related Claims is shared with other Scheme Agents to assist the Nominal Insurer in achieving full compliance with the Law amongst all Employers in NSW.

2.2 CLAIM SERVICES

The Scheme Agent's obligations for the provision of Claims services are that it must ensure that all Notifications and Claims are managed to an appropriate outcome through a focus on early Initial Assessment, appropriate Case Management, relevant RTW initiatives, and meeting the requirements of the Law.

2.2.1 Ensure Notification

The Scheme Agent must, at a minimum:

- (a) **(Means of Notification)** Offer various methods of lodging Notifications, including:
 - (i) dedicated telephone line;
 - (ii) dedicated facsimile line;
 - (iii) internet facility; and
 - (iv) dedicated email address.
- (b) **(Notification)** Receive Notifications and record accurate information.
- (c) **(Unique Identifier)** Assign a Unique Identifier to all Notifications.
- (d) **(Communication)** Communicate the Unique Identifier to the Notifier promptly, following the conclusion of the Notification process.

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2.2.2 Conduct Triage

The Scheme Agent must, at a minimum:

- (a) **(Classify Notifications)** Triage Notifications depending on the severity and complexity of the Injury.
- (b) **(Assign Notification)** Based on the severity and complexity of the Injury, identify a suitably qualified individual to complete Early Contact and assign this individual the Notification.
- (c) **(Timeliness)** Complete the Triage within the KPI.

2.2.3 Conduct initial assessment

The Scheme Agent must, at a minimum:

- (a) **(Early Contact)** Ensure that Early Contact occurs within the period described at Law.
- (b) **(Ensure)** Ensure that the Worker and the Employer receive the Unique Identifier recorded on the Notification.
- (c) **(Assess)** Utilise a standardised Scheme Agent process to:
 - (i) provide a method of assessment of risk factors, including behavioural and medical risk factors, and barriers to RTW; and
 - (ii) identify the primary needs of the Worker and Employer to assist in determining resources and interventions required.
- (d) **(Prioritise Case Management activities)** Prioritise Case Management activities based on identified risk factors and the required interventions.
- (e) **(Assign)** Assign a Case Manager as the primary contact responsible and accountable for the planned outcome and future management of the Claim.
- (f) **(Timeliness)** Ensure that the Initial Assessment of all Notifications occurs within the KPI.

2.2.4 Assess and review liability for provision of Benefits

The Scheme Agent must, at a minimum:

- (a) **(Accuracy and timeliness)** Ensure that Provisional Liability, as well as initial and subsequent assessments of liability for the provision of Benefits to a Worker, are accurate and timely, and meet the KPI.
- (b) **(Additional information)** Ensure that a review of the ongoing liability of the Claim is undertaken when new information is made available.
- (c) **(Records)** Ensure that all liability decisions are documented appropriately and are able to be accessed in a timely manner.
- (d) **(Reviews)** Ensure that regular and Event-Driven reviews are undertaken throughout the life of a Claim to reassess the ongoing liability of the Claim as per the Scheme Agent's Business Model.

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- (e) (**Communication**) Ensure that all liability decisions and supporting information are communicated to affected parties in accordance with the requirements of the Scheme Agent's customer service standards as described in their Business Model.

2.2.5 Manage the Claim

The Scheme Agent must in accordance with the Scheme Agent's Case Management approach at a minimum:

- (a) (**Collect information**) Collect and analyse all information necessary for timely and effective Case Management.
- (b) (**Develop CMP/IMP**) Develop and implement a Claims strategy, including appropriate goals and action plan, and record in the Claim file, within the KPI.
- (c) (**Record**) Immediately and fully record all decisions, actions and review points in the Claim file.
- (d) (**Alignment of expectations**) Have a consistent process in place to identify, align and communicate to the Employer, Worker, Nominated Treating Doctor and Third Party Service Providers expectations with regards to treatment, decisions, issues, actions and RTW timeframes that form part of the IMP.
- (e) (**Awareness of obligations at Law**) Have a consistent process in place to ensure that affected parties, in particular the Employer, Worker and the Nominated Treating Doctor, are aware of their obligations at Law and of the potential impact of not actively participating in the IMP and RTW strategies that have been identified to manage the relevant workplace Injury and RTW.
- (f) (**Risk mitigation**) Ensure that strategies for managing and mitigating identified risk factors and RTW barriers are incorporated into the management of the Claim.
- (g) (**Outcome focused**) Ensure that all activities focus on achieving the planned outcome given the nature and circumstance/s of the Claim.
- (h) (**Continuous progress**) Ensure that strategies adopted will achieve continuous progress towards Claim finalisation.
- (i) (**Reviews**) Conduct reviews in accordance with the review Schedule identified in the CMP/IMP within the KPI, as well as Event-Driven reviews including:
 - (i) assessment of the Workers progress against goal achievement in the plans;
 - (ii) re-screening of the Workers risk factors, including behavioural and medical risk factors, and barriers to RTW;
 - (iii) a re-evaluation of the Workers needs in consultation with parties associated with the plan/s to achieve outcomes; and
 - (iv) adjustment of goals, plans and other necessary information in the CMP/IMP as a result of any review findings.
- (j) (**Communicate**) Ensure that CMPs/IMPs are updated in consultation with the Employer, Worker and affected parties associated with the plans and any agreed changes are communicated.

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2.2.6 Manage Case Handovers

The Scheme Agent must, at a minimum have a consistent process in place to ensure continuity of care and effective Case Handover when a change in Case Manager is required. This process must ensure at a minimum:

- (a) **(Review)** A review of the whole Claim and the specific Case Management Plan occurs at the time of the Case Handover.
- (b) **(Timely contact)** The Case Manager receiving the case makes timely contact with the Employer, Worker and affected parties to establish working relationships.
- (c) **(Prioritise)** The cases will be prioritised based on the Workers needs in the case of the transfer of a portfolio of cases.

2.2.7 Manage potential Long-Term Claims

The Scheme Agent must, at a minimum:

- (a) **(Identify)** Utilise a Claim profiling methodology that will accurately identify and record in the CMP Claims that are at risk of becoming Long-Term Claims.
- (b) **(Commencement management)** Ensure that, once a potential Long-Term Claim is identified, management of it occurs as required in Section 2.3 (Long-Term Claim services) and is commenced within the Scheme Agent's standard.

2.2.8 Estimate Claim

The Scheme Agent must, at a minimum:

- (a) **(Methodology)** Estimate Claims and Recoveries.
- (b) **(Communication)** Ensure that initial and material increases in Claims estimates are effectively communicated to the Employer in a timely manner so as to encourage Employers to actively participate in establishing Suitable Duties and the full RTW of the Worker.

2.2.9 Manage Claim finalisation and Claim re-opening

- (a) Utilise a policy to define the requirements for the consistent finalisation and re-opening of Claims across the Scheme Agent's portfolio of Claims.
- (b) The Scheme Agent must consistently apply the policy in Sub-section 2.2.9(a), above.
- (c) The Scheme Agent must expedite the retrieval and forwarding of a closed Claim file to the proper or requesting Other Scheme Agent, as described in Section 3.3.2.

2.2.10 Manage Benefit and Third Party Service Provider payments

The Scheme Agent must, at a minimum:

- (a) **(System)** Have a Benefit payment system that:
 - (i) ensures Benefits and Third Party Service Provider fees are only paid where there is Documentation to support the amount to be paid;

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- (ii) incorporates pre-approval of pre-determined levels of third party services as approved by the Case Manager;
 - (iii) prevents Overpayments, duplicate payments and payments of Benefits not approved or properly rendered;
 - (iv) identifies potentially fraudulent payments and activities as early as possible; and
 - (v) is able to perform those activities normally required of an entity registered under the GST Law.
- (b) (**Correct payment**) Ensure that correct Benefits that should be increased, reduced, or ceased are adjusted in accordance with requirements of the Law.
- (c) (**Timely payment**) Ensure that all payments of Benefits (excluding continuing weekly compensation payments) to Workers and Employers are made within ten Business Days of receipt of necessary Documentation to support the amount to be paid. For all other Benefit payments, payments must be made within fifteen Business Days from the date after a Qualifying Invoice has been provided.
- (d) (**Continuing weekly compensation payments**) Ensure that all continuing weekly compensation payments to Workers and Employers are made within the KPI, subject to:
- (i) appropriate medical evidence being on file or the receipt of appropriate medical evidence. Appropriate medical evidence is a valid Medical Certificate or discussions with the Nominated Treating Doctor noted on the Claim file; and
 - (ii) the Scheme Agent's documented procedures, in accordance with the Operational Document Set.
- (e) (**Means of payment**) Ensure that Benefit payments to injured Workers are in the form of electronic funds transfers unless otherwise requested by the Worker. In the case of emergency or where an injured Worker has requested, the Scheme Agent may issue a cheque drawn on the Payment Account.
- (f) (**Recoup**) Ensure that Benefits paid in excess of the amount due are recouped from the recipient in a timely and fair manner and ensure Case Management is not delayed by this process.

2.2.11 Approve Third Party Service Provider services

The Scheme Agent must, at a minimum:

- (a) (**Determine**) In initiating or approving ongoing Third Party Service Provider services for a Claim, consider:
 - (i) the basis for the Third Party Service Provider service;
 - (ii) the appropriateness of the Third Party Service Provider service to achieve the desired outcomes;
 - (iii) the effectiveness with which the Third Party Service Provider service will achieve the outcome in comparison to alternative available services;

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- (iv) the overall cost; and
- (v) the benefit expected to be delivered.
- (b) (**Documentation**) Document all decisions regarding Third Party Service Provider services for a Claim, identifying the objective, expected duration and cost of Third Party Service Provider services, or the reason for non-approval.
- (c) (**Communication**) Clearly communicate the reason for the decision for engaging the Third Party Service Provider service for a Claim to the Employer, Worker and affected parties, (except in circumstances of surveillance on the Worker) and the expected outcome from that decision.
- (d) (**Align with CMP/IMP**) Ensure the requirement to engage a Third Party Service Provider service contributes to the CMP/IMP planned goal for any Claim.

2.2.12 Provide Claims Recovery management

The Scheme Agent must, at a minimum:

- (a) (**Systematic method**) Utilise a systematic Recovery method for the timely identification of the potential to recover costs against a wholly or partly liable third party.
- (b) (**Actively manage**) Ensure all Claims with Recovery potential are actively managed.
- (c) (**Reviews**) Conduct periodic reviews of risk and incremental Recovery action on active Claims.
- (d) (**Finalisation**) Ensure that Claims with Recovery action underway are not finalised until all Recovery options are finalised or the Nominal Insurer has Approved non-recovery.
- (e) (**Delays**) Ensure Case Management is not delayed while investigation and pursuit of the Recovery is proceeding.
- (f) (**Reports**) Provide the Nominal Insurer with a report of identified Recoveries that will not be pursued.
- (g) (**Approval**) Nominal Insurer to review and advise Approval or otherwise of the Scheme Agent's list of Recoveries not to be pursued.

2.2.13 Application for Commutations

The Scheme Agent must, at a minimum:

- (a) (**Provision of information**) Provide the necessary information as required by the Law to assist in the determination of an application for Commutation.

2.2.14 Litigation

The Scheme Agent must, at a minimum:

- (a) (**Engage**) Engage legal Third Party Service Providers to act on behalf of the Nominal Insurer as required.
- (b) (**Notify**) Ensure when a legal Third Party Service Provider is managing a significant legal issue as described in the Operational Document Set and the

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Deed, that the Nominal Insurer is notified of the matter within five Business Days of the Scheme Agent first becoming aware.

- (c) (**Model litigant**) Ensure all legal Third Party Service Providers, engaged on behalf of the Nominal Insurer, adopt and implement model litigant principles, unless otherwise Approved.
- (d) (**Shared Claims**) Observe the requirements of the Law in relation to shared Claims.

2.3 LONG-TERM CLAIM SERVICES

The Scheme Agent's obligations in the provision of Long-Term Claim services is that it must apply specialist skills and attention to achieve maximum functional capacity and RTW for Long-Term injured Workers where possible.

2.3.1 Manage Long-Term Claims

The Scheme Agent must, in addition to the services required within Section 2.2 (Claim Services), 2.5 (Third Party Service Providers Management), 2.7 (Fraud Management) and 2.9 (Work Injury Damages and Common Law Claims Damages) of this Schedule, perform the following:

- (a) (**Specialised Case Management skills**) Manage exitable Long-Term Claims, utilising specialist Case Management skills, specifically focusing on:
 - (i) Case Management planning that recognises and mitigates the risks and RTW barriers specific to exitable Long-Term Claims; and
 - (ii) RTW and rehabilitation assistance, including application of intensive vocational rehabilitation programs.
- (b) (**Job seeking**) Have consistent processes in place to effectively manage the participation of long-term injured Workers in job seeking and retraining activities.
- (c) (**Optimal capacity**) Have strategies and processes in place to ensure the promotion of optimal work capacity.
- (d) (**Medical Certification**) Ensure that Medical Certificates are regularly reviewed and accurately reflect the long-term injured Workers capacity for work.
- (e) (**Legislative compliance**) Have specific processes in place to ensure legislative compliance by the Employer and Worker.
- (f) (**Benefit payments**) In addition to Section 2.2.10 (Manage Benefit and Third Party Service Provider payments), provide effective administration to support the payment of Benefits to Long-Term injured Workers.

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2.4 MAJOR INJURY CLAIM SERVICES

The Scheme Agent's obligation in the provision of Major Injury Claim services is that it must apply specialist skills and attention to achieve optimal health and functional outcomes for Workers with a Major Injury. The Scheme Agent's practices must demonstrate a high degree of vigilance and responsiveness, and an awareness of the unique nature of Major Injury Claims Management.

The Scheme Agent must, in addition to the services required by Section 2.2 (Claim Services), 2.5 (Third Party Service Providers Management), 2.7 (Fraud Management) and 2.9 (Work Injury Damages and Common Law Claims Damages) of this Schedule, use an experienced segment of its Personnel, dedicated to the management of Major Injury Claims.

2.4.1 Utilise a relevant knowledge base

In the delivery of the Major Injury Claim services the Personnel must apply specialist knowledge and consideration in their practice to effectively address the lifelong, complex and fluctuating needs of Workers with Major Injury Claims. The Scheme Agent must utilise a knowledge base that includes at a minimum:

- (a) (**Understanding**) an understanding of:
 - (i) Injury types and their current management in accordance with the evidence-based principles described in the Business Model;
 - (ii) measures to prevent unwanted and unintended secondary effects;
 - (iii) functional consequences and possible outcomes;
 - (iv) stages of recovery, including likely treatment, rehabilitation and care;
 - (v) potential issues/problems;
 - (vi) relevant strategies; and
 - (vii) preventative measures.
- (b) (**Awareness**) An awareness of:
 - (i) the likelihood of fluctuating treatment and care needs over the Workers lifetime;
 - (ii) the requirement for ongoing and regular needs analysis;
 - (iii) the impact of a Major Injury upon family/carers;
 - (iv) strategies to address family/carer needs;
 - (v) community, medical and rehabilitation networks/resources/services; and
 - (vi) 'flags', i.e. warning signs of potential problems/needs requiring attention that will require timely preventative action.

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2.4.2 Provide cost effective and relevant Third Party Service Providers

In addition to the requirements in Section 2.2.11 (Approve Third Party Service Provider services), the Scheme Agent must:

- (a) **(Decisions)** Ensure decisions regarding Third Party Service Providers are made:
 - (i) within the context of the overall goals of maximisation of the Workers functional level and community re-integration; and
 - (ii) with reference to the specific rehabilitation goals of the Worker, whether these are vocational or non-vocational goals.
- (b) **(Timeliness)** Ensure the timeliness of assessment, intervention, and re-assessment of Workers needs/functional status.
- (c) **(Third Party Service Provider expenditure)** Ensure adequate recruitment, management and monitoring of Third Party Service Providers to ensure the Workers needs are being appropriately addressed and inappropriate expenditure on Third Party Service Providers services are minimised.

2.4.3 Ensure sound planning and decision making

- (a) **(Approach)** Adopt a proactive/anticipatory approach including:
 - (i) evidence of early intervention enabling future needs to be identified and addressed in an efficient manner;
 - (ii) evidence of long-range planning;
 - (iii) consideration given to likely changes in medical/functional status and to potential life stage-related changes;
 - (iv) timely identification of equipment needs and need for vehicle or home modifications; and
 - (v) ability to interpret and critically appraise care plans, both from an Injury management and a Claims Management perspective.
- (b) **(Document)** Display evidence of a flexible, responsive and accountable approach to decision making that effectively coordinates the activities and ensures engagement of all affected parties.

2.4.4 Encourage liaison

- (a) **(Communication)** Recognition of the need for clear and regular communication with all parties in order to keep informed of Workers current status or needs, including:
 - (i) consultative role - facilitation of the Workers, their carers and/or Third Party Service Providers active involvement in planning, decision making and goal setting; and
 - (ii) coordinating role - effective and timely use of case conferencing as a Case Management tool, and effective recruitment and management of Third Party Service Providers.

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2.5 THIRD PARTY SERVICE PROVIDER MANAGEMENT

The Scheme Agent must, across the Scheme Agent's portfolio, at a minimum:

- (a) (**Cost effective selection**) Utilise a consistent process that supports the cost-effective selection and provision of Third Party Service Provider services, including:
 - (i) identification of Third Party Service Providers that contribute to the delivery of the Scheme Agent's Business Model;
 - (ii) cost-benefit assessments of overall Third Party Service Provider performance;
 - (iii) practices that identify and prevent poor service, non-service and over-servicing behaviour; and
 - (iv) active management of ineffective and inefficient Third Party Service Providers.
- (b) (**Appropriately qualified**) Ensure, when a Third Party Service Provider is required, that only appropriately qualified Third Party Service Providers are utilised.
- (c) (**Implement**) Implement an approach to facilitate prompt and cost-effective delivery of frequently used Third Party Service Provider services, including the establishment of performance and service standards.
- (d) (**Evaluate**) Ensure the effectiveness of Third Party Service Provider services are regularly evaluated and appropriate action is taken in accordance with results.
- (e) (**Fees chargeable for services**) Ensure that Third Party Service Providers are aware of the fees chargeable and are paid as per the KPI.
- (f) (**Report**) Monitor the expenditure with Third Party Service Providers and provide a list each Quarter of the ten Third Party Service Providers that have invoiced the highest fees in that Quarter and the total amount invoiced per Third Party Service Provider.

2.6 INJURY PREVENTION AND RISK REDUCTION SERVICES

The Scheme Agent's obligation in the provision of Injury prevention and risk reduction services is that it must provide education and awareness to Workers and Employers of the Scheme. This will assist Employers in identifying areas of potential Injury prevention and strategies for reducing the risk and costs of Claims where Injuries occur.

2.6.1 Provide education and information

- (a) (**Educate**) The Scheme Agent must provide education and information to Workers and Employers as a minimum:
 - (i) requirements of the Law with regards to Notification, RTW and IMP;
 - (ii) the benefits of effective and timely RTW and OHS programs; and

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- (iii) the definition of Wages and Workers as it relates to Premium Calculation and Benefit entitlement.

2.6.2 Promote Employer risk reduction

The Scheme Agent must, at a minimum:

- (a) (**Utilise**) Utilise a consistent program which identifies Employers with a consistently poor Claims record, that may be positively impacted by Injury prevention and RTW strategies, with the aim of reducing Claim incidence, reducing Claim costs and improving RTW.
- (b) (**Advise**) Advise Employers identified in Sub-section 2.6.2 (a) above of their profile and possible strategies that can assist in improving their performance with regards to Claims incidence, RTW and costs.
- (c) (**Submit**) As identified in Sub-section 2.6.2 (a) above, submit a program as part of the Annual Services Plan that aims to promote Employer risk reduction.
- (d) (**Report**) Execute and manage the program and provide status reports of Employer risk reduction program as required in Schedule 4, Attachment C (Reports).

2.7 FRAUD MANAGEMENT

The Scheme Agent's obligation in the provision of Fraud management is that it must have a proactive approach to the early, consistent and accurate identification and investigation of suspected Fraud.

2.7.1 Provide a Fraud identification model

The Scheme Agent must, at a minimum:

- (a) (**Model**) Utilise a standard Fraud identification model that accurately identifies suspected Fraud, or Fraud-related trends, and is consistent with the principles of AS8001-2003 Fraud and corruption control, or equivalent. This model should apply to the Scheme Agent, its Related Bodies Corporate, Third Party Service Providers, Employers or Workers.
- (b) (**Report**) Report all suspected Fraud and Overpayments with copies of any evidence to the Nominal Insurer in the approved format, and in a timely manner.
- (c) (**Information sharing**) Share appropriate information to assist other Scheme Agents and WorkCover (in its role as regulator) in the identification of potentially fraudulent activities.

2.7.2 Support WorkCover investigations and prosecutions

The Scheme Agent must, at a minimum:

- (a) (**Dedicated contact**) Provide a dedicated contact for correspondence with the Nominal Insurer in relation to Fraud investigations and prosecutions.
- (b) (**Provision of information**) Provide any information relevant to a Fraud investigation, or information requested by the Nominal Insurer, in a timely manner and in accordance with the approved format.

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- (c) **(Implement)** Implement recommendations of the Nominal Insurer in relation to the Fraud investigation.
- (d) **(Prosecution)** Assist the Nominal Insurer or WorkCover (in its role as regulator) as and when required during the investigation or prosecution of suspected Fraud.

2.8 SPECIALISED DOMESTIC WORKERS COMPENSATION INSURANCE SERVICES

Certain general insurers are licensed to write domestic Workers Compensation insurance Policies as part of house and contents insurance policies only. However the Workers Compensation Insurance Fund underwrites these liabilities. Therefore the Scheme Agent must, at a minimum and as agent for the Nominal Insurer:

- (a) **(Policies)** Accept and administer Policies issued by a licensed Specialised Domestic Workers Compensation Insurer.
- (b) **(Manage Claims)** Manage Claims made against these Policies in accordance with this Schedule and the Deed.

2.9 WORK INJURY DAMAGES AND COMMON LAW CLAIMS DAMAGES

The Scheme Agent's obligation is that it must ensure that Claims for Work Injury damages and Common Law Claims Damages are managed to an appropriate outcome and that the Nominal Insurer is kept fully informed throughout the progress of the Claims.

2.9.1 Manage Work Injury Damages and Common Law Claims

- (a) **(Receipt of Notification)** Notify the Nominal Insurer of a statement of Claim for Work Injury Damages or Common Law Claim within five Business Days of receipt of the Notification.
- (b) **(Report)** On the last Business Day of each month, provide the Nominal Insurer with a report of Notifications that lists all current Claims for Work Injury Damages or Common Law Claims and their status.
- (c) **(Adhere to policy)** Ensure the appointed legal Third Party Service Provider complies with the Nominal Insurer's requirements as specified in Section 2.2.14.

3 INFRASTRUCTURE

Applicable information supporting the Services under this section can be found in the Operational Document Set.

3.1 COMPETENCY OF SCHEME AGENT PERSONNEL

The Scheme Agent must, at a minimum:

- (a) **(Competency matrix)** Develop, maintain and comply with a Competency matrix that identifies required Competencies for every staff level across every business function related to the delivery of the Scheme Outcomes and Scheme Services.

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- (b) **(Recruit and retain)** For each position, recruit Personnel with the appropriate Competencies, as defined in the Scheme Agent's Competency matrix.
- (c) **(Training and Competency assessment)** Ensure that the appropriate Personnel are trained, and competent in the Scheme Agent's relevant frameworks, models and methodologies required to deliver the Scheme Outcomes and the Services.

3.2 INFORMATION COLLECTION

The Scheme Agent's obligation in the provision of information collection is that it must utilise the standard forms as provided by the Nominal Insurer from time to time.

3.3 RECORDS MANAGEMENT

The Scheme Agent's obligations in the provision of Records management services is that it must keep consistent, complete and accurate Records and ensure the safe custody, proper preservation and management of all Records under its control in accordance with this Deed.

3.3.1 Maintain Records

The Scheme Agent must maintain an inventory of all Records to ensure the retrieval of individual Claims and Policy files as requested by the Nominal Insurer or Other Scheme Agent.

3.3.2 Transfer Records

The Scheme Agent must, ensure that Records are transferred to the Nominal Insurer or Other Scheme Agent's in accordance with the requirements in the Operational Document Set.

3.4 FINANCIAL AND TAXATION MANAGEMENT

3.4.1 Banking arrangements

The Scheme Agent must use the bank and banking accounts established by the Nominal Insurer.

3.4.2 Manage receipts

The Scheme Agent must, at a minimum:

- (a) **(Timely deposits)** Ensure that all funds received on behalf of the Nominal Insurer are directly deposited in the Revenue Account(s) advised by the Nominal Insurer on the same Business Day that the funds are received. If the monies are received after 3:00 pm or the day on which they are received is not a Business Day, the Scheme Agent must directly deposit the monies on the next Business Day in the Revenue Account.
- (b) **(Deposit facilities)** Ensure that monies can be deposited direct to the Revenue Account advised by the Nominal Insurer through either BPAY, direct debit, or other facilities as determined by the Nominal Insurer's banking policy.
- (c) **(Dishonoured deposits)** Ensure that dishonoured cheques and other disputed deposits are managed effectively, in a timely manner, and the Scheme Agent's

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systems are amended to record that the funds have not been effectively received, and appropriate fees are charged to the Employer.

- (d) **(Internal controls)** Implement and regularly review (by internal and external audit) the effectiveness of agreed internal controls to ensure that errors and potential Fraud are eliminated. This includes ensuring:
 - (i) funds received on behalf of the Nominal Insurer are completely and accurately recorded upon receipt in the Scheme Agent's financial system;
 - (ii) effective and appropriate segregation of duties are in place, (eg. ensuring staff involved in processing funds received are not involved in managing receivables or debtors management); and
 - (iii) details from the bank of monies deposited to the Revenue Account(s) are reconciled to transactions in the Scheme Agent's financial system on at least a weekly basis and all reconciling items are identified and managed appropriately.

3.4.3 Manage payments

The Scheme Agent must, at a minimum:

- (a) **(Payment Account)** Ensure that all payments on behalf of the Nominal Insurer are made from a Payment Account(s) advised by the Nominal Insurer.
- (b) **(Authorised payments)** Ensure payments can be made only in accordance with the Law and for:
 - (i) Benefits to Workers;
 - (ii) Third Party Service Provider fees;
 - (iii) the Dust Diseases Board for the Levy collected on Premiums;
 - (iv) refund of Premiums;
 - (v) Approved bank fees or charges on the accounts operated by the Scheme Agent on behalf of the Nominal Insurer; and
 - (vi) any other purpose authorised in writing by the Nominal Insurer.
- (c) **(Internal controls)** Implement and regularly review the effectiveness of the internal controls to ensure that errors and the potential for Fraud are eliminated. This includes ensuring:
 - (i) approval of payments is made by an appropriate staff member of the Scheme Agent after reviewing relevant Documentation and taking into account the size of the payment and its rationale;
 - (ii) effective and appropriate segregations of duties are in place eg. Electronic payments are made by an appropriate member (not involved in processing payments) who approves all changes to Worker, Employer, Third Party Service Providers or payees bank account details;
 - (iii) bank reconciliations are performed on at least a weekly basis and all reconciling items are identified and managed appropriately;

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- (iv) there is an individual review of each payment to a Worker, Employer or Third Party Service Provider that exceeds \$10,000 to verify that the payment is correctly calculated and is payable in accordance with the requirements of this Deed.

3.4.4 Administer Banking Arrangements

The Scheme Agent must, at a minimum:

- (a) **(System interaction)** Ensure that systems are able to electronically interact with the Nominal Insurer's banker, in respect of the Revenue and Payments Accounts advised by the Nominal Insurer, to:
 - (i) make electronic funds transfers and draw bank cheques, including details for remittance advices accompanying these payments;
 - (ii) upload details of monies received direct to the bank account in respect of or Claims or Policies managed by the Scheme Agent; and
 - (iii) upload bank statement details to enable a reconciliation of the accounts to be undertaken by the Scheme Agent.
- (b) **(Reconcile accounts and Reports)** Ensure that the amount of receipts and payments in the Revenue and Payment Accounts by type agree with the amounts included on the regular financial reports required to be supplied to the Nominal Insurer as described in Schedule 4, Attachment C (Reports).

3.4.5 Manage cash forecasting

The Scheme Agent must, at a minimum:

- (a) **(Payment forecasting)** By 3:00 pm on the last Business Day of every week, provide to the Nominal Insurer in the required format:
 - (i) projections of total payments each week for the following 13 weeks; and
 - (ii) the rationale for any variation (above or below) \$1,000,000 from the previous projection.
- (b) **(Timely amendments)** In respect of the current week and the following week, as soon as the Scheme Agent becomes aware that the level of total cash payments will exceed by more than \$1,000,000 the last forecast provided to the Nominal Insurer, immediately advise the Nominal Insurer of the new total payment amount in the required format.
- (c) **(Variations to reporting limits)** Acknowledge and agree that the Nominal Insurer reserves the right to vary any of the above reporting limits at no cost by giving the Scheme Agent twenty Business Days notice.
- (d) **(Assist the Nominal Insurer)** Assist, as required, the Nominal Insurer in determining the cash inflows for the Scheme.

3.4.6 Undertake financial management and reporting

The Scheme Agent must, at a minimum ensure that:

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- (a) **(Financial management system)** A financial management system is used that completely, accurately and in a timely manner records transactions, assets and liabilities managed on behalf of the Nominal Insurer, and where required agrees with the Scheme Agent's Claims and Policy system.
- (b) **(Details of funds)** Appropriate details of funds received including date received, receipt type, Policyholder, amount and date deposited are completely, accurately and in a timely manner recorded in the Scheme Agent's financial system.
- (c) **(Details of payments)** Appropriate details of each payment including its date, type and payment reference number (eg. cheque number) are completely, accurately and in a timely manner recorded in the Scheme Agent's financial system.
- (d) **(Reports)** Financial management reports as specified in Schedule 4, Attachment C (Reports) are able to be provided from the financial management system in a consistent, accurate and timely manner.

3.4.7 Manage taxation requirements

The Scheme Agent must, at a minimum:

- (a) **(Taxation requirements)** Ensure that, in respect of the activities it undertakes for the Nominal Insurer, it performs those functions normally required of an entity registered under the Australian taxation Laws (apart from activities related to income taxation of the Nominal Insurer or WCIF). This includes:
 - (i) managing GST obligations and requirements of an entity registered under the GST Act, including issuing of complying tax invoices, claiming of Input Tax Credits and timely completion of business activity statements, and timely payment of GST obligations arising there from;
 - (ii) meeting the needs of an entity registered as a withholder under *Taxation Administration Act 1953 Cth*, such as deducting PAYG from direct payments to Workers, providing payment summaries to such Workers, and notifying the Australian Commissioner of Taxation of amounts and paying such amounts in a timely manner; and
 - (iii) meeting the requirements of the Law that may apply to other entities that make payments of Wages such as deducting required child support and garnishes and forwarding these sums to the relevant Agency.

3.5 INFORMATION SYSTEMS

The Scheme Agent's obligation in the provision of information systems is that it must support the provision of the Services and the management of information collection, analysis and reporting relating to those Services.

3.5.1 Provide information systems

The Scheme Agent must, at a minimum:

- (a) **(Systems)** Utilise information systems that:
 - (i) support the Scheme Agent in the delivery of obligations under the Deed; and

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- (ii) allow for appropriate reporting and analysis of performance.
- (b) **(Provide accurate data)** The Scheme Agent must provide accurate data at a frequency and to a standard required by the KPI which:
 - (i) comply with the requirements set out the Operational Document Set
 - (ii) provide the data elements to the standards set out in the KPI; and
 - (iii) contain only those records where activity has occurred.
- (c) **(Correct inaccurate data)** The Scheme Agent must correct any inaccurate data submitted to the Nominal Insurer, as set out below:
 - (i) any abort error at the file level by the close of the next Business Day;
 - (ii) any fatal error by the next submission date;
 - (iii) any suspect errors within three months of the submission that caused the error.

3.6 OPERATIONAL RISK MANAGEMENT

The Scheme Agent's obligations in the provision of operational risk management is to identify, monitor and mitigate all sources of risk that may have a material impact on the Scheme Agent's operations or the Quarterly Performance Fee Targets and Incentive Fee Targets.

3.6.1 Provide risk management

The Scheme Agent must as a minimum:

- (a) **(Utilise)** Utilise a risk management methodology that is consistent with AS 4360 Risk Management.

3.6.2 Provide business continuity management

The Scheme Agent must,

- (a) **(Conduct)** Conduct business continuity management in accordance with HB 221:2004 Business Continuity Management or as Approved.
- (b) **(Develop plan)** Develop, implement and maintain a Business Continuity Plan that documents procedures and information that enable the Scheme Agent to respond to disruptions, recover critical business functions, and return to normal operations in an orderly manner.

3.6.3 Information security management

The Scheme Agent must as a minimum:

- (a) **(Implement)** Adopt and implement a formal policy covering information security risks and controls as part of its overall operational risk management framework in line with AS/NZS 7799.2:2003, BS 7799.2:2002 – Information Security Management or as Approved.

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- (b) **(Review)** Review, on a whole of business basis, their Scheme information assets and associated infrastructure to identify and assess security risks and controls and:
 - (i) prepare and implement remediation plans; and
 - (ii) conduct regular reviews of the effectiveness of the remediation plans.

3.6.4 Statutory Declaration

(Compliance) The Scheme Agent will provide a statutory declaration as described in Sub-clause 12.4 of the Deed.