

# **NSW Self Insurance Corporation**

## **Treasury Managed Fund (TMF)**

### **Service Level Agreement Working Group Charter**

**April 2011**

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## 1. Background

The Service Level Agreement (SLA) establishes a clear commitment between the NSW Self Insurance Corporation (SICorp), an Agency and the Claims Manager to work in partnership to provide a reliable, efficient and cost effective claims management service.

Service Level Agreements form part of the mandatory Treasury Managed Fund (TMF) contract management agreement conditions and set clear guidelines regarding the minimum levels of service that SICorp and agencies can expect to receive from Claims Managers during the term of this contract. These guidelines are underpinned by a set of achievable and measurable outcomes including a set of Critical Service Standards (CSS) which the claims managers must meet.

The CSS are fundamental requirements that the Claims Manager is expected and required to provide as a matter of course. The CSS reflect the minimum standards required for the satisfactory delivery of the core Services in accordance with the management agreement. All failures of CSS are managed as part of the contract and performance management framework and performance management process.

The SLA outlines the minimum service levels that Agencies should expect the Claims Manager to provide. However, agencies can negotiate higher levels of service with their claim managers, as required.

Workers Compensation SLAs generally cover the following 4 key areas of injury and workers compensation claims management:

- Injury Management Plans and Return To Work Plans
- Medical & Rehabilitation Treatment
- Claims Management and information management
- Claims Review and dispute resolution

Non-Workers Compensation SLAs covering the property, liability, and motor vehicle lines of business have also been developed covering:

- Claims Management and information management
- Claims Review and dispute resolution

## 2. Service Level Agreements (SLAs)

The SLA's are detailed in the Service Schedule to the *Service Specification for Claims Management Services* which is Attachment 3 - of the Contract Conditions and the Claims Management Fee Arrangements – Attachment 4.

### **3. Role of the SLA Working Groups**

The role of the SLA Working Groups is to review the service delivery and the service quality provided by the Claims Managers and to manage issues that arise regarding service delivery and performance levels.

Claims Managers, SICorp and each TMF Agency will monitor and evaluate the service level achieved by their Claims Manager against the service level/target set out in their Agreement. Each party should ensure that the SLA remains relevant and useful for its intended purpose.

TMF Agencies should endeavour to discuss matters of concern initially with the Claims Manager directly to try and find a resolution to the service issue prior to raising it at the Working Group.

Claims Managers should be given the opportunity, as with agencies, to make improvements rather than only being alerted to a service issue for the first time at the Working Group meeting. If the issue is not resolved then any concerns about the service can then be raised with SICorp and Claims Managers at the Working Group meeting. Outcomes and corrective actions can then be agreed to and reported back to the Working Group.

Agencies and Claims Managers should follow the agreed Claims Management Services Complaint and Dispute Resolution Process if the matter needs to be escalated.

### **4. Responsibilities of the SLA Working Groups**

The SLA Working Groups will meet quarterly to:

- Undertake quarterly reviews of the Claims Managers performance in regards to service delivery and service quality
- Address issues concerning the Claims Managers service delivery and service quality
- Undertake annual review of service levels
- Recommend SLA variations to SICorp for negotiation with the Claims Managers

## 5. Composition of SLA Working Groups

There will be four SLA Working Groups covering the three Workers Compensation portfolios, and a General Claims group covering health liability, non-health liability, property & miscellaneous and motor vehicle claims management.

### ***Membership***

The Working Groups are to be representative of the broad spectrum of agencies participating in the TMF with relevant Claim Manager representatives also in attendance.

Membership of an SLA Working Group is by invitation from SICorp and is limited to one representative from an Agency. When unable to attend a Working Group a member can nominate a substitute from the same Agency.

However, for General Claims SLA meetings, designated sessions will be allocated in the meeting agenda to address items relating to those lines of business which will enable agencies to arrange to have the appropriate officer for a line of business attend the specific session. Multiple agency representatives may attend over the course of the session, but limited to one agency representative for that specific line item for the timeframe of that session.

In the case of Health a separate representative from NSW Health, Health Support Services, and each Local Health Network may be a member. A Health agency may be represented on more than one SLA Working Group. LHN representatives should endeavour to disseminate information and report back to entities within LHN Cluster Groups and through other Health risk management groups.

### ***Chair & secretariat***

Each SLA Working Group will be chaired by SICorp and a SICorp staff member will act as the secretariat.

### ***Other invitees***

Invitees to the Working Groups may include selected representatives from SICorp's staff, actuarial advisors and other invitees as deemed relevant from time to time. Invitees may be requested to depart for selected agenda items. All invitees are subject to SICorp's approval prior to attendance.

### ***Quarterly meetings & quorum***

The SLA Working Group will meet quarterly and preferably in the week prior to TMF Agency Council meetings. A quorum is three agency representatives plus a SICorp representative and a relevant Claims Manager representative.

The Chair of the SLA Working Group will report via the SICorp Director to the next TMF Agency Council Meeting [see section 10. *Reporting Structure*].

## **6. Information to be distributed to SLA Working Groups**

SICorp will provide the following information to agencies (at least 1 week prior to each quarterly meeting):

- Agenda of forthcoming meeting
- Minutes of the previous meeting
- Performance of Claims Managers against agreed key performance indicators and as detailed in the relevant SLA
- Notice of matters that SICorp, agencies or Claims Managers may wish to raise at the meeting

## **7. Sub-Committees**

The SLA Working Group may establish a sub-committee for a specific purpose. The sub-committee will have a set time to complete its purpose, determined by the Working Group and work within the parameters of this Charter. The sub-committee will report back to the Working Group on completion of its duties with details of the outcomes and any recommendations, including the provision of any appropriate supporting documentation.

## **8. TMF Agency Advisory Council**

The Treasury Managed Fund Agency Advisory Council (formally known as the Advisory Board) was established in response to a recommendation of the 1992 program evaluation of the NSW Treasury Managed Fund, assessing the responsiveness of agencies to the risk management philosophy of the Scheme.

A number of areas of concern were identified by agencies, one of which was the lack of opportunity for participation in decision making. This criticism prompted the evaluation report to recommend scope for greater participation. The establishment of the Agency Advisory Council is also in accordance with the general ethos of the TMF, in particular to assist agencies where possible to effectively manage risk.

The Council is representative of the broad spectrum of agencies participating in the Fund and includes senior representatives from several Agencies (some which are representative on SLA Working Groups) as well as a representative of the Public Sector Risk Management Association (PSRMA) and the Treasury. Claims Managers also participate in a separate session of the forum.

In accordance with the Council Charter other representatives may be invited to join the Council from time to time as requested by the Council and approved by the SICorp Board. The Council meets every three months and provides TMF agencies with a high level forum where issues impacting TMF members can be discussed and information disseminated. TMF Agencies may seek to present specific items before the Council to facilitate understanding and communication of issues. It also serves as a consultative forum and fosters best practice to provide feedback to the Claim Managers, third party providers and SICorp and reviews and makes recommendations for consideration by the SICorp Board.

## 9. SICorp Board

In 2009, the Treasurer approved an Internal Audit Bureau recommendation that an Advisory Board with industry expertise be appointed to strengthen SICorp's governance and to advise on strategic management issues. The NSW Self Insurance Corporation Advisory Board is to consist of a Treasury Deputy Secretary as chair, the Director SICorp and three non-ex-officio industry experts.

The main objective of the Board is to bring, through advice and guidance, a wide range of skills and expertise in order to assist SICorp in delivering on its mission statement relating to the administration and management of the State's self insurance scheme.

The functions of the Board are to advise and guide Treasury Executive and SICorp Management on the following:

- Strategies, objectives and policies relating to SICorp and the schemes it operates (with due regard to the interests of the schemes various stakeholders)
- The management of the affairs of SICorp on behalf of the Treasurer
- SICorp's operating and financial performance
- SICorp's principal operational risks and appropriate risk management
- The risk management undertaken by external risk management providers to minimise SICorp's exposures

The Board does not have responsibility for finance and investment decisions which remain the responsibility of NSW Treasury.

Directors are expected to comply with the Code of Conduct set out in the Directors Handbook.

The Board operates in a governance framework as follows:

- Policies of NSW SICorp shall be set by the Treasurer through the Treasury Executive
- These policies will be informed by advice and guidance from the Board
- The day-to-day operations of SICorp shall be managed by the SICorp Director in accordance with these policies, and Treasury Executive direction
- The Board will hold at least four meetings each year with additional meetings as the Chairman deems appropriate in order to fulfil its duties

## 10. Reporting Structure

The SLA Working Groups report to the Director, SICorp through the TMF Agency Council. Reports include issues relating to the Claims Manager performance statistics and monitoring of Critical Service Standards and Service Level Agreements as outlined in the Claims Manager contracts. The Working Groups can review and make recommendations and suggested amendments to these Agreements and other procedural documents relating to the management of TMF processes.

The TMF SLA Working Groups fall within the following reporting structure:

