

FY 2017-18 Financial Report

The Commission completed FY17 with total expenditures of \$5.4 million. The General Fund Appropriations totaled \$1.9 million and Earmarked Fund totaled \$3.5 million. The Earmarked Fund received \$1.6 million of annual operating revenues from Fines, Fees and Assessments which was 40% less than budgeted. The Commission collected \$5.1 million of Self-Insurance Tax revenues. Pursuant to Act 95 of 2013 the Commission retained \$2.5 million for operations and remitted \$2.5 million to the General Fund. The Commission continues to strive to reduce expenditures where possible.

	Appropriations	Expenditures	% of budget
General Fund	\$ 2,232,271	\$ 2,030,075	88%
Earmarked Fund	Budget	Expenditures	
Operating Revenues	\$ 2,471,712	\$ 2,982,869	121%
Self-Insurance Tax	\$ 2,400,467	\$ 2,359,447	
Total Income	\$ 4,872,179	\$ 5,342,316	
Expenditures	\$ 5,068,789	\$ 4,143,928	82%

FY 2017-18 Statistical Recap Data

1. Number of Employers Purchasing Insurance	86,482	0.2%
2. Number of Employers Qualifying as Self-Insurers	2,083	-3.6%
3. Investigations Active Beginning of Fiscal Year	263	-24.0%
4. Investigations Initiated	1,267	-21.7%
5. Investigations Set for Show Cause Hearings/ Consent Agreements Received	356	-36.4%
6. Total Investigations Closed	1,346	9.5%
7. Investigations Active at Close of Fiscal Year	144	-45.2%
8. Number of Accident Cases Filed with the Commission	64,802	1.3%
A. New Cases	61,766	0.4%
I. WCC Cases Created	24,137	-0.8%
II. Minor Medical Reported (12M)	37,629	1.2%
B. Reopened cases	3,036	26.1%
9. Number of Cases Closed during Fiscal Year	64,057	0.9%
A. Individually Reported Accidents	26,428	0.5%
B. Minor Medical Only Accidents Reported In Summary	37,629	1.2%
10. Total Compensation & Medical Cost Paid on Closed Cases	\$ 901,528,493	0.6%
A. Medical Costs	\$ 349,277,063	4.6%
I. WCC Closed Cases	\$ 324,451,784	4.5%
II. Minor Medical Reported (12M)	\$ 24,825,280	5.9%
B. Compensation	\$ 552,251,430	-1.8%
11. Temporary Total Compensation Agreements	14,050	-2.9%
12. Supplemental Compensation Agreements	2,893	-0.2%
13. Applications for Stop Payment expedited hearing	1,616	-2.2%
14. Cases Docketed for Hearings	10,458	0.7%
15. Cases Assigned for Informal Conferences	4,621	3.9%
16. Hearings Conducted by Single Commissioners	854	-27.8%
17. Informal Conferences Conducted	3,001	8.1%
18. Decisions, Opinions & Orders, Single Commissioners	2,381	69.2%
19. Cases Appealed to Full Commission for Review	274	-14.9%
20. Reviews Conducted by Full Commission or Panel	131	-15.5%
21. Decisions and Opinions by Full Commission or Panel	164	4.5%
22. Commission Decisions Appealed to Higher Court	44	-30.2%
23. Common Law Settlements	11,396	25.3%
24. Attorney Fee Approvals	8,754	1.8%
25. Self-Insurance Tax Collected and Deposited to the General Fund	\$ 5,006,443	2.8%



Annual Report F Y 2017-2018

South Carolina Workers' Compensation



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Mission

To provide an equitable and timely system of benefits to injured workers and employers in the most responsive, accurate and reliable manner possible.

COMMISSIONERS

July 1, 2017—June 30, 2018

T. Scott Beck, Chairman

Susan S. Barden, Vice Chair

Mike Campbell

Melody James

Gene McCaskill

Aisha Taylor

Avery B. Wilkerson, Jr.

Gary M. Cannon, Executive Director

FY 2017-18 Year In Review

The following is a report of the activities and accomplishments for the South Carolina Workers' Compensation Commission for Fiscal Year ending June 30, 2018. Through the efforts of its dedicated employees, the Commission continues to focus on its mission to provide an equitable and timely system of benefits to injured workers and employers in the most responsive, accurate, and reliable manner possible. Service to stakeholders and continuous improvement of operational efficiency and effectiveness of system operations remains a primary focus of the Commission's work. This is accomplished by constant and consistent informal communication with stakeholders, responding to their requests and concerns and implementing changes as needed, as well as formal communication with stakeholders through the use of stakeholder advisory committees and partnerships with business and other governmental entities.

Statutory and Regulatory

Submitted changes to Chapter 67 of the Code of Regulations to the General Assembly for approval. Document No. 4735, *State Register*, November 25, 2016. The proposed regulations were approved by the General Assembly in 2018. Issued an Administrative Order adopting policies and procedures regarding the payment of compensation by check or electronic payment systems pursuant to amendments to § 42-9-450 of the SC Code of Laws in Act 24, May 15, 2017. The General Assembly approved Act 68, May 10, 2017, which amended Act 95 of 2013 to extend the sunset provision for five years through 2022.

Executive Director's Office

The Executive Director's Office serves as the primary source of information about Commission activities for the general public. This is accomplished by responding to stakeholders' telephone calls and emails, regularly updating the Commission's website and communicating general notices and policy advisories with stakeholders through an email distribution list.

While the Executive Director's office does not provide legal advice to injured workers nor discuss the specifics details of an individual's case, one core function is to provide information about process and procedures. During FY18, the office logged 5,894 contacts with various constituents and stakeholders. The contacts included telephone communications, electronic and personal contacts with claimants or constituents, state agencies, federal agencies, attorneys, service providers, business partners; and letters with

congressional offices.

The office emailed fifty-two general notices, policy advisories and updates to stakeholders and other interested parties and posted thirteen agendas and supporting documents for the Commission Business Meetings. Sixty-seven email addresses were added to the Commission's electronic general notice distribution list, increasing the total to 768

The Executive Director's office is responsible for the referral of all injured workers in need of vocational counseling or vocational evaluation, personal adjustment, training and placement to the SC Vocational Rehabilitation Department (SCVRD). In 2015 the Commission partnered with the SCVRD to allow statewide electronic access to the injured workers' database. During FY18, SCVRD contacted 74 claimants for vocational rehabilitation services as a result of the partnership allowing access to the Commission's electronic database.

Human Resources

Workers' Compensation Commission has 63 authorized positions. During FY17-18 the Commission employed 54 FTEs and 4 temporary employees. Human Resources administers the day-to-day administration of all human resources functions to include recruitment, benefits, compensation, performance management, and employee relations. During FY2018 five long-term employees retired and two employees separated from the Agency. More than 825 applications for employment were reviewed and considered to fill 7 vacancies. Four new employees were hired during the fiscal year. The agency utilized two law clerks from the USC School of Law and two temporary employees. The South Carolina Human Affairs Commission recognized the Agency for achieving Top Ten status and demonstrating Equal Opportunity during the 2016-2017 reporting period. The HR Manager attended three SHRM training events, two SCEIS training sessions, one labor seminar, one drivers' training course, procurement training and four SDHR training event.

Information Technology (IT) Department

The IT Department's staff of five supports the internal stakeholders by providing the appropriate technology to allow staff to work efficiently. They support the agency's external stakeholders by providing assistance with EDI transmissions, electronic submission of files, and end user support of the eCase portal.

For external stakeholders the department upgraded the eCase web portal, installed a new wireless network to enhance security and increase performance

IT Department - cont.

and provide stakeholders and constituents with Internet access while at our facility, partnered with the Department of Corrections and Probation, Pardon and Parole (PPP) to give the Commissioners the ability to conduct hearings with injured workers under the supervision of the SC Department of Correction at PPP sites, and added six new trading partners to our system furthering the use of electronic submission of Subsequent Reports of Injury (SROI) via EDI.

During FY2018 Commission completed Phase I of the IT Legacy System Modernization Project to upgrade the agency's business systems and processes. This involved identifying and evaluating the business processes and procedures to determine efficiencies and deficits and recommend changes. The concept is to harvest and preserve the current system components that are effective and sound, redesign and rebuild the obsolete ones, and re-engineer business processes with sustainable technology. Phase II of the Project involves the development of code associated with the business processes. This Phase will begin in FY2019.

Insurance & Medical Services (IMS)

Compliance & Coverage Division

The IMS Department is divided into three divisions: Coverage and Compliance, Medical Services and Self-insurance. The Compliance and Coverage Division is responsible for receiving all first report of injury forms (Form 12A) in order to ensure employers have workers' compensation insurance for the injured employee. During FY18, a total of 64,205 accidents were filed with the Commission, 24,316 were new cases created and 39,889 were Minor Medical Reports (Form 12M). Two thousand eight hundred seventy-two (2,872) cases were reopened.

The Compliance Division checks for employer's insurance coverage by examining each first report of injury and quarterly wage and employment data obtained from the Department of Employment and Workforce (DEW) for 62,000 employers in the State to verify employer's insurance coverage. Using a random selection of employers, the division matches the employer name with the list of workers' compensation policies issued in the state. Three hundred fifty-one (351) employers were found to be in non-compliance with coverage requirements. As a result, 215 employers came into compliance and obtained from the Department of Employment and Workforce (DEW) for 90,000 employers in the State to verify insurance coverage.

Using a random selection of employers, the division matches the employer name with the list of workers' compensation policies issued in the state. Three hundred fifty-eight 358 employers came into compliance and obtained insurance coverage for approximately 3,329 previously uninsured workers. A total of \$1,507,751 in fines were collected from these violations. Through the use of information technology systems, implemented improvements to the process for identifying outstanding carrier fine debt and scheduling and serving proper notice for Compliance Show Case Hearings. The Division is responsible for collecting unpaid fines from insurance carriers for failure to submit required reports in a timely manner. Two hundred forty-nine (249) cases were set for Rule to Show Cause Hearings, resulting in \$109,373 fines collected.

IMS Medical Services Division

The Medical Services Division of the Insurance and Medical Services Department is responsible for overseeing the implementation of the medical fee schedules, responding to inquiries from medical service providers and payers and resolving disputes through the Medical Fee Dispute Process. The Commissioners approved an update to the Medical Services Provider Manual (physician's fee schedule) effective September 1, 2016 which provides a Maximum Allowable Payment (MAP) for medical services provided to injured workers. The update included the approval of a \$50 Conversion Factor and the use Center for Medicare and Medicaid Services 2016 Relative Values. The Division processed an average of 11 disputes per month during FY18.

IMS Self-Insurance Division

The Commission is required to approve all applications for employers to be self-insured for workers' compensation insurance. The Self-Insurance Division of the IMS Department is responsible for reviewing all applications and to ensure the necessary financial requirements are attained to be approved to self-insure. The Division recommended and the Commission approved 222 applications for self-insurance during FY18. The Division is also responsible for monitoring the financial stability of each self-insured and collecting the 2.5% tax on the calculated premiums of self-insurers. The Division collected \$5.2 million Self-Insurance Tax and remitted \$2.4 million to the State General Fund.

Claims Department

The Claims Department is responsible for reviewing and processing periodic reports filed by carriers, reviewing all final settlements and responding to requests for claims history data. During FY18, the department processed 26,416 initial notices of payments (Form 15), and 54,234 Carrier's Periodic Report (Form 18). Of total Form 18s received, 18,837 were filed electronically through SROI; 23,305 were filed as an attachment to an email, and 8,784 were received through the US Postal Service. The department continues to encourage the use of electronic filing. With regard to Settlements, the department processed 11,287 Clinchers, Form 16s, and third party settlements. To ensure the protection of the claimant's right to privacy with regard to claims history data, the department implemented a new procedure to verify and respond to requests for claims history data.

Judicial Department

The Judicial Department is responsible for scheduling, monitoring, and reviewing all informal conferences and contested workers' compensation cases. The department's work is divided between three adjudication processes; Informal Conferences, Hearings, and Appeals. During FY18, the department processed over 37,000 pleadings, motions, appeals, and mediation documents.

Scheduling single Commissioner's hearings and Informal Conferences is one of the core functions of the Judicial Department. This involves coordinating with state agencies, local governments, and educational institutions for the use of over 100 different locations in their facility. During FY18, the department added six new sites to the list and solidified the alliance with S.C. Vocational Rehabilitation for the Commission to use several of their facilities across the state.

Hearings & Other Case Related Activity

- Informal Conferences cases assigned decreased by 223 or 4.8% (FY18-4,398; FY17-4,621); Informal Conferences conducted decreased by 29 or .97% (FY18-2,972; FY17-3001).
- Cases docketed for single commissioner hearings decreased 174 or 1.66.%; (FY18-10,284; FY17-10, 458)
- Hearings conducted by a commissioner decreased 285 or .24 % (FY18-899; FY17-1,184)
- Settlements decrease by 109 or .96%. (FY18- 11,287; FY17-11,396).
- Commissioners approved 8,706 attorney fee petitions; issued 5,653 Administrative Orders; conducted 1,709 clincher conferences; approved 1,200 relief of counsel motions, and conducted 361 pre-hearing conferences.

Full Commission Appellate Activity

- There were 274 single commissioner cases appealed to the Full Commission, a decrease of 14.9 % .from FY17.
- The Full Commission Appellate Panel heard 131 cases, a decrease of 15.5% from FY17.
- Of the cases heard by the Appellate Panel, 44 were appealed to a higher court, a decrease of 30.2% from FY17.

Mediations

In 2013, the Commission approved regulations to implement a requirement for mandatory mediations in certain cases. During FY18 eight hundred thirty three (833) mediation outcomes were reported to the Commission via filing of the Form 70. Six hundred thirty one (631) mediations were resolved, 246 failed to be resolved, and 6 remained with issues pending. Fourteen (14) mediations occurred as a result of an Order by a Commissioner.

Workers' Compensation Insurance Premiums

During 2018, \$1.1 billion of workers' compensation insurance premiums were paid for commercial, self-insurance and State Accident Fund coverage. The commercial market has a 70% share, the Self-Insurance market has a 23% market share and the State Accident Fund has approximately 7% of the market share. The Department of Insurance reported \$19.5 million of workers' compensation insurance tax premium paid to the State General Fund for FY 2018.

System Medical Costs

- Medical and compensation - \$934.6 million (FY17- 901.5 million)
- Medical expenses totaled \$352.7 million (FY17- \$349.2 million)
- Compensation totaled \$582.1 million (FY17 - \$552 million)

Average Cost Per Claim

- Total = \$13,984 per claim. (FY17-\$14,073)
- Medical = \$5,276 per claim. (FY17-\$5,452)
- Compensation = \$8,708 per claim. (FY17-\$8,621)