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Certified Public Manager Program

Management Project

***Worker's Compensation Management
in the
Waccamaw Public Health District***



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February 27, 1997

Handwritten signature of George A. Butler

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STATE DOCUMENTS

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Introduction

Worker's Compensation activities are a vital and necessary component of every business which employs individuals. The South Carolina Department of Health and Environmental Control is the largest state agency in South Carolina employing 9,067 citizens of the state. These statistics validate the necessity for the agency to be frugal in their administration of Worker's Compensation policies and procedures. Efficient and economic administration must be managed through responsible accountability within each Public Health District and Central Office unit.

Problem Description

Worker's reports of illness or injury are not being processed timely and properly as result of a poor process system. Responsibility for reporting is assumed by human resource staff rather than supervisors who actually have the essential knowledge of and contact with the employees. A familiar relationship between a supervisor and employee is requisite in managing related absences and the associated costs of such occurrences. Lack of standardization within the agency has left implementation and monitoring up to individual areas. Human resource staff learn of occurrences often far past the mandatory time frame for reporting. By and large, nonexistent standards, or reporting processes, have caused in the lack of timely or proper reporting and a poorly managed inefficient program. Presently, the amount of effort being expended is confused and unorganized - which is a costly situation. The cost of the actual task should not exceed the value of the outcome (Labovitz, 11).

Project Goals

1. Develop procedures for worker's compensation activities.
2. Produce process and deployment flow charts for ease of program development.
3. Train supervisors in reporting to ensure compliance and clear understanding of responsibility and importance.
4. Implement Case Management for those out of work to ensure proper releases are obtained and afford proper communication for smooth and speedy returns.
5. Promote the need for Central Office to improve communications with district human resource staff in claim approvals and/or denials.
6. Provide supervisors with a time-line to educate them on processes as a means of reinforcing the urgency of timeliness.
7. Generate an employee database which tracks all employee needs.

Terminologies

1. DHEC 3419 - Report of Employee Occurrence
2. Case Management - Appropriate monitoring and communication between injured/ill employee and appropriate supervisor for rapid return to work with appropriate duties.
3. EPMS - Employee Performance Management System - performance review form.

Management Functions and Requisites

1. Obtain buy in and support of District Management Team.
2. Encourage supervisors to participate in processes, offering comments for improvements.
3. Set Continuous Quality Improvement goals for measurement of program achievements toward efficiencies and effectiveness.

Resources

1. Staff - personnel staff, administrative staff, management, supervisors.
2. Supportive relationships between supervisors and subordinates.
3. Support of the District Health Director and District Administrator.
4. OSHA regulations.
5. Agency policies.

Measurement Criteria

Measurements will be applied to all measurable or evaluable components of the program.

1. Monitoring of form 3419 (Attachment 1) for completion within the mandatory five days of incident.
2. Evaluation of each case for use in safety training, time saved (reduction of absences), costs of leave and claims, and other related data.

In establishing a measurable goal we have utilized historical data to ascertain a baseline which represents the percentage of forms which have been completed within the mandatory, five-day time-frame. Statistics reveal that we are missing the deadline with 20% of claims submitted. While 20%

appears relatively good, one must remember that this 20% represents a loss of benefits to ill or injured employees. The 20% of staff experiencing delays in medical treatment or payment escalates the costs to the agency in addition to delaying their return to work. A reduction of 10% is essential to maximize efficiency in employees receiving needed benefits.

Data gathered from the above measurable components of the program will be used to determine achievement of goals and resolution of problems. These statistics will show what we are tracking and allow for accident investigation from which will be derived - lessons learned and corrective actions (National, 3). The Staff Development Coordinator will develop training which addresses accident prevention as applicable to information derived from this data.

Coordinated communications between county and district staff and between district and Central Office staff will begin with occurrences and end with claim closure. Logs of contact will become part of each claim file.

Introduction to procedures to follow in the event of an employee occurrence will be made to employees at completion of new hire paperwork. District orientation will reintroduce these procedures. Packets for supervisors and/or nonmanagement staff will be distributed with all forms being prepared as much as possible for readiness when needed. The packets will include a clear definition of Case Management - when it is appropriate, to whom it is appropriate, where appropriate and why it is appropriate. "Light duty programs assure injured workers they are wanted and needed" (State, 38). Providing definition of light duty will assure that those assigned modified duty have skills that match the duty to which they are assigned. Staff involved in Worker's Compensation situations need empathy and will be much more cooperative and comforted. Empathic listening is powerful because it gives accurate data with which to work (Covey, 241). Lack of proper case management

can be and is very costly so case management must be handled with empathy. Case Management will aid supervisors in speed and accuracy because it provides the necessary link in getting employees back to work knowing the appropriate procedures have been followed. Additionally, it provides for useful data which can be reviewed at the end of each quarter. Three months will be enough time for a measurable quantity of statistics to be obtained in analysis toward improvements and achievements in savings and efficiencies. The packets will also include the State Accident Fund Employee Handbook to answer frequently asked questions about Worker's Compensation benefits (State 1994).

At least quarterly, reports with graphics will be prepared showing results of standardization insofar as attainment of Project goals and problem resolution. Reporting and analysis will be ongoing.

A Control Chart will be developed for a determination of possible patterns and special causes. Use will be limited to the standard procedures developed in this Project without tweaking in order to see out of control areas. To deal with the most important problems, a Pareto Chart will provide data such as frequency and cost which is the principal objective of this Project. Charting provides measurement in addition to management data such as cost, patterns, causes, and progress toward fewer occurrences. Such reports and information coupled with relative queries from the employee database will be used by those managing the program as well as District Management Staff to analyze the areas, causes, and extent of employee occurrences.

Potential Obstacles

Success of this project depends upon those involved in carrying it out. Resistance is imminent. The old security of knowing the Personnel Department will fulfill the necessary obligations without

repercussions to those who fall short, must be replaced with a new security consisting of knowledge, empowerment and accountability (International, 16-6).

The fear of new things is commonplace and breeds resistance. To overcome this obstacle, training to the point of comfort will alleviate fear. Demonstrating how compliance can be done with minimal time will reduce avoidance due to staff feeling pressed for time. Showing supervisors the ease of compliance will aid in their buy in. Teaching them how safety and speedy returns to work also saves their time (covering for one who is absent is taxing) in addition to their district's funds will provide supervisors reason to comply. Finding staff to fill in for those absent adds to the supervisor's pressures so this will be an important point to bring out regarding what is in it for them. Responsible parties will buy in to participation more readily when such information is made clear to them.

Convincing Central Office of the district's need to know when claims are rejected/accepted will require District Management approaching them with justifiable arguments. Also, obtaining Worker's Compensation information (printouts of district activity and status) from Central Office will be difficult and should be included in District Management's requests for deeper communications between the two areas. If they could see the need to send such data to the Administrator, the district could use those printouts and feasibly eliminate some duplicate record keeping. This is possibly the most difficult obstacle as Central Office currently feels protective of this data.

Obstacles also include staff not knowing appropriate and useful measurements and tools. A fundamental goal will be to introduce these tools and teach others to use them. If supervisors at the beginning of this loop know how to evaluate and calculate savings and efficiencies, the savings and efficiencies will multiply - ownership will evolve - and the loop will close successfully! This is a good beginning or foundation for an incentive program or Safety Award initiative. Presently, the agency

recognizes the safe driver awards provided by the Division of Motor Vehicle Management as the only individual employee recognition for safety efforts.

Including Worker's Compensation responsibilities on supervisor's EPMS form will aid in the importance of following procedures. This will also provide a means of dealing with supervisors whose performance of this duty is unsatisfactory. Adding this responsibility to position descriptions will ensure clear understanding.

Providing all of the tools, teaching staff how to use them, giving authority with responsibility, and obtaining buy in, will assure efforts are focused to overcome potential obstacles and implement a successful program. Utilization of a deployment flowchart is essential in assuring clarification of responsibility (Joiner, 3-33). (Attachment 2).

Implementation Strategy

Our strategy for implementation will follow the structure prescribed in Quality Management Skills - the who, what, when and how of goals, steps, accountability and deadlines (Labovitz, 13). To begin this project, all those responsible - personnel staff, administrative staff, and the District Administrator - must meet to discuss objectives and obtain a consensus on goals. Assignments will be made as to who will be responsible for which components of the plan. Employee Health and personnel staff will develop a deployment chart. These steps will lead us into procedures with standards from which a flowchart may be produced (Joiner, 3-20). (Attachment 3). The result of this flowchart should reveal the desired process for addressing our situation, for the process is more important than the plan (Pursley, 3). The second step will be the merging of all employee data into the personnel

department's database. Such a database will provide a source from which virtually unlimited queries may be made.

Packets will have to be put together for distribution at supervisor's meetings and orientations in our first step toward training. This will involve agreement of content and on preparation of contents.

Dates must be set for scheduling the various trainings - orientation, supervisory training and related safety training. The Staff Development Coordinator must become involved at this point. "Studies have shown repeatedly that organizations with effective safety programs have fewer and less severe accidents" (State, 36). Listing staff information for supervisors will ensure proper routing of paperwork and calls (Attachment 4). A time-line will provide this staff necessary deadlines for compliant reporting (Attachment 5).

Prior to actually beginning to share these procedures with those referred to above, presentation to the District Administrator and District Health Director must be made. They must agree to the requirements and approaches as well as understanding their roles of support. This is vital for they will be presenting this plan to Central Office to obtain the data needed from that office as a well as possible statewide implementation.

Endorsement by the District Administrator and District Health Director will provide the necessary support in managing this program in its entirety.

The final step is to set standards for quality assurance and for evaluation. The goal of obtaining savings and acquiring efficiencies is lost if not measured. Measurement tools will be used at least quarterly with results being reported to management and appropriate supervisors. The Shewhart Cycle of Plan, Do, Check, Act (PDCA) is the tool which will be used in monitoring progress

(Center, VII-2). The ultimate result - timely reporting - will be evidenced in these reports as can be seen from the outlined approach to success measurement.

Project Benefits Summary

Reporting will summarize the benefits reaped from implementation of this project. Each report will demonstrate the desired results initially outlined. Continuous quality improvement is possible and essential. Auditing will be performed because violations of Labor Regulations is an area for potential fines to employers. Worker's Compensation begins with the employee and ends with the employee. It is cyclical in nature for the employee leaves due to injury and returns upon wellness, thus the cycle or loop is closed. Also, with each occurrence, the cycle is repeated creating another loop or cycle yet only in that the process is followed repeatedly making standard procedures invaluable. That is why training and involvement of the employee, the supervisor and all the others mentioned are so important. It takes a team to achieve the desired participation. Consequences of failure in a Worker's Compensation program could be significant. Applying a scientific approach to problem solving will lift the ambiguity with which Worker's Compensation is presently confronted. Ambiguity results in costs. With state government facing funding crunches such as it is now, every possible solution to carelessness with funds must be scrutinized (Executive, 28). Benefits are extensive and very important for productivity, efficiency and an effective work force.

Savings to the agency, district, and staff may be found in various forms. Costs are contained in reduced time away from work, supervisors being less harried due to covering for those out, *reduced paperwork in managing the program, related costs associated with labor hours spent toward program management, and not least - medical expenses. Safety trainings will also result in fewer accidents

providing another avenue of benefit. Standardization of Worker's Compensation program management will tie all of the links together - staff, Employee Health, Worker's Compensation procedures - yielding a more organized, cost effective program.

*These savings are already being seen as implementation of this project is already taking place. Paperwork is reduced as claims and related forms are being completed properly to begin with rather than having to be revisited. This demonstrates not only a material savings but also a human resource savings. The amount of copies in files are being reduced for there is an initial copy which is accurate rather than an initial copy and more copies reflecting corrections, additions, etc. Such savings look meager when stated as simply as here but when salaries, fringe benefits, indirect costs, and operating expenses are factored in, a substantial savings is visibly realized especially when annualizing these numbers (Attachment 6).

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REPORT OF EMPLOYEE OCCURRENCE
OFFICE OF PERSONNEL SERVICES

Name:		SS#		Date of Birth:	
Address (include County & Zip)		Marital status	Male	Female	Phone Number (Home) (Work)
Division:		Job Title:			Date of Hire:
District:		Supervisor:			Phone Number:
		How long current job?			Salary:
Date of Occurrence:		Time of Occurrence: <input type="checkbox"/> am <input type="checkbox"/> pm		Time workday began:	
Place of Occurrence: (include state & county) <input type="checkbox"/> Employer's premises		Last work day:	Date emp. notified:	Individual notified:	
		Date returned to work:	Full or modified duty:	Were safeguards provided <input type="checkbox"/> yes <input type="checkbox"/> no	
Type of Injury:					
How did injury occur?					
Witness (name & phone number)		Physician or Hospital (name, address, phone number) <input type="checkbox"/> Check if only first aid was given			
Date: _____ Employee Signature: _____					
Date: _____ Supervisor Signature: _____					
DHEC 3419 (7/96)					

S.C. DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL

S.C. WORKERS' COMPENSATION
ELECTION STATEMENT

Section 8-11-145 of the S.C. Code of Laws provides that, in the event of an accidental injury arising out of and in the course of employment with the State, a disabled employee shall make an election to receive compensation under one of the following options:

1. To be placed on paid leave status, using accrued sick and/or annual leave (when such credits are exhausted before the employee can return to work, the employee shall be entitled to Workers' Compensation benefits at the time the specified amount of leave is exhausted). After explanation, I have rejected options 2 and 3.

DATE: _____ SIGNATURE: _____

2. To use Workers' Compensation benefits awarded in accordance with Title 42 of the 1976 Code. (Under this method the employee would receive the disability benefits equal to 66 $\frac{2}{3}$ % of the employee's gross weekly pay, not to exceed the current rate of * _____ per week). After explanation, I have rejected options 1 and 3.

*Insert current amount authorized by S.C. Workers' Compensation fund.

DATE: _____ SIGNATURE: _____

3. To receive sick and/or annual leave on a prorated basis in conjunction with Workers' Compensation according to the formula approved by the Budget and Control Board. After explanation, I have rejected options 1 and 2.

DATE: _____ SIGNATURE: _____

Regardless of which method of disability compensation an employee elects, he or she would continue to be eligible for payment of medical costs provided by Workers' Compensation.

THE ELECTION OF THE EMPLOYEE SHALL BE IRREVOCABLE AS TO EACH INDIVIDUAL ACCIDENT.

A copy of this election will accompany each Employer's First Report of Injury - ACORD 4.

Signature of person that explained options:

DATE: _____ SIGNATURE: _____

COORDINATING SICK AND ANNUAL LEAVE WITH WORKERS' COMPENSATION

Section 8-11-145 of the South Carolina Code of Laws provides that an employee may use sick and annual leave in conjunction with Workers' Compensation benefits according to a formula to be developed by the Budget and Control Board.

Currently, Workers' Compensation will pay 66 2/3% of an employee's average weekly gross pay up to a maximum of \$437.79 per week. The total benefit received during a regular payroll period is less than the average net or take-home pay that an employee would receive if a regular payroll check was issued subject to taxation.

The purpose of this formula is to allow employees to maintain the level of spendable income that was being received prior to an injury. This can be accomplished by allowing the employee to use a reduced amount of leave time.

The table shows a constant amount of \$40 per pay period for those employees whose salaries fall between \$7,000 and \$33,999 per year. This is due to the fact that the difference between Workers' Compensation benefits and regular net pay remains the same until the maximum Workers' Compensation is reached. \$437.79 per week is approximately 66 2/3% of a \$33,999 annual salary. At this point, the shortfall in spendable income begins to increase.

The following formula and table were developed to assist agencies in calculating appropriate leave charges that will, when added to the Workers' Compensation benefits, equate closely to the net pay an employee would receive in a regular pay check if at work.

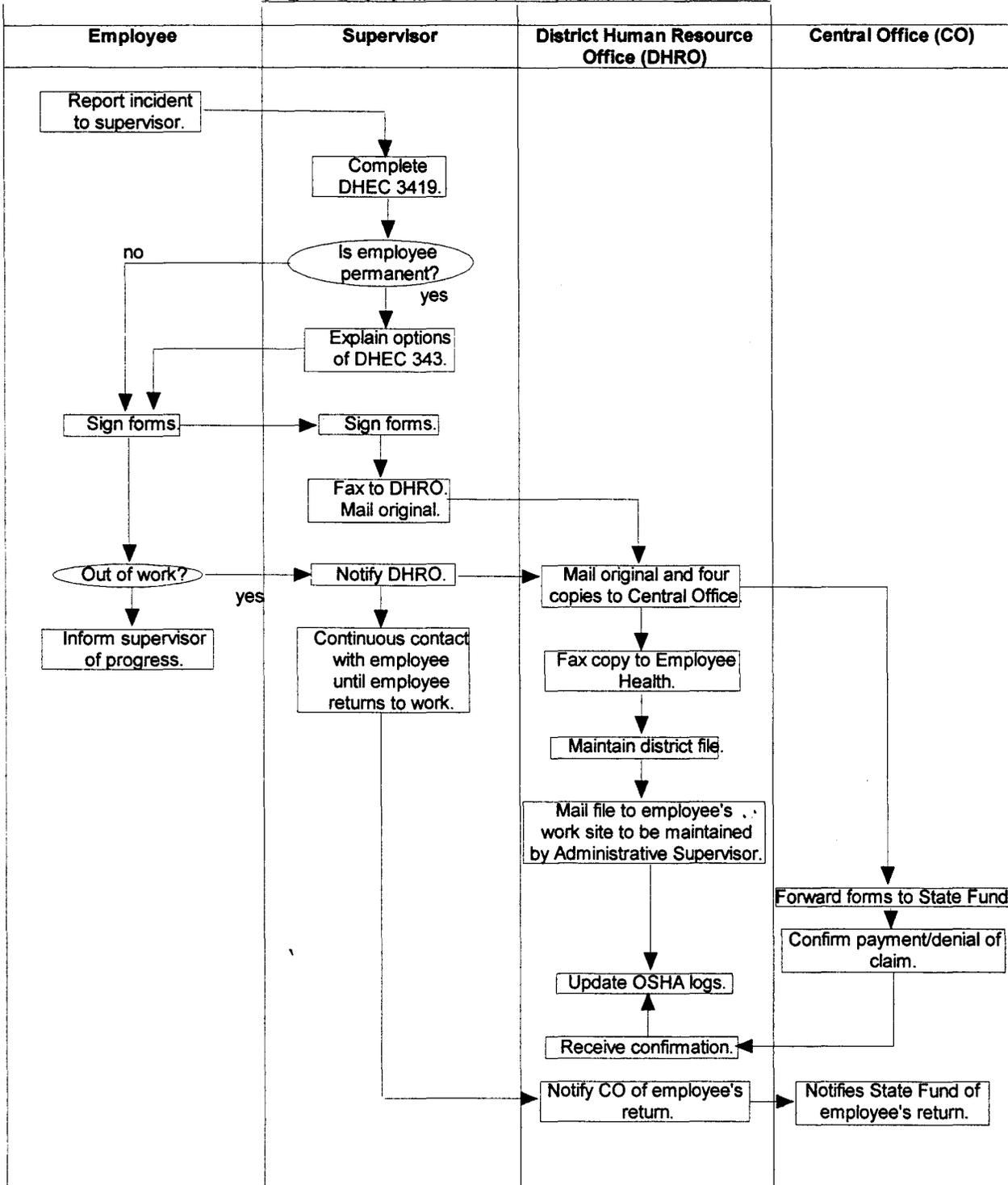
AMOUNT OF LEAVE TO BE CHARGED PER PAY PERIOD

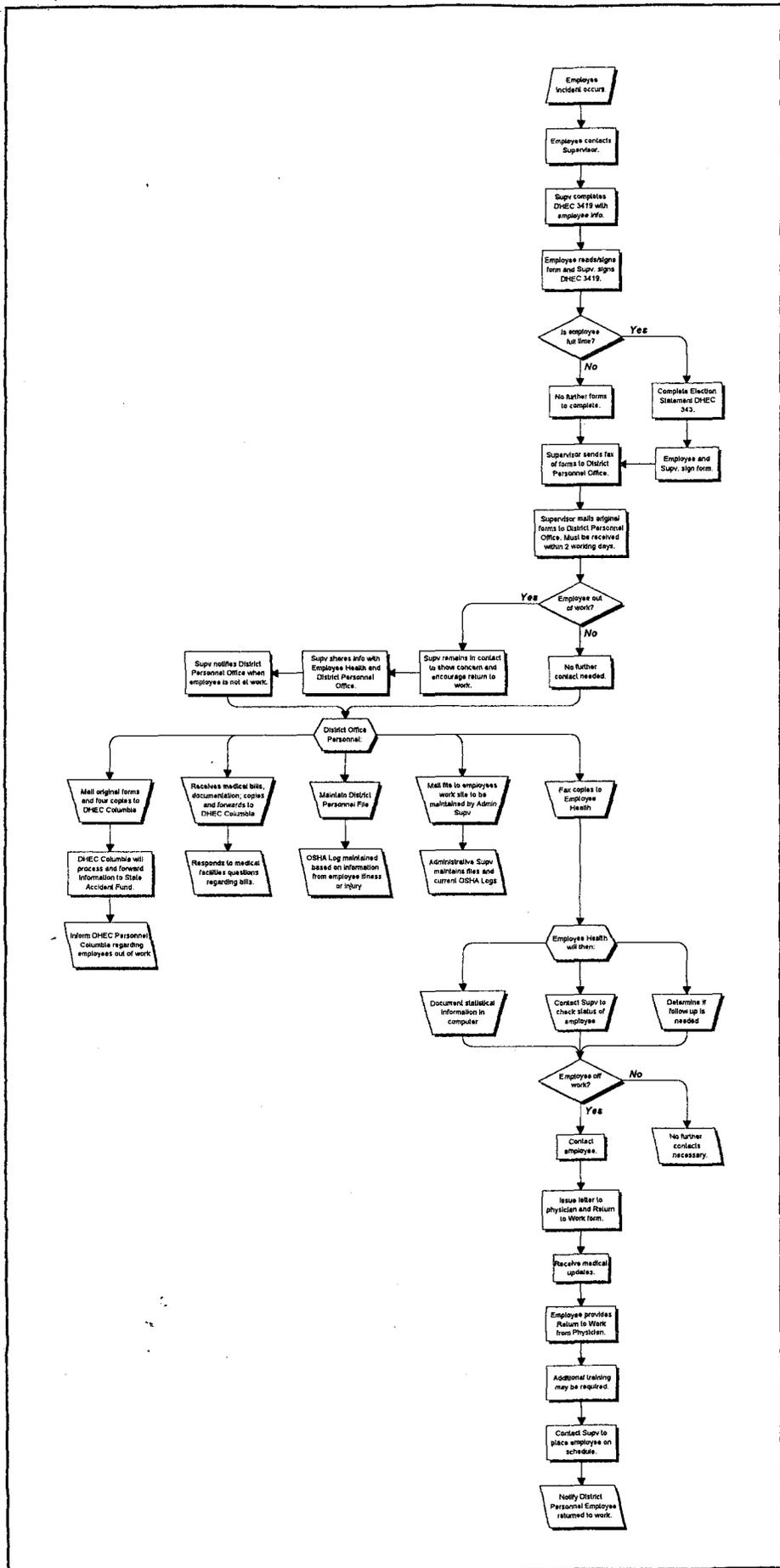
$$\frac{\text{Annual Salary}}{\text{Base Hours (1950 or 2080)}} = \text{Hourly Rate}$$

$$\frac{\text{Gross Amount Paid (See Chart)}}{\text{Hourly Rate}} = \text{Leave Time Per Pay Period}$$

SALARY RANGE	GROSS PER PAY PERIOD	SALARY RANGE	GROSS PER PAY PERIOD
\$7,000 - \$33,999	\$40	\$57,000 - \$57,999	\$875
\$34,000 - \$34,999	\$75	\$58,000 - \$58,999	\$910
\$35,000 - \$35,999	\$100	\$59,000 - \$59,999	\$945
\$36,000 - \$36,999	\$135	\$60,000 - \$60,999	\$980
\$37,000 - \$37,999	\$165	\$61,000 - \$61,999	\$1,010
\$38,000 - \$38,999	\$200	\$62,000 - \$62,999	\$1,045
\$39,000 - \$39,999	\$235	\$63,000 - \$63,999	\$1,080
\$40,000 - \$40,999	\$265	\$64,000 - \$64,999	\$1,115
\$41,000 - \$41,999	\$295	\$65,000 - \$65,999	\$1,145
\$42,000 - \$42,999	\$330	\$66,000 - \$66,999	\$1,180
\$43,000 - \$43,999	\$365	\$67,000 - \$67,999	\$1,215
\$44,000 - \$44,999	\$395	\$68,000 - \$68,999	\$1,245
\$45,000 - \$45,999	\$435	\$69,000 - \$69,999	\$1,280
\$46,000 - \$46,999	\$475	\$70,000 - \$70,999	\$1,315
\$47,000 - \$47,999	\$515	\$71,000 - \$71,999	\$1,350
\$48,000 - \$48,999	\$555	\$72,000 - \$72,999	\$1,385
\$49,000 - \$49,999	\$598	\$73,000 - \$73,999	\$1,420
\$50,000 - \$50,999	\$640	\$74,000 - \$74,999	\$1,450
\$51,000 - \$51,999	\$675	\$75,000 - \$75,999	\$1,485
\$52,000 - \$52,999	\$705	\$76,000 - \$76,999	\$1,520
\$53,000 - \$53,999	\$740	\$77,000 - \$77,999	\$1,555
\$54,000 - \$54,999	\$775	\$78,000 - \$78,999	\$1,590
\$55,000 - \$55,999	\$805	\$79,000 - \$79,999	\$1,620
\$56,000 - \$56,999	\$840	\$80,000 - \$80,999	\$1,660

D E P L O Y M E N T F L O W C H A R T





Staff Information

These staff are responsible for the Worker's Compensation coverage of the three counties of which the South Carolina Department of Health and Environmental Control, Waccamaw Public Health District is comprised: Georgetown, Horry and Williamsburg.

Address:

Waccamaw Public Health District
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Telephone:

803-448-8407
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District Administrator

Sherry T. Murrell
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Conway, SC 29526-4560

Telephone:

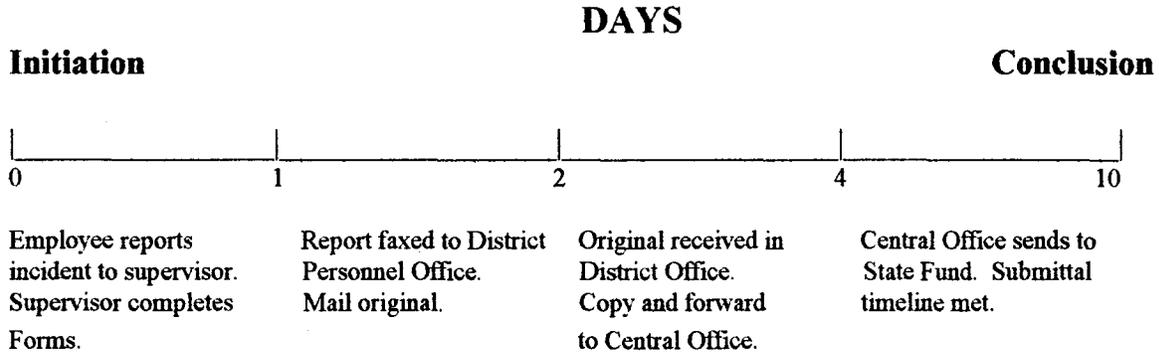
803-365-3126
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Sandra B. Dunn
Administrative Specialist

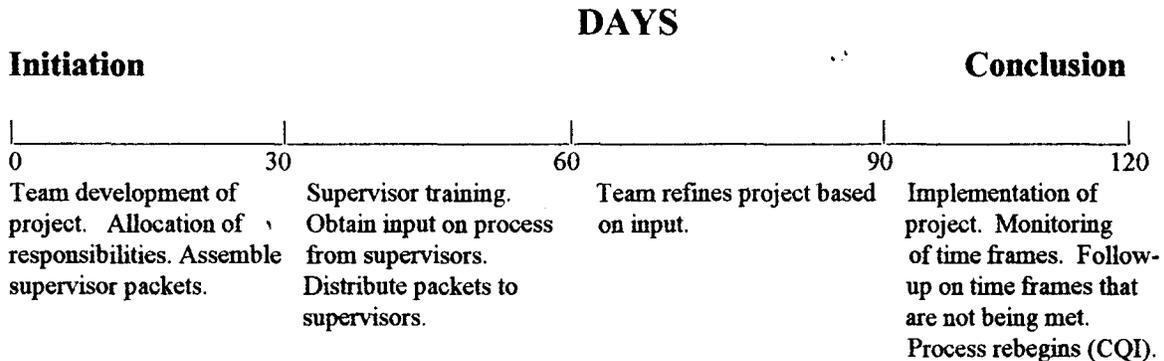
Jo A. Fesler
Administrative Specialist

TIMELINES

PROCESS TIMELINE



PROJECT TIMELINE



Current Scenario

	Employee Health Nurse	Administrative Support	Personnel Department	Supervisor	Total
Personnel Cost	\$40,019	\$21,538	\$24,688	\$43,096	\$129,341
Hourly Rate	\$19	\$10	\$12	\$21	\$62

**Cost Calculated @ 280
Work Days**

Cost For Time Spent On Case Per Day	Employee Health Nurse	Administrative Support	Personnel Department	Supervisor	Total
Day 1	\$91	\$16	\$18	\$62	\$187
Day 2	\$19	\$0	\$3	\$5	\$27
Day 3	\$19	\$0	\$3	\$5	\$27
Day 4	\$19	\$0	\$3	\$5	\$27
Day 5	\$19	\$0	\$3	\$5	\$27
Cost Beyond 5 Day Limit	\$154	\$16	\$27	\$83	\$280
Fine for Non-Compliance					\$100
TOTAL COST	\$321	\$32	\$57	\$165	\$675

Projected Change

	Employee Health Nurse	Administrative Support	Personnel Department	Supervisor	Total
Personnel Cost	\$0	\$0	\$24,688	\$43,096	\$67,784
Hourly Rate	\$0	\$0	\$12	\$21	\$33

**Cost Calculated @ 280
Work Days**

Cost For Time Spent On Case Per Day	Employee Health Nurse	Administrative Support	Personnel Department	Supervisor	Total
Day 1	\$0	\$0	\$18	\$62	\$80
Day 2	\$0	\$0	\$12	\$10	\$22
Day 3	\$0	\$0	\$12	\$0	\$12
Day 4	\$0	\$0	\$0	\$0	\$0
Day 5	\$0	\$0	\$0	\$0	\$0
Cost Beyond 5 Day Limit	\$0	\$0	\$0	\$0	\$0
TOTAL COST	\$0	\$0	\$42	\$72	\$114

Savings Per Case With Implementation

Current Scenario Cost	\$675
Projected Change	\$114
Personnel Savings	\$561
Average Number Of Cases Annually	73
Annualized Savings	\$40,953