State Accident Fund

Accountability Report for Fiscal Year 2000-2001

Section I – Executive Summary

Basic Description of the Agency

Created in 1947 by an Act of the General Assembly [1947(45) 147], the State Accident Fund (formerly the State Workers’ Compensation Fund) is one of twenty-seven state sponsored workers’ compensation insurance funds. The majority of these funds were chartered to compensate for fluctuation in the workers’ compensation market.

1. The agency’s major achievements during the period covered by this report are summarized below:
   - The agency developed and implemented a new strategic planning process based on the Malcolm Baldrige Award Criteria (Section III, Figure 2.1a).
   - Customer satisfaction scores remained high (Section III, Figure 7.1a).
   - Even though the agency has no marketing function, it gained 22 new accounts during the reporting period (Section III, Figure 7.1c).
   - The agency’s claim and administrative costs continued to be less than the published average for the private sector (Section III, Figure 7.2e and Figure 7.2f).
   - The agency’s ranking, which is based on rates, improved from seventh to fifth (Section III, Figure 7.2a).
   - Lowest recorded average cycle time for compensibility decisions (Section III, Figure 7.2b).
   - The percentage of bills processed in 30 days or less increased to a new high of 92.9% (Section III, Figure 7.2c).
   - The agency, for the fifth consecutive year, led all workers’ compensation carriers in the amount recovered from the Second Injury Fund. This resulted in over eight million dollars in direct savings for our policyholders (Section III, Figure 7.4).
   - The agency’s program costs were reduced by over $190,000 from the previous fiscal year (Section III, Figure 7.6a and Figure 7.6b).

2. The State Accident Fund’s mission statement is:

   *Provide a cost effective guaranteed workers’ compensation market for state agencies, other government entities and, if required by the legislature, small businesses in the private sector.*

The State Accident Fund is charged with the administration of the workers’ compensation program for all state agencies. Creation of the agency centralized the administration of workers’ compensation claims within a single agency. This ensured standardization, increased efficiency, and minimized redundancy. In accordance with the statutes, the agency determines rates and assesses premiums in the same manner as a private insurance company. It is funded completely
by the premiums it collects. In addition, the agency provides county and municipal agencies a guaranteed alternative source of workers’ compensation insurance coverage.

The requirement to be prepared to write insurance for the private sector was added by the Budget and Control Board. In the early 1990s, when the workers’ compensation market was not as profitable, several companies stopped writing that line of insurance in South Carolina. When most of the state’s small businesses were forced into the assigned risk pool, members of the legislature asked the State Accident Fund if it could enter the private sector marketplace to fill the niche vacated by private companies. At that time the State Accident Fund was not prepared to unilaterally assume this mission. As a result, the Budget and Control Board directed the State Accident Fund to develop a plan for this contingency.

The agency’s core values are set forth in its strategic plan. They include: Customer Satisfaction, Initiative, Professionalism, Honesty, Integrity, Competency, Teamwork, and (Employee) Health and Safety (Section III, Figure 1.1c).

3. The State Accident Fund measures success and establishes its goals based on the expectations of customers and stakeholders. Surveys and interviews have shown that all of our customers have similar basic expectations:
- Competitive rates.
- Low claim costs.
- Timely processing of claims, premium estimates, and audit adjustments.
- Availability of customized services to support unique requirements and organizational structure.
- Willingness to write coverage and provide service to small accounts, which pay a minimum premium.

The eight goals shown below are derived from the agency’s strategic plan and are based on customers’ expectations.
- No increase in administrative cost ratio over the next five years. (Administrative costs/premium revenue)
- Continuously improve our customer service.
- Recruit and retain a competent staff.
- Be a good corporate citizen.
- Lead the state in Workers’ Compensation Commission compliance.
- Increases in average claim cost will not exceed the rate of inflation.
- Enhance communications with government entities.
- Remain financially self-sustaining.

4. The two major challenges facing the State Accident Fund in the future are both directly related to the current economic environment.

As stated in the agency mission, we are charged with providing “a cost effective guaranteed workers’ compensation market for state agencies and, other government entities”. Our customers, state and local government, have been forced to reduce both programs and staff as a
result of slower economic growth and reduced funding. It is well documented that increased layoffs and lack of job security directly impact the number of workers’ compensation claims filed. This increased claim frequency coupled with increased medical costs will make it difficult, if not impossible, to contain workers’ compensation costs for our customers.

The second major challenge goes beyond government to the private sector component of the agency’s mission. The experts have for years stated that the workers’ compensation market is cyclical. During the last year, several of the large private carriers in the state have posted rate increases and are canceling and/or non renewing accounts. Some have either closed or greatly reduced their workers’ compensation claim handling facilities in the state. At least one of the twenty-two new accounts the agency received during the last year reported they were unable to obtain insurance from the private sector. It is too early to be sure, but the agency must be prepared to perform its entire mission if the state faces another market crisis.
Section II – Business Overview

Basic Description

Created in 1947 by an Act of the General Assembly [1947(45) 147], the State Accident Fund (formerly the State Workers’ Compensation Fund) is one of twenty-seven state sponsored workers’ compensation insurance funds. The State Accident Fund is a highly specialized organization with only one program. The agency provides a guaranteed cost effective source of workers’ compensation insurance for government entities regardless of their loss experience, level of risk, or other unique circumstances. In addition, it remains prepared to provide insurance to small private businesses should the government of South Carolina deem it necessary.

1-2. Number of Employees and Operations Location

All of the agency’s 84 employees work out of the agency’s home office in Columbia. From this centralized location, the agency provides services to over 600 policyholders located throughout the state without the aid of an agent network.

3. Expenditures/Appropriations Chart

Base Budget Expenditures and Appropriations

<table>
<thead>
<tr>
<th>Major Budget Categories</th>
<th>99-00 Actual Expenditures</th>
<th>00-01 Actual Expenditures</th>
<th>01-02 Appropriations Act</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Funds</td>
<td>General Funds</td>
<td>Total Funds</td>
</tr>
<tr>
<td>Personal Service</td>
<td>$3,111,498</td>
<td>0</td>
<td>$3,102,538</td>
</tr>
<tr>
<td>Other Operating</td>
<td>$1,716,530</td>
<td>0</td>
<td>$1,477,262</td>
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<tr>
<td>Special Items</td>
<td>$30,000</td>
<td>0</td>
<td>$30,000</td>
</tr>
<tr>
<td>Permanent Improvements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions to Subdivisions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>$755,041</td>
<td>0</td>
<td>$807,240</td>
</tr>
<tr>
<td>Non-recurring</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$5,613,069</td>
<td>$0</td>
<td>$5,417,040</td>
</tr>
</tbody>
</table>
Other Expenditures

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>99-00 Actual Expenditures</th>
<th>00-01 Actual Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplemental Bills</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Capital Reserve Funds</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Bonds</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Figure 3
(Note: Figures for Fiscal Year 99-00 are based on the independent auditor’s report.)

4. Key Customers:
The State Accident Fund’s key customers are the Governor, the Legislature, the Workers’ Compensation Commission, its policyholders and their injured workers. State law limits the agency’s policyholders to state, county, and municipal government entities.

The agency’s policyholders can be segmented into distinctly different groups. The first and largest group, 485 of the agency’s accounts, consists of county and municipal government entities. Included in this group are municipal and county governments, special purpose districts, other local government organizations, and over 50 volunteer fire departments. These customers are free to shop the market for workers’ compensation insurance. Their participation is strictly voluntary.

The second distinct group is made up of state agencies, which are required to purchase their insurance from the State Accident Fund. This group is even more diverse. It ranges from large multiple location facilities, to accounts that consist of only one person. The nature of the work and level of risk also varies widely. The State Accident Fund insures the Governor’s Office as well as the SC Department of Public Safety.

5. Key Suppliers
The agency divides its key suppliers into two major groups. The first group consists of those suppliers who provide services directly to the injured workers. The second group supplies services either directly to the agency or to our policyholders on the behalf of the agency.

6. Major Products or Services
The agency has identified three key delivery processes. Each of the processes and their related services are listed below:

1. The Claims Management Process
   • Claim management services.
   • Recoveries from third parties.
   • Recoveries from the Second Injury Fund.
   • Preferred provider discounts.
• Medical case management.
• Rehabilitation services.
• Technical training for workers’ compensation staff.
• Legal services.

2. The Premium determination and collection process
• Training and assistance in preparing the documentation required for determination of premiums.
• Training and information on the NCCI premium determination process.
• Voluntary and on-site premium audits.

3. Safety and Loss Control consultation process
• Safety and loss control training and consultation.
• Courtesy inspections.

7. Organizational Structure
The current organizational structure has evolved from a strictly hierarchical organization to a dual system. The traditional multiple layer structure with an Administration Division and an Operational Division still exists and is used to perform administrative and support tasks such as budgeting and evaluations. These requirements fit this model well, and are most effectively performed based on functional specialties.

Traditional Structure

While the traditional structure works well for certain tasks, it lacked the speed and flexibility needed to meet our customers varying needs and expectations. To compensate for these shortcomings, the traditional organization has been augmented with a team-based structure. A series of interlocking cross-functional teams form the basis for the delivery of services, communications, training, decision-making, planning and execution of our business.
Teams are empowered to make decisions and are held accountable for their customers’ satisfaction, through the agency’s innovative pay for performance program.

The Agency Quality Council acts as the oversight team. Its members include the Director, Deputy Director, Chief Administrative Officer, Unit Managers, and Staff Members (Training, Human Resources, and Management Information Services).

![Team Based Structure Diagram]

**Figure 7b**

The Process Teams are the basic work unit. Each team is responsible for providing workers’ compensation services to a group of policyholders. The teams are cross-functional, consisting of personnel from all of the major functional units (Claims, Legal, Accounting, Management Information Systems, and Policyholder Services). They work together to resolve problems and to provide customers with the services they desire.

The Records Management Team provides services for the entire agency. Its members serve in a dual capacity. They are members of Records Management, but are also assigned as liaisons for the process teams.

The Technical Advisory Group is made up of subject matter experts from throughout the organization. They meet on an as needed basis to provide consultation and support to the other teams.
Section III – Elements of Malcolm Baldrige Award Criteria

Category 1- Leadership

The agency’s senior leaders are the Agency Director, Irvin Parker; who is appointed by the Governor with the advice and consent of the Senate; the Deputy Director, Ross Gamble; and the Chief Administrative Officer, Gwen Adkins. These three key positions make up the agency’s Executive Team.

The agency’s leadership and management philosophy is deeply rooted in the principals of “Total Quality Management” as defined by the late Dr. W. Edwards Deming. All members of the Executive Team demonstrate their support for these principals through participation in briefings, training activities, and other quality initiatives. They lead by example. They review customer surveys and are directly involved in the resolution of customer concerns. They monitor critical measures to determine agency performance and are actively involved in all levels of research, planning and evaluation in the agency. They are all members of the Agency Quality Council, which meets weekly to make policy decisions and to review progress.

1.1.a-f The senior leaders are all personally involved in the setting of short and long term directions for the agency. They all participate in the agency’s annual strategic planning process. As part of the planning team, they developed the organization’s vision (Figure 1.1 a), goals (Figure 1.1 b), and core values (Figure 1.1 c).

<table>
<thead>
<tr>
<th>Vision</th>
</tr>
</thead>
<tbody>
<tr>
<td>The South Carolina State Accident Fund will be a recognized leader in the field of workers’ compensation insurance and the insurer of choice for governmental entities.</td>
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</table>

Figure 1.1.a

<table>
<thead>
<tr>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. No increase in administrative cost ratio over the next five years.</td>
</tr>
<tr>
<td>2. Continuously improve our customer service.</td>
</tr>
<tr>
<td>3. Recruit and retain a competent staff.</td>
</tr>
<tr>
<td>4. Be a good corporate citizen.</td>
</tr>
<tr>
<td>5. Lead the state in Workers’ Compensation Commission compliance.</td>
</tr>
<tr>
<td>6. Increases in average claim cost will not exceed the rate of inflation.</td>
</tr>
<tr>
<td>7. Enhance communications with government entities.</td>
</tr>
</tbody>
</table>

Figure 1.1.b
All members of the staff are briefed on the agency’s mission, vision, values and goals annually during the strategic plan briefing. New employees receive this information within the first thirty days of employment as part of their orientation. The Director reinforces these key issues at the monthly staff meeting. Deployment is evaluated through interviews and the annual employee survey.

1.2 Customer Satisfaction is the first of the agency’s core values. Its importance is reinforced by the agency’s innovative pay for performance policy, which links salary increases to measurable improvement in customer satisfaction.

1.3 The key measures senior leaders regularly review are shown in Figure 1.3. These key performance measures are directly related to the organization’s vision and goals.

<table>
<thead>
<tr>
<th>Goals</th>
<th>Key Performance Measures (Frequency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No increase in administrative cost ratio over the next five years.</td>
<td>• Administrative cost ratio. (Quarterly)</td>
</tr>
<tr>
<td>Increases in average claim cost will not exceed the rate of inflation.</td>
<td>• Claim costs. (Annually)</td>
</tr>
<tr>
<td>Continuously improve our customer service.</td>
<td>• Percentage of positive responses and average score on the annual customer survey. (Annually)</td>
</tr>
<tr>
<td></td>
<td>• Interviews and Customer Concerns (As Needed)</td>
</tr>
<tr>
<td></td>
<td>• Process cycle times. (Weekly)</td>
</tr>
<tr>
<td>Remain financially self-sustaining.</td>
<td>• Actuarial Review. (Annually)</td>
</tr>
<tr>
<td></td>
<td>• Independent Financial Audit (Annually)</td>
</tr>
<tr>
<td>Recruit and retain a competent staff.</td>
<td>• Turn Over Rate (Quarterly)</td>
</tr>
<tr>
<td></td>
<td>• Employee Satisfaction Survey (Annually)</td>
</tr>
<tr>
<td></td>
<td>• Employee Interviews (Weekly)</td>
</tr>
<tr>
<td></td>
<td>• Suggestion Box (Weekly)</td>
</tr>
<tr>
<td></td>
<td>• Exit interviews with departing employees (As Needed)</td>
</tr>
</tbody>
</table>

Figure 1.3
Performance expectations and organizational performance are communicated to all staff members through a variety of means to include the distribution of minutes from team meetings, the agency’s strategic plan, the distribution and posting of weekly performance indicators, training, and monthly staff meetings. The Executive Team believes feedback is an essential component in creating an environment in which continuous improvement and open communications are a way of life.

1.4 The performance review findings are compared with either industry standards or historical data to determine progress relative to the agency’s goals. When a discrepancy is noted, the management team conducts an analysis to determine root causes. Based on the data collected the management team will develop and implement an appropriate intervention.

1.5 The agency gathers information from a variety of sources to determine customer, stakeholder, and public concerns. Leaders review the Governor’s Business Plan, pending legislation, news reports, and industry data to determine areas of emphasis. This information is not only used for strategic planning, but is always considered when changes are proposed.

1.6 The Agency Quality Council uses input from customers and stakeholders to establish improvement priorities. Routine decisions are communicated to the staff through the minutes of the weekly meetings. The Director normally communicates high priority items or changes in priorities to the staff personally. Depending on the level of urgency and the amount of complexity, the communication may be via electronic message, the regular monthly staff meeting, or a special staff meeting called for the express purpose of addressing the specific issue and soliciting staff input.

1.7 Senior leaders encourage staff members to become involved in the community. Senior leaders set the example through their personal involvement in civic organizations like Sertoma, Optimist, Rotary, Junior League of Columbia and Eastern Star.

The agency supports the community through the participation in the annual United Way Campaign, the Good Health Appeal, sponsoring blood drives, and its recycling program. The agency has also chartered and maintained a team of volunteers called the Sunshine Committee. This group of volunteers assists employees in need and adopts a needy family in the community for Thanksgiving and Christmas.

Employee involvement is encouraged, but not mandated. The agency allows employees to actively promote, advertise and collect donations during work hours for organizations such as:

- Leukemia Society
- St. Jude’s Walk
- Sisterscare
- MS Walks
- Meals on Wheels
- Boy Scouts
- Girl Scouts
- Palmetto Health Children’s Hospital & Women’s Cancer Center
- Palmetto Health Women’s Cancer Center Annual Tennis Tournament
- Midlands Dixie Youth Baseball Board
- Heart Fund Drive
- Salvation Army
- Churches
- Schools and school activities
Category 2 - Strategic Planning

2.1 The State Accident Fund has developed and implemented a new annual four-step strategic planning cycle shown in Figure 2.1a. The process consists of Data Collection and Analysis, Self Assessment, Planning, and Deployment and Implementation.

![Strategic Planning Process Diagram]

The cycle normally begins in early fall, following the preparation of the Annual Accountability Report. At a minimum, all members of the Agency Quality Council (Executive Team, Unit Managers, and Key Staff Members) participate in the planning process.

2.1 a-e The data used in the Strategic Planning Process comes from a variety of sources.
- Key measures that are tracked throughout the year.
- Customer interviews and surveys.
- Employee satisfaction surveys.
- NCCI Publications.
- Department of Insurance.
- Independent auditor’s report.
- Independent actuarial review.

Figure 2.1b shows how each data source is directly related to one or more of the eight goals stated in the strategic plan.

<table>
<thead>
<tr>
<th>Goals</th>
<th>Data</th>
<th>Areas Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Continuously improve our customer service.</td>
<td>• Customer Interviews and Surveys</td>
<td>• Customer Needs and Expectations</td>
</tr>
<tr>
<td>• Enhance communications with government entities</td>
<td>• Governors Business Plan</td>
<td></td>
</tr>
<tr>
<td>• Lead the state in Workers’ Compensation Commission compliance.</td>
<td>• Customer Inquiry Database</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Industry Publications and studies</td>
<td></td>
</tr>
<tr>
<td>• Remain financially self-sustaining.</td>
<td>• Annual Actuarial Report</td>
<td>• Financial, societal and other risks</td>
</tr>
<tr>
<td>• No increase in administrative cost ratio over the next five years.</td>
<td>• Annual Audit Report</td>
<td></td>
</tr>
<tr>
<td>• Be a good corporate citizen.</td>
<td>• Administrative cost ratio</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Rate comparison</td>
<td></td>
</tr>
<tr>
<td>• Recruit and retain a competent staff.</td>
<td>• Employee Satisfaction Survey</td>
<td>Human resources capabilities and needs</td>
</tr>
</tbody>
</table>

Figure 2.1a
• Turn Over Rate

• Increases in average claim cost will not exceed the rate of inflation.

• Percentage of Bills Paid in 30 days or less
• Average time to make a Compensibility Decision
• Average claim costs
• Customer Surveys
• Second Injury Fund Recovery information

• Operational capabilities and needs
• Suppliers / Contractors / partner capability and needs

**Figure 2.1b**

2.2 During the planning session the team reviews and updates the agency’s mission, vision, values, and goals. Using the strengths and weaknesses identified during the self-assessment, the team reviews and establishes objectives to support the goals. Each objective describes specific tasks to be accomplished and the measures used to determine progress. Objectives are assigned to members of the planning group with deadlines for completion.

The output of this step is the strategic plan containing the mission, vision, values, self-assessment, goals, objectives (short and long term), and a general timeline for implementation.

2.3 Once the basic plan has been completed, it is posted on the agency’s electronic bulletin board and the entire staff is briefed on its contents.

Implementation of the plan is multifaceted. The individuals identified and assigned during the planning phase develop and submit their assigned action plans for approval. The management team is responsible for allocating resources and reviewing progress. Once the action plans are approved, raters update EPMS documents, as needed, to reflect new priorities and measures.

The management team develops a detailed timeline based on the action plans and the plan is reviewed monthly as part of management team’s agenda. Progress is reported to the staff at the monthly general staff meetings.

The agency uses the annual Employee Satisfaction Survey to measure the staff’s level of awareness and understanding of the plan. During the reporting period, 100 percent of the survey participants stated they were aware of the plan and 97 percent stated they were familiar with the agency’s plans for the future. Over 70 percent stated they were either familiar or very familiar with their role in achieving the agency’s goals.
Category 3- Customer Focus

3.1 The State Accident Fund’s key customers include the Governor, the Legislature, the Workers’ Compensation Commission, policyholders and their injured workers. Our stakeholders include the taxpayers of the state of South Carolina and several private businesses. Included in this group are merchants that provide medications and durable medical equipment, medical practices that treat our injured workers, private law firms that provide legal services, and other businesses that provide services to the agency or our customers.

Figure 3.1 shows the types of entities that are insured by the State Accident Fund.

Figure 3.1
The agency’s policyholders are segmented into two distinctly different groups. The first and largest group, which makes up approximately 78% of the agency’s policyholders, consists of county and municipal government entities. Included in this group are municipal and county governments, special purpose districts, other local government organizations, and over 50 volunteer fire departments throughout the state. These customers are free to shop the market for workers’ compensation insurance. Their participation is strictly voluntary. Approximately 485 of these accounts chose to purchase their workers’ compensation coverage from the State Accident Fund rather than a private sector insurance company.

The second distinct group is made up of state agencies, which are required to purchase their insurance from the State Accident Fund. This group is even more diverse. It ranges from large multiple location facilities, to accounts that consist of only one person.

3.2 The law limits the agency’s policyholders to state, county, and municipal government entities. The agency uses a variety of sources to determine each customer’s key requirements. The agency reviews and analyzes requirements identified or implied in the Governor’s Business Plan, pending legislation, Workers’ Compensation Commission Regulations, Supreme Court decisions, insurance industry data, studies conducted by the American Association of State Compensation Insurance Funds, and our own customer surveys.
3.3 The agency constantly explores new sources of data and means of data collection. Our website provides users with an Email link to the agency. The Director of Communications interacts with legislative staffers and the governor’s office to provide needed information and to determine their requirements and concerns. The Workers’ Compensation Commission claim audit is another valuable source of information. The agency also records all customer concerns in a centralized database for future analysis, and has implemented an interview program for all new and cancelled policyholders to assist in determining the relative importance of different key requirements.

The agency has found that in some cases, policyholders may be unaware of their needs. To compensate for a lack of familiarity with the workers’ compensation system, the agency has implemented a process geared to assisting policyholders who lack an effective loss control program. The agency’s Safety and Loss Control Specialists monitor policyholders’ claim losses to identify opportunities for cost savings. When a policyholder has claim losses above average, a Safety and Loss Control Specialist alerts them of the problem and offers to provide them with safety and loss control assistance free of charge. These interventions are targeted at reducing the cost of workers’ compensation insurance.

3.4 Information gathered from customers is shared with the entire staff. Survey results and comments are posted on the electronic bulletin board and discussed at the staff meetings. When a staff member notes a problem, he or she places the item on the responsible team’s agenda for discussion and disposition. All of this information is also incorporated into the Strategic Planning Process outlined in Section II.

3.5 The State Accident Fund uses discussions with elected officials, interviews with members of the Workers’ Compensation Commission, brainstorming sessions conducted in conjunction with our training programs, articles and surveys in our quarterly newsletter, and our annual survey to gather information on customer satisfaction and expectations. The annual customer survey, because of its ability to reach large numbers of customers simultaneously, has been the agency’s primary source of data. The survey has been conducted annually for the last eight years. During the reporting period the agency simplified its customer satisfaction survey. The number of questions used in the scoring was reduced from 36 to only 9. The agency has used the information to make several changes and has implemented customers’ recommendations whenever possible.

3.6 The agency has a simple strategy to build positive relationships with customers and stakeholders. As shown in Figure 1.1b, the agency has made improving customer service and improving communications with other government entities top priority by including them in the agency’s goals. The agency feels that open and honest communications is the only way to build trust. This is a team effort. The Director of Communications provides elected officials and staffers with timely information. She also publishes and distributes a quarterly newsletter to our policyholders. The claims staff remain in constant contact with policyholders and injured workers during the course of their claims. Responsible managers provide contractors and partners with feedback on their performance.
Category 4 – Information and Analysis

4.1 Prior to the latest reporting period the agency based its performance measurement system on a short list of key business drivers. During the last strategic planning cycle the agency expanded the performance measurement system and linked them directly to the agency’s goals (Figure 1.3 and Figure 2.1a) and key processes. Some key measures, such as cost and cycle times, are derived from our customer and stakeholder requirements. Other measures are designed to assess the internal health of the organization.

4.2 The agency has taken several precautions to ensure the reliability of data. Data collection procedures have been standardized. The data has been defined. The collection processes have been documented. When automated reports are developed to collect data, they are checked against manual counts to ensure accuracy. If samples are used, such as in comparison of rates or in surveys, the population is defined to insure consistency. The agency continues to evaluate the validity of its measures. When the management team determines that a measurement can be refined to increase the validity of the data, the new process is documented and all members of the staff are informed prior to the change being implemented. Some examples of measures that have been refined to provide more meaningful input are:

- The reduction in the number of questions from 36 to 9 on the annual customer survey.
- Expanding the percentage of bills paid in 30 days to include all bills processed, not simply those paid.

During the reporting period the agency was able to expand its data collection capability to increase the usefulness of the data. Data collected and reported annually for the entire agency provides an accurate measurement of agency performance, but is of limited usefulness in making timely interventions. Performance measures for individual teams and the agency are collected, posted, and distributed to all members of the agency on a weekly basis along with comparative data for the last two years. During the last year the agency has developed and deployed new reports that can be run by employees and their supervisors. The reports can be tailored to cover any time frame. The reports are designed to provide feedback to individuals and a comparison with other similar positions in the agency. These measures are used to determine training needs and to evaluate individual performance.

4.3 Data is made available and is used in decision making at every level in the organization. Data collection and analysis is the first step performed by senior leaders in the strategic planning process (Figure 2.1a). The agency selected and trained a group of employees in data collection and analysis. These specially trained employees are called “Team Advocates and Coaches” (TACs). The TACs serve as members of the workflow teams and also serve as team leaders for special projects teams. All individuals and units responsible for decision-making are provided with data or support to assist them in data collection and analysis. It has become part of the organizational culture to challenge decisions or recommendations that are not supported by data.

4.4 The determination as to the type of comparative data is based on customer expectations, the desired outcome, and the availability of data. The primary measures are normally compared to results from the private sector (Figure 7.2f). If an industry standard is not available, past
performance is used to determine improvement (Figure 7.5a). When customers state that our rates must be competitive, then the only true way to measure competitiveness is through comparison with the private sector (Figure 7.2a). Rate information is extracted from the rate filings at the Department of Insurance. Cost factors are derived from the National Council of Compensation Insurers (NCCI) Statistical Bulletin (Figure 7.2d and Figure 7.2e). When customers and stakeholders state that services must be performed in a timely manner, the goal is then to reduce cycle time. The only way to measure improvement is to compare our current level of performance with past performance (Figure 7.2b and Figure 7.2c). Customers and stakeholders demand sound financial management; the logical performance measures are standard insurance and financial accounting practices.
Category 5 – Human Resources

5.1 The agency’s team based structure promotes collaboration, initiative, and flexibility. All members of the team are bound together by a common goal. Teams are empowered to make decisions and are held accountable for their customers’ satisfaction through the agency’s innovative pay for performance program. In addition to Legislative merit pay increases, the agency uses in-band salary increases for additional job skills and responsibilities. Significant accomplishments and contributions by individual employees are recognized through the agency’s Employee Bonus Pay Plan. Staff members, who participate in project teams or make other additional contributions beyond the scope of their normal jobs, are recognized through certificates, letters, and announcements at staff meetings.

Professional development requirements are included in each employee’s Employee Performance Management System (EPMS) planning stage. Opportunities for employee development are presented through the Agency’s Tuition Assistance Program, Insurance Education Incentive Program, attendance at external training sessions and seminars, and internal training opportunities provided by the Agency’s Training Department.

5.2 The Training Department is responsible for the training needs assessment process shown in Figure 5.2. The output of this ongoing process is the formal training needs assessment and an annual training plan, which are submitted to the Agency Quality Council for review and approval at the beginning of each fiscal year.

![Diagram of Identifying Training Needs Process](image)

**Figure 5.2**
5.3 The agency has added two additional components to the state Employee Performance Management System, to develop the Agency’s Pay for Performance Policy. This process provides employees with 360-degree feedback on their job performance. The Agency’s “Pay for Performance Policy” is designed to reward employees for their contributions, as well as promote continuous improvement. The system uses input from three separate sources: peer evaluation, policyholder evaluation, and the supervisor’s evaluation. The three evaluations are combined and an average score is used. Individuals are provided with a copy of all of the scores and any written comments made as part of the evaluation. The agency policy prohibits any “Pay for Performance” increases if the level of customer satisfaction has not shown measurable improvement during the evaluation period.

5.4 The agency monitors employee well being and satisfaction through a variety of measures. One of the primary measures of employee satisfaction is the annual employee satisfaction survey. The survey instrument is designed to measure the staff’s level of satisfaction in several human resource areas (Figure 7.3b and Figure 7.3c). The members of the Executive Team (Director, Deputy Director, and Chief Administrative Officer) each interview a different employee each week to determine trends within the workforce. The agency also monitors its turnover rate (Figure 7.3b). In addition, the agency uses a suggestion box, monthly staff meetings, and exit interviews with departing employees to determine trends in employee satisfaction.

5.5 The agency promotes workplace health and safety through its Safety Committee, which is made up of agency staff and is coordinated by a member of the agency’s Safety and Loss Control unit. The team conducts safety audits, investigates accidents, sponsors National Safety Week, and updates the staff on safety related issues during the monthly staff meeting.

5.6 The agency promotes community involvement by sponsoring the annual Good Health Appeal and United Way Campaign. The Safety Committee also sponsors blood drives for the American Red Cross. Members of the management team perform pro bono legal work and volunteer as Guardian Ad Litems.

The agency also allows employees to actively promote, advertise and collect donations during work hours for the organizations listed in paragraph 1.7.
Category 6 – Process Management

6.1 As part of the strategic planning process the agency identified three key delivery processes.

Key Delivery Processes for Services
1. The Premium determination and collection process
2. The Claims management process
3. The Safety and Loss Control consultation process

Process changes and improvements are need-driven and tailored to meet the expectations of our customers and stakeholders as well as market and regulatory requirements. The agency has sought to meet these needs through the integration of new technology and aggressively pursuing a policy of outsourcing services when it benefits our customers and stakeholders. The agency has used project teams and even contracted out some services to improve cycle time and reduce costs.

In May of 1999 the agency completed a major automation project that converted the old paper system to a new paperless system. This was a major step for the agency. Some of the benefits derived from this technological upgrade included:

- The ability to pay compensation in less than 24 hours rather than the 3-day cycle time under the old system.
- Ad hoc reporting capability.
- Faster response to questions and inquiries on claims.
- Reduced postage costs through the bundling of payments to providers.
- Reduced cycle time for the payment of medical expenses.
- Electronic reporting of claims to the Workers’ Compensation Commission.
- Y2K compliance.
- Implementation of a general ledger system that eliminated a reoccurring audit deficiency.

Another related technological advancement was the development of a website that allowed policyholders to access information on their claims.

6.2 The outputs of the key delivery processes are those services that are delivered directly to the policyholders or their injured workers. The quality and timeliness of the services is continuously monitored to insure it remains in statistical control. When changes are implemented the output is evaluated based upon feedback from customers and through comparison with past performance. Critical process measures are disseminated to the staff through the distribution of the weekly performance indicators and quarterly reports.

6.3 The agency also identified four key support processes during the last strategic planning session.

Key Support Processes
1. Management information systems support.
2. Mail processing support.
3. Litigation process.
4. Legislative liaison and external communications.

The output from the key support processes is delivered to the agency staff instead of the policyholders or their injured workers. What differentiates these key support processes from other support processes, is the direct impact they have on the organization’s ability to meet the needs and expectations of its customers and stakeholders. A breakdown in any of these processes would severely degrade the performance of one or more of our delivery processes.

A list of process measures for each of these key support processes was developed as part of the agency’s strategic plan. The implementation of this measurement system is currently underway and should be at least partially in place by the end of the current fiscal year.

6.4 The agency manages and supports its key suppliers, contractors, and partnership interactions through a decentralized approach. Primary responsibility for providing feedback and working with these key suppliers to improve performance is delegated to specific individuals responsible for the supported function. Some examples of these key partnerships are:

• During the report period the agency brought on a new private sector managed care company to provide medical case management for claims. The Director of Claims was responsible for working with the company and our policyholders during implementation of this new service. She attended the briefings provided to the agency’s policyholders and has been available to address their concerns. She has maintained a database of customer concerns, closely monitored implementation and provided the contractor continuous feedback during the implementation. The process improvement effort has continued through a series of quarterly meetings.

• Reimbursement Consultants Incorporated (RCI), a private company, audits all SAF files for potential recovery from the Second Injury Fund. This service also falls under the claims management process and is overseen by the Director of Claims. RCI independently takes whatever action necessary, including legal action, to affect recovery on qualifying claims. RCI meets the agency’s representative quarterly to provide updates on their progress. At these meetings, support issues are addressed and the amount of recoveries for the period is reviewed and compared with previous performance.

• The agency uses a network of contract attorneys to represent its policyholders throughout the state. This allows the agency to provide services without expanding the number of staff attorneys. The Chief Legal Counsel is responsible for the contract attorney budget and overseeing the utilization to insure cost efficiencies. The contract attorneys work directly with individual claims adjusters on the cases they are assigned. Win/loss ratios are maintained and trends/problems discussed with the attorneys involved.

• The agency has a support contract with Taliant, LLP the software company that developed and installed the software referred to in paragraph 6.1. The contract and the budget for this support is the responsibility of the Director of Management Information Services. The director provides feedback and work specifications to the project manager and other Taliant employees. Weekly conference calls are held between the agency Director of Management Information Services and Taliant staff.
**Category 7 – Results**

7.1 The State Accident Fund has conducted a customer survey annually for the last eight years to measure customer satisfaction. It is designed to perform two tasks simultaneously. First, open-ended questions are used to determine customer expectations and gather recommendations on improving current services. Then each customer evaluates our performance using a four point Likert Scale. Additional space is provided for written comments. This information is compiled, trends are noted, and both the raw data and the refined scores are distributed to the staff.

The agency uses the percentage of positive responses to determine trends. The results for the last eight years are shown in Figure 7.1a.

![Results of Annual Customer Survey](image)

**Figure 7.1a**
(*Note: The survey was redesigned during this rating period and the number of scored questions was reduced from 36 to 9.)*

The agency compares its customer satisfaction scores against the American Customer Satisfaction Index, produced by the American Society for Quality. The index is nationally recognized and provides industry specific measures of customer satisfaction. The results of the customer survey are converted to a comparable scale of 0-100 and then measured against the industries’ indexes. This allows the agency to determine trends in both the public sector, as well as, the insurance industry. The comparison of the agency’s results with that of government services and private insurance indicates that SAF is keeping pace with both of these areas.
Customer Satisfaction Compared to the American Consumer Satisfaction Index

![Graph showing customer satisfaction compared to the American Consumer Satisfaction Index from 1996 to 2001.](image)

**Figure 7.1b**

(*Note: The survey was redesigned during this rating period and the number of scored questions was reduced from 36 to 9. ACSI data is collected on an annual basis and is not available for the current year.)

The State Accident Fund also uses customer loyalty as a measure of customer satisfaction. During the reporting period the agency gained 22 new policyholders (Figure 7.1c). This amounted to an additional $249,204.14 in premiums (Figure 7.1d). The gain is due to current customer satisfaction and word of mouth since SAF does not use/have a marketing solicitation program. During the same period the agency lost only 4 policyholders totaling $71,149.00 in premiums. Three of these left as a result of better rates elsewhere and the other was cancelled by SAF due to nonpayment of premiums.

![Graph showing customer loyalty with 22 new accounts and 4 cancelled accounts.](image)

**Figure 7.1c**
7.2 Senior level management monitors several key measures to determine mission accomplishment and organizational health. Among these measures are system inputs and outputs.

**Inputs:**

<table>
<thead>
<tr>
<th></th>
<th>FY 00-01</th>
<th>FY 99-00</th>
<th>FY 98-99</th>
<th>FY 97-98</th>
<th>FY 96-97</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims Opened</td>
<td>7,725</td>
<td>7,666</td>
<td>7,742</td>
<td>8,739</td>
<td>8,883</td>
</tr>
<tr>
<td>Number of Open Claims</td>
<td>4,445</td>
<td>4,381</td>
<td>4,694</td>
<td>5,023</td>
<td>5,514</td>
</tr>
<tr>
<td>Claims Carried Forward</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Accounts</td>
<td>625</td>
<td>607*</td>
<td>639</td>
<td>636</td>
<td>629</td>
</tr>
</tbody>
</table>

**Outputs:**

<table>
<thead>
<tr>
<th></th>
<th>FY 00-01</th>
<th>FY 99-00</th>
<th>FY 98-99</th>
<th>FY 97-98</th>
<th>FY 96-97</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims Closed</td>
<td>9083</td>
<td>11,306</td>
<td>11,777</td>
<td>12,701</td>
<td>11,792</td>
</tr>
<tr>
<td>Safety Inspections</td>
<td>83</td>
<td>72</td>
<td>52</td>
<td>52</td>
<td>46</td>
</tr>
<tr>
<td>Safety Classes</td>
<td>89</td>
<td>99</td>
<td>108</td>
<td>93</td>
<td>84</td>
</tr>
</tbody>
</table>

(*Note: Adjusted from previous report.)

The cost of services provided is of significant importance to not only our customers, but also our stakeholders. The agency performs a rate comparison annually as part of its self-evaluation. It compares the agency’s rates for the five most frequently used job classifications with the average rates for the largest private workers’ compensation carriers in the state. The results of this comparison are shown in Figure 7.2a. Even though the State Accident Fund has not had a general rate increase in the last five years, the agency’s ranking has varied from year to year. During the report period the agency improved from seventh to fifth. The data showed that even though the agency could not selectively underwrite its accounts in the same manner private carriers do, its rates remained competitive.
Another key customer concern is the amount of time it takes to begin payment of benefits. The initial step in this process is the determination of compensibility. The agency monitors and reports on a weekly basis the average number of days to make an initial compensibility decision. The data for the last four years is displayed in Figure 7.2b. The average time improved from 13.7 to 11.4 during the reporting period.
Customers, injured workers, and suppliers all want their bills paid in a timely manner. Rebilling creates rework and adds no value. In fiscal year 97-98 the agency began measuring what percentage of bills were paid within thirty days of the date of receipt. In fiscal year 99-00 this measure was refined to include all bills, not just those paid. The new measure tracked the percentage of bills processed within thirty days of the date of receipt. During the reporting period the percentage increased from 87.3% to 92.9%. The data is shown in Figure 7.2c.

**Percentage of Bills Processed Within 30 Days of Receipt**

![Percentage of Bills Processed Within 30 Days of Receipt](image)

**Figure 7.2c**

To measure claim handling efficiency the agency uses NCCI data to conduct a comparison of State Accident Fund’s average medical and indemnity costs per claim with the average for other carriers in the state. The most recent data showed the average cost of medical claims was 30% lower than the industry.

**Average Medical Cost Per Claim**

![Average Medical Cost Per Claim](image)

**Figure 7.2d**
The average indemnity cost per claim is shown in Figure 7.2e. The agency’s average was 43% below the average for private industry.

**Average Indemnity Costs Per Claim**

Figure 7.2e


A standard industry measure of an insurance carrier’s efficiency is the “Administrative Cost Ratio”. It represents the percentage of premiums spent on administration and not paid out in benefits. The State Accident Fund’s Administrative Cost Ratio, as determined by our actuaries, Ernest & Young LLP, is less than half of the average for private sector carriers in the state as reported by NCCI. The agency’s ratio was 19.5% as compared to 49.4% for the insurance industry in South Carolina.

**Administrative Cost Ratio Comparison**

*Note: NCCI Data not available for CY 2000

Figure 7.2f
7.3 A key measure of employee satisfaction is the turnover rate shown in Figure 7.3a. The rate is determined by dividing the number of positions by the number of employees who have left the organization. The turnover rate for the reporting period was 9.3%.

**Figure 7.3a**

The agency also conducts an Employee Satisfaction Survey annually. The results of the questions that deal directly with the issues of employee satisfaction are shown in Figures 7.3b and 7.3c.

**Percentage of Employees Who Ranked the Agency's Work Environment as "Better Than Most" or "Best" When Compared with Other Employers.**

**Figure 7.3b**
The agency implemented three new measures of employee involvement and development during the rating period.

The first is the number of staff members enrolled in degree-granting courses at the Insurance Institute of America and CPCU Society. This is a new program implemented during the rating period. A total of 16 staff members (approximately 20% of those eligible) enrolled voluntarily in these courses during the reporting period.

The second measure is the number of participants and number of courses completed via the new computer-based training program that was launched in May of 2001. Ten staff members participated in the initial group and completed 15 courses during the first 30-day period.

The third measure is the average hours of training attended by each employee. Included in this measure are professional seminars, conferences, and formal classroom training programs. The average number of training hours per employee during the reporting period was 16.7.

7.4 The agency has continued to pursue outsourcing opportunities with various private sector partners to allow the agency to improve its service without expanding staff. Figure 7.4 reflects a long-standing and very successful partnership. The agency measures contractor effectiveness based on the amount of money recovered from the Second Injury Fund. The funds recovered from the Second Injury Fund are credited directly to our customers’ loss experience. This reduces their loss experience and ultimately the cost of their workers’ compensation coverage. In
fiscal year 00-01 the State Accident Fund recovered a record $8.2 million, the highest amount among all Workers’ Compensation carriers in the state.

**Figure 7.4**

7.5 The agency monitors the percentage of claims decided within 14 days of the date of accident, as an indicator of regulatory compliance. The results of the last four years are shown in Figure 7.5a.
Another measure of regulatory compliance is the number of fines paid to the Workers’ Compensation Commission. As shown in Figure 7.5b the number decreased slightly from 81 to 79 during the period.

**Figure 7.5b**

The South Carolina Workers’ Compensation Commission (the state regulatory agency) began conducting audits for workers’ compensation insurance companies operating in the state. The Commission audited the State Accident Fund’s claim files during the period January 27, 2001 thru February 2, 2001. Of the one hundred 12A claims audited:

- 83% were timely in reference to starting compensation payments
- 93% were filed timely
- 75% of the Form 15’s (Section I) were filed timely
- 82% of the Form 15’s (Section II) were filed timely
- 88% of the Form 18’s were filed timely

Of one hundred and twenty-five 12Ms audited, all were handled in accordance with the rules and regulations of the Commission. However, there were seven claims (5.6%) prematurely filed with the Commission.

The WCC audit has been helpful to the SAF as it reinforces the importance and need for our in-house audits that also identifies needed improvements in the cited areas.

During this fiscal year an internal audit program was initiated. There were several purposes behind this program to include determining training needs, compliance with laws/regulations, compliance with State Accident Fund policies, and aid in the individual adjuster performance evaluations. An annual report was completed reflecting the percentage of accurate functions, within the system. The report shows that out of the 235 audits performed that 67% of the audited items were completed correctly, leaving 33% deficient. These findings will be of value in tracking future trends in compliance.
The agency is funded through “other” funds. These consist of premiums paid by policyholders and investment income from the trust fund. The program has a total of 92.12 FTE’s (Full Time Equivalencies) down from a high of 100 in FY 96-97. Program costs based on the independent audit for the last five years, minus bad debts and depreciation expenses, are shown in Figures 7.6a and 7.6b.

**Program Costs Minus Bad Debts and Depreciation**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY 96-97</th>
<th>FY 97-98</th>
<th>FY 98-99</th>
<th>FY 99-00</th>
<th>FY 00-01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 1</td>
<td>$5,233,006</td>
<td>$5,076,177</td>
<td>$5,156,434</td>
<td>$5,613,069</td>
<td>$5,417,040</td>
</tr>
</tbody>
</table>

**Figure 7.6a**

**Expense Details**

<table>
<thead>
<tr>
<th></th>
<th>FY 96-97</th>
<th>FY 97-98</th>
<th>FY 98-99</th>
<th>FY 99-00</th>
<th>FY 00-01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel services &amp;</td>
<td>$3,262,315</td>
<td>$3,310,715</td>
<td>$3,463,743</td>
<td>$3,866,539</td>
<td>$3,909,778</td>
</tr>
<tr>
<td>employee benefits</td>
<td>(100)</td>
<td>(98)</td>
<td>(97)</td>
<td>(92.12)</td>
<td>(92.12)</td>
</tr>
<tr>
<td>Contractual services</td>
<td>1,252,881</td>
<td>1,082,175</td>
<td>980,425</td>
<td>1,122,282</td>
<td>957,813</td>
</tr>
<tr>
<td>Rent and insurance</td>
<td>363,313</td>
<td>366,305</td>
<td>342,849</td>
<td>361,504</td>
<td>319,945</td>
</tr>
<tr>
<td>Supplies and materials</td>
<td>230,600</td>
<td>180,477</td>
<td>255,491</td>
<td>142,056</td>
<td>116,467</td>
</tr>
<tr>
<td>Other expenses</td>
<td>123,897</td>
<td>136,505</td>
<td>113,926</td>
<td>120,688</td>
<td>113037</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,233,006</strong></td>
<td><strong>$5,076,177</strong></td>
<td><strong>$5,156,434</strong></td>
<td><strong>$5,613,069</strong></td>
<td><strong>$5,417,040</strong></td>
</tr>
</tbody>
</table>
Figure 7.6c shows the number of audit findings for the last five years. In June 1999 SAF installed a new computer system that included a complete accounting package. The new system eliminated the major audit finding concerning the need to have a complete set of accounting records. The new computer system enabled SAF to print and issue all workers’ compensation checks in-house.

![Number of Audit Findings](image)

**Figure 7.6c**

The agency measures on a regular basis the percentage of premium that is over 90 days past due. The results for the last two years are shown in Figure 7.6d.

![Percentage of Premium Billed Over 90 Days Past Due](image)

**Figure 7.6d**

Another new measure implemented by the agency during the reporting period is the percentage of accounts audited within 180 days after the end of the policy period. The results for the period are shown in Figure 7.6e.
Figure 7.6e
Figure 7.6f shows the trust fund balance. These are premiums that have been paid by policyholders and are set aside to pay current workers’ compensation claims. The amount in the fund should be equal to the agency’s liability. This is evaluated annually during the actuarial review.

Trust Fund Balance as of June 30th

<table>
<thead>
<tr>
<th>Year</th>
<th>Trust Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>$56,958,886</td>
</tr>
<tr>
<td>1998</td>
<td>$50,273,912</td>
</tr>
<tr>
<td>1999</td>
<td>$38,133,639</td>
</tr>
<tr>
<td>2000</td>
<td>$31,460,476</td>
</tr>
<tr>
<td>2001</td>
<td>$24,323,676</td>
</tr>
</tbody>
</table>

Figure 7.6f
Figure 7.6g shows a comparison of the amount of revenue received, claim expenses paid, and administrative costs.

### Comparison of Costs vs. Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY 96-97</th>
<th>FY 97-98</th>
<th>FY 98-99</th>
<th>FY 99-00</th>
<th>FY 00-01</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Premium Received</strong></td>
<td>$31,563,322</td>
<td>$39,282,056</td>
<td>$35,090,236</td>
<td>$32,738,902</td>
<td>$37,632,591</td>
</tr>
<tr>
<td><strong>Claims Expenses</strong></td>
<td>$25,676,432</td>
<td>$26,061,651</td>
<td>$30,670,183</td>
<td>$40,661,308</td>
<td>$34,578,461</td>
</tr>
<tr>
<td><strong>Administrative Costs</strong></td>
<td>$5,503,362</td>
<td>$6,060,445</td>
<td>$6,271,196</td>
<td>$6,510,799</td>
<td>$6,386,129</td>
</tr>
</tbody>
</table>

**Figure 7.6g**