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FUNDAMENTALS

SAF to get
new
computerized
claims
processing
system

see page 4

Summer 1996

Volume 1, Issue 4

Employers Must Use New 12-A

**SAF
will
begin
using
the
new
forms
as of
August
15th.**

The South Carolina Workers' Compensation Commission has changed a number of forms used to document on-the-job accidents and verify payment of disability and medical benefits. **SAF will begin using the new forms as of August 15th.**

Most obvious to policyholders will be the revision in the **WCC Form 12-A**, also known as the ACORD-4 or the First Report of Injury. The 12-A has been reformatted to facilitate the use of *Electronic Data Interchange* (EDI) between insurance carriers such as SAF (see page 4) and the Workers' Compensation Commission.

The revised 12-A also captures additional information which will better classify the nature and severity of workplace accidents, which will be important because of statutory changes in accident reporting procedures (see page 3.)

Minor changes were also made to other forms to enhance collection of statistical data. Also, the forms normally seen by lost-time claimants and policyholders including WCC Form 15

(Agreement for Compensation), Form 17 (Receipt of Compensation), and Form 19 (Status Report and Compensation Receipt) will no longer be printed on colored paper.

The WCC Form 20 (Statement of Days Worked and Earnings of Injured Employee) will now allow for reporting of the maximum compensation rate without completion of the entire form. *(Note: This form will be abolished at a later date as a result of the passage of H3838 - see page 3.)*

As a service to our policyholders, the **SAF Employer Manual** has been updated to reflect these changes. This update, along with hard copies of the revised Form 12-A will be sent to all claims contact personnel by July 15th.

For your information, copies of the Form 12-A may be printed or reproduced, so long as the copies provide the same print quality as the original. The coloration and format cannot be altered.

Questions? Call Janis Howard at (803) 737-8171 or (800) 521-6576.

Litigation can be a long process

One of the most confusing and time-consuming components of the claims management system is the litigation process by which contested issues are resolved between SAF and an injured worker.

During the life of a claim, disagreements may arise as to if, when, how much, or how long benefits may be payable. If the disagreement can't be resolved between the parties, South Carolina workers' compensation law provides for an administrative hearing process.

A claimant may request a hearing before the Workers' Compensation Commission at any time. SAF may request a "stop payment" hearing to terminate benefits. An initial hearing will be held before a Single Commissioner in the county where the injury occurred. As a result of new statutes (see page 3), "stop payment" hearings must be held within 60 days of the request.

The Single Commissioner will normally issue an Order within 45 days after the hearing, usually including instructions as to what benefits are payable. This Order may be appealed by either party within 14 days.

Did you know...

Before you consider hiring an independent consultant to provide professional services and training related to workers' compensation matters, give us a call!

As part of your policy coverage, you are entitled to receive a variety of services designed to minimize your workers' compensation costs. We can provide information, historical data, advice, and training on:

- ◆ return-to-work programs
- ◆ estimated premiums
- ◆ audit adjustments
- ◆ payroll reports
- ◆ claims reporting procedures
- ◆ premium calculations

If an appeal is requested, the Order will not be enforced until the case is heard by a Full Commission panel.

This level of judicial review (with a 60-90 day wait) involves three (3) commissioners. The panel reviews the grounds of appeal filed by either or both parties and listens to brief oral arguments.

The Full Commission panel will then issue their Order which affirms, amends, or reverses the Single Commissioner's Order. At this point, all benefits due and payable under the Order must be paid, even if the Order is appealed, which must be done within 30 days.

Beyond the Full Commission level, judicial review enters the regular civil court system at the Circuit Court level. An appeal at this level may not be heard for up to 18 months. At this point, only issues of law, not fact, may be argued.

Generally, the final body of appellate jurisdiction for workers' compensation litigation is the SC Supreme Court, which currently has a one to two year backlog.

Hopefully, this explanation may shed some light on why some cases seem to "drag on for years" without a resolution.

- ◆ experience modification ratings
- ◆ cost containment procedures
- ◆ preferred provider programs
- ◆ safety programs
- ◆ case reserves
- ◆ Second Injury Fund recoveries
- ◆ third party recoveries

In addition, SAF also has an in-house "Consulting Team" of workers' compensation professionals who can provide creative solutions for your unique problems or concerns.

All of these services are available at no additional cost to you. Contact Shawn Holman, Member Services Manager, for more information at (803) 737-8115 or (800) 521-6576.

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Comments and contributions should be sent to:

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Reform Legislation Becomes State Law

The South Carolina General Assembly has approved major changes to the SC Workers' Compensation Act (SC Title 42) which will drastically alter the workers' compensation process for employers, employees, and insurance carriers in South Carolina.

This legislation, combined with new forms and changes in administrative reporting requirements (see page 1), reflects the greatest change in SC workers' compensation law and regulations since the Act was created in 1935. Some of the amendments to the Act also codify recent SC case law, as well as, administrative interpretations made by the SC Workers' Compensation Commission.

House Bill 3838 includes a number of provisions designed to simplify and clarify some of the processes by which eligibility for workers' compensation benefits is determined, as well as, the timeframes for starting and terminating disability benefits. The bill also abolishes the "Opt Out" provision, which gave private employers the ability to reject coverage under SC Title 42.

Final implementation of the legislation will be contingent on the creation of WCC administrative regulations, which will address specific procedures to implement these changes. These regulations must then be approved by the SC General Assembly, in accordance with the SC Administrative Procedures Act. These regulations may not be approved until January, 1997.

The legislation, which was signed into law by Governor David Beasley on June 18th provides for:

- ◆ **a new method for computing the "average weekly wage."** The average weekly wage (AWW) will be determined by taking the total wages paid to a claimant over the last four quarters prior to an accident and dividing by fifty-two weeks, or the actual number of weeks the claimant was paid, whichever is less.

Wage information will now be verified from employer reports already submitted to the SC Employment Security Commission. The WCC Form 20 will be eliminated in the near future.

- ◆ **a reinterpretation of stress as an on-the-job injury.** This change codifies South Carolina case law requiring that "extraordinary and unusual" conditions must be present in the workplace in order for an original claim of mental illness or injury to be compensable.

Claims for stress as a result of normal employer-employee relations (disciplinary actions, salary reviews, evaluations, transfers, promotions, demotions, or terminations) are not compensable. The only exception is when these actions are taken in an extraordinary and unusual manner.

- ◆ **changes in the initiation and termination requirements relative to the payment of temporary-total (TT) disability benefits.** TT benefits may be initiated after eight (8) days of disability, and may be terminated within 150 days from the date of injury without approval of the Workers' Compensation Commission if: after a good faith investigation, the claim is denied; the claimant returns (or agrees that he/she is able to return) to work; the claimant refuses medical treatment; or if the claimant does not return to work after being released to do so by the treating physician.
- ◆ **a provision requiring prompt "stop payment" hearings.** As before, any dispute between a claimant and an employer/carrier will be resolved by the Workers' Compensation Commission, but a "stop payment" hearing must be held within 60 days of the employer/carrier's request.
- ◆ **a restriction preventing health-care providers from pursuing collection actions against claimants for costs of medical treatment prior to the final adjudication of a claim.** All requests for payment must be made to the employer/carrier until the claim is settled and the file is closed. Generally, bills must be paid or denied within 30 days of submission by a provider.
- ◆ **a change in accident reporting requirements.** Employers must still maintain a on-site record of all workplace accidents. However, only claims meeting a predetermined level of medical severity will have to be reported to the WCC and the carrier. The criteria has yet to be specified.

What does all of this mean to you??? At present, SAF and other carriers are working closely with the Workers' Compensation Commission to assess and clarify the immediate impact of these changes. As the Commission still has a large number of technical and procedural issues to address, SAF will keep you posted as information becomes available.

Questions? Please call Rose Mary McGregor at (803) 737-8155 or (800) 521-6576.

participant seating is still available for the

Workers' Compensation Employer Seminar **August 13-14 or November 13-14, 1996** **at SAF headquarters in Columbia, SC**

The seminar focuses on the practical application of the South Carolina Workers' Compensation Act, as it relates to the reporting, processing, and management of on-the-job accident claims. **NEW SC WCC FORMS AND PROCEDURES WILL BE COVERED!!!**

Attendees will gain a basic education in claims reporting and management, premium determination, and how to create a safety program. Participants can also meet with SAF staff members to discuss specific areas of concern.

Instruction is provided by SAF employees who are experienced in specific areas of technical knowledge - - litigation, third party and Second Injury Fund recovery, OSHA regulations, workers' compensation regulations, and SAF policy and procedures.

To register, return the participant form with your check or purchase order for \$40 to

State Accident Fund
Attn: WCES
PO Box 102100
Columbia, SC 29221-5000

Confirmation, lodging information, and a map will be sent 2 weeks before each session. Registrations are transferable, but not refundable. Seminar hours are 9 a.m. - 4 p.m. Lunch is not included. SAF's FEIN is R12000000. Call Walter Caudle at **(803) 737-7546** for more information.

Workers' Compensation Employer Seminar Registration Form

Name _____

SSN: _____ Title: _____

Agency: _____

Agency Address: _____

Telephone Number _____

Session you would like to attend _____

SAF Installs New Claims Processing System

State Accident Fund is pleased to announce that, effective July 1, the agency will begin Phase 1 of a multi-year project involving the development of a "state of the art" computer system which will be tailored to the special needs of our policyholders, providers, and employees.

This project will improve efficiency and effectiveness in a number of operational areas, including:

- ◆ enhancing customer service
- ◆ reducing claims costs
- ◆ minimizing operating expenses
- ◆ maximizing data collection
- ◆ facilitating future growth

A modern, multi-functional computer system has been a Strategic Plan priority of SAF since 1993. However, the project had been stalled as a result of SC state government reorganization until 1994. Fiscal concerns then caused the project to be broken down into phases that could be undertaken as funds became available.

IBM, in partnership with Information Engineering Inc. and Lawson Accounting Systems, will be responsible for providing hardware, software, and customized programming which will replace the agency's 1980's era VAX system. A PC-based local area network (LAN) will be supported by an in-house AIX operating system and RISC System 6000 server.

The system will utilize a *Oracle/SQL*

database, along with customized *PowerComp Claims and Medical Pay* and *Lawson Accounting* software. Further, each PC will be equipped with *Windows 95* and associated software.

Installation of Phase 1 also includes the initiation of a limited Electronic Data Interchange (EDI) process, which will give SAF the ability to transmit WCC Form 12-A accident reporting data to the SC Workers' Compensation Commission (see page 1) via electronic media. Plans also call for allowing medical providers to submit electronic billing invoices.

Most of these improvements should be completed during FY1996-1997. Future enhancements, such as electronic imaging, expanded EDI, and computer-integrated telephony (CIT) service will be added as funding becomes available.

IBM will provide eight (8) on-site employees and maintain a base of operations at SAF for the duration of this project. In addition, SAF has reclassified a number of existing position vacancies to provide funding for additional technical employees to manage internal programming and operational functions.

In addition to providing better service to our existing customers, this system also provides the capability for expansion should the need ever arise.

Stay tuned for progress updates...



If a claimant's medical bill is not getting paid...

it may be because of complications associated with IRS regulations requiring that a medical provider's name and Federal Employer ID Number (FEIN) submitted on the HCFA 1500 or UB-95 billing form match exactly with IRS records.

At present, the SC Comptroller General's Office will not allow SAF to pay medical providers who submit invoices with contradictory payee information. We must ask the provider to submit a new invoice with information that matches IRS records.

So that all policyholders are kept informed of this situation, SAF recently began sending notification letters to medical providers **and** affected employers advising that problems exist regarding specific invoices.

If a new and correct (not hand-corrected) invoice is not submitted within two (2) weeks, we will again notify the provider and the employer in writing that the bill

cannot be paid without complying with IRS regulations.

If you receive a notice indicating that a claimant's bill is not being paid, we strongly encourage you to contact the provider and ask them to submit the proper information so that we can pay the bill in a prompt manner.

For more information, call Janice Harmon at (803) 737-8135 or (800) 521-6576

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TO OUR
NEW
POLICYHOLDERS...**

Midlands Council on Aging

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FUNDAMENTALS

State Accident Fund
PO Box 102100
Columbia, SC 29221-5000

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are still
available
for

WORKERS
COMP.
EMPLOYER
SEMINARS

August 13-14
Nov. 13-14

registration
form
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