Reforms in the SC workers' compensation system continue with the passage of legislation allowing private and public employers to receive a minimum 5% credit in workers' compensation insurance premiums for establishing a workplace drug and alcohol prevention program. This credit will be applied to all qualified policies issued or renewed on and after October 1, 1997.

A 1993 study by the SC Department of Alcohol and Drug Abuse Services indicated that alcohol and drug abuse in the workplace costs SC employers $565 million annually in lost productivity, thefts, absenteeism and on-the-job accidents. In many cases, workers' compensation claims have to be filed on employees who were innocent victims of the actions of an impaired coworker. This law offers a specific financial incentive for employers to minimize the impact of substance abuse in the workplace.

By SC law, an employer's workplace drug and alcohol prevention program must be certified annually, and include the following minimum standards to qualify for the 5% premium credit:

**Substance Abuse Policy Statement** The policy must be designed to help employees who need substance abuse assistance, but also send a clear message that the abuse of drugs and alcohol will not be tolerated in the workplace. The policy statement must reflect both the employer's respect for its employees and the need to maintain a safe, productive, substance-abuse-free environment.

**Employee Notification** All employees (existing and new hires) must be given a clear and concise written notice of the program, the programs requirements, the policy statement, and the employer's expectations under the program. Written notification should be permanently and conspicuously posted in the workplace.

**Testing Procedure** The employer is responsible for the development of specific written testing procedures, subject to final approval by the employer's insurance carrier.

The testing procedure must include a provision for random sampling of all employees and must provide for a second test to be administered within thirty minutes after the first test. Test results that indicate the presence of alcohol or drugs must be provided in writing to the employee within 24 hours after the employer receives the test results. Employers must keep records of each test for a minimum of one year.

**Test Results Confidentiality Protocols** All test results and other information related to individual employees must be kept confidential by the employer, medical laboratory, and the insurance carrier, in addition to those entities providing rehabilitation therapy. A release of information can only be made via court order or written consent by the tested employee. Test results cannot be used as evidence against an employee in a criminal proceeding.

Written guidelines as to application, documentation, and annual recertification procedures will be sent to all policyholders after October 1, 1997. For further information, please call Shawn Holman at (803) 737-8115, Carla Johnson at (803) 737-8116, or Al Menie at (803) 737-8111.
What If...

an employee is taking a smoke break and trips, injuring his knee. Another employee is eating lunch in an on-premise cafeteria, slips out of her chair and injures her back. Are these injuries compensable under SC workers' compensation law? The answer might be "yes." Acts performed for the personal comfort or convenience of the employee are sometimes covered under the "personal comfort" doctrine.

This doctrine holds that certain personal acts of the employee such as eating, drinking (not alcohol), cigarette smoking, and the use of restrooms are incidental to the services performed at work. Slight deviations to get a chew of tobacco, to ask a co-worker for the correct time or to get a soft drink have been ruled as harmless acts and claims have been upheld when an injury occurs during the deviation. The courts reason that there is no "break" in employment when an employee temporarily stops his work to perform an act of personal comfort. As one court opinion noted, "A man must breathe and occasionally drink water while at work." However, each case is reviewed on its own merit to determine compensability.

A claim may be denied if the personal comfort act is not pursued in a reasonable manner. While an injury occurring during a smoke break is covered, an assault arising over cigarettes may not fall within the course and scope of employment.

Continue to encourage safety practices at all times during the day at work. Now, go and enjoy your break!

Premium Alert!

Did you know that Estimated Payroll Reports for municipalities, cities, and counties were due by October 1st?

Don't panic. You now have the option to submit the Estimated Payroll Report or allow SAF to automatically estimate your renewal premium for you. We will use last year's actual audited payroll amount and include a 5% increase.

However, if there are substantial changes in your employee classification codes and/or payroll amounts, you may want to complete the Estimated Payroll Report to avoid any large adjustments later in the year.

Call Policyholder Services at (803) 737-8115 or 737-8116 with questions.

Thanks For Your Valuable Input

Normally, this newsletter would contain information about SAF's quarterly Workers' Compensation Educational Seminar. After years of providing an all-inclusive two-day training course, we are revising our curriculum to better serve the divergent needs of our policyholders.

Many of you have offered suggestions as to how SAF can better educate policyholders. We are listening. Some ideas include:

• offer training in various locations throughout the state
• provide different levels of training for claims, premium, supervisory, and executive personnel
• target training to special classes of policyholders
• offering "annual update" sessions on new laws, policies, and procedures.

How can SAF meet the training needs of your organization? If you would like to share your ideas, please let us know.

In the interim, if anyone in your organization needs specific training or publications, call Gerald Murphy at (803) 737-7547 or Walter Caudle at (803) 737-7546.
Exposure Cases Require Special Processing

Note: This article is the companion piece to the Summer, 1997 article regarding policyholders' compliance with OSHA standards to eliminate or minimize occupational exposure to bloodborne diseases. This article focuses on how SAF determines compensability on these type of claims and how benefits are paid.

To determine compensability on claims that involve possible exposure to bloodborne pathogens, the adjuster first reviews the WCC Form 12-A/First Report of Injury. Specific circumstances of the occurrence must be verified to determine not only the risk of infection, but also whether the incident was directly related to the employee's work duties.

In most cases, the amount of detailed information needed to make a informed decision is not included on the WCC Form 12-A. For this reason, SAF sends out a questionnaire to the employee which, when completed and returned, should provide specific answers to facilitate the investigative process.

Details of the exposure are needed, such as the type (blood, saliva or other bodily fluid) of the substance involved. Also, the adjuster needs to know the severity of the exposure and whether it was a percutaneous (cut, break, or tearing of the skin) versus a mucous membrane exposure.

Was the source infected with any bloodborne pathogens (BBP) at the time of the possible exposure? The adjuster needs to know this critical piece of information.

The only way to know is to have the source tested unless the source has previously been tested and was positive for BBP and documentation of that fact is available. If the source had previously been tested as negative more than six weeks prior to the incident in question, then it will have to be tested again because it may have since become infected. If the status cannot be confirmed, there has to be a written explanation.

An employee has to have a baseline blood test done immediately after the accident or shortly thereafter. This verifies that the employee wasn't already infected with BBP when the incident occurred. If this is not done, a claim for possible exposure to BBP cannot be accepted. If the documentation supports that the employee did suffer a compensable injury because of BBP exposure and the employee did have a negative baseline blood test, then the claim is accepted by the adjuster after a final review by a supervisor. As with all other compensability decisions, the decision to deny a BBP claim must be approved by a special review panel.

On accepted claims, the employee will undergo periodic follow-up blood testing, usually up to a year after the exposure. All related expenses will be covered by SAF. If the employee continues to test negative during the testing period, SAF will advise the employee that their claim will be closed.

If the employee tests positive on a follow-up test and further medical treatment is required, SAF will conduct a second investigation and make an additional determination as to whether the infection is a direct result of the original exposure. The payment of additional benefits will depend on the results of the second investigation.

Due to the sensitive nature of these cases, all BBP claims are permanently stored in a separate location. File records on these claims are permanently archived.

For more information on BBP claim procedures, call Karen Davis-Greene at (803) 737-8170.
SAF Technology Update

The SAF Information Technology Project continues to make good progress. Our implementation schedule has been modified to accommodate several significant changes to the original scope which has added calendar days. However, SAF, IBM, and IEI are excited about what the final system will provide to SAF policyholders and injured workers. Highlights are as follows:

Claims Management System
Most of the programming modifications to the generic claims management system (CMS) software have been completed. These changes will customize the system in order to meet SAF-specific requirements. There are several additional changes undergoing evaluation at this time. If required, those modifications should be made by the end of 1997.

System testing should begin in January, 1998, with the goal of a final conversion from the IDMS system late in the first quarter of 1998.

Lawson Accounting System
The SAF accounting staff is currently using the Lawson software to produce financial statements. Additional project work involves writing the program interfaces between Lawson and the CMS to facilitate the direct transfer of financial transactions from individual claims to cumulative records for each policyholder and SAF as a whole.

Policyholder Services
The Policyholder Services system is undergoing final development and should be available for use by the end of 1997. Additional enhancements will be added during the first quarter of 1998.

Electronic Data Interchange
The EDI function enabling SAF to send WCC Form 12-As to the SC Workers' Compensation Commission via electronic media is in the final testing phase. This portion of the system should be activated so that SAF can begin submitting all WCC Form 12-As to the WCC via EDI starting January 1, 1998, in compliance with South Carolina law.

Additional integration of EDI technology to allow direct policyholder and medical provider access to the SAF system via EDI is still under development.

Electronic Workflow and Imaging
Workflow (automatic routing of work items) and imaging ("scanning" of paper documents directly into the computer to create an on-line file) have just been added to the project. Currently, an agency-wide analysis is being completed to help define the technical and personnel requirements for these functions.

A new "jukebox" (optical storage for paper documents) has been added to the RISC 6000 to accommodate the additional computer power needed to serve these functions. This portion of the project will eventually reduce and/or eliminate the need for most of the paper files currently in use.
Customer Satisfaction Continues to Improve

Each spring, the State Accident Fund sends surveys to all policyholders who have had a claim in the last six months. We ask them to evaluate our customer service and the basic State Accident Fund processes. In 1997, the State Accident Fund sent out a total of 474 surveys and received 142 replies. The surveys indicate that the level of customer satisfaction has continued to improve. The percentage of positive responses from our survey reached a new high of 96.2%.

The State Accident Fund implemented the survey program in 1994. The survey addresses six specific processes: bill payment; claim management; claim litigation; second injury fund/third party recovery; premium determination; and loss control functions. Ratings for each of these processes ranged from a low of 95.3% to a high of 97.6%.

One of the greatest contributions made by those who completed the survey were their written comments. Several comments were favorable and others provided us with valuable insight into how we can improve our service in the future. Thank You!
Recoveries and Reimbursements Reduce Costs

SAF continues to be one of SC’s leading insurance carriers when it comes to recoveries on Third Party workers’ compensation cases and reimbursements from the SC Second Injury Fund.

During the 1996-97 fiscal year, third party recoveries reached a new high of $859,566. This money came back to SAF as the result of settling claims involving liability of another party besides the employer or employee, such as an auto accident where an injured employee was not at fault.

Reimbursements from the Second Injury Fund (SIF) totaled $6,089,425. Through the combined efforts of our in-house staff and our contract partner, Reimbursement Consultants, Inc., SAF consistently ranks as one of the state’s largest recipients of reimbursement dollars. SIF provides SC workers’ compensation carriers with reimbursement for a portion of costs associated with claims involving an employee who has a prior disability.

It should be noted that all money returned to SAF through these programs are credited (less any administrative costs) directly to the affected policyholder. This translates into lower premiums for you.

For more information on these programs, call Del Driggers at (803) 737-8159.

WELCOME TO OUR NEW POLICYHOLDERS...
- Clarendon County DSN
  - Vital Aging

FUNDAMENTALS  Fall, 1997

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