Hospital rate changes proposed

In the spirit of continuing reform within the SC workers’ compensation insurance system, the Workers’ Compensation Commission (WCC) has proposed changes in the method of calculating amounts paid to hospitals for inpatient and outpatient professional services.

This revision to the SC WCC Medical Fee Schedule has been submitted to the General Assembly for consideration during the 1997 session. These changes are separate from the legislation, passed during the 1996 session, which changed accident reporting requirements, as well as, the terms under which temporary-total (TT) benefits are initiated and terminated.

These changes in payment calculation methods were developed through the efforts of a 15-member task force composed of representatives from the insurance industry and hospitals. The new rate structure has also been endorsed by the SC Hospital Association.

If approved, the new rates will become effective for all hospital services performed as of 7/1/97. Inpatient rates will be calculated based on “diagnosis-related groups” (DRG), which assign “usual and customary” charges for different procedures. This system emulates the payment rates already used by Medicare, Medicaid, and many private insurance plans. The DRG system will replace the existing “per diem” calculation method.

Outpatient charges will be paid at face value of the invoice, less a 12.1% discount.

None of these changes are intended to restrict a carrier’s ability to negotiate a lower rate through a managed care program. Policyholders and claimants should not see any administrative changes in reporting procedures or forms.

The WCC has projected that the new rate structure will reduce total payments made to hospitals throughout the entire SC workers’ compensation system by $16 million over the next two (2) years.

At press time, there is no estimate of the savings which may be realized by SAF policyholders. We do know that these savings will reduce the actual payout on individual claims where hospital services are provided.

In the long-term premium calculation process, these savings will translate into reduced workers’ compensation costs in SC.
SAF Technology Update

Phase 1 of the design and installation of SAF's new information technology system is progressing smoothly. Based on our current level of progress, we anticipate the initial conversion from our VAX system to our new self-contained computer system will be completed during the first quarter of Fiscal Year 96-97.

During Fall 1996, all agency employees received extensive training in a number of Windows 95-based PC programs which are already operating as part of the new system. All offices are now equipped with PCs connected to the new RISC 6000 LAN Server. Portions of the old VAX system have been deactivated.

The Lawson Accounting Systems automated software has been installed and is currently being utilized to develop annual financial documents. SAF is presently in discussions with the offices of the State Treasurer and the Comptroller General to gain approval for establishing an internal check-writing system.

This process will generate benefit payments to claimants and providers in a more timely fashion than the current process, which requires the involvement of two (2) other state agencies, and takes several workdays to produce a check.

Wanted: Your Ideas and Opinions

SAF is committed to improving the quality of the services we provide to you, our policyholders. However, we can’t improve quality without knowing what you think or feel about the work we do.

During the next three months we will be sending out our annual customer survey. Please take a moment to complete the survey as candidly as possible. The results are our primary source of feedback. We use them to evaluate our progress, calculate pay for performance increases for our employees, and make management decisions as to how to use our resources more effectively. This newsletter was started as a result of suggestions we received through these surveys.

All of these changes, and those to come, have prompted SAF to continue reviewing the duties currently being done by agency employees to determine what tasks will be automated once the new system is fully operational. Our initial analysis into providing better customer service was the catalyst for the development of natural work-flow teams. Now, all jobs are being reviewed to see where tasks can be consolidated, jobs can be redefined, and resources can be redeployed to better accomplish the mission of the agency.

Unlike many organizations in the private sector, SAF is committed to protecting some of our most valuable assets - our employees and their years of experience.

A plan has been established to ensure that any staffing adjustments made in the future will be accomplished through flexible job design and normal attrition. This plan has already produced annualized savings of over $100,000 in just six (6) months.

As automation relieves our staff of many routine clerical and administrative functions, we can now better dedicate ourselves to looking at new and creative ways to better serve our policyholders and claimants.

We are also forming a “Customer Advisory Group.” This committee will be composed of volunteers who meet twice a year to provide updates on the quality of our service. They will also offer recommendations for improving our policies and procedures. If you would like to volunteer, or would like more information on the “Customer Advisory Group”, call Shawn Holman at (803) 737-8115 or Gerald Murphy at (803) 737-7547.

These are only two of the ways we can get your feedback. You don’t have to join the “Customer Advisory Group” or wait for the customer survey to provide us with your comments. If you have a suggestion to improve our service, give us a call.
1996 Workers’ Comp. Case Law Update

Every year, the South Carolina Supreme Court and Court of Appeals decide a number of workers' compensation cases which have come to them through the appeals process, starting with the Workers' Compensation Commission. All appeals result from the ruling of a Single Commissioner which is appealed for a Full Commission review, then to Circuit Court and thereafter to the appellate courts. At each stage, one side or the other must continue the process by appealing to the next higher court. If no appeal is ever made, then the last decision issued in the case stands.

In 1996 both Courts have issued fifteen rulings (called “opinions”) in the workers' compensation field, although more might be issued after this newsletter goes to press. Four of the cases with the most impact and interest to public sector employers are reviewed here. Please keep in mind that these summaries only highlight items of interest to policyholders.

**Stephenson v. Rice Services, Inc.**
Stephenson was a Vietnam veteran with Post Traumatic Stress Disorder (PTSD) who worked 2 jobs although the VA Hospital had deemed him “unemployable.” Stephenson injured his back. The Supreme Court ruled that “where because of a work related injury an employee can perform only limited tasks for which no reasonably stable job market exists, that employee is considered totally disabled even though the employee shows some capacity for earning money.

**Moore v. City of Easley**
A police officer suffered a non-work related heart attack. After a subsequent high speed chase, he suffered angina which physicians stated was not related to the high speed chase but to underlying, non-work related heart disease. The Supreme Court held that angina is compensable only when it causes a disability to the worker and arises out of extreme or unusual work circumstances. To be compensable, the angina itself, not the underlying heart disease, must be the cause of the workers' disability.

**Liberty Mutual Insurance Co. v. South Carolina Second Injury Fund**
After a claimant suffered two separate back injuries, the employer's carrier attempted to obtain recovery for payments made after the second accident. The Supreme Court ruled that, to qualify for payments by the Second Injury Fund, the combination of the preexisting condition and the second injury must produce a greater disability than that which would have resulted from the second injury alone.

**Strickland v. Bowater, Inc.**
Mr. Strickland was rendered a quadriplegic as the result of an accepted 1992 accident. As such, he was awarded permanent and total lifetime disability benefits. Strickland purchased a van which was specially modified to accommodate his physical condition. The only issue in question centered on whether the employer was liable for the “base cost” of the unmodified van. The Court of Appeals upheld all earlier rulings and affirmed that Bowater was liable for the expense of the modifications, not the cost of the van itself.

In this case, the SC Court of Appeals also commented that while the state's workers' compensation law generally favors the employee, the law should not be so liberally construed that an employer is liable for medical benefits above and beyond the costs of necessary modifications in situations such as this. They also invited the General Assembly to address this matter for a possible amendment to the South Carolina Workers' Compensation Act.
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limited spaces are still available for the...

WORKERS’ COMPENSATION
EDUCATIONAL SEMINAR

February 11-12 or May 13-14, 1997
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 WCC FORMS & INTERIM REGULATIONS WILL BE COVERED!!!

Attendees will learn the basics of accident reporting, claims management, premium determination, and how to create a safety program. Participants can also meet with SAF staff members to discuss specific areas of interest or concern.

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

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

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

No registration can be confirmed without advance payment. Confirmation, lodging information, and a map will be sent 2 weeks before each session. Registrations are transferable, but not refundable. No-shows forfeit all registration fees. 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 or to make special arrangements.

WORKERS’ COMPENSATION EMPLOYER SEMINAR Registration Form

Name_________________________ Title_________________________

Organization__________________________________________________________________________________________

Mailing Address___________________________________________

Phone________ SSN________ First Time Attendee?________

Session (please circle one) - February or May Are you an SAF policyholder?________

Your responsibilities (circle all that apply): claims filing premiums safety supervision/management

Payment (circle one) - check enclosed PO attached...check to follow PO attached...invoice me
Claimant Brochure Created For ‘97

A new informational brochure has been developed for distribution to injured workers in hopes to provide them with basic information on the workers' compensation system and what they can expect during their involvement with the SAF claims management process.

The new publication outlines the basic types of benefits payable to an injured worker under the terms of the SC Workers' Compensation Act.

Topics include: a discussion of approved medical care options; eligibility requirements and payment guidelines for temporary-total (TT) disability income payments; the return-to-work process; and the WCC awards process for permanent disability.

A special section includes information on the legal rights and responsibilities of an injured worker, as related to their claim.

This brochure will be sent to a claimant, along with a notification letter, when SAF receives a WCC Form 12-A from an employer reporting an on-the-job injury. The "Fact Sheet", which was used for many years, has now been discontinued.

This brochure is one of many publications available from SAF to provide education and guidance on the workers' compensation system. They also help to define the roles of SAF, employers, and claimants in the claims management process.

Another SAF publication, the Supervisor's Guide to Workers' Compensation offers front-line supervisors and managers a concise reference tool for responding to workplace injuries.

How To Get Medical Bills Paid Faster gives a technical explanation of the process by which medical bills are reviewed and paid.

Currently under revision, the SAF Employer Manual is a comprehensive document on workers' compensation practices for claims and premium representatives. The SAF Employee Handbook provides answers to common questions posed by claimants.

Updated versions of the Employer Manual and the Employee Handbook will be sent to all policyholders later in 1997 once final legislative approval is given to the WCC interim regulations implemented in September 1996.

For more information on available publications, or if you have a suggestion for a future offering, please call Walter Caudle at (803) 737-7546.
Take charge of your Workers’ Comp. program

Will 1997 be the year that you start taking control of your workers’ compensation program?

Numerous studies have indicated that workers’ compensation costs can be one of the most manageable expenses in an organization. An effective workers’ compensation program also improves morale by creating an environment of knowledge and trust among employees. But in many cases, these benefits are often overlooked or even ignored.

A policyholder’s first step in managing their workers’ compensation program is becoming educated about the law and the claims management process. The SAF Workers’ Compensation Employer Seminar (see page 5) is a great source of “basic training” for anyone who files claims, develops personnel policies, or assists in the premium calculation process.

Once you are ready to review your own program, our in-house “Consulting Team” is available to analyze the unique needs of your organization and develop a customized plan to help you create an efficient and cost-effective workers’ compensation system.

For more information on the Employer Seminars, call Walter Caudle at (803) 737-7546. To get more details on the Consulting Team, call Gerald Murphy at (803) 737-7547.

FUNDAMENTALS Winter 1997

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