A Message From Pete Parker, SAF Director...

"Pardon our construction" as we make improvements to better serve policyholders, injured employees, and medical providers. In the first quarter of 1998, SAF will start the implementation of a new workers' compensation information management system. This technical milestone will greatly enhance our ability to partner with you to better manage claims. Some highlights are:

- Policyholders can complete and submit WCC Form 12-As (First Report of Injury) electronically.

- SAF can issue benefit checks in-house without the involvement of other agencies.

- Policyholders and SAF staff can communicate via Electronic Mail.

- Certain business transactions can be conducted via the Internet.

- Policyholders & injured employees will have greater access to detailed information about their claims.

All aspects of the workers' compensation process, from premium quotes and claim entry to accounting and auditing, will be fully automated and integrated. These new processes will reduce the potential for error, duplication, and re-work. Different SAF staff members will be able to work on one "electronic" claims file at the same time, eliminating the traditional industry problem of tracking paper files and locating misplaced documents.

There is, of course, a temporary downside to these enhancements. All of us will have to master new ways of doing business. We hope that you will be patient with us while our staff adapts to the technology afforded by the new system. I am confident that you will be pleased with the improvements.

In addition to the new automated system, we are reducing the case load of claims adjusters, redeploying additional staff into existing workflow teams, and redistributing work assignments by geographical area. These changes will enable us to cost-effectively establish and maintain a partnership with you at all levels of your organization. This partnership will allow us to better assess and satisfy your needs. As part of these changes, one adjuster will now handle both non-lost time and lost time claims for your organization, providing you with one contact for most claims-related matters.

Again, please be patient while we make these improvements. If you have comments, problems or concerns, I invite you to call me personally. My office number is (803) 737-8138 or (800) 521-6576. 

My home number is (803) 252-8820.

We are committed to being the preferred source of workers' compensation insurance services. We can and we will.
A New Year’s Resolution...

As our partnership heads into 1998, let’s make a resolution to coordinate our claims management activities from the minute an accident happens until the final closure of the claim.

Communication is vital. Many times, the acceptance of a claim depends upon the particular facts of the injury. You, as a policyholder, are in the best position to gather this information. While the First Report of Injury/WCC Form 12-A does not have enough space to accurately provide all the details, you can attach any additional information to it (Note on the 12-A that there is an attachment) or call your adjuster.

Litigated claims often hinge on the statements of the employee, supervisor or witness. Statements taken immediately after an incident tend to be more detailed and accurate. With time, people simply forget the specifics of an accident. Send statements to SAF immediately.

Once the claim is filed, keep the employee informed of the steps that will occur in the process. The more they understand, the less likely they are to feel the need to hire an attorney. Send claims in quickly so that they can be processed quickly and benefit payments can be started promptly. Encourage the employee to return-to-work and establish light duty transitional work policies.

If a claim cannot be resolved, litigation may be inevitable. At this stage, your initial investigation will prove most beneficial. Make sure that any in-house investigative notes have been sent to SAF. Ensure that witnesses are available to attend a hearing.

Most hearings have one vital person missing in the courtroom - the employer representative. Your presence in the courtroom can have a profound effect on the adjudication of the claim. The employee will be less likely to enhance his injuries when you are present. The Commissioner will see that you are concerned about your employees.

If you have any questions or concerns about a case scheduled for a hearing, please call the attorney assigned to that case or one of our in-house attorneys: Rose Mary McGregor (803) 737-8155 Bob McCulloch (803) 737-8164 Cyndy Polk (803)737-8160.

Training Curriculum Update

As part of our continuing effort to provide publications and educational programs to help you better manage your workers’ compensation program, SAF is still revising our training curriculum. A pilot program of classes will be developed for presentation during 1998 which will target training to specific individuals within your organization.

In addition to our ongoing safety training program, tentative plans call for:

⇒ a one-day basic class for those individuals who complete/submit First Reports of Injury/WCC Form 12-As and process claims paperwork. This class will be taught at a number of different locations throughout the state on an ongoing basis.
⇒ a separate class will provide detailed information about the premium calculation process.
⇒ a “management seminar” for supervisors and managers will provide a forum to discuss creative solutions to problems faced by a variety of different organizations.
⇒ an annual “SAF Update” session where new laws, regulations, and/or procedures will be presented.

However, before we implement this curriculum, we want to hear from you. Does this plan meet your needs? Are there other topics that should be addressed? We need your input.

To that end, if you would like to participate in a brief telephone survey regarding the development of our new curriculum, please call Walter Caudle at (803) 737-7546 before 2/2/98.
EDI Pilot Program In Testing Phase

The value of information is determined by its age and its accuracy. Information is the key to effective management. It doesn't matter if you are running an international corporation or managing a workers' compensation claim. To effectively and efficiently influence the outcome, you must have timely and accurate information.

To increase the timeliness and accuracy of our information, SAF is currently exploring ways for policyholders to submit First Reports of Injury/WCC Form 12-A to our new computer system via Electronic Data Interchange (EDI).

Employers who have the necessary computer equipment and software will be able to complete the First Report of Injury/WCC Form 12-A on their personal computers and transmit the information directly into our computer system via a regular phone line. Once in our system, the information can be immediately viewed and acted upon by the appropriate SAF personnel.

Submission of paper copies of First Reports of Injury via regular mail service adds additional time to the process. Even though SAF manually enters First Reports of Injury on the same day they are received, retyping also creates the potential for typographical errors and rework.

SAF is currently working with STAR Advanced Communications Concepts Corporation to test an EDI system for electronic submission of First Reports of Injury. Software has been distributed to a test group of SAF policyholders (free of charge) and installed on their personal computers. In addition to submitting 12-As to SAF, this system has the capability of distributing it electronically to other predefined users, as well as, printing a paper copy of the First Report of Injury/WCC From 12-A for internal records.

The software being tested requires an IBM-compatible personal computer with a minimum of a 486/50 MHz processor, 8 MB of RAM, a Windows '95 or NT operating system, a Hayes-compatible modem, and a non-dedicated telephone line.

SAF's EDI program is part of a continuing effort to reduce the volume of paper documents created as part of the workers' compensation claims process. EDI transmissions to SAF will automatically become part of the appropriate "electronic" file.

EDI filing of First Reports of Injury will be available to all SAF policyholders in the near future. If you want more information on this new program, please contact Tosca Battle at (803) 737-8176.
Premium Reduction Averages 8% for 1998

SAF has reduced classification rates an average of 8% for workers’ compensation insurance policies issued on or after January 1, 1998.

This reduction in overall rates is in recognition of the decrease in the frequency and severity of workers’ compensation claims filed during the past year.

SAF is also introducing additional discounts for policyholders with modified premiums that exceed $10,055. Specific discount percentages and amounts will vary with individual policyholders.

For existing policyholders, these rate reductions and discounts will be automatically calculated at the next renewal period on or after 1/1/98.

For additional information, please call Shawn Holman at (803) 737-8115.

Automated Reserving Improves Accuracy

One of the less obvious but very important components of our new Claim Management System is a new automated reserving system call MIRA (Micro Insurance Reserve Analysis). MIRA is a product of Risk Data Corporation. It is the first automated loss-reserving system for workers’ compensation claims.

What are reserves and why are they important? Without the aid of a crystal ball, the only time the exact cost of a claim can be determined is when it has been closed for over a year with no change in condition. However, when a claim is accepted, the insurance carrier is required to set aside funds to pay for that claim. The amount set aside is called the claim reserves.

If an insurance company fails to set aside sufficient funds to cover the total cost of the claims received, it will become insolvent. If the amount is too high, it could drive up the policyholders’ premiums by overestimating their losses. This would result in a loss of customers.

Why MIRA? Our current system uses limited historical data to automatically generate an initial reserve for each new claim. The adjuster reviews and manually adjusts the reserve amount as the claim is managed. MIRA uses an historical database of over 20 million claims provided by 54 insurance companies, third party administrators, and state funds. MIRA weighs a variety of variables such as zip code, job class code, injury type/severity, medical information and demographic profiles for each employee to develop not only an initial reserve amount, but to periodically update that reserve automatically throughout the life of the claim.

How does MIRA help my organization? The combination of a larger database, more complex statistical processing, and the individually tailored nature of this advanced system will greatly increase the accuracy of claim reserves. This increased accuracy and more frequent updates will enable us to identify and focus additional attention on large or potentially problem claims in a more timely fashion.

As a policyholder you may never see MIRA at work. What you will see are earlier identification of problem claims, more accurate estimates of the claim costs, and consequently, for experience-rated policyholders, more accurate estimates of your actual losses.
New Process Ensures One Claims Contact

- "We never know which of our adjusters is handling a claim."
- "I'm not sure who I need to speak with when I need claims information."
- "The system is confusing."

In the past, SAF has assigned claims to adjusters based on two criteria: the policyholder and the type of claim. This resulted in each policyholder having to deal with several different members of our staff depending entirely on the unique characteristics of the claim.

Claims initiators managed "medical only" claims, while one (1) adjuster per team dealt exclusively with "non-lost time" claims. Another adjuster handled only "lost time" claims. If the claim included a third party or Second Injury Fund recovery, it was sent to yet another individual for special processing.

Specialization made the claims process much more efficient for us, but caused confusion for some of our policyholders as dramatized by the comments at the beginning of this article. What made this old system even more confusing was that a claim, which at first appeared to be minor, might be handed off to one or more different adjusters as its complexity became more apparent.

Based on comments received from our customers, we had to find a more user-friendly way of doing business. We set out with one objective in mind: "Improve customer service by reducing the number of people each policyholder has to contact to get information." The challenge was to create a system in which each policyholder had one point of contact for most claims questions. In order to do this, we had to recruit and train new adjusters to lower the current case load for individual adjusters. Next, we had to begin cross-training adjusters to manage all types of claims.

The implementation of our plan is underway. New adjusters have been identified and extensive training has been scheduled. Immediately after the training is completed, policyholder accounts will be redistributed. These assignments will be based on geographic (zip code) location of the claims contact for the account. We have tried, where possible, to keep adjusters with current customers.

Each adjuster will send a letter of introduction to their new customers. Also included in that letter will be the name and phone number of the adjuster's supervisor.

By simplifying our system we hope that we can provide you with the quality of service you expect and deserve.

We apologize if this change is inconvenient. It is difficult to find a simple solution to such a complex problem. If you have any concerns, please call Janis Howard at (803) 737-8171.
SAF To Generate Checks Internally

The Office of the Comptroller General has authorized SAF to establish an internal checkwriting system.

Final approval was granted after SAF’s 1996-1997 financial statements were reviewed as part of a final audit. The audit indicated that SAF had the sufficient level of internal checks and balances needed to manage this very important function.

A new streamlined procedure will replace the current process, which requires the involvement of SAF, the Office of the Comptroller General, and the State Treasurer’s Office. Even under ideal conditions, a check processing request may currently take several days and involve multiple paper transactions.

This new procedure eliminates the use of outside agencies, reduces paperwork, and will facilitate the prompt payment of benefits to injured employees and medical providers.

The in-house checkwriting system will also integrate with SAF’s new claims management system to provide automated recordkeeping for all claims files and SAF financial records.

Implementation will occur during the ongoing installation of SAF’s new computer system.