July 6, 1999

Dear SAF Policyholders,

I am writing to let you know that SAF has just gone “live” with a totally new and very complex workers’ compensation information management system. The long-term benefits associated with this system will enhance the quality of services we provide to injured workers and policyholders.

However, progress also brings some temporary inconvenience. Although things seem to be going well, I suspect we will experience some processing delays while we continue to tweak the new system.

If you experience any difficulty with your workers’ compensation claims or policy, please contact the appropriate SAF staff member. Other key personnel who might help expedite a resolution to a problem are:

Gwen Adkins, Chief Administrative Officer (803) 896-5870
Ross Gamble, Chief Operations Officer (803) 896-5821
Vicki Lewter, Ombudsman (803) 896-5916

If I can be of assistance, please contact me directly via phone (803/896-5875) or e-mail (Parker@saf.state.sc.us).

Your patience and input will be most appreciated.

Sincerely,

Irvin D. Parker
Director
New Technology Means New Work Processes

The advent of a new information management system has changed the way SAF staff members perform virtually every task within the organization. New technology has also allowed SAF to enhance services in several operational areas. Policymakers will see a number of changes, both immediately and over the next several months. Here are some highlights:

All policyholders have been assigned new account numbers. Claim numbers assigned to injured workers will now have a 10-digit scheme versus the old 9 digit configuration.

All benefit payment checks are now issued via an in-house checkwriting system. This process eliminated a series of time-consuming and paperwork-intensive processes involving the Comptroller General and State Treasurer's offices.

An Explanation of Benefits form (EOB) is now included with all benefit payment checks.

Policyholders will no longer receive an acknowledgement letter when making a premium payment. All billing and payment transactions will be contained on a new billing invoice. A new premium statement will provide detailed information on how premiums are calculated.

Monthly and Quarterly Employer Accident Reports are being modified to reflect a more user-friendly format.

Virtually all incoming mail is now electronically scanned, indexed, and routed to the appropriate SAF staff member.

Medical bills are now being reviewed by SAF's Accounting department prior to being sent to the Claims unit for payment approval. This process change ensures that billing documentation submitted by medical providers is in compliance with all SC WCC, SAF, and IRS regulatory requirements.

Before the end of the 1999 calendar year, SAF will also be linked to the Insurance Services Office, Inc.'s ClaimSearch Claim Reporting and Search system. Known commonly within the insurance industry as the "Index Bureau," ISO ClaimSearch provides access to historical information on 65 million bodily injury, property, and auto claims compiled by insurance carriers throughout the United States.

Access to this database will provide SAF with yet another tool to investigate questionable claims and combat insurance fraud. As part of the reciprocal agreement, SAF will also begin providing claims information to this database.

In the near future, SAF plans to unveil its new Internet Web Site, to include on-line accident reporting and policyholder access to historical claims and premium data.

Stay tuned for further developments...

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THE SAF SOURCE is a quarterly newsletter published by the SC State Accident Fund as a vehicle to provide news, technical information, and guidance to state/local government policymakers, policymakers, and others concerned with the management of workers' compensation programs.

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New Ergonomics Standard Pending Approval

By now, you have probably heard that OSHA’s much-anticipated Ergonomics Standard is looming on the horizon. OSHA has published the draft proposal and plans to publish the formal, complete proposal (with preamble) for public comment this fall. Hearings will then be held in several cities and you can expect the final standard to be issued next year.

Before the standard goes into effect, there are several issues that employers need to address:

**Will this standard apply to my workplace?**
According to the draft proposal, this standard will apply to your organization if you meet any of the following criteria:

1. You have a manufacturing operation;
2. Your operation consists of manual or material handling; or
3. You have a job where a “work-related musculoskeletal disorder” (WMSD) is reported after the effective date of the final standard. A WMSD is one that is considered recordable on your OSHA 200 log, or would be recordable if you were required to keep OSHA logs.

The injury/illness must have occurred on a job where the WMSD hazards present are likely to cause or contribute to the type of injury reported. Also, a significant part of the injured employee’s regular job duties must involve exposure to these WMSD hazards.

**Will office-related occupations be covered?**
Office-related occupations have proven to be contributors to WMSDs and almost certainly will be covered.

**What are the basic elements of an OSHA approved ergonomics program?**
OSHA has identified 6 basic elements of an ergonomics program:

1. Management leadership and employee involvement;
2. Hazard identification and information;
3. Job hazard analysis and control;
4. Training;
5. Medical management; and
6. Program evaluation.

**Where can I find more information?**
A copy of the draft standard can be obtained from the US Department of Labor’s Occupational Safety and Health Division or by visiting OSHA’s website at www.osha.gov.

You may also contact State Accident Fund’s Safety and Loss Prevention Department for further information.

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**Clarification**

An article in the Spring ’99 Issue of The SAF Source focused on SAF being the industry leader in recoveries from the SC Second Injury Fund.

The article indicated that the Second Injury Fund receives its funding from assessments paid by all SC workers’ compensation carriers based on each carrier’s total premium revenue.

The assessment is actually based on each carrier’s total workers’ compensation losses.

Thanks to Doug Crossman from the Second Injury Fund for bringing this distinction to our attention.
Workers' Compensation Case Law Update

The South Carolina Supreme Court and Court of Appeals have issued several important decisions in recent months in the area of workers' compensation. These cases are highlighted below.

Dodge had a work-related accident which re-injured his lower back. After Dodge's authorized treating physician released and rated him as being at maximum medical improvement (MMI) with a 30% impairment rating, Dodge still required prescriptive medicines to manage pain so he could function and return to work.

The doctor stated Dodge would probably need "treatment and maintenance medication for the rest of his life or his period of disability would increase." The single commissioner assigned a 45% permanent disability to the back but denied additional medical benefits since Dodge had reached MMI.

The Court of Appeals, applying §42-15-60, held "an employer may be liable for a claimant's future medical treatment if it tends to lessen the claimant's period of disability, despite the fact the claimant has returned to work and has reached maximum medical improvement."

The Court noted §42-15-60 addresses "disability" not "impairment" or "maximum medical improvement" and Dodge's reaching MMI had "no bearing on the determination of whether Brucelli was liable for medical treatment..."

**Tiller v. National Health Care Center of Sumter** (Mar. 1999)
Tiller, a nurse, injured her lower back and right leg. The single commissioner found the accident aggravated a pre-existing back condition and her discitis, a disc space infection which is caused by E. coli bacteria.

Attorneys for the employer argued Tiller needed to establish to a reasonable degree of medical certainty the discitis was present prior to the accident. The Supreme Court distinguished between medical evidence required in civil cases as opposed to workers' compensation cases.

The Court held that expert medical testimony is not required to establish causation in a medically complex condition in workers' compensation cases. "The Commission is given discretion to weigh and consider all the evidence, both lay and expert, when deciding whether causation has been established. Expert medical testimony is designed to aid the Commission in coming to the correct conclusion; therefore, the Commission determines the weight and credit to be given to the expert testimony." [Emphasis added.]

**Hinton v. Designer Ensembles, Inc.** (April 1999)
Hinton was a supervisor who injured his back and right ankle at work. Prior to the accident he had never missed a day of work, been tardy, or disciplined. Hinton was treated conservatively and released in October 1994 to return-to-work, with restrictions on November 1. He worked a full shift that day but felt back pain.

The next day he came to work, but called his supervisor complaining of pain and stating he was going to leave work if the pain continued. Hinton tried to get another appointment with his authorized treating physician, who refused to see him but scheduled an appointment with an orthopaedic specialist.

Hinton called in to work on November 3rd and 4th complaining of pain. On November 5th and 7th, he did not call. On November 8th, 9th, and 10th, he called and complained of pain preventing him from coming to work. Hinton's supervisor told him his absences were unexcused.

Hinton called in on November 11th and was informed of his termination for too many unexcused absences. The Court of Appeals ruled the termination supported a retaliatory discharge claim.

The court noted that the authorized treating physician who released Hinton in October did not take an x-ray or MRI of Hinton's back. The orthopaedic specialist ordered an MRI which revealed a herniated disc. The court also noted Hinton's "sterling prior work history with no previous absences" and his employer's constant contact with the treating physicians, which provided knowledge of Hinton's physical status.

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**Clawson named WCC Executive Director**

The SC Workers Compensation Commission has appointed Alicia Clawson to serve as Executive Director.

Ms. Clawson is a 1990 graduate of the University of South Carolina School of Law, and was formerly Deputy Director for Licensing and Education Services at the SC Department of Insurance.

She replaces Michael Grant LeFever, who resigned earlier this year to accept a position in Gov. Jim Hodges' administration.
WORKERS’ COMPENSATION UPDATE '99

claims session - September 21, 1999 9 a.m. - 4 p.m.
premium session - September 22, 1999 9 a.m. - 12 p.m.
safety session - September 22, 1999 1 p.m. - 4 p.m.
at SAF in Columbia, SC

Update sessions will provide SAF policyholders with timely & practical information designed to enhance the effectiveness of your workers' compensation program. The only prerequisite for attendance is a basic understanding of the SC workers' compensation insurance system.

Registration is free, but space is limited.

Topics for the tentative Claims agenda include:
• legislative, regulatory, and case law updates
• prosecuting fraudulent claims, with Michelle LaVenture from the SC Attorney General's Office
• "Ask The Commissioner", featuring The Honorable Holly Saleeby Atkins from the SC WCC
• SAF's new Internet site and on-line accident reporting process
• overview of OSHA's new Ergonomics Standard
• SAF's new managed care prescription program
• claims investigation procedures, with Robert Berg from Robert Berg Investigations, Inc.

The tentative Premium agenda includes:
• introduction to SAF's new Internet site
• new billing invoices and premium statements
• SAF's new automated Policyholder Services software

The tentative Safety agenda includes:
• OSHA's new Ergonomics Standard
• overview of SAF's new Internet site
• changes in OSHA's Forklift and Respiratory Standards

Final agenda, lodging information, and a map will be sent 2 weeks before each session. Meals not included. Contact Walter Caudle at (803) 896-5814 or WCaudle@saf.state.sc.us for more information or to make special arrangements.

SAF WORKERS’ COMPENSATION UPDATE ’99 Registration
PO Box 102100 Columbia, SC 29221-5000 or Fax to (803) 896-5828

Name __________________________________________ Title ____________________________

Organization ____________________________________________

Mailing Address ____________________________________________

Phone(_____) __________ Fax __________ e-mail __________

Circle session(s) you wish to attend:

Your responsibilities (circle all that apply): claims filing premiums safety supervision/management
Heavy Lifting Jobs Have Highest Injury Rates

(From Associated Press reports) Jobs that require heavy lifting are getting extra attention from safety officials because of high rates of injury and illness.

Nursing homes, trucking companies, and warehouses led a list of nearly 12,500 workplaces where the number of days lost to job-related health problems convinced OSHA to suggest bosses examine how they might keep their employees healthy.

"It surprises a lot of people that nursing home work is one of the most dangerous occupations in America - more dangerous than working in a coal mine or a steel mill," said Andrew L. Stern, president of the Service Employees International Union.

Employers on the receiving end of the special notices said that they had been working on safety improvements for a long time, and noted they were targeted on the basis of 1997 data.

"That was two years ago," said Dan Springer, vice president of public relations for Beverly Enterprises, Inc., an Arkansas-based nursing home chain. "Over the course of the last couple years, recognizing the strain that is inherent in our business...we've taken action to mitigate workplace injury."

"Roughly three-quarters of the injuries that take place in a nursing home relative to workers' compensation are back-related, due to the lifting of residents, primarily," Mr. Springer said. He said the company has invested $15 million in mechanical lifts.

The company also has spent $5 million on training in the proper techniques for lifting patients who are unable to get out of a bed or chair unassisted.

United Parcel Service, which joined Beverly at the top of the list of companies receiving multiple OSHA notices, has spent nearly $1 billion since 1995 on improving health and safety programs, said spokesman Tom Walsh.

Days lost to disability are on the decline at UPS, dropping by 7.5% in the first quarter of 1999. Mr. Walsh attributed that to a recent company effort to work with its unions to encourage safer work practices.