New Fraud Detection Software Being Installed

The South Carolina State Accident Fund is pleased to announce that we are currently installing a new fraud detection system. This system, called VeriComp Claimant Fraud and Abuse Detection System, is a state of the art fraud and abuse detection process that will serve as a valuable tool for investigating questionable claims. VeriComp is the tool we will use to improve our odds in fraud detection and make this detection easier.

Estimates show that more than ten percent of workers compensation claims are fraudulent. Of those, less than twenty percent are currently being detected. Insurance fraud is the second largest economic crime in the United States, exceeded only by tax evasion. Claimant fraud and abuse can take many forms such as claiming a false injury, double dipping, non-work related injury, malingering and drug seeking. The fraud detection process involves scoring all claims which leads to detection of possible fraud, review of the claim, action and reaching the goal of money saved. VeriComp continuously monitors every open claim looking for signs of potential fraud and abuse. It is our hope that VeriComp will keep the SAF from paying out on fraudulent claims, thus saving our policyholders money.

VeriComp is the only predictive technology tool that exists today to detect fraudulent or suspicious workers’ compensation claims. It eliminates large segments of claims with little risk of fraud or abuse, instead picking up only the most suspicious ones for further review. By doing this, the system is able to detect potential fraud and abuse earlier than other methods.

We anticipate that the VeriComp system will be up and running early next year.
Ask SAF....

Q What injuries are not covered under workers' compensation insurance?

A Specifically, injuries or deaths resulting from the following conditions are not, in most cases, covered by your workers' compensation insurance:

- an intentional act to injure or kill oneself or others;
- intoxication;
- the use of illegal drugs; and/or
- activities that do not arise out of or in the course of employment.

Please feel free to write, e-mail or call the editor with any questions you would like to see addressed in this column.

FYI:

Insurance premiums continue to rise sharply across all insurance lines. Commercial premiums are up between ten percent and fifteen percent over last year. This is the biggest increase in fourteen years. There are many factors in this increase: decreasing returns on investments by insurance companies, increasing medical costs, increasing jury awards and continued under pricing of insurance policies.

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

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The Top Ten Ways to Reduce Your E-Mod

Editor’s Note: These results are reprinted with permission from a survey conducted by Specific Software Solutions, LLC. Their website is www.specificsoftware.com.

1. Enact a return to work program appropriate for the employee’s work restrictions.
2. Conduct pre-employment, post-accident and random drug testing.
3. Implement a robust safety program that starts with initial new hire training, is followed up on a regular basis, and places the burden of accountability on the line managers. To be most effective, senior management must emphasize the strategic importance of these programs to the organization as a whole.

4. Verify the accuracy of the mod computation. Mistakes sometimes do occur.
5. Report and manage claims properly.
6. Carry a large deductible and pay smaller claims.
7. Review claims with your claims adjuster on a regular basis for a certain claim threshold (for example, claims greater than $10,000).
8. Be aware of tasks that seem to repeatedly cause injuries and change the nature of these tasks.
9. Highlight the true cost of a loss.
10. Implement a company wide rewards program for reduced claims frequency.

Welcome New Policyholders!

Bamberg Rescue Squad, Inc.
Bamberg, SC

Calhoun Falls Rescue Squad
Calhoun Falls, SC

Charleston County Human Services
Charleston, SC

First Steps to School Readiness
Columbia, SC

Georgetown County Council on Aging
Georgetown, SC

Lady’s Island St. Helena Fire District
Beaufort, SC

Midway Fire Department
Pawley’s Island, SC

Pee Dee Regional Transportation Authority

Thank You!
OSHA 300 Training

Safety and Loss Control will soon be conducting training on the new OSHA 300 standards. The location, date and times are listed below. Reservations for these classes will be on a first come, first serve basis and seating at each site will be limited. **There is no charge for this training.** To sign up for one of the classes, please call or e-mail a Safety and Loss Control Specialist as soon as possible.

October 18, 2001 at 10:00 am – State Accident Fund Office in Columbia

October 25, 2001 at 10:00 am – State Accident Fund Office in Columbia

November 9, 2001 at 10:00 am - Coastal Carolina University in Conway

November 15, 2001 at 9:30 am - Greenville Technical College in Greenville

Please call or e-mail your Safety and Loss Control contact to reserve your seat for the training.

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Deaths at SC Workplaces Continue to Decline

The number of fatalities on the job at South Carolina workplaces declined last year. The number of deaths in 2000 was down to 114 from 140 in 1999. Most of the decrease has been attributed to fewer transportation incidents. Several employers say the decrease can be tied to safety campaigns and training to raise safety awareness. However, transportation continued to be the main cause of job related deaths last year in South Carolina. On a national level, construction incidents were the main cause of job related deaths.

Most categories had a reduction in deaths in South Carolina last year. The only exception was the category of deaths caused by contact with objects and equipment. This number jumped to 21 deaths from 12 in 1999.
Recreational and Sports Injuries

Sports teams and organized recreational activities are often seen as a good way to create good working relations and a way to blow off some steam. As in all physical activity, people do get hurt – SAF sees the most claims from basketball and softball injuries. Whether these injuries fall under workers’ compensation depends on a number of factors. Those listed below appear to be the most important factors in determining compensability of recreational injuries.

1. Was the activity done on the employer’s time? (As opposed to after working hours.)
2. Did the employer actively recruit or actively encourage employees to participate in the activity?
3. Did the employer require employees to participate in the activity?
4. Was the activity done on employer’s premises? (For example, a softball field or basketball court on the premises.)
5. Did the employer provide equipment, shirts, shoes or other materials?
6. Did the employer sponsor the activity, or was there an appearance of sponsorship?
7. Did the employer control the activity?
8. Did the employer derive any specific benefit from the activity? (A general benefit, such as happy and more productive employees because they can do the activity, does not count).
9. Did the employer pay for the employees to be involved in the activity? (For example, employer paying dues for team of employees to be involved in a softball league.)

Every situation is different. The more “yes” answers to the above questions, the more likely than not the injury will be compensable. However, the case law in this area shows that courts are reluctant to find that sports injuries fall under workers’ compensation. The key appears to be if the employer controls the activity then it is probably compensable. If the employer does not control the activity, even though numbers 1-6 and 8-9 (above) are answered “yes” then chances are good that the recreational injury is not compensable. What constitutes “control” will vary with each situation. As always, the facts of each injury must be analyzed to determine if the injury is compensable.

Have a Safe & Happy Holiday Season!
The ABCs of Workers’ Comp

Informal Conference—A non-binding arbitration meeting attended by the claimant, the employer/carrier representative, and either a commissioner or claims mediator, for the purpose of reaching a Form 16 settlement for permanent disability. All parties must agree to the settlement, which must also be approved by a commissioner. If the parties do not agree, then the matter is set for a full hearing.

Non-Binding Arbitration—Advice and recommendations from a commissioner or claims mediator, as to matters resolved during an Informal Conference. These recommendations are not binding on either party unless all parties agree to and sign the Form 16.

Full Commission Review — A three (3) member review panel of the South Carolina Workers’ Compensation Commission who review the appeal of an Order issued by an individual commissioner.