

**FINANCIAL REPORT
FY ENDING JUNE 30, 2010**

General Appropriation		
	Amended Budget	Actual
REVENUES		
General Appropriation	\$ 2,316,006	\$ 2,316,006
EXPENDITURES		
Commissioners	\$ 1,070,244	\$ 1,070,244
Administration	\$ 310,541	\$ 310,531
Claims	\$ 148,342	\$ 148,342
Insurance & Medical Services	\$ 174,688	\$ 174,688
Judicial	\$ 84,618	\$ 84,618
Fringe Benefits	\$ 527,563	\$ 527,563
Total	\$ 2,315,996	\$ 2,315,986
Operating Surplus (Deficit)		\$ 10

Earmarked Funds		
	Amended Budget	Actual
REVENUES		
Training Conference	\$ 12,000	\$ 1,920
Publications & Brochures	\$ 11,000	\$ 20,732
Award Review Fees	\$ 162,000	\$ 78,950
Sale of Photocopies	\$ 95,000	\$ 94,635
Filing Violation Fees	\$ 1,301,335	\$ 2,332,081
Sale of Listings and Labels	\$ 70,000	\$ 36,627
Hearing Fees	\$ 600,000	\$ 587,575
Total	\$ 2,251,335	\$ 3,152,520

Transfer Fund Balance	666,538	
Total Revenues	\$ 2,917,873	\$ 3,152,520

EXPENDITURES		
Commissioners	\$ 611,919	\$ 569,437
Administration	\$ 620,082	\$ 598,658
Claims	\$ 391,739	\$ 367,416
Insurance & Medical Services	\$ 495,792	\$ 459,976
Judicial	\$ 452,683	\$ 406,936
Other Employee Contributions	\$ 344,658	\$ 322,447
Total Expenditures	\$ 2,916,873	\$ 2,724,870
Total	\$ 2,916,873	\$ 2,724,870

Operating Surplus (Deficit)		\$ 427,650
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Gen App & Earmarked Funds	Revenues	Expenditures
Total	\$ 5,468,526	\$ 5,040,856

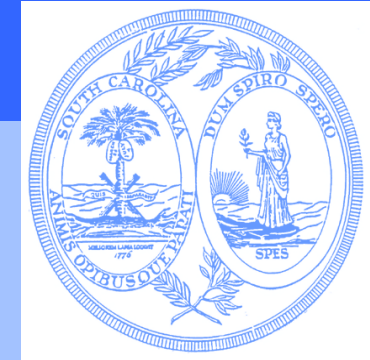
Computer System Data Base	\$ 261,868	\$ 207,108
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**STATISTICAL RECAP
FY ENDING JUNE 30, 2010**

Number of Policies Issued	75,006
Number of Employers Qualifying as Self-Insurers	2,101
Investigations Active Beginning of Fiscal Year	336
Investigations Initiated	1,375
Investigations Set for Show Cause Hearings/	193
Compliance Agreements Received *	409
Total Investigations Closed	1,257
Investigations Active at Close of Fiscal Year	425
Number of Accident Cases Filed with the Commission	58,753
A. New Cases	57,178
B. Reopened cases	1,575
Number of Cases Closed during Fiscal Year	62,536
A. Individually Reported Accidents	29,044
B. Minor Medical Only Accidents Reported	33,492
Total Compensation & Medical Cost Paid on Closed Cases	\$824,291,483
Medical Costs	296,016,200
Compensation	528,275,283
Temporary Compensation Agreements	15,580
Agreements for Permanent Disability	3,674
Applications for Stop Payment **	2,206
Cases Docketed for Hearings	10,912
Cases Assigned for Informal Conferences	6,264
Hearings Conducted by Single Commissioners	2,211
Informal Conferences Conducted	3,549
Decisions, Opinions & Orders, Single Commissioners	2,100
Cases Appealed to Full Commission for Review	647
Reviews Conducted by Full Commission or Panel	357
Decisions and Opinions by Full Commission or Panel	367
Commission Decisions Appealed to Circuit Court	178
Common Law Settlements	10,715
Attorney Fee Approvals	9,343
Self-Insurance Tax Collected	\$4,909,303
* Formerly Consent Agreements; **Includes 60-Day Notice	

**South Carolina
Workers'
Compensation
Commission**

**Annual Report
FY 2009-2010**



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THE YEAR IN REVIEW

The South Carolina Workers' Compensation Commission is pleased to report of its activities and accomplishments for Fiscal Year ending June 30, 2010. Even though the Commission continues to be impacted by the reduction of its state appropriated funds it does not lose sight of its mission to provide an equitable and timely system of benefits to injured workers and employers in the most responsive, accurate, and reliable manner possible. The Commission staff is in a mode of continuous improvement to accomplish this mission with fewer resources and improving process efficiencies and using innovative technology.

Financial Condition

- State appropriations to the Commission has been reduced during the past three fiscal years. By comparison the Commission's total budget in FY 07-08 was \$5.5 million, \$3.6 million appropriated general funds and \$1.9 million from earmarked/earned funds. The FY 2009-10 Budget was \$5.2 million, of which \$2.3 million was appropriated from the state general fund and \$2.9 from the earmarked/earned funds.
- The Commission ended FY 09-10 with an operating surplus of \$427,650 in the Earmarked Fund due to improved processes assessing and collecting fines, streamlining processes and procedures, eliminating the funding of four positions, realigning duties and responsibilities, and outsourcing functions.
- The Commission has 65 approved positions, however only 54 are funded. Duties and responsibilities of the eleven unfunded positions were eliminated or reassigned to existing personnel or outsourced.

Information Technology

- Completed electronic imaging of 38,138 case files of cases closed July 2007 through December 2008. Shredded 1,029 cubic feet of paper documents.
- Increased the average number of documents scanned per month from 18,000 to 19,501. Created digital images of 234,016 documents.
- The Judicial Department and the Self Insurance Division began electronic imaging of all documents received daily.
- Created eCase, an Internet portal through the Commission's website, to provide real time access to case status and scheduling information for registered users and the claimant. The registered users include attorneys, insurance carriers, and self-insured employers. As of June 30 there were 864 registered users with an average of 4,000 inquiries per month.
- In February 2010 implemented the first phase of serving hearing notices and Commission's Decisions and Orders electronically via email.
- Implemented a system to receive Proof of Coverage information from NCCI in edited daily transactions rather than an unedited bi-monthly data transfer.
- Implemented a system to allow access to coverage data for self-insured carriers and employers via the Internet.

THE YEAR IN REVIEW—cont.

Communication/External Relations

- Conducted a training workshop on workers' compensation regulations, policies and procedures for fifty stakeholders. Participants included insurance adjusters, paralegals and attorneys.
- Developed and posted on the Commission website Commissioners' Preferences for attorneys to use in preparation and submission of documents for cases.
- Produced the first Quarterly electronic newsletter.
- Posted all agendas for the Commission Business Meetings on the Website two days prior to the meetings.
- Appointed an ad hoc committee to review the current Medical Services Provider Manual model to calculate the Maximum Allowable Payment model as well as other models (Medicare + percentage) for calculating a fee schedule and make recommendations accordingly. The Committee met over a four month period and presented their report in July.

Compliance

- Compliance investigations increased by 21% (FY 09-1,092 – FY 10-1,375).

Claims

- From FY 08-09 to FY 09-10 there was a decrease of 18% in the total number of cases filed with the Commission (71,973 to 58,753). The biggest factor in this decrease was a 27% decrease in the number of 12M minor medical cases reported (45,660 in FY 08-09 and 33,492 in FY 09-10).
- Processed 14,571 settlements (Clinchers, Form 16s, and third party settlements) and 24,494 initial notices of payments.

Hearings

- The number of cases assigned for informal conferences increased in FY 09-10 to 6,264 from 3,734 in FY 08-09. The substantial increase in the FY 09-10 may be attributed to a change in the methodology of calculating the number of informal conferences requested.
- Conducted 3,549 informal conferences.
- Docketed 10,912 cases for hearings by a single commissioner.
- Reduced the average number of days to process a proper request for a hearing from 42 days to 29 days.

Appeals

- Processed 647 appeals to the Full Commission.
- The Full Commission conducted 357 appellate hearings.

COMMISSIONERS

July 1, 2009 - June 30, 2010

Andrea C. Roche, Chairman
Susan S. Barden, Vice Chair
G. Bryan Lyndon
David W. Huffstetler

Derrick L. Williams
T. Scott Beck
Avery B. Wilkerson, Jr.

Executive Director — Gary M. Cannon

THE YEAR IN REVIEW—cont.

System Overview

Premiums

- Premiums paid into the workers' compensation system totaled \$930.3 million in FY 09-10. The Commercial market reported calendar year (CY) 2009 \$586.9 million or 63% of the total premiums paid. Self insurance reported for FY 09-10 \$253.3 million or 27% of the total premiums paid. The State Accident Fund reported \$90 million or 10% of the total premiums paid for FY 09-10.

Insurance Tax

- The amount of self insurance revenue collected by the Commission and remitted to the State's General Fund was \$4.91 million in FY 09-10. The amount of Workers' Compensation Insurance Tax (2.5% of premium) collected by the State on the commercial premiums written in CY 09 was approximately \$14,673,877.

Total Cost (Medical and Indemnity)

- For claims closed during FY 09-10 the total cost of medical and indemnity was \$824.3 million.
- Medical expenses totaled \$296.0 million or 36% of the total.
- Compensation totaled \$528.3 million or 64% of the total.

Average Cost Per Claim

- For all claims closed in FY 09-10 the average cost per claim was \$13,181 (\$4,734 for medical and \$8,448 for indemnity). This includes the cost for all minor medical cases reported on 12M forms.

Indemnity Awards – Temporary

- Awarded \$14.98 million in Temporary Partial (TPD) and Temporary Total (TTD) or 2.84% of total Indemnity. This is 1.82% of the total system cost of Medical and Compensation.

Indemnity Awards - Permanent

- Awarded \$14.3 million in Permanent Partial Disability (PPD) and Permanent and Total Disability (PTD), including disfigurement. This is 2.71% of the total cost of Indemnity and 1.74% of the total cost of Medical and Indemnity.

Indemnity Settlements/Agreements

- For all cases closed in FY 09-10, \$498.9 million or 94.46% of the total Indemnity was paid out as a result of agreements reached between the parties. The Commissioners awarded \$29.2 million or 5.54% of the total Indemnity.

Controlling Costs to the System

- The Commission approved a new Medical Services Provider Manual (physician's fee schedule) effective July 1, 2010. The projected increase on the total cost (medical and compensation) to the system is 1.7%. The last update to the fee schedule was 2003.
- The total medical cost to the system went down by \$126.4 million (\$422.4 million to \$296 million) or 30% between FY 08-09 and FY 09-10. In 2006 the Commission approved the Hospital Inpatient and Outpatient Fee Schedule. The new schedule was based upon a Medicare plus 40%.