

FINANCIAL REPORT
FY ENDING JUNE 30, 2012

General Appropriation

	Amended Budget	Actual
REVENUES		
General Appropriation	\$ 1,763,619	\$ 1,763,618
EXPENDITURES		
Commissioners	\$ 1,094,859	\$ 1,094,859
Administration	\$ 142,727	\$ 142,727
Claims	\$ 73,700	\$ 73,699
Insurance & Medical Services	\$ 25,350	\$ 25,350
Judicial	\$ 27,858	\$ 27,858
Fringe Benefits	\$ 399,125	\$ 399,125
Total	\$ 1,763,619	\$ 1,763,618
Operating Surplus (Deficit)		\$ 1

Earmarked Funds

	Amended Budget	Actual
REVENUES		
Training Conference	\$ 1,000	\$ 6,315
Publications & Brochures	\$ 8,000	\$ 6,370
Award Review Fees	\$ 75,000	\$ 73,200
Sale of Photocopies	\$ 95,000	\$ 88,250
Filing Violation Fees	\$ 1,891,000	\$ 1,669,188
Sale of Listings and Labels	\$ 30,000	\$ 25,133
Hearing Fees	\$ 600,000	\$ 562,050
Insurance Reserve Refund	\$	\$ 33,238
Total	\$ 2,700,000	\$ 2,463,744
Transfer Fund Balance	612,490	
Total Revenues	\$ 3,312,490	\$ 2,463,744
EXPENDITURES		
Commissioners	\$ 524,001	\$ 513,414
Administration	\$ 776,196	\$ 645,580
Claims	\$ 466,390	\$ 466,973
Insurance & Medical Services	\$ 596,819	\$ 556,548
Judicial	\$ 499,086	\$ 469,339
Other Employee Contributions	\$ 449,998	\$ 449,998
Total Expenditures	\$ 3,312,490	\$ 3,101,852
Total	\$ 3,312,490	\$ 3,101,852
Operating Surplus (Deficit)		\$ 210,638

Gen App & Earmarked Funds	Revenues	Expenditures
Total	\$ 5,076,109	\$ 4,865,470

Computer System Data Base	\$ 9,931	\$ 9,931
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STATISTICAL RECAP
FY ENDING JUNE 30, 2012

Number of Employers Purchasing Insurance	75,893
Number of Employers Qualifying as Self-Insurers	1,868
Investigations Active Beginning of Fiscal Year	681
Investigations Initiated	921
Investigations Set for Show Cause Hearings/	268
Compliance Agreements Received *	327
Total Investigations Closed	1,220
Investigations Active at Close of Fiscal Year	461
Number of Accident Cases Filed with the Commission	61,788
A. New Cases	59,408
B. Reopened cases	2,380
Number of Cases Closed during Fiscal Year	63,042
A. Individually Reported Accidents	26,418
B. Minor Medical Only Accidents Reported	36,624
Total Compensation & Medical Cost Paid on Closed Cases	\$867,040,779
Medical Costs	\$327,601,559
Compensation	\$539,439,220
Temporary Compensation Agreements	16,399
Agreements for Permanent Disability	3,481
Applications for Stop Payment **	1,769
Cases Docketed for Hearings	11,121
Cases Assigned for Informal Conferences	4,706
Hearings Conducted by Single Commissioners	1,738
Informal Conferences Conducted	3,262
Decisions, Opinions & Orders, Single Commissioners	1,844
Cases Appealed to Full Commission for Review	560
Reviews Conducted by Full Commission or Panel	264
Decisions and Opinions by Full Commission or Panel	361
Commission Decisions Appealed to Higher Court	168
Common Law Settlements	10,372
Attorney Fee Approvals	8,857
Self-Insurance Tax Collected	\$4,663,681
* Formerly Consent Agreements; **Includes 60-Day Notice	

**South Carolina
Workers'
Compensation
Commission**

**Annual Report
FY 2011-2012**



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THE YEAR IN REVIEW

The South Carolina Workers' Compensation Commission is proud to report its activities and accomplishments for Fiscal Year ending June 30, 2012. Through the efforts of its 54 dedicated employees, the Commission continues to focus on accomplishing 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 continues to improve the efficiency of operations, focus on transparency, fairness, consistency and engaging all stakeholders in the development and implementation of fee schedules, regulation changes, and changes in policies and procedures.

Financial Condition

- State appropriations to the Commission have been reduced during the past three fiscal years, necessitating the implementation of a series of expenditure reductions and reliance on cash reserves. The Commission's total budget for FY 2012 was \$5 million, \$1.7 million in General Funds and \$3.3 million in Other Funds. The fiscal year closed with total expenditures of \$4.8 million for a \$210,000 reduction in actual versus budgeted expenses.
- Even though the Commission implemented measures to reduce expenses, it was necessary to utilize \$600,000 in fund balance.
- The Commission has initiated a project to identify sustainable future revenue sources and expenditure reductions through efficiency measures.

Key Accomplishments

- A new Pharmacy Fee Schedule was adopted that requires all bills for repackaged medications to include the original manufacturer's NDC and that the maximum allowable reimbursement shall be calculated by multiplying the number of units dispensed by the per unit average wholesale price set by the original manufacturer for that medication.
- Approved a five-year Memorandum of Agreement with the SC Vocational Rehabilitation Department for referring industrially injured persons for vocational counseling or evaluation, personal adjustment, training and placement.
- Approved the final language for the proposed change to Regulation 67-706 Oral Argument. The amended regulation requires parties to arrive at the hearing site for appellate panel 30 minutes prior to the scheduled time of the hearing. The proposed regulation will be considered by the General Assembly in 2013.
- Regulations were approved and submitted to the General Assembly requiring mediation of certain cases prior to a hearing with a Commissioner. The proposed regulations will be considered by the General Assembly in 2013.

THE YEAR IN REVIEW—cont.

Communication/External Relations

- Conducted three training sessions, **Claims Administration Workshop Made Easy**, for 157 stakeholders in October 2011 and May 2012. Attendees included Attorney's, Insurance Companies, TPA's, Employers and others who deal with claims.
- Posted all agendas for the Commission Business Meetings on the Commission's website two days prior to the meetings.
- Added 138 contacts to the Commission's general notice distribution list.
- Posted 97 general notices to the Commission's website
- Emailed 51 general notices, policy advisories and updates to stakeholders and other interested parties.
- Appointed an ad hoc committee for the purposes of drafting a regulation dealing with mediations for workers' compensation system.
- Appointed an ad hoc committee of stakeholders to review the current and alternative methodologies used to calculate net present value of lump sum payments to ensure fairness to the claimants and the employers.
- Commissioner Gene McCaskill was appointed to the Commission by Governor Nikki Haley to fill an unexpired Commission seat. Commissioner McCaskill served January 3 through June 30, 2012. Governor Haley appointed him to a six-year term which commenced on July 1, 2012 and expires on June 30, 2018.
- Commissioner Melody L. James was appointed to the Commission by Governor Nikki Haley to fill an expired Commission seat. Commissioner James' term commenced on April 25, 2012 and expires June 30, 2016.

Compliance

- Decreased Compliance investigations by 45.5% (1,690 to 921).

Claims

- Number of cases filed with the Commission decreased 5,566, or 8%, (67,354 to 61,788) from the previous fiscal year.
- Processed 12,613 settlements (Clinchers, Form 16s, and third party settlements) and 27,610 initial notices of payments.

COMMISSIONERS July 1, 2011 - June 30, 2012

T. Scott Beck, Interim Chairman Andrea C. Roche
Susan S. Barden, Vice Chair Avery B. Wilkerson, Jr.
Gene McCaskill Derrick L. Williams
Melody L. James

Executive Director — Gary M. Cannon

THE YEAR IN REVIEW—cont.

Hearings

- Assigned 4,706 cases for Informal Conferences. (FY11 assigned 5,307)
- Conducted 3,262 Informal Conferences. (FY11 conducted 3,758)
- Docketed 11,121 cases for single commissioner hearing. (FY11 docketed 9,644)
- Cases docketed for single commissioner hearings increased 1,477 or 15% although hearings conducted by a commissioner decreased 230 or 11%.
- The number of settlements increased by 423 or 4%.
- Single commissioner cases appealed to the Full Commission decreased by 47 or 8%.
- The number of cases reviewed by the Full Commission decreased by 39 or 13% and the number of Full Commission cases appealed to higher court increased by 11 or 7%.

Appeals

- Processed 560 appeals to the Full Commission. (FY11 processed 607)
- Conducted 264 appellate hearings. (FY11 conducted 303)
- Full Commission decisions appealed to higher Court-168. (FY11—157 appealed)

System Overview

Premiums

- Premiums paid into the workers' compensation system totaled \$856.6 million in FY 11-12
Market Share
Commercial (CY 11) - \$576.5 million (67%)
Self Insurance—\$210.9 million (25%)
State Accident Fund—\$69.2 million (8%)

Insurance Tax

- Collected and remitted to the State General Fund \$4.6 million Self-Insurance Taxes
- Workers' Compensation premium tax paid to the State General Fund—\$14,407,303

Total Cost Reported for Cases Closed (Medical and Indemnity)

- Total cost of medical and compensation—\$867 million. (FY11—\$849.5 million)
- Medical expenses totaled \$327.6 million. (FY 11—\$318.6 million)
- Compensation totaled \$539.4 million. (FY 11—\$530.9 million)

Average Cost Per Claim

- Total = \$13,750 per claim. (FY 11—\$12,400)
- Medical = \$5,196 per claim. (FY 11—\$4,651)
- Compensation = \$8,557 per claim. (FY 11—\$7,750)

Compensation by Category

- Total = \$539.4 million. (FY 11—\$530.9 million)
- Agreement = \$511.5 million. (FY 11—\$502.8 million)
Percent of Total = 94.8% (FY 11—94.7%)
- Award = \$27.5 million. (FY11—\$28.0 million)
Percent of total = 5.1% (FY 11—5.29%)