

## THE YEAR IN REVIEW

The South Carolina Workers' Compensation Commission is proud to report its activities and accomplishments for Fiscal Year ending June 30, 2014. 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

- The Commission's FY 2014 operating budget was \$5.2 million, \$1.8 million in General Funds and \$3.3 million in Other Funds.
- The Commission continued to implement cost reduction measures resulting in the actual operating expenses of \$5 million.
- However it was necessary to utilize \$1,085,516 from cash reserves for the general operating budget.
- The Commission's cash reserve fund balance at the end of FY 2013 was \$1,258,528.
- As a result of the passage of Act 95 in 2013, the Commission retained \$2.4 million of the Self Insurance Tax collected.

### Key Accomplishments

- Added new features to eCase to better serve eCase users and stakeholders by providing information in a more efficient and effective way.
- Obtained approval by the General Assembly of changes to R67-1605 Lump Sum Payment whereby the Net Present Value (NPV) tables are calculated at the yield-to-maturity rate of the Five Year U.S. Treasury Note report by the Federal Reserve on the first business day following January 1, and shall not exceed 6% or be less than 2%.
- Implemented EDI Release 3 allowing the Commission to obtain additional claim data to improve the claims adjudication process and maintain industry standards in data reporting.
- Amended the Copy Cost Fee Schedule to allow parties to cases to purchase access to the electronic images in a case file through the Commission's eCase portal for an access fee of \$20 for a 24-hour period.
- Improved the process for identifying outstanding carrier fine debt to be addressed through the Order and Rule to Show Cause process.
- Adopted and began the process for implementing information technology security policies, guidelines and standards developed by the Budget and Control Board.
- Continue to partner with the S.C. Vocational Rehabilitation Department utilizing an electronic database portal for claimant outreach and referral for vocational rehabilitation services. Fifty-two claimants were referred.

### Communication/External Relations

- Conducted two training sessions, **Claims Administration Workshop**, for 139 stakeholders on October 31, 2013 and May 9, 2014. Attendees included attorneys, insurance companies, TPAs, employers and others who deal with workers' compensation claims.
- Conducted three **Mediation Regulation Workshops** throughout the State: Charleston on September 26, 2013; Columbia on October 3, 2013; and Greenville October 10, 2013 for 135 stakeholders. Attendees included adjusters, attorneys, paralegals and others who deal with workers' compensation claims.
- Posted 12 agendas and supporting documents for the Commission Business Meetings on the Commission's website two days prior to the meetings.

- Increased the Commission's electronic general notice distribution contact list from 404 to 478.
- Posted 138 general notices to the Commission's website
- Emailed 74 general notices, policy advisories and updates to stakeholders and other interested parties.
- Conducted two stakeholder focus groups for improving the Informal Conference process and launching a new process for electronically uploading documents for Commissioner hearings and Appellate hearings.
- The Senate confirmed the reappointment of Commissioner T. Scott Beck to the Commission for a term beginning June 30, 2014 through June 30, 2020 and confirmed his appointment as Chairman for a term beginning on June 30, 2014 through June 30, 2016.
- The Senate confirmed the reappointment of Commissioner Avery Wilkerson, Jr. for a term beginning on June 30, 2014 through June 30, 2020.
- The Senate confirmed the reappointment of Commissioner Aisha Taylor for a term beginning on June 30, 2014 through June 30, 2020.
- Appointed an Ad Hoc Advisory Committee of stakeholders to study the issue of the use of prescribed narcotics for patients receiving treatment as a result of workers' compensation injury.

### **Compliance & Coverage**

- For FY 13-14, the Compliance Division compelled 306 employers in S.C. to come into compliance with the Act. In so doing, approximately 2,846 previously uninsured workers are now properly covered.
- The Compliance Division collected \$725,776 in fines which represents 124% of FY 13 year-end collection.
- Increased Compliance investigations by 13.5% (958 to 1,088).

### **Claims**

- Number of cases filed with the Commission increased 3,087, or 4.96%, (62,213 to 65,300) from FY 13.
- Processed 13,341 settlements (Clinchers, Form 16s, and third party settlements), and 25,377 initial notices of payments (Form 15 Sections I and II).
- Employed a new Director of Claims.
- Processed 52,735 Form 18 (Carrier's Periodic Report)

### **Hearings**

- Assigned 4,404 cases for Informal Conferences. (FY13 - 4,417)
- Conducted 2,745 Informal Conferences. (FY13 - 2,981)
- Docketed 9,553 cases for single commissioner hearing. (FY13 - 10,162)
- Cases docketed for single commissioner hearings decreased 609 or 6%; hearings conducted by a commissioner decreased 163 or 11.7%.
- The number of settlements decreased by 68 or .07%.
- Single commissioner cases appealed to the Full Commission decreased by 163 or 32%.
- The number of cases reviewed by the Full Commission decreased by 89 or 34% and the number of Full Commission cases appealed to higher court decreased by 49 or 38.6%.

### **Appeals**

- Processed 344 appeals to the Full Commission. (FY13 - 507)
- Conducted 173 appellate hearings. (FY13 - 262)
- Full Commission decisions appealed to higher Court-78. (FY13 - 127)

## **System Overview**

### **Premiums**

- Premiums paid into the workers' compensation system totaled \$962.4 million in FY 13-14  
Market Share
  - Commercial - \$665.1 million (69%)
  - Self Insurance - \$218.6 million (23%)
  - State Accident Fund - \$78.7 million (8%)

### **Insurance Tax**

- Collected and remitted to the State General Fund \$4.8 million Self-Insurance Taxes (FY 13 - .5% increase)
- Workers' Compensation premium tax paid to the State General Fund - \$16,640,786

### **Total Cost Reported for Cases Closed (Medical and Indemnity)**

- Total cost of medical and compensation - \$903.7 million. (FY13 - \$870.1million)
- Medical expenses totaled \$341.9 million. (FY 13 - \$328.6 million)
- Compensation totaled \$561.7 million. (FY 13 - \$541.5 million)

### **Average Cost Per Claim**

- Total = \$13,613 per claim. (FY 13 - \$13,826)
- Medical = \$5,151 per claim. (FY 13 - \$5,221)
- Compensation = \$8,462 per claim. (FY 13 - \$8,605)

### **Compensation by Category**

- Total = \$561.7 million. (FY 13 - \$541.5 million)
- Agreement = \$535.1 million. (FY 13 - \$517.1 million)  
Percent of Total = 95.3 % (FY 13 – 95.5%)
- Award = \$26.6 million. (FY13 - \$24.4 million)  
Percent of total = 4.7% (FY 13 – 4.5%)

Number of Employers Purchasing Insurance	76,775
Number of Employers Qualifying as Self-Insurers	2,099
Investigations Active Beginning of Fiscal Year	352
Investigations Initiated	1,088
Investigations Set for Show Cause Hearings/	42
Compliance Agreements Received *	275
Total Investigations Closed	988
Investigations Active at Close of Fiscal Year	341
Number of Accident Cases Filed with the Commission	65,300
A. New Cases	63,346
B. Reopened cases	1,954
Number of Cases Closed during Fiscal Year	66,387
A. Individually Reported Accidents	26,225
B. Minor Medical Only Accidents Reported	40,162
Total Compensation & Medical Cost Paid on Closed Cases	\$903,733,966
Medical Costs	\$341,956,118
Compensation	\$561,777,848
Temporary Compensation Agreements	14,995
Agreements for Permanent Disability	2,859
Applications for Stop Payment **	1,682
Cases Docketed for Hearings	9,553
Cases Assigned for Informal Conferences	4,404
Hearings Conducted by Single Commissioners	1,229
Informal Conferences Conducted	2,745
Decisions, Opinions & Orders, Single Commissioners	1,324
Cases Appealed to Full Commission for Review	344
Reviews Conducted by Full Commission or Panel	173
Decisions and Opinions by Full Commission or Panel	233
Commission Decisions Appealed to Higher Court	78
Common Law Settlements	10,195
Attorney Fee Approvals	8,357

South Carolina Workers' Compensation Commission			
Summary of Revenues and Expenditures			
Year Ending June 30, 2014			
STATE APPROPRIATIONS			
	Budget	Actual	Over (Under) Budget
<b>Revenues</b>	\$ 1,859,011	\$ 1,843,870	\$ (15,141)
<b>Expenditures</b>			
Personal Services	\$ 1,439,044	\$ 1,423,903	\$ (15,141)
Other Operating Expenses	-	-	-
Employer Contribution	419,967	419,967	-
<b>Total</b>	<b>\$ 1,859,011</b>	<b>\$ 1,843,870</b>	<b>\$ (15,141)</b>
EARMARKED FUNDS			
<b>Revenues</b>			
Training Conference Registration Fee	\$ 5,000	\$ 5,780	\$ 780
Sale of Publication and Brochures	8,000	3,900	(4,100)
Workers' Comp Award Review Fee	73,000	39,750	(33,250)
Sale of Photocopies	88,000	62,485	(25,516)
Workers' Compensation Filing Violation Fee	1,660,000	1,613,161	(46,839)
Sale of Listings and Labels	25,000	21,084	(3,917)
Workers' Comp Hearing Fee	562,000	540,391	(21,609)
<b>Total</b>	<b>\$ 2,421,000</b>	<b>\$ 2,286,550</b>	<b>\$ (134,450)</b>
Appropriated Fund Balance	951,066	1,085,516	134,450
<b>Total</b>	<b>\$ 3,372,066</b>	<b>\$ 3,372,066</b>	<b>\$ 0</b>
<b>Expenditures</b>			
Personal Services	\$ 1,587,546	\$ 1,587,546	\$ 0
Other Operating Expenses	1,255,891	1,102,933	(152,958)
Employer Contribution	528,629	528,629	(0)
<b>Total</b>	<b>\$ 3,372,066</b>	<b>\$ 3,219,108</b>	<b>\$ (152,958)</b>
<b>Total All Funds</b>	<b>\$ 5,231,077</b>	<b>\$ 5,062,978</b>	<b>\$ (168,099)</b>
<b>SELF INSURANCE</b>	<b>Revenue</b>	<b>Transferred to State</b>	<b>Retained</b>
Self Insurance Tax	\$ 4,845,266	\$ 2,422,633	\$ 2,422,633