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Certified Public Manager (CPM) Project

Assessment of the Effectiveness of South Carolina Vocational Rehabilitation Department's

Ability to Seek Workers' Compensation Reimbursement

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STATE DOCUMENTS

PROBLEM STATEMENT

Background

South Carolina Vocational Rehabilitation Department (SCVRD) supports the Malcolm Baldrige Criteria and has demonstrated this by seeking continuous improvement and self-examination. SCVRD was recognized as recipient of the Silver Achiever in 2001 and the Gold Achiever in 2004 of the Governor's Quality Award. Each year SCVRD reviews its state plan and strategic plan to assess goals and objectives that have been achieved and to develop new initiatives that will enhance services to South Carolinians with disabilities. In 2002, the Commissioner of SCVRD recognized a need to seek alternative funding sources such as federal, local and corporate grants. Additionally, he wanted to ensure that SCVRD was identifying and seeking comparable benefits as outlined under the Rehabilitation Act of 1998. Currently the goal on the 2005 -2006 state plan state: "To defray the impact of significant state budget cuts and minimal federal increases, it is important that SCVRD look for other sources of funding to maintain its emphasis on delivering quality services, especially to those who have significant disabilities. Two areas that will be pursued are federal grants and Workers' Compensation reimbursement."

Project Goals and Agency Goals

The goal of this project is to determine if inadequate policies and procedures are in place to seek reimbursement from the Workers' Compensation Commission (WCC) when a client of SCVRD is seeking services due to a work related injury. Workers' Compensation is considered to be a comparable benefit and based on Section 1.8.1 - Policy Statement of SCVRD Case Service Policy Manual, "Comparable services and benefits provided by other public and private

programs, such as insurance, Medicare, Workers' Compensation, Medicaid and Veterans' Administration benefits, should be taken advantage of first unless using them would cause delays that could place the client at extreme medical risk."

Problem Statement

The problem to be investigated is to determine if there are inadequate procedures and policies related to Workers' Compensation reimbursement. Several reasons for this problem include:

1. While South Carolina Vocational Rehabilitation Department has a case service policy concerning the use of comparable benefits under the Rehabilitation Act of 1998, there may be inadequate procedures and policy in place for it to identify and recover from the WCC those reimbursable expenses incurred by SCVRD for client services.

2. It is difficult under SCVRD's current case-coding procedures to determine which of its clients are involved with the WCC, whether they have a current case with WCC, whether the client is receiving monthly benefits, or whether the client's case is closed. A closed case would bar the possibility of recovering reimbursement from the Worker's Compensation Commission.

3. There are no methods in place to track monies recovered in those cases where SCVRD clients are involved in Workers' Compensation proceedings.

DATA COLLECTION

Data Goals, Collection Methods, & Operational Definition

In order to determine if inadequate policies and procedures are in place to seek reimbursement from the Workers' Compensation Commission, it was necessary to first review the policy and procedures developed by SCVRD. Upon review of the policy and procedures, it was determined that Workers' Compensation relating to client services was mentioned in two

policy/procedure documents. In the Case Service Policy Manual, which outlines SCVRD's basic policy and procedures on case activities in accordance with the Rehabilitation Act of 1998, Workers' Compensation is mentioned once in Section 1.8.1 - Policy Statement. This section briefly explains that comparable benefits should be sought when available and Workers' Compensation is mentioned as a comparable benefit.

Based on a review of SCVRD's policy and procedures on handling subpoenas and requests for information, there are three sections devoted to Workers' Compensation. Section 13 provides a copy of a Workers' Compensation subpoena to ensure staff is aware of what this document looks like. Section 14 provides staff with Section 42-15-95 of South Carolina Code of Laws relating to disclosure of information. Lastly, Section 15 provides staff with a basic response to an attorney in Workers' Compensation cases. Currently, Workers' Compensation subpoenas are completed in the area office and there is no central location where these requests are housed. Therefore, there is no way of knowing how many subpoenas relating to Workers' Compensation are received each year.

In addition, a review of the progression of a client's case was necessary in order to determine how often questions regarding Workers' Compensation were asked. The first dialogue concerning Workers' Compensation is the application phase. The application process generally begins with an interview between the applicant (a person who is applying for SCVRD services and not yet determined eligible) and the SCVRD counselor. The interview is a data-gathering process where the applicant shares family, medical, educational, work and economic information with the counselor. During the interview, the counselor asks the applicant who referred them for services. Code 900 is the referral code for Workers' Compensation agency

(federal/state). The counselor also inquires if the applicant is receiving any type of public support. Workers' Compensation is included in this section.

Workers' Compensation is also listed on the SCRV Form 212 – Comparable Benefits Review. This form is completed prior to the development of an applicant's Individualized Plan for Employment (IPE). This form's purpose is to detail the applicant's comparable benefits before a service is purchased.

Lastly, Workers' Compensation is mentioned at the development of the IPE. An IPE is a guide outlining services, service providers, the extent and conditions of those services and most importantly, a vocational goal for the client (a person who is determined eligible for SCVRD services). All IPEs are entered into the computer and are accessible for review. However, there is a hard copy of the IPE that is signed by the client and placed in the client's folder. Each IPE includes the following statement: "Any and all comparable benefits provided by other public agencies, civil action recoveries, insurance carried by me or by others (e.g., Workers' Compensation, health insurance, etc.) of which I am a beneficiary will be collected and applied to the cost of my rehabilitation services."

The next step was to review the electronic case files that were coded as Workers' Compensation. The electronic case files can be accessed via the computer. The electronic file includes the IPE, 911 data, 208 and 208 narrative, facility costs, financial activity, and case history. This review aided in determining the reimbursable cost and whether the client's Workers' Compensation status can be determined.

Four components of the electronic case file were reviewed. Those components included:

1. The Individualized Plan for Employment (IPE) – reviewed to determine the number of guidance and counseling sessions between the client and the

counselor. Also reviewed to determine if there was any dialogue between the SCVRD staff and client regarding Workers' Compensation.

2. The 208 Narrative: This form serves as an outline of a plan for assessment to determine eligibility, priority of services and vocational rehabilitation need. This form will be reviewed to determine if there was any dialogue between the SCVRD staff and clients regarding Workers' Compensation.
3. Facility Costs: The facility costs provide an overview of the services that a client receives from the Center for Comprehensive Programs, Drug Treatment Facility and Work Training Center. Specifically, the services provided by the Evaluation and Muscular Development Center which are services within the Center for Comprehensive Programs. The Evaluation and Muscular Development Center provide services such as personal and social adjustment, vocational evaluation, muscular development, aquatic therapy, physical therapy, occupation therapy, therapeutic recreation, medical services and pain management. The review of the facility costs was necessary in order to determine a cost associated with aquatic therapy, physical therapy, and occupation therapy. These costs are medical expense and reimbursable under the Workers' Compensation law.
4. Financial Cost – The financial cost details the services and/or expenses associated with each case. The review of the financial activity was necessary in order to determine any medical services purchased.

The case files were selected utilizing the Statistical Tool and Reporting Systems for Case Services (STARS) report. The STARS report pulls information based on selected criteria. It

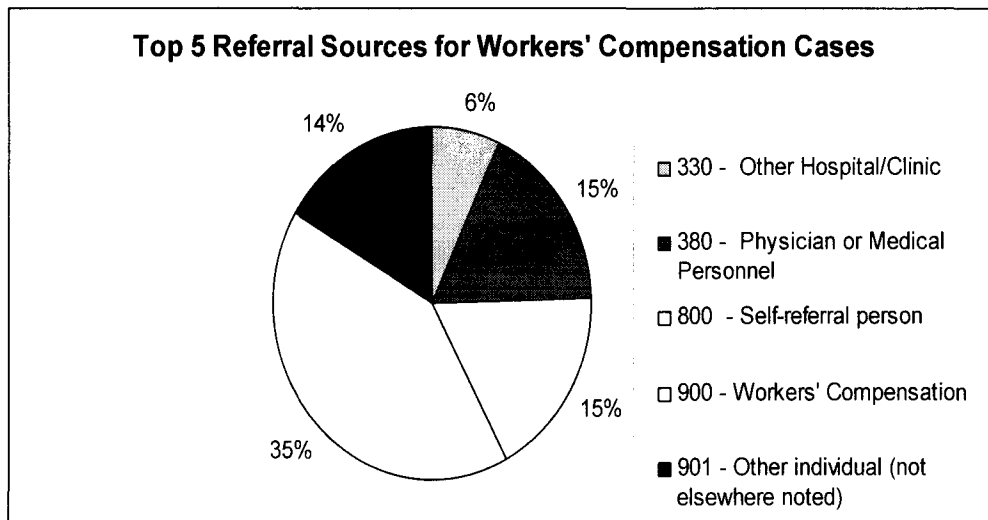
was first determined to review cases that were opened between July 1, 2004 and June 30, 2005 (State Fiscal Year 2005). This would allow for a full year's data to be collected. IPEs, 208 Narratives, Facility Costs, and Financial Activity would be reviewed for each case selected. In State Year 2005, there were a total of 18,127 new referrals. 162 (less than 1% of total referrals) of those cases were coded as receiving public support of Workers' Compensation. Due to the low number of cases associated with Workers' Compensation and various status of each case, it was determined that each case needed to be reviewed. Case statuses are the stages of a case progression in order for the client to obtain successful employment. All data collected was housed in an Excel spreadsheet.

The results were as followed:

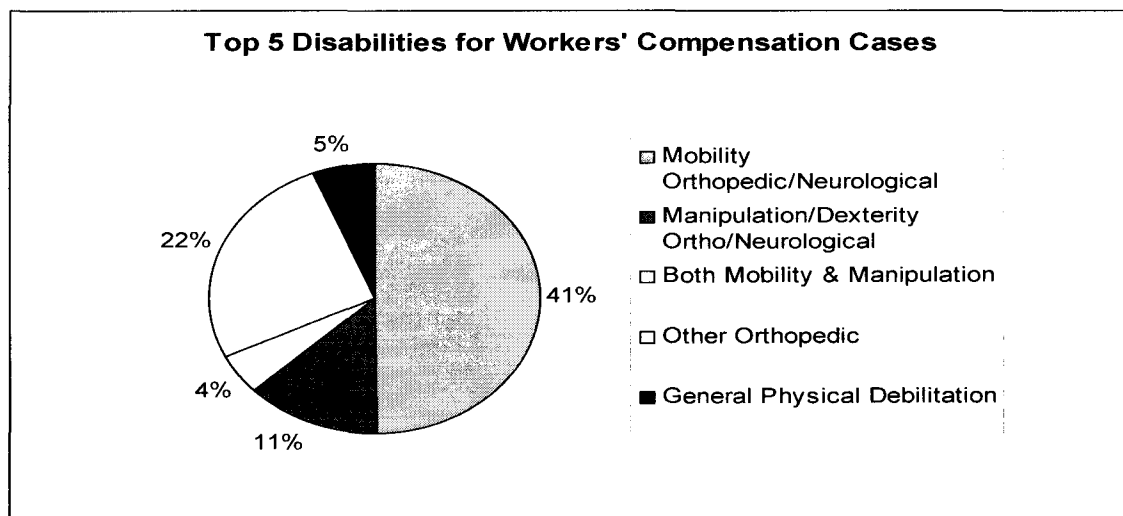
1. Based on a review of the IPE, there were 431 guidance and counseling session noted.
2. Based on a review of facility costs, there is a total of \$106,524.64 associated with services rendered at the Evaluation and Muscular Development Center.
3. Based on a review of the financial activity, purchased medical services totaled \$18,019.83.
4. Based on a review of the IPE and 208 narrative, a total of 84 (52%) cases mentioned Workers' Compensation on the 208 narrative or in a guidance and counseling session.
5. During the 7/1/2004 -6/30/05 period, it was noted utilizing System 12 – Year End Statistical Report Group (a report that allows data from the electronic cases to be disseminated in various statistical reports) that there were 104 referrals coded with referral source 900 – Workers' Compensation agency (federal/state). It was also noted that of the cases coded as receiving Workers' Compensation benefits (162),

only 56 (35%) had a referral code of 900. Forty-eight had a referral code 900 and were not coded as receiving Workers' Compensation benefits.

6. The top five referral sources for cases coded as Workers' Compensation are noted in the chart below.



7. The top five disabilities for cases coded as Workers' Compensation are noted in the chart below.



After the data was collected, a one-on-one interview was conducted with Kerry Mandeville, Director of Case Services. The intent of the interview was to discuss any unwritten procedures for seeking Workers' Compensation reimbursement. It was uncovered that in the 1990's a counselor was located at the Workers' Compensation Commission and accepted referrals for persons injured on the job. This counselor referred those persons to the appropriate SCVRD Area Offices. It is unclear as to whether or not this practice is still in place. The counselor assigned at the Workers' Compensation Commission was moved into an Area Office in the 2000's and has recently retired. In addition, the last training relating to Worker's Compensation was held in the mid-1990's.

Lastly, reviews of the financial records were necessary to determine how much money was received in State Fiscal Year 2005 relating to Workers' Compensation. Based on information from Kerry Mandeville, currently, it is the Area Offices' responsibility to seek reimbursement relating to Workers' Compensation. If monies are received, they are sent to the Finance Department to be deposited in the general revenue account. Per review of the financial records, the amount of monies received relating to Workers' Compensation could not be determined. Per Linda Craft, Accountant Technician who processes reimbursement and refunds, any current year reimbursements/refunds are entered into the refund program to offset the expense of the client's total expenditures. Currently, it is difficult to determine which refunds are related to Workers' Compensation unless there is an extensive review of each reimbursements/refund. Only the paper copy of the reimbursements/refund denotes what the refund is related to. This was not feasible for this study due to the fact that over \$600,000 was noted in the general revenue account.

DATA ANALYSIS

Analysis of Findings, Potential Cause & Contributing Factors

The review of the IPEs revealed that there were 431 guidance and counseling sessions for all cases coded Workers' Compensation. The need to review for guidance and counseling sessions was to determine the extent of issues surrounding the client injury and Workers' Compensation benefits. However, in only 52% of the cases reviewed was there mention of Workers' Compensation. It was difficult to measure the impact of these guidance and counseling session as they related to Workers' Compensation. This is due to the fact that nowhere in the electronic case file did it state whether the vocational rehabilitation needs and services were related to the Workers' Compensation injury. For example, the trauma of work related injuries may lead to depression or substance abuse, SCVRD may be providing rehabilitation relating those disabilities and not the actual injury incurred. It was interesting that the top five disability impairments served under Workers' Compensation cases were related to mobility and orthopedic impairment. In order to determine if the services received by SCVRD were related to the Workers' Compensation injury, the counselor would need to document service provision more clearly on the IPE.

The review of the facility costs revealed that there was a total of \$106,524.64 associated with services rendered at the Evaluation and Muscular Development Center. However, these costs are calculated on a per day basis. Each year the Finance Department calculates the cost per day for the Evaluation and Muscular Development Center. The total cost per year to operate the facility is divided by the total number of client days. When looking at this report and the cost associated with each client, it could not be determined which services were utilized by the client. For example, a client may have only needed pain management and physical therapy services. However, the costs for that client are the same as for a client that may need physical therapy,

occupational therapy, pain management and vocational evaluation. Therefore, if SCVRD sought reimbursement on services obtained from the Evaluation and Muscular Development Center these services would need to be tracked separately.

The review of the financial activity revealed that purchased medical services totaled \$18,019.83. Because these are direct medical expenses, they would be reimbursable by the Workers' Compensation Commission. Based on the information reviewed, there is no way to determine if these medical expenses are directly related to the Workers' Compensation injury.

Due to the limited written policy and procedures, lack of reliable data, and lack of financial records to indicate what amount of monies have been received from Workers' Compensation, it is clear that the study supports that SCVRD has inadequate procedures and policy in place relating to Worker's Compensation reimbursement.

IMPLEMENTATION PLAN & EVALUATION METHOD

In order to ensure that Workers' Compensation reimbursement is sought, SCVRD needs to complete the following tasks:

1. Develop policy and procedures relating to Workers' Compensation and establish a strong working relationship with the Workers' Compensation Commission. This should be completed by the Staff Attorney, Director of Case Services, Client Services Consultant, and Counselor.
2. The Case Services System should include additional documentation when a person is coded as receiving Workers' Compensation benefits. This will ensure that all pertinent information is collected. This information would need to include whether the benefits are from a pending Workers' Compensation case, a closed Workers' Compensation case, and are the services needed related to the Workers'

Compensation injury. This would be developed by the Client Services Consultant responsible for seeking additional funding streams. The form would need to be completed on any case that is coded Workers' Compensation and a copy submitted to the Case Service Department to track case progression and follow up.

3. Develop a coded structure to ensure that medical services purchased are related to the Workers' Compensation injury. Currently, SCVRD is centralizing all of the procurement function for any services purchased for a client. This system could incorporate Workers' Compensation as a comparable benefit. This would be developed by the Client Services Consultant responsible for seeking additional funding streams and the Director of Case Services.
4. Create a Workers' Compensation Billing Unit that once cases are closed, would bill for Workers' Compensation reimbursement. Having a centralized billing unit would allow all financial data to be tracked. This would be developed by the Client Services Consultant responsible for seeking additional funding streams with the aid of the Finance Department.
5. Develop a new system to track each individual service received by clients who attend the Evaluation and Muscular Development Center. This will ensure that the Workers' Compensation Commission is only billed for medical related services that a client receives. This would be developed by the Client Services Consultant responsible for seeking additional funding streams, the Director of Case Services, and the Information Technology Department.
6. Create a process where all Workers' Compensation subpoenas are submitted to the Workers' Compensation billing unit for follow up and review. This would be

developed by the Client Services Consultant responsible for seeking additional funding streams and staff attorney.

7. Develop a training to inform staff of new policy and procedures relating to Workers' Compensation reimbursement.

This process would take at least a year to develop. This will allow for relationships to be established, policy and procedures to be developed, incorporation into the computer system, creation of a computer program that can track individual services received at the Evaluation and Muscular Development Center, and a computer program to track billing. Due to the current focus on developing a new case management system, the staff time of the Information Technology Department is limited and this process may take longer. The costs associated with this project would be primarily staff time.

Staff time is an obstacle that may impact the implementation of this project. To overcome this obstacle, the project would have to become a priority for the agency. Instead of working on special projects as assigned by the supervisor, the Client Services Consultant would allot their time to this project. It would be necessary to schedule set times each week to devote to this project. In addition, the Client Services Consultant would work with the project team responsible for developing the case management system and interject required changes to the system relating to workers' compensation.

An additional obstacle is the willingness of the Workers' Compensation Commission to protect our agency's interest in the cases in which we provide services. The agency would like for the Workers' Compensation Commission to include a statement that services provided by the South Carolina Vocational Rehabilitation Department would be paid for out of each individual settlement. However, if the Workers' Compensation Commission does not provide this as an

option, there would be increased litigation with workers' compensation lawyers. Involvement of lawyers would decrease our chance of receiving reimbursement for our services.

Although obstacles do exist, federal regulations clearly state that comparable benefits should be sought. Therefore, it is recommended that SCVRD pursue creating a Workers' Compensation Billing Unit.

To evaluate the unit, the Worker's Compensation Billing Unit would generate a monthly report for each area office. This report would include a list of all new cases that are coded as receiving workers' compensation benefits. The area office would be responsible for reporting back to the Worker's Compensation Unit (in a two week timeframe from receipt of the report) as to whether the case is a pending workers' compensation case, a closed workers' compensation case, or are the services needed related to the workers' compensation injury. Billing would be based on the data received back from the area offices. The data that is collected in the first year would be used to establish baseline measurements in order to manage expectations of the unit.