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# FUNDAMENTALS

**"Kid's  
Chance"  
Scholarship  
now available  
to children of  
injured  
workers...  
see page 2**

Fall, 1996

Volume 2, Issue 1

## WCC Interim Regulations Issued

Temporary administrative regulations have been developed by the SC Workers' Compensation Commission to facilitate the implementation of Act 402 (H3838), which brought about major statutory and procedural changes in the SC workers' compensation insurance system.

H3838 became state law on June 18th, after the SC General Assembly adjourned for the 1996 session without approving operating guidelines which were needed to carry out the intent of the new law.

As such, these interim regulations, **which took effect as of September 16, 1996**, will remain in effect until the SC General Assembly has the opportunity to approve final regulations during the 1997 legislative session.

While the interim regulations are in force, a dual operating system has been established. Claims with a date of accident on or before June 18, 1996 will be subject to those statutes and regulations applicable under the old law. Accidents occurring on or after June 19th will

be adjudicated according to the new guidelines.

These distinctions do not affect the use of the new WCC Form 12-A/ First Report of Injury. All accidents reported to SAF after August 15, 1996, regardless of the actual date of injury, must be documented on the revised form.

The statutory changes affect virtually every area of workers' compensation. Major changes include: *the creation of policy deductibles; revised accident reporting requirements; and a provision allowing insurance carriers greater latitude in starting and stopping temporary-total (TT) disability benefits.*

For more detailed information on how these changes affect claimants, policyholders, and providers, please see page 3.

Remember, these are interim regulations, and are subject to change once they are submitted to the General Assembly for final approval in 1997. **Questions?** Contact Rose Mary McGregor at (803) 737-8155.

# Are you liable for sports injuries?

Whether for fun or physical exercise, employees participate in intramural sports and other recreational activities with co-workers during the workday, and in many cases, after normal working hours.

Have you ever considered an employer's liability if an employee is injured during a softball game, picnic, social event, or other organized activity either off-site or on the employer's premises?

When an injury occurs during a recreational activity, several factors determine if a specific accident is covered under workers' compensation insurance:

- 1 Did the accident occur at lunchtime or during a recreation period on the employer's premises?
- 2 Was participation required by the employer?
- 3 Did the employer derive a **substantial direct benefit** from the activity or event beyond the intangible value of improvement in employee health and morale.

This "benefit" is determined by whether or not the employer:

- receives advertising benefits which would gain new clients or customers
- generates revenue from the activity

## From the Editor...

One area often overlooked in the workers' compensation process is the **family** of an injured worker. A death or catastrophic injury caused by an on-the-job accident can affect the emotional and economic stability of a family. In some cases, money for a child's college education may not be available. Now's there help.

The SC Workers' Compensation Educational Association, in association with insurers, employers, attorneys, labor, medical, and rehabilitation groups, has established **Kid's Chance of SC**. This program provides scholarships to children, aged 16-25, of parents who have been killed or seriously injured as a result of a workplace accident covered under the SC Workers' Compensation Act.

- uses the event or function to entertain clients
- provides a recreational facility as a "fringe benefit" for employees?

Case law has presented differing interpretations of how injuries occurring at social and recreational activities may or may not be compensable using this criteria.

In Pate v. Plymouth Manufacturing, the employer gave minor financial aid to a baseball team composed of employees and non-employees. Players practiced and played on their own time and earned no extra compensation for participation.

The claimant in question was injured in an auto accident while returning from a game. The SC Supreme Court declared that the accident was not covered because the employer exercised no control over the team, as well as, the fact that baseball was not an ordinary component of any employee's job duties.

Had the claimant been required to participate on the team, or earned extra compensation, the outcome might have been different. Remember, decisions regarding any claim are based on the unique circumstances of that accident.

The injury or death must have caused a substantial decrease in the family's income. Applicants must also demonstrate academic achievement.

Applications are accepted and reviewed throughout the year, as funds are available. Scholarship awards are made on an annual basis, and cover tuition and books, but may also include housing and meals.

For more information, or to obtain an application, please contact:

*Kid's Chance of South Carolina, Inc.*  
 1135 Dixiered Road  
 Batesburg-Leesville, SC 29070-9326  
 (803) 532-0608

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# Regulations Change Paperwork & Processes

Many changes in the SC workers' compensation insurance program have occurred since the passage of H3838. Employers and insurance carriers are adapting to the statutory changes to SC law, as well as, the enactment of interim regulations which provide administrative guidance for the implementation of the new statutes.

So, what does this mean to our policyholders? One of the most obvious adjustments relates to the creation of a dual claims processing system. The application of certain statutory provisions and documents, such as WCC Forms 15, 17, and 20, will vary depending on the date of accident. Most of you have already seen a proliferation of new and amended forms being issued by SAF in the last several weeks.

Until the SC General Assembly approves a final set of regulations in 1997, we will be working with the SC Workers' Compensation Commission to ensure that all claims documentation is being processed in compliance with applicable law. To that end, representatives of the WCC met with SAF staff on October 1st to review and discuss the intricacies of the new procedures.

All SAF policyholders are now entitled to establish a deductible limit, similar to a homeowners or auto insurance policy, subject to certain restrictions. For

more information on the deductible program, contact Shawn Holman at (803) 737-8115.

Changes in accident reporting procedures are being analyzed as this issue goes to press, and will be announced shortly. In the interim, please continue to document all workplace accidents. Remember to file WCC Form 12-A's on all injuries requiring medical care above the level of in-house first aid.

As mentioned previously, SAF now has the right to suspend temporary-total (TT) benefits within the first 150 days after the date of injury on accidents occurring on or after June 19, 1996. This change places a greater responsibility on SAF, our policyholders, and medical providers to communicate information on injured workers in a timely fashion.

All claims need to be reported promptly, as some accidents may need to be investigated. If an injured worker returns to work (or is released to return to work by a doctor) notify SAF immediately.

If you have general questions about the new procedures, call Janis Howard at (803) 737-8171. Call your claims adjuster for help on specific claims. Given the complex and fluid nature of the changes, the SAF Employer Manual will be updated after all statutory and administrative procedures are finalized.

## Employee Convicted of W/C Insurance Fraud

*An Anderson, SC man pleaded guilty to workers' compensation insurance fraud on September 20th, and will pay back over \$10,000 to his former employer, and spend six months in prison.*

*James Michael Manley, a 44 year old former employee of Ryobi Motor Products Corp. of Anderson, was also ordered to pay a \$2,500 fine.*

*Manley began receiving workers' compensation benefits from Ryobi after alleging a back injury in 1993. He was charged with falsely claiming insurance payments totaling \$27,000.*

*SC Attorney General Charlie Condon said that*

*this case began after his office received a tip that Manley was working at a construction site in Myrtle Beach under an assumed name.*

*This conviction was made under the SC Omnibus Insurance Insurance Fraud and Reporting Immunity Act, which covers fraudulent insurance transactions, including workers' compensation claims, in SC.*

*Penalties include fines up to \$50,000 and/or ten years in prison. In addition, persons convicted under the Act must make restitution. Investigations are conducted by SLED, while prosecutions are handled by the Attorney General's Office. **If you have questions with a potentially fraudulent claim, call Rose Mary McGregor at (803) 737-8155.***



## **“Natural Work Flow” Process Teams Created**

Effective October 1st, employees from major SAF operational divisions were reorganized into three (3) natural “work flow” teams, staffed by employees of the Claims, Legal, Accounting, and Member Services divisions.

This organizational change was another of SAF’s continuing efforts to streamline operating processes to more efficiently serve claimants and policyholders.

Prior to the change, SAF operations were based on a traditional management hierarchy with functional departments staffed by employees performing like or similar activities in the same physical location. SAF is now operating in an environment where work teams are organized by the natural path in which work activities flow. These teams also physically work together within a given office area.

A pilot team has been in place since May of this year, composed of lost-time and non lost-time adjusters, claims technicians, a file retention clerk, bill processor, voucher auditor, attorney, legal assistant, and third party/Second Injury Fund recovery specialist.

Most claims management, litigation, and support functions for each policyholder are handled by members of the same team. This is a natural evolution from the previous organizational structure, where many employees were already assigned

to specific policy coverages within their old departments.

At present, team members will still receive technical guidance and supervisory support from their parent divisions. The ultimate goal is make the teams as self-functioning and supporting as possible, within the limitations placed on SAF as a SC state government agency.

One instant advantage to the new process is that policyholders and claimants can now receive a faster response to routine telephone inquiries, instead of being transferred from one “department” to another - - all responsible parties will now be working together.

A less obvious attribute can be found in the fact that now, SAF employees will be in a better position to not only understand how their job fits into the overall process, but also learn more about the job duties of their fellow team members.

This learning process will facilitate cross-training of team members, and should provide additional staffing support during periods of employee absences. This additional support will also facilitate better customer service because critical functions will not go underperformed when one employee is “out of the office.”

For more details on the Natural Work Flow process at SAF, call Gerald Murphy at (803) 737-7547.

### ***“Welcome Aboard” to Our Newest Policyholders...***

Dorchester Human Development Board  
 Newberry Council on Aging  
 Berkeley-Charleston-Dorchester Rural Transportation Association  
 Senior Services, Inc. of Chester County  
 The Kennedy Center  
 Pickens County Seniors Unlimited

## Team Facilitators Needed for State Register

The SC Quality Network Association is developing a Register of qualified state government employees willing to facilitate quality improvement teams at agencies other than their own.

As more organizations pursue continuous improvement of their operations through the use of the Total Quality Management philosophy, the need arises to have individuals available to help guide process teams through their missions who are not directly involved or affected by the content being discussed.

Many times, organizations do not have an individual with appropriate training or experience to maximize the benefits of the team process. Other times, agency employees might be too entrenched in the content of their fellow employees' discussions to

objectively manage the meeting process because of personal or professional involvement in the content.

Individuals who are listed on the Register may be called upon to facilitate a team or provide advice about team projects. The expected minimum time commitment is 4-6 hours per month. There will be no extra compensation offered for participating in the program.

If you or someone in your agency would be interested in being considered for inclusion in the Register, please call Anna Barnett at the Center for Education, Quality, and Assessment (CEQA) at (803) 737-1889. Refer any general questions about the Facilitators' Register to Sheridan Spoon at (803) 896-8005.

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