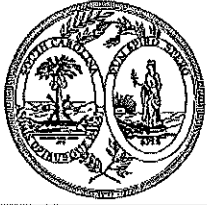


<b>AGENCY NAME:</b>	Workers Compensation Commission		
<b>AGENCY CODE:</b>	R080	<b>SECTION:</b>	74



**Fiscal Year 2022-23  
Agency Budget Plan**

**FORM A - BUDGET PLAN SUMMARY**

<b>OPERATING REQUESTS (FORM B1)</b>	<b>For FY 2022-23, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting General Fund Appropriations.
	<input type="checkbox"/>	Requesting Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

<b>NON-RECURRING REQUESTS (FORM B2)</b>	<b>For FY 2022-23, my agency is (mark "X"):</b>	
	<input checked="" type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input type="checkbox"/>	Not requesting any changes.

<b>CAPITAL REQUESTS (FORM C)</b>	<b>For FY 2022-23, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.

<b>PROVISOS (FORM D)</b>	<b>For FY 2022-23, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input checked="" type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
<b>PRIMARY CONTACT:</b>	Gary Cannon	(803) 737-5726	gcannon@wcc.sc.gov
<b>SECONDARY CONTACT:</b>	Sandee Sprang	(803)737-5685	ssprang@wcc.sc.gov

I have reviewed and approved the enclosed FY 2022-23 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

<b>SIGN/DATE:</b>	<u>Agency Director</u>	<u>Board or Commission Chair</u>
	<i>Gary M. Cannon</i> September 28, 2021	
<b>TYPE/PRINT NAME:</b>	Gary M Cannon, Executive Director	

*This form must be signed by the agency head – not a delegate.*

Agency Name:	<a href="#">Workers' Compensation Commission</a>
Agency Code:	R080
Section:	74

BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B2 - Non-Recurring	IT Legacy System Modernization Project	5,000,000	0	0	0	5,000,000	0.00	0.00	0.00	0.00	0.00
TOTALS			5,000,000	0	0	0	5,000,000	0.00	0.00	0.00	0.00	0.00

Agency Name:	Workers' Compensation Commission		
Agency Code:	R080	Section:	74

## **FORM B2 – NON-RECURRING OPERATING REQUEST**

<b>AGENCY PRIORITY</b>	1
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*Provide the Agency Priority Ranking from the Executive Summary.*

<b>TITLE</b>	IT Legacy System Modernization Project
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	\$5,000,000
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*What is the net change in requested appropriations for FY 2022-2023? This amount should correspond to the total for all funding sources on the Executive Summary.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>	
	<input type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input checked="" type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
	<input type="checkbox"/>	Request for Non-Recurring Appropriations
<input type="checkbox"/>	Request for Federal/Other Authorization to spend existing funding	
<input type="checkbox"/>	Related to a Recurring request – If so, Priority #	

<b>STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES</b>	<b>Mark "X" for primary applicable Statewide Enterprise Strategic Objective:</b>	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
<input checked="" type="checkbox"/>	Government and Citizens	

<b>ACCOUNTABILITY OF FUNDS</b>	The request is related to the Strategy 4.1 Implementing Phase I of the IT Legacy System Modernization Project. This strategy falls under the goal of Process Improvement. The project will advance the Commission's strategic objective of delivering a highly effective and efficient system for our citizens whereby workers' compensation claims can be filed, paid and managed through an online portal.
	The system will advance information security and accessibility, improve the reliability of the agency's business and systems, and evolve citizen access to our services through the innovative use of technology. The use of the funds will be evaluated throughout the project with milestones and benchmarks measuring the accuracy and the level of completion.
	The final measure of evaluation will be in the increased efficiency of the agency's operations, the increased access to claims information for external stakeholders and the reduction in claims processing time.

*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

<b>RECIPIENTS OF FUNDS</b>	The funds will be distributed to a vendor, which will be selected by a competitive process established by the Office of State Procurement. The vendor will be selected by pre-determined eligibility criteria defined by the vendor's successful experience of designing, developing and implementing a similar workers' compensation system other states.
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*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

The Workers' Compensation Commission's IT Legacy Modernization Project will transform the agency's business system and processes and replace a system that has been in use for 35 years. As a general overview, the new system will be portal based system through which all stakeholders can participate in the processing of their claim. They will be able to create and submit all forms and documents through the portal, pay fees and fines electronically and track all aspects of the claim throughout its lifecycle. Coverage and compliance functions workflows will automate business process that are currently paper-based and manual workflows. Data will be collected from the Supreme Court, Dept. of Employment and Workforce, the Secretary of State's office and NCCI to validate data.

#### **Modernization Benefits**

The modernized system will provide the following benefits:

##### **\* Security**

Building security inherently into the system will allow our agency to provide many new functions to our stakeholders as well as meet the security requirements demanded by state and federal regulations. Specifically, we will be able to collect and transmit files securely enabling electronic service to all stakeholders, including third-party administrators. We will have the ability to collect fees and fines electronically using a vendor interface, all while ensuring the agency doesn't have to assume the responsibility for PCI data. This built-in security will provide the basis for our HIPAA digital compliance and will provide the ability to upload documents containing PHI data. Attorneys and Carriers routinely file pleadings with the Judicial Department to initiate adjudication in the form of informal conferences or hearings to be scheduled before the Commission. Creating an avenue for these pleadings to be uploaded and processed electronically would expedite the process and increase efficiency, again, eliminating the need for paper forms.

##### **\* Business Operation Improvements**

As the workers' compensation business has evolved, our agency has put in place many manual processes to work around the limitations in function and design of our Progress system. For example, third-party administrators were not prevalent in the insurance industry when our system was designed so our current system is not built with this important relational link to insurance carriers. To accommodate this inadequacy, our data collection processes were developed without standardization and with minimal data edits. The result is our existing data is loosely coupled, the data elements lack clarity and, overall, much our data lacks consistency and validity. Every request for a report or a new metric becomes a long and intensive process for our staff. The new system will allow for all forms to be completed and submitted online, applying all of the appropriate edits throughout the process to ensure the information is complete and accurate. Data collection processes will be digitally based, clearly defined and built with stringent edits to ensure data is correct, timely and standardized. This will dramatically improve our current position and provide the platform from which we can continually improve our business operations.

The Claims department has a large number of staff dedicated to data entry and other paper-intensive processes. The new system will provide for the electronic collection of forms through a stakeholder portal, allowing staff to be refocused on managing exceptions in the claims process. Implementing electronic workflows to allow data to be analyzed, processed and routed automatically will greatly improve efficiency and effectiveness. The timeliness of responses to our stakeholders will also be substantially improved.

##### **\* Reduce Complexity and Dependency**

The existing claims system, Progress, consists of hundreds of thousands of lines of code, written in an outdated language, with little documentation. It is very cumbersome to manage and has forced our agency to rely almost exclusively on the institutional knowledge and legacy skills of our most senior staff member. Over 85% of IT resources are spent keeping this system operational therefore few feature enhancements are made; paper-intensive processes and manual workarounds are the only option. Our legacy modernization project will result in a modular system, easily maintainable by developers educated in 4<sup>th</sup> generation level languages. The system will be flexible and event-driven based on re-engineered business processes. These attributes, with new security features, provide the framework for a web-based, mobile application. It will have a tremendous impact on our ability to interface with the Department of Employment and Workforce and Vocational Rehabilitation.

#### **Summary**

The implementation of a modernized system has many benefits for the Commission, our

## **JUSTIFICATION OF REQUEST**

stakeholders and the citizens of our state as a whole. This project aligns perfectly with the Statewide Strategic IT Plan; it advances information security and accessibility; it improves the reliability of a state system; it evolves citizen access to government services, and it institutes data-driven decision making. All these in turn will allow our state to become a leader in technology innovation in the Workers' Compensation industry.

If the request for the funds is not approved, the agency will not be able to design, development and implement the project. This will result in the Commission continuing to utilize a 35-year-old claims management system which is severely lacking in data security measures, will prevent new and improved business processes to make the system more efficient and effective for stakeholders, which will have an impact on the time cases are adjudicated and potentially delaying injured workers from receiving benefits in a timely manner and potentially increasing cost to employers.

*Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.*

Agency Name:	Workers' Compensation Commission		
Agency Code:	R080	Section:	74

**FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION  
CONTINGENCY PLAN**

<b>TITLE</b>	Agency Cost Savings and General Fund Reduction Contingency Plan
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<b>AMOUNT</b>	\$77,353 <i>What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.</i>
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<b>ASSOCIATED FTE REDUCTIONS</b>	One FTE  <i>How many FTEs would be reduced in association with this General Fund reduction?</i>
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<b>PROGRAM / ACTIVITY IMPACT</b>	Salaries and benefits account for the greatest majority of expenditures in the General Fund. To achieve a 3% reduction in the expenditures the agency will eliminate one FTE in the General Appropriations. The total reduction in cost is \$100,000. The FTE is currently funded in program R080 Claims. There will be no impact on the services provided by this program because the position will be transferred to the Earmarked Fund.  <i>What programs or activities are supported by the General Funds identified?</i>
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<b>SUMMARY</b>	The services provided by the agency will not be impacted by the elimination of one FTE in the General Appropriations because the position and associated salary and benefits will be transferred to the Earmarked Fund. The FTE is currently funded in program R080 Claims. There will be no impact on the services provided by this program because the position will be transferred to the Earmarked Fund.
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*Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.*

**AGENCY COST  
SAVINGS PLANS**

To achieve a 3% reduction in the expenditures the agency will eliminate one FTE in the General Appropriations. The total reduction in cost is \$100,000. The FTE is currently funded in program R080 Claims. There will be no impact on the services provided by this program because the position will be transferred to the Earmarked Fund.

Savings will be repurposed for the Other Operating Costs associated with the IT program.

*What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?*

Agency Name:	Workers' Compensation Commission		
Agency Code:	R080	Section:	74

## **FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS**

<b>TITLE</b>	Copy Cost Elimination and Fines Reduction
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*Provide a brief, descriptive title for this request.*

<b>EXPECTED SAVINGS TO BUSINESSES AND CITIZENS</b>	<p>The agency is in the process of upgrading the IT Legacy System, which is the backbone of the agency's business processes for serving citizens and stakeholders of the system. Upon implementation of the upgrade the cost savings to all stakeholders is calculated to be \$75,000 per year by eliminating charges for copies of records and documents requested by stakeholders. Stakeholders will have electronic access to the documents and records at no charge. Stakeholders will also be allowed to submit required reports electronically rather than manually thereby reducing the cost of fines and penalties associated with not filing the reports by the required due date. As a result of this change the savings to stakeholders is estimated to be \$500,000 annually.</p>
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*What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<p><b>Mark "X" for all that apply:</b></p> <table border="1"> <tr> <td><input type="checkbox"/></td> <td>Repeal or revision of regulations.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Reduction of agency fees or fines to businesses or citizens.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Greater efficiency in agency services or reduction in compliance burden.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Other</td> </tr> </table>	<input type="checkbox"/>	Repeal or revision of regulations.	<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.	<input type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.	<input type="checkbox"/>	Other
<input type="checkbox"/>	Repeal or revision of regulations.								
<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.								
<input type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.								
<input type="checkbox"/>	Other								

<b>METHOD OF CALCULATION</b>	<p>The reduction in charges for copies of documents and records is calculated using the current fee schedule for such charges, which is \$20 for the first 20 pages and \$.50 per page thereafter.</p> <p>The reduction in fines to stakeholders is calculated using the amount of the fine associated with a late filing of the Form 18. The insurance carrier is required to submit the Form 18 every six months during an active case. Late filing of the Form 18 will result in a \$200.00 fine to the stakeholder.</p>
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*Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.*

<b>REDUCTION OF FEES OR FINES</b>	<p>The reduction in charges for copies of documents and records is calculated using the current fee schedule for such charges, which is \$20 for the first 20 pages and \$.50 per page thereafter.</p> <p>The reduction in fines to stakeholders is calculated using the amount of the fine associated with a late filing of the Form 18. The insurance carrier is required to submit the Form 18 every six months during an active case. Late filing of the Form 18 will result in a \$200.00 fine to the stakeholder.</p>
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*Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?*

<b>REDUCTION OF REGULATION</b>	None
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*Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?*

<b>EXPECTED SAVINGS TO BUSINESSES AND CITIZENS</b>	<p>As a result of the implementation of the modernized IT Legacy System, the cost savings to all stakeholders is calculated to be \$75,000 per year by eliminating charges for copies of records and documents requested by stakeholders. Stakeholders will have electronic access to the documents and records at no charge. Stakeholders will also be allowed to submit required reports electronically rather than manually thereby reducing the cost of fines and penalties associated with not filing the reports by the required due date. As a result of this change the savings to stakeholders is estimated to be \$500,000 annually.</p>
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## SUMMARY

*Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?*