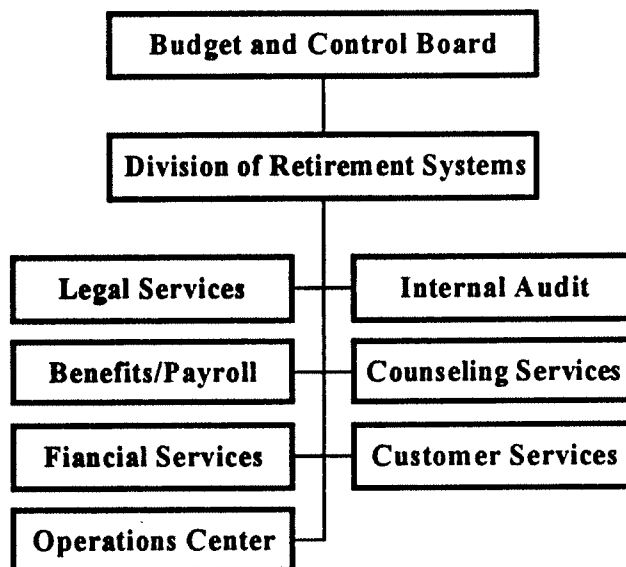


The organization for South Carolina's Division of Retirement Services is as follows:

**Exhibit 2-4
DRS Organizational Structure**



Source: Based on information provided by the Budget and Control Board, as of March 14, 1997.

The above organization of approximately 146 individuals (not including vacancies) is staffed as follows²:

- An Agency Director
- An Executive Assistant and 2 support staff
- A Human Resource Manager
- Legal Services: 1 Attorney and an Administrative Specialist
- Internal Audit: 1 Audits Manager and an Auditor
- Benefits/Payroll Services: 1 Deputy Executive, 5 Accounting/Fiscal Analysts, 1 Benefits Manager, and 15 support staff
- Counseling Services: 1 Executive, 2 Benefits Manager, 1 Public Information Director, and 27 support staff
- Financial Services: 1 Executive, 2 Benefits Manager, 2 Accounting/Fiscal Analyst, and 26 support staff
- Customer Service: 1 Program Manager, 5 Benefits Counselors, and 10 support staff

² Based on information provided by the Budget and Control Board, as of March 14, 1997.

- Operations Center: 1 Executive, 1 Deputy Executive, 1 Benefits Manager, 1 Information Technology Manager, and 32 support staff

Distribution of Responsibilities

The following chart summarizes the distribution of responsibilities in South Carolina between the Division of Retirement Systems and state agencies.

**Exhibit 2-5
Division of Responsibilities between DRS and Agencies**

FUNCTION	SOUTH CAROLINA RETIREMENT SYSTEM	AGENCIES*
<p>Plan administration</p>	<p>Provide a comprehensive program of benefits to public employee retirees</p> <p>Customer Service Department and Integrated Voice Response System installed to assist employees and retirees</p> <p>Benchmark retirement program to other states and large employers</p> <p>Integrate employees of many employers, including universities and school districts into retirement system</p>	<p>Communicate retirement plan eligibility provisions</p>
<p>Employee education</p>	<p>Share with the employers the responsibility of training employees</p> <p>Counselors provides one-on-one service to prospective retirees</p> <p>Publications are provided covering issues of importance to both active and retired members</p> <p>A series of workshops is held to educate employees</p>	<p>Share with the retirement system the responsibility of training employees</p>

FUNCTION	SOUTH CAROLINA RETIREMENT SYSTEM	AGENCIES*
Enrollment/Eligibility	Provide timely maintenance of retirement contribution and service credit data	Responsible for providing employee enrollment and termination to the retirement system Submits employee salaries and payroll deduction information
Financial	Submit accounting records and money to Finance and Personnel Evaluate overall financial status and protect against unfunded benefit increases	(State Treasurer responsible for investment of retirement funds)

*Not all agencies will perform these functions or offer these programs

Office of Insurance Services

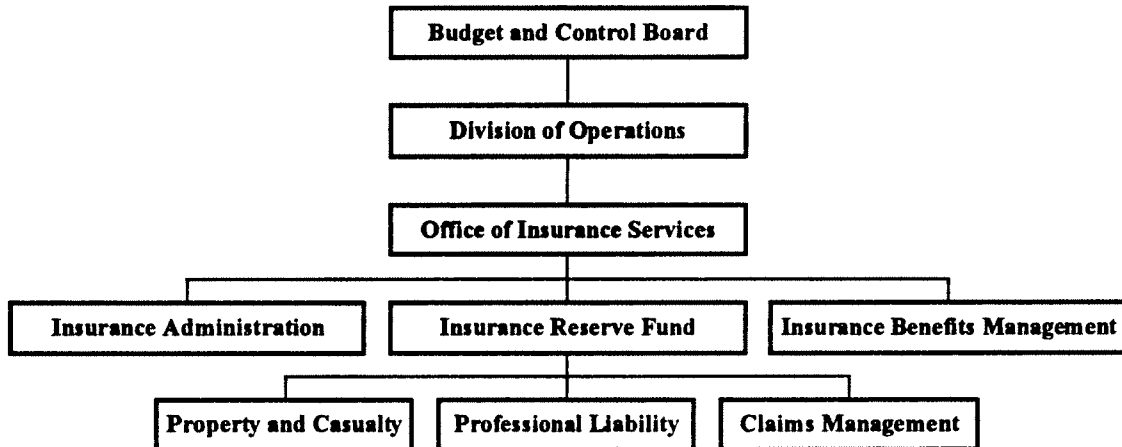
The Office of Insurance Services supports three programs: Insurance Benefits Management, Insurance Reserve Fund, and Risk Management.

Insurance Benefits Management is responsible for the insurance benefits the state of South Carolina provides to employees of state agencies. These insurance benefits include medical, dental, life, disability, and long-term care insurance, as well as flexible benefits and a vision care program. Additionally, Insurance Benefits Management serves as contract monitor for the administrator of the state's unemployment compensation management program; contracts with private firms to perform claims administration and utilization review services; evaluates trends related to the services it offers; and recommends policies to improve the programs' services and assure financial stability.

The Insurance Reserve Fund oversees insurance the State requires as an employer. Types of insurance needed include property and casualty, and liability. The Risk Management section serves as a loss prevention resource to insured governmental agencies. Risk Management assists managers in the development and implementation of an active risk management program. The purpose of these programs is to reduce the risk of loss to state property and to promote the mission of each agency.

The organization for South Carolina's Office of Insurance Services is as follows:

**Exhibit 2-6
OIS Organizational Structure**



Source: Based on information provided by the Budget and Control Board, as of June 30, 1997.

The above organization of approximately 123 individuals (not including vacancies) is staffed as follows³:

- An Office Director and an Administrative Assistant
- Insurance Administration: 1 Program Manager, 1 Information Technology Manager, 1 Administration Manager, and 13 support staff
- Insurance Reserve Fund: 1 Deputy Executive, 2 Administrative Personnel, and staff for Property and Casualty, Professional Liability, and Claims Management
 - Property and Casualty: 1 Program Manager and 8 support staff
 - Professional Liability: 1 Program Manager and 4 support staff
 - Claims Management: 1 Program Manager and 18 support staff
- Insurance Benefits Management: 1 Deputy Executive (department head), 2 Administrative Personnel, 5 Program Managers, 1 Deputy Executive, and 60 support staff

³ Based on information provided by the Budget and Control Board, as of June 30, 1997.

Distribution of Responsibilities

The following chart summarizes the distribution of key benefits management responsibility in South Carolina between the Office of Insurance Services and the state agencies.

**Exhibit 2-7
Division of Responsibilities between OIS and Agencies**

FUNCTION	OIS	AGENCIES*
Plan administration	Administer the Medical, Dental, Life, Disability, Vision, Long-Term Care, and Flex benefits programs Provide training to agencies on characteristics and rules of benefit programs Establish the training curriculum Establish benefit levels for Medical, Dental, Life, Disability, Vision, Long-Term Care, and Flex benefits Oversee a Risk Management program to save healthcare dollars by identifying and managing enrollees with risky behavior or characteristics Development of enrollment processes	Act as delivery point of the program for employees with enrollment information Provide interface to employees who have questions about the programs Follow curriculum and participates in training sessions Explain these benefits and coordinate enrollment Work with employees to enroll in programs to improve health and/or reduce risky behavior (i.e., smoking cessation classes) Responsible for maintaining key forms: Notice of Election and Termination Form

* Not all agencies will perform these functions or offer these programs.

FUNCTION	OIS	AGENCIES*
<p>Enrollment/Eligibility</p>	<p>Establish enrollment/eligibility procedures and policies</p> <p>Audit agencies on a random basis to ensure accurate enrollment information</p> <p>Communicate eligibility guidelines to benefit administrators</p> <p>Enter new enrollee information into database and communicate information with administrators</p> <p>Train Benefit Administrators to submit information in a timely manner</p> <p>Establish the eligibility of other political subdivisions to participate in the State insurance benefits programs</p> <p>Determine eligibility of employees to continue coverage as retirees</p> <p>Maintain COBRA information in eligibility system</p>	<p>Administer procedures and policies and collects all information</p> <p>Perform record-keeping of employee enrollment selections; Agencies responsible for prompt and accurate submission of information on new enrollees and changes in coverage</p> <p>Disseminate insurance options to new hires; Educate employees to options available</p> <p>Collect enrollment information from new hires; Forward new information to OIS</p> <p>Agencies' Benefit Administrators required to submit information in a timely manner</p> <p>Other political subdivisions administer programs to its employees</p> <p>Communicate eligibility policies to continue coverage as retirees</p> <p>Disseminate information to terminating employees on COBRA availability and options</p>

* Not all agencies will perform these functions or offer these programs.

FUNCTION	OIS	AGENCIES*
<p>Enrollment/Eligibility, Continued</p>	<p>Track eligibility period of COBRA enrollee and terminate coverage at end of eligibility period</p> <p>Establish pre-existing condition guidelines</p> <p>Coordinate bi-annual medical underwriting of late entrants by carriers</p>	<p>Collect enrollment information from employees electing COBRA</p> <p>Explain guidelines to employees</p> <p>Collect and submits information for late enrollees</p>
<p>Contracting</p>	<p>Contract with private firms to perform claims administration and utilization review services</p> <p>Negotiate reimbursement schedules with hospitals, physicians, and prescription drug providers</p> <p>Negotiate contracts with providers and develops contractual relationships with other program-related vendors</p> <p>Perform claim audits of current benefit administrators; internal review of contract compliance, process accuracy, and turnaround time</p>	<p>Collect enrollment information and changes from employees to ensure proper deductions</p>

* Not all agencies will perform these functions or offer these programs.

FUNCTION	OIS	AGENCIES*
<p>Financial</p>	<p>Establish type of plans and number of plan offerings</p> <p>Establish benefit provisions within each plan, including coinsurance, deductible, and copayment levels</p> <p>Bid out each of the employee benefit programs</p> <p>Negotiate premium rates with carriers</p> <p>Determine employee contribution rates</p> <p>Establish reserve amounts for all benefit plans</p>	

* Not all agencies will perform these functions or offer these programs.