South Carolina Workers’ Compensation Commission

Annual Report FY 2014-2015

The Year In Review

The South Carolina Workers’ Compensation Commission is proud to report its activities and accomplishments for Fiscal Year ending June 30, 2015. 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. Service to stakeholders remains a primary focus of the Commission. Continuous improvement of organizational culture, active communication with stakeholders and responding to their requests and concerns through use of stakeholder ad hoc advisory committees, and partnering with business and governmental entities has enhanced the efficiency and effectiveness of the business processes and operations of the Commission.

Financial Condition—cont.

The Commission received approval for the use of $951,066 from cash reserves for the general operating budget. The final use was $517,625, leaving the case reserve fund balance of $4,674,747.

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.
• Adopted the International Association of Industrial Accidents Boards and Commissions (IAIABC) Claims EDI Release 3.0 standard for the voluntary electronic transfer of Subsequent Report of Injury (SROI) Information in place of the Commission’s Form 18.
• Launched a new process for electronically uploading documents for Commissioner hearings and Appellate hearings.
• Approved a revision to the Medical Services Provider Manual (MSPM) to reflect 2015 CPT codes while maintaining the $50 conversion factor. Effective date is September 1, 2015.
• Approved an amendment to the Master Services Agreement with OptumInsight that will assist the Commission in the annual update and dissemination of the MSPM.
• Improved the process for identifying outstanding carrier fine debt to be addressed through the Order and Rule to Show Cause process.
• Continue the process for implementing information technology security policies, guidelines and standards developed by the Budget and Control Board.
The Year In Review—cont.

Key Accomplishments—cont.

- Adopted Administrative Policies and Procedures for the use of Court Reporter Services.
- Upgraded the electronic database portal for the S.C. Vocational Rehabilitation Department for claimant outreach and referral. One hundred nineteen (119) claimants referred.

Communication/External Relations

- 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 478 to 553.
- Posted 122 general notices to the Commission's website.
- Emailed 64 general notices, policy advisories and updates to stakeholders and other interested parties.
- Appointed an Ad Hoc Advisory Committee of stakeholders to study the issue of allowing carriers and employers to make electronic indemnity payments.
- Commissioner Mike Campbell was appointed to the Commission by Governor Nikki Haley to fill an unexpired Commission seat. Commissioner Campbell's term commenced on August 1, 2014 and expires June 30, 2018.

Compliance & Coverage—cont.

- For FY 14-15, the Compliance Division compelled 269 employers in S.C. to come into compliance with the Act. In so doing, approximately 2,502 previously uninsured workers are now properly covered.
- The Compliance Division collected $906,833 in fines which represents 125% of FY 14 year-end collection.

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Compliance & Coverage—cont.

- Increased Compliance investigations by 335 or 30% (FY14 -1,088 to FY15 - 1,423).
- Number of cases filed with the Commission decreased 2,323 or 3.6% (FY14 - 65,300; FY15 - 62,977).
- Processed 13,765 settlements (Claimers, Form 16s, and third party settlements) an increase of 424 or 3.1% – (FY14 - 13,341).
- Processed 24,140 initial notices of payments (Form 15 Sections I and II) a decrease of 1,237 or 4.8%– (FY14 - 25,377).
- Processed 55,107 Form 18 (Carrier’s Periodic Report) – an increase of 2,372 or 4.5% (FY14 – 52,735).

Hearings

- Informal Conferences cases assigned 4,622, conducted – 3,139
- Cases docketed for single commissioner hearings increased 212 or 2.2%; (FY14 -9,553; FY15 - 9,765).
- Hearings conducted by a commissioner decreased by 4 or .3% (FY14 - 1,229, FY15 - 1,225).
- Settlements increased by 103 or 1.0%. (FY14 -10,195; FY15 - 10,298).
- Single commissioner cases appealed to the Full Commission decreased by 10 or 3%. (FY15 - 334).
- The number of cases reviewed by the Full Commission remained at 173.
- The number of Full Commission cases appealed to higher court increased by 15 or 19%. (FY14 – 78; FY15 - 93).

Applications for Stop Payment

- Full Commission Processed 334 appeals to the Full Commission. (FY14 - 344).
- Full Commission decisions appealed to higher Court -93. (FY14 - 78).

System Overview

Premiums

- Premiums paid into the workers’ compensation system totaled $1,027.8 million.
  - Market Share
    - Commercial - $702.2 million (68%)
    - Self Insurance - $246.8 million (24%)
  - State Accident Fund - $78.8 million (8%)
  - Insurers
    - Collected $4.8 million and remitted $2.4 million to the State General Fund Self-Insurance Taxes
  - The Department of Insurance reported Workers’ Compensation Insurance premium tax paid to the State General Fund - $16,370,788

Total Cost Reported for Cases Closed

- Medical and Indemnity:
  - Total cost of medical and compensation - $874.2 million. (FY14 - $903.7 million)
  - Medical expenses totaled $321.1 million. (FY14 - $341.9 million)
  - Compensation totaled $553 million. (FY 14 - $561.7 million)

Average Cost Per Claim

- Total = $13,840 per claim. (FY 14 - $13,613)
- Medical = $5,084 per claim. (FY14 - $5,151)
- Compensation = $8,756 per claim. (FY14 - $8,462)

Compensation by Category

- Total = $553 million. (FY 14 - $561.7 million)
  - Agreement = $525.3 million. (FY 14 - $535.1 million); Percent of Total = 95% (FY 14 – 95.3%)
  - Award = $27.8 million. (FY14 - $26.6 million); Percent of total = 5.0% (FY 14 – 4.7%)

The Year In Review—cont.

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Statistical Recap

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 14</th>
<th>FY 15</th>
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<tbody>
<tr>
<td>Number of Employers Purchasing Insurance</td>
<td>943,800</td>
<td>948,200</td>
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<tr>
<td>Number of Employers Qualifying as Self-Insurers</td>
<td>2,098</td>
<td>2,103</td>
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<tr>
<td>Number of Accident Cases Filled with the Commission</td>
<td>2,431</td>
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<td>Number of Accident Cases Pending Final Payment</td>
<td>62,977</td>
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<td>Number of Accident Cases Closed</td>
<td>63,364</td>
<td>63,754</td>
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<td>Number of Accident Cases Closed during Fiscal Year</td>
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<td>63,754</td>
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<tr>
<td>A. New Cases</td>
<td>60,858</td>
<td>61,248</td>
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<td>B. Reopened cases</td>
<td>2,191</td>
<td>2,506</td>
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<td>B. Minor Medical Only Accidents Reported</td>
<td>1,193</td>
<td>1,200</td>
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<tr>
<td>Total Compensation &amp; Medical Paid on closed cases</td>
<td>$874,244,043</td>
<td>$874,244,043</td>
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<tr>
<td>A. Medical Costs</td>
<td>$321,133,185</td>
<td>$321,133,185</td>
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<tr>
<td>B. Compensation</td>
<td>$553,090,857</td>
<td>$553,090,857</td>
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<td>Total Compensation - Medical Paid on closed cases</td>
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<td>Temporary Total Compensation Agreements</td>
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<td>Supplemental Compensation Agreements</td>
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<td>Applications for Stop Payment</td>
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<td>Cases Docketed for Hearings</td>
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<td>Cases Assigned for Informal Conferences</td>
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<td>Hearings Conducted by Single Commissioners</td>
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<td>Informal Conferences Conducted</td>
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<td>Decisions, Opinions &amp; Orders, Single Commissioners</td>
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<td>Cases Appealed to Full Commission for Review</td>
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<td>Reviews Conducted by Full Commission or Panel</td>
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<td>Decisions and Opinions by Full Commission or Panel</td>
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<td>Commission Decisions Appealed to Higher Court</td>
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<td>Common Law Settlements</td>
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<td>Attorney Fee Approvals</td>
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