FY 2016-17 Financial Report
The Commission completed FY17 with total expenditures of $5.4 million. The General Fund Appropriations totaled $1.9 million and Earmarked Fund totaled $3.5 million. The Earmarked Fund totaled $1.6 million of annual operating revenues from Fines, Fees and Assessments which was 40% less than budgeted. The Commission collected $5.1 million of Self Insurance Tax revenues. Pursuant to Act 95 of the Commission retained $2.5 million for operations and remitted $2.5 million to the General Fund. The Commission continues to strive to reduce expenditures where possible.

FY 2016-17 Statistical Recap Data
<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Employees Filing Benefits Requests</td>
<td>66,492</td>
<td>60,896</td>
<td>-9%</td>
</tr>
<tr>
<td>Number of Employees Filing Grievances</td>
<td>2,685</td>
<td>2,585</td>
<td>-3%</td>
</tr>
<tr>
<td>Inquiries Active Beginning of Fiscal Year</td>
<td>765</td>
<td>675</td>
<td>-12%</td>
</tr>
<tr>
<td>Inquiries Active Ending of Fiscal Year</td>
<td>5,719</td>
<td>7,736</td>
<td>36%</td>
</tr>
<tr>
<td>Inquiries for New Claim Coverage/Conciliation Agreements Resolved</td>
<td>364</td>
<td>346</td>
<td>-5%</td>
</tr>
<tr>
<td>Total Inquiries Closed</td>
<td>1,146</td>
<td>2,510</td>
<td>121%</td>
</tr>
<tr>
<td>Inquiries Active at Close of Fiscal Year</td>
<td>37,629</td>
<td>37,629</td>
<td>0%</td>
</tr>
</tbody>
</table>

Net Income/Expenses - $608,967

FY 2016-17 Year In Review
The following is a report of the activities and accomplishments for the South Carolina Workers' Compensation Commission for Fiscal Year ending June 30, 2017. Through the efforts of its dedicated employees, the Commission continued to strive for operational efficiency and effectiveness of system operations. The FY17 appropriations included $1.6 million of annual operating revenues from Fines, Fees and Assessments which was 40% less than budgeted. The Commission collected $5.1 million of Self Insurance Tax revenues. Pursuant to Act 95 of the Commission retained $2.5 million for operations and remitted $2.5 million to the General Fund. The Commission continues to strive to reduce expenditures where possible.

Annual Report FY 2016-2017

South Carolina Workers' Compensation

1333 Main Street, Suite 500
Post Office Box 1715
Columbia, South Carolina 29202
803.737.5700
www.wcc.sc.gov

Mission
To provide an equitable and timely system of benefits to injured workers and employers in the State of South Carolina in a fair, reasonable, and reliable manner possible.

Statutory and Regulatory
Submitted changes to Chapter 67 of the Code of Regulations for the General Assembly for approval. Document No. 4735, State Register, November 25, 2016. The proposed regulations will be considered by the General Assembly in 2018.

Issued an Administrative Order adopting policies and procedures regarding the payment of compensations by check or electronic payment systems pursuant to amendments to § 42-9-480 of the S.C. Code of Laws in Act 2017, Chapter 24, May 15, 2017.

The General Assembly approved Act 68, May 10, 2017, which amended Act 95 of 2016 to extend the prohibition of the use of stakeholder advisory committees and partnerships with business and other governmental entities.

Human Resources
The primary focus for Human Resources during FY17 was the hiring of a new Human Resource Manager. A new HR Manager was hired in October. Through the end of FY17, the HR Manager attended thirteen training sessions, related to the State of South Carolina's recruitment, benefits, human resource policies and procedures and employee payroll. Along with learning the State's human resource systems, the HR Manager's primary focus was to identify talent, recruit talent and onboard new employees. The Commission had 53 approved FTEs. During this period, five long-term employees retired which required a significant transfer of knowledge prior to the effective retirement dates. Additionally, we had seven employees separate from the Agency. We consolidated the processes about information Commission activities for the public generally. This is accomplished by responding to stakeholders' telephone calls and emails, regularly updating the Commission's website and communicating general notices and policy advisories with stakeholders through an email distribution list. While the Executive Director's office does not provide legal advice to injured workers or discuss the specific details of an individual's case, one core function is to provide information about processes and procedures. During FY17, the office logged 7,736 contacts with various constituents and stakeholders. The contacts included telephone communications, electronic and personal contacts with claimants or constituents, state agencies, federal agencies, attorneys, other government agencies, the Commission's work. This is accomplished by constant and consistent informal communication with stakeholders, responding to their requests and concerns and implementing changes as needed, as well as formal communication with stakeholders through the use of stakeholder advisory committees and partnerships with business and other governmental entities.

COMMISSIONERS
July 1, 2016–June 30, 2017
T. Scott Beck, Chairman
Susan S. Barden, Vice Chair
Mike Campbell
Melody James
Gene McCaskill
Alisha Taylor
Avery B. Wilkerson, Jr.
Gary M. Cannon, Executive Director

fifty-two (52) general notices, policy advisories and updates to stakeholders and other interested parties and posted thirteen (13) agendas and supporting documents for the Commission Business Meetings. Eighty-one (81) email addresses were added to the Commission's email distribution list, increasing the total to 701. The Executive Director's office is responsible for the hiring of employees in need of vocational counseling or vocational evaluation, personal adjustment, training and placement to the SC Vocational Rehabilitation Department (SCVRD). In 2015, the Commission partnered with the SCVRD to allow statewide electronic access to the injured workers' database. During FY17, SCVRD contacted 107 claimants for vocational rehabilitation services as a result of the partnership allowing access to the Commission's electronic database.

Information Technology (IT) Department
The IT Department's staff of five supports the internal stakeholders by providing the appropriate technology to the agency to work more efficiently. They support the agency's external stakeholders by providing assistance with EDI transmissions, electronic submission of files, and end use cases to stakeholders. During FY17, the IT Department upgraded all outdated work-
Obtained insurance coverage for approximately 2,000 previously uninsured workers. A total of $382,199 in fines were collected from these violations. Through the use of information technology systems, implemented improvements to the process for paid for claims, including carrier fine debt and scheduling and serving proper notice for Compliance Show Case Hearings. The Division is also responsible for the VOIPs of carriers for failure to submit required reports in a timely manner. Two hundred sixty-four (264) cases were set for Rule to Show Cause Hearings, resulting in $130,000 fines collected.

**Insurance & Medical Services Division**

The IMS Department is divided into three divisions: Compliance & Coverage, Medical Services, and Self-Insurance. The Compliance and Coverage Division is responsible for overseeing the implementation of the medical fee schedules, responding to inquiries from medical service providers, and resolving disputes through the Medical Fee Dispute Process. The Commissioners approved an update to the Medical Services Provider Manual (physician’s fee schedule) effective September 1, 2016 which provides a Maximum Allowable Payment (MAP) for medical services provided to injured workers. The update included the approval of a 50% Conversion Factor and reflected 2016 Relative Values issued by the Center for Medicare and Medicaid Services. The Division processed an average of 17 medical bill disputes per month during FY17.

**Claims Department**

The Claims Department is responsible for reviewing and processing periodic reports filed by carriers, reviewing all final settlements and responding to requests for claims history data. During FY17, the department processed 29,134 initial notices of payments (Form 15) and 54,207 Carrier’s Periodic Report (Form 18). Of total Form 18s received, 14,073 were filed electronically and 25,070 were filed as an attachment to an email. The department received 16,911 through the US Postal Service. The department continues to encourage the use of electronic filing. With regard to Settlements, the department processed 14,676 Claimants, Form 16s, and third party settlements. To ensure the protection of the claimant’s right to privacy with regard to claims history data, the department implemented a new procedure to verify and respond to requests for claims history data.

**Judicial Department**

The Judicial Department is responsible for scheduling informal conferences, and reviewing all informal conferences and contested workers’ compensation cases. The department’s work is divided between three adjudication processes: Informal Conferences, Hearings, and Appeals. During FY17, the department processed over 17,000 pleadings, 3,500 motions, 1,400 appeals, and 1,100 mediation dockets.

Scheduling single Commissioner’s hearings and Informal Conferences is one of the core functions of the Judicial Department. This involves coordinating with state agencies, local governments, educational institutions for over 100 different facilities across the state. During FY17, the department added six new sites to the list, solidifying the alliance with SCVRC which allowed the Commission to use several of their facilities across the state.

**Hearings & Other Case Related Activities**

- Informal Conference cases increased by 174 or 3.9% (FY17:4,621; FY16:4,447); Informal Conferences conducted increased by 225 or 8.1% (FY17:8,277; FY16:7,052).
- Cases docketed for single commissioner hearings increased 76 or 7.6% (FY17:10,458; FY16:9,682).
- Hearings conducted by a commissioner decreased 329 or 27.8% (FY17:8,854; FY16:11,183).
- Settlements increased by 2,302 or 25.3% (FY17:11,396; FY16:9,094).
- Commissioners approved 8,754 attorney fee petitions; issued 5,298 Administrative Orders; conducted 1,632 clinician conferences; approved 1,044 relief of counsel motions, and conducted 280 pre-hearing conferences.

**System Medical Costs**

- Medical and compensation - 901.5 million (FY16: 896.5 million)
- Medical and self-insured - 349.2 million (FY16: 333.9 million)
- Total compensation total $552 million (FY16: $562 million)

**Compensation**

- $1.1 billion of workers’ compensation insurance premiums were paid for commercial, self-insurance and State Accident Fund coverage. The commercial market has a 70% share, the Self-Insurance market has a 23% market share and the State Accident Fund has approximately 7% of the market share. The Department of Insurance reported $19.5 million of workers’ compensation insurance tax premium paid to the State General Fund for FY17.

**Average Cost Per Claim**

- Total = $14,073 per claim. (FY16: $14,120)
- Medical = $5,342 per claim. (FY16: $5,261)
- Compensation = $8,761 per claim. (FY16: $8,859)

**Compensation by Category**

- Medical expenses total $349.2 million (FY16: $333.9 million)
- Total compensation total $552 million (FY16: $562 million)
- Agreement = $526.8 million. (FY16: $536.7 million)
- Percent of Total = 95.4% (FY16:96%)
- Award = $25.3 million. (FY16: $25.7 million)
- Percent of total = 4.5% (FY16:4.0%)