

FINANCIAL REPORT
FY ENDING JUNE 30, 2011

General Appropriation

	<u>Amended Budget</u>	<u>Actual</u>
REVENUES		
General Appropriation	\$ 1,941,794	\$ 1,941,794
EXPENDITURES		
Commissioners	\$ 1,070,244	\$ 1,070,243
Administration	\$ 226,358	\$ 226,358
Claims	\$ 60,466	\$ 60,466
Insurance & Medical Services	\$ 57,755	\$ 57,755
Judicial	\$ 61,862	\$ 61,862
Fringe Benefits	\$ 465,109	\$ 465,109
Total	\$ 1,941,794	\$ 1,941,793
Operating Surplus (Deficit)		\$ 1

Earmarked Funds

	<u>Amended Budget</u>	<u>Actual</u>
REVENUES		
Training Conference	\$ 1,000	\$ 8,020
Publications & Brochures	\$ 8,000	\$ 21,963
Award Review Fees	\$ 75,000	\$ 75,000
Sale of Photocopies	\$ 95,000	\$ 93,958
Filing Violation Fees	\$ 1,891,000	\$ 2,036,697
Sale of Listings and Labels	\$ 30,000	\$ 41,550
Hearing Fees	\$ 600,000	\$ 549,080
Total	\$ 2,700,000	\$ 2,826,268
Transfer Fund Balance	418,815	
Total Revenues	\$ 3,118,815	\$ 2,826,268

EXPENDITURES

Commissioners	\$ 580,905	\$ 507,441
Administration	\$ 645,001	\$ 604,683
Claims	\$ 463,498	\$ 458,292
Insurance & Medical Services	\$ 576,884	\$ 566,997
Judicial	\$ 455,811	\$ 430,862
Other Employee Contributions	\$ 396,716	\$ 396,716
Total Expenditures	\$ 3,118,815	\$ 2,964,991
Total	\$ 3,118,815	\$ 2,964,991
Operating Surplus (Deficit)		\$ 153,824

Gen App & Earmarked Funds	Revenues	Expenditures
Total	\$ 5,060,609	\$ 4,906,784

Computer System Data Base	\$ 54,761	\$ 44,831
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STATISTICAL RECAP
FY ENDING JUNE 30, 2011

Number of Policies Issued	75,137
Number of Employers Qualifying as Self-Insurers	1,936
Investigations Active Beginning of Fiscal Year	425
Investigations Initiated	1,690
Investigations Set for Show Cause Hearings/	137
Compliance Agreements Received *	284
Total Investigations Closed	1,434
Investigations Active at Close of Fiscal Year	681
Number of Accident Cases Filed with the Commission	67,354
A. New Cases	64,785
B. Reopened cases	2,569
Number of Cases Closed during Fiscal Year	68,510
A. Individually Reported Accidents	27,319
B. Minor Medical Only Accidents Reported	41,191
Total Compensation & Medical Cost Paid on Closed Cases	\$849,552,678
Medical Costs	318,618,953
Compensation	530,933,725
Temporary Compensation Agreements	15,872
Agreements for Permanent Disability	3,853
Applications for Stop Payment **	1,825
Cases Docketed for Hearings	9,644
Cases Assigned for Informal Conferences	5,307
Hearings Conducted by Single Commissioners	1,968
Informal Conferences Conducted	3,758
Decisions, Opinions & Orders, Single Commissioners	2,021
Cases Appealed to Full Commission for Review	607
Reviews Conducted by Full Commission or Panel	303
Decisions and Opinions by Full Commission or Panel	374
Commission Decisions Appealed to Circuit Court	157
Common Law Settlements	9,949
Attorney Fee Approvals	8,700
Self-Insurance Tax Collected	\$4,775,811
* Formerly Consent Agreements; **Includes 60-Day Notice	

**South Carolina
Workers'
Compensation
Commission**

**Annual Report
FY 2010-2011**



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THE YEAR IN REVIEW

The South Carolina Workers' Compensation Commission is proud to report its activities and accomplishments for Fiscal Year ending June 30, 2011. 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.

Financial Condition

- State appropriations to the Commission have been reduced during the past three fiscal years. By comparison, the Commission's total budget in FY 07-08 was \$5.5 million, \$3.6 million appropriated general funds and \$1.9 million from earmarked/earned funds. The FY 2010-11 annual operating budget was \$5.0 million, of which \$1.9 million was appropriated from the state general fund and \$3.1 from the earmarked/earned funds.
- The Commission ended FY 10-11 with an operating surplus of \$153,824 in the Earmarked Fund.

Key Accomplishments

- Created and stored electronic images of 48,895 documents of case files closed January 2009 through December 2010. The destruction of the paper documents will reduce the need of storage space by approximately 1500 cubic feet.
- Added new features to the Internet portal (eCase) to allow attorneys to submit the notification of representation to the Commission electronically and TPA users may register and link to their assigned cases.
- Reduced the time to create a case file of employer's violation of the insurance coverage requirements from 9 minutes to under 1 minute per file resulting in a savings of 8 hours per month per investigator.
- Replaced 81% of all laptops and workstations, and upgraded to Windows 7 and Office 2010 to enhance the work capabilities of the staff.
- Purchased a new SQL server to host the mission critical systems to operate newest technology, ensure security, performance and stability.
- Implemented electronic delivery of Notices, Single Commissioner Decision and Orders, and Full Commission Orders to attorneys, insurance carriers and employers. This resulted in a 24% decrease in the number of mail pieces processed.

THE YEAR IN REVIEW—cont.

Key Accomplishments—cont.

- Proposed changes to regulations R67-1302A governing medical services fee schedule to provide flexibility for Commission to enact changes to medical fee schedule.
- Approved a new Medical Services Provider Manual (physician's fee schedule) effective July 1, 2010.

Communication/External Relations

- Conducted four training sessions, **Claims Administration Workshop Made Easy**, for 241 stakeholders in September 2010 and May 2011. Attendees included Attorney's, Insurance Companies, TPA's, Employers and others who deal with claims.
- Posted all agendas for the Commission Business Meetings on the Commission's website two days prior to the meetings.
- Added 26 contacts to the Commission's general notice distribution list.
- Posted 21 general notices and policy advisories to the Commission's website
- Emailed 16 general notices, policy advisories and updates to stakeholders and other interested parties.
- Appointed an ad hoc committee of stakeholders to evaluate and develop recommendations with regard to the maximum allowable payment for surgical implant devices in the Commission's medical fee schedule.
- Appointed an ad hoc committee of stakeholders to review the Pharmacy Fee Schedule section of the Medical Services Provider Manual.

Compliance

- Increased Compliance investigations by 23% (1,375 to 1,690).

Claims

- Processed 14.6% more cases filed with the Commission (58,753 to 67,354) than the previous fiscal year.
- Processed 14,099 settlements (Clinchers, Form 16s, and third party settlements) and 26,301 initial notices of payments.

COMMISSIONERS July 1, 2010 - June 30, 2011

T. Scott Beck, Interim Chairman	Andrea C. Roche
Susan S. Barden, Vice Chair	Avery B. Wilkerson, Jr.
David W. Huffstetler	Derrick L. Williams
G. Bryan Lyndon	

Executive Director — Gary M. Cannon

THE YEAR IN REVIEW—cont.

Hearings

- Assigned 5,307 cases for Informal Conferences. (FY10 assigned 6,264)
- Conducted 3,758 Informal Conferences. (FY10 conducted 3,549)
- Docketed 9,644 cases for single commissioner hearing. (FY10 docketed 10,912)
- Reduced the average # of days to process a request for a hearing assigned to commissioner from 29 days to 24 days.
- Reduced the average # of days commissioners' office to schedule first hearing date from 73 days to 59 days.

Appeals

- Processed 607 appeals to the Full Commission. (FY10 processed 647)
- Conducted 303 appellate hearings. (FY10 conducted 357)
- Full Commission decisions appealed to higher Court-157. (FY10—178 appealed)

System Overview

Premiums

- Premiums paid into the workers' compensation system totaled \$842.9 million in FY 10-11.
Market Share
Commercial (CY) - \$540.3 million (64%)
Self Insurance - \$215.9 million (26%)
State Accident Fund - \$86.7 million (10%)

Insurance Tax

- Collected and remitted to the State General Fund \$4.8 million Self Insurance Taxes
- Workers' Compensation premium tax paid to the State General Fund—\$14,673,877

Total Cost Reported for Cases Closed (Medical and Indemnity)

- Total cost of medical and compensation—\$849.5 million. (FY10—\$823.3m)
- Medical expenses totaled \$318.6 million. (FY10—\$296m)
- Compensation totaled \$530.9 million. (FY10—\$528.3m)

Average Cost Per Claim

- Total = \$12,400 per claim. (FY10—\$13,181)
- Medical = \$4,651 per claim. (FY10—\$4,734)
- Compensation = \$7,750 per claim. (FY10—\$8,448)

Compensation by Category

- Total = \$530.9 million. (FY10 = \$528.3 million)
- Agreement = \$502.8 million. (FY10 = \$499.3 million)
Percent of Total = 94.7% (FY10 = 94.5%)
- Award = \$28.0 million. (FY10 = \$28.9 million)
Percent of total = 5.29% (FY10 = 5.48%)