

# **South Carolina Workers' Compensation Commission**



## **Annual Accountability Report**

2006-2007

## Section I - Executive Summary

### 1. Mission and Values

#### *Our Mission*

*Provide an equitable and timely system of benefits to injured workers and to employers in the most responsive, accurate, and reliable manner possible.*

To accomplish this mission, the South Carolina Workers' Compensation Commission will:

- Administer the workers' compensation laws of this State in a fair, impartial and timely manner;
- Recommend improvements and changes to the laws governing the administration of the system;
- Ensure a professionally-trained staff of employees;
- Continually strive to improve the quality of services and products; and,
- Provide information to foster an understanding of and compliance with the workers' compensation laws of the State of South Carolina.

### 2. Major Achievements in FY 06-07

The Commission continues to expedite hearing requests within 90 days which has reduced the waiting time for a hearing from four months to three months. Full Commission Panel Reviews are also expedited within 90 days.

The Commission implemented a new payment system for health care facilities treating workers' compensation patients. Effective October 1, 2006, healthcare facilities are paid 140% of the federal Medicare payment for inpatient and outpatient services. The Commission's decision, taken in response to rapidly rising medical care charges, is expected to save employers and insurance carriers as much as \$60 million annually. To assist with the transition to the new payment system, the Commission established the capability to review and re-price all hospital inpatient, outpatient and ambulatory surgery center bills at no charge. This greatly facilitated the transition to the new payment system at an earlier date than otherwise possible.

Further developed and improved a website which continues to provide up-to-date and extensive information on the workers' compensation system in our state.

Second year funding was received for a multi-year project to replace the Commission's aging computer system installed in 1990. Updated technology is critical to the Commission's function and will enable us to provide more services online and give us the capability to conduct meaningful analyses of the workers' compensation system's performance.

The Commission developed an intranet site that serves as an informational tool, educational resource and customer service enhancer for the agency. The site provides information pertinent to all employees. New employees as well as seasoned employees benefit from the information provided about every department and division within the Commission. The site also serves a cross-training tool, providing detailed information about departmental missions, employee responsibilities, processes and procedures. All of these result in employees that are proficient in providing the public information about the Commission that is consistent, precise and helpful in addressing inquiries.

Through the processing of self-insurance tax returns and the Commission's audit process, \$5.8 million was collected in self-insurance taxes, an 18% increase over the last five years.

A process for resolving claims initially reported as uninsured was developed to minimize the waiting period while determining if an employer is subject to the Workers' Compensation Act. As a result, the waiting time for cases to be heard decreased from four months to three months.

The South Carolina Human Affairs Commission commended the agency for achieving 99.9% of its 2005-2006 equal opportunity goals.

### **3. Key Strategic Goals for Present and Future Years**

- Complete the second phase of implementing the new Progress 10 computer system. Phase one consisted of replacing the Commission's 15-year-old computer system which housed the Commission's claims data base and all agency records.
- Create an imaging document management system to house all agency documents electronically.
- Optimize the timeliness and accuracy of benefits provided to injured workers by monitoring, in real time, the administration of all workers' compensation claims.
- Contain total medical costs while preserving worker access to quality medical care by revising the Medical Services Provider Manual.
- Provide training to interested customers/stakeholders on workers' compensation processes on a bi-annual basis as well as accommodating requests for information by interested parties.

**4. Opportunities and barriers that may affect agency's success in fulfilling its mission and achieving its strategic goals**

- Having received funding for a new computer system, the Commission has a tremendous opportunity and challenge to make significant changes in its operations and ability to conduct meaningful analyses.
- Information is available, both regionally and nationally, to compare South Carolina to other states to evaluate premium costs and benefits available to injured workers.

**5. How the accountability report is used to improve organizational performance**

Sections of the accountability report are used as a management tool. The strategic plan is used to assess and adjust the direction of the Commission, produce fundamental decisions and actions that shape the organization, and determine clear objectives and goals. The process management section of the report is used to define processes, assign ownership, and measure process performance. Actively using the report as a management tool results in continuous improvement for the organization.

## **Section II - Organizational Profile**

### **1. Organizations main products and services and the primary methods by which they are delivered.**

The Workers' Compensation Commission is responsible for overseeing and administering the South Carolina Workers' Compensation Act. The Act serves to relieve employers of liability from common law suits involving negligence in exchange for becoming responsible for medical costs and loss wages of on-the-job injuries regardless of fault. These services are delivered by the Commission adhering to the agencies six basic objectives:

1. Provide sure, prompt, and reasonable income and medical benefits to work-related accident victims, or income benefits to their dependents, regardless of fault;
2. Provide an exclusive remedy and reduce court delays, costs and judicial workloads arising out of personal injury litigation;
3. Relieve public and private charities of financial demands incident to uncompensated occupational accidents;
4. Minimize payment of fees to lawyers and witnesses as well as time-consuming trials and court appeals;
5. Encourage maximum employer interest in safety and rehabilitation through an appropriate experience-rating mechanism; and
6. Promote frank study of the causes of accidents (rather than concealment of fault) in an effort to reduce preventable accidents and human suffering.

### **2. Key customers segments and their key requirements/expectations.**

The Commission has identified its two most important customer groups: South Carolina's employers and their employees. Their expectations are to receive an equitable, fair, responsive and reliable workers' compensation system.

### **3. Key stakeholders**

Other customers who are involved in the workers' compensation system and provide services of one type or another to employers and their employees include, but are not limited to: Commission employees, South Carolina Congressional delegation, South

Carolina legislative delegation, insurance companies, self-insured funds, third-party administrators, attorneys, physicians, hospitals, other state workers' compensation agencies, the Department of Commerce, the Employment Security Commission, the Department of Vocational Rehabilitation, the State Attorney General's office, the State Department of Labor, Licensing & Regulation, the Uninsured Employers Fund and the Second Injury Fund, the FBI and the U.S. Office of the Attorney General, the Social Security Administration and the State Accident Fund.

#### **4. Key suppliers and partners**

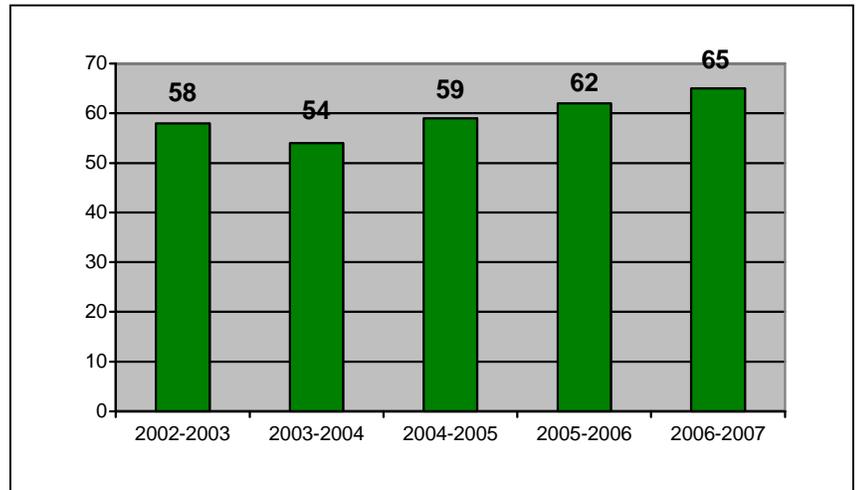
- Insurance companies;
- Self-insured funds;
- Third-party administrators;
- Attorneys;
- Physicians;
- Hospitals;
- Department of Commerce;
- Employment Security Commission;
- Department of Vocational Rehabilitation;
- State Attorney General's Office;
- State Department of Labor, Licensing & Regulation;
- Uninsured Employers Fund and the Second Injury Fund;
- FBI and the U.S. Office of the Attorney General;
- Social Security Administration; and,
- State Accident Fund
- Department of Insurance

#### **5. Your operation location**

- a. Main: South Carolina Workers' Compensation Commission  
1612 Marion Street, Columbia, South Carolina 29201
- b. Sites: All 46 Counties (sites of actual workers' compensation hearings)

**6. Number of Employees: 65**

65 Classified employees  
9 Unclassified employees



**7. The regulatory environment under which your organization operates**

The Commission consists of seven Commissioners appointed by the Governor with the advice and consent of the Senate for terms of six years and until their successors are appointed and qualified. The Governor, with the advice and consent of the Senate, designates one commissioner as Chair for a term of two years, and the Chair may serve two terms in a six-year period, though not consecutively. The Chair is the chief executive officer of the Commission and responsible for implementing the policies established by the Commission in its capacity as the governing board.

The day-to-day administration and operation of the Commission is the responsibility of the Executive Director who is appointed by and serves at the pleasure of the seven commissioners acting in their capacity as the board of directors of the agency. The Executive Director functions as the Commission's Chief Operating Officer.

Under the general supervision and management of the executive director are the Commission's five functional departments: (1) Administration, (2) Claims, (3) Insurance & Medical Services, (4) Judicial and (5) Information Services. Each department is under the supervision of a director and may be organized into one or more operational divisions.

**8. Your Key Strategic Challenges**

**1. Completion of Phase II of the new computer system**

Completion of Phase I was a significant accomplishment and included the installation of new hardware including new servers and new software updating our database from a dos-based system to the most current windows-based software. In addition, the Commission established contracts with the State Division of the CIO which provided, in a cost effective manner, the expertise to make phase one of this multi-year project a success.

Phase I, which brought both stabilization and improvement in our IT operations, was accomplished with minimal disruptions. System downtime is now rare, typically only for scheduled maintenance.

Completion of Phase II will be equally as challenging. Upon completion we anticipate further system-wide improvement via greater electronic submission of claims and other information between the industry and the Commission. The challenge is to effect the biggest improvement in the workers' compensation system with the resources we have for Phase II, which itself will be a multi-year project.

## **2. Maintain current time to a hearing**

Currently there is no backlog in cases waiting for a hearing. In instances where a hearing has been requested, time to a hearing is three to four months for a single commissioner hearing and approximately two to three months for an appellate hearing. Because of certain timeframes prescribed by statute, we are at baseline levels. For example, once a hearing is requested the other party has thirty days to reply; and there must be at least thirty days notice of the hearing itself. Further improvements in process time will be difficult to accomplish. Maintaining this level also will be difficult if there are in commissioner vacancies or changes.

## **3. Implement the Changes of Act 111**

Act 111, which made significant changes to the Workers' Compensation Act effective July 1, 2007, will require the Commission to change its procedures and propose new regulations. In some cases, Act 111 will require the Commission to develop, implement and maintain a dual system for processing claims. Considerable time and effort will be needed to fully implement the changes.

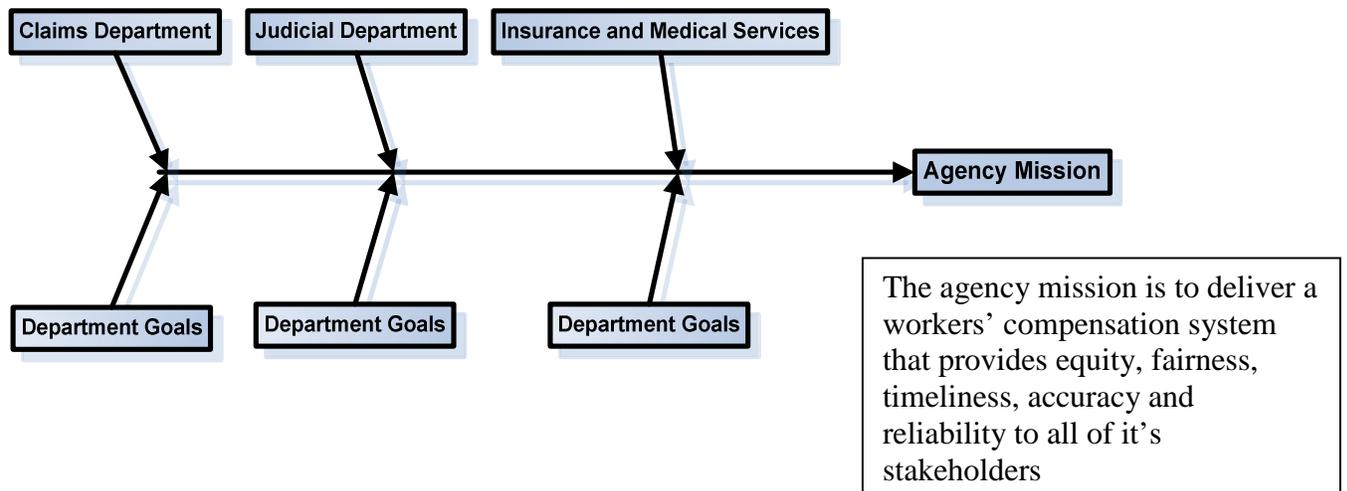
## **9. Your performance improvement system**

The Commission is committed to improving the workers' compensation system through several ongoing initiatives. The Commission's series of one-day seminars on claims management, Claims Administration Made Easy, was held and the corresponding publication marketed to interested individuals as well. This seminar has been approved for 4.75 CLE credit hours. Commissioners and executive staff made presentations at the 30<sup>th</sup> Annual Workers' Compensation Education Conference sponsored by the South Carolina Workers' Compensation Educational Association. The Commission co-sponsored with the Educational Association the 28<sup>th</sup> Annual Workers' Compensation Medical Seminar, a three day conference devoted to medical issues relevant to workers' compensation. In addition, Commission employees are routinely asked to present at other seminars and conduct presentations on various subjects to outside organizations and groups. The Commission routinely provides staff to conduct training for insurance carriers and self-insured employers.

The Commission is dedicated to the improvement of process times, specifically time to conduct a hearing, and track them on a monthly basis. As a result, adjustments are made to the Commission's schedules, both for single commissioner hearings and appellate hearings to be as timely as possible.

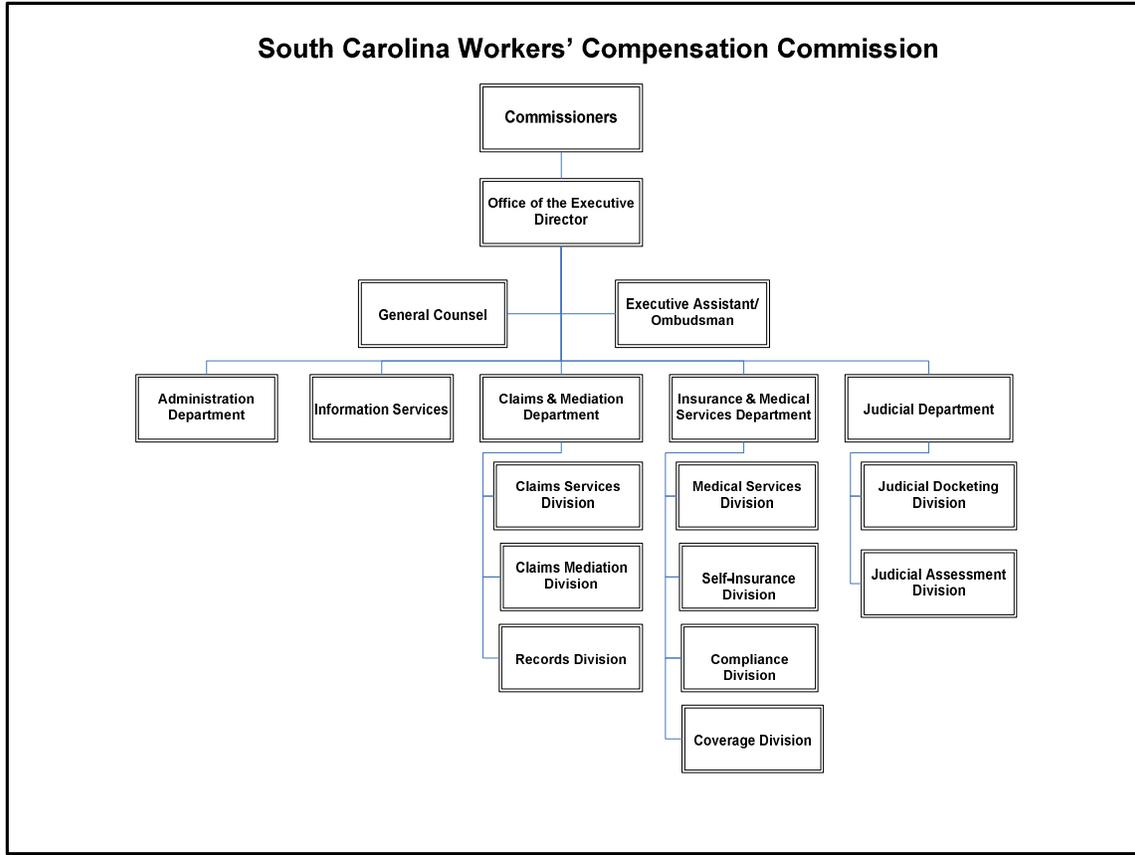
## 10. Your organizational structure

The Workers' Compensation Commission is a highly specialized, single purpose organization with three programs: Claims, Judicial, and Insurance & Medical Services. Each of the program areas has goals linking it to the mission of the agency. The Commission's mission is linked to its program goals by a common purpose and commitment to the principles of equity, fairness, timeliness, accuracy, and reliability fundamentally inherent in a state regulatory system requiring the participation of almost every employer and employee in South Carolina. Because of the Commission's singular purpose, its programs are inextricably joined together in one system.



The Commission manages a system of benefits by:

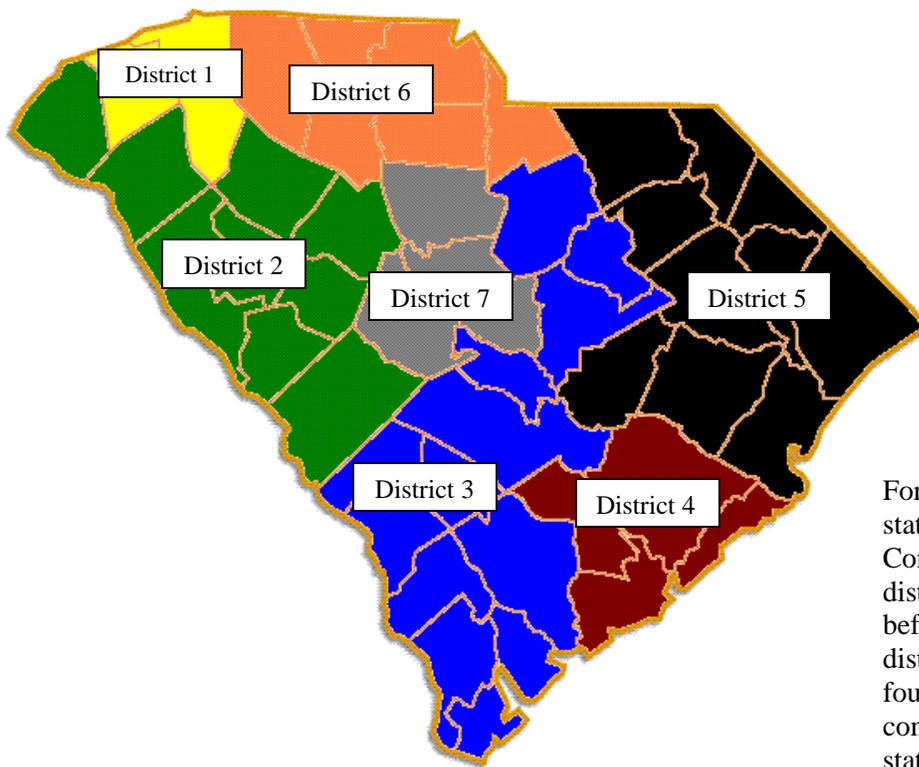
- Holding hearings and informal conferences to resolve contested issues;
- Monitoring the management of all claims to ensure benefits are paid accurately and timely;
- Administering a self-insurance alternative for South Carolina employers; ensuring compliance with the Workers' Compensation Act and;
- Establishing medical fee schedules that contain medical costs while assuring access to quality health care.



Commissioners

The Commission consists of seven Commissioners appointed by the Governor with the advice and consent of the Senate for terms of six years and until their successors are appointed and qualified. The Governor, with the advice and consent of the Senate, designates one commissioner as Chair for a term of two years, and the chairman may serve two terms in a six-year period, though not consecutively. The chairman is the chief executive officer of the Commission and responsible for implementing the policies established by the Commission in its capacity as the governing board.

Commissioners are responsible for hearing and determining all contested cases, conducting informal conferences, approving settlements, and hearing appeals. In our quasi-judicial role, Commissioners must conduct the legal proceedings in the county in which the claimant was injured.



For administrative purposes, the state is divided into seven districts. Commissioners are assigned to a district for a period of two months before being reassigned to another district. During the course of a fourteen month period, the commissioners serve in each of the state's forty-six counties.

It is the responsibility of the Commission to administer the South Carolina Workers' Compensation Act, generally found in Title 42 of the Code of Laws of South Carolina. In accordance with the Administrative Procedures Act, the Commission also promulgates rules and regulations necessary to implement the provisions of Title 42.

#### Executive Director

The day-to-day administration and operation of the Commission is the responsibility of the executive director who is appointed by and serves at the pleasure of the seven commissioners acting in their capacity as the board of directors of the agency. The executive director functions as the Commission's chief operating officer.

Under the general supervision and management of the executive director are the Commission's five functional departments: (1) Administration, (2) Claims, (3) Insurance & Medical Services, (4) Judicial, and (5) Information Services. Each department is under the supervision of a director and may be organized into one or more operational divisions.

#### Administration

The Administration Department is responsible for a variety of internal programs, including finance, budgeting, human resources, purchasing, inventory, facility maintenance, motor

vehicles, mail and printing, office services, and affirmative action, as well as administrative operations of the Commission.

### Judicial

The Judicial Department is responsible for scheduling contested matters and informal conferences before a commissioner and for scheduling appeals before an appellate panel of commissioners. Case preparation in anticipation of a hearing consists of reviewing a file, requesting additional documentation from the parties, preparing a case summary, sending notices to the parties, and maintaining the docket.

### Claims

Administration and management of accident reports and any resulting claims are responsibilities of the Claims Department. After an accident is reported to the Claims Department, claims personnel monitor its progress through the system. Individual case records are reviewed to ensure the requirements of the Workers' Compensation Act and the rules and regulations of the Commission are being observed. Conflicts of a non-judicial nature are often resolved in the Claims Department.

### Insurance and Medical Services

The Department of Insurance and Medical Services is responsible for maintaining and monitoring workers' compensation insurance coverage records for all employers, enforcing compliance with the Act, administering the workers' compensation self-insurance program, establishing payment systems and fee schedules for medical providers, and resolving disputed medical bills. The Coverage Division maintains insurance records for employers who purchase coverage from commercial insurance carriers. The responsibility for investigating uninsured employers to determine if they are subject to the workers' compensation law is the responsibility of the Compliance Division. Under certain conditions, South Carolina employers may self-insure against losses resulting from on-the-job injuries. Qualifying and regulating the self-insured employers is the responsibility of the Self-Insurance Division. The department's Medical Services Division is responsible for maintaining the fee schedule that regulates charges by doctors and hospitals and for approving various fees and charges in accordance with the established schedules.

## 11. Expenditures/Appropriations Chart

### Base Budget Expenditures and Appropriations

Major Budget Categories	FY 05-06 Actual Expenditures		FY 06-07 Actual Expenditures		FY 07-08 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$ 2,706,595	\$ 2,117,144	\$2,918,962	\$2,202,337	\$3,394,846	\$2,564,295
Other Operating	\$ 1,083,410	\$ 21,446	\$1,767,544	\$567,740	\$1,262,307	\$329,984
Special Items	\$ 648,868	-0-	-0-	-0-	-0-	-0-
Miscellaneous Operations	-0-	-0-	-0-	-0-	-0-	0-
Case Services	-0-	-0-	-0-	-0-	-0-	-0-
Distributions to Subdivisions	-0-	-0-	-0-	-0-	-0-	-0-
Fringe Benefits	\$ 723,171	\$ 583,047	\$770,517	\$618,546	\$831,721	\$694,595
Non-recurring	-0-	-0-	-0-	-0-	-0-	-0-
<b>Total</b>	<b>\$ 5,162,044</b>	<b>\$ 2,721,637</b>	<b>\$5,808,712</b>	<b>\$3,388,625</b>	<b>\$5,488,874</b>	<b>\$3,588,874</b>

### Other Expenditures

Sources of Funds	FY 05-06 Actual Expenditures	FY 06-07 Actual Expenditures
Supplemental Bills	0	0
Capital Reserve Funds	\$648,868	\$351,689
Bonds	0	0

## 12. Major program areas chart

Program Number and Title	Major Program Area Purpose (Brief)	FY 05-06 Budget Expenditures	FY 06-07 Budget Expenditures	Key Cross References for Financial Results*
Claims	Improve timeliness and accuracy of benefits to injured workers.	State: \$ 339,507 Federal: \$ Other: \$ 261,522 <b>Total: \$ 661,029</b> <b>13% of Total Budget</b>	State: \$ 480,530 Federal: \$ Other: \$ 217,465 <b>Total: \$ 697,995</b> <b>12% of Total Budget</b>	Graph 7.1 Graph 7.1-2
Judicial (Management)	Assess and assign for disposition all claims requiring mediation, adjudication or appellate review.	State: \$ 129,936 Federal: \$ Other: \$ 320,931 <b>Total: \$ 450,867</b> <b>9% of Total Budget</b>	State: \$ 177,128 Federal: \$ Other: \$ 370,889 <b>Total: \$ 548,017</b> <b>9% of Total Budget</b>	Graph 7.2-1 Graph 7.2-2
Judicial (Commissioners)	Conduct all single commissioner and Full Commission hearings.	State: \$1,304,569 Federal: \$ Other: \$ 370,033 <b>Total: \$1,674,602</b> <b>32% of Total Budget</b>	State: \$ 1,341,942 Federal: \$ Other: \$ 441,351 <b>Total: \$1,783,293</b> <b>31% of Total Budget</b>	Graph 7.2-1 Graph 7.2-2
Insurance & Medical Services	Assure availability of workers' compensation benefits to injured workers, provide employers a self insurance alternative and contain medical costs.	State: \$ 298,158 Federal: \$ Other: \$ 262,610 <b>Total: \$ 560,768</b> <b>11% of Total Budget</b>	State: \$ 376,292 Federal: \$ Other: \$ 261,920 <b>Total: \$ 638,212</b> <b>11% of Total Budget</b>	
Administration		State: \$ 589,468 Federal: \$ Other: \$ 576,442 <b>Total: \$1,165,910</b> <b>23% of Total Budget</b>	State: \$ 1,012,732 Federal: \$ Other: \$ 776,775 <b>Total: \$ 1,789,506</b> <b>31% of Total Budget</b>	

Remainder of Expenditures	State:		State:	
	Federal:		Federal:	
	Other:	\$648, 868	Other:	\$351,689
	Total:	\$648, 868	Total:	\$351,689
	<b>12% of Total Budget:</b>		<b>6% of Total Budget:</b>	

## **Section III – Elements of Malcolm Baldrige Award Criteria**

### **Category 1 – Leadership**

#### **1.1 How do senior leaders set, deploy, and ensure two-way communication for: (a) short and long term direction and organizational priorities, (b) performance expectations, (c) organizational values, (d) empowerment and innovation, (e) organizational and employee learning, and (f) ethical behavior?**

Executive staff meets weekly to discuss long and short-term direction and performance expectations. The environment of these meeting is one of open communication and mutual contribution toward achieving desired successes. Executive leaders conduct similar meetings within their respective departments to maintain open lines of communication, encourage input from employees and increase interaction between management and employees. Organizational priorities are communicated through the strategic planning process. This is revisited and reinforced in senior leadership staff meetings and through communication to the Commission in the monthly Full Commission Business Meetings.

Performance expectations are defined and communicated to employees through the Employee Performance Management System (EPMS). Use of this system allows employees to understand the expectations of their position and how they will be evaluated at the conclusion of the rating period. Each employee's EPMS reflects the agency and respective department's mission statement.

Organizational values are communicated to employees and customers through a display in each department of the Commission's vision and mission statements, along with the department's individual mission statement. This serves to continuously apprise all employees, customers and stakeholders of the standards this organization and its employees strive to achieve.

Executive leadership works to foster individual productivity and communication through one-on-one conferences, and each department has established job notebooks that outline job and work processes. While these manuals assist in providing on-the-job training for new employees and cross-training for current employees, they also provide a reference point for review of the job and work processes. In addition, the Commission encourages its employees to participate in training and other educational initiatives. External training opportunities are routinely communicated to all employees and the agency supports the employee efforts to participate and attend such functions.

Commissioners are bound by the Code of Judicial Conduct as contained in Rule 501 of the South Carolina Appellate Court Rules which requires commissioners and their administrative assistants annually attend a workshop of at least three continuing education hours concerning ethics and the Administrative Procedures Act.

**1.2 How do senior leaders establish and promote a focus on customers and other stakeholders?**

The Commission has identified its two most important customer groups: South Carolina's employers and their employees. Senior leadership has established and promoted a focus on customers by defining acceptable practice as doing what is necessary to assist our customers. Both our Chairman and Executive Director maintain an "open door" policy of availability to everyone, internally and externally.

**1.3 How does the organization address the current and potential impact on the public of its products, program, services, facilities and operations, including associated risks?**

The Commission remains current in its review of comparative national studies conducted on workers' compensation, and the impact of the system on costs and benefits. Our General Counsel monitors case law and our senior leadership analyzes the impact of legislation introduced. The Commission also provides information and analysis to committees and members of the General Assembly when requested.

The Commission carefully reviews the impact of system-wide changes, including those involving the processing of hearing requests as well as those contained in medical fee schedules.

**1.4 How do senior leaders maintain fiscal, legal and regulatory accountability?**

As a means to fiscal accountability, all expenditures must be approved by the Executive Director prior to any purchase being made. No positions are posted without prior approval of the Executive Director. Executive leadership is responsible for communicating statutory requirements to staff and ensuring staff meets these requirements.

**1.5 What key performance measures are regularly reviewed by your senior leaders?**

The main key performance measure regularly reviewed by senior leadership is the time element involved in setting contested cases for hearings and scheduling appellate reviews. Another key measure is the amount of time involved in reviewing and recording accident reports. Senior leadership also monitors the time factor in verification of workers' compensation coverage and properly receiving all taxes due to the State.

**1.6 How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness and the effectiveness of management throughout the agency? How do their personal actions reflect a commitment to the organizational values?**

Senior staff has used performance review findings to modify operations, and in certain cases, modify organizational structure to enhance the effectiveness of the Commission's operations. Their effectiveness as leaders is an important aspect of our employee performance review system and is discussed both during the planning and evaluation stages of each managers performance review. All our managers are "working managers", closely involved in the day-to-operations of the Commission. As such, they have the opportunity to received feedback from employees on a continual basis, and as a result, they have the opportunity to make improvements throughout the year.

**1.7 How do senior leaders promote and personally participate in succession planning and the development of future leaders?**

The Commission is a relatively small agency and, as a result, has less flexibility in planning succession. Our recruitment and training program, developed by our Department Directors and Executive Director, has been specifically designed to meet the agency's needs for the next five years. We also have worked with other agencies, such as the State Division of the Chief Information Officer, in bringing on board the information technology expertise we need in transitioning to a new computer system. We have had one other opportunity to recruit senior staff and our Chairman, Executive Director and Human Resources Director all worked diligently and closely to acquire an individual with the professional and managerial skills needed in our organization. This past year the Commission also developed an individualized training program for all management staff.

**1.8 How do senior leaders create an environment for performance improvement, accomplishment of strategic objectives and innovation?**

All performance improvement must be based on the collection and analysis of good data. Whether it involves our hearing or appellate processes, or our various claims administration seminars, the Commission continually reviews its basic performance data. We also have continued to improve and enhance our data collection for all our operations. This information is reviewed and discussed both at the senior staff level, primarily at our executive staff meetings, and also at the Commissioner level during our month Full Commission Business Meetings.

As we continue the development of our new information system, we will have more opportunities in this area.

**1.9 How does senior leadership actively support and strengthen communities in which your organization operates? Include how senior leaders and employees contribute to improving these communities.**

The Commission is a long-term supporter of the United Way. Commission employees also sit on various boards and associations, such as the South Carolina Workers' Compensation Educational

Association, the Southern Association of Workers' Compensation Administrators, the Richland/Lexington Carolina Alumni Council and the South Carolina Bar.

The community at large receives the benefits of our employees giving spirit through the programs listed below.

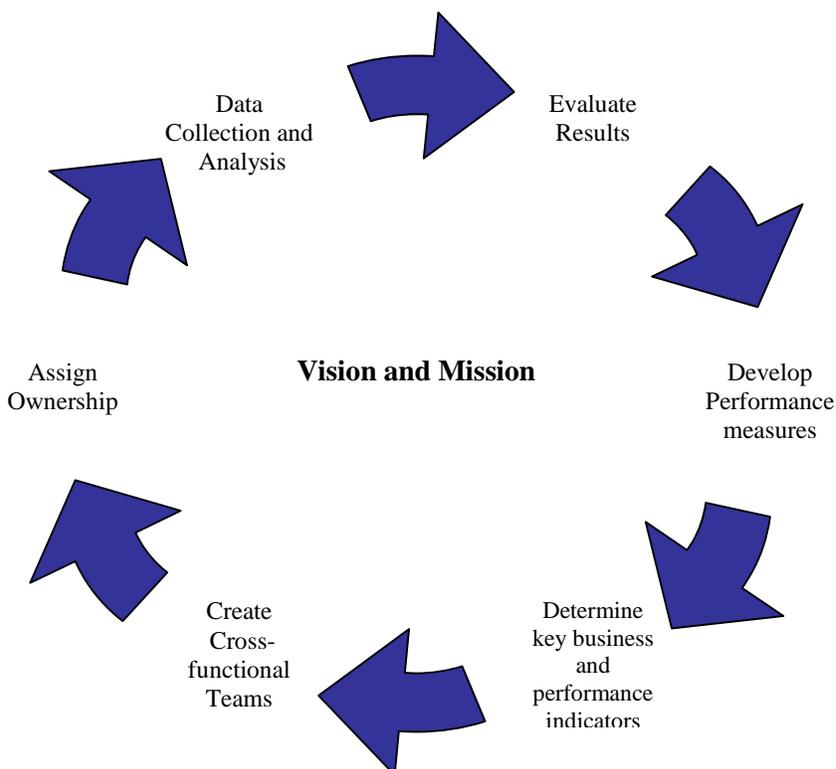
- Church boards
- Susan G. Komen Breast Cancer Foundation
- Red Cross Blood Drive
- Girl and Boy Scouts
- Sistercare
- Oliver Gospel Mission
- Harvest Hope Food Bank

## Category 2 - Strategic Planning

### 2.1 What is your strategic planning process, including key participants, and how does it address: a) your organization's strengths, weaknesses, opportunities and threats; b) financial, regulatory, societal and other potential threats; c) shifts in technology or the regulatory environment; d) human resource capabilities and needs; e) the opportunities and barriers you describe in the Executive Summary; f) business continuity in emergencies; g) your ability to execute the strategic plan.

Beginning in 1996, the Commission began to develop a strategic plan for the purpose of aligning all of the organization's programs and policies for continuous improvement. All agency employees were participants in the process. After articulating agency vision and mission statements for our departments and divisions, each employee's position description was rewritten to link individual duties and responsibilities with the mission of a particular work group. Employee evaluations were revised to reflect performance indicators linked to the specific job description and ultimately to the organization's mission.

The development of performance measures has helped the Commission track and evaluate its progress, successes, and significant achievements. Cross-functional teams were created during the initial phase of the strategic planning process charged with examining programs and work processes. It was from this effort the Commission first identified its key business drivers and key performance measures. The Commission also began an effort to establish and implement individual staff development plans as guided by key business indicators. An ongoing effort has been made to refine key business drivers and gather baseline data to present as part of these reports.



The Commission seeks to ensure its strategic planning efforts are in accordance with the vision and mission of the agency. The Vision and Mission cycle diagram reflects this continuous and evolutionary planning process.

**2.2 How do you develop and track action plans that address your strategic objectives? Include how you allocate resources to ensure accomplishment of your action plan.**

The Commission's Strategic Plan centers around seven overall agency goals. Action plans will be developed using input from senior leadership, Commissioners and employees of the respective Departments. Once developed, it will be assigned to the appropriate Department and monitored by the Executive Director and Department Director. Updates will be provided to senior leadership in staff meetings to allow for modification and refinement. Senior staff is committed to revisiting the strategic planning and development process, pursuant to the Malcolm Baldrige criteria to further the processes necessary for the South Carolina Workers' Compensation Commission to meet its mission.

**2.3 How do you communicate and deploy your strategic objectives, action plans, and related performance measures?**

Once the action plans are developed, they are disseminated to all agency employees and communicated to the employees by Department Directors, the Executive Director and through agency wide meetings. Departmental meetings are necessary to outline the department's process for completing any assigned action plan.

**2.4 How do you measure progress on your action plan?**

Progress is measured monthly on those plans involving judicial and claims, and semi-annually for other departments. For those areas, process times are important. Progress with specific projects, such as the development and implementation of the new computer system, is reviewed on a weekly basis at executive staff meetings.

**2.5 How do your strategic objectives address the strategic challenges you identified in your Organizational Profile?**

The Commission's strategic objectives are closely related to the challenges identified earlier. The new information system will improve our process times and the installation of the new system remains the top priority of the agency. Those challenges identified highlight the importance of completing that project. With regards to ongoing activities, the realization that we are close to capacity in the terms of the number of hearings held will lead us to develop additional objectives in FY 2007-2008.

**2.6 How do you evaluate and improve your strategic planning process?**

Evaluation of our planning process is done on a continual basis. While the process is reviewed when we prepare both our Accountability Report and Annual Report, we do review and make changes throughout the year. For example, the collection of data is central to our strategic planning process and, with the development of our new computer system, we have spent several months working on the identification of data elements and the development of key reports. Both will give the Commission a stronger and more efficient planning process.

**2.7 If the agency’s strategic plan is available to the public through the agency’s internet homepage, please provide an address for that plan on the website.**

The strategic plan is not currently listed on the Agency’s website.

**Strategic Planning**

<b>Program Number And Title</b>	<b>Supported Agency Strategic Planning Goal/Objective</b>	<b>Related FY 06-07 Key Agency Action Plan/Initiative(s)</b>	<b>Key Cross References for Performance Measures*</b>
Claims	Improve timeliness and accuracy of benefits.	Monitor claims monthly to ensure all appropriate payments have been made on a timely basis	Graph 7.1-1 Graph 7.1-2
Judicial	Improve the length of time it takes to set merit hearings.	Reduce time of receipt of request for hearing date to average of 3 months in each district.	Graph 7.2-1 Graph 7.2-2
Judicial	Implement an electronic docketing system.	Create a Progress 10 status report that captures and reports docketing information on a monthly basis	
Insurance & Medical Services	Improve the length of time to resolve claims initially reported as uninsured.	Complete compliance investigations within 45 days.	
Insurance & Medical Services	Increase savings on total medical costs while preserving worker access to quality healthcare.	Revise the Medical Services Provider Manual	
Administration	Improve efficiency and workflow of the workers’ compensation system.	Electronically track workflow by status code	

*\*Key Cross-References are a link to Category 7 – Business Results. These references provide a chart number included in the 7<sup>th</sup> Section of this document.*

## **Category 3 – Customer Market Focus**

### **3.1 How do you determine who your customers are and what their key requirements are?**

Key customers are determined based on state legislation defining requirements and eligibility. Based on the Workers' Compensation Act, the Commission has identified its two most important customers: South Carolina employers and their employees. Because the Commission is a quasi-judicial and a regulatory agency, these two groups comprise the largest number of customers the Commission routinely provides services and with whom it communicates. Other customers are identified based upon their specific needs and relationship to workers' compensation. Other customers and stakeholders include, but are not limited to:

- South Carolina's Congressional delegation;
- State Legislators;
- Insurance companies;
- Self-insured funds;
- Third-party administrators;
- Attorneys;
- Physicians;
- Hospitals;
- Other state workers' compensation agencies;
- Department of Commerce;
- Employment Security Commission;
- Department of Vocational Rehabilitation;
- State Attorney General's office;
- State Department of Labor, Licensing & Regulation;
- Uninsured Employers Fund and the Second Injury Fund;
- FBI and the U.S. Office of the Attorney General;
- Social Security Administration; and,
- State Accident Fund;
- Department of Insurance

### **3.2 How do you keep your listening and learning methods current with changing customer/business needs and expectations?**

The Commission is committed to providing an environment to foster communication and education among its stakeholders. In that regard, the Commission's series of one-day seminars on claims management, Claims Administration Made Easy, was held and the corresponding publication was marketed to interested individuals as well. This seminar is approved for 4.75 CLE credit hours. The Commission also teamed up with the Educational Association to co-sponsor the 28<sup>th</sup> Annual Worker's Compensation Medical Seminar, a three-day event devoted to medical issues relevant to workers' compensation.

### **3.3 How do you use information from customers/stakeholders to keep services or programs relevant and provide for continuous improvement?**

Commission employees are routinely asked to present at other seminars or conduct presentations on various subjects to outside organizations and groups. A request for a speaker is always honored. In addition, employers and insurance carriers routinely request training on proper procedures be conducted at their worksite, and the Commission readily supplies an employee to provide the proper training. The evaluations and feedback received are used as a basis to further improve our services.

### **3.4 How do you measure customer/stakeholder satisfaction and dissatisfaction and use this information to improve?**

In order to measure the level of customer satisfaction, Commission employees routinely follow-up with stakeholders. The Commission also has a survey and a anonymous suggestion box on the agency website so visitors can submit electronically.

### **3.5 How do you build positive relationships with customers and stakeholders? Indicate any key distinctions between different customer groups.**

The Commission has developed, and continues to expand, a website that allows stakeholders to obtain information regarding the Workers' Compensation Commission. In addition, stakeholders may initiate contact with the agency through the use of an e-mail system where questions, complaints, and concerns can be submitted to any department, including the Executive Director and the Chairman. Responses are usually made immediately or within 24 hours of the receipt of the inquiry.

A variety of methods are used to determine the needs and expectations of stakeholders and to provide a means of communication with the Commission, including:

- Telephone and written correspondence;
- Participation in public forums;
- Monitoring legislative activity;
- Stakeholder visits;
- Interviews; informational brochures;
- Publication of the Commission's Annual Report;
- Sponsored conferences,
- Publication of workers' compensation system information;
- Agency website and;
- On-line communication

The majority of Commission employees have routine, daily contact with stakeholders, and leadership places an important emphasis upon the delivery of good customer service to all users of the Commission's services.

## **Category 4 – Measurement, Analysis, and Knowledge Management**

### **4.1 How do you decide which operations, processes and systems to measure for tracking financial and operational performance, including progress relative to strategic objectives and action plans?**

For the past several years, the Commission has had in place a performance based measurement system consisting of a number of identified business drivers and measures. The measurement system is designed to provide goals and to integrate those goals with budgetary requests and considerations, staffing levels and efficiency and effectiveness levels. Thirty-five performance measures have been identified, and information is gathered on a weekly, monthly, or annual basis. Our measurements are a result of input from the users of the workers' compensation system, both internally and externally.

The Commission looks to many of our stakeholders, including South Carolina employers and their employees, insurance carriers, third-party administrators, self-insured funds, attorneys, physicians, hospitals, the General Assembly, the Governor's Office, and other State agencies to help us identify those measures that reflect the productivity of the Commission and the satisfaction of the stakeholder. The Commission's scorecard of performance measures includes process cycle times and time necessary to resolve issues of concern and customer satisfaction. All employee performance appraisals are tied to the agency's performance measures, the employee's individual link to the Commission's mission and to the employee's department mission.

The Commission has been able to establish activity-based costing to determine the cost associated with several of our processes. This includes cost associated with processing a hearing request; conducting a hearing; conducting an informal conference; and processing and collecting fines to ensure improved compliance. In addition, comparison of workload measures with past or expected performance allows the leadership to make adjustments to processes and provides a means for improvement of services.

A number of performance measures are geared toward customer expectations. One of these measures is the process cycle time for setting various types of hearings. For many injured employees, economic viability is at stake following an on-the-job injury, and a shorter wait for a hearing is a key indicator of customer service and satisfaction. During the fiscal year, the process cycle time for setting a hearing for the injured employee has decreased from approximately six months to an average of three months in each of the seven districts. The reduction in the time it takes to get a hearing is directly attributable to the commissioners hearing extra cases. There has been an increase in the number of requests due to denial of liability by the employer, and an increase in the number of employers being uninsured.

#### **4.2 How do you use data/information analysis to provide effective support for decision making throughout your organization?**

The Commission has used data analysis in several areas. First it is used to measure the process times for single commissioner hearings and appellate hearings. That analysis is conducted monthly. It is also used in our annual report with regards to frequency of work-related accidents and the indemnity and medical costs associated with those accidents.

Data analysis also plays an important role in the development of new medical provider fee schedules. The Commission has been fortunate to have the assistance of the Budget & Control Board's Office of Research and Statistics in conducting cost and severity analysis of hospital claims. Over the last ten years this analysis has played an important role in the Commission's setting of medical care prices.

#### **4.3 What are your key measures, how do you review them, and how do you keep them current with business needs and direction?**

Key measures are the process times for single commissioner hearings and appellate hearings; number of claims filed, number of claims closed, indemnity costs, medical costs and files reviewed, among others. Process times are reviewed monthly and primarily encompass the time from when a hearing request is received to the time the hearing is held and the order issued. Claims costs, including indemnity and medical, are reviewed annually. Other measures generally are reviewed monthly or quarterly. The monthly review of process measures allows the Commission to make adjustments in the hearing schedule in order to ensure hearings are held on a timely basis.

#### **4.4 How do you select and use key comparative data and information to support operational and strategic decision making and innovation?**

Data is selected primarily to compare the Commission's operations from year-to-year. We have tracked our operations based on various process times, e.g. the waiting time to a hearing and the waiting time to an appeals hearing. We also track the number of cases filed and total expenditures over time. While this gives the Commission the ability to track its operations over time, it is difficult to compare our operations with other workers' compensation agencies because of the differences in workers' compensation laws across the country.

#### **4.5 How do you ensure data integrity, timeliness, accuracy, security, and availability for decision making?**

Data integrity and timeliness were an issue with our old information system. With the development and implementation of the new system, more data will be received electronically which will help improve data integrity, timeliness and accuracy - making management reports more meaningful. Security issues have been resolved by placing our system within the Budget &

Control Boards Division of the State CIO.

**4.6 How do you translate organizational performance review findings into priorities for continuous improvement?**

Our monthly review of the timeliness of hearings and any backlogs developing, keeps our performance in that area clearly within our view. Adjustments are made to our hearing schedule to keep our performance within the desired range. For example, for appellate hearings, our monthly tracking of process time resulted in scheduling more days for these reviews, increasing the number of hearings the Commission could conduct.

**4.7 How do you collect, transfer, and maintain, organization and employee knowledge (your knowledge assets)? How do you identify and share best practices?**

On a very basic level, each department has established desk procedures outlining job and work processes. While these manuals assist in providing on-the-job training for new employees and cross-training for current employees, they also provide a reference point for the review of all job and work processes. In some of our technical areas, such as our Medical Services Division and our Self-Insurance Division, we have detailed written operational procedures. During the next year we will expand our detailed operational procedures to other areas, most notably our information technology, judicial, and claims areas.

## **Category 5 – Work Force Focus**

### **5.1.1 How do you organize and manage work: to enable employees to develop and utilize their full potential, aligned with the organization’s objectives, strategies, and action plans; and to promote cooperation, initiative, empowerment, innovation and your desired organizational culture?**

The Commission has developed a comprehensive list of policies and procedures, as well as desk procedures for each position. This enables each employee to have a clear understanding of the purpose of the Commission, their department and their job. The Commission also has established a comprehensive training program for all departments and personnel, with each employee’s training for the year determined by that employee and their department director. The Commission has tailored training based on the agency’s needs along with the individual employee’s. For example, this past year all management personnel completed the Budget & Control Board’s Office of Human Resources’ four day supervisory training. Others received mediation training and everyone received additional training in customer service. The Commission will continue to develop these plans on an annual basis.

### **5.2 How do you evaluate and improve your organization’s human resource related processes?**

During FY 2006-2007, the Commission focused on one area within human resources – training. We committed the resources to developing a solid, individualized training program, a program which will be reviewed annually. This coming year the focus will be on refining job descriptions and investing the time necessary to complete a thorough employee performance review.

### **5.3 How do you identify and address key developmental and training needs, including job skills training, performance excellence training, diversity training, and safety training? How do you evaluate the effectiveness of this education and training? How do you encourage on the job use of the new knowledge and skills?**

Job notebooks outlining job and work processes have been developed for most positions. These manuals assist in providing on-the-job training for new employees and cross training for current employees. It is our observation that employees remain motivated in their individual efforts if given the opportunity to cross-train and learn new job responsibilities and job skills. Executive staff encourages employees interested in learning about other jobs to participate in cross-training efforts. The Commission encourages its employees in leadership, training, and other educational initiatives. Training opportunities are routinely communicated to all employees, and employees are encouraged to participate and attend.

#### **5.4 How does employee training contribute to the achievement of your action plans?**

Employee training needs are evaluated no less than annually. The executive director and senior staff review the needs of each department and arrange both in-house and outside training to meet those needs. Whether it is further training in workers' compensation, mediation or technical training in a particular subject matter or in the use of new software, our training is focused on the needs of each department and individual. All have an impact on the Commission's ability to meet its action plans.

For example, the software package Accuria®, developed by the Commission and Bravepoint, is the new workers compensation case management software used by the Commission. Extensive training was provided to virtually all employees on this software, software which utilizes Progress® Version 10. The development and implementation of the new system, along with the training, has greatly improved the Commission's processing of claims as well as improved our method for scheduling and documenting hearings.

Training regarding the judicial code of conduct and the ethics act, statutorily required of all commissioners and their administrative assistants, also is provided annually.

#### **5.5 How does your employee performance management system, including feedback to and from employees, support high performance and contribute to the achievement of your action plans?**

Performance expectations are defined and communicated to employees through the Employee Performance Management System (EPMS). Use of this system allows employees to understand the expectations of the position and how they will be evaluated at the conclusion of the rating period. Each employee's EPMS reflects the agency and respective department's mission statement. The EPMS serves as the primary tool to document employee performance. During the evaluation process, employees and managers are given the opportunity to discuss past performance, expectations for future performances, strengths, weaknesses and a guideline for addressing weaknesses.

#### **5.6 How do you motivate your employees to develop and utilize their full potential?**

The workload of individual employees has increased. Supervisors and managers provide positive reinforcement to employees who go the extra mile in helping the agency meet its goals and objectives. The key to maximizing employee performance is to ensure jobs are interesting and satisfying. Supervisors and managers are encouraged to meet informally with employees at least once during the EPMS appraisal period to discuss their performance, concerns and provide constructive feedback. The Commission utilizes flexible work schedules to help employees balance their personal and professional lives. The Commission hosts a Christmas luncheon each year to honor employees and invites retired and past employees as well. Employee Recognition Week gave the Commission the opportunity to recognize the importance of all employees to the successful achievement of our mission and to honor the Commission employee of the year. A

catered lunch was held on State Employee Recognition Day to thank all employees for their hard work and dedication.

**5.7 What formal and/or informal assessment methods and measures do you use to determine employee well being, satisfaction, and motivation? How do you use other measures such as employee retention and grievances? How do you determine priorities for improvement?**

The EPMS process is one method used to determine employee well-being, satisfaction and motivation. There are numerous processes that could be examined to determine if they would positively affect well-being, satisfaction and motivation. Some of these include career development and other employment services, recreational and social activities, non-work related educational opportunities and flexible work schedules.

**5.8 How do you maintain a safe, secure, and health work environment? (Include your workplace preparedness for emergencies and disasters.)**

The Commission maintains a safe and secure work place by having limited access points for visitors. There is a security guard on the premises at all times during working hours.

## Category 6 – Process Management

### **6.1 How do you determine what are your key processes that produce, create and add value for your customers and your organization? How do you ensure that these processes are used?**

The key process is waiting periods for hearing dates. During the last fiscal year, the South Carolina Workers' Compensation Commission was able to begin an intensive focus on reducing the waiting time for a hearing. The waiting period at that time was approximately five months in each of the seven districts for a single Commissioner hearing. The seven commissioners took on larger case loads. By the end of the fiscal year, waiting time had been reduced to an average of three months in each of the seven districts.

### **6.2 How do you incorporate organizational knowledge, new technology, changing customer and mission-related requirements, cost control, and other efficiency and effectiveness factors such as cycle time into process design and delivery?**

### **6.3 How does your day-to-day operation of these processes ensure meeting key performance requirements?**

### **6.4 How do you systematically evaluate and improve your key product and service related processes?**

### **6.5 What are your key support processes and how do you improve and update these processes to achieve better performance?**

**6.2-6.5** An on-going concern is being addressed by updating and redesigning the Commission database, which was designed and installed in 1990. It is a client/server relational database system with custom application programs written for the specific needs of the Commission. The core software is Progress Version 6 with UNIX-based servers storing the data and MS-DOS based client software providing the user interface. As an MS-DOS based software package, the client software provides only text-based display capability, as was the standard at the time of installation. During the ensuing 16 years, the office automation needs and capabilities of the Commission have expanded considerably.

During FY 2006-07 the South Carolina Workers' Compensation Commission received second year funding to replace our antiquated database system and workers' compensation regulatory application programs. Funding for this project was recommended in the CIO's *South Carolina Workers' Compensation Strategic Information Technology Assessment*. This project places our data operations on equipment and software of current technology and provides data stability and security that has been extremely inadequate in prior years due to lack of funding.

Among other things, the CIO recommended the Commission:

- “Develop a culture within the Agency that acknowledges that ongoing support of technology is a critical part of the cost of doing business;
- Be proactive in recognizing the importance of IT in all operations of the Agency.”

The new database software and hardware acquired during FY 2005-06 will require ongoing support and maintenance.

The upgrades acquired during FY 2005-06 provided a stable and secure IT environment for the Commission but include only functionality already in place at the time the project began. Application development has begun resulting in increased technology services to stakeholders. The CIO Assessment recommended in the second and subsequent years “additional features and functionality required by the WCC staff should be developed...” and “this should be done over an extended timeframe – possibly several fiscal years.” High priority features would include:

- Migration of the process for electronic filing of First Reports of Injury from the national IAIABC Claims Release 1 standard which was implemented in 1993, to the current IAIABC Claims Release 3 standard.
- Implementing electronic reporting of subsequent reports on claims to include such things as payment information, disability information and claims status in real time rather than in retrospect on closed cases. This would also be under the IAIABC Claims Release 3 standard.
- Implementing electronic reporting of detailed medical information on workers’ compensation injuries to enable analysis of industry practices for effectiveness and the impact on injured employees, insurance premiums and the state economy as a whole. This would be under the national IAIABC Medical Reporting standard.
- Upgrading the receipt of workers’ compensation policy/coverage information from the proprietary, and very limited, standard implemented in 1989 to the national IAIABC Proof of Coverage Release 2.1 standard. This would greatly enhance the Commission’s ability to identify the responsible carrier or self-insurer when claims are filed by injured workers. It would also improve our ability to be proactive in the identification of employers who fail to provide workers’ compensation coverage as required by the Act.
- Providing direct Internet WEB access to workers’ compensation data for the general public, injured workers, employers and other stakeholders as appropriate under good business practice and the law.
- Implementing real time statistical analysis of Commission activities and the workers’ compensation system as a whole so the Commission can make relevant and effective management decisions.

Processes are all designed with an eye toward the delivering superior customer service, fair and impartial dispute resolution, and ensuring statutory compliance with all workers’ compensation

laws and regulations. Ease of compliance and reduction in the burden of compliance coupled with the desire to ensure prompt and fair resolution to all parties are key components in any service the Commission delivers. Fiscal Year 06-07 Progress 10 data process enhancements lead to the improvement of many agency business practices. They included:

- The ability to assign a status to a case, allowing employees to determine the progress of a case without researching the physical file.
- The ability to add multiple parties to a case when necessary allowing employees to discern who represents each party without having to research the file.
- The ability to record monies paid out by carrier in the case of multiple carriers
- The ability to record ending dates for temporary compensation as reported by the insurance carrier
- The ability to record Periodic Status Report Information , allowing employees to view current benefits being provided as reported by the insurance carrier without having to review the physical file.
- The ability to create invoice records to track outstanding fines or service invoices and automate the generation of periodic notices.

One way to ensure compliance, reduce paper flow, and ease the burden of compliance is through the use of Electronic Data Interchange (EDI) standards and protocols. Effective January 1, 1998, all insurance carriers, self-insured's, and third-party administrators were required to file reports using EDI. The overall result of the effort has been lowered mailing and handling costs, elimination of numerous reports, reduced demand for storage, streamlined claims reporting, reduced costs, and improved data quality. Approximately 75% of all *Employer First Reports of Injury* were filed via EDI. The Commission has focused on increased compliance of national carriers and large volume reporters, and has been very successful in having all of these reports filed via EDI. During the fiscal year, the Commission continued enforcement of 12M filings pursuant to Regulation 67-412. This process has also enabled the Commission to update records and delete obsolete information. The Commission has continued to work on the national EDI effort, to stay abreast of changes, and to remain on the leading edge of this technology project. During the upcoming fiscal year, the Commission will examine ways to increase compliance of smaller volume reporters and expand the process to include additional reports.

South Carolina must have a workers' compensation system that is stable, objectively balanced, competently managed, and cost effective if it is to provide a fair, equitable, and timely system of benefits to injured workers and their employers. The Commission is committed to such a system and will continue working toward that goal as directed by the General Assembly.

**6.6 How does your organization determine the resources needed to meet current and projected budget and financial obligations?**

Reviewing resource needs is an on-going process. While the finance staff is tracking daily the financial performance of the Commission making sure all obligations are being met, the director of finance and the executive director meet weekly and discuss current and all future needs. As needed, senior staff and the executive director discuss and plan for future needs. All of this work culminates in the development of the proposed budget which is considered by the Commission at its August Full Commission Business Meeting. The final proposed budget is then submitted to the Budget Office in September.

## Category 7 – Business Results

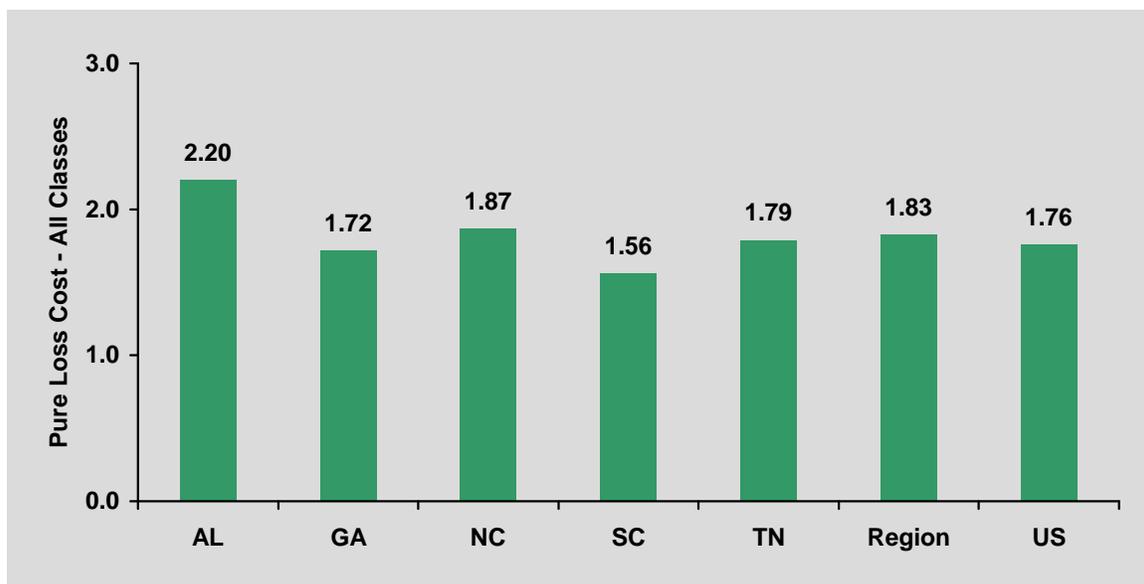
### 7.1 What are your performance levels and trends for the key measures of mission accomplishment and organizational effectiveness?

**2006 Workers' Compensation  
Average Cost & Benefit Provisions**  
Actuarial & Technical Solutions

	Costs		Benefits	
	Index	Rank	Index	Rank
Arizona	.446	1	.948	18
Virginia	.556	5	1.10	36
North Carolina	.687	8	1.03	28
<b>South Carolina</b>	<b>.726</b>	<b>10</b>	<b>.966</b>	<b>22</b>
Georgia	.888	18	.817	7
Alabama	.998	24	.742	3
Tennessee	1.09	31	.961	19
Florida	1.32	40	.761	4

Compared to other states, South Carolina has moderate workers' compensation benefits (neither high nor low) with relatively low insurance premium costs for employers. In national comparisons, both overall and within the manufacturing sector, South Carolina premium rates are consistently among the lowest in the country.

### South Carolina's Average Loss Costs Remains Lowest in the Region



**7.2 What are your performance levels and trends for the key measures of customer satisfaction?**

<b>Claims Activity</b>			
	<b><u>FY 04-05</u></b>	<b><u>FY05-06</u></b>	<b><u>FY 06-07</u></b>
Accidents Reported	87,441	76,715	83,426
Individual Reported Accidents	35,267	28,454	27,614
Hearings Set	11,287	14,335	10,205
Hearings Held	2,694	2,882	2,048
Common Law Settlements	9,275	9,834	9,755

**7.3 What are your performance levels for the key measures of financial performance, include measures of cost containment, as appropriate?**

The Commission has been able to establish activity-based costing to determine the cost associated with several of our processes. This includes the cost associated with processing a hearing request, conducting a hearing, conducting an informal conference, and processing and collecting fines to improve compliance with the Workers' Compensation Act.

**7.4 What are your performance levels and trends for the key measures of Human Resource Results (i.e. work system performance, employee learning and development, employee well-being, employee satisfaction, diversity and retention)?**

The Commission does have a diverse workforce and was recognize by the South Carolina Human Affairs Commission for achieving 97.7% of its equal opportunity goals. The Commission remains committed to that goal.

In terms of other key measures for human resources, further work is needed. The Commission has invested considerable time in employee training through the development of its training program. However, performance of the program has not been evaluated.

**7.5 What are your performance levels and trends for the key measures of regulator/legal compliance and community support? Note: For a governmental agency, this question would apply to compliance with laws and regulation other than the agency's central legal mandate. Results of the agency's legal mandate or mission should be addressed in question 7.1.**

To the best of the Commission's knowledge, it is in compliance with all laws and regulations that would apply to our agency and workforce. The Commission has substantial support in the workers' compensation community and has worked very hard to have a good working relationship with the General Assembly as well as with all other governmental agencies.

# 1. Claims

**Mission:** Improve the timeliness and accuracy of benefits to injured workers.

**Goals:** Receive and process initial reports of occupational injuries and illnesses, review all claims for complete and timely payment of benefits, review settlements for completeness and accuracy, collect statistical information, and close all claims in the most timely and accurate manner possible.

**Objectives:**

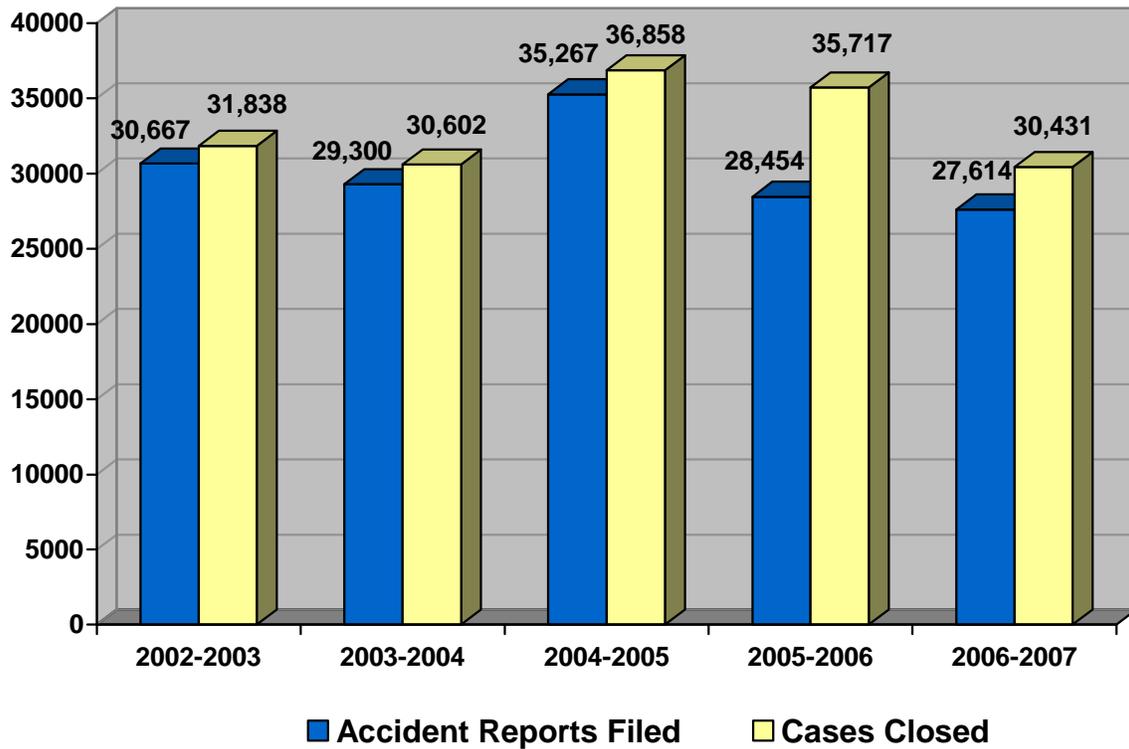
- Continue to review and record all accident reports within 2 days of receipt;
- Continue to review 100% of initial notices of payment of temporary total compensation within 1 day;
- Continue to review 100% of all settlements within 1 day;
- Continue to close all claims within 3 days of receipt of closing documents;
- Continue to conduct annual reviews on all open cases; and
- Reduce the percentage of processing errors in claims, both internally and externally.

**Key Results:**

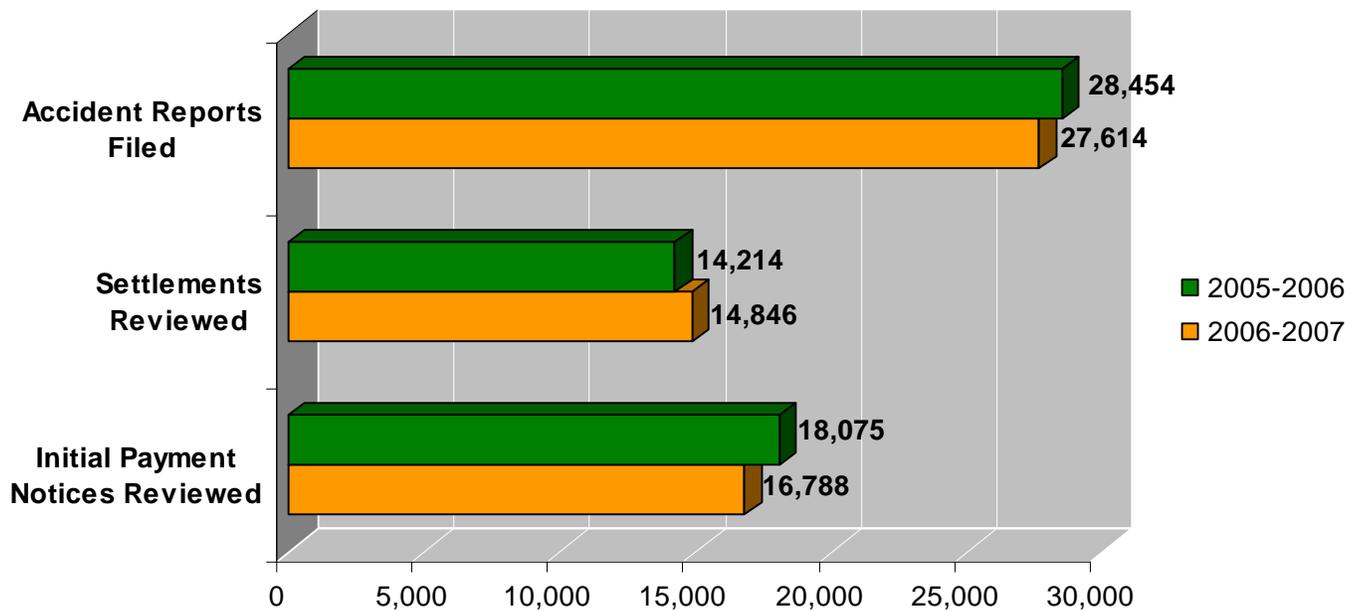
1. Reviewed and recorded 85 % of all accident reports within 2 days of receipt.
2. Maintained review of 100% of initial notices of payment of temporary total compensation within 1 day.
3. Maintained review 100% of all settlements within 1 day.
4. Maintained closing all claims to within 2 days of receipt of closing documents.
5. Reviewed on all open cases every 12 months.

<b>Raw Numbers:</b>	<b><u>FY 05-06</u></b>	<b><u>FY 06-07</u></b>
<b>Accident Reports Filed</b>	28,454	27,614
<b>Initial Payment Notices Reviewed</b>	18,075	16,788
<b>Settlements Reviewed</b>	14,214	14,486
<b>Cases Closed by Commission</b>	35,717	30,431
<b>Cases Reviewed</b>	127,848	82,603

*\* Results reported on Graphs 7.1 and 7.2*



Graph 7.1-2



## 2. Judicial

**Mission:** Assess and assign for disposition all claims requiring mediation, adjudication, or appellate review.

**Goals:** Prepare and schedule unresolved claims for either an informal conference (viewing), hearing, or appellate review; Make settlement recommendations (viewings), or adjudicate findings (hearings and reviews) to resolve disputed issues; and approve settlement agreements, lump sum awards, and attorney fee petitions in the most equitable, timely and accurate manner possible.

**Objectives:**

- Continue to process requests for informal conferences within 5 days;
- Dispose of 95% of hearings within 90 days;
- Continue to docket appeals within 60 days.
- Continue to process hearing requests within 10 days;
- Dispose of 95% of informal conferences within 90 days, and
- Dispose of 90% of appeals within 90 days.
- Management of cases for referral to a higher court
- Management of remands from higher courts

**Key Results:**

1. Processed 100% of requests for informal conferences within 5 days.
2. Disposed of 60% of hearings within 120 days.
3. Maintained docketing 90% of appeals within 60 days.
4. Maintained disposing of 80% of informal conferences within 90 days.
5. Maintained disposing of 90% of appeals within 90 days.

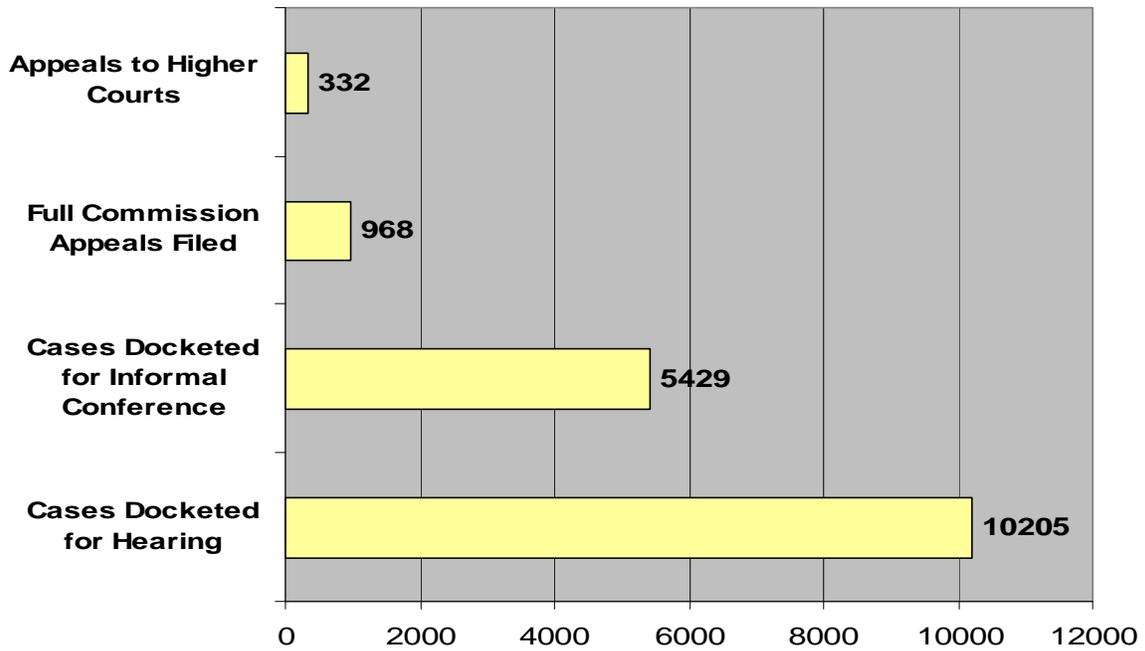
**Raw Numbers:**

	<u><b>FY 05-06</b></u>	<u><b>FY 06-07</b></u>
<b>Average Cost to Process Hearing Request</b>	\$ 144	\$158
<b>Average Cost of a Hearing</b>	\$ 627	\$783
<b>Average Cost to Process</b>		
<b>Informal Conference Request</b>	\$ 44	\$33
<b>Average Cost of Informal Conference</b>	\$ 44	\$41
<b>Cases Docketed for Hearings</b>	11,035	10,205
<b>Cases Docketed for Informal Hearings</b>	6,294	5,429
<b>Decisions &amp; Orders Issued</b>	3,090	2,231
<b>Full Commission Appeals Filed</b>	1,254	968
<b>Full Commission Appeals Completed</b>		
<b>(Orders/Settled)</b>	1,016	670
<b>Appeals to Higher Courts</b>	283	322
<b>Mediations</b>		157

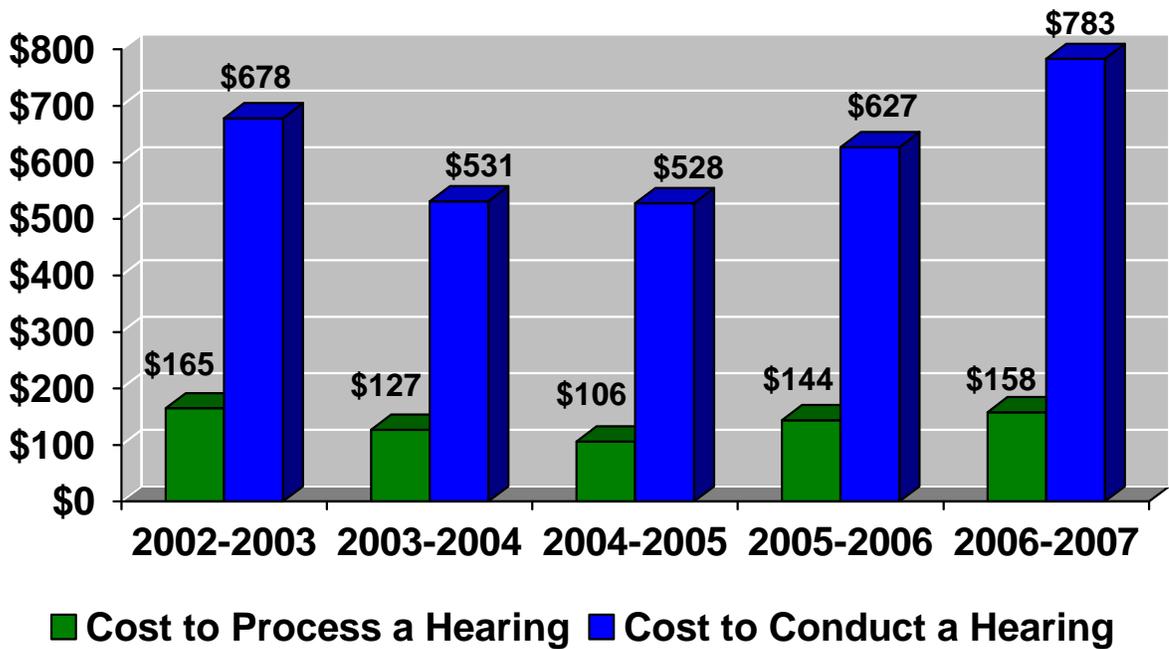
*\*Results shown on Graph 7.2-1*

*\*\*Results shown on Graph 7.2-2*

**Graph 7.2-1  
Appeals and Docketed Hearings**



**Graph 7.2-2  
Hearing Costs**



### **3. Insurance & Medical Services**

**Mission:** Assure availability of workers' compensation benefits to injured workers, provide employers a self-insurance alternative, and contain medical costs.

**Goals:** Develop and maintain payment systems for hospitals, physicians, and other health care providers for services provided to workers' compensation patients; review all applications from corporations and prospective funds to self-insure their workers' compensation liabilities; monitor the financial condition of all self-insured funds and self-insured corporations; and ensure all companies and individuals encompassed by the Workers' Compensation Act comply with its provisions in the most accurate and reliable manner possible.

**Objectives:**

- Continue to review contested medical bills within 5 days;
- Continue to review corporate applications to self-insure within 60 days of receipt of the completed applications;
- Continue to review fund member applications to self-insure within 2 days of receipt of the completed applications;
- Collect self-insured taxes within 120 days of the end of each self-insured's fiscal year;
- Maintain employers coverage database and verify coverage within 5 days;
- Increase the number of self-insured audits; and,
- Increase the percentage of compliance cases closed within 120 days.

**Key Results:**

1. Implemented a new hospital inpatient and outpatient payment system expected to save employers and insurance carriers approximately \$60 million dollars annually.
2. Reviewed, on average, contested medical bills within 10 days.
3. Maintained 100% review of corporate applications to self-insure within 60 days of receipt of the completed applications.
4. Maintained 100% review of fund member applications to self-insure within 2 days of receipt of completed applications.
5. Collected 100% of self-insurance taxes within 120 days of the end of each self-insured's fiscal year.
6. Maintained the employer insurance coverage database and verified 98% of coverage within 5 days.

**Raw Numbers:**

	<u>FY 05-06</u>	<u>FY 06-07</u>
<b>Medical Bill Disputes Reviewed &amp; Resolved</b>	215	169
<b>Corporate Self-Insured Applications Reviewed</b>	9	4
<b>Fund Member Self-Insured Applications Reviewed</b>	267	262
<b>Self-Insurance Audits Conducted</b>	82	65
<b>Self-Insurance Taxes Collected</b>	\$5,914,523	\$5,862,301
<b>Compliance Cases Initiated</b>	871	895
<b>Compliance Cases Closed</b>	824	740
<b>Investigations Set for Hearing</b>	132	78
<b>Consent Agreements Received</b>	273*	149*
<b>Show Cause Hearings Held</b>	32	35
<b>Compliance Fines Received</b>	\$146,928	\$133,093
<b>Coverage Fines Initiated</b>	915	209
<b>Coverage Fines Collected</b>	\$207,800	\$94,300

During FY 06-07, self-insurance taxes decreased from \$5.9 to \$5.8 million. Overall, the number of self-insured employers decreased over the past three years, decreasing the total number of claims and the total dollar amounts paid (the base for the self-insured tax). The average weekly wage also increased during this time, as did medical costs (prices and utilization), all of which would impact total taxes collected.

This past year the number of compliance investigations increased from 871 to 895. The number of compliance hearings decreased from 32 to 35.

We have continued to make every effort to resolve coverage issues quickly by trying to resolve insurance matters so the claim can proceed. Overall, we have improved our service to customers by moving the less complex cases along faster, allowing more time for the more complex cases.

