

AGENDA

SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION

1333 Main Street, 5th Floor
Columbia, South Carolina 29201

November 13, 2012 – 10:30 a.m.

Commission Hearing Room A

This meeting agenda was posted prior to the meeting and proper advance notice was made to all concerned parties in compliance with requirements in the Freedom of Information Act.

1. APPROVAL OF AGENDA OF BUSINESS MEETING OF NOVEMBER 13, 2012 *CHAIRMAN BECK*

2. APPROVAL OF MINUTES OF THE BUSINESS MEETING OF OCTOBER 22, 2012 (Tab 1) *CHAIRMAN BECK*

3. GENERAL ANNOUNCEMENTS *MR. CANNON*

4. APPLICATIONS FOR APPROVAL TO SELF-INSURE (Tab 2) *MR. SMITH*

5. DEPARTMENT DIRECTORS' REPORTS
Administration – Financial Report (Tab 3) *MS. GANTT*
Human Resources (Tab 4) *MS. FLOYD*
Information Services (Tab 5) *MS. HARTMAN*
Insurance & Medical Services (Tab 6) *MR. DUFFIELD*
Claims (Tab 7) *MR. LINE*
Judicial (Tab 8) *MS. CROCKER*

6. EXECUTIVE DIRECTOR'S REPORT (Tab 9) *MR. CANNON*

7. OLD BUSINESS *CHAIRMAN BECK*
A. R67-213 Official Receipt of Electronic Notification (Tab 10) Mr. Cannon
B. DSIT Contract (11) Mr. Cannon

8. NEW BUSINESS *CHAIRMAN BECK*
A. Approval of 2013 Commission Calendar (12) Mr. Cannon
B. Financial Sustainability Strategy (13) Mr. Cannon

9. ADJOURNMENT *CHAIRMAN BECK*

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THE
SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION
BUSINESS MEETING

Monday, October 22, 2012

A Business Meeting of the South Carolina Workers' Compensation Commission was held in Hearing Room A of the Workers' Compensation Commission on Monday, October 22, 2012 at 10:30 a.m. The meeting agenda was posted prior to the meeting and proper advance notice was made to all concerned parties in compliance with requirements in the Freedom of Information Act. The following Commissioners were present:

T. SCOTT BECK, INTERIM CHAIRMAN
SUSAN S. BARDEN, VICE CHAIR
MELODY L. JAMES, COMMISSIONER
GENE MCCASKILL, COMMISSIONER
ANDREA C. ROCHE, COMMISSIONER
AVERY B. WILKERSON, JR., COMMISSIONER
DERRICK L. WILLIAMS, COMMISSIONER

Present also were Gary M. Cannon, Executive Director, Grant Duffield, Insurance and Medical Services Director; Virginia Crocker, Judicial Director; Greg Line, Claims Director; Diana Gantt, Accounting/Fiscal Manager; Wayne Ducote, Coverage Director; W.C. Smith, Self-Insurance Director; Betsy Hartman, IT Director; and Keith Roberts, Law Clerk. Visitors present were Kristian Cross, Collins & Lacy, P.C., Clara Smith and Marti Bluestein, Injured Workers' Advocates; and Charles Hamden, SC Vocational Rehabilitation Department.

Chairman Beck called the meeting to order at 10:30 a.m.

AGENDA

Commissioner Wilkerson moved that the agenda be approved. Commissioner Williams seconded the motion, and the motion was approved.

APPROVAL OF MINUTES – BUSINESS MEETING OF SEPTEMBER 17, 2012

Commissioner Roche moved that the minutes of the Business Meeting of September 17, 2012 be approved. Commissioner Williams seconded the motion, and the motion was approved.

GENERAL ANNOUNCEMENTS

Gary Cannon introduced and welcomed Chuck Hamden, Counselor with SC Vocational Rehabilitation Department (SCVRD). Mr. Hamden replaces Michelle Prevost who was recently promoted to another position at SCVRD. Mr. Hamden will serve as liaison on SCVRD/WCC referrals.

Commissioner Roche said that at the recent SC Workers' Compensation Educational Conference some claimants' attorneys said they have referred clients to SCVRD but their clients were not accepted because of active workers' compensation claims. Mr. Cannon said that issue has been brought to his attention. Mr. Cannon will follow-up with Jim Williams, Client Services at SCVRD.

APPLICATIONS FOR APPROVAL TO SELF-INSURE

Self-insurance applications were presented by W.C. Smith, Self-Insurance Director. Nineteen (19) prospective members of two (2) funds were presented to the Commission for approval. The applications were:

Palmetto Timber Fund SIF

Burns Logging
Dodson Logging
Heritage Land and Timber Inc.
Iron Logging
S&D Logging

SC Home Builders SIF

Delano E. Smith dba S-Tek Builders
Everett Trim LLC
Heritage Landscape Services Inc.
Highland Homes, LLC
Home Team Construction Inc.
Intercoastal Construction Services Inc.
Jimmy L. Davis Inc.
Keri Williamson dba Aiken Carpentry LLC
Lucas Custom Builders LLC
Michael Patterson dba Patterson Construction
Middleton Painting
Scott Brown & Associates LLC
Southern Installation Inc.
1 Source Services of SC, Inc.

After examination of the applications, it was determined that each complied with the Commission's requirements and each was recommended for approval. Commissioner Wilkerson made the motion to approve the applications to self-insure, and Commissioner Williams seconded the motion. The motion was unanimously approved.

DEPARTMENT DIRECTORS' REPORTS

The Department Directors presented their reports which were also submitted to the Commission in written form.

Administration Department

Diana Gantt presented the Summary of Revenues and Expenditures for the period ending September 30, 2012. The benchmark for September is 25%. The Commission's revenues are at 19.69%, and expenditures are at 24%.

Human Resources Department

Cathy Floyd presented the Human Resources report for the period of September 12 – October 10, 2012. The first phase of the DACUM job analysis for the majority of the agency is complete and the second phase of the DACUM process has begun. October 1, 2012 was the universal review date for the Employee Performance Management System. Ms. Floyd reported a 60% completion rate. She announced Annual Open Enrollment ends October 31, 2012.

Information Services

Betsy Hartman presented the Information Services Department's report. She pointed out the following highlights from the report:

- The South Carolina Home Builders Association launched the Notification of Lapse in Coverage Project on September 21, 2012
- The 2011-2012 Accountability Report was submitted to the Office of State Budget on October 1, 2012

- The OnBase Mobile application went into production October 1, 2012
- Testing on OnBase upgrade will be complete this week
- DSIT contract is under renegotiation due to system changes at DSIT
- IT is finalizing requirements for SCVRD Web Portal for SCVRD approval before sending to BravePoint for coding

Insurance & Medical Services

Grant Duffield presented the Insurance & Medical Services Department's report. The Compliance Division continues to work closely with Information Technology Services to streamline the Order and Rule to Show Cause Hearing process. Mr. Duffield referred to the chart on Self Insurance Division's tax revenue. The year-to-date self-insurance tax is trending at 59% of prior year due to several delinquent payments.

Claims Department

Greg Line presented the Claims Department's report. He reported the Department has an additional Claims Examiner, DiAnn Davis. Ms. Davis was reassigned from the Judicial Department to the Claims Department. Commissioner Wilkerson asked about a spreadsheet previously included in Claims Department's monthly report on the average number of fines collected monthly for the last three years. Mr. Line said he will provide that information in next month's report.

Judicial Department

Virginia Crocker presented the Judicial Department's report. Ms. Crocker reported that the recent staff change has reduced the department's Case Manager staff by two. She said reorganization and reassignment of certain duties through the staff has enabled the department to continue to manage the caseload. The department continues to work on the development of the mediation work flow processes in anticipation of the passage of the proposed mediation regulations.

EXECUTIVE DIRECTOR'S REPORT

Gary Cannon, Executive Director, presented his report which was also submitted to the Commission in written form. He pointed out the following highlights from his report:

FY2011-2012 Annual Report

The FY2011-2012 Annual Report is complete. Copies are available in the Executive Director's Office upon request.

FY2013-2014 Budget Plan

The FY2013-2014 Budget Plan was submitted to the Office of State Budget on September 21, 2012.

Proposed Regulatory Changes

On September 26, 2012 the proposed R4286 (Mediation) and proposed R4283 (Oral Arguments) regulations were submitted to the General Assembly and will be considered during the new legislative year.

Claims Administration Workshop

The Claims Administration Workshop is scheduled for Wednesday, November 7, 2012 at SC Department of Archives and History. Presently a total of 42 have registered.

Commuted Value Discount Calculation Advisory Committee

The Committee met on September 21, 2012. Mr. Cannon said he expects Chairman Bluestein will schedule a committee meeting within 30 days.

Surgical Implant Advisory Committee

The SC Hospital Association (SCHA) formed a Task Force to develop data requested by the Surgical Implant Advisory Committee. In response, the SCHA has submitted a letter to the committee. Mr. Cannon said he expects Chairman Beard will schedule a committee meeting within the next 30 days to discuss the response from SCHA.

Chairman Beck said it has been a goal of the Commissioners to communicate with groups that express an interest in learning about the Agency. He commended Mr. Cannon for his active participation in attending meetings and presenting Commission Updates to the different groups and stakeholders.

OLD BUSINESS

A. R67-213 Official Receipt of Electronic Notification

Mr. Cannon said that at the October 22, 2012 Business Meeting, the Commissioners reviewed and discussed R67-213 Service of Orders, Hearing Notices, and Review Hearing Notices. It was decided to carry the matter over to the November Business Meeting, and Commissioner Williams requested Keith Roberts, Law Clerk, to research the Court of Appeals for the Fourth Circuit Court and the District Court of South Carolina for possible rulings in contested cases concerning this issue. Mr. Cannon reported additional research was needed and recommended to the Commission to carry the matter over to next month's Business Meeting.

Motion to Carry Over Matter of Official Receipt of Electronic Notification to Next Month

Commissioner Barden moved to carry the matter over as recommended by Mr. Cannon. Commissioner Roche seconded the motion. The vote was taken, and the motion carried.

NEW BUSINESS

Concerning referrals to SCVRD, Commissioner Roche suggested guidelines be established to help in determining referrals to SCVRD. Mr. Cannon said he will follow-up on her suggestion. Presently, cases are only reviewed for Lexington/Richland Counties. The service will expand statewide once the database portal access is complete.

ADJOURNMENT

Commissioner Roche made the motion to adjourn. Commissioner Williams seconded the motion, and the motion was approved.

The October 22, 2012 meeting of the South Carolina Workers' Compensation Commission adjourned at 10:52 a.m.

Reported November 13, 2012
Kim Ballentine, Office of the Executive Director

INTEROFFICE MEMORANDUM

TO: GARY CANNON, EXECUTIVE DIRECTOR
FROM: DIANA GANTT, DIRECTOR OF ADMINISTRATION
SUBJECT: FINANCIAL REPORT PERIOD ENDING OCTOBER 31, 2012
DATE: 11/6/2012

The Summary of Revenues and Expenditures for the period ending October 31, 2012, is attached.

- September is the 4th Fiscal Month of FY13.
- There were 54 payments made to vendors, travelers, and other State Agencies.
- The benchmark for October is 33.33%. The Commission's revenues are at 27.43 % and expenses are at 31%.
- The following is a summary of each department expenditure benchmarks:

General Fund: Total expenditures are at 33%.

Earmark Fund:

Commissioners –

- Total expenditures are at 23% of budget.

Administration –

- Overall the expenditures are 29% of budget.

Claims –

- Expenditures are at 30% of budget.

Insurance & Medical –

- Total expenditures are at 33% of budget

Judicial –

- Total expenditures are at 31% of budget.

Activity Report from the Procurement Office:

	MTD	YTD
SCEIS Shopping Carts	0	4
Vendors Contacted for Price Quotes	21	63
Visa Procurement Card Orders Placed	8	15
SC Dept of Corrections Orders Placed	0	5
Staples Orders Placed	9	14
State Leased Vehicles taken for Service	2	8
State Reports filed by Procurement Officer	4	7

Mail Room Activity:

	MTD	YTD
Files Copied for Outside Parties	265	927
Pages Copied	17,463	57,989

South Carolina Workers' Compensation Commission
Summary of Revenues and Expenditures
2012 - 2013 Budget
October 31, 2012

STATE APPROPRIATIONS	Budget	FY To Date	Benchmark	33.33%
General Appropriation	<u>\$ 1,841,795</u>	<u>\$ 613,931.67</u>		33.33%

<u>Account Description</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Balance</u>	<u>% Expended</u>
Personal Services	\$ 1,378,405	\$ 467,905	\$ 910,500	33.9%
Other Operating Expenses	-	-	-	0.0%
Employer Contribution	463,390	138,060	325,330	29.8%
Total	<u>\$ 1,841,795</u>	<u>\$ 605,965</u>	<u>\$ 1,235,830</u>	<u>32.9%</u>

OTHER APPROPRIATIONS

EARMARKED

	<u>Budgeted Revenues</u>	<u>Received thru 10/31/12</u>	<u>% Received</u>
Training Conference Registration Fee	\$ 1,000	\$ 2,825	282.50%
Sale of Publication and Brochures	8,000	1,500	18.75%
Workers' Comp Award Review Fee	75,000	21,750	29.00%
Sale of Photocopies	95,000	33,759	35.54%
Workers' Compensation Filing Violation Fee	1,891,000	481,624	25.47%
Sale of Listings and Labels	30,000	9,881	32.94%
Workers' Comp Hearing Fee	600,000	185,850	30.98%
Insurance Reserve Refund (Prepaid Legal)		3,460	
Earmarked Funds - Original Authorization	<u>\$ 2,700,000</u>	<u>\$ 740,649</u>	<u>27.43%</u>
Increase Authorization	535,066		
Increase Authorization - BD100	-		
Total Earmarked Revenues + Fund Balance	<u>\$ 3,235,066</u>		

<u>Account Description</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Balance</u>	<u>% Expended</u>
Personal Services	\$ 1,464,017	\$ 487,868	\$ 976,149	33.3%
Taxable Subsistence	80,000	16,034	63,966	20.0%
Other Operating Expenses	1,242,865	302,274	940,591	24.3%
Employer Contribution	448,184	182,910	265,274	40.8%
Total Earmarked	<u>\$ 3,235,066</u>	<u>\$ 989,085</u>	<u>\$ 2,245,981</u>	<u>30.6%</u>

COMPUTER FUNDS CARRIED FORWARD

Computer Services - Carry forward	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.0%</u>
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TOTAL OTHER APPROPRIATIONS	<u>\$ 3,235,066</u>	<u>\$ 989,085</u>	<u>\$ 2,245,981</u>	<u>30.6%</u>
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South Carolina Workers' Compensation Commission
2012 - 2013 Budget
October 31, 2012

Consolidated

	Original Budget	Budget Amendments	Amended Budget	Year-To-Date : 33.33%				
				Expended September	Year to Date	%	Encumb	Balance
Commissioners								
Salaries	\$ 1,150,244	\$ 32,990	\$ 1,183,234	\$ 98,504	\$ 383,778	32%	\$ -	\$ 63,966
Other Operating Expenditures								
Total Contractual Services	219,128	-	219,128	11,558	50,683	23%	-	168,445
Total Supplies & Materials	23,499	-	23,499	923	4,327	18%	-	19,172
Total Fixed Charges	158,028	-	158,028	11,694	46,995	30%	-	111,033
Total Travel	90,950	-	90,950	1,287	13,635	15%	-	77,315
Total Other Operating Exp	491,605	-	491,605	25,461	115,640	24%	-	375,965
Total Commissioners	\$ 1,641,849	\$ 32,990	\$ 1,674,839	\$ 123,965	\$ 499,418	30%	\$ -	\$ 439,931
Administration								
Salaries	\$ 559,791	\$ 4,168	\$ 563,959	\$ 47,238	\$ 187,352	33%	\$ -	\$ 376,607
Other Operating Expenditures								
Total Contractual Services	105,502	-	105,502	5,138	25,687	24%	-	79,815
Total Supplies & Materials	23,053	-	23,053	958	5,054	22%	-	17,999
Total Fixed Charges	132,810	-	132,810	9,036	38,328	29%	-	94,482
Total Travel	14,490	-	14,490	-	2,048	14%	-	12,442
Total Equipment	-	-	-	-	-	0%	-	-
Total Other Operating Exp	275,855	-	275,855	15,132	71,117	26%	-	204,738
Total Administration	\$ 835,646	\$ 4,168	\$ 839,814	\$ 62,370	\$ 258,469	31%	\$ -	\$ 581,345
Claims								
Salaries	\$ 376,757	\$ 10,223	\$ 386,980	\$ 32,558	\$ 130,086	34%	\$ -	\$ 256,894
Other Operating Expenditures								
Total Contractual Services	64,472	-	64,472	356	12,070	19%	-	52,402
Total Supplies & Materials	37,471	-	37,471	1,326	6,664	18%	-	30,807
Total Fixed Charges	79,659	-	79,659	6,027	24,003	30%	-	55,656
Total Travel	2,100	-	2,100	65	169	8%	-	1,931
Total Other Operating Exp	183,702	-	183,702	7,774	42,906	23%	-	140,796
Total Claims	\$ 560,459	\$ 10,223	\$ 570,682	\$ 40,332	\$ 172,992	30%	\$ -	\$ 397,690
Insurance and Medical Services								
Salaries	\$ 422,768	\$ 760	\$ 423,528	\$ 35,527	\$ 149,527	35%	\$ -	\$ 274,001
Other Operating Expenditures								
Total Contractual Services	73,104	200	73,304	2,010	17,010	23%	-	56,294
Total Supplies & Materials	22,725	(200)	22,525	3,793	6,726	30%	-	15,799
Total Fixed Charges	62,194	-	62,194	4,289	17,018	27%	-	45,176
Total Travel	1,350	-	1,350	-	-	0%	-	1,350
Total Other Operating Exp	159,373	-	159,373	10,093	40,754	26%	-	118,619
Total Insurance and Medical Services	\$ 582,141	\$ 760	\$ 582,901	\$ 45,619	\$ 190,281	33%	\$ -	\$ 392,620
Judicial								
Salaries	\$ 363,886	\$ 835	\$ 364,721	\$ 30,378	\$ 121,063	33%	\$ -	\$ 243,658
Other Operating Expenditures								
Total Contractual Services	33,570	200	33,770	279	6,370	19%	-	27,400
Total Supplies & Materials	22,770	(200)	22,570	672	3,428	15%	-	19,142
Total Fixed Charges	70,545	-	70,545	5,159	20,964	30%	-	49,581
Total Travel	5,445	-	5,445	102	1,095	20%	-	4,350
Total Other Operating Exp	132,330	-	132,330	6,212	31,857	24%	-	100,473
Total Judicial	\$ 496,216	\$ 835	\$ 497,051	\$ 36,590	\$ 152,920	31%	\$ -	\$ 344,131
Totals By Departments								
Department Totals								
Commissioners	\$ 1,641,849	\$ 32,990	\$ 1,674,839	\$ 123,965	\$ 499,418	30%	\$ -	\$ 439,931
Administration	835,646	4,168	839,814	62,370	258,469	31%	-	581,345
Claims	560,459	10,223	570,682	40,332	172,992	30%	-	397,690
Insurance & Medical	582,141	760	582,901	45,619	190,281	33%	-	392,620
Judicial	496,216	835	497,051	36,590	152,920	31%	-	344,131
Total Departmental Expend	\$ 4,116,311	\$ 48,976	\$ 4,165,287	\$ 308,877	\$ 1,274,081	31%	\$ -	\$ 2,155,717
Employer Contributions	882,374	29,200	911,574	73,338	320,970	35%	-	590,604
Total General & Earmarked Funds	\$ 4,998,685	\$ 78,176	\$ 5,076,861	\$ 382,215	\$ 1,595,051	31%	\$ -	\$ 2,746,321

South Carolina Workers' Compensation Commission
2012 - 2013 Budget
October 31, 2012

General Appropriation

	Original Budget	Budget Amendments	Amended Budget	Year-To-Date : 33.33%				Encumb	Balance
				Expended October	Year to Date to Date	%			
Commissioners									
Salaries									
Chairman	\$ 115,567	\$ 3,323	\$ 118,890	\$ 9,508	\$ 38,030	32%	\$ -	\$ 80,860	
Commissioner	664,602	19,938	684,540	57,445	229,780	34%	-	454,760	
Terminal Leave	-	-	-	-	-	0%	-	-	
Classified Employees	290,075	9,729	299,804	24,984	99,934	33%	-	199,870	
Total Commissioners	1,070,244	32,990	1,103,234	91,936	367,744	33%	-	-	
Administration									
Salaries									
Director	\$ 94,152	\$ 2,824	\$ 96,976	\$ 8,081	\$ 32,325	33%	\$ -	\$ 64,651	
Classified Positions	44,825	1,344	46,169	3,857	23,115	50%	-	23,054	
Total Administration	138,977	4,168	143,145	11,939	55,440	39%	-	87,705	
Claims									
Salaries									
Classified Positions	\$ 67,000	\$ 10,223	\$ 77,223	\$ 6,613	\$ 26,454	34%	\$ -	\$ 50,769	
Total Claims	67,000	10,223	77,223	6,613	26,454	34%	-	50,769	
Insurance and Medical Services									
Salaries									
Classified Positions	\$ 25,350	\$ 760	\$ 26,110	\$ 2,176	\$ 8,703	33%	\$ -	\$ 17,407	
Total Ins and Medical Svcs	25,350	760	26,110	2,176	8,703	33%	-	17,407	
Judicial									
Salaries									
Classified Positions	\$ 27,858	\$ 835	\$ 28,693	\$ 2,391	\$ 9,564	33%	\$ -	\$ 19,129	
Total Judicial	27,858	835	28,693	2,391	9,564	33%	-	19,129	
General Funds									
Department Totals									
Commissioners	\$ 1,070,244	\$ 32,990	\$ 1,103,234	\$ 91,936	\$ 367,744	33%	\$ -	\$ 735,490	
Administration	138,977	4,168	143,145	11,939	55,440	39%	-	87,705	
Claims	67,000	10,223	77,223	6,613	26,454	34%	-	50,769	
Insurance & Medical	25,350	760	26,110	2,176	8,703	33%	-	17,407	
Judicial	27,858	835	28,693	2,391	9,564	33%	-	19,129	
Total Departmental Expend	\$ 1,329,429	\$ 48,976	\$ 1,378,405	\$ 115,055	\$ 467,905	34%	\$ -	\$ 910,500	
Employer Contributions	434,190	29,200	463,390	33,206	138,060	30%	-	325,330	
Total General Fund Appropriations	\$ 1,763,619	\$ 78,176	\$ 1,841,795	\$ 148,261	\$ 605,965	33%	\$ -	\$ 1,235,830	

South Carolina Workers' Compensation Commission

2012 - 2013 Budget

October 31, 2012

Earmarked Funds

	Original Budget	Budget Amendments	Amended Budget	Year-To-Date : 33.33%				
				Expended October	Year to Date	%	Encumb	Balance
Commissioners								
Salaries								
Taxable Subsistence	\$ 80,000	\$ -	\$ 80,000	\$ 6,568	\$ 16,034	20%	\$ -	\$ 63,966
Total Salaries	80,000	-	80,000	6,568	16,034	20%	-	63,966
Other Operating Expenditures								
Contractual Services								
Office Equipment Service	1,700	-	1,700	-	-	0%	-	1,700
Copying Equipment Service	1,200	-	1,200	-	-	0%	-	1,200
Print/Bind/Advertisement	1,510	-	1,510	-	-	0%	-	1,510
Print Pub Annual Reports	1,028	-	1,028	-	-	0%	-	1,028
Data Processing Services	34,000	-	34,000	80	7,145	21%	-	26,855
Freight Express Delivery	1,490	-	1,490	-	-	0%	-	1,490
Telephone	6,100	-	6,100	322	967	16%	-	5,133
Cellular Phone Service	9,100	-	9,100	828	3,567	39%	-	5,533
Legal Services/Attorney Fees	160,000	-	160,000	10,328	39,004	24%	-	120,996
Other Professional Services	3,000	-	3,000	-	-	0%	-	3,000
Total Contractual Services	219,128	-	219,128	11,558	50,683	23%	-	168,445
Supplies & Materials								
Office Supplies	7,500	-	7,500	155	730	10%	-	6,770
Copying Equipment	4,200	-	4,200	381	1,064	25%	-	3,136
Printing	1,200	-	1,200	-	740	62%	-	460
Data Processing Supplies	1,649	-	1,649	14	14	1%	-	1,635
Postage	8,500	-	8,500	372	1,667	20%	-	6,833
Communication Supplies	50	-	50	-	-	0%	-	50
Maint/Janitorial Supplies	200	-	200	-	44	22%	-	156
Motor Vehicle Supp/Gasoline	100	-	100	-	-	0%	-	100
Other Supplies	100	-	100	-	67	67%	-	33
Total Supplies & Materials	23,499	-	23,499	923	4,327	18%	-	19,172
Fixed Charges								
Rental-Cont Rent Payment	2,500	-	2,500	-	220	9%	-	2,280
Rent-Non State Owned Property	149,000	-	149,000	11,694	46,775	31%	-	102,225
Rent-Other	250	-	250	-	-	0%	-	250
Insurance-State	4,500	-	4,500	-	-	0%	-	4,500
Insurance-Non State	1,169	-	1,169	-	-	0%	-	1,169
Fees & Fines	109	-	109	-	-	0%	-	109
Equipment Maintenance	500	-	500	-	-	0%	-	500
Total Fixed Charges	158,028	-	158,028	11,694	46,995	30%	-	111,033
Travel (Includes Leased Car)								
In State - Meals (Non-Reportable)	350	-	350	-	60	17%	-	290
In State - Auto Mileage	20,000	-	20,000	1,287	5,343	27%	-	14,657
In State - Subsistence Allowance	30,000	-	30,000	-	3,198	11%	-	26,802
Out State - Meals	100	-	100	-	36	36%	-	64
Out State - Auto Mileage	2,000	-	2,000	-	-	0%	-	2,000
Leased Car	38,500	-	38,500	-	4,997	13%	-	33,503
Total Travel	90,950	-	90,950	1,287	13,635	15%	-	77,315
Total Other Operating Expenditures	491,605	-	491,605	25,461	115,640	24%	-	375,965
Total Commissioners	\$ 571,605	\$ -	\$ 571,605	\$ 32,029	\$ 131,674	23%	\$ -	\$ 439,931

South Carolina Workers' Compensation Commission

2012 - 2013 Budget

October 31, 2012

Earmarked Funds

	Original Budget	Budget Amendments	Amended Budget	Year-To-Date : 33.33%				
				Expended	Year	%	Encumb	Balance
				October	to Date			
Administration								
Salaries								
Classified Positions	\$ 408,567	\$ -	\$ 408,567	\$ 34,047	\$ 128,464	31%	\$ -	\$ 280,103
Temporary Employees	11,247	-	11,247	1,253	3,448	31%	-	7,799
Terminal Leave	1,000	-	1,000	-	-	0%	-	1,000
Total Salaries	420,814	-	420,814	35,300	131,912	31%	-	288,902
Other Operating Expenditures								
Contractual Services								
Office Equipment Service	5,800	-	5,800	-	4,727	82%	-	1,073
Copying Equipment Service	550	-	550	-	-	0%	-	550
Print/Bind/Advertisement	500	-	500	-	-	0%	-	500
Print Pub Annual Reports	22	-	22	-	-	0%	-	22
Data Processing Services	62,000	-	62,000	1,244	11,108	18%	-	50,892
Freight Express Delivery	800	-	800	-	132	16%	-	668
Telephone	4,600	-	4,600	393	1,452	32%	-	3,148
Cellular Phone Service	3,000	-	3,000	157	708	24%	-	2,292
Education & Training Services	1,000	-	1,000	-	-	0%	-	1,000
Attorney Fees	25,000	-	25,000	3,345	6,980	28%	-	18,020
General Repair	230	-	230	-	-	0%	-	230
Audit Acct Finance	100	-	100	-	-	0%	-	100
Catered Meals	300	-	300	-	-	0%	-	300
Other Professional Services	100	-	100	-	135	135%	-	(35)
Other Contractual Services	1,500	-	1,500	-	445	30%	-	1,055
Total Contractual Services	105,502	-	105,502	5,138	25,687	24%	-	79,815
Supplies & Materials								
Office Supplies	5,000	-	5,000	199	601	12%	-	4,399
Subscriptions	175	-	175	-	-	0%	-	175
Copying Equipment Supplies	3,434	-	3,434	302	881	26%	-	2,553
Printing	1,964	-	1,964	-	609	31%	-	1,355
Data Processing Supplies	500	-	500	11	863	173%	-	(363)
Postage	10,000	-	10,000	396	2,016	20%	-	7,984
Maint/Janitorial Supplies	200	-	200	-	35	17%	-	165
Fees & Fines	280	-	280	50	50	18%	-	230
Gasoline/ Motor Vehicle Supply	100	-	100	-	-	0%	-	100
Employee Recog Award	1,000	-	1,000	-	-	0%	-	1,000
Other Supplies	400	-	400	-	-	0%	-	400
Total Supplies & Materials	23,053	-	23,053	958	5,054	22%	-	17,999
Fixed Charges								
Rental-Cont Rent Payment	6,000	-	6,000	192	1,556	26%	-	4,444
Rent-Non State Owned Property	95,000	-	95,000	7,567	30,266	32%	-	64,734
Rent-Other	11,000	-	11,000	580	3,931	36%	-	7,069
Insurance-State	7,490	-	7,490	-	705	9%	-	6,785
Insurance-Non State	134	-	134	-	-	0%	-	134
Dues and Memberships	5,000	-	5,000	250	450	9%	-	4,550
Sales Tax Paid	8,186	-	8,186	448	1,419	17%	-	6,767
Total Fixed Charges	132,810	-	132,810	9,036	38,328	29%	-	94,482
Travel (Includes Leased Car)								
In State - Meals Non/ Reportable	100	-	100	-	-	0%	-	100
Reportable Meals	100	-	100	-	-	0%	-	100
Out of State - Milage	90	-	90	-	-	0%	-	90
In State - Registration Fees	200	-	200	-	194	97%	-	6
Leased Car	14,000	-	14,000	-	1,854	13%	-	12,146
Total Travel	14,490	-	14,490	-	2,048	14%	-	12,442
Equipment								
Equipment Data Processing- PC's	-	-	-	-	-	0%	-	-
Total Equipment	-	-	-	-	-	0%	-	-
Total Other Operating Expenditures	275,855	-	275,855	15,132	71,117	26%	-	204,738
Total Administration	\$ 696,669	\$ -	\$ 696,669	\$ 50,432	\$ 203,029	29%	\$ -	\$ 493,640

South Carolina Workers' Compensation Commission

2012 - 2013 Budget

October 31, 2012

Earmarked Funds

	Original Budget	Budget Amendments	Amended Budget	Year-To-Date : 33.33%				
				Expended October	Year to Date	%	Encumb	Balance
Claims								
Salaries								
Classified Positions	\$ 294,757	\$ -	\$ 294,757	\$ 25,019	\$ 100,078	34%	\$ -	\$ 194,679
Temporary Positions	14,000	-	14,000	925	3,555	25%	-	10,445
Terminal Leave	1,000	-	1,000	-	-	0%	-	1,000
Total Salaries	309,757	-	309,757	25,945	103,633	33%	-	206,124
Other Operating Expenditures								
Contractual Services								
Office Equipment Services	200	-	200	-	-	0%	-	200
Copying Equipment Service	400	-	400	-	513	128%	-	(113)
Print / Bind / Adv	750	-	750	-	-	0%	-	750
Print Pub Annual Reports	22	-	22	-	-	0%	-	22
Data Processing Services	30,000	-	30,000	-	6,451	22%	-	23,549
Freight Express Delivery	500	-	500	-	21	4%	-	479
Telephone	4,000	-	4,000	304	913	23%	-	3,087
Cellular Phone Service	2,500	-	2,500	52	207	8%	-	2,293
Temporary Services	26,000	-	26,000	-	3,964	15%	-	22,036
Other Professional Services	100	-	100	-	-	0%	-	100
Total Contractual Services	64,472	-	64,472	356	12,070	19%	-	52,402
Supplies & Materials								
Office Supplies	8,271	-	8,271	133	391	5%	-	7,880
Copying Equipment	3,000	-	3,000	302	843	28%	-	2,157
Printing	900	-	900	-	497	55%	-	403
Data Processing Supplies	3,000	-	3,000	11	11	0%	-	2,989
Postage	22,000	-	22,000	864	4,851	22%	-	17,149
Maint/Janitorial Supplies	200	-	200	15	71	35%	-	129
Other Supplies	100	-	100	-	-	0%	-	100
Total Supplies & Materials	37,471	-	37,471	1,326	6,664	18%	-	30,807
Fixed Charges								
Rental-Cont Rent Payment	2,500	-	2,500	180	616	25%	-	1,884
Rent-Non State Owned Property	73,000	-	73,000	5,847	23,388	32%	-	49,612
Rent-Other	225	-	225	-	-	0%	-	225
Insurance-State	2,000	-	2,000	-	-	0%	-	2,000
Insurance-Non State	134	-	134	-	-	0%	-	134
Equipment- Copying	800	-	800	-	-	0%	-	800
Equipment Maintenance	1,000	-	1,000	-	-	0%	-	1,000
Total Fixed Charges	79,659	-	79,659	6,027	24,003	30%	-	55,656
Travel (Includes Leased Car)								
In State - Meals (Non-Reportable)	300	-	300	-	-	0%	-	300
In State - Lodging	600	-	600	-	-	0%	-	600
In State - Auto Mileage	600	-	600	-	-	0%	-	600
In-State Registration	200	-	200	-	-	0%	-	200
Reportable Meals	400	-	400	65	169	42%	-	231
Total Travel	2,100	-	2,100	65	169	8%	-	1,931
Total Other Operating Expenditures	183,702	-	183,702	7,774	42,906	23%	-	140,796
Total Claims	\$ 493,459	\$ -	\$ 493,459	\$ 33,719	\$ 146,538	30%	\$ -	\$ 346,921

South Carolina Workers' Compensation Commission
2012 - 2013 Budget
 October 31, 2012

Earmarked Funds

	Original Budget	Budget Amendments	Amended Budget	Year-To-Date : 33.33%				
				Expended October	Year to Date	%	Encumb	Balance
Insurance and Medical Services								
Salaries								
Classified Positions	378,434	-	378,434	32,062	132,154	35%	-	246,280
Temporary Employees	15,469	-	15,469	1,289	5,154	33%	-	10,315
Terminal Leave	3,515	-	3,515	0	3,515	100%	-	(0)
Total Salaries	397,418	-	397,418	33,351	140,824	35%	-	256,594
Other Operating Expenditures								
Contractual Services								
Office Equipment Service	200	-	200	-	-	0%	-	200
Copying Equipment Service	300	-	300	-	-	0%	-	300
Print/Bind/Advertisement	500	-	500	-	-	0%	-	500
Print Pub Annual Report	24	-	24	-	-	0%	-	24
Data Processing Services	47,000	-	47,000	17	11,713	25%	-	35,287
Freight Express Delivery		200	200	-	21	11%	-	179
Telephone	2,626	-	2,626	225	676	26%	-	1,950
Cell Phone	3,000	-	3,000	53	219	7%	-	2,781
Catered Meals	2,000	-	2,000	-	-	0%	-	2,000
Other Professional Services	10,000	-	10,000	1,715	4,380	44%	-	5,620
Other Contractual Services	7,454	-	7,454	-	-	0%	-	7,454
Total Contractual Services	73,104	200	73,304	2,010	17,010	23%	-	56,294
Supplies & Materials								
Office Supplies	5,000	-	5,000	2,950	3,345	67%	-	1,655
Copying Equipment	3,500	-	3,500	334	931	27%	-	2,569
Printing	1,500	-	1,500	-	549	37%	-	951
Data Processing Supplies	500	-	500	13	13	3%	-	487
Postage	11,000	(200)	10,800	497	1,851	17%	-	8,949
Maintenance/Janitorial Supplies	75	-	75	-	38	51%	-	37
Building Materials	1,000	-	1,000	-	-	0%	-	1,000
Fees & Fines	50	-	50	-	-	0%	-	50
Other Supplies	100	-	100	-	-	0%	-	100
Total Supplies & Materials	22,725	(200)	22,525	3,793	6,726	30%	-	15,799
Fixed Charges								
Rental-Cont Rent Payment	2,104	-	2,104	147	411	20%	-	1,693
Rent-Non State Owned Property	52,000	-	52,000	4,127	16,509	32%	-	35,491
Rent-Other	2,000	-	2,000	-	-	0%	-	2,000
Insurance-State	2,000	-	2,000	-	-	0%	-	2,000
Insurance-Non State	148	-	148	-	-	0%	-	148
Equipment Maintenance	942	-	942	-	-	0%	-	942
Sales Tax Paid	3,000	-	3,000	15	98	3%	-	2,902
Total Fixed Charges	62,194	-	62,194	4,289	17,018	27%	-	45,176
Travel (Includes Leased Car)								
In State - Meals (Non-Reportable)	400	-	400	-	-	0%	-	400
In-State Registration	100	-	100	-	-	0%	-	100
Reportable Meals	150	-	150	-	-	0%	-	150
In State - Lodging	700	-	700	-	-	0%	-	700
Total Travel	1,350	-	1,350	-	-	0%	-	1,350
Total Other Operating Expenditures	159,373	-	159,373	10,093	40,754	26%	-	118,619
Total Insurance and Medical Services	\$ 556,791	\$ -	\$ 556,791	\$ 43,443	\$ 181,578	33%	\$ -	\$ 375,213

South Carolina Workers' Compensation Commission

2012 - 2013 Budget

October 31, 2012

Earmarked Funds

	Original Budget	Budget Amendments	Amended Budget	Year-To-Date : 33.33%				
				Expended October	Year to Date	%	Encumb	Balance
Judicial								
Salaries								
Classified Positions	\$ 333,028	\$ -	\$ 333,028	\$ 27,752	\$ 111,009	33%	\$ -	\$ 222,019
Temporary Employees	3000	0	3000	235	490	16%	-	2,510
Total Salaries	336,028	-	336,028	27,987	111,499	33%	-	224,529
Other Operating Expenditures								
Contractual Services								
Office Equipment Services	80	-	80	-	-	0%	-	80
Copy Equipment Services	850	-	850	-	-	0%	-	850
Print/Bind/Advertisement	800	-	800	-	-	0%	-	800
Print Pub Annual Reports	20	-	20	-	-	0%	-	20
Freight Express Delivery	-	200	200	-	21	11%	-	179
Data Processing Services	28,000	-	28,000	-	5,411	19%	-	22,589
Telephone	2,500	-	2,500	210	659	26%	-	1,841
Cellular Phone Service	1,120	-	1,120	69	280	25%	-	840
Other Professional Services	200	-	200	-	-	0%	-	200
Total Contractual Services	33,570	200	33,770	279	6,370	19%	-	27,400
Supplies & Materials								
Office Supplies	5,500	-	5,500	110	425	8%	-	5,075
Copying Equipment Supplies	2,500	-	2,500	270	754	30%	-	1,746
Printing	2,000	-	2,000	-	444	22%	-	1,556
Data Processing Supplies	2,500	-	2,500	10	10	0%	-	2,490
Postage	10,000	(200)	9,800	282	1,763	18%	-	8,037
Maintenance/Janitorial Supplies	150	-	150	-	31	21%	-	119
Promotional Supplies	20	-	20	-	-	0%	-	20
Other Supplies	100	-	100	-	-	0%	-	100
Total Supplies & Materials	22,770	(200)	22,570	672	3,428	15%	-	19,142
Fixed Charges								
Rental-Cont Rent Payment	3,000	-	3,000	-	328	11%	-	2,672
Rent-Non State Owned Property	65,300	-	65,300	5,159	20,636	32%	-	44,664
Rent-Other	125	-	125	-	-	0%	-	125
Insurance-State	2,000	-	2,000	-	-	0%	-	2,000
Insurance-Non State	120	-	120	-	-	0%	-	120
Total Fixed Charges	70,545	-	70,545	5,159	20,964	30%	-	49,581
Travel (Includes Leased Car)								
In State - Meals / Non-Reportable	450	-	450	-	100	22%	-	350
Reportable Meals	770	-	770	65	164	21%	-	606
In State - Lodging	2,200	-	2,200	-	578	26%	-	1,622
In State - Auto Mileage	1,800	-	1,800	37	252	14%	-	1,548
In State - Misc Travel Expense	25	-	25	-	-	0%	-	25
In-State Registration	100	-	100	-	-	0%	-	100
Out State - Auto Mileage	100	-	100	-	-	0%	-	100
Total Travel	5,445	-	5,445	102	1,095	20%	-	4,350
Total Other Operating Expenditures	132,330	-	132,330	6,212	31,857	24%	-	100,473
Total Judicial	\$ 468,358	\$ -	\$ 468,358	\$ 34,199	\$ 143,356	31%	\$ -	\$ 325,002
Earmarked Funds								
Department Totals								
Commissioners	\$ 571,605	\$ -	\$ 571,605	\$ 32,029	\$ 131,674	23%	\$ -	\$ 439,931
Administration	696,669	-	696,669	50,432	203,029	29%	-	493,640
Claims	493,459	-	493,459	33,719	146,538	30%	-	346,921
Insurance & Medical	556,791	-	556,791	43,443	181,578	33%	-	375,213
Judicial	468,358	-	468,358	34,199	143,356	31%	-	325,002
Total Departmental Expend	\$ 2,786,882	\$ -	\$ 2,786,882	\$ 193,822	\$ 806,175	29%	\$ -	\$ 1,980,707
Employer Contributions	448,184	-	448,184	40,132	182,910	41%	-	265,274
Total Earmarked Funds	\$ 3,235,066	\$ -	\$ 3,235,066	\$ 233,954	\$ 989,085	31%	\$ -	\$ 2,245,981
Capital / Computer Project Carryforward	\$ -	\$ -	\$ -	\$ -	\$ -	0%	\$ -	\$ -

MEMORANDUM

Date: November 6, 2012

TO: Mr. Gary Cannon
Executive Director

FROM: Cathy Floyd
Human Resources

SUBJECT: Human Resources Report Period of October 11 – November 6, 2012

Below is a summary of the Human Resources activity for the period of October 11 – November 6, 2012.

Employee Relations (ER)

- Two ER issues were addressed during the activity period
- DACUM update
 - Data entry continues for all information collected in the first phase
 - A pilot of second phase of the DACUM process has been completed
 - Twelve hours have been dedicated to DACUM during this reporting period
- The Social Committee continues to work on the bi-monthly office activities and Annual Holiday Event
 - Contributions for the Holiday Party are due November 30
- Reminded all employees of the Employee Performance Management System (EPMS) Planning Stage and continuous communication process

Benefits

- Annual Enrollment was held month of October for 2013 insurance changes
 - Assisted 23 employees with changes and re-enrollment
- Issued an FMLA Notice
- Assisted two employees with retirement/TERI participation
- Completed four inquiries with the Retirement Systems

Reporting

- Completed the Annual Equal Employment Opportunity Report to the General Assembly
 - The Commission reached 100% goal attainment for the fourth consecutive year

SC Enterprise Information System (SCEIS)

- Two employment verifications
- Assisted two employees with payroll issues
- Assisted ten employees with leave and time issues
- One hundred twenty-five transactions were keyed into the system
 - Entered all EPMS Reviews and Planning Stages in the system

State Human Resources Department (HRD)

- Contacted HRD Consultant regarding an employee issue
- Contacted by HRD Consultant regarding WCC question

Finance Related

- Assisted with the daily deposit
- Approved 72 SCEIS financial transactions

SC Workers' Compensation Commission

Agency Director: Gary M. Cannon
 EEO Officer: Cathy Floyd

EEO CATEGORY	1										2					3					4					5					6				
	ACTUAL WORKFORCE ON 9/30/2012										ADJUSTED AVAILABILITY % (Qualified Labor Pool)					UNDERUTILIZATION					HIRES AND PROMOTIONS 10/1/2011- 9/30/2012					% OF GOALS MET BASED ON ADJUSTED AVAILABILITY									
	WM	BM	OM	WF	BF	OF	TOTAL	WM	BM	WF	BF	WM	BM	WF	BF	WM	BM	OM	WF	BF	WM	BM	WF	BF	WM	BM	WF	BF							
E1	#	1	1	3		5	3.60	26.40	4.30	4.30	*	NO	*		0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100%	0*	2.3	0*	0*							
	%	20.0%	20.0%	60.0%	0.0%	100.0%																													
E2	#	3	2	16	9	30	4.40	42.60	12.80	12.80	NO	NO	NO	NO											1.5	1.3	2.3	2.3							
	%	10.0%	6.7%	53.3%	30.0%	100.0%																													
E3	#	1		1		2																													
	%	50.0%	0.0%	50.0%	0.0%	100.0%																													
E5	#			3		3	1.40	68.10	13.30	13.30	*	NO	*	*											0*	1.5	0*	0*							
	%	0.0%	0.0%	100.0%	0.0%	100.0%																													
E6	#			3	2	5	6.70	46.50	29.10	29.10	*	NO	*	NO											0*	1.3	1.4	1.4							
	%	0.0%	0.0%	60.0%	40.0%	100.0%																													
	%																																		
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NOTE: See section entitled "Understanding the Report" for a detailed explanation of how the above information was computed.

LEGEND:

WM = White Male BM = Black Male OM = Other Male T = Total % = Percentage
 WF = White Female BF = Black Female OF = Other Female # = Number

If an agency is not employing any race/sex group at a rate equal to the Adjusted Availability percentage, the underutilization is noted in Column # 4.

*No goal established because the underutilization is less than one whole person.

Level of Goal Attainment for 2009: 100.0 percent
 Level of Goal Attainment for 2010: 100.0 percent
 Level of Goal Attainment for 2011: 100.0 percent



Workers' Compensation Commission

To: Gary Cannon
SCWCC Executive Director
From: Betsy Hartman
IT Director
Date: November 5, 2012
Subject: IT Department
November 2012 Full Commission Report

Summary of IT Department Activities

Addendum to the MOU for SCHBA was signed. New report and link added to the Verification of Coverage web page on the SCWCC web site.

EDI Release 3 went live on November 1, 2012. First EDI R3 transmission from Hewett Coleman received and processed correctly. Starting post-implementation phase and continue testing with other TPP's for approval to send EDI R3 transmissions.

Completed upgrade on all PC's & Laptops, removed hard drives to be crushed for security and ready to salvage old equipment.

MedAssets/ClaimShop contract signed.

Projects – In Process

EDI Release 3

- In process of testing with Mitchell for approval to send EDI R3 transmissions.

Mediation

- Requirements gathering began October 9, 2012

DSIT Contract

- Recommendation to sign contract given to Gary Cannon for review
- Analysis of billing to current contract given to Gary Cannon for review

SCWCC Security Planning

- Met with 76 Agency CIO/IT Directors to discuss State-Wide Information Security Initiative on November 1, 2012 in response to the breach in security at SCDOR
- See additional memo on current status of SCWCC security and Short Term Cyber Security Action Planning

Rule to Show Cause automation

- Gathered requirements and developing templates and processes to stream line the RTSC process

Projects – to be started in November 2012

SC Vocational Rehabilitation Web Portal

- Finalizing the requirements before turning over to BravePoint for coding.
- Coding to start when requirements signed off by SCVRD

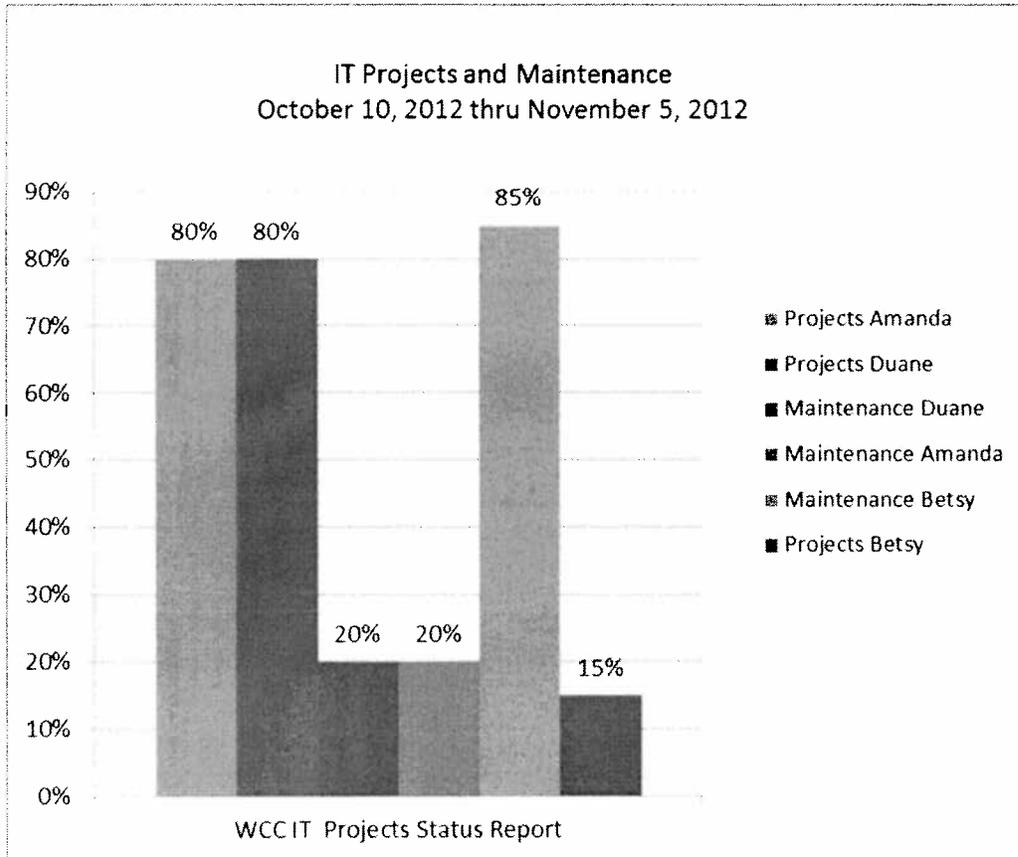
Development Server Upgrade

- Planning and task assignments for upgrade of Development server started
- Upgrading to Open Edge 10.2b (Progress)
- Once development upgraded will upgrade production server to allow for mirror image in both environments to utilize best practices for new development and maintenance.

Help Desk Activities

Current IT Staff Activities – 9/12/2012 – 10/10/2012

Non Help Desk Activities	Time spent on non-Help Desk Activities or projects	Open Help Desk tickets
74	92:15	81



WCC IT Projects Status Report									
Period			11/06/12		Status Key:	Not Started	On Track	Timing	Need Help
Key Projects	Sub Project	Regulation	Due Date	% of completion	% of time devoted to issue	Lead	Issues / Comments		
Phase II - Claims EDI release 3			August 2012	95%	80%	Duane	rolled out to production - working on post implementation phase		
Phase II - Claims EDI release 3			August 2012	95%	70%	Amanda	rolled out to production - working on post implementation phase		
Phase II - Claims EDI release 3			August 2012	95%	5%	Betsy	Posted roll out on web - updated all TRPs in prod		
Upgrade OnBase to Onbase 11X	EDI R3 complete		October 2012		10%	Amanda	Upgrade postponed to after Thanksgiving due to Security breach		
Upgrade wccsql server to Windows 2008 R2. Progress 10.2b.06	EDI RIs 3 and Lapse in coverage in projection		11/1/2012	5%	5%	Betsy	In planning		
SC Voc. Rehab	Upgrade to WCCSQL		TBD	50%	5%	Betsy	Final review of specification prior to giving to coder		
Upgrade wccsqlprdProgress 10.2b.06			TBD				obtaining quotes for upgrading		
RTSC process and automation	Carrier RTSC process		12/1/2012	10%	20%	Betsy	met with Greg, Grant and Wayne on current process. Development of templates and automation of Xfile creation will be first step to automate.		
Electronic Service Initiatives	Electronic Service Initiatives Clinchers	67-213	TBD	0%					
	Electronic Service Initiatives Fee Petitions - Form 61	67-213	TBD	0%					
	Electronic Service Initiatives - Receipt of electronic pleadings	67-211	TBD	0%					
	Electronic receipt of any form or document	67-205	TBD	0%					
	12 M Revamp of current Minor Medical Reporting from Camers	67-412	TBD	0%					
Mediation			TBD	15%		Betsy	have mediation info from Ginger Ticket 509		
Security plan	ITSC guidelines		ASAP	10%		Betsy	met with IS and 76 CIO/IT directors to discuss short term planning in security inventory. Con Call with Gartner set for 11/9. Looking for assistance in development and analysis of planning		
				Projects Amanda	80%				
				Projects Duane	80%				
				Projects Betsy	15%				

Maintenance Issue							
FOIA report requests, general issues and questions from Coverage, claims and Judicial	all departments	ongoing	ongoing		20%	Duane	
				Maintenance Duane	20%		
FOIA report requests, general issues and questions from Coverage, claims and Judicial	all departments	ongoing	ongoing		20%	Amanda	
				Maintenance Amanda	20%		
FOIA report requests, general issues and questions from Coverage, claims and Judicial	all departments	ongoing	ongoing		85%	Betsy	Worked with IMS on Medical dispute with Coventry, automatin of RTSC, enhanced Lapse in Insurance for reporting, Sealing document process, upgraded manuals, ran queries for activities in Compliance.
				Maintenance Betsy	85%		

State of South Carolina



Workers' Compensation Commission

To: Gary Cannon
SCWCC Executive Director

From: Grant Duffield
IMS Director

Date: 6 – Nov – 2012

Subj: Insurance and Medical Services Department
October 2012 Full Commission Report

Please find attached information provided to summarize the status and workflow of initiatives currently underway within the Insurance and Medical Services (IMS) Department

In addition to the statistical data provided, please be advised of the following workflow initiatives:

- | | |
|---------------------|--|
| Compliance Division | <ol style="list-style-type: none">1. Working with Claims and IT to “streamline” the processing of Outstanding Carrier fines.2. GEAR program support and scheduling of GEAR Hearings.3. Developing revised approaches to ORSC case investigation.4. Implementing use of productivity metrics to gauge performance. |
| Coverage Division | <ol style="list-style-type: none">1. Working with IT department to address 12m fine assessment process.2. EDI R3 implementation. |
| Medical Services | <ol style="list-style-type: none">1. Identifying updates / edits needed within the Medical Services Provider Manual.2. Addressed significant issue of non-compliance involving national medical bill repricing software vendor / service provider.3. Working to Approve / Re-Approve Medical Bill review entities.4. Division received 9 Bill Disputes in October 2012. |
| IMS Administration: | <ol style="list-style-type: none">1. Monthly department-wide meetings.2. Working with team-members to review / improve team processes and key functions.3. Revising Template letter documents.4. Working with IT department to improve docketing process for ORSC.5. Working with SCHA on Surgical Implant study issues. |

Mr. Cannon, while this summary is in no way all-inclusive, it may serve to assist you and our Commissioners in understanding the key initiatives underway in the IMS Department and provide measures by which the Department’s effectiveness can be gauged. IMS welcomes any guidance that you and/or our Commissioners can provide concerning our performance and direction.

Carryover Caseload:

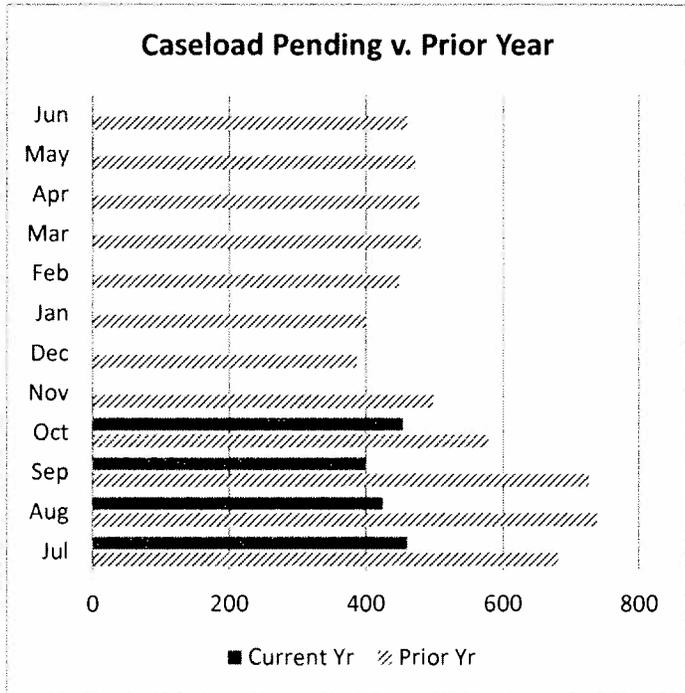
The Compliance Division endeavors to maintain a month-on-month "carry-over" caseload (backlog) of 300 cases. Compliance closed October 2012 with 454 cases active, compared to an active caseload of 579 at the close of October 2011.

Cases Resolved:

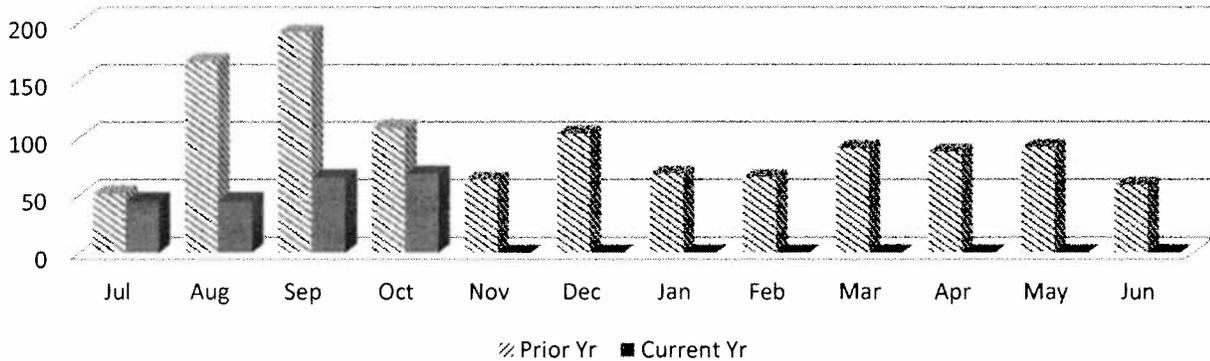
Due to the decrease in carry-over, greater effort is focused on case resolution. For the month of October 2012, Compliance Division staff closed-out 68 cases.

Compliance Fines:

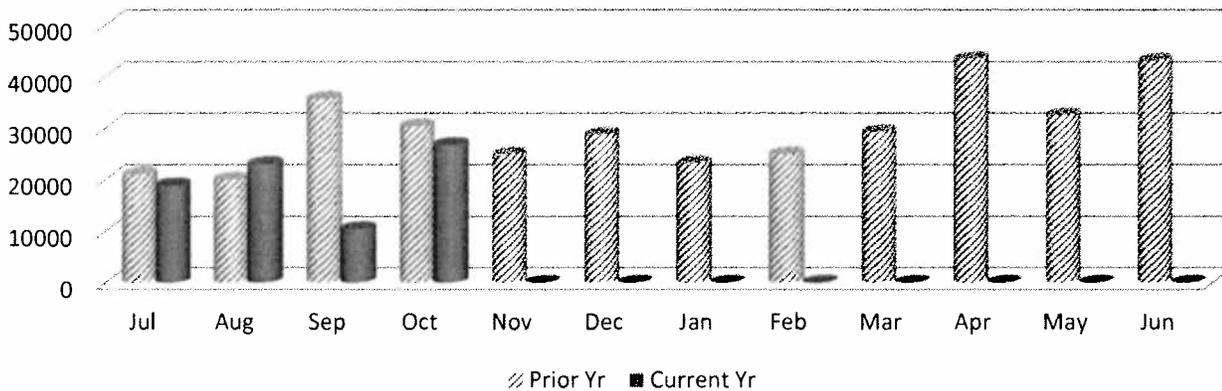
Year to Date, the Compliance Division has collected \$73,034 in fines which represents 73% of prior year's accrual (\$107,052). Compliance fine collection is trending in a positive direction, up 11% from prior month. We anticipate a continuation of this trend in coming months. Compliance fine revenue represents 19% of the Commission's annual earmarked revenue budget.



Cases Resolved v. Prior Year



Compliance Fines Collected v. Prior Year



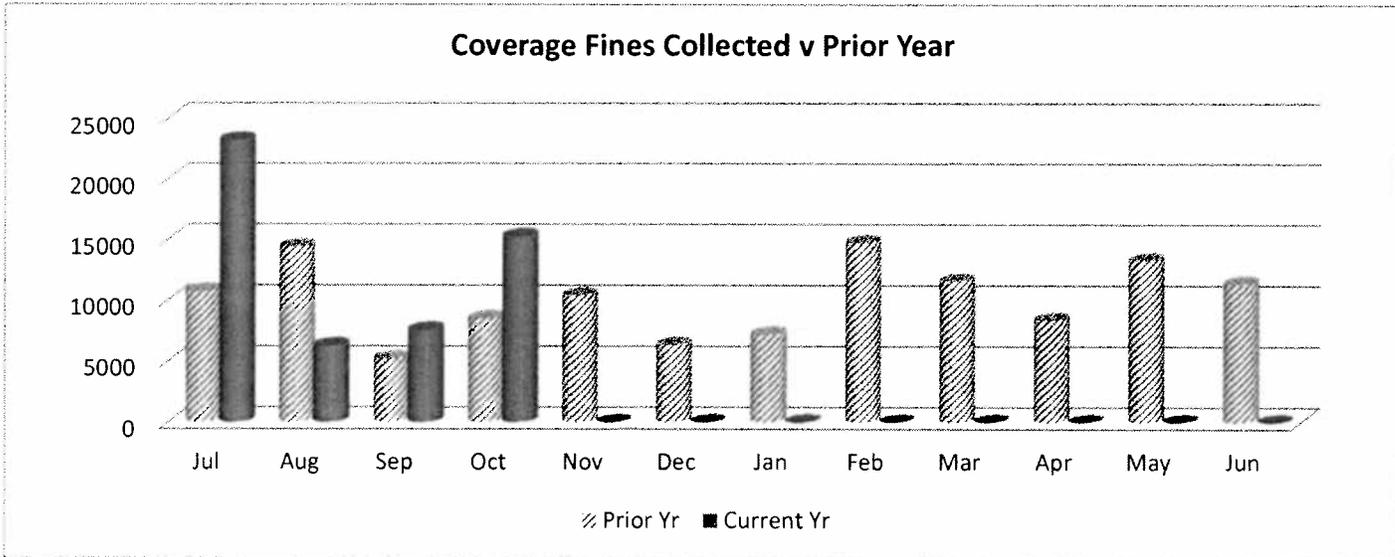
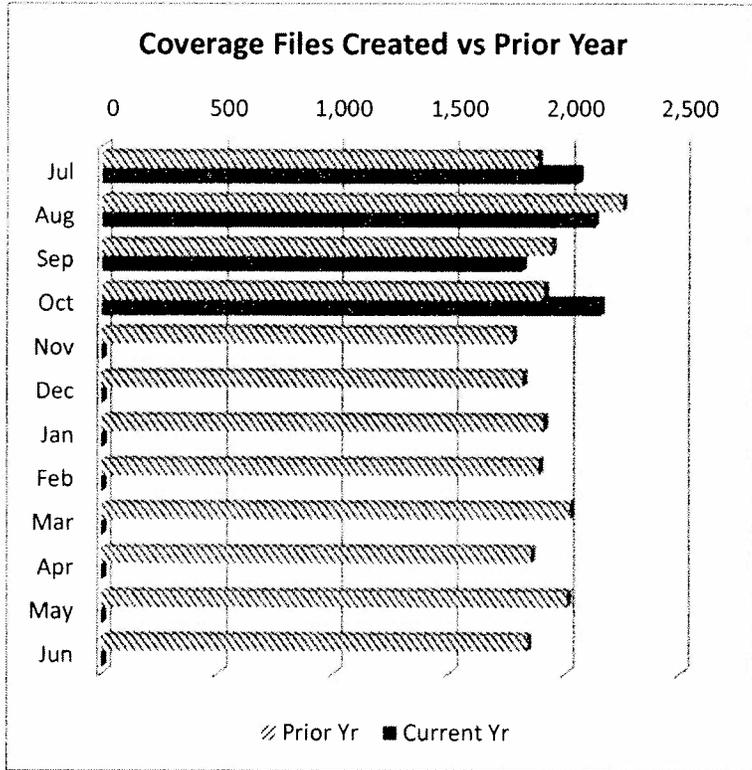
WCC Claim Files:

In October 2012, the Coverage Division created a total of 2,153 WCC Claim files. Of these, 1,765 were created electronically, and 388 were submitted in hard copy format. Year to Date, 8,140 Claim files have been created which is 102% of claim file volume for the same period in prior year (7,978).

Coverage Fines:

The Coverage Division collected \$15,250 in fine revenue in October 2012, an increase from \$8,500 in Coverage fines/penalties accrued during the same period in prior year (October 2011). Year on Year, Coverage fines are at 134% of collections for the same period.

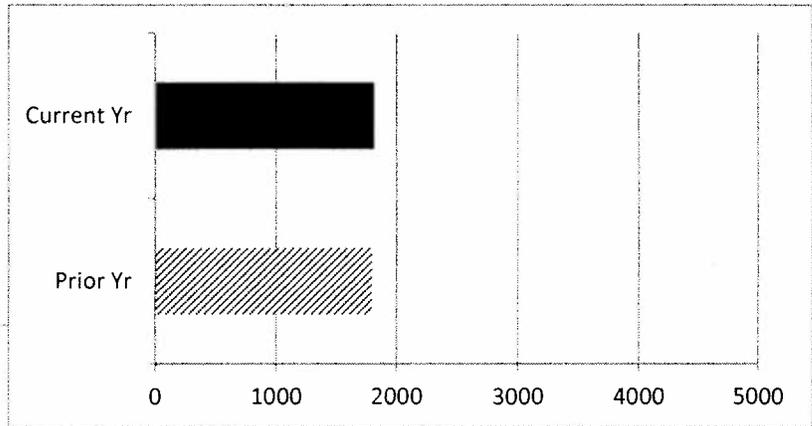
Coverage Division fines represent 10% of the Commission's annual earmarked budget.



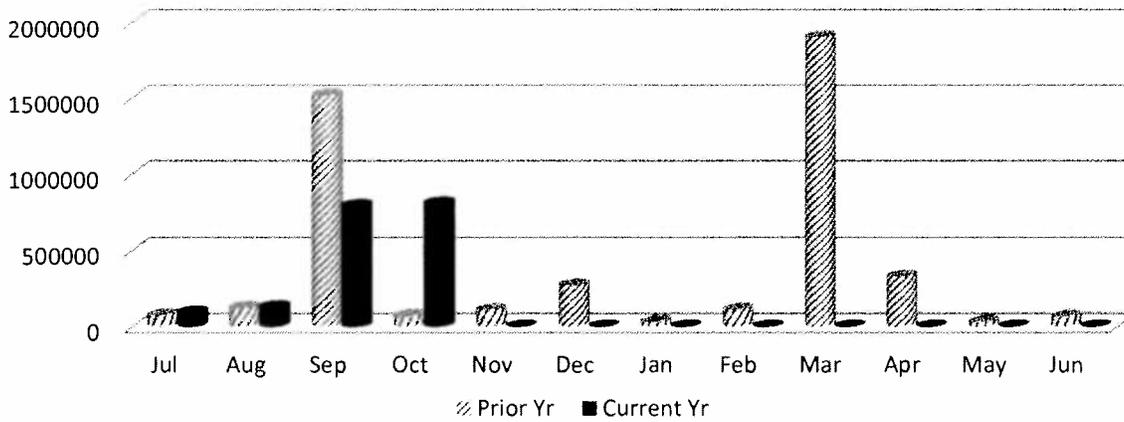
During the month of October 2012, the Self Insurance Division:

- * collected \$804,675 in self-insurance tax.
- * added 19 new self-insurers.
- * conducted 5 Self Insurance audits.

Year to Date, Self Insurance tax revenue is trending at 101% of prior year and 15 Self Insurance audits have been completed.



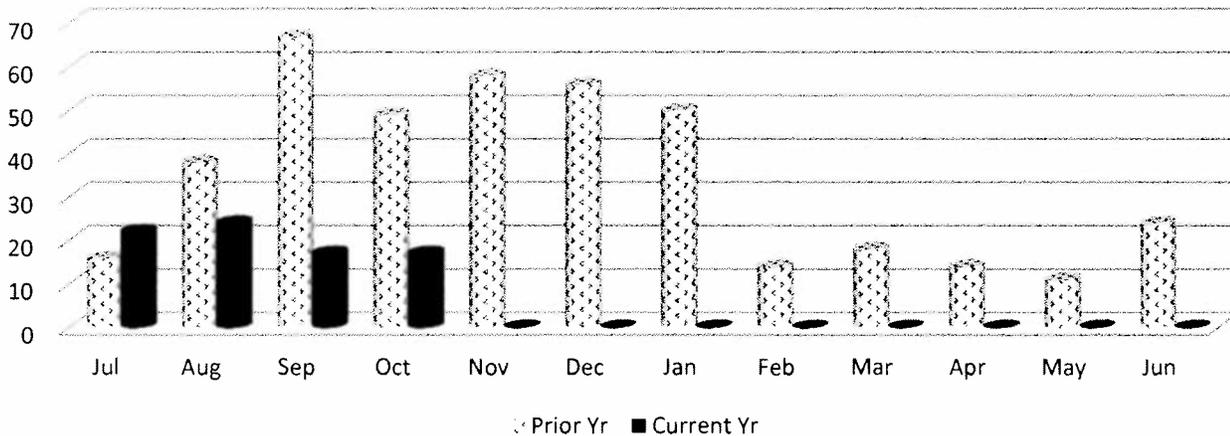
Self Insurance Tax Collections v. Prior Year



IMS MEDICAL SERVICES DIVISION

In October 2012, the Medical Services Division began the month with 17 bills pending review, received an additional 11 bills for review, conducted 11 bill reviews and ended the month with 17 bills pending.

Medical Bills Pending Review v. Prior Year



State of South Carolina



Workers' Compensation Commission

To: Gary Cannon
SCWCC Executive Director

From: Gregory S. Line
Claims Director

Date: 6 – November – 2012

Subj: Claims Department
November 2012 Full Commission Report

Please find attached information provided to summarize key workflow benchmarks related to the functions of the Claims Department. In addition to the statistical data provided herein, please note the following information.

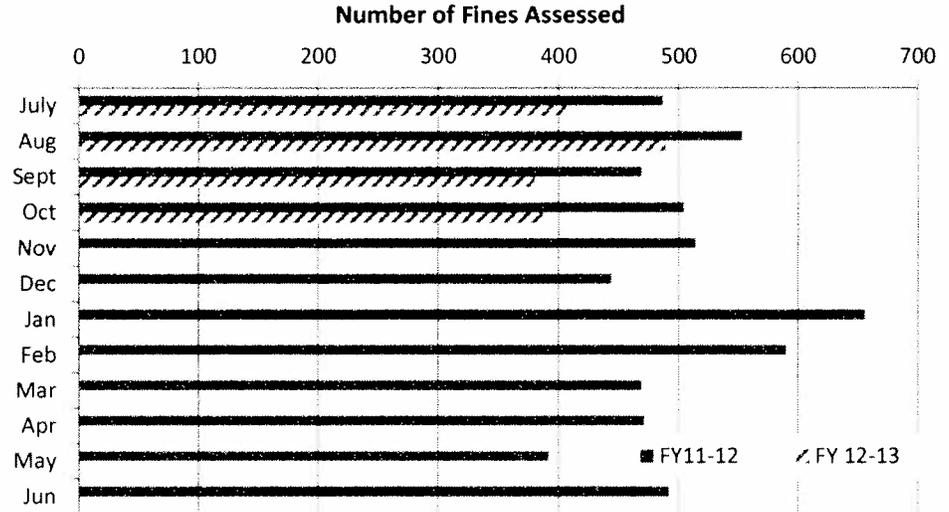
For the month of October 2012, the Claims Department has:

1. Processed over 600 individual case files.
2. Collected approximately \$91,925 in Fine revenue
3. Begun initiatives to assist IMS in the processing of Carrier related Order and Rule to Show Cause Hearing matters.
4. Continued to provide Informal Conference staff support.
5. Provided assistance to IT in the final roll-out of EDI – R3.
6. Adjusted workflow patterns to compensate for key personnel absence due to medical leave.

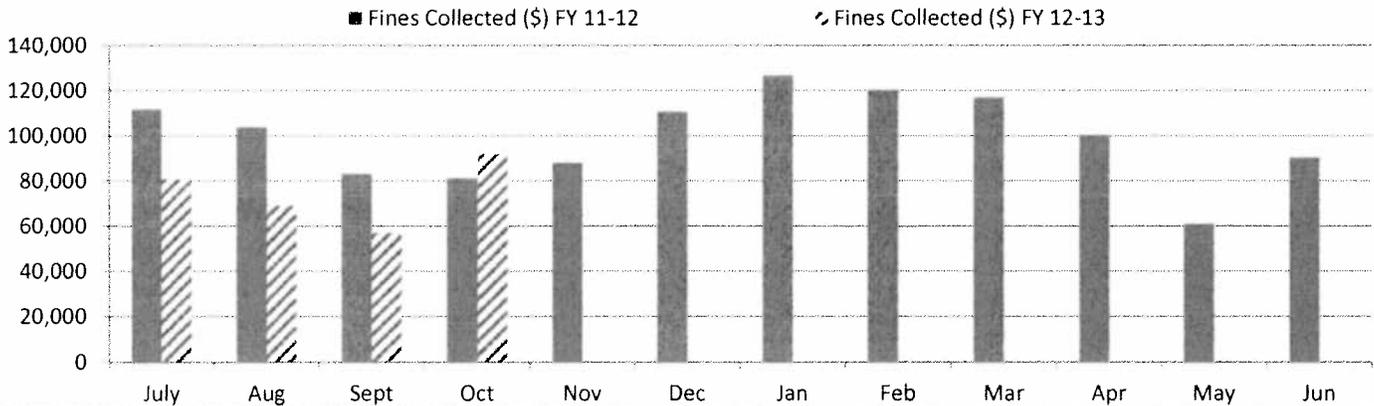
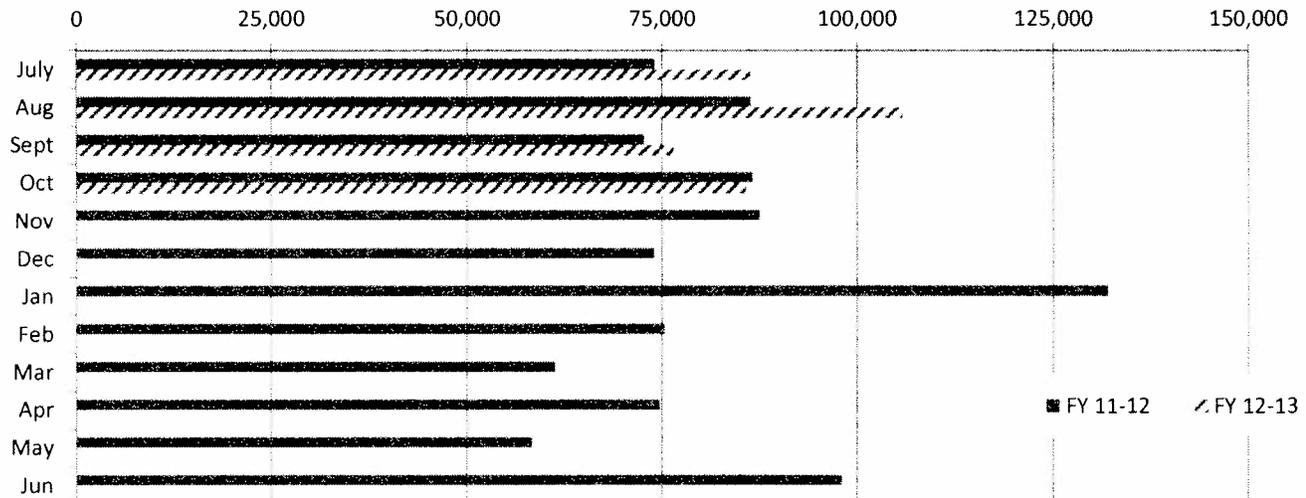
CLAIMS DEPARTMENT - Fine Activity Report - October 2012

The number of fines assessed by the Claims Department increased slightly in number in October to 387 from 380 in September. The number of Claims fines paid October (437) increased by more than 57% from prior month (275).

Total fine dollars assessed in October were \$85,780, an increase of 12% over prior month (\$76,500). Fine revenue received in October was \$91,925, an increase of 61% over prior month (\$57,075). Year to Date, Fine revenue received is trending at 78% of prior year collections.



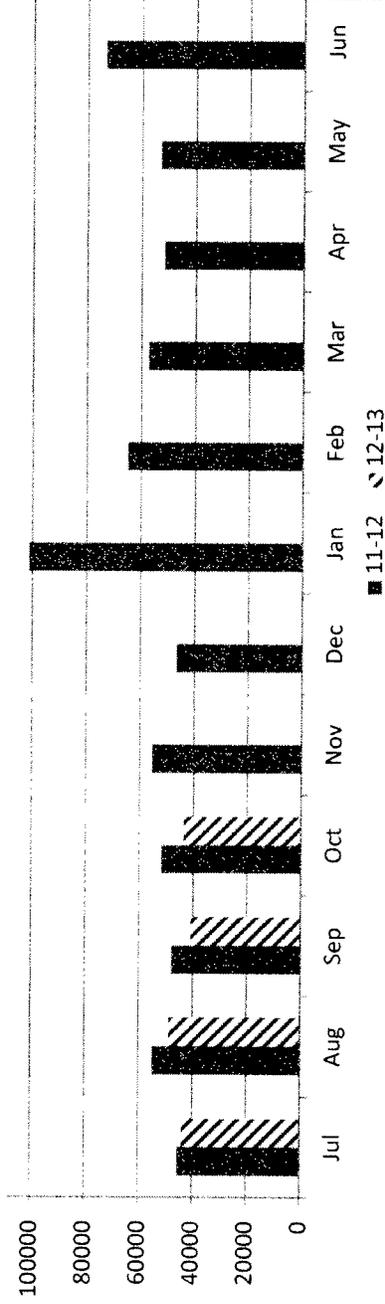
Net Fines Assessed (\$)



FORM 18 FINE ASSESSMENTS

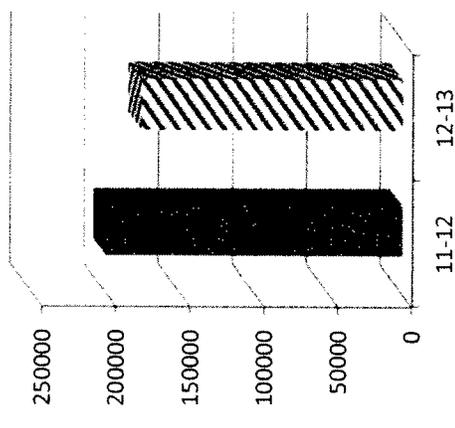
Consistent with overall Commission strategy, the Claims Department works with our Carrier partners to develop approaches that result in increased compliance levels and reduced Fine related costs to businesses in South Carolina.

A key "success measure" of this effort is the Form 18 Fine Assessment report. For the month of October 2012, this has resulted in a 16% drop in Form 18 Fine Assessments (in \$) than were issued in October 2011. The actual number of fines assessed also dropped from 245 in October 2011 to 183 in October 2012.



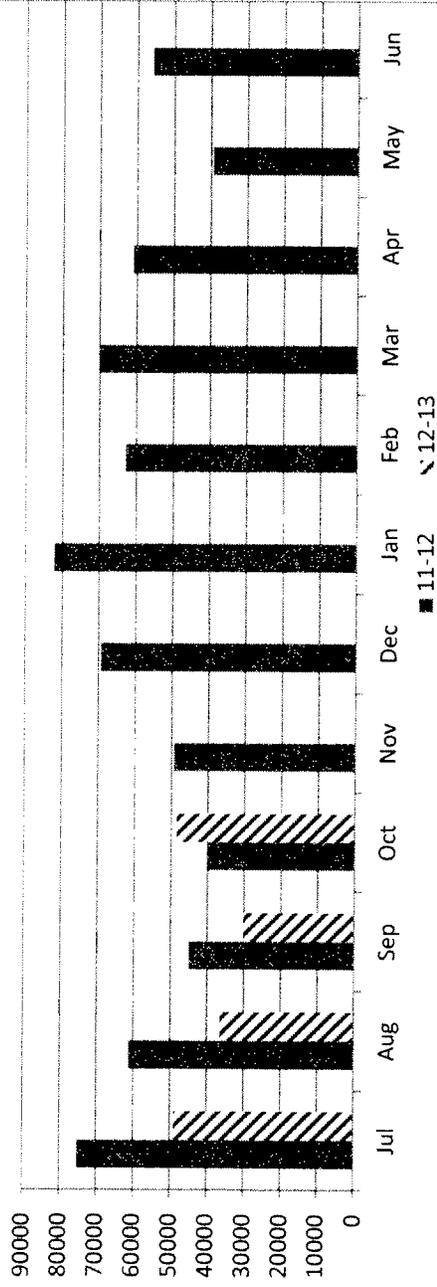
FORM 18 FINE ASSESSMENTS YTD

Form 18 Fine Assessment is trending at 88% of prior year assessments.



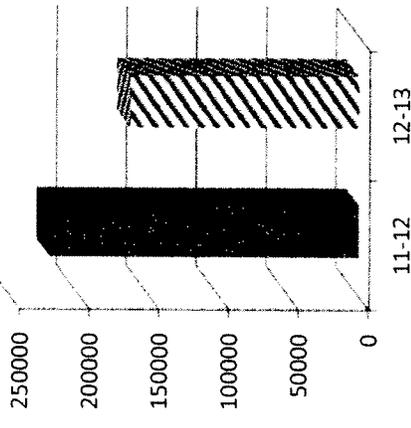
FORM 18 FINE COLLECTION

In October 2012, the Claims Department received payment on 220 outstanding Form 18 Fines resulting in revenue of \$48,500. This represents a revenue increase of 60% over prior month, although overall Year to Date Form 18 Fine revenue is lower.



FORM 18 FINE REVENUE YTD

Form 18 Fine Revenue is trending at 75% of prior year collections.



Fines Collected FY 2009-2010, 2010-2011, 2011-2012, and 2012-2013

	July	August	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
2009-2010	100,383	119,853	100,026	66,565	61,627	54,390	66,200	1,003,600	203,410	159,375	218,150	86,500
2010-2011	147,025	144,825	119,325	120,300	128,000	103,000	104,200	101,700	110,650	119,525	117,875*	124,650**
2011-2012	111,875	103,800	83,300	81,300	85,100	110,700	126,700	120,225	116,915	100,200	61,050	90,450
2012-2013	80,825	69,100	57,075	91,925								

*May collected figures include payments 5/1/2010 through 6/1/2010

** June collected figure includes payments 6/1/2010 through 6/30/2010

State of South Carolina

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Workers' Compensation Commission

November 6, 2012

To: Gary Cannon
Executive Director

From: Virginia L. Crocker
Judicial Director

RE: NOVEMBER REPORT

Throughout the month of October, the Judicial Department managed 698 pleadings on behalf of Claimants and 301 pleadings for the Defense. 108 motions were received and processed along with 267 Consent Orders.

There were 47 appeals filed and 26 Full Commission Appellate Orders served.

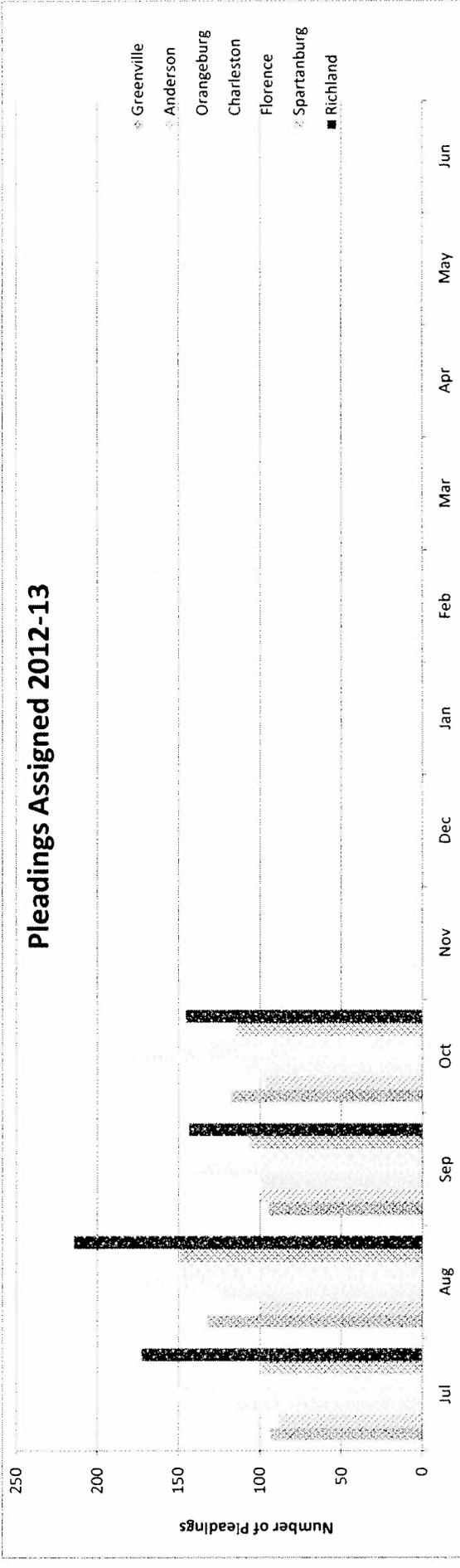
A total of 249 Informal Conferences were conducted.

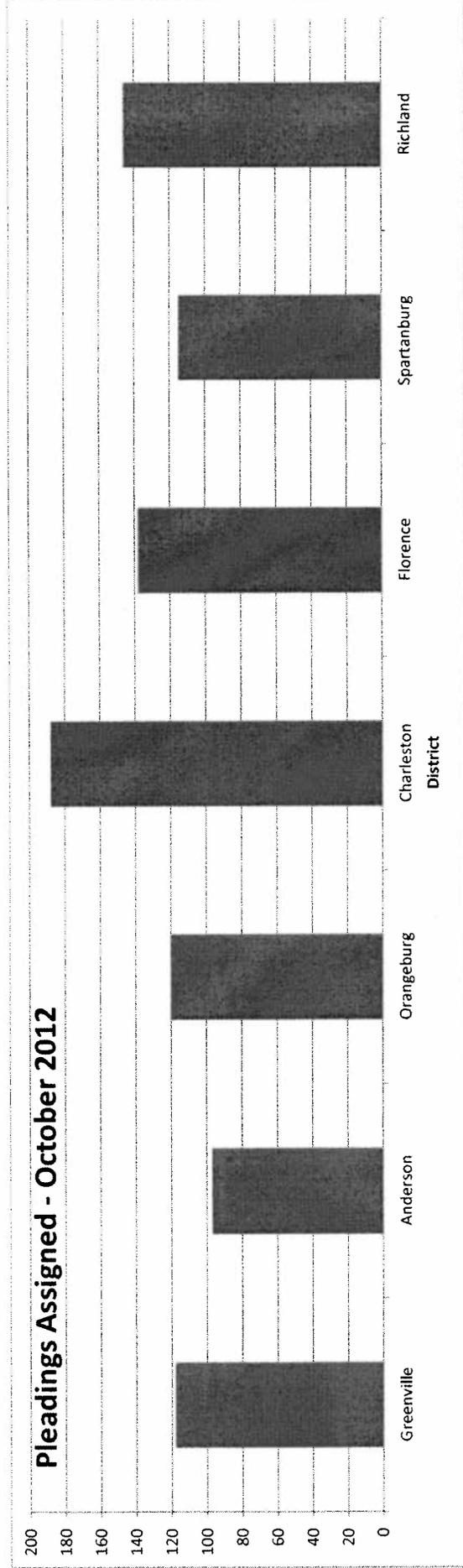
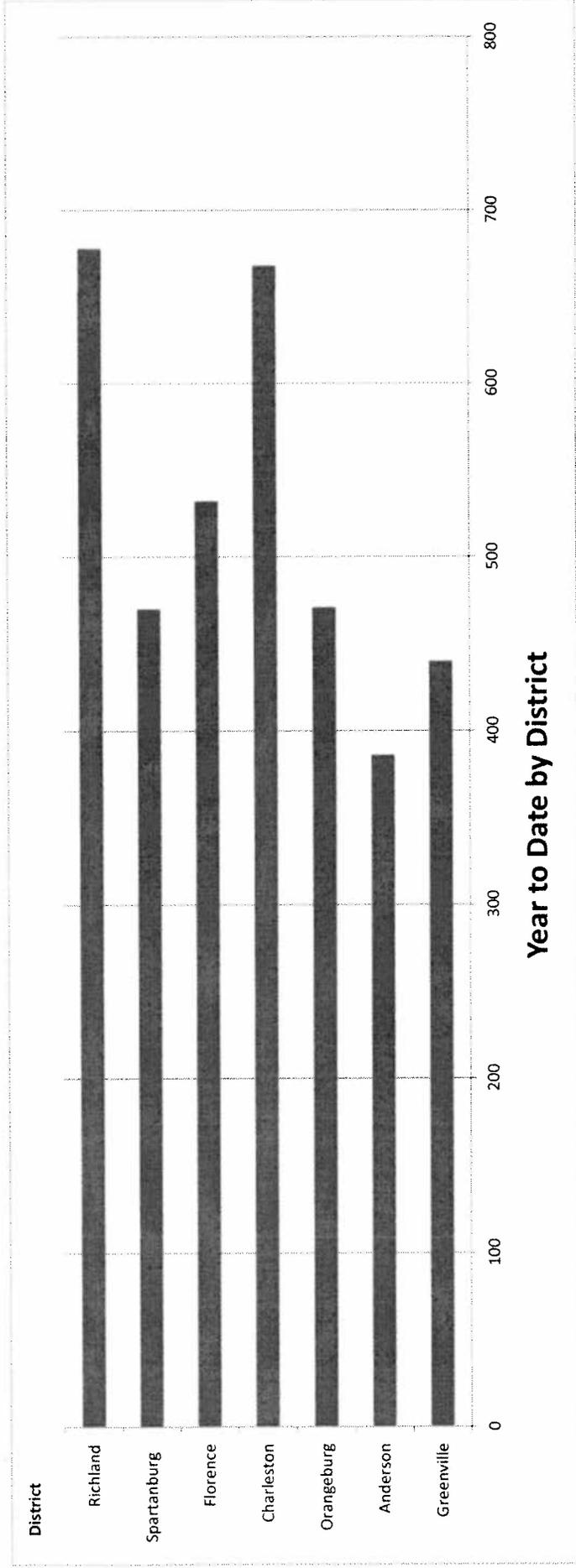
In comparison with the month of October of 2011, the Claimants' pleadings are lower and the Defense pleadings have increased as well as the motions and the requests for Informal Conferences.

The Department continues to work on the proposed mediation process pending the adoption of the mediation regulation next year in the General Assembly.

Pleadings Assigned

	District 1 Greenville		District 2 Anderson		District 3 Orangeburg		District 4 Charleston		District 5 Florence		District 6 Spartanburg		District 7 Richland	
	12-13	11-12	12-13	11-12	12-13	11-12	12-13	11-12	12-13	11-12	12-13	11-12	12-13	11-12
Jul	94	85	89	106	111	103	118	153	169	146	99	139	114	140
Aug	133	140	100	104	106	122	113	176	193	138	149	184	109	132
Sep	95	121	100	95	85	101	128	144	130	101	107	131	103	163
Oct	118	118	97	97	76	120	84	188	157	138	115	132	83	130
Nov		159	97	94	50	133	122	151	140	121	99	138	98	151
Dec		164	95	142	81	104	111	181	131	117	88	115	83	118
Jan		112	108	90	83	122	123	180	164	111	90	98	101	140
Feb		163	132	114	67	112	102	141	139	136	89	117	85	95
Mar		118	165	84	100	126	109	162	160	149	140	134	133	159
Apr		121	130	89	83	101	112	126	163	143	96	106	106	163
May		105	92	79	90	131	113	148	160	130	112	109	86	149
Jun		112	95	94	79	119	112	170	138	134	110	143	111	152
Totals	440	1518	1338	386	1188	1011	1324	668	1844	532	470	1546	1212	1692

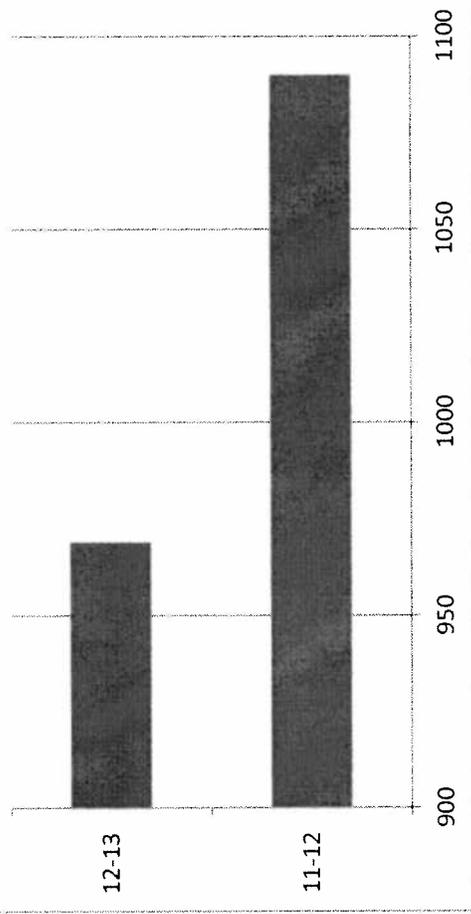




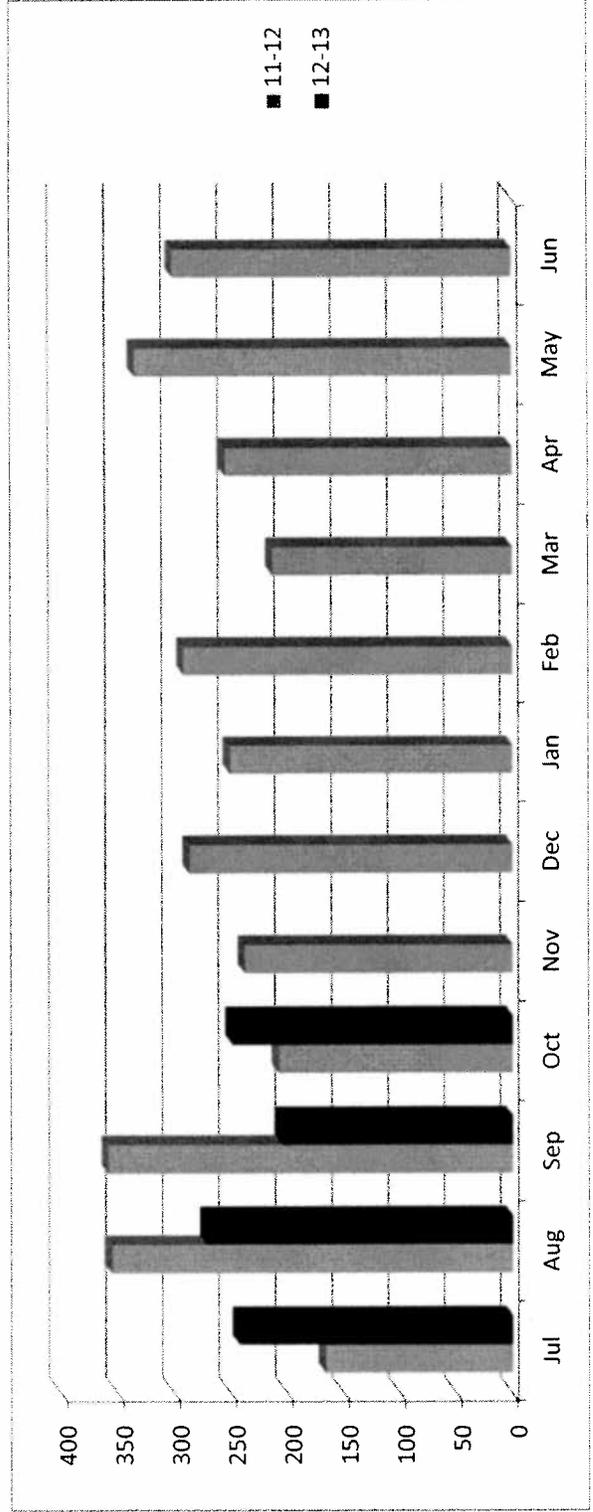
Informal Conf. Conducted

	11-12	12-13	
Jul	167	243	145.5%
Aug	356	272	76.4%
Sep	359	205	57.1%
Oct	208	249	119.7%
Nov	238		0.0%
Dec	287		0.0%
Jan	251		0.0%
Feb	292		0.0%
Mar	213		0.0%
Apr	255		0.0%
May	335		0.0%
Jun	301		0.0%
Total	3262	969	

IC's to Date v. Prior

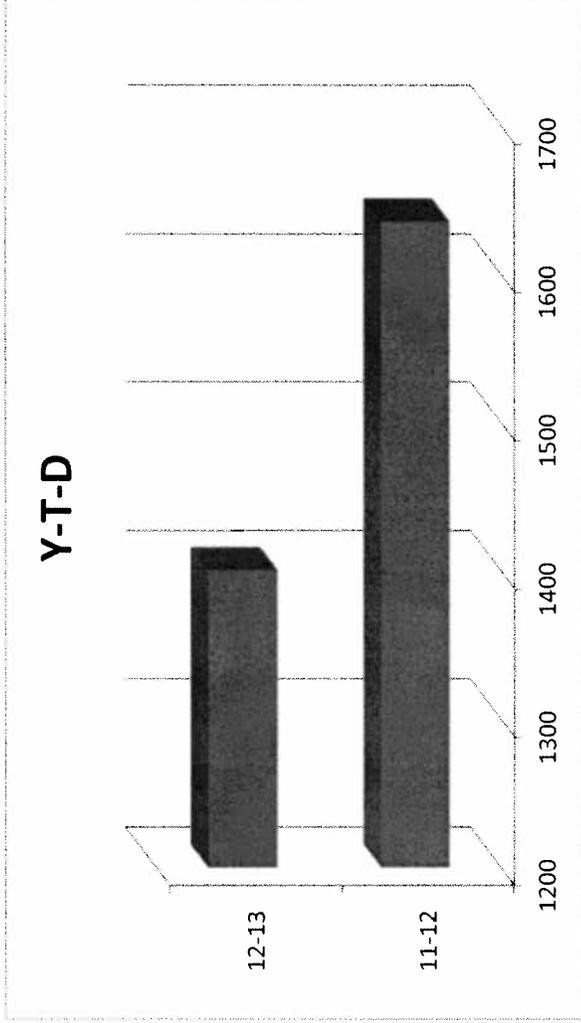


Y-T-D	11-12	12-13	%
	1090	969	88.9%



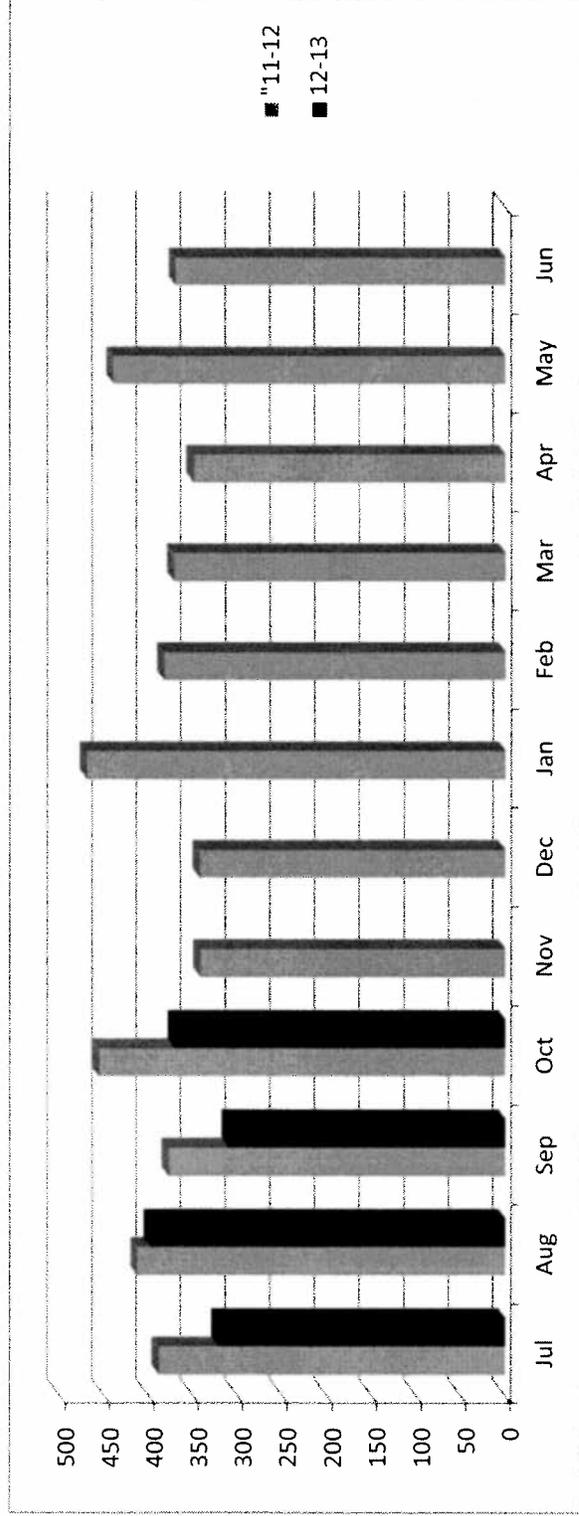
Informal Conf. Requested

	"11-12	12-13
Jul	389	322
Aug	413	398
Sep	378	310
Oct	456	371
Nov	342	
Dec	343	
Jan	470	
Feb	383	
Mar	372	
Apr	350	
May	440	
Jun	370	
Total	4706	1401



11-12 1636 1401 0.856357

Y-T-D



Informal Conference & Mediations

Staff	Mileage/Hours	Year												Total			
		Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13				
Staff 1 Greg	SVM	615.00	730.00	983.00	1192.00												3520.00
	PVM	50.00	0.00	0.00	0.00												50.00
	Time	60.00	44.00	52.00	56.00												212.00
	Hotel	0.00	0.00	0.00	0.00												0.00
Staff 2 DiAnn	SVM	513.00	776.00	424.00	290.00												2003.00
	PVM	0.00	0.00	0.00	0.00												0.00
	Time	42.00	59.75	39.00	38.00												178.75
	Hotel	0.00	111.95	0.00	0.00												111.95
Staff 3 Kelly	SVM	0.00	0.00	0.00	0.00												0.00
	PVM	0.00	0.00	0.00	0.00												0.00
	Time	12.50	12.50	12.50	12.00												49.50
	Hotel	0.00	0.00	0.00	0.00												0.00
Staff 4 Robin	SVM	0.00	0.00	0.00	0.00												0.00
	PVM	0.00	0.00	0.00	0.00												0.00
	Time	0.00	0.00	0.00	0.00												0.00
	Hotel	0.00	0.00	0.00	0.00												0.00
Staff 5 Ginger	SVM	0.00	0.00	0.00	0.00												0.00
Mediations	PVM	0.00	0.00	346.00	0.00												346.00
	Time	8.00	0.00	60.50	16.00												84.50
	Hotel	0.00	0.00	0.00	0.00												0.00

Totals FY 2012-2013	
SVM = State Vehicle Miles	5523.00
PVM = Personal Vehicle Miles	396.00
T = Time	524.75
H = Hotel Cost	111.95

State of South Carolina

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Workers' Compensation Commission

Executive Director's Report

Gary M. Cannon

November 8, 2012

Electronic Data Security

The Governor requested the Inspector General lead a state-wide information security (INFOSEC) initiative to assess INFOSEC and make recommendations. On November 1, 2012 Betsy Hartman met with the Inspector General and 76 agencies' CIO and IT Directors in response to the SCDOR breach in security. The breach is still under investigation by SLED, Secret Service and other authorities. The State Inspector General, Pat Maley, is in charge of assembling a team of subject matter IT experts to work full-time on a task force. The Task Force will conduct the analysis in two phases. Phase I will identify measures or protocols to deploy to all agencies for immediate due diligence to give confidence to the public, as well as each other, that the collective IT components in state government are at a common quality assurance baseline. Phase II will look at issues from a state-wide, longer term strategy perspective. Our response to a survey by the Taskforce is due November 16. This issue is top priority for the Commission's IT Department.

Hearing Sites Review

As a result of concerns expressed about several of our hearing sites, I have asked the Judicial Department to conduct and inventory an assessment of each of the sites currently used for Commissioners' hearings. The analysis will consider the availability of the site, type (courtroom, conference room, etc.) parking, accessibility for Commissioners, attorneys and claimants, and potential other sites in each area. I have asked for the report to be complete for presentation at the Business Meeting in December 2012.

Vocational Rehabilitation Referrals

Several attorneys reported to Commissioners at the SCWCEA Annual meeting issues with requesting claimant assessments from SC Vocational Rehabilitation Department. The SCVRD staff informed attorneys they would not conduct an assessment on the claimant until the claim was resolved. I contacted Jim Williams at SCVRD to inquire about the policy/practice. He responded this was not the policy of SCVRD. Federal statute provides that everyone has the ability to apply for SCVRD services. Mr. Williams will communicate with the staff of SCVRD to clarify the policy in order to prevent this from occurring.

Commuted Value Discount Calculation Advisory Committee

Chairman Marti Bluestein has scheduled the next meeting of the Commuted Value Discount Calculation Advisory Committee for Wednesday, November 14, at 10:30 a.m. in the First Floor Conference Room.

Surgical Implant Advisory Committee

Chairman Grady Beard has scheduled the next meeting of the Surgical Implant Advisory Committee for Wednesday, December 5 at 10:30 a.m. in the First Floor Conference Room.

Employee Meetings/Staff Training

The Leadership Team met on October 30. The Employee Social Committee hosted a covered dish luncheon for the employees on October 31.

Claims Administration Workshop

Staff conducted a Claims Administration Workshop Wednesday, November 7, 2012. A total of 82 stakeholders and 7 staff members participated.

Injured Workers' Advocates Association

Commissioners and the Executive Director participated in presentations and roundtable discussions at Injured Workers' Advocates Association's Annual Convention November 1-3 in Asheville, NC.

Ethics Training for Commissioners and Administrative Assistants

The three hours required ethics and APA training for the Commissioners and Administrative Assistants is scheduled for Tuesday, November 13, 2012 from 2:00 p.m. to 5:00 p.m. in the First Floor Conference Room. Barbara M. Seymour, Esq., Office of Disciplinary Counsel, SC Supreme Court and Cathy Hazelwood, Assistant Director and General Counsel of the SC Ethics Commission, will lead the discussion.

Other Meetings

The Executive Director participated in the following meetings/activities:

- October 23 – Met with representatives of InSite Support Services
- October 29 – Apple presentation
- November 9 – Conference call with Gartner on security planning

Constituent /Public Information Services

For the period October 10 through November 6, 2012 the Executive Director's Office had 464 contacts with various system constituents and stakeholders. The contacts included telephone communications; electronic and personal contacts with claimants or constituents, state agencies, federal agencies, attorneys, service providers, business partners; and letters with congressional offices.

SCWCC Stakeholder Electronic Distribution List

For the period October 10 through November 5, 2012, we added 15 individuals to the Commission's stakeholder distribution list and deleted one individual. We have 327 individuals currently receiving notifications from the Commission.

SC Vocational Rehabilitation Department

Attached is a statistical report on SCVRD/WCC referrals provided by Michelle Prevost, SCVRD Counselor, for October 2012.

Court Fines and Assessments Aging Report

The attached Fines and Assessments Aging Report reflects the number and amount of fines assessed for the period ending October 31, 2012.



South Carolina Vocational Rehabilitation Department

*Enabling eligible South Carolinians with disabilities to prepare for,
achieve and maintain competitive employment.*

Barbara G. Hollis, Commissioner

MEMO

TO: Gary Cannon

FROM: Michelle A. Prevost, SCVRD Counselor

DATE: November 2, 2012

RE: SCVRD/WCC Referrals

As the SCVRD counselor assigned to the Workers Compensation Commission, I held office hours at WCC for 2 days this past month. I notified WCC staff that I have been reassigned to a new position within SCVRD and introduced the new counselor, Chuck Hamden, to WCC staff. Additionally, he was introduced to the full Board of Commissioners at their monthly meeting in October.

During the October office hours, we have continued the review of approximately 1300 WCC Richland County cases for 2010. We have identified additional claimants to which Mr. Hamden sent referral letters on October 31. Mr. Hamden will continue review of the 2010 cases for the Lexington/Richland area based upon body type and severity of injury through the Claims Maintenance and Documents on file for the cases.

As of October 31st, we had the following contacts regarding potential WCC referrals:

- Since letters were sent on 10/31, Mr. Hamden has received 1 return call for which the claimant was referred to the Orangeburg office where an appointment was set with a local counselor for eligibility. Two claimants from previous letters sent met with Mr. Hamden and have started the eligibility process.
- One referral was received through the Employee Assistance Program at a local high school for a current WCC case. The eligibility process has started.
- One referral was received through the Employee Assistance Program at the Department of Mental Health for a current WCC case. The claimant has decided to wait to open a case with SCVRD until she works further with her employer.
- Two referrals were received by WCC staff in order to assist WCC employees with Job Retention Services. Mr. Hamden will be completing the eligibility process with them soon.
- Michelle Prevost continues to assist Betsy Hartman with the final preparations and query testing of the portal site.

SC Vocational Rehabilitation Dept
Workers' Comp Referrals SFY 2013

Primary Disability	#
Mobility Impairments	2
Manipulation/dexterity impairments (hand/fingers)	4
Other Orthopedic Impairments (e.g. limited range of motion)	13
General physical debilitation (faigue, weakness, chronic pain)	1
Hearing or visual impairments	
Other physical impairments (not listed above)	2
Total	22

State of South Carolina

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Workers' Compensation Commission

TO: Gary M. Cannon, Executive Director
FROM: J. Keith Roberts, Law Clerk
DATE: November 8, 2012
RE: Electronic Service

ISSUE

You asked me to perform research regarding the effective date of filing and service of electronic documents as provided in 25A S.C. Code Regs. 67-211 and 67-213.

ANALYSIS

R.67-211 and R.67-213 state when service or filing is accomplished for documents sent by first class mail and certified mail, but remain silent as to when it is accomplished for documents sent electronically. For the filing and service of hearing requests and other forms and documents, the regulation provides "[s]ervice is deemed complete upon mailing unless the form is returned." R.67-211. For Orders of the Workers' Compensation Commission, the regulation provides "[w]hen service is made by certified mail, the date of service is the date of the addressee's receipt indicated by the certified mail return receipt. When service is made by first class mail, five days are added to the date of mailing. Service by first class mail is deemed complete five days after the date of deposit in the United States Postal Service." R.67-213(A)(2). For Hearing Notices "[s]ervice is deemed complete upon mailing. . . [t]he commission may. . . serve such notices by certified mail. . . [s]ervice by certified mail is deemed complete upon receipt." R.67-213(B).

The Federal Rules explicitly state how and when service or filing is completed electronically, as well as by conventional methods of delivery. *See* Federal Local Civil Rules for the United States District Court of South Carolina. Because the Commission has stated by regulation the effective date of service or filing when documents are served conventionally, I do not see how the Commission can identify the effective date of service or filing for electronic documents except by regulation.

If the Commission wants to resolve the discrepancy that has been created by the regulations defining the effective date of service or filing for conventional methods of delivery but not for electronic service, the Commission has two options. It may do nothing and wait for the

discrepancy to be resolved judicially, or it may resolve the discrepancy administratively, by the promulgation of regulations pursuant to S.C. Code Ann. § 42-3-30 (1976).

If the Commission desires to resolve the discrepancy by regulation, I have identified three ways the Commission might accomplish this goal. First, the Commission could add language to the existing Regulations R.67-211 and R.67-213 clarifying the effective date of filing or service for electronic documents. Second, it could create a new regulation explicitly stating the effective date of filing or service for electronic documents. Finally, it could authorize by regulation the creation and maintenance by the Commission of a manual providing policies and procedures for the use of electronic documents.

If the Commission chooses to govern the policies and procedures of electronic service by manual, it could look to the Federal courts for guidance as to how it should be structured. The Federal Local Civil Rules for the United States District Court of South Carolina Rule 5.02 provides the authority for the courts to use electronic filing and service and create policies and procedures regarding their use.

Choosing to control the use of filing and service of electronic documents by a policies and procedures manual would provide the Commission with the flexibility to update the manual without having to go through the process of changing the regulation. It would also give the Commission the ability to stay current with evolving technology and quickly address electronic security issues. This would also create an official publication that would allow the Commission and its IT staff to provide step-by-step instructions to users of electronic filing and service, ensuring consistency and uniformity.

CONCLUSION

I am unaware of any way the discrepancy created by the regulations defining the effective date of service or filing for conventional methods of delivery but not for electronic service without a judicial opinion or a regulatory amendment. If the Commission chooses to amend the regulation or create a new regulation, it must do so pursuant to the Administrative Procedures Act. I will be available to discuss these issues and address any questions the Commissioners may have at the Full Commission Business Meeting on Tuesday, November 13, 2012.

OPTION 1- Define by New Regulation

67-217. Effective Date of Service of Forms and Documents

Whenever the Commission or a party serves or files papers electronically pursuant to R.67-211 or R.67-213, service or filing is deemed completed at the time the file is sent to the proper electronic mail address on file with the Commission, unless the electronic mail server or internet service provider indicates that the file did not reach the recipient. If the serving party receives indication that the file did not reach the recipient, service may be completed pursuant to the other methods of service provided for under R.67-211 and R.67-213, or pursuant to the South Carolina Rules of Civil Procedure.

--or--

67-217. Effective Date of Service of Forms and Documents

Whenever the Commission or a party serves or files papers electronically pursuant to R.67-211 or R.67-213, service or filing is deemed completed five days after the date the file is sent to the proper electronic mail address on file with the Commission, unless the electronic mail server or internet service provider indicates that the file did not reach the recipient. If the serving party receives indication that the file did not reach the recipient, service may be completed pursuant to the other methods of service provided for under R.67-211 and R.67-213, or pursuant to the South Carolina Rules of Civil Procedure.

OPTION 2- Amend Existing Regulations

67-211. Service of Forms and Documents.

A. Claimant's Request for Hearing.

(1) When the claimant is represented by an attorney, the attorney shall serve a copy of the Form 15(III), Form 50, or Form 52 hearing request electronically or by depositing the form in the United States Postal Service first class postage, addressed to the opposing parties pursuant to R.67-210. Service is deemed complete upon mailing or electronic service unless the form is returned. If the form is returned, service may be completed pursuant to the South Carolina Rules of Civil Procedure. A hearing will not be set until service is complete and proof of service is filed with the Judicial Department.

(2) When the claimant is not represented, the claimant may serve the Form 15(III), Form 50, or Form 52 hearing request as set forth in A(1) above. When the claimant does not serve the hearing request, the Commission will serve the request electronically or by depositing the form in the United States Postal Service first class postage, addressed to the opposing parties per R.67-210.

B. Employer's Representative's Request for Hearing and/or Response to a Request For Hearing.

(1) When the claimant is represented by an attorney, the employer's representative shall serve a copy of the Form 21, Form 51, or Form 53 electronically or by depositing the form in the United States Postal Service first class postage, addressed to the claimant's attorney. Service is deemed complete upon mailing or electronic service unless the form is returned. If the form is returned, service may be completed pursuant to the South Carolina Rules of Civil Procedure. A hearing will not be set until service is complete and proof of service is filed with the Judicial Department.

(2) When the claimant is not represented by an attorney, the employer's representative shall serve a copy of the Form 21, Form 51, or Form 53 by personal service or by certified mail, return receipt requested, delivery restricted to the addressee. When service is by certified mail, service is complete the date of the addressee's receipt of the form as indicated by the signed certified mail return receipt. If the form is returned, service may be completed pursuant to the South Carolina Rules of Civil Procedure. A hearing will not be set until service is complete and proof of service is filed with the Judicial Department.

C. Other Forms and Documents.

(1) Unless otherwise specified in this Chapter, serve other forms and documents electronically or by depositing the form or document in the United States Postal Service first class postage, addressed to the opposing parties per R.67-210. Service is deemed complete upon mailing or electronic service unless the document is returned. If the document is returned, service may be completed pursuant to the South Carolina Rules of Civil Procedure.

(2) When the claimant is not represented by an attorney, the claimant may serve a form or document according to C(1) above. When the claimant does not serve the form or document, the Commission will serve it by depositing the form or document in the United States Postal Service first class postage, addressed to the opposing parties per R.67-210.

(3) Hearing notices may be served electronically pursuant to R.67-210. Service is deemed complete at the time the file is sent to the proper electronic mail address on file with the Commission, unless the electronic mail server or internet service provider indicates that the file did not reach the recipient. All unrepresented claimants and uninsured employers shall be served by depositing the notice in the United States Postal Service, first class postage per R.67-210.

67-213. Service of Orders, Hearing Notices, and Review Hearing Notices.

A. The Commission serves orders electronically, by certified mail, return receipt requested or by

deposit in the United States Postal Service, first class postage, addressed to the parties according to R.67-210.

(1) Service is made by delivering a copy of the order to a party representing himself or herself or to the attorney representing the party.

(2) When service is made by certified mail, the date of service is the date of the addressee's receipt indicated by the certified mail return receipt. When service is made by first class mail, five days are added to the date of mailing. Service by first class mail is deemed complete five days after the date of deposit in the United States Postal Service. Electronic service is deemed completed at the time the file is sent to the proper electronic mail address on file with the Commission, unless the electronic mail server or internet service provider indicates that the file did not reach the recipient.

B. The Commission serves hearing notices and Form 31, Review Hearing Notices, electronically or by deposit in the United States Postal Service first class postage, addressed to the parties according to R.67-210. Service is deemed complete upon mailing or electronic service. All unrepresented claimants and uninsured employers shall be served by depositing the notice in the United States Postal Service, first class postage per R.67-210. The Commission may, but is not required to, serve such notices by certified mail, return receipt requested. Service by certified mail is complete upon receipt.

C. When an attorney represents a party, the party is not served. If the mailing is returned, service may be completed as in R.67-211.

OPTION 3- Create Authority to Define by Manual

67-217. Electronic Filing and Service of Forms and Documents

The Commission shall establish a manual setting the guidelines for the electronic filing and service of documents.

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Workers' Compensation Commission

To: Commissioners

From: Gary Cannon, Executive Director

Subject: DSIT Contract for IT Services FY 12-13

Date: November 5, 2012

Attached is the proposed Agreement for Services with DSIT for Server Management and Information Technology Service for FY12-13 and a cost comparison of the new contract to the current contract.

The Commission currently contracts with DSIT for the OnBase Electronic Document Management Services and Information Technology Services. The OnBase contract is dated November 2008 and the Information Technology Services contract is dated January 2010. The 2010 contract eliminated the Electronic Document Management Services contract of 2008 by incorporating the terms, conditions and cost into the new 2010 contract.

The proposed contract for FY12-13 combines the items in the OnBase contract and the Information Technology contract into one.

The attached cost analysis compares the fees from the 2010 contract to the proposed fees in the 2013 contract. The analysis is divided into five sections. Sections I - IV reflect fixed cost and Section V reflect cost based on utilization. The increase in fixed cost is \$24,734 as shown on Line 36. The Utilization Cost projected increase is \$3,436 as shown on Line 42. The Utilization Cost for the 2013 contract is an estimate using a three year average of actual cost for each line item.

The total contract cost shown on Line 43 reflects a \$28,170 increase. The increase is a result of several factors. In February 2011 the Commission approved the purchase and implementation of an additional server to provide development and backup support for the Progress system. The increase for licensing and hosting the additional server are in Section I, Lines 1 thru 8.

The new contract includes charges for a new service Disaster Recovery (DR). DR was not available in 2010. DR provides regular data backup, offsite storage and timely data recovery. In the event of a disaster impacting the Commission's facilities it will allow the Commission to continue providing core services to keep the system operating. DR is recommended as a best practice in Information Technology operations. These charges are shown in Section I, Line 9 and Line 10, and reflect an increase of \$3,905.

Data Communication charges are shown in Section II, Lines 14-20. The increase of \$1,872 results from the addition of six ports and an increase in the internet capacity from 2 MB to 10 MB to handle increased volume of internet traffic used by SCWCC and our stakeholders.

Section III, Lines 22-31, contains OnBase charges for the document imaging; storage and retrieval system. The increase of \$3,105 reflected on Line 24 (Annual Client License Maintenance) is a result of the 13 month term for the new state contract for OnBase. Line 30 includes the cost of \$2,400 to allow the Commissioners connectivity to access and retrieve images from OnBase using the iPad mobile application.

Section IV, Infrastructure and PC Support, Lines 33-35, are the charges for desktop workstations and laptops infrastructure to support internet connectivity, email, network drives and backup. Software Assurance shown on Line 34 reflects a new charge of \$5,695. This is for upgrades in Microsoft Office products as they become available. This was approved by the Commission in February 2011.

Section V, Utilization Charges are shown in Lines 38-42. These costs are not fixed but charged by utilization. They include Desktop support and data base system backup. The amounts shown in the 2010 column is a three year average of the actual charges. The amounts in the "projected" column are estimates based on the three year average. The new amount \$3,000 shown on Line 39 SQL DBA (sequel data base administrator) is the estimate for data base programming to upgrade the development server to encrypt the data base. The total increase \$3,436 for the Utilization charges are shown on Line 42.

In summary the total cost shown on Line 43 for the proposed DSIT contract for FY12-13 is \$162,370, which is an increase of \$28,170 over the FY09-10 contract. The increase includes charges related to the purchase and implementation for the new server approved by the Commission in 2011, imaging licensing for an additional month, regular desktop/laptop computer software enhancement approved by the Commission in 2011, and funds necessary for database upgrades for encryption of data.

As reflected in the Commission's Accountability Report, the IT Department has accomplished much during the past three years with a staff of 2 ½ to 3 FTE's. The accomplishments resulted from the hard work and dedication of the Commission's IT staff and the solid support of DSIT through our contractual arrangement. As requested by the Commission, I conducted an informal review of the services and charges provided by DSIT with two independent private sector vendors. Both vendors responded that upon their cursory review of our contract they would not be able to provide the same services for less than the amount the Commission is currently paying DSIT.

Staff recommends approval of the proposed DSIT contract for the FY2012-13.

DSIT Proposed Contract Cost Analysis FY2010 to FY2013

Line		Contract FY FY09/10	Contract FY FY12/13	Diff + (-)	Comments
Section I - Progress - Server and backups					
1	Server Management Microsoft	\$ 5,784	\$ 11,568	\$ 5,784	Increase - additional server Production and Development
2	Server Rack Rate	\$ 384	\$ 1,536	\$ 1,152	Increased from 1 rack to 4 racks
3	WCCSQL Software Maintenance Unix	\$ 292	\$ 584	\$ 292	Increase due to additional server Production and Development
4	Hardware Maintenance HP Warranty	\$ 1,168	\$ 1,182	\$ 14	Increase - Microsoft for licensing
5	MS OS Maintenance	\$ 403	\$ 403	\$ -	
6	Wildcard Certification	\$ -	\$ 318	\$ 318	certificated needed for web
7	Remote Desktop Cals	\$ -	\$ 111	\$ 111	Licensing needed to allow 4 users in development
8	Microsoft licensing for Development	\$ -	\$ 96	\$ 96	To become compliant with Microsoft licensing.
9	Disaster Recovery (SunGuard)	\$ -	\$ 3,149	\$ 3,149	New service since 2009
10	Disaster Recovery (Backup)		\$ 756	\$ 756	New service since 2009
11	MS SQL maintenance 2 processor	\$ 8,263	\$ 8,263	\$ -	
12	Total Progress -Server and Backups	\$ 16,294	\$ 27,965	\$11,671	
13	Section II - Data Communication Charges - Internet				
14	Data Center Network Ports Enterprise	\$ 384	\$ 1,536	\$ 1,152	Increase from 2 ports to 8 ports
15	Internet	\$ 960	\$ 1,680	\$ 720	Increased from 2MB to 10 MB
16	Firewall Protection	\$ 1,548	\$ 1,548	\$ -	
17	100 Mb Connection CBW, Fixed mode	\$ 12,327	\$ 12,327	\$ 0	
18	Router maint/mgt 24x7 Tier 5	\$ 3,384	\$ 3,384	\$ -	
19	Virtual Private Network	\$ 168	\$ 168	\$ -	
20	Total Data Communication	\$ 18,771	\$ 20,643	\$1,872	
21	Section III - OnBase				
22	Cold ERM Add on	\$ 6,192	\$ 6,182	\$ (10)	*typo in original contract
23	Non SCEIS Imaging	\$ 20,817	\$ 20,817	\$ -	
24	Annual Client License Maintenance (Bundled)	\$ 9,272	\$ 12,377	\$ 3,105	Increase due to new state term contract for 13 months
25	Publishing Maintenance	\$ (364)	\$ (2,167)	\$ (1,803)	
26	Export Maintenance	\$ (909)	\$ (1,029)	\$ (120)	
27	Concurrent Client Maintenance	\$ (545)	\$ (741)	\$ (196)	
28	Named user client Maintenance	\$ (5,999)	\$ (6,793)	\$ (794)	

DSIT Proposed Contract Cost Analysis FY2010 to FY2013

Line		Contract FY FY09/10	Contract FY FY12/13	Diff + (-)	Comments
29	Disconnected Scanning	\$ (1,454)	\$ (1,647)	\$ (193)	
30	Onbase Mobile App		\$ 2,400	\$ 2,400	
31	Total OnBase	\$ 36,281	\$ 41,776	\$5,495	
32	Section IV - Infrastructure and PC Support				
33	Standard Desktop Support (67) - (infrastructure - includes network drives, internet connectivity, email and backup of data on network drives and email)	\$ 55,540	\$ 55,540	\$ 0	
34	Software Assurance	\$ -	\$ 5,695	\$ 5,695	Licensing to allow for upgrades from Microsoft
35	Total Infrastructure and PC support	\$ 55,540	\$ 61,235	\$5,695	
36	Total Fixed Cost Items	\$ 126,886	\$ 151,620	\$24,734	
37	Section V - Utilization Charges				
38		* 3 yr avg	projected		
39	Desktop support \$55 per hour as needed	\$ 1,983	\$ 2,000	\$ 17	
38	Tivoli backups \$0.44 per GB utilization	\$ 5,213	\$ 5,500	\$ 287	
39	SQL DBA support \$75 per hour		\$ 3,000	\$ 3,000	
40	Language Line Peak \$2.20 - \$2.60	\$ 118	\$ 250	\$ 132	
41	Language Line Non-Peak \$2.50 - \$4.50	\$ -	\$ -	\$ -	
42	Total Utilization Charges	\$7,314	\$10,750	\$3,436	
43	Total Cost	\$ 134,200	\$ 162,370	\$28,170	

Commission 2013 Calendar DRAFT

- 1 – New Year's Day
- 21 – Martin Luther King Day
- 22 – Commission Business Meeting
- 22, 23 – Commission Appellate Panel Hearings
- 18, 19, 20 – IWA Paralegal Conference, Myrtle Beach

JANUARY						
S	M	T	W	Th	F	S
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27	28	29	30	31		

JULY						
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- 4 – Independence Day Holiday
- ? – Defense Trial Lawyers
- 15 – Commission Business Meeting
- 15, 16 – Commission Appellate Panel Hearings
- 25, 26 – SCTAA Conference, Asheville

- 18 – President's Day
- 19 – Commission Business Meeting
- 19, 20 – Commission Appellate Panel Hearings
- 24, 25, 26 – SCWCEA Medical Seminar (Charleston)

FEBRUARY						
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AUGUST						
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- 1, 2, 3 – SCAJ Convention, Hilton Head
- 12 – Commission Business Meeting
- 12, 13 – Commission Appellate Panel Hearings
- 18, 19, 20, 21 – NAWCJ Judiciary College

- 18 – Commission Business Meeting
- 18, 19 – Commission Appellate Panel Hearings

MARCH						
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SEPTEMBER						
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29	30					

- 2 – Labor Day
- 16 – Commission Business Meeting
- 16, 17 – Commission Appellate Panel Hearings

- 10, 11, 12 – SC Self-Insurers Conf Litchfield
- 15 – Commission Business Meeting
- 15, 16 – Commission Appellate Panel Hearings

APRIL						
S	M	T	W	Th	F	S
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28	29	30				

OCTOBER						
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27	28	29	30	31		

- 14 – Commission Business Meeting
- 14, 15 – Commission Appellate Panel Hearings
- 20, 21, 22, 23 – SCWCEA Annual Conference, Myrtle Beach

- 10 – Confederate Memorial Day
- 20 – Commission Business Meeting
- 20, 21 – Commission Appellate Panel Hearings
- 27 – Memorial Day

MAY						
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NOVEMBER						
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24	25	26	27	28	29	30

- 7, 8, 9 – Injured Workers' Advocates Conf. Asheville
- 11 – Veterans Day
- 18 – Commission Business Meeting
- 18, 19 – Commission Appellate Panel Hearings
- 28, 29 – Thanksgiving Holidays

- 17 – Commission Business Meeting
- 17, 18 – Commission Appellate Panel Hearings

JUNE						
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30						

DECEMBER						
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

- 16 – Commission Business Meeting
- 16, 17 – Commission Appellate Panel Hearings
- 24, 25, 26 – Christmas Holidays

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Workers' Compensation Commission

TO: Commissioners

FROM: Gary Cannon

DATE: November 8, 2012

RE: Sustainable Financial Resources

In May of this year the Commission met to receive a staff briefing on the sustainability of the Commission's human and financial resources for the next 5 to 7 years. During the meeting we discussed the following:

1. potential loss of employees due to retirement eligibility
2. decrease in State appropriated funds for the Commission's budget
3. decrease in fines collected and deposited in the Earmarked Fund due to advances in technology
4. actions previously taken to reduce the expenditures to offset the reduction in revenues
5. use of cash fund balance

It was determined that, even with substantial reductions in expenditures, the Commission would not be able to sustain its core functions and services in the future. The cash fund balance would be depleted by FY15.

As a result of the meeting the Commission directed staff to develop a sustainable financial resources strategy.

Revenue Sources - Authority

The statutes provide in Section 42-3-220

The Commission may, by civil action, brought in its own name, enforce the collection of any fines or penalties provided by this Title and such fines and penalties shall be used for the purpose of paying salaries and expenses of the Commission.

The State's Appropriations Act FY2012-13 (Part 1B section 58 – Workers' Compensation) contain three provisos 58.1, 58.2 and 58.3 that authorize the Commission to retain all revenue earned from the sale of the Medical Services Provider Manual; revenue earned from educational seminars; and revenue received as a result of a \$25.00 filing fee for hearings, settlements and motions.

The Commission collects the tax on self-insurers and any related penalties and deposits them with the State Treasurer. §42-5-190.

Attached is a memorandum from Keith Roberts, Law Clerk, discussing the history of the funding source for the administration of the SC Workers' Compensation Act and a memo with additional thoughts about the issue. It is recommended the Commission initiate efforts to request the General Assembly specifically dedicate the revenues generated by the premium tax on self-insurers for the expenses to operate the Commission.

This may be accomplished by amending Section §42-5-190 to include language designating the revenues to the Commission, or may be accomplished by budget proviso, or by other means. Since FY2006-07 the revenues from this tax have been declining an average of 3.85%. The past two fiscal years the decrease has averaged 2.53%. The tax generated \$4.66 million in FY2012.

This amount is less than the Commission's total annual budget of \$5.07 million, however, it is greater than the \$1.84 million of General Funds appropriated. This dedicated source of funding is more stable than the revenues generated by the fines and fees. Considering the Commission plans to continue expand the electronic filing capabilities of our business partners, we anticipate a continued decrease in the revenues generated by fines and fees.

CONCLUSION

Of all the money that is collected by South Carolina Workers' Compensation Commission, the greatest amount is collected pursuant to the self-insurance tax assessed pursuant to § 42-5-190. The tax on self-insurers is a substantial and predictable amount that can be relied upon for the long term. It is recommended that the Commission request of the General Assembly that the costs associated with administration of the Workers' Compensation Act be given priority to these funds in future budgets.

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Workers' Compensation Commission

TO: Gary Cannon, Executive Director
FROM: J. Keith Roberts, Law Clerk
DATE: October 10, 2012
RE: Sustainable Financial Resources

"It is expected that the tax upon insurance premium income levied at last session of the General Assembly will more than allay the cost of administration of the Act, placing the Commission upon a self-sustaining basis.

-The Honorable John H. Dukes, Chairman
South Carolina Industrial Commission
Second Annual Report of the Commission
January 14, 1938

ISSUE

What does the law provide as a source of funding for the administration of the South Carolina Workers' Compensation Act?

HISTORY

The Workers' Compensation Act became effective September 1, 1935. During the first ten months of its existence, the Industrial Commission had yet to generate any revenue of its own, so it was funded by an appropriation from the General Assembly. The next fiscal year, the Commission submitted its first budget, asking for an appropriation of \$71,382.00 to fund the administration of the Act. *See Second Annual report of the South Carolina Industrial Commission to the General Assembly, July 1, 1936- June 30, 1937, p. 9.* As Chairman Dukes pointed out, this amount was less than the total premium taxes paid by insurance companies and self-insurers, making the Commission a self-sustaining agency.

The Commission continued to be funded by the Annual Appropriations Act of the General Assembly. The Act provided that both insurance carriers insuring employers under the Act and

self-insurers shall pay a tax on premiums received. 1936 S.C. Code (39) 1231; 1937 S.C. Code (4) 613. This tax was collected by the Department of Insurance, and was deposited with the State Treasurer to the credit of the Industrial Commission. *Annual Report* 1939-40, p. 7. Various provisions of the Act also gave the Commission the power to levy fines and charge fees. These funds were likewise deposited with the State Treasurer to the credit of the Industrial Commission.

The State Appropriations Act of 1944-45 created a Workmen's Compensation Fund, which was used to pay workers' compensation claims bought by covered employees of the State. *See Annual Report* 1943-44, p. 6. The State Appropriations Act also mandated that all Workmen's Compensation Taxes collected would be deposited into the Workmen's Compensation Fund. *Id.*

In 1947, the General Assembly adopted these provisions by a permanent general statute. Act 111, S.C. Acts of 1947, (R-245), (H-403), (S-337). The statutory provisions mandated that the taxes collected by the Department of Insurance on premiums paid by insurance companies and self-insurers would be deposited into the Workmen's Compensation Fund. 1947 Act No. 111, § 1. The Workmen's Compensation Fund was to be used to pay, in order of priority, the appropriations of the Industrial Commission, awards made under the Act for State employees, and then any other expenses provided by law. 1947 Act No. 111, § 4.

The Workmen's Compensation Fund was codified as 1942 S.C. Code Section 7035-80A, et. seq. The Industrial Commission remained responsible for the administration of the Fund. It was re-codified in 1952 and again in 1962 as S.C. Code 72-451 through 72-460. The Workmen's Compensation Fund ran at a deficit for several years in the 1950s and 1960s, necessitating the General Assembly to make additional appropriations to make up for the shortfall.

In 1974 the Workmen's Compensation Fund became a separate agency from the Commission. *See Annual Report* 1974-75, p. 7. Later it became part of the State Accident Fund. In 1977, the Workers' Compensation Act was amended to provide that the Industrial Commission, rather than the Department of Insurance, would be responsible for the assessment and collection of taxes levied on self-insurers. 1977 S.C. Act No. 16.

In 1976, South Carolina Code of Laws was again re-codified. The Workers' Compensation Act became Title 42 of the South Carolina Code of Laws. Taxes were assessed against insurance carriers pursuant to § 42-5-140, and against self-insurers pursuant to § 42-5-190. Following 1977 S.C. Act No. 16, the Commission began collecting the taxes levied against self-insurers and depositing the monies into the General Fund. The Commission began keeping track of these numbers in its Annual Report of FY 1979-1980.

In 1982 § 42-7-200 was created to set up the Uninsured Employer's Fund. 1982 S.C. Act No. 286. Funding for the UEF was earmarked from the funds collected from the taxes levied on insurance companies and self-insurers pursuant to § 42-5-140 and § 42-5-190.

In 1987 the General Assembly passed 1987 S.C. Act No. 155, which repealed § 42-5-140. This section previously provided for a tax on insurance premiums collected by insurers for policies written to insure against liability under the Workers' Compensation Act. The statute governing that tax was removed from Title 42 and re-codified under Title 38, Insurance. § 38-7-50. In

March of 1989, the rate of taxes charged under § 38-7-50 and § 42-9-190 was reduced. *See* 1989 S.C. Act No. 100.

DISCUSSION

From its inception the Act was able to generate its revenue by the imposition of the taxes on premiums charged by self-insurers and insurance companies. The funds collected pursuant to these taxes have been used to fund a number of initiatives relating to workers' compensation. The tax charged against premiums collected by insurance carriers is no longer a part of the Workers' Compensation Act, and is the responsibility of the Department of Insurance. *See* § 38-7-50.

1987 S.C. Act No. 155 moved a number of provisions out of the Workers' Compensation Act and into the Department of Insurance. However, it left the assessment and collection of the tax against self-insurers wholly the responsibility of the Workers' Compensation Commission. *See* § 42-5-190.

The Commission, as an Agency of the State, is solely funded by monies provided to it by law. The Workers' Compensation Act created the Commission to administer its provisions, and also provided a way to generate revenue for its administration by the assessment of taxes and the charging of fines, penalties, and fees. Today, the Commission continues to generate revenue from fines, penalties, and fees, and also from the assessment of the tax on self-insurers under § 42-5-190.

Historically, the costs of administration of the Workers' Compensation Act had priority to the funds generated by the taxes levied against self-insurers and insurance companies. *See* 1947 Act No. 111, § 4. The Commission is no longer tied to the taxes charged against premiums collected by insurance companies, but it does remain responsible for the taxes charged to self-insurers under the Act.

It is important to note that the tax charged against insurance carriers is different from the tax charged against self-insurers. The tax on insurance carriers is described as simply "a tax". 1942 Code Section 7035-76 ("Every insurance carrier insuring employers in this State against liability for personal injuries to their employees . . . shall as provided in this chapter pay a tax. . .") (Emphasis added); § 38-7-50 ("Every insurer insuring employers in this State against liability for personal injuries to their employees. . . , under the provisions of Time 42, shall pay a tax. . .").

Meanwhile, the tax on self-insured employers is described as "a maintenance tax". 1942 Code Section 7035-76 (" . . . The Commissioner shall assess against such payroll a maintenance tax. . .") (Emphasis added); § 42-5-190 (" . . . The Commission shall assess against the actual cost incurred a maintenance tax. . .") (Emphasis added). [???SC Authority defining 'maintenance tax'???

CONCLUSION

For FY2012 the Commission expended \$4,865,470 to administer the Act. *See Annual Report* 2011-2012. The Commission generated revenues totaling \$7,127,425, which included

\$4,663,681 in self-insurance taxes collected pursuant to § 42-5-190, and \$2,463,744 fines, penalties and fees. *Id.* This led to a surplus to the State generated by the Commission of \$2,695,295.

However, while the Commission's administration of the Act generated \$7,127,425 in revenue for the State of South Carolina including the self-insurance taxes collected pursuant to § 42-5-190, the General Assembly only appropriated to the Commission \$1,763,619 to fund the administration of the Workers' Compensation Act.

The administration of the Workers' Compensation Act generates more revenue than it costs to administer the Act. Historically, the costs associated with administration of the Act had priority to the funds generated by the tax on self-insurers. If administrative costs of the Act were given first priority to the funds generated by the tax on self-insurers, the Commission would remain self-sustaining, as Chairman Dukes envisioned 74 years ago.

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Workers' Compensation Commission

TO: Gary Cannon, Executive Director

FROM: J. Keith Roberts, Law Clerk

DATE: November 8, 2012

RE: Sustainable Financial Resources for the Administration of Title 42, South Carolina Code of Laws

Gary,

Below are a few points I would like to make regarding sources of funding for the Workers' Compensation Commission in the near future.

First, I agree that depending on fines as a major source of funding is a flawed strategy. The Commission is charged with the mission of competently administering the Workers' Compensation Act. The power to fine is granted to the Commission by the General Assembly in no less than 12 specific statutory provisions¹. I believe the primary purpose of these powers to fine should not be to generate revenue for the Commission, but rather to provide the Commission with a sword to use to ensure compliance with the Act. The revenue generated from fines should be ancillary.

Second, the Commission has, for most of its history, been funded by the revenues generated by the taxes on insurers and self-insurers levied pursuant to the provisions of the Act. *See my memo of October 10th, 2012, for more detail.* The tax on self-insurers is a part of the Workers' Compensation Act. *See 42-5-190.* The General Assembly moved the tax on insurers from Title 42 to Title 38. 1989 SC Act No. 100, § 2 eff May 22, 1989. However, the 1989 Act intentionally left the tax on self-insurers in Title 42. I cannot imagine a reason why the General Assembly would have left a tax provision in the Workers' Compensation Act unless those tax revenues were intended to be used for a purpose related to the Workers' Compensation Act.

Third, if self-insurers were not taxed pursuant to the Workers' Compensation Act, they would not be taxed at all, while insurance carriers would still be subject to taxes under Title 38. Self-insurers are not private insurance companies. Self-insurers only exist because the Workers' Compensation Act allows them to exist, and the Commission is responsible for their oversight.

¹ § 42-3-105; § 42-3-150; § 42-3-175; § 42-5-40; § 42-5-45; § 42-5-190; § 42-5-240; § 42-9-270; § 42-15-90; § 42-15-95; § 42-17-50; § 42-19-30; § 42-19-50

See § 42-5-20. I believe subjecting the self-insurers to a tax under the Workers' Compensation Act and using those revenues to fund the administration of the Act is appropriate.

Fourth, of key importance to industry in South Carolina is the predictability of costs. The business community has expressed in previous correspondence and public comments to the Commission that they want to be able to predict their taxes and other government and administrative related expenses on a year to year basis. Fines for failure to comply with the Act are, in my opinion, an extremely unpredictable cost to businesses. Costs such as filing fees, a set percentage of premiums, and revenues earned from seminars and the sale of manuals are all much more predictable.

Fifth, I would like you to consider the advantages of raising certain filing fees. The Commission charges a fee each time a pleading or other document is filed that requires the Commission to schedule a Hearing or take some other action. The filing fee for an appeal to the full commission is set by statute. § 42-17-50. For all other fees, although the Act is silent, the Commission currently charges \$25.00. In the last fiscal year, the Commission approved 10,372 common law settlement agreements. We only charge \$25.00 to approve an Agreement and Release. North Carolina currently charges \$375.00 to approve the exact same document. Section 14.5, North Carolina Session Law 2009-451, Appropriations Act of 2009. A filing fee associated with obtaining a final Agreement and Release would be easy to predict based on the number of claims filed, and any cost of filing would be nominal in comparison to the overall value of the claim being settled.

These are my personal thoughts and may require further research. Please let me know if you have questions, and I would be happy to discuss these issues with you further.