

AGENDA

SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION

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

September 19, 2011 – 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 September 19, 2011 *CHAIRMAN BECK*
2. APPROVAL OF MINUTES OF PUBLIC HEARING of August 15, 2011 (Tab 1) *CHAIRMAN BECK*
- APPROVAL OF MINUTES OF BUSINESS MEETING of August 15, 2011 (Tab 1) *CHAIRMAN BECK*
- APPROVAL OF MINUTES OF THE SPECIAL BUSINESS MEETING of September 12, 2011 (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. CANNON*
Claims (Tab 7) *MR. LINE*
Judicial (Tab 8) *MS. HOLLIMON*
6. EXECUTIVE DIRECTOR'S REPORT (Tab 9) *MR. CANNON*
7. OLD BUSINESS *CHAIRMAN BECK*
A. SC Department of Vocational Rehabilitation (Tab 10) *Mr. Cannon*
8. NEW BUSINESS *CHAIRMAN BECK*
A. April 27, 2009 Motion to Publish Notice of Intent for Parties to Sign In 30 Minutes Prior to Oral Argument (Tab 11) *Commissioner Barden*
B. Creating an Advisory Committee for Mediations (Tab 12) *Commissioner Williams*
C. Continuing Education Workshop - Ethics and Administration Procedures Act (Tab 13) *Mr. Cannon*
D. Contract Renewal with DSIT - Server Management Services (Tab 14) *Mr. Cannon*
9. EXECUTIVE SESSION *CHAIRMAN BECK*
A. Legal Briefing (Tab 15)
10. ADJOURNMENT *CHAIRMAN BECK*

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THE
SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION
PUBLIC HEARING

Monday, August 15, 2011

The South Carolina Workers' Compensation Commission held a Public Hearing in Hearing Room A of the Workers' Compensation Commission on Monday, August 15, 2011 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 at the meeting:

T. SCOTT BECK, INTERIM CHAIRMAN
SUSAN S. BARDEN, VICE CHAIR
DAVID W. HUFFSTETTLER, COMMISSIONER
G. BRYAN LYNDON, COMMISSIONER
ANDREA C. ROCHE, COMMISSIONER
AVERY B. WILKERSON, JR., COMMISSIONER
DERRICK L. WILLIAMS, COMMISSIONER

Present also were Gary M. Cannon, Executive Director; Amanda Underhill, Senior Application Analyst; Cathy Floyd, Human Resources Manager; Diana Gantt, Accounting/Fiscal Manager; W.C. Smith, Self-Insurance Director; Garry Smith, Compliance Director; Wayne Ducoat, Coverage Director; Bridgette Amick; Audra Higbe, Virginia Crocker, Judicial Department Director; Garry Smith, Compliance Director; and Keith Roberts, Law Clerk. Visitors present were: Monty Felix, Kurt Von Besser, and Charlie Bryan, SC Small Business Regulatory Review; Frank Knapp, SC Small Business Chamber; Bob Carpenter and Derek White, SCAPTA Payment Policy & Advocacy Committee; Ken Stoller and Thom Salano, American Insurance Association; Scott Hultstrand, SC Medical Association; AnnMargaret McCraw, Midlands Orthopaedics/SC Orthopaedic Association; Chuck Bundy, SC Department of Commerce; Mark Arden, Injured Workers Advocates; Tracy Campbell, One Call Medical; Grant Duffield; and Lisa Anne Forsythe, Coventry Health Care.

Chairman Beck called the meeting to order at 10:34 a.m.

STAFF REVIEW OF PROPOSED CHANGE TO REGULATION 67-1302(A)

Gary Cannon, Executive Director, gave an overview on the proposed change to Regulation 67-1302(A).

PUBLIC COMMENT PERIOD

Testimony was presented by nine (9) individuals. Two spoke in favor of the proposed change: (1) Scott Hultstrand, SC Medical Association, and (2) AnnMargaret McCraw, SC Orthopaedic Association; and seven spoke in opposition: (1) Monty Felix, SC Small Business Regulatory Review Committee; (2) Bob Carpenter, SCAPTA; (3) Derek White, SCAPTA; (4) Kurt Von Besser, SC Small Business Regulatory Review Committee; (5) Ken Stoller, American Insurance Association; (6) Frank Knapp, SC Small Business Chamber, and (7) Lisa Anne Forsythe, Coventry Health Care.

ADJOURNMENT

The August 15, 2011 Public Hearing of the South Carolina Workers' Compensation Commission adjourned at 11:10 a.m.

Reported August 24, 2011

Kim Ballentine, Office of the Executive Director

THE
SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION
BUSINESS MEETING

Monday, August 15, 2011

A Business Meeting of the South Carolina Workers' Compensation Commission was held in Hearing Room A of the Workers' Compensation Commission on Monday, August 15, 2011 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 at the meeting:

T. SCOTT BECK, INTERIM CHAIRMAN
SUSAN S. BARDEN, VICE CHAIR
DAVID W. HUFFSTETLER, COMMISSIONER
G. BRYAN LYNDON, COMMISSIONER
ANDREA C. ROCHE, COMMISSIONER
AVERY B. WILKERSON, JR., COMMISSIONER
DERRICK L. WILLIAMS, COMMISSIONER

Present also were Gary M. Cannon, Executive Director; Amanda Underhill, Senior Application Analyst; Cathy Floyd, Human Resources Manager; Diana Gantt, Accounting/Fiscal Manager; W.C. Smith, Self-Insurance Director; Garry Smith, Compliance Director; Wayne Ducote, Coverage Director; Bridgette Amick; Audra Higbe, Virginia Crocker, Judicial Department Director; Garry Smith, Compliance Director; and Keith Roberts, Law Clerk. Visitors present were Mark Arden, South Carolina Injured Workers Advocates; and Ann Margaret McCraw, Midlands Orthopaedics/SC Orthopaedic Association.

Chairman Beck called the meeting to order at 11:12 a.m.

AGENDA

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

APPROVAL OF MINUTES - BUSINESS MEETING OF JULY 18, 2011

Commissioner Lyndon moved that the minutes of the Business Meeting of July 18, 2011 be approved. Commissioner Williams seconded the motion, and the motion was approved.

GENERAL ANNOUNCEMENTS

There were no general announcements.

APPLICATIONS FOR APPROVAL TO SELF-INSURE

Self-insurance applications were presented by W.C. Smith, Self-Insurance Director. Five (5) prospective members of two (2) funds were presented to the Commission for approval. The applications were:

SC Automobile Dealers Association SIF

JT's Chrysler Jeep Dodge dba JT Automotive of Lexington L.P
PLC of Anderson SC, LLC dba Anderson Mitsubishi

SC Home Builders SIF

Beechum Construction Co., Inc.
John Ward Enterprises
Mickey Ryland dba MR Construction

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 Fiscal Year 2011. 100% of the State Appropriations were spent and 95.1% of the Earmarked Funds were spent. The Commission will carry forward \$9,930 in FY12 for the computer database fund.

Ms. Gantt presented the Summary of Revenues and Expenditures for the period ending July 31, 2011. The benchmark for July is 8.13%. The Commission's revenues are at 9.48%, and expenses are at 7%.

Human Resources Department

Cathy Floyd presented the Human Resources report for the period of July 13 - August 9, 2011. Ms. Floyd announced interviews will be held on Friday, August 19, for the vacant Director of Insurance and Medical Services position. The revised Administrative Policies and Procedures Manual was issued to agency staff. A job analysis was conducted on Self-Insurance using the DACUM process.

Commissioner Huffstetler asked about the status of Employee Performance Management System (EPMS). Ms. Floyd stated EPMS for probationary employees are up to date. The universal review date is October 1. Commissioner Huffstetler requested a status report at the November Full Commission Business meeting.

Information Services

Betsy Hartman presented the Information Services Department's report. Ms. Hartman reported work continues with the Image on Image Pilot Project in Commissioner Huffstetler's office. The new PCs have been installed and the upgrade on the server is going well.

Insurance & Medical Services

Gary Cannon presented the Insurance & Medical Services Department's report which was prepared by Wayne Ducote, Coverage Director. Mr. Cannon pointed out that two line items on the Insurance and Medical Services Report have been combined for reporting purposes. The line

items "Random Investigation" under Total Fines Assessed and Total Fines Collected have been combined with line items "Employer wage/coverage screening."

Claims Department

Greg Line presented the Claims Department's report. There were 487 fines assessed, 543 fines received, and 5,595 Form 18s processed for the month of July.

Judicial Department

Virginia Crocker presented the Judicial Department's report. Ms. Crocker said that the report indicates an increase in motions and stated this is probably due to the summer months and motions for protection. The number of Informal Conferences conducted is down due to no Informal Conferences were held in Greenville because the Greenville Hearing site was not available in July.

EXECUTIVE DIRECTOR'S REPORT

Gary Cannon, Executive Director, presented his report which was also submitted to the Commission in written form.

SC Department of Vocational Rehabilitation

Mr. Cannon reported that on August 2, 2011 he and Betsy Hartman met with representatives from SC Department of Vocational Rehabilitation. Work continues on developing a process for referring workers' compensation claimants to SC Vocational Rehabilitation. A draft contract is in place and work is being done on the exchange of data to provide information on potential clients. Mr. Cannon said he plans to have a presentation from representatives from SC Department of Vocational Rehabilitation at the September Full Commission Business meeting.

Pharmacy Fee Schedule Advisory Committee

The next meeting of the Pharmacy Fee Schedule Advisory Committee is scheduled for Friday, August 26, 2011 at 10:30 a.m. in the first floor conference room.

Surgical Implant Advisory Committee

The committee members have submitted comments and position papers addressing issues discussed at the June 22, 2011 meeting. The committee is awaiting results of the financial impact analysis. A follow-up meeting has not been scheduled.

Commission Website

Mr. Cannon reported the following links were added to the agency's website: SC Attorney General's Insurance Fraud Division; SC Vocational Rehabilitation Department; and SC Comptroller General - Agency Spending Transparency.

OSHA

Mr. Cannon reported he met with the Director of OSHA to discuss the exchange of information pursuant to Section 42-3-195, which authorizes SC Commission of Labor to have access to SCWCC's data with assisting the establishment of the safety program.

WORKERS' COMPENSATION ADVISORY COMMITTEE

Mr. Cannon reported that the Workers' Compensation Advisory Committee meeting scheduled for August 5 was cancelled and rescheduled for September 23, 2011.

OLD BUSINESS

Commissioner Barden said she wanted to take this opportunity to express publicly her appreciation for Gary Cannon. She stated that Mr. Cannon is superbly responsive to all requests and she appreciates all he does. Other Commissioners expressed their appreciation as well.

NEW BUSINESS

A. Request Approval for Contract with Optum (Ingenix)

Mr. Cannon presented a recommendation to enter into contract with OPTUMInsight (formerly Ingenix) to conduct a surgical implant analysis for a total cost of \$16,000. The cost includes \$1,500 travel expenses to Columbia for meetings with the Surgical Implant Advisory Committee and presentations to the Commission. Mr. Cannon also recommended using the surplus funds from the vacancy of the IMS Director's position and year-end fund balance in the Earmarked Fund to pay for this service.

MOTION – CONTRACT WITH OPTUMInsight TO CONDUCT SURGICAL IMPLANT ANALYSIS

Following discussion, Commissioner Wilkerson moved to approve the recommendation to enter into contract with OPTUMInsight to conduct a surgical implant analysis for a total cost of \$16,000 plus 10% contingency at the chairman's discretion. Commissioner Roche seconded the motion, and the motion was approved.

ADJOURNMENT

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

The August 15, 2011 meeting of the South Carolina Workers' Compensation Commission adjourned at 11:41 a.m.

Reported August 24, 2011
Kim Ballentine, Office of the Executive Director

THE
SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION
BUSINESS MEETING

Monday, September 12, 2011

A Special Business Meeting of the South Carolina Workers' Compensation Commission was held in Hearing Room A of the Workers' Compensation Commission on Monday, September 12, 2011 at 11:00 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 at the meeting:

T. SCOTT BECK, INTERIM CHAIRMAN
SUSAN S. BARDEN, VICE CHAIR
DAVID W. HUFFSTETLER, COMMISSIONER
AVERY B. WILKERSON, JR., COMMISSIONER
DERRICK L. WILLIAMS, COMMISSIONER

Present also were: Gary M. Cannon, Executive Director; Keith Roberts, Law Clerk; Cathy Floyd, Human Resources Manager; Diana Giatt, Accounting/Fiscal Manager; Virginia Crocker, Judicial Department Director; Grant Duffield; Mark Arden, South Carolina Injured Workers Advocates; AnnMargaret McCraw, Midlands Orthopaedics/SC Orthopaedic Association; and Scott Hullstrand, South Carolina Medical Association.

Chairman Beck called the meeting to order at 11:05 a.m.

AGENDA

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

PROPOSED CHANGES TO REGULATION 67-1302

Commissioner Wilkerson made a motion to proceed forward with the approval of the proposed changes to R 67-1302 to allow for options respectively to this Commission or any other Commission in the future. The proposed changes remove language in the current regulation that limits the Commission to using a relative value scale and single conversion factor when establishing maximum allowable payments for medical service providers. Commissioner Williams seconded the motion.

Chairman Beck made the following statements:

"I listened with great concern at the public hearing on Monday, August 15, 2011 regarding the proposed changes to R 67-1302(A). Most of what I heard, at least from my standpoint, appeared to be purely based on a misunderstanding of the impact of this proposed change. I heard a common theme that this change would have immediate adverse fiscal impacts to the business community and that it could potentially create an opportunity for Commissions in the future to implement reimbursement methodologies that would drive the cost of medical care through the ceiling. I'd like to personally take the opportunity to address

these issues in an attempt to more accurately reflect the purpose of this modification and the net effect

First, modifying the regulation has no effect on the way we currently calculate physician reimbursement...none! Further, changing this regulation has zero fiscal impact. Changing the regulation only has the effect of creating flexibility within the Commission to look at alternative cost saving methodologies. Its passage creates no change to our current system of reimbursing physician services. To do that would require a separate, distinct vote of this Commission or future Commissions

We are currently utilizing a system involving RRRVS and a conversion factor. During previous Business Meetings, there has been much discussion regarding alternative methodologies that may be simpler and most cost effective. However, those methodologies could not be pursued due to the restrictive language in R 67-1302(A).

This Commission has a proven track record of trying to control cost in everything we do. Some examples of those efforts include:

1. Passage of the new Hospital Fee Schedule. Transitioning from a discount to charge system to a Medicare plus 40 system has resulted in an approximate savings to the business community of \$100 million a year. I also note that when the Ambulatory Surgery Centers sued the Commission over this change, the Commission held its ground and vigorously defended this change at our expense without any external assistance. We recently prevailed in that lawsuit and we expect to realize additional savings in years to come as a result of that effort.
2. The Commission has dramatically reduced the amount of time it takes for parties to have their cases heard. Instead of waiting 8-10 months for a hearing, parties are now heard in a little as 30-90 days. Again, a cost savings to businesses.
3. During the last physician fee schedule change, this Commission actually reduced the conversion factor from \$52 to \$50 in an attempt to keep costs neutral
4. As a result of Commission efforts and other economic factors, insurance premiums last year dropped approximately \$100 million over the last year.
5. Despite numerous budget and personnel reductions, the Commission operates more efficiently than it has ever operated.
6. The Commission has made extensive efforts to involve stakeholders in our decision making processes, as evidenced by

the formation of advisory committees such as those developed to evaluate the physicians fee schedule, the pharmacy fee schedule, and to evaluate the feasibility of implant carve-outs

These are not the actions of an entity adverse to the business community. I expect this Commission's fiscal views to remain constant and any belief to the contrary is misplaced.

Now as we've discussed the role of Advisory Committees, I note one of those was the Physician Fee Schedule Advisory Committee. Some of you in here served on that Committee. Many will recall that we accepted their recommendation last year to maintain our current system using RBRVS and a conversion factor. I want to be extremely clear that I supported that recommendation at that time. My sole purpose in supporting a change to this regulation is to continue providing this Commission the tools to more effectively and efficiently carry out our statutory duties. As an analogy, assume that at the time we proposed the Medicare plus 40 fee schedule for hospitals that similar prohibitive language had appeared in our regulation that precluded us from adopting the new methodology. We would have been confined to the discount to charge system and businesses would be paying nearly \$100 million more per year under the hospital fee schedule than what they are today.

I know there is also concern that future Commissions may abuse this flexibility, that it is not just this Commission, it is future Commissions we are worried about. While that is certainly a possibility, that concern is also present under this system. Under our current system, the RBRVS plus a conversion factor, future Commissions could just as easily raise the conversion factor to an unreasonable level and achieve a similar costly result. The flexibility is not, per se, going to do that. We can do that now if we chose to as a Commission; a future Commission could do that if they chose to as a Commission.

Finally, there is concern that the sole purpose of this change is to promote a scenario for multiple conversion factors utilizing the RBRVS system. This is most certainly not the intent of the change, but would be a possibility should a future Commission publicly vote on such a change. Personally, I am not in favor of the use of multiple conversion factors resulting in a net cost increase to the system, nor do I believe any of my colleagues have an appetite for that.

In sum, the intent of this change is in no way sinister, it's been misunderstood. To the contrary, its purpose is laudable and should be viewed positively by all parties involved in the workers' compensation system.

Now I notice that the room is not nearly as full as it was during the last public hearing. There were a lot of interested parties here. I want my position to be personally relayed to them, and I'm going to ask that they be published in the record and on our website so that at least they understand the rationale between what they believe was the purpose and what I believe was the purpose and what I believe is the intent of the regulatory change that we are proposing today. I really

think there was a lot of misunderstanding at the public hearing, a lot of people I think automatically assumed that this change was going to result in higher premiums, higher costs, it is not. It has no effect whatsoever. The RBRVS system still remains in place, absent some vote of this Commission or future Commission."

Commissioner Williams made the following statements:

"I have thought about this process from the public hearing to this current time and I would concur with pretty much everything Chairman Beck said, and I will try not to reiterate the same things. My thoughts on this are shaped by my history prior to joining this Workers' Compensation Commission. I was in private practice for several years at two very good firms. My clients were employers and businesses. My number one goal was to do the best job for my clients, whether going to a hearing or a trial, my only job was to act in their best interest. I could have tunnel vision about positions I would take in dealing with my clients because either we would settle the cases or I would try to minimize their risk at a hearing or at trial. Unfortunately, we don't have that luxury here at the Workers' Compensation Commission. We can't have tunnel vision for any group whether it's the claimant's side, whether it's employers, or carriers, or whether it's the medical portion of our system. We are the gatekeepers of this system, and I think we have done a very good job trying to balance the needs of this entire system. That would include our business partners, claimants, employers, carriers, as well as the medical community. It's been interesting to me personally, and this is only my comment, but I think Chairman Beck touched on several of these points. We've had several issues the past four years that I've served here where no groups, and you can insert whatever name you want to put into it, has stood with us when we've had issues arise, such as the ambulatory surgical center lawsuit. We were in that suit even before I got involved at the Workers' Compensation Commission. There was no party that filed any briefs, or any motion to be added as party to that suit, and the commission fought that suit, and fortunately for us we actually won. We had a change to the hospital systems as well, which I think is saving over a \$100 million per year. But we've gone through substantial upgrades and innovations on this Commission from Commissioner Huffstetter, who is still here, to Commissioner Roche, who was chairman, and now Commissioner Beck, and I proudly serve with each and every one of you. We've done things here though that we had to change our old way of having to think. We have eCase now where the parties, employers, carriers and lawyers, can log on and see the status of their case. I've been to conferences where I've spoken and people love it. We also have eFiling – we file orders online, and we've created advisory committees to deal with certain issues. We have the Pharmacy Fee Schedule Advisory Committee, Physicians Fee Schedule Advisory Committee, and we have the current Surgical Implant Advisory Committee that is looking into those issues. We've been open to change around here and I've been a little bit baffled or little bit puzzled at some of the backlash as to this regulation change. Number one, because it doesn't change anything at this point, but number 2 I think this Commission has a track record, has a history of showing that we've created innovative ideas and have actually saved the system a lot of money, and I'm all for that. If we have the flexibility to explore other payment systems, I don't see

how anyone could balk at that if it could save the system money. I have a hard time dealing with that if it's economically feasible I think we should always look into that. Today, if we found another system that was better than the one we are using now, that would save system \$50 million I think we should have the flexibility to actually look into that, to the point I'm for this change. I like the flexibility that it gives us because ultimately we can continue to have greater cost controls over medical services for workers' comp which I think is the cost driver. I don't know why we wouldn't explore those other options so I would vote in favor of this change. I think we are fair-minded people who are not going to do anything to damage this system, because that is not our track record. Those are my only comments."

Commissioner Huffstetler made the following statements:

"Since the change in the hospital fee schedule five years ago, we have saved ½ billion dollars. You mentioned the reduction in the premiums and it is a direct relationship to that change. That's not me saying that, that's NCCI I think Commissioner Williams is right – the change that has been proposed in itself changes nothing, it does open the door, the door for people who want multiple conversion factors to push for those. And I think that is we heard from the public hearing. The fear, from both sides, the ones who are in favor of the change talked about multiple conversion factors and the ones who were opposed to it talked about their fear of multiple conversion factors so it would open the door, and I have been in this system a long time, 34 years, and I would tell you that my belief is if we do this it will not just open the door, we will be approached by a number of medical providers trying to get multiple conversion factors. I think it will happen. What I would suggest is an amendment, if Commissioner Wilkerson is agreeable to it. First I would say that I would feel a lot better if we had another system in mind. We've talked about this for the better part of the year, no one has proposed a better system, so if we've talked about this for all this time, in fact, we've talked about it a lot longer than that, from the time we made the change in 1996 no one has really proposed a better system, so I am not optimistic that there will be one which means the only real affect, true affect, would be to open that door that I'm afraid to open. But having said that, my suggestion would be that we have an amendment that would say as a matter of policy that as long as we stay with the RBRVS system that we have one conversion factor, and eliminate the regulation that requires it, but as a matter of policy for the Commission as long as we use that system we would do it with one conversion factor."

Commissioner Wilkerson said that what is being proposed today will be proposed to the General Assembly, and agreed with Commissioner Huffstetler's proposed policy.

Commissioner Wilkerson made the following statements:

"My background is unique in that I have run several businesses in my career. Some would say good, and some not so good. As a business person I think you need to leave the options open out there to look at things differently each and every time you look at a budgetary process. When you run a business, that's every day, every week, you have to protect your employees and certain things you have

to do. My other hat on, as a mayor for 18 years, you look at it the same way, but a little bit differently in that you are playing with public dollars, it's the public's money you look at each and every year. You need alternatives, you may never select an alternative, but if you don't have that alternative then you are sort of bound by what is out there. I'm one of these open-minded, outside-the-box thinkers, and that's the reason I think we should look at the options. Do we have one that we're going to go with right now, I don't think we do, but I'd like to leave that option open, and that's why I made the motion, more so for the option."

MOTION TO APPROVE PROPOSED CHANGES TO REGULATION 67-1302

Chairman Beck stated that the motion has been made and duly seconded to proceed forward with the modification to Regulation 67-1302(A). The vote was taken. The motion carried by majority vote, with Commissioner Huffstetler voting against the motion.

Chairman Beck noted that he received a proxy from Commissioner Roche whose vote is no. Chairman Beck reported that he had conversation with Commissioner Lyndon but had not received a written proxy, therefore a vote will not count, but did want Commissioner Lyndon's position on the record that he would have voted yes had he been in attendance.

MOTION TO APPROVE POLICY TO USE ONE CONVERSION FACTOR FOR MEDICARE'S RRRVS FOR THE PHYSICIAN'S FEE SCHEDULE

Commissioner Huffstetler made a motion that as a matter of policy as long as the Commission uses the RRRVS System the Commission employ one conversion factor. Commissioner Wilkerson seconded the motion, and the motion was approved.

EXECUTIVE SESSION

Commissioner Huffstetler moved to adjourn into Executive Session to discuss a personnel matter. Commissioner Williams seconded the motion. The Commission adjourned into Executive Session at 11:26 a.m.

[EXECUTIVE SESSION]

Commissioner Huffstetler made a motion to arise from Executive Session. Commissioner Williams seconded the motion, and the motion was approved. The Commission arose from Executive Session at 11:35 a.m. Upon arising from Executive Session, Chairman Beck stated there was discussion with no action taken.

MOTION TO EMPLOY NEW DIRECTOR OF INSURANCE AND MEDICAL SERVICES

Gary Cannon presented a recommendation to employ Grant Duffield as the new Director of Insurance and Medical Services. Commissioner Huffstetler moved to accept the recommendation from the Executive Director. Commissioner Williams seconded the motion, and the motion was approved.

ADJOURNMENT

Commissioner Huffstetler made the motion to adjourn. Commissioner Barden seconded the motion, and the motion was approved.

The September 12, 2011 special meeting of the South Carolina Workers' Compensation Commission adjourned at 11:37 a.m.

Reported September 13, 2011
Kim Ballentine, Office of the Executive Director

State of South Carolina

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Workers' Compensation Commission

MEMORANDUM

To: Commissioners
Gary Cannon
Executive Director

From: W. C. Smith, III, CPCU, ARM
Director, Self-Insurance *WCS*

Date: September 19, 2011

Subject: Applications to Self-Insure

We have received the following applications for 5 prospective members of 1 funds.

New Applicants

SC Home Builders SIF

Barton Builders Inc.

Botts Construction LLC

James C. Mann dba Jimmy Mann Woodworks

Stanton Everett Custer

Steven C. Lambert dba Steve Lambert Master Carpenter

After examination of the various applications, it has been determined that each has complied with the Commissioners requirements and each is recommended for approval.

WCS/cb

INTEROFFICE MEMORANDUM

TO: GARY CANNON, EXECUTIVE DIRECTOR
FROM: DIANA GANTT, DIRECTOR OF ADMINISTRATION
SUBJECT: FINANCIAL REPORT PERIOD ENDING AUGUST 31, 2011
DATE: 9/13/2011

The Summary of Revenues and Expenditures for the period ending August 31, 2011 is attached.

- August is the 2nd Fiscal Month of FY12.
- There were 54 payments made to vendors, travelers, and other State Agencies.
- The benchmark for August is 16.6%. The Commission's revenues are at 17.66% and expenses are at 14.7%.
- The following is a summary of each department expenditure benchmarks:

General Fund: Total Expenses are at 16%.

Benchmark Fund:

Commissioners –

- Total expenditures are at 12% of budget (4.67% below benchmark).

Administration –

- Overall the expenditures are 14% of budget (2.57% below benchmark)

Claims –

- Expenditures are at 16% of budget.
- **Supplies & Materials** are over 2.33% over budget due to the postage usage.

Insurance & Medical –

- Total expenditures are at 14% of budget.

Judicial –

- Total expenditures are at 17% of budget.

Activity Report from the Procurement Office.

SCEIS Shopping Carts	0	Staples Orders Placed	7
Vendors Contacted for Price Quotes	15	State Leased Vehicles taken for Service	2
Visa Procurement Card Orders Placed	5	State Reports filed by Procurement Officer	2
SC Dept of Corrections Orders Placed	1		

Mail Room Activity:

Files Copied for Outside Parties	246
See attached Mail Summary	

South Carolina Workers' Compensation Commission
Summary of Revenues and Expenditures
2011 - 2012 Budget
August 31, 2011

	Budget	FY To Date	Benchmark	16.67%
STATE APPROPRIATIONS				
General Appropriation	<u>\$ 1,743,070</u>	<u>\$ 290,512</u>		16.67%

<u>Account Description</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Balance</u>	<u>% Expended</u>
Personal Services	\$ 1,379,479	\$ 221,571	\$ 1,107,858	16.7%
Other Operating Expenses	-	-	-	0.0%
Employer Contribution	413,641	64,215	349,426	15.5%
Total	<u>\$ 1,743,070</u>	<u>\$ 285,786</u>	<u>\$ 1,457,284</u>	<u>16.4%</u>

OTHER APPROPRIATIONS

EARMARKED	Budgeted Revenues	Received thru 8/31/11	% Received
Training Conference Registration Fee	\$ 1,000	\$ -	0.00%
Sale of Publication and Brochures	6,000	1,350	16.88%
Workers' Comp Award Review Fee	75,000	14,700	19.60%
Sale of Photocopies	95,000	18,887	19.88%
Workers' Compensation Filing Violation Fee	1,891,000	319,244	16.88%
Sale of Listings and Labels	50,000	5,719	19.06%
Workers' Comp Hearing Fee	600,000	111,525	18.59%
Earmarked Funds - Original Authorization	<u>\$ 2,700,000</u>	<u>\$ 471,425</u>	<u>17.46%</u>
Increase Authorization	418,815		
Total Earmarked Revenues + Fund Balance	<u>\$ 3,118,815</u>		

<u>Account Description</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Balance</u>	<u>% Expended</u>
Personal Services	\$ 1,412,015	\$ 225,305	\$ 1,186,710	16.0%
Taxable Subsistence	77,350	10,544	61,806	14.6%
Other Operating Expenses	1,186,266	151,157	1,035,109	12.7%
Employer Contribution	448,184	72,840	375,344	16.3%
Total Earmarked	<u>\$ 3,118,815</u>	<u>\$ 459,847</u>	<u>\$ 2,658,968</u>	<u>14.7%</u>

COMPUTER FUNDS CARRIED FORWARD \$ 9,931

Computer Services - Carry forward	<u>\$ 9,931</u>	<u>\$ 1,850</u>	<u>\$ 8,081</u>	<u>18.6%</u>
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TOTAL OTHER APPROPRIATIONS **\$ 3,138,677** **\$ 461,697** **\$ 2,667,049** **14.7%**

South Carolina Workers' Compensation Commission
2011 - 2012 Budget
August 31, 2011

Consolidated

Year-To-Date : 16.67%

	Original Budget	Budget Amendments	Amended Budget	Expended August	Year to Date	%	Encumb	Balance
Commissioners								
Salaries	\$ 1,142,594	\$ -	\$ 1,142,594	\$ 93,733	\$ 188,918	17%	\$ -	\$ 61,806
Other Operating Expenditures								
Total Contractual Services	206,100	-	206,100	17,500	19,419	9%	-	186,581
Total Supplies & Materials	19,499	-	19,499	979	2,170	11%	-	17,320
Total Fixed Charges	144,102	-	144,102	11,856	23,990	17%	-	170,112
Total Travel	80,450	-	80,450	6,244	7,812	10%	-	72,638
Total Other Operating Exp	450,151	-	450,151	36,589	53,220	12%	-	296,931
Total Commissioners	\$ 1,592,745	\$ -	\$ 1,592,745	\$ 132,340	\$ 242,138	15%	\$ -	\$ 458,737
Administration								
Salaries	\$ 458,224	\$ -	\$ 458,224	\$ 38,010	\$ 77,534	17%	\$ -	\$ 380,690
Other Operating Expenditures								
Total Contractual Services	196,027	-	196,027	13,123	17,497	9%	-	178,530
Total Supplies & Materials	16,809	-	16,809	1,021	1,320	7%	-	15,489
Total Fixed Charges	118,095	-	118,095	9,049	17,678	15%	-	100,417
Total Travel	17,490	-	17,490	926	956	8%	-	16,534
Total Equipment	-	-	-	-	-	0%	-	-
Total Other Operating Exp	346,415	-	346,415	22,775	37,451	11%	-	308,964
Total Administration	\$ 804,639	\$ -	\$ 804,639	\$ 60,786	\$ 114,985	14%	\$ -	\$ 689,654
Claims								
Salaries	\$ 375,000	\$ -	\$ 375,000	\$ 30,723	\$ 61,694	16%	\$ -	\$ 313,366
Other Operating Expenditures								
Total Contractual Services	56,005	-	56,005	5,851	6,807	12%	-	49,154
Total Supplies & Materials	26,546	-	26,546	2,790	3,098	12%	-	23,448
Total Fixed Charges	73,719	-	73,719	6,320	14,194	17%	-	61,545
Total Travel	2,100	-	2,100	20	59	3%	-	2,041
Total Other Operating Exp	158,390	-	158,390	14,820	24,898	15%	-	133,492
Total Claims	\$ 533,390	\$ -	\$ 533,390	\$ 45,543	\$ 86,632	16%	\$ -	\$ 445,124
Insurance and Medical Services								
Salaries	\$ 458,368	\$ -	\$ 458,368	\$ 31,826	\$ 66,191	14%	\$ -	\$ 392,177
Other Operating Expenditures								
Total Contractual Services	51,050	-	51,050	7,716	7,716	15%	-	43,334
Total Supplies & Materials	15,725	-	15,725	1,018	2,181	14%	-	13,544
Total Fixed Charges	55,520	-	55,520	4,426	8,632	15%	-	46,889
Total Travel	1,350	-	1,350	22	53	4%	-	1,197
Total Other Operating Exp	123,645	-	123,645	13,213	18,632	15%	-	105,013
Total Insurance and Medical Services	\$ 582,013	\$ -	\$ 582,013	\$ 45,039	\$ 84,823	15%	\$ -	\$ 497,090
Judicial								
Salaries	\$ 379,608	\$ -	\$ 379,608	\$ 31,632	\$ 63,143	17%	\$ -	\$ 316,465
Other Operating Expenditures								
Total Contractual Services	27,054	-	27,054	4,599	4,712	17%	-	22,355
Total Supplies & Materials	14,545	-	14,545	909	1,365	14%	-	13,640
Total Fixed Charges	69,116	-	69,116	5,307	10,559	17%	-	58,647
Total Travel	2,950	-	2,950	167	322	11%	-	2,628
Total Other Operating Exp	107,665	-	107,665	10,857	17,657	16%	-	90,008
Total Judicial	\$ 487,273	\$ -	\$ 487,273	\$ 42,489	\$ 80,801	17%	\$ -	\$ 406,472
Totals By Departments								
Department Totals								
Commissioners	\$ 1,592,745	\$ -	\$ 1,592,745	\$ 132,340	\$ 242,138	15%	\$ -	\$ 458,737
Administration	804,639	-	804,639	60,786	114,985	14%	-	689,654
Claims	533,390	-	533,390	45,543	86,632	16%	-	445,124
Insurance & Medical	582,013	-	582,013	45,039	84,823	15%	-	497,090
Judicial	487,273	-	487,273	42,489	80,801	17%	-	406,472
Total Departmental Expend	\$ 4,000,060	\$ -	\$ 4,000,060	\$ 326,197	\$ 608,378	15%	\$ -	\$ 2,491,682
Employer Contributions	661,925	-	661,925	67,405	137,055	16%	-	524,520
Total General & Earmarked Funds	\$ 4,661,985	\$ -	\$ 4,661,985	\$ 393,602	\$ 745,433	15%	\$ -	\$ 2,116,202

South Carolina Workers' Compensation Commission
2011 - 2012 Budget
 August 31, 2011

General Appropriation

	Original Budget	Budget Amendments	Amended Budget	Year-To-Date - 16.67%				
				Expended August	Year to Date to Date	%	Encumbr Balance	
Commissioners								
Salaries								
Chairman	\$ 115,567	\$ -	\$ 115,567	\$ 9,251	\$ 18,461	16%	\$ -	\$ 97,106
Commissioner	661,602	-	661,602	55,783	111,567	17%	-	553,035
Classified Employees	290,075	-	290,075	24,173	48,346	17%	-	241,729
Total Commissioners	1,070,244	-	1,070,244	89,207	178,374	17%	-	-
Administration								
Salaries								
Director	\$ 94,152	\$ -	\$ 94,152	\$ 7,645	\$ 15,097	17%	\$ -	\$ 78,460
Classified Positions	44,825	-	44,825	3,735	7,471	17%	-	37,354
Total Administration	138,977	-	138,977	11,381	22,568	17%	-	115,814
Claims								
Salaries								
Classified Positions	\$ 67,000	\$ -	\$ 67,000	\$ 5,583	\$ 11,167	17%	\$ -	\$ 55,833
Total Claims	67,000	-	67,000	5,583	11,167	17%	-	55,833
Insurance and Medical Services								
Salaries								
Classified Positions	\$ 25,350	\$ -	\$ 25,350	\$ 2,113	\$ 4,225	17%	\$ -	\$ 21,125
Total Ins and Medical Svcs	25,350	-	25,350	2,113	4,225	17%	-	21,125
Judicial								
Salaries								
Classified Positions	\$ 27,858	\$ -	\$ 27,858	\$ 2,322	\$ 4,643	17%	\$ -	\$ 23,215
Total Judicial	27,858	-	27,858	2,322	4,643	17%	-	23,215
General Funds								
Department Totals								
Commissioners	\$ 1,070,244	\$ -	\$ 1,070,244	\$ 89,207	\$ 178,374	17%	\$ -	\$ 891,870
Administration	138,977	-	138,977	11,381	22,568	17%	-	115,814
Claims	67,000	-	67,000	5,583	11,167	17%	-	55,833
Insurance & Medical	25,350	-	25,350	2,113	4,225	17%	-	21,125
Judicial	27,858	-	27,858	2,322	4,643	17%	-	23,215
Total Departmental Expend	\$ 1,329,429	\$ -	\$ 1,329,429	\$ 110,786	\$ 221,573	17%	\$ -	\$ 1,107,858
Employer Contributions	413,641	-	413,641	37,703	64,215	16%	-	349,426
Total General Fund Appropriations	\$ 1,743,070	\$ -	\$ 1,743,070	\$ 148,489	\$ 285,788	16%	\$ -	\$ 1,457,284

South Carolina Workers' Compensation Commission

2011 - 2012 Budget

August 31, 2011

Earmarked Funds

	Original Budget	Budget Amendments	Amended Budget	Year-To-Date - 16.67%				
				Expended August	Year to Date	%	Encumb Balance	
Commissioners								
Salaries								
Taxable Subsidance	\$ 72,350	\$ -	\$ 72,350	\$ 6,368	\$ 10,544	15%	\$ -	\$ 61,806
Total Salaries	72,350	-	72,350	6,368	10,544	15%	-	61,806
Other Operating Expenditures								
Contractual Services								
Office Equipment Service	700	-	700	-	-	0%	-	700
Copying Equipment Service	200	-	200	-	-	0%	-	200
Print/Bind/Advertisement	510	-	510	357	357	70%	-	153
Print Pub Annual Reports	28	-	28	-	-	0%	-	28
Data Processing Services	90,000	-	90,000	5,020	5,020	17%	-	24,981
Freight Express Delivery	490	-	490	-	-	0%	-	490
Telephone	5,100	-	5,100	412	412	8%	-	4,688
Cellular Phone Service	8,100	-	8,100	500	500	6%	-	7,600
Legal Services/Attorney Fees	160,000	-	160,000	11,219	11,219	7%	-	148,781
Other Professional Services	972	-	972	-	-	0%	-	972
Total Contractual Services	206,100	-	206,100	17,906	15,419	8%	-	188,684
Supplies & Materials								
Office Supplies	5,000	-	5,000	45	51	1%	-	4,949
Copying Equipment	4,200	-	4,200	-	340	8%	-	3,860
Printing	1,200	-	1,200	269	269	22%	-	931
Data Processing Supplies	649	-	649	-	-	0%	-	649
Postage	6,000	-	6,000	649	1,424	18%	-	5,576
Communication Supplies	50	-	50	-	-	0%	-	50
Meets/Journal Supplies	200	-	200	15	15	8%	-	185
Motor Vehicle Supp/Gasoline	100	-	100	-	-	0%	-	100
Other Supplies	100	-	100	-	-	0%	-	100
Total Supplies & Materials	19,499	-	19,499	979	1,100	11%	-	17,400
Fixed Charges								
Rental-Cont Rent Payment	3,000	-	3,000	163	507	17%	-	2,499
Rent-Non State Owned Property	126,500	-	126,500	11,694	23,388	17%	-	113,112
Rent-Other	250	-	250	-	-	0%	-	250
Insurance-State	3,633	-	3,633	-	-	0%	-	3,633
Insurance-Non State	169	-	169	-	-	0%	-	169
Fees & Brok	50	-	50	-	-	0%	-	50
Equipment Maintenance	500	-	500	-	-	0%	-	500
Total Fixed Charges	144,102	-	144,102	11,856	23,894	17%	-	120,212
Travel (Includes Leased Car)								
In State - Meets (Non-Reportable)	350	-	350	-	-	0%	-	350
In State - Auto Mileage	10,000	-	10,000	1,027	1,940	15%	-	8,060
In State - Subsistence Allowance	30,000	-	30,000	2,340	4,720	9%	-	27,760
Out State - Meets	100	-	100	19	38	16%	-	82
Out State - Auto Mileage	2,000	-	2,000	301	301	15%	-	1,699
Leased Car	38,000	-	38,000	2,855	2,863	8%	-	35,117
Total Travel	60,450	-	60,450	4,244	7,832	10%	-	52,616
Total Other Operating Expenditures	450,151	-	450,151	36,585	33,220	12%	-	396,931
Total Commissioners	\$ 522,501	\$ -	\$ 522,501	\$ 43,153	\$ 63,764	12%	\$ -	\$ 458,737

South Carolina Workers' Compensation Commission

2011 - 2012 Budget

August 31, 2011

Earmarked Funds

	Original Budget	Budget Amendments	Amended Budget	Year-To-Date - 18 67%				
				Expended August	Year to Date	%	Encumbr	Balance
Administration								
Salaries								
Classified Positions	\$ 307,000	\$ -	\$ 307,000	\$ 25,556	\$ 51,112	17%	\$ -	\$ 255,888
Temporary Employees	11,247	-	11,247	873	3,260	29%	-	7,987
Terminal Leave	1,000	-	1,000	-	-	0%	-	1,000
Total Salaries	319,247	-	319,247	26,429	54,371	17%	-	264,876
Other Operating Expenditures								
Contractual Services								
Office Equipment Service	5,200	-	5,200	-	1,774	73%	-	3,426
Copying/Equipment Service	550	-	550	-	436	79%	-	114
Print/Broad/Advert/Segment	500	-	500	287	282	56%	-	218
Print: Pub Annual Reports	22	-	22	-	-	0%	-	22
Data Processing Services	143,000	-	143,000	10,188	10,245	7%	-	132,755
Freight Express Delivery	1,000	-	1,000	77	151	15%	-	846
Telephone	5,200	-	5,200	305	305	5%	-	4,895
Cellular Phone Service	1,925	-	1,925	131	131	7%	-	1,794
Education & Training Services	1,000	-	1,000	-	-	0%	-	1,000
Attorney Fees	34,000	-	34,000	975	975	3%	-	33,025
General Repair	230	-	230	-	-	0%	-	230
Audit Acc. Finance	100	-	100	-	-	0%	-	100
Catered Meals	2,000	-	2,000	-	-	0%	-	2,000
Other Professional Services	100	-	100	-	-	0%	-	100
Other Contractual Services	200	-	200	1,164	1,154	582%	-	1954
Total Contractual Services	186,027	-	186,027	13,123	17,497	9%	-	178,530
Supplies & Materials								
Office Supplies	5,000	-	5,000	285	584	20%	-	4,016
Subscriptions	175	-	175	-	-	0%	-	175
Copying/Equipment Supplies	3,824	-	3,824	-	309	8%	-	3,625
Printing	1,964	-	1,964	215	218	11%	-	1,751
Data Processing Supplies	500	-	500	-	-	0%	-	500
Postage	6,800	-	6,800	(515)	(198)	-3%	-	6,998
Maint./Material Supplies	150	-	150	12	12	8%	-	138
Fees & Fines	280	-	280	-	-	0%	-	280
Gasoline/Motor Vehicle Supply	100	-	100	-	-	0%	-	100
Employee Reg. Fee Award	800	-	800	-	-	0%	-	800
Other Supplies	100	-	100	-	-	0%	-	100
Total Supplies & Materials	19,803	-	19,803	(302)	1,320	7%	-	18,483
Fixed Charges								
Rental Conc. Rent. Payment	5,000	-	5,000	290	773	15%	-	4,227
Rent-Non State Owned Property	88,985	-	88,985	7,567	15,193	17%	-	73,859
Rent-Other	1,500	-	1,500	698	1,278	37%	-	1,222
Insurance-State	7,490	-	7,490	-	-	0%	-	7,490
Insurance-Non State	134	-	134	-	-	0%	-	134
Dues and Memberships	3,985	-	3,985	-	-	0%	-	3,985
Sales Tax Paid	9,000	-	9,000	494	454	5%	-	8,506
Total Fixed Charges	118,095	-	118,095	9,043	17,678	15%	-	100,417
Travel (Includes Leased Car)								
In State - Meals Non/ Reportable	100	-	100	-	7	7%	-	93
Reportable Meals	100	-	100	-	-	0%	-	100
Out of State - Mileage	90	-	90	-	-	0%	-	90
In State - Registration Fees	200	-	200	-	43	21%	-	157
Leased Car	12,000	-	12,000	936	906	8%	-	11,094
Total Travel	12,490	-	12,490	936	956	8%	-	11,534
Equipment								
Equipment Data Processing- PCs	-	-	-	-	-	0%	-	-
Total Equipment	-	-	-	-	-	0%	-	-
Total Other Operating Expenditures	346,415	-	346,415	22,775	37,451	11%	-	308,964
Total Administration	\$ 665,662	\$ -	\$ 665,662	\$ 49,204	\$ 91,822	14%	\$ -	\$ 573,840

South Carolina Workers' Compensation Commission

2011 - 2012 Budget

August 31, 2011

Earmarked Funds

	Original Budget	Budget Amendments	Amended Budget	Year-To-Date : 16.67%				
				Expended August	Year To Date	%	Encumb	Balance
Claims								
Salaries								
Classified Positions	\$ 293,000		\$ 293,000	\$ 24,291	\$ 48,582	17%	\$ -	\$ 244,418
Temporary Positions	10,000		10,000	848	1,880	17%	-	12,118
Terminal Leave	1,000		1,000	-	-	0%	-	1,000
Total Salaries	308,000	-	308,000	25,139	50,467	16%	-	257,533
Other Operating Expenditures								
Contractual Services								
Office Equipment Services	200	-	200	-	-	0%	-	200
Prior / End / Adv	750	-	750	-	-	0%	-	750
Print Pub Annual Reports	22	-	22	-	-	0%	-	22
Data Processing Services	21,933	-	21,933	4,112	4,112	19%	-	17,821
Freight Express Delivery	500	-	500	-	-	0%	-	500
Telephone	4,000	-	4,000	306	306	8%	-	3,694
Cellular Phone Service	1,500	-	1,500	66	66	3%	-	1,434
Temporary Services	26,000	-	26,000	1,177	2,338	9%	-	23,667
Other Professional Services	100	-	100	30	30	30%	-	70
Total Contractual Services	56,005	-	56,005	5,691	6,847	12%	-	49,158
Supplies & Materials								
Office Supplies	8,271	-	8,271	500	520	6%	-	7,751
Copying Equipment	3,000	-	3,000	-	265	9%	-	2,735
Printing	900	-	900	218	218	24%	-	682
Data Processing Supplies	75	-	75	-	-	0%	-	75
Postage	14,000	-	14,000	2,065	4,064	29%	-	9,936
Maint/Lease/Trk Supplies	200	-	200	12	12	6%	-	188
Other Supplies	100	-	100	-	-	0%	-	100
Total Supplies & Materials	26,546	-	26,546	2,795	5,094	19%	-	23,751
Fixed Charges								
Rental-Cont Rent Payment	2,500	-	2,500	473	500	20%	-	2,027
Rent - Non State Owned Property	68,000	-	68,000	5,817	11,594	17%	-	56,336
Rent-Other	225	-	225	-	-	0%	-	225
Insurance-State	1,080	-	1,080	-	-	0%	-	1,080
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	75,739	-	75,739	6,320	12,194	17%	-	61,545
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
Reasonable Meals	400	-	400	20	59	15%	-	341
Total Travel	2,100	-	2,100	20	59	3%	-	2,041
Total Other Operating Expenditures	158,350	-	158,350	14,820	24,198	15%	-	131,758
Total Claims	\$ 466,350	\$ -	\$ 466,350	\$ 39,959	\$ 74,665	16%	\$ -	\$ 386,381

South Carolina Workers' Compensation Commission

2011 - 2012 Budget

August 31, 2011

Earmarked Funds

	Original Budget	Budget Amendments	Amended Budget	Year-To-Date 16.67%				
				Expended August	Year to Date	%	Encumb Balance	
Insurance and Medical Services								
Salaries								
Classified Positions	418,000	-	418,000	25,462	59,453	14%	-	258,547
Temporary Employees	15,018	-	15,018	1,251	2,523	17%	-	12,495
Total Salaries	433,018	-	433,018	26,713	61,976	14%	-	271,052
Other Operating Expenditures								
Contractual Services								
Office Equipment Service	200	-	200	-	-	0%	-	200
Copying Equipment Service	300	-	300	-	-	0%	-	300
Printing/Advertisement	500	-	500	317	317	63%	-	183
Print; Pub Annual Report	24	-	24	-	-	0%	-	24
Data Processing Services	40,000	-	40,000	5,950	5,950	15%	-	34,044
Telephone	2,526	-	2,626	225	446	9%	-	2,400
Cell Phone	3,000	-	3,000	-	-	0%	-	3,000
Other Professional Services	1,800	-	1,800	65	66	4%	-	1,735
Other Contractual Services	2,500	-	2,600	1,157	1,157	44%	-	1,443
Total Contractual Services	51,050	-	51,050	7,716	7,716	15%	-	40,334
Supplies & Materials								
Office Supplies	3,000	-	3,000	142	147	5%	-	2,858
Copying Equipment	3,500	-	3,500	-	298	9%	-	3,202
Printing	1,500	-	1,500	235	235	16%	-	1,265
Data Processing Supplies	500	-	500	37	37	7%	-	463
Postage	7,000	-	7,000	590	1,450	21%	-	5,550
Maintenance/Janitorial Supplies	75	-	75	13	13	18%	-	62
Fees & Fines	50	-	50	-	-	0%	-	50
Other Supplies	100	-	100	-	-	0%	-	100
Total Supplies & Materials	15,725	-	15,725	1,018	2,181	14%	-	13,544
Fixed Charges								
Rental-Cont Rent Payment	2,104	-	2,104	268	325	18%	-	1,776
Rent- Non State Owned Property	10,000	-	10,000	4,127	8,250	17%	-	59,746
Rent-Other	225	-	225	-	-	0%	-	225
Insurance-STATE	1,101	-	1,101	-	-	0%	-	1,101
Insurance-Non State	148	-	148	-	-	0%	-	148
Equipment Maintenance	947	-	947	-	-	0%	-	947
Sales Tax Paid	3,000	-	3,000	41	41	1%	-	2,959
Total Fixed Charges	55,520	-	55,520	4,426	8,682	16%	-	46,834
Travel (Includes Leased Car)								
In State - meals (Non-Representative)	400	-	400	-	-	0%	-	400
In-State Registration	100	-	100	-	-	0%	-	100
Reparable Meals	150	-	150	53	51	15%	-	97
In State - Lodging	700	-	700	-	-	0%	-	700
Total Travel	1,350	-	1,350	53	51	4%	-	1,197
Total Other Operating Expenditures	123,645	-	123,645	13,213	16,637	13%	-	101,913
Total Insurance and Medical Services	\$ 556,663	\$ -	\$ 556,663	\$ 41,926	\$ 80,598	14%	\$ -	\$ 472,965

South Carolina Workers' Compensation Commission

2011 - 2012 Budget

August 31, 2011

Earmarked Funds

	Original Budget	Budget Amendments	Amended Budget	Year-To-Date - 16.67%				
				Expended August	Year To Date	%	Enc/AmB	Balance
Judicial								
Salaries								
Classified Positions	\$ 351,750	\$ -	\$ 351,750	\$ 29,311	\$ 58,500	17%	\$ -	\$ 293,250
Total Salaries	351,750	-	351,750	29,311	58,500	17%	-	293,250
Other Operating Expenditures								
Contractual Services								
Office Equipment Services	80	-	80	-	-	0%	-	80
Copy Equipment Services	350	-	350	-	300	87%	-	47
Print/Bind/Advertisement	300	-	300	253	253	84%	-	47
Print Pub Annual Reports	20	-	20	-	-	0%	-	20
Data Processing Services	23,000	-	23,000	3,845	3,845	17%	-	19,155
Telephone	2,000	-	2,000	209	209	10%	-	1,791
Cellular Phone Service	1,104	-	1,104	92	92	8%	-	1,012
Other Professional Services	200	-	200	-	-	0%	-	200
Total Contractual Services	27,054	-	27,054	4,399	4,702	17%	-	22,353
Supplies & Materials								
Office Supplies	3,000	-	3,000	32	36	1%	-	2,964
Copying Equipment Supplies	1,200	-	1,200	11	252	21%	-	948
Printing	1,000	-	1,022	191	191	19%	-	809
Data Processing Supplies	75	-	75	-	-	0%	-	75
Postage	9,000	-	9,000	755	1,486	17%	-	7,514
Informational/Non-Financial Supplies	150	-	150	-	-	0%	-	150
Promotional Supplies	20	-	20	-	-	0%	-	20
Other Supplies	100	-	100	-	-	0%	-	100
Total Supplies & Materials	14,545	-	14,545	989	1,965	14%	-	12,580
Fixed Charges								
Rental-Cont Rent Payment	1,750	-	1,750	143	352	20%	-	1,399
Rent-Non State Owned Property	50,000	-	50,000	5,159	10,318	17%	-	49,592
Rent-Other	125	-	125	-	-	0%	-	125
Insurance-State	1,121	-	1,121	-	-	0%	-	1,121
Insurance-Non State	120	-	120	-	-	0%	-	120
Total Fixed Charges	53,116	-	53,116	5,302	10,669	17%	-	57,447
Tripal (Includes Leased Car)								
In State - Meals / Non-Reportable	250	-	250	-	-	0%	-	250
Reportable Meals	250	-	250	55	118	47%	-	132
In State - Lodging	750	-	750	-	-	0%	-	750
In State - Auto Mileage	1,200	-	1,200	106	204	17%	-	996
In State - Misc Travel Expense	100	-	100	-	-	0%	-	100
In-State Registration	100	-	100	-	-	0%	-	100
Out State - Auto Mileage	300	-	300	-	-	0%	-	300
Total Travel	2,950	-	2,950	167	322	11%	-	2,628
Total Other Operating Expenditures	107,665	-	107,665	10,257	17,657	16%	-	90,008
Total Judicial	\$ 459,415	\$ -	\$ 459,415	\$ 40,168	\$ 76,158	17%	\$ -	\$ 383,253
Earmarked Funds								
Department Totals								
Commissioners	\$ 512,501	\$ -	\$ 512,501	\$ 43,153	\$ 62,764	17%	\$ -	\$ 459,737
Administrator	666,667	-	666,667	49,204	91,822	14%	-	573,840
Claims	466,290	-	466,290	30,959	74,065	16%	-	389,231
Insurance & Medical	556,661	-	556,661	42,926	90,598	14%	-	472,965
Judicial	430,415	-	430,415	40,168	76,158	17%	-	383,253
Total Departmental Expend	\$ 2,670,634	\$ -	\$ 2,670,634	\$ 215,411	\$ 387,006	14%	\$ -	\$ 2,278,091
Employer Contributions	448,184	-	448,184	35,202	73,840	16%	-	375,344
Total Earmarked Funds	\$ 3,118,819	\$ -	\$ 3,118,819	\$ 250,613	\$ 459,847	15%	\$ -	\$ 2,653,434
Capital / Computer Project Carryforward	\$ 9,931	\$ -	\$ 9,931	\$ 1,850	\$ 1,850	19%	-	\$ 8,081

MEMORANDUM

September 14, 2011

TO: Mr. Gary Cannon
Executive Director

FROM: Cathy Floyd
Human Resources

SUBJECT: Human Resource Report Period of August 10 – September 13, 2011

Below is a summary of the Human Resource activity for the period of August 10 – September 13, 2011.

Employee Relations (ER)

- Three ER issues were addressed during the activity period
- The 2011 Multiple Agency Harvest Hope Food Drive concluded on August 19, 2011
- An employee injury was reported to CompEndium
- Sent reminders to all supervisors of the EPMS Universal Review Date deadline of September 30, 2011

Recruitment and Selection

- Recruited for the Program Manager II position in the Insurance and Medical Services Department
 - o 56 applicants, 11 applicants selected for the interview process
 - o Extended an offer that was accepted by Grant Duffield
 - o Notified all applicants not selected the position had been filled

Reporting

- Conducted a leave analysis of the Judicial Department's and Administrative Department's leave usage and provided employees individual leave statements as requested by the Department Directors

Benefits

- Assisted two employees with insurance coverage changes
- Completed a verification of final payment for an employee with the Retirement Systems

SC Enterprise Information System (SCEIS)

- Processed one employment verification
- Thirteen transactions were keyed into the system
- All EPMS data on each employee was updated in anticipation of the universal review date
- Assisted two employees with leave/time issues
- Reconciled a payroll issue

Training

- Attended the Benefits at Work Conference provided by Employee Insurance Program discussing the 2012 Open Enrollment
- Began the training process on SCEIS Business Objects
 - o Continuing to meet weekly until October 26, 2011
 - o Business Objects allows HR and Finance users to create custom reports within the system

WCC IT Projects Status Report

Period: 09/10/11 Status Key: Not Started

#	Key Projects	Sub Project	Regulation	Due Date	% of completion	% of time devoted to issue	Lead	Issues / Comments
2	PC sync Server Refresh	Refresh		03/12/11	65%	20%	Duane	Set up test P in, verify connectivity and usability before turning over the business users for acceptance testing
2	PC sync Server Refresh	Refresh		03/12/11	65%	10%	Amanda	Set up test P in, verify connectivity and usability before turning over the business users for acceptance testing
3	Phase II - Claims ED - release 3			April 2012	0%	0%	IT Staff	Starting project team and assigning other new power and PC projects into queue
4g	Electronic Service Initiatives	Electronic Service Initiatives Consent Orders	57-213	May 2011	55%	10%	Amanda	Begin roll-out of project plan
4h		Electronic Service Initiatives Clinchers	67-213	TBD	0%	0%		Begin roll-out of project plan
4i		Electronic Service Initiatives Fee Petitions	67-213	TBD	0%	0%		Begin roll-out of project plan
4j		Electronic Service Initiatives - Receipt of electronic pleadings	67-211	TBD	0%	0%		Begin roll-out of project plan
4k		Electronic receipt of any form or document	67-205	TBD	0%	0%		Begin roll-out of project plan

WCC IT Projects Status Report

Period	09/19/11	Status Key:	Not Started	Timing
4	12 M Revamp of Current Minor Medical Reporting from Camera\$ 67 412	0%	0%	
6	SC Voc. Rehab	5%	Betsy	Met with Voc Rehab. Delivered WCCC data for past 2 years. They will return matrices and statistics. Then we will begin the automation and access to WCC data for the Voc Rehab counselors
9	Business Cause enhancements	0%	Betsy	Have requirements from Completion - need to write up for Dravesprint.
		20%		Projects Amanda
		20%		Projects Duane
		0%		Projects Betsy

WCC IT Projects Status Report

Period		08/19/11		Maintenance		Status Key: Not Started		08/19/11		Timing	
Priority	Maintenance Issue	Project	Start date	Estimated completion	% complete	% of time devoted to issue	Assigned to	Status			
2	POC issues	EDH Coverage	August	4/30/2011	95%	70%	Duane	Lettest reports show all is working as it should be. Duane will monitor the coverage and group reports allow the business users to hand it rather than report it a camera is not on file			
3	FOIA requests, general issues and questions from Coverage, claims and Judicial	all departments	ongoing	ongoing	Maintenance Duane	10%	Duane				
						80%					
	Closed File QA Verification / Destruction Preparation	Imaging	April	5/31/2011		25%	Amanda				
	eCase Enhancement Issues & TradeCase		December	ongoing		0%	Amanda				
	Secure-email issues and Customer e-Service		April	ongoing		5%	Amanda				Annual report
	FOIA report requests, general issues and questions from Coverage claims and Judicial	all departments	ongoing	ongoing		50%	Amanda				
					Maintenance Amanda	80%					
2	FOIA report requests, general issues and questions from Coverage claims and Judicial	all departments	ongoing	ongoing		25%	Betsy				
					Maintenance Betsy	25%					

WCC IT Projects Status Report

Period: 08/18/11 Status Key: Not Started Timing: 

Administrative Betsy							
#	Project	Sub Project	Due Date	% of completion	% of time devoted to issue	Assigned to	Status
2	PC and Server Refresh	Refresh	TBD	90%	25%	Betsy	Server ready for Brazeport configuration. New PC's arrive. Setting up image and verifying security. Will begin deployment from the OSIT. Security has verified images.
3	IT Help Desk Issues	Help Desk	ongoing	60%	10%	betsy	Working on modifications to the application and each Director on services in each department. We meet with C. Caron to over all prioritization.
4	Contracts	OSIT, Claimsdoc	ongoing	75%	35%	Betsy	negotiating port Glamisport and USIT contract through.
					70%		

WCC IT Projects Status Report

Reported

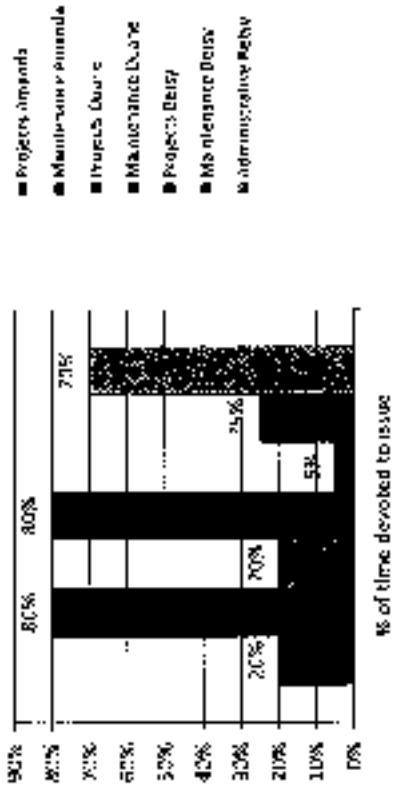
06/19/11

Status Key:

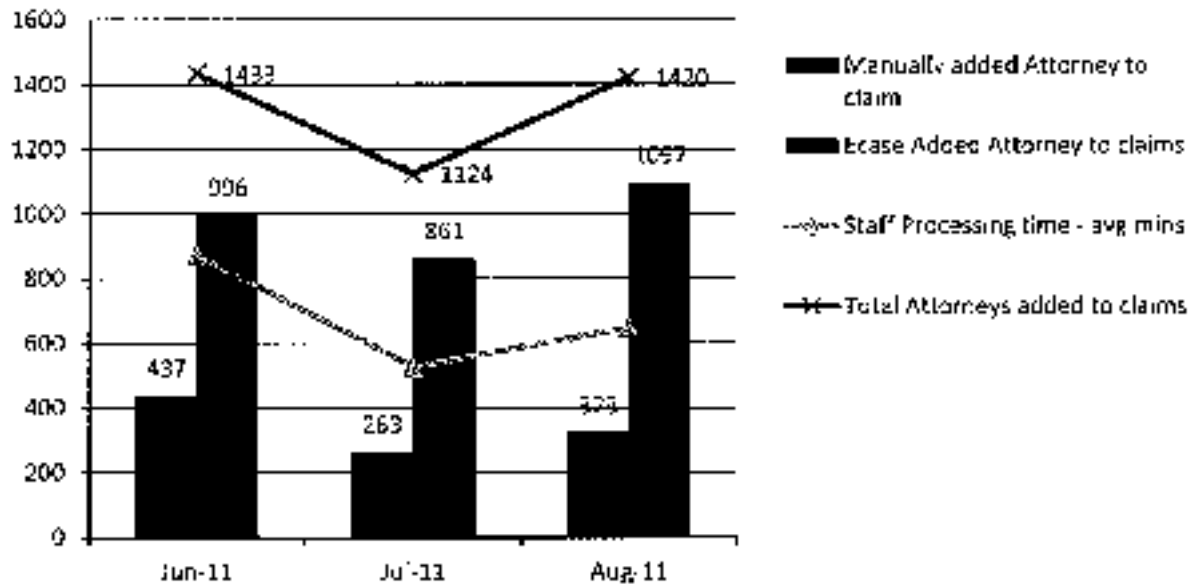
Not Started

Accounting Timing

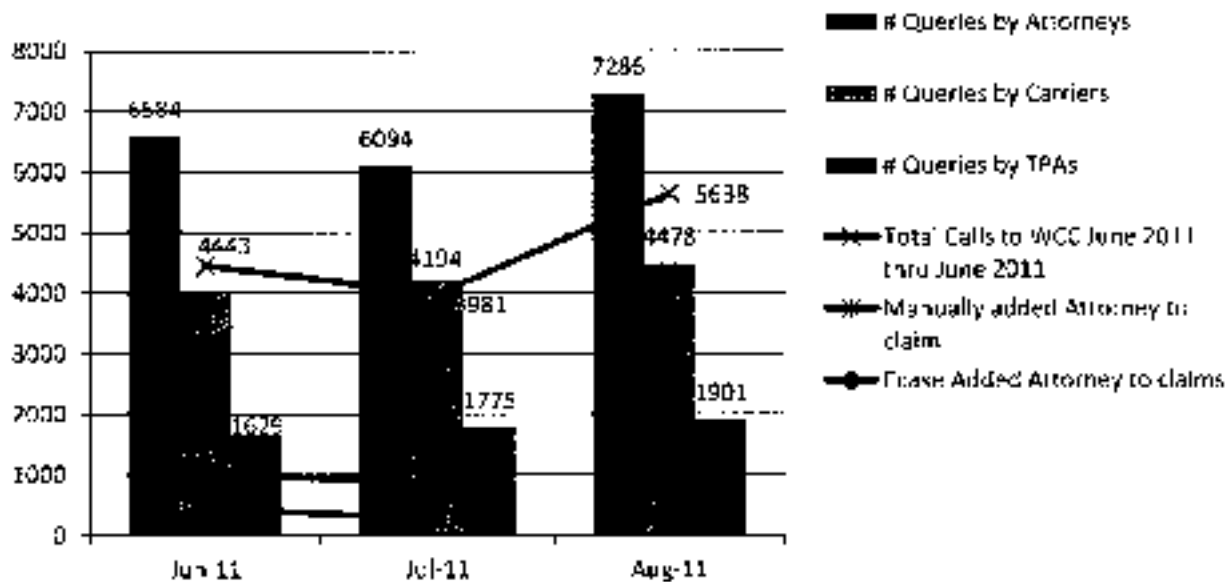
IT Projects and Maintenance
June 2011



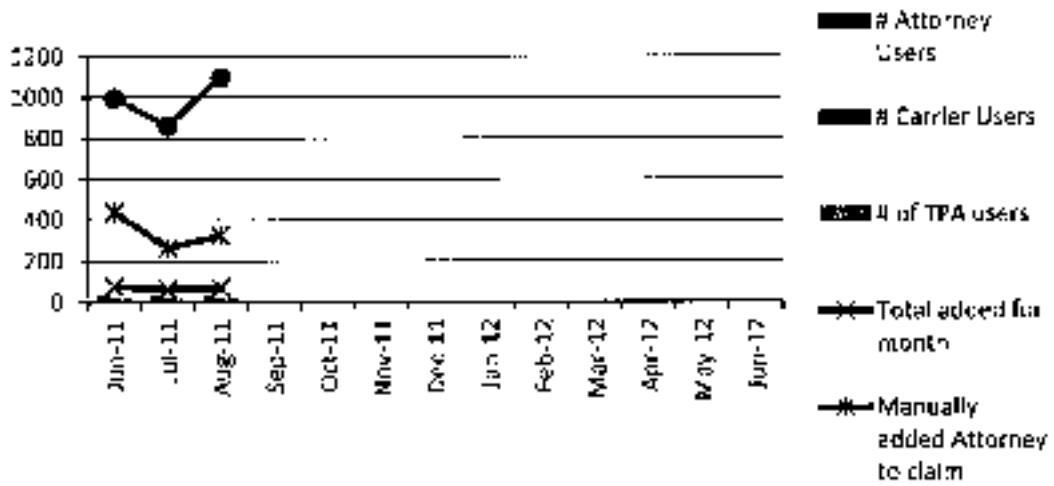
eCase - attorney Add to Claims



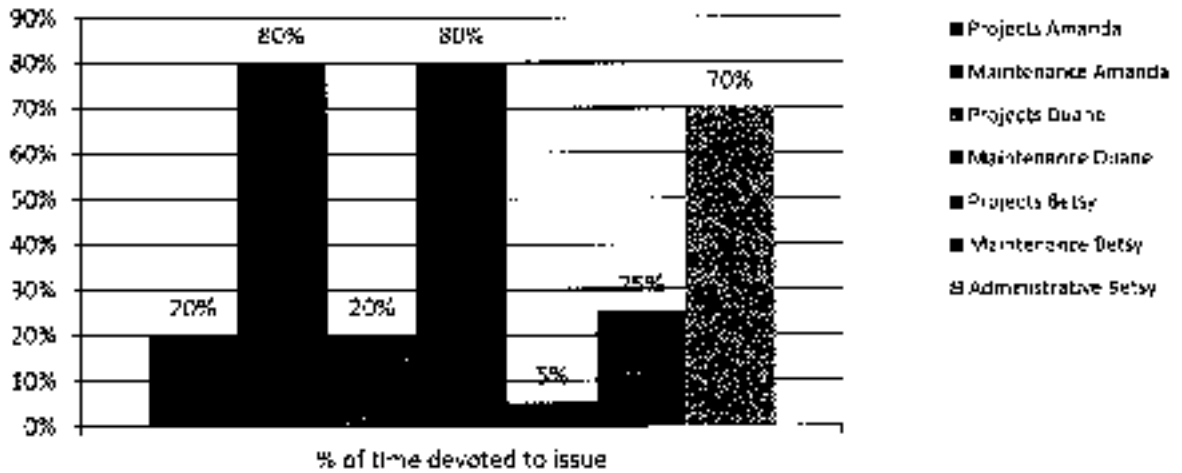
eCase Queries by Month and Type of User



eCase Users by Type and Date Added



IT Projects and Maintenance August 2012



TO: Gary M. Cannon, Executive Director

FROM: Wayne Ducote

DATE: September 8, 2011

RE: Outstanding Fines Status

The following is the requested status of outstanding fines in the Compliance and Coverage Divisions of the Insurance and Medical Services Department:

Compliance

There are two categories for Compliance fines: cases with underlying claims; and cases without underlying claims. Cases with underlying claims are those cases in which a claim has been filed but there is no record of the employer having coverage. Cases with no underlying claims are the cases where employers are discovered to have no coverage through the search of the Department of Employment and Workforce records or a random coverage check.

The procedure for collection of fines is as follows:

1. Employers suspected of not having insurance are sent a letter requesting verification they have coverage and are given 14 days to respond. Failure to respond and to immediately acquire insurance will result in fines being assessed at \$1.00 per day for each employee, a minimum of \$10.00 per day and a maximum of \$100.00 per day.

Twenty-five violation letters were issued during the month of August.

2. For cases without an underlying claim, if the employer immediately comes into compliance after the initial notification, the assessed fine is \$750 for 10 or less employees and \$1,000 for 11-20 employees.

Thirteen compliance agreements were received during the month of August.

3. If there is no response and we can prove the employer is subject to the Workers' Compensation Act, the Compliance Division subpoenas the employer to an Order and Rule to Show Cause hearing. These hearings are scheduled every 30 days.

Nineteen subpoenas were issued in August. The next Order and Rule to Show Cause hearing is scheduled for September 29, 2011.

4. Along with the subpoena, the employer is provided a letter offering the opportunity to settle in lieu of attending the hearing. However, if the employer does not settle, and the employer is found to be subject to the Act at the hearing, an order is issued finding the employer in violation of the Act. In most instances, the order stipulates maximum fines and penalties. Orders are issued within 30 days after the hearing.

There were no orders published in August due to the July Order and Rule to Show Cause hearing being postponed until August 29, 2011 due to a scheduling conflict.

5. If there is no response to the order, a civil judgment is filed within 45 days.

Four civil judgments were filed during the month of August.

6. Further contact with the employer (telephone and letter) is attempted by the Director of Compliance. If the employer remains willfully uninsured, the Director of Compliance files a criminal complaint with the jurisdictional magistrate. This new procedure for the Department has yet to be finalized with legal counsel.

Coverage

There are two types of fines assessed on carriers by the Coverage Division:

- A. Late filing for policies not received within 30 days of the policies' effective date.
- B. 12M Minor Medical Fines

In January - March 2010, approximately 200 carriers were sent a final notice on lines over 90 days old. Carriers were advised that failure to pay outstanding fines would result in a subpoena being issued requiring attendance at an Order and Rule to Show Cause Hearing. Initially, these carriers owed \$207,375 in fines over 90 days old. This total was reduced to \$13,510.00 as of September 7, 2011.

TO: GARY CANNON, EXECUTIVE DIRECTOR
FROM: GREGORY S. LINE, DIRECTOR OF CLAIMS
SUBJECT: CLAIMS REPORT FOR THE MONTH OF AUGUST
DATE: 09/09/11

Fines assessed for the month of August 2011:

- We assessed **553** fines for the month of July which was up from assessing **487** fines for the month of July.
- The dollar amount of the fines assessed for the month June was **\$120,450** which was up from assessing **\$103,850** for the month of July.

Fines received for the month of August 2011:

- We received payment on **516** fines for the month of August which was down from receiving **543** fines for the month of July.
- The dollar amount of fines received for the month August was **\$103,800** which was down from receiving **\$111,875** for the month of July.

The number of fines assessed went up for the month of August and the number of fines collected went down slightly for the month:

• July '10 fines assessed	1,195	July fines collected	742
• August fines assessed	699	August fines collected	722
• September fines assessed	839	September fine collected	580
• October fines assessed	560	October fines collected	599
• November fines assessed	715	November fines collected	649
• December fines assessed	661	December fines collected	488
• January '11 fines assessed	701	January fines collected	510
• February fines assessed	479	February fines collected	512
• March fines assessed	579	March fines collected	552
• April fines assessed	631	April fines collected	620
• May fines assessed	487	May fines collected	577
• June fines assessed	358	June fines collected	609
• July fines assessed	487	July fines collected	543
• August fines assessed	553	August fines collected	516

The fines assessed for Form 18's went up **60** fines for the month. I would think the Form 18 fines assessed may stay between **210 and 240** per month. The Claims Department processed **5,867** Form 18's for the month of August. Since October, we are averaging assessing **564** fines and collecting **561** fines per month.

Finas Collected Years 2007, 2009, 2009, 2010, 2011

	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec
2007	21,620	34,891	36,520	35,339	45,785	36,760	46,555	88,018	49,261	56,934	45,203	40,281
2008	48,613	30,805	45,167	34,710	40,525	79,055	67,769	51,195	65,230	59,817	37,308	39,583
2009	37,080	64,750	35,960	48,842	93,182	65,351	100,383	119,853	100,026	66,565	61,627	54,390
2010	56,200	103,600	203,410	159,375	218,150	86,500	147,025	144,825	119,325	120,300	128,000	103,000
2011	104,200	101,700	110,650	118,525	117,875	124,650	111,875	103,800				

*May collected figures include payments 5/11/2010 through 5/11/2010

June collected figure includes payments 6/12/2010 through 6/30/2010

The dollar amount of fines assessed for each form, for the month of June, and fines collected for each form from August 1, 2011 through August 31, 2011
 The number of fines assessed and collected, for each form, are in parenthesis.

	<u>Assessed</u>	<u>Collected</u>
Form 12A -	\$ 23,000.00 (115)	\$ 13,600.00 (70)
Form 15 Section I -	\$ 17,000.00 (74)	\$ 12,100.00 (59)
Form 15 Section II -	\$ 6,400.00 (32)	\$ 5,400.00 (28)
Form 15 S -	\$ 1,600.00 (8)	\$ 2,000.00 (10)
Form 17 -	\$ 2,000.00 (9)	\$ 1,900.00 (10)
Form 18 -	\$ 54,900.00 (224)	\$ 61,350.00 (295)
Form 19 -	\$ 850.00 (17)	\$ 200.00 (4)
Denial letter -	\$ 7,700.00 (39)	\$ 3,350.00 (19)
Failure to respond -	\$ 6,800.00 (34)	\$ 3,900.00 (21)
Form 16	200.00 (1)	\$ -0-
TOTAL -	\$ 120,450.00 (553)	\$ 103,800.00 (516)

Fine Report for March, April, May, June, July and August 2011

	Mar	Apr	May	Jun	Jul	Aug
Amt assess	\$120,200	\$133,350	\$102,650	\$72,500	\$103,850	\$120,450
# fines assess	579	631	487	358	487	553
Amt coll	\$110,650	\$119,525	\$117,875	\$124,650	\$111,875	\$103,800
<u>Fines coll</u>	<u>552</u>	<u>620</u>	<u>577</u>	<u>609</u>	<u>542</u>	<u>516</u>
Form 18's						
Fines assess						
Daily	\$75,400	\$73,600	\$51,600	\$28,000	\$42,400	\$50,300
Fines assessed						
file review	\$5,800	\$14,200	\$6,600	\$3,200	\$ 6,200	\$4,600
Total amount						
<u>Assessed</u>	<u>\$81,200</u>	<u>\$87,800</u>	<u>\$58,200</u>	<u>\$31,200</u>	<u>\$48,600</u>	<u>\$54,900</u>
fines assess daily	353	344	233	140	181	206
# fines assess						
file review	29	39	33	16	26	18
<u>Total fines assess</u>	<u>382</u>	<u>383</u>	<u>266</u>	<u>156</u>	<u>210</u>	<u>224</u>
Amt coll	\$83,300	\$85,172	\$87,300	\$91,250	\$75,200	\$61,350
# coll	412	437	416	432	350	295
All other fines assessed						
(Form 12-A, Form 15, Form 17, Form 19, denial letter, Form 20, failure to respond)						
Amt assess	\$49,300	\$45,550	\$44,250	\$43,300	\$55,250	\$65,550
# fines assess	197	248	221	194	277	329
Amt paid	\$27,350	\$34,350	\$30,575	\$33,400	\$36,675	\$42,450
# fines pd	140	183	161	177	192	221

TO: Gary M. Cannon, Executive

FROM: Gregory S. Line
Director of Claims

DATE: September 9, 2011

RE: Claims
Outstanding Fines Status

Below is a list of four carriers that were sent a Second and Final Notice of fines Assessment on February 18, 2011

1. Williamsburg National Ins. Co. (01058)
 - a. Beginning bal \$ 1,200.00
 - b. Bal as of 9/9/11 \$ **200.00**
2. Safety National Casualty Corp. (01026)
 - a. Beginning bal \$ 1,800.00
 - b. Bal as of 9/9/11 \$ 400.00
3. IA Manufacturers Assn. Ins. Co (00394)
 - a. Beginning bal \$ 5,200.00
 - b. Bal as of 9/9/11 \$ **1,000.00**
4. Nash Johnson & Sons Farm. Inc. (00994)
 - a. Beginning bal \$ 4,800.00
 - b. Bal as of 9/9/11 \$ **600.00**

TO: Gary M. Cannon, Executive Director
FROM: Gregory S. Line
DATE: September 9, 2011
RE: Claims
Outstanding Fines Status

Below is the status of 4 companies that were sent a Second and Final Notice of fines Assessment on February 18, 2011.

1. Lumbermens Mutual Casualty Co (00056)
 - a. Beginning bal \$ 2,725.00
 - b. Bal as of 9/9/11 \$ 300.00

2. Liberty Mutual Corporation (00417)
 - a. Beginning bal \$ 10,000.00
 - b. Bal as of 9/9/11 \$ 200.00

3. Delhaize America, Inc (00891)
 - a. Beginning bal \$ 15,386.33
 - b. Bal as of 9/9/11 \$ 200.00

4. Southeastern Freight Lines, Inc. (00898)
 - a. Beginning Bal \$ 1,400.00
 - b. Bal as of 9/9/11 \$ 0

TO: Gary M. Cannon, Executive Director

FROM: Gregory S. Line
Director of Claims

DATE: September 9, 2011

RE: Claims
Outstanding fine status

Below is a list of five carriers that were sent a Second and Final Notice of fines Assessment on February 28, 2011.

1. American Casualty Co. of Rdg PA (00017)
 - a. Beginning bal \$ 7,086.33
 - b. Bal as of 9/9/11 \$ 586.33

2. Lowe's Companies, Inc. (00946)
 - a. Beginning bal \$ 4,386.33
 - b. Bal as of 9/9/11 \$ 2,186.33

3. Kroger Company (01691)
 - a. Beginning bal \$ 4,000.00
 - b. Bal as of 9/9/11 \$ 400.00

4. SC School Board Self Ins. Trust Fund (00926)
 - a. Beginning bal \$ 9,600.00
 - b. Bal as of 9/9/11 \$ 5,400.00

5. Federal Express Corp. (00956)
 - a. Beginning bal \$ 1,400.00
 - b. Bal as of 9/9/11 \$ 400.00

TO: Gay M. Cannon, Executive Director
FROM: Gregory S. Line
Director of Claims
DATE: September 9, 2011
RE: Claims
Outstanding fine status

Below is a list of five carriers that were sent a Second and Final Notice of fines Assessment on April 14, 2011.

1. Electric Insurance Company (00497)
 - a. Beginning bal \$ 2,250.00
 - b. Bal as of 9/9/11 \$ 200.00
2. US Fire Insurance Co. (00125)
 - a. Beginning bal \$ 2,000.00
 - b. Bal as of 9/9/11 \$ 600.00
3. Limitedbrands, Inc. (01644)
 - a. Beginning bal \$ 3,400.00
 - b. Bal as of 9/9/11 \$ 1,200.00
4. Cooper US Inc. (00987)
 - a. Beginning bal \$ 1,850.00
 - b. Bal as of 9/9/11 \$ 0
5. Great American Alliance Ins. Co. (00372)
 - a. Beginning bal \$ 7,400.00
 - b. Bal as of 9/9/11 \$ 2,200.00

SCWCC Judicial Report



September 2011

Pleadings Assigned

Month	District 1	District 2	District 3	District 4	District 5	District 6	District 7
Jul-11	85	106	103	153	155	139	163
Aug-11	140	104	122	199	149	184	183
Sep-11							
Oct-11							
Nov-11							
Dec-11							
Jan-12							
Feb-12							
Mar-12							
Apr-12							
May-12							
Jun-12							
Totals	225	210	225	352	304	323	346
FY 2011-2012							

SCWCC Judicial Report



September 2011

Pleadings Assigned

Month	District 1	District 2	District 3	District 4	District 5	District 6	District 7
	Jul-11	85	106	103	153	155	199
Aug-11	140	104	122	199	149	184	183
Sep-11							
Oct-11							
Nov-11							
Dec-11							
Jan-12							
Feb-12							
Mar-12							
Apr-12							
May-12							
Jun-12							
Totals	225	210	225	352	304	323	346
FY 2011-2012							

Informal Conference & Mediations

Staff	Mileage/Hours		Month												Total			
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12		Mar-12	Apr-12	May-12
Staff 1 Greg	SVM	22.50	430.00															635.00
	PVM	0.00	0.00															0.00
	Time	12.00	23.00															35.00
	Hotel	0.00	0.00															0.00
Staff 2 Ginger	SVM	426.00	187.00															613.00
	PVM	0.00	43.00															43.00
	Time	32.00	26.00															58.00
	Hotel	0.00	0.00															0.00
Mediations	SVM	0.00	0.00															0.00
	PVM	0.00	0.00															0.00
	Time	0.00	0.00															0.00
	Hotel	0.00	0.00															0.00
Staff 3 Vivian	SVM	302.00	0.00															302.00
	PVM	0.00	0.00															0.00
	Time	28.00	8.00															36.00
	Hotel	0.00	0.00															0.00
Staff 4 Gauri	SVM	713.00	509.00															1222.00
	PVM	0.00	0.00															0.00
	Time	38.50	32.50															71.00
	Hotel	0.00	0.00															0.00
Staff 5 Kelly	SVM	0.00	0.00															0.00
	PVM	0.00	0.00															0.00
	Time	0.00	13.00															13.00
	Hotel	0.00	0.00															0.00
Staff 6 Robin	SVM	0.00	0.00															0.00
	PVM	190.00	0.00															190.00
	Time	43.50	18.50															62.00
	Hotel	0.00	0.00															0.00

Totals FY 2011-2012	
SVM = State Vehicle Miles	2772.00
PVM = Personal Vehicle Miles	233.00
T = Time	275.00
H = Hotel Cost	0.00

State of South Carolina

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Workers' Compensation Commission

Executive Director's Report September 19, 2011

Fines and Assessments Aging Report

The attached Fines and Assessments Aging Report reflects the number and amount of fines assessed for the period ending August 31, 2011.

Employee Meetings/Staff Training

Three employees participated in the employee focus group with the Executive Director on August 18. Executive Staff met on August 30. The Executive Staff and Leadership Team met on September 13, 2011.

Personnel Recruitment

Grant Duffield was selected for the position of Insurance and Medical Services at the September 12 Special Meeting of the Commission. He began his employment with the Commission on September 14.

Constituent /Public Information Services

For the period August 10 through September 13 the Executive Director's Office had 149 contacts with various system constituents. 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.

SC Department of Vocational Rehabilitation

On August 31, 2011 the South Carolina Department of Vocational Rehabilitation requested a page for VR services on WCC's website. The page has been developed and approved by the staff at VR.

Pharmacy Fee Schedule Advisory Committee

The Pharmacy Fee Schedule Advisory Committee met on Friday, August 26, 2011. Chairman Hal Willson has appointed a subcommittee to draft a definition of AWP and

also address compound medications. The next meeting is scheduled for Friday, October 7 at 10:00 a.m. in the first floor conference room.

Surgical Implant Advisory Committee

The Surgical Implant Advisory Committee's next meeting will be Oct 21. Eric Anderson from Opium Consulting will meet with the Committee to discuss the process and data necessary to conduct the financial analysis.

Commission Website

SC.GOV, the official Web portal for the state of South Carolina, is converting to Microsoft Office SharePoint Server (MOSS). The Executive Director's office has completed entering content from the current CMS Portal to the new MOSS platform. SC.Gov will perform a review of the site before the new site is moved into production.

Workers' Compensation Advisory Committee

The Committee is scheduled to meet Friday, September 23 in the first floor conference room. Chairman Bill Shaughnessy has requested a briefing on the activities of the Surgical Implant Advisory Committee and the Pharmacy Fee Schedule Advisory Committee.

National Association of Workers' Compensation Judiciary College 2011

The Executive Director, Chairman Beck and Commissioner Roche attended the NAWCJ College 2011 in Orlando, Florida on August 22-24.

Claims Administration Made Easy Workshop

The Commission's Claims Administration workshops are scheduled for October 5 at Seawell's on Rosewood Drive. As of September 15 forty individuals have registered.

State of South Carolina

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Workers' Compensation Commission

TO: Workers' Compensation Commissioners
FROM: Gary M. Cannon
DATE: September 19, 2011
RE: SC Department of Vocational Rehabilitation

Section 42-3-80 calls for the Executive Director to be responsible for referral of all industrially injured persons that need vocational counseling, personal adjustment, training, and placement to SC Vocational Rehabilitation Department.

As a result of the recommendations contained in the Legislative Audit Council Report (October 2010), staff of the Commission and Vocational Rehabilitation have developed a system to exchange information and identify potential claimants for referral to Voc Rehab.

Jim Williams and Michelle Propst from Voc Rehab will be present at the Commission meeting to report on the status of our cooperative efforts.

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Workers' Compensation Commission

TO: Workers' Compensation Commissioners
FROM: Gary M. Cannon
DATE: September 19, 2011
RE: April 27, 2009 Motion to Publish Notice of Intent

At the April 27, 2009 Full Commission Meeting, Commissioner Williams proposed that a regulation be drafted for parties to show up and sign in thirty minutes prior to their Full Commission oral argument.

Commissioner Barden made a motion to publish the Notice of Intent to implement this change to the regulations, and the motion was approved. No action has been taken by the Commission to proceed with publishing the Notice of Intent.

Commissioner Barden asked the matter be placed on the agenda.

State of South Carolina

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Workers' Compensation Commission

TO: Workers' Compensation Commissioners
FROM: Gary M. Cannon
DATE: September 19, 2011
RE: Proposed Advisory Committee for Mediations

Commissioner Williams requested the Commission consider appointing an Advisory Committee for Mediations.

State of South Carolina

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Workers' Compensation Commission

TO: Workers' Compensation Commissioners
FROM: Gary M. Cannon
DATE: September 19, 2011
RE: Ethics Training

The Commissioners and their administrative assistants are required to attend a workshop of at least three continuing education hours concerning ethics and the Administrative Procedures Act (§42-3-250(B)).

In 2010 the workshop was held on Tuesday, November 16, from 1:00 – 4:00 p.m.

I recommend scheduling the session for November 22 from 1:00 – 4:00 p.m.

State of South Carolina

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Workers' Compensation Commission

TO: Workers' Compensation Commissioners
FROM: Gary M. Cannon
DATE: September 19, 2011
RE: DSIT Contract Renewal FY 2011-12

Attached is a copy of the contract with DSIT for Server Management Services, a cover letter from Jimmy Earley, DSIT Director, and a comparison of the costs for the prior two years.

The increase in cost associated with this contract is directly related to the new SQL server we purchased this year.

Recommend approval.



**SOUTH CAROLINA BUDGET AND CONTROL BOARD
DIVISION OF STATE INFORMATION TECHNOLOGY**

AGREEMENT FOR SERVICES

SOUTH CAROLINA WORKERS COMPENSATION COMMISSION

AGREEMENT # WCC 040511

AGREEMENT FOR SERVICES

BETWEEN

**SOUTH CAROLINA BUDGET AND CONTROL BOARD
DIVISION OF STATE INFORMATION TECHNOLOGY**

AND

SOUTH CAROLINA WORKERS COMPENSATION COMMISSION

FOR

SERVER MANAGEMENT SERVICES

AGREEMENT # WCC 040511

Submitted by: Betsy Hartman

Date: April 5, 2011

**I. SERVICE OVERVIEW**

The South Carolina Budget and Control Board's Division of State Information Technology (DSIT) will provide the South Carolina Workers Compensation Commission (WCC) server management services.

II. COST

ACCOUNT #: 111300

DESCRIPTION	MONTHLY RECURRING COSTS	ANNUAL RECURRING COSTS	2012 MONTHLY RECURRING COSTS	2012 ANNUAL RECURRING COSTS
MS Server Management Prod and Dev Servers (2 @ \$462.00)	\$924.00	\$11,088.00		
Server Hosting (2 @) \$32.00)	\$64.00	\$768.00		
WCCSQL Software Maintenance Unix (2 @) \$24.33)	\$48.66	\$583.92		
****SunGard for WCCSQL (IP DL380G72 Processor 8 Core - 16 Cores total)			****\$262.40	****\$3,148.80
WCCSQL 300 GB (\$0.21 per GB)			****\$63.00	****\$756.00
SAN Fiber Channel	\$92.00	\$1,104.00		
Data Center Network Ports Enterprise (4 @ \$16.00)	\$64.00	\$768.00		
Microsoft SQL Maintenance 2 processors		\$8,263.32		
Microsoft OS Maintenance		\$403.00		
Firewall Protection (Small)	\$120.00	\$1,440.00		
Internet 10 MB	\$400.00	\$4800.00		
100Mb Connection (BW, Fixed mode) (2 @) \$513.64)	\$1,027.28	\$12,327.36		
Router Maintenance/mgr 7#X / Tier 5	\$282.00	\$3,384.00		
Cold FRM Addition	\$516.00	\$6,192.00		
Non SCEIS Imaging	\$1,734.75	\$20,817.00		
*Tivoli Backup per GB (\$4.44 per GB utilization)	*\$0.44			
*SAN Storage per GB (\$3.15 per GB)	*\$3.15			



AGREEMENT FOR SERVICES

SOUTH CAROLINA WORKERS COMPENSATION COMMISSION

AGREEMENT # WCC 040511

Publishing Maintenance		\$1,616.00		
Expert Maintenance		\$500.00		
Concurrent Client Maintenance (3 @ \$216.00)		\$648.00		
Named User Client Maintenance (55 @ \$106.00)		\$5,940.00		
Disconnected Scanning Maintenance (4 @ \$360.00)		\$1,440.00		
Standard Desktop Support (67 @ \$69.68)	\$4,628.36	\$5,540.32		
**Software assurance for Microsoft office (67 X \$85)		**\$5,695.00		
Virtual Private Network (VPN) (\$7.00 X 2)	\$14.00	\$168.00		
TOTAL	\$9,971.05	\$144,557.92	***\$325.40	****\$3,904.80

*These charges are based on actual monthly usage.

**These charges are estimated and are based on the actual cost of the service provided

***Cable wiring will be invoiced separately.

****These charges for SunGuard will take effect July 1, 2012.

VPN Access

DSIT cannot control the integrity of the remote VPN access.

Price and Payment

DSIT may increase or decrease the rates set forth above. DSIT must give WCC written notice at least sixty (60) days in advance of any rate increase.

DSIT shall invoice WCC monthly and all invoices hereunder are due and payable within thirty (30) days of WCC's receipt of DSIT's invoice in accordance with Section 11-35-15 of the Code of Laws of South Carolina.

III. SERVICE LEVEL AGREEMENT

This Agreement is entered into by and between the South Carolina Budget and Control Board, Division of State Information Technology (DSIT) with its principal offices located at 4430 Broad River Road, Columbia, South Carolina 29210 and WCC with its principal offices located at 1333 Main Street, Suite 500, Columbia, South Carolina, 29201.

This Agreement represents a joint effort between DSIT and WCC to create a shared understanding regarding:

- Services to be provided
- Level of service that can reasonably be expected
- Responsibilities of DSIT and WCC



AGREEMENT FOR SERVICES

SOUTH CAROLINA WORKERS COMPENSATION COMMISSION

AGREEMENT # WCC 040511

In performing the services to be provided hereunder, DSIT will perform all services in a professional and workmanlike manner in accordance with the professional or technical standards applicable to such services and use individuals of suitable training and skill.

Term

This Agreement shall commence May 6, 2011 (or when service is activated). Acceptance of this Agreement shall remain in full force and effect continuously until June 30, 2012, and thereafter shall be automatically renewed for successive one year terms unless written notice of expiration is delivered to the other party at least thirty (30) days prior to expiration of the contract term.

Termination

Either party may terminate this Agreement upon material breach by the other party of any one or more of the terms and conditions of this Agreement. The party so failing shall be notified in writing by the other party of the failure and unless a satisfactory resolution has been agreed upon in writing within sixty (60) days of said written notification, the non-breaching party may terminate this Agreement by so notifying the breaching party.

Confidentiality

DSIT understands and acknowledges that the customer's data are proprietary. DSIT shall protect such data and use reasonable care to prevent its unauthorized disclosure. DSIT and customer understand and agree the determination whether to disclose customer's information in response to requests made pursuant to provisions of the SC Freedom of Information Act, Section 30-4-10 et seq. SC Code of Laws, 1976, as amended, is the responsibility of the customer, and the customer is solely responsible for such decision.

Warranties

DSIT shall use reasonable care in processing WCC requests and in performing related services as set forth in this Agreement. DSIT shall be responsible only to the extent of (a) correcting, at its expense, any non-conformity which is the sole fault of DSIT and (b) reworking, at its expense, any request which may have been completed in error.

Limitation of Liability

Except as provided in the Warranties paragraph above, DSIT shall not be liable for specific performance or for any direct, indirect, special or consequential damages such as, but not limited to, loss of anticipated revenues or other economic loss in connection with or arising out of the existence, the furnishing, or the customer's use of any services provided for in this Agreement.

The parties hereto agree that there are no understandings, agreements, representations or warranties, express or implied, including any regarding reliability, fitness, or fitness for a particular purpose not specified herein respecting this Agreement, the services, or the equipment described herein or in any Exhibit made a part hereof. This Agreement states the entire obligation of DSIT in connection with this transaction.



Force Majeure

DSIT shall not be liable or deemed to be in default for any delay or failure in performance under this Agreement or interruption of service resulting, directly or indirectly, from acts of God, civil or military authority, labor disputes, shortages of suitable parts, materials, labor or transportation, or any similar cause beyond the reasonable control of DSIT.

Duties of DSIT

- A. DSIT certifies that it complies with requirements of the South Carolina Drug Free Workplace Act, Sections 44-107-10, 44-107-11, S.C. Code ANN. (1976)
- B. DSIT shall perform its duties and obligations under this Agreement.
- C. In order to facilitate the services to be provided pursuant to this Agreement, DSIT shall provide the necessary personnel, network infrastructure, telecommunications infrastructure, and data center infrastructure facilities.
- D. DSIT shall maintain the physical security of the infrastructure systems and shall establish and maintain reasonable safeguards against the intrusion by unauthorized persons or destruction or loss of WCC's data in the possession of DSIT.
- E. DSIT will provide a 24 x 7 x 365 Service Center to serve as the single point of contact for all information technology service problems.
- F. DSIT will provide a single point of contact to serve as a liaison between DSIT and WCC to respond to any non-service outage related question.
- G. DSIT will provide billing for services on a monthly basis.
- H. DSIT will establish escalation procedures for services and problems.
- I. DSIT will schedule and participate in an annual planning session to review planned Information Technology initiatives (new technology requirements, storage needs, growth anticipated, etc.) and to review this Agreement to determine the actual level of performance by DSIT and to define any modifications needed to the Agreement.
- J. DSIT will strive to meet or exceed each of the service levels established within this Agreement.

Duties of Customer

- A. WCC will provide a single point of contact for DSIT.
- B. WCC shall promptly report all problems to DSIT's Service Center to ensure proper reporting and performance.
- C. WCC shall reimburse DSIT for the costs associated with providing information technology services as specified in this Agreement.



- D. WCC shall process invoices as described in Section II, Cost, Price and Payment of this Agreement.
- E. WCC may elect to participate in an annual session to define the needs of the agency, to review this Agreement to determine the actual level of performance by DSIT, and to define any modifications needed to this Agreement.

Disaster Recovery

The objective of the DSIT Disaster Recovery Plan is to restore and make accessible to its end users critical operating environments and data. The current recovery target is 72 hours from declaration of disaster; however, priorities and timelines will be determined by DSIT and the Customers in the event of a full disaster. With Standard Desktop Support you also receive file, print, and email services which reside on the DSIT servers and are covered under Disaster Recovery. Non-SCSIS Imaging is also covered under DR. The WCCSOL is covered under Disaster Recovery through the SunGuard contract. All other services listed in the cost table are not covered under Disaster Recovery.

Disaster Recovery Duties of DSIT

- A. Back-up and storage of the data in a secure off-site location
- B. Establishment of disaster recovery network connectivity for the State Data Center
- C. Configuration of the server and the operating system to a functional state
- D. Reestablishment of customer's service (possibly in a degraded mode)

Service Level Objectives

DSIT Service Center tracking software will be used to collect and extract data by WCC for all problems submitted to DSIT's Service Center. Therefore, all problems must be reported to DSIT's Service Center to ensure proper reporting and performance measurement. The number of incidents and requests, the name of the requester, and the resolution time for all tickets will be tracked. The resolution/completion times will be measured from the time of receipt and entry into the tracking software until the time the problem/request has been resolved (completed). Details of any trouble ticket or summary reports will be available to WCC upon request.

Escalation Procedures

There are two escalation lists for WCC to use when DSIT is unable to respond in a timely or acceptable manner. One is for system problems and/or outages and the second is for service requests or when normal contacts cannot be made.

**Service Escalation Procedures**

For system problems and/or outages, the call list is as follows:

ESCALATION	NAME	PHONE NUMBER	E-MAIL ADDRESS
Level 1	Service Center	803-896-0001	ciohelpdesk@dmr.sc.gov
	Mark Wenzel Customer Services Manager	803-896-0588	
Level 2	IT Services & Support	803-600-0445	maverick@cio.sc.gov
	Jeff Ickes Service Center, Tier 1 Data	803-896-0533	
Level 3	IT Services & Support	803-518-4517 (cell)	mkey@dmr.sc.gov
	Mel Raab Service Center, Tier 2	803-896-0380	
Level 4	IT Services & Support	803-315-5009 (cell)	mraab@dmr.sc.gov

Service Provisioning Procedures

For service provisioning or other administrative issues, the call list is as follows:

ESCALATION	NAME	PHONE NUMBER	E-MAIL ADDRESS
Level 1	Candace Paxton Information Resource Consultant II Cost Recovery Management	803-896-0333	cpaxton@cio.sc.gov
	Betsy Smoak Information Resource Consultant I Cost Recovery Management	803-896-0335	bsmoak@cio.sc.gov

Service Level Compliance

Each time DSIT fails to meet a service level objective, DSIT shall do the following:

- A. Use its best efforts to correct the problem and to begin meeting such service level as soon as practicable.
- B. Upon request, DSIT will investigate the root cause(s) of the failure and deliver to WCC a written report identifying such root cause(s).

Data Center Highlights

Access Controls – Physical security is provided to the facility 24x7x365 by DPS security staff. Visitor log-in sheets and ID checks are maintained at the security desk. A Card reader system restricts movement of personnel to various areas of the building.

Security Cameras – The facility currently has 19 video cameras positioned for monitoring of interior and exterior areas. Three of the exterior cameras are pan, tilt, zoom (PTZ) capable. All cameras record to a central digital recorder for playback and review.

Fire Protection System – The fire protection system consists of Simplex monitoring systems and VESDA smoke detection in 3 zones of the computer room. The system is linked to USC for constant monitoring. The Computer Room is protected by pre-action dry sprinkler system requiring 2 actions to dump water into a trouble zone (heat, smoke and pressure loss). The remainder of the building is protected by wet sprinkler systems. An emergency power off (EPO) system automatically cuts power to the computer room upon detection of water flow. There are also 5 manual EPO switches located at the computer room exits.

Leak Detection System- An under floor leak detection system is installed to alarm and indicate location in the event of moisture being detected.

UPS System – The UPS system is 1000kva total capacity. Two redundant 500kva Liebert units share the computer room load. Battery backup is capable of supporting computer room load approximately 30 minutes without generator input.

Utility Power – Provided by dual/redundant transformers to redundant main bus. Power is available from 2 different substations with manual transfer switching. Surge suppressors protect main distribution panels.

Emergency Generator – A 1500kw CAT diesel generator provides an emergency power source. Any one of 7 automatic transfer switches can call for the Genset to crank upon sensing loss of utility power. A 3 second loss of power is required to bring the Genset on line. The fuel tank is a 15,000 gallon fiberglass underground storage tank with remote monitoring system for approximately 12 days of emergency operation. The entire facility is on emergency generator, computer room is covered by UPS. A remote generator and UPS monitoring panel are located in the computer room. The fuel burn rate with the whole facility on line is approximately 27 gallons per hour.

Chilled Water- Provided by redundant 170 ton Trane rotary chillers. Water flow is maintained constant by 6 pumps connected for redundancy.

Building Controls – Johnson Controls METASYS system provides capability of monitoring and manipulating the HVAC, facility lighting, electrical, and environmental systems. OCS personnel can monitor systems remotely.

Change Advisory Board

All technical changes are discussed and approved at a weekly Change Advisory Board (CAB) meeting, typically held on Tuesdays at 11:00 a.m. All Requests for Change (RFC) must be submitted thirty (30) minutes prior to the CAB meeting each week. A schedule of these meetings will be provided upon request. Changes received after Tuesday at 11:00 a.m. will be considered urgent/emergency changes. An Emergency Change Board must be convened to approve urgent/emergency changes.

Agency requests for change should be submitted by Tuesday to DSIT staff with the only rare exceptions being urgent/emergency requests that must be addressed immediately. After changes are



approved on Tuesday at 11:00 a.m., a Forward Schedule of Changes is published for the coming week.

Review Schedule

This Service Level Agreement shall be reviewed by DSIT and WCC at least annually. This review is to determine the actual level of performance by DSIT and to define any modifications needed to the Agreement by WCC and/or DSIT. The review times and dates are to be mutually agreed upon by both WCC and DSIT.



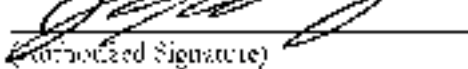
IV. ACCEPTANCE

Therefore, the signatories hereunder warrant and declare that they are duly authorized to execute this Agreement by virtue of their positions and title and are signing on behalf of their respective entity by virtue and strength thereof and that, furthermore, it is stipulated and agreed by the parties that this Agreement shall be binding upon their respective entity, officers, employees, agents, and their heirs, successors and assigns if any.

By signing this document, the South Carolina Workers Compensation Commission agrees to the project as described previously. This proposal is valid for sixty (60) calendar days. Upon acceptance, retain a signed copy in Carolann Paxton, Cost Recovery Management, Division of State Information Technology, 1430 Broad River Road, Columbia, South Carolina, 29210.

**DIVISION OF STATE
INFORMATION TECHNOLOGY**

**WORKERS COMPENSATION
COMMISSION**

BY: 
(Authorized Signature)

BY: _____
(Authorized Signature)

Jimmy Bazley

Gary Cannon

Division Director
(Title)

Executive Director
(Title)

8/1/11
(Date)

(Date)

NIKKI HALEY, CHAIRMAN
GOVERNOR

CHRISTOPHER M. LEE, JR.
STATE TREASURER

RICHARD MCKEITHEN, CPA
COMPTROLLER GENERAL



SC BUDGET AND CONTROL BOARD
DIVISION OF STATE INFORMATION TECHNOLOGY
JIMMY EARLEY, DIRECTOR

PHONE 803.896.0300
FAX 803.896.0789

HUGH B. LEATHERMAN, SR.
CHAIRMAN, SENATE FINANCE
COMMITTEE

W. BRIAN WHITE
CHAIRMAN, HOUSE WAYS AND MEANS
COMMITTEE

ELEANOR KITZMAN
EXECUTIVE DIRECTOR

July 27, 2011

Mr. Gary Cannon
South Carolina Workers Compensation Commission
1333 Main Street
Suite 500
Columbia, SC 29201

Dear Mr. Cannon,

We appreciate you as our customer. In an effort to assist with your financial needs we have agreed to waive the SunGard charges for FY 11. This service will be provided during this time at no cost to you. For records purposes only, you will see a charge for this service (\$3,904.80) and a credit (-\$3,904.80) with a bill note stating "no charge for FY 11" on your August 2011 invoice.

Beginning on July 1, 2012, the South Carolina Workers Compensation Commission will be invoiced at the amount of \$325.40 per month. This charge provides disaster recovery services from SunGard for server WCCSQL (HP DL380G72 Processor 8 Core – 16 Cores Total) and 300 GB storage.

We recognize that the State of South Carolina is enduring a period of unprecedented financial duress. It is not our intention to bring unwarranted harm to your organization by increasing costs, particularly at a time like this. We want to ensure that you have ample time to prepare for this billing change.

Please feel free to contact me directly if you would like to have any additional discussions related to this notification.

Sincerely,

Jimmy Earley
Division Director
Division of State Information Technology

WCC / DSIT Contract comparison

	2009	2010	2011	Difference	Notes
	Annual	Annual	Annual		
Server Management					
1 Microsoft	\$ 5,784	\$ 5,784	\$ 11,568	\$ 5,784	Now have 2 servers
2 Server Rack Rate	\$ 384	\$ 384	\$ 768	\$ 384	Now have 2 servers
WCCSQL Software					
3 Maintenance Unix	\$ 292	\$ 292	\$ 584	\$ 292	Now have 2 servers
Data Center Network					
4 Ports Enterprise (\$10.00 x2)	\$ 384	\$ 384	\$ 768	\$ 384	went to 4 ports X 16 each
5 MS SQL maintenance 2 processor	\$ 8,263	\$ 8,263	\$ 8,263	\$ -	
6 MS OS Maintenance	\$ 403	\$ 403	\$ 403	\$ (0)	
7 Firewall Protection	\$ 1,548	\$ 1,548	\$ 1,548	\$ -	
8 Internet 2 Mb (\$88.00 x2)	\$ 960	\$ 960	\$ 4,800	\$ 3,840	increased from 2 mb to 10 mb
100 Mb Connection CBW,					
9 Fixed mode (\$513.64 x2)	\$ 12,327	\$ 12,327	\$ 12,327	\$ -	
Router maint/mgt 24x7					
10 Tier 5	\$ 3,384	\$ 3,384	\$ 3,384	\$ -	
11 Cold ERM Add on	\$ 6,182	\$ 6,182	\$ 6,192	\$ 10	rounding?
12 Non SCEIS Imaging	\$ 20,817	\$ 20,817	\$ 20,817	\$ -	
13 SAN Fiber Channel	\$ 1,188	\$ 1,188	\$ 1,188	\$ -	
14 Publishing Maintenance	\$ 1,616	\$ 1,616	\$ 1,616	\$ -	
15 Export Maintenance	\$ 900	\$ 900	\$ 900	\$ -	
Concurrent Client					
16 Maintenance 3 @ 216.00	\$ 648	\$ 648	\$ 648	\$ -	Was on a separate contract. It was not renegotiated therefore implied continuation. Was pulled into this contract to reduce # of contracts from 3 to 2. (VCIO still separate contract)
17 Named user client	\$ 5,940	\$ 5,940	\$ 5,940	\$ -	
18 Disconnected Scanning 4 @ \$360	\$ 1,440	\$ 1,440	\$ 1,440	\$ -	
19 Standard Desktop Support (67)	\$ 55,540	\$ 55,540	\$ 55,540	\$ -	
Software Assurance 67 X					
20 \$85			\$ 5,695	\$ 5,695	Wasn't on last years - this allowed us to upgrade to Office 2010
Virtual Private Network (\$7.00 x2)					
21	\$ 168	\$ 168	\$ 168	\$ -	
22	\$ 128,169	\$ 128,169	\$ 144,390	\$ 16,399	Using Excel to total
23			\$ 144,558		

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TEL: (803) 737-5700
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Workers' Compensation Commission

TO: Workers' Compensation Commissioners
FROM: Gary M. Cannon
DATE: September 19, 2011
RE: Executive Session

We have received the first billing dispute dealing with payment to the Ambulatory Surgery Centers during the litigation between us and the Ambulatory Surgery Centers over the fee schedule.

Ken Woodington is providing legal counsel on this matter. We have asked Mr. Woodington to attend the Executive Session and provide a legal briefing.