

A G E N D A

SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION

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

October 19, 2015 – 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.

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|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| 1. | CALL TO ORDER | <i>CHAIRMAN BECK</i> |
| 2. | APPROVAL OF AGENDA OF BUSINESS MEETING OF OCTOBER 19, 2015 | <i>CHAIRMAN BECK</i> |
| 3. | APPROVAL OF MINUTES OF THE BUSINESS MEETING OF SEPTEMBER 21, 2015 (Tab 1) | <i>CHAIRMAN BECK</i> |
| 4. | GENERAL ANNOUNCEMENTS | <i>MR. CANNON</i> |
| 5. | APPLICATIONS FOR APPROVAL TO SELF-INSURE (Tab 2) | <i>MR. SMITH</i> |
| 6. | DEPARTMENT DIRECTORS' REPORTS
Human Resources (Tab 3)
Information Services (Tab 4)
Insurance, Medical & Administrative Services (Tab 5 & 6)
Claims (Tab 7)
Judicial (Tab 8) | <i>MS. OSBORNE</i>
<i>MS. SPRANG</i>
<i>MR. DUFFIELD</i>
<i>MS. SPANN</i>
<i>MS. BRACY</i> |
| 7. | EXECUTIVE DIRECTOR'S REPORT (Tab 9) | <i>MR. CANNON</i> |
| 8. | OLD BUSINESS | <i>CHAIRMAN BECK</i> |
| 9. | NEW BUSINESS
A. Debit Card Advisory Committee Recommendation (Tab 10)
B. Budget Request FY 2016-17 (Tab 11) | <i>CHAIRMAN BECK</i>
Mr. Cannon
Mr. Cannon |
| 10. | ADJOURNMENT | <i>CHAIRMAN BECK</i> |

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10	Debit Card Advisory Committee Recommendation
11	Budget Request FY 2016-17

THE
SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION
BUSINESS MEETING

Monday, September 21, 2015

A Business Meeting of the South Carolina Workers' Compensation Commission was held in Hearing Room A of the Workers' Compensation Commission on Monday, September 21, 2015, at 10:30 a.m. The meeting agenda was posted prior to the meeting and proper advance notice was made to all concerned parties in compliance with requirements in the Freedom of Information Act. The following Commissioners were present:

T. SCOTT BECK, CHAIRMAN
SUSAN S. BARDEN, VICE CHAIR
R. MICHAEL CAMPBELL, II, COMMISSIONER
MELODY L. JAMES, COMMISSIONER
GENE MCCASKILL, COMMISSIONER
AISHA TAYLOR, COMMISSIONER
AVERY B. WILKERSON, JR., COMMISSIONER

Present also were: Gary Cannon, Executive Director; Amy Bracy, Judicial Director; Wayne Ducote, Coverage & Compliance Director; Grant Duffield, Insurance, Medical & Administrative Services Director; Alicia Osborne, Human Resources Manager; Keith Roberts, Attorney; Marlene Johnson-Moore, Law Clerk; W.C. Smith, Self-Insurance Director; Sonji Spann, Claims Director; Sandee Sprang, IT Director; and Amanda Underhill, Business Analyst. Also present was Clara Smith, Injured Workers' Advocates, was also present.

Chairman Beck called the meeting to order at 10:40 a.m.

AGENDA

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

APPROVAL OF MINUTES – BUSINESS MEETING OF AUGUST 17, 2015

Commissioner Barden moved that the minutes of the Business Meeting of August 17, 2015 be approved. Commissioner Taylor 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. Thirty (30) prospective members of two (2) funds were presented to the Commission for approval. The applications were:

Palmetto Timber Fund

Gordon Next Generation Logging, LLC

SC Home Builders SIF

All-In Builders, LLC

Andrew Dill dba Dill Contracting
Brothers Stone & Brick, LLC
Cabintree of SC, LLC
Collins Asphalt of the Upstate, Inc.
Elmer Flores dba Flores Painting
Harrell Interior Componets, LLC
Heart & Soul with Passion
HSB, Inc.
Inviro Design & Consulting, LLC
Jimmy L. Davis, Inc.
JMJ Homes, LLC
Jolly's Septic & Sewer Service
JW Murphey, LLC
Lee Woodrow W. III
LM Thomas Builders, LLC
Luis Brenes dba Brenes Tile & Flooring
Mackerete, Inc.
M&M Excavating, LLC
Precision Total Home, LLC
Reini Construction, LLC
Rogers Custom Builders
SHS Construction Services, LLC
SM & Clean
Take Pride Construction & Painting, LLC
Terry Livingston Builders, LLC
The Centric Group, LLC
Tom Bigby Builders, Inc.
Wilson Company, LLC

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 Barden 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.

Human Resources Department

Alicia Osborne presented the Human Resources report for the period of August 1 through September 16, 2015. Ms. Osborne announced Open Enrollment for 2016 employee insurance updates is October 1-31, 2015.

Information Technology Department

Sandee Sprang presented the Information Services Department's report. Ms. Sprang pointed out the following highlights from the report:

- The email system migration to Office 365 is complete.
- IT completed the Virtualization Project Plan and began work on moving from physical servers to virtual services which will greatly improve the Commission's security posture.
- IT completed the documentation requirements for the development and

implementation of eCase re-face, and submitted to BravePoint to rewrite the software code for the Progress data management system.

Insurance, Medical & Administrative Services Department

Grant Duffield presented the Insurance, Medical & Administrative Services Department's report. Mr. Duffield said the Compliance Division is reviewing revenue metrics to assess the correlation between assessed fines and collected fines. For the month of August, the Lapse in Coverage Notification program registered 42 new registrants and issued five notices of potential lapse in coverage.

Mr. Duffield announced Mary Bates, Administrative Specialist, Data Services, will retire effective October 1, 2015. He said the Department is realigning duties and not filling the position. Chairman Beck said that he was pleased with the initiative of staff to generate ideas to save time, money, and efforts to streamline processes. Mr. Duffield commended Wayne Ducote for his leadership and spurring his staff for ideas.

Mr. Duffield announced the 2015 Medical Services Provider Manual was released on September 1, 2015.

Mr. Duffield presented the Summary of Revenues and Expenditures for the period ended August 31, 2015. Benchmark for August is 16.6%. The Commission's expenses are at 24%. Mr. Duffield reported the expenditure data is influenced by July's three payroll dates and the occurrence of several annual or semi-annual obligations. Commissioner James requested a more detailed report be provided periodically to see if something is out of skew. Mr. Duffield said he would provide a quarterly detailed report. Commissioner James asked about what items are included in the fringe budget. There was discussion.

Claims Department

Sonji Spann presented the Claims Department's report.

Ms. Spann reported the following for the month of August 2015:

- Closed 2,498 individual case files
- Received \$53,350 in fine revenue
- Claims examiners reviewed 703 individual case files
- 296 fines assessed
- 273 Form 18 fines assessed - Ms. Spann said the number of Form 18 fines assessed in August is 42 less than the previous month, and is the lowest number reported since she began reviewing files. She has requested IT to review to ensure all files are being read.
- 12,446 forms processed
- 506 Form 18s processed through SROI
- 1,866 Form 18s received via Email
- 1,326 forms received via USPS

Ms. Spann gave an update on the file review project. She anticipates the project to be complete by the first of October.

Commissioner Taylor referred to the discussion at the September 2015 Commission Business Meeting on the decrease in number of individual case files reviewed by examiners. Ms. Spann explained that the paper file review project is handled by one examiner. Upon completion of the project, all claims examiners will review the files via the image system.

Judicial Department

Amy Bracy presented the Judicial Department's report. She reported the following for the month of August 2015:

- 91 Single Commissioner Hearings conducted
- 5 Full Commission Hearings conducted
- 252 informal conference cases

- 66 regulatory mediations scheduled
- 23 requested mediations
- 59 matters resolved in mediation with the receipt of Forms 70

In follow-up to Commissioner Taylor's question at the August 17, 2015 Business Meeting, Chairman Beck asked about the tracking of the number of informal conferences conducted versus the number of informal conferences resolved. Ms. Bracy stated that she met with Commissioner Taylor and upon their review of the data determined there is not any real changes taken place thus far this year in the informal conference system.

EXECUTIVE DIRECTOR'S REPORT

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

FY 2014-15 Accountability Report

The FY 2014-15 Accountability Report was submitted to the Office of State Budget on September 15, 2015 and is posted on the Commission's website.

Debit Card Ad Hoc Advisory Committee

Mr. Cannon announced the next meeting of the Debit Card Ad Hoc Advisory Committee is scheduled for Wednesday, September 23, 2015, at 2:00 p.m.

Narcotics Use Ad Hoc Advisory Committee

Mr. Cannon reported a preliminary draft of the proposed recommendations were prepared and submitted to Chairman Ric Davis. The next meeting has not been scheduled.

OLD BUSINESS

A. Proposed Amendments to Regulations

Mr. Cannon said the Commission was presented a proposed timeline for preparing and submitting changes to the Commission's regulation, Chapter 67, and a summary of the proposed changes at the August 2015 business meeting. He said the Commission took no action and voted to carry the matter over. He reported that on August 27 Keith Roberts, Staff Legal Counsel, provided the Commissioners, per their request, the additional language of the proposed amendments. Following discussion, Commissioners requested a work session be held for the purpose of reviewing the proposed changes to the regulations.

Motion to Carry Over Proposed Timeline and Notice of Drafting

Commissioner Barden moved to carry over the matter. Commissioner Taylor seconded the motion. The vote was taken, and the motion was approved. Chairman Beck instructed Mr. Cannon to schedule and properly notice the work session.

NEW BUSINESS

A. Approval of Statement of Work – Technology Services

Mr. Cannon presented a recommendation to approve the Statement of Work (SOW) to the Master Services Agreement from BravePoint for professional services to rewrite the software code for the Progress data management system. The estimated cost of the project is \$80,721.

Motion to Approve Statement of Work – Technology Services

Commissioner Wilkerson made the motion to approve the recommendation as presented. Commissioner McCaskill seconded the motion. The motion was unanimously approved.

B. Commissioners Annual Ethics Training

Mr. Cannon presented a recommendation to schedule the required annual Ethics and Administration Procedures Act training for the Commissioners and their administrative assistants on Monday, November 16, 2015 from 1:00 p.m. until 4:00 p.m.

Motion to Approve Date of the Required Annual Ethics and APA Training

Commissioner Barden made the motion to approve November 16, 2015 from 1:00 – 4:00 p.m. for the annual Ethics and APA training. Commissioner Taylor seconded the motion. The motion was unanimously approved

C. FY2014-15 Annual Report

Mr. Cannon reviewed the Annual Report for FY 2014-2015. The report contains highlights of the key activities and accomplishments of the Commission for the 12-month period ending June 30, 2015

ADJOURNMENT

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

The September 21, 2015 meeting of the South Carolina Workers' Compensation Commission adjourned at 11:16 a.m.

Reported October 19, 2015
Kim Ballentine
Office of the Executive Director

MEMORANDUM

Date: October 14, 2015

TO: Mr. Gary Cannon
Executive Director

FROM: Alicia Osborne
Human Resources

SUBJECT: Human Resources Report Period of September 17, 2015 to October 14, 2015

Below is a summary of the Human Resources activity for the period of September 17 - October 14, 2015.

Employee Relations (ER)

- Ongoing Workers' Compensation Injuries
 - Three active claims
 - Treatment being sought in two cases;
 - Pending closure of third claim
- Workforce Planning
 - Ongoing Special Projects in Claims
- Monitored weather conditions during the inclement/hazardous weather in October
 - Notified staff of closings
- FMLA
 - Two ongoing cases
- EPMS
 - Assisting managers and supervisors with EPMS submissions
 - Reviewed submitted EPMS forms

Benefits

- Attended 2015 Benefits At Work conference - September 1st
 - Update to staff at next all-employee meeting
- Added temporary hire to insurance after explaining benefits
- Closed out retiree's insurance, retirement, leave and payroll
 - Obtained and presented Governor and agency certificates of appreciation

State Human Resources Division (SIIRD)

- Received training on reclassification when equivalency is required
- Submitted revised EPMS policy with wording to include new combined PD/EPMS form
 - Policy is still pending review at SIIRD

Fiscal Responsibilities (w/ Fiscal Technician II)

- Approved 64 SCEIS financial transactions
 - Within the SCEIS system approved documents and travel requests submitted by the Fiscal Technician and Director of IMAS for August and September to date
 - Expedited processing as requested

Reports

- Ran SCEIS Deductions Not Taken / Arrears report

- Report is cleared
- Ran SCEIS Wage Type Report
 - No discrepancies
- Time Administration
 - Approved Leave as requested by supervisors and commissioners
 - Assisted Employees with leave corrections and working time corrections
 - Notified supervisors and employees of missing time and ensured it was keyed in.
- EEOC Census Update
 - Submitted report to EEOC
 - Began preparing for EEOC report to the General Assembly (due in October)

SCEIS

- Reports
 - Worked on requests by Executive Director
- Assisted staff with minor SCEIS concerns
- Adjusted withholdings due to upcoming bonus on 10/16
- Closed out temporary hire in SCEIS; delimited position
- Added new roles for HR Manager - SRM view; Shopping Cart approver
- Contacted SCEIS to reassign expense reports as needed when approvers were unavailable
- Corrected a missing deduction (system error) for staff
- Assisted staff with travel expense report submissions
- Recouped Holiday Comp payout
 - Re-emphasized to relevant staff the importance of date selection in SCEIS

Mandatory All Employee Meeting - September 24, 2015

- Created Agenda
- Arranged for United Way presentation for Kick Off
- Presented Open Enrollment updates to staff

Miscellaneous

- Meeting(s) attended onsite
 - IT Manager II - Security Training - September 24th
 - Open Enrollment - Met with five (5) staff members
- SCEIS User Meeting - August 28, 2015
- Went to SC PRT to receive additional training on NeoGov - September 18th
- Employment verifications (1)
- HR Advisory - September 30th
- Flu Shot Clinic - September 24th
- Social Committee -
 - Breast Cancer Walk - October 17th
 - Tailgate Potluck - October 23rd
 - Holiday Luncheon - December 14th

State of South Carolina

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Workers' Compensation Commission

To: Gary Cannon
SCWCC Executive Director
From: Sandee Sprang, IT Director
Date: October 13, 2015
Subject: IT Department September 2015 Full Commission Report

IT Department Activities for the Month of September 2015

- **DTO Infrastructure**
 - Duane continues to lead our effort with DTO to upgrade Progress software and implement on virtual servers. We are close to establishing our development system in the new environment.
 - DTO installed Unified Threat Management Devices at state Internet access points in an effort to improve our information security posture. IT performed testing after features were installed to verify SCWCC functionality. As a result, IT had fewer virus incidents in September.
 - Amanda continues to work with DTO to coordinate an upgrade our imaging system, OnBase to version 13. Several workflow process changes are required to support the new version.
- **Production Issues**
 - Amanda worked EDI trading partners to research and resolve EDI transaction errors. One additional trading partner was approved to submit SROI - SA transactions in September.
 - Duane researched and resolved several invoice / payment errors for staff.
 - Amanda and Duane created several ad hoc reports for Executive Staff.
 - Duane researched system impact of carrier dismissal from a claim, while retaining employer involvement.
- **Desktop Support**
 - Brian handles most desktop support issues. During the past month this has included addressing problems related to passwords, VPN access, and printers and other hardware. Brian also routinely provides user assistance for OnBase, eCase and secure email.
- **Projects**
 - The back-scanning of files project continues. Amanda designed and implemented a process for converting the balance of SCWCC paper claim files into fully indexed image files. The Conversion process is underway under the management of the Claims Director.
 - The modernization of the eCase web portal system was initiated and development is underway with Progress/Bravepoint. Duane assisted Progress developers with setting up the development environment this month.

- Sandee completed the agency's 2015 Security Review and IT Plan in accordance Provisos 117.118 and 117.132; each were submitted to the Department of Administration.
- Sandee completed the IT budget, project planning and justifications for FY 2016-2017.
- Sandee completed the upgrade plans for the VoIP phone system; completion of this project is contingent upon the successful configuration, installation and operation of the new switches.
- Sandee completed the review and selection of mandatory training modules within the SANS training Program. 16 modules have been selected as "required training" for all employees per state regulations. IIR will take over the deployment of this training program once the system is configured.

- Meetings
 - Duane participated in the IAIABC EDI Claims Committee conference call.
 - Sandee participated in Privacy Workshop sponsored by the State's Information Security Department.

- Training
 - Amanda completed training for the Certified Business Analyst Professional (CBAP) designation. Her application has been approved to sit for the certification exam scheduled for November 23, 2015.

State of South Carolina



Workers' Compensation Commission

To: Mr. Gary Cannon
SCWCC Executive Director

From: Grant Duffield
IMAS Director

Date: 14 – Oct – 2015

Subj: Insurance, Medical and Administrative Services Department
September 2015 Full Commission Report

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

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

Compliance Division	<ol style="list-style-type: none">1. Reviewing organizational structure.2. Reviewing revenue metrics.
Coverage Division	<ol style="list-style-type: none">1. Working with staff to review workflow processes and explore opportunities to enhance service provision.2. Lapse in Coverage: 30 new registrants; 5 notifications sent3. Restructured duties and workflow in Data division
Medical Services	<ol style="list-style-type: none">1. Implemented new 2015 MSPM.2. Released initial edits to MSPM.3. Working with MedAssets and IT to improve Medical Bill reviews.
Administrative Svcs	<ol style="list-style-type: none">1. Working through Year End reporting for CG's office.2. Finalized 2016-17 Budget data.
IMAS Administration:	<ol style="list-style-type: none">1. Working with Division Mgrs to provide cross coordination of mgmt. functions.2. Working with Executive Team concerning strategic planning and future needs forecasting.3. Sending Fiscal Tech for advanced SCEIS training.

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

IMS COMPLIANCE DIVISION

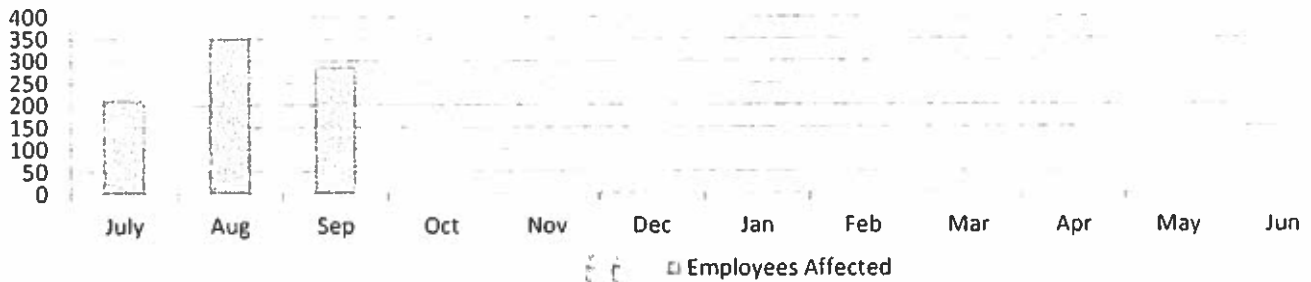
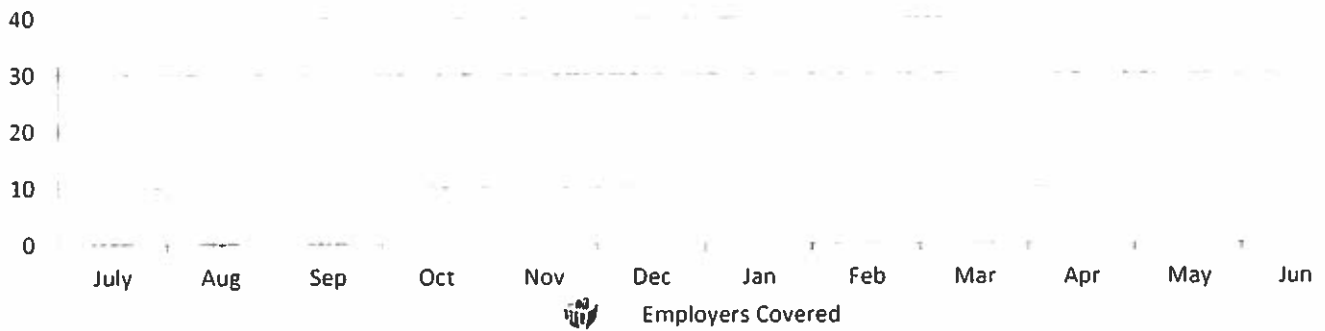
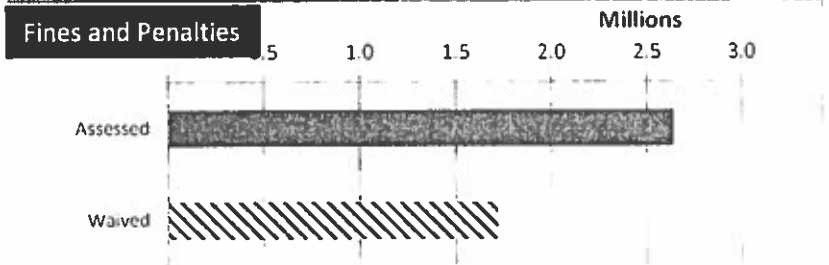
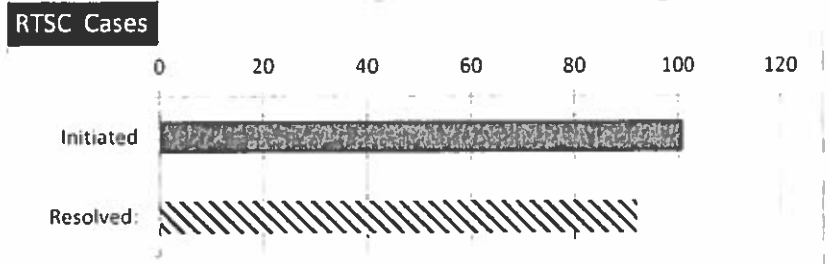
September 2015

Employers Obtaining Coverage

The Compliance Division works with great diligence to help uninsured employers become compliant with the South Carolina Workers' Compensation Act. Year to date, the Compliance Division has compelled 61 employers in South Carolina to come into compliance with the Act. In so doing, approximately 567 previously uninsured workers are now properly covered.

Penalties Waived

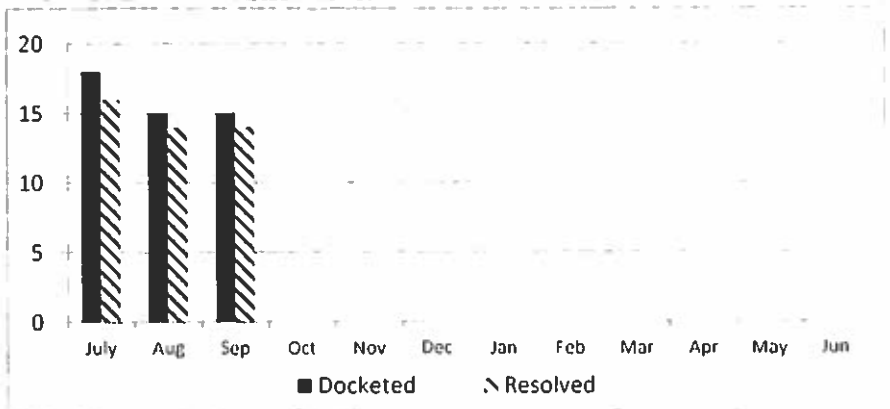
Although the Division has assessed \$ 2.6m in fines, over 65% of those fines (\$1.7m) have been waived or rescinded as employers have either obtained insurance coverage or were found not to be subject to the Act.



Carrier Rule to Show Cause Hearings

The Compliance Division manages the Rule to Show Cause process involving the recovery of outstanding carrier fines and penalties. In the month of September 2015, 15 carrier RTSC cases were docketed; 14 cases were resolved and \$11,183 was recovered.

Year to date, 48 carrier RTSC cases have been docketed, 44 cases have been resolved and \$47,975 has been recovered.



IMS COMPLIANCE DIVISION

September 2015

Carryover Caseload:

The Compliance Division closed September 2015 with 364 cases active, compared to an active caseload of 165 at the close of September 2014.

Cases Resolved:

Due to the decrease in carry-over, greater effort is focused on case resolution. For the month of September 2015, Compliance Division staff closed-out 153 cases.

Compliance Fines:

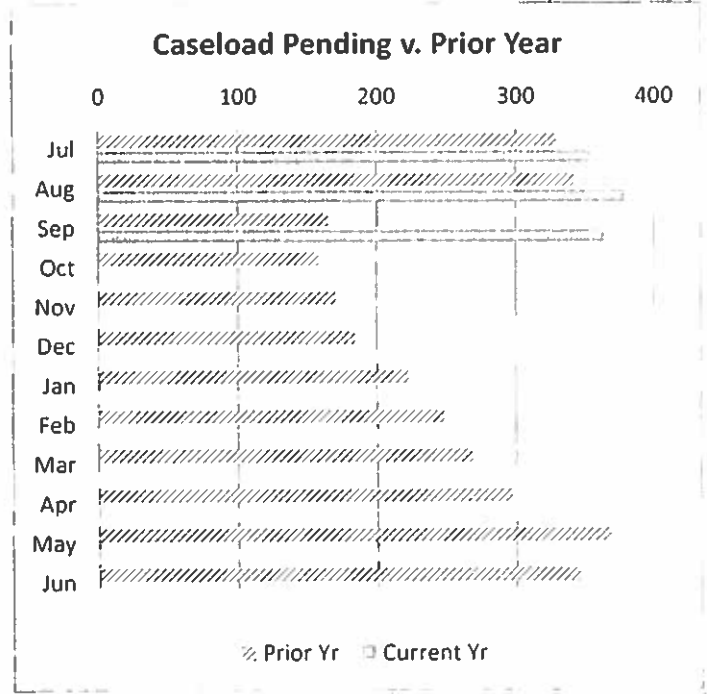
In September 2015, the Compliance Division collected \$92,995 in fines and penalties. Year to Date, the Compliance Division has collected \$320,210 in fines.

Year to Date vs Prior Year Total (906,833): 35%.

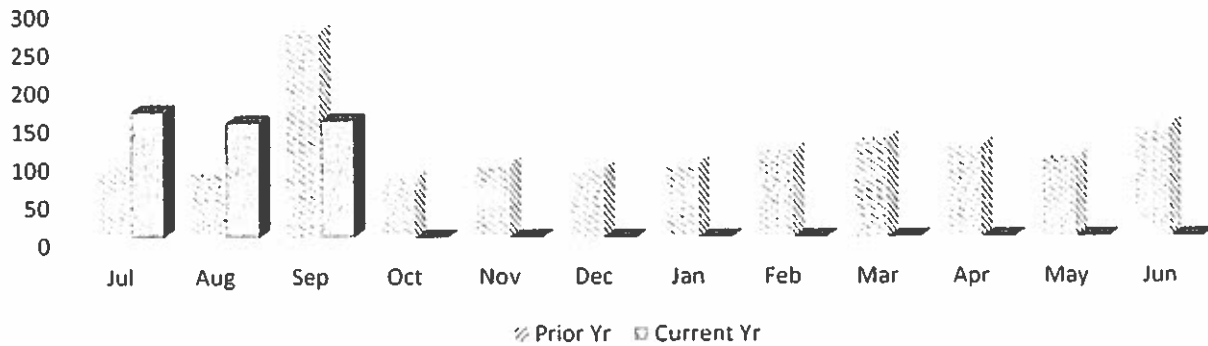
Sept 2015 vs. Sept 2014: 194%

Year to date 2015 (July, Aug, Sept) vs YTD 2014: 331%

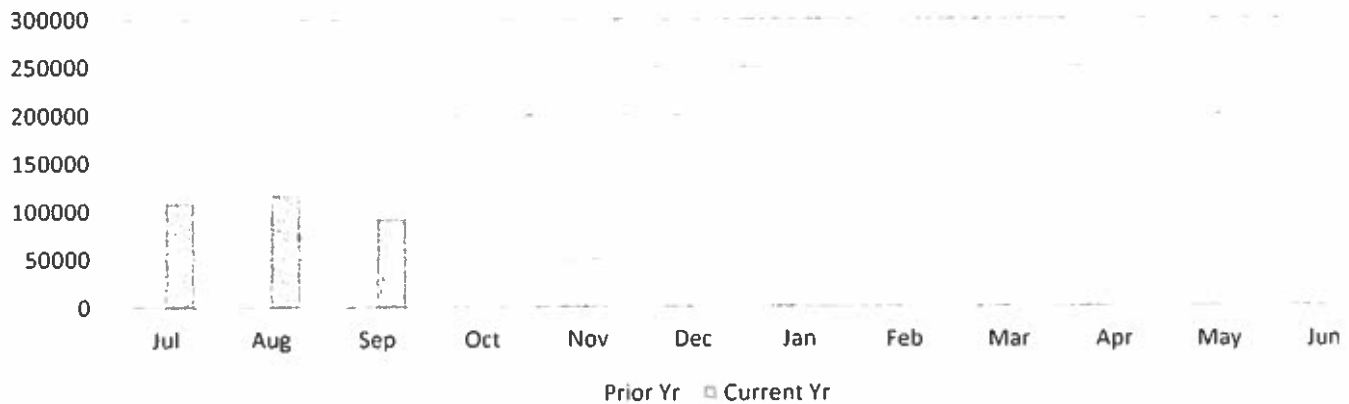
Current Year End trend is 141% of 2014-2015.



Cases Resolved v. Prior Year



Compliance Fines Collected v. Prior Year



WCC Claim Files:

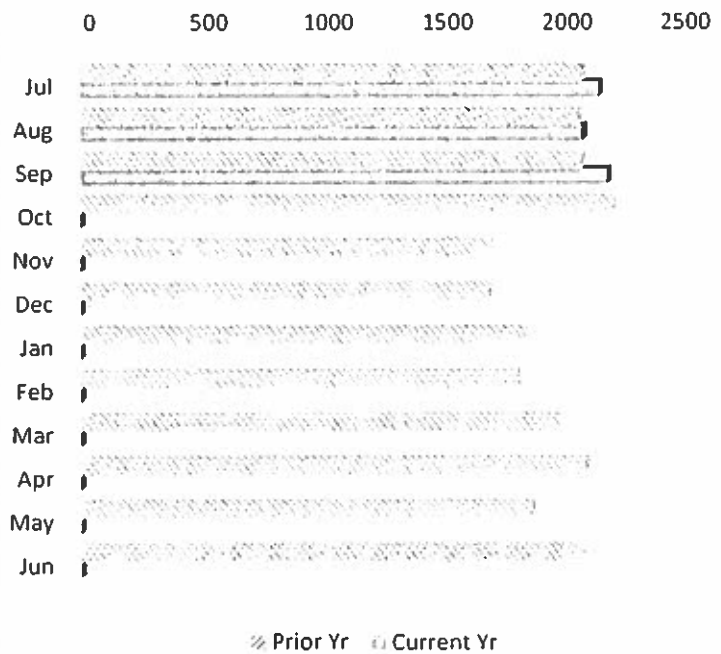
In September 2015, the Coverage Division received a total of 2,203 WCC Claim files. Of these, 1,849 were created through proper carrier filing of a 12A, and 354 were generated as a result of a Form 50 claim filing. Year to Date, 6,471 Claim files have been created which is 27% of claim file volume prior year (23,682).

Coverage Fines:

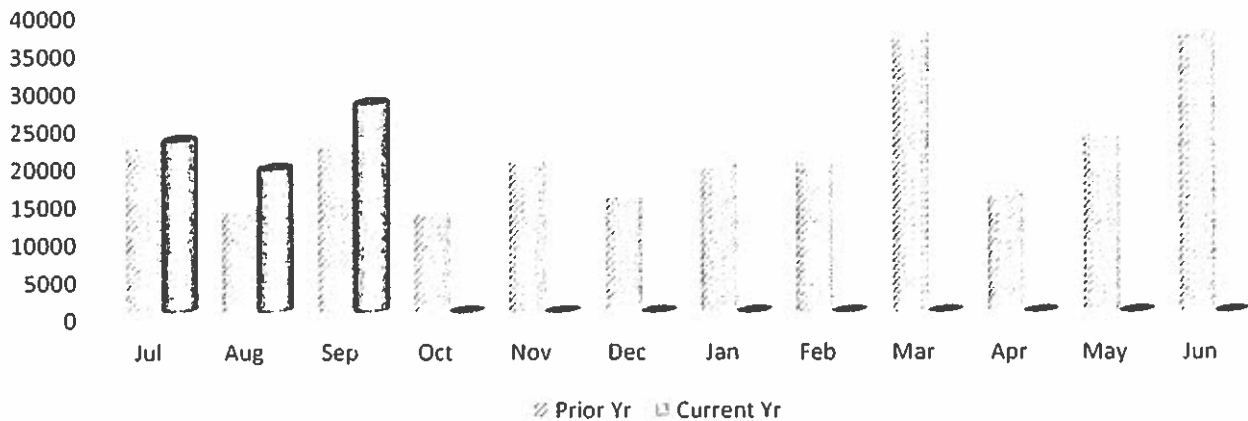
The Coverage Division collected \$27,550 in fine revenue in September 2015, as compared to \$21,800 in Coverage fines/penalties accrued during September 2014. Year on Year, Coverage fines are at 27% of collections for prior year.

Coverage Division fines represent 8% of the Commission's annual earmarked budget.

Coverage Files Created vs Prior Year



Coverage Fines Collected v Prior Year



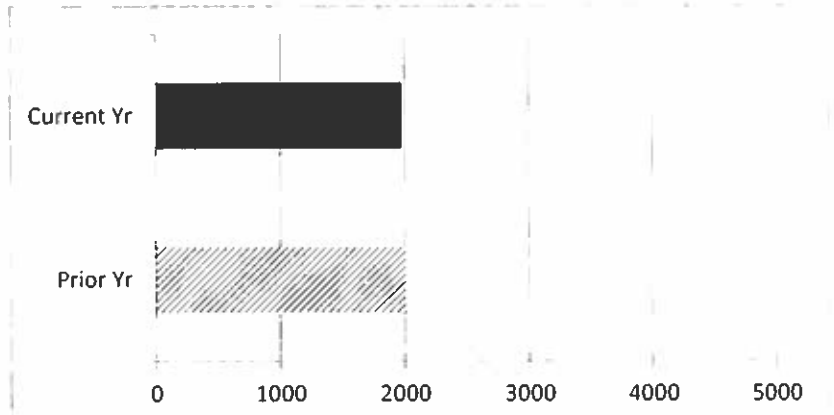
IMS SELF INSURANCE DIVISION

September 2015

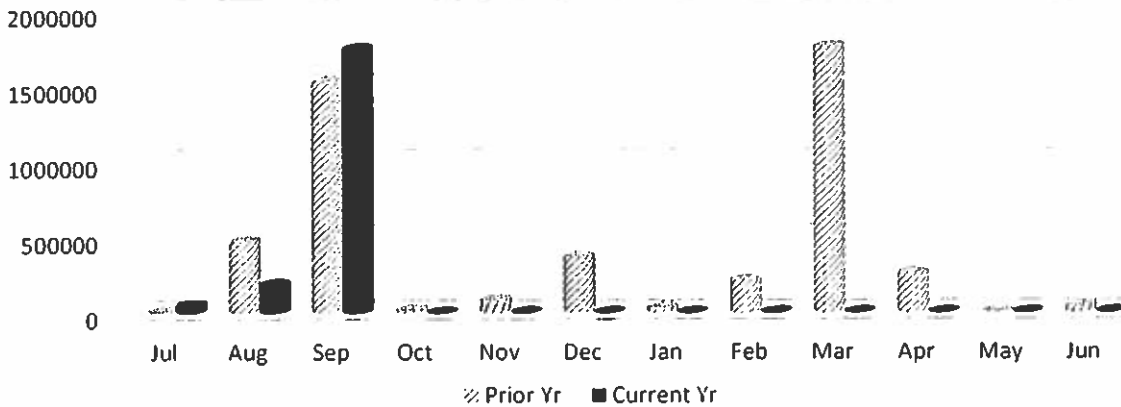
During the month of September 2015, the Self Insurance Division:

- * collected \$1,742,414 in self-insurance tax.
- * added 30 new self-insurers.
- * conducted 4 Self Insurance audits.

Year to Date, Self Insurance tax revenue is trending at 98% of prior year and 12 Self Insurance audits have been completed.



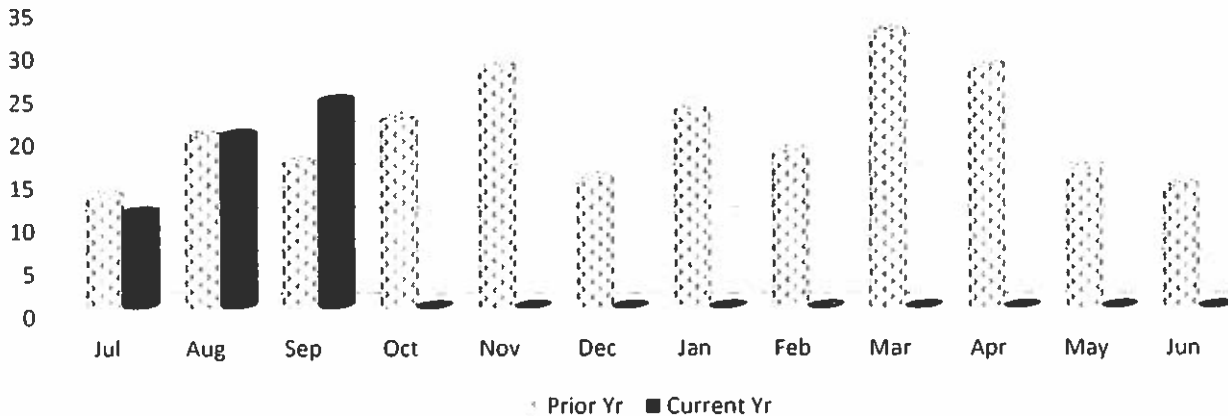
Self Insurance Tax Collections v. Prior Year



IMS MEDICAL SERVICES DIVISION

In September 2015, the Medical Services Division began the month with 20 bills pending review, received an additional 10 bills for review, conducted 6 bill reviews and ended the month with 24 bills pending.

Medical Bills Pending Review v. Prior Year



Summary of Fiscal Activity - September 2015

Operational Funding

The Workers' Compensation Commission derives its operational funding from three sources: General Fund Appropriation; Earmarked Funds (earned revenue); and Appropriated Fund Balance. The Commission's Fund Balance is supported by the retention of the greater of one half of Self Insurance Tax receipts or \$2.4m annually.

For the month of September 2015, the Commission's operational funding of \$528,556 was received as follows:

General Fund Appropriation: \$165,289
 Earmarked Funds: \$259,925
 Fund Balance: \$103,342

Self Insurance Tax Received:
 September 2015: \$ 1,742,414
 FY15-16 (YTD): \$ 1,973,538

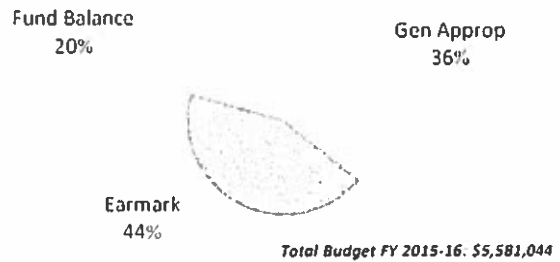
Operational Expenditures

The Workers' Compensation Commission has budgeted expenditures for FY 2015-16 in the amount of \$5,581,044. In the current budget year, slightly more than 74% of budgeted costs are personnel related.

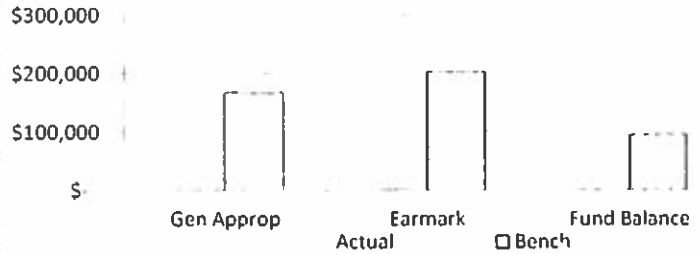
In September 2015, the Commission had expenditures totaling \$528,556. The standard benchmark for third period (September) is 25%. At the close of September 2015, the Commission's overall fiscal performance vs budget is as follows:

Total Expenses Incurred: 27% of budget
 Gen Appropriation Received: 25% of budget
 Earmarked Revenue Received: 29% of budget
 Draw on Fund Balance: 24% of budget

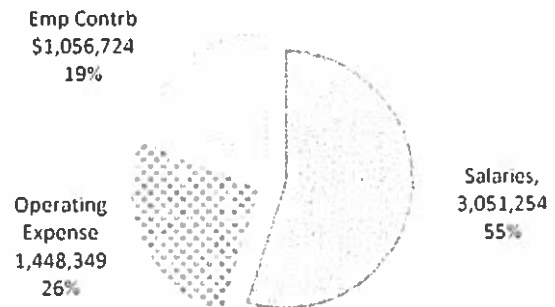
Funding Sources



Funding Sources & Benchmarks (Sept)

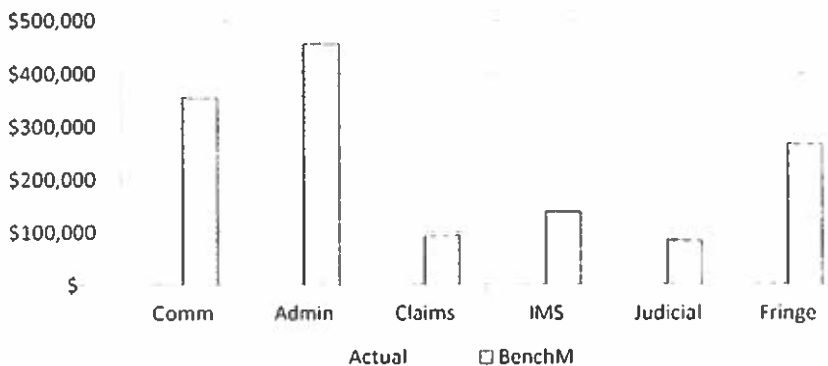


FY 2015-16 Expenditure Budget

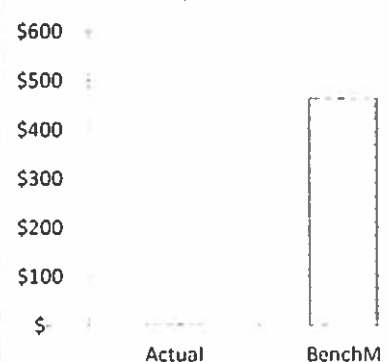


Total Budget FY 2015-16: \$5,581,044

Year to Date Expenditures by Department



Total Expenditures YTD



South Carolina Workers' Compensation Commission
Summary of Revenues and Expenditures 2015-16 Budget
September 2015 - Period 3

Funding and Appropriations

Period 3

	Annual Budget		Annual Final	Sept Received	Year to Date Received	Budget Remaining	Sept Rcvd %	Annual Rcvd %
General Fund Approp	\$ 1,984,261	\$ 9,491	\$ 1,993,752	\$ 165,289	\$ 495,867	1,497,885	8.3%	25.0%

Earmarked Funds

Training Reg Fee	5,000		\$ 5,000	60	\$ 810	4,190		
Sale of Publications	8,000		\$ 8,000		\$ 2,800	5,200		
Award Review Fee	73,000		\$ 73,000	3300	\$ 8,700	64,300		
Sale of Photocopies	88,000		\$ 88,000	7648	\$ 16,807	71,193		
WC Violation Fee	1,660,000		\$ 1,660,000	186360	\$ 537,389	1,122,611		
Listings and Labels	25,000		\$ 25,000	2865	\$ 5,525	19,475		
WC Hearing Fee	562,000		\$ 562,000	56650	\$ 133,525	428,475		
Parking	5,900		\$ 5,900	505	\$ 1,520	4,380		
Other	2000		\$ 2,000	2537	\$ 3,015	(1,015)		
Ttl Earmarked Funds	\$ 2,428,900		\$ 2,428,900	\$ 259,925	\$ 710,091	\$ 1,718,809	10.7%	29.2%

Appro EM Fund Balance
GF Carry Forward

\$ 1,143,166		\$ 1,143,166	\$ 103,342	\$ 275,164	868,002
	\$ 15,226	\$ 15,226		\$ -	15,226
Total Funding	\$ 5,556,327	\$ 24,717	\$ 5,581,044	\$ 1,481,122	\$ 4,099,922

South Carolina Workers' Compensation Commission
Summary of Revenues and Expenditures 2015-16 Budget
September 2015 - Period 3

Expenditures

Bench:	25.0%	Annual		Annual	Sept	Year to Date	Budget	Sept	Annual
		Budget	Amend	Final	Spend	Spend	Remaining	Spend %	Spend %
Commissioners									
Personnel GA		1,133,336		1,133,336	100,129	300,076			
Personnel EM		-		-	-	-			
TII Pers		1,133,336		1,133,336	100,129	300,076	833,260	9%	26%
Expense GA		-		-	-	-			
Expense EM		285,700		285,700	13,836	64,644			
TII Expense		285,700		285,700	13,836	64,644	221,056	5%	23%
Total Comm		\$ 1,419,036		\$ 1,419,036	\$ 113,965	\$ 364,720	\$ 1,054,316	8%	26%

Administration

Personnel GA		146,007		146,007	12,755	38,267			
Personnel EM		606,119		606,119	30,844	103,395			
TII Pers		752,126		752,126	43,599	141,662	610,464	6%	19%
Expense GA		75,000		75,000	-	-			
Expense EM		1,000,649		1,000,649	140,230	314,144			
TII Expense		1,075,649		1,075,649	140,230	314,144	761,505	13%	29%
Total Admin		\$ 1,827,775		\$ 1,827,775	\$ 183,829	\$ 455,806	\$ 1,371,969	10%	25%

Claims

Personnel GA		77,223		77,223	6,377	19,125			
Personnel EM		272,010		272,010	25,999	79,861			
TII Pers		349,233		349,233	32,376	98,986	250,247	9%	28%
Expense GA		-		-	-	-			
Expense EM		19,700		19,700	1,538	5,644			
TII Expense		19,700		19,700	1,538	5,644	14,056	8%	29%
Total Claims		\$ 368,933		\$ 368,933	\$ 33,914	\$ 104,630	\$ 264,303	9%	28%

IMS

Personnel GA		26,632		26,632	2,219	6,658			
Personnel EM		467,881		467,881	42,375	126,358			
TII Pers		494,513		494,513	44,594	133,016	361,497	9%	27%
Expense GA		-		-	-	-			
Expense EM		54,500		54,500	3,995	33,584			
TII Expense		54,500		54,500	3,995	33,584	20,916	7%	62%
Total IMS		\$ 549,013		\$ 549,013	\$ 48,589	\$ 166,600	\$ 382,413	9%	30%

Judicial

Personnel GA		29,267		29,267	-	-			
Personnel EM		292,779		292,779	27,358	82,073			
TII Pers		322,046		322,046	27,358	82,073	239,973	8%	25%
Expense GA		-		-	-	-			
Expense EM		12,800		12,800	861	3,969			
TII Expense		12,800		12,800	861	3,969	8,831	7%	31%
Total Judicial		\$ 334,846		\$ 334,846	\$ 28,219	\$ 86,042	\$ 248,804	8%	26%

Employer Contribution

GA		496,796	9,491	506,287	74,007	147,403			
EM		559,928		559,928	46,033	155,921			
TII Fringe		\$ 1,056,724		\$ 1,066,215	120,040	\$ 303,324	\$ 762,891	11%	28%

Total Agency

TII GA		1,984,261	9,491	1,993,752	195,487	511,529	1,482,223	10%	26%
TII EM		3,572,066		3,572,066	333,069	969,593	2,602,473	9%	27%
GF Carry Fwd		-	15,226	15,226	-	-	15,226	0%	0%
Total Agency		\$ 5,556,327	\$ 24,717	\$ 5,581,044	\$ 528,556	\$ 1,481,122	\$ 4,099,922	9%	27%

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Workers' Compensation Commission

MEMORANDUM

To: Gary Cannon, Executive Director

From: Sonji Spann, Claims Director

Date: October 3, 2015

Re: Claims Department October 2015 Full Commission Report

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

	Sept 2015	Aug 2015	Sept 2014
Individual Case Files Closed	2,613	2,355	2,509
Fine Revenue Collected	\$56,200	\$53,350	\$51,650
# of individual case files reviewed by examiners	907	703	886
Total Fines	316	296	478
Form 18 Fines	288	273	386
Total Forms Processed	13,127	12,446	12,639
SROI	582	506	
Email 18's	1976	1866	1536
USPS	2,413	2,276	2,885

The Claims Department continues their efforts to educate the stakeholders:
Will Harbison/Liberty Mutual Corp and Bob Quinn/ Publix

Memorandum
October 3, 2015
Page 2

SPECIAL PROJECT

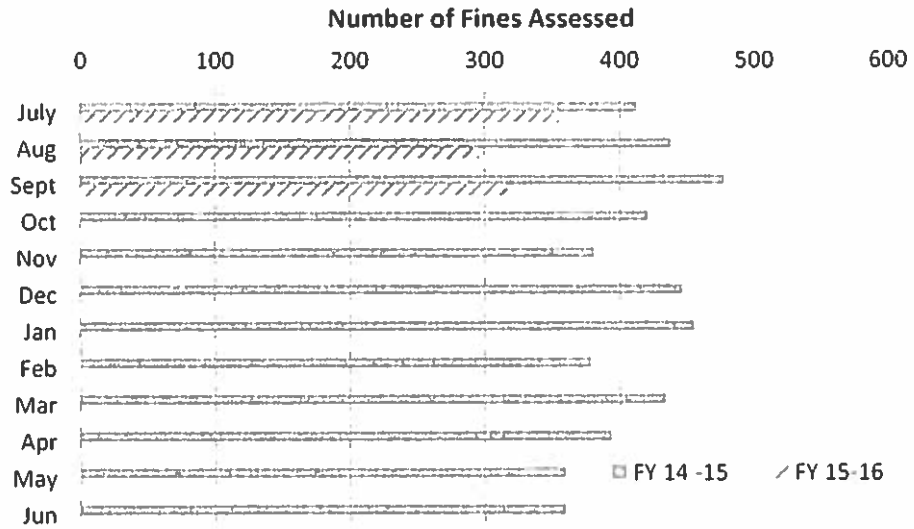
	Sept 2015	Aug 2015	July 2015
Individual Case Files Closed	285	337	244
# of individual case files reviewed by examiner	679	473	421
Total Fines	26	13	8

The Special Project has been completed. It was discovered that 1200 open files had documents scanned as "one" document instead of naming each document individually for an easy search. DiAnn Davis is reviewing each file to separate each document and index it with the correct document type.

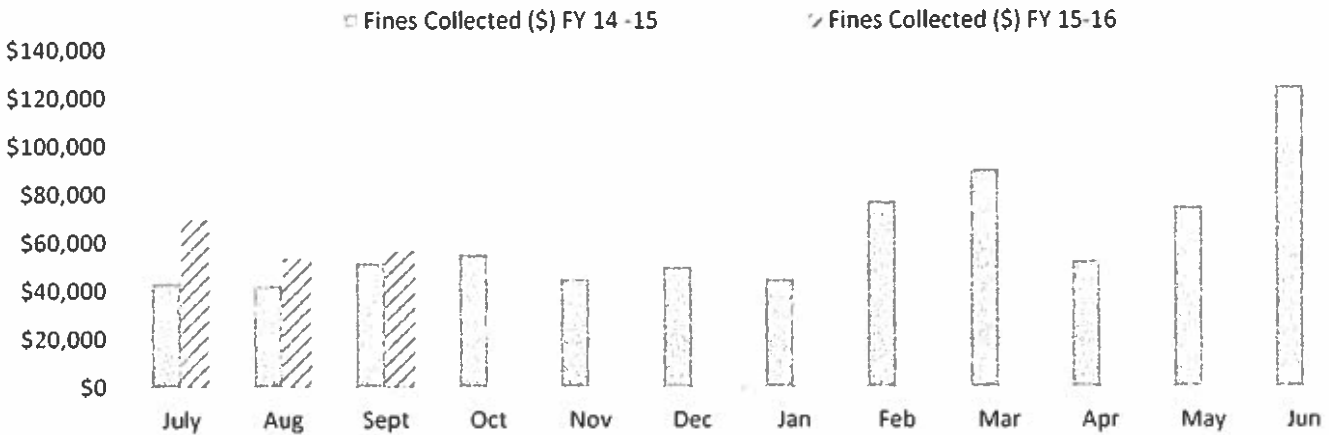
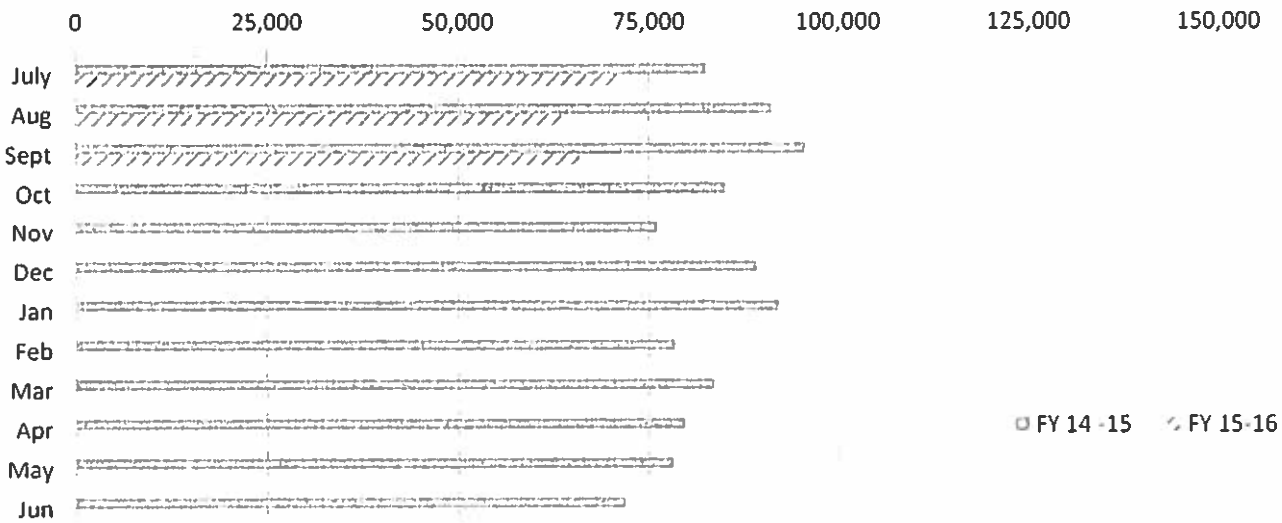
CLAIMS DEPARTMENT - Fine Activity Report September 2015

The number of fines assessed by the Claims Department increased in number to 316 from 296 in September. The number of Claims fines paid increased from 260 in August to 271 in September.

Total fine dollars assessed in September was \$66,000 an increase over prior month \$63,600. Fine revenue received in September was \$56,200 an increase over prior month \$53,350.



Net Fines Assessed (\$)



Claims Department - Fine Activity Report

Fines Assessed (#)

	FY 14-15	FY 15-16
July	413	355
Aug	438	296
Sept	478	316
Oct	421	0
Nov	381	0
Dec	446	0
Jan	455	0
Feb	378	0
Mar	434	0
Apr	394	0
May	390	0
Jun	359	0
Total	4,987	967
Mo Avg	416	322

Fines Received (#)

	FY 14-15	FY 15-16
July	198	341
Aug	205	260
Sept	254	271
Oct	259	0
Nov	234	0
Dec	245	0
Jan	224	0
Feb	368	0
Mar	423	0
Apr	234	0
May	363	0
Jun	604	0
Total	3,611	872
Mo Avg	301	291

Net Fines Assessed (\$)*

	FY 14-15	FY 15-16
July	82,650	71,050
Aug	91,250	63,600
Sept	95,700	66,000
Oct	85,200	0
Nov	76,200	0
Dec	89,200	0
Jan	92,100	0
Feb	78,400	0
Mar	83,600	0
Apr	79,700	0
May	78,100	0
Jun	71,800	0
Total	1,003,900	200,650
Mo Avg	83,658	66,883

Fines Collected (\$)

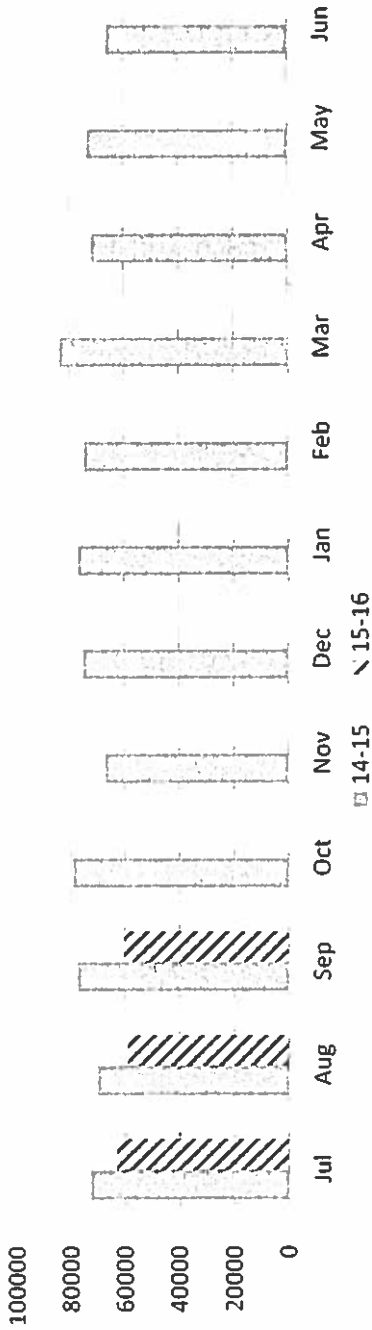
	FY 14-15	FY 15-16
July	\$43,300	69,250
Aug	\$42,100	53,350
Sept	\$51,650	56,200
Oct	\$55,100	0
Nov	\$44,750	0
Dec	\$49,900	0
Jan	\$44,700	0
Feb	\$77,100	0
Mar	\$90,200	0
Apr	\$52,250	0
May	\$74,750	0
Jun	\$124,800	0
Total	750,600	178,800
Mo Avg	62,550	59,600

*after reductions and rescinded

FORM 18 FINE ASSESSMENTS

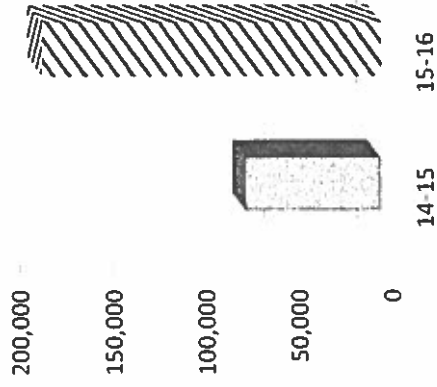
Consistent with overall Commission strategy, the Claims Department works with our Carrier partners to develop approaches that result in increased compliance levels and reduced Fine related costs to businesses in South Carolina.

A key "success measure" of this effort is the Form 18 Fine Assessment report. For the month of September 2015, this has resulted in an increase in Form 18 Fine Assessments to \$60,400 as compared to August 2015 of \$59,000. The actual number of fines assessed increased from 273 to 288 in September 2015.



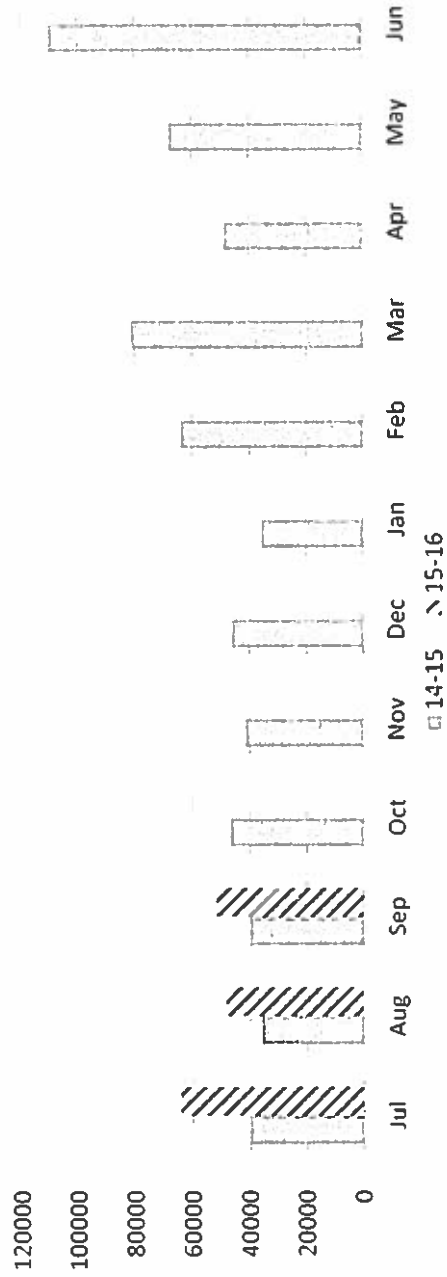
FORM 18 FINE ASSESSMENTS YTD

Form 18 Fine Assessment is trending at 86% of prior year assessments.



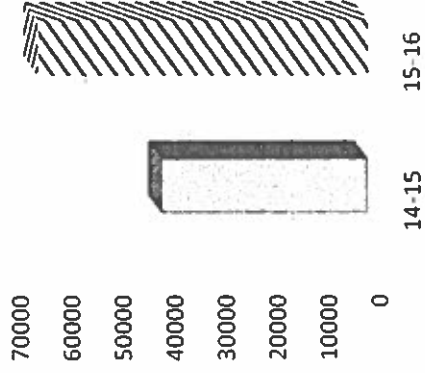
FORM 18 FINE COLLECTION

In September 2015, the Claims Department received payment on Form 18 Fines resulting in revenue of \$52,000.



FORM 18 FINE REVENUE YTD

Form 18 Fine Revenue is trending at 160% of prior year collections.



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Workers' Compensation Commission

October 14, 2015

To: Gary M. Cannon
Executive Director

From: Amy A. Bracy
Judicial Director

RE: **Monthly Judicial Report for September 2015**

There were one hundred eighteen (118) Single Commissioner Hearings conducted during the past month, and there were sixteen (16) Full Commission hearings held in September.

The Informal Conference system conducted two hundred thirty-one (231) hearings during the last month.

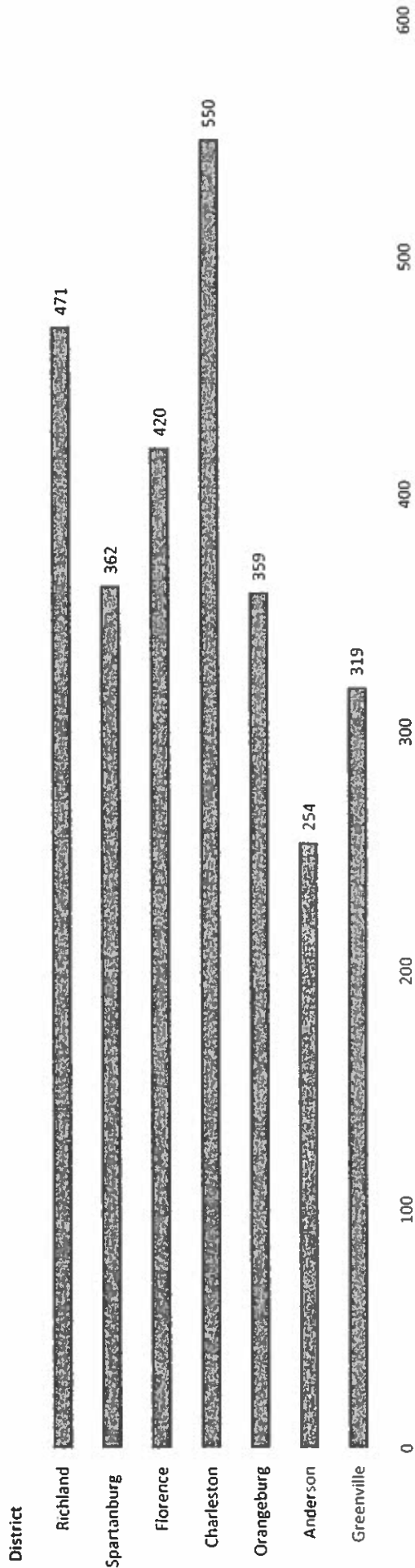
There were eighty-one (81) regulatory mediations scheduled and thirty-three (33) requested mediations. The Judicial Department was notified of seventy (70) matters resolved in mediation, with the receipt of Forms 70.

YTD Diff	FY15-16	FY14-15
+ (-)	Mth Avg	Mth Avg
(95)	648	616
(145)	551	502
(30)	291	281
(80)	139	112
24	24	32
3	12	13
15	13	18
9	106	109
39	94	107
(129)	266	223
4	63	64
*	103	103
111	352	389
172	243	301
120	76	116
(16)	34	28
(1)	3	2
54	58	76
(16)	28	23
.	0	0
24	17	25
(11)	18	12

Pleadings Assigned - Three Year Comparison by Month

	District 1 Greenville			District 2 Anderson			District 3 Orangeburg			District 4 Charleston			District 5 Florence			District 6 Spartanburg			District 7 Richland			
	15-16	14-15	13-14	15-16	14-15	13-14	15-16	14-15	13-14	15-16	14-15	13-14	15-16	14-15	13-14	15-16	14-15	13-14	15-16	14-15	13-14	
Jul	107	103	119	90	92	96	118	119	121	121	121	181	140	164	144	145	117	130	116	111	134	135
Aug	110	86	121	76	96	71	109	120	121	121	171	153	170	164	122	146	131	122	104	119	138	141
Sep	102	105	102	88	84	80	132	105	97	97	198	155	163	154	126	137	110	110	70	90	167	132
Oct		83	124		78	84		115	128	128		143	170	146	159							160
Nov		80	115		56	67		93	115	115		115	163	135	115				80	79		112
Dec		99	78		86	93		108	102	102		133	123	119	108				85	95		113
Jan		109	92		80	56		120	100	100		163	151	158	95				108	88		119
Feb		98	93		86	98		92	98	98		141	157	110	146				111	93		106
Mar		112	101		91	76		132	107	107		156	121	118	130				122	91		128
Apr		99	98		87	69		97	100	100		165	144	120	141				88	101		150
May		101	88		73	97		105	124	124		158	169	140	121				101	100		153
Jun		89	81		66	79		102	95	95		143	148	147	110				117	79		123
Totals	319	1164	1212	254	975	966	359	1308	1308	1308	550	1765	1843	420	1610	1510	362	1214	1152	471	1732	1572

Pleadings Assigned by District Year to Date

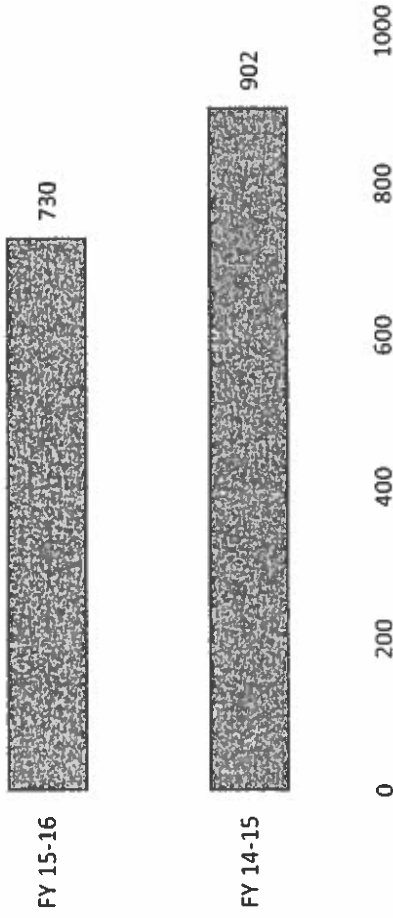


0 100 200 300 400 500 600

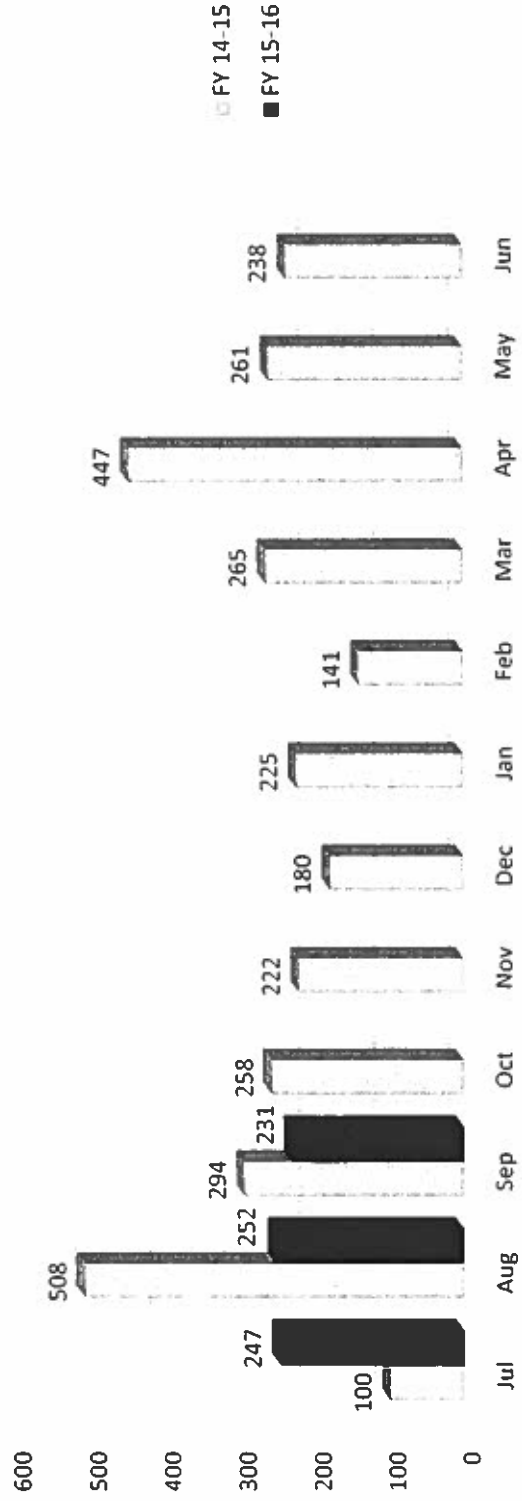
IC's to Date v. Prior

Informal Conf. Conducted

	FY 14-15	FY 15-16
Jul	100	247
Aug	508	252
Sep	294	231
Oct	258	
Nov	222	
Dec	180	
Jan	225	
Feb	141	
Mar	265	
Apr	447	
May	261	
Jun	238	
Total	3139	730



Y-T-D	FY 14-15	FY 15-16
Jul	100	247
Aug	508	252
Sep	294	231
Oct	258	
Nov	222	
Dec	180	
Jan	225	
Feb	141	
Mar	265	
Apr	447	
May	261	
Jun	238	
Total	902	730



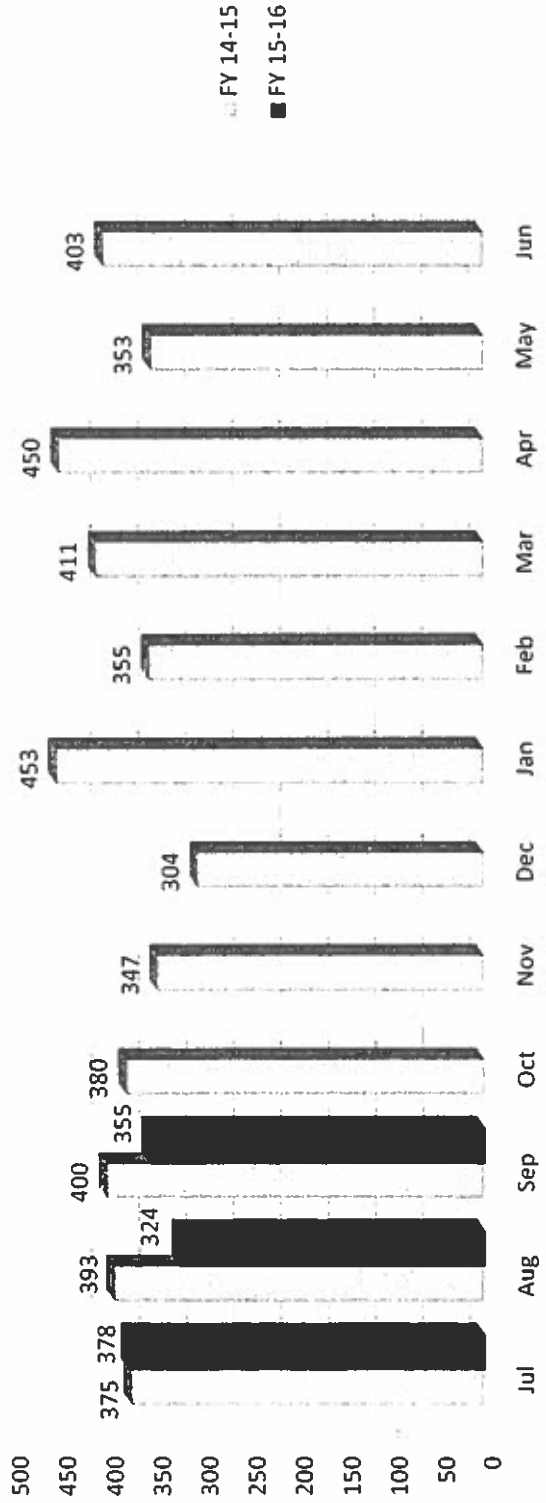
Y-T-D

Informal Conf. Requested

	FY 14-15	FY 15-16
Jul	375	378
Aug	393	324
Sep	400	355
Oct	380	347
Nov	347	380
Dec	304	355
Jan	453	411
Feb	355	450
Mar	411	353
Apr	450	403
May	353	4624
Jun	403	1057
Total	4624	1057



Y-T-D	FY 14-15	FY 15-16
	1168	1057



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Workers' Compensation Commission

Executive Director's Report Gary M. Cannon

October 15, 2015

Debit Card Ad Hoc Advisory Committee

The Debit Card Ad Hoc Advisory Committee met on Wednesday, September 23, 2015, at 2:00 p.m. in the First Floor Conference Room. The Committee's recommendation will be presented at the Commission business meeting on October 19, 2015.

Narcotics Use Ad Hoc Advisory Committee

The next meeting of the Narcotics Use Ad Hoc Advisory Committee is tentatively scheduled for Thursday, December 17, 2015, at 2:00 p.m.

FY 2016-17 Budget Plan

The FY 2016-2017 Budget Request was submitted to the Executive Budget Office, S.C. Department of Administration, on October 2, 2014. Chairman Beck, Mr. Cannon, Mr. Duffield and Ms. Sprang met with staff of the Governor's Budget Office on October 14 to discuss our request. A copy of the request will be presented to the Commission at the Business Meeting on October 19.

Annual Ethics & APA Training

The required annual ethics and APA training is scheduled for Monday, November 16, 2015, from 1:00 - 4:00 p.m. The training will take place in the first floor conference room. Michael Burchstead, General Counsel, State Ethics Commission, and Joe Turner, Assistant Disciplinary Counsel, SC Court Administration, will conduct the training.

Employee Meetings

An All Employee meeting was held on September 24. The next All Employee meeting is scheduled for October 22.

Personnel

Legal Internship

Dakota Derrick completed his law clerk assignment on September 23, 2015.

2016 Self-Insurers Conference

Moby Salahuddin, Executive Director, Self-Insurers Association, Inc., provided the date and location of the 2016 Self-Insurers Conference. The conference will take place at Kingston Plantation, Myrtle Beach, on April 5, 6 & 7. The 2016 Commission Calendar is updated to include this event.

Constituent /Public Information Services

For the period September 15, 2015 through October 14, 2015 the Executive Director's Office and the General Counsel's office had 390 contacts with various system constituents and stakeholders. The contacts included telephone communications; electronic and personal contacts with claimants or constituents, state agencies, federal agencies, attorneys, service providers, business partners; and letters with congressional offices.

SCWCC Stakeholder Electronic Distribution List

For the period September 15, 2015 through October 14, 2015, we added 13 individuals to the distribution list. A total of 562 individuals currently receive notifications from the Commission.

SC Vocational Rehabilitation Department (SCVRD)

SCVRD reported eight referrals in the following counties: Anderson, Berkeley, Greenwood, Horry, Kershaw, Pickens, Spartanburg, and York. SCVRD reports 26 referrals year to date

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Workers' Compensation Commission

TO: Commissioners

FROM: Gary M. Cannon

DATE: October 14, 2015

RE: Debit Card Advisory Committee Recommendations

On November 17, 2014, the Commission chartered an ad hoc advisory committee to study the issue of allowing carriers and employers to make indemnity payments by pre-paid debit card. The committee was made up of stakeholders from the workers' compensation industry. Johnny Baxley, III, Esquire, served as the chairman of this committee. Attached is a list of the committee members.

The committee conducted three meetings (April 1, May 28, and September 23). On September 23 the Committee voted to recommend the following changes to Regulation R67-1602.

Proposed changes to R.67-1602 (September 23, 2015)

~~Deleted language~~

New language

A. The employer's representative shall pay all compensation directly to the claimant or guardian, unless otherwise ordered by the Commission.

B. The employer's representative may make a check payable to the claimant and the claimant's attorney, as allowed according to an approved Form 61, Attorney Fee Petition, or by order of the Commission.

~~(C.) The employer's representative shall make each payment in the form of a check. Payment to a person other than as directed above shall not acquit, protect, or discharge the employer or its representative for the payment due.~~

C. The employer, employer's representative, or other payer shall make payment in the form of a check, unless the parties mutually agree to an alternate payment method as provided for in this section. An employer, employer's representative, or other payer may use an electronic payment system, including, but not limited to, an electronic funds transfer, a direct deposit, debit card, or similar payment system, as an alternative method of payment if:

(1) The claimant can immediately obtain payment in full;

(2) When payment is made to a debit card account:

(a) The payer shall not charge the claimant fees related to issuance of debit card.

(b) Claimant must be provided a reasonable method to obtain payment in full without usage fees being incurred.

(c) Any other fees associated with the use of the debit card shall be disclosed to the claimant in writing by the payer.

(3) The method of payment is easily and readily accessible to the claimant:

(4) The use of an electronic payment system is optional, at the election of the parties as documented in the records of the payer; and

(5) Once the parties have agreed to use an alternate payment system in accordance with this section, either party may opt to change the method of payment to another method consistent with this section by providing 30 days written notice to the other party.

D. Other than when making payment by check, an employer, employer's representative, or other payer shall not make a payment as described in section C above, without the full, free, and written consent of the claimant, obtained without intimidation, coercion, or fear of discharge or reprisal to accept an electronic payment as a method of payment. Default payment will be by check.

E. Payment other than as directed above shall not acquit, protect, or discharge the employer, employer's representative, or other payer for the payment due.

F. The claimant may request a hearing to assess a penalty and, or, interest for late payment by filing with the Commission's Judicial Department a motion to increase compensation payments according to R.67-215.

Debit Card Advisory Committee

November 2014

Johnnie Baxley, Chairman
Willson, Jones, Carter & Baxley, P.A.

SC Small Business Chamber of Commerce
Nick Callas
Popowski, Callas & Shirley, Attorneys at Law

CorVel Corporation
Lee Caplan
Claims Manager

American Insurance Association
Nancy Chiesa
Assistant Vice President
Key Risk

Sedgwick Claims Management Services, Inc.
Brenda Corey
SVP Compliance & Regulatory

Companion Property & Casualty Group
Sandra Corley
Claims Supervisor

Liberty Mutual Insurance
David Guffy
Strategic Practices

Federation of Independent Business Owners
Ben Homeyer

SC Workers' Comp Education Assn.
Roy Howell
Attorney at Law, Trask & Howell, LLC
rhowell@trask-howell.com
843-881-2236

Civil Justice Coalition
Earl Hunter
Executive Director
ehunter@sccjc.org
803-771-0008

Injured Workers' Advocates Association
J. Tyler Lee, Jr.
McWhirter, Bellinger & Assoc., P.A.

Gallagher Bassett Services, Inc.
Julie McCoy-Lincoln
Vice President, Claims Operations

SC Chamber of Commerce
Otis Rawl
Current Advisor to Chamber

Attorney Rep for AIA in S.C.
Thomas Salane
Turner Padgett Graham & Laney, PA

Property Casualty Insurance
Heather Smith
Southern Strategy Group

PHT Services, Ltd. & Self Insurers Assn.
Brian Teusink
President & CEO, PIIT Services, Ltd.

Staff
Gary Cannon,
Executive Director
SC Workers' Compensation Commission

Keith Roberts
Legal Counsel
SC Workers' Compensation Commission

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Workers' Compensation Commission

TO: Commissioners

FROM: Gary M. Cannon

DATE: October 15, 2015

RE: Budget Proposal FY2016-17

Attached is the proposed budget for FY2016-17. The requested amount is \$1,993,572 for General Fund Appropriations and \$4,690,648 for the Earmarked Funds, for a total annual operating budget of \$6,684,220. See attachment "SCWCC Funding Summary FY2016-17".

General Fund

We are requesting the same level of funding in the General Fund Appropriations, \$1,993,572. The majority of this Fund contains expenditures for salaries and benefits for the Commissioners and their Administrative Assistants and various positions in other departments. In FY2015-16, the General Assembly approved an additional \$75,000 in recurring funds for the Information Security Program.

Earmarked Fund

Revenues

The revenues projected in the Earmarked Fund are \$1,889,310. "See attachment SCWCC Funding Summary FY2016-17". This revenue figure is based on historical data and projected trends in the Commission activities. The Total Revenue proposed for FY16-17 is \$539,590 less than budgeted in FY15-16. Please note:

- a. Training Conference Registration Fee. Due to a scheduling change we will conduct one less training workshops for stakeholders resulting in a projected revenue decrease of \$1,422.
- b. Sale of Publication and Brochures. Projected revenue decreased by \$6,443 due to the Commission's arrangement with a third party vendor to produce and publish the Medical Services Provider Manual.
- c. Workers' Comp Award Review Fee. Projected revenue decreased \$40,749 based a fewer number of cases being appealed.
- d. Sale of Photo Copies. Projected revenue decreased by \$30,801 based on decreased purchases of paper document copies.

- e. Workers' Compensation Filing Violation Fee. We project a \$424,524 reduction in this Revenue center due to the development and implementation of additional phases of the Subsequent Report of Injuries (SROI).
- f. Sale of Listings and Labels. Anticipated reduction in revenues of \$19,313 due to decrease demand for purchases of listings and labels.
- g. Workers' Comp Hearing Fee. We project that the number of single and appellate hearings will continue to decrease resulting in a revenue reduction of \$16,338.

Appropriated Fund Balance

As a result of Act 95 enacted by the General Assembly in 2014, the Commission is allowed to retain fifty percent of the Self-Insurance (SI) taxes collected. Since implementation, annual SI tax funding retained by the Commission has been historically a little more than \$2.4 million per year. We are proposing the use of \$2,843,888 of those funds from the Earmarked Fund balance to cover the budgeted expenditures in the Earmarked Fund.

Expenditures

The attached worksheet "SCWCC FY16-17 Proposed Budget" contains the actual expenditures for FY2015 Fiscal Year, the budgeted amount for FY15-16 and the amount proposed for FY16-17. The FY16-17 column includes the increase shown as either "Recurring" or "One-time" expenses. The expenditures are listed by department and Fund. GA is General Appropriation and EAR is Earmarked Fund.

FY 16-17
Annual Operating Budget Proposal
Justification for Increased Expenditures
Sept 25, 2015
See Attachment "SCWCC Proposed Budget"

1. Commissioners – Earmarked – Taxable Subsistence **\$15,000**
 Increased amount requested based on historical actual use and projected trend for next year.
 Recurring

2. Administration – Earmarked – Personnel **\$194,000**
Attorney I **\$55,000**
 This is a new FTE for the Legal Division. (Recurring)

Business Analyst Position **\$45,000**
 This is a new position in the Information Technology Department. The Commission is committed to effectively using technology to solve business problems and continually improving the business processes in the organization. One example is the recent implementation of electronic filing for SROI (Subsequent Report of Injury) for the Form 18. Previously these forms were sent in via mail or fax, a case was initiated, a file was created, the paper was scanned and then staff began processing. Our system now allows for the electronic filing of these forms, minimizing the work required by agency staff since the forms collection and processing are now fully automated. This system was designed and implemented by the one business analyst in place at the Commission. We have many other initiatives similarly focused on automating our current manual processes. To accurately and effectively automate these processes, it requires a business analyst to evaluate the current system, glean knowledge from the business unit and work closely with the business owners and IT department to design an automated business process. A business analyst will bridge the gap between the business unit owners and technology by translating the business needs into an appropriately designed system.

The executive leadership of the Commission sees the automation of business processes as a critical task for another reason. We have a large number of staff (almost 50%) capable of retiring in the next two years. The loss of this institutional knowledge will be staggering if we don't address this now. As we move from manual-based processes to automated workflows, the insight and perspective of those currently doing the work is instrumental in forging systems, processes and workflows that increase the efficiency and effectiveness of our operations. We want to augment our staff with another analyst at a salary of \$45,000. The total cost including fringe benefits is \$60,750. (Recurring)

Salary Adjustments -- Reclassification and Performance Merit Program **\$94,000**
 The amount budgeted for potential salary increases for a reclassification of positions and an employee performance merit program. Reclassification of a position may occur as a result of increased duties and responsibilities of the position. The approval of a Reclassification requires completion of reclassification request, justification indicating new duties and responsibilities, and approval by Chairman upon recommendation of the Executive Director. Funds are requested for salaries and fringe benefits for the Employee Bonus Program. In 2014 the bonus program provided eligible employees a one-time bonus of an amount not exceeding \$3,000. Under the performance merit program, the amount received will be based upon employees whose performance has exceeded expectations in their department's successful accomplishments. The total expense for the 2015 program was \$93,000. (Reclassification Recurring; Performance Merit One time)

3. Administration – Earmarked – Other Personnel **\$21,060**

2 law clerks, 15 hours per week at 13.00/hour

There are several areas of responsibility in which the Commission could use some part-time assistance from someone with legal training. The primary area where the law clerks could be of assistance would be helping the Commissioners and Appellate Panels draft Orders. Numerous Orders need to be drafted or revised by staff on a monthly basis. I currently have 4 files on my desk which need Orders drafted. Depending on the complexity of the case, drafting an Order can take anywhere from 1-4 hours, with possible revisions as requested by the Commissioner.

A second area would be assisting Commissioners with organizing and reviewing the evidence submitted in a case pending a decision by the Commissioner. Commissioners will regularly receive cases where voluminous amounts of evidence have been submitted for the Commissioner to consider, including hundreds of pages of medical reports or multiple expert and lay depositions. Law clerks could assist with organizing and summarizing medical records, reading and briefing depositions, viewing and summarizing video recordings, and flagging crucial pieces of evidence for the Commissioner’s review. Depending on the volume of evidence submitted, this type of project could take from a few hours to a few days.

Another area would be assisting the Commissioners and staff with simple legal research functions. While research involving detailed analysis and drawing legal conclusions based thereon should be performed by Counsel, the Commissioners and staff make frequent requests to have a particular case or statute found and printed or emailed. These types of basic research requests could easily be handled by a law clerk.

It would also be beneficial to have law clerks available to sit in and observe hearings occasionally. This would allow them to monitor issues arising in cases involving procedure implemented by the Commission’s staff, and identify areas where the Commission can improve its processes. It also may be beneficial, at the request of a Commissioner, to have a clerk sit in on a hearing involving multiple parties or witnesses, or other complexities, in order to assist the Commissioner.

Having clerks available to assist the Commissioners would help ease the backlog of cases awaiting decision by the Commissioners. Further, having clerks to handle some of these smaller projects would free up existing legal staff to focus on larger, more long-term projects and issues. (Recurring)

4. Administration – Earmarked – Expenses **\$20,000**

Funds budgeted for fixtures, shelving removal and other office furniture related items which may result from the relocation or renewal of the office space lease agreement. (One-time)

5. Administration – Earmarked – Information Technology **\$711, 771**

Information Security Program (One-time)

There are multiple projects projected for FY 2016-17 designed to improve the Commission's security posture and to align information security with the Commission's mission, goals and objectives.

a. Mobile Device Management **\$14,661**

Commissioners’ conduct hearings all over the state and must be able to access agency information from mobile devices in order to execute their duties. This data is classified as confidential and restricted as it contains, at a minimum, medical records and PII (Personally Identifiable Information). It is imperative we secure the data, the applications and the resources used to conduct hearings through a mobile device management system. This system will allow us to provision, secure and manage mobile devices, applications and content while minimizing the security risk. It will also allow us to embrace Bring Your Own Device (BYOD), saving the device cost and data plan costs associated with each user. Mobile Iron is an application supported and recommended by DTO to accomplish this security objective. The anticipated cost to procure, install and configure the system is \$14,661. After the initial year, there will be a recurring maintenance cost of \$2,199. This amount is included in the first year’s purchase price.

b. Update Progress System – Software rewrite

\$80,334

The Progress system is a mission critical application for the Commission. It is the system that manages the data for all claims from the filing of Form 12A or Form 50 to the filing of a Form 19. Further, it is the backbone that allows us to provide the claims information to stakeholders through eCase. The Progress system code was written in 2006, a time when information security was not considered a priority in the development of the software application lifecycle. In this project, our application support vendor, BravePoint, will build the necessary security measures into the application using today's standards. The rewritten code will also improve the eCase application by providing a clearer and more intuitive user interface and enabling our application to be accessible in a mobile environment. This application rewrite has been estimated at \$80,334.

c. Information Security Compliance Program

\$51,230

The Commission has made significant investments in building a security plan which adequately protects the agency's resources, minimizes the risks of exposure, and supports the agency's mission and objectives. Since security threats are ever-changing and evolving, it is crucial we periodically contract with a third-party firm who can independently assess the security and vulnerabilities in our key systems, networks and processes. This audit should be conducted routinely. It is most appropriate to conduct the review in FY 16-17 upon the completed implementation of critical security systems. We anticipate this audit to cost \$51,230.

d. DTO Services Contract for Infrastructure and Hosting

\$104,569

The Commission is, at the recommendation of the Department of Technology Operations, under the State's Department of Administration, improving the security posture of the agency's aged hardware infrastructure. This will be done by migrating the applications and services running on two physical servers to a virtual environment. The new virtual environment will include an application server, a database server and a web server in both a development and production environment for a total of six virtual servers. The building of these development and production environments, the migration of the systems, processes and data, and the initial licensing fees will be a significant increase over prior contracts; the cost is projected at \$104,569. For subsequent years, the recurring cost for these hosted services is estimated at \$79,429; this amount is included in the initial cost.

e. View Image Project – Software Upgrade

\$40,257

To further enhance the objective of improving the effectiveness of communicating with stakeholders and providing access to claims and judicial data, the Commission approved the View Images project. The View Images allows stakeholders a more efficient way to view electronic images of case documents via eCase and it reduces the amount of paper documents requested from the Commission by the stakeholders. This system upgrade will have to provide for the electronic transfer of funds from the stakeholder to the Commission for the payment for the access to the electronic images of case documents. The expected cost of this application enhancement is \$40,257.

f. Virtualization Licenses

\$12,555

With the conversion to a virtual environment and the separation of services between these environments, there will additional licensing costs for new server to server communications. These OnBase and BravePoint licenses are estimated at \$12,555, with a recurring annual maintenance licensing fee of \$1,883 for each year following. This recurring annual fee is not in addition to the initial cost.

Software Licenses

To continually improve the effectiveness and efficiency of the Commission's staff and to maintain compliance with licensing agreements, the Commission needs additional software licenses for existing applications required as well as new productivity applications.

a. Adobe Professional

\$13,930

To come into compliance with licensing agreements based on our extensive use of electronic forms, and to allow our ability to capture and use electronic signatures, an additional 40 Adobe DC Professional licenses are needed. The State has not been able to negotiate a state-term contract with this vendor, so the expense is estimated at the published volume discounted rate of \$349 per user for a total of \$13,930. Annual licensing fees for Adobe products are estimated at 15% of the initial cost for a total cost of \$2,088. This cost is not incurred in the first year; instead it is an annual subscription, renewal at the end of the one-year contract period.

b. HelpDesk Software

\$4,000

While the Commission is a small agency in terms of number of staff, we are a very mobile workforce. Additionally, because we provide our clients with a portal to access case information, we receive and respond to a large number of requests for assistance with the eCase system. HelpDesk software would allow us to achieve a higher level of efficiency at a low investment cost of \$4,000 in year one. The software maintenance agreement will cost \$600 annually thereafter. The benefits of tracking helpdesk requests are improved customer service for both internal and external customers, faster response times, and ultimately, lowering information technology costs and increasing staff productivity.

c. Imaging Software for Laptops/Desktops

\$4,500

The Commission needs a tool to effectively manage a standard desktop/laptop image. Presently, the lack of this tool requires an IT staff member spend over 4 hours building a new computer as a result of a virus or other issue. The HelpDesk technician spends approximately 15 hours per month doing this work. An Imaging System will reduce this time 30 minutes and will provide additional benefits such as tools that delete sensitive data prior to a leased computer being returned, the ability to restore an image to multiple computers at the same time, and a log viewer that allows you to see when system activities occur. The cost of this system is \$4,500 initially with a \$650 licensing renewal fee annually after year one.

Hardware Replacement

There are times when a computer asset has reached its maximum useful life and must be replaced. The decision is more than a financial consideration. Security, staff productivity, total costs of ownership and equipment performance should all be relevant. Changes in business processes should also be evaluated to validate if there is more appropriate technology to apply.

a. Printers

\$26,750

We currently have a total of 22 printers, many of which are consistently out of service. The poor performance and issues result in increased maintenance and service costs, more work for the IT staff in managing the issue and re-routing printer functionality for staff and overall inefficiencies in operations. We can minimize these by purchasing 10 printers and reallocating agency-wide resources to these printers at a cost of \$26,750.

b. iPads

\$12,708

The Commissioners use iPads as the preferred mobile device for accessing case information remotely. These devices presently in use are the first generation model which are considered "end of life" and are not accepted as compliant devices by Mobile Iron. The cost of replacing these devices is \$12,708.

c. Cell Phones

\$3,150

The standard model cell phone in use at the Commission is Apple's 4S. This device is considered "end of life" by Mobile Iron. To upgrade these devices to security-compliant models the cost will be \$3,150.

d. Desktop/Laptop Replacement \$54,675
The Commission has 27 workstations that are over four years old and need to be replaced. The replacement of these will cost \$54,675.

e. Document Imaging Equipment \$249,712
As we move from a paper-based claimant system to a digital one, many forms and records are submitted electronically. This shift in workflow demands we re-evaluate our current scanning processes. The Commission will continue to utilize high-speed scanners to handle the intake of voluminous files for certain areas like the mailroom, but we can reduce our recurring investment if we utilize less expensive desktop scanning equipment to handle the smaller files. The total cost to complete this project is \$249,712.

f. Video Conferencing \$38,740
There are many reasons a video conference solution could benefit the Commission. Reducing travel costs and increasing the productivity of Commission staff are obvious ones. The more important benefit is minimizing the travel inconvenience for injured workers. Our claimants and the respective legal team would be far better served by a system which allowed non-contested hearings to be handled via streaming video and audio. The objective of this project is to build a proof of concept, or prototype system. Its success will require the commitment and participation of several law firms that practice Workers' Comp so the system can be successfully evaluated. This scope of this prototype is to outfit one of the hearing rooms at the Commission with all the required equipment and services to conduct video conferences. The cost to build the prototype with the required services is estimated at \$38,740 for the first year; for each thereafter, an annual support and maintenance agreement is estimated at \$5,811.

IMAS – Earmarked – Expenses

6. Microfilm Conversion Project (One-time) \$93,500

The Commission is charged with providing insurance coverage verification in support of its "claims file processing" and "compliance enforcement" activities. In order to accomplish this task, the Commission utilizes two primary data sources. The first is information compiled by the National Council on Compensation Insurance (NCCI). NCCI is a non-profit, industry supported "watchdog" organization that (among other things) serves as a data clearinghouse for workers' compensation insurance policies. Although the Commission has utilized the NCCI data in part since the mid-1980s, it was not until NCCI incorporated self-insurer information into their database in 2008 that the Commission began to rely solely on NCCI for its insurance coverage verification.

The second data source is a microfilm database housed at the Commission's offices. The Commission's microfilm database is comprised of photographic images of workers' compensation insurance policy information for numerous companies and organizations in South Carolina. These images are stored on rolls of translucent microfilm. Currently, the Commission has 180 rolls of microfilm containing approximately 1,100,000 individual images. The information contained on these images relates to insurance coverage data compiled between the mid 1930's until 2008. Since 2008, all data has been stored through NCCI.

As the South Carolina Department of Archives and History will attest, microfilm (as a media) is susceptible to degradation over time. Exposure to heat (as well as flame) and other environmental conditions accelerate this degradation. In order to prevent the loss of information stored on its microfilm database, the Commission proposes implementing a project by which the microfilm images can be transferred to digital images and stored on specified server locations. By so doing, the Commission will be able to maintain these critical records in perpetuity.

Based on previous cost quotations received in previous years, the Commission anticipates a cost of \$93,500 (8.5 cents per image) to convert the microfilm data to a digital format. This cost estimate is inclusive of ancillary QA/QC processes as well and data storage cost in year one.

7. Fringe Benefits – Earmarked – Fringe (Recurring) \$48,071
Funds for the Commission’s portion of retirement, social security, health insurance, workers’ comp insurance, unemployment insurance, dental insurance, supplemental long term disability insurance, life insurance and tort insurance. (Law clerks - \$7, 371; Business Analyst I - \$15,750; Attorney I - \$18,150; Reclassification - \$6.800).

SCWCC Funding Summary FY 2016-17

Proposed Budget					
	FY	FY	FY	FY 2016-17	
	2014-15	2014-15	2015-16	Proposed	Variance
	Budget	Actual	Budget	Budget	
General Appropriations	\$ 1,924,402	\$ 1,915,177	\$ 1,993,572	\$ 1,993,572	\$ -
Earmarked Fund Revenues	\$ 2,421,000	\$ 2,743,744	\$ 2,428,900	\$ 1,889,310	\$ (539,590)
Earmarked Fund Appropriated Fund Balance	\$ 882,990	\$ 517,629	\$ 1,143,346	\$ 2,801,338	\$ 1,657,992
Total Funding:	\$ 5,228,392	\$ 5,176,550	\$ 5,565,818	\$ 6,684,220	\$ 1,118,402

Appropriations and Revenues

	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Budget	Proposed
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Budget
General fund Appropriations						\$ 1,993,572	\$ 1,993,572

Earmarked Fund

Revenue Source	Fiscal Year					Budget	Proposed	Difference
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Budget	
Training Conference Registration Fee	\$ 8,020	\$ 6,315	\$ 8,450	\$ 5,780	\$ 400	\$ 5,000	\$ 3,578	\$ (1,422)
Sale of Publication and Brochures	\$ 21,963	\$ 6,370	\$ 4,465	\$ 3,900	\$ 4,215	\$ 8,000	\$ 1,557	\$ (6,443)
Workers' Comp Award Review Fee	\$ 75,000	\$ 73,200	\$ 61,790	\$ 39,750	\$ 38,850	\$ 73,000	\$ 32,251	\$ (40,749)
Sale of Photocopies	\$ 93,958	\$ 88,250	\$ 87,499	\$ 62,485	\$ 80,989	\$ 88,000	\$ 57,199	\$ (30,801)
Workers' Compensation Filing Violation Fee	\$ 2,036,697	\$ 1,669,188	\$ 1,576,011	\$ 1,613,161	\$ 2,026,689	\$ 1,660,000	\$ 1,235,476	\$ (424,524)
Sale of Listings and Labels	\$ 41,550	\$ 25,133	\$ 25,487	\$ 21,084	\$ 23,119	\$ 25,000	\$ 5,687	\$ (19,313)
Workers' Comp Hearing Fee	\$ 549,080	\$ 562,050	\$ 533,415	\$ 540,391	\$ 569,486	\$ 562,000	\$ 545,662	\$ (16,338)
Parking						\$ 5,900	\$ 5,900	\$ -
Other						\$ 2,000	\$ 2,000	\$ -
Insurance Reserve Refund		\$ 33,238	\$ 3,493					\$ -
Total Earmarked Revenue:	\$ 2,826,268	\$ 2,463,744	\$ 2,300,610	\$ 2,286,551	\$ 2,743,748	\$ 2,428,900	\$ 1,889,310	\$ (539,590)
Earmarked Approp Fund Bal	\$ 427,815	\$ 612,490	\$ 535,065	\$ 951,066	\$ 517,625	\$ 1,143,346	\$ 2,801,338	\$ -
General Fund Carry Forward FD						\$ 15,226		\$ -
Total Fund Balance:						\$ 1,158,572		\$ -

SCWCC FY16-17 Proposed Budget

		FY 2014-15	FY 2014-15	FY 2015-16	FY 2016-17		
		Budget	Actual	Budgeted	Increase/Decrease		Proposed
Commissioners					Recurring	One-time	Budget
GA	Chair	\$ 121,268	\$ 116,371	\$ 121,268			\$ 121,268
	Commissioner	\$ 698,231	\$ 723,265	\$ 698,231			\$ 698,231
	Staff	\$ 313,837	\$ 320,701	\$ 313,837			\$ 313,837
EAR	Personnel						\$ -
	taxable sub	\$ 50,000	\$ 60,272	\$ 55,000	\$ 15,000		\$ 70,000
	Expenses	\$ 212,219	\$ 233,929	\$ 230,700			\$ 230,700
Administration							
GA	Personnel	\$ 98,915	\$ 98,915	\$ 98,915			\$ 98,915
	Other Pers	\$ 47,092	\$ 52,152	\$ 47,092			\$ 47,092
	Expenses			\$ 75,000			\$ 75,000
EAR	Personnel	\$ 452,641	\$ 439,767	\$ 565,119	\$ 120,000	\$ 74,000	\$ 759,119
	Other Pers	\$ 85,004	\$ 80,034	\$ 41,000	\$ 21,060	\$ -	\$ 62,060
	Other Pers		\$ 7,103		\$ -	\$ -	\$ -
	Expenses	\$ 824,968	\$ 807,820	\$ 1,000,649		\$ 20,000	\$ 1,020,649
	Info Technology					\$ 711,771	\$ 711,771
Judicial							
GA	Personnel	\$ 29,267	\$ 2,908	\$ 29,267			\$ 29,267
	Other Pers						\$ -
	Expenses						\$ -
EAR	Personnel	\$ 299,450	\$ 290,931	\$ 292,779			\$ 292,779
	Other Pers						\$ -
	Expenses	\$ 28,890	\$ 14,835	\$ 12,800			\$ 12,800
IMAS							
GA	Personnel	\$ 26,632	\$ 26,632	\$ 26,632			\$ 26,632
	Other Pers						\$ -
	Expenses						\$ -
EAR	Personnel	\$ 455,799	\$ 445,362	\$ 445,000			\$ 445,000
	Other Pers		\$ 5,200	\$ 22,881			\$ 22,881
	Expenses	\$ 74,138	\$ 48,917	\$ 54,500	\$ -	\$ 93,500	\$ 148,000
Claims							
GA	Personnel	\$ 77,223	\$ 76,500	\$ 77,223			\$ 77,223
	Other Pers						\$ -
	Expenses						\$ -
EAR	Personnel	\$ 331,158	\$ 306,244	\$ 272,010			\$ 272,010
	Other Pers	\$ 5,475	\$ 5,466				\$ -
	Expenses	\$ 33,989	\$ 20,897	\$ 19,700			\$ 19,700

Fringe Benefits							
GA	Fringe	\$ 496,796	\$ 437,461	\$ 506,287			\$ 506,287
EAR	Fringe	\$ 465,400	\$ 554,868	\$ 559,928	\$ 48,071	\$ 15,000	\$ 622,999
Totals		\$ 5,228,392	\$ 5,176,550	\$ 5,565,818	\$ 204,131	\$ 914,271	\$ 6,684,220