

A G E N D A

SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION

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

September 21, 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.

1. CALL TO ORDER *CHAIRMAN BECK*
2. APPROVAL OF AGENDA OF BUSINESS MEETING
OF SEPTEMBER 21, 2015 *CHAIRMAN BECK*
3. APPROVAL OF MINUTES OF THE BUSINESS MEETING
OF AUGUST 17, 2015 (Tab 1) *CHAIRMAN BECK*
4. GENERAL ANNOUNCEMENTS *MR. CANNON*
5. APPLICATIONS FOR APPROVAL TO SELF-INSURE (Tab 2) *MR. SMITH*
6. DEPARTMENT DIRECTORS' REPORTS *MS. OSBORNE*
 - Human Resources (Tab 3) *MS. SPRANG*
 - Information Services (Tab 4) *MR. DUFFIELD*
 - Insurance, Medical & Administrative Services (Tab 5 & 6) *MS. SPANN*
 - Claims (Tab 7) *MS. BRACY*
 - Judicial (Tab 8)
7. EXECUTIVE DIRECTOR'S REPORT (Tab 9) *MR. CANNON*
8. OLD BUSINESS *CHAIRMAN BECK*
 - A. Proposed Amendments to Regulations (Tab 10) Mr. Cannon
9. NEW BUSINESS *CHAIRMAN BECK*
 - A. Approval of Statement of Work – Technology Services (Tab 11) Mr. Cannon
 - B. Commissioners Annual Ethics Training (Tab 12) Mr. Cannon
 - C. FY 2014-15 Annual Report (Tab 13) Mr. Cannon
10. ADJOURNMENT *CHAIRMAN BECK*

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THE
SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION
BUSINESS MEETING

Monday, August 17, 2015

A Business Meeting of the South Carolina Workers' Compensation Commission was held in Hearing Room A of the Workers' Compensation Commission on Monday, August 17, 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: Amy Bracy, Judicial Director; Wayne Ducote, Coverage & Compliance Director; Grant Duffield, Insurance, Medical & Administrative Services Director; Alicia Osborne, Human Resources Manager; Keith Roberts, Attorney; W.C. Smith, Self-Insurance Director; Sonji Spann, Claims Director; Sandee Sprang, IT Director; and Amanda Underhill, Business Analyst. Also present were: Amy Quinn, NCCI; Clara Smith, Injured Workers' Advocates; and Lena Smith, Southern Strategy Group.

Chairman Beck called the meeting to order at 10:50 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 JULY 20, 2015

Commissioner McCaskill moved that the minutes of the Business Meeting of July 20, 2015 be approved. Commissioner Barden 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. Nineteen (19) prospective members of three (3) funds were presented to the Commission for approval. The applications were:

SC Automobile Dealers Assoc SIF

Team Vaden Imports Inc. dba Vaden Nissan of Hilton Head
Vaden Infiniti Inc. dba Infiniti of Hilton Head

SC Home Builders SIF

C&A Improvement, Inc.
Carolina Heating Services of Greenville, Inc.
Cecil Geaton dba Gleaton Services
Cris Solutions, LLC
Eliot Hobbs Construction, LLC
Guaranteed Framing, LLC
Herb Henderson dba Henderson Flooring
Jimmy Dodge dba Dodge Bros Painting
JMA Designs, Inc.
Kevin E. Moore dba KM Services
Palmetto Heating & Cooling, LLC
Schultz Carolina Custom Homes, LLC
Southern Vintage Corporation
The Honey Done Company, LLC
Thompson Land Clearing, LLC
Timbertop Enterprise

SC Municipal Self Insurance Trust Fund

Town of Summerton

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 Campbell 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 July 1 through July 31, 2015. Ms. Osborne announced Sandee Sprang was selected to fill the Information Technology Director position effective August 17, 2015.

Information Technology Department

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

- Work continues on replacing the current servers with multiple virtual servers. The change will improve the Agency's security posture.
- Work continues with Progress/BravePoint on eCase improvements. Progress has provided a new design for eCase screens. IT is working to document requirements for development and implementation.
- IT participated in the Claims Administration Workshop held on July 30 and addressed many attendee questions regarding eCase and EDI.

Insurance, Medical & Administrative Services Department

Grant Duffield presented the Insurance, Medical & Administrative Services Department's report. Mr. Duffield reported that the guidance policy text edits for the 2015 Medical Services Provider Manual (MSPM) and the pre-order process for stakeholders are complete in preparation for the September 1, 2015 release.

Mr. Duffield reported that the Compliance Division issued 43 GEAR employer data files to S.C. Department of Revenue (SCDOR) to collect an excess of \$800,000 in outstanding liabilities owed to the Commission.

Mr. Duffield presented the Summary of Revenues and Expenditures for the period ended July 31, 2015. The Commission's overall expenditures slightly exceeded the benchmark for the month. Mr. Duffield explained there were three payrolls posted in the month of July; therefore the benchmark for the first period was adjusted from 8.33% to 12.6%.

Claims Department

Sonji Spann presented the Claims Department's report. Ms. Spann reported a file review project began on July 8. Paper files in the file room are reviewed for closure and prepared for scanning in Progress. Thirteen days were spent on the project which resulted in 421 files reviewed and 244 files closed.

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

- Closed 2,516 individual case files
- Received \$69,250 in fine revenue
- Claims examiners reviewed 845 individual case files
- 355 fines assessed
- 315 Form 18 fines assessed
- 12,479 forms processed
- 403 Form 18s processed through SROI
- 1,846 Form 18s received via Email
- 2,384 forms received via USPS

There was discussion on establishing a mandate for submission of the Form 18 through SROI and providing stakeholders with implementation dates with as much lead time as possible. Ms. Underhill explained that IT is working on implementation of the replacement of the submission of the Form 19 through SROI. Once complete, IT will review other transaction types for electronic submission of claims data and at that time establish a mandatory implementation date for all electronic submissions. She said International Association of Industrial Boards and Commissions (IAIABC) requires no less than 180 days between notice of mandatory date and mandate date. She anticipates it will take a minimum of six months to review and document the transaction types.

Ms. Spann said due to recent Uninsured Employers' Fund (UEF) claims adjuster position vacancies, the Claims Department is working with the State Accident Fund to review open UEF claims.

Judicial Department

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

- 109 Single Commissioner Hearings conducted
- 16 Full Commission Hearings conducted
- 247 informal conference cases
- 81 regulatory mediations scheduled
- 45 requested mediations
- 46 matters resolved in mediation with the receipt of Forms 70

Commissioner Taylor asked if the department kept track of the number of informal conferences conducted and resolved. Ms. Bracy will follow up.

EXECUTIVE DIRECTOR'S REPORT

On behalf of Gary Cannon, Mr. Duffield presented the Executive Director's report which was also submitted to the Commission in written form. He pointed out the following highlights from the report:

Narcotics Use Ad Hoc Advisory Committee

Mr. Duffield reported the Narcotics Use Ad Hoc Advisory Committee met on July 30, 2015. The committee discussed proposals submitted by the committee members.

Claims Administration Workshop

Staff conducted a Claims Administration Workshop on July 30, 2015 at the S.C. Department of Archives & History. A total of 105 stakeholders and 15 staff members participated. Mr. Duffield commended Keith Roberts and Kim Ballentine for a job well done coordinating and facilitating the workshop.

OLD BUSINESS

There was no old business.

NEW BUSINESS

A. Approval of 2016 Commission Calendar

On behalf of Gary Cannon, Mr. Duffield presented a recommendation to approve the proposed 2016 Commission Calendar.

Motion to Approve Proposed 2016 Commission Calendar

Following discussion, Commissioner Barden made a motion to amend the proposed calendar as follows: change in the dates for the January and February 2015 Business Meetings and Appellate Panel Hearings from January 19 & 20 to January 11 & 12; and from February 16 & 17 to February 22 & 23. The motion was duly seconded. The 2016 Commission Calendar was unanimously approved as amended.

B. Proposed Amendments to Regulations

Keith Roberts, Staff Legal Counsel, presented a proposed timeline for preparing and submitting changes to the Commission's regulation, Chapter 67, and the Notice of Drafting which contains a summary of the proposed changes.

Motion to Carry Over Proposed Timeline and Notice of Drafting

Following discussion, the Commissioners requested the text of the proposed amendments. Mr. Roberts will follow up. Commissioner McCaskill moved to carry over the matter, which was duly seconded. The vote was taken, and the motion was approved.

ADJOURNMENT

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

The August 17, 2015 meeting of the South Carolina Workers' Compensation Commission adjourned at 11:25 a.m.

Reported September 21, 2015
Kim Ballentine
Office of the Executive Director

MEMORANDUM

Date: September 16, 2015

TO: Mr. Gary Cannon
Executive Director

FROM: Alicia Osborne
Human Resources

SUBJECT: Human Resources Report Period of August 1, 2015 to September 16, 2015

Below is a summary of the Human Resources activity for the period of August 1 – September 16, 2015.

Employee Relations (ER)

- Ongoing Workers' Compensation Injuries
 - Three active claims
- Workforce Planning
 - One Retirement Pending
 - One New Hire
 - One Return to Work Retiree
 - Ongoing Special Project in Claims
 - One Project Completed
- Accommodation Request(s)
 - Created Accommodations Request form
- Building Concerns
 - Ice Machine started leaking –
 - Status: Repaired
 - Lighting issues
 - Addressed
- Addressed attendance concerns

Benefits

- Attended 2015 Benefits At Work conference – September 1st
 - Update to staff at next all-employee meeting
- Added new staff member to insurance (transfer)
 - Ensured DCP was added timely to their payroll
- Counseled pending retiree on insurance, retirement, and leave
- Contacted PEBA to ensure TERI statement(s) were updated correctly

Hire(s)

- Interns
 - Dakota Derrick – Special Project for Commissioner
 - September 2, 2015
 - Marlene Johnson-Moore – Rehire Law Clerk
 - September 8, 2015
 - Rita Regal – Return to Work Retiree – Special Project
 - September 14, 2015

Resignations

- Retirement

- Mary Bates – Full Retirement
 - Last day is September 30, 2015

State Human Resources Division (SHRD)

- Crosswalk Completed
 - Project Manager I → Info Systems/Business Analyst III
 - Senior Business Applications Analyst → Info Systems/Business Analyst III
- Education/Experience Equivalency Request submitted and approved
- State Employee Grievance Committee
 - Interviewed for position on Committee
 - Status – Not inducted this year

Fiscal Responsibilities (w/ Fiscal Technician II)

- Approved 88 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.

SCEIS

- Reports
 - Worked on requests by Executive Director
- Assisted staff with minor SCEIS concerns
- Reviewed pay statements with current/former employees due to change in status
- Created three new temporary positions for new/rehired temporary employees
- Placed temporary employees into new positions
- Requested security roles as necessary for new temporary hires
- Requested and processed a Central Movement from the AG's office
- Assisted Fiscal Technician with SCEIS reports

Mandatory All Employee Meeting – August 21, 2015

- Created Agenda
- Special Speaker Chairman Beck
- IT Summary regarding e-mail migration
- IT Tip by Brian Myers
-

Miscellaneous

- Meeting(s) attended onsite
 - Executive staff meeting – August 18, 2015; September 15, 2015
 - IMAS staff meeting – September 2, 2015
- SCEIS User Meeting – August 28, 2015
- Employment verifications (3)
- Benefits At Work – September 1, 2015



Workers' Compensation Commission

To: Gary Cannon
SCWCC Executive Director
From: Sandee Sprang, IT Director
Date: September 11, 2015
Subject: IT Department August 2015 Full Commission Report

IT Department Activities for the Month of August 2015

- DTO Infrastructure
 - Duane is working with DTO and Progress/Bravepoint for replacing our current servers with multiple virtual servers. This change will improve the Agency's security posture.
 - IT team completed the email system migration. Significant effort was required to verify all functionality existed after the migration and to correct issues with the conversion.
- Production issues
 - EDI RIs3 FROI & SROI
 - Processing error research and resolution based on email questions from TPA's and Carriers, coordinated through Barbara James in Accident Reporting.
 - Amanda conducted testing with 1 direct partner to implement SROI.
 - Progress
 - Duane researched and corrected invoice/payment data issues. This involved manual data changes to balance the reports from Progress and SCEIS.
 - Duane created several ad hoc reports for Administration and Commissioners.
 - Duane provided some training to Quintina in resolving invoice/payment data issues.
 - Duane resolved an issue that was causing Proof of Coverage data loads to fail.
 - Amanda ran the Orders report for Judicial.
 - OnBase Production Maintenance and new requests
 - Amanda continues to work with DTO staff to coordinate an upgrade to Onbase 13. The upgrade for SCWCC was postponed again by DTO.
 - Amanda completed creating a SCWCC specific user guide for staff use in the new version of Onbase.
 - All new Onbase requests are on-hold, pending completion of the upgrade.
 - Amanda reviewed Onbase permissions for Form 18 for Judicial staff
 - Brian assisted staff with F4 indexing issues when virtually printing documents to a case file.

- eCase
 - All IT staff have been working with both internal and external users for upload Customer Service and registration. Training, questions and issues that come up and require technical support.
- Hardware
 - IT is planning to purchase new computers for 1/3 of staff in September. IT aims to replace hardware every three years for 1/3 of staff to keep equipment up to date and secure.
- Desktop support
 - Brian handles most desktop support issues. During the past month he has included:
 - Secure email questions, issues, including password resets.
 - Resolved Outlook email problems for staff.
 - Addressed multiple printer problem and scanner issues.
 - Provided password assistance for Commissioners and staff.
 - Assisted staff working with PDF document problems.
 - Addressed 2 viruses, requiring rebuild of staff computers.
- Projects
 - Scanning of Files Project
 - Amanda completed the preliminary evaluation and assessment of work involved in scanning all paper files in the file room.
 - SROI Project
 - The SROI team is beginning work on implementation of the MTC FN which is the replacement of the Form 19.
 - The SROI team recommends after the FN transaction is complete, work should begin on implementation of the balance of the MTCs. This will make it easier on both the Claims staff and the end users for submission of claims data. It is the recommendation of this team that mandatory submission of the SA and FN be done together and should be one year from the completion of the FN coding. Recommended date for mandatory submission is July 2016.
 - IT Security / DIS Policies
 - Duane and Brian are coordinating vulnerability remediation with DTO.
 - Duane researched and tested Progress software upgrade process for restricted user access.
 - eCase Re-face
 - IT is working with Progress/Bravepoint to give eCase a face-lift. Progress has provided a new design for eCase screens. Amanda finalized the documentation for development and implementation.
- Meetings
 - Amanda and Duane attended with IAIABC Annual Conference in Chicago, IL.
- Training
 - Amanda, Duane and Brian spent extensive time training Sandee on the operations, processes, systems and projects at SCWCC.

State of South Carolina



Workers' Compensation Commission

To: Mr. Gary Cannon
SCWCC Executive Director

From: Grant Duffield
IMAS Director

Date: 15 – Sept – 2015

Subj: Insurance, Medical and Administrative Services Department
August 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 Coverage3. Realigning of duties due to pending retirement in Data division
Medical Services	<ol style="list-style-type: none">1. Finalized MSPM guidance policy text edits.2. MSPM "pre-order" process for stakeholders completed.3. MSPM Sept 1 release date achieved.4. Continue work with MedAssets to improve Medical Bill reviews.
Administrative Svcs	<ol style="list-style-type: none">1. Working through Year End reporting for CG's office.2. Drafting 2017-18 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. Assisting in completion of 2014-15 Accountability Report.

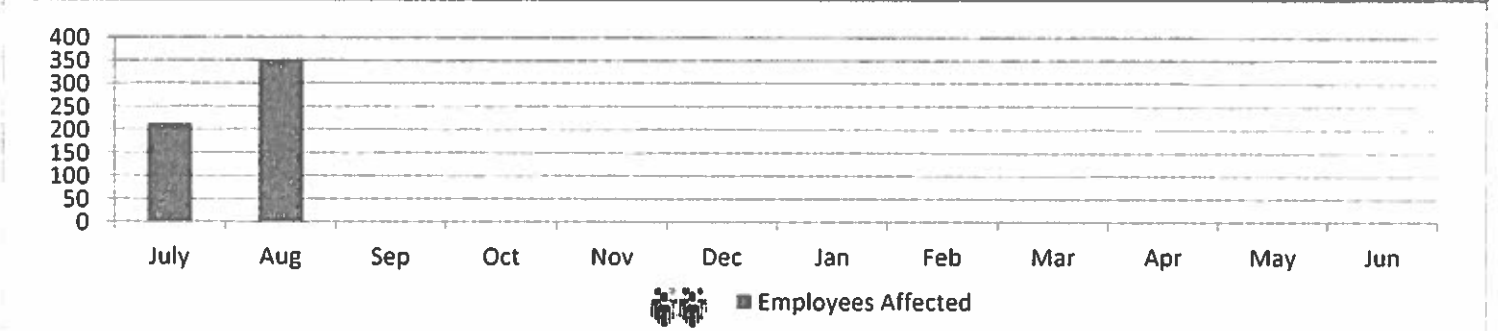
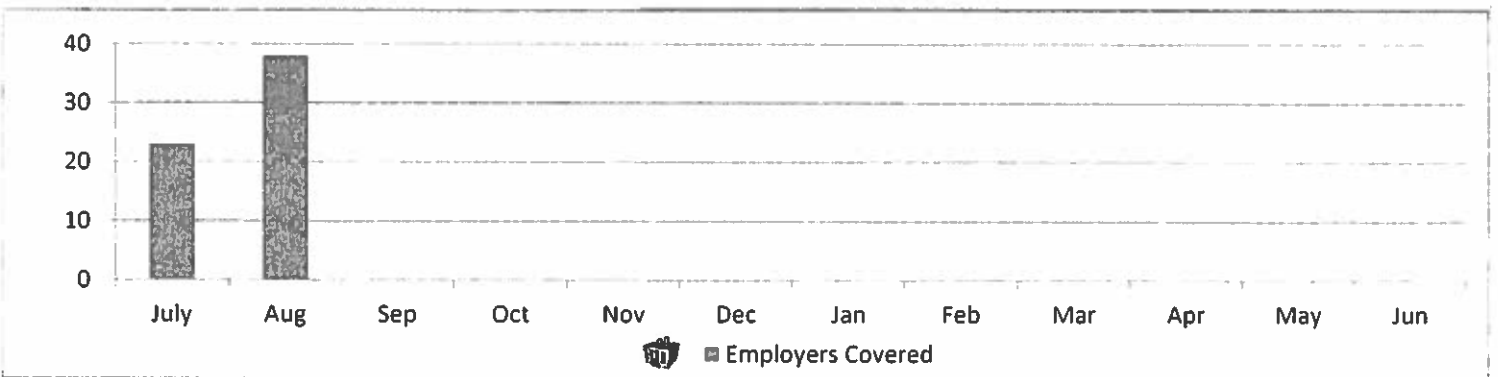
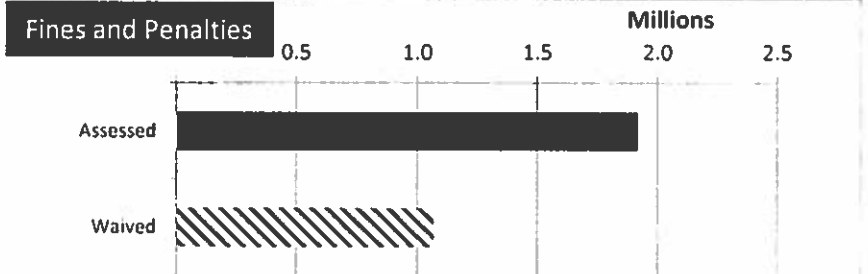
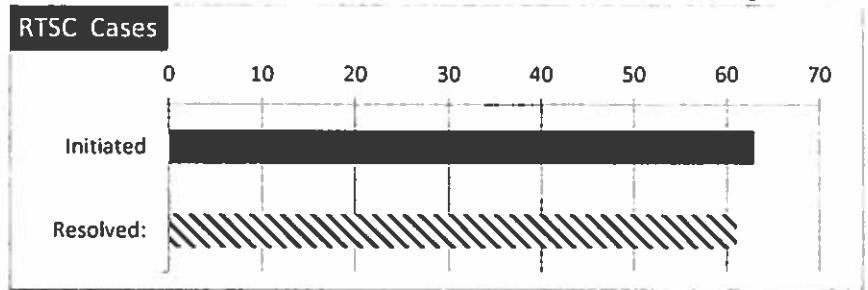
Mr. Cannon, while this summary is in no way all-inclusive, it may serve to assist you and our Commissioners in understanding the key initiatives underway in the IMAS Department and provide measures by which the Department's effectiveness can be gauged. IMAS welcomes any guidance that you and/or our Commissioners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

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

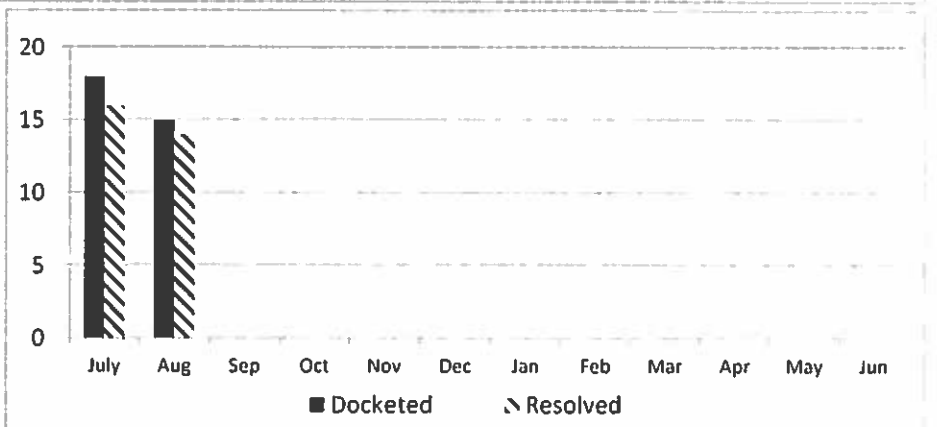
Although the Division has assessed \$ 1.9m in fines, over 55% of those fines (\$1.06m) have been waived or rescinded as employers have either obtained insurance coverage or were found not to be subject to the Act.



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 August 2015, 15 carrier RTSC cases were docketed; 14 cases were resolved and \$16,313 was recovered.

Year to date, 33 carrier RTSC cases have been docketed; 30 cases have been resolved; and \$36,792 has been recovered.



Carryover Caseload:

The Compliance Division closed August 2015 with 379 cases active, compared to an active caseload of 342 at the close of August 2014.

Cases Resolved:

Due to the decrease in carry-over, greater effort is focused on case resolution. For the month of August 2015, Compliance Division staff closed-out 151 cases.

Compliance Fines:

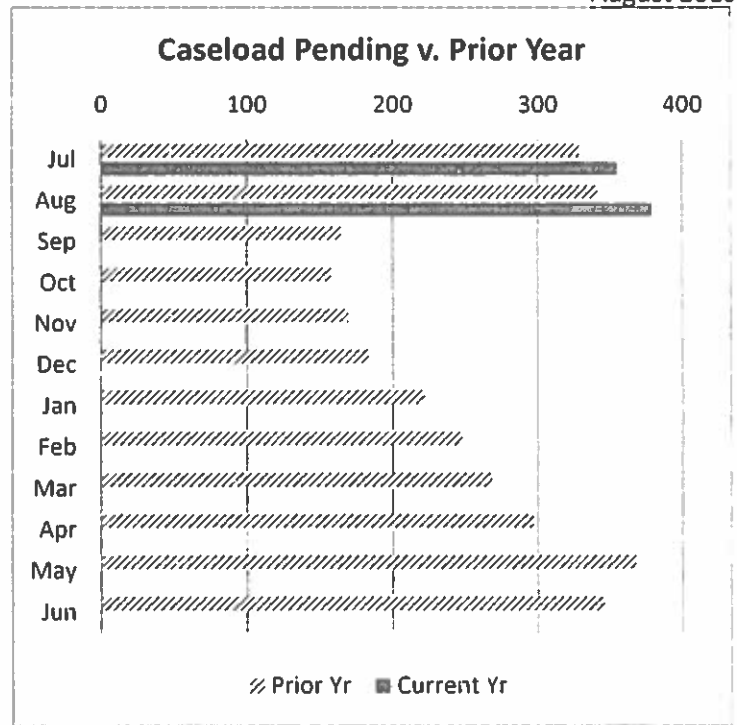
In August 2015, the Compliance Division collected \$117,840 in fines and penalties. Year to Date, the Compliance Division has collected \$227,215 in fines.

Year to Date vs Prior Year Total (906,833): 25%.

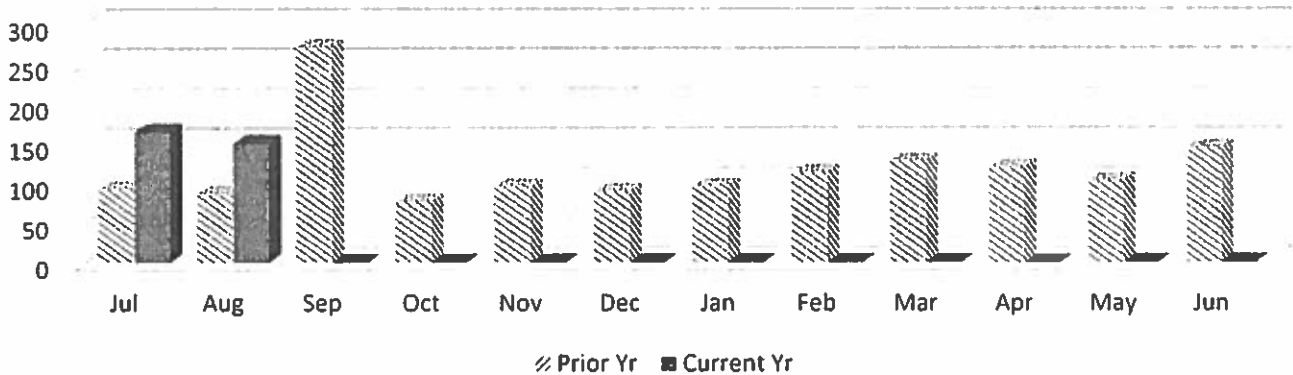
Aug 2015 vs. Aug 2014: 417%

Year to date 2015 (July, Aug) vs YTD 2014: 467%

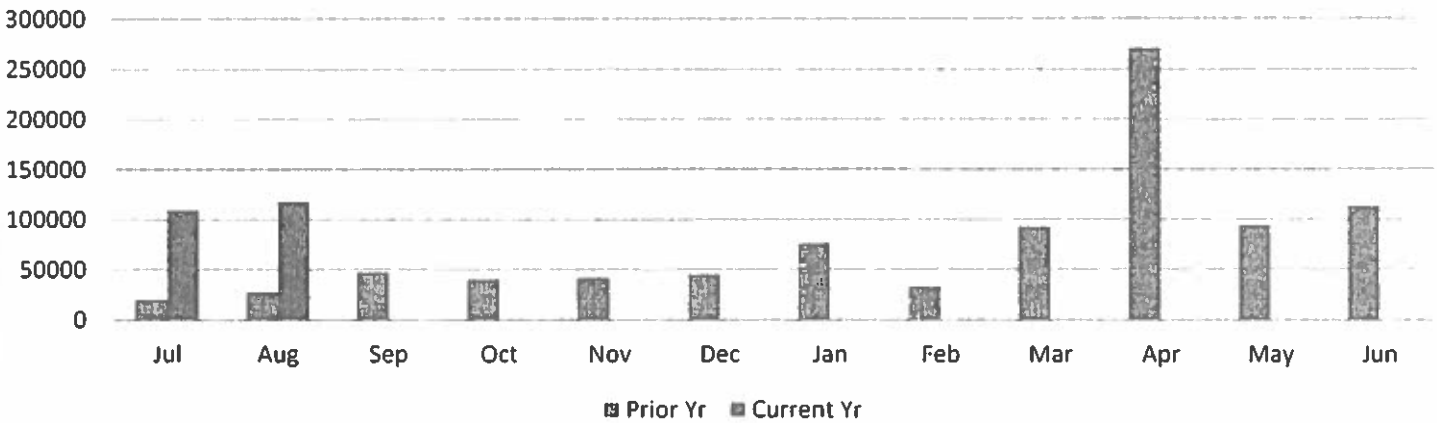
Current Year End trend is 150% of 2014-2015.



Cases Resolved v. Prior Year



Compliance Fines Collected v. Prior Year



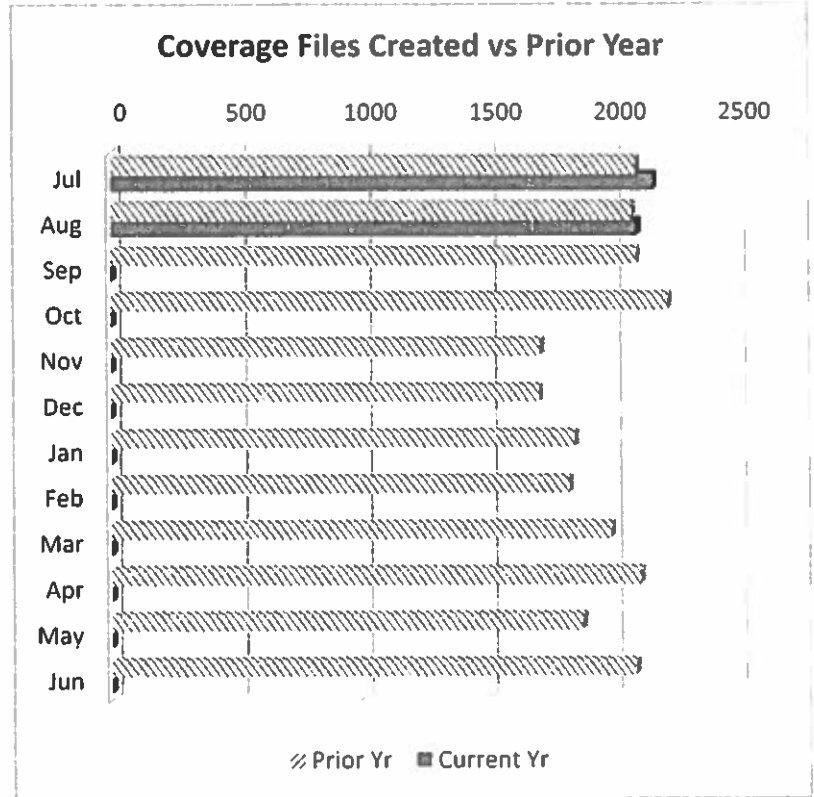
WCC Claim Files:

In August 2015, the Coverage Division received a total of 2,100 WCC Claim files. Of these, 1,777 were created through proper carrier filing of a 12A, and 323 were generated as a result of a Form 50 claim filing. Year to Date, 4,268 Claim files have been created which is 18% of claim file volume prior year (23,682).

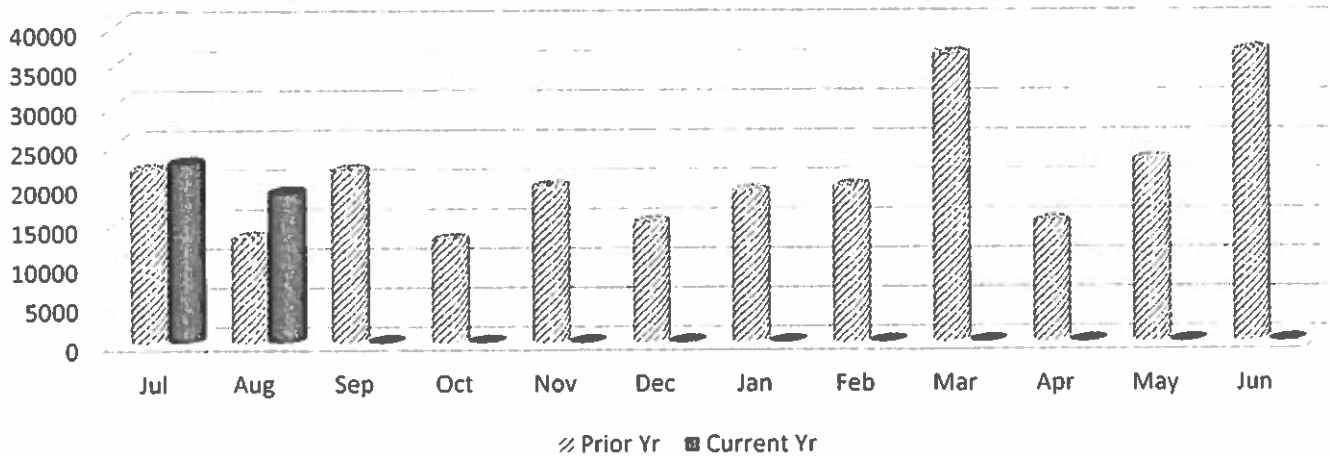
Coverage Fines:

The Coverage Division collected \$18,900 in fine revenue in August 2015, as compared to \$13,250 in Coverage fines/penalties accrued during August 2014. Year on Year, Coverage fines are at 16% of collections for prior year.

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



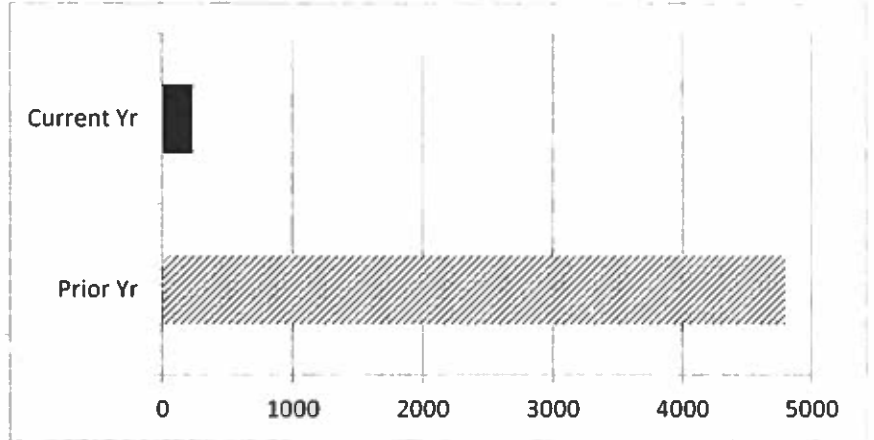
Coverage Fines Collected v Prior Year



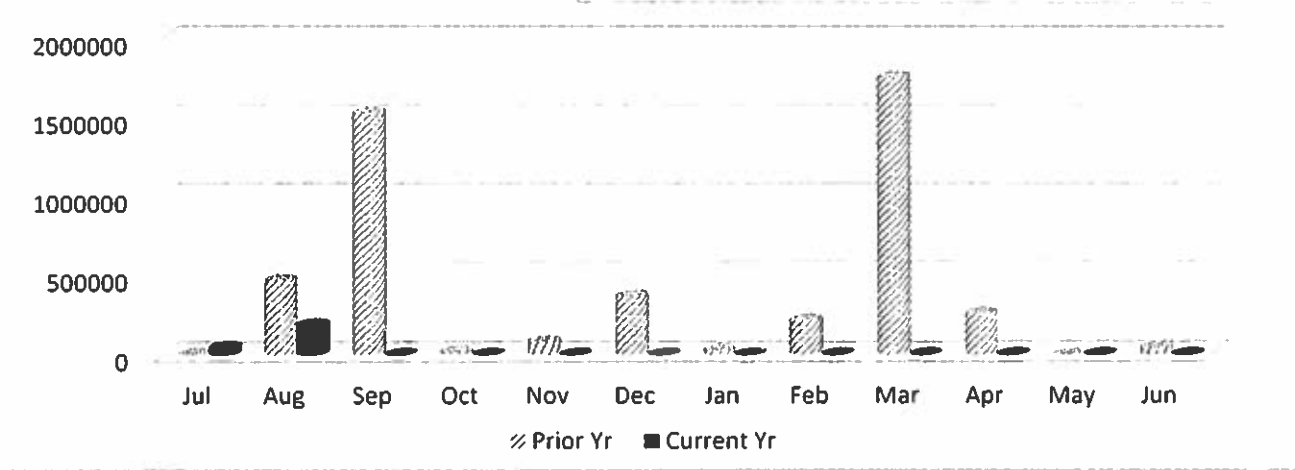
During the month of August 2015, the Self Insurance Division:

- * collected \$44,821 in self-insurance tax.
- * added new self-insurers.
- * conducted 4 Self Insurance audits.

Year to Date, Self Insurance tax revenue is trending at 49% of prior year and 8 Self Insurance audits have been completed.



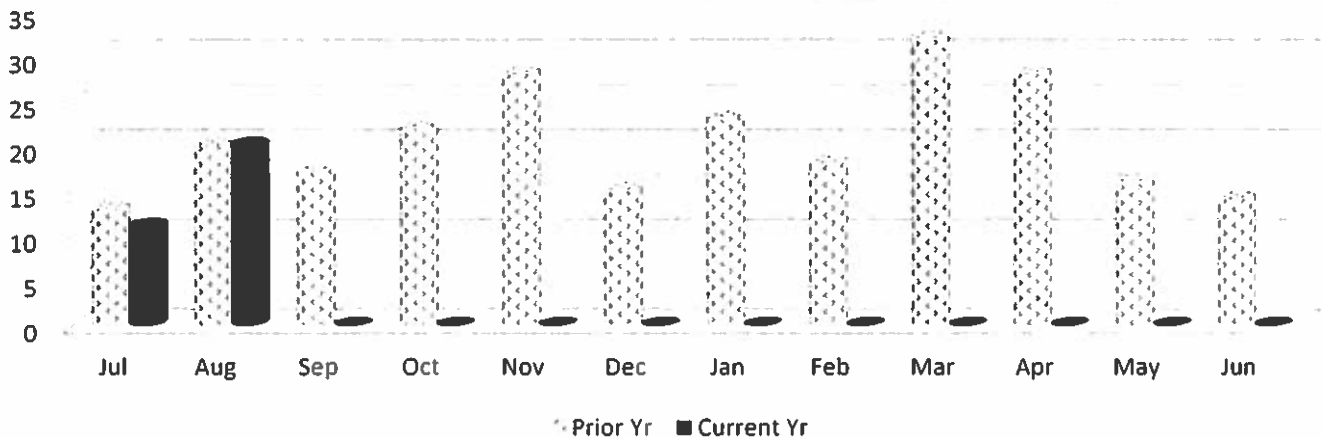
Self Insurance Tax Collections v. Prior Year



IMS MEDICAL SERVICES DIVISION

In August 2015, the Medical Services Division began the month with 11 bills pending review, received an additional 33 bills for review, conducted 24 bill reviews and ended the month with 20 bills pending.

Medical Bills Pending Review v. Prior Year



South Carolina Workers' Compensation Commission
Summary of Revenues and Expenditures 2015-16 Budget
August 2015 - Period 2

Expenditures

Bench:	16.6%	Annual Budget	August Spend	Year to Date Spend	Budget Remaining	August Spend %	Annual Spend %
Commissioners							
Personnel GA		1,133,336	150,886	300,076			
Personnel EM		-		-			
Ttl Pers		1,133,336	150,886	300,076	833,260	13%	26%
Expense GA		-		-			
Expense EM		285,700	28,235	59,485			
Ttl Expense		285,700	28,235	59,485	226,215	10%	21%
Total Comm		\$ 1,419,036	\$ 179,121	\$ 359,561	\$ 1,059,475	13%	25%

Administration

Personnel GA	146,007	19,133	38,267			
Personnel EM	606,119	44,869	103,395			
Ttl Pers	752,126	64,002	141,662	610,464	9%	19%
Expense GA	75,000					
Expense EM	987,849	104,701	220,189			
Ttl Expense	1,062,849	104,701	220,189	842,660	10%	21%
Total Admin	\$ 1,814,975	\$ 168,703	\$ 361,851	\$ 1,453,124	9%	20%

Claims

Personnel GA	77,223	9,563	19,125			
Personnel EM	272,010	38,999	79,861			
Ttl Pers	349,233	48,562	98,986	250,247	14%	28%
Expense GA						
Expense EM	19,700	3,426	5,644			
Ttl Expense	19,700	3,426	5,644	14,056	17%	29%
Total Claims	\$ 368,933	\$ 51,988	\$ 104,630	\$ 264,303	14%	28%

IMS

Personnel GA	26,632	3,329	6,658			
Personnel EM	467,881	63,326	126,359			
Ttl Pers	494,513	66,655	133,017	361,496	13%	27%
Expense GA						
Expense EM	67,300	6,915	30,946			
Ttl Expense	67,300	6,915	30,946	36,354	10%	46%
Total IMS	\$ 561,813	\$ 73,570	\$ 163,963	\$ 397,850	13%	29%

Judicial

Personnel GA	29,267		-			
Personnel EM	292,779	41,037	82,073			
Ttl Pers	322,046	41,037	82,073	239,973	13%	25%
Expense GA	-		-			
Expense EM	12,800	1,959	3,969			
Ttl Expense	12,800	1,959	3,969	8,831	15%	31%
Total Judicial	\$ 334,846	\$ 42,996	\$ 86,042	\$ 248,804	13%	26%

Employer Contribution

GA	496,796	55,081	110,081			
EM	559,928	67,249	155,099			
Ttl Fringe	\$ 1,056,724	\$ 122,330	\$ 265,180	\$ 791,544	12%	25%

Total Agency

Ttl GA	1,984,261	237,992	474,207	1,510,054	12%	24%
Ttl EM	3,572,066	400,716	867,020	2,705,046	11%	24%
Carry Fwd	15,226		-			
Total Agency	\$ 5,571,553	\$ 638,708	\$ 1,341,227	\$ 4,230,326	11%	24%

Summary of Fiscal Activity - July 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 August 2015, the Commission's operational funding of \$638,708 was received as follows:

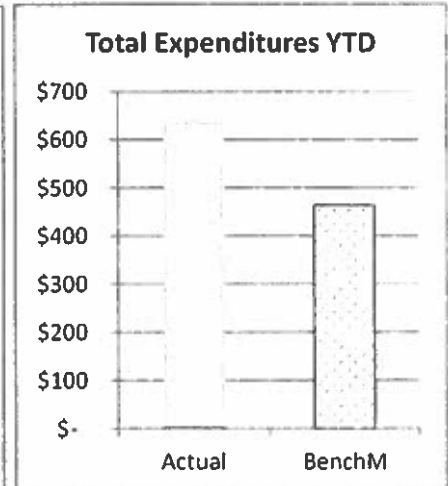
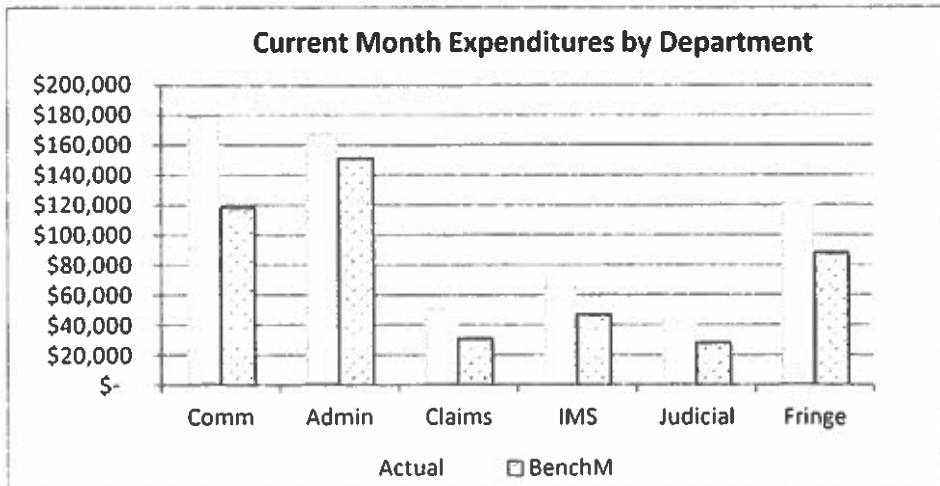
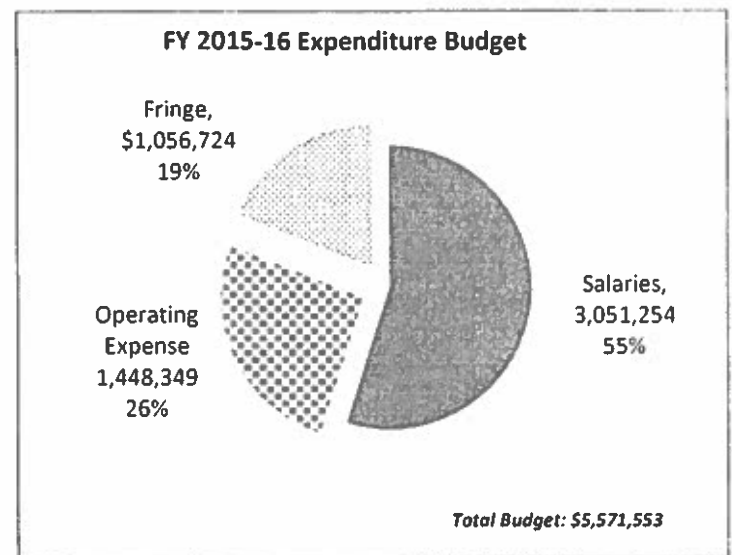
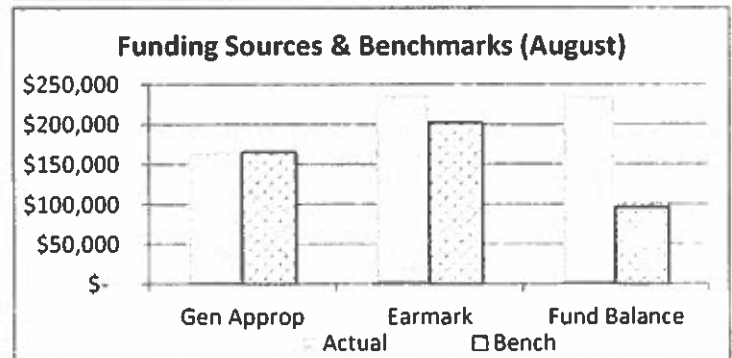
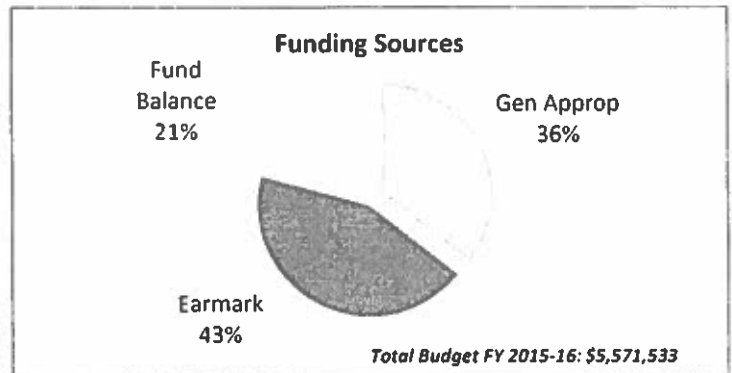
General Fund Appropriation: \$165,289
 Earmarked Funds: \$237,584
 Fund Balance: \$235,835

Self Insurance Tax Received:
 August 2015: \$186,303
 FY15-16 : \$231,124

Operational Expenditures

The Workers' Compensation Commission has budgeted expenditures for FY 2015-16 in the amount of \$5,571,553. In the current budget year, slightly more than 74% of budgeted costs are personnel related.

In August 2015, the Commission had expenditures totaling \$638,708. The standard benchmark for second period (August) is 16.66%. However, the expenditure data is influenced by July's three payroll dates and the occurrence of several annual or semi annual obligations. These conditions caused the Commission's overall expenditures to slightly exceed benchmark for the year.



South Carolina Workers' Compensation Commission
Summary of Revenues and Expenditures 2015-16 Budget
August 2015 - Period 2

Funding and Appropriations

Period	2	Annual Budget	August Received	Year to Date Received	Budget Remaining	August Rcvd %	Annual Rcvd %
General Fund Approp		\$ 1,984,261	\$ 165,289	\$ 330,578	\$ 1,653,683	8.3%	16.7%

Earmarked Funds

Training Reg Fee	5,000	150	\$ 750	4,250		
Sale of Publications	8,000	0	\$ 2,800	5,200		
Award Review Fee	73,000	2550	\$ 5,400	67,600		
Sale of Photocopies	88,000	4385	\$ 9,159	78,841		
WC Violation Fee	1,660,000	190051	\$ 351,029	1,308,971		
Listings and Labels	25,000	1150	\$ 2,660	22,340		
WC Hearing Fee	562,000	39025	\$ 76,875	485,125		
Parking	5,900	250	\$ 1,015	4,885		
Other	2000	23	\$ 478	1,522		
Ttl Earmarked Funds	\$ 2,428,900	\$ 237,584	\$ 450,166	\$ 1,978,734	9.8%	18.5%

Appropriated Fund Balance	\$ 1,158,392	\$ 235,835	\$ 560,483	\$ 597,909
Total Funding:	\$ 5,571,553	\$ 638,708	\$ 1,341,227	\$ 4,230,326

State of South Carolina

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Workers' Compensation Commission

MEMORANDUM

To: Gary Cannon, Executive Director
From: Sonji Spann, Claims Director
Date: September 3, 2015
Re: Claims Department – September 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:

	Aug 2015	July 2015	Aug 2014
Individual Case Files Closed	2498	2516	2154
Fine Revenue Collected	53,350	\$69,250	\$42,100
# of individual case files reviewed by examiners	703	845	473
Total Fines	296	355	438
Form 18 Fines	273	315	333
Total Forms Processed	12,446	12,479	11,819
SROI	506	403	
Email 18's	1866	1846	1680
USPS	1326	2384	2756

SPECIAL PROJECT

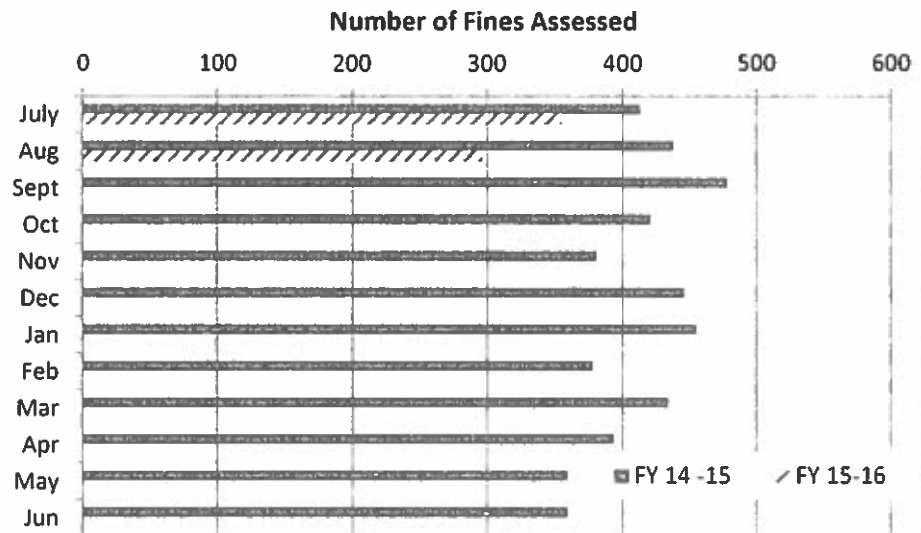
	Aug 2015	July 2015	
Individual Case Files Closed	337	244	
# of individual case files reviewed by examiner	473	421	
Total Fines	13	8	

The Claims Department continues their efforts to educate the stakeholders. In the month of August, presentation on how to complete WCC forms was given to York Risk.

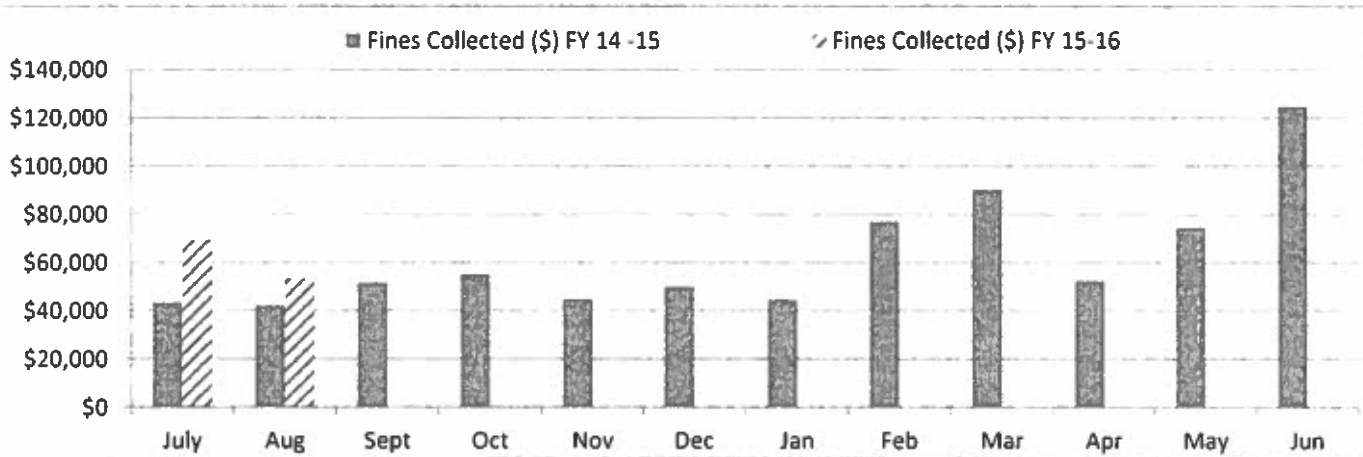
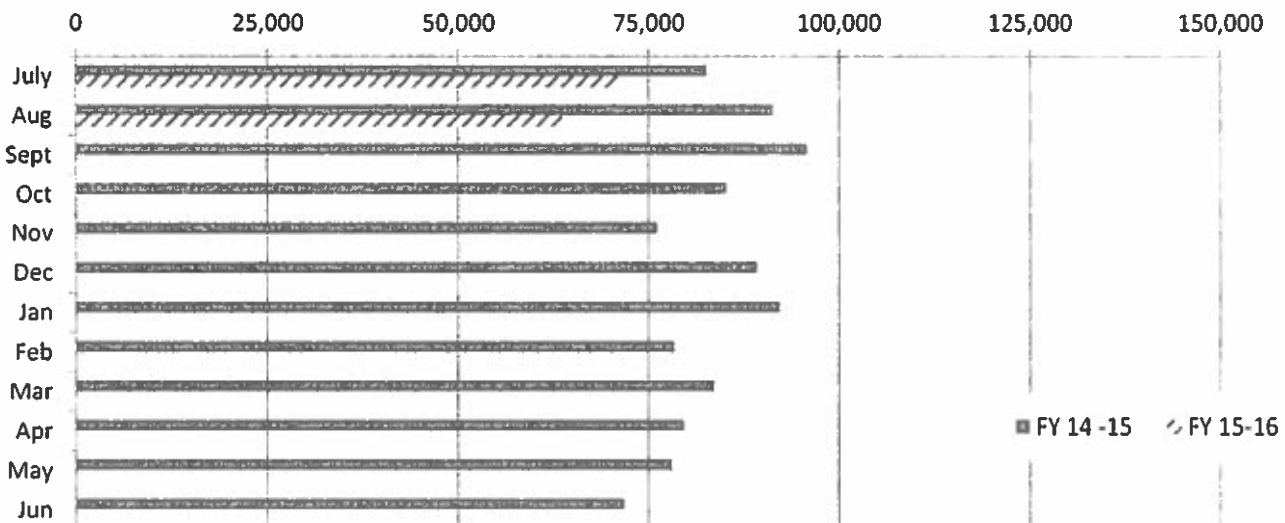
CLAIMS DEPARTMENT - Fine Activity Report August 2015

The number of fines assessed by the Claims Department decreased in number to 296 from 355 in August. The number of Claims fines paid decreased from 341 in July to 260 in August.

Total fine dollars assessed in August was \$63,600 a decrease over prior month \$71,050. Fine revenue received in August was \$53,350 a decrease over prior month \$69,250.



Net Fines Assessed (\$)



Claims Department - Fine Activity Report

Fines Assessed (#)

	FY 14 -15	FY 15-16
July	413	355
Aug	438	296
Sept	478	0
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	651
Mo Avg	416	326

Fines Received (#)

	FY 14-15	FY 15-16
July	198	341
Aug	205	260
Sept	254	0
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	601
Mo Avg	301	300

Net Fines Assessed (\$)*

	FY 14 -15	FY 15-16
July	82,650	71,050
Aug	91,250	63,600
Sept	95,700	0
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	134,650
Mo Avg	83,658	67,325

Fines Collected (\$)

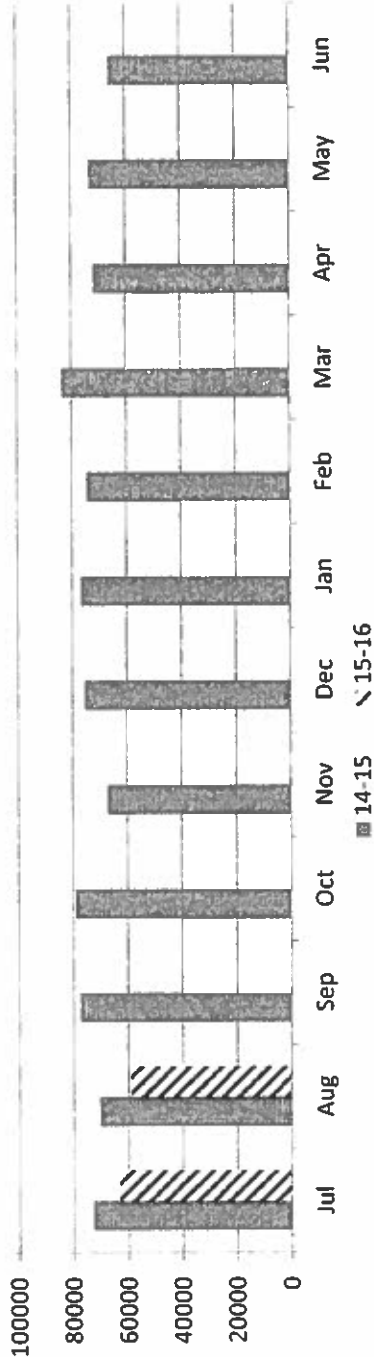
	FY 14 -15	FY 15-16
July	\$43,300	69,250
Aug	\$42,100	53,350
Sept	\$51,650	0
Oct	\$55,100	0
Nov	\$44,750	0
Dec	\$49,900	0
Jan	\$44,700	0
Feb	\$77,100	0
Mar	\$90,200	0
Apr	\$52,250	0
May	\$74,750	0
Jun	\$124,800	0
Total	750,600	122,600
Mo Avg	62,550	61,300

*after reductions and rescinded

FORM 18 FINE ASSESSMENTS

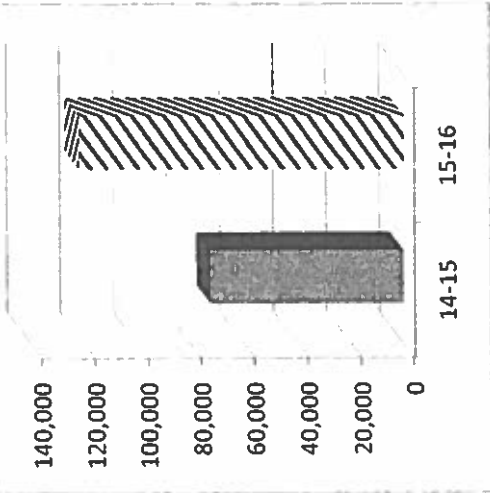
Consistent with overall Commission strategy, the Claims Department works with our Carrier partners to develop approaches that result in increased compliance levels and reduced Fine related costs to businesses in South Carolina.

A key "success measure" of this effort is the Form 18 Fine Assessment report. For the month of August 2015, this has resulted in a decrease in Form 18 Fine Assessments to \$59,000 as compared to July 2015 of \$63,050. The actual number of fines assessed decreased from 315 to 273 in August 2015.



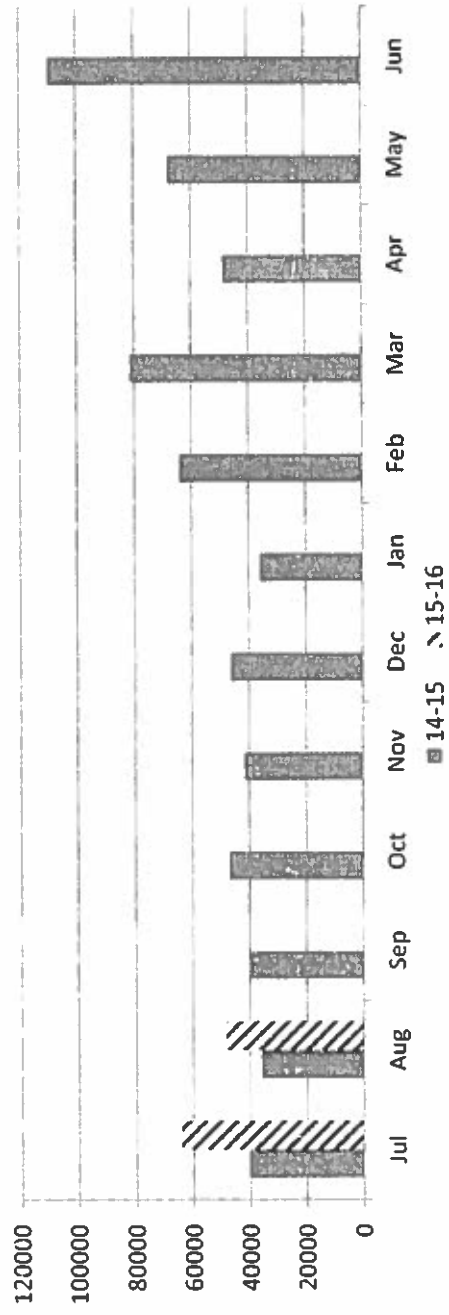
FORM 18 FINE ASSESSMENTS YTD

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



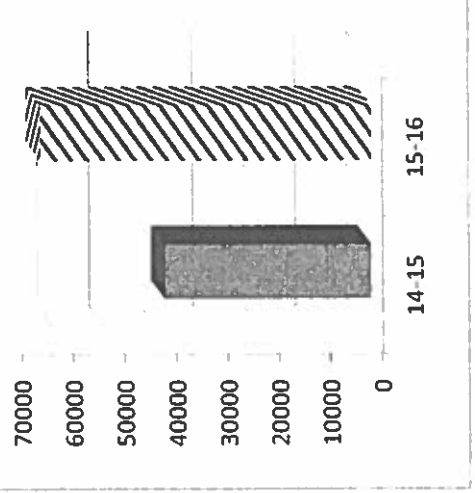
FORM 18 FINE COLLECTION

In August 2015, the Claims Department received payment on Form 18 Fines resulting in revenue of \$48,550.



FORM 18 FINE REVENUE YTD

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



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Workers' Compensation Commission

September 16, 2015

To: Gary M. Cannon
Executive Director

From: Amy A. Bracy
Judicial Director

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

There were ninety-one (91) Single Commissioner Hearings conducted during the past month, and there were five (5) Full Commission hearings held in August.

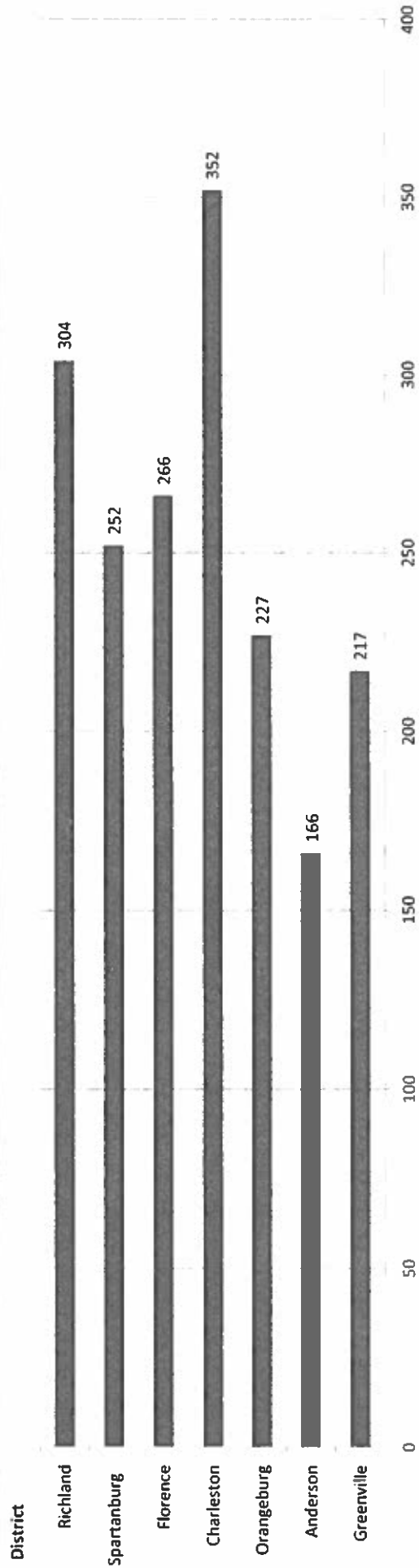
The Informal Conference system conducted two hundred fifty-two (252) hearings during the last month.

There were sixty-six (66) regulatory mediations scheduled and twenty-three (23) requested mediations. The Judicial Department was notified of fifty-nine (59) matters resolved in mediation, with the receipt of Forms 70.

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
	107	103	119	90	92	96	118	119	121	181	140	164	144	145	117	130	116	111	166	141	135
Jul	110	86	121	76	96	71	109	120	121	171	153	170	122	146	131	122	104	119	138	164	141
Aug		105	102		84	80		105	97		155	163		126	137		70	90		124	132
Sep		83	124		78	84		115	128		143	170		146	159		112	106		156	160
Oct		80	115		56	67		93	115		115	163		135	115		80	79		127	112
Nov		99	78		86	93		108	102		133	123		119	108		85	95		146	113
Dec		109	92		80	56		120	100		163	151		158	95		108	88		174	119
Jan		98	93		86	98		92	98		141	157		110	146		111	93		114	106
Feb		112	101		91	76		132	107		156	121		118	130		122	91		140	128
Mar		99	98		87	69		97	100		165	144		120	141		88	101		149	150
Apr		101	88		73	97		105	124		158	169		140	121		101	100		158	153
May		89	81		66	79		102	95		143	148		147	110		117	79		139	123
Jun																					
Totals	217	1164	1212	166	975	966	227	1308	1308	352	1765	1843	266	1610	1510	252	1214	1152	304	1732	1572

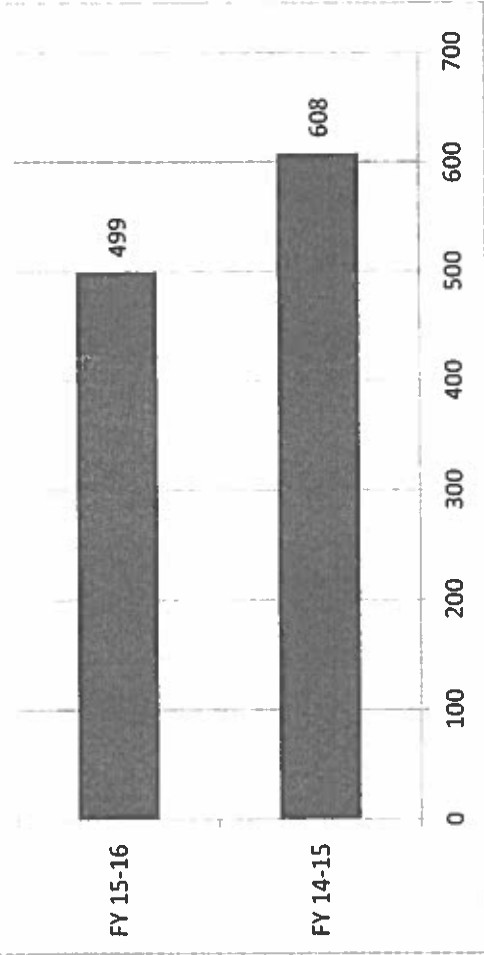
Pleadings Assigned by District Year to Date



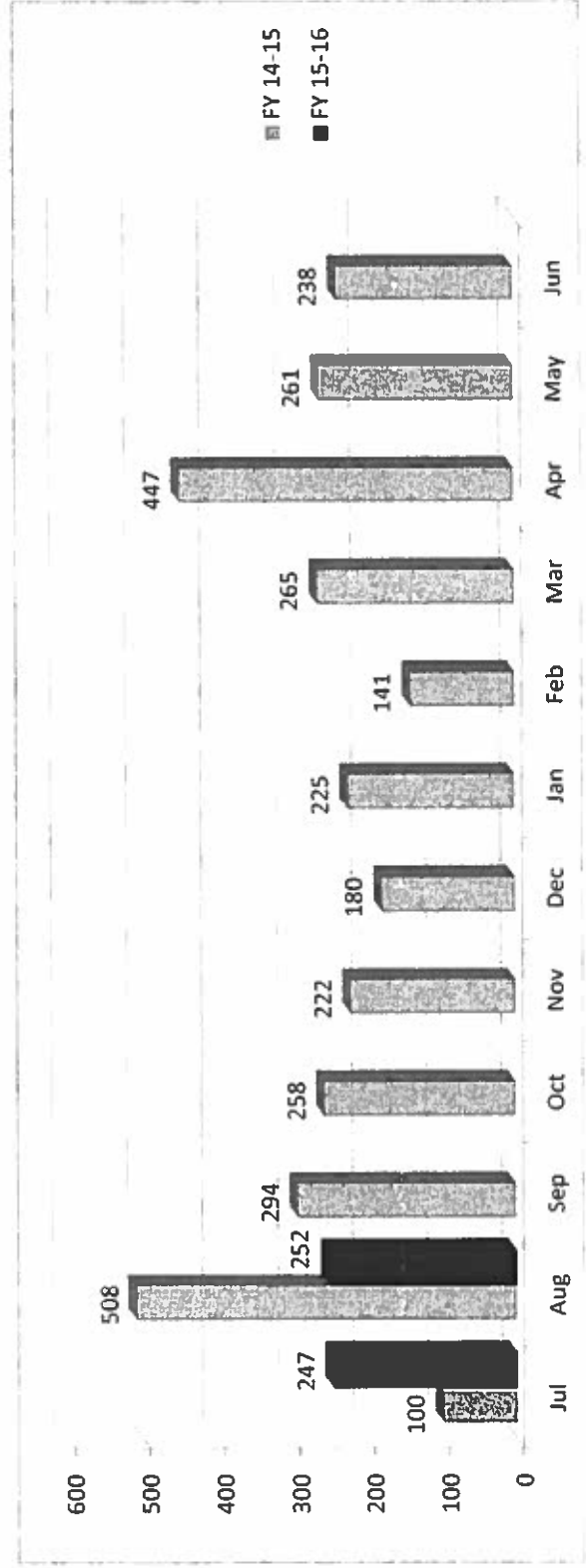
Informal Conf. Conducted

	FY 14-15	FY 15-16
Jul	100	247
Aug	508	252
Sep	294	
Oct	258	
Nov	222	
Dec	180	
Jan	225	
Feb	141	
Mar	265	
Apr	447	
May	261	
Jun	238	
Total	3139	499

IC's to Date v. Prior



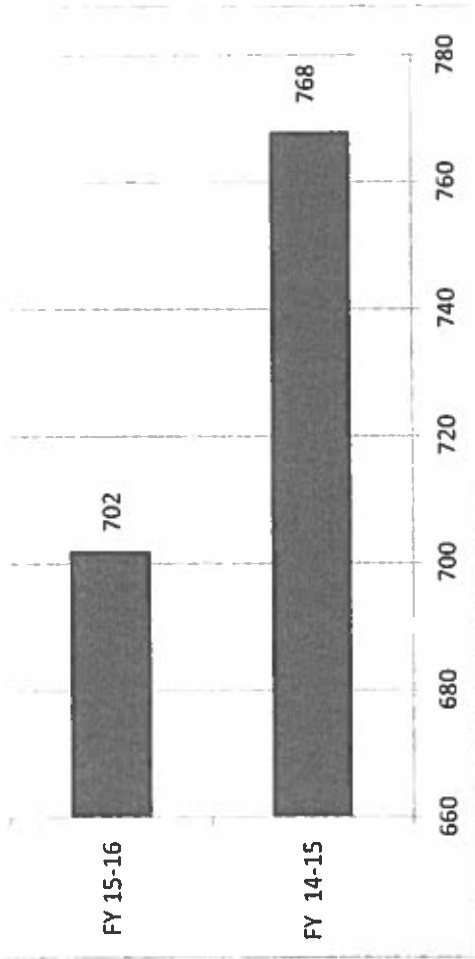
Y-T-D	FY 14-15	FY 15-16
	608	499



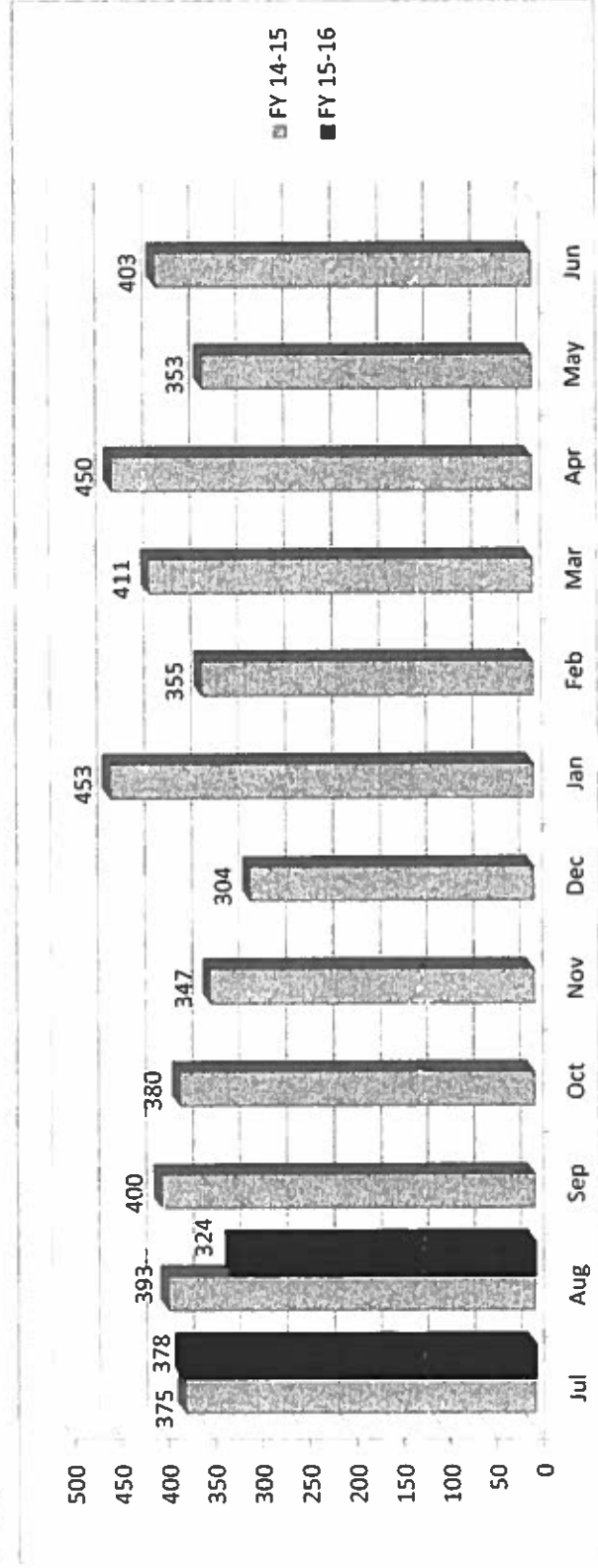
Informal Conf. Requested

	FY 14-15	FY 15-16
Jul	375	378
Aug	393	324
Sep	400	
Oct	380	
Nov	347	
Dec	304	
Jan	453	
Feb	355	
Mar	411	
Apr	450	
May	353	
Jun	403	
Total	4624	702

Y-T-D



	FY 14-15	FY 15-16
Y-T-D	768	702



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Workers' Compensation Commission

Executive Director's Report Gary M. Cannon

September 17, 2015

Annual Report FY2014-15

Attached is the information for the FY2014-15 Annual Report. The final report will be published on a one piece tri-fold document.

FY14-15 Accountability Report

The 2014-15 Accountability Report was submitted to the Department of Administration on September 15. A copy is posted on the Commission's website.

Debit Card Ad Hoc Advisory Committee

The next meeting of the Debit Card Ad Hoc Advisory Committee is scheduled for Wednesday, September 23, 2015, at 2:00 p.m. in the First Floor Conference Room.

Narcotics Use Ad Hoc Advisory Committee

A preliminary draft of the proposed recommendations were prepared and submitted to the Chairman. The next meeting has not been scheduled.

International Association of Industrial Accident Boards & Commissions (IAIABC)

The IAIABC Annual Conference was held in Chicago August 31 through September 4. The Executive Director participated in the Board of Directors Meeting and three panel discussions. Two additional staff members attended and participated in educational sessions and working committee meetings.

Other Meetings/Activities

The Executive Director participated in the following meetings/activities outside the normal scope of activities:

- August 18 – meeting Comptroller General
- August 19 – Attended the 2015 State Employee Charitable Campaign Kickoff
- August 23-26 – National Association of Workers' Compensation Judiciary College 2015 in Orlando, Florida

- August 27 – Meeting with building contractor to review the architectural designs on office space needs

Recycling Annual Report

The S.C. Solid Waste Policy and Management Act of 1991 (Act) requires state agencies to establish recycling programs and submit to DHEC by September 15 of each year an overview of the recycling and buying recycled activities. The Commission utilizes the recycling collection services of the S.C. Department of Corrections. For FY 2015, the Commission recycled .1 ton of cardboard, 14.42 tons of mix paper and .02 tons of plastic.

Employee Meetings

An All Employee meeting was held on August 21. A Department Head meeting was held on September 15. The next All Employee meeting is scheduled for September 24.

Personnel

Retirement

Mary Bates, Administrative Specialists, Coverage and Compliance, announced her retirement effective October 1, 2015.

Rita Regal, former Commission receptionist, is working temporarily 20 hours per week to allow the current receptionist to participate in departmental cross-training.

Legal Internship

Dakota Derrick law clerked on September 2-15, 2015 to assist Commissioner McCaskill on a case.

Constituent /Public Information Services

For the period August 12, 2015 through September 14, 2015 the Executive Director's Office and the General Counsel's office had 550 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

We received approximately 25 email delivery failures with last month's migration to a new server. Those email addresses were deleted from the Commission's stakeholder distribution list. For the period August 12, 2015 through September 14, 2015, we added three individuals to the distribution list. A total of 549 individuals currently receive notifications from the Commission.

SC Vocational Rehabilitation Department (SCVRD)

SCVRD reported nine referrals in the following counties: Anderson, Berkeley, Charleston, Dorchester, Greenville, Lexington, and Spartanburg.

State of South Carolina

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Workers' Compensation Commission

TO: Commissioners

FROM: Gary Cannon

DATE: September 17, 2015

RE: Proposed changes to Regulations – Chapter 67

Attached please find the proposed timeline for preparing and submitting changes to the Commission's regulation, Chapter 67, and the Notice of Drafting. The Notice contains a summary of the proposed changes.

The matter was carried over at the August Business Meeting. Mr. Roberts provided the additional language you requested on August 27.

Amendments to Regulations FY 2015 16 Proposed Timeline

	Task	Date
1	Commission receives proposed summary of changes	8/17
2	Commission Business Meeting – request approval of Notice of Drafting	9/21
3	Submit Notice of Drafting to State Register	10/9
4	Notice of Drafting Published in State Register Post Notice on website	10/23
5	Deadline for Comments	11/6
6	Proposed Regulation (Commissioners approval of proposed language at Commission Business Meeting)	11/16
7	Submit Proposed Regulation to State Register	12/11
8	Proposed Regulation Published in State Register (Public hearing 30 days after publication in State Register – include deadline to receive comments)	12/25
9	Date of Public Hearing (30 days after publication in State Register)	02/16/16
10	Public Hearing Notice On Website One Month Out (Include Deadline to receive comments)	12/29
11	Document Number Assigned by State Registrar’s Office (SRO)	SRO
12	Deadline to receive comments for Public Hearing	01/25/16
13	No later than 5 working days after public hearing presiding official issues a written report (unless presiding official orders an extension for not more than 20 days)	02/19/16
14	Agency Approval	03/21/16
15	Submit for General Assembly Review Deadline for submission to General Assembly Regulation must be submitted to the General Assembly for review within one year of the date of publication of the Notice of Drafting (Section 1-23-120(A))	04/08/16
16	General Assembly Approval – GA has 120 days to review – if no action, regulation is approved on the 120th day and is effective upon publication in the <i>State Register</i>	

SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION
CHAPTER 67

Statutory Authority: 1976 Code Sections 42-3-30

Notice of Drafting:

The South Carolina Workers' Compensation Commission proposes to amend regulations to Chapter 67 for clarification of certain regulations; to amend the subpoena process of a pro se litigant; to eliminate the use of the Form 18 to request an informal conference; to streamline the procedure for requesting a Hearing by abolishing the Form 15, Section III; to amend language to provide instructions for requesting copies of transcripts; correction of a typographical error; amendments recommended by Debit Card Advisory Committee; and amendment requiring parties to file a Form 70 at completion of mediation. Interested persons may submit written comments to Gary Cannon, Executive Director, South Carolina Workers' Compensation Commission, 1333 Main Street, Post Office Box 1715, Columbia, South Carolina 29202-1715. To be considered, all comments must be received no later than 5:00 p.m. November 6, 2015, the close of the drafting comment period.

Synopsis:

The Commission is making revisions to address, but not necessarily limited to, the following subjects:

R.67-201: In response to *Rhame v. Charleston Co. School Dist.*, the Commission needs to clarify that Article 2 of the Regulations applies to all levels of proceedings before the Commission.

R.67-205: Clarification that the effective date of service when it is made electronically is the date it is sent and received as indicated by the parties' electronic mail service provider.

R.67-207: In order to streamline the procedure for requesting a Hearing, the Commission is abolishing the use of a superfluous form, the Form 15, Section III, and directing claimants requesting a Hearing on any issues involving the merits to use a Form 50 Employee Request for Hearing.

R.67-211: Clarification that the effective date of service when it is made electronically is the date it is sent and received as indicated by the parties' electronic mail service provider.

R.67-213: Clarification that the effective date of service when it is made electronically is the date it is sent and received as indicated by the parties' electronic mail service provider.

R.67-214: Amend the process of a pro se litigant obtaining a subpoena to compel discovery. The amendments will provide Commission supervision of the content of the subpoenas before they are signed by a representative of the Commission on the pro se party's behalf. This will ensure an unrepresented litigant's access to meaningful discovery is preserved and reduce the use of subpoenas for abusive practices.

R.67-215: In response to *Rhame v. Charleston Co. School Dist.*, the Commission needs to clarify that the Commission will not consider Motions addressing the merits, including Motions for Reconsideration of substantive issues, at any level of proceedings before the Commission.

R.67-413: Eliminate the use of the Form 18 to request an informal conference by deleting subsection (A)(2) which currently reads "[file a Form 18 Status Report] to request an informal conference". Line 6 on the current Form 18 reading "Informal Conference is Requested: Yes No (check one)" will be

eliminated from the Form 18. This is necessary to implement the use of the Form 18 as Second Report of Injury (SROI) through Electronic Document Interface (EDI).

R.67-504: In order to streamline the procedure for requesting a Hearing, the Commission is abolishing the superfluous Form 15, Section III, and directing claimants requesting a Hearing under this section to use a Form 50 Employee Request for Hearing.

R.67-615: Amending language to direct parties to contact the Court Reporter directly for a copy of a transcript, not the Commission. This change is needed to reflect the changes made to S.C. Code Ann. § 42-3-60 and § 42-3-170.

R.67-712: In response to *Rhame v. Charleston Co. School Dist.*, the Commission needs to clarify that a party aggrieved by a final decision on the merits of the Commission must appeal in accordance with S.C. Code Ann. § 42-17-60 instead of filing a Motion for Reconsideration.

R.67-802: Amending the process for requesting an informal conference by clarifying that the employers' representative should file a letter requesting that an informal conference be held and file a current Form 18. Line 6 on the current Form 18 reading "Informal Conference is Requested: Yes No (check one)" will be eliminated from the Form 18. This is necessary to implement the use of the Form 18 as SROI through EDI.

R.67-804: Amending the process for requesting an informal conference by clarifying that the employers' representative should file a letter requesting that an informal conference be held and file a current Form 18. Line 6 on the current Form 18 reading "Informal Conference is Requested: Yes No (check one)" will be eliminated from the Form 18. This is necessary to implement the use of the Form 18 as SROI through EDI.

R.67-1515: Correction of a typographical error; removal of the word "the" from the clause ". . .the effective date of *the* such insurance program, . . ."

R.67-1602: The Commission will consider adopting the amendments recommended by the Debit Card Advisory Committee.

R.67-1802: The Commission will alter the listing of situations where mediation is mandatory to clarify that mandatory mediation is only triggered for claimants claiming permanent and total disability when the claimant has reached maximum medical improvement, and add to the list of situations where mediation is mandatory cases where there is a dispute amongst multiple defendants regarding who is the employer and/or carrier liable for payment of claimant's benefits.

R.67-1809: The Commission will provide sanctions for the failure of the parties to file a Form 70 Report of Mediation in a timely manner by barring the processing of a Form 19 until the Form 70 has been received.

Legislative review of this amendment is required.

State of South Carolina

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

TO: Commissioners

**FROM: Gary Cannon
Executive Director**

DATE: September 15, 2015

RE: Information Technology Statement of Work – BravePoint

Attached is the Statement of Work (SOW) from BravePoint for professional services to rewrite the software code for the Progress data management system. This SOW is added to the Master Services Agreement previously executed between the Commission and BravePoint. The Progress system 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.

To further enhance the objective of improving the effectiveness of communicating with stakeholders and providing access to data, the Commission approved the View Images project last year. 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.

The Progress system code was written in 2006. At that time information security was not considered a priority in the development of the software application lifecycle. Information security is a high priority today and a critical element of the Commission's operations. July 1, 2016 is the deadline for implementing the Information Security Program required by the General Assembly.

Under this contract, BravePoint will build the necessary security measures using today's standards for the access of data and 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 rewritten code will improve the eCase application by providing a clearer and more intuitive user interface and enabling our application to be accessible in a mobile environment.

The estimated cost of this project is \$80,721. Funds are available in the current fiscal year.



Statement of Work (SOW)
(Exhibit A)

Thank you for your decision to engage Progress Software Corporation, d/b/a Progress BravePoint ("Service Provider") as your service provider.

I. Services to be performed:

A. Service Provider will perform the following Services for State of South Carolina:

Provide consulting for the Client's eCase Portal application using modern technology stack including Telerik, as directed by client, as mutually scheduled. Please see attached task list with estimated 577 hours. This estimate is based on the previously generated User Interface guidelines and requirements document (see link below). Please note any changes to functionality or scope will add additional costs. Changes will be documented and approved upon by both parties.

[https://docs.google.com/document/d/1E7br3We2TWpiosTPnYnJhQIT6g1qZgANU9L6HqGfofY/edit?usp=sha](https://docs.google.com/document/d/1E7br3We2TWpiosTPnYnJhQIT6g1qZgANU9L6HqGfofY/edit?usp=sharing)

ring

High level benefits of moving to a modern Technology Stack:

- Using Modern industry standards for Security
- Facilitates integration with mobile applications
- User experience is richer and more extensible
- Kendo grid has the ability to inherently generate the data to excel and pdf
- Present an adaptive User Interface that will enable the application to render from the desktop to the tablet in a responsive manner

B. The Services listed in Section I.A above will be performed by the following employee(s) or independent contractor(s) of BravePoint:

Sr. Consultant including, TBD

C. Service Provider will commence performing Services for Client on or about start date **09/21/15**. BravePoint estimates that this project will be completed by end date **01/31/16**.

This SOW shall become effective upon the date of execution and remain in effect for additional work requested by Client through **07/31/16**.

II. Fees and Expenses:

- A. Hourly Rates: **Sr. Consultant** Standard: \$140.00 Overtime: \$210.00 (over time must be approved by client).
- B. Client will reimburse BravePoint for actual reasonable travel and living expenses.

This SOW is added to the Master Services Agreement executed by Client and Service Provider (the "Agreement"). For purposes of this SOW and the Agreement, "Standard Hourly Rate" shall be the rate specified above, which will be paid for all hours worked by any employee or independent contractor providing Services on behalf of Service Provider to Client on any Monday through Friday. Employee or independent contractor will be expected to work a normal forty (40) hour work week, unless otherwise specified in Section I.A above. Occasional time in excess of forty (40) hours may be required and scheduled. The "Overtime Hourly Rate" shall be the rate specified above that will be paid for all hours worked by any employee or independent contractor providing Services on behalf of Service Provider to Client after 5:00pm and before 8:00am in the time zone where the consultant is located and on any Saturday, Sunday, or legal holiday. Unless the Client rejects the timesheet associated with these Services within five business days after receiving it, the parties agree that Client has deemed to have automatically accepted the timesheet as correct.



By signing below, Client indicates agreement and acceptance of all terms and conditions as outlined in this SOW and in the Agreement.

Service Provider:
Progress Software Corporation
14 Oak Park
Bedford, MA 01730

Client:
State of South Carolina
1333 Main Street, 5th Floor
POB 1715
Columbia, SC 29202-1715

By: _____

Name: Sean Garguilo

Title: Senior Sales Manager

Date: _____

Principal Contact: Cathy Potter

Email Address: cpotter@progress.com

By: _____

Name: _____

Title: _____

Date: _____

Principal Contact: Sandee Sprang

Email Address: ssprang@wcc.sc.gov

Job Number: _____

Division: _____

State of South Carolina

1333 Main Street, 5th Floor
P.O. Box 1715
Columbia, S C 29202-1715



TEL: (803) 737-5700
www.wcc.sc.gov

Workers' Compensation Commission

TO: Commissioners
FROM: Gary M. Cannon
DATE: September 17, 2015
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)).

The Commission Business Meeting is scheduled for November 16 beginning at 10:30 a.m. I recommend the workshop be conducted on that date from 1:00-4:00 p.m. Michael Burchstead, General Counsel, State Ethics Commission, and Joe Turner, Assistant Disciplinary Counsel, SC Court Administration, have agreed to conduct the training.

If you approve this schedule, Appellate Panel hearings will be scheduled for Tuesday, November 17th and, if needed, Wednesday, November 18th.

THE YEAR IN REVIEW

The South Carolina Workers' Compensation Commission is proud to report its activities and accomplishments for Fiscal Year ending June 30, 2015. Through the efforts of its 54 dedicated employees, the Commission continues to focus on accomplishing its mission to provide an equitable and timely system of benefits to injured workers and employers in the most responsive, accurate, and reliable manner possible. The Commission continues to improve the efficiency of operations, focus on transparency, fairness, consistency and engaging all stakeholders in the development and implementation of fee schedules, regulation changes, and changes in policies and procedures. Service to stakeholders remains a primary focus of the Commission. Continuous improvement of organizational culture, active communication with stakeholders and responding to their requests and concerns through use of stakeholder ad hoc advisory committees, and partnering with business and governmental entities has enhanced the efficiency and effectiveness of the business processes and operations of the Commission.

Financial Condition

- The Commission's FY 2015 operating budget was \$5.2 million, \$1.9 million in General Funds and \$3.3 million in Other Funds.
- The Commission continued to implement cost reduction measures resulting in the actual operating expenses of \$5 million.
- The Commission collected \$15,221 of unclaimed funds held by the State Treasurer's Office.
- The Commission received approval for the use of \$951,066 from cash reserves for the general operating budget. The final use was \$517,625, leaving the case reserve fund balance of \$4,674,747.
- As a result of the passage of Act 95 in 2013, the Commission retained \$2.4 million of the Self Insurance Tax collected.

Key Accomplishments

- Added new features to eCase to better serve eCase users and stakeholders by providing information in a more efficient and effective way.
- Adopted the International Association of Industrial Accidents Boards and Commissions (IAIABC) Claims EDI Release 3.0 standard for the voluntary electronic transfer of Subsequent Report of Injury (SROI) information in place of the Commission's Form 18.
- Approved a revision to the Medical Services Provider Manual (MSPM) to reflect 2015 CPT codes while maintaining the \$50 conversion factor. Effective date is September 1, 2015.
- Approved an amendment to the Master Services Agreement with OptumInsight that will assist the Commission in the annual update and dissemination of the MSPM.
- Improved the process for identifying outstanding carrier fine debt to be addressed through the Order and Rule to Show Cause process.
- Continue the process for implementing information technology security policies, guidelines and standards developed by the Budget and Control Board.
- Adopted Administrative Policies and Procedures for the use of Court Reporter Services.
- Upgraded the electronic database portal for the S.C. Vocational Rehabilitation Department for claimant outreach and referral. One hundred nineteen (119) claimants referred.

Communication/External Relations

- Posted 12 agendas and supporting documents for the Commission Business Meetings on the Commission's website two days prior to the meetings.
- Increased the Commission's electronic general notice distribution contact list from 478 to 553.
- Posted 122 general notices to the Commission's website.

- Emailed 64 general notices, policy advisories and updates to stakeholders and other interested parties.
- Launched a new process for electronically uploading documents for Commissioner hearings and Appellate hearings.
- Appointed an Ad Hoc Advisory Committee of stakeholders to study the issue of allowing carriers and employers to make electronic indemnity payments.
- Commissioner Mike Campbell was appointed to the Commission by Governor Nikki Haley to fill an unexpired Commission seat. Commissioner Campbell's term commenced on August 1, 2014 and expires June 30, 2018.

Compliance & Coverage

- For FY 14-15, the Compliance Division compelled 269 employers in S.C. to come into compliance with the Act. In so doing, approximately 2,502 previously uninsured workers are now properly covered.
- The Compliance Division collected \$906,833 in fines which represents 125% of FY 14 year-end collection.
- Increased Compliance investigations by 335 or 30% (FY14 - 1,088 to FY15 - 1,423).

Claims

- Number of cases filed with the Commission decreased 2,323 or 3.6% (FY14 - 65,300; FY15 - 62,977)
- Processed 13,765 settlements (Clinchers, Form 16s, and third party settlements) an increase of 424 or 3.1% - (FY14 - 13,341)
- Processed 24,140 initial notices of payments (Form 15 Sections I and II) a decrease of 1,237 or 4.8% - (FY14 - 25,377)
- Processed 55,107 Form 18 (Carrier's Periodic Report) an increase of 2,372 or 4.5% (FY14 - 52,735)

Hearings

- Informal Conferences cases assigned 4,622, conducted - 3,139
- Cases docketed for single commissioner hearings increased 212 or 2.2%; (FY14 - 9,553; FY15 - 9,765)
- Hearings conducted by a commissioner decreased 4 or .3% (FY14 - 1,229; FY15 - 1,225)
- Settlements increased by 103 or 1.0%. (FY14 - 10,195; FY15 - 10,298)
- Single commissioner cases appealed to the Full Commission decreased by 10 or 3%. (FY15 - 334)
- The number of cases reviewed by the Full Commission remained at 173
- The number of Full Commission cases appealed to higher court increased by 15 or 19%. (FY14 - 78; FY15 - 93)

Appeals

- Full Commission Processed 334 appeals to the Full Commission. (FY14 - 344)
- Conducted 173 appellate hearings. (FY14 - 173)
- Full Commission decisions appealed to higher Court -93. (FY14 - 78)

System Overview

Premiums

- Premiums paid into the workers' compensation system totaled \$1,027.8 million
 - Market Share
 - Commercial - \$702.2 million (68%)
 - Self Insurance - \$246.8 million (24%)

State Accident Fund - \$78.8 million (8%)

Insurance Tax

- Collected \$4.8 million and remitted \$2.4 million to the State General Fund Self-Insurance Taxes
- The Department of Insurance reported Workers' Compensation Insurance premium tax paid to the State General Fund - \$16,370,788

Total Cost Reported for Cases Closed (Medical and Indemnity)

- Total cost of medical and compensation - \$874.2 million. (FY14 - \$903.7 million)
- Medical expenses totaled \$321.1 million. (FY 14 - \$341.9 million)
- Compensation totaled \$553 million. (FY 14 - \$561.7 million)

Average Cost Per Claim

- Total = \$13,840 per claim. (FY 14 - \$13,613)
- Medical = \$5,084 per claim. (FY 14 - \$5,151)
- Compensation = \$8,756 per claim. (FY 14 - \$8,462)

Compensation by Category

- Total = \$553 million. (FY 14 - \$561.7 million)
- Agreement = \$525.3 million. (FY 14 - \$535.1 million)
Percent of Total = 95 % (FY 14 - 95.3%)
- Award = \$27.8 million. (FY14 - \$26.6 million)
Percent of total = 5.0% (FY 14 - 4.7%)

Statistical Recap FY ending June 30, 2015	
1. Number of Employers Purchasing Insurance	82,940
2. Number of Employers Qualifying as Self-Insurers	2,098
3. Investigations Active Beginning of Fiscal Year	341
4. Investigations Initiated	1,423
5. Investigations Set for Show Cause Hearings/ Consent Agreements Received	131 258
6. Total Investigations Closed	1,117
7. Investigations Active at Close of Fiscal Year	346
8. Number of Accident Cases Filed with the Commission	62,977
A. New Cases	60,858
B. Reopened cases	2,119
9. Number of Cases Closed during Fiscal Year	63,164
A. Individually Reported Accidents	25,794
B. Minor Medical Only Accidents Reported in Summary	37,370
10. Total Compensation & Medical Cost Paid on closed cases	\$874,244,043
A. Medical Costs	\$321,133,185
B. Compensation	\$553,090,857
11. Temporary Total Compensation Agreements	13,796
12. Supplemental Compensation Agreements	3,153
13. Applications for Stop Payment	1,557
14. Cases Docketed for Hearings	9,765
15. Cases Assigned for Informal Conferences	4,622
16. Hearings Conducted by Single Commissioners	1,225
17. Informal Conferences Conducted	3,139
18. Decisions, Opinions & Orders, Single Commissioners	1,200
19. Cases Appealed to Full Commission for Review	334
20. Reviews Conducted by Full Commission or Panel	173
21. Decisions and Opinions by Full Commission or Panel	169
22. Commission Decisions Appealed to Higher Court	93
23. Common Law Settlements	10,298
24. Attorney Fee Approvals	8,235

South Carolina Workers' Compensation Commission			
Summary of Revenues and Expenditures			
Year Ending June 30, 2015			
STATE APPROPRIATIONS			
	Budget	Actual	Over (Under) Budget
General Fund Appropriations	\$ 1,924,402	\$ 1,915,177	\$ (9,225)
Expenditures			
Personal Services	\$ 1,427,606	\$ 1,417,444	\$ (10,162)
Other Operating Expenses	-	-	-
Taxable Subsistence		60,272	60,272
Employer Contribution	496,796	437,461	(59,335)
Total	\$ 1,924,402	\$ 1,915,177	\$ (9,225)
EARMARKED FUNDS			
Revenues			
Training Conference Registration Fee	\$ 5,000	\$ 400	\$ (4,600)
Sale of Publication and Brochures	8,000	4,215	(3,785)
Workers' Comp Award Review Fee	73,000	38,850	(34,150)
Sale of Photocopies	88,000	80,989	(7,011)
Workers' Compensation Filing Violation Fee	1,660,000	2,026,689	366,689
Sale of Listings and Labels	25,000	23,119	(1,881)
Workers' Comp Hearing Fee	562,000	569,486	7,486
Total	\$ 2,421,000	\$ 2,743,748	\$ 322,748
Appropriated Fund Balance	951,066		
Total	\$ 3,372,066		
Expenditures			
Personal Services	\$ 1,629,527	\$ 1,580,107	\$ (49,420)
Taxable Subsistence	\$ 50,000		\$ (50,000)
Other Operating Expenses	1,174,204	1,126,399	(47,805)
Employer Contribution	465,400	554,868	89,468
Total	\$ 3,319,131	\$ 3,261,374	\$ (57,757)
Total All Funds	\$ 5,243,533	\$ 5,176,551	\$ (66,982)
SELF INSURANCE	Revenue	Transferred to State	Retained
Self Insurance Tax	\$ 4,800,933	\$ 2,400,467	\$ 2,400,467