

A G E N D A

SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION

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

January 13, 2020– 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 JANUARY 13, 2020 | <i>CHAIRMAN BECK</i> |
| 3. APPROVAL OF MINUTES OF THE BUSINESS MEETING OF DECEMBER 16, 2019 (Tab 1) | <i>CHAIRMAN BECK</i> |
| 4. GENERAL ANNOUNCEMENTS | <i>MR. CANNON</i> |
| 5. APPLICATIONS FOR APPROVAL TO SELF-INSURE (Tab 2) | <i>MS. BOGGS</i> |
| 6. DEPARTMENT DIRECTORS' REPORTS
Human Resources (Tab 3)
Information Services (Tab 4)
Insurance and Medical Services (Tab 5)
Claims (Tab 6)
Judicial (Tab 7) | <i>MS. STUART
MS. SPRANG
MR. DUCOTE
MS. SPANN
MS. BRACY</i> |
| 7. Vocational Rehabilitation (Tab 8) | <i>MR. CANNON</i> |
| 8. EXECUTIVE DIRECTOR'S REPORT (Tab 9)
Administration – Financial Report (Tab 10) | <i>MR. CANNON
Mr. Cannon</i> |
| 9. OLD BUSINESS | <i>CHAIRMAN BECK</i> |
| 10. NEW BUSINESS
a. Approval of Dominion Energy Corporate Guaranty Addendum
b. Medical Services Provider Manual | <i>CHAIRMAN BECK
Ms. Boggs
Mr. Cannon</i> |
| 11. ADJOURNMENT | <i>CHAIRMAN BECK</i> |

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THE
SOUTH CAROLINA WORKERS'
COMPENSATION COMMISSION
BUSINESS MEETING
December 16, 2019

A Business Meeting of the South Carolina Workers' Compensation Commission was held in Hearing Room A of the Workers' Compensation Commission on Monday, December 16, 2019, 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; Bryan Berthelette, Self-Insurance Director; Alexa Stuart, Human Resource Manager; Amy Bracy, Judicial Director; Keith Roberts, General Counsel; Wayne Ducote; Insurance & Medical Services Director and Emily Boggs, Self-Insurance Director. David Durant, Staff Attorney and Bonnie Anzelmo, Injured Workers Advocates were also present.

Chairman Beck called the meeting to order at 10:48 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 NOVEMBER 17, 2019

Commissioner Barden moved that the minutes of the Business Meeting of November 17, 2019, be approved. Commissioner Taylor seconded the motion, and the motion was approved.

GENERAL ANNOUNCEMENTS

Mr. Cannon reminded the Commissioners that the annual holiday luncheon would be held immediately following the meeting.

APPLICATIONS FOR APPROVAL TO SELF-INSURE

Self-insurance applications were presented by Emily Boggs, Self-Insurance Director. Seven (7) prospective members of Two (2) funds was presented to the Commission for approval. The applications were:

South Carolina Home Builders SIF

BL Wiggins Enterprises, LLC
Palmetto Development Custom Homes, LLC
Pawleys Island Carpentry, LLC
Premier Gutters Installation and Repair, LLC
William T. Ruarks dba Ruacon Quality Construction
Wolf Construction Co., Inc.

South Carolina Municipal Insurance Trust Fund

Town of Jefferson

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

Ms. Stuart presented the Human Resources report. Ms. Stuart pointed out the following highlights from the report:

- November is statistically slow due to the holiday.
- We had 2 personnel changes.
- Ms. Stuart attended the first revised Training and Development Consortium. Ms. Stuart states that she believes it will be great for the state and employees.
- Parking and building issues are trending down.
- Approved 25 travel reports; those numbers are higher due to the KERMIT travel.

Information Technology Department

Gary Cannon presented the IT report, in Ms. Sprang's absence. Mr. Cannon provided the following highlights from the report.

Accomplishments in November:

- We are continuing to process EDI 3.0 transactions through Progress. It is our expectation to implement XML 3.1 post KERMIT implementation.
- Progress-Continuing to use Progress to receive and record documentation.
- Completed implementing our helpdesk and it has been integrated into KERMIT and it helps stakeholders know where their request is.
- Extracting documents from OnBase into KERMIT. All documents submitted are being scanned into OnBase so they can be migrated into KERMIT.
- Legacy Modernization Project-working with stakeholders with any issues and stakeholders are reporting that the system is working. There a few issues and we are working to communicate with the stakeholders.
- Also, we are in the process of developing some training videos to assist users on how to enter claims, filing pleadings etc.
- Several training manuals have been developed and primarily assist with

registration. The manuals are posted on the website.

Insurance and Medical Services Department

Mr. Ducote presented the Insurance and Medical Services Department's report. Mr. Ducote pointed out the following highlights from the report:

- In November, the Compliance Division compelled 43 employers to come into compliance with the Act and collected over \$120,000 in non-compliance penalties. As a result of the efforts 241 more employees are now covered.
- All 16 carriers on the Rule to Show Cause docket resolved their outstanding fines. Resulting in \$5,500.00 in fine resolutions.
- Coverage collected \$10, 000 in fines.
- Total 1,820 new claims have been established.
- Self-Insurance collected \$67,777 in self-insured fund.

Claims Department

Ms. Spann presented the Claims Department's report. Ms. Spann reported the following for the month of November:

- In preparation for the go dark period, Claims process 4,000 less claims than last month.
- Claims closed 1, 7000 files and reviewed 2,100 files.
- Fine revenue collected was \$5,000 less than the previous month.
- There was an increase of 94 in the number of fines assessed for form 18's.
- EDI was cut off during the dark period and it's back up; the EDI transmissions were less than last month.
- Email and mailed claims were down due to the deadline to file claims during the go dark period.
- Claim received 14 Third party settlements were received and 12 were approved.

Judicial Department

Ms. Bracy presented the Judicial Department's report. Ms. Bracy reported the following for the month of November:

- Judicial is holding steady in their numbers
- Numbers are a little down due to the dark period before KERMIT go live.
- Ms. Bracy and WCC's General Counsel, Keith Roberts attended Mr. Lacy's law class.

VOCATIONAL REHABILITATION

Mr. Cannon presented the Vocational Rehabilitation report. Mr. Cannon reported the following:

- The monthly report submitted has the numbers and also include a few for the month of December.
- Ms. Drawdy is no longer with Vocational Rehabilitation. We have been assigned a new counselor who will assume her duties after the first of the year.

Commissioner Taylor inquired about if we have considered having a Vocational Rehabilitation counselor on staff. There was discussion.

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:

- The Executive Team spent most of their time on the launch of KERMIT.
- In November the team was training in various sections around the state.
- We had almost 800 stakeholders attend the KERMIT training.

ADMINISTRATION – FINANCIAL REPORT

Gary Cannon, Executive Director presented the Financial Report. Mr. Cannon pointed out the following highlights from the report.

- Benchmark for this period is 32%.
- Total number of expenditures is 25% of what is budgeted, which is substantially lower than the benchmark.
- Earmark fund is 42%, which is slightly higher than the benchmark.

OLD BUSINESS

No old business.

NEW BUSINESS

Average Weekly Wage:

The new calculated average weekly wage that was certified by the SC Department of Employment and Workforce for July 1, 2018 through June 30, 2019 is \$866.69. Mr. Cannon requested the Commissioners to pass a motion to adopt the average weekly wage.

Commissioner McCaskill made the motion to approve the Average Weekly Wage, and Commissioner Barden seconded the motion. The motion was unanimously approved. All Commissioners signed the order after the meeting.

ADJOURNMENT

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

The December 16, 2019, meeting of the South Carolina Workers' Compensation Commission adjourned at 11:03 a.m.

Reported January 8, 2020
Amy Proveaux
Office of the Executive Director

State of South Carolina

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Workers' Compensation Commission

TO: Gary Cannon

FROM: Alexa Stuart

DATE: January 8, 2020

SUBJECT: Monthly Human Resources Report for January 2020 Business Meeting

This report summarizes the activities of Human Resources during the month of December 2019. December was a short month with the 3 holidays and annual leave. Although it was a short month, it was active with 156 administrative transactions, benefit questions and leave time transactions.

In December the Commission had 53 FTE positions available. We have 1 part-time employee. As part of the IT Legacy System Modernization Project Phase 2 we recruited a temporary Application Support Analyst through Beeline, the State's IT temporary recruitment vendor. The position will be used for six months to assist with the completion of the KERMIT release and begin with Phase 2. We reviewed 24 candidates and selected 5 for phone interviews which were scheduled for early January. This position has since been filled.

- **New Hires:** None
- **Separations or Retirements:** None
- **Leaves:** 4

There were 9 benefit-related issues in December which was up by 3 in November.

We had 2 celebratory employee luncheons in December. The first was to acknowledge the "go live date" for Kermit and the second was our annual Christmas luncheon.

We sent 25 "All Agency" emails during the month. That number is 10 more than last month.

There were 4 HR-related transactions processed in SCEIS which was significantly down from prior months. There were 13 time-related SCEIS transactions processed in SCEIS. Payroll and time reports were run as scheduled. There were 16 travel expense reports processed.

The State HR Division has requested all agency HR departments to clean up and close out old job listings in NEOGov, which I completed. We had many uncompleted assignments from prior years going back to when the system was first implemented. The goal is to be able to use the NEOGov system to accurately collect data, such as the number of days it takes to fill a specific position or the number of candidates that apply and are considered.

We had 4 CBRE building issues and 3 parking transactions. Our building related and parking issues continue to trend downward.

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Workers' Compensation Commission

To: Gary Cannon
SCWCC Executive Director
From: Sandee Sprang, IT Director
Date: January 8, 2020
Subject: IT Department December 2019 Full Commission Report

This report summarizes the activities and accomplishments of departmental projects and initiatives for the IT department during December 2019.

I. Systems Operations, Maintenance and Support

EDI

We are continuing to process EDI 3.0 transactions through Progress and will transition to XML 3.1 in March. We are starting to migrate the First Report of Injury filings from 3.0 into KERMIT and we will repeat this process periodically until XML 3.1 is implemented.

Progress

We are continuing to utilize Progress to record the receipt of paper documents for internal processes. This is allowing us to get open claims that were created in Progress with critical filing deadlines through the business process.

Systems Support

Jason has worked with CourtCall to get one of the hearing rooms completely configured to utilize this service.

OnBase

We are still extracting documents from OnBase and preparing them for import into KERMIT. Additionally, all forms, pleadings and documents submitted via paper are being scanned into OnBase so that all internal users have access to them.

II. Projects, Enhancements and Development

Legacy Modernization

All efforts continue to be focused on KERMIT in the following areas:

- Onboarding and registration of external users
- Continuity of business operations which includes data synchronization between Progress and KERMIT as functionality is released in a phased approach
- KERMIT data integrity and management
- Functionality reviews and testing
- OnBase document migration
- Stabilization and synchronization of testing and production environments
- Implementation of security products

State of South Carolina



Workers' Compensation Commission

To: Mr. Gary Cannon
SCWCC Executive Director

From: Wayne Ducote, Jr.
IMS Director

Date: 10-Jan-20

Subj: Insurance and Medical Services Department
December 2019 Full Commission Report

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

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

- | | |
|---------------------|--|
| Compliance Division | <ol style="list-style-type: none">1. Reviewing revenue metrics / projections.2. Working with staff to review workflow processes and additional training opportunities.3. Continuing to explore outreach opportunities with stakeholders. |
| 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: 52 new registrants; 0 notifications sent. |
| Medical Services | <ol style="list-style-type: none">1. Working with Medical Bill Reviewers on certification renewals.2. Continue to meet with Fair Health to discuss 2020 MSPM updates. |

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

Employer Rule to Show Cause Hearings and Compliance Activity

The Compliance Division docketed 2 new RTSC cases and 27 total RTSC cases in the month of December. And, compelled 39 South Carolina employers to come into compliance with the Act. Year to date, 54 new RTSC cases and 136 total RTSC cases have been docketed.

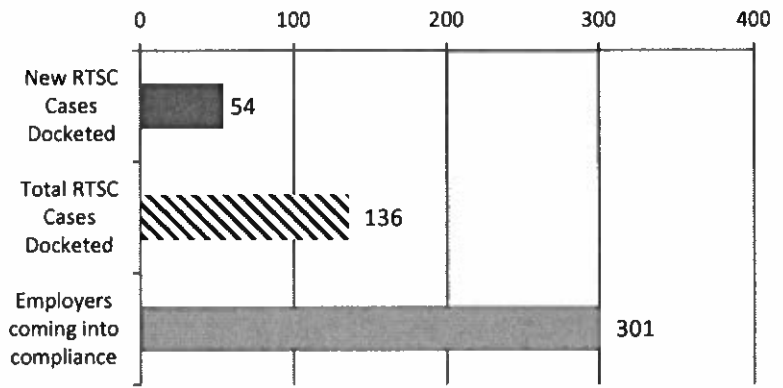
Employers Obtaining Coverage

Year to date, the Compliance Division has compelled 301 South Carolina employers to come into compliance with the Act. In so doing, approximately 2,310 previously uninsured workers are now properly covered.

Penalties Waived

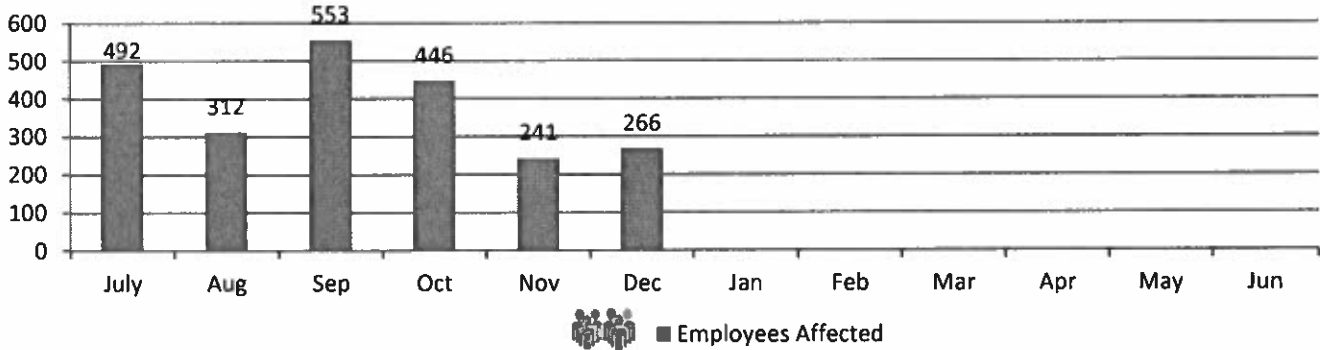
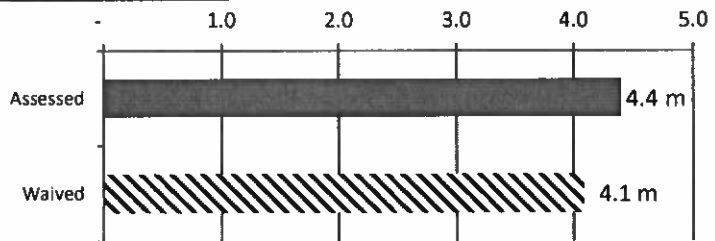
Although the Division has assessed \$4.4 m in fines this fiscal year, \$4.1 m have been waived or rescinded as employers have either obtained insurance coverage or were found not to be subject to the Act.

RTSC and Compliance Activity



Fines and Penalties

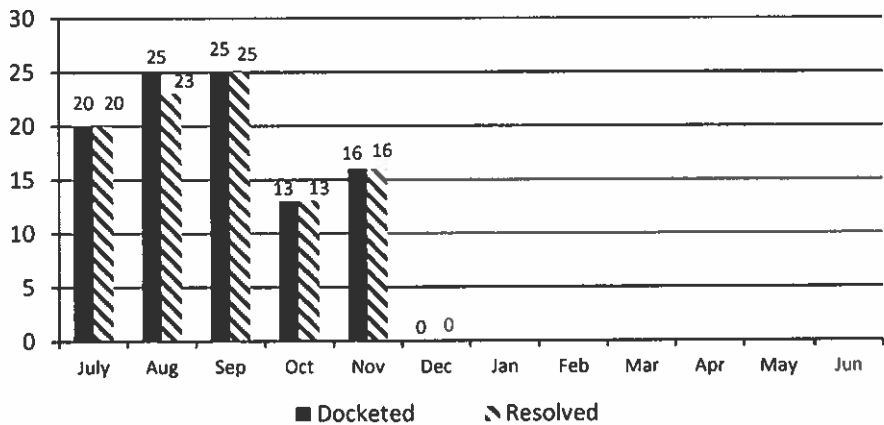
Millions



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 December 2019, 0 carrier RTSC cases were docketed; 0 cases for a total of \$0 were resolved.

Year to date, a total of 99 carrier RTSC cases have been docketed, 97 cases for a total of \$42,466 have been resolved.

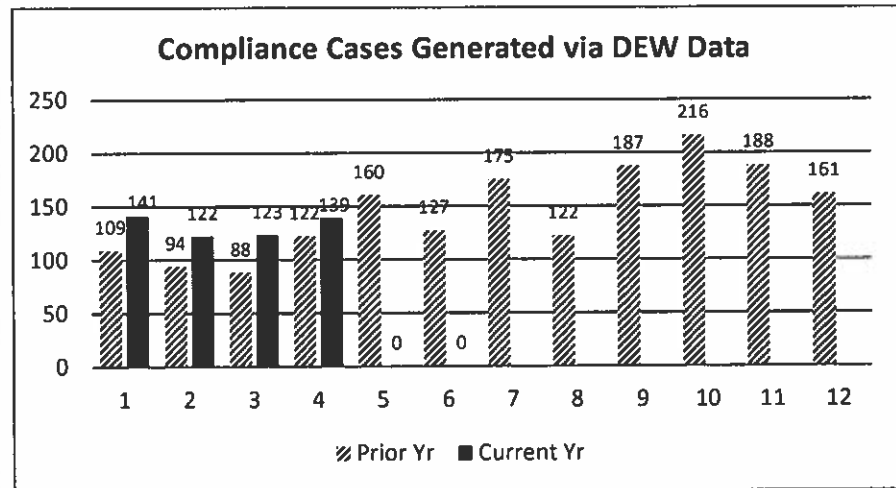
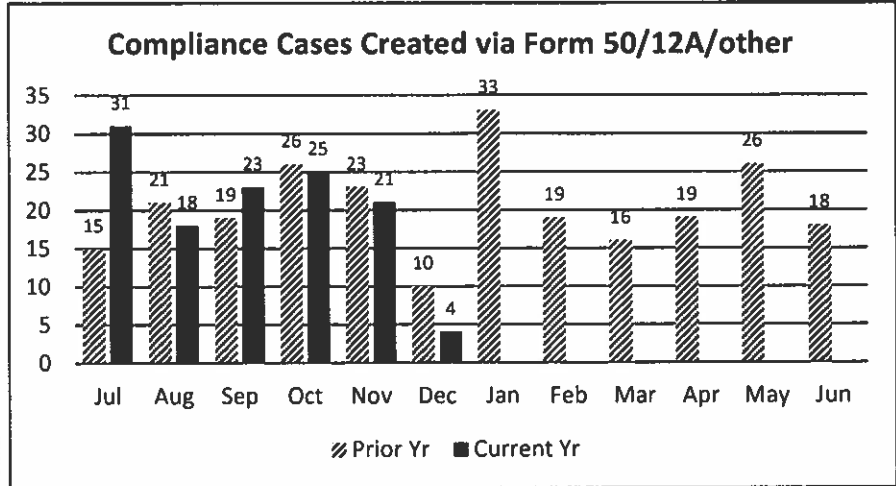


In December 2019, 4 compliance files were created from the combined filings of Form 50's, 12A's, and stakeholder reporting involving uninsured employers.

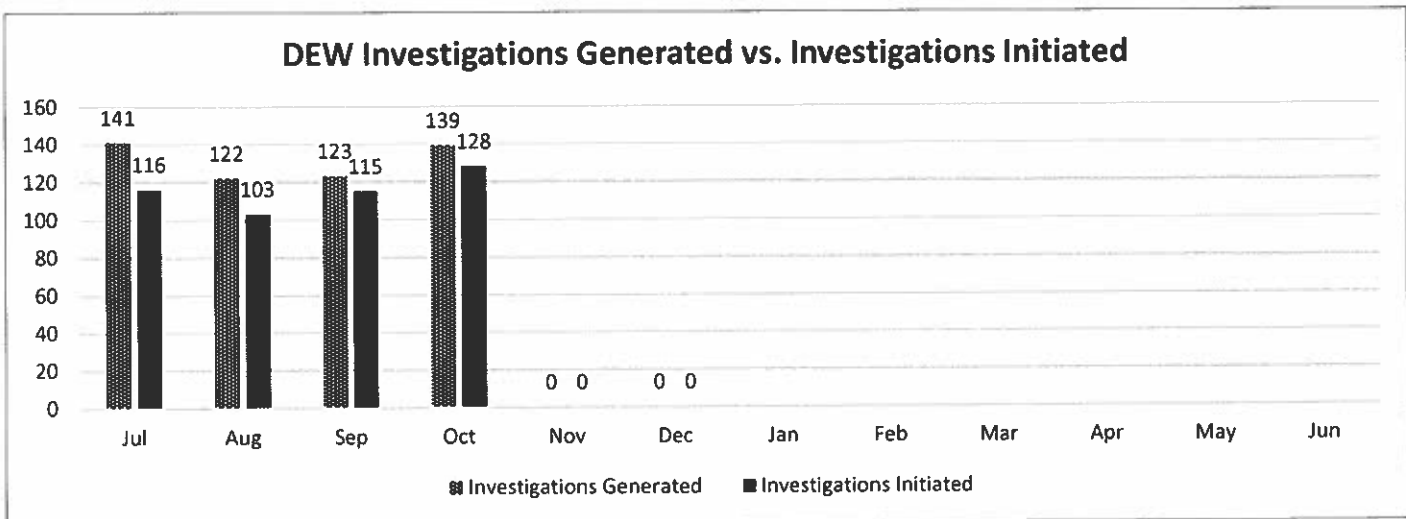
YTD vs. Prior Year total (245): 50%
 Dec 2019 to Dec 2018: 40%
 Current Yr End trend: 100% of 2018-2019
 YTD 2019-2020 v. YTD 2018-2019: 92%

In December 2019, No compliance files were generated from the DEW data process.

YTD vs. Prior Year total (1,749): 30%
 Dec 2019 to Dec 2018: 0%
 Current Yr End trend: 60% of 2018-2019
 YTD 2019-2020 v. YTD 2018-2019: 75%



The DEW Data Pool is determined by the total number of potential, non-compliant employers who report wages to DEW with at least 4 employees and who's FEIN does not match with any coverage records in the Commission's coverage database. The investigations generated is the number of compliance investigations generated from the pool. The investigations initiated is the number of compliance investigations initiated from those that were generated.



Carryover Caseload:

The Compliance Division closed December 2019 with 388 cases active, compared to an active caseload of 462 at the close of December 2018.

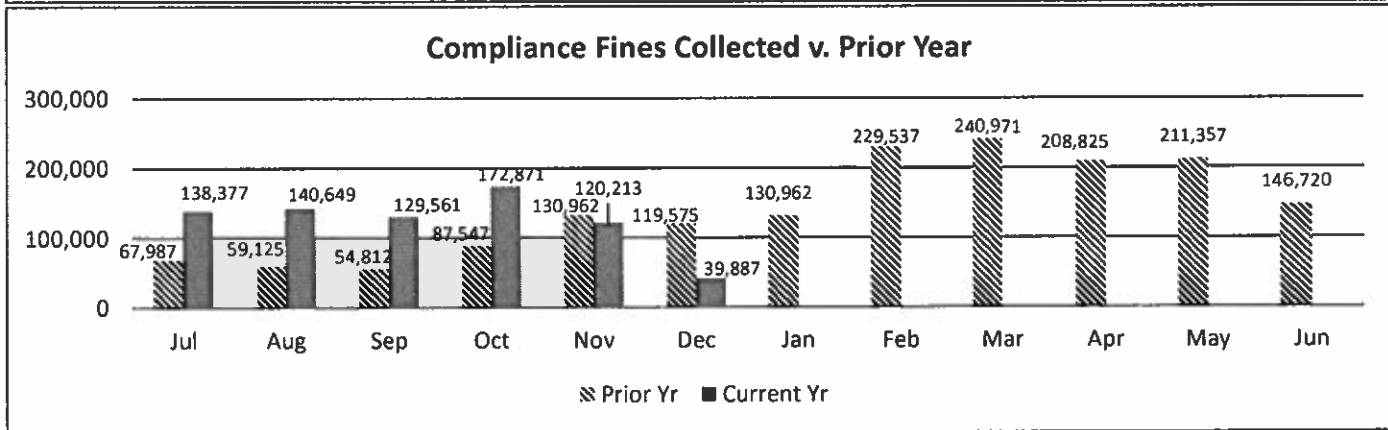
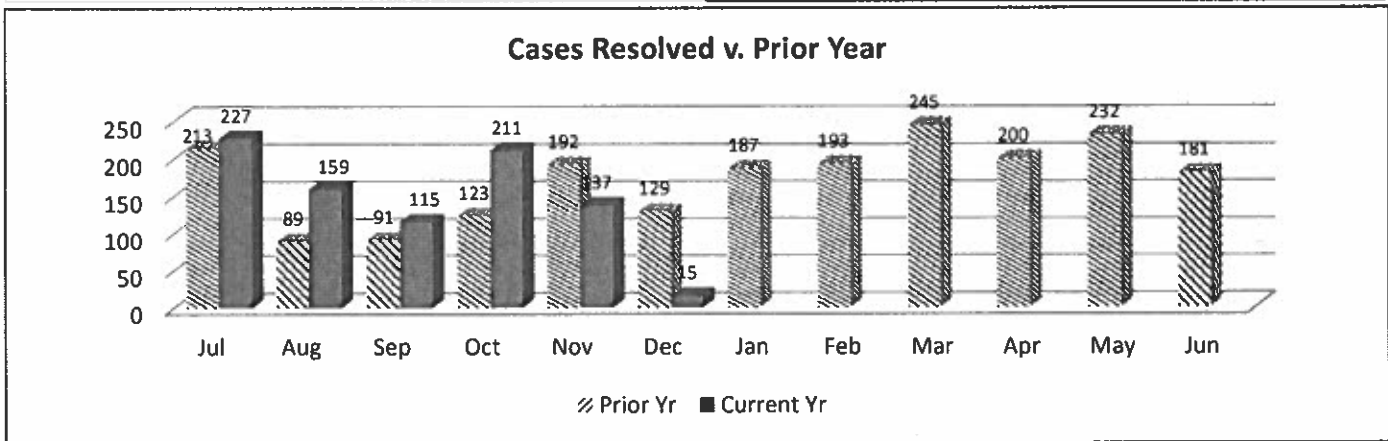
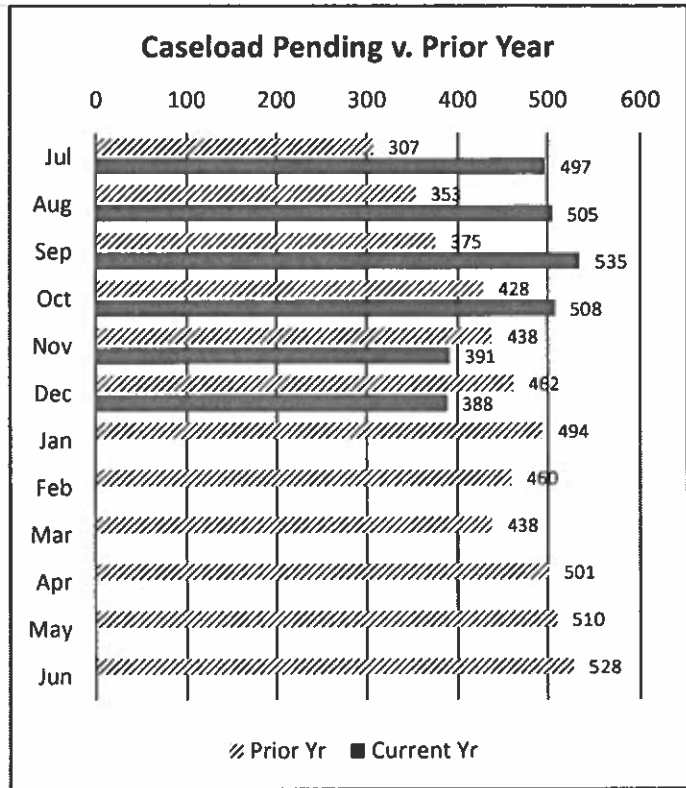
Cases Resolved:

For the month of December 2019, Compliance Division staff closed-out 15 cases.

Compliance Fines:

In December 2019, the Compliance Division collected \$39,887 in fines and penalties. Year to Date, the Compliance Division has collected \$741,558 in fines and penalties.

Year to Date vs Prior Year Total (\$1,688,380): 43%
 December 2018 vs. December 2019: 33%
 Current Year End trend is 88% of 2018-2019
 YTD 2018-19 (July - Dec) vs YTD 2018-2019: 143%

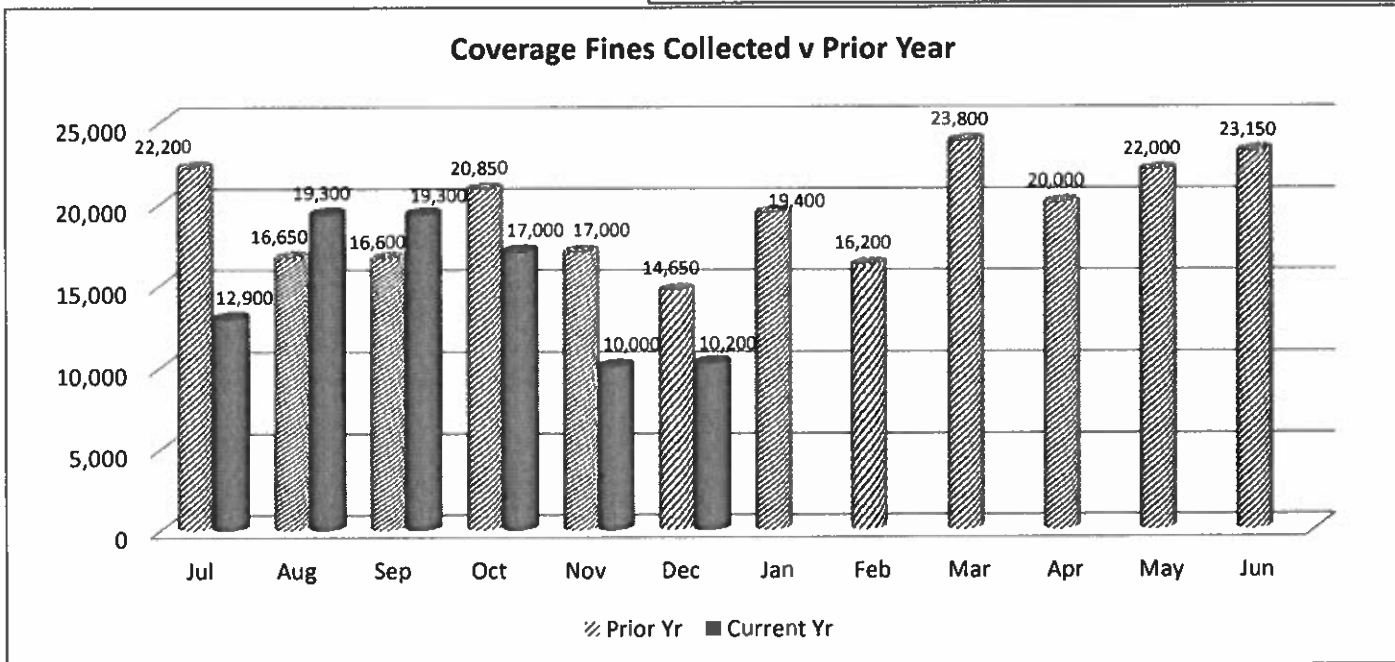
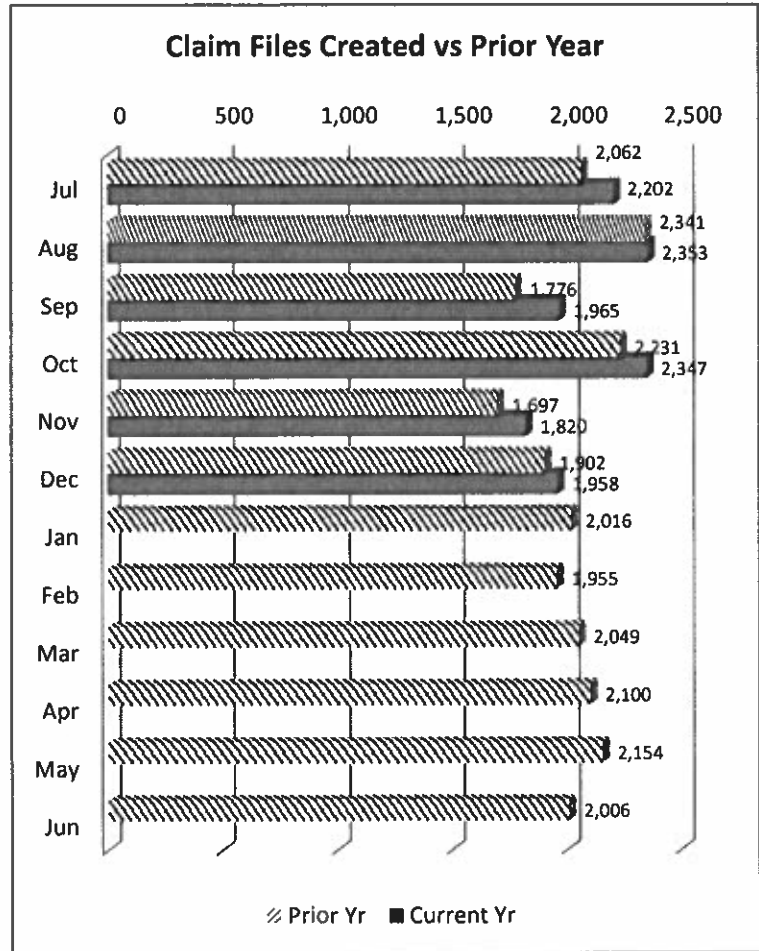


WCC Claim Files:

In December 2019, the Coverage Division received a total of 1,958 WCC Claim files. Of these, 1,885 were created through proper carrier filing of a 12A, and 73 were generated as a result of a Form 50 claim filing. Year to Date 12,645 Claim files have been created which is 52% of claim file volume prior year (24,289).

Coverage Fines:

The Coverage Division collected \$10,200 in fine revenue in December 2019, as compared to \$14,650 in Coverage fines/penalties accrued during December 2018. Year on Year, Coverage fines are at 38% of collections for prior year.



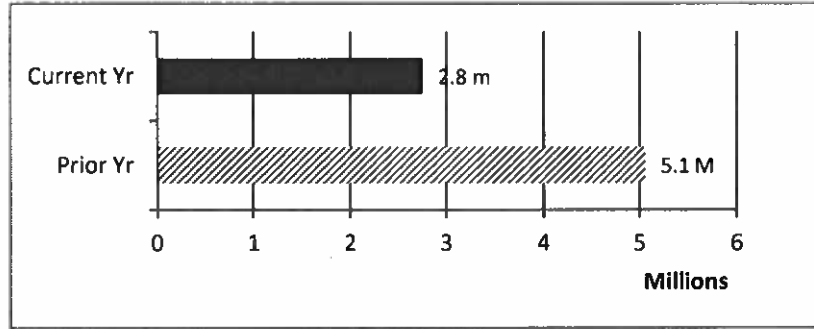
IMS SELF INSURANCE DIVISION

December 2019

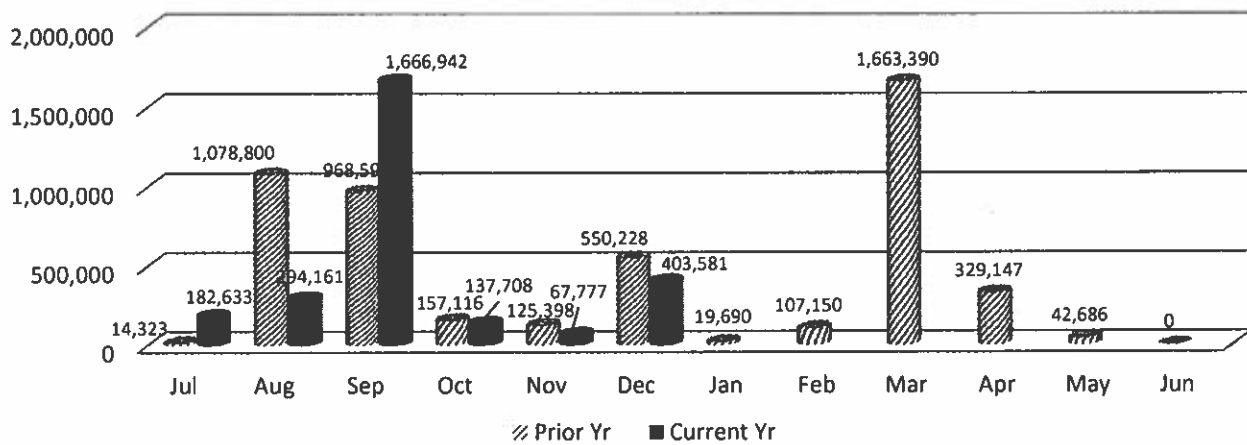
During the month of December 2019, the Self Insurance Division:

- * collected \$403,581 in self-insurance tax.
- * added 7 new self-insurers.
- * conducted 4 Self Insurance audits.

Year to Date, Self Insurance tax revenue is trending at 95% of prior year and 24 Self Insurance audits have been completed.



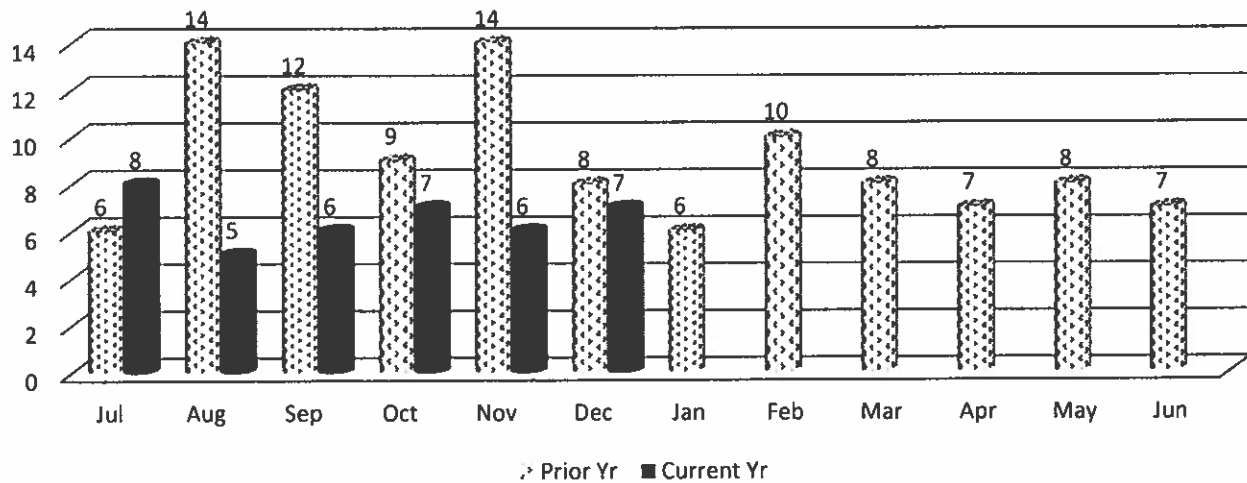
Self Insurance Tax Collections v. Prior Year



IMS MEDICAL SERVICES DIVISION

In December 2019, the Medical Services Division began the month with 6 bills pending review, received an additional 9 bills for review, conducted 8 bill reviews and ended the month with 7 bills pending.

Medical Bills Pending Review v. Prior Year



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Workers' Compensation Commission MEMORANDUM

To: Gary Cannon, Executive Director
From: Sonji Spann, Claims Director
Date: January 7, 2019
Re: Claims Department –January 2019 Full Commission Report

Attached is Claims Department activity for the period ending December 31, 2019. Due to the implementation of KERMIT, the Progress System was closed from 11/26/19 – 12/20/2019. Progress reopened on 12/20/19. Information below is from 12/20/19 – 12/31/2019.

Processed	9,275
Closed	1,252
Reviewed	279
Revenue	\$14,100
Fines	None were assessed
EDI -18's	2,866
Emailed -18's	1,342
USPS	Did not capture
Form 61's rec'd	511
Form 61's App	419
Third Party Settlements	14
Third Party Settlements Processed	13

Claims Department Statistical Report Statistics For FY19-20

Period ending December 31, 2019

Claims Services	July	August	Sept	Oct	Nov	Dec	Totals YTD FY19-20	FY18-19 YTD Total same period	% Chg same period FY18-19	Totals YTD FY18-19
Forms 15-I	1,140	1,300	1,099	1,423	862	703	6,527	7,061	-8%	14,121
Forms 15-II/Forms 17	923	1,073	970	1,107	690	607	5,370	5,854	-8%	11,707
Forms 16 for PP/Disf	177	182	294	219	221	115	1,208	1,423	-15%	2,845
Forms 18	4,917	4,613	4,590	4,785	3,472	4,751	27,128	26,492	2%	52,983
Forms 20	684	787	655	831	479	369	3,805	4,258	-11%	8,516
Form 50 Claims Only	260	298	251	341	270	150	1,570	1,581	-1%	3,162
Form 61	690	804	681	763	701	511	4,150	4,397	-6%	8,793
Letters of Rep	201	204	147	181	327	149	1,209	1,054	15%	2,107
Clinchers	723	879	730	852	881	358	4,423	5,104	-13%	10,208
Third Party Settlements	13	16	15	14	14	14	86	17	406%	34
SSA Requests for Info	76	104	76	78	59	17	410	407	1%	813
Cases Closed	2,326	2,560	2,160	2,525	1,773	1,252	12,596	13,810	-9%	27,620
Cases Reviewed	2,946	3,294	2,705	3,146	2,219	279	14,589	18,831	-23%	37,662
Total Fines Assessed	250	230	214	232	135		1,061	1,559	-32%	3,117
Form 18 Fines	216	189	177	228	134		944	1,301	-27%	2,601
Total Amt Paid	\$31,200	\$43,000	\$38,600	\$36,200	\$31,200	\$14,100	\$194,300	254,625	-24%	\$509,250

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Workers' Compensation Commission

January 8, 2020

To: Gary M. Cannon
Executive Director

From: Amy A. Bracy
Judicial Director

RE: **Monthly Judicial Report for December 2019**

During the month of December, the Judicial Department processed five hundred twenty-nine (529) requests for hearings, eighty-five (85) Motions and one hundred twenty-nine (129) clincher conference requests that were sent to the Jurisdictional Commissioners.

There were forty-seven (47) Single Commissioner Hearings conducted during the past month, twenty (20) pre-hearing conferences held and five (5) Full Commission hearings held. A total of three hundred sixty-nine (369) Orders were served at the single Commissioner level, thirty-four (34) of those were Decision and Orders that resulted from hearings that went on the record and eighty-three (83) were Motion Orders that were a result of Motions ruled upon by Commissioners.

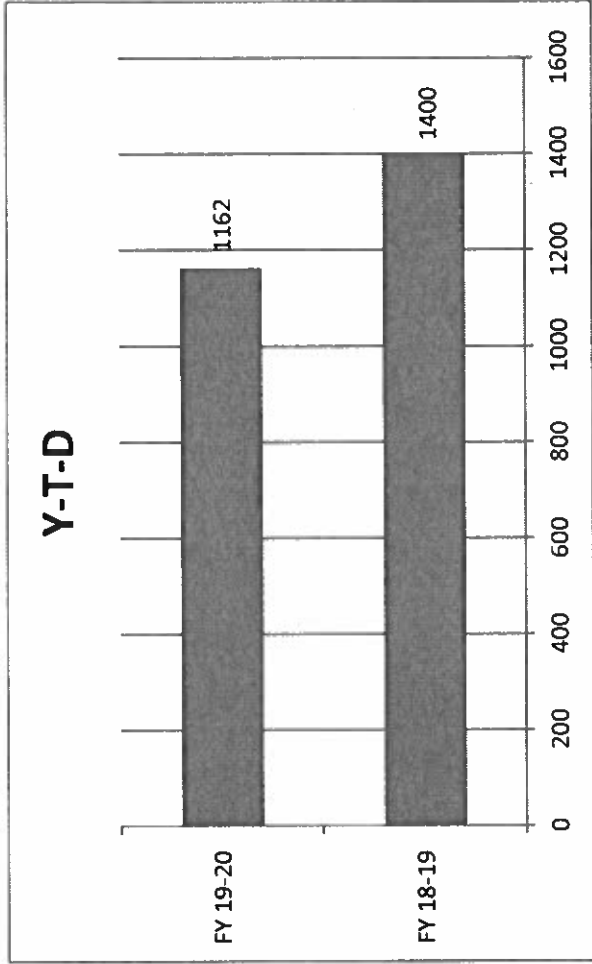
The Informal Conference system conducted one hundred twenty-one (121) hearings during the last month.

There were twenty-eight (28) regulatory mediations scheduled and thirty-two (32) requested mediations. The Judicial Department was notified of twenty-five (25) matters resolved in mediation, with the receipt of Forms 70.

In the month of December, Judicial received one (1) Notice of Intent to Appeal to the Court of Appeals and zero (0) to the Circuit Court.

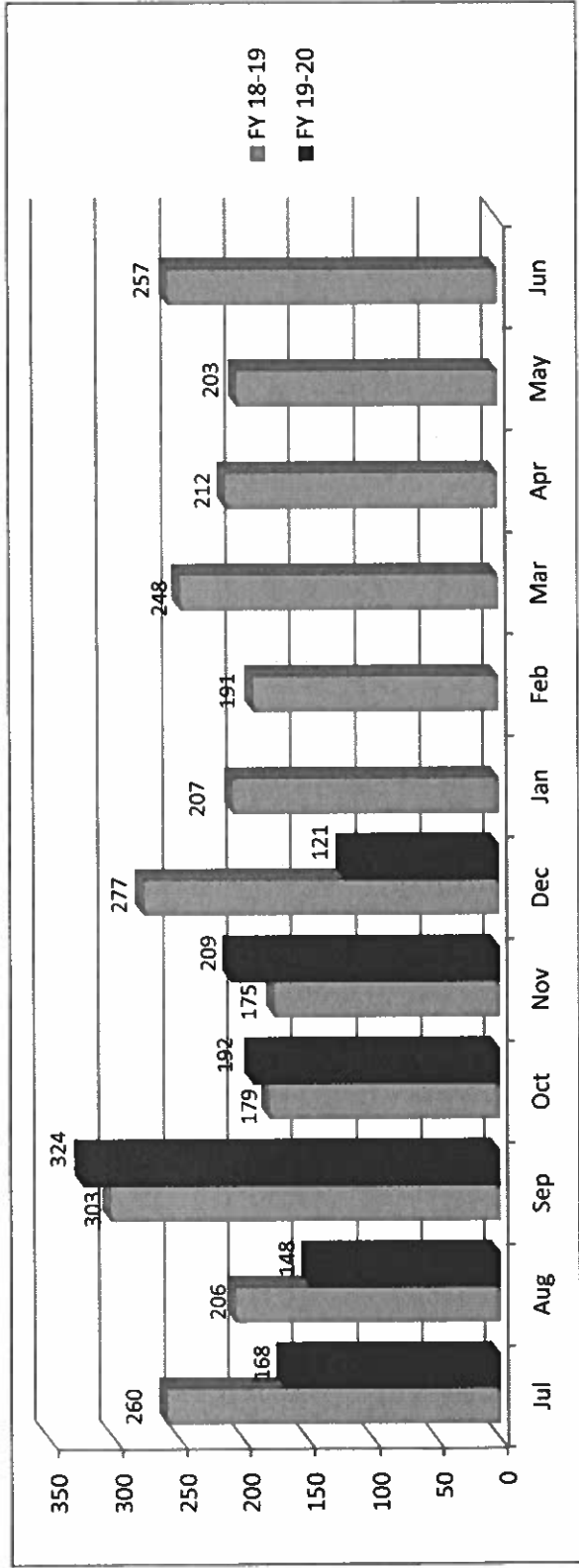
Informal Conf. Conducted

	FY 18-19	FY 19-20
Jul	260	168
Aug	206	148
Sep	303	324
Oct	179	192
Nov	175	209
Dec	277	121
Jan	207	
Feb	191	
Mar	248	
Apr	212	
May	203	
Jun	257	
Total	2718	1162



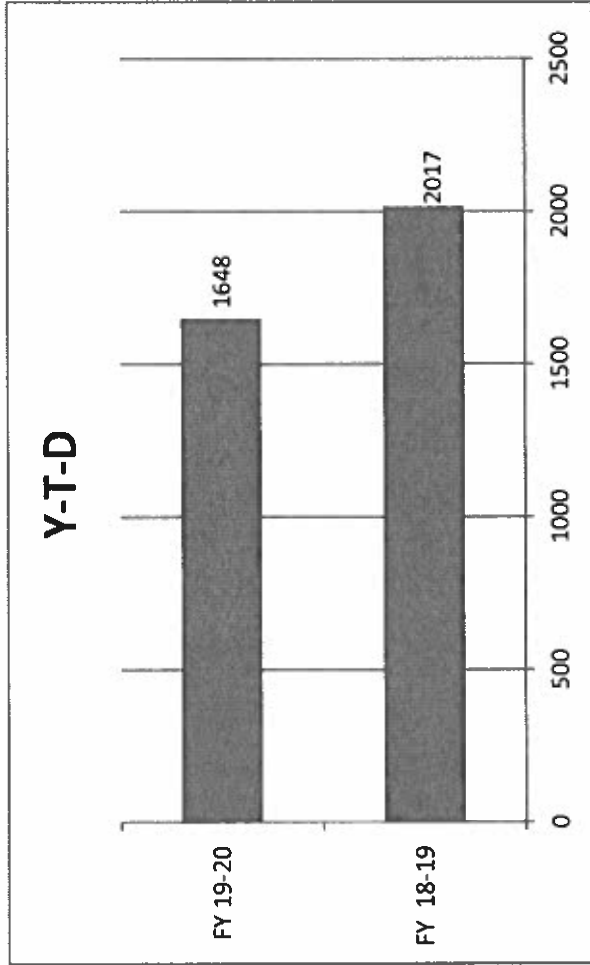
FY 18-19 **1400**
FY 19-20 **1162**

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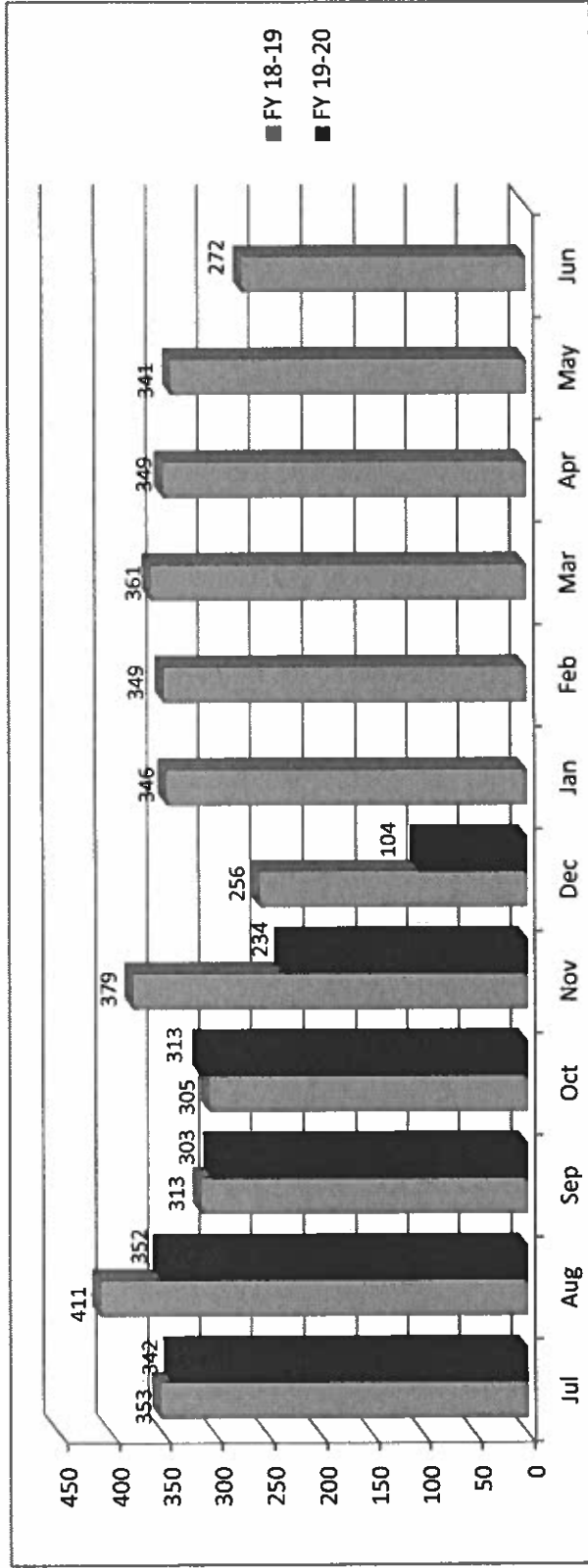
Informal Conf. Requested

	FY 18-19	FY 19-20
Jul	353	342
Aug	411	352
Sep	313	303
Oct	305	313
Nov	379	234
Dec	256	104
Jan	346	
Feb	349	
Mar	361	
Apr	349	
May	341	
Jun	272	
Total	4035	1648



FY 18-19 2017
FY 19-20 1648

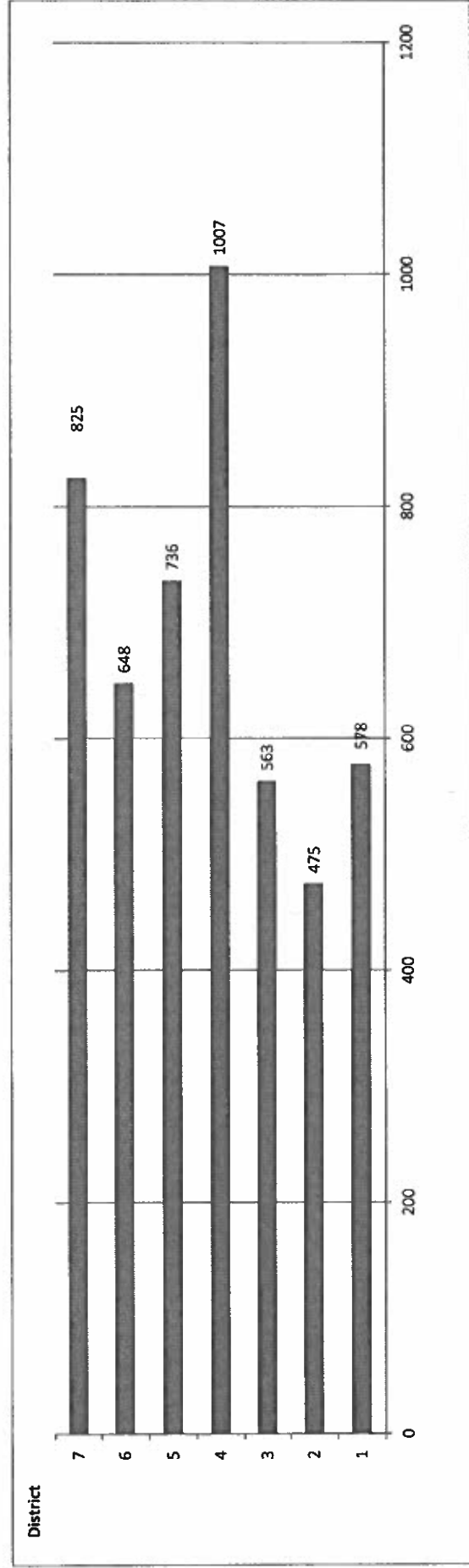
Y-T-D



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		
	19-20	18-19	17-18	19-20	18-19	17-18	19-20	18-19	17-18	19-20	18-19	17-18	19-20	18-19	17-18	19-20	18-19	17-18	19-20	18-19	17-18
Jul	99	88	97	84	98	79	123	114	104	183	183	127	136	147	121	137	110	107	140	144	139
Aug	99	118	113	85	71	97	78	87	120	168	187	172	153	124	134	104	149	107	147	138	159
Sep	101	92	100	77	78	100	98	83	110	174	148	156	108	98	136	104	91	103	131	132	164
Oct	115	112	97	90	98	68	76	115	86	187	204	135	124	119	107	121	130	113	142	160	177
Nov	83	116	116	74	87	83	108	114	92	155	161	159	116	130	131	78	119	120	148	150	148
Dec	81	92	122	65	66	81	80	93	113	140	116	150	99	121	108	104	94	113	117	115	172
Jan		89	87		69	72		114	88	170	138		104	112		114	94		134	134	166
Feb		102	75		80	84		102	88	156	125		111	139		126	119		116	116	163
Mar		92	120		81	96		97	122	192	179		142	138		115	126		131	131	188
Apr		84	119		76	87		76	113	157	174		103	128		86	120		123	123	155
May		112	125		114	88		189	127	211	157		151	126		138	112		183	183	166
Jun		94	111		103	84		89	126	153	191		121	169		100	129		145	145	140
Totals	578	1191	1282	475	1021	1019	563	1273	1289	2038	1863	736	1471	1549	648	1372	1363	825	1671	1671	1937

Pleadings Assigned by District Year to Date



State of South Carolina

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



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www.wcc.sc.gov

Workers' Compensation Commission

Executive Director's Report
Gary M. Cannon

January 13, 2020

Net Present Value Tables

Pursuant to Reg. 67-1605(E)(5) the Net Present Value (NPV) Tables for weeks 101 through 500 are calculated at the yield-to-maturity rate of the Five Year U. S. Treasury Note reported by the Federal Reserve on the first business day following January 1. The regulation further states the discount rate shall not exceed six percent or be less than two percent.

The Five Year Treasury published by the Federal Reserve on January 2nd, 2020 was 1.67%. (Source:<https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield>.)

Therefore, the Net Present Value Table for weeks one through 100 shall be calculated using a discount rate of two percent (2.00%). The Net Present Value Table for weeks 101 through 500 shall also be calculated using the minimum discount rate of two percent (2.00%). The present value of the commutable weeks shall be determined based on the present value tables in effect on the date of the award or settlement.

FY2020-21 Budget

We have submitted the FY2020-21 Budget request to the Executive Budget Office and the House Ways and Means. We are requesting the same level of recurring funding for operations as in approved by the General Assembly for FY2019-20. A hearing before the House Transportation and Regulatory Subcommittee is scheduled for January 16.

Meetings/Activities

The Executive Director participated in the following activities:

Date	Activity	Subject	Individuals
• December 11	Meeting-	Judicial Conference Agenda	WCC staff
• December 12-	Meeting	SC Ethics Commission Focus Group	SCEC
• December 13-	Meeting	KERMIT Update	WCC staff
• December 19-	Meeting	Self-Insurance	WCC staff
• December 20-	Meeting	Self-Insurance	WCC staff

- December 31 Meeting KERMIT WCC staff
- January 2- Meeting KERMIT WCC staff/ICAP
- January 3 Meeting KERMIT WCC staff
- January 7 Conf Call MSPM WCC staff/Fair Health

Constituent /Public Information Services

For the period December 12, 2019 to January 7, 2020, the Executive Director’s Office and the General Counsel’s office had 1,000 contacts with various system constituents and stakeholders. The increase in the contacts resulted from responding to KERMIT Help Desk tickets. 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.

Financial Transactions Activity

For the period December 12, 2019 through January 7, 2019, our office approved and processed 14 travel expense reports, 57 invoices, and 7 deposits for DOA to process in the SCIES system.

SCWCC Stakeholder Electronic Distribution List

For the period December 11, 2019, through January 7, 2020, we added three (3) individuals. Due to the receipt of email delivery failures, a total of four (4) email addresses were deleted. A total of 809 individuals currently receive notifications from the Commission.

State of South Carolina

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Workers' Compensation Commission

MEMORANDUM

TO: COMMISSIONERS

FROM: Gary Cannon
Executive Director

DATE: January 13, 2019

RE: FINANCIAL REPORT - Period ending December 31, 2019

Attached is the Budget vs. Actual Report for the General Fund and Earmarked Fund for the fiscal year period ending November 30, 2019. The benchmark for this period is 50%.

The expenditures for the General Fund are on pages 1-3. The total expenditures in the General Fund (10010000) for this period is \$1.2 or 27% of budget. This is somewhat misleading because the total General Fund budget includes the \$1.8 million appropriation of non-recurring funds are on page 2 in Information Services for the IT Legacy System Modernization project. The Commitment items to the project to date is \$1.3 million. Adjusting the Budget to remove the \$1.8 million of non-recurring funds modifies the recurring operational budget to \$2.7 million. The December 31 YTD expenditures is 45% of adjusted budget.

Earmarked Fund are on pages 4-10 of the "Budget vs. Actual Report FY2020. The total expenditures for the Earmarked Fund (38440000) are \$2.7 million or 48% of budget. The fund has \$370,195 of Commitments.

To date we have received \$2.7 million Self-Insurance Tax funds.

South Carolina Workers' Compensation Commission
Earmarked Fund Revenues
FY 2020 As of 12/31/2019
50% of year elapsed

Account	Acct No.	Budget	YTD Actual Revenue	% of Budget
WORKERS' COMP HEARING FEE	4110090000	1,091,322	510,640	47%
W COMP SELF INS APPL FEE	4160040000	26,577		
W COMP FILING VIOL PENALTY	4223030000	1,985,476	1,123,905	57%
PARKING FEE	4350040000	5,900	2,690	46%
W COMP AWARD REVIEW FEE	4350140000	32,251	9,300	29%
TRNG CONF REG FEE	4380020000	6,000	(450)	-8%
PHOTOCOPYING FEE	4380050000	62,199	30,292	49%
SALE OF SERVICES	4480020000		26,775	
SALE OF LISTINGS & LABELS	4480060000	4,187	1,725	41%
REFUND PRIOR YR EXPENDITURE	4520010000		1,410	
RETURN CHECKS	4530010000			
ADJUSTMENT TO AGENCY DEPOSITS	4530020000			
MISC REVENUE	4530030000		295	
Total Revenues		3,213,912	1,706,582	53%

Self Insurance Tax		2,500,000	2,722,058	109%
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Total		5,713,912	4,428,640	78%
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South Carolina Workers' Compensation Commission
Budget vs. Actual Report
FY 2020 As of 12/31/2019
50% of year elapsed

Fund 10010000 - GENERAL FUND

Administration

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
501015	DIRECTOR	135,967	69,343	51%		66,624
501058	CLASSIFIED POS	47,092				47,092
512001	OTHER OPERATING	285,515				
	Total OTHER OPERATING:	285,515				285,515
	Total Administration:	468,574	69,343	15%	0	399,231

Executive director

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
5030010000	OFFICE SUPPLIES		48			
	Total OTHER OPERATING:		48		0	-48
	Total Executive director:		48		0	-48

Inform. services

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
5020077000	SERVICES- APP DEV		35,000			
5030067131	PLM- EUC				27,089	
	Total OTHER OPERATING:		35,000		27,089	-62,089
	Total Inform. services:		35,000		27,089	-62,089

Claims

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
501058	CLASSIFIED POS	85,159	40,282	47%		44,877
	Total Claims:	85,159	40,282	47%		44,877

South Carolina Workers' Compensation Commission
Budget vs. Actual Report
FY 2020 As of 12/31/2019
50% of year elapsed

Fund 10010000 - GENERAL FUND

Commissioners

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
501026	CHAIRMAN	164,762	84,028	51%		80,734
501033	COMMISSIONER	959,769	489,480	51%		470,289
501050	TAXABLE SUBS		29,732		0	-29,732
501058	CLASSIFIED POS	347,717	171,969	49%		175,748
501070	OTH PERS SVC		4,200			-4,200
Total Commissioners:		1,472,248	779,409	53%	0	692,839

Information Services FY18

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
561000	Special Item	1,800,000			1,359,705	440,295
Total Information Services FY18:		1,800,000			1,359,705	440,295

Insurance & Medical

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
501058	CLASSIFIED POS	29,646	15,300	52%		14,346
501070	OTH PERS SVC		600			-600
Total Insurance & Medical:		29,646	15,900	54%		13,746

Judicial

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
501058	CLASSIFIED POS	29,267				29,267
Total Judicial:		29,267				29,267

Employer Contributions

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
513000	EMPLOYER CONTRIB	704,060	303,118	43%		400,942
Total Employer Contributions:		704,060	303,118	43%		400,942

South Carolina Workers' Compensation Commission
Budget vs. Actual Report
FY 2020 As of 12/31/2019
50% of year elapsed

Fund 10010000 - GENERAL FUND

Total GENERAL FUND:	4,588,954	1,243,101	27%	1,386,794	1,959,059
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South Carolina Workers' Compensation Commission
Budget vs. Actual Report
FY 2020 As of 12/31/2019
50% of year elapsed

Fund 38440000 - EARMARKED FUND

Administration

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
501058	CLASSIFIED POS	791,985	89,847	11%		702,138
501070	OTH PERS SVC	41,000	1,800	4%		39,200
512001	OTHER OPERATING	2,625,713				
5020030000	PRINT / BIND / ADV		212			
5020080000	FREIGHT EXPRESS DELV		80		310	
5020120000	CELLULAR PHONE SVCS		5,931		1,335	
5021010000	LEGAL SERVICES		1,711			
5021020000	ATTORNEY FEES		2,033			
5021490000	AUDIT ACCT FINANCE		139			
5021530000	CATERED MEALS		21,503		115	
5024990000	OTH CNT-NON-IT & REA		1,250			
5030010000	OFFICE SUPPLIES		4,638		26	
5030010002	OFF SUP - MIN OFF EQ		322			
5030010004	SUBSCRIPTIONS		5,148		7,915	
5030030000	PRINTED ITEMS		1,577		371	
5030067101	PRGM LIC - APP SUPP		18,238		14,821	
5030067130	EQUIP&SUPP- EUC		45			
5030067170	EQUIP&SUPP- PRINT EU		1,818		5,398	
5030070000	POSTAGE		13,908		14,360	
5030090000	COMMUNICATION SUPP		481			
5031010001	FURNISHINGS		1,322			
5032820000	INSTRUCTIONAL MAT		367		1,408	
5033090000	EMPLOYEE RECOG AWARD		1,370			
5040010000	OPER LSE-OFC EQ RENT		1,897			
5040057000	IT-OPER LS-CONT RENT				1,023	
5040060000	OPER-RENT-NON ST OWN		181,083		226,789	
5040070000	OPER-RNT-ST OWN RL P		120			
5040490000	OPER LSE-RENT-OTHER		7,588		16,848	
5040490002	OPER-RENT-OTH-RM&VID		5,920			
5040490003	OPER LSE-RENT-PO BOX		1,402			
5040510000	INSURANCE-STATE		2,526			
5041010000	DUES & MEMBER FEES		9,037			

South Carolina Workers' Compensation Commission
Budget vs. Actual Report
FY 2020 As of 12/31/2019
50% of year elapsed

Fund 38440000 - EARMARKED FUND

5041020000	FEES AND FINES		39			
5050010000	IN ST-MEALS-NON-REP		490		60	
5050020000	IN ST-LODGING		2,782			
5050040000	IN ST-AUTO MILEAGE		48			
5050041000	HR-IN ST-AUTO MILES		2,058		48	
5050060000	IN ST-MISC TR EXP		35		735	
5050070000	IN ST-REGISTR FEES		195			
5050510000	OUT ST-MEALS-NON-REP		180			
5050570000	OUT ST-REGISTR FEES		1,320			
5051540000	LEASED CAR-ST OWNED		12,704			
Total OTHER OPERATING:		2,625,713	311,519	12%	291,563	2,022,632
Total Administration:		3,458,698	403,166	12%	291,563	2,763,969

General counsel

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
5030070000	POSTAGE		12			
5041020000	FEES AND FINES		25			
Total OTHER OPERATING:			37		0	-37
Total General counsel:			37		0	-37

South Carolina Workers' Compensation Commission
Budget vs. Actual Report
FY 2020 As of 12/31/2019
50% of year elapsed

Fund 38440000 - EARMARKED FUND

Inform. services

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
501058	CLASSIFIED POS		172,365			-172,365
501070	OTH PERS SVC		1,800			-1,800
5020077100	SERVICES- APP SUP		562		972	
5020077200	SERVICES- SERVERS				51,840	
5020077230	IT CONTRACTORS		808,423			
5020077240	DP SERVICES – STATE		84,977			
5020080000	FREIGHT EXPRESS DELV		63		310	
5020120000	CELLULAR PHONE SVCS		2,266		2,886	
5021330000	CONTR-GOVT/NONPRFIT		39,000			
5021469316	SECURITY ALARM SRVC		4,752			
5021540000	NON-IT OTHER PRO SRV		23,511		15,825	
5030010000	OFFICE SUPPLIES		3,203		1,229	
5030067101	PRGM LIC - APP SUPP		44,912		12,717	
5030067130	EQUIP&SUPP- EUC		136			
5030067131	PLM- EUC				769	
5030067141	PLM- ITSD		233			
5030067170	EQUIP&SUPP- PRINT EU		12,277		2,650	
5040057000	IT-OPER LS-CONT RENT		2,094		4,528	
5050010000	IN ST-MEALS-NON-REP		556			
5050020000	IN ST-LODGING		3,109		-	
5050031000	HR-IN ST-AIR TRANS		604			
5050041000	HR-IN ST-AUTO MILES		1,220			
5050050000	IN ST-OTHER TRANS		236			
5050060000	IN ST-MISC TR EXP		60			
5050070000	IN ST-REGISTR FEES		59			
5050570000	OUT ST-REGISTR FEES		915			
	Total OTHER OPERATING:		1,033,167		93,727	-1,126,894
	Total Inform. services:		1,207,332		93,727	-1,301,059

South Carolina Workers' Compensation Commission
Budget vs. Actual Report
FY 2020 As of 12/31/2019
50% of year elapsed

Fund 38440000 - EARMARKED FUND

Claims

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
501058	CLASSIFIED POS	280,850	117,796	42%		163,054
501070	OTH PERS SVC		3,600			-3,600
512001	OTHER OPERATING	19,700				
5020080000	FREIGHT EXPRESS DELV		63		310	
5020120000	CELLULAR PHONE SVCS		103		166	
5030010000	OFFICE SUPPLIES		704		1,287	
5040510000	INSURANCE-STATE		1,263			
5050010000	IN ST-MEALS-NON-REP		102			
5050020000	IN ST-LODGING		931			
5050041000	HR-IN ST-AUTO MILES		182			
	Total OTHER OPERATING:	19,700	3,347	17%	1,763	14,590
Total Claims:		300,550	124,743	42%	1,763	174,044

South Carolina Workers' Compensation Commission
Budget vs. Actual Report
FY 2020 As of 12/31/2019
50% of year elapsed

Fund 38440000 - EARMARKED FUND

Commissioners

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
501050	TAXABLE SUBS	70,000	21,101	30%	0	48,899
512001	OTHER OPERATING	230,700				
5020080000	FREIGHT EXPRESS DELV		172		310	
5020120000	CELLULAR PHONE SVCS		1,534		2,473	
5021010000	LEGAL SERVICES		49,858			
5021010003	LEGAL SRV-TRANSCRIPT		58			
5021410000	EDUC & TRNG-STATE		75			
5030010000	OFFICE SUPPLIES		504		1,443	
5040510000	INSURANCE-STATE		7,437			
5050010000	IN ST-MEALS-NON-REP		654			
5050020000	IN ST-LODGING		4,715			
5050031000	HR-IN ST-AIR TRANS		121			
5050040000	IN ST-AUTO MILEAGE		491			
5050041000	HR-IN ST-AUTO MILES		15,988			
5050050000	IN ST-OTHER TRANS		80			
5050080000	IN ST-SUBSIST ALLOW		7,627			
5050510000	OUT ST-MEALS-NON-REP		245			
5050541000	HR-OUT ST-AUTO MILES		204			
5050560000	OUT ST-MISC TR EXPEN		175			
5050570000	OUT ST-REGISTR FEES		585			
	Total OTHER OPERATING:	230,700	90,523	39%	4,226	135,951
	Total Commissioners:	300,700	111,624	37%	4,226	184,850

South Carolina Workers' Compensation Commission
Budget vs. Actual Report
FY 2020 As of 12/31/2019
50% of year elapsed

Fund 38440000 - EARMARKED FUND

Insurance & Medical

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
501058	CLASSIFIED POS	459,463	203,317	44%		256,146
501070	OTH PERS SVC	22,881	8,464	37%		14,417
512001	OTHER OPERATING	54,500				
5020080000	FREIGHT EXPRESS DELV		63		310	
5020120000	CELLULAR PHONE SVCS		72		117	
5021540000	NON-IT OTHER PRO SRV		15,048		10,701	
5024990000	OTH CNT-NON-IT & REA		900			
5030010000	OFFICE SUPPLIES		378		1,636	
5030010004	SUBSCRIPTIONS		360			
5030030000	PRINTED ITEMS		254			
5040510000	INSURANCE-STATE		1,544			
5050010000	IN ST-MEALS-NON-REP		548			
5050020000	IN ST-LODGING		2,972		-	
5050031000	HR-IN ST-AIR TRANS		87			
5050041000	HR-IN ST-AUTO MILES		1,865		171	
5050070000	IN ST-REGISTR FEES		2,150			
5050510000	OUT ST-MEALS-NON-REP		190			
5050520000	OUT ST-LODGING		1,063			
5050541000	HR-OUT ST-AUTO MILES		184			
5050570000	OUT ST-REGISTR FEES		440			
5051520000	REPORTABLE MEALS				10	
	Total OTHER OPERATING:	54,500	28,118	52%	12,944	13,438
	Total Insurance & Medical:	536,844	239,899	45%	12,944	284,001

South Carolina Workers' Compensation Commission
Budget vs. Actual Report
FY 2020 As of 12/31/2019
50% of year elapsed

Fund 38440000 - EARMARKED FUND

Judicial

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
501058	CLASSIFIED POS	302,294	222,709	74%		79,585
501070	OTH PERS SVC		23,400			-23,400
512001	OTHER OPERATING	12,800				
5020080000	FREIGHT EXPRESS DELV		63		310	
5020120000	CELLULAR PHONE SVCS		101		163	
5021010000	LEGAL SERVICES		1,305			
5030010000	OFFICE SUPPLIES				2,037	
5040510000	INSURANCE-STATE		1,263			
5050010000	IN ST-MEALS-NON-REP		529			
5050020000	IN ST-LODGING		1,247			
5050041000	HR-IN ST-AUTO MILES		455			
5050070000	IN ST-REGISTR FEES		600			
5051520000	REPORTABLE MEALS		314			
	Total OTHER OPERATING:	12,800	5,877	46%	2,510	4,413
	Total Judicial:	315,094	251,986	80%	2,510	60,598

Employer Contributions

Commitment Item	Commitment Item Description	Current Budget	YTD Expenditures	% Used	Commitments	Remaining Balance
513000	EMPLOYER CONTRIB	695,959	340,704	49%	0	355,255
	Total Employer Contributions:	695,959	340,704	49%	0	355,255
	Total EARMARKED FUND:	5,607,845	2,679,491	48%	406,734	2,521,620

**South Carolina Workers' Compensation Commission
Commitments
FY 2020 As of 12/31/2019**

Fund 38440000 - EARMARKED FUND

Administration

Commitment Item	Commitment Item Description	Vendor	Commitment
5020120000	CELLULAR PHONE SVCS	VERIZON WIRELESS	2,153
5021530000	CATERED MEALS	FURMAN UNIVERSITY	7,225
5030010004	SUBSCRIPTIONS	WEST PUBLISHING CORPORATION	9,075
5030030000	PRINTED ITEMS	PINE PRESS PRINTING	371
5030067101	PRGM LIC - APP SUPP	WEST PUBLISHING CORPORATION	23,713
5030067130	EQUIP&SUPP- EUC	FORMS & SUPPLY INC	45
5030067170	EQUIP&SUPP- PRINT EU	FORMS & SUPPLY INC	48
5030067170	EQUIP&SUPP- PRINT EU	MAJOR BUSINESS MACHINES	745
5030070000	POSTAGE	NEOFUNDS BY NEOPOST	1,400
5030070000	POSTAGE	US POSTAL SERVICE	12,960
5032820000	INSTRUCTIONAL MAT	PINE PRESS PRINTING	1,408
5040057000	IT-OPER LS-CONT RENT	XEROX CORPORATION	1,023
5040060000	OPER-RENT-NON ST OWN	ALBANY ROAD - 1333 MAIN LLC	226,789
5040490000	OPER LSE-RENT-OTHER	REPUBLIC PARKING SYSTEM INC	16,848
5040490002	OPER-RENT-OTH-RM&VID	FURMAN UNIVERSITY	2,592
Total Administration:			306,396

Inform. services

Commitment Item	Commitment Item Description	Vendor	Commitment
5020077100	SERVICES- APP SUP	BIS DIGITAL, INC.	972
5020077230	IT CONTRACTORS	TAPFIN PROCESS SOLUTIONS	0
5020080000	FREIGHT EXPRESS DELV	FEDEX	310
5020120000	CELLULAR PHONE SVCS	VERIZON WIRELESS	3,546
5030010000	OFFICE SUPPLIES	FORMS & SUPPLY INC	1,229
5030067101	PRGM LIC - APP SUPP	FRESHWORKS INC	9,590
5030067131	PLM- EUC	SHI INTERNATIONAL CORP	769
5030067170	EQUIP&SUPP- PRINT EU	US INK AND TONER INC	2,650
5040057000	IT-OPER LS-CONT RENT	XEROX	3,948
5040057000	IT-OPER LS-CONT RENT	XEROX CORPORATION	1,693
Total Inform. services:			24,709

Any items with vendor "Not assigned" are pending financial adjustments. Any commitment on the Budget vs. Actual Report that is missing from this list is a travel commitment.

**South Carolina Workers' Compensation Commission
Commitments
FY 2020 As of 12/31/2019**

Fund 38440000 - EARMARKED FUND

Claims

Commitment Item	Commitment Item Description	Vendor	Commitment
5020080000	FREIGHT EXPRESS DELV	FEDEX	310
5020120000	CELLULAR PHONE SVCS	VERIZON WIRELESS	267
5030010000	OFFICE SUPPLIES	FORMS & SUPPLY INC	1,251
5030010000	OFFICE SUPPLIES	STAPLES BUSINESS ADVANTAGE	470
Total Claims:			2,298

Commissioners

Commitment Item	Commitment Item Description	Vendor	Commitment
5020120000	CELLULAR PHONE SVCS	VERIZON WIRELESS	3,986
5030010000	OFFICE SUPPLIES	FORMS & SUPPLY INC	1,109
5030010000	OFFICE SUPPLIES	STAPLES BUSINESS ADVANTAGE	68
Total Commissioners:			5,164

Insurance & Medical

Commitment Item	Commitment Item Description	Vendor	Commitment
5020080000	FREIGHT EXPRESS DELV	FEDEX	310
5020120000	CELLULAR PHONE SVCS	VERIZON WIRELESS	188
5021540000	NON-IT OTHER PRO SRV	A WOMANS TOUCH LLC	740
5021540000	NON-IT OTHER PRO SRV	NTHRIVE INC	10,500
5021540000	NON-IT OTHER PRO SRV	TPT INVESTIGATIONS LLC	320
5021540000	NON-IT OTHER PRO SRV	UPSTATE LEGAL SUPPORT SERVICES L	967
5021540000	NON-IT OTHER PRO SRV	WHITESSELL INVESTIGATIVE SERVICES	1,550
5030010000	OFFICE SUPPLIES	STAPLES BUSINESS ADVANTAGE	520
Total Insurance & Medical:			15,095

Judicial

Commitment Item	Commitment Item Description	Vendor	Commitment
5020080000	FREIGHT EXPRESS DELV	FEDEX	310

Any items with vendor "Not assigned" are pending financial adjustments. Any commitment on the Budget vs. Actual Report that is missing from this list is a travel commitment.

South Carolina Workers' Compensation Commission
Commitments
FY 2020 As of 12/31/2019

Fund 38440000 - EARMARKED FUND

5020120000	CELLULAR PHONE SVCS	VERIZON WIRELESS	263
5030010000	OFFICE SUPPLIES	FORMS & SUPPLY INC	1,242
5030010000	OFFICE SUPPLIES	STAPLES BUSINESS ADVANTAGE	525
Total Judicial:			2,340
 Total EARMARKED FUND:			 370,195

Any items with vendor "Not assigned" are pending financial adjustments. Any commitment on the Budget vs. Actual Report that is missing from this list is a travel commitment.

**South Carolina Workers' Compensation Commission
Earmarked Fund Financial Projections
FY 2020 As of 12/31/2019**

Expenditures

YTD Actual Expenditures	2,679,491
YTD Monthly Average Expenditures	446,582
Annualized Monthly Average Expenditures	5,358,983
Commitments	406,734
Total Projected Expenditures	5,765,716

Revenues

YTD Actual Revenue	1,708,982
YTD Monthly Average Revenue	284,830
Total Projected Revenues	3,417,964

Projected Operating Surplus (Deficit)	<u><u>(2,347,752)</u></u>
--	----------------------------------

Self Insurance Tax Revenues

Self Insurance Tax Receipts YTD Actual	2,722,058
Self Insurance Tax Receipts Monthly Average	453,676
Self Insurance Tax Receipts Projection	5,444,116
Self Insurance Tax Receipts Net (50%)	2,722,058

Projected Surplus (Deficit)	<u><u>374,305</u></u>
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South Carolina Workers' Compensation Commission
 Estimated Revenue vs Actual Revenue
 FY 2020 As of 12/31/2019

Fund	Cash Rev/Exp Acct	Original Budget	Budget Adjustments	Current Budget	MTD Revenue	Revenue Over/(Under)	YTD Actual Revenue
28370000	4160040000	39,994.00		39,994.00	2,400.00	(37,594.00)	2,400.00
38440000	4110090000	1,091,322.00		1,091,322.00	510,640.00	(580,682.00)	510,640.00
38440000	4160040000	26,577.00		26,577.00		(26,577.00)	
38440000	4223030000	1,985,476.00		1,985,476.00	1,123,905.32	(861,570.68)	1,123,905.32
38440000	4350040000	5,900.00		5,900.00	2,690.00	(3,210.00)	2,690.00
38440000	4350140000	32,251.00		32,251.00	9,300.00	(22,951.00)	9,300.00
38440000	4380020000	6,000.00		6,000.00	(450.00)	(6,450.00)	(450.00)
38440000	4380050000	62,199.00		62,199.00	30,292.00	(31,907.00)	30,292.00
38440000	4480020000				26,775.00	26,775.00	26,775.00
38440000	4480060000	4,187.00		4,187.00	1,725.00	(2,462.00)	1,725.00
38440000	4520010000				1,409.83	1,409.83	1,409.83
38440000	4530010000				0.00	0.00	0.00
38440000	4530020000				0.00	0.00	0.00
38440000	4530030000				294.75	294.75	294.75
	Sum:	3,253,906.00		3,253,906.00	1,708,981.90	(1,544,924.10)	1,708,981.90

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

MEMORANUM

TO: COMMISSIONERS

FROM: Emillie Boggs
Self-Insurance Director

DATE: January 13, 2019

RE: Dominion Energy Corporate Guarantee

Effective January 1, 2019 SCANA Corporation, to include SCE&G, became a wholly owned subsidiary of Dominion Energy, Inc. and were renamed Dominion Energy Southeast Services Inc. and Dominion Energy South Carolina Inc., respectively. As a result of the merger, Dominion Energy, Inc. applied to be self-insured and was approved effective October 31, 2019.

In order to satisfy their approval contingencies, Dominion provided us with a \$3,750,000 letter of credit. Dominion is now requesting that the original SCANA letter of credit in the amount of \$3,750,000 be returned. I have no objections to this as that was the original purpose of the new letter of credit; to change the name to read Dominion Energy, Inc. and have the SCANA LOC returned.

However, due to our concerns with Dominion's liability for SCANA claims prior to the merger, we requested Dominion prepare addendums to the Corporate Guaranty. One is for Dominion Energy Southeast Services Inc. FKA SCANA and the other is for Dominion Energy South Carolina Inc. FKA SCE&G.

Mr. Roberts, General Counsel has approved the language in the attached addendums. I respectfully request the Commission approve accepting the attached addendums to Dominion Energy's Corporate Guaranty provided for their becoming a self-insured employer.

FIRST ADDENDUM TO CORPORATE GUARANTY

Effective as of September 17, 2019, Dominion Energy, Inc. (PARENT) entered into the corporate guaranty attached hereto as Exhibit A (the GUARANTY) with respect to certain obligations of Dominion Energy South Carolina, Inc. (SUBSIDIARY). SUBSIDIARY was formerly known as South Carolina Electric & Gas Company.

For the avoidance of doubt, and without limiting its obligations under the GUARANTY, PARENT hereby acknowledges and agrees that: (i) any and all references to "SUBSIDIARY" in the Guaranty means Dominion Energy South Carolina, Inc. (formerly known as South Carolina Electric & Gas Company), and (ii) its guaranty of the applicable payment obligations of SUBSIDIARY pursuant to the Guaranty includes compensation for injuries occurring prior 10/31/19, whether occurring prior to or after the date on which SUBSIDIARY changed its name.

IN WITNESS WHEREOF, PARENT has caused this First Addendum to Corporate Guaranty to be duly executed as of December __, 2019.

DOMINION ENERGY, INC.

By: _____

Its: _____

FIRST ADDENDUM TO CORPORATE GUARANTY

Effective as of September 17, 2019, Dominion Energy, Inc. (PARENT) entered into the corporate guaranty attached hereto as Exhibit A (the GUARANTY) with respect to certain obligations of Dominion Energy Southeast Services, Inc. (SUBSIDIARY). SUBSIDIARY was formerly known as SCANA Services, Inc.

For the avoidance of doubt, and without limiting its obligations under the GUARANTY, PARENT hereby acknowledges and agrees that: (i) any and all references to "SUBSIDIARY" in the Guaranty means Dominion Energy Southeast Services, Inc. (formerly known as SCANA Services, Inc.), and (ii) its guaranty of the applicable payment obligations of SUBSIDIARY pursuant to the Guaranty includes compensation for injuries occurring prior 10/31/19, whether occurring prior to or after the date on which SUBSIDIARY changed its name.

IN WITNESS WHEREOF, PARENT has caused this First Addendum to Corporate Guaranty to be duly executed as of December ____, 2019.

DOMINION ENERGY, INC.

By: _____

Its: _____

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

MEMORANDUM

TO: COMMISSIONERS

FROM: Gary M Cannon
Executive Director

DATE: January 13, 2019

RE: Medical Services Provider Manual – 2020

Attached are the analyses of the Medical Services Provider Manual and the Anesthesia rates prepared by the consultants Fair Health Inc.

Representatives of Fair Health will be at the February 10 Business Meeting to review their findings and respond to questions. The attached reports will be posted on the Commission's website for stakeholder's review and comment. I recommend the following schedule for the approval of the MSPM 2020 update.

January 13, 2020 Business Meeting

Fair Health reports presented to Commission and distributed to stakeholders. Establish February 5, 2020 as the deadline to receive comments from stakeholders

February 10, 2020 Business Meeting

Fair Health representatives review findings with Commission.
Commission receives comments from stakeholders.

March 16, 2020 Business Meeting

Commission approves Conversion Factor and proposed edits to text in the MSPM.

April 1, 2020

Effective date of 2020 MSPM.



Fee Schedule Analysis

January 8, 2020

FAIR Health appreciates the opportunity to assist the South Carolina Workers' Compensation Commission in updating the Medical Services Provider Manual (MSPM). This analysis uses medical call data (2018 dates of service) provided by the National Council on Compensation Insurance, Inc. (NCCI) and South Carolina maximum allowable payment (MAP) amounts to develop conversion factors and propose MAP values for the 2020 fee schedule.

FAIR Health received paid amounts from NCCI for the 2018 calendar year, aggregated at the procedure code/modifier level. FAIR Health used the data from 2018 to:

1. Develop a "fee schedule-neutral" conversion factor designed to reflect a similar level of spending based on 2019 MAP amounts; and
2. Project paid amounts for 2020 based on multiple conversion factor alternatives.

2018 Paid Data and Frequencies

The following is a summary of the 2018 data received from NCCI:

NCCI Data Call - 2018 Calendar Year (Before Validation)

Service Type	Total Paid	Total Charged	# of Transactions	# of Units
CPT (Without Anesthesia)	\$57,352,920.28	\$121,977,984.15	701,849	959,458
Anesthesia*	\$1,431,836.52	\$9,220,005.43	6,256	752,739
HCPCS (Without Ambulance)	\$14,993,234.99	\$21,771,056.80	64,721	1,409,833
Ambulance**	\$2,461,210.36	\$4,075,023.01	12,752	361,204
Total	\$76,239,202.15	\$157,044,069.39	785,578	3,483,234

* Assumes most units are minutes

** Assumes most units are miles

Data Used in the Analysis

FAIR Health used the following methodology to analyze the NCCI data and project future payments based on fee schedule MAPs:

- The NCCI paid data from 2018 were used to determine the number of occurrences (frequency) for each service.
- Services were reviewed at the procedure code/modifier level to account for differences in paid amounts based on fee schedule MAP amounts and policies. For example:
 - The occurrences for codes reported with modifier 26 and TC were projected separately, based on the MAP amounts in the fee schedule.
 - HCPCS Codes reported with modifiers NU, UE and RR were projected separately based on the occurrences in the NCCI data and fee schedule MAP values.

- Records with other modifiers or with modifiers NU, UE and RR that were appended to codes where these modifiers are not applicable/expected, were considered as though the records did not contain modifiers.
- Services containing modifiers that are paid at adjusted amounts according to South Carolina policies (assistant surgeon modifiers 80-82 and AS) were projected based on 2018 occurrences and adjusted MAP amounts. In the past, these records were removed from the database before analysis. FAIR Health believes it is more accurate to include these records and use these frequencies to project paid amounts based on the fee schedule MAPs as adjusted.

Fee Schedule-Neutral Conversion Factor- 2019 Projections

- Total dollar amounts were projected based on 2018 occurrences and 2019 MAP amounts, which reflect the 9.5% cap, where applicable.
- Based on the 2018 occurrences and 2019 MAP values, FAIR Health calculated a fee schedule neutral conversion factor for each service area. The total fee schedule neutral conversion factor is 50.2.
- Ambulance data is paid at 100% of Medicare and is not included in this analysis.
- Please see the separate analysis for anesthesia data.

2019 Projections

Category	Frequency	Total RVUs	Total \$ SC 2019 FS	CF
Evaluation and Management	128,817	314,076	\$ 15,796,474	50.0
HCPCS Level II	254,079	146,001	\$ 7,214,830	49.8
Medicine & Injection	15,702	31,057	\$ 1,562,394	50.2
Pathology & Laboratory	11,428	9,809	\$ 482,611	49.3
Physical Medicine	675,665	574,131	\$ 29,046,740	50.0
Radiology	53,615	93,057	\$ 4,732,091	50.3
Special Reports	1,500	1,845	\$ 92,666	50.0
Surgery	35,887	268,297	\$ 13,538,783	50.5
Total	1,176,693	1,438,273	\$ 72,466,589	50.2

Comparison of Multiple Conversion Factors – 2020 Projections

- The projections of paid amounts for the 2020 fee schedule are based on 2018 frequencies and 2020 RVUs, to which conversion factors of 49, 50, 51 and 52 were applied. The cap of +/- 9.5% of the prior year's MAP value for each service was applied, when appropriate, in providing these projections.
- The 2020 MAP values used for these projections include certain changes in how services not covered under the Medicare Professional Fee Schedule were valued:
 - If a service is not valued in the Medicare Physician Fee Schedule, FAIR Health determined whether the service was valued by another Medicare fee schedule (e.g., the Clinical Laboratory, DMEPOS or Average Sales Price fee schedule). FAIR Health used Medicare values in the analysis whenever a Medicare value was available.
 - If Medicare does not provide a professional value in *any* fee schedule for a service, FAIR Health gap filled the value using FAIR Health benchmark values or FAIR Health's FH® Medicare GapFill PLUS product.

- FAIR Health does not recommend that the State establish gap fill values for new codes effective January 1, 2020 that were not valued by Medicare. Setting a gap fill value before actual claims information has been received could set an inappropriate baseline against which the +/-9.5% cap would be applied in future years. FAIR Health will evaluate those codes and, based on the claims received during calendar year 2020, propose gap fill values for the 2021 MSPM.
- FAIR Health notes that the low conversion factor for the HCPCS section is driven by code G0277, *Hyperbaric oxygen under pressure, full body chamber, per 30 minute interval*. While this service is provided frequently, the proposed value for this service is impacted by the mandated 9.5% cap on MAP increases. The high frequency of this service, and the current low value in comparison to the MAP value that would be produced by the formula without the cap, impacts the conversion factor for the HCPCS section.

2020 Projections

Category	Frequency	Total RVUs	Total \$ 2020 with CF = 49	CF49	Total \$ 2020 with CF = 50	CF50	Total \$ 2020 with CF = 51	CF51	Total \$ 2020 with CF = 52	CF52
E/M	128,817	314,076	\$ 15,389,725	49.0	\$ 15,703,802	50.0	\$ 16,017,878	51.0	\$ 16,331,954	52.0
HCPCS	254,079	146,001	\$ 7,108,411	48.7	\$ 7,140,776	48.9	\$ 7,172,278	49.1	\$ 7,203,827	49.3
Med/Inj	15,702	31,057	\$ 1,532,271	49.3	\$ 1,561,280	50.3	\$ 1,590,803	51.2	\$ 1,619,563	52.1
Path/Lab	11,428	9,809	\$ 480,116	48.9	\$ 486,902	49.6	\$ 496,150	50.6	\$ 505,353	51.5
Phys Med	675,665	574,131	\$ 28,141,624	49.0	\$ 28,714,708	50.0	\$ 29,287,793	51.0	\$ 29,860,651	52.0
Radiology	53,615	93,057	\$ 4,604,342	49.5	\$ 4,691,771	50.4	\$ 4,777,083	51.3	\$ 4,861,150	52.2
Reports	1,500	1,845	\$ 90,404	49.0	\$ 92,249	50.0	\$ 94,094	51.0	\$ 95,939	52.0
Surgery	35,887	268,297	\$ 13,275,922	49.5	\$ 13,532,199	50.4	\$ 13,788,083	51.4	\$ 14,043,320	52.3
Grand Total	1,176,693	1,438,273	\$ 70,622,815	49.1	\$ 71,923,687	50.0	\$ 73,224,162	50.9	\$ 74,521,757	51.8

Upon approval of a conversion factor for 2020, FAIR Health will provide an updated Medical Services Provider Manual, which will include any approved changes in policies and a final set of rate tables.

Please let us know if you have any questions.

Chris O'Donnell
 Executive Director of Customer Experience
 codonnell@fairhealth.org
 212-257-2367

Anesthesia – Analysis of Conversion Factor

January 3, 2019

The South Carolina Workers' Compensation Commission requested FAIR Health to review the conversion factor that determines reimbursement for anesthesia services under the South Carolina Medical Services Provider Manual.

FAIR Health reviewed the anesthesia conversion factor from several aspects:

- Comparison to Medicare
- Comparison to private health insurance
 - Billed charges
 - Contracted amounts
- ASA survey results from 2019
- Comparison to other states' workers' compensation fee schedules

The current anesthesia conversion factor in the South Carolina Medical Services Provider Manual (MSPM) is \$30. The anesthesiology maximum allowable payment (AMAP) is the sum of the Basic MAP amount plus the Time Value Amount payment. The Basic MAP amount is set in the fee schedule based on the conversion factor x base units. The Time Value amount is calculated based on the \$30 conversion factor x each 15-minute time unit.

For example:

CPT 01380 – anesthesia for all closed procedures on knee joint

	60-Minute Surgery (4 Time Units)	120-Minute Surgery (8 Time Units)
Basic MAP	\$ 90.00	\$ 90.00
Time Value Amount	\$ 120.00	\$ 240.00
Total AMAP	\$ 210.00	\$ 330.00

Medicare

The South Carolina anesthesia conversion factor of \$30 is equal to 135% of the national Medicare conversion factor of \$22.2016 and 140% of Medicare's South Carolina conversion factor of \$21.38. This relationship is similar to the South Carolina professional conversion factor, which is 139% of the Medicare conversion factor.

	Anesthesia – National Comparison	Anesthesia – South Carolina Comparison	Other Professional Services
South Carolina Conversion Factor	\$30.00	\$30.00	\$50.00
Medicare Conversion Factor (2020)	\$22.2016 (National)	\$21.38 (South Carolina)	\$36.0895
Ratio	135%	140%	139%

Private Health Insurance

FAIR Health collects data for anesthesia services from private payors (more than 40 payors contribute data for services performed in South Carolina) and uses this data to develop benchmarks, including benchmarks for anesthesia conversion factors. Insurers and administrators that participate in the FAIR Health Data Contribution Program are required to submit all of their data; they cannot select or “cherry pick” data to contribute to FAIR Health. We provided benchmarks for anesthesia conversion factors in two different ways:

- Charge benchmarks based on the non-discounted charges billed by providers before any network discounts are applied; and
- Allowed benchmarks based on the imputed allowed amounts, which reflect network rates that have been negotiated between the payor and the provider.

The benchmarks below are based on anesthesia services in the FAIR Health database provided in the state of South Carolina in calendar year 2018.

Type	Average	Percentiles													
		5th	10th	15th	20th	25th	30th	35th	40th	45th	50th	60th	70th	80th	90th
Billed Anesthesia	131	52	60	70	81	88	95	101	107	113	119	136	161	175	213
Allowed Anesthesia	63	25	30	34	39	43	46	49	52	55	58	65	77	85	96

The benchmarks for allowed anesthesia may be compared to the South Carolina conversion factor, as the allowed line represents the amounts allowed by payors under their network contracts. This aligns to what is paid to anesthesiologists and certified registered nurse anesthetists (CRNAs) for patients covered by workers' compensation.

In this analysis, a \$30 conversion factor aligns to the 10th percentile for private insurance. That means that 90% of the values in the FAIR Health database are equal to or greater than \$30. The 50th percentile (conversion factor of \$58) is the median conversion factor value used by private insurance, and the average allowed conversion factor benchmark is \$63.

ASA Survey Results for Commercial Fees Paid for Anesthesia Services

The American Society of Anesthesiologists (ASA) publishes an annual study on conversion factors. The Commission provided FAIR Health with *ASA Survey Results for Commercial Fees Paid for Anesthesia Services – 2018*, and we downloaded the 2019 study from the ASA website at <https://monitor.pubs.asahq.org/journal.aspx>. A copy of the 2019 survey is appended to this report.

According to the publication, the ASA anonymously surveys anesthesiology practices across the country, asking them to report the conversion factors for up to five of their largest commercial managed care contracts. This study publishes the results of that survey, which are normalized based on 15-minute time units. That is the same time unit used by South Carolina in the MSPM.

South Carolina practices are included in the Southeast Region in the ASA survey. In the 2019 survey, an insufficient number of responses were received to include state-level results for South Carolina.

Conversion Factor	National		Southeast Region		South Carolina	
	2018	2019	2018	2019	2018	2019
Low	26.60	23.73	26.60	33.34	26.60	N/A
Median	71.81	72.00	77.14	77.00	80.00	N/A
Average	76.32	77.01	84.21	81.16	86.77	N/A
High	230.00	256.50	230.00	256.50	185.00	N/A

State Workers' Compensation Fee Schedules

FAIR Health reviewed anesthesia conversion factors documented in state workers' compensation fee schedules.

State	Conversion Factor (per 15-minute time unit)
South Carolina	\$30.00
Alabama	\$55.54
Colorado	\$46.50
Florida	\$29.49
Georgia	\$59.19
Kentucky	\$78.53
Louisiana	\$50.00
Maryland	\$21.69
Mississippi	\$50.00
North Carolina	\$58.20 – first 60 min \$30.75 – after 60 min
Oklahoma	\$46.58
Tennessee	\$75.00

FAIR Health assists Colorado, Georgia, Kentucky, Mississippi and Oklahoma in updating their fee schedules. As we are doing for the South Carolina Workers' Compensation Commission, we provide research and analysis to support decision making. FAIR Health does not make or recommend fee schedule changes.

Summary

FAIR Health presents this analysis to the Commission to assist with decision making. In summary:

- The current South Carolina anesthesia conversion factor is \$30 or 140% of the Medicare conversion factor for South Carolina and 135% of the national Medicare conversion factor.
- The ratio of the South Carolina workers' compensation anesthesia to Medicare is generally aligned with the 139% ratio of the conversion factor for other professional services (\$50) in comparison to Medicare (\$39.0896). However, the MAP amounts in the MSPM may also be limited by the 9.5 percent cap on increases or decreases each year, and the formula-based conversion factors would not be applicable to those services.
- The \$30 conversion factor is low in comparison to contracted amounts paid through private health insurance as reflected in FAIR Health benchmarks and ASA survey results.
 - The mean and median conversion factor benchmarks developed by FAIR Health, which are based on data contributions for services performed in South Carolina, are lower than the ASA survey results, which are based on up to five of the largest commercial contracts reported by anesthesiology practices responding to the ASA survey.
- South Carolina's \$30 conversion factor falls within the range of conversion factors used by other states' workers' compensation programs; however, it is on the lower end of the range.

A copy of the ASA publication *ASA Survey Results for Commercial Fees Paid for Anesthesia Services – 2019* appears on the following pages.