

# State of South Carolina

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



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

## Workers' Compensation Commission

January 24, 2023

The Honorable Representative Heather Ammons Crawford, Chairman  
House Ways and Means, Transportation and Regulatory Subcommittee  
South Carolina House of Representatives  
320 C Blatt Building  
Columbia, SC 29201

RE: FY2023-24 Budget Request

Dear Representative Crawford:

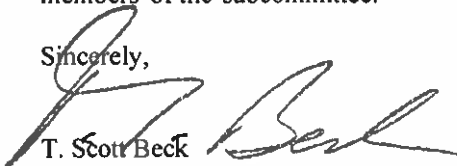
The SC Workers' Compensation Commission respectfully submits the annual operating budget request for FY2023-24. The Commission is pleased to announce the request is the same level of funding approved in the current fiscal year, \$2.8 million General Fund and \$5.6 million for the Earmarked Fund. The total request of recurring funds for the operations of the agency is \$8.4 million.

In FY2022 the General Assembly approved \$5 million of non-recurring funds to supplement the \$1.8 million appropriated in FY2020 for the completion of the IT Legacy System Modernization Project. The agency is carrying forward \$1.6 million of the FY2020 appropriation in FY2024. The estimated total cost of the new system is approximately \$10 million.

The agency currently is working with several vendors to upgrade the IT Legacy System to allow the stakeholder to file documents electronically, pay by credit card or checking account transfer and view, download and print all copies in a claim file. We anticipate providing these services by July 1, 2023. Upon completion of these functions, we will begin the next phase of upgrades to provide additional functionality to the internal stakeholders for improved efficiency, effectiveness and security.

Thank you for your consideration of this request. Please do not hesitate to contact me or Gary Cannon, our Executive Director, if you require additional information. We look forward to discussing this with you and other members of the subcommittee.

Sincerely,

  
T. Scott Beck  
Chairman

Cc: Gary M. Cannon

# South Carolina Workers' Compensation Commission

## List of Key Officials

**T. Scott Beck**, Chairman

[sbeck@wcc.sc.gov](mailto:sbeck@wcc.sc.gov), (803) 737-5698

**Gary Cannon**, Executive Director

[gcannon@wcc.sc.gov](mailto:gcannon@wcc.sc.gov), (803) 737-5744

**Kris Plus**, Information Technology Director

[kpluss@wcc.sc.gov](mailto:kpluss@wcc.sc.gov) (803) 737-5685

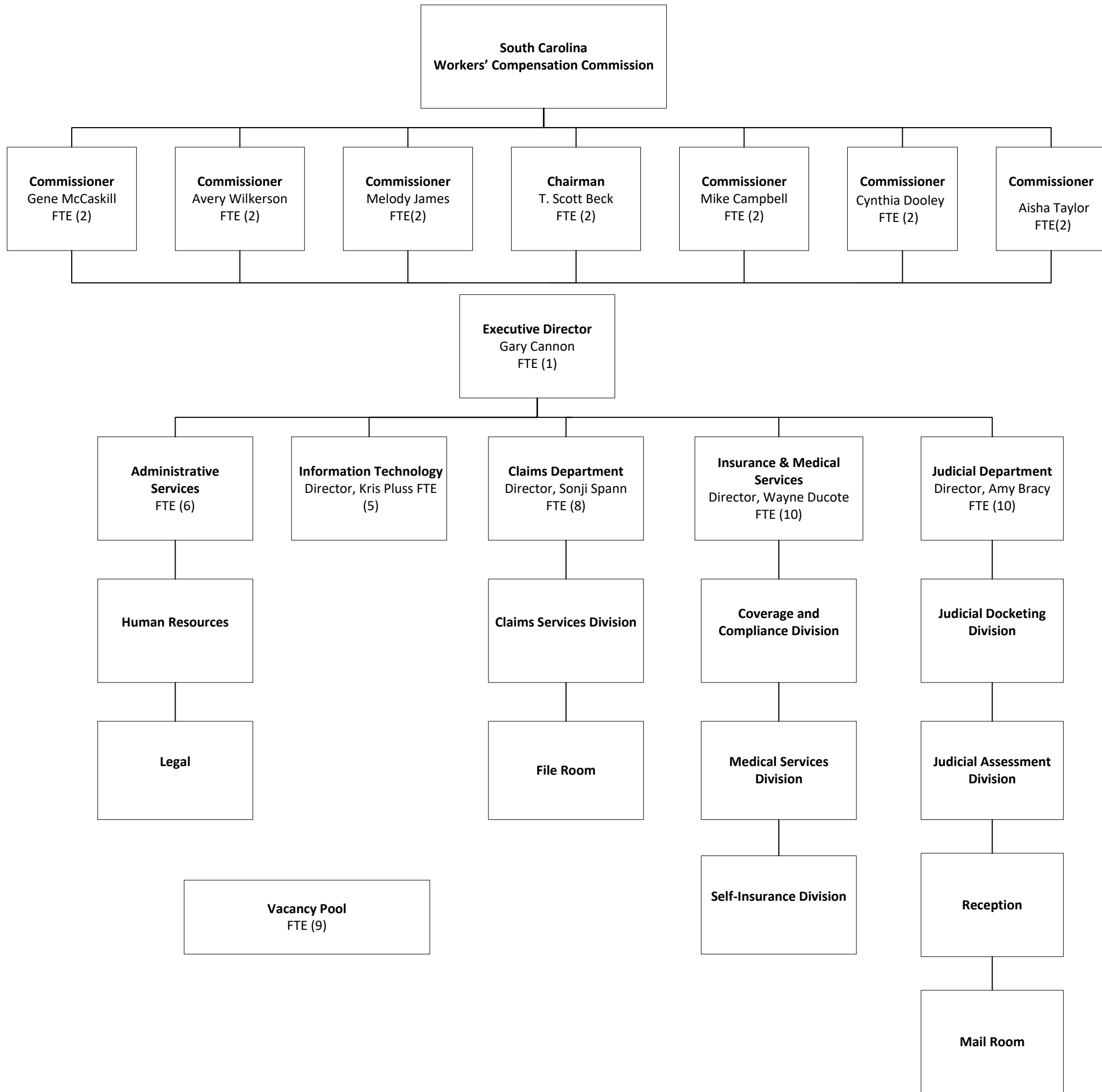
**SC Workers' Compensation Commission**  
**FY23-24 Budget Request**

**Agency Overview**

Established in 1935 as the South Carolina Industrial Commission, the South Carolina Workers' Compensation Commission is charged with administration of the South Carolina Workers' Compensation Act (the Act) found in Title 42 of the Code of Laws of South Carolina. In accordance with the Administrative Procedures Act, the Commission also promulgates rules and regulations necessary to implement the provisions of Title 42. Every South Carolina employer and employee, with certain notable exceptions, is presumed to be covered by the Act. The system is based on a "no-fault" premise. The Act establishes "loss parameters" that limit the employers' losses to defined amounts while ensuring workers in South Carolina receive quality medical treatment and compensated wages if injured in the workplace.

Employers covered by the provisions of the Act are required to maintain insurance sufficient for the payment of compensation, or they may become self-insured by furnishing the Commission satisfactory proof of their ability to pay the compensation in the amount and manner due an injured employee. The South Carolina Department of Insurance is responsible for approving rates and classifications for all workers' compensation insurers.

The Commission's annual operating budget is categorized in five departments in the Annual Appropriations Act: Administration, Commissioners, Judicial Management, Insurance and Medical Services and Claims. The department directors report to the Executive Director. The Executive Director is responsible for direct oversight of the administrative support services, human resources, budgeting and finance, procurement, facility management and legal services. The Information Technology (IT) Services function is budgeted under Administration in the Appropriations Act however the department functionally operates as a separate department. The IT Director is a direct report to the Executive Director.



**SC Workers' Compensation Commission**  
**FY23-24 Budget Request**  
**Executive Summary**

The following is a summary of the agency's activities and accomplishments as published in the FY22 Accountability Report. A complete statistical recap and annual comparison may be found on the last page of this summary.

**Commissioners**

The Commission consists of seven Commissioners appointed by the Governor with the advice and consent of the Senate for terms of six years. The Governor designates one commissioner as Chairman for a term of two years. The Chair is the chief executive officer of the Commission and responsible for implementing policies established by the Commission in its capacity as the governing board. In its judicial capacity the Commissioners are responsible for hearing and determining all contested cases, conducting informal conferences, approving settlements, approving fee petitions and hearing appeals. The Chairman is appointed by the Governor and approved by the Senate for a two-year term. During FY2022 Commissioner Scott Beck was reappointed Chairman for a two-year term, Commissioner Melody James was reappointed for a six-year term and Commissioner Cindy Dooley was appointed for a six-year term to fill the seat vacated by the retirement of Commissioner Susan Barden. Commissioner Gene McCaskill was elected Vice-Chair in June of 2022.

**Administration**

The Commission's annual operating budget is categorized in five departments in the Annual Appropriations Act: Administration, Commissioners, Judicial Management, Insurance and Medical Services and Claims. The department directors report to the Executive Director. The Executive Director is responsible for direct oversight of the administrative support services, human resources, budgeting and finance, procurement, facility management and legal services. The Information Technology (IT) Services function is budgeted under Administration in the Appropriations Act however the department functionally operates as a separate department. The IT Director is a direct report to the Executive Director.

**Executive Director's Office**

The Executive Director's Office is responsible for the administrative functions of the agency. This includes budget preparation, financial management and accounting, requisition and procurement, human resources, legal counsel, public information and ombudsman services.

The Commission contracts with the SC Department of Administration for administrative support services in the areas of financial accounting and procurement. The procurement services include purchasing solicitations, purchase order creation, purchase order sourcing, and procurement reporting. Finance and accounting services include general accounting, accounts receivable and payable, deposit processing, preparation of monthly financial reports, assistance with preparation of the annual operating budget, and completion of year-end reporting packages. During FY2022 the Executive Director's Office processed twenty-two purchase requisitions, 441 deposits, 1,328 invoices, and 192 travel expense reports.

As a part of the public information, outreach and ombudsman services the Executive Director's office logged 3,522 telephone communications, electronic and personal contacts with external stakeholders. Twenty-seven general notices, policy advisories, updates and twelve agendas and supporting documents for the Commission Business Meetings were posted on the Commission's website and emailed to 634 individuals and organizations on a distribution list. Eighteen email addresses were added to the list during FY2022.

### Office of the General Counsel

The Office of the General Counsel is part of the Executive Director's Office and operates with two FTEs, a General Counsel and Staff Attorney, and 1-2 part time Law Clerks. The General Counsel was directly involved in eight litigated cases in FY 2021-2022; five cases pending before the Court of Common Pleas, one case pending before the Chief Procurement Officer, one case pending before the SC Court of Appeals, and one case pending before the Supreme Court of South Carolina. General Counsel also advised on issues involving the State Ethics Commission and security matters with law enforcement. The Office of General Counsel assisted the Commissioners with drafting orders, giving assistance an average of six times per week, and regularly consulted with Commissioners on questions of workers' compensation law and their judicial duties. The Office wrote forty proposed orders for single Commissioners or the Full Commission. General Counsel was involved in monitoring restrictions placed and lifted at the Local, State, and Federal level. General Counsel and the Staff Attorney continue to assist the Insurance and Medical Services Division in the enforcement of fines and penalties against non-compliant employers and insurers.

### **Human Resources**

The agency has a total of 63 authorized positions. During FY2022 the Commission employed fifty-two FTEs and five temporary employees, eight unclassified positions and forty-three classified positions.

The Human Resources (HR) Manager has the responsibility of coordinating the human resources program for the agency. During FY2022 was concentrated on providing all staff with information regarding benefits and assisting them with Human Resource issues. In addition, the HR Manager worked to recruit, train, measure and evaluate the performance of all employees and to provide data to support recommended changes in policies and procedures. The HR Manager attended three virtual PEBA training sessions, and two virtual SCEIS training sessions. Additionally, the HR Manager participated in four State HR Advisory meetings, four State Training and Development Consortium and was part of a focus group of small agencies to assist the SC Human Affairs Commission.

During FY2022, 14 employees separated or retired, one part-time intern separated, one employee was promoted internally, and 12 new employees were hired to replace the ones that departed. One law clerk extern assisted the Commission in 2021 for four months (August – November) and was assigned to the General Counsel's office.

Weekly reporting previously required for COVID was changed by DSHR in November 2021 and from that date on is no longer required. Through PEBA and Prisma Health, HR scheduled an onsite Flu Shot Event and a Health Screening Event for the convenience of all employees.

### **Information Technology Department**

The department continues work with an external vendor to implement the next version of the EDI transmission service. This will increase efficiency and expand reporting capabilities by providing a consolidated system between WCC and the respective EDI Trading Partners (employers, claim administrators, insurance carriers and attorneys) that are required to submit first reports of injury, subsequent reports of injury, and the attachment documents to WCC.

The IT Department continues to coordinate audio-visual enhancements in both Hearing Rooms, the Chairman's Conference Room and the Commissioner's Conference Room. These upgrades will enable the commission to host and participate in a hybrid style of hearings that can include on-site and online participants. This will alleviate the need to reschedule hearings and allow the commission to continue to meet the needs of injured workers and employers in a timely and responsive manner.

During FY2022 the agency issued a Request for Proposals for a new information technology claims management system. One proposal was received. After review of the vendor's proposal, the Commission

decided that it is in the best interest of the state to cancel the solicitation. The Commission determined that existing information technology resources and options were acceptable to meet the specific requirements in the solicitation. As a result, these resources and options could be configured and implemented with less cost, utilizing existing data framework and with the existing state information technology contracts. This adjusted application modernization approach to update the IT Legacy System is more sustainable and able to accommodate existing processes for WCC Staff, Claimants and stakeholders.

The IT Team will continue to upgrade the existing Agency Critical Applications (claims management software, electronic document imaging and the EDI transmission application) and will implement system upgrades and enhancements in a highly structured phased approach. This new IT Legacy Modernization Project will focus on development and testing to avoid any implantation, integration, or functionality issues. The first phase of the project will allow external stakeholders to process electronic payments via an online portal for fees, fines, and invoices. This will alleviate the need for physical checks and the subsequent manual process for internal stakeholders to apply the payments.

In an effort to establish better metrics, the IT Department began to use the Ticket Reporting System for staff to request assistance from the IT Department. Future plans are for the system to be expanded to external stakeholders with the launch of the new IT Legacy System Modernization project.

Ticket Report (July 1, 2021 – June 30, 2022):

- 614 Tickets were created for the IT Department in FY21-22

Ticket by Priority and Percentage:

- 583 were Low Priority / 94.95% of all Tickets
- 16 Medium Priority / 2.61%
- 14 High Priority / 2.285%
- 1 Urgent Priority / 0.16%

Ticket by Type and Percentage:

- 311 were Problem / 50.65%
- 142 Feature Request / 23.13%
- 109 (General) Question / 17.75%
- 27 listed as None for type / 4.40%
- 25 were Project / 4.07%

**Insurance and Medical Services**

The IMS Department is divided into three functional divisions: Coverage and Compliance, Medical Services and Self-insurance.

Coverage and Compliance Division

Coverage is responsible for receiving all first reports of injury in order to ensure employers have workers' compensation insurance for the injured employee. The number of accidents reported to the Commission during FY22 was 58,327. This reflects decrease of less than one-percent in the number reported in the previous year. Of the number reported 31,474 were Minor Medical Reports which involved no lost time and the cost of medical was less than \$2,500. The number of cases re-opened totaled 2,503 which reflects a 9.8% decrease in the number reported last year. Employers meeting certain statutory requirements are required to carry workers' compensation insurance for their employees. The Compliance Division verifies employers are complying with the coverage requirement by examining each first report of injury filed with the Commission, reviewing quarterly wage and employment data obtained from the Department of

Employment and Workforce (DEW) for the 54,445 employers in the State and following up on individual citizen reports of potential non-compliance by employers. During FY22 the Division caused 460 employers to obtain insurance coverage for approximately 3,814 previously uninsured workers. A total of \$686,000 in fines and penalties were collected from these violations. The Division is responsible for collecting unpaid fines from insurance carriers for failure to submit required reports in a timely manner. Failure to pay the fine results in a Rule to Show Cause Hearing before a Commissioner. One-hundred sixty-three cases were set for Rule to Show Cause Hearings, resulting in \$94,636 fines being collected.

#### Medical Services Division

The Medical Services Division is responsible for overseeing the implementation of the medical fee schedules which establishes a maximum allowable payment for services provided in workers' compensation injuries. The In-hospital Fee Schedule and the Ambulatory Surgery Fee Schedule values are updated January 1 with the Center for Medicare and Medicaid Services (CMS). The values for these schedules are calculated by using the CMS values plus 40%. The Medical Services Provider Manual (MSPM) is updated annually in April. The maximum allowable payment is calculated by using medical codes from the American Medical Association, values established by the CMS and a dollar-based conversion factor approved by the Commission. The Commission has a formal dispute process for medical service providers and insurance carriers to utilize when billing and payment disputes arise. In FY21 the Division responded to 134 formal disputes through the Medical Fee Dispute Process as well as responding to 1,030 general inquiries from medical service providers and payers.

#### Self-Insurance Division

The Commission approves all applications for employers to be self-insured for workers' compensation insurance. The Self-Insurance Division of the IMS Department is responsible for reviewing all applications and to ensure the employer meets and maintains the qualifications and financial requirements to be approved to self-insure. During FY21 the Division recommended and the Commission approved 90 applications for self-insurance. The Division oversees eighty-five self-insured employers and nine funds providing coverage to about 2,053 employers and 350,000 workers. Forty-eight audits were conducted to monitor the financial stability of the self-insured employers and funds. The Division collects the 2.5% Self-Insurance Tax on the calculated premiums of self-insurers which resulted in \$5.2 million being collected. \$2.6 million was remitted to the State General Fund.

During FY21-22 the processes and production of the IMS department continued to be impacted by staffing changes. The self-insurance division director left the agency in October 2021 and that position was filled in November 2021. Two compliance officers left the agency, one in September 2021 and the other in October 2021 who were replaced by two new compliance officers who joined the IMS department, one in October 2021 and the other in December 2021. The coverage and compliance division director left the agency in May 2022. Production was significantly impacted during FY21-22 as the workload was redistributed and significant time and resources were used to provide the necessary training for new staff members. Employers remain slow to resolve compliance fines and penalties due to the lingering effects of COVID and the downward trending economy on their businesses.

#### **Claims Department**

The Claims Department processes periodic reports filed by carriers, reviews all final settlements and responds to request for claims history data. During FY2022, the department processed 23,317 initial notices/termination of payments (Forms 15,15II, 17), and 52,118 Carrier's Periodic Report (Form 18). The department continues to encourage the use of electronic filing. Of total Form 18s received 31,876 were filed electronically through Electronic Data Interface (EDI); 19,270 were filed as an attachment to an email. As of September 2021, Claims Dept no longer accepts forms via US Postal Service. The Department processed 9,736 Clinchers, 2,598 Form 16s, and 235 Third Party Settlements. The Department continues to conduct outreach efforts to educate and inform stakeholders on the correct procedures for filing reports



timely in order to avoid assessments of fines. The department participated in four training sessions with external stakeholders to assist them with proper filing of required reports to avoid fines and penalties associated by not filing by the required date.

### **Judicial Department**

The Judicial Department monitors, reviews and assigns all contested workers' compensation cases for hearings with a single Commissioner, processes requests for scheduling Informal Conferences, and processes appeals of single Commissioner decisions and orders for hearing before an Appellate Panel. During FY22, the department processed approximately 32,000 pleadings, motions, appeals, and mediation documents. The department effectively continued to obtain and coordinate the use of 100 different locations across the state with local governments, educational institutions, and state agencies to schedule venues for Single Commissioner Hearings and Informal Conferences in the seven jurisdictional districts. The agency's receptionist is a part of Judicial. In addition to greeting all visitors and answering incoming telephone calls, the position is responsible for processing requests for copies of case file documents. During FY22 the department mailed 59,119 documents to parties in response to 2,687 requests for copies. Mail services also fall within this department and in addition to processing incoming and outgoing mail is responsible for fleet management and all agency deposits.

#### Informal Conferences

An informal conference is an opportunity for the claimant and a representative of the employer's insurance carrier to meet with a Claims Mediator or a Commissioner to discuss the settlement of the claim. The Commission assigned 3,088 cases for Informal Conferences of which 2,584 were conducted. A Commissioner is responsible for conducting an Informal Conferences when an agreement is not reached during the meeting with the Claims Mediator or the medical costs exceed \$50,000. Seventy-eight were conducted by Commissioners during FY22.

#### Single Commissioner Hearings and Other Case Related Activity

The department assigned 9,591 cases to the Commissioners offices during FY22. This number is slightly higher than the previous year. The Commissioners conducted 662 hearings which was 21% less than the previous year. The Commissioners are responsible for all aspects of a case which includes more than hearing cases and issuing Decisions and Orders. During FY22 the Commissioners approved 9,728 settlements and 7,653 attorney fee petitions; issued 132 administrative orders; issued 2,242 single commissioner orders and 3,001 consent orders; conducted 1,635 clincher conferences and 172 pre-hearing conferences; reviewed 1,351 motions and approved 772 relief of counsel motions.

#### Processing Time

The amount of time for a disputed case to be resolved is critical to the employee and employer. Time will impact the cost of the claim to the employer in the form of temporary compensation. To the injured employee a delay may result in medical services not provided or payment not made to the injured worker in a timely manner. The Commission constantly monitors the average number of days for processing a hearing request and docketing a hearing. The request is processed in an average of 32 days and a hearing is docketed in an average of 94 days. Both averages include the required notice period for each case. After the hearing the Commissioner issues order instructions within 90 days.

#### Full Commission Appellate Activity

During FY22 there was an overall increase in the Appellate activity. Single Commissioner decisions appealed increased by 17%; the number of cases reviewed by the Appellate Panels increased by 63%; and the number of Appellate Panel decisions appealed to a higher court increased 94.7%. A total of 96 Full Commission hearings were conducted in FY22 for an increase of 96% when compared to FY21.

## **SC Department of Vocational Rehabilitation**

The Commission continues to work with the S.C. Vocational Rehabilitation Department (SCVRD) for the benefit of the injured workers in South Carolina by providing access to claimant's data, referring claimants to SCVRD and to working the counselor assigned to the Commission to coordinate claimants' access and referral to their services. The SCVRD counselor reviews individual claims and attends Commissioner hearings and Informal Conferences to ascertain if the claimants would benefit from SCVRD services. SCVRD staff in local offices continued to access electronic portal to case records to contact claimants about SCVRD services. SCVRD reported 2,517 claimants were contacted during the FY22. The contacts resulted in 13 applications, 1,500 declined services, 2 existing cases, 81 outcomes pending, and 921 unable to contact referral.

## **Risk and Mitigation Strategies**

The Commission was established in 1935 to provide an equitable and timely system of benefits to injured workers. The inability to accomplish this mission and failure to achieve the goals and objectives would have devastating impacts on the injured worker and employer. The injured worker would be unable to receive medical care in a timely manner thus delaying the individual's return to work. The employer is impacted by the potential loss of production because the injured worker's absence and the potential increase in the insurance premiums.

Retention and recruitment of employees is a short-term and long-term risk brought to the forefront during FY2022, during which the agency experienced a 20% turnover of the employees. Exit interviews revealed an increase in salary was the primary reason for the employees leaving for other employment. The other employment included other state agencies and the private sector. The on-going risk of losing employees to other jobs is something ever present and cannot be accurately planned. State government salaries are not competitive with wages in the private sector and in some respects may never be. The agency is mitigating the risk by evaluating the current salary levels to ensure we can be as competitive as possible within the State Pay and Classification system when considering other state employees for vacant positions. The agency is also researching other programs to allow employees to earn salary increases through educational achievements, merit-based performance and bonuses. When recruiting potential candidates from the private sector, the agency is limited by the State's compensation system, however we focus on the benefits not related to pay (annual and sick leave, retirement benefits, creating a sense of purpose being a part doing good for injured workers) working for state government. Related to this risk is the impending retirement of current employees. Twenty-five (25%) of the agency's employees are eligible to retire due to age or length of service. The agency would experience a tremendous loss of organization knowledge if the employees were to retire at the same time. To mitigate this risk, we focus on striving to make the agency a great place to work by ensuring these employees feel they are an important part of the agency and keeping lines of communication open concerning their future plans.

The agency's IT Legacy System is the primary infrastructure used for processing and managing claims, determining coverage, processing pleadings, docketing hearings, serving hearing notices and processing required reports. In 2018 the Commission embarked on a project to modernize the thirty-year old IT Legacy System. A contract was let with a vendor to evaluate business processes and develop a new system. The new system was designed to provide new functionality previously unavailable to stakeholders and increased security and to meet the state and federal requirements. The system allows stakeholders the ability to create and transmit electronic files and to make electronic financial transactions efficiently and securely thereby eliminating the need for paper forms, pleadings and checks.

During two unsuccessful launches the new system failed to provide the required functionality which ultimately led to a dispute with the vendor indefinitely delaying the implementation. The dispute is currently before the State Procurement Office for review. In FY2022 the agency prepared and issued a Request for Proposals for developing and implementing a new IT Legacy System. One proposal was received. After

evaluating the proposal, the agency decided to cancel the RFP and take a different strategy to develop a new system. The agency learned recent upgrades to the primary components of the existing IT Legacy System and new services related to electronic payments, not available in 2018, were now available. To mitigate any further delays in developing and implementing a new IT Legacy System, at the beginning of FY2023, the agency has begun working with vendors of the existing system to upgrade the functionality of the respective systems to accomplish the primary goals established for a new system. In FY2022 the General Assembly approved \$5 million to be combined with the \$1.7 million previously approved for the IT Legacy System Modernization project.

Venues for Commissioners to conduct hearings across the state is another risk that the agency is constantly mitigating. The Commission has divided the state into 7 districts in which individual commissioner hearings are conducted. Cases are assigned to a district based on the location where the injury occurred. The Commission does not own or have legal control over physical locations across the state to conduct hearings. These sites are owned by state and local governments, councils of governments and educational institutions. Some local governments allow the use of county and municipal courtrooms, county and municipal council chambers and conference rooms. Councils of governments provide conference rooms and technical colleges provide classrooms, training rooms conference rooms on a limited basis. Currently one hundred sites in the seven districts are available for hearings on a limited basis. The Commission has no guarantee on the availability of the sites. The loss would create possible delays in hearings occurring causing a delay in the final disposition of the case. This would delay the claimant receiving the benefits afforded them under the Act and increasing the cost to employers. To mitigate this ongoing risk, the agency is continually seeking new sites by reaching out to local governments, state agencies and community colleges to secure space to conduct hearings.

## **Financial Report**

### General Fund

The General Fund Expenditures for Fiscal Year 2021-22 totaled \$2.8 million, 3% less than the budgeted amount. Note the \$1.6 million for the IT project, shown in the General Fund was deleted from this report as it was not part of the operational budget. It will be combined with the additional \$5 million allocated by the General Assembly in the FY2022-2023 budget and reported in a separate account identified as the IT Project.

### AV Equipment for Hearing and Conference Rooms

Fund 31C3000 COVID 19 Resp Reserve Fund has \$100,000 budgeted for the AV equipment in Hearing Room A, Hearing Room B, the Commissioner's Conference Room, and the Chairman's Conference Room. As of June 30, 2022, \$11,000 was spent on the project. We expect the installation to be complete by the end of August.

### Earmarked Fund – Revenues

The Earmarked Fund collected \$2.7 million in revenues with the majority, \$1.5 million coming from Filing Violation Penalties. With the Filing Violation Penalties, we underestimated the projected revenues by 20%. Hearing Fees collected totaled \$1 million which was 4% below projections. The attached report reflects the Estimated Revenue compared to Actual Revenue by account.

### Earmarked Fund – Expenditures

The expenditures totaled \$3.4 million, which is 62% of the \$5.5 million budgeted amount.

### Self-Insurance Tax Funds

Self-insurance Taxes collected total \$5.3 million for the fiscal year. The Commission retained \$2.6 million 4% more than we anticipated. The balance of \$2.6 million was transferred to the General Fund.

### Earmarked Fund Balance Sheet

The following chart reflects the total revenues, including the Self-Insurance taxes retained and the total expenditures. With Self-insurance Tax collections we posted a Net Income of \$1.9 million. Without the Self-insurance taxes we would have posted a Net Loss of (\$652,780).

### Self-insurance Tax

The Commission collected \$5.6 million in self-insurance tax revenues and transferred \$2.6 million to the State General Fund

### IT Modernization Project

The Commission carried forward \$1.6 million of funds appropriated by the General Assembly for this IT project. The General Assembly approved \$5 million for this project in FY2022-23.

The next page contains a comparison of the key statistical data of the Commission for FY2020-21 and FY2021-22.

South Carolina Workers' Compensation Statistical Recap Sheet	2020-2021	2021-2022	% chg
1. Number of Employers Purchasing Insurance	104,869	114,809	9.5%
2. Number of Employers Qualifying as Self-Insurers	1,921	2,053	6.9%
3. Investigations Active Beginning of Fiscal Year	253	307	21.3%
4. Investigations Initiated	1,711	1,463	-14.5%
5. Investigations Set for Show Cause Hearings/ Consent Agreements Received	582	641	10.1%
6. Total Investigations Closed	1,630	1,397	-14.3%
7. Investigations Active at Close of Fiscal Year	307	373	21.5%
8. Number of Accident Cases Filed with the Commission	58,327	57,986	-0.6%
A. New Cases	55,553	55,483	-0.1%
i. WCC Cases Created	25,545	24,009	-6.0%
ii. Minor Medical Reported (12M)	30,008	31,474	4.9%
B. Reopened cases	2,774	2,503	-9.8%
9. Number of Cases Closed during Fiscal Year	58,206	58,614	0.7%
A. Individually Reported Accidents	28,198	27,140	-3.8%
B. Minor Medical Only Accidents Reported in Summary	30,008	31,474	4.9%
10. Total Compensation & Medical Cost Paid on Closed Cases	\$1,083,921,589	\$919,856,851	-15.1%
A. Medical Costs	\$457,015,882	\$325,129,766	-28.9%
i. WCC Closed Cases	\$429,364,037	\$295,464,019	-31.2%
ii. Minor Medical Reported (12M)	\$27,651,845	\$29,665,747	7.3%
B. Compensation	\$626,905,707	\$594,727,085	-5.1%
11. Temporary Total Compensation Agreements	14,602	12,628	-13.5%
12. Supplemental Compensation Agreements	2,559	2,597	1.5%
13. Applications for Stop Payment expedited hearing	1,392	1,260	-9.5%
14. Cases Docketed for Hearings	9,480	9,592	1.2%
15. Cases Assigned for Informal Conferences	3,188	3,010	-5.6%
16. Hearings Conducted by Single Commissioners	834	654	-21.6%
17. Informal Conferences Conducted	2,466	2,583	4.7%
18. Decisions, Opinions & Orders, Single Commissioners	2,432	2,248	-7.6%
19. Cases Appealed to Full Commission for Review	138	162	17.4%
20. Reviews Conducted by Full Commission or Panel	59	97	64.4%
21. Decisions and Opinions by Full Commission or Panel	70	104	48.6%
22. Commission Decisions Appealed to Higher Court	19	37	94.7%
23. Common Law Settlements	10,976	9,728	-11.4%
24. Attorney Fee Approvals	8,337	7,653	-8.2%
25. Self-Insurance Tax Collected	\$5,837,585.83	\$5,230,437.87	-10.4%

General Fund							
Appropriations and Expenditures							
Actual, Budget, Projected & Requested							
FY2019-24							
	Actual				Budget	Projected	Requested
	FY2019	FY2020	FY2021	FY2022	FY2023*	FY2023 Projected	FY2024 Requested
Appropriations	\$ 2,116,307	\$ 2,788,954	\$ 2,819,026	\$ 2,906,088	\$ 2,876,742	\$ 2,876,742	\$ 2,876,742
Expenditures	\$ 1,927,664	\$ 2,588,449	\$ 2,672,585	\$ 2,554,017	\$ 1,373,166	\$ 2,746,332	\$ 2,746,332
Variance	\$ (188,643)	\$ (200,505)	\$ (146,441)	\$ (352,071)	\$ (1,503,576)	\$ (130,410)	\$ (130,410)

\*Expenditures - July-Dec 2022

Earmarked Fund								
Revenues								
Actual, Budget, Projected & Requested								
FY2019-24								
Account	Actual				Budget	Actual	Projected	Requested
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2023 (12/31/22)	FY2023 (06/30/2023)	FY2024
Workers Comp Hearing Fee	\$ 1,070,550	\$ 1,128,738	\$ 1,123,345	\$ 1,016,800	\$ 1,091,322	\$ 474,540	\$ 949,080	\$ 1,091,322
Self Insurance App Fee	\$ -	\$ 10,425	\$ 3,475	\$ 7,350	\$ 26,555	\$ 1,075	\$ 2,150	\$ 26,555
Violations and Penalties	\$ 2,381,873	\$ 1,642,365	\$ 1,383,926	\$ 1,539,252	\$ 1,985,476	\$ 646,215	\$ 1,292,430	\$ 1,658,424
Parking Fee	\$ 5,465	\$ 5,335	\$ 5,220	\$ 12,790	\$ 5,900	\$ 2,735	\$ 5,470	\$ 5,470
Workers Comp Award Review Fee	\$ 34,400	\$ 17,525	\$ 19,070	\$ 24,500	\$ 32,251	\$ 5,700	\$ 11,400	\$ 27,500
Training Conference Registration Fee	\$ -	\$ 7,380	\$ 1,130	\$ 800	\$ -	\$ -	\$ -	\$ 5,400
Sale of Goods	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales of Photocopies	\$ 63,317	\$ 60,851	\$ 54,914	\$ 86,043	\$ 25,300	\$ 24,807	\$ 49,613	\$ 49,613
Sale of Services	\$ 13,562	\$ 27,075	\$ 300	\$ 2,205	\$ -	\$ -	\$ -	\$ -
Sale of Listings Labels	\$ 4,175	\$ 108,360	\$ 2,942	\$ 2,603	\$ 4,187	\$ 475	\$ 950	\$ 2,020
Refund Prior Year	\$ -	\$ 1,410	\$ 3,488	\$ 11	\$ -	\$ -	\$ -	\$ -
Adjustment to Agency Deposits	\$ 83,025		\$ (20)	\$ (80)	\$ -	\$ (70)	\$ (70)	\$ (70)
Returned Checks	\$ (9,600)			\$ (170)	\$ -	\$ -	\$ -	\$ -
Misc Revenue	\$ 1,588	\$ 1,945	\$ 200	\$ 50	\$ -	\$ 30,864	\$ 30,864	\$ -
<b>Total</b>	\$ 3,648,355	\$ 3,011,409	\$ 2,597,990	\$ 2,692,154	\$ 3,170,991	\$ 1,186,340	\$ 2,341,887	\$ 2,866,234

Earmarked Fund							
Expenditures							
Actual, Budget, Projected & Requested							
	Actual				Budget	Projected	Requested
	FY2019	FY2020	FY2021	FY2022	FY2023 (12/31/22)	FY2023 (06/30/23)	FY2024
Budget	\$ 5,607,845	\$ 5,607,845	\$ 5,607,845	\$ 5,607,845	\$ 5,607,845	\$ 5,607,845	\$ 5,607,845
Expenditures	\$ 3,620,851	\$ 4,427,725	\$ 3,480,176	\$ 3,634,406	\$ 2,035,725	\$ 4,071,450	\$ 4,071,450
Difference	\$ (1,986,994)	\$ (1,180,120)	\$ (2,127,669)	\$ (1,973,439)	\$ (3,572,120)	\$ (1,536,395)	\$ (1,536,395)
Net Operating Results (Rev/Exp)	\$ 27,504	\$ (1,416,316)	\$ (882,186)	\$ (942,252)	\$ (1,135,266)	\$ (1,729,563)	\$ (1,536,395)

Note: FY2020 Expenditures includes \$824,038 for IT Contractors

Self-Insurance Tax								
	Actual				Budget	Actual	Projected	Requested
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2023 (12/31/22)	FY2023 (6/30/2023)	FY2024
Self-Insurance Tax	\$ 4,811,956	\$ 4,626,508	\$ 5,787,351	\$ 5,192,996	\$ 5,192,996	\$ 2,261,859	\$ 4,523,718	\$ 5,192,996
Net to WCC	\$ 2,405,978	\$ 2,313,254	\$ 2,893,676	\$ 2,596,498	\$ 2,596,498	\$ 1,130,930	\$ 2,261,859	\$ 2,596,498

IT Legacy System Modernization Project							
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2023	FY2024
GF Appropriations		\$ 1,800,000					\$ 1,695,084
GF Appropriations						\$ 5,000,000	

Agency Name:	Workers' Compensation Commission		
Agency Code:	R080	Section:	74



**Fiscal Year FY 2023-2024**

**Agency Budget Plan**

**FORM A - BUDGET PLAN SUMMARY**

<b>OPERATING REQUESTS</b> <i>(FORM B1)</i>	<b>For FY 2023-2024, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting General Fund Appropriations.
	<input type="checkbox"/>	Requesting Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

<b>NON-RECURRING REQUESTS</b> <i>(FORM B2)</i>	<b>For FY 2023-2024, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

<b>CAPITAL REQUESTS</b> <i>(FORM C)</i>	<b>For FY 2023-2024, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.

<b>PROVISOS</b> <i>(FORM D)</i>	<b>For FY 2023-2024, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input checked="" type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
<b>PRIMARY CONTACT:</b>	Gary Cannon	(803) 737-5726	gcannon@wcc.sc.gov
<b>SECONDARY CONTACT:</b>			

I have reviewed and approved the enclosed FY 2023-2024 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
<b>SIGN/DATE:</b>		
<b>TYPE/PRINT NAME:</b>		

*This form must be signed by the agency head – not a delegate.*

Agency Name:	Workers' Compensation Commission
Agency Code:	R080
Section:	74

BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
TOTALS			0	0	0	0	0	0.00	0.00	0.00	0.00	0.00



Agency Name:	Workers' Compensation Commission		
Agency Code:	R080	Section:	74

## **FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN**

<b>TITLE</b>	Agency Cost Savings and General Fund Reduction Contingency Plan
--------------	---

<b>AMOUNT</b>	\$77,353
---------------	----------

*What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.*

<b>ASSOCIATED FTE REDUCTIONS</b>	One FTE
----------------------------------	---------

*How many FTEs would be reduced in association with this General Fund reduction?*

<b>PROGRAM / ACTIVITY IMPACT</b>	Salaries and benefits account for the greatest majority of expenditures in the General Fund. To achieve a 3% reduction in the expenditures the agency will eliminate one FTE in the General Appropriations. The total reduction in cost is \$100,000. The FTE is currently funded in program R080 10013225 Claims. There will be no impact on the services provided by this program because the position will be transferred to the Earmarked Fund.
----------------------------------	---

*What programs or activities are supported by the General Funds identified?*

<b>SUMMARY</b>	The services provided by the agency will not be impacted by the elimination of one FTE in the General Appropriations because the position and associated salary and benefits will be transferred to the Earmarked Fund. The FTE is currently funded in program R080 10013225 Claims. There will be no impact on the services provided by this program because the position will be transferred to the Earmarked Fund.
----------------	---

*Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.*

**AGENCY COST  
SAVINGS PLANS**

To achieve a 3% reduction in the expenditures the agency will eliminate one FTE in the General Appropriations. The total reduction in cost is \$100,000. The FTE is currently funded in program R080 10013225 Claims. There will be no impact on the services provided by this program because the position will be transferred to the Earmarked Fund.

Savings will be repurposed for the Other Operating Costs associated with the IT program.

*What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?*

Agency Name:	Workers' Compensation Commission		
Agency Code:	R080	Section:	74

## **FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS**

<b>TITLE</b>	Copy Cost Elimination and Fines Reduction
--------------	---

*Provide a brief, descriptive title for this request.*

<b>EXPECTED SAVINGS TO BUSINESSES AND CITIZENS</b>	<p>The agency is in the process of upgrading the IT Legacy System, which is the backbone of the agency's business processes for serving citizens and stakeholders of the system. Upon implementation of the upgrade the cost savings to all stakeholders is calculated to be \$75,000 per year by eliminating charges for copies of records and documents requested by stakeholders. Stakeholders will have electronic access to the documents and records at no charge. Stakeholders will also be allowed to submit required reports electronically rather than manually thereby reducing the cost of fines and penalties associated with not filing the reports by the required due date. As a result of this change the savings to stakeholders is estimated to be \$500,000 annually.</p>
--	---

*What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<p><b>Mark "X" for all that apply:</b></p> <table border="1"> <tr> <td><input type="checkbox"/></td> <td>Repeal or revision of regulations.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Reduction of agency fees or fines to businesses or citizens.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Greater efficiency in agency services or reduction in compliance burden.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Other</td> </tr> </table>	<input type="checkbox"/>	Repeal or revision of regulations.	<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.	<input type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.	<input type="checkbox"/>	Other
<input type="checkbox"/>	Repeal or revision of regulations.								
<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.								
<input type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.								
<input type="checkbox"/>	Other								

<b>METHOD OF CALCULATION</b>	<p>The reduction in charges for copies of documents and records is calculated using the current fee schedule for such charges, which is \$20 for the first 20 pages and \$.50 per page thereafter.</p> <p>The reduction in fines to stakeholders is calculated using the amount of the fine associated with a late filing of the Form 18. The insurance carrier is required to submit the Form 18 every six months during an active case. Late filing of the Form 18 will result in a \$200.00 fine to the stakeholder.</p>
------------------------------	---

*Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.*

<b>REDUCTION OF FEES OR FINES</b>	<p>The reduction in charges for copies of documents and records is calculated using the current fee schedule for such charges, which is \$20 for the first 20 pages and \$.50 per page thereafter.</p> <p>The reduction in fines to stakeholders is calculated using the amount of the fine associated with a late filing of the Form 18. The insurance carrier is required to submit the Form 18 every six months during an active case. Late filing of the Form 18 will result in a \$200.00 fine to the stakeholder.</p>
-----------------------------------	---

*Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?*

<b>REDUCTION OF REGULATION</b>	None
--------------------------------	------

*Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?*

	<p>As a result of the implementation of the modernized IT Legacy System, the cost savings to all stakeholders is calculated to be \$75,000 per year by eliminating charges for copies of records and documents requested by stakeholders. Stakeholders will have electronic access to the documents and records at no charge. Stakeholders will also be allowed to submit required reports electronically rather than manually thereby reducing the cost of fines and penalties associated with not filing the reports by the required due date. As a result of this change the savings to stakeholders is estimated to be \$500,000 annually.</p>
--	--

**Workers' Compensation Commission  
FY2023-24 Budget Request Proviso Summary**

<b>FY 22-23 Proviso #</b>	<b>Renumbered FY22-23 Proviso #</b>	<b>Proviso Title</b>	<b>Short Summary</b>	<b>FY of Proviso Introduction/ # of years in budget</b>	<b>Recommended Action</b>	<b>Proviso Language</b>
74.1	74.1	Educational Seminar	Revenue from educational seminars retained by the Commission for expenses for future seminars.	15	NO CHANGE	All revenue earned from educational seminars shall be retained by the agency to be used for the printing of educational materials and other expenses related to conducting the seminar.
74.2	74.2	Filing Fees	Revenue from \$50.00 filing fee for a hearing, settlement, or motion to be retained and expended by the Commission.	5	NO CHANGE	The Workers Compensation Commission is authorized to retain and expend all revenues received as a result of a \$50.00 filing fee for each requested hearing, settlement, or motion. If it is determined that the individual is indigent, this filing fee must be waived.
74.3	74.3	Tax on Self-Insurers	Suspends sunset provision in Act 68 of 2017	1	NO CHANGE	Notwithstanding another provision of law, the sunset provision provided for in Act 68 of 2017 is suspended for the current fiscal year to allow the commission to continue to collect tax on self-insurers.