



South Carolina State Accident Fund

STATE ACCIDENT FUND

Acting Director:

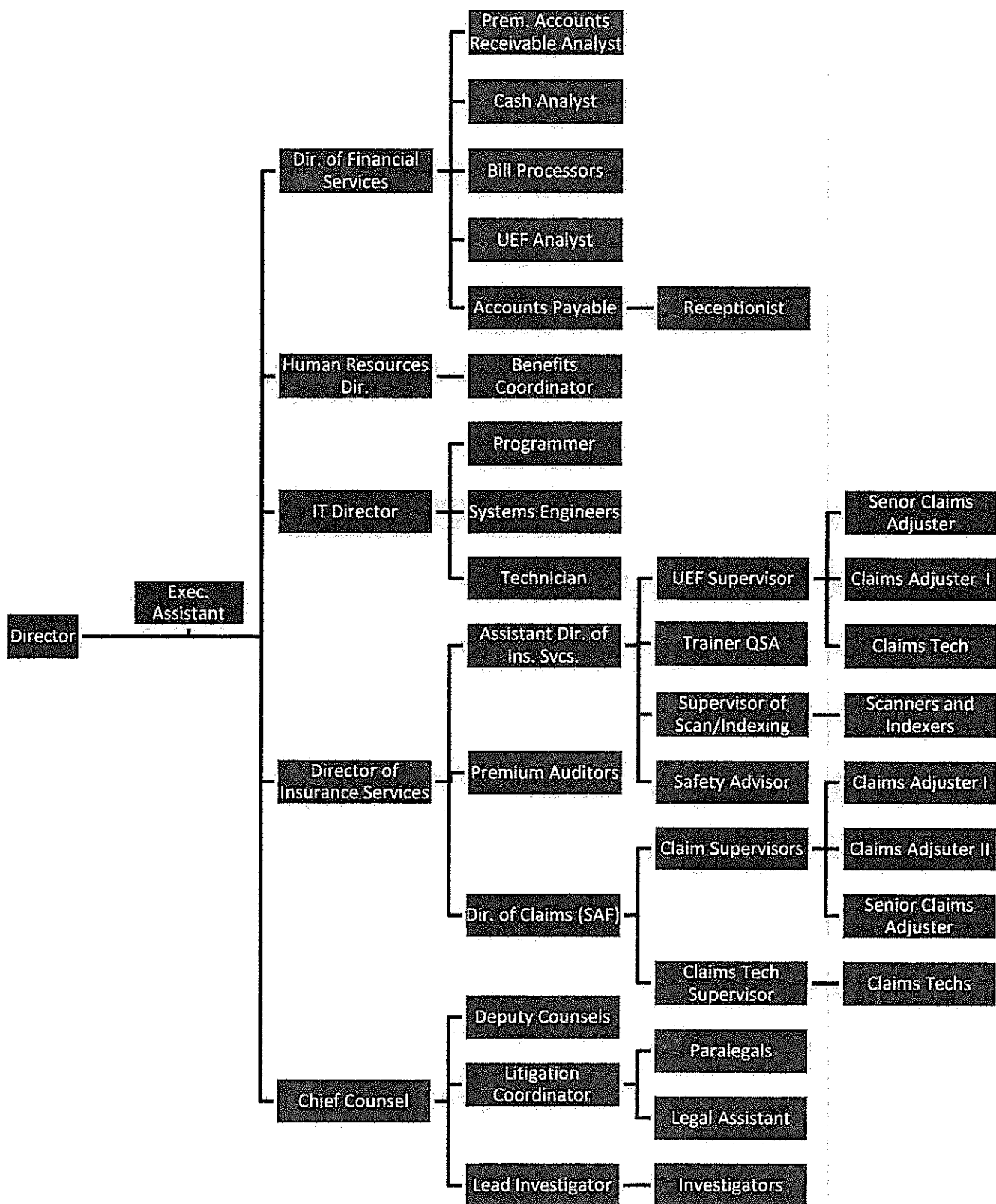
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Agency Overview

- The State Accident Fund (SAF) is the provider of workers' compensation insurance for all state agencies and other governmental entities. SAF also includes the SC Uninsured Employers' Fund (UEF).
- SAF does not receive funds from the General Fund. It is funded solely from premiums collected from policyholders.
- UEF is also other funded. It receives funding from Department Of Insurance and the Workers Compensation Commission.



AGENCY NAME:	State Accident Fund		
AGENCY CODE:	R120	SECTION:	075

AGENCY'S DISCUSSION AND ANALYSIS

The South Carolina State Accident Fund ("SAF") was established in 1943 for the purpose of providing workers' compensation coverage and administration for all state agencies and other local governmental entities at reasonable prices. By creating a state agency for the sole purpose of "self-insuring," the state of South Carolina provides a stable source of guaranteed insurance coverage so that state workers are not placed at undue risk.

The mission of SAF is to provide cost effective, guaranteed workers' compensation insurance for state agencies and optional coverage for other governmental entities, and to provide superior servicing for policyholders and injured workers.

As set forth by statute, SAF determines rates and premiums in the same manner as a private insurance company. It is funded entirely by the premium it collects and receives no general funds from the state of South Carolina.

On July 1, 2013, the administration of the South Carolina Workers' Compensation Uninsured Employers' Fund ("UEF") was transferred to SAF. The UEF was created to ensure payment of workers' compensation benefits to injured employees whose employers failed to acquire coverage for their employees as required. The UEF is funded from the collections of tax on insurance carriers and self-insureds.

By self-insuring, SAF provides the state a more stable and economic source of insurance coverage and avoids many underwriting risks associated with varied governmental functions. This stability ensures that injured state employees are provided necessary medical care and income while out of work, thereby limiting any burden on SC employees and, ultimately, the state of South Carolina.

SAF measures its success and establishes goals based on the expectations of our policyholders and stakeholders. Surveys and interviews have established these continued goals:

- Quality and customized services (timely processing of claims and providing appropriate services);
- Low claim costs;
- Competitive rates; and
- Personal and interactive service and communication.

The key strategic goals facing SAF are related to the implementation of a new case management system, and retention and recruitment of staff.

The agency's major applicable achievements for FY 2021-2022 include:

- Agency remained financially sound and self-sustaining;
- Maintained level premium rates for SAF policyholders;
- Continued costs savings through vendor partnerships;
- Established a Claims Department career progression path for claim adjusters;
- Maintained a high success rate for workers' compensation claim mediations;
- Implementation of off-site backup and upgraded firewalls for enhanced security and monitoring.

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The agency continued its costs saving and recovery efforts through vendor partnerships, which provided a net recovery and/or fee schedule savings of \$13,448,242.00.

o Medical services/ Charge Review	\$3,828,430.00
o Pharmacy Services	\$5,100,156.00
o Subrogation Services*	\$1,229,115.00
o Physical Therapy Services	\$265,356.00
o Second Injury Fund Recoveries*	\$2,572,597.00
o Collection Services (UEF)	\$452,588.00

Primary goals for Fiscal Year 2022-2023 include:

- Begin integration of new case management system;
- Begin implementation of recommendations received from Legislative Oversight Committee;
- Continue to work with Division of Procurement Services to bring all existing vendor contracts current.

* Starting in FY 2021-2022 recoveries are shown as net.

State Accident Fund
Fiscal Year July 1, 2022 - December 31, 2022
Budget vs Actual Expenditures

Description	Budget	Actual	Remaining	Percentage Expended
Director	109,596.00	-	109,596.00	0.00%
Classified Positions & Personal Services	4,658,123.00	1,966,994.29	2,691,128.71	42.23%
Other Operating	3,900,950.00	539,261.34	3,361,688.66	13.82%
Administration Total	8,668,669.00	2,506,255.63	6,162,413.37	28.91%
Miscellaneous Operations	5,000.00	-	5,000.00	0.00%
Educational Training	5,000.00	-	5,000.00	0.00%
Employer Contributions	2,137,394.00	818,163.66	1,319,230.34	38.28%
Employer Contributions Total	2,137,394.00	818,163.66	1,319,230.34	38.28%
Total	10,811,063.00	3,324,419.29	7,486,643.71	30.75%

State Accident Fund
Fiscal Year July 1, 2021 - June 30, 2022
Budget vs Actual Expenditures

Description	Budget	Actual	Remaining	Percentage Expended
Director	135,280.00	-	135,280.00	0.00%
Classified Positions & Personal Services	4,632,439.00	3,599,975.75	1,032,463.25	77.71%
Other Operating	3,900,950.00	1,199,143.78	2,701,806.22	30.74%
Administration Total	8,668,669.00	4,799,119.53	3,869,549.47	55.36%
Miscellaneous Operations	5,000.00	-	5,000.00	0.00%
Educational Training	5,000.00	-	5,000.00	0.00%
Employer Contributions	2,137,394.00	1,536,074.71	601,319.29	71.87%
Employer Contributions Total	2,137,394.00	1,536,074.71	601,319.29	71.87%
Total	10,811,063.00	6,335,194.24	4,475,868.76	58.60%

**State Accident Fund
Carry Forward Funds**

Fund	Title	Comments
32339000	AFS - WORKS' COMP FD	The funds carried forward do not increase the agency's budget authorization
32339001	AFS - UNINSURED EMPLRS	The funds carried forward do not increase the agency's budget authorization

FY 23-24 Prioritized Budget Request Summary

Agency Name

BUDGET REQUESTS				FUNDING				FTEs				
Priority	Request Type (recurring, non-recurring, capital)	Request Title	Brief Description	General - Recurring	General - Nonrecurring	Other	Federal	Total	State	Other	Federal	Total
1	Recurring	Other Fund Authorization	Majority of funds will be used to update the State Accident Fund's case management system. Approximately \$315K of the request is an increase to personnel services and employer contributions.			2,215,000.00		2,215,000.00				0.00
2								0				0.00
3								0				0.00
4								0				0.00
5								0				0.00
6								0				0.00
7								0				0.00
8								0				0.00
9								0				0.00
10								0				0.00
11								0				0.00
12								0				0.00
13								0				0.00
14								0				0.00
15								0				0.00
16								0				0.00
17								0				0.00
18								0				0.00
19								0				0.00
20								0				0.00
TOTAL BUDGET REQUESTS				\$ -	\$ -	\$ 2,215,000	\$ -	\$ 2,215,000	0.00	0.00	0.00	0.00

Agency Name:	State Accident Fund		
Agency Code:	R120	Section:	75



**Fiscal Year FY 2023-2024
Agency Budget Plan**

FORM A - BUDGET PLAN SUMMARY

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

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

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

PROVISOS <i>(FORM D)</i>	For FY 2023-2024, my agency is (mark "X"):	
	<input checked="" 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 type="checkbox"/>	Not requesting any proviso changes.

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

	<i>Name</i>	<i>Phone</i>	<i>Email</i>
PRIMARY CONTACT:	Erin Farthing	(803) 896-5892	EFarthing@saf.sc.gov
SECONDARY CONTACT:	Abigail Sellers	(803) 896-5872	ASellers@saf.sc.gov

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

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

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

Agency Name:	State Accident Fund
Agency Code:	R120
Section:	75

BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	Requesting Other Fund Authorization	0	0	2,215,000	0	2,215,000	0.00	0.00	0.00	0.00	0.00
TOTALS			0	0	2,215,000	0	2,215,000	0.00	0.00	0.00	0.00	0.00

Agency Name:	State Accident Fund		
Agency Code:	R120	Section:	75

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Requesting Other Fund Authorization
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Provide a brief, descriptive title for this request.

AMOUNT	<p>General: \$0</p> <p>Federal: \$0</p> <p>Other: \$2,215,000</p> <p>Total: \$2,215,000</p>
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What is the net change in requested appropriations for FY 2023-2024? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input checked="" type="checkbox"/>	IT Technology/Security related
	<input checked="" type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input checked="" type="checkbox"/>	Public Infrastructure and Economic Development
<input type="checkbox"/>	Government and Citizens	

ACCOUNTABILITY OF FUNDS	<p>In order to continue to operate a cost effective government agency, State Accident Fund requires an updated case management system. Our current system is close to 25 years old and serves the claims, legal, premium, and financial departments of the agency. While the agency is on course to complete the RFP process and enter into a contract for the new system in FY23, the implementation of the system will be a lengthy process. We will require continued funds to complete the payment process during implementation, as well as to provide continued support for the system once implementation is complete. The new system will help the agency become more efficient, which will allow us to provide the highest level of customer satisfaction and service in all areas of business. The system will further provide additional security to the information maintained by the agency. The system update will also afford the agency with additional capabilities that will improve premium billing, claim organization, and provider payments. These all relate back to agency strategies including collecting premium due, improving of claim handling processes, improving mediation practices, and improving subrogation practices. These capabilities will further help the agency to develop more quality and efficient procedures to improve productivity and reduce costs. The increase to personnel services and employer contributions relates to our strategy of maintaining a high level of service and support to policy holders. The agency strives to keep a knowledgeable staff on board in order to fulfill the mission of the agency. This requires adequate funding for compensation as well as employer contributions for employees.</p>
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template

of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF FUNDS

Claims management system provider selected by RFP will receive funds as payment for new system implementation and support.

Agency employees would receive funds requested in personnel services and employer contributions.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

The agency is striving to improve processes across all departments in order to continue to provide excellent customer service to policy holders and their injured workers. This includes necessary upgrades to the case management system and maintaining a knowledgeable staff to perform all necessary functions throughout the agency. The agency is projecting that out of the \$2,215,000 request \$1,895,000 will be going towards the system update, and \$320,000 is projected for an increase to employer contributions and personnel services.

In order to continue to operate a cost effective government agency, State Accident Fund requires an updated case management system. Our current system is close to 25 years old and serves the claims, legal, premium, and financial departments of the agency. While the agency is on course to complete the RFP process and enter into a contract for the new system in FY23, the implementation of the system will be a lengthy process. We will require continued funds to complete the payment process during implementation, as well as to provide continued support for the system once implementation is complete. The new system will help the agency become more efficient, which will allow us to provide the highest level of customer satisfaction and service in all areas of business. The system will further provide additional security to the information maintained by the agency. The system update will also afford the agency with additional capabilities that will improve premium billing, claim organization, and provider payments. These all relate back to agency strategies including collecting premium due, improving of claim handling processes, improving mediation practices, and improving subrogation practices. These capabilities will further help the agency to develop more quality and efficient procedures to improve productivity and reduce costs. The increase to personnel services and employer contributions relates to our strategy of maintaining a high level of service and support to policy holders. The agency strives to keep a knowledgeable staff on board in order to fulfill the mission of the agency. This requires adequate funding for compensation as well as employer contributions for employees.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	State Accident Fund		
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FORM D – PROVISIO REVISION REQUEST

NUMBER	NEW
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Cite the proviso according to the renumbered list (or mark "NEW").

TITLE	Adjuster License Fees
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Provide the title from the renumbered list or suggest a short title for any new request.

BUDGET PROGRAM	Section 75 State Accident Fund: I. Administration and II. Uninsured Employers Fund
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	
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Is this request associated with a budget request you have submitted for FY 2023-2024? If so, cite it here.

REQUESTED ACTION	Add
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	None
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>The agency is requesting a new proviso to be added to allow the State Accident Fund to pay for claims adjuster license fees owed the South Carolina Department of Insurance. These license fees are due every other year in order to maintain a claims adjuster license, which the agency requires for all employees responsible for adjusting workers' compensation claims.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

The fiscal impact would be \$80.00 biennially/per position where an adjuster license is required. Currently, State Accident Fund employ between 30 and 35 employees who are required to maintain an adjuster license.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

**PROPOSED
PROVISO TEXT**

The State Accident Fund is authorized to use other appropriated funds to pay the costs of adjuster license fee dues owed to the South Carolina Department of Insurance for any licensed adjusters employed as working adjusters with the State Accident Fund, where such license is an agency requirement for their position.

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

Transportation and Regulatory Subcommittee Proviso Request Summary						
FY 22-23 Proviso #	Renumbered FY 23-24 Proviso #	Proviso Title	Short Summary	FY of Proviso Introduction/ # of years in budget	Recommended Action	Proviso Language
			State Accident Fund is requesting a new proviso be added to allow SAF to pay for claims adjuster license fees owed to the SC Department of Insurance. These license fees are due every other year in order to maintain a claims adjuster license, which the agency requires for all employees responsible for adjusting workers' compensation claims.			The State Accident Fund is authorized to use other appropriated funds to pay the costs of adjuster license fee dues owed to the South Carolina Department of Insurance for any licensed adjusters employed as working adjusters with the State Accident Fund, where such license is an agency requirement for their position.
	NEW	Adjuster License Fees		FY23-24	ADD	75.1. (SAF: Educational Seminar Revenue) The State Accident Fund is authorized to set and collect fees for educational seminars. All revenue earned from educational seminars shall be retained by the agency and used for supplies, materials, and other expenses relating to the seminars.
75.1	75.1	SAF: Educational Seminar Revenue	Authorizes the State Accident Fund to collect fees for educational seminars & retain those funds for seminar related expenses	Prior to 2001	NO CHANGE	