

STATE ACCIDENT FUND

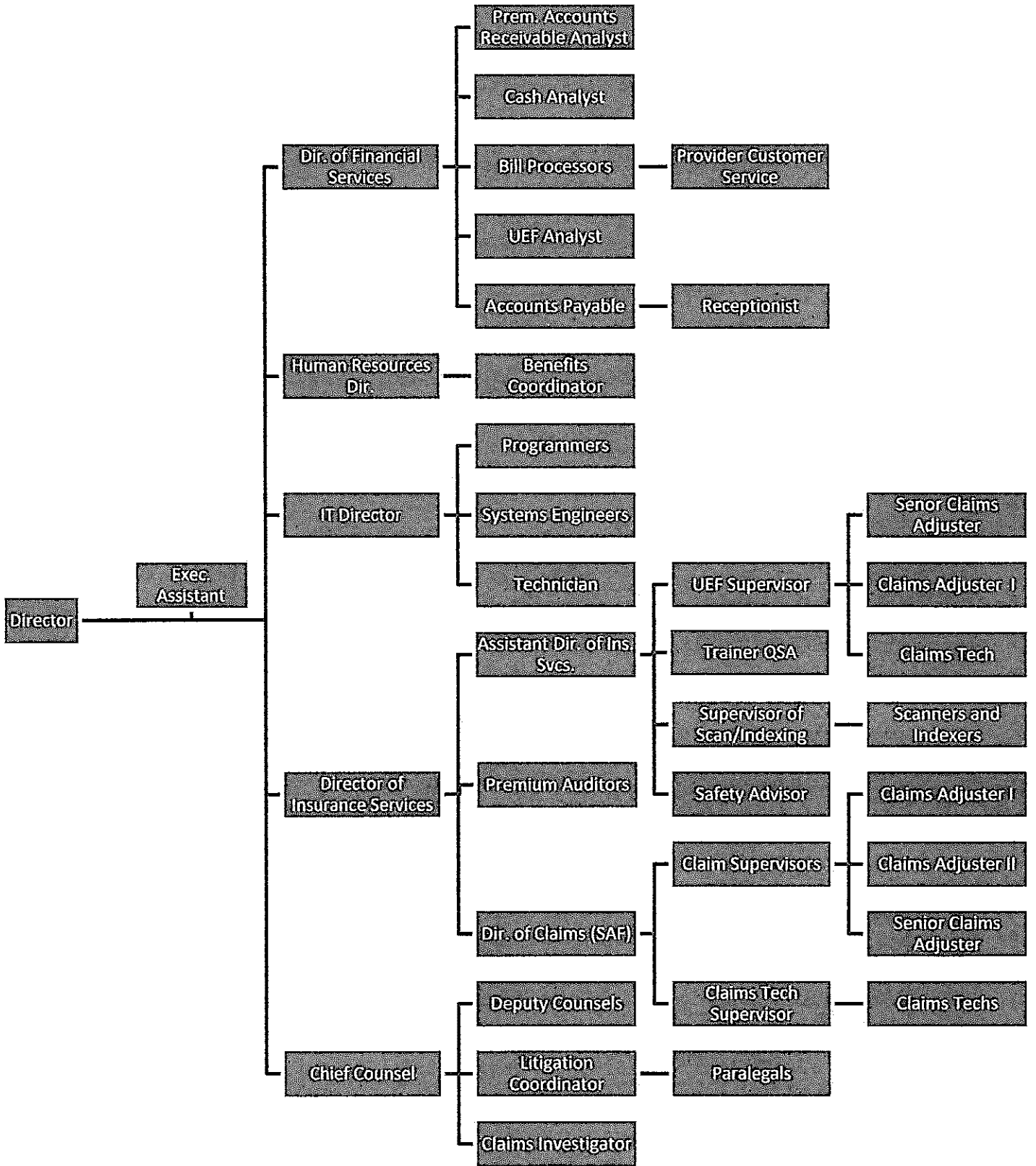
Director:
Erin Farthing

(803) 896-5892
efarthing@saf.sc.gov

Abigail Sellers
Director of Financial Services
(803) 896-5872
asellers@saf.sc.gov

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.



State Accident Fund

FTE Breakdown

Authorized Positions	88
Filled Positions	72
Vacant Positions	16

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 economical prices. 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.

The mission of SAF is to provide cost effective, guaranteed workers' compensation coverage for state agencies and other governmental entities, to provide superior servicing for policyholders and injured workers, and ensure provision of workers' compensation benefits to injured employees whose employers have failed to comply with the coverage requirements of the South Carolina Workers' Compensation Act.

Major Achievements During Fiscal Year 2022-2023

Management Support

SAF's Management Support department is comprised of the Director and Executive Assistant. Per S.C. Code Ann. §42-7-20, the Director is responsible for the management and administration of SAF and the personnel necessary to carry out its mission. The Executive Assistant provides support to the Director, and the other members of SAF management, including coordination with internal staff, legislators, policyholders, and partner associations.

In May 2023, Erin Farthing was appointed and confirmed as Director of SAF after serving as Acting Director since February 2021. SAF completed its review by the House Legislative Oversight Committee at the start of FY 2022-2023, and much of the fiscal year was spent building on areas for improvement that were identified by SAF in the process or contained within the Full Committee Study Report from the Committee. This agency wide growth and development will continue in the upcoming fiscal year.

Insurance Services Division

SAF's Insurance Services Division is comprised of SAF Claims, UEF Claims, Premium Audit, and Safety and Loss Control. These departments all fall under the Director of Insurance Services.

- **SAF Claims**

The SAF claims department receives and administers the workers' compensation claims filed by SAF's policyholders per the South Carolina Workers' Compensation Act ("Act"). It is headed by the Director of Claims, and includes four teams of claim adjusters, each of which contains a supervisor and five claim adjusters, and a team of claim technicians, which contains a supervisor and three claim technicians. A new position has also been created, to start FY 2023-2024, which will be responsible for handling special projects and claims, in addition to adjusting workers' compensation claims for their assigned policyholder. SAF also has a Trainer/Quality Service Auditor ("QSA") who provides the training for the SAF and UEF claims departments, and also conducts quarterly audits to ensure effective claims handling. The Trainer/QSA reports to the Assistant Director of Insurance Services.

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

During this past fiscal year, the SAF claims department has worked to close out older, legacy claims to limit future liability in those claims. We have also worked to remain fully staffed in the department and to provide a better balance of claim counts for each claims team to ensure we are providing the best service possible to our policyholders and their injured workers.

The SAF claims department also provides training to our policyholders to streamline the claims handling process. During this past fiscal year, the SAF claims department has developed new and creative ways to provide that training through webinars, which has allowed them to broaden the training opportunities. The SAF claims department has continued to provide in person training and consultation and worked closely with policyholders when requested to review claims history and ways to improve safety and claims handling based on that policyholder’s specific needs.

SAF has also expanded the satisfaction survey sent to its policyholders to request more specific claims handling feedback from the UEF Claims department’s contact with each of its policyholders. This feedback will be beneficial in determining areas for improvement within the SAF claims department.

- **UEF Claims**

The UEF Claims department receives claims involving injured workers of uninsured employers. They investigate whether the employer was subject to the Act and whether there is additional applicable coverage. Where the South Carolina Workers’ Compensation Commission (“WCC”) has determined that the UEF is responsible for providing benefits to an injured worker, the UEF Claims department administers that claim per the Act. The UEF Claims department also pursues collections against liable uninsured employers for any expenses, costs, or benefits paid by the UEF. The UEF Claims department is headed by the UEF Claims Manager & Recovery Specialist, and includes two adjusters and a claims tech. The department reports to the Assistant Director of Insurance Services.

A significant focus for the UEF Claims department during the past fiscal year was the launch of the UEF Collections Program after it was brought back in house from a third-party administrator. This required a multi-departmental effort to identify problem areas, develop solutions, and implement a procedure for properly establishing the UEF’s lien and pursuing recovery from the liable employers. The UEF collection recoveries for FY 2022-2023 exceeded the recoveries from the prior fiscal years, and SAF hopes to see continued progress in that area in the future.

- **Premium Audit**

The Premium Audit department compiles and analyzes data to calculate the annual premium for SAF’s individual policyholders. It includes a senior premium auditor and premium auditor, both of whom report to the Director of Insurance Services.

During FY 2022-2023, the Premium Audit department completed 155 state audits and 394 city/county audits, for a total of 549 audits. The department also assisted in assigning class codes to new claims to improve premium accuracy, assisted in annual premium renewals, assisted in annual class code rate analysis, and assisted agencies with payroll classification and premium calculation as requested. The Premium Audit department worked with policyholders who employed out of state remote workers to adjust the auditing process to account for those employees.

During this past fiscal year, the Premium Audit department utilized new technologies to provide new training opportunities for policyholders. In addition to specific training or consultation with individual policyholders, the Premium Audit department participated in four webinars with the SAF Claims and Safety and Loss Control departments, each of which averaged 35-50 customers per session.

In the upcoming years, SAF’s new system should improve audit efficiency and automation, allowing the auditors to have additional time to develop other areas of the department, including participating in more webinars and other outreach and training for our policyholders.

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

- **Safety and Loss Control**

The Safety and Loss Control department provides safety and risk mitigation training and consultation to SAF's policyholders to help create safer working environments and reduce workplace injuries. The Safety and Loss Control department also provides consultation with SAF management and training and instruction to SAF staff regarding safety and risk mitigation within the Agency. SAF has one safety and loss control specialist, who reports to the Assistant Director of Insurance Services.

Much of the focus of the past fiscal year has been on outreach and ensuring that SAF's policyholders are aware of the services provided by the Safety and Loss Control department and helping them to determine how it may be able to serve their individual needs. This included the development of a new quarterly Safety and Loss Prevention webinar series and developing new and innovative OSHA safety-related presentations relevant across multiple industries to increase policyholder engagement.

As with the SAF Claims department, SAF has developed a specific satisfaction survey sent to its policyholders' safety contacts to request more specific feedback on the Safety and Loss Control department. This will help SAF to better gauge policyholder utilization of Safety and Loss Control services, how to improve our current services, and what additional services would benefit policyholders.

SAF's safety and loss control specialist served as a guest speaker at South Carolina Special Purpose District Association's (SCPDA) Board of Directors' 2023 Leadership Program, during which he ensured SPDA members received valuable resources and knowledge to effectively operate their critical infrastructures and adapt to new ideas and technology in a rapidly changing world. He also served as a vendor at the South Carolina Department of Revenue and Taxation's 2023 Annual Employee Benefits Fair, in which he showcased the various benefits the State Accident Fund provides, ensuring employee awareness of SAF and its available services.

In addition to the services provided to SAF's policyholders, the Safety and Loss Control department also provided or coordinated in-house training opportunities, including an American Heart Association's Family and Friends CPR/AED course.

Legal Department

The SAF Legal department provides legal advice and representation to SAF, its policyholders, and the UEF. It is headed by SAF's Chief Counsel, and currently operates with four attorneys (including Chief Counsel), a Litigation Coordinator, and four paralegals. The SAF Legal department also includes the Special Investigations Unit (SIU), which contains one claims investigator. The SIU conducts investigations in certain claims as requested, makes referrals to outside vendors for investigative services, and coordinates referrals in claims involving suspected fraud to the South Carolina Department of Insurance.

In addition to providing legal services and advice to SAF staff regarding claim and agency related matters, SAF's in house counsel litigates workers' compensation claims before the WCC, Circuit Court, Court of Appeals, and South Carolina Supreme Court. SAF also utilizes a pool of contract attorneys to assist in litigating claims, in particular in claims outside the midlands area (where SAF's office is located), or in more complex and time-consuming claims. This is coordinated by the Litigation Coordinator.

SAF's Legal department has made a push in the past few years to reduce the number of claims farmed out to contract attorneys to reduce litigation and claims costs. Part of this push has been coordinating with the claims departments to increase focus on early settlement of claims, often through mediation. During FY 2022-2023, the SAF Legal department mediated 75 SAF claims and settled 68 of those claims. (91% settled). They mediated 25 UEF claims and settled 18 of those claims. (72% settled). Additionally, the SAF Legal department participated in 190 settlement conferences involving pro se claimants. Of those settlements, 187 were approved by the WCC, a higher than 98% success rate.

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

Business Support

SAF's Business Support Division is comprised of the Accounting Department, Human Resources, and Document Management. The Accounting Department reports to the Director of Financial Services, Human Resources reports to the Director of Human Resources, and Document Management reports to the Assistant Director of Insurance Services.

- **Accounting Department**

The SAF Accounting department handles all financial transactions related to SAF premium processing, claims billing and benefit payments, SAF operating budget and operational expenses. The Accounting department also handles monthly and annual financial reporting. In addition to the Director of Financial Services, the Accounting department currently contains a Premium Accounts Receivable Analyst, Cash Analyst, four Bill Processors, Accounts Payable Analyst, Receptionist, and Provider Billing Services liaison.

During FY 2022-2023, the Accounting department audited 95,134 bills for payment, 12,643 of which were entered and processed in-house. The Accounting department processed 26,514 check payments during that time and processed 1,398 premium receipts for policyholders. The Provider Billing Services liaison position was a newly created position during FY 2022-2023 to ensure timely processing and payment of claims related medical bills.

The Accounting department has also started working towards moving to electronic payment methods, in particular for weekly benefits to injured workers, which will be available to SAF under the new claims management system. This will help to eliminate delays or lost checks related to mailing, and should hopefully greatly reduce the number of stop payments and reissuance of checks.

- **Human Resources**

SAF's Human Resources ("HR") department ensures appropriate staffing for all departments, coordinates all employee benefits, and provides HR and employee relations support, including EPMS maintenance. The HR department currently includes the Director of HR and a Benefits Coordinator.

During FY 2022-2023, the HR department worked with the other departments within SAF to implement a universal review date for EPMS evaluations to better ensure timely and meaningful performance reviews. The HR department also worked with the SAF management and the Department of State Human Resources to implement a telecommuting program at SAF, which has improved morale and recruiting for SAF. To assist with recruiting and retention, the HR department worked with SAF management to create a compensation and career progression for SAF and UEF Claims Staff.

The HR department has begun the process of updating key policies that had not been updated for several years to ensure compliance with the law and with agency practices and has worked on providing new training to SAF staff through a variety of methods, including live training, KnowBe4, and LinkedIn Learning. These will continue to be priorities in FY 2023-2024.

- **Document Management**

SAF's Document Management department is responsible for scanning and indexing all SAF and UEF claim related documents, including medical records and bills. It is also responsible for processing all incoming mail to the agency and postmarking all outgoing agency mail. The Document Management department includes a supervisor, indexer, and scanner.

Information Technology Department

The SAF Information Technology ("IT") department supports, maintains, and upgrades the existing systems and equipment that SAF relies on for all operations. The IT department also secures SAF's network and data and maintains the web portal access for all policyholders. It is headed by the Director of Information

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

Technology, and, in addition, currently contains two systems engineers, two application developers, and a network technician.

Most of the focus for FY 2022-2023 for the IT department was the selection and implementation of a new claims/policy system. Additionally, the IT department focused on improved security methods, especially in light of the new telecommuting policy. This included new secured laptops, the roll out of the DUO dual authentication system, security awareness training, and regular phishing tests. The implementation and security improvement will remain a top priority for the IT department in the upcoming fiscal year.

Agency Wide Successes and Goals

SAF measures its success and establishes goals based on the expectations of our policyholders, stakeholders, and employees. The agency’s continued goals include:

- Maintaining a high-level of customer satisfaction among our policyholders;
- Operating a cost-effective government agency;
- Maintaining and/or improving the efficiency of the agency’s internal practices and procedures;
- Maintaining and/or improving the agency’s claim resolution practices;
- Maintaining low claim costs; and
- Maintaining competitive rates.

The key strategic goals facing SAF are related to the implementation of a new case management system (which will require agency-wide collaboration and involvement from key stakeholders and the agency’s internal staff), retention and recruitment of staff, and the development and administration of the South Carolina First Responder Line of Duty Death Benefit Fund as established by Senate Bill 108.

The agency’s major applicable achievements for FY 2022-2023 include:

- Agency remained financially sound and self-sustaining;
- Maintained steady staffing and minimal turnover;
- Selected a new case management system vendor and began implementation;
- Transitioned to a universal EPMS date for all agency employees; and
- Developed and implemented a new telecommuting program to aid in recruitment and retention.

The agency continued its costs saving and recovery efforts through vendor partnerships, which totaled a net recovery of \$12,144,075. This is a \$1,344,167 decrease from last year.

○ Medical services/ Charge Review	\$3,035,137.00
○ Pharmacy Services	\$4,721,629.00
○ Subrogation Services	\$987,824.00
○ Physical Therapy Services	\$247,251.00
○ Second Injury Fund Recoveries	\$2,585,027.00
○ Collection Services (UEF)	\$567,207.00

Primary goals for Fiscal Year 2023-2024 include:

- Continue implementation of new case management system;
- Continue to work with Division of Procurement Services to bring all existing vendor contracts current; and
- Establish the South Carolina First Responder Line of Duty Death Benefit Fund within SAF.

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

Risk Assessment and Mitigation Strategies.

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. SAF provides the state with 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. If SAF were unable to provide these services, each of the entities currently covered by SAF would have to procure workers’ compensation coverage on the open market. The State would have no control over eligibility, cost, or the quality of services by those companies. Additionally, if any state agency or governmental entity currently eligible for coverage by SAF could not find a company willing to provide this coverage on the open market, they would then be relegated to procuring this coverage from the high-risk pool, at a substantially higher rate.

The UEF provides workers’ compensation benefits in situations where the employee’s employer failed to procure required workers’ compensation coverage. If the UEF were unable to provide those benefits, a significant number of injured workers, some of whom have sustained substantial, and in some cases life-threatening, injuries would have no resource to receive the medical treatment and income necessitated by their injuries.

State Accident Fund
Fiscal Year July 1, 2023 - December 31, 2023
Budget vs Actual Expenditures

Description	Budget	Actual	Remaining	Percentage Expended
Director	112,336.00	56,814.73	55,521.27	50.58%
Classified Positions & Personal Services	4,720,529.00	2,001,712.84	2,718,816.16	42.40%
Other Operating	5,795,997.00	2,106,564.80	3,689,432.20	36.35%
Administration Total	10,628,862.00	4,165,092.37	6,463,769.63	39.19%
Miscellaneous Operations	5,000.00	-	5,000.00	0.00%
Educational Training	5,000.00	-	5,000.00	0.00%
Employer Contributions	2,392,201.00	960,862.48	1,431,338.52	40.17%
Employer Contributions Total	2,392,201.00	960,862.48	1,431,338.52	40.17%
Total	13,026,063.00	5,125,954.85	7,900,108.15	39.35%

State Accident Fund
Fiscal Year July 1, 2022 - June 30, 2023
Budget vs Actual Expenditures

Description	Budget	Actual	Remaining	Percentage Expended
Director	109,596.00	6,382.73	103,213.27	5.82%
Classified Positions & Personal Services	4,658,123.00	3,864,665.92	793,457.08	82.97%
Other Operating	3,900,950.00	2,242,795.17	1,658,154.83	57.49%
Administration Total	8,668,669.00	6,113,843.82	2,554,825.18	70.53%
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	1,715,554.63	421,839.37	80.26%
Employer Contributions Total	2,137,394.00	1,715,554.63	421,839.37	80.26%
Total	10,811,063.00	7,829,398.45	2,981,664.55	72.42%

FY 24-25 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
				None	None	None	None	None	None	None	None	None
1	None							0				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				\$	- \$	- \$	- \$	- \$	0.00	0.00	0.00	0.00

