

**South Carolina
Workers' Compensation Commission**



House Ways & Means Committee

Budget Hearing

FY2024-2025

State of South Carolina

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Workers' Compensation Commission

January 16, 2024

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: FY2024-25 Budget Request

Dear Representative Crawford:

The SC Workers' Compensation Commission respectfully submits the annual operating budget request for FY2024-25. The Commission is requesting an increase in General Fund appropriations consistent with Proviso #5 behind Tab 7.

The agency requests two new provisos. The first, exempting the agency from obtaining approval from the Attorney General's Office to hire outside counsel. The second proviso request the Commission retain to the total amount of taxes collected from self-insurers provided in Section 42-5-90 of the SC Code of Laws. The request is based on the Commission's need for a stabilized source of revenue to continue to provide services at a sustainable level. The primary revenues the Commission currently relies on to support the expenditures in the Earmarked Fund decreased for the past several years and we expect them to continue to decrease to an unsustainable level in the future.

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. We are pleased to announce enhancements to the IT Legacy System now 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. Upon completion

Rep. Heather Ammons Crawford

January 16, 2023

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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

House Ways and Means
Transportation and Regulatory Subcommittee
Budget Hearing
Notebook
January 18, 2024

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Tab 1

South Carolina Workers' Compensation Commission

List of Key Officials

T. Scott Beck, Chairman

sbeck@wcc.sc.gov, (803) 737-5698

Gary Cannon, Executive Director

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Kristen McRee, Director of Administrative Services

kmcree@wcc.sc.gov (803) 737-5671

Tab 2

SC Workers' Compensation Commission FY24-25 Budget Request

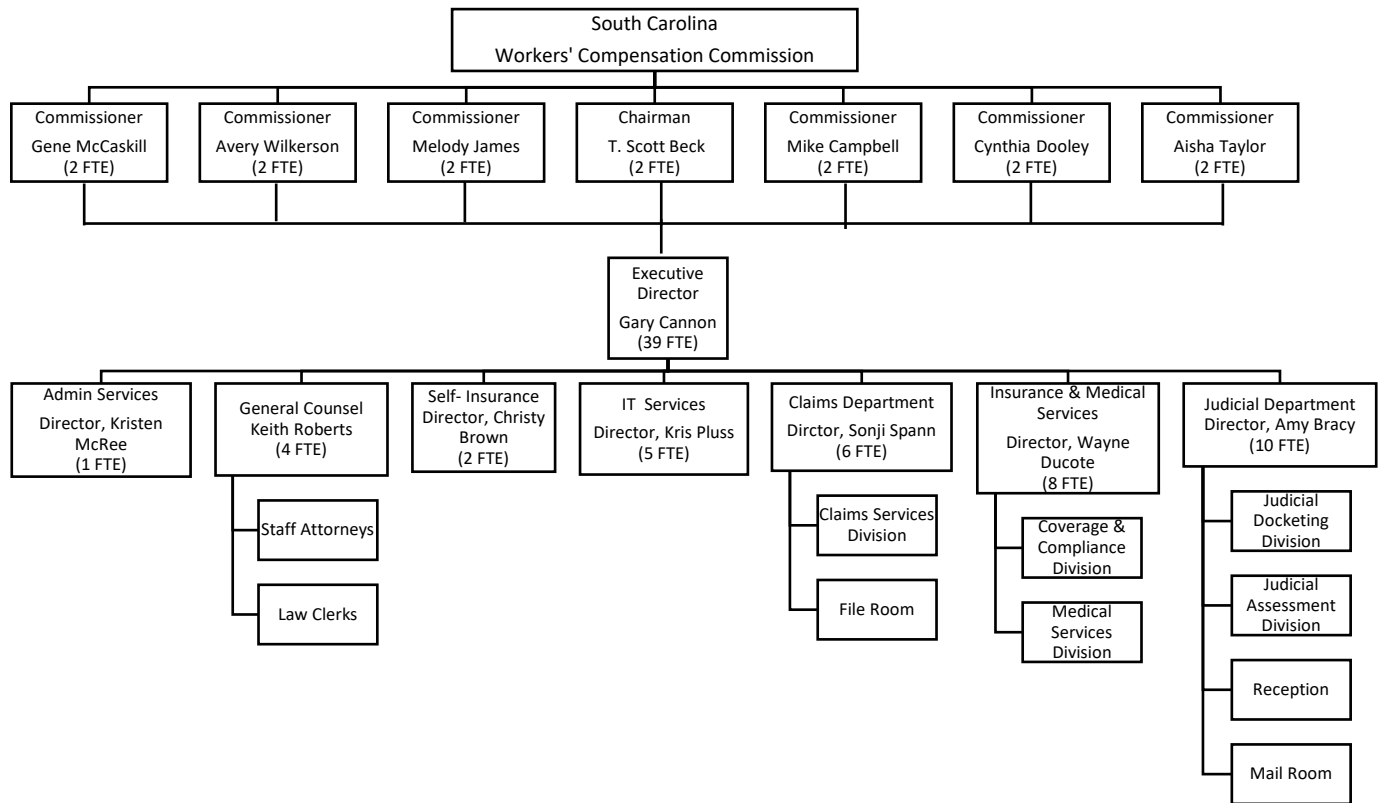
Agency Overview

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.

Tab 3



*65 Authorized Positions (no change for FY2024-25)

Tab 4

SC Workers' Compensation Commission Executive Summary

The following is a summary of the agency's activities and accomplishments originally published in the FY22 Accountability Report and updated with FY23 data. 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 FY2023 the Executive Director's Office processed 14 purchase requisitions, 238 deposits, 838 invoices, and 121 travel expense reports.

As a part of the public information, outreach and ombudsman services the Executive Director's office logged 1321 telephone communications, electronic and personal contacts with external stakeholders. Nineteen 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 individuals and organizations on a distribution list. In March 2023, the office was given the capability and began sending the stakeholder Advisory Notices and meeting notices to all email addresses in the agency's case management system. The number averaged over 7,700 email addresses.

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 2022-2023; 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 drafted an amendment to an existing regulation that was requested by our stakeholders. General Counsel shepherded the amended regulation through the General Assembly approval process. The amended Reg. 67-610 was approved by the Legislature on May 26, 2023.

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. General Counsel responded to multiple FOIA requests, including one exceptionally large request involving 1.7TB of data.

The Office wrote thirty-three 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 FY2023 the Commission employed fifty FTEs and two temporary employees, eight unclassified positions and forty-two classified positions.

The Human Resources (HR) Manager has the responsibility of coordinating the human resources program for the agency. During FY2023, the HR Manager 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 EEO training sessions. Additionally, the HR Manager participated in five State HR Advisory meetings, two State Training and Development Consortium meetings and other relevant trainings as appropriate.

During FY2023, 8 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. Of the new employees hired, a law clerk temp hourly employee was hired in June 2023 and was assigned to the General Counsel's office.

Weekly reporting previously required for COVID was discontinued by DSHR in November 2022. However, the Human Resources Manager, in conjunction with the Executive Director, continues to monitor COVID cases arising at the agency and perform contact tracing and notification procedures. Through PEBA and Prisma Health, HR scheduled an onsite Flu Shot Event and a Health Screening Event for the Convenience of all employees. HR also scheduled a vendor onsite visit with Washington National Insurance Co. in August 2022 and a second vendor event with Aflac in June 2023.

Information Technology Department

The IT Department continues work with Verisk (previously ISO) 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 has completed 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 has alleviated the need to reschedule hearings and allows the Commission to continue to meet the needs of injured workers and employers in a timely and responsive manner.

During FY2023 WCC updated the existing Claims Management and Reporting System (Progress) to a supported version. The external user interface was redesigned in a modern format and additional claim information is displayed. External stakeholders are also able to view, download and print documents for claims they are associated with. This application modernization approach to update the existing WCC claims Management and Report Application is more sustainable and better suited to accommodate existing processes for WCC Staff, Claimants, and Stakeholders.

The WCC IT Team has also leveraged the new state contract for Digital Governmental Services with Tyler Technologies (aka SC.Gov). WCC is one of the first state agencies to utilize this contract and has been working closely with the vendor to upload forms and process electronic payments. This new digital option will replace the need to mail physical documents and paper checks to the Commission.

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. The IT Legacy Modernization Project will continue to focus on development and testing to avoid any implantation, integration, or functionality issues. External stakeholder feedback is also being gathered as the phases are being deployed. This continued partnership with our stakeholders provides real time feedback based on actual business scenarios and outcomes.

The IT Department continued to utilize the Ticket Reporting System for agency staff and external stakeholders to report any IT related issues and/or request assistance with the new eCase Display system. The agency plans to continue to utilize the Ticking System to address user concerns and identify potential system upgrades. During the year 1,172 tickets were reported, with 78% being classified as low priority and 16% medium priority. The major types of issues reported on the ticket ranged from Problem (57%), General Question (22%) and Feature Request (15%).

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. In FY23, 57,591 accidents were reported to the commission. This reflects a 0.7% decrease in the number reported in the previous year. Of the total number reported, 31140 were Minor Medical Reports which involved no lost time and the cost of medica was less than \$2,500. The number of cases re-opened totaled 2,453 which reflects a 2.0% 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 93,897 employers in the State and following up on individual citizen reports of potential non-compliance by employers. During FY23 the Division caused 287 employers to obtain insurance coverage for approximately 2,573 previously uninsured workers. A total of \$483,000 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 nine cases were set for Rule to Show Cause Hearings, resulting in \$152,426 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 FY23 the Division responded to 147 formal disputes through the Medical Fee Dispute Process as well as responding to 921 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 FY23 the Division recommended and the Commission approved 119 applications for self-insurance. The Division oversees eighty-four self-insured employers and nine funds providing coverage to about 2,038 employers and 298,000 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 FY23 the processes and production of the IMS department continued to be impacted by staffing changes. In FY23, the IMS Department had four employees leave the agency, hired six new employees, and promoted one employee. Production was significantly impacted during FY23 as the workload was redistributed and significant time and resources were used to provide the necessary training for new staff members.

Claims Department

The Claims Department processes periodic reports filed by carriers, reviews all final settlements and responds to requests for claims history data. During FY2023, the department processed 24,139 initial notices/termination of payments (Forms 15,15II, 17), and 59,509 Carrier's Periodic Report (Form 18). For example, a carrier is required to file a Form 18 on every open claim every six months. Failure to do so will result in the carrier being assessed a fine. The department continues to encourage the use of electronic filing. Of the total Form 18s received 40,279 were filed electronically through Electronic Data Interface (EDI); 19,230 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 9,669 Clinchers, 2,479 Form 16s, and 245 Third Party Settlements. The Department continues to conduct outreach efforts to educate and inform stakeholders on the correct procedures for filing reports timely to avoid assessments of fines. Stakeholders must file required reports by a certain date, or they will be assessed a fine. To train stakeholders with the proper and timely filing of the reports to avoid fines, the department conducted two remote training sessions via the Internet. At one session the carrier had 230 individuals participate.

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 FY23, 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 Director completed the requirements and received the Certified Public Manager (CPM) designation in 2022.

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 2,932 cases for Informal Conferences of which 2,235 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. Forty-four informal conferences were conducted by Commissioners during FY23.

Single Commissioner Hearings and Other Case Related Activity

The department assigned 9,725 cases to the Commissioners offices during FY23. This number is slightly higher than the previous year. The Commissioners conducted 612 hearings which was 6.4% 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 FY23 the Commissioners approved 9,896 settlements and 7,946 attorney fee petitions; issued 127 administrative orders; issued 2,336 single commissioner orders and 3,479 consent orders; conducted 1,724 clincher conferences and 205 pre-hearing conferences; reviewed 1,291 motions and approved 857 relief of counsel motions.

Processing Time

The amount of time for a disputed case to be resolved is critical to the employee and employer. Delays may impact the employer's costs by increasing the amount of temporary compensation paid. Delays may impact the injured employee's timely receipt of medical services and/or receipt of compensation. 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 33 days and a hearing is docketed in an average of 95 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 FY23 there was an overall decrease in the Appellate activity. The number of Single Commissioner Decisions appealed totaled 112, a decrease of 31%. The number of cases reviewed by the Appellate Panels totaled 72, a decrease of 25%; and 14 Appellate Panel decisions were appealed to a higher court. Appellate hearings continue to be conducted electronically with the Commissioners participatin via zoom. If the parties request to appear in person for the appellate hearing they are accommodated. We also accommodate hybrid hearings where one part appears in person and one party appears electronically.

Mediations

During FY23 the Commission received 807 reports of mediation via the Form 70. Of those, 645 were resolved, 156 failed to be resolved and 6 remained unresolved with pending issues. Five mediations occurred as a result of an Order by a Commissioner.

SC Department of Vocational Rehabilitation

The Commission is required by Section 42-3-80 of the SC Code of Laws to refer claimants that need vocational counseling or vocational evaluation, personal, adjustment, training and placement to the SCVRD. To accomplish this, the Commission provides SCVRD access to all open claims through a secure electronic portal. SCVRD reviews the data and contacts claimants to offer the agencies' services. On occasion, a Commissioner will make a direct referral to a SCVRD counselor assigned to the Commission to coordinate claimant's access and referral to their services. The SCVRD counselor reviews individual claims and attends hearings and Informal Conferences to ascertain if the claimants would benefit from SCVRD services. During FY23 SCVRD contacted 2,561 claimants with the 24 Applications Completed; 1,469 Declined to Apply for Services; 5 Existing Cases; 241 No outcome- Active Referral; and 849 Unable to Contact Referral.

Risk and Mitigation Strategies

The Risk and Mitigation Strategies section of the AAR, requires the Commission to identify the potential and most negative impact on the public that could result of the agency failed to accomplish its goals and objectives. 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 not have a safety net of immediate and long-term medical care and temporary compensation provided by the Workers' Compensation Act. The inability to access proper and timely medical care could lead to loss of life or other permanent medical problems delaying or prohibiting the individual's return to work as a productive member of society. The financial impact on the employee could lead to their financial ruin. The employer is impacted by the potential loss of production and revenue because of the injured workers' absence and the potential increase in the insurance premiums.

The statewide availability of venues for Commission hearings greatly impacts the Agency's ability to fulfill its main goal and objective; conduct hearings in disputed cases in a timely manner. 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 and conference rooms on a limited basis. Currently one hundred sites in the seven districts are available for hearings on a limited basis. The venues do not guarantee site availability. The loss of venues could delay hearings thereby delaying the final disposition of the case. Mitigation of this potential problem may require the General Assembly to either provide funds to lease space or mandate that space be provided by the state and local governments and educational institutions.

Financial Report

The Commission's total annual operating budget for FY2023 was \$8,448,861. The General Fund's budget was \$2,876,742 and the Earmarked Fund's budget was \$5,572,119. The General Fund expenditures for the year was 94% of the budget. The Earmarked Fund expenditures were 74% of the budget.

The Earmarked Fund has specific revenues such as filing fees, fines, penalties, and copy charges are received to offset the expenditures for the annual operations. The Commission budgeted \$3,170,991 for revenues in FY2023 and collected \$2,815,499 or 89% of the budget. The Commission utilizes portions of the Self-Insurance Taxes collected for the difference in the amount of operating revenues collected and the operating expenditures.

The Commission is authorized by Section 42-5-190 of the SC Code of Laws to retain up to 50% of the Self-Insurance Tax collected. In FY2023 the Commission collected \$5,170,255 from self-insured employers and retained \$2,585,173. The balance, \$2,585,173, was transferred to the State's General Fund.

The General Assembly approved \$6,695,084 for the Information Technology Legacy System Modernization Project. The project is an upgrade of the IR claims management system. Specific elements of the project are described in the Information Technology Department section above.

The next page contains a comparison of the key statistical data of the Commission for FY2021-2022 and FY2022-2023.

South Carolina Workers' Compensation Commission Statistical Recap
Chart7.5-1

South Carolina Workers' Compensation Statistical Recap Sheet	2021-2022	2022-2023	% chg
1. Number of Employers Purchasing Insurance	114,809	121,985	6.3%
2. Number of Employers Qualifying as Self-Insurers	2,053	2,038	-0.7%
3. Investigations Active Beginning of Fiscal Year	307	373	21.5%
4. Investigations Initiated	1,463	749	-48.8%
5. Investigations Set for Show Cause Hearings/ Consent Agreements Received	641	355	-44.6%
6. Total Investigations Closed	1,397	962	-31.1%
7. Investigations Active at Close of Fiscal Year	373	160	-57.1%
8. Number of Accident Cases Filed with the Commission	57,986	57,591	-0.7%
A. New Cases	55,483	55,285	-0.4%
i. WCC Cases Created	24,009	24,145	0.6%
ii. Minor Medical Reported (12M)	31,474	31,140	-1.1%
B. Reopened cases	2,503	2,452	-2.0%
9. Number of Cases Closed during Fiscal Year	58,614	54,827	-6.5%
A. Individually Reported Accidents	27,140	23,687	-12.7%
B. Minor Medical Only Accidents Reported in Summary	31,474	31,140	-1.1%
10. Total Compensation & Medical Cost Paid on Closed Cases	\$919,856,851.10	\$902,675,467.6	-1.9%
A. Medical Costs	\$325,129,765.62	\$307,175,130.06	-5.5%
i. WCC Closed Cases	\$295,464,019.08	\$280,009,232.64	-5.2%
ii. Minor Medical Reported (12M)	\$29,665,746.54	\$27,165,897.42	-8.4%
B. Compensation	\$594,727,085.48	\$595,500,337.50	0.1%
11. Temporary Total Compensation Agreements	12,628	13,050	3.3%
12. Supplemental Compensation Agreements	2,597	2,478	-4.6%
13. Applications for Stop Payment expedited hearing	1,260	1,229	-2.5%
14. Cases Docketed for Hearings	9,592	9,725	1.4%
15. Cases Assigned for Informal Conferences	3,010	2,932	-2.6%
16. Hearings Conducted by Single Commissioners	654	612	-6.4%
17. Informal Conferences Conducted	2,583	2,235	-13.5%
18. Decisions, Opinions & Orders, Single Commissioners	2,248	2,336	3.9%
19. Cases Appealed to Full Commission for Review	181	112	-38.1%
20. Reviews Conducted by Full Commission or Panel	97	72	-25.8%
21. Decisions and Opinions by Full Commission or Panel	104	112	7.7%
22. Commission Decisions Appealed to Higher Court	37	13	-64.9%
23. Common Law Settlements	9,728	9,896	1.7%
24. Attorney Fee Approvals	7,653	7,946	3.8%
25. Self-Insurance Tax Collected	\$5,230,437.87	\$5,150,391.64	-1.5%

Tab 5

General Fund					
Appropriations and Expenditures					
Actual, Projected & Requested					
FY2021-2025					
	FY2021	FY2022	FY2023	FY2024 YTD (12/31/2023)	FY2025 Requested
Appropriations	\$ 2,819,026	\$ 2,906,088	\$ 2,876,742	\$ 1,492,981	\$ 2,985,961
Expenditures	\$ 2,672,585	\$ 2,554,017	\$ 2,701,043	\$ 1,379,896	\$ 2,985,961
Variance	\$ (146,441)	\$ (352,071)	\$ (175,699)	\$ (113,085)	
Carry Forward					\$ -

Earmarked Fund					
Revenues					
FY2021-2025					
Account	FY2021	FY2022	FY2023	FY2024 (YTD) (12/31/2023)	FY 2025 Estimated
Workers Comp Hearing Fee	\$ 1,123,345	\$ 1,016,800	\$ 1,118,750	\$ 542,900	\$ 633,633
Self Insurance App Fee	\$ 3,475	\$ 7,350	\$ 2,127	\$ 100	\$ 2,175
Violations and Penalties	\$ 1,383,926	\$ 1,539,252	\$ 1,581,024	\$ 793,905	\$ 883,018
Parking Fee	\$ 5,220	\$ 12,790	\$ 5,430	\$ 2,850	\$ 12,790
Workers Comp Award Review Fee	\$ 19,070	\$ 24,500	\$ 14,950	\$ 6,600	\$ 10,853
Training Conference Registration Fee	\$ 1,130	\$ 800	\$ 1,200	\$ -	\$ 522
Sale of Goods	\$ -	\$ -			\$ -
Sales of Photocopies	\$ 54,914	\$ 86,043	\$ 66,610	\$ 17,292	\$ 37,476
Sale of Services	\$ 300	\$ 2,205	\$ 1,801		\$ 718
Sale of Listings Labels	\$ 2,942	\$ 2,603	\$ 1,015	\$ 750	\$ 1,218
Refund Prior Year	\$ 3,488	\$ 11	\$ (10,857)	\$ 750	
Adjustment to Agency Deposits	\$ (20)	\$ (80)	\$ (50)		
Returned Checks		\$ (170)	\$ (50)	\$ (200)	
Misc Revenue	\$ 200	\$ 50	\$ 31,174		
Total	\$ 2,597,990	\$ 2,692,154	\$ 2,813,124	\$ 1,364,947	\$ 1,582,403

Earmarked Fund					
Expenditures					
	FY2021	FY2022	FY2023	FY2024 YTD (12/31/2023)	FY2025 Expenditure Authorization/ Revenue Est.
Budget (Authorization to Spend)	\$ 5,607,845	\$ 5,507,845	\$ 5,572,119	\$ 2,803,923	\$ 5,607,845
Revenues (FY21-24 Actual FY2025 Estimate)	\$ 2,597,990	\$ 2,692,154	\$ 2,813,124	\$ 1,364,947	\$ 1,582,403
Expenditures	\$ 3,480,176	\$ 3,634,406	\$ 4,133,365	\$ 2,150,627	\$ 4,301,254
Net Income over Expenditures	\$ (882,186)	\$ (942,252)	\$ (1,320,241)	\$ (785,680)	\$ (2,718,851)
Carry Forward Balance					\$ -

Self-Insurance Tax					
	FY2021	FY2022	FY2023	FY2024	FY2025 Est.
Self-Insurance Tax collections	\$ 5,787,351	\$ 5,192,996	\$ 5,170,256	\$ 5,170,256	\$ 5,170,256
Net to WCC	\$ 2,893,676	\$ 2,596,498	\$ 2,585,128	\$ 2,585,128	\$ 2,585,128

Y: FY24-25 Budget/Revenue Expenditure Summary Estimate

Tab 6

AGENCY NAME:		
AGENCY CODE:		SECTION:



Fiscal Year 2024-25 Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS (FORM B1)	For FY 2024-25, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting General Fund Appropriations.
	<input type="checkbox"/>	Requesting Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.
NON-RECURRING REQUESTS (FORM B2)	For FY 2024-25, 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 (FORM C)	For FY 2024-25, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.
PROVISOS (FORM D)	For FY 2024-25, 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.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Gary M Cannon	803 737 5726	gcannon@wcc.sc.gov
SECONDARY CONTACT:	Kristen McRee	803 737 5671	kmcree@wcc.sc.gov

I have reviewed and approved the enclosed FY 2024-25 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
SIGN/DATE:		
TYPE/PRINT NAME:	Gary M Cannon	T. Scott Beck

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

AGENCY NAME:	WORKERS' COMPENSATION COMMISSION		
AGENCY CODE:	R080	SECTION:	74

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

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
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AMOUNT	<p>\$83,002</p> <p><i>What is the General Fund 3% reduction amount (minimum based on the FY 2021-22 recurring appropriations)? This amount should correspond to the reduction spreadsheet prepared by EBO.</i></p>
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ASSOCIATED FTE REDUCTIONS	<p>One FTE</p> <p><i>How many FTEs would be reduced in association with this General Fund reduction?</i></p>
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PROGRAM/ACTIVITY IMPACT	<p>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.</p> <p><i>What programs or activities are supported by the General Funds identified?</i></p>
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AGENCY NAME:	WORKERS' COMPENSATION COMMISSION		
AGENCY CODE:	R080	SECTION:	74

SUMMARY

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

TITLE	Copy Cost Elimination and Fines Reduction
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Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	<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>
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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.

FACTORS ASSOCIATED WITH THE REQUEST	<p>Mark "X" for all that apply:</p> <table border="0"> <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								

METHOD OF CALCULATION	<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>
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Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES	<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>
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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?

AGENCY NAME:	WORKERS' COMPENSATION COMMISSION		
AGENCY CODE:	R080	SECTION:	74

REDUCTION OF REGULATION	None
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

SUMMARY	<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>
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Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?

Tab 7

**Workers' Compensation Commission
FY2024-25 Budget Request Proviso Summary**

FY 22-23 Proviso #	Renumbered FY23-24 Proviso #	Proviso Title	Short Summary	FY of Proviso Introduction/ # of years in budget	Recommended Action	Proviso Language
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.
New	New	Hiring Outside Counsel	Exempts the Commission from obtaining approval from the Attorney General's Office to hire outside counsel.	New	ADD	The Workers' Compensation Commission is exempt from Section 1-7-170 of the SC Code.
New	New	Tax on Self-Insurers	Allows the Commission to retain the total amount of the taxes collected from on self-insurers provided in Section 42-5-190.	New	ADD	Notwithstanding any other provision of law, the provision in Section 42-5-190 of the SC Code of Laws requiring the Commission to remit the balance of the maintenance tax revenues to the General Fund is suspended for the current fiscal year.

AGENCY NAME:	Workers' Compensation Commission		
AGENCY CODE:	R080	SECTION:	74

FORM D – PROVISIO REVISION REQUEST

NUMBER	New
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Cite the proviso according to the new year renumbered list for the (or mark "NEW").

TITLE	Retention of Self-Insurance Tax
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Provide the title from the most recent Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM	3844 Earmarked Fund Administration Other Operating Expenses
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	None
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Is this request associated with a budget request you have submitted for the upcoming Fiscal Year? 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>Section 42-5-190 authorizes the Commission to assess a maintenance tax of 2.5% of the self-insured actual costs for the previous year. It allows the Commission to retain in every fiscal year the greater of fifty percent or two million two hundred thousand dollars of the maintenance tax revenues to be used to pay the salaries and expenses of the Commission. The balance of the funds must be remitted to the State Treasurer for the credit to the General Fund of the State.</p> <p>The Commission receives an average of five million dollars of the maintenance tax annually and remits an average of \$2.5 million to the State Treasurer. The current annual operating revenues generated by filing fees and fines amount to an average of \$1.7 million, which does not cover the annual operating expenses. Annual operating cost continues to increase, and the annual operating revenues have and will continue to decline. The Commission's recent improvements to the IT Legacy (case management) System has reduced the annual operating revenues in the form of copy cost to stakeholders by granting access to view and download documents. Future improvements to the IT System will allow stakeholders to file required reports to be filed electronically in a timely manner thereby eliminating fines assessed for not filing by the required date. The retention of the maintenance tax will replace the lost general operating revenues as well as provide funds for future improvements to the IT Legacy System.</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.

AGENCY NAME:	Workers' Compensation Commission		
AGENCY CODE:	R080	SECTION:	74

FISCAL IMPACT	<p>Estimated reduction in annual revenues of \$2.5 million to the General Fund.</p>
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Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISIO TEXT	<p>Notwithstanding any other provision of law, the provision in Section 42-5-190 of the SC Code of Laws requiring the Commission to remit the balance of the maintenance tax revenues the General Fund is suspended for the current fiscal year.</p>
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Paste most current proviso text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

AGENCY NAME:	
AGENCY CODE:	SECTION:

FORM D – PROVISO REVISION REQUEST

NUMBER	New
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Cite the proviso according to the new year renumbered list for the (or mark "NEW").

TITLE	Hiring Outside Counsel
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Provide the title from the most recent Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM	3844 Earmarked Fund Administration Other Operating Expenses
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	None
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Is this request associated with a budget request you have submitted for the upcoming Fiscal Year? 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 Commission has experienced issues with the obtaining approval to engage outside counsel. Section 1-1-170 sets forth the requirements of a state agency for engaging an attorney on a fee basis. It must be approved by the Attorney General. The Commission has had difficulty obtaining approval from the Attorney General’s Office to engage an outside attorney in a highly specialized area of law to represent and employee of the Commission when an action is brought against them for actions and decisions made in the course of exercising the statutory duties and responsibilities of their office or position.</p> <p>Section 1-7-170 provides an exemption to employment of attorneys in special cases and in inferior courts with limitations on the amount of the fee. The Commission of the opinion it is an inferior court in that the decisions and actions are reviewable by a higher court. Actions have been brought against Commissioners for exercising their official duties and responsibilities. In the current environment more actions are being brought against individuals making judicial decisions. The Commission believes it should have the right to engage outside counsel to represent the employees when these actions occur. The Commission has the funds and desires to have the responsibility and authority for approving outside counsel in specialized areas of law to represent the Commission and its individual employees.</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.

AGENCY NAME:	
AGENCY CODE:	SECTION:

FISCAL IMPACT	No Fiscal Impact
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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 Workers' Compensation Commission is exempt from Section 1-7-170 of the SC Code.
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Paste most current proviso text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.