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January 7, 2019

To: Chairman Shannon Erickson
Representative Mike Pitts
Representative Chip Huggins

From: Terry A. Coston
Executive Director

Re: SC Patients' Compensation Fund

Please allow this memorandum to supplement the 2019/2020 Budget Request of the SC Patients' Compensation Fund ("PCF"). The attendees for this year's Ways & Means Hearing will be only myself.

History:

The PCF is a state fund that was established by statute in 1976 during a time in the state's history when all of the medical malpractice insurance carriers left the state. This resulted in physicians unable to secure sufficient malpractice coverage to protect them from claims/lawsuits filed against them. The PCF was established as an excess fund that now requires its members to have primary coverage of \$200,000 per claim/\$600,000 annual aggregate (the original statute required \$100,000 per claim/\$300,000 annual aggregate). The PCF provided unlimited excess coverage to licensed healthcare providers up until 2009 when the PCF Board of Governors eliminated the unlimited coverage. We now provide five different limits of coverage that are inclusive of the primary limit:

- \$1Million per claim/\$3 Million annual aggregate
- \$2Million per claim/\$4 Million annual aggregate
- \$3Million per claim/\$6 Million annual aggregate
- \$5Million per claim/\$7Million annual aggregate
- \$10Million per claim/\$12Million Annual Aggregate

The PCF became a state agency in 1986 under the direction of Executive Director, Calvin Stewart. Mr. Stewart retired in 2001. Since that time the PCF Board of Governors promoted me to the position of Executive Director and we currently have authority for five (5) FTE positions. We service approximately 3,000 member physicians, dentist, mid-level practitioners, clinics, professional associations & hospitals.

The membership fees of the Fund are reviewed annually and approved by the PCF Board of Governors. The PCF uses the actuary firm of Merlinos and Associates to review our reserves and rates quarterly and annually. They make recommendations to the PCF Board of Governors for any changes in the members' fees each year. Fees are based on specialty, claim payouts and reserves.

The PCF does not request or use any General Funds of the State. We are a self-supported agency that is funded completely by the annual fees of its members.

Mission:

The South Carolina Patients' Compensation Fund was created for the purpose of paying that portion of a medical malpractice claim, settlement, or judgment which is in excess of two hundred thousand dollars for each incident or in excess of six hundred thousand dollars in the aggregate year for one year. The Fund is liable only for payment of claims against licensed health care providers in compliance with the provisions of the Enabling Statute Title 38, Chapter 79, Article 5 and includes reasonable and necessary expenses incurred in payment of claims and the Fund's administrative expense.

Our mission is to ensure the stability and security of the South Carolina Patients' Compensation Fund for our members with sound investment practices, rate adequacy, and superior customer service and risk management practices.

Staffing:

The PCF consists of 5 FTE positions. We currently have one vacant position. The FTEs functions with the Agency Director, one Program Manager, one Program Coordinator and one Administrative Assistant. The vacant position is an Administrative Assistant position. We will not be experiencing any retiring FTEs within the next five years.

Program Areas:

The PCF provides membership services, risk management services and claims services to all PCF members.

- Membership services include billing, underwriting, locum tenens processing, and coverage verification.
- Our Risk Management services include new physicians' seminars, office risk assessments and on-line courses that promote reducing harm to patients and claim prevention.
- Claims services include monitoring the primary carrier and providing input and authority when required.

The PCF works closely with the primary carrier in all areas mentioned above to make sure our members are protected.

2018/19 Budget Request:

The PCF is requesting no increase or changes for the 2019/20 Budget Year.

As the Executive Director for the PCF I would like to thank you for allowing us to meet with you and present our Budget for this coming fiscal year.



South Carolina Patients' Compensation Fund (R140) Organizational Chart

Mailing Address:
111 Executive Center Drive, Suite 103
Columbia, SC 29210

Physical Address:
111 Executive Center Drive, Ste.103
Columbia, SC 29210

**Authorized Positions = 5
Filled Positions = 4**

**SCPCF
Board of Governors**

Executive Director
Terry A. Coston
(1.0 fte)

Program Manager
Leigh Brazell
(1.0 fte)

Administrative Coordinator
Ahkia Chisolm
(1.0 fte)

Administrative Assistant
Alexis McGill
(1.0 fte)

Administrative Assistant
Vacant
(1.0 fte)

Approved by: _____
Terry Coston, Executive Director *Date*



South Carolina Patients' Compensation Fund (R14) Board of Governors Chart

Board of Governors

Seat: Insurance Rep.
D. Bruce Mackay, C.P.C.U.
Chairman

Seat: Public
Dixon C. Cunningham, D.B.A.

Seat: SCMA Physician
Steven E. Swift, M.D.

Seat: Attorney
Patrick W. Carr, Esq.

Seat: Dentist
William B. Farrar, D.D.S.

Seat: Public
Milon C. Smith

Seat: Dentist
James Mercer

Seat: Attorney
Cheryl D. Shoun, Esq.

Seat: Hospital
William Barnes

Seat: Insurance Rep.
Jeffrey C. Miller

Seat: Physician
Richard M. Kennedy, M.D.

Seat: Hospital
Vacant

Seat: Physician
Larry L. Ware, M.D.

Approved by: _____
Terry Coston, Executive Director _____
Date

BRUCE MACKAY, CPCU (CHAIRMAN) -----3/17/2017-3/17/2023-----INSURANCE

103 SPINNAKER CT.
LEXINGTON, SC 29072
BMACKAY@SC.RR.COM

(Appointed 4/18/00, 1ST Partial Appointment, Exp. 3/17/05)
(Reappointed 4/19/05, 1st Full Appointment, Exp. 3/17/11)
(Reappointed 2/8/12, 2nd Full Appointment, Exp. 3/17/17)
(Reappointed 8/30/16, 3rd Full Appointment, Exp. 3/17/23)
(Vice: Lee F. Brinkley)

PHONE NO.: (803) 260-6985

EMAIL: bmackay@sc.rr.com (As of 10/30/15)

WIFE: LILLIAN MACKAY

RICHARD M. KENNEDY, M.D. (VICE-CHAIRMAN) --- 6/17/2013-06/17/2019-----PHYSICIAN

133 GREGG PARKWAY
COLUMBIA, SOUTH CAROLINA 29206

(Appointed 4/18/00, 1ST Partial Appointment, Exp. 6/17/01)
(Reappointed 7/25/01, 1st FULL Appointment, Exp. 6/17/07)
(Reappointed 3/12/08, 2nd FULL Appointment, Exp. 6/17/13)
(Reappointed 8/29/14, 3rd FULL Appointment, Exp. 6/17/19)
(Vice: C. Tucker West on)

PHONE NO.: (803) 738-7971

EMAIL: kennedy88@juno.com

FAX NO.: (803) 790-1139

WIFE: CATHY KENNEDY

JEFFREY C. MILLER (SECRETARY) -----3/17/2015-3/17/2021-----INSURANCE

321 White Birch Circle
COLUMBIA, SOUTH CAROLINA 29223

(Appointed 10/20/03, 1ST Partial Appointment, Exp. 3/17/09)
(Reappointed 6/24/09, 1ST Full Appointment, Exp. 3/17/15)
(Reappointed 1/14/2016, 2nd Full Appointment, Exp. 3/17/21)
(Vice: Tom Gosski)

PHONE NO: (803) 960-9869

EMAIL: jmille0305@aol.com

FAX NO:

WIFE: PEGGY MILLER

JAMES E. MERCER, D.D.S. -----3/17/2009-3/17/2015-----DENTIST

7033 ST. ANDREWS ROAD, SUITE 102
COLUMBIA, SOUTH CAROLINA 29212

(Appointed 4/18/00, 1ST Partial Appointment, Exp. 3/17/03)
(Reappointed 2/26/04, 1st FULL Appointment, Exp. 3/17/09)
(Reappointed 3/17/09, 1st FULL Appointment, Exp. 3/17/15)
(Vice: David F. Watson)

PHONE NO.: (803) 781-3321

EMAIL: jmercer@sc.rr.com

FAX NO.: (803) 781-4406

WIFE: KATHY MERCER

WILLIAM B. FARRAR, D.D.S.-----**3/17/2014-3/17/2020**-----**DENTIST**
104 COWDRAY PARK (Appointed 6/18/14, 1ST Partial Appointment, Exp. 3/17/2020)
COLUMBIA, SOUTH CAROLINA 29223 (Vice: Pierce Butler)

PHONE NO.: (803) 788-0861
WORK NO.: (803) 798-0894
CELL NO.: (803) 9178382
EMAIL: periodoc@aol.com
FAX NO.: (803)731-7887
WIFE: BARBARA FARRAR

PATRICK WILLIAM CARR, ESQ.-----**3/17/2015-3/17/2021**-----**PLAINTIFF ATTORNEY**
1 DUCK FIELD ROAD (Appointed 4/19/12, 1ST FULL Appointment, Exp. 3/17/15)
HILTON HEAD, SOUTH CAROLINA 29928 (Reappointed 7/18/2016, 2nd FULL Appointment, Exp. 3/17/2021)
(Vice: John Hardaway [Deceased])

PHONE NO.: (843) 686-5432
EMAIL: patrick@hiltonheadlawyers.com
FAX NO.:
WIFE: Starr Carr

DIXON C. CUNNINGHAM, D.B.A.-----**3/17/2017-3/17/2023**-----**PUBLIC**
609 CRESCENT AVENUE (Appointed 8/8/07, 1ST Partial Appointment, Exp. 3/17/11)
GREENVILLE, SOUTH CAROLINA 29601 (Reappointed 2/8/12, 1st FULL Appointment, Exp. 3/17/17)
(Reappointed 11/9/2016, 2nd FULL Appointment, Exp. 3/17/23)
(Vice: Verna Clayton)

PHONE NO.: (864)271-9350
EMAIL: dixon4@charter.net
FAX NO.: (864)271-9350
WIFE: DODY CUNNINGHAM

(VACANT)-----**3/17/2014-3/17/2020**-----**HOSPITAL**

WILLIAM (SONNY) BARNES-----**3/17/2011-3/17/2017**-----**HOSPITAL**
3325 W. DOGWOOD CHASE CT. (Appointed 11/14/2017, 1ST Partial Appointment, Exp. 3/17/2017)
FLORENCE, SC 29501 (Exp. 3/17/23)
(Vice: Tiffany Shealy)

PHONE NO: 846-777-5184
EMAIL: sbarnes@mcleodhealth.org
EMAIL:
FAX NO.: 843-777-5977
WIFE: Kelly Barnes

CHERYL D. SHOUN-----**3/17/2011-3/17/2017**-----**DEFENSE ATTORNEY**
205 KING STREET, SUITE 400 (Appointed 8/17/09, 1ST Partial Appointment, Exp. 3/17/11)

CHARLESTON, SOUTH CAROLINA 29401
POST OFFICE BOX 486 (29402)

(Reappointed 2/8/12, 1ST Full Appointment, Exp. 3/17/17)
(Vice: James Dedman)

PHONE NO.: (843) 720-1762

FAX NO.: (843) 414-8238

EMAIL: cshoun@nexsenpruet.com

Husband: Bill

MILON C. SMITH-----**3/17/2011-3/17/2017**-----**PUBLIC**

538 BLACKSTRAP RETREAT
MOUNT PLEASANT, SOUTH CAROLINA 29464

(Appointed 12/29/05, 1ST Partial Appointment, Exp. 3/17/11)
(Reappointed 2/8/12, 1ST Full Appointment, Exp. 3/17/17)
(Vice: Susie H. Von Huss)

PHONE NO.: (843) 284-1185

FAX NO.: (843) 388-8081

EMAIL: milon_smith@ucbi.com

WIFE: MARY LOU SMITH

STEVEN E. SWIFT, MD-----**6/17/2013-6/17/2019**-----**PHYSICIAN**

539 FLAMBEAU RETREAT
MOUNT PLEASANT, SOUTH CAROLINA 29464

(Appointed 2/8/12, 1ST Partial Appointment, Exp. 6/17/13)
(Reappointed 4/29/13, 1ST Full Appointment, Exp. 6/17/19)
(Vice: Andrew Pate)

PHONE NO.: (843) 792-6104

FAX NO.: (843) 792-0533

EMAIL: swifts@musc.edu

WIFE: ALISA SWIFT

LARRY L. WARE, MD-----**6/17/2013-6/17/2019**-----**PHYSICIAN**

1303 PINE CREST ROAD
SPARTANBURG, SOUTH CAROLINA 29302

(Appointed 2/2/12, 1ST Partial Appointment, Exp. 6/17/13)
(Reappointed 6/17/13, 1ST Full Appointment, Exp. 6/17/19)
(Vice: Whaley Easterlin, Jr., resigned 6/11/09)

PHONE NO.: (864) 529-7489

EMAIL: JWARE@SKYLYNMEDICAL.COM

EMAIL: LWAREMD@GOOGLE.COM

WIFE: JEANNIE WARE

AGENCY NAME:	SC Patients' Compensation Fund		
AGENCY CODE:	R140	SECTION:	76

Fiscal Year 2017-18 Accountability Report

SUBMISSION FORM

AGENCY MISSION

The South Carolina Patients' Compensation Fund was created for the purpose of paying that portion of a medical malpractice or *general liability claim, settlement, or judgment which is in excess of two hundred thousand dollars for each incident or in excess of six hundred thousand dollars in the aggregate year for one year. The Fund is liable only for payment of claims against licensed health care providers in compliance with the provisions of the Enabling Statute Title 38, Chapter 79, Article 5 and includes reasonable and necessary expenses incurred in payment of claims and the Fund's administrative expense.

Our mission is to ensure the stability and security of the South Carolina Patients' Compensation Fund for our members with sound investment practices, rate adequacy, superior customer service and risk management practices.

AGENCY VISION

To be the premier provider of excess professional liability insurance and risk management services in South Carolina.

Our Values:

- Focus on the needs of our members.
- Support and respect all healthcare providers and related relationships.
- Establish a culture of consistency and fairness in our performance.
- Provide leadership with knowledge-based decisions and operate with integrity.
- Embrace change through continuous improvement.
- Work together as a team.
- Make a difference in the community.
- Utilize best business practices.

The Fund provides customer services to its members through enrollment of new members, renewal of current members, collection of fees and assessments and payment of claims. It provides credentialing information to hospitals and managed care organizations.

AGENCY NAME:	SC Patients' Compensation Fund		
AGENCY CODE:	R140	SECTION:	76

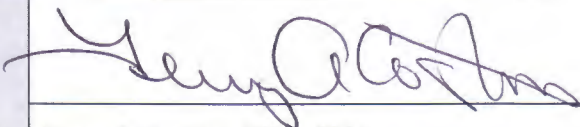
Please select yes or no if the agency has any major or minor (internal or external) recommendations that would allow the agency to operate more effectively and efficiently.


	Yes	No
RESTRUCTURING RECOMMENDATIONS:	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Please identify your agency's preferred contacts for this year's accountability report.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Terry A. Coston, SCLA, CPM	803-896-5291	Terry.coston@pcf.sc.gov
SECONDARY CONTACT:	Leigh Brazell	803-896-5293	Leigh.Brazell@pcf.sc.gov

I have reviewed and approved the enclosed FY 2017-18 Accountability Report, which is complete and accurate to the extent of my knowledge.

AGENCY DIRECTOR (SIGN AND DATE):	
(TYPE/PRINT NAME):	Terry A. Coston, SCLA, CPM

BOARD/CMSN CHAIR (SIGN AND DATE):	 9-19-18
(TYPE/PRINT NAME):	Donald B. Mackay, PCF Board Chairman

AGENCY NAME:	SC Patients' Compensation Fund		
AGENCY CODE:	R140	SECTION:	76

AGENCY'S DISCUSSION AND ANALYSIS

The PCF Board of Governors is composed of three physicians, two dentists, two hospital representatives, two insurance representatives, two attorneys, and two representatives of the general public, all appointed by the Governor. The appointed members serve a term of six years. Currently, we are awaiting the replacement of one hospital member.

The Board continues to amend its Plan of Operation and Manual of Rules and Rates for efficient administration of the Fund, consistent with the provisions of the Plan of Operations and Article 5 of the enabling legislation.

The Executive Director is charged with the day-to-day operations of the Fund. Quarterly newsletters are sent to the members/stakeholders providing updates concerning underwriting changes, news, risk management initiatives and spotlights on our members.

The PCF consists of four full-time employees. There is one vacant position due to the retirement of one administrative assistant. The Executive Director, along with the Board of Governors, closely monitors the staff's ability to meet the demands and needs of its members. The PCF is a highly complex organization that works extensively with legal counsel for claims defense, expert witnesses and claims investigations, all in conjunction with the primary carrier. The effective selection, coordination and management of these professionals are critical to the success of the PCF. It requires a staff with specialized skills and a high work ethic.

At the close of the fiscal year, the PCF had a membership total of 2,614. This includes 40 Clinics and Hospitals, 140 professional associations, 1,398 physicians, 704 dentists and oral surgeons, 324 Midlevel healthcare providers, 8 full time equivalent positions (shared memberships with 32 physicians). The PCF paid a total of \$6,677,483 for claims, settlements and judgments during the fiscal year. This represents 40% increase in claims payments made from the prior fiscal year. The PCF collected \$9,153,722 in membership fees which constitutes an approximate decrease of 5% from the prior fiscal year.

The PCF is an organization that works extensively with legal counsel for claims defense, expert witnesses, and claims investigations, all in conjunction with the primary carrier. The effective selection, coordination and management of these professionals are critical to the success of the PCF. It requires professionals with special skills and a high work ethic. For all of the PCF claims that went to trial during this fiscal year, 90% of the claims resulted in defense verdicts. This fiscal year continued to show a downward trend in the total number of claims, however, the severity of the claims reported increased minimally. This appears to be in line with the national trend, which continues to show a soft market for Medical Malpractice insurance.

The PCF has maintained our membership numbers in spite of the continuing practice of South Carolina hospitals purchasing physician practices and to competitive pricing by other carriers coming into the state as a result of a soft medical malpractice market. Retirement has played a small part in the total number of cancellation of memberships. These factors, along with the increasing number of members choosing lower PCF limits, increased shared limit options, and increased use of credits on membership account for the decrease in membership fees.

AGENCY NAME:	SC Patients' Compensation Fund		
AGENCY CODE:	R140	SECTION:	76

The Board has engaged in strategic planning efforts throughout the fiscal year, which included the continual review and revision of the PCF Plan of Operations, Underwriting Manual of Rules and Rates and claims handling procedures. The Plan of Operations details procedural information that provides for economic, fair and nondiscriminatory administration and for the prompt and efficient provision of excess medical malpractice insurance. The Plan contains other provisions including, but not limited to, assessment of all members for expenses, deficits, losses, reasonable underwriting standards, acceptance and cession of reinsurance, appointment of servicing carriers, and procedures for determining the amounts of insurance to be provided by the Fund. The Plan of Operations and any amendments to the Plan are subject to the approval of the Board and of the Director of Insurance or his designee. The Board continues to review and consider legislative changes that will allow for the more efficient operation and management of the Fund.

At the end of this fiscal year the PCF memberships consisted of the following limits:

\$10 Million per occurrence \$12 Million annual aggregate	40%
\$5 Million per occurrence \$7 Million annual aggregate	7.5%
\$3 Million per occurrence \$6 Million annual aggregate	23%
\$2 Million per occurrence \$4 Million annual aggregate	2.5%
\$1 Million per occurrence \$3 Million annual aggregate	25%
Excess Limits over 1M/3M Basic Coverage (Non-JUA)	2%

Active memberships with unlimited coverage ended with May 1, 2010 renewals.

The Fund provides a high level of customer services to its members through enrollment of new members, renewal of current members, collection of fees and payment of claims. It provides credentialing information to hospitals and managed care organizations. The Fund also provides free Locum Tenens coverage for up to 45 days per year for substitutions for our members.

The Board has authorized the revision of the membership agreement and the development of applications to better serve its members. The Board continues to allow its members to pay their annual membership fee on a quarterly basis, with a small administrative fee.

The PCF website now allows new members to apply on-line for a PCF membership, existing members to pay membership fees, and direct access to renewal information for hospitals and managed care organizations credentialing agents.

Physicians and dentists who attend the South Carolina Medical Association and the South Carolina Dental Association Risk Management Seminar, which is co-sponsored by the JUA, receive a discount in their annual membership fee. The new Dentists discount now includes a 40% discount for first year of practice with a 10% discount for the second year. If new dental graduates attend the Risk Management Seminar held at the MUSC Dental School they will also receive a 25% discount on their first year's membership fees. It is a one-time discount. The discount does not apply to a physician's professional association.

The PCF Board of Governors approved a new on-line Risk Management program in partnership with The MRM Group and The South Carolina Joint Underwriters Association. This program provides online modules to our member physicians, oral surgeons & allied healthcare provider. There are three modules that when completed will provide our members CME credits at no charge to the members. The first year's topic is Electronic Health Records. The program began in June 2016 and is currently up for a three year

AGENCY NAME:	SC Patients' Compensation Fund		
AGENCY CODE:	R140	SECTION:	76

renewal. Each provider who completes the online program will receive up to 6% credit on their next year's PCF renewal fees.

Economic Outlook

The principal challenge facing the PCF is to retain current members and at the same time, adjust membership fees appropriately to reduce the loss reserve liability. The other significant challenge the PCF faces is to manage the claims process effectively and coordinate with the primary carriers for satisfactory resolution of all claims. The PCF's ultimate goal is to provide medical professionals with effective medical malpractice liability coverage, while ensuring that the PCF is in a sound financial position to pay all of its claims commitments. There are no pending judgments on appeal that affect the PCF.

Based on actuarial reviews and recommendations, the PCF Board of Governors feels confident that the rates established this fiscal year are appropriate. The PCF continues to rate members for claims experience as well as surcharge members for state licensing issues. New underwriting initiatives have been established to assist in maintaining and improving membership numbers such as discounts based on group size, number of years of continued coverage through the PCF and positive loss experience. Coverage enhancements have also been added which consists of nose coverage for converting a claims-made membership back to an occurrence membership. Step factors for claims-made memberships have been reduced to be more in line with other admitted medical malpractice insurers.

The South Carolina Patients' Compensation Fund shows an overall deficit on its books due to the fact that, since 2002, it has recorded the actuarial liability for unpaid claims as well claims that are "incurred but not reported." Prior to 2002, the Fund's accounts did not reflect such reserves operating on a cash basis. Over the past 14 years the PCF Board of Governors has taken steps to reduce the net deficit of the PCF by \$181,000,000. As a result, the PCF continues to show an upward trend in its overall financial outlook. During the fiscal year, the PCF met all its financial and legal obligations in a timely manner.

The Fund is not aware of any facts, decisions, or conditions that can reasonably be expected to have a material impact on the Fund's economic outlook during the fiscal year beginning July 1, 2018.



South Carolina Patients' Compensation Fund (R140)
Organizational Chart

Mailing Address:
111 Executive Center Drive, Suite 103
Columbia, SC 29210

Physical Address:
111 Executive Center Drive, Ste.103
Columbia, SC 29210

Authorized Positions = 5
Filled Positions = 4

SCPCF
Board of Governors

Executive Director
Terry A. Coston
(1.0 fte)

Program Manager
Leigh Brazell
(1.0 fte)

Administrative Coordinator
Ahkia Chisolm
(1.0 fte)

Administrative Assistant
Alexis McGill
(1.0 fte)

Administrative Assistant
Vacant
(1.0 fte)

Approved by: _____
Terry Coston, Executive Director Date



South Carolina Patients' Compensation Fund (R14) Board of Governors Chart

Board of Governors

Seat: Insurance Rep.
D. Bruce Mackay, C.P.C.U.
Chairman

Seat: Public
Dixon C. Cunningham, D.B.A.

Seat: SCMA Physician
Steven E. Swift, M.D.

Seat: Attorney
Patrick W. Carr, Esq.

Seat: Dentist
William B. Farrar, D.D.S.

Seat: Public
Milon C. Smith

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Cheryl D. Shoun, Esq.

Seat: Hospital
William Barnes

Seat: Insurance Rep.
Jeffrey C. Miller

Seat: Physician
Richard M. Kennedy, M.D.

Seat: Hospital
Vacant

Seat: Physician
Larry L. Ware, M.D.

Approved by: _____
Terry Coston, Executive Director _____
Date

Agency Name: PATIENT COMPENSATION FUND

Fiscal Year 2017-2018
Accountability Report

Agency Code: R140 Section: 76

Strategic Planning and Performance Measurement Template

Statewide Enterprise Strategic Objective	Type	Item #			Description	2017-18			Time Applicable	Data Source and Availability	Calculation Method	Meaningful Use of Measure
		Goal	Strategy	Measure		Base	Target	Actual				
Education, Training, and Human Development	G	1			Risk Management Services to reduce medical errors by PCF members							
Education, Training, and Human Development	S	1.1			On-line Risk Management course 2016 implementation							
Education, Training, and Human Development	M			1.1.1	60% completion by PCF members	100%	40%	19%	6/30/2018	Med-IQ report	Aggregate data from Source	To promote patient safety
Education, Training, and Human Development	M			1.1.2	Provide CME credits and membership discounts for each completed module	100%	100%	100%	6/30/2018	PCFA Membership system	PCFA data	To encourage participation
Education, Training, and Human Development	S	1.2			Assist to facilitate New Physician & Dentist Risk Management program							
Education, Training, and Human Development	M			1.2.1	Attendance by 90% of new physician & dentist members	90%	50%	10%	6/30/2018	JUA report	Physical Count	Premium credit and to promote good risk management and patient safety
Education, Training, and Human Development	M			1.2.2	Provide discount to course completion	100%	100%	100%	6/30/2018	PCFA System	Data Report from PCF System	Reduce premium & prevent patient harm
Government and Citizens	G	2			Reduce total Claims Expense by 25%							
Government and Citizens	S	2.1			ADR (Alternative Dispute Resolution)							
Government and Citizens	-			2.1.1	Early resolution reduces claims expenses on meritorious claims	100%	50%	50%	6/30/2018	JUA Claim Files	File Review	Reduce Claims expense and total claims
Government and Citizens	S	2.2			Defend claims with no merit							
Government and Citizens	M			2.2.1	Decrease number of frivolous claims	10%	10%	Unknown	6/30/2018	Claims reports - PCFA	National Data	Lower claims expense and total claims
Government and Citizens	S	2.3			Claims Review							
Government and Citizens	M			2.3.1	To maintain adequate claim file reserves	100%	100%	90%	6/30/2018	JUA/PCF Claim files	Claim file audit	Adequate reserves for financial reports
Government and Citizens	G	3			Marketing to increase PCF membership							
Government and Citizens	S	3.1			Recruit key agents/brokers involved in writing excess medical malpractice							
Government and Citizens	M			3.1.1	Higher commissions to agents for new and returning members	100%	100%	100%	6/30/2018	PCFA reports	10-15% of membership fees paid	To encourage agents to promote excess coverage with the PCF
Government and Citizens	M			3.1.2	8% commission to agents on PCF membership fees	100%	100%	100%	6/30/2018	PCFA reports	8% of membership fees	To maintain PCF members
Government and Citizens	S	3.2			Education to members and agents/brokers of new PCF products and/or							
Government and Citizens	M			3.2.1	Electronic billing and correspondence	100%	90%	90%	6/30/2018	PCFA System	Reduction in operating costs	To reduce operating costs
Government and Citizens	M			3.2.2	E-news blasts with education, risk management & underwriting news	100%	75%	75%	6/30/2018	Actual eblasts	Review of electronic sources	To educate agents and members
Government and Citizens	-			3.2.3	Educate licensed healthcare providers on adequate protection	100%	100%	100%	6/30/2018	Review of Electronic sources	Review of electronic sources	To make sure the PCF members are adequately protected against claims
Government and Citizens	S	3.3			Incorporate print media and Social Media							
Government and Citizens	M			3.3.1	Advertise in professional periodicals	25%	25%	25%	6/30/2018	SCMA Bulletins	Review periodicals	To promote membership in the PCF
Government and Citizens	M			3.3.2	Maintain and update Facebook with current PCF information	25%	0%	0%	6/30/2018	PCF Facebook Page	Review of Facebook page	Another source to educate members
Government and Citizens	G	4			Increase Revenue by 10%							
Government and Citizens	S	4.1			Use of independent Actuary firm							
Government and Citizens	M			4.1.1	Complete annual rate study & rate comparison	100%	100%	100%	6/30/2018	Annual Rate Study	Time Completion	Resource for rate approval by the PCF Board of Governors
Government and Citizens	M			4.1.2	Complete quarterly reserve study	100%	100%	100%	6/30/2018	Quarterly reserve studies	Time Completion	For completion of quarterly and annual financials
Government and Citizens	S	4.2			Provide affordable malpractice rates							
Government and Citizens	M			4.2.1	To be competitive in the market place	100%	100%	100%	6/30/2018	Yearly comparison of membership statistics	PCFA membership reports/Industry periodicals	Affordable medical malpractice premiums

Agency Name: PATIENT COMPENSATION FUND

Fiscal Year 2017-2018
Accountability Report

Agency Code: R140 Section: 76

Strategic Planning and Performance Measurement Template

Statewide Enterprise Strategic Objective	Type	Item #			Description	2017-18			Time Applicable	Data Source and Availability	Calculation Method	Meaningful Use of Measure
		Goal	Strategy	Measure		Base	Target	Actual				
Government and Citizens	M			4.2.2	To maintain affordable rates by admitted medical malpractice carriers	100%	100%	100%	6/30/2018	DOI Data	Rate Study review	Affordable medical malpractice premiums
Government and Citizens	M			4.2.3	To provide adequate protection	100%	100%	50%	6/30/2018	Underwriting audits	Not able to be calculated	Affordable medical malpractice premiums
Government and Citizens	G	5			Customer Service improvements							
Government and Citizens	S	5.1			Implement ongoing communication with agents and PCF members							
Government and Citizens	M			5.1.1	Broadcast changes authorized by the PCF Board of Governors	100%	100%	100%	6/30/2018	Eblasts	Review eblasts	Communicate changes approved by the PCF Board
Government and Citizens	M			5.1.2	Develop information sharing	100%	100%	50%	6/30/2018	Quarterly Newsletters	Review Newsletters	To develop information sharing
Government and Citizens	M			5.1.3	Re-design PCF Website to facilitate faster and more efficient membership	100%	100%	100%	6/30/2018	PCF Website	Rollout was July 1,2017	Improve functionality to members
Maintaining Safety, Integrity and Security	G	6			IT Security							
Maintaining Safety, Integrity and Security	S	6.1			Develop and implement IT security protocols							
Maintaining Safety, Integrity and Security	M			6.1.1	Compliance with the State Division of Technology	100%	100%	100%	6/30/2018	State IT reports	State IT Reports	To prevent data breach
Maintaining Safety, Integrity and Security	M			6.1.2	To prevent data breach of PCF servers	100%	100%	100%	6/30/2018	State IT reports	State IT Reports	Maintain data safely
Maintaining Safety, Integrity and Security	M			6.1.3	Installed lock to server room/monitor entrance	100%	100%	100%	6/30/2018	Completed task	None	Limit access to PCF servers
Maintaining Safety, Integrity and Security	S	6.2			Education and training							
Maintaining Safety, Integrity and Security	M			6.2.1	Data Loss prevention	100%	100%	100%	6/30/2018	State IT reports	Unknown	To keep data protected; Compliance with HIPAA
Maintaining Safety, Integrity and Security	M			6.2.2	Onsite data security training for passwords, malware & new internet threats	100%	50%	0%	6/30/2018	PCF reports	None	
Maintaining Safety, Integrity and Security	S	6.3			Network Traffic Monitoring							
Maintaining Safety, Integrity and Security	M			6.3.1	Independent Third Party security audit	25%	25%	0%	6/30/2018	Outside Source	None	Confirmation that IT environment is protected against threats
Maintaining Safety, Integrity and Security	M			6.3.2	Review and monitor monthly security reports	100%	100%	100%	6/30/2018	Outside Source	Immediation communication	To promote data protection
Maintaining Safety, Integrity and Security	M			6.3.3	Daily monitoring by offsite IT security firm	100%	100%	100%	6/30/2018	Outside Source	Immediation communication	To promote data protection
Maintaining Safety, Integrity and Security	M			6.3.4	Continued monitoring of blocks needed internet access by PCF employees	100%	100%	100%	6/30/2018	Outside Source	Immediation communication	To promote data protection
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Agency Name: PATIENT COMPENSATION FUND

Fiscal Year 2018-2019
Accountability Report

Agency Code: R140 Section: 76

Strategic Planning and Performance Measurement Template

Statewide Enterprise Strategic Objective	Type	Item #			Description	2018-19			Time Applicable	Data Source and Availability	Calculation Method	Meaningful Use of Measure
		Goal	Strategy	Measure		Base	Target	Actual				
Education, Training, and Human Development	G	1			Risk Management Services to reduce medical errors by PCF members							
Education, Training, and Human Development	S	1.1			On-line Risk Management course 2018 implementation (Second 3 year)							
Education, Training, and Human Development	M			1.1.1	60% Completion by eligible PCF Members	75%	50%	TBD	6/30/2019	Med-IQ data	Aggregate Data from Source	To promote safe healthcare and reduce malpractice claims
Education, Training, and Human Development	M			1.1.2	Provide CME credits and membership discounts for each completed module	100%	100%	100%	6/30/2019	PCFA Data Report	Aggregate Data from Source	To encourage and promote the online courses
Education, Training, and Human Development	S	1.2			Assist to facilitate New Physician & Dentist Risk Management program							
Education, Training, and Human Development	M			1.2.1	Attendance by 50% of new physician & dentist members	100%	50%	TBD	6/30/2019	JUA data	Physical Count	To promote good patient care for new physicians and dentists
Education, Training, and Human Development	M			1.2.2	Provide discount to course completion	100%	100%	100%	6/30/2019	JUA data	PCFA system and reports	To encourage attendance
Government and Citizens	G	2			Reduce total Claims Expense by 25%							
Government and Citizens	S	2.1			Continued use of ADR (Alternative Dispute Resolution) for early							
Government and Citizens	M			2.1.1	Early resolution reduces claims expenses on meritorious claims	50%	50%	TBD	6/30/2019	JUA recommendation and/or Court mandate	JUA claims files	To reduce overall claims costs
Government and Citizens	S	2.2			Defend Malpractice claims with no merit							
Government and Citizens	M			2.2.1	Decrease number of frivolous claims	10%	10%	TBD	6/30/2019	PCF & JUA Data; National benchmark data	Yearly comparison of data	To discourage frivolous lawsuits and reduce total claim costs
Government and Citizens	S	2.3			Claims Review of Basic Carrier claims							
Government and Citizens	M			2.3.1	Maintain adequate claim file reserves	90%	90%	TBD	6/30/2019	Actuary Data	Final Actuary reserve studies	Protection of the financial stability of the Fund
Government and Citizens	G	3			Marketing to increase and/or maintain PCF Memberships							
Government and Citizens	S	3.1			Recruit key agents/brokers involved in writing excess medical malpractice							
Government and Citizens	M			3.1.1	Higher commissions to agents for new and returning members	50%	25%	TBD	6/30/2019	PCFA Data Report	Data comparison with previous year	Promote the PCF above all admitted medical malpractice insurers
Government and Citizens	M			3.1.2	Continue providing 8% commission to agents on PCF membership fees	100%	100%	199%	6/30/2019	PCFA Data Report	8% of membership fees	To promote Agent service to PCF memberships
Government and Citizens	S	3.2			Education to members and agents/brokers of new PCF products and/or							
Government and Citizens	M			3.2.1	Electronic Billing and Correspondence to reduce operating costs	100%	90%	TBD	6/30/2019	PCFA System	Reduction in operating costs	To reduce operating costs
Government and Citizens	M			3.2.2	E-news blasts with education, risk management & underwriting news	25%	25%	TBD	6/30/2019	Actual eblasts	Review of electronic sources	To educate agents and members
Government and Citizens	M			3.2.3	Educate licensed healthcare providers on adequate protection	75%	75%	TBD	6/30/2019	Review of Electronic sources	Review of electronic sources	To make sure the PCF members are adequately protected against claims
Government and Citizens	S	3.3			Incorporate print media and Social Media							
Government and Citizens	M			3.3.1	Advertise in professional periodicals	25%	25%	TBD	6/30/2019	SCMA Bulletins	Review periodicals	To promote membership in the PCF
Government and Citizens	M			3.3.2	Maintain and update Facebook with current PCF Information	25%	0%	TBD	6/30/2019	PCF Facebook Page	Review of Facebook page	Another source to educate members
Government and Citizens	G	4			Increase Revenue by 10%							
Government and Citizens	S	4.1			Use of Independent Actuary Firm							
Government and Citizens	M			4.1.1	Complete annual rate study & rate comparison	100%	100%	100%	6/30/2019	Annual Rate Study	Time Completion	Resource for rate approval by the PCF Board of Governors
Government and Citizens	M			4.1.2	Complete quarterly reserve study	100%	100%	100%	6/30/2019	Quarterly reserve studies	Time Completion	For completion of quarterly and annual financials
Government and Citizens	S	4.2			Provide affordable medical malpractice membership fees							
Government and Citizens	M			4.2.1	To be competitive in the malpractice market	100%	100%	TBD	6/30/2019	Yearly comparison of membership statistics	PCFA membership reports/Industry periodicals	Affordable medical malpractice premiums

Agency Name: PATIENT COMPENSATION FUND

Fiscal Year 2018-2019
Accountability Report

Agency Code: R140 Section: 76

Strategic Planning and Performance Measurement Template

Statewide Enterprise Strategic Objective	Type	Item #			Description	2018-19			Time Applicable	Data Source and Availability	Calculation Method	Meaningful Use of Measure
		Goal	Strategy	Measure		Base	Target	Actual				
Government and Citizens	M			4.2.2	Maintain affordable rates by admitted medical malpractice carriers	100%	100%	TBD	6/30/2019	DOI Data	Rate Study review	Affordable medical malpractice premiums
Government and Citizens	M			4.2.3	To provide adequate protection to licensed healthcare providers	100%	100%	TBD	6/30/2019	Underwriting audits	Not able to be calculated	Affordable medical malpractice premiums
Government and Citizens	G	5			Customer Service Improvements							
Government and Citizens	S	5.1			Implement ongoing communication with agents and PCF members							
Government and Citizens	M			5.1.1	Broadcast changes authorized by the PCF Board of Governors	100%	100%	TBD	6/30/2019	Eblasts	Review eblasts	Communicate changes approved by the PCF Board
Government and Citizens	M			5.1.2	Develop information sharing	100%	100%	TBD	6/30/2019	Quarterly Newsletters	Review Newsletters	To develop information sharing
Government and Citizens	M			5.1.3	Continue updating the PCF website to facilitate faster and more efficient	100%	100%	TBD	6/30/2019	PCF Website	Rollout was July 1,2017	Improve functionality to members
Government and Citizens	M			5.1.4	Updating content of PCF website with informational & current trends	50%	50%	TBD	6/30/2019	PCF Website	Ongoing from Market periodicals	To educate members of national trends.
Maintaining Safety, Integrity and Security	G	6			IT Security							
Maintaining Safety, Integrity and Security	S	6.1			Maintain and update IT security protocols							
Maintaining Safety, Integrity and Security	M			6.1.1	Compliance with State Division of Technology	100%	100%	100%	6/30/2019	State IT reports	State IT Reports	To prevent data breach
Maintaining Safety, Integrity and Security	M			6.1.2	To prevent data breach to PCF servers	100%	100%	100%	6/30/2019	State IT reports	State IT Reports	Maintain data safely
Maintaining Safety, Integrity and Security	M			6.1.3	Redundant backups for disaster recovery if necessary	100%	100%	100%	6/30/2019	Completed task	None	Limit access to PCF servers
Healthy and Safe Families	S	6.2			Education and Trainin							
Maintaining Safety, Integrity and Security	M			6.2.1	Data loss prevention	100%	100%	100%	6/30/2019	State IT reports	Unknown	To keep data protected; Compliance with HIPAA
Maintaining Safety, Integrity and Security	M			6.2.2	Onsite data security training for passwords, malware & new internet threats	100%	50%	0%	6/30/2019	PCF reports	None	
Maintaining Safety, Integrity and Security	S	6.3			Network Traffic Monitoring							
Maintaining Safety, Integrity and Security	M			6.3.1	Consider Independent Third Party security audit	25%	25%	0%	6/30/2019	Outside Source	None	Confirmation that IT environment is protected against threats
Maintaining Safety, Integrity and Security	M			6.3.2	Review and monitor monthly security reports	100%	100%	100%	6/30/2019	Outside Source	Immediation communication	To promote data protection
Maintaining Safety, Integrity and Security	M			6.3.3	Daily monitoring by offsite IT security firm	100%	100%	100%	6/30/2019	Outside Source	Immediation communication	To promote data protection
Maintaining Safety, Integrity and Security	M			6.3.4	Continued monitoring of blocks needed internet access by PCF employees	100%	100%	100%	6/30/2019	Outside Source	Immediation communication	To promote data protection
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Agency Name: PATIENT COMPENSATION FUND

Agency Code: R140 Section: 076

Program Template

Program/Title	Purpose	FY 2017-18 Expenditures (Actual)				FY 2018-19 Expenditures (Projected)				Associated Measure(s)
		General	Other	Federal	TOTAL	General	Other	Federal	TOTAL	
1. Administration	Operational budget including administration, operating expenses, employer contrabituion, salaries and other personal services		\$ 1,092,541		\$ 1,092,541		\$ 1,092,541		\$ 1,092,541	Government and Citizens
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Agency Name: PATIENT COMPENSATION FUND

Fiscal Year 2017-2018
Accountability Report

Agency Code: R140 Section: 076

Legal Standards Template

Item #	Law Number	Jurisdiction	Type of Law	Statutory Requirement and/or Authority Granted	Does this law specify who your agency must or may serve? (Y/N)	Does the law specify a product or service your agency must or may provide?	<i>If yes, what type of service or product?</i>	<i>If other service or product, please specify what service or product.</i>
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38-79-420

State

Statute

There is created the South Carolina Patients' Compensation for the purpose of paying that portion of a medical malpractice or general liability claim, settlement or judgment which is in excess of two hundred thousand dollars for each incident or in excess of six hundred thousand dollars in the aggregate for one year. The fund is liable only for payment of claims against licensed health care providers in the compliance with the provisions of this article and includes reasonable and necessary expenses incurred in payment of claims and the fund's administrative expense.

Yes

Yes

Agency Name: PATIENT COMPENSATION FUND

Fiscal Year 2017-2018
Accountability Report

Agency Code: R140 **Section:** 076

Partner Template

Name of Partner Entity	Type of Partner Entity	Description of Partnership	Associated Goal(s)
SC Joint Underwriters Association	State Government	Basic carrier for approximately 99% of PCF members	Government and Citizens
Independent Agents & Brokers	Private Business Organization	Agents for PCF members assist in facilitating PCF coverage	Government and Citizens
All Admitted Medical Malpractice Insurance Carriers	Private Business Organization	Basic carriers that provide the required primary coverage	Government and Citizens
SC Hospital Association	Professional Association	Provides Risk Management & Risk Assessments to PCF	Government and Citizens
SC Medical Association	Non-Governmental Organization	Partnership to protect PCF members	Government and Citizens
SC Dental Association	Non-Governmental Organization	Partnership to protect PCF members	Government and Citizens

AGENCY NAME:	SC Patients' Compensation Fund		
AGENCY CODE:	R140	SECTION:	76



**Fiscal Year 2019-20
Agency Budget Plan**

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS (FORM B1)	For FY 2019-20, 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 2019-20, 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 2019-20, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.
	For FY 2019-20, my agency is (mark "X"):	
PROVISOS (FORM D)	<input type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input checked="" type="checkbox"/>	Not requesting any proviso changes.

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

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Terry Coston	803-896-5291	Terry.coston@pcf.sc.gov
SECONDARY CONTACT:	Leigh Brazel	803-896-5293	Leigh.brazell@pcf.sc.gov

I have reviewed and approved the enclosed FY 2019-20 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:		9-19-18
TYPE/PRINT NAME:	Terry A. Coston	Donald B. Mackay

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

Transportation and Regulatory Subcommittee Proviso Request Summary FY 2

Proviso # in FY 19-20 Act	Proviso Title	Short Summary
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N/A

019-20

Agency Reccomended
Action (keep, change,
delete, add)