

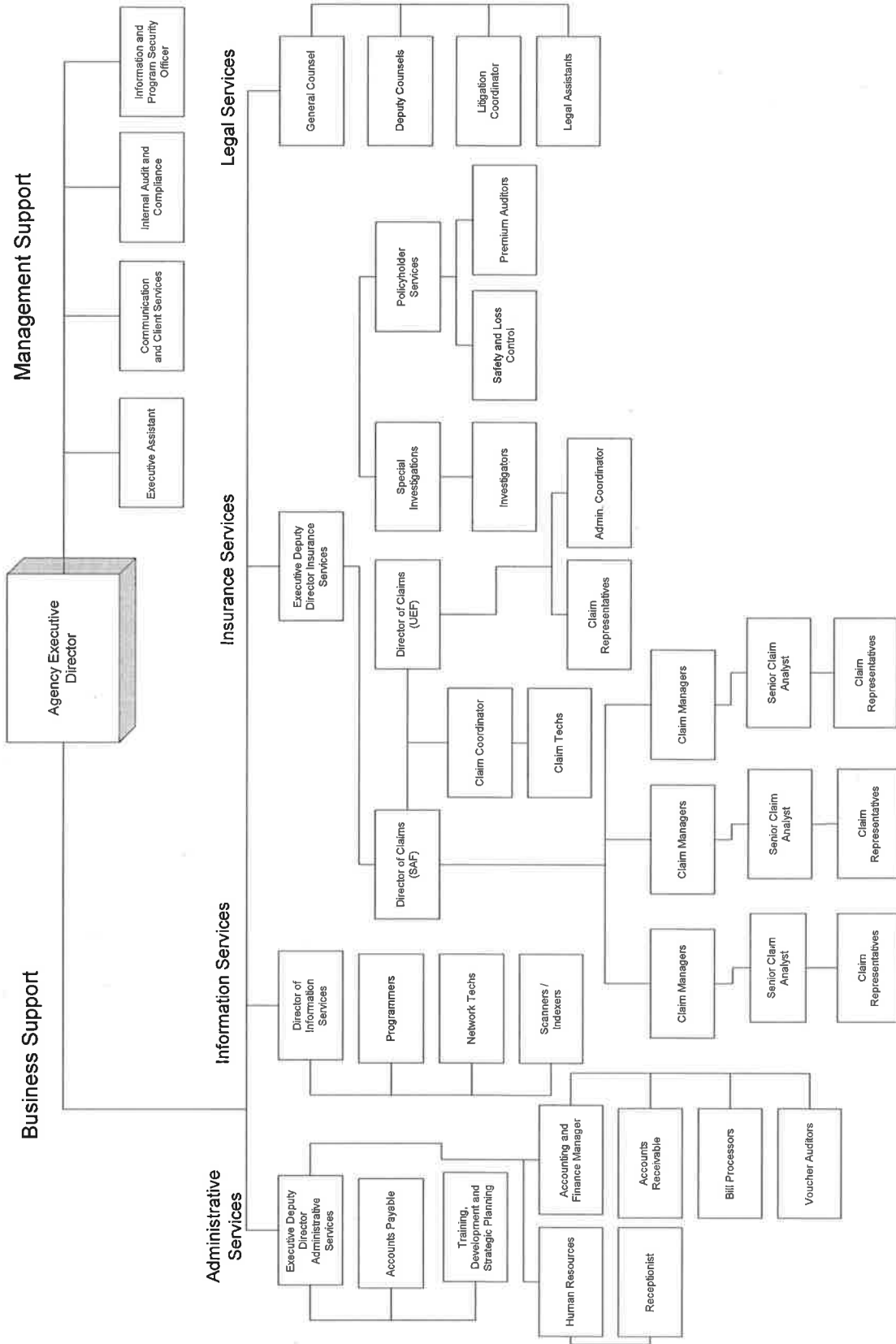
# **STATE ACCIDENT FUND**

Director:  
Amy Cofield

(803) 896-5840  
[director@saf.sc.gov](mailto:director@saf.sc.gov)



# State Accident Fund





<b>AGENCY NAME:</b>	State Accident Fund		
<b>AGENCY CODE:</b>	R12	<b>SECTION:</b>	075

**Fiscal Year 2017-18  
Accountability Report**

**SUBMISSION FORM**

<b>AGENCY MISSION</b>	Provide a cost effective guaranteed workers' compensation market for state agencies, other government entities and, when in the best interest of the state, businesses in the private sector.
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<b>AGENCY VISION</b>	The South Carolina State Accident Fund will be a recognized leader in the field of workers' compensation insurance and the insurer of choice for governmental entities.
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Please state 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.

<b>RESTRUCTURING RECOMMENDATIONS:</b>	None
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Please identify your agency's preferred contacts for this year's accountability report.

	<i><u>Name</u></i>	<i><u>Phone</u></i>	<i><u>Email</u></i>
<b>PRIMARY CONTACT:</b>	David Andrews	(803) 896-5044	dandrews@saf.sc.gov
<b>SECONDARY CONTACT:</b>	Abigail Sellers	(803) 896-5872	asellers@saf.sc.gov

<b>AGENCY NAME:</b>	<b>State Accident Fund</b>		
<b>AGENCY CODE:</b>	<b>R12</b>	<b>SECTION:</b>	<b>075</b>

I have reviewed and approved the enclosed FY 2015-16 Accountability Report, which is complete and accurate to the extent of my knowledge.

<b>AGENCY DIRECTOR (SIGN AND DATE):</b>	
<b>(TYPE/PRINT NAME):</b>	

<b>BOARD/CMSN CHAIR (SIGN AND DATE):</b>	
<b>(TYPE/PRINT NAME):</b>	

<b>AGENCY NAME:</b>	<b>State Accident Fund</b>		
<b>AGENCY CODE:</b>	<b>R12</b>	<b>SECTION:</b>	<b>075</b>

**AGENCY’S DISCUSSION AND ANALYSIS**

The South Carolina State Accident Fund was established on April 17, 1943. The Fund is charged with the administration of the workers’ compensation program for all state agencies. Creation of SAF centralized the administration of workers’ compensation claims within a single agency, as the State effectively “self-insured” its workers’ compensation coverage in the same manner as most large private businesses. By self-insuring, SAF provides the State a more stable source of insurance coverage and pricing, thus protecting the many underwriting risks associated with varied government functions. Without the financial stability provided by SAF, injured state employees would potentially be denied necessary medical care and income while out of work.

As set forth by statute, the agency determines rates and assesses premiums in the same manner as a private insurance company. ***It is funded entirely by the premiums it collects and receives NO general funds.*** Importantly, the Fund also provides coverage for hundreds of local governmental organizations which would otherwise be unable to procure coverage at a reasonable cost. In this way, the Fund provides county and municipal agencies a guaranteed alternative source of workers’ compensation insurance coverage. Additionally, this guaranteed coverage at reasonable rates produces a moderating and stabilizing influence on the private market in general and enhances the business climate in South Carolina.

On July 1, 2013, the administration of the South Carolina Uninsured Employers’ Fund (UEF) was transferred to the Director of the State Accident Fund. The UEF provides workers’ compensation benefits to injured employees of businesses that have failed to obtain workers’ compensation coverage through a policy of insurance or self-insuring. It is ***funded entirely*** by taxes on insurers providing coverage in the state and receives no general funds.

Availability, affordability, and service have been the key benefits of the South Carolina State Fund. Its mission today remains to provide a cost effective guaranteed workers’ compensation market for state agencies, other governmental entities and, when in the best interest of the State, businesses in the private sector.

The State Accident Fund measures success and establishes its goals based on the expectations of customers and stakeholders. Surveys and interviews have shown that our customers have similar expectations:

- Competitive rates,
- Low claim costs,
- Timely processing of claims, premium estimates and audit adjustments,
- Availability of customized services to support unique requirements and organizational structure,
- Willingness to write coverage and provide service to small accounts which pay a minimum premium.

The agency’s core values are set forth in its Strategic Plan. They include: Competency, Continuous Improvement, Customer Satisfaction, Employee Development, Health and Safety, Honesty/Integrity/Professionalism, Individual and Agency Accountability, and Teamwork.

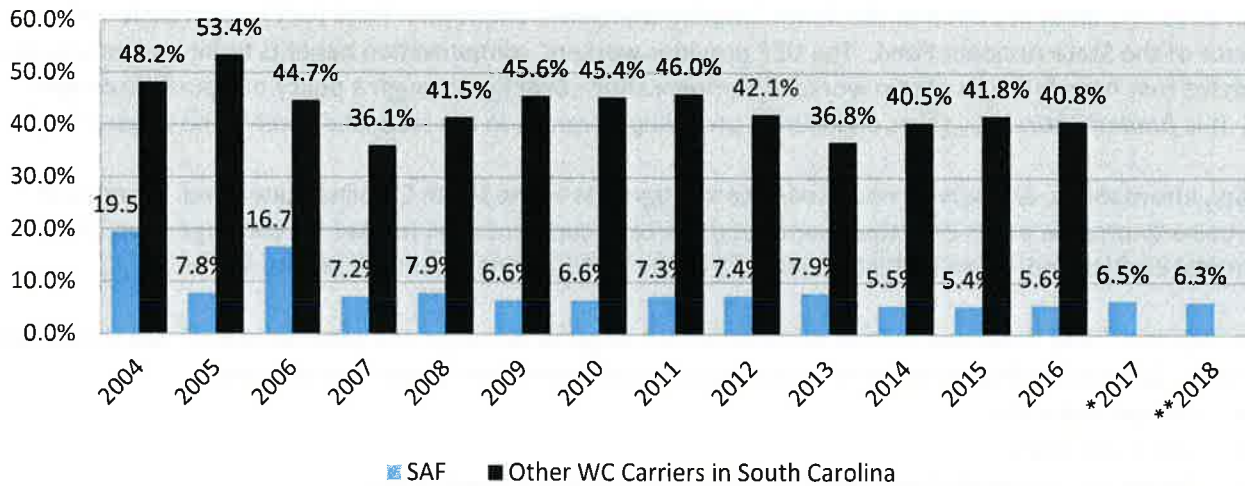
The key strategic challenges facing the agency are related to retention of management and improvements to the agency’s case management system. The deficit in salaries of agency managers as compared to their counterparts in the private sector makes knowledge retention difficult. Key staff members are often recruited by other providers in the industry. The agency’s current case management system was developed over 15 years ago and though it has received periodic patch upgrades, the system is no longer providing expected efficiencies. The replacement of this system will likely be costly and time consuming, but necessary to reduce operating cost and provide the highest level of customer support and service to our stakeholders.

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The agency's major achievements during the period covered by this report are summarized below:

- The agency remained financially self-sustaining. (See comparison chart below.)
- Customer satisfaction scores remained high. (See survey results chart below.)
- Retention rates for voluntary accounts remained high.
- The agency's claim and administrative costs continued to be less than the private sector.
- Even though the agency has no marketing function, it gained 5 new accounts during the reporting period.
- The agency continued to explore and expand efforts to control costs through vendor partnerships for medical management, pharmacy bill cost containment programs and subrogation services. During the reporting period, the actual and/or estimated saving from these programs were:
  - Medical Services / Charge Review \$ 2,074,178.00
  - Pharmacy Services \$ 4,638,283.72
  - Subrogation Recoveries \$ 1,011,816.09
  - Physical Therapy Services \$ 333,760.00
  - Second Injury Fund Recoveries \$ 1,867,946.14

### Administrative Cost Ratio Comparison



\*Note: NCCI Data not available for CY 2017.

\*\*Note: The figure shown for 2018 is an estimate and must be confirmed by our actuaries.



AGENCY NAME:

State Accident Fund

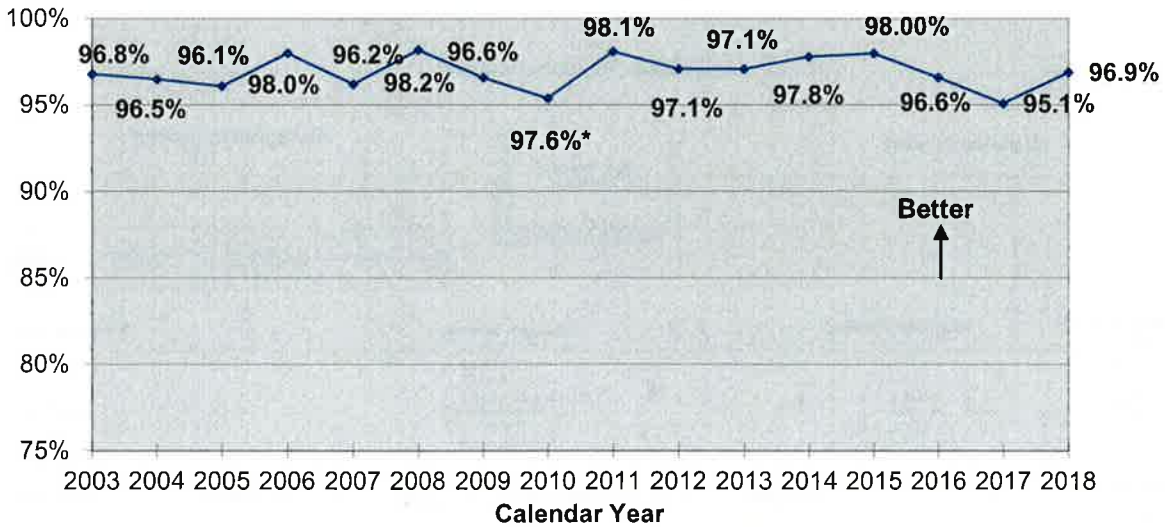
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### Results of Annual Customer Survey



As indicators from job creation and unemployment rates to consumer confidence and business investment reflect a healthier and robust business climate, the State Accident Fund stands prepared for the new challenges of a growing economy. Through a combination of disciplined risk selection, unrivaled claim and medical cost management, and careful use of our professional resources, SAF will continue to explore and develop new and innovative methods of decreasing operating expenses while maintaining low claim costs, stable premium pricing, and high customer satisfaction. It is our goal to understand the challenges and needs of our policyholders and assist them in meaningful ways to reduce their overall workers' compensation costs while promoting a safe work environment. By maximizing efficiency without sacrificing quality customer service, we believe we have achieved this goal with resulting rate and premium stabilization.

Through economic good times or challenges, the State Accident Fund remains committed to providing stable, long-term workers' compensation coverage to state, county, and local governments as cost-effectively as possible. At SAF, all we do is workers' compensation and our emphasis on higher efficiencies, lower costs, and improved delivery of services remains the key to our ongoing success. Expertise, responsive service, and long-term value – all ensure that the State Accident Fund is well-positioned to fulfill its commitments to our policyholders and their employees long into the future, and that is good news for South Carolina.

AGENCY NAME:

State Accident Fund

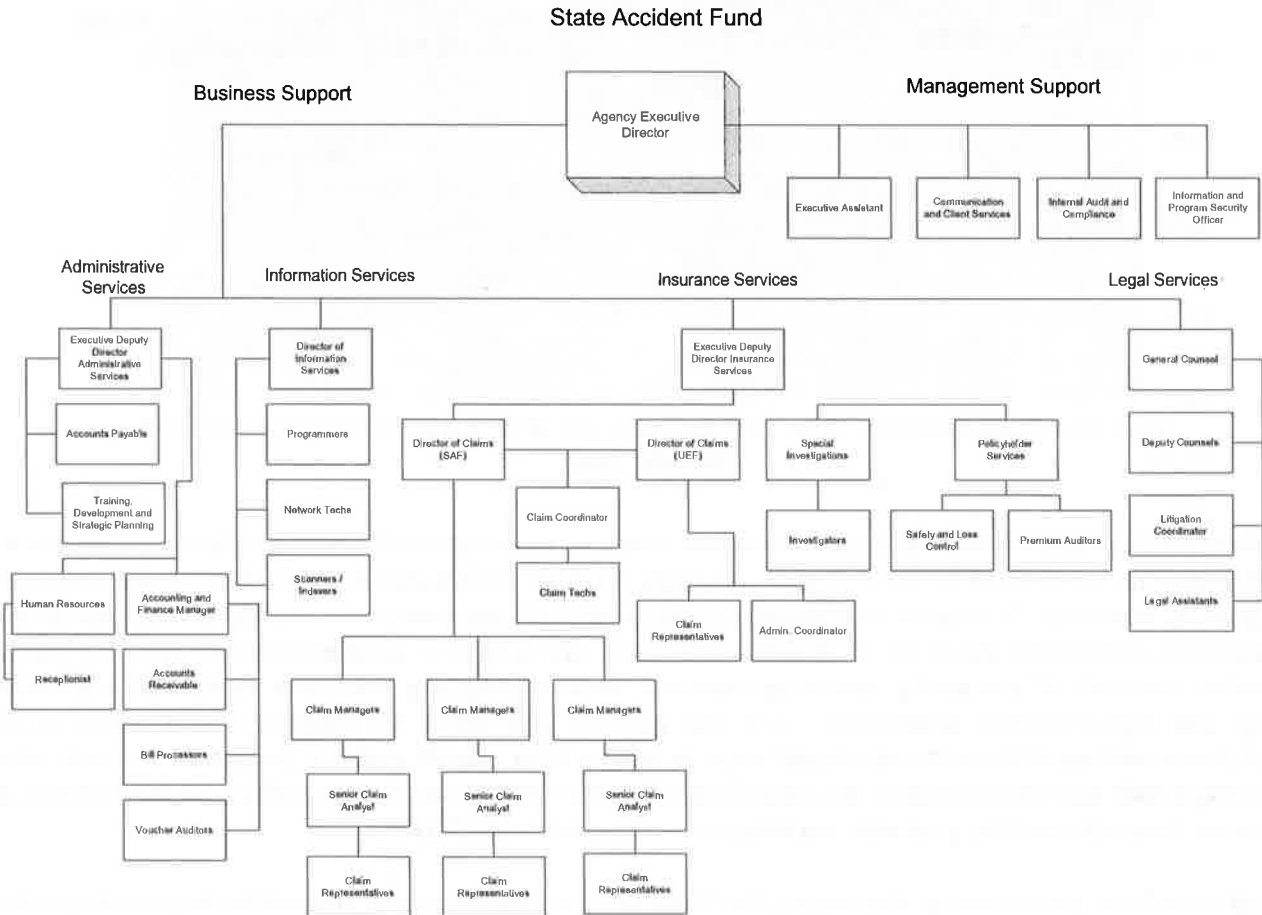
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### STATE ACCIDENT FUND ORGANIZATIONAL CHART



Fiscal Year 2019-20 Budget Request Executive Summary

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

Priority	Request Type	BUDGET REQUESTS				FUNDING				FTES				
		Request Title	State	Federal	Earmarked	Restricted	Earmarked	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked
1	B1 - Recurring	Other Fund Authorization			8,856,775				8,856,775				88.00	88.00
2														0.00
3														0.00
4														0.00
5														0.00
6														0.00
7														0.00
8														0.00
9														0.00
10														0.00
11														0.00
12														0.00
13														0.00
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19														0.00
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21														0.00
22														0.00
23														0.00
24														0.00
25														0.00
26														0.00
27														0.00
28														0.00
29														0.00
30														0.00
TOTAL BUDGET REQUESTS			0	0	8,856,775	0	8,856,775	0	8,856,775	0	0.00	88.00	0.00	88.00



<b>AGENCY NAME:</b>	State Accident Fund		
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**Fiscal Year 2019-20  
Agency Budget Plan**

**FORM A - BUDGET PLAN SUMMARY**

<b>OPERATING REQUESTS (FORM B1)</b>	<b>For FY 2019-20, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting General Fund Appropriations.
	<input checked="" type="checkbox"/>	Requesting Federal/Other Authorization.
	<input type="checkbox"/>	Not requesting any changes.
<b>NON-RECURRING REQUESTS (FORM B2)</b>	<b>For FY 2019-20, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.
<b>CAPITAL REQUESTS (FORM C)</b>	<b>For FY 2019-20, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input type="checkbox"/>	Not requesting any changes.
<b>PROVISOS (FORM D)</b>	<b>For FY 2019-20, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input checked="" type="checkbox"/>	Not requesting any proviso changes.

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

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
<b>PRIMARY CONTACT:</b>	Harry B Gregory, Jr	(803) 896-5409	hgregory@saf.sc.gov
<b>SECONDARY CONTACT:</b>	David Andrews	(803) 896-5044	dandrews@saf.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>
<b>SIGN/DATE:</b>		
<b>TYPE/PRINT NAME:</b>		

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



<b>AGENCY NAME:</b>	State Accident Fund		
<b>AGENCY CODE:</b>	R12	<b>SECTION:</b>	075

## FORM B1 – RECURRING OPERATING REQUEST

<b>AGENCY PRIORITY</b>	<b>1</b>
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*Provide the Agency Priority Ranking from the Executive Summary.*

<b>TITLE</b>	<b>Requesting Other Fund Authorization</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>General:</b> <b>Federal:</b> <b>Other:</b> <b>Total:</b>
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*What is the net change in requested appropriations for FY 2019-20? This amount should correspond to the total for all funding sources on the Executive Summary.*

<b>NEW POSITIONS</b>	<b>0</b>
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*Please provide the total number of new positions needed for this request.*

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

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





<b>AGENCY NAME:</b>	State Accident Fund		
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**ACCOUNTABILITY OF FUNDS**

This budget request supports all of the agency’s goals and objectives. It provides the resources needed to; “Maintain (a) High Level of Customer Satisfaction”, “Be the Leader in South Carolina Workers’ Compensation rule and regulation compliance”, “agency remain finically self-sustaining.” “The Fund’s financial records will reflect a cumulative net gain in assets.

*What specific strategy, as outlined in the FY 2018-19 Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

**RECIPIENTS OF FUNDS**

Agency Employees

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

**JUSTIFICATION OF REQUEST**

The changes in system efficiency and continued decreases in operation costs are allowing the State Accident Fund to reduce Other Fund authorizations for FY 2019-20.

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







Agency: R120  
 State Accident Fund  
 Section: 75

Priority	Request Type	BUDGET REQUESTS				FUNDING				FTES					
		Request Title	State	Federal	Earmarked	Restricted	Earmarked	Federal	State	Earmarked	Restricted	Total			
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24															0.00
25															0.00
26															0.00
27															0.00
28															0.00
29															0.00
30															0.00
		TOTAL BUDGET REQUESTS				0	0	8,856,775	0	8,856,775	0	88,000	0.00	0.00	88,000



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

Priority	Request Type	BUDGET REQUESTS		FUNDING				FTES					
		Request Title	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
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26													
27													
28													
29													
30													
TOTAL BUDGET REQUESTS				0	0	8,856,775	0	8,856,775	0	0	88.00	0.00	88.00





Public Education and Special Schools Subcommittee Proviso Request Summary			
Proviso # in FY 19-20 Act	Proviso Title	Short Summary	Agency Reccommended Action (keep, change, delete, add)
75.1	SAF: Educational Seminar Revenue	Authorizes the State Accident Fund to collect fees for educational seminars and retain those funds for seminar related expenses	Retain as written



## **State Accident Fund**

### Provisos Affecting Agency

None other than Proviso 75.1 as indicated under pervious section.



## State Accident Fund

### Carry-Forward Funds

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



## State Accident Fund

### Carry-Forward Funds

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

