

STATE ACCIDENT FUND

Acting Director:

Erin Farthing

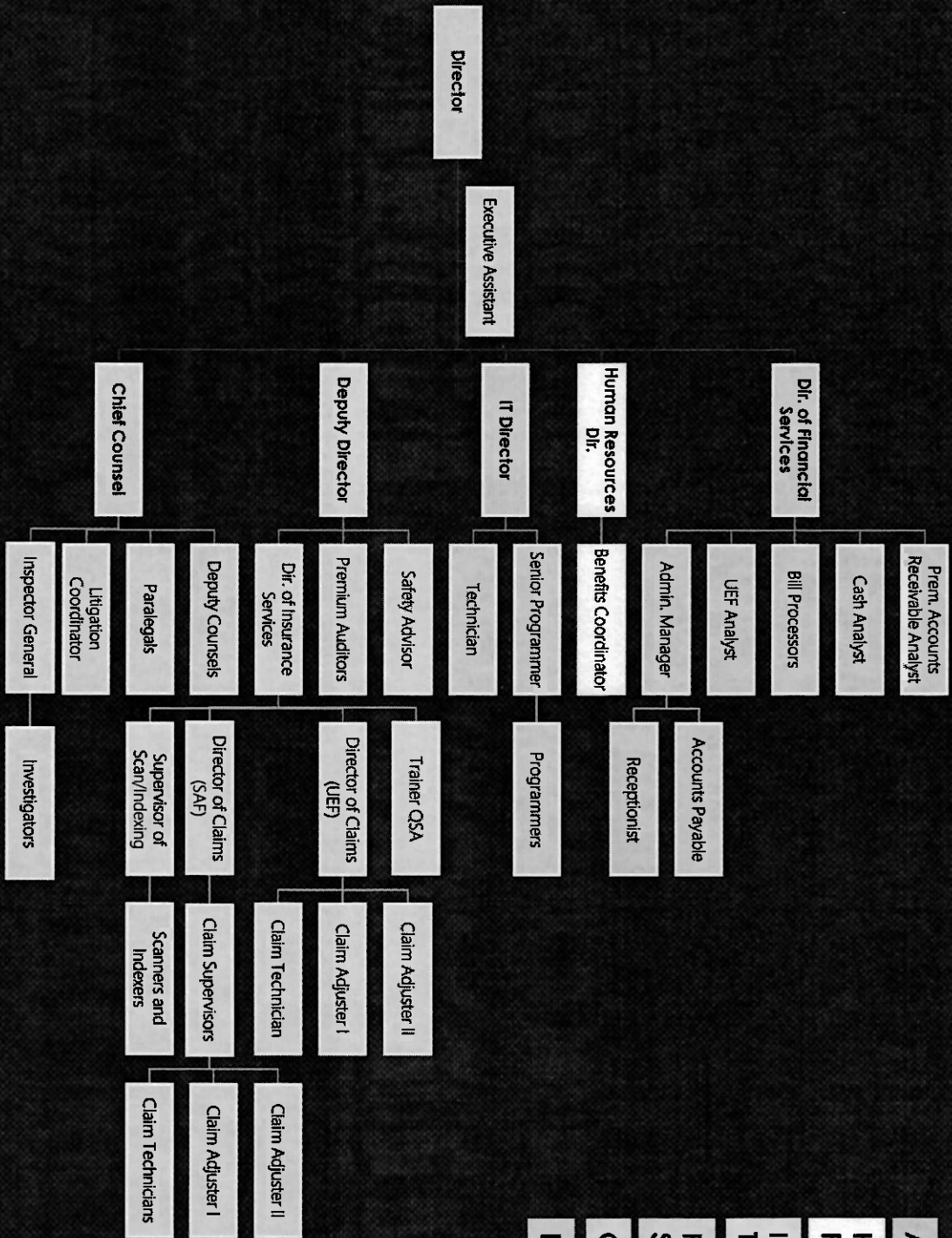
(803) 896-5892
efarthing@saf.sc.gov

Abigail Sellers
Fiscal Services Director
(803) 896-5872

Agency Overview

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

Organizational Chart



- Accounting
- Human Resources
- Information Technology
- Policyholder Services
- Claims
- Legal

State Accident Fund

FTE Breakdown

Authorized Positions	88
Filled Positions	68
Vacant Positions	20

AGENCY NAME:	STATE ACCIDENT FUND		
AGENCY CODE:	R120	SECTION:	075

Fiscal Year 2020–2021 Accountability Report

SUBMISSION FORM

I have reviewed and approved the data submitted by the agency in the following online forms:

- Reorganization and Compliance
- Strategic Plan Results
- Strategic Plan Development
- Legal
- Services
- Partnerships
- Report or Review

I have reviewed and approved the financial report summarizing the agency's budget and actual expenditures, as entered by the agency into the South Carolina Enterprise Information System.

The information submitted is complete and accurate to the extent of my knowledge.

AGENCY DIRECTOR (SIGN AND DATE):	Signature on file.
(TYPE/PRINT NAME):	Erin Farthing, Acting Director

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

Reorganization and Compliance Responses:

These responses were submitted for the FY 2020-2021 Accountability Report by the

STATE ACCIDENT FUND

Primary Contact:

First Name	Last Name	Role/Title	Phone	Email Address
Matthew	Hansford	Deputy Director	803-896-5821	mhansford@saf.sc.gov

Secondary Contact

First Name	Last Name	Role/Title	Phone	Email Address
Abby	Sellers	Director of Financial Services	803-896-5872	asellers@saf.sc.gov

Agency Mission

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

Adopted in: 2019

Agency Vision

The South Carolina State Accident Fund will be recognized as a progressive and intuitive state agency and leader in the field of workers' compensation insurance for governmental entities.

Adopted in: 2019

Recommendations for reorganization requiring legislative change.

No

Please list significant events related to the agency that occurred in FY 2020-2021.

Month Started	Month Ended	Description of Event	Agency Measures Impacted	Other Impacts
February	February	Amy Coffield removed as Executive Director.		
February	February	Erin Farthing named Acting Director.		

Does the agency intend to make any other major reorganization to divisions, departments, or programs to allow the agency to operate more effectively and efficiently in FY 2021-22?

Note: It is not recommended that agencies plan major reorganization projects every year. This section should remain blank unless there is a need for reorganization.

No

Is the agency in compliance with S.C. Code Ann. § 2-1-220, which requires submission of certain reports to the Legislative Services Agency for publication online and the State Library? See also S.C. Code Ann. § 60-2-20.

Yes

If not, please explain why.

Is the agency in compliance with various requirements to transfer its records, including electronic ones, to the Department of Archives and History? See the Public Records Act (S.C. Code Ann. § 20-1-10 through 20-1-180) and the South Carolina Uniform Electronic Transactions Act (S.C. Code Ann. § 26-6-10 through 26-10-210).

Yes

These responses were submitted for the FY 2020-2021 Accountability Report by the

STATE ACCIDENT FUND

Does the law allow the agency to promulgate regulations?

No

Please list the law number(s) which gives the agency the authority to promulgate regulations.

Has the agency promulgated any regulations?

Is the agency in compliance with S.C. Code Ann. § 1-22-120(J), which requires an agency to conduct a formal review of its regulations every five years?

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AGENCY'S DISCUSSION AND ANALYSIS

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

The mission of SAF is to provide a cost effective, guaranteed workers' compensation insurance for state agencies and other governmental entities with exceptional service to its' state workers.

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

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

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

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

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

The agency's major applicable achievements for FY 2020-2021 include:

- Agency remained financially sound and self-sustaining;
- Integration of new Bill Review vendor providing increased medical bill savings;
- Integration of new document management software increasing security and
- Reduced premium rates by 3.7% overall;

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- Transition to a new office location;
- The below costs saving efforts through vendor partnerships, totaling \$13,366,992.64, is a \$781,097.57 increase from last year.
 - Medical services/ Charge Review \$3,551,401.24
 - Pharmacy Services \$5,498,463.65
 - Subrogation Services \$926,176.38
 - Physical Therapy Services \$228,330.00
 - Second Injury Fund Recoveries \$2,635,158.05
 - Collection Services (UEF) \$527,463.32

Primary goals for Fiscal Year 2021-2022 include:

- Work with Procurement Services to select and start integration of new case management system;
- Updated Procurement and P-Card manuals;
- Completion of House Legislative Audit Report;
- Establishing in-house program for Uninsured Employers' Fund debt collections.

State Accident Fund
Fiscal Year July 1, 2021 - December 31, 2021
Budget vs Actual Expenditures

CI	Description	Budget	Actual	Remaining	Percentage Expended
501015	Director	135,280.00	-	135,280.00	0.00%
501058 - 070	Classified Positions & Personal Services	4,632,439.00	1,872,034.65	2,760,404.35	40.41%
512001	Other Operating	3,900,950.00	570,120.73	3,330,829.27	14.61%
	Administration Total	8,668,669.00	2,442,155.38	6,226,513.62	28.17%
561000	Miscellaneous Operations	5,000.00	-	5,000.00	0.00%
	Educational Training	5,000.00	-	5,000.00	0.00%
513000	Employer Contributions	2,137,394.00	788,801.48	1,348,592.52	36.90%
	Employer Contributions Total	2,137,394.00	788,801.48	1,348,592.52	36.90%
Total		10,811,063.00	3,230,956.86	7,580,106.14	29.89%

State Accident Fund
Fiscal Year July 1, 2020 - June 30, 2021
Budget vs Actual Expenditures

CI	Description	Budget	Actual	Remaining	Percentage Expended
501015	Director	135,280.00	92,748.68	42,531.32	68.56%
501058 - 070	Classified Positions & Personal Services	3,725,642.77	3,725,642.77	-	100.00%
512001	Other Operating	3,406,805.33	1,793,135.57	1,613,669.76	52.63%
	Administration Total	7,267,728.10	5,611,527.02	1,656,201.08	77.21%
561000	Miscellaneous Operations	5,000.00	-	5,000.00	0.00%
	Educational Training	5,000.00	-	5,000.00	0.00%
513000	Employer Contributions	1,587,798.30	1,587,798.30	-	100.00%
	Employer Contributions Total	1,587,798.30	1,587,798.30	-	100.00%
Total		8,860,526.40	7,199,325.32	1,661,201.08	81.25%

**State Accident Fund
Carry Forward Funds**

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

FY 21-22 Prioritized Budget Request Summary

State Accident Fund

BUDGET REQUESTS										FUNDING				FTEs		
Priority	Request Type (recurring, non-recurring, capital)	Request Title	Brief Description	General - Recurring	General - Nonrecurring	Other	Federal	Total	State	Other	Federal	Total				
1	Recurring	Other Fund Authorization	State Accident Fund is not requesting any changes in appropriated funding			-		-				0.00				
2								0				0.00				
3								0				0.00				
4								0				0.00				
5								0				0.00				
6								0				0.00				
7								0				0.00				
8								0				0.00				
9								0				0.00				
10								0				0.00				
11								0				0.00				
12								0				0.00				
13								0				0.00				
14								0				0.00				
15								0				0.00				
16								0				0.00				
17								0				0.00				
18								0				0.00				
19								0				0.00				
20								0				0.00				
TOTAL BUDGET REQUESTS				\$	- \$	- \$	- \$	- \$	0.00	0.00	0.00	0.00				

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Agency Code:	R120	Section:	75



**Fiscal Year FY 2022-2023
Agency Budget Plan**

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS <i>(FORM B1)</i>	For FY 2022-2023, 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 <i>(FORM B2)</i>	For FY 2022-2023, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

CAPITAL REQUESTS <i>(FORM C)</i>	For FY 2022-2023, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.

PROVISOS <i>(FORM D)</i>	For FY 2022-2023, 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:	Erin Farthing	(803) 896-5892	EFarthing@saf.sc.gov
SECONDARY CONTACT:	Abigail Sellers	(803) 896-5872	ASellers@saf.sc.gov

I have reviewed and approved the enclosed FY 2022-2023 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:		

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

<u>Agency Name:</u>	<u>State Accident Fund</u>
<u>Agency Code:</u>	R120
<u>Section:</u>	75

<u>BUDGET REQUESTS</u>			<u>FUNDING</u>					<u>FTES</u>				
<u>Priority</u>	<u>Request Type</u>	<u>Request Title</u>	<u>State</u>	<u>Federal</u>	<u>Earmarked</u>	<u>Restricted</u>	<u>Total</u>	<u>State</u>	<u>Federal</u>	<u>Earmarked</u>	<u>Restricted</u>	<u>Total</u>
TOTALS			0	0	0	0	0	0.00	0.00	0.00	0.00	0.00

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FORM D – PROVISO REVISION REQUEST

NUMBER	75.2
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Cite the proviso according to the renumbered list (or mark "NEW").

TITLE	Military Disability
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Provide the title from the renumbered list or suggest a short title for any new request.

BUDGET PROGRAM	State Accident Fund Section 75
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	No
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Is this request associated with a budget request you have submitted for FY 2022-2023? If so, cite it here.

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

OTHER AGENCIES AFFECTED	Adjutant General's Office It concerns disability benefits for certain individuals who are members of the National Guard.
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>The proviso established a military disability program within the State Accident Fund to provide a settlement to members of the National Guard who became permanently disabled while serving during the catastrophic weather event in October 2015. Pursuant to this proviso, two National Guard members filed claims in 2019, which have been resolved. No other claims have been filed since those initial two claims. As it appears that the need for this proviso has been resolved, we are requested its deletion.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

There have been only two participants who filed claims as part of this program, both of which have been settled. No other members have filed claims. As there are no current payments to be made pursuant to this proviso, there would not be any fiscal impact.

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

~~— (SAF: Military Disability) (A) From the funds credited to the State Accident Fund in the current fiscal year, there is established within the State Accident Fund a military disability program that provides a settlement for any such member of the National Guard that became permanently disabled while serving during the catastrophic weather event in October 2015. The settlement must be based upon that which persons under similar circumstances in the military service of the United States receive from the United States. The director may seek assistance in establishing the program from the Adjutant General or any other agency or entity with such expertise.~~

~~— (B) — A National Guard member may only participate in this program if the member permanently waives any right to claim benefits pursuant to Section 25-1-100 and releases the State from any potential liability pursuant to Section 25-1-100, and further agrees that any amounts due under this proviso are subject to appropriate offsets to avoid compensation in excess of what the member would have received from the federal government if permanently disabled while performing federally paid duty. Offsets include benefits received, or to be received, under Title 42 of the 1976 Code as a result of these injuries (State Workers' Compensation), benefits received, or to be received, pursuant to Chapter 10 of Title 9 of the 1976 Code (SC National Guard Retirement System), as well as any benefits received, or to be received, from the federal government such as severance pay, military retirement pay, or VA benefits relating to the same disabilities at issue in the State military disability claim.~~

~~— (C) — From the funds credited and authorized to the State Accident Fund in the current fiscal year, the director of the State Accident Fund is authorized to offer a onetime lump sum settlement to members of the military disability program, subject to eligibility and the other requirements set forth in the proviso.~~

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

Transportation and Regulatory Subcommittee Proviso Request Summary						
FY 20-21 Proviso #	Renumbered FY 21-22 Proviso #	Proviso Title	Short Summary	FY of Proviso Introduction/ # of years in budget	Recommended Action	Proviso Language
75.1	75.1	SAF: Educational Seminar Revenue	<p>Authorizes the State Accident Fund to collect fees for educational seminars & retain those funds for seminar related expenses</p> <p>The proviso established a military disability program within the State Accident Fund to provide a settlement to members of the National Guard who became permanently disabled while serving during the catastrophic weather event in October 2015. Pursuant to this proviso, two National Guard members filed claims in 2019, which have been resolved. No other claims have been filed since those initial two claims. As it appears that the need for this proviso has been resolved, we are requesting its deletion.</p>	Prior to 2001	NO CHANGE	75.1. (SAF: Educational Seminar Revenue) The State Accident Fund is authorized to set and collect fees for educational seminars. All revenue earned from educational seminars shall be retained by the agency and used for supplies, materials, and other expenses relating to the seminars.
75.2	75.2	SAF: Military Disability		FY2019-2020/2 years	DELETE	<p>(A) From the funds credited to the State Accident Fund in the current fiscal year, there is established within the State Accident Fund a military disability program that provides a settlement for any such member of the National Guard that became permanently disabled while serving during the catastrophic weather event in October 2015. The settlement must be based upon that which persons under similar circumstances in the military service of the United States receive from the United States. The director may seek assistance in establishing the program from the Adjutant General or any other agency or entity with such expertise.</p> <p>(B) A National Guard member may only participate in this program if the member permanently waives any right to claim benefits pursuant to Section 25-1-100 and releases the State from any potential liability pursuant to Section 25-1-100, and further agrees that any amounts due under this proviso are subject to appropriate offsets to avoid compensation in excess of what the member would have received from the federal government if permanently disabled while performing federally paid duty. Offsets include benefits received, or to be received, under Title 42 of the 1976 Code as a result of these injuries (State Workers' Compensation), benefits received, or to be received, pursuant to Chapter 10 of Title 9 of the 1976 Code (SC National Guard Retirement System), as well as any benefits received, or to be received, from the federal government such as severance pay, military retirement pay, or VA benefits relating to the same disabilities at issue in the State military disability claim.</p> <p>(C) From the funds credited and authorized to the State Accident Fund in the current fiscal year, the director of the State Accident Fund is authorized to offer a one-time lump sum settlement to members of the military disability program, subject to eligibility and the other requirements set forth in the proviso.</p>