

<b>AGENCY NAME:</b>	State Accident Fund		
<b>AGENCY CODE:</b>	R120	<b>SECTION:</b>	75

**Fiscal Year 2018–2019  
Accountability Report**

**SUBMISSION FORM**

<b>AGENCY MISSION</b>	<p>To provide cost effective, guaranteed workers’ compensation insurance for state agencies and optional coverage for other governmental entities, and to provide superior servicing for policy holders and injured workers.</p>
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<b>AGENCY VISION</b>	<p>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.</p>
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Does the agency have any major or minor recommendations (internal or external) that would allow the agency to operate more effectively and efficiently?

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

Is the agency in compliance with S.C. Code Ann. § 2-1-230, which requires submission of certain reports to the Legislative Services Agency for publication online and the State Library? See also S.C. Code Ann. § 60-2-30.

<b>REPORT SUBMISSION COMPLIANCE:</b>	<b>Yes</b>	<b>No</b>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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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. § 30-1-10 through 30-1-180) and the South Carolina Uniform Electronic Transactions Act (S.C. Code Ann. § 26-6-10 through 26-10-210).

<b>RECORDS MANAGEMENT COMPLIANCE:</b>	<b>Yes</b>	<b>No</b>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Is the agency in compliance with S.C. Code Ann. § 1-23-120(J), which requires an agency to conduct a formal review of its regulations every five years?

<b>REGULATION REVIEW:</b>	<b>Yes</b>	<b>No</b>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

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

I have reviewed and approved the enclosed FY 2018–2019 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>	Amy V. Cofield		

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

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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 cost effective, guaranteed workers' compensation insurance for state agencies and other governmental entities along 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.

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 workers 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 supported 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.

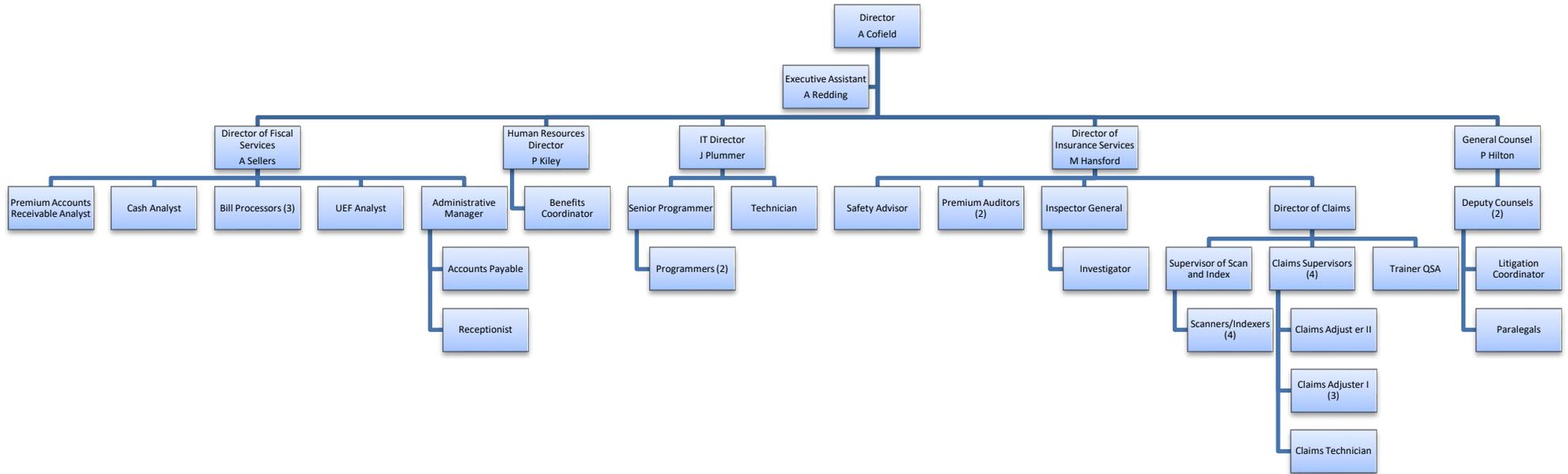
The key strategic goals facing SAF include a complete upgrade of the IT Department to include a new case management system and document management system. The incorporation of updated equipment and programs will facilitate job performance and ensure the security and integrity of information while reducing operating costs. Another primary goal is to increase staff and services so that SAF will be unmatched in the workers' compensation insurance arena, and finally to reach more governmental entities to establish new partnerships.

The agency's major applicable achievements include:

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- Agency remained financially sound and self-sustaining;
- SAF began implementation of new efforts and new vendors to control costs and improve services with reported savings below:
  - Medical services/ Charge Review      \$1,615,632.00
  - Pharmacy Services                         \$4,680,139.23
  - Subrogation Services                     \$1,201,560.52
  - Physical Therapy Services                \$326,430.00
  - Second Injury Fund Recoveries         \$3,191,054.08
  - Collection Services (UEF)                \$498,287.03
- SAF underwent a restructuring of its Organizational Chart and employed new staff including experienced adjusters, a Human Relations Director, an IT Director, Benefits Manager, and an Inspector General to assist with investigations and fraud services.

# State Accident Fund



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Strategic Planning and Performance Measurement Template

Statewide Enterprise Strategic Objective	Type	Item #			Description	2019-20			Time Applicable	Data Source and Availability	Calculation Method	Meaningful Use of Measure
		Goal	Strategy	Measure		Base	Target	Actual				
Government and Citizens	G	1			Maintain High Level of Customer Satisfaction							
	S	1.1			Conduct Annual Policyholder Satisfaction Survey							
	M		1.1.1	Maintain greater than 95% positive response rate on the annual policyholder survey.	99.6%	Greater than 90%	96.0%	July 1 - June 30	Annual Policyholder Satisfaction Survey	Percentage of positive responses from Annual Policyholder Survey	Degree to which customer needs are met.	
	S	1.2			Solicit Comments from Policyholder Education Seminars							
	M		1.1.2	Review participant comments	Majority Positive	Majority Positive.		July 1 - June 30	Seminar and presentation evaluations	Seminar and presentation evaluations	Degree to which customer needs are met.	
	S	1.3			Compare satisfaction rates to national standards							
	M		1.3.1	Compare satisfaction rates to other Property and Casualty Companies	SAF = 76 ACSI-P&C = 79	Greater than 75%	SAF = 77.9 ACSI-P&C = 81	July 1 - June 30	American Customer Satisfaction Index (ACSI) 3rd Quarter, December 2013	Satisfaction rate on Annual Policy Holder Survey compared to Property & Casualty Industry rating as reported by ACSI.	How Agencies customer satisfaction compares to other providers.	
	M		1.3.2	Compare satisfaction rates to other Public Administration agencies	SAF = 76 ACSI- Public Administration = 64	Greater than 75%	SAF = 77.9 ACSI- Public Administration = 68.4	July 1 - June 30	American Customer Satisfaction Index (ACSI)	Satisfaction Rate on Annual Policy Holder Survey compared to Public Administration rating as reported by ACSI	How Agencies customer satisfaction compares to other providers.	
	S	1.4			Measure Retentions rates							
	M		1.4.1	Measure policyholders retention	94.9%	Greater than 80%	96.8%	July 1 - June 30	Agency Policyholder Management Database.	Percentage of policyholders who renewed or continued coverage with the Fund. (Voluntary Accounts)	Retention of Policyholders is indicative of satisfaction with service.	
	M		1.4.2	Measure premium retention	92.7%	Greater than 80%	94.3%	July 1 - June 30	Agency Policyholder Management Database.	The Ratio of premium from renewed or continued policyholders. (Voluntary Accounts)	Retention of Policyholders is indicative of satisfaction with service.	
	S	1.5			Provide policyholders with loss prevention and safety services							
	M		1.5.1	Report on services provided				July 1 - June 30	Agency Claims Management Database.	Number of training classes, inspections, or other services provided.	Degree to which customer needs are met.	
Government and Citizens	G	2			Be the leader in South Carolina Workers Compensation rule and regulation							
	S	2.1			Review fine information							
	M		2.1.1	Track numbers and amounts of fines	3	Less than industry average	0	July 1 - June 30	Agency Claims Management Database.	The dollar amount of fines paid to the Workers Compensation Commission.	Indicate compliance with regulations.	
	M		2.1.2	Report causes of fines	\$600	Less than industry average	\$0	July 1 - June 30	Agency Claims Management Database.	The dollar amount of fines paid to the Workers Compensation Commission.	Indicate compliance with regulations.	
Public Infrastructure and Economic Development	G	3			Agency remains finically self-sustaining.							
	S	3.1			Compare cost to national standards							

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		Goal	Strategy	Measure		Base	Target	Actual				
	M		3.1.1		Compare average medical cost per claim	\$3,192	Less than industry average	\$3,349	July 1 - June 30	Agency Claims Management Database.	Medical cost divided by the total number of claims.	Compares cost controls.
	M		3.1.2		Compare average indemnity cost per claim	\$11,789	Less than industry average	\$11,313	July 1 - June 30	Agency Claims Management Database.	Indemnity cost divided by the total number of claims	Compares cost controls.
	S		3.2		<b>The annual administration cost ratio will not exceed the industry average</b>							
	M		3.2.1		Calculate Administrative cost ratio	5.6%	Less than industry average	5.9%	July 1 - June 30	Current year estimated using Trigger Report and finalized by the Fund's actuary.	Agency Accounting System	Compares cost controls.
	S		3.3		<b>Collect premium as due</b>							
	M		3.3.1		Percentage of Premium Billed over 90 days past due	0.00%	Less than 5%	.006%	July 1 - June 30	Past Due Amount as percentage of Earned Premium as reported in the Trigger Report	Agency Policyholder Database	Compares cost controls.
	M		3.3.2		Percentage of accounts audited within 180 days	100.0%	Greater than 90%	100%	July 1 - June 30	Agency Policyholder Management Database.	Percentage of policyholder payroll audits completed within 180 days.	Compares cost controls.
Public Infrastructure and Economic Development	G		4		<b>The Fund's financial records will reflect a cumulative net gain in assets.</b>							
	S		4.1		<b>Cost vs. Revenue</b>							
	M		4.1.1		Claims Expense will not exceed Earned Premium for the fiscal year.	Goal will be met	Meet Goal	Goal Met	July 1 - June 30	Financial Statement	(Current Year - Prior Year) / Prior Year (Nets)	Compares cost controls.
	S		4.2		<b>Net Assets</b>							
	M		4.2.1		The Agency will show an increase in net assets over the prior year.	5.8%	Positive increase	8.9%	July 1 - June 30	Financial Statement	(Current Year - Prior Year) / Prior Year (Nets)	Compares cost controls.
	S		4.3		<b>Program Cost less Bad Debt and Depreciation</b>							
	M		4.3.1		Operating cost for the fiscal year will not exceed more than 15% of Earned Premium for the same period.	8.90%	Reduction from past year	-17.99%	July 1 - June 30	Financial Statement	(Current Year - Prior Year) / Prior Year (Nets)	Compares cost controls.

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Program Template

Program/Title	Purpose	FY 2018-19 Expenditures (Actual)				FY 2019-20 Expenditures (Projected)				Associated Measure(s)
		General	Other	Federal	TOTAL	General	Other	Federal	TOTAL	
Admin			\$ 3,290,947		\$ 3,290,947		\$ 6,479,813		\$ 6,479,813	
Uninsured Employers Fund			\$ 619,556		\$ 619,556		\$ 1,064,803		\$ 1,064,803	
Employee Benefits			\$ 940,756		\$ 940,756		\$ 1,312,159		\$ 1,312,159	

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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?	If yes, what type of service or product?	If other service or product, please specify what service or product.
1	42-7-10.	State	Statute	Establishment of the State Accident Fund.	Y	Y	Workers' Compensation Claims Management	
2	42-7-20.	State	Statute	Describes the administration of the fund and the selection of the director.	N	N		
3	42-7-30	State	Statute	Legal representation for fund; extra legal services; fees and expenses.	N	N		
4	42-7-40	State	Statute	Application to State.	N	N		
5	42-7-50	State	Statute	Subdivisions of State; optimal participation.	Y	N	Workers' Compensation Claims Management	
6	42-7-60	State	Statute	Officers and employees covered by article.	Y	N	Workers' Compensation Claims Management	
7	42-7-65	State	Statute	Average weekly wage designated for certain categories of employees.	N	N		
8	42-7-67	State	Statute	Benefits for State and National Guard members.	Y	N	Workers' Compensation Claims Management	
9	42-7-70	State	Statute	Rates and premiums.	N	N		
10	42-7-80	State	Statute	Payment of awards; notice of intention to contest award.	N	N		
11	42-7-90	State	Statute	Expenditures from fund.	N	N		
12	42-7-100	State	Statute	Fund director may insure liability.	N	N		
13	42-7-200	State	Statute	Workers' compensation Uninsured Employers' Fund; claims; collection powers; reimbursement agreements; funding.	Y	N		
14	42-7-210	State	Statute	Transfers from general fund to State Accident Fund authorized.	N	N		
15	42-7-310	State	Statute	Establishment, purpose, administration, funding and staff of Second Injury Fund	N	N		
16	42-7-320	State	Statute	Termination of Second Injury Fund; schedule.	N	N		
17	42-1-415	State	Statute	Representation of coverage; reimbursement from Uninsured Employers' Fund	N	N		
18	42-1-490	State	Statute	Payments to claimant-inmates of State Department of Corrections.	N	N		
19	42-1-500	State	Statute	County or municipal prisoners	N	N		
20	38-55-530	State	Statute	Designated the State Accident Fund as an authorized agency under Article 5. Insurance Fraud and Reporting Immunity.	N	N		
21	Regulation 67-201	State	Regulation	Regulations to be liberally construed in favor of the injured worker.	N	N		
22	Regulation 67-210	State	Regulation	Designates the State Accident Fund as a party to be served for hearing requests.	N	N		
23	Regulation 67-405	State	Regulation	Sets forth the requirement for the State Accident Fund to file reports for coverage, notices of termination and all reports and documents required under the Act.	N	N		
24	Regulation 67-416	State	Regulation	Requires the State Accident Fund to report coverage, accident, and claims information to the Commission using electronic interchange standards prescribed by the Commission.	N	N		
25	Regulation 67-417	State	Regulation	Stipulates that the Commission may conduct on-site examinations of the State Accident Funds claim files.	N	N		

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Customer Template

Service/Product Provided to Customers	Customer Segments	Specify only for the following Segments: (1) Industry: Name; (2) Professional Organization: Name; (3) Public: Demographics.	Divisions or Major Programs	Description
Workers' Compensation Claims Management	Executive Branch/State Agencies	Governor	All	State Government Executive Branch
Workers' Compensation Claims Management	Legislative Branch	Legislature	All	State government Legislative Branch
Workers' Compensation Claims Management	Executive Branch/State Agencies	Workers' Compensation Commission	Claim management services. Legal Services.	Regulates the Workers' Compensation regulations of SC.
Workers' Compensation Claims Management	Executive Branch/State Agencies	Policyholders	All	Provide coverage for governmental agencies at reasonable cost.
Workers' Compensation Claims Management	Executive Branch/State Agencies	Injured workers	Claim management services. Medical case management. Rehabilitation services.	Assures state employees are covered for accidents in the workplace.
Workers' Compensation Claims Management	General Public	Uninsured employers	Claim management services. Legal Services.	Provide for required coverage for government agency employees at reasonable cost..

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Partner Template

Name of Partner Entity	Type of Partner Entity	Description of Partnership	Associated Goal(s)
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