

Accountability Report Transmittal Form

Agency Name Second Injury Fund

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SECOND INJURY FUND
Accountability Report for Fiscal Year 2005-2006

Section I – Executive Summary

1. Mission Statement

The Second Injury Fund (the Fund) functions within the South Carolina Workers' Compensation System. The mission of the Fund is two-fold.

1. To protect employers from the higher cost of insurance that can occur when an injury combines with a prior disability to result in substantially increased medical or disability costs than the accident alone would have produced. This ensures that an employer is not made to suffer a greater monetary loss or increased insurance costs because they hire or retain an employee who has a disability.
2. To ensure payment of workers' compensation benefits to injured employees whose employers have failed to comply with the coverage provisions of the Workers' Compensation Law.

The values of the Fund are simple and straightforward:

- **Administer claims in a fair and impartial manner**
- **A highly professional and well-trained staff**
- **Continuous improvement of services**

2. The Fund's major achievements for FY06 are summarized below:

- **Customer satisfaction scores remained high (Figure 7.2-1 and 7.2-2)**
- **Cycle time to pay claims is lowest when compared to "like" funds (Figure 7.1-3)**
- **Annual assessment reduced by \$24.1 million (Figure 7.3-2)**
- **Claim and administrative cost continue to be less than published average for the private sector and "like" funds (Figure 7.6-1 and 7.6-2)**
- **Uninsured Employers' Fund payout reduced \$2.5 million by finding other coverage (Figure 7.5-1)**

3. The key strategic goals for the present and future years are as follows:

- **To protect employers from increased workers' compensation insurance cost**
- **Advance the hiring and retention of the disabled**
- **To ensure payment of workers' compensation benefits to injured employees whose employers are in violation of the Workers' Compensation Law**
- **Prompt determination of eligibility**
- **Efficient claims processing and payments**
- **Contain claims cost**

- **Sound fiscal management**
- **Formal written strategic plan**

4. Opportunities/Barriers:

The FY05 assessment of \$253 million levied in September 2005 was a shock to all carriers. The Budget and Control Board was asked to give some relief and a Joint Resolution was adopted by the General Assembly. The Fund ultimately reduced the assessment 30% to \$177 million. This reduction should result in a more predictable assessment process for future years and eliminate the extreme peaks and valleys of past assessments.

This year’s statistics show that we are just starting to realize the effects of the 2003 amendments to our law. The amendment did away with the “unknown condition” as a reason to meet the knowledge requirement. This can be seen in the reduction of accepted claims over the past three years.

	FY 2004	FY 2005	FY 2006	% Reduced
Claims Accepted	2,219	1,922	1,184	47%

The total reimbursements for FY06 were down by 12% from FY05, \$147.6 million in FY06 versus \$166.9 million in FY05. We predict the reimbursements will continue to drop along with the number of claims accepted. We continue to have carriers reopening claims that are many years old and providing documentation for acceptance. The result being of the 1,184 claims accepted in FY06, 315 claims or 27% were accepted more than 4 years from the date of accident. In these cases employers will not receive any benefit in the experience modification used in their premium calculation. (Figure 7.1-2)

During FY06 the Fund experienced the retirement of the Director of 30 years and 2 senior managers, the Director of Claims and the General Counsel. We lost over 65 years of institutional knowledge with their retirements. The Budget and Control Board has appointed an interim director who has many years in executive positions within state government including being an agency director on two separate occasions. We promoted a long time member of our staff to fill the Director of Claims position. The General Counsel position by hiring an attorney with general counsel experience with another state agency. With these new appointments in key positions we can expect our customer satisfaction rating to remain at the level that our customers are accustomed to.

5. The accountability report is used to support the agency’s stated goals, objectives and values. Managers are instructed to strive for continuous improvements in all services provided to our customers. Each employee is e-mailed a copy of the accountability report and are encouraged to communicate to their managers any opportunities for improvement that they feel are available.

Section II – Organizational Profile

1. Products and Services – The Fund’s products and services are the processing of Second Injury Fund and Uninsured Employers’ Fund claims. This encompasses all aspects of claim process; the acceptance or denial of a claim, payment of claims, and the defense of claims through the court system. These are delivered through written and verbal communications and by the use of the Fund’s website.

2. Key Customers:

- Self insured employers doing business in South Carolina
- Workers' compensation insurance companies and their representatives in South Carolina
- Injured workers of employers who are in violation of the Workers' Compensation Law
- The Legislature
- Budget and Control Board

Our requirements are the same as our values: Administer claims in a fair and impartial manner; a highly professional and well-trained staff; and continuous improvement of services. Their expectations are the objectives that we have set and are instilled and practiced by all members of our staff. Prompt determination of eligibility, efficient claims processing and payments, contain claims cost, and sound fiscal management.

3. Stakeholders:

- All employers with Workers' Compensation coverage
- Employees with pre-existing disabilities
- Second Injury Fund recovery companies
- Taxpayers of South Carolina
- State agencies that deal with disabled citizens

4. Our key suppliers are those that supply services to injured workers covered by the Uninsured Employers' Fund. These consist of medical providers, pharmacies, vocational rehabilitation firms, and medical equipment companies. Our other group of key suppliers is those that provide services to the agency such as contract attorneys and a select group of our customers including carriers, self-insured employers, and reimbursement companies.

5-6. The agency has 23 employees, 1 unclassified and 22 classified, all located in one office in Columbia, however, the claims handled by the agency cover all 46 counties.

7. The Fund operates within the Workers' Compensation system and we must adhere to the rules and regulations of the South Carolina Workers' Compensation Commission. The sections of the South Carolina Code of Laws that govern the Fund are 42-7-200, 42-7-310, 42-9-400 and 42-9-410. We also operate under the oversight of the Budget and Control Board.

8. Key Strategic Challenges:

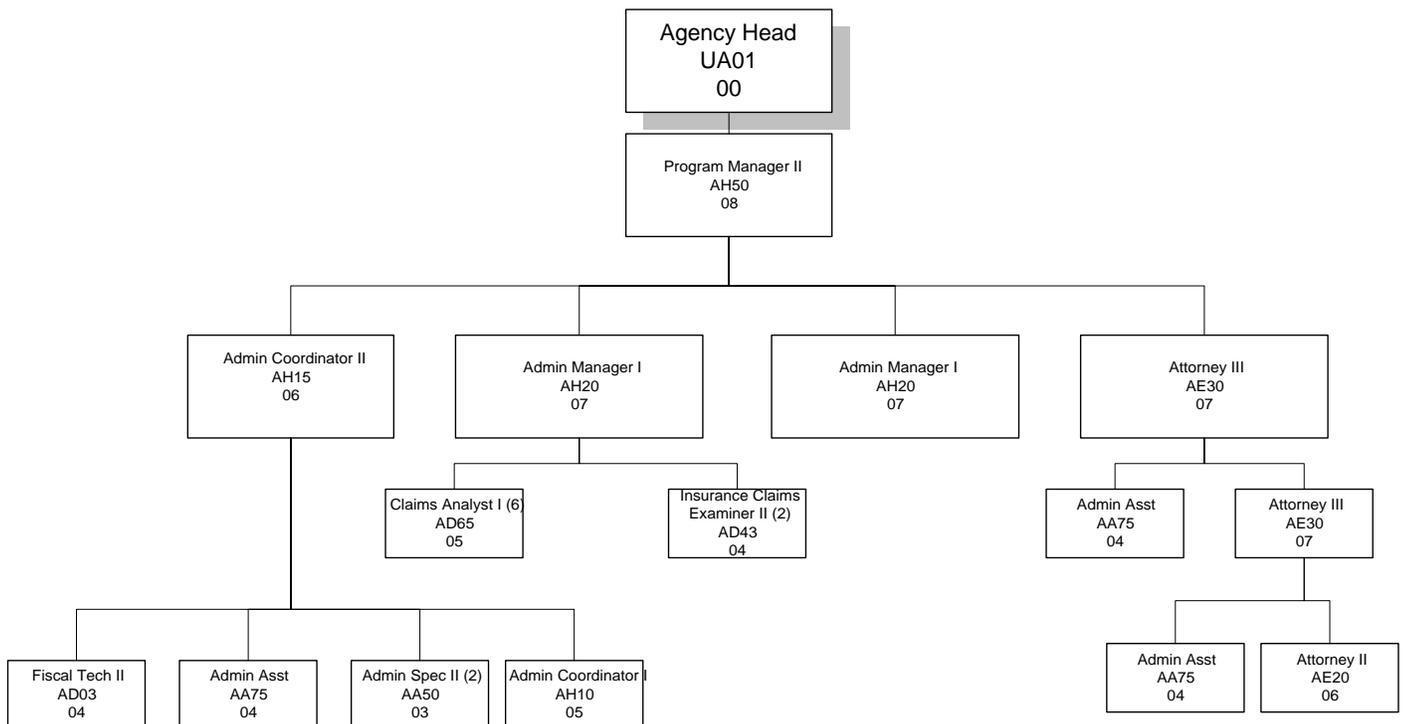
- Increase Uninsured Employers’ Fund recoveries
- Decrease use of contract attorneys
- Communication with carriers

9. Performance Improvement System(s):

The Fund uses several methods to measure performance improvement. These include, but are not limited to, processing times, comparisons to “like” funds, financial audits and actuarial reviews, and customer and employee input and comments. The Fund’s managers and supervisors review the overall systems and measurements and communicate results to the staff to ensure continuous improvement in all processes and systems.

10. Organizational Structure

South Carolina Second Injury Fund



11. Expenditures/Appropriations Chart

Base Budget Expenditures and Appropriations

Major Budget Categories	04-05 Actual Expenditures		05-06 Actual Expenditures		05-06 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$992,630	\$	\$951,391	\$	\$1,009,591	\$
Other Operating	\$367,738	\$	\$310,719	\$	\$423,434	\$
Special Items	\$	\$	\$	\$	\$	\$
Permanent Improvements	\$	\$	\$	\$	\$	\$
Case Services	\$	\$	\$	\$	\$	\$
Distributions to Subdivisions	\$	\$	\$	\$	\$	\$
Fringe Benefits	\$270,770	\$	\$320,449	\$	\$297,377	\$
Non-recurring	\$	\$	\$	\$	\$	\$
Total	\$1,631,138	\$	\$1,582,559	\$	\$1,730,402	\$

Other Expenditures

Sources of Funds	04-05 Actual Expenditures	05-06 Actual Expenditures
Supplemental Bills	\$0	\$0
Capital Reserve Funds	\$0	\$0
Bonds	\$0	\$0

12. Major Program Areas Chart

Major Program Area

Program Number and Title	Major Program Area Purpose (Brief)	FY 04-05 Budget Expenditures	FY 05-06 Budget Expenditures	Key Cross References for Financial Results
1. Second Injury Fund Administration	Investigate, evaluate, and make the final decision to accept, compromise or deny claims for acceptance and reimbursement	State: Federal: Other: 1,304,910.00 Total: 1,304,910.00 % of Total Budget: 80%	State: Federal: Other: 1,266,047.00 Total: 1,266,047.00 % of Total Budget: 80%	Figures 7.1-3; 7.3-1; 7.3-2; 7.3-3; 7.5-1; 7.5-2

Below: List any programs not included above and show the remainder of expenditures by source of funds.

Uninsured Employers' Fund Administration

Remainder of Expenditures:	State: Federal: Other: 326,228.00 Total: 326,228.00 % of Total Budget:: 20%	State: Federal: Other: 326,228.00 Total: 326,228.00 % of Total Budget: 20%
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Section III – Elements of Malcolm Baldrige Award Criteria

Category 1 – Leadership

1.1(a-c) The senior leadership team consists of the Agency Director, appointed by and serving at the pleasure of the Budget and Control Board, the Deputy Director, Administrative Manager, the Director of Claims, the Director of Recoveries, and the General Counsel. The team has the responsibility for setting, deploying and communicating the short and long term direction of the agency. The agency's direction is predicated on our overall goals and objectives outlined below.

Goals

- **To protect employers from increased workers' compensation insurance cost**
- **Advance to hiring and retention of the disabled**
- **To ensure payment of workers' compensation benefits to injured employees whose employers are in violation of the Workers' Compensation Law**

Objectives

- **Prompt determination of eligibility**
- **Efficient claims processing and payments**
- **Contain claims cost**
- **Sound fiscal management**

The performance expectations of the agency, as a whole, and of each individual are reviewed regularly to ensure that we continue to meet or exceed the goals and objectives outlined. These goals and objectives are directly related to the agency's organizational values listed below:

- **Administer claims in a fair and impartial manner**
- **A highly professional and well-trained staff**
- **Continuous improvement of services**

The values, goals and objectives are known by all employees. We do this by way of staff meetings, memos, e-mail, policy statements and one-on-one contact. We are a small agency and this encourages an ongoing flow of constructive dialogue with members of the agency without regard to their position.

1.1(d-f) All employees are empowered to make recommendations on changes to any process that would improve the effectiveness or efficiency of our service to our external or internal customers. We encourage innovative suggestions from all employees and examine and evaluate each with an open mind and the intention of adopting, when feasible, these suggestions. This openness promotes organizational and employee learning and is always supportive of our stated values. The nature of our business requires that all employees conduct themselves in an honest and ethical manner. This directly relates to our number one organizational value of administering claims in a fair and impartial manner. All employees have been made aware of our high standards pertaining to ethical behavior.

1.2 All employees have daily contact with our customers in some manner. The general attitude from the senior leaders to the front office receptionist is "the customer is always right" and it is everyone's job to assist them with any problem or question they may have. We have an "open door" policy for our customers. They can talk with or meet with any member of our staff. We are a service-oriented agency and understand the importance of focusing our efforts to improve customer service.

Our example is the Special Claims Fund. In coordination and written agreements with Workers' Compensation Commission (WCC), we have become the claims administrators for bankrupt self-insured employers. The WCC calls for the security bond of the bankrupt employer and it is deposited in a special account with our agency at the State Treasurer's office. We then administer any outstanding workers' compensation claims until the funds are depleted. This ensures all funds are paid to injured workers and saves the usual 15-25% charged by private third party claims administrators.

1.3 We are always mindful of how our services affect the public. If we plan changes, our first consideration is the affect changes will have on the services we provide our customers. Our intentions are to continuously improve our processes and service.

1.4 Senior leaders maintain fiscal, legal, and regulatory accountability by the internal audit systems that require a senior manager to review and approve all claims that are recommended for acceptance by the claims analyst. All payments are audited by a claims examiner and then reviewed and approved by either the Fiscal Technician or the Deputy Director.

Also all payments involving the Uninsured Employers' Fund are reviewed and audited by at least two people and in some cases three people. All administrative type payments are regularly reviewed and approved by the agency Director or the Deputy Director. These processes are effective in ensuring that the agency is accountable in all areas. This can be supported by the fact that the Fund has not received a material finding on its annual independent financial audit in the past 14 years.

1.5 Senior leaders review the following key performance measures:

- (a) Prompt determination of eligibility
 - number of employers benefiting
 - percentage of claims accepted within 4 yrs of the date of accident
- (b) The expeditious processing of claim payments
 - average number of days to pay claims
- (c) Maintaining reasonable claims cost
 - administrative cost per claim
 - reduction in the annual assessment
- (d) Determine if the Fund is responsible for coverage on Uninsured Employers' Fund claims
 - number of claims where other coverage found
- (e) Recoupment from the employer of monies paid by the Uninsured Employers' Fund

1.6 The senior leaders of the agency are involved in the workflow process on a daily basis. This allows them to regularly review performance and make comparisons with our past findings and our set goals. Based on the outcome of these data reviews and the feedback received from our employees we can take the course of action needed for the leaders and management of the agency to be effective in meeting or exceeding our goals and objectives. The Fund's senior leaders review and remain current on pending legislation that would affect the agency and the services we provide. They also stay aware of any current events and any changes to the South Carolina Workers' Compensation System. They use this information when evaluating any changes to our processes/systems.

1.7 Senior leaders use several methods to prepare staff members to fill positions of greater responsibility. Informal mentoring programs to prepare middle managers/supervisors are used by all senior leaders. Cross training at all levels in the agency is mandated in all divisions. Employees in management or supervisory positions are involved in the planning and decision making process concerning their divisions and/or agency wide issues.

1.8 Senior leaders use several methods to communicate improvement priorities. They use staff meetings with the members involved, memos, e-mail or one-on-one contact. Improvement of services remains our number one priority. They review and monitor our claim processes on a daily basis to ensure that we are accomplishing our agency's goals and objectives.

1.9 Agency leaders and employees support the community through the participation in annual campaigns for the United Way and the Community Health Charities of South Carolina and the annual Spring Wellness Walk sponsored by Prevention Partners. We have several employees that donate blood to the American Red Cross on a regular basis. Several employees are actively involved in Kids' Chance of South Carolina, a nonprofit corporation formed by the S.C. Workers' Compensation Educational Association to provide educational scholarships to the children of employees who have been seriously injured or killed as a result of a workers' compensation injury.

Employee involvement in community activities is encouraged but not mandated. We allow employees to promote, advertise, and collect donations for several different charitable organizations. Listed below are organizations and programs supported by employees of the Fund:

- Various Civic clubs and groups
- Meals on Wheels
- Breast Cancer Walk
- The State Museum
- St. Jude's Hospital
- Toys for Tots
- Women's Abuse Shelters
- Church groups
- Harvest Food Bank
- PETS, Inc.
- Diabetes Foundation
- Schools and school activities
- American Cancer Society
- Contributions to
 - Goodwill
 - Vietnam Veterans
 - American Veterans
- American Heart Association

Category 2 – Strategic Planning

2.1(a-g) We are a small agency with a very distinct mission that is well defined in the SC Code of Laws. We currently do not have a formal written strategic plan. However, we have many of the components, such as goals, objectives, and values, necessary for a formal strategic plan in place and familiar to the majority of our employees. We are currently developing a formal plan for deployment in Fiscal Year 2007. When deployed, we will be able to better address questions 1(a-g).

2.2-3 Strategic Planning

STRATEGIC PLANNING

Program Number And Title	Supported Agency Strategic Planning Goal/Objective	Related FY 05-06 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures
1. Claims Administration	Prompt Determination of Eligibility	Claims Management System Customer Survey Results	Figures 7.1-1; 7.1-2; 7.2-1; 7.2-2
	Efficient Claims processing and payments	Claims Management System Basic Accounting Reporting System Medical and Indemnity Audit System	Figures 7.1-1; 7.1-2; 7.1-3
	Contain Claim Cost	Claims Management System Basic Accounting Reporting System Medical and Indemnity Audit System Assessment Process Recoveries	Figures 7.3-1; 7.3-2; 7.3-3; 7.5-1; 7.5-2
	Improve Customer Service	Customer Survey Results Customer Feedback Employee Satisfaction Survey	Figures 7.2-1; 7.2-2; 7.4-1; 7.4-2
	Sound Fiscal Management	Annual Independent Outside Financial Audit	No Major Findings Past 14 Years

2.4 We currently do not have a formal plan addressing the development and tracking of action plans. Informally we track the outcomes/outputs of our processes and when needed allocate resources to ensure we continue to meet or exceed our objectives.

2.5 The agency's goals, objectives, and performance measures are communicated to all members of the agency. This is done with e-mails, meetings, written memorandums, and the EPMS process. The accountability report is e-mailed to each employee with the intent of making employees knowledgeable of the agency's goals and objectives and to solicit feedback. Job duties are reviewed during the EPMS planning stage to ensure the success criteria performance measurers meet or exceed the goals and objectives of the agency.

2.6 We currently do not have a formal plan that addresses the measurement of progress on our action plans. Our senior leaders monitor the progress of meeting or exceeding our objectives on a daily basis. This is accomplished by our review procedures of the claims process in all divisions.

2.7 The challenges outlined in our Organizational Profile - Increase in Uninsured Employers' Fund recoveries, decrease use of contract attorneys and communication with carriers are addressed in at least 1 of 3 of our objectives. They are: contain claims cost; improve customer services and sound fiscal management. When we are successful in meeting these challenges, we will improve the performance measurements of these objectives.

2.8 The agency's website is www.scsif.sc.gov. Although we do not have a strategic plan available other documents such as our Annual Accountability Report and our Annual Report are posted.

Category 3 – Customer Focus

3.1 Our key customers and their requirements are outlined in the statute governing our agency. We can and have made administrative changes to fine-tune our processes to better serve these customers but the key requirements must be changed through the legislative process. We determine these needs several ways:

- Written customer surveys
- Focus groups
- Formal and informal customer training
- Telephone and written correspondence
- Attendance at industry specific conferences and seminars

3.2 Senior leaders through informal meetings share information concerning customer needs. This information or concerns are evaluated and when necessary we can direct changes to our processes based on the needs of our customers. When we evaluate these needs we take into account the effect it has on all customers and not just a few. An example of this would be the legislative change to our assessment process. We had to ensure this change would be equitable to the self-insured employers and not just to insurance companies. The end result was an amendment to the code that satisfied the needs of the insurance companies and was fair to the self-insured employers.

3.3 The information we receive from our customers is very important to us. We are continuously evaluating and analyzing this information to determine if we need to make changes to the services we provide. However, we must make sure these changes will benefit all customers and that the changes are cost effective and make the best use of our limited resources.

3.4 We have several methods to measure customer satisfaction and dissatisfaction. These include customer surveys, informal focus groups and telephone and written correspondence. Our primary measurement would be our annual customer survey. This is the fourth year that we have sent the survey to customers. The survey is designed to capture information on our customers concerns and expectations and allows for recommendations to improve services.

The ten questions of the survey address the five dimensions of customer concerns.

- **Reliability:** The ability to perform the promised service dependably and accurately.
- **Responsiveness:** The willingness to help customers and provide prompt service.
- **Empathy:** Caring, individualized attention.
- **Assurance:** Employees are knowledgeable & courteous and are able to convey trust and confidence.
- **Tangible:** Physical appearance of facilities, equipment, people.

The results of the survey are outlined in Category 7.

We will use the responses to the open-ended questions and comments to better understand customer's expectations and preferences and for improving our services.

3.5 The way we build a positive relationship with our customers and stakeholders is to adhere to our organizational values.

- **Administer claims in a fair and impartial manner**
- **A highly professional and well-trained staff**
- **Continuous improvement of services**

We feel that if all of our employees adhere to these values and make this the prevailing attitude throughout our agency that our customer relationships will remain positive and will continue to grow in a positive direction in future years.

Category 4 – Measurement, Analysis, and Knowledge Management

4.1 The operations, processes and systems that we measure for financial and operational performance are directly linked to our strategic goals and objectives. We also have the ability to measure and track several forms of data input/output. We use these measurements to reallocate our resources in the event of any deviations in the normal workflow that adversely affects the level of services to our customers.

4.2 The data/information that is collected is made available to all individuals in the decision-making process. We use this data to support the decisions on whether to adopt or not adopt suggestions/recommendations from our customers and employees. All decisions made that affect service to our customers and stakeholders must be supported by data.

4.3 Our key measures are:

- (f) Prompt determination of eligibility
 - number of employers benefiting
 - percentage of claims accepted within 4 yrs of the date of accident
- (g) The expeditious processing of claim payments
 - average number of days to pay claims
- (h) Maintaining reasonable claims cost
 - administrative cost per claim
 - reduction in the annual assessment
- (i) Determine if the Fund is responsible for coverage on Uninsured Employers' Fund claims
 - number of claims where other coverage found
- (j) Recoupment from the employer of monies paid by the Uninsured Employers' Fund

4.4 The determination as to the type of comparative data is based on customer expectations, the desired outcome and the availability of data. The collection and analysis of information is of great importance to our agency. We use information to measure our performance and to determine where process improvements are needed. We use this collection of data to compare our performance to “like agencies” and private industry. It also gives us a “picture” of our agency by comparing past performance with present performance ensuring that we continue to provide world-class service.

4.5 The key data we use to measure performance outcomes and outputs and to use in the decision-making process is contained in one or more of our three automated systems. These systems are our Claims Management System, Basic Accounting Reporting System and the Medical and Indemnity Audit Reduction System. The input of data into these systems is checked by a minimum of two people. The systems also have programmed self-audits that will not allow invalid entries. The data contained in these systems is real time and all reports can be tailored to measure specific areas needed to make sound business decisions.

4.6 Performance reviews of data gathered from the Claims Management System and the Basic Accounting Reporting System are used to identify strengths and opportunities for improvement. With this data we can prioritize our efforts for continuous improvement.

Category 5 – Human Resources

5.1 The Fund’s internal structure consists of four divisions. They are the Claims, Legal, Recoveries and Administrative divisions. Each division manager organizes and manages the workflow in a manner best suited for their division. This allows their employees the flexibility to develop and utilize their full potential. All staff members are empowered to take the initiative to recommend changes to any process or system that will improve performance.

5.2 The Fund uses an informal out-briefing with departing employees and we use comments from current employees through the annual Employee Satisfaction Survey. We have an “open door” policy that allows all employees the opportunity to comment on ways to improve not only human resources process but also any other processes. We are a small agency, which affords us the ability to move quickly when the need for improvement is identified.

5.3 Development and training for our employees is done on an “as needed” basis. Formal training for job skills is provided initially and when refresher training is needed. Informal training pertaining to job performance is done by an employee’s peer with input and guidance from their supervisor.

Senior leaders are graduates of The South Carolina Executive Institute and actively support its ongoing programs.

All employees attend seminars, conferences and workshops that pertain to their area of expertise.

5.4 The EPMS is administered in a fair and timely manner. Staff members are always made aware of their job performance throughout the year. When necessary, they receive guidance and training needed to improve performance. During the planning stage supervisors and employees meet to agree upon job requirements and the expectations of job performance for the coming year.

5.5 We know that our staff members are one of our most important assets. Their well being, satisfaction and development is a high priority. We encourage and motivate employees to their full potential by strongly supporting the pay plans outlined in the State Human Resources Regulation. We have developed internal policies for performance increases, retention increases and additional duties/responsibilities. We have established a universal review date (August 1st) for the Employee Performance Management System (EPMS). All employees are counseled and coached throughout the year to ensure they are fully aware of their job performance and what they need to do to exceed or substantially exceed job requirements. We have established a flexible work schedule policy allowing all staff members the choice of flextime or a compressed work week. We have also initiated a casual dress code for all employees.

The agency's policies and rules are broad and flexible in order to cover all justifiable situations. This encourages an ongoing flow of constructive dialogue with staff members at all levels of the agency. Staff members feel free to discuss work-related problems, opportunities and issues. There is a prevailing sense that "we're all in this together." Staff members feel that their work makes a positive difference in some way and that they are genuinely valued by the agency.

5.6 The Fund monitors employee well being and satisfaction by a variety of measures. Our most effective and primary measure is the Employee Satisfaction Survey. The survey is designed to measure employees' level of satisfaction in several areas. The results are outlined in Category 7. All senior leaders, managers, and supervisors have "open-door" policies and are available to all employees. We have a monthly staff social gathering. This type venue allows for a non-scripted free flow of information and comments both of work and non-work subject matters. Supervisors conduct informal exit briefing with departing employees to determine trends in employee satisfaction.

5.7 The senior leaders and supervisors promote workplace safety and a healthy work environment. The workplace is kept in a high state of maintenance and cleanliness. We occupy leased office space and we maintain a good working relationship with the property manager to ensure a quick response when problems arise.

Category 6 – Process Management

6.1 Managers and supervisors regularly review and monitor the workflow associated with our key process. We have designed internal audits and edits into our Claims Management System to ensure that only valid data can be entered.

6.2 The review of our customer surveys, employee satisfaction surveys, customer and employee focus group and recommendations from our key supplier are factors that cause changes to existing processes or creation of a new process. We continuously monitor all processes/systems to ensure that organizational knowledge, technology, customer and mission related requirements, cost controls, and other efficiency and effectiveness factors are considered if and when changes are needed in process design or delivery. All employees involved in these processes are empowered to make or recommend changes to improve the process based on input from both our internal and external customers.

6.3 The quality and timeliness of our delivery processes are constantly monitored to ensure that we meet or exceed our goals. We have requirements in the EPMS that outlines time limits on job duties to ensure we will meet our objectives. An example of some of these duties are:

- Daily distribution of incoming mail
- Create and distribute new claim files within 5 days of receipt of information
- Monthly claims diary must be complete by month end
- Process of Reimbursement Request Forms within 20 days of receipt

These examples are a few of the duties outlined in the EPMS and show that we have linked the EPMS to our stated goals and objectives and improved customer service.

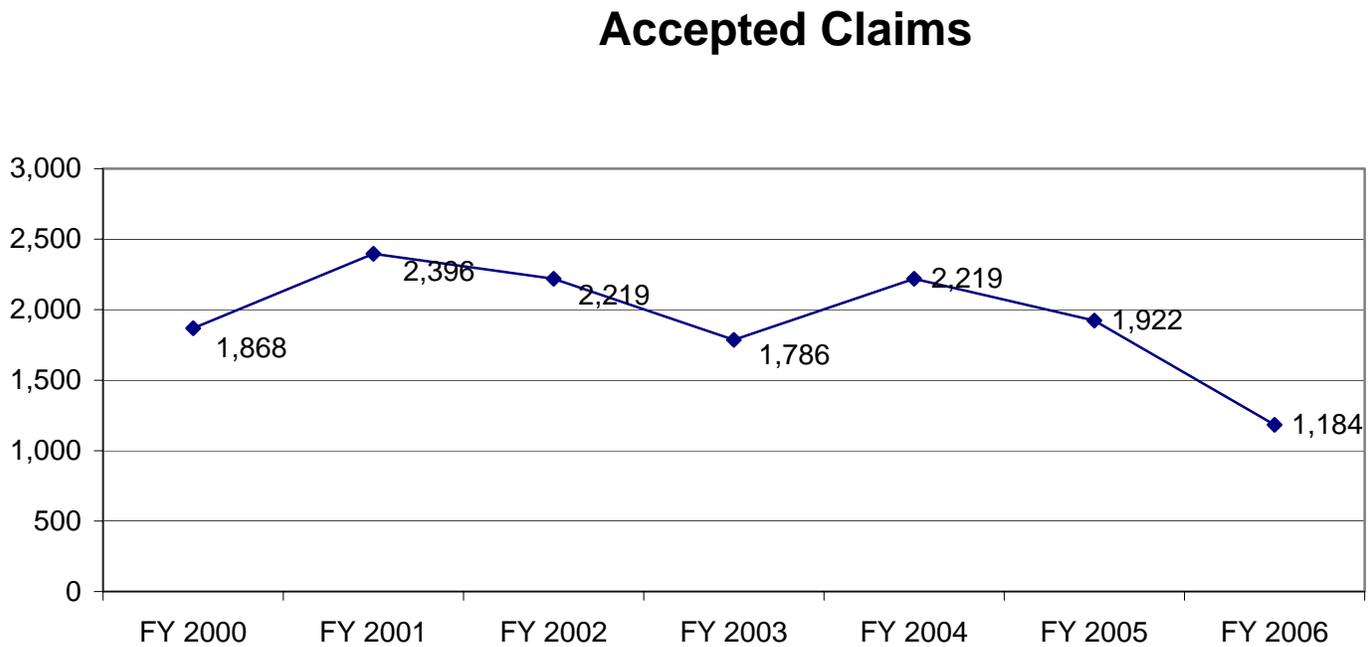
6.4 Senior leaders receive weekly, bi-weekly and month-end reports generated from our Claims Management System, Basic Accounting Reporting System and the Medical and Indemnity Audit Reduction System. They review these reports, along with other information available, to evaluate and, if opportunities are identified, improve our key product and service related processes.

6.5 Our agency has one key support process and that is information technology support. We are a small agency and could not justify the positions needed to manage our IT mission. We have outsourced this support to the Budget and Control Board Division of Chief Information Office (CIO). They maintain our mainframe system and our LAN and WAN. The coordination and cooperation we have with their office is excellent. Based on their recommendations we remain on the “cutting edge” of information technology.

Category 7 – Results

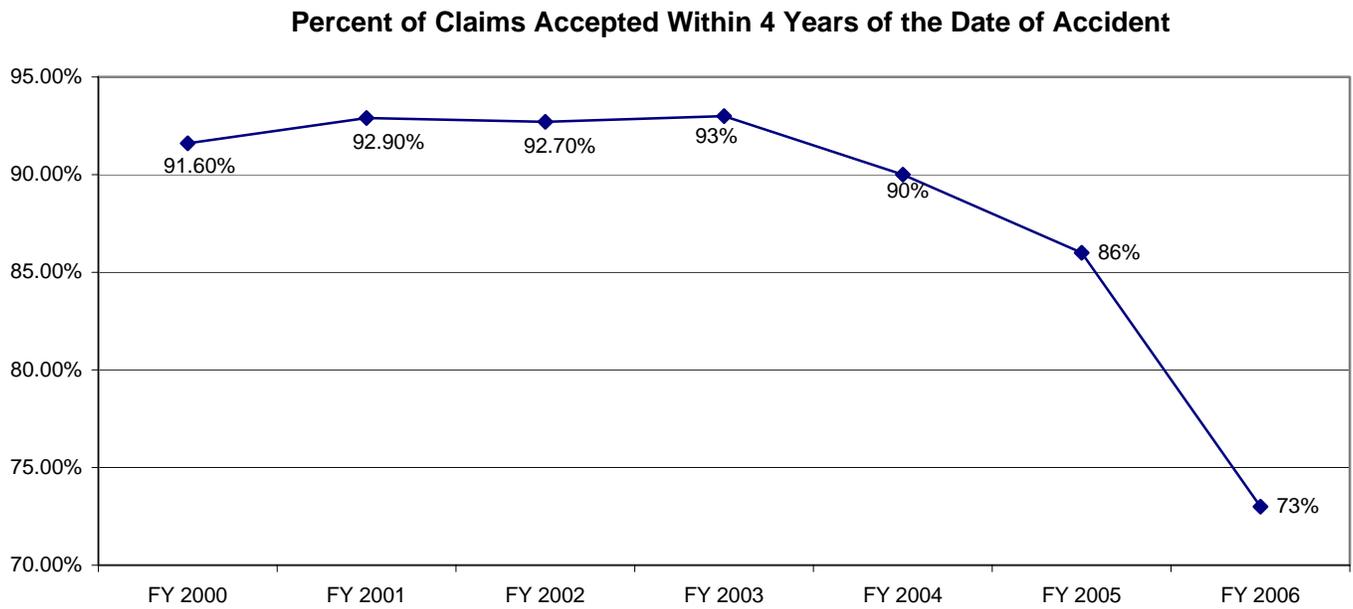
7.1 The Second Injury Fund measures several key trends and performance levels that are related to the accomplishment of our mission. We actively investigate all Second Injury Fund claims to reach a final determination to accept or deny each claim. The results shown in Figure 7.1-1 reflect the number of employers benefiting from this process by the acceptance of their claims.

Figure 7.1-1



Another outcome of our vigorous investigation process is the number of claims we accept for payment within four years of the date of accident. The importance of this measurement is the direct effect it has on the employers' workers' compensation premiums. The National Council on Compensation Insurance (NCCI) determines the experience rating in the overall insurance pricing system. Using both paid and incurred loss data, NCCI goes back a total of four years. When we accept a claim, carriers must lower their reserves to the threshold limits of the Fund ensuring that that accident should not have an adverse effect on the experience rating. Figure 7.1-2 shows 869 of the 1,184 accepted claims in FY 2006 were accepted within four years. This downward trend is caused by carriers reopening claims that are many years old and providing documentation for acceptance.

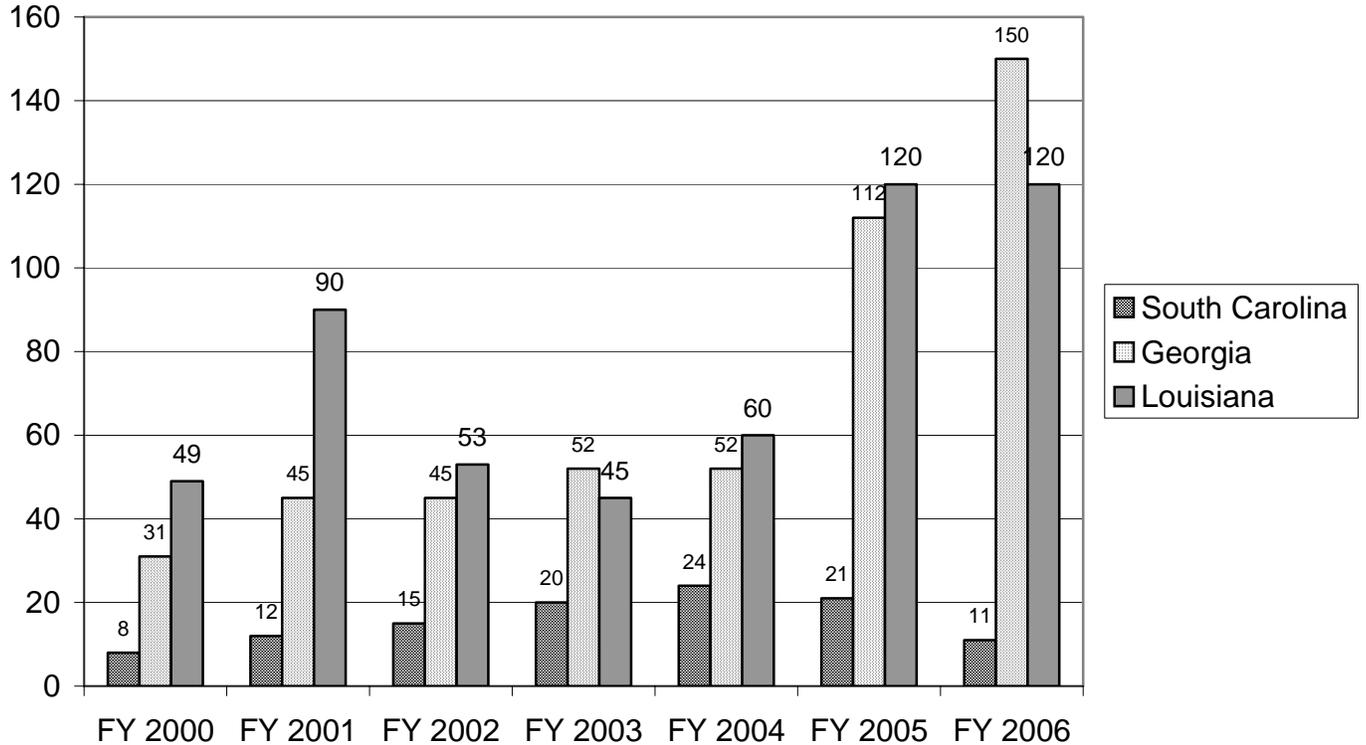
Figure 7.1-2



The Fund measures the number of days needed to process claim reimbursements. We compare our performance with “like” second injury funds in Georgia and Louisiana because their law is very similar to South Carolina Law. As shown in Figure 7.1-3 we have set the standard for the expeditious processing of claim payments.

Figure 7.1-3

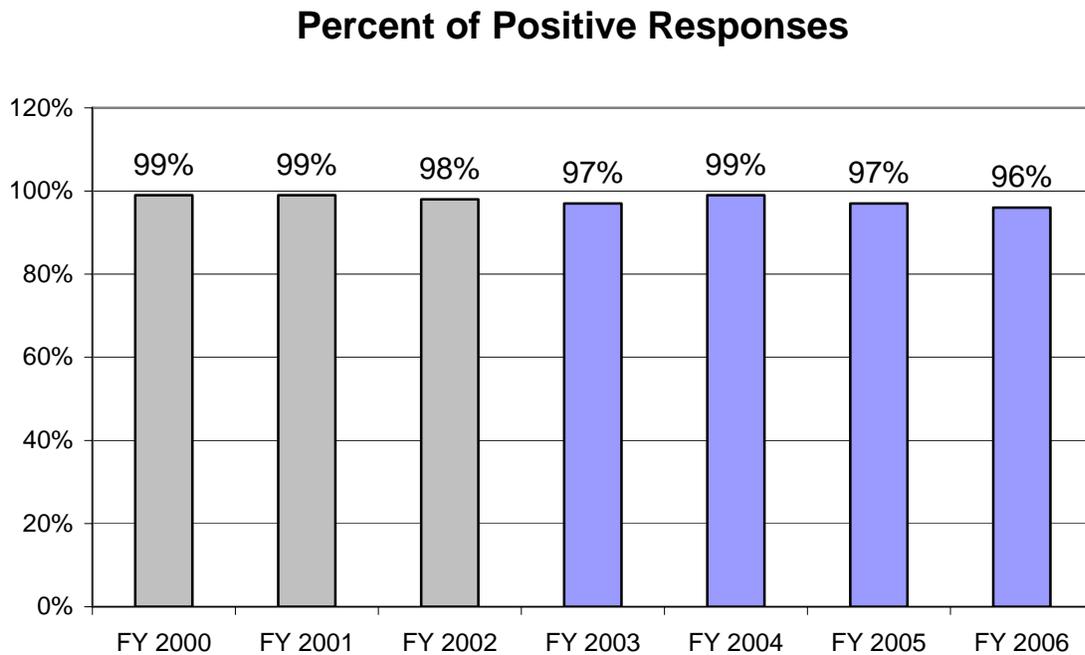
Average Number of Days to Pay Claims



7.2 The Second Injury Fund has conducted an annual customer survey for the last five years to measure customer satisfaction. Customers evaluate our performance using a four point Liker Scale. Additional space is provided for written comments and to answer open-ended questions. We use this information to determine customer expectations and to gather recommendations on improving services. This information is compiled and trends are noted and distributed to all employees.

We use the percentage of positive responses to determine trends. The results for the past seven years are shown in Figure 7.2-1

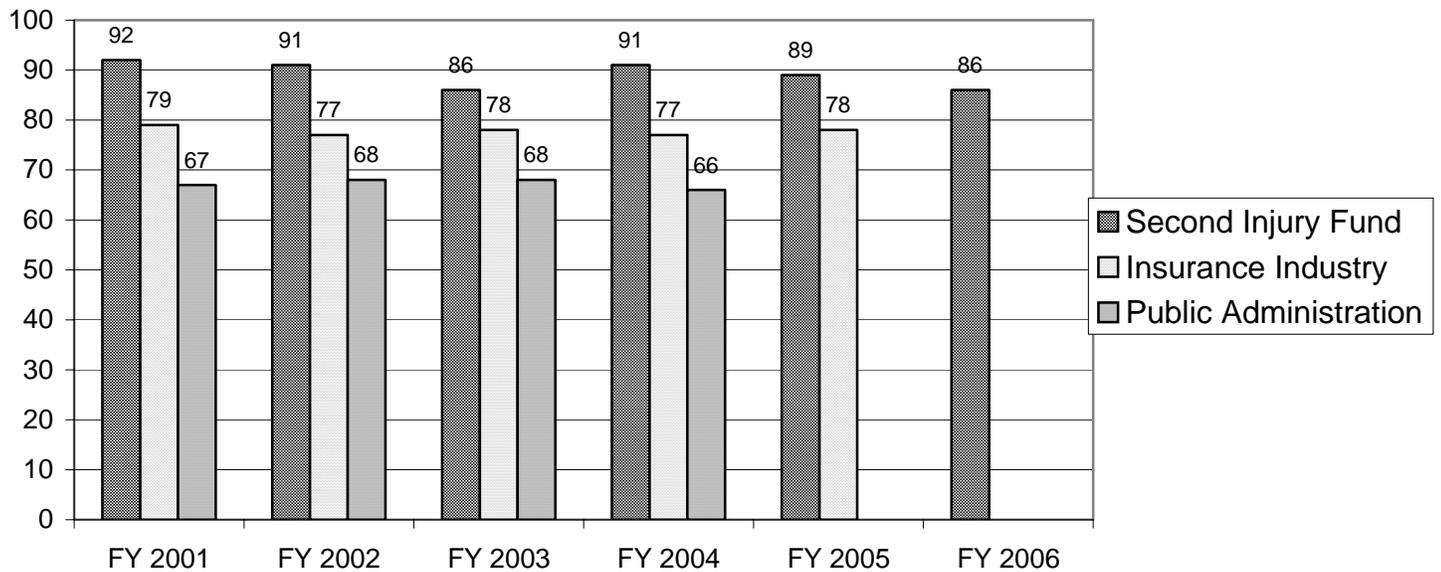
Figure 7.2-1



We compare our customers' satisfaction against the American Customer Satisfaction Index (ACSI) produced by the American Society for Quality. The index is nationally recognized and provides industry specific measures of customer satisfaction. The results of the customer survey are converted to a comparable scale of 0 –100 and then measured against the indexes of the insurance industry and public administration. The results shown in Figure 7.2-2 indicate that the Second Injury Fund is exceeding the ACSI for both comparable industries. ACSI data not available for the Public Administration in FY 2005 and FY 2006 and the Insurance Industry for FY 2006.

Figure 7.2 -2

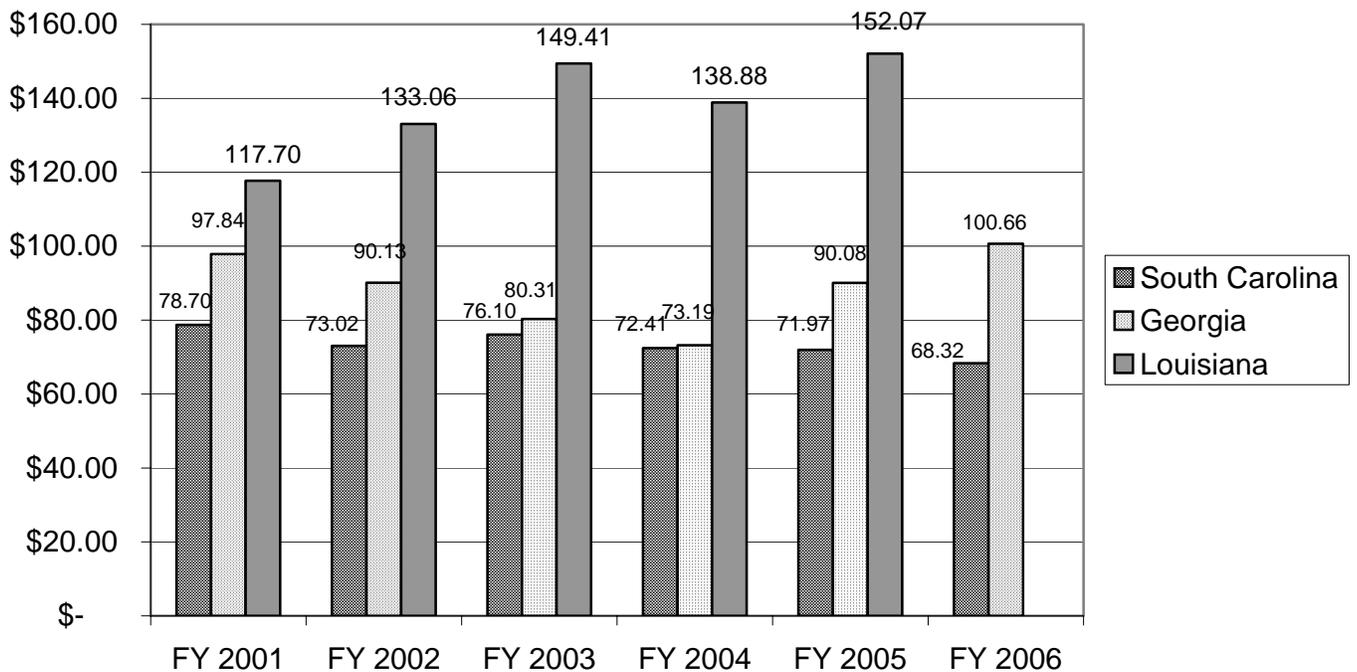
Customer Satisfaction Compared to ACSI



7.3 The financial performance of the Fund is sound. We have not had a major finding on our annual financial audit in the past 15 years. We measure 3 performance levels in this area. Figure 7.3-1 shows the Second Injury Fund's average cost per claim compared to "like" funds from Georgia and Louisiana. Over the past six years we have set the standard. Louisiana data for FY 2006 not available.

Figure 7.3-1

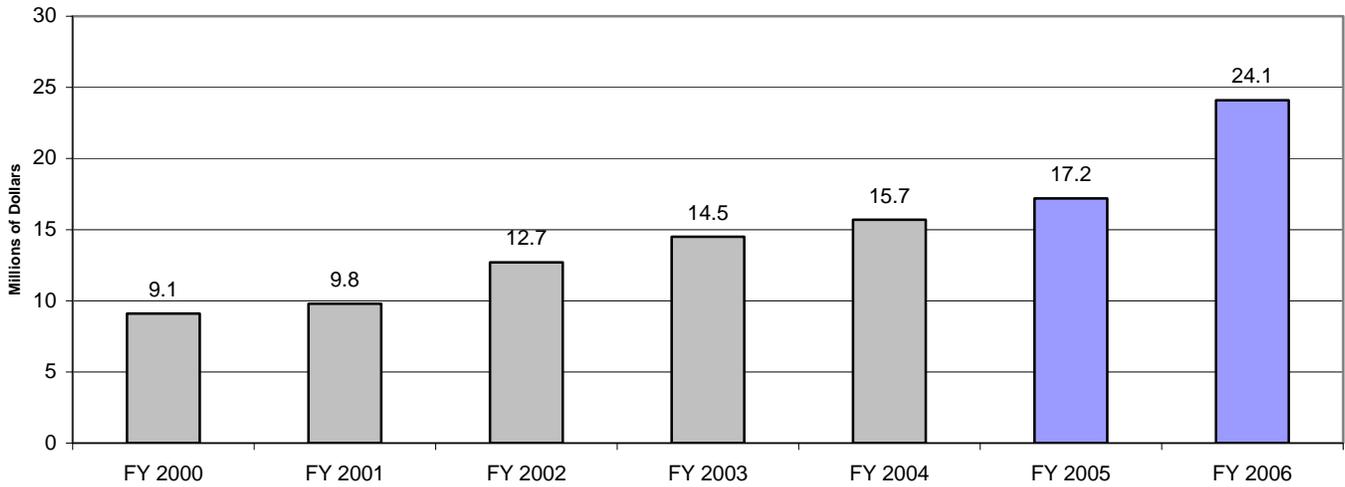
Second Injury Fund Administrative Average Cost per Claim



The second performance level we measure is the savings on the annual assessment caused by our internal review of reimbursements. By ensuring we only reimburse the amounts allowed by the Workers' Compensation Commission Medical Fee schedule and compensation ordered we continue to have a positive effect on the assessment process. Figure 7.3-2 shows that our internal review of reimbursements led to a \$24.1 million reduction in the annual assessment for FY 2006.

Figure 7.3-2

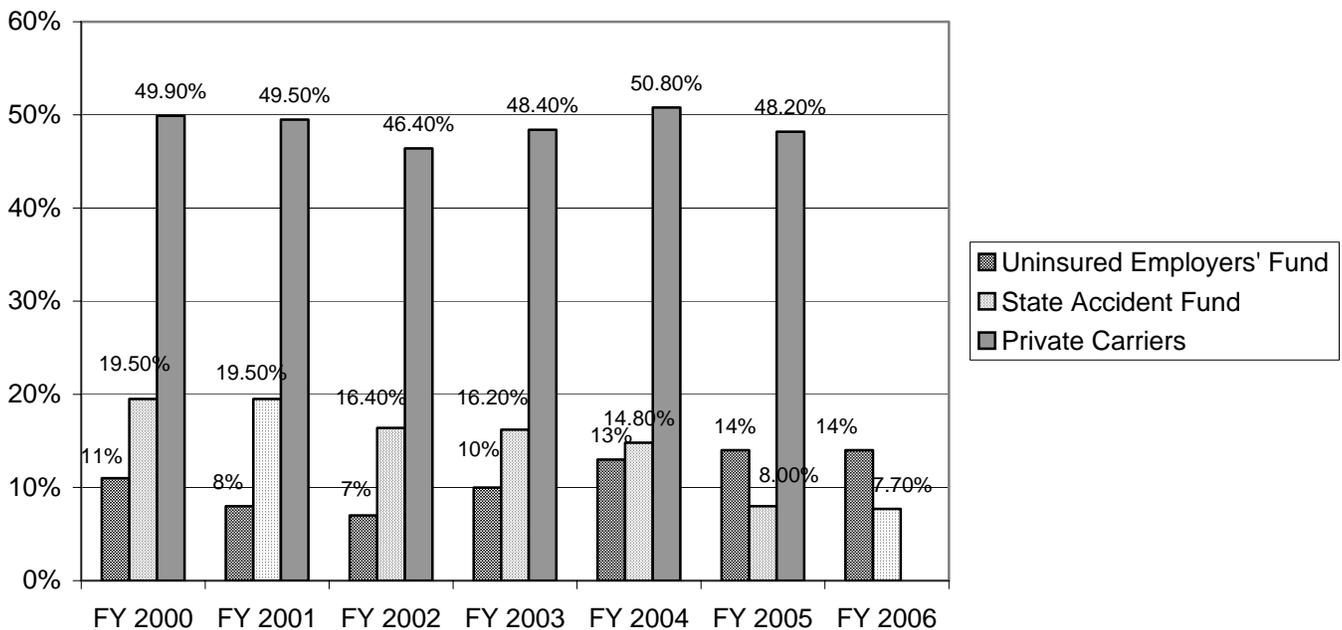
Savings Achieved on Annual Assessment by Administrative Review



The last performance measurement we track is the administrative cost ratio of the Uninsured Employers' Fund. We compare the Fund with private carriers and the State Accident Fund. Figure 7.3-3 reflects that we are meeting our expectations by keeping our cost ratio lower than that of the industry. FY 2006 data for private carriers is not available.

Figure 7.3-3

Uninsured Employers' Fund Administrative Cost Ratio



7.4 The Fund conducts an annual Employee Satisfaction Survey. This survey has been used for three years. The results of the questions that deal with the employee satisfaction are shown below in figures 7.4-1 and 7.4-2

Figure 7.4-1

Percentage of Employees Who Ranked the Agency's Work Environment as "Better Than Most" or "Best"

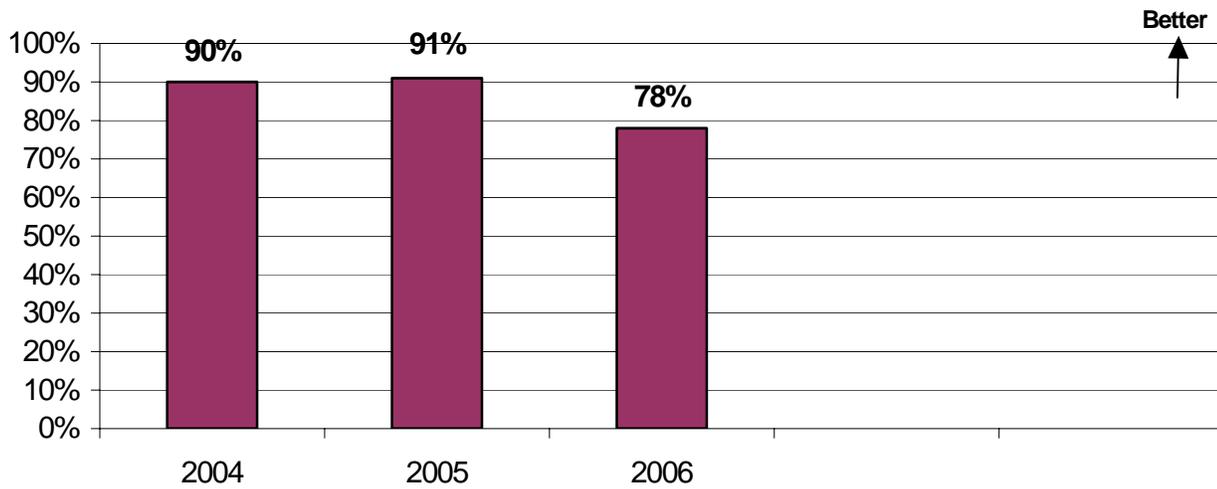
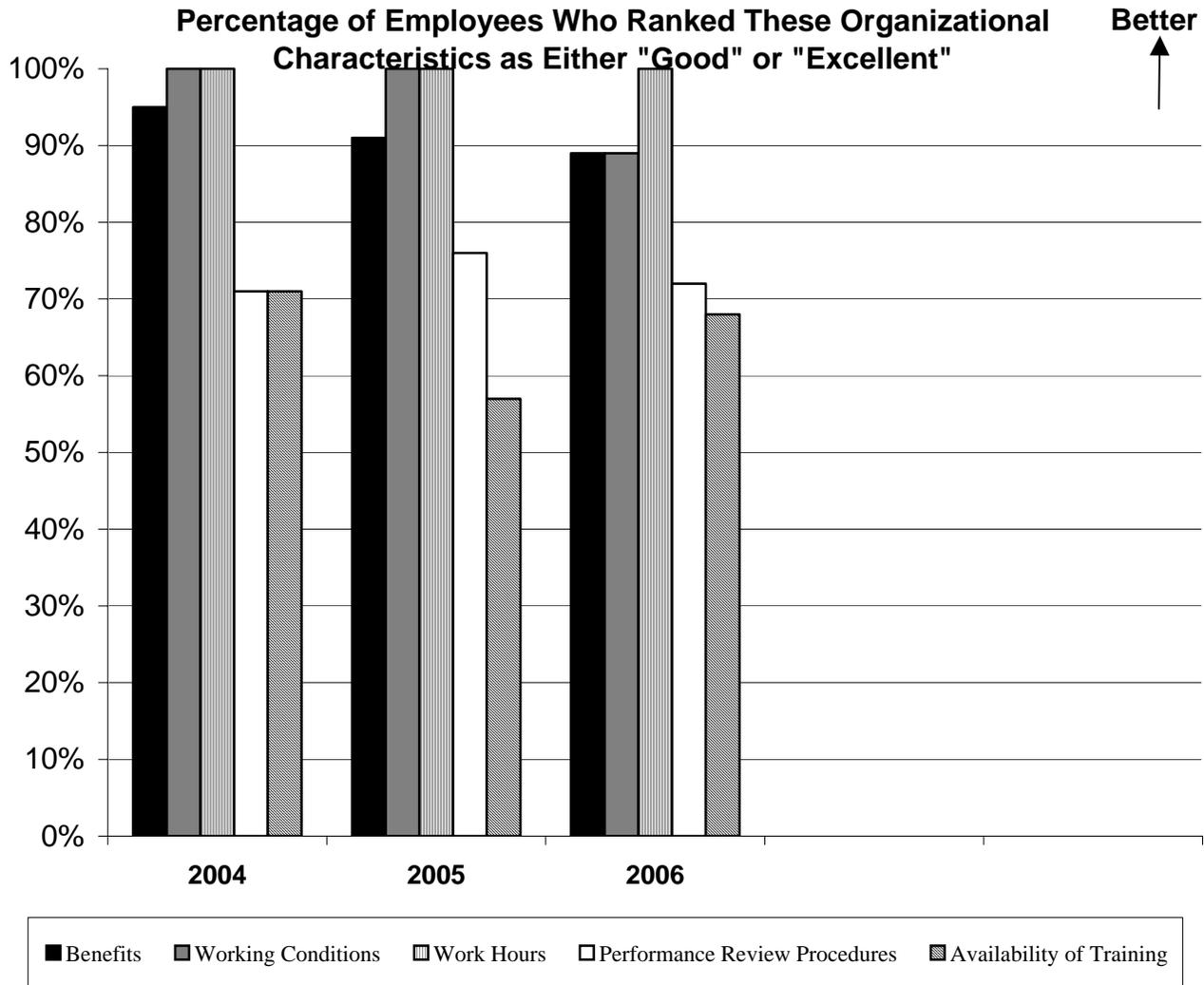


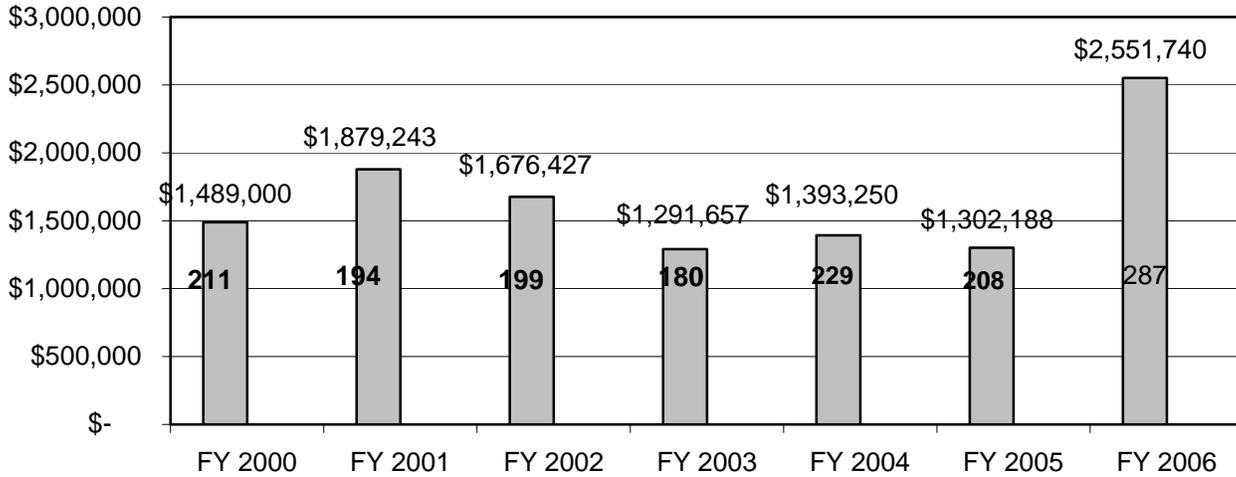
Figure 7.4-2



7.5 The Fund measures two performance levels as to our regulatory requirements. We must actively investigate all Uninsured Employers' Fund claims to ensure no other coverage is available to pay benefits to the injured employee, saving the Fund from these payments. Figure 7.5-1 shows the amount of funds saved by the investigation process that found 287 claims with other coverage.

Figure 7.5-1

Savings from Other Coverage Found



The second regulatory requirement we measure is the amount of Uninsured Employers’ Fund benefits and costs recouped on claims paid. These recoupments are from employers that were in violation of the Workers’ Compensation Act. Figure 7.5-2 shows our performance over the past seven years. We believe the shortfall in total recoupments for FY 2006 is directly affected by the economy as reflective of uninsured employers that go out of business, file bankruptcy or become otherwise judgment proof.

Figure 7.5-2

Benefits and Costs Recouped

