
During the fiscal year ended June 30, 2018, Staff concluded roughly the same number of applications that they have in each of the preceding two years:

Annual Period Ended 6/30/2018

51 Applications Concluded (16 NSCDR and 35 SCDR):

- 24 Staff Recommendations for Approval
 - 1 Proposed Decision for Approval
- 18 Proposed Decisions for Denial
- 8 Withdrawn Applications

Average Processing Time: 1 Year, 7 Months

In comparison to recent years, however, staff recommendations were down slightly, while average processing times continued to show steady improvement:

Annual Period Ended 6/30/2017

56 Applications Concluded (18 NSCDR and 38 SCDR):

- 30 Staff Recommendations for Approval*
 - 0 Proposed Decisions for Approval
- 17 Proposed Decisions for Denial*
- 9 Withdrawn Applications

Average Processing Time: 1 Year, 9 Months

Annual Period Ended 6/30/2016

50 Applications Concluded (16 NSCDR and 34 SCDR):

- 21 Staff Recommendations for Approval
 - 2 Proposed Decisions for Approval
- 23 Proposed Decisions for Denial*
- 4 Withdrawn Applications

Average Processing Time: 2 Years, 0 Months

To explain the steady output during the years under review and the decreasing processing times, Staff noted that more applications are being withdrawn ahead of hearing than in past years. More importantly, SCERS recently engaged a Medical Advisor to review applicant records and offer clinical analysis to support or refute individual benefit requests. In February 2016, the General Counsel obtained approval to contract with an external Medical Advisor and, in May 2016, the Chief Benefits Officer began routing applications to the current Medical Advisor.

OBSERVATIONS

As indicated, the number of applications resolved by staff recommendations during the past fiscal year was in line with recent fiscal years. This trend was accompanied by a continued shift in production away from the Chief Benefits Officer and toward subordinate staff.

Applications Processed by Staff & Submitted with Recommendations for Approval

- 1 Staff Recommendation by Chief Benefits Officer
Average Processing Time: 1 Year, 7 Months
- 12 Staff Recommendation by Disability Specialist "A"
Avg. Processing Time: 1 Year, 2 Months
- 11 Staff Recommendation by Disability Specialist "B"
Avg. Processing Time: 0 Years, 10 Months

Going forward, the shift in production and change in certain work assignments, as well as the implementation of new Disability Retirement Procedures and the development of new benefit publications and new processing expectations, should yield a higher number of staff recommendations in coming years.

For the fiscal year ended June 30, 2018, the number of applications that were not adequately supported by medical evidence and, thus, scheduled for hearing (as required by the Bylaws still in effect for 2018) produced a higher number of proposed decisions. As shown below, however, the difference in average processing or adjudication times among SCERS' legal service providers was much larger than what had been observed in prior fiscal years:

Applications Adjudicated & Resolved by Proposed Decision during Fiscal Year

- 12 Proposed Decisions Procured by County Counsel (1 Approval, 11 Denials)
Average Processing Time: 3 Years, 3 Months
- 7 Proposed Decisions Procured by Outside Counsel "A" (0 Approvals, 7 Denials)
Average Processing Time: 1 Year, 8 Months

In addition to the proposed decisions reviewed above, these legal service providers represented SCERS in a number of pre-hearing processes, which concluded when applicants elected to withdraw their applications "with prejudice" (meaning that each one of the affected applicants was precluded from filing another application for the same injury or condition at a future point in time). For reference, County Counsel arranged for two applicants to withdraw in lieu of attending hearing and outside counsel arranged for two other applicants to withdraw under the same circumstances.

As the Board is aware from experience and from reports prepared for prior fiscal years, Staff continue to work on cases in which the timeframe required for hearing is affected by factors beyond SCERS' control. While it is anticipated that the Disability Retirement Procedures shared with the Board in June 2018 will reduce the frequency and scale of applicant-based delays, Staff will continue to monitor adjudication times and modify the procedures as needed to achieve fair and timely outcomes for all parties.

OPPORTUNITIES & CHALLENGES

Staff is working to finalize a new application, new resource materials, and new member communications, all of which will reflect the process changes embedded in the Disability Retirement Procedures. As these items are deployed in the coming weeks, Staff expects to see ongoing improvement in processing times and a significant reduction in hearings, since they will

no longer be required in order to deny disability retirement applications that are not supported by a preponderance of the medical evidence.

As the referenced materials are finalized and released to applicants, Staff will need to become accustomed to a new set of deliverables and deadlines. In doing so, Staff will also need to become accustomed to submitting a higher number of action items for consideration by the Board each month. To ensure that these new procedures are a success and that SCERS delivers on a greater number of commitments to disability retirement applicants, Staff will need to monitor workflow regularly and leverage new tools and applications, including a new database that will consider disability retirement data logged for the past 12 years and expand internal tracking and reporting capabilities.

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