SORM
State Office of Risk Management

State Office of Risk Management
PRAEPARARE
PRAESIDERE
PERSTARE
Est. MCMXCVII
TEXAS

BOARD OF DIRECTORS'
MEETING AGENDA
January 19, 2021

SORM
State Office of Risk Management

300 W. 15TH, AUSTIN, TEXAS 78701 / P.O. BOX 13777, AUSTIN, TEXAS 78711-3777
(512) 475-1440, FAX (512) 370-9025 / WWW.SORM.TEXAS.GOV

Virtual Public Meeting
Board of Directors
January 19, 2021, 9:30 a.m.
William P. Clements Building, Room 604F
Austin, Texas

1. Call to order, roll call, and recognition of a quorum

2. Consideration and possible action to excuse previous board member absences

3. Approval of the minutes from the October 6, 2020, meeting

4. Presentation and discussion of Agency Operations Report

5. New business

    5.1 Presentation, discussion, and possible action regarding the Board Governance Manual

6. Old business

7. Public comment*

8. Discussion and possible action on future meeting dates

9. Adjournment

Individuals who may require auxiliary aids or services for this meeting should contact Audrea Blake at (512) 936-1564 or audrea.blake@sorm.texas.gov at least two days prior to the meeting so that appropriate arrangements can be made.

*All public comments must be emailed to Ms. Blake by noon the day prior to the meeting. In the subject line of your email, please include the meeting date and topic of your comment. All comments received by this deadline will be read or summarized at the meeting and included in full to the official record of the meeting.

SORM

State Office of Risk Management

300 W. 15TH, AUSTIN, TEXAS 78701 / P.O. BOX 13777, AUSTIN, TEXAS 78711-3777
(512) 475-1440, FAX (512) 370-9025 / WWW.SORM.TEXAS.GOV

BOARD MEMBERS	DATES OF TERM	HOMETOWN
Lloyd Garland, M.D., Chair	02/01/2025	Lubbock
Honorable Ricardo Galindo III	02/01/2025	San Antonio
Rosemary Gammon, PAHM	02/01/2021	Plano
Tomas Gonzalez	02/01/2023	El Paso
Gerald Ladner	02/01/2021	Austin

1.   **Call to order, roll call and recognition of a quorum**

Information

The Chair:

1. Calls the meeting to order;
2. Identifies the board members present.

Action Required

The Chair recognizes a quorum is established.

SORM

State Office of Risk Management

300 W. 15TH, AUSTIN, TEXAS 78701 / P.O. BOX 13777, AUSTIN, TEXAS 78711-3777
(512) 475-1440, FAX (512) 370-9025 / WWW.SORM.TEXAS.GOV

2.   Consideration and possible action to excuse previous board member absences

Information

Board member absences may be excused for good cause as determined by the Board.

Action Required

The Chair may entertain a motion for consideration and possible action to excuse previous absences, if any.

SORM

State Office of Risk Management

300 W. 15TH, AUSTIN, TEXAS 78701 / P.O. BOX 13777, AUSTIN, TEXAS 78711-3777
(512) 475-1440, FAX (512) 370-9025 / WWW.SORM.TEXAS.GOV

3.   **Approval of the minutes from the October 6, 2020, meeting**

Information

Attached are the minutes from the October 6, 2020, meeting.

Action Required

The Chair may entertain a motion for approval of the minutes, with any amendments.

Minutes of the Public Meeting
on
October 6, 2020

The following Board of Directors meeting was conducted via Zoom during the COVID-19 quarantine.

Board Members Lloyd Garland (Chair), Gerald Ladner, Rosemary Gammon, Ricardo Galindo, and Tomas Gonzalez (joined at 10:07am).

Item 1.   Board Chair Garland called the public meeting to order at 9:33 a.m. on October 6, 2020. Board Chair Garland recognized Members present. A quorum was established.

Item 2.   No previous absences requiring action.

Item 3.   Board Chair Garland asked for any comments or changes to the Minutes of the July 14, 2020, meeting. Hearing no changes, Board Member Ladner moved to accept. Board Member Gammon seconded the motion, which carried without objection (4-0 vote).

Item 4.   Agency Operations Report:

Stephen Vollbrecht (Executive Director and State Risk Manager) introduced the Executive Administration section of the Agency Operations Report (AOR) including the new format. He also addressed the COVID-19 response in/out of the office and gave updates to the Risk Management Information System (RMIS), Sunset recommendations, Return-to-Site guidelines, and ISO Enterprise Risk. Todd Holt (Deputy Executive Director) and Keith Despain (Director of Project Management) presented an update on project framework and current activities including Origami Risk contract and statement of work. Mr. Holt introduced Shelby Hyman (Director of Public Relations) to inform on recent correspondence with the Governor's Office and an update to Sunset Commission directives, training, and introduced a new trainer. Stuart B. Cargile (Chief of Internal Operations) and Linda Griffin (Director of Talent Management) introduced new employees, provided a list of current vacancies, updates to turnover, and internal transfers/promotions. Mr. Cargile introduced Lori Shaw (Director of Financial Management and Chief Financial Officer), to present the administrative and claim budgets with projected costs once claim files mature and indemnity bills processed. Mr. Cargile introduced Leo Ramirez (Director of Information Technology) to give an update on current projects, including cybersecurity posture/policies, anticipated activity, and vulnerabilities. Different forums/groups were discussed. James Cox (Chief of Strategic Programs) with Nick Witkowski (Interim Director of Enterprise Risk) presented an update on Risk Management visit counts (in-person and virtual) and recommendations made, COOP program, and the Statewide Insurance Program. Mr. Cox introduced Lydia Scranton

(Director of Claims Operations) to provide an update on current workers' compensation claims with a focus on COVID-19 claims, Task Force, the Performance Based Oversight (PBO) audit, and Data Call put in place. Deea Western (General Counsel and Chief of Legal Services) and Tshau Todman (Director of Indemnity Quality Assurance) presented an update on indemnity files. Ms. Western, on behalf of Janine Lyckman (Director of Medical Quality Assurance), provided an update on vendor changes, update on costs, and medical fee disputes. Ms. Western then introduced Red Tripp (Director of Litigation Management) to provide an update on current litigation, fraud, and subrogation. To conclude, Ms. Western provided an update for Compliance Management regarding the Insurance Support Services Request for Proposal (RFP), handbook, cybersecurity training, and vendor performance ratings. Staff heard comments, tasks, and answered questions from the Board.

Item 5.   New Business:

     5.1   Darlene Brown, McConnell & Jones Internal Audit, presented the Fiscal Year 2020 Internal Audit Report on Legal Services with a focus on the new Compliance Management Department.

     5.2   Ms. Brown also presented the Fiscal Year 2021 Internal Audit Plan for the Risk Management Information System (RMIS) implementation process.

Board Member Ladner moved acceptance of the Fiscal Year 2020 Internal Audit Report and the Fiscal Year 2021 Internal Audit Plan. Board Member Gonzalez seconded the motion, which carried without objection (5-0 vote).

     5.3   Ms. Western presented status on current Insurance Support Services contracts and November expiration date. Discussion on proposed pool of brokers for insurance lines and ancillary services. Staff heard comments from the Board and answered questions. Board Member Gammon moved to allow staff to negotiate contracts. Board Member Ladner seconded the motion, which carried without objection (5-0 vote).

     5.4   Ms. Western also presented background and updated Board Training Manual. Instructions will be sent to Board when training is due. No action is needed.

Item 6.   Old Business.

     6.1   Board Member Gammon asked status of requested Network vs. Non-Network report. Staff heard comments and answered questions from the Board and will report back.

Item 7.   No Public Comment. Staff heard comments from the Board on leadership training.

Item 8.   Future Meeting Dates. Discussion on suggested dates for the next Board meeting. Board Chair Garland set January 19, 2021, as the next tentative in-person/Zoom meeting date with a back-up of January 26, 2021.

Item 9.   Board Chair Garland adjourned the meeting at 11:07 a.m.

SORM

State Office of Risk Management

300 W. 15TH, AUSTIN, TEXAS 78701 / P.O. BOX 13777, AUSTIN, TEXAS 78711-3777
(512) 475-1440, FAX (512) 370-9025 / WWW.SORM.TEXAS.GOV

4. **Presentation and discussion of Agency Operations Report**

Presentation of division reports

Information

Management will be available to summarize agency and division activities and provide additional information requested by the Board.

Board identification of key metrics or other components for inclusion or removal in subsequent reports.

Action Required

No official action required.

AGENCY OPERATIONS REPORT FY21Q1
TO THE
SORM BOARD OF DIRECTORS

January 19, 2021

EXECUTIVE OFFICE

I. RISK MANAGEMENT INFORMATION SYSTEM
- Initiative Progress: Completed vendor kick-off meeting and assigned implementation team. Resource allocation for IT-focused support is in place, as well as formal SORM Project Change Management process with authorities.

II. SELECTED PROJECTS
- Statutory Board Training: 80% complete (as of date of AOR distribution date).
- Board Request on Medical Data Analysis: Completed with additional elements under review and consideration.
- Risk Management Guidelines Advisory Council: Target of July 2021 for Board review and approval of the guidelines (final remaining Sunset recommendation).
- Biennial Report: Includes specific considerations regarding future self-insured retention (SIR) development with a hybrid IR system in active consideration by property program advisory committee.
- Internal restructuring: All Enterprise Risk personnel are now recognized as Enterprise Risk Specialists with designations (Risk Management, Insurance Services, Continuity Operations); new reallocated resource unit authorized within Indemnity Quality Assurance (IQA - Legal Services) focusing on clean claim bill review.

III. COVID-19 RESPONSE
- Return-to-Site: A staged transition plan was executed effective October 5, 2020 and extended per current conditions until March 01, 2021 (full expiration on April 05, 2021), subject to revision and further notice. Telework options as appropriate will be retained and further process redesigns under active development in concert with system and infrastructure implementations. All safety protocols remain in full force and effect.
- Strategic Task Forces: Continued indefinitely, subject to activation, during the current operational conditions.

PROJECT MANAGEMENT

I. RMIS IMPLEMENTATION PROJECT UPDATE

A. PROJECT INITIATION PHASE

During FY21Q1, the Project Management department completed the project initiation phase for the RMIS project. The Office executed the contract with Origami and are governing the project via the authorized Statement of Work.

B. PROJECT PLANNING PHASE

The Project Planning Phase was initiated in FY21Q1 and is currently in process. The project planning consists of six phases with Phase 1 activity concluding in FY21Q2. Planning for the remaining five project phases will start at different times throughout the implementation period. During Phase 1, SORM IT delivered to Origami the RMIS and CMS data and are working to prepare distribution of additional data content that is external to RMIS and CMS. We conducted the initial discovery sessions with Origami where each business unit participated in question and answer discussions focused on business unit activity. These sessions will be used by Origami as they embark on the initial configurations of our Phase 1 scope. Origami is also in the process of completing data analysis to identify any data inconsistency and conduct any data cleanup prior to starting the data conversion activity.

C. PROJECT EXECUTION

Phase 1 of Project Execution also began during FY21Q1. The execution phase of the project will consist of the build-out and configurations of our new Origami environment, as well as the data conversion. We will conduct a detailed gap analysis throughout the course of this activity as we are exposed to the Origami environment and experience hands on activity. The gap analysis may identify some business requirements that the Office could need that are not offered in the Origami Statement of Work. In these cases, Executive Council will work with Origami to identify and implement best solutions to address critical business gaps and will follow change management guidelines we have approved for the project.

D. PROJECT MONITOR AND CONTROL

During FY21Q1, we initiated the project Monitor and Control activity. We have established a project repository where the project artifacts utilized to facilitate this activity are stored and maintained. Artifacts include but are not limited to:

- Meeting Agendas and Meeting Minutes
- Project Status Reports
- Working Project Register which contains:
    - Project Roles and Responsibilities
    - Key Deliverables
    - Implementation Schedule
    - Risk Log
    - Issue Log
    - Project Change Management Log
    - Question Log
    - Lessons Learned & Notes Log

Project Management Quarterly Statistics

		Opened	Complete	Withdrawn	In Progress	On Hold	Pending Approval	Not Started
FY19	Prior to FY20Q1	7	0	1	0	1	0	0
FY20	Q1	59	6	5	10	10	1	8
	Q2	24	24	0	2	2	1	0
	Q3	21	17	0	5	1	0	0
	Q4	7	17	1	0	1	1	1
FY21	Q1	22	6	6	8	0	0	4
	Q2	1	1	0	1	0	0	0
	Q3	0	0	0	0	0	0	0
	Q4	0	0	0	0	0	0	0
	Total	141	71	13	26	15	3	13

PUBLIC RELATIONS

I.   TRAINING

During FY21Q1, Public Relations continued to focus on translating classroom-based training to a virtual platform, and test-launched the first external training course on the Learning Management System (LMS). While the class is still in the final stages of post-production, this marks a milestone for the Office in the evolution of SORM training and allows for additional flexibility to support our client agencies' training needs.

Agency Training for FY21Q1

Virtual Course Name	Classes Taught	Students
Additional Duty Safety Officer (ADSO) Orientation	1	2
Driving Safety	6	643
Personal Safety and Situational Awareness	1	9
Workers' Compensation Claims Coordinator Training	1	40
TOTAL	**9**	**694**

II. STATEWIDE CONTINUITY OF OPERATIONS (COOP) PROGRAM

At the end of FY20Q4, the Director of Public Relations was assigned as the COOP Task Force Leader to support the Continuity of Operations Unit. The unit underwent an in-depth business analysis to evaluate approaches to achieving our statutory missions.

COOP Activity for FY21Q1

COOP Plan Evaluations	6
COOP Exercise Evaluation	2

COOP Recommendations for FY21Q1

Administrative	3
Budgeting and Acquisition	2
Continuity Standards	1
Essential Functions	5

III. PUBLIC RELATIONS OUTREACH

The Office's Public Relations Liaison received media and legislative inquiries regarding SORM's response to COVID-19 workers' compensation claims. We are also in the process of tracking any proposed bills that could potentially affect the Office during the upcoming legislative session.

CANADA
495 views

UNITED KINGDOM
413 views

UNITED STATES
13,977 views

AUSTRALIA
125 views
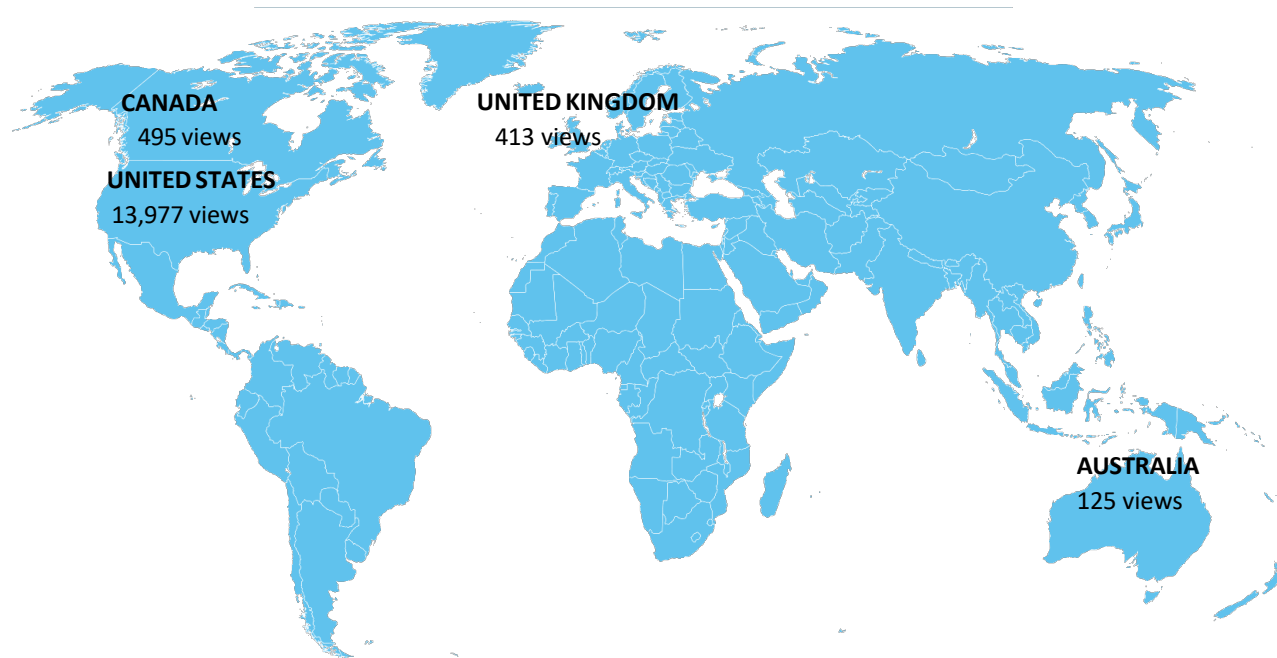
FY21Q1 TOP 3 VIDEOS

How to Survive an Active Shooter	6,717 views
How to Prevent Heated-Related Illness	2,059 views
Same Level Slips, Trips and Falls	2,007 views

FY21Q1 TOTAL

Total views	19,761

FY21Q1 TOP 5 US STATES

State	Views
Florida	1,624
California	316
Texas	290
New York	128
Wisconsin	114

TALENT MANAGEMENT

New Hires	Vacancies
Hannah Jones, Receptionist	Director of Compliance Management
Clarisa Lenhart, Web Systems Administrator	Data Manager
Carolyn Regimand, Talent Coordinator	Enterprise Risk Specialist, Insurance Services
Nick Searcy, Receptionist	Enterprise Risk Specialist, Risk Management
Selena Villarreal, Medical Clean Bill Analyst	Enterprise Risk Specialist, Continuity Operations
Jackie Zeppa, Adjuster	Programmer
	Adjuster
	Document Specialist

Annual Turnover Rates

FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
20%	14%	23%	20%	19%	19%	16%	8%	10%	16%	18%	21%	10%	15%	16%	17%	16%	14%	15%	14%

* ANNUALIZED

6

NEW HIRES

Hannah Jones

Receptionist

STATE OFFICE OF RISK MANAGEMENT

PRAEPARARE
PRAESIDERE
PERSTARE

Est. MCMXCVII

TEXAS

Clarisa Lenhart

Web Systems Administrator

Carolyn Regimand

Talent Coordinator

Nick Searcy

Receptionist

Selena Villarreal

Medical Clean Bill Analyst

Jackie Zeppa

Adjuster

ON THE MOVE

Emily Busby

Johnny Free

Monica Ramos

Sarah Thompson

John Watts

INTERNAL OPERATIONS

TALENT MANAGEMENT

New Hires	Vacancies
Hannah Jones, Receptionist	Director of Compliance Management
Clarisa Lenhart, Web Systems Administrator	Data Manager
Carolyn Regimand, Talent Coordinator	Enterprise Risk Specialist, Insurance Services
Nick Searcy, Receptionist	Enterprise Risk Specialist, Risk Management
Selena Villarreal, Medical Clean Bill Analyst	Enterprise Risk Specialist, Continuity Operations
Jackie Zeppa, Adjuster	Programmer
	Adjuster
	Document Specialist

Annual Turnover Rates

FY02 20%, FY03 14%, FY04 23%, FY05 20%, FY06 19%, FY07 19%, FY08 16%, FY09 8%, FY10 10%, FY11 16%, FY12 18%, FY13 21%, FY14 10%, FY15 15%, FY16 16%, FY17 17%, FY18 16%, FY19 14%, FY20 15%, FY21 14%

* ANNUALIZED

FINANCIAL MANAGEMENT

FY21 AGENCY (CONSOLIDATED) BUDGET
November 30, 2020

Objects of Expense	Initial Budget:	Adjustments Transfers (+ In, - Out)	Revised Budget:	Expenditures Year to Date @ 11/30/2020	Encumbrances @ 11/30/2020	Remaining Budget @ 11/30/2020	Unpaid Expenses Incurred	Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Salaries & Wages	7,557,391	0	7,557,391	1,166,260	0	6,391,131	580,650	23.1%	25.0%
Other Personnel Costs	250,000	0	250,000	56,572	0	193,428	18,131	29.9%	25.0%
Professional Services	1,750,000	(250,000)	1,500,000	54,560	1,012,079	433,361	186,360	16.1%	25.0%
Consumable Supplies	38,434	0	38,434	6,209	60	32,165	12,241	48.0%	25.0%
Utilities	6,058	0	6,058	345	3,810	1,904	453	13.2%	25.0%
Travel	125,000	0	125,000	3,627	0	121,373	10	2.9%	25.0%
Rental of Space	720	0	720	0	0	720	0	0.0%	25.0%
Rental of Equipment	24,000	0	24,000	0	19,232	4,768	1,748	7.3%	25.0%
Operating Costs	1,977,341	(773,594)	1,203,747	859,611	17,305	326,831	56,403	76.1%	25.0%
Capital Expenditures	250,000	1,547,188	1,797,188	637,776	295,804	863,608	0	35.5%	25.0%
Total	11,978,944	523,594	12,502,538	2,784,960	1,348,290	8,369,289	855,996	29.1%	25.0%

| Objects of Expense	Initial Budget:	Adjustments Transfers (+ In, - Out)	Revised Budget:	Expenditures Year to Date @ 11/30/2020		Remaining Budget @ 11/30/2020		Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Indemnity	19,148,834		19,148,834	4,265,490		14,883,344		22.3%	25.0%
Medical	21,418,916		21,418,916	4,354,141		17,064,775		20.3%	25.0%
Total Exps.	40,567,750	0	40,567,750	8,619,631		31,948,119		21.2%	25.0%
Subrogation and Restitution	(567,750)	0	(567,750)	(159,387)		(408,363)		28.1%	25.0%
Net Total	40,000,000	0	40,000,000	8,460,244		31,539,756		21.2%	25.0%

FY21Q1 PROJECTION

	Actual Costs as of 12/31/20 12 Months	Based on even distribution	Based on 15 year avg. (FY2006 - FY2020)	Based on 10 year avg. (FY2011 - FY2020)	Based on 5 year avg. (FY2016 - FY2020)	Worst Case Assumed
indemnity		33.42%	34.22%	33.76%	33.68%	33.42%
medical		33.42%	34.55%	35.49%	36.37%	33.42%
recovery		33.42%	38.59%	34.14%	35.97%	100.00%

FY21 Projections

indemnity	5,768,752	17,258,971	16,857,799.83	17,086,101	17,126,315	17,258,971
medical	5,980,825	17,893,452	17,309,347.99	16,854,186	16,442,178	17,893,452
recovery	(159,407)	(476,913)	(413,077)	(466,907)	(443,137)	(159,407)
	11,590,170	34,675,509	33,754,071	33,473,380	33,125,356	34,993,016

Average of four different projection bases and "worst case" — **34,004,266**

gross costs only	11,749,577	35,152,422	34,167,148	33,940,287	33,568,493	35,152,422

Average of four different projection bases and "worst case" — **34,396,155**

Medical Bills Processed FY21
Total 18,968
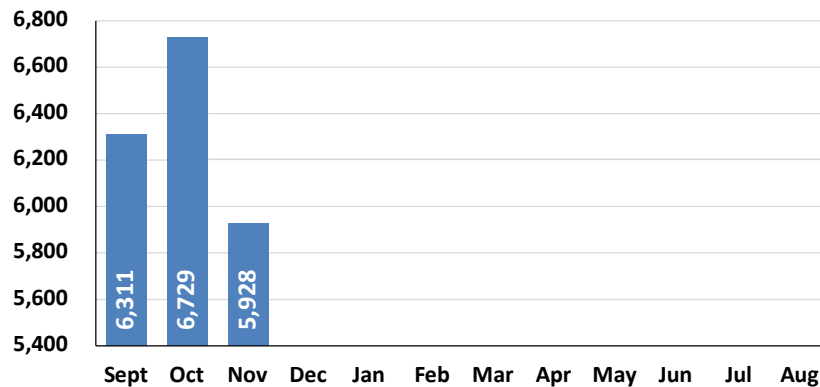
## Indemnity Bills Processed FY21
Total 6,419

8
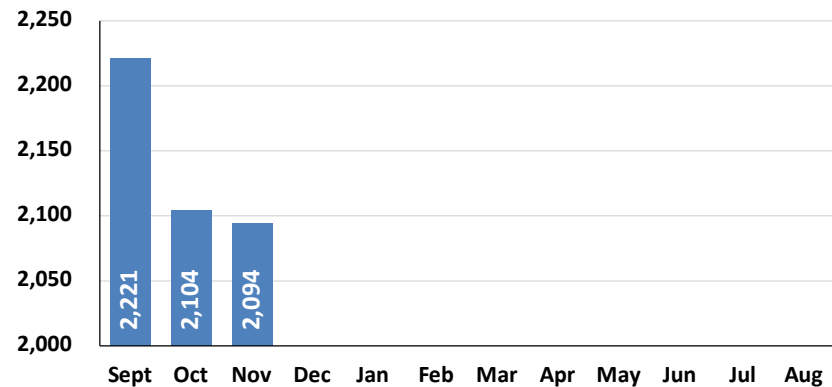
INFORMATION TECHNOLOGY

I. ONGOING AGENCY SUPPORT

Information Technology (IT) continues to support the agency operations through infrastructure support, processing, and reporting. Significant areas of activity in FY21Q1 include:

Area	Task
Equipment – Servers, desktops, laptops, and peripherals	• Replaced obsolete desktop printers with newer models for select SORM staff • Coordinated OAG's new VPN implementation • Replaced malfunctioned parts for servers
Software changes (mainframe, web, client/server and PC applications)	• Updated RMIS password rules for enhanced security • Implemented the WebHelpdesk Ticket System to keep better track of tech support requests • Completed code and process improvements for SORM applications • Updated web/mainframe development projects in Team Foundation Sever (TFS)
Projects for Business Owners	• Gathered requirements and information for Origami's RMIS implementation • Extracted data from CMS for use in the new Origami RMIS system • Coordinated and transferred data with the vendor as requested • Rewrote the EOR Parser program for better usage and security • Moved the Inventory System to a new system and updated the code for better functionality • Completed an IT-based tabletop exercise for COOP

Cybersecurity	• Started the Cybersecurity Policy Initiative
	• Reviewed scheduled Vulnerability Scan Reports for SORM computers and servers
	   o Installed updates on computers and servers to address vulnerabilities and comply with cybersecurity standards
	• Met with OAG's Cybersecurity team to assess current and future vulnerabilities and plan for addressing possible cyber threats
	   o SORM vulnerabilities continue decreasing at a steady rate for all our devices, including desktops, laptops, tablets, and printers

Behind the scenes improvements	• Completed the IT Network Drive Cleanup • Change management o Documented computer program changes using Team Foundation software • Batch Processing Standardization
Other Items	• Provided desktop, email, and application support to SORM staff • Managed and supported server and PC infrastructure • Supported the external website server and/or database changes • Supported TEAMS and SharePoint, including the Intranet

Number of Vulnerabilities

Legend: Trending - Med. | Trending - High | Trending - Crit.

June 3, 2020 – November 30, 2020
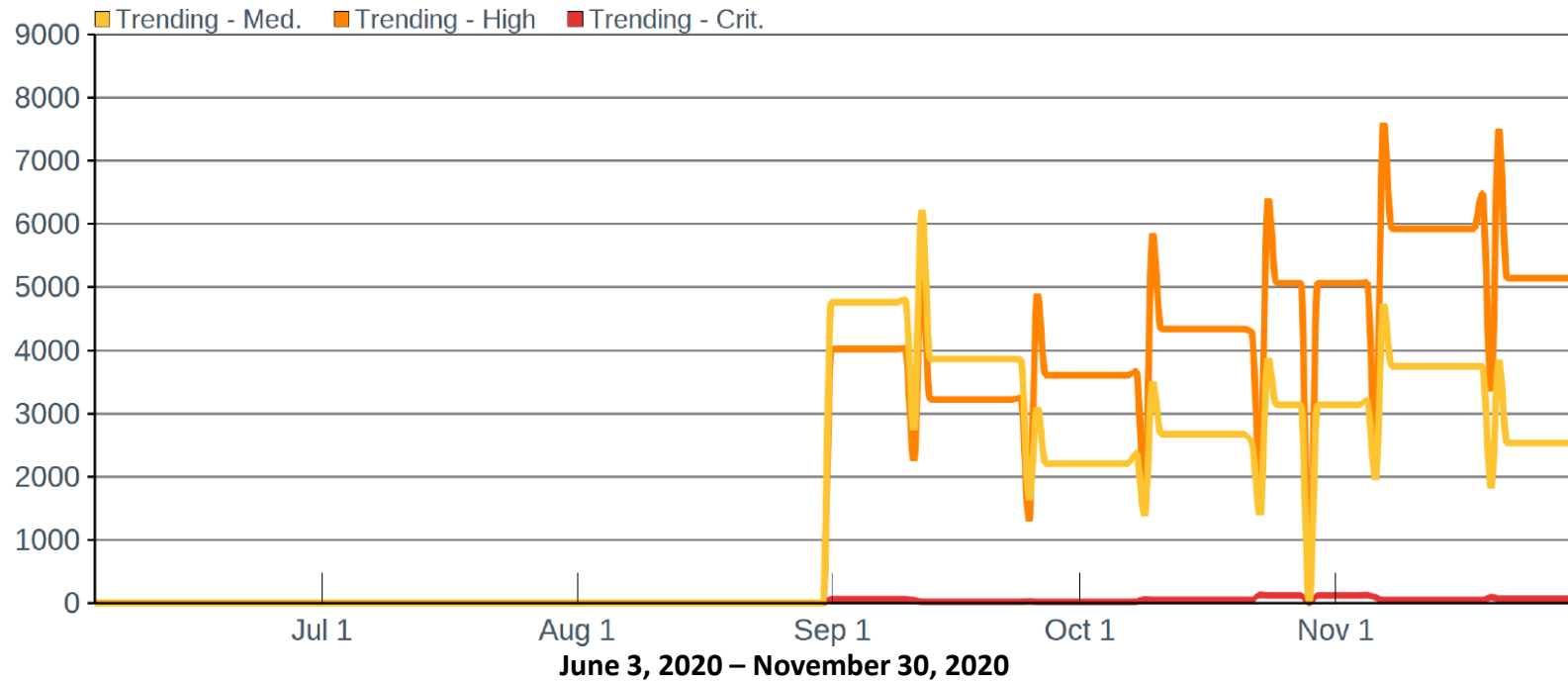
II. ANTICIPATED ACTIVITY

In addition to routine support functions congruent with operations for the Office, we anticipate the following activities during FY21Q3 and beyond:

A. Continue RMIS Implementation
B. Continue creating/updating security policies
C. Deploy the new cybersecurity training
D. Build the new Employee Checklist with Talent Management as the champion
E. Update PHP frameworks to improve our security posture
F. Implement the System Center Configuration Manager (SCCM)
G. Coordinate with OAG DR Server options for SORM
H. Continue supporting external website and intranet server/database
I. Continue supporting the new Learning Management System (LMS) server/database

ENTERPRISE RISK

I.   STATEWIDE RISK MANAGEMENT PROGRAM

ON-SITE CONSULTATIONS (OSCs) AND RISK MANAGEMENT PROGRAM REVIEWS (RMPRs)

OSCs	41	10	8

25.8%
of annual goal of
229 OSCs

RMPRs	0	0	0

0%
of annual goal of
29 RMPRs

■ Sept   ■ Oct   ■ Nov
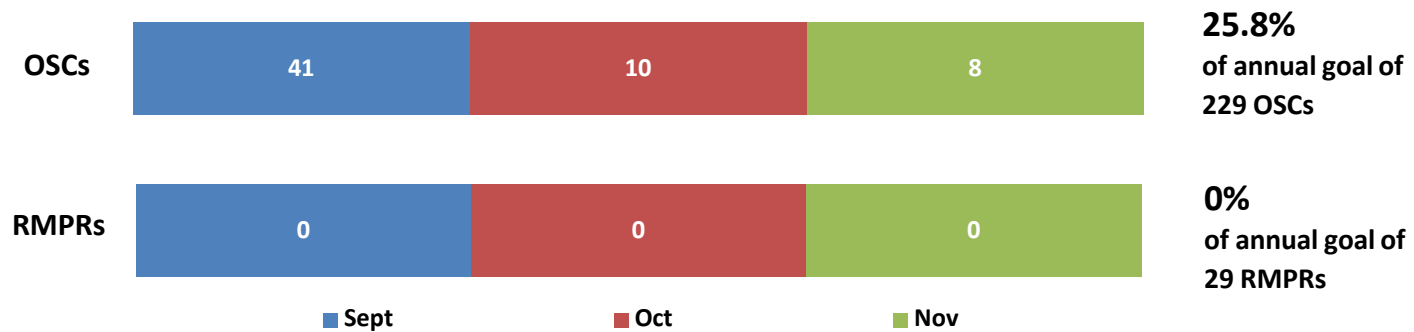
Recommendations Given FY21Q1
Total: 23

Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
1	0	22									
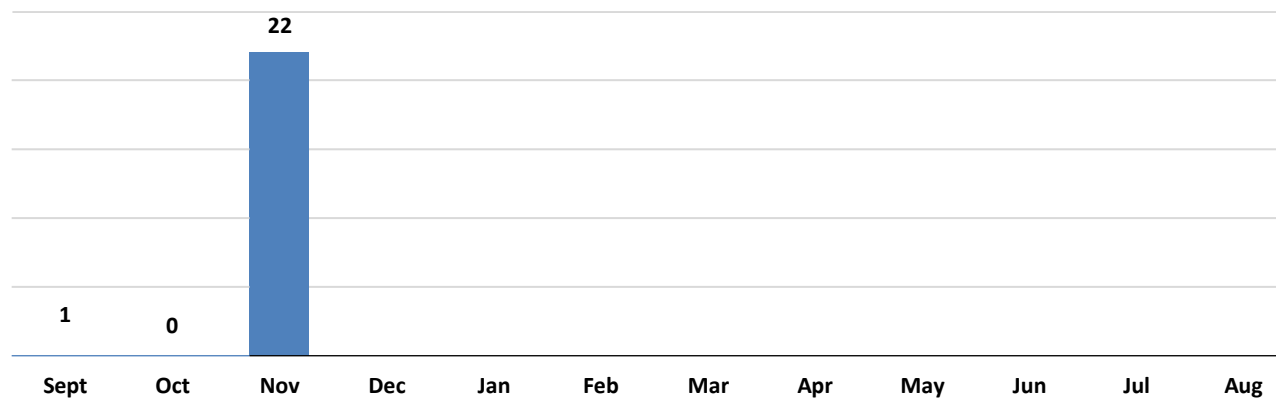
Category of Recommendations FY21Q1

Category	Count
COOP	1
Environmental	1
Insurance	0
Risk Management	6
Safety	14
Policy/Procedure/Training	1
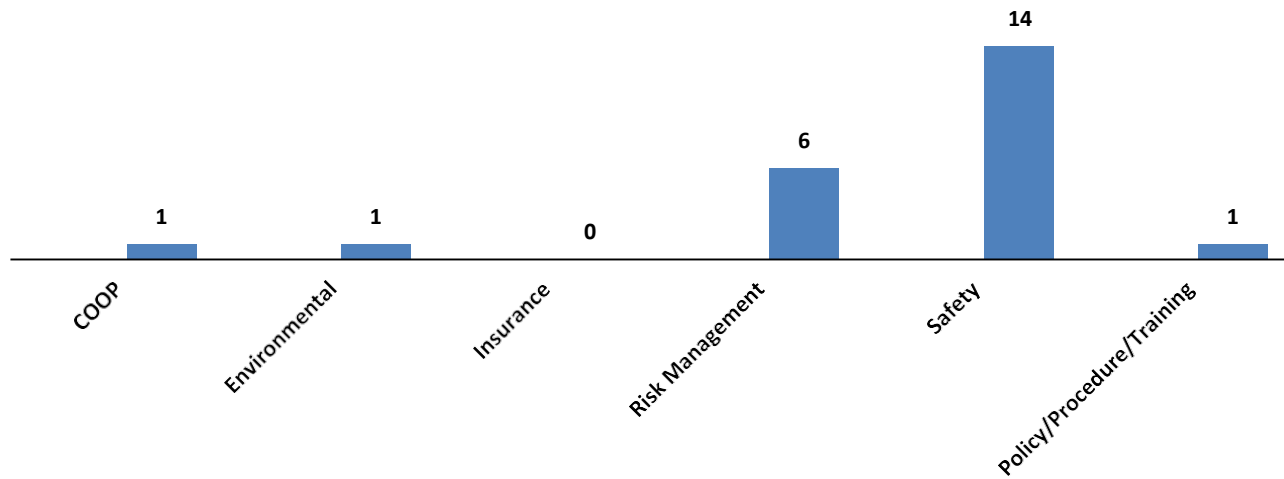
Closed Recommendations FY21Q1
Total : 17

Month	Count
Sept	0
Oct	3
Nov	14
Dec	
Jan	
Feb	
Mar	
Apr	
May	
Jun	
Jul	
Aug	
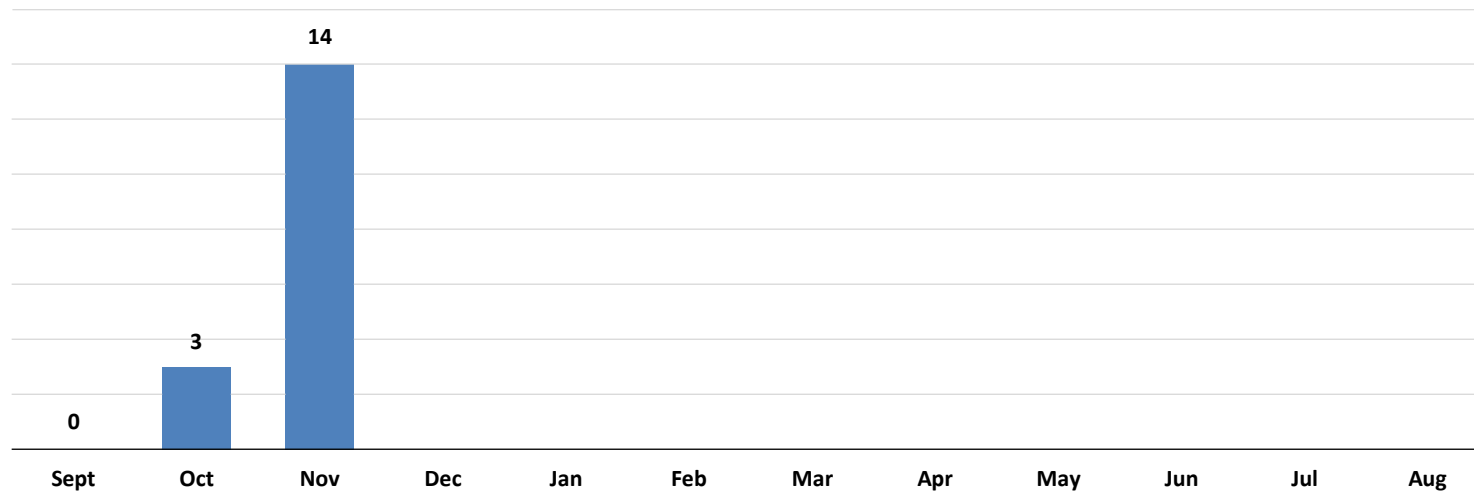
II. STATEWIDE INSURANCE PROGRAM

A. PARTICIPANTS IN STATEWIDE INSURANCE LINES FY21Q1
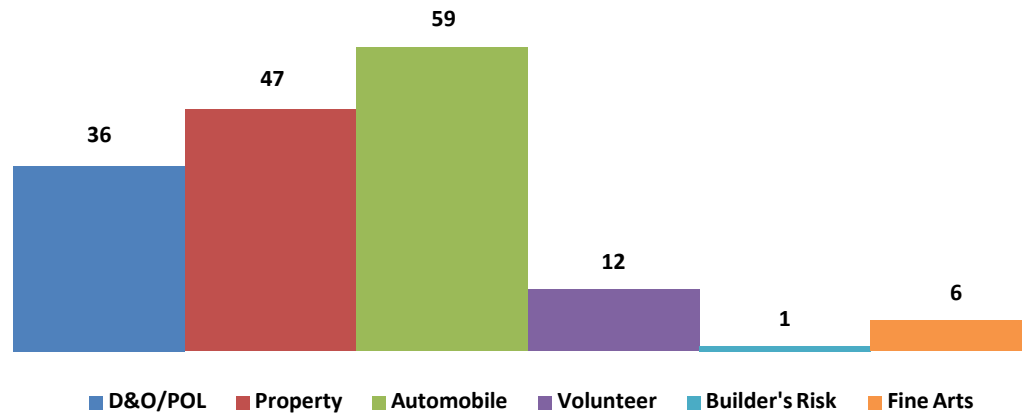
B. MONITORING
458 notary applications were processed during FY21Q1

C. INSURANCE PURCHASES
Number of SORM 201s processed: 15
Number approved and premium paid: 10 for $264,043

SORM 201s FY21Q1

Line of Insurance	Approved	Comments	Premium
Foreign Travel	X	Coverages for persons traveling abroad. In this case, the policy covers General Liability, Corollary, Auto Liability, and Physical Damage	$13,764
Extra Territorial Workers Compensation	X	Coverage for clerical office staff who provide work on behalf of the State of Texas but operate and reside outside of the state	$13,452
Professional Liability	X	Coverage for physicians employed in Student Health and Wellness Center and for allied health professionals (i.e. nurses, nurse practitioners, certified nurse mid-wives, physician assistants and physical therapist) employed at the Student Health and Wellness Center and at Health Science Centers	$145,680
Fine Art	X	Coverage for loss or damage to collection or gallery items while at scheduled location, any other location worldwide or while in transit	$3,840
Inland Marine	X	Coverage for mobile equipment	$24,802
Inland Marine	X	Coverage for mobile equipment	$4,712
NFIP	X	The NFIP policy is designed to trigger before the Statewide Property Insurance and provide $500,000 in coverage for losses due to flooding to the property and its contents with a lower deductible than that of the SORM Property policy	$18,750
General Liability	X	Coverage designed to protect an organization against liability claims for bodily injury or property damage that they may be held responsible for. This policy is a requirement of the lease agreement	$944
Umbrella	X	Excess coverage of liability policy in place	$1,465
GL Prescribed Burn	X	Coverage relating to planning for the use of and liability resulting from prescribed burns	$10,190
Extra Territorial Workers Compensation	X	Coverage for clerical office staff who provide work on behalf of the State of Texas but operate and reside outside of the state	$1,038
Medical Malpractice	X	Coverage for financial liability due to an error or omission (E&O) in performance of professional duties	$7,122
Medical Professional Liability	X	Coverage for groups and facilities that host student interns performing clinical procedures in the Hospitals as part of their coursework	$7,957
Extra Territorial Workers Compensation	X	Coverage for clerical office staff who provide work on behalf of the State of Texas but operate and reside outside of the state	$9,827
Crime	X	Coverage for crime hazards due to employees handling money in the form of cash, checks, and credit cards	$500
		TOTAL	**$264,043**

CLAIMS OPERATIONS

I. CLAIMS OPERATIONS ACTIVE WORKLOAD FY21Q1

Claims Operations continues to conduct thorough investigations in the initial stages and focuses on maintaining active follow up.

A. SORM received 1,912 injury reports (claims) in FY21Q1, which is a decrease from the number of injury reports received in FY20Q4 (5,734)
B. 1,465 claims were accepted
C. 4,233 claims were inactivated
D. SORM had 2,937 open claims at the end of FY21Q1

Claims Received per Quarter

Quarter	Claims
FY16Q1	1,610
FY16Q2	1,675
FY16Q3	1,846
FY16Q4	2,008
FY17Q1	1,795
FY17Q2	1,585
FY17Q3	2,006
FY17Q4	2,052
FY18Q1	1,909
FY18Q2	1,678
FY18Q3	1,942
FY18Q4	2,016
FY19Q1	1,866
FY19Q2	1,640
FY19Q3	1,857
FY19Q4	2,178
FY20Q1	1,952
FY20Q2	1,871
FY20Q3	3,070
FY20Q4	5,734
FY21Q1	1,912

Claims Open per Quarter

Quarter	Claims
FY16Q1	3,006
FY16Q2	3,084
FY16Q3	3,180
FY16Q4	3,177
FY17Q1	3,306
FY17Q2	3,291
FY17Q3	3,099
FY17Q4	3,546
FY18Q1	3,110
FY18Q2	2,884
FY18Q3	2,891
FY18Q4	2,866
FY19Q1	2,828
FY19Q2	2,691
FY19Q3	2,875
FY19Q4	3,111
FY20Q1	2,744
FY20Q2	2,761
FY20Q3	3,770
FY20Q4	5,146
FY21Q1	2,937

II. ANALYSIS OF INCOME BENEFITS EXPENSES FOR FY21Q1

   A. FY21Q1 reflects an increase in TIBs indemnity costs from FY20Q4
   B. TIBs payments were $2,340,341 and IIBs payments were $1,136,716 in FY21Q1
   C. At the end of FY21Q1, there were 567 TIBs, 195 IIBs, 25 SIBs with payment, 11 LIBs, and 68 DIBs claims open

Temporary Income Benefits (TIBs) expenditures for FY21Q1 totaled $2,340,341 on 567 claims

TIBs Expense per Quarter
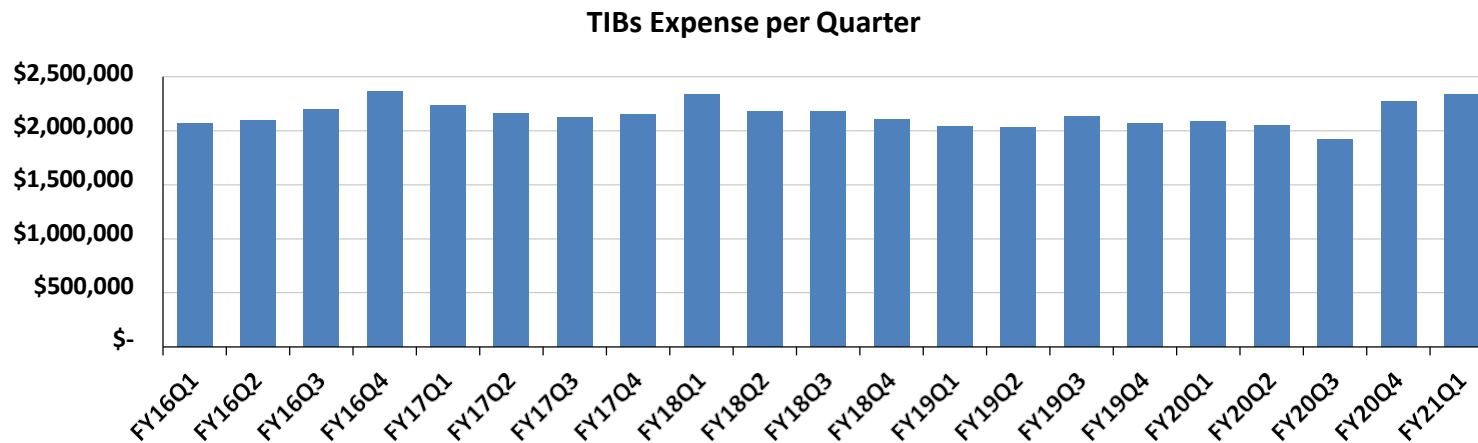
Impairment Income Benefits (IIBs) expenditures for FY21Q1 totaled $1,136,716 on 195 claims

IIBs Expense per Quarter
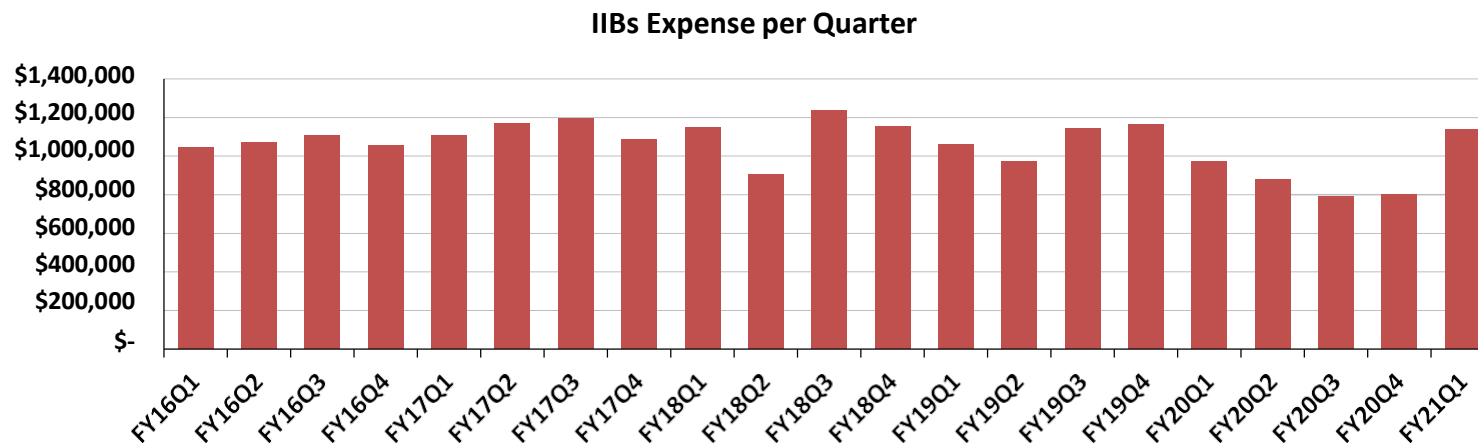
Supplemental Income Benefits (SIBs) expenditures for FY21Q1 totaled $152,938 on 25 claims

SIBs Expense per Quarter

*FY17Q4 – nine quarters paid due to CCH ruling
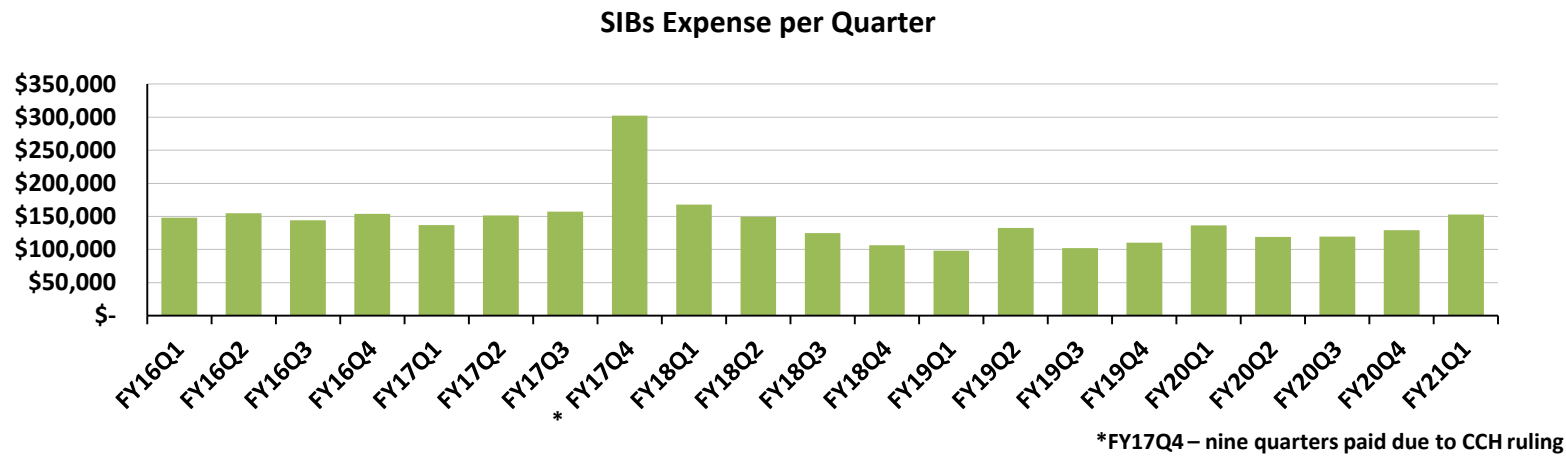
Combined indemnity expenditures for FY21Q1 totaled $4,265,490 on 800 claims

Combined Indemnity Expense per Quarter

- ■ Temporary Income Benefits (TIBs)
- ■ Impairment Income Benefits (IIBs)
- ■ Supplemental Income Benefits (SIBs)
- ■ Lifetime Income Benefits (LIBs)
- ■ Death Income Benefits (DIBs)
- ■ Old Law (OLW)

LEGAL SERVICES
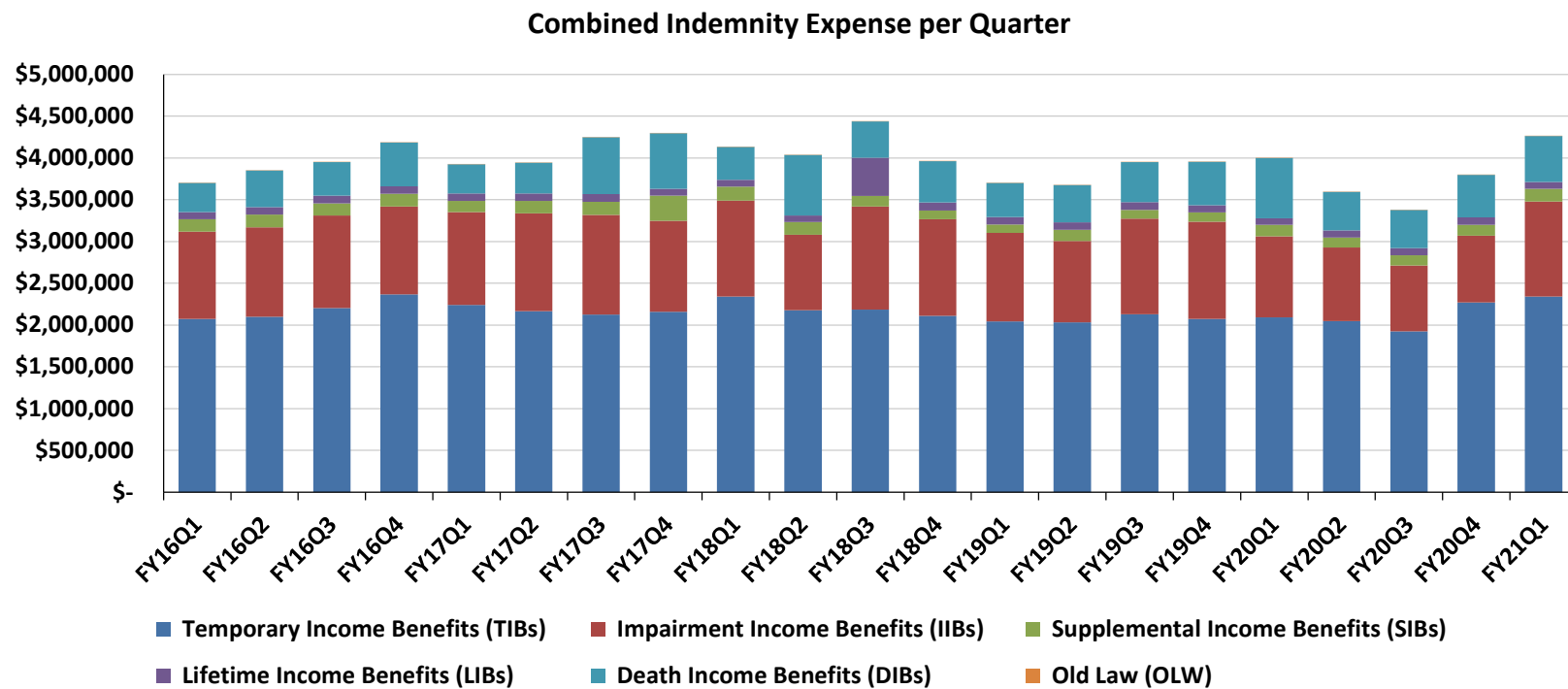
COMPLIANCE AND PRACTICES

I.   INDEMNITY QUALITY ASSURANCE

A.   TEMPORARY INCOME BENEFIT AUDITS
SORM must initiate temporary income benefits by the 7th day after the accrual date (8th day of disability) or the 15th day after notice of injury.

Initial TIBs Compliance Rate & Late Payments

	FY19Q1	FY19Q2	FY19Q3	FY19Q4	FY20Q1	FY20Q2	FY20Q3	FY20Q4	FY21Q1
Initial TIBs	220	216	211	233	227	221	214	231	242
Late Payments	34	16	20	33	31	27	4	5	16
Compliance	94%	95%	94%	92%	94%	95%	99%	99%	95%
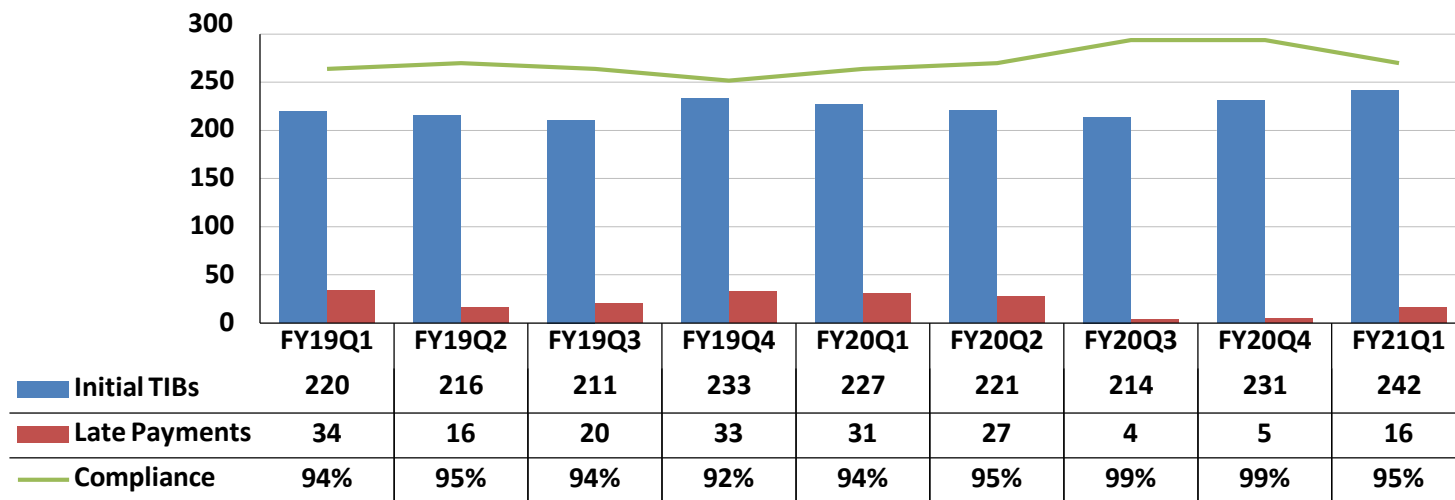
TIB Late Payments FY21Q1

Carrier	6
Employer	7
No Fault/Misc.	3
Physician	0

B. IMPAIRMENT INCOME BENEFIT AUDITS

SORM must initiate impairment income benefits by the 5th day after receiving a notice of medical evaluation indicating the injured employee has reached maximum medical improvement (MMI).

Initial IIBs Compliance Rate and Late Payments

	FY19Q1	FY19Q2	FY19Q3	FY19Q4	FY20Q1	FY20Q2	FY20Q3	FY20Q4	FY21Q1
Initial IIBs	44	36	40	35	43	39	21	32	35
Late Payments	0	5	2	0	7	9	0	0	0
Compliance	96%	96%	97%	100%	100%	92%	97%	100%	100%
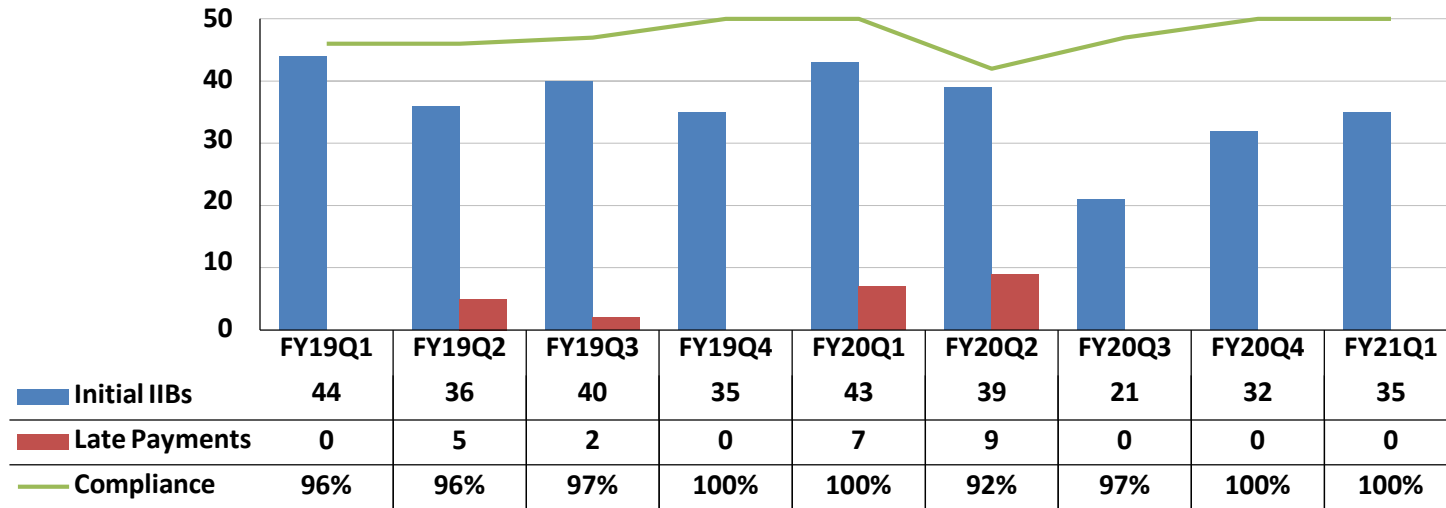
II. MEDICAL QUALITY ASSURANCE

A. MEDICAL COSTS
Workers' compensation benefits include medically necessary treatment related to the compensable injury.

Total Medical Cost Savings
FY19Q1 - FY21Q1

	FY19Q1	FY19Q2	FY19Q3	FY19Q4	FY20Q1	FY20Q2	FY20Q3	FY20Q4	FY21Q1
Billed	$13,068,758	$11,973,420	$12,511,766	$15,117,272	$16,756,062	$9,312,010	$10,403,642	$8,243,226	$13,626,040
Paid	$4,700,776	$4,209,831	$4,526,161	$5,370,099	$5,425,543	$3,470,729	$3,691,876	$3,103,416	$4,199,594
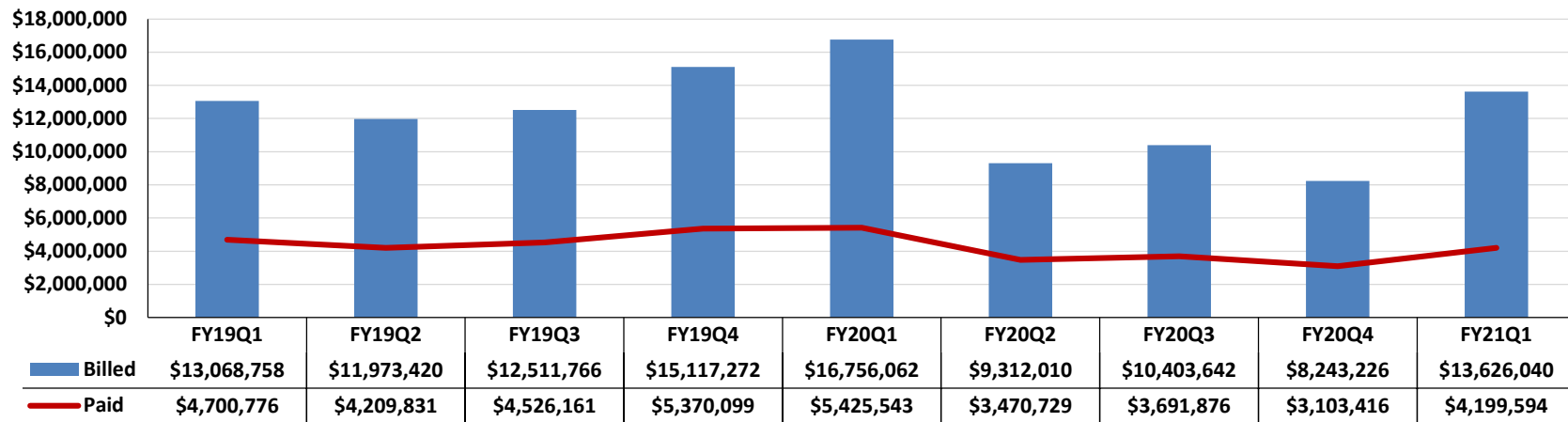
Medical Payments FY20Q1

- Hospital: $1,809,428
- Medical: $1,979,523
- Misc. Expense: $261,425
- Pharmacy: $149,218
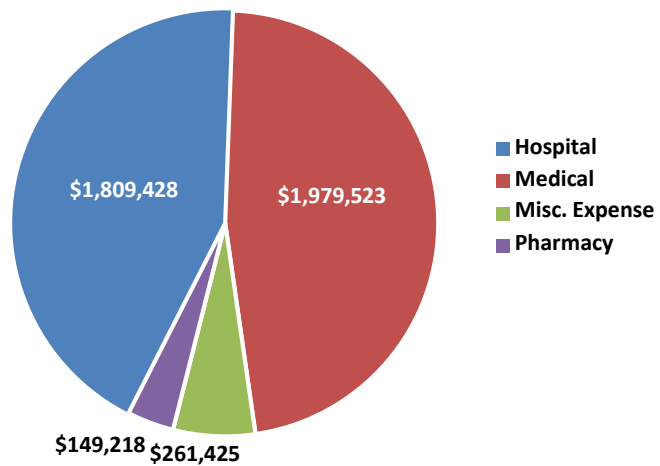
B. NETWORK AND NON-NETWORKDATA

The following chart shows the number of network and non-network claims.

Network and Non-Network Costs FY18Q1 - FY21Q1

	Network	Non-Network	Network	Non-Network	Network	Non-Network	Network	Non-Network
	FY18		FY19		FY20		FY21	
Number of Claims	3,668	2,434	3,662	2,203	3,514	1,509	1,067	186
■Q4	$2,515,089	$2,455,708	$2,605,680	$2,481,907	$2,427,246	$674,805		
■Q3	$3,245,244	$2,686,875	$2,393,718	$2,123,870	$2,910,436	$787,684		
■Q2	$2,333,156	$3,079,128	$2,325,785	$1,982,270	$2,744,007	$728,797		
■Q1	$3,328,862	$2,871,323	$2,353,428	$2,384,077	$2,694,384	$2,389,660	$3,383,454	$697,496

C. PREAUTHORIZATION

Certain types of health care services must be prospectively reviewed and preauthorized as medically necessary before the service is provided to an injured employee.

Network Utilization Review FY19Q1 - FY21Q1

	FY19Q1	FY19Q2	FY19Q3	FY19Q4	FY20Q1	FY20Q2	FY20Q3	FY20Q4	FY21Q1
Approved	353	335	469	455	460	534	632	711	676
Denied	170	197	162	230	258	205	153	252	235
Savings	$413,616	$436,298	$453,004	$558,442	$494,148	$471,202	$225,268	$400,312	$408,785

Non-Network Utilization Review FY19Q1 - FY21Q1

	FY19Q1	FY19Q2	FY19Q3	FY19Q4	FY20Q1	FY20Q2	FY20Q3	FY20Q4	FY21Q1
Approved	372	360	317	313	315	260	110	204	129
Denied	174	183	137	153	147	97	45	33	47
Savings	$389,217	$397,928	$369,269	$471,664	$279,031	$403,213	$60,723	$30,999	$64,494
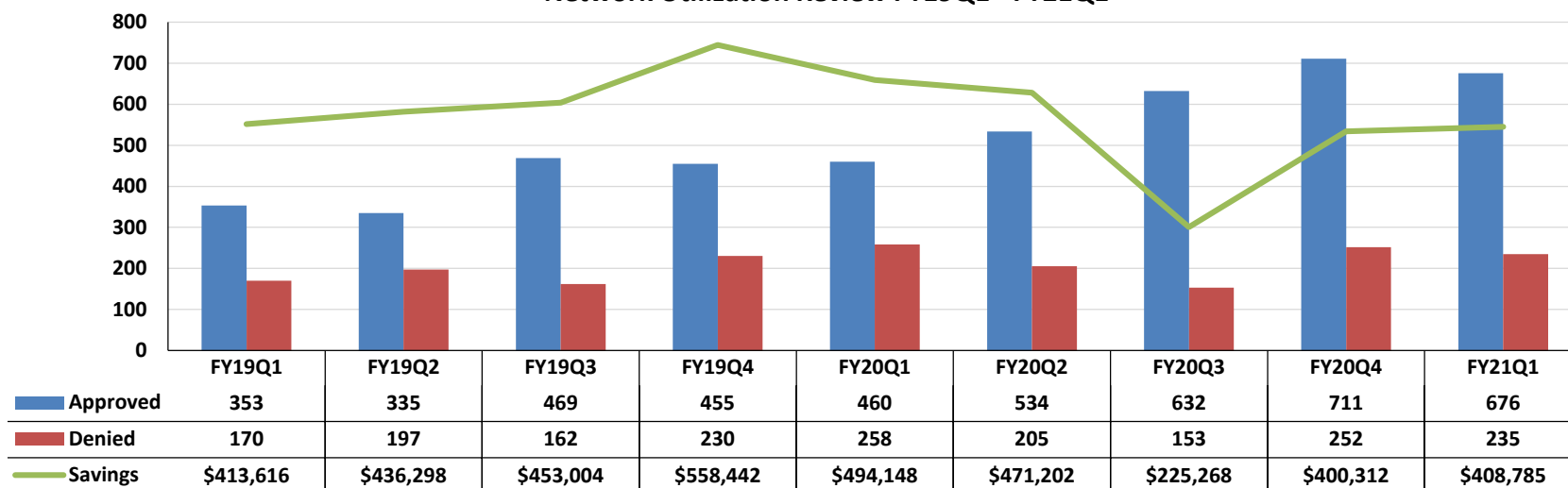
D. PHARMACY BENEFIT MANAGEMENT

Workers' compensation benefits include medically necessary prescription drugs and over-the-counter medication.
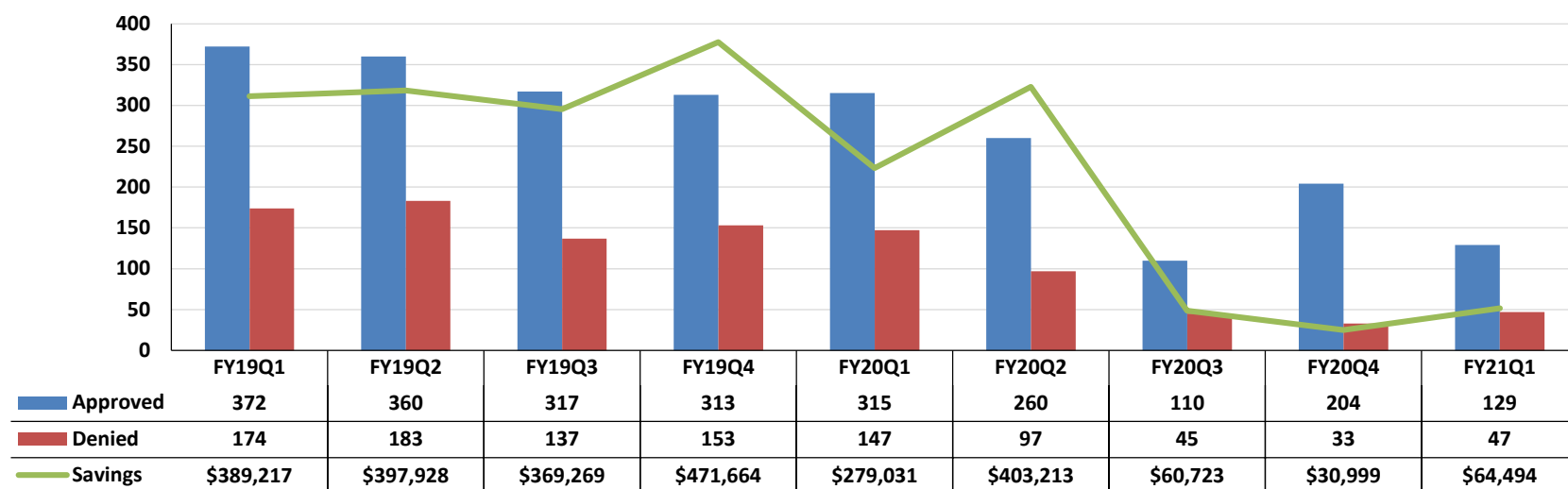
PBM Cost Savings FY19Q1 - FY21Q1

	FY19Q1	FY19Q2	FY19Q3	FY19Q4	FY20Q1	FY20Q2	FY20Q3	FY20Q4	FY21Q1
Fee Schedule	$361,613	$308,724	$301,972	$298,139	$258,500	$251,436	$301,722	$238,484	$208,408
Paid	$223,744	$186,068	$185,406	$178,291	$147,416	$143,132	$186,161	$120,074	$106,704
Total Savings	$137,869	$119,984	$114,904	$119,848	$111,084	$108,304	$115,561	$118,410	$101,704
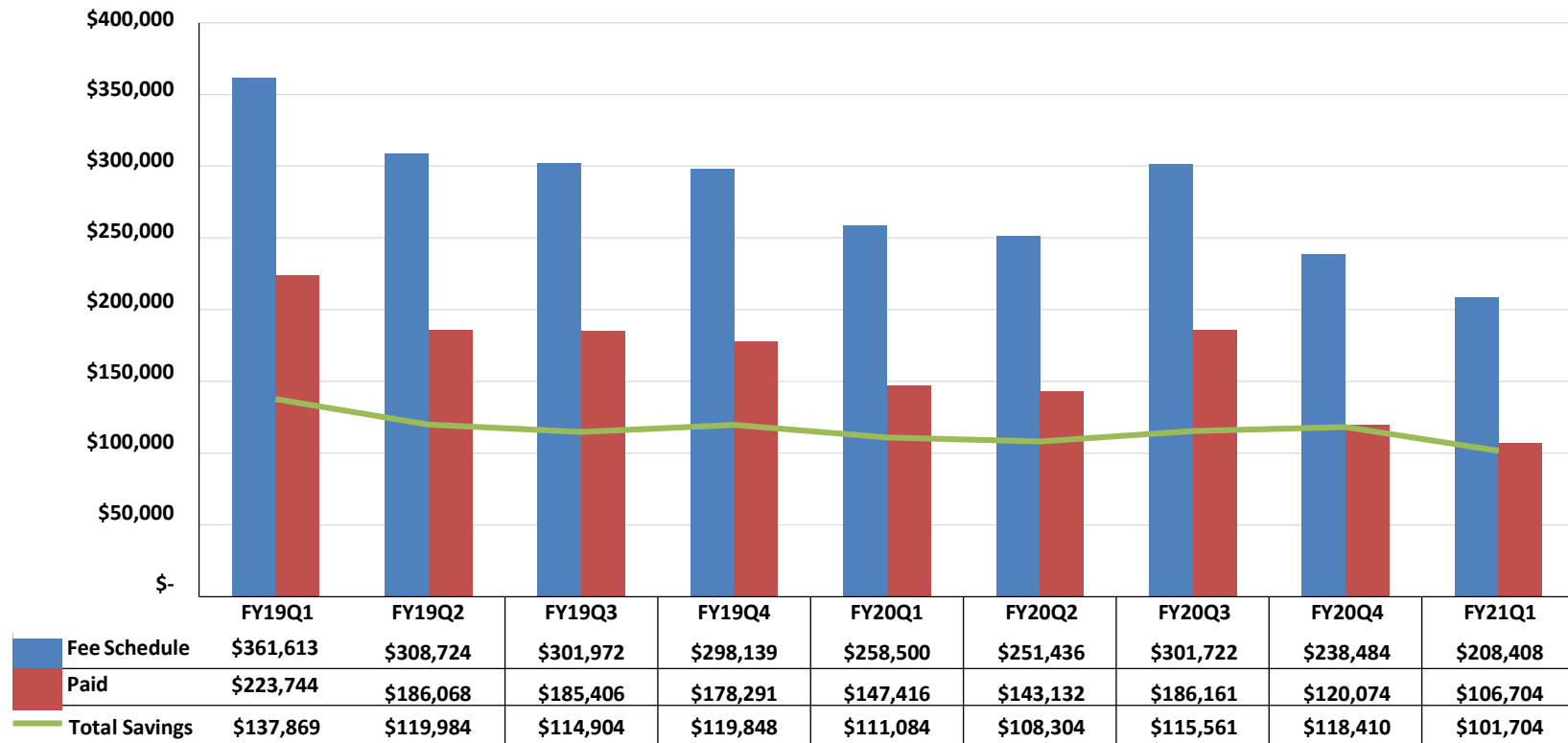
E. MEDICAL DISPUTE RESOLUTION FY21Q1

Medical dispute resolution is used to resolve disputes when an insurer reduces or denies payment of a medical bill or to determine the medical necessity of treatment for a compensable injury.

Medical Fee Disputes	11 Non-Network received
	8 Network received
Medical Necessity Disputes	1 Non-Network received
	1 Network received

LITIGATION MANAGEMENT

I. BENEFIT DISPUTE RESOLUTION FY21Q1

Disputes regarding compensability or eligibility for benefits can occur throughout the life of a workers' compensation claim.

BRC Attended	BRC Resolved	Most Common Issue(s) Resolved	Going to CCH	Primary Issue(s) Appealed
47	3	MMI/IR	11	EOI

CCH Attended	CCH Resolved	D&O for SORM	D&O Against SORM	Primary Issue in D&O
22	1	5	7 *1 split decision	MMI/IR

II. FRAUD INVESTIGATIONS

SORM investigates and reports workers' compensation fraud committed by system participants.

FY21Q1	Pending	Opened	Closed	Criminal Referral
Fraud Investigations	12	1	5	1

III. SUBROGATION AND RECOVERIES

When a claimant's injuries are caused by a third party, SORM can request reimbursement for benefits that have been paid by the state for the compensable injury.

	FY21Q1	FY21Q2	FY21Q3	FY21Q4	YTD Total
Restitution	$6,681				$6,681
SIF					
Subrogation	$152,706				$152,706
Total	$159,387				$159,387

COMPLIANCE MANAGEMENT

I.   CONTRACT ADMINISTRATION

Area	Task
Procurement	• Insurance Support Services RFP
Contract Management	• Contract Management Handbook Update
Vendor Performance Monitoring	• Vendor Performance Evaluation Tool (VPET) • Business Owner Input • Desk Reviews • Issue Log • Control Correspondence
Vendor Cybersecurity Training	
Vendor Performance Reporting	• Expiration, Annually, and Renewals

SORM

State Office of Risk Management

300 W. 15TH, AUSTIN, TEXAS 78701 / P.O. BOX 13777, AUSTIN, TEXAS 78711-3777
(512) 475-1440, FAX (512) 370-9025 / WWW.SORM.TEXAS.GOV

5.   New business

5.1   Presentation, discussion, and possible action regarding the Board Governance Manual

Information

Executive Director, Stephen Vollbrecht, will present updates to the current Board Policy and Governance Manual, incorporating statutory changes and other procedural recommendations for consideration and possible adoption.

Action Required

The Chair may entertain motions for consideration and acceptance.

BOARD GOVERNANCE AND POLICY MANUAL

SORM

State Office of Risk Management

300 W. 15TH, AUSTIN, TEXAS 78701 / P.O. BOX 13777, AUSTIN, TEXAS 78711-3777
(512) 475-1440, FAX (512) 370-9025 / WWW.SORM.TEXAS.GOV

6. Old business

Information

Staff is available to address any questions or concerns from the previous meeting.

Action Required

No official action requested, at this time.

SORM

State Office of Risk Management

**300 W. 15TH, AUSTIN, TEXAS 78701 / P.O. BOX 13777, AUSTIN, TEXAS 78711-3777
(512) 475-1440, FAX (512) 370-9025 / WWW.SORM.TEXAS.GOV**

7.   Public comment

Information

It is the policy of the Board that members of the public shall be given the opportunity to appear before the Board during public meetings of the Board and to speak on any issue under the jurisdiction of the Board.

Action Required

No official action requested, at this time.

SORM

State Office of Risk Management

**300 W. 15TH, AUSTIN, TEXAS 78701 / P.O. BOX 13777, AUSTIN, TEXAS 78711-3777
(512) 475-1440, FAX (512) 370-9025 / WWW.SORM.TEXAS.GOV**

8.   Discussion and possible action on future meeting dates

Information

Tentative meeting dates are attached for discussion.

Action Required

Selection of future meeting dates.

Tentative Board of Directors Meeting Dates
FY21Q3

Month	Day of Week	Date	Notes
April	Tuesday	13	
	Tuesday	20	Skeleton Crew Day: San Jacinto Day 04/21/21
	Tuesday	27	

NOTES:
The Secretary of State requires a minimum of 7 days notice before publication in the Texas Register.
Draft rules, revised rules, and final rules must be published in the Register for 30 days.

All dates shown are with notes on upcoming due dates and holidays that will affect the Office.

SORM

State Office of Risk Management

300 W. 15TH, AUSTIN, TEXAS 78701 / P.O. BOX 13777, AUSTIN, TEXAS 78711-3777
(512) 475-1440, FAX (512) 370-9025 / WWW.SORM.TEXAS.GOV

9.   Adjourn meeting

The Chair:

1. Calls the meeting adjourned and announces time