AGENCY OPERATIONS REPORT FY22Q1
TO THE
SORM BOARD OF DIRECTORS

January 25, 2022

EXECUTIVE ADMINISTRATION

EXECUTIVE OFFICE

I. PROPERTY INSURANCE NEGOTIATIONS

Property Insurance Program negotiations are fully underway for March renewal. Scheduled market travel has been voluntarily limited due to the pandemic. All meetings will be conducted in Austin and Atlanta. Follow-up international market meetings are under active consideration pending lessening concerns/restrictions.

II. COVID PROTOCOLS

Combinations of holiday gatherings and the Omicron variant have resulted in an increase in COVID exposures and positives across multiple agencies, including SORM. All health and safety protocols remain in place, in addition to obtained rapid antigen tests for on-site use. Four primary testers are in place, with additional backups, all trained and certified through TDEM.

III. TEXAS ENTERPRISE RISK MANAGEMENT GUIDELINES

The Texas Enterprise Risk Management (TERM) Guidelines are complete. This is the first complete revision of the Guidelines since the inception of the Office, and a significant milestone for the statewide implementation of the Enterprise Risk Management (ERM) framework and standards. Pending final review, the Guidelines will be fully promulgated online and via email blast by the close of January 2022. The existing RMTSA Guidelines will be deprecated but will remain available for ongoing reference by participating entities.

IV. TALENT MANAGEMENT PROPOSAL

Pending the upcoming formal Survey of Employee Engagement, the Office has undertaken an agencywide review of staff needs and identified three factors for immediate review and action, including work schedules, staff training, and salary. Talent Management has identified specific recommendations for scheduling policies and internal training support, along with new proposed DE&I and internal dispute resolution functions, and an integrated 360 evaluation protocol within the CAPPS platform. All leadership have undertaken immediate actions for recognition of deserving staff through pending one-time merit actions using available funding and will follow over the next months with COL/living-wage analysis for any recurring salary recommendations.

PROJECT MANAGEMENT

I. RMIS IMPLEMENTATION PROJECT UPDATE

A. PROJECT EXECUTION

The Project Execution Phase for Phase 1 is in progress. We are focused on finalizing the User Acceptance Testing for the data conversion, requirements solutions, security, and user profile configurations. Current projections are to have the User Acceptance Testing completed by mid-February with a projected production target of February 28, 2022.

B. PROJECT MONITOR AND CONTROL

We are actively managing our Scope, Budget, and Timeline utilizing our internal Project Monitor and Control processes.

In addition to the RMIS project, the Project Management Team is charged with facilitating other SORM project activity. The SORM project activity statistics are presented below. Our project numbers did decrease in FY22Q1 from the prior quarter. Out of the 4 projects initiated in FY22Q1, 3 of them are directly supporting the Origami system implementation. We are intentionally minimizing new project activity to ensure we have sufficient resources to support the Origami implementation.

Quarterly Statistics by Status

		Opened	Complete	Withdrawn	In Progress	On Hold	Pending Approval	Not Started
FY19	Prior to FY20Q1	7	0	1	1	0	0	0
FY20	Q1	57	6	9	10	9	0	1
	Q2	23	24	0	0	1	1	0
	Q3	21	17	1	1	1	0	0
	Q4	7	17	1	0	1	1	1
FY21	Q1	21	9	8	1	2	0	2
	Q2	9	7	0	1	0	2	1
	Q3	9	8	0	2	1	0	0
	Q4	13	10	1	3	0	0	0
FY22	Q1	4	5	0	3	0	0	1
	TOTAL	171	103	21	22	15	4	6

Quarterly Statistics by Category

		External Audit Finding	Legislative Requirement	New RMIS	SORM Must Have	Other
FY19	Prior to FY20Q1	2	1	1	2	1
FY20	Q1	3	12	9	13	20
	Q2	0	2	0	12	9
	Q3	1	1	14	3	2
	Q4	0	0	3	1	3
FY21	Q1	0	1	6	5	9
	Q2	0	1	3	4	1
	Q3	0	0	5	3	1
	Q4	0	1	10	2	0
FY22	Q1	0	0	3	1	0
	TOTAL	6	19	54	46	46

PUBLIC RELATIONS

I. TRAINING

In FY22Q1, Public Relations expanded our internal training course catalog in our Learning Management System (LMS). New courses include Continuity of Operations (COOP) 101 and Cybersecurity Awareness Training. While the department is still dependent on older systems to track instructor led training, we hope to completely migrate all instructor led training to the LMS where all training will be monitored and tracked.

Instructor Led Agency Training for FY22Q1

Virtual Course	Classes Taught	Students
Additional Duty Safety Officer (ADSO) Orientation	1	14
Anger Management	1	18
Conflict Resolution	2	8
Driving Safety	7	286
GHS/HazCom/SDS	1	1
Heat Stroke and Heat-Related Illness	1	18
Personal Safety and Situational Awareness	1	11
Stress Management	3	25
TOTAL	17	381

Self-Paced LMS Training FY22Q1

Virtual Course	Students
Driving Safety	126
TOTAL	126

II. STATEWIDE CONTINUITY OF OPERATIONS (COOP) PROGRAM

During FY22Q1, our Continuity Specialist led regular Continuity Council meetings focusing on education and offering guidance for the continuity community. The Committee that guides the Council, which includes representatives from state, local, schools, federal, and private organizations, adopted an official charter for the Council posted on the SORM website. In addition to adopting the charter, the Committee also chose an acting Chair, Co-Chair, and Secretary until the Committee further clarifies voting.
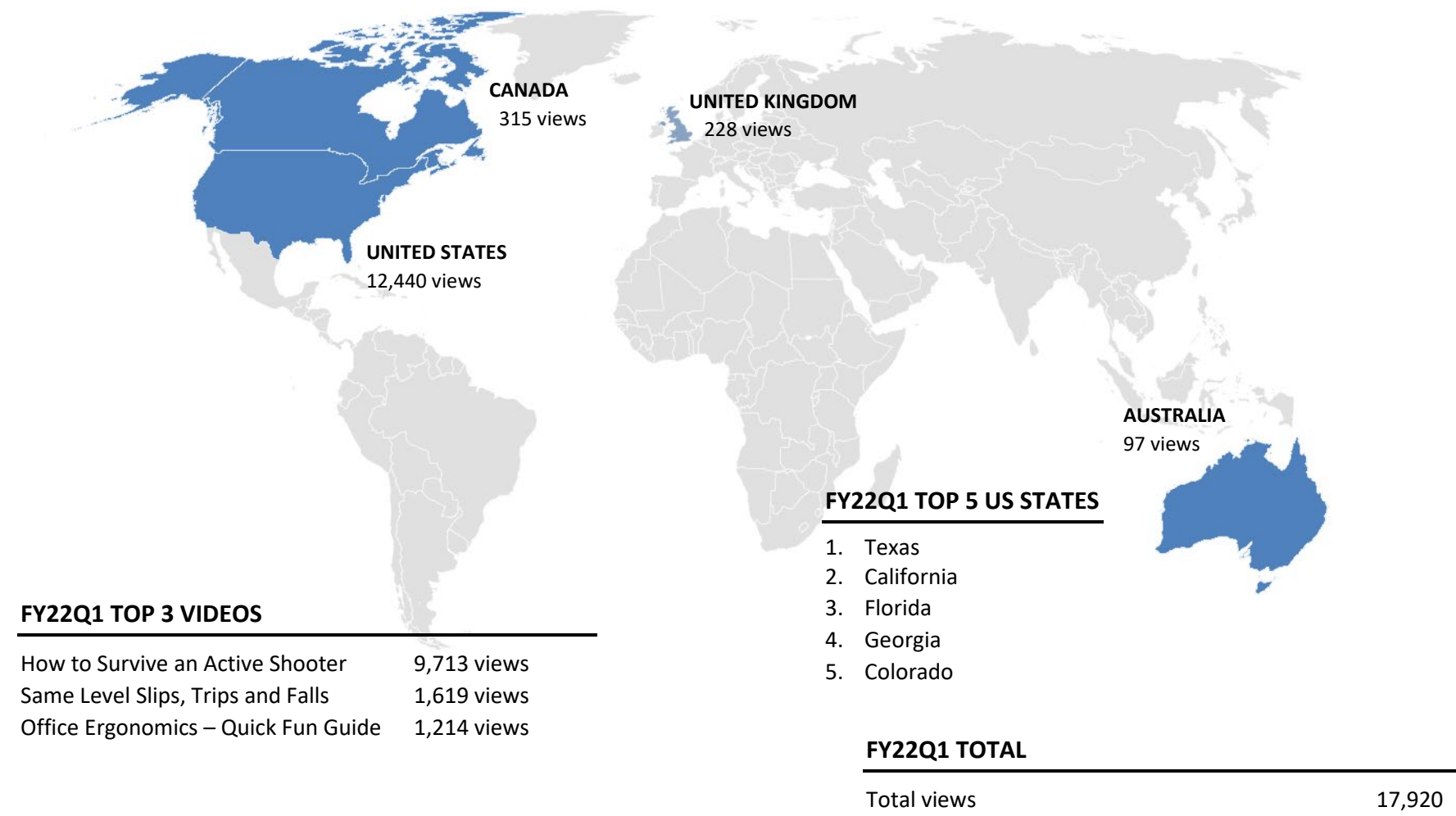
Our Continuity Program continues to strengthen as we reach out to other state agencies to ensure they are prepared and have appropriate resources to update their COOP plans. The newly created Capital Complex Emergency Planning and Preparedness (CCEPP) group is working on plans to gather all capital complex agencies for a tabletop exercise. This will focus on Emergency Action Plans and evacuating the Capitol area in the event of an emergency.

FY22Q1 COOP Activity	
Plans Evaluated	2
Exercises Evaluated	8
Outreach/Presentations	8
Individual Consultations	8
Continuity Council and Committee Meetings	7
Internal SORM COOP Meetings	8

III. PUBLIC RELATIONS OUTREACH

The Office monitored the Texas Legislature during the third special session. SB22 authorized SORM to employ eight (8) additional employees. The legislature did not provide appropriations from the American Rescue Plan Act of 2021 (ARPA), Pub. L. No. 117-2, as it relates to requesting federal funds to help offset the cost of fulfilling those FTEs and COVID-19 claims and expenses.
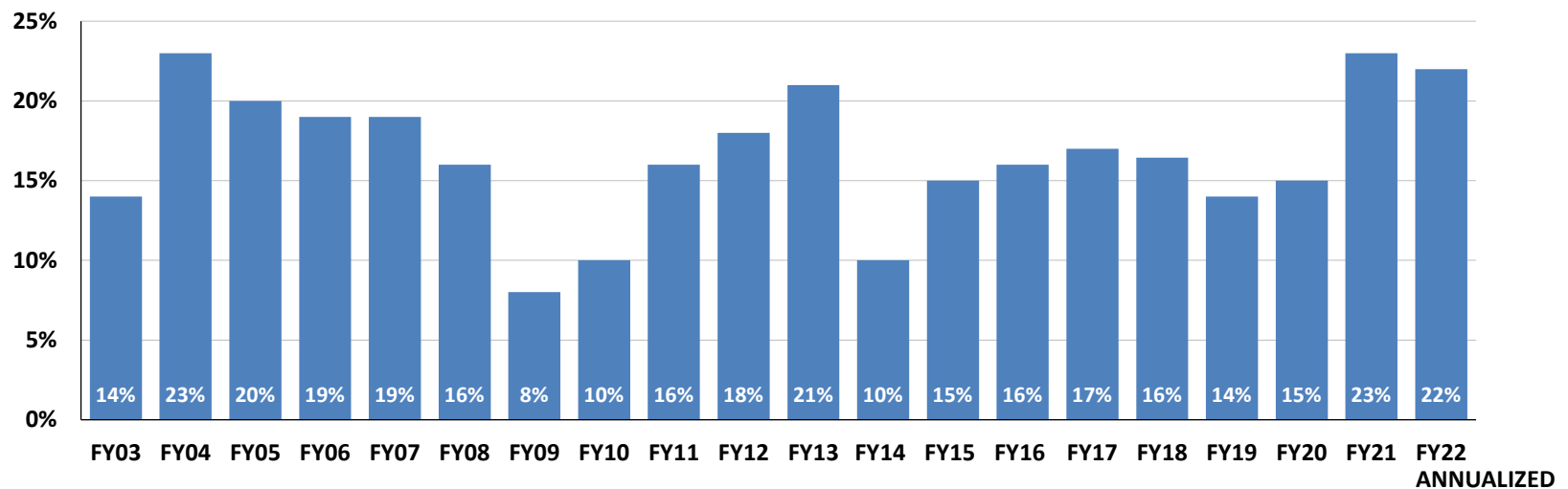
IV. YOUTUBE ANALYTICS

CANADA
315 views

UNITED KINGDOM
228 views

UNITED STATES
12,440 views

AUSTRALIA
97 views

FY22Q1 TOP 5 US STATES

1. Texas
2. California
3. Florida
4. Georgia
5. Colorado

FY22Q1 TOP 3 VIDEOS

How to Survive an Active Shooter	9,713 views
Same Level Slips, Trips and Falls	1,619 views
Office Ergonomics – Quick Fun Guide	1,214 views

FY22Q1 TOTAL

Total views	17,920

TALENT MANAGEMENT

New Hires	Vacancies
Lee Downing, Systems Analyst	Systems Analyst
Kacee Holler, Adjuster	Systems Administrator
Kevin Dawson, Receptionist	Web Systems Administrator
Sally Velasquez, Public Relations Liaison	Enterprise Risk Specialist, Insurance Account Manager
Leonor Matano, Senior Claims Adjuster	Enterprise Risk Specialist, Insurance Services
Andy Neal, Director of Litigation Management	Senior Claims Adjuster (2)
	Claims Adjuster (6)
	Lead Cost Containment Specialist
	Cost Containment Specialist
	Medical Clean Bill Specialist
	Document Specialist
	Receptionist

Annual Turnover Rates

FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22 ANNUALIZED
14%	23%	20%	19%	19%	16%	8%	10%	16%	18%	21%	10%	15%	16%	17%	16%	14%	15%	23%	22%

FINANCIAL MANAGEMENT

FY22 AGENCY (CONSOLIDATED) BUDGET
November 30, 2021

Objects of Expense	Initial Budget:	Adjustments Transfers (+ In, - Out)	Revised Budget:	Expenditures Year to Date @ 11/30/2021	Encumbrances @ 11/30/2021	Remaining Budget @ 11/30/2021	Unpaid Expenses Incurred	Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Salaries & Wages	7,557,391	0	7,557,391	1,085,265	0	6,472,126	532,603	21.4%	25.0%
Other Personnel Costs	400,000	0	400,000	31,722	0	368,278	27,636	14.8%	25.0%
Professional Services	1,650,000	405,000	2,055,000	497,638	847,312	710,050	182,907	33.1%	25.0%
Consumable Supplies	40,000	0	40,000	29	8,620	31,351	0	0.1%	25.0%
Utilities	5,600	0	5,600	880	4,037	682	304	21.1%	25.0%
Travel	90,350	0	90,350	6,074	0	84,276	1,610	8.5%	25.0%
Rental of Space	720	0	720	180	0	540	0	25.0%	25.0%
Rental of Equipment	24,000	0	24,000	1,763	3,587	18,651	0	7.3%	25.0%
Operating Costs	3,024,916	(405,000)	2,619,916	567,663	40,794	2,011,458	629,487	45.7%	25.0%
Capital Expenditures	99,000	0	99,000	0	0	99,000	0	0.0%	25.0%
TOTAL	**12,891,977**	**0**	**12,891,977**	**2,191,215**	**904,350**	**9,796,412**	**1,374,547**	**27.7%**	**25.0%**

| Objects of Expense	Initial Budget:	Adjustments Transfers (+ In, - Out)	Revised Budget:	Expenditures Year to Date @ 11/30/2021		Remaining Budget @ 11/30/2021		Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Indemnity	19,390,817	0	19,390,817	4,486,151		14,904,666		23.1%	25.0%
Medical	21,176,933	0	21,176,933	4,425,375		16,751,558		20.9%	25.0%
Total Exps.	**40,567,750**	**0**	**40,567,750**	**8,911,527**		**31,656,223**		**22.0%**	**25.0%**
Subrogation and Restitution	(567,750)	0	(567,750)	(63,150)		(504,600)		11.1%	25.0%
NET TOTAL	**40,000,000**	**0**	**40,000,000**	**8,848,377**		**31,151,623**		**22.1%**	**25.0%**

FY22 PROJECTION

	Actual Costs as of 12/31/21 12 Months	Based on even distribution	Based on 15 year avg. (FY2007 - FY2021)	Based on 10 year avg. (FY2012 - FY2021)	Based on 5 year avg. (FY2017 - FY2021)	Worst Case Assumed
Indemnity		33.42%	33.91%	33.98%	34.14%	33.42%
Medical		33.42%	34.27%	35.26%	36.39%	33.42%
Recovery		33.42%	35.57%	27.89%	29.45%	100.00%

FY22 Projections

	Actual Costs as of 12/31/21 12 Months	Based on even distribution	Based on 15 year avg. (FY2007 - FY2021)	Based on 10 year avg. (FY2012 - FY2021)	Based on 5 year avg. (FY2017 - FY2021)	Worst Case Assumed
Indemnity	5,975,599	17,877,816	17,623,592	17,587,540	17,505,288	17,877,816
Medical	5,693,153	17,032,794	16,611,995	16,145,857	15,646,772	17,032,794
Recovery	(158,855)	(475,263)	(446,637)	(569,521)	(539,462)	(158,855)
	11,509,897	34,435,348	33,788,950	33,163,877	32,612,597	34,751,755
			Average of four different projection bases and "worst case"			33,750,505
Gross costs only	11,668,752	34,910,610	34,235,587	33,733,397	33,152,060	34,910,610
			Average of four different projection bases and "worst case"			34,188,453

Medical Bills Processed FY22
16,582 Total

Sept: 6,421
Oct: 4,884
Nov: 5,277
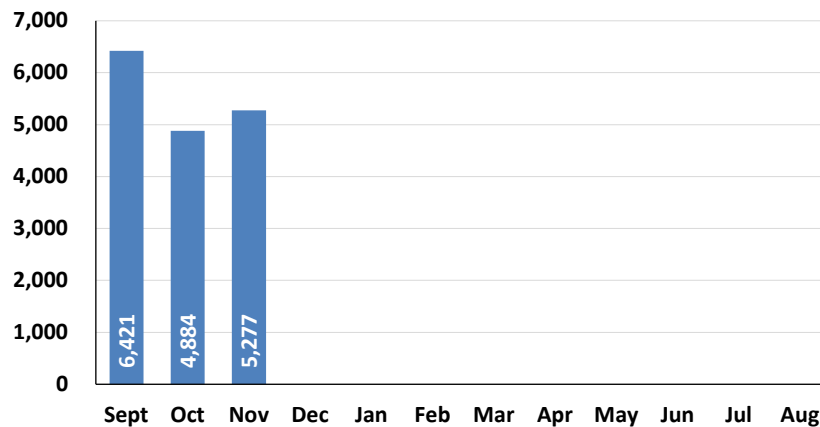
Indemnity Bills Processed FY22
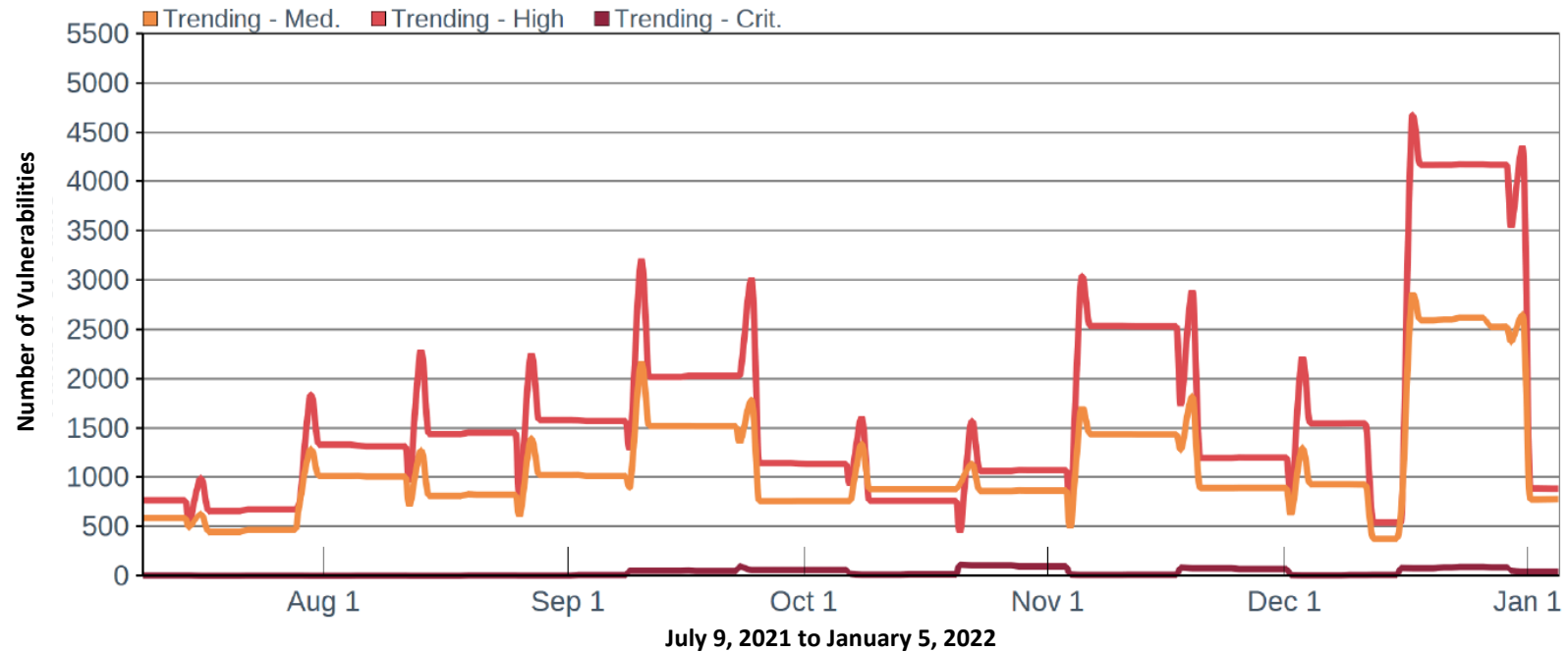### 6,198 Total

Sept: 1,980
Oct: 1,986
Nov: 2,232
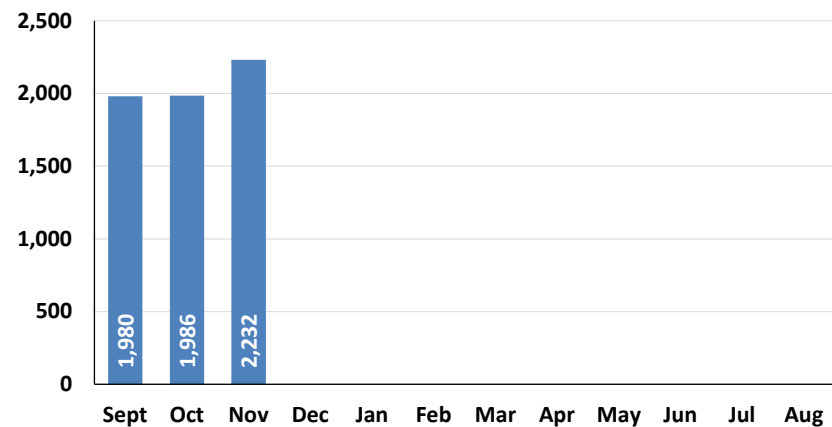
INFORMATION TECHNOLOGY

I. ONGOING AGENCY SUPPORT

Information Technology (IT) continues to support the agency operations through infrastructure support, processing, and reporting. Significant areas of activity in FY22Q1 include:

Area	Task
Equipment – Servers, desktops, laptops, and peripherals	• Replaced malfunctioned parts for servers and workstations
Software changes (mainframe, web, client/server, and PC applications)	• Completed code and process improvements for SORM applications • Updated web/mainframe development projects in Team Foundation Sever (TFS)
Projects for Business Owners	• Identified and documented the processes, procedures, tasks, and effort necessary to extract, prepare, and deliver relevant SORM data to Origami • Worked with OAG, Origami, and the Comptroller's Office to migrate the payment process and data to the new Origami RMIS system • Extracted and converted CMS data from multiple repositories and transmitted to Origami as part of the Origami RMIS project implementation • Worked with OAG, Origami, and the vendor to extract, encrypt, and transmit SORM FileNet data to Origami • Continued testing high-capacity scanners for compatibility with the Origami RMIS system • Tested and documented user access, modules, and processes within Origami • Analyzed current reports and workflows for migrating to the new Origami RMIS system • Coordinated a plan with project management and Origami for the new system to go-live

Cybersecurity	• Setup cybersecurity training in LMS to be deployed to all SORM staff
	• 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

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 Microsoft Teams and SharePoint, including the Intranet

Vulnerabilities Trending Per Month (6 Months)

July 9, 2021 to January 5, 2022

Current Vulnerabilities

	Low	Medium	High	Critical
< 7 Days	1	55	21	22
8 - 14 Days	0	14	4	7
15 - 21 Days	0	29	42	12
22 - 30 Days	0	14	4	5

Mitigated Vulnerabilities

	Low	Medium	High	Critical
< 7 Days	2	9	6	15
8 - 14 Days	1	2	0	4
15 - 21 Days	0	4	6	3
22 - 30 Days	0	0	6	0

II. ANTICIPATED ACTIVITY

In addition to routine support functions congruent with operations for the Office, we anticipate the following activities during FY22Q2 and beyond:

A. Provide final data, update computer processes, and coordinate with Origami implementation of Phase 1 of the new RMIS System
B. Conduct post-implementation tasks, including validation of modules, data, and automated processes
C. Provide support to SORM staff for the new Origami RMIS system
D. Update computer/software frameworks to improve our security posture post Origami implementation
E. Begin Origami Phase 2 Implementation
F. Coordinate with OAG Disaster Recovery Server options for SORM
G. Build the new Employee Checklist with Talent Management as the champion
H. Continue supporting external website and intranet server/database
I. Continue supporting the new Learning Management System (LMS) server/database
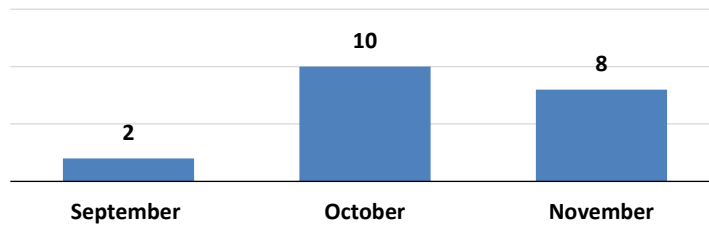
STRATEGIC PROGRAMS

ENTERPRISE RISK

I.   STATEWIDE RISK MANAGEMENT PROGRAM
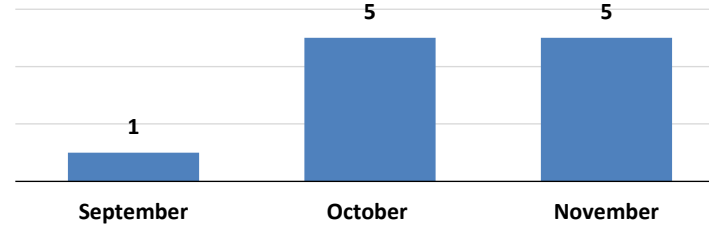
On-Site Consultations (OSCs) and Risk Management Program Reviews (RMPRs)

	Sept	Oct	Nov	
OSCs	18	14	14	20.1% of annual goal of 229 OSCs
RMPRs	0	0	2	8% of annual goal of 25 RMPRs

Recommendations Given FY22Q1

September	October	November
2	10	8

Closed Recommendations FY22Q1

September	October	November
1	5	5

Category of Recommendations FY22Q1

COOP	2
Environmental	1
Insurance	2
Risk Management	4
Safety	9
Policy/Procedure/Training	2

II. STATEWIDE INSURANCE PROGRAM

A. PARTICIPANTS IN STATEWIDE INSURANCE LINES FY22Q1

D&O/POL	Property	Automobile	Volunteer	Builder's Risk	Fine Arts
33	46	60	14	1	7
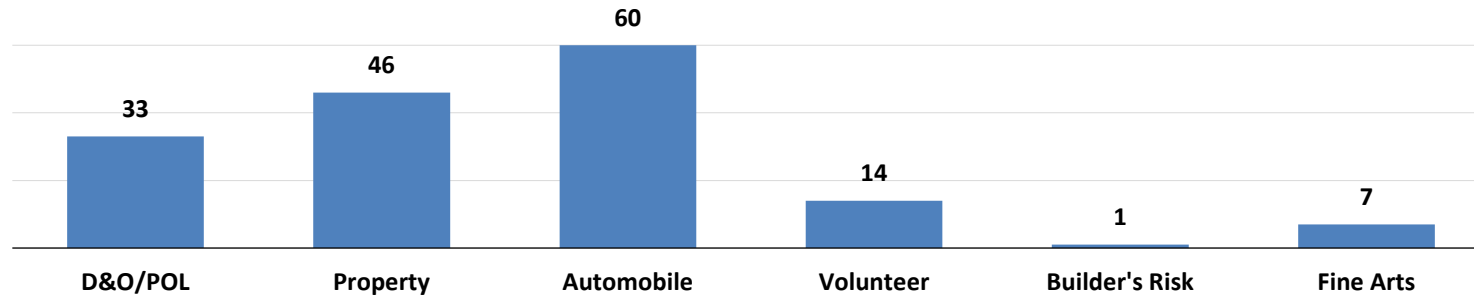
B. MONITORING
456 notary applications were processed during FY22Q1

C. INSURANCE PURCHASES
SORM 201s processed: 6
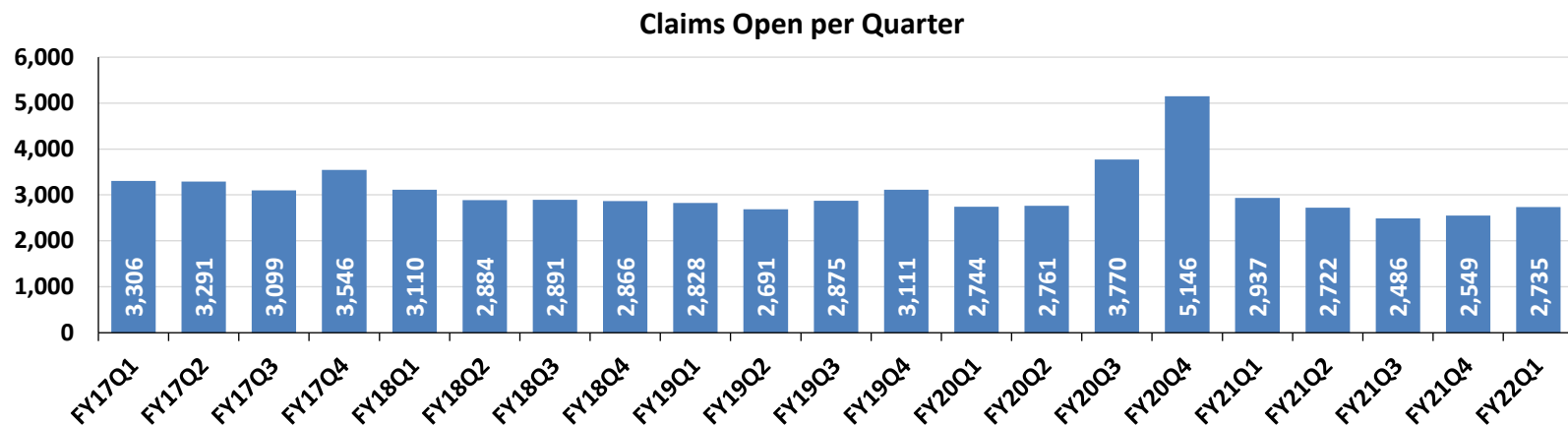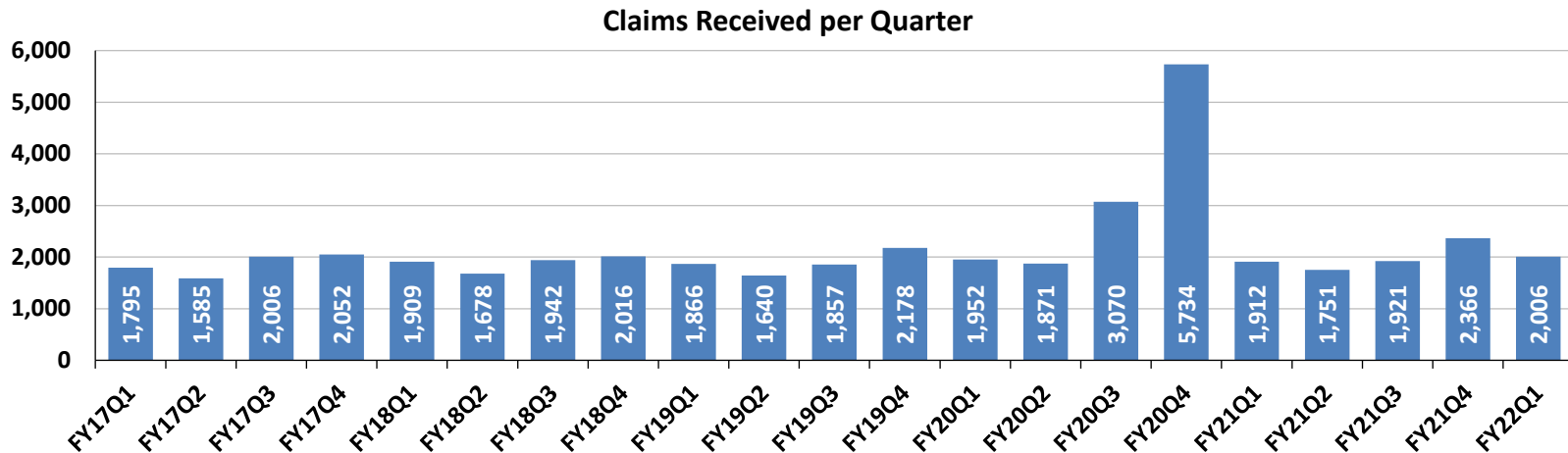SORM 201s approved and premium paid: 6 for $349,521

SORM 201s FY22Q1

Line of Insurance	Approved	Comments	Premium
General Liability	✓	General Liability insurance is 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.	$31,217
Aviation	✓	Insurance coverage for state owned aircraft was transferred to TXDOT in 2003. The procurement and purchase of the insurance policy is conducted by TXDOT, who is then reimbursed by the agencies that are in the aircraft pool for their portion of the premium. This policy covers aircraft for various agencies.	$277,450
Extra Territorial WC	✓	This coverage provides workers compensation insurance for employees who work on behalf of the State of Texas but operate or live outside of Texas	$10,385
Medical professional	✓	A professional liability policy designed to cover the insured for financial liability if they commit an error or omission (E&O) in performance of professional duties by students.	$8,117
Crime	✓	A Crime Insurance policy for potential crime hazards due to employees handling money in the form of cash, checks, and credit cards. This commercial crime policy is designed to mitigate potential exposure from criminal acts.	$15,816
Inland Marine	✓	This coverage is to protect a unique collection, while on display and in storage.	$6,536
		TOTAL	$349,521

CLAIMS OPERATIONS

I.   CLAIMS OPERATIONS ACTIVE WORKLOAD FY22Q1

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

A.   SORM received 2,006 injury reports (claims) in FY22Q1, which is a decrease from the number of injury reports received in FY21Q4 (2,366)

B.   1,631 claims were accepted

C.   1,991 claims were inactivated

D.   SORM had 2,735 open claims at the end of FY22Q1

Claims Received per Quarter

Quarter	Value
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
FY21Q2	1,751
FY21Q3	1,921
FY21Q4	2,366
FY22Q1	2,006

Claims Open per Quarter

| Quarter	Value
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
FY21Q2	2,722
FY21Q3	2,486
FY21Q4	2,549
FY22Q1	2,735

II. ANALYSIS OF INCOME BENEFITS EXPENSES FOR FY22Q1

A. FY22Q1 reflects an increase in TIBs indemnity costs from FY21Q4
B. TIBs payments were $2,334,917 and IIBs payments were $720,673 in FY22Q1
C. At the end of FY22Q1, there were 563 TIBs, 142 IIBs, 28 SIBs with payment, 11 LIBs, and 94 DIBs claims open

Temporary Income Benefits (TIBs) expenditures for FY22Q1 totaled $2,334,917 on 563 claims

TIBs Expense per Quarter
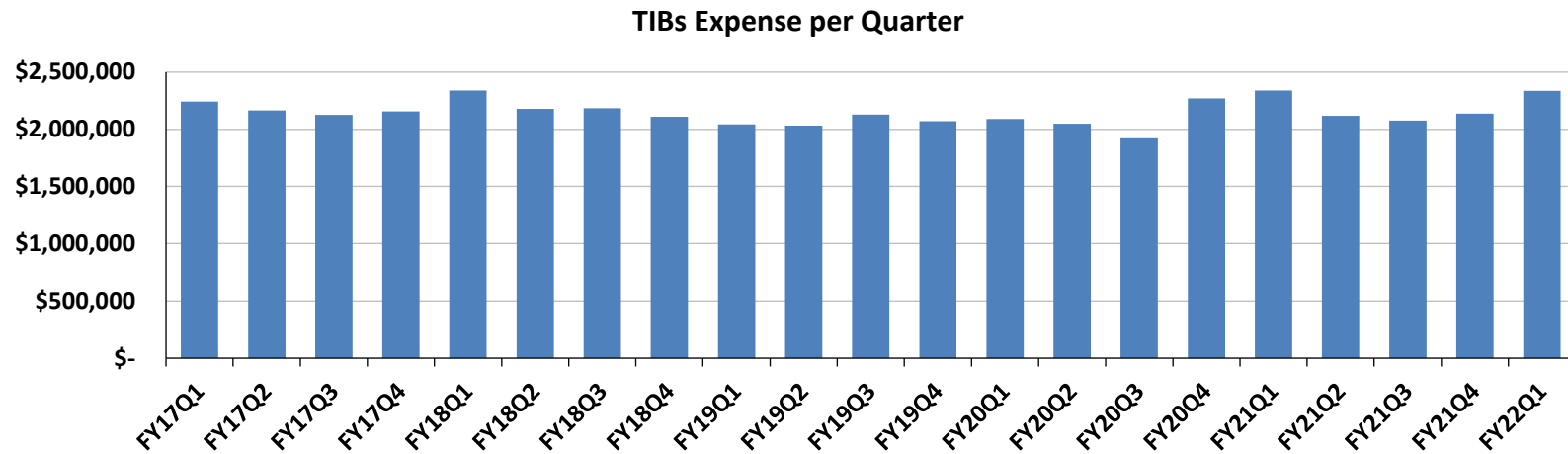
Impairment Income Benefits (IIBs) expenditures for FY22Q1 totaled $720,673 on 142 claims

IIBs Expense per Quarter
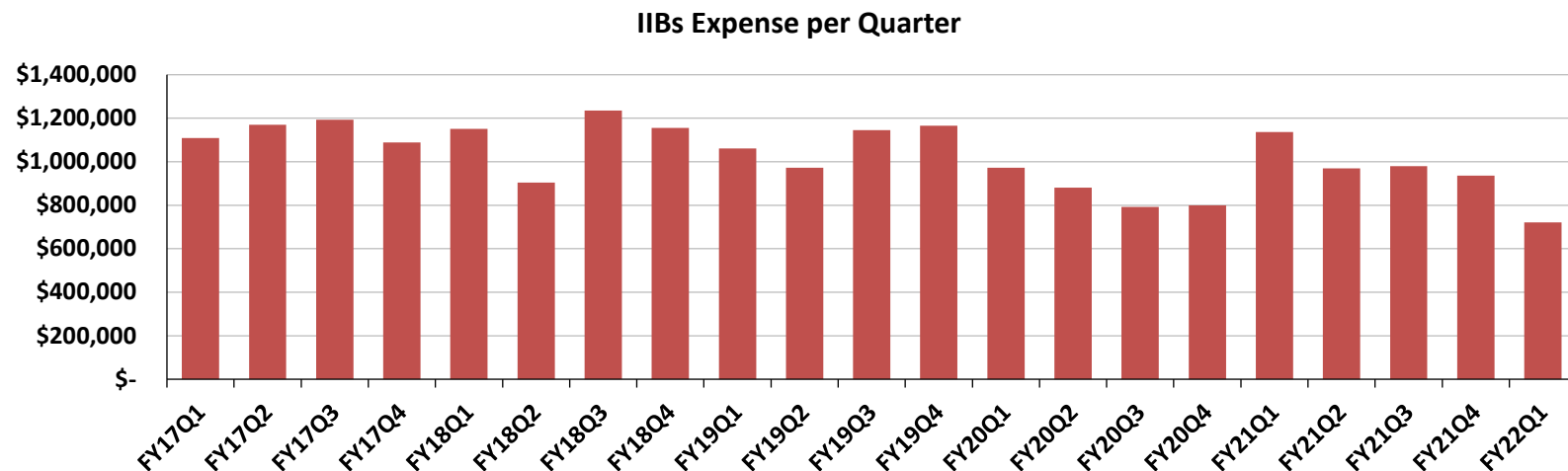
Supplemental Income Benefits (SIBs) expenditures for FY22Q1 totaled $167,101 on 28 claims

SIBs Expense per Quarter

*FY17Q4 – nine quarters paid due to CCH ruling
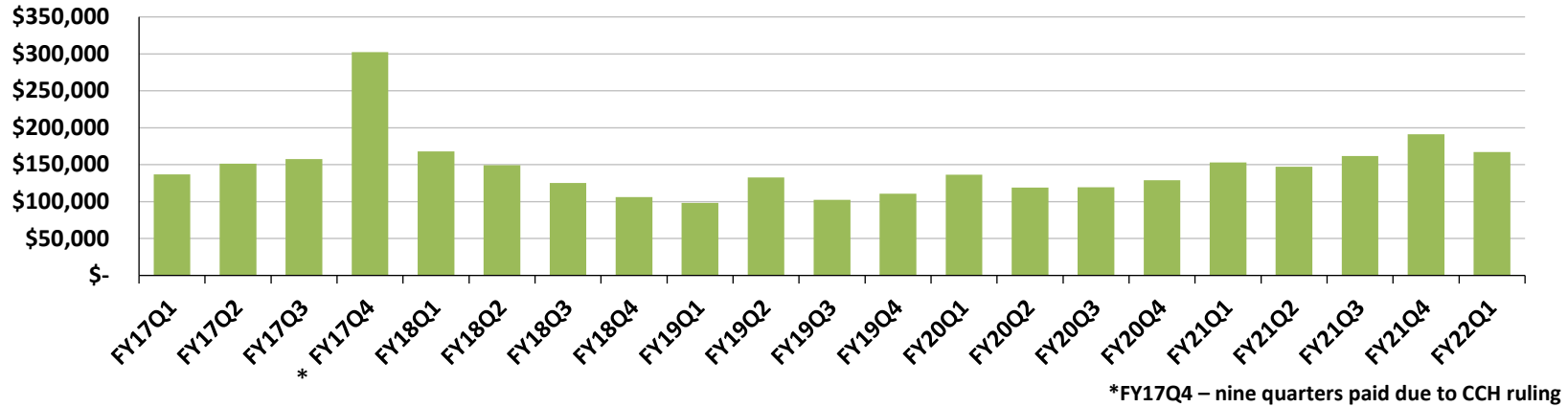
Combined indemnity expenditures for FY22Q1 totaled $4,486,151 on 795 claims

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)
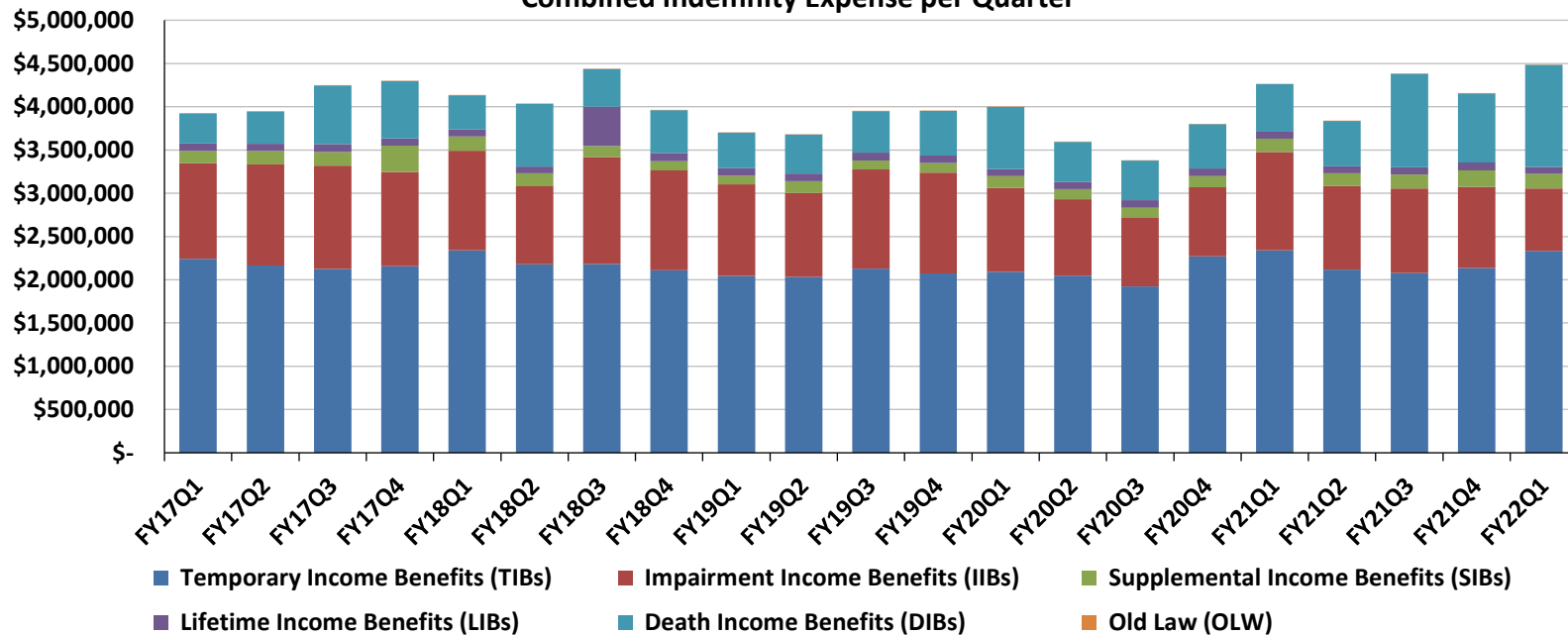
LITIGATION MANAGEMENT

I.   BENEFIT DISPUTE RESOLUTION FY22Q1

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

Top 5 BRC Issues FY22Q1	Amount
Maximum Medical Improvement/Impairment Rating	37
Extent of Injury	21
Extent of Injury/Maximum Medical Improvement/Impairment Rating	19
Existence of Injury	9
SIBs Entitlement	3

Top 5 CCH Issues FY22Q1	Amount
Extent of Injury/Maximum Medical Improvement/Impairment Rating	18
Extent of Injury	6
Maximum Medical Improvement/Impairment Rating	6
Existence of Injury/MMI/IR/Disability	2
Disability	1

II.   SPECIAL INVESTIGATIONS

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

FY22Q1	Pending	Opened	Closed	Criminal/Administrative Referrals
Fraud Investigations	12	12	7	1 Referral

III. RECOVERY SERVICES

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. If a TDI-DWC interlocutory order or decision is reversed or modified in SORM's favor, SORM can request reimbursement from the Subsequent Injury Fund for the overpayment of benefits.
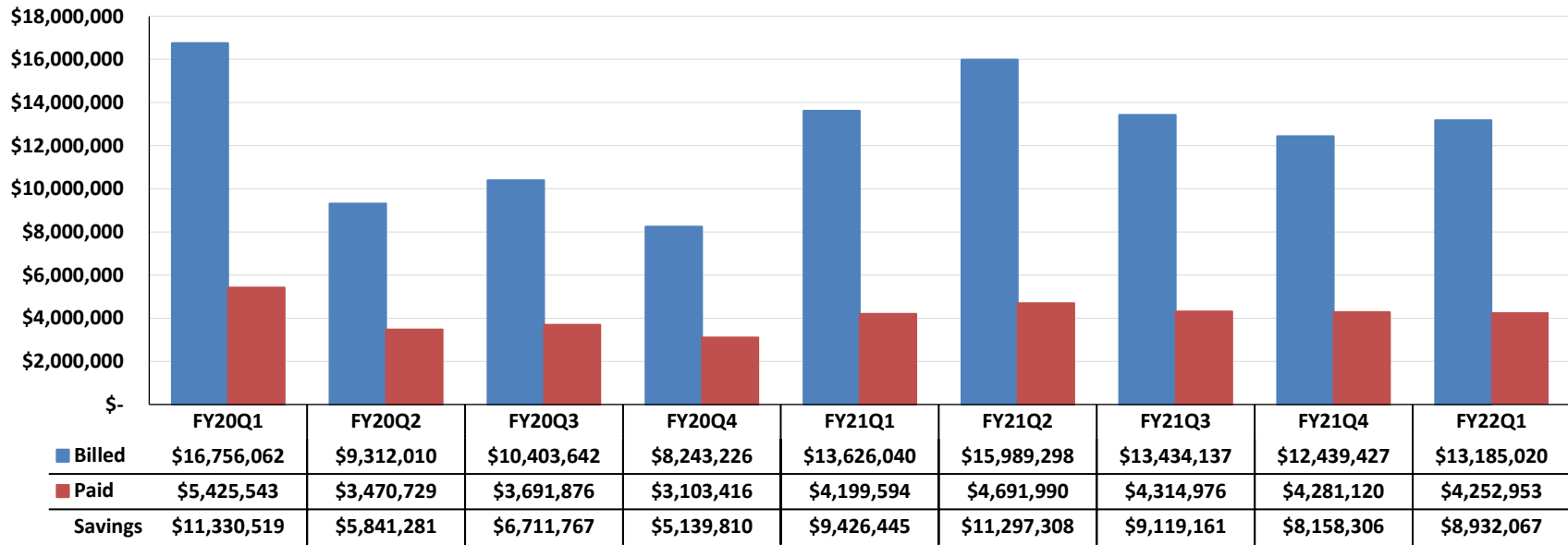
	FY22Q1	FY22Q2	FY22Q3	FY22Q4	YTD Total
Restitution	$281				
SIF	$0				
Subrogation	$62,869				
TOTAL	$63,150				

COST CONTAINMENT

I. MEDICAL COSTS

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

Total Medical Cost Savings FY20Q1 - FY22Q1

	FY20Q1	FY20Q2	FY20Q3	FY20Q4	FY21Q1	FY21Q2	FY21Q3	FY21Q4	FY22Q1
■ Billed	$16,756,062	$9,312,010	$10,403,642	$8,243,226	$13,626,040	$15,989,298	$13,434,137	$12,439,427	$13,185,020
■ Paid	$5,425,543	$3,470,729	$3,691,876	$3,103,416	$4,199,594	$4,691,990	$4,314,976	$4,281,120	$4,252,953
Savings	$11,330,519	$5,841,281	$6,711,767	$5,139,810	$9,426,445	$11,297,308	$9,119,161	$8,158,306	$8,932,067

Medical Payments FY22Q1

Pie chart legend:
- Hospital: $1,879,679
- Medical: $1,974,329
- Misc. Expense: $253,987
- Pharmacy: $144,958

20
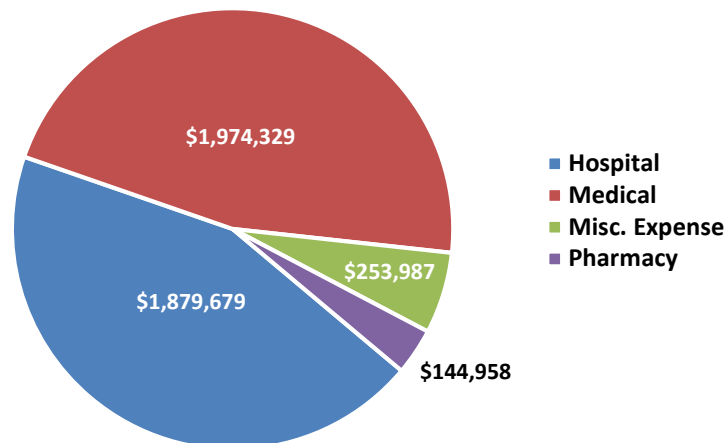
II. NETWORK AND NON-NETWORK DATA

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

Network and Non-Network FY19 - FY22

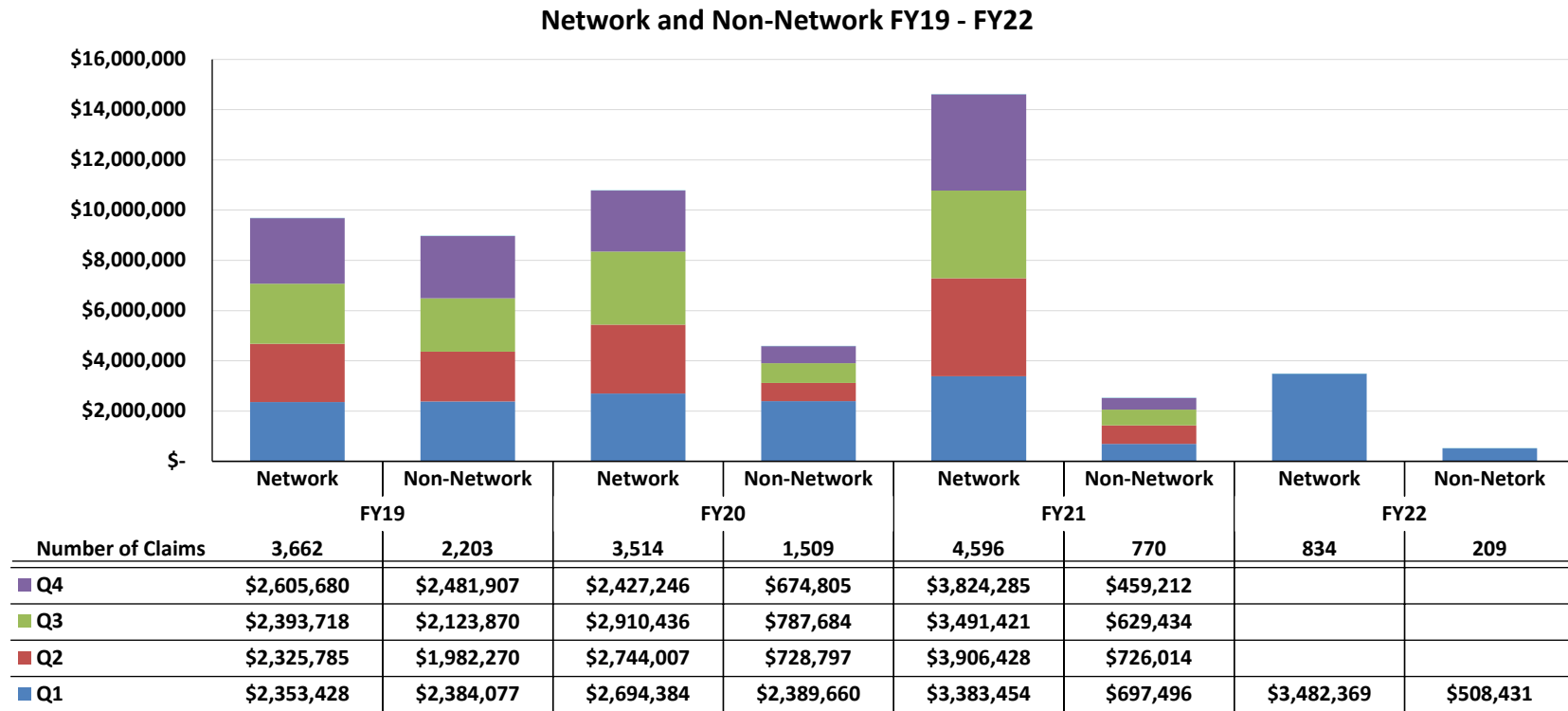|	Network	Non-Network	Network	Non-Network	Network	Non-Network	Network	Non-Netork
	FY19		FY20		FY21		FY22	
Number of Claims	3,662	2,203	3,514	1,509	4,596	770	834	209
■ Q4	$2,605,680	$2,481,907	$2,427,246	$674,805	$3,824,285	$459,212		
■ Q3	$2,393,718	$2,123,870	$2,910,436	$787,684	$3,491,421	$629,434		
■ Q2	$2,325,785	$1,982,270	$2,744,007	$728,797	$3,906,428	$726,014		
■ Q1	$2,353,428	$2,384,077	$2,694,384	$2,389,660	$3,383,454	$697,496	$3,482,369	$508,431

III. 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 FY20Q1 - FY22Q1
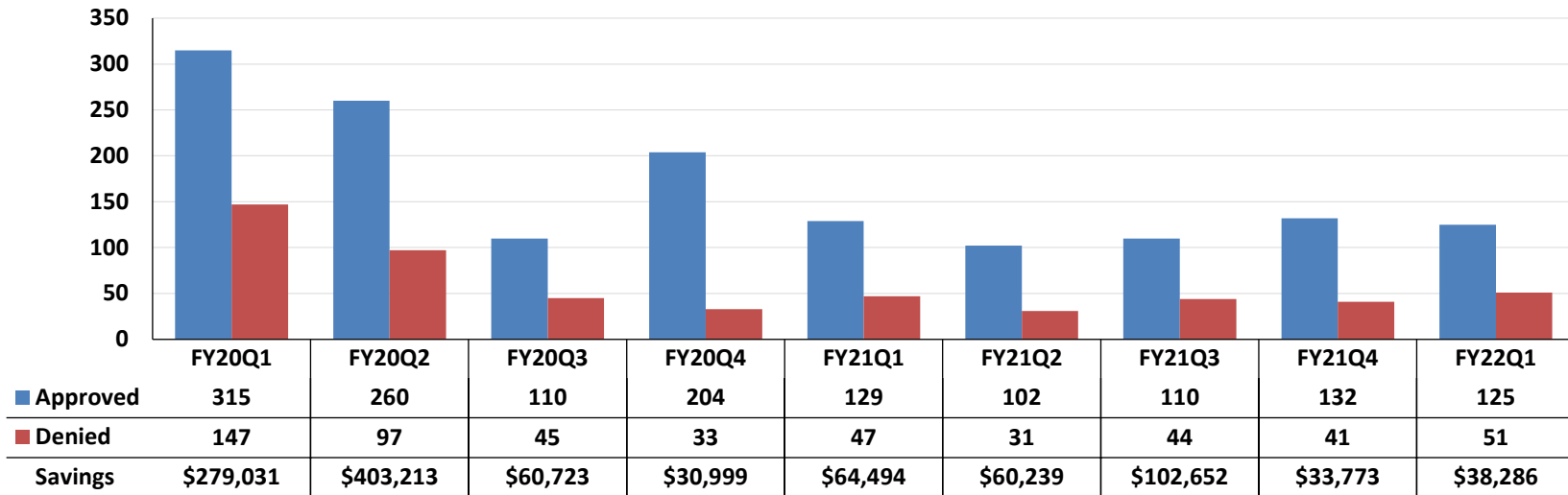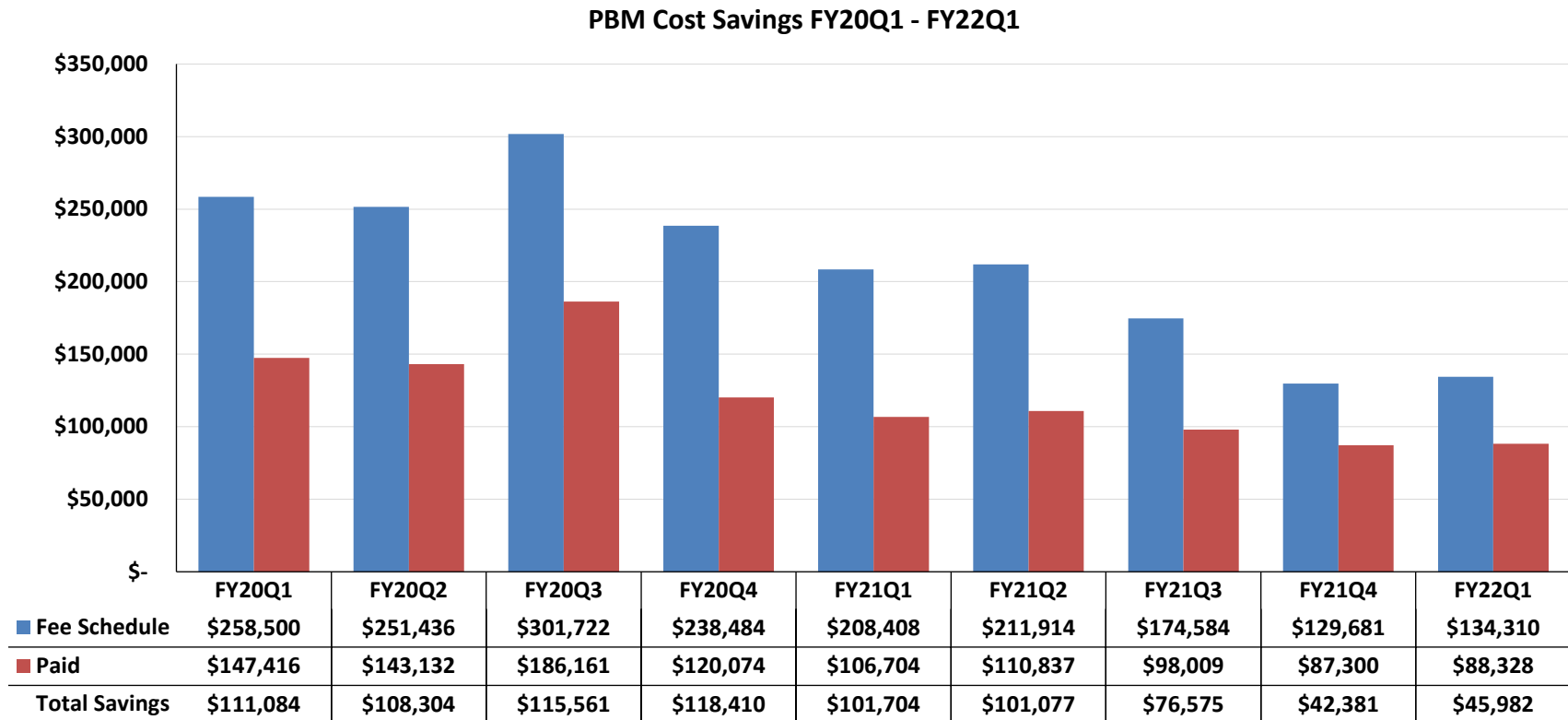
	FY20Q1	FY20Q2	FY20Q3	FY20Q4	FY21Q1	FY21Q2	FY21Q3	FY21Q4	FY22Q1
Approved	460	534	632	711	676	576	811	764	740
Denied	258	205	153	252	235	129	154	188	225
Savings	$494,148	$471,202	$225,268	$400,312	$408,785	$353,949	$362,288	$388,909	$312,438

Non-Network Utilization Review FY20Q1 - FY22Q1

	FY20Q1	FY20Q2	FY20Q3	FY20Q4	FY21Q1	FY21Q2	FY21Q3	FY21Q4	FY22Q1
Approved	315	260	110	204	129	102	110	132	125
Denied	147	97	45	33	47	31	44	41	51
Savings	$279,031	$403,213	$60,723	$30,999	$64,494	$60,239	$102,652	$33,773	$38,286
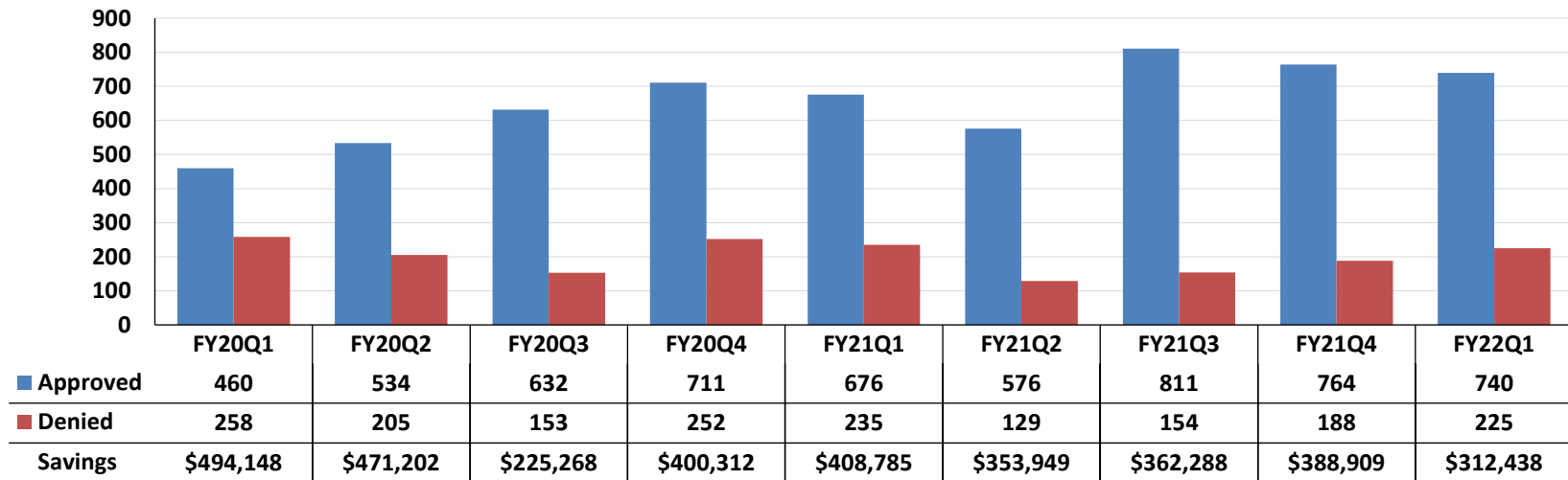
IV. PHARMACY BENEFIT MANAGEMENT

Workers' compensation benefits include medically necessary prescription drugs and over-the-counter medication.

PBM Cost Savings FY20Q1 - FY22Q1

	FY20Q1	FY20Q2	FY20Q3	FY20Q4	FY21Q1	FY21Q2	FY21Q3	FY21Q4	FY22Q1
Fee Schedule	$258,500	$251,436	$301,722	$238,484	$208,408	$211,914	$174,584	$129,681	$134,310
Paid	$147,416	$143,132	$186,161	$120,074	$106,704	$110,837	$98,009	$87,300	$88,328
Total Savings	$111,084	$108,304	$115,561	$118,410	$101,704	$101,077	$76,575	$42,381	$45,982

V. MEDICAL DISPUTE RESOLUTION FY22Q1

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.

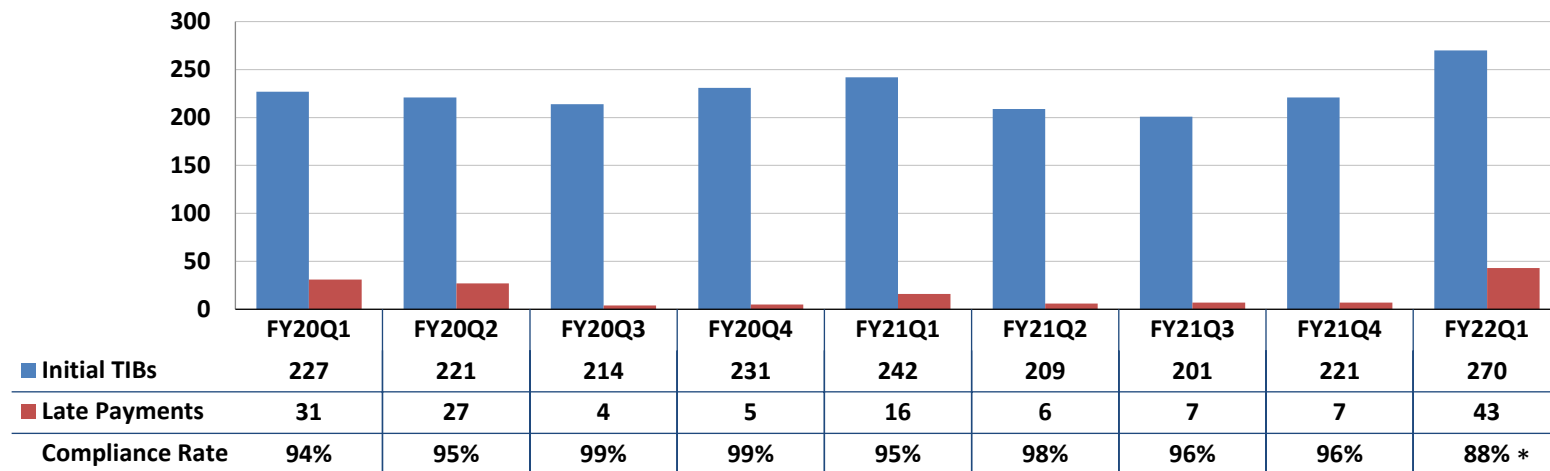|	
Medical Fee Disputes	14 Non-Network Provider
	0 Network Provider
Medical Necessity Disputes	0 Non-Network Provider
	0 Network Provider

COMPLIANCE MANAGEMENT

I.   REGULATORY COMPLIANCE

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 and Late Payments

	FY20Q1	FY20Q2	FY20Q3	FY20Q4	FY21Q1	FY21Q2	FY21Q3	FY21Q4	FY22Q1
■ Initial TIBs	227	221	214	231	242	209	201	221	270
■ Late Payments	31	27	4	5	16	6	7	7	43
Compliance Rate	94%	95%	99%	99%	95%	98%	96%	96%	88% *

* During FY22Q1, multiple factors contributed to a drop in internal compliance scoring, including the discontinuation of a DWC timeline extension, the ongoing effect of the pandemic on claims volume and staffing levels, and a revision of internal compliance protocols. All staff have been provided education and new guidance and the department is working to actively review files, with all supervisors providing direct oversight to ensure timeliness. Internal compliance rates are expected to fully return to historical levels well before the end of FY22Q2.
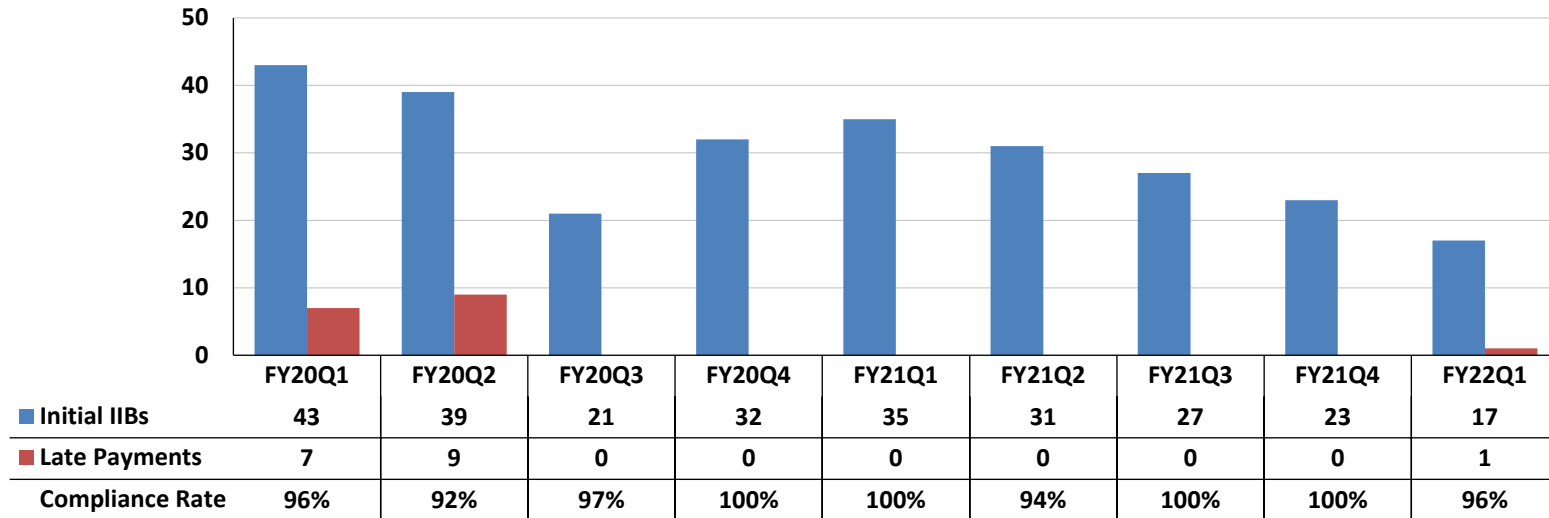
TIBs Late Payments FY22Q1

Carrier	33
Employer	8
System	2

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

	FY20Q1	FY20Q2	FY20Q3	FY20Q4	FY21Q1	FY21Q2	FY21Q3	FY21Q4	FY22Q1
■ Initial IIBs	43	39	21	32	35	31	27	23	17
■ Late Payments	7	9	0	0	0	0	0	0	1
Compliance Rate	96%	92%	97%	100%	100%	94%	100%	100%	96%

II.   CONTRACT ADMINISTRATION

Area	Task
Procurement	- Claims Index - Actuary Study
Contract Management	- Insurance Broker Services Contracts - Request for Certificates of Insurance - Verification of Vendor Cybersecurity Training
Vendor Performance Monitoring	- Vendor Performance Evaluation Tool (VPET) - Business Owner Input - Desk Reviews - Issue Log
Vendor Performance Reporting	One annual vendor performance report completed