



RISK★TEX

INTERAGENCY COMMUNICATION FROM THE STATE OFFICE of RISK MANAGEMENT ★ MARCH 1999

IT'S NOT OVER UNTIL IT'S OVER

by Bruce Birdwell, ARM, CSP, Executive Director

Baseball Manager Yogi Berra once said, "It's not over until it's over." He may have had the State Office of Risk Management in mind and how claims expenses are paid.

While some claims files are closed during the same year as the injury, many payments stretch over a number of years.

On average, only 27 percent of the expenses for a particular claim is paid out within the same year as the date of injury. During the following year, 33 percent of those expenses is paid. For example, 27 percent of the total expenses for a claim with a date

of injury of Sept. 1, 1997, will be paid before Aug. 31, 1998. During the next year, about 33 percent of the expenses for that claim will be paid.

Using figures from fiscal year (FY) 1994 to FY 98, the five-year average of claims expenses paid during specific years includes:

- 27 percent of claims expenses is paid during the injury year;
- 33 percent is paid one year after the injury year;
- 15 percent two years later;
- 8 percent three years later; and
- 18 percent four or more years later.

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What's in store for workers' compensation with telecommuting *more and more employees working from home*

by Sam Lawrence, Information Specialist

While working on an important project for his boss, John trips and injures his arm. Under normal circumstances his injury would be covered by workers' compensation, but John wasn't in the office. He was working at home as part of his agency's telecommuting program, and the object he slipped on was his daughter's roller skate.

With more and more agencies adopting or considering telecommuting,

also called teleworking, new workers' compensation issues arise. Should the state workers' compensation system cover an injury that occurs when John trips in his home?

The answers aren't easy to determine. While most agree that the injury would be covered if it occurred during the scope of John's work duties, the hypothetical circumstances have never been tested.

"To date, there's never been a case
(Continued on page 2)



STATE OFFICE of RISK MANAGEMENT

MISSION STATEMENT

The State Office of Risk Management will provide active leadership to enable State of Texas agencies to protect their employees, the general public, and the state's physical and financial assets by reducing and controlling risk in the most efficient and cost-effective manner.

ADOPTED MARCH 1998

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TELECOMMUTING BRINGS UP NEW ISSUES

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where a telecommuter has been hurt at home,” said Bob Otto, program administrator for the General Services Commission’s State Energy Conservation Office. Otto serves as the state’s contact for telecommuting programs.

More than 300 state workers are enrolled in established or pilot telecommuting programs in 12 agencies, and several additional agencies are in the process of developing telecommuting programs of their own. “I know there’s a lot more that’s telecommuting, but some of the agencies don’t call them that. They say they don’t have offices and they work at home,” Otto said.

It’s estimated that 15.7 million Americans telecommuted in 1998. That figure is expected to jump to 18 million by 2001.

Businesses turning to telecommuting say employees working from home are more productive, have higher

morale, and save on office and parking space. Otto said telecommuters can increase their productivity through less interruptions.

“In our division, our engineer gets 100 percent increase in productivity, and I know mine is a minimum of 50 percent,” said Otto, who has been telecommuting about two days per month since 1992.

Jack Nilles, in his book, “Making Telecommuting Happen,” notes that telecommuters take two days less sick leave per year, turnover is decreased, and companies with telecommuting programs have an increased ability to attract staff.

The increasing number of telecommuters and the associated benefits have caught the eye of the Texas Legislature. Texas Sen. Carlos Truan’s office is drafting a bill that requires state agencies to adopt a telecommuting program.

“We’ve been working on getting a

state policy in place to require every state agency to have a telework policy in place,” said Carla Buckner, a former staff member in Truan’s office.

Texas agencies with telework programs have already seen good results.

The Texas Natural Resource Conservation Commission recently completed a pilot program with 115 participants in Austin, Houston, and Arlington. The goal of the program was to reduce air pollution, said Ita Ufot, TNRCC’s coordinator of trip reduction programs, which included the telecommuting effort.

Participants worked from home between one and three days a week from September 1997 to August 1998. A survey found 58 percent of those in the program reported a reduction in stress, and 84 percent saw an increase in morale. Managers reported a 5-35 percent

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IT'S NOT OVER ...

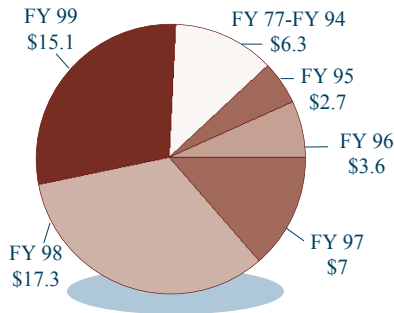
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These percentages show how claims expenses are submitted to SORM for payment. The figures also reveal that reductions in injury frequency rates may not show up as reductions in dollar payouts until several years down the road.

An actuarial study was conducted to determine the state's liability for unpaid workers' compensation claims as of Aug. 31, 1998. The study projected the state will pay about \$52.1 million in FY 1999, \$55 million in FY 2000, and \$57.6 million in FY 2001. Of the \$52.1 million expected to be paid during the current fiscal year, about \$15.1 million will be from injuries occurring during the same fiscal year. (Refer to the pie chart in the next column.) About \$17.3 million will be paid for injuries from FY 1998; \$7 million for FY 1997 injuries; and \$3.6 million for FY 1996 injuries.

The study also estimated future incurred claims (the ultimate cost for claims in a given fiscal year). The projections included \$59.5 million in FY 1999, \$62 million in FY 2000, and \$64.6 million in FY 2001. Those amounts assume a 2 percent increase per year in payroll expenses, a 3 percent year increase in

**FY 99 CLAIM PAYMENTS
BY INJURY YEAR
(IN MILLIONS)**



indemnity benefits, and a 5 percent annual increase in medical costs.

Even though the figures are increasing, the state's overall loss rate is decreasing. The actuarial study, which includes the trended loss rate per \$100 of payroll in March 1999 dollars, determined the five-year average loss rate from FY 94 to FY 98 to be \$1.23. (The average shows that for every \$100 in payroll expenses, \$1.23 was spent on claims.) That's less than previous loss rates for the state. The loss rate for FY 90 was \$1.65; the rate was \$1.31 for FY 91.

So, remember: Claims expenses typically are paid over a number of years, and SORM adjusters can't close a claims file "until it's over."

TEST YOUR SKILLS?

See if you can answer these questions about risk management and safety.

1. If one is sweating, elevated pulse, weakness, nausea and headache, this is known as:

- A. Dehydration
- B. Heat stroke
- C. Heat cramp
- D. Heat exhaustion
- E. Heat fatigue

2. In the NFPA color identification system, what is the reactive color code?

- A. Red
- B. Green
- C. Yellow
- D. White
- E. Blue

3. The least likely term which describes designing the job to fit the worker is:

- A. Human factors
- B. Human engineering
- C. Ergonomics
- D. Human systems

3
2
1
ANSWERS

NEW EMPLOYEES SINCE NOV. '98

Geneva Lira, *Claims Assistant, Claims Operations*

Samuel McCosh, *Investigator, General Counsel*

Michael Mitchell, *Risk Management Specialist, Risk Assessment & Loss Prevention*

Juliet Morris, *Claims Assistant, Claims Operations*

Lee Ann Petrick, *Bill Review Auditor, Claims Support*

NEW GENERAL COUNSEL

Jonathan Bow took over the role of SORM's general counsel in late 1998. He joins SORM after working as the presiding administrative law judge of the Child Support Division of the Office of the Attorney General.

Bow graduated from Sul Ross State University and received his J.D. from Texas Tech School of Law.

In addition to acting as legal advisor to the agency, Bow also oversees dispute resolution, subrogation, fraud investigations, governmental relations, and agency policy and internal training.

Prior to his work in the public sector, Bow owned a private practice in Lubbock.

TELECOMMUTING & WORKERS' COMP

(Continued from page 2)

increase in productivity in those who participated. TNRCC calculates 6,780 miles per week were saved by those working at home instead of driving to the office.

Max Schultz, safety manager for the Texas Department of Criminal Justice Parole Division, said his agency has written a policy and is awaiting approval from management. When developing the program, Schultz studied many private companies and other state agencies with existing programs.

"There were so few companies that were doing telecommuting that did not show an improvement in the number of injuries reported," he said.

To help eliminate gray areas when injuries occur while working at home, TDCJ's proposed policy requires teleworkers to designate a work area inside the home and to create a schedule of work hours. If an injury occurs outside the work area or work schedule, TDCJ will investigate the accident and possibly return the teleworker to the office, Schultz said.

GSC's State Energy Conservation Office publishes The Telecommuting Guidelines to help agencies develop telework programs. A section in the guidelines covers injuries while working at home.

"If an employee suffers a work-related injury while telecommuting, workers' compensation laws and rules apply just as they would if such an injury were to occur at the designated headquarters," the guidelines state. "For the purposes of workers' compensation, the telecommuter is considered to be acting within the course and scope of employment only when he or she is engaged in job-related



BY THE NUMBERS

- ★ 15.7 million employees telecommute in the U.S.
- ★ Austin ranked 36th in a 1997 list of best cities in America for telecommuting; San Francisco was ranked No. 1
- ★ 51 percent of North American companies permit telecommuting
- ★ 8,219 telecommuting jobs are added each day in the U.S.

Sources: Texas General Services Commission; PC World and Money magazines; Reuters; Kensington Telecommuting Survey

activities at the remote work site."

Workers' compensation and telecommuting experts predict that employees working at home will be less prone to filing workers' compensation claims.

"The cynic's reason, which has some truth, is that many injured telecommuters simply do not know that they are eligible for work comp benefits, as they assume injuries in their own home are not compensable. There is

also the fear that filing a claim may end their telecommuting privileges," according to the November 1997 issue of "Workers' Compensation Monitor," a monthly newsletter. "The optimist's reason would be that telecommuters have higher morale and file fewer unjustified and inflated claims."

Other state governments are also adding telecommuting programs. The State of Arizona successfully mandated each department, agency, and state-funded commission to have at least 15 percent of its employees telework at least one day per week by the end of 1998, said Jack Heacock, president of the International Telework Association and Council (ITAC).

A group of Utah organizations, including the state, has joined forces to increase the use of telecommuting before, during, and after the 2002 Olympic Winter Games in Salt Lake City.

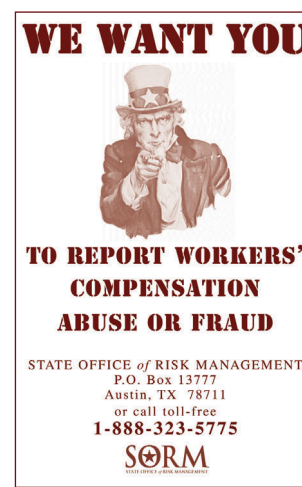
"Telecommuting has many things to offer both businesses and government agencies," Otto was quoted as saying in the January issue of Telecommute magazine. "Energy savings is the chief way we justify the programs for now. ... We hope to get cars off the road and save thousands of cold starts twice a day. That sort of effort will be vital to us as we develop."

TAKING AIM AT WORKERS' COMP FRAUD AND ABUSE

In an effort to reduce fraud and abuse of the workers' compensation system, SORM developed two posters encouraging state employees to report suspected medical fraud or abuse.

By now, all state agencies should have received a copy of one of the posters for display in the office. SORM recommends hanging the posters in a prominent area that is visible by all employees, such as in the break room or near the water fountain.

A toll-free hotline – 1-888-323-5775 – has been established to take calls about suspected fraud or abuse. Callers are asked to leave a message with the name of the person in question, the name of the agency and location where that person works, and the nature of the suspected



fraud or abuse. For example, if the person is suspected of drawing state workers' compensation benefits while working at another job, callers are urged to give the name and location of that business. All calls are kept confidential.

Agencies that have not received a copy or need more copies of the posters should call Agency Outreach & Training Manager Val McCandless at (512) 936-1460.

USEFUL INFORMATION ADDED TO WEB SITE

SORM recently entered the information age with a Web site, and it's already growing.

New items and features are being added to the site at www.sorm.state.tx.us. What started out as a Web site with basic information about our agency and its functions is turning into a more useful tool providing material tailored to agency risk managers, claims coordinators, and safety officers.

Visit the SORM Web site at www.sorm.state.tx.us

Instead of having to flip through nearly 300 front-and-back pages that weigh 3 pounds, users of the "Risk Management for Texas State Agencies" guidelines can now easily navigate through SORM's Web site to get the same information. All four volumes of the guidelines have been transferred into a Web-friendly format that can be found at the click of a mouse.

The Web version of the guidelines is broken down by chapter and subchapter to allow easy maneuvering from the clickable index. The chapter-by-chapter breakdown allows users to readily find specific citations without having to scroll through page after page of a long document. The breakdown also allows users to print only the chapters that are needed, instead of printing an entire volume.

"Risk Management for Texas State Agencies" button on SORM's home page.

Another recent addition to the Web site is the yearly listing of training courses and a description of each course offered in fiscal year 1999. These Web pages correspond to the "Course Catalog" previously mailed to agencies.

Under the "Events & Training" section of the Web site, users can choose between two versions to view the training courses. The yearly calendar provides a month-by-month look at what classes are offered. There is also an alphabetical listing of each training course. From both pages, users can navigate to the course descriptions, which highlight what each course is about and provides times and dates of classes.

The "Claims Coordinator Handbook" is also available on SORM's Web site. The Web version of the handbook includes all of the forms found in the paper version of the handbook, but most of the forms on the Internet are for visual purposes only. These forms are slightly altered from their original versions to allow for publishing on the Web site. These forms should not be printed off the Web and used for filing claims. Future plans include providing downloadable forms on the Web site for use by state agencies.

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SORM UPCOMING EVENTS & TRAINING

ADDITIONAL DUTY SAFETY OFFICER ORIENTATION

Austin, TX
April 7, 1999
May 5, 1999
June 2, 1999
July 7, 1999

Huntsville, TX
June 23, 1999

A one-day training session to provide basic tools and a practical approach for the day-to-day management of safety issues for additional duty safety officers. Contact Val McCandless at (512) 936-1460 to schedule your agency.

ADVANCED SAFETY COURSE

Austin, TX
March 23-24, 1999
8 a.m.-5 p.m.

Two-day course designed for safety officers and risk managers. Discussion about applicable regulations, hazard information, return-to-work programs, HAZCOM, insurance and indemnification, fleet safety, and behavior-based safety.

BASIC TRAINING FOR CLAIMS COORDINATORS

2nd Tuesday of every month
Austin, TX, 9 a.m.-3 p.m.

NFPA, LIFE SAFETY CODE 101

Austin, TX
April 27, 1999
8 a.m.-5 p.m.

Provides an overview of enabling legislation and a general overview of Life Safety Code 101. For those with limited or no experience with the Code.

WWW.SORM.STATE.TX.US

The listing of training courses can now be found in the "Events & Training" section on our Web site.

MONTHLY REGISTRATION FORMS will be mailed to your agency with times, locations, and arrangements.

Please contact:	Val McCandless	@ 512-936-1460	VSM@OAG.state.tx.us
	Leonard Zolondek	@ 512-936-1561	LDZ@OAG.state.tx.us
	Jim Springer	@ 512-936-1572	JTS1@OAG.state.tx.us

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