

Self-Evaluation Report



State Office of Risk Management

September 2017

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State Office of Risk Management Self-Evaluation Report

I. Agency Contact Information

A. Please fill in the following chart.

**State Office of Risk Management
Exhibit 1: Agency Contacts**

	Name	Address	Telephone & Fax Numbers	Email Address
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Table 1 Exhibit 1 Agency Contacts

II. Key Functions and Performance

A. Provide an overview of your agency's mission, objectives, and key functions.

Mission

The State Office of Risk Management (Office) will provide active leadership to enable State of Texas entities 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.

Philosophy

The State Office of Risk Management will act in accordance with the highest standards of ethics, fairness, accountability and humanity for both our customers and our employees. Customer service is a cornerstone of our mission.

Objectives & Key Functions

Enterprise Risk Management Program

The Executive Director of the Office serves as the state risk manager and is responsible for supervising the development and administration of a system of risk management for the state. The Office's risk management program provides services to state agencies, institutions of higher education, and other entities identified by statute (state entities). The Office assists state entities in establishing and maintaining comprehensive risk management programs designed to control, reduce, and finance risk.

The Office utilizes multiple approaches, including, but not limited to: comprehensive guidelines; oversight in the development and maintenance of risk management and continuity of operations programs; administration of property, casualty, and liability insurance programs; specialized assistance and training; data collection, monitoring, and analysis; and the self-insured workers' compensation program.

The Texas A&M University System (A&M), University of Texas System (UT), Texas Department of Transportation (TXDOT),¹ Texas Tech University System (Texas Tech)², and Texas State University System (TSUS)³ are currently exempted from the Office's risk management and insurance programs. The Employees Retirement System of Texas (ERS) and Teacher's Retirement System (TRS) may, but are not required to, acquire risk management and insurance services provided by the Office.⁴

Insurance Program (Risk Transfer)

One of the Office's key statutory missions is to operate as a full-service insurance manager for state entities and institutions of higher education. State entities that are subject to Labor Code Chapter 412 may not purchase property, casualty, or liability insurance coverage without the approval of the Office.⁵ The Office will authorize the purchase of insurance if, after review of a SORM-201 and supporting documentation, the Office finds that the state entity has unique exposures; the purchase is necessary because of substantial or unusual risk of loss; or the coverage is necessary to protect the interests of the state.⁶ To ensure the Office is informed of state insurance purchases, Insurance Code Section 1803.002 requires insurers that intend to sell property, casualty, or liability insurance coverage to a state entity to report the intended purchase of insurance coverage at least 30 days before the insurance sale occurs.

Workers' Compensation Program (Risk Retention)

The State of Texas self-insures for the purposes of workers' compensation. The Office administers workers' compensation claims for state entities identified in Labor Code Chapter 501. The state employee workers' compensation program covers 143 state entities, which includes courts and institutions of higher education as well as Windham School District within the Department of Criminal Justice, and 122 community supervision and corrections departments, encompassing approximately 190,000 individual employees.

A&M, UT, and TXDOT are exempted from the Office's workers' compensation program and operate their own individual workers' compensation programs.⁷ Texas Tech, TSUS, ERS, and TRS participate in the workers' compensation program.

¹ Labor Code §501.024(5), (6), and (7).

² Labor Code §412.011(c)(2)(A).

³ Labor Code §412.011(c)(2)(B) and (j).

⁴ Government Code §§815.103(f) and 825.103(c) and Labor Code §506.002.

⁵ Labor Code §§412.011(e) and 412.051(b).

⁶ 28 Texas Administrative Code §252.303(d).

⁷ Labor Code §412.052.

Continuity of Operations Planning Program

Continuity planning ensures that the most critical government services continue to be available to the people of Texas under any conditions. In cooperation with the Office of Homeland Security (HSC), Texas Division of Emergency Management (TDEM), and Department of Information Resources (DIR), the Office has implemented a statutory comprehensive continuity planning program for Texas state entities. Policies and standards to ensure expansive continuity planning, testing, training, and exercising across the state enterprise are set forth the October 24, 2013, [Texas State Agency Continuity Planning Policy Guidance Letter](#).

B. Do your key functions continue to serve a clear and ongoing objective? Explain why each of these functions is still needed. What harm would come from no longer performing these functions?

The Office's functions continue to serve a clear and on-going objective. The Office is charged by law to administer the enterprise risk management program, insurance program, self-insured workers' compensation program, and continuity of government operations planning program for the State of Texas. All four core missions enable State of Texas agencies and institutions of higher education to protect their employees, the general public, and the State's physical and financial assets.

The Office provides services, guidance, resources, and expertise that is designed to help state entities make well-informed, proactive decisions on how to identify, manage, transfer, and retain risk. Pre-planning responsibilities, resources, and repeatable responses in event of loss strengthens state government and reduces costs.

As the full-service risk manager and insurance manager for state entities, the Office is able to reduce the risks of injury through accident and loss prevention programs. The guidelines adopted by the Board of Directors (Board) for a comprehensive risk management program and the assistance of the Office in implementing such programs has a direct impact on losses. Similarly, the insurance program, in conjunction with the Office's maintenance and review of records of property, casualty, and liability insurance coverages purchases by and for state entities, helps reduce costs and ensure proper financial protection against loss. In the absence of such programs the risks to workers and state assets will increase, with an attendant rise in costs to the state.

Enterprise Risk Management Program

Need: The Office's risk management services create an awareness within state government of risk and the need to continually adapt to external and internal risks, including hazard, operational, financial and strategic risks. Risk identification improves the timeliness of an entity's actions as new risks emerge. Open communication ensures risk information and strategies are shared within and across the state enterprise, which creates consistency in how the state views risk and approaches risk management.

Requiring risk management programs at the individual entity level increases accountability. The Office helps state entities identify potential risks to people, resources, and mission critical functions before a loss event occurs. This provides an entity with a greater understanding of the likelihood and severity

of identified risks. Risk identification also increases an entity's options for preventing loss and addressing potential risks and may reveal risks that are an opportunity for growth.

The Office assists with prioritization of risk so an entity can focus on prevention and mitigation of risks. Risk management planning allows a state entity to make meaningful quality improvements to avoid preventable losses and thereby reduce the number, frequency, type and severity of losses. The Office provides risk transfer options that give an entity an opportunity to prepare for unpreventable and unexpected losses with risk transfer mechanisms.

Harm: Without risk management, state entities cannot adequately plan and respond to risk events. State entities that do not proactively address risk through well-thought-out risk management plans are in danger of engaging in reactive responses without an awareness or understanding of the facts or consequences when an event occurs. The lack of information can negatively affect decision making.

Insurance Program

Need: Under current law, state entities make individual decisions regarding insurance purchases. A state entity can purchase insurance to control the cost of a loss to physical assets; to protect volunteers; and/or provide coverage when the entity is liable for damage to a third party. The Office's insurance program provides insurance expertise to ensure state entities do not purchase unnecessary or questionable coverage.

The Texas Tort Claims Act (TTCA) provides a limited waiver of sovereign immunity in certain situations when a governmental unit is liable for damage.⁸ The TTCA limits the maximum amount of monetary damages for each person and each occurrence.⁹ A state entity can shift or eliminate its potential exposure to unanticipated TTCA expenditures to a pre-planned expenditure through the purchase of liability insurance. The Office helps individual state entities make informed decisions on whether to retain all of the TTCA liability risk, transfer the TTCA liability risk, or partially transfer the TTCA liability risk. The Office helps state entities understand the cost savings of a self-insured retention, through an insurance deductible, and insurance policy limits that do not exceed the maximum damages of the TTCA.

State entities can also suffer loss to physical assets. Insurance is a risk transfer option that allows a state entity to lessen the budgetary impact when such a loss occurs. The Office assists state entities with determining the appropriate type and level of insurance coverage, ensures the terms and conditions of the insurance policy provide adequate coverage, explains coverage exclusions, and participates in the claim process when a loss occurs.

⁸ Civil Practice and Remedies Code Chapter 101.

⁹ Civil Practice and Remedies Code §101.023 - \$250,000 for each person and \$500,000 for each single occurrence for bodily injury or death and \$100,000 for each single occurrence for injury to or destruction of property.

Harm: Centralizing state insurance purchases helps each entity understand the costs associated with retaining a risk versus transferring the risk through (re)insurance, as well as leverages economies of scale. State entities can normalize the budgetary impact of ordinary as well as unexpected losses with insurance, and decreasing the amount of money the state spends in total to recover from uninsured losses increases the amount of money available to the state to improve services to the public. A decentralized insurance program could have a number of adverse consequences: Individual state entities would have to self-educate on a rapidly changing and complex field of knowledge; the number and cost of insurance procurements could increase; the potential for duplicative and unnecessary coverage would grow; and the state's enterprise risk exposure would intensify.

Workers' Compensation Program

Need: The state self-insures for the purpose of workers' compensation for state employees. The Office administers the worker's compensation program for injured state employees subject to Labor Code Chapter 501. When a compensable work injury occurs, the Office ensures that the injured state employee receives the same level of service and benefits as a private individual. The Office's workers' compensation program provides individual state entities with a dedicated claims administration team and comprehensive claims handling services. The Office analyzes claims data to identify trends that should be addressed through risk management strategies. The Office also provides protection from possible fraudulent claims. The costs of workers' compensation program are funded through risk pooling, which safeguards individual state entities from catastrophic losses that could exceed budgetary capabilities.

Harm: Centralization ensures compliance with the Workers' Compensation Act and other law, and produces a stable and self-sustaining workers' compensation program, including consistent workers' health and safety and loss control protocols. Without centralization, an injured worker may not consistently receive the wage replacement or medical care for a work-related injury that he/she is entitled to. Housing workers' compensation claims management at the enterprise level enhances the state's ability to control claims costs, as well as reduces the burden for individual entities respecting a multitude of state and federal regulatory requirements.

Continuity of Operations Planning Program

Need: The Office's continuity of operations program and the steps taken by individual state entities helps build public confidence in the effectiveness and resiliency of state government. Each state entity can prepare to resume operations following a natural or man-made event through continuity of operations planning (COOP). Many of the state entities on the [Emergency Management Council \(EMC\)](#) and [Homeland Security Council \(HSC\)](#) participate in the Office's risk management, insurance, and workers' compensation programs. Likewise, the Office provides services to state entities that are primarily responsible for implementation and oversight of front-line activities related to the State's emergency management and homeland security strategic plans.

A COOP plan outlines the procedures an entity will follow to stay operational, or resume operations, if a business disruption occurs. The plan includes detailed information on the essential functions of the entity, critical personnel, procedures, needed equipment, alternative business locations, and other

essential information. Training, testing, and exercises help an entity ensure it has an actionable continuity of operations plan.

Harm: State government serves the people of Texas, and government services are generally provided through separate and distinct governmental entities. This decentralization requires planning and preparation to ensure the state's continuing ability to provide services to the public. Certain disasters or actions could result in multiple entities simultaneously being unable to perform critical state functions, threatening continuity of government, and beyond that, a constitutional form government itself.

Without a mandatory requirement for continuity of operations planning, individual state entities could be wholly unprepared to respond to business interruption events. The inability to perform essential functions in some state entities could have immediate and long-lasting effects on the health, safety, and welfare of citizens and government as a whole. The lack of uniform continuity of operations' standards would create inconsistency and cause uncertainty in the state's ability to provide critical government services to the people of Texas under any conditions. Decentralized continuity planning would also require more resources than centralizing those functions within the Office.

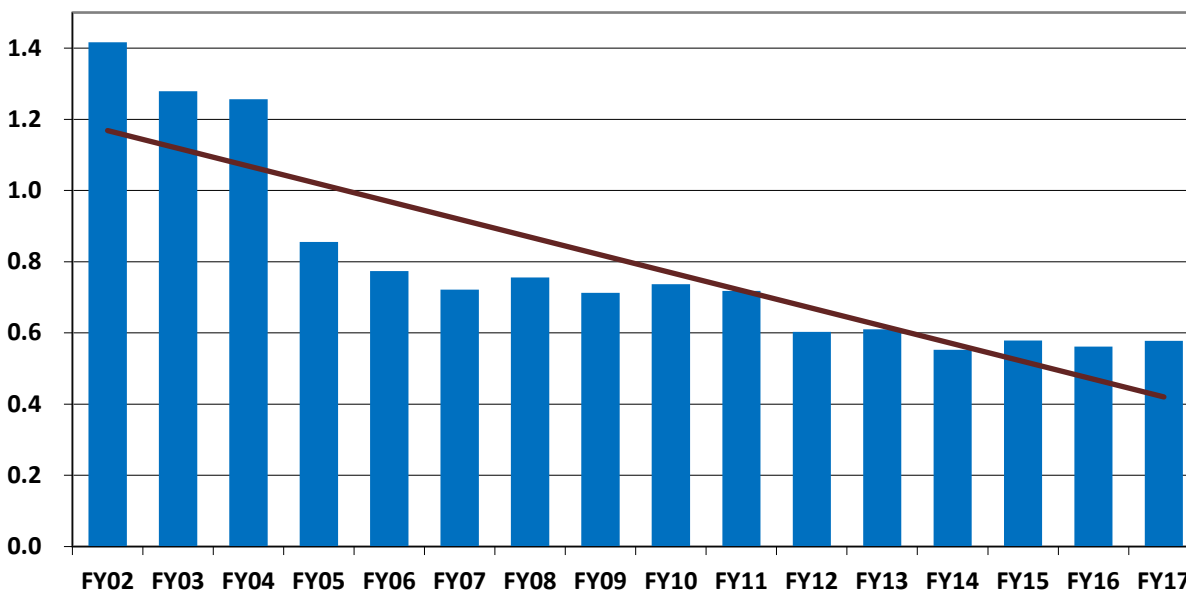
C. What evidence can your agency provide to show your overall effectiveness and efficiency in meeting your objectives?

A primary indicator of the Office's overall effectiveness the progressive expansion of the Office's statutory responsibilities since 2001 while the FTE count has remained essentially the same. As the section above explains, the state realizes efficiencies by centralizing functions within the Office. The Office's success is a savings of valuable resources for other state entities. The Insurance Program has expanded while establishing standardized controls and stabilizing costs, while the Continuity Program has resulted in a drastic increase in compliance and preparedness.

Section VII.1.C. and VII.2.C. contain additional detailed information on the Office's effectiveness and efficiency. The [Annual Cost Containment Report](#) provides further financial detail. Exhibit 2 and Attachment 10 contain performance measure statistics. The Homeland Security Strategic Plan outlines continuity efforts.

The following chart shows the historic cash basis cost per \$100 of the weighted three-year payroll average for the entire client base. This relates to funding the Office's entire operations, including claim costs and funding of payroll related benefits. This is comparable to a private sector workers' compensation coverage rate, while still incorporating all other operational entity costs:

**Cash Basis Assessment Allocation
per \$100 payroll**



D. Does your agency’s enabling law continue to correctly reflect your mission, objectives, and approach to performing your functions?

The Office’s enabling laws continue to correctly reflect the Office’s mission to provide active leadership to enable State of Texas entities 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.

In June 1995, Governor George W. Bush signed [Executive Order GWB 95-8](#) setting forth policy statements relating to workplace safety and health of state employees, citizens served, and preservation of state property. Reports to the 74th Legislature concluded that changes in the organization and management of the state risks and claims payments would reduce injuries, improve loss control and claims handling, and otherwise enhance the quality and effectiveness of the state’s risk management and claims processing programs.

In 1997, the 75th Legislature directed resources to specifically address the organization and management of the state risks and claims payments. The Office was created by [HB 2133](#) to streamline the state’s risk management and claims processing programs. The objective was to change the organization and management of the state risks and claims payments to reduce injuries, improve loss control and claims handling, and otherwise enhance the quality and effectiveness of the state’s risk management and claims processing programs.¹⁰ When the Office underwent Sunset Review in 2007, the Sunset Advisory Commission determined that a centralized risk management system administered by the Office is more efficient and cost-effective than allowing each entity to administer its own

¹⁰ [HB 2133 bill analysis](#).

program. By grouping most state employees in a single risk pool, the Office can balance risks in a manner that would not be possible for individual state entities, arriving at predictable loss trends and stabilizing costs. Also, the Office is able to recognize risk patterns that can affect more than a single entity. The Office's risk management efforts have created a safer work environment for state employees.¹¹

The Office was given additional risk management responsibility in 2001 when the insurance program was established by [HB 1203](#), 77th Legislature. The insurance program was created to address concerns that state entities may have purchased unnecessary or questionable insurance coverage, which posed an additional cost to the state.¹² During its first Sunset Review, supporters said that the Office's insurance program allows individual state entities to have a level of insurance expertise that likely would not be available in-house and to realize sizeable economic benefits.¹³

[SB 908](#), 80th Legislature, addressed concerns on the ability of the state to recover from a man-made or natural disaster. The [Sunset Advisory Commission's Summary of Recommendations](#) noted that while "Texas' key emergency response agencies are well prepared, the majority of state agencies have not planned for the resumption of their business operations and no single state agency is responsible for ensuring that all agencies plan for inevitable interruptions." SB 908 established the Office's responsibilities to assist state entities with the development of continuity of operations plans, create guidelines and models for key elements for the plans, and assist entities to ensure plans are workable.

E. Have you recommended changes to the Legislature in the past to improve your agency's operations? If so, explain. Were the changes adopted?

Statutory Clarification

The Office was created through the merger of two divisions, each split from larger entities, and operates according to provisions in two separate chapters of the Labor Code. The interaction between the two chapters is largely efficient, but inconsistency in the inherited language has hampered operation of a cohesive program. In Biennial Reports to the 82nd, 83rd, 84th, and 85th Legislature, the Office has recommended clarification of the scope of Labor Code Chapters 412 and 501 concerning the access and responsibilities of certain entities covered under Chapter 501 with respect to Chapter 412 services and statutory requirements.

- This recommendation has not been formally proposed nor adopted.

Continuity Planning and Confidentiality

A significant recommendation in the Biennial Reports to the 82nd, 83rd, and 84th Legislatures was to protect continuity plans from disclosure. Protecting confidentiality of sensitive information is vital to

¹¹ [House Research Organization Bill Analysis SB 908](#).

¹² [Bill Analysis HB 1203](#).

¹³ [House Research Organization Bill Analysis SB 908](#).

the security of the State of Texas, since the plans provide what amounts to a blueprint to dismantle the functionality of a single state entity, or the entirety of the state enterprise.¹⁴

- In 2015, the 84th Legislature passed [HB 1832](#), officially establishing the state standard as continuity of operations planning and formally excepting continuity of operations plans and any records written, produced, collected, assembled, or maintained as part of the development or review of a continuity of operations plans from disclosure under Government Code Chapter 552.

Priority Restoration Plan

The Office recommended in its Biennial Reports to the 81st, 82nd, and 83rd Legislatures that the Legislature consider mandating a functionally based restoration priority plan to be developed and maintained by designated state leadership, with emphasis on restoration of core government functions. The existence of such a plan would ensure restoration of core functions in the quickest and most-efficient manner possible. The Office also recommended that at a minimum, and ideally in conjunction with the statewide restoration priority plan, all state entities be required to develop, maintain, and test a continuity plan that meets minimum pre-established standards.

- The restoration priority plan recommendation has not been proposed or adopted. The second recommendation was added by SB 908, 80th Legislature, and amended by HB 1832, 84th Legislature.

Self-Insurance for State-Owned Property

In its Biennial Report to the 81st Legislature, the Office brought attention to the common, but erroneous, assumption that the State self-insures its real and personal property. While it would be accurate to say that the State retains the risk of a loss, a significant portion of the State's real and personal property is, in practice, uninsured. The Office was charged by the 82nd and 83rd Legislatures to study and make recommendations on methods to manage the risk of the State's insurable assets. Both studies provided an analysis of several possible financing methodologies at the enterprise level.¹⁵

In its Biennial Reports to the 84th and 85th Legislature, the Office recommended adoption of an enterprise-level retention commensurate with the size and scope of enterprise operations and reliance upon (re)insurance for catastrophic events only. The Office also recommended that the Legislature consider creating a statewide property council or authority to oversee the collection and analysis of data on statewide real property for the purpose of determining the appropriate future strategy.

- The enterprise-level retention and (re)insurance recommendations have not been proposed or adopted. However, [HB 3750](#), 84th Legislature, was passed and required the Office to consolidate information on state-owned real property into a single database accessible by the legislature

¹⁴ In its Biennial Report to the 85th Legislature, the Office recommended that the Legislature may consider expanding confidentiality of continuity of operations plans to state entities that may not be subject to Labor Code Chapters 412 and 501.

¹⁵ Attachments 3.A. and 3.B.

and all state entities and institutions of higher education by June 1, 2016. HB 3750 also required the Office, by August 31, 2016, to produce an updated Insurable State Assets Interim Study with findings and recommendations to support an enterprise approach to reserve-based insurable asset management and develop a statewide strategy that will ensure all real property owned by the state is adequately insured.¹⁶

Risk Management Training and Certification

In the Office's Biennial Reports to the 81st, 82nd, 83rd, and 84th Legislatures, the Office recommended development of a certification program for risk managers similar to the program establishing a minimum certification for state purchasing professionals. Certification of risk managers for all entities could potentially generate a noticeable reduction in risk exposure and assist entities in managing losses.

- This recommendation has not been proposed or adopted, but remains relevant.

Workers' Compensation Health Care Networks

In the Biennial Report to the 82nd Legislature, the Office recommended that the Legislature explore alternatives to a workers' compensation health care network for state entities operating statutory workers' compensation programs pursuant to Labor Code Chapters 501-503 and 505.¹⁷

- This recommendation has not been proposed or adopted.

F. Do any of your agency's functions overlap or duplicate those of another state or federal agency? Explain if, and why, each of your key functions is most appropriately placed within your agency. How do you ensure against duplication with other related agencies?

Duplication or Overlap - State

A&M, UT, TXDOT, Texas Tech, and TSUS are exempted from the Office's risk management and insurance programs. ERS and TRS may, but are not required to, acquire risk management and insurance services provided by the Office.

A&M, UT, and TXDOT are exempted from the Office's workers' compensation program and operate workers' compensation programs for their employees.¹⁸ However, Texas Tech, TSUS, ERS, and TRS all participate in the Office's workers' compensation program. The workers' compensation costs for Tech Tech and TSUS are funded in the allocation program for the Office's operations and claim expenditures. ERS and TRS reimburse workers' compensation costs to the Office on a dollar-for-dollar basis but do not participate in the assessed allocations, and thus do not contribute to the funding of operations.

¹⁶ Attachment 3.C.

¹⁷ State Office of Risk Management Chapter 501; A&M Chapter 502; UT Chapter 503; and TxDOT Chapter 505.

¹⁸ Labor Code §412.052.

Placement of Key Function

The Office provides access to risk management and insurance services to 130 state entities,¹⁹ which includes courts and institutions of higher education as well as Windham School District within the Department of Criminal Justice, and 122 community supervision and corrections departments. Please see Section VII.1.E. and Exhibit 14 for additional information on participants.

The Office provides COOP planning services to 143 state entities. COOP plans that meet the requirements of Labor Code Section 412.054 must be submitted by each state entity that is (1) involved in the delivery of emergency services as a member of the governor's EMC; (2) part of the State Data Center Services program (DCS); or (3) subject to Labor Code Chapter 412 or Chapter 501. By virtue of membership or participation in EMC and DCS, TxDOT²⁰ and at least some components of the A&M System are required to submit COOP plans to the Office.

The Office administers the workers' compensation program for 143 state entities, Windham School District, and 122 community supervision and corrections departments; covering approximately 190,000 state employees.

Avoiding Duplication of Service

The Office's risk management guidelines cite relevant standards, guidelines, rules, and regulations of other entities and organizations where feasible and appropriate. This practice of reference and referral to other entities and programs recognizes and emphasizes the authority, responsibility, and expertise of that entity or organization. This practice also avoids duplication of programs, reporting, and compliance with separate sets of guidelines, standards, rules, and regulations. Detailed information on the risk management programs of these entities identified above is provided in Section VII.1.I.

All workers' compensation carriers are required to comply with the Texas Workers' Compensation Act and related rules. The information provided in Section VII.2.F. explains the statutory requirements that must be met by all workers' compensation programs.

The following information provides an overview of federal and state entities with a similar focus on risk and integrated approaches to risk management.

Most workplace safety and health guidelines are generally applicable to the private sector and the public sector. The U.S. Department of Labor, Occupational Safety and Health Administration (OSHA) oversees workplace safety hazards and health risks.²¹ The Texas Department of Insurance, Division of Workers' Compensation (TDI-DWC) provides workplace safety and health resources applicable to many employers, employees, and other entities.²² The Texas Department of Agriculture is responsible for

¹⁹ As identified in the Comptroller Manual of Accounts (<https://fmcpa.cpa.state.tx.us/fiscalmoa/agency.jsp?sort=n&stat=i>) and State Auditor's Full-Time Equivalent Employee System.

²⁰ TxDOT is a member of EMC and participates in DCS.

²¹ [OSHA brochure](#).

²² <http://www.tdi.texas.gov/wc/safety/index.html>

training and implementing the provisions of state and federal worker protection laws.²³ The Department of State and Health Services (DSHS) administers the Hazard Communication Act, which imposes requirements on public sector employers.²⁴

The intent of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 100-707, was to encourage states and localities to develop comprehensive disaster preparedness plans, prepare for better intergovernmental coordination in the face of a disaster, encourage the use of insurance coverage, and provide federal assistance programs for losses due to a disaster. This Act gave the Federal Emergency Management Agency (FEMA) responsibility for coordinating government-wide relief efforts. TDEM is charged with carrying out a comprehensive, all-hazards emergency management program for the state and for assisting cities, counties, and state entities in planning and implementing their emergency management programs.²⁵

The United States Department of Homeland Security became a stand-alone agency with the passage of the Homeland and Security Act of 2002, Public Law 107-296. Its primary mission is to protect the American homeland.²⁶ The Texas HSC is responsible for advising the Governor on the development, implementation, and coordination of a statewide homeland security strategy that improves the state's ability to protect, respond, recover, mitigate, and prevent homeland security threats and hazards.²⁷

The Texas State Fire Marshal's Office (SFMO) provides fire protection information and education to the citizens of Texas.²⁸ The SFMO also conducts fire safety inspections of public and private buildings and facilities throughout the state, including state buildings, daycare and elder-care centers, foster homes, hospitals, hotels and motels, university and college buildings, and other buildings upon request or complaint. The Texas Facilities Commission (TFC) supports state government through planning, asset management, design, construction, renovation, maintenance, and operation of state facilities.²⁹

The Office works with each of these entities to leverage expertise and avoid duplication. Detailed information on the risk management and workers' compensation programs of other Texas state entities is provide in Section VII.1.H. and VII.2.H.

G. In general, how do other states carry out similar functions?

Extensive, broad-based studies on federal and state programs have not been undertaken formally by the Office, but can be completed on request and reallocation of resources. Specific targeted studies have been completed and the results are explained below.

²³ <http://www.texasagriculture.gov/RegulatoryPrograms/Pesticides/WorkerProtection.aspx>

²⁴ Health and Safety Code §502.001 et. seq. and 25 Texas Administrative Code §§295.1 to 295.13.

²⁵ [TDEM Executive Guide](#)

²⁶ [Proposal to Create the Department of Homeland Security](#)

²⁷ [Homeland Security Council Overview](#)

²⁸ <https://www.tdi.texas.gov/pubs/sfmosafety.html>

²⁹ [2016 Master Facilities Report](#)

Risk Management and Insurance

The federal government and other states all have some form of risk management, but the focus varies in scope and structure. The [State Risk and Insurance Management Association's](#) website includes links to the risk management statutes of eleven states at the current time. In general, the primary purpose of those risk management statutes is to institute, manage, and administer programs of insurance to protect the state from tort liability. A secondary focus is to develop and implement programs or guidelines on safety and cost-effective loss control that result in insurance premium and financial risk reductions. Additional information on states with established state property programs is provided in the Office's [2013 State Insurable Assets Study](#).

Workers' Compensation Insurance

In most states, workers' compensation insurance is mandatory for private and public employers. Some states exclude employers with five or less employees. In addition, employers may not be required to provide workers' compensation insurance for certain classes of workers. Employer options for coverage include purchasing through a commercial carrier or approved self-insurance programs. Texas, Arkansas, California, Florida, Louisiana, and other states provide workers' compensation insurance for public employees through self-insurance or participation in self-insurance funds affiliated with or created by the state.

Continuity of Operations Planning

Some states have continuity of operations requirements for specific parts of state and/or local government, such as public utilities, transportation and infrastructure, health care, or data recovery. However, the statutes in most states primarily require emergency management or homeland security planning. The majority of these provisions relate to the succession of government officials, authority to exercise governmental powers, and provision of emergency response services in the event of threatened or actual natural and man-made emergency situations or disasters. In the research the Office has completed, enemy attack is the most common reason mentioned for the need to prepare an emergency management plan. In addition to Texas, states with more specific continuity of operations requirements include Colorado, Pennsylvania, and Washington.

H. What key obstacles impair your agency's ability to achieve its objectives?

Staff Retention

The Office is authorized 121.6 FTEs. Staff is limited due to its administrative attachment to the Office of the Attorney General, which provides substantial administrative support. The Office relies on its primarily professional staff to carry out its core missions and provide services necessary to achieve organizational goals. Long-term demand for the Office's services has expanded due to legislative mandates and continues to increase as understanding of risk uncertainty continues to develop. The Office's workload and staffing needs will intensify as participation in the Office's programs expands. In [SAO Report No. 17-701](#), the Office was identified as one of the 18 state entities that had turnover rates exceeding 17.0 percent in FY 2015. According to the report, the Office's total turnover rate is 18.6%.

The Office continuously battles challenges associated with the licensed adjuster retention, which is not atypical in the insurance domain. The SAO's comparative study of salary rates specifically highlighted the Office's claims examiner turnover rate, which is 20.1%. The inability to obtain and retain qualified staff increases the claim load of each adjuster, which in turn threatens the ability to complete a proper investigation into compensability, monitor medical services, calculate indemnity benefits, and provide appropriate customer service to state employees and other stakeholders. Claims loads exceeding industry standards result in errors, delaying time to recover and return to work, and increasing state costs and penalty exposures.

The Office's [Workforce Plan for Fiscal Years 2017 to 2021](#) provides additional information on the staffing challenges the Office faces.

Technology

The Office's case management system is inadequate to meet the business needs of the Office and the state entities it serves. The system's operating system/database structure and coding affect state entities' ability to provide and extract loss data. Because the system is based on outdated technology, it is cost prohibitive for the Office to enhance or improve its functionality or integrate the system with other external systems. Furthermore, such an investment is not an efficient use of resources given the system's limited mobility.

In October 2014, DIR published a [Legacy System Study](#). As a selected entity in the DIR study, the Office identified 30 separate IT-based systems and hundreds of ancillary processes with multiple dependencies of legacy or non-interoperable processes. The systems and processes are based upon customized/in-house solutions, which have security exposures and functional vulnerabilities which must be addressed consistently and repeatedly.

Statutory Clarification

The inconsistency in the definition of state entity in Labor Code Section 501.001³⁰ and Labor Code Section 412.001³¹ has created some confusion regarding the state entities that are subject to the requirements for developing a risk management program and submitting a COOP plan to the Office. A similar uncertainty exists regarding the Office's obligation to review a state entity's insurance purchase before the purchase occurs. On occasion, the limitations in Labor Code Section 412.001(4) serve to exacerbate these issues.³² For example, there is inconsistency with meeting COOP requirements among state entities with less than five employees. Similarly, some but not all courts assert an exemption based on the assertion that the authority of a court is limited to a specific geographical portion of the state.

³⁰ Labor Code Section 501.001(6) "State agency" includes a department, board, commission, or institution of this state.

³¹ Labor Code Section 412.001(4) "State agency" means a board, commission, department, office, or other agency in the executive, judicial, or legislative branch of state government that has *five or more employees, was created by the constitution or a statute of this state, and has authority not limited to a specific geographical portion of the state.*

³² See emphasized text in FN 31.

Annual Report by State Entities

Responsibility for the operation, financing, and management of risks is shared between the Office and its client entities. Client entities are required to designate a risk manager and a claims coordinator, who are responsible for oversight and reporting on risk management efforts, injuries, and losses.

The Office's performance measures include the goal to manage costs for covered state entities arising from the risk of loss through the delivery of professional risk management and claims administration services that are customized to specific entity needs. Each year, state entities self-report information to the Office regarding expenditures associated with risk management activities.³³ Comptroller categories and object codes are used to assist entities with gathering the necessary data on direct risk management cost. Institutions of higher education are exempt from the reporting requirement.³⁴ Some courts assert an exemption from the annual report requirement pursuant to Labor Code Section 412.001(4). However, the risk management costs in the Office's most recent biennial report include voluntary reporting by five courts and one institution of higher education.

Reporting Non-Compliance with Labor Code Chapter 412

One of the primary purposes of Labor Code Chapter 412 is to ensure state entities are taking steps to identify, control, and prepare for loss events. The Office is aware that non-compliance with the risk management program, insurance program, and continuity of operations planning requirements increases the state's vulnerability to monetary loss, decreased efficiency, interruption or cessation of service, loss of resources, and loss of public confidence. However, while the Office's biennial reporting requirements somewhat address public policy concerns, reporting non-compliance has little practical impact on state entities' risk awareness and preparation.

Like the Office, the State Auditor's Office (SAO) and the Texas Workforce Commission's (TWC) Civil Rights Division will identify compliance issues that pose a significant risk to the state, and address the compliance issues directly with the state entity. The SAO and TWC's Civil Rights Division can escalate a state entity's failure to remedy a compliance issue to the Governor and Legislature as the non-compliance occurs. In contrast, the Office is instructed to report failures to comply with Labor Code Chapter 412 in its biennial report to the Legislature.

The SAO and TWC's Civil Rights Division do not provide services to the entities with compliance issues. However, the Office's core missions are customer service oriented. The Office assists and provides impartial guidance to state entities that are individually responsible for compliance with the risk management goals in Labor Code Chapter 412. So, it is essential that the Office maintain good working relationships with other state entities. Reporting non-compliance places the Office in an awkward position that can have an adverse impact on those important relationships.

Voluntary Insurance Program

The statutory insurance program is voluntary. The law requires that purchases of insurance other than life or health must be approved by the Office; however, State entities may still choose to discontinue

³³ Labor Code §412.053.

³⁴ Labor Code §412.053(c).

or not to purchase insurance to transfer risk at any time. Because the program leverages economies of scale and risk diversification, stability is an important aspect of consistent design and premium controls. Participation fluctuation creates volatility when negotiating terms and conditions with the domestic and international underwriters and carriers on behalf of all entities, as the programs must be negotiated well in advance of renewals and new policy inception dates, and must include sufficient time for client reviews and executive approvals. Other states typically utilize compulsory insurance programs to create more stability in the market, or utilize reserve systems (not unlike the Office's workers' compensation program). The Office's [2011 State Insurable Assets Study](#) discusses in detail the issues the state must address with the current voluntary insurance program.

Workers' Compensation Health Care Network

The Office has contracted with a workers' compensation health care network, as directed by the Legislature. State employees subject to Labor Code Chapter 501 who live within the network's service area are generally required to obtain medical treatment for a compensable injury within the network. The cost of medical treatment and services in network workers' compensation claims is dictated by a contract between the network and the health care provider.³⁵ The Office has no legal standing to negotiate or re-negotiate the cost of medical treatment, as it is not a party to the network-provider contract. Therefore, in some instances the amount of reimbursement for services provided by a network provider may exceed the amount the Office would have paid under TDI-DWC's medical fee guidelines.

I. Discuss any changes that could impact your agency's key functions in the near future (e.g., changes in federal law or outstanding court cases).

The Office has five cases in litigation at the district court level with significant legal issues. Two cases involve the same legal issue.

- *SORM v. J.S. and SORM v. M.L.* - SORM has appealed the determination that the claimant was not at maximum medical improvement (MMI), contrary to a designated doctor's finding. It is the Office's position that TDI-DWC cannot limit an authorized doctor's determination of the date of maximum medical improvement MMI by finding that a claimant was not at maximum medical improvement on or before a specific date.
- *SORM v. A.B.* - The Office has appealed the determination that the compensable injury extends to and includes surgery to repair a broken prosthetic. It is the Office's position that, without mention of misadventure at the time of operation, neither the surgery nor the broken prosthetic meet the definition of compensable injury. This case also involves the jurisdictional issue of whether a surgical operation is medical treatment, which is a medical necessity question that is statutorily required to be determined through the medial dispute resolution process.

³⁵ Insurance Code §1305.153.

- *SORM v. M.C.* – The Office has appealed an impairment rating, which includes a component that was not evaluated at the time the claimant reached MMI. The determination in this matter will provide guidance on whether TDI-DWC can consider a medical condition that was not evaluated on or near the date of MMI in the impairment rating.
- *SORM v. R.G.* - The determination in this matter will clarify whether the only method to request a benefit review conference to dispute the first valid impairment rating and finding of MMI is pursuant to 28 Texas Administrative Code Rule 141.1 or a party can also utilize Rule 141.2.

The Office has one case on appeal at the appellate level and one on appeal in the Texas Supreme Court that could have far-reaching legal consequences:

- *J.P. (A.P., Guardian) v. SORM*; 13th District Court of Appeals – This claimant was injured during his lunch hour. He was scheduled to attend training 15 miles from his workplace thirty minutes after his lunch ended. At the district court trial, no evidence was presented by, or on behalf of, the claimant to establish that when the accident occurred he was in the course and scope of employment. The Office appealed to address issues regarding the type and amount of evidence necessary to prove travel is a special mission, falls under the dual purpose doctrine, or is otherwise compensable under the workers' compensation law and/or rules.
- *SORM v. E.M.*; Texas Supreme Court - The claimant was injured when she slipped on water on her own kitchen floor while working from home without permission. At the administrative hearing, the Office argued that claimant was not in the course and scope of her employment because she was not given permission to work from home and her injury did not involve any instrumentality of the employer. In district court, the Office cited Government Code Sections 658.010 and 659.018, which specifically prohibit a state employee from working from home without written permission. The issue before the Supreme Court is whether raising the government code prohibitions was a separate and new legal issue that had not been exhausted at the administrative level or merely a new argument to address the issue of compensability.

The Office has several workers' compensation claims that involve the same medical fee dispute issues as the following cases. The outcome of these cases will provide guidance as to whether the proper reimbursement for services provided by air ambulance companies is the providers' billed charges, 125% of the Medicare allowance, or some other amount:

- *Texas Mutual Ins. Co. v. PHI Air Medical, LLC*, Cause No. D-1-GN-15-004940; 53rd District Court, Travis County – This case is the first of hundreds of cases to work its way through the court system. PHI Air Ambulance and other air ambulance companies have argued that they are exempt from the Texas Workers' Compensation Act medical fee guidelines under the Airline Deregulation Act of 1978 (ADA), and thus should be paid their full billed amount for air ambulance services. Texas worker's compensation carriers have countered that the McCarren Ferguson Act exempts the workers' compensation medical fee guidelines from the ADA.
- *Air Evac EMS, Inc. v. Tex., Dep't of Ins., Div. of Workers' Comp.*, 851 F.3d 507 (5th Cir. Tex. Mar. 20, 2017). - Air Evac EMS, Inc. sued TDI-DWC and insurance carriers in the United States Court of Appeals for the Fifth Circuit, contending that federal jurisdiction exists over the issue of

whether air-ambulance company, claiming federal preemption of Texas' workers' compensation scheme, satisfies the equitable exception to the Eleventh Amendment. The Fifth Circuit vacated the lower court's order dismissing Air Evac EMS's case, and remanded the issue back to the US District Court for the Western District of Texas.

J. What are your agency's biggest opportunities for improvement in the future?

Risk Management Information System (RMIS)

One of the Office's initiatives is to transition its risk management, insurance, and claims administration services to a cloud-based RMIS. A distinct advantage of an RMIS is the ability to create analytics for a more complete and extensive analysis of statewide risk exposures. This will expand the Office's ability to identify statewide loss trends and develop a thorough statewide risk and insurance strategy. A RMIS will allow reporting state entities to easily and quickly enter and update information on losses as changes occur. State entities can also access detailed, up-to-date, comprehensive data on losses, which will increase the ability to proactively address risk. As noted above, technology is a key obstacle identified by the Office, making a RMIS a potential opportunity and solution.

Frameworks Initiative

As discussed in Section II.F. above respecting duplication, the Office is emphasizing the development and adoption of a tested-framework approach to all core mission functions. Exemplified by the modified adoption of OSHA guidance in the risk management guidelines for Texas state entities and FEMA COOP standards, this initiative reviews available expert standardization efforts for application at an enterprise level in Texas. Examples of standards under current active review include, but are not limited to the ISO 31000 framework for enterprise risk management, NIST and other guidance for cybersecurity, integrated National Incident Management System/Incident Command System for emergency management integration, and Criterion Referenced Instruction and Learning Management Systems for training design and delivery.

Videoconferencing

The Office has been participating in a pilot program with TDI-DWC to conduct benefit review conferences (BRC) by videoconference. If this initiative is successful, it may result in some savings from reduced travel expenditures. Less travel may expand the amount of time that is available for the Office's BRC representatives to engage in other informal resolution of disputes and provide other claims and legal support functions.

K. In the following chart, provide information regarding your agency's key performance measures included in your appropriations bill pattern, including outcome, input, efficiency, and explanatory measures. Please provide information regarding the methodology used to collect and report the data.

The Office's most recent [Strategic Plan](#) has detailed information regarding the data and methodology for the Office's performance measures at pages 20 - 29.

State Office of Risk Management
Exhibit 2: Key Performance Measures — Fiscal Year 2016

	Key Performance Measures	FY 2016 Target	FY 2016 Actual Performance	FY 2016 % of Annual Target
1.	Outcome: Incident Rate of Injuries and Illnesses Per 100 Covered Full-time State Employees	3.6%	3.37 *	93.61%
2.	Outcome: Cost of Workers' Compensation Per Covered State Employee	266.63	236.04 *	88.53%
3.	Outcome: Cost of Workers' Compensation Coverage per \$100 State Payroll	0.69	0.55	79.71%
4.	Output: Number of Written Risk Management Program Reviews Conducted	29	29	100.00%
5.	Output: Number of On-site Consultations Conducted	229	277	120.96%
6.	Output: Number of Medical Bills Processed	104,000	86,411	83.12%
7.	Output: Number of Indemnity Bills Paid	26,000	27,582	106.08%
8.	Efficiency: Average Cost to Administer Claim	702.61	589.25 *	83.87%

Table 2 Exhibit 2 Key Performance Measures

* Includes updated information from ABEST in October of 2016.

Please note that performance below-target represents a better outcome in items 1, 2, 3, and 8.

- L. Please discuss any “high-value data” your agency possesses, as defined by Section 2054.1265 of the Government Code. In addition, please note whether your agency has posted those data sets on publicly available websites as required by statute.**

The majority of the information maintained by the Office is confidential.

Information in or derived from workers' compensation files is confidential pursuant to Labor Code Sections 402.083 and 412.0128. However, the public can access generalized data on workers' compensation claims through the Office's reporting and from TDI-DWC's website at <http://www.tdi.texas.gov/wc/data.html>

Continuity of operations plans and any records written, produced, collected, assembled, or maintained as part of the development or review of a continuity of operations plan are confidential pursuant to Labor Code Section 412.054(c) and Government Code Section 552.156. The forms, standards, and other instructional, informational, or planning materials adopted by the Office to provide guidance or assistance to a state entity in developing a continuity of operations plan are available to the public through the Office's website.

Annually, the Office receives information from state entities, excluding institutions of higher education,³⁶ regarding losses and risk management expenditures. A summary of this data is contained within the Office's biennial report to the Legislature. Raw data is not posted on the Office's website due to security concerns.

³⁶ Labor Code §412.053(c).

A list of the participants in each line of insurance sponsored by the Office is available to the public. However, neither the existence nor the amount of insurance held by a governmental unit is subject to discovery or admissible at trial.³⁷

III. History and Major Events

1991 The Comptroller's Office publishes its Texas Performance Review report entitled "Breaking the Mold: New Ways to Govern Texas." The report recommends the Risk Management Division of the Texas Workers' Compensation Commission study the feasibility of an insurance pool funded by state entities from their budgets, including possible pool administrators and state agency incentives and back-to-work incentives for state employees, for consideration by the 73rd Legislature.

1994 The Comptroller's Office publishes its Texas Performance Review report entitled "Gaining Ground: Progress and Reform in Texas State Government." The report proposes the Legislature add funding for workers' compensation claims to each agency's budget, accompanied by cost-containment incentives and clearly-stated guidelines to increase accountability. Specifically recommended is merging the risk management function of the Texas Workers' Compensation Commission's Division of Risk Management with the Workers' Compensation Division of the Attorney General's Office to streamline services.

The House Business and Industry (B&I) Committee concludes an interim study of the method by which the state provides workers' compensation insurance coverage to its employees.³⁸ The B&I Committee and the Legislative Oversight Committee on Workers' Compensation make recommendations regarding the state's workers' compensation program.

1995 [HB 1589](#), 74th Legislature, proposes the establishment of the State Office of Risk Management. The bill passes out of the House but does not pass in committee in the Senate.

1997 [HB 2133](#), 75th Legislature, creates the State Office of Risk Management effective September 1, 1997, merging the responsibilities of the Risk Management Division of the Texas Workers' Compensation Commission (TWCC) with the duties of the Workers' Compensation Division of the Attorney General's Office (OAG). The Office remains administratively attached to the OAG but is a separate and independent entity. The bill exempts A&M, UT, and TxDOT. The Legislature creates an allocation program to encourage safety and risk management efforts by requiring that a subset of entities (16 total) pay an increased portion of their workers' compensation costs.

1999 [HB 2509](#), 76th Legislature, removes portions of cost-allocation program for financing state employee workers' compensation benefits and requires the Office to propose a feasible program to the 77th Legislature and makes other changes recommended by the Office in its first

³⁷ Civil Practice and Remedies Code §101.104.

³⁸ <http://www.lrl.state.tx.us/scanned/interim/73/b964.pdf>

Biennial Report. The bill also allows state employees to elect to use sick and annual leave prior to receiving workers' compensation indemnity benefits.

[HB 2706](#) expands coverage under Labor Code Chapter 501 to persons who are injured while performing volunteer services for the State in a disaster or during scheduled emergency response training. [SB 525](#), 76th Legislature, further extends coverage under Chapter 501 to a member of the state military forces who is engaged in authorized training or duty.

- 2001 Article 14 of [HB 2600](#) and [HB 2976](#), 77th Legislature, establish a cost-allocation program based on a "risk-reward" model proposed by the Office, in which state entities are responsible for 100 percent of their costs through a risk-pool concept funded by an annual assessment for each entity. In contrast to the earlier FY 1996 change, this program is a funded change. The Office begins the "reallocation" process in conjunction with the Comptroller and Legislative Budget Board (LBB) whereby the general revenue appropriated to the Office is reappropriated to participating entities as part of each entity's baseline.

[HB 1203](#), 77th Legislature, requires the Office to provide risk management services for employees of community supervision and corrections departments established under Government Code Chapter 76 as if the employees were employees of a state entity.

- 2002 The insurance program is implemented, effective September 1, 2002. State entities covered under [Labor Code Chapter 412](#) must purchase insurance coverage under any line of insurance other than health or life insurance through the Office. The bill prohibits a state entity from purchasing property, casualty, or liability insurance coverage without approval from the Office's Board of Directors (Board). The Board is required to phase in, by line of insurance, the requirement that a state entity purchase insurance only through the Office.

Directors' and Officers' with Employment Practices liability insurance is the first line of the insurance phased in by the Board.

- 2003 The Office phases in the Special Event general liability insurance line as part of the insurance program.

[Attorney General Opinion No. GA-0075](#) is issued on May 22, 2003, opining that the ERS and TRS may reimburse costs outside the allocation program pursuant to [Labor Code Section 506.002](#). In the interim, [HB 2425](#), 78th Legislature, is amended on the floor of the Senate to exempt ERS from [Labor Code Chapter 412](#).

[HB 2116](#), 78th Legislature, requires the Office to provide workers' compensation coverage for Texas Task Force 1 members when activated by the governor's office or during team training activities.

The Office's board members are reduced from six to five in the statewide effort to establish odd-numbers of board members.

[HB 1](#), 77th Legislature, appropriates \$2.6M for FY 2005 in interagency contract (IAC) authority for medical bill cost containment services. While the risk management program has historically been funded by IAC, this is the first non-GR authority appropriation for administration of the workers' compensation program.

2004 The Board approves two additional lines of insurance, Automobile liability and Volunteer insurance, as part of the insurance program.

2005 The TWCC undergoes review by the Texas Sunset Advisory Commission. As a result of legislation containing recommendations from the House and Senate interim committees and from the Sunset Commission, the 79th Texas Legislature enacts [HB 7](#), which abolishes TWCC and creates the Division of Workers' Compensation within the Texas Department of Insurance, with a commissioner of workers' compensation appointed by the governor to serve as executive authority for the division.

HB 7 also establishes the Office of Injured Employee Counsel (OIEC) to be administered by a public counsel appointed by the governor. The ombudsman program is required to transfer from TDI-DWC to OIEC by March 1, 2006. HB 7 also simplifies the provision of workers' compensation health care by allowing for the creation of workers' compensation health care networks.

[SB 310](#) reverses the established burden of proof in occupational disease claims for certain emergency first-responders, creating a rebuttable presumption of relatedness for certain illnesses.

[SB 1691](#) exempts TRS from the application [Labor Code Chapter 412](#).

Hurricane Rita heavily damages 80 percent of Lamar University's buildings. The university has a 21-day recovery period.

2007 [SB 908](#), 80th Legislature, continues the State Office of Risk Management for 12 years with recommendations that include assisting state entities in developing business continuity plans.

2008 Hurricane Ike damages Lamar University but the damage is not as extensive as the 2005 damage. Due its participation in the Office's insurance program, the university is able to almost immediately receive advance insurance funds to begin recovery efforts.

On June 28th, the Governor's mansion is partially destroyed by fire (arson), which calls attention to the state's vulnerability and the effects of uninsured losses.

2009 [Labor Code Section 402.075](#) requires TDI-DWC to assess the performance of insurance carriers during Performance Based Oversight (PBO) assessments at least biennially. TDI-DWC identifies the Office as a high performer during PBO assessments in 2009. (The Office receives the same designation in 2010, 2011, 2012, 2014, and 2016.)³⁹

³⁹ TDI-DWC began to assess insurance carriers in even-numbered years.

Catastrophic events⁴⁰ in Texas prompt the Legislature to include a rider to [HB 1](#), 81st Legislature, requiring the Office to collect data on state assets to ensure that state assets are adequately insured.

2011 The Office issues the [State Insurable Assets Study](#) in January 2011.

[HB 1](#), 82nd Legislature, continues the rider for the insurable asset study.

2013 The Office issues the [State Insurable Assets Study 2013 Subsequent Study](#) in January 2013.

The Office undergoes a major reorganization to streamline existing divisions and focus on increasing accountability, communications, and efficiency. The organizational changes were based on a comprehensive review of historical challenges and structure. The result is a model that concentrates on supporting long-term positioning and success.

In coordination with HSC, TDEM, and DIR, a comprehensive continuity planning initiative for Texas state entities is announced.⁴¹

2014 The OAG issues [Opinion No. GA-1061](#) on May 21, 2014, verifying that under Labor Code Section 412.011(e), except for those excluded by Chapter 412 or some other law, a state entity subject to Labor Code Chapter 501 must have the Office's approval to purchase property, casualty, or liability insurance.

2015 In response, TSUS submits language that becomes [HB 796](#), 84th Legislature, which removes TSUS from the Office's insurance program and risk management services.⁴²

[HB 3750](#), 84th Legislature, is passed in response to concerns that the state does not have a comprehensive list of all state-owned real property.⁴³ The Office must conduct an interim study on insurable state assets, using information provided by the LBB, to develop a statewide strategy to ensure that all real property owned by the state, including buildings, facilities, and land, is adequately insured.

[HB 1832](#), 84th Legislature, is passed making information contained in a continuity of operations plan, developed under the requirements of [Labor Code Section 412.054](#), confidential and excepted from public disclosure. This includes all records written, produced, collected, assembled, or maintained as part of the development or review of such plans.

On October 14, 2015, the Board approves phasing in five new lines of insurance: fine arts, builder's risk, extraterritorial workers' compensation, commercial crime, and network security and privacy liability (cyber).

2016 The Office launches the builder's risk insurance line in February.

⁴⁰ [Disaster Declarations Texas Governors](#) and [Visualization FEMA Disaster Declarations](#)

⁴¹ [COOP policy letter](#)

⁴² TSUS continues to participate in the state employees' workers' compensation program administered by the Office.

⁴³ [HB 3750 Bill Analysis](#)

In December, the Office issues its final report, [Insurable State Assets Interim Study](#), required by HB 3750.

- 2017 [HB 919](#), 85th Legislature, provides workers' compensation coverage through the Office for a member of an intrastate fire mutual aid system team or a regional incident management team who is injured during TDEM activation or sponsored training.

The State Office of Risk Management begins its second Sunset evaluation.

Hurricane Harvey, the strongest storm to make landfall in the United States since Charley in 2004,⁴⁴ comes ashore as a CAT 4 hurricane on the Texas coast and produces historic flooding and catastrophic devastation. The National Weather Service reports that Tropical Storm Harvey breaks the all-time Texas rainfall record from a tropical storm or hurricane in the Houston area.⁴⁵

IV. Policymaking Structure

- A. Complete the following chart providing information on your policymaking body members.

**State Office of Risk Management
Exhibit 3: Policymaking Body**

Member Name	Term / Appointment Dates / Appointed by	Qualification	City
Lloyd M. Garland, M.D., Chair	Appointed by Governor for a term to expire February 1, 2019 Appointed Chairman on February 3, 2016	Medical/ Workers' Compensation	Lubbock
John W. Youngblood, J.D.	Appointed by Governor for a term to expire February 1, 2019	Legal	Cameron
Rosemary A. Gammon, PAHM	Appointed by Governor for a term to expire February 1, 2021	Workers' Compensation/Billing	Plano
Tomas Gonzalez	Appointed by Governor for a term to expire February 1, 2017	Public Sector Oversight	El Paso
Gerald F. Ladner, Sr.	Appointed by Governor for a term to expire February 1, 2021	Insurance	Austin

Table 3 Exhibit 3 Policymaking Body

- B. Describe the primary role and responsibilities of your policymaking body.

The Board has authority to adopt rules as necessary to implement Labor Code Chapter 412 and Chapter 501, including rules relating to reporting requirements for a state entity.⁴⁶

⁴⁴ Reported by CNN on August 29, 2017.

⁴⁵ Reported on August 29, 2017.

⁴⁶ Labor Code §412.031.

The Board is required to phase in, by line of insurance, the requirement that a state entity purchase insurance only through the Office.⁴⁷

Based on recommendations from the executive director, the Board reports to each legislature on the methods to reduce the exposure of state entities to the risks of property and liability losses, including workers' compensation losses; the operation, financing, and management of those risks; and the handling of claims brought against the state. The biennial report also includes information on claims and non-compliance with the risk management guidelines and reporting requirements of Labor Code Chapter 412.⁴⁸

The Board is responsible for hiring the Executive Director of the Office⁴⁹ and delegating all appropriate functions to the Executive Director, subject to Board review.

C. How is the chair selected?

The Governor designates one member of the board as presiding officer.

D. List any special circumstances or unique features about your policymaking body or its responsibilities.

Members of the board must have demonstrated experience in the fields of insurance and insurance regulation; workers' compensation; and risk management administration. The current board members have experience in occupational medicine, public and private risk management, insurance, and law.

The board is composed of five members appointed by the governor. Members of the board hold office for staggered terms of six years with one or two members' terms expiring February 1 of each odd-numbered year. A member appointed to fill a vacancy holds office for the remainder of that term.

E. In general, how often does your policymaking body meet? How many times did it meet in FY 2016? In FY 2017?

The Board is scheduled to meet at least quarterly. The Board met four times in FY 2016 and four times in FY 2017.

F. What type of training do members of your agency's policymaking body receive?

Labor Code Section 412.022 establishes the training program for board members, which must include information regarding:

- (1) the enabling legislation that created the office;
- (2) the programs provided by the office;

⁴⁷ Labor Code §412.011(d).

⁴⁸ Labor Code §412.032.

⁴⁹ Labor Code §412.033.

- (3) the roles and functions of the office;
- (4) the rules adopted by the office and Board,
- (5) the office's current budget;
- (6) the results of the most recent formal audit of the office;
- (7) the requirements of laws relating to open meetings, public information, and administrative procedure;
- (8) the requirements of the conflict of interest laws and other laws relating to public officials; and
- (9) any applicable ethics policies adopted by the office or the Texas Ethics Commission.

The Office provides onboarding training for any new members.

G. Does your agency have policies that describe the respective roles of the policymaking body and agency staff in running the agency? If so, describe these policies.

The [Board Governance and Policy Manual](#) was adopted to assist the Board in the exercise of its duties and responsibilities and clearly separate the policymaking responsibilities of the board and the management responsibilities of the director and the staff of the risk management office.

H. What information is regularly presented to your policymaking body to keep them informed of your agency's performance?

Board members may be contacted by telephone and email regarding operational matters, legislative activity, and statutory reports. Before, and at, each board meeting, board members receive a packet with information on the Office's budget, claims costs, staffing, performance measures, and program activities. This packet includes a comprehensive Agency Operations Report with other relevant details.⁵⁰ At the board meeting, individual staff members provide the board with more detailed information on program activities and developments through testimony and question/answer exchanges.

I. How does your policymaking body obtain input from the public regarding issues under the jurisdiction of the agency? How is this input incorporated into the operations of your agency?

All board meeting agendas include an item for public comment. The Board also receives public input through personal contacts and written correspondence. The feedback can be used to advance the Office's mission, enhance customer service, and implement efficiencies.

Before the formal rulemaking process is initiated, an informal draft of a proposed rule will be posted on the Office's website to obtain comments from interested parties and stakeholders. Proposed rules must be posted before adoption to provide an opportunity for public comments. The Office carefully considers the comments and may modify proposed procedures, programs, and/or requirements in response to those comments.

⁵⁰ Exhibit 15.

Informal and formal workgroups have been utilized to develop and implement certain aspects of the insurance program.

J. If your policymaking body uses subcommittees or advisory committees to carry out its duties, fill in the following chart. In addition, please attach a copy of any reports filed by your agency under Government Code Chapter 2110 regarding an assessment of your advisory committees.

Currently, the Board does not utilize subcommittees or advisory committees to carry out its duties, but is authorized to do so by the governance manual as deemed necessary.

V. Funding

A. Provide a brief description of your agency's funding.

The Office is administered with legislatively appropriated funding through the allocation program for the financing of state workers' compensation benefits and risk management costs, as well as authority for collected recoveries. In the allocation program, each state entity must enter into an interagency contract with the Office to pay an allocated share of the Office's administrative costs, workers' compensation claim expenditures, and funding for employee benefits. Beginning with the fiscal 2002 effective date of the amendments to [Labor Code Chapter 412](#), each state entity paid an allocated share of all of the participating entities' workers' compensation claims and the administration of the risk management program, with workers' compensation administration funded by general revenue. The following biennium, a portion of workers' compensation was funded through the allocation, with the portion increasing each of the two following biennia. As of fiscal 2010, the Office was funded solely by the allocations, along with the appropriated recoveries. Because of reductions in claim expenditures, the replacement of general revenue in the Office's administration, and the eventual funding of employee benefits and appropriation to the Office of the Attorney General for administrative support, the Office was still able to lower allocations to client entities from the initial 2002-2003 biennial implementation.

[28 Texas Administrative Code Section 251.507](#) specifies the formula to calculate each entity's allocation. Limits are placed on the total allocation an entity will be assessed. The difference between the formula-based assessment amount and cap is allocated among all other entities in the same manner and within the same factors as the initial assessment calculation.

B. List all riders that significantly impact your agency's budget.

The General Appropriations Act (GAA), Article IX, Section 15.02 requires nondiscretionary transfers to the Office. That section also appropriates all subrogated recoveries to the Office for the purpose of claim expenditures.

C. Show your agency's expenditures by strategy.

State Office of Risk Management
Exhibit 4: Expenditures by Strategy — 2016 (Actual)

Goal / Strategy	Amount Spent	Percent of Total	Contract Expenditures Included in Total Amount
A.1.1 Risk Management Program	\$3,069,258.92	6.386%	\$318,574.87
A.2.1 Pay Workers' Compensation	\$6,386,281.89	13.287%	\$1,838,237.49
B.1.1 Workers' Compensation Payments	\$38,608,705.59	80.327%	\$2,314,043.64
GRAND TOTAL:	\$48,064,246.40	100.000%	\$4,470,856.00

Table 4 Exhibit 4 Expenditures by Strategy

Exhibit 16 provides expenditure information detailed by object of expense.

D. Show your agency's sources of revenue. Include all local, state, and federal appropriations, all professional and operating fees, and all other sources of revenue collected by the agency, including taxes and fines.

State Office of Risk Management
Exhibit 5: Sources of Revenue — Fiscal Year 2016 (Actual)

Source	Amount
666 Appropriated Receipts⁵¹	\$1,346.00
777 Interagency Contracts	\$47,428,533.75
8052 Subrogation Receipts	\$634,366.65
TOTAL	\$48,064,246.40

Table 5 Exhibit 5 Sources of Revenue

E. If you receive funds from multiple federal programs, show the types of federal funding sources.

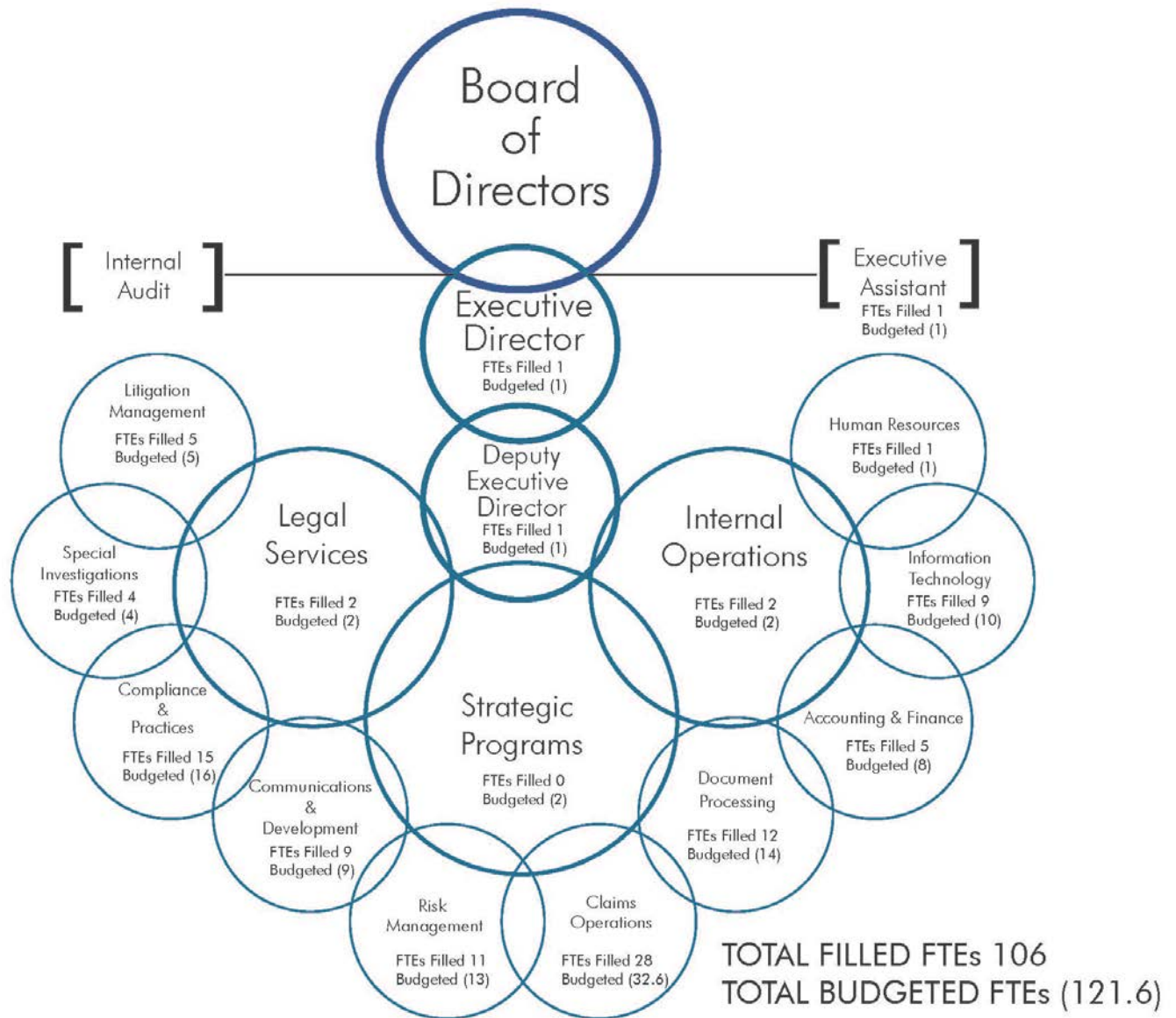
This is not applicable to the Office. Federal funds are fully comingled in interagency funding, but are not direct.

F. If applicable, provide detailed information on fees collected by your agency.

This is not applicable to the Office. Fees may be infrequently collected as authorized for open record requests.

VI. Organization**A. Provide an organizational chart that includes major programs and divisions, and shows the number of FTEs in each program or division. Detail should include, if possible, Department Heads with subordinates, and actual FTEs with budgeted FTEs in parenthesis.**

⁵¹ See Section V.F.



Detailed information on the heads of each division and staff members is contained in Exhibit 17.

B. If applicable, fill in the chart below listing field or regional offices.

The Office does not operate field or regional offices, but does travel extensively to other entities' field or regional offices as part of statutory requirements.

C. What are your agency's FTE caps for fiscal years 2016–2019?

The Office's FTE cap for fiscal years 2016-2019 is 121.6.

- D. How many temporary or contract employees did your agency have as of August 31, 2016? Please provide a short summary of the purpose of each position, the amount of expenditures per contract employee, and the procurement method of each position.**

The Office did not have any temporary or contract employees as of August 31, 2016.

- E. List each of your agency's key programs or functions, along with expenditures and FTEs by program.**

State Office of Risk Management
Exhibit 6: List of Program FTEs and Expenditures — Fiscal Year 2016

Program	Number of Budgeted FTEs FY 2016	Actual FTEs as of August 31, 2016	Actual Expenditures
Risk Management	38.5	36.5	\$3,069,258.92
Claims Administration	83.1	77.7	\$6,386,281.89
Workers' Compensation Payments	0.0	0.0	\$38,608,705.59
TOTAL	121.6	114.2	48,064,246.30

Table 6 Exhibit 6 List of Program FTEs and Expenditures

VII. Guide to Agency Programs

1. Enterprise Risk Management Program

- A. Provide the following information at the beginning of each program description.**

Name of Program or Function:	Risk Management Services for State Entities
Location/Division:	State Office of Risk Management Strategic Programs Division Risk Management Department 300 W. 15 th Street 6 th Floor Austin, TX
Contact Name:	Michelle Ganaden, Director
Actual Expenditures, FY 2016:	\$3,069,258.92
Number of Actual FTEs as of June 1, 2017: ⁵²	36.5
Statutory Citation for Program:	Labor Code §412.011

- B. What is the objective of this program or function? Describe the major activities performed under this program.**

The risk management program has three main objectives – enterprise risk management, risk transfer through insurance, and continuity of operations planning.

⁵² As of June 30, 2017.

Enterprise Risk Management Program

Objectives: The Office assists state entities and institutions of higher education in establishing and maintaining comprehensive risk management programs designed to control, reduce, and finance risk. The Office maintains risk management guidelines applicable to all state entities to reduce property and liability losses, including workers' compensation losses.

Major Activities: The Office's risk management services include administration of statewide guidelines adopted by the board for a comprehensive risk management program applicable to all state entities. The [Risk Management for Texas State Agencies \(RMTSA\) Guidelines](#) provide initial, general guidance that may assist an entity with development of a risk management program.

A risk management program helps a state entity identify commonplace risks as well as risks that are unique to the entity and assess the impact of the risk on organizational objectives. The entity can take steps to prevent, control, and mitigate identified risks. An entity can minimize the effect of property and liability losses by purchasing insurance, which is a risk transfer mechanism.

The Office employs risk management specialists who review, verify, monitor, and approve risk management programs developed by state entities. The Office conducts 29 risk management program reviews (RMPR)⁵³ each fiscal year, which are a comprehensive evaluation of a state entity's written risk management program compared against the Office's risk management guidelines. Each state entity's risk management program is formally reviewed approximately every four years. After the review, a written report of findings and recommendations is submitted to the entity's head and risk manager, who are asked to prepare and submit an action plan to address the findings and recommendations.

The Office also performs oversight to evaluate whether a state entity's risk management program is meeting specific objectives. The Office conducts 229 scheduled on-site consultations (OSC)⁵⁴ to state entities' physical locations and facilities each fiscal year. If risk exposures are identified during site visits, the Office provides written recommendations on risk prevention and control measures that state entities can implement to prevent or reduce claims and losses and tracks resolution efforts.

The Office also conducts multiple training sessions that address issues related to property, liability, workers' compensation exposures or losses, and other matters.⁵⁵

Insurance Program

Objectives: The Office administers a full-service insurance department for state entities. The insurance program provides opportunities for risk transfer and fiscal responsibility with taxpayer funds. The Office procures and negotiates insurance coverage tailored for the unique exposures and liabilities of the state. By consolidating the insurance needs of different entities seeking the same line of insurance,

⁵³ Exhibit 2 and Attachment 10.

⁵⁴ Exhibit 2 and Attachment 10.

⁵⁵ A list of classes and participants is included in each board report.

the Office can obtain higher limits of insurance for a lower premium than the state entities would receive if the insurance was purchased independently.

Reviewing state entities' proposed insurance purchases helps ensure the coverage is necessary and adequate to protect the interests of the state. The Office also administers the program for the purchase of surety bonds for state officers and employees as provided by Government Code Chapter 653.⁵⁶

Major Activities: State entities have statutory authority to purchase liability insurance.⁵⁷ The Office has five established lines of insurance that provide coverage for state exposures. Property insurance and automobile insurance provide coverage in the event of liability under the TTCA as well as a mechanism to control expenditures to replace tangible state-owned property that is damaged or destroyed. A builder's risk policy provides coverage for the materials, fixtures, and equipment used in the construction or renovation of state-owned buildings. Directors' & officers' liability provides coverage for alleged wrongful acts occurring in the management of the entity. Employment practices liability provides coverage for claims brought by employees (past, present, and prospective) alleging an employment related wrongful act, as well as claims by third parties (students, vendors, etc.) alleging discrimination or harassment. Volunteer insurance protects volunteers in the performance of volunteer services.⁵⁸ The Board has authorized the Office to phase in four additional lines of insurance.⁵⁹ The new lines of insurance were selected based on state entity requests and needs.

The Office does not purchase bonds for state employees. The bulk of the Office's bond activity is reviewing notary without bond applications to ensure the application is complete before it is submitted to the Secretary of State.

Continuity of Operations Planning Program

Objectives: The Office administer the statewide continuity of operations planning program, which was developed in cooperation with the HSC, TDEM, and DIR. The Office provides policies, standards, and tools that state entities can utilize to develop their continuity plan and to conduct testing, training, and exercising the plan to ensure its effectiveness if activated.

Major Activities: All state entities subject to Labor Code Section 412.054 were required to review, revise, or develop a continuity plan by October 31, 2014.⁶⁰ The recommended standards for the minimum content in state entities' continuity plans correspond to FEMA standards, and are available at no cost to state entities.

The Office reviews continuity plans to ensure the plans meet legislative requirements, FEMA guidelines, the Office's guidelines, and other applicable standards. The Office's continuity planning

⁵⁶ Government Code §653.002 states that the intent of Chapter 653 is to limit the purchase of surety bonds by state agencies in order that the state, to the greatest extent practicable, shall self-insure for such purposes.

⁵⁷ Exhibit 7 details state entities' authority to purchase insurance.

⁵⁸ Government Code §2109.004(b)(2) and Parks and Wildlife Code §11.028(d)(1).

⁵⁹ Fine arts, extraterritorial workers' compensation, commercial crime, and network security and privacy liability (cyber).

⁶⁰ [Continuity Planning Policy Guidance Letter](#)

services assist state entities with identification of critical functions and essential personnel, development of procedures to resume mission essential functions following a disruption, and completion of the Continuity Planning Crosswalk. The Office documents state entities' testing, training, and/or exercises of continuity plans and continually stresses that continuity planning is a stand-alone, ever-changing plan for state government.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and outcome performance measures that best convey the effectiveness and efficiency of this function or program. Also, please provide a short description of the methodology behind each statistic or performance measure.

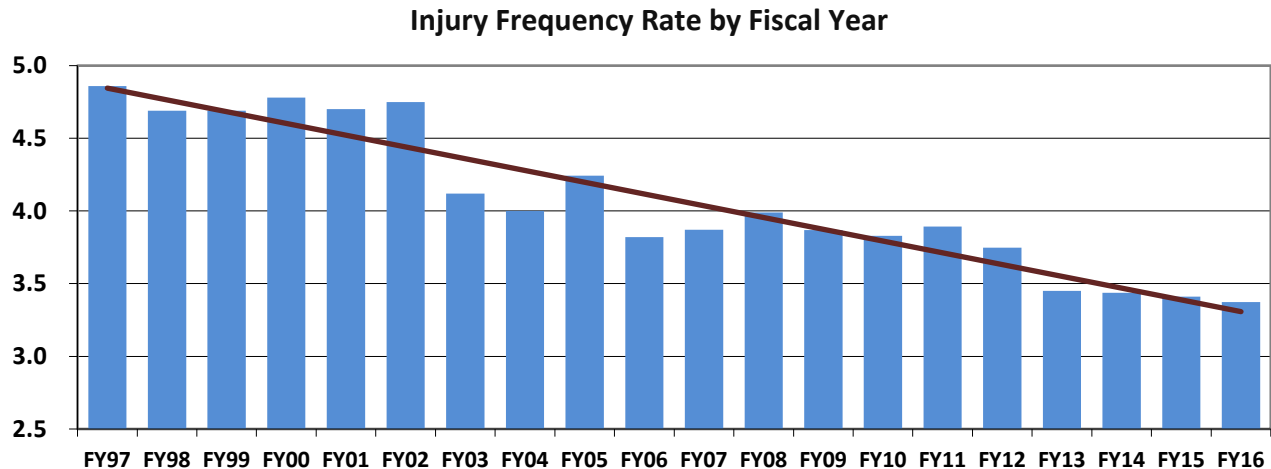
The Office enterprise risk management program has three key and two non-key performance measures.⁶¹ The objective of this program through FY 2017 is to provide guidance and direction to state entities to assist them in identifying, evaluating, and controlling risk and minimizing the adverse impact of loss. One of the Office's outcome measures for this objective measures the *Incident Rate of Injuries and Illnesses per 100 Covered Full-Time State Employees*.⁶² This key outcome measure provides an objective measure of the results of implementation of covered state entities risk management plans and the results of the Office's risk management program, related specifically to occupational injury. The injury frequency rate is important as it reflects not only the effectiveness of the Office's risk management program identifying risks to covered state entities, but also reflects covered state entities actions in regards to implementation of recommendations to control and correct the conditions that lead to injured state employees.

The method of calculation is the number of reported on-job injuries and illnesses accepted divided by the total number of state employees (measured by full-time equivalents) multiplied by 100.

Direct evidence of the effectiveness and efficiency of the risk management program is the overall decline in the injury frequency rate over time.

⁶¹ Exhibit 2 and Attachment 10.

⁶² Exhibit 2 and Attachment 10.



See Section II.C. for additional information on the Office's effectiveness and efficiency.

The Office's [Biennial Report to the 85th Legislature](#) confirms that state entities are largely in compliance with the risk management guidelines and reporting requirements in Labor Code Chapter 412, indicating effectiveness of the enterprise/consolidated approach Texas has implemented.

Page 6 of the Agency Operating Report in Exhibit 15 provides quarterly YouTube analytics. The Office's two active shooter videos being amongst the top viewed. Trends in the YouTube analytics reveal that many of the hits on the active shooter videos occur after an actual active shooter event, and have worldwide impact.

The Office's insurance program has shown measurable positive growth since the first line of insurance was implemented in 2002.

Directors' and Officers' Policy Year 9/1 - 9/1	Number of Participants	Total Premium
FY03	21	\$734,331
FY04	19	\$1,066,301
FY05	20	\$1,320,117
FY06	22	\$1,374,613
FY07	22	\$1,350,426
FY08	25	\$1,827,794
FY09	27	\$1,504,793
FY10	27	\$1,707,361
FY11	27	\$1,215,709
FY12	27	\$1,215,709
FY13	27	\$1,264,253
FY14	30	\$1,353,421
FY15	33	\$1,389,322
FY16	34	\$1,359,822
FY17	35	\$1,458,253

Automobile Policy Year 9/1-9/1	Number of Participants	Total Premium	Unit Count
FY04	2	\$220.00	1
FY05	19	\$442,937.00	1621
FY06	21	\$583,877.00	1563
FY07	22	\$610,717.00	1573
FY08	21	\$540,193.00	1397
FY09	22	\$570,124.00	1820
FY10	25	\$503,466.00	1924
FY11	26	\$529,742.00	1930
FY12	25	\$535,910.00	1987
FY13	28	\$559,109.00	2003
FY14	30	\$652,896.00	2141
FY 15	46	\$1,012,142.00	3837
FY16	51	\$873,623.00	2013
FY17	53	\$1,000,953	2289

Volunteer Policy Year 7/1 - 7/1	Number of Participants	Annual Premium (including membership fee)
FY04	5	\$37,331.00
FY05	9	\$55,822.00
FY06	9	\$52,061.00
FY07	10	\$50,932.00
FY08	11	\$45,713.00
FY09	11	\$40,911.00
FY10	11	\$41,677.00
FY11	12	\$41,073.00
FY12	14	\$41,414.00
FY13	15	\$43,706.00
FY14	11	\$39,094.00
FY15	11	\$29,179.00
FY16	11	\$26,622.00
FY17	11	\$25,335.00

Property Policy Year 4/30 - 4/30	Number of Participants	Annual Total Insurable Value	Annual Premium
FY06	11	\$2,660,554,228	\$3,138,759
FY07	14	\$6,820,312,653	\$3,112,071
FY08	19	\$10,009,647,603	\$7,539,334
FY09	24	\$10,840,535,850	\$10,756,281
FY10	26	\$11,137,458,357	\$10,966,397
FY11	27	\$11,752,507,962	\$10,018,623
FY12	26	\$11,842,857,310	\$12,542,620
FY13	26	\$8,810,926,802	\$7,517,005.53
FY14	30	\$9,159,861,650	\$7,444,121.77
FY15	38	\$10,929,605,009	\$8,066,561.00
FY16	39	\$11,290,032,682	\$7,436,368.15
FY17	43	\$11,890,485,262	\$8,675,288

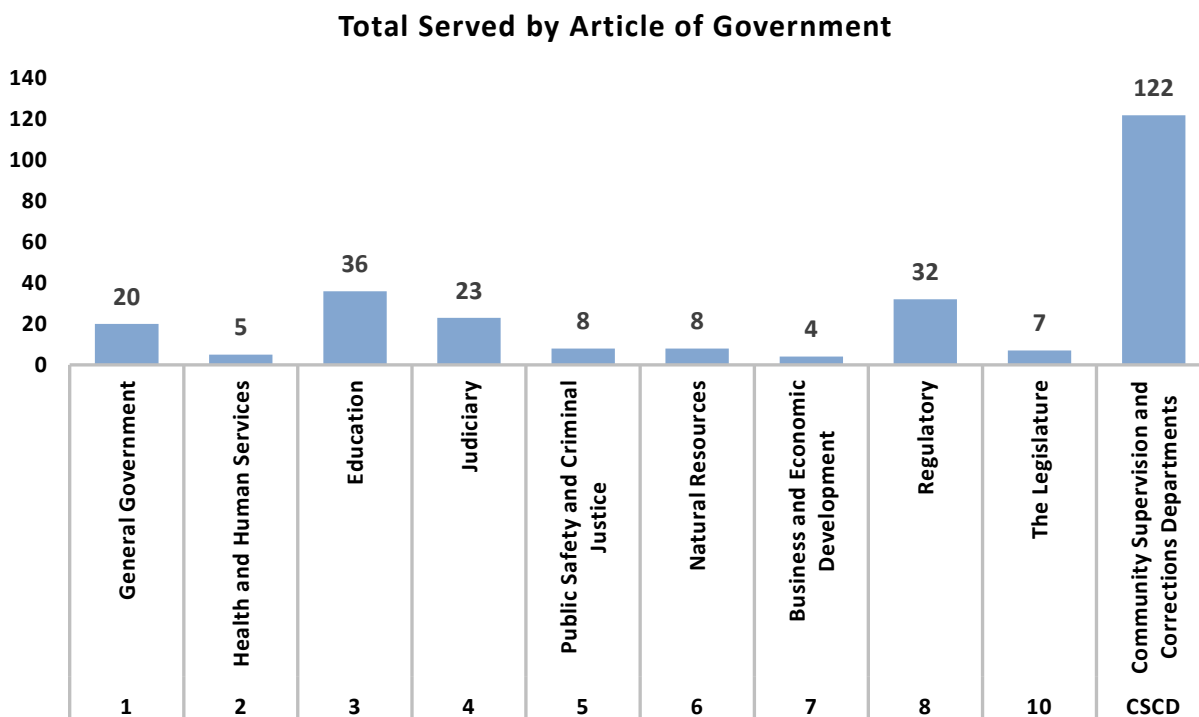
D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Since October 2013, the Office's continuity planning services have shifted from ensuring each state entity developed a continuity plan to a more substantive review of individual continuity plans. With the advances in state entities' continuity planning, state entities and the Office are transitioning into testing and exercises to determine the effectiveness of continuity plans. Significant partnerships have been developed and Texas has taken a leading role in both state and national posture respecting COOP.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

A&M, UT, TXDOT, Texas Tech, and TSUS are exempted from the Office's risk management and insurance programs. ERS and TRS may, but are not required to, acquire risk management and insurance services provided by the Office.

The following is a statistical breakdown of the entities to whom the Office provides risk management and insurance services. Detailed information on individual state entities receiving services from the Office is shown in Exhibit 14.



The Office's website has a list of the state entities that participate in the Office's insurance program.⁶³

The Office receives and reviews COOP plans from each state entity that is (1) involved in the delivery of emergency services as a member of the governor's Emergency Management Council; (2) part of the State Data Center Services program; or (3) subject to Labor Code Chapter 412 or Chapter 501.⁶⁴

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures.

Administrative Rules: The Office has adopted administrative rules for the risk management and insurance program.⁶⁵ Preliminary rule review processes are scheduled to begin subsequent to Sunset Review completion.

Guidelines and Resources: The Office's website provides numerous resources related to risk management, insurance purchases, and continuity planning.

The RMTSA Guidelines form the direction and basis for developing and implementing a comprehensive risk management program to reduce property, liability, and workers' compensation losses.

State entities can obtain information about sponsored lines of insurance, read insurance FAQs, and review a list of program participants on the Office's website. State entities have the ability to report

⁶³ [Insurance Program Participants](#)

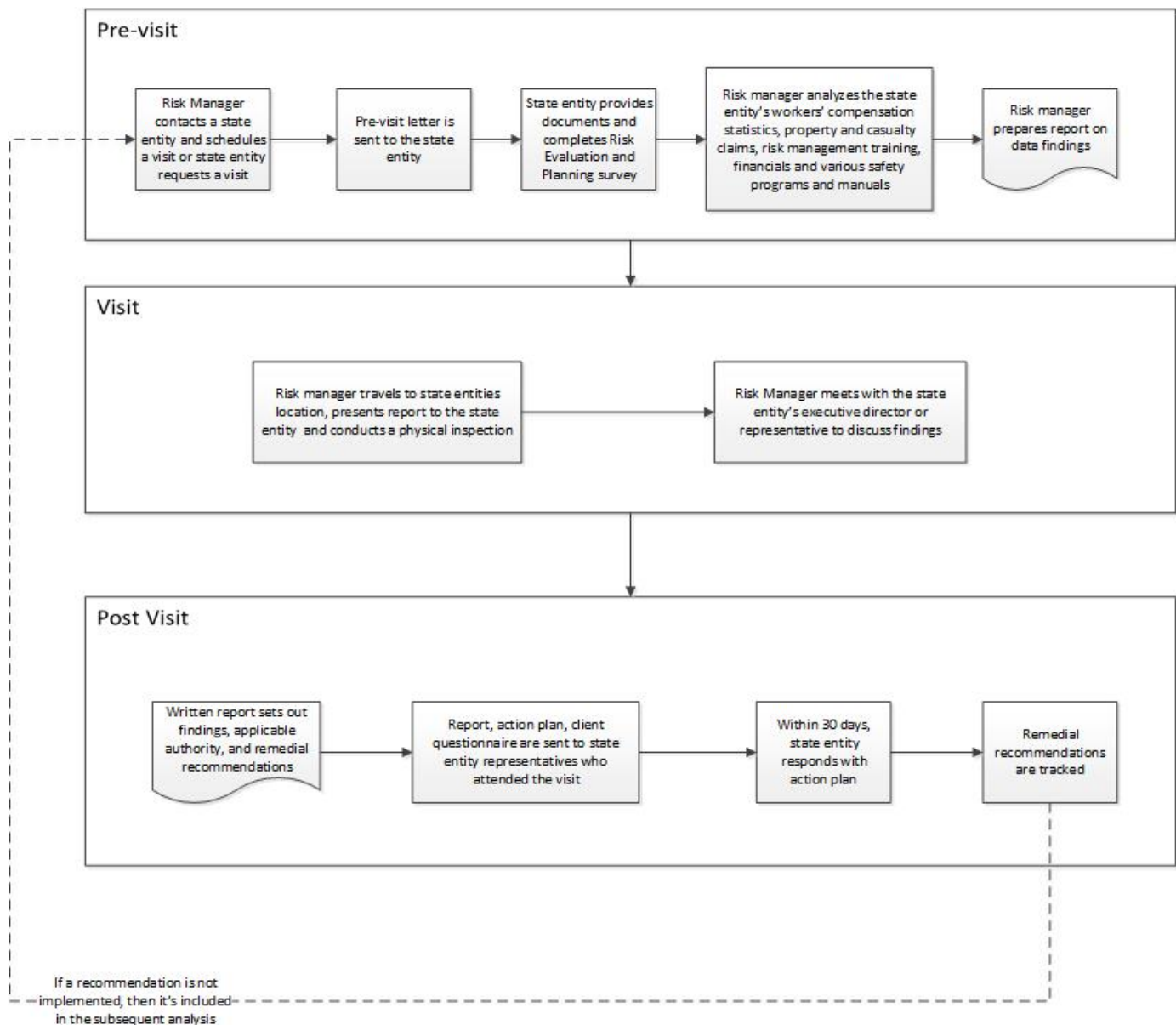
⁶⁴ Labor Code §412.054.

⁶⁵ 28 Texas Administrative Code Chapter 252.

property losses 24 hours a day and the Office provides free templates for claim related documentation and cost estimator tools. The Office's website site also provides links to ancillary services and resource materials related to loss prevention and risk transfer.

The Office provides numerous free resources one-on-one electronic or in-person assistance to assist state entities in the development of actionable continuity plans. Up-to-date state, national, and global recommendations for continuity plans and best practices are communicated through the Office's website, including links to external continuity planning resources, templates, and training opportunities. The Office partners with TFC on its web portal, which assists continuity planners in their efforts to secure an alternate facility from which to establish and maintain an entity's core functions.

On-site Consultation and Risk Management Program Review Process



An OSC may be initiated by the Office or a state entity. A RMPR is scheduled based on the last review date of an entity's risk management program. In both situations, the Office sends a pre-visit letter to gather information from the state entity before going on-site.

State entity requests for OSCs are generally issue or need specific. After each OSC, the Office prepares a written report with detailed information on identified risk exposures and suggestions for risk prevention and control measures or techniques that may be implemented by the covered entity to prevent or reduce claims and losses.

Before a RMPR, the Office requests documentation and asks the state entity to complete an online survey that leads client entities through the identification, analysis, and mitigation of identified risks.

The Office gathers information on the state entity's risk management training, financials, and various safety programs and manuals. The Office analyzes the entity's risk management expenditures and workers' compensation and property and casualty loss data. The Office prepares a report on this information prior to the on-site visit.

During an on-site visit to a state entity's physical location, a physical inspection is conducted. The risk manager also meets with the state entity's executive director or designated representative following inspection to discuss the information in the Office's report and other topics, such as claim specific information and insurance purchasing.

Afterwards, the risk manager prepares a report that sets out findings, the applicable standards to support the findings, and remedial recommendations. The report, an action plan, and a client questionnaire are sent to the state entity's management and staff who attended the visit. The Office gives the state entity 30 days to respond with an action plan.

The Office tracks the risk management recommendations that are given to a state entity to ensure the entity implements corrective action. The Office will assist a state entity with identifying and implementing changes necessary to get a risk management program back on target. Recommendations that are not implemented are included in a subsequent analysis and report.

General Insurance Process (SORM-201)

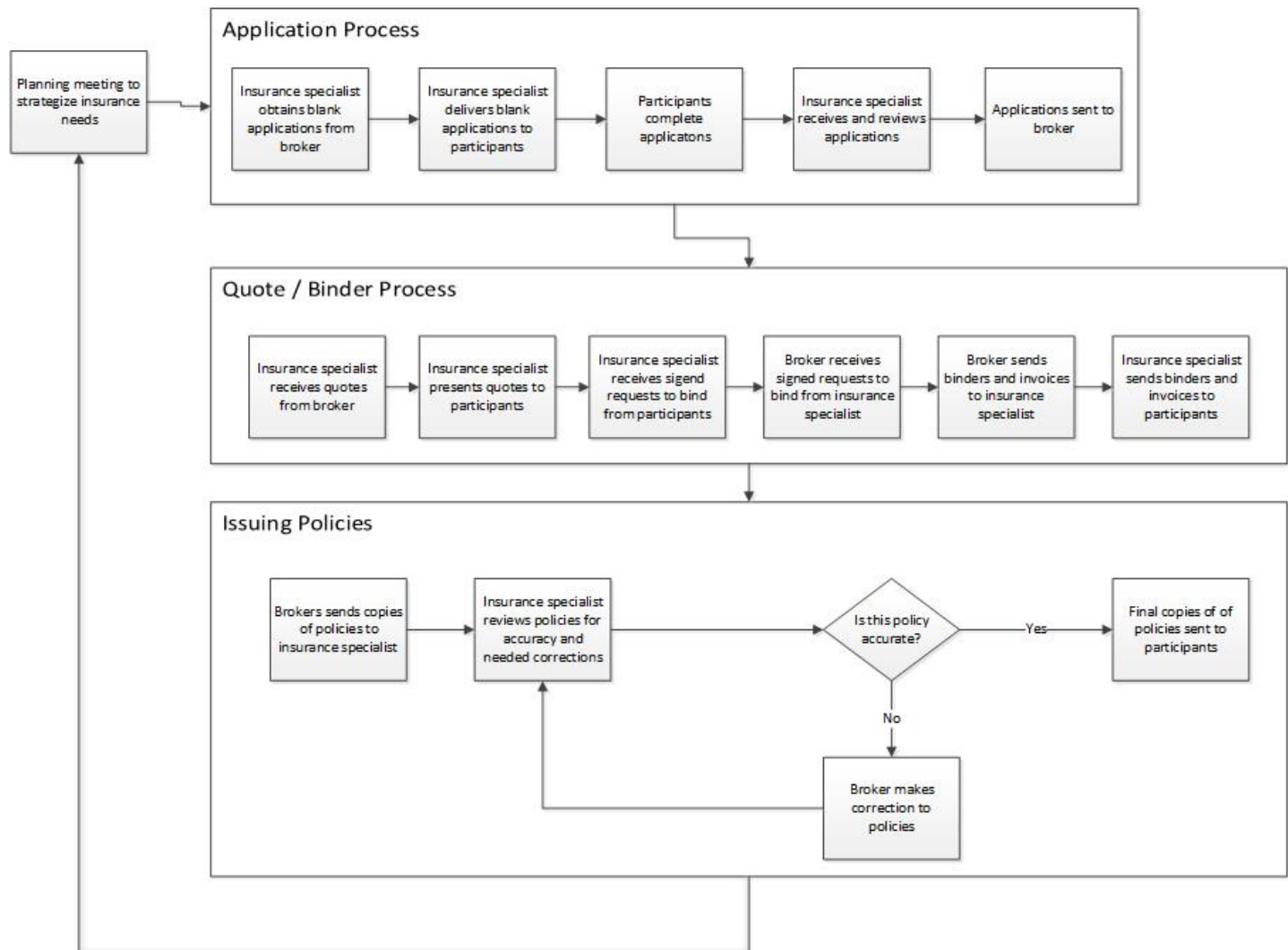
State entities can purchase a line of insurance that is not available through the Office's insurance program and obtain a waiver to purchase an available line of insurance outside of the insurance program. However, both purchases must be reviewed by the Office before the purchase occurs.

The process begins when a state entity reports an intended purchase to the Office using a SORM-201 form, which includes supporting documentation. The Office's insurance staff analyze the SORM-201 packet and then forward the information to a SORM-201 committee. The committee reviews the proposed purchase and determines whether the purchase should be approved or denied.

The Office will authorize the purchase of insurance if, after review of a SORM-201 and supporting documentation, the Office finds that the state entity has unique exposures; the purchase is necessary because of substantial or unusual risk of loss; or the coverage is necessary to protect the interests of the state.

The Office does not provide guidance to or make determinations regarding a state entity's compliance with procurement laws for SORM-201 insurance purchases. Some legislation in prior sessions has suggested a role for the Office in this and other regards, but has not been proposed nor specifically pursued by the Office.

Insurance Process – Sponsored Line



The initial purchase of insurance and renewal of an insurance policy involve essentially the same steps.

State entities acquire information on the Office’s insurance program in a variety of ways. The Office has implemented marketing campaigns, conducts insurance specific symposiums, and provides information on risk transfer options during OSCs and RMPRs.

A state entity that is interested in purchasing insurance through the Office must complete an insurance application. The application can be obtained on the Office’s website or provided by an insurance specialist. The Office offers assistance to ensure a state entity provides all the information required in the application.

Insurance applications are submitted to one of the Office’s contracted vendors; commonly referred to as the broker. The Office communicates with the broker to negotiate insurance premiums, terms of coverage, and/or enhancements. The broker in turn negotiates with one or more insurance carriers.

The Office's Executive Director engages in annual face-to-face negotiations with insurance carriers for the property policy.

After the broker receives a premium quote from one or more insurance carriers, the quote is forwarded to the Office. An insurance specialist reviews the quote and proposed terms and conditions of coverage with the state entity.

A state entity can purchase or decline the proposed insurance coverage. If the entity decides to purchase the insurance, the entity signs a request to bind coverage. The Office forwards the request to bind coverage to the broker. After the broker binds coverage, an invoice and a certificate of insurance are sent to the Office. The Office carefully reviews these documents and may need to request corrections and/or clarifications. Once the Office is confident the insurance documents are accurate, the invoice and certificate of insurance are sent to the state entity, which is responsible for paying the premium. Insurance policies are effective for one year.

To decline an insurance purchase, the state entity simply indicates it declines coverage on the request to bind. The Office forwards the declination to the broker. The state entity is then excluded from the policy and/or policy renewal.

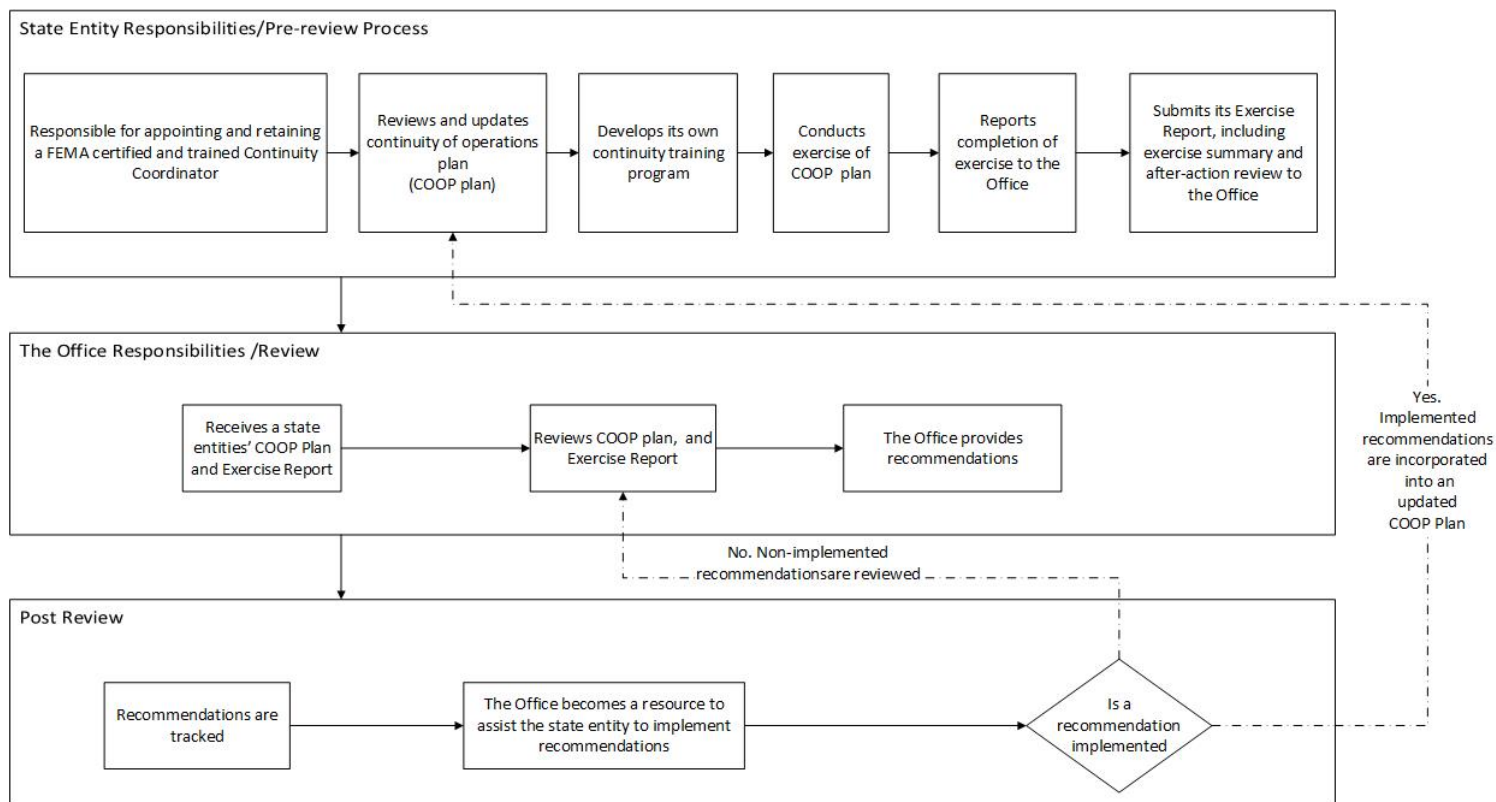
Losses are reported to insurance carrier and the Office as losses occur. Claims are adjusted by a licensed adjuster, who may or may not be employed by the insurance carrier. The Office works with the adjuster, broker, and state entity to ensure the claim is managed smoothly.

The Office's insurance staff may schedule an OSC with participants in the insurance program or to assist a property loss control specialist with an inspection of an insured building. On-site visits may also be scheduled to assist a non-participant entity with preparing a risk transfer feasibility analysis.

Bond Purchase Process

Exhibit 18 provides an outline of the Office's procedures related to notary without a bond applications.

Continuity of Operations Planning Process



Continuity of operations planning begins at the state entity level. All state entities were required to develop a COOP plan and submit it to the Office by October 31, 2014.⁶⁶ Now, the Office serves as a resource to assist state entities with development and implementation of COOP planning.

State entities are responsible for designating and retaining a FEMA certified and trained continuity coordinator. The state entity's continuity coordinator is responsible for implementing the Office's recommendations and ensuring the COOP plan is reviewed and updated annually.

The state entity is also responsible for the development of a continuity training program, which should ensure all personnel are familiar with the COOP plan, their roles, and are prepared to perform time-critical functions.

State entities should conduct an annual exercise of its COOP plan. Exercises should comply with the Homeland Security Exercise and Evaluation Program and be sequential and progressive in terms of participants and objectives.

A state entity notifies the Office when a COOP exercise is completed and submits its COOP plan, exercise report, including a summary of the exercise, and an after-action review. After the Office reviews the information, it will provide written feedback, which may include recommendations to

⁶⁶ [Continuity Planning Policy Guidance Letter](#)

strengthen the plan and resources the state entity can use to create a more robust and effective COOP plan.

As the Office reviews updated COOP plans, exercise reports, and/or after-action reviews, the Office also looks for evidence the state entity has implemented its recommendations.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The risk management program is funded by interagency contracts with client entities pursuant to Labor Code Chapter 412. That methodology is described in Section V.A.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

A&M, UT, and TxDOT are excluded from the Office's risk management and insurance programs and services because these entities had workers' compensation insurance coverage or other self-insurance coverage with associated risk management programs before January 1, 1989.⁶⁷ TxDOT's risk management program also covers numerous categories of risk, such as traffic safety, transportation project planning and development, highway maintenance contracts, and construction. The risk management programs of the university systems address a similar variety of risk, including risks associated with employees, students, and visitors. Information on each entity's risk management programs can be found at:

- [Texas Department of Transportation, Internal Audit Division](#)
- [The University of Texas System, Office of Risk Management](#)
- [The Texas A&M University System, Office of Risk Management and Safety](#)

Labor Code Section 412.011(c) specifically excludes Texas Tech and TSUS from the Office's risk management and insurance services. However, both entities do still participate in the workers' compensation program. Similar to the risk management programs of A&M and UT, their risk management programs address risks associated with employees, students, and visitors. Information on each entity's risk management programs can be found at:

- [Texas Tech University System, Office Risk Management](#)
- [Texas State, Finance Support System, Environmental Health, Safety & Risk Management](#)

⁶⁷ Labor Code §412.052.

The TRS and ERS may, but are not required to, acquire services provided by the Office.⁶⁸ The risk management programs of these entities primarily focus on financial and/or investment risk management. Information on each program can be found at:

- [Teacher Retirement System of Texas, Investment Division](#)
- [Employees Retirement System, Investment Division](#)

See Section II.F. for additional information on similar programs and functions.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The Office avoids duplication and conflict by providing risk management, insurance, and continuity planning services only to the state entities that are subject to Labor Code Chapter 412. In addition, the Office provides services that support and enhance, rather than supplant, client entities' risk management efforts.

The Office, TFC, and the SFMO have a memorandum of understanding that outlines the duties of each entity regarding safety-related issues and provides for information sharing between the entities.

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

There is not currently a directed relationship or coordination with other state, local or federal entities for risk management or insurance, although the Office does work closely with TDI and other entities to ensure consistency

K. If contracted expenditures are made through this program please provide:

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2016;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

⁶⁸ Government Code §§825.103(c) and 815.103(f) and Labor Code §506.002.

The Office's contracted expenditures for the risk management program and workers' compensation program are listed below. Many of the contracted expenditures are allocated between the risk management program and the workers' compensation program:

Vendor	Procurement Method	Workers' Compensation Program	Claim Payments	WC subtotal	Risk Management Program	Agency Total
Injury Management Organization, Inc.	RFP	753,420.00	1,012,176.85	1,765,596.85		1,765,596.85
Matrix Healthcare Services, Inc. ⁶⁹	RFP		1,156,496.49	1,156,496.49		1,156,496.49
Office of the Attorney General	IAC	535,738.00		535,738.00	229,602.00	765,340.00
ISG Services, LLC	RFP	477,584.45		477,584.45		477,584.45
Medical Equation, Inc	RFP		106,211.10	106,211.10		106,211.10
Origami Risk	RFP				55,445.42	55,445.42
Trinity Review Services, Inc	RFP		29,100.00	29,100.00		29,100.00
SHI Government Solutions, Inc	DIR contract	14,582.96		14,582.96	9,045.84	23,628.80
Xerox Corporation	DIR contract	15,054.27		15,054.27	6,451.83	21,506.10
Compu-Data International LLC	DIR contract	10,503.61		10,503.61	4,501.55	15,005.16
Arthur J Gallagher Risk Management Services, Inc.	RFP	5,997.50		5,997.50	6,813.72	12,811.22
ISO Services Inc	IFB	1,100.00	10,059.20	11,159.20		11,159.20
Garza/Gonzalez	RFP	6,846.00		6,846.00	2,934.00	9,780.00
Rudd And Wisdom Inc.	RFP	9,000.00		9,000.00		9,000.00
SHI Government Solutions, Inc.	DIR contract	2,448.25		2,448.25	2,448.25	4,896.50
Workers Assistance Program, Inc.	RFP	2,051.53		2,051.53	879.26	2,930.79
Texas Workforce Commission	IAC	1,500.00		1,500.00		1,500.00
Iron Mountain	TPASS contract	1,349.92		1,349.92		1,349.92
TIBH Industries Inc - Services	CCG contract	637.00		637.00	273.00	910.00
Texas State Library & Archives Commission	IAC	424.00		424.00		424.00
Alliant Insurance Services, Inc	RFP				180.00	180.00
Total Contract Payments		1,838,237.49	2,314,043.64	4,152,281.13	318,574.87	4,470,856.00

Following a formal request for proposal procurement in 2014, the Office entered into contracts for insurance related services. Insurance broker services are provided at no cost to the Office or participating state entities because the vendor receives an insurance commission from the insurance carrier that issues the insurance policy. Appraisal and restoration services are paid for by the state entity that secures the service. The Office's current insurance services contracts are:

Contractor	Purpose
Arthur J. Gallagher Risk Management Services, Inc.	Insurance broker, claim administration, and value added services.
Alliant Insurance Services, Inc.	Insurance broker, claim administration, and value added services.

⁶⁹ This total is the combined amount for PBM services and actual drug costs. This total is less than the cost of the pharmaceuticals under the standard fee schedule.

Contractor	Purpose
Duff & Phelps, LLC	Appraisal services.
John L. Wortham & Son, L.P.	Insurance broker, claim administration, and value added services.
Servpro	Restoration services.
The Jenkins Agency, Inc.	Insurance policy, claim administrative, and value added services.
Willis of Texas, Inc.	Insurance policy, claim administrative, and value added services.

The Office ensures accountability for performance through active participation in the underwriting process and negotiations to obtain favorable terms and conditions. For each line of insurance, the contracts allow the Office to change contractors through market assignments to enhance the benefits to state entities participating in the insurance program.

No significant known problems with contracting exist at the present time.

L. Provide information on any grants awarded by the program.

The Office does not award grants at this time. However, GAA Section 15.02(h) provides that the Office may award amounts not to exceed two percent in total of workers' compensation annual expenditures to entities for the purposes of risk management and loss prevention. Implementation of such a program is dependent upon program stabilities, discussed supra.

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

Annual Report by State Entities

Currently, Labor Code Section 412.053(b) requires state entities⁷⁰ to report the information required by Section 412.053 "not later than the 60th day before the last day of each fiscal year." Because entities do not have complete data prior to the close of the fiscal year, the Office has modified this process to request that state entities report the data between September 1 and October 30 each year. To ensure the Office receives accurate reports which are also timely, the Office recommends amending Section 412.053(b) to require annual reporting "not later than the 60th day after the last day of each fiscal year."

Indoor Air Quality Seminar

In December 2002, DSHS developed guidelines on indoor air quality pursuant to Health & Safety Code Chapter 385. In 2015, [SB 202](#), 84th Legislature, transferred a number of functions from DSHS to other entities. Section 3.030 of the bill repealed Health & Safety Code Chapter 385 thereby removing all references to a state entity voluntarily establishing guidelines for indoor air quality in government buildings. However, Government Code Section 2165.305 still exists, which requires the Office to conduct an annual, one-day educational seminar on indoor air quality. Similarly, the indoor air quality rules (guidelines) adopted by DSHS in 25 Texas Administrative Code Chapter 297 have not been repealed. The Office is developing training to bridge this gap, but additional consideration may be required.

⁷⁰ Institutions of higher education are excluded pursuant to Labor Code §412.053(c).

Insurance Program

The challenges associated with a voluntary insurance program and lack of reserve-based system is discussed elsewhere in this report. Should the State wish to pursue an enterprise level approach, these matters would require legislative action.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

Preliminary information is provided as described. Additional information may be provided in response to any additional inquiry identified.

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- why the regulation is needed;
- the scope of, and procedures for, inspections or audits of regulated entities;
- follow-up activities conducted when non-compliance is identified;
- sanctions available to the agency to ensure compliance; and
- procedures for handling consumer/public complaints against regulated entities.

The Office does not currently operate mandated regulatory programs related to the licensing, registration, certification or permitting of any persons, businesses, or other entities.

P. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices. Please include a brief description of the methodology supporting each measure.

Not applicable to the Office.

2. Workers' Compensation Claims Administration

A. Provide the following information at the beginning of each program description.

Name of Program or Function:	
Location/Division:	State Office of Risk Management Strategic Programs Division Claims Operations Department 300 W. 15 th Street 6 th Floor Austin, TX
Contact Name:	Lydia Scranton, Director
Actual Expenditures, FY 2016:	Administration \$6,386,281.89 Claim Payments \$38,608,705.59
Number of Actual FTEs as of June 1, 2017:⁷¹	76.2
Statutory Citation for Program:	Labor Code §412.011

B. What is the objective of this program or function? Describe the major activities performed under this program.

Objectives: The Office is charged with administering the self-insured workers' compensation program for certain state employees pursuant to Labor Code Chapters 412 and 501. The basic goals of the workers' compensation system in Texas are set forth in [Labor Code Section 402.021](#).

Major Activities: The Claims Operations Department provides service benefits both to the injured state employee (claimant) and the state entity employer. The Office employs licensed adjusters to manage all aspects of a workers' compensation claim. The Office's adjusters are empathetic and accessible and have the authority to make and act on decisions. Adjusters facilitate medical treatment and ensure wage replacement (income) benefits are paid to a claimant who suffers a compensable injury in the course and scope of employment.

The Claims Operations Department performs the initial investigation of each reported injury and determines compensability. Claim adjusters are assigned claims based on experience and existing workload. In each claim, the adjuster may interact with the claimant, employer, and one or more medical providers. In a given day, an adjuster must handle telephone calls, respond to emails, and review faxes, medical documentation, and TDI-DWC filings. These activities are necessary in order to decide on the best course of action. The assigned adjuster manages the claim through to conclusion to ensure each claimant receives the benefits he/she is entitled to and is able to return to work.

If the Office determines the injury is not compensable, the Office must deny the claim within 60 days or it waives the right to contest compensability.⁷² In network claims, the Office must also notify the network that the Office has contested the compensability of an injury. If the Office successfully contests compensability, the Office is still liable for payment of medically necessary health care services that were provided through the network before the denial, up to \$7,000.⁷³

⁷¹ As of June 30, 2017.

⁷² Labor Code §409.021(c) and 28 Texas Administrative Code §124.2.

⁷³ Texas Insurance Code §1305.153(e).

The Workers' Compensation Act requires the Office to provide appropriate income benefits and medical benefits in a manner that is timely and cost-effective. Income benefits must be initiated within certain time frames and notice requirements apply when benefit changes occur.⁷⁴ The timeframes for payment or denial of payments for health care services are also set by TDI-DWC. Compliance with these deadlines is important to avoid unnecessary delay in providing benefits to a claimant. Failure to comply also subjects the Office to administrative fines.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and outcome performance measures that best convey the effectiveness and efficiency of this function or program. Also, please provide a short description of the methodology behind each statistic or performance measure.

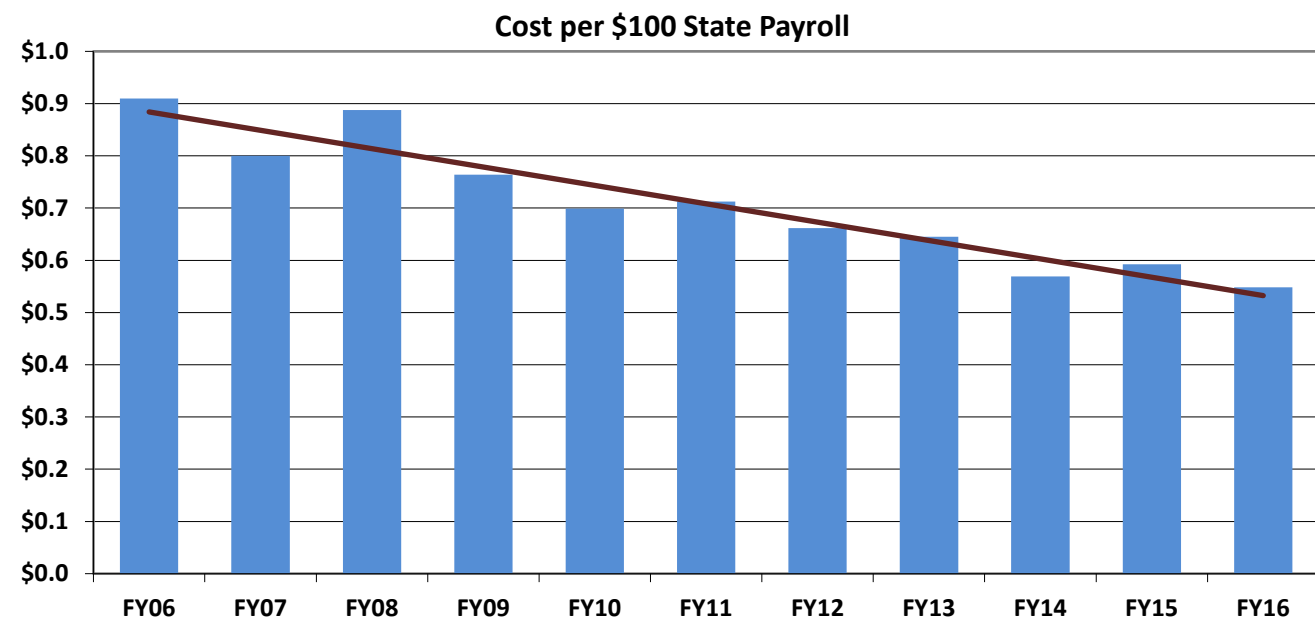
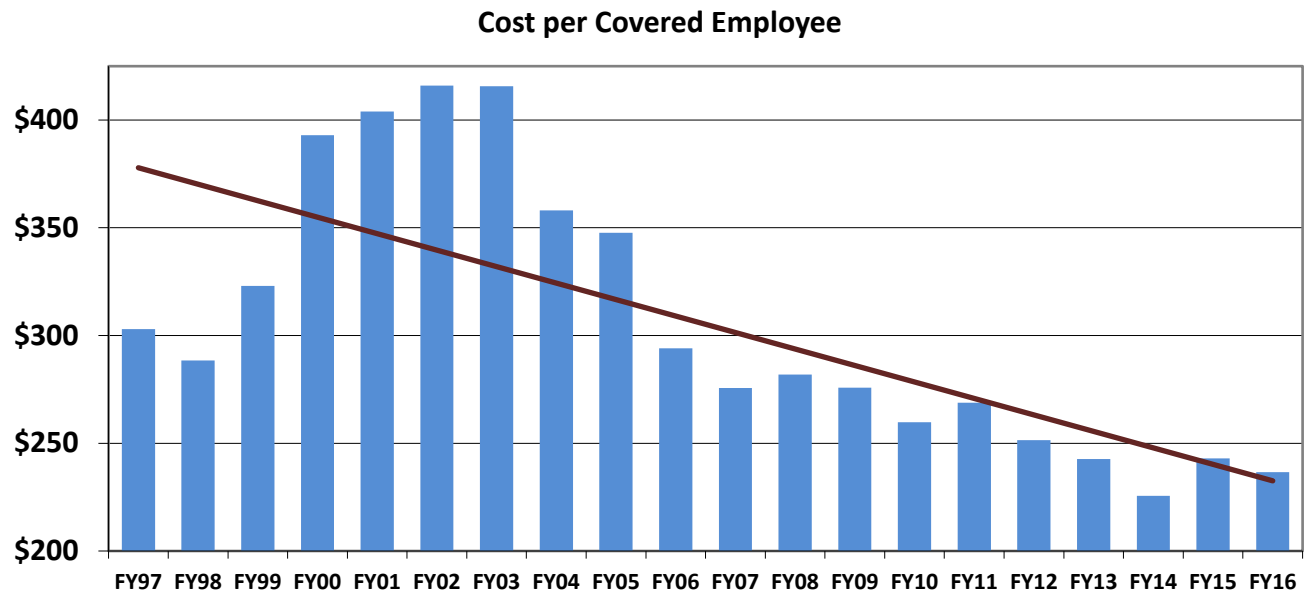
The Office's claims administration program has five key and one non-key performance measures.⁷⁵ The objectives of this program through FY 2017 are to review and determine eligibility on 100% of the state workers' compensation claims submitted within 15 days of receipt, and pay all approved requests for medical and indemnity benefits as specified under state law.

The Office has two outcome measures for this objective to measure the *Cost of Workers' Compensation per Covered State Employee* and *Cost of Workers' Compensation per \$100 State Payroll*. Both key outcome measures provide information on the overall trends in workers' compensation costs and allow for comparison with the private sector. The method of calculation for the first outcome measure is to divide the total expenditures for the workers' compensation strategy by the number of full-time equivalent state employees. The methodology for the second outcome measure is the total expenditures for the workers' compensation strategy (numerator) divided by the dollar amount of state payroll for covered entities (denominator) multiplied by 100.

⁷⁴ 28 Texas Administrative Code §124.2(e).

⁷⁵ Exhibit 2 and Attachment 10.

The following charts show workers' compensation costs have declined and costs have stabilized:



The Office has consistently been identified as a high performer by TDI-DWC. During PBO, TDI-DWC measures the Office's compliance with the deadlines for initial payment of temporary income benefits and impairment income benefits and medical bill payments. The performance assessment also examines overall compliance records and dispute resolution and complaint resolution practices.

In the GAA, the target for subrogation receipts is \$567,750. The Office consistently exceeds the subrogation target.

See Section II.C. for additional information on the Office's effectiveness and efficiency.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

The Legal Services Division provides support services to the Claims Operations Department. Meetings between the two areas, which also include OAG staff attorneys, are held weekly to review disputes prior to a benefit review conference (BRC) or contested case hearing (CCH). The file reviews on pending disputes provide multiple view points on facts and law. This ensures the Office's claim decisions are appropriate, legally justified, and in the best interest of the claimant, the state employee workers' compensation program, and the state. The outcomes in disputes are communicated to the claim adjusters so they are kept up-to-date on changes in the law.

The Office's litigation philosophy has evolved over time. The Office, in conjunction with the OAG, focuses on whether procedural rules were followed in the administrative review process. Appeals on procedural issues are intended to resolve interpretive issues to ensure future claims are handled in accordance with resulting precedent, ultimately to enhance consistency.⁷⁶ The Office does not typically file a district court appeal on a factual matter unless the situation is egregious in some fashion.

F. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

The Office's workers' compensation program covers 143 state entities, which includes courts and institutions of higher education as well as Windham School District within the Department of Criminal Justice, and 122 community supervision and corrections departments, encompassing approximately 190,000 individual employees.⁷⁷ The client base for workers' compensation includes the Texas Tech System and TSUS, which both participate fully in the allocation funding program, as well as ERS and TRS. ERS and TRS reimburse claim costs fully but receive administration of their claims, and the ability to access risk management services, without contributing to the funding of operations. In effect, both retirement systems are "uninsured" for workers' compensation, leaving them vulnerable to catastrophic losses, although a low probability, while other clients are limited in their potential liability due to the pooling effects of the allocation program. A&M, UT, and TXDOT are exempted from the Office's workers' compensation program and operate their own workers' compensation programs.

There are situations in which certain non-state employees are covered by workers' compensation through the Office. [Labor Code Section 501.026](#) extends coverage for certain services provided by volunteers. The definition of employee in [Labor Code Section 501.001](#) includes a person who is (a) in the service of the state pursuant to an election, appointment, or express oral or written contract of hire; (b) paid from state funds but whose duties require that the person work and frequently receive supervision in a political subdivision of the state; (c) a peace officer employed by a political subdivision, while the peace officer is exercising authority granted under certain articles in the Code of Criminal

⁷⁶ See Section II.I. for details on pending litigation.

⁷⁷ Exhibit 14 provides detailed information on the participants in the Office's programs.

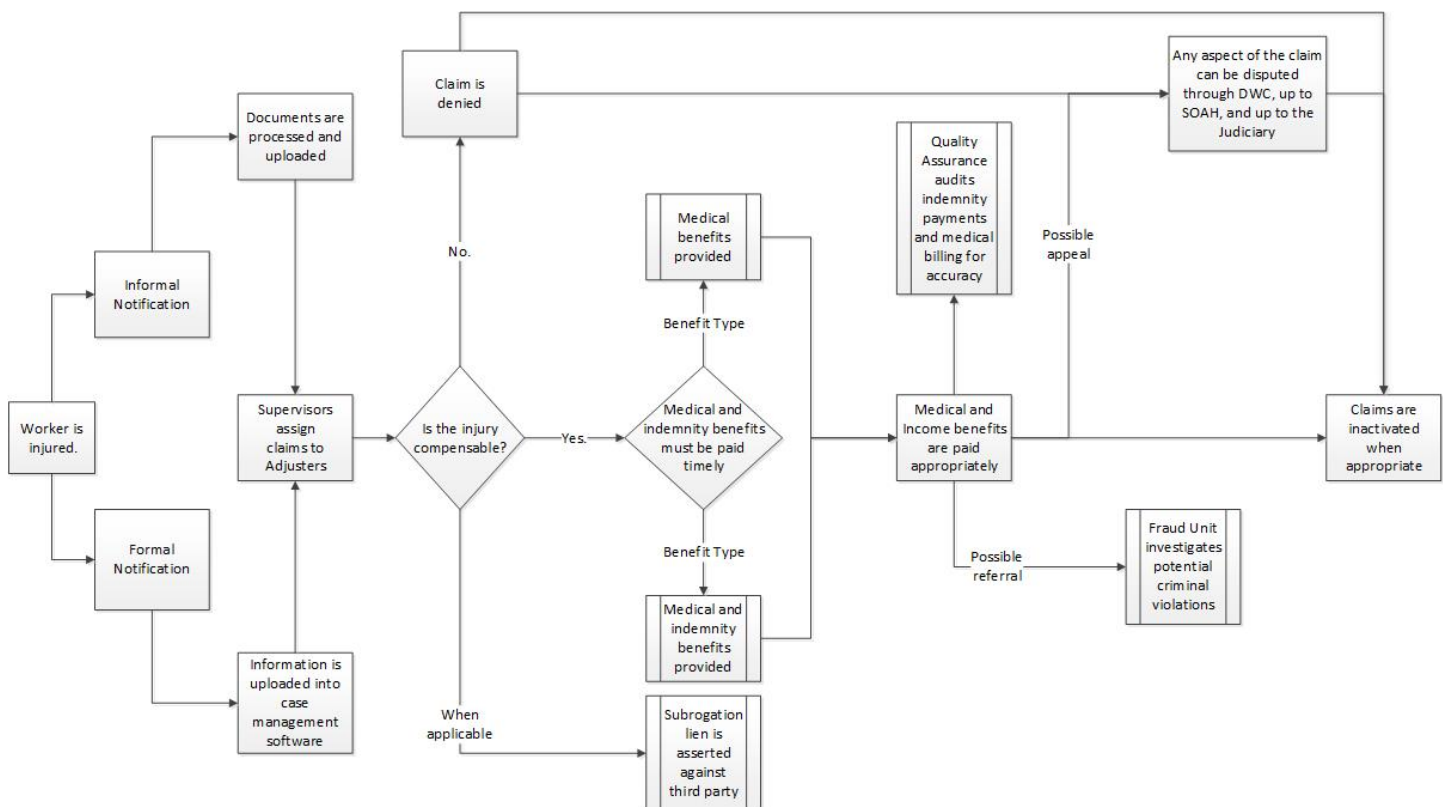
Procedure; and (d) a member of the state military forces, who is engaged in authorized training or duty.

The definition in Labor Code Section 501.001 also includes a Texas Task Force 1 member, who is activated by TDEM or is injured during training sponsored or sanctioned by Texas Task Force 1. Starting September 1, 2017, workers' compensation coverage will be provided through the Office for members of an intrastate fire mutual aid system team or a regional incident management team who are injured during a TDEM activation or sponsored training.⁷⁸

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

The Office's workers' compensation program is heavily regulated by the Workers' Compensation Act and TDI-DWC administrative rules.

Workers' Compensation Claim Process



A state employee who sustains an injury must report the injury within the timeframes in [Labor Code Section 409.001](#) and/or [Section 409.003](#). State entities, as the employer, must report an injury to the

⁷⁸ HB 919, 85th Legislature, added Section 88.126 to the Education Code.

Office by the deadlines in [Labor Code Section 409.005](#). The Office, as the workers' compensation carrier, must comply with the law.⁷⁹

Workers' compensation claims are opened and entered in the Office's claims management system as reports of injuries are filed by covered state entities. These reported claims are investigated and either accepted or denied. If the Office determines a claimant has sustained a compensable injury, the claim is accepted and the claimant is entitled to income and medical benefits.

During the initial phase of a claim investigation, an adjuster may identify a third party that is potentially liable for the injury or death in a compensable claim. The Office will place the third party's insurance company on notice that the Office is asserting a workers' compensation subrogation lien equal to the amount the Office pays in income and medical benefits.⁸⁰ All sums recovered from a liable third party are used for the payment of workers' compensation benefits to state employees.

Income Benefits

There are several types of income benefits that can be paid to a claimant. Likewise, there are several reasons why income benefits may stop. In addition, not all claimants will receive income benefits. First, the claimant must meet the definition of disability.⁸¹ Then, the claimant must have at least 7 days of disability.⁸² A claimant may cease to be eligible for income benefits once he/she returns to work, reaches MMI,⁸³ or upon the expiration of 401 weeks.⁸⁴

General speaking, the Office must initiate temporary income benefits (TIB) no later than 15 days from the first date of lost time.⁸⁵ [28 Texas Administrative Code Chapter 128](#) sets forth the calculation methods for average weekly wage. The TIB amount a claimant will receive is determined using [28 Texas Administrative Code Section 129.3](#). TIBs may be paid up to a maximum of 104 weeks.⁸⁶

A claimant's eligibility for TIBs will stop when the claimant reaches MMI. MMI can occur in two ways. A doctor can certify the claimant has reached MMI and assign an impairment rating (IR)⁸⁷ or the claimant reaches statutory MMI, which is the expiration of 104 weeks from the date TIBs began to accrue.⁸⁸

⁷⁹ Labor Code §412.041(f) - In administering and enforcing Chapter 501 as regards a compensable injury with a date of injury before September 1, 1995, the director shall act in the capacity of employer and insurer. In administering and enforcing Chapter 501 as regards a compensable injury with a date of injury on or after September 1, 1995, the director shall act in the capacity of insurer.

⁸⁰ Labor Code Chapter 417.

⁸¹ Labor Code §401.011(16) - "Disability" means the inability because of a compensable injury to obtain and retain employment at wages equivalent to the preinjury wage.

⁸² Labor Code §408.082 and 28 Texas Administrative Code §124.7.

⁸³ Labor Code §408.102.

⁸⁴ Labor Code §408.083.

⁸⁵ Labor Code §408.082.

⁸⁶ Labor Code §401.011(30)(B).

⁸⁷ Labor Code §408.123.

⁸⁸ Labor Code §401.011(30).

A claimant is entitled to impairment income benefits (IIB) if a certifying doctor assigns an IR greater than zero.⁸⁹ The existence and degree of the IR is dictated by the *Guides to the Evaluation of Permanent Impairment* published by the American Medical Association.⁹⁰ The Office must initiate IIBs not later than 5 days from the date a doctor's certification of MMI is received.⁹¹

A claimant may be entitled to supplemental income benefits (SIB) if the IR is 15% or more and he/she meets other conditions in [Labor Code Section 408.142](#). TDI-DWC makes the determination of entitlement to and the amount of SIBs.⁹² The Office must pay SIBs not later than 10 days after receipt of the TDI-DWC determination.⁹³

A claimant may be entitled to lifetime income benefits (LIB) for the total and permanent loss of use of a body part that is listed in [Labor Code Section 408.161\(a\)](#). LIBs benefits increase three percent a year.

If a compensable injury results in death, the Office must pay death benefits (DIB) to the legal beneficiary(ies).⁹⁴ The Office will also pay any medical expenses that were incurred prior to death as well as incurred burial expenses up to \$10,000.⁹⁵ Legal beneficiaries can include a spouse, a minor child or children, a dependent grandchild, and/or other surviving dependents. DIBs may be apportioned between beneficiaries.⁹⁶ DIBs payments may also be redistributed as beneficiaries become ineligible for DIBs.⁹⁷ A surviving spouse is entitled to death benefits for life or until remarriage. However, the surviving spouse of a first responder is treated differently and does not incur the "remarriage penalty". A minor child is entitled to DIBs until age 18 unless he/she is enrolled as a full-time student.⁹⁸

If a surviving legal beneficiary does not apply for DIBs on or before the first anniversary of the date of death, the Office must pay an amount equal to 364 weeks of death benefits to the Subsequent Injury Fund (SIF).⁹⁹ FY 2017 has been unique because the Office has paid DIBs to the SIF in two claims thus far.

Because the Office is a state entity, all income benefit payments must be processed through the Comptroller. Due to the lag time between the date the Office requests a payment and issuance of the payment, the Office's deadline to pay income benefits is approximately two days shorter than other worker's compensation carriers.

Adjusters perform a self-audit when income benefits are initiated to ensure the payment amount is correct. In addition, all initial income benefit payments are audited by the Office's Indemnity Quality Assurance Unit. Issues related to underpayment or overpayment of income benefits must be handled

⁸⁹ Labor Code §408.122.

⁹⁰ Labor Code §408.124.

⁹¹ Labor Code §408.121(b).

⁹² 28 Texas Administrative Code §130.103.

⁹³ 28 Texas Administrative Code §130.107.

⁹⁴ Labor Code §408.181.

⁹⁵ Labor Code §408.186 and 28 Texas Administrative Code §132.13.

⁹⁶ Labor Code §408.182 and 28 Texas Administrative Code §132.11.

⁹⁷ 28 Texas Administrative Code §132.12.

⁹⁸ Labor Code §408.183.

⁹⁹ Labor Code §§408.182(e) and 403.007.

in accordance with the Labor Code and TDI-DWC's rules.¹⁰⁰ There are times where the Office is unable to recoup an income benefit overpayment because the claimant is no longer receiving income benefits.

Medical Benefits

Unlike income benefits, the Office will incur expenses for medical services and treatment in all workers' compensation claims. A claimant is entitled to all health care reasonably required by the nature of the injury for his/her lifetime.¹⁰¹ In addition, the claimant is entitled to any necessary prescription drugs, and over-the-counter alternatives as clinically appropriate.¹⁰²

The Office receives between 6,000 and 7,500 medical bills a month. The Office's Document Processing Department (DPD) screens a medical bill when it is initially received to determine whether the bill is complete. If the bill is incomplete, DPD will return the bill to the provider.¹⁰³

The Office has a contract with ISG Services, LLC to perform medical cost containment services related to medical billing. The billed amount may be denied or reduced for a number of reasons.¹⁰⁴ The Office's Medical Quality Assurance Unit oversees audits and payments of medical bills. Medical providers can request reconsideration of the fee reduction or denial.¹⁰⁵ Health care providers are obligated to voluntarily refund overpayments for medical treatment and the Office can request a refund of an overpayment.¹⁰⁶

Disputes

Disputes regarding compensability or eligibility for benefits can occur throughout the life of a workers' compensation claim. The assigned adjuster, with assistance, makes the decision to deny a claim and/or dispute medical treatment and payment of income benefits. As part of the dispute process, the adjuster must file the appropriate form(s) with TDI-DWC and provide notice to the claimant.¹⁰⁷

There are multiple levels of review available when an issue is disputed. The Office's Legal Services Division has two representatives who attend the majority of the BRCs on behalf of the Office. During a BRC, the parties attempt to resolve some or all of issues informally. If the dispute is not resolved entirely, either party can request a CCH. The OAG represents the Office in CCHs. If a party is not satisfied with the CCH Decision and Order, the issue can be appealed to the Appeals Panel. Depending on the issue, an Appeals Panel Decision and Order can be appealed to the State Office of Administrative Hearings or District Court.

¹⁰⁰ Labor Code §408.0815 and 28 Texas Administrative Code §§126.15 and 126.16.

¹⁰¹ Labor Code §408.021.

¹⁰² Labor Code §408.028 and 28 Texas Administrative Code §134.502.

¹⁰³ 28 Texas Administrative Code §133.200. Section VII.2.M. explains the Office's concern with returning medical bills.

¹⁰⁴ 28 Texas Administrative Code §§133.230 and 133.240.

¹⁰⁵ 28 Texas Administrative Code §133.250.

¹⁰⁶ 28 Texas Administrative Code §133.260.

¹⁰⁷ 28 Texas Administrative Code §124.2.

Other Claim Expenditures

Attorney fees, which are paid from the claimant's benefits, must be approved by TDI-DWC or a court.¹⁰⁸ A claimant is entitled to reimbursement for travel expenses, including meals and lodging, that are incurred because medical treatment for a compensable injury is not reasonably available within 30 miles from claimant's home.¹⁰⁹

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Unlike other carriers, the Office does not operate on a for-profit basis and does not carry reserves (all costs are funded on an annual basis). There are no shareholders other than the taxpayers and the Office does not have a retention fund. The workers' compensation administration program is funded by interagency contracts with client entities. That methodology is described in Section V.A.

Costs incurred by the Office in administering the workers' compensation insurance program are funded through the assessment allocations. This funding is used to pay medical and income benefits, medical cost containment services, and other costs directly related to reducing claim payments and risk. Additionally, when a state employee's injury is caused by a liable third party, the Office is entitled to recover an amount equal to the expenditures for medical and income benefits.¹¹⁰ Exhibit 5 shows that subrogation receipts are also considered as revenue that is used to lower the cash basis assessment allocations to client entities.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

All workers' compensation carriers must comply with the Workers' Compensation Act. A&M, UT, and TxDOT are excluded from the Office's programs and services because these entities had workers' compensation insurance programs before January 1, 1989.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The Office avoids duplication and conflict by providing workers' compensation claims administration services only to the employees of the participants identified in Exhibit 14 and Section VII.2.E.

Federal and state law requires employers to provide information about all new or rehired workers to provide a means for employers to assist in the state's efforts both to prevent fraud in the welfare, workers' compensation, and unemployment insurance programs, and to locate and/or collect money

¹⁰⁸ Labor Code §408.221.

¹⁰⁹ 28 Texas Administrative Code §134.110.

¹¹⁰ Labor Code Chapter 417.

from absent parents who owe child support.¹¹¹ Employers report new hire information through the OAG. The Office has an interagency contract with the OAG and an information release contract with the TWC.

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

The Office does not operate its workers' compensation program in conjunction with local, regional, or federal units of government, but routinely cooperates with its client entities in the investigation and administration of claims.

K. If contracted expenditures are made through this program please provide:

- a short summary of the general purpose of those contracts overall;
- the amount of those expenditures in fiscal year 2016;
- the number of contracts accounting for those expenditures;
- the method used to procure contracts
- top five contracts by dollar amount, including contractor and purpose;
- the methods used to ensure accountability for funding and performance; and
- a short description of any current contracting problems.

The Office's contracted expenditures for the risk management program and workers' compensation program are listed in section VII.I.K

Following a formal request for proposal procurement in 2014, the Office entered into contracts for medical cost containment services. The Office's [2016 Annual Cost Containment Report](#) provides additional information on the services and benefits associated with medical cost containment. The Office's current medical cost containment contracts are listed below:

Contractor	Purpose
Injury Management Organization, Inc.	Workers' compensation health care network and preauthorization of medical treatment and services and prescription medication.
Matrix Healthcare Services, Inc.	Pharmacy benefit management services and prescription medication.
Office of the Attorney General	Administrative support per the GAA.
ISG Services, LLC	Medical bill audit.
Medical Equation, Inc.	Ancillary medical services including peer reviews.
Trinity Review Services, Inc.	Ancillary medical services including peer reviews.
CareWorks Managed Care Services, Inc.	Ancillary medical services including peer reviews.
Healthcare Solutions, Inc.	Ancillary medical services including peer reviews.

The Office ensures accountability for performance by requiring detailed information in the invoices submitted by medical cost containment vendors. These invoices are carefully scrutinized to ensure the Office does not incur administrative costs in duplicate or denied claims or pay duplicate medical bills.

¹¹¹ 42 U.S.C. §653A, Texas Family Code Chapter 234, Subchapter B, and 1 Texas Administrative Code §55.301.

Contracts with the medical cost containment vendors contain performance discount provisions. The Office receives monthly performance reports from its workers' compensation health care network and conducts internal post payment audits of medical bills to monitor the accuracy of medical bill auditing.

No significant problems with contracting exist at the present time.

L. Provide information on any grants awarded by the program.

The Office does not award grants at this time.

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

State Employee Waiver of Workers' Compensation

The TTCA creates a specific waiver of immunity for state employee workers' compensation claims. Workers compensation for state employees was created through Labor Code Chapter 501. [Labor Code Section 501.002\(d\)](#) is clear neither Chapter 501 nor the general workers' compensation provisions authorize a cause of action or damages against the state, a state entity, or an employee of the state beyond the actions and damages authorized by the TTCA.¹¹²

In general, the workers' compensation laws in Labor Code Chapters 401 – 419 and Chapter 451 will apply to state employee workers' compensation claims *unless they are inconsistent* with Labor Code Chapter 501. [Labor Code Section 406.034](#) states that an employee can agree, in writing to waive workers' compensation during the first few days of employment. The Office interprets this provision as being inconsistent with Chapter 501. However, it may be prudent to clarify in Labor Code Section 406.034 and/or the TTCA¹¹³ that state employees cannot waive workers' compensation coverage.

Required Medical Examination (RME)

The Office can request an RME to resolve questions about the appropriateness of medical treatment in non-network claims. However, Insurance Code Section 1305.101(b) prohibits an in-network provider from performing an RME for an in-network claimant. Because of this prohibition, a network treating doctor must refer the claimant to an out-of-network doctor for a RME. Out-of-network referrals must be approved by the network. There is no incentive for an in-network treating doctor to request an out-of-network review of his own treatment. Likewise, the network is unlikely to approve the referral since it casts doubt on its contracted doctor.

Texas Identification Number (TIN)

Government Code Section 403.039 and 34 Texas Administrative Code Section 20.225(a)(8) require each vendor, including health care providers, who supplies property or services to the state for compensation to obtain a Texas Identification Number (TIN). The TIN application is processed through

¹¹² The TTCA is discussed in Section II.B.

¹¹³ Civil Practice and Remedies Code §101.028.

the Comptroller. If a vendor submits an invoice or bill for payment but does not have a TIN, the Comptroller will not process the payment to the vendor.

The Office is required to pay most medical bills within 45 days of the receipt of the bill.¹¹⁴ If a medical bill is incomplete, the Office may return the bill to the provider for a limited number of reasons. However, an incomplete, missing, or incorrect TIN is not a specific basis to return a medical bill.¹¹⁵ Consequently, even though the Office may comply with the payment deadline, it can still be subject to an administrative violation if the actual payment is not issued by the Comptroller.

Peace Officers with Secondary Employment

As Section VII.2.E. explains, a peace officer employed by a political subdivision, while the peace officer is exercising authority granted under certain articles in the Code of Criminal Procedure, may be entitled to workers' compensation coverage through the Office. The imprecise language of this provision has created situations where the State has been required to provide workers' compensation coverage even though the peace officer was injured while working for a private employer.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

Workers' compensation benefits include medically necessary treatment, prescription drugs and over-the-counter medication. The amount of reimbursement for services provided by a network provider is determined by the contract between the network and the provider. TDI-DWC sets the amount of reimbursement for health care treatment in non-network claims. The reimbursement fees for prescription drugs are also set by the TDI-DWC.

The Office has a medical cost containment contract with Injury Management Organization, Inc., which is a certified workers' compensation health care network, to provide state employees with access to health care with primary and specialty medical providers who are familiar with workers' compensation injuries. An employee who lives within the network's service area must obtain medical treatment through network providers.¹¹⁶ If an in-network employee chooses to obtain health care from a non-network provider without network approval, the Office may not be liable for payment for the healthcare.¹¹⁷ State employees who do not live in the network's service may chose, but are not required, to use network providers.¹¹⁸

TDI-DWC's treatment guidelines and those adopted by workers' compensation health care networks must be evidence-based, scientifically valid, outcome-focused, and designed to reduce excessive or inappropriate medical care while safeguarding necessary medical care.¹¹⁹

¹¹⁴ 28 Texas Administrative Code §133.240.

¹¹⁵ 28 Texas Administrative Code §133.10.

¹¹⁶ 28 Texas Administrative Code §10.61 establishes this rule and sets out exceptions to this requirement.

¹¹⁷ Texas Insurance Code §1305.451(b)(6).

¹¹⁸ 28 Texas Administrative Code §10.60(d).

¹¹⁹ Labor Code §413.011(d-4) and 28 Texas Administrative Code §137.100(a) and Insurance Code §1305.304.

TDI-DWC has adopted medical fee guidelines in conjunction with the treatment guidelines. The fee guidelines must be fair and reasonable and designed to ensure the quality of medical care and to achieve effective medical cost control.¹²⁰ The amount of reimbursement for services provided by a network provider is determined by the contract.¹²¹

The Texas Workers' Compensation Act and the rules adopted by TDI-DWC require health care providers to obtain preauthorization of certain medical procedures as well as prescription drugs prior to providing the service or medication. The preauthorization guidelines can vary between non-network and network claims. Denial of preauthorization has an appeal process.

Most the activities in a workers' compensation claim are dictated by deadlines in the Workers' Compensation Act and related rules. [Labor Code Section 415.002](#) lists 22 separate carrier acts and/or carrier representative acts that constitute an administrative violation. [Labor Code Section 415.0035](#) lists 3 separate carrier and/or carrier representative acts that constitute an administrative violation. [Labor Code Section 415.0036](#) lists 2 types of claims adjuster conduct that constitute an administrative violation.

The Office can submit a request for reimbursement to the SIF if the Office is required to make payments pursuant to a TDI-DWC order or decision that is later reversed or modified at any level of appeal.¹²²

- O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:**
- **why the regulation is needed;**
 - **the scope of, and procedures for, inspections or audits of regulated entities;**
 - **follow-up activities conducted when non-compliance is identified;**
 - **sanctions available to the agency to ensure compliance; and**
 - **procedures for handling consumer/public complaints against regulated entities.**

The Office does not operate regulatory programs related to the licensing, registration, certification or permitting of any persons, businesses, or other entities.

- P. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices. Please include a brief description of the methodology supporting each measure.**

Not applicable to the Office.

¹²⁰ Labor Code §413.011 and 28 Texas Administrative Code §134.201(a).

¹²¹ Section II.H. describes a concern with network medical fees.

¹²² Labor Code §§403.006 and 410.209 and 28 Texas Administrative Code §116.11.

VIII. Statutory Authority and Recent Legislation

- A. Fill in the following charts, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency. Do not include general state statutes that apply to all agencies, such as the Public Information Act, the Open Meetings Act, or the Administrative Procedure Act. Provide information on Attorney General opinions from FY 2011–2015, or earlier significant Attorney General opinions, that affect your agency's operations.

State Office of Risk Management Exhibit 7: Statutes / Attorney General Opinions

Statutes

Citation / Title	Authority / Impact on Agency
Tex. Lab. Code §412.011 <i>Power and Duties of Office</i>	Enabling statute. The Office administers the following: state risk management programs and services, state insurance program and services, workers' compensation program, and continuity of operation plans.
Tex. Lab. Code §412.0111 <i>Affiliation with Office of the Attorney General</i>	The Office is administratively attached to the Office of the Attorney General but is a separate agency.
Tex. Lab. Code §412.0124 <i>Deposit of Workers' Compensation Subrogation Recoveries</i>	Allows recovery of monies from liable third parties.
Tex. Lab. Code §412.021 <i>Risk Management Board</i>	Establishes the Office's governing board.
Tex. Lab. Code §412.041 <i>Director Duties</i>	Establishes the director as the state risk manager, and defines the director's responsibilities.
Tex. Lab. Code §412.041(f) <i>Director Duties</i>	Establishes the Office as the state's workers' compensation insurer.
Tex. Lab. Code §412.041(i) <i>Director Duties</i>	The Office is under the regulatory jurisdiction of the Texas Department of Insurance – Division of Workers' Compensation.
Tex. Lab. Code §412.041(j) <i>Director Duties</i>	Authority to promulgate rules to assist in administering insurance services, the workers' compensation program, the state risk management programs and services, and agencies' continuity of operation plans.
Chapter 501, Tex. Lab. Code <i>Workers' Compensation Insurance Coverage for State Employees, Including Employees Under the Direction or Control of the Board of Regents of Texas Tech University</i>	Delineates workers' compensation coverage and administrative matters applicable to the state employees' workers' compensation program.
Chapter 1305, Tex. Ins. Code <i>Workers' Compensation Health Care Networks</i>	Governs workers' compensation health care networks.
Chapter 408, Subchapter B, Tex. Lab. Code <i>Workers' Compensation Benefits, Medical Benefits</i>	Mandates payment of medical costs and establishes deadlines for payments to health care providers including pharmaceutical services and durable medical equipment.
Chapter 408, Subchapters C through J, Tex. Lab. Code <i>Worker's Compensation Benefits</i>	Mandates calculations for income benefits and establishes various types of indemnity and income benefits.
Chapter 409, Subchapter B, Tex. Lab. Code <i>Compensation Procedures, Payment of Benefits</i>	Establishes timeframes to pay or deny payment of a variety of income and indemnity benefits.
Chapter 410, Tex. Lab. Code <i>Adjudication of Disputes</i>	Establishes jurisdiction, venue, and procedures for workers' compensation claim disputes.

Self-Evaluation Report

Citation / Title	Authority / Impact on Agency
Tex. Civ. Prac. & Rem. Code §101.027 <i>Liability Insurance</i>	Permits state government units to purchase liability insurance to protect against certain torts but “only to the extent that the unit is authorized or required to do so under other law.”
Tex. Gov’t. Code §612.004 <i>Liability Insurance for Certain Board Members, Officials, and Executive Management Staff</i>	Permits state government units to purchase directors’ and officers’ insurance.
Tex. Civ. Prac. & Rem. Code §104.009 <i>Directors’ and Officers’ Liability Insurance</i>	Permits state agencies, institutions or departments to purchase directors’ and officers’ liability insurance.
Tex. Gov’t. Code §612.002 <i>Liability Insurance for Certain State Employees</i>	Permits state agencies to purchase auto, watercraft, or aircraft insurance.
Texas Gov’t. Code §443.007 <i>General Powers and Duties of Board</i>	Enables State Preservation Board to purchase property and fine arts insurance.
Tex. Gov’t. Code §445.008 <i>Insurance</i>	Enables Texas State History Museum to purchase property and fine arts insurance.
Tex. Gov’t. Code §2259.061 <i>Formation of Risk Retention Group</i>	Enables state and local government units to form or become a member of a risk retention group to obtain insurance.
Tex. Ins. Code §1803.002 <i>Reporting Requirements for State Agencies</i>	Requires insurers to report to the Office any sales of insurance to state agencies including copies of contracts, policies, etc.
Tex. Gov’t. Code §2165.305 <i>Educational Seminar on Indoor Air Quality</i>	Requires the Office to provide a seminar on indoor air quality, (note, investigation, testing, and technical assistance related to indoor air quality have been repealed).
Tex. Educ. Code §88.303 <i>Workers’ Compensation Insurance Coverage</i>	Requires the Texas Division of Emergency Management to reimburse the Office for the actual medical and indemnity benefits paid on behalf of a covered member of Texas Task Force 1 at the beginning of the next state fiscal year occurring after the date the benefits are paid.
Tex. Gov’t. Code §417.0082 <i>Protection of State-Owned or State-Leased Buildings Against Fire Hazards; Authority of State Fire Marshal</i>	Requires the State Fire Marshal’s Office to include each state agency occupying or managing an affected building and the Office in all communication concerning fire hazards; and to adopt a memorandum of understanding with the Office that coordinates the agency’s duties under this section.
Tex. Gov’t. Code Ch. 653 <i>Bonds Covering Certain State Officers and Employees (State Employee Bonding Act)</i>	Requires the Office to determine the necessary scope and amount of certain surety bond coverages for state agency employees and officers and to approve the purchase of surety bonds under conditions established in that chapter.
Tex. Gov’t. Code §815.103 <i>Administering System Assets</i>	Mandates that Tex. Lab. Code Ch. 412 does not apply to ERS and that the ERS board of trustees may acquire services described by that chapter in any manner or amount the board considers reasonable.
Tex. Gov’t. Code §825.103 <i>Administering System Assets</i>	Mandates that Tex. Lab. Code Ch. 412 does not apply to the TRS and that the TRS board of trustees may acquire services described by that chapter in any manner or amount the board considers reasonable.
Tex. Health & Safety Code §85.116 <i>Testing and Counseling for State Employees Exposed to HIV Infection on the Job</i>	Mandates that the cost of a state employee’s testing and counseling for state employees exposed to HIV infection on the job shall be paid from funds appropriated for payment of workers’ compensation benefits to state employees.

Table 7 Exhibit 7 Statutes

Attorney General Opinions

Attorney General Opinion No.	Impact on Agency
GA-1061, May 21, 2014	Confirms that under subsection 412.011(e), except for those agencies excluded by chapter 412 or some other law, state agencies subject to chapter 501 of the Labor Code must have the Office' approval to purchase property, casualty, or liability insurance.
GA-0075, May 22, 2003	As a result of this attorney general opinion (and subsequent statutory changes to Govt Code §§815.103 and 825.103), TRS and ERS voluntarily use the Office's risk management and insurance services as needed and pay for workers' compensation claims losses on a dollar-for-dollar loss coverage.
H-0602, May 7, 1975	This opinion has been interpreted to apply to state entities. There is no authorization for a school district to purchase personal injury protection (PIP) coverage as defined in article 5.06-3(b) of the Insurance Code (current statute that defines PIP is Tex. Insurance Code Sec. 1952.151). The provisions of such coverage, at the expense of the school district, would amount to a grant of public money or thing of value to an individual, in violation of article 3, sections 50, 51 and 52 of the Texas Constitution.
OR2007-15930; reaffirmed in OR2014-09124	Only specific information that explicitly or implicitly identifies a workers' compensation claimant, including a claimant's date of injury, name, beneficiary name, claim number, social security number, home telephone number, home address, or date of birth, contained within a workers' compensation claim file must be withheld from disclosure. All other information contained within the claim file must be released.

Table 8 Exhibit 7 Attorney General Opinions

- G. Provide a summary of recent legislation regarding your agency by filling in the charts below or attaching information already available in an agency-developed format. Briefly summarize the key provisions. For bills that did not pass, briefly explain the key provisions and issues that resulted in failure of the bill to pass (e.g., opposition to a new fee, or high cost of implementation). Place an asterisk next to bills that could have a major impact on the agency.**

**State Office of Risk Management
Exhibit 8: 85th Legislative Session**

Legislation Enacted

Bill Number	Author	Summary of Key Provisions
HB 919	Kyle Kacal Hugh Shine Ken King	Requires the Office to provide worker's compensation insurance for participating nongovernment members or local government employees of an intrastate fire mutual aid system team or a regional incident management team who are injured during Texas Division Emergency Management activation or sponsored training and amends Tex. Lab. Code §408.445 to define the average weekly wage of an intrastate fire mutual aid system team member or a regional incident management team member.

Table 9 Exhibit 8 Legislation Enacted 85th Leg

Legislation Not Passed

Bill Number	Author	Summary of Key Provisions / Reason Bill Did Not Pass
SB 2011, 85th RS Last status: Referred Senate Business and Commerce. Left Pending in committee.	Hancock, Kelly	SB 2011 would have required the Office to "develop and implement a demonstration program for processing workers' compensation authorizations of payment for medical services and medical bills in real-time." The Office would have had discretion to determine whether it would implement a secure single platform, web-based portal accessible by state agencies, health care providers and injured workers not later than January 1, 2019. The bill would have required the Office to work with the Workers' Compensation the Research and Evaluation Group of the Texas Department of Insurance to identify and adopt measures for evaluating the demonstration program and report evaluations along with a recommendation on whether to use the program on a permanent basis.

Self-Evaluation Report

Bill Number	Author	Summary of Key Provisions / Reason Bill Did Not Pass
		The bill appears incompatible with existing statutes regarding workers' compensation insurance carrier bill payment deadlines and due diligence requirements in investigating whether injuries or illnesses are the result of or extend from work-related activities. Additionally, there is no record of success within the workers' compensation industry for real time bill processing and payment.
HB 3494, 85th RS Last status: Referred House Appropriations. Reported from House Appropriations Committee as substituted.	Shine, Hugh	HB 3494 was a companion to SB 2011.
SB 1181, 85th RS Last status: Referred Senate Business and Commerce. Left Pending in committee.	Whitmire, John	SB 1181 would have exempted the University of Houston System and the component institutions from the purchase of certain insurance coverage through the Office. The bill further would have exempted the University of Houston System or a component institution of that system from the Office's risk management services related to insurance coverage. The Office's fiscal note explained that exempting the University of Houston System would likely result in increased premiums for the remaining participant agencies.
HB 1843, 85th RS Last status: Referred House Business and Industry. Left Pending in committee.	Coleman	HB 1843 was a companion to SB 1181. During the House Business and Industry Committee hearing on the bill, the acting Chair reminded the members of the committee's Interim Report regarding the Office's insurance program.
HB 1689, 85th RS Last status: The bill died in the Senate Business and Commerce Committee without a hearing.	Burrows, Dustin	As originally filed and the house committee version of HB 1689 would have made the Office and workers' compensation self-insured political subdivisions of the State "liable for sanctions, administrative penalties, and other remedies authorized under Chapter 415, Labor Code." The house-engrossed and final version of the bill amended the Office out of the bill but retained political subdivisions.
SB 1729, 85th RS	Birdwell, Brian	SB 1729 would have required that TFC to establish and maintain a state-owned real property assets database. However, SB 1729 would have required only a basic, generalized overview of state-owned real property assets for the dual purpose of keeping track of state-owned real property and to make recommendations on whether a separate state agency could make use of the property/space that the first state agency intends to sell or otherwise dispose of. Additionally, SB 1729 would have required a TFC biennial report on the acquisition, disposition or significant changes in condition of state-owned real property, updated by agencies within 90 days after any such changes throughout the biennium. SB 1729 expressly excluded higher education real property assets whereas the HB 3750, 84th RS, specifically included higher education assets.

Bill Number	Author	Summary of Key Provisions / Reason Bill Did Not Pass
HB 3253, 84th RS Last status: Referred to House Land and Resource Management Committee. Left Pending in committee without a hearing.	Geren, Charlie	Caption: relating to the purchase of certain insurance coverage and the performance of related risk management services for the University of North Texas System (UNT) and the component institutions of that system. This bill would have permitted UNT to purchase any line of insurance except health or life and to perform risk management services related to any such insurance coverages purchased without SORM board approval. Last status: Referred House Committee on Higher Education. Left Pending in committee without a hearing.

Table 10 Exhibit 8 Legislation Not Passed 85th Leg

IX. Major Issues

A. Brief Description of Issue

Statutory Clarification

The inconsistency in the definition of state entity in Labor Code Section 501.001¹²³ and Labor Code Section 412.001¹²⁴ creates confusion regarding the state entities that are subject to the requirements for developing a risk management program and submitting a COOP plan to the Office. A similar uncertainty exists regarding the Office's obligation to review a state entity's insurance purchase before the purchase occurs. The limitations in Labor Code Section 412.001(4) exacerbate these issues.¹²⁵ For example, there is inconsistency with meeting COOP requirements among state entities with less than five employees. Similarly, some but not all courts assert an exemption based on the assertion that the authority of a court is limited to a specific geographical portion of the state.

Inclusion & Exclusion in Office Programs

The Texas A&M University System (A&M), University of Texas System (UT), Texas Department of Transportation (TXDOT), Texas Tech University System (Texas Tech), and Texas State University System (TSUS) are exempted from the Office's risk management and insurance programs. The Employees Retirement System of Texas (ERS) and Teacher's Retirement System (TRS) may, but are not required to, acquire risk management and insurance services provided by the Office.

There are situations in which certain non-state employees are covered by workers' compensation through the Office. [Labor Code Section 501.026](#) extends coverage for certain services provided by volunteers. The definition of employee in [Labor Code Section 501.001](#) includes a person who is (a) in the service of the state pursuant to an election, appointment, or express oral or written contract of hire; (b) paid from state funds but whose duties require that the person work and frequently receive supervision in a political subdivision of the state; (c) a peace officer employed by a political subdivision, while the peace officer is exercising authority granted under certain articles in the Code of Criminal

¹²³ Labor Code Section 501.001(6) "State agency" includes a department, board, commission, or institution of this state.

¹²⁴ Labor Code Section 412.001(4) "State agency" means a board, commission, department, office, or other agency in the executive, judicial, or legislative branch of state government that has *five or more employees, was created by the constitution or a statute of this state, and has authority not limited to a specific geographical portion of the state.*

¹²⁵ See emphasized text in footnote above.

Procedure; and (d) a member of the state military forces, who is engaged in authorized training or duty. Further, the definition in Labor Code Section 501.001 also includes a Texas Task Force 1 member, who is activated by TDEM or is injured during training sponsored or sanctioned by Texas Task Force 1. Starting September 1, 2017, workers' compensation coverage will be provided through the Office for members of an intrastate fire mutual aid system team or a regional incident management team who are injured during a TDEM activation or sponsored training. In addition, these situations have different or no funding/reimbursement methodologies.

While in some cases such variances are inherently justified, and the Office takes no formal position on these matters, inconsistencies have led to a lack of clarity respecting scope and Legislative intent at the enterprise level. Similar issues respecting scope of COOP compliance exist, as discussed herein.

Voluntary Insurance Program

The Office's [2011 State Insurable Assets Study](#) discusses in detail the issues the state faces with the current voluntary insurance program.

B. Discussion

Background included above.

C. Possible Solutions and Impact

Included in prior discussion and attachments.

X. Other Contacts

- A. Fill in the following charts with updated information on people with an interest in your agency, and be sure to include the most recent email address.**

State Office of Risk Management Exhibit 9: Contacts

INTEREST GROUPS			
Group or Association Name/ Contact Person	Address	Telephone	E-mail Address
Texas Continuity Working Group, Jamie Hahn, Chair	N/A	512-467-5918	jamie.hahn@txdot.gov
Homeland Security Council Mike George Senior Strategic Planner	Texas Office of Homeland Security 6100 Guadalupe St. Austin, TX 78752	512-377-0042	mike.george@dps.texas.gov
Mid-Sized Agency Coordinating Council (MACC), Amanda Fletcher, Chair	N/A	512-782-6048	amanda.fletcher@military.texas.gov

Table 11 Exhibit 9 Interest Groups

INTERAGENCY, STATE, OR NATIONAL ASSOCIATIONS			
Group or Association Name/ Contact Person	Address	Telephone	E-mail Address
State Risk and Insurance Management Association (STRIMA) Melody Duke, President-Elect	547 South 7 th St., #184 Bismarck, ND 58504	608-266-2421	melody.a.duke@wv.gov
University Risk Management and Insurance Association, Inc. (URMIA) Samuel Florio, President-Elect	PO Box 1027 Bloomington, IN 47402	812-727-7130	urmia@urmia.org

Table 12 Exhibit 9 Interagency, State, and National Association

LIAISONS AT OTHER STATE AGENCIES			
Agency Name/Relationship/ Contact Person	Address	Telephone	E-mail Address
Governor's Office of Budget, Planning and Policy Luke Bellsnyder Governor's Advisor	1100 San Jacinto Austin, Texas 78701	512-463-1778	luke.bellsnyder@governor.texas.gov
Legislative Budget Board Avery Saxe Budget and Performance Analyst	1501 North Congress, 5 th Floor Austin, Texas 78701	512-463-1180	avery.saxe@lbb.state.tx.us
Comptroller's Office Ben Strauser Accounting Control Officer	111 East 17th Street Austin, Texas 78774	512- 463-9019	Ben.strauser@cpa.texas.gov
State Auditor's Office Dorothy Turner Agency Analyst	1501 N. Congress Avenue Austin, TX 78701	512-936-9500	dturner@sao.texas.gov
Office of the Attorney General Kara Kennedy Tort Litigation Division Chief	300 W. 15 th St. Austin, TX 78701	512-475-1892	kara.kennedy@oag.texas.gov
Texas Workers' Compensation Commission Ryan Brannan, Commissioner	7551 Metro Center Drive Austin, TX, 78744-1609	512-804-4400	Ryan.brannan@tdi.texas.gov
Texas Department of Insurance Amy Lee, Team Leader Workers' Compensation Research and Evaluation Group	333 Guadalupe Austin, TX 78701	512-322-3461	amy.lee@tdi.state.tx.us
Exhibit 14			

Table 13 Exhibit 9 Liaisons at Other State Agencies

XI. Additional Information

- A. Texas Government Code, Sec. 325.0075 requires agencies under review to submit a report about their reporting requirements to Sunset with the same due date as the SER. Include a list of each agency-specific report that the agency is required by statute to prepare and an evaluation of the need for each report based on whether factors or conditions have changed since the statutory requirement was put in place. Please do not include general reporting requirements applicable to all agencies, reports that have an expiration date, routine notifications or notices, posting requirements, federally mandated reports, or reports required by G.A.A. rider. If the list is longer than one page, please include it as an attachment.**

The Office's agency reporting requirements are attached as Exhibit 10.

- B. Has the agency implemented statutory requirements to ensure the use of "first person respectful language"? Please explain and include any statutory provisions that prohibits these changes.**

Although the Office is not required by statute to ensure the use of "first person respectful language," the Office does ensure the use of such language in its publications and notices.

The Office cannot modify the language in the plain language forms (PLN) promulgated by the TDI-DWC.

- D. Fill in the following chart detailing information on complaints regarding your agency. Do not include complaints received against people or entities you regulate. The chart headings may be changed if needed to better reflect your agency's practices.**

**State Office of Risk Management
Exhibit 11: Complaints Against the Agency — Fiscal Years 2015 and 2016**

	Fiscal Year 2015	Fiscal Year 2016
Number of complaints received	17	27
Number of complaints resolved	12	8
Number of complaints dropped / found to be without merit	5	19
Number of complaints pending from prior years	0	0
Average time period for resolution of a complaint	74.75	96.64

Table 15 Exhibit 11 Complaints Against the Agency

D. Fill in the following charts detailing your agency's Historically Underutilized Business (HUB) purchases.

**State Office of Risk Management
Exhibit 12: Purchases from HUBs**

Fiscal Year 2015

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal*	Statewide Goal
Heavy Construction	\$0	\$0	0.00	0.00	11.2%
Building Construction	\$0	\$0	0.00	0.00	21.1%
Special Trade	\$1904	\$0	0.00	0.00	32.9%
Professional Services	\$23,730	\$23,480	98.95%	23.7%	23.7%
Other Services	\$216,727	\$155,642	71.81%	26.0%	26.0%
Commodities	\$158,399	\$101,248	63.92%	21.1%	21.1%
TOTAL	\$400,791	\$280,371	69.95%		

Table 16 Exhibit 12 HUB Purchases for FY 2015

Fiscal Year 2016

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal	Statewide Goal
Heavy Construction	\$0	\$0	0.00	0.00	11.2%
Building Construction	\$0	\$0	0.00	0.00	21.1%
Special Trade	\$12,188	\$420	3.45%	0.00	32.9%
Professional Services	\$720	\$0	0.00	23.7%	23.7%
Other Services	\$232,314	\$144,781	62.32%	26.0%	26.0%
Commodities	\$136,178	\$94,528	69.42%	21.1%	21.1%
TOTAL	\$381,401	\$239,730	62.86%		

Table 17 Exhibit 12 HUB Purchases for FY 2016

Fiscal Year 2017 (Semi-Annual)

Category	Total \$ Spent	Total HUB \$ Spent	Percent	Agency Specific Goal	Statewide Goal
Heavy Construction	\$0	\$0	0.00	0.00	11.2%
Building Construction	\$0	\$0	0.00	0.00	21.1%
Special Trade	\$794	\$0	0.00	0.00	32.9%
Professional Services	\$23,480	\$23,400	100%	23.7%	23.7%
Other Services	\$97,311	\$63,742	65.50%	26.0%	26.0%
Commodities	\$70,147	\$52,448	74.77	21.1%	21.1%
TOTAL	\$191,733	\$139,671	72.85%		

Table 18 Exhibit 12 HUB Purchases for FY 2017

E. Does your agency have a HUB policy? How does your agency address performance shortfalls related to the policy? (Texas Government Code, Sec. 2161.003; TAC Title 34, Part 1, rule 20.286c)

Yes. Due to the Office's administrative attachment to the OAG, the OAG provides a variety of necessary and authorized administrative support services and resources to the Office. Specific details on the procurement related services that are provided by the OAG are set forth in an interagency contract. State procurements are heavily regulated by different statutes within the Government Code; the Comptroller's rules and guides; and the contract reporting requirements set forth by the Legislative Budget Board and contained within the General Appropriations Act. The administrative attachment ensures that the Office complies with the State of Texas Procurement Manual, which was created and is updated by the Comptroller in conjunction with the OAG, DIR, and the State Auditor's Office.

F. For agencies with contracts valued at \$100,000 or more: Does your agency follow a HUB subcontracting plan to solicit bids, proposals, offers, or other applicable expressions of interest for subcontracting opportunities available for contracts of \$100,000 or more? (Texas Government Code, Sec. 2161.252; TAC Title 34, Part 1, rule 20.285)

Yes. The Office's administrative attachment to the OAG ensures that the Office complies with HUB requirements.

G. For agencies with biennial appropriations exceeding \$10 million, answer the following HUB questions.

1. Do you have a HUB coordinator? If yes, provide name and contact information. (Texas Government Code, Sec. 2161.062; TAC Title 34, Part 1, rule 20.296)

The Office utilizes the OAG's HUB Coordinator, Ms. Shawn Constancio, shawn.constancio@oag.texas.gov 512-475-4411.

2. Has your agency designed a program of HUB forums in which businesses are invited to deliver presentations that demonstrate their capability to do business with your agency? (Texas Government Code, Sec. 2161.066; TAC Title 34, Part 1, rule 20.297)

Yes, pursuant to Interagency Contract, the OAG provides a variety of necessary and authorized administrative support services and resources to the Office.

3. Has your agency developed a mentor-protégé program to foster long-term relationships between prime contractors and HUBs and to increase the ability of HUBs to contract with the state or to receive subcontracts under a state contract? (Texas Government Code, Sec. 2161.065; TAC Title 34, Part 1, rule 20.298)

Yes, pursuant to Interagency Contract, the OAG provides a variety of necessary and authorized administrative support services and resources to the Office.

H. Fill in the charts below detailing your agency's Equal Employment Opportunity (EEO) statistics.

**State Office of Risk Management
Exhibit 13: Equal Employment Opportunity Statistics**

1. Officials / Administration

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	5	0.0%	7.4%	0.0%	22.1%	40.0%	37.4%
2016	4	0.0%	7.4%	0.0%	22.1%	50.0%	37.4%
2017	5	0.0%	7.4%	0.0%	22.1%	40.0%	37.4%

Table 19 Exhibit 13 EEO Statistics for Officials/Administration

2. Professional

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	72	12.5%	10.4%	22.2%	19.3%	69.4%	55.3%
2016	75	12.0%	10.4%	24.0%	19.3%	72.0%	55.3%
2017	68	11.8%	10.4%	26.5%	19.3%	72.1%	55.3%

Table 20 Exhibit 13 EEO Statistics for Professionals

3. Technical

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	7	0.0%	14.4%	14.3%	27.2%	14.3%	55.3%
2016	9	11.1%	14.4%	11.1%	27.2%	22.2%	55.3%
2017	8	12.5%	14.4%	0.0%	27.2%	25.0%	55.3%

Table 21 Exhibit 13 EEO Statistics for Technical

4. Administrative Support

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	25	8%	14.8%	28%	34.8%	88.0%	72.1%
2016	19	10.5%	14.8%	15.8%	34.8%	73.7%	72.1%
2017	19	10.5%	14.8%	31.6%	34.8%	100.00%	72.1%

Table 22 Exhibit 13 EEO Statistics for Administrative Support

5. Service / Maintenance

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	7	28.6%	13.0%	28.6%	54.1%	71.4%	51.0%
2016	6	33.3%	13.0%	33.3%	54.1%	66.6%	51.0%
2017	6	33.3%	13.0%	16.7%	54.1%	66.7%	51.0%

Table 4 Exhibit 13 EEO Statistics for Service and Maintenance

6. Skilled Craft

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	0	0.0%	10.6%	0.0%	50.7%	0.0%	11.6%
2016	0	0.0%	10.6%	0.0%	50.7%	0.0%	11.6%
2017	0	0.0%	10.6%	0.0%	50.7%	0.0%	11.6%

Table 5 Exhibit 13 EEO Statistics for Skilled Craft

I. Does your agency have an equal employment opportunity policy? How does your agency address performance shortfalls related to the policy?**Yes. 305.10 - Equal Employment Opportunity / Affirmative Action Policy**

SORM is committed to providing equal employment opportunities for all employees and individuals seeking employment, regardless of race, sex, religion, color, national origin, age, or disability. SORM takes affirmative action to ensure that equal employment opportunities are consistent with applicable laws and regulations.

SORM strives to maintain a positive and supportive work environment that enables employees to provide superior service while exercising the highest degree of professional and ethical conduct. Discrimination, harassment (including sexual harassment), or a hostile work environment based on race, sex, religion, color, national origin, age, or disability are inconsistent with agency policies and philosophy and will not be tolerated. All agency employment practices, services, programs, and activities will be free of illegal discrimination and harassment in compliance with applicable law. Employees who violate this policy will be subject to disciplinary action.

Management Responsibilities

It shall be the responsibility of division directors and supervisors to:

- promote a climate that fosters and implements equal employment opportunity in personnel actions;
- recruit, hire, promote, and conduct all aspects of division operations according to equal employment opportunity principles; and

- promptly refer any equal employment opportunity or harassment complaints to the General Counsel's Office.

See also Policy 305.00 and 306.00.

Performance shortfalls are addressed in accordance with Policy 221.00, 223.00, and 705.00.

XII. Agency Comments

This report is the result of the combined efforts of dozens of staff at the State Office of Risk Management, who deeply understand the importance of conveying accurate and complete information to the Sunset Advisory Commission, and recognize the important role Sunset serves in evaluating Texas state entities and proposing recommendations for positive change where appropriate. We hope that the information provided herein evinces the Office's dedication to transparency and a successful implementation of its core missions, and our commitment to a fully collaborative evaluation during the review process.

We believe that the efforts and initiatives undertaken in the past and planned for the future by the Office will convey each of the core tenets of the Office's motto: *Praeparare, Praesidere, Perstare* – Prepare, Protect, Persevere. We are eager to begin our dialogue with Sunset staff to help further explain the efforts and impact of the Office on the state enterprise.

Stephen S. Vollbrecht,
JD, MA, AINS, AIS, MCP
State Risk Manager, Executive Director

EXHIBIT 10

State Office of Risk Management
Exhibit 10: Agency Reporting Requirements

Report Title	Legal Authority	Due Date and Frequency	Recipient	Description	Is the Report Still Needed? Why?
Board's Report to Legislature	Tex. Lab. Code §412.032	January 1st before each legislative regular session.	Speaker of the House, Lt Gov, Governor, LBB, Legislative Reference Library, state publications clearinghouse of the TX State Library	<p>The board reports to each legislature relating to</p> <ul style="list-style-type: none"> • methods to reduce the exposure of state agencies to the risks of property and liability losses, including workers' compensation losses; • the operation, financing, and management of those risks; • the handling of claims brought against the state; • return-to-work outcomes under Section 412.0126 for each state agency; • the continuity of operations plan developed by state agencies under Section 412.054; and • information in §412.032(b). 	Yes, statutory requirement to keep legislature and heads of Texas government informed of the extent of the Office's fulfillment of statutory duties and potential for improvements.
Director's Report to the Legislature	Tex. Lab. Code §412.042	January 1st before each legislative regular session	Speaker of the House, Lt Gov, Governor, LBB, Legislative Reference Library, state publications clearinghouse of the TX State Library	<p>The director's report to the Legislature is included within the biennial report. It provides:</p> <ul style="list-style-type: none"> • a summary of administrative expenses; • the amount of the money appropriated by the preceding legislature that remains unexpended on the date of the report; • an estimate of the amount of that balance necessary to administer Chapter 501 for the remainder of that fiscal year; • an estimate, based on experience factors, of the amount of money that will be required to administer Chapter 501 and pay for the compensation and services provided under Chapter 501 during the next succeeding biennium .and • information on insurance coverage purchased for state agencies, premium dollars spent to obtain that coverage, and losses incurred under that coverage. 	Yes, statutory requirement to keep legislature and heads of Texas government informed of the extent of the Office's fulfillment of statutory duties and potential ways for improvement

Report Title	Legal Authority	Due Date and Frequency	Recipient	Description	Is the Report Still Needed? Why?
Annual Cost Containment Report	SB 1, 85 th Legislature	Annually within 45 days after the close of each fiscal year.	Legislature and executive budget offices.	Provides detail on the effectiveness of various cost containment measures and proposing additional measures to reduce workers' compensation costs.	Potentially No. This report was first required in 1992 to ensure the Office was receiving a return-on-investment for an exceptional request for medical cost containment services. The decline in workers' compensation costs proves the effectiveness of the medical cost containment services.
Report on Workers' Compensation Claims	SB 1, 85 th Legislature	November 1 annually	Comptroller, Governor, LBB	Details workers' compensation expenditures for the preceding fiscal year based on the date on which the injury occurred and the medical or related service was performed.	Yes. Provides useful information to Legislature and executive budget offices.
Renewal/Amendment of Purchasing Group Registration (TDI form PG1)	Tex. Insurance Code § 2201.001	July 1 annually	Texas Department of Insurance	Annual renewal of risk retention group and report of taxes to be paid on insurance purchases by or through risk retention groups.	The report aids with the pass through of the 4.85% premium tax payable to the Comptroller via the Texas Annual Insurance Tax Report.
Agent Report for Risk Retention and Purchasing Groups (PG3)	Tex. Insurance Code § 2201.007	March 1 annually	Texas Department of Insurance	An agent representing a risk retention group or risk purchasing group reports to TDI on the scope of services provided to the risk retention group and the premium for each line of insurance.	The report serves essentially the same purpose as the PG1.
NA	501.046	The 10th day after the date of the termination of the injured employee's incapacity and if the employee's incapacity extends beyond 60 days, file a subsequent report before the 70th day after the date the employee's incapacity began.	TDI-DWC	Disability status of injured worker report	Sec. 501.046 is a carry-over from the old law and that the reports have been superseded by the 1/1/1991 new law reporting requirements.

Table 1 Exhibit 10 Agency Reporting Requirements

EXHIBIT 14

State Office of Risk Management Exhibit 14: Participants

Code	Agency	Address	City	State	Zip Code	Primary Risk Manager	Primary Risk Manager Email	Primary Claims Coordinator	Primary Claims Coordinator Email
A101	Texas Senate	1400 N. Congress Ave., Ste. E1.702	Austin	TX	787112068	Laura Winsheimer	laura.winsheimer@senate.state.tx.us	Laura Winsheimer	laura.winsheimer@senate.state.tx.us
A102	House of Representatives	1400 N. Congress Ave. E-1, 206	Austin	TX	787682910	James Freeman	james.freeman@house.state.tx.us	Barbara Mokry	barbara.mokry@house.state.tx.us
A103	Texas Legislative Council	1501 N. Congress Ave.	Austin	TX	787112128	Curt Glover	curt.glover@tlc.texas.gov	Not Listed	
A104	Legislative Budget Board	1501 N. Congress Ave., 5th Floor	Austin	TX	787112666	Matt Medford	matt.medford@lbb.state.tx.us	Matt Medford	matt.medford@lbb.state.tx.us
A105	Legislative Reference Library	P.O. Box 12488	Austin	TX	787112488	Donald Brower	donald.brower@lrl.state.tx.us	Donald Brower	donald.brower@lrl.state.tx.us
A116	Sunset Advisory Commission	1501 N. Congress Ave., 6th Floor	Austin	TX	787113066	Dawn Robinson	dawn.roberson@sunset.texas.gov	Not Listed	
A201	Supreme Court	201 W. 14 th St, Rm. 104	Austin	TX	78701	Janice Evans	jan.evans@courts.state.tx.us	Janice Evans	jan.evans@courts.state.tx.us
A203	Board of Law Examiners	205 W. 14 th St, Suite 500	Austin	TX	78701	Rebecca Henly	rebecca.henly@ble.texas.gov	Rebecca Henly	rebecca.henly@ble.texas.gov
A211	Court of Criminal Appeals	201 W.14th St, Ste 106	Austin	TX	787112308	John Brown	john.brown@txcourts.gov	Not Listed	
A212	Office of Court Administration	205 W. 14th St, Suite 600	Austin	TX	787112066	Charlotte Miller	charlotte.miller@txcourts.gov	Not Listed	
A213	Office of State Prosecuting Attorney	209 W. 14th St., RM 202	Austin	TX	78701	Doriana Torres	doriana.torres@spa.texas.gov		
A215	Office of Capital Forensic and Writs	205 W 14th St Ste 600	Austin	TX	78701	Sandra Justice	sandra.justice@ocfw.texas.gov	Sandra Justice	sandra.justice@ocfw.texas.gov
A221	Court of Appeals - First District of Texas	301 Fannin, 2nd Floor	Houston	TX	77002	Christopher Prine	cprine@txcourts.gov	Not Listed	
A222	Court of Appeals - Second District of Texas	401 West Belknap, Suite 9000	Fort Worth	TX	76196	Debra Spark	debra.spisak@txcourts.gov	Debra Spark	debra.spisak@txcourts.gov
A223	Court of Appeals - Third District of Texas	209 W. 14th St., #101	Austin	TX	787112547	Jeffrey Kyle	jeff.kyle@txcourts.gov	Jeff Rose	Jeff.Rose@txcourts.gov
A224	Court of Appeals - Fourth District of Texas	Bexar County Justice System	San Antonio	TX	782053037	Not Listed		Leticia White	leticia.white@txcourts.gov
A225	Court of Appeals - Fifth District of Texas	600 Commerce Street, Ste 200	Dallas	TX	75202	Gayle Humpa	gayle.humpa@5th.txcourts.gov	Not Listed	
A226	Court of Appeals - Sixth District of Texas	100 North State Line Avenue, Ste 20	Texarkana	TX	75501	Josh Morriss	debbie.autrey@courts.state.tx.us	Debbie Autrey	Debbie.Autrey@txcourts.gov
A227	Court of Appeals - Seventh District of Texas	PO Box 9540	Amarillo	TX	791059540	Vivian Long	vivian.long@txcourts.gov	Not Listed	
A228	Court of Appeals - Eighth District of Texas	500 East San Antonio St., Suite 1203	El Paso	TX	79901	Denise Pacheco	Denise.Pacheco@txcourts.gov	Denise Pacheco	Denise.Pacheco@txcourts.gov
A229	Court of Appeals - Ninth District of Texas	1001 Pearl Street, Suite 330	Beaumont	TX	77701	Carol Harley	charley@txcourts.gov	Carol Harley	charley@txcourts.gov
A230	Court of Appeals Tenth District of Texas	500 Washington Ave Rm 415	Waco	TX	767011327	Tom Gray	tom.gray@courts.state.tx.us	Sharri Roessler	sharri.roessler@txcourts.gov
A231	Court of Appeals - Eleventh District of Texas	PO Box 271	Eastland	TX	76448	Sherry Williamson	sherry.williamson@txcourts.gov	Sherry Williamson	sherry.williamson@txcourts.gov
A232	Court of Appeals - Twelfth District of Texas	1517 W Front Street, Ste 354	Tyler	TX	75702	Pam Estes	Pam.Estes@txcourts.gov	Not Listed	
A233	Court of Appeals - Thirteenth District of Texas	901 Leopard St 10 th Floor	Corpus Christi	TX	78401	Alonzo Medina	alonzo.medina@txcourts.gov	Not Listed	
A234	Court of Appeals - Fourteenth District of Texas	301 Fannin, Room 245	Houston	TX	77002	Kelly McIntosh	accountant@txcourts.gov	Not Listed	
A241	District Courts-Comptroller Judiciary Section	111 East 17th Street, Rm 138	Austin	TX	78701	Leonard Higgins	leonard.higgins@cpa.texas.gov	Leonard Higgins	leonard.higgins@cpa.texas.gov
A242	Commission on Judicial Conduct	300 W. 15th Street, Ste415	Austin	TX	787112265	Kathryn Crabtree	kathryn.crabtree@scjc.texas.gov	Not Listed	
A243	State Law Library	205 W 14th Street, Ste. G-01	Austin	TX	787112367	Amy Small	amy.small@sll.texas.gov	Alejandra Flores	alex.flores@sll.texas.gov
A301	Office of the Governor	1100 San Jacinto	Austin	TX	787112428	Maggie Freeman	maggie.freeman@gov.texas.gov	Kelly Griffin	kelly.griffin@gov.texas.gov
A302	Office of the Attorney General	209 W. 14th Street	Austin	TX	787112548	Louis Sellers	louis.sellers@texasattorneygeneral.gov	Erik Shrunk	Erik.Shrunk@texasattorneygeneral.gov
A303	Texas Facilities Commission	1711 San Jacinto	Austin	TX	787113047	Tommy Oates	Tommy.Oates@tfc.state.tx.us	Sarita Dupree Paton	sarita.paton@tfc.state.tx.us
A304	Comptroller of Public Accounts	111 E 17th Street, Room 135	Austin	TX	787113528	Shane Hill	shane.hill@cpa.texas.gov	Sara Pinilla	sara.pinilla@cpa.texas.gov
A305	General Land Office	1700 N Congress Ave, #840	Austin	TX	787112873	Chase Winburn	chase.winburn@glo.texas.gov	Jackie Meyer	jackie.meyer@glo.texas.gov
A306	Texas State Library and Archives Commission	1201 Brazos	Austin	TX	787112927	Donna Osborne	dosborne@tsl.texas.gov	Latha Ramachandran	lramachandran@tsl.texas.gov
A307	Secretary of State	1100 Congress, Rm. 1E.8	Austin	TX	787112697	Vincent Houston	vhouston@sos.texas.gov	Dara Stone	dstone@sos.texas.gov
A308	State Auditor's Office	1501 N Congress Ave., Ste 4.224	Austin	TX	787112067	Mike Simon Jr	michael.simon@sao.texas.gov	Barry Holcomb	bholcomb@sao.state.tx.us
A312	State Securities Board	208 E 10th Street, 5th Floor	Austin	TX	787113167	Travis Iles	tiles@ssb.texas.gov	Not Listed	
A313	Department of Information Resources	300 W 15th Street, Suite 1300	Austin	TX	787113564	Reginold Pegues	reggie.pegues@dir.texas.gov	Randa Maldonado	randa.maldonado@dir.texas.gov
A320	Texas Workforce Commission	101 E. 15th Street	Austin	TX	787780001	Gena Garcia	gena.garcia@twc.state.tx.us	Bonnie Smith	bonnie.smith@twc.state.tx.us
A323	Teacher Retirement System	1000 Red River Street	Austin	TX	787012627	Jay LeBlanc	jay.leblanc@trs.state.tx.us	Laura Velasquez	laura.velasquez@trs.texas.gov
A326	Texas Emergency Services Retirement System	920 Colorado, 11th Floor	Austin	TX	787112577	Susannah Jones	susannah.jones@tesrs.texas.gov	Not Listed	
A327	Employees Retirement System	1801 Brazos, Rm B-6	Austin	TX	787113207	Jordan Hajovsky	jordan.hajovsky@ers.state.tx.us	Joyce Nemec	joyce.nemec@ers.state.tx.us
A329	Real Estate Commission	1101 Camino La Costa	Austin	TX	787112188	Michelle Fiorentini	michelle.fiorentini@trec.texas.gov	Michelle Fiorentini	michelle.fiorentini@trec.texas.gov

State Office of Risk Management Exhibit 14: Participants

A332	Texas Department of Housing and Community Affairs	507 Sabine, Ste 900	Austin	TX	787113941	Crystal Flores	crystal.flores@tdhca.state.tx.us	Not Listed	
A338	State Pension Review Board	300 W. 15th Street, Suite 406	Austin	TX	787113498	Michelle Kranes	michelle.kranes@prb.state.tx.us	Not Listed	
A347	Texas Public Finance Authority	300 W. 15th St, Suite 411	Austin	TX	787112967	Pamela Scivicque	pamela.scivicque@tpfa.texas.gov	Pamela Scivicque	pamela.scivicque@tpfa.texas.gov
A352	Texas Bond Review Board	300 W. 15th St, Room 409	Austin	TX	787113292	John Perryman	john.perryman@brb.texas.gov	Not Listed	
A356	Texas Ethics Commission	201 E. 14th Street, 10th Floor	Austin	TX	787112070	Aylin Taylan	aylin.taylan@ethics.state.tx.us	Cristina Hernandez	cristina.hernandez@ethics.state.tx.us
A359	Office of Public Insurance Counsel	333 Guadalupe, Suite 3-120	Austin	TX	78701	Annette Collie	acollie@opic.texas.gov	Annette Collie	acollie@opic.texas.gov
A360	State Office of Administrative Hearings	300 W. 15th Street, Suite 502	Austin	TX	787113025	Pamela Wood	pamela.wood@soah.texas.gov	Pamela Wood	pamela.wood@soah.texas.gov
A362	Texas Lottery Commission	611 East 6th Street	Austin	TX	787616630	Tammy Williams	tammy.williams@lottery.state.tx.us	Jami Dudley	jami.dudley@lottery.state.tx.us
A364	Health Professions Council	333 Guadalupe Street, Suite 2-220	Austin	TX	787013938	John Monk	john.monk@hpc.state.tx.us	John Monk	john.monk@hpc.state.tx.us
A401	Texas Military Department	2210 W. 35th St, Bldg 8, Rm C228	Austin	TX	787635218	Bruce Anderson	bruce.anderson@military.texas.gov	Fairis Denice Wicks	denice.wicks@military.texas.gov
A403	Texas Veterans Commission	920 Colorado, 6th Floor	Austin	TX	787112277	Cruz Montemayor	cruz.montemayor@tvc.state.tx.us	Cruz Montemayor	cruz.montemayor@tvc.state.tx.us
A405	Department of Public Safety	5805 North Lamar Blvd.	Austin	TX	787730001	Jay Sams	jay.sams@dps.texas.gov	Miles Tollison	miles.tollison@dps.texas.gov
A407	Texas Commission on Law Enforcement	6330 U.S. Hwy 290 East, Ste. 200	Austin	TX	78723	Brian Roth	brian.roth@tcole.texas.gov	Shelley Knight	shelley.knight@tcole.texas.gov
A409	Commission on Jail Standards	300 W. 15th Street, Suite 503	Austin	TX	787112985	Rodney Valls	rodney.valls@tcjs.state.tx.us	Not Listed	
A411	Texas Commission on Fire Protection	12015 Park 35 Circle, Suite 570	Austin	TX	787682286	Alma Craig	alma.craig@tcfp.texas.gov	Alma Craig	alma.craig@tcfp.texas.gov
A448	Office of Injured Employee Counsel	7551 Metro Center Dr. #100	Austin	TX	78744	Janisse Duarte	janisse.duarte@oiec.texas.gov	Skii Antoinette Wellington	skii.wellington@tdi.texas.gov
A450	Department of Savings and Mortgage Lending	2601 N Lamar Blvd., Ste. 201	Austin	TX	787054241	Antonia Antov	aantov@sml.texas.gov	Not Listed	
A451	Texas Department of Banking	2601 N Lamar Blvd., Third Floor	Austin	TX	787054294	Vance Ivie	vance.ivie@dob.texas.gov	Corina Moreno	corina.moreno@dob.texas.gov
A452	Department of Licensing and Regulation	920 Colorado St, 2nd Floor	Austin	TX	787112157	Brian Kelly	brian.kelly@tdlr.texas.gov	Rosemary Wilson	mary.wilson@tdlr.texas.gov
A454	Texas Department of Insurance	333 Guadalupe Str, Tower I	Austin	TX	78701	Christina McClaferty	christina.mcclaferty@tdi.texas.gov	Skii Antoinette Wellington	skii.wellington@tdi.texas.gov
A455	Railroad Commission of Texas	1701 N. Congress Ave, Ste G-106	Austin	TX	787112967	Robbi Craig	robbi.craig@rrc.texas.gov	Not Listed	
A456	Board of Plumbing Examiners	929 East 41st Street	Austin	TX	787514807	Richard Herman	richard.herman@tsbpe.texas.gov	Richard Herman	richard.herman@tsbpe.texas.gov
A457	Texas State Board of Public Accountancy	333 Guadalupe, Tower 3, Suite 900	Austin	TX	787013900	Alan Hermanson	accounting@tsbpa.state.tx.us	Maria Lagunas	mlagunas@tsbpa.texas.gov
A458	Texas Alcoholic Beverage Commission	5806 Mesa Drive, Suite 111	Austin	TX	787113127	Donn Rupp	donald.rupp@tabc.texas.gov	Monica Ross	monica.ross@tabc.texas.gov
A459	Texas Board of Architectural Examiners	333 Guadalupe, Ste 2-350	Austin	TX	787112337	Christine Brister	christine.brister@tbae.state.tx.us	Christine Brister	christine.brister@tbae.state.tx.us
A460	Texas Board of Professional Engineers	1917 South IH-35	Austin	TX	787413702	Suzanne Retiz	suzanne.retiz@tbpe.state.tx.us	Suzanne Retiz	suzanne.retiz@tbpe.state.tx.us
A464	Board of Land Surveying	7701 N Lamar Blvd., Ste. 400	Austin	TX	78752	Julia Estrada	julia.estrada@txls.texas.gov	Not Listed	
A466	Office of Consumer Credit Commissioner	2601 N Lamar Blvd., 2nd Floor	Austin	TX	787054207	Christina Cuellar	christina.cuellar@occc.state.tx.us	Juan Garcia	juanv.garcia@occc.texas.gov
A469	Credit Union Department	914 E Anderson Lane	Austin	TX	787521699	Joel Arevalo	joel.arevalo@cud.texas.gov	Not Listed	
A473	Public Utility Commission of Texas	1701 N. Congress Ave.	Austin	TX	787113326	Angie Wolf	angie.wolf@puc.texas.gov	Angie Wolf	angie.wolf@puc.texas.gov
A475	Office of Public Utility Counsel	1701 N. Congress, Suite 9-180	Austin	TX	787112397	Brenda Sevier	brenda.sevier@opuc.texas.gov	Brenda Sevier	brenda.sevier@opuc.texas.gov
A476	Texas Racing Commission	8505 Cross Park Drive, Suite 110	Austin	TX	787112080	James Blodgett	james.blodgett@txrc.texas.gov	Not Listed	
A477	Commission on State Emergency Communication	333 Guadalupe, Suite 2-212	Austin	TX	787013942	Sally Jo Hahn	sallyjo.hahn@csec.texas.gov	Amanda Pressley	amanda.pressley@csec.texas.gov
A479	State Office of Risk Management	300 W. 15th Street, 6th Floor	Austin	TX	78701	Michelle Ganaden	michelle.ganaden@sorm.texas.gov	Not Listed	
A481	Texas Board of Professional Geoscientists	333 Guadalupe, Tower 1, 460A	Austin	TX	78701	Lisa Stockton	lstockton@tbgp.texas.gov	Not Listed	
A503	Board of Medical Examiners	333 Guadalupe St., Suite 3-610	Austin	TX	787682018	Brandy Corrales	brandy.corrales@tmb.state.tx.us	Maria Moreno	maria.moreno@tmb.state.tx.us
A504	Board of Dental Examiners	333 Guadalupe Tower 3, Suite 800	Austin	TX	78701	Leticia Kappel	lkappel@tsbde.texas.gov	Leticia Kappel	lkappel@tsbde.texas.gov
A507	Board of Nurse Examiners	333 Guadalupe, Suite 3-460	Austin	TX	78767	Mark Majek	mark.majek@bon.texas.gov	Mark Majek	mark.majek@bon.texas.gov
A508	Board of Chiropractic Examiners	333 Guadalupe, Tower III Suite 3-825	Austin	TX	78701	Lisa Agarwal	lisa@tbce.state.tx.us	Not Listed	
A512	State Board of Podiatric Medical Examiners	333 Guadalupe, Tower II, Ste 320	Austin	TX	787112216	Hemant Maken	hemant.makan@tsbpme.texas.gov	Hemant Maken	hemant.makan@tsbpme.texas.gov
A513	Texas Funeral Service Commission	333 Guadalupe, Tower 2-110	Austin	TX	787112217	Jennifer Noack	jennifer.noack@tsbep.state.tx.us	Janice McCoy	janice.mccoy@tfsc.texas.gov
A514	Optometry Board	333 Guadalupe, Tower II, Suite 420	Austin	TX	78701	Patricia Ortiz	patty.ortiz@tob.texas.gov	Chris Kloeris	CHRIS.KLOERIS@mail.capnet.state.tx.us
A515	Board of Pharmacy	333 Guadalupe Street, Suite 3-600	Austin	TX	78701	Catherine Stella	cathy.stella@tsbp.state.tx.us	Robbi Dana	robbi.dana@tsbp.state.tx.us
A520	Board of Examiners of Psychologists	333 Guadalupe, Suite 2-450	Austin	TX	78701	Brian Creath	brian.creath@tsbep.state.tx.us	Not Listed	
A529	Health and Human Services Commission	4900 N. Lamar, 4th Floor	Austin	TX	78756	William O'Neill	William.O'Neill@hhsc.state.tx.us	Not Listed	

State Office of Risk Management Exhibit 14: Participants

A530	Department of Family and Protective Services	4900 N Lamar, 4 th Floor	Austin	TX	78756	Not Listed		Not Listed	
A533	Executive Council of Physical and Occupational Therapy Examiners	333 Guadalupe, Suite 2-510	Austin	TX	787013942	Randall Glines	randall@ptot.texas.gov	Not Listed	
A537	Department of State Health Services	4900 N Lamar Blvd 4 th Floor	Austin	TX	78756	Not Listed		Not Listed	
A538	Department of Assistive and Rehabilitative Services	4900 N. Lamar, 4th Floor	Austin	TX	78751	Not Listed		Not Listed	
A539	Department of Aging and Disability Services	4900 N. Lamar, 4th Floor	Austin	TX	78756	Not Listed		Not Listed	
A542	Cancer Prevention and Research Institute	PO Box 12097	Austin	TX	78711	Lisa Nelson	lnelson@cprit.state.tx.us	Not Listed	
A551	Department of Agriculture	1700 N Congress Ave, 11th Flr	Austin	TX	787112847	Michael Clark	michael.clark@TexasAgriculture.gov	Michael Franklin	michael.franklin@texasagriculture.gov
A554	Texas Animal Health Commission	2105 Kramer Lane	Austin	TX	787112966	Gene Snelson	gene.snelson@tahc.texas.gov	Sally Garcia	sally.garcia@tahc.texas.gov
A578	Board of Veterinary Medical Examiners	333 Guadalupe St., Tower 3, Ste. 810	Austin	TX	78701	Loris Jones	loris.jones@veterinary.texas.gov	Loris Jones	loris.jones@veterinary.texas.gov
A580	Texas Water Development Board	1700 North Congress Ave #429	Austin	TX	787113231	LaDawn Gray	ladawn.gray@twdb.texas.gov	Not Listed	
A582	Texas Commission on Environmental Quality	12100 Park 35 Circle	Austin	TX	787113087	Ron Lowery	ron.lowery@tceq.texas.gov	Elizabeth Jones	Ejones@tceq.state.tx.us
A592	Texas State Soil and Water Conservation Board	311 N. 5th Street	Temple	TX	765030658	Kenny Zajicek	kzajicek@tsswcb.state.tx.us	Dawn Heitman	dheitman@tsswcb.texas.gov
A608	Texas Department of Motor Vehicles	35th & Mopac, Camp Hubbard	Austin	TX	78756	Ann Pierce	Ann.Pierce@txdmv.gov	Margaret Barker	Margaret.Barker@txdmv.gov
A644	Texas Juvenile Justice Department	4900 N. Lamar	Austin	TX	787654260	Russel Biehle	russell.biehle@tjjd.texas.gov	Lisa Chiles	lisa.chiles@tjjd.texas.gov
A696	Texas Department of Criminal Justice	P.O. Box 99	Huntsville	TX	773420099	Thomas Warren	thomas.warren@tdcj.texas.gov	Jason Tucker	jason.tucker@tdcj.state.tx.us
A701	Texas Education Agency	1701 N. Congress Avenue	Austin	TX	78701	Mark Wallace	mark.wallace@tea.texas.gov	Rachel Treadwell	rachel.treadwell@tea.state.tx.us
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A719.924	Texas State Technical College - West Texas	3801 Campus Drive	Waco	TX	76705	Not Listed		Not Listed	
A719.925	Texas State Technical College - Waco	3801 Campus Drive	Waco	TX	76705	Not Listed		Cindy Volney	cindy.volney@tstc.edu
A719.926	Texas State Technical College - Marshall	2650 East End Blvd. South	Marshall	TX	75671	Jeffrey Bell	jeff.bell@marshall.tstc.edu		
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C074	Fannin County CSCD	1303 E Sam Rayburn STE 5	Bonham	TX	75418	Todd Maxey	tmaxey@fannincoapd.net	Not Listed	
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C091	Grayson County CSCD	100 W Houston Ste A1-1	Sherman	TX	750900026	Jennie Bailey	baileyj@co.grayson.tx.us	Not Listed	
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C095	Hale County CSCD	519B Broadway	Plainview	TX	79072	Not Listed			
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C233	Val Verde County CSCD	PO Box 4180	Del Rio	TX	78840	Manuel Limones Jr	mlimones@valverdecscd.org	Manuel Limones Jr	mlimones@valverdecscd.org
C234	Van Zandt County CSCD	250 E Groves St	Canton	TX	751031300	Not Listed		Not Listed	
C235	Victoria County CSCD	PO Box 165	Victoria	TX	77902	Kathy Garcia	kgarcia@cscd.net	Kathy Garcia	kgarcia@cscd.net
C236	Walker County CSCD	PO Box 6910	Huntsville	TX	77341	Kristin Hunter	khunter@co.walker.tx.us	Not Listed	
C240	Webb County CSCD	1110 Victoria St Ste 104	Laredo	TX	780406655	Melissa Turner	mturner@webbcountytexas.gov	Rafeal Moreno Jr	rafael@webbcountytexas.gov
C242	Wheeler County CSCD	PO Box 508	Wheeler	TX	79096	Not Listed		Not Listed	
C243	Wichita County CSCD	P.O. Box 179	Wichita Falls	TX	763070179	Kristy Wilson	kristy.wilson@co.wichita.tx.us	Kristy Wilson	kristy.wilson@co.wichita.tx.us
C244	Wilbarger County CSCD	1700 Wilbarger St Rm 21	Vernon	TX	763844748	Guy Elliott	gprather@wf.net	Guy Elliott	gprather@wf.net
C246	Williamson County CSCD	PO Box 251	Georgetown	TX	78626	Kathy Jo Blankenship	kblankenship@adultprobation.net	Kathy Jo Blankenship	kblankenship@adultprobation.net
C248	Winkler County CSCD	PO Box 822	Kermit	TX	79745	Rosa Parker	rosa.parker@co.winkler.tx.us	Not Listed	
C249	Wise County CSCD	PO Box 805	Decatur	TX	76234	Kristi Austin	kaustin@271stprobation-tx.us	Not Listed	
C250	Wood County CSCD	PO Box 419	Quitman	TX	75494	Tracy Edwards	tedwards@wcprobation.com	Not Listed	
C252	Young County CSCD	PO Box 794	Graham	TX	76450	Darrell Gilmore	Dgilmore90JD@sbcglobal.net	Theresia Grimes	theresiag@sbcglobal.net
WSD	Windham School District	P.O. Box 99	Huntsville	TX	773420099	Thomas Warren	thomas.warren@tdcj.texas.gov	Jason Tucker	jason.tucker@tdcj.state.tx.us

EXHIBIT 15

Exhibit 15 – July 2017 Board Report



**AGENCY OPERATIONS REPORT FY17Q3
TO THE
SORM BOARD OF DIRECTORS
July 18, 2017**

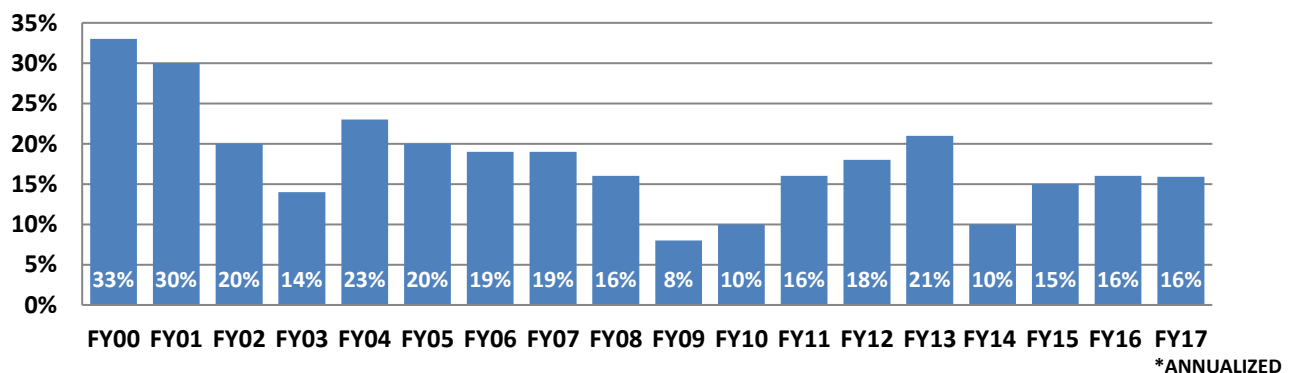


INTERNAL OPERATIONS

HUMAN RESOURCES

New Hires	Vacancies
Ruth Alexander, Subrogation Manager*	Chief of Strategic Programs
Cassandra Hernandez, Adjuster*	Director of Accounting and Finance
*POST HIRING FREEZE AUTHORIZATION	Senior Statewide Continuity Coordinator
	Statewide Continuity Coordinator
	Risk Manager
	Cost Containment Analyst
	Programmer IV
	Accountant I
	Accounting Technician
	Executive Assistant – Strategic Programs
	Adjuster – Lost Time
	Adjuster – Lost Time
	Adjuster – Lost Time
	Adjuster – Medical Only
	Adjuster – Medical Only
	Document Specialist
	Receptionist

ANNUAL TURNOVER RATES



There have been no internal transfers since the previous meeting.

ACCOUNTING & FINANCE

FY17 AGENCY (CONSOLIDATED) BUDGET

May 31, 2017

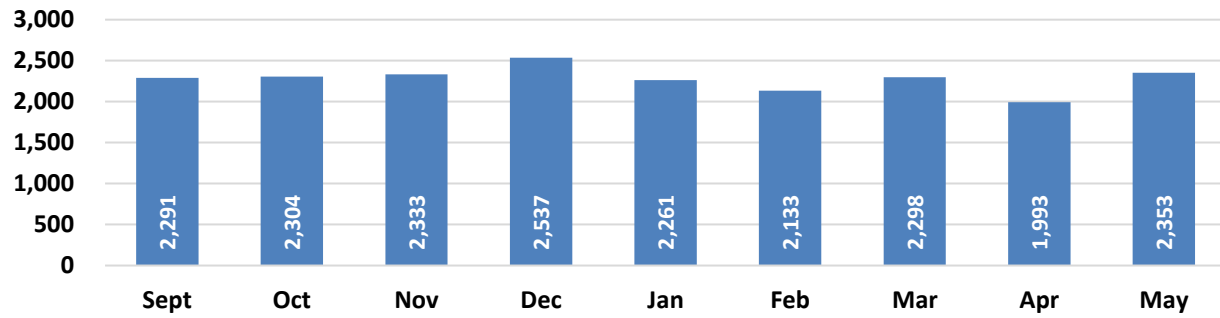
Objects of Expense	Initial Budget:	Adjustments Transfers (+ In, - Out)	Revised Budget:	Expenditures Year to Date @ 5/31/2017	Encumbrances @ 5/31/2017	Remaining Budget @ 5/31/2017	Unpaid Expenses Incurred	Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Salaries & Wages	6,878,705	0	6,878,705	4,242,563	0	2,636,142	504,805	69.0%	75.0%
Other Personnel Costs	450,000	0	450,000	154,137	0	295,863	25,593	39.9%	75.0%
Professional Services	2,030,000	0	2,030,000	790,397	768,174	471,429	68,990	42.3%	75.0%
Consumable Supplies	28,500	0	28,500	12,604	5,932	9,964	0	44.2%	75.0%
Utilities	9,500	0	9,500	3,727	8,420	(2,646)	414	43.6%	75.0%
Travel	190,000	0	190,000	110,281	0	79,719	9,113	62.8%	75.0%
Rental of Space	720	0	720	720	0	0	0	100.0%	75.0%
Rental of Equipment	22,000	0	22,000	12,534	7,142	2,325	1,789	65.1%	75.0%
Operating Costs	1,642,480	0	1,642,480	1,177,147	49,388	415,945	27,625	73.4%	75.0%
Capital Expenditures	0	0	0	0	0	0	0	0.0%	75.0%
Total	11,251,905	0	11,251,905	6,504,109	839,055	3,908,741	638,328	63.5%	75.0%

Objects of Expense	Initial Budget:	Adjustments Transfers (+ In, - Out)	Revised Budget:	Expenditures Year to Date @ 5/31/2017		Remaining Budget @ 5/31/2017		Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Indemnity	16,493,962	609,867	17,103,829	12,125,684		4,978,145		70.9%	75.0%
Medical	24,073,788	890,133	24,963,921	17,680,033		7,283,888		70.8%	75.0%
Total Exps.	40,567,750	1,500,000	42,067,750	29,805,717		12,262,033		70.9%	75.0%
Subrogation and Restitution	(567,750)		(567,750)	(579,339)		11,589		102.0%	75.0%
Net Total	40,000,000	0	41,500,000	29,226,377		12,207,623		70.4%	75.0%

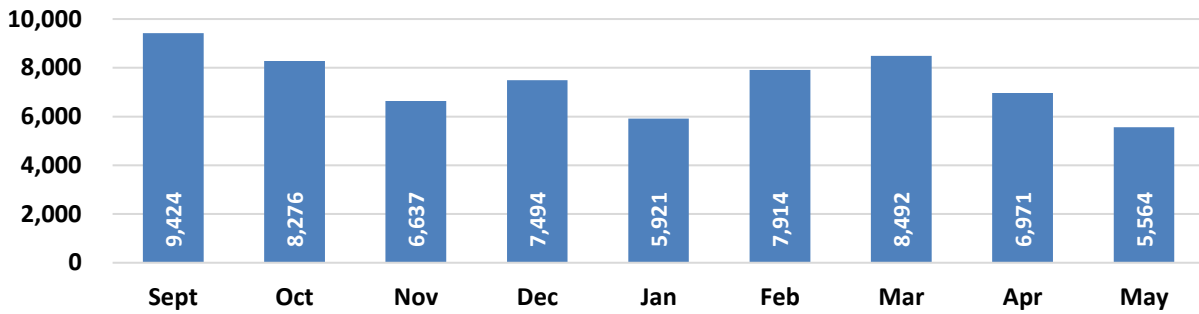
FY17 WORKERS' COMPENSATION CLAIM PROJECTIONS

	Actual Costs as of 06/23/17 (9 months, 17 bus.days)	Based on even distribution	Based on 15-year avg. (FY2002 - FY2016)	Based on 10-year avg. (FY2007 - FY2016)	Based on 5-year avg. (FY2012 - FY2016)	Worst Case Assumed
indemnity		81.10%	81.51%	81.40%	81.44%	81.10%
medical		81.10%	81.98%	82.14%	82.74%	81.10%
recovery		81.10%	82.80%	81.97%	71.12%	100.00%
FY 2017 Projections						
indemnity	13,144,868.76	16,209,044.25	16,126,492.80	16,148,254.76	16,140,104.12	16,209,044.25
medical	18,793,896.30	23,174,905.91	22,925,204.58	22,880,825.08	22,714,367.08	23,174,905.91
recovery	(587,383.77)	(724,307.69)	(709,386.05)	(716,564.51)	(825,943.99)	(587,383.77)
	31,351,381.29	38,659,642.47	38,342,311.33	38,312,515.33	38,028,527.22	38,796,566.39
	Average of four different projection bases and "worst case"					38,427,912.55
gross costs only	31,938,765.06	39,383,950.16	39,051,697.38	39,029,079.84	38,854,471.21	39,383,950.16
	Average of four different projection bases and "worst case"					39,140,629.75

Indemnity Bills Processed FY17Q1-Q3



Medical Bills Processed FY17Q1-Q3



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 FY17Q3 include:

- A. Equipment – Servers, desktops, and laptops
- B. Software changes (mainframe, client/server and PC applications)
- C. Server contents migration of applications and data to virtual servers has been completed
- D. Continuity of Operations (COOP) location now has the necessary physical assets except for the server secured behind locked doors
- E. Business Process involvement - Vendor invoice review and reconciliation
- F. Interagency cooperation – Office of the Attorney General Information Technology Services Division/SORM quarterly meeting, Texas Department of Insurance testing for remote hearings, Texas Department of Transportation RMIS implementation
- G. Wordpress/MySQL update supporting website and LMS

II. ANTICIPATED ACTIVITY

In addition to routine support functions congruent with operations for the Office, the following activities are anticipated during FY17Q4 and beyond:

- A. VOIP telephone system
- B. Evaluation of a remote access solution for staff using laptops remotely
- C. Monitoring SORM's applications from DIR's legislatively mandated Application Portfolio Management tool (pilot)
- D. Inventorying IR responsibilities
- E. Complete migration from Office Suite 2010 to Office Suite 2016
- F. Participation in the OAG Emergency Notification System (ENS)
- G. Determination of a permanent remote location for the backup virtual server
- H. Review and revision of claim letter production



COMMUNICATIONS & DEVELOPMENT

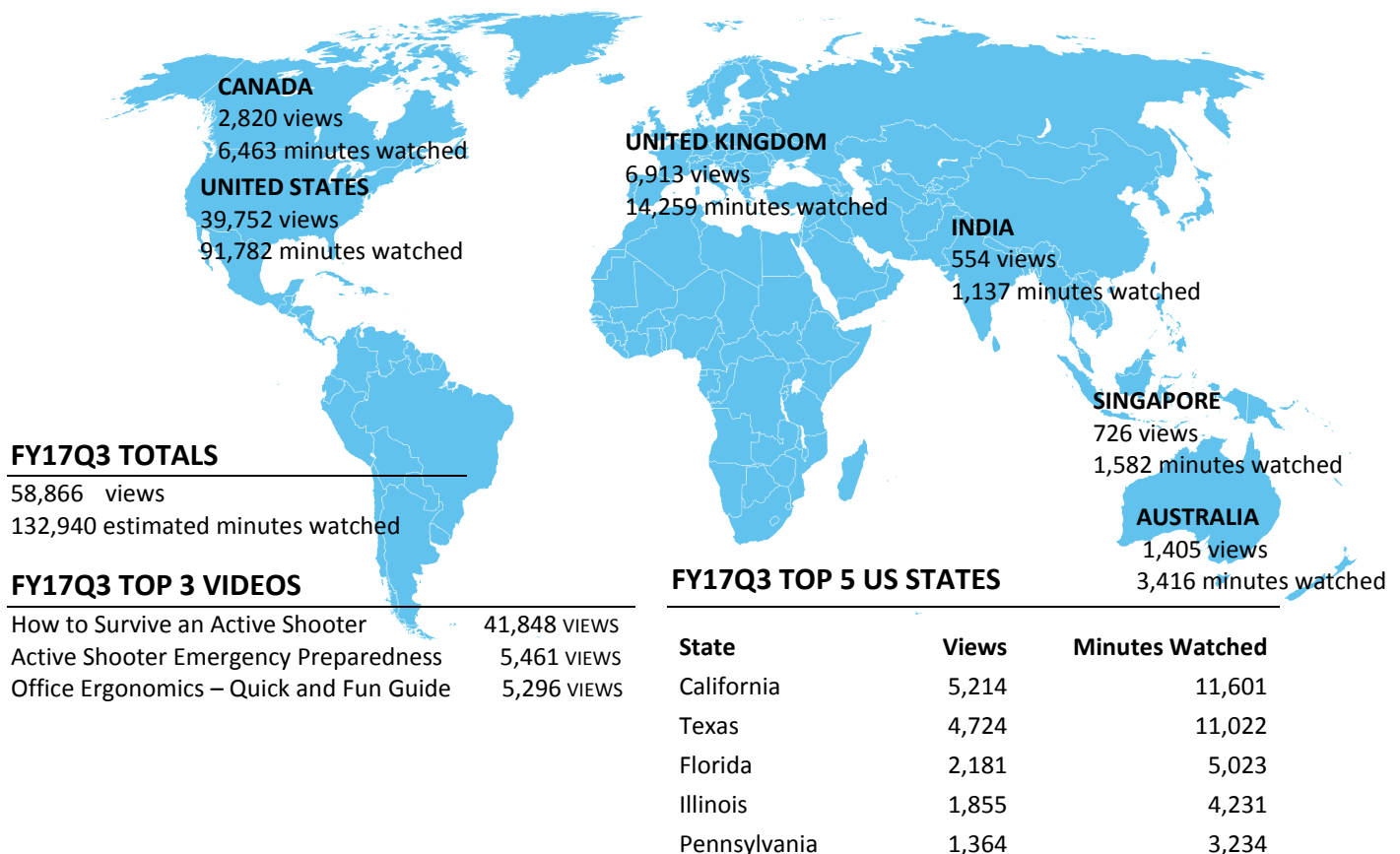
Communications & Development focused efforts in several areas in FY17Q3. The Industry Trainer worked with the Compliance Officer to complete a redesign of the workflow processes in the Document Processing Department. With the help of the DPD Director and DPD staff, they were all able to identify workflow process improvements and nearly double the number of scanned documents with fewer staff.

The Webmaster and Media Specialist completed a total rebuild of external website content which removed dated material and streamlined the database to save drive space. They worked together with Information Technology department and completed an upgrade of the site after the Department of Information (DIR) identified security vulnerabilities on the site during a scheduled, yearly test.

The Webmaster also worked with IT to continue testing and building the Learning Management System (LMS) which is on schedule to release to the external site during FY18Q1.

Viewing trends on our latest active shooter video, “How to Survive and Active Shooter,” more than doubled compared to FY17Q2 views, and reached over 100k historical views on May 12, 2017. This same video also showed a spike in views the days following the Manchester Arena bombing, with the highest number of views in United Kingdom.

YOUTUBE ANALYTICS FOR FY17Q3



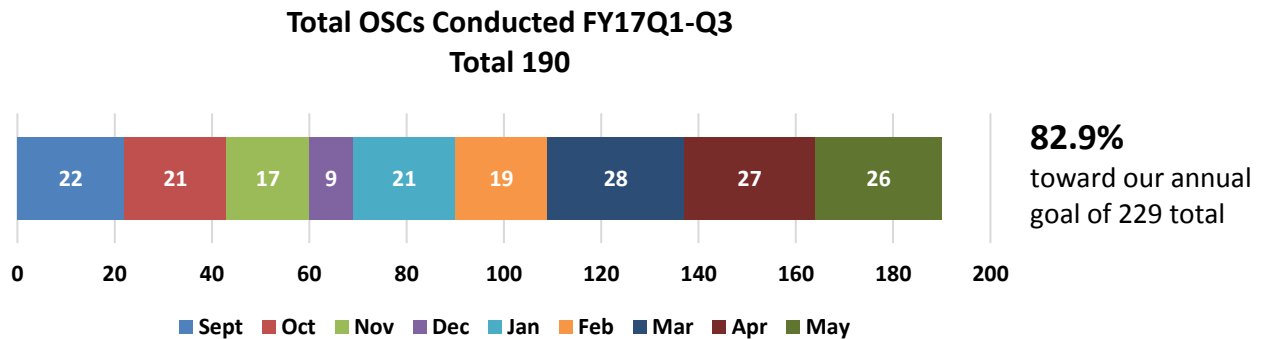
AGENCY OUTREACH FOR FY17Q3

Course Name	Classes Taught	Total Students
15 Passenger Van Safety	2	50
Accident Investigation	2	41
Additional Duty Safety Officer (ADSO) Orientation	3	54
Anger Management	1	31
Confined Space Entry	1	25
Conflict Resolution	5	105
Directors and Officers/Property Symposium	1	54
Driving Safety	28	483
Heat Stroke and Heat-Related Illness	2	24
Lifting Safety and Back Injury Prevention	1	16
Office Safety	3	101
Personal Safety and Situational Awareness	5	149
Stress Management	4	106
TOTAL CLASSES	58	1239

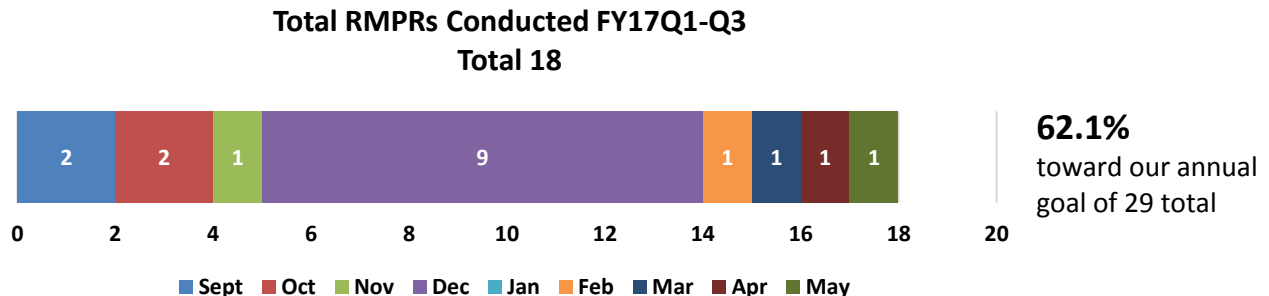
RISK MANAGEMENT

I. STATEWIDE RISK MANAGEMENT PROGRAM

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



Source: Risk Management Visit Schedule

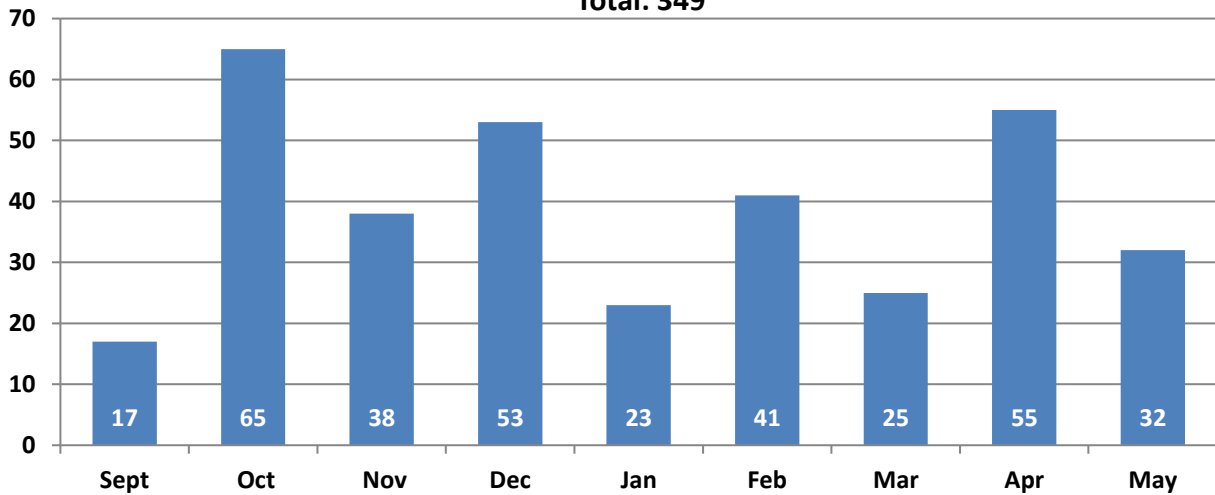


*January had 0 RMPRs so there is no color indicated for this month.

Source: Risk Management Visit Schedule

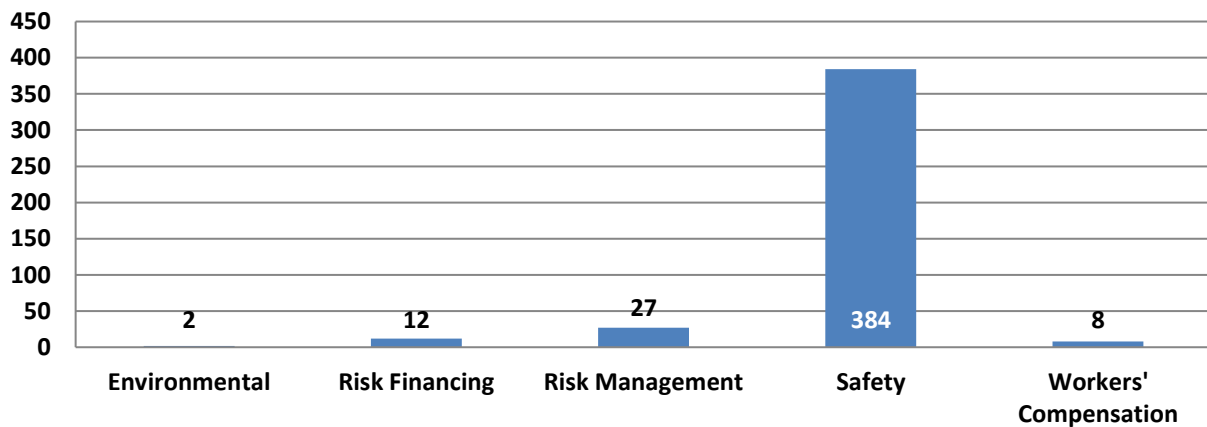
Closed Recommendations FY17Q1-Q3

Total: 349



Open Recommendations per Category FY17Q1 -Q3

Total : 433



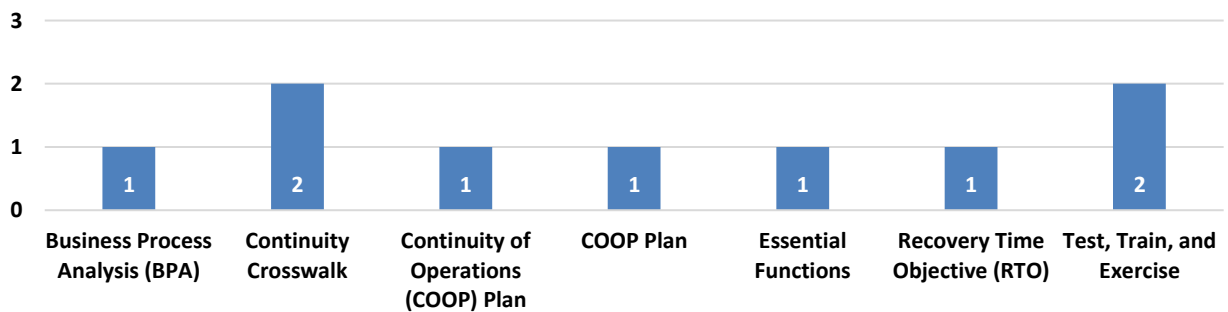
I. STATEWIDE COOP PROGRAM

COOP Plan Evaluations

Thirteen (13) State Entity Continuity of Operations (COOP) plans were reviewed

FY17Q3 Open Observations

Total: 9



II. STATEWIDE INSURANCE PROGRAM

A. Monitoring

- 449 Notary Applications were processed between March 1, 2017 and May 31, 2017

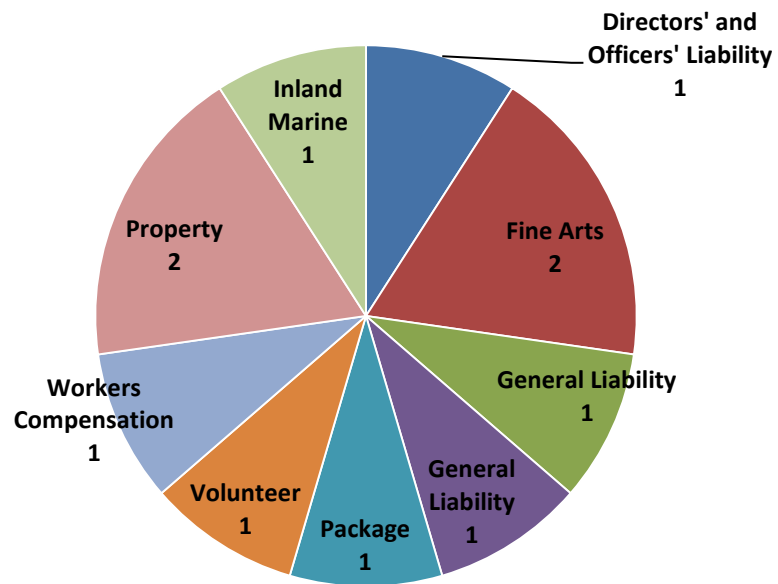
B. Insurance and Bond Purchases

- SORM 201**

Number of SORM 201s Processed: 11
Number Approved and Premium Paid: 11 for \$57,183.25
Number of Requests Not Approved & Premium Saved: 0 for \$0

C. Insurance Chart for SORM 201s

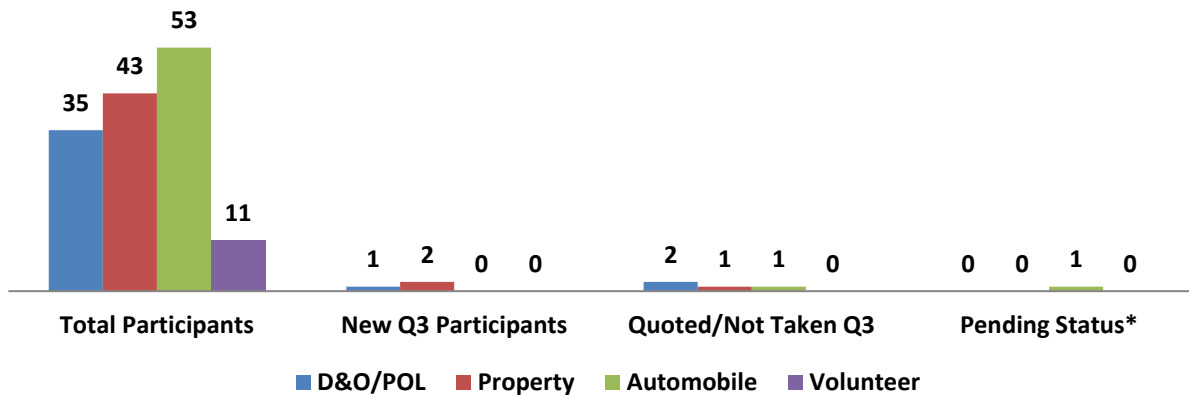
Number of SORM 201s Processed in FY17Q3



SORM 201s FY17Q3

Agency	Line of Insurance	Conclusion		Comments	Premium
		Approved	Denied		
Texas Public Finance Authority	Directors' and Officers' Liability	x		As an instrument of the Texas Public Finance Authority, pursuant to Section 53.351 of the Texas Education Code, this is the purchase of directors and officers insurance to cover the Charter School Finance Corporation's (CSFC) revenue bonds issued to any authorized charter schools aiding in financing or refinancing educational facilities.	\$6,306
Midwestern State University	Fine Arts	x		This is the purchase of fine arts for Nolan A. Moore III Heritage of Print Collection at the Moffett Library.	\$2,750
Texas Historical Commission	Fine Arts	x		This is the purchase of fine arts for the Vedem Art Exhibition.	\$1,620
General Land Office	General Liability	x		This is the purchase of special events general liability insurance for the Silent Art Auction being held at the Houston Museum of Natural Science.	\$378
Department of State Health Services	General Liability	x		This is the purchase of a one-time special events general liability policy for the 9th Annual Rural Health Conference on July 27, 2017, at the College of Biblical Studies.	\$175
Midwestern State University	Package	x		This is the purchase of property and general liability insurance to cover the Fantasy of Lights items that the University displays for the public.	\$1,789
Health and Human Services Commission	Volunteer	x		This is the annual renewal of the volunteer insurance policy for the Foster Grandparent Program, totaling 448 volunteers across seven State Supported Living Centers.	\$3,315.25
Department of Aging and Disability Services	Workers Compensation	x		This is the purchase of workers' compensation insurance, for three residents that are not classified as state employees, that DADS has agree to insure in good faith for the SASSLC resident's performing "picnic area maintenance."	\$806
Stephen F. Austin State University	Property	x		This is the renewal purchase of two Farm and Ranch Property Insurance policies that work jointly to protect the property for poultry house operations at Stephen F. Austin State University.	\$5,148
Stephen F. Austin State University	Property	x		This is the annual renewal for the mobile home that is stationed on the Walter C. Todd Agricultural Research Center, located on rural ranch land owned by Stephen F. Austin State University	\$648

SORM Statewide Insurance Lines FY17Q3 Status



*Total Participants are inclusive of new additions in the Quarter

D&O/POL - Bound

Texas Board of Pharmacy

D&O/POL - Quoted/Not Taken

Texas Commission on Law Enforcement
Texas Bond Review Board

Automobile - Pending Status

Legislative Budget Board

Automobile - Quoted/Not Taken

Texas School for the Blind and Visually Impaired

Property - New Participants

Texas Commission on Law
Enforcement
Texas Bond Review Board

CLAIMS OPERATIONS

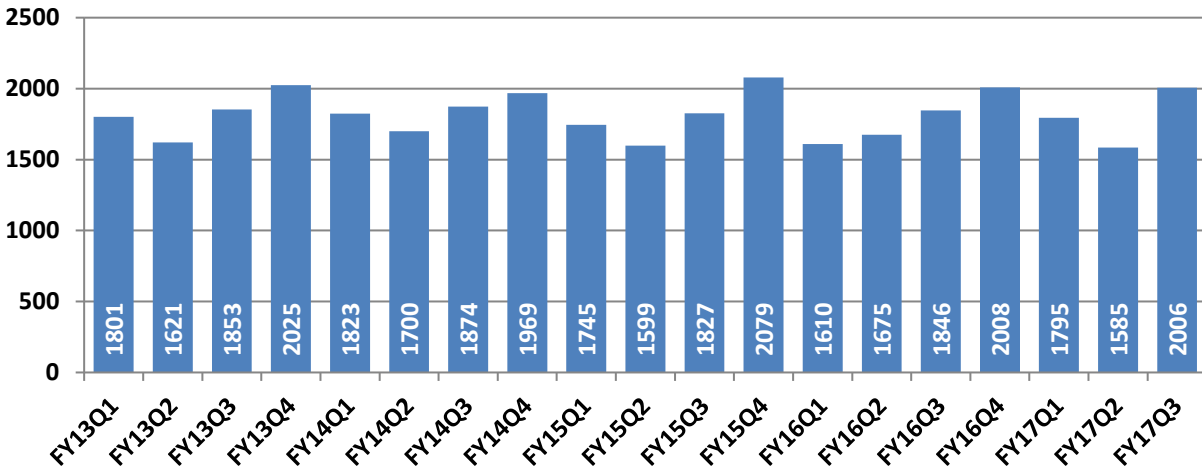
I. FY17Q3 CLAIMS OPERATIONS ACTIVE WORKLOAD

SORM received 2,006 injury reports in FY17Q3, which is an increase from the number of injury reports received in FY17Q2 (1,585). Analysis of the claims reported show that aggression claims were the main injuries reported during this quarter due to the nature of job duties from the Department of Aging & Disability Services and Texas Department of Criminal Justice. This increase of claims filed during FY17Q3 is consistent with prior years of claims being reported. Due to the temperatures rising during the summer months the increase is expected to continue through FY17Q4.

During FY17Q3, 180 claims were denied and 2,088 claims were inactivated. SORM had 3,099 open claims at the end of FY17Q3, which is stable. SORM claims staff continues to focus on maintaining active follow up on claims and proactively managing files until closure.

Of the new injury reports received during FY17Q3, 1,686 were accepted. SORM claims staff carefully conduct thorough compensability investigations in the initial stages of the claim.

Claims Received By Quarter



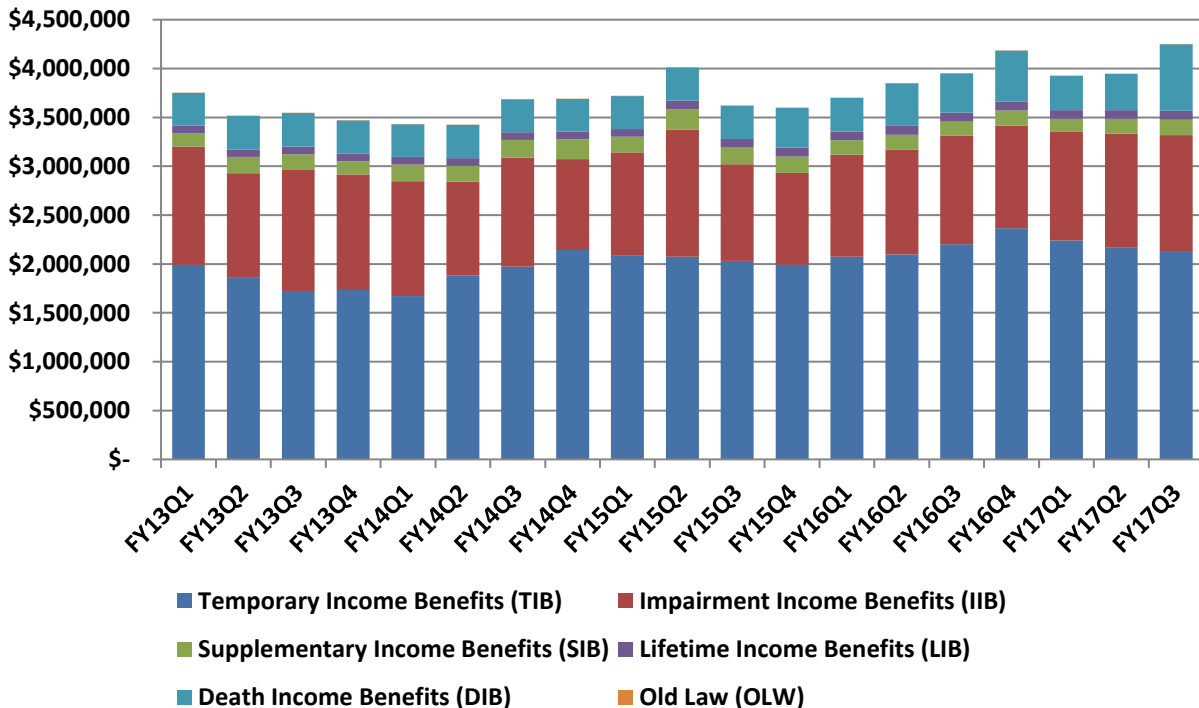
II. ANALYSIS OF INCOME BENEFITS EXPENSES FOR FY17Q3

FY17Q3 reflects a decrease in indemnity costs from FY17Q2. FY17Q3 shows a decrease in the number of claims that are receiving indemnity benefits at this time. IIBS payments have shown an increase from FY17Q2. TIBS were \$2,124,786.79 and IIBS were \$1,193,837.32 in FY17Q3.

At the end of FY17Q3, there were 525 TIBs, 237 IIBs, 26 SIBs with payments, 13 (same) LIBs and 59 DIBs claims open. SORM's Claims Operations Department has little control over LIB and DIB categories and due to the nature of these benefits, they are expected to remain at these levels for a number of years.

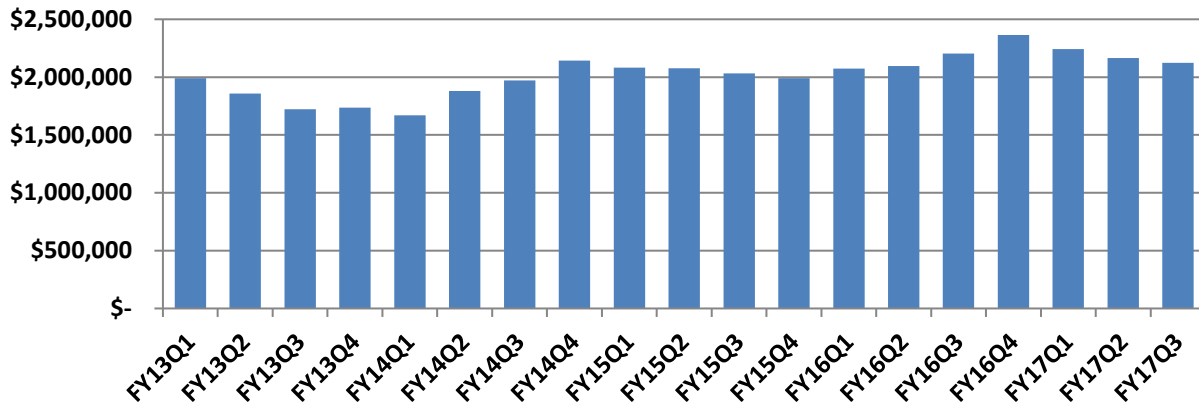
Combined indemnity expenditures for FY17Q2 totaled \$ 4,250,363.08 on 861 claims.

Combined Indemnity Expense Per Quarter



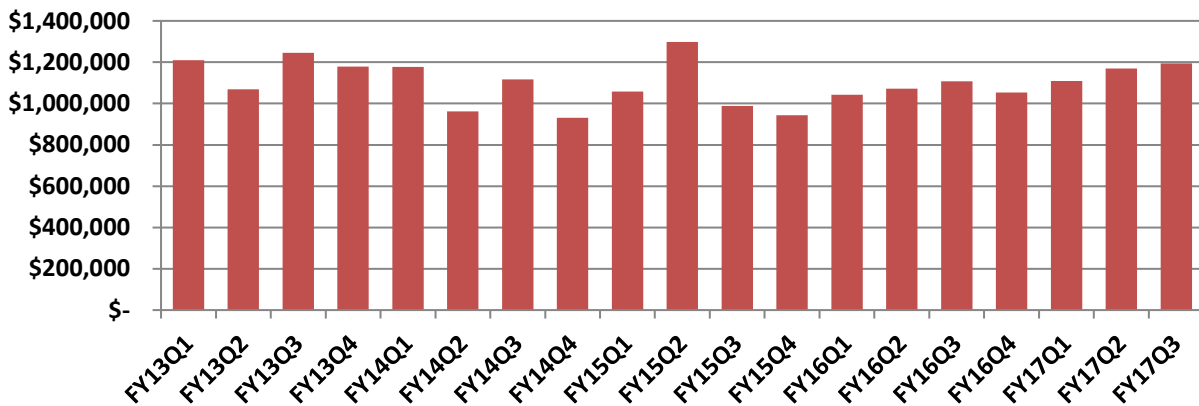
Temporary Income Benefits (TIB) expenditures for FY17Q3 totaled \$ 2,124,786.79 on 525 claims.

TIB Expense Per Quarter



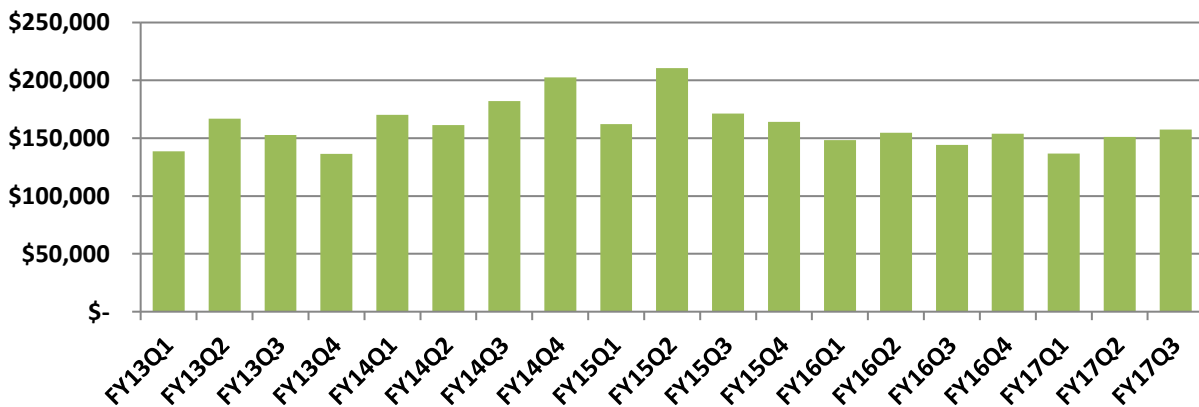
Impairment Income Benefits (IIB) expenditures for FY17Q3 totaled \$ 1,193,837.32 on 237 claims.

IIB Expenses Per Quarter



Supplementary Income Benefits (SIB) expenditures for FY17Q3 totaled \$157,355.96 on 26 claims.

SIB Expense Per Quarter





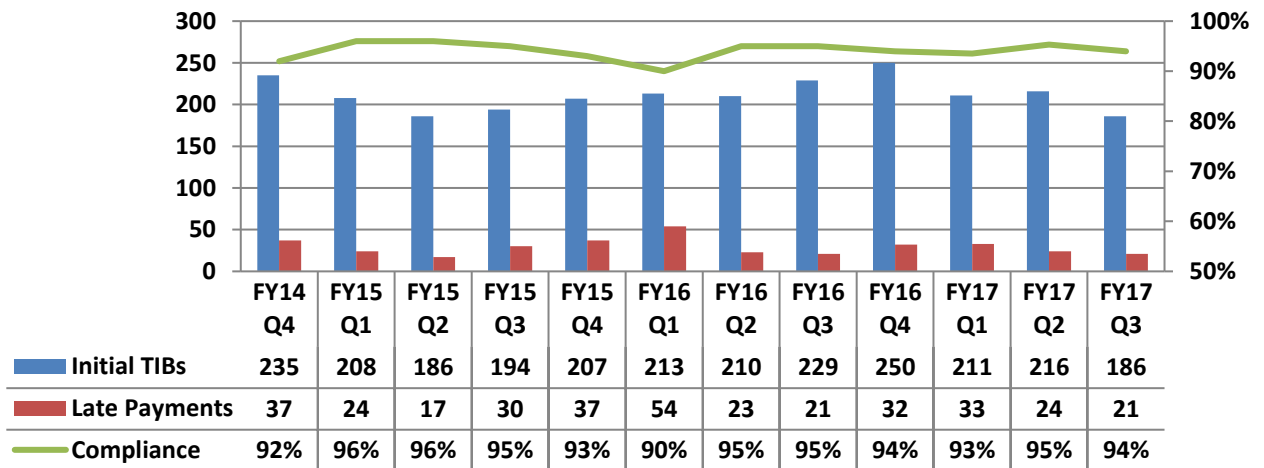
COMPLIANCE AND PRACTICES

I. INDEMNITY QUALITY ASSURANCE

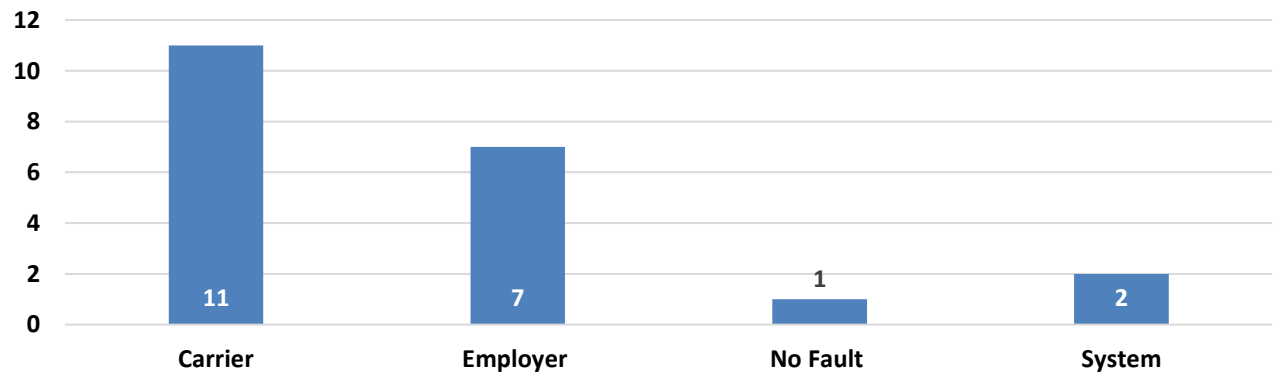
A. TEMPORARY INCOME BENEFIT AUDITS

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

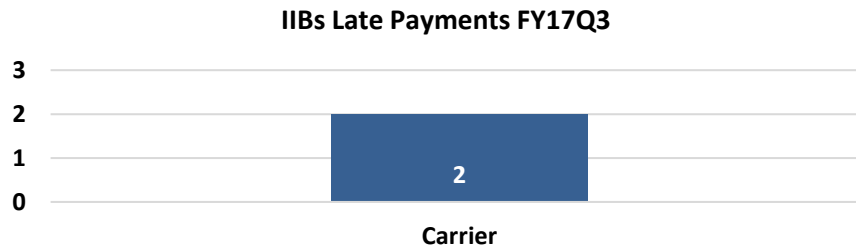
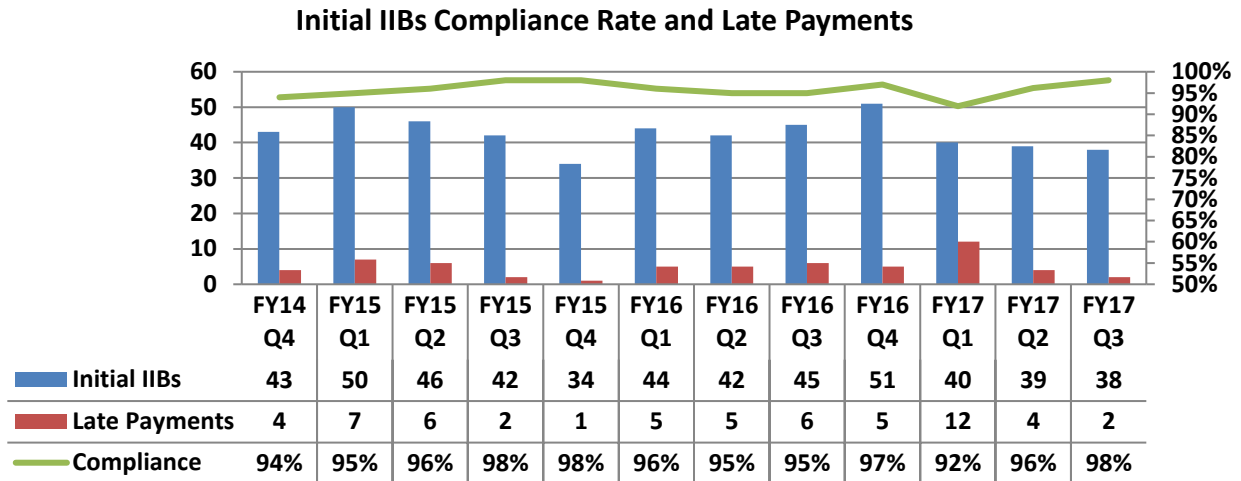


TIBs Late Payment FY17Q3



B. IMPAIRMENT INCOME BENEFIT AUDITS

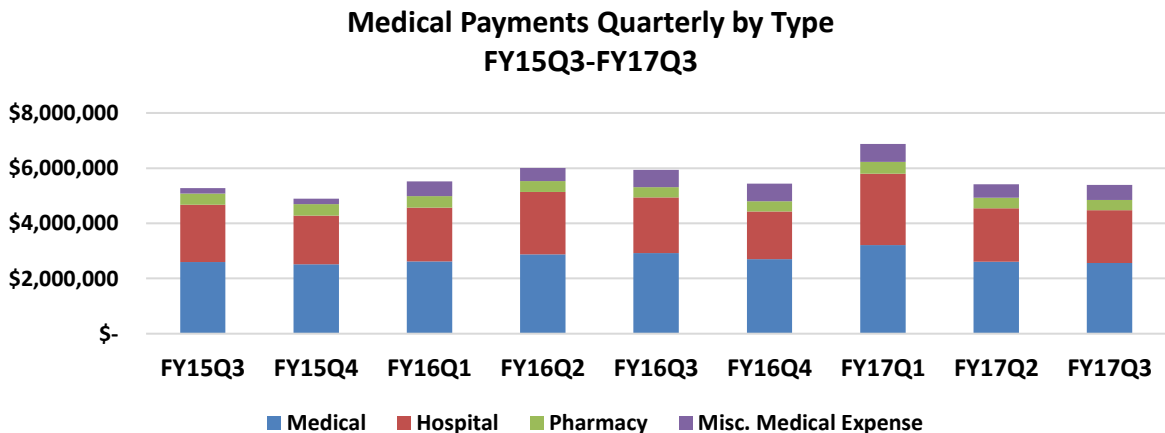
SORM must initiate Impairment Income Benefits by the 5th day after receiving a notice of medical evaluation indicating the injured employee has reached Maximum Medical Improvement (MMI).



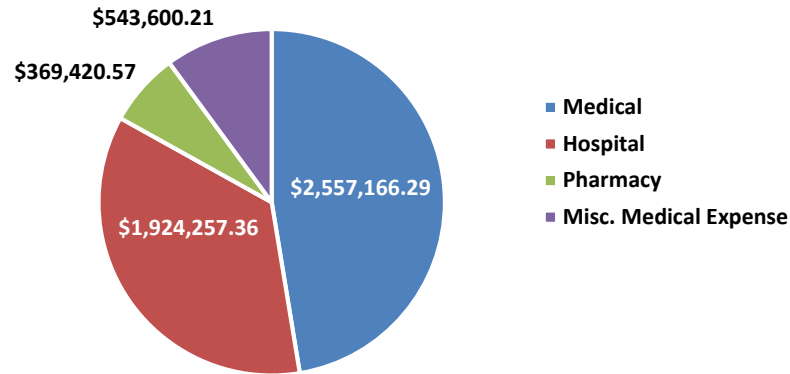
II. MEDICAL QUALITY ASSURANCE

A. MEDICAL COSTS

Workers' compensation benefits include medically necessary treatment related to the compensable injury. The Division of Workers' Compensation sets the amount of reimbursement for healthcare treatment in non-network claims. The amount of reimbursement for services provided by a network provider is determined by the contract between the network and the provider.



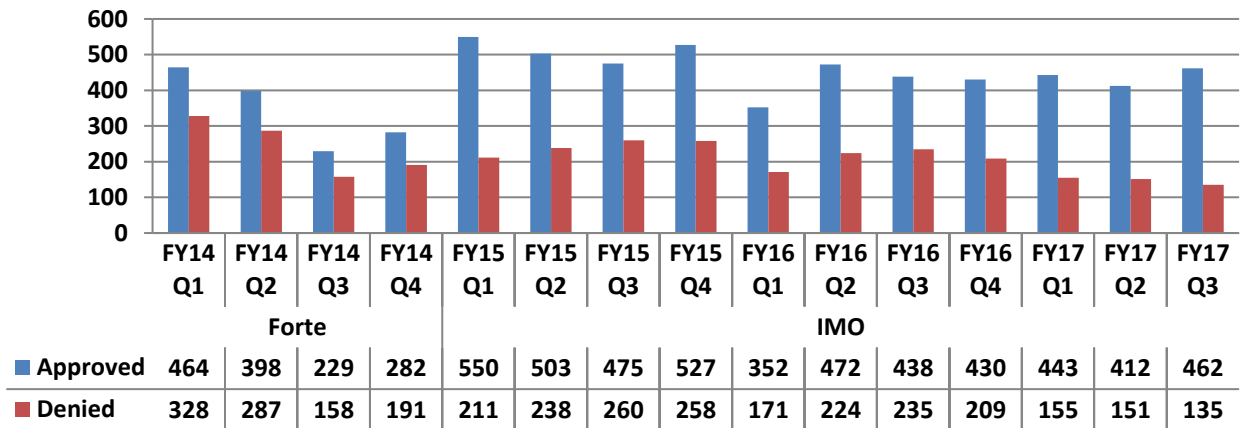
FY17Q3 Medical Payments



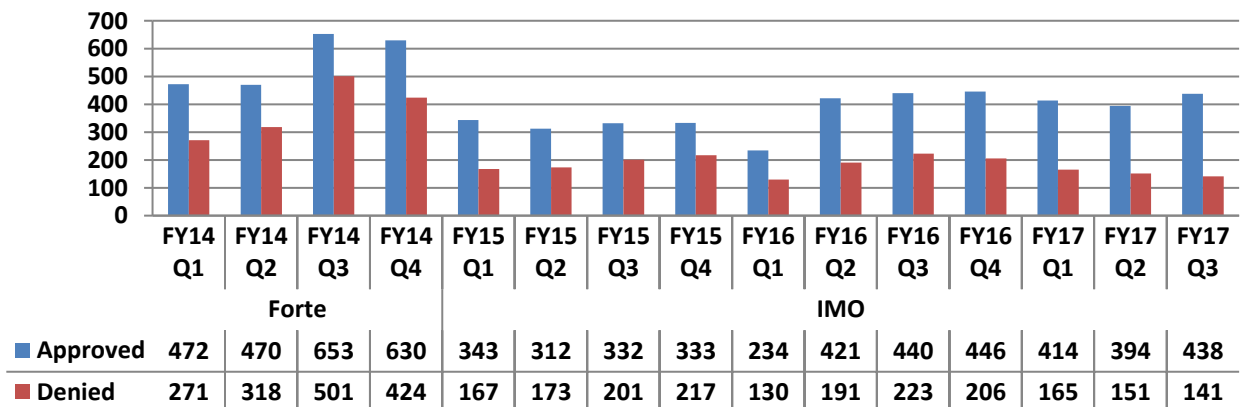
B. PREAUTHORIZATION

Certain types of health care services must be prospectively reviewed and preauthorized as medically necessary before the service is provided to an injured employee. The preauthorization guidelines can vary between non-network and network claims.

Non-Network Utilization Review FY14Q1-FY17Q3

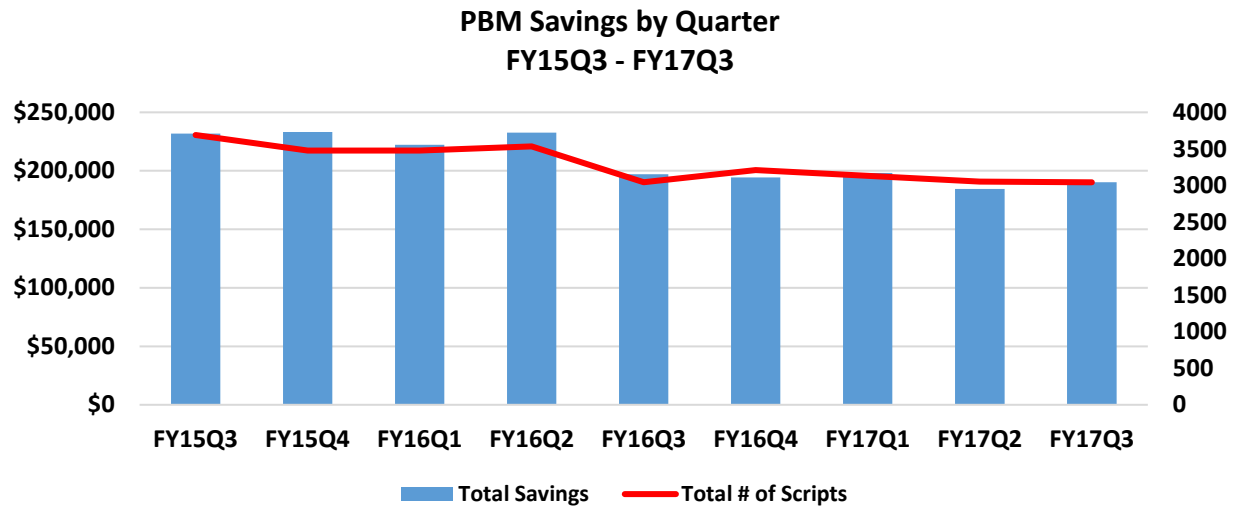


Network Utilization Review FY14Q1-FY17Q3



C. PHARMACY BENEFIT MANAGEMENT

Workers' compensation benefits include medically necessary prescription drugs and over-the-counter medication. The reimbursement fees for prescription drugs are set by the Division of Workers' Compensation.



LITIGATION

I. BENEFIT DISPUTE RESOLUTION

Disputes regarding compensability or eligibility for benefits can occur throughout the life of a workers' compensation claim. There are multiple levels of review available when an issue is disputed. In a Benefit Review Conference (BRC), the parties attempt to resolve issues informally. A dispute may be resolved in whole or part at a BRC. If the dispute is not resolved entirely, either party can request a Contested Case Hearing (CCH). If a party is not satisfied with the CCH Decision and Order (D&O), the issue can be appealed to the Appeals Panel. Depending on the issue, an Appeals Panel Decision and Order (APD) can be appealed to the State Office of Administrative Hearings or District Court.

BRC Attended	BRC Resolved	Most Common Issue(s) Resolved		Going to CCH	Primary Issue(s) Appealed
70	9	IR		27	MMI/IR

CCH Attended	CCH Resolved	D&O for SORM	Primary Issue in D&O	D&O Against SORM	Primary Issue in D&O
32	3	12	MMI/IR	2	EOI/Compensability/Disability *3 split decisions

II. MEDICAL DISPUTE RESOLUTION

Medical Dispute Resolution (MDR) 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	24 Non-network Medical Fee Dispute Resolution received
	12 Network Medical Fee Dispute Resolution received
Medical Necessity Disputes	4 Non-network Independent Review Organization received
	0 Network Independent Review Organization received

FRAUD, SUBROGATION & OTHER RECOVERIES

I. FRAUD INVESTIGATIONS

SORM investigates and reports workers' compensation fraud committed by injured workers and medical providers. Criminal activity by claimants can include receiving income benefits after the claimant has returned to work; maintaining but not reporting secondary employment while receiving income benefits; faking an injury; or forging official documents in order to receive financial benefits. Medical provider fraud usually involves questionable billing practices.

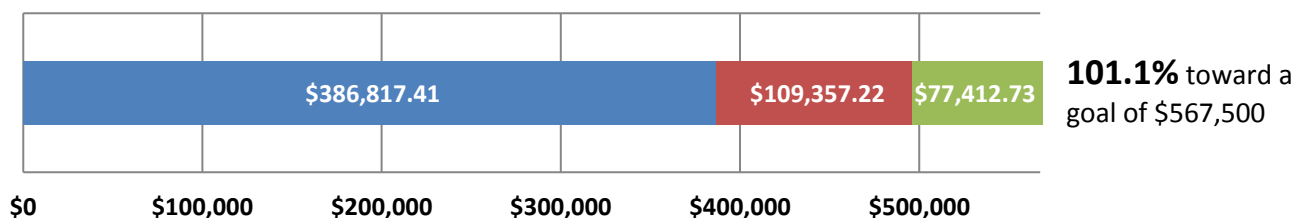
FY17Q3	Pending	Opened	Closed
Fraud Investigations	22	2	2

II. 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. Subrogation recoveries are used to reimburse workers' compensation expenses incurred in the workers' compensation claim.

New Cases Opened	• 27
Settled Cases	• 12

RECOVERY FY17Q1 – Q3



Year-to-Date Recovery (SIF, Restitution, Interest & Subrogation): **\$ 579,339.36**

EXHIBIT 16

State Office of Risk Management
Exhibit 16: Object of Expense

Object-of-Expense	Workers' Compensation	Risk Management
Salaries and Wages	3,765,196.15	2,324,892.41
Other Personnel Costs	131,257.15	52,494.81
Professional Fees and Services	1,249,571.98	5,261.32
Consumable Supplies	16,490.64	7,618.79
Utilities	15,337.89	2,106.79
Travel	62,664.37	101,965.69
Rent – Building	504.00	216
Rent – Machine and Other	15,054.27	6,451.83
Other Operating Expense	1,130,205.44	568,251.28
Capital Expenditures	0.00	0.00
Subtotal	6,386,281.89	3,069,258.92
Operating Costs (Workers' Compensation Claim Payments)	38,608,705.59	0
Total	44,994,987.48	3,069,258.92

EXHIBIT 17

State Office of Risk Management Exhibit 17: SORM Organizational Chart

Executive Director		
	Stephen Vollbrecht, Executive Director	Audrea Blake, Senior Executive Assistant/Office Manager
Deputy Executive Director		
	Todd Holt, Deputy Executive Director	
Strategic Programs Division	Legal Services Division	Internal Operations
Vacant Chief, Strategic Programs Vacant, Executive Assistant	Deea Western, Chief, Legal Services/General Counsel Karen Klaus, Executive Legal Assistant	Stuart B. Cargile, Chief, Internal Operations Cherie Swearengin, Executive Assistant
Worker's Compensation Lydia Scranton, Director of Workers' Compensation Team 1 Rachel Martinez, Supervisor, Workers' Compensation Robin Townsend, Senior Adjuster IV Linda Adams, Senior Adjuster IV Nancy Fisher-Pickett , Senior Adjuster IV Leonor Matano, Senior Adjuster IV Herbert Marti nez, Senior Adjuster III Chris Scroger, Adjuster II Christi na Sanchez, Adjuster II Diana Simer, Nurse Team 2 Mitchell Griffin, Supervisor, Workers' Compensation Martin Hockett, Senior Adjuster IV Geneva Lira, Senior Adjuster IV Brooke Hamilton Adjuster II Angela Lopez Adjuster II Angelica Maldonado-DeLeon, Adjuster II Vacant, Senior Adjuster III Vacant, Senior Adjuster III Team 3 Jessica Stone, Supervisor, Workers' Compensation Amy Thomas, Senior Adjuster IV Karen Thompson, Senior Adjuster IV Isabel Garcia, Senior Adjuster IV Heather Maxim, Adjuster II Karla Schneider, Adjuster II Courtney Williams, Adjuster II Vacant, Senior Adjuster III Amber Winsborough, Team Lead Alyssa Arrington, Medical Only Adjuster Alicia Faulstich, Medical Only Adjuster Cassandra Hernandez, Medical Only Adjuster Dana Jackson, Medical Only Adjuster Vacant, Medical Only Adjuster Vacant, Medical Only Adjuster	Litigation Department Red Tripp, Assistant General Counsel/Litigation Manager Emily Busby, Legal Assistant April Foradory, Legal Assistant Jill Guenther, Proceedings Specialist Craig Pollman, Proceedings Specialist Special Investigations Unit Ruth Alexander, Subrogation Manager Marisela (Mari) Herrera, Legal Assistant Adam Huwyler, Investigator Gary Ingram, Investigator Compliance and Practices Department Alan Ryman, Director of Compliance and Practices Keith Martin, Senior Staff Attorney Janine Lyckman, Senior Audit & Dispute Resolution Specialist Indemnity Quality Assurance Tshau Todman, Supervisor, Indemnity Carl Janecka, Quality Assurance Specialist (IV) Alice Jimenez, Quality Assurance Specialist (IV) Edwards Madkins, Quality Assurance Specialist (IV) Teresa Todman, Quality Assurance Specialist (IV) Irene Villela, Quality Assurance Specialist (IV) Medical Quality Assurance Unit Johnny Free, Supervisor, Medical Lee Ann Petrick, Quality Assurance Specialist (III) Jenna Ihrer, Quality Assurance Specialist (III) Rodney Henry, Quality Assurance Specialist (II) Patricia Martinez, Quality Assurance Specialist (II) Shannon O'Brien, Quality Assurance Specialist (II) Rhonda Frederick, Claims Examiner (II)	Human Resources Department Linda Griffin, Director of Human Resources Accounting and Finance Department Vacant, Director of Accounting and Finance Darwin Hamilton, Senior Accountant Belinda Hood, Senior Accountant Dawn Franklin, Accountant Marie Cervantes , Accounting Technician Kristin Johnson, Accounting Technician Vacant, Accounting Technician Vacant, Accountant Information Technology Department Ann Hallam, Director of Information Technology John Alexander, Senior Programmer Michael Littlejohn, Programmer Dingmin, Min, Programmer Nagaraj, Shree, Programmer Leonel Ramirez, Systems Analyst Lori Shaw, Systems Analyst Will Boiney, Systems Support Specialist Jennifer Whitwell, Systems Support Specialist Vacant, Programmer
Communications and Development Department Shelby Hyman, Director of Communications and Development John Ary, Media Specialist Neil Cook, Media Specialist Paul Harris, Governmental Liaison Tawn Ihnen, Industry Trainer Michelle Hammett, Training Consultant Kristoffer Janssen, Training Consultant Sam Stone, Training Consultant Mara Kelley, Webmaster Risk Management Department Michelle Ganaden, Director of Risk Management/Chief Risk Officer Frank Marcopolos, Senior Risk Manager Erika Gutierrez, Risk Manager Scott Olson, Risk Manager Christine Wright, Risk Manager Caleb Walker, Risk Manager Vacant, Risk Manager Iris Moore, Senior Insurance Manager Jacqueline Baynard, Insurance Manager Ally Santos, Insurance Manager Vacant, Insurance Manager Shelley Crain, Statewide Continuity Coordinator Vacant, Statewide Continuity Coordinator Document Processing Department Sally Molina, Director of Document Processing Alicia Gonzales, Receptionist Mechelle Lee, Receptionist Rose Cass-O'Hara, Document Specialist Amanda Dotson, Document Specialist Mary Ann Gonzales, Document Specialist Julie Milligan, Document Specialist Julia Ortiz, Document Specialist Tish Prentice, Document Specialist Patricia Sahley, Document Specialist Monica Ramos, Document Specialist Sylvia Ward, Document Specialist Vacant, Document Specialist Vacant, Document Specialist		

EXHIBIT 18

RM Administrative Assistant Procedures

Notary without Bond

Notary without Bond program is for STATE EMPLOYEES ONLY

As a state employee, those whom are charged with Notary duties for their course and scope of employment can become a Notary without purchasing a bond. A bond is not necessary for state employees because the state (OAG) will defend them against any claim/complaint of their notary duties that are within the course and scope of their employment.

Notaries without bond may notarize documents outside the scope of their employment, but they will not be covered by the state and are personally liable for any costs associated with a claim/complaint.

To learn more about the Notary process, procedures, and FAQs, view SORM's and the Secretary of State's webpage. Located on the SORM website is a link to a training video. It's highly recommended to watch the video to familiarize you with the Notary program.

SORM is charged with verifying state employment and ensuring that the acknowledgment form and payment are enclosed with the application for Notary with No Bond. After verifying state employment, the applications along with payment and any enclosed miscellaneous office memo(s) will be forwarded to the Secretary of State Notary Office to process payment and issue the notary certificate.

Be sure to use the Notary email account for all correspondences relating to Notaries. Currently, [Dawn Joyner](#) is your contact at the SOS. Any questions can be answered by her.

Overview of Procedures:

1. Receive and open mail (Accounting will call or email the RM ASSISTANT if there are applications with checks/warrants to be collected. The RM ASSISTANT will have to sign off verifying that you have picked up the checks/warrants);
2. Verify all three documents are received:
 - A. Signed and completed application for Notary without Bond (Form 2301-NB);
 - B. Signed and completed State Employee Acknowledgment Form (Form SORM 203);
 - C. Payment by Agency = Proof of Employment - \$11 filing fee: 1) Copy of an Interagency Transaction Voucher or Purchase Order (proof of electronic transfer), 2) State Agency or University Check, or 3) State Warrant;

RM Administrative Assistant Procedures

- D. Sometimes there is an internal office memo(s) attached as well and should be enclosed behind all required materials;
3. The RM ASSISTANT will verify state employment via sign and dating application(s) as verification;
4. Send application(s) to the Secretary of State Notary Office for final processing.

NOTE: One payment can be received for multiple applications. I.e. you receive an ITV/PO or check for \$33 indicating payment for 3 applications.

Detailed Process:

If the Acknowledgment Form or Payment is missing: Employment Verification cannot be processed. Use one of the following methods to obtain the missing items:

1. If the applicant included an email address on the application, send an email to the applicant. *Be sure to use the Notary email account and indicate that if a response is not received within 5 business days their application will be returned to their address provided. I usually print out the email that was sent and attach it to the application as a reminder to follow up. You do not want to hold on to incomplete applications more than a week. Notary documentation is "transitory" and is not to be permanently stored by SORM.*
2. If the applicant cannot be reached via email, it must be returned to the applicant's agency address provided on the application. Copies of cover letters can be found at: G:\Common\Notary Database\1Notary Return Letters\Sample return letters. There are templates in the folder for the most common issues. Choose the appropriate template and change the information as necessary to make it relevant to the applicant's issue:
 - A. All letters sent back to applicants are saved electronically. Save as: First Initial last name_MMDDYY (KHarward_011812). Save the letter at: G:\Common\Notary Database\1Notary Return Letters
 - B. Print the letter and envelope with address, and mail out with all the application materials attached. *Remember that addresses on all outgoing mail must be typed and not hand written. Use the "Mailings" tab on MS Word to print an envelope.*

If the applicant is not a State Employee:

1. Send a letter to the applicant stating employment verification cannot be completed because the applicant applying is not a state employee. Use the

RM Administrative Assistant Procedures

same templates and procedures as mentioned previously when sending a letter for missing items or information.

If all 3 items are present, processing Notaries: notary applications are processed in bunches. I.e. wait to accumulate 10 or more applications before processing.

1. Itemize in the following format: Application, Payment, and Memo(s) and separate the Acknowledgment form;
2. Fill in the SORM Verification section on the application by sign and date;
3. Bind the applications with payment and memo(s) together and put in an envelope to send to the Secretary of State. *Labels for the SOS can be found in the Resource binder.*
4. Bind all the Acknowledgment forms together and file away in the corresponding quarterly physical folder. *Put a post-it note with the total number of applications processed and date of completion.*

Note: Every fiscal quarter, the Insurance Managers will ask the RM ASSISTANT to report all notary applications **processed** as a requirement for the quarterly report. Revert back to your quarterly physical file of acknowledgment forms to obtain this information. A query in MS Access will only provide the date received which doesn't always coincide with the date processed.

Change in State Employment (SORM 204): A notary who transfers agencies or is terminated from an agency will fill out a SORM 204 and submit it to us via email or fax. The RM ASSISTANT is charged with processing and filing the form.

1. Upon receipt, check all information to make sure that it's completely filled out;
2. Print the form out, sign and date;
3. File in the Notary Status Change binder in alphabetical order;
4. Forward a copy of the form to the SOS Notary contact (*Currently, [Dawn Joyner](#)*).