

BOARD OF DIRECTORS'
MEETING AGENDA
July 14, 2020



State Office of Risk Management

300 W. 15TH, AUSTIN, TEXAS 78701 / P.O. BOX 13777, AUSTIN, TEXAS 78711-3777

(512) 475-1440, FAX (512) 370-9025 / WWW.SORM.TEXAS.GOV

Public Meeting

Board of Directors

July 14, 2020, 9:30 a.m.

William P. Clements Building, Room 604F

Austin, Texas

1. Call to order, roll call, and recognition of a quorum
2. Consideration and possible action to excuse previous board member absences
3. Approval of the minutes from the April 7, 2020, meeting
4. Presentation and discussion of Agency Operations Report
 - 4.1 Opening remarks from the Executive Director
 - 4.2 Presentation of division reports
5. New business
 - 5.1 Presentation, discussion, and action on Fiscal Year 2021 assessment totals
6. Old business
7. Public comment
8. Discussion and possible action on future meeting dates
9. Adjournment

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



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

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

Information

The Chair:

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

Action Required

The Chair recognizes a quorum is established.



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

Information

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

Action Required

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



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3. Approval of the minutes from the April 7, 2020, meeting

Information

Attached are the minutes from the April 7, 2020, meeting.

Action Required

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



**Minutes of the Public Meeting
on
April 7, 2020**

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

Board Members Lloyd Garland (Chair), Gerald Ladner, Rosemary Gammon, Tomas Gonzalez, and Ricardo Galindo were present.

- Item 1. Board Chair Garland called the public meeting to order at 9:32 a.m. on April 7, 2020. Board Chair Garland recognized Members present. A quorum was established.
- Item 2. Board Chair Garland called for a vote to excuse the previous absence from the October 22, 2019, meeting: Board Member Gonzalez. Board Member Gammon moved to excuse absence. Board Member Ladner seconded the motion, which carried without objection (5-0 vote).
- Item 3. Board Chair Garland asked Members to review the Minutes of the October 22, 2019, meeting. Hearing no changes, Board Member Ladner moved to accept. Board Member Gammon seconded the motion, which carried without objection (5-0 vote).
- Item 4. Board Member Gammon was given an opportunity to discuss and question the network usage performance under previous and new vendors. Discussion included in-network versus out-of-network costs and comparisons.
- Item 5. Agency Operations Report:
 - 5.1 Executive Director Overview. Stephen Vollbrecht (Executive Director and State Risk Manager) addressed the Office's measures limiting exposure to COVID-19, telecommuting, and then introduced the Agency Operations Report.
 - 5.2 Division Reports. Stuart B. Cargile (Chief of Internal Operations) and Linda Griffin (Director of Talent Management) introduced new employees, provided a list of current vacancies, and provided updates to turnover and internal transfer/promotion. Mr. Cargile, on behalf of Lori Shaw (Director of Accounting and Finance and Chief Financial Officer), presented the administrative budget focusing on travel and claim budget projected costs. Mr. Cargile with Leo Ramirez (Director of Information Technology) gave an update on current projects, including cyber security awareness, testing, and support. James Cox (Chief of Strategic Programs) introduced Shelby Hyman (Director of Communications and Development) to provide an update on the Learning Management System, pilot training, and YouTube views. Mr. Cox introduced Jackie Baynard (Director of Enterprise Risk) who presented an update on visit counts, COOP activity and recommendations, Notaries, and the Statewide

Insurance Program. Mr. Cox introduced Lydia Scranton (Director of Claims Operations) who presented an update on current workers' compensation claims with a focus on COVID-19 claims and process for handling all new claims. Mr. Vollbrecht expanded on COVID-19 questions and briefed the Board on the internal Critical Response Team. Deea Western (General Counsel and Chief of Legal Services) and Tshau Todman (Director of Indemnity Quality Assurance) presented an update on indemnity files. Janine Lyckman (Director of Medical Quality Assurance) provided an update on cost savings, network/non-network claims, pre-authorization requests, and prescription savings. Ms. Western introduced Red Tripp (Director of Litigation Management) who provided information on current litigation, fraud, and subrogation. Staff heard comments, tasks, and answered questions from the Board.

Item 6. New Business:

6.1 Mr. Cargile presented administrative and claims cost trend lines and staff recommendation range for the remaining Fiscal Year 2020 assessment totals with COVID-19 variables. Staff heard comments and answered questions from the Board. Board Member Gammon moved to accept the recommendation as decided for claims. Board Member Ladner seconded the motion, which carried without objection (5-0 vote). Board Member Ladner moved to accept the recommendation offered for operating budget. Board Member Gammon seconded the motion, which carried without objection (5-0 vote).

6.2 Ms. Western introduced Alan Ryman (Director of Compliance Management) to present overview, evaluation, and staff recommendations regarding the Risk Management Information System Request for Offer. Mr. Ryman and staff heard comments and answered questions from the Board. Board Member Ladner moved to approve staff recommendations for contract. Board Member Gammon seconded the motion, which carried without objection (5-0 vote).

Item 7. No Old Business.

Item 8. Public Comment via chat box on ZOOM regarding receipt of positive COVID-19 confirmations. The question was answered by Ms. Scranton whereas she explained the internal process of receiving a claim via medical billing and then the investigation to determine if the claim has a positive confirmation while maintaining communication with agency claims coordinators.

Item 9. Future Meeting Dates. Discussion on suggested dates for the next Board meeting. Board Chair Garland set July 14, 2020, as the next tentative in-person meeting date with a back-up of a virtual meeting and also a back-up date of July 7, 2020.

Item 10. Board Chair Garland adjourned the meeting at 11:55 a.m.



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4. Presentation and discussion of Agency Operations Report

4.1 Opening remarks from the Executive Director

Information

Stephen Vollbrecht, Executive Director, will provide opening remarks and information regarding recent activities affecting the Office and State.

Action Required

No official action requested, at this time.



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4. Presentation and discussion of Agency Operations Report (continued)

4.2 Presentation of division reports

Information

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

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

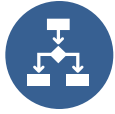
Action Required

No official action required.



AGENCY OPERATIONS REPORT FY20Q3 TO THE SORM BOARD OF DIRECTORS

July 14, 2020



EXECUTIVE ADMINISTRATION

EXECUTIVE OFFICE

I. NEW AOR FORMAT

- Designed for both virtual and physical use.

II. RESTRUCTURING AND NAMING

- Executive Administration: Now presented as in the report as a division, comprised of the Executive Office, Project Management, and Public Relations departments (formerly Communications and Development).
- Internal Operations: The Accounting and Finance department is now the Financial Management department.
- Legal Services: The former Compliance and Practices department is now the Compliance Management department, and oversees contracting, policies and procedures, and research and rulemaking. Litigation Management is now responsible for litigation, investigations, and subrogation. The Quality Assurance department is co-led and now reports directly to the General Counsel.

III. COVID-19 RESPONSE

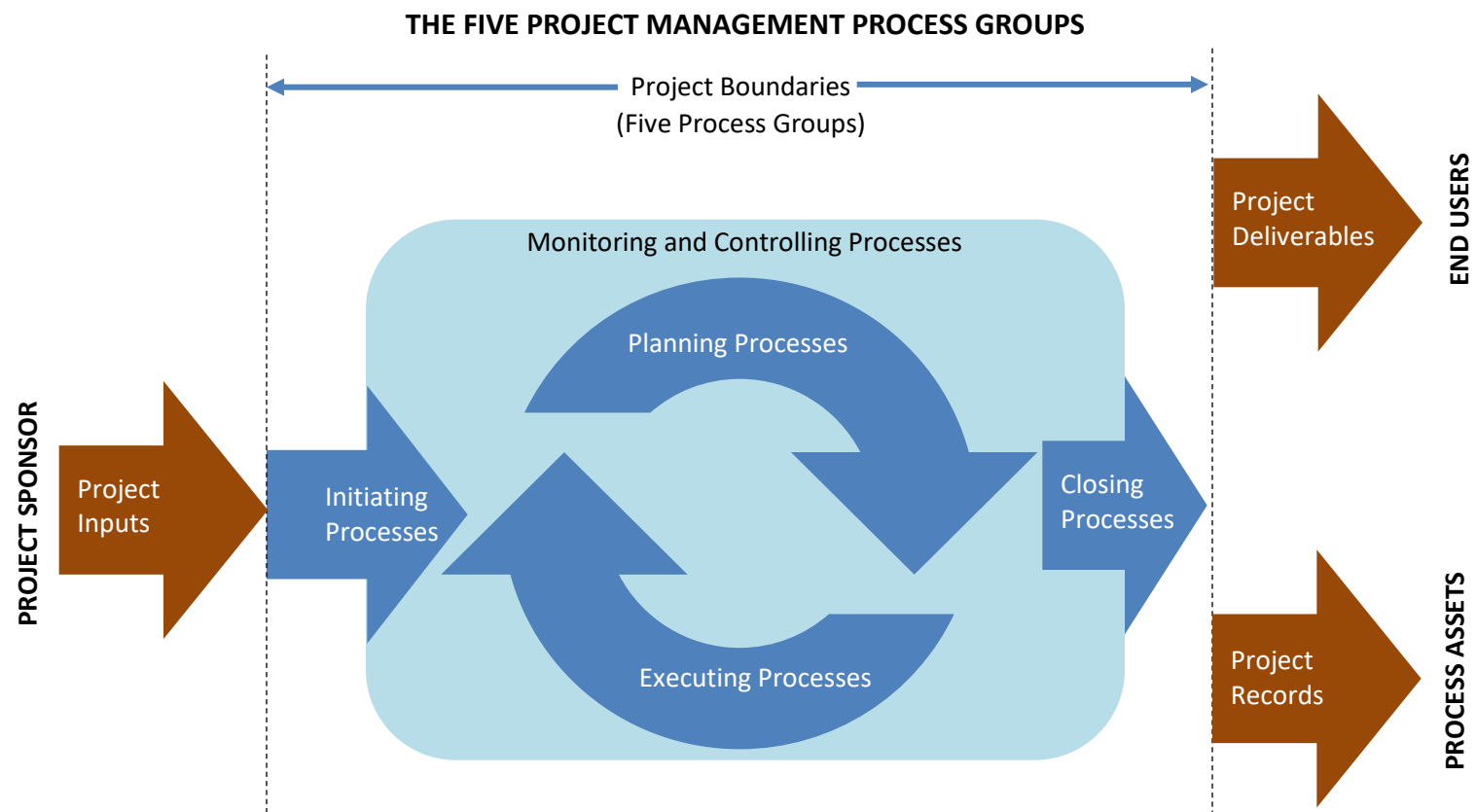
- Contingency operations status extended to October 1, 2020, subject to further review. Return-to-Site transition plan provided to all staff for staged return.
- Office modifications, including staggered shift/telework/on-site/hybrid for employees (approximately 51% on-site); report protocols for presumptive positive employees and notification procedures for at-risk colleagues; hygiene expectations consistent with medical guidelines; temperature check station(s).
- Daily communications with the Office of the Governor and House Appropriations and increased consultations with client agencies.
- Expedited transition to telework infrastructure.

PROJECT MANAGEMENT

Project Management Goals

- Expand Project Management Knowledge
- Promote Project Collaboration
 - Broaden awareness – Breakdown the silos
- Promote Project Management Consistency
 - Identify and Focus on Key Project Management Concepts
- Improve Project Tracking and Reporting

SORM PROJECT MANAGEMENT FRAMEWORK 1.0



This diagram is adapted from the *Guide to Project Management Body of Knowledge (PMBOK Guide)*, 5th Edition

Screencapture of SORM Project Management Dashboard

SORM Intranet Project Management



Project Management

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[Add a New Project](#)

[How to Use the Backlog](#)

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Published 3/26/2020 [✎ Edit](#)

Welcome to the Project Management Site

Below you can access the executive project summary, view or update your department's projects in the backlog, or add a new project to the backlog.

Executive Project Summary



View or Update Your Department Project Status

[Claims Operations](#)

[Compliance Management](#)

[Document Processing](#)

[Enterprise Risk](#)

[Financial Management](#)

[Indemnity Quality Assurance](#)

[Information Technology](#)

[Litigation Management](#)

[Medical Quality Assurance](#)

[Public Relations](#)

[Project Management](#)

[Talent Management](#)

Add a New Project to the Backlog

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Executive Project Summary

Department, Category, and Status Totals

| Departments | Project Total | New RMIS | Legislative Requirement | External Audit Finding | SORM Must Have | Other | Not Started | Pending Approval | In Progress | On Hold |
|---|---------------|-----------|-------------------------|------------------------|----------------|-----------|-------------|------------------|-------------|-----------|
| Claims Operations | 3 | 1 | 2 | 0 | 0 | 0 | 0 | 0 | 3 | 0 |
| Compliance Management | 5 | 2 | 0 | 2 | 1 | 0 | 0 | 0 | 5 | 0 |
| Document Processing | 4 | 1 | 0 | 0 | 0 | 3 | 4 | 0 | 0 | 0 |
| Enterprise Risk | 6 | 1 | 1 | 0 | 3 | 1 | 1 | 0 | 4 | 1 |
| Financial Management | 5 | 1 | 1 | 0 | 2 | 1 | 1 | 0 | 2 | 2 |
| Indemnity Quality Assurance | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| Information Technology | 25 | 4 | 0 | 0 | 5 | 16 | 3 | 1 | 15 | 6 |
| Litigation Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Medical Quality Assurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Relations | 6 | 2 | 0 | 0 | 1 | 3 | 2 | 0 | 2 | 2 |
| Project Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Talent Management | 6 | 2 | 0 | 2 | 1 | 1 | 3 | 0 | 3 | 0 |
| SORM | 2 | 1 | 0 | 1 | 0 | 0 | 1 | 0 | 1 | 0 |
| Total | 63 | 16 | 4 | 5 | 13 | 25 | 15 | 1 | 36 | 11 |

Project Category Definitions

- *New RMIS*
- *Legislative Requirement*
- *External Audit Finding*
- *SORM Must Have*
- *Other*

Project Priority Definitions

- *High* - High/Critical Importance with results providing added value
- *Medium* - Projects providing added value but not immediately critical to the Business function - time sensitive
- *Low* - Projects providing added value but not critical to the Business function - not time sensitive

Project Status Definitions

- *In Progress* - Project has started
- *Not Started* - Project has not started
- *On Hold* - Project was in progress but put on Hold
- *Pending Approval* - Project has been submitted to EC and waiting decision
- *Withdrawn* - Project has been withdrawn by project Sponsor

Project Size (ROM) Definitions

- *Very Large* - Projects greater than 90 business days in duration
- *Large* - Projects between 60 and 90 business days in duration
- *Medium* - Projects between 30 and 60 business days in duration
- *Small* - Projects less than 30 business days in duration
- *TBD* - Projects size has not been determined

QUARTERLY STATISTICS

| | | Opened | Completed | Withdrawn | In Progress | On Hold | Pending Approval | Not Started |
|------------------------|-----------|--------|-----------|-----------|-------------|---------|------------------|-------------|
| Prior to FY20Q1 | | 7 | 0 | 0 | 2 | 0 | 0 | 1 |
| FY20 | Q1 | 62 | 6 | 4 | 17 | 10 | 0 | 10 |
| | Q2 | 25 | 23 | 0 | 6 | 1 | 1 | 1 |
| | Q3 | 21 | 18 | 0 | 11 | 0 | 0 | 1 |
| | Q4 | 1 | 3 | 0 | 1 | 0 | 0 | 0 |
| 2021 | Q1 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | Q2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Q3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Q4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Totals | | 118 | 50 | 4 | 37 | 11 | 1 | 15 |

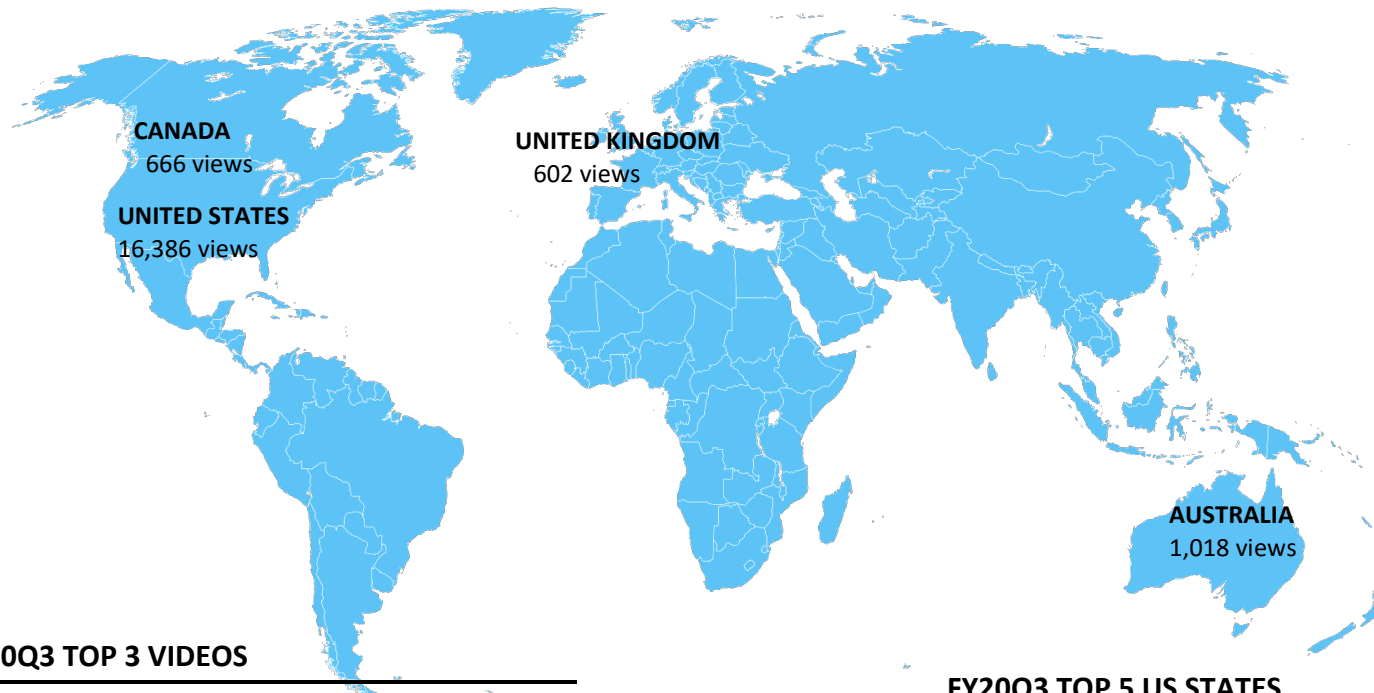
PUBLIC RELATIONS

During FY20Q3, Public Relations focused on translating classroom-based training to virtual platform delivery and provided virtual support on statewide advisory calls. Virtual classes included pre-recorded Driving Safety class specific to the Texas Military Department (TMD); Proper Use of Personal Protective Equipment (PPE) specific to the Texas Facilities Commission (TFC) in collaboration with the Austin-Travis County EMS to show proper use of PPE such as masks, gloves, gowns, and proper hand and workplace hygiene; Workers' Compensation Claims Coordinator Training modified as a pilot uncredited course to determine online effectiveness; and Additional Duty Safety Officer (ADSO) Orientation to further test the online platform.

Agency Training for FY20Q3

| Virtual Course Name | Classes Taught | Students |
|---|----------------|------------|
| Additional Duty Safety Officer (ADSO) Orientation | 1 | 1 |
| Continuity of Operations Planner's Course | 1 | 40 |
| Driving Safety | 18 | 323 |
| Proper Use of Personal Protective Equipment | 1 | 85 |
| Workers' Compensation Claims Coordinator Training | 1 | 13 |
| TOTAL | 20 | 462 |

| Classroom Course Name | Classes Taught | Students |
|---|----------------|------------|
| Conflict Resolution | 1 | 15 |
| Driving Safety | 6 | 122 |
| GHS/HazCom/SDS | 1 | 28 |
| Heat Stroke and Heat Related Illness Prevention | 1 | 18 |
| Lifting Safety and Back Injury Prevention | 1 | 15 |
| Personal Safety and Situational Awareness | 1 | 21 |
| Slips, Trips, and Falls | 1 | 18 |
| TOTAL | 12 | 237 |



FY20Q3 TOP 3 VIDEOS

| | |
|---|-------------|
| How to Survive an Active Shooter | 9,876 views |
| Office Ergonomics – Quick and Fun Guide | 2,936 views |
| How to Prevent Heated-Related Illness | 2,239 views |

FY20Q3 TOTAL

| | |
|-------------|--------|
| Total views | 23,914 |
|-------------|--------|

FY20Q3 TOP 5 US STATES

| State | Views |
|------------|-------|
| Texas | 818 |
| California | 798 |
| Washington | 242 |
| New York | 211 |
| Florida | 137 |

Public Relations Outreach

Public Relations is continuing to expand outreach efforts. Future reporting will include notable matters and correspondence with the legislature, constituents, client agencies, and/or the general public.

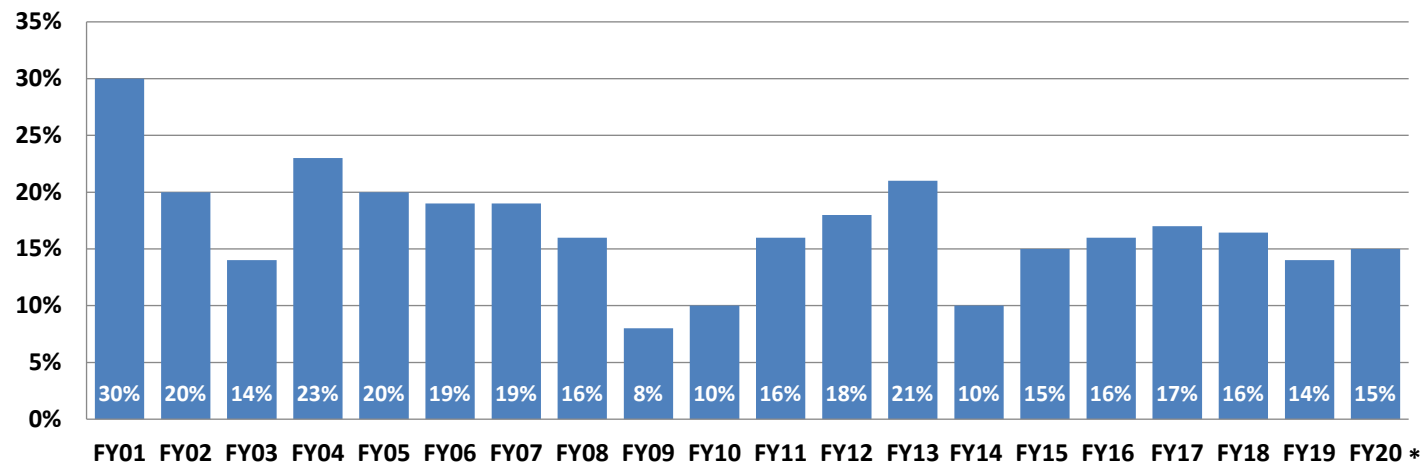


INTERNAL OPERATIONS

TALENT MANAGEMENT

| New Hires | Vacancies |
|---|---|
| Emily Crase, Receptionist | Data Manager |
| Guille Crenwelge, Risk Manager | Public Relations Liaison |
| Amanda Harrison, Accountant | Executive Assistant to Chief of Internal Operations |
| Roger Kovalcheck, Risk Manager | Risk Manager |
| Nick Witkowski, Insurance Account Manager | Training Consultant |
| | Document Specialist |

Annual Turnover Rates



*ANNUALIZED

FINANCIAL MANAGEMENT

FY20 AGENCY (CONSOLIDATED) BUDGET

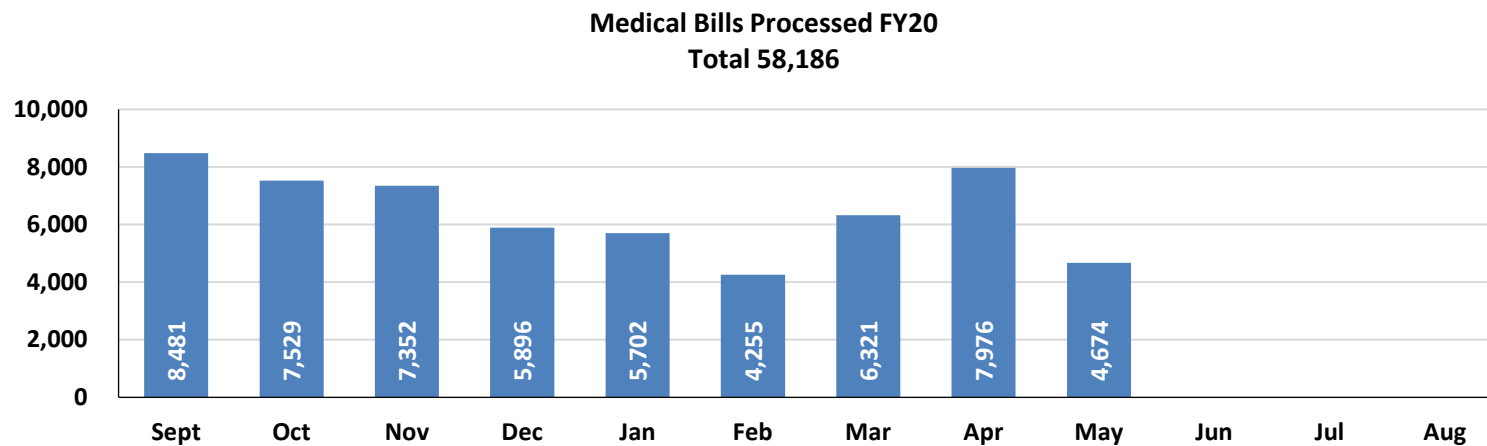
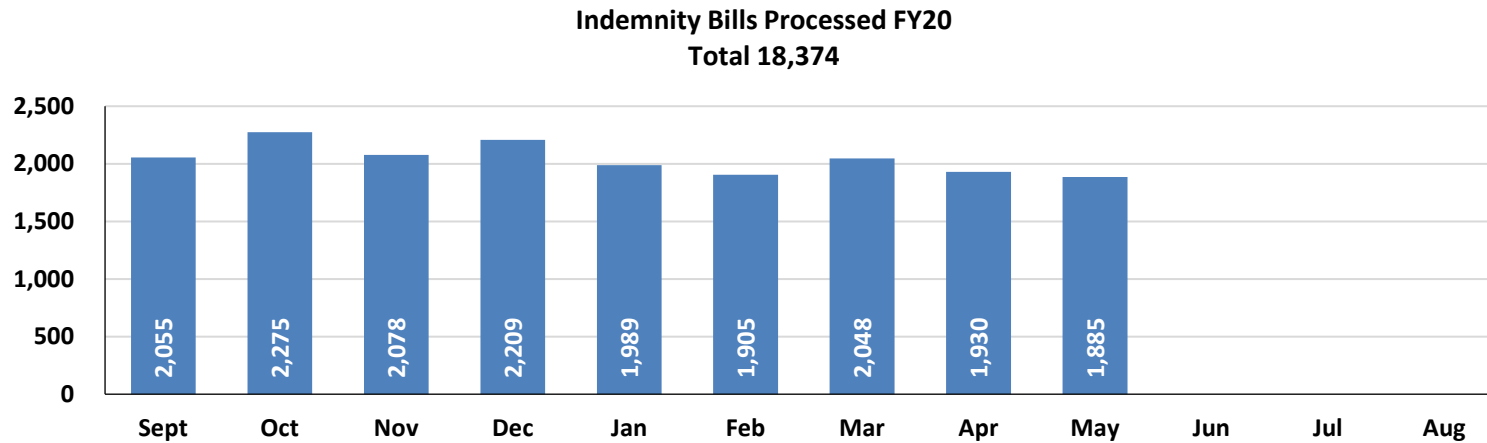
May 31, 2020

| Objects of Expense | Initial Budget: | Adjustments Transfers (+ In, - Out) | Revised Budget: | Expenditures Year to Date @ 5/31/2020 | Encumbrances @ 5/31/2020 | Remaining Budget @ 5/31/2020 | Unpaid Expenses Incurred | Percent of Budget Expended/Incurred | Percent of Fiscal Year Elapsed |
|-----------------------|-------------------|-------------------------------------|-------------------|---------------------------------------|--------------------------|------------------------------|--------------------------|-------------------------------------|--------------------------------|
| Salaries & Wages | 7,400,000 | 0 | 7,400,000 | 4,720,978 | 0 | 2,679,022 | 585,553 | 71.7% | 75.0% |
| Other Personnel Costs | 250,000 | 0 | 250,000 | 153,623 | 0 | 96,377 | 30,847 | 73.8% | 75.0% |
| Professional Services | 1,500,000 | 0 | 1,500,000 | 830,292 | 1,008,885 | (339,177) | (23,478) | 53.8% | 75.0% |
| Consumable Supplies | 32,000 | 0 | 32,000 | 17,734 | 0 | 14,266 | 0 | 55.4% | 75.0% |
| Utilities | 5,500 | 0 | 5,500 | 3,297 | 0 | 2,203 | 108 | 61.9% | 75.0% |
| Travel | 150,000 | 0 | 150,000 | 95,339 | 0 | 54,661 | 0 | 63.6% | 75.0% |
| Rental of Space | 720 | 0 | 720 | 720 | 0 | 0 | 0 | 100.0% | 75.0% |
| Rental of Equipment | 22,500 | 0 | 22,500 | 7,537 | 0 | 14,963 | 1,748 | 41.3% | 75.0% |
| Operating Costs | 2,118,504 | 0 | 2,118,504 | 1,117,927 | 14,238 | 986,339 | 55,936 | 55.4% | 75.0% |
| Capital Expenditures | 250,000 | 0 | 250,000 | 0 | 0 | 250,000 | 0 | 0.0% | 75.0% |
| Total | 11,729,224 | 0 | 11,729,224 | 6,947,446 | 1,023,123 | 3,758,655 | 650,714 | 64.8% | 75.0% |

| Objects of Expense | Initial Budget: | Adjustments Transfers (+ In, - Out) | Revised Budget: | Expenditures Year to Date @ 5/31/2020 | | Remaining Budget @ 5/31/2020 | | Percent of Budget Expended/Incurred | Percent of Fiscal Year Elapsed |
|---------------------------|-------------------|-------------------------------------|-------------------|---------------------------------------|--|------------------------------|--|-------------------------------------|--------------------------------|
| Indemnity | 17,669,415 | (871,106) | 16,798,309 | 10,977,753 | | 5,820,555 | | 65.4% | 75.0% |
| Medical | 22,898,335 | (1,128,894) | 21,769,441 | 13,238,434 | | 8,531,008 | | 60.8% | 75.0% |
| Total Exps. | 40,567,750 | (2,000,000) | 38,567,750 | 24,216,187 | | 14,351,563 | | 62.8% | 75.0% |
| Subrogation & Restitution | (567,750) | 0 | (567,750) | (771,095) | | 203,345 | | 135.8% | 75.0% |
| Net Total | 40,000,000 | (2,000,000) | 38,000,000 | 23,445,092 | | 14,554,908 | | 61.7% | 75.0% |

FY20Q3 PROJECTION

| | Actual Costs as of 06/25/20 | Based on Even Distribution | Based on 15 Year Avg. (FY2004 - FY2018) | Based on 10 Year Avg. (FY2009 -FY2018) | Based on 5 Year Avg. (FY2014 - FY2018) | Worst Case Assumed |
|--|-----------------------------------|-------------------------------|---|--|--|--------------------|
| Indemnity | | 81.64% | 82.28% | 82.35% | 81.88% | 81.64% |
| Medical | | 81.64% | 82.74% | 83.22% | 83.18% | 81.64% |
| Recovery | | 81.64% | 84.40% | 79.35% | 79.56% | 100.00% |
| FY 2020 Projections | | | | | | |
| Indemnity | 12,023,908 | 14,727,270 | 14,612,801 | 14,600,553 | 14,684,529 | 14,727,270 |
| Medical | 14,279,453 | 17,489,934 | 17,258,830 | 17,158,837 | 17,167,853.67 | 17,489,934 |
| Recovery | (772,045) | (945,627) | (914,785) | (973,020.64) | (970,335) | (772,046) |
| | 25,531,315 | 31,271,578 | 30,956,845 | 30,786,367 | 30,882,048 | 31,445,158 |
| Average of four different projection bases and "worst case" | | | | | | 31,068,400 |
| Gross Costs Only | 26,303,361 | 32,217,204 | 31,871,630 | 31,759,390 | 31,852,382 | 32,217,204 |
| Average of four different projection bases and "worst case" | | | | | | 31,983,562 |



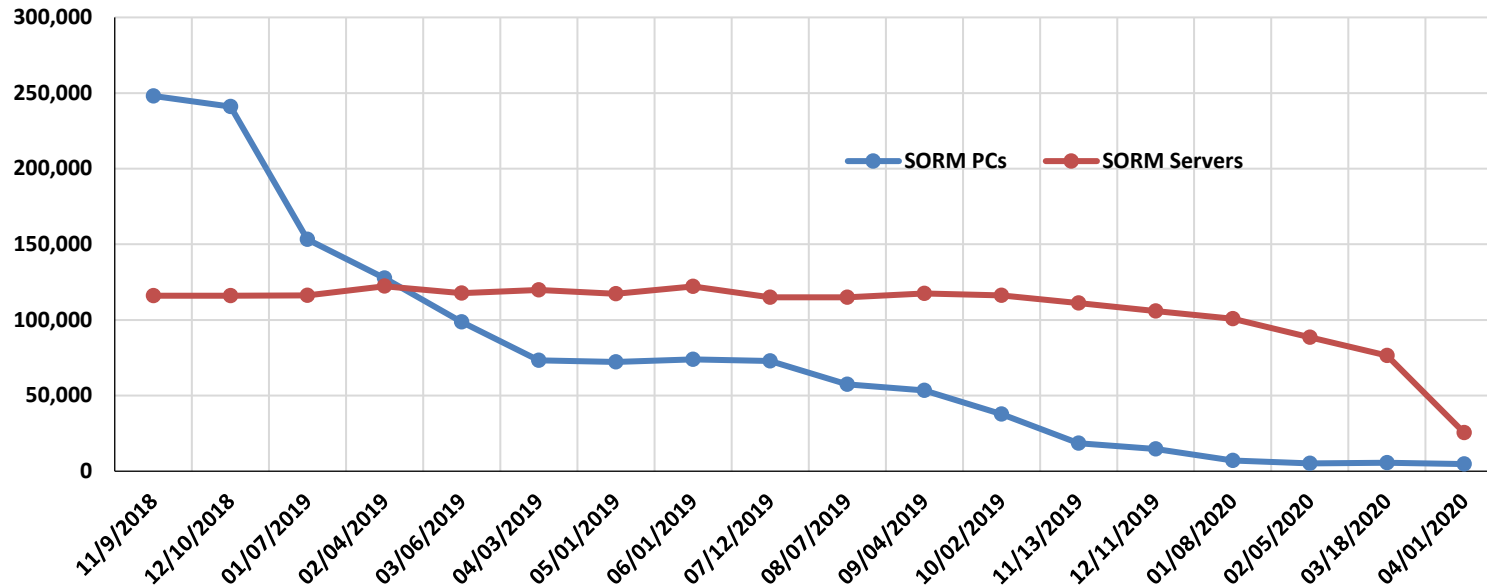
INFORMATION TECHNOLOGY

I. ONGOING AGENCY SUPPORT

Information Technology (IT) continues to support the agency operations through infrastructure support, processing, and reporting. Significant areas of activity in FY20Q3 include:

| Area | Task |
|--|--|
| Equipment – Servers, desktops, laptops, and peripherals | <ul style="list-style-type: none"> • Replaced 30 unsupported laptops with new laptops to allow for remote connectivity for staff • Rebuilt and deployed backup server |
| Software changes (mainframe, web, client/server and PC applications) | <ul style="list-style-type: none"> • Upgrading servers to new Windows 2016, for better functionality and security • Completed Application Server structure improvements • Updated web/mainframe development projects in Team Foundation Sever (TFS) |
| Projects for Business Owners | <ul style="list-style-type: none"> • Data Analysis for new RMIS System: Data repositories, data types, and data size needed • Automated EOB transfers to FileNet • SORM PLN letter templates revised and updated as required • Rewriting the EOR Parser program for better usage and security • Rewriting the Employee Checklist with Talent Management as the project champion |
| Cybersecurity | <ul style="list-style-type: none"> • Inerability Scan Reports for SORM computers and servers <ul style="list-style-type: none"> ○ Installed updates on computers and servers to address vulnerabilities and comply with cybersecurity standards ○ SORM successfully reached a 90% reduction in vulnerabilities for all computing systems • Met with OAG’s Cybersecurity team to assess current and future vulnerabilities and plan for addressing possible cyber threats <ul style="list-style-type: none"> ○ SORM vulnerabilities continue decreasing at a steady rate for all our devices, including desktops, laptops, tablets, and printers |
| Behind the scenes improvements | <ul style="list-style-type: none"> • Batch Processing Standardization • Security upgrades/updates to web applications and batch programs • Updating technical documentation |
| Other Items | <ul style="list-style-type: none"> • Completed the Agency Security Plan statutory report • Provided application and desktop support to SORM staff • Managed and supported server and mainframe infrastructure • Supported the external website server and/or database changes • Supported the new Intranet server and/or database changes |

Change in Vulnerabilities Risk Score per Asset since Nov 2018



II. ANTICIPATED ACTIVITY

In addition to routine support functions congruent with operations for the Office, we anticipate the following activities during FY20Q4 and beyond:

- A. RMIS Implementation
- B. Perform an Information Security Assessment
- C. Implement the System Center Configuration Manager (SCCM)
- D. Update PHP frameworks to improve our security posture
- E. Continue supporting external website and intranet server/database
- F. Continue supporting the new Learning Management System (LMS) server/database

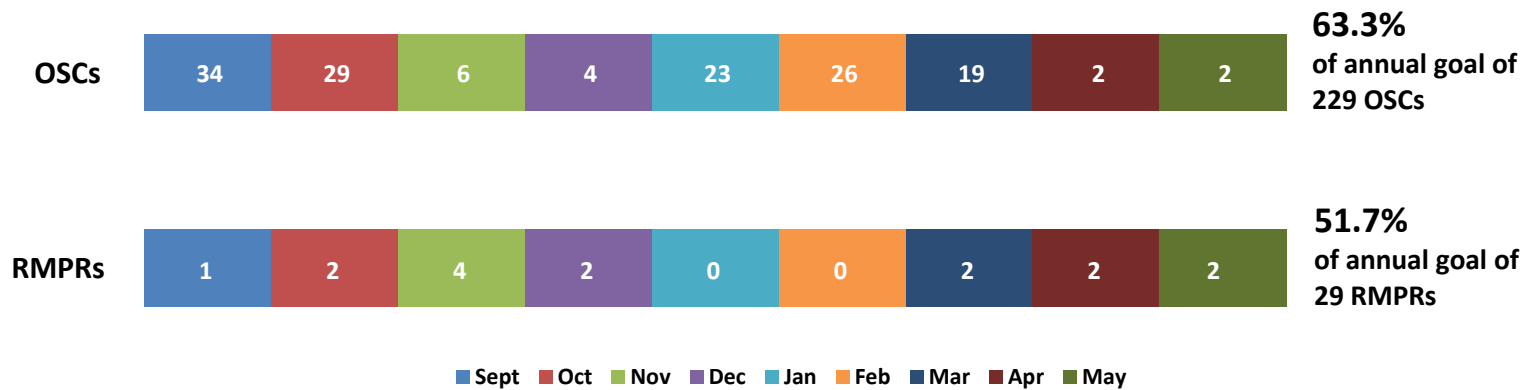


STRATEGIC PROGRAMS

ENTERPRISE RISK

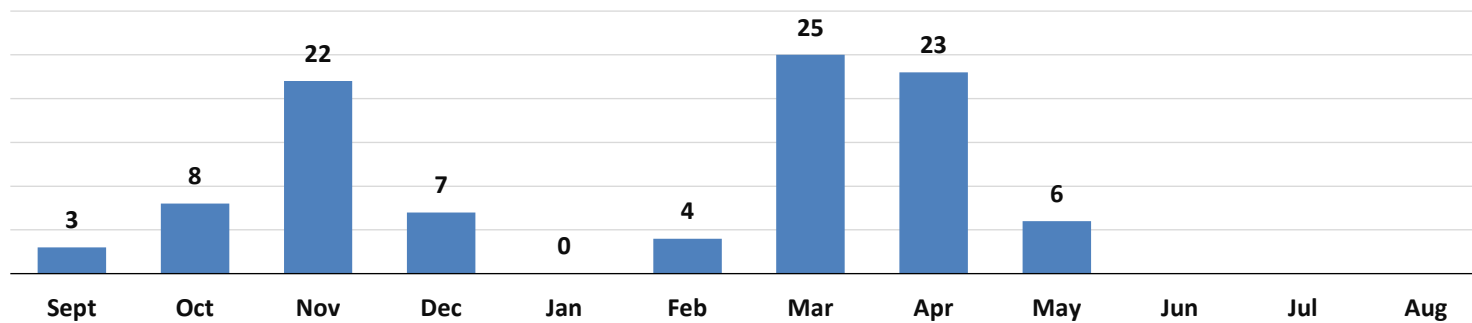
I. STATEWIDE RISK MANAGEMENT PROGRAM

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

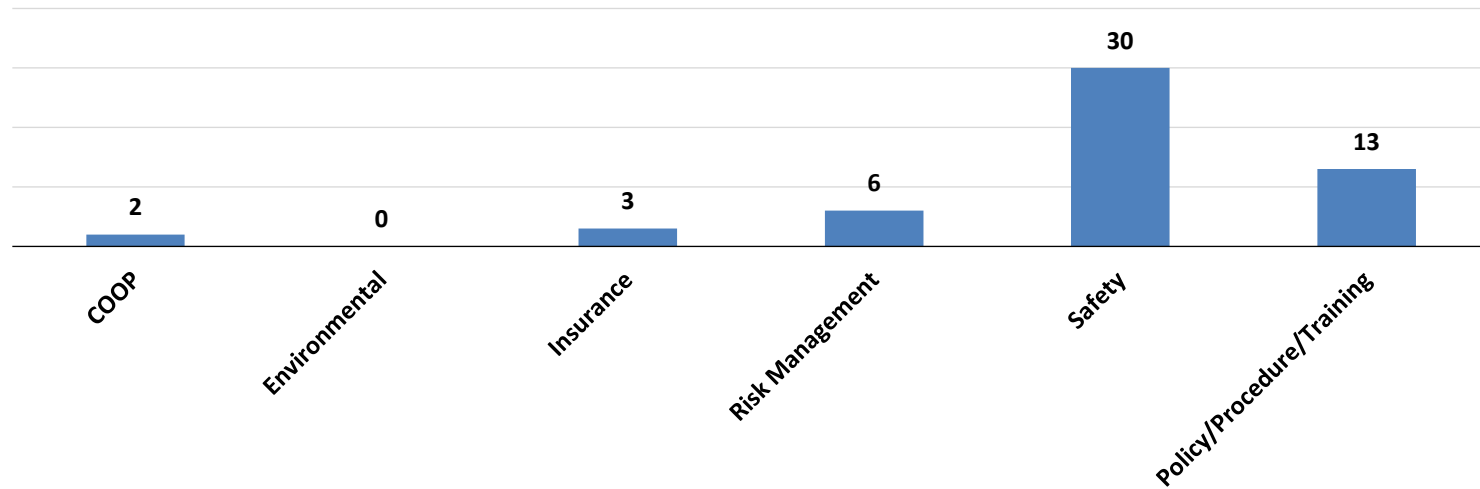


Recommendations Given FY20Q1 - FY20Q3

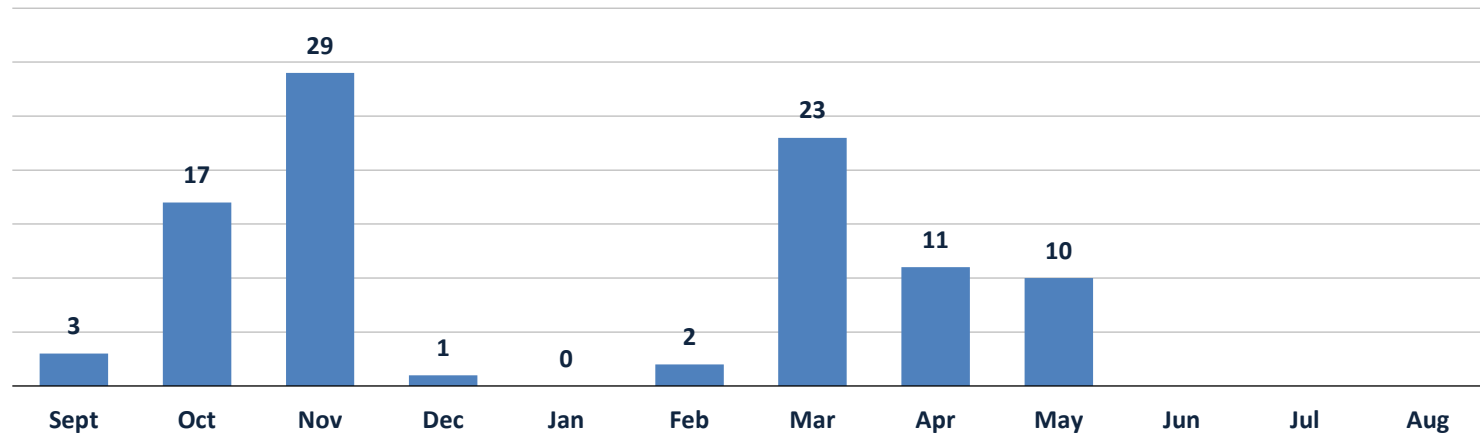
Total: 98



Category of Recommendations FY20Q3
Total: 54



Closed Recommendations FY20Q1 - FY20Q3
Total: 96



II. STATEWIDE CONTINUITY OF OPERATIONS (COOP) PROGRAM

COOP Activity FY20Q3

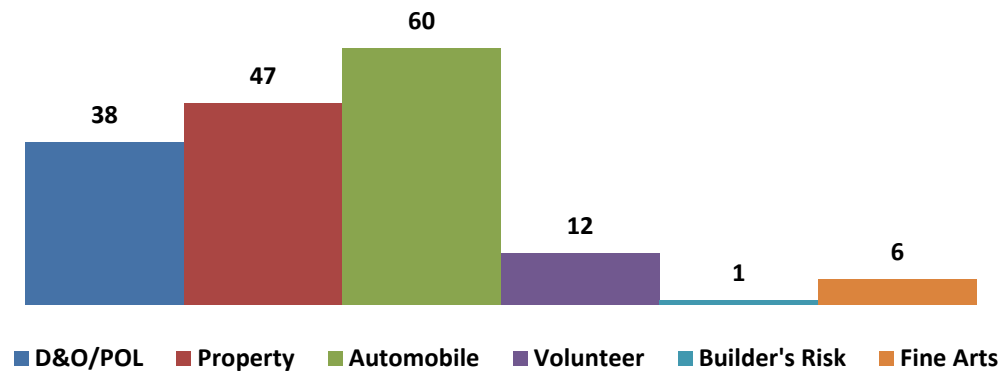
| | |
|----------------------------------|----|
| State entity plans evaluated | 2 |
| State entity exercises evaluated | 13 |
| Onsite consultations | 4 |
| Training programs conducted | 1 |

COOP Recommendations FY20Q3

| | |
|-------------------------------|---|
| Essential functions | 2 |
| Budgeting and acquisition | 2 |
| Multi-year strategic planning | 1 |
| Alternate facilities | 1 |
| COOP standards | 1 |

III. STATEWIDE INSURANCE PROGRAM

A. PARTICIPANTS IN STATEWIDE INSURANCE LINES FY20Q3



B. MONITORING

400 notary applications were processed during FY20Q3

C. INSURANCE PURCHASES

Number of SORM 201s processed: 13
Number approved and premium paid: 13 for \$281,831

SORM 201s FY20Q3

| Line | Approved | Comments | Premium |
|--|----------|---|------------------|
| Mortgage Bakers Professional Liability | Yes | Renewal of Mortgage Bankers Errors and Omissions (E&O) insurance policy. Designed to cover the insured for financial liability if they commit an error or omission in performance of professional duties. | \$10,584 |
| Hull &PI | Yes | Commercial hull, protection and indemnity (P&I) coverage protects the vessel owner against legal liabilities arising out of negligence in the operation of a vessel. | \$28,254 |
| Blanket Accident | Yes | This policy provides coverage for children's summer camp activities conducted on the agency's campus. This protects the agency against liability claims for bodily injury. | \$9,492 |
| Crime | Yes | Universities have a common exposure of potential crime hazards due to their employees handling money in the form of cash, checks, and credit cards. This commercial crime policy is designed to mitigate potential exposure from criminal acts. | \$8,512 |
| Foreign Package | Yes | A Foreign Package policy is designed to cover multiple coverages while covered persons are traveling abroad. In this case, the policy covers general liability, corollary, auto liability and physical damage. | \$4,176 |
| General Liability | Yes | General Liability insurance is designed to protect an organization against liability claims for bodily injury or property damage that they may be held responsible for. This policy is a requirement of the lease agreement. | \$23,325 |
| Medical Professional | Yes | A Professional Liability policy designed to cover the insured for financial liability if they commit an error or omission (E&O) in performance of professional duties. | \$145,000 |
| Liability | Yes | Special Events General Liability insurance coverage is designed to protect the named insured against lawsuits arising from third parties for bodily injury or property damage that occur at an event. | \$3,082 |
| D&O | Yes | Purchase of a Directors and Officers (D&O) Liability policy on behalf of agency. | \$6,958 |
| Cyber Liability | Yes | The policy transfers some of the risk related to covering expenses, such as notification and forensics, if there is a privacy event, security incident, or breach. | \$25,733 |
| Hull &PI | Yes | Commercial Hull, Protection and Indemnity (P&I) coverage protects the vessel owner against legal liabilities arising out of negligence in the operation of a vessel. | \$2,936 |
| Volunteer | Yes | Annual renewal of the Volunteer Insurance Policy for a foster grandparent program. This is a federally funded grant program which requires this specific insurance coverage in order to be an eligible sponsor of the program. | \$4,704 |
| Cyber Liability | Yes | The policy transfers some of the risk related to covering expenses, such as notification and forensics, if there is a privacy event, security incident, or breach. | \$9,075 |
| TOTAL | | | \$281,831 |

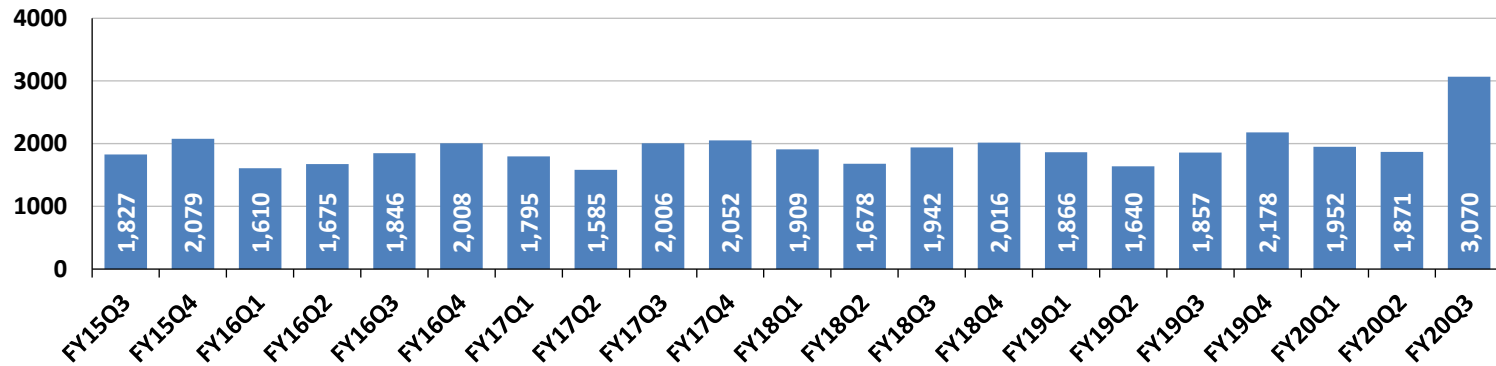
CLAIMS OPERATIONS

I. CLAIMS OPERATIONS ACTIVE WORKLOAD FY20Q3

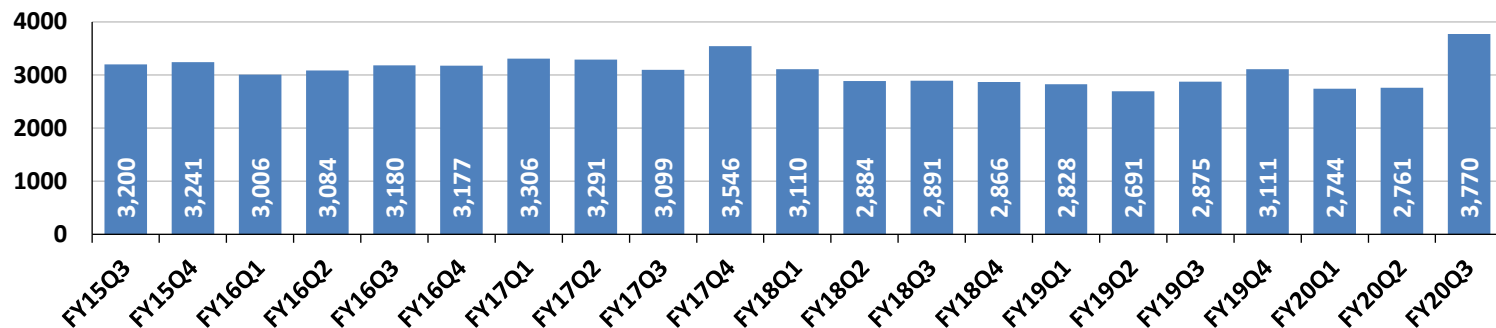
Claims Operations continues to conduct thorough investigations in the initial stages and focuses on maintaining active follow up.

- A. SORM received 3,070 injury reports (claims) in FY20Q3, which is an increase from the number of injury reports received in FY20Q2 (1,871)
- B. 1,889 claims were accepted
- C. 1,779 claims were inactivated
- D. SORM had 3,770 open claims at the end of FY20Q3

Claims Received per Quarter



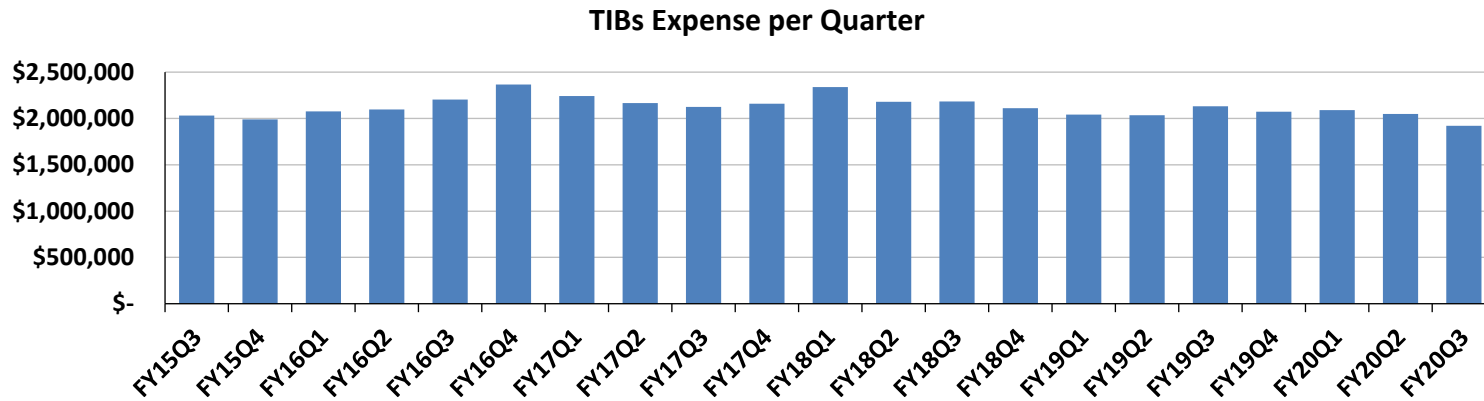
Claims Open per Quarter



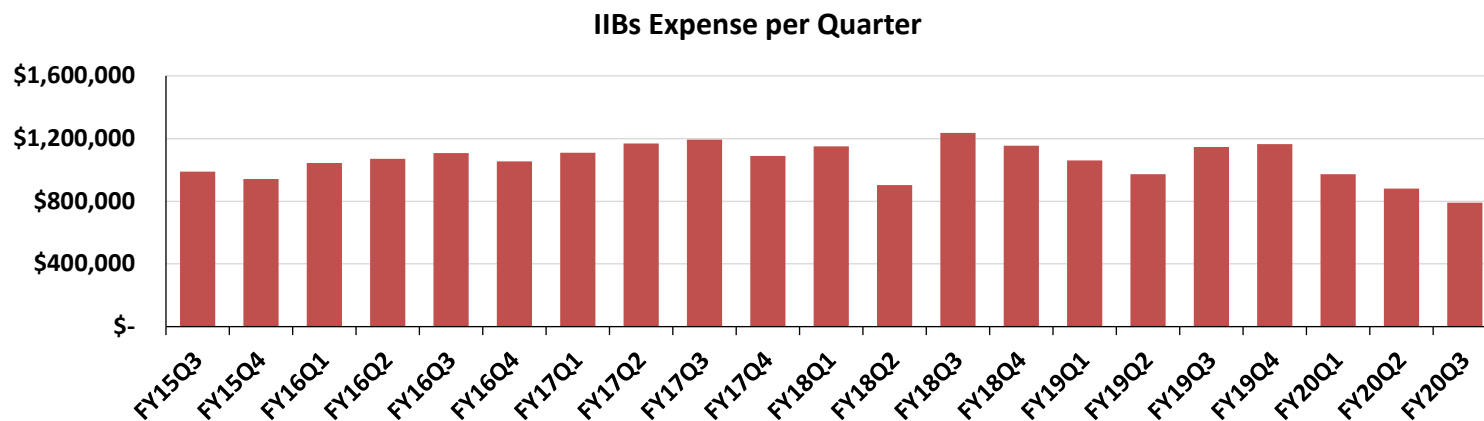
II. ANALYSIS OF INCOME BENEFITS EXPENSES FOR FY20Q3

- A. FY20Q3 reflects a slight decrease in TIBs indemnity costs from FY20Q2
- B. TIBs payments were \$1,922,246 and IIBs payments were \$791,556 in FY20Q3
- C. At the end of FY20Q3, there were 501 TIBs, 146 IIBs, 22 SIBs with payment, 12 LIBs, and 60 DIBs claims open

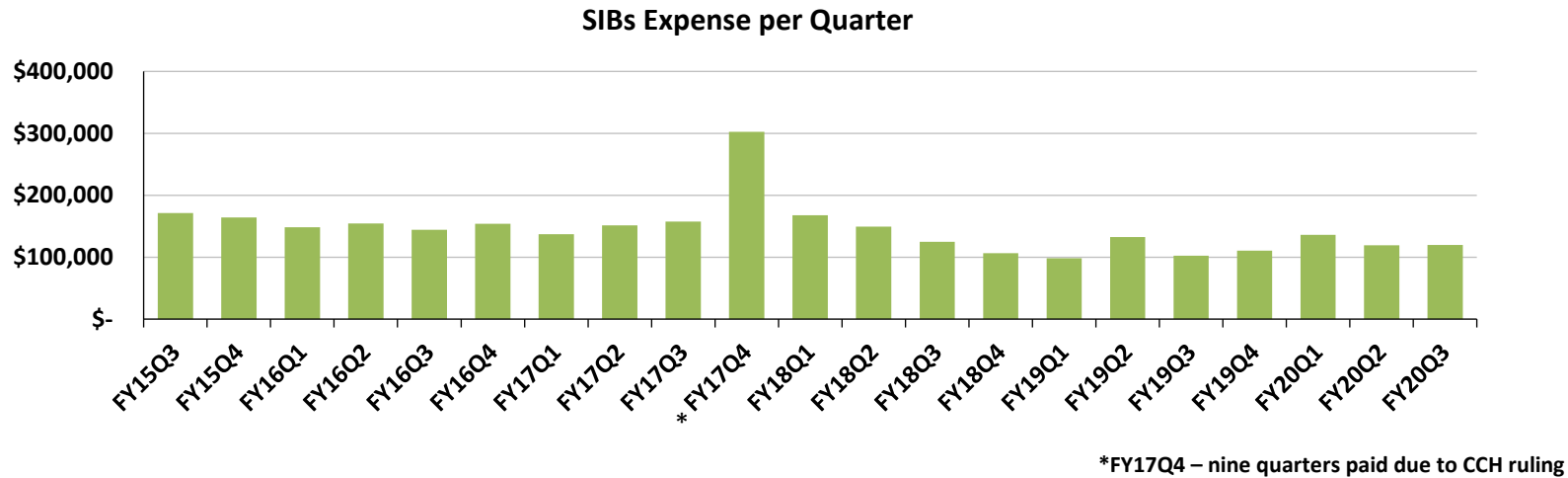
Temporary Income Benefits (TIBs) expenditures for FY20Q3 totaled \$1,922,246 on 501 claims



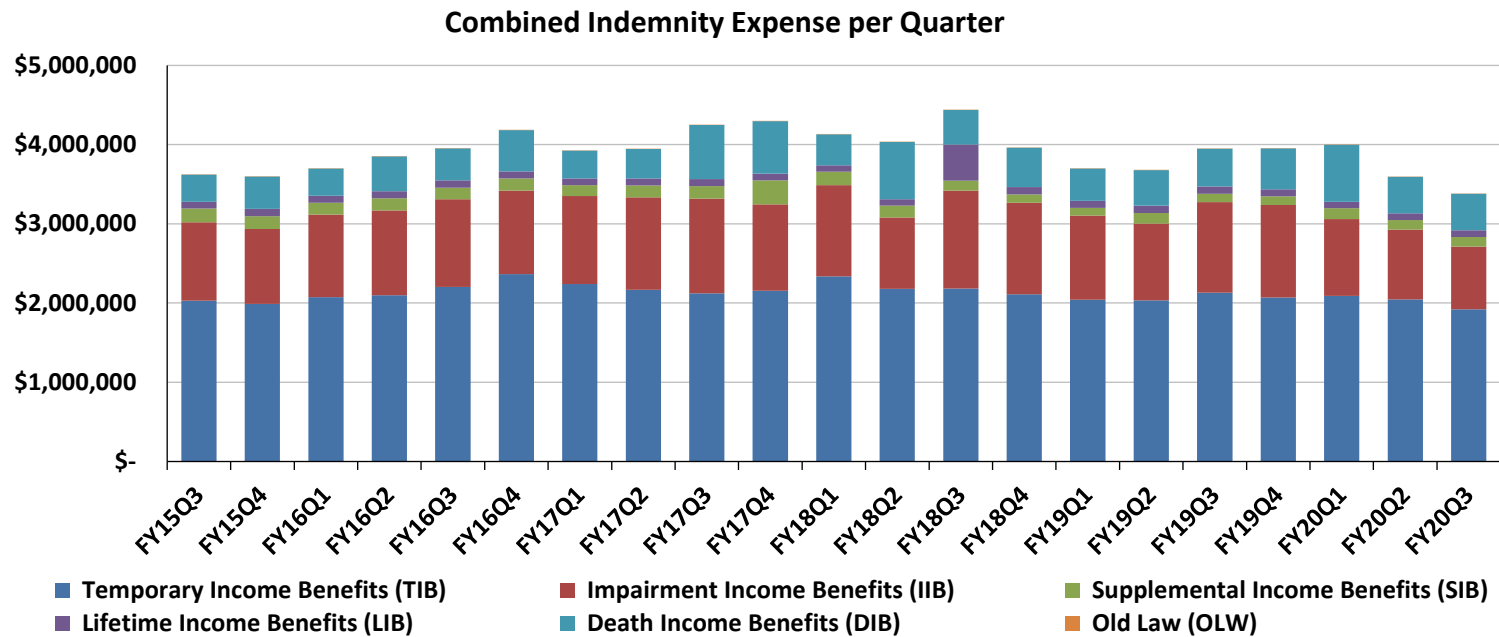
Impairment Income Benefits (IIBs) expenditures for FY20Q3 totaled \$791,556 on 146 claims



Supplemental Income Benefits (SIBs) expenditures for FY20Q3 totaled \$119,546 on 21 claims



Combined indemnity expenditures for FY20Q3 totaled \$3,381,901 on 692 claims





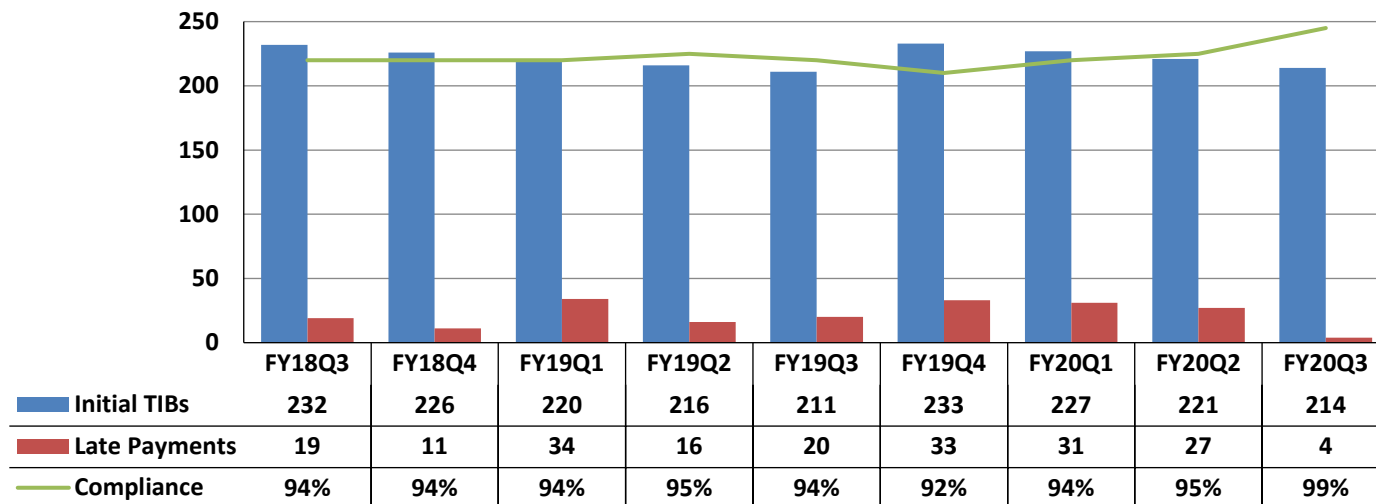
QUALITY ASSURANCE

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 and Late Payments

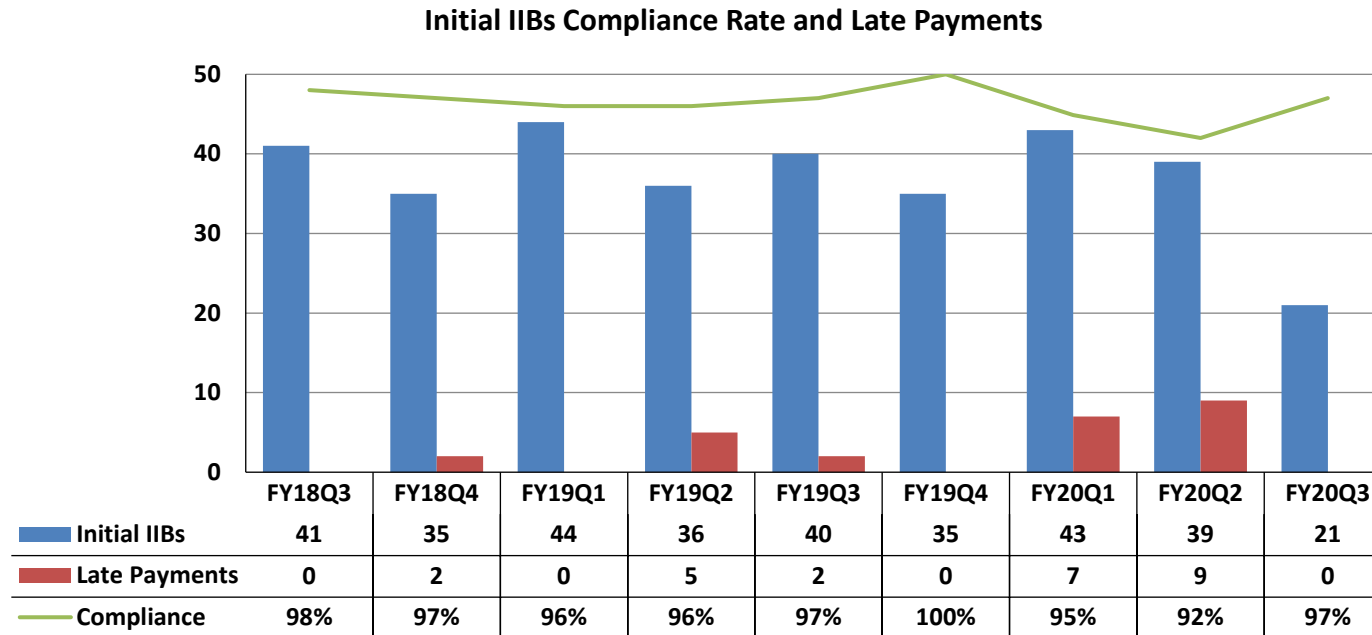


TIBs Late Payments FY20Q3

| | |
|-----------|---|
| Physician | 1 |
| Employer | 2 |
| Carrier | 1 |

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).

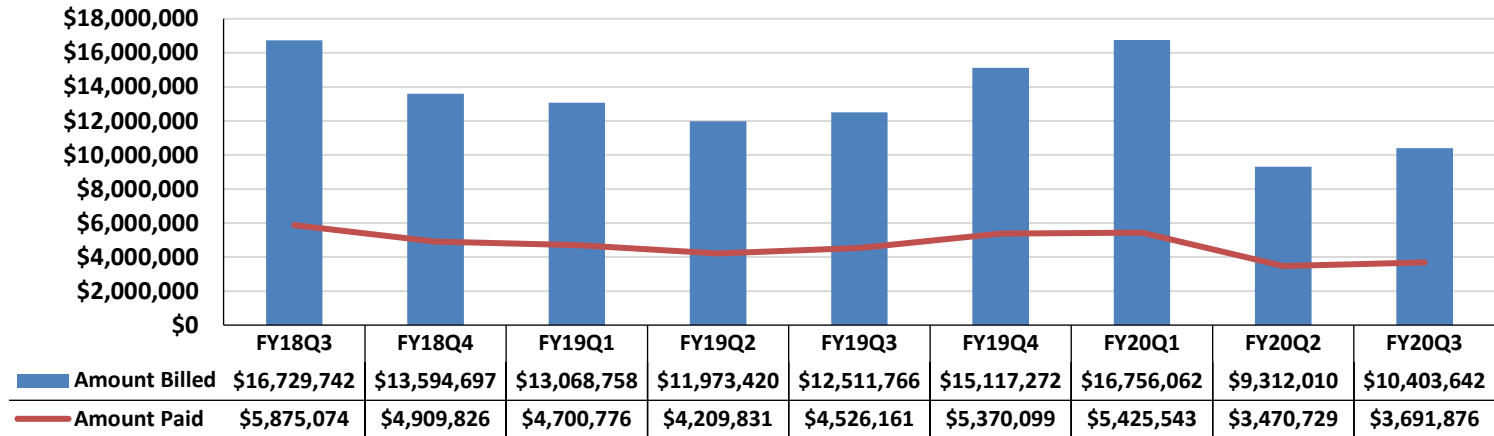


II. MEDICAL QUALITY ASSURANCE

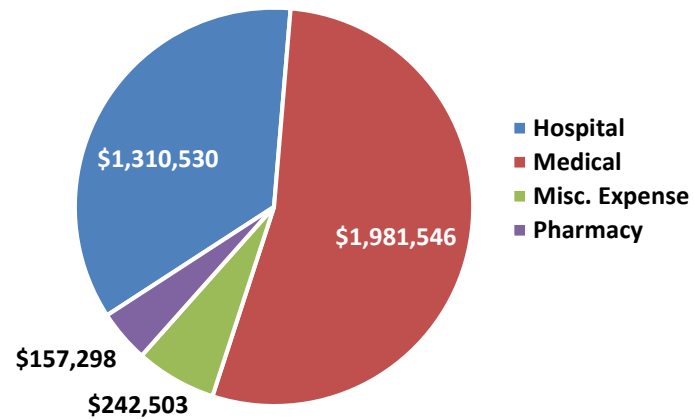
A. MEDICAL COSTS

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

Total Medical Cost Savings FY18Q3 - FY20Q3



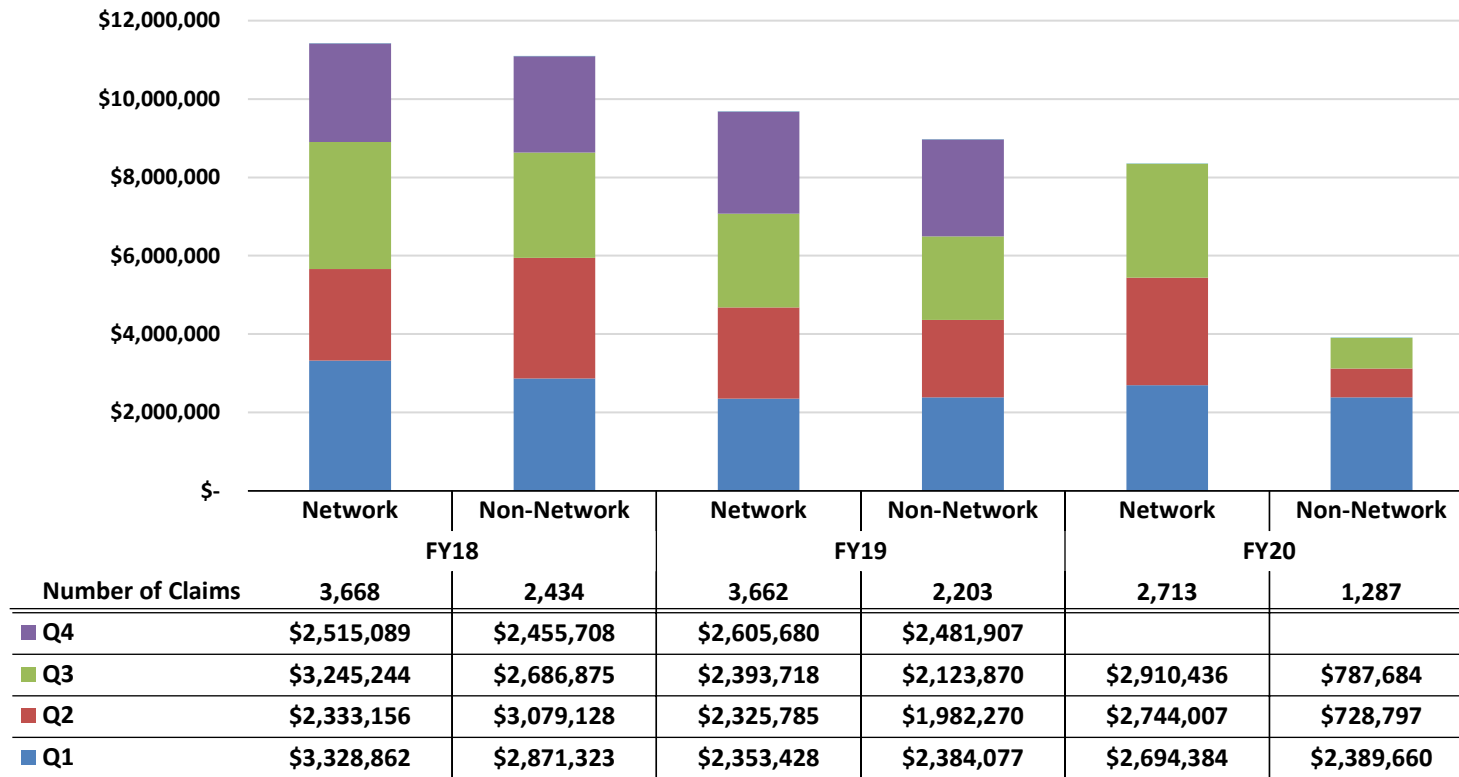
Medical Payments FY20Q3



B. NETWORK AND NON-NETWORK DATA

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

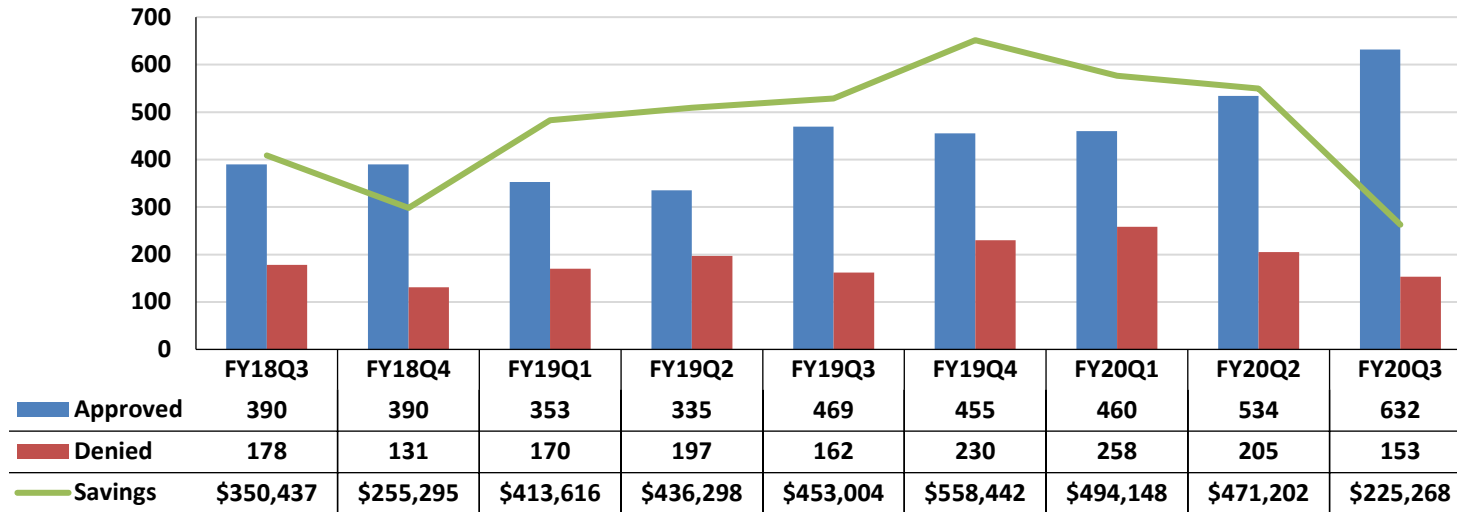
Network and Non-Network Cost FY18Q1 - FY20Q3



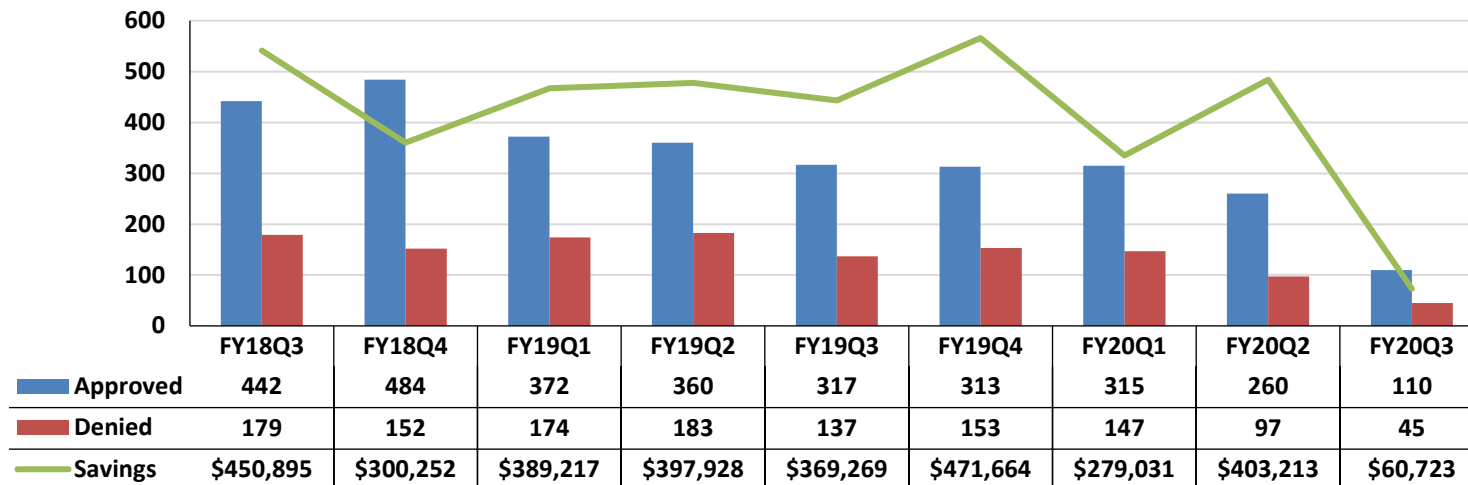
C. PREAUTHORIZATION

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

Network Utilization Review FY18Q3 - FY20Q3

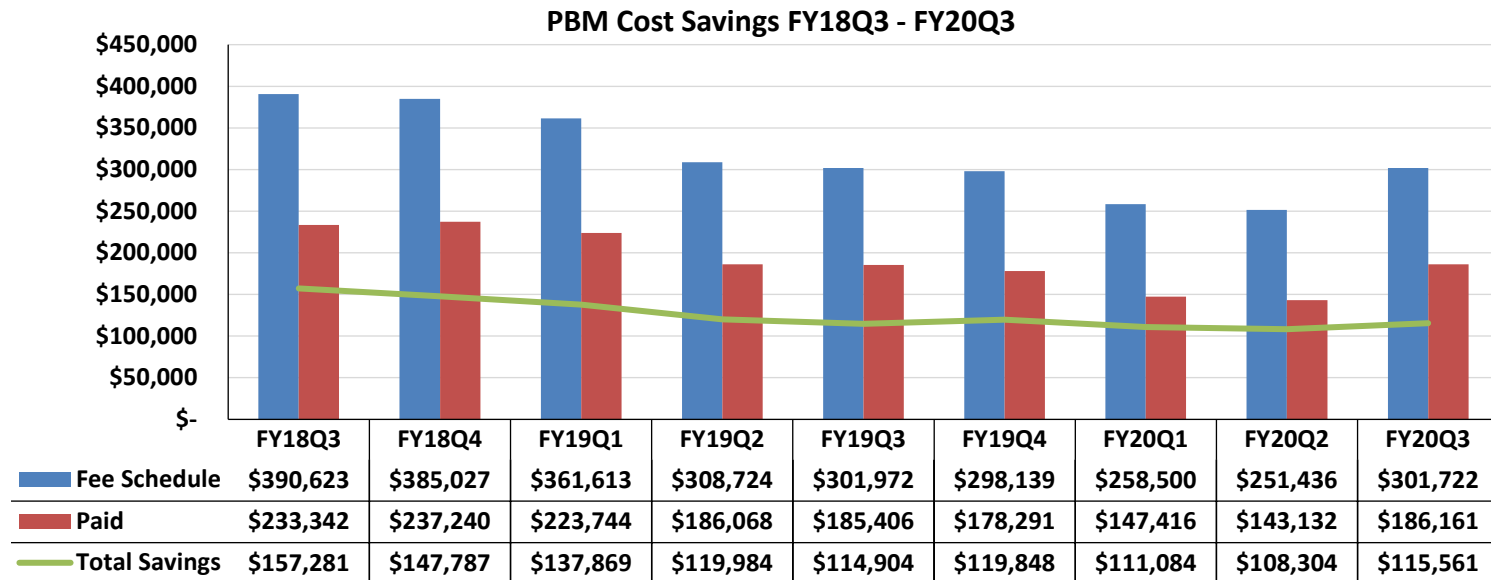


Non-Network Utilization Review FY18Q3 - FY20Q3



D. PHARMACY BENEFIT MANAGEMENT

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



E. MEDICAL DISPUTE RESOLUTION FY20Q3

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

| | |
|----------------------------|------------------------|
| Medical Fee Disputes | 8 Non-Network received |
| | 19 Network received |
| Medical Necessity Disputes | 0 Non-Network received |
| | 1 Network received |

LITIGATION MANAGEMENT

I. BENEFIT DISPUTE RESOLUTION FY20Q3

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

| BRC Attended | BRC Resolved | Most Common Issue(s) Resolved | Going to CCH | Primary Issue(s) Appealed |
|--------------|--------------|-------------------------------|-------------------------|--|
| 86 | 7 | IR | 14 | EOI/MMI/IR |
| CCH Attended | CCH Resolved | D&O for SORM | D&O Against SORM | Primary Issue in D&O |
| 32 | 0 | 10 | 1 *5 split decisions | EOI/Disability/Allegation of Bona Fide Job Offer |

II. FRAUD INVESTIGATIONS

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

| FY20Q3 | Pending | Opened | Closed | Criminal Referral |
|----------------------|---------|--------|--------|-------------------|
| Fraud Investigations | 16 | 4 | 4 | 1 |

III. SUBROGATION AND RECOVERIES

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

| | FY20Q1 | FY20Q2 | FY20Q3 | FY20Q4 | YTD Total |
|--------------|-----------------|------------------|------------------|--------|------------------|
| Restitution | \$2,702 | \$261 | \$5,023 | | \$7,986 |
| SIF | \$0 | \$0 | \$0 | | |
| Subrogation | \$83,508 | \$404,839 | \$274,762 | | \$763,109 |
| Total | \$86,210 | \$405,100 | \$279,785 | | \$771,095 |

COMPLIANCE MANAGEMENT

CONTRACT ADMINISTRATION

SORM's Contract Administrator (CA) works with SORM's Business Owners, management, and vendors to monitor vendor performance and promote compliance with contract terms. The CA collects monthly performance data from SORM's Business Owners. Vendor performance data is used to verify receipt of goods and services; provide management updates; and comply with annual reporting to the Texas Comptroller of Public Accounts.



State Office of Risk Management

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(512) 475-1440, FAX (512) 370-9025 / WWW.SORM.TEXAS.GOV

5. New business

5.1 Presentation, discussion, and action on Fiscal Year 2021 assessment totals

Information

Lori Shaw, Director of Financial Management and Chief Financial Officer, will present recommendations for assessment funding pursuant to the General Appropriations Act, Article IX, Section 15.02(c), and Section 412.0123, Texas Labor Code.

Action Required

Board determination and approval of the Fiscal Year 2021 assessment.

State Office of Risk Management Recommended FY 2021 Assessment Amounts

| | FY 2021 Initial Assessment Recommended Amount | FY 2020 Final Assessment | | FY 2020 Initial Assessment | |
|--|---|--------------------------------|---------------------|----------------------------------|-----------------------|
| | | | difference | | difference |
| Projected Current FY (2020) Claim Payments | 40,000,000.00 * | 38,000,000.00 | 2,000,000.00 | 40,000,000.00 | 0.00 |
| Previous FY Collected Shortage (Overage) | (2,000,000.00) | (839,851.80) | (1,160,148.20) | (800,000.00) | (1,200,000.00) |
| Risk Management and Workers' Comp. Administration | 11,478,944.00 ** | 11,728,943.00 | (249,999.00) | 11,728,943.00 | (249,999.00) |
| required funding for emp.benefits | 2,299,967.00 | 2,278,041.00 | 21,926.00 | 2,278,041.00 | 21,926.00 |
| Previous FY Collected Shortage (Overage) | (300,000.00) | (917,784.27) | 617,784.27 | (600,000.00) | 300,000.00 |
| | <u>51,478,911.00</u> | <u>50,249,347.93</u> | <u>1,229,563.07</u> | <u>52,606,984.00</u> | <u>(1,128,073.00)</u> |
| cost per \$100 of payroll (3 year weighted avg.) | 0.53 | 0.52 | 0.01 | 0.54 | (0.01) |

* Board approval requested.

Recommended amount is \$2,817,750 less than estimated amount stated in GAA for fiscal 2021.

Recommended amount equals the initial amount established for fiscal 2020.

** Board approval requested.

Recommended amount is equal to the estimated amount stated in GAA for fiscal 2021.

\$717,039 of administrative cost is to finance OAG administrative support.

OAG payment, MCC vendors, salaries and personnel costs, SWCAP reimbursement, and RMIS account for approximately 96% of GAA amount.



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6. Old business

Information

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

Action Required

No official action requested, at this time.



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7. Public comment

Information

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

Action Required

No official action requested, at this time.



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8. Discussion and possible action on future meeting dates

Information

Tentative meeting dates are attached for discussion.

Action Required

Selection of future meeting dates.



Tentative Board of Directors Meeting Dates FY20Q4

| Month | Day of Week | Date | Notes |
|---------|-------------|------|---|
| | | | |
| October | Tuesday | 6 | No office holiday closures in October |
| | Tuesday | 13 | |
| | Tuesday | 20 | Internal Audit Report due before 11/01/2020 |
| | Tuesday | 27 | Biennial Report due before 01/01/2021 |

NOTES:

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

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



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9. Adjourn meeting

The Chair:

1. Calls the meeting adjourned and announces time