SORM
State Office of Risk Management

BOARD OF DIRECTORS'
MEETING AGENDA
July 14, 2020

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
   1. Opening remarks from the Executive Director
   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

SORM

State Office of Risk Management

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

BOARD MEMBERS	DATES OF TERM	HOMETOWN
Lloyd Garland, M.D., Chair	02/01/2025	Lubbock
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

<u>**Information**</u>

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

<u>**Action Required**</u>

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

Agenda for State Office of Risk Management Public Meeting: July 14, 2020

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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:

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.

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:

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).

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

<u>Information</u>

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

<u>Action Required</u>

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.
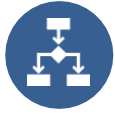
Action Required

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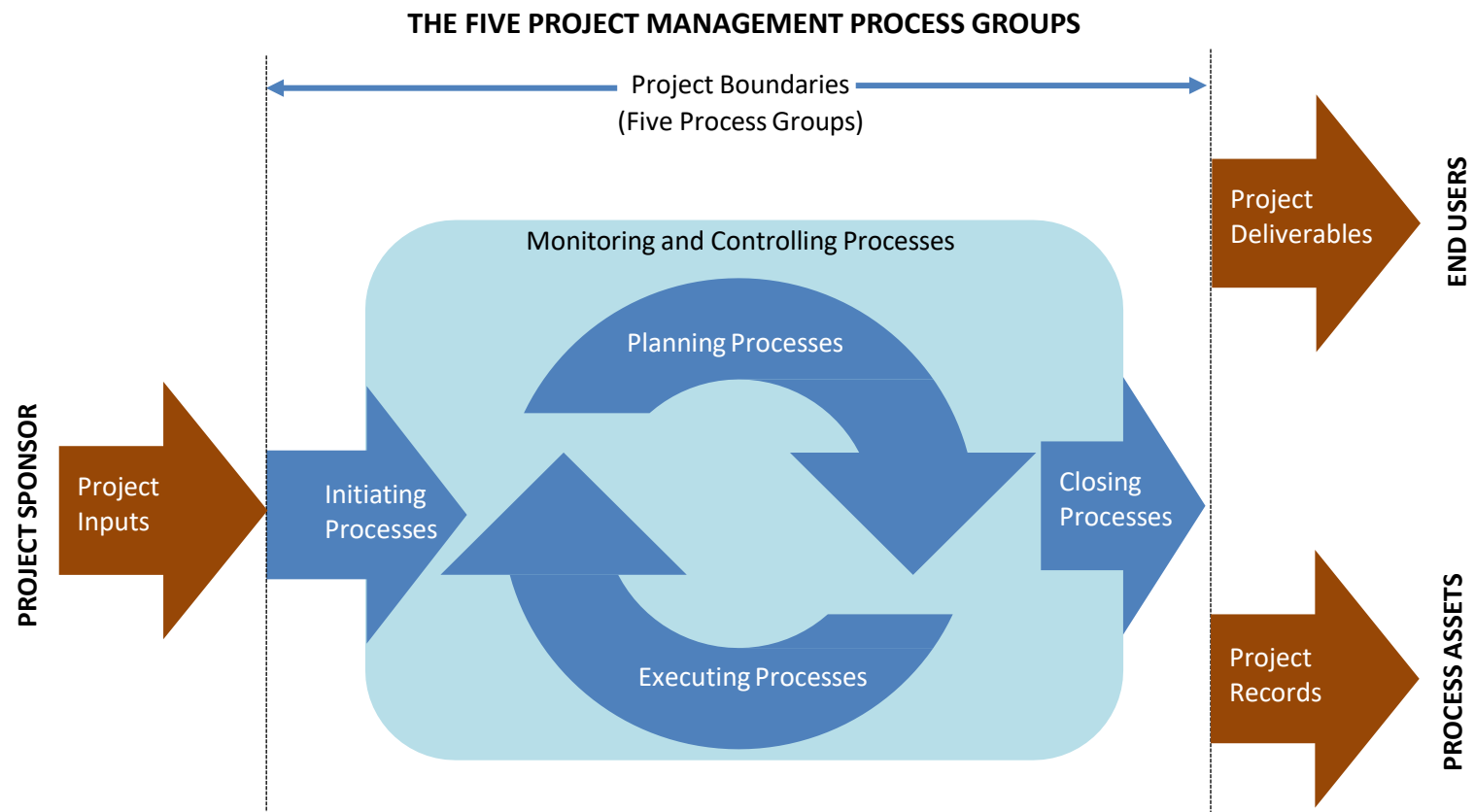Promote Project Collaboration
- Broaden awareness – Breakdown the silos
Promote Project Management Consistency
- Identify and Focus on Key Project Management Concepts
Improve Project Tracking and Reporting

SORM PROJECT MANAGEMENT FRAMEWORK 1.0

THE FIVE PROJECT MANAGEMENT PROCESS GROUPS

Project Boundaries
(Five Process Groups)

Project Deliverables

END USERS

Monitoring and Controlling Processes

Planning Processes

PROJECT SPONSOR

Project Inputs

Initiating Processes

Closing Processes

Executing Processes

Project Records

PROCESS ASSETS

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

Screencapture of SORM Project Management Dashboard

SORM State Office of Risk Management   Project Management   Home   Add a New Project   How to Use the Backlog   Project Files

☆ Not following   ↪ Share   🔍 Search this site

⚙ Page details   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

Add a New Project

Get the mobile app

3

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**

[X] 📄📋 📥 ▤ ⛶

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**

CANADA
666 views

UNITED KINGDOM
602 views

UNITED STATES
16,386 views

AUSTRALIA
1,018 views

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.
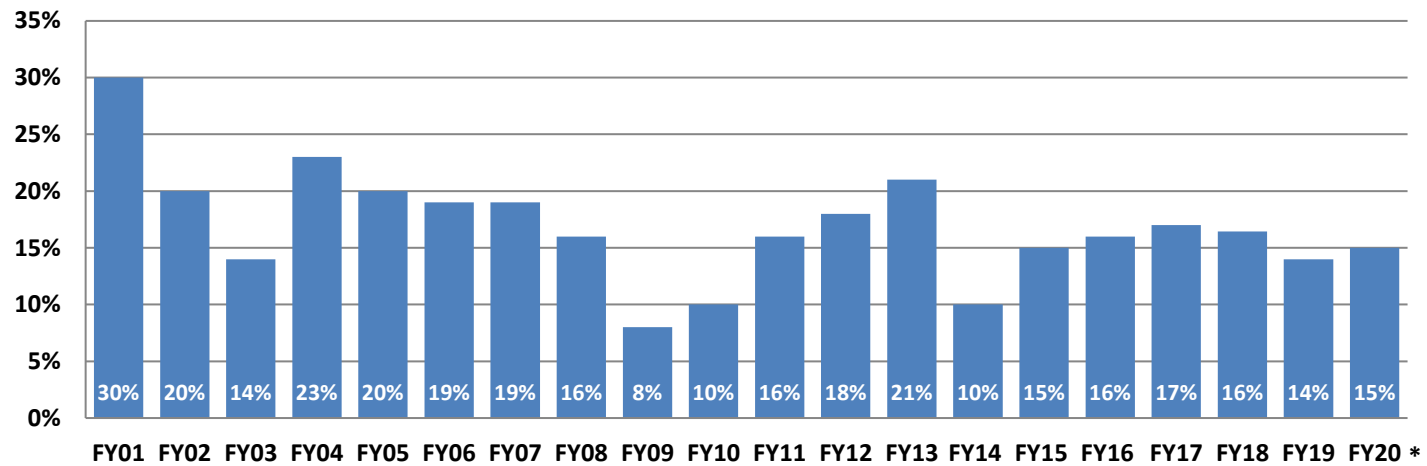
INTERNAL OPERATIONS

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

FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20 *
30%	20%	14%	23%	20%	19%	19%	16%	8%	10%	16%	18%	21%	10%	15%	16%	17%	16%	14%	15%

*ANNUALIZED

Emily Crase

Receptionist

Guille Crenwelge

Risk Manager

Amanda Harrison

Accountant

Roger Kovalcheck

Risk Manager

Nick Witkowski

Insurance Account Manager
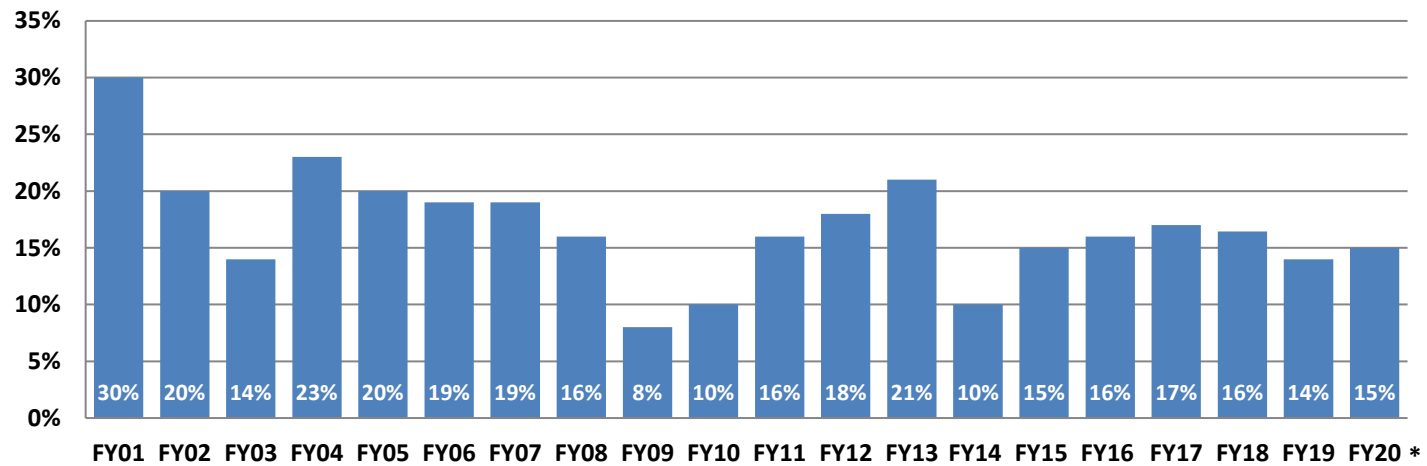
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Annual Turnover Rates

FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20 *
30%	20%	14%	23%	20%	19%	19%	16%	8%	10%	16%	18%	21%	10%	15%	16%	17%	16%	14%	15%

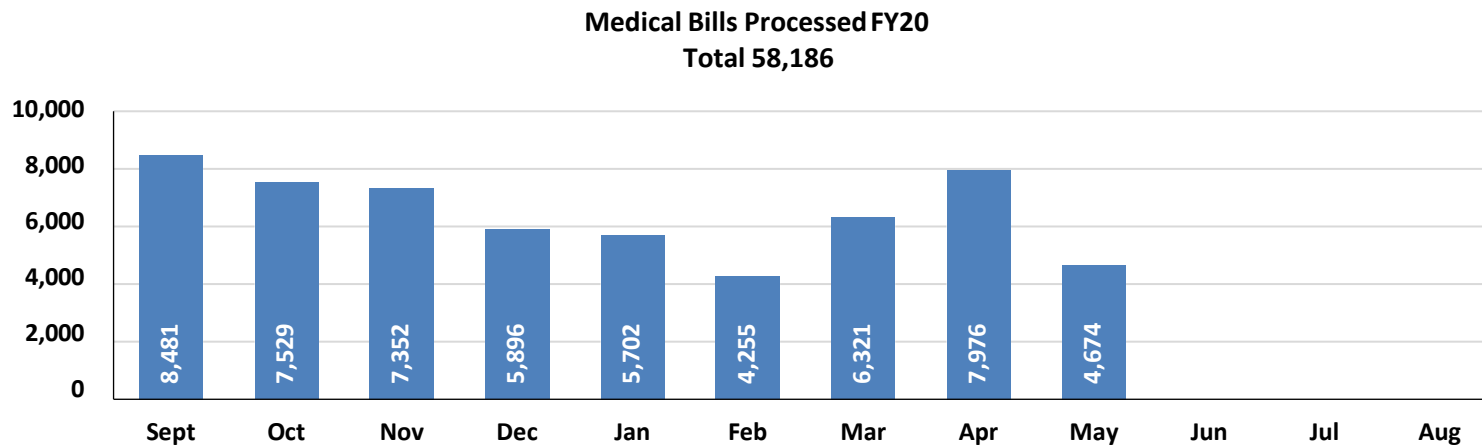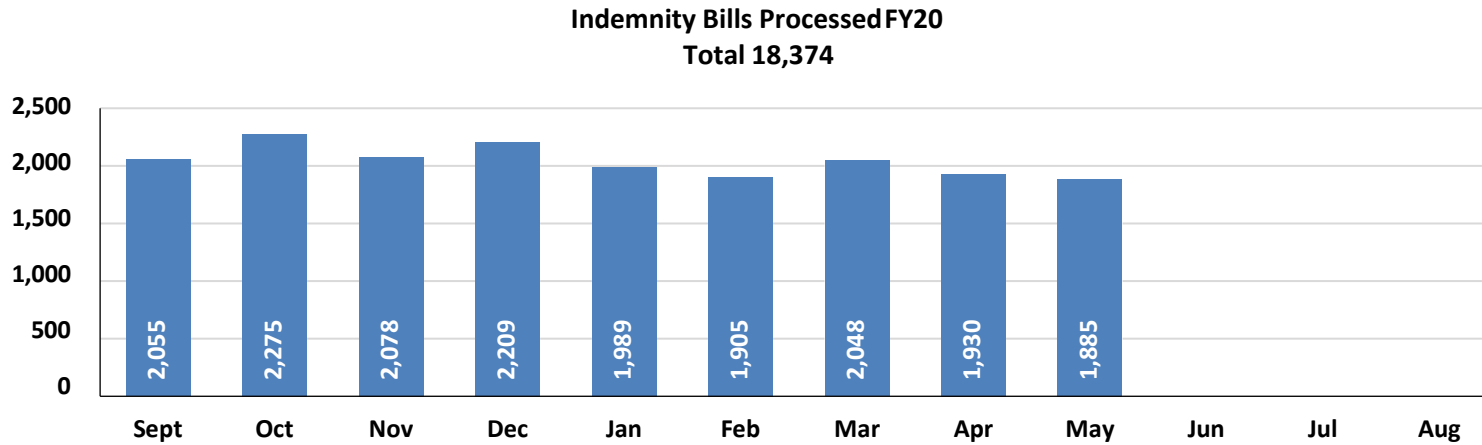*ANNUALIZED

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

Indemnity Bills Processed FY20
Total 18,374

Month	Value
Sept	2,055
Oct	2,275
Nov	2,078
Dec	2,209
Jan	1,989
Feb	1,905
Mar	2,048
Apr	1,930
May	1,885
Jun	
Jul	
Aug	

Medical Bills Processed FY20
Total 58,186

| Month	Value
Sept	8,481
Oct	7,529
Nov	7,352
Dec	5,896
Jan	5,702
Feb	4,255
Mar	6,321
Apr	7,976
May	4,674
Jun	
Jul	
Aug	

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	• 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)	• 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	• 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	• Inerability Scan Reports for SORM computers and servers o Installed updates on computers and servers to address vulnerabilities and comply with cybersecurity standards o 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 o SORM vulnerabilities continue decreasing at a steady rate for all our devices, including desktops, laptops, tablets, and printers
Behind the scenes improvements	• Batch Processing Standardization • Security upgrades/updates to web applications and batch programs • Updating technical documentation
Other Items	• 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 November 2018
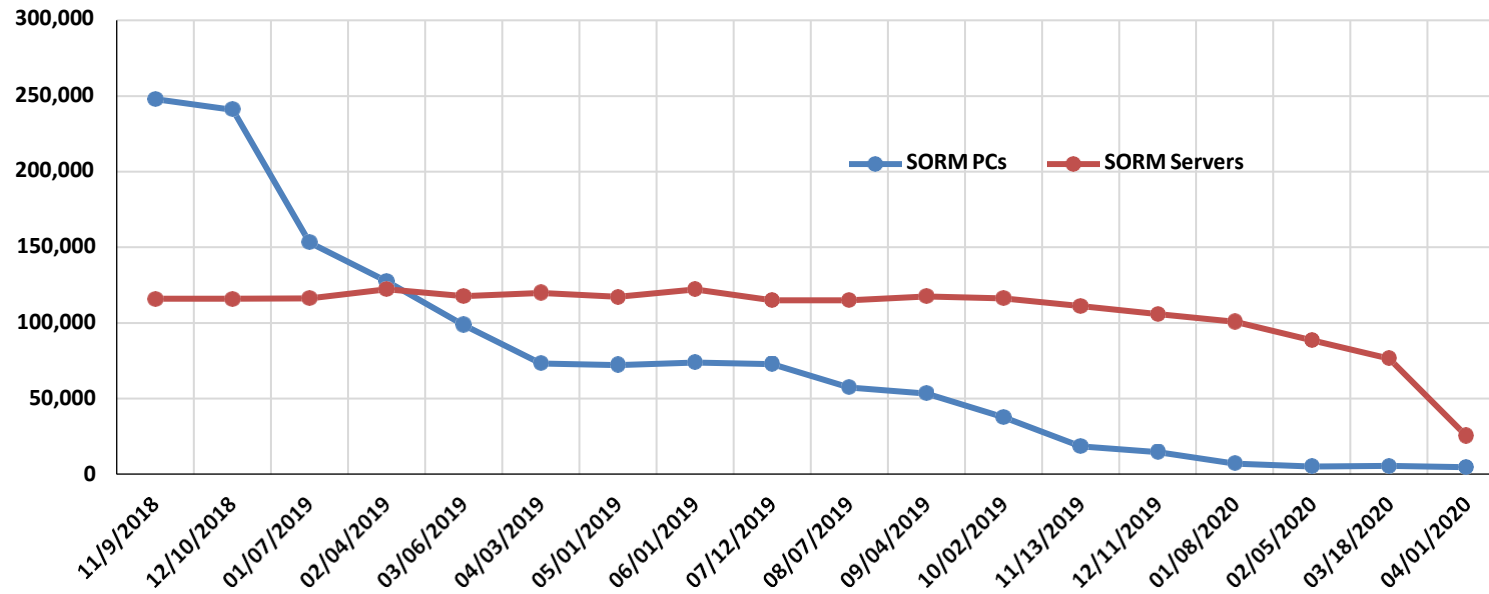
II. ANTICIPATED ACTIVITY

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)

OSCs	34	29	6	4	23	26	19	2	2

63.3%
of annual goal of 229 OSCs

RMPRs	1	2	4	2	0	0	2	2	2

51.7%
of annual goal of 29 RMPRs

■ Sept ■ Oct ■ Nov ■ Dec ■ Jan ■ Feb ■ Mar ■ Apr ■ May
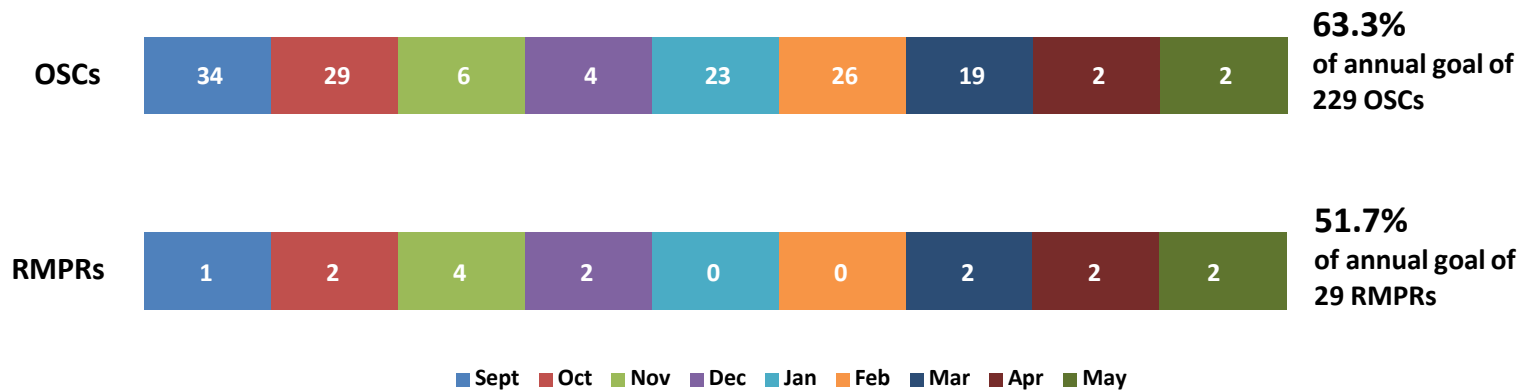
Recommendations Given FY20Q1 - FY20Q3
Total: 98

Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
3	8	22	7	0	4	25	23	6			
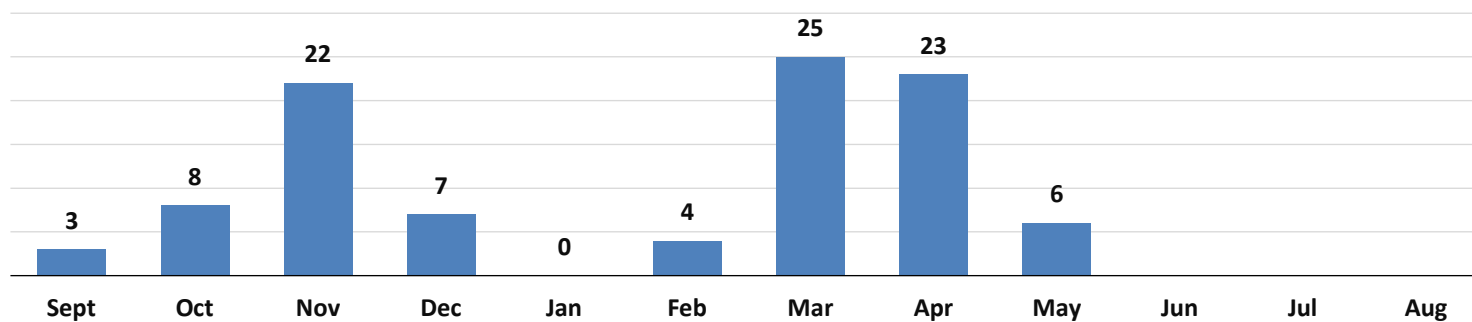
Category of Recommendations FY20Q3
Total: 54

Category	Value
COOP	2
Environmental	0
Insurance	3
Risk Management	6
Safety	30
Policy/Procedure/Training	13
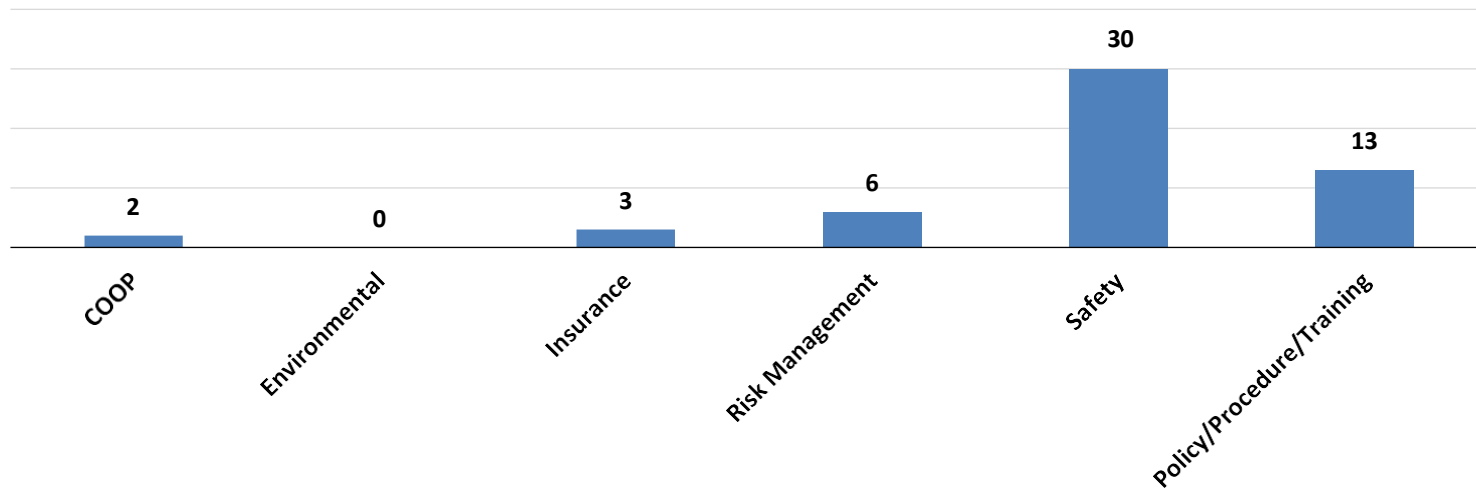
Closed Recommendations FY20Q1 - FY20Q3
Total: 96

Month	Value
Sept	3
Oct	17
Nov	29
Dec	1
Jan	0
Feb	2
Mar	23
Apr	11
May	10
Jun	
Jul	
Aug	

15
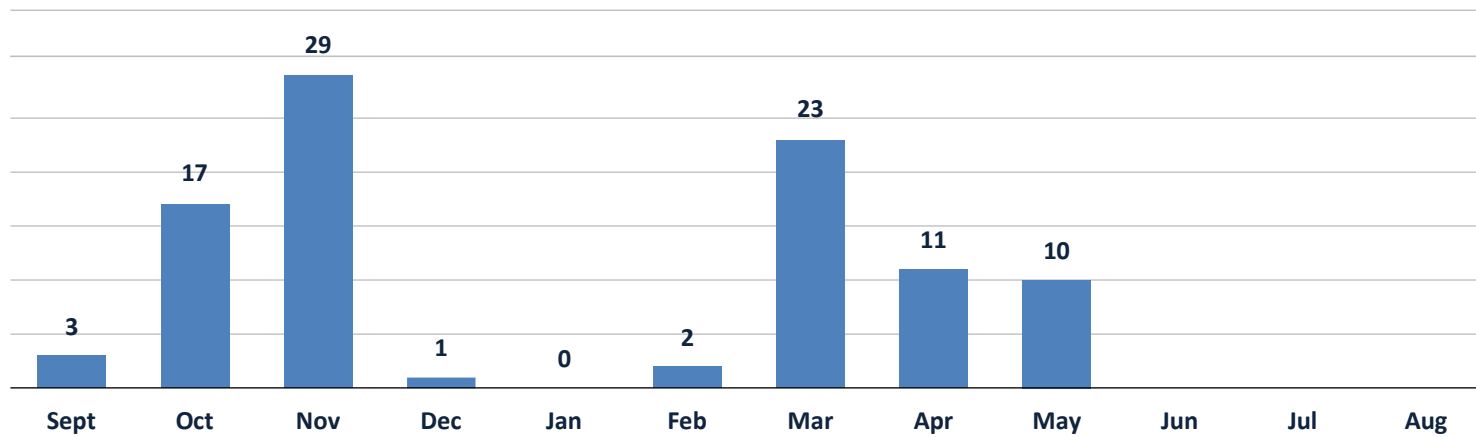
II. STATEWIDE CONTINUITY OF OPERATIONS (COOP) PROGRAM

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

D&O/POL	Property	Automobile	Volunteer	Builder's Risk	Fine Arts
38	47	60	12	1	6
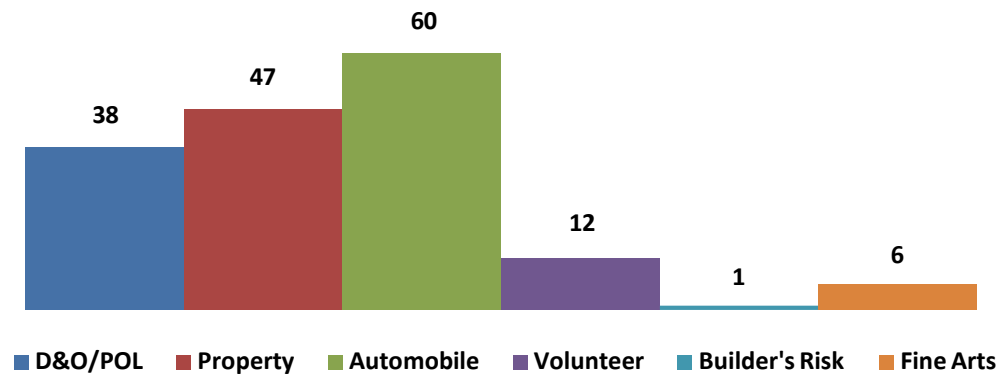
B. MONITORING
400 notary applications were processed during FY20Q3

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

Quarter	Value
FY15Q3	1,827
FY15Q4	2,079
FY16Q1	1,610
FY16Q2	1,675
FY16Q3	1,846
FY16Q4	2,008
FY17Q1	1,795
FY17Q2	1,585
FY17Q3	2,006
FY17Q4	2,052
FY18Q1	1,909
FY18Q2	1,678
FY18Q3	1,942
FY18Q4	2,016
FY19Q1	1,866
FY19Q2	1,640
FY19Q3	1,857
FY19Q4	2,178
FY20Q1	1,952
FY20Q2	1,871
FY20Q3	3,070

Claims Open per Quarter

Quarter	Value
FY15Q3	3,200
FY15Q4	3,241
FY16Q1	3,006
FY16Q2	3,084
FY16Q3	3,180
FY16Q4	3,177
FY17Q1	3,306
FY17Q2	3,291
FY17Q3	3,099
FY17Q4	3,546
FY18Q1	3,110
FY18Q2	2,884
FY18Q3	2,891
FY18Q4	2,866
FY19Q1	2,828
FY19Q2	2,691
FY19Q3	2,875
FY19Q4	3,111
FY20Q1	2,744
FY20Q2	2,761
FY20Q3	3,770

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

TIBs Expense per Quarter
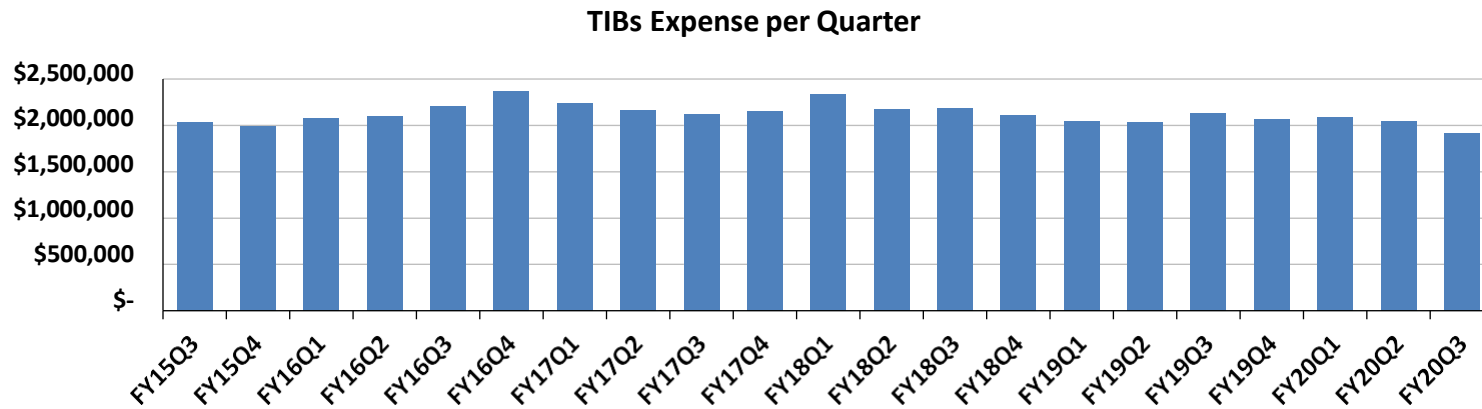
Impairment Income Benefits (IIBs) expenditures for FY20Q3 totaled $791,556 on 146 claims

IIBs Expense per Quarter
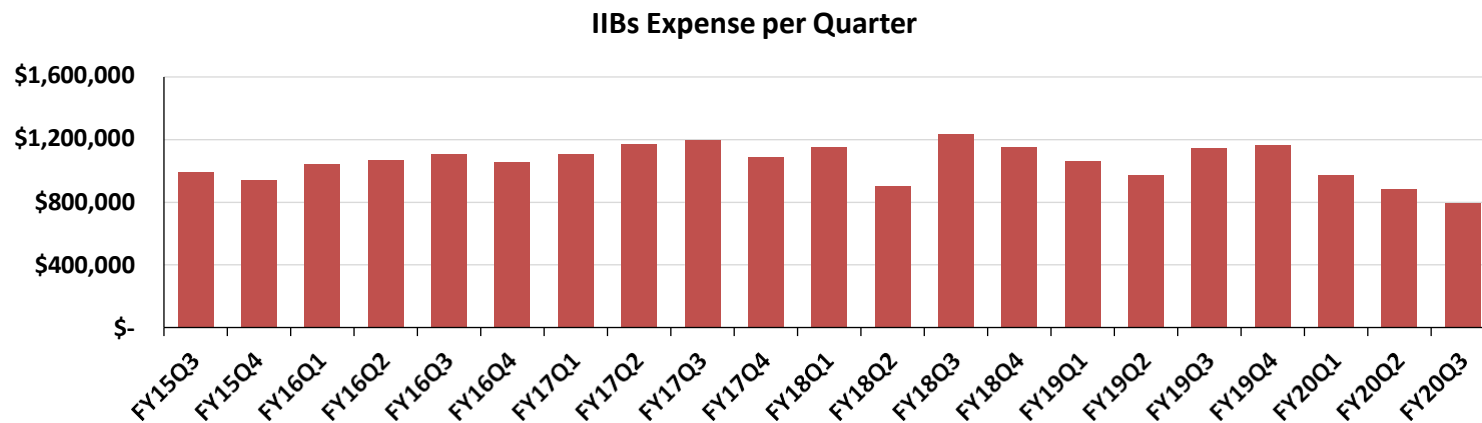
Supplemental Income Benefits (SIBs) expenditures for FY20Q3 totaled $119,546 on 21 claims

SIBs Expense per Quarter
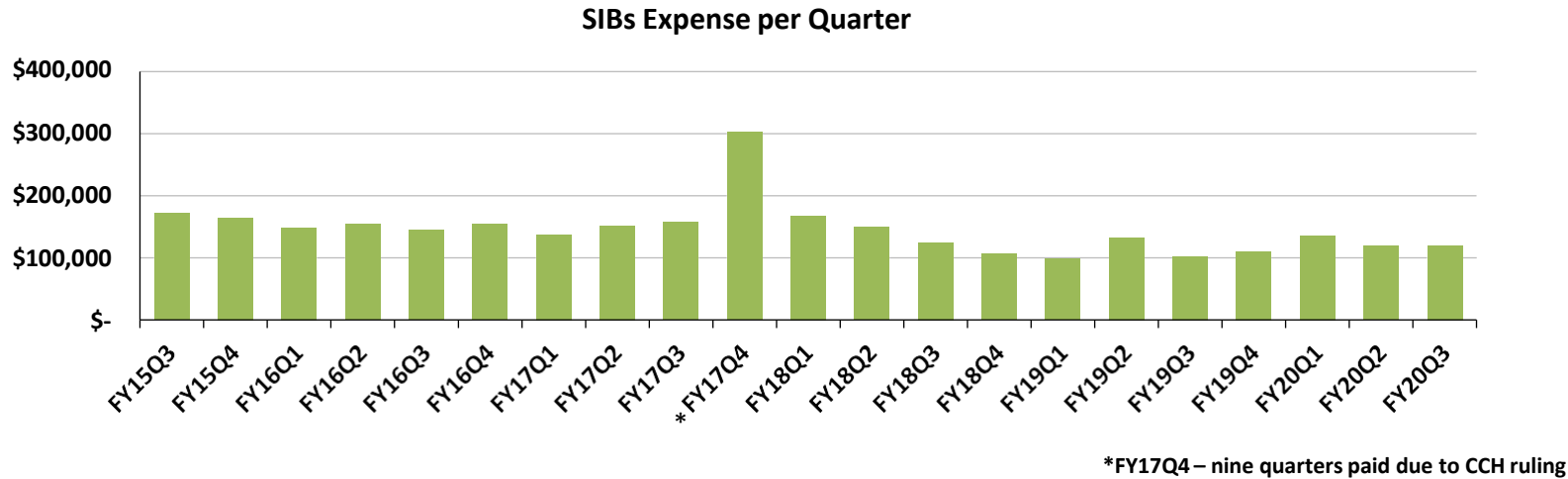
Combined indemnity expenditures for FY20Q3 totaled $3,381,901 on 692 claims

Combined Indemnity Expense per Quarter

- Temporary Income Benefits (TIB)
- Impairment Income Benefits (IIB)
- Supplemental Income Benefits (SIB)
- Lifetime Income Benefits (LIB)
- Death Income Benefits (DIB)
- Old Law (OLW)

LEGAL SERVICES
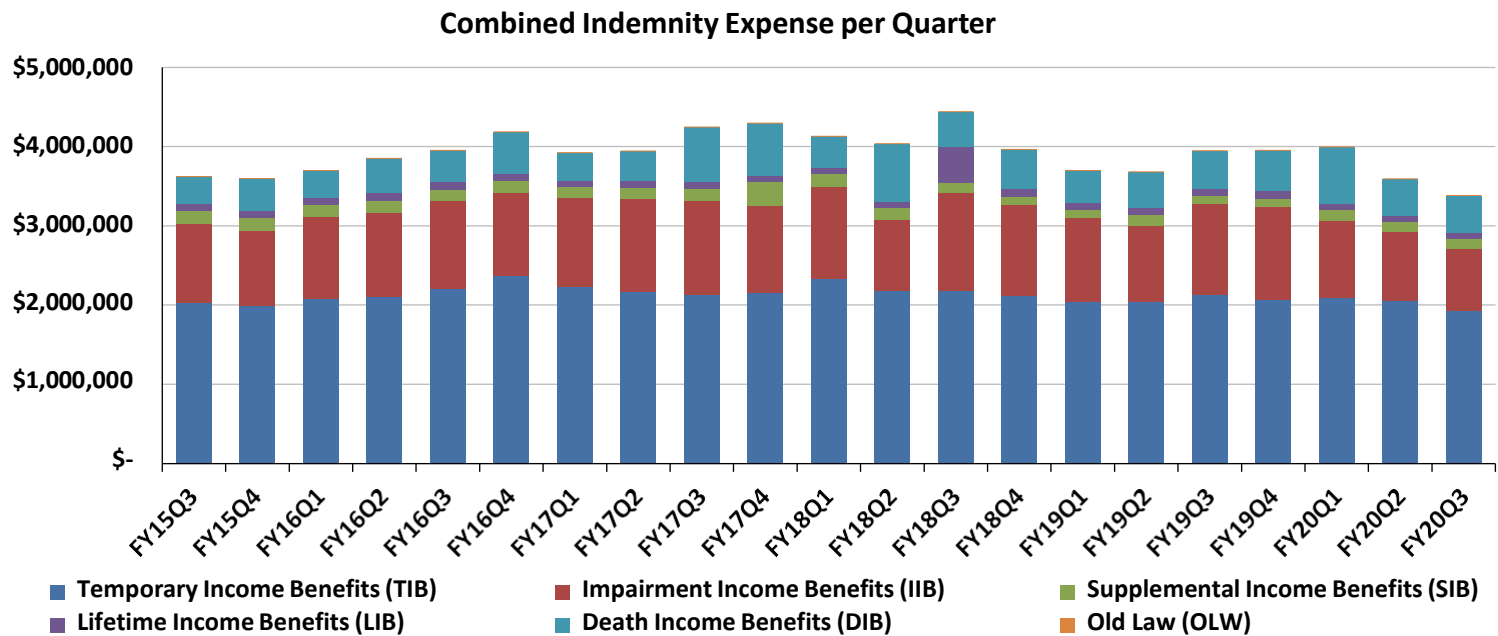
QUALITY ASSURANCE

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

	FY18Q3	FY18Q4	FY19Q1	FY19Q2	FY19Q3	FY19Q4	FY20Q1	FY20Q2	FY20Q3
Initial TIBs	232	226	220	216	211	233	227	221	214
Late Payments	19	11	34	16	20	33	31	27	4
Compliance	94%	94%	94%	95%	94%	92%	94%	95%	99%
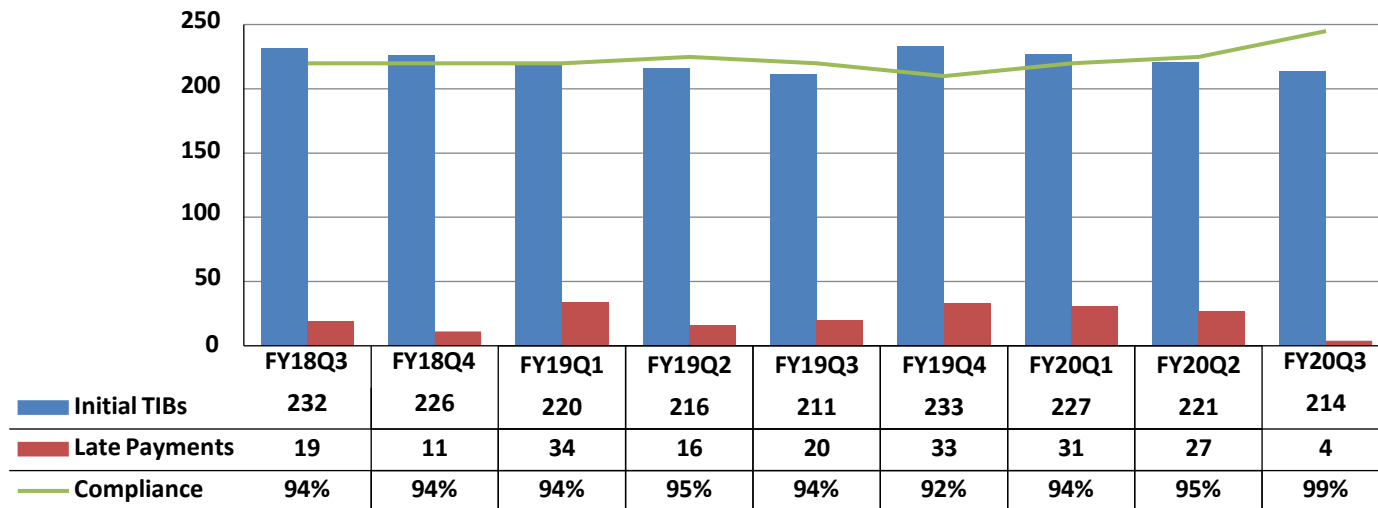
TIBs Late Payments FY20Q3

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).

Initial IIBs Compliance Rate and Late Payments

	FY18Q3	FY18Q4	FY19Q1	FY19Q2	FY19Q3	FY19Q4	FY20Q1	FY20Q2	FY20Q3
Initial IIBs	41	35	44	36	40	35	43	39	21
Late Payments	0	2	0	5	2	0	7	9	0
Compliance	98%	97%	96%	96%	97%	100%	95%	92%	97%
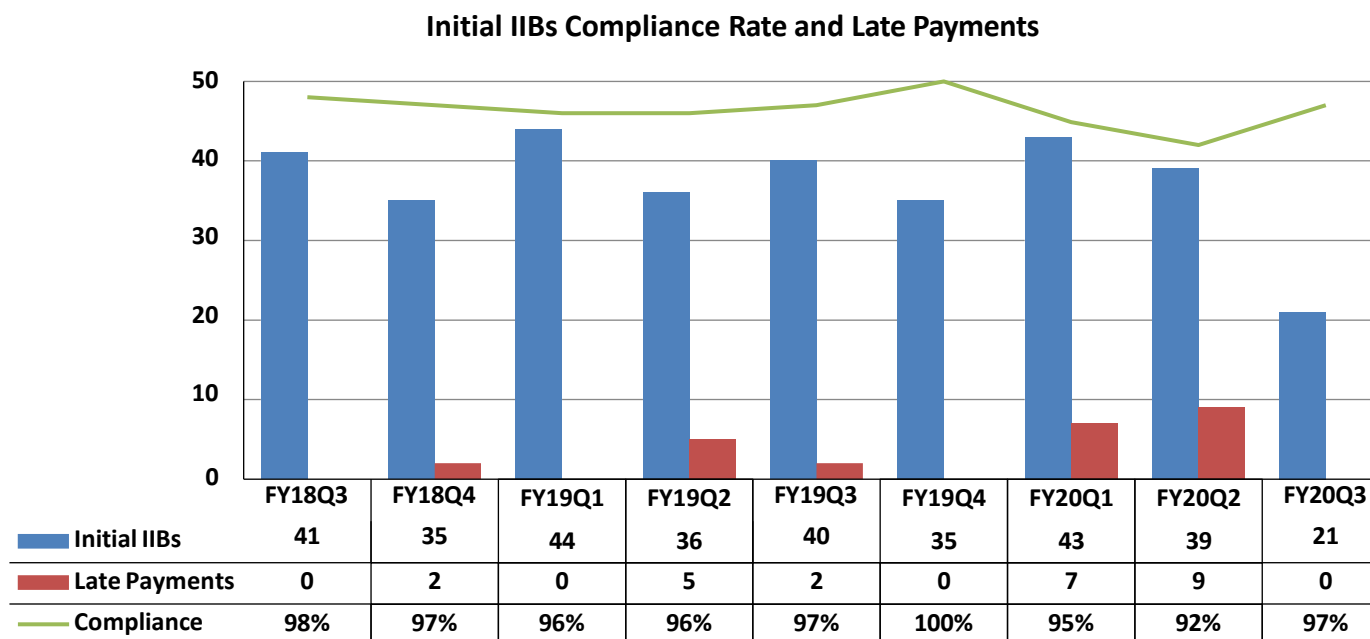
II. MEDICAL QUALITY ASSURANCE

A. MEDICAL COSTS

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

Total Medical Cost Savings FY18Q3 - FY20Q3

	FY18Q3	FY18Q4	FY19Q1	FY19Q2	FY19Q3	FY19Q4	FY20Q1	FY20Q2	FY20Q3
Amount Billed	$16,729,742	$13,594,697	$13,068,758	$11,973,420	$12,511,766	$15,117,272	$16,756,062	$9,312,010	$10,403,642
Amount Paid	$5,875,074	$4,909,826	$4,700,776	$4,209,831	$4,526,161	$5,370,099	$5,425,543	$3,470,729	$3,691,876

Medical Payments FY20Q3

- Hospital: $1,310,530
- Medical: $1,981,546
- Misc. Expense: $242,503
- Pharmacy: $157,298

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

Number of Claims	Network	Non-Network	Network	Non-Network	Network	Non-Network
	FY18		FY19		FY20	
Number of Claims	**3,668**	**2,434**	**3,662**	**2,203**	**2,713**	**1,287**
Q4	$2,515,089	$2,455,708	$2,605,680	$2,481,907		
Q3	$3,245,244	$2,686,875	$2,393,718	$2,123,870	$2,910,436	$787,684
Q2	$2,333,156	$3,079,128	$2,325,785	$1,982,270	$2,744,007	$728,797
Q1	$3,328,862	$2,871,323	$2,353,428	$2,384,077	$2,694,384	$2,389,660

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
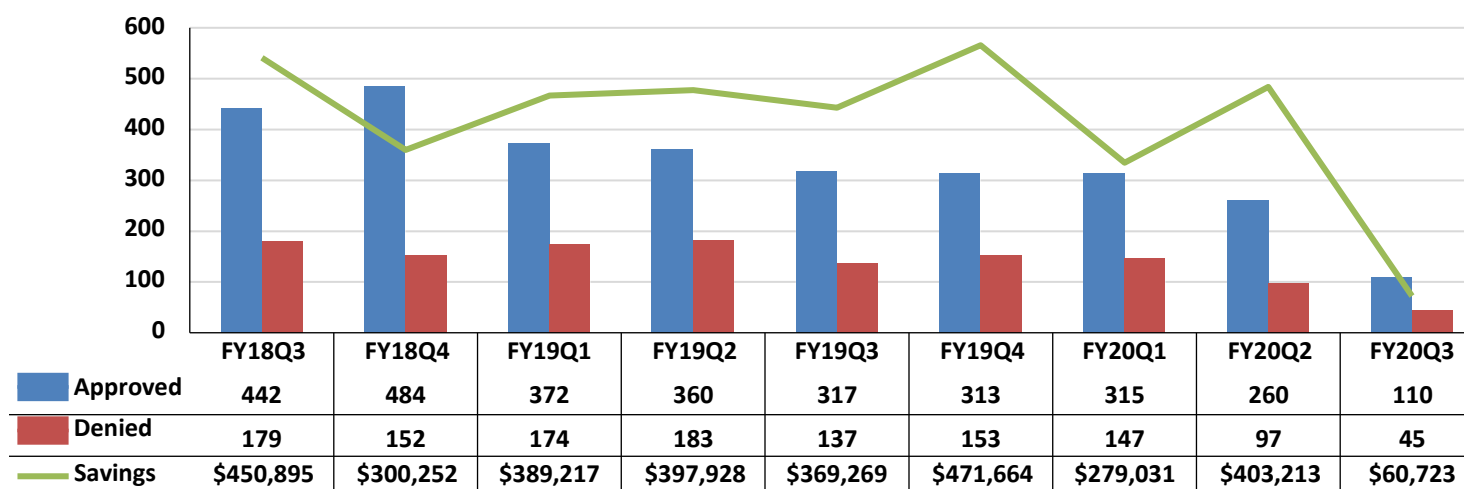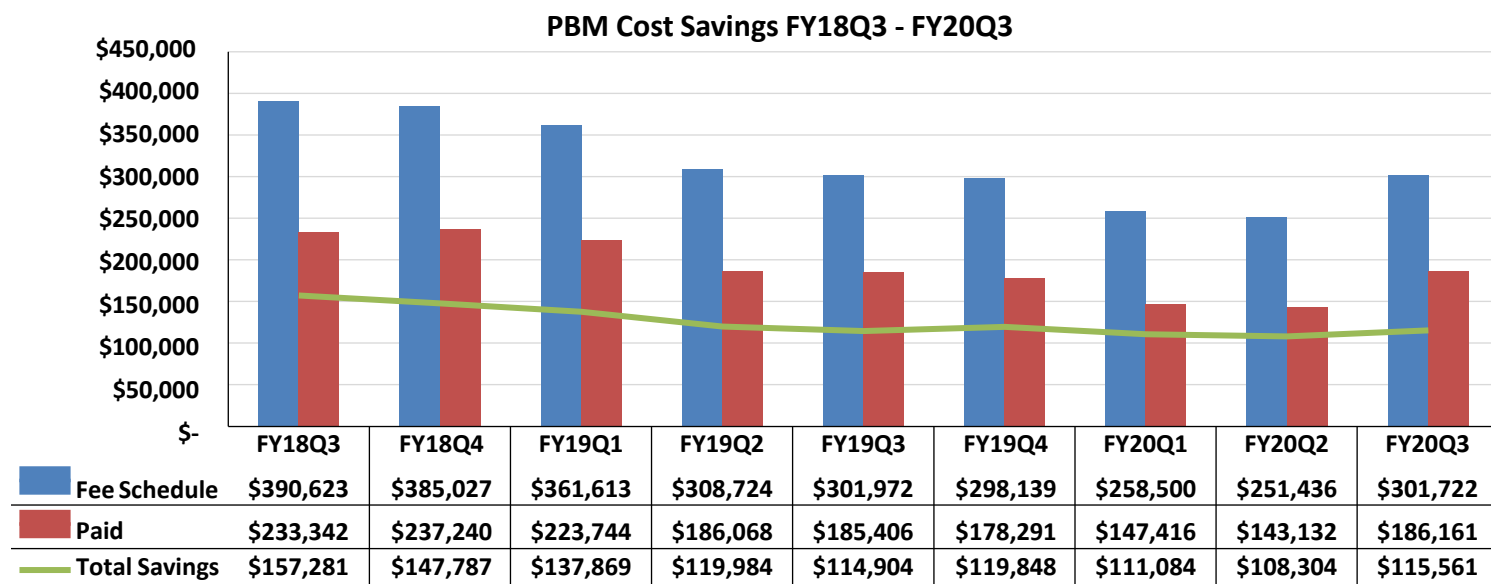
	FY18Q3	FY18Q4	FY19Q1	FY19Q2	FY19Q3	FY19Q4	FY20Q1	FY20Q2	FY20Q3
Approved	390	390	353	335	469	455	460	534	632
Denied	178	131	170	197	162	230	258	205	153
Savings	$350,437	$255,295	$413,616	$436,298	$453,004	$558,442	$494,148	$471,202	$225,268

Non-Network Utilization Review FY18Q3 - FY20Q3

	FY18Q3	FY18Q4	FY19Q1	FY19Q2	FY19Q3	FY19Q4	FY20Q1	FY20Q2	FY20Q3
Approved	442	484	372	360	317	313	315	260	110
Denied	179	152	174	183	137	153	147	97	45
Savings	$450,895	$300,252	$389,217	$397,928	$369,269	$471,664	$279,031	$403,213	$60,723

D. PHARMACY BENEFITMANAGEMENT

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

PBM Cost Savings FY18Q3 - FY20Q3

	FY18Q3	FY18Q4	FY19Q1	FY19Q2	FY19Q3	FY19Q4	FY20Q1	FY20Q2	FY20Q3
Fee Schedule	$390,623	$385,027	$361,613	$308,724	$301,972	$298,139	$258,500	$251,436	$301,722
Paid	$233,342	$237,240	$223,744	$186,068	$185,406	$178,291	$147,416	$143,132	$186,161
Total Savings	$157,281	$147,787	$137,869	$119,984	$114,904	$119,848	$111,084	$108,304	$115,561

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.

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State Office of Risk Management

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5.   New business

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

<u>**Information**</u>

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.

<u>**Action Required**</u>

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	difference	FY 2020 Initial Assessment	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
	51,478,911.00	50,249,347.93	1,229,563.07	52,606,984.00	(1,128,073.00)
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 establihed 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.

![SORM — State Office of Risk Management logo]

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