

BOARD OF DIRECTORS'
MEETING AGENDA
January 19, 2021



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

Virtual Public Meeting

Board of Directors

January 19, 2021, 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 October 6, 2020, meeting
4. Presentation and discussion of Agency Operations Report
5. New business
 - 5.1 Presentation, discussion, and possible action regarding the Board Governance Manual
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.

*All public comments must be emailed to Ms. Blake by noon the day prior to the meeting. In the subject line of your email, please include the meeting date and topic of your comment. All comments received by this deadline will be read or summarized at the meeting and included in full to the official record of the meeting.



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| BOARD MEMBERS | DATES OF TERM | HOMETOWN |
|-------------------------------|---------------|-------------|
| Lloyd Garland, M.D., Chair | 02/01/2025 | Lubbock |
| Honorable 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 October 6, 2020, meeting

Information

Attached are the minutes from the October 6, 2020, meeting.

Action Required

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



**Minutes of the Public Meeting
on
October 6, 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, Ricardo Galindo, and Tomas Gonzalez (joined at 10:07am).

- Item 1. Board Chair Garland called the public meeting to order at 9:33 a.m. on October 6, 2020. Board Chair Garland recognized Members present. A quorum was established.
- Item 2. No previous absences requiring action.
- Item 3. Board Chair Garland asked for any comments or changes to the Minutes of the July 14, 2020, meeting. Hearing no changes, Board Member Ladner moved to accept. Board Member Gammon seconded the motion, which carried without objection (4-0 vote).
- Item 4. Agency Operations Report:

Stephen Vollbrecht (Executive Director and State Risk Manager) introduced the Executive Administration section of the Agency Operations Report (AOR) including the new format. He also addressed the COVID-19 response in/out of the office and gave updates to the Risk Management Information System (RMIS), Sunset recommendations, Return-to-Site guidelines, and ISO Enterprise Risk. Todd Holt (Deputy Executive Director) and Keith Despain (Director of Project Management) presented an update on project framework and current activities including Origami Risk contract and statement of work. Mr. Holt introduced Shelby Hyman (Director of Public Relations) to inform on recent correspondence with the Governor's Office and an update to Sunset Commission directives, training, and introduced a new trainer. Stuart B. Cargile (Chief of Internal Operations) and Linda Griffin (Director of Talent Management) introduced new employees, provided a list of current vacancies, updates to turnover, and internal transfers/promotions. Mr. Cargile introduced Lori Shaw (Director of Financial Management and Chief Financial Officer), to present the administrative and claim budgets with projected costs once claim files mature and indemnity bills processed. Mr. Cargile introduced Leo Ramirez (Director of Information Technology) to give an update on current projects, including cybersecurity posture/policies, anticipated activity, and vulnerabilities. Different forums/groups were discussed. James Cox (Chief of Strategic Programs) with Nick Witkowski (Interim Director of Enterprise Risk) presented an update on Risk Management visit counts (in-person and virtual) and recommendations made, COOP program, and the Statewide Insurance Program. Mr. Cox introduced Lydia Scranton

(Director of Claims Operations) to provide an update on current workers' compensation claims with a focus on COVID-19 claims, Task Force, the Performance Based Oversight (PBO) audit, and Data Call put in place. Deea Western (General Counsel and Chief of Legal Services) and Tshau Todman (Director of Indemnity Quality Assurance) presented an update on indemnity files. Ms. Western, on behalf of Janine Lyckman (Director of Medical Quality Assurance), provided an update on vendor changes, update on costs, and medical fee disputes. Ms. Western then introduced Red Tripp (Director of Litigation Management) to provide an update on current litigation, fraud, and subrogation. To conclude, Ms. Western provided an update for Compliance Management regarding the Insurance Support Services Request for Proposal (RFP), handbook, cybersecurity training, and vendor performance ratings. Staff heard comments, tasks, and answered questions from the Board.

Item 5. New Business:

5.1 Darlene Brown, McConnell & Jones Internal Audit, presented the Fiscal Year 2020 Internal Audit Report on Legal Services with a focus on the new Compliance Management Department.

5.2 Ms. Brown also presented the Fiscal Year 2021 Internal Audit Plan for the Risk Management Information System (RMIS) implementation process.

Board Member Ladner moved acceptance of the Fiscal Year 2020 Internal Audit Report and the Fiscal Year 2021 Internal Audit Plan. Board Member Gonzalez seconded the motion, which carried without objection (5-0 vote).

5.3 Ms. Western presented status on current Insurance Support Services contracts and November expiration date. Discussion on proposed pool of brokers for insurance lines and ancillary services. Staff heard comments from the Board and answered questions. Board Member Gammon moved to allow staff to negotiate contracts. Board Member Ladner seconded the motion, which carried without objection (5-0 vote).

5.4 Ms. Western also presented background and updated Board Training Manual. Instructions will be sent to Board when training is due. No action is needed.

Item 6. Old Business.

6.1 Board Member Gammon asked status of requested Network vs. Non-Network report. Staff heard comments and answered questions from the Board and will report back.

Item 7. No Public Comment. Staff heard comments from the Board on leadership training.

Item 8. Future Meeting Dates. Discussion on suggested dates for the next Board meeting. Board Chair Garland set January 19, 2021, as the next tentative in-person/Zoom meeting date with a back-up of January 26, 2021.

Item 9. Board Chair Garland adjourned the meeting at 11:07 a.m.



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4. Presentation and discussion of Agency Operations Report

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.

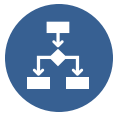
Action Required

No official action required.



AGENCY OPERATIONS REPORT FY21Q1 TO THE SORM BOARD OF DIRECTORS

January 19, 2021



EXECUTIVE OFFICE

I. RISK MANAGEMENT INFORMATION SYSTEM

- Initiative Progress: Completed vendor kick-off meeting and assigned implementation team. Resource allocation for IT-focused support is in place, as well as formal SORM Project Change Management process with authorities.

II. SELECTED PROJECTS

- Statutory Board Training: 80% complete (as of date of AOR distribution date).
- Board Request on Medical Data Analysis: Completed with additional elements under review and consideration.
- Risk Management Guidelines Advisory Council: Target of July 2021 for Board review and approval of the guidelines (final remaining Sunset recommendation).
- Biennial Report: Includes specific considerations regarding future self-insured retention (SIR) development with a hybrid IR system in active consideration by property program advisory committee.
- Internal restructuring: All Enterprise Risk personnel are now recognized as Enterprise Risk Specialists with designations (Risk Management, Insurance Services, Continuity Operations); new reallocated resource unit authorized within Indemnity Quality Assurance (IQA - Legal Services) focusing on clean claim bill review.

III. COVID-19 RESPONSE

- Return-to-Site: A staged transition plan was executed effective October 5, 2020 and extended per current conditions until March 01, 2021 (full expiration on April 05, 2021), subject to revision and further notice. Telework options as appropriate will be retained and further process redesigns under active development in concert with system and infrastructure implementations. All safety protocols remain in full force and effect.
- Strategic Task Forces: Continued indefinitely, subject to activation, during the current operational conditions.

PROJECT MANAGEMENT

I. RMIS IMPLEMENTATION PROJECT UPDATE

A. PROJECT INITIATION PHASE

During FY21Q1, the Project Management department completed the project initiation phase for the RMIS project. The Office executed the contract with Origami and are governing the project via the authorized Statement of Work.

B. PROJECT PLANNING PHASE

The Project Planning Phase was initiated in FY21Q1 and is currently in process. The project planning consists of six phases with Phase 1 activity concluding in FY21Q2. Planning for the remaining five project phases will start at different times throughout the implementation period. During Phase 1, SORM IT delivered to Origami the RMIS and CMS data and are working to prepare distribution of additional data content that is external to RMIS and CMS. We conducted the initial discovery sessions with Origami where each business unit participated in question and answer discussions focused on business unit activity. These sessions will be used by Origami as they embark on the initial configurations of our Phase 1 scope. Origami is also in the process of completing data analysis to identify any data inconsistency and conduct any data cleanup prior to starting the data conversion activity.

C. PROJECT EXECUTION

Phase 1 of Project Execution also began during FY21Q1. The execution phase of the project will consist of the build-out and configurations of our new Origami environment, as well as the data conversion. We will conduct a detailed gap analysis throughout the course of this activity as we are exposed to the Origami environment and experience hands on activity. The gap analysis may identify some business requirements that the Office could need that are not offered in the Origami Statement of Work. In these cases, Executive Council will work with Origami to identify and implement best solutions to address critical business gaps and will follow change management guidelines we have approved for the project.

D. PROJECT MONITOR AND CONTROL

During FY21Q1, we initiated the project Monitor and Control activity. We have established a project repository where the project artifacts utilized to facilitate this activity are stored and maintained. Artifacts include but are not limited to:

- Meeting Agendas and Meeting Minutes
- Project Status Reports
- Working Project Register which contains:
 - Project Roles and Responsibilities
 - Key Deliverables
 - Implementation Schedule
 - Risk Log
 - Issue Log
 - Project Change Management Log
 - Question Log
 - Lessons Learned & Notes Log

Project Management Quarterly Statistics

| | | Opened | Complete | Withdrawn | In Progress | On Hold | Pending Approval | Not Started |
|--------------|------------------------|------------|-----------|-----------|-------------|-----------|------------------|-------------|
| FY19 | Prior to FY20Q1 | 7 | 0 | 1 | 0 | 1 | 0 | 0 |
| FY20 | Q1 | 59 | 6 | 5 | 10 | 10 | 1 | 8 |
| | Q2 | 24 | 24 | 0 | 2 | 2 | 1 | 0 |
| | Q3 | 21 | 17 | 0 | 5 | 1 | 0 | 0 |
| | Q4 | 7 | 17 | 1 | 0 | 1 | 1 | 1 |
| FY21 | Q1 | 22 | 6 | 6 | 8 | 0 | 0 | 4 |
| | Q2 | 1 | 1 | 0 | 1 | 0 | 0 | 0 |
| | Q3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Q4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | 141 | 71 | 13 | 26 | 15 | 3 | 13 |

PUBLIC RELATIONS

I. TRAINING

During FY21Q1, Public Relations continued to focus on translating classroom-based training to a virtual platform, and test-launched the first external training course on the Learning Management System (LMS). While the class is still in the final stages of post-production, this marks a milestone for the Office in the evolution of SORM training and allows for additional flexibility to support our client agencies' training needs.

Agency Training for FY21Q1

| Virtual Course Name | Classes Taught | Students |
|---|----------------|------------|
| Additional Duty Safety Officer (ADSO) Orientation | 1 | 2 |
| Driving Safety | 6 | 643 |
| Personal Safety and Situational Awareness | 1 | 9 |
| Workers' Compensation Claims Coordinator Training | 1 | 40 |
| TOTAL | 9 | 694 |

II. STATEWIDE CONTINUITY OF OPERATIONS (COOP) PROGRAM

At the end of FY20Q4, the Director of Public Relations was assigned as the COOP Task Force Leader to support the Continuity of Operations Unit. The unit underwent an in-depth business analysis to evaluate approaches to achieving our statutory missions.

COOP Activity for FY21Q1

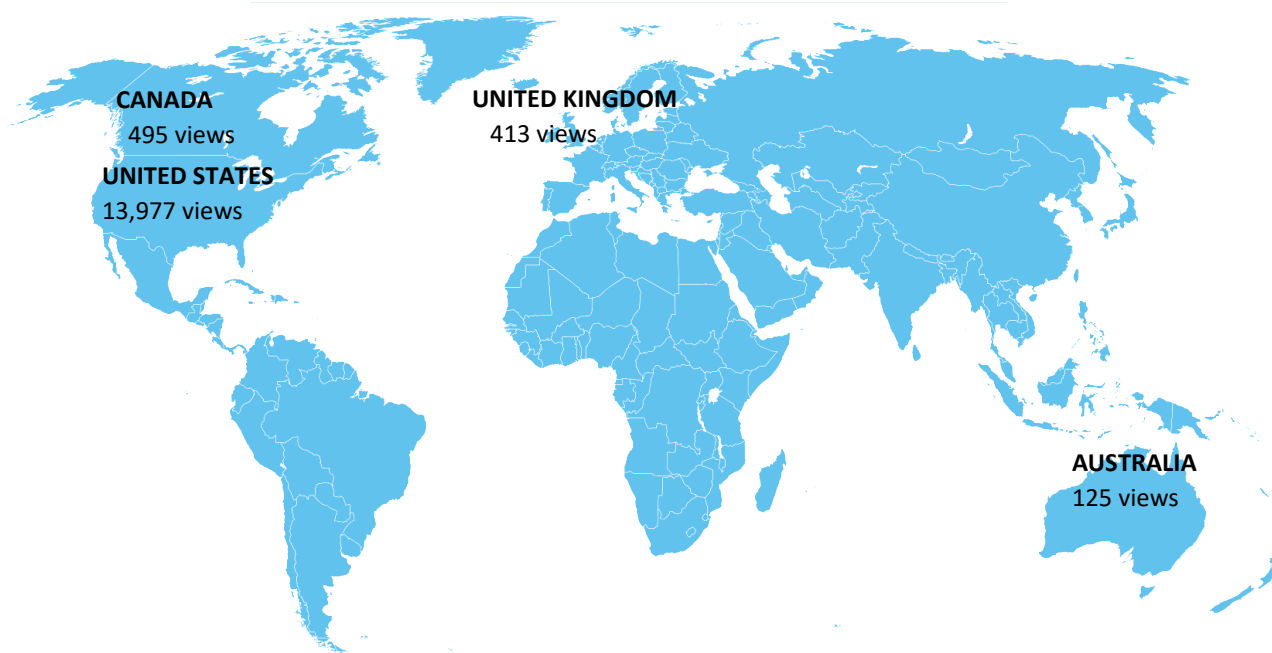
| | |
|--------------------------|---|
| COOP Plan Evaluations | 6 |
| COOP Exercise Evaluation | 2 |

COOP Recommendations for FY21Q1

| | |
|---------------------------|---|
| Administrative | 3 |
| Budgeting and Acquisition | 2 |
| Continuity Standards | 1 |
| Essential Functions | 5 |

III. PUBLIC RELATIONS OUTREACH

The Office's Public Relations Liaison received media and legislative inquiries regarding SORM's response to COVID-19 workers' compensation claims. We are also in the process of tracking any proposed bills that could potentially affect the Office during the upcoming legislative session.



FY21Q1 TOP 3 VIDEOS

| | |
|---------------------------------------|-------------|
| How to Survive an Active Shooter | 6,717 views |
| How to Prevent Heated-Related Illness | 2,059 views |
| Same Level Slips, Trips and Falls | 2,007 views |

FY21Q1 TOTAL

| | |
|-------------|--------|
| Total views | 19,761 |
|-------------|--------|

FY21Q1 TOP 5 US STATES

| State | Views |
|------------|-------|
| Florida | 1,624 |
| California | 316 |
| Texas | 290 |
| New York | 128 |
| Wisconsin | 114 |

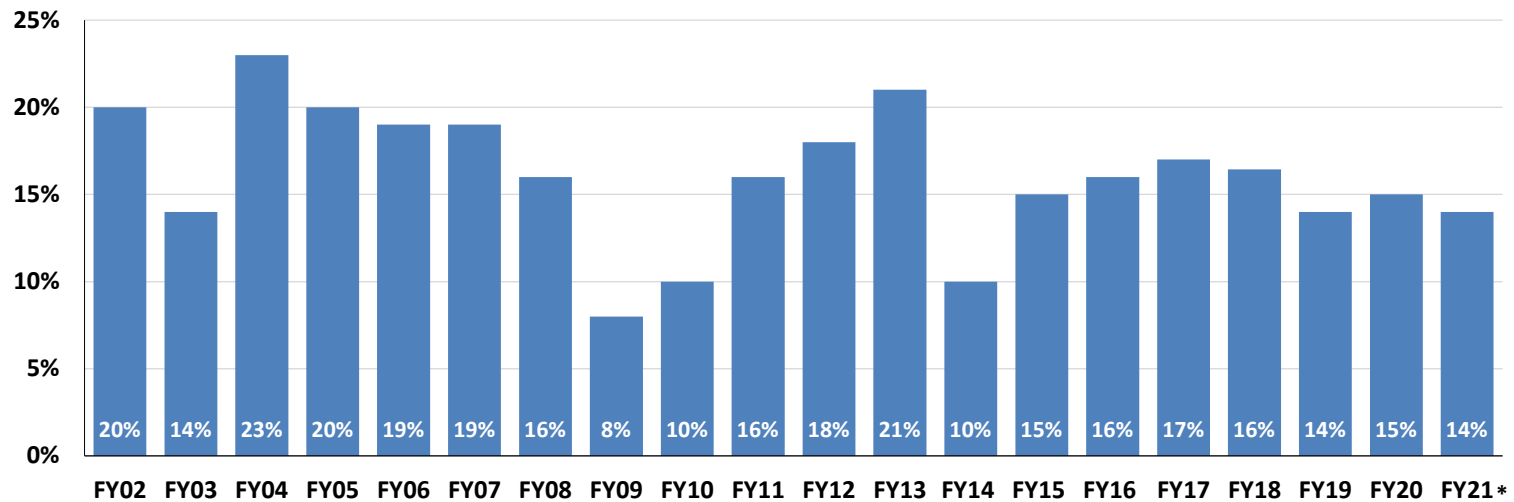


INTERNAL OPERATIONS

TALENT MANAGEMENT

| New Hires | Vacancies |
|---|---|
| Hannah Jones, Receptionist | Director of Compliance Management |
| Clarisa Lenhart, Web Systems Administrator | Data Manager |
| Carolyn Regimand, Talent Coordinator | Enterprise Risk Specialist, Insurance Services |
| Stephen Sanchez, Adjuster | Enterprise Risk Specialist, Risk Management |
| Nick Searcy, Receptionist | Enterprise Risk Specialist, Continuity Operations |
| Selena Villarreal, Medical Clean Bill Analyst | Programmer |
| Mary Ann Gonzales, Medical Clean Bill Analyst | Adjuster |
| Jackie Zeppa, Adjuster | Document Specialist |

Annual Turnover Rates



* ANNUALIZED

FINANCIAL MANAGEMENT

FY21 AGENCY (CONSOLIDATED) BUDGET

November 30, 2020

| Objects of Expense | Initial Budget: | Adjustments Transfers (+ In, - Out) | Revised Budget: | Expenditures Year to Date @ 11/30/2020 | Encumbrances @ 11/30/2020 | Remaining Budget @ 11/30/2020 | Unpaid Expenses Incurred | Percent of Budget Expended/Incurred | Percent of Fiscal Year Elapsed |
|-----------------------|-------------------|-------------------------------------|-------------------|--|---------------------------|-------------------------------|--------------------------|-------------------------------------|--------------------------------|
| Salaries & Wages | 7,557,391 | 0 | 7,557,391 | 1,166,260 | 0 | 6,391,131 | 580,650 | 23.1% | 25.0% |
| Other Personnel Costs | 250,000 | 0 | 250,000 | 56,572 | 0 | 193,428 | 18,131 | 29.9% | 25.0% |
| Professional Services | 1,750,000 | (250,000) | 1,500,000 | 54,560 | 1,012,079 | 433,361 | 186,360 | 16.1% | 25.0% |
| Consumable Supplies | 38,434 | 0 | 38,434 | 6,209 | 60 | 32,165 | 12,241 | 48.0% | 25.0% |
| Utilities | 6,058 | 0 | 6,058 | 345 | 3,810 | 1,904 | 453 | 13.2% | 25.0% |
| Travel | 125,000 | 0 | 125,000 | 3,627 | 0 | 121,373 | 10 | 2.9% | 25.0% |
| Rental of Space | 720 | 0 | 720 | 0 | 0 | 720 | 0 | 0.0% | 25.0% |
| Rental of Equipment | 24,000 | 0 | 24,000 | 0 | 19,232 | 4,768 | 1,748 | 7.3% | 25.0% |
| Operating Costs | 1,977,341 | (773,594) | 1,203,747 | 859,611 | 17,305 | 326,831 | 56,403 | 76.1% | 25.0% |
| Capital Expenditures | 250,000 | 1,547,188 | 1,797,188 | 637,776 | 295,804 | 863,608 | 0 | 35.5% | 25.0% |
| Total | 11,978,944 | 523,594 | 12,502,538 | 2,784,960 | 1,348,290 | 8,369,289 | 855,996 | 29.1% | 25.0% |

| Objects of Expense | Initial Budget: | Adjustments Transfers (+ In, - Out) | Revised Budget: | Expenditures Year to Date @ 11/30/2020 | | Remaining Budget @ 11/30/2020 | | Percent of Budget Expended/Incurred | Percent of Fiscal Year Elapsed |
|-----------------------------|-------------------|-------------------------------------|-------------------|--|--|-------------------------------|--|-------------------------------------|--------------------------------|
| Indemnity | 19,148,834 | | 19,148,834 | 4,265,490 | | 14,883,344 | | 22.3% | 25.0% |
| Medical | 21,418,916 | | 21,418,916 | 4,354,141 | | 17,064,775 | | 20.3% | 25.0% |
| Total Exps. | 40,567,750 | 0 | 40,567,750 | 8,619,631 | | 31,948,119 | | 21.2% | 25.0% |
| Subrogation and Restitution | (567,750) | 0 | (567,750) | (159,387) | | (408,363) | | 28.1% | 25.0% |
| Net Total | 40,000,000 | 0 | 40,000,000 | 8,460,244 | | 31,539,756 | | 21.2% | 25.0% |

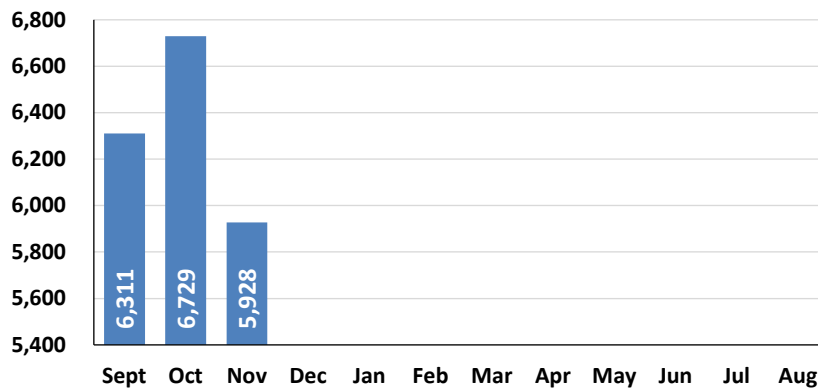
FY21Q1 PROJECTION

| | Actual Costs as of 12/31/20 12 Months | Based on even distribution | Based on 15 year avg. (FY2006 - FY2020) | Based on 10 year avg. (FY2011 - FY2020) | Based on 5 year avg. (FY2016 - FY2020) | Worst Case Assumed |
|-----------|--|----------------------------------|--|---|--|-----------------------|
| indemnity | | 33.42% | 34.22% | 33.76% | 33.68% | 33.42% |
| medical | | 33.42% | 34.55% | 35.49% | 36.37% | 33.42% |
| recovery | | 33.42% | 38.59% | 34.14% | 35.97% | 100.00% |

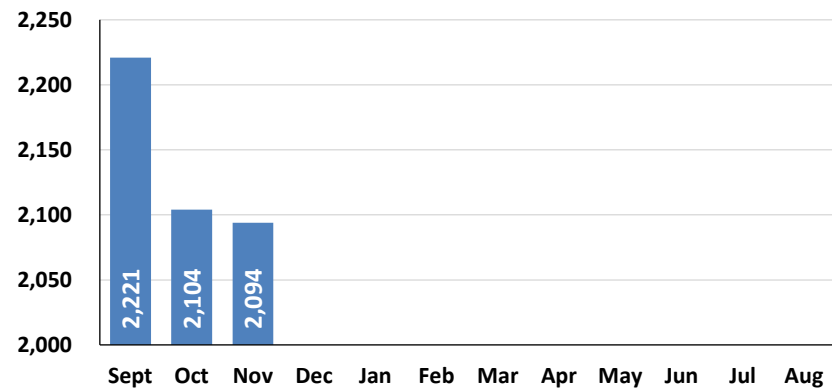
FY21 Projections

| | | | | | | |
|---|------------|------------|---------------|------------|------------|-------------------|
| indemnity | 5,768,752 | 17,258,971 | 16,857,799.83 | 17,086,101 | 17,126,315 | 17,258,971 |
| medical | 5,980,825 | 17,893,452 | 17,309,347.99 | 16,854,186 | 16,442,178 | 17,893,452 |
| recovery | (159,407) | (476,913) | (413,077) | (466,907) | (443,137) | (159,407) |
| | 11,590,170 | 34,675,509 | 33,754,071 | 33,473,380 | 33,125,356 | 34,993,016 |
| Average of four different projection bases and "worst case" | | | | | | 34,004,266 |
| gross costs only | 11,749,577 | 35,152,422 | 34,167,148 | 33,940,287 | 33,568,493 | 35,152,422 |
| Average of four different projection bases and "worst case" | | | | | | 34,396,155 |

Medical Bills Processed FY21
Total 18,968



Indemnity Bills Processed FY21
Total 6,419

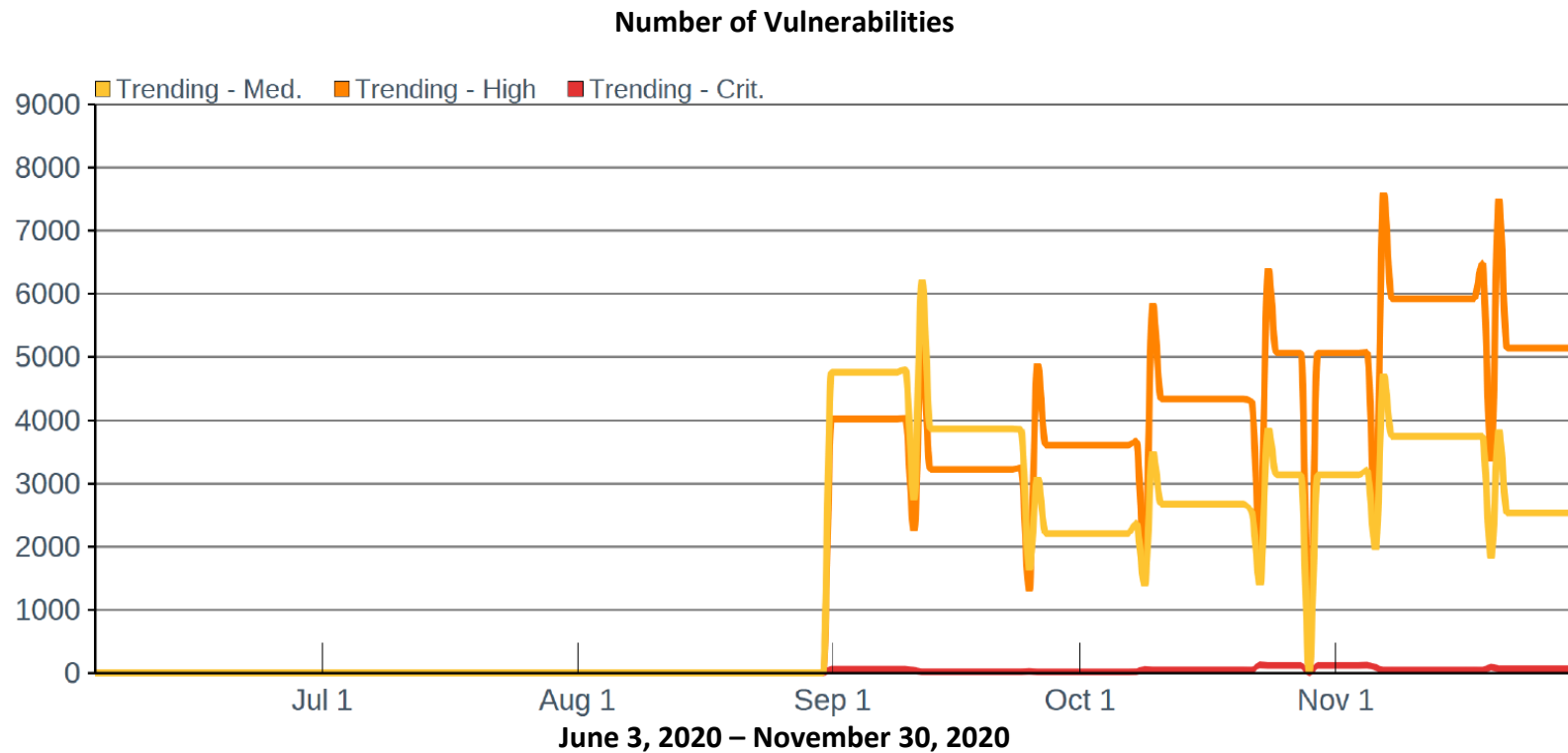


INFORMATION TECHNOLOGY

I. ONGOING AGENCY SUPPORT

Information Technology (IT) continues to support the agency operations through infrastructure support, processing, and reporting. Significant areas of activity in FY21Q1 include:

| Area | Task |
|---|--|
| Equipment – Servers, desktops, laptops, and peripherals | <ul style="list-style-type: none">• Replaced obsolete desktop printers with newer models for select SORM staff• Coordinated OAG's new VPN implementation• Replaced malfunctioned parts for servers |
| Software changes (mainframe, web, client/server and PC applications) | <ul style="list-style-type: none">• Updated RMIS password rules for enhanced security• Implemented the WebHelpdesk Ticket System to keep better track of tech support requests• Completed code and process improvements for SORM applications• Updated web/mainframe development projects in Team Foundation Server (TFS) |
| Projects for Business Owners | <ul style="list-style-type: none">• Gathered requirements and information for Origami's RMIS implementation• Extracted data from CMS for use in the new Origami RMIS system• Coordinated and transferred data with the vendor as requested• Rewrote the EOR Parser program for better usage and security• Moved the Inventory System to a new system and updated the code for better functionality• Completed an IT-based tabletop exercise for COOP |
| Cybersecurity | <ul style="list-style-type: none">• Started the Cybersecurity Policy Initiative• Reviewed scheduled Vulnerability 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• 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">• Completed the IT Network Drive Cleanup• Change management<ul style="list-style-type: none">○ Documented computer program changes using Team Foundation software• Batch Processing Standardization |
| Other Items | <ul style="list-style-type: none">• Provided desktop, email, and application support to SORM staff• Managed and supported server and PC infrastructure• Supported the external website server and/or database changes• Supported TEAMS and SharePoint, including the Intranet |



II. ANTICIPATED ACTIVITY

In addition to routine support functions congruent with operations for the Office, we anticipate the following activities during FY21Q3 and beyond:

- A. Continue RMIS Implementation
- B. Continue creating/updating security policies
- C. Deploy the new cybersecurity training
- D. Build the new Employee Checklist with Talent Management as the champion
- E. Update PHP frameworks to improve our security posture
- F. Implement the System Center Configuration Manager (SCCM)
- G. Coordinate with OAG DR Server options for SORM
- H. Continue supporting external website and intranet server/database
- I. Continue supporting the new Learning Management System (LMS) server/database

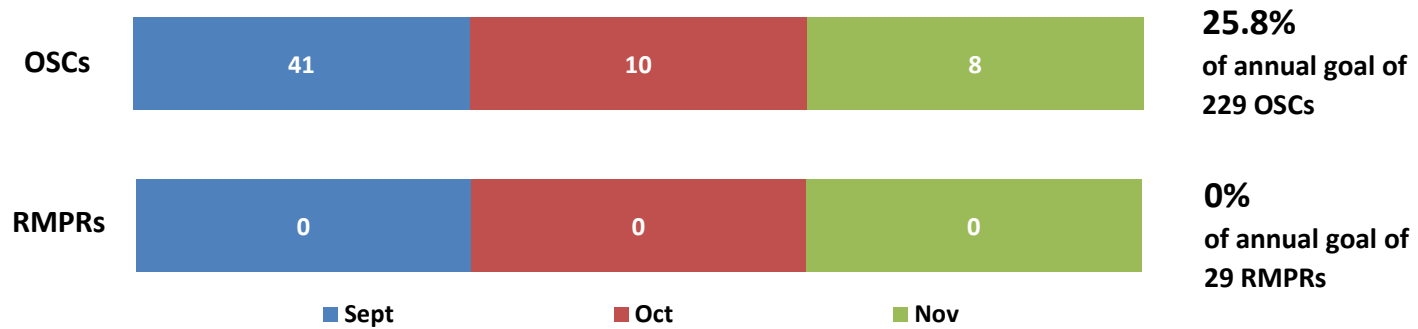


STRATEGIC PROGRAMS

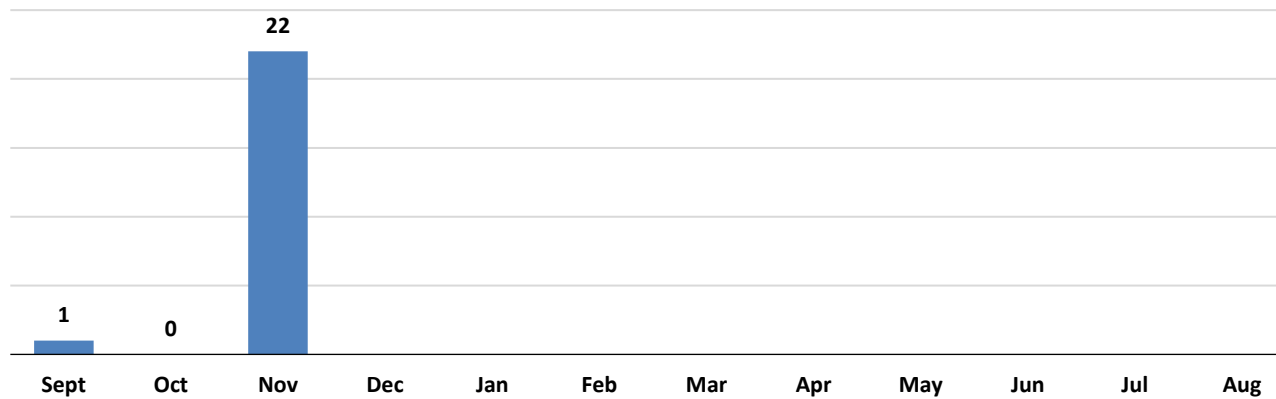
ENTERPRISE RISK

I. STATEWIDE RISK MANAGEMENT PROGRAM

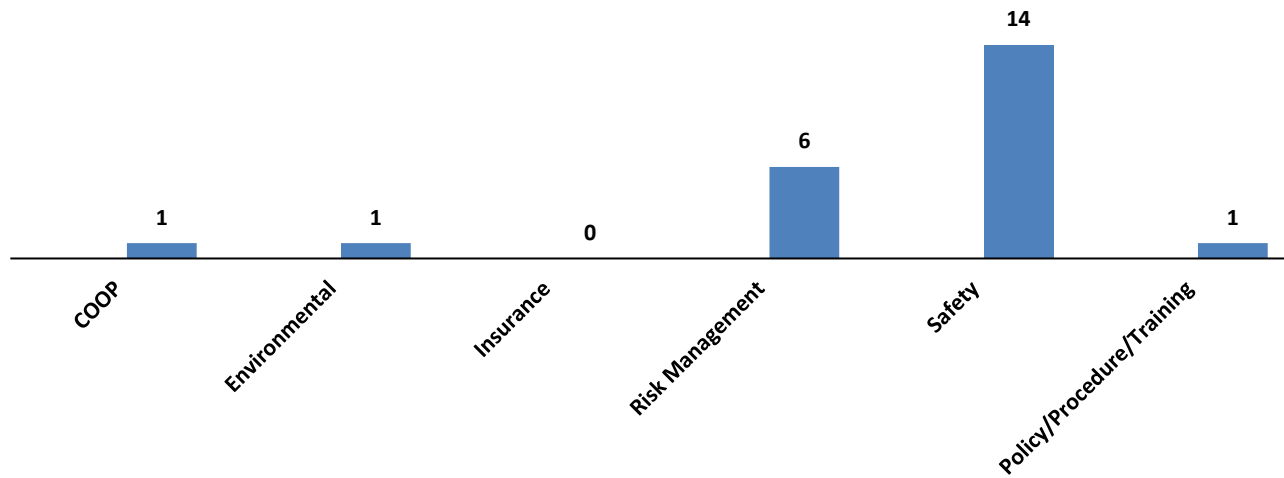
ON-SITE CONSULTATIONS (OSCs) AND RISK MANAGEMENT PROGRAM REVIEWS (RMPRs)



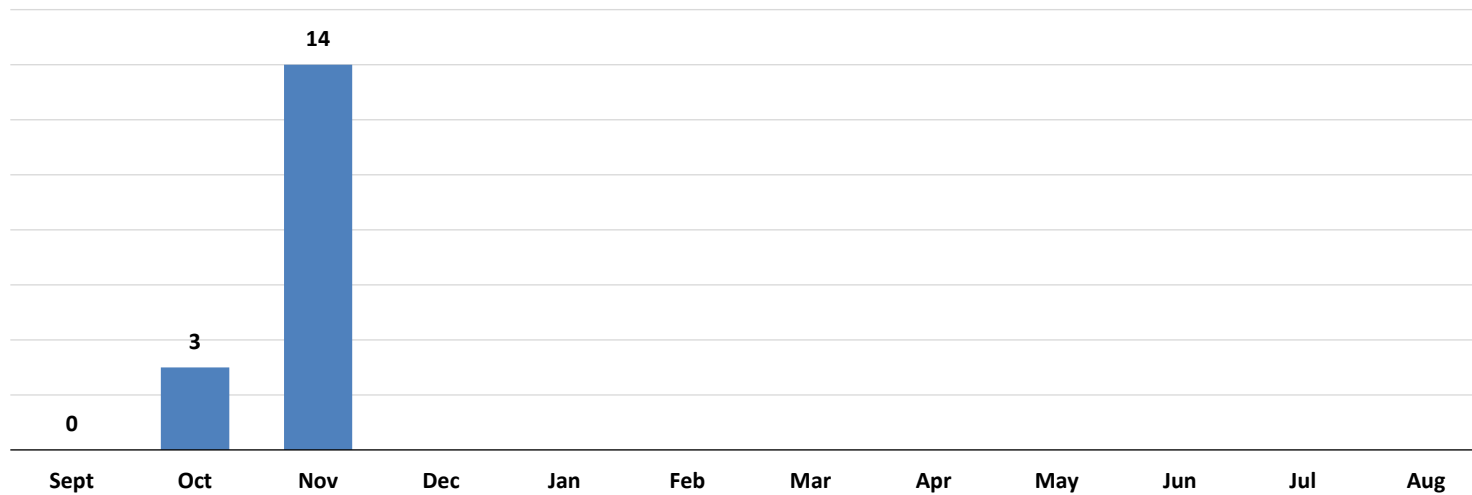
Recommendations Given FY21Q1 Total: 23



Category of Recommendations FY21Q1

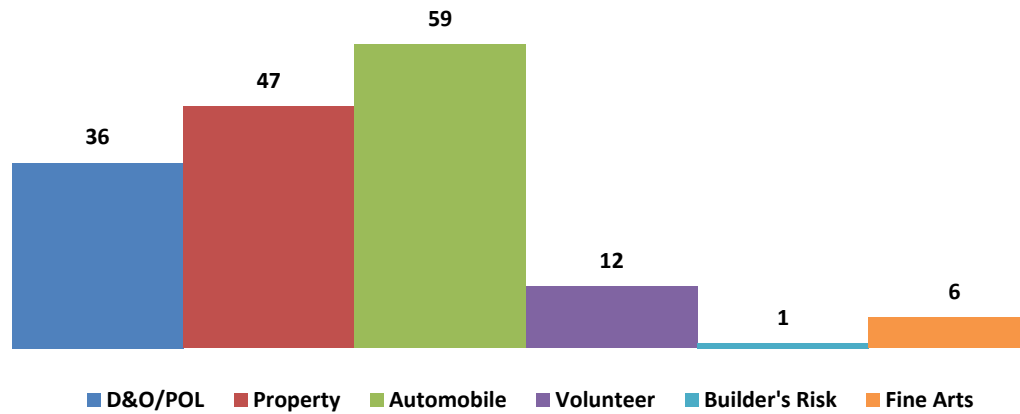


Closed Recommendations FY21Q1
Total : 17



II. STATEWIDE INSURANCE PROGRAM

A. PARTICIPANTS IN STATEWIDE INSURANCE LINES FY21Q1



B. MONITORING

458 notary applications were processed during FY21Q1

C. INSURANCE PURCHASES

| | |
|-----------------------------------|------------------|
| Number of SORM 201s processed: | 15 |
| Number approved and premium paid: | 10 for \$264,043 |

SORM 201s FY21Q1

| Line of Insurance | Approved | Comments | Premium |
|---|-----------------|--|------------------|
| Foreign Travel | X | Coverages for persons traveling abroad. In this case, the policy covers General Liability, Corollary, Auto Liability, and Physical Damage | \$13,764 |
| Extra Territorial Workers Compensation | X | Coverage for clerical office staff who provide work on behalf of the State of Texas but operate and reside outside of the state | \$13,452 |
| Professional Liability | X | Coverage for physicians employed in Student Health and Wellness Center and for allied health professionals (i.e. nurses, nurse practitioners, certified nurse mid-wives, physician assistants and physical therapist) employed at the Student Health and Wellness Center and at Health Science Centers | \$145,680 |
| Fine Art | X | Coverage for loss or damage to collection or gallery items while at scheduled location, any other location worldwide or while in transit | \$3,840 |
| Inland Marine | X | Coverage for mobile equipment | \$24,802 |
| Inland Marine | X | Coverage for mobile equipment | \$4,712 |
| NFIP | X | The NFIP policy is designed to trigger before the Statewide Property Insurance and provide \$500,000 in coverage for losses due to flooding to the property and its contents with a lower deductible than that of the SORM Property policy | \$18,750 |
| General Liability | X | Coverage 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 | \$944 |
| Umbrella | X | Excess coverage of liability policy in place | \$1,465 |
| GL Prescribed Burn | X | Coverage relating to planning for the use of and liability resulting from prescribed burns | \$10,190 |
| Extra Territorial Workers Compensation | X | Coverage for clerical office staff who provide work on behalf of the State of Texas but operate and reside outside of the state | \$1,038 |
| Medical Malpractice | X | Coverage for financial liability due to an error or omission (E&O) in performance of professional duties | \$7,122 |
| Medical Professional Liability | X | Coverage for groups and facilities that host student interns performing clinical procedures in the Hospitals as part of their coursework | \$7,957 |
| Extra Territorial Workers Compensation | X | Coverage for clerical office staff who provide work on behalf of the State of Texas but operate and reside outside of the state | \$9,827 |
| Crime | X | Coverage for crime hazards due to employees handling money in the form of cash, checks, and credit cards | \$500 |
| TOTAL | | | \$264,043 |

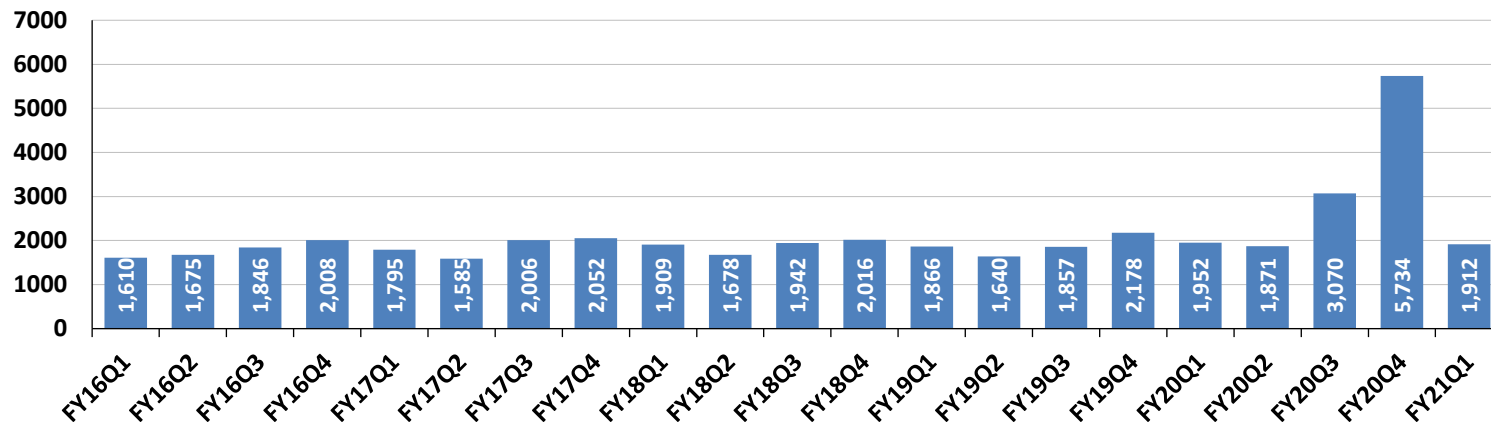
CLAIMS OPERATIONS

I. CLAIMS OPERATIONS ACTIVE WORKLOAD FY21Q1

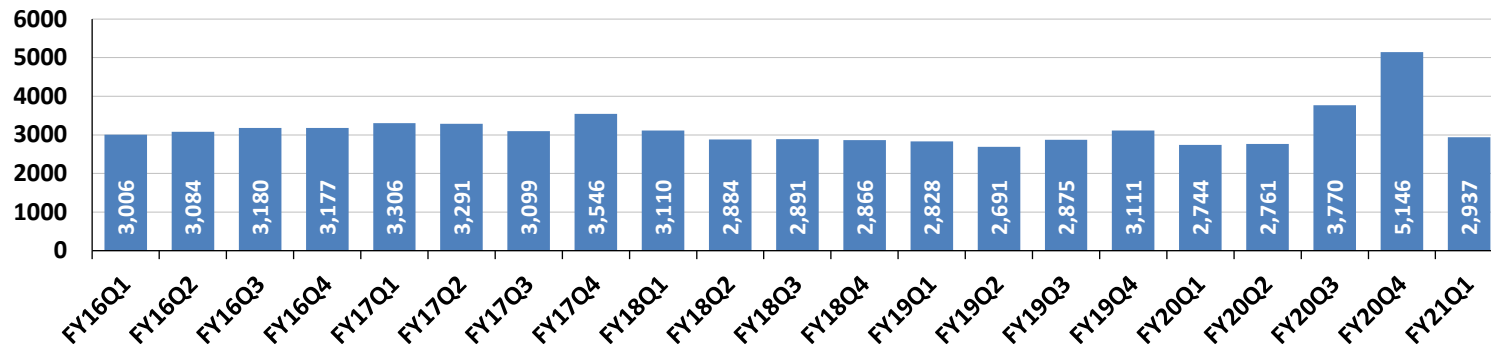
Claims Operations continues to conduct thorough investigations in the initial stages and focuses on maintaining active follow up.

- A. SORM received 1,912 injury reports (claims) in FY21Q1, which is a decrease from the number of injury reports received in FY20Q4 (5,734)
- B. 1,465 claims were accepted
- C. 4,233 claims were inactivated
- D. SORM had 2,937 open claims at the end of FY21Q1

Claims Received per Quarter



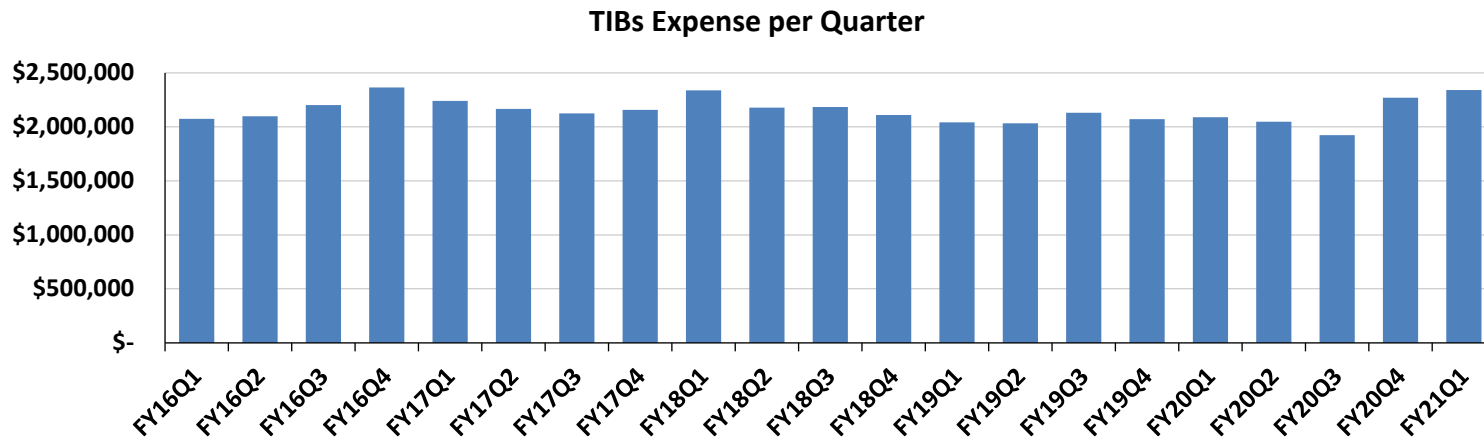
Claims Open per Quarter



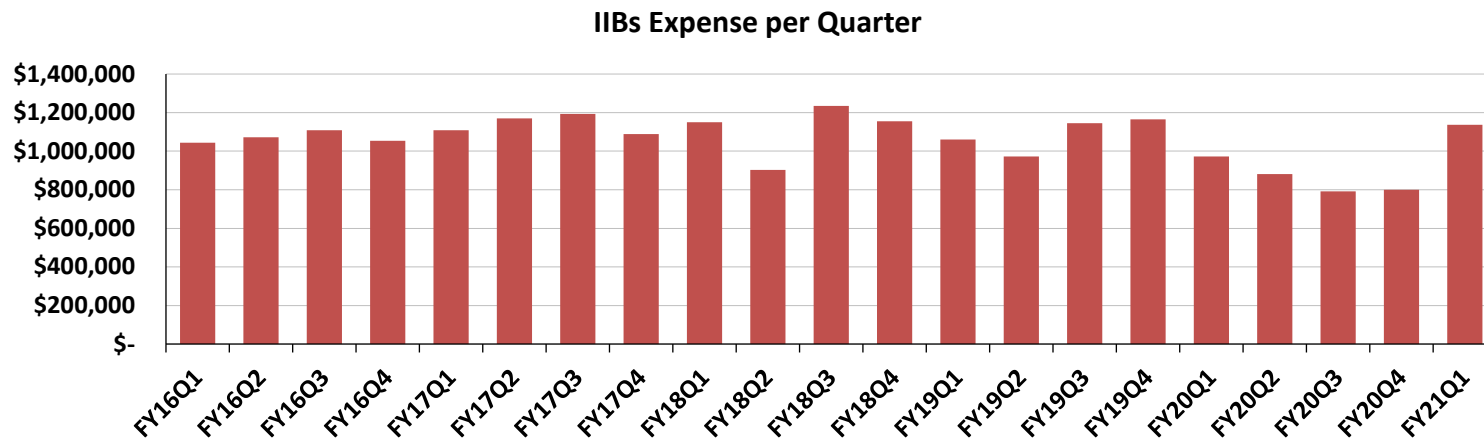
II. ANALYSIS OF INCOME BENEFITS EXPENSES FOR FY21Q1

- A. FY21Q1 reflects an increase in TIBs indemnity costs from FY20Q4
- B. TIBs payments were \$2,340,341 and IIBs payments were \$1,136,716 in FY21Q1
- C. At the end of FY21Q1, there were 567 TIBs, 195 IIBs, 25 SIBs with payment, 11 LIBs, and 68 DIBs claims open

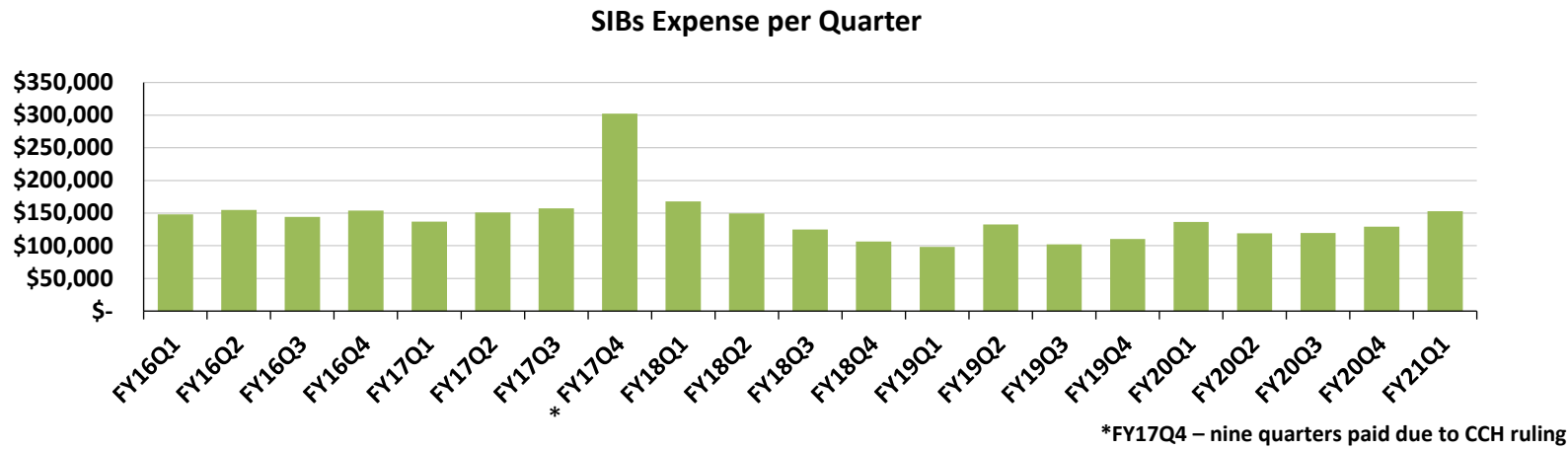
Temporary Income Benefits (TIBs) expenditures for FY21Q1 totaled \$2,340,341 on 567 claims



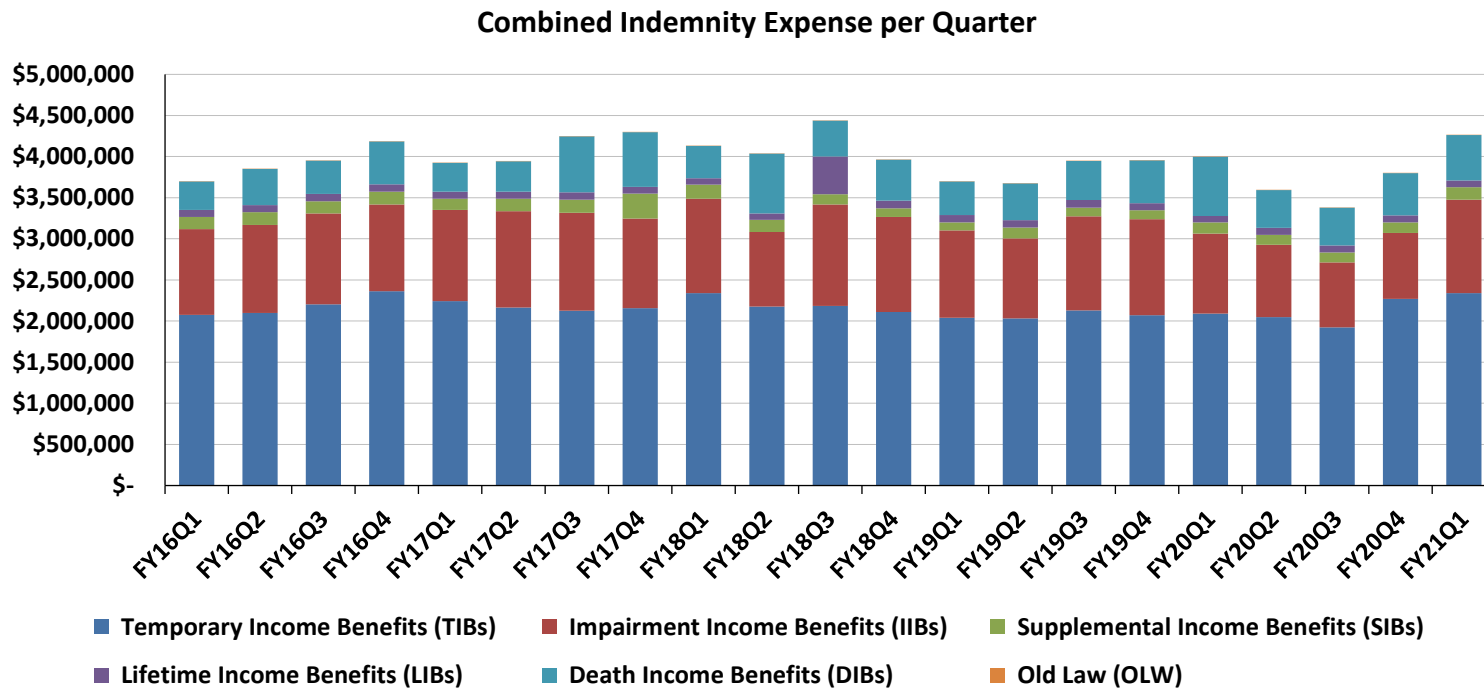
Impairment Income Benefits (IIBs) expenditures for FY21Q1 totaled \$1,136,716 on 195 claims



Supplemental Income Benefits (SIBs) expenditures for FY21Q1 totaled \$152,938 on 25 claims



Combined indemnity expenditures for FY21Q1 totaled \$4,265,490 on 800 claims





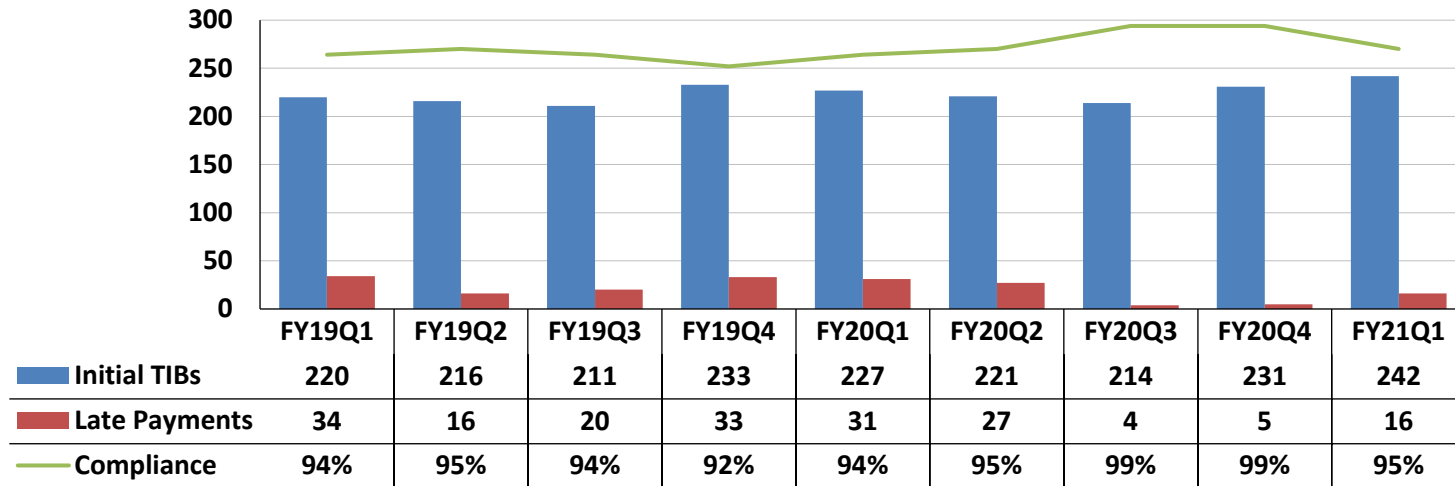
COMPLIANCE AND PRACTICES

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



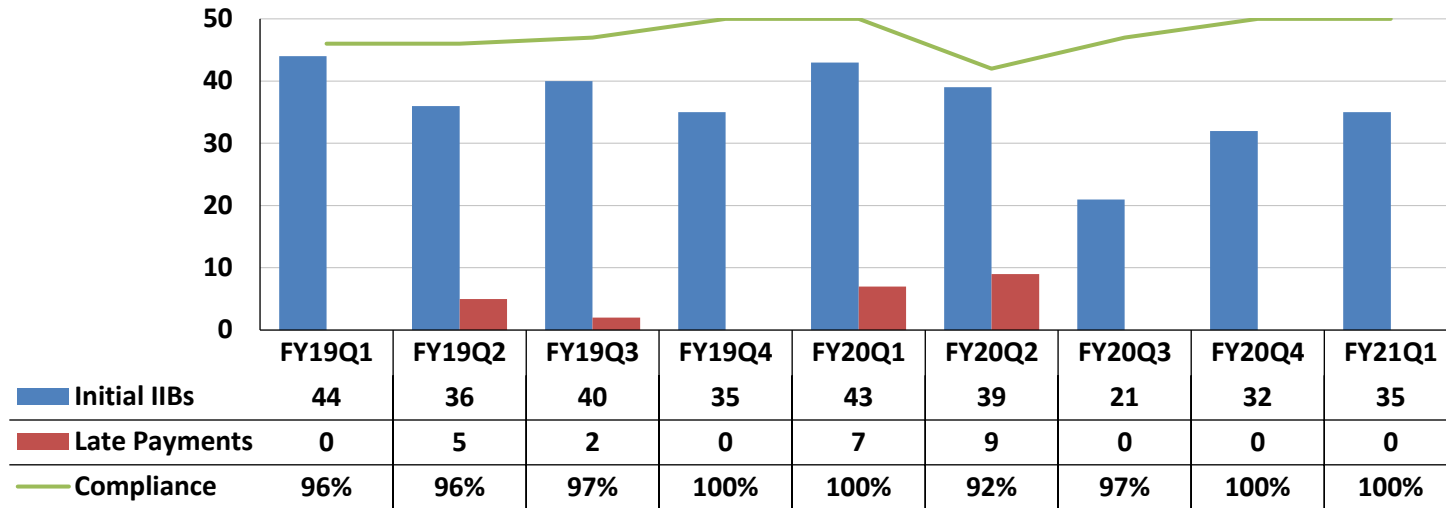
TIB Late Payments FY21Q1

| | |
|----------------|---|
| Carrier | 6 |
| Employer | 7 |
| No Fault/Misc. | 3 |
| Physician | 0 |

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

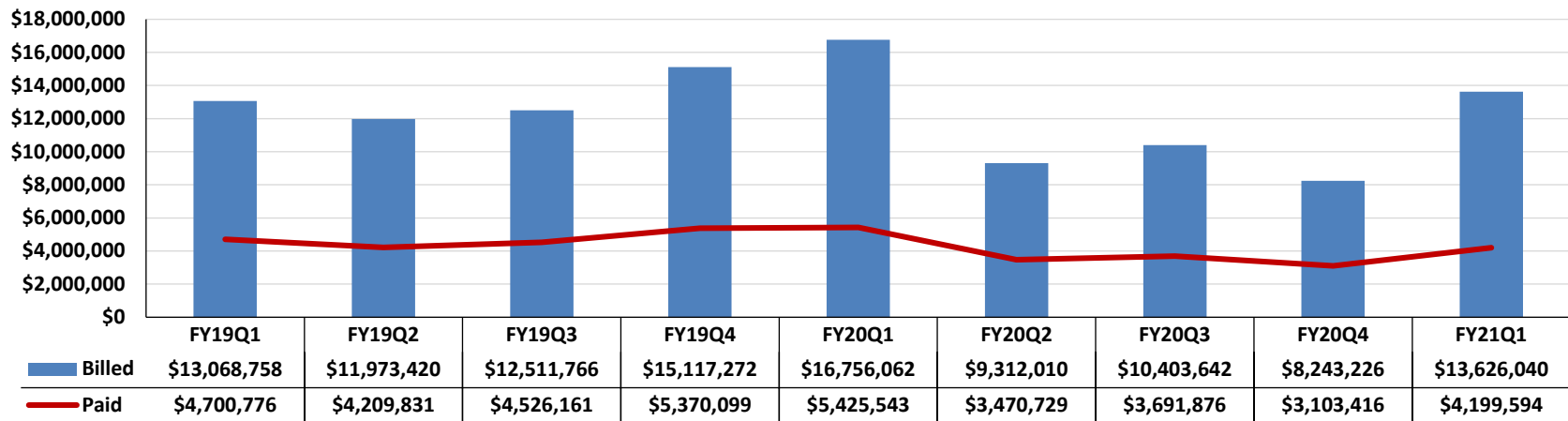


II. MEDICAL QUALITY ASSURANCE

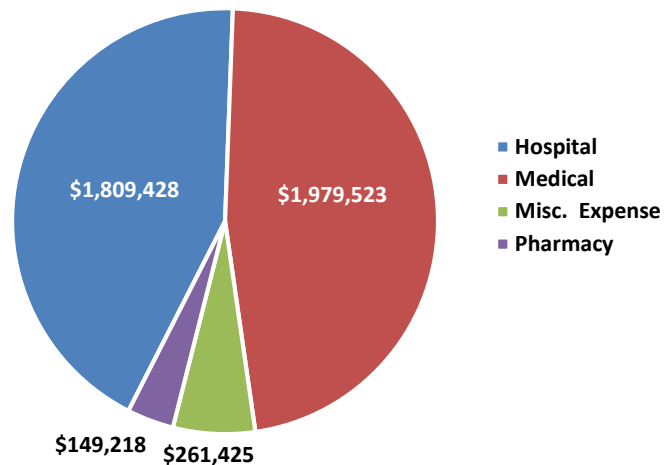
A. MEDICAL COSTS

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

**Total Medical Cost Savings
FY19Q1 - FY21Q1**



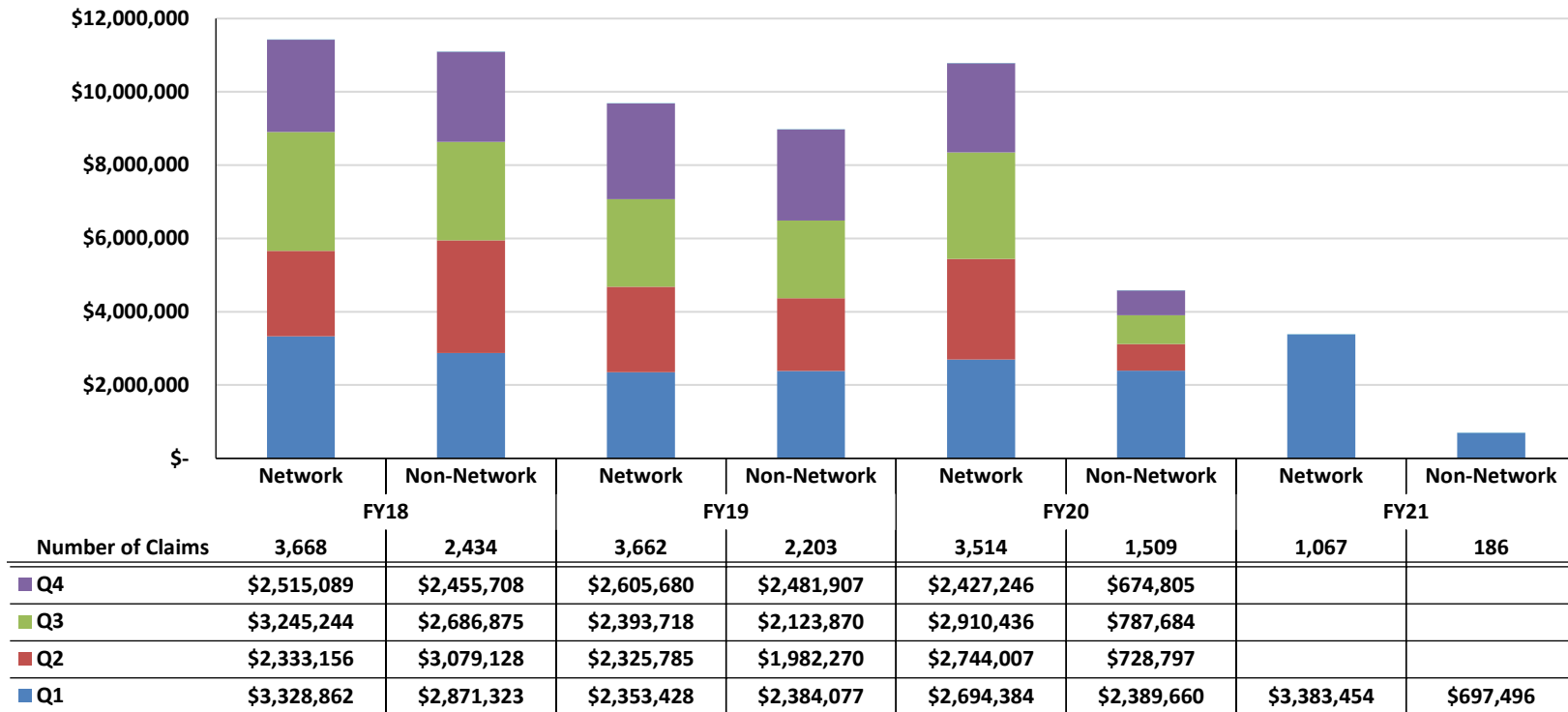
Medical Payments FY20Q1



B. NETWORK AND NON-NETWORK DATA

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

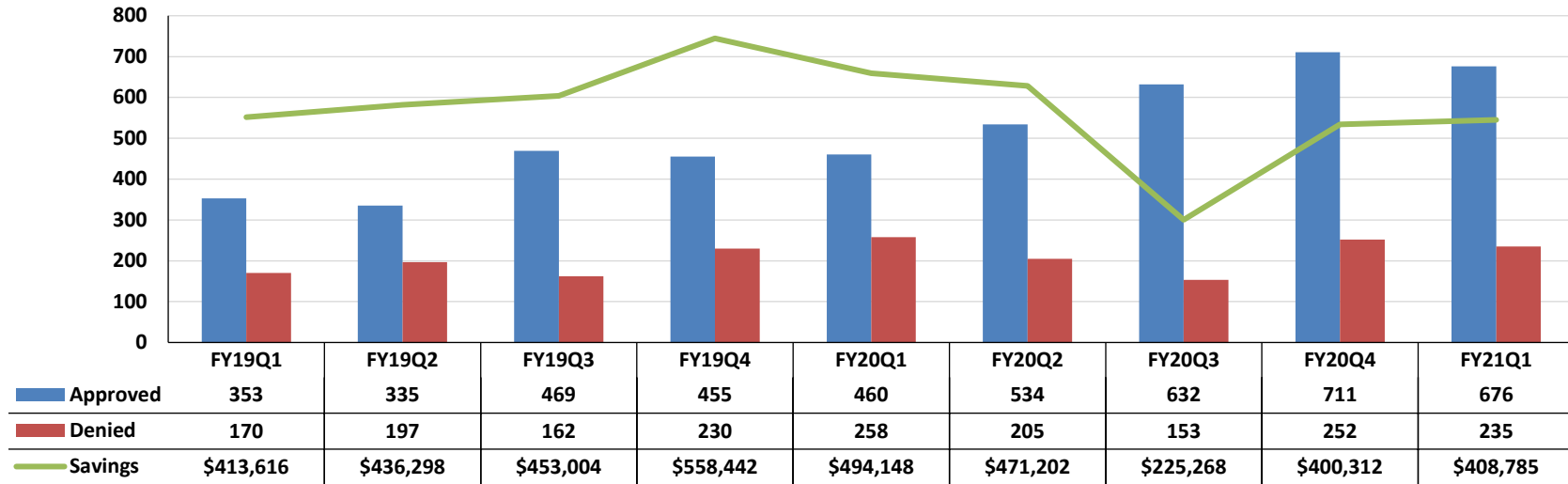
Network and Non-Network Costs FY18Q1 - FY21Q1



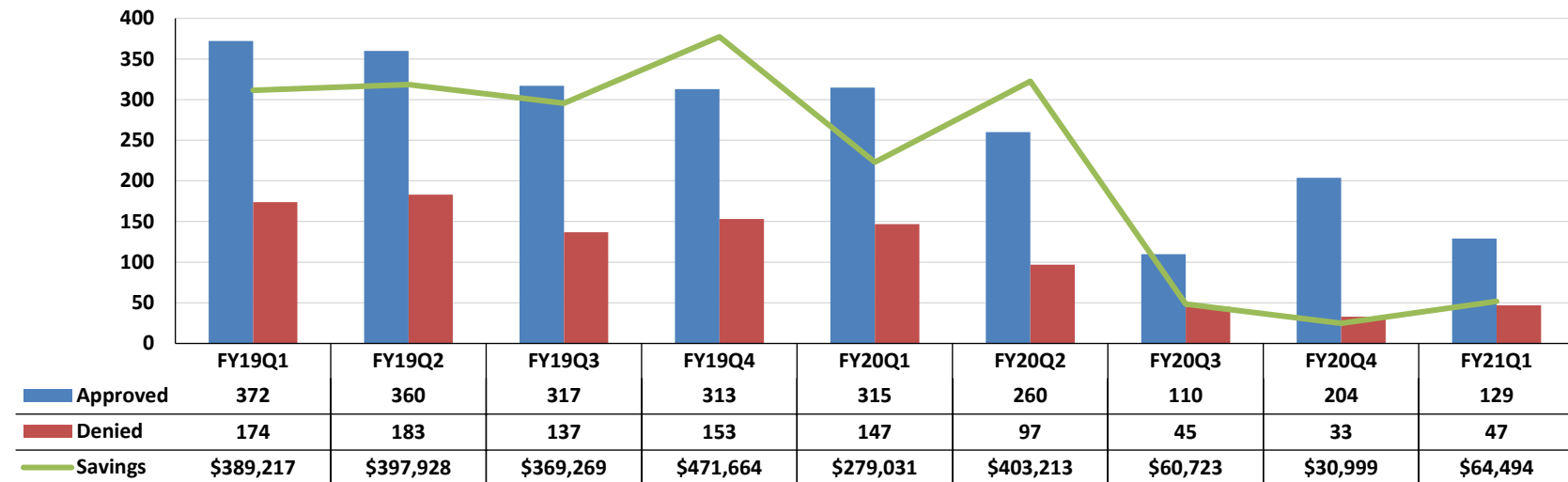
C. PREAUTHORIZATION

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 FY19Q1 - FY21Q1



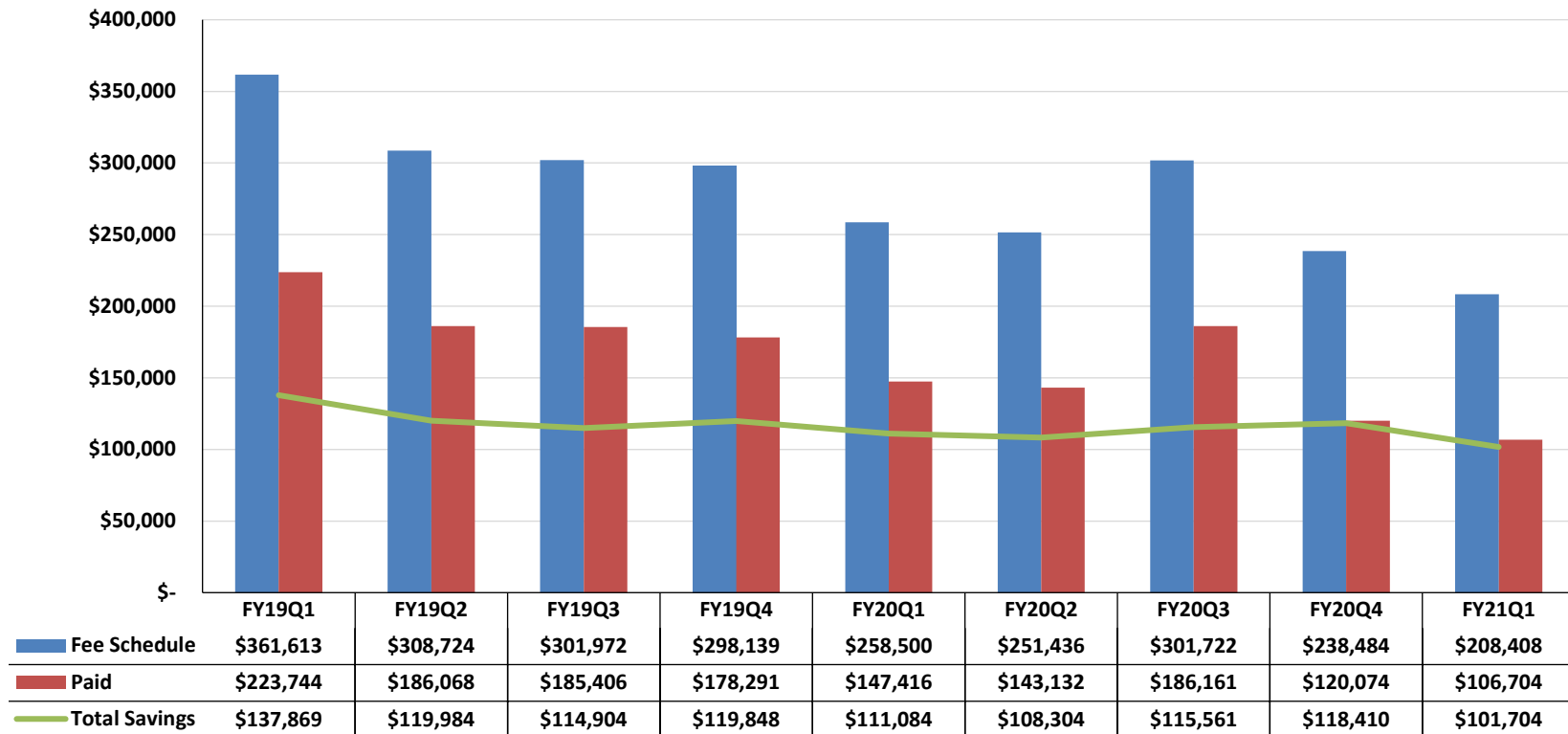
Non-Network Utilization Review FY19Q1 - FY21Q1



D. PHARMACY BENEFIT MANAGEMENT

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

PBM Cost Savings FY19Q1 - FY21Q1



E. MEDICAL DISPUTE RESOLUTION FY21Q1

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 | 11 Non-Network received |
| | 8 Network received |
| Medical Necessity Disputes | 1 Non-Network received |
| | 1 Network received |

LITIGATION MANAGEMENT

I. BENEFIT DISPUTE RESOLUTION FY21Q1

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 |
|--------------|--------------|-------------------------------|------------------------|---------------------------|
| 47 | 3 | MMI/IR | 11 | EOI |
| CCH Attended | CCH Resolved | D&O for SORM | D&O Against SORM | Primary Issue in D&O |
| 22 | 1 | 5 | 7 *1 split decision | MMI/IR |

II. FRAUD INVESTIGATIONS

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

| FY21Q1 | Pending | Opened | Closed | Criminal Referral |
|----------------------|---------|--------|--------|-------------------|
| Fraud Investigations | 12 | 1 | 5 | 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.

| | FY21Q1 | FY21Q2 | FY21Q3 | FY21Q4 | YTD Total |
|--------------|------------------|--------|--------|--------|------------------|
| Restitution | \$6,681 | | | | \$6,681 |
| SIF | | | | | |
| Subrogation | \$152,706 | | | | \$152,706 |
| Total | \$159,387 | | | | \$159,387 |

COMPLIANCE MANAGEMENT

I. CONTRACT ADMINISTRATION

| Area | Task |
|-------------------------------|--|
| Procurement | <ul style="list-style-type: none">• Insurance Support Services RFP |
| Contract Management | <ul style="list-style-type: none">• Contract Management Handbook Update |
| Vendor Performance Monitoring | <ul style="list-style-type: none">• Vendor Performance Evaluation Tool (VPET)• Business Owner Input• Desk Reviews• Issue Log• Control Correspondence |
| Vendor Cybersecurity Training | |
| Vendor Performance Reporting | <ul style="list-style-type: none">• Expiration, Annually, and Renewals |



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

5. New business

5.1 Presentation, discussion, and possible action regarding the Board Governance Manual

Information

Executive Director, Stephen Vollbrecht, will present updates to the current Board Policy and Governance Manual, incorporating statutory changes and other procedural recommendations for consideration and possible adoption.

Action Required

The Chair may entertain motions for consideration and acceptance.



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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
FY21Q3**

| Month | Day of Week | Date | Notes |
|-------|-------------|------|---|
| April | Tuesday | 13 | |
| | Tuesday | 20 | Skeleton Crew Day: San Jacinto Day 04/21/21 |
| | Tuesday | 27 | |

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