

## BOARD OF DIRECTORS' MEETING AGENDA

July 27, 2021



State Office of Risk Management

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

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

## Virtual Public Meeting

Board of Directors

July 27, 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 April 27, 2021, meeting
4. Presentation and discussion of Agency Operations Report
5. New business
  - 5.1 Presentation, discussion, and action on Fiscal Year 2022 assessment totals
  - 5.2 Presentation, discussion, and action on contract for data extraction services
  - 5.3 Sub-Committee presentation, discussion, and possible action on the executive director's evaluation template
  - 5.4 Presentation, discussion, and possible action on the Risk Management Guidelines
6. Old business
  - 6.1 Presentation, discussion, and possible action on agency climate survey
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](mailto: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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<b>BOARD MEMBERS</b>	<b>DATES OF TERM</b>	<b>HOMETOWN</b>
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 April 27, 2021, meeting**

**Information**

Attached are the minutes from the April 27, 2021, meeting.

**Action Required**

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



**Minutes of the Public Meeting  
on  
April 27, 2021**

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

Board Members present in-person were Lloyd Garland (Chair) and Gerald Ladner.

Board Members present via Zoom were Rosemary Gammon, Ricardo Galindo, and Tomas Gonzalez.

Item 1. Board Chair Garland called the public meeting to order at 9:34 a.m. on April 27, 2021. 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 January 19, 2021, meeting. Hearing no changes, Board Member Gonzalez moved to accept. Board Member Ladner seconded the motion, which carried without objection (5-0 vote).

Item 4. Agency Operations Report:

Stephen Vollbrecht (Executive Director and State Risk Manager) introduced the Agency Operations Report (AOR) and provided an update to the Executive Administration section including the Risk Management Information System (RMIS), Leadership Council, Cybersecurity training compliance, status on Sunset recommendation, internal sub-restructure, and the COVID-19 response regarding onsite staffing/task forces. Todd Holt (Deputy Executive Director) and Keith Despain (Director of Project Management) presented an update on project phases and current activities with the transition to Origami Risk. Mr. Despain also provided an update on project oversight outside of the RMIS. Mr. Holt introduced Shelby Hyman (Director of Public Relations and COOP Task Force Leader) to update the board on recent external training, and creating content for the Learning Management System (LMS). Ms. Hyman also provided an update on the Continuity of Operations Plan program, videos, and introduced Janice McCoy (Public Relations Liaison) to discuss legislative bills being tracked. Lori Shaw (Director of Financial Management and Chief Financial Officer) and Linda Griffin (Director of Talent Management) introduced new employees, provided a list of current vacancies, updates to turnover, insight to exit interviews, surveys, and our internal transfer. Ms. Shaw presented the administrative and claim budgets with projected costs. Ms. Shaw introduced Leo Ramirez (Director of Information Technology and Information Resource Manager) to give an update on department focus including recent power outages during storms, current projects such as cybersecurity, vulnerabilities, and data

migration. James Cox (Chief of Strategic Programs) presented an update on Risk Management visit counts and recommendations made, plus an update on the Statewide Insurance Program. Mr. Cox introduced Lydia Scranton (Director of Claims Operations) to provide an update on current workers' compensation claims with a breakdown of costs and claims per income benefit. Ms. Scranton also provided information on the most recent Performance Based Oversight (PBO) Audit and gave a claim overview. Deea Western (Chief of Legal Services and General Counsel) and Tshau Todman (Director of Indemnity Quality Assurance) presented an update on indemnity files and audits. Ms. Western introduced Janine Lyckman (Director of Medical Quality Assurance) to provide an update on vendor performance, Network vs. Non-network costs, and savings/medical fee disputes. Ms. Western provided an update on virtual hearings, fraud personnel, and subrogation. Ms. Western introduced Rachel Victoria (Contract Administrator) to give an update on the Insurance Support Services Request for Proposal (RFP), training, and vendor monitoring and performance reporting. Staff heard comments, tasks, and answered questions from the board.

Item 5. New Business:

5.1 Ms. Shaw presented administrative and claims cost trend lines and staff recommendation range for the remaining Fiscal Year 2021 assessment totals. Staff heard comments and answered questions from the Board. Board Member Ladner moved to accept the recommendation as decided for claims. Board Member Galindo seconded the motion, which carried without objection (5-0 vote). Board Member Ladner moved to accept the recommendation offered for operating budget. Board Member Galindo seconded the motion, which carried without objection (5-0 vote).

Item 6. Old Business.

6.1 Board Member Gonzalez gave a presentation on the Baldrige process with an executive overview on strategic planning including core values and employee engagement. Staff heard comments and answered questions from the board.

Item 7. Executive Session. Board Chair Garland called the Board into Executive Session at 11:39 a.m. pursuant to Section 551.074, Government Code, on appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee.

Item 8. Action Taken. Board Chair Garland reconvened the Board at 12:35 p.m. No action was taken.

Item 9. No Public Comment. Board Member Gonzalez thanked staff and board members for continued efforts.

Item 10. Future Meeting Dates. Discussion on suggested dates for the next board meeting. Board Chair Garland set July 27, 2021, as the next tentative Zoom meeting date with a back-up of July 13, 2021.

Item 11. Board Chair Garland adjourned the meeting at 12:40 p.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 FY21Q3  
TO THE  
SORM BOARD OF DIRECTORS**

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**July 27, 2021**



### EXECUTIVE OFFICE

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#### I. RISK MANAGEMENT INFORMATION SYSTEM

- Currently focusing on data transfer and other milestones. More detail to be provided in the Project Management report.

#### II. SELECTED PROJECTS

- The Risk Management Guidelines Advisory Committee has completed its review and revision of the current Risk Management for Texas State Agencies guidelines. Currently under executive and stakeholder review. Identified as new business for board review and authority to promulgate final approved product under delegation pursuant to statute and the Governance and Policy Manual.
- Climate Survey was executed pursuant to board instruction and results were provided. Discussion topic under old business.
- Leadership Council has been successful with consistent attendance, participation, and action, and will be continued indefinitely.
- Restructure Initiative associated with consistent naming conventions and nomenclature has been completed. Currently undergoing systematic equity analyses (internal and external).
- Continuity Program Reset (CPR) well underway, with a new Continuity Council Charter under development and a Continuity Summit and Fair planned in the very near future.

#### III. COVID-19 RESPONSE

- New Strategic Task Force established for Remote Work, to meet performance metrics and quality assurance reviews impacted by COVID-19. [added to existing Risk Management Program Reviews (RMPR), On Site Consultations (OSC), Insurance Services (INS), Continuity of Operations (COOP), Critical Response Teams Claims Assist (CA), Risk Management Guidelines review (RMTSA), and Risk Management Information System (RMIS).] The Task Force has completed its work, a policy has been drafted, and implementation is imminent.
- DWC C-19 data call extended. Secondary system automation project completed ahead of schedule and submitted September 23, 2020, with modifications to incorporate SB 22 refiled claims. Notifications are currently live.

## TOP LEVEL NAMING STRUCTURE

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Abbv.	Division	Department	Unit	Director
BD	<b>Board of Directors</b>	N/A	N/A	
EA	<b>Executive Administration</b>			
EO		Executive Office		
ED			Executive Director	Stephen Vollbrecht
DD			Deputy Director	L. Todd Holt
OA			Office Administrator	
PM		Project Management		Keith DeSpain
PP			Process & Planning	
MC			Monitoring & Control	
PR		Public Relations		Shelby Hyman
MP			Media Production	
ES			Educational Support	
SR			Stakeholder Relations	
IO	<b>Internal Operations</b>			
FM		Financial Management		Brad Cargile Lori Shaw
AA			Administrative Accounting	
PS			Payment Services	
TM		Talent Management		Linda Griffin
HR			Human Resources	
EE			Employee Engagement	
IT		Information Technology		Leo Ramirez
SS			Systems Support	
SD			Systems Development	
SA			Systems Analysis	
SP	<b>Strategic Programs</b>			
IM		Intake Management		James Cox Sally Molina
PI			Public Interface	

DP			
CO		Claims Operations	Document Processing
SC			Support Center
U1			Unit One
U2			Unit Two
U3			Unit Three
ER		Enterprise Risk	
RM			Risk Management
IS			Insurance Services
CP			Continuity Planning
LS	<b>Legal Services</b>		
LM		Litigation Management	
GL			General Litigation
RS			Recovery Services
SI			Special Investigations
CM		Compliance Management	
OC			Operational Compliance
RA			Regulatory Compliance
CA			Contract Administration
CC		Cost Containment	
BV			Bill Validation
BA			Bill Analysis
RA			Reimbursement Assessment
			Lydia Scranton
			Marc Guyot
			Deea Western (Vacant)
			Kathy Cordova
			Janine Lyckman

## PROJECT MANAGEMENT

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### I. RMIS IMPLEMENTATION PROJECT UPDATE

#### A. PROJECT EXECUTION

The Project Execution Phase for Phase 1 is in progress. We are focused on data conversion, requirement solutions, security, and user profile configurations.

Origami's initial forecast targeted a July 19<sup>th</sup> production date for our Phase 1 implementation. Over the past several months, target milestone dates were modified. Origami and SORM resource availability were not enough to keep pace with the initial project schedule projections. Three milestones under SORM control had to be modified due to unanticipated outcomes.

- Defining the Hierarchy Structure
- The initial conversion validation
- Securing the SORM FileNet data which is approximately 1.8 terabytes of data

The following milestones required more time and effort than originally anticipated.

- Initial Data Conversion – mapping SORM data to Origami fields
- Analysis of SORM operational programs were much more complex than anticipated and required a significant longer time frame than estimated. This delay resulted in negative impacts to remaining scheduled activity.

SORM and Origami collectively made the decision the July 19<sup>th</sup> target launch date for Phase 1 implementation was not realistic. We agreed to push out the Phase 1 production date so we could have a fully integrated solution at the time of “go live.” As a result, SORM and Origami collaborated in forecasting the remaining work and are now projecting an Oct 4<sup>th</sup> production date for our Phase 1 implementation.

#### B. PROJECT MONITOR AND CONTROL

We are actively monitoring our scope, budget, and timeline. In addition, we continue maintenance and updates to our project repository artifacts including, but not limited to:

- Meeting Agendas and Meeting Minutes
- Project Status Reports
- Working Project Register which contains artifacts utilized to facilitate project management.

In addition to the RMIS initiative, the Project Management Team is charged with facilitating SORM internal project activity. As you can see from the quarterly stats, our internal project numbers have declined from the prior quarter. This is due to our organizational focus on the Origami project, which is consuming much of our available resource capacity, so we are intentionally limiting the types of projects we initiate.

### Project Management Quarterly Statistics

		Opened	Complete	Withdrawn	In Progress	On Hold	Pending Approval	Not Started
<b>FY19</b>	<b>Prior to FY20Q1</b>	7	0	1	0	1	0	0
<b>FY20</b>	<b>Q1</b>	58	6	6	11	9	0	7
	<b>Q2</b>	23	24	0	1	1	1	0
	<b>Q3</b>	21	17	0	4	1	0	0
	<b>Q4</b>	7	17	1	0	1	1	1
<b>FY21</b>	<b>Q1</b>	21	8	7	3	2	0	3
	<b>Q2</b>	11	5	0	5	0	3	1
	<b>Q3</b>	9	1	0	7	1	0	0
<b>Total</b>		<b>157</b>	<b>78</b>	<b>15</b>	<b>31</b>	<b>16</b>	<b>5</b>	<b>12</b>

## PUBLIC RELATIONS

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### I. TRAINING

During FY21Q3, Public Relations continued to provide virtual training to client agencies and create content for the Learning Management System (LMS). Our Workers' Compensation Claims Coordinator Training was our first in-person class that was hosted through the LMS. At the conclusion to the class, participants were offered an opportunity to take our self-paced Driving Safety course through the LMS. This soft launch allowed us to test system security and functionality of the platform.

#### Instructor Led Agency Training for FY21Q3

Virtual Course Name	Classes Taught	Students
15 Passenger Van Safety	1	7
Additional Duty Safety Officer (ADSO) Orientation	2	17
Adjuster Refresher Course	1	4
Driving Safety	5	253
GHS/HazCom/SDS	2	18
Personal Safety and Situational Awareness	1	1
Slips, Trips, and Falls	1	2
Workers' Compensation Claims Coordinator Training	1	41
<b>TOTAL</b>	<b>14</b>	<b>343</b>

#### Self-Paced LMS Training FY21Q3

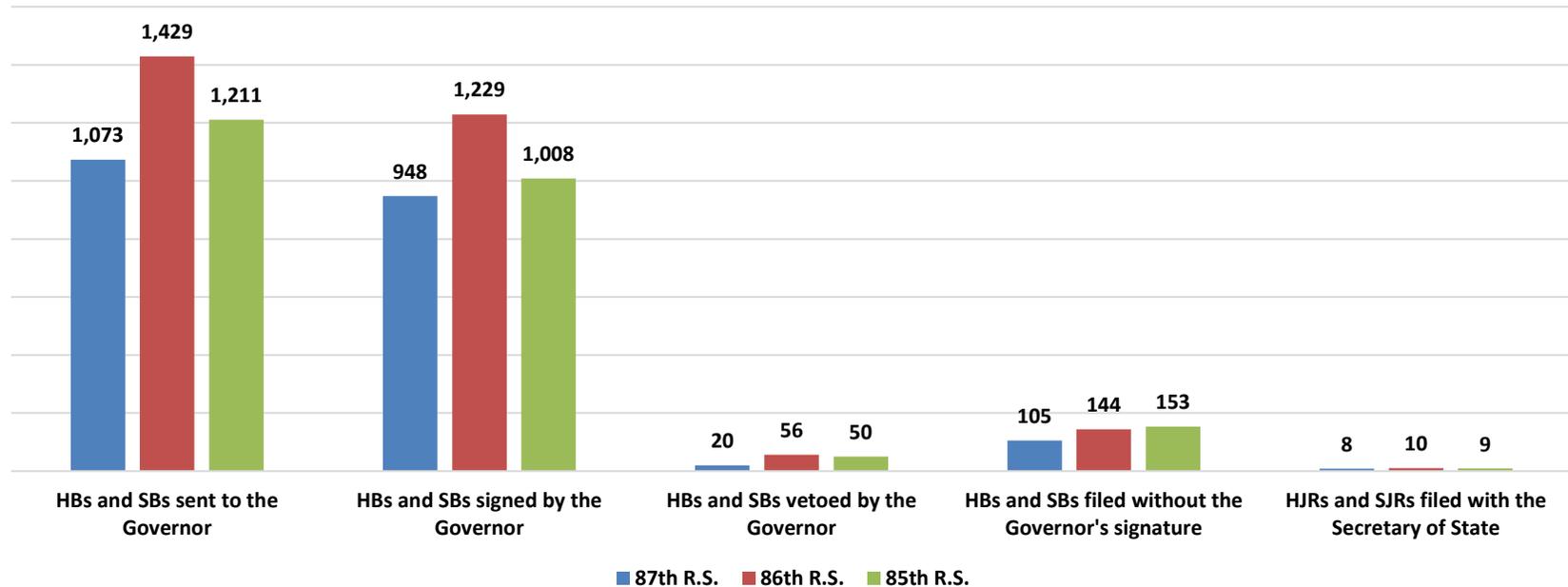
Virtual Course Name	Students
Driving Safety	12
<b>TOTAL</b>	<b>12</b>

## II. STATEWIDE CONTINUITY OF OPERATIONS (COOP) PROGRAM

During FY21Q3, the Office hired a new Continuity of Operations Specialist who immediately started working on the COOP Program Reset (CPR) initiative. With the implementation of this initiative, we have plans to restart the Statewide Continuity Council to generate engagement from state, local, tribal, and private entities to support a robust community of continuity.

## III. PUBLIC RELATIONS OUTREACH

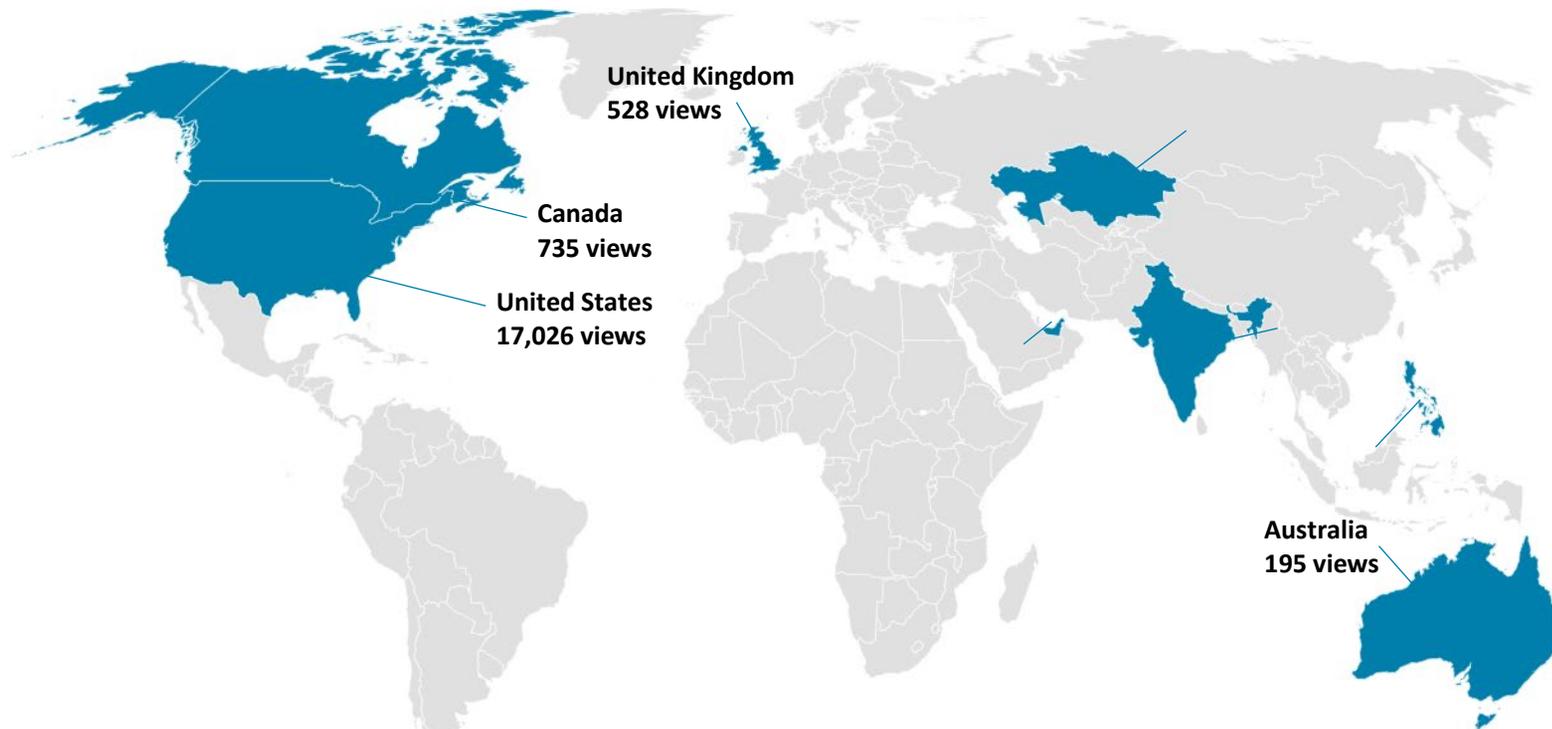
During the 87<sup>th</sup> Legislative Session, there were 6,927 bills filed with 1,053 becoming law. Because of the pandemic, fewer bills were enacted as shown in the following chart:



Of the 1,053 bills enacted into law, SORM is monitoring 123 bills which could impact agency operations. Those affected operations include contracting and purchasing requirements, safety management, health-care guidelines, human resources, and leave policies (to name a few).

The bill that could have the most impact on the agency is SB22. This legislation establishes a statutory presumption for first responders (including correctional officers) for COVID-19.

## IV. YOUTUBE ANALYTICS



### FY21Q3 TOP 3 VIDEOS

How to Survive an Active Shooter	12,944 views
How to Prevent Heat-Related Illness	2,852 views
Office Ergonomics – Quick and Fun Guide	1,702 views

### FY21Q3 TOP 5 US STATES

State	Views
Texas	956
California	850
Colorado	423
California	150
Florida	401

### FY21Q3 TOTAL

Total views	24,054
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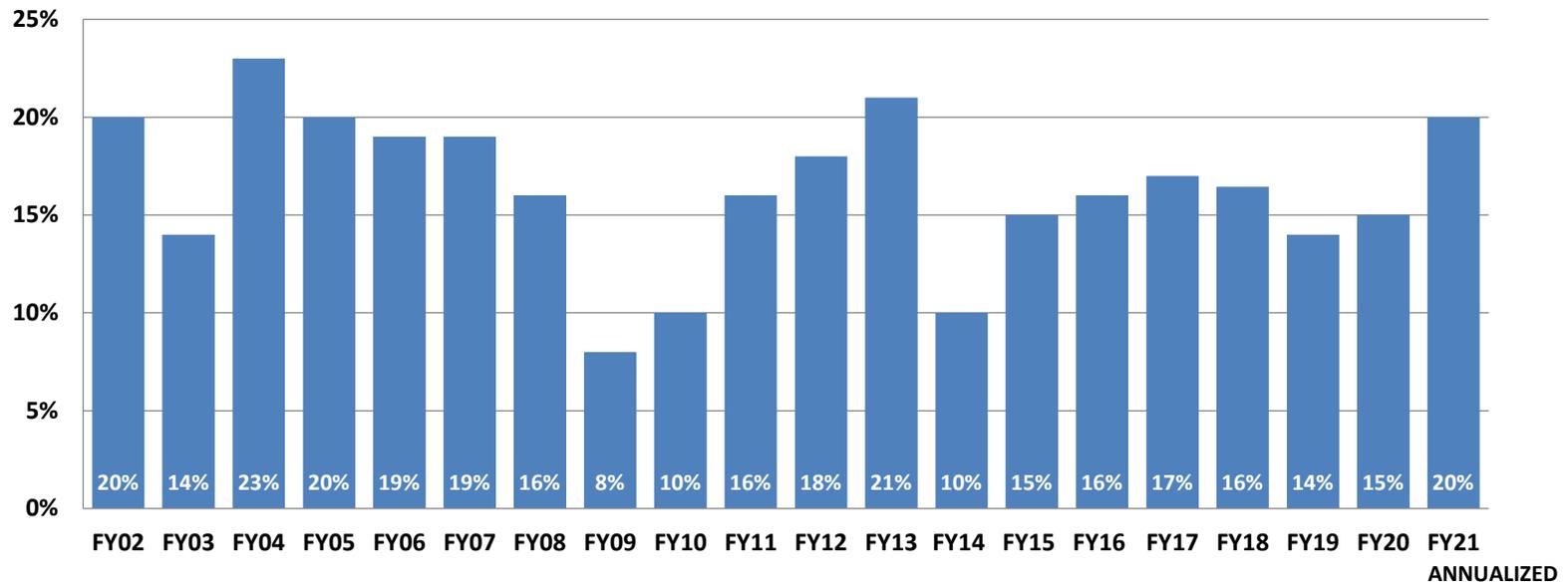


## INTERNAL OPERATIONS

### TALENT MANAGEMENT

New Hires	Vacancies
Belinda Castillo, Enterprise Risk Specialist	Director of Litigation Management
Kathy Cordova, Director, Compliance Management	Systems Analyst
Marc Guyot, Director, Enterprise Risk	Programmer
Heather Hernandez, Enterprise Risk Specialist	Senior Accountant
Alyssa Karis, Data Analyst	Enterprise Risk Specialist II-II/Continuity of Operations Specialist
Christine Patrick, Claims Adjuster	Claims Adjuster
Angela Thomas, Claims Adjuster	Creative Media Specialist
Dave Woodfork, Enterprise Risk Specialist	

**Annual Turnover Rates**



## FINANCIAL MANAGEMENT

### FY21 AGENCY (CONSOLIDATED) BUDGET

May 31, 2021

Objects of Expense	Initial Budget:	Adjustments Transfers (+ In, - Out)	Revised Budget:	Expenditures Year to Date @ 5/31/2021	Encumbrances @ 5/31/2021	Remaining Budget @ 5/31/2021	Unpaid Expenses Incurred	Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Salaries & Wages	7,557,391	0	7,557,391	4,582,927	0	2,974,464	541,668	67.8%	75.0%
Other Personnel Costs	250,000	50,000	300,000	195,984	0	104,016	20,563	72.2%	75.0%
Professional Services	1,750,000	(250,000)	1,500,000	627,587	527,192	345,221	177,622	53.7%	75.0%
Consumable Supplies	38,434	0	38,434	16,512	12,205	9,718	5,954	58.5%	75.0%
Utilities	6,058	0	6,058	3,340	919	1,799	418	62.0%	75.0%
Travel	125,000	0	125,000	15,696	0	109,304	1,830	14.0%	75.0%
Rental of Space	720	0	720	510	0	210	0	70.8%	75.0%
Rental of Equipment	24,000	0	24,000	12,238	8,755	3,006	1,748	58.3%	75.0%
Operating Costs	1,977,341	(623,594)	1,353,747	1,013,416	40,009	300,322	36,205	77.5%	75.0%
Capital Expenditures	250,000	1,547,188	1,797,188	777,813	155,767	863,608	0	43.3%	75.0%
<b>Total</b>	<b>11,978,944</b>	<b>723,594</b>	<b>12,702,538</b>	<b>7,246,024</b>	<b>744,847</b>	<b>4,711,668</b>	<b>786,008</b>	<b>63.2%</b>	<b>75.0%</b>

Objects of Expense	Initial Budget:	Adjustments Transfers (+ In, - Out)	Revised Budget:	Expenditures Year to Date @ 5/31/2021	Remaining Budget @ 5/31/2021	Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Indemnity	19,148,834	0	19,148,834	12,125,684	7,023,150	63.3%	75.0%
Medical	21,418,916	0	21,418,916	13,719,569	7,699,347	64.1%	75.0%
<b>Total Exps.</b>	<b>40,567,750</b>	<b>0</b>	<b>40,567,750</b>	<b>25,845,253</b>	<b>14,722,497</b>	<b>63.7%</b>	<b>75.0%</b>
Subrogation and Restitution	(567,750)	0	(567,750)	(428,434)	(139,316)	75.5%	75.0%
<b>Net Total</b>	<b>40,000,000</b>	<b>0</b>	<b>40,000,000</b>	<b>25,416,820</b>	<b>14,583,180</b>	<b>63.5%</b>	<b>75.0%</b>

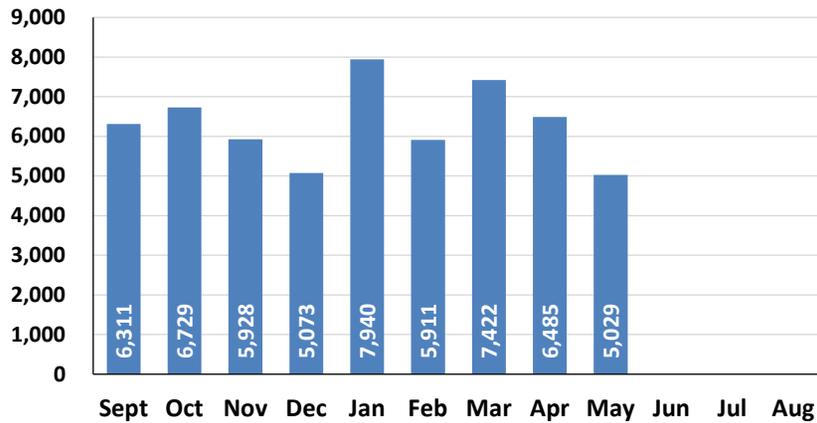
**FY21Q3 PROJECTION**

	Actual Costs as of 07/02/21 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
<b>Indemnity</b>		83.56%	84.25%	84.06%	83.68%	83.56%
<b>Medical</b>		83.56%	84.94%	85.25%	85.42%	83.56%
<b>Recovery</b>		83.56%	86.87%	83.56%	86.55%	100.00%

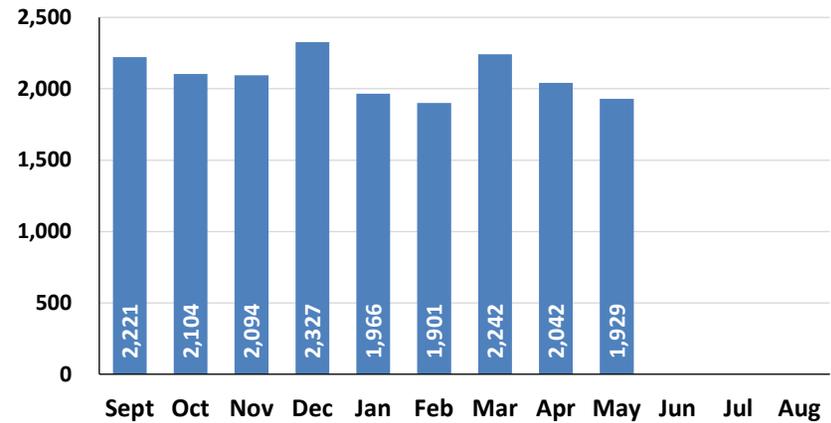
**FY21 Projections**

<b>Indemnity</b>	14,000,600	16,754,816	16,617,224	16,655,703	16,730,353	16,754,816
<b>Medical</b>	15,480,427	18,525,757	18,226,051	18,158,513	18,123,594	18,525,757
<b>Recovery</b>	(648,512)	(776,089)	(746,519)	(776,101)	(749,272)	(648,512)
	28,832,515	34,504,485	34,096,756	34,038,115	34,104,674	34,632,061
				<b>Average of four different projection bases and "worst case"</b>		<b>34,275,218</b>
<b>Gross Costs Only</b>	29,481,028	35,280,574	34,843,275	34,814,216	34,853,947	35,280,574
				<b>Average of four different projection bases and "worst case"</b>		<b>35,014,517</b>

**Medical Bills Processed FY21  
Total 56,828**



**Indemnity Bills Processed FY21  
Total 18,826**



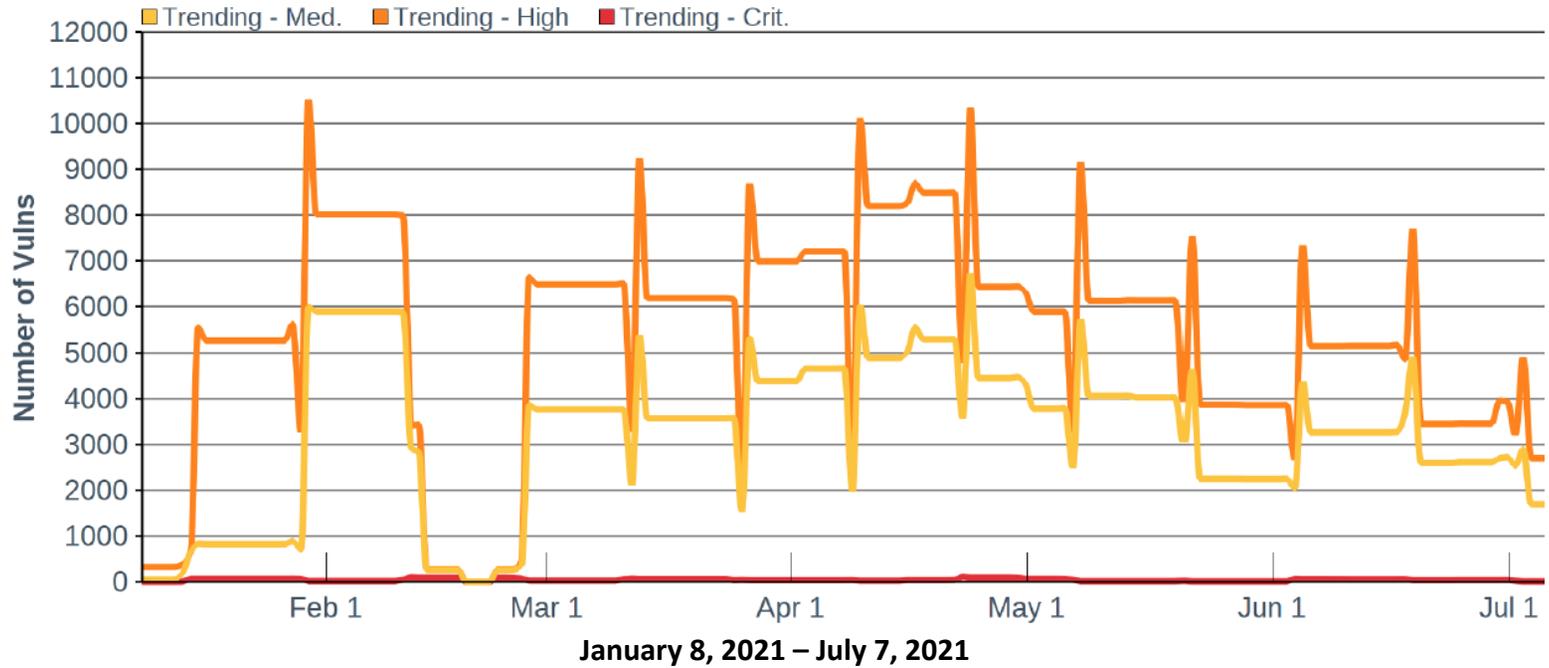
## INFORMATION TECHNOLOGY

### I. ONGOING AGENCY SUPPORT

Information Technology (IT) continues to support the agency operations through infrastructure support, processing, and reporting. Significant areas of activity in FY21Q3 include:

Area	Task
Equipment – Servers, desktops, laptops, and peripherals	<ul style="list-style-type: none"> <li>• Replaced malfunctioned parts for servers and workstations</li> </ul>
Software changes (mainframe, web, client/server and PC applications)	<ul style="list-style-type: none"> <li>• Completed code and process improvements for SORM applications</li> <li>• Updated web/mainframe development projects in Team Foundation Sever (TFS)</li> </ul>
Projects for Business Owners	<ul style="list-style-type: none"> <li>• Identified and documented the processes, procedures, tasks, and effort necessary to extract, prepare, and deliver relevant SORM data to Origami</li> <li>• Extracted and converted data from multiple repositories to transmit to Origami as part of the project implementation</li> <li>• Determined the needs for replacing the current high capacity scanners with devices and software compatible and consistent with Origami’s implementation</li> <li>• Updated the recorded statement process to work with the new Origami RMIS system</li> <li>• Tested and documented user access, modules, and processes within Origami</li> <li>• Analyzed current reports and workflows for migrating to the new Origami RMIS system</li> </ul>
Cybersecurity	<ul style="list-style-type: none"> <li>• Deployed cybersecurity training for all new hires as part of the onboarding process</li> <li>• Worked on the Cybersecurity Policy Initiative</li> <li>• Reviewed scheduled Vulnerability Scan Reports for SORM computers and servers               <ul style="list-style-type: none"> <li>○ Installed updates on computers and servers to address vulnerabilities and comply with cybersecurity standards</li> </ul> </li> <li>• 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"> <li>○ SORM vulnerabilities continue decreasing at a steady rate for all our devices, including desktops, laptops, tablets, and printers</li> </ul> </li> </ul>
Other Items	<ul style="list-style-type: none"> <li>• Provided desktop, email, and application support to SORM staff</li> <li>• Managed and supported server and PC infrastructure</li> <li>• Supported the external website server and/or database changes</li> <li>• Supported Microsoft TEAMS and SharePoint, including the Intranet</li> </ul>

### Total Per Month (6 Months)



### Current Vulnerabilities

	Low	Medium	High	Critical
< 7 Days	20	57	36	7
8 - 14 Days	1	3	3	0
15 - 21 Days	16	81	75	9
22 - 30 Days	0	0	0	0

### Mitigated Vulnerabilities

	Low	Medium	High	Critical
<b>&lt; 7 Days</b>	3	52	61	55
<b>8 - 14 Days</b>	0	0	1	1
<b>15 - 21 Days</b>	16	9	59	25
<b>22 - 30 Days</b>	0	0	2	3

### II. ANTICIPATED ACTIVITY

In addition to routine support functions congruent with operations for the Office, we anticipate the following activities during FY21Q4 and beyond:

- A. Hire a Systems Analyst and Programmer
- B. Secure the SORM FileNet data which is approximately 1.8 terabytes of data
- C. Continue providing data, updating processes, and coordinating and collaborating with Origami, OAG, and other entities to complete the RMIS Implementation
- D. Plan, schedule, and deploy a Phising Simulation
- E. Finalize the information security policies
- F. Update computer/software frameworks to improve our security posture post Origami implementation
- G. Coordinate with OAG Disaster Recovery 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

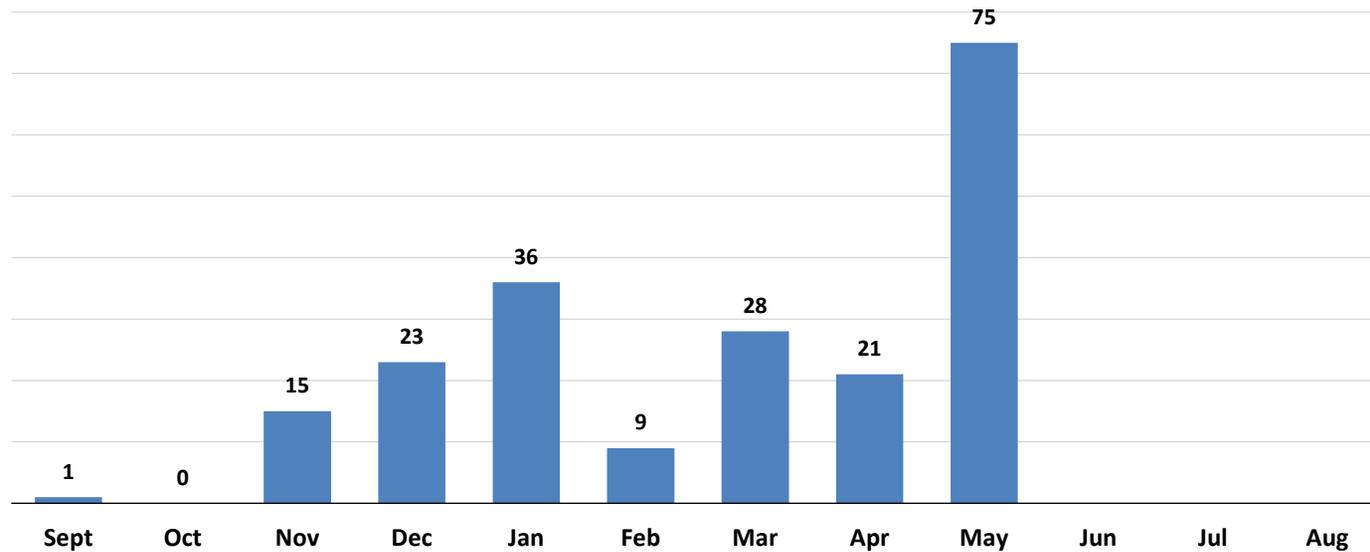
## ENTERPRISE RISK

### I. STATEWIDE RISK MANAGEMENT PROGRAM

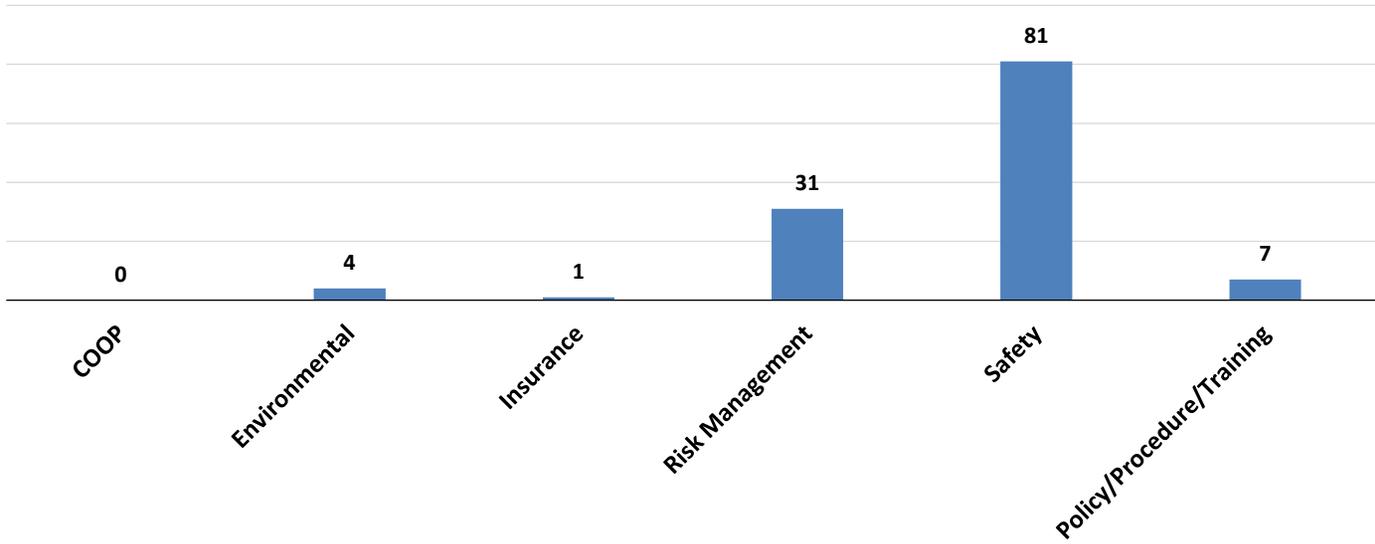
On-Site Consultations (OSCs) and Risk Management Program Reviews (RMPRs)

	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
OSCs	41	10	8	12	21	13	29	38	17	82.5% of annual goal of 229 OSCs
RMPRs	0	0	0	3	1	0	4	3	2	44.8% of annual goal of 29 RMPRs

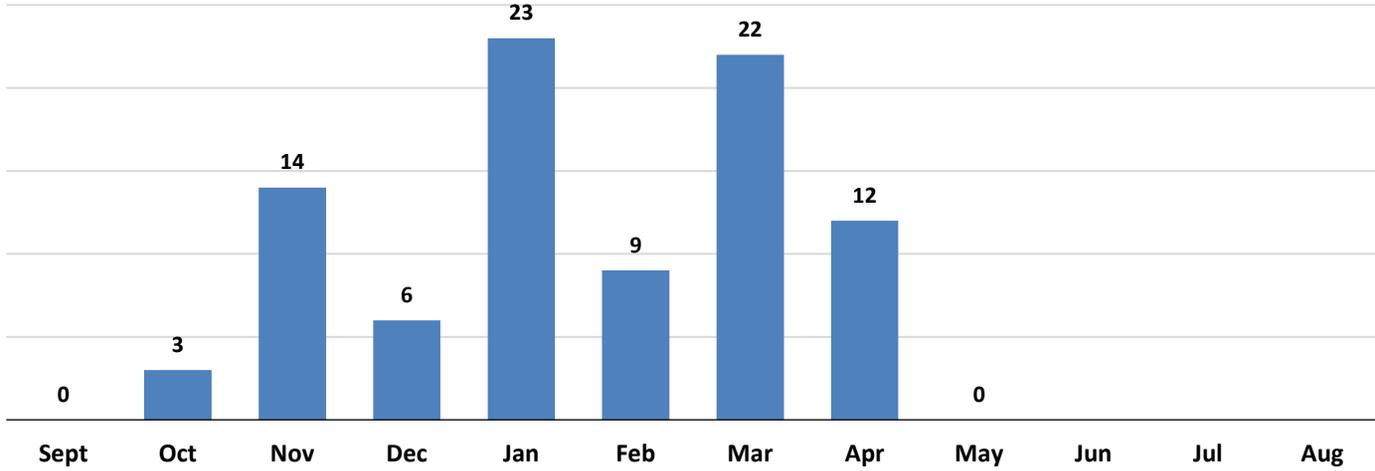
Recommendations Given FY21Q1 - FY21Q3



**Category of Recommendations FY21Q3**

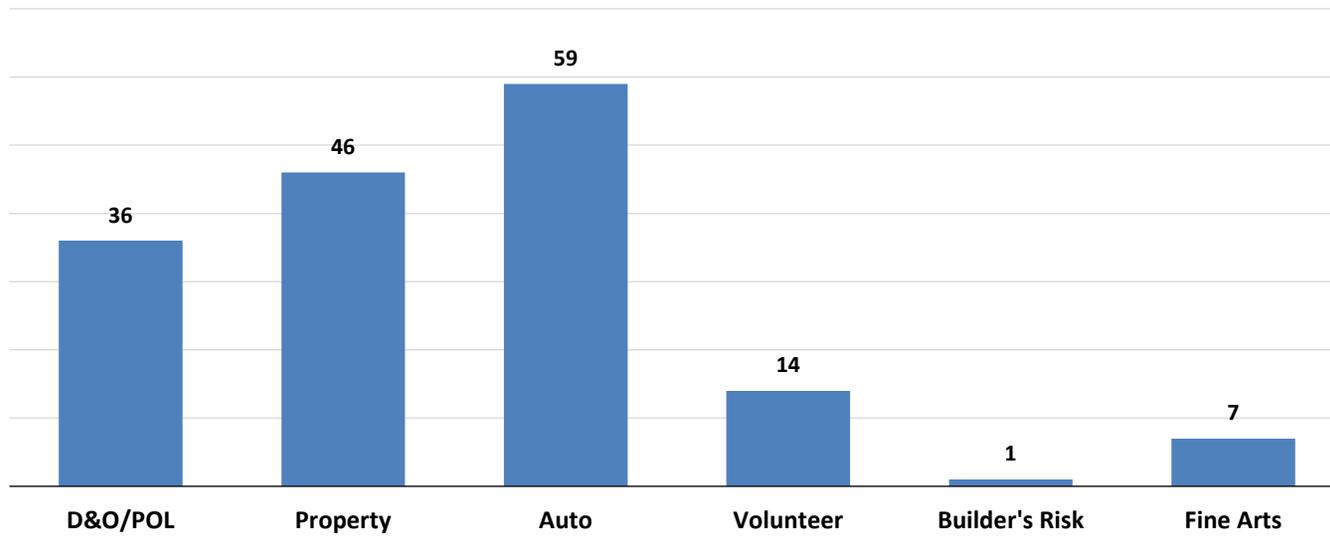


**Closed Recommendation FY21Q1 - FY21Q3**



## II. STATEWIDE INSURANCE PROGRAM

### A. PARTICIPANTS IN STATEWIDE INSURANCE LINES FY21Q3



### B. MONITORING

443 notary applications were processed during FY21Q3

### C. INSURANCE PURCHASES

Number of SORM 201s processed:	13
Number approved and premium paid:	12 for \$302,269

**SORM 201s FY21Q3**

<b>Line of Insurance</b>	<b>Approved</b>	<b>Comments</b>	<b>Premium</b>
<b>Professional Liability</b>	✓	A professional liability policy is designed to insure against perils that traditional professionals face as a result of errors or omissions (E&O) in performing services	\$9,980
<b>Inland Marine</b>	✓	FEMA requires this policy to cover mobile equipment previously damaged by flooding	\$5,465
<b>Hull and PI</b>	✓	Commercial hull, protection and indemnity (P&I) coverage to protect the vessel owner against legal liabilities arising out of negligence in the operation of a vessel.	\$31,080
<b>Blanket Risk</b>	✓	Coverage for accidents for sports camps, day care, charter school, etc.	\$1,000
<b>Crime</b>	✓	A commercial crime policy is designed to mitigate potential exposure from criminal acts (employee dishonesty; forgery or alteration; computer fraud; funds transfer fraud coverage; money and securities coverage; and social engineering).	\$8,512
<b>Foreign Package</b>	✓	A Foreign Package policy is designed to cover multiple coverages while covered persons are traveling abroad.	\$4,176
<b>General Liability</b>	✓	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 agreements and includes a "blanket waiver of subrogation."	\$23,325
<b>Professional Liability</b>	✓	A professional liability policy is designed to insure against perils that traditional professionals face as a result of errors or omissions (E&O) in performing services.	\$145,000
<b>General Liability</b>	✓	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
<b>Professional Liability</b>	✓	A professional liability policy is designed to insure against perils that traditional professionals face as a result of errors or omissions (E&O) in performing services.	\$30,000
<b>Cyber Liability</b>	✓	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.	\$36,858
<b>Property</b>	<b>Denied</b>	This actual cash value (ACV) policy covers a mobile home that is 17 years of age. The policy premium is based on the ACV. However, the policy premium still shows the original purchase cost, not the ACV (reduced for applicable depreciation of ~>50%). Therefore, the agency was requested to work with their broker to either have the insured value reduced or amend the policy to replacement cost.	\$648
<b>Hull and PI</b>	✓	Commercial hull, protection and indemnity (P&I) coverage to protect the vessel owner against legal liabilities arising out of negligence in the operation of a vessel.	\$3,143
<b>TOTAL</b>			<b>\$302,269</b>

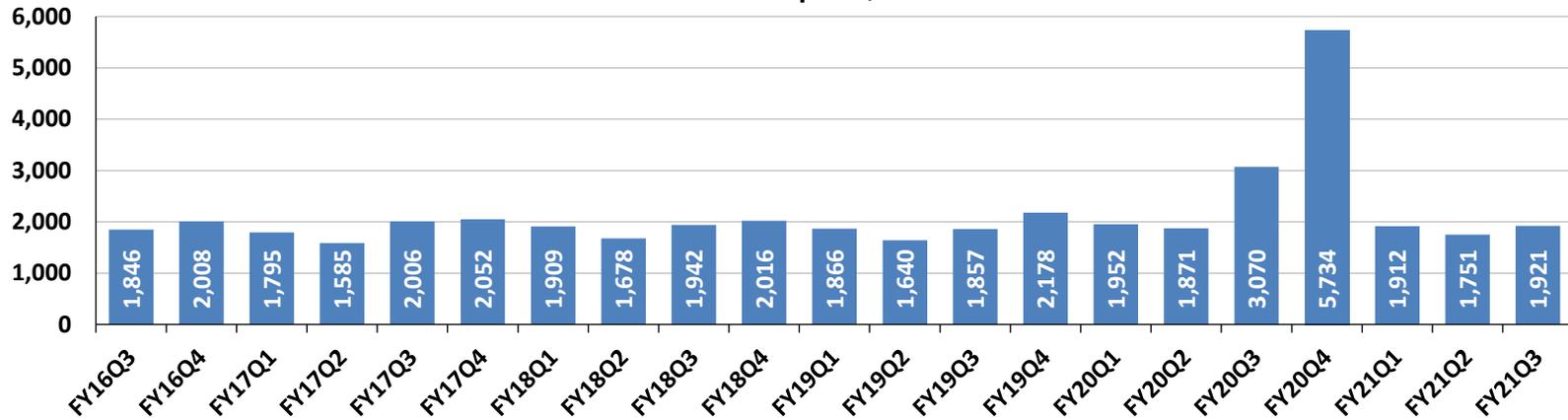
## CLAIMS OPERATIONS

### I. CLAIMS OPERATIONS ACTIVE WORKLOAD FY21Q3

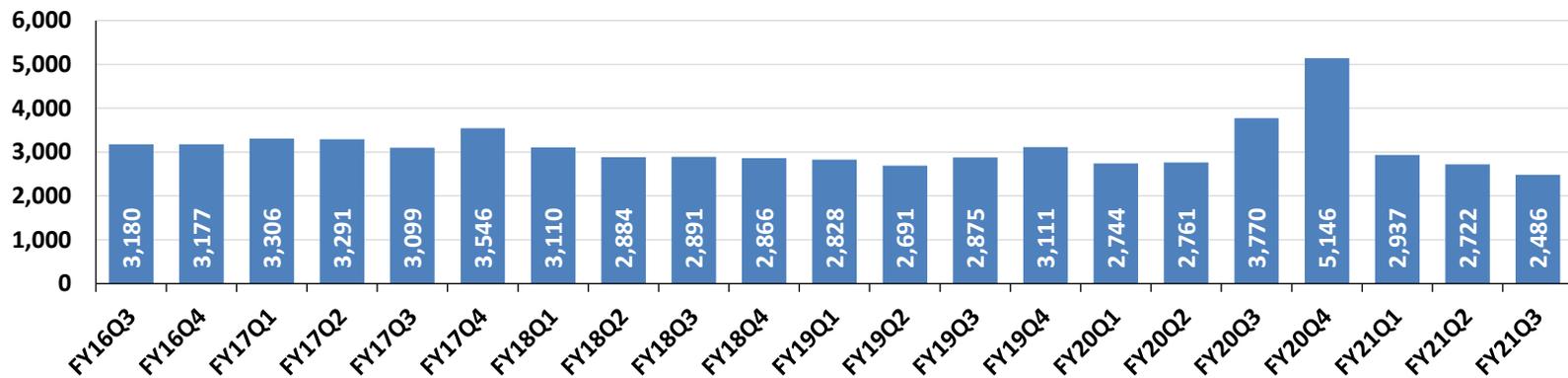
Claims Operations continues to conduct thorough investigations in the initial stages and focuses on maintaining active follow up.

- A. SORM received 1,921 injury reports (claims) in FY21Q3, an increase from the number of injury reports received in FY21Q2 (1,751)
- B. 1,437 claims were accepted
- C. 1,913 claims were inactivated
- D. SORM had 2,486 open claims at the end of FY21Q3

Claims Received per Quarter



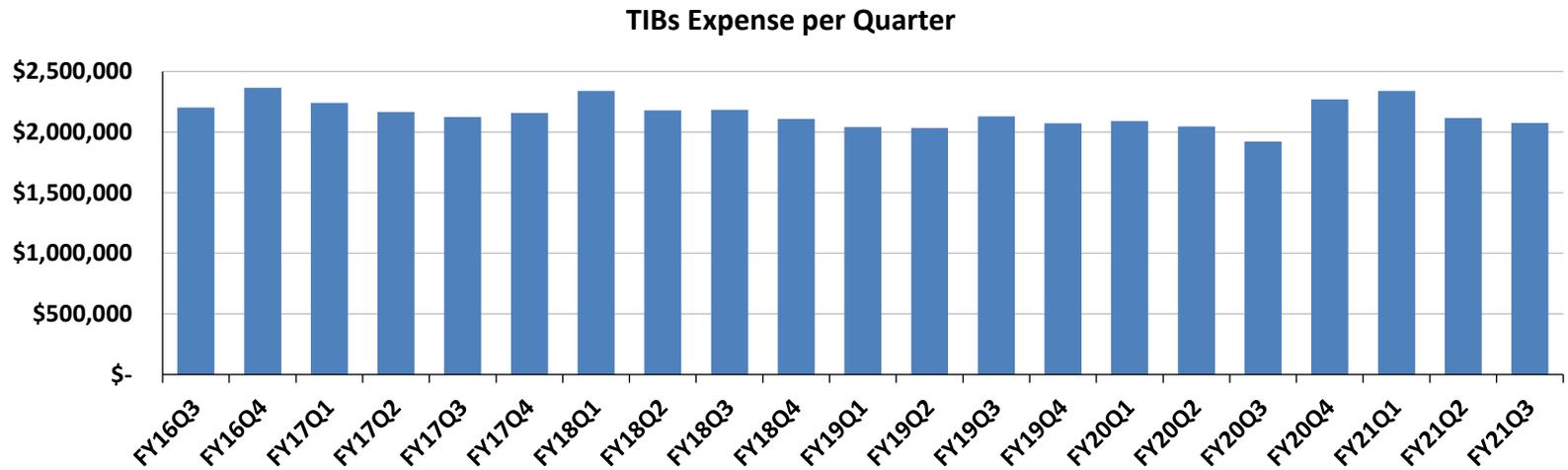
Claims Open per Quarter



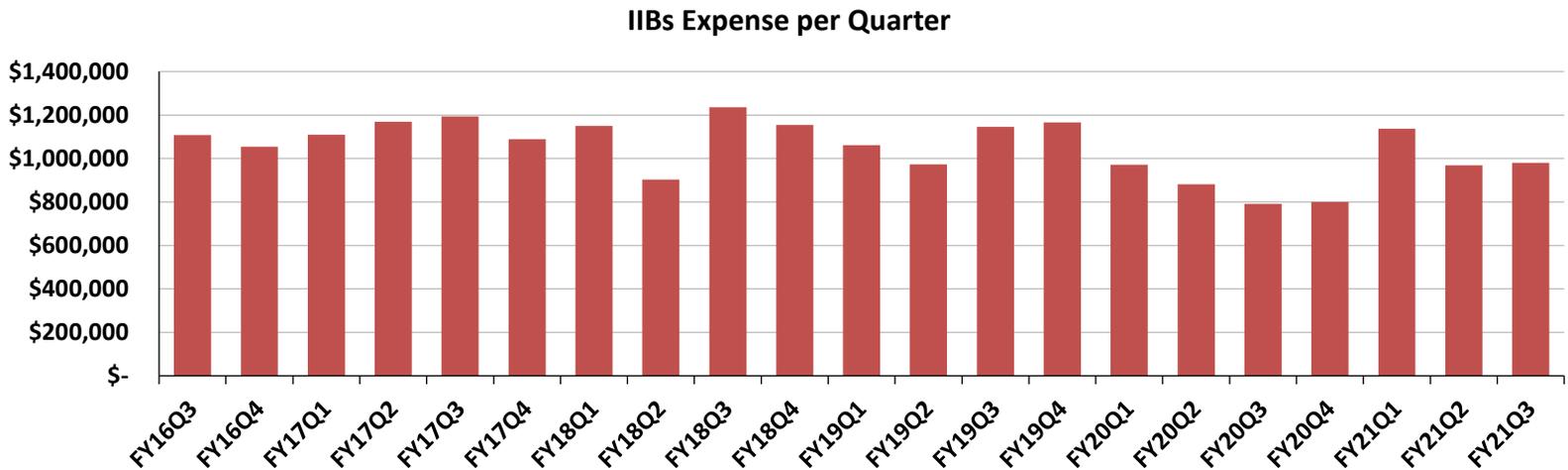
**II. ANALYSIS OF INCOME BENEFITS EXPENSES FOR FY21Q3**

- A. FY21Q3 reflects a slight decrease in TIBs indemnity costs from FY21Q2
- B. TIBs payments were \$2,076,502.65 and IIBs payments were \$979,933 in FY21Q2
- C. At the end of FY21Q2, there were 534 TIBs, 192 IIBs, 25 SIBs with payment, 11 LIBs, and 70 DIBs claims open

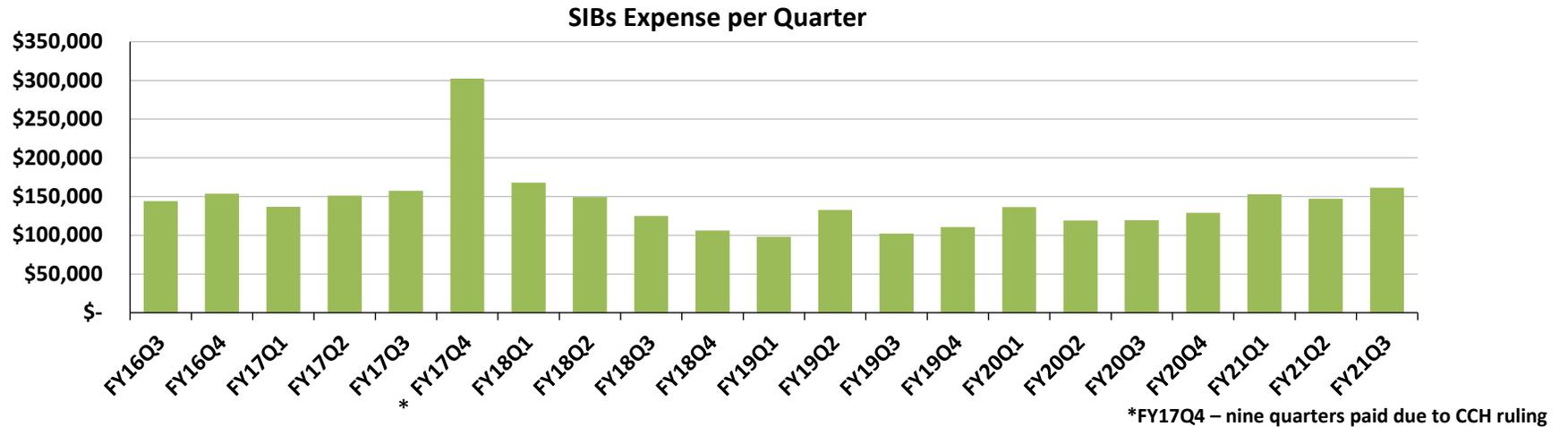
Temporary Income Benefits (TIBs) expenditures for FY21Q3 totaled \$2,076,503 on 534 claims



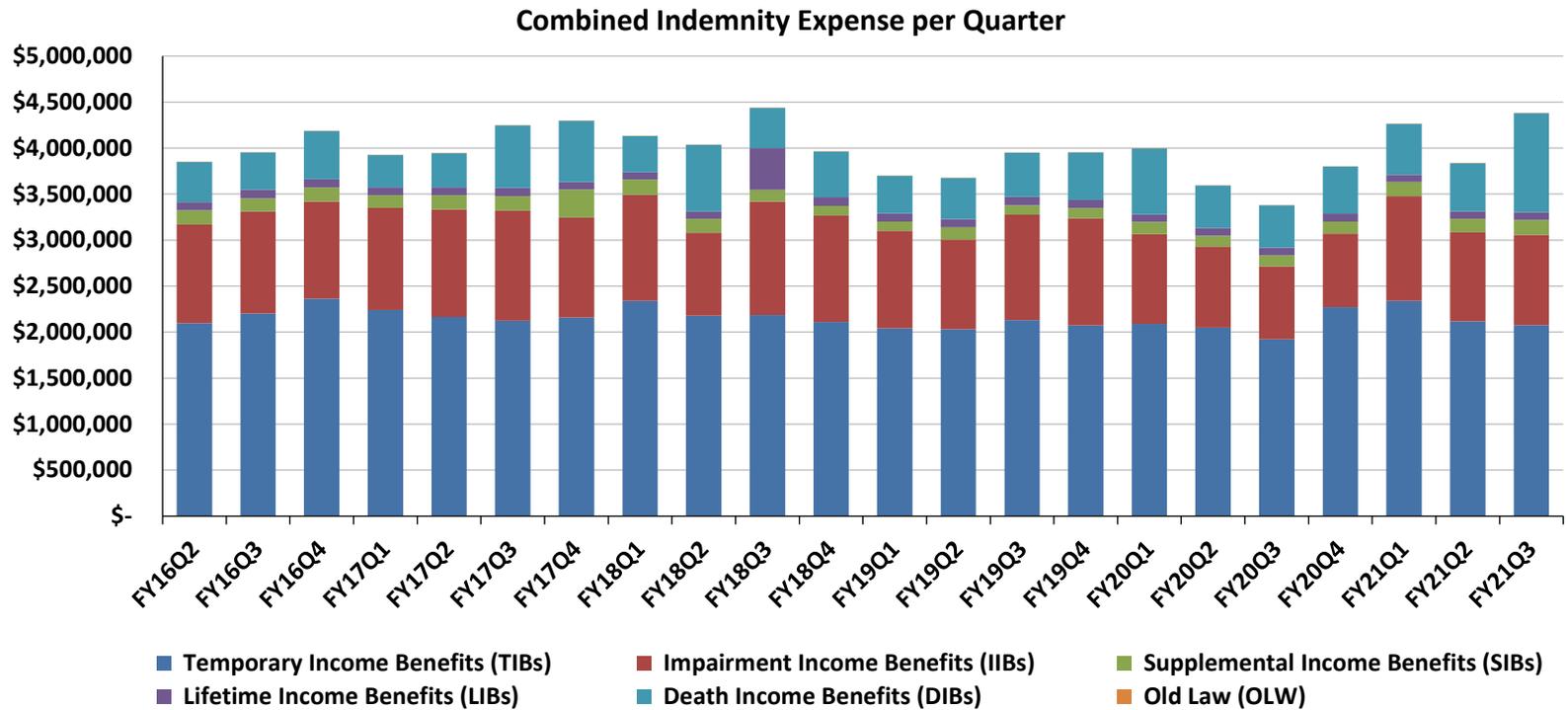
Impairment Income Benefits (IIBs) expenditures for FY21Q3 totaled \$979,933 on 192 claims



Supplemental Income Benefits (SIBs) expenditures for FY21Q3 totaled \$161,494 on 25 claims



Combined indemnity expenditures for FY21Q3 totaled \$4,384,209 on 779 claims





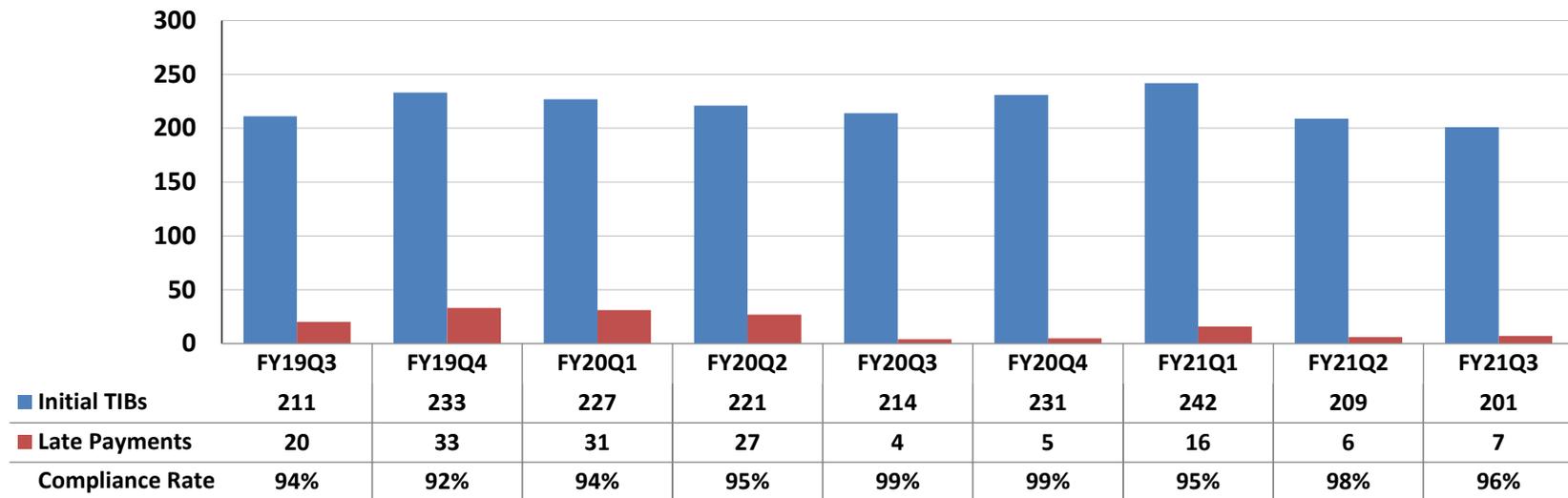
**QUALITY ASSURANCE**

**I. INDEMNITY QUALITY ASSURANCE**

**A. TEMPORARY INCOME BENEFIT AUDITS**

SORM must initiate temporary income benefits by the 7<sup>th</sup> day after the accrual date (8<sup>th</sup> day of disability) or the 15<sup>th</sup> day after notice of injury.

**Initial TIBs Compliance Rate and Late Payments**



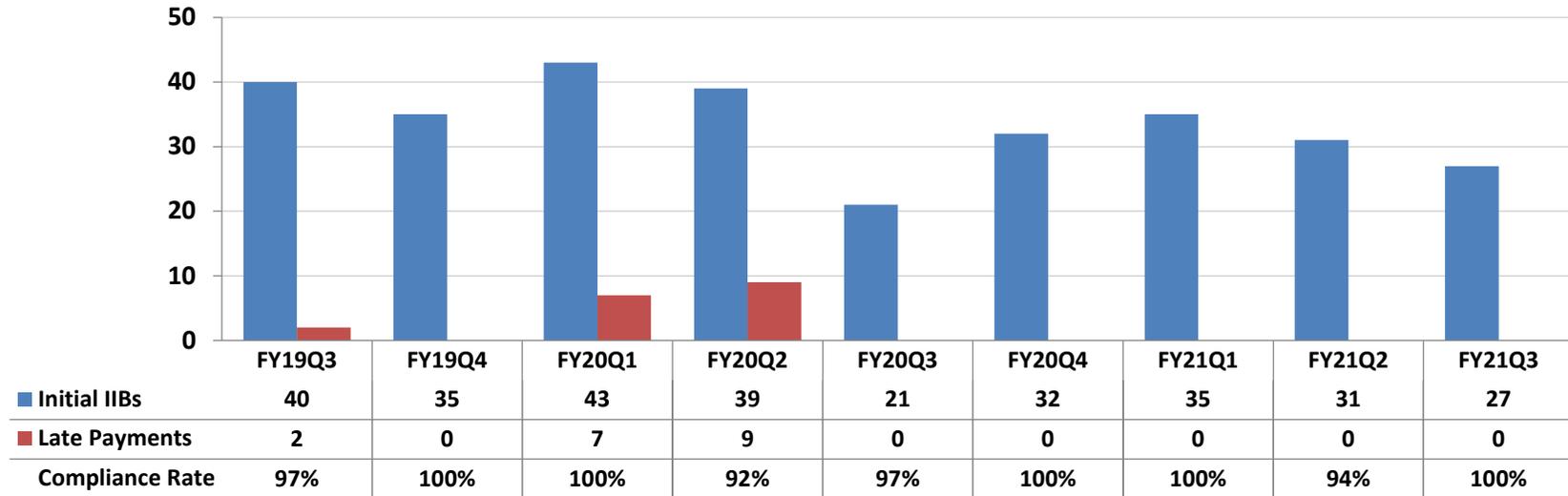
**TIB Late Payments FY21Q3**

Carrier	2
Employer	4
No Fault/Misc.	0
Physician	1

**B. IMPAIRMENT INCOME BENEFIT AUDITS**

SORM must initiate impairment income benefits by the 5<sup>th</sup> 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**

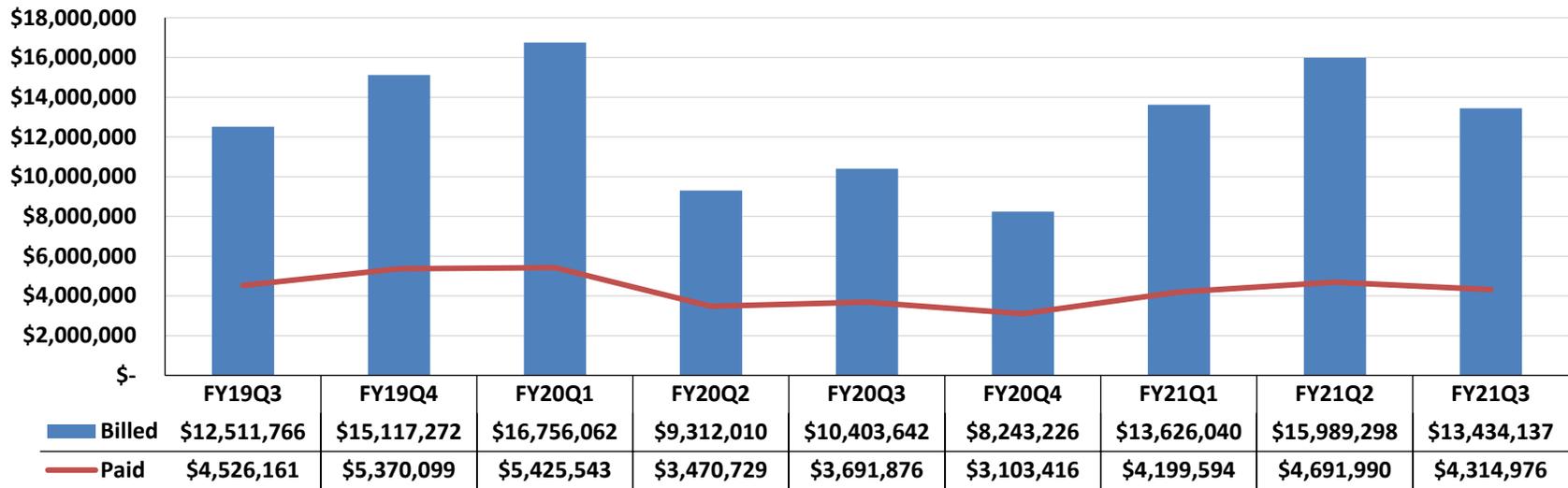


## II. MEDICAL QUALITY ASSURANCE

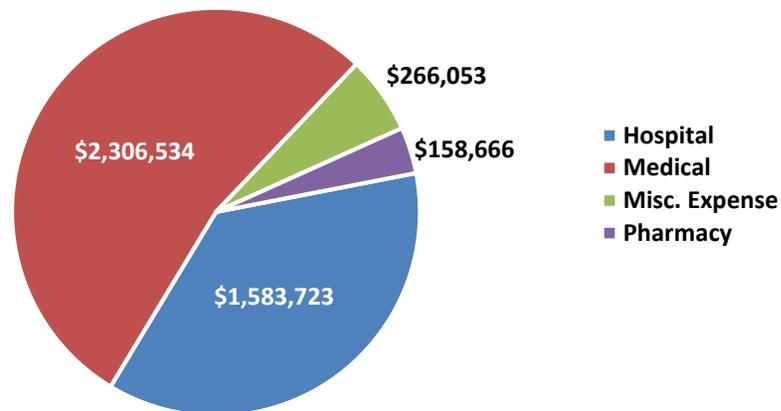
### A. MEDICAL COSTS

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

**Total Medical Cost Savings  
FY19Q3 - FY21Q3**



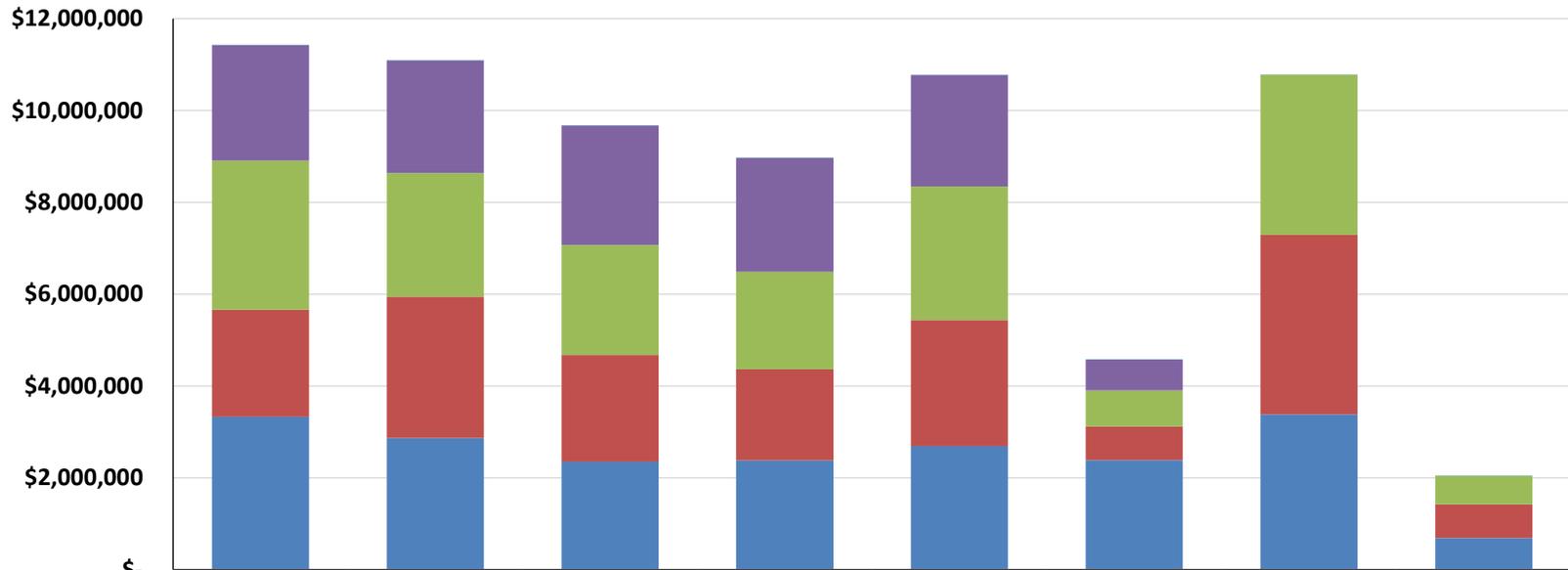
**Medical Payments FY21Q3**



**B. NETWORK AND NON-NETWORK DATA**

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

**Network and Non-Network FY18Q1 - FY21Q3**

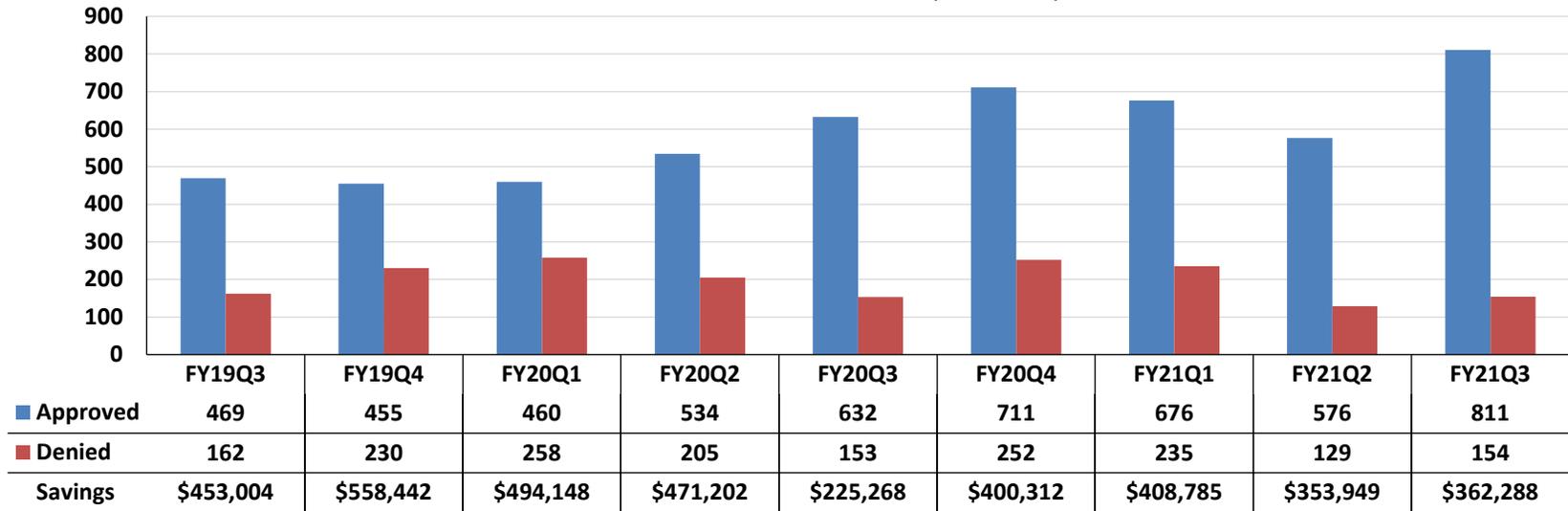


	FY18		FY19		FY20		FY21	
	Network	Non-Network	Network	Non-Network	Network	Non-Network	Network	Non-Network
<b>Number of Claims</b>	<b>3,668</b>	<b>2,434</b>	<b>3,662</b>	<b>2,203</b>	<b>3,514</b>	<b>1,509</b>	<b>3,604</b>	<b>605</b>
<b>Q4</b>	\$2,515,089	\$2,455,708	\$2,605,680	\$2,481,907	\$2,427,246	\$674,805		
<b>Q3</b>	\$3,245,244	\$2,686,875	\$2,393,718	\$2,123,870	\$2,910,436	\$787,684	\$3,491,421	\$629,434
<b>Q2</b>	\$2,333,156	\$3,079,128	\$2,325,785	\$1,982,270	\$2,744,007	\$728,797	\$3,906,428	\$726,014
<b>Q1</b>	\$3,328,862	\$2,871,323	\$2,353,428	\$2,384,077	\$2,694,384	\$2,389,660	\$3,383,454	\$697,496

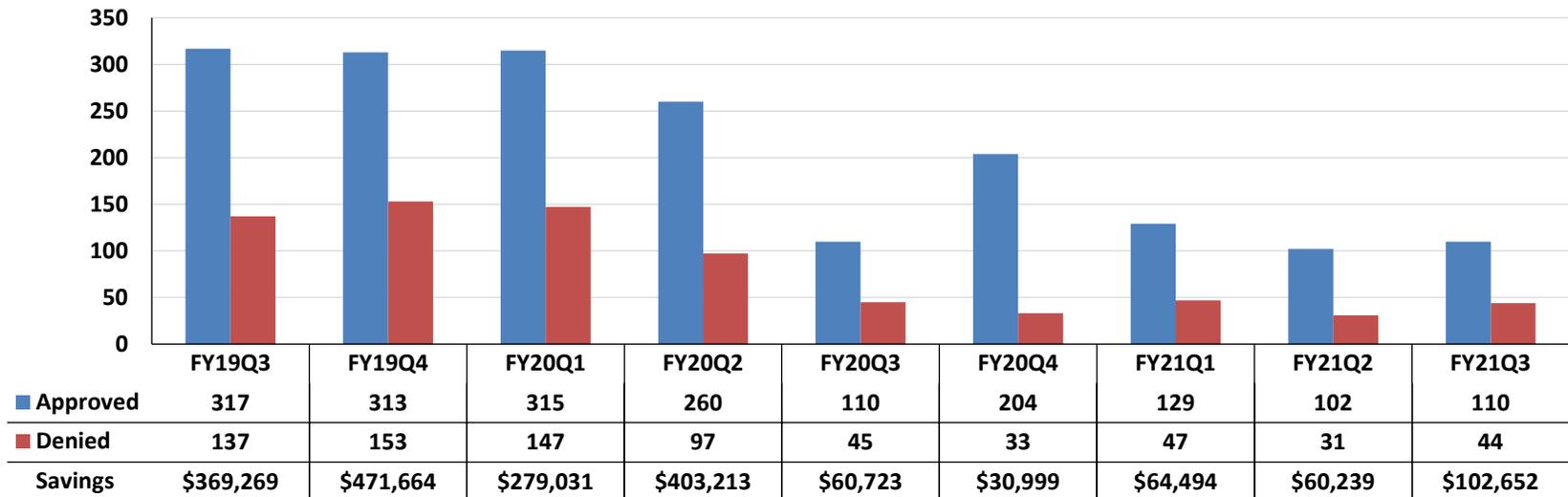
**C. PREAUTHORIZATION**

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 FY19Q3 - FY21Q3**



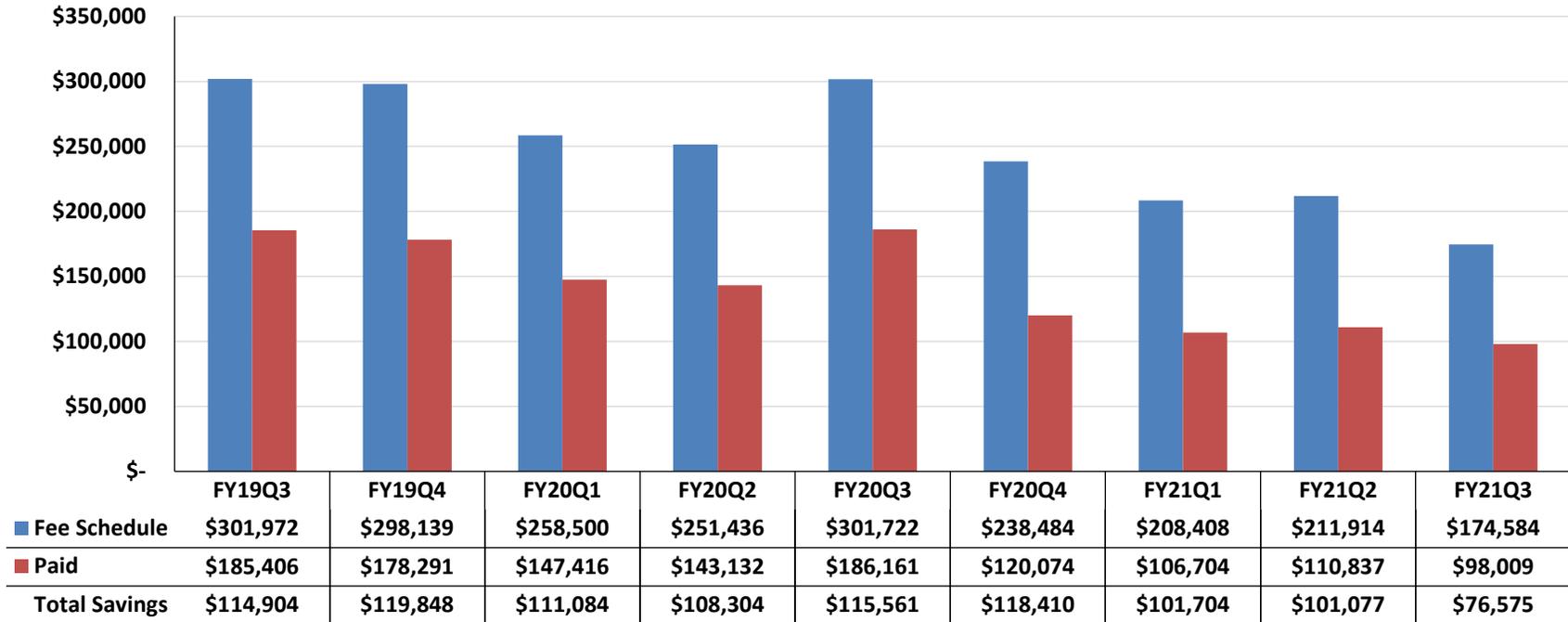
**Non-Network Utilization Review FY19Q3 - FY21Q3**



**D. PHARMACY BENEFIT MANAGEMENT**

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

**PBM Cost Savings FY19Q3 - FY21Q3**



**E. MEDICAL DISPUTE RESOLUTION FY21Q3**

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.

<b>Medical Fee Disputes</b>	3 Non-Network
	8 Network
<b>Medical Necessity Disputes</b>	0 Non-Network
	0 Network

## LITIGATION MANAGEMENT

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### I. BENEFIT DISPUTE RESOLUTION FY21Q3

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

Top 5 BRC Issues FY21Q3	Amount
Maximum Medical Improvement/Impairment Rating	28
Extent of Injury	26
Extent of Injury/Maximum Medical Improvement/Impairment Rating	12
Existence of Injury/Disability	11
Medical Fee Decision Appeal	2

Top 5 CCH Issues FY21Q3	Amount
Extent of Injury/Maximum Medical Improvement/Impairment Rating	20
Extent of Injury	8
Existence of Injury	5
Maximum Medical Improvement/Impairment Rating	5
Existence of Injury/Disability	4

### II. FRAUD INVESTIGATIONS

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

	Pending	Opened	Closed	Criminal/Administrative Referral
Fraud Investigations	10	5	3	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. If a TDI-DWC interlocutory order or decision is reversed or modified in SORM’s favor, SORM can request reimbursement from the Subsequent Injury Fund for the overpayment of benefits.

	FY21Q1	FY21Q2	FY21Q3	FY21Q4	YTD Total
<b>Restitution</b>	\$6,681	\$193	\$598		\$7,472
<b>SIF</b>	\$0	\$48,082	\$85,190		\$133,272
<b>Subrogation</b>	\$152,706	\$107,923	\$27,060		\$287,689
<b>Total</b>	<b>\$159,387</b>	<b>\$156,198</b>	<b>\$112,849</b>		<b>\$428,434</b>

## COMPLIANCE MANAGEMENT

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### I. CONTRACT ADMINISTRATION

Area	Task
<b>Procurement</b>	<ul style="list-style-type: none"> <li>Multiple Insurance Support Services Contracts</li> <li>Scanner Purchase</li> </ul>
<b>Contract Management</b>	<ul style="list-style-type: none"> <li>Controlled Correspondence</li> </ul>
<b>Vendor Performance Monitoring</b>	<ul style="list-style-type: none"> <li>Vendor Performance Evaluation Tool (VPET)</li> <li>Business Owner Input</li> <li>Desk Reviews</li> <li>Issue Log</li> </ul>
<b>Vendor Performance Reporting</b>	<ul style="list-style-type: none"> <li>Expiration, Annually, and Renewals</li> </ul>



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## 5. New business

### 5.1 Presentation, discussion, and action on Fiscal Year 2022 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 final assessment.**



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## 5. New business (Continued)

### 5.2 Presentation, discussion, and action on contract for data extraction services

#### Information

Deea Western, Division Chief of Legal Services, will present recommendations for data extraction services regarding move to Origami Risk.

#### Action Required

Staff requests and the Chair may entertain motions for the delegation authority for the Executive Director to execute a service contract.



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## 5. New business (Continued)

### 5.3 Sub-Committee presentation, discussion, and possible action on the executive director's evaluation template

#### Information

The newly appointed sub-committee will present an evaluation tool to annually review the executive director's position.

#### Action Required

**No official action requested, at this time.**



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## 5. New business (Continued)

### 5.4 Presentation, discussion, and possible action on the Risk Management Guidelines

#### Information

Stephen Vollbrecht, Executive Director and State Risk Manager, will present an update to the Risk Management Guidelines.

#### Action Required

The Chair may entertain motions for consideration and acceptance.



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## 6. Old business

### 6.1 Presentation, discussion, and possible action on agency climate survey

#### Information

Stephen Vollbrecht, Executive Director, will present information collected via board directive from internal staff.

#### Action Required

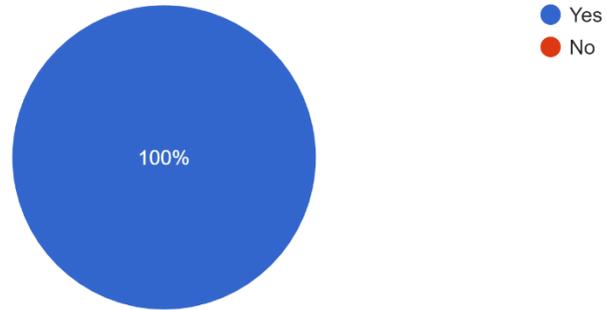
**No official action requested, at this time.**

## SORM 2021 CLIMATE SURVEY

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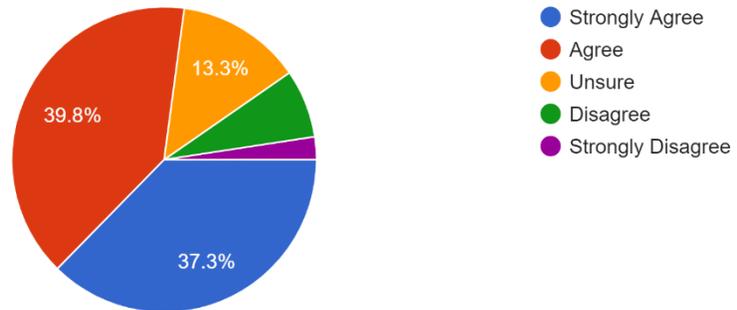
By completing this survey, I verify that I'm a current SORM employee.

84 responses



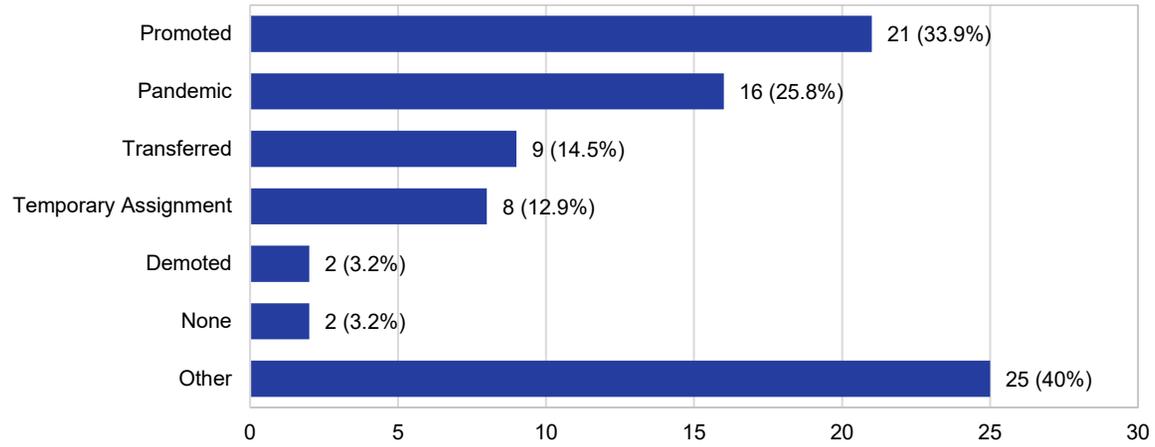
I am satisfied with my job at SORM.

83 responses



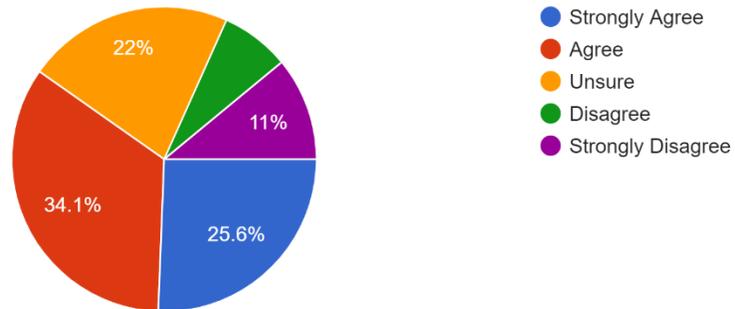
My job duties have changed since I was hired because of: (check all that apply)

62 responses



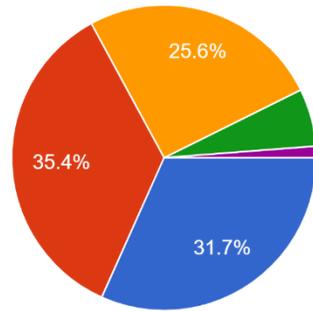
My achievements are recognized by my leadership.

82 responses



I feel like I am a part of a community at SORM.

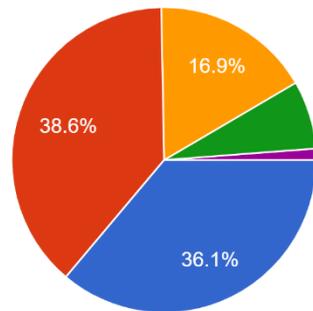
82 responses



- Strongly Agree
- Agree
- Unsure
- Disagree
- Strongly Disagree

I feel supported by my peers at SORM.

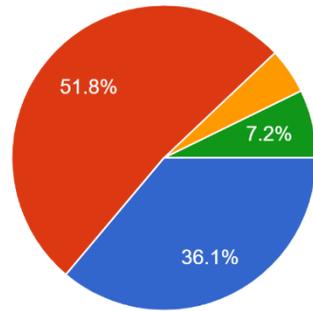
83 responses



- Strongly Agree
- Agree
- Unsure
- Disagree
- Strongly Disagree

I appreciate the monthly agency meetings.

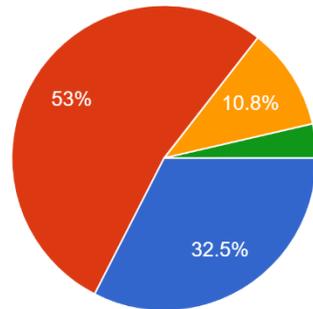
83 responses



- Strongly Agree
- Agree
- Unsure
- Disagree
- Strongly Disagree

I enjoy the social activities provided by the agency's clubs and committees.

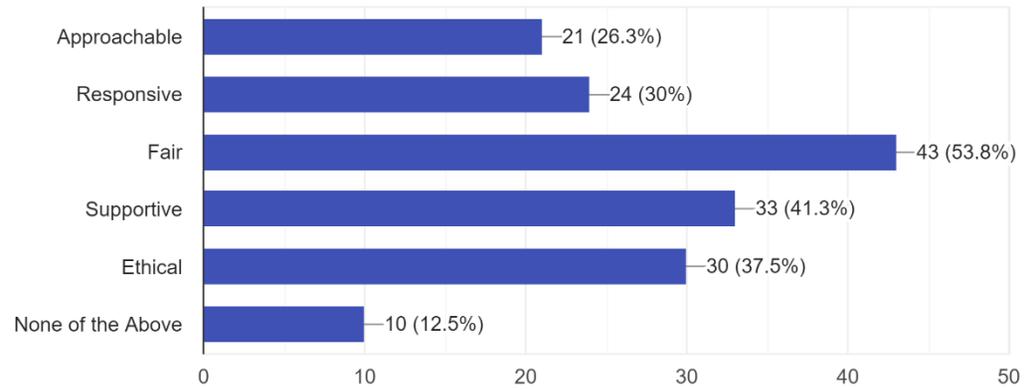
83 responses



- Strongly Agree
- Agree
- Unsure
- Disagree
- Strongly Disagree

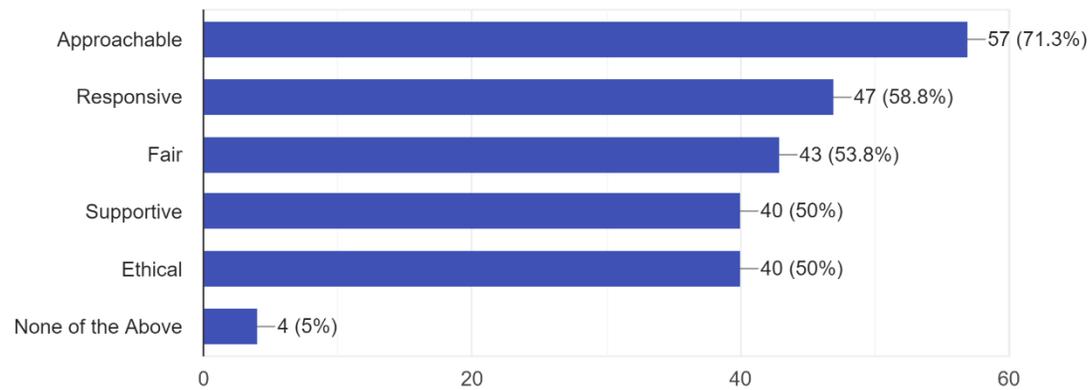
The Board of Directors is: (check all that apply)

80 responses



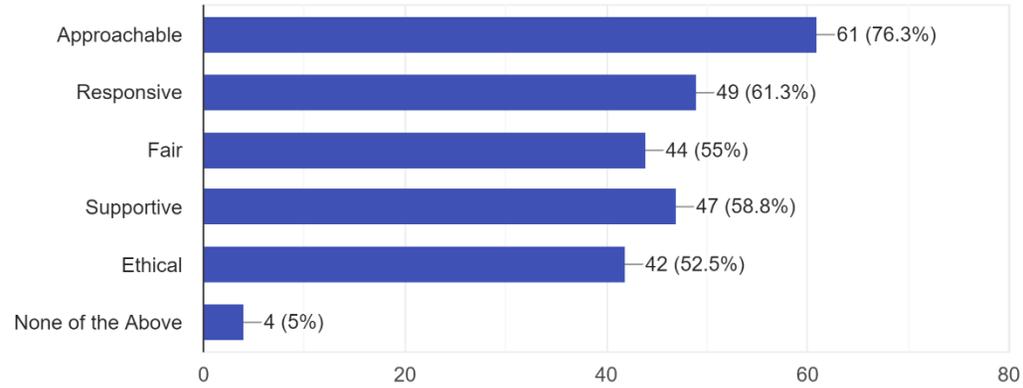
The Executive Director is: (check all that apply)

80 responses



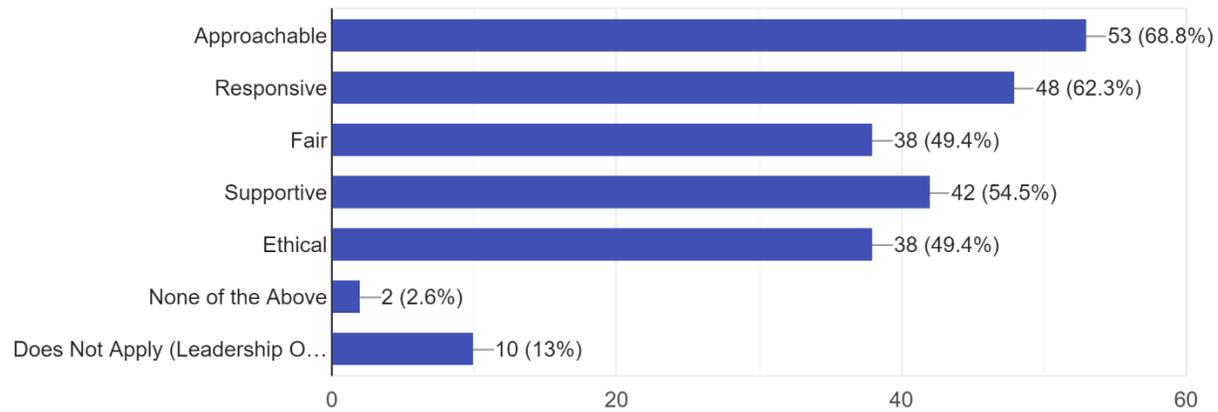
The Deputy Executive Director is: (check all that apply)

80 responses



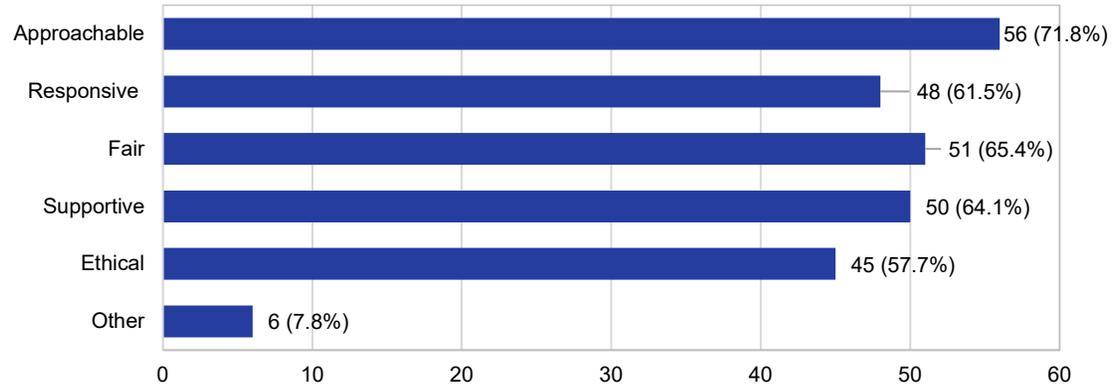
My Department Director or designee is: (check all that apply)

77 responses



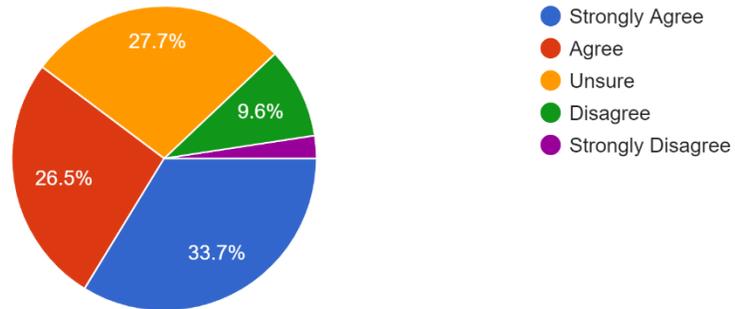
My Division Chief is: (check all that apply)

78 responses



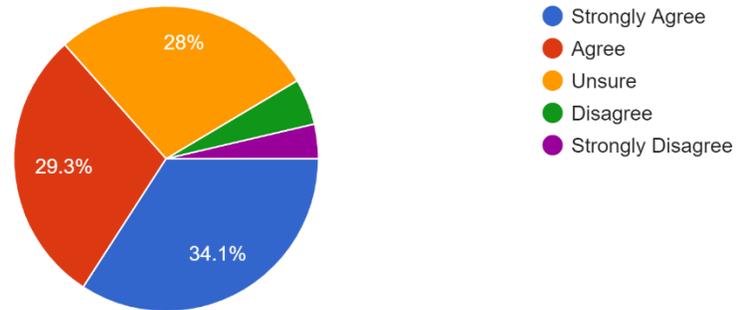
I would recommend SORM to prospective employees.

83 responses



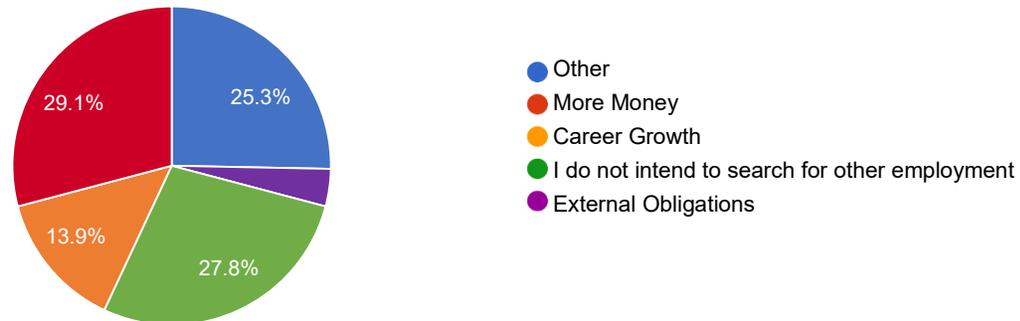
I could see myself working for SORM for the next three years.

82 responses



What would be the main reason you would decide to search for another employment opportunity outside of SORM within the next three years?

79 responses





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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

Month	Day of Week	Date	Notes
October	Tuesday	5	
		12	Internal Audit Report due 11/01/21
		19	No office holiday closures in October
		26	

**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