

BOARD OF DIRECTORS'
MEETING AGENDA
April 19, 2022



State Office of Risk Management

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

Public Meeting

Board of Directors

April 19, 2022, 10:00 a.m.

William P. Clements Building, Room 103

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 05, 2021, meeting
4. Presentation and discussion of Agency Operations Report
5. New business
 - 5.1 Presentation, discussion and action on remaining Fiscal Year 2022 assessment totals
 - 5.2 Delegate authority to Executive Director to negotiate and enter into a contract for an annual actuarial study
 - 5.3 Delegate authority to Executive Director to negotiate and enter into a contract for the licensed use of the ISO Claim Index
 - 5.4 Purchase of server infrastructure
 - 5.5 Approval of administrative rule revision
 - 5.6 Survey of Employee Engagement
6. Executive Session: Recess pursuant to Section 551.074, Government Code, to discuss the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee
7. Reconvene in Open Session for possible action on matters considered in Executive Session
8. Old business
9. Public comment*
10. Discussion and possible action on future meeting dates
11. Adjournment

Individuals who may require auxiliary aids or services for this meeting should contact Carolyn Regimand at (512) 936-1537 or carolyn.regimand@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. Regimand 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
William Brown	02/01/2027	San Antonio
Honorable Ricardo Galindo III	02/01/2025	San Antonio
Tomas Gonzalez	02/01/2023	El Paso
Gerald Ladner, Sr.	02/01/2027	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 05, 2021, meeting

Information

Attached are the minutes from the October 5, 2021, meeting.

Action Required

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



**Minutes of the Public Meeting
on
October 5, 2021**

The following Board of Directors meeting was a hybrid meeting conducted via Zoom and in-person.

Board Members present via in-person were Lloyd Garland (Chair), Gerald Ladner, Ricardo Galindo, and Rosemary Gammon (at 11:38 a.m.). Board Member present via Zoom was Tomas Gonzalez (at 11:24 a.m.).

- Item 1. Board Chair Garland called the public meeting to order at 11:11 a.m. on October 5, 2021. Board Chair Garland recognized Members present. A quorum was established.
- Item 2. The board acknowledged Board Member Gammon's previous absence. Board Member Ladner moved to accept the absence. Board Member Galindo seconded the motion, which carried without objection (3-0 vote).
- Item 3. Board Chair Garland asked for any comments or changes to the Minutes of the July 27, 2021, meeting. Hearing no changes, Board Member Ladner moved to accept. Board Member Galindo seconded the motion, which carried without objection (3-0 vote).
- Item 4. Agency Operations Report:

Stephen Vollbrecht (Executive Director and State Risk Manager) introduced the Agency Operations Report (AOR) highlighting status and upcoming reports on the Risk Management Information System (RMIS) and the Continuity of Operations (COOP) summit. Recognition was also given to Audrea Blake by Mr. Vollbrecht and the board for her assistance and service to the agency.

Todd Holt (Deputy Executive Director) and Keith Despain (Director of Project Management) presented an update on current activities with the transition to Origami. Mr. Holt introduced Shelby Hyman (Director of Public Relations and COOP Task Force Leader) to update the board on recent COOP summit, outreach, and training videos. Mr. Holt gave an update to recent senate bill that would have an impact on claims operations.

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 separations and turnover. Mr. Cargile introduced Lori Shaw (Director of Financial Management and Chief Financial Officer) to present the administrative and claim budgets with projected costs. Mr. Cargile introduced Leo Ramirez (Director of Information Technology and Information Resource Manager) to give an update on department support with a focus on the RMIS transition and current projects such as cybersecurity. Mr. Ramirez also updated the board on vulnerability awareness and data migration.

James Cox (Chief of Strategic Programs) introduced Marc Guyot (Director of Enterprise Risk) to greet board. Mr. Cox presented an update on Risk Management visit counts and recommendations provided/closed, plus an update on the Statewide Insurance Program including participant lines, notary applications, and insurance purchases. 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 detailed the COVID-19 legislation impact and expired exceptions with 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, compliance and audits. Ms. Western introduced Janine Lyckman (Director of Medical Quality Assurance) to provide an update on cost savings, Network vs. Non-network counts, and prescription savings. Ms. Western provided an update on virtual hearings, fraud investigations, and subrogation. Ms. Western introduced Kathy Cordova (Director of Compliance Management) to give an update on contracts for insurance, equipment, and Origami. Staff heard comments, tasks, and answered questions from the board.

Item 5. New Business:

5.1 Board Member Ladner introduced the agency's internal auditor to present the Fiscal Year 2021 Internal Audit Report. Darlene Brown, McConnell and Jones, presented the report on Information Technology and the RMIS with Origami and phases. Ms. Brown heard comments and answered questions from the board. Board Member Ladner moved to accept Fiscal Year 2021 report. Board Member Gammon seconded the motion, which carried without objection (5-0 vote).

5.2 Ms. Brown presented the Fiscal Year 2022 Internal Audit Plan on second phases of RMIS and high-risk focus. Ms. Brown and staff heard comments and answered questions from the board. Board Member Ladner moved to accept Fiscal Year 2022 plan. Board Member Gammon seconded the motion, which carried without objection (5-0 vote).

Item 6. No Old Business.

Item 7. No Public Comment.

Item 8. Future Meeting Dates. Discussion on suggested dates for the next board meeting. Board Chair Garland set January 25, 2022, as the next tentative meeting date with a back-up of January 11, 2022.

Item 9. Board Chair Garland adjourned the meeting at 1:04 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 FY22Q2
TO THE
SORM BOARD OF DIRECTORS**

April 19, 2022



EXECUTIVE OFFICE

I. TEXAS ENTERPRISE RISK MANAGEMENT (TERM) GUIDELINES

The new Texas Enterprise Risk Management (TERM) Guidelines were released under the authority of the board, and the existing Risk Management for Texas State Agencies (RMSTA) Guidelines were retired, on March 1, 2022. This culminates two years of collaborative effort with stakeholders from all sectors of government and puts into place an adaptable and globally recognized standard for use for all Texas entities. A few small steps remain to finalize the guidelines, including an action item for a non-substantive rule change requiring authorization by the board. (action item)

II. SURVEY OF EMPLOYEE ENGAGEMENT

Subsequent to the 2021 Climate Survey, the agency participated in the 2022 Survey of Employee Engagement, conducted by the Institute for Organizational Excellence at the University of Texas at Austin. The following construct scores indicate our focus in current organizational goals: pay, benefits, and employee development. The Office continues to perform well in all other constructs: workgroup, strategic, supervision, workplace, community, information systems, internal communication, job satisfaction, and employee engagement. New talent management initiatives are in active development, including expanded training and dedicated diversity, equity, and inclusion (DE&I) resources.

III. CONTINUITY OF OPERATIONS PLANNING

A new Continuity of Operations Planning policy letter has been drafted and will be released in the coming days, updating the prior guideline with current best practices and updated resources and instruction.

IV. ORIGAMI RISK INFORMATION SYSTEM (RMIS) TRANSITION

Further information of the state of the Origami Risk Information System (RMIS) transition will be provided in more detail in the Project Management presentation. As of this date, we are confirmed to go live on May 2, 2022. As with all system transitions of this scope, certain functions of the agency will have to be paused while the old system is retired, the data is transferred, and the new system becomes operational (it is not possible with current infrastructure to co-operate both systems). The Division of Workers' Compensation has been notified and a communications plan will be implemented to inform all constituents (injured workers, providers, agencies) of reduced or suspended operations during the transition phase. It is possible that some compliance issues may naturally develop from this transition; however, SORM staff and partners are working diligently to reduce those risks where possible.

PROJECT MANAGEMENT

I. RMIS IMPLEMENTATION PROJECT UPDATE

A. PROJECT EXECUTION

The RMIS Implementation Project for Phase 1 is in progress. We are focused on finalizing the User Acceptance Testing for the data conversion, requirements solutions, security, and user profile configurations. Current projections are to have the User Acceptance Testing completed by mid-April with a projected production target of May 2, 2022.

B. PROJECT MONITOR AND CONTROL

We are actively managing our Scope, Budget, and Timeline utilizing our internal Project Monitor and Control processes.

In addition to the RMIS project, the Project Management Team is charged with facilitating other SORM project activity. The SORM project activity statistics are presented below. Our project numbers did decrease in FY22Q2 from the prior quarter. Out of the three projects opened in FY22Q2, two are directly supporting the Origami system implementation. We are intentionally minimizing new project activity to ensure we have sufficient resources to support the Origami implementation.

Quarterly Statistics by Status

		Opened	Complete	Withdrawn	In Progress	On Hold	Pending Approval	Not Started
FY19	Prior to FY20Q1	7	0	1	1	0	0	0
FY20	Q1	56	6	9	10	8	0	1
	Q2	23	24	0	0	1	1	0
	Q3	21	17	1	1	1	0	0
	Q4	7	17	1	0	1	1	1
FY21	Q1	21	9	8	1	2	0	2
	Q2	9	7	0	1	0	2	1
	Q3	9	8	0	2	1	0	0
	Q4	13	10	1	3	0	0	0
FY22	Q1	8	5	0	4	1	0	2
	Q2	3	1	0	2	1	0	0
TOTAL		177	104	21	25	16	4	7

Quarterly Statistics by Category

		External Audit Finding	Legislative Requirement	New RMIS	SORM Must Have	Other
FY19	Prior to FY20Q1	2	1	1	2	1
FY20	Q1	3	12	9	13	19
	Q2	0	2	0	12	9
	Q3	1	1	14	3	2
	Q4	0	0	3	1	3
FY21	Q1	0	1	6	5	9
	Q2	0	1	3	4	1
	Q3	0	0	5	3	1
	Q4	0	1	10	2	0
FY22	Q1	0	0	6	2	0
	Q2	0	0	2	0	1
TOTAL		6	19	59	47	46

PUBLIC RELATIONS

I. TRAINING

During FY22Q2, the training consultants consolidated our courses to start offering our most requested classes as open enrollment on a regular basis. Driving Safety is now offered twice a month and Additional Duty Safety Officer Course (ADSO) is offered once a month. As a result, we have regular attendance in both classes, with an increase in attendance in the much-needed ADSO for agencies. Our next steps will be to fully transition into our learning management system (LMS) where we will offer registration for in-person, virtual instructor-led, or self-paced online courses.

Instructor-Led Agency Training for FY22Q2

Virtual Course Name	Classes Taught	Students
Additional Duty Safety Officer (ADSO) Orientation	4	42
Driving Safety	6	233
TOTAL	10	275

Self-Paced LMS Training FY22Q2

Virtual Course Name	Students
Driving Safety	140
TOTAL	140

II. STATEWIDE CONTINUITY OF OPERATIONS (COOP) PROGRAM

Following an area-wide freeze in FY22Q2, and a subsequent building power outage, we used the events as an opportunity to test and update our Emergency Action Plan and COOP Plan. Our continuity specialist conducted several internal meetings as well as visited with the Office of the Attorney General to specifically address delays in receiving mail due to building closures. We are continuing to explore several options to ensure mail services continue with limited interruption.

The Continuity Council continues to have good participation in our regular monthly meetings with around 60-70 people registering and about 40 people regularly attending with federal, state, local, and private sector partners. We are in the planning stages of scheduling a continuity conference anticipated for FY23.

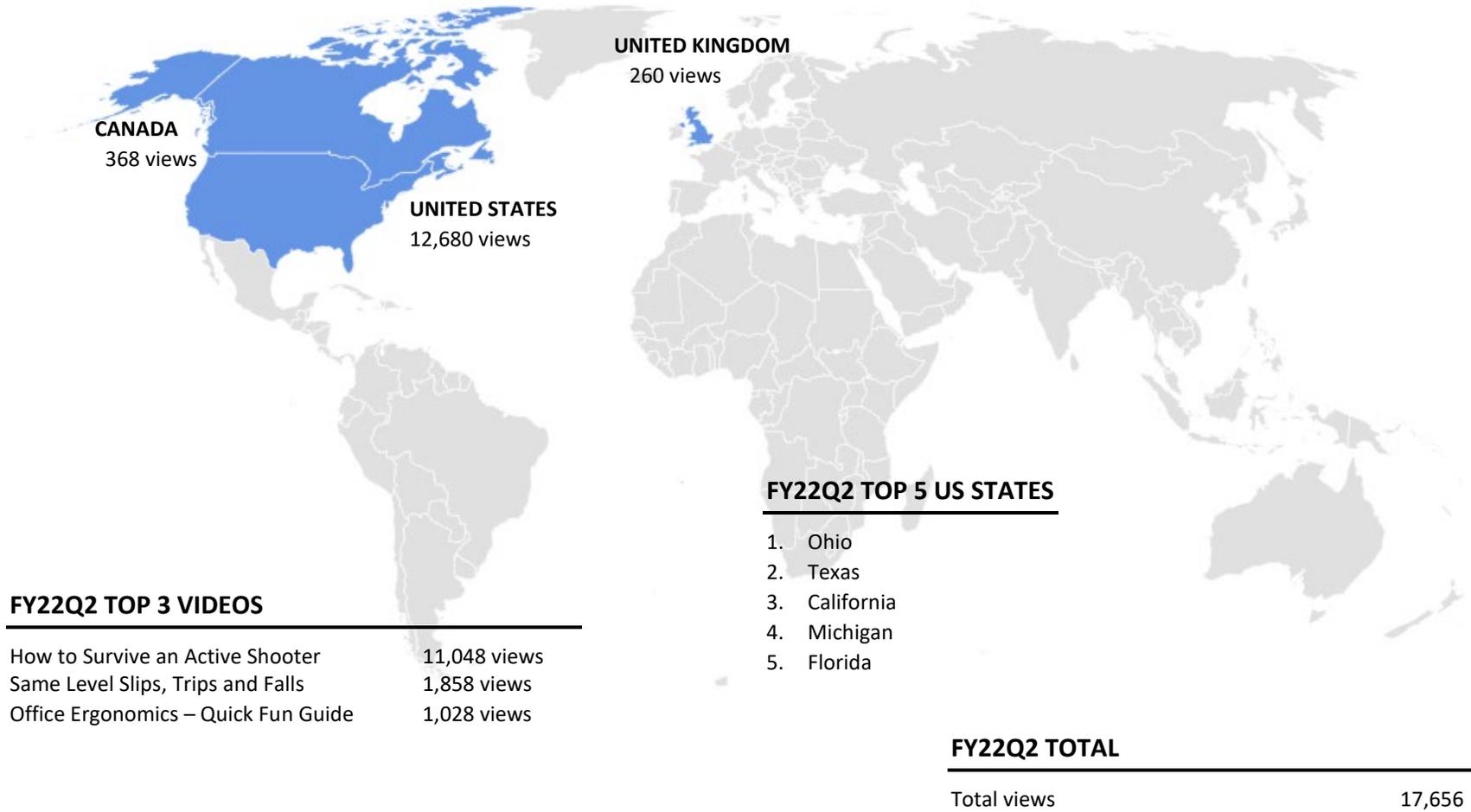
FY22Q2 COOP Activity	
Plans Evaluated	2
Exercises Evaluated	4
Outreach/Presentations	2
Individual Consultations	1
Continuity Council and Committee Meetings	11
Internal SORM COOP Meetings	21

III. PUBLIC RELATIONS OUTREACH

During FY22Q2, the Public Relations Liaison, in partnership with the Department of Information Resources, collaborated with internal stakeholders to explore opportunities to modernize technology through federal grant dollars prescribed by HB 4018, 87(R). We prioritized projects by requesting upgrades to computer servers, and other digital modernizations to legacy systems and manual processes that were not impacted by Origami. If funded, these projects could streamline internal workflows, reduce cost, enhance SORM's cybersecurity preparedness, and reinforce SORM's continuity of operations posture.

Public Relations has also started engaging with select committees as the legislative interim process begins. We will routinely monitor and report on any legislative developments that may impact the Office.

IV. YOUTUBE ANALYTICS



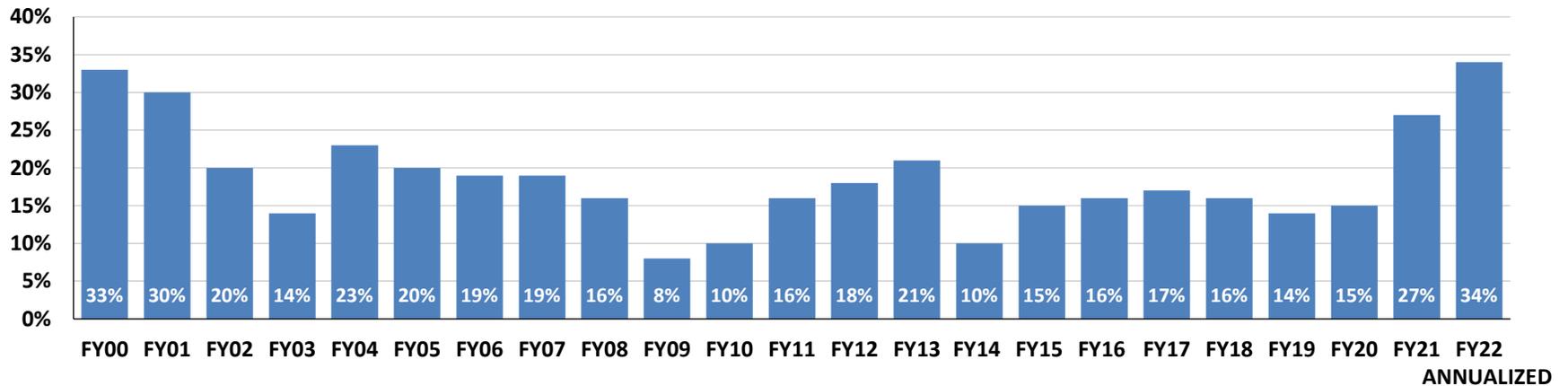


INTERNAL OPERATIONS

TALENT MANAGEMENT

New Hires	Vacancies
Lee Downing, Systems Analyst	Chief, Internal Operations
Sally Velasquez, Public Relations Liaison	Director, Litigation Management
Kacee Holler, Claims Adjuster	Senior Staff Attorney
Leonor Matano, Senior Claims Adjuster	Contract Administrator
Cristina Alva, Senior Claims Adjuster	Systems Administrator
Elizabeth Chavez, Claims Adjuster	Enterprise Risk Specialist, Risk Management (2)
Rochelle Stanley, Claims Adjuster	Talent Management Liaison, Staff Development Specialist
Kevin Dawson, Receptionist	Systems Support Specialist
Mark Trevino, Receptionist	Data Analyst
Catherine Tristan, Document Specialist	Web Systems Administrator
Cecelia Ruedas, Document Specialist	Claims Adjuster (4)
JohnPaul Castillo, Cost Containment Specialist	Lead Cost Containment Specialist
Jorge Hallon, Enterprise Risk Specialist, Insurance Services	Medical Clean Bill Specialist
Catherine Maldonado, Talent Management Liaison	Accountant (2)
	Accounting Technician
	Document Specialist (2)

ANNUAL TURNOVER RATES



FINANCIAL MANAGEMENT

FY22 AGENCY (CONSOLIDATED) BUDGET

February 28, 2022

Objects of Expense	Initial Budget:	Adjustments Transfers (+ In, - Out)	Revised Budget:	Expenditures Year to Date @ 2/28/22	Encumbrances @ 2/28/22	Remaining Budget @ 2/28/22	Unpaid Expenses Incurred	Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Salaries & Wages	7,557,391	0	7,557,391	2,669,057	0	4,888,334	526,101	42.3%	50.0%
Other Personnel Costs	400,000	0	400,000	109,374	0	290,626	350,566	115.0%	50.0%
Professional Services	1,650,000	405,000	2,055,000	687,550	737,015	630,434	185,941	42.5%	50.0%
Consumable Supplies	40,000	0	40,000	9,009	9,504	21,488	4,465	33.7%	50.0%
Utilities	5,600	0	5,600	2,357	2,830	413	304	47.5%	50.0%
Travel	90,350	0	90,350	10,003	0	80,347	3,313	14.7%	50.0%
Rental of Space	720	0	720	540	0	180	0	75.0%	50.0%
Rental of Equipment	24,000	0	24,000	7,008	3,587	13,406	0	29.2%	50.0%
Operating Costs	3,024,916	(405,000)	2,619,916	734,727	29,951	1,855,238	621,912	51.8%	50.0%
Capital Expenditures	99,000	0	99,000	0	0	99,000	0	0.0%	50.0%
TOTAL	12,891,977	0	12,891,977	4,229,624	782,886	7,879,467	1,692,602	45.9%	50.0%

Objects of Expense	Initial Budget:	Adjustments Transfers (+ In, - Out)	Revised Budget:	Expenditures Year to Date @ 2/28/22	Remaining Budget @ 2/28/22	Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Indemnity	19,390,817	0	19,390,817	9,409,695	9,981,122	48.5%	50.0%
Medical	21,176,933	0	21,176,933	8,016,545	13,160,388	37.9%	50.0%
Total Exps.	40,567,750	0	40,567,750	17,426,240	23,141,510	43.0%	50.0%
Subrogation and Restitution	(567,750)	0	(567,750)	(213,230)	(354,520)	37.6%	50.0%
NET TOTAL	40,000,000	0	40,000,000	17,213,010	22,786,990	43.0%	50.0%

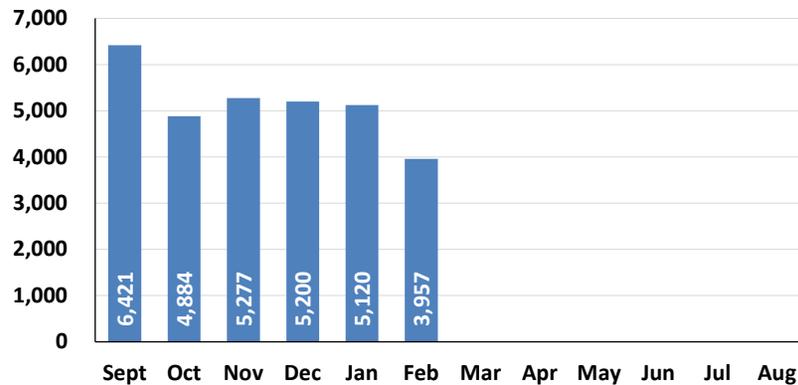
FY22 PROJECTION

	Actual Costs as of March 29, 2022 12 Months	Based on even distribution	Based on 15 year avg. (FY2007 - FY2021)	Based on 10 year avg. (FY2012 - FY2021)	Based on 5 year avg. (FY2017 - FY2021)	Worst Case Assumed
Indemnity		57.53%	57.23%	56.92%	56.41%	56.41%
Medical		57.53%	58.35%	59.42%	59.77%	57.53%
Recovery		57.53%	62.97%	57.11%	62.18%	100.00%

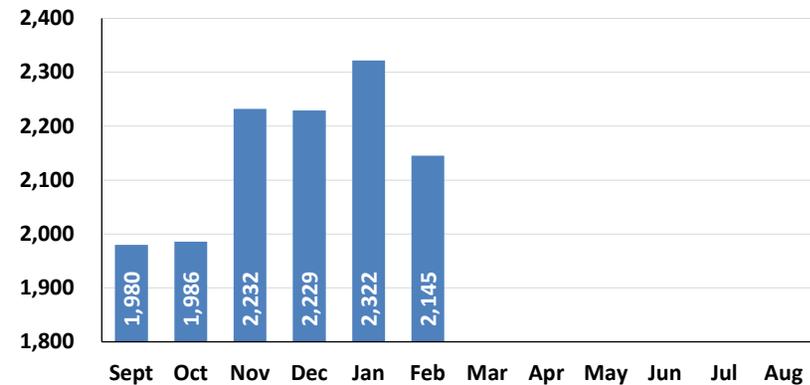
FY22 Projections

Indemnity	10,541,206	18,321,621	18,418,186	18,518,238	18,685,818	18,685,818
Medical	8,977,652	15,604,014	15,386,348	15,109,968	15,020,691	15,604,014
Recovery	(288,131)	(500,799)	(457,547)	(504,505)	(463,348)	(288,131)
	19,230,727	33,424,836	33,346,987	33,123,701	33,243,161	34,001,701
Average of four different projection bases and "worst case"						33,428,077
Gross costs only	19,518,858	33,925,635	33,804,534	33,628,206	33,706,509	34,289,832
Average of four different projection bases and "worst case"						33,870,943

Medical Bills Processed FY22
Total 30,859



Indemnity Bills Processed FY22
Total 12,894



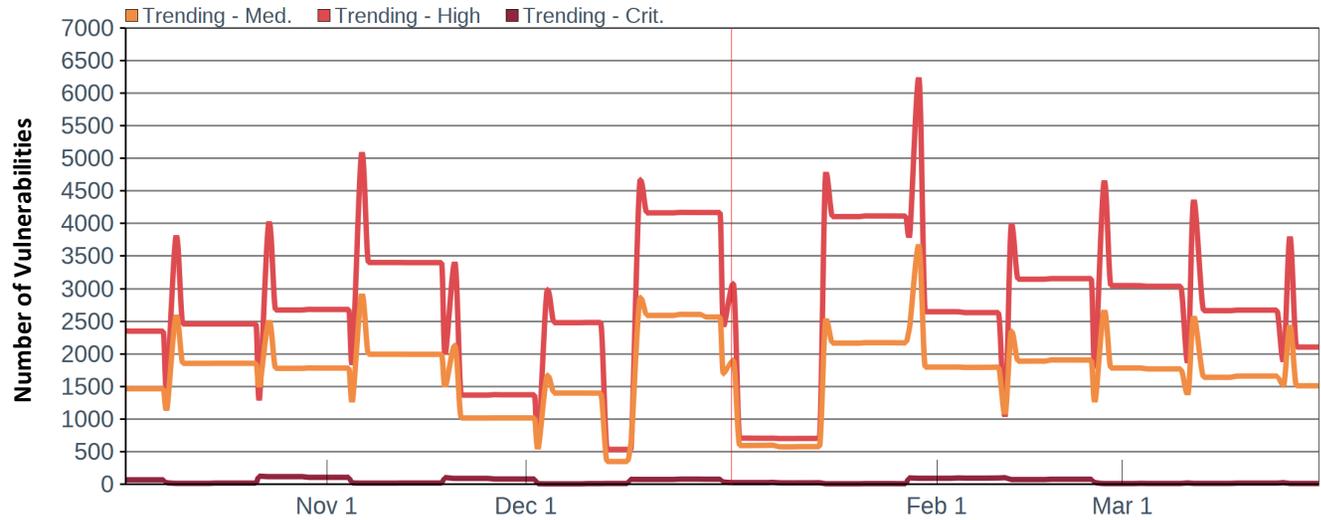
INFORMATION TECHNOLOGY

I. ONGOING AGENCY SUPPORT

Information Technology (IT) continues to support the agency operations through infrastructure support, processing, and reporting. Significant areas of activity in FY22Q2 include:

Area	Task
Equipment – Servers, desktops, laptops, and peripherals	<ul style="list-style-type: none"> • Replaced malfunctioned parts for servers and workstations • Managed and supported server and PC infrastructure
Software changes (mainframe, web, client/server, and PC applications)	<ul style="list-style-type: none"> • 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"> • Updated and documented the processes, procedures, tasks, and effort necessary to extract, prepare, and deliver relevant SORM data to Origami • Extracted and converted CMS data from multiple repositories and transmitted to Origami as part of the Origami RMIS project implementation • Worked with OAG, Origami, and the Comptroller’s Office to migrate the payment process and data to the new Origami RMIS system • Coordinated with OAG, Origami, and the vendor to extract, encrypt, and transmit SORM FileNet data to Origami • Tested and documented user access, modules, and processes within Origami • Analyzed and migrated current reports and workflows to the new Origami RMIS system
Cybersecurity	<ul style="list-style-type: none"> • Completed the biennial cybersecurity assessment • Deployed the annual security awareness training to all SORM staff • 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
Other Items	<ul style="list-style-type: none"> • Provided software, email, and application support to SORM staff • Supported the external website server and/or database changes • Supported Microsoft TEAMS and SharePoint, including the Intranet

Vulnerabilities Trending Per Month (6 Months)



October 1, 2021 to March 30, 2022

Current Vulnerabilities

	Low	Medium	High	Critical
< 7 Days	1	79	44	10
8 - 14 Days	0	7	4	1
15 - 21 Days	1	72	72	12
22 - 30 Days	0	0	0	0

Mitigated Vulnerabilities

	Low	Medium	High	Critical
< 7 Days	1	8	14	4
8 - 14 Days	0	2	2	0
15 - 21 Days	0	7	51	11
22 - 30 Days	0	0	1	0

II. ANTICIPATED ACTIVITY

In addition to routine support functions congruent with operations for the Office, we anticipate the following activities during FY22Q3 and beyond:

- A.** Origami Phase 1 Go-Live: Provide final data, update computer processes, and validate implementation
- B.** Conduct post-implementation tasks, including validation of modules, data, and automated processes
- C.** Provide support to SORM staff for the new Origami RMIS system
- D.** Update computer hardware/software to improve our security posture post Origami implementation
- E.** Begin Origami Phase 2 Implementation
- F.** Coordinate with OAG Disaster Recovery Server options for SORM
- G.** Build the new Employee Checklist with Talent Management as the champion
- H.** Continue supporting external website and intranet server/database
- I.** Continue supporting the new Learning Management System (LMS) server/database



STRATEGIC PROGRAMS

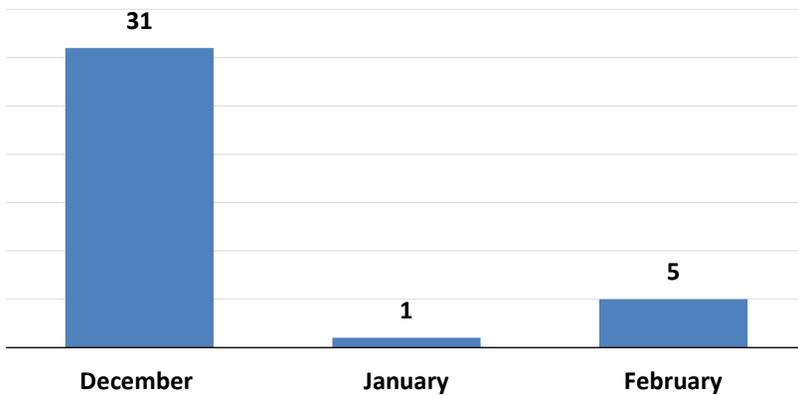
ENTERPRISE RISK

I. STATEWIDE RISK MANAGEMENT PROGRAM

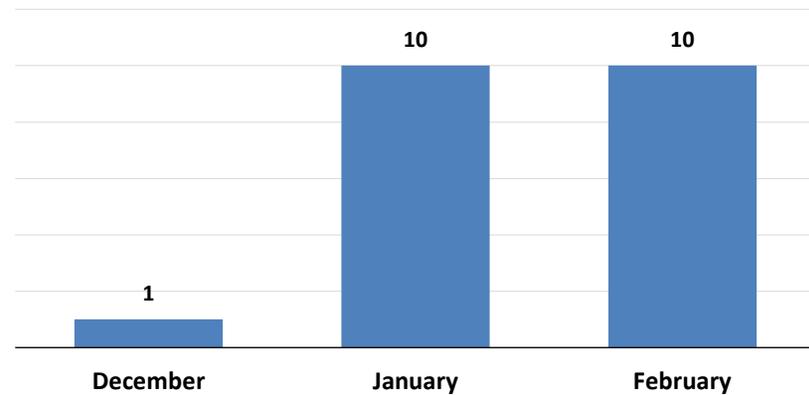
On-Site Consultations (OSCs) and Risk Management Program Reviews (RMPRs)

	Sept	Oct	Nov	Dec	Jan	Feb	
OSCs	18	14	14	10	13	9	34% of annual goal of 229 OSCs
RMPRs	0	0	2	1	0	2	20% of annual goal of 25 RMPRs

Recommendations Given FY22Q2



Closed Recommendations FY22Q2

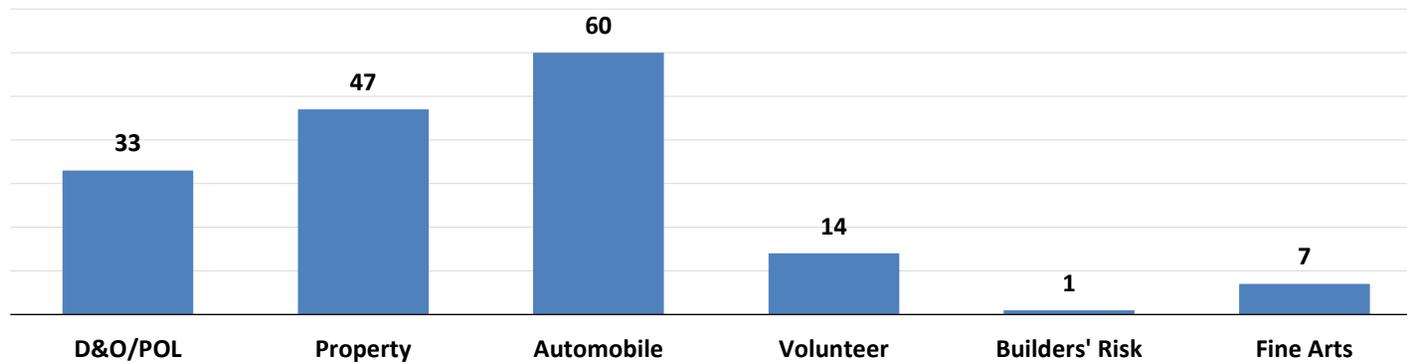


Category of Recommendations FY22Q2

COOP	0
Environmental	2
Insurance	1
Risk Management	7
Safety	29
Policy/Procedure/Training	7

II. STATEWIDE INSURANCE PROGRAM

A. PARTICIPANTS IN STATEWIDE INSURANCE LINES FY22Q2



B. MONITORING

377 notary applications were processed during FY22Q2

C. INSURANCE PURCHASES

SORM 201s processed: 5
 SORM 201s approved and premium paid: 5 for \$72,311

SORM 201s FY22Q2

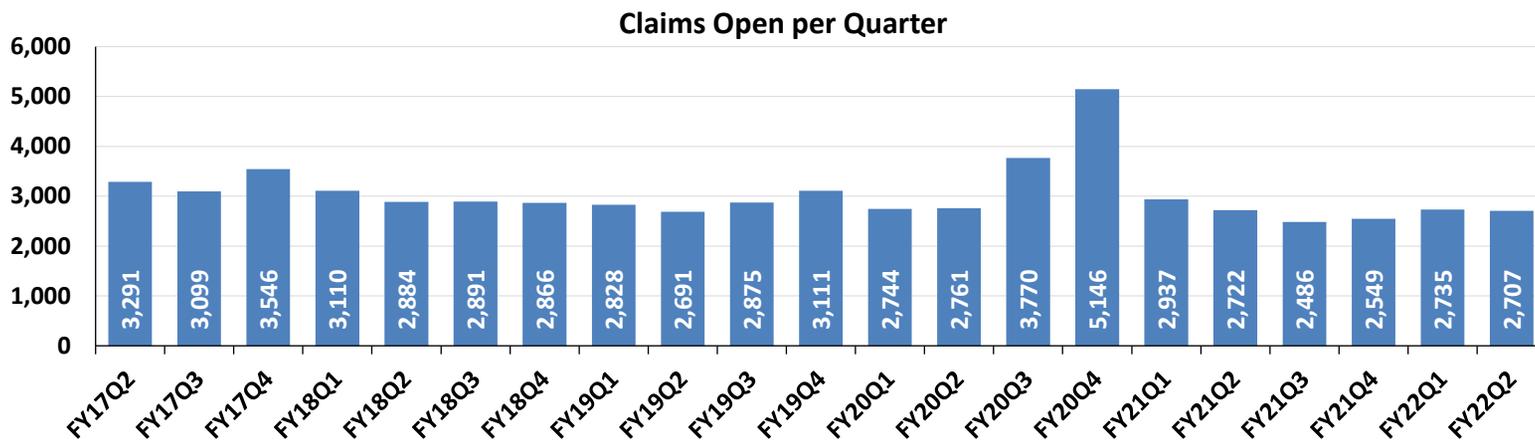
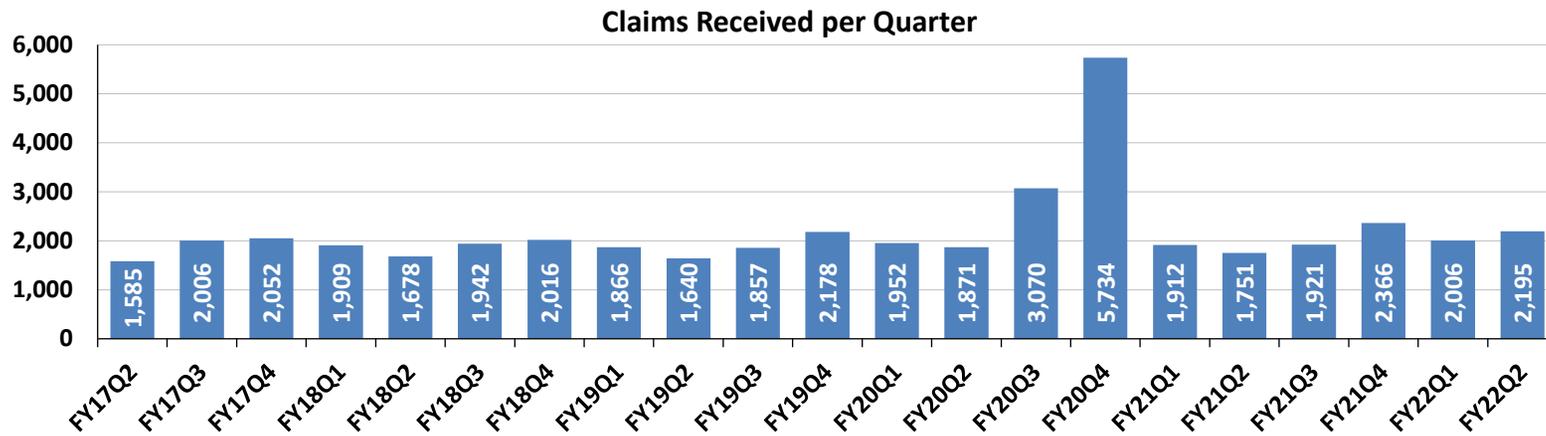
Line of Insurance	Approved	Comments	Premium
Drone	✓	Aviation Insurance policies for Unmanned aircraft systems (UAS) or drones is intended to protect the aircraft itself as well as the aircraft owner against claims due to damage or accidental injury.	\$27,052
Animal Mortality	✓	This policy covers death or theft of livestock.	\$650
Professional Liability	✓	A renewal of 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.	\$10,576
Cyber	✓	The policy transfers some of the risk related to expenses, such as notification, recovery, and forensics, if there is a privacy event, security incident, or breach.	\$27,497
Hull & PI	✓	Commercial hull, protection and indemnity (P&I) coverage protects the vessel (e.g. boat) owner against legal liabilities arising out of negligence in the operation of a vessel.	\$6,536
TOTAL			\$72,311

CLAIMS OPERATIONS

I. CLAIMS OPERATIONS ACTIVE WORKLOAD FY22Q2

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

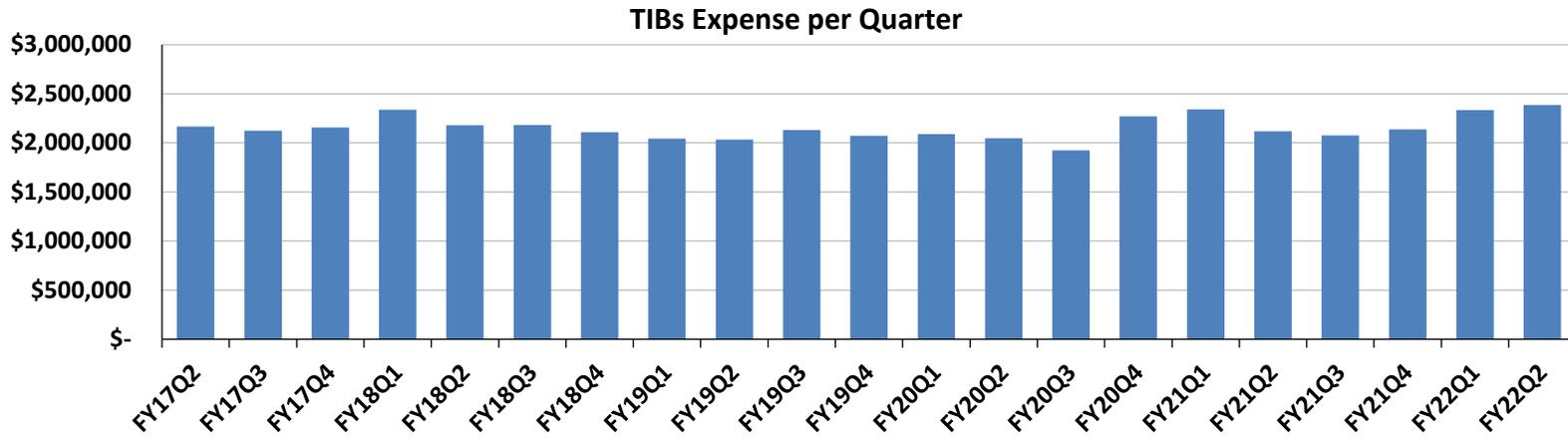
- A. SORM received 2,195 injury reports (claims) in FY22Q2, an increase from the number of injury reports received in FY22Q1 (2,006)
- B. 1,752 claims were accepted
- C. 2,085 claims were inactivated
- D. SORM had 2,707 open claims at the end of FY22Q2



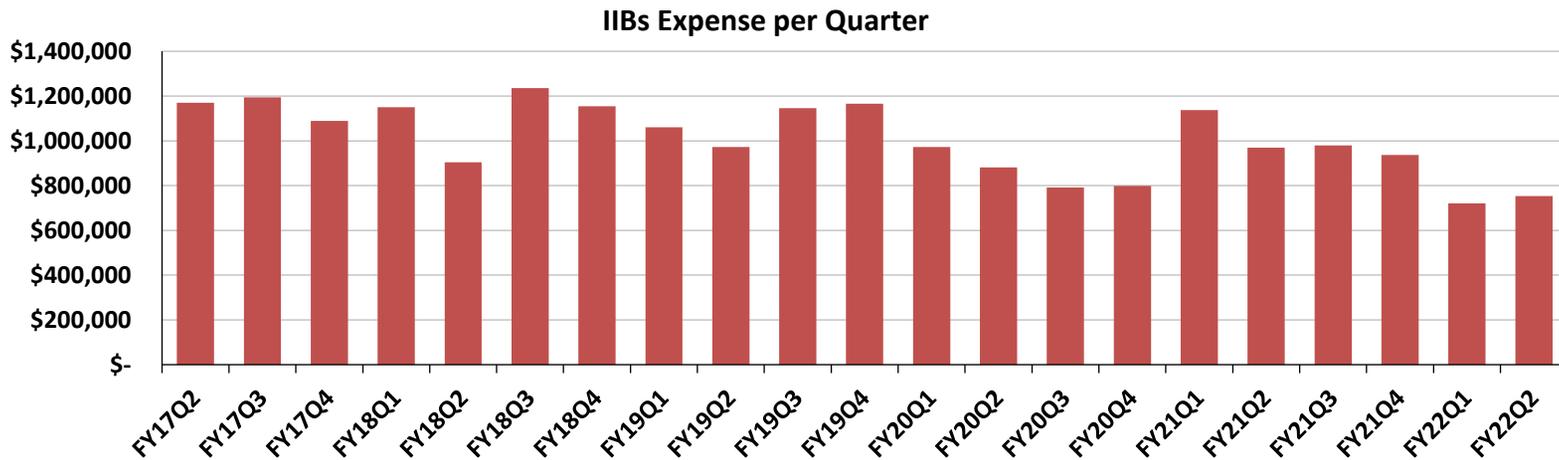
II. ANALYSIS OF INCOME BENEFITS EXPENSES FOR FY22Q2

- A. FY22Q2 reflects an increase in TIBs indemnity costs from FY22Q1
- B. TIBs payments were \$2,388,074 and IIBs payments were \$753,211 in FY22Q2
- C. At the end of FY21Q4, there were 697 TIBs, 137 IIBs, 25 SIBs with payment, 11 LIBs, and 101 DIBs claims open

Temporary Income Benefits (TIBs) expenditures for FY22Q2 totaled \$2,388,074 on 697 claims

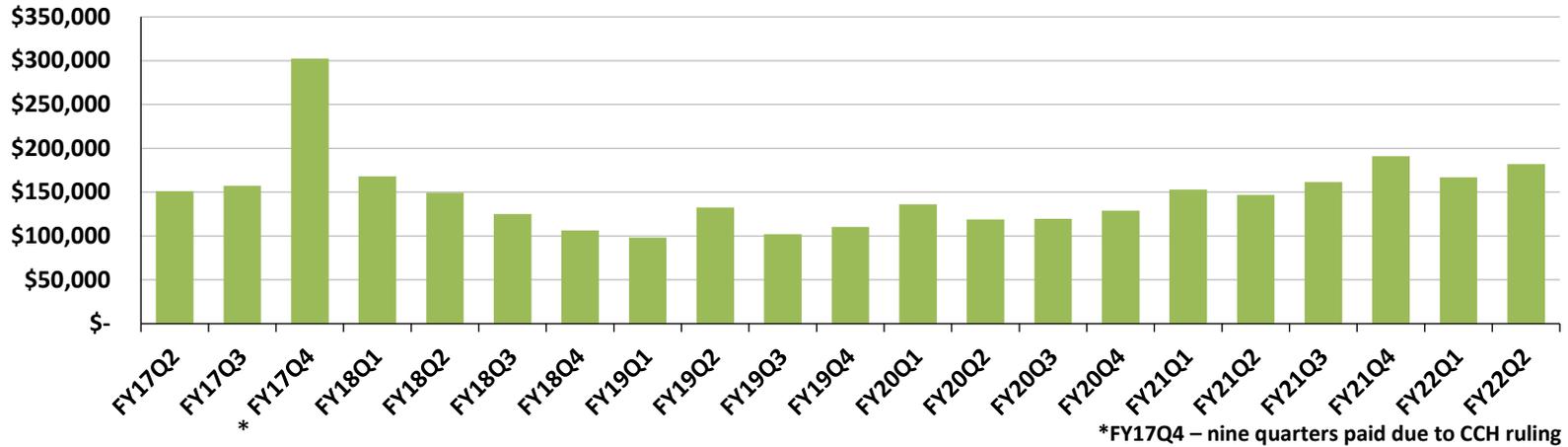


Impairment Income Benefits (IIBs) expenditures for FY22Q2 totaled \$753,211 on 137 claims



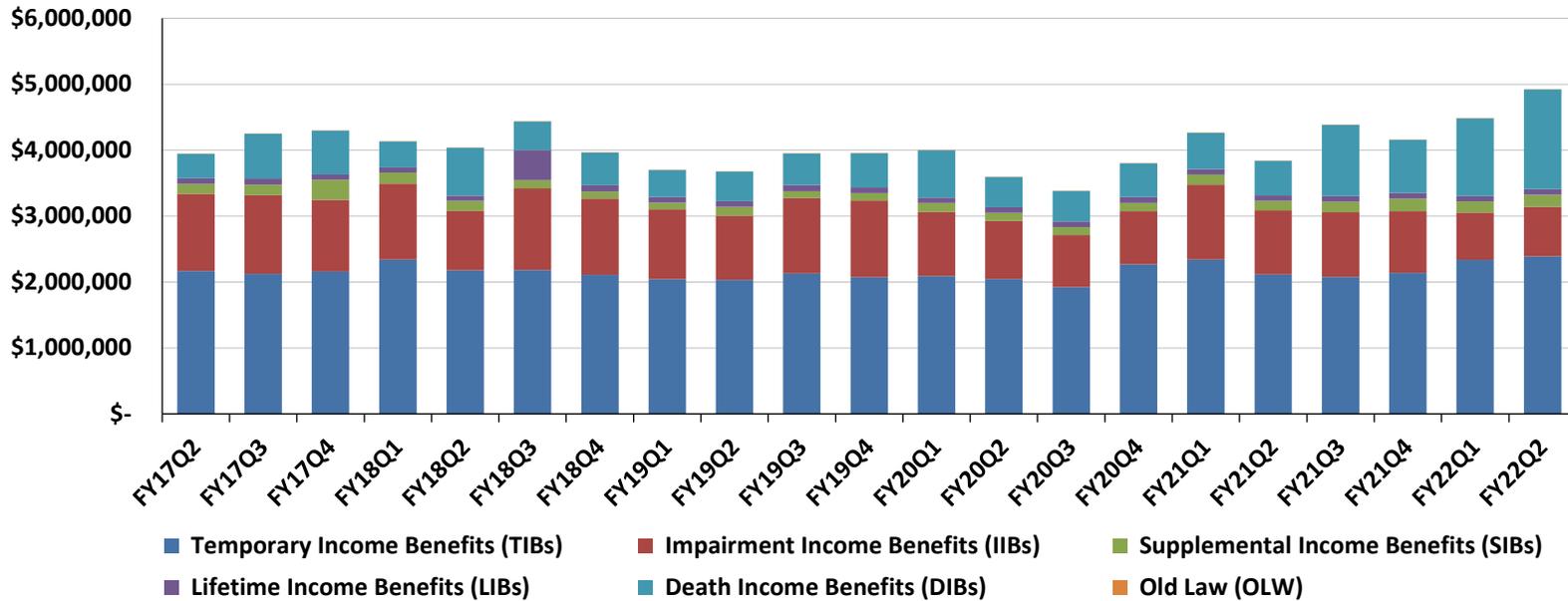
Supplemental Income Benefits (SIBs) expenditures for FY22Q2 totaled \$182,078 on 25 claims

SIBs Expense per Quarter



Combined indemnity expenditures for FY22Q2 totaled \$4,923,544 on 937 claims

Combined Indemnity Expense per Quarter





LITIGATION MANAGEMENT

I. BENEFIT DISPUTE RESOLUTION FY22Q2

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

Top 5 BRC Issues FY22Q2		Amount
Maximum Medical Improvement/Impairment Rating		37
Extent of Injury		21
Extent of Injury/Maximum Medical Improvement/Impairment Rating		19
Existence of Injury		9
SIBs Entitlement		3

Top 5 CCH Issues FY22Q2		Amount
Extent of Injury/Maximum Medical Improvement/Impairment Rating		8
Extent of Injury		6
Maximum Medical Improvement/Impairment Rating		4
Existence of Injury/MMI/IR/Disability		2
Disability		1

II. SPECIAL INVESTIGATIONS

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

FY22Q2	Pending	Opened	Closed	Criminal/Administrative Referrals
Fraud Investigations	8	4	8	1 Referral

III. RECOVERY SERVICES

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.

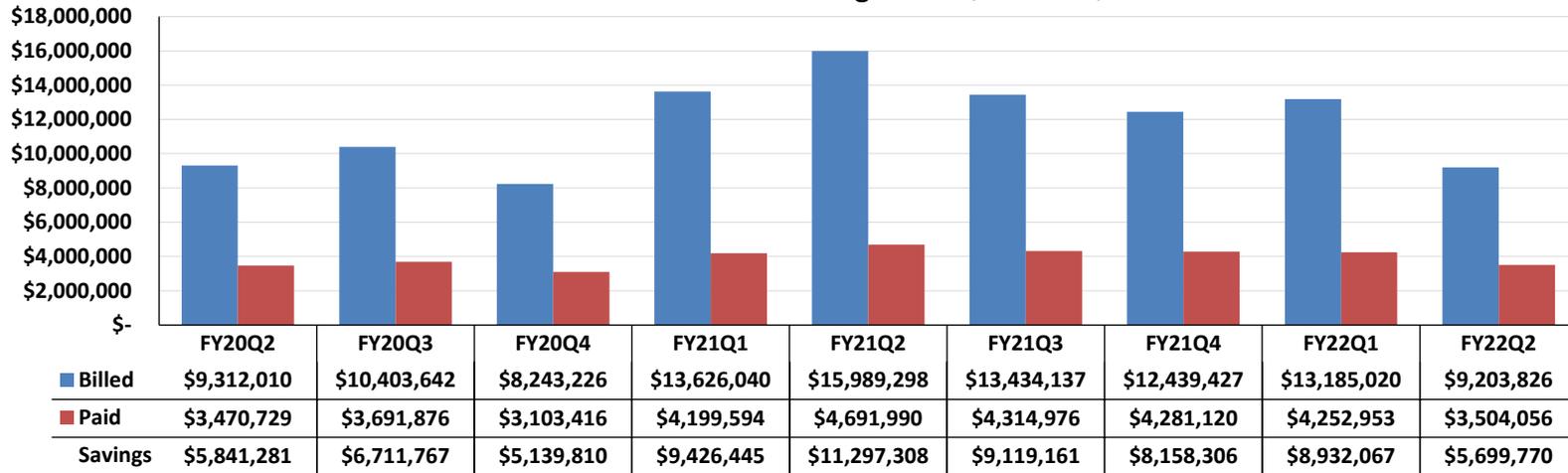
	FY22Q1	FY22Q2	FY22Q3	FY22Q4	YTD Total
Restitution	\$281	\$515			\$795
SIF	\$0	\$61,074			\$123,943
Subrogation	\$62,869	\$88,492			\$88,492
TOTAL	\$63,150	\$150,080			\$213,230

COST CONTAINMENT

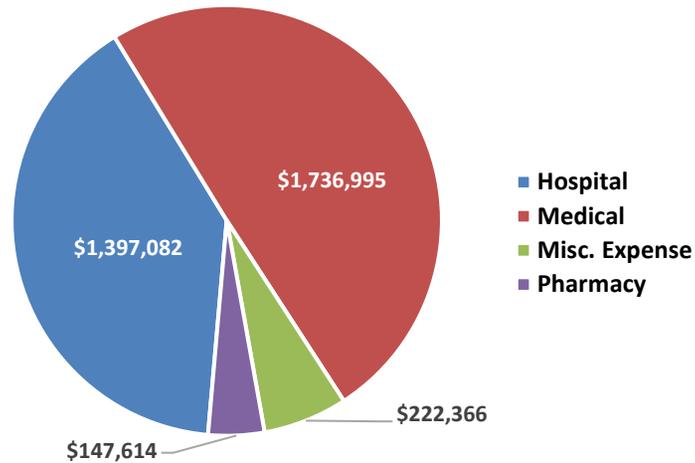
I. MEDICAL COSTS

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

Total Medical Cost Savings FY20Q2 - FY22Q2



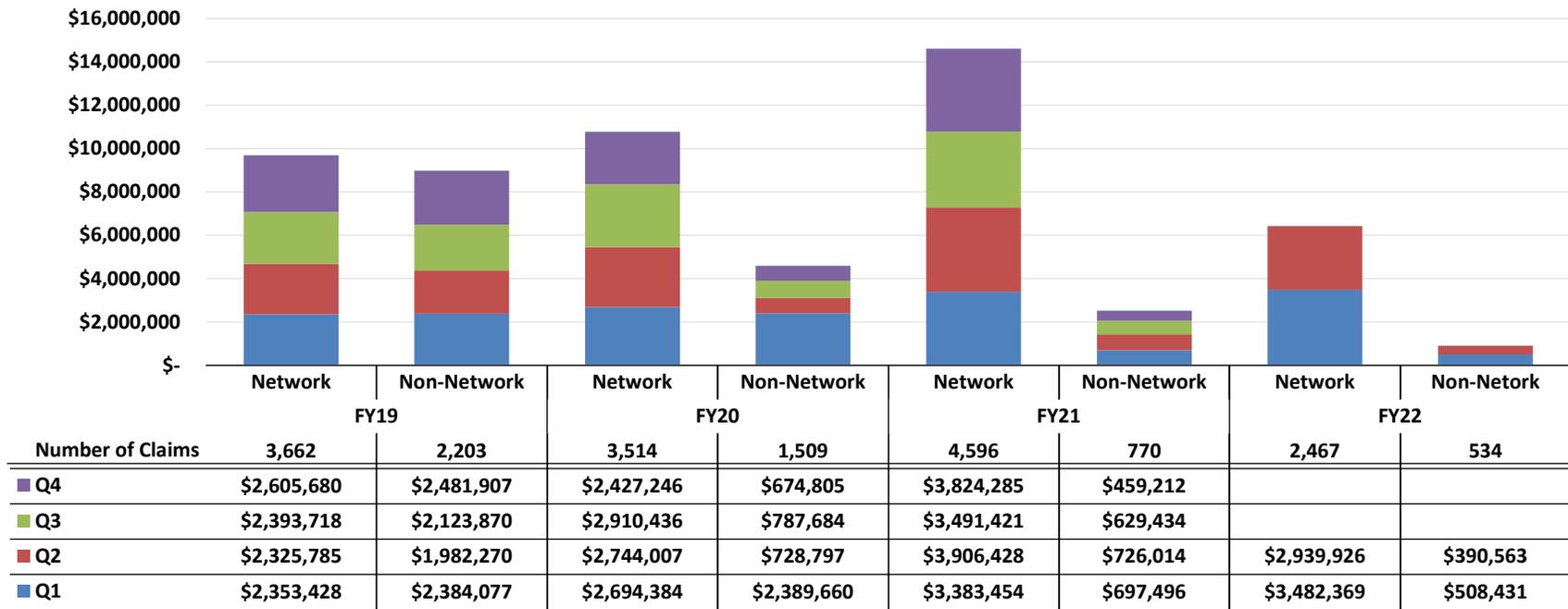
Medical Payments FY22Q2



II. NETWORK AND NON-NETWORK DATA

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

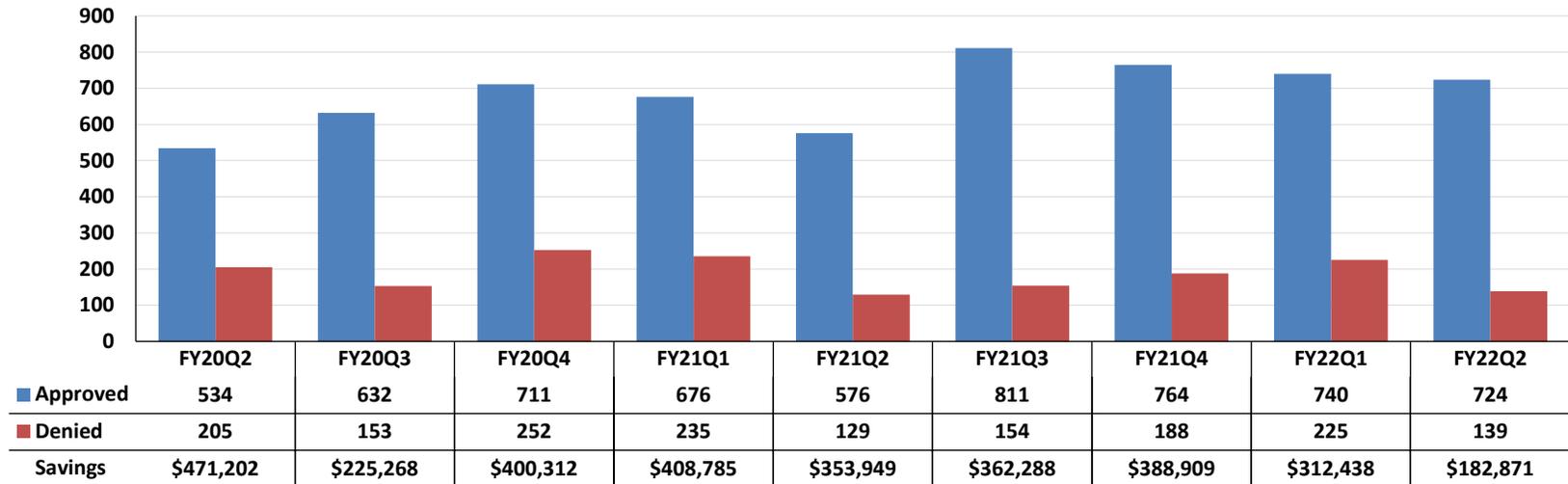
Network and Non-Network FY19 - FY22



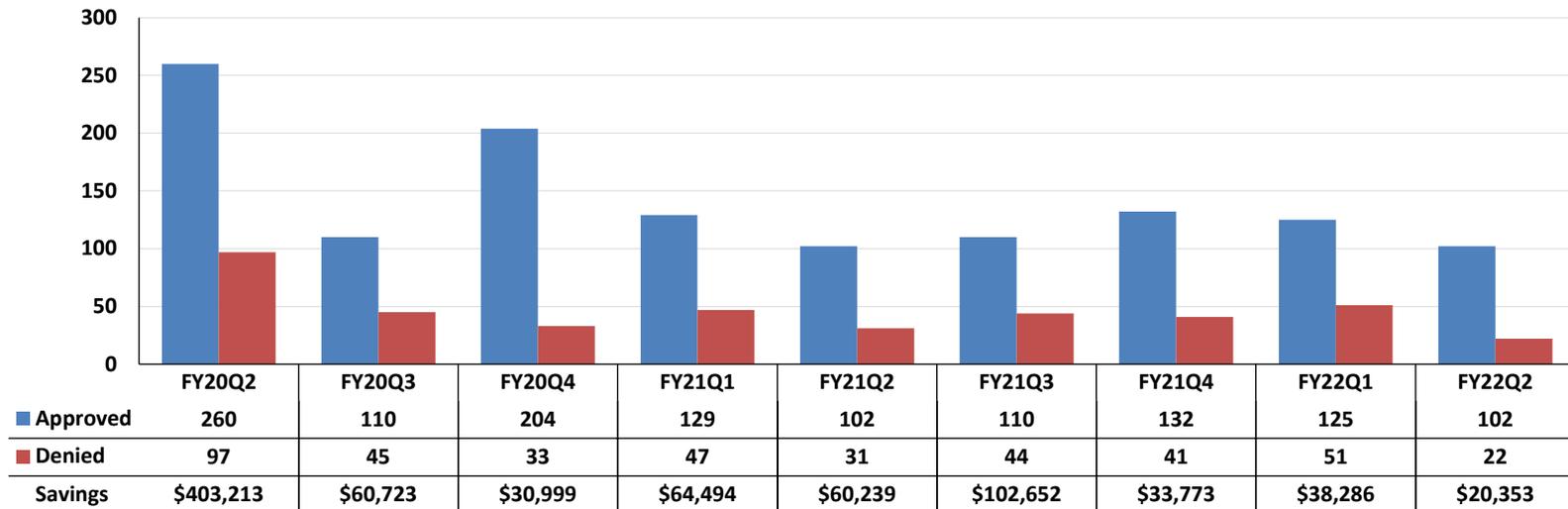
III. PREAUTHORIZATION

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 FY20Q1 - FY22Q2



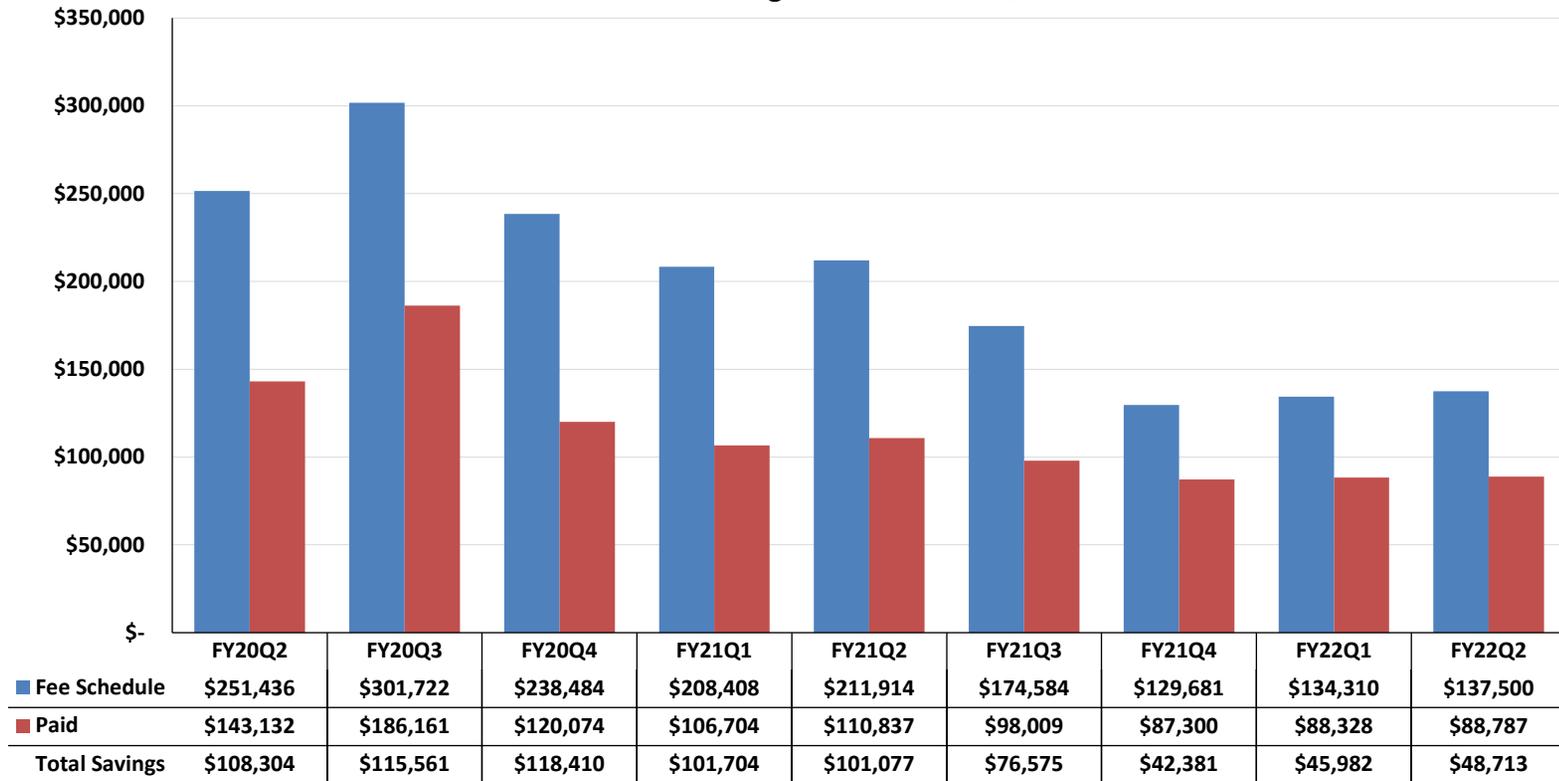
Non-Network Utilization Review FY20Q2 - FY22Q2



IV. PHARMACY BENEFIT MANAGEMENT

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

PBM Cost Savings FY20Q2 - FY22Q2



V. MEDICAL DISPUTE RESOLUTION FY22Q2

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	15 Non-Network Providers
Medical Necessity Disputes	0 Non-Network IRO
	2 Network IRO

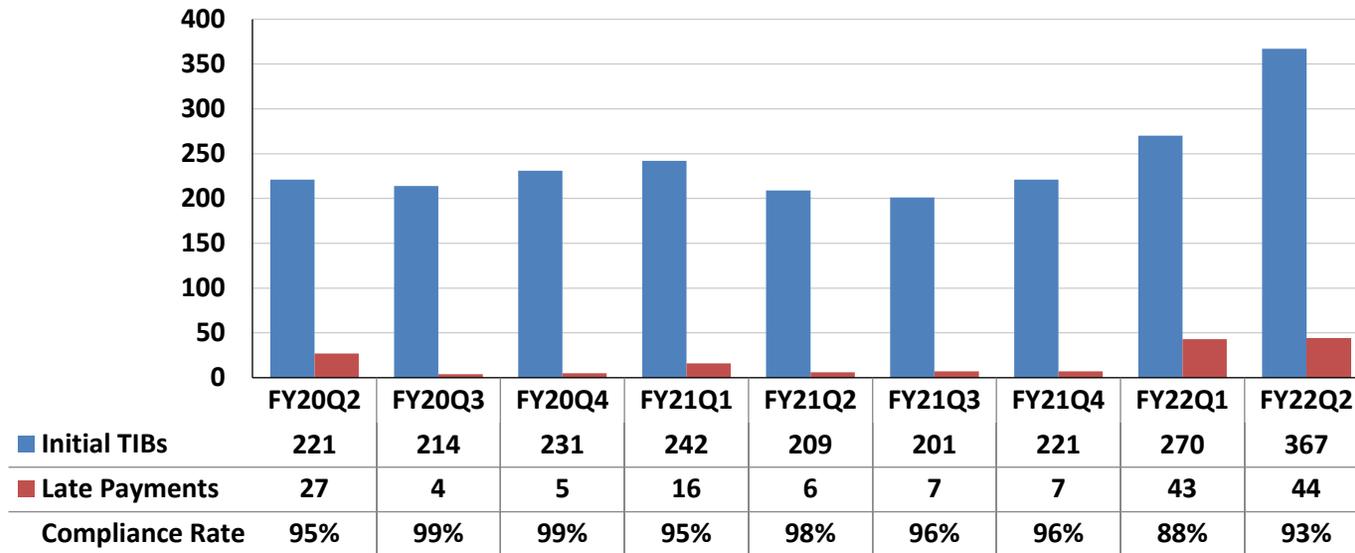
COMPLIANCE MANAGEMENT

I. REGULATORY COMPLIANCE

A. TEMPORARY INCOME BENEFIT AUDITS

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

Initial TIBs Compliance Rate & Late Payments



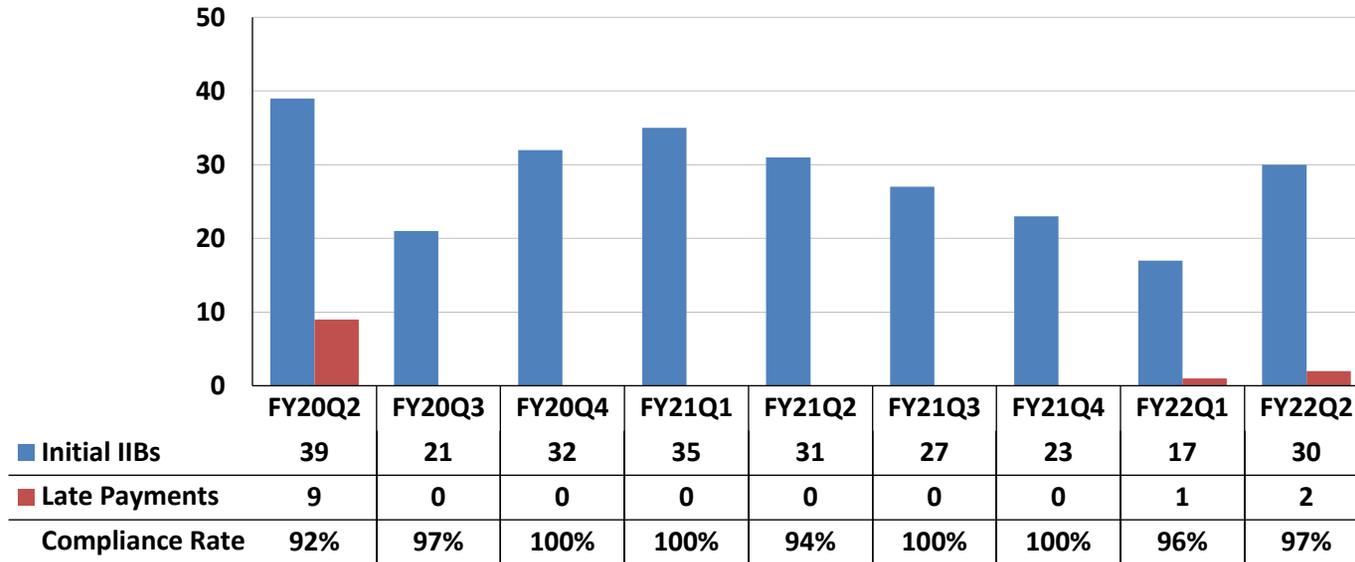
TIBs Late Payments FY22Q2

Carrier	31
Employer	13
System	0
No Fault/Misc.	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



iIBs Late Payments FY22Q2

Carrier	2
System	0
No Fault/Misc.	0

II. CONTRACT ADMINISTRATION

Area	Task
Procurement and Contract Negotiation	<ul style="list-style-type: none">• Claims Index• Actuary Study• Insurance Support Services
Vendor Performance Monitoring	<ul style="list-style-type: none">• Vendor Performance Evaluation Tool (VPET)• Business Owner Input• Certificates of Insurance• Cybersecurity Training• Issue Log
Vendor Performance Reporting	<ul style="list-style-type: none">• Expiration• Annually• Renewal



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5. New business

5.1 Presentation, discussion, and action on remaining 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 Delegate authority to Executive Director to negotiate and enter into a contract for an annual actuarial study

Information

Deea Western, Division Chief of Legal Services, will present.

Action Required

The Chair may entertain motions for consideration and acceptance.



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5. New business (continued)

5.3 Delegate authority to Executive Director to negotiate and enter into a contract for the licensed use of the ISO Claim Index

Information

Deea Western, Division Chief of Legal Services, will present.

Action Required

The Chair may entertain motions for consideration and acceptance.



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5. New business (continued)

5.4 Purchase of server infrastructure because the one-time purchase exceeds \$30,000

Information

Leonel Ramirez, Director of Information Technology, will present.

Action Required

The Chair may entertain motions for consideration and acceptance.



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5. New business (continued)

5.5 Approval of administrative rule revision

Information

Kathleen Cordova, Director, Compliance Management, will present.

Action Required

The Chair may entertain motions for consideration and acceptance.



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5. New business (continued)

5.6 Survey of Employee Engagement

Information

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

Action Required

No official action requested, at this time.



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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. Executive Session: Recess pursuant to Section 551.074, Government Code, to discuss the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee.**

Information

The Board will meet in executive session pursuant to Section 551.074, Government Code, for the purpose of discussing the implications created by the passing of HB 1, 84th RS, GAA, under authority and Section VI of the Board Governance and Policy Manual.

Action Required

No official action required.



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8. Reconvene in Open Session for possible action on matters considered in Executive Session.

Information

The Board returns to public session and may deliberate and consider action on items discussed in executive session.

Action Required

The Chair may entertain motions for consideration and possible action on relevant matters discussed in executive session if applicable.



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9. 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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10. 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
FY22Q2**

Month	Day of Week	Date	Notes
July	Tuesday	12	Office closed for Independence Day 07/04/22
		19	
		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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11. Adjourn meeting

The Chair:

1. Calls the meeting adjourned and announces time