



AGENCY OPERATIONS REPORT FY24Q1 TO THE SORM BOARD OF DIRECTORS

January 31, 2024



PROJECT MANAGEMENT

I. RMIS IMPLEMENTATION PROJECT UPDATE

A. PROJECT EXECUTION

The Project Management (PM) team completed four implementations this quarter. Work continues daily to enhance the Origami system for SORM staff and the new external users. PM staff are also working with Origami to strategically scope and plan the remaining phases of the Origami migration project.

B. PROJECT MONITOR AND CONTROL

PM staff are using the Project Monitor and Control Process to actively manage scope, budget, and timelines in a consistent and measurable framework.

In addition to the Origami migration, PM facilitates, monitors, and reports on project activity across the agency. The SORM project activity statistics are presented below. Overall, project numbers increased over the prior quarter.

Quarterly Statistics by Status

		Opened	Complete	Withdrawn	In Progress	On Hold	Pending Approval	Not Started
2019	Prior to FY20Q1	7	0	1	1	0	0	0
FY20	Q1	56	6	9	4	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	9	1	2	0	1
	Q2	9	7	0	1	0	2	1
	Q3	9	8	0	1	1	0	0
	Q4	13	10	1	0	0	0	0
FY22	Q1	4	5	0	0	1	0	1
	Q2	6	2	0	1	2	0	0
	Q3	8	14	0	2	0	0	0
	Q4	13	7	0	11	0	0	0
FY23	Q1	2	9	0	0	0	0	1
	Q2	3	1	0	1	0	1	0
	Q3	4	3	0	3	0	0	0
	Q4	4	3	0	4	0	0	0
FY24	Q1	7	4	0	3	1	0	0
	TOTAL	213	143	22	31	18	5	6

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	3	1	0
	Q2	0	0	3	0	3
	Q3	0	1	6	1	0
	Q4	0	1	5	3	4
FY23	Q1	0	1	1	0	0
	Q2	0	0	0	3	0
	Q3	0	0	4	4	2
	Q4	0	0	5	3	3
FY24	Q1	0	0	3	6	6
	TOTAL	6	22	77	62	61

AGENCY RELATIONS

I. TRAINING

During FY24Q1, Agency Relations onboarded two new employees. In response to the internal audit by McConnell Jones, Agency Relations began introducing new training frameworks to leadership during FY24Q1. The first framework introduced was the New Employee Onboarding Framework, which is designed to ensure consistency as new employees are onboarded. This training will expand current orientation processes for introductory training and help new employees develop foundational knowledge of SORM's missions.

Agency Relations worked with the Deputy Executive Director to hold the first Workers' Compensation Claims Coordinator Training course of the fiscal year. As a result of the increased class participation from other state entities during this training, Agency Relations will soon be introducing a Claims Coordinator Council to provide a forum where state claims coordinators can connect. The first meeting of the council is tentatively scheduled for the beginning of the 2024 calendar year.

Self-paced training participation increased during FY24Q1 largely as a result of the Texas Military Department preparing troops to be deployed to the Texas border.

Instructor Led Agency Training for FY24Q1

Course Name	Classes	Students
Driving Safety	5	61
Additional Duty Safety Officer	2	35
HazCom/GHZ	1	36
Workers' Compensation Claims Coordinator Training	1	38
TOTAL	8	170

Self-Paced LMS Training FY24Q1

Virtual Course Name	Students
Driving Safety	3,697
Workers' Compensation Claims Coordinator Training	36
New RMIS: Part 1 – Getting Started	20
New RMIS: Part 2 – Claims and Incidents	17
New RMIS: Part 3 – Adding Documents to a Claim	99
New RMIS: Part 4 – Additional Training	12
TOTAL	3,881

II. STATEWIDE CONTINUITY OF OPERATIONS PROGRAM

During FY24Q1, Agency Relations began planning for the next Continuity Symposium, which is scheduled to take place July 31 – August 2, 2024. Sam Houston State University's Institute for Homeland Security has generously agreed to host the event again. We look forward to welcoming over 30 presenters and 150 attendees to this event in The Woodlands.

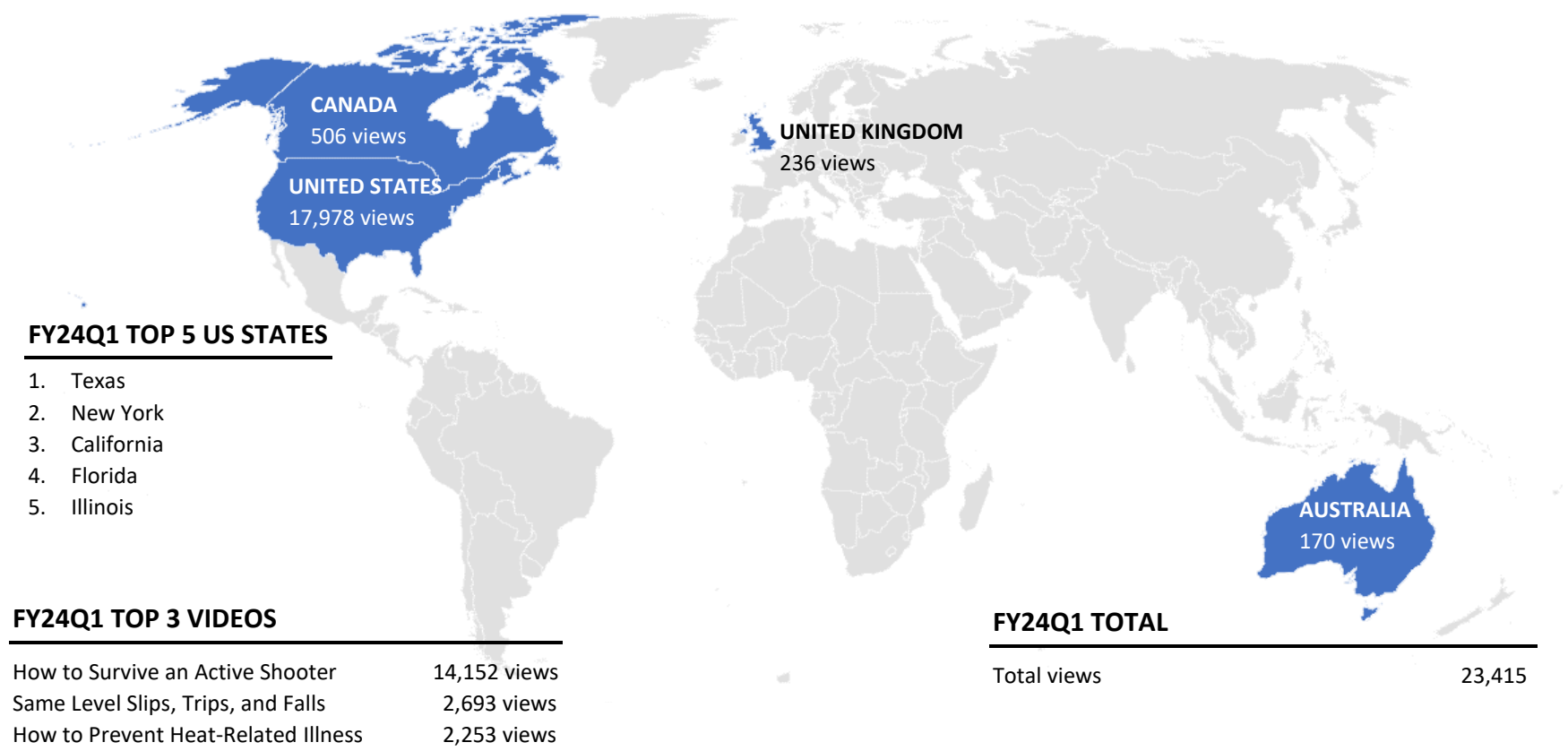
The Continuity Council elected new officers in November, approved updated bylaws, and approved a new Code of Ethics. The Statewide Continuity Coordinator also held several FEMA 1301 and 1302 continuity courses, allowing Texas to lead the way in continuity instructors and practitioners achieving their MCP Certificate from FEMA.

The internal continuity program at SORM continues to advance and has been developing a method to incorporate the emergency management Incident Command System into continuity of operations planning to benefit the plan structure and orders of succession. Agency Relations also submitted additional space requests to the TFC for an alternate/satellite location. The agency also successfully completed its annual fire evacuation drill.

FY24Q1 COOP Activity

Plans Evaluated	4
Exercises Evaluated	6
Outreach/Presentations	18
Individual Consultations	2
Continuity Council and Committee Meetings	20
Internal SORM Continuity Meetings	6

YOUTUBE ANALYTICS





INTERNAL OPERATIONS

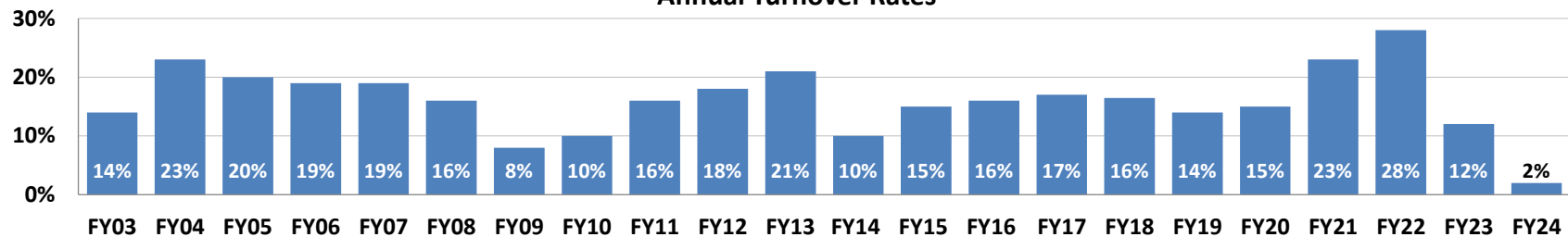
TALENT MANAGEMENT

New Hires	Vacancies
Kimberly English, Compliance Specialist	Senior Claims Adjuster
Lizzy Norman, Claims Adjuster	Industry Training Consultant
Armando Medina, Senior Claims Adjuster	Contract Manager
	Staff Services Specialist
	Claims Adjuster
	Document Specialist

Recruitment Efforts

	October	November	December
Agency Web Site - Internet	14	57	12
College/University Career Day	0	0	0
Human Resources/Personnel Office	2	3	2
Job Board	10	27	15
Job Fair	0	1	12
Other	0	1	0
Other State Employees	4	12	1
Professional Publication	0	0	0
Recruitment Poster	0	1	1
Social Media	0	2	0
TOTAL	30	104	43

Annual Turnover Rates



FINANCIAL MANAGEMENT

FY23 AGENCY (CONSOLIDATED) BUDGET NOVEMBER 30, 2023

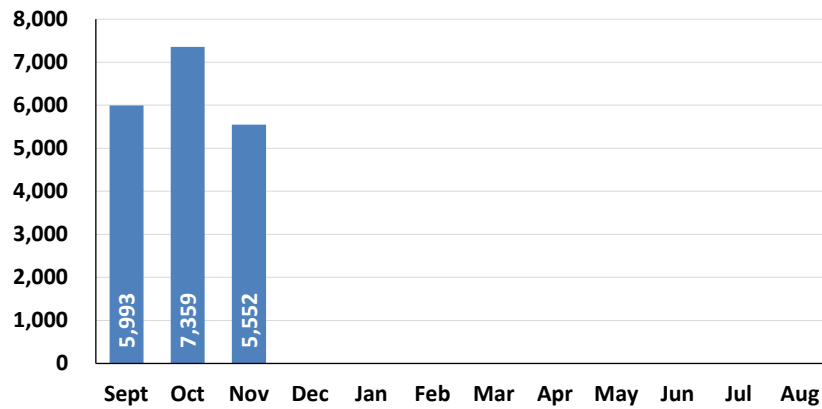
Objects of Expense	Initial Budget:	Adjustments Transfers (+ In, - Out)	Revised Budget:	Expenditures Year to Date @ 11/30/23	Encumbrances @ 11/30/23	Remaining Budget @ 11/30/23	Unpaid Expenses Incurred	Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Salaries & Wages	7,936,239	0	7,936,239	1,959,110	0	5,977,129	575,620	31.9%	25.0%
Other Personnel Costs	250,000	0	250,000	32,259	0	217,741	0	12.9%	25.0%
Professional Services	1,450,000	0	1,450,000	(3,169)	43,709	1,409,460	0	2.8%	25.0%
Consumable Supplies	35,547	0	35,547	3,346	3,806	28,395	0	20.1%	25.0%
Utilities	5,637	0	5,637	1,430	1,820	2,387	0	57.7%	25.0%
Travel	135,000	0	135,000	3,716	0	131,284	0	2.8%	25.0%
Rental of Space	720	0	720	180	540	0	0	100%	25.0%
Rental of Equipment	24,000	0	24,000	0	0	24,000	0	0.0%	25.0%
Operating Costs	1,136,400	0	1,136,400	69,441	561,140	505,819	0	55.5%	25.0%
Capital Expenditures	350,607	0	350,607	0	0	350,607	0	0.0%	25.0%
TOTAL	11,324,150	0	11,324,150	2,066,313	611,015	8,646,822	575,620	23.3%	25.0%

Objects of Expense	Initial Budget:	Adjustments Transfers (+ In, - Out)	Revised Budget:	Expenditures Year to Date @ 11/30/23		Remaining Budget @ 11/30/23		Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Indemnity	19,390,817	0	19,390,817	4,710,362		14,680,455		24.3%	25.0%
Medical	21,176,933	0	21,176,933	5,635,533		15,541,400		26.6%	25.0%
Total Exps.	40,567,750	0	40,567,750	10,345,895		30,221,855		25.5%	25.0%
Subrogation and Restitution	(567,750)	0	(567,750)	(141,277)		(426,473)		24.9%	25.0%
NET TOTAL	40,000,000	0	40,000,000	10,204,618		29,795,382		25.5%	25.0%

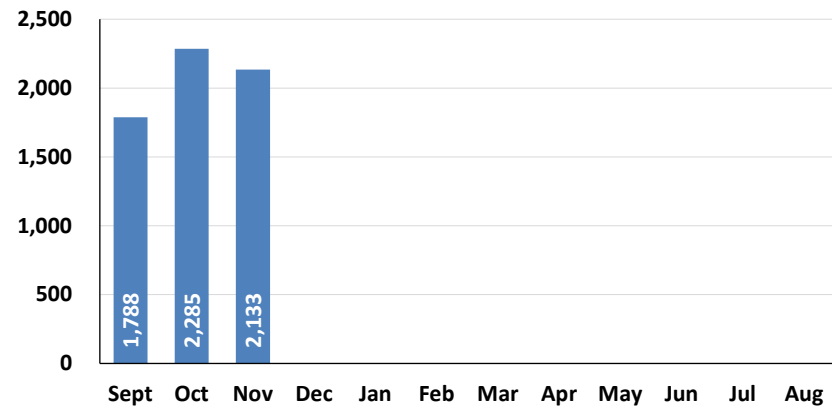
FY24 PROJECTION

	Actual Costs as of 11/30/23 12 Months	Based on even distribution	Based on 15 year avg. (FY2009 - FY2023)	Based on 10 year avg. (FY2014 - FY2023)	Based on 5 year avg. (FY2019 - FY2023)	Worst Case Assumed
Indemnity		24.93%	25.28%	24.53%	25.01%	24.53%
Medical		24.93%	25.95%	26.18%	26.18%	24.93%
Recovery		24.93%	25.17%	22.99%	15.88%	100.00%
FY24 Projections						
Indemnity	4,710,362	18,893,209	18,634,594	19,202,548	18,831,980	19,202,548
Medical	5,635,533	22,604,062	21,716,615	21,529,840	21,523,398	22,604,062
Recovery	(94,758)	(380,071)	(376,513)	(412,157)	(596,631)	(94,758)
TOTAL	10,251,138	41,117,200	39,974,696	40,320,231	39,758,747	41,711,853
Average of four different projection bases and "worst case"						40,576,545
Gross costs only	10,345,895	41,497,272	40,351,210	40,732,388	40,355,378	41,806,610
Average of four different projection bases and "worst case"						40,948,571

Medical Bills Processed FY24
Total 18,904



Indemnity Bills Processed FY24
Total 6,206



INFORMATION TECHNOLOGY

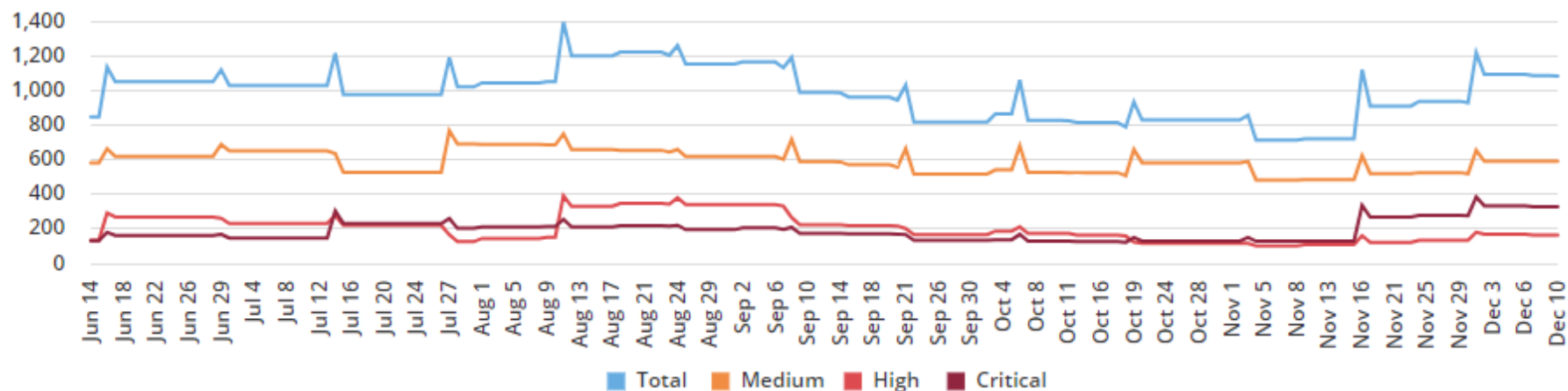
I. ONGOING AGENCY SUPPORT

Information Technology (IT) continues to support agency operations through infrastructure support, processing, and reporting. Significant areas of activity in FY24Q1 include:

Area	Task
Team Changes	<ul style="list-style-type: none">• Stable.
Equipment – Servers, desktops, laptops, and peripherals	<ul style="list-style-type: none">• Replaced malfunctioned parts for servers and workstations.• Managed and supported servers and PC infrastructure.• Continuous troubleshooting of reported user issues with all SORM equipment.• Secured and began deployment of new laptops for our FY24 budgeted PC refresh for SORM employees.
Software changes (mainframe, web, client/server, and PC applications)	<ul style="list-style-type: none">• Continued adapting and integrating our applications with Origami and the new CAPPs Financial system.• Continued software changes and process improvements for SORM internal applications supporting business process changes.• Origami Production Support.
State Agency Support Services	<ul style="list-style-type: none">• Reporting:<ul style="list-style-type: none">○ Provide weekly, monthly, and year to date Workers Compensation Financial Reports to our state Agencies.
Cybersecurity	<ul style="list-style-type: none">• Continuous monitoring for vulnerabilities within SORM computers and servers.<ul style="list-style-type: none">○ Installing updates on computers and servers to address vulnerabilities and comply with cybersecurity standards.

The graphs below show a historical view of vulnerabilities. The graphs analyze data over the past six months taking data points every 15 or 30 days. This method will show peaks in vulnerabilities as new events occur and when new scans are completed in the Security Center.

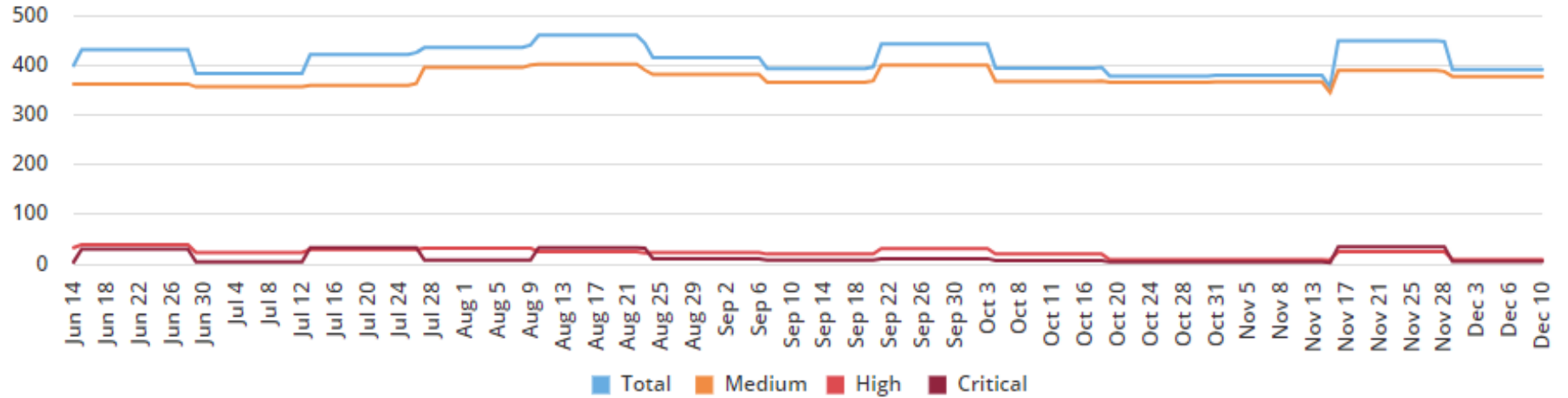
SORM Workstation Executive Summary, Vulnerability Trend (6 Months)



SORM Workstation Remediations for same period:

	Mitigated 0-15d	Mitigated 15-30d	Mitigated 30-60d	Mitigated 60-90d	Mitigated >90d
Total Vulnerabilities	49%	11%	19%	10%	11%
Exploitable Vulnerabilities	30%	19%	21%	15%	15%
Unsupported Product	86%	8%	4%	1%	1%
Critical	69%	7%	20%	1%	4%
High	44%	15%	17%	14%	9%
Medium	34%	12%	20%	13%	22%
Low	100%	0%	0%	0%	0%

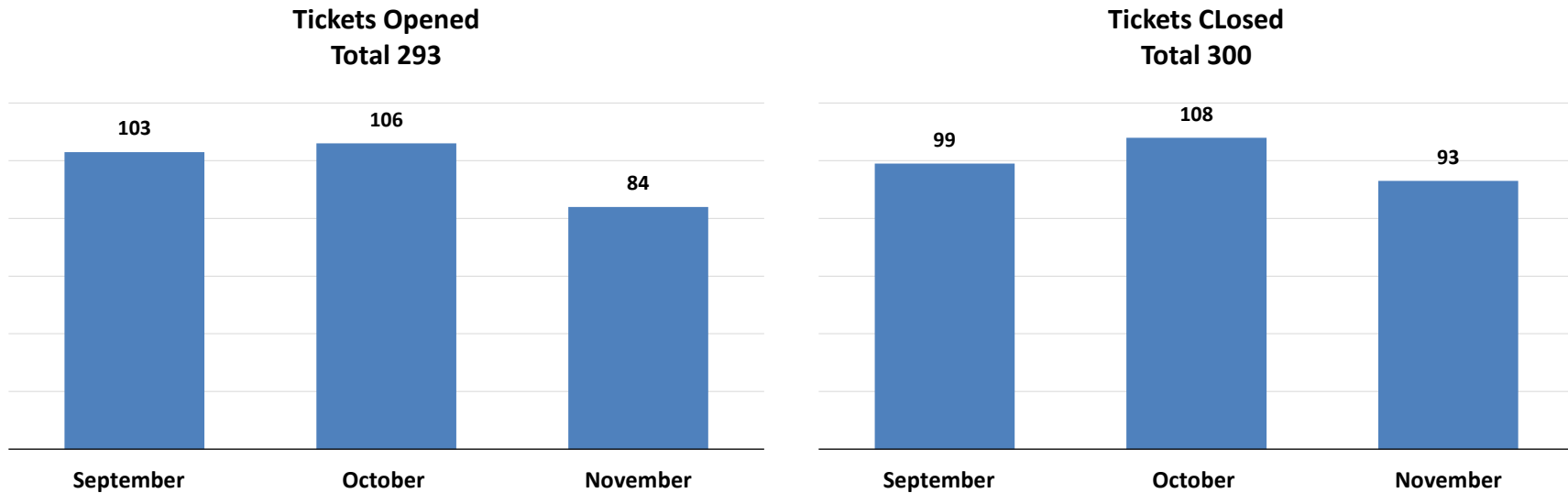
SORM Server Executive Summary, Vulnerability Trend (6 Months)



SORM Server Remediations for same period:

	Mitigated 0-15d	Mitigated 15-30d	Mitigated 30-60d	Mitigated 60-90d	Mitigated >90d
Total Vulnerabilities	51%	1%	7%	3%	38%
Exploitable Vulnerabilities	48%	0%	5%	2%	45%
Unsupported Product	22%	34%	21%	3%	19%
Critical	89%	0%	11%	0%	0%
High	67%	0%	2%	4%	27%
Medium	41%	3%	10%	5%	41%
Low	0%	0%	0%	0%	94%

FY24Q1 Service Desk Metrics



II. ANTICIPATED FY24Q2 ACTIVITY

In addition to routine support functions congruent with operations for the Office, we anticipate the following activities during FY24Q2 and beyond:

- A. Continue to expand the knowledge asset of our existing IT staff.
- B. Continue support our State Agency users in the New RMIS system.
- C. Support SORM business units in providing IT solutions to support their goals and objectives.
- D. Continue effort to create policies and procedures for the IT department.
- E. Initiate FY24 Annual Cyber Security Training.
- F. Complete deployment of our FY24 budgeted PC replacement initiative.
- G. Initiate our Server Modernization Project.



STRATEGIC PROGRAMS

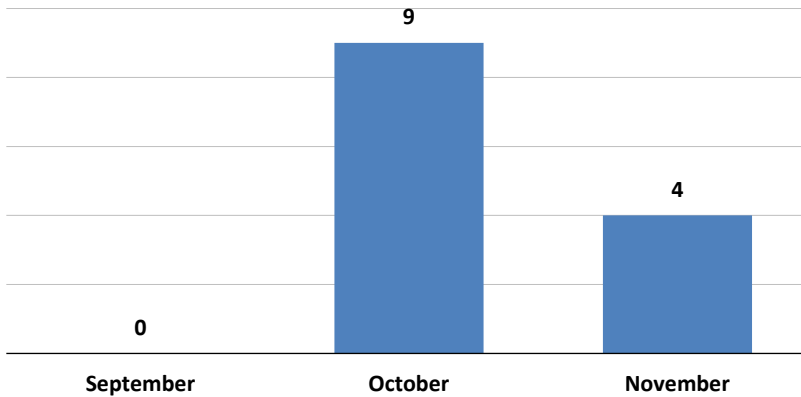
ENTERPRISE RISK

I. STATEWIDE RISK MANAGEMENT PROGRAM

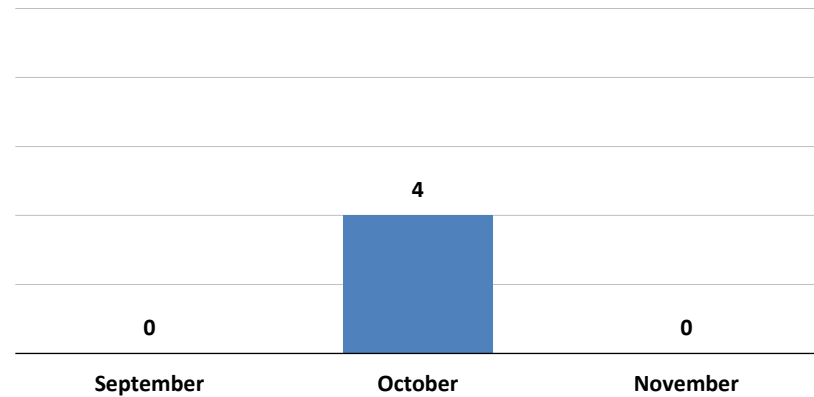
Consultation Visits (CVs) and Risk Management Program Reviews (RMPRs)

	Sept	Oct	Nov	
CVs	28	30	25	36% of a goal of 229
RMPRs	0	0	1	4% of a goal of 25

Recommendations Given FY24Q1



Closed Recommendations FY24Q1

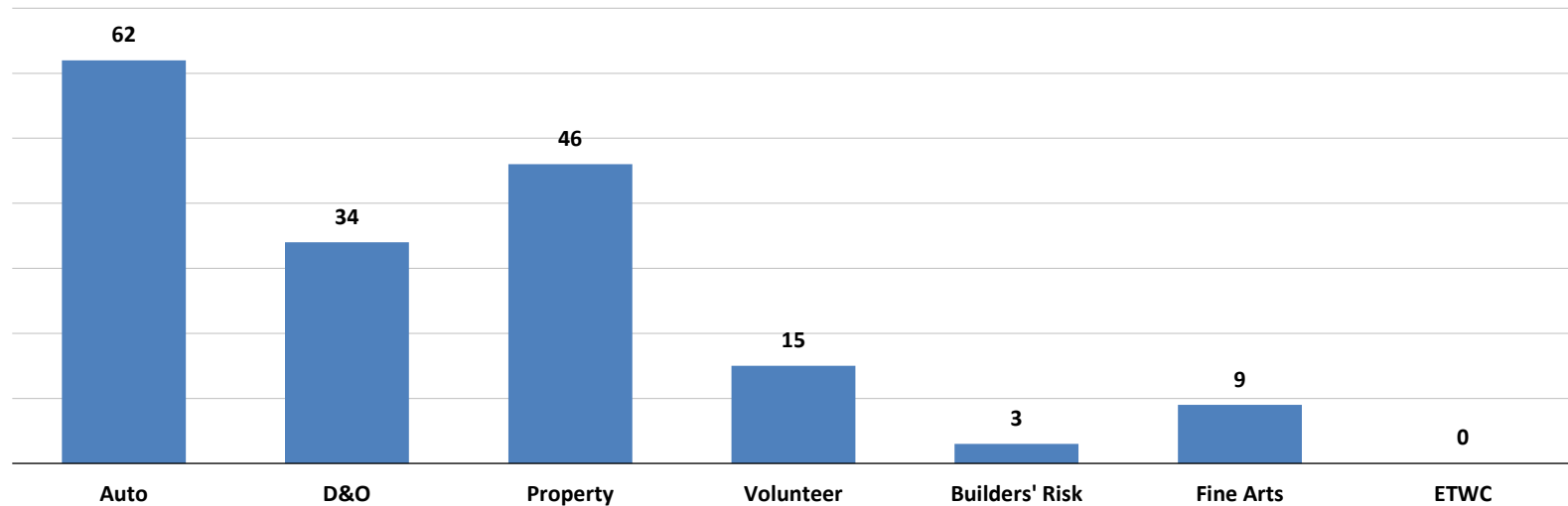


Category of Recommendations FY24Q1

Ergonomics	4
Environmental	0
Insurance	0
Risk Management	6
Safety	3
Policy/Procedure/Training	0

II. STATEWIDE INSURANCE PROGRAM

A. PARTICIPANTS IN STATEWIDE INSURANCE LINES FY24Q1



B. MONITORING

- 382 notary applications were processed during FY24Q1

C. INSURANCE PURCHASES

- SORM 201s processed: 29
- SORM 201s approved, and premiums paid: \$962,834

SORM 201s FY24Q1

Line	Number of Policies	Approved	Comments	Premium
Athletic Medical	3	Yes	This policy provides excess accident medical benefits for student-athletes who participate as a member of an intercollegiate athletic team in a scheduled game, official tournament, or practice session; or while traveling directly to or from such game, tournament, or practice session. The policy pays benefits for two years from a date of injury that occurs within the policy period.	\$91,625
Crime	4	Yes	This insurance protects the interest of the entity, in the event of a financial loss sustained due to employee theft, dishonesty, misappropriation of funds, embezzlement or computer fraud.	\$41,720

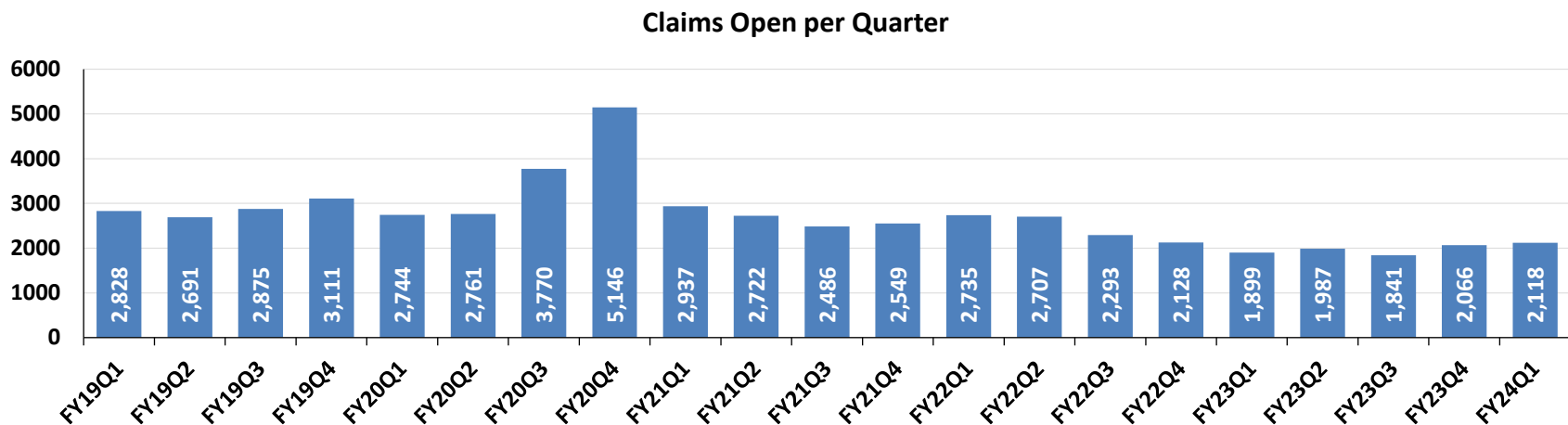
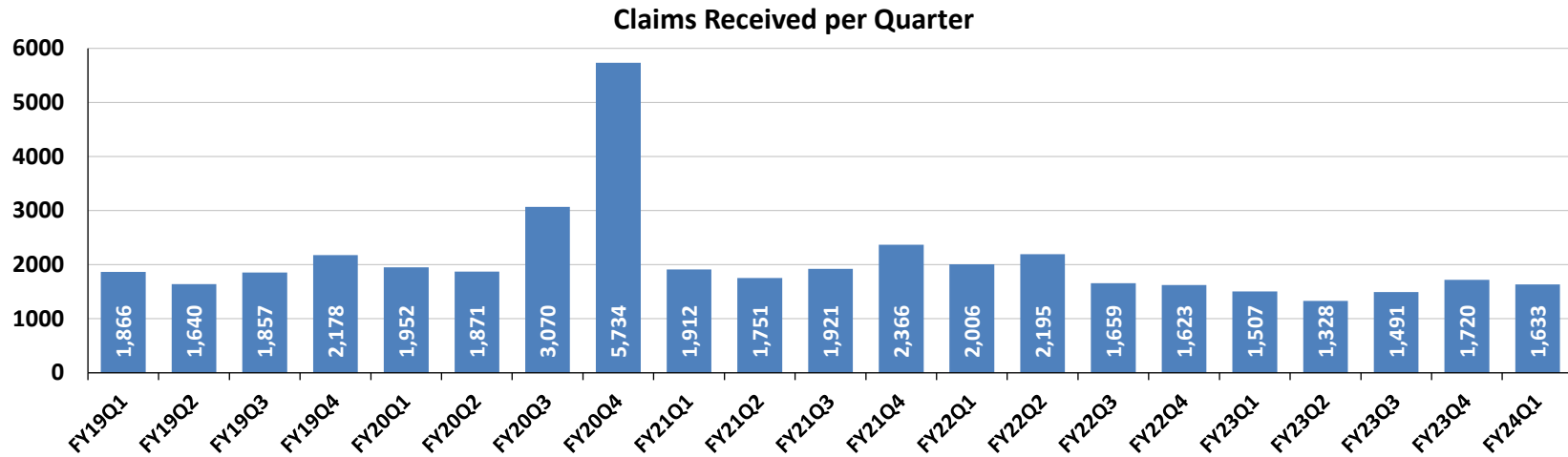
Line	Number of Policies	Approved	Comments	Premium
Cyber	4	Yes	The policy transfers some of the risk related to covering expenses such as notification, remediation, and forensics if there is a privacy event, security incident, or breach.	\$462,216
Extra Territorial Workers Comp	3	Yes	This coverage provides workers compensation insurance for employees who work on behalf of the State of Texas but operate or live outside of Texas	\$25,711
Foreign Liability Package	2	Yes	A Foreign Package policy is designed to cover multiple risks while covered persons are traveling abroad. In this case, the policy covers General Liability, Corollary Liability, Auto Liability and Physical Damage to premises	\$23,945
GL & Excess	4	Yes	General Liability (GL) insurance is designed to protect an organization against liability claims for bodily injury or property damage for which they may be legally responsible. This policy is a typically a requirement of a building lease agreement.	\$80,469
Inland Marine	3	Yes	Inland Marine insurance is property coverage for material, products or equipment that moves or is transportable, and/or is instrumental in transportation or communication.	\$45,819
International Travel / Global Medical	2	Yes	This policy is for medical insurance that provides coverage for any unexpected injuries, illnesses and other risks while a state employee or enrolled student is traveling abroad.	\$45,932
Medical Professional	3	Yes	A professional liability policy to cover the insured if they commit an error or omission (E&O) in performance of medical professional duties. Coverage extends to medical students while participating in activities that are a part of the students' curriculum.	\$140,398
Professional Liability	1	Yes	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.	\$4,999
TOTAL	29		TOTAL	\$962,834

CLAIMS OPERATIONS

I. CLAIMS OPERATIONS ACTIVE WORKLOAD FY24Q1

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

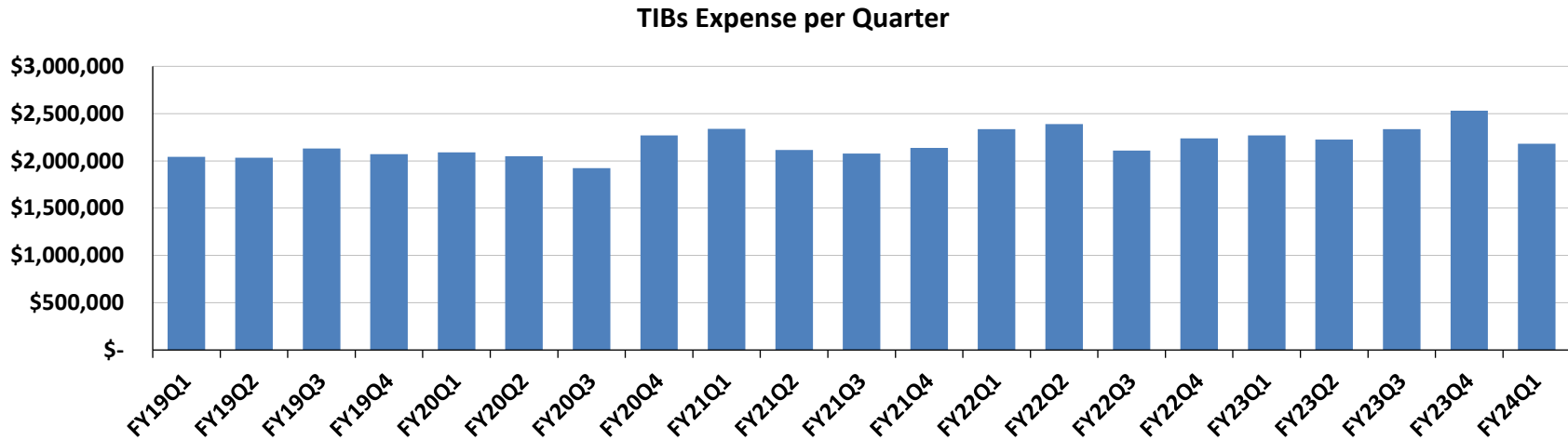
- A. SORM received 1,633 injury reports (claims) in FY24Q1, which is a slight decrease from the number of injury reports received in FY23Q4 (1,720)
- B. 1,575 claims were accepted
- C. 1,718 claims were inactivated
- D. SORM had 2,118 open claims at the end of FY24Q1



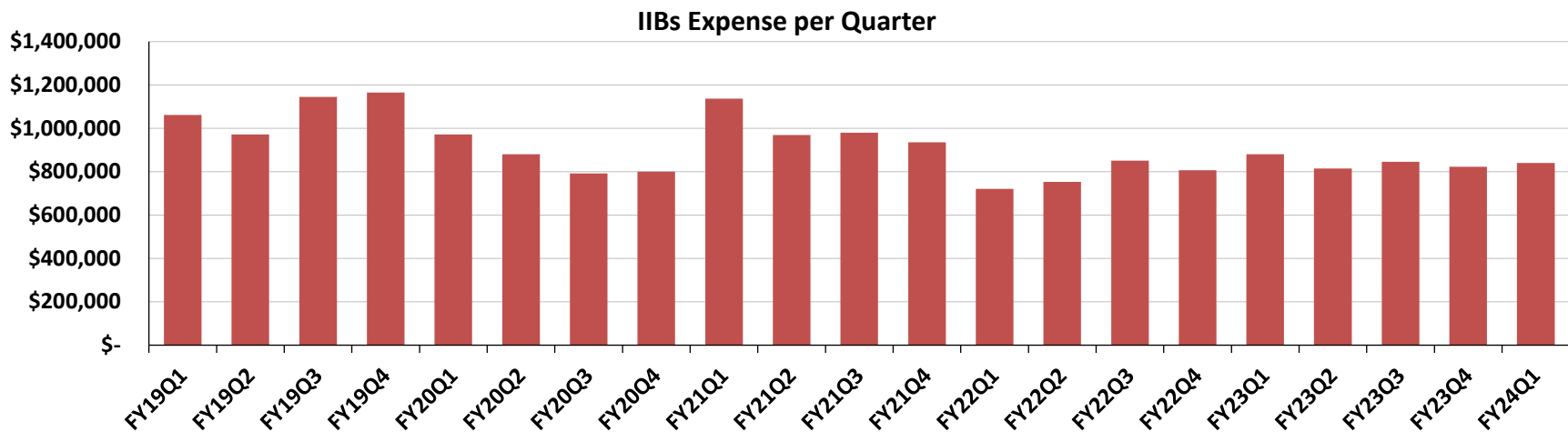
II. ANALYSIS OF INCOME BENEFITS EXPENSES FOR FY24Q1

- A. FY24Q1 reflects a decrease in TIBs and an increase in IIBs indemnity costs from FY23Q4
- B. TIBs payments were \$2,180,667 and IIBs payments were \$840,701 in FY24Q1
- C. At the end of FY24Q1, there were 452 TIBs, 147 IIBs, 28 SIBs with payment, 12 LIBs, and 108 DIBs claims open.

Temporary Income Benefits (TIBs) expenditures for FY24Q1 totaled \$2,180,667 on 452 claims

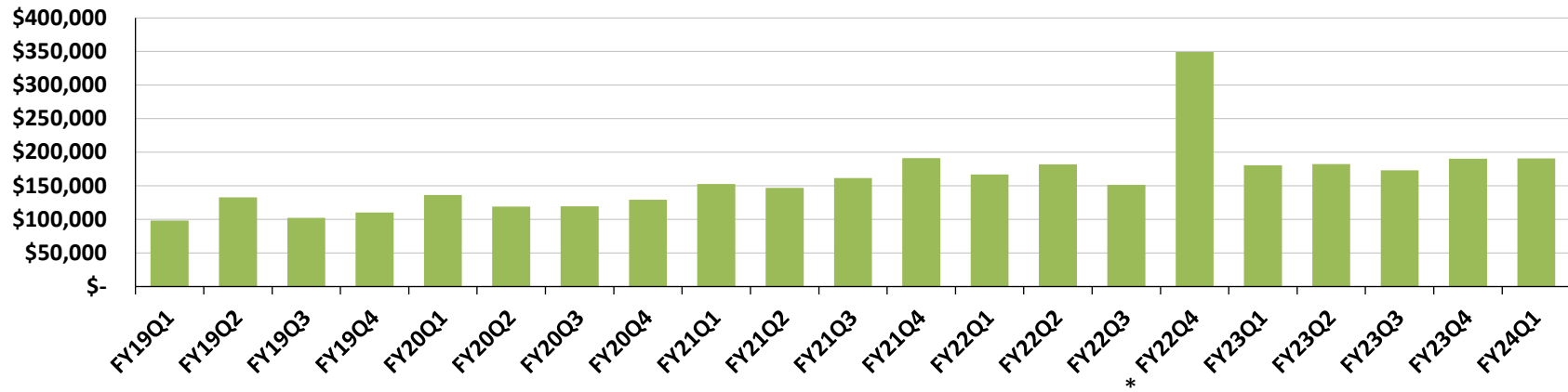


Impairment Income Benefits (IIBs) expenditures for FY24Q1 totaled \$840,701 on 147 claims



Supplemental Income Benefits (SIBs) expenditures for FY24Q1 totaled \$190,654 on 28 claims

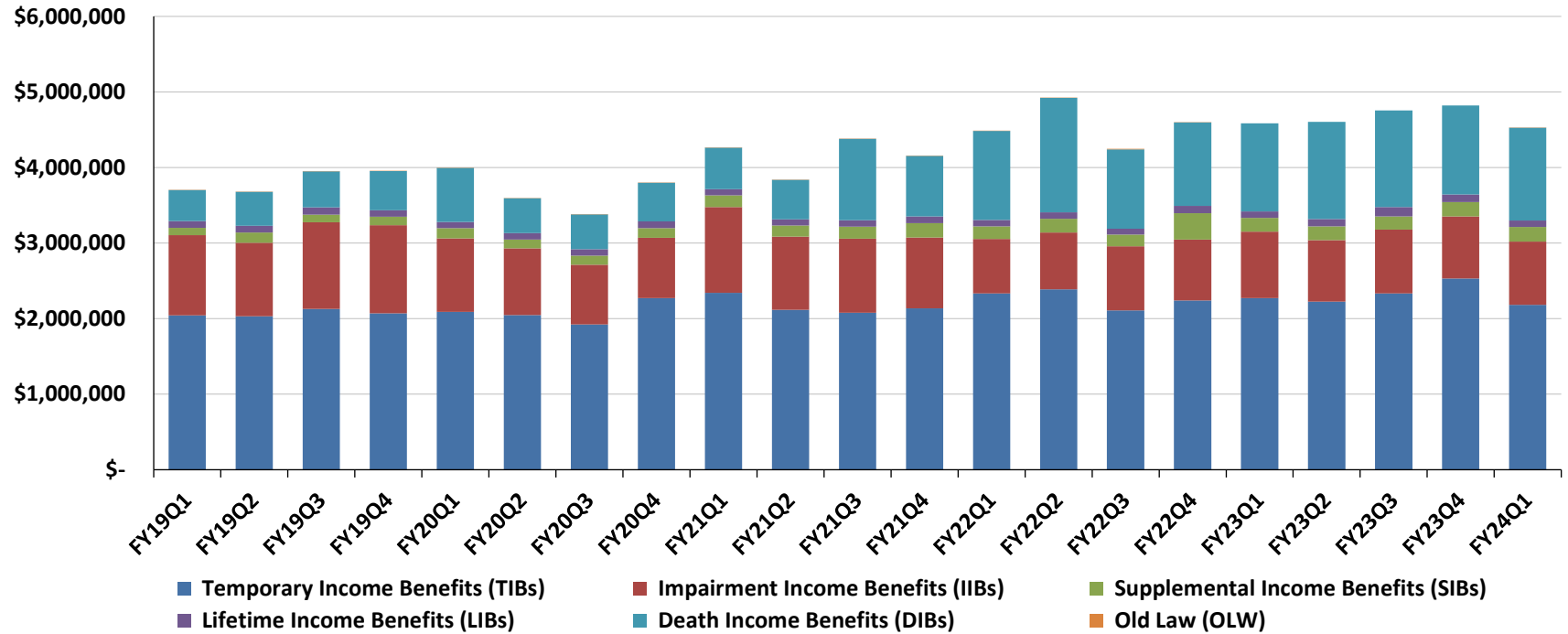
SIBs Expense per Quarter



*FY22Q4 – thirteen quarters paid due to CCH rulings on two claims

Combined indemnity expenditures for FY24Q1 totaled \$4,554,797 on 747 claims

Combined Indemnity Expense per Quarter





LEGAL MANAGEMENT

I. BENEFIT DISPUTE RESOLUTION FY24Q1

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

BRC Held/Reset	Proceeding to CCH	BRC Issue Resolved by Agreement	3 Most Common BRC Issues
25	14	10	EOI, IR/MMI, SIBS
CCH Held	Appealed to Appeals Panel	CCH Resolved by Agreement	3 Most Common CCH Issues
13	5	1	MMI, Compensability, EOI

II. SPECIAL INVESTIGATIONS

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

	FY24Q1	FY24Q2	FY24Q3	FY24Q4
Pending	10			
Opened	3			
Closed	4			
Criminal/Administrative Referrals	0			

III. RECOVERY SERVICES

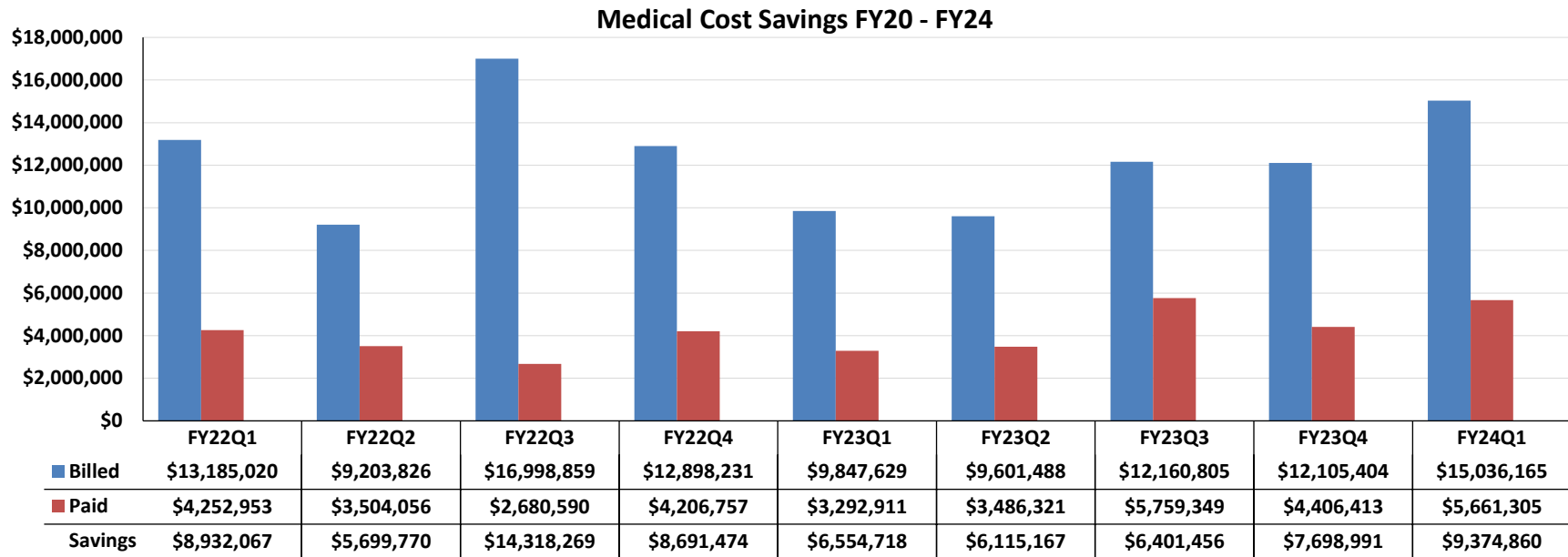
When a claimant's injuries are caused by a third party, SORM can request reimbursement for benefits that have been paid by the state for the compensable injury. If a TDI-DWC interlocutory order or decision is reversed or modified in SORM's favor, SORM can request reimbursement from the Subsequent Injury Fund for the overpayment of benefits.

	FY24Q1	FY24Q2	FY24Q3	FY24Q4	Recovery Total to Date
Restitution	\$53				\$53
SIF	\$0.00				\$0.00
Subrogation	\$141,277				\$141,277
TOTAL	\$141,277				\$141,277

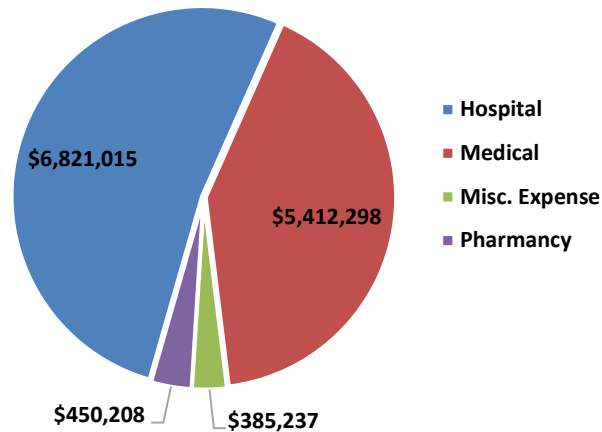
COST CONTAINMENT

I. MEDICAL COSTS

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

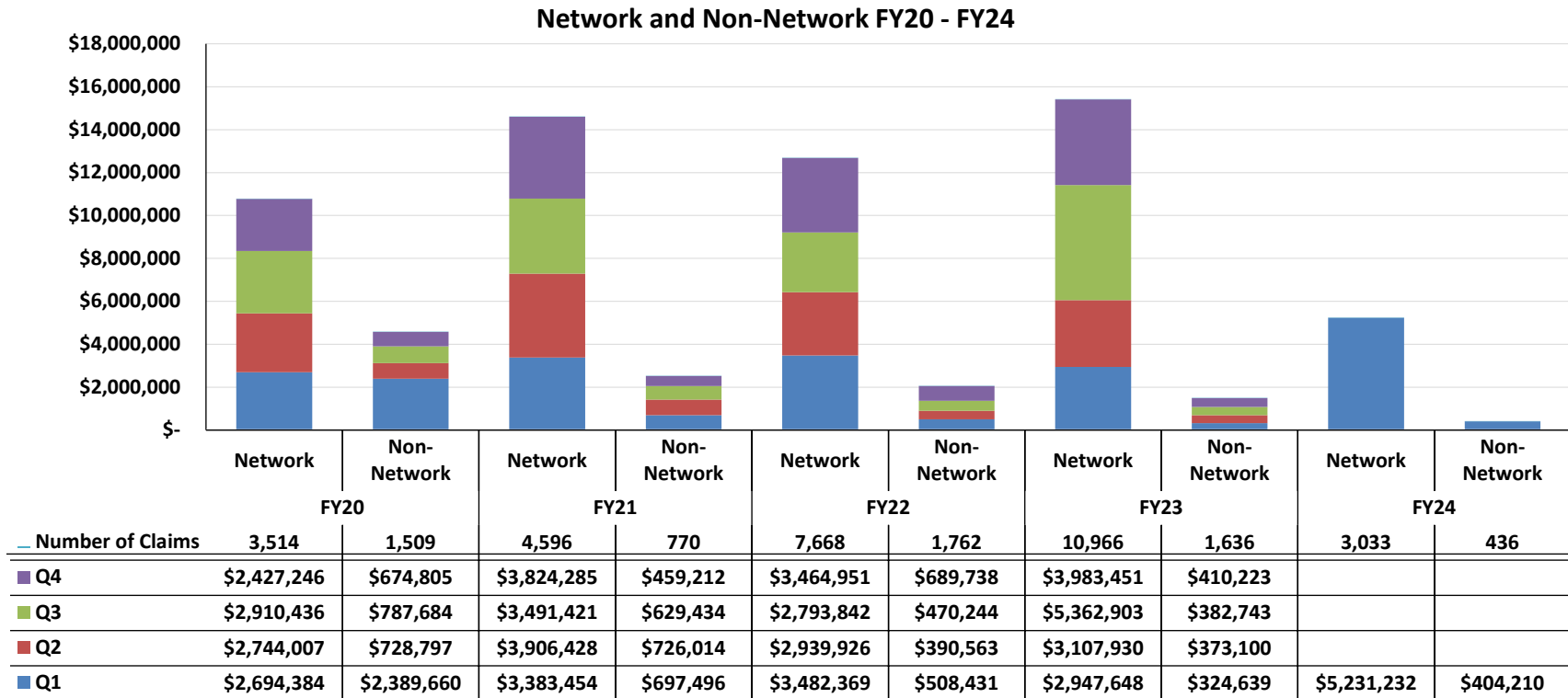


Medical Payments FY24Q1



II. NETWORK AND NON-NETWORK DATA

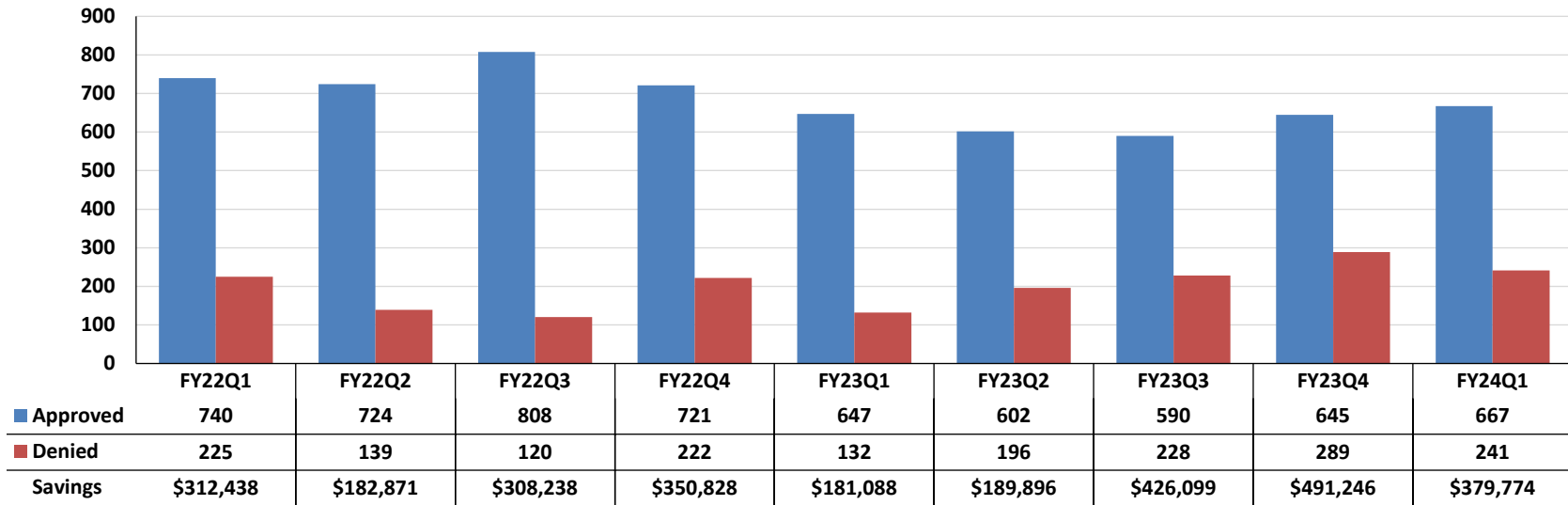
The following chart shows the number of network and non-network claims.



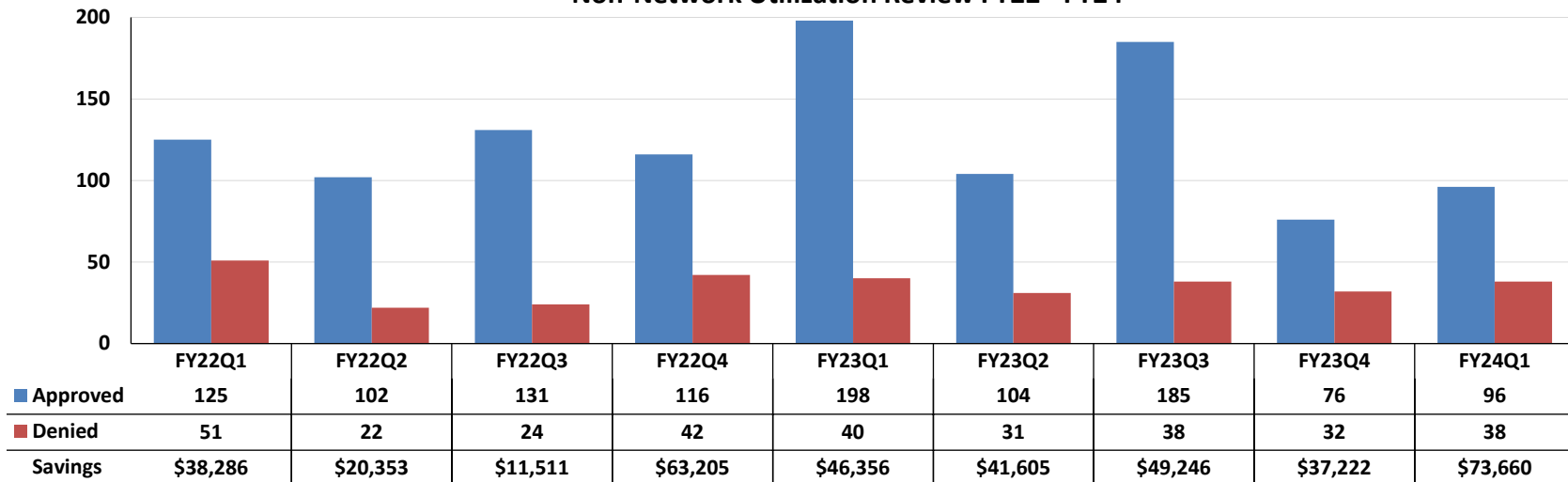
III. PREAUTHORIZATION

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 FY22 - FY24



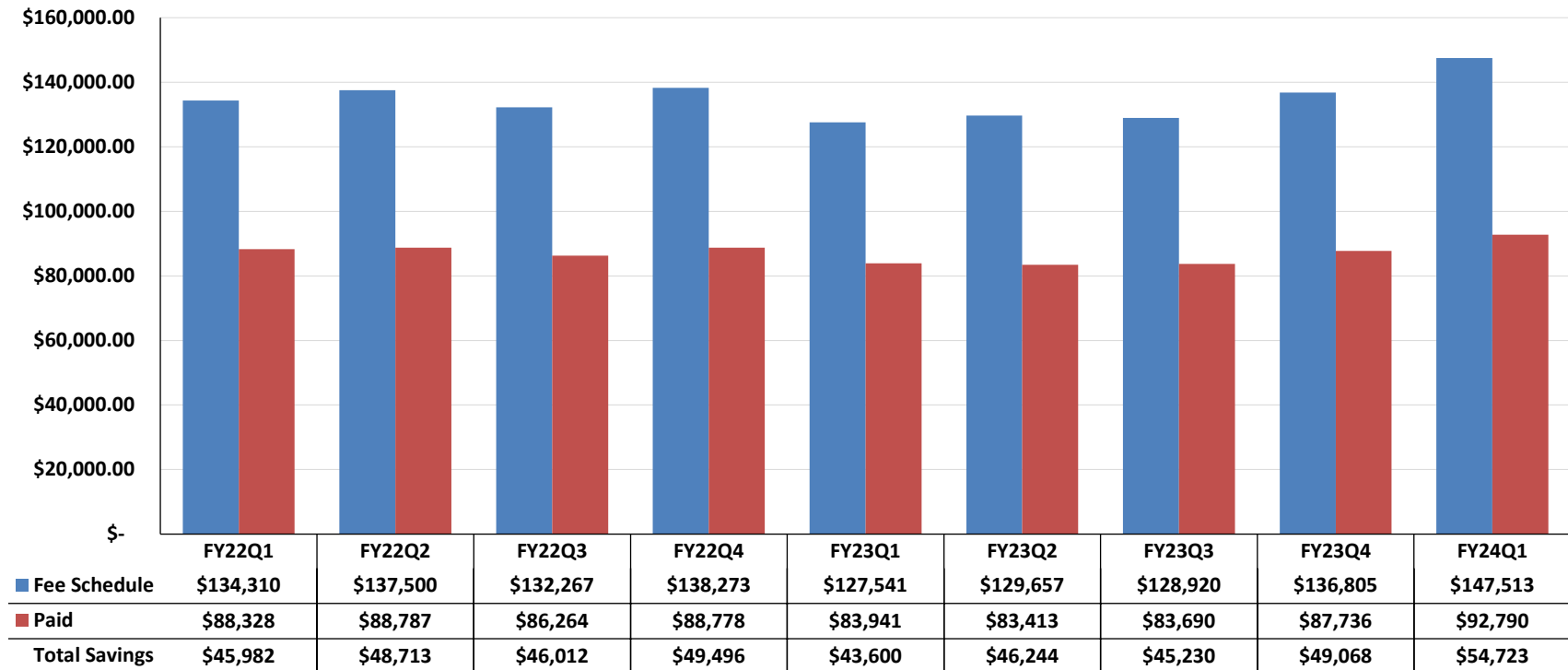
Non-Network Utilization Review FY22 - FY24



IV. PHARMACY BENEFIT MANAGEMENT

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

Pharmacy Benefit Management Cost Saving FY22 - FY24



V. MEDICAL DISPUTE RESOLUTION FY24Q1

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	22 Non-Network MFDR Received
Medical Necessity Disputes	5 Non-Network IRO Received

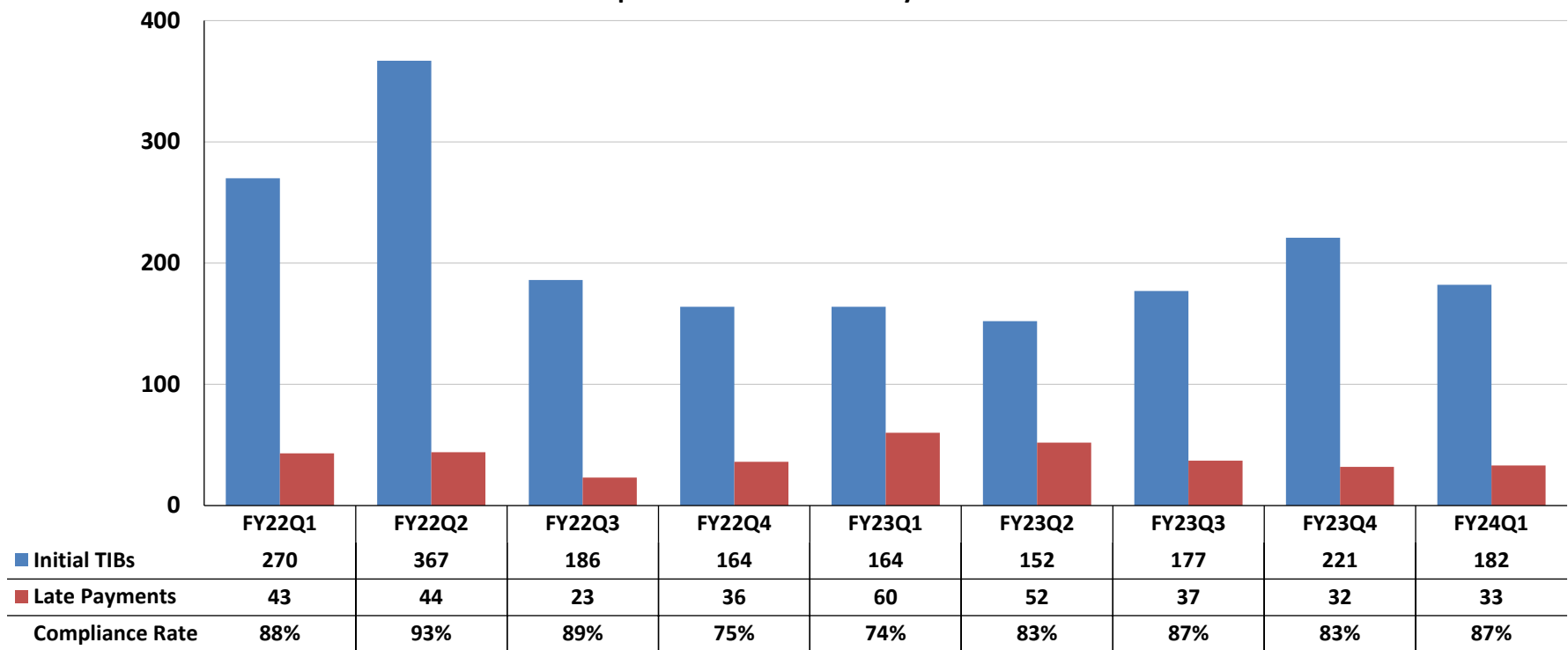
COMPLIANCE MANAGEMENT

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 and Late Payments FY22 - FY24



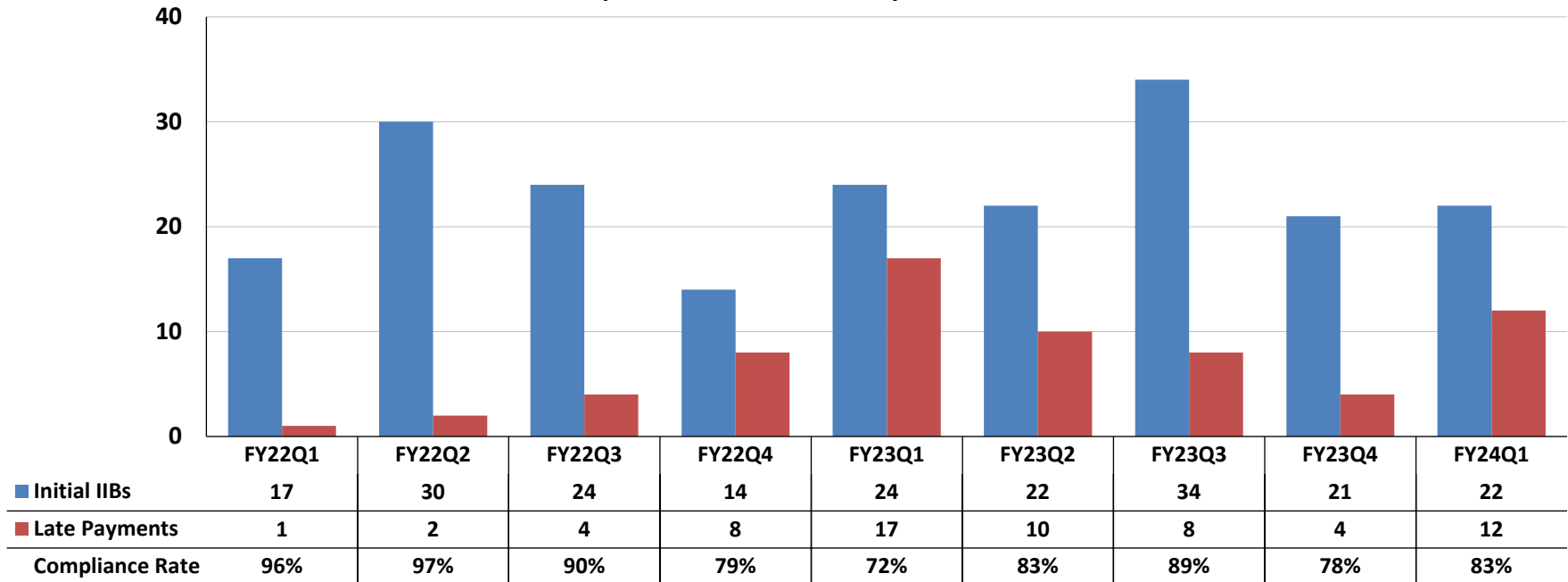
TIBs Late Payments FY24Q1

Carrier	25
Employer	8
Physician	0
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 FY22 - FY24



IIBs Late Payments FY24Q1

Carrier	10
System	2
No Fault/Misc.	0

II. CONTRACT ADMINISTRATION

Area	Task
Policies & Procedures	<ul style="list-style-type: none"> • Review • Stakeholder Meetings • Process Mapping • Update Policies & Procedures
Contract Oversight & Monitoring	<ul style="list-style-type: none"> • Expenditure Request Tracking • Invoice Quality Assurance Review • Payment Approval Assistance
Vendor Performance Monitoring	<ul style="list-style-type: none"> • Contact Verification • Certificates of Insurance • Cybersecurity Training • Business Owner Feedback
Vendor Performance Reporting	<ul style="list-style-type: none"> • Annually • Renewal • Expiration

III. POLICY MANAGEMENT

Objectives	Status
Software	<ul style="list-style-type: none"> • Complete
Structure	<ul style="list-style-type: none"> • Complete
Content Analysis	<ul style="list-style-type: none"> • Complete
One-on-Ones with Subject Matter Experts	<ul style="list-style-type: none"> • On Task
Content Development	<ul style="list-style-type: none"> • On Task
Content Review	<ul style="list-style-type: none"> • On Task
Content Approval	<ul style="list-style-type: none"> • On Task
Publish Content	<ul style="list-style-type: none"> • Pending
Content Acknowledgement	<ul style="list-style-type: none"> • Pending
Form Development	<ul style="list-style-type: none"> • Pending
Update Process	<ul style="list-style-type: none"> • Pending
Review Process	<ul style="list-style-type: none"> • Pending