

BOARD OF DIRECTORS'
MEETING AGENDA
April 15, 2025



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 15, 2025, 9:30 a.m.

William P. Clements Building, Room 103

Austin, Texas

1. Call to order, roll call, and recognition of a quorum
2. Recognition and appreciation of Board Member, William Brown, who has resigned his position as a Board Member
3. Consideration and possible action to excuse previous board member absences
4. Approval of the minutes from the January 30, 2025, meeting
5. Presentation and discussion of Agency Operations Report
6. New business
 - 6.1 Presentation, discussion, and action on the remaining Fiscal Year 2025 assessment
 - 6.2 Announcement and discussion on SORM's Notice of Intent to Review its Administrative Rules
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
8. Reconvene in Open Session for possible action on matters considered in Executive Session
9. Old business
10. Public comment*
11. Discussion and possible action on future meeting dates
12. Adjournment

Individuals who may require auxiliary aids or services for this meeting should contact Emily Crase at (512) 936-2942 or Emily.Crase@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. Crase 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.

Weapons Prohibited: Pursuant to Texas Penal Code, Section 46.03(a)(14), a person commits an offense if the person intentionally, knowingly, or recklessly possesses or goes with a firearm, location-restricted knife, club, or prohibited weapon listed in Section 46.05 in the room or rooms where a meeting of a governmental entity is held, if the meeting is an open meeting subject to Texas Government Code, Chapter 551.



State Office of Risk Management

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| BOARD MEMBERS | DATES OF TERM | HOMETOWN |
|-----------------------------------|---------------|------------------|
| Gerald Ladner, Sr., Chair | 02/01/2027 | Austin |
| Honorable Ricardo Galindo III | 02/01/2025 | San Antonio |
| William Brown | 02/01/2027 | San Antonio |
| Elizabeth "Lisa" Maciejewski-West | 02/01/2029 | Horseshoe Bay |
| Jeffrey "Jeff" Houston | 02/01/2025 | Dripping Springs |

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.



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2. Recognition and appreciation of Board Member, William Brown, who has resigned his position as a Board Member

Information

Stephen S. Vollbrecht, Executive Director, requests recognition and appreciation of Board Member, William Brown of San Antonio, who has elected to step down from his position on the Board.

Mr. Brown has accepted additional responsibilities that will not allow for the attention required as a Board Member. SORM congratulates Mr. Brown on his accomplishments and appreciates all he has done in service to the State of Texas.

Action Required

After notice of a resignation is received, the Chair should announce the resignation and ask for a motion and a vote, by the remaining members of the Board, to formally accept the resignation.



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3. 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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4. Approval of the minutes from the January 30, 2025, meeting

Information

Attached are the minutes from the January 30, 2025, meeting.

Action Required

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



State Office of Risk Management
Minutes of the Public Meeting
January 30, 2025

The following Board of Directors' meeting was in-person with the option for members of the public to view the meeting through Zoom.

Board Members present in-person were Gerald Ladner (Chair), Elizabeth "Lisa" Maciejewski-West, Ricardo Galindo, and Jeffrey "Jeff" Houston. Board Member William Brown was absent.

Item 1. Board Chair Ladner called the public meeting to order at 9:33 a.m. on January 30, 2025. Board Chair Ladner recognized Members present. A quorum was established.

Item 2. The Board acknowledged Board Member Brown's previous absence. Board Chair Ladner opened to entertain motions to excuse the absence. Mr. Ladner moved to accept, and Board Member Maciejewski-West seconded the motion, which carried without objection (4-0 vote).

Board Chair Ladner also made note for the record that Board Member William Brown has taken on additional new duties and will be submitting a request to relinquish his seat with the Board. SORM has since received Mr. Brown's written resignation and plans to formally recognize his service to the State of Texas during the second quarter Board Meeting in April.

Item 3. Board Chair Ladner asked for any comments or changes to the Minutes of the October 1, 2024, meeting. Hearing no changes, Board Member Maciejewski-West moved to accept. Board Member Galindo seconded the motion, which carried without objection (4-0 vote).

Item 4. Agency Operations Report:

Stephen Vollbrecht (Executive Director) introduced the Agency Operations Report (AOR) first by providing the Board with an Executive Summary. During which, Mr. Vollbrecht highlighted current activity related to the 89th Legislative Session, which began on January 14, 2025. Updates regarding insurance negotiations and focused Leadership Councils (FLCs) were provided for the Board's knowledge as well. Concerning insurance negotiations, Mr. Vollbrecht advised the Board that both domestic and international property in-person negotiations had been concluded. These negotiations took place in London, England. Additionally, Mr. Vollbrecht reported that multiple FLCs have taken place over the last fiscal year and have been an overall success. Topics including performance management, remote work, policy and procedures, strategic review and succession planning, and financial operations have been open for discussion during these focused meetings. The Board was then made aware of multiple positions that have become vacant due to recent retirements. In order to ensure continuity of operations, SORM has assigned interim roles to several staff members and have formed task forces pending permanent placements. Mr. Vollbrecht then went on to recognize multiple departments for their outstanding work during Performance Based Oversight (PBO). Prior to concluding his report, several

members of the Board had follow-up questions. Board Member Maciejewski-West first asked if the Board will receive summaries of FLCs that contain what was discussed, etc. Mr. Vollbrecht confirmed this would be possible and provided additional clarification on the typical processes involved during Leadership Councils and FLCs. Board Member Houston then asked for further clarification on the magnitude of savings from building insurance. Mr. Vollbrecht replied that ultimately, it depends on the individual partner's experience – SORM will be able to provide a more accurate projection of savings once quotes are received from international partners. Board Member Ricardo Galindo added that he would like to discuss legislative activities in more depth – specifically, he requested a list of bills that would be filed by the agency. Mr. Vollbrecht replied that a member of SORM staff would provide the requested documentation at the pleasure of the Board. Mr. Galindo then inquired as to whether SORM has a strategy to entice agencies to participate in the property program. Mr. Vollbrecht advised that this has been addressed to the legislature with several solutions – however, SORM does not have a self-insured retention. Currently, the agency cannot hold funds without statutory authorization. Chairman Ladner added that he agrees with Mr. Galindo; he is concerned that a full picture cannot be considered without the property schedule. With no further questions, Mr. Vollbrecht called Todd Holt (Deputy Executive Director) to begin the next portion of the AOR.

Mr. Holt introduced Johnny Free (Interim Director of Project Management) to present an update on current activities within Project Management. The Project Management team was able to complete 7 implementations this quarter and introduced 12 new projects. Mr. Free also advised that PM staff are actively working with Origami to strategically scope and plan Phase II (insurance services). Since the previous Board Meeting, the Statement of Work (SOW) for Phase III (Risk Management) has been signed, and work will commence once Origami has the dedicated resources assigned. Mr. Ladner then asked Mr. Free to provide his current assessment of the efficacy of the Risk Management Information System (RMIS). Mr. Free replied that the new system is nimble; it is very customizable and can continually be shaped to fit SORM's needs. Board Member Houston then requested more information regarding integration of AI in RMIS. Per Mr. Free, there is an option to include AI, however, SORM is not currently in a place to consider the addition of AI into RMIS at this time. Once the system has had a chance to mature further within the agency, additional conversations may be broached on this topic. After hearing no other questions, Mr. Free concluded his report.

Mr. Holt then introduced Shelby Hyman (Director of Agency Relations) who presented for Agency Relations. During the quarter, Agency Relations onboarded three new employees and was able to work in conjunction with Mitchell Griffin (Director of Claims Operations) to conduct a pilot Fatality 101 training course for adjusters, which is now certified for two hours of continuing education credits. Ms. Hyman also added that staff continues their efforts to build the internal training framework in accordance with previous audit findings. Additionally, increased traffic in self-paced courses has been seen, along with an increase in requests for in-person trainings from external client agencies. Ms. Hyman then advised the Board of current activities within the Statewide Continuity of Operations Program. Prior to concluding her report, Board Member Maciejewski-West had additional questions for Ms. Hyman regarding external training. Specifically, she requested additional insight on what external training partners SORM works with. Per Ms. Hyman, If SORM is unable to provide training, the agency does have a list of external partners that can fill in any gaps in training. The Texas Workforce Commission, for example, is often used for CPR training. Mr. Ladner then requested Mr. Holt summarize the recent meeting that took place with the Texas Department of Emergency Management (TDEM). Mr. Holt and Mr. Vollbrecht went on to explain SORM representatives met with the Chief of TDEM, Mr. Nim Kidd, who is responsible for the Texas Interstate Fire Mutual Aid System (TIFMAS). In essence, the conversation was focused on streamlining the deployment of employees in the

event of an emergency. For Board Member Galindo's knowledge, Mr. Vollbrecht added that this would be an example of upcoming legislation to be aware of. Mr. Ladner then posed the question as to whether there is a firm process in place for recouping premiums. Todd Holt confirmed yes, there is a process in place and provided additional high-level insight into current procedures. With this insight in mind, Board Chair Ladner wondered if SORM's internal auditors should track and confirm that the agency has recouped all funds promised to SORM. Mr. Vollbrecht responded that this has been an ongoing pain point with outside agencies, as SORM is not allowed to exclude any agency from the program. SORM continually works towards finding a solution to remedying this situation. Hearing no further questions, Mr. Holt concluded the Agency Relations section of the AOR.

With the Board's permission, Mr. Vollbrecht introduced Deea Western (Chief of Legal Services and General Counsel) who invited Elaina Middleton (Interim Director of Talent Management) to present on Talent Management activities. Ms. Middleton provided the Board with updates on new hires, vacancies, and ongoing efforts to improve recruitment. Turnover statistics were also discussed, with retirement being a primary reason for departure. No further questions were posed by the Board, concluding Ms. Middleton's report.

With the completion of Talent Management's report, Ms. Western introduced Ronald Johnson (Director of Legal Management) who presented information for Legal Management. Mr. Johnson provided the Board updates on Benefit Review Conferences (BRC), Contested Case Hearings (CCH), special investigations, and subrogation recoveries. Of note, 47 BRCs were held, and 9 were settled by formal agreement. The most common issues seen at the BRC level were maximum medical improvement, impairment rating, and extent of injury. 7 CCHs were held during the quarter, with 2 being resolved by agreement. The main issues seen were the same present at the BRC level. During the first quarter, special investigations had 17 pending cases with 3 being officially opened, 2 closed, and 1 involved criminal/administrative referral. Mr. Johnson also advised that no recoveries had been made via restitution or with the Subsequent Injury Fund (SIF), but did recover \$52,222 from subrogation claims. Mr. Ladner then inquired whether there are any agencies that have a higher rate of fraud, to which Mr. Johnson replied that no patterns have been seen historically. Ms. Maciejewski-West also asked if fraud investigations are done just regarding claimants, or if providers are investigated as well. Mr. Johnson confirmed that investigations are done on both sides. With the permission of the Board, Mr. Johnson concluded his report.

Ms. Western then went on to present on behalf of Dayna Dixon (Director of Compliance Management) regarding Compliance Management activities, including updates on indemnity files, contract administration, policy management, regulatory compliance, and audits. Ms. Western reported that all generally applicable policies requiring acknowledgement have been completed and are in full compliance. Additionally, Compliance Management continues to work with subject matter experts in order to develop robust, department-level standard operating procedures. Per Ms. Western, this will be a large project officially beginning in early 2025. Ms. Western also advised the Board that SORM representatives will be interviewing 12 UT Law students for a summer internship. Compliance Management will report on the success of these interviews during next quarter's Board Meeting. Board Member Galindo then inquired how SORM ensures receipt of current certificates of insurance from vendors. Ms. Western advised that Emily Crase (Board Liaison and Contract Administrator) maintains a running list of certificates and communicates with vendors when updated documentation is needed. Compliance Management works closely with James Cox (Chief of Strategic Programs) to ensure all lines are acceptable, according to the applicable contract. Board Member Maciejewski-West then recognized the Compliance Management team for their efforts in completing such a large volume of projects. After thanking Ms. Maciejewski-West for her

recognition, Ms. Western concluded her report on Compliance Management and Legal Services.

With the Board's permission, Mr. Vollbrecht introduced Lydia Scranton (Chief of Internal Operations and Interim Chief Financial Officer). Ms. Scranton then called Tony Bennett (Director of Financial Management) to present the agency consolidated budget and current projections for fiscal year 2025 on behalf of Financial Management. Board Member Houston then requested further clarification regarding adjustments to professional services. Mr. Bennett went on to explain that the adjustments listed are Board approved increases on SORM's starting budget, based on thresholds established in the General Appropriations Act (GAA). Mr. Bennett also advised the Board of increased costs associated with SORM's attachment to the Office of the Attorney General (OAG). No further questions were posed, and Mr. Bennett ended his report for Financial Management.

Ms. Scranton introduced Tawn Ihnen (Interim Director of Information Technology) to report on Information Technology's (IT) ongoing efforts to provide agency support. During the first quarter, IT has continued to work with the Department of Information Resources (DIR) and third-party Atos to migrate SORM servers to the Texas Private Cloud (TPC). IT staff also continues to support SORM applications by adapting and integrating applications within RMIS and the CAPPs Financial system. Additionally, IT provided support to SORM's client agencies through weekly, monthly, and year-to-date workers' compensation financial reports. Ad hoc reporting is also available upon request. Ms. Ihnen then went on to detail efforts in monitoring cybersecurity vulnerabilities and was excited to report that the first of three modules mandated by DIR for FY25 cybersecurity training have been completed. Board Chair Ladner then asked if cybersecurity training is an annual requirement for Board Members. Ms. Ihnen confirmed this to be correct. Prior to closing IT's portion of the AOR, Ms. Maciejewski-West requested an update as to the status of the TPC server migration. Ms. Ihnen advised that the project has been delayed due to holiday closures and SORM's administrative attachment to the OAG. However, communication remains open with DIR to continue work on this task. Hearing no other questions, Ms. Ihnen concluded her report for IT.

On behalf of the Enterprise Risk Department, James Cox (Chief of Strategic Programs) and Mark Chadwick (Director of Enterprise Risk) provided an update on risk management visit counts and goals for the next fiscal year, along with the status of the Statewide Insurance Program. Property renewals, notary applications, and insurance purchases were also discussed. Mr. Chadwick reported that his team has met 18% of their total goal for consultation visits (CVs), which is in line with historical trends. Additionally, staff has achieved 20% of its FY25 goal for risk management program reviews (RMPPRs). Board Member Galindo then requested an example of an insurance category of recommendation. Mr. Chadwick advised that category is in regard to participation in the statewide insurance program. Mr. Galindo then asked what the typical reaction is from outside agencies when encouraging more participation. Per Mr. Chadwick, there are some pre-conceived notions when it comes to the insurance program – as such, SORM makes in-person visits a priority to dispel any myths and mitigate miscommunication. Board Chair Ladner inquired as to how SORM communicates with agencies to test their thinking outside of the program to entice them to be proactive. Do agencies voluntarily come to SORM for more information? Mr. Chadwick confirmed yes, that is the case. Representatives make it a point to explain the pros and cost-savings to any interested additions to the program. Mr. Cox provided additional context regarding informational calls with brokers and the information that is garnered from that communication. He also advised the Board that SORM has had a participant enroll in parametric insurance. Further discussion was had addressing agencies who prefer non-sponsored lines of insurance, and what strategies are in place to steer client agencies toward state-sponsored lines. Mr. Vollbrecht made a point to stress that SORM is not an enforcement agency; participation

in state-sponsored insurance is entirely voluntary and is up to the discretion of each agency. Mr. Chadwick added that current trends with participation in state-sponsored lines remain healthy and are in accordance with historical tendencies. Mr. Galindo next inquired about SORM's efforts in combating risk associated with agencies opting out of auto inspections. Mr. Cox brought up CVs as an example; if state registration is noted to be missing, questions will be posed to garner an idea as to the safety of a vehicle. SORM relies on the client agencies' willingness to be transparent. Mr. Galindo expressed that he believes that current policies relating to vehicle registration could lead to a gap in ensuring SORM is not liable for an accident caused by negligence. Per Mr. Cox, SORM's insurance team regularly investigates vehicle accidents as soon as they are reported. Mr. Ladner wondered if there might be an opportunity for a training module related to this topic. According to Mr. Cox, SORM plans to host a focused advisory call with brokers to speak on fleet maintenance and safety. Mr. Vollbrecht adds if agencies can illustrate proof of updated evaluations, that increases confidence with the carrier, which in turn can lead to additional savings and safety ratings. Incentives such as these are a reliable tool in SORM's belt during insurance negotiations. With no further inquiries made by the Board, Mr. Chadwick concluded his report on Enterprise Risk.

Mr. Cox introduced Mitchell Griffin (Director of Claims Operations) to provide an update on current workers' compensation claims with a breakdown of costs and claims per income benefit. Claims Operations received 1,845 claims during the first quarter and were able to inactivate 1,894. By the end of FY25 Q1, there were 2,202 open claims in total. Mr. Griffin did advise the Board that claims has seen an uptick in activity; this is the most claims received in a quarter since Q3 FY22. A decrease in indemnity benefits was also seen during the quarter, however, impairment income benefits (IIBs) did show an increase. Mr. Griffin explained that IIBs are normally seen at the final stages of a claim, so this is evidence of more potential file closures. Supplemental income benefits were noted to remain steady. Prior to ending his report, Mr. Houston asked if there have been re-occurring trends seen with types or causes of claims. According to Mr. Griffin, there is not normally a clear trend seen, however SORM has encountered large volumes of claims being reported outside of RMIS. Regardless of how a claim is reported, SORM is statutorily required to then open a claim file. As such, this has impacted the current workload of claims staff. Mr. Griffin adds that, in an effort to combat this increase, SORM plans to provide additional education to claims coordinators on proper submission of claims. Claims Operations hosts calls with claims coordinators quarterly, which is the perfect venue to address concerns from both parties. Pending any further questions, Mr. Griffin concluded his report.

Mr. Cox introduced Janine Lyckman (Director of Medical Management) to provide an update on cost savings, Network vs. Non-network counts, and prescription savings. Additionally, Ms. Lyckman advised the board on Medical Fee Dispute (MFD) activities seen during the first quarter. Board Member Maciejewski-West asked Ms. Lyckman to explain the most common reasons for denial when dealing with preauthorization. Are providers exhibiting a lack of education on proper submission procedures? Ms. Lyckman replied the most common issue is that providers are not submitting appropriate documentation. SORM depends on doctors to submit records in accordance with the Official Disability Guidelines (ODG). Ms. Maciejewski-West then asked what is being done to help provide education to providers on ODG requirements. According to Ms. Lyckman, she is in active communication with SORM's healthcare network to build strategies to lessen any gaps in knowledge. For example, the network plans to integrate FAQs into a newsletter that will be sent to providers. This newsletter will provide helpful information on proper billing procedures and how to request preauthorization appropriately. Mr. Vollbrecht adds that, when able, Ms. Lyckman's team reaches out directly to providers in order to address any issues personally. With the conclusion of Ms. Lyckman's presentation, Mr. Vollbrecht closed the AOR portion of the public meeting at 11:00 a.m.

A brief recess was taken prior to moving on to New Business. The open meeting reconvened at 11:17.

Item 5. New Business:

- 5.1 On behalf of SORM staff, Deea Western (Chief of Legal Services and General Counsel) requested delegated authority for the Executive Director to proceed with the formal procurement process for internal audit services. Board Chair Ladner opened the floor for a motion for approval. Prior to taking a vote, Mr. Houston asked for an approximate cost for audit services. Ms. Western responded it would be less than \$40,000. Board Member Maciejewski-West moved to accept, and Board Member Houston seconded. The motion carried without objection (4-0 vote).
- 5.2 With his appointment as Board Chair, Mr. Ladner wishes to relinquish his title of Internal Audit Liaison. It was the Chair's wish that Board Member Jeff Houston be appointed in his stead. A motion was made by Board Member Galindo to accept, and Ms. Maciejewski-West seconded. Hearing no objections, the motion passed (4-0 vote).
- 5.3 At the request of Board Chair Ladner, a motion was made by Mr. Houston to appoint Board Member Lisa Maciejewski-West as Vice Chair of the Board. Board Member Galindo seconded the motion, which carried without objection (4-0 vote).
- 5.4 Board Chair Ladner opened the floor for action on establishment of an Executive Director Search Committee. Ms. Maciejewski-West moved to accept, and Mr. Houston seconded. The motion carried without objection (4-0 vote).
- 5.5 With the establishment of the Executive Director Search Committee, Mr. Ladner requested that a motion be made on the appointment of committee Co-Chairs. It was recommended that Board Members Jeff Houston and Ricardo Galindo take on these responsibilities. Mr. Galindo moved to accept, and Ms. Maciejewski-West seconded. The motion carried without objection (4-0 vote).

Item 6. No Public Comment.

Item 7. Future Meeting Dates. Discussion on suggested dates for the next Board Meeting. Board Chair Ladner selected April 15, 2025, as the next tentative meeting date. A backup date of April 22, 2025, was selected.

Item 8. Board Chair Ladner called the meeting adjourned at 11:27 a.m.



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5. 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 FY25Q2

TO THE

SORM BOARD OF DIRECTORS

April 15, 2025



EXECUTIVE OFFICE

I. LEGISLATIVE SESSION

The Office is tracking bills related to SORM and the agency's missions. Additional information on tracked bills will be provided during the Agency Relations section of the meeting. Of note are HB 5317, establishing a self-insured retention, and HB 4391/SB 1340, related to studies on the allocation and use of state buildings. We continue to actively monitor and engage with the Legislature.

II. ORDERS OF SUCCESSION

Orders of Succession, a critical aspect of continuity of agency operations, has been completed, and is currently undergoing additional real-time refinements to address resource allocations and retirements.

III. RULE REVIEW

The Office has filed notice of intent to review the entirety of its administrative rules. Leadership has intently reviewed and updated existing rules and are working to draft new rules. After the appropriate period, leadership will approach the board for formal action in accordance with state law and adopted agency policy.

IV. RETIREMENT ANNOUNCEMENT

I intend for this board meeting to be my last meeting as executive director. I have been fully engaged with SORM leadership to document and transfer my responsibilities in this role to ensure a smooth transition to the interim ED selection. I also intend to fulfill my promise to serve on the Board's Executive Director Selection Committee in my current role and as a private citizen. I am exceedingly proud of the culture and professionalism of our agency, and the growth this organization has experienced. I could not have done this job without the support and dedication of each and every SORM employee. I would be honored to serve SORM and the state again in any capacity.

Thank you for this incredible opportunity. It has been my honor and privilege to have served this office and this board, our constituents, and our state for over two decades.

PROJECT MANAGEMENT

I. RMIS IMPLEMENTATION PROJECT UPDATE

A. PROJECT EXECUTION

The Project Management (PM) team completed fourteen projects this quarter. Work continues daily to enhance RMIS for SORM staff and the external users. PM staff are actively working with Origami to strategically scope and plan Phase II (Insurance). Origami has provided the dedicated resource for Phase III (Risk Management) and the kickoff meeting was held at the end of March. We have provided the basic structure for Risk Consultation Visits and look forward to this 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 RMIS activity, 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 |
|--------------|------------------------|------------|------------|-----------|-------------|-----------|------------------|-------------|
| | Prior to FY22Q1 | 166 | 98 | 22 | 9 | 14 | 4 | 4 |
| 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 |
| | Q2 | 7 | 8 | 0 | 8 | 2 | 0 | 0 |
| | Q3 | 10 | 6 | 0 | 8 | 3 | 0 | 0 |
| | Q4 | 7 | 5 | 0 | 13 | 3 | 0 | 0 |
| FY25 | Q1 | 12 | 7 | 0 | 4 | 0 | 0 | 1 |
| | Q2 | 11 | 14 | 0 | 7 | 1 | 0 | 2 |
| TOTAL | | 264 | 186 | 22 | 74 | 27 | 5 | 9 |

Quarterly Statistics by Category

| | | External Audit Finding | Legislative Requirement | New RMIS | SORM Must Have | Other |
|-------|-----------------|------------------------|-------------------------|----------|----------------|-------|
| | Prior to FY22Q1 | 6 | 19 | 51 | 45 | 45 |
| 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 |
| | Q2 | 0 | 0 | 6 | 9 | 8 |
| | Q3 | 1 | 0 | 5 | 10 | 7 |
| | Q4 | 1 | 0 | 7 | 12 | 7 |
| FY25 | Q1 | 1 | 7 | 7 | 12 | 7 |
| | Q2 | 1 | 0 | 8 | 14 | 10 |
| TOTAL | | 10 | 29 | 114 | 123 | 102 |

AGENCY RELATIONS

I. TRAINING

During FY25Q2, Agency Relations onboarded six new employees. The internal training consultant certified three training classes for staff with adjuster licenses. Self-paced training participation continues to remain steady as Texas Military Department's Operation Lone Star requires service members to complete the Driving Safety course on an annual basis. External training requests also continue to increase for in-person training over instructor led virtual presentations. The creative media designer continues to create supplemental videos to support training initiatives.

Instructor Led Agency Training for FY25Q2

| Course Name | Classes | Students |
|--------------------------------|-----------|------------|
| Driving Safety | 6 | 119 |
| Additional Duty Safety Officer | 4 | 28 |
| HazCom | 1 | 13 |
| Office Safety | 2 | 63 |
| Heat Safety | 2 | 63 |
| Stress Management | 2 | 63 |
| TOTAL | 16 | 349 |

Self-Paced LMS Training FY25Q2

| Virtual Course Name | Students |
|---|-------------|
| Driving Safety | 989 |
| Workers' Compensation Claims Coordinator Training | 9 |
| New RMIS: Part 1 – Getting Started | 14 |
| New RMIS: Part 2 – Claims and Incidents | 5 |
| New RMIS: Part 3 – Adding Documents to a Claim | 5 |
| New RMIS: Part 4 – Additional Training | 6 |
| TOTAL | 1028 |

II. STATEWIDE CONTINUITY OF OPERATIONS PROGRAM

In collaboration with Enterprise Risk, the Continuity Program and other division subject matter experts, have made progress on the tabletop exercise which will test the agency's current planning efforts and continuity capabilities. The Safety Task Force continues its efforts to offer timely and relevant training and drills to all staff. The continuity staff also recertified the agency's Orders of Succession.

Two SORM staff members, Agency Relations Support Specialist, Brandon Murphy and Director of Enterprise Risk, Mark Chadwick, earned their Master Continuity Practitioner (MCP) certification from the Federal Emergency Management agency (FEMA). A member of the Texas Division of Emergency Management (TDEM) also received their MCP through SORM support.

The Continuity Council is gaining membership from around the country through current recruiting efforts and outreach from all members and is making great strides in the SORM Symposium planning efforts. Due to scheduling conflicts with the start of classes at Texas A&M, the dates for the symposium have moved to August 13 – 15, 2025.

FY25 Continuity Activity

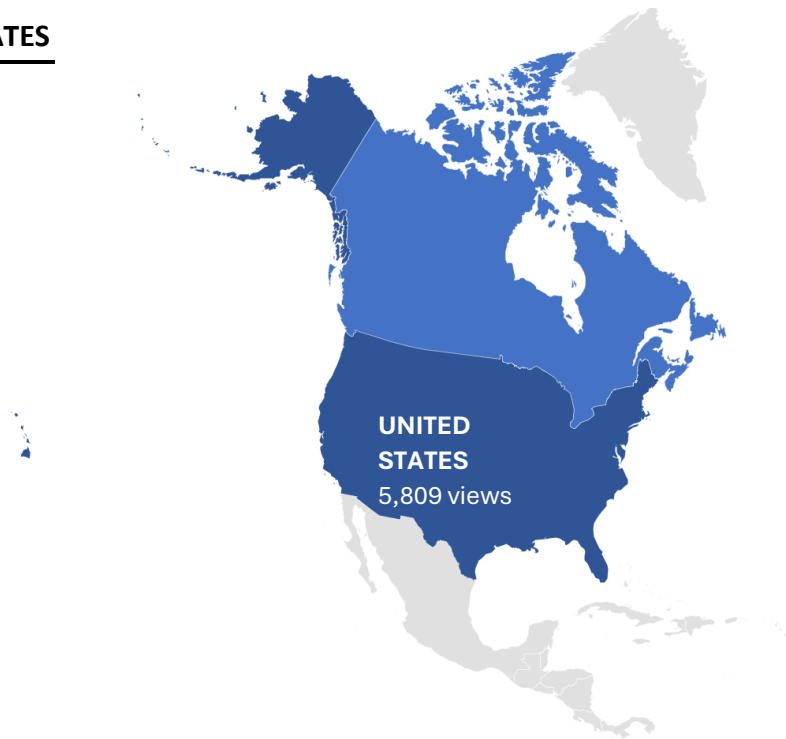
| | FY25Q1 | FY25Q2 |
|---|--------|--------|
| Continuity Council and Committee Meetings | 12 | 14 |
| Exercises Evaluated | 5 | 3 |
| Individual Consultations | 5 | 2 |
| Internal SORM Continuity Meetings | 7 | 16 |
| Outreach/Presentations | 19 | 9 |
| Plans Evaluated | 10 | 6 |

III. YOUTUBE ANALYTICS

Viewership on the SORM YouTube Channel decreased slightly during FY25Q2. The two training videos surrounding preparedness for active shooter events received the highest traffic.

FY25Q2 TOP 5 US STATES

1. Texas
2. Ohio
3. Virginia
4. Wisconsin
5. Colorado



FY25Q2 TOP 3 VIDEOS

| | |
|-----------------------------------|-------------|
| How to Survive an Active Shooter | 4,296 views |
| Avoid. Deny. Defend. | 2,020 views |
| Same Level Slips, Trips and Falls | 1,514 views |

FY25Q2 TOTAL

| | |
|-------------|--------|
| Total views | 10,899 |
|-------------|--------|

IV. Agency Relations Outreach

The Office continues to monitor the 89th Legislative Session including bills that impact the workers' compensation system, risk management, continuity of operations, insurance, and agency operations. HB 5317 was filed on March 14, 2025, relating to the establishment of a risk management self-insured retention for the state-sponsored insurance program. Of the filed bills, we are actively monitoring 62 bills paying particular attention to HB 5317 (mentioned above), SB 1340/HB 4391 (relating to property and continuity), and SB 2990/HB 4464 (relating to Texas Task Force 1 members). The Legislative Session ends on June 2, 2025.

Legislative Bills Monitored

| | |
|---------------------------------------|----|
| SORM Specific | 5 |
| Workers' Compensation | 24 |
| Artificial Intelligence/Cybersecurity | 5 |
| State Employment | 15 |
| Business/Operations/Continuity | 11 |
| Budget | 2 |



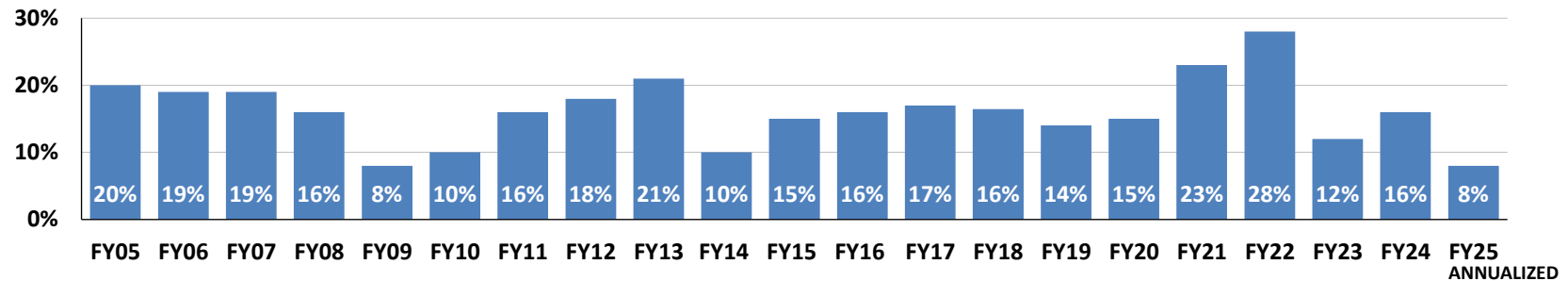
TALENT MANAGEMENT

| New Hires /Interns | Vacancies |
|---------------------------------|------------------------------------|
| Juan Saenz, Document Specialist | Director of Talent Management |
| | Director of Information Technology |
| | Claims Supervisor (2) |
| | Claims Adjuster |

Recruitment Efforts

| | January | February | March | April to Date |
|----------------------------------|------------|------------|-----------|---------------|
| Agency Web Site - Internet | 120 | 56 | 33 | 27 |
| College/University Career Day | 0 | 0 | 0 | 0 |
| Internship | 44 | 0 | 13 | 0 |
| Human Resources/Personnel Office | 1 | 0 | 0 | 2 |
| Job Board | 60 | 44 | 8 | 11 |
| Job Fair | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Other State Employees | 23 | 5 | 3 | 2 |
| Professional Publication | 0 | 0 | 0 | 0 |
| Recruitment Poster | 0 | 0 | 0 | 1 |
| Social Media | 23 | 2 | 0 | 2 |
| TOTAL | 271 | 107 | 57 | 45 |

Annual Turnover Rates



LEGAL MANAGEMENT

I. BENEFIT DISPUTE RESOLUTION FY25Q2

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

| BRC Held/Reset | BRC Resolved by Agreement | 3 Most Common BRC Issues |
|----------------|---------------------------|--|
| 40 | 5 | Impairment Rating, Maximum Medical Improvement, Extent of Injury |
| CCH Held | CCH Resolved by Agreement | 3 Most Common CCH Issues |
| 7 | 3 | Impairment Rating, Maximum Medical Improvement, Extent of Injury |

II. SPECIAL INVESTIGATIONS

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

| | FY25Q1 | FY25Q2 | FY25Q3 | FY25Q4 |
|-----------------------------------|--------|--------|--------|--------|
| Pending | 17 | 17 | | |
| Opened | 3 | 3 | | |
| Closed | 2 | 4 | | |
| Criminal/Administrative Referrals | 1 | 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.

| | FY25Q1 | FY25Q2 | FY25Q3 | FY25Q4 | YTD |
|-------------|----------|-----------|--------|--------|-----------|
| Restitution | \$0 | \$0 | | | \$0.00 |
| SIF | \$0 | \$124,390 | | | \$124,390 |
| Subrogation | \$52,222 | \$435,165 | | | \$487,387 |
| TOTAL | \$52,222 | \$559,555 | | | \$611,777 |

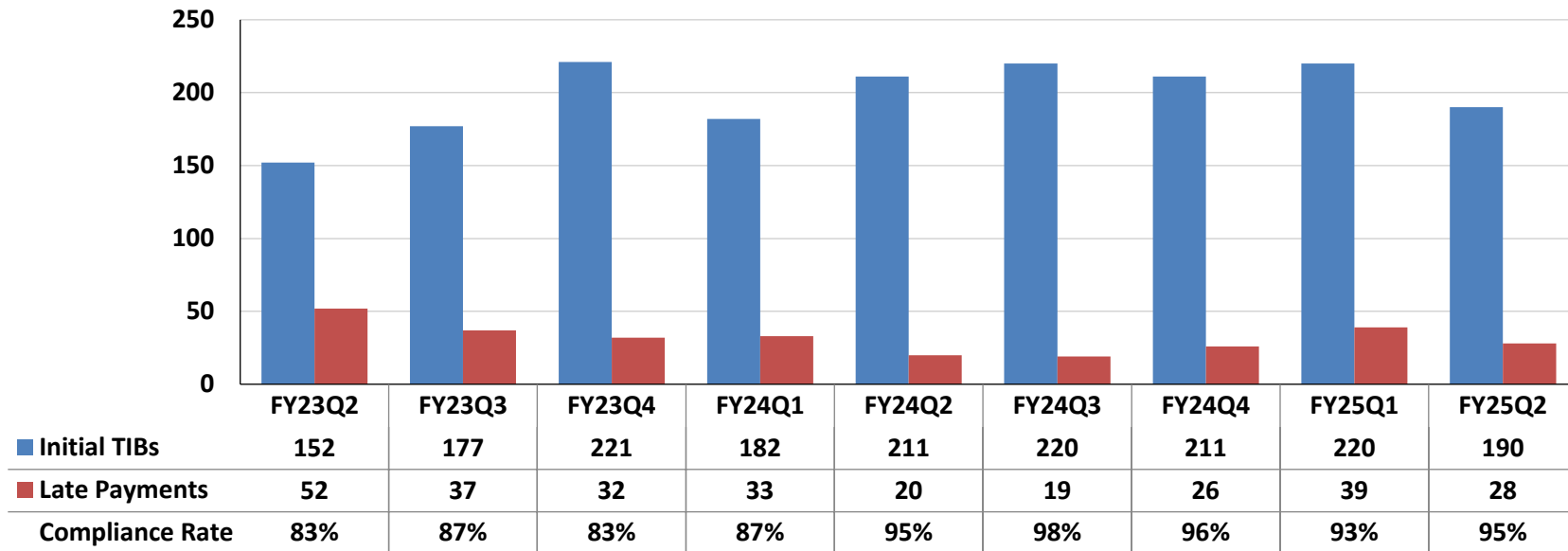
COMPLIANCE MANAGEMENT

I. AUDIT AND ASSURANCE

A. TEMPORARY INCOME BENEFIT AUDITS

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

Initial TIBs Compliance Rate and Late Payments



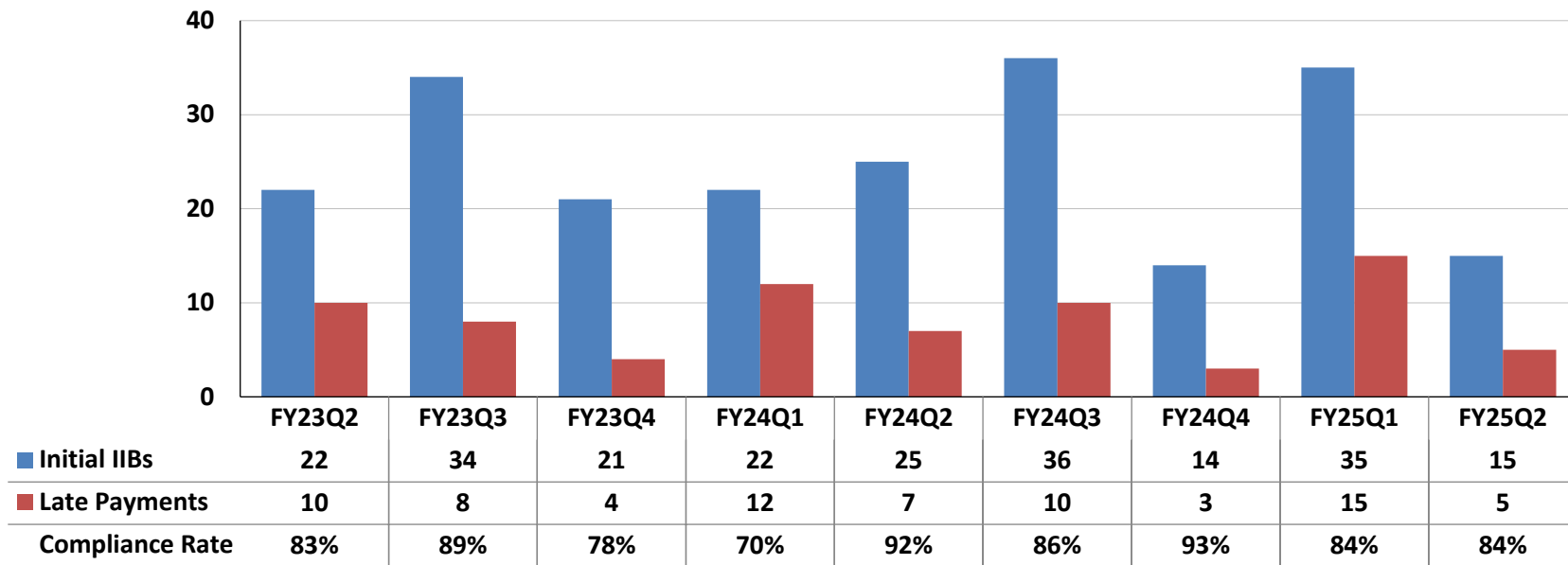
TIBs Late Payments FY25Q2

| | |
|----------------|----|
| Carrier | 14 |
| Employer | 11 |
| Physician | 3 |
| System | 0 |
| No Fault/Misc. | 0 |

B. IMPAIRMENT INCOME BENEFIT AUDITS

SORM must initiate impairment income benefits by the 5th day after the injured employee has reached maximum medical improvement (MMI).

Initial IIBs Compliance Rate and Late Payments



IIBs Late Payments FY25Q2

| | |
|----------------|---|
| Carrier | 4 |
| System | 0 |
| No Fault/Misc. | 1 |

II. CONTRACT ADMINISTRATION

| Area | Task |
|--|--|
| 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

| Objective | Status | Status Description | Estimated Completion Date |
|---|-----------------|--|---------------------------|
| Administrative Rules – Legal Research | Complete | The Policy Manager and prior Legal Intern completed comprehensive legal research on SORM's existing administrative rules and associated legal obligations. Rule outlines and research memorandums are available as a reference. | N/A |
| Administrative Rules – Drafting and Legal Research | On-Task | The Policy Manager and prior Legal Intern drafted and completed a preliminary version of the agency's updated administrative rules. Additional input and review will occur throughout FY25. | FY25 |
| Administrative Rules – One-on-Ones with Subject Matter Experts | On-Task | The Policy Manager and Director of Compliance Management will be meeting with Department Directors and other subject matter experts to review current and proposed administrative rules. Meetings will occur throughout FY25. | FY25 |
| Departmental Policies and Procedures | On-Task | Legal Services will be working with the Project Management Team to develop a project management plan to ensure the development of department specific standard operating procedures (SOPs) with step-by-step instructions to help staff carry out routine operations and standard practices. | TBD |



INTERNAL OPERATIONS

FINANCIAL MANAGEMENT

FY25 AGENCY (CONSOLIDATED) BUDGET

February 28, 2025

| Objects of Expense | Initial Budget: | Adjustments Transfers (+ In, - Out) | Revised Budget: | Expenditures Year to Date @ 2/28/2025 | Encumbrances @ 2/28/2025 | Remaining Budget @ 2/28/2025 | Unpaid Expenses Incurred | Percent of Budget Expended/Incurred | Percent of Fiscal Year Elapsed |
|-----------------------|-------------------|-------------------------------------|-------------------|---------------------------------------|--------------------------|------------------------------|--------------------------|-------------------------------------|--------------------------------|
| Salaries & Wages | 8,326,629 | 0 | 8,326,629 | 3,951,510 | 0 | 4,375,119 | 0 | 47.5% | 50.0% |
| Other Personnel Costs | 250,000 | 0 | 250,000 | 106,506 | 0 | 143,494 | 0 | 42.6% | 50.0% |
| Professional Services | 1,450,000 | 343,417 | 1,793,417 | 4,207 | 587,233 | 1,201,977 | 0 | 33.0% | 50.0% |
| Consumable Supplies | 35,547 | 0 | 35,547 | 2,085 | 0 | 33,462 | 3,647 | 16.1% | 50.0% |
| Utilities | 5,637 | 10,000 | 15,637 | 2,693 | 5,892 | 7,053 | 0 | 54.9% | 50.0% |
| Travel | 135,000 | 0 | 135,000 | 30,949 | 0 | 104,051 | 0 | 22.9% | 50.0% |
| Rental of Space | 720 | 0 | 720 | 360 | 360 | 0 | 0 | 100.0% | 50.0% |
| Rental of Equipment | 24,000 | 20,000 | 44,000 | 6,993 | 18,406 | 18,600 | 69 | 57.9% | 50.0% |
| Operating Costs | 1,515,246 | 343,417 | 1,858,663 | 171,440 | 16,840 | 1,670,383 | 38,239 | 12.2% | 50.0% |
| Capital Expenditures | 350,607 | 347,649 | 698,256 | 0 | 0 | 698,256 | 0 | 0.0% | 50.0% |
| TOTAL | 12,093,386 | 1,064,483 | 13,157,869 | 4,276,744 | 628,730 | 8,252,395 | 41,955 | 32.8% | 50.0% |

| Objects of Expense | Initial Budget: | Adjustments Transfers (+ In, - Out) | Revised Budget: | Expenditures Year to Date @ 2/28/2025 | Encumbrances @ 2/28/2025 | Remaining Budget @ 2/28/2025 | Unpaid Expenses Incurred | Percent of Budget Expended/Incurred | Percent of Fiscal Year Elapsed |
|-----------------------------|-------------------|-------------------------------------|-------------------|---------------------------------------|--------------------------|------------------------------|--------------------------|-------------------------------------|--------------------------------|
| Indemnity | 17,807,811 | 816,474 | 18,624,286 | 9,917,429 | 0 | 8,706,857 | 0 | 53.2% | 50.0% |
| Medical | 22,759,939 | 1,043,526 | 23,803,464 | 9,583,393 | 160,547 | 14,059,524 | 0 | 40.9% | 50.0% |
| Total Exps. | 40,567,750 | 1,860,000 | 42,427,750 | 19,500,822 | 160,547 | 22,766,381 | 0 | 46.3% | 50.0% |
| Subrogation/Restitution/SIF | (567,750) | 0 | (567,750) | (611,777) | 0 | 44,027 | 0 | 107.8% | 50.0% |
| NET TOTAL | 40,000,000 | 1,860,000 | 41,860,000 | 18,889,045 | 160,547 | 22,810,408 | 0 | 45.5% | 50.0% |

FY25 PROJECTION

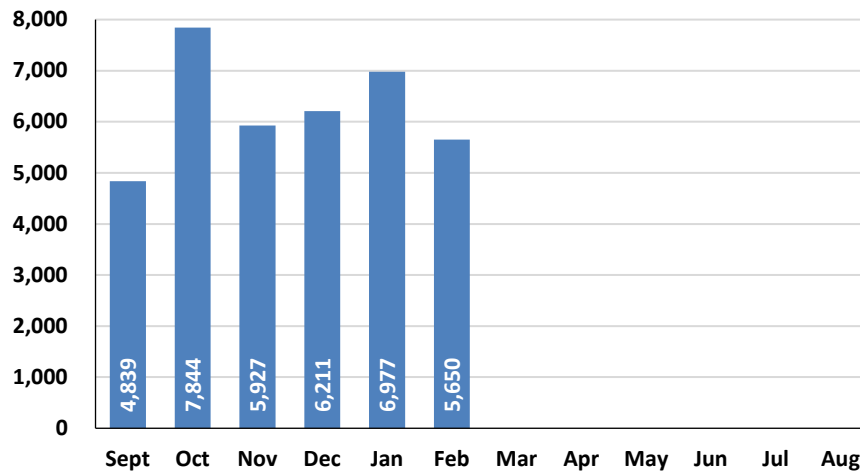
| | Actual Costs as of 2/28/2025 3 Months | Based on Even Distribution | Based on 15 year avg. (FY2010 - FY2024) | Based on 10 year avg. (FY2015 - FY2024) | Based on 5 year avg. (FY2020 - FY2024) | Worst Case Assumed |
|-----------|--|----------------------------------|---|---|--|-----------------------|
| Indemnity | | 49.59% | 49.45% | 48.72% | 48.14% | 48.14% |
| Medical | | 49.59% | 50.40% | 50.77% | 50.41% | 49.59% |
| Recovery | | 49.59% | 48.36% | 45.52% | 34.29% | 100.00% |

FY25 Projections

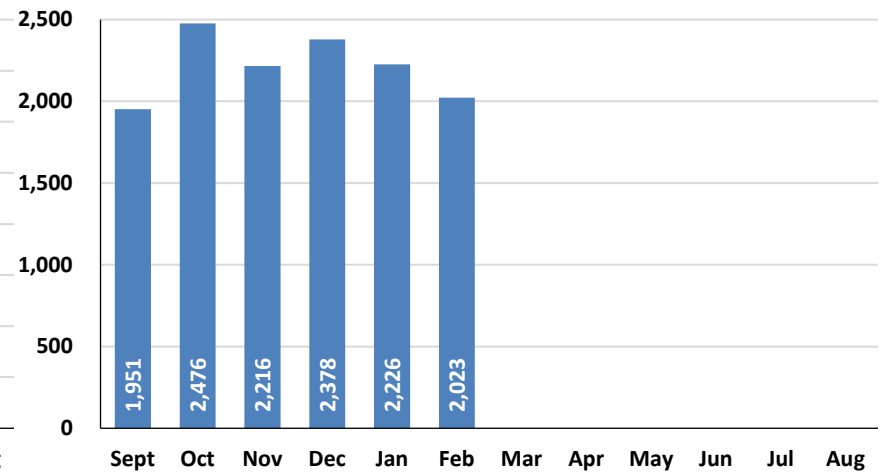
| | | | | | | |
|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Indemnity | 11,466,919 | 23,123,898 | 23,189,371 | 23,534,663 | 23,818,087 | 23,818,087 |
| Medical | 8,824,333 | 17,794,925 | 17,508,437 | 17,380,550 | 17,505,588 | 17,794,925 |
| Recovery | (611,777) | (1,233,694) | (1,265,017) | (1,343,923) | (1,784,047) | (611,777) |
| TOTAL | 19,679,475 | 39,685,129 | 39,432,791 | 39,571,290 | 39,539,629 | 41,001,235 |

| | | | | | | |
|--|------------|------------|------------|------------|------------|-------------------|
| Average of four different projection bases and "worst case" | | | | | | 39,846,015 |
| Gross costs only | 20,291,252 | 40,918,823 | 40,697,808 | 40,915,212 | 41,323,675 | 41,613,012 |
| Average of four different projection bases and "worst case" | | | | | | 41,093,706 |

Medical Bills Processed FY25
Total 37,448



Indemnity Bills Processed FY25
Total 13,270



INFORMATION TECHNOLOGY

I. ONGOING AGENCY SUPPORT

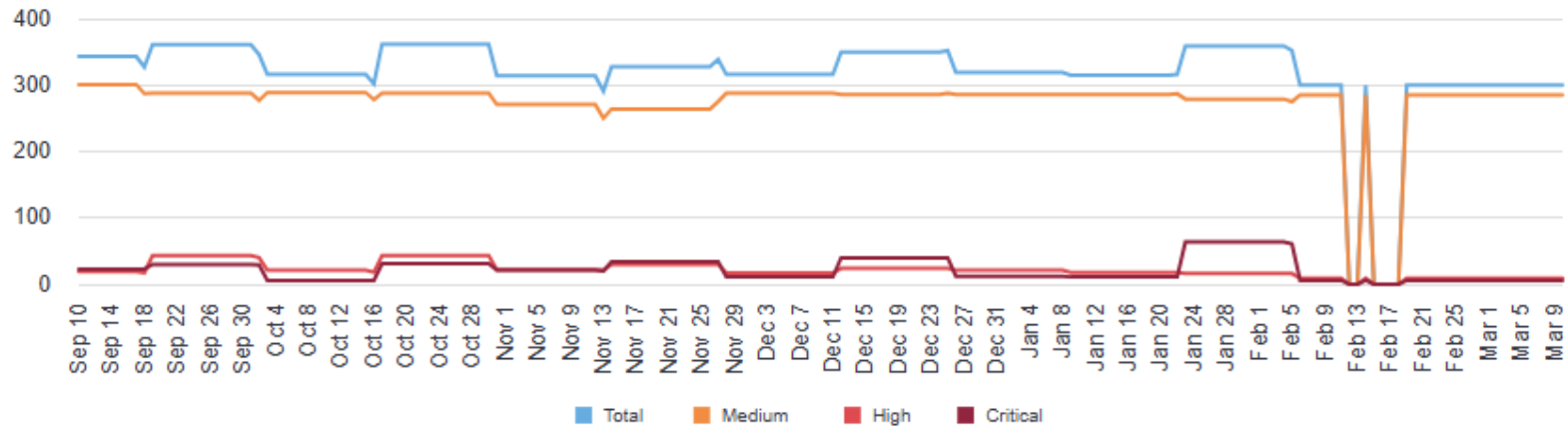
Information Technology (IT) continues to support agency operations through infrastructure support, processing, and reporting. Significant areas of activity in FY25Q2 include:

| Area | Task |
|-------------------------------|---|
| Team Staffing Changes | <ul style="list-style-type: none">• Stable. |
| Equipment | <ul style="list-style-type: none">• Managed and supported servers and PC infrastructure.• Continuous troubleshooting of reported user issues with SORM equipment.• Working with the Department of Information Resources and 3rd party vendor Atos to migrate our SORM servers to the Texas Private Cloud. |
| Application Support | <ul style="list-style-type: none">• Network configurations and firewall rules have been implemented. In addition, system testing will be performed to identify and resolve impacts prior to the migration.• Continued adapting and integrating our applications with RMIS and the CAPPS Financial system.• Continued software changes and process improvements for SORM internal applications, automating and supporting business process changes.• RMIS 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.○ Ad Hoc reporting as requested. |
| 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.• Cybersecurity Awareness:<ul style="list-style-type: none">○ Deployed the second of three modules mandated by DIR for FY25 cybersecurity requirements. |

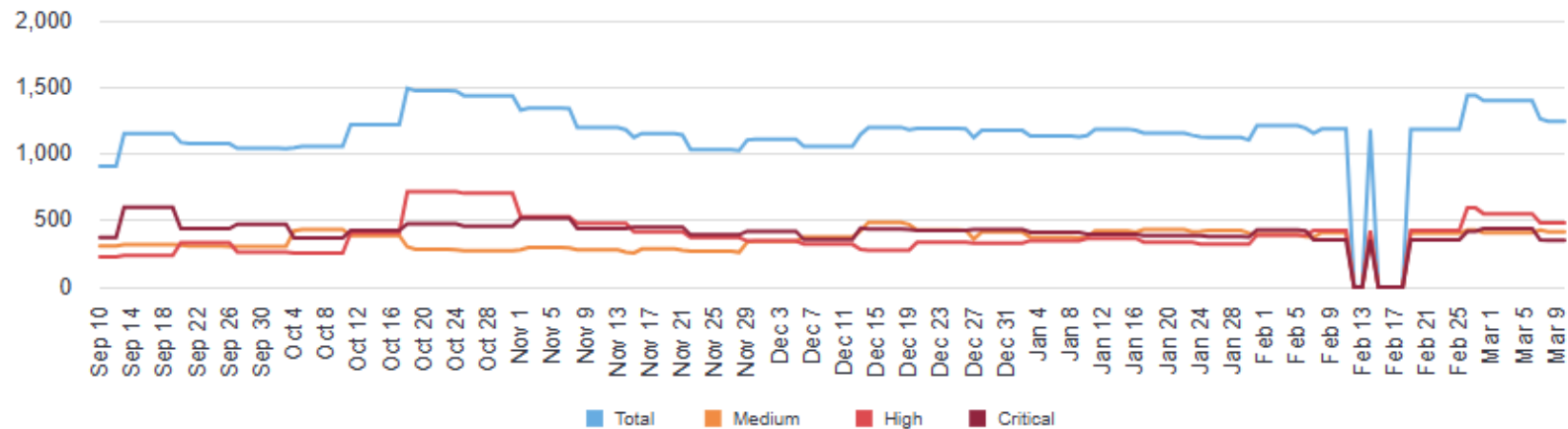
II. CYBERSECURITY METRICS FY25Q2

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. Valleys reflect vulnerability remediations for events.

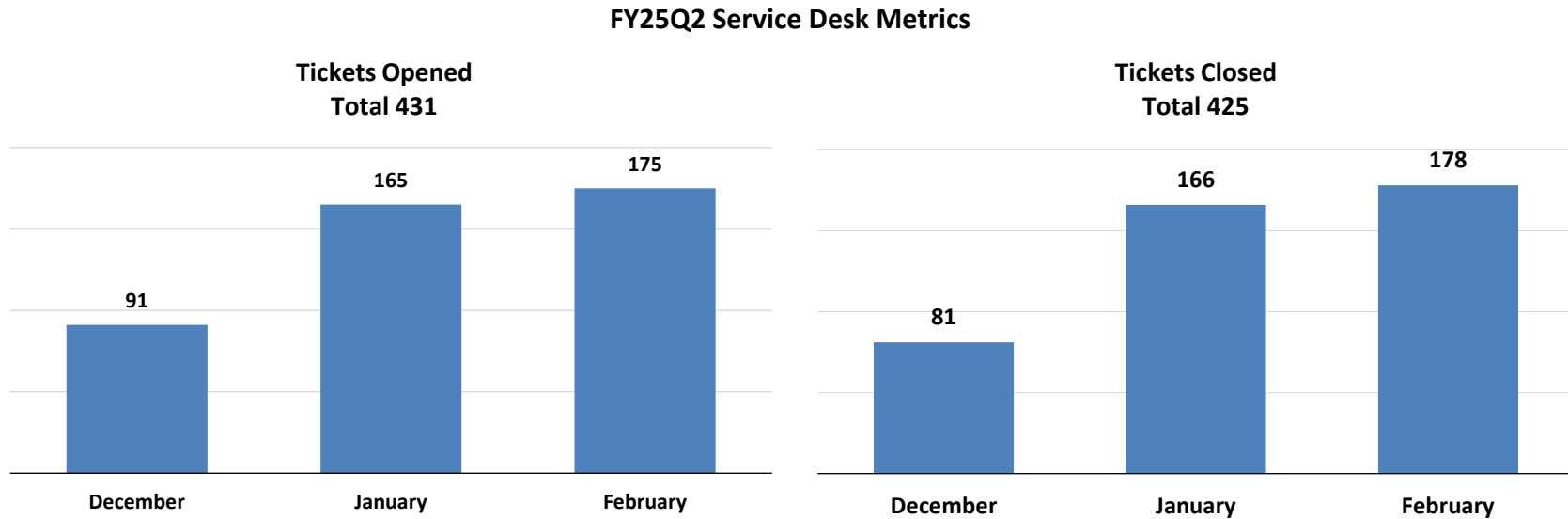
SORM Server Executive Summary, Vulnerability Trend (6 Months)



SORM Workstation Executive Summary, Vulnerability Trend (6 Months)



III. SORM SERVICE DESK ACTIVITY



IV. ANTICIPATED FY25Q3 ACTIVITY

In addition to routine support functions congruent with operations for the Office, we anticipate the following activities during FY25Q3 and beyond:

- A. Continue to expand the knowledge asset of our existing IT staff.
- B. Continue to support the SORM Project Management team and our state agency users as we expand the RMIS system functionality.
- C. Support SORM business units in providing IT solutions to support their goals and objectives.
- D. Continue project to migrate our SORM servers to the Texas Private Cloud.
- E. Complete the second of three modules mandated by DIR for FY25 cybersecurity requirements.



STRATEGIC PROGRAMS

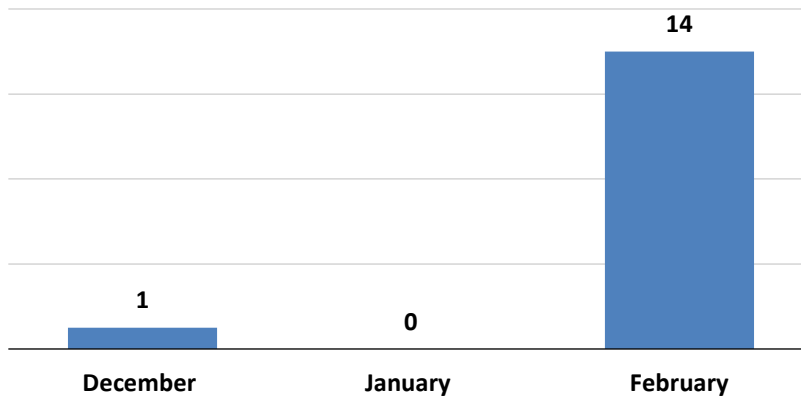
ENTERPRISE RISK

I. STATEWIDE RISK MANAGEMENT PROGRAM

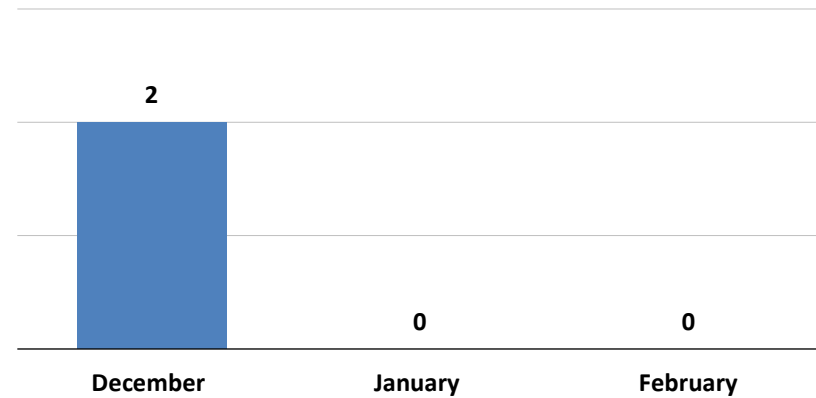
Consultation Visits (CVs) and Risk Management Program Reviews (RMPRs)

| | Sept | Oct | Nov | Dec | Jan | Feb | |
|-------|------|-----|-----|-----|-----|-----|----------------------|
| CVs | 8 | 16 | 17 | 12 | 7 | 23 | 36% of a goal of 229 |
| RMPRs | 0 | 0 | 5 | 0 | 0 | 4 | 36% of a goal of 25 |

Recommendations Given FY25Q2



Closed Recommendations FY25Q2

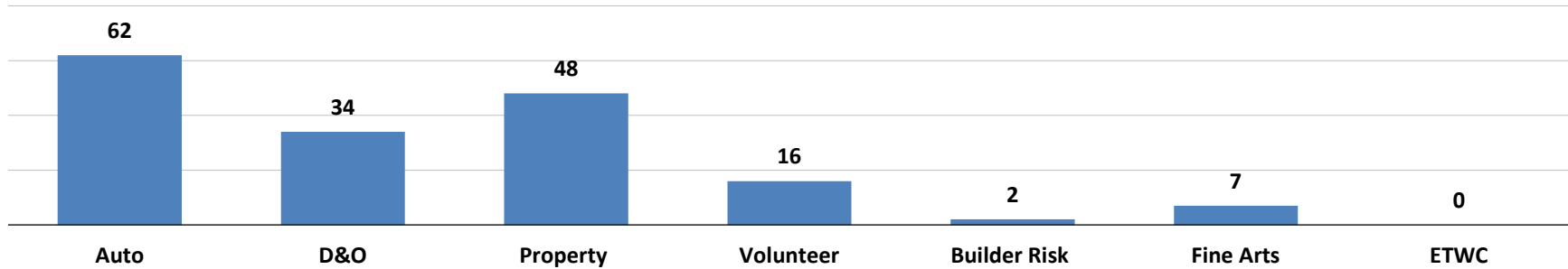


Category of Recommendations FY25Q2

| | |
|---------------------------|---|
| Continuity | 1 |
| Environmental | 0 |
| Insurance | 1 |
| Policy/Procedure/Training | 5 |
| Risk Management | 1 |
| Safety | 7 |

II. STATEWIDE INSURANCE PROGRAM

A. PARTICIPANTS IN STATEWIDE INSURANCE LINES FY25Q2



B. MONITORING

- 284 notary applications were processed during FY25Q2

C. INSURANCE PURCHASES

- SORM 201s processed: 7
- SORM 201s approved, and premiums paid: \$137,706

SORM 201s FY25Q2

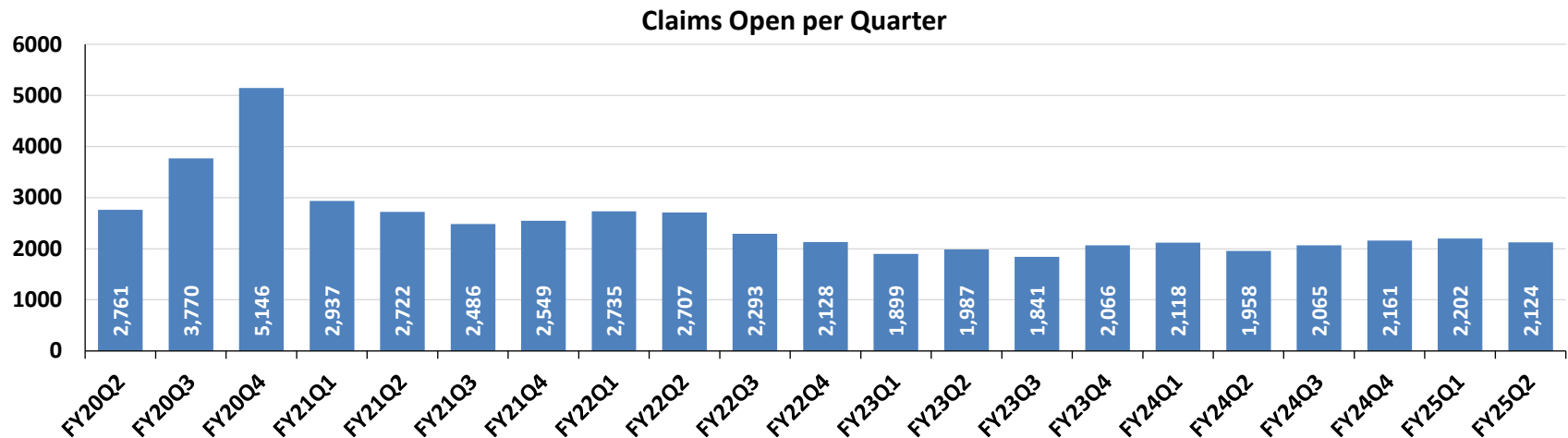
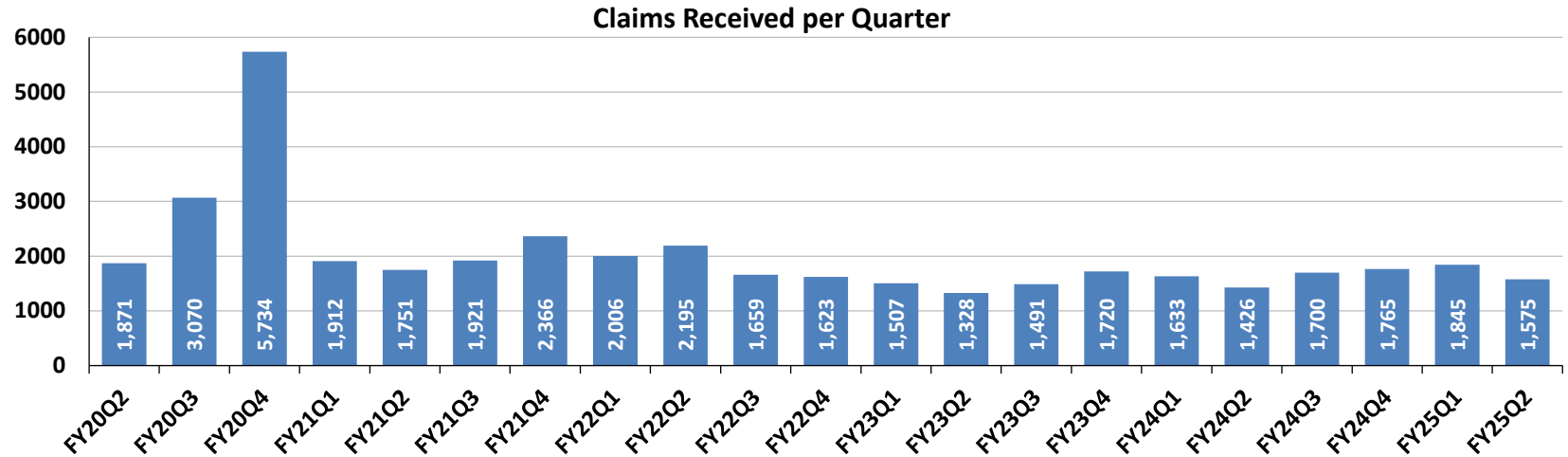
| Line | Number of Policies | Approved | Comments | Premium |
|--|--------------------|----------|---|------------------|
| Cyber | 3 | Yes | The policy transfers some of the risk related to covering expenses such as notification, remediation, and forensics if there is a privacy event, security incident, or breach. | \$94,144 |
| Extra Territorial Workers' Comp | 1 | 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. | \$1,443 |
| Aviation / Unmanned Aerial Vehicle (UAV) | 1 | Yes | Aviation Insurance policies for a UAV is intended to protect the aircraft itself as well as the aircraft owner against claims due to damage or accidental injury. | \$7,046 |
| General Liability (GL) & Excess | 1 | Yes | General Liability 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. | \$8,796 |
| Inland Marine | 1 | 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. | \$26,277 |
| TOTAL | 7 | | | \$137,706 |

CLAIMS OPERATIONS

I. CLAIMS OPERATIONS ACTIVE WORKLOAD FY25Q2

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

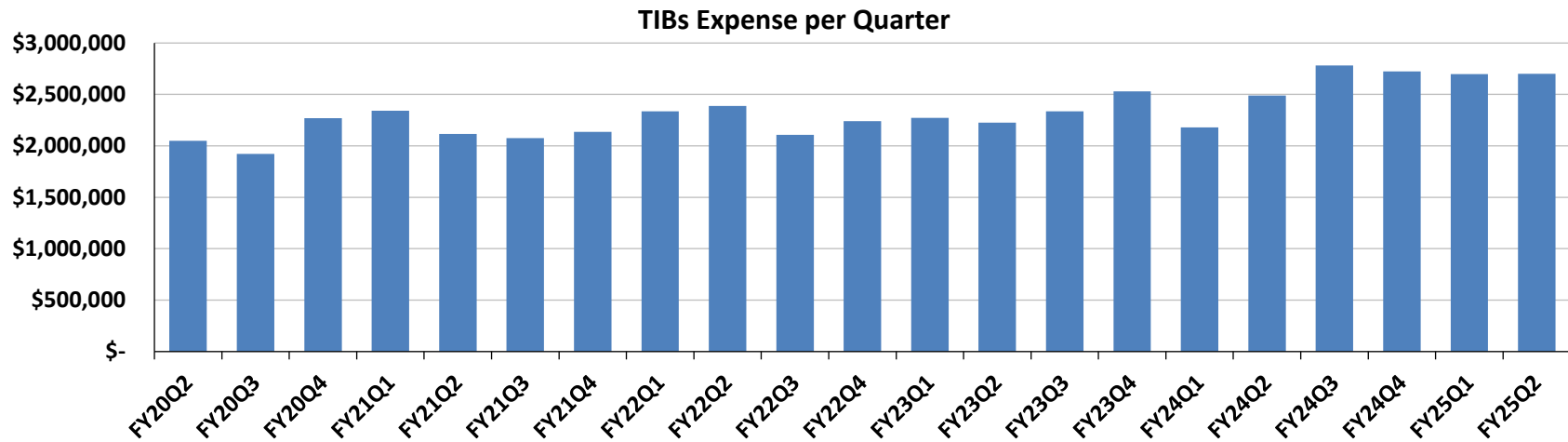
- A. SORM received 1,575 injury reports (claims) in FY25Q2, which is a decrease from the number of injury reports received in FY25Q1 (1,845).
- B. 1,355 claims were accepted.
- C. 1,797 claims were inactivated.
- D. SORM had 2,124 open claims at the end of FY25Q2.



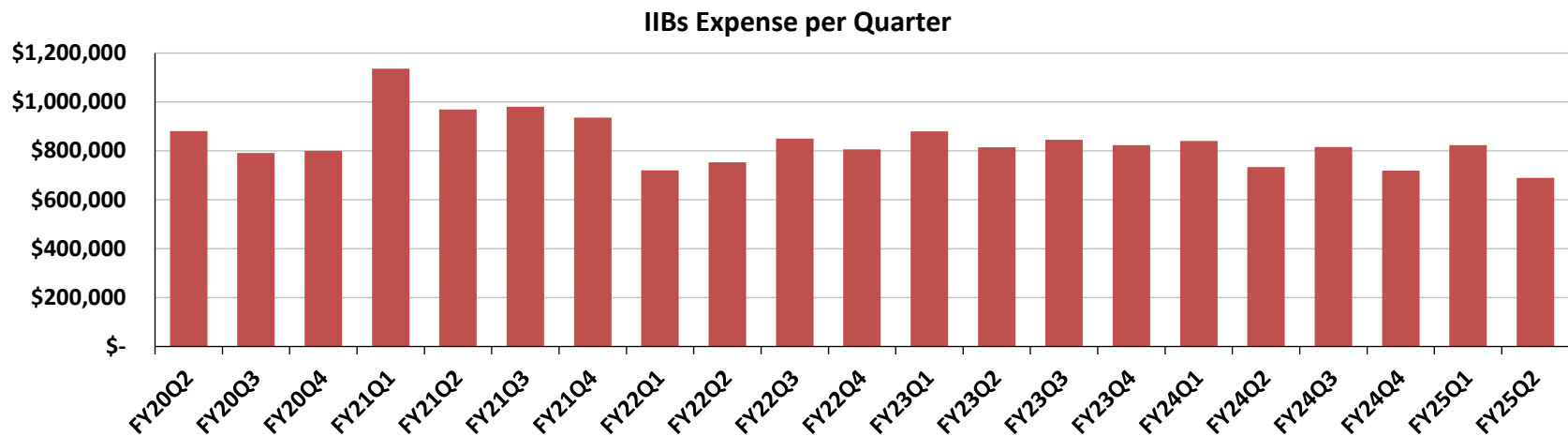
II. ANALYSIS OF INCOME BENEFITS EXPENSES FOR FY25Q2

- A. FY25Q2 reflects a slight increase in TIBs and a decrease in IIBs indemnity costs from FY25Q1.
- B. TIBs payments were \$2,700,765 and IIBs payments were \$689,155 in FY25Q2.
- C. At the end of FY25Q2, there were 481 TIBs, 123 IIBs, 24 SIBs, 10 LIBs, and 106 DBs claims with benefit payments.

Temporary Income Benefits (TIBs) expenditures for FY25Q2 totaled \$2,700,765 on 481 claims

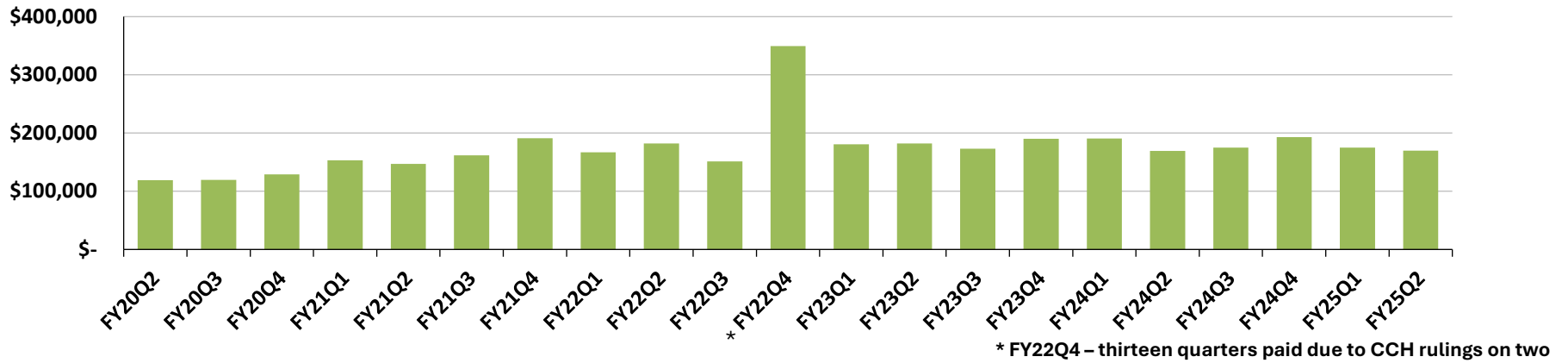


Impairment Income Benefits (IIBs) expenditures for FY25Q2 totaled \$689,155 on 123 claims



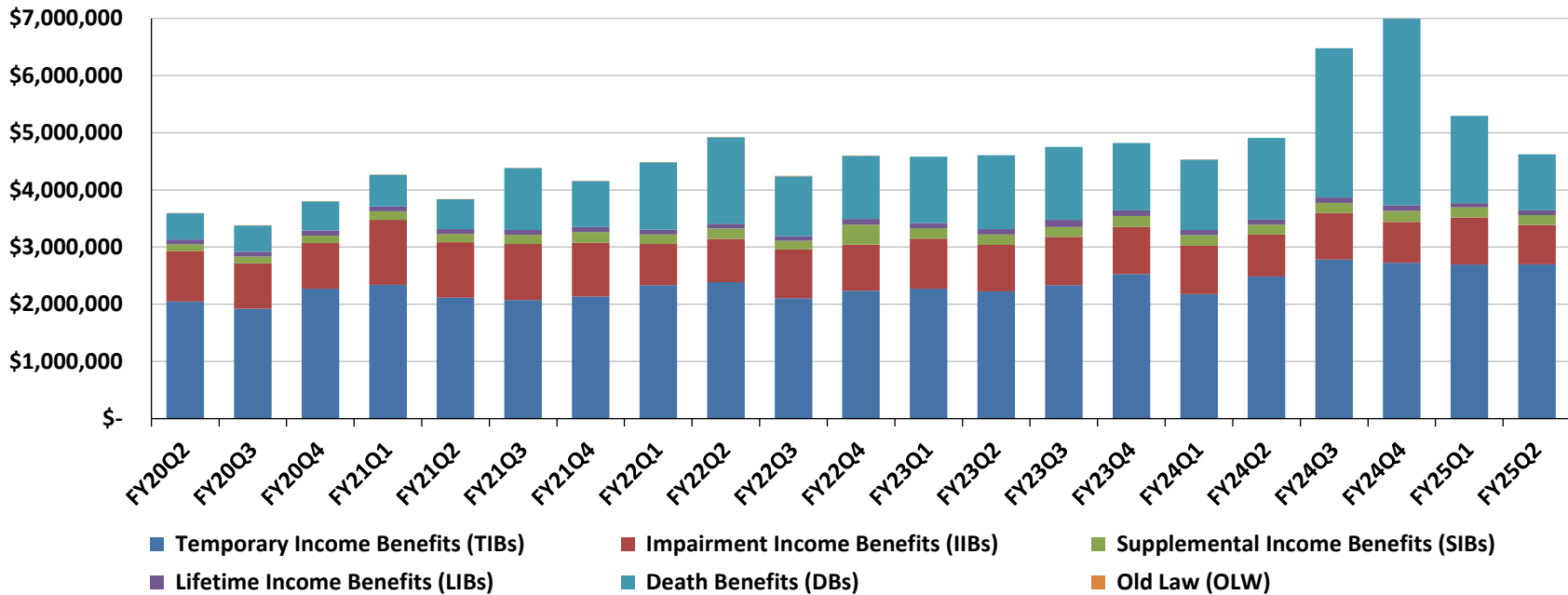
Supplemental Income Benefits (SIBs) expenditures for FY25Q2 totaled \$169,818 on 24 claims

SIBs Expense per Quarter



Combined indemnity expenditures for FY25Q2 totaled \$4,622,116 on 744 claims

Combined Indemnity Expense per Quarter



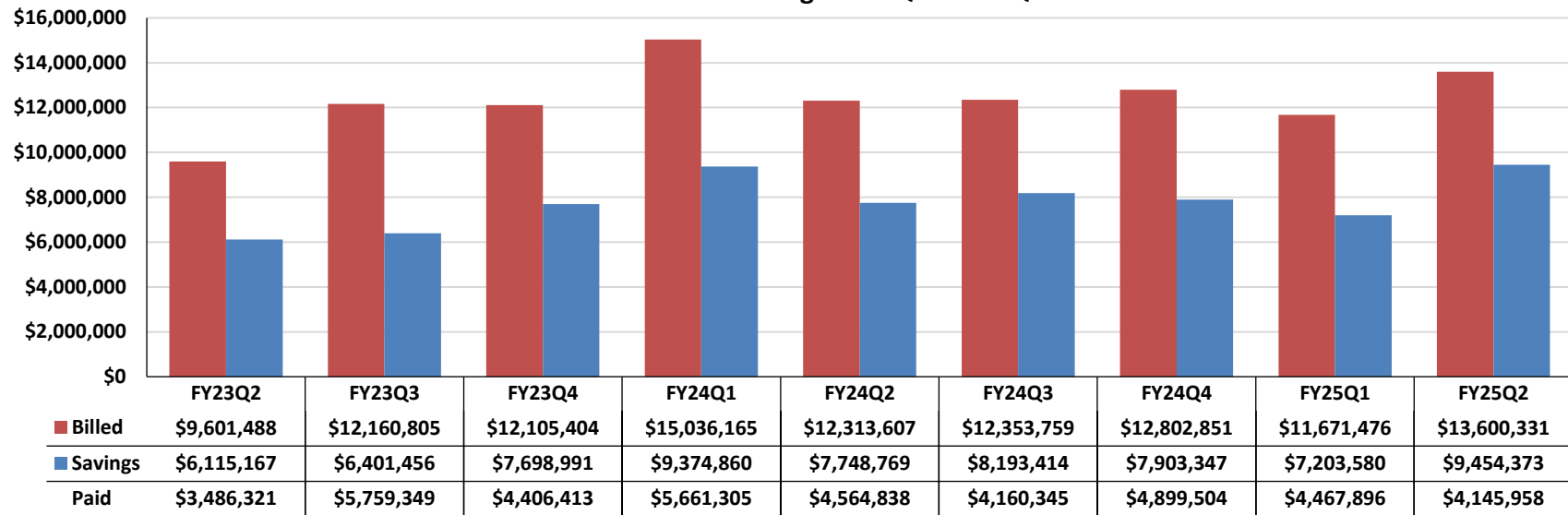
Note: FY24Q3/FY24Q4/FY25Q1: 16 Death Benefit payments were made to the Subsequent Injury Fund in accordance with Texas Labor Code 403.007(c).

MEDICAL MANAGEMENT

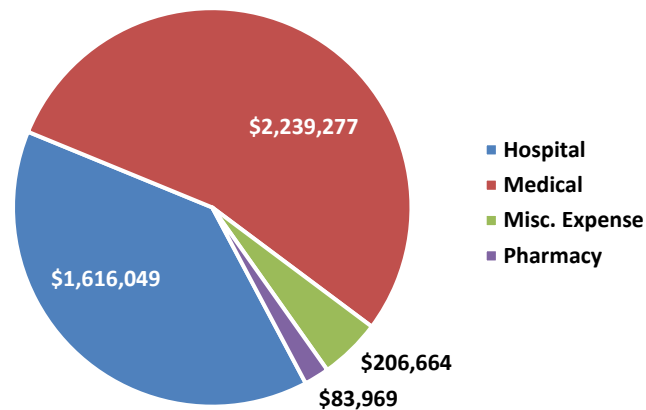
I. MEDICAL COSTS

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

Medical Cost Savings FY23Q2 - FY25Q2



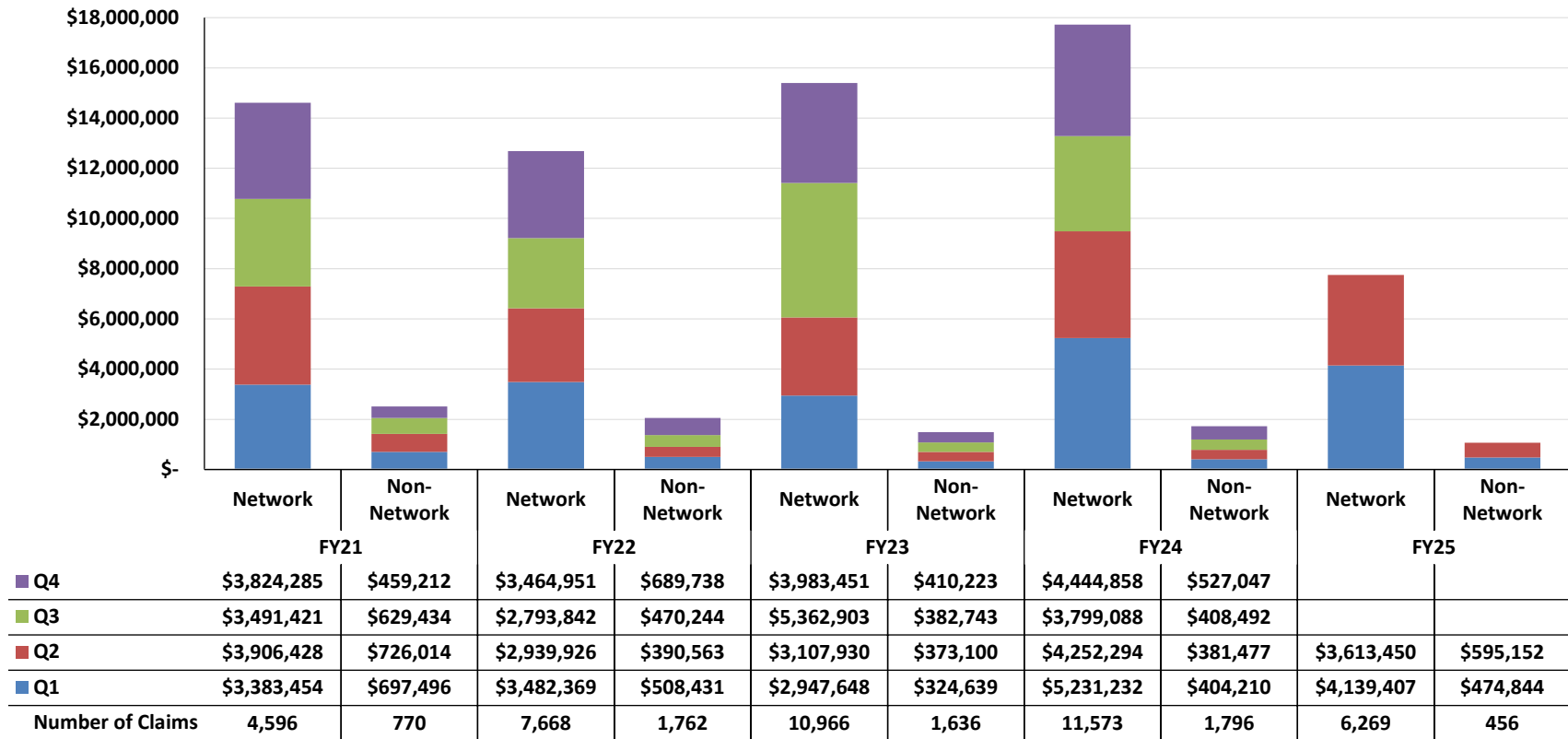
Medical Payments FY25Q2



II. NETWORK AND NON-NETWORK DATA

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

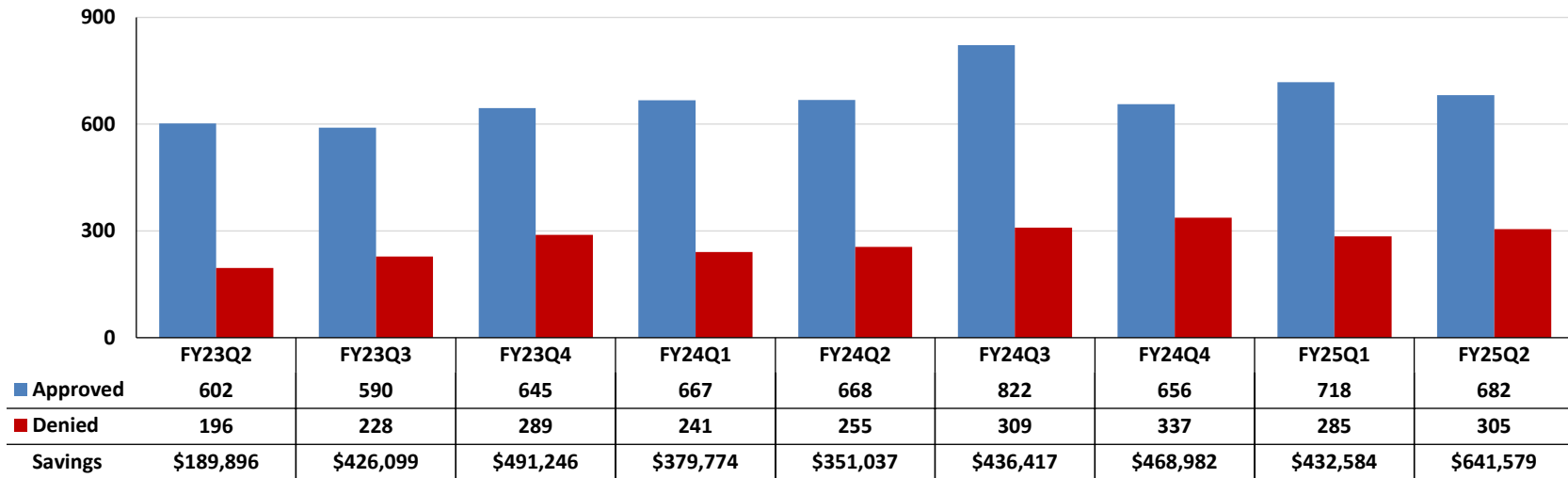
Network and Non-Network FY21 - FY25



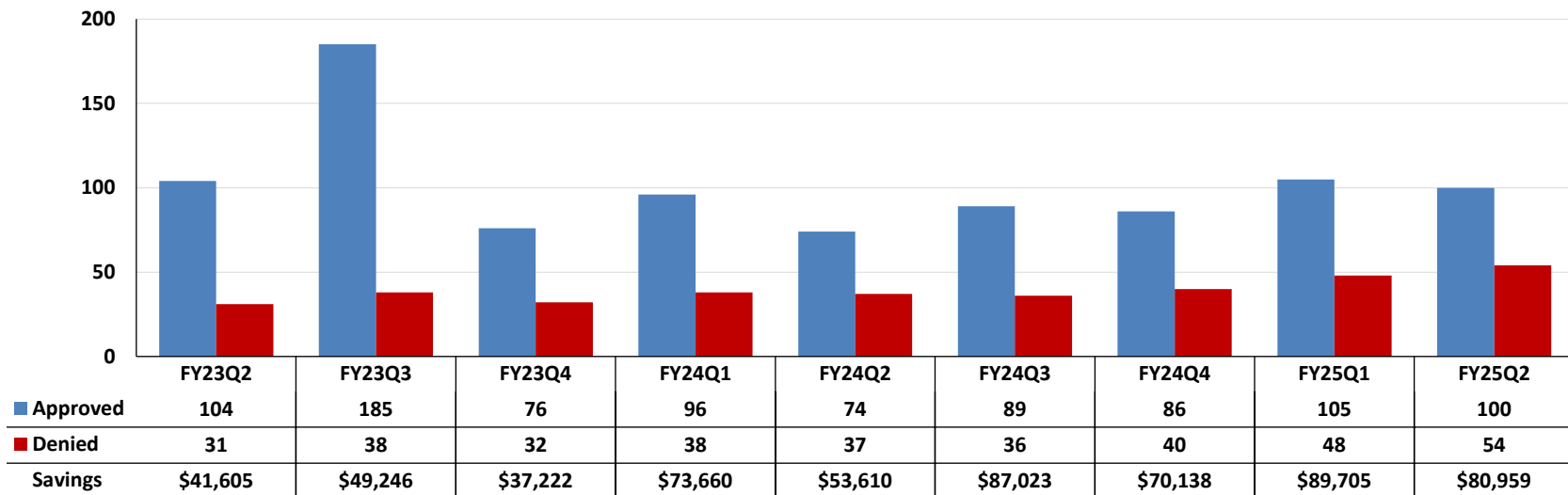
III. PREAUTHORIZATION

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 FY23Q2 - FY25Q2



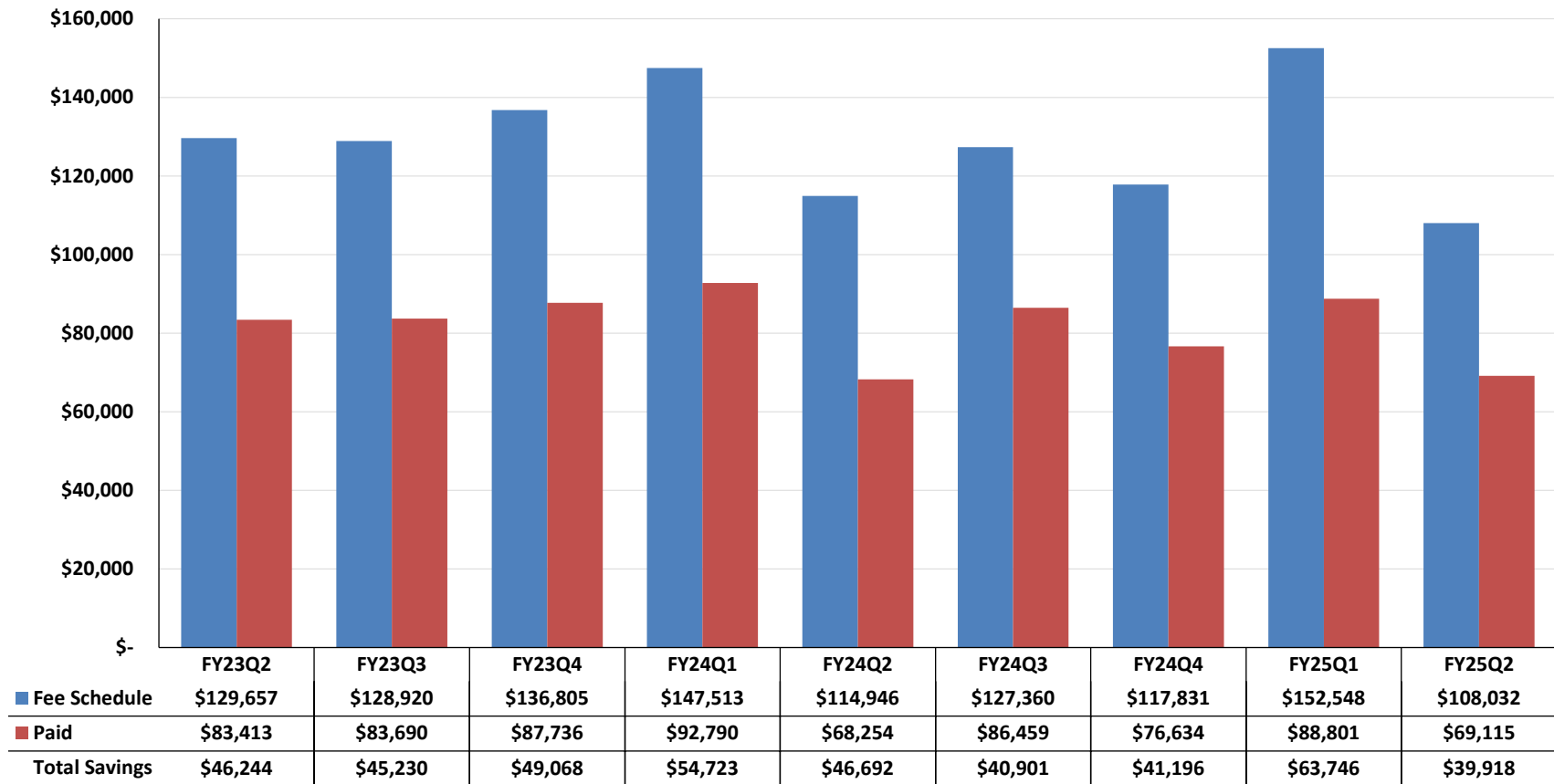
Non-Network Utilization Review FY23Q2 - FY25Q2



IV. PHARMACY BENEFIT MANAGEMENT

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

Pharmacy Benefit Management Cost Savings FY23Q2 - FY25Q2



V. MEDICAL DISPUTE RESOLUTION FY25Q2

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 | 1 Non-Network IRO Received |



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

6. New business

6.1 Presentation, discussion, and action on the remaining Fiscal Year 2025 assessment.

Information

Pursuant to the General Appropriations Act, Article IX, Section 15.02(c), at the beginning of each fiscal year, SORM collects seventy-five (75) percent of the assessment allocation which includes amounts for workers' compensation coverage and SORM's costs to administer workers' compensation payments and other statutory obligations. Not later than May 1 of each year, SORM must determine, based on actual costs since the beginning of the fiscal year and estimated costs, the remaining assessment due from participating client entities.

Financial Management will present information on actual costs since the beginning of Fiscal Year 2025. Staff will also request Board approval of the remaining assessment amount to be collected from participating client entities for Fiscal Year 2025.

Action Required

The Chair may entertain motions for consideration and approval of the remaining assessment amount to be collected from participating client entities for Fiscal Year 2025.

STATE OFFICE OF RISK MANAGEMENT
RECOMMENDED FY25 ASSESSMENT AMOUNTS

| | FY2025 Final Assessment Recommended Amount | FY2025 Initial Assessment | <u>Difference</u> |
|---|---|--------------------------------------|--------------------------|
| Projected Current FY (2025) Claim Payments | 43,002,507.00 | 41,860,000.00 | (1,142,507.00) |
| Previous FY Collected Shortage (Overage) | (1,349,008.00) | (1,000,000.00) | 349,008.00 |
| Risk Management and Workers' Compensation Administration | 12,810,220.00 | 12,810,220.00 | - |
| Required funding for employee benefits | 2,446,934.00 | 2,446,934.00 | - |
| Previous FY Collected Shortage (Overage) | (1,193,499.00) | (400,000.00) | 793,499.00 |
| | 55,717,154.00 * | <u>55,717,154.00</u> | - |

**** Board Action Items ****

- 1. Action Item 1 - Board Action required for approval of the recommended budget of \$43,002,507.00 for the workers' compensation claims budget.**
- 2. Action Item 2 – Board Action required for approval of the recommended budget of \$12,810,220.00 for the risk management and workers' compensation administration budget.**

* Total assessment of \$55,717,154.00 is the same as the initial assessment that was approved for FY25.



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6. New business (continued)

6.2 Announcement and discussion on SORM's Notice of Intent to Review its Administrative Rules

Information

For the Board's knowledge, SORM published its Notice of Intent to Review its Administrative Rules.

Jason Arrington (Senior Policy Manager) will provide additional insight on the rulemaking process and the reasoning behind an expedited rule review. A Notice of Proposed Rulemaking will be provided to the Board for analysis in the coming weeks.

Action Required

No official action required 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, and Section VI(G) of the *Board Governance and Policy Manual* to discuss personnel matters.

Action Required

No official action may be taken.



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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. 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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10. 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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11. 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
FY25Q3**

| Month | Day of Week | Date | Notes |
|-------|-------------|------|-------|
| July | Tuesday | 1 | |
| | | 8 | |
| | | 15 | |
| | | 22 | |
| | | 29 | |

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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12. Adjourn meeting

The Chair:

1. Calls the meeting adjourned and announces time