



BOARD OF DIRECTORS'  
**MEETING AGENDA**  
July 29, 2025



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

## PUBLIC MEETING

Board of Directors

July 29, 2025, 10:00 a.m.

William P. Clements Building, Room 103

Austin, Texas

1. Call to order, roll call, and recognition of a quorum
2. Introduction and welcome to SORM's new Board Members, Jason Hargraves and Jason Boatright
3. Consideration and possible action to excuse previous board member absences
4. Approval of the minutes from the April 15, 2025, meeting
5. Presentation and discussion of Agency Operations Report
6. New business
  - 6.1 Presentation, discussion, and action on the initial Assessment for Fiscal Year 2026
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
  - 8.1 An increase to the Executive Director salary pursuant to the General Appropriations Act
  - 8.2 Appointment of another Co-Chair for the Executive Director Search Committee
  - 8.3 Identifying the individuals who will serve on the Search Committee
  - 8.4 Creating a Committee Charter that outlines the Executive Director Search Committee's duties and responsibilities
  - 8.5 Board member attendance at upcoming conferences
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](mailto: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
Jason Boatright	02/01/2031	Dallas
Jason Hartgraves	02/01/2027	Frisco
Elizabeth "Lisa" Maciejewski-West	02/01/2029	Horseshoe Bay
Jeffrey "Jeff" Houston	02/01/2031	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. Introduction and welcome to SORM's new Board Members, Jason Hartgraves and Jason Boatright**

### **Information**

Todd Holt, Interim Executive Director, requests recognition and welcome to SORM's newest Board Members, Jason Hartgraves and Jason Boatright.

### **Action Required**

**No action required.**



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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 April 15, 2025, meeting**

##### **Information**

Attached are the minutes from the April 15, 2025, meeting.

##### **Action Required**

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

**SORM**  
State Office of Risk Management  
**Minutes of the Public Meeting**  
**on**  
**April 15, 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 (Vice Chair), and Jeffrey "Jeff" Houston (Internal Audit Liaison). Board Member Ricardo Galindo appeared virtually. Board Member William Brown was absent.

- Item 1. Board Chair Ladner called the public meeting to order at 9:30 a.m. on April 15, 2025. Board Chair Ladner recognized Members present. A quorum was established.
- Item 2. Board Chair Ladner called for recognition and appreciation of Board Member, William Brown, who has resigned from his position on SORM's Board of Directors.
- Item 3. The Board acknowledged Board Member Brown's previous absence. Board Chair Ladner opened to entertain motions to excuse the absence. Board Member Jeff Houston moved to accept, and Vice Chair Maciejewski-West seconded the motion, which carried without objection (4-0 vote).
- Item 4. Board Chair Ladner asked for any comments or changes to the Minutes of the January 30, 2025, meeting. Hearing no changes, Board Member Houston moved to accept. Vice Chair Maciejewski-West seconded the motion, which carried without objection (4-0 vote).
- Item 5. 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 89<sup>th</sup> Legislative Session, which began on January 14, 2025. Of note, Mr. Vollbrecht highlighted House Bill (HB) 5317, which would establish a self-insured retention for the State, and HB 4391, a companion of Senate Bill (SB) 1340, regarding a State Insurable Asset Study. Mr. Vollbrecht advised the Board that James LeGrand (Agency Liaison) would provide further legislative updates in the Agency Relations portion of the AOR. Additionally, the Board was apprised of the status of SORM's Orders of Succession, rule review, and Executive Director Vollbrecht's intention to retire. After many thanks, Mr. Vollbrecht concluded his Executive Report. Todd Holt (Deputy Executive Director) was then called 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 14 implementations this quarter and introduced 11 new projects. Mr. Free was also pleased to announce that PM has been actively working with Origami to strategically scope and plan Phase III of implementation, which is insurance / Enterprise Risk. Prior to the conclusion of his report, Board Chair Ladner posed a question regarding generative AI and opportunities for efficiency for the Agency. What discussions have been taking place? Per Mr. Free, there have been no internal discussions on this topic. However, Origami does have the ability to incorporate AI, but SORM would have to choose to opt-into this service. Mr. Free advised that the the that the Agency is not looking to implement this service at this time. Mr. Vollbrecht provided additional context that SORM has done extensive research regarding the use of AI and will follow the directive of the Department of Information Resources (DIR) with cognizance to cost. Board Member Houston then inquired as to whether there is a pilot program with Origami to test the effectiveness of AI implementation to daily workflows. Per Mr. Free PM has access to a testing environment that may have the capability to enable AI and test in a safe environment. 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 (AR). During the quarter, Agency Relations onboarded six new employees and was able to work in conjunction with Mitchell Griffin (Director of Claims Operations) to certify new continuing education courses for SORM staff members. Ms. Hyman also added that staff continues to receive requests for in-person training opportunities, specifically with Department of Agriculture staff. Additionally, enrollment in self-paced courses has remained steady, as the Texas Military Department's Operation Lone Star requires service members to complete the Driving Safety course on an annual basis. Ms. Hyman then advised the Board of current activities within the Statewide Continuity of Operations Program. Continuity staff has been working in coordination with the Enterprise Risk department and safety task force to conduct continuity exercises to test capabilities of other agencies. Ms. Hyman also informed the Board that the Continuity Council has been gaining membership from around the country. Per Ms. Hyman, the SORM Symposium will be taking place on August 13 – 15, 2025. Ms. Hyman then called on James LeGrand (Agency Liaison) to provide an update on legislative activities and outreach. SORM continues to monitor the 89<sup>th</sup> Legislative Session including bills that impact the workers' compensation system, risk management, continuity of operations, insurance, and agency operations. Board Member Galindo then posed a question regarding a property and casualty insurance study and how have those institutions adapted? Per Mr. LeGrand and Mr. Vollbrecht, they are not aware of their current plans. Mr. LeGrand went on to explain that the entities SORM is in contact with would be the Texas Association of School Boards (TASB) and independent school districts. Statute allows for these school boards to pull together and form a risk pool of their own. Mr. Galindo expressed the formation of a risk pool would be beneficial for these entities. Board Member Houston then asked if there is any overlap between the three bills that are related to buildings. Mr. LeGrand replied that there are with companion bills – they are the exact same language but are filed separately with the Senate and with the House. Filing companion bills helps the chances for them to pick up momentum. 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. Ms. Middleton also informed the Board that Talent Management has been collaborating with Compliance in order to complete interviews and hiring of Legal Interns for the summer. Management turnover statistics were also discussed, with retirement being a primary reason for departure. Board Chair Ladner then inquired as to the percentage of SORM's staff that



are eligible for retirement. Mr. Vollbrecht confirmed that this data can be shared with the Board after the conclusion of the meeting. Next, Mr. Ladner asked if SORM is still utilizing surveys to test and understand the culture of the agency. Ms. Middleton confirmed, yes – SORM will be conducting a climate survey following the end of the legislative session. The Survey of Employee Engagement was conducted last year, per Ms. Middleton. Vice Chair Maciejewski-West then posed a question regarding current vacancies, specifically for lower-level Claims Adjusters. Are they going to be actively replaced? Or will SORM be waiting to see what AI can do in their place? Has any discussion been had? Mr. Vollbrecht confirmed that conversations have been had regarding AI capabilities versus human work. Currently, SORM does not see a fit for generative AI within claims. 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, 40 BRCs were held, and 5 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 3 being resolved by agreement. The main issues seen were the same present at the BRC level. During the second quarter, special investigations had 17 pending cases with 3 being officially opened, and 4 closed. Mr. Johnson also advised that no recoveries had been made via restitution, but did recover \$124,390 from the Subsequent Injury Fund (SIF), and \$435,165 from subrogation claims. Mr. Ladner then mentioned that the data points contained within Special Investigations seem low compared to other state agencies. He then asked what Mr. Johnson attributes to this trend. Mr. Johnson, Ms. Western, and Mr. Vollbrecht responded that claims are being monitored constantly, and therefore SORM is able to limit exposure to potential fraud. Ms. Maciejewski-West also asked if fraud investigations are done subjectively or if there is an algorithm used to determine the difference between intentional fraud and misuse. Mr. Johnson explained that SORM is not the final say on whether fraud is present – facts are gathered and passed to DWC for further review. Ms. Maciejewski-West then requested clarification on the source of the final subrogation recovery amount listed for FY25Q2. Mr. Johnson responded that it is a combination of many small-dollar auto accidents involving subrogation, however, there was one large recovery obtained which comprises of most of the displayed total. Board Member Houston then asked how Mr. Johnson's staff balances how quickly to resolve cases; especially when a first responder is involved. Mr. Johnson advised that the initial presumption is that the individual is telling the truth, but they were lacking in accurate information to correctly utilize workers' compensation. With the permission of the Board, Mr. Johnson concluded his report.

Ms. Western then went on to call on Dayna Dixon (Director of Compliance Management) to present Compliance Management activities for the quarter, including updates on indemnity files, contract administration, policy management, regulatory compliance, and audits. Per Ms. Dixon, the compliance rate for the second quarter of fiscal year 2025 for timely initial temporary income benefits was at 95% and the compliance rate for timely initial impairment income benefits was 84%. She also highlighted that contract management staff has been meeting with business owners to gather historical vendor performance data. Additionally, policy management has continued to work with stakeholders and subject matter experts in developing content and researching applicable rules, laws, and statutes. Ms. Dixon advised the Board that Compliance Management will be working closely with project management in the future and other department directors to develop department specific standard operating procedures. Also, as reported at the last meeting, Compliance Management staff had the opportunity to interview 12 applicants at the UT law intern interview day in February. Following this event, 6 additional interviews were conducted in March. After a thorough interviewing process, Ms.

Dixon was pleased to report that 2 interns were selected and will be arriving in June. Jason Arrington (Senior Policy Manager) was then called on to present an overview of the rule review process mentioned during Mr. Vollbrecht's Executive Summary. Per Mr. Arrington, SORM published its intent to review on April 7, 2025; this filing is required every four years and signals the beginning of the rulemaking process. A tremendous amount of work has been initiated to produce a finalized version of SORM's administrative rules for submission to the Secretary of State. Mr. Arrington advised the Board that they are the only entity that can adopt rules; it is a key oversight function of the Board. Board Member Houston then asked for clarification on how the administrative rules are formulated. Mr. Arrington confirmed that extensive research is done on the Division of Workers' Compensation, Texas Department of Insurance, and other applicable agencies; along with baseline legal research to ensure compliance with state, federal, or any other applicable law. With no further questions, Ms. Dixon 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). On behalf of Financial Management, Ms. Scranton then called Tony Bennett (Director of Financial Management) to present the agency consolidated budget for the second quarter of fiscal year 2025 and current projections for the remainder of fiscal year 2025. During his presentation, Board Member Houston inquired if there are any data points that seem out of the norm. Mr. Bennett went on to highlight subrogation recoveries, to which it was clarified for the Board Chair that this includes all types of subrogation. 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 second quarter, IT has supported server and PC infrastructure as well as application support such as the integration of the Risk Management Information System (RMIS) and the CAPPS financial system. Internal applications and automated business processes have continued to be improved upon by IT staff. 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 advised that the second of three cybersecurity modules mandated by DIR were deployed during the second quarter. A historical view of cybersecurity vulnerabilities was discussed, with a specific mention to February 2025 metrics. There was a dip in vulnerabilities displayed in February, which is due to the Office of the Attorney General's (OAG) systems experiencing an outage. During the second quarter, 431 IT Service Desk tickets were opened, and 425 were closed. Ms. Ihnen advised the Board that IT staff has continued to make progress in the migration of SORM's servers to the Texas Private Cloud (TPC). Board Member Houston then asked how the migration has improved operations or responsiveness. Ms. Ihnen responded that SORM is still in the process of migration. IT has completed 10 test servers and are currently working with DIR on access to firewall rules. No servers that are actively being used have been migrated as of yet. Mr. Houston then asked if there have been any outward signs within the test servers that indicate a smooth transition. Ms. Ihnen responded no; however, she does not anticipate any issues in the future. Ms. Scranton added that the rate of progress on this project has been slowed due to the thought that this process should be done as a standalone agency, with regards to SORM's administrative attachment to the OAG. After this realization, the project had to be remapped and redone. Ms. Scranton also touched on Mr. Ladner's previous question regarding the number of potential retirees within SORM. She advised the Board that approximately 10 employees will be eligible for retirement in the near future. SORM leadership continues to initiate knowledge transfers in anticipation for any vacancies. Ms. Scranton made special note of Sally Molina's (Director of Intake Management) intent to retire, and that her successor, Amber Winsborough (Claims Supervisor), has been training with her for the past 6 months in anticipation

for Sally's departure. Hearing no other questions, Ms. Ihnen concluded her report for IT.

Prior to beginning the Strategic Programs section of the AOR, a brief recess was called at 10:30 a.m. and reconvened at 10:40 a.m.

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 36% of their total goal for consultation visits (CVs). 213 visits are scheduled for the rest of the year and are well on the way towards completing their annual goal. Additionally, staff has achieved 36% of its FY25 goal for risk management program reviews (RMPRs). Mr. Chadwick advised the Board that historically, quarter 3 will display the bulk of CV and RMPR generation. No significant changes were listed in participation of state-sponsored lines of insurance. It was also noted that the number of processed notary applications during the quarter was lower than is usually seen. Per Mr. Chadwick, this is due to the Secretary of State's (SoS) change in processes. What once was a very manual process is now fully automated within the SoS' new platform. Mr. Chadwick also reported that there were 7 total purchases made outside sponsored lines of insurance, through SORM's 201 process, which aligns with historical trends. Research and discussions have also been had regarding the implementation of a sponsored line of cybersecurity insurance. Enterprise Risk staff will continue to collaborate with DIR to garner an idea as to what that sponsored line would look like. Board Chair Ladner then asked if it would be helpful to have an assessment made available that shows what the coverage differences are between carriers. Mr. Chadwick confirmed this would be beneficial. Board Member Houston then inquired if SORM anticipates any impact on coverage due to passed legislation. Per Mr. Cox, he expects to see an increase in insurance participants if the property study bill is passed. Board Chair Ladner then requested to discuss parametric insurance. Similar to cyber risk and the changes that have occurred, it was asked if it would be beneficial for brokers to provide an assessment of what changes they are commonly seeing within the market. Mr. Cox confirmed that this would be a helpful tool. 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. Prior to beginning his report, Mr. Griffin brought attention to the collaboration between Agency Relations and Claims Operations. In January, a course titled The Life of a Workers' Compensation Claim was taught, and in February the Subrogation and Fraud Investigation course was held. Additionally, a one-on-one course was taught by Mr. Griffin and Courtney Page (Senior Training Consultant) in March regarding fatality claims. Additional details on this course will be discussed in the third quarter. Mr. Griffin also provided insight on the incorporation of AI within claims. Per Mr. Griffin, the human element is crucial in the adjusting process, and he does not foresee AI changing that. During the second quarter, Claims Operations received 1,575 claims and 1,355 were accepted. Claims Operations staff were also able to inactivate 1,797 claims during the quarter. By the end of FY25 Q2, there were 2,124 open claims in total. Mr. Griffin did advise the Board that a slight increase in temporary income benefits (TIBs), but on the other hand, there was a decrease in impairment income benefits (IIBs). The amount of supplemental income benefits (SIBs) has remained steady throughout the quarter. Mr. Griffin also advised the Board that the total expenses for the quarter have decreased due to the completion of SORM's death benefit reconciliation project with the Subsequent Injury Fund (SIF). The floor was then opened for questions, to which Mr. Ladner requested insight on any medical inflation trends seen. Mr. Griffin confirmed that increases have been seen. In total, there has been about an 8% increase in medical; this is in part due to an aging workforce. Mr.

Griffin advised that Janine Lyckman (Director of Medical Management) would be able to provide further detail within her section of the AOR. Mr. Ladner then posed the question as to whether more attorneys are seen becoming involved in cases due to this increase. Mr. Griffin responded no; attorney representation metrics have remained steady. Board Chair Ladner advised that SORM should continue to monitor these metrics closely, as increased cost allocations can be a result of higher attorney representation rates. Board Member Houston then asked for clarification on how claims are prioritized – would a claim for a first responder take priority, for example? Mr. Griffin responded that most claims are treated equally, but it does depend on the claim’s complexity. First responder claims are treated with extra care, and Texas Military Department cases are considered a priority. Mr. Ladner then requested to discuss the recent meeting regarding emergency management and its outcomes. Mr. Vollbrecht explained that there are provisions within chapters 412/501 that deal with special coverage for certain members of emergency management. House Bill 4464 was presented to the legislature by the Texas Department of Emergency Management (TDEM), which would move members of emergency management out of SORM’s chapter, into a local government chapter for improved efficiency. Mr. Ladner then asked if this outcome is preferable for SORM. Per Mr. Cox and Mr. Vollbrecht, since these entities were not in SORM’s purview when they moved from the Department of Public Safety to Texas A&M, it will absolutely be beneficial for first responders. This ideally will cut back on bureaucracy and allow for a quicker response time. 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. In regard to Mr. Ladner’s previous question on medical inflation, Ms. Lyckman provided the Board summary of Medical Management’s efforts to identify and mitigate inflated medical costs. First, Ms. Lyckman explained that SORM’s nurse, Diana Simer, was moved from Claims Operations to her team in Medical Management. Ms. Simer has been able to assist in assessment of claims, co-morbidities, and the forecast for future treatment throughout the life of a claim. During these assessments, the age of the claimant is taken into account, along with what treatment guidelines look like for the long-term. During the second quarter, there were 22 non-network claims and one non-network Independent Review Organization. Prior to concluding her report, Vice Chair Maciejewski-West asked for clarification on what comprises the Medical Cost Savings reflected on page 22 of the presentation; are they mostly reductions in fee schedule? Ms. Lyckman confirmed that this was correct. Ms. Maciejewski-West then requested a breakdown on cost savings for future reporting. With the conclusion of Ms. Lyckman’s presentation, Mr. Vollbrecht closed the AOR portion of the public meeting at 11:03 a.m.

Item 6. New Business:

- 6.1 On behalf of Financial Management, Lydia Scranton (Chief of Internal Operations) and Tony Bennett (Director of Financial Management) presented information on actual costs since the beginning of Fiscal Year 2025. Board approval was requested for the remaining assessment amount to be collected from participating client entities for Fiscal Year 2025. First, Board approval was requested for the recommended budget of \$43,002,507 for the workers’ compensation claims budget. Board Chair Ladner opened the floor for a motion, to which Vice Chair Maciejewski-West moved and Board Member Houston seconded. The motion passed without objection (4-0 vote).

Next, approval was requested for the recommended budget of \$12,810,220 for the risk management and workers’ compensation administration budget. Board Chair Ladner opened the floor for a motion. Mr. Houston moved, and Ms. Maciejewski-West seconded. The

motion passed without objection (4-0 vote).

- 6.2 SORM staff formally announced that its' Notice of Intent to Review its Administrative Rules has been published. Mr. Vollbrecht opened the floor for any further questions from the Board.

Hearing none, Mr. Ladner called for Executive Session at 11:07 a.m.

Item 7. Executive Session.

Item 8. Open Session. The Open Meeting reconvened at 11:34 a.m. and participants were apprised of what was discussed during closed session. Board Chair Ladner discussed the performance assessment of the Executive Director and of the agency. The self-assessment given by the Executive Director was 4.54, and the assessment given by the Board was 4.77. Mr. Ladner expressed his gratitude for Mr. Vollbrecht's 20-years of service to the State of Texas, and the exceptional work of SORM staff.

Item 9. No Old Business.

Prior to moving on to Public Comments, Board Chair Ladner advised that Board Member Jeff Houston would be leading the Executive Director Search committee after Mr. Vollbrecht's departure. Additionally, it was announced that Todd Holt (Deputy Executive Director) would serve as Executive Director in the interim.

Item 10. Public Comment. Deea Western (Chief of Legal Services and General Counsel) presented a summary of 3 public comments received prior to the Board Meeting for the second quarter. These comments related to the use of DEI at the agency, employee gifts or benefits, and agency policies on romantic workplace relationships. A motion was requested to discuss the public comments during the third quarter Board Meeting. Mr. Ladner moved, and Mr. Houston seconded. The motion passed without objection (4-0 vote).

Item 11. Future Meeting Dates. Discussion on suggested dates for the next Board Meeting. Board Chair Ladner selected July 29, 2025, as the next tentative meeting date. A backup date of July 15, 2025, was selected.

Item 12. Board Chair Ladner called the meeting adjourned at 11:48 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 FY25Q3**

TO THE

## **SORM BOARD OF DIRECTORS**

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July 29, 2025

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# EXECUTIVE SUMMARY

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## I. LEGISLATIVE SESSION

The 89<sup>th</sup> Texas Legislature wrapped up regular session on June 2, 2025. Several bills passed that will have a direct impact on the Office mission and operations. Agency Relations will present detailed information on the bills that passed and will become law. Notable legislation passed this session includes:

- Delivery of Governmental Efficiency – New legislation created the Texas Regulatory Efficiency Office (TREO). Other significant laws include:
  - Requirement of an efficiency audit prior to a formal Sunset Review
  - Improved access and consistency to agency websites
  - Guidance for telework policies and agreements
  - Agency rulemaking and review of existing rules
- Artificial Intelligence – In addition to the creation of the “Texas Artificial Intelligence Council” and the “Public Sector AI Systems Advisory Board,” new legislation was enacted creating standards for:
  - Oversight
  - Governance
  - Modernization/replacement of legacy systems
  - Mandatory cybersecurity training
  - Parameters for AI in utilization review by healthcare providers
  - Systems Code of Ethics

Although it did not pass, the HB 5317 (legislative proposal to establish a self-insured risk retention pool for property losses) was filed, assigned to the House Trade, Workforce & Economic Development Committee, and received a committee hearing. Unfortunately, the bill was filed late in the session and did not make it out of committee. Getting the bill filed was the closest the Office has come to gaining authority to create a retention fund. The Office will continue to work with the Legislature on this initiative.

## II. MAJOR INCIDENTS

The Office has established protocol for claims associated with catastrophic events, transmissible diseases, or high-risk employment. Examples of claims designated as “special handling” and assigned specific codes include: first responders, tuberculosis, monkey pox, COVID, fatalities and any event associated with a gubernatorial declaration (i.e. natural disaster or civil unrest). Upon receipt, these claims are “flagged” and assigned to senior staff for focused review and investigation. Details regarding claims from the recent flooding will be provided in the meeting today.

Individual claims with extensive injuries or extended hospitalizations are identified as “catastrophic” and are designated as special handling claims to ensure claimants and families receive the appropriate treatment and support. Individual fatality claims are also treated with special handling. Both catastrophic and fatality claims are assigned to individual review boards with claims adjusters and leadership to support timely claims handling.

### **III. RULE REVIEW**

The Office has completed an extensive review and revision its administrative rules pertaining to general agency administration and the Workers' Compensation system for state employees. On July 15, 2025, notice was sent to client agencies requesting informal comments on a working draft of 28 TAC Chapters 251-252. These draft chapters outline rules related to general agency administration and the Workers' Compensation system for state employees. Additional draft chapters will be distributed over the coming month. Once the rules are formally published in the Proposed Rule section of the Texas Register, they will be open for public comment before being presented to the SORM Board of Directors for review and adoption.

### **IV. REVISED AGENCY OPERATING REPORT**

In continued efforts to streamline the Agency Operating Report, the format has been modified to enhance the flow of delivery. Organizational structures have been modified such as combining Project Management with Information Technology and moving Human Resources to the Legal Services Division. In response to recommendations from the Board, three additional sections have been added to expound and clarify key areas and report on operational efficiency efforts.

## AGENCY OPERATIONS

### AGENCY BUDGET AS OF MAY 31, 2025

Objects of Expense	Initial Budget	Adjustments Transfers (= In, - Out)	Revised Budget:	Expenditures Year to Date	Encumbrances	Remaining Budget	Unpaid Expenses Incurred	Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Salaries & Wages	8,326,629	0	8,326,629	5,842,425	-	2,484,204	-	70.2%	75%
Other Personnel Costs	250,000	0	250,000	148,816	-	101,184	-	59.5%	75%
Professional Services	1,450,000	716,834	2,100,000	1,357,377	299,193	443,431	-	78.9%	75%
Consumable Supplies	35,547	0	35,547	10,942	303	24,301	-	31.6%	75%
Utilities	5,637	10,000	15,637	4,619	3,965	7,053	-	54.9%	75%
Travel	135,000	0	135,000	47,203	-	87,797	-	35.0%	75%
Rental of Space	720	0	720	720	-	-	-	100.0%	75%
Rental of Equipment	24,000	20,000	44,000	7,062	18,406	18,531	-	57.9%	75%
Operating Costs	1,515,246	-30,000	409,573	281,199	7,008	121,366	-	70.4%	75%
Capital Expenditures	350,607	347,649	350,607	-	-	350,607	-	0.0%	75%
<b>Total</b>	<b>12,093,386</b>	<b>(78,024)</b>	<b>11,667,713</b>	<b>7,700,363</b>	<b>328,875</b>	<b>3,638,475</b>	<b>-</b>	<b>66.0%</b>	<b>50%</b>

Objects of Expense	Initial Budget	Adjustments Transfers (= In, - Out)	Revised Budget:	Expenditures Year to Date	Encumbrances	Remaining Budget		Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Indemnity	17,807,811	1,317,995	19,125,806	14,889,626	-	4,236,180		77.9%	75%
Medical	22,759,939	1,684,512	24,444,451	15,514,633	194,930	8,929,818		63.5%	75%
Total Expenses	40,567,750	3,002,507	43,570,257	30,404,259	194,930	13,165,998		69.8%	75%
Subrogation and Restitution	(567,750)	0	(567,750)	(661,419)		93,669		116.5%	75%
<b>Net Total</b>	<b>40,000,000</b>	<b>3,002,507</b>	<b>43,002,507</b>	<b>29,742,840</b>	<b>194,930</b>	<b>13,259,667</b>		<b>69.2%</b>	<b>75%</b>

## FY25 PROJECTION

	Actual Costs as of 5/31/2025 3 Months	Based on Even Distribution	Based on 15 year avg. (FY10 - FY24)	Based on 10 year avg. (FY15 - FY24)	Based on 5 year avg. (FY20 - FY24)	Worst Case Assumed
<b>Indemnity</b>		74.79%	71.56%	71.51%	72.02%	71.51%
<b>Medical</b>		74.79%	72.64%	73.17%	73.81%	72.64%
<b>Recovery</b>		74.79%	68.62%	69.23%	66.56%	100.00%
<b>FY25 Projections</b>						
<b>Indemnity</b>	16,974,344	22,694,636	23,719,527	23,737,833	23,567,402	23,737,833
<b>Medical</b>	14,182,864	18,962,438	19,524,863	19,383,777	19,214,783	19,524,863
<b>Recovery</b>	(661,419)	(884,314)	(963,860)	(955,332)	(993,717)	(661,419)
<b>TOTAL</b>	30,495,790	40,772,759	42,280,530	42,166,278	41,788,467	42,601,277
<b>Average of four different projection bases and "worst case"</b>						<b>41,921,862</b>
<b>Gross costs only</b>	31,157,209	41,657,074	43,244,390	43,121,610	42,782,184	43,262,696
<b>Average of four different projection bases and "worst case"</b>						<b>42,813,591</b>

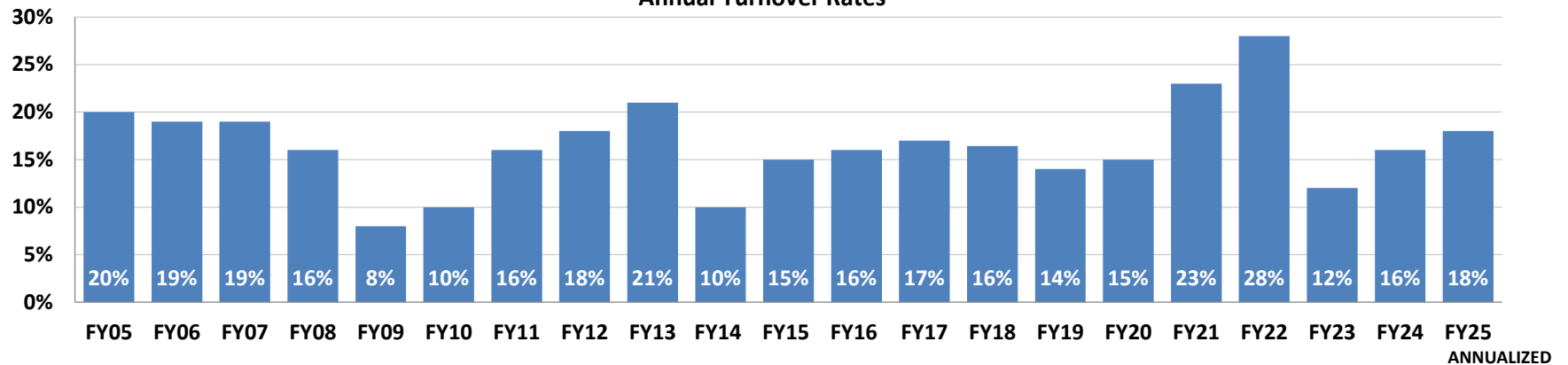
## HUMAN RESOURCES

New Hires /Interns	Vacancies
Andrew Velasquez, Director of Human Resources	Executive Director
Kay Hinds, Statewide Continuity Coordinator	Chief of Strategic Programs
Elisha Carillo, Legal Intern	Programmer
Helena Weatherly, Legal Intern	Accountant
	Claims Adjuster (3)
	Compliance Analyst

### Recruitment Efforts

	April	May	June
Agency Web Site - Internet	73	29	30
Human Resources/Personnel Office	3	0	0
Job Board	24	15	8
Job Fair	1	1	0
Other State Employees	4	5	0
Recruitment Poster	1	0	1
Social media	4	0	3
<b>TOTAL</b>	<b>110</b>	<b>50</b>	<b>42</b>

### Annual Turnover Rates



## LEGISLATIVE UPDATE

During the 89th Legislative Session, SORM monitored legislation that could have had an impact on the agency's mission and operations. The 89th Legislative Session ended June 2, 2025. The 90th Legislative Session will begin January 12, 2027.

### Key Legislation

Bill	Author	Caption	Effective Date
<b>Workers' Compensation</b>			
<b>HB 331</b>	<b>Patterson</b>	Relating to certain presumptions applicable to claims for benefits or compensation for certain medical conditions brought by certain first responders.	Immediately
<b>HB 2488</b>	<b>Bell, Keith</b>	Relating to conducting certain contested case hearings under the Texas workers' compensation system by remote communication.	Immediately
<b>Government Efficiency</b>			
<b>HB 12</b>	<b>Bell, Keith</b>	Relating to the review and audit of certain state agency operations.	9/1/25
<b>HB 5195</b>	<b>Capriglione</b>	Relating to the modernization of state agency systems, including the improvement of online access to services and the reduction of paperwork requirements.	9/1/25
<b>HB 5196</b>	<b>Capriglione</b>	Relating to telework for state employees.	9/1/25
<b>SB 14</b>	<b>King</b>	Relating to reforming the procedure by which state agencies adopt rules and impose regulatory requirements and the deference given to the interpretation of laws and rules by state agencies in certain judicial proceedings.	9/1/25
<b>Artificial Intelligence</b>			
<b>HB 149</b>	<b>Capriglione</b>	Relating to regulation of the use of artificial intelligence systems in this state; providing civil penalties.	1/1/26
<b>HB 2818</b>	<b>Capriglione</b>	Relating to the artificial intelligence division within the Department of Information Resources.	9/1/25
<b>HB 3512</b>	<b>Capriglione</b>	Relating to artificial intelligence training programs for certain employees and officials of state agencies and local governments.	9/1/25
<b>SB 815</b>	<b>Schwertner</b>	Relating to use of artificial intelligence in utilization review conducted for health benefit plans.	9/1/25
<b>SB 1964</b>	<b>Parker</b>	Relating to the regulation and use of artificial intelligence systems and the management of data by governmental entities.	9/1/25

## ADMINISTRATIVE RULES

Objective	Status	Status Description	Estimated Completion Date
<b>Administrative Rules – Legal Research</b>	<b>Complete</b>	The Policy Manager completed a comprehensive legal research document outlining relevant legal issues for the agency’s upcoming rulemaking. Major legal issues regarding the agency’s legal authority and legislative mandate were noted for stakeholder review.	<b>Early FY25</b>
<b>Administrative Rules – Drafting</b>	<b>Complete</b>	The Policy Manager completed a draft version of the agency’s updated administrative rules. This draft version served as a base for other stakeholders to build upon with ideas, concerns, and suggestions.	<b>Early FY25</b>
<b>Administrative Rules – One-on-Ones with Subject Matter Experts</b>	<b>Complete</b>	The Policy Manager and Director of Compliance Management met with Department Directors and other subject matter experts to review current and proposed administrative rules. Major issues and operational concerns were noted and carried forward for executive consideration.	<b>March 2025</b>
<b>Administrative Rule – Executive Review</b>	<b>Complete</b>	Agency leadership conducted a series of meetings over the prior four months to review, revise, and finalize an administrative rule proposal for submission to the Board, Secretary of State, and other relevant stakeholders.	<b>June 2025</b>
<b>Administrative Rules – Informal Notice and Comment Period</b>	<b>On-Task</b>	The Policy Manager and Agency Relations are preparing a series of email blasts to notify relevant stakeholders of the agency’s working administrative rules draft in order to solicit comments and corrections. This informal notice and comment period is designed to allow stakeholders to efficiently submit comments regarding the agency’s draft administrative rules in anticipation of the formal Texas <i>Register</i> filing.	<b>July 2025</b>
<b>Administrative Rules – Formal Notice and Comment Period</b>	<b>Upcoming</b>	After incorporating comments from stakeholders received during the informal notice and comment, the Policy Manager will submit the agency’s official rule proposal to the Texas Register. This filing starts the official notice and comment period for stakeholders and members of the public. The date of the submission will depend on the Board’s availability/preference for review and adoption of the rulemaking proposal.	<b>TBD</b>

## 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 FY25Q3 include:

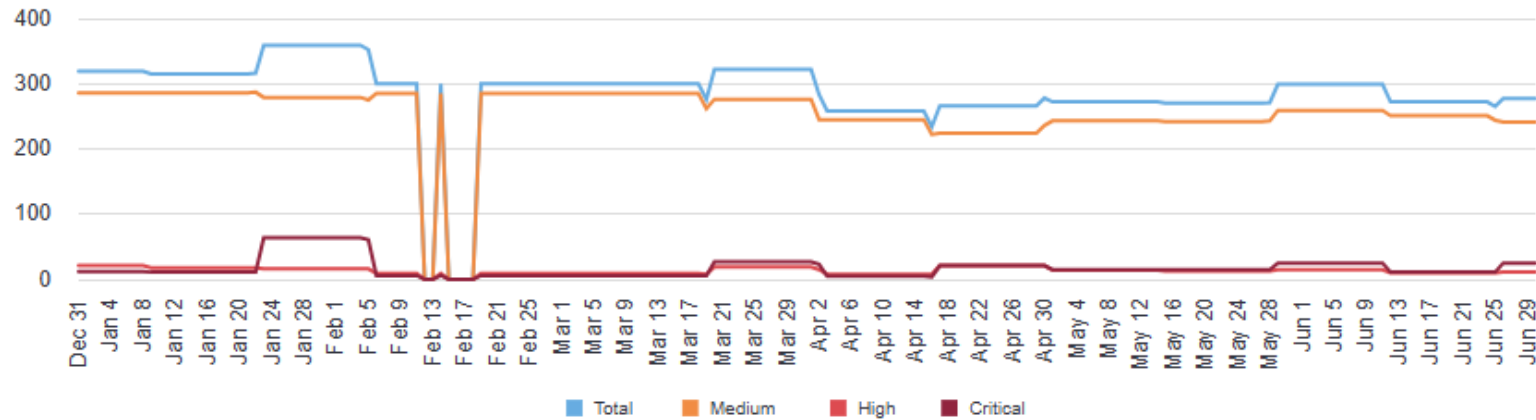
Area	Task
Team Staffing Changes	<ul style="list-style-type: none"><li>• Stable.</li></ul>
Equipment	<ul style="list-style-type: none"><li>• Managed and supported servers and PC infrastructure.</li><li>• Continuous troubleshooting of reported user issues with SORM equipment.</li><li>• Working with the Department of Information Resources and 3<sup>rd</sup> party vendor Atos to migrate our SORM servers to the Texas Private Cloud.<ul style="list-style-type: none"><li>○ Network configurations and firewall rules have been implemented. In addition, system testing will be performed to identify and resolve impacts prior to the migration.</li></ul></li></ul>
Application Support	<ul style="list-style-type: none"><li>• Continued software changes and process improvements for SORM internal applications, automating and supporting business process changes.</li><li>• RMIS Production Support.</li></ul>
State Agency Support Services	<ul style="list-style-type: none"><li>• Reporting:<ul style="list-style-type: none"><li>○ Provide weekly, monthly, and year-to-date workers' compensation financial reports to our state agencies.</li><li>○ Ad Hoc reporting as requested.</li></ul></li></ul>
Cybersecurity	<ul style="list-style-type: none"><li>• Continuous monitoring for vulnerabilities within SORM computers and servers.<ul style="list-style-type: none"><li>○ Installing updates on computers and servers to address vulnerabilities and comply with cybersecurity standards.</li></ul></li></ul>



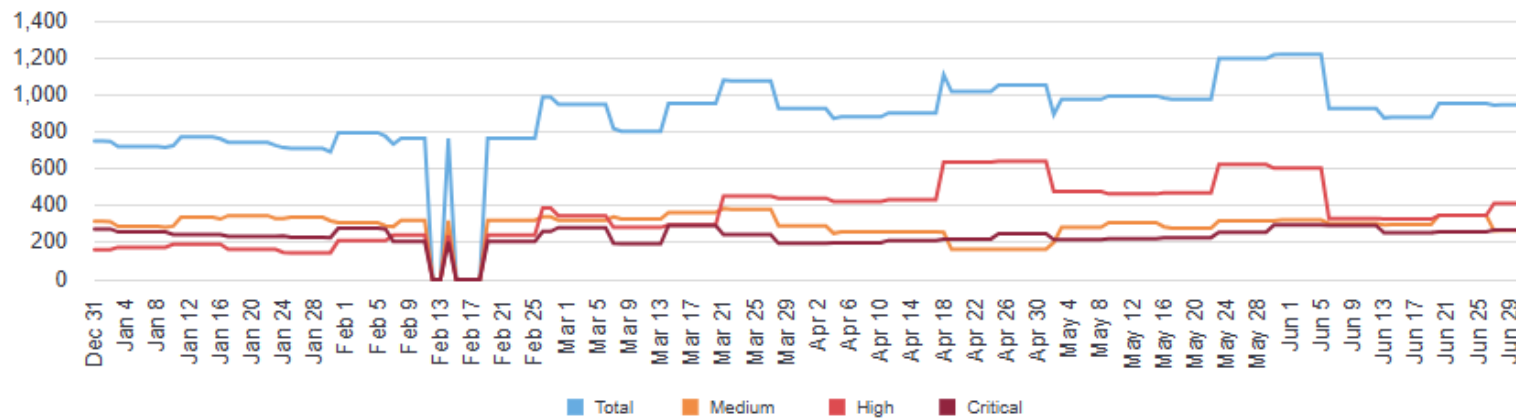
## II. CYBERSECURITY METRICS FY25Q3

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.

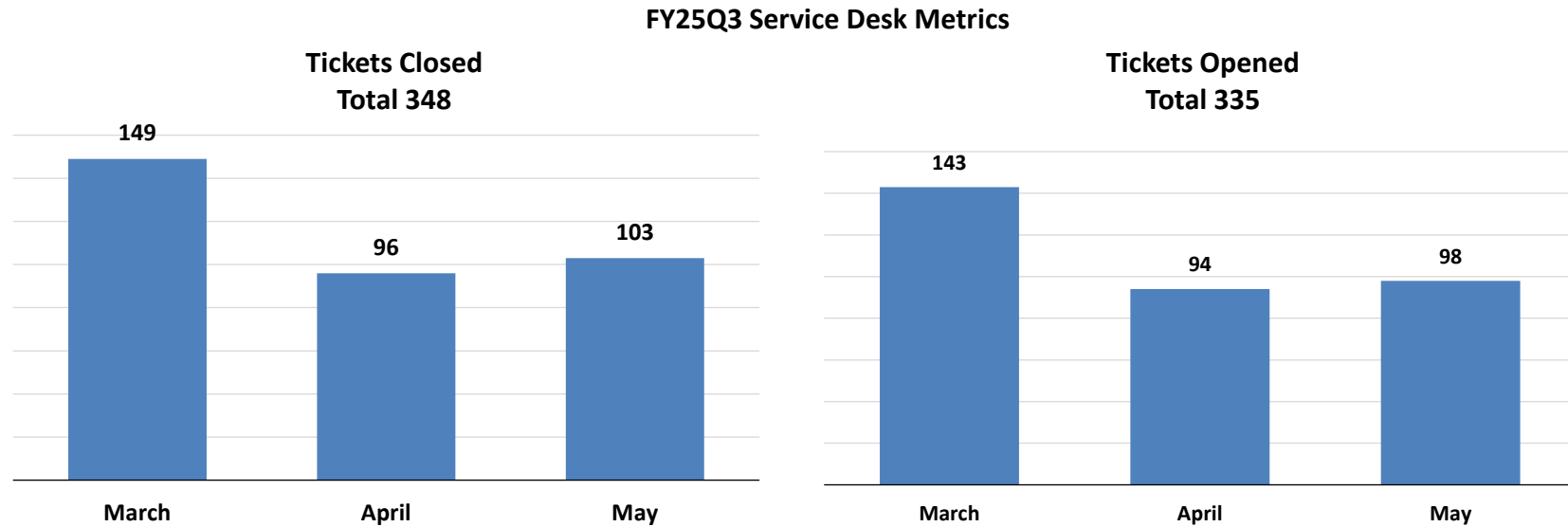
**SORM Server Executive Summary, Vulnerability Trend (6 Months)**



**SORM Workstation Executive Summary, Vulnerability Trend (6 Months)**



### III. SORM SERVICE DESK ACTIVITY



### IV. ANTICIPATED FY25Q4 ACTIVITY

In addition to routine support functions congruent with operations for the Office, we anticipate the following activities during FY25Q4 and beyond:

- A. Continue to expand the knowledge asset of our existing IT staff.
- B. Continue to support 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 last of three modules mandated by DIR for FY25 cybersecurity requirements.

## PROJECT MANAGEMENT

### I. RMIS IMPLEMENTATION PROJECT UPDATE

#### A. PROJECT EXECUTION

The Project Management (PM) team completed seven 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). SORM and Origami has kicked off Phase III (Risk Management) and is currently at 75% completion to date.

#### 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 decreased over the prior quarter due to the complexity of Phase III

**Quarterly Statistics by Status**

		Opened	Complete	Withdrawn	In Progress	On Hold	Pending Approval	Not Started
	<b>Prior to FY22Q1</b>	166	98	22	9	14	4	4
<b>FY22</b>	<b>Q1</b>	4	5	0	0	1	0	1
	<b>Q2</b>	6	2	0	1	2	0	0
	<b>Q3</b>	8	14	0	2	0	0	0
	<b>Q4</b>	13	7	0	11	0	0	0
<b>FY23</b>	<b>Q1</b>	2	9	0	0	0	0	1
	<b>Q2</b>	3	1	0	1	0	1	0
	<b>Q3</b>	4	3	0	3	0	0	0
	<b>Q4</b>	4	3	0	4	0	0	0
<b>FY24</b>	<b>Q1</b>	7	4	0	3	1	0	0
	<b>Q2</b>	7	8	0	8	2	0	0
	<b>Q3</b>	10	6	0	8	3	0	0
	<b>Q4</b>	7	5	0	13	3	0	0
<b>FY25</b>	<b>Q1</b>	12	7	0	4	0	0	1
	<b>Q2</b>	11	14	0	7	1	0	2
	<b>Q3</b>	5	7	0	4	1	0	4
<b>TOTAL</b>		<b>269</b>	<b>193</b>	<b>22</b>	<b>78</b>	<b>28</b>	<b>5</b>	<b>13</b>

### 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
	Q3	1	0	8	10	7
TOTAL		11	29	122	133	109

## CONTRACT ADMINISTRATION

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

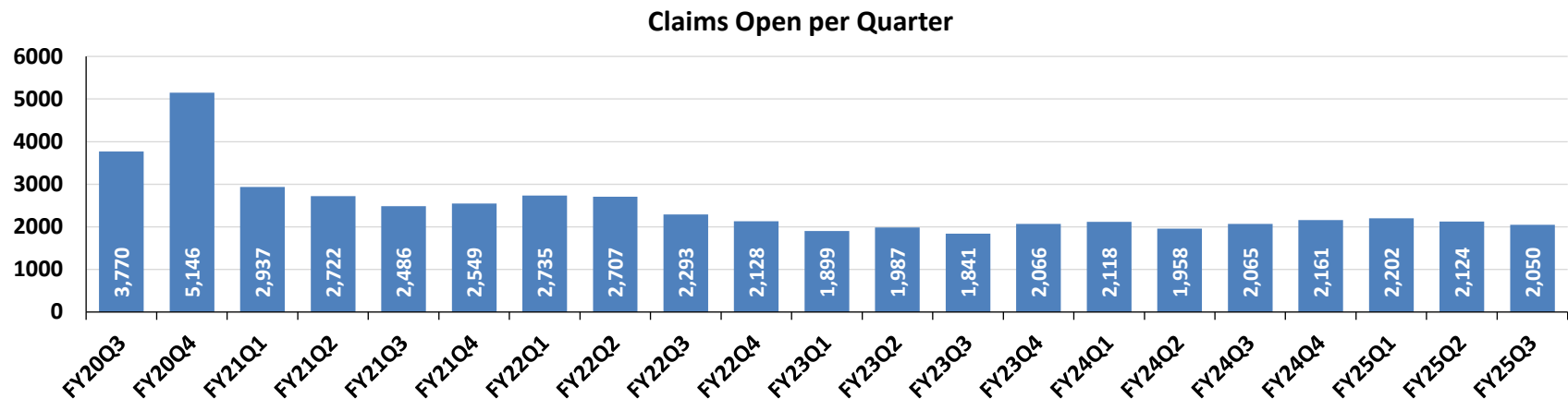
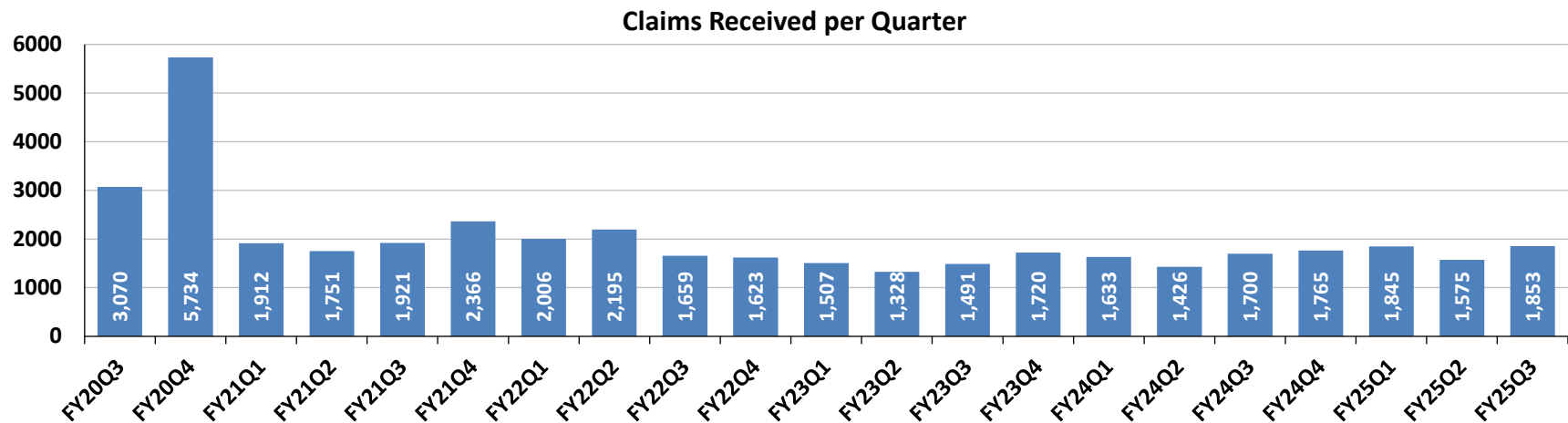
# STATUTORY MISSIONS

## CLAIMS OPERATIONS

### I. CLAIMS OPERATIONS ACTIVE WORKLOAD FY25Q3

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

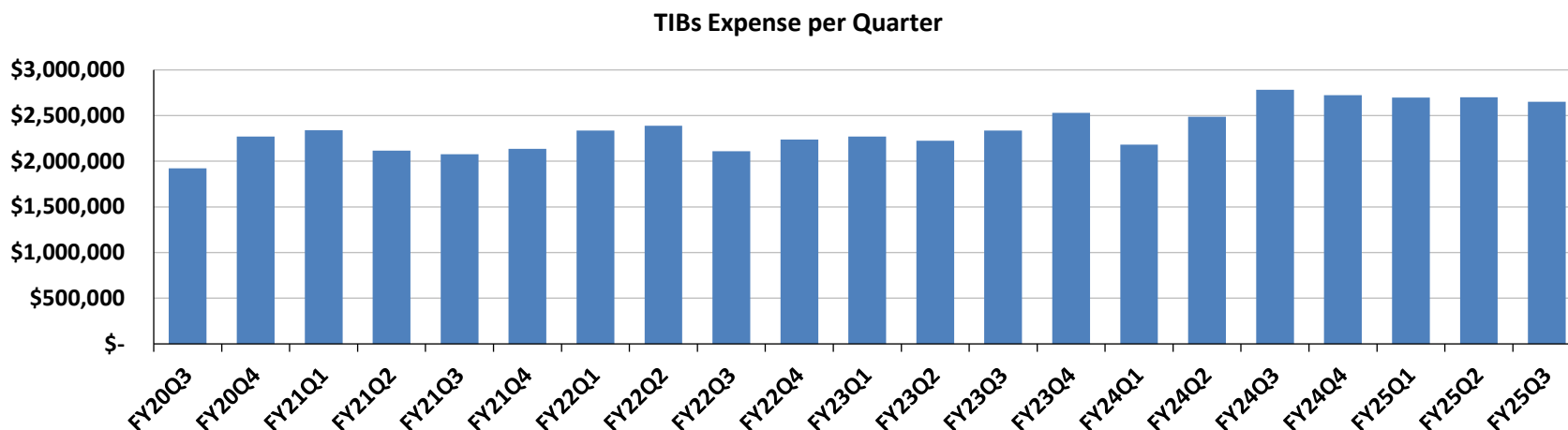
- A. SORM received 1,853 injury reports (claims) in FY25Q3, which is an increase from the number of injury reports received in FY25Q2 (1,575).
- B. 1,525 claims were accepted.
- C. 1,916 claims were inactivated.
- D. SORM had 2,050 open claims at the end of FY25Q3.



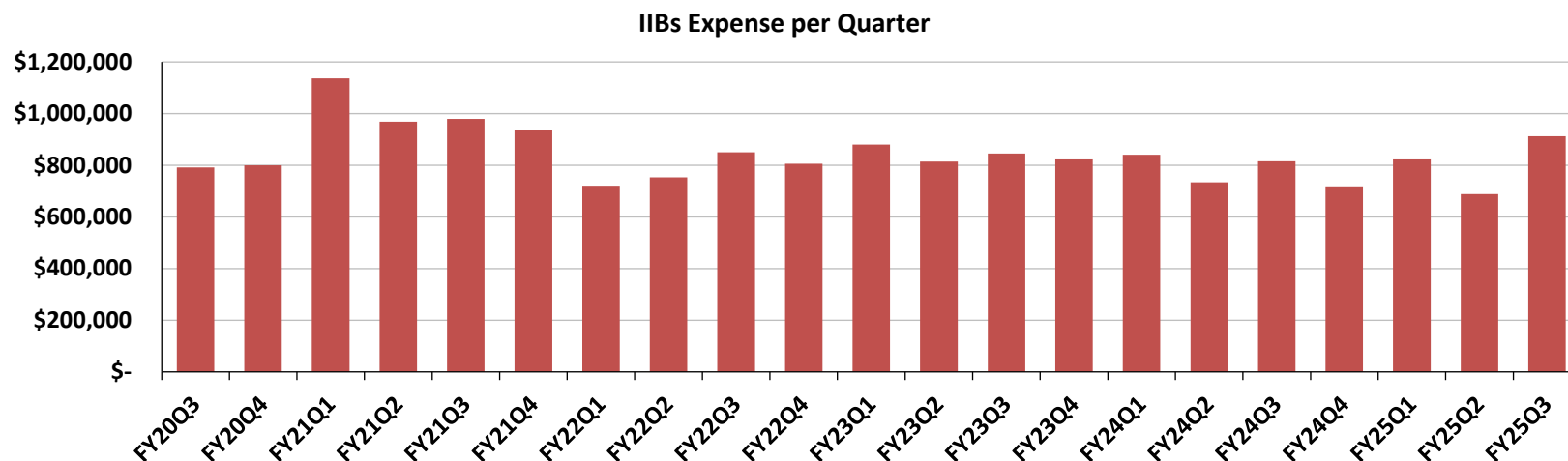
## II. ANALYSIS OF INCOME BENEFITS EXPENSES FOR FY25Q3

- A. FY25Q3 reflects a slight decrease in TIBs and an increase in IIBs indemnity costs from FY25Q2.
- B. TIBs payments were \$2,651,053 and IIBs payments were \$912,084.02 in FY25Q3.
- C. Indemnity benefits were paid in 506 TIBs, 144 IIBs, 20 SIBs, 10 LIBs, and 105 DBs claims this quarter.

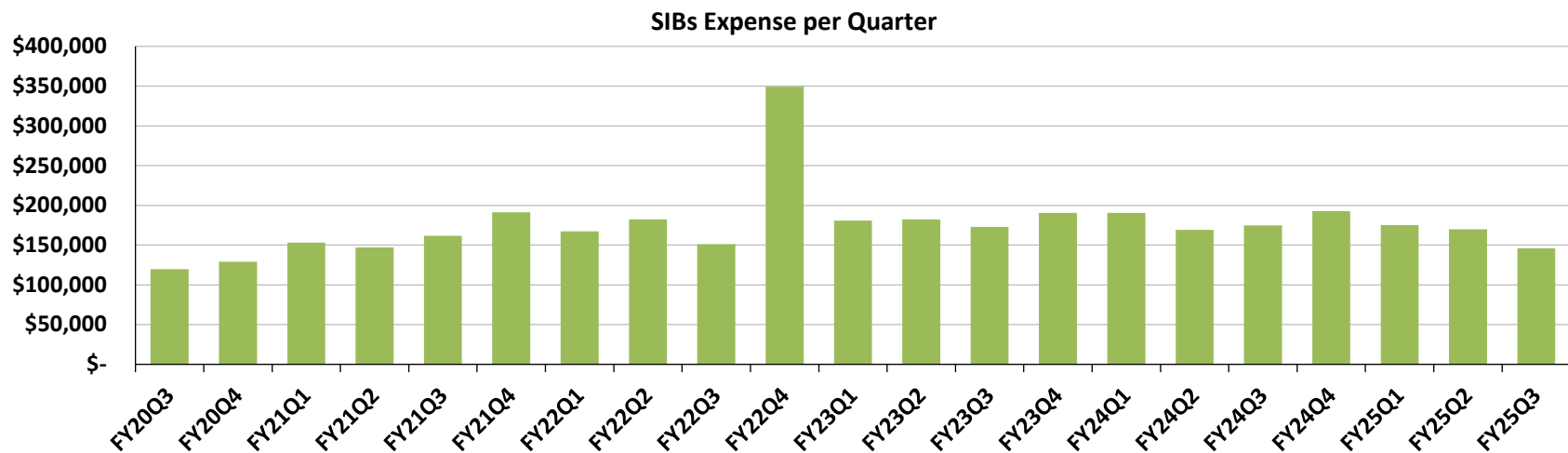
Temporary Income Benefits (TIBs) expenditures for FY25Q3 totaled \$2,651,053 on 506 claims.



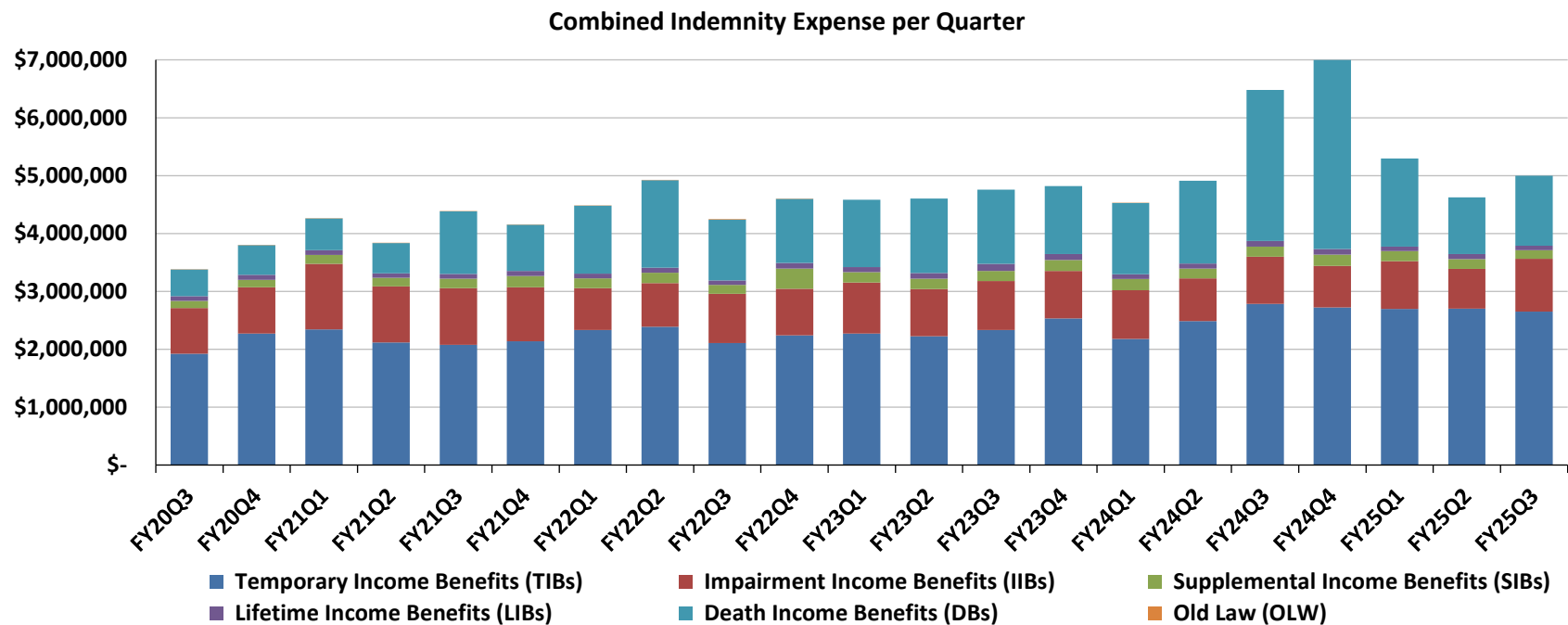
Impairment Income Benefits (IIBs) expenditures for FY25Q3 totaled \$912,084 on 144 claims.



Supplemental Income Benefits (SIBs) expenditures for FY25Q3 totaled \$146,042 on 20 claims.



Combined indemnity expenditures for FY25Q3 totaled \$4,995,942 on 785 claims.



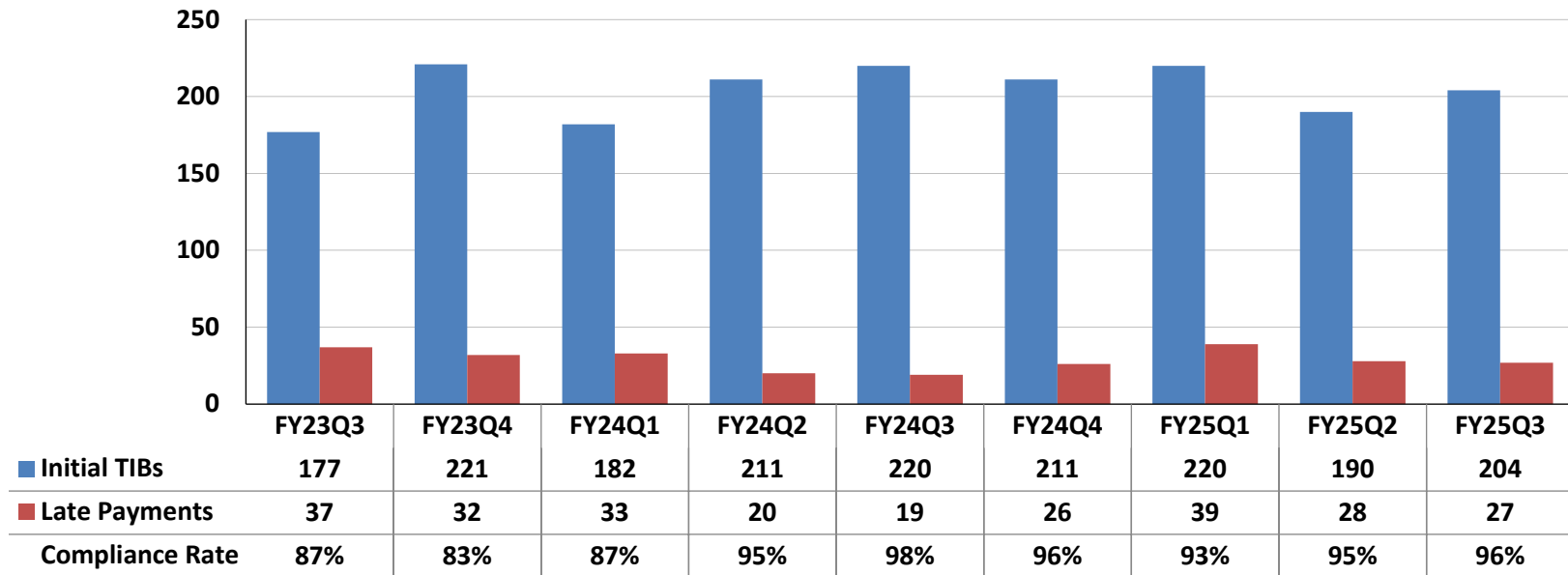


## REGULATORY COMPLIANCE

### A. TEMPORARY INCOME BENEFIT AUDITS

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

**Initial TIBs Compliance Rate and Late Payments**



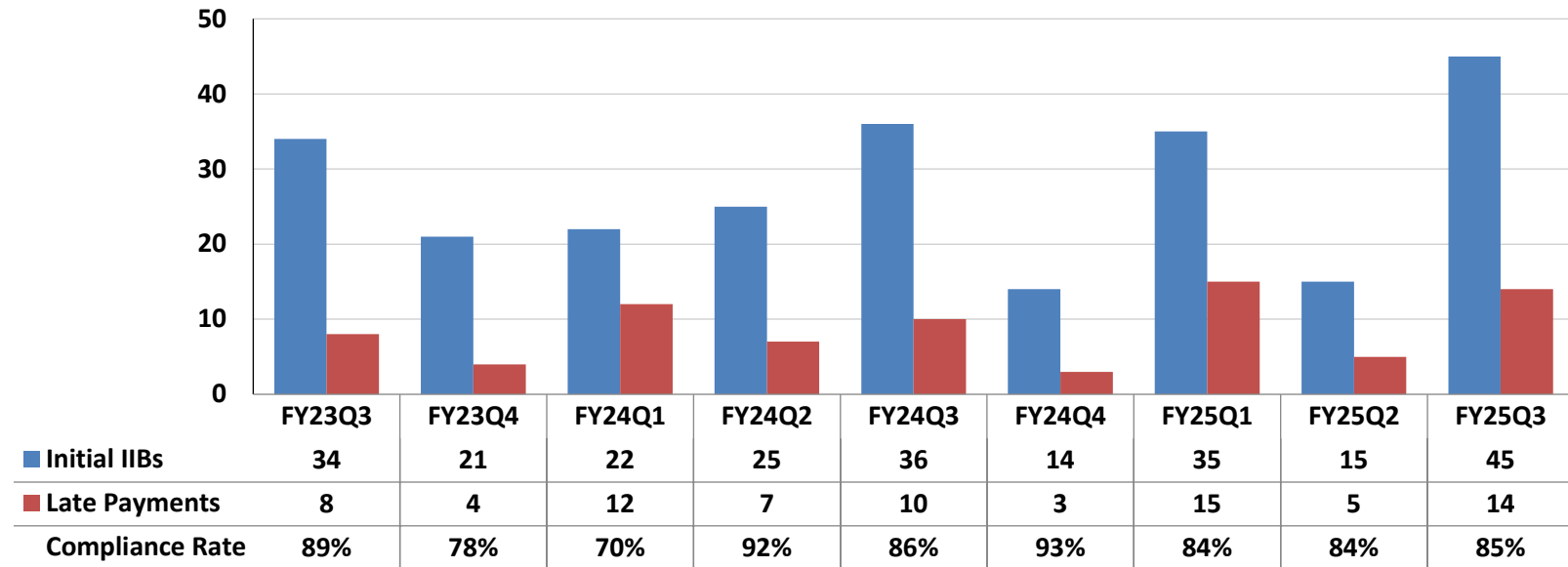
**TIBs Late Payments FY25Q3**

Carrier	14
Employer	13
System	0
No Fault/Misc.	0

## B. IMPAIRMENT INCOME BENEFIT AUDITS

SORM must initiate impairment income benefits by the 5<sup>th</sup> day after receiving a notice of medical evaluation indicating the injured employee has reached maximum medical improvement (MMI).

**Initial IIBs Compliance Rate and Late Payments**



**IIBs Late Payments FY25Q3**

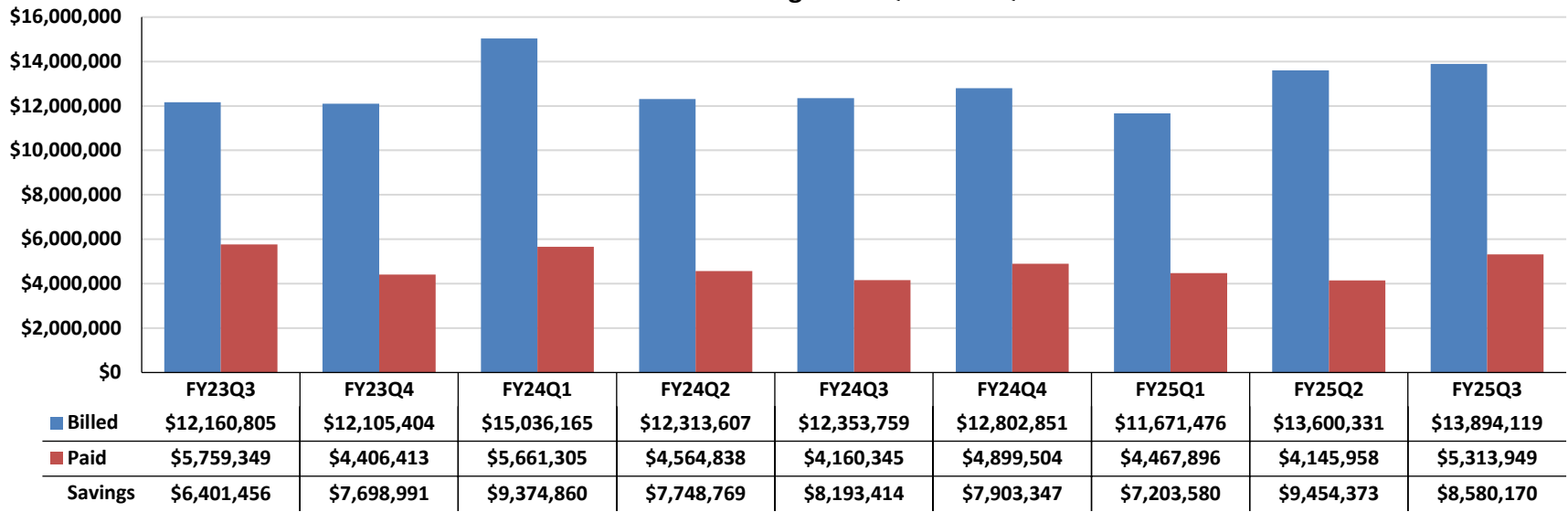
Carrier	14
System	0
No Fault/Misc.	0

MEDICAL MANAGEMENT

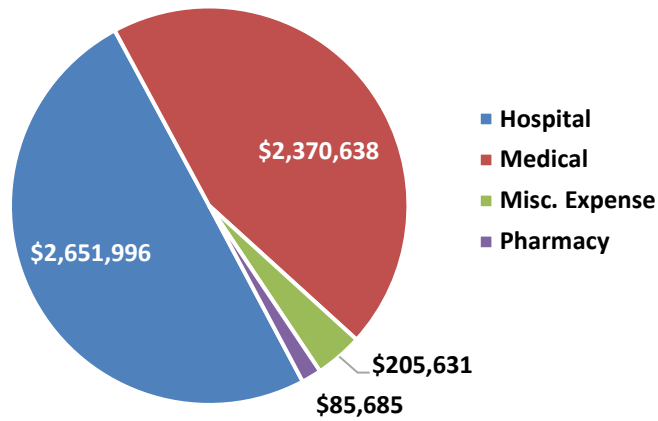
I. MEDICAL COSTS

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

Medical Cost Savings FY23Q3 - FY25Q3



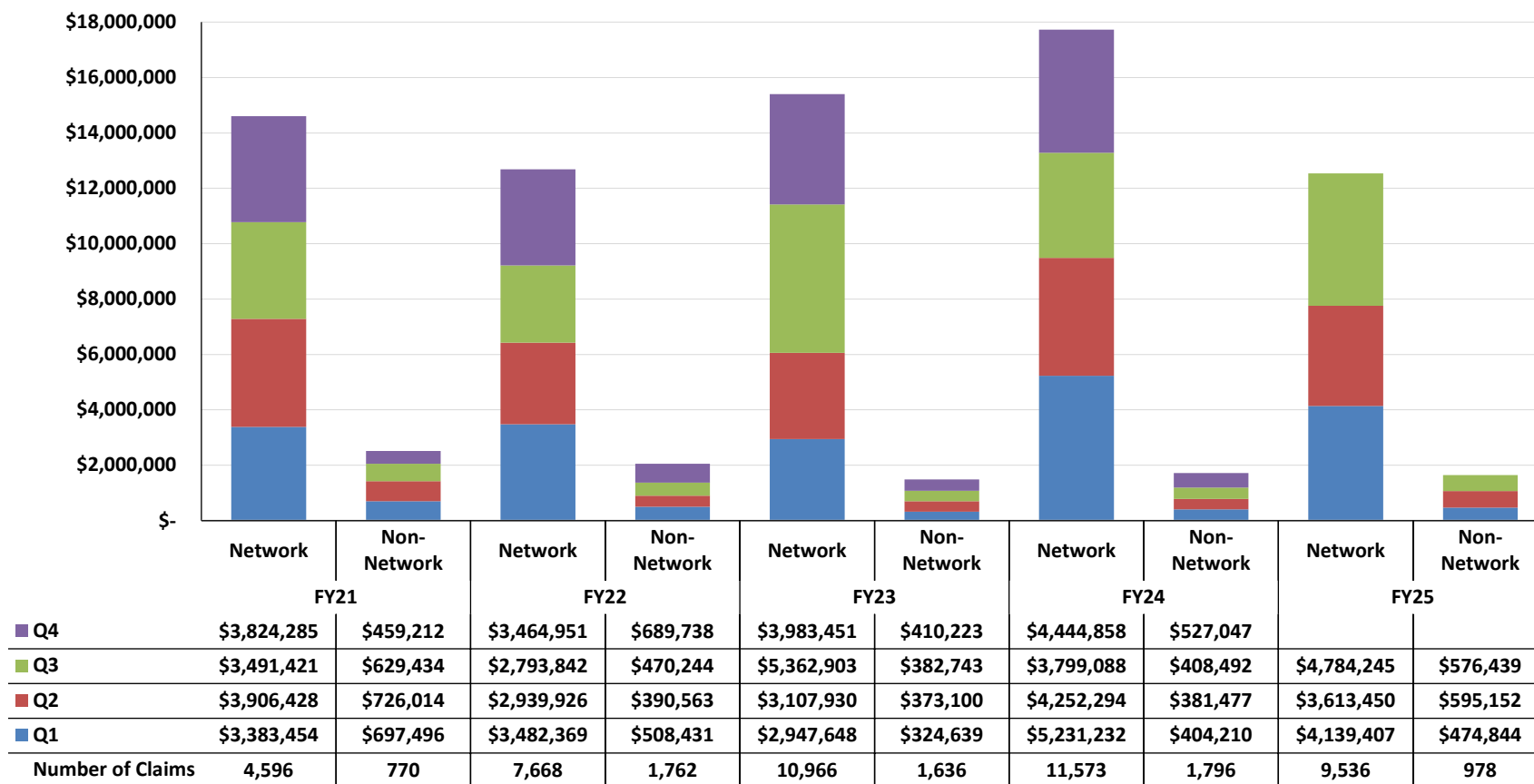
Medical Payments FY25Q3



## I. NETWORK AND NON-NETWORK DATA

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

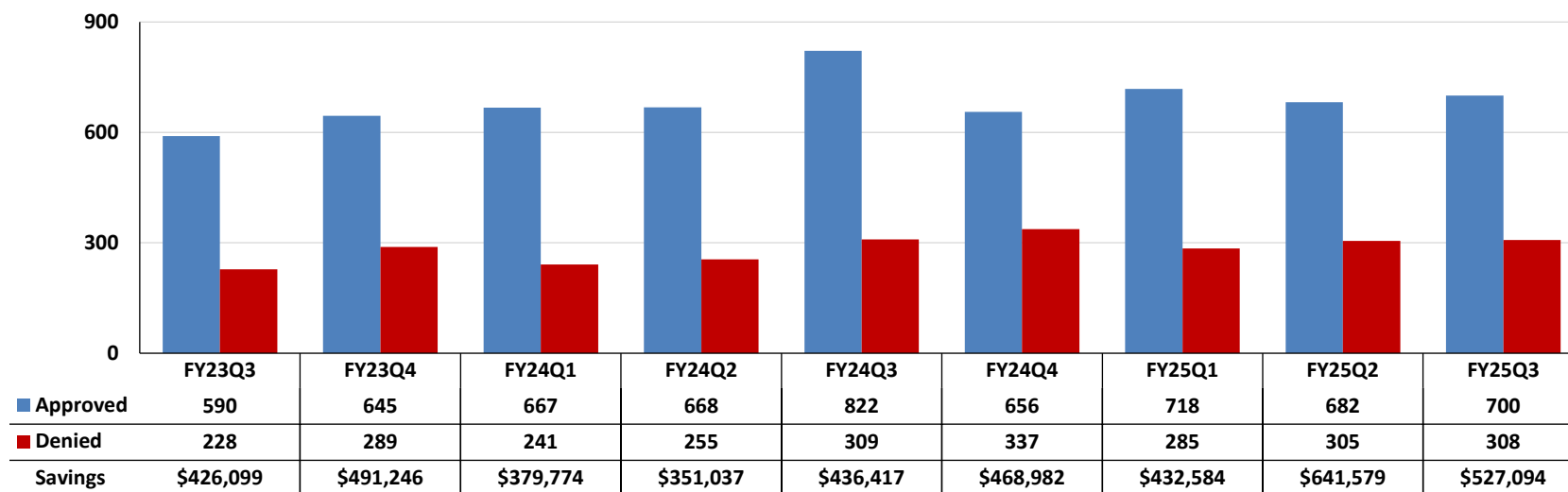
Network and Non-Network FY21 - FY25



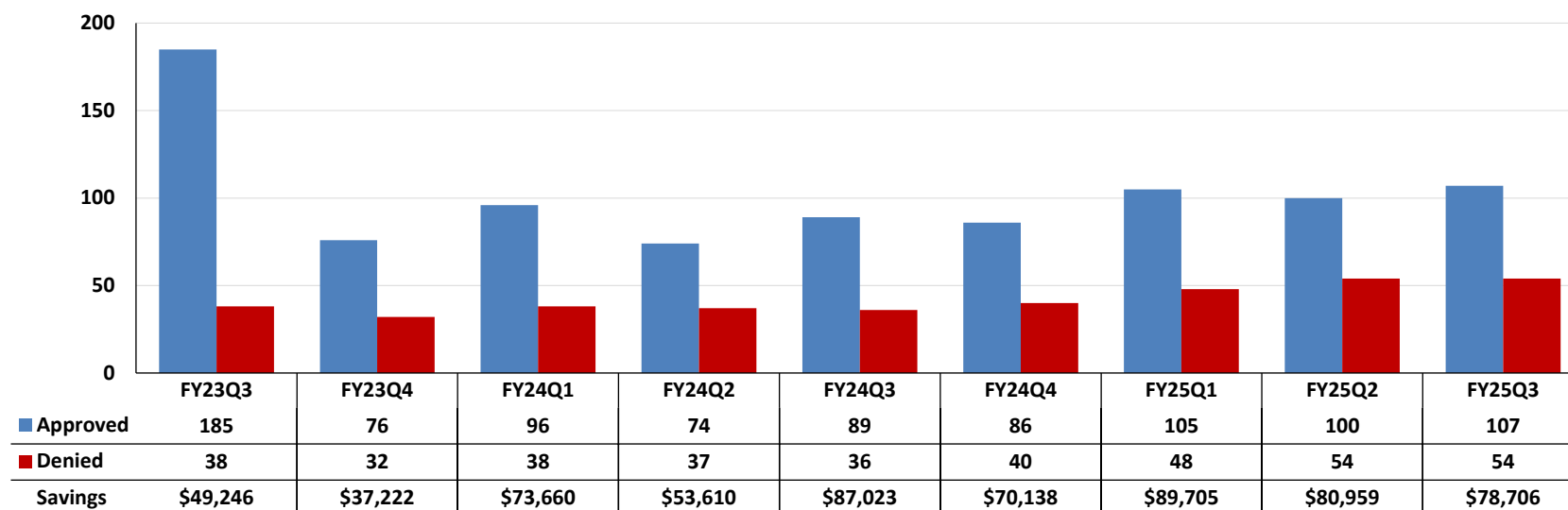
## II. PREAUTHORIZATION

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 FY23Q3 - FY25Q3**

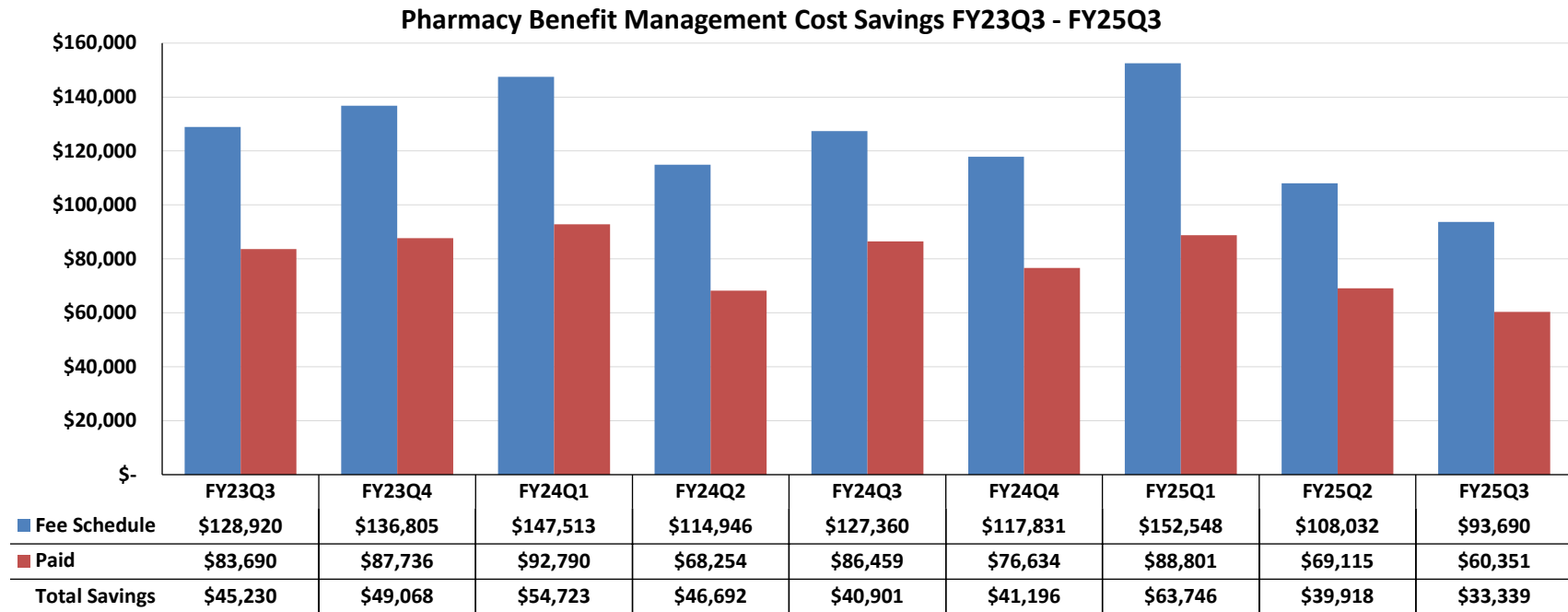


**Non-Network Utilization Review FY23Q3 - FY25Q3**



### III. PHARMACY BENEFIT MANAGEMENT

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



### IV. MEDICAL DISPUTE RESOLUTION FY25Q3

Medical dispute resolution is used to resolve non-network 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	23 Non-Network MFDR Received
Medical Necessity Disputes	3 Non-Network IRO Received

## LEGAL MANAGEMENT

### I. BENEFIT DISPUTE RESOLUTION FY25Q3

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

A. Dispute proceedings were scheduled in fifty-seven (57) claims this quarter.

BRC Held/Reset	BRC Resolved/Agreement	3 Most Common BRC Issues
32	3	Impairment Rating, Maximum Medical Improvement, Extent of Injury
CCH Held	CCH Resolved by Agreement	3 Most Common CCH Issues
12	1	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
Reports Received	NA	NA	77*	
Cases Opened for Investigation	3	3	6	
Pending Cases	17	17	18	
Cases Closed	2	4	5	
Criminal/Administrative Referrals	1	0	1	

\*Partial data from 4/16/2025 – 5/31/2025

### 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, the agency can request reimbursement from the Subsequent Injury Fund (SIF) for the overpayment of benefits.

	FY25Q1	FY25Q2	FY25Q3	FY25Q4	YTD
<b>SUBROGATION LIEN RECOVERY</b>	<b>\$52,222</b>	<b>\$435,165</b>	<b>\$49,642</b>		<b>\$537,029</b>
• Claims with a Lien Recovery	10	18	14		
• Lien Recovery \$5,000 or Less	7	11	12		
• Lien Recovery \$5,001 to \$30,000	3	4	2		
• Lien Recovery \$30,001 to \$100,000	0	4	0		
• Lien Recovery \$100,001 and Above	0	1	0		
<b>SIF REIMBURSEMENT</b>	<b>\$0</b>	<b>\$124,390</b>	<b>\$0</b>		<b>\$124,390</b>
• Claims with a SIF Reimbursement	0	2	0		
<b>TOTAL</b>	<b>\$52,222</b>	<b>\$559,555</b>	<b>\$49,642</b>		<b>\$661,419</b>

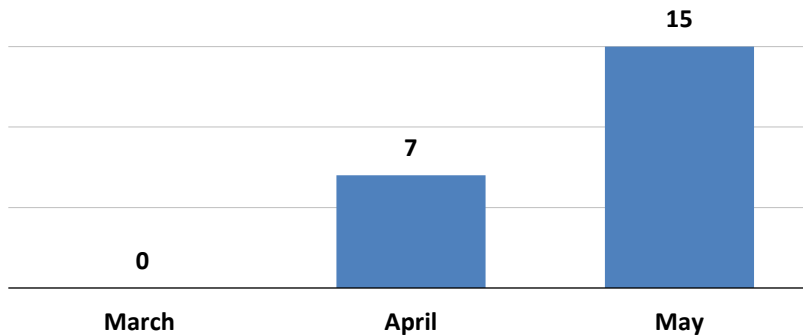
## ENTERPRISE RISK

### I. STATEWIDE RISK MANAGEMENT PROGRAM

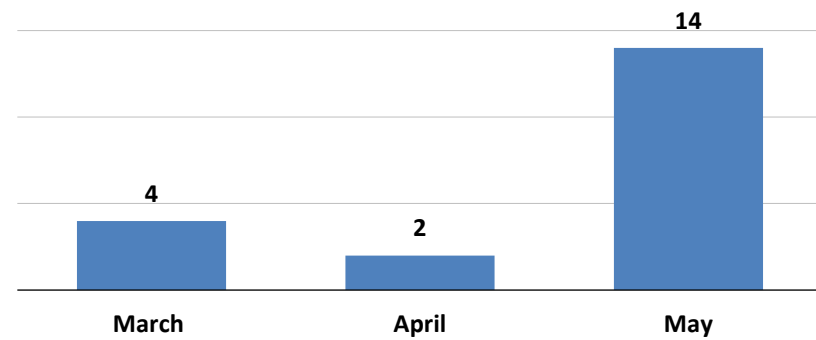
#### Consultation Visits (CVs) and Risk Management Program Reviews (RMPRs)

	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
CVs	8	16	17	12	7	23	20	19	20	62% of a goal of 229
RMPRs	0	0	5	0	0	4	0	3	2	56% of a goal of 25

#### Recommendations Given FY25Q3



#### Closed Recommendations FY25Q3



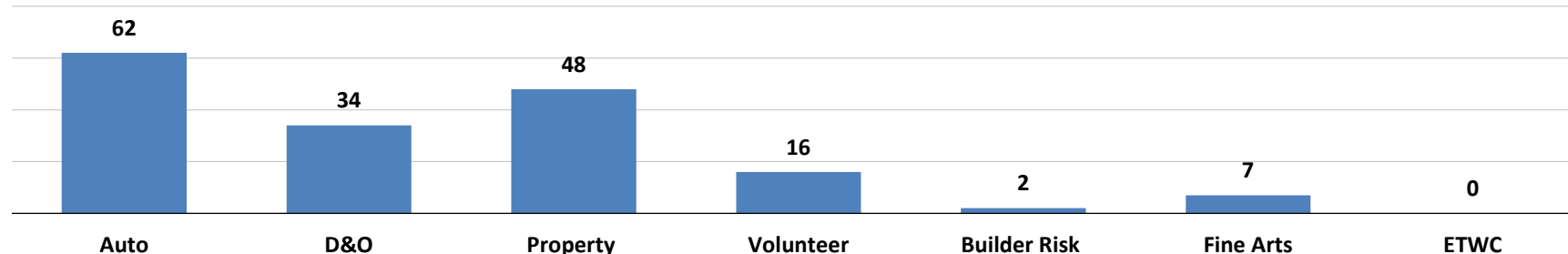
#### Category of Recommendations FY25Q3

Continuity	1
Environmental	2
Policy and Procedure Training	1
Risk Management	5
Safety	13



## II. STATEWIDE INSURANCE PROGRAM

### A. PARTICIPANTS IN STATEWIDE INSURANCE LINES FY25Q3



### B. MONITORING

- 389 notary applications were processed during FY25Q3

### C. INSURANCE PURCHASES

- SORM 201s processed: 10
- SORM 201s approved, and premiums paid: \$418,054

### SORM 201s FY25Q3

Line	Number of Policies	Approved	Comments	Premium
<b>Cyber Liability</b>	2	Yes	The policy transfers some of the risk related to covering expenses, such as notification and forensics, if there is a privacy event, security incident, or breach.	\$172,250
<b>General Liability</b>	2	Yes	General Liability insurance is designed to protect an organization against liability claims for bodily injury or property damage that they may be held responsible for.	\$172,854
<b>Crime</b>	2	Yes	This insurance protects the interest of the entity, in the event of a financial loss sustained due to employee theft, misappropriation of funds, embezzlement, defalcation, and computer fraud.	\$19,551
<b>Marine P&amp;I</b>	2	Yes	Marine Hull insurance protects vessels against damage and destruction of hull, machinery, fittings and freight. The range of risks such as fire or explosion, sinking, capsizing, derailment, burglary, jettisoning, piracy, earthquake, or lightning is covered by this type of policy.	\$42,708
<b>Special Event</b>	1	Yes	Special Events General Liability insurance coverage is designed to protect the Named Insured against lawsuits arising from third parties for bodily injury or property damage that occur at an event.	\$191
<b>Non-Profit D&amp;O</b>	1	Yes	Purchase of a Directors and Officers (D&O) Liability policy.	\$10,500
<b>TOTAL</b>	<b>10</b>			<b>\$418,054</b>

## TRAINING AND OUTREACH

During FY25Q3, Agency Relations onboarded two new employees. The Internal Training Consultant facilitated seven internal courses for licensed adjusters and other staff, and also supported the Deputy Executive Director and Director of Claims Operations to instruct the Workers' Compensation Claims Coordinator Training. Our External Training Consultant continues to respond to client agencies' training needs.

### Instructor Led Agency Training for FY25Q3

Course Name	Classes	Students
Driving Safety	5	94
Additional Duty Safety Officer	3	39
HazCom	4	63
Office Safety	3	88
Heat Safety	2	22
Stress Management	2	73
15 Passenger Van	2	22
Conflict Resolution	1	22
Lifting Safety	1	20
Personal Safety and Situational Awareness	2	145
Workers' Compensation Claims Coordinator Training	1	12
<b>TOTAL</b>	<b>26</b>	<b>600</b>

### Self-Paced LMS Training FY25Q3

Virtual Course Name	Students
Driving Safety	1,034
Workers' Compensation Claims Coordinator Training	7
New RMIS: Part 1 – Getting Started	52
New RMIS: Part 2 – Claims and Incidents	42
New RMIS: Part 3 – Adding Documents to a Claim	37
New RMIS: Part 4 – Additional Training	37
<b>TOTAL</b>	<b>1,209</b>

### Internal Training

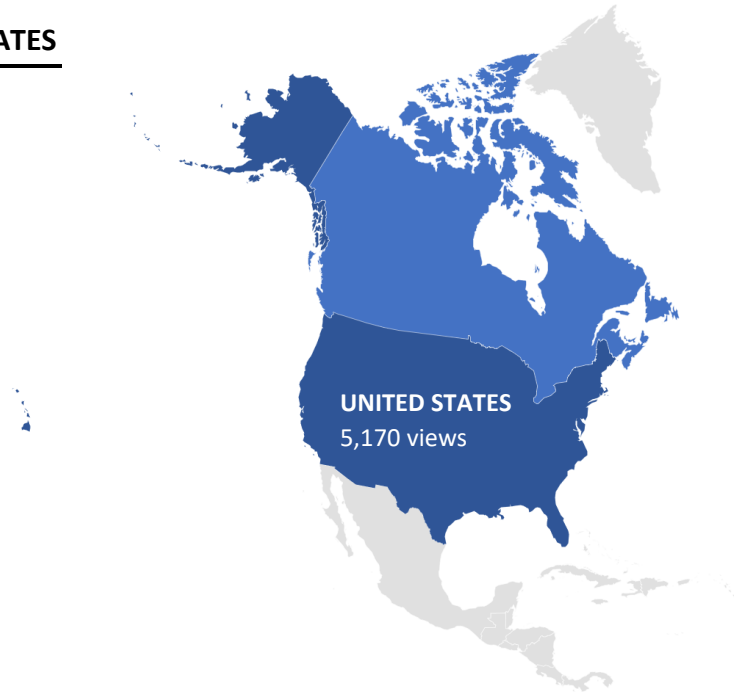
Course Name	Provider	Students
Emotional Intelligence	SORM	24
Fatality Claims 101	SORM	30
Stress Management	SORM	12
Traumatic Brain Injury	Pam Health	23
Functional Assessment and Treatment of The Injured Worker	IMO	20
Ethics	SORM	20
Let's Keep It Casual: Determining Compensable Injuries	Medical Equation	18
Adjuster Pre-Licensing	SORM	3
<b>TOTAL</b>		<b>150</b>

## I. YOUTUBE ANALYTICS

Viewership on the SORM YouTube Channel remained steady during FY25Q3.

### **FY25Q3 TOP 5 US STATES**

1. Texas
2. Florida
3. California
4. Michigan
5. Illinois



### **FY25Q3 TOP 3 VIDEOS**

How to Survive an Active Shooter	3,176 views
Same Level Slips, Trips and Falls	1,334 views
Avoid. Deny. Defend.	1,327 views

### **FY25Q3 TOTAL**

Total views	9,959
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## CONTINUITY OF OPERATIONS

The Continuity Program focused largely on outreach efforts to support the SORM Symposium. We have secured nearly 20 presenters and panel members for the August event. Sessions include themes on Physical and IT Security, Risk Management and Insurance, Updates in Continuity, The Human Element, and Collaborating with Others. We are grateful for our continued partnership with the Institute for Homeland Security and look forward to the hosting the event at a new location provided by Texas A&M Engineering Extension Service.

### **FY25Q3 Continuity Activity**

	FY25Q1	FY25Q2	FY25Q3
Plans Evaluated	10	6	4
Exercises Evaluated	5	3	4
Outreach/Presentations	19	9	9
Individual Consultations	5	2	2
Continuity Council and Committee Meetings	12	14	13
Internal SORM Continuity Meetings	7	16	26

## PERFORMANCE MEASURES

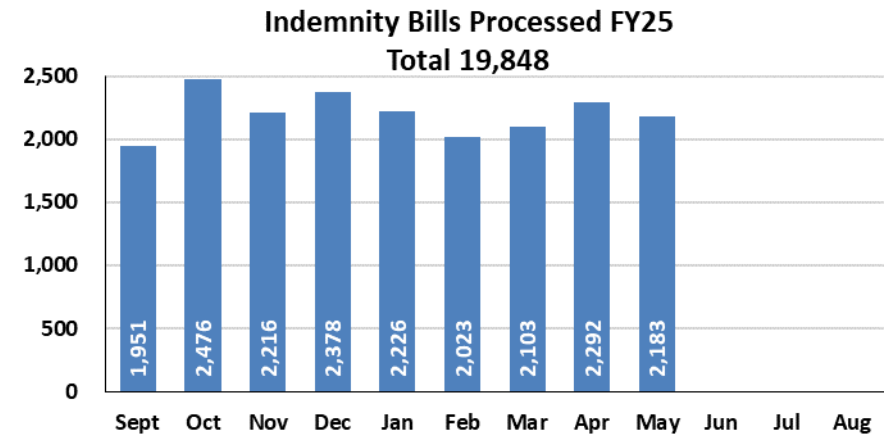
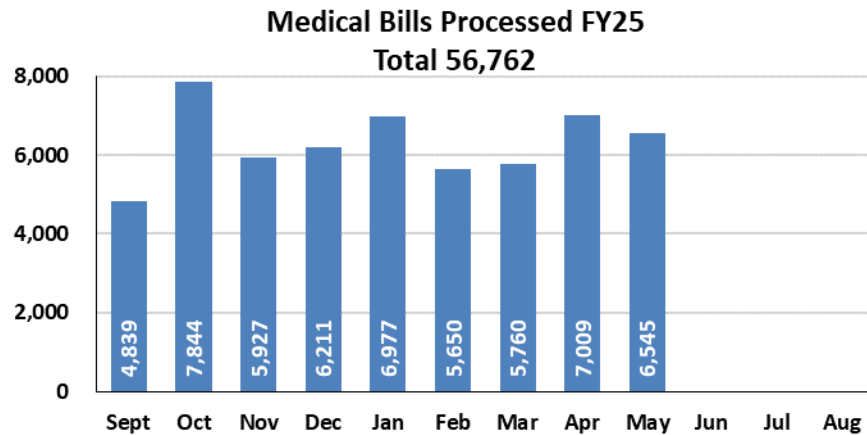
### SORM PERFORMANCE MEASURES

Performance measures provide information to the LBB, Governor, and Legislature on SORM's key processes and activities. The General Appropriations Act establishes performance targets for key performance measures. SORM must report performance data for its key and non-key performance measures.

Performance Measures	Key Measure	Reporting Frequency	FY25 Target
Incident Rate of Injuries & Illnesses Per 100 Covered Full-Time Employees	Yes	Actual performance reported annually	3.55%
Cost of Workers' Compensation Per Covered State Employee	Yes	Actual performance reported annually	\$240
Cost of Workers' Compensation Per \$100 State Payroll	Yes	Actual performance reported annually	\$0.60
Average Cost to Administer Claim	Yes	Actual performance reported annually	\$725
Number Written Risk Management Program Reviews Conducted	Yes	Quarterly	25
Number of Entity Consultations Conducted	Yes	Quarterly	229
Number of Medical Bills Processed	Yes	Quarterly	90,000
Number of Indemnity Payments	Yes	Quarterly	27,000
Percentage of Total Assessments Collected Used for Claims Payments	Yes	Actual performance reported annually	98%
Cost Per Hour of Direct Risk Management Service Provided	No	Actual performance reported annually	NA
Number of Employees Served in Risk Management Training Sessions	No	Actual performance reported annually	NA
Number of Initial Eligibility Determinations Made	No	Actual performance reported annually	NA

### REPORTED PERFORMANCE MEASURE DATA

	FY25Q1	FY25Q2	FY25Q3
Consultation Visits	41	42	59
Risk Management Program Reviews	5	4	5



## HISTORICAL KEY PERFORMANCE MEASURE DATA

	FY23 Actual	FY24 Actual
Incident Rate of Injuries & Illnesses Per 100 Covered Full-Time Employees	3.81%	3.12%
Cost of Workers' Compensation Per Covered State Employee	\$249.68	\$297.79
Cost of Workers' Compensation Per \$100 State Payroll	\$0.38	\$0.52
Average Cost to Administer Claim	\$518.41	\$491.86
Number Written Risk Management Program Reviews Conducted	25	25
Number of Entity Consultations Conducted	239	240
Number of Medical Bills Processed	70,777	72,769
Number of Indemnity Payments	26,785	26,934
Percentage of Total Assessments Collected Used for Claims Payments	98%	104.7%



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## **6. New business**

### **6.1 Presentation, discussion, and action on the Initial Assessment for Fiscal Year 2026**

#### **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.

Lydia Scranton, Chief of Internal Operations, 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 initial assessment amount for FY26.**

**State Office of Risk Management  
Recommended FY26 Assessment Amounts**

	<u>FY2026 Initial Assessment Recommended Amount</u>		<u>FY2025 Final Assessment</u>	<u>Difference</u>
<b>Projected Current FY (2026) Claim Payments</b>	45,670,000	*	43,002,507	2,667,493
Previous FY Collected Shortage (Overage)	(1,000,000)		(1,349,008)	349,008
<b>Risk Management and Workers' Compensation Administration</b>	13,160,325	**	12,810,220	350,105
Required funding for employee benefits	2,597,067		2,446,934	150,133
Previous FY Collected Shortage (Overage)	(400,000)		(1,193,499)	793,499
	<u>60,027,392</u>		<u>55,717,154</u>	<u>4,310,238</u>

**\*\* Board Action Items \*\***

**1. Board Action required for approval of the recommended budget of \$45,670,000.00 for the workers' compensation budget.**

\*Based on claims projections, and the estimated amount stated and approved in the 89th General Appropriations Act for fiscal 2026

**2. Board Action required for approval of the recommended budget of \$13,160,325.00 for the administrative budget.**

\*\* Based on HB500 and the estimated amount stated and approved in the 89th General Appropriations Act for fiscal 2026



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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, such as:

- 8.1 An increase to the Executive Director salary pursuant to the General Appropriations Act
- 8.2 Appointment of another Co-Chair for the Executive Director Search Committee
- 8.3 Identifying the individuals who will serve on the Search Committee
- 8.4 Creating a Committee Charter that outlines the Executive Director Search Committee's duties and responsibilities
- 8.5 Board member attendance at upcoming conferences

### **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  
FY26Q4**

Month	Day of Week	Date	Notes
October	Tuesday	7	
		14	
		21	
		28	

**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