



BOARD OF DIRECTORS'  
**MEETING AGENDA**  
JANUARY 27, 2026



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  
January 27, 2026, 9:30 a.m.  
William P. Clements Building, Room 103  
Austin, Texas

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1. Call to order, roll call, and recognition of a quorum
2. Consideration and possible action to excuse previous board member absences
3. Approval of the minutes from the October 20, 2025, meeting
4. Approval of the minutes from the October 21, 2025, meeting
5. Presentation and discussion of Agency Operations Report
6. New Business
7. Old business
  - 7.1 Status of project to update leave policies and procedures to ensure time and attendance records comply with Texas Government Code Section 661.908.
8. Public comment\*
9. Discussion and possible action on future meeting dates
10. 15-minute recess
11. Reconvene in Open Session and commence Board of Directors and SORM staff workshop. Matters considered in the workshop may include, but are not limited to:
  - 11.1 Board policymaking responsibilities;
  - 11.2 Board objectives;
  - 11.3 Long-term strategic plan(s) for SORM;
  - 11.4 Principal strategic and/or operational issues SORM expects to confront in the future;
  - 11.5 Board interactions with the agency
12. Adjournment

Individuals who may require auxiliary aids or services for this meeting should contact Dayna Dixon at (512) 936-1503 or [Dayna.Dixon@sorm.texas.gov](mailto:Dayna.Dixon@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. Dixon 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.



State Office of Risk Management

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BOARD MEMBERS	DATES OF TERM	HOMETOWN
Gerald Ladner, Sr., Chair	02/01/2027	Austin
Elizabeth “Lisa” Maciejewski-West, Vice Chair	02/01/2029	Horseshoe Bay
Jason Hartgraves	02/01/2027	Frisco
Jason Boatright	02/01/2031	Dallas
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. Consideration and possible action to excuse previous board member absences.**

### **Information**

Board member absences may be excused for good cause as determined by the Board.

### **Action Required**

The Chair may entertain a motion for consideration and possible action to excuse previous absences, if any.



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**3. Approval of the minutes from the October 20, 2025, meeting.**

**Information**

Attached are the minutes from the October 20, 2025, meeting.

**Action Required**

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



**Minutes of the Public Meeting  
on  
October 20, 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) and Jeffrey "Jeff" Houston (Internal Audit Liaison). Board Member Elizabeth "Lisa" Maciejewski-West (Vice Chair), and Board Member Jason Boatright appeared virtually. Board Member Jason Hartgraves was absent.

- Item 1. Board Chair Ladner called the public meeting to order at 1 p.m. on October 20, 2025. Board Chair Ladner recognized Members present. A quorum was established.
- Item 2. Board Chair Ladner called for the move into Executive Session to discuss the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee, and to discuss the vacant Executive Director position and conducting interviews of candidates for the Executive Director position. The first interview will be conducted at 1:30 p.m. to 2:30 p.m., and the second interview will be conducted at 3 p.m. to 4 p.m. Open Session will reconvene for possible action on matters considered in executive session at 4:30 p.m. Board Chair Ladner asked for any public comments, and upon hearing none adjourned into Executive Session at 1:03pm.
- Item 3. The Open Session reconvened at 4:30pm for possible action on matters considered in Executive Session, and no action was taken.
- Items 4, 5. Board Chair Ladner checked for public comments, and as there were none called the meeting adjourned at 4:31 p.m. Motioned by Board Member Houston, and seconded by Board Member Maciejewski-West. The motion passed without objection (4-0 vote). The Agency Board Meeting will occur the following morning, Tuesday October 21, 2025.



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**4. Approval of the minutes from the October 21, 2025, meeting.**

**Information**

Attached are the minutes from the October 21, 2025, meeting.

**Action Required**

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





**Minutes of the Public Meeting  
on  
October 21, 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), Jeffrey "Jeff" Houston (Internal Audit Liaison), and Jason Hartgraves. Board Member Jason Boatright appeared virtually.

- Item 1. Board Chair Ladner called the public meeting to order at 9:30 a.m. on October 21, 2025. Board Chair Ladner recognized Members present. A quorum was established.
- Item 2. There were no previous absences to be considered from the July 29, 2025, meeting.
- Item 3. Board Chair Ladner asked for any comments or changes to the Minutes of the July 29, 2025, meeting. Hearing no changes, Board Chair Ladner called for a motion. Vice Chair Maciejewski-West moved to accept. Board Member Houston seconded the motion, which carried without objection (4-0 vote).
- Item 4. New Business:
  - 4.1 Board Chair Ladner moved to the fiscal year 2025 Internal Audit Report, and fiscal year 2026 Internal Audit Plan. The auditors, representatives from McConnell & Jones, were set to join virtually but experienced technical difficulties. After a decision period, in which the option to have the report discussed during the next board period, Deea Western, General Counsel, advised that the board may accept the report without presentation from the internal audit representatives. Board Chair Ladner called for a motion to accept the work product from the 2025 Internal Audit report. Board Member Houston moved to accept. Board Vice Chair Maciejewski-West seconded the motion, which carried without objection (4-0 vote). Board Chair Ladner called for a motion to accept the work product for the 2026 Internal Audit plan. Board member Boatright asked for clarification on the plan. Deea Western stepped in to explain the plan is to conduct and audit of claims operations focusing on timely payment file documentation. A motion was called, and Vice Chair Maciejewski-West moved to accept. Board Member Houston seconded the motion, which carried without objection (4-0 vote).



- 4.2 General Counsel Western explained that the Charter and disclosure statement were formally presented last year, and the new business was informational only. Board Chair Ladner called for a motion. Vice Chair Maciejewski-West moved to accept. Board Member Houston seconded the motion, which carried without objection (4-0 vote).
- 4.3 Board Chair Ladner asked for the Director of Human Resources, Andrew Velasquez to discuss the status of the project to update leave policies and procedures to ensure time and attendance records are accurate. Per Mr. Velasquez, SORM has taken action to audit and validate any past discrepancies for time entry and reporting, and that given the administrative attachment to the Office of Attorney General (OAG), any discrepancies that required the OAG's action SORM reached out to request monitoring. He goes on to explain that the current leave policies and procedures are being reviewed and updated with new processes, with alternate methods to request time off and documenting leave being explored. He explains that SORM is also in the process of centralizing this project within Human Resources, and that the HR team is working alongside management to ensure that the time is properly updated per the new policies and procedures. Future implementations will have the HR team conduct monthly time audits. Board Chair Ladner asks a question about the current policy in place and the lack of check and balances, how someone who has been with the agency for over twenty years could leave with twenty years' worth of vacation time left. General Counsel Western explains that this had been a vulnerability in the prior leave administration, and that once the matter was brought to attention by the OAG, it was reconciled. She goes on to say that steps have been taken to eliminate any possibility of such events occurring in the future. Board Chair Ladner asks another question about how within a long term, the audit process will determine whether they have unused vacation so that SORM will be able to validate that there is indeed unused vacation. General Counsel Western affirms this, and then goes on to explain how it is possible to track unused vacation time if no leave has been taken in over a year. Board Chair Ladner then asks about the carryover posture for leave time, how if you don't use it, you lose it. Mr. Velasquez affirms this and explains that the carryover is based on state tenure and that some leave time transfers over to sick leave, and then follows up by saying he can provide the policy explaining the details of the carryover. Board Chair Ladner thanks the members of SORM for their work in addressing the issue, and then moves on to any further questions. Board member Hartgraves asks how the leave doesn't automatically fall off if it isn't used. General Counsel Western explains that the government code explains this in detail, but that certain leave types transfer over to a different leave type, how some time will disappear after a years' time if not used, and that how when an employee leaves they will be paid out by the accrued annual leave, and the sick leave can be used towards service credit which impacts the amount of annuity that a retiree would be receiving. Board Chair Ladner moves on after no further questions. Board Chair Ladner calls to move to executive session at 9:45 a.m.
- Item 5. Board Chair Ladner called for the move into Executive Session pursuant to Section 551.074 of the Texas Government Code.
- Item 6. Board Chair Ladner reconvenes Open Session at 10:15 a.m. by explaining the closed executive session held previously on October 20<sup>th</sup>, which had been held for the Board to interview two candidates for the next Executive Director for the State Office of Risk Management. He explains no action had been taken at that time, or during the open meeting that had reconvened at 4:30 p.m. the same day. He states that today,

October 21<sup>st</sup>, in the announced closed executive session the Board discussed the interviews of the candidates and are now prepared to take action to hire a qualified person to serve as Executive Director of SORM. Board Chair Ladner calls for a motion to hire Sara Hays as the Executive Director of SORM with an approximate start in mid-November 2025. Vice Chair Maciejewski-West moved to accept. Board Member Houston seconded the motion, which carried without objection (4-0 vote). Board Chair Ladner calls for a motion to increase the salary of the Executive Director to \$166,887 effective December 1<sup>st</sup>, 2025. Board Member Houston moved to accept. Board Vice Chair Maciejewski-West seconded the motion, which carried without objection (4-0 vote).

Item 7. No Old Business

Item 8. No Public Comment

Item 9. Future Meeting Dates. Discussion on suggested dates for the next Board Meeting. A workshop was also proposed to occur the same day as the board meeting. Board Chair Ladner proposes a survey to choose between prospective dates of January 13<sup>th</sup>, 14<sup>th</sup>, 15<sup>th</sup>, 21<sup>st</sup>, 22<sup>nd</sup>, 27<sup>th</sup>, 28<sup>th</sup>, and 29<sup>th</sup>.

Item 10. Board Chair Ladner called the meeting adjourned at 10:21 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 FY26Q1**

TO THE

## **SORM BOARD OF DIRECTORS**

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January 27, 2026

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## EXECUTIVE SUMMARY

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### I. PERFORMANCE BASED OVERSIGHT BEGINS JANUARY 1, 2026

The Texas Department of Insurance Performance Based Oversight (PBO) program biennially evaluates workers' compensation insurance carriers, ranking them into "High," "Average," or "Poor" tiers based on timely payment/processing of benefits and data reporting. The purpose of PBO is to encourage better service, reward excellence, and focus regulatory efforts on underperformers. Evaluation criteria include:

- Timely payment of initial temporary income benefits (TIBs).
- Timely submission of payment and medical data to DWC.
- Timely processing of initial medical bills.
- Timely processing of requests for reconsideration of medical bills.

In 2024, SORM achieved the “High Performer” tier. Leadership is evaluating the processes by which we monitor claims to ensure timely compliance and accurate delivery of services to all participants the Office serves.

PBO began on January 1, 2026, and will end on June 30, 2026.

### II. AGENCY OUTREACH

Executive leadership is implementing steps to strengthen and boost the reputation of the Office with client, regulatory, and oversight agencies. In November, the Office hosted a working session to review and discuss opportunities for improved service delivery with the University of North Texas. In-person visits were made with multiple client agencies and ongoing communication with the Department of Workers’ Compensation, the Office of Attorney General and the Office of the Texas Governor.

Further enhancing the credibility and reputation of the Office, Lydia Scranton (Chief of Internal Operations and Chief Financial Officer) was asked to serve on the board of State Risk and Insurance Management Association (STRIMA). This association is comprised of risk and insurance managers of state governments across the nation. Lydia began service as secretary of the STRIMA Board on January 13, 2026.

### III. PROPERTY INSURANCE UNDERWRITER DISCUSSIONS

Deputy Executive Director, Todd Holt, is with the Arthur J. Gallagher broker team in Atlanta, Georgia discussing placement of the SORM sponsored property line of coverage. Visits with domestic underwriters are being held in person. Discussions with London underwriters are being held virtually.

The current property market is relatively stable with deceleration in rate increases and possible rate reductions. The property market can be volatile and subject to rapid changes. Factors affecting market volatility include natural disasters (wind, earthquake, fire, etc.), catastrophic losses and underwriting/risk selection.

Although too early to forecast, preliminary projections appear to be favorable for the May 1, 2026, renewal.

#### **IV. STAFF RETIREMENT ELIGIBILITY**

In 2026, a total of 15 SORM employees will be eligible to retire in 2026. Many of these staff have been with the Office since the early days of its inception. Of those eligible to retire, 5 are current retire/rehires. The Executive Team is having active discussions regarding succession, recruitment, organizational structure, training, and continued consistent delivery of services. If a significant number of staff who are eligible for retirement do retire, it would have a profound impact on employment turnover ratios.

#### **V. CHIEF OF LEGAL SERVICES AND GENERAL COUNSEL RETIREMENT**

After 32 years of dedicated service to the State of Texas, of which 11 years were with SORM, Deea Western is retiring on January 31, 2026. Deea has been an integral part of the Executive Management Team and served as General Counsel to the Board of Directors. Deea's accomplishments are many. To highlight just a few; she led initiatives to bolster vendor contract compliance, facilitated the update of SORM rules, and successfully provided direction on the implementation of several software systems currently used by the Office.

We posted the General Counsel position on December 18<sup>th</sup> and are continuing to review qualified applications. In the interim, Assistant GC Deborah Rao will be leading the Legal Division.

#### **VI. ARTIFICIAL INTELLIGENCE APPLICATIONS**

Although we are awaiting guidance from the Department of Information Resources (DIR) on the use of AI in state agencies, we are beginning to explore limited AI capabilities within Origami such as claim summarization features. We are also exploring what areas of the agency could best utilize any AI capabilities.



## AGENCY OPERATIONS

### AGENCY BUDGET AS OF NOVEMBER 30, 2025

Objects of Expense	Initial Budget	Adjustments Transfers (= In, - Out)	Revised Budget	Expenditures	Encumbrances	Remaining Budget	Unpaid Expenses Incurred	Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Salaries & Wages	8,348,974	0	8,348,974	1,730,751	0	6,618,223	0	20.7%	25.0%
Other Personnel Costs	200,000	100,000	300,000	100,135	0	199,865	0	33.4%	25.0%
Professional Services	1,800,000	100,000	1,900,000	912,235	42,891	944,874	0	50.3%	25.0%
Consumable Supplies	35,000	0	35,000	0	72	34,928	0	0.2%	25.0%
Utilities	10,000	0	10,000	794	6,154	3,052	0	69.5%	25.0%
Travel	120,000	-40,000	80,000	11,813	0	68,187	0	14.8%	25.0%
Rental of Space	720	0	720	720	0	0	0	100.0%	25.0%
Rental of Equipment	24,000	10,000	34,000	3,258	17,549	13,194	0	61.2%	25.0%
Operating Costs	2,024,179	-170,000	1,854,179	49,423	20,010	1,784,746	0	3.7%	25.0%
Capital Expenditures	0	685,272	685,272	3,562	125,099	556,612	0	18.8%	25.0%
Risk Management Information System (Authorized by HB500)	1,194,904	0	1,194,904	597,452	0	597,453	0	50.0%	25.0%
<b>TOTAL</b>	<b>13,757,777</b>	<b>685,272</b>	<b>14,443,049</b>	<b>3,410,143</b>	<b>211,775</b>	<b>10,821,131</b>	<b>0</b>	<b>23.6%</b>	<b>25.0%</b>

Objects of Expense	Initial Budget	Adjustments Transfers (= In, - Out)	Revised Budget	Expenditures	Encumbrances	Remaining Budget	Unpaid Expenses Incurred	Percent of Budget Expended/Incurred	Percent of Fiscal Year Elapsed
Indemnity	20,439,628	0	20,439,628	4,994,124	0	15,445,504	0	24.4%	25.0%
Medical	25,798,122	0	25,798,122	4,571,547	302,622	20,923,952	0	18.9%	25.0%
<b>Total Exps.</b>	<b>46,237,750</b>	<b>0</b>	<b>46,237,750</b>	<b>9,565,671</b>	<b>302,622</b>	<b>36,369,456</b>	<b>0</b>	<b>20.7%</b>	<b>25.0%</b>
Subrogation and Restitution	(567,750)	0	(567,750)	(412,816)	0	(154,934)	0	72.7%	25.0%
<b>NET TOTAL</b>	<b>45,670,000</b>	<b>0</b>	<b>45,670,000</b>	<b>9,152,855</b>	<b>302,622</b>	<b>36,214,522</b>	<b>0</b>	<b>20.0%</b>	<b>25.0%</b>

## FY25 PROJECTION

	Actual Costs as of 11/30/2025 3 Months	Based on Even Distribution	Based on 15 year avg. (FY11 - FY25)	Based on 10 year avg. (FY16 - FY25)	Based on 5 year avg. (FY21 - FY25)	Worst Case Assumed
Indemnity		24.93%	24.71%	24.58%	24.42%	24.42%
Medical		24.93%	26.33%	26.64%	25.19%	24.93%
Recovery		24.93%	22.73%	20.32%	12.90%	100.00%

### FY25 Projections

Indemnity	5,533,847	22,196,198	22,393,489	22,512,592	22,663,781	22,663,781
Medical	4,345,387	17,429,300	16,506,262	16,311,398	17,249,007	17,429,300
Recovery	(412,816)	(1,655,799)	(1,815,873)	(2,031,771)	(3,200,314)	(412,816)
<b>TOTAL</b>	<b>9,466,418</b>	<b>37,969,698</b>	<b>37,083,879</b>	<b>36,792,219</b>	<b>36,712,473</b>	<b>39,680,265</b>
Average of four different projection bases and "worst case"						<b>37,647,707</b>
Gross costs only	9,879,234	39,625,497	38,899,752	38,823,990	39,912,787	39,680,265
Average of four different projection bases and "worst case"						<b>39,471,021</b>

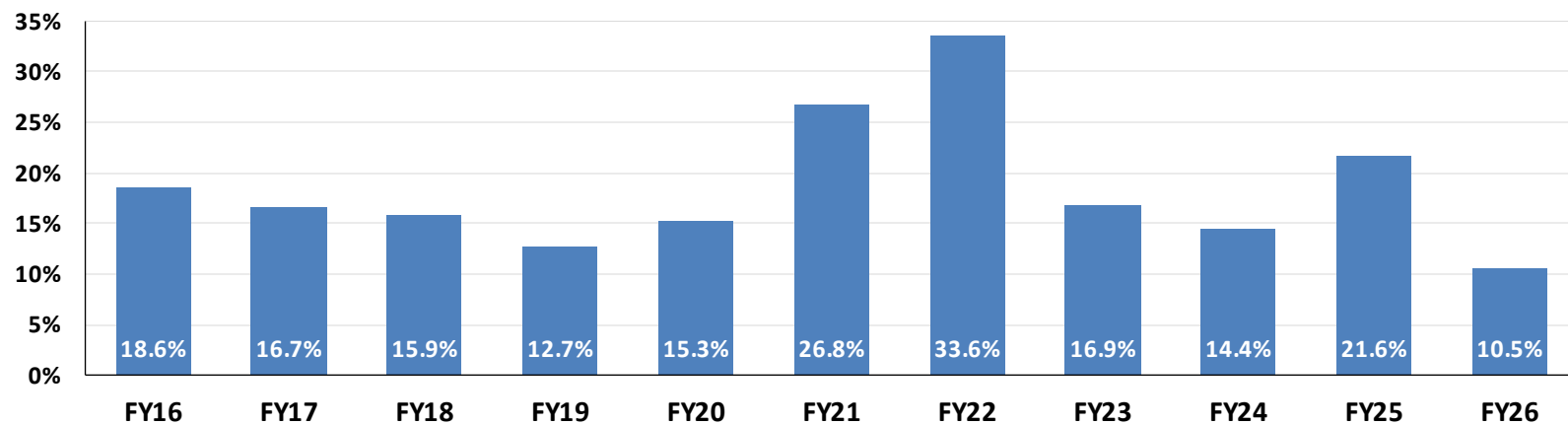
## HUMAN RESOURCES

New Hires	Posted Vacancies
Preslie Carr, Claims Adjuster I	General Counsel
Emma Eagle, Claims Adjuster I	Claims Adjuster II-IV
Juan Gonzales, Accountant I	Claims Adjuster II (2)
Sara Hays, Executive Director	Claims Adjuster I
Deadrick Ramirez, Receptionist	
Ryan Todd, Claims Adjuster I	
Anh Vu, Programmer	
Andrea Wilson, Claims Adjuster III	

### Recruitment Efforts

	September	October	November
Agency Web Site - Internet	131	63	29
Human Resources/Personnel Office	0	2	1
Job Board	78	33	8
Job Fair	2	3	4
Other State Employees	24	7	2
Social media	6	3	0
<b>TOTAL</b>	<b>241</b>	<b>111</b>	<b>44</b>

### Annual Turnover Rate



### FY26 Employment Separations

Retirements		Voluntary Separations not Including Retirements		Involuntary Separations	
Number of Separations	Turnover Rate	Number of Separations	Turnover Rate	Number of Separations	Turnover Rate
1	1.05%	6	6.28%	3	3.14%
		Transfer to Another Agency - 1 Voluntary Separation - 5		Termination – 2 Reduction in Force - 1	

### Number of Employees Eligible to Retire FY26 - FY28

FY26	FY27	FY28
15	1	1

## TRAINING AND OUTREACH

### Instructor Led Agency Training for FY26Q1

Course Name	Classes	Students
Driving Safety	3	40
Additional Duty Safety Officer	2	158
Hazardous Communication	3	176
Office Safety	1	164
Slips, Trips, & Falls	2	28
15 Passenger Van	3	48
Conflict Resolution	4	180
<b>TOTAL</b>	<b>18</b>	<b>794</b>

### Self-Paced LMS Training FY26Q1

Virtual Course Name	Students
Driving Safety	1395
Workers' Compensation Claims Coordinator	6
RMIS	0
<b>TOTAL</b>	<b>1401</b>

## LEGISLATIVE IMPLEMENTATION

Objective	Status	Status Description	Estimated Completion Date
<b>Legislative Monitoring</b>	<b>Complete</b>	The Policy Manager, Agency Liaison, and legal interns conducted research to identify legislation passed during the 89 <sup>th</sup> legislative session which may affect SORM. In-depth bill analyses were created for major bills.	<b>Late FY25</b>
<b>Legislative Research – Project Planning</b>	<b>Complete</b>	The Policy Manager created a master spreadsheet of legislation affecting SORM, identified action items required for implementation, and distributed to agency management. Agency management was advised of their responsibilities during implementation and additional staff were assigned to complete action items.	<b>Early FY26</b>
<b>Legislative Implementation</b>	<b>Ongoing</b>	Assigned Department Directors and agency staff will be taking required action to implement laws from the 89 <sup>th</sup> legislative session. The implementation of new legislative directives is monitored and managed.	<b>FY26Q3</b>

## ADMINISTRATIVE RULES

Objective	Status	Status Description	Estimated Completion Date
Administrative Rules – Legal Research	Complete	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.	Early FY25
Administrative Rules – Drafting	Complete	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.	Early FY25
Administrative Rules – One-on-Ones with Subject Matter Experts	Complete	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.	March 2025
Administrative Rule – Executive Review	Complete*	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. New Executive leadership will re-review the existing draft.	June 2025
Administrative Rules – Informal Comment Period	Complete	The Policy Manager and Agency Relations completed a series of email blasts to notify relevant stakeholders of the agency’s working administrative rules draft in order to solicit comments and corrections. The agency received several informal comments from stakeholders and scheduled their review with Executive Leadership.	September 2025
Administrative Rules – Review of Informal Comments	Complete	Legal and Executive Leadership will meet to review comments received during the informal notice and comment period and determine what steps, if any, should be taken prior to a rulemaking proposal.	October 2025
Administrative Rules – Board Notification	Upcoming	After completing the review noted above, the Board will be notified of the prospective date, content, and procedure of any future rulemaking proposal.	TBD
Administrative Rules – Formal Rulemaking Proposal	Upcoming	Legal will prepare and submit a formal rulemaking proposal to the <i>Texas Register</i> . A 30-day formal notice and comment period is required for any rulemaking proposal, with Board adoption permissible thereafter.	TBD
Administrative Rules – Regulatory Review	Upcoming	During session, Governor Abbott signed into law Senate Bill 14 which establishes the Texas Regulatory Efficiency Office (TREO). SB 14 directs TREO to help state agencies identify and repeal unnecessary or ineffective rules, determine the regulatory costs placed on the public, and issue best-practice guidelines for how agencies adopt new rules and perform required analyses such as cost and employment impact statements. The agency is aware of SB 14 and will work with TREO as necessary throughout any rulemaking activity.	TBD

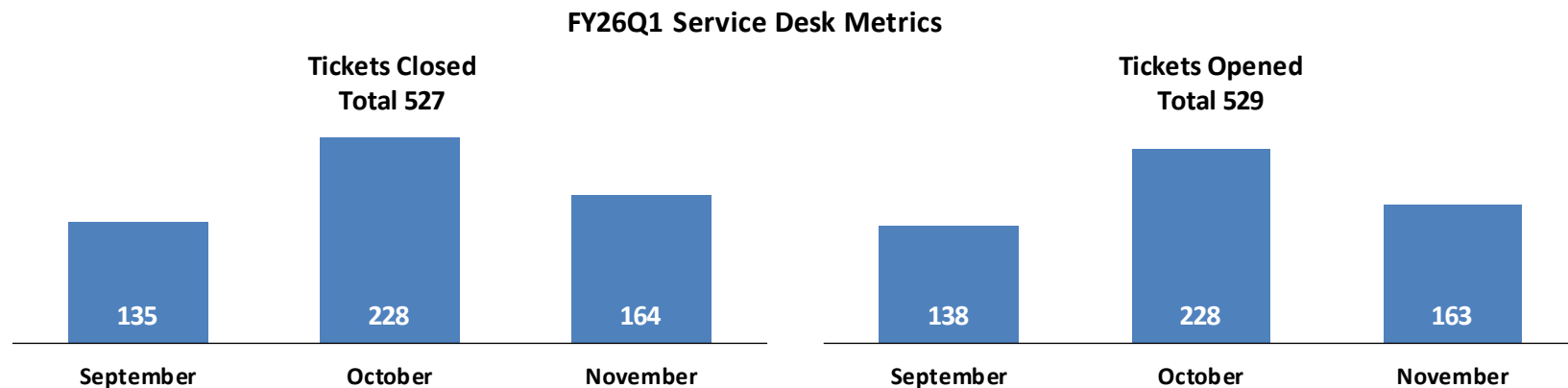
## INFORMATION TECHNOLOGY

### I. ONGOING AGENCY SUPPORT

Information Technology (IT) continues to support agency operations through infrastructure support, processing, and reporting. Significant areas of activity in FY26Q1 include:

Area	Task
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 (DIR) 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, the server migration is approximately 99% complete.</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> <li>The first of three modules mandated by DIR for FY26 cybersecurity requirements will commence in Q2.</li> <li>Four phishing simulations will be completed throughout the fiscal year.</li> </ul>

### II. SORM SERVICE DESK ACTIVITY





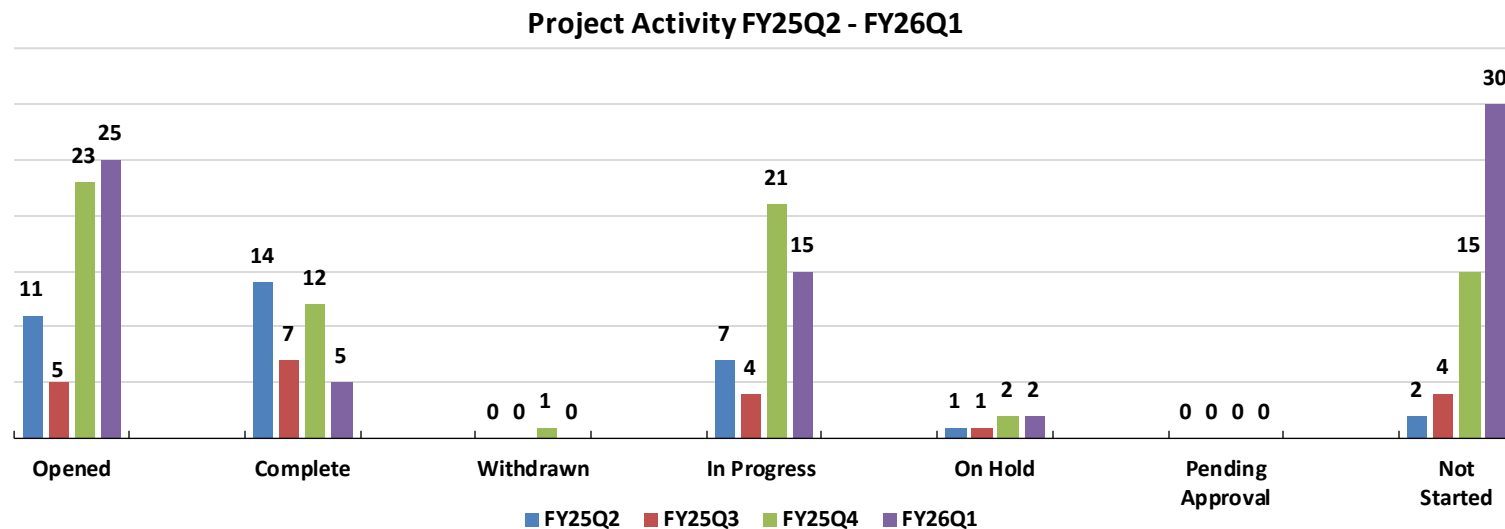
### III. PROJECT MANAGEMENT ACTIVITY

#### A. Project Execution

Five projects were completed this quarter. Work continues daily to enhance RMIS for SORM staff and external users for greater efficiency. SORM staff are actively working with Origami to strategically scope and plan Phase II (Insurance). Phase III (Risk Management) is complete.

#### B. Project Monitor and Control

The Project Monitor and Control process is in place to actively manage scope, budget, and timelines in a consistent and measurable framework. SORM project activity is presented below.



### IV. ANTICIPATED FY26Q2 ACTIVITY

In addition to routine support functions with operations for the Office, we anticipate the following activities during FY26Q2 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 the project to migrate our SORM servers to the Texas Private Cloud.
- E. Continue to support SORM in all project activity.
- F. Research and test AI functionality within SORM's staging instance of RMIS.

## 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

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### CLAIMS OPERATIONS

#### I. WORKERS' COMPENSATION CLAIMS HANDLING

Workers' compensation claims are opened and entered in SORM's claims management system as reports of injuries are filed by covered state entities. These reported claims are investigated and either accepted or denied. If SORM determines a state employee has sustained a compensable injury, the claim is accepted. If SORM determines the injury is not compensable, the Workers' Compensation Act requires the Office to file a denial within 60 days. Filing a denial does not automatically close a claim because an injured worker has the right to dispute the determination.

The Office inactivates a claim when an injured worker is released from care, no further treatment is anticipated, reaches Maximum Medical Improvement, or is not pursuing a denied claim.

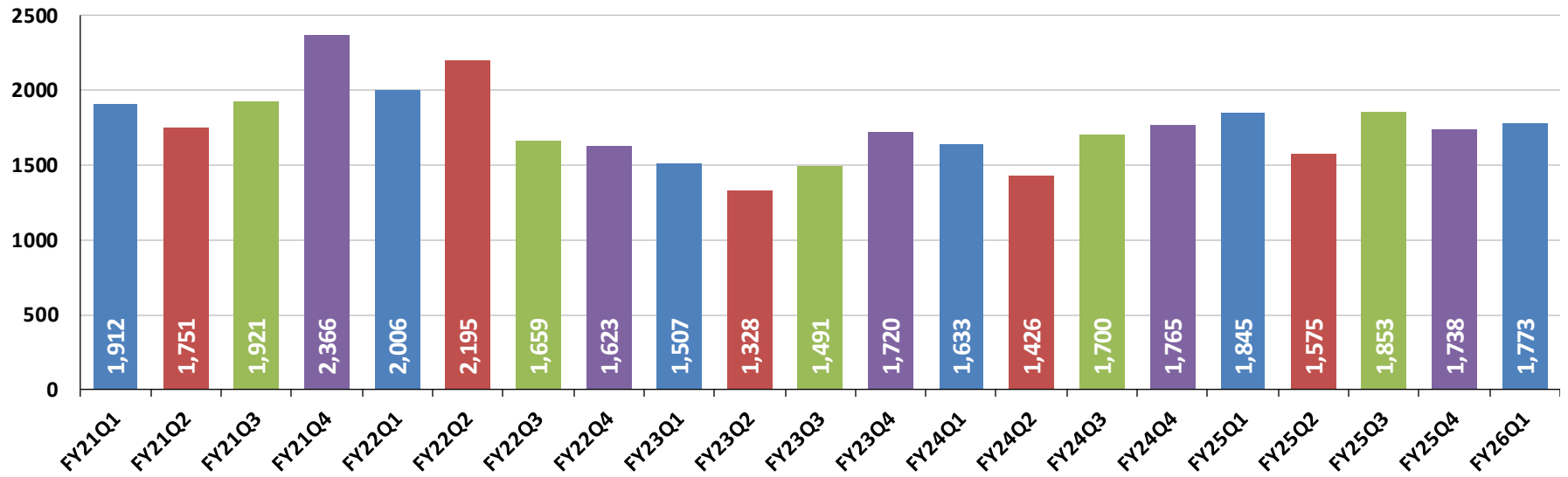
Since workers' compensation claims are based on a compensable injury, it is possible an injured worker may have future medical needs and/or lost time from work due to the compensable injury. If medical and/or indemnity benefits start again, SORM will reopen the claim to ensure the claim is being actively monitored by an adjuster.

#### II. CLAIMS OPERATIONS ACTIVE WORKLOAD FY26

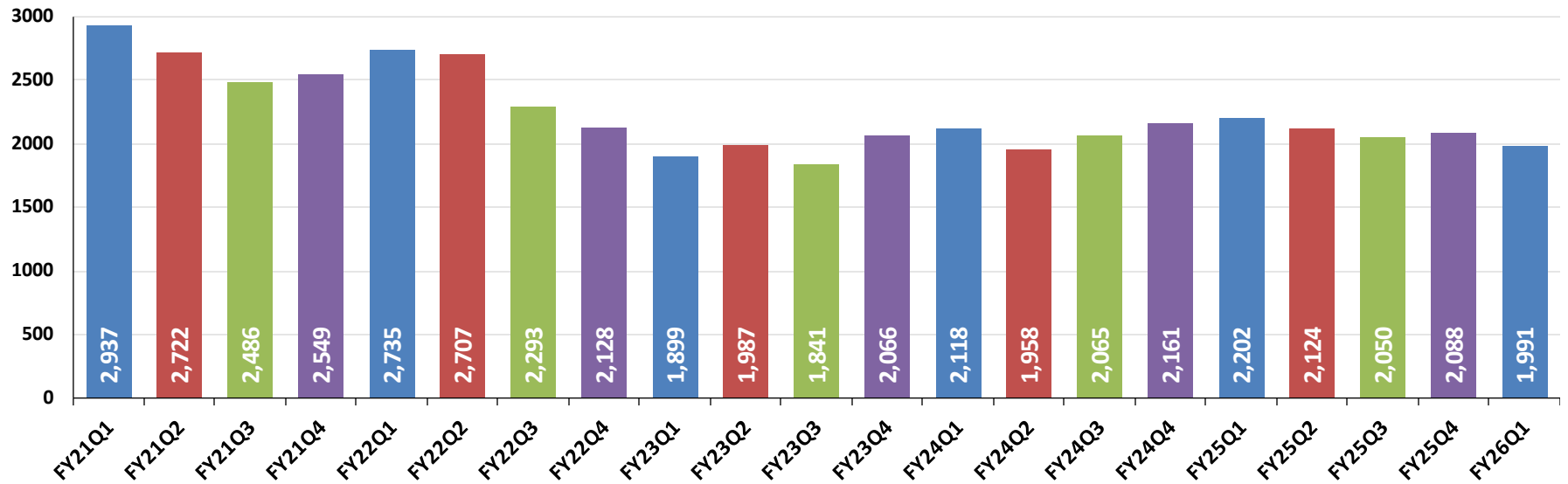
The following charts show claims activity in the state employees' workers' compensation program:

	FY26Q1	FY26Q2	FY26Q3	FY26Q4
Received	1773	-	-	-
Accepted	1522	-	-	-
Duplicates	63	-	-	-
Denied	208	-	-	-
Inactivated	1924	-	-	-
Reopened	31	-	-	-

Claims Received per Quarter



Claims Open per Quarter



### III. WORKERS' COMPENSATION CLAIMS DATA ANALYSIS

The following chart shows the state entities with more than 250 reported workers' compensation claims in FY26Q1:

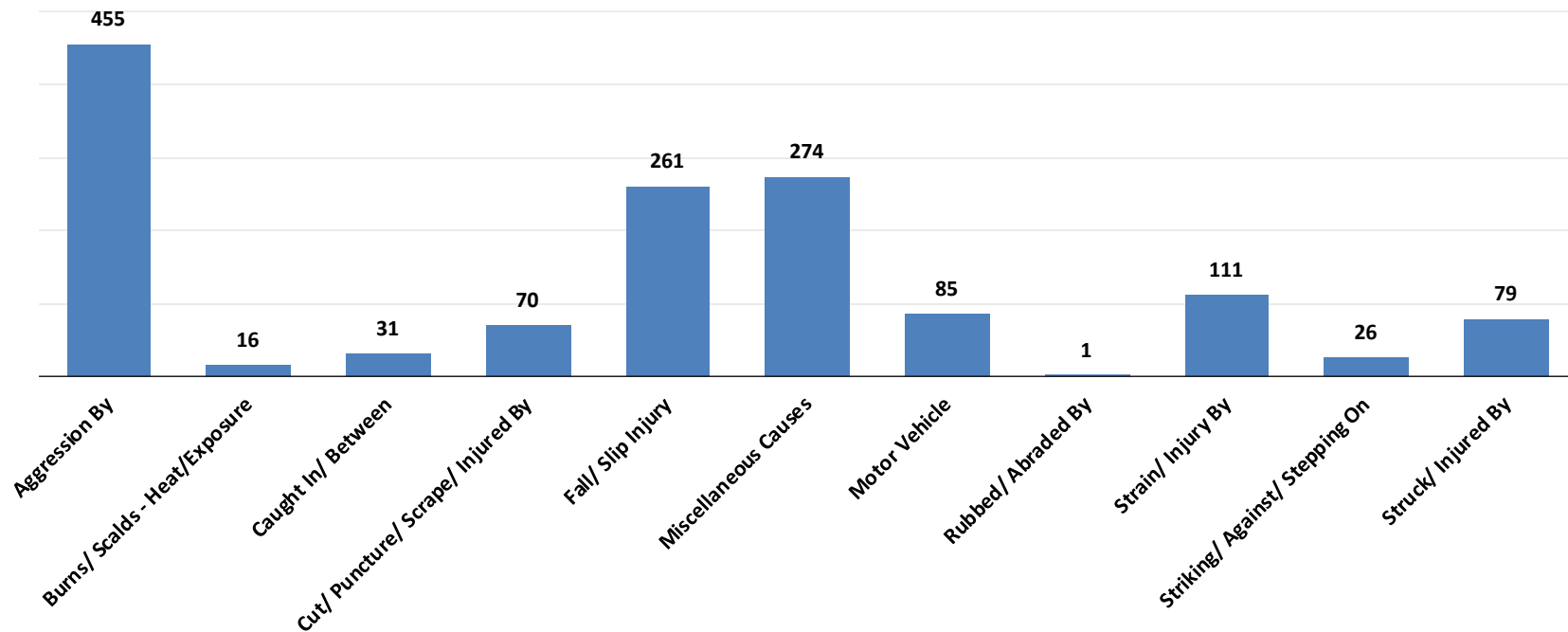
**Agencies That Reported More Than 250 Workers' Compensation Claims FY26Q1**



Standardized codes are used in workers' compensation claims to describe the cause of injury. Cause codes can be used to analyze trends. Identifying perils, risk exposures, and hazards is the first step in addressing workplace health and safety.

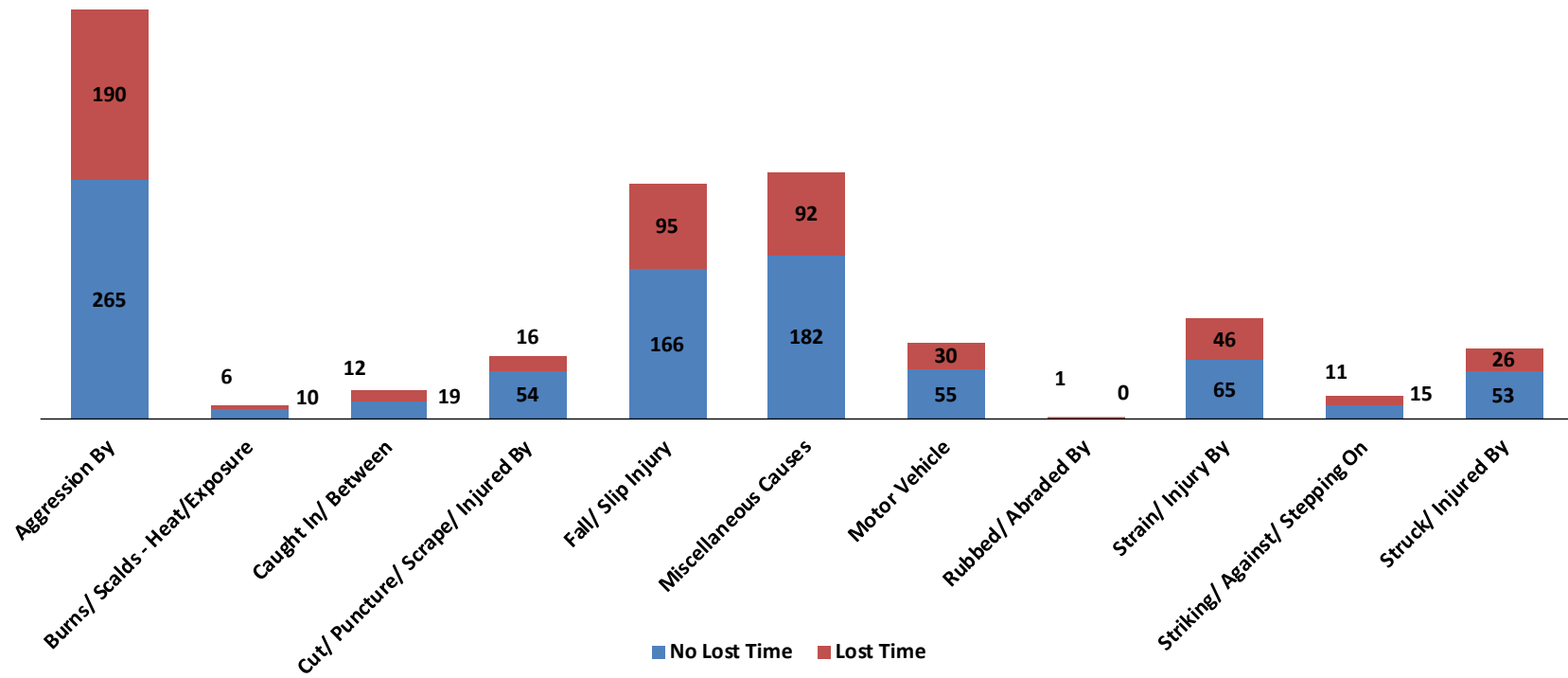
The following chart shows the conditions or situations that were identified as the cause of the compensable injuries that were reported to the Office in FY26Q1:

**Claim Injury Causes FY26Q1**



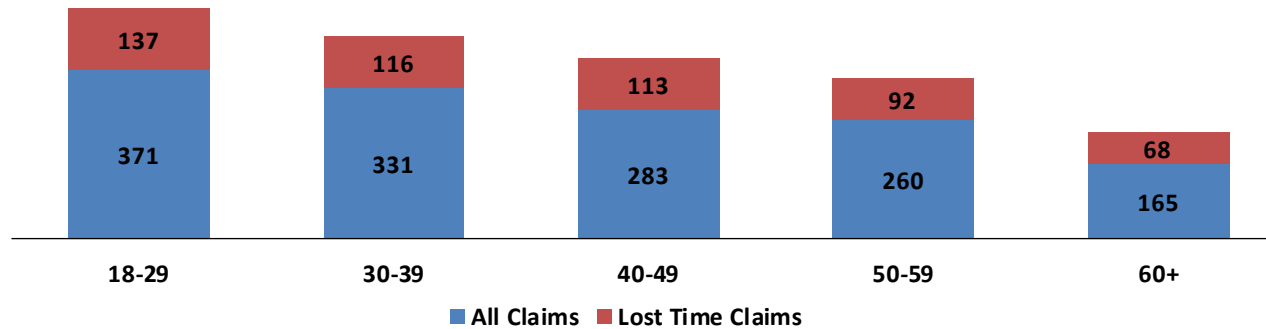
Lost time is an indicator of the severity of a claim. The following chart shows FY26Q1 lost time data on accepted claims within each injury cause:

**Injury Cause by Lost Time and No Lost Time FY26Q1**



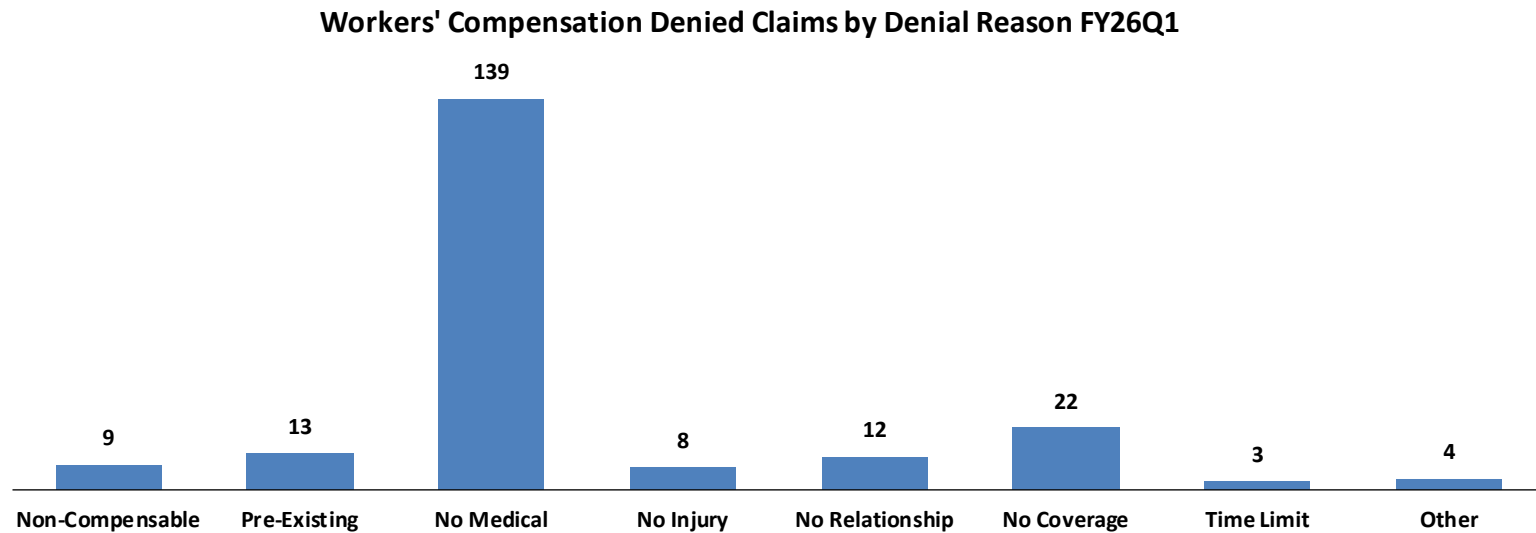
The following chart shows the age of injured employee and the lost time by age for accepted injuries in FY26Q1:

**Claims by Age FY26Q1**



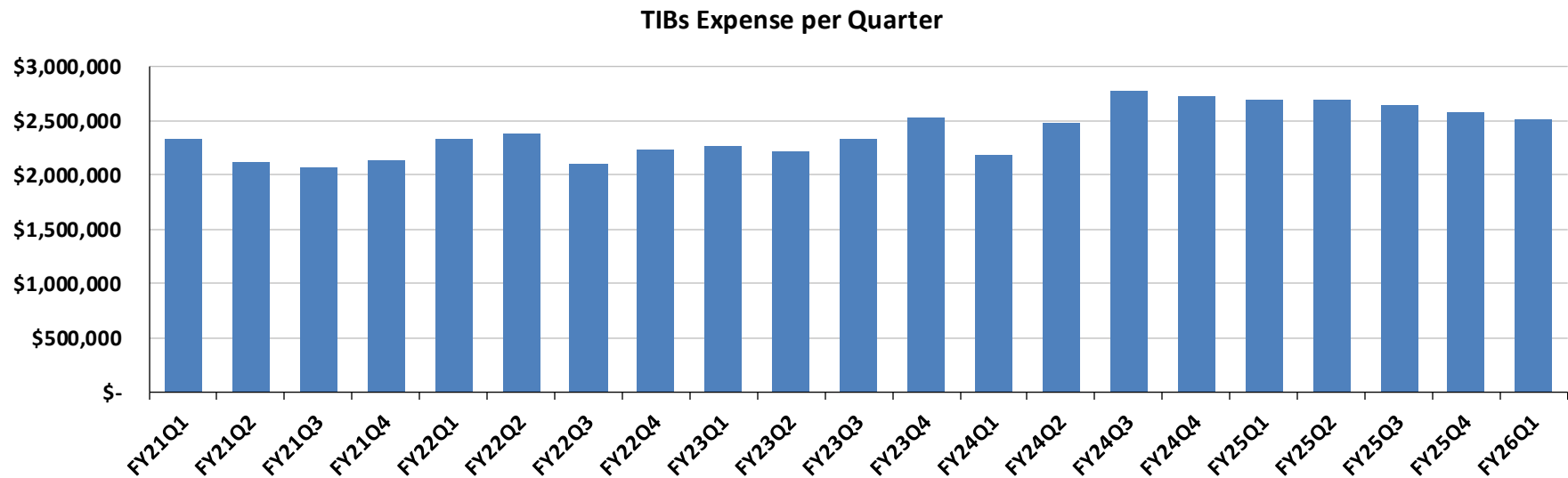
#### IV. WORKERS' COMPENSATION DENIALS

The common reasons for workers' compensation claim denials in FY26Q1 are shown in the chart below:



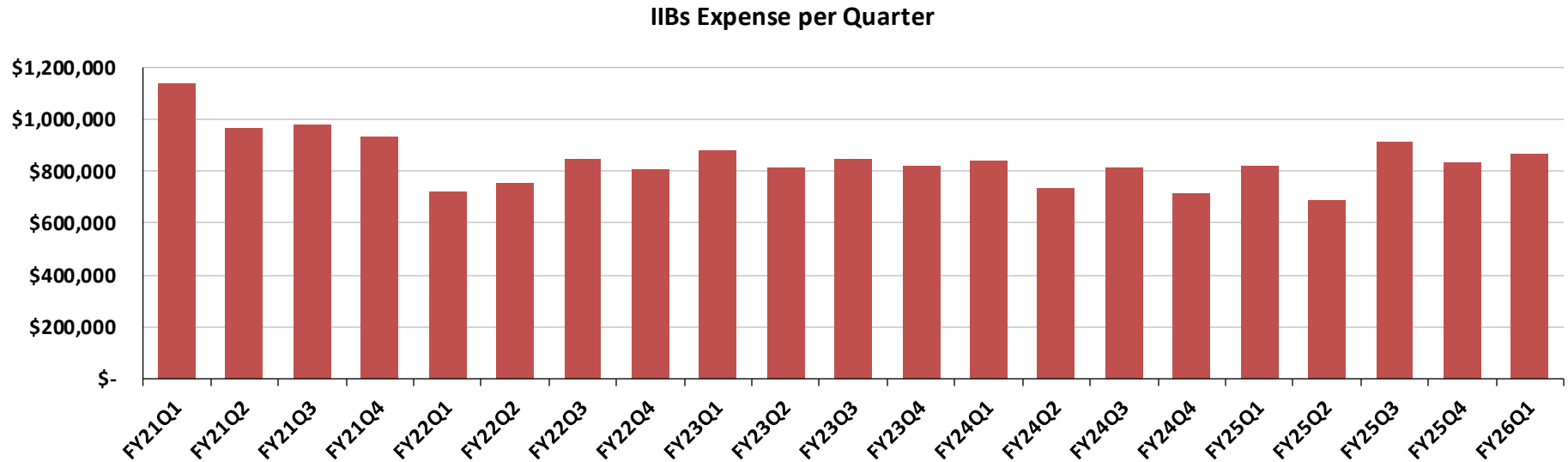
#### V. ANALYSIS OF INCOME BENEFITS EXPENSES FOR FY26Q1

Temporary Income Benefits (TIBs) expenditures for FY26Q1 totaled \$2,515,286 on 469 claims.

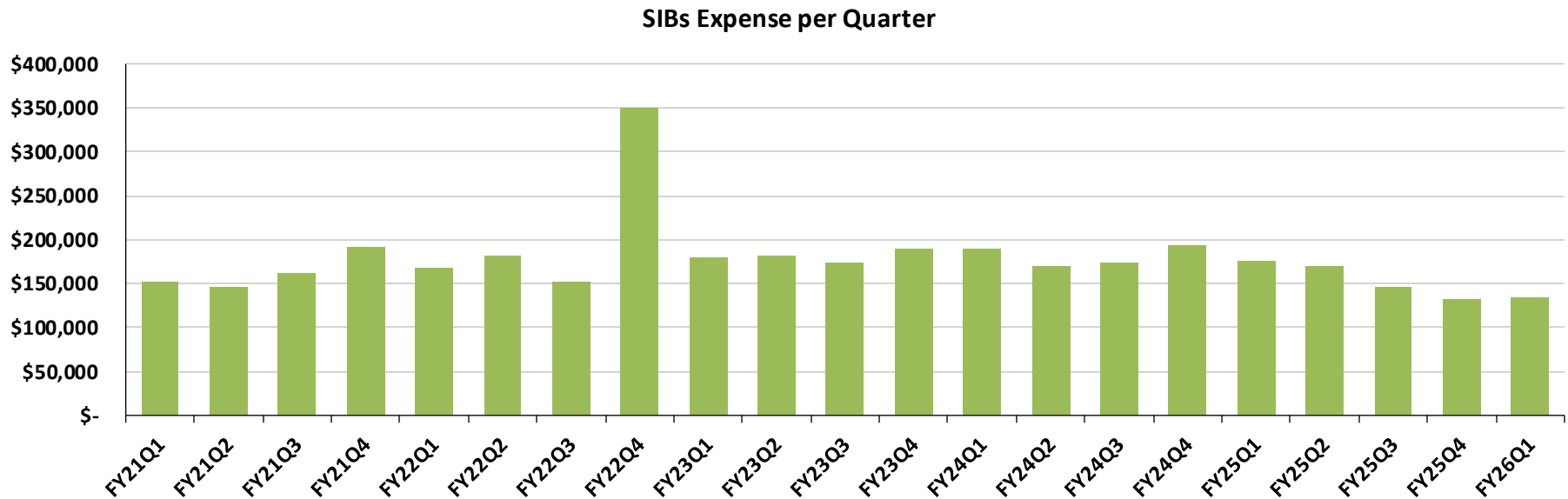




Impairment Income Benefits (IIBs) expenditures for FY26Q1 totaled \$870,072 on 135 claims.

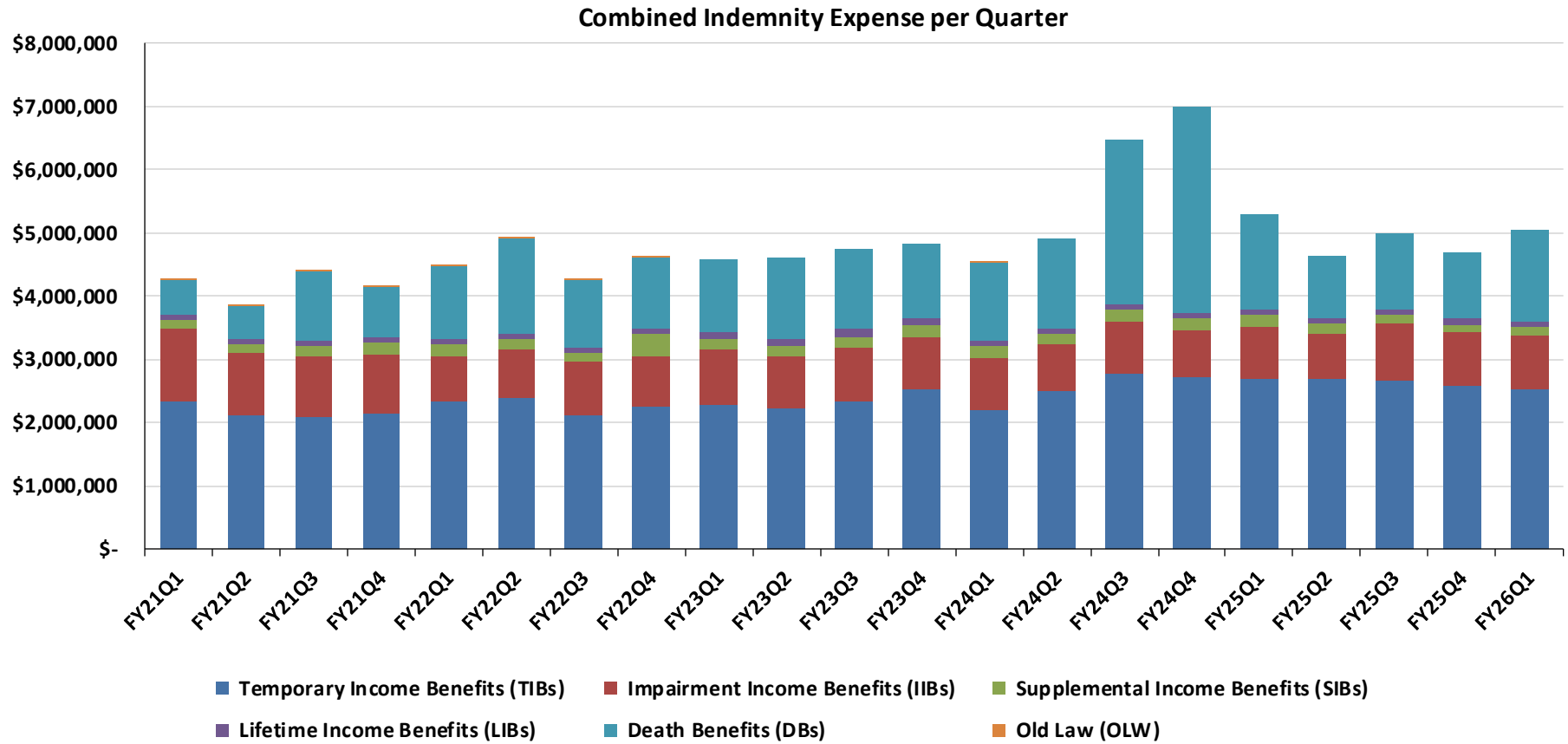


Supplemental Income Benefits (SIBs) expenditures for FY26Q1 totaled \$135,061 on 20 claims.



***In addition, the office is paying Lifetime Income Benefits (LIBs) on 10 claims and Death Benefits (DBs) on 104 claims (including 3 payments to the SIF).***

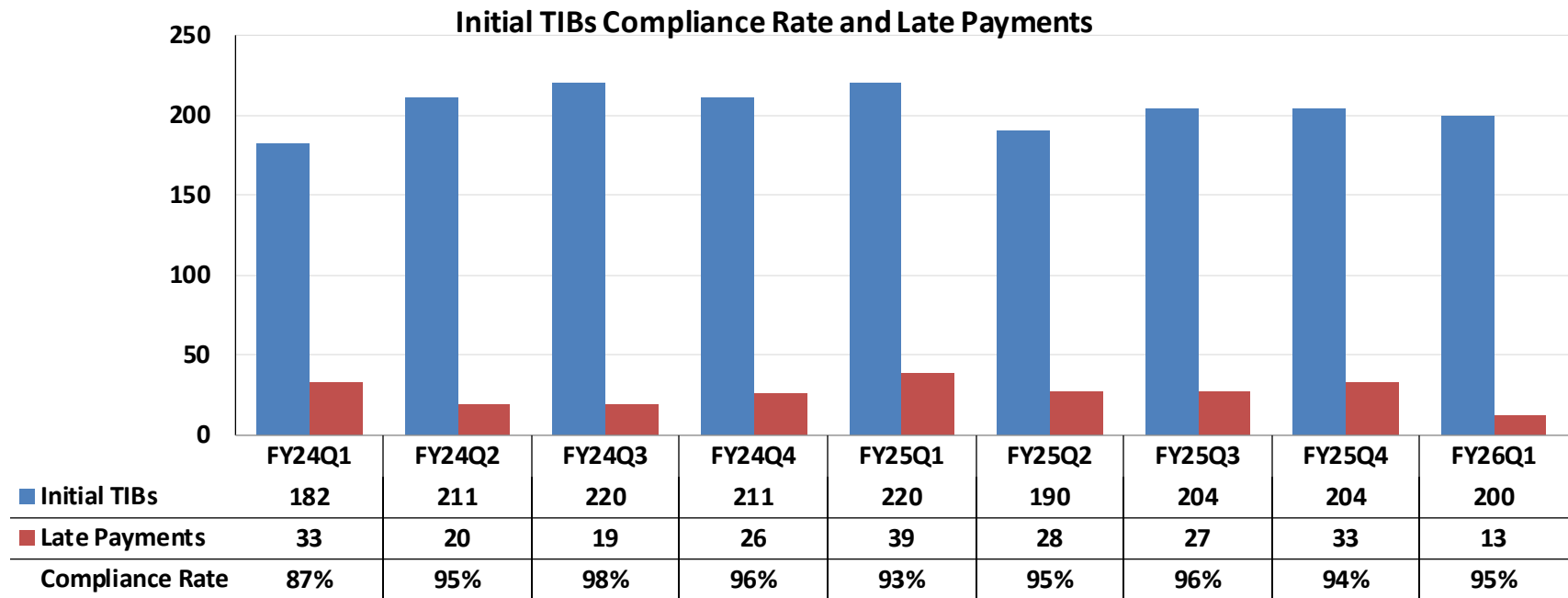
Combined indemnity expenditures for FY26Q1 totaled \$5,025,460 on 738 claims.



## 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.

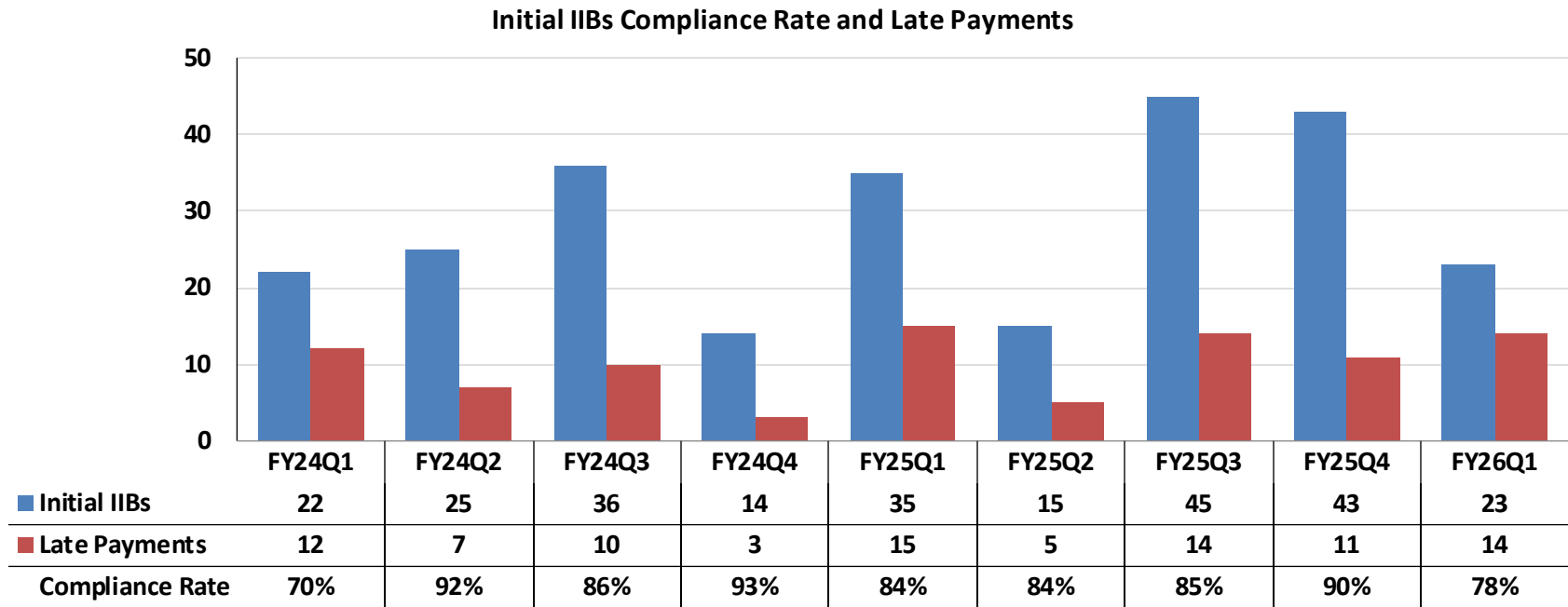


#### TIBs Late Payments FY26Q1

Carrier	8
Employer	5
Physician	0
No Fault/Misc.	0
System	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).



### IIBs Late Payments FY26Q1

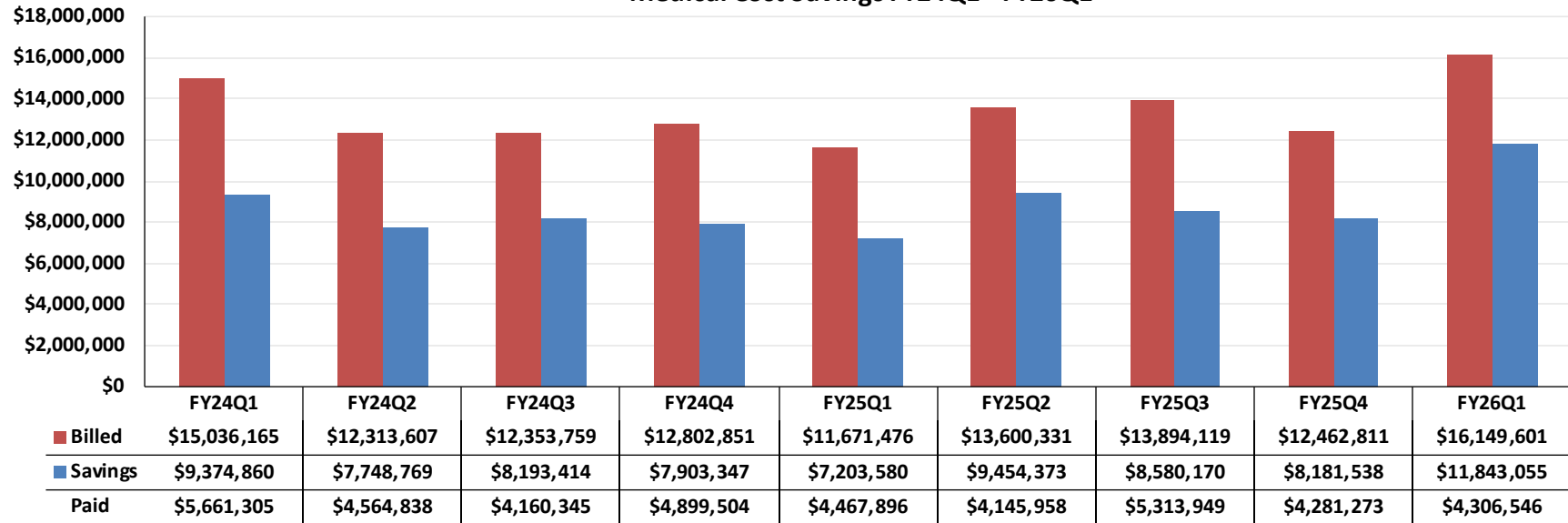
Carrier	14
System	0
No Fault / Misc.	0

## MEDICAL MANAGEMENT

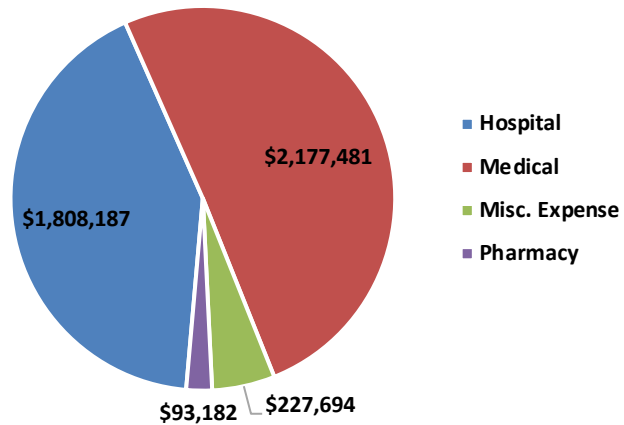
### I. MEDICAL COSTS

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

**Medical Cost Savings FY24Q1 - FY26Q1**



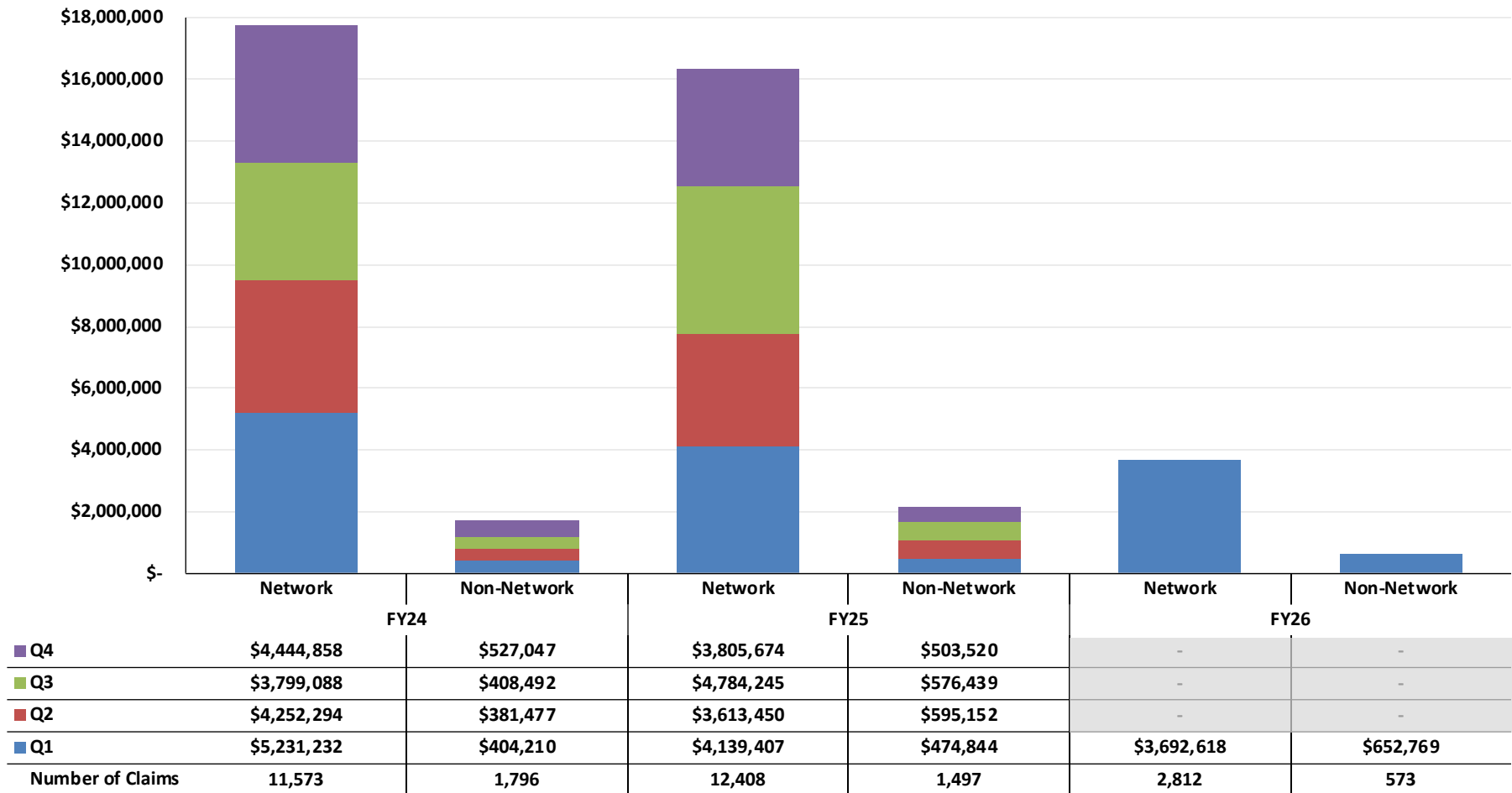
**Medical Payments FY26Q1**



## II. NETWORK AND NON-NETWORK DATA

The following chart shows the amount paid in medical on network and non-network claims.

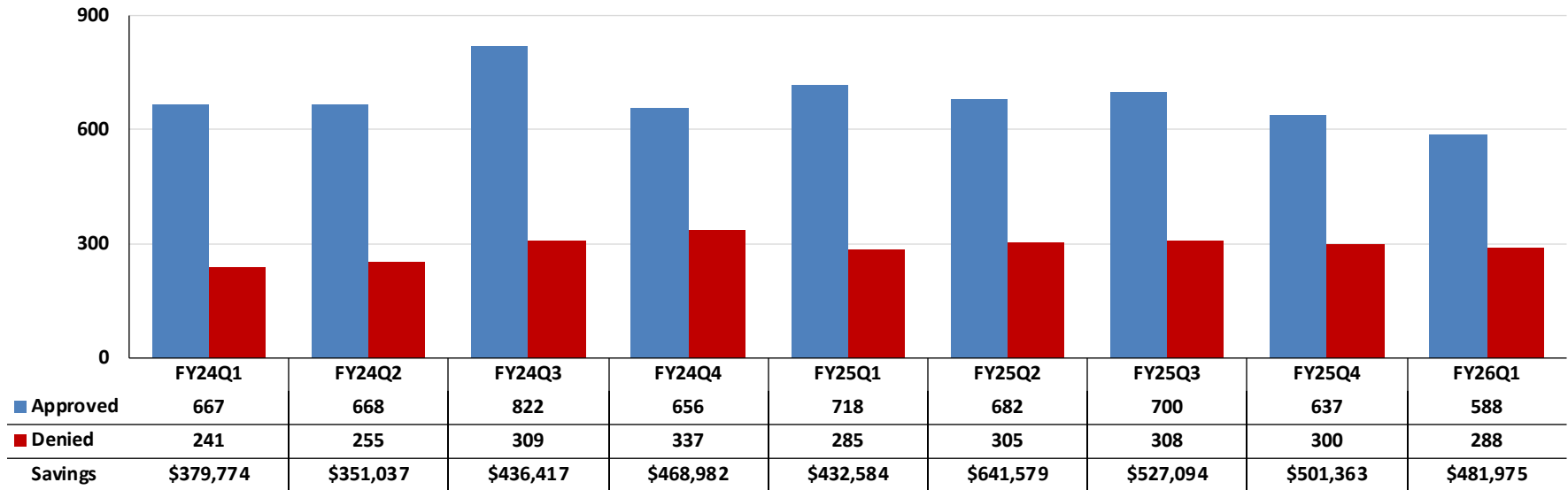
**Network and Non-Network FY24-FY26**



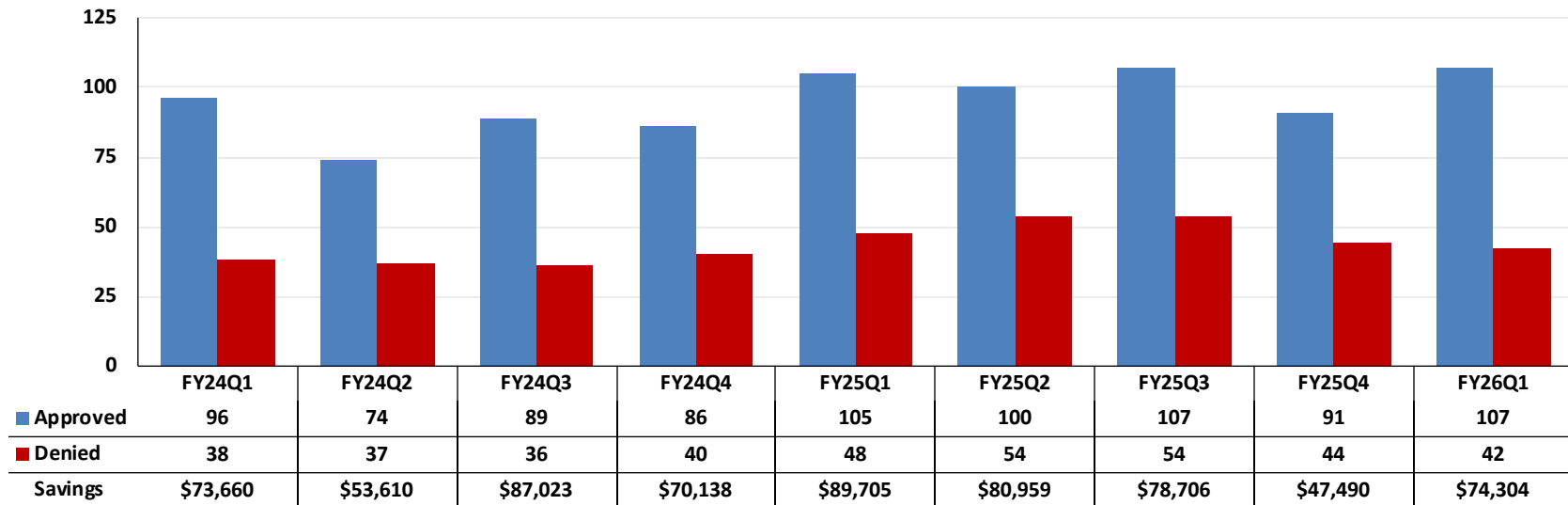
### III. PREAUTHORIZATION

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 FY24Q1 - FY26Q1**

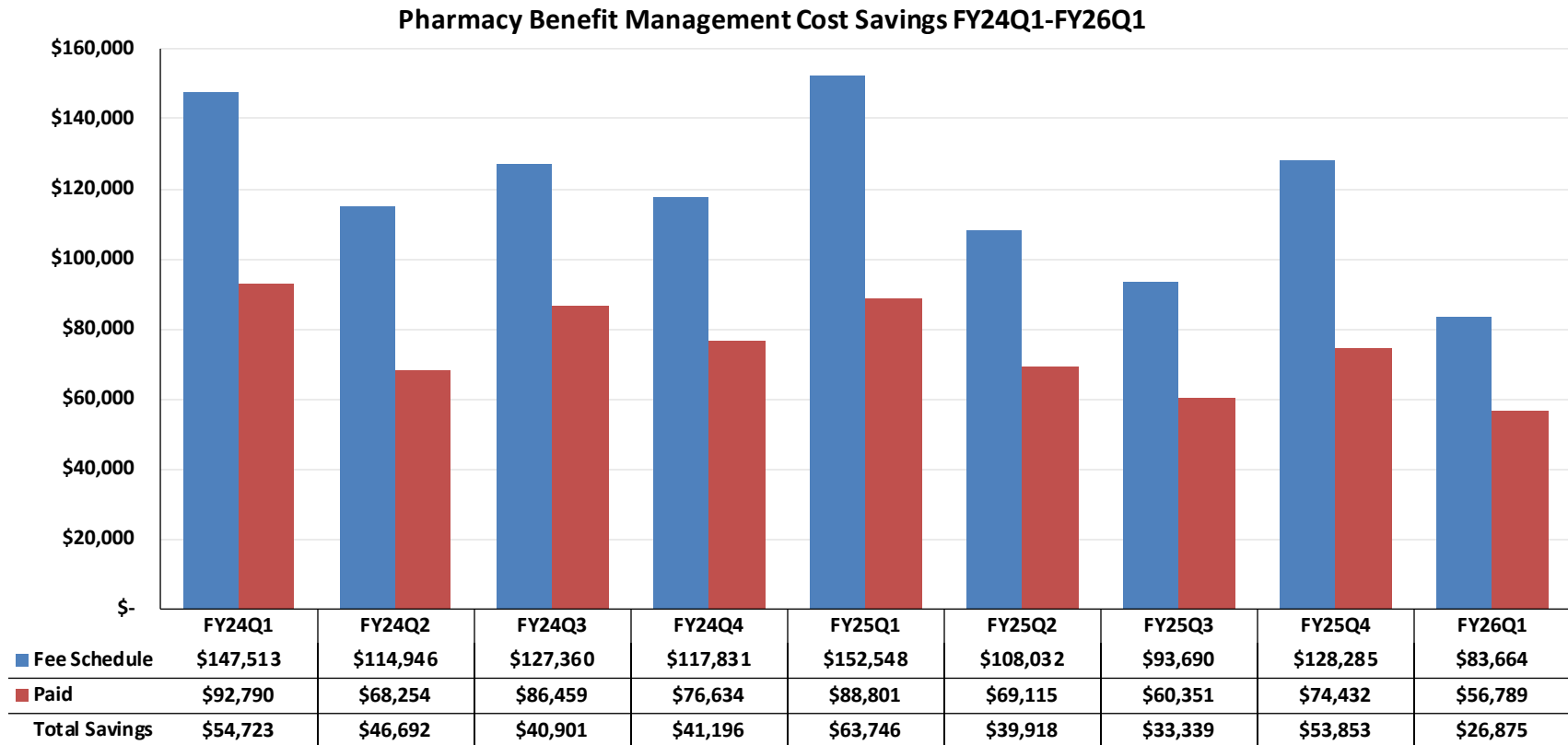


**Non-Network Utilization Review FY24Q1 - FY26Q1**



#### IV. PHARMACY BENEFIT MANAGEMENT

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



#### V. MEDICAL DISPUTE RESOLUTION FY26Q1

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	24 Non-Network
Medical Necessity Disputes	3 Non-Network



## LEGAL MANAGEMENT

### I. BENEFIT DISPUTE RESOLUTION FY26Q1

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

A. Dispute proceedings were scheduled in 56 claims this quarter.

BRC Held/Reset	BRC Resolved/Agreement	3 Most Common BRC Issues
43	9	Impairment Rating, Maximum Medical Improvement, Extent of Injury
CCH Held	CCH Resolved by Agreement	3 Most Common CCH Issues
8	2	Impairment Rating, Maximum Medical Improvement, Extent of Injury

### II. SPECIAL INVESTIGATIONS

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

	FY26Q1	FY26Q2	FY26Q3	FY26Q4
Reports Received	254	-	-	-
Cases Opened for Investigation	0	-	-	-
Pending Cases	12	-	-	-
Cases Closed	5	-	-	-
Criminal/Administrative Referrals	0	-	-	-

### III. RECOVERY SERVICES

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

	FY26Q1	FY26Q2	FY26Q3	FY26Q4	YTD
<b>SUBROGATION LIEN RECOVERY</b>	<b>\$412,816</b>	-	-	-	<b>\$412,816</b>
• Claims with a Lien Recovery	16	-	-	-	
• Lien Recovery \$5,000 or Less	10	-	-	-	
• Lien Recovery \$5,001 to \$30,000	3	-	-	-	
• Lien Recovery \$30,001 to \$100,000	1	-	-	-	
• Lien Recovery \$100,001 and Above	2	-	-	-	
<b>SIF REIMBURSEMENT</b>	<b>\$0</b>	-	-	-	<b>\$0</b>
• Claims with a SIF Reimbursement	0	-	-	-	
<b>TOTAL</b>	<b>\$412,816</b>	-	-	-	<b>\$412,816</b>

## ENTERPRISE RISK

### I. STATEWIDE RISK MANAGEMENT PROGRAM

Risk Management focused on implementing the RMIS platform across department operations, in collaboration with the IT department.

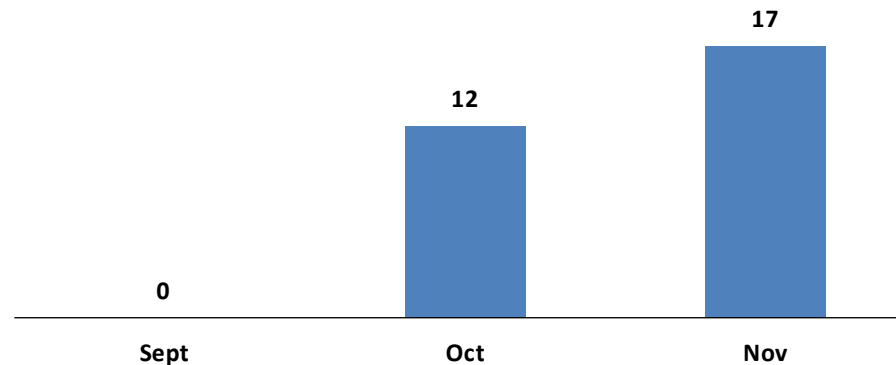
A. The Risk Management team provided the following consultative services during FY26Q1.

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

CVs	Sept	Oct	Nov	Total	Percent Complete
Visits	17	23	13	53	23% of a goal of 229
Reports	1	10	16	27	12% of a goal of 229
RMPRs	Sept	Oct	Nov	Total	Percent Complete
Reviews	0	0	2	2	8% of a goal of 25
Reports	0	0	2	2	8% of a goal of 25

B. The recommendations below were provided to agencies during CVs and RMPRs in FY26Q1.

#### Recommendations Given FY26Q1



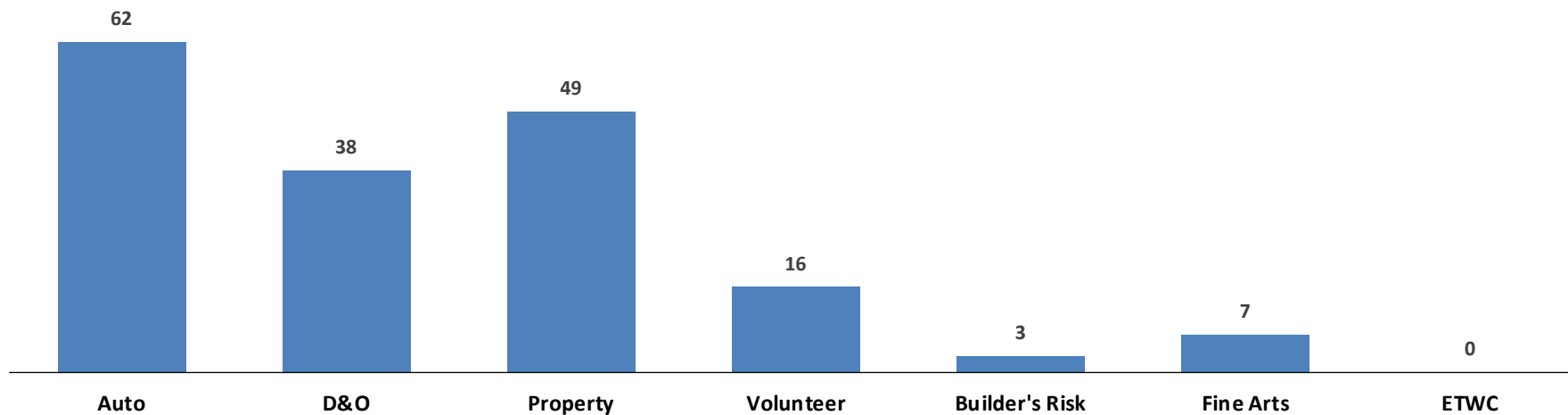
- C. The categories of recommendations have been updated with the RMIS implementation. Most notably, Policy/Procedure/Training has been separated into independent categories.

#### Category of Recommendations FY26Q1

Continuity	1
Environmental	2
Insurance	3
Policy	6
Procedure	1
Risk Management	1
Safety	14
Training	1

## II. STATEWIDE INSURANCE PROGRAM

### A. Participants in statewide insurance lines FY26Q1.



B. Insurance Purchase Reviews for FY26Q1.

Line	Number of Policies	Approved	Comments	Premium
<b>Athletic Medical</b>	2	Yes	This policy provides excess accident medical benefits for student-athletes who participate as a member of an intercollegiate athletic team in a scheduled game, official tournament, or practice session; or while traveling directly to or from such game, tournament, or practice session. The policy pays benefits for two years from a date of injury that occurs within the policy period.	\$101,195
<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, dishonesty, misappropriation of funds, embezzlement, or computer fraud.	\$127,953
<b>Cyber</b>	4	Yes	The policy transfers some of the risk related to covering expenses such as notification, remediation, and forensics if there is a privacy event, security incident, or breach.	\$439,446
<b>Extra Territorial Workers' Comp</b>	3	Yes	This coverage provides workers' compensation insurance for employees who work on behalf of the State of Texas but operate or live outside of Texas.	\$19,166
<b>Foreign Liability Package</b>	1	Yes	A Foreign Package policy is designed to cover multiple risks while covered persons are traveling abroad. In this case, the policy covers General Liability, Corollary Liability, Auto Liability, and Physical Damage to premises.	\$14,488
<b>GL &amp; Excess</b>	3	Yes	General Liability (GL) insurance is designed to protect an organization against liability claims for bodily injury or property damage for which they may be legally responsible. This policy is typically a requirement of a building lease agreement.	\$115,904
<b>Inland Marine</b>	4	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.	\$47,129
<b>Kidnap &amp; Ransom</b>	1	Yes	Kidnap, ransom, and extortion (KR&E) insurance is to protect companies and families against the high costs associated with a kidnapping.	\$12,892
<b>International Travel / Global Medical</b>	1	Yes	This policy is for medical insurance that provides coverage for any unexpected injuries, illnesses, and other risks while a state employee or enrolled student is traveling abroad.	\$5,000
<b>Medical Professional</b>	2	Yes	A professional liability policy to cover the insured if they commit an error or omission (E&O) in performance of medical professional duties. Coverage extends to medical students while participating in activities that are a part of the students' curriculum.	\$115,259
<b>Prescribed Burn</b>	1	Yes	Prescribed burn, also known as hazard reduction burning, is a special type of general liability policy. This policy protects the entity against liability claims bodily injury or property damage arising from the burn process.	\$110,000
<b>TOTAL</b>	<b>24</b>			<b>\$1,108,432</b>

### III. STATEWIDE CONTINUITY PROGRAM

The Continuity team has transitioned to the Enterprise Risk department. The team's primary focus since the transition has been outreach to state agencies that have not previously submitted a Continuity of Operations Plan.

#### FY26 Continuity Activity

	FY26Q1	FY26Q2	FY26Q3	FY26Q4
Plans Evaluated	17	-	-	-
Exercises Evaluated	10	-	-	-
Internal SORM Coop Meetings	1	-	-	-

## PERFORMANCE MEASURES

### SORM PERFORMANCE MEASURES

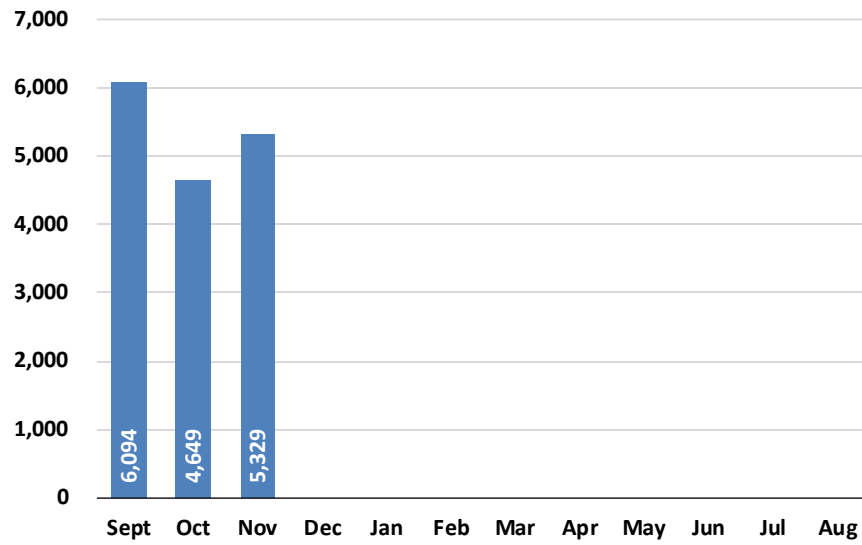
Performance measures provide information to the Legislative Budget Board, Governor, and Legislature on SORM's key processes and activities. The General Appropriations Act establishes performance targets for key performance measures. SORM must report performance data for its key and non-key performance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

Performance Measures	Key Measure	Reporting Frequency	FY26 Target
Incident Rate of Injuries & Illnesses Per 100 Covered Full-Time Employees	Yes	Annual	3.55%
Cost of Workers' Compensation Per Covered State Employee	Yes	Annual	\$240
Cost of Workers' Compensation Per \$100 State Payroll	Yes	Annual	\$0.60
Average Cost to Administer Claim	Yes	Annual	\$725
Number of 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	98%
Cost Per Hour of Direct Risk Management Service Provided	No	Actual	NA
Number of Employees Served in Risk Management Training Sessions	No	Actual	NA
Number of Initial Eligibility Determinations Made	No	Actual	NA

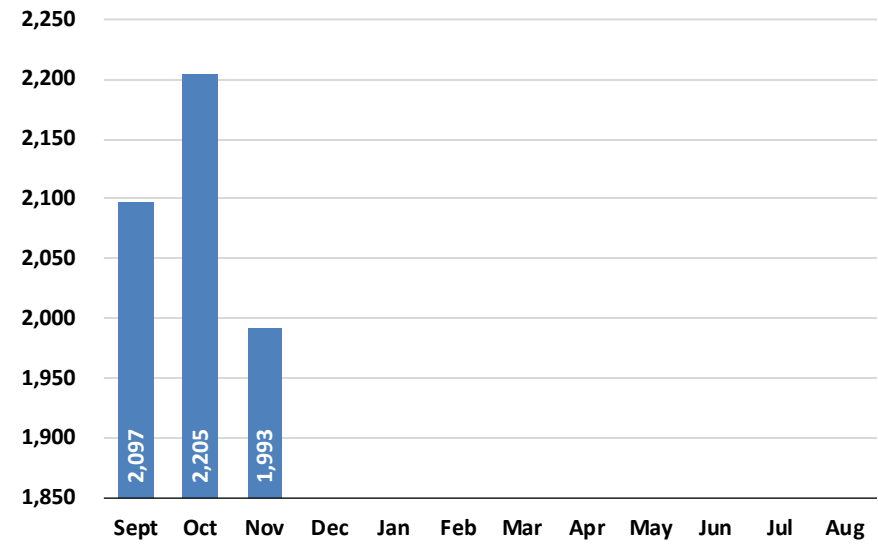
### REPORTED PERFORMANCE MEASURE DATA

	FY26Q1	FY26Q2	FY26Q3	FY26Q4
Consultation Visits	27	-	-	-
Risk Management Program Reviews	2	-	-	-

**Medical Bills Processed FY26**  
**Total 16,072**



**Indemnity Bills Processed FY26**  
**Total 6,295**





State Office of Risk Management

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

## 6. New business

### Information

No new business has been identified.

### Action Required

No official action required.

## 7. Old business

### 7.1 Status of project to update leave policies and procedures to ensure time and attendance records comply with GOVT Section 661.908.

#### Information

Human Resources will update the Board on the status of a project to update leave policies and procedures.

#### Action Required

No official action required.





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## 8. 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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## **9. Discussion and possible action on future meeting dates**

### **Information**

Tentative meeting dates are attached for discussion.

### **Action Required**

**No official action required.**



**TENTATIVE BOARD OF DIRECTORS MEETING DATES  
FY26**

**FY26Q2**

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**Primary: Tuesday, April 14<sup>th</sup> at 9:30 a.m.**

***Alternate: Wednesday, April 15<sup>th</sup> at 9:30 a.m.***

**FY26Q3**

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**Primary: Tuesday, July 21<sup>st</sup> at 9:30 a.m.**

***Alternate: Wednesday, July 22<sup>nd</sup> at 9:30 a.m.***

**FY26Q4**

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**Primary: Tuesday, October 20<sup>th</sup> at 9:30 a.m.**

***Alternate: Wednesday, October 21<sup>st</sup> at 9:30 a.m.***

**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.



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## 10. Recess

### Information

A short recess will be taken

### Action Required

No official action required.

## 11. Reconvene in Open Session and commence Board of Directors and SORM staff workshop.

### Information

Matters considered in the workshop may include, but are not limited to:

- 11.1 Board policymaking responsibilities;
- 11.2 Board objectives;
- 11.3 Long-term strategic plan(s) for SORM;
- 11.4 Principal strategic and/or operational issues SORM expects to confront in the future;
- 11.5 Board interactions with the agency

### Action Required

No official action required.



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## **12. Adjourn meeting**

The Chair:

1. Calls the meeting adjourned and announces time