



# RISK★TEX

INTERAGENCY COMMUNICATION FROM THE STATE OFFICE of RISK MANAGEMENT ★ APRIL 2004



## TIP OF THE QUARTER

SORM recently announced the successful procurement of a Statewide Automobile Insurance Program, underwritten by the St. Paul Travelers Insurance Co. through Arthur J. Gallagher & Co. - Dallas.

The program is tailored to provide liability coverage for any owned, non-owned, or hired auto operated by a state agency or institution of higher education; physical damage coverage for scheduled autos; mobile equipment coverage; and liability coverage for automobiles driven in Mexico.

For more information about the program or to download a form, please go to [www.sorm.state.tx.us/insurance/auto.htm](http://www.sorm.state.tx.us/insurance/auto.htm).

If you have any questions, please contact Sally Becker at [sally.becker@sorm.state.tx.us](mailto:sally.becker@sorm.state.tx.us) or at (512) 936-1573.

## BOARD MEMBERS

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# Developing a safety culture

By Sam Arant

One of the most effective means of reducing workers' compensation claims, mishaps, and near misses is the development of a safety culture in an organization. The immediate causes of mishaps and near misses in organizations are often identified as the presence of a hazardous condition, the failure of equipment, or human error; however, the investigation and analysis of mishaps reveal factors beyond the immediate causes. These factors relate to the safety culture of the organization. Basic deficiencies in organizational structure, climate, and procedures may predispose an organization to mishaps.

What is meant by a *safety culture*? A practical definition is *the way we do things around here*. The safety culture is a part of the overall culture of an organization. The safe-

ty performance of an organization is heavily influenced by parts of management not traditionally thought of as being "part of safety." A more formal definition of *safety culture* is from the Advisory Commission on the Safety of Nuclear Installations:

*The safety culture of an organization is the product of individual and group values, perceptions, competencies, and patterns of behavior that determine the commitment to, and the style and proficiency of, an organization's health and safety management. Organizations with a positive safety culture are characterized by communications founded on mutual trust, by shared perceptions of the importance of safety, and by confidence in the efficacy of preventive measures.*

The following eight components are present in a positive safety culture, (See "Management," page 5)

# New executive director

The SORM Board of Directors named Jonathan D. Bow as the agency's new executive director.

Mr. Bow began his new position in May, replacing Ron Josselet, who retired at the end of April. Mr. Bow joined SORM in 1998 as General Counsel and served a brief stint as interim executive director of SORM

in 1999.

Mr. Bow said that SORM will remain committed to serving the needs of injured workers, state agencies and the State of Texas.

Born and raised in Alpine, Texas, Mr. Bow spent many years in West Texas. He graduated from Sul Ross (See "Board," page 4)

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# SORM trainers keeping busy

**By Sam Lawrence**

The last month of the fiscal year is fast approaching, but just because the year is ending doesn't mean that our training has stopped.

SORM continues to offer many training courses in August. In addition to several agency-specific training courses, SORM trainers are also offering two open-enrollment courses next month: Training for New Risk Managers and Adjuster Prelicensing Training.

The Training for New Risk Managers course is designed for newly appointed risk managers and assumes limited or no experience in performing the risk management function in a state agency. The course covers the role of risk management as an integral component of the Texas Workers' Compensation Act, the specific duties and responsibilities of a state agency risk manager, and the assigned individual's role in the Risk Assessment and Loss Prevention evaluation process.

The Adjuster Prelicensing Train-

ing includes mandatory hours required for licensing of Type 3 adjusting. This five-day course covers all material needed to pass the Texas Department of Insurance test for a Type 3 license. The test is administered at the end of the course. The required fingerprinting is also done during the course. The course, test, and fingerprinting are done free of charge. The license submission and fee must be handled by the student.

The following requirements and guidelines are set fourth by the Texas Department of Insurance and are not open for interpretation by SORM.

- You must present a valid governmental entity issued picture ID on the first day of class.
- You must complete 40 hours of class time to receive credit.
- You must be on time for class each day.
- You must return from all breaks timely.
- You must re-present a valid governmental entity issued pic-

ture ID to take the exam.

For information about class dates, times, and location, please visit our website at [www.sorm.state.tx.us/Training/Courses/Calndr04.htm#Aug](http://www.sorm.state.tx.us/Training/Courses/Calndr04.htm#Aug).

In addition to teaching the classroom courses, SORM trainers are also busy planning their schedules for FY 2005. Many of the courses SORM teaches are agency-specific training, where an agency requests a specific class or a combination of classes be taught just for their employees. Requests for agency-specific training are approved on a first-come, first-serve basis. If interested in scheduling one of these courses, please contact Kenneth Dublin at [kenneth.dublin@sorm.state.tx.us](mailto:kenneth.dublin@sorm.state.tx.us) or at (512) 936-1572.

*Sam Lawrence is an information specialist in the Agency Outreach and Training section.*

## SORM DIRECTORY OF SERVICES

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FOR MORE CONTACT INFORMATION, PLEASE VISIT OUR WEBSITE AT [WWW.SORM.STATE.TX.US/CONTACT.HTM](http://WWW.SORM.STATE.TX.US/CONTACT.HTM)



## Texas State Agencies Safety Awards

SORM recognizes agencies that have effectively reduced their number of injuries. The Gold Award recipients can compete for the Texas State Agency Safety Excellence Award. The FY 2003 Safety Award results are listed to the right.

Seventeen **Gold Awards** were given to agencies for their reduction in injury frequency rates (IFR) of 50 percent or more when compared to the average of the previous five years.

Legislative Budget Board • State Auditor's Office  
 State Office of Risk Management • Board of Medical Examiners  
 Texas Commission on Alcohol and Drug Abuse  
 University of Houston System • University of Houston - Clear Lake  
 Texas Higher Education Coordinating Board  
 Public Utilities Commission of Texas • Texas Education Agency  
 Texas Workers' Compensation Commission  
 Texas State Library and Archives Commission  
 Texas Department of Insurance • Water Development Board  
 Employees Retirement System • Lamar State College - Port Arthur  
 Department of Information Resources

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Twenty-one **Silver Awards** for reduction in IFR of 30 percent to 50 percent when compared to the average of the previous five years.

North Texas State Hospital • Brenham State School  
 Texas Dept. of Mental Health & Mental Retardation - Central Office  
 Denton State School • Terrell State Hospital  
 University of Houston - Victoria • Texas Workforce Commission  
 Lamar State College - Orange • Texas Woman's University  
 Richmond State School • Texas Department of Health  
 Angelo State University • Sam Houston State University  
 School for the Blind and Visually Impaired  
 Texas Animal Health Commission • Lufkin State School  
 University of North Texas Health Science Center at Fort Worth  
 Office of the Attorney General • Texas State Technical College System  
 Texas Rehabilitation Commission • Kerrville State Hospital

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Seventeen **Bronze Awards** for reduction in IFR of 10 percent to 30 percent when compared to the average of the previous five years.

Railroad Commission • Mexia State School • Big Spring State Hospital  
 University of North Texas • Department of Agriculture  
 Texas State University - San Marcos  
 Health and Human Services Commission • Austin State Hospital  
 General Land Office • Rio Grande State Center  
 Texas Commission on Environmental Quality  
 House of Representatives • School for the Deaf  
 Department of Licensing and Regulation • Texas Lottery Commission  
 Department of Human Services • Office of the Governor

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In addition, 31 agencies received the **Sustained Safety Performance Award** for small agencies that have no reported injuries for three or more years.

**Congratulations to all the winners!**

# What is SORM doing about impairment ratings, costs?

By Sharon Crouch

Incorrect impairment ratings can be a significant source of unnecessary cost in the workers' compensation system. We often find an error in the computation or find that the rating has been inflated by the treating doctor. This is significant in that every 1 percent error in the impairment rating results in the payment of three additional weeks of Impairment Income Benefits and, at the maximum compensation rate, that could amount to as much as \$1,500 for each percentage point of error.

When an impairment rating is received by a SORM adjuster, it is reviewed by the adjuster and, if there is any question regarding the validity or accuracy, it is referred to the agency's registered nurse for thorough review. SORM has one RN case manager, and one of her many tasks is to review all questionable impairment ratings for validity and accuracy.

The nurse verifies that the accompanying narrative documentation and calculations are accurate and determines whether the impairment rating methodology complies with the instructions in the AMA "Guides for Permanent Impairment," fourth edition, the Texas Workers' Compensation Commission advisories, and appeal panel decisions. If additional records are necessary, she requests them directly from the certifying physician. All relevant records and calculations are then thoroughly reviewed and, if the rating is correct, the adjuster will adjust the claim as appropriate and pay benefits.

If an error is detected in the calculation, the RN will contact the certifying physician and attempt to convince the physician to correct the rating. She presents our position citing the section of the "Guides," TWCC advisories, or appeal panel decisions that support our posi-

tion. Very often, she is able to resolve the issue directly with the certifying physician's office. If not, she arranges for an independent physician review of the rating to validate her findings and provide evidentiary documentation to dispute the rating. These disputes are ultimately resolved by a TWCC-appointed designated doctor, and the nurse and physician review documentation are valuable information that can be provided to the designated doctor for consideration in his/her decision.

If the erroneous rating was provided by a designated doctor, the nurse will formulate questions based on the "Guides" and submits the questions to TWCC for the designated doctor to address.

This process has made a significant difference in claims costs by reducing the amount of IIBs paid on a claim and if correcting the error reduces the impairment rating below 15 percent, saving expenses by eliminating the entitlement to Supplemental Income Benefits. In those cases, injured workers who are unable to obtain or retain employment at pre-injury wages as a direct result of their compensable injury may have an entitlement to this additional income benefit.

As a result of this process, SORM has seen a significant reduction in the cost of both Impairment and Supplemental Income Benefits. This reduction will have a significant impact in reducing workers' compensation costs and the allocation (assessment) which must be collected from agencies in future years. SORM estimates that this process has contributed to the reduction in Fiscal Year 2004 workers' compensation claims costs.

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*Sharon Crouch is a registered nurse in the Claims Operations division.*

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## Board selects new SORM leader

(Continued from page 1)

State University with a bachelor's degree in political science and earned a doctorate of jurisprudence from Texas Tech University School of Law. He was active in private practice in Lubbock after graduation in 1983 until

he joined the Office of the Attorney General in 1988. Mr. Bow spent 10 years with OAG, ending his tenure there as the Presiding Administrative Law Judge in the Child Support Division.



**Jonathan D. Bow**

# It's time for SORM 200

By Jeff Cox

It's that time of year again. Time to start thinking about the reporting of risk management expenditures, insurance purchases, and non-workers' compensation claims made or settled against the agency between Sept. 1, 2003, and Aug. 31, 2004, as required by Labor Code 412.053.

The SORM 200 report is the sole source for collecting this information. Due by Oct. 30, the SORM 200 is divided into two parts and is available online. Information is entered by accessing the SORM 200 section of the SORM website. A password must be obtained and a security agreement signed in order to gain access. The point of contact for each state agency will be the agency's risk management contact.

**Part I** of the SORM 200, titled Risk Management Expenses, will be available to enter information beginning Sept. 1. The intent is to capture those direct costs associated with an agency's risk management activities. An agency's cost of risk management includes those expenses typically identified with staffing a risk management department and those funds expended for risk control (excluding purchased insurance - Part II). Separated into 13 categories, this section uses accounting Comptroller Object Codes to identify specific costs and includes such items as Salary and Wages, Benefits, Travel, Training and Education, etc. Notification of when you may begin entering your agency's information will be made to your risk manager

via e-mail prior to Sept. 1.

**Part II** of the SORM 200 is divided into two sections, the Insurance Loss/Reporting section and the Online Property and Casualty Claims Reporting section.

**Section one**, Insurance Loss/Reporting, will be available to enter data online beginning Sept. 1. This section requires agencies to submit copies of all insurance policies and bonds purchased (excluding life and health) during the year, as well as provide data concerning insurance premium payments, bond payments, number of notaries, and aggregate claim/settlement payments. Just as Part I, notification of when you may begin entering your agency's information for this section will be made to your risk manager via e-mail prior to Sept. 1.

**Section two**, Online Property and Casualty Claims Reporting, is currently available to enter losses as they happened, year around, in lieu of waiting until the end of the fiscal year. The intent of this section is to capture up-to-date, detailed information on each property and casualty loss at your agency, whether insured or uninsured. Organized by line of insurance, the on-going collection of this data has assisted in identifying areas requiring immediate and/or special attention, while allowing agencies to update/enter claims information throughout the year rather than waiting until the end of the fiscal year when many other reports are also due.

With the end of the fiscal year quickly approaching, state agencies are encouraged to begin structuring and collecting their risk management and insurance information now, so that data submission is facilitated.

## Management support is key

(Continued from page 1)

with management commitment being the most important of all components.

- **Management commitment:** The chief executive and senior managers use their authority to empower workers to work safely.
- **Organizational commitment:** Managers and employees are committed to the well being of all employees and to the organization as a whole.
- **Personal accountability:** Employees are held accountable for their actions. Supervisors are held accountable for the safety performance of their subordinates.
- **Worker involvement:** Employees are involved in developing and implementing safety initiatives.
- **Co-worker support:** Employees are trained in how to give and

receive constructive feedback from their co-workers.

- **Performance management:** Job safety analyses are used to identify critical safe behaviors that must be used in the performance of tasks.
- **Training and equipment:** Employees have the training and physical resources to perform their jobs safely. Personal protective equipment is available if necessary.
- **Job satisfaction:** Employees, who are satisfied with their jobs, normally perform their jobs safely.

Considering the costs, both personal and financial, of mishaps a positive safety culture is a worthwhile undertaking for organizations.

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*Sam Arant is a risk management specialist in the Risk Assessment and Loss Prevention division.*

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*Jeff Cox is a risk management specialist in the Risk Assessment and Loss Prevention division.*

## Employee Spotlight

# Jay Sams helps keep DPS safe

*Editor's Note: In addition to highlighting SORM employees, the Employee Spotlight will now also include other agency risk management, workers' compensation, and safety personnel. This Employee Spotlight is an introduction to Jay P. Sams, risk manager at the Texas Department of Public Safety.*

I was born in Topeka, Kan., the second of three sons. My father was an engineer for an engineering firm in Topeka. My father also assisted with the drawing of the murals that align the capitol rotunda in Topeka. I was 11 when my father accepted a position with a large consulting engineering firm in Houston, where he became a vice president overseeing the design and installation of HVAC, electrical, and plumbing for many commercial high-rise construction projects throughout the United States.

After graduating from high school, I attended Texas A&M University where I graduated with a bachelor of science degree in 1977. After A&M I worked for a horse breeding ranch where we artificially inseminated horses. In 1978 I attended Louisiana State University working on a master's degree in equine and bovine reproduction. The sum-

mer of 1980 I worked at Harvey Construction Co. as an assistant engineer. I was then promoted to commercial high rise safety engineer and oversaw all projects and workers' compensation. I attended OSHA training school in Chicago, where I



**Jay P. Sams**

My wife had our daughter in May of 1983. I was again promoted to manager of Westpark Equipment Co., DBA Harvey Construction Co., where I supervised 13 people and had an inventory of \$5 million dollars worth of equipment. In November 1987 my wife had our son. Then came the fall of the oil prices and construction started slowing down and I was forced to start downsizing and selling off the equipment end of Harvey Construction.

In 1988 I started employment as risk manager for Brenham State School and oversaw the workers' compensation as well as conducted

inspections and drills. Brenham employed 1,000 employees and was certified for 500 beds. I earned my workers' compensation adjusters license and was certified as an asbestos inspector and manager.

In September of 1999 I applied for the position of risk manager for the Texas Department of Public Safety. I was hired in November of 1999 as the manager of the Health and Safety Section of the Human Resource Bureau. I oversee the workers' compensation, perform cost analysis, conduct inspections, perform ergonomic assessments, conduct training for new employees as well as supervisors, and perform other duties as assigned. We employ over 7,000 commissioned and non-commissioned employees. I assist in conducting promotional exams throughout the state of Texas. I feel very fortunate to be working for such a great agency and to be working for and with employees that you can call friends because we all work as a team. There is not a better group of people that I would rather be associated with as the Texas Department of Public Safety.

received my certification as an OSHA trainer for the construction industry. In 1980 I met my wife on a blind date and married in May of 1981.

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