



RISK★TEX

INTERAGENCY COMMUNICATION FROM THE STATE OFFICE of RISK MANAGEMENT ★ OCT. 2011



SORM-200 DEADLINE

The SORM-200 for FY '11 was due 60 days after the close of the fiscal year (Oct. 30). Pursuant to Senate Bill 5, 82nd RS, universities are exempt from this requirement.

The SORM-200 is the sole source for collecting statewide information from state agencies regarding their expenditures for risk management activities. Section 412.053 of the Texas Labor Code mandates that SORM captures costs associated with agency risk management programs and compiles the administrative costs of risk management. These associated costs are included in SORM's Biennial Report to the Legislature.

For more information, go to www.sorm.state.tx.us/Risk_Management/SORM200/overview.php. If you have any questions, contact your agency's risk specialist for a consultation.

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Health care networks

Implementation going smoothly

By Gordon Leff

The 79th Legislature passed House Bill 7 that, among other changes, allowed for workers' compensation health care networks (HCN). Later, HB 473, 81st RS, disallowed voluntary or informal networks such as preferred provider organizations (PPOs) as of Jan. 1, 2011. This resulted in a loss of PPO contracted discounts. In response, SORM contracted with Forté Inc.'s workers' compensation HCN, CompKey+, in February 2011. Implementation began in September,

with all agencies covered by the SORM program expected to be rolled in by the end of 2011.

The CompKey+ network is a product of Forté, Inc. Forté has operated in Texas since 1988 and has been a strong partner of SORM since 2004 as a medical bill review and preauthorization review provider. The CompKey+ network has a number of important features.

The goal of the HCN is to deliver quality medical services to injured workers and help injured employees

(See "More agencies," page 2)

Winter can bring hazards to floors

By Aaron Parker

An article in the April 2011 issue of *Risk-Tex* points out that slips, trips, and falls are common in the workplace. The article highlights that claims occurring on ice and/or snow represent approximately 2 percent of all slip, trip, and fall claims submitted and 2 percent of the total cost of all slip, trip, and fall claims. This lower frequency and severity of slip, trip, and fall claims may lead employers and employees to a conclusion that employee

(See "Melting ice," page 5)

This is one in a series of articles about slips, trips, and falls. Go online to view the previous articles.

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More agencies now under network

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recover more quickly from their injuries. The physicians and other medical providers on the CompKey+ network panel are experienced at treating work-related injuries. As part of the network panel, these physicians have agreed to abide by nationally recognized treatment protocols, cooperate with telephonic case management, work with all parties to coordinate care, and return the injured worker to productive employment as soon as it is medically feasible. The panel includes all specialties necessary for the treatment of work-related injuries.

The network has also created a case management component, designed to work closely with SORM, focusing on care coordination, return-to-work, and treatment plan monitoring. Through this function, the network monitors treatment plans, facilitates peer-to-peer conversations, when needed, and

addresses any barriers to recovery in a timely manner.

Preauthorization of medical care has always been a part of workers' compensation. CompKey+ has refined the list of medical procedures requiring preauthorization, decreasing delays in medical treatment over the non-network model. This approach provides the right level of utilization oversight to facilitate the recovery of the injured worker.

Quality assurance is a big part of the CompKey+ program. The network has a comprehensive program ensuring injured workers receive the highest quality of care focusing on returning to productive employment. All quality issues will be thoroughly investigated and resolved in a timely manner.

The implementation of the CompKey+ network brings some changes to the claim handling process and will require additional documentation from each of the

agencies at the time of implementation, hiring, and when new injuries occur. However, since implementation began in September, there has been little procedural difference from the non-network model.

SORM continues to assist its agency clients with implementation of the CompKey+ network. This includes letters and materials to help promote and explain the program and its requirements to employers and informational letters and videos to help employees understand the program. In addition, Forté's network management department stands ready to answer questions and help SORM's clients through the implementation process. If you have any HCN questions, please visit our website at www.sorm.state.tx.us/Workers_Compensation/HCN/hcn.php.

Gordon Leff is director of the Claims Operations division.

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WWW.SORM.STATE.TX.US/ABOUT_US/CONTACT_US.PHP

Could pandemic flu plans save employees a trip to the doctor?

By Gail McAtee

Think back to the year 2009. Headlines like “Swine Flu Death Toll Since April Is Nearly 10,000” drive home the message that the world is as vulnerable to influenza now as it was in 1918 when the Spanish Flu killed 50 million people worldwide. Nightly news carried updates on the national effort to manufacture and distribute a vaccine while governments, hospitals, businesses, and private citizens learned how to prepare and respond to an influenza outbreak. We got lucky. Do you remember? The L.A. Times reported in March 2010 that the Centers for Disease Control and Prevention (CDC) estimated the final toll for the 2009 swine flu outbreak was 59 million infections, 265,000 hospitalizations, and 12,000 deaths.

That was 2009. You probably remember the flurry of activity preparing and refining agency’s pandemic plans and getting staff ready to implement the plans. Do you remember what you did with all those plans on how you would respond to an outbreak of influenza? You might save yourself some money and a trip to the doctor by taking those plans out of the drawer and brushing them off now.

The holidays aren’t the only thing you can count on cropping up this time of year. Autumn ushers in the influenza season. Since 2008, SORM has practiced the infection control aspect of its pandemic plan during the fall flu season with good results. A recent review of absenteeism at SORM conducted by our human resources staff noted lost time related to flu-like illness had be reduced by half between 2008 and 2010. That’s a nice bonus for having tested our pandemic preparedness.



Disinfecting common areas (top) and encouraging employees to use hand sanitizer (left) were factors in the reduction of sick leave used by SORM employees.

Are you prepared? You can be. Now is a great time to focus on the practical aspects of your pandemic plan. Controlling illness in your office begins with educating your staff and practicing the desired behaviors to control the spread of infection. It is essential that everyone accepted personal responsibility for precautionary measures to ensure their own health and safety as well as the health of their families, friends, and co-workers.

At SORM, we placed bottles of hand sanitizer around the office and encouraged employees to take advantage of them. Common areas such as the elevators, entry doors, and securi-

ty keypads were wiped down routinely by our safety officer – and more frequently if we had a suspected outbreak. Employees received notice of vaccination opportunities and educational e-mails from our safety officer explaining the benefits of frequent and thorough hand washing. The agency’s timekeeper began surveillance on the use of sick leave that might indicate a significant infectious outbreak (a trigger for more advanced elements of our pandemic plan).

One challenge that quickly became apparent was employees would come to work knowing they are symptomatic for influenza, because of a special project, a deadline, or a sense of obligation to the rest of the team. Employees must understand that if they are sick they are not doing the agency any good by infecting the rest of their team. Supervisors should be vigilant in ensuring sick employees do not come to work, but rather stay
(See “Ways to reduce,” page 4)

Benefits of property insurance appraisals

By Richard M. Terlecki

An entity that purchases property insurance has an expectation to be made whole again after a loss. In other words, the insured expects the property to be put back into the same condition as it was prior to the loss. But how much insurance should be bought?

Some just guess at the value and then buy a little bit more than that, hoping they have enough coverage. But if you are buying “more” insurance than you need, you are wasting money. So, what do you do? Get an appraisal. Property insurance companies expect, and usually require, an accurate report of the insured’s property values at 100 percent replacement cost to ensure there will be sufficient insurance to cover the loss.

A formalized property appraisal program has the following tangible benefits.

- It determines the adequacy of insurance coverage by:
 - Providing a complete and up-to-date property listing (photos, plot plans, geographic information system coordinates, etc.);
 - Ensuring the accuracy of insurable values;
 - Removing the uncertainties of trending (indexing) values over long periods of time (the accuracy of cost trends diminishing after 5-7 years); and
 - Ensuring there are no surprises at the time of loss.
- It aids in improved risk management by allowing the insured to make informed decisions and use a consistent approach to quantification of its risks.
- It improves the marketability to underwriters. The recent soft insurance market is starting to harden, and a well-engineered property portfolio with supportable values receives preferred treatment by underwriters (including secondary building characteristics that can mean a 20 percent to 30 percent reduction in premium).
- It is the basis for equitable allocation of premiums across all participants of SORM’s property program.
- It would serve as the basis for preparation of a “proof-of-loss” should the insured suffer a loss, and it would accelerate the payment process.
- It allows underwriters to use accurate COPE (construction, occupancy, protection, and exposure) data to rate the property risk, rather than defaulting to a worst-case scenario.

Appraisals are good for the insured who wants to mind premium dollars and be paid 100 percent of the loss. Entities interested in further information on appraisals may contact SORM Insurance Specialist Robert Morales at robert.morales@sorm.state.tx.us or (512) 936-1454.

Richard M. Terlecki is Area Senior Vice President for Arthur J. Gallagher Risk Management Services, Inc., which SORM selected as the current broker of record to service its statewide property insurance program.

Ways to reduce office illnesses

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home until they are no longer contagious, and should be prepared to send sick employees home, sometimes over their objections.

To summarize:

- Review your plan and policies for controlling communicable disease and update them as necessary;
- Emphasize with staff the importance of effective hand washing and sanitizing and review the placement of hand-sanitizer stations and make them more visible with signs encouraging their use;
- Train staff and building custodians on the use of antibacterial wipes for telephones, work stations, copiers, door knobs, elevator buttons, and other common objects;
- Review the symptoms of influenza with staff and supervisors to help them identify people who might be contagious and enforce any policies you may have about social distancing and the use of sick leave.

For Halloween, send your employees the link to SORM’s fun and educational “Pandemic Flu Preparation” video (www.sorm.state.tx.us/Media/SpotlightOnSafety/Pandemic/PandemicFlu.php) that covers all the basics for infection control, not to mention first-class recommendations for fighting off zombie invasions!

Gail McAtee is the director of the Agency Administration division.

Melting ice, snow can cause slips

Loss Prevention Strategies

STRATEGIES FOR THE EMPLOYER

- Have a program in place to remove snow and ice from parking lots, garages, and sidewalks.
- Warn employees of weather conditions through e-mail, signage, or phone media.
- Place snow- and ice-melting chemicals at entry and exit ways.
- Provide additional floor mats at entrances and mop water that accumulates from melted snow.
- Don't wait until winter weather conditions arise to respond.
 - Proactively watch weather reports to put risk control measures in place prior to the event.
 - Alert employees of expected weather conditions.
 - Enact previously determined program for winter weather conditions.
 - Salt or sand high traffic areas ahead of precipitation to prevent formation of ice.

STRATEGIES FOR THE EMPLOYEE

- Be aware of your surroundings:
 - Take note of slick floors from melting snow and ice.
 - Look for black ice on sidewalks and parking lots. Black ice will appear clear and is difficult to see.
 - Adhere to signs and notices distributed by your employer (i.e. "wet floor," "no parking," or "use this entrance and exit").
- Clothing and footwear:
 - Dress warmly and wear boots with non-skid soles; avoid plastic and leather soles.
 - Remove as much snow and water from boots as possible when entering a building.
 - Wear a bright or reflective scarf or hat so drivers can see you.
 - Make sure clothing doesn't block your vision or reduce the ability to hear.
- Don't carry too much – free hands and arms provide better balance.
- When walking on an icy or snow-covered surface:
 - Take slow, small steps;
 - Keep your feet underneath your body to maintain balance; and
 - Rely on rails and other stable objects for balance.

(Continued from page 1)

injuries resulting from icy or snowy conditions require less concern or attention. This is not the case. Snow and ice conditions arise in a majority of Texas areas, and winter storms often catch Texans unprepared.

Unlike those who live in Minnesota and New York, residents of Texas are not assured of snowfall each December and January. Data suggests, however, that from Amarillo to San Antonio, it is a real possibility each winter. That same data suggests that on nearly 20 days of the year one might expect the temperatures as far south as Houston to dip below freezing level. The threat of snow and ice is just one concern. Attention must also be paid to the potential magnitude of snow and ice storms.

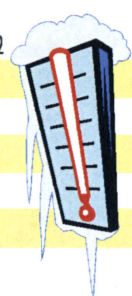
A winter weather event can have great impact. Over the four day period of Feb. 1-4 earlier this year, 97 workers' compensation claims were reported to SORM as a result of slips, trips, and falls on ice and snow. Those claims represent 27 percent of all "on ice/snow" claims for the seven-year period between FY '05 and FY '11.

It is essential for employers and employees to be prepared for icy and snowy conditions and to address the harmful impacts of winter-weather events. By understanding where ice and snow collect and enacting best practices, employers and employees have the opportunity to reduce injuries and their impact on agency operations.

Aaron Parker is a risk management specialist in the Risk Assessment and Loss Prevention division.

Locations where ice, snow collect	Ice/Snow Claims
<ul style="list-style-type: none"> • Parking garages and parking lots • Sidewalks and walkways • Exterior stairwells 	FY '05 – FY '10 231
	FY '11 134
	Feb. 1-4, 2011 97
	<i>Source: SORM</i>

Winter Weather in Texas	
<u>City</u>	<u>Days Below Freezing / Annual Snowfall (inches)</u>
Amarillo	112 days / 17.9"
Austin	19 days / 0.9"
Dallas - Fort Worth	39 days / 2.5"
Houston	19 days / 0.4"
Midland - Odessa	62 days / 4.3"
San Antonio	22 days / 0.7"



Source: <http://web2.iadfw.net/danb1/climate.htm>

DWC adopts closed formulary for prescription medications

By Laura Joy

The long-term use of narcotics and opioids by injured workers has caused concerns about the potential harmful side effects, including addiction. For several years, regulators and the medical and insurance community have increasingly focused on the use of pharmaceuticals in workers' compensation.

In 2005, House Bill 7 directed the Texas Department of Insurance, Division of Workers' Compensation (DWC) to propose rules for a closed formulary. HB 7 defined evidence-based medicine into the Texas Labor Code. DWC formally adopted the Official Disability Guidelines (ODG) as the accepted evidence-based guideline for the treatment of Texas workers' compensation patients. These guidelines are supported with published medical studies supporting the medical treatment provided in the treatment of certain conditions or injuries. Included with the ODG is a formulary listing of prescription medications.

Effective Sept. 1, the Texas workers' compensation statute and rules require the use of a closed formulary for workers' compensation patients. The accepted closed formulary is contained in the ODG. In the closed formulary some drugs are classified as status "N," which are excluded from the closed formulary and require preauthorization.

These changes only affect injuries occurring on or after Sept. 1. Claims occurring prior to that date, referred to as legacy claims, are not affected and preauthorization for medications will not be required at this time. Legacy claims will be transitioned to the required preauthorization criteria

Pharmacy Closed Formulary Timeline



not later than Sept. 1, 2013, and after discussion with the treating doctors. Injured employees with claims prior to Sept. 1 of this year should see no differences in the delivery of pharmacy benefits. Injured employees who are prescribed N-class drugs should be aware that their doctor and the dispensing pharmacy will be communicating with our preauthorization agent, ScriptNet, regarding the medical necessity of the prescribed drugs. This process must not take longer than three days and often happens in much shorter timeframes. ScriptNet will make every effort to reduce the turnaround time, and injured employee should be able to fill their prescriptions promptly.

Above is a timeline showing the formulary distinctions between the older claims and the new require-

ments. SORM encourages all injured employees to actively discuss treatment and medications with their treating physician.

These changes affect the entire workers' compensation industry, not just SORM claims. SORM is working with ScriptNet to make this process as seamless as possible. TDI is attempting to educate many doctors and pharmacies about these new rules. As problems come up, injured employees of your agency may contact you regarding delays in receiving, or the inability to receive, their medications. SORM staff is available at (877) 445-0006 to answer any questions you have about the formulary or the preauthorization process.

Laura Joy is the deputy director of the Claims Operations division.

Employment Practices Liability Seminar

SORM, Arthur J. Gallagher Risk Management Services, and ACE hosted an Employment Practices Liability Seminar in July. The seminar covered three areas:

- Incorporating immunities and liability caps into risk management;
- Public employer best practices; and
- Features of SORM's statewide employment practices liability insurance program.

More information on SORM programs and seminars is available at www.sorm.state.tx.us.