AGENCY STRATEGIC PLAN

For the Fiscal Years 2003-2007 Period

By

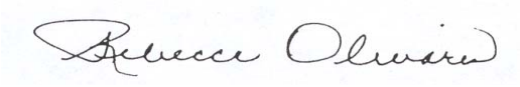
TEXAS WORKERS' COMPENSATION COMMISSION

Commission Members	Dates of Terms	Hometown
Representing Employers:		
Richard A. Smith	4-22-02 to 2-01-07	Bryan
Joel B. "Burt" Terrill	4-21-97 to 2-01-03	San Angelo
Lonnie Watson	4-01-99 to 2-01-05	Cleburne
Representing Wage Earners:		
Rebecca Olivares	4-21-97 to 2-01-03	San Antonio
Jack Abla	7-04-95 to 2-01-01	Kilgore
Kenneth Lee Moore	4-01-99 to 2-01-05	Spring

June 2002

Signed: _____

Richard Reynolds, Executive Director

Approved: 

Rebecca Olivares, Chairman

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STATE OF TEXAS VISION, MISSION, AND PHILOSOPHY

TEXAS VISION

Working together, we can accomplish our mission and achieve these priority goals for our fellow Texans:

- To assure open access to an educational system that not only guarantees the basic core knowledge necessary for citizenship, but also emphasizes excellence in all academic and intellectual undertakings;
- To provide for all of Texas' transportation needs of the new century;
- To meet the basic health care needs of all Texans;
- To provide economic opportunity for individual Texans and provide an attractive economic climate with which to attract and grow businesses; and
- To provide for the safety and security of all within our border.

THE MISSION OF TEXAS STATE GOVERNMENT

The mission of Texas state government will be limited, efficient, and completely accountable. It will foster opportunity, economic prosperity, and family. The stewards of the public trust will be men and women who administer state government in a fair, just, and responsible manner. To honor the public trust, state officials will seek new and innovative ways to meet state government priorities within its financial means.

THE PHILOSOPHY OF TEXAS STATE GOVERNMENT

The task before all state public servants is to govern in a manner worthy of this great state. We are a great enterprise, and as an enterprise we will promote the following core principles:

- First and foremost, Texas matters most. This is the overarching, guiding principle by which we will make decisions. Our state, and its future, is more important than party, politics or individual recognition.

- Government should be limited in size and mission, but it must be highly effective in performing the tasks it undertakes.

- Decisions affecting individual Texans are best made by those individuals, their families, and the local governments closest to their communities.

- Competition is the greatest incentive for achievement and excellence. It inspires ingenuity and requires individuals to set their sights high. And just as competition inspires excellence, a sense of personal responsibility drives individual citizens to do more for their future, and the future of those they love.

- Public administration must be open and honest, pursuing the high road rather than the expedient course. We must be accountable to taxpayers for our actions.

- Finally, state government should be humble, recognizing that all its power and authority is granted to it by the people of Texas, and those who make decisions wielding the power of the state should exercise their authority cautiously and fairly.

Aim high…we are not here to achieve inconsequential things!

RELEVANT TEXAS PRIORITY GOAL AND BENCHMARK

Regulatory

To ensure Texans are effectively and efficiently served by high-quality professionals and businesses through clear standards, compliance, and market-based solutions.

Benchmark

Number of utilization reviews conducted for treatment of occupational injuries.

The regulatory benchmark most applicable to the Texas Workers' Compensation Commission is the number of utilization reviews conducted for treatment of occupational injuries. Although the Commission does not conduct utilization reviews, as they are typically defined, quality of health care, including appropriate utilization, for treatment of occupational injuries is an important issue to the Commission.

Until recently, the Commission's health care provider and insurance carrier monitoring and audit function has been focused on compliance with the statutes and rules. During the past couple of years, the Commission has begun looking at health care providers' practices on issues such as the appropriateness of office visits, prescriptions for narcotic drugs, and impairment ratings. By accessing medical expertise, reviews of medical files by health care providers have been incorporated into the audit process for practices that appear, statistically, to be outside the accepted norms. Based on experience with these initial quality reviews, the Commission has designed and will be tracking "quality of care" audits that will be under the direction of the Medical Advisor. These new audits will be defined to include reviews of clinical evaluations, recommendations, treatment decisions, and clinical outcomes relating to health care.

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TEXAS WORKERS' COMPENSATION COMMISSION
MISSION AND PHILOSOPHY

AGENCY MISSION

The mission of the Texas Workers' Compensation Commission is to:

- encourage and assist in the provision of safe workplaces;
- provide an effective and efficient regulatory framework to facilitate timely, appropriate and cost-effective delivery of benefits; and
- assist in timely returning injured workers to productive roles in the Texas workforce.

AGENCY PHILOSOPHY

The Texas Workers' Compensation Commission is responsible and accountable to the people of Texas. We strive to provide excellent service to all customers in the most efficient manner while adhering to the highest standards of ethics and fairness.

EXTERNAL/INTERNAL ASSESSMENT

AGENCY OVERVIEW

The Texas Workers' Compensation Commission was established April 1, 1990, as part of a broad effort to reform the state's workers' compensation system. The Sunset Advisory Commission reviewed the agency in 1995, and will review the agency again in 2005 as authorized during the 77th Legislative session in House Bill 2600.

The Commission's legal authority and general duties are described in Chapter 402 of the Texas Workers' Compensation Act, Texas Labor Code, Title 5, Subtitle A. The Commission's primary responsibilities are to:

- promote safe and healthy workplaces;
- provide customers with information about their rights and responsibilities;
- administer a benefit delivery system to ensure employees with job-related injuries and illnesses receive fair and appropriate benefits in a timely and cost effective manner;
- ensure appropriate health care for injured employees with fair and reasonable reimbursement for health care providers;
- minimize and resolve disputes at the agency level, as soon as possible without having to go to court;
- ensure compliance with the Texas Workers' Compensation Act and Commission rules; and
- certify and regulate large private employers that qualify to self-insure.

Unique to Texas is the fact that employers in this state are not required to hold workers' compensation insurance coverage for their employees. The only employers required to carry workers' compensation insurance coverage are governmental entities and private employers contracting with governmental entities for certain building and construction projects. As a result of the voluntary nature of coverage in Texas, the Commission must administer processes that are not common in other states. For instance, tracking whether or not an employer has workers' compensation insurance and maintaining a mechanism for other system participants, such as health care providers, to have easy access to that information is critical.

Service Populations

The Commission interacts with a wide variety of citizens in fulfilling its duty as the regulator of the Texas workers' compensation system. However, since the workers' compensation system originated as a "contract" between employers and employees, the Commission considers its primary service populations to be injured employees, beneficiaries of persons fatally injured on the job, and employers.

PRIMARY CUSTOMERS

- **Injured Employees/ Beneficiaries**
- **Employers**

Other key service populations include health care providers, insurance carriers, attorneys, uninjured employees, and researchers/academic institutions. All of these populations serve crucial roles in fulfilling the purpose of a workers' compensation system.

The Commission strives to provide information and excellent customer service to all customers in an attempt to effectively and efficiently meet their needs. Examples of the services provided include:

- Information on rights and responsibilities;
- Low cost and no cost health and safety services;
- Quick resolution of disputes; and
- Data regarding the workers' compensation system for statistical analysis and decision-making.

OTHER KEY CUSTOMERS

- **Health Care Providers**
- **Insurance Carriers**
- **Attorneys**
- **Uninjured Employees**
- **Researchers/ Academic Institutions**

According to the latest estimates from the U.S. Census, Texas' population reached 20,851,820 in 2000; an increase of 22.8 percent since 1990[1]. With the ever-increasing population, the agency's customers increase as well. The Commission continues to evaluate and enhance current processes and services in an attempt to keep pace with customer demands in the most cost effective and efficient ways.

Public Perception

The Commission's function is frequently misunderstood. The general public often confuses the Commission's responsibilities with insurance carriers who are the payers of workers' compensation benefits, and with the Texas Workforce Commission due to the similarity in the name and workforce related functions. The Commission attempts to clearly delineate the various functions performed by the agency through outreach efforts such as training programs and publications.

AGENCY ORGANIZATION

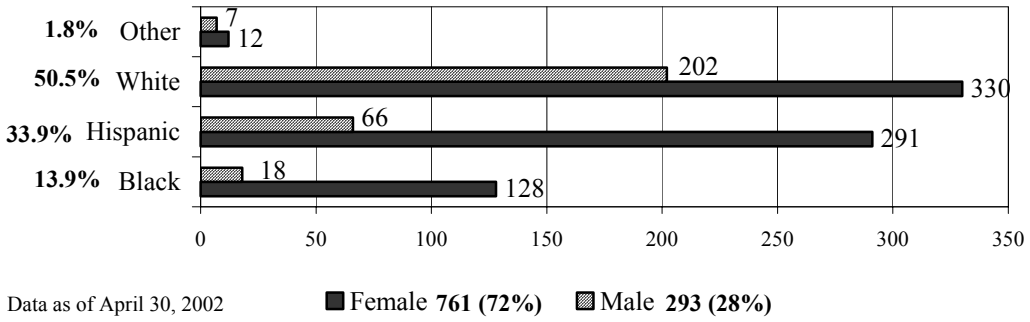
Staffing

The Commission is dedicated to attracting, developing, and retaining the most qualified personnel to perform the functions of the agency. Currently, the Commission is authorized to employ 1,128 employees. However, as a result of modifications to certain Commission programs during the 77th Legislature, the Commission's full-time equivalent position (FTE) cap will be reduced by 3.6 in FY 2002 and 15.6 in FY 2003.

[1] Texas Department of Economic Development. (2002, January 18). The Texas Economy. Retrieved May 9, 2002, from http://www.bidc.state.tx.us/overview/01metropops.htm.

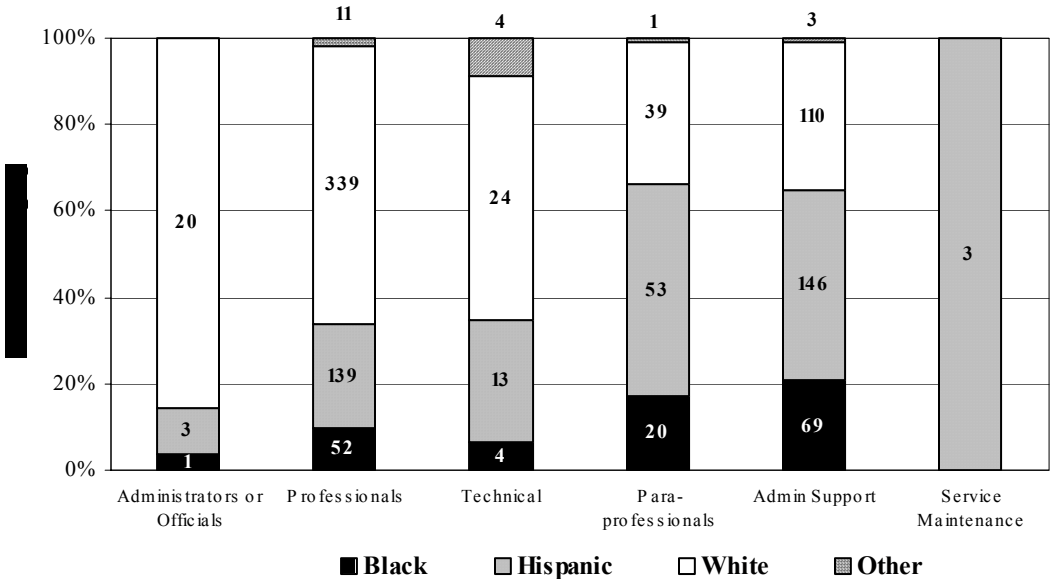
Approximately fifty-five percent of the staff is in the agency's central office located in Austin, and the other forty-five percent is located in field offices throughout the state. The graphs below reflect the demographic composition of the Commission's workforce.

Workforce By Gender and Ethnicity



Data as of April 30, 2002 Female **761 (72%)** Male **293 (28%)**

Workforce By Equal Employment Opportunity Commission Categories



Data as of April 30, 2002

The Commission's total workforce broken down by EEO Job Category is as follows:

- Administrators/Officials – 2.3%
- Professionals – 51.3%
- Technicians – 4.3%
- Para-professionals – 10.7%
- Administrative Support – 31.1%
- Service Maintenance - 0.3%

Recognizing the importance of considering employee morale and job satisfaction in an evaluation of agency performance, the Commission has participated in the Survey of Organizational Excellence since 1994. One hundred percent of the Commission's workforce was invited to participate in the survey conducted in late 2001. The

Commission's response rate was thirty-six percent. Despite the low response rate, eighty-five percent of the scores reached an all-time high. The results of that survey and the agency's utilization plan can be found in Appendix F.

Commissioners. The Commission has six-part-time, non-salaried Commissioners. Three Commissioners represent employers and three represent wage earners. Commissioners are appointed for staggered six-year terms by the Governor, with the advice and consent of the Texas Senate. The Commission chair is appointed for a two-year term by the Governor from among the Commission members. The chair rotates between members representing employers and those representing wage earners.

The Commissioners' primary responsibilities include establishing rules to implement and enforce the Texas Workers' Compensation Act and related statutes, and hiring and directing the Commission's executive director and internal auditor. The Commissioners may also recommend statutory changes to the Legislature.

- **Three Commissioners Represent Wage Earners**
- **Three Commissioners Represent Employers**

By law, the Commissioners must meet at least once each quarter, but may meet at any other time at the call of the chair or as provided by Commission rules. With the workload required to accomplish their responsibilities, the Commissioners typically meet more frequently than once each quarter as illustrated in the table below showing the number of public meetings and public hearings held since 2000.

Fiscal Year	Number of Public Meeting/Hearings
2000	9
2001	16
2002 (through April 30)	5

Executive Management. The executive director is the executive officer and administrative head of the agency. The executive director exercises all rights, powers, and duties imposed or conferred by law on the Commission except for rulemaking and other rights, powers and duties specifically reserved by statute for members of the Commission.

The executive director has created and filled three deputy executive director positions to be responsible for the operations of particular functional areas of the agency. In addition to the deputy executive directors, the directors of the Commission's health and safety and the public information and communications divisions, the general counsel, and the Commission's medical advisor report directly to the executive director.

Staffing Structure. The Commission is organized into several functional areas to perform the responsibilities authorized by the Texas Workers' Compensation Act, and maintain a balanced workers' compensation system. A brief description of these areas

and their responsibilities follows. For more information, see the agency's organizational chart in Appendix B.

Compliance & Practices monitors compliance with applicable statutes and rules and identifies system abuse.

Customer Services responds to requests for information about system participants' rights and responsibilities; answers questions related to claims; facilitates in the resolution of problems; and monitors the agency's customer service levels.

Field Office Services provide claim record creation and maintenance services, customer services, dispute resolution services and ombudsman services to system participants throughout the state.

Ombudsman Assistance Program assists unrepresented injured employees, employers and other parties at dispute resolution proceedings.

Hearings conducts administrative dispute resolution to resolve disputes in a timely, consistent, and impartial manner.

Medical Advisor advises the Commission on medical issues such as rule development and removal from the approved doctor's list, and serves as the Chair of the Medical Quality Review Panel and the Health Care Network Advisory Committee.

Medical Review monitors and regulates the delivery of medical benefits to ensure that injured workers receive reasonable, necessary, and quality health care and to control medical costs; resolves medical disputes on issues pertaining to medical fees, and uses the medical expertise of independent review organizations (IROs) to resolve prospective and retrospective medical disputes.

Self-Insurance Regulation administers a regulatory program for large private employers certified by the Commission to self-insure for workers' compensation.

Workers' Health & Safety administers state and federal health and safety programs to promote safe workplace practices and reduce injuries and illnesses in the Texas workplace.

Service Locations

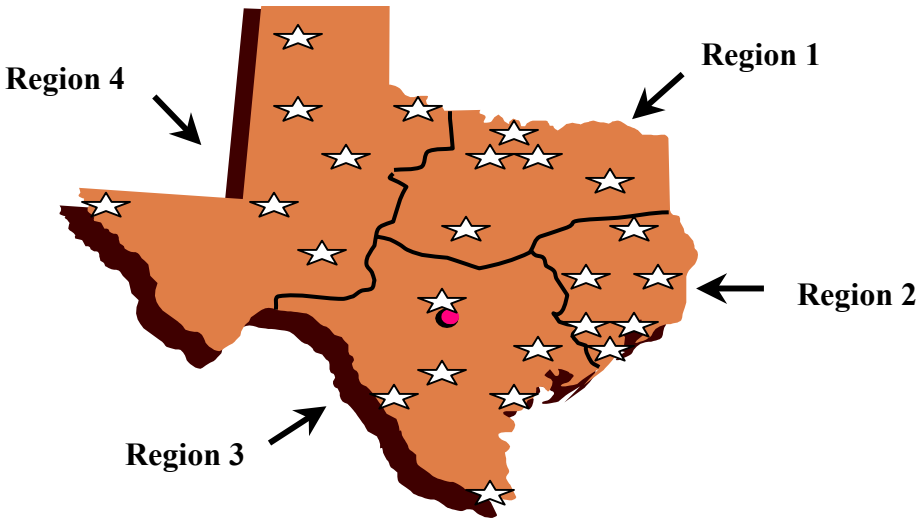
The Commission's central office is located in Austin and provides technical support for the agency by developing rules and regulations, developing and maintaining information

systems, monitoring system participants, conducting research and analysis on system data, and reporting agency performance to internal and external customers. The central office also provides administrative support such as responding to requests for information under the Open Records Act, human resources, budget and facility management.

The Commission has established twenty-four field offices, divided into four regions, strategically located across Texas. In addition to field offices, the Commission has two dispute proceeding facilities located in Uvalde and Mt. Pleasant to ensure that injured workers will have to travel no more than seventy-five miles from their residence to a benefit review conference or contested case hearing. Field office locations are determined by claim activity and demand for services in the geographic area.

Field offices provide claims services, customer services, dispute resolution services and ombudsman services. Employees responsible for health and safety assistance are located in seventeen field offices. Also, employees responsible for fraud investigations are located in five field offices. Field office locations and regions are depicted on the map below.

FIELD OFFICE LOCATIONS AND REGIONS



The Commission has developed an ongoing process of evaluation to ensure field offices are located appropriately throughout the state, and are appropriately staffed based on customer need. The evaluations are used to determine if a field office should be established, enlarged, relocated, divided, or downsized. Information gathered for these evaluations include the number of workers' compensation claims resulting from job-related injuries and illnesses in each county served by field offices. These evaluations have recently resulted in office changes in the Rio Grande Valley and the Houston area.

In 2001, satellite offices in Galveston, Sugarland, and Angleton were merged into a full service field office located in Missouri City. A portion of the workload was distributed to the Houston East field office. This merger produced a more cost efficient means to meet the needs of customers in this area.

The Commission also consolidated the field offices located in McAllen (satellite office) and Harlingen into one field office located in Weslaco. Weslaco was identified as the appropriate location for the new field office since it is centrally located between Harlingen and McAllen. The merger of the two offices provided a larger pool of human resources and reduced costs. A Data Center has been established in the Weslaco office to relieve data entry workload in field offices located in metropolitan areas such as Houston and Dallas.

Bordering States. A customer service issue that is unique to all of the bordering areas of the state is how best to serve the needs of employees who were working in Texas when injured but now reside in other bordering states. If an injured employee lives in a bordering state within seventy-five miles of the interstate border, the closest field office handles the workers' compensation claim. If the injured worker lives more than seventy-five miles from the border, the workers' compensation claim is handled by the Commission's Victoria field office.

Texas-Mexico Border. To meet the needs of customers along the Texas-Mexico border, the Commission has seven field offices, and one dispute proceeding facility. The dispute proceeding facility is located in Uvalde. The counties, as specified by statute, located along the Texas-Mexico border, served by each field office, are represented in the table below:

Field Offices Serving the Texas-Mexico Border Region			
Field Office	**Texas Counties Served**		
Corpus Christi Field Office	Jim Wells Kleberg	Live Oak Nueces	San Patricio
El Paso Field Office	Brewster Culberson	El Paso Hudspeth	Jeff Davis Presidio
Laredo Field Office	Brooks Dimmit Duval Edwards Jim Hogg	Kinney La Salle Maverick McMullen Starr	Val Verde Webb Zapata Zavala
Midland Field Office	Pecos	Reeves	
San Angelo Field Office	Crockett Kimble	Sutton Terrell	
San Antonio Field Office	Atascosa Bandera Bexar	Frio Kerr Medina	Real Uvalde
Weslaco Field Office	Cameron Hidalgo	Kenedy Willacy	

Although, the Commission has taken measures to accommodate the needs of injured Spanish-speaking workers, a growing Hispanic workforce and its concentration in the high-growth border region has created unique challenges in the provision of services and injury prevention programs. The Commission contracts with bilingual translators when necessary, however, foreign language proficiency is a requirement of employment for particular Commission positions.

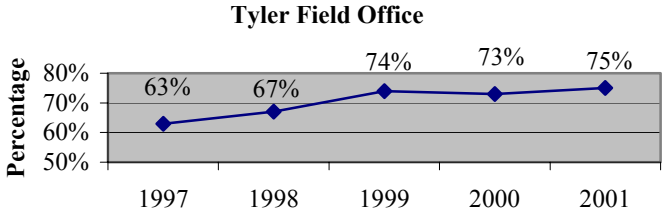
Texas-Louisiana Border. To serve the Commission's customers located along the Texas-Louisiana border, the Commission has a field office in Tyler and a dispute proceeding facility in Mt. Pleasant. The counties, specified by statute, located along the Texas-Louisiana border and served by the Tyler field office, are identified in the table below:

Field Office Serving the Texas-Louisiana Border Region			
Field Office	**Texas Counties Served**		
Tyler Field Office	Bowie	Harrison	Red River
	Camp	Hopkins	Rusk
	Cass	Lamar	Smith
	Delta	Marion	Titus
	Franklin	Morris	Upshur
	Gregg	Panola	Wood

Since 1997, the Commission has witnessed a reduction in the volume of claims in the Texas-Louisiana border region that are required to be reported to the Commission. A portion of that reduction may be attributed to the fact that one of the largest employers in the area no longer carries workers' compensation insurance coverage.

The number of disputes for the Texas-Louisiana border has remained steady since 1997; however, the percent of disputes resolved prior to a request for a benefit review conference (BRC) has increased from sixty-three percent to seventy-five percent. This increase, which has been seen across the state as well, is due to the Commission's focus on resolving disputes at the lowest possible level.

Percentage of Disputes Resolved Prior to a Benefit Review Conference



Texas-Oklahoma/Arkansas Border. Field offices located in Amarillo, Wichita Falls, and Denton serve customers along the Texas-Oklahoma border. Additionally, the Tyler field office provides customer assistance to claimants residing in Oklahoma and Arkansas.

Texas-New Mexico Border. The Lubbock, Amarillo, and El Paso Field Offices serve customers along the Texas-New Mexico border. This area also has a large portion of Spanish-speaking customers that poses the same challenges as those faced by offices on the Texas-Mexico Border.

Key Organizational/Environmental Events

Several environmental and organizational changes will dramatically affect the complexion of the Commission over the next several years.

Increased Focus on Healthcare Delivery and Return to Work. Stemming the rising cost of medical care in Texas, as compared to other states and other healthcare systems, is a rather ominous challenge before the Commission. The new responsibilities resulting from House Bill 2600 will require the Commission to make decisions about the possible reallocation of staff and financial resources in an effort to affect changes in medical practices.

Furthermore, the Commission is challenged with building mechanisms to improve the state's experience in returning injured employees to the workforce within an appropriate period of time, which is assumed to be faster in a number of cases. A reduction in injured employees' length of time of disability overall is not dependent upon actions by the Commission alone. Active participation by healthcare providers, employers, insurance carriers, and injured employees will be critical in reducing the time Texas' injured employees are out of the workforce.

Change in Governing Board Composition. The 76th Legislature amended the Texas Constitution to require that all agency governing boards whose members serve for six-year terms be composed of an odd number of three or more members by September 1, 2003. Since the Commission's six governing board members serve six-year terms, the existing governing board structure or the length of the members' terms will have to be statutorily modified during the 78th Legislature. The balance in the number of Commissioners representing employers and wage earners has influenced the manner in which the state's workers' compensation statutes have been administered and how policy decisions have been made. A different governance structure or length of terms for Commission members will certainly affect the agency; however, the degree of change will be dependent upon the revisions that are enacted.

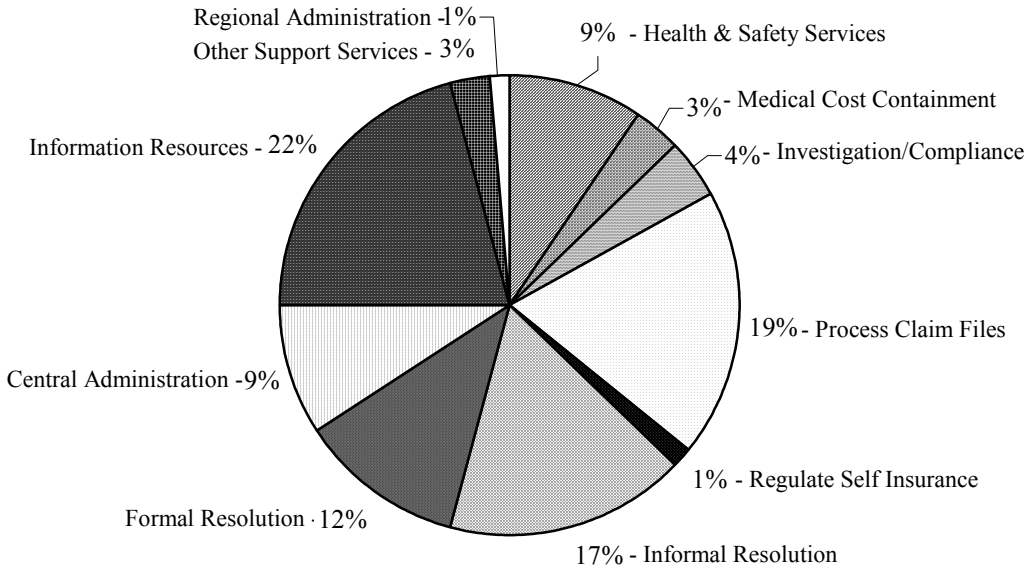
Sunset Review. Although the Commission is not scheduled to come under review by the Sunset Commission until 2005, the staff work, for the Commission and the Sunset Commission, is expected to begin in 2004. Based on the agency's experience from the review conducted by the Sunset Commission in 1995, the resources required to ensure that the process runs smoothly are significant. Some of the changes to processes and procedures that resulted from the passage of HB 2600 will still be maturing during the review process, which may complicate the assessment and evaluation components of the Sunset Commission's review.

FISCAL ASPECTS

Budget

For the fiscal year 2002-2003 biennium, the Commission was appropriated $98,660,666 per Senate Bill 1, 77th Legislature, Regular Session. This appropriation includes $3.56 million for the continuation of the Business Process Improvement (BPI) project begun during the FY 2000-2001 biennium. In addition, the Commission was appropriated $1,478,114 ($812,800 in FY 2002 and $665,314 in FY 2003) for the implementation of HB 2600.

Distribution of Funds By Strategy



Funding

Maintenance Taxes. The agency's primary source of revenue is generated by a maintenance tax paid by insurance companies who write workers' compensation insurance policies in Texas. The maintenance tax is set at an amount to cover the Commission's operations. The tax is collected by the Texas Comptroller of Public Accounts and is deposited in the state's General Revenue Fund.

The tax is set at a rate that may not exceed two percent of the total gross workers' compensation premium collected in the state during the previous calendar year. In addition, certified self-insurers are assessed a regulatory fee for the administration of the self-insurance program, as well as paying the Commission maintenance tax. The Commission collects the maintenance tax and regulatory fees paid by certified self-insurers, and those funds are deposited in the General Revenue Fund.

Approximately ninety-three percent of the Commission's funding is appropriated by the Legislature from these sources in the General Revenue Fund.

Federal Funds. Federal grants and earned federal funds account for approximately four percent of the agency's appropriations. These grants allow the Commission to provide safety consultation services to Texas employers without charge, provide health and safety training, and collect data on workplace safety.

Most of the Commission's federal grants require annual training and participation in national workgroups at sites designated by the federal agencies providing the training. These training opportunities and meetings often take place outside of Texas. Limitations on out-of-state travel have affected the Commission's ability to expend federal funds and potentially, to comply with grant requirements. The Commission will consider whether to request an exception to appropriation restrictions for out-of-state travel performed in administering federal grant programs during the development of the next Legislative Appropriations Request.

Other Funding Sources. The remainder of the Commission's funding comes from a number of sources. The Commission collects fees for audits, inspections, seminars, consultations, publication sales, and reproduction of documents. In addition, the Commission collects administrative penalties from businesses or individuals who violate the Texas Workers' Compensation Act or Commission rules. Revenues related to administrative penalties, which are appropriated to the Commission, are limited by a ceiling set by the state's General Appropriations Act.

During the 2002-2003 biennium, the Commission may see a decrease in the actual funds collected from these funding sources. If that is the case, the revenue collected from the Commission's maintenance tax may have to be increased to cover continuing operating costs.

Method of Funding. The table below reflects the Commission's method of funding for the current biennium.

METHOD OF FINANCING	
FY 2002-2003	
General Revenue (generated by the maintenance tax and regulatory fees)	$ 91,916,636
Earned Federal Funds	448,813
Federal Funds	3,613,742
Appropriated Receipts	2,649,475
Interagency Contracts	32,000
Total	**$ 98,660,666**
Rider Appropriation – HB 2600	1,478,114
Grand Total	**$100,138,780**

During the past several biennia, the Commission has been able to fund higher operating costs out of its baseline budget. However, it has become increasingly difficult to do so. The Commission may find that additional general revenue is needed to fund higher lease costs, higher information resource costs associated with the WTDROC, higher litigation costs, and higher salary costs as the economy recovers and state government is forced to compete with industry for skilled workers.

Historically Underutilized Businesses

The Commission administers and supports a program to encourage participation by Historically Underutilized Businesses (HUBs) in agency purchasing and contracting opportunities as well as subcontracting. The Commission uses the Texas Building and Procurement Commission's (TBPC) Centralized Master Bidders List/HUB directory as its primary source for notifying businesses of procurement opportunities.

Reports are submitted to TBPC no later than March 15th of each year on its HUB activity for the previous six-month period; and, on September 15th of each year on its HUB activity for the preceding fiscal year. The Commission also reports to TBPC the number of HUBs submitting bids and/or proposals and number of contracts awarded to HUBs. In accordance with Texas Government Code, Title 10, Subtitle D, Section 2161.124, the Commission submits a report for each fiscal year documenting the progress under its plan for increasing the use of HUBs in a format prescribed by the Comptroller of Public Accounts. The reports are included in the Commission's *Annual Financial Report*.

The Commission strives to award procurement and contracting opportunities to HUBs. The agency's goal is to meet or exceed the percentages indicated in the chart below, which also reflects the performance of the Commission for the previous two years.

HUB GOALS AND COMMISSION PERFORMANCE

Procurement Category	TWCC Performance		TWCC Goals		State Goals
	FY 2000	FY 2001	FY 2000	FY 2001	
Heavy construction other than building contracts	N/A	N/A	N/A	N/A	11.9%
Building construction, including general contractors and operative builders' contracts	N/A	N/A	N/A	N/A	26.1%
Special trade construction contracts	0%	N/A	57.2%	N/A	57.2%
Professional services contracts	0.00%	79.80%	20.0%	0%	20.0%
Other services contracts	6.28%	4.75%	33.0%	10.0%	33.0%
Commodities contracts	6.15%	23.70%	12.6%	12.6%	12.6%

N/A – Not Applicable
Source – Texas Building and Procurement Commission

Historically, the Commission has not awarded contracts in the categories of Special Trade, Building Construction, and Heavy Construction. Additionally, although the Commission does contract for professional services on occasion, HUBs have not historically bid for those contracts.

During fiscal year 2001, the Commission met or exceeded the goals it had set for itself in all categories except "other services." Varying from historical experience, the Commission contracted with a certified HUB for one of the two professional services contracts awarded in 2001. This enabled the Commission to exceed both its goal and the state's goal for that category. Likewise, a rate of 23.70% was attained for the commodities category, which exceeded the Commission goal (10%) and the state goal (12.6%). This can be attributed to the following procedure being developed as part of the Commission's good-faith efforts to achieve the Commission's HUB goals:

- For procurements between $2,000 and $10,000, the Commission will contact a minimum of five HUBs; and
- For procurements from $10,000 to $25,000, a minimum of ten HUBs will be contacted.

The Commission did not achieve its goal for awarding "other services" contracts to HUB vendors because of a couple of factors. The selection of contractors for a majority of the procurements in this category are controlled by requirements outside of the agency's control.

A significant number of high dollar goods and services procured by the Commission are acquired either through Department of Information Resources' (DIR's) Cooperative Contracts Program or through the Texas Building and Procurement Commission (TBPC) term contracts. Under the Cooperative Contracts Program, DIR negotiates volume discounts for commodity software, hardware, technology-related training, and contract technical services to provide lower costs to state agencies. Term contracts are established by TBPC for specific goods and services based on the overall needs of the state. The Commission complies with the requirement that state agencies purchase these goods and services if the commodities meet their functional requirements. Purchases under those programs are not reflected in the Commission's HUB performance information but are included in the reports of those agencies. In addition, the Commission outsources its mainframe operations to the West Texas Disaster Recovery and Operations Data Center (WTDROC). This significant contract is not factored into the Commission's HUB performance.

The Commission will continue to strive to increase the use of HUBs by:

- establishing and maintaining a web page that educates HUBs about the Commission's procurement policies and procedures;
- encouraging the use of HUB vendors by distributing HUB vendor information internally to agency staff; and

- participating in TBPC and other agencies' Economic Opportunity Forums, seminars, and conferences contingent upon funding availability.

Capital Assets/Lease Issues

The Commission's capital needs over the next several years can be classified into the following categories – business continuity, new technology, and security. Prior to purchase or lease of any capital asset, an evaluation of costs and the benefits that are expected to result from the investment is conducted. During the fiscal year 2002-2003 biennium, the tight financial situation faced by the agency and the state has required even closer scrutiny of all planned capital projects.

Business Continuity. Most of the Commission's capital assets are technology-related. Establishing life cycle replacement plans for automation tools has been one of the Commission's accomplishments over the past couple of biennia. Adherence to those plans is dependent on factors such as funding and agency priorities. For instance, upgrading the Commission's personal computer printers is scheduled during the next biennium. However, the Commission anticipates that the life cycle for the printers may need to be extended due to fiscal considerations.

Likewise, the Commission's Desktop Seat Management (DSM) contract will have to be reassessed periodically to determine if the contract is still the most cost-effective alternative for those services. The current DSM contract consisting of personal computers, hardware support, software support, and LAN administration services was signed in March 2001. Installation of central office computers was completed in May 2001, and completion of the installation in all field offices was completed in May 2002. Under the existing contract, personal computers are scheduled to be refreshed every three years; however, the contract is reviewed and assessed annually.

Much of the Commission's non-technology-related equipment is or is nearing ten years old. Since the Commission was created in 1991, many physical assets were acquired during the start-up of the expanded agency. Some of these items, such as modular furniture and chairs for the Commission's public meeting room, will require replacement in the future. Additionally, the equipment used for large volume copying and microfilm equipment not replaced during the last biennium is becoming less reliable. Outsourcing of these functions has been evaluated and retaining the functions in-house appears to be the more cost-effective alternative. Thus, replacement or upgrade of the copy equipment and old microfilm equipment will have to be factored into the Commission's future capital plans.

By statute, all workers' compensation claim files must be retained for fifty years or for the life of the claimant, whichever is longer. The management and retention of these files is a major workload and space issue for the Commission. The agency is exploring new file systems that would reduce the file space required and would reduce the risk of injuries due to the use of lower shelving which would not require the use of ladders. A

new filing system may also save on lease costs if the space needed for storage and maintenance of files could be reduced.

New Technology/Equipment. Improving communications with and between external customers is an ongoing Commission objective. The Business Process Improvement (BPI) project, discussed more thoroughly later in this plan, will assist the Commission in meeting some of the needs of our customers more efficiently and effectively. At some point, it will also become necessary for the Commission to investigate the purchase of a new email system and web-related technology that will facilitate communications through the use of systems that are generally compatible with our customers' systems and that allow for the use of more advanced "multimedia" functions.

Security/Safety Enhancements. The Commission places a high priority on the safety of its employees and customers. Since the terrorist attacks of September 11, 2001, the Commission has been evaluating the need for additional security at its central and field offices.

Several of the Commission's field offices are not configured to control visitors' movement throughout the workspace. Due to the adversarial nature of the workers' compensation environment in which some unhappy customers may feel their livelihoods are at stake, and fault agency staff, it is the Commission's ultimate goal to ensure that all offices are configured with electronic access through locked doors from the lobby to the rest of the facility. Additionally, the Commission is working toward installing theater style windows for reception stations in all field offices to enhance the level of protection to staff handling visitors as they enter the facility.

Other security and safety-related changes under consideration for both central and field offices include:

- Implementing a security badge system that would require the badge to be swiped through an automated system before entering the building or particular areas;
- Hiring security guards during the day rather than only in the early morning and evening hours; and
- Installing defibulators in all offices for emergency use.

Office Leases. The Commission has a total of twenty-four field offices, two dispute proceeding facilities, a records retention center and a central office. All facilities are leased except for two that are located in state office buildings. The Commission has welcomed the opportunity to co-locate with other agencies whenever possible. Responses to a Request for Proposals for the replacement of the lease for the Austin Field Office are being evaluated now by the Texas Building and Procurement Commission (TBPC) and could result in a co-location with multiple state agencies.

At the Commission's request, the TBPC is including a "regulated party clause" in all new Commission leases, which precludes lessors from leasing space in the same or contiguous

space with Commission offices to participants (e.g., healthcare providers, attorneys, etc.) in the Texas workers' compensation system. To date, seven agency leases have the co-location clause.

The current lease of the central office expires September 30, 2003. In coordination with the TBPC, a Request for Proposals has been issued for a replacement lease. A determination on the central office location is expected by the close of FY 2002. Any additional costs associated with increased lease rates and/or moving expenses will be factored into the Legislative Appropriations Request (LAR) for the FY 2004-FY 2005 biennium.

With the exception of one field office located in a city-owned building, all field office leases will expire during the next five years. Of these leases, four will expire during the 2004-2005 biennium. As with the central office lease, any additional lease costs will be considered during development of the next LAR.

For future lease renewals and replacements, the Commission will seek to comply with new TBPC space planning recommendations, which include a goal of an 80/20 ratio of open office space to closed office space. It is expected that this will result in lower lease costs; however, it will require the purchase of additional modular furniture to meet the goal.

TECHNOLOGICAL DEVELOPMENTS

The Commission, like all organizations, has become increasingly dependent on technology to perform its responsibilities. During the past several years, the Commission found it necessary to focus on assessing and remediating weaknesses in its infrastructure that will allow for the use of new technologies. With much of that work done, the agency is proceeding with a number of technology-based initiatives to improve customer service and to optimize agency resources.

Vision for Future Automation Plans

Serving as the guiding requirements for all future automation projects are the following vision statements:

- New information technology will be aligned with business processes and structured to address business requirements, both internally and externally;

- Commission services will be delivered directly to the public through a single point of entry using web-enabled applications or other appropriate technology. Customers will enter information through web-enabled applications or other appropriate technology;

- Adequate security will be in place to protect the systems and the confidentiality and privacy of the data;

- All citizens will have access to public information and services at times and locations that are appropriate to the customer;

- Performance and efficiency measurement systems will be developed and incorporated into the supporting information systems infrastructure with appropriate query and reporting capabilities that do not require programming expertise to produce outcome measures;

- Employees will be able to communicate with the Commission's customers using a variety of technologies including, but not limited to email, workflow, and self-service applications; and

- New processes, procedures, standards, and guidelines will be in place to ensure data integrity, records retention, and recovery of all electronic records.

Technological Initiatives

Based on the guiding vision statements, the Commission is pursuing the following technology-related projects:

Business Process Improvement (BPI). The Commission has moved into the detailed design, development and implementation phase of the BPI project. Throughout this phase the needs of internal and external customers are being taken into account.

Due to the introduction of a fresh perspective on the project and the existence of a different economic environment from that which existed at the time the complete project plan was originally developed, the Commission has adjusted its approach. The project plan is now organized using a tiered project development and implementation structure as described on the following page. This approach will allow for the implementation of new automation tools as they are completed rather than waiting until full funding is available and the complete mainframe system can be replaced. The new approach will also allow staff and external users to be trained and learn the new systems in more manageable segments than originally envisioned. As the tiers are implemented in the Commission's new technological environment, the corresponding functions in the agency's legacy system, COMPASS, will be decommissioned.

Throughout the course of the BPI project, the Commission is seeking input and advice from the agency's stakeholders, the Department of Information Resources, the Legislative Budget Board, and the Quality Assurance Team to identify "best practices" and opportunities for coordination with other agencies. One of those opportunities revolves around redefining the services provided by Northrop Grumman as a transition is made to a different computing environment. It is the Commission's expectation that the new automated systems will not be developed in a mainframe environment. The most

appropriate combination of relational database management software and development tools for the new applications will be chosen in FY 2002 and Commission staff will begin gaining training and experience with those tools.

Business Process Improvement Project

The Business Process Improvement Project (BPI) was begun during the FY 2000-2001 biennium. During that initial phase, the Commission accomplished the following:

- With the input of internal and external customers, assessment of current processes and proposals for redesigned business processes;
- Completion of an infrastructure reliability project to provide near 100% availability of automated systems;
- Development of a system for electronic filing of attorney fees requests via the state's internet portal – Texas Online; and
- Provision of a tool for the public to look up whether an employer has workers' compensation insurance coverage via the state's internet portal – Texas Online.

Future efforts under the BPI umbrella have been compartmentalized into Tiers that are interdependent but not reliant on one another for them to be productive. The Tiers as they are currently envisioned are described below. The timing indicated for the Tiers is the Commission's best assessment at this time.

Tier One – The components slated for Tier One are more fully developed than the other tier components since these projects will be accomplished during the FY 2002-2003 biennium.

- *Coverage* – electronic receipt of workers' compensation insurance coverage information from data collection agents; provision of additional contact information for online coverage verification.
- *Incident* – automated claims systems to include notice of injury; lost time and return to work tracking; medical services; evaluations and billing for services for the treatment of the injury; and payment of benefits.
- *Participant* – systems for housing all participant demographic information and allowing access by system participants to manage their own information, request Commission actions, and review activity status. (The first phase of development will focus on managing health care provider data for those participating in the workers' compensation system.)

Tiers Two and Three – Systems will be developed during the FY 2004-2005 biennium to allow for processing requests for official actions, handling complaints, resolving disputes and conducting dispute proceedings. The Commission will begin working to establish an e-claim management system - allowing the Commission to receive information through various electronic means, attach that information to a claim, and provide appropriate electronic access to and/or notice regarding the received information to internal and external customers as appropriate.

Tiers Four and Five -- During the FY 2006 – 2007 biennium, the final components of the system redesign and replacement are scheduled for completion. Included in that phase of the project is the development and implementation of systems relating to injury prevention, compliance, education, grant administration, and management of claims for injuries occurring prior to January 1, 1991.

Health Insurance Portability and Accountability Act (HIPAA). The Health Insurance Portability and Accountability Act (HIPAA) was passed into law in 1996. Title II, Administrative Simplification, of the Act requires health plans, providers and other entities that perform functions or activities involving the use and/or disclosure of protected health information to implement administrative and technical standards for the electronic exchange of health information and the implementation of maintenance procedures to ensure privacy of the information. HIPAA requirements include:

- implementation of electronic transaction standards, code sets and identifiers for the exchange of health information;
- adoption of security standards; and
- adoption of privacy regulations.

Although health information involving workers' compensation is not under the jurisdiction of HIPAA, the vast majority of workers' compensation health care providers and insurance carriers will still be required to comply with the provisions due to their involvement in other health care benefit systems that fall under the scope of this legislation (such as group health insurance programs). Specific transactions that are being addressed by HIPAA that are duplicated in the workers' compensation system include: health claims, or equivalent encounter information, health claims attachments, health care payment and remittance advice, health claim status, referral certification and authorization, and the first report of injury. Therefore, the standards are being considered and incorporated into all upcoming BPI initiatives.

In order to avoid the development of duplicate systems with different standards or mechanisms, the Commission will monitor the status of rules being processed/adopted to ensure that efficiencies are maintained in the workers' compensation system. Additionally, the rules will be monitored to determine how system participants will interact with entities covered by the legislation.

HIPAA standards may provide a mechanism for the Commission to standardize medical billing data, begin collecting pharmacy and preauthorization data, and provide guidance as to how to be mindful of privacy issues as we develop our new processes and systems.

Video and Teleconferencing. To improve efficiency and keep costs down, the Commission has developed new methods for disseminating educational information to our staff located throughout the state. Teleconference meetings with participants from various field offices are held regularly to ensure that the same information and instruction is communicated to staff, and to allow the field offices to have input in the policy-making processes without having to travel to the central office.

The Commission's internal website is also used to post video training courses such as New Employee Orientation and the Basics of the Workers' Compensation. These uses of technology have significantly reduced the amount the Commission spends on travel expenses for people to provide training in person. As always, follow-up and evaluation

are critical to ensure that training is effective in providing staff with the skills necessary to perform their required functions.

During the remainder of FY 2002, the Commission is piloting the use of videoconferencing for benefit review conferences and will pilot the use of videoconferencing for contested case hearings in FY 2003. Until now, these proceedings have brought external parties together at a common location with Commission staff to mediate and hear the positions of the parties to the dispute. Turnover and sick/annual leave have typically resulted in having a staff person from another office travel to the proceeding. With the tight budget situation, travel dollars are very limited. If the technology provides an acceptable alternative to having all parties in the same location, travel dollars will be saved and unexpected illness or absence will not have to result in a postponement of the proceeding. Customer acceptance of the alternative will be critical.

Call Center. Telephone activity continues to be an important part of the Commission's business landscape. In many cases, it impacts our customers' perception of quality. The Commission uses technology to distribute and monitor call activity in the five large field offices and to route calls on its toll-free number to field offices based on the location of the caller. This technology is costly and does not assess whether there is staff available to take the calls.

As the Commission looks toward the future, development of a "Customer Assistance" system that could distribute calls to "virtual call centers" will be considered. Options include establishing a "virtual call center" by upgrading and integrating the phone systems in the central office and the five large field offices. With that technology, staff availability to take calls could be assessed before routing. To expand upon the first option, all calls to Commission offices throughout the state could be directed to a central location, a determination made as to where there is staff availability to handle the call, and routing to that location. The staff availability analysis and routing would be invisible to the caller, but the call distribution system would allow for faster response times; assurance that staff with the appropriate skills is available to handle the issue in question; and the ability to handle absences or office closures more efficiently.

The Commission was appropriated funds to undertake an initial call center implementation this biennium. In response to the Spring 2002 request from the Legislative Budget Board and the Governor's Office to reduce planned expenditures, we have determined that the call center could be deferred until the next biennium.

Injury Data Resource. The Commission collects an enormous amount of data on workers' compensation injuries in Texas. For research and planning purposes, inquiries are often made about the types of injuries, the location of injuries, injury trends by industry, etc. For many of those questions, programming resources must be dedicated to producing the requested information.

The Commission is in the process of developing a web-based research tool that will allow customers to submit data requests for particular types of injury data and receive almost

instantaneous response to the requests. This tool will provide both internal and external customers with information that previously was either not available or took days to produce and is expected to be available during the summer of 2002.

SERVICE POPULATIONS AND DEMOGRAPHICS

Primary Service Populations

Since employers and employees are among the Commission's primary service populations, the population and workforce growth experienced in Texas over the last several years has affected the number of persons potentially requiring or requesting Commission services. With 84.8 percent of its population living in metropolitan areas, Texas is a predominantly urban state despite its rural geographic expanse.[2] This is underscored by recent population trends – the state's twenty-four metropolitan areas accounted for over ninety-one percent of Texas' population growth from 1990 to 2000.[3] Growth, however, has not been evenly distributed and is most heavily concentrated in large metropolitan areas such as Dallas, Houston, San Antonio, and, notably, Austin which doubled its population in the previous decade. Other metropolitan areas that experienced significant growth are located along the Texas/Mexico border and include McAllen, Laredo and Brownsville.[4]

Census projections demonstrate that Texas is likely to continue to grow relatively rapidly in the next decade and will remain among the top three fastest growing states in the nation. Between 2000 and 2010, the Texas population is projected to increase between 3.3 and 5.0 million, making this numerical increase the second largest in history (second only to the increase that occurred in the 1990s).[5] At the current rate of growth, the state's population will increase by nearly one hundred percent between 1990 and 2030.[6]

Major population changes are expected that could shift the relative rankings of Texas metropolitan areas. If recent trends continue, Dallas may surpass Houston in total population by 2040, and by 2020, the McAllen-Edinburg-Mission area will surpass El Paso to become the 6th largest metropolitan area in the state. Texarkana is the only metropolitan area projected to decline in population from 2000 to 2040, while Abilene, Lubbock, and Wichita Falls are expected to experience relatively slow rates of growth.[7]

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[2] Texas Department of Economic Development. (2002, January 18). The Texas Economy. Retrieved February 21, 2002, from http:// www.bidc.state.tx.us/overview/2-2te.htm
[3] Ibid.
[4] Ibid.
[5] Texas State Data Center. (2001, December 18). New Population Projections for Texas Show a State Growing Extensively, Diversifying Rapidly and Aging Substantially in the Coming Decades. Retrieved January 29, 2002 from http://txsdc.tamu.edu/tpepp/presskit/
[6] Ibid.
[7] Texas State Data Center. (2001, December 18). New Population Projections for Texas Show a State Growing Extensively, Diversifying Rapidly and Aging Substantially in the Coming Decades. Retrieved January 29,2002 from http://txsdc.tamu.edu/tpepp/presskit/

Evaluation of the geographic distribution of the population and workforce is essential to ensuring that the Commission's services and outreach efforts are consistent with the location of the agency's service populations.

Labor Force Demographics

Texas leads all states in net job creation and ranks among the leading states in nearly all major economic (industry) sectors.[8] The Texas labor force is expected to continue to increase substantially in the coming years. Employment in Texas is anticipated to grow by seventeen percent from 1998 to 2008, compared to the projected U.S. job growth rate of fourteen percent.[9]

Increasing Hispanic Workforce. Of the 3.8 million new Texas residents since 1990, 2.3 million, or sixty percent were Hispanic. This influx increased the Hispanic share of the overall population to thirty-two percent in 2000 from twenty-five percent in 1990.[10] In the coming years, the Texas population will become increasingly ethnically diverse, and Hispanics are expected to outnumber Anglos by 2020.[11] Currently, Hispanics are the largest demographic group in four of the state's largest cities: Houston, Dallas, San Antonio and El Paso.[12] The increase in minority populations is reflected in the characteristics of the workforce. At the current rate of increase, the proportion of the labor force comprised of Hispanic workers is projected to be 45.6 percent in 2030, making Hispanics the largest single ethnic group in the state's labor market.[13]

A high number of Hispanics in Texas have immigrated to the United States and are unfamiliar with the native culture and language. Many Hispanics with relatively low skill levels and educational attainment find work in hazardous occupations in industries such as construction and manufacturing. A recent study conducted by the Commission found that Hispanic workers experienced a disproportional number of construction fatalities when compared to the industry as a whole. This was mainly attributable to the fact that Hispanics were more likely to be employed in high hazard – lower skilled occupations such as laborers and helpers. Regardless of race or ethnicity, employment within such occupations increases a worker's risk of dying on the job.[14]

The growing number of Hispanic workers has led to the development of Commission injury prevention programs that target this at-risk population and to the provision of safety training and resources in both English and Spanish. In order to serve Spanish-

[8] Texas Department of Economic Development. (2002, January 18). The Texas Economy. Retrieved February 21, 2002, from http:// www.bidc.state.tx.us/overview/2-2te.htm
[9] Gattis, D. & Cantu, R. (September 2000). Occupational Employment Projections: 1998-2008. *Texas Labor Market Review* published by the Labor Market Information Department of the Texas Workforce Commission.
[10] Ibid. Texas Department of Economic Development.
[11] Ibid. Texas Department of Economic Development.
[12] Yardley, J. (2001, March 25). Non-Hispanic Whites May Soon Be a Minority in Texas. *The New York Times.* Retrieved March 2, 2002 from http:// www.mugu,com/pipermail/upstream-list/2001-March/001535.html
[13] Murdock, S. (1997). *The Texas Challenge: Population Change and the Future of Texas*. College Station: Texas A&M University Press.
[14] Fabrega, V & Starkey, S. (December 2001). Fatalities Among Hispanic Construction Workers in Texas: 1997-1999. *The International Journal of Human and Ecological Risk Assessment*. Volume 7, Number 7. Amherst Scientific Publishers: Boca Raton.

speaking customers, the Commission provides forms and other agency documents in Spanish. Commission staff also provides bilingual assistance in responding to general inquiries, health and safety hotline calls, and dispute resolution services. Although the Commission contracts with bilingual translators when necessary, foreign language proficiency is a requirement of employment for some Commission job positions in particular areas throughout the state.

Aging Workforce. Projections show that the average age of the Texas and United States labor force will increase over the next two decades as the "baby boomer" population increases and as people live longer due to continued advances in medical technology. Texas' elderly population is expected to experience a moderate increase until about 2010 (a 12.3 percent increase from 1995), then a rapid increase for the next twenty years to 2030 (a 99.4 percent increase from 1995).[15]

The rapid growth of the elderly population in the coming years will lead to a more mature workforce. This could impact the workers' compensation system by leading to an increase in the number of elderly workers experiencing on-the-job injuries. Studies have shown that although older workers have lower injury rates than younger workers, their injuries are generally more severe. Workers over 50 years of age take longer to recover than their younger counterparts – approximately twice as long as workers in the 25-44 age group.[16] The result may be a higher cost-per-case for injuries suffered by an increasingly older worker population.

ECONOMIC VARIABLES

Income and Education. Since 1991, Texas has outperformed the United States as a whole in the areas of economic growth, economic productivity and labor market activity. However, even with the overall growth experienced by the state, Texas has traditionally had higher poverty rates and lower educational attainment rates than the nation as a whole.[17] In the last two decades, the annual Texas poverty rate was higher than that for the U.S. The latest available figures show that in the year 2000, the Texas poverty rate was three percentage points higher than the national rate.[18] The percentage of all Texas households in poverty is projected to increase from 16.2 percent in 1990 to 19.6 percent in 2030.[19]

Poverty and low wages are often the direct result of low educational attainment. In 1998, 23.6 percent of Texas adults had not graduated from high school and Texas ranked 42nd in terms of the proportion of its population aged 25 or older which had at least a high school degree. In addition, Texas ranked 29th in terms of the percentage of the population

[15] Murdock, S. (1997). *The Texas Challenge: Population Change and the Future of Texas*. College Station: Texas A&M University Press.
[16] Richardson, S. (April 1997). Implications of an Aging Population on the Labor Force: An Occupational Health Perspective. *The IAIABC Journal*, Volume 34, Number 1.
[17] Sessler, C. (August 1998). Texas State of the Economy and Regional Macroeconomic Development. *Texas Labor Market Monograph Series*, Volume 1, Number 1.
[18] U.S. Census Bureau (March 1999, 2000, 2001). Percent of People in Poverty by State: 1998, 1999, and 2000. *Current Population Survey.*
[19] Ibid. Murdock.

which had completed a bachelors degree, with only 21.9 percent of adults attaining a higher level of education.[20] It is projected that in 2030, 35.3 percent of the population will not have achieved a high school education, and the percentage of persons obtaining college degrees are also expected to decrease during this time period.[21]

Poorer persons and individuals with low levels of education are oftentimes driven by necessity to obtain jobs in lower-skilled, high hazard occupations, thus increasing their likelihood of being injured on the job. Poorer, less educated persons are also generally less knowledgeable about available resources and services, and thus, the Commission may be required to improve its outreach and intervention efforts to this population. In addition, education and literacy levels of the workforce must be considered in the planning of communication and information dissemination efforts.

Occupation and Industry. Moderate employment growth characterizes the outlook for Texas in the coming decade. All industries are expected to experience increased levels of employment over the next ten years.[22] Between 1998 and 2008, Texas is projected to add almost two million new jobs, forty-five percent of which will be found in the professional, technical, and service occupations.[23]

The top twenty-five occupations projected to add the most jobs by 2008 are concentrated in four industry sectors: business services, educational services, retail trade, and health services.[24] As computer technology becomes increasingly widespread across all industries, employment opportunities for systems analysts, database administrators and telephone and cable TV line installers will increase significantly. According to the Texas Workforce Commission, computers are changing the way workers perform their jobs and are even altering the occupational mix of the Texas labor force.[25] Computer and math occupations are expected to grow by forty-two percent by 2008.[26]

In addition to technical industry jobs, health care occupations such as registered nurses, nurse's aides, and orderlies are expected to grow dramatically due in part to an increasing aging population requiring more health care. Population growth leading to increasing school enrollments will fuel a twenty one percent increase in teaching occupations and will account for nearly one-third of all job growth among professional and technical occupations.[27] The number of jobs in services such as police, correctional officers, and food and beverage preparation are also expected to increase significantly. In addition,

[20] Guaranteed Student Loan Corporation. (2001). Economic Returns from Higher Education in Texas. Retrieved on March 2, 2002 from http://www.tgslc.org/tgslc/publications/reports/opp-fact.htm
[21] Murdock, S. (1997). *The Texas Challenge: Population Change and the Future of Texas*. College Station: Texas A&M University Press.
[22] Gattis, D. & Cantu, R. (August 2000). Industrial Employment Projections: 1998-2008. *Texas Labor Market Review* published by the Labor Market Information Department of the Texas Workforce Commission.
[23] Gattis, D. & Cantu, R. (September 2000). Occupational Employment Projections: 1998-2008. *Texas Labor Market Review* published by the Labor Market Information Department of the Texas Workforce Commission.
[24] Ibid.
[25] Ibid. Crawley & Tello-Sanchez.
[26] Cantu, R. (April 2001). Higher Education Means Higher Wages. *Texas Labor Market Review* published by the Labor Market Information Department of the Texas Workforce Commission.
[27] Cantu, R. (April 2001). Higher Education Means Higher Wages. *Texas Labor Market Review* published by the Labor Market Information Department of the Texas Workforce Commission.

construction industry jobs are expected to increase as housing, infrastructure, and production expands to meet the needs of the growing population.

Because of changing technologies, the occupation expected to experience the greatest job loss overall is computer operators responsible for the operation of large mainframe computers. In addition, because of advances in computer software and expanding knowledge and skills in the use of technology, the need for occupations in the clerical and administrative functions of business such as accountants, auditing clerks, switchboard operators and secretaries is diminishing.[28] Industry sectors likely to see little or no workforce growth include manufacturing, food processing, banks, textiles, apparel, petroleum refining, printing and publishing, and public utilities. These sectors are expected to grow in terms of production, but technological changes leading to increased productivity will result in the need for fewer employees.[29]

As a result of industry and occupational changes, Texas will likely continue to experience a statewide occupational injury rate that is lower than the national rate due in part from shifts in industry concentration from higher hazard (manufacturing) to lower hazard (services, technology) industries and occupations.[30] However, growth in technology and health care occupations may lead to increased rates of repetitive motion and lifting injuries and illnesses. In addition, continued poverty, low educational attainment levels, and immigration and in-migration of workers to Texas will likely lead to increasing employment in lower skilled, high hazard occupations, and may ultimately increase the burden on the workers' compensation system. Injury data will continue to be closely monitored to ensure that health and safety services, training, and resources are developed and targeted to high growth as well as high hazard industries.

Workers' Compensation Insurance Market. The worker's compensation market in Texas has seen an increase in premiums since 2000, and a number of insurers have become insolvent over the past couple of years. Although approximately sixty-five percent[31] of Texas employers carry workers' compensation insurance, we can expect that some employers may choose to opt out of the system since Texas does not mandate that employers hold workers' compensation insurance coverage.

To compound the financial situation in the workers' compensation market, the terrorist attack in September 2001 had a major impact on the workers' compensation market. In some areas, it has become difficult for large employers with a high concentration of employees at one location to find affordable workers' compensation insurance. Due to the inability to limit coverage for terrorist acts, premiums have increased dramatically,

[28] Crawley, R & Tello-Sanchez, R. (May 2001). Computers and the World of Work. *Texas Labor Market Review* published by the Labor Market Information Department of the Texas Workforce Commission.
[29] Texas Comptroller of Public Accounts. (Winter 2000). Looking Ten Years Back and Ten Years Forward. *Texas Economic Update*. Retrieved on March 2, 2002 from http://www.window.state.tx.us/ecodata/teu00/teu00_1.html
[30] Ibid.
[31] Research and Oversight Council, "Non-subscription to the Texas Workers' Compensation System: 2001 Estimates," Texas Monitor, Volume 6, Number 4, Winter 2001.

and some insurers cannot even afford to provide the coverage. These changes have made it increasingly difficult for some employers to find affordable coverage.[32]

Currently, there is not an overall availability problem in Texas; however, there are certain risk classifications that are finding it difficult to obtain coverage including contractors, plumbers, HVAC contractors, and staff leasing companies.[33] The Commission will continue to work closely with the Texas Department of Insurance, the Texas Property and Casualty Insurance Guaranty Association, and other agencies to monitor the changes in the market and to make the necessary adjustments in the delivery of services.

IMPACT OF STATE AND FEDERAL STATUTES/REGULATIONS

Impact of state statutory changes

House Bill 2600. House Bill 2600, passed by the 77th Legislature, was an omnibus bill containing numerous statutory changes to the workers' compensation system and to Commission processes. However, the main focus of the legislation was to address the escalating cost of medical care provided in the state's workers' compensation system. Considerable staff resources have been devoted to implementing the changes enacted in HB 2600 during FY 2002. An investment of staff and financial resources will continue to be required over the next several years as all of the provisions of HB 2600 become fully implemented.

The major components of the reforms resulting from HB 2600 include:

- Expanding the use of medical expertise in decision-making by the Commission;
- Monitoring health care practices and instituting mechanisms to align practices with standards;
- Establishing fee and utilization standards for workers' compensation health care that are more consistent with other types of health care delivery;
- Exploring the feasibility of establishing health care delivery networks in the workers' compensation system; and
- Resolving questions of maximum medical improvement and impairment ratings earlier in the dispute process.

Medical Expertise. The legislation statutorily creates the roles and responsibilities of a Medical Advisor to the Commission and a Medical Quality Review Panel (MQRP). The Medical Advisor provides medical expertise in the development of medical policies and rules and appoints the health care providers who serve on the MQRP. The Medical Advisor and MQRP will be instrumental in reviewing the practices of health care providers and insurance carriers to determine if their practice patterns are consistent with expected standards.

[32] "The Workers' Compensation Dilemma," Standard & Poors, 22 January 2002.
[33] Independent Insurance Agents of Texas. (2002, January 22). "Texas Workers' Comp Market Update." Retrieved April 26, 2002, from http:// www.iiat.net/issues/ma_wc_update.htm

The legislation also increased the amount of medical expertise used in the resolution of medical-related disputes. Rather than agency staff reviewing and making determinations on these types of disputes (other than disputes regarding medical fees), Independent Review Organizations (IROs) are used. The IRO process for workers' compensation has been established to mirror their role in the HMO/group health arena. Implementation of the new process is still in its infancy. With time and maturation, the workers' compensation system may see a reduction in the number of medical disputes if the decisions, which will be published on the Commission's website, are consistent and establish a "standard of care" that is considered appropriate for the injured employee population in Texas.

Health Care Monitoring. Under the legislation, the Commission's authority has been expanded to control and improve the manner in which health care is delivered in the system through the actions of both health care providers and insurance carriers. All doctors participating the workers' compensation system are now required to receive training and be certified appropriately by the Commission. The anticipated benefits of the training and certification include better service to injured employees because of increased knowledge of the rules and regulations in the workers' compensation system and utilization of care patterns that are more consistent with established norms. It is the Commission's goal to provide training that produces the desired outcomes without being overly burdensome for system participants. A curriculum is being developed that may be taken through a correspondence-type arrangement or through a web-based application.

Participants may be denied certification, sanctioned or stripped of their certification if practice patterns are determined to be inconsistent with medical standards and/or the person fails to comply with statutes and rules. The Commission anticipates that the resources required to limit or remove some system participants will be significant – legal and medical expertise will be crucial in these cases.

Fee and Utilization Standards. Historically, the Commission has been charged with adopting medical fee and treatment guidelines. With the enactment of House Bill 2600, this authority was amended to specify that these guidelines must draw upon standards found in other health care delivery systems. Fee guidelines must be based on the most current reimbursement methodologies used at the federal level – Medicare; and treatment guidelines, if adopted, must be nationally recognized, scientifically valid, and outcome-based. In order to effectively regulate under these national standards, the Commission will have to train, recruit, and/or contract for staff with this knowledge and expertise. Initially, the training and analysis required will be extensive. After the initial efforts, training may be on an ongoing basis.

Health Care Delivery Networks. An injured employee retains the right to choose his/her treating doctor in Texas' workers' compensation system. In an effort to explore other health care delivery models and the effect that they may have on medical costs, the new legislation establishes a Health Care Network Advisory Committee. Currently, the Committee, the Commission, and the Research and Oversight Council are all involved in

contracting for a study of the feasibility of creating regional workers' compensation health care networks and if feasible, creating such a network(s). If networks, as established by the legislation, are determined to be feasible, a network or networks will be created during FY 2003. Results and outcomes of network operations will not be available, or will be only preliminary for the 78th Legislature; however, for the 79th Legislature comparisons of network and non-network medical costs, utilization patterns, patient satisfaction, and other variables should be available for consideration.

MMI and Impairment Rating Determinations. Finally, the manner in which questions about whether an injured employee has reached maximum medical improvement and if so, what the correct impairment rating is was revised under the provisions of HB 2600. Prior to the statutory change, an injured employee had the treating doctor's opinion and an insurance carrier could request a required medical examination by a doctor of their choosing to look at those issues. If there was a difference of opinion between the two doctors, either party could contact the agency for the appointment of a Commission-trained and selected designated doctor to evaluate the injured employee and resolve the issue. Under HB 2600, the designated doctor selection occurs earlier in the process – prior to a required medical examination. The expectation was that the change would reduce the costs of additional examinations and would result in better, more appropriate opinions since designated doctors must be specially trained in the evaluation of MMI and the assignment of impairment ratings. Since the change became effective January 1, 2002, the number of requests for designated doctors has increased dramatically. Processing these requests is significantly more time-consuming and has resulted in workload issues for the Commission's field office staff. Based on analysis and feedback to stakeholders about how the new process is working, the Commission may find it necessary to make adjustments in the process, and to recommend future statutory changes if appropriate.

Subsequent Injury Fund. The Commission administers the Subsequent Injury Fund (SIF), which provides for the payment of income benefits to individuals who, based on a second work-related injury, meet the eligibility requirements for lifetime income benefits (LIBs). The SIF does not receive appropriated funds but is funded by payments from insurance carriers for work-related deaths in which there are no legal beneficiaries and the interest earned on those payments. The Comptroller of Public Accounts maintains the SIF as a special fund that is separate and distinct from the other accounts maintained by the Comptroller for the Commission or other state agencies.

The SIF was originally established to encourage employers to employ veterans who were impaired or disabled. Insurance carriers are liable for the payment of benefits only to the extent that subsequent injuries would have entitled employees to benefits had the previous injuries not existed. The SIF compensates employees for the remainder of the lifetime income benefits to which they are entitled.

With statutory changes made to the SIF since 1989, expenditures from the SIF have expanded to include reimbursements to insurance carriers for:

- benefit payments made as a result of a Commission order when the order is subsequently modified or reversed by a final order/decision of the Commission or a court;
- the cost of pharmaceuticals prescribed during the first seven days after an injury if the injury is ultimately deemed not to be compensable; and
- the portion of income benefits not attributable to the job at the time of injury but paid because claimants held multiple jobs at the time of the injury.

Additionally, the 77th Legislature authorized SIF funds to be used to assess feasibility of, develop, and evaluate regional healthcare delivery networks. The costs for these activities paid from the SIF may not exceed $1.5 million.

The following table reflects the SIF's assets and liabilities for the last four years.

	FY 2001	FY 2000	FY 1999	FY 1998
Assets				
Total Assets	$27,485,111	$22,892,525	$17,580,207	$15,550,107
Liabilities and Reserved Fund Balance				
LIBs (cash value)	$8,563,384	$8,109,631	$7,293,661	$6,595,519
Reserve for future reimbursements/ LIBs cases	$18,921,727	$14,782,894	$10,286,546	$8,954,588
Total Liabilities and Reserved Fund Balance	$27,485,111	$22,892,525	$17,580,207	$15,550,107

Despite the secure financial status reflected by the figures, the SIF's financial picture is expected to change dramatically in the next few years. The statutory provisions allowing reimbursements for initial pharmaceuticals and benefits paid based on multiple employment become effective during the latter part of 2002. The reimbursements for benefits paid based on multiple employment alone could ultimately be as high as almost $20 million per year.[34] Thus, the financial condition of the SIF is expected to become "at risk" at some point within the next five years.

The Legislature has provided the Commission with the authority to increase the maintenance tax and to make partial payment of the reimbursements for initial pharmaceuticals and multiple employment benefits if funding is not adequate to cover all of the SIF's liabilities. However, at some point after implementing both of those options, it is anticipated that funding will be inadequate to cover the expenditures from the SIF. To explore these issues and other options for the SIF, the House Committee on Business and Industry has been charged with studying the fiscal condition of the SIF and determining whether changes are needed to keep the fund viable in light of increased demands during the interim for the 77th Legislature.

[34] HB 2600 Fiscal Note, 77th Session. Legislative Budget Board. May 19, 2001.

During FY 2002 and 2003 and beyond, the Commission will focus increased attention on the financial status of the SIF. Actuarial and/or financial planning services will be required to evaluate the most appropriate methods for projecting, monitoring, and handling the SIF's liabilities, with priority placed on ensuring that persons eligible for lifetime income benefits from the SIF are paid.

Federal Involvement

Historical Involvement. For the most part, state workers' compensation programs have been the controlling source for dealing with workplace injuries, other than those injuries and illnesses suffered by federal employees. From the early 1900's, workers' compensation systems have been defined at the state level rather than on a national level.

The Commission's interaction with federal agencies and policies has typically been limited to the receipt of federal grants and coordination with federal agencies handling health and safety and medical issues. The following are some examples of the Commission's work with federal entities:

- a federal grant from the National Institute of Occupational Safety and Health allows the agency to conduct investigations of fatalities in Texas under the Fatality Assessment and Control Evaluation program;

- federal funding from OSHA allows for the provision of health and safety consultations to small businesses at no charge;

- in conjunction with the Bureau of Labor Statistics, the Commission collects occupational injury and illness and fatality information annually; and

- under provisions of the Social Security Act, the Commission is required to report final adverse actions against healthcare providers – such as removals from the Approved Doctor List, convictions, and certain administrative violations – to the Healthcare Integrity and Protection Data Bank.

Recent Federal Activity. Issues currently being considered at the federal level that may affect Texas' workers' compensation system, and thus the Commission, include new ergonomics rules, changes in OSHA reporting requirements, and the impact of the Energy Employees Occupational Illness Compensation Program Act regarding job-related illness claims resulting from exposure to beryllium, silica, or radiation.

Ergonomics Rules. The Occupational Safety and Health Administration (OSHA) adopted a rule in November 2000 requiring some employers to establish ergonomic programs and to make certain payments of wages and benefits. The rule caused significant concern because of the costs of implementation and because it was unclear how those rule requirements and the states' workers' compensation benefit structures and requirements would be reconciled. Although recognizing the need to implement

programs that will prevent or reduce the effects of ergonomic injuries, Congress repealed the rule on March 20, 2001.

OSHA announced a comprehensive plan in April 2002 to dramatically reduce ergonomic injuries. The first injury-specific guidelines to be developed under the plan will be for nursing homes. Nursing home workers frequently suffer back injuries and other ergonomic-related problems, and the goal is to prevent these types of injuries and illnesses from occurring. Guidelines for other industries will soon follow, which will also help reduce injuries and illnesses.[35] In addition to industry- and task-specific guidelines, the plan includes tough enforcement measures, workplace outreach, advanced research, and dedicated efforts to protect Hispanic and other immigrant workers.[36]

The new approach taken by OSHA appears to have resolved any perceived conflict between the federal and state roles in the addressing workplace injuries. The Commission's education, training, and consultation efforts will certainly draw upon the guidance and research that results from OSHA's efforts in reducing ergonomic injuries.

Conversion from the Standard Industrial Classification (SIC) system. OSHA is changing its reporting requirements to use NAICS instead of SIC for industrial classifications. The North America Industrial Classification System (NAICS) was developed by the Federal Office of Management and Budget, in cooperation with Canada and Mexico, to replace the Standard Industrial Classifications (SIC). NAICS, like SIC, was developed as a standard to classify employers by industry-type. NAICS is based on the principle that producing units that use similar production processes should be grouped together. It also reflects the enormous changes in technology and in the growth and diversification of services that have marked recent decades.

Although the NAICS became effective in 1998, the implementation and transition between the coding systems has been phased in. In September of 2000, the Texas Workforce Commission began issuing only NAICS (and not both SIC and NAICS) to new businesses. The Commission will use the NAICS classification system to collect industry data for an annual survey of occupational injuries that it conducts in cooperation with the Bureau of Labor Statistics.

As a result of the conversion from the SIC to the NAICS coding, multi-year comparisons of injury and illness data by industry will have some limitations. Comparison of industry specific data pre- and post-2002 will be limited to those NAICS codes that can be directly matched to SIC codes.

Energy Employees Occupational Illness Compensation Program Act. The Energy Employees Occupational Illness Compensation Program Act of 2000 established a federal program to provide compensation to employees of the Department of Energy

[35] Austin American Statesman. "New Ballgame for Repetitive Stress Ailments." April 28, 2002.
[36] OSHA National New Release. "OSHA Reaches Out to Nursing Home Providers and Workers to Develop Guidelines to Reduce Ergonomic Injuries." April, 18, 2002. Retrieved April 25, 2002 from http://www.osha-slc.gov/media/oshnews/apr02/national-20020418.html.

(DOE), its contractors and subcontractors, and companies that provided beryllium to the DOE and have contracted certain diseases due to exposure.

The DOE published a revised list of facilities covered under the Act in January 2001. Covered facilities located in Texas are identified in the following table.[37]

Facility Name	Location	Type of Facility
AMCOT	Fort Worth	Atomic Weapons Employer
Mathieson Chemical Co.	Pasadena	Atomic Weapons Employer
Medina Facility	San Antonio	Dept. of Energy Facility
Pantex Plant	Amarillo	Dept. of Energy Facility
Sutton, Steele and Steele Co.	Dallas	Atomic Weapons Employer
Texas City Chemicals, Inc.	Texas City	Atomic Weapons Employer

The statute provides that covered employees (federal and non-federal employees) who suffer from a cancer caused by radiation, chronic beryllium disease, or chronic silicosis are eligible for a lump sum payment of $150,000 for disability, and payment of future medical expenses associated with that disease. If the worker is deceased, the lump sum payment will be provided to survivors.

The Act also provides that the DOE's Office of Worker Advocacy will assist workers with other occupational illnesses in filing state workers' compensation claims once agreements to do so have been entered into between the DOE and states.[38] At this time, the DOE and Texas have not entered into agreements regarding the compensation of benefits through the Texas workers' compensation system. Since the Energy Employees Occupational Illness Compensation Program Act contemplates that the federal government will provide medical coverage, this may limit the impact to the Texas workers' compensation system; however, it is not known if the insurance carrier will be reimbursed through the federal program for the payment of medical benefits if the employee elects to file for medical benefits under the state system.

A covered employee (other than a federal employee) may elect to file a claim with the federal program or the state workers' compensation system, or both. A few claims of chronic beryllium disease have been filed with the Commission, however, all are currently no-lost-time claims and no income benefits have accrued.

In addition, at the federal level, steps have been taken by the Occupational Safety and Health Administration (OSHA) to educate dental laboratory technicians and employers on safety practices that would reduce or prevent beryllium exposure.[39]

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[37] Federal Register. Vol. 66, No. 112. Monday, June 11, 2001. Notices, Department of Energy. Retrieved from http://dewey.tis.eh.doe.gov/advocacy/laws/20010611list.pdf on May 30, 2002.
[38] U.S. Department of Energy. Fact Sheet. Energy Employees Occupational Illness Compensation Program Act of 2000, October 2000. Retrieved from http://tis.eh.doe.gov/portal/feature/Factsheet2000.pdf on May 29, 2002.
[39] Hazard Information Bulletin. U.S. Department of Labor, Occupational Safety and Health Administration. Preventing Adverse Health Effects From Exposure to Beryllium in Dental Laboratories. April 2002. Retrieved from http://www.osha.gov/dts/hib/hib_data/hib20020419.pdf on May 30, 2002.

IMPACT OF CURRENT AND OUTSTANDING COURT CASES

In addition to statutory changes, the determinations made through court rulings have a potentially significant effect on Commission operations. The following are the significant cases that have been appealed to the courts for resolution. They are classified according to their status in the appeal process.

Recent Disposition of Issues

- whether former version of Commission Rule 130.5, which provided a time limit of 90-days to dispute the first finding of maximum medical improvement and impairment rating (MMI/IR), is beyond Commission's statutory authority

  Status -- final decision by the Supreme Court invalidates the 90-day time limit in §130.5

- challenge to former provision of Commission's preauthorization rule that addressed what constituted an "emergency" for purposes of an exception to the preauthorization requirements

  Status – district court upheld the emergency provision in the preauthorization rule

Pending Cases

- whether a contract for actuarial services and the professional services of a physician in establishing a medical fee guideline constitutes a professional services contract as opposed to a consulting services contract under the Texas Government Code

  Status – district court notified parties by letter of grant of Commission's plea to the jurisdiction due to mootness of issue

- does an insurance carrier waive its right to dispute compensability if the carrier does not agree to initiate the payment of benefits, or dispute the claim, within seven days. Note: Tex. Lab. Code section 409.021(c) – if insurer does not contest compensability before the 60th day after it receives notification of the injury, it waives right to contest compensability.

  Status – Texas Supreme Court rendered decision that when a carrier fails to either begin payment of benefits or provide notice of refusal to pay within seven days of receiving notice of injury, the carrier has not met the statutory requisite to later contest compensability.

- validity of Commission's 1996 TWCC Medical Fee Guideline; Rules 133.300 - 133.304 (relating to payment, dispute, and audit of bills by insurance carriers); and one-year limitation on filing medical disputes (Rule 133.305)

Status – 3rd Court of Appeals rendered decision April 25, 2002 upholding 1996 Medical Fee Guideline rule and the one-year provision for filing requests for medical dispute resolution with the Commission in Rule 133.305, but invalidating portions of the Commission's rules in sections 133.301 through 133.305. Commission's Motion For Rehearing concerning the impact and basis of the Court's decision on rules 133.301 through 133.305 pending.

- because 1992 hospital fee guideline was invalidated, whether Rule 133.305 (one-year limitation on filing medical disputes) is valid and must be enforced by the Commission and the State Office of Administrative Hearings. Also requests that the Court mandate insurers to pay 80% of hospital charges.

  Status – district court has severed into a new court case the hospital's requests for the court to determine payment at 80% of charge; court issued ruling from the bench that Commission's one-year rule for filing requests for medical dispute resolution is applicable to hospital fee disputes based upon the invalidation of the 1992 hospital fee guideline

- does the Commission have authority to conduct a desk review of a health care provider's medical services to workers' compensation claimants

  Status -- pending

- whether medical disputes over small amounts of money per claim for pharmacy bills, where Commission has no prior expertise, should be resolved on a claim by claim basis through administrative proceeding or by decision of the court and whether pharmacies can set a higher usual and customary charge for workers' compensation prescriptions than for prescriptions in other health care systems or individuals

  Status – case abated by Travis County District Court

- payment of interest for late paid medical bills; issues exist on when and what amounts should be paid, what constitutes a complete medical bill, and whether disputes on small amounts of interest per claim must go through the administrative process or should be decided by the court

  Status – pending

- issues over the applicability of Tex Lab. Code sections 410.208 (includes, in part, allowing claimant penalty of 12% of amounts of benefits recovered if insurance carrier refuses or fails to comply with a final order or decision of the Commission), 416.002 (allows recovery of exemplary damages of the greater of four times the amount of actual damages or $250,000 if an insurance carrier breaches its duty of good faith and fair dealing), and 408.221 (including, in part,

allowing a claimant to recover reasonable and necessary attorneys fees if claimant prevails on an issue on which judicial review is sought by the insurance carrier. Also requests court to decide applicability of Commission rules 42.15 (old law definitions rule pertaining, in part, to medical bills), 133.304 (requiring carrier to pay interest from the 60th day after the date of receipt of a complete medical bill if paid after the 60th day, "without order of the Commission"), 134.803 (calculating interest payments), and 152.1 to 152.5 (Commission rules on representation before the Commission and payment of attorneys fees)

Status -- pending

- request for writ of mandamus from the court ordering the Commission to select and set an appointment with a new designated doctor

  Status – pending

- challenge to the constitutionality of the current Commission procedures (and the matrix) used to select designated doctors

  Status -- pending

- challenge to Commission's application and interpretation of Commission rule 133.308 concerning Independent Review Organization (IRO) medical necessity reviews which requires the medical provider requesting an IRO review to pay the IRO fee at the time the requestor files the documentation requested by the IRO

  Status - pending

SELF-EVALUATION AND OPPORTUNITIES FOR IMPROVEMENT

Successes

Performance Measures. The Commission uses performance measures to monitor the effects of agency efforts and to reflect the performance of the workers' compensation system overall on key issues. As an example and to explain the latter type of measure further, the Commission tracks the average number of days before a first workers' compensation benefit payment is made on a claim because timeliness of benefit payment is an important tenet of a workers' compensation system. In this case, the Commission does not pay benefits to injured workers; benefits are paid by insurance carriers, based on reports made by injured workers and employers. However, the average days measure, and others like it are used as indicators of potential problems that may need to be addressed through regulatory action.

It is the Commission's goal to attain all performance projections and the agency has been fairly successful in accomplishing that goal for most measures. Divisions report monthly

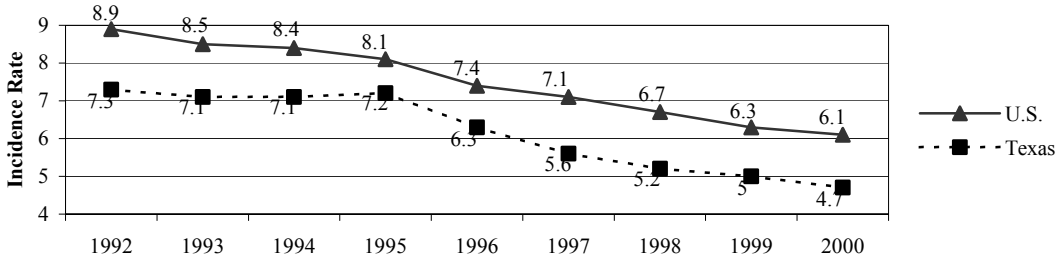
on performance measure experience and are held accountable for explaining any variance from projections. During fiscal year 2001, the Commission attained (within 5 percent) or exceeded 85 percent of its 13 established key performance targets; three of its four outcome targets and eight of its nine output/efficiency targets. Due to changes in Commission and system processes enacted during the last Legislative session, several performance measure targets for fiscal years 2002 and 2003 are probably no longer realistic. Despite that fact, the Commission is making every effort to meet its performance standards and has made recommendations for alternate measures for the FY 2004-2005 biennium that will reflect the changes.

The Commission frequently compares the Texas workers' compensation system progress and performance with that of other states. Resources used for this comparison include the Workers' Compensation Research Institute (WCRI), the Workers' Compensation Research and Oversight Council (ROC), and the International Association of Industrial Accident Boards and Commissions (IAIABC). In some instances, these resources are used to assist the Commission in making reasonable performance projections.

Injury Rate. The Commission's functions are often thought of only in terms of handling injuries once they occur. However, it is the Commission's ultimate goal to aid in preventing injuries from occurring. Strategies for reaching that goal include: providing health and safety training and education to employers and their employees; consulting with employers at their work sites to identify safety hazards and to recommend methods for elimination of the hazards; and identifying and notifying employers whose injury rates are significantly higher than other employers in the same industrial classification.

Although we are not able to quantify the effect each of these strategies has on the state's injury rate, the Commission is confident that its efforts are a contributing factor in producing the injury rate reduction that has resulted over the last several years. Since 1992, the injury rate in Texas has decreased from a rate of 7.3 per 100 full-time employees to 4.7 per 100 full time employees, as depicted in the chart below.

Occupational Injury and Illness Incidence Rate
Per 100 Full-Time Workers, Texas, United States,
1992 - 2000



The Commission expects the rate to remain steady over the next few years and will continue to provide effective safety training and consultations in order to contribute to keeping the injury and illnesses rate as low as possible.

Dispute Resolution. Process changes made several years ago in the area of dispute resolution have been very successful. These changes have impacted both the time it takes to resolve a dispute, and the percentage of disputes resolved at the lowest level. For instance, the percent of disputes resolved prior to a benefit review conference have resulted in an increase of 14%, from 61% in 1996 to 75% in 2001. Whereas the average number of days to resolve benefit disputes was 60 days in 1996, in 2001 it took an average of 32 days; a decrease of almost 50%.

Process changes resulting from the last legislative session may affect the Commission's ability to continue to achieve these results, however, the Commission will strive to limit the impact of those changes.

Customer Service. The key customer groups interacting with the Commission report higher than average levels of customer satisfaction with the services they receive. The Commission, through a contract with the University of North Texas, surveyed injured employees (those receiving ombudsman assistance and those who were not assisted by an ombudsman), employers, health care providers, and insurance carriers. All five customer groups rated the Commission, using a five-point scale (strongly disagree to strongly agree), on issues such as facility location and cleanliness, staff's ability to respond to questions, comprehensibility of information provided, and timeliness of service. The overall customer satisfaction scores for all groups were above three, and scores improved for all customer groups except health care providers since the 2000 survey. Given the fact that service provision can be within a stressful or an adversarial environment, the survey results confirm that agency staff continues to maintain their professionalism and general courtesy in communicating and working with our various customers. Based on feedback from the survey, the Commission will focus on providing information in easily accessible formats regarding the changes occurring due to the implementation of legislative changes.

Employee Satisfaction. The Commission strives to ensure employee satisfaction in all areas of the organization and thus participates in the Survey of Organizational Excellence. Results are used to identify areas that need improvement. This year, results of the survey were very favorable. Eighty-five percent of the scores resulted in an all-time high score this year compared to previous years' scores. Ninety-five percent of the scores increased from the 2000 survey results. With the exception of accommodations, the Commission's scores were relatively similar to or above the overall state agency scores when comparing with all agencies participating in the survey, agencies of similar size, and agencies with a similar mission. The accommodations portion of the survey includes questions regarding overall compensation. Commission staff scores on those questions were significantly lower than on other questions. Detailed results and analysis of the 2002 survey can be found in Appendix F.

Opportunities for Improvement

Staff Retention. The retention of staff with valuable workers' compensation and key technical experience is an ongoing challenge for the Commission. During the boom

years of the late 1990s and early 2000, the agency was not able to compete with private employers to retain and/or attract employees with particular skills. With the economic recession, turnover has become less of a problem for the agency; however, it is the Commission's goal to establish career ladders to assist in retaining staff in both good and bad economic times.

For instance, a career ladder for Safety Officers was instituted in April 2001. In the twelve-month period following instituting the career ladder, the number of Safety Officers leaving the Commission decreased by thirty-three percent compared to the twelve-month period before it was instituted.

A career ladder was also implemented for ombudsmen. The ombudsman program was one of the cornerstones of the 1989 reforms to the state's workers' compensation law, and the Commission considers the service they provide in the dispute resolution process as one of the successes. The following table reflects the tenure of Commission Ombudsmen as of January 1, 2002.

Years of Experience	Ombudsman	
	Number	Percent
Less than 1 Year	13	20.3%
1 – 2 Years	14	21.9%
2 – 3 Years	2	3.1%
3 – 4 Years	5	7.8%
4 – 5 Years	1	1.6%
More than 5 Years	29	45.3%

During 2000 and 2001, the Commission experienced a dramatic turnover in its ombudsman program. Because of the extensive training required once an ombudsman position has been filled, the ability to provide assistance to unrepresented parties in disputes is significantly impacted well after a person has been hired. The Commission hopes that a career ladder will assist in bridging the gap between the short and long tenure of the ombudsman staff.

Removing Doctors from the Workers' Compensation System. As stated previously in this Plan, the Commission's authority to sanction and remove doctors from the workers' compensation system has been strengthened through statutory changes during the last legislative session. Through the use of data analysis and accessing expert medical opinion on particular medical practices, the Commission is confident it can identify participants who are aiding in the high medical costs associated with workers' compensation. The real challenge may be in defending the actions that are taken as a result of the identification process. Based on experience at the Commission and that of the licensing boards, the Commission anticipates legal battles marshaled to counter the agency's actions may be very costly in terms of time and money.

Returning Injured Employees to Work. Despite the positive results Texas has seen in keeping its incidence rate low relative to the national and other states' rates, Texas ranks

below the national rate and the rates of its bordering states in cases without lost workdays. This indicates that injured employees in Texas are more likely to lose time from work due to an injury or illness than employees in other states. This statistic supports the need for efforts to educate and train system participants in safe and effective methods for returning injured employees to work as quickly as appropriate.

Incidence Rates of Nonfatal Injuries and Illnesses in Private Industry, U.S. and Southwest States, 2000[40]

Area	Total Cases	Lost Workday Cases		Cases Without Lost Workdays
		Total[41]	With Days Away From Work[42]	
United States	6.1	3.0	1.8	3.2
Arkansas	6.5	3.0	1.7	3.5
Louisiana	4.3	2.1	1.4	2.2
New Mexico	4.4	2.1	1.6	2.3
Oklahoma	6.6	3.0	1.8	3.6
Texas	4.7	2.6	1.6	2.1

CONCLUSION

The Commission will experience significant changes in some of the functions it performs and in the tools that are used over the next five years. These changes will challenge the organization, as well as all participants in the workers' compensation system, at times. However, we are confident that with the staff's dedication and the willingness to have open communications internally and externally, the changes will bring positive results.

[40] Bureau of Labor Statistics. Incidence Rates of Nonfatal Injuries and Illnesses in Private Industry, U.S. and Southwest States, 2000. Retrieved from http://www.bls.gov/ro6/SW_OSH.htm#BM_Injury. Incidence rates represent the number of injuries and/or illnesses per 100 full-time workers and were calculated as: (N/EH) X 200,000 where: N = number of injuries and/or illnesses; EH = total hours worked by all employees during the calendar year; 200,000 = base for 100 full-time equivalent workers (working 40 hours per week, 50 weeks per year).

[41] *Total lost workday cases* include cases, which result in days away from work, or a combination of days away from work and days of restricted work activity, and cases, which result in restricted work activity only.

[42] *Lost workday cases involving days away from work* are those cases, which result in days away from work, or a combination of days away from work and days of restricted work activity.

TEXAS WORKERS' COMPENSATION COMMISSION GOALS

GOAL 1: To promote safe and healthy workplaces

GOAL 2: To ensure the cost effective delivery of appropriate benefits

GOAL 3: To minimize and resolve disputes

OBJECTIVES AND OUTCOME MEASURES

OBJECTIVE 1.1 To contribute to keeping the Texas overall incidence rate of injuries and illnesses below the national incidence rate through 2007

Outcome Measures **1.1.1** Statewide Incidence Rate of Injuries and Illnesses per 100 Full-time Employees

1.1.2 Percentage Change in the Injury Rate for Employers Provided Consultations and Inspection Services

OBJECTIVE 2.1 To ensure appropriate health care for injured employees and fair and reasonable reimbursement for health care providers through 2007

Outcome Measures **2.1.1** Average Medical Cost per Texas Workers' Compensation Case

2.1.2 Estimated Cost Savings Resulting from the Workers' Compensation Medical Billing Process (Thousands)

OBJECTIVE 2.2 To monitor compliance with applicable statutes and rules and identify system abuse through 2007

Outcome Measures **2.2.1** Average Number of Days for the Required Initial Benefit Payment to be Issued after Benefits Begin to Accrue

2.2.2 Percentage of Notices of Injury Received by the Insurance Carrier On or Before the Benefit Eligibility Date

2.2.3 Percentage of First Benefit Payment Timely Made by Insurance Carriers

OBJECTIVE 2.3 To improve efficiency of communication processes in the workers' compensation system by 2007

Outcome Measure

2.3.1 Percentage of Documents Received and Maintained Electronically by the Commission

2.3.2 Percentage of Injury Records Created in Three Days or Less

OBJECTIVE 2.4 To certify and regulate large private employers that qualify to self-insure

Outcome Measure

2.4.1 Percentage of Market Share of Certified Self-Insurance to the Total Workers' Compensation Insurance Market

OBJECTIVE 3.1 Resolve 99% of benefit and medical benefit disputes in the Commission's system through 2007

Outcome Measures

3.1.1 Percentage of Benefit Dispute Cases Resolved by the Commission's Informal Dispute Resolution System

3.1.2 Percentage of Medical Benefit Dispute Cases Resolved By Initial Administrative Decision

3.1.3 Percentage of Benefit Dispute Cases Resolved by the Commission's Formal Dispute Resolution System (Beginning With Contested Case Proceedings)

3.1.4 Percentage of Benefit Dispute Cases In Which Unrepresented Parties Received Ombudsman Services for Benefit Review Conferences

3.1.5 Percentage of Benefit Dispute Cases In Which Unrepresented Parties Received Ombudsman Services for Contested Case Hearings

3.1.6 Average Number of Days to Resolve Benefit Disputes

3.1.7 Percent of Appealed Medical Fee Disputes Resolved Prior to a Formal Hearing at SOAH

STRATEGIES AND OUTPUT, EFFICIENCY, AND EXPLANATORY MEASURES

STRATEGY 1.1.1 Develop and provide health and safety services (e.g., needs analyses, education, consultations, investigations and inspections) to employers, employees, academic institutions, and other entities in the Texas workplace

Output Measures

1.1.1.1 Number of Inspections, Consultations, and Investigations Provided to Employers

1.1.1.2 Number of Notifications Sent to Employers Meeting Minimum Criteria for Classification as Hazardous

1.1.1.3 Number of Texas Employers Receiving Safety Educational Products/Services

1.1.1.4 Number of Texas Employees Receiving Safety Educational Products/Services

Efficiency Measure

1.1.1.1 Average Cost per Consultation/Inspection/Investigation

Explanatory Measures

1.1.1.1 Number of Health and Safety Related Hotline Calls Received

1.1.1.2 Nationwide Incidence Rate of Injuries and Illnesses per 100 Full-Time Employees

STRATEGY 2.1.1 Establish and maintain rules, guidelines, and programs (e.g., doctor monitoring, healthcare delivery networks, general education on medical rules and processes, and approved doctors list/designated doctors list (ADL/DDL) training and certification) that ensure appropriate utilization of medical services and the quality of medical providers

Output Measures

2.1.1.1 Number of System Participants Who Received Medical Benefit Training

2.1.1.2 Number of Quality of Care Audits of Health Care Providers Completed

2.1.1.3 Number of Quality of Care Audits of Insurance Carriers Completed

Efficiency Measure **2.1.1.1** Average Number of Days to Complete a Quality of Care Audit of Health Care Providers

STRATEGY 2.2.1 Monitor and enforce compliance of healthcare providers, insurance carriers, employees, employers, attorneys, and other participants with the statute and rules through audits, fraud investigations, and administrative violation referral reviews and take appropriate enforcement action.

Output Measures **2.2.1.1** Number of Fraud Investigations Completed

2.2.1.2 Number of Criminal Cases Referred to Prosecuting Authorities

2.2.1.3 Number of Administrative Violation Referral Reviews Completed

2.2.1.4 Number of Compliance Audits Completed

Efficiency Measures **2.2.1.1** Average Number of Days to Complete a Fraud Investigation

2.2.1.2 Average Number of Days to Complete a Compliance Audit

2.2.1.3 Average Number of Days to Complete an Administrative Violation Referral Review

Explanatory Measures **2.2.1.1** Number of Convictions Resulting from Criminal Cases Filed with Prosecuting Authorities

2.2.1.2 Total Number of Violation Notices Issued

STRATEGY 2.3.1 Develop and implement processes to receive, provide and maintain information in an electronic format

Output Measures **2.3.1.1** Number of Documents Received and Maintained Electronically by the Commission

2.3.1.2 Number of Injury Records Created

2.3.1.3 Number of Injury Records Created for Income/Indemnity Injuries

Efficiency Measure **2.3.1.1** Average Number of Days to Create Injury Records

Explanatory Measure **2.3.1.1** Estimated Percentage of Employers Reported Participating in the Workers' Compensation System

STRATEGY 2.4.1 Ensure that certified self-insuring employers meet statutory financial, claims administration, and safety requirements through an ongoing process of qualifying, renewing, and revoking certification

Output Measures **2.4.1.1** Number of Companies in the Certified Self-Insurance Program

2.4.1.2 Number of Self-Insurance Applicants or Renewals Certified

Efficiency Measure **2.4.1.1** Average Cost per Company in the Certified Self-Insurance Program

Explanatory Measure **2.4.1.1** Total Self-Insurance Regulatory Fee Paid By Certified Self-Insurers for the Prior Calendar Year

STRATEGY 3.1.1 Provide injured workers, employers, and insurance carriers with information about their rights and responsibilities; minimize and resolve benefit and medical benefit disputes as informally as possible by talking with the participants; conduct compensation benefit review conferences; conduct medical dispute resolution reviews (including reviews by Independent Review Organizations)

Output Measures **3.1.1.1** Number of Benefit Dispute Cases Resolved Prior to a Benefit Review Conference (BRC)

3.1.1.2 Number of Compensation Benefit Dispute Cases Concluded in Benefit Review Conference

3.1.1.3 Number of Persons Receiving Return-to-Work Training Products and Services

3.1.1.4 Number of Medical Benefit Dispute Cases Resolved By Initial Administrative Decision

Efficiency Measures **3.1.1.1** Average Number of Days From the Request for Benefit Review Conference to the Conclusion of the Benefit Review Conference

3.1.1.2 Average Number of Participants per Return-to-Work Seminar

3.1.1.3 Average Number of Days To Conclude Medical Dispute Cases By Initial Administrative Decision

Explanatory Measure **3.1.1.1** Number of Benefit Dispute Cases Received by the Commission

3.1.1.2 Number of Medical Dispute Cases Received by the Commission

STRATEGY 3.1.2 Conduct benefit contested case hearings, conduct reviews when participants appeal decisions made by benefit contested case hearings officers, and provide arbitration; and process hearings under the Administrative Procedure Act

Output Measure **3.1.2.1** Number of Compensation Benefit Dispute Cases Concluded in Contested Case Hearings

3.1.2.2 Number of Appealed Medical Fee Disputes Resolved Prior to a Formal Hearing at SOAH

Efficiency Measure **3.1.2.1** Average Number of Days From the Request for a Contested Case Hearing to the Distribution of the Decision

3.1.2.2 Average Number of Days Saved through Resolution of Medical Fee Disputes Prior to Formal Hearing at SOAH

Explanatory Measure **3.1.2.1** Number of Appeals Panel Decisions Filed for Judicial Review

HISTORICALLY UNDERUTILIZED BUSINESSES

GOAL A

To establish and carry out procurement policies that include Historically Underutilized Businesses (HUBs)

OBJECTIVE A.1

To make a good faith effort to utilize HUBs in the competitive bid process on all goods and services purchased to the fullest extent possible

OUTCOME MEASURE

Percentage of total contracts/bids awarded annually by TWCC to HUBs

STRATEGIES

A.1.1 Implement the following solicitation procedures in Purchasing:

- For procurements $2,000 to $10,000, five HUBs must be contacted
- For procurements $10,000 - $25,000, ten HUBs must be contacted

A.1.2 Establish and maintain a web page that educates HUBs about TWCC's procurement policies and procedures

A.1.3 Encourage the use of HUB vendors by distributing HUB vendor information internally to appropriate agency staff

A.1.4 Continue to track, promote and share information with TWCC procurement card users regarding TWCC's HUB participation through procurement card program

A.1.5 Continue to participate in HUB forums, conferences or conventions that provide HUBs contract opportunities and/or training for agency purchasing staff, contingent upon funding availability

OUTPUT MEASURES

1. Number of contracts/bids awarded by TWCC

2. Number of contracts/bids awarded to HUBs

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APPENDIX A

DESCRIPTION OF THE COMMISSION'S PLANNING PROCESS

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APPENDIX A

DESCRIPTION OF THE COMMISSION'S PLANNING PROCESS

The agency's planning process began at the end of the 77th Legislative session with the identification of new statutory requirements for the agency strategic plan, such as the Workforce Plan.

In November 2001, the Survey of Organizational Excellence was submitted to employees. Results of the survey are included in Appendix F, and an analysis of the results is included in the external/ internal assessment portion of the strategic plan.

The "strategic planning team" was created in December 2001 to develop the FY 2003-2007 strategic plan. The team was formed with representatives from each division of the agency. Meetings were held regularly from December 2001 through May 2002 to discuss the required components of the strategic plan and the responsibilities/deadlines of each division representative. Meetings were also held with division directors and deputy executive directors throughout the planning process on specific portions of the plan.

In December, an action plan was developed which included all required components of the strategic plan, the staff person responsible for developing each component, a projected start date and end date. The action plan was based on requirements from the Strategic Plan instructions issued by the LBB and GOBP.

The strategic planning and budget structure, including the agency mission, philosophy, goals, objectives and strategies, was developed in January and February by executive management. Minor changes were proposed, for the most part, for clarification and emphasis on particular elements. New measures were developed to reflect the importance of health care provider training, quality of care analysis, and returning injured employees to work.

The proposed budget and planning structure was submitted on April 1, 2002. Commission staff worked with the Legislative Budget Board and Governor's Office of Budget and Planning analysts to finalize the budget and planning structure through mid-June.

During spring of 2002, the Commission contracted with the University of North Texas to assist the agency with replicating the customer service satisfaction survey that was conducted in 2000. Five customer groups were surveyed. The survey responses were analyzed and a Customer Service Report was prepared and submitted to the Legislative Budget Board and the Governor's Office of Budget and Planning on May 31, 2002.

The external/internal assessment portion of the strategic plan was developed February through May 2002. Input for that portion of the plan was gathered through communications with team members throughout the agency and external stakeholders.

The Commissioners were briefed on the strategic planning process at their April public meeting. They, and the executive director, deputy executive directors, and directors, were provided with a draft of the Strategic Plan in early May for their review and input.

After incorporating recommendations provided for modifications to the Plan, the final document was prepared and submitted to the required agencies on June 17, 2002. The Commission will post the Strategic Plan and the Customer Service Report on the agency's website.

APPENDIX B

TEXAS WORKERS' COMPENSATION COMMISSION ORGANIZATIONAL CHART

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APPENDIX B

TEXAS WORKERS' COMPENSATION COMMISSION

ORGANIZATIONAL CHART

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APPENDIX C

FIVE-YEAR PROJECTIONS FOR OUTCOME MEASURES

(The budget and planning structure has not been officially approved by the Legislative Budget Board and the Governor's Office of Budget and Planning.)

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APPENDIX C

FIVE-YEAR PROJECTIONS FOR OUTCOME MEASURES

OUTCOME MEASURE	2003	2004	2005	2006	2007
Statewide Incidence Rate of Injuries and Illnesses per 100 Full-time Employees	5.2	5.2	5.2	5.2	5.2
Percentage Change in the Injury Rate for Employers Provided Consultations and Inspection Services	-20%	-20%	-20%	-20%	-20%
Average Medical Cost per Texas Workers' Compensation Case	$3069	$3180	$3295	$3413	$3536
Estimated Cost Savings Resulting from the Workers' Compensation Medical Billing Process (thousands)	$614,139	$659,770	$708,791	$761,454	$818,030
Average Number of Days for the Required Initial Benefit Payment to be Issued after Benefits Begin to Accrue	9.5	9.3	9.0	8.8	8.6
Percentage of Notices of Injury Received by the Insurance Carrier On or Before the Benefit Eligibility Date	85%	87%	87%	88%	88%
Percentage of First Benefit Payment Timely Made by Insurance Carriers	78%	80%	83%	85%	85%
Percentage of Documents Received and Maintained Electronically by the Commission	65%	70%	73%	75%	77%
Percentage of Injury Records Created in Three Days or Less	96%	96%	97%	97%	98%
Percentage of Market Share of Certified Self-Insurance to the Total Workers' Compensation Insurance Market	13.34%	13.57%	13.80%	14.03%	14.26%
Percentage of Benefit Dispute Cases Resolved by the Commission's Informal Dispute Resolution System	88%	88%	88%	88%	88%
Percentage of Medical Benefit Dispute Cases Resolved By Initial Administrative Decision	86%	86%	86%	86%	86%
Percentage of Benefit Dispute Cases Resolved by the Commission's Formal Dispute Resolution System (Beginning With Contested Case Proceedings)	11%	11%	11%	11%	11%
Percentage of Benefit Dispute Cases In Which Unrepresented Parties Received Ombudsman Services for Benefit Review Conferences	55%	55%	55%	55%	55%
Percentage of Benefit Dispute Cases In Which Unrepresented Parties Received Ombudsman Services for Contested Case Hearings	41%	41%	41%	41%	41%
Average Number of Days to Resolve Benefit Dispute	36	36	36	36	36
Percent of Appealed Medical Fee Disputes Resolved Prior to a Formal Hearing at SOAH	75%	76%	78%	80%	82%

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APPENDIX D

FY 2004-2005 PERFORMANCE MEASURE DEFINITIONS

(The performance measure definitions are subject to change until officially approved by the Legislative Budget Board and the Governor's Office of Budget and Planning.)

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APPENDIX D

PERFORMANCE MEASURE DEFINITIONS

GOAL 1: To promote safe and healthy workplaces

OBJECTIVE 1.1: To contribute to keeping the Texas overall incidence rate of injuries and illnesses below the national incidence rate through 2007

1.1.1 Outcome Measure: **STATEWIDE INCIDENCE RATE OF INJURIES AND ILLNESSES PER 100 FULL-TIME EMPLOYEES**	**Short Definition:** This measure reflects the injury and illness rate for the state of Texas as developed by the U. S. Bureau of Labor Statistics. **Purpose/Importance:** This measure, in conjunction with the National Incidence Rate of Injuries and Illnesses, provides a comparison of the Texas injury and illness rate to the National injury and illness rate. **Source/Collection of Data:** Data comes from the Annual Survey of Occupational Injuries and Illnesses, which uses a stratified sample of private sector establishments by industry and size class to develop reliable estimates of occupational injury and illness rates in Texas. This is determined by using OSHA (Occupational Safety & Health Administration) standards for record-keeping and injury reporting. Data is collected by TWCC and is entered into terminals which are linked to the Bureau Of Labor Statistics. Rates are developed by the Bureau of Labor Statistics on a calendar year basis. The incidence rate is based on the preceding calendar year. **Method of Calculation:** The measure is calculated as (N/EH)x200,000. The numerator is the total number of recordable injuries and illnesses ("N") in the year. The denominator is the total number of hours ("EH") worked by all employees in the year. The multiplier (200,000) expresses the ratio as a rate equivalent to 100 full-time employees working 40 hour weeks 50 weeks per year, or 200,000 hours. **Data Limitations:** Data is dependent on the Bureau of Labor Statistics, since BLS produces all calculations based on surveyed data collected by TWCC. The performance reported on a fiscal year basis is the most recently reported incidence rate. Because the incidence rate is calculated on a calendar year basis and almost one year after the close of the calendar year, the reported performance is almost two years old (e.g., CY 1999 performance will be reported in FY 2001). **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Lower than target
1.1.2 Outcome Measure: **PERCENTAGE CHANGE IN THE INJURY RATE FOR EMPLOYERS PROVIDED CONSULTATIONS AND INSPECTION SERVICES**	**Short Definition:** This measure represents the percentage the injury rate decreased in the twelve month period following the provision of a service or regulatory action when compared to a twelve month period prior to the service or regulatory action. Injury rates include injuries and job related illnesses, and are collected for both twelve month periods for comparison. **Purpose/Importance:** This measure shows the progress of employers in reducing injuries by comparing the average injury rate at the time employers receive services to the twelve months following the service.

	Source/Collection of Data: Data is documented on various worksheets and maintained in automated applications. **Method of Calculation:** The calculation of this measure is a two step process. The first step involves calculating the injury rates before and after the intervention. The percent change between the two rates is calculated in step two. Injury Rate: The injury rate is calculated by the formula (injuries / employees)*100. The numerator is the number of reported injuries and job related illnesses reported by a given policyholder during a twelve month period. The denominator is the number employed by the policyholder. Multiplying the final ratio by 100 serves to express the rate as a percent of employees. Percentage change in the injury rate: The percentage change is calculated by the formula: [(post-injury rate - pre-injury rate) / pre injury rate] times 100. The numerator is the difference between the post injury rate and the pre-injury rate. The denominator is the pre-injury rate. Multiplying the final ratio by 100 serves to express the rate change as a percent. **Data Limitations:** None **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Lower than target

STRATEGY 1.1.1: Develop and provide health and safety services (e.g., needs analyses, education, consultations, investigations and inspections) to employers, employees, academic institutions, and other entities in the Texas workplace

1.1.1.1 Output Measure: **NUMBER OF INSPECTIONS, CONSULTATIONS, AND INVESTIGATIONS PROVIDED TO EMPLOYERS**	**Short Definition:** This measure shows the number of inspections, consultations, and investigations provided to employers. **Purpose/Importance:** These services or regulatory actions are provided through programs such as the OSHCON, Hazardous Employer, Rejected Risk, Accident Prevention Services, Fatality Assessment and Control Evaluation programs, and additional federal grants obtained to conduct these activities. **Source/Collection of Data:** Data is maintained on automated applications. **Method of Calculation:** The measure is calculated by adding the number of inspections, consultations, and investigations accomplished. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Higher than target

1.1.1.2 Output Measure: **NUMBER OF NOTIFICATIONS SENT TO EMPLOYERS MEETING MINIMUM CRITERIA FOR CLASSIFICATION AS HAZARDOUS**	**Short Definition:** The measure is the number of notifications sent to employers meeting minimum criteria for classification as hazardous. **Purpose/Importance:** This measure provides the number of notifications sent to employers stating that they meet the criteria to be identified as hazardous employers, as established by the Texas Labor Code, Section 411.041 and Commission Rules. **Source/Collection of Data:** Data is obtained from Commission data and Texas Workforce Commission data. Case files are maintained which contain the notification letters. A PC database contains the date the notifications were mailed. **Method of Calculation:** The measure is calculated by adding the number of notifications mailed during the reporting period. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Higher than target
1.1.1.3 Output Measure: **NUMBER OF TEXAS EMPLOYERS RECEIVING SAFETY EDUCATIONAL PRODUCTS/SERVICES**	**Short Definition:** This measure is the total number of Texas employers receiving safety education and training products and services and the number of academic institutions incorporating safety and health educational programs into their curriculum. Safety products include publications, e-publications downloaded from the TWCC internet site, informational brochures, and verified viewing of video tapes and DVDs. Safety services include on-site needs assessments, participation in seminars, workshops, and training events. Educational curriculum includes health and safety print materials, television programs produced, lesson plans, student activities and programs. **Purpose/Importance:** The measure reports the number of Texas employers and educational institutions receiving safety and health products and services. **Source/Collection of Data:** Data is maintained on PC automated systems and on paper documents. **Method of Calculation:** The measure is calculated by adding the number of the Texas employers and academic institutions receiving products and services. For the purposes of this measure, employer counts are unique (i.e., any employer who receives more than one product or service is counted only once). The number of e-publications accessed by employers from the TWCC internet site is calculated by summing the number of user sessions reported on the monthly Web Trends Report supplied to the Resource Center. **Data Limitations:** For calculating the number of publications provided via the Commission's website, employer numbers are derived from the number of user sessions to the Health and Safety Publications on the TWCC Internet site. The Commission assumes that each user session represents an employer accessing safety information to be used in his/her workplace. For the number of user sessions to web information, it is not known if the same employer visits the website multiple times. As a result, each user session is counted as a separate employer. **Calculation Type:** Cumulative

	New Measure: No **Desired Performance:** Higher than target
1.1.1.4 Output Measure: **NUMBER OF TEXAS EMPLOYEES RECEIVING SAFETY EDUCATIONAL PRODUCTS/SERVICES**	**Short Definition:** This measure is the total number of Texas employees receiving safety education and training products and services. Safety products include publications, e-publications downloaded from the TWCC internet site, informational brochures, and verified viewing of video tapes and DVDs. Safety services include on-site needs assessments, participation in seminars, workshops, and training events. **Purpose/Importance:** The measure reports the number of Texas employees receiving safety and health products and services. **Source/Collection of Data:** Data is maintained on PC automated systems and on paper documents. **Method of Calculation:** The measure is calculated by adding the number of Texas employees receiving informational publications, informational brochures or who view video tapes as reported by employers requesting those publications, brochures or videos. The number of e-publications downloaded from the TWCC internet site is calculated by summing the number of downloads on the monthly Web Trends Report supplied to the Resource Center. **Data Limitations:** For calculating the number of publications provided via the Commission's website, employee numbers are derived from the number of downloads from the Health and Safety Publications on the TWCC Internet site. The Commission assumes that each download represents an employee. However, it is not known whether downloaded publications are copied numerous times. **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Higher than target
1.1.1.1 Efficiency Measure: **AVERAGE COST PER CONSULTATION/INSPECTION/ INVESTIGATION**	**Short Definition:** This measure shows the average cost for providing consultations, inspections and investigations. Direct costs and all indirect costs applicable to the programs are included in the total. **Purpose/Importance:** The measure provides the average costs of consultations, inspections, and investigations. These services or regulatory actions are provided through programs such as the OSHCON, Hazardous Employer, Rejected Risk, Accident Prevention Services (policyholder inspections), Fatality Assessment and Control Evaluation programs, and additional federal grants obtained to conduct these activities. **Source/Collection of Data:** The costs associated with providing consultation, inspection, and investigation services are based upon all direct and indirect costs associated with providing those services. Direct costs include the total cost of supporting the program to perform its functions. Indirect costs include a proportionate share of TWCC indirect administrative cost and matching payroll and retirement costs such as OASDI/Medicare, state retirement contribution, Benefit Replacement Pay, and salary increases. The number of consultations, inspections, and investigations are totaled. **Method of Calculation:** The measure is calculated by dividing the total costs by the total number of consultations, inspections, and investigation. The denominator for this measure is the output measure representing the

	Number of Consultations, Inspections, and Investigations. **Data Limitations:** None **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Lower than target
1.1.1.1 Explanatory Measure: **NUMBER OF HEALTH AND SAFETY RELATED HOTLINE CALLS RECEIVED**	**Short Definition:** This measure is the number of hotline calls received during the reporting period which involve health and safety issues. The measure includes reports of violations of health and safety laws, related questions, and calls concerning open investigations of previously reported violations. **Purpose/Importance:** The measure provides the number of health and safety related calls received on the Safety Violations Hotline established by the Texas Labor Code, Section 411.081. **Source/Collection of Data:** Data is obtained from a daily log, which is manually maintained, then entered into an automated system. **Method of Calculation:** Calculation is the sum of the calls received during the time frame. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Lower than target
1.1.1.2 Explanatory Measure: **NATIONWIDE INCIDENCE RATE OF INJURIES AND ILLNESSES PER 100 FULL-TIME EMPLOYEES**	**Short Definition:** This measure reflects the national injury and illness rate as developed by the U. S. Bureau of Labor Statistics. **Purpose/Importance:** This measure, in conjunction with the Texas Incidence Rate of Injuries and Illnesses, provides a comparison of the Texas injuries and illnesses rate to the National injuries and illnesses rate. **Source/Collection of Data:** Data comes from the Annual Survey of Occupational Injuries and Illnesses, which uses a stratified sample of private sector establishments by industry and size class to develop reliable estimates of occupational injury and illness rates. This is determined by using OSHA (Occupational Safety & Health Administration) standards for record-keeping and injury reporting. Data is collected by Bureau of Labor Statistics. The rate is reported on a calendar year basis and is based on the preceding calendar year. **Method of Calculation:** The measure is calculated as (N/EH)x200,000. The numerator is the total number of recordable injuries and illnesses ("N") in the year. The denominator is the total number of hours ("EH") worked by all employees in the year. The multiplier (200,000) expresses the ratio as a rate equivalent to 100 full-time employees working 40 hour weeks 50 weeks per year, or 200,000 hours. **Data Limitations:** Data is dependent on the Bureau of Labor Statistics, since BLS produces all calculations based on surveyed data collected nationally. The performance reported on a fiscal year basis is the most recently reported incidence rate. Because the incidence rate is calculated on a calendar year basis and almost one year after the close of the calendar year, the reported performance is almost two years old (e.g., CY 1999 performance will be reported in FY 2001).

	Calculation Type: Non-cumulative **New Measure:** No **Desired Performance:** Lower than target

GOAL 2: To ensure the cost effective delivery of appropriate benefits

OBJECTIVE 2.1: To ensure appropriate health care for injured employees and fair and reasonable reimbursement for health care providers through 2007

2.1.1 Outcome Measure: **AVERAGE MEDICAL COST PER TEXAS WORKERS' COMPENSATION CASE**	**Short Definition:** This measure indicates the average medical cost associated with a workers' compensation case. The measure includes all medical payments made in connection with workplace injuries. Each individual "TWCC number" represents a case. If the "TWCC number" is missing, each individual combination of claimant SSN and date of injury will represent a case. Cases are associated with a particular reporting period according to the date of injury. Each reporting period accounts for the cases with dates of injury occurring during the time period which precedes the reporting period by two years. **Purpose/Importance:** The purpose of this measure is to monitor the average medical cost per workers' compensation case in which there are medical payments. **Source/Collection of Data:** Data are maintained in the Medical Billing Database and other agency automated systems. **Method of Calculation:** Medical payments made during a two-year period (date of injury plus two years) are combined to calculate the total medical payments per case. The total medical payments made for all of the cases are then divided by the total number of cases to obtain the average medical cost per case. **Data Limitations:** Data limitations include the accuracy and completeness of the information received by TWCC from carriers and their third party administrators and data maturity issues. **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Lower than target
2.1.2 Outcome Measure: **ESTIMATED COST SAVINGS RESULTING FROM THE WORKERS' COMPENSATION MEDICAL BILLING PROCESS (THOUSANDS)**	**Short Definition:** This measure reflects the estimated cost savings resulting from the Texas workers' compensation medical billing process. Savings are produced when the amount paid is lower than the amount billed for medical treatment due to cost saving features in the medical billing process established by the Commission. **Purpose/Importance:** The purpose of this measure is to monitor the Commission's effectiveness in reducing costs by reviewing and revising rules, guidelines and programs that relate to the medical billing process. **Source/Collection of Data:** Data is collected from HCFA 1500 and UB-92 medical forms that are maintained in agency automated systems. **Method of Calculation:** Savings are calculated from the medical billing data file (source: HCFA 1500 forms) and from the hospital billing data file (source: UB-92 forms). Both files show actual charges and payments made.

	Savings are calculated by subtracting total payments from total charges. Due to the impact of maturation, data requires approximately two years to mature. This measure is reported on a quarterly basis as an annual cost savings for which the data has matured for two years. Records that are linked to injuries required to be reported to the Commission and those that are not linked to a reported injury are used. This measure is reported in thousands. **Data Limitations:** This measure is dependent on the provision of accurate and timely data being submitted by insurance carriers. **Calculation Type:** Non-cumulative **New Measure:** Yes **Desired Performance:** Higher than target

STRATEGY 2.1.1: Establish and maintain rules, guidelines, and programs (e.g., doctor monitoring, healthcare delivery networks, general education on medical rules and processes, and approved doctors list/designated doctors list (ADL/DDL) training and certification) that ensure appropriate utilization of medical services and the quality of medical providers

2.1.1.1 Output Measure: **NUMBER OF SYSTEM PARTICIPANTS WHO RECEIVED MEDICAL BENEFIT TRAINING**	**Short Definition:** This measure identifies the number of system participants that receive medical benefit training. Types of training include seminars and web-based training providing up-to-date information regarding medical issues in workers' compensation such as preauthorization, impairment rating, and medical dispute resolution, etc. **Purpose/Importance:** The purpose of this measure is to identify the number of system participants who receive training on medical issues. It is assumed that people who have current information and understanding of processes will have fewer problems and questions. **Source/Collection of Data:** Data are maintained in agency automated systems and paper attendance roster documents. **Method of Calculation:** This measure is manually calculated by summing the number of certificates issued to system participants that have received medical benefit web-based training and the number of system participants that attended a seminar during the reporting period. A certificate is only issued to system participants who have completed the entire web-based training. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** Yes **Desired Performance:** Higher than target

2.1.1.2 Output Measure: **NUMBER OF QUALITY OF CARE AUDITS OF HEALTH CARE PROVIDERS COMPLETED**	**Short Definition:** This measure indicates the number of quality of care audits completed on health care providers during the reporting period. A quality of care audit is under the direction of the Medical Advisor and is defined as a review of clinical evaluations, recommendations, treatment decisions, and clinical outcomes relating to health care. Quality of Care audits can be conducted on health care providers who provide care or evaluations in the workers' compensation system; designated doctors; and independent review organizations. An audit uses random or non-random sample methodology or census and may be directed towards a specific entity or the system as a whole. Completion of an audit is the date the final report is issued. Audits are performed according to standard auditing practices. **Purpose:** The Commission is charged with monitoring the quality of healthcare in the workers' compensation system. This measure reflects one of the principle methods by which the Commission fulfills this requirement. **Data Source:** Information is entered and maintained in an audit database. **Methodology:** This measure is calculated by adding the number of final reports issued during the reporting period for all quality of care audits conducted on health care providers. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** Yes **Desired Performance:** Higher than target
2.1.1.3 Output Measure: **NUMBER OF QUALITY OF CARE AUDITS OF INSURANCE CARRIERS COMPLETED**	**Short Definition:** This measure indicates the number of quality of care audits completed on insurance carriers during the reporting period. A quality of care audit is under the direction of the Medical Advisor and is defined as a review of clinical evaluations, recommendations, treatment decisions, and clinical outcomes relating to health care. Quality of Care audits can be conducted on insurance carriers who approve or deny healthcare and payment for healthcare. An audit uses random or non-random sample methodology or census and may be directed towards a specific entity or the system as a whole. Completion of an audit is the date the final report is issued. Audits are performed according to standard auditing practices. **Purpose:** The Commission is charged with monitoring the quality of healthcare in the workers' compensation system. This measure reflects one of the principle methods by which the Commission fulfills this requirement. **Data Source:** Information is entered and maintained in an audit database. **Methodology:** This measure is calculated by adding the number of final reports issued during the reporting period for all quality of care audits conducted on insurance carriers. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** Yes **Desired Performance:** Higher than target

2.1.1.1 Efficiency Measure: **AVERAGE NUMBER OF DAYS TO COMPLETE QUALITY OF CARE AUDITS OF HEALTH CARE PROVIDERS**	**Short Definition:** This measure is defined as the average number of days to complete a quality of care audit of a health care provider. **Purpose/Importance:** This indicates the efficiency of the quality of care audit process by measuring the length of time for a quality of care audit of a health care provider to be completed. **Source/Collection of Data:** Information is entered and maintained in an audit database. **Method of Calculation:** This measure is calculated by dividing total days by audits completed. The numerator is the total number of days to complete all audits whose final report was issued during the reporting period. Total days for an audit includes the time between the start of the record review and the issuance of the final report. The denominator is the number of audits completed during the reporting period. **Data Limitations:** None **Calculation Type:** Non-cumulative **New Measure:** Yes **Desired Performance:** Lower than target

OBJECTIVE 2.2: To monitor compliance with applicable statutes and rules and identify system abuse through 2007

2.2.1 Outcome Measure: **AVERAGE NUMBER OF DAYS FOR THE REQUIRED INITIAL BENEFIT PAYMENT TO BE ISSUED AFTER BENEFITS BEGIN TO ACCRUE**	**Short Definition:** This measure indicates the average number of days from the eighth day of disability (i.e., the benefit eligibility/accrual date) to the date the required initial temporary income benefit (TIBs) payment is issued to injured workers. **Purpose/Importance:** This measure provides an indication of the length of time for the initial temporary income benefit payments to be issued once a worker is eligible for temporary income benefits. **Source/Collection of Data:** The information used in this calculation is received by the TWCC either via paper TWCC-1 or TWCC-21 form or electronically from the EDI I48 or A49. Paper documents submitted by the carriers are data entered by TWCC staff. EDI information is submitted electronically by the carriers and TWCC only transfers the data electronically to the COMPASS system. **Method of Calculation:** The numerator is calculated by adding the number of days from the eighth day of disability to the date the required initial temporary income benefit payments is issued. The denominator is the total number of eligible indemnity claims. Twelve months of data, based on the date of injury, are used in the calculation. The data is lagged one month from the reporting month. **Data Limitations:** TWCC does not capture the accrual date. A1from field captured through EDI A49 or the TWCC-21, which is the first day of the benefit period, is used as a proxy accrual date. This measure is dependent on the provision of accurate data being submitted by insurance carriers. **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Lower than target
2.2.2 Outcome Measure:	**Short Definition:** This measure indicates the percentage of injury notices

PERCENTAGE OF NOTICES OF INJURY RECEIVED BY THE INSURANCE CARRIER ON OR BEFORE THE BENEFIT ELIGIBILITY DATE	provided timely to insurance carriers. Ideally, benefits are to be delivered to the injured worker within seven days of the eighth day of disability (the benefit eligibility date). Insurance carriers are allowed seven days from the notice of injury to initiate payment or dispute benefits. **Purpose/Importance:** The purpose of this measure is to indicate the timely filing of injury notices with the insurance carrier. **Source/Collection of Data:** The information used in the calculation is received by the Commission either via paper TWCC-1 or TWCC-21 forms or electronically from the EDI 148 or A49. Paper documents submitted by the carriers are data entered by Commission staff. EDI information is submitted electronically by the carriers and the Commission only transfers the data electronically to the COMPASS system. Data are maintained in agency automated systems. **Method of Calculation:** The numerator is calculated by adding the number of indemnity claims where notice of injury was received by the carrier on or before the benefit eligibility date. The denominator is the total number of eligible indemnity claims. The eligibility date is the eighth day of disability as provided to the agency by the carrier. Twelve months of data are used in the calculation. The data is lagged one month from the reporting period. **Data Limitations:** The Commission does not capture the date on which benefits begin to accrue or the eighth day of disability. The Commission uses the "A1from" field captured through EDI A49 or the TWCC-21, which is the first day of the benefit period, as a proxy accrual date. This measure is dependent on the provision of accurate data being submitted by insurance carriers. **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Higher than target
2.2.3 Outcome Measure: **PERCENTAGE OF FIRST BENEFIT PAYMENT TIMELY MADE BY INSURANCE CARRIERS**	**Short Definition:** This measure indicates the timely initiation of income benefit payments to injured workers by insurance carriers. Insurance carriers are allowed seven days from the notice of injury to initiate payment or dispute benefits. Benefits are to be delivered to the injured worker within seven days of the eighth day of disability (the benefit eligibility date). **Purpose/Importance:** The purpose of this measure is to indicate the insurance carriers ability to initiate income benefit payments timely. **Source/Collection of Data:** The information used in the calculation is received by the Commission either via paper TWCC-1 or TWCC-21 forms or electronically from the EDI 148 or A49. Paper documents submitted by the carriers are data entered by Commission staff. EDI information is submitted electronically by the carriers and the Commission only transfers the data electronically to the COMPASS system. Data are maintained in agency automated systems. **Method of Calculation:** The numerator is calculated by adding the number of initial temporary income benefits payments made timely. The denominator is the total number of eligible paid indemnity claims in the period. Twelve months of data are used in the calculation. The data is lagged

	one month from the reporting period. **Data Limitations:** The Commission does not capture the date that benefits begin to accrue or the eighth day of disability. The Commission uses the "A1from" field captured through EDI A49 or the TWCC-21, which is the first day of the benefit period, as a proxy accrual date. This measure is dependent on the provision of accurate data being submitted by insurance carriers. **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Higher than target

STRATEGY 2.2.1: Monitor and enforce compliance of healthcare providers, insurance carriers, employees, employers, attorneys, and other participants with the statute and rules through audits, fraud investigations, and administrative violation referral reviews and take appropriate enforcement action.

2.2.1.1 Output Measure: **NUMBER OF FRAUD INVESTIGATIONS COMPLETED**	**Short Definition:** The measure shows the number of administrative and criminal workers' compensation fraud investigations completed. A completed investigation is defined as the time at which the investigative process, after extensive investigation, supports a finding that successful prosecution is or is not probable based on facts or available evidence. Individual investigations may be pursued through various prosecuting authorities. **Purpose/Importance:** The Commission is charged with monitoring system participants for compliance with the Texas Labor Code and Administrative Rules. This measure indicates the number of fraud investigations completed. **Source/Collection of Data:** Information is entered and maintained in the violation tracking system. **Method of Calculation:** This measure is calculated by adding the number of completed fraud investigations as defined per violation code in the Texas Labor Code, Subtitle A; Texas Penal Code; Insurance Code, and US Criminal Code. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Higher than target
2.2.1.2 Output Measure: **NUMBER OF CRIMINAL CASES REFERRED TO PROSECUTING AUTHORITIES**	**Short Definition:** This measure indicates the number of fraud cases referred to criminal prosecuting authorities. A referral is defined as a case presented to a prosecuting authority. Regardless of the number of counts a prosecuting authority may present to the Grand Jury, the referral will be counted as one criminal case referred. A prosecuting authority is defined as a person who institutes an official criminal prosecution before a court, regardless of jurisdiction. **Purpose/Importance:** The purpose of this measure is to address the extent to which the outcome of a fraud investigation resulted in a referral to prosecutors for criminal prosecution. **Source/Collection of Data:** Information is entered and maintained in the violation tracking system.

	Method of Calculation: This measure is calculated by adding all of the fraud cases referred to criminal prosecuting authorities. Fraud is defined per violation code in the Texas Labor Code, Subtitle A; Texas Penal Code; Insurance Code, and US Criminal Code. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Higher than target
2.2.1.3 Output Measure: **NUMBER OF ADMINISTRATIVE VIOLATION REFERRAL REVIEWS COMPLETED**	**Short Definition:** This measure indicates the number of administrative violation referral reviews completed. An administrative violation review is defined as a thorough case review of a specific allegation of a violation of the Statute or Rules received from internal or external sources. Excluded from this measure are reviews completed as part of audits or fraud investigations. A completed review is defined as the time enforcement action is taken or is determined to be inappropriate based on facts or available evidence. **Purpose/Importance:** The Commission is charged with monitoring system participants for compliance with the Statute and Rules. The Commission receives referrals of alleged violations by system participants. This measure indicates the number of these administrative referral reviews completed. **Source/Collection of Data:** Information is entered and maintained in the violation tracking system. **Method of Calculation:** This measure is calculated by adding the number of administrative violation reviews completed in the reporting period. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Higher than target
2.2.1.4 Output Measure: **NUMBER OF COMPLIANCE AUDITS COMPLETED**	**Short Definition:** This measure indicates the number of compliance audits conducted involving workers' compensation records and claim files. A compliance audit is defined as a review of the compliance of one or more duties specified by statute or rule. A review uses random or non-random sample methodology or census and may be directed towards a specific entity or the system as a whole. Completion of an audit is the date the final report is issued. **Purpose/Importance:** The Commission is charged with monitoring and reviewing the records of insurance carriers, employers, and other system participants. This measure provides the number of audits completed involving these system participants. **Source/Collection of Data:** Information is entered and maintained in an audit database. **Method of Calculation:** This measure is calculated by adding the number of compliance audits conducted with a final report issued during the reporting period. **Data Limitations:** None

	Calculation Type: Cumulative **New Measure:** No **Desired Performance:** Higher than target
2.2.1.1 Efficiency Measure: **AVERAGE NUMBER OF DAYS TO COMPLETE A FRAUD INVESTIGATION**	**Short Definition:** This measure indicates the efficiency of the fraud investigation process. **Purpose/Importance:** The purpose of this measure is to measure the length of time for a fraud investigation to be completed. **Source/Collection of Data:** Information is entered and maintained in the violation tracking system. **Method of Calculation:** The numerator adds the total number of days from receipt of fraud allegations to the conclusion of investigations. The denominator is the output measure representing the total "Number of Fraud Investigations Completed" during the reporting period. **Data Limitations:** None **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Lower than target
2.2.1.2 Efficiency Measure: **AVERAGE NUMBER OF DAYS TO COMPLETE A COMPLIANCE AUDIT**	**Short Definition:** This measure indicates the efficiency of the compliance audit process. **Purpose/Importance:** The purpose of this measure is to indicate the length of time for a compliance audit to be completed. **Source/Collection of Data:** Information is entered and maintained in an audit database. **Method of Calculation:** The numerator is calculated by totaling the number of days between the start of the record reviews to issuance of the final audit reports. The denominator is the "Number of Compliance Audits Completed" during the reporting period. **Data Limitations:** None **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Lower than target
2.2.1.3 Efficiency Measure: **AVERAGE NUMBER OF DAYS TO COMPLETE AN ADMINISTRATIVE VIOLATION REFERRAL REVIEW**	**Short Definition:** This measure indicates the efficiency of the administrative violation referral review process. **Purpose/Importance:** The purpose of this measure is to indicate the length of time for an administrative violation referral review to be completed. **Source/Collection of Data:** Information is entered and maintained in the violation tracking system. **Method of Calculation:** The numerator is calculated by adding the number of days from receipt of the administrative violation referral to the conclusion of the review for each referral. The denominator is the total "Number of Administrative Violation Referral Reviews Completed" during the reporting period. **Data Limitations:** None **Calculation Type:** Non-cumulative

	New Measure: Yes **Desired Performance:** Lower than target
2.2.1.1 Explanatory Measure: **NUMBER OF CONVICTIONS RESULTING FROM CRIMINAL CASES FILED WITH PROSECUTING AUTHORITIES**	**Short Definition:** This measure shows the number of convictions resulting from criminal cases filed with prosecuting authorities. A prosecuting authority is defined as a person who institutes an official criminal prosecution before a court, regardless of jurisdiction. **Purpose/Importance:** The purpose of this measure is to report the number of convictions as a result of criminal cases filed with prosecuting authorities. **Source/Collection of Data:** Information is entered and maintained in the violation tracking system. **Method of Calculation:** The measure is calculated by adding the number of reported convictions resulting from criminal cases. **Data Limitations:** The agency is not always informed in a timely manner of action taken by the prosecuting authority after the referral. **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Higher than target
2.2.1.2 Explanatory Measure: **TOTAL NUMBER OF VIOLATION NOTICES ISSUED**	**Short Definition:** This measure indicates the total number of violation notices issued by the Commission's division of Compliance and Practices for administrative violations. **Purpose/Importance:** The purpose of this measure is to address the extent to which the outcome of administrative violation referral reviews, administrative fraud investigations, and compliance audits resulted in the issuance of an administrative violation due to non-compliance with the Texas Labor Code and Administrative Rules. **Source/Collection of Data:** Information is entered and maintained in the violation tracking system. **Method of Calculation:** This measure is calculated by adding the number of violation notices issued during the reporting month. The number of violation notices withdrawn during the reporting month is subtracted from the number of violation notices issued for the reporting month irrespective of the month in which they were originally issued. Therefore, it may be possible for a negative number to be reported as the number of violation notices issued for the month. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Higher than target

OBJECTIVE 2.3: Improve efficiency of communication processes in the workers' compensation system by 2007

2.3.1 Outcome Measure: **PERCENTAGE OF DOCUMENTS RECEIVED AND MAINTAINED ELECTRONICALLY BY THE COMMISSION**	**Short Definition:** This measure reflects the percent of forms that are eligible for electronic submission, excluding medical payments, that are received by the Commission electronically. **Purpose/Importance:** The purpose of the measure is to monitor the agency's efforts in maintaining injury information electronically rather than on paper. This is consistent with direction provided by the Legislature. **Source/Collection of Data:** Documents are received from insurance carriers, employers, employees, health care providers, and other participants in the workers' compensation system. Data are maintained in agency automated systems. **Method of Calculation:** The numerator is the number of eligible documents received or maintained electronically. The denominator is the total number of documents eligible for electronic transmission (148, A49, TWCC-1, 5, 20, 21, 81-86, and 152). Eligible documents are identified based upon the agency's ability to receive the records electronically. For projection purposes, the documents eligible for electronic transmission are the following: TWCC-1 (initial report of injury), TWCC-21 (subsequent report of injury), TWCC-5, TWCC-20, and TWCC-81-86 (insurance coverage documents), and TWCC-152 (attorney fee application). **Data Limitations:** Data is limited by parties that do not report injury information electronically, and therefore, can not be counted in the measure. **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Higher than target
2.3.1.2 Outcome Measure: **PERCENTAGE OF INJURY RECORDS CREATED IN THREE DAYS OR LESS**	**Short Definition:** This measure reflects the percent of injury records created in three days or less. This measure includes all injury reports resulting in one day or greater of lost time, occupational diseases and fatalities. **Purpose/Importance:** This measure represents the percent of all injury records that are created in three days or less. The measure is an indicator of customer service on the part of the Commission and of workers' compensation system performance. Researchers examining the efficiency and effectiveness of workers' compensation systems often use measures such as this to serve as one indicator of the system's ability to pay benefits timely. An injury must be reported and a claim created before benefits are paid. **Source/Collection of Data:** Reports of injury are received from insurance carriers, employees, and health care providers. The date of the receipt of the form is determined by the date stamp affixed to the forms by the Texas Workers' Compensation Commission (TWCC) central office mail room or by each TWCC field office. The date received generated by facsimiles will be used in place of date stamps. Records submitted via Electronic Data Interchange (EDI) will have the date received electronically recorded by the TWCC automated data system. Data are maintained in agency automated systems. **Method of Calculation:** The numerator is the total number of injury

	records created within 3 business days. The denominator is the total number of injury records created during the reporting period. **Data Limitations:** None **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Higher than target

STRATEGY 2.3.1: Develop and implement processes to receive, provide and maintain information in an electronic format

2.3.1.1 Output Measure: **NUMBER OF DOCUMENTS RECEIVED AND MAINTAINED ELECTRONICALLY BY THE COMMISSION**	**Short Definition:** This measure reflects the number of forms, excluding medical payments, that are received by the Commission electronically. **Purpose/Importance:** The purpose of the measure is to monitor the agency's efforts in maintaining injury information electronically rather than on paper. **Source/Collection of Data:** Documents are received from insurance carriers, employers, employees and healthcare providers, and other participants in the workers' compensation system. Data are maintained in agency automated systems. **Method of Calculation:** This measure is calculated by adding all documents received or maintained electronically. For projection purposes, the documents eligible for electronic transmission are the following: TWCC-1 (initial report of injury), TWCC-21 (subsequent report of injury), TWCC-5, TWCC-20, and TWCC-81-86 (insurance coverage documents), and TWCC-152 (attorney fee application). **Data Limitations:** Data is limited by external parties that do not report injury information electronically, therefore can not be counted in the measure. **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Higher than target
2.3.1.2 Output Measure: **NUMBER OF INJURY RECORDS CREATED**	**Short Definition:** This measure includes all injury records created based on a report of injury resulting in one day or greater of lost time, occupational diseases and fatalities. **Purpose/Importance:** The purpose of this measure is to reflect the number of injuries/illnesses reported to the Commission during a reporting period. **Source/Collection of Data:** Reports of injury are received from insurance carriers, employees, and healthcare providers. This measure applies only to injuries which occurred on or after January 1, 1991, for which claims were established in the current year. Data are maintained in agency automated systems. **Method of Calculation:** The measure is calculated by adding the total number of income indemnity injury records created and the total number of reportable injury records created during the reporting period. An income indemnity injury record is created for cases in which the injury resulted in: eight or more days of absence from work and/or benefit payments are being paid or may be payable; occupational diseases; and fatalities. A reportable injury records is created for cases in which the injury resulted in one day or greater lost time but does not fit the criteria

	for an income indemnity injury record. **Data Limitations:** This measure does not necessarily reflect the number of injuries occurring in a given year. The measure represents records created based on reports of injury, and an injury may be reported in a different year from the year of injury. **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Lower than target
2.3.1.3 Output Measure: **NUMBER OF INJURY RECORDS CREATED FOR INCOME/INDEMNITY INJURIES**	**Short Definition:** This measure is the total number of injury records created or converted where eight or more days absence from work has accumulated and/or benefit payments are being paid or may be payable. **Purpose/Importance:** The purpose of this measure is to reflect the number of injuries/illnesses created/converted during a reporting period. **Source/Collection of Data:** Reports of injury are received from insurance carriers, employees, and healthcare providers. This measure applies only to injuries which occurred on a or after January 1, 1991. Data are maintained in agency automated systems. **Method of Calculation:** This measure is calculated by adding the number of records created/converted during the reporting period in which the injury has resulted in or is anticipated to result in eight or more days absence from work, an occupational disease, or a fatality. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Lower than target
2.3.1.1 Efficiency Measure: **AVERAGE NUMBER OF DAYS TO CREATE INJURY RECORDS**	**Short Definition:** This measure calculates the average number of days to create injury records. **Purpose/Importance:** This measure represents the average number of elapsed business days between receipt date of TWCC forms that create an injury record and the date the injury record is created. The measure is an indicator of customer service and workers' compensation system performance. **Source/Collection of Data:** Reports of injury are received from insurance carriers, employees, and healthcare providers. This measure includes all injury reports resulting in one day or greater of lost time, occupational diseases and fatalities. This measure applies only to injuries which occurred on or after January 1, 1991, for which claims were established in the current year. The date of the receipt of the form is determined by the date stamp affixed to the forms by the Texas Workers' Compensation Commission (TWCC) central office mail room or by each TWCC field office. The date received generated by facsimiles will be used in place of date stamps. Records submitted via Electronic Data Interchange (EDI) will have the date received electronically recorded by the TWCC automated data system. Data are maintained in agency automated systems. **Method of Calculation:** The numerator is the total number of days to create injury records. The denominator is the total number of injury records created.

	Data Limitations: None **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Lower than target
2.3.1.1 Explanatory Measure: **ESTIMATED PERCENTAGE OF EMPLOYERS REPORTED PARTICIPATING IN THE WORKERS' COMPENSATION SYSTEM**	**Short Definition:** This measure is a reflection of the percentage of employers participating in the state's workers' compensation system. Participating employers are those who have a current workers' compensation insurance policy in effect during the reporting period. This includes certified self-insured employers. **Purpose/Importance:** The purpose of this measure is to determine the percentage of employers participating in the worker's compensation system. **Source/Collection of Data:** All employers are required to file a form with the Commission indicating whether the employer has workers' compensation coverage or not. Data based on those forms are maintained in agency automated systems. **Method of Calculation:** The numerator is the total number of employers with an active workers' compensation insurance policy on record with the Commission. The denominator is the total number of employers based on the reports obtained by the Commission from the Texas Workforce Commission. **Data Limitations:** The data is limited by the accuracy and completeness of data filed by employers regarding workers' compensation coverage. **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** If the public policy preference is for employers to have workers' compensation insurance coverage, performance higher than the projection is desired.

OBJECTIVE 2.4: To certify and regulate large private employers that qualify to self-insure

2.4.1 Outcome Measure: **PERCENTAGE OF MARKET SHARE OF CERTIFIED SELF-INSURANCE TO THE TOTAL WORKERS' COMPENSATION INSURANCE MARKET**	**Short Definition:** This measure indicates certified self-insured employers' market share of the total workers' compensation insurance market. **Purpose/Importance:** This measures serves as a reflection of changes in the workers' compensation insurance market. The portion of the market share represented by certified self-insured is related to the cost and availability of workers' compensation insurance in the commercial market. Self-insurance provides an alternative to purchasing commercial insurance for qualifying companies, and the program acts to moderate insurance rates in a competitive insurance market. **Source/Collection of Data:** Data on estimated manual premiums for certified self-insurers is maintained by the Commission in spreadsheets. Data reflecting the total workers' compensation insurance market is maintained and reported by the Texas Department of Insurance in its *Quarterly Legislative Report on Market Conditions*. **Method of Calculation:** The numerator is the total amount of statutorily estimated manual premium as maintained by the Commission for active certified self-insurers. The denominator is the direct written premiums

	for the voluntary workers' compensation market as published quarterly by the Texas Department of Insurance. **Data Limitations:** The measure excludes public self-insured entities from the amount used to represent the total workers' compensation insurance market. Data for those entities is not collected and maintained regarding the estimated premiums attributable to them. **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Lower than target. If workers' compensation insurance costs are regarded as high, the percentage may be greater than target. If workers' compensation insurance costs are low, the percentage may be lower than target.

STRATEGY 2.4.1: Ensure that certified self-insuring employers meet statutory financial, claims administration, and safety requirements through an ongoing process of qualifying, renewing, and revoking certification

2.4.1.1 Output Measure: **NUMBER OF COMPANIES IN THE CERTIFIED SELF-INSURANCE PROGRAM**	**Short Definition:** This measure indicates the number of companies regulated by the Commission's division of Self-Insurance Regulation. The number of companies represents active, as well as withdrawn or inactive certified self-insurers. **Purpose/Importance:** The measure is an indication of the volume of companies requiring ongoing regulation. All companies that have been a certified self-insurer and still have remaining liabilities to satisfy are included in the measure. Due to the nature of workers' compensation, regulation of payments, including medical, can last fifty years or more before a certified self-insurer's obligations are satisfied. **Source/Collection of Data:** The Commission's division of Self-Insurance Regulation maintains the data in spreadsheets. **Method of Calculation:** This measure is calculated by adding all of the companies regulated by the Commission's division of Self-Insurance Regulation. **Data Limitations:** In the self-insurance program, certificates of authority are issued at the parent level of the applicant's corporate structure in order to minimize unnecessary duplication of effort and to streamline the application and renewal process. Depending upon an applicant's corporate structure, a certificate of authority may cover one company or a parent with many subsidiaries. **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Lower than target. If workers' compensation insurance costs are regarded as high, the number of companies in the program may be greater than target. However, because the pay-out of claims are regulated after a company withdraws, the number of companies in the self-insurance program does not automatically decrease as a result of withdrawals from the program.
2.4.1.2 Output Measure: **NUMBER OF SELF-INSURANCE APPLICANTS OR RENEWALS CERTIFIED**	**Short Definition:** The measure represents the number of self-insurance applicants or renewals certified during the reporting period. **Purpose/Importance:** The measure reports certification activity for initial and renewal applicants.

	Source/Collection of Data: The Commission's division of Self-Insurance Regulation maintains the data in spreadsheets. **Method of Calculation:** This measure is calculated by adding the number of certificates issued to certified self-insurers during the reporting period. **Data Limitations:** The measure reports only certification activity and does not reflect work related to applicants that withdraw or are rejected. **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Lower than target. If workers' compensation insurance costs are regarded as high, the number of companies certified may be greater than target. If workers' compensation insurance costs are low, the number may be lower than target.
2.4.1.1 Efficiency Measure: **AVERAGE COST PER COMPANY IN THE CERTIFIED SELF-INSURANCE PROGRAM**	**Short Definition:** This measure indicates the average cost per company regulated in the self-insurance program. Direct costs and all indirect costs applicable to the program are included in the total cost. **Purpose/Importance:** The measure provides an average cost to regulate a company in the program. It is important to note that all costs for the self-insurance program are billed to and are paid by the companies that participate in the self-insurance program through the Self-Insurance Regulatory Fee. The proceeds of the Regulatory Fee are deposited with the Comptrollers' office as un-appropriated funds. **Source/Collection of Data:** The costs included in the Regulatory Fee are based upon all direct and indirect costs associated with the program in order for the state to fully recover any costs expended on this program. Indirect costs include a proportionate program share of TWCC indirect administrative costs and matching payroll and retirement costs such as OASDI/Medicare, state retirement contribution, state insurance contribution, Benefit Replacement Pay, and salary increases. For consistency purposes, the same methodology used to determine the Regulatory Fee is used to determine costs for reporting this average cost measure. Cost figures used in determining the average cost are based on accounting system reports and analysis work papers, which includes allocations, ratios, and summarization of source documents, to accumulate and report these costs. **Method of Calculation:** The numerator is the total cost associated with administering the self-insurance program. The denominator is the number of companies regulated by the Certified Self-Insurance program. The number used for the denominator is the same as the number reported for the output measure "Number of Companies in the Certified Self-Insurance Program." **Data Limitations:** None **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Lower than target
2.4.1.1 Explanatory Measure: **TOTAL SELF-INSURANCE REGULATORY FEE PAID BY CERTIFIED SELF-INSURERS**	**Short Definition:** This measure is the amount of Self-Insurance Regulatory Fee paid by Certified Self-Insurers for the calendar year ended in the current fiscal year. **Purpose/Importance:** This measure reflects the Regulatory Fee

FOR THE PRIOR CALENDAR YEAR	payments made for the prior completed calendar year. All costs for the Self-Insurance program are billed to and are paid by the companies that participate in the self-insurance program through the Self-Insurance Regulatory Fee. **Source/Collection of Data:** Regulatory Fee amounts are based on the budgetary calculation of the Regulatory Fee and division accounting system reports. **Method of Calculation:** This measure is calculated by adding the Self-Insurance Regulatory Fee paid by each certified self-insurer for the reporting period. **Data Limitations:** The Self-Insurance Regulatory Fee is determined on a calendar year basis and the payments for that period are reported on that basis. This measure will be calculated only once a year when the calendar year calculations/payments are complete. **Calculation Type:** Cumulative **New Measure:** Yes **Desired Performance:** Lower than target.

GOAL 3: To minimize and resolve disputes

OBJECTIVE 3.1: Resolve 99% of benefit and medical benefit disputes in the Commission's system through 2007

3.1.1 Outcome Measure: PERCENTAGE OF BENEFIT DISPUTE CASES RESOLVED BY THE COMMISSION'S INFORMAL DISPUTE RESOLUTION SYSTEM	**Short Definition:** The measure reflects the percentage of benefit dispute cases resolved by the Commission's informal dispute resolution system. Benefit dispute cases are identified by Commission staff in communication with parties or by a party filing a "request for a BRC." Each case may consist of up to 6 issues. Benefit issues include issues such as coverage, compensability, average weekly wage, disability, impairment rating, maximum medical improvement, and legal expenses associated with a case. A case is considered resolved when the dispute will not advance to the formal system of dispute resolution. Cases considered "resolved prior to a BRC" include cases in which: the parties withdraw the request for resolution of a dispute; the parties reach an agreement; or, due to the dispute, a designated doctor appointment is set. Cases are considered "resolved at a BRC" when the parties: withdraw the dispute; reach an agreement; or do not pursue the dispute within 90 days of ending a BRC session. **Purpose/Importance:** The purpose of this measure is to monitor the Commission's effectiveness in resolving benefit dispute cases in the informal dispute resolution system (through the Benefit Review Conference (BRC)). **Source/Collection of Data:** Data are maintained in agency automated applications. **Method of Calculation:** The numerator is calculated by adding the output measure representing the number of benefit dispute cases resolved prior to a BRC plus the output measure representing the number of benefit dispute cases concluded in BRCs, subtracting the output measure, number benefit dispute cases concluded in contested case hearings. The denominator is the total number of benefit dispute cases concluded

	during the reporting period. The total number of benefit dispute cases concluded includes: Number of Benefit Dispute Cases Resolved Prior to a BRC plus the Number of Benefit Dispute Cases Concluded in BRCs. **Data Limitations:** Due to the lag time between receipt and resolution of a dispute, it is not clear from this measure whether the number of disputes is increasing or decreasing for the reporting period. **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Higher than target
3.1.2 Outcome Measure: **PERCENTAGE OF MEDICAL BENEFIT DISPUTE CASES RESOLVED BY INITIAL ADMINISTRATIVE DECISION**	**Short Definition:** This measure represents the percentage of medical benefit disputes resolved by initial administrative review. The types of medical benefit dispute cases are: preauthorization of medical treatment, retrospective review of necessity of treatment, and reasonableness of fees charged. Medical benefit dispute cases are resolved by initial administrative review when the dispute is reviewed by a medical dispute resolution officer (MDRO) or an independent review organization (IRO) and a decision is made to (1) issue an order; (2) issue a finding with no order; (3) issue a dismissal; (4) withdraw the dispute; or (5) issue a finding with refund, and the decision is not appealed to the State Office of Administrative Hearings (SOAH) If the decision is appealed, but resolution is gained prior to the Commission filing the appeal with the SOAH, the case is counted as resolved by initial administrative decision. Disputes identified as non-jurisdictional are not included in this measure. **Purpose/Importance:** The purpose of this measure is to monitor the agency's effectiveness in resolving medical disputes by initial administrative decision, which is the first level of medical dispute resolution. **Source/Collection of Data:** Data are maintained in agency automated systems. **Method of Calculation:** The numerator is calculated by subtracting the number of medical benefit dispute cases that are appealed from the total number of medical benefit dispute cases concluded during the reporting period. The denominator is the total number of medical benefit dispute cases concluded during the reporting period. Cases concluded are defined as disputes in which a decision has been made. **Data Limitations:** None **Calculation Type:** Non-cumulative **New Measure:** Yes **Desired Performance:** Higher than target
3.1.3 Outcome Measure: **PERCENTAGE OF BENEFIT DISPUTE CASES RESOLVED BY THE COMMISSION'S FORMAL DISPUTE**	**Short Definition:** This measure reflects the percent of benefit dispute cases resolved in the formal portion of the Commission's administrative dispute resolution process. This measure involves benefit dispute cases resolved at Contested Case Hearings (CCHs) and through appeals panel decisions. Benefit dispute

RESOLUTION SYSTEM (BEGINNING WITH CONTESTED CASE PROCEEDINGS)	cases are identified by Commission staff in communication with parties or by a party filing a "request for a BRC." Each case may consist of up to 6 issues. Benefit issues include issues such as coverage, compensability, average weekly wage, disability, impairment rating, maximum medical improvement, disputes over recommendations for spinal surgery, and legal expenses associated with a case. A case is considered resolved when the dispute is not appealed for judicial review. **Purpose/Importance:** The purpose of this measure is to monitor the agency's effectiveness in resolving dispute cases relating to benefit issues in the formal administrative dispute resolution system. The number of cases resolved at a CCH includes: the Number of Benefit Dispute Cases Concluded in CCH, plus the number of cases resolved at Appeal. Cases resolved at Appeal is the number of appeals decision and orders issued minus explanatory measure, number of appeals panel decisions filed for Judicial Review **Source/Collection of Data:** Data are maintained in agency automated applications. **Method of Calculation:** The numerator is calculated by adding the number of cases resolved at a CCH and the number of cases concluded at Appeal minus the number of requests for judicial review. The denominator is the total number of benefit dispute cases concluded during the reporting period. The total number of benefit dispute cases concluded includes: Number of Benefit Dispute Cases Resolved Prior to a BRC plus the Number of Benefit Dispute Cases Concluded in BRCs. **Data Limitations:** Due to the lag time between receipt and resolution of a dispute, it is not clear from this measure whether the number of disputes is increasing or decreasing for the reporting period. **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Lower than target
3.1.4 Outcome Measure: **PERCENTAGE OF BENEFIT DISPUTE CASES IN WHICH UNREPRESENTED PARTIES RECEIVED OMBUDSMAN SERVICES FOR BENEFIT REVIEW CONFERENCES**	**Short Definition:** The measure reflects the percentage of compensation benefit cases in which unrepresented parties received ombudsman services for benefit review conferences. An ombudsman may provide assistance to unrepresented injured workers or unrepresented employers before a BRC, at a BRC, or both. **Purpose/Importance:** The purpose of this measure is to monitor the level of ombudsman assistance provided prior to or at a BRC. **Source/Collection of Data:** Data are maintained in agency automated applications. **Method of Calculation:** The numerator is calculated by adding the number of concluded BRCs with ombudsman assistance. The denominator is the Number of Benefit Dispute Cases Concluded in BRCs. **Data Limitations:** None **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Higher than target

3.1.5 Outcome Measure: **PERCENTAGE OF BENEFIT DISPUTE CASES IN WHICH UNREPRESENTED PARTIES RECEIVED OMBUDSMAN SERVICES FOR CONTESTED CASE HEARINGS**	**Short Definition:** The measure reflects the percent of compensation benefit dispute cases in which unrepresented parties received ombudsman services for a contested case hearing. An ombudsman may provide assistance to unrepresented injured employees or unrepresented employers before a CCH, at a CCH, or at both before and at a CCH. **Purpose/Importance:** The purpose of this measure is to monitor the level of ombudsman assistance provided prior to a Contest Case Hearing (CCH) or at a CCH. **Source/Collection of Data:** Data are maintained in automated applications. **Method of Calculation:** The numerator is calculated by adding the number of concluded CCHs with ombudsman assistance. The denominator is the total Number of Benefit Dispute Cases Concluded in CCHs. **Data Limitations:** None **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Higher than target
3.1.6 Outcome Measure: **AVERAGE NUMBER OF DAYS TO RESOLVE BENEFIT DISPUTES**	**Short Definition:** This measure shows the average time to conclude disputes through the Commission's dispute resolution processes (pre-Benefit Review Conference, Benefit Review Conference, Contested Case Hearing and Appeal). **Purpose/Importance:** Disputes are resolved at various levels, some are quickly resolved and some may go through the highest levels of resolution. This measure gives an accurate indication of the average time to resolve all disputes regardless of the level reached. **Source/Collection of Data:** Data are maintained in agency automated applications. **Method of Calculation:** The numerator is calculated by adding the days between the first notification of a dispute and the conclusion of the highest level of resolution for each dispute. The final conclusion date may be: a) the date the dispute resolution officer resolves the dispute; b) the date the parties last met if the dispute is withdrawn or the parties reach an agreement; or c) the date the decision and order is mailed to the parties. The highest level of dispute resolution is determined by the point at which no further appeal was pursued to conclusion. The denominator is the total number of benefit dispute cases concluded during the reporting period. The total number of benefit dispute cases concluded includes: Number of Benefit Dispute Cases Resolved Prior to a BRC plus the Number of Benefit Dispute Cases Concluded in BRCs. **Data Limitations:** None **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Lower than target

3.1.7 Outcome Measure: **PERCENT OF APPEALED MEDICAL FEE DISPUTES RESOLVED PRIOR TO A FORMAL HEARING AT SOAH**	**Short Definition:** This measure reflects the percent of appealed medical fee cases resolved prior to a formal hearing at the State Office of Administrative Hearings (SOAH). **Purpose/Importance:** The purpose of this measure is to monitor the agency's effectiveness in resolving appealed medical fee dispute cases prior to a formal hearing at SOAH, thus saving parties time and possibly money. **Source/Collection of Data:** Data are maintained in agency automated systems. **Method of Calculation:** The numerator is calculated by adding the number of appealed medical fee dispute cases resolved prior to a formal hearing. This number is identified on a DRIS report (DR-770). Appealed medical fee dispute cases resolved prior to a formal SOAH hearing include cases which are dismissed or withdrawn, or in which there is an (1) agreement, or (2) settlement. The denominator is calculated by adding the number of appealed medical fee dispute cases concluded during the reporting period. These numbers are identified on a DRIS report (DR-770). Appealed cases concluded include cases which are dismissed or withdrawn, or there is an (1) agreement, (2) settlement, or (3) decision issued. **Data Limitations:** If an appealed medical fee dispute case is resolved by agreement or settlement, or is withdrawn or dismissed at or after a formal hearing, it will be included in the numerator until codes can be added to differentiate between appeals resolved prior to or at a formal hearing. **Calculation Type:** Non-cumulative **New Measure:** Yes **Desired Performance:** Higher than target

STRATEGY 3.1.1: Provide injured workers, employers, and insurance carriers with information about their rights and responsibilities; minimize and resolve benefit and medical benefit disputes as informally as possible by talking with the participants; conduct compensation benefit review conferences; conduct medical dispute resolution reviews (including reviews by Independent Review Organizations)

3.1.1.1 Output Measure: **NUMBER OF BENEFIT DISPUTE CASES RESOLVED PRIOR TO A BENEFIT REVIEW CONFERENCE (BRC)**	**Short Definition:** This measure reflects the number of cases resolved prior to a benefit review conference (BRC). Benefit dispute cases are identified by Commission staff in communication with parties or by a party filing a "request for a BRC." Cases considered "resolved prior to a BRC" include cases in which: the parties withdraw the request for resolution of a dispute; the parties reach an agreement or a designated doctor appointment is set. **Purpose/Importance:** This measure reflects the number of benefit disputes resolved at the first level of dispute resolution. **Source/Collection of Data:** Dispute cases are identified and are resolved by the Customer Assistance staff or Dispute Resolution staff within 19 days of receiving the dispute or for which a BRC was set to be held, but was resolved prior to holding the proceeding. Data are entered into and reported from agency automated applications. **Method of Calculation:** The measure is calculated by adding the

	number of benefit dispute cases resolved prior to a BRC whereby either the parties withdraw the request for dispute resolution, reach an agreement, or an appointment is set for a designated doctor. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Higher than target
3.1.1.2 Output Measure: **NUMBER OF COMPENSATION BENEFIT DISPUTE CASES CONCLUDED IN BENEFIT REVIEW CONFERENCE**	**Short Definition:** This measure reflects the number of benefit dispute cases concluded in a benefit review conference (BRC) whereby the dispute is resolved or is referred to the next level of dispute resolution. Disputes are considered resolved when the parties: withdraw the dispute; reach an agreement; or do not pursue the dispute within 90 days of ending. **Purpose/Importance:** The measure indicates the number of BRCs that are actually held and concluded for the purpose of resolving benefit disputes that have been identified but not resolved by more informal means. **Source/Collection of Data:** Data are reported in the agency automated applications. **Method of Calculation:** The measure is calculated by adding the number of benefit dispute cases resolved at BRC and the number of cases referred to the next level of dispute resolution. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Lower than target
3.1.1.3 Output Measure: **NUMBER OF PERSONS RECEIVING RETURN-TO-WORK TRAINING PRODUCTS AND SERVICES**	**Short Definition:** This measure identifies the number of persons receiving return-to-work training products and services provided by the Commission. Return-to-work training provides education and information to employers and others regarding effective tools for managing disability associated with work-related illness or injuries. The training products and services include presentations, seminars, web-based training, publications and on-site visits to system participants. **Purpose/Importance:** The purpose of this measure is to identify the number of persons receiving return-to-work training products and services that will aid in returning people to the workforce who have been injured on the job. **Source/Collection of Data:** This data is maintained in agency automated databases and paper documents. **Method of Calculation:** This measure is manually calculated by summing the number of persons that received return-to-work training products and services during the reporting period. An agency internet report identifies the number of persons that received web-based training products and services based on the number of user sessions/downloads to the return-to-work training products and services available on the Commission's website. These numbers are added to the number of persons that attended seminars and the number of persons assisted through on-site visits.

	Data Limitations: User sessions/downloads to return-to-work publications are assumed to be one person receiving training products and services. **Calculation Type:** Cumulative **New Measure:** Yes **Desired Performance:** Higher than target
3.1.1.4 Output Measure: **NUMBER OF MEDICAL BENEFIT DISPUTE CASES RESOLVED BY INITIAL ADMINISTRATIVE DECISION**	**Short Definition:** This measure represents the number of medical benefit disputes resolved by initial administrative decision. The types of medical benefit dispute cases are preauthorization of medical treatment, retrospective review of necessity of treatment and/or reasonableness of fees charged. Medical benefit dispute cases are resolved by initial administrative decision when the dispute is reviewed by a medical dispute resolution officer (MDRO) or an independent review organization (IRO) and a decision is made to (1) issue an order; (2) issue a finding with no order; (3) issue a dismissal; (4) withdraw the dispute; or (5) issue a finding with refund, and the decision is not appealed to the State Office of Administrative Hearings (SOAH). If a decision has been issued and one of the parties appeals to the Commission, but resolution is gained prior to the Commission filing the appeal with the SOAH, the case is counted as resolved by initial administrative decision. Disputes identified as non-jurisdictional prior to or after assignment of an MDRO or IRO are also included in this measure. **Purpose/Importance:** The purpose of this measure is to monitor the agency's effectiveness in resolving medical disputes by initial administrative decision, which is the lowest possible level. **Source/Collection of Data:** Data are maintained in agency automated systems. **Method of Calculation:** The number is calculated by subtracting the number of medical benefit dispute cases that are appealed from the number of medical benefit dispute cases concluded during the reporting period. Cases concluded are defined as disputes in which a decision has been made or is identified as non-jurisdictional. A concluded case may go through further processing after an initial administrative decision if either of the parties appeals the decision. **Data Limitations:** Statutorily, a party has 20 days to appeal an initial administrative decision. If the decision is made 20 days prior to the end of the reporting period, the appeal may not be included in the calculation of the number during the current reporting period, and thus may be included in the calculation of the number during the next reporting period. **Calculation Type:** Cumulative **New Measure:** Yes **Desired Performance:** Higher than target
3.1.1.1 Efficiency Measure: **AVERAGE NUMBER OF DAYS FROM THE REQUEST FOR BENEFIT REVIEW**	**Short Definition:** This measure reflects the average number of days from the request for a BRC to its conclusion. A BRC is considered concluded when either resolution results or a report refers the case to the next level of dispute resolution (CCH). Cases are considered "resolved

CONFERENCE TO THE CONCLUSION OF THE BENEFIT REVIEW CONFERENCE	at a BRC" when the parties: withdraw the dispute; reach an agreement; or do not pursue the dispute within 90 days of ending a BRC session. **Purpose/Importance:** The purpose of this measure is to monitor the efficiency of the BRC process. **Source/Collection of Data:** Data are maintained in agency automated applications. **Method of Calculation:** The numerator is calculated by adding the total number of days from the BRC request date to the date the BRC is concluded. The denominator is the Number of Benefit Dispute Cases Concluded in BRCs. **Data Limitations:** None **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Lower than target
3.1.1.2 Efficiency Measure: **AVERAGE NUMBER OF PARTICIPANTS PER RETURN-TO-WORK SEMINAR**	**Short Definition:** This measure identifies average number of participants per return-to-work seminar. **Purpose/Importance:** The purpose of this measure is to monitor the effectiveness and efficiency of providing return-to-work information to system participants through seminars. **Source/Collection of Data:** Data are maintained on paper documents. **Method of Calculation:** This measure is calculated by dividing the total number of return-to-work seminar participants by the total number of seminars conducted during the reporting period. The numerator is calculated by summing the number of return-to-work seminar participants that attended seminars. The denominator is calculated by summing the total number of return-to-work seminars conducted during the reporting period. **Data Limitations:** None **Calculation Type:** Non-cumulative **New Measure:** Yes **Desired Performance:** Higher than target
3.1.1.3 Efficiency Measure: **AVERAGE NUMBER OF DAYS TO CONCLUDE MEDICAL DISPUTE CASES BY INITIAL ADMINISTRATIVE DECISION**	**Short Definition:** This measure indicates the efficiency of the medical benefit dispute resolution process. Medical benefit dispute cases include issues such as preauthorization of medical treatment and retrospective review of necessity of treatment which are reviewed by an independent review organization (IRO) and/or reasonableness of fees charged which are reviewed by a medical dispute resolution officer (MDRO). A case is considered concluded by initial administrative decision when the dispute is reviewed by an MDRO or IRO and a determination made to (1) issue an order, (2) issue a finding with no order, (3) issue a dismissal, (4) withdraw the dispute, (5) issue a finding with refund, or (6) close as non-jurisdictional. **Purpose/Importance:** The purpose of this measure is to indicate the length of time for a medical dispute to be concluded by initial administrative decision.

	Source/Collection of Data: Data are maintained in agency automated systems. **Method of Calculation:** The numerator is calculated by adding the cumulative number of the days from receipt of a dispute to closure of the dispute for all cases concluded within the reporting period. The denominator is calculated by adding the total number of disputes concluded during the reporting period. **Data Limitations:** The numerator for the measure does not take into account the hospital fee disputes that were filed due to the invalidation of the 1992 Acute Care Inpatient Fee Guideline. Disputes that are received and determined to be incomplete requests or are determined to be outside the jurisdiction of the Medical Dispute Resolution process prior to forwarding to a MDRO or an IRO are not included in this measure. **Calculation Type:** Non-cumulative. **New Measure:** Yes **Desired Performance:** Lower than target
3.1.1.1 Explanatory Measure: **NUMBER OF BENEFIT DISPUTE CASES RECEIVED BY THE COMMISSION**	**Short Definition:** This is a measure of the number of benefit dispute cases received during a reporting period. Benefit dispute cases are identified by the Commission staff in communication with parties or by a party filing a "request for a BRC." Each case may consist of up to 6 issues. Benefit issues include issues such as coverage, compensability, average weekly wage, disability, impairment rating, maximum medical improvement, disputes over recommendations for spinal surgery, and legal expenses associated with a case. **Purpose/Importance:** This measure reflects whether the volume of benefit disputes is increasing, decreasing, or remaining constant. **Source/Collection of Data:** The data are maintained in agency automated applications. **Method of Calculation:** The measure is calculated by adding the number of benefit dispute cases received and identified in the Dispute Resolution Information System during the reporting period. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Lower than target
3.1.1.2 Explanatory Measure: **NUMBER OF MEDICAL DISPUTE CASES RECEIVED BY THE COMMISSION**	**Short Definition:** This is a measure of the number of medical dispute cases received during a reporting period. A medical dispute case is considered received when a written request is entered into the Commission's Medical Dispute Resolution Information System. Types of medical benefit dispute cases are: preauthorization of medical treatment, and retrospective review of necessity of treatment and/or reasonableness of fees charged. **Purpose/Importance:** This measure provides a reflection of changing trends in the volume of medical dispute cases received by the Commission. It indicates the number of the requests for medical dispute

	resolution services received during a reporting period **Source/Collection of Data:** The data are maintained in the Medical Dispute Resolution Information System. **Method of Calculation:** The measure is calculated by adding the total number of medical dispute cases received for all medical dispute types during the reporting period. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Lower than target

STRATEGY 3.1.2: Conduct benefit contested case hearings, conduct reviews when participants appeal decisions made by benefit contested case hearings officers, and provide arbitration; and process hearings under the Administrative Procedure Act

3.1.2.1 Output Measure: **NUMBER OF COMPENSATION BENEFIT DISPUTE CASES CONCLUDED IN CONTESTED CASE HEARINGS**	**Short Definition:** The measure is the number of benefit contested case hearings (CCHs) held and concluded whereby a decision is rendered. **Purpose/Importance:** The measure indicates the number of CCHs that are actually held and concluded because a benefit dispute has not been resolved by more informal means. **Source/Collection of Data:** Data is reported in the agency automated applications. **Method of Calculation:** The measure is calculated by adding the number of CCHs held and concluded in the reporting period. **Data Limitations:** None **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Lower than target
3.1.2.2 Output Measure: **NUMBER OF APPEALED MEDICAL FEE DISPUTES RESOLVED PRIOR TO A FORMAL HEARING AT SOAH**	**Short Definition:** This measure indicates the number of appealed medical fee dispute cases resolved prior to a formal hearing at SOAH. This number is the numerator in the calculation method of the measure "Percent of Appeals Resolved Prior to a Formal Hearing at SOAH." **Purpose/Importance:** The purpose of this measure is to identify the number of appealed medical fee dispute cases resolved, due in part to mediation efforts, before proceeding on to a formal hearing at SOAH. **Source/Collection of Data:** Data are maintained in agency automated systems. **Method of Calculation:** The measure is calculated by adding the number of appealed medical fee dispute cases resolved prior to a formal hearing. This number is identified on a DRIS report (DR-770). Appealed medical fee dispute cases resolved prior to a formal SOAH hearing include medical fee disputes which are dismissed or withdrawn, or there is an (1) agreement, or (2) settlement. **Data Limitations:** If an appealed medical fee dispute case is resolved as agreement, settlement, withdrawn, or dismissed during a formal hearing,

	it will be included in this measure until codes can be added to reflect appeals resolved prior to or during a formal hearing, if applicable. **Calculation Type:** Cumulative **New Measure:** Yes **Desired Performance:** Higher than target
3.1.2.1 Efficiency Measure: **AVERAGE NUMBER OF DAYS FROM THE REQUEST FOR A CONTESTED CASE HEARING TO THE DISTRIBUTION OF THE DECISION**	**Short Definition:** The measure reflects the average number of days from the request for a CCH to the distribution of the decision. **Purpose/Importance:** The purpose of this measure is to monitor the efficiency of the Contested Case Hearing (CCH) process. **Source/Collection of Data:** Data are maintained in agency automated applications. **Method of Calculation:** The numerator is calculated by adding the total number of days between the CCH request date to the date the CCH decision is distributed. The denominator is Number of Benefit Dispute Cases Concluded in CCHs. **Data Limitations:** None **Calculation Type:** Non-cumulative **New Measure:** No **Desired Performance:** Lower than target
3.1.2.2 Efficiency Measure: **AVERAGE NUMBER OF DAYS SAVED THROUGH RESOLUTION OF MEDICAL FEE DISPUTES PRIOR TO FORMAL HEARING AT SOAH**	**Short Definition:** The purpose of this measure is to identify the average number of days saved by resolving appealed medical fee dispute cases prior to a formal hearing at the State Office of Administrative Hearings (SOAH). **Purpose/Importance:** The purpose of this measure is to identify the efficiency resulting from continuing efforts to mediate and resolve appealed medical fee disputes prior to a formal SOAH hearing. **Source/Collection of Data:** Data are maintained in agency automated systems. **Method of Calculation:** The measure is calculated by subtracting the average number of days to resolve an appealed medical fee dispute case prior to a formal SOAH hearing from the average number of days from filing an appeal to receiving a SOAH decision after a formal hearing. Calculation method of average days to resolve an appealed medical fee dispute case that is resolved prior to a formal SOAH hearing: The numerator is calculated by adding the number of days from receipt of the SOAH docket number for each appealed dispute to the date the case was either settled, an agreement was reached, or the case was withdrawn or dismissed during the reporting period. The denominator is calculated by adding the number of appealed medical fee dispute cases resolved prior to a formal hearing in the reporting period. Appealed medical dispute cases resolved prior to a formal SOAH hearing include cases which are dismissed or withdrawn, or there is an (1) agreement, or (2) settlement. Appealed medical dispute cases resolved at a formal SOAH hearing include cases in which there is a decision issued by the SOAH judge. Calculation method of average days to resolve an appealed medical fee

	dispute case that is resolved at a formal SOAH hearing: The numerator is calculated by summing the number of days from receipt of the SOAH docket number to the date a decision is issued by a SOAH judge during the reporting period. The denominator is calculated by adding the number of appealed medical fee dispute cases in which a decision is issued during the reporting period. **Data Limitations:** If an appealed medical fee dispute case is resolved as agreement, settlement, withdrawn, or dismissed during a formal hearing, it will be included in the average days to resolve an appealed medical fee dispute prior to a formal SOAH hearing until codes can be added to differentiate between appeals resolved prior to or at a formal hearing. **Calculation Type:** Non-cumulative **New Measure:** Yes **Desired Performance:** Higher than target
3.1.2.1 Explanatory Measure: **NUMBER OF APPEALS PANEL DECISIONS FILED FOR JUDICIAL REVIEW**	**Short Definition:** The measure is the number of appeals panel decision cases appealed to court for judicial review. **Purpose/Importance:** The purpose of this measure is to report the number of benefit dispute cases which are not resolved by any of the Commission's benefit dispute resolution procedures. **Source/Collection of Data:** Data is maintained in a PC database. **Method of Calculation:** The measure is calculated by adding the number of appeals panel decision cases appealed to court for judicial review and which are reported to the Commission. **Data Limitations:** This measure captures only the appeals for which the Commission receives notification from the appealing party through service of process. Although required by statute to file a copy of the appeal with the Commission, the Supreme Court has ruled that a party is not harmed by not filing a copy of an appeal to district court with the Commission. Thus, there is some number of appeals to district court for which the Commission does not receive notification. **Calculation Type:** Cumulative **New Measure:** No **Desired Performance:** Lower than target

APPENDIX E

WORKFORCE PLAN

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APPENDIX E

TEXAS WORKERS' COMPENSATION COMMISSION
FISCAL YEAR 2003 – 2005

WORKFORCE PLAN

AGENCY OVERVIEW

Texas Worker's Compensation Commission was established April 1, 1990 as part of a broad effort to reform the state's workers' compensation system. The Commission has adopted as its mission to:

- Encourage and assist in the provision of safe workplaces;
- Provide an effective and efficient regulatory framework to facilitate timely, appropriate and cost effective delivery of benefits; and
- Assist in timely returning injured workers to productive roles in the Texas workforce.

The Commission's legal authority and general duties are described in Chapter 402 of the Texas Workers' Compensation Act, Texas Labor Code, Title 5, Subtitle A. The Commission's primary responsibilities are to:

- promote safe and healthy workplaces;
- provide customers with information about their rights and responsibilities;
- administer a benefit delivery system to ensure employees with job-related injuries and illnesses receive fair and appropriate benefits in a timely and cost effective manner;
- ensure appropriate and efficient health care for all injured employees and fair and reasonable reimbursement for health care providers;
- resolve disputes as soon as possible by the agency without having to go to court;
- ensure compliance with the Texas Workers' Compensation Act and Commission rules; and
- certify and regulate self-insurance for large private employers.

Agency Goals, Objectives and Strategies

The following is the Commission's budget and planning structure for the FY 2004-2005 biennium, including our goals, objectives, and strategies for accomplishing the agency's mission.

GOAL 1: To promote safe and healthy workplaces

OBJECTIVE 1: To contribute to keeping the Texas overall incidence rate of

injuries and illnesses below the national incidence rate through 2007

STRATEGY 1: Develop and provide health and safety services (e.g., needs analyses, education, consultations, investigations and inspections) to employers, employees, academic institutions, and other entities in the Texas workplace

GOAL 2: To ensure the cost effective delivery of appropriate benefits

OBJECTIVE 1: To ensure appropriate health care for injured employees and fair and reasonable reimbursement for health care providers through 2007

STRATEGY 1: Establish and maintain rules, guidelines, and programs (e.g., doctor monitoring, healthcare delivery networks, general education on medical rules and processes, and approved doctors list/designated doctors list (ADL/DDL) training and certification) that ensure appropriate utilization of medical services and the quality of medical providers

OBJECTIVE 2: To monitor compliance with applicable statutes and rules and identify system abuse through 2007

STRATEGY 1: Monitor and enforce compliance of healthcare providers, insurance carriers, employees, employers, attorneys, and other participants with the statute and rules through audits, fraud investigations, and administrative violation referral reviews and take appropriate enforcement action.

OBJECTIVE 3: Improve efficiency of communication processes in the workers' compensation system by 2007

STRATEGY 1: Develop and implement processes to receive, provide and maintain information in an electronic format

OBJECTIVE 4: To certify and regulate large private employers that qualify to self-insure

STRATEGY 1: Ensure that certified self-insuring employers meet statutory financial, claims administration, and safety requirements through an ongoing process of qualifying, renewing, and revoking certification

GOAL 3: To minimize and resolve disputes

OBJECTIVE 1: Resolve 99% of benefit and medical benefit disputes in the Commission's system through 2007

STRATEGY 1: Provide injured workers, employers, and insurance carriers with information about their rights and responsibilities; minimize and resolve benefit and medical benefit disputes as informally as possible by talking with the participants; conduct compensation benefit review

conferences; conduct medical dispute resolution reviews (including reviews by Independent Review Organizations)

STRATEGY 2: Conduct benefit contested case hearings, conduct reviews when participants appeal decisions made by benefit contested case hearings officers, and provide arbitration; and process hearings under the Administrative Procedure Act

Anticipated Changes in Customer Demands and Strategies

Since employers and employees are among the Commission's primary service population, the population and workforce growth experienced in Texas has affected the number of individuals who can potentially require or request services from the Commission. Although additional attention and priority has been given to controlling medical costs in the workers' compensation system, the Commission's overarching goals and strategies have remained fairly constant over the past several years and are not anticipated to change dramatically for the foreseeable future. However, the increasing size of the state's workforce and changing customer expectations will certainly require adjustments to how some services are provided.

Population Trends.

- 3.8 million new Texas residents since 1990
- 2.3 million (60%) were Hispanic
- Hispanics are the largest demographic group in the State
- Rapid growth of older population in coming years will lead to a more seasoned workforce but one that may have longer recovery times when injured
- Almost one-quarter of the state's population does not currently have a high school education
- Percentage of Texas residents living below the poverty level continues to rise

Economic Variables.

- Shift in industry concentration from higher hazard to lower hazard industries and occupations
- Growth in technology and health care occupations may lead to increased rates of repetitive motion and lifting injuries and illnesses
- Rising cost of health care provided in the workers' compensation system has required the Commission and system participants to develop and perform new functions

Customer Demands.

- Rising public expectations for all types of access to information, especially through the use of websites

- Increased need to provide services in several formats, for example in other languages and/or in formats that do not require reading proficiency

One major organizational change that will affect agency operations will be the implementation of the Commission's Business Process Improvement (BPI) Project over the next four years. The purpose of the BPI project is to develop new automated systems that support the agency's business needs and that allow for more efficient access to information by our customers and the public. As new automation systems come on-line, staff resources may need to be realigned and training on new required skills will be essential.

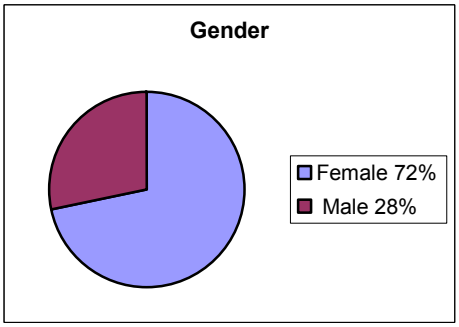
CURRENT WORKFORCE PROFILE

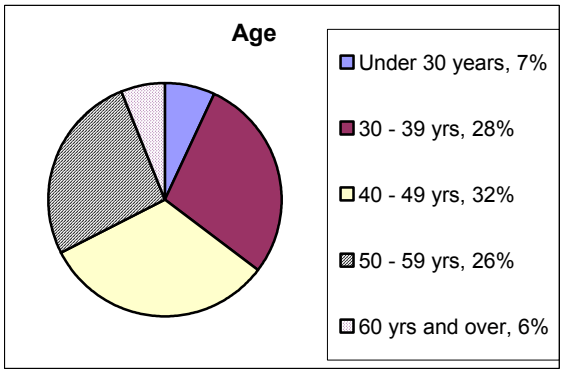
Workforce Demographics

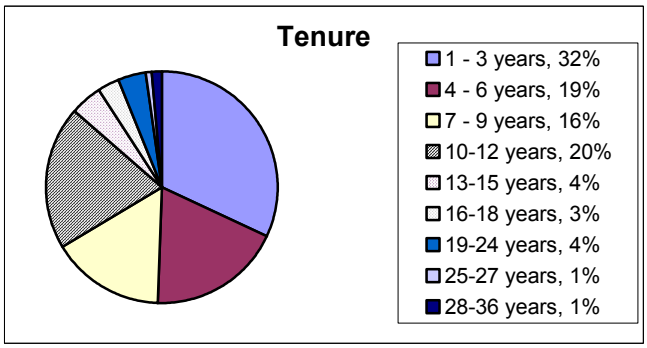
Currently, the Commission is authorized to have 1,128 full-time equivalents (FTEs). Due to the passage of House Bill 2600 during the 77th Legislature, the Commission's FTE cap has been reduced to 1,124.4 for FY 2002 and 1,112.4 for FY 2003. Approximately fifty-five percent of the staff is located in the agency's central office located in Austin, and the other forty-five percent is located in field offices throughout the state.

Funding limitations and turnover have held the number of filled positions at the Commission to approximately 1,050 for the past several biennia. New provisions of House Bill 2600, as well as customer growth, have increased workload and indicate that more than recently achieved staffing levels are needed to accomplish the agency's goals and legislative mandates. The Commission anticipates that any addition of staff will be partially offset by business process improvements and final implementation of new automated systems that are underway. Much of the staff reduction will be in the areas performing data entry and paper processing functions. However, the nature of the work performed by the staff now necessary to accomplish the agency's mandates will require more technical or subject-matter expertise and higher job classifications than the positions being eliminated. As a result, the need to fully fund a somewhat higher number of positions than have recently been filled and the associated higher classifications of some of those positions, will require additional salary funding. Additionally, due to the fact that other agencies can pay higher salaries for the some of the same responsibilities, the Commission needs to upgrade the salary level of a substantial number of key employees. Thus, a thorough analysis of the staffing and associated funding needed to address the workload demands of the agency will be incorporated into the Commission's Legislative Appropriations Request for FY 2004-2005.

The charts on the next page profile the agency's workforce as of April 30, 2002 and include both full-time and part-time employees. The Commission's workforce is comprised of 72% females and 28% males. Over 64% of our employees are over the age of 40. More than 51% percent of employees have less than six years agency service.







Source: Texas Workers' Compensation Commission, April 30, 2002

The following table compares the percentage of African American, Hispanic and Female Commission employees (as of April 30, 2002) to the statewide civilian workforce as reported by the Texas Commission on Human Rights. The Commission's workforce is ethnically and culturally diverse and closely mirrors the state civilian workforce in most Equal Employment Opportunity job categories.

Job Category	African American		Hispanic		Females	
	TWCC	State Workforce	TWCC	State Workforce	TWCC	State Workforce
Official/ Administrators	4%	7%	13%	11%	42%	31%
Professional	10%	9%	26%	10%	61%	47%
Technician	9%	14%	29%	18%	40%	39%
Para-Professional	18%	18%	47%	31%	96%	56%
Skilled Craft	0%	10%	0%	28%	0%	10%
Administrative Support	21%	19%	45%	27%	90%	80%
Service/Maintenance	0%	18%	100%	44%	0%	26%
Protective Services	0%	18%	0%	21%	0%	21%

Employee Turnover

Employee turnover is a critical issue in any organization, and the Texas Workers' Compensation Commission is no exception. During the past five years, the agency has not experienced any substantial change in turnover, staying constant at 19%. To date in FY 2002, however, the turnover rate has decreased significantly to 13.6%.

Retirement Eligibility

Based on data provided by the Employee Retirement System to the State Classification Office of the State Auditor's Office, during the current fiscal year (FY 2002), the Texas Workers' Compensation Commission will have approximately sixty individuals who will be eligible to retire. During the next three fiscal years, the agency projects that an additional forty-two individuals will become eligible for retirement.

At least thirteen percent of the employees eligible to retire within the next few years serve in key management positions and have a wealth of workers' compensation and state experience. Additionally, approximately forty percent of the Commission's current executive management team will become eligible for retirement during this time.

Critical Workforce Skills

The agency has many professional, skilled, and well-qualified employees. Maintaining a workforce with particular knowledge and skill sets is critical to the agency's ability to operate efficiently. Some of these skills are as follows:

- Providing appropriate customer service;
- Conducting safety inspections;
- Conducting investigations;
- Conducting dispute proceedings;
- Interpreting legal/regulatory statutes;
- Managing and providing leadership to staff; and
- Developing and implementing new technologies.

FUTURE WORKFORCE PROFILE (DEMAND ANALYSIS)

Expected Commission Workforce Changes

The Commission does not foresee the elimination of any of its responsibilities over the next five-year period or a significant change in the number of staff available to perform those functions. However, there are several new programs being developed as a result of the House Bill 2600, passed by the 77th Legislature, and increased demand for some services will require developing more efficient service delivery options.

The Commission has identified the following organizational changes that will result from environmental demand changes:

- More efficient hearing processes to address the increasing dispute resolution demand;
- Increased use of technology and data analysis to conduct Commission business;
- Developing and/or acquiring expertise in federal reimbursement methodologies for health care services as a result of the changes to the medical fee and treatment guidelines used in the treatment of workers' compensation claimants;
- Increased efforts to cross-train employees as a component of staff development and as a means for mitigating the Commission's vulnerability resulting from turnover and the loss of staff due to retirement; and
- Realignment of staff resources due to less manual processing of Commission records and requests as a result of future BPI initiatives.

Future Workforce Skills Needed

To successfully address the expected workforce changes, in addition to retaining staff with the skills currently needed, it will be essential for the Commission to train staff and attract employees with the following skills:

- Managerial/supervisory skills such as: performance management of staff and of key Commission functions; budgeting; team building; and effective communications;
- Managing change;
- Process analysis, development, and implementation;
- Project management;
- Strategic planning, management, and communication;
- Electronic information administration and maintenance;
- Interpreting and appropriate application of federal reimbursement policies in workers' compensation system; and
- Use, maintenance, and training on new technologies (e.g., videoconferencing and interactive web applications).

GAP ANALYSIS

After analyzing the current and future workforce information, the Texas Workers' Compensation Commission has determined the following present limitations on the Commission's ability to meet future customer demands:

- Commission could lose almost 10% of its workforce due to retirements over the next four years. The loss of these individuals would mean a significant loss of experience in the operations of the Commission, knowledge critical to customer service, and knowledge of the Texas workers' compensation system.

- Additional customer service functions requiring technical skills and/or subject matter knowledge will be provided either through direct contact or through new

technologies. Those functions will replace most of the data entry functions currently performed.

- Commission needs to provide development opportunities for employees with technical expertise to acquire general management skills.

- Workforce processes and tools will change significantly in the next five years, necessitating providing change management training and tools to all employees.

- House Bill 2600 has increased the need for Commission staff to have expertise in federal health care reimbursement policies and procedures to allow for their application in Commission functions such as medical dispute resolution, health care provider and insurance carrier audit, and general guideline development.

- Commission expertise and experience with producing web-based applications or similar mechanisms that enable the public to interact with the Commission electronically is currently limited, while demands from the public and stakeholders to increase these applications continues to rise.

STRATEGY DEVELOPMENT

In order to address the anticipated shortages between the current workforce and future demands, the Texas Workers' Compensation Commission has developed goals and strategies to address each of the identified gaps between the current and future Commission workforce.

GAP: Commission could lose almost 10% of its workforce due to retirement over the next four years

Goal: Develop and implement a succession planning program

Strategy: Develop mechanisms to ensure that knowledge is retained by promoting the transfer of knowledge as an agency strategic value

Strategy: Identify pool of employees from which to develop future leaders by systematically providing cross training and career development opportunities to enable employees to prepare for positions with a higher set of skill requirements

Strategy: Implement mentoring programs to match potential leaders with individuals possessing those critical skill sets

GAP: Commission needs to provide development opportunities for employees with technical expertise to acquire general management skills

Goal: Develop and promote staff into managerial positions

Strategy: Expand managerial/supervisory training to include issues such as change management, effective leadership, financial management, coaching, performance management, project management, communication, and problem resolution

Strategy: Develop career pathways (career ladders), job transfer strategies, and cross-training opportunities that facilitate the career growth of high-performing staff

GAP: Change management training and tools need to be developed and provided to all employees

Goal: Address changes in organization structure and responsibilities for targeted employee positions in the agency

Strategy: Provide supervisors and managers with the information and training necessary to enable them to effectively manage their staff, especially during times of change

Strategy: Develop and make available to all staff the mechanisms to resolve stress caused by change

GAP: Customer service functions, provided either through direct contact or through new technologies, will replace most of the data entry functions currently performed

Goal: Retain employees formerly performing data entry functions by providing training in other necessary customer service skills

Strategy: Identify new skill sets required as a result of program changes or technological advances

Strategy: Provide employees with the resources, tools and educational opportunities required to develop new skills needed by the agency

GAP: Commission staff lacks necessary expertise in federal health care reimbursement policies and procedures

Goal: Attain sufficient federal health care reimbursement expertise to perform the Commission's health care service-related responsibilities in the workers' compensation system

Strategy: Contract for on-the-job training of current staff in federal health care reimbursement policies

Strategy: Hire a few select positions with federal health care reimbursement expertise

GAP: Commission expertise and experience with producing web-based applications or similar mechanisms that enable the public to interact with the Commission electronically is limited

Goal: Provide as much electronic communication capability as possible without compromising the security of confidential information

Strategy: Provide multiple training opportunities for current staff to acquire skills in using automation development tools that will enable electronic communications

Strategy: Require vendor(s) contracted with for application development to work closely with existing staff in order to aid in knowledge and skills transfer

Strategy: Evaluate all information resource staff vacancies and make modifications in job qualifications and requirements if appropriate

Strategy: Identify vendors with expertise in the use of the development tools chosen by the Commission to be accessed if additional resources are needed to accomplish the transition to new applications.

Conclusion

In addition to striving to accomplish the goals and strategies specified to address gaps identified in this plan, the Commission will develop methodologies for the continual identification and quantification of gaps between existing and needed skill sets. Development of the agency's human resources to meet the continually changing external demands on the organization is essential for the agency to successfully fulfill its mission.

APPENDIX F

SURVEY OF ORGANIZATIONAL EXCELLENCE RESULTS And UTILIZATION PLANS

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APPENDIX F

Survey of Organizational Excellence Results And Utilization Plan

The Texas Workers' Compensation Commission strives to achieve excellence in all aspects of its organization. Recognizing that our employees are the most important assets of the Commission, ensuring employee satisfaction is imperative. One of the tools the agency utilizes in maintaining customer satisfaction is the Survey of Organizational Excellence.

Every two years, the Commission and many other state agencies participate in the Survey of Organizational Excellence, a comprehensive look at employee opinions about job satisfaction and agency performance. The University of Texas at Austin, which gathers and tabulates the individual responses and reports the overall results to the Commission, administers the survey. The findings are then used by the Commission to plan for the future - improving in areas of opportunity and building on its strengths.

Overview of the Results

Employee responses to a series of questions are categorized by twenty survey constructs, which are comprised of responses to a number of related questions. Utilizing the construct scores, the Commission can compare current survey results to results in previous years. Scores for the constructs range from a low of 100 to a high of 500.

The table below indicates construct scores from 1994 through 2002. Seventeen (85%) of the twenty construct scores resulted in an all-time high score this year. Nineteen (95%) of the scores increased from the 2000 survey results. The issue of Fair Pay reached an all-time low score this year.

	Construct	1994	1996	1998	2000	2002
Workgroup	***Supervisor Effectiveness***. Provides insight into the nature of supervisory relationships in the organization, including the quality of communication, leadership, and fairness that employees perceive exist between supervisors and themselves.	250	246	266	263	321
	Fairness. Measures the extent to which employees believe that equal and fair opportunity exists for all members of the organization.	255	247	267	263	344
	Team Effectiveness. Captures employees' perceptions of the effectiveness of their work group and the extent to which the organizational environment supports appropriate teamwork among employees.	282	277	289	284	315

Construct		1994	1996	1998	2000	2002
	Diversity. Addresses the extent to which employees feel that individual differences, including ethnicity, age and lifestyle, may result in alienation and/or missed opportunities for learning or advancement.	304	291	302	298	336
Organizational Features	***Change Oriented.*** Secures employees' perceptions of the organization's capability and readiness to change based on new information and ideas.	294	284	297	299	321
	Goal Oriented. Addresses the organization's ability to include all it's members in focusing resources towards goal accomplishment.	309	300	309	311	338
	Holographic. Refers to the degree to which all actions of the organization "hang together" and are understood by all. It concerns employees' perceptions of the consistency of decision-making and activity within the organization.	287	274	285	282	324
	Strategic. Secures employees' thinking about how the organization responds to external influence, including those which play a role in defining the mission, services and products provided by the organization.	377	366	374	369	370
	Quality. Focuses upon the degree to which quality principles, such as customer service and continuous improvement, are a part of the organizational culture.	352	331	340	340	363
Information	***Internal.*** Captures the nature of communication exchanges within the organization. It addresses the extent to which employees view information exchanges as open and productive.	277	271	280	286	307
	Availability. Provides insight into whether employees know where to get needed information and whether they have the ability to access it in a timely manner.	290	289	287	301	347
	External. Looks at how information flows in and out of the organization. It focuses upon the ability of the organization to synthesize and apply external information to work performed by the organization.	317	314	321	329	354
Accommodations	***Fair Pay.*** Addresses the perceptions of the overall compensation package offered by the organization. It describes how well the compensation package "holds up" when employees compare it to similar jobs in other organizations.	287	263	269	266	210
	Physical Environment. Captures employees' perceptions of the total work atmosphere and the degree to which employees believe that it is a "safe" working environment.	303	288	299	318	350

Construct		1994	1996	1998	2000	2002
	Benefits. Provides a good indication of the role the benefit package plays in attracting and retaining employees in the organization. It reflects comparable benefits that employees feel exist with other organizations in the area.	373	355	362	361	368
	Employee Development. Captures perceptions of the priority given to the career and personal development of employees by the organization.	314	297	310	302	339
Personal	***Job Satisfaction.*** Addresses employees' satisfaction with their overall work situation. Weighed heavily in this construct are issues concerning employees' evaluation of the availability of time and resources needed to perform job effectively.	276	273	298	316	349
	Time and Stress. Looks how realistic job demands are given time and resource constraints, and also captures employees' feelings about their ability to balance home and work demands. (Note: The higher the score, the lower the level of stress)	310	297	317	324	344
	Burnout. Is a feeling of extreme mental exhaustion that can negatively impact employees' physical health and job performance, leading to lost resources and opportunities in the organization. (Note: The higher the score, the lower the level of burnout)	295	272	290	286	341
	Empowerment. Measures the degree to which employees feel that they have some control over their jobs and the outcome of their efforts.	264	261	267	268	335

The survey constructs are divided into five workplace dimensions. Each dimension is comprised of three to five constructs as shown in the left column on the table above. These dimensions include Workgroup, Organizational Features, Information, Accommodations, and Personal. The average scores for each dimension are all above 300 this year.

Organizational Strengths

Employees expressed the most satisfaction with the following areas:

- Response to external influences (Strategic)
- Employee Benefits (Benefits)
- The degree to which quality principles, such as customer service and continuous improvement are a part of the agency's culture (Quality)
- How information flows from external sources and conversely, how information flows to external sources (External)
- Work atmosphere and the degree to which employees feel safe (Physical Environment)

Opportunities for Improvement

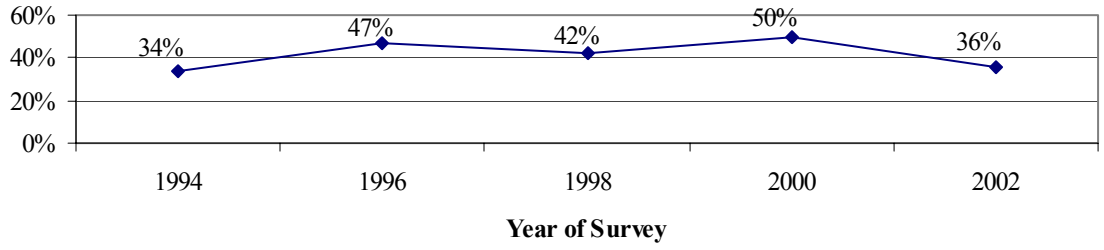
Employees expressed the least satisfaction with the following areas:

- Overall compensation package offered by the organization (Fair Pay)
- The flow of communication within the agency from the top-down, bottom-up and across divisions (Internal)
- The extent to which the agency supports cooperation among employees (Team Effectiveness)
- The extent to which supervisory relationships are a positive element of the agency (Supervisory Effectiveness)
- The capability and readiness to change based on new information and ideas (Change Oriented)

Improvement Initiatives

Response Rate. A hard-copy survey was distributed to all agency employees. In addition, the survey was also available via the University of Texas' website. Despite this initiative, the Commission's response rate this year was thirty-six percent, down from the fifty percent response rate to the survey conducted in 2000. The low rate may be due to any number of things, including recent organizational changes and anonymity concerns.

Commission Response Rate



Although the results of the 2002 survey improved from 2000, the Commission would like to increase the participation level of employees responding to the survey. Steps will be taken to ensure higher response rates to future surveys. These steps include the following:

- Provide additional "reminders" to employees via the agency's website and email to respond to the survey
- Provide additional information to employees regarding the importance of survey results

Training Initiatives. Several of the areas in which the Commission scored low relative to other concepts are areas that have also been identified through the Workforce Plan as gaps in the agency's human resource needs. To aid in bridging the gap between what

exists and what is needed for the future, several training strategies are being developed to prepare the organization and its staff for the demands of the future.

Commission staff did not score the agency's ability to accept and implement change high, yet significant changes are planned as the Business Process Improvement project and the initiatives resulting from House Bill 2600 are implemented. To aid staff in accepting and developing skills for handling change, the Commission recognizes that change management training and information is needed for all staff.

Additionally, to retain staff with technical expertise and to prepare for the loss of expertise through retirement and turnover, the Commission's supervisory and management training and development must be enhanced. Twenty-seven percent of the employees that responded to a question related to promotions indicated that they have received a promotion. This healthy number of promotional opportunities indicates the necessity of ensuring that the curriculum and cross-training developed for supervisors and managers include team building, effective communications, and employee development components.

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APPENDIX G

INFORMATION RESOURCES STRATEGIC PLAN

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INFORMATION RESOURCES STRATEGIC PLAN

OVERVIEW

The Texas Workers' Compensation Commission's (TWCC or Commission) FY 2003-2007 Information Resources Strategic Plan focuses on using appropriate technology to support and enable the improvement of business processes for the Commission staff and its external stakeholders in the workers' compensation system. Toward this end, the Commission has committed to replacing its core software system to provide new applications with a focus on data integrity. It is understood that technology alone is not the solution to business problems, but instead a tool to facilitate business efficiencies. With sound fiscal stewardship in mind, and through careful planning and analysis, the Commission will continue to develop automated business solutions. The technical solutions so developed will enable public access for stakeholders while providing privacy and security.

As the system is replaced with new business efficiencies and improvements over the next several years, one of the business challenges the Commission faces is the determination of the most cost beneficial ways to deal with document management. The Commission is required to retain workers' compensation claim information for 50 years, so the approach to claim content management will be of critical importance.

This Plan assumes that the present state of the Texas economy will drive all state agencies to further search for creative ways to use technology to solve business problems in the most fiscally responsible way. For instance, while carefully attempting to minimize negative impact on its activities, The Commission will scrutinize and stretch routine replacement timelines as needed. Consequently, some of the scheduled technology replacements may be postponed until the later years covered by this Plan.

Accomplishments

Collaboration. The Commission's Information Systems division has had significant successes over the last biennium (Fiscal Years 2000-2001). A number of those successes were the result of collaborations with other agencies, vendors, and groups of agencies. The Commission has continued to partner with Northrop Grumman at the West Texas Disaster Recovery and Operations Center for mainframe and disaster recovery services. In addition, the Commission entered into a Desktop Seat Management contract with Northrop Grumman as provided through a Department of Information Resource master contract.

Through careful research and rigorous cost benefit analysis, the Commission determined that it was in its best interest to enter into an interagency agreement with the Health and Human Services Network to manage the Commission's wide area network. In fiscal year 2001, the Commission entered into an agreement with Texas Online and KPMG to provide two applications to the public through the Internet: the Commission's Insurance Coverage Inquiry and the Attorney Fee Processing System.

The Commission has representatives who are actively participating in multi-agency committees involving security and disaster recovery. Further, the Information Systems division has representation on the Comptroller's IT Academy Advisory Committee, State Agency Coordinating Committee's IT subcommittee, West Texas Disaster Recovery and Operations Center Advisory Board, the DIR Security Advisory Group, the Health and Human Services Network Governing Board, and the Government Technology Conference Advisory Board. These various multi-agency workgroups provide a mechanism for collective, innovative problem solving.

The Commission will be pursuing technologies, which will allow enhanced collaboration within the agency and with all stakeholders (attorneys, insurance carriers, medical providers, injured workers). Specifically, Information Systems will be selecting the standard operating system, database and development environments, electronic mail system, and security technology that will provide optimal collaborative methods for participants in the system.

Best Practices

Over the last biennium and so far in FY02, the Commission's Information Systems division has improved its quality administration, contract management, and security processes. This effort has resulted in standard policies and procedures in several Information System areas. The Commission will continue to strive for excellence by improving operational best practices with a priority focus on security, privacy, business continuity and disaster recovery, availability, and response.

The next several years will be a time to use creative problem solving while building additional partnerships throughout government. The Commission's Information Systems division intends to continue to actively participate in multi-agency activities, which lead the state toward standard architectures and best practices. The Information Systems mission will be to provide the best technologies to meet the strategic direction and to improve business process throughout the Commission.

Major Initiatives

Business Process Improvement. The first phase of the Commission's Business Process Improvement (BPI), completed in September 2000, recommended a number of modifications to business processes and the replacement of the agency's legacy workers' compensation management information system (COMPASS). The Commission has evaluated how best to follow through on the recommendations, and has now formulated an incremental implementation plan. A new technology platform has been selected, and the Commission has determined which functions in COMPASS can be redeveloped in the new environment within this biennium with the available budget. The functions selected for this migration will provide high value, even while awaiting the migration of all functions to the target platform. The system migration has been divided into five individual tiers, supplemented by temporary interface "bridges" to the legacy platform

system until the final tier migration is completed. Each tier contains functions that are closely related to one another and are relatively independent of those that would remain in the legacy system. Consequently, the temporary interfaces to the legacy would not be overly onerous. However, expeditious progress through the migration of all the tiers will minimize costs on continued support of the legacy platform.

Tier One includes the participant, coverage and incident (claims) processes. This will deal with most of the human/system interaction and data entry, so cleaner data, improved efficiency, and user satisfaction should be enhanced. The project includes receiving workers' compensation insurance coverage data this biennium from insurance carriers through "trading partners" who act as proof-of-coverage data collection agents. This will eliminate the manual entry of the data by Commission staff, as well as ensure that insurance carriers do not need to duplicate submission of data. Participants, such as carriers, injured workers, employers, medical providers and Commission staff are tracked and certified through the Participant System. Incidents, which are equivalent to "claims" or "reports of injury," are logged and linked to carriers and tracked through delivery of benefits and final resolution such as return to work.

Teams are presently working on defining the detailed requirements for the various Tier One processes. Significant analysis has been done to determine the most appropriate combination of relational database management software and development tools.

The current plan for the breakdown of later tiers are as follows:

- Tier Two consists of replacing Dispute Resolution, Designated Doctor, and MMI/IR (TWCC 69) Processing Systems and various HB 2600 initiatives.
- Tier Three consists of a medical management system, web-enabled official actions processing, and claims processing components not addressed in Tier One.
- Tier Four consists of enforcement processing system, accounts receivable and reprographics system and automating most official actions.
- Tier Five consists of migration of the "Old Law" system to the new platform, health and safety applications processing, and minor components not yet migrated.

The future system support of an electronic claim file will be addressed during Tiers Three through Five.

HIPAA

Although workers' compensation was not specifically included in the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Commission understands that medical providers and insurance carriers are covered entities under that Act, and are required to comply with HIPAA. As the Commission regulates the exchange of data and information to and from medical providers and insurance carriers in the workers' compensation business, the Commission recognizes its indirect requirement to be HIPAA compliant, and would be remiss if this requirement was not addressed through the Business Process Improvement project and associated technologies.

GOALS, OBJECTIVES, STRATEGIES, AND PROGRAMS

The goals identified in both the Commission's Strategic Plan and the State Strategic Plan for Information Resources Management guided the articulation of the goals, objectives, and strategies for the Commission's Information Systems.

TWCC Agency Goals	Statewide IR Goals	TWCC IR Coordinated Goals
To promote safe and healthy workplaces To ensure the cost effective delivery of appropriate benefits To minimize and resolve disputes	Goal 1: Transformation of Government	Goal 1: TWCC will provide integrated government systems to its internal users through a user-friendly information resources system.
	Goal 2: Information Management Practices	Goal 2: TWCC will align new information technology with business processes and requirements applying IT "best practices" and DIR rules and guidelines.
	Goal 3: Stewardship of Information	Goal 3: TWCC will ensure that agency information is appropriately safeguarded against unauthorized use, disclosure, modification, damage or loss.
	Goal 4: Access and Participation	Goal 4: TWCC will provide appropriate "self-service" access to public information and services at times and locations that are appropriate to the customers.

Goal 1: TWCC will provide integrated government systems to its internal users through a user-friendly information resources system.

Objective 1.1: To provide near 100% reliability and availability of systems.

Strategy 1.1.1: Continue to outsource the management of the network to HHSCNet via an Interagency Cooperative Contract between state agencies.

Programs: All Agency Programs

Strategy 1.1.2: Continue to develop and implement capacity planning and management tools and procedures to accurately measure use of system resources and to assist in projecting and planning for systems upgrades.

Programs: All Agency Programs

Strategy 1.1.3: Provide redundancy of equipment and data to minimize downtime.

Programs: All Agency Programs

Strategy 1.1.4: Develop contract compliance and monitoring procedures at the time of any contract execution.

Programs: All Agency Programs

Strategy 1.1.5: Utilize performance reports to manage outsourced services to ensure service level agreements (SLA) are being met.

Programs: All Agency Programs

Strategy 1.1.6: Utilize best practices in user interface design to assure that Commission application systems are user friendly and as intuitive as possible.

Programs: All Agency Programs

Goal 2: TWCC will align new information technology with business processes and requirements applying IT "best practices" and DIR rules and guidelines.

Objective 2.1: To provide functional program areas and the public with efficient and effective information technology that meets current and changing business needs.

Strategy 2.1.1: Install a database development environment based upon a set of tools to develop and maintain the new database to meet the new business model's functional and technical requirements.

Programs: All Agency Programs

Strategy 2.1.2: Develop a new database with sound data that replaces the legacy database and supports the new data model and the application of the new business rules and procedures in preparation for the replacement of COMPASS.

Programs: Records, Regional Operations, Compliance & Practices, Business Process Improvement, Customer Services, Hearings, Medical Advisor, Workers' Health & Safety, and Medical Review

Strategy 2.1.3: Design, develop, and implement new application systems to replace the existing COMPASS system to support the reengineered business processes.

Programs: Records, Regional Operations, Compliance & Practices, Business Process Improvement, Customer Services, Hearings, Medical Advisor, Workers' Health & Safety, and Medical Review

Strategy 2.1.4: Apply electronic data collection, electronic document management, and workflow technologies to address HB 2511 goals for paperwork reduction.

Programs: All Agency Programs

Strategy 2.1.5: Consolidate and simplify existing forms to facilitate electronic data collection from paper documents in accordance with HB 2511

Programs: All Agency Programs

Objective 2.2: Utilize DIR rules and guidelines and IT "best practices" when adopting new technologies.

Strategy 2.2.1: Install standard applications that encapsulate industry "best practices" to support the enterprise-wide administrative business processes.

Programs: All Agency Programs

Strategy 2.2.2: Continue to review, revise and formalize the policies and practices in areas of Quality Assurance, PC Life Cycles, Procurement, Security, Disaster Recovery and Standards based on DIR rules and guidelines.

Programs: All Agency Programs

Goal 3: TWCC will ensure that agency information is appropriately safeguarded against unauthorized use, disclosure, modification, damage or loss.

Objective 3.1: To provide adequate security to appropriately protect the confidentiality of data, ensure data integrity, and maintain availability of the data and processing capability and capacity.

Strategy 3.1.1: Administer the information security program in accordance with the Texas Administrative Code 201.13(b).

Programs: All Agency Programs

Strategy 3.1.2: Develop processes, procedures, standards and guidelines to appropriately ensure data integrity, records retention, and recovery for all electronic records.

Programs: All Agency Programs

Strategy 3.1.3: Update and expand information security awareness program.

Programs: All Agency Programs

Strategy 3.1.4: Monitor technological advances in wireless, telecommuting, encryption, PDA technology, etc. for means to appropriately ensure confidentiality, integrity, and availability.

Programs: All Agency Programs

Strategy 3.1.5: Appropriately ensure compliance with HIPAA Standards & Privacy Policy.

Programs: All Agency Programs

Strategy 3.1.6: Continue to plan, research, develop, and implement changes in technology security relating to viruses, firewalls, etc.

Programs: All Agency Programs

Goal 4: TWCC will provide appropriate "self-service" access to public information and services at times and locations that are appropriate to the customers.

Objective 4.1: Deliver services directly to the public through a single point of entry using appropriate technology.

Strategy 4.1.1: Utilize the Texas Online state portal as a vehicle to make processes available to specific system participants.

Programs: All Agency Programs

Strategy 4.1.2: Communicate with customers using a variety of appropriate technologies including, but not limited to e-mail, automated call centers, and self-service applications that appropriately ensure the privacy of the customers are protected.

Programs: All Agency Programs

Strategy 4.1.3: Provide point-to-point interactive videoconferencing between TWCC offices.

Programs: All Agency Programs

DATABASES AND APPLICATIONS

Agency Databases

CATEGORY	DATABASE SPECIFICATIONS
Database Name	**Claims and Coverage**
Description	Maintains information about workers' compensation claims and the injured workers for injuries occurring since 1/1/91. It also maintains information about Texas employers, their workers' compensation insurance policies, and the related insurance carriers.
Type	ADABAS
Size	20 GB Growth: 4GB per year
GIS	N/A
Sharing	Research and Oversight Council on Workers' Compensation has online access to the data.
Future	This is currently in scope for the Business Process Improvement Project, to be restructured and ported to a relational database. It is planned in the future to provide improved access to the data while appropriately ensuring confidentiality, integrity, and availability.
Database Name	**Violation Tracking**
Description	Maintains information about the compliance of the employers, employees, carriers, medical providers, and other system participants with the requirements of the Texas Workers' Compensation Act and agency rules.
Type	ADABAS
Size	.5 GB Growth: .1 GB per year
GIS	N/A
Sharing	Research and Oversight Council on Workers' Compensation has online access to the data.
Future	This is currently in scope for the Business Process Improvement Project, to be restructured and ported to a relational database. It is planned in the future to provide improved access to the data while appropriately ensuring confidentiality, integrity, and availability for all participants.
Database Name	**Medical**
Description	Maintains information about medical bills submitted for workers' compensation claims in which medical treatment has been provided.
Type	ADABAS
Size	22 GB Growth: 5 GB per year
GIS	N/A

CATEGORY	DATABASE SPECIFICATIONS
Sharing	Research and Oversight Council on Workers' Compensation has online access to the data.
Future	This is currently in scope for the Business Process Improvement Project, to be restructured and ported to a relational database. It is planned in the future to provide improved access to the data while appropriately ensuring confidentiality, integrity, and availability for all participants. The redesign will also include HB 2600 requirements, HIPAA data set and privacy requirements.
Database Name	**Automated Letters**
Description	Maintains information previously sent to injured workers, their beneficiaries, employers, insurance carriers, and medical providers based on the Commission forms submitted.
Type	ADABAS
Size	1.5 GB Growth: .5 GB per year
GIS	N/A
Sharing	N/A
Future	This is currently in scope for the Business Process Improvement Project, to be restructured and ported to a relational database. It is planned in the future to migrate to electronic communication while appropriately ensuring confidentiality, integrity, and availability for all participants. The redesign will also include HB 2600 requirements, HIPAA data set and privacy requirements.
Database Name	**Old Law Claims and Coverage**
Description	Maintains information about workers' compensation claims and the injured workers for injuries that occurred before 1/1/1991. It also maintains information about Texas employers, and their workers' compensation insurance policies, and the related insurance carriers for Old Law claims.
Type	ADABAS
Size	2.3 GB Growth: .1 GB per year
GIS	N/A
Sharing	Research and Oversight Council on Workers' Compensation has online access to the data.
Future	This is currently in scope for the Business Process Improvement Project, to be restructured and ported to a relational database. It is planned in the future to provide improved access to the data while appropriately ensuring confidentiality, integrity, and availability.

CATEGORY	DATABASE SPECIFICATIONS
Database Name	**Dispute Resolution Information System**
Description	Maintains information about disputed claims, the issues in dispute, the parties to the dispute, and the proceedings to resolve the dispute.
Type	ADABAS
Size	11 GB Growth: 2 GB per year
GIS	N/A
Sharing	Research and Oversight Council on Workers' Compensation has online access to the data.
Future	This is currently in scope for the Business Process Improvement Project, to be restructured and ported to a relational database. It is planned in the future to provide improved access to the data while appropriately ensuring confidentiality, integrity, and availability for all participants.
Database Name	**Accounts Receivable**
Description	Tracks bills for services rendered by the agency to external parties including employers, carriers, attorneys, and the general public.
Type	ADABAS
Size	.6 GB Growth: minimal
GIS	N/A
Sharing	N/A
Future	This is currently in scope for the BPI project, to be replaced with either an internal application or a commercial accounting system.
Database Name	**Attorney Fee Processing**
Description	Database for tracking and approval of attorneys fee during the claim life cycle.
Type	ADABAS
Size	2.5 GB Growth: .5 GB per year
GIS	N/A
Sharing	Research and Oversight Council on Workers' Compensation has online access to the data.
Future	This is currently in scope for the Business Process Improvement Project, to be restructured and ported to a relational database. It is planned in the future to provide improved access to the data while ensuring confidentiality, integrity, and availability for all participants.

CATEGORY	DATABASE SPECIFICATIONS
Database Name	**Electronic Data Interchange**
Description	Maintains information on Commission trading partners and EDI activity.
Type	ADABAS
Size	3 GB Growth: .4 GB per year
GIS	N/A
Sharing	N/A
Future	Initiatives within the workers' compensation industry may necessitate the implementation of the International Association of Industrial Accident Boards and Commissions' (IAIABC) EDI First Report and Subsequent Report Release II standard, EDI Proof of Coverage, and transition from the Commission's proprietary Medical Billing specification to the EDI ANSI 837 Transaction. This is currently in scope for the Business Process Improvement Project, to be restructured and ported to a relational database. It is planned in the future to provide improved access to the data while ensuring confidentiality, integrity, and availability for all participants. The redesign will also include HB 2600 requirements, HIPAA data set and privacy requirements. It is also planned to increase the number of EDI submissions via Internet FTP.

Agency Applications

CATEGORY	APPLICATION SPECIFICATIONS
Application Name	**COMPASS Claims Administration**
Description	COMPASS establishes and maintains the claim master file for each notice of injury submitted for workers' compensation injuries or illnesses falling under the jurisdiction of the "New Law," which covers dates of injury on and after January 1, 1991. All claim-related information is initially recorded and subsequently maintained through of the claims administration process. Major functions that coordinate with the claims administration process include: • Processing and verification of the Notice of Injury Verification of coverage or non-coverage • Claim inquiry current status and historical information • Monitoring of medical treatments and charges
Type	Mainframe
Database System	ADABAS
Programming Language	NATURAL
Sharing	N/A
Future	This is currently in scope for one of the phases of the Business Process Improvement project. It is the intent of the agency to move toward a browser-based user interface that is easier for the users to learn and understand, along with a move toward object-oriented programming and a relational database system. Plans include improved access to the data, with appropriate confidentiality, integrity, and availability for participants.
Application Name	**Accounts Receivable Billing System**
Description	The Accounts Receivable System is the repository for billings and payments made to the Commission for services such as the sale of reprographics documents, revenue from open records requests, and payments of violations issued via the Violations Tracking System. The system interfaces nightly with Violations Tracking to accept information for generating violation-related invoices, as well as passing back information regarding payments received.
Type	Mainframe
Database System	ADABAS
Programming Language	NATURAL
Sharing	N/A

CATEGORY	APPLICATION SPECIFICATIONS
Future	It is the intent of the agency to move toward a browser-based user interface that is easier for the users to learn and understand, along with a move toward object-oriented programming and a relational database system. Plans include improved access to the data, with appropriate confidentiality, integrity, and availability for participants.
Application Type	**Violation Tracking**
Description	The Violation Tracking System processes the monitoring and enforcement functions that support the claims administration processes. The system accepts various violation information and interfaces nightly with the Accounts Receivable System to issue invoices for the identified violations. The Accounts Payable System returns information regarding violation-related invoices for which payment has been received.
Type	Mainframe
Database System	ADABAS
Programming Language	NATURAL
Sharing	N/A
Future	This is currently in scope for one of the phases of the Business Process Improvement project. It is the intent of the agency to move toward a browser-based user interface that is easier for the users to learn and understand, along with a move toward object-oriented programming and a relational database system. Plans include improved access to the data, with appropriate confidentiality, integrity, and availability for participants.
Application Name	**Spinal Surgery Recommendation Automation System**
Description	The Spinal Surgery Recommendation Automation System maintains the spinal surgery approved doctor list and processes the requests for a spinal surgery second opinion. The system accesses the information established by COMPASS and provides the functions of tracking the claimant's spinal surgery recommendation history, selecting the doctors for the surgery recommendations, producing the statistical reports, and screening the doctors' eligibility to provide the second opinions.
Type	Mainframe
Database System	ADABAS
Programming Language	NATURAL
Sharing	N/A

CATEGORY	APPLICATION SPECIFICATIONS
Future	The program is being discontinued. The process was eliminated through HB 2600 Legislation.
Application Name	**Attorney Fee Processing and Information System (AFPS)**
Description	This system assists field office staff in fulfilling their duties concerning reviewing, approving, and processing forms TWCC-152, Application for Attorney Fees, submitted by attorneys representing claimants and carriers before the Commission. The system provides functions to track all requests submitted for a unique claim and for an individual attorney. All items requested are checked to ensure that they are within established guidelines and that they have not been previously requested. The system also produces the "Order for Attorney Fee" for all approved requests and various management reports.
Type	Mainframe
Database System	ADABAS
Programming Language	NATURAL
Sharing	Texas Online filing of requests
Future	This is currently in scope for one of the phases of the Business Process Improvement project. It is the intent of the agency to move toward a browser-based user interface that is easier for the users to learn and understand, along with a move toward object-oriented programming and a relational database system. Plans include improved access to the data, with appropriate confidentiality, integrity, and availability for participants.
Application Name	**Dispute Resolution Information System (DRIS)**
Description	DRIS tracks the dispute resolution activities from dispute through the judicial review trial process. Major functions of the system include: • logging of contacts with various parties • pre-BRC activities • review and maintenance of proceedings: BRC, CCH, Appeals and Judicial Review o Ombudsman Assistance o primary and other parties identification and maintenance o issue identification and resolution o tracking of proceeding outcome o scheduling and production of set notices, cancellation and appeals related letters o office and officer docket reports o quality assurance reporting

CATEGORY	APPLICATION SPECIFICATIONS
	• performance measure reporting • MDRIS - medical dispute resolution system • major scheduling piece for docketing • APA and SOAH Tracking
Type	Mainframe
Database System	ADABAS
Programming Language	NATURAL
Sharing	N/A
Future	This is currently in scope for one of the phases of the Business Process Improvement project. It is the intent of the agency to move toward a browser-based user interface that is easier for the users to learn and understand, along with a move toward object-oriented programming and a relational database system. Plans include improved access to the data, with appropriate confidentiality, integrity, and availability for participants.
Application Name	**Old Law**
Description	The Old Law System establishes and maintains the claim master file for each notice of injury submitted for workers' compensation injuries prior to January 1, 1991.
Type	Mainframe
Database System	ADABAS
Programming Language	NATURAL
Sharing	N/A
Future	This is currently in scope for one of the phases of the Business Process Improvement project. It is the intent of the agency to move toward a browser-based user interface that is easier for the users to learn and understand, along with a move toward object-oriented programming and a relational database system.
Application Type	**Electronic Data Interchange**
Description	Manages, receives, posts and acknowledges reports filed electronically with the Commission.
Type	Mainframe
Database System	ADABAS
Programming Language	NATURAL
Sharing	N/A
Future	Initiatives within the workers' compensation industry may necessitate the implementation of the International Association of Industrial Accident Boards and Commissions' (IAIABC) EDI First Report and Subsequent Report Release II standard, EDI

CATEGORY	APPLICATION SPECIFICATIONS
	Proof of Coverage, and transition from the Commission's proprietary Medical Billing specification to the EDI ANSI 837 Transaction. This is currently in scope for one of the phases of the Business Process Improvement project. It is the intent of the agency to move toward a browser-based user interface that is easier for the users to learn and understand, along with a move toward object-oriented programming and a relational database system. Plans include improved access to the data, with appropriate confidentiality, integrity, and availability for participants. The redesign will also include HB 2600 requirements, HIPAA data set and privacy requirements. It is also planned to increase the number of EDI submissions via Internet FTP.
Application Name	**Supplemental Income Benefits**
Description	This system assists field office staff in fulfilling their duties concerning notification, reviewing, and processing initial quarter SIBs determinations. The system provides automated letters to notify injured workers about SIBs benefits, initial determinations and employment status reviews. The system provides automated calculations for determining initial quarter SIBs payments and dates for subsequent quarters. Functions are available for tracking information related to the initial determination including availability of various management reports.
Database System	ADABAS
Type	Mainframe
Programming Language	NATURAL
Sharing	N/A
Future	This is currently in scope for one of the phases of the Business Process Improvement project. It is the intent of the agency to move toward a browser-based user interface that is easier for the users to learn and understand, along with a move toward object-oriented programming and a relational database system. Plans include improved access to the data, with appropriate confidentiality, integrity, and availability for participants.
Application Name	**VENICE**
Description	Supports the agency purchasing functions.
Type	LAN
Database System	SQL Server
Programming Language	Proprietary
Sharing	N/A

CATEGORY	APPLICATION SPECIFICATIONS
Future	No enhancements planned. Will be considered for Enterprise Resource Planning (ERP) system.
Application Name	**NPS Pro Accounting System**
Description	This system supports agency financial management functions and is available on the LAN.
Type	LAN
Database System	SQL Server
Programming Language	Proprietary
Sharing	N/A
Future	Reviewing the cost and functional benefits of upgrading or changing to another system. Future actions will be determined by the results of the study. Will be considered for Enterprise Resource Planning (ERP) system.
Application Name	**ABRA 2000**
Description	This is the agency's applicant tracking system used in Human Resources. Maintains and collects information regarding agency employees for payroll and Human Resources management.
Type	LAN
Database System	SQL Server
Programming Language	Proprietary
Sharing	N/A
Future	No enhancements planned. Will be considered for Enterprise Resource Planning (ERP) system.
Application Name	**Registrar**
Description	Training, course completion certificate information, and CEU credits are tracked on this automated registration system.
Type	LAN
Database System	SQL Server
Programming Language	Proprietary
Sharing	N/A
Future	No enhancements planned.
Application Name	**Remedy**
Description	Provides help desk call tracking, inventory management, and change management tracking.
Type	LAN
Database System	SQL Server
Programming Language	Proprietary
Sharing	N/A

CATEGORY	APPLICATION SPECIFICATIONS
Future	No enhancements planned.
Application Name	**LDCS**
Description	This is a federally funded system for the OSHCON program. It was installed and is supported by the Federal OSHCON program.
Type	Informix
Database System	UNIX
Programming Language	Proprietary
Sharing	Federal OSHCON program
Future	No enhancements planned.

INFORMATION RESOURCES MANAGEMENT ORGANIZATIONS, POLICIES, AND PRACTICES

The Commission is committed to adhering to policies and procedures that have been identified as best practices for Texas state agencies. The director of Information Systems (Information Resource Manager) oversees the information resources planning activities related to the strategies, goals, objectives, resources, and budget required to support the Commission's mission and goals.

The Commission's Information Systems (IS) division is structured into five separate functional areas reporting to the IS director. The functional areas are Security, Systems Application Management, Infrastructure Management, End User Support, and Operational Support. The IS director reports to the Deputy Executive Director for Finance and Administration, who in turn reports to the Executive Director.

External to IS, a BPI team exists to lead that effort and to work closely with the IS division and all divisions. The BPI Project Team's mission is to support the agency's business areas in the development of business requirements and create more efficient and effective processes within the workers' compensation system.

Priorities

In order to assure that priority setting for information resources projects occurs with an agency-wide perspective, the Commission is revising its official priority-setting internal procedure. The new procedure provides for a staff-level project proposal review committee and an executive-level steering committee. Project requests originate in the business units of the agency and are aired in a broadly-staffed review committee which identifies "downstream" impacts that may be unknown to the requestor. After a report from the review committee, the project sponsor presents the request to the executive steering committee for a request for prioritization. Should a business unit request significant scope changes to an already approved and prioritized project, the director of the business unit will present the change request before the executive steering committee.

Planning Methodology

The Information Resources Manager and staff maintain frequent contact with agency business units. Projects are created or their scope changed in response to formal requests from the business unit directors. The executive steering committee prioritizes projects, recommends funding approaches, and determines what projects should go forward for appropriation and capital budget support.

Business unit directors designate subject matter experts as spokespersons on their projects. General impacts are evaluated by staff from all business units that share data or systems. Information Systems staff participates in the analysis of business requirements and collaborates on design components with end users, most particularly on externals such as screens and reports.

The agency has been using its formalized "Business Process Development Guide" for methodology guidance for a number of years, and is now looking forward to reviewing new processes with the help of object-oriented analysis and development contractors on the Business Process Improvement project.

Quality Assurance

In May 2000, the agency participated in a Capability Maturity Model (CMM®) Gap Assessment. The assessment was conducted to review internal practices and compare them to the CMM Level 2 key processes. With the identification of Level 2 key process weaknesses, the agency gained a "road map" for subsequent improvements to its development processes. The agency has identified areas needing improvement, has hired personnel necessary to effect such improvements, and has begun the activities needed to improve quality processes.

The focus in the Quality Improvement Plan is to achieve business success and continual improvement of Information Systems performance to sustain customer satisfaction. The Quality Improvement Plan establishes a standard approach regarding quality assurance that covers both general and project-specific quality assurance activities. System development policies and procedures are in use, and IS quality-related processes and procedures are routinely reviewed. Change management policies and procedures have been documented and implemented. The Change Management Review Committee meets on a weekly basis to screen upcoming changes that could impact productivity. The quality processes are built upon the foundation of a generally accepted Systems Development Life Cycle methodology with IEEE-1074 and DIR guidelines for internal quality assurance.

Each quarter, the Commission is required to provide the Quality Assurance Team (members from the Legislative Budget Board and State Auditor's Office) with a QAT Monitoring report for the BPI project. This report includes cost tracking mechanisms, project timelines, milestone tracking, risk management factors and mitigation strategies,

and change control management details. The project's risk assessment and mitigation strategies are also continuously monitored and updated through the BPI Project Development Plan.

Personal Computer Replacement Schedule

In 2001, the Commission entered into a Desktop Seat Management (DSM) contract that consists of personal computer services, hardware support, software support, and LAN administration services. These services augment internal Commission technical resources. During the analysis prior to pursuing a DSM contract, it was determined that the Help Desk function would remain in-house, because it was not cost effective to outsource these operations.

Prior to the acquisition of the seat management contract, the Commission prepared an analysis comparing in-house versus contracted desktop seat management. The result clearly supported the acquisition alternative that the Commission adopted. To streamline the acquisition process, the Commission solicited estimates from vendors selected by the Department of Information Resources (DIR). The following acquisition alternatives were explored: contract workforce at hourly rate and by function; adding internal staff to support field operations and equipment rollout; and Desktop Seat Management (DSM) as provided by a DIR master contract.

At the time the Desktop Seat Management was explored, there were no collaborative statewide efforts. However, the Commission's use of the DIR contracts and survey of other agencies provided valuable information on which to base negotiations. The contract was signed on March 12, 2001, and PCs and laptops were installed using a phased installation schedule. In developing the contract, the Commission has followed the DIR PC Life Cycle Guidelines, performing activities such as assessment of end users' business needs, cost benefit analysis, and planning replacement procedures. The Commission will reevaluate the DSM contract for continued cost effectiveness each year.

Procurement

The Commission follows the purchasing requirements provided by the Texas Building and Procurement Commission (TBPC) and DIR regarding contracting for services, products or consulting services. All major procurements are preceded by a cost benefits analysis that includes the comparison of in-house versus outsourcing alternatives. Further, any contracts that exceed $50,000 must be reviewed and approved by the agency's Source Select Review Board, which reviews and approves the contracting process. Contracts are reviewed annually and documented to ensure cost-benefit assumptions are being met.

The Commission's IS division has an Information Systems contract manager who has oversight responsibility for information technology contract acquisition, administration, monitoring and technical compliance management. As part of the IS division's contract monitoring and administration process, IS uses a contract compliance manual for

reviewing and evaluating pre- and post-installation projects. The Information Systems staff works closely to identify potential service level agreement issues through a monthly contract status report. This report enables IS to gather adequate evidence to either demonstrate significant compliance to any oversight entity or to justify corrective action with the vendor, including legal recourse.

Disaster Recovery

The Commission currently maintains a Disaster Recovery Plan (DRP) for its automated mainframe systems. Priorities for disaster recovery were based upon a business impact analysis. The Commission's mainframe data center operations are located at the West Texas Disaster Recovery and Operations Center (WTDROC) in San Angelo. Northrop Grumman provides all disaster recovery services for the mainframe data center. The hot site for these services is located in Dallas, with 100% of the application systems to be available within 48 hours of a disaster. The contract also provides for disaster recovery testing each year. Network and telecom backup tapes are being created on a regular schedule and stored at an offsite facility. In addition to these efforts, the agency is working to incorporate other automated platforms and agency networks into the DRP.

Data Center Operations

The Commission is continuing to partner with the West Texas Disaster Recovery and Operations Center (WTDROC) for its mainframe computer operations. As the Commission plans its transition to other computing environments, the agency is maintaining discussions with Northrop Grumman to keep WTDROC options available to the agency.

Standards

The Commission reviews DIR standards and guidelines for information resources before adopting new technologies in areas such as network management and telecommunications. This ensures continued support of the current technology and necessary interoperation and connectivity among state agencies.

The Commission's Core Technology Architecture standards document, which is currently under development, is a written plan that encompasses such topics as Enterprise Network Architecture, Operating Systems, Relational Database Management System (RDBMS), Hardware Architecture, Remote/Dial-in/Dial-out, Office Suites, Groupware, Enterprise System Management, and Reliability and Fault Tolerance. This plan is consistent with the Architecture Framework for Information Resources Management (AFIRM) guidelines published by DIR. The agency recently implemented standard agency packages for office productivity software, workstations, and printers.

Conclusion

In order to realize additional financial savings, the Commission will continue to consider the alternatives of collaborative efforts with other state agencies or the use of already developed systems and tools from other entities during the planning of each information resource project. The Information Systems management philosophy includes tapping into the knowledge base of both state agency and vendor partners to determine the best approach to solving challenging information technology issues.

The Commission's information systems continue to be driven by the requirements that drive the very existence of the agency—serving the information needs for all participants in the workers' compensation system. Every effort taken on development and operation of information resources at the Commission is designed to make the workers' compensation system operate more effectively and efficiently for the system participants and for all Texans.