

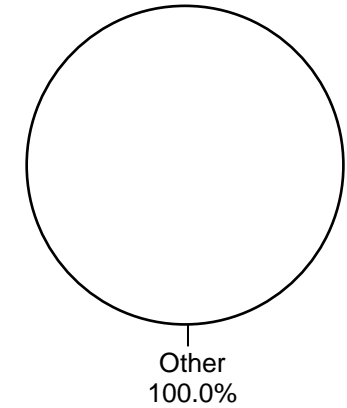
**Workers' Compensation Payments
Summary of Recommendations - Senate**

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Method of Financing	2010-11 Appropriations	2010-11 Base	2012-13 Recommended	Biennial Change	% Change
General Revenue Funds	\$0	\$0	\$0	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	\$0	0.0%
Other	\$98,135,500	\$90,242,322	\$96,242,322	\$6,000,000	6.6%
All Funds	\$98,135,500	\$90,242,322	\$96,242,322	\$6,000,000	6.6%

RECOMMENDED FUNDING
BY METHOD OF FINANCING



	FY 2011 Appropriations	FY 2011 Budgeted	FY 2013 Recommended	Biennial Change	% Change
FTEs	0.0	0.0	0.0	0.0	0.0%

The bill pattern for this agency (2012-13 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2012-13 biennium.

Workers' Compensation Payments

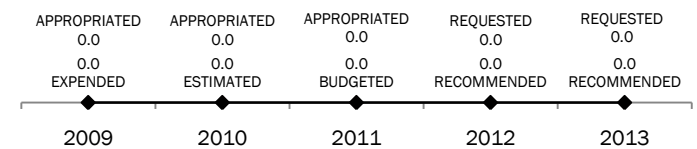
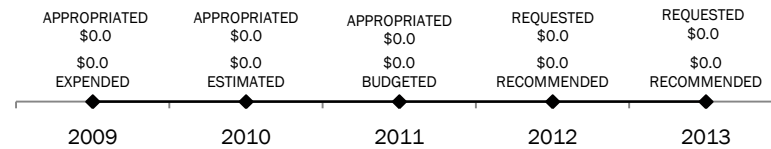
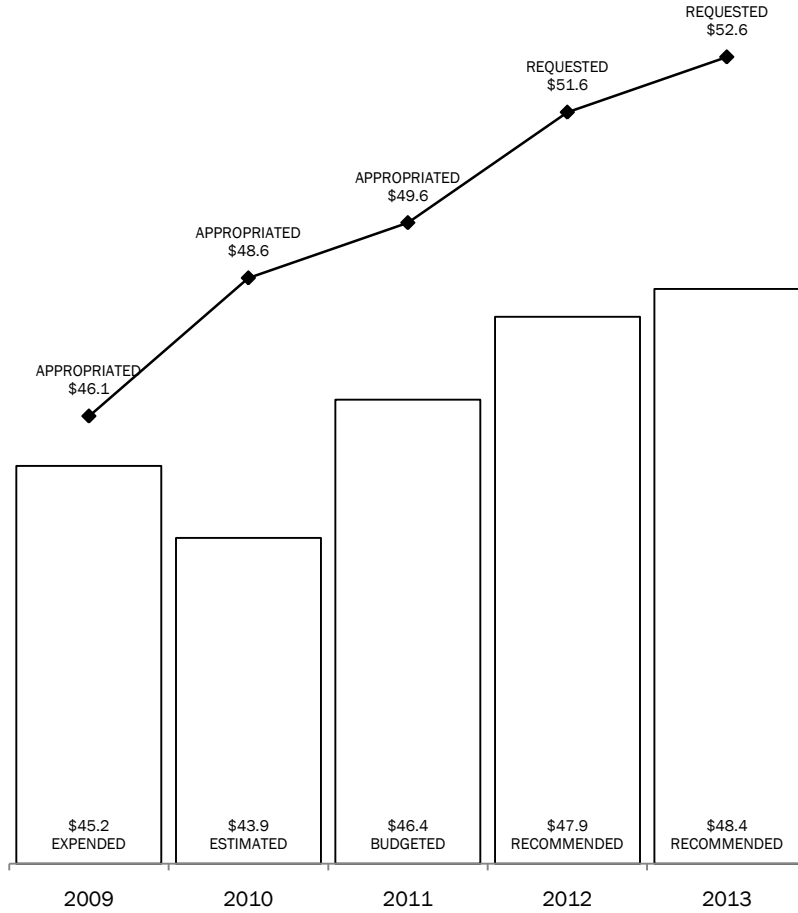
2012-2013 BIENNIUM
IN MILLIONS

TOTAL= \$96.3 MILLION

ALL FUNDS

**GENERAL REVENUE AND
GENERAL REVENUE-DEDICATED FUNDS**

FULL-TIME-EQUIVALENT POSITIONS



Workers' Compensation Payments
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
WORKERS' COMPENSATION PAYMENTS A.1.1	\$90,242,322	\$96,242,322	\$6,000,000	6.6%	Workers' Compensation Payments pay for medical expenses and compensation indemnity payments to injured state workers. Recommendations provide primarily for payments for medical expenses (\$56.0 million) and compensation indemnity payments (\$34.2 million) and allow for an increase in the medical fee schedule and average weekly wage (\$2.0 million) and an increase due to restrictions put on informal networks (\$4.0 million).
Total, Goal A, WORKERS' COMPENSATION PAYMENTS	\$90,242,322	\$96,242,322	\$6,000,000	6.6%	
Grand Total, All Strategies	\$90,242,322	\$96,242,322	\$6,000,000	6.6%	

**Workers' Compensation Payments
Selected Fiscal and Policy Issues**

Fiscal Implications of LBB Recommendations:

1. **House Bill 473, 80th Legislature, Regular Session.** House Bill 473, 80th Legislature, Regular Session, puts restrictions on informal networks resulting in the elimination of SORM's ability to accept discounts for Preferred Provider Organization (PPO) and Pharmacy Benefit Manager (PBM). As of January 1, 2011, SORM is no longer able to accept discounted fees for medical services through informal or voluntary networks for PPOs. Based on an emergency ruling by the Texas Department of Insurance, Division of Workers' Compensation, the ability to accept PBM discounts has been extended for a maximum of 180 days beyond January 1, 2011.

SORM currently contracts with a vendor that provides access to a voluntary PPO providing approximately \$2.0 million in annual savings to the state through contractual discounts. SORM also contracts with a PBM providing approximately \$1.0 million in negotiated annual savings to the state. The loss of these savings would result in an increase in assessments to state agencies of approximately \$6.0 million per biennium or a 6.8 percent increase above 2010-11 levels.

Statutory Changes Required to Implement LBB Recommendations:

1. **None.**

**Workers' Compensation Payments
Performance Review and Policy Report Highlights**

Reports & Recommendations	GEER Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Is included in the Introduced Bill	Action Required During Session
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None.

NO RELATED RECOMMENDATIONS

**Workers' Compensation Payments
Items not Included in the Recommendations**

2012-13 Biennial Total	
GR & GR- Dedicated	All Funds
\$ -	\$ -
\$ -	\$ -

1. None.

Total, Items Not Included in the Recommendations