

Federal Employees Compensation Act (FECA) Program Effectiveness Study

Developed for:

Office of Workers' Compensation Programs (OWCP)
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ICF Consulting
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Chapter 1: Introduction

The Federal Employees' Compensation Act (FECA) provides workers' compensation coverage to three million Federal and postal workers around the world for employment-related injuries and occupational diseases. Benefits include wage replacement, payment for medical care, compensation for loss of a member or loss of use of a member or organ of the body, and, where necessary, medical and Vocational Rehabilitation assistance in returning to work.

The Office of Workers' Compensation Programs (OWCP) oversees the FECA program. In the fall of 2002, OWCP sought contract support to evaluate the FECA program in order to assess its effectiveness and to develop recommendations for improvement. As noted by the Office of Management and Budget (OMB) Program Assessment Rating Tool (PART) review of the FECA program in the fall of 2002, "independent and quality evaluations of this program" to assess its effectiveness and achievement of results had been undertaken to a "small extent." The evaluations cited by OMB, conducted internally and externally, included OWCP's recent customer satisfaction surveys, three General Accounting Office (GAO) reviews, and a review by the Department of Labor (DOL) Office of the Inspector General (OIG). Each of these efforts was narrow in scope, addressing only specific aspects of the FECA program. As a result, the Employment Standards Administration (ESA) required that this evaluation address the overarching issues of FECA design and strategic goals, review the performance of program initiatives, and provide state, other Federal, and private industry benchmarks and best practices against which to assess program performance. To this end, OWCP hired ICF Consulting to assist with the program evaluation.

Purpose of the Study

To meet the objectives set forth by OWCP, ICF Consulting designed a program evaluation approach to appraise the following:

- The appropriateness of the FECA program design in relation to the mission, and appropriateness of the strategic goals to further that mission;
- The success (or likelihood of success) of resources invested and strategies employed to achieve program results;
- The adequacy of systems/approaches for identifying program priorities and issues and correcting program deficiencies;
- The adequacy of performance measurement systems and controls to ensure data validity, reliability, accuracy, and consistency; and
- The potential application of industry promising practices to OWCP programs.

In order to narrow the scope of this study, ICF drafted a preliminary list of research questions, which was presented to the OWCP staff. Based on subsequent discussions regarding program priorities, program challenges, and OWCP administrative data, as well as a review of key program documents (e.g., program regulations and procedures, Government Performance and Results Act (GPRA) performance goals, OMB PART rating, previous GAO evaluations, etc.), these questions were revised and are presented below in Exhibit 1.1.

As Exhibit 1.1 suggests, this evaluation focused on two primary FECA program components: the wage loss compensation process and disability management. The following definitions were used for the purposes of this study:

- *Wage loss compensation* refers to the process of compensating injured workers' for the loss of earnings resulting from an injury on the job. FECA compensation payments begin after medical evidence demonstrates that the injured employee cannot perform the duties of his or her regular job and (for traumatic injuries) the 45-day Continuation of Pay (COP) period ends.
- *Disability management* refers to OWCP's approach to managing all claims involving a disability that exceeds two weeks without a return to work, and all claims involving a return to work in a continued restricted capacity, to ensure appropriate rehabilitation of employees and to expedite returns to work. FECA's disability management approach includes COP nurse intervention, Quality Case Management (QCM), Vocational Rehabilitation, and Periodic Roll Management (PRM).

Exhibit 1.1: Evaluation Research Questions

Issue/Area	Research Question
Program Outcomes/ Effectiveness	<p>Which program strategic goals, operational goals, and outputs are associated with the areas of study (wage loss compensation and disability management/return to work)? Are they appropriate to the mission?</p> <p>Which FECA operational areas comprise the focus of the study and what are their component processes? Is this program design appropriate?</p> <ul style="list-style-type: none"> • Does the program demonstrate appropriate, accurate, and timely benefit payment? • Do employees receive appropriate wage loss compensation for injury through the provision of Continuation of Pay and benefit payments? • Are wage loss compensation payments issued timely following receipt of a claim by OWCP? • Does the program return Federal employees to suitable work as early as feasible through Quality Case Management, Vocation Rehabilitation, and the Periodic Roll Management processes? • Does the program effectively rehabilitate permanently disabled employees? <p>Does the program minimize inappropriate receipt of continuous benefit payments and fraudulent claims?</p>
Program Design and Management	<p>How well do wage loss compensation and disability management processes work? Can they be strengthened?</p> <ul style="list-style-type: none"> • Are strategic goals tied to performance data and appropriate to mission? <p>Are systems in places to monitor and evaluate program procedures (with regard to wage loss compensation and disability management)? Are they adequate?</p> <ul style="list-style-type: none"> • Can the program identify and address program deficiencies in a timely manner?

Exhibit 1.1: Evaluation Research Questions

Issue/Area	Research Question
Program Design and Management	<p>Are systems in place to monitor and evaluate staff performance, including contractor performance? Are they adequate?</p> <ul style="list-style-type: none"> • Is staff held accountable for performance results? • Is training and technical assistance (TA) provided? • Are appropriate controls in place to ensure data integrity and reliability?
Prioritization of Resources	<p>How effectively are resources allocated to meet program goals?</p> <ul style="list-style-type: none"> • What is the cost effectiveness of the FECA program over time? • What is the cost effectiveness of the FECA program compared to other workers' compensation programs?
Stakeholder Perspectives/ Satisfaction	<p>How does OWCP staff (Headquarters and District Office) view FECA program/ performance?</p> <p>What do staff view as the main factors contributing to or hindering program performance?</p> <p>Are claimants satisfied with the FECA program?</p> <ul style="list-style-type: none"> • Accuracy and timeliness of benefit payments • Rehabilitation/return to work services • Interactions with OWCP staff, including contract staff (e.g., person was knowledgeable, courteousness, etc.) <p>Are employing agencies satisfied with the FECA program?</p> <ul style="list-style-type: none"> • Timeliness and accuracy of benefit payments • Rehabilitation/return to work (with regard to wage loss compensation and disability management) • Interactions with OWCP staff
Industry Promising Practices/ Benchmarking	<p>Are other programs using innovative/promising techniques that are applicable to FECA?</p> <ul style="list-style-type: none"> • Accurate and timely benefits payment • Rehabilitation • Return to work incentives • Cost-effectiveness <p>Are promising practices used within OWCP District Offices?</p>

Methodology

The methodology to explore the research questions presented in Exhibit 1.1 is detailed in the following subsection. Given the broad mandate and the intricacies of FECA, ICF designed the approach to capture not only key performance outcomes, but also the complexity of the program and the context within which it operates nationally and regionally. Other influences on evaluation design and methodology included the program budget, timing, an initial assessment of available data, and the desire on the part of all parties to make this a participatory evaluation process. Thus, at the outset, a flexible methodological approach was

adopted, combining elements of both outcome and process evaluation techniques in an initial research design that would: (1) help develop a shared understanding of the program and how it has affected claimants, beneficiaries, employing agencies, other stakeholders such as unions, and the OWCP administration over time; and (2) show the key ways in which internal processes and conditions and external factors have influenced program outcomes.

Evaluation Challenges

Three principal challenges emerged, given the time and budget constraints of the evaluation. First, gaining a thorough and accurate understanding of the program and the factors influencing its operation was necessary in order to refine the evaluation design. This understanding included language and measures unique to the FECA program.¹ In addition, factors over which FECA has little or no control (such as agency timeliness in reporting injuries) and elements of the program most central to this assessment of its effectiveness had to be identified.

Second, the focus of the FECA program has evolved from basic adjudication and benefit payment toward provision of comprehensive case management and Vocational Rehabilitation. Thus, identifying measures used consistently throughout the period of review and obtaining appropriate data to document the effectiveness of this shift was complicated. The difficulty was compounded by the partial implementation of specific interventions from pilot tests to full rollout. For example, Quality Case Management was tested in selected District Offices as early as 1993, with QCM programs and units incrementally added by District Offices over the subsequent three years. In addition, the District Offices have had significant flexibility in how they establish QCM processes and organize QCM units. Thus, the contribution of QCM to changes in performance measures could not reliably or precisely be identified and tracked across time relying on quantitative measures alone.

Third, although OWCP has developed numerous measures to monitor FECA program performance, the measures and any underlying data are maintained in a number of separate data bases that track discrete programmatic treatments, outcomes, and decisions relative to cases filed and adjudicated over time. Ideally, disaggregation to the case level, and observation of outcomes by case over program segments and treatments would have provided the most complete and accurate picture of program performance and the effectiveness of program interventions over the duration of workers' compensation cases.

However linking these discrete systems on a case-specific basis over time, especially as OWCP is in the midst of final design and implementation of a comprehensive data system - the Integrated Federal Employee Compensation System (IFECS), would have required resources beyond the parameters of this project. Furthermore, with IFECS expected (at that time) to come online in late 2003, the benefits of conducting a parallel data reconciliation process could not be justified. Cohorts in program treatments, such as QCM can be observed in the aggregate and by District Office in the current systems and, for purposes of this study, that level of analysis was deemed adequate. Thus, this evaluation draws on administrative data from OWCP's discrete data bases, as well as on performance measures compiled by OWCP as elements in their ongoing internal monitoring and evaluation of program performance through

¹ For example, FECA utilizes the term "adjudication" to refer to the point at which a case decision is made. In other workers' compensation systems, adjudication can refer to the entire process of making a decision, paying benefits, and resolving cases. Another example is understanding fluctuations over time in lost production days (LPDs). As measured by FECA, LPDs signify days lost through injury in relation to the size of the aggregate Federal or specific agency workforce.

Accountability Reviews, Quarterly Review and Analysis reports, Annual Operational Plans, and other internally-generated products.

Taken together, these challenges argued for a mixed evaluation approach that utilizes methods and measures to combine quantitative outcome data with qualitative information to better understand the processes that led to these outcomes. The elements of this approach are described in the subsections below.

Logic Model Development

Based on initial discussions with OWCP headquarters, as well as review of background documents provided by OWCP, a logic model of the program was developed. The logic model combines conceptual and activity-based elements of the FECA program from the injured workers' original dates of injury through returns to work or other resolutions such as permanent disability and placement on the Periodic Roll. This basic model provided a common knowledge of program operations and facilitated the development of initial research questions that were submitted to OWCP for review. The model served as a reference point throughout the evaluation process to illustrate how interventions, operational processes, and external conditions affect FECA outcomes with respect to clients, employing agencies, and the District Offices.

At the same time, two workers' compensation system experts were added to the evaluation team to provide perspectives on the operations and issues facing other workers' compensation programs, within the U.S. and within comparable systems in other countries. These experts provided advice throughout the project and participated in site visits, stakeholder interviews, and the development of benchmarks and best practices. In addition, the experts reviewed the logic model for its comparability to other systems and to help identify areas within the FECA program processes that might enhance or deter from program effectiveness.

Articulation and Refinement of Research Questions

The research questions that guided the evaluation are presented in Exhibit 1.1. Initial research questions were refined between December 2002 and April 2003 to ensure full exploration of the two major cross-cutting areas that this assessment examines: the wage loss compensation process and disability management. Thus, the evaluation research questions presented in Exhibit 1.1 directed the evaluation to all principal aspects of FECA's effectiveness relative to the workers' compensation process and to disability management, including: program outcomes and overall effectiveness; the effects of program design, management, and implementation processes on these outcomes; program efficiency (i.e., the degree to which goals have been achieved relative to resources); stakeholder perceptions of and satisfaction with the program; and how FECA compares to other workers' compensation programs and what OWCP can learn from the operations of other comparable systems.

Due to the characteristics and time periods for which data currently are available, some of these aspects could be addressed more adequately than others. For example, since unit costs have not been tracked, any examination of the cost effectiveness of the program is limited. However, to the degree possible, this evaluation addresses the use of staff and fiscal resources over time to achieve program goals.

Background and Data Collection I

Background and initial data collection began in the late autumn of 2002. The objective of the initial data collection effort was to combine aggregate outcome data with an understanding of the processes and conditions that affected these outcomes over the study period, which was defined as 1990 through 2003. This time period captures outcomes from the earlier adjudication and benefit delivery phase of Federal workers' compensation, through the gradual adoption of case management interventions, and into the current environment in which efficiency in the compensation process and use of case management treatments to cost-effectively return injured workers to work have become overarching FECA priorities.

Review of Relevant Studies

Two types of studies were collected and reviewed at the outset of the evaluation. The first included all relevant assessments of FECA performance prepared by the U.S. General Accounting Office, the Office of Management and Budget, and the U.S. DOL Office of the Inspector General. The second included relevant studies of other workers' compensation systems in the U.S. and Canada. The majority of these studies were completed under the auspices of the Workers Compensation Research Institute (WCRI) and the Association of Workers' Compensation Boards of Canada (AWCBC). All studies are listed in the bibliography of this report.

Quantitative Data

Secondary data sources compiled by OWCP provided a general picture of program operations over the time period studied, both in the aggregate and by District Office. A key issue in reviewing this information was the extent to which the outcome data presented by OWCP could be utilized to measure program interventions such as the Early Nurse Intervention (ENI) Program, Quality Case Management, Vocational Rehabilitation, and Periodic Roll Management in terms of their effectiveness in reducing lost production days and increasing returns to work.

In addition, aggregate data on changes in performance measures over time were extracted from these sources and their validity was verified with OWCP data processing staff. Externally generated quantitative data also was collected on the size and composition of the Federal Workforce by agency over time from the Office of Personal Management.

Qualitative Data

A series of interviews with OWCP headquarters staff, external stakeholders, and other organizations that had evaluated aspects of the FECA program were conducted from March through May 2003. Within OWCP, interviews were conducted with persons responsible for or involved in areas such as strategic planning and external reporting, data processing, performance monitoring (e.g., accountability reviews), claims adjudication, QCM, Early Nurse Intervention, Vocational Rehabilitation, and Periodic Roll Management.

These interviews not only extended the initial logic model, but also provided factual and impressionistic information on organizational dynamics, budgetary and programmatic uncertainties, and external conditions constraining or otherwise impacting FECA performance (such as local labor market conditions). Questions used to probe for this information included the following:

- Are FECA goals well matched to program capabilities and to client needs?
- What implementation factors facilitate or hinder project success?
- Which programs are working, which are not, and why?
- Which strategies have been successful with respect to the District Offices, the employing agencies, and program beneficiaries?
- How does staff perform in specific program areas?
- What staffing and management issues affect FECA operations?
- How and to what degree do staff and clients and other stakeholders interact?
- What is known about stakeholder satisfaction with the program in general and with specific aspects of the workers' compensation process and disability management?
- What can be said about the quality of FECA services over time?
- Are resources adequate to support program activities and to meet program goals?
- How effective has the organization's structure been over time in supporting attainment of program goals and developing and maintaining a quality program?
- Which processes are standardized across FECA regions and District Offices and which are not? What are the outcomes of standardization or flexibility by type of program intervention across District Offices?

Feedback and Refinement of Research Design

From December 2002 through April 2003, OWCP provided feedback to revise the basic research questions and to develop and approve the details of the research design. An interactive process affirmed the evaluation focus on the wage loss compensation process and disability management. A decision was made to conduct the evaluation at multiple levels: across the FECA program as a whole, by District Office, by employing agency, and, where appropriate, by type of injury. In the instance of employing agencies, 10 to 15 agencies typically account for the majority of injury claims. This decision guided the second data collection step, as described below.

Additionally, specific process activities and contextual factors that were identified during the initial data collection were assessed for inclusion in the more detailed data collection process, especially the site visit and telephone interview protocols. At the same time, the data needs for the benchmark development process also were identified and potential issues of comparability with the data collected by other workers' compensation programs were explored in order to refine the detailed data collection process.

Data Collection II

Based on the preceding step, the detailed data collection was conducted. This phase of data collection entailed four activities:

- Extraction of quantitative data from OWCP's administrative databases and hardcopy collections of data;
- Site visits to five District Offices;
- Telephone interviews; and
- Concept Mapping.

Administrative Data Extraction

Data and indicators within OWCP's existing databases were extracted, working through the Branch of Coordination and Control (which provides automated data processing support services for the FECA program) to refine data requests. OWCP had in place extensive data dictionaries and documentation to guide this process. Because the categorization and input of FECA administrative data had been developed incrementally and utilized definitions unique to the program, the data extraction process required extensive interaction with OWCP.

A key objective was to obtain data on selected variables for as many years as possible. Data were collected on both quarterly and annual bases and provided to the evaluators in text and Excel formats. These submissions were then cleansed, validated, and merged into Excel and SAS data files that centered on adjudication measures and program interventions by District Office, by employing agency, and by injury type. Appendix A summarizes the characteristics of the administrative data sets that were utilized in this study and lists their sources.

Site Visits

In order to develop a full picture of FECA processes, contexts, and issues surrounding program operations, information had to be collected from each of the twelve District Offices, as well as input from employing agencies and unions. The decision was made to visit four District Office sites, and one additional site to pretest and revise the interview protocols. The other seven District Offices were subsequently interviewed by telephone. Two factors guided this decision. First, initial examination of performance by District Office and interviews with OWCP National Office staff indicated that only marginal value would be added by conducting site visits to all District Offices. While the District Offices have the flexibility to implement FECA program processes in different ways, there did not seem to be sufficient operational variation to require site visits to all locations. Second, as a result, the time and costs involved in twelve site visits could not be justified.

The four sites were selected with OWCP input, using criteria such as size, location, performance, and office structure to guide the selection. The objective was to select District Offices that were representative, as well as offices that had recently been through the Accountability Review process. The Washington DC District Office was chosen to pre-test the interview guides and protocols. The other site visits were conducted in August and September 2003 in Cleveland, Dallas, Jacksonville, and Seattle. Interviews were conducted in each District with the District Director, Senior Claims Examiners (in adjudication units as well as QCM and PRM units), the Staff Nurse, Vocational Rehabilitation Specialist, and Chief of Operations. Copies of the interview guides used for the site visits are included in Appendix B.

Telephone Interviews

The site visits were augmented by a series of telephone interviews with each of the remaining District Directors and one Senior Claims Examiner from each office. These interviews elicited information on office structure and processes, contextual factors unique to or influencing the flow and type of claims, and issues such as reemployment of injured workers within each jurisdiction. In addition, these interviews helped to confirm and amplify the more detailed information on FECA processes flowing from the site visits. The interview guides for the telephone interviews also are included in Appendix B.

Concept Mapping

Although OWCP recently had conducted a series of internal and customer-oriented focus groups on topics such as customer satisfaction,² as well as surveys designed to provide information on specific aspects of the program (such as the Early Nurse Intervention program), it had not conducted a systematic analysis of stakeholder impressions of the program, which are critical to identifying areas that impact program effectiveness as well as explaining trends uncovered in data analysis and interviews. In order to provide such an analysis on both a relatively rigorous and cost-effective basis, the Concept System methodology was utilized. This tool draws on concept mapping, a mixed methods approach that integrates qualitative group processes (brainstorming, categorizing ideas, and assigning value ratings) with multivariate statistical analysis.

The tool was used to gather, aggregate, confirm, and integrate the specific knowledge and opinions of key stakeholders on what makes a successful workers' compensation program. Stakeholders included OWCP National and District Office staff, representatives of employing agencies, union representatives, and workers' compensation beneficiaries. One hundred and thirty five stakeholders were invited to participate. The process requires participants to brainstorm a set of statements relevant to the topic of interest, individually sort these statements into groups of similar ideas, rate each statement on one or more dimensions, and interpret the maps that result from the data analyses.³ Thirty-seven stakeholders were identified to complete the sorting task, and fifteen completed this task. To engage a broader group of people in the rating task, all who were invited to participate in brainstorming were again contacted and asked to complete the rating task. Approximately 45 stakeholders completed the ratings.

Quantitative and Qualitative Analyses

Data analysis involved the creation of Excel and SAS databases for purposes of analysis and the generation of descriptive statistics for the program as a whole, for the District Offices and for the top 25 employing agencies. Data for the remainder of the employing agencies was aggregated into one category, as the number of injured workers per agency by year was quite small. Externally acquired data, such as information on the size of the Federal workforce, were used to create descriptive indices. In addition, a number of models were specified and estimated to explore factors contributing to key performance measures such as LPDs or duration in the FECA program.

² The objective of the focus groups was to explore issues regarding customer service and satisfaction among individuals who deal with workers' compensation issues at various Federal agencies. The groups were asked to focus on communications as a part of customer service, but covered a full range of customer service issues.

³ A complete description of the concept mapping methodology and results is presented in Appendix C.

The data analysis process was interactive, with quantitative information examined prior to and after site visits, telephone interviews, and concept mapping in order to confirm, amplify, or point to other explanations for trends in data. Final descriptive statistics and analyses presented in this report are the result of this interactive analysis process. The data contained in this report is from a specific calendar year, unless otherwise noted.

Benchmarking Process

The creation of appropriate benchmarks to compare FECA to other workers' compensation systems with similar objectives – but generally very different policies and practices – depended critically on the ability to link FECA data with employing agency continuation of pay data to provide an overview of the entire spell of disability. Working with OWCP data processing staff, a data set was created that measured duration of disability comparably to how other systems measure duration. In addition, two published sources were drawn upon for the basic benchmarking analysis, supplemented by additional detail from unpublished sources as needed and available for comparability with FECA data.

Benchmarking U.S. workers' compensation systems has been impossible until the last few years. Because of the fragmented state of the workers' compensation markets and the obvious competitive issues involved in benchmarking private insurer performance, there have been no available datasets with which to assess the performance of U.S. workers' compensation systems. However, the Workers Compensation Research Institute (WCRI) is now collecting and publishing such data on an annual basis. As a result, this study was able to utilize the U.S. multi-state benchmarking studies prepared by the Workers Compensation Research Institute, as well as the Canadian Key Statistical Measures published by the Association of Workers' Compensation Boards of Canada. These data sources are not completely compatible with each other, nor with FECA data, but they provide the best available approximations of system performance for many of the critical elements of FECA.

Since WCRI has carefully cleaned, verified, and standardized their data for the purpose of making interstate comparisons, that process has meant that the data are no longer strictly representative of the actual state experience. For example, the claims data have been standardized to reflect the waiting period for income replacement benefits. Those states with shorter waiting periods have been adjusted for comparability with the "standard" of a seven-day waiting period by ignoring claims of lesser duration. Adjustments were also made for injury type, industry mix, and wage levels. In this way, the comparisons attempt to isolate the effects of system and behavioral differences. However, the subject matter experts conducting the benchmarking analysis advised that using these adjusted data for benchmarking FECA performance would not cause significant distortions in their comparisons.

Participatory Review of Results

Because of the complexity of the FECA program and in order to ensure that the evaluation accurately reflects the program's rules and regulations, processes, and performance, OWCP provided input throughout the evaluation. Key input was provided in June 2003 in response to an interim progress report and again in November 2003 in response to the draft final report.

Mapping Results to Recommendations

The final report includes corrections and additions recommended by OWCP and the project's subject matter experts, as well as final analyses, and program recommendations based on the results of all other phases of the evaluation.

Organization of this Report

The remainder of this report is organized as follows:

- Chapter 2 presents information on the evolution and current structure of the FECA program and its main initiatives.
- Chapter 3 provides an overview of the major factors affecting FECA performance, particularly the characteristics of the Federal workforce that are relevant to the FECA program (e.g., the volume and type of claims generated, the changes in compensation costs over time, the number of FTEs over time).
- Chapter 4 provides an in-depth look at OWCP internal organizational issues that impact performance, including District Office structure and “personality”, staffing issues, training, and adequacy of resources.
- Chapter 5 evaluates wage loss compensation performance within the FECA program, including timeliness of adjudication and payments, dispute resolution, and ongoing case management issues (e.g., schedule awards, loss of wage earning capacity decisions, etc.).
- Chapter 6 assesses the evolution of OWCP's disability management efforts over the past decade, focusing specifically on Quality Case Management, the Early Nurse Intervention Program, and the Periodic Roll Management Program.
- Chapter 7 examines OWCP's efforts to be a customer-driven, high-performing organization, including responses to customer inquiries, agency and union outreach and customer service related performance measures.
- Chapter 8 is a discussion of current best practices in the industry, particularly with respect to the wage loss compensation process and disability management.
- Chapter 9 provides a discussion of the implications of the research, recommendations for OWCP, and directions for further research.
- Appendices which include interview and focus group protocols, a summary of the characteristics of the databases included in the methodology, and a detailed explanation of the Concept Mapping methodology and results.

Chapter 2: Background

The Office of Workers Compensation Programs administers and adjudicates claims under the Federal Employees' Compensation Act.⁴ FECA (5 USC 8101, et. seq.) authorizes Federal civilian employees compensation for wage loss and medical benefits for treatment of injuries sustained, or diseases contracted, during the performance of duty. Benefits are available under this Act to more than three million Federal employees, members of the Peace Corps, and Vista volunteers. Benefits include wage replacement, payment for medical care, and, where necessary, medical and Vocational Rehabilitation assistance in returning to work. The program operates in 12 District Offices nationwide.

During FY 2002, more than 159,000 new cases were created, and the program provided Federal workers slightly more than \$2.3 billion in benefits for work-related injuries and illnesses. Of these benefit payments, nearly \$1.5 billion⁵ was for wage loss compensation (both temporary and permanent impairment) and schedule award payments, \$659 million was for medical and rehabilitation services, and \$129 million was for death benefit payments to surviving dependents.⁶ The U.S. Postal Service accounted for nearly half of all new cases in 2002 (78,962).⁷

While the cost of administering the FECA program is covered by funds appropriated to the Department of Labor, employing agencies are responsible for reimbursing the Division of Federal Employees' Compensation (DFEC) for their workers' compensation expenses.⁸ This reimbursement occurs once each year through the "chargeback" process.⁹ Most agencies – except the U.S. Postal Service and some non-appropriated fund agencies – include workers' compensation costs in their annual appropriation request to Congress. Remittances are not made until the first month of the subsequent fiscal year – 15 months after

⁴ The Office of Workers' Compensation Programs also administers three other major disability compensation programs: the Energy Employees Occupational Illness Compensation Program, the Black Lung Benefits Program, and the Longshore and Harbor Workers' Compensation Program. The newest of these programs, the Energy Employees Occupational Illness Compensation Program Act of 2000, provides compensation for employees of the Department of Energy, its predecessor agencies, and its contractors and subcontractors who become ill as a result of the work performed in the production and testing of nuclear weapons. The Black Lung Benefits Reform Act of 1977 provides monthly payments and medical treatment to coal miners totally disabled from pneumoconiosis (black lung) arising from their employment in the nation's coal mines. The Longshore and Harbor Workers' Compensation Act of 1927 covers all maritime workers injured or killed upon the navigable waters of the U.S., employees working on adjoining piers, docks, and terminals, and a number of other groups.

⁵ Includes permanent and temporary impairment as well as fatality benefits.

⁶ DOLAR\$ Report, "Federal Employees' Compensation Program; Selected Data Histories", pps. 1-3.

⁷ Of course, a sizeable portion of these indemnity and medical expenditures were for cases that pre-dated FY 2002, but remained on the rolls for at least a part of that year.

⁸ In 2003, a statutory change to FECA was proposed as section 632 of the Treasury General Government Appropriations Act. In addition to ensuring that each agency pays an equitable share of FECA administrative costs, this approach would enhance the incentives to improve workplace safety at each agency.

⁹ The chargeback for a particular injury occurs indefinitely until the case no longer requires benefits (i.e., the injured worker returns to work at full wage-earning capacity, retires, or dies). Under FECA, there is no mandatory retirement at any age.

the end of the billed period. This lag usually means that remittances are insufficient to cover current outlays due to cost-of-living increases in wage loss benefits and medical cost inflation. The annual appropriation to DOL makes up the difference.

In FY 2001, the cost of administering the program totaled \$119.2 million – approximately 5.1 percent of total program costs. Federal workers' compensation costs for 2001 were 1.8 percent of total Federal and Postal payrolls, compared to approximately 2.3 percent for private insurance and state funds.¹⁰ Disputes in claims under the FECA are resolved administratively, thereby enabling the Federal government to avoid costly litigation, which in some non-Federal workers' compensation systems can account for a significant percent of program costs.

OWCP Organizational Structure

OWCP is part of the Employment Standards Administration at the Department of Labor. The ESA has four agencies, of which OWCP is one. (The others are the Wage and Hour Division, the Office of Federal Contract Compliance Programs, and the Office of Labor-Management Standards. Additionally, the Office of Management, Administration, and Planning is an administrative unit serving the four ESA agencies.) In turn, OWCP has five divisions, of which DFEC is one. (OWCP's four other divisions include the Division of Longshore and Harbor Workers' Compensation, the Division of Coal Mine Workers' Compensation, the Division of Energy Employees Occupational Illness Compensation, and the Division of Planning, Policy and Standards.)

OWCP's four compensation programs are administered out of six regional offices plus Washington, DC. Each Regional Director oversees at least one FECA District Office, in addition to District Offices for other OWCP programs. Each DO is headed by a District Director (DD), who is responsible for the FECA program and operations in the DO. DO staff administer the FECA within their respective geographic boundaries (See Exhibits 2.1 and 2.2). In general, each DO is organized according to the following functions:¹¹

- **Claims Functions.** Each DO has two or more Supervisory Claims Examiners who are responsible for the operation of individual claims units, and a number of Senior Claims Examiners (SCE) and Claims Examiners (CE), who have primary responsibility for handling claims, including authorization of compensation and medical benefits. Individuals at each level of authority from District Director to Claims Examiner have been delegated specific responsibilities for issuing decisions on claims.
- **Medical Functions.** Each DO has at least one District Medical Adviser (DMA) who works under contract to review individual cases, and some DOs also have a District Medical Director (DMD). As well, each DO also has a Medical Management Assistant (MMA) who arranges referrals to second opinion and referee specialists and a Staff Nurse, who is responsible for managing and monitoring

¹⁰ When calculating these percentages, payments made to injured Federal workers during the 45-day Continuation of Pay period were included as part of total FECA compensation costs to provide more accurate comparisons between the Federal and state and private systems.

¹¹ The variation in District Offices is discussed in more detail in Chapter 4.

a number of field nurses under contract to OWCP. In turn, the field nurses are responsible for monitoring claimants' medical progress and assisting their efforts to return to work.

- Vocational Rehabilitation Functions. Each DO has at least one Rehabilitation Specialist (RS) and sometimes a Rehabilitation Counselor-Screener (RC-S). The RS' manages and monitors a number of Rehabilitation Counselors, who work under contract to OWCP to help claimants obtain employment. RC-S' screen incoming cases for completeness, interviews the claimant by telephone to develop information and explain the rehabilitation program, and recommends to the RS whether the case should be opened for services.
- Customer Service/Communication Functions. Each District Office has a Communication Specialist who directs and coordinates all communications initiatives for the district. In addition, most District Offices now also have Customer Service Representatives, who handle incoming telephone calls from claimants.
- Fiscal Functions. Each DO has a Fiscal Operations Specialist and some offices also have one Benefit Payment Clerk. The unit is generally responsible for resolution of problems with medical bills, complex calculations of benefits and overpayments, maintenance of the Debt Management System, adjustments to compensation and bill pay histories, changes in health benefits and life insurance coverage, and financial management records. In some DOs, fiscal personnel enter compensation payments into the automated system.
- Mail and File Functions. Personnel in this area open, sort and place mail, scan appropriate documents into the local OWCP Automated System for Imaging Services (OASIS), retire case records according to established schedules, and transfer case files in and out of the DO.

Exhibit 2.1: DFEC District Offices

District Office	Jurisdiction
District Office 1: Boston	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
District Office 2: New York	New Jersey, New York, Puerto Rico, Virgin Islands
District Office 3: Philadelphia	Delaware, Pennsylvania, West Virginia
District Office 6: Jacksonville	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee
District Office 9: Cleveland	Indiana, Michigan, Ohio
District Office 10: Chicago	Illinois, Minnesota, Wisconsin
District Office 11: Kansas City	Iowa, Kansas, Missouri, Nebraska, DOL employees
District Office 12: Denver	Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming
District Office 13: San Francisco	Arizona, California, Hawaii, Nevada
District Office 14: Seattle	Alaska, Idaho, Oregon, Washington
District Office 16: Dallas	Arkansas, Louisiana, New Mexico, Oklahoma, Texas
District Office 25: Washington, DC	District of Columbia, Maryland, Virginia, all areas outside of the US, and all special claims.*

* In 2003, jurisdiction of Maryland cases from zip codes beginning with 21 was transferred from District 25 to Philadelphia. Jurisdiction of newly filed cases in these zip codes were routed to Philadelphia in 2003, while older established cases will be transferred in 2004. This will leave District 25's jurisdiction as DC, Virginia, the rest of Maryland, areas outside of the US, and special claims. Jurisdiction for most special claims and areas outside the U.S. will be transferred to Cleveland from District 25 in 2004.

Exhibit 2.2: DFEC District Offices



In the National Office, the Director of DFEC has final authority over all program matters. Under the immediate supervision of the Director for DFEC are the following functions:

- Branch of Hearings and Review (BHR). Personnel in this Branch are responsible for conducting hearings and reviews of the written record in FECA cases. Hearing Representatives issue decisions that sustain, reverse, modify, or remand cases to the OWCP District Offices. BHR Claims Examiners also handle case management issues not under appeal while the case is physically located in DC for a hearing or ECAB appeal.
- Branch of Regulations and Procedures. Examiners in this branch assist in developing claims and benefit payment policies, regulations, and procedures. They prepare and maintain the program's manuals and participate in training activities and accountability reviews of District Offices. They also plan and conduct studies of claims and benefit payment functions.
- Branch of Technical Assistance. Members of this branch develop materials for use by District Offices and other Federal agencies to educate Federal employees in reporting injuries and claiming compensation under the FECA. They hold workshops for compensation personnel in various Federal agencies and for groups of employee representatives. They also coordinate and oversee program-wide communication issues related to Priority Correspondence, the Call Center, and the Central Interactive Voice Response (IVR) system.
- Branch of Coordination and Control. This branch provides ADP support services for the FECA program. It coordinates the overall ADP work of DFEC and provides policy direction for ADP systems activities.

Finally, the Employees' Compensation Appeals Board (ECAB) is under the authority of the Secretary of Labor but is entirely separate from OWCP. This body is authorized to hear and determine appeals from claimants involving questions of law or fact after DFEC has issued a final decision on the issue in question.

The Evolution of the FECA Program

In 1908, President Theodore Roosevelt signed legislation to provide workers' compensation for certain Federal employees in unusually hazardous jobs. The scope of the law was very restricted and its benefits were quite limited. However, it was the first workers' compensation law to pass the test of constitutionality applied by the U. S. Supreme Court. The FECA, which superseded the 1908 statute in 1916, is a workers' compensation law that provides for wage loss compensation, medical care, and survivors' benefits for all civilian Federal employees.

While the FECA itself has undergone few major changes over the years, DFEC has dramatically changed the way it manages claims and works with customers. In the past decade, DFEC has transformed its operations from basic adjudication and benefit payment into a proactive, "make-whole" service delivery program (see Exhibit 2.3 for a timeline of key FECA initiatives). This redirection was captured by a 1995 strategic planning initiative, from which emerged four themes that continue to guide the development of DFEC performance goals and program initiatives: (1) return to work; (2) service to injured workers; (3) fiscal integrity; and (4) constructive relationships with program customers/stakeholders. These themes are evident in the variety of initiatives that DFEC has implemented over the past decade.

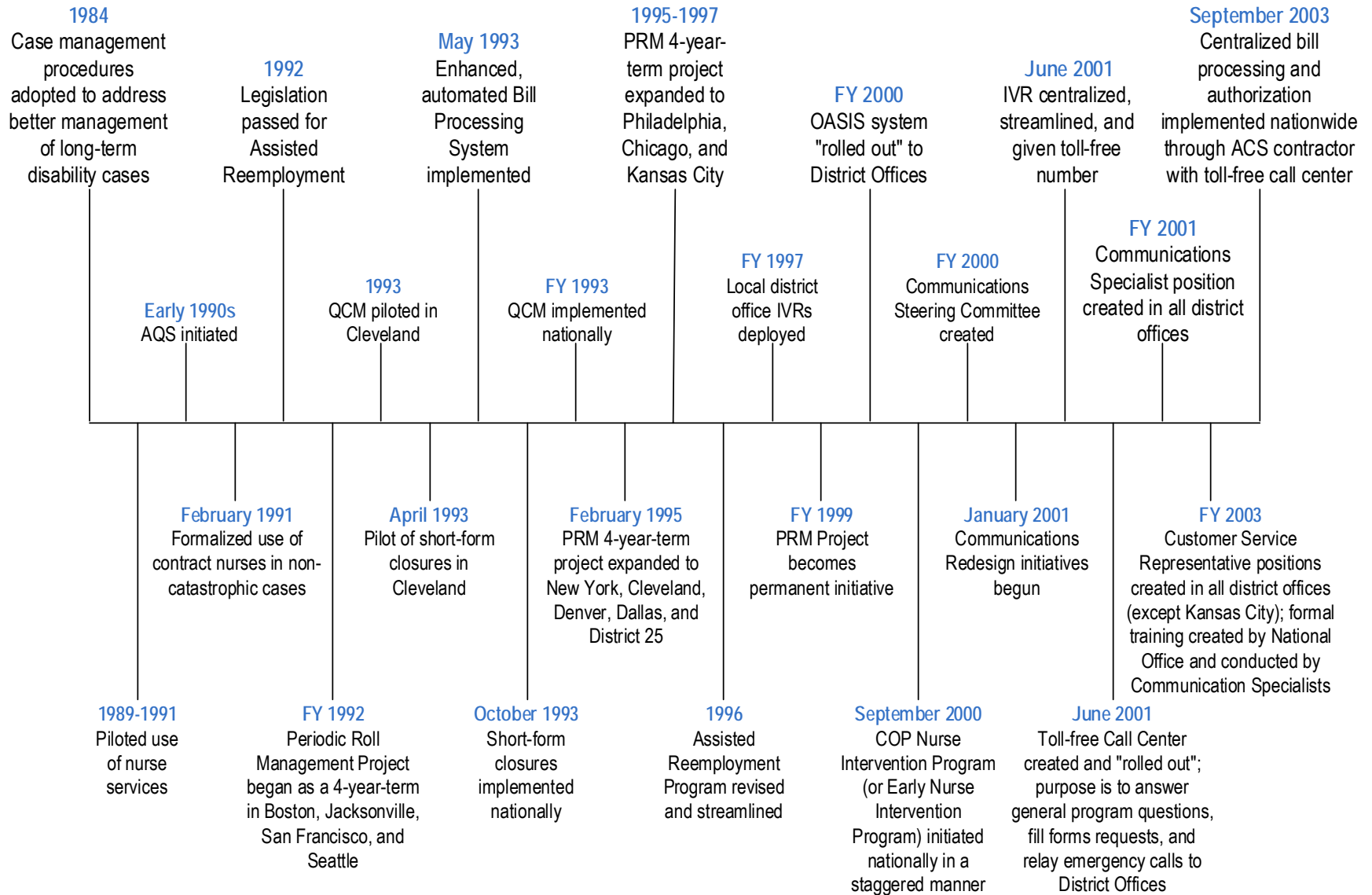
Quality Case Management

Up until the early 1980s, the FECA program centered strictly on adjudicating claims and paying benefits. It was not until 1984 that case management of claims began. In its early form, case management involved categorizing cases according to level of severity, systematic weighing of medical evidence, attending closely to vocation rehabilitation, and promptly determining reduced earning capacity. Its goals were better service to claimants, as well as obtaining possible cost savings.

Throughout the 1980s, OWCP modified case management procedures a number of times to reflect new knowledge gained within the industry and rulings by the Employees' Compensation Appeals Board. Changes included greater emphasis on weighing medical evidence wherever possible (instead of obtaining referee examinations), increased attention to due process rights, earlier referrals for vocational rehabilitation services, and the use of the short-term roll (which allows for time-limited payments). OWCP learned, however, that these changes did not seem to lessen the amount of time claimants remained on the rolls.

In the early 1990s, OWCP tried several new approaches to create a more comprehensive approach to case management, including the use of a medical matrix for setting intervention points and the use of registered

Exhibit 2.3: Timeline of Key FECA Initiatives



nurses as facilitators.¹² Independent research, as well as OWCP's own evaluations, both indicated that the use of nurses might serve to shorten the periods of disability and increase the likelihood of return to work.

In early 1992, the OWCP National Office decided to formalize the use of nurses through a concept called Quality Case Management. At that time, several District Offices had already experimented with various aspects of the process. Seven offices had been involved in one of two pilot programs using nurses, and at least three offices were using the conferencing process with some cases referred to nurses.¹³ OWCP outlined a basic approach to QCM (see text box to the right) and piloted the procedures in the Cleveland District Office. The program was implemented nationwide in 1993.

The QCM program was developed to assure that injured employees receive the most prompt and appropriate treatment for their injuries and therefore return to work as soon as possible. Under QCM, every injury case with a filed wage loss claim and no return-to-work date is reviewed for assignment to a nurse. The nurse meets directly with the injured worker and coordinates both medical care and light duty, working not only with the injured employee, but also with the attending physician and the employing agency. If reemployment has not taken place within 120 days, vocational rehabilitation services and/or second opinion evaluations are expedited.

Major Elements of QCM

Major elements of QCM include the following:

- Early notification to claimants that compensation payments will not continue indefinitely, and that they are expected to return to work.
- Increased use of nurse services in working with claimants, physicians, and employing agencies.
- Early identification of cases where medical treatment and continued disability appear excessive based upon the nature of the injury and objective medical findings as reported by the treating physician.
- Active management of disability cases by Claims Examiners, with the goal of returning claimants to work within one year after wage loss begins.
- Active oversight by Claims Examiners of all aspects of the case, whether medical examination, nurse intervention, or vocational rehabilitation services are at issue.
- Prompt referral for vocational rehabilitation services when partial disability has been established.

Continuation of Pay Nurse Intervention Program

Although OWCP was experiencing success with QCM, there remained some concern that they were not identifying time-loss cases sufficiently early and, therefore, not initiating nurse intervention soon enough. To help address this issue, OWCP implemented the Continuation of Pay Nurse Intervention Program.

Early nurses, also referred to as telephonic case managers, are used during the 45-day COP period when there is a traumatic injury and no return-to-work date after 14 days. The nurses receive a flat fee of \$100 to make up to three phone calls to the employing agency, claimant, and/or physician to determine the status of a case. Once an early nurse has finished making the three calls, he or she sends a report to the Claims Examiner for follow-up. Nurses identify cases requiring more extensive nurse intervention due to the severity of the injury or other such issues, and alert Claims Examiner to those cases.

¹² The medical matrix is a guideline of generally accepted disability periods for common injuries and conditions as determined by the American Medical Association (AMA).

¹³ Some District Offices use conferences (or teleconferences) to facilitate discussion among and coordinate with the various parties involved in the case (e.g., employing agency, claimant, physician, OWCP).

Cases determined to be high priority are earmarked to be adjudicated quickly and referred to QCM. After piloting the program in the Boston District Office, the COP Nurse Intervention Program was expanded to all District Offices on a staggered basis beginning in September 2000.

Periodic Roll Management

The Periodic Roll Management project first began as a time-limited initiative to review all long-term cases on the periodic roll. Up until that point, most long-term cases received little monitoring or attention as Claims Examiners were too busy adjudicating and managing new claims to deal with old cases. In 1992, however, Congress provided OWCP with a special earmark to fund the PRM project. PRM teams in four District Offices (Boston, Jacksonville, San Francisco, and Seattle) began reviewing all long-term cases in order to provide medical examinations, vocational rehabilitation and placement assistance, with the ultimate goal to re-employ workers. Where disability had lessened, benefits were adjusted and unnecessary compensation costs were reduced.

The PRM project proved so successful that it was expanded to five additional District Offices in FY 1995 (New York, Cleveland, Denver, Dallas, and Washington DC). Between FY 1995 and FY 1997, the remaining three District Offices (Philadelphia, Chicago, and Kansas) became part of the initiative, and in FY 1999, the initiative received permanent funding and PRM FTE were allocated to each District Office. Today, the District Office PRM units are responsible for conducting thorough review of a targeted number of cases each year with the goal of returning claimants to work and reducing compensation costs.¹⁴ Each is also responsible for routine annual monitoring and maintenance of all cases in its PRM case universe. In FY 2001, these efforts reduced compensation costs by \$31.1 million. Over 6,000 cases were screened, and benefits were adjusted or terminated in over 3,000 cases where the beneficiary's condition had improved to the point that return to work was possible or the beneficiary had died.

Communications Redesign

In FY 2000, OWCP created a Communications Steering Committee, and in 2001, OWCP initiated a comprehensive redesign of FECA program communications, including new equipment, procedures, goals/measures, and new toll-free services. Among the changes was the centralization and implementation of service of the Interactive Voice Response system, described in the next section.

Another change was the creation of the Communications Specialist position to specifically address problems identified by the Steering Committee and to work toward improving customer service. Each District Office now has a full-time Communications Specialist who directs and coordinates all communications initiatives for the district, including "callback surveys" of claimants that have called in to OWCP to measure service quality and customer satisfaction.

In addition to the Communication Specialist, most District Offices now have Customer Service Representatives who handle incoming telephone calls from claimants. While use of Customer Service Representatives is very new, OWCP's hope is that: (1) having a group of staff whose sole responsibility is to answer phones (as opposed to it being one of many responsibilities) will lead to more timely and

¹⁴ Permanent disability cases are reviewed every three years.

courteous responses and therefore better customer service; and (2) reducing the volume of calls coming directly into Claims Examiners will allow them to focus more on adjudicating and managing cases.

OWCP supported these changes through the development of new procedures, training materials, and performance standards. For example, OWCP developed procedures in FY 2001 for utilization of the automated telephone system to handle medical authorizations, thereby making the process more user-friendly for providers. They initiated a project to update and simplify form letters used by Claims Examiners. OWCP also developed training modules on written and telephone communications for new Claims Examiners, as well as an entire training package for the new Customer Service Representatives.

Improving Work Processes through Technology

Over the past decade, OWCP has attempted several upgrades to their technology both to allow their staff to be more efficient and productive, and to provide better service to customers. In FY 2001, OWCP completed implementation of the OWCP Automated System for Imaging Services. Through OASIS, all claim information, supporting documentation, and correspondence is now scanned into OWCP's computer system, indexed, and transmitted to Claims Examiners, who can then share the file electronically with other OWCP staff members as needed. OASIS has improved data integrity and quality control, and has significantly increased the efficiency of the examiners' work.

Other important additions include the Agency Query System (AQS) and Electronic Data Interchange. Implementation of AQS in the early 1990s underscores OWCP's attempts to improve information sharing and better serve its customers. AQS is a secure Internet technology that allows employing agencies access to OWCP data on the status of an injury claim. Similarly, DFEC continues to expand the use of Electronic Data Interchange to allow employing agencies to file notices of injury and occupation illness (Forms CA-1 and CA-2) electronically in an effort to expedite entitlement determinations. Several agencies, including the Postal Service and the Department of Veteran's Affairs, are now operational.

As further discussed in Chapter 7, medical providers, claimants, and employing agencies may also chose to make use of the Integrated Voice Response (IVR) system, an automated system that grants access to selected case-specific information regarding established claims by prompting callers to input the OWCP case file number and claimant social security number via a touch-tone telephone. Information available includes that status to the case, standing of compensation payments, reimbursement of medical treatment and travel expenses, payment of medical bills, and authorization of medical treatment such as physical therapy and diagnostic testing. As of September 2003, medical providers have only case-specific access to case status in addition to general referral information for medical authorization requests and billing inquiries. The IVR is also used by claimants and their representatives in a capacity more expanded than providers, as they have access. It is also possible for employers to access all the above features, though employers are encouraged to use AQS instead.

Finally, the redesign and reengineering of the existing FECA automated data processing system should have a considerable impact on the efficiency and effectiveness with which the FECA program is administered. The Integrated Federal Employee Compensation System, scheduled for implementation in Spring 2004, replaces a patchwork of loosely-linked programs (each with its own database and rules) into a single system. The new system will provide CEs and other employees with a number of new reports and

tools that will enable them to manage their caseloads more effectively. The new system will also give OWCP the ability to track individual cases through all phases of the system. This “drill down” capability will allow OWCP to assess the impacts of program interventions, new regulations, and exogenous factors using case-specific data. It also will allow OWCP to understand how the occupational, demographic, and injury characteristics of claimants and recipients affect program outcomes such as lost production days, success in Vocational Rehabilitation, and returns to work. These features not only will make possible more accurate, timely, and efficient case management, but also will allow OWCP to more easily and effectively monitor and adjust the FECA program.

FECA Today

The following section provides an overview of FECA program processes with regard to the foci of this evaluation: (1) the wage loss compensation process, and (2) disability management.

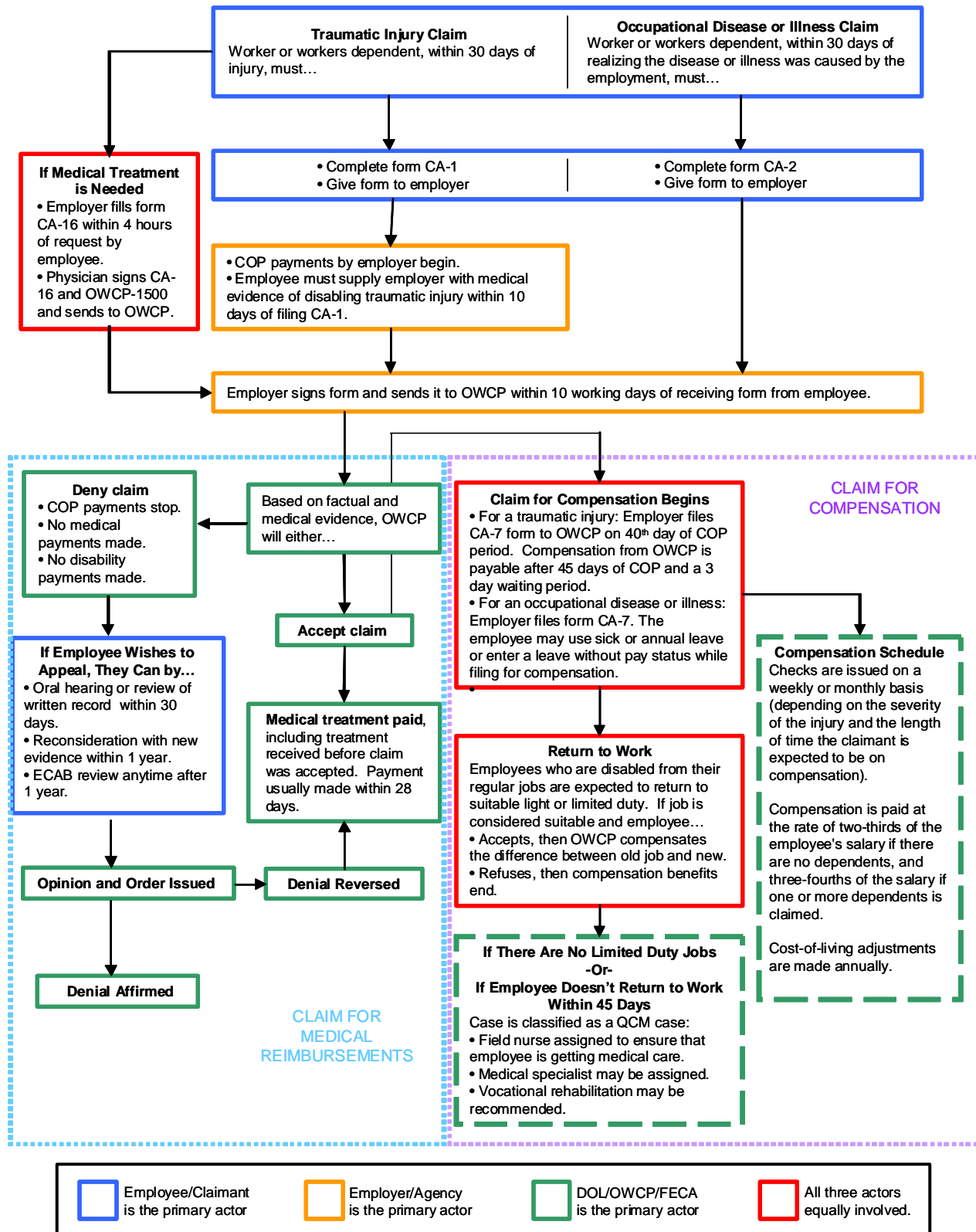
The Wage Loss Compensation Process

The wage loss compensation process is summarized in Exhibit 2.4. When an employee is injured on the job, he or she must immediately report the injury to his/her supervisor and complete a written report (Form CA-1, Federal Employee’s Notice of Traumatic Injury and Claim for Continuation of Pay/ Compensation, or Form CA-2, Notice of Occupational Disease and Claim for Compensation).¹⁵ If a traumatic injury is involved and medical treatment is needed, the employer is required to give authorization for medical care to the employee (using Form CA-16).¹⁶ The injured employee has the initial choice of a physician and may select any qualified local physician or hospital to provide necessary treatment. The CA-16 guarantees payment to the original treating physician (or to any physician to whom the original treating physician refers the employee) for 60 days from the date of issuance, unless OWCP terminates this authority at an earlier date. Even if Form CA-16 is not issued, however, OWCP will pay the charges for initial medical treatment if the case is accepted and the treatment is deemed necessary for the injury.

¹⁵ A traumatic injury is a wound or other condition of the body caused by external force, including stress or strain. The injury must occur at a specific time and place, and it must affect a specific member or function of the body. The injury must be caused by a specific event or incident, or a series of incidents, within a single day or work shift. In contrast, an occupational disease or illness is a condition produced by the work environment over a period longer than one workday or shift. The condition may result from infection, repeated stress or strain, or repeated exposure to toxins, poisons, fumes, or other continuing conditions of the work environment. The length of exposure, not the cause of the injury or the medical condition that results, determines whether an injury is traumatic or occupational.

¹⁶ If an employee requires medical treatment because of a work-related occupational disease, he or she is instructed to obtain care directly from a physician. If OWCP accepts the claim, it will pay for medical treatment required by the conditions accepted, including treatment received before acceptance of the claim.

Exhibit 2.4: Wage Loss Compensation Process



OWCP uses a schedule of maximum allowable medical charges. The employee does not have to pay the difference between the maximum charge set by the schedule and the charge made by the provider (i.e., “remainder billing” is not allowed).

When a workers’ compensation claim is submitted to an OWCP District Office, it is assigned to a Claims Examiner for adjudication. In order for OWCP to accept a claim, it must meet the following criteria:

- The claim must have been submitted within a timely manner. An original claim for compensation for disability or death must be filed within three years of the occurrence of the injury or death.¹⁷
- The claimant must have been an active Federal employee at the time of injury.
- The injury or exposure must be proven to have occurred and a medical condition must be diagnosed.
- The injury, illness, or death must have occurred while in the performance of regular or specially assigned duties.
- The claimant must be able to prove that the medical condition for which medical benefits or compensation is claimed is causally related to the claimed injury or illness.

Simple traumatic cases that are not contested by the employing agency and involve no time loss beyond the COP period are automatically authorized for payment of medical expenses up to a \$1,500 threshold. This is referred to as an administrative or “short form” closure. Only if the case reaches the \$1,500 threshold, or the employee becomes unable to work, is the case formally adjudicated. In most cases, however, OWCP claims staff must consider the factual and medical evidence submitted by the employer and employee. As such, the claimant must provide evidence demonstrating that the incident occurred at the time, place, and in the manner claimed, and that the medical condition or death is related to the incident described.

In some cases, OWCP may decide that a second opinion is required, either because the attending physician is not a specialist in the field of medicine related to the employee’s injury, or because the information supplied by the attending physician is not complete enough to adjudicate the claim. If a conflict exists between the medical opinion of the attending physician and the medical opinion of a second opinion specialist, OWCP will schedule an appointment for the claimant with an independent medical examiner, also known as a referee. Such referee specialists are chosen according to a strict rotational method among board-certified specialists in the appropriate field of medicine who are located in the employee’s vicinity.

Timeframes for adjudication of claims are set forth in annual FECA program plan while timeliness for submission of claims by claimants and agencies are set forth in the regulations. Performance standards established by OWCP require that a certain percentage of adjudications are made within the stated timeframes. The standards have changed over time, reflecting the changing environment in which the FECA program operates as well as OWCP’s desire to improve agency performance. As Exhibit 2.5

¹⁷ While an employee or a survivor has up to three years from the occurrence of the injury or death to file a claim for compensation, employees are generally required to report the condition to his or her supervisor immediately. An employee must submit a completed form within 30 days of injury or knowledge of diseases. In turn, supervisors must submit the form to OWCP within 10 working days (14 calendar days).

illustrates, in FY 2002, OWCP's goal was to adjudicate at least 90 percent of traumatic claims within 45 days of receipt from the employing agency. For basic occupational disease cases, a decision was required on 75 percent of claims within 90 days of receipt. For occupational illness cases that require more extensive evidentiary development, a decision was required on 70 percent of claims within the 180-day timeframe.

Exhibit 2.5: DFEC Adjudication Timeliness – 2002

Type of Injury	Goal	Standard	Actual Performance
Traumatic Injury	45 days	90%	95.8%
Basic Occupational Disease	90 days	75%	90.8%
Extensive Occupational Disease	180 days	70%	75.9%

An employee who sustains a disabling traumatic injury and reports it within 30 days may request Continuation of Pay. COP is continuation of an employee's regular pay for up to 45 calendar days of wage loss due to disability and/or medical treatment. It is paid by the employer only in connection with a traumatic injury. The employee is required to provide medical evidence of a disabling traumatic injury within 10 calendar days of claiming COP.

When it appears that the disability will last beyond 45 days, the employee and the employer should complete a claim for compensation (Form CA-7). The employer should send it by the 40th day of COP to the District Office handling the claim. When disability results from an occupational disease, the employing agency is not authorized to continue the employee's pay. In these circumstances, the employee may use sick or annual leave or enter a leave without pay status while filing for compensation.

Compensation payments commence after wage loss begins and the medical evidence shows that the employee cannot perform the duties of his or her regular job. For a traumatic injury, compensation is payable after the 45 days of COP have ended and three waiting days have elapsed (in COP-eligible claims). For non-traumatic claims, compensation is payable after three waiting days unless disability exceeds fourteen days. The CE sets up a compensation payment for the period supported by evidence from the attending physician or OWCP's medical matrix. This payment is made on the "daily roll." Claimants are advised that they will receive compensation only through the specified date without submission of another claim. In contrast, long-term compensation payments are issued automatically once every four weeks without submission of additional claims. The only cases that may be placed on the "periodic roll" right away are those involving severe injury (e.g., multiple fractures or paralysis), and where the projected return to duty date (if any) is over 90 days away.

Compensation Benefits

Compensation is paid at the rate of two-thirds of the employee's salary if there are no dependents, and three-fourths of the salary if one or more dependents are claimed (see Exhibit 2.6).¹⁸ There is no time limit on the period an employee can receive compensation payments under the FECA program. An employee receives compensation payments for as long as the medical evidence shows that total or partial disability exists and is related to the accepted injury or conditions. However, OWCP requires most employees receiving compensation for disability to undergo medical examinations at least once a year.

¹⁸ The only regular deductions from compensation are for the employee's share of health benefit premiums, optional life insurance, and post retirement basic life withholdings (if the employee is enrolled in these plans).

Exhibit 2.6: The Basics of OWCP Compensation

Circumstance	Compensation Rate*
Employee – no dependents	66 2/3%
Employee with dependents	75%
Compensation for death (spouse only)	50%
Compensation for death (spouse and children)	45% to spouse; 15% to each child (up to a maximum of 75%)
Permanent Impairment – no dependents	66 2/3% of salary for specified number of weeks, as determined by the FECA schedule
Permanent Impairment – with dependents	75% of salary for specified number of weeks, as determined by the FECA schedule

*Although there is no limit on the total amount of compensation payable, the maximum payment per month cannot exceed three-fourths of the highest rate of basic pay provided for Grade GS-15.

For cases involving death, compensation is paid to a spouse at the rate of 50 percent of the deceased employee's salary if there are no dependents, or 45 percent to the spouse and 15 percent to each dependent (up to a maximum of 75 percent) if there are dependents. Compensation to an employee's surviving spouse terminates upon his or her death or remarriage, unless the remarriage takes place after the spouse turns 55. Awards to children terminate at the age of 18 unless the dependent is unmarried and either incapable of self-support or enrolled as a full-time student at an accredited institution, in which case compensation continues until he or she reaches the age of 23.

If there is a permanent disability involving the loss (or loss of use) of a member or function of the body, the employee is entitled to compensation for the impairment. These payments, referred to as schedule awards, are made for a specified number of weeks (according to the severity of the impairment) at two-thirds or three-quarters of the employee's regular wage. For example, loss of an arm is worth 312 weeks of compensation, while loss of a thumb is worth 75 weeks of compensation. A schedule award may be paid after the employee returns to work, but it may not be paid while an employee is receiving wage loss compensation benefits for the same injury. Where injury-related loss of earning capacity persists after the schedule awards ends, compensation may continue for loss of wage-earning capacity.

The Appeals Process

Claims may be approved in full or in part, or they may be denied altogether. For example, a claimant may be paid full wage loss benefits and provided physical and vocational rehabilitation services, but denied a request for a particular medical procedure. When all or part of a claim is denied, the claimant has three avenues of recourse: (1) reconsideration of the decision by a different Senior Claims Examiner within the District Office; (2) an oral hearing or a review of the written record by the Branch of Hearings and Review; or (3) a review of the claim by the Employees Compensation Appeal Board.

A first option is to request reconsideration of the decision by the District Office. This option must be exercised within one year of a formal decision. When a claimant requests reconsideration, the request must include evidence not previously submitted or arguments showing a factual or legal error was made by the office. A Senior Claims Examiner who played no role in the original decision typically performs the

reconsideration. After reevaluating the entire record and resulting decision, he or she decides whether to affirm or modify the initial decision.¹⁹

Second, the employee is entitled to either an oral hearing before a BHR representative or a review of the written record (but not both), as long as the request is made within 30 days of the formal decision and a reconsideration has not already been requested. Claimants are allowed to submit new evidence when requesting an oral hearing or review of the written record. If the claimant requests a review of the written record, he or she will not be asked to attend or testify. At an oral hearing, the claimant can testify in person or through a designated representative. For either a hearing or review of the record, the hearing representative decides whether to affirm the initial decision, reverse the initial decision and administer benefits to the claimant, or remand the claim to the District Office for a new decision.

The final appeal option available to claimants is through the ECAB. The ECAB was created within DOL, but outside of OWCP, to give Federal employees the same administrative due process of law and appellate review that nongovernmental workers enjoy under workers compensation laws in most states. Each case on appeal is reviewed by three members of the ECAB. (ECAB members are appointed by the Secretary of Labor.) Regulations prohibit the claimant from submitting new evidence during this phase, but the ECAB is not limited by previous “finding of fact” by the District Office or BHR and can, therefore, reevaluate the evidence and determine if the law was appropriately applied. The ECAB represents the end of the appeal process; claimants may not obtain review through a state or Federal court system.

FECA Today: Disability Management

The Federal Employees' Compensation Act gives injured workers the right to return to their Federal jobs or similar positions within their Agencies within one year of the onset of continuous wage loss. OWCP uses several “tools” to help injured workers return to work as quickly as possible:

- The Early Nurse Program;
- Quality Case Management;
- Vocational Rehabilitation;
- Assisted Reemployment; and
- Periodic Roll Management.

The COP Nurse Intervention Program

The COP Nurse Intervention Program was initiated in 2000 to allow OWCP to get an earlier jump on lost-time cases. Nurses under contract to OWCP serve as telephonic case managers (TCMs) during the 45-day continuation of pay period following a work-related traumatic injury. The TCMs are responsible for communicating with the employing agency, the claimant, and/or the physician to determine the claimant's status.

¹⁹ If the request for reconsideration is not filed in a timely manner (i.e., within one year of the formal decision) and/or the request did not contain new evidence or arguments, the senior Claims Examiner does not reevaluate the evidence of record before issuing a decision. This is referred to as a “non merit review” decision.

The TCM first initiates a phone call to the employing agency to determine the claimant's return-to-work status. If this contact is unproductive, the TCM contacts the claimant. If the employee has not returned to work yet, but has a projected date, the TCM notes the projected return to work date and contacts the claimant as near to that date as possible to verify that RTW has occurred.

If the claimant does not have a plan to RTW and/or has not returned to work by the second contact, the TCM will initiate a call to the attending physician for updated medical reports and descriptions of physical limitations so that a return to work date can be submitted to the OWCP Claims Examiner. The TCM is expected to use her/his medical knowledge and experience to identify those cases that will require more extensive nurse intervention due to the severity of injuries and/or other complicating factors (e.g., surgical intervention or invasive diagnostic tests). Once an early nurse has finished making the phone calls, he or she sends a report to the OWCP Claims Examiner with recommendations for follow up (i.e., which cases should be prioritized for quick adjudication and referral to Quality Case Management).²⁰

Quality Case Management

Quality Case Management was implemented by OWCP in 1993 as a means of reducing the number of days an injured worker is out of work. A primary principle of QCM is the use of contract nurses. The nurses, working out of their own homes or offices (as opposed to the DFEC District Office) serve as a liaison between the injured employee, employing agency, physician, and OWCP. The nurses have several responsibilities, including:

- Contacting the employee and the physician to ensure that the employee is receiving proper medical care and that the employee understands the medical treatment being provided;
- Directing and expediting requests to the Claims Examiner for approval of diagnostic testing, physical therapy, surgery, and other treatment and services;
- Ensuring that the attending physician has an adequate treatment plan, and that the treatment plan progresses appropriately;
- Accompanying the injured employee to office visits (if requested);
- Working with the date-of-injury employer to identify light or limited-duty jobs that the employee can perform; and
- Relaying to OWCP any concerns the employee may have about payment of medical bills and/or compensation, authorization of medical services, etc.

Every injury case with a wage-loss claim filed and no return-to-work date is reviewed for assignment to a nurse. The Claims Examiner sends the case to the staff nurse (an OWCP employee), who assigns the case to a contract field nurse based on the zip code of the claimant. Once an employee has returned to work for 30 days or the field nurse has been working on the case for 120 days, the nurse intervention typically ends. However, two 30-day extensions are possible when the nurse is following a claimant who had returned to work. Claimants are required to cooperate with OWCP's efforts to prepare them for suitable work, or they are subject to sanctions.

²⁰ In September 2000, OWCP added four triage codes to be entered by the TCM to assist Claims Examiners in prioritizing cases for adjudication.

Although nurses are a key component of QCM, CEs retain overall responsibility for the management of the case. The CE specifies the issues he or she wishes the nurse to address, and continually monitors the medical evidence as it comes in, even when nurse or vocational rehabilitation personnel are working with the case. CEs also continue to be responsible for ensuring that the adjudicatory outcomes are satisfactory from a medical and legal point of view. They determine loss of wage earning capacity where the claimant has returned to work, whether with the original agency or a new agency. They also track those claimants who are performing light duty to ensure that the agency restores them to full duty whenever possible. As well, they are responsible for terminating nurse and/or vocational rehabilitation services any time the medical evidence shows that the claimant has fully recovered from the effects of the employment injury, regardless of how close job placement may be.

QCM success is measured in terms of reductions in lost production days and the success of case resolution within 30 months, for cases still receiving benefits after the first year. LPDs are a measure of the average number of days of paid compensation (COP and wage loss days) due to workplace injury. OWCP calculates it as a rate per 100 Federal employees. Average LPDs within the first year of disability for QCM cases dropped from 195 days per 100 employees in 1996 to 167 days per 100 employees in 2001, a reduction of about 14 percent in five years.

Vocational Rehabilitation Services

Claimants that have received a medical release from their physician, but have been unable to return to their original employer, are referred to an OWCP Vocational Rehabilitation specialist. The rehabilitation specialist will assign the case to a contract rehabilitation counselor located in the claimant's area. Counselors can work the case for up to two years and bill up to a maximum of \$5,000. The two-year period is split up into the following timeframes:

- Counselors receive 25 hours of compensation over a period of three months to place the worker with the original employer.
- If placement with the original employer is unsuccessful, counselors then have 20 compensated hours over three months to develop a rehabilitation plan. The planning phase includes diagnostic testing and evaluation to determine transferable skills, vocational interests, etc. Preparation of the plan also includes a labor market survey to determine whether suitable job opportunities exist within a reasonable commuting area or if re-training is necessary.
- If the employee has transferable skills, the counselor then has 50 compensated hours over three months to help the injured worker locate suitable employment, either with a new Federal agency, state or local government, or in the private sector.
- If the counselor determines that the employee does not have transferable skills (or that no suitable jobs are available), then training is considered. Training under OWCP is usually limited to two years in length or less, and typically involves vocational or proprietary schools, as opposed to two- and four-year academic institutions. The counselors monitor claimant progress throughout the course of the training, and then work with the claimant to locate suitable job opportunities following conclusion of the program.
- Counselors remain on cases for an additional two months following placement to provide any assistance the claimant may need.

An employee in an approved Vocational Rehabilitation program is paid an allowance of up to \$200 per month to assist with transportation, childcare, etc. The employee is also entitled to compensation at the rate for total disability during the rehabilitation program. The employee's date of injury employer is responsible for all costs associated with Vocational Rehabilitation.

When the employee returns to work, OWCP will reduce compensation to reflect the actual earnings capacity if the new job pays less than the old. If reemployment is at the same or higher pay rate than the job held at the time of injury, OWCP will terminate compensation benefits. If the employee does not return to work, compensation will be adjusted to reflect his or her presumed wage earning capacity.²¹ Finally, if an employee refuses to take part in the early stages of vocational rehabilitations (e.g., during counseling, testing, work evaluations), OWCP assumes that Vocational Rehabilitation would have resulted in return to work with no loss of wage-earning capacity (unless there is evidence to the contrary), and compensation is reduced to zero.

Assisted Reemployment

Another tool OWCP uses to return injured employees to work is the Assisted Reemployment Program. Beginning in 1992, Congressional appropriation language for the FECA program authorized OWCP to use the Employees' Compensation Fund to subsidize a portion of the salary paid to a re-employed injured worker by a new private or public employer. This wage subsidy is intended to assist in reemploying workers who have been difficult to place with their original employers. It is available to other Federal agencies, as well as to State and local governments and the private sector. The subsidy requires no additional government funds since the amount paid to reimburse the employer replaces money that would have been paid in wage loss compensation to the injured worker.

The rate of reimbursement is decided on a case-by-case basis by OWCP and the agency, but cannot exceed 75 percent of the employee's gross wage. The program was originally designed such that OWCP would pay 75 percent of the employee's gross wage in year one, 50 percent in year two, and 25 percent in year three. Beginning in 1996, however, OWCP authorized its rehabilitation specialists to offer prospective employers the opportunity to receive up to 75 percent of wages paid for the first six months of employment. Under the streamlined version of the program, the rehabilitation specialist can immediately calculate and authorize the payment of a short-term subsidy whenever it would likely result in a job offer being made. The more elaborate three-year subsidy remains available, where needed, to secure jobs offers in more difficult cases. Assisted Reemployment is capped at the amount of total disability compensation that would be paid to the employee if there were no employment.

Periodic Roll Management

Finally, in addition to stressing early intervention and high quality case management, FECA has also dedicated resources to reviewing long-term disability cases for continued benefit eligibility. Each case, except those coded as permanent disability cases, is now reviewed on an annual basis to determine if there have been any medical or other changes that would (1) affect compensation benefit levels; and/or (2) allow the claimant to return to work or enter vocation rehabilitation services. The PRM initiative has proven

²¹ To determine the employee's ability to earn wages, OWCP considers the nature of the injury, the degree of impairment, the employee's age, the kinds of work he or she can do, whether suitable work is available, and any other factors with may affect the ability to earn wages.

quite successful in its short lifespan. In FY 2001, staff reduced compensation costs by \$31.1 million.²² Over 6,000 cases were screened (in 2001), and benefits were either adjusted or terminated in over 3,000 cases where the beneficiaries' disability had improved to the point that return to work was possible, or in some cases it was discovered that the beneficiary had died.

²² Office of Workers Compensation Programs, OWCP Annual Report to Congress, FY 2001, p. 10.

Chapter 3: Major Factors Affecting FECA Performance

Success of the FECA program – both with regard to cost containment and disability management, as well as customer satisfaction – is dependent upon a number of external factors. For example, injury prevention measures conducted by OSHA; efforts at employing agencies and unions; fluctuations in the Federal budget and the budget process; national and local economic conditions; and unexpected events such as the terrorist attacks in Oklahoma City, New York, and Washington, DC may all have an impact on the program. Two critical factors that affect FECA performance are the size and “shape” of the Federal workforce and the composition of the OWCP staff. The size and “shape” of the Federal workforce is an obvious predictor of the number of compensation cases that OWCP staff will manage and monitor in any given year. Moreover, the composition of the Federal workforce will also impact the types of compensation claims that are filed. Secondly, the size and composition of the OWCP staff nationwide are likely to have an impact on the level of attention staff can give to any one case, ultimately contributing to customer satisfaction and potentially to the realization of cost savings.

Organized into several sections, this chapter provides context for the findings in Chapters 5, 6, 7, and 8. The first part addresses changes in the Federal civilian workforce, including U.S. Postal employees, and looks at the impact that these changes may have on FECA program performance, particularly how the type of compensation claims have changed over time. The second section addresses shifts in the OWCP staffing plan, specifically how OWCP has allocated its staff geographically according to the distribution of Federal workers, as well as the number and type of compensation claims received by region. The third section of this chapter looks at the impact that these factors have had on FECA costs, and the fourth section addresses other exogenous factors contributing to FECA’s success. The final section includes a brief conclusion.

The Changing Federal Civilian Workforce and Its Impact on the Number of Claims

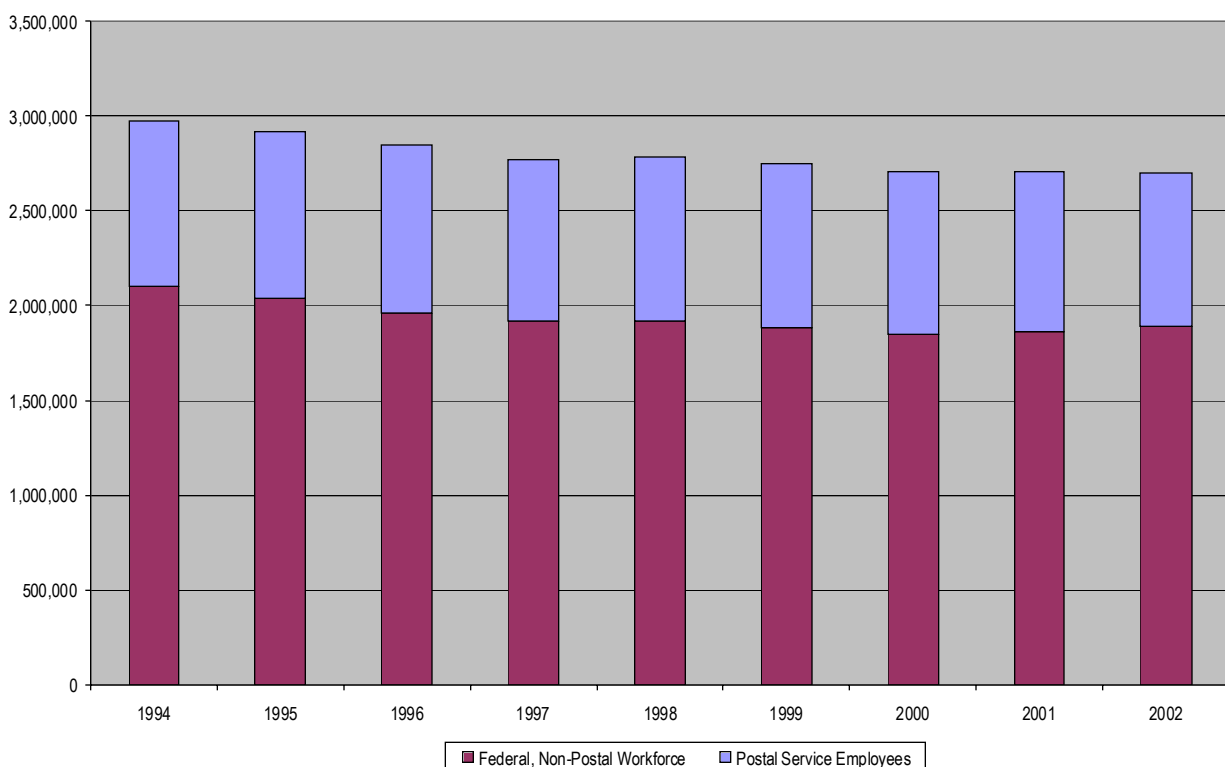
The FECA program covers a broad range of Federal employees. The program covers “all civilian employees of the United States, except those paid from non-appropriated funds.... Special legislation provides coverage to Peace Corps and VISTA volunteers; Federal petit or grand jurors; volunteer members of the Civil Air Patrol; Reserve Officer Training Corps Cadets; Job Corps, Neighborhood Youth Corps; and Youth Conservation Corps enrollees; and non-Federal law enforcement officers under certain circumstances involving crimes against the United States.” Moreover, “...coverage is extended to Federal employees regardless of the length of time on the job or the type of position held. Probationary, temporary, and term employees are covered on the same basis as permanent employees. Also, part-time, seasonal, and intermittent employees are covered.”²³

This section will examine how the Federal civilian workforce has changed over time and the impact – if any – that these changes have had on the number and types of compensation claims received by OWCP District Offices.

²³ Questions and Answers about the Federal Employee Compensation Act (FECA), http://nt5.scbbs.com/cgi-bin/om_isapi.dll?clientID=372159&infobase=q-and-a.nfo&softpage=PL_frame.

The Size and Composition of the Federal Civilian Workforce

Exhibit 3.1: Composition of the Federal Civilian Workforce, 1994-2003



Source: "Federal Civilian Workforce Statistics: Employment and Trends, as of September 2002," Table 7; "Federal Civilian Workforce Statistics: Employment and Trends, as of September 2001," Table 7; "Federal Civilian Workforce Statistics: Employment and Trends, as of September 2000," Table 7; "Federal Civilian Workforce Statistics: Employment and Trends, as of September 1999," Table 7; "Federal Civilian Workforce Statistics: Employment and Trends, as of September 1998," Table 7. "Federal Civilian Workforce Statistics: Employment and Trends, as of November 1997"; "Federal Civilian Workforce Statistics: The Fact Book: November 1996"; "Federal Civilian Workforce Statistics: The Fact Book: November 1995".

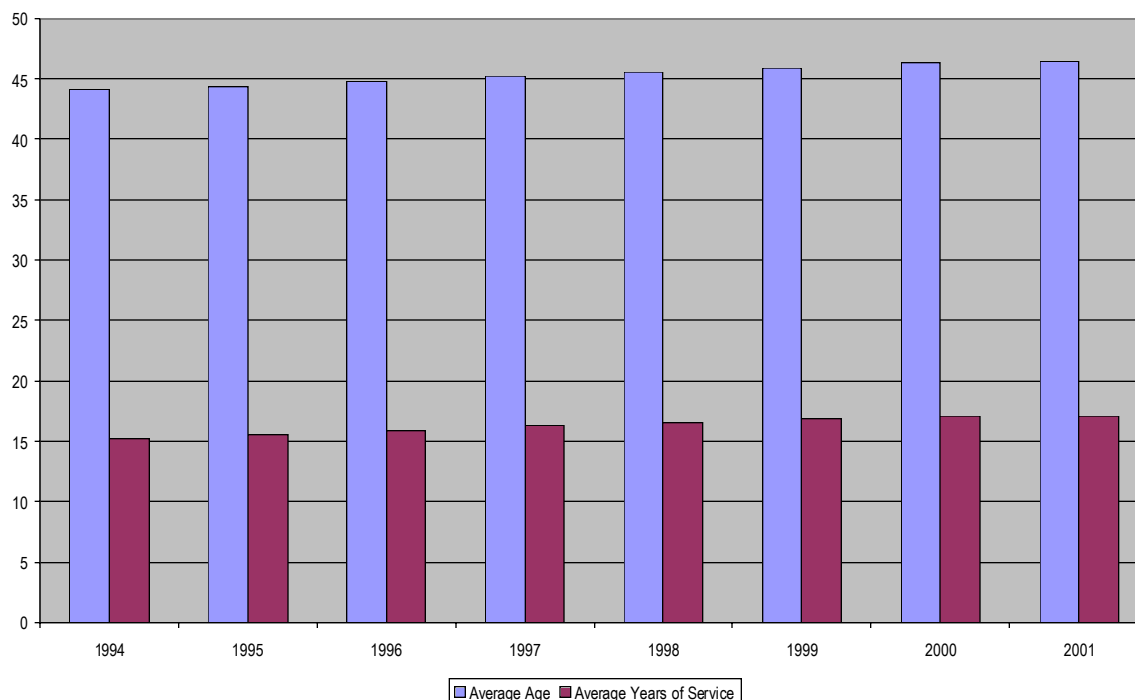
Except for a slight increase in 2001, the Federal civilian workforce – including full-time, part-time, and intermittent employees – has been consistently declining in size over the past several years. In fact, since 1994, this workforce, as a whole and including U.S. Postal Service employees, has shrunk by about nine percent.²⁴ Because the U.S. Postal Service is OWCP's largest client, changes to their workforce can have a particularly important impact on OWCP staff and workload. Their workforce, however, has only decreased by about seven percent, while the non-postal Federal civilian workforce decreased by 10 percent over that same time period. Exhibit 3.1 shows this change in workforce for the two groups over time.

²⁴ Office of Personnel Management, "Federal Civilian Workforce Statistics: Employment and Trends, as of September 2002." Federal civilian workforce excludes the Central Intelligence Agency, National Security Agency, Defense Intelligence Agency, National Imagery and Mapping Agency, and the US Postal Service.

The Aging Workforce

In addition to the Federal civilian workforce declining in size, it is also aging and becoming, on the whole, more experienced. In 2001 the average age of an employee was 46.5 years – up from 44.1 years in 1994. Similarly, the average number of years of service among workers increased by about two full years. Exhibit 3.2 shows these changes over time.

Exhibit 3.2: Average Age and Average Years of Service, Federal Civilian Workforce, 1994-2001



Source: "Federal Civilian Workforce Statistics: The Fact Book 2002 Edition."

Note: These figures are not available for U.S. Postal Service employees.

Blue Versus White Collar Workers

About 85 percent of the Federal civilian workforce (not including Postal Service employees) is classified as white-collar, including all professional and administrative workers.²⁵ That proportion has stayed fairly constant since 1990 when these data first became available. While these data are not available for Postal Service employees, an analysis of the available labor category data indicates that the proportion of blue-collar workers is significantly higher than the remaining Federal civilian workforce. It is estimated that blue-collar workers comprise approximately 60 percent of the Postal Service workforce. Based on comparisons with the private sector, this would suggest a higher accident rate. Exhibit 3.3 shows the number of workers reported by the U.S. Postal Service in their 2002 Annual Report with employees classified as blue- or white-collar.

Exhibit 3.3: U.S. Postal Service Employees by Job Classification, 2002

²⁵ "Federal Civilian Workforce Statistics: The Fact Book: 2002 Edition."

Labor Category	White Collar	Blue Collar	Total
Headquarters Career Employees			
Headquarters	1,712		1,712
Headquarters—Field Support Units	3,848		3,848
Inspection Service (field)	3,875		3,875
Inspector General	722		722
Sub-Total	10,157	0	10,157
Field Career Employees			
Area Offices	2,107		2,107
Postmasters/Installation Heads	25,771		25,771
Supervisors/Managers	37,829		37,829
Prof. Admin. Tech. Personnel	9,661		9,661
Clerks	256,656		256,656
Nurses	173		173
Mail Handlers		59,259	59,259
City Delivery Carriers		233,639	233,639
Motor Vehicles Operators		9,092	9,092
Rural Delivery Carriers—Full Time		60,817	60,817
Special Delivery Messengers		—	0
Bldg. & Equip. Maintenance Personnel		42,275	42,275
Vehicle Maintenance Personnel		5,513	5,513
Sub-Total	332,197	410,595	742,792
Non-Career Employees			
Casuals		19,065	19,065
Non-Bargaining Temporary		807	807
Rural Subs/RCA/RCR/AUX		56,474	56,474
PM Relief/Leave Replacements		12,234	12,234
Transitional Employees		12,847	12,847
Sub-Total	0	101,427	101,427
TOTAL	342,354	512,022	854,376
PERCENT	40.1%	59.9%	100%

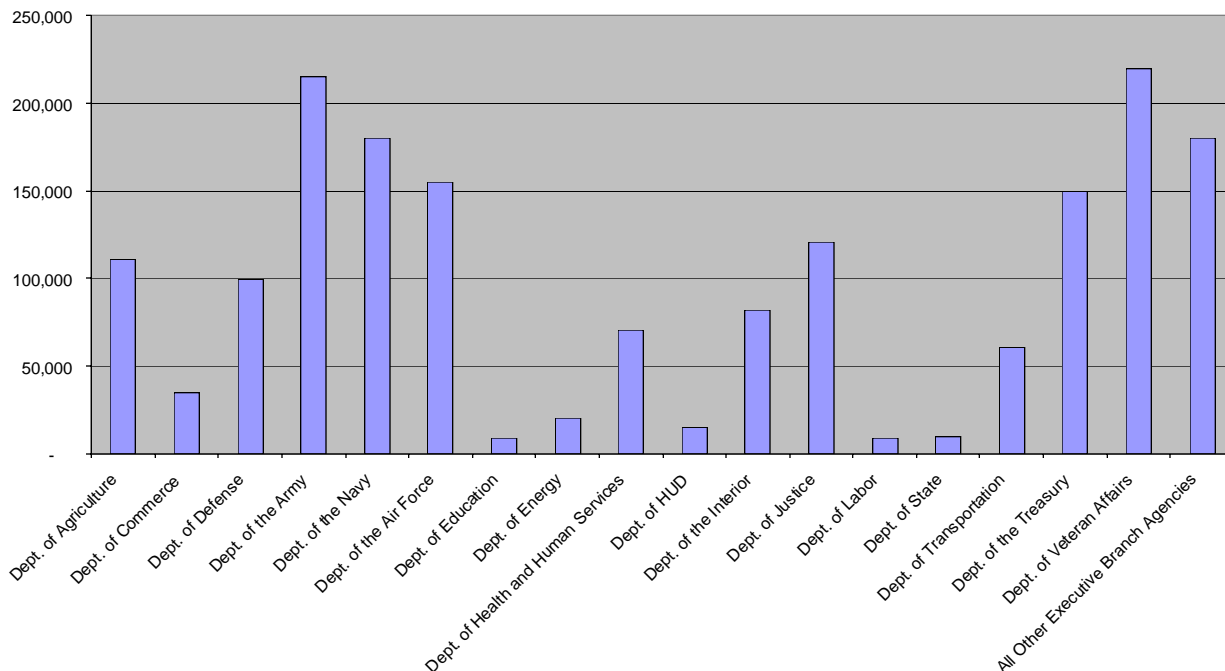
Note: The total number of employees reported in 2002 by the US Postal Service in this chart does not match the total reported by the Office of Personnel Management. This discrepancy can be caused by a number of factors including the type of workers counted or the date on which they are counted. Nevertheless, we think that this exhibit is helpful in generally understanding the type of work in which Postal Service employees are engaged.

Source: U.S. Postal Service Annual Report 2002. ICF estimates regarding white and blue collar workforce.

Executive Branch Workers

Federal civilian workers in the Executive Branch of government are concentrated in just a few key departments. The Department of Defense is a primary employer, as well as the Department of Veterans Affairs and the Treasury Department. Exhibit 3.4 shows this distribution in workforce among Executive agencies. It's important to note that none of these Executive agencies employ nearly as many workers as the U.S. Postal Service.

Exhibit 3.4: Federal Civilian Employment by Executive Department, 2001



Source: "Federal Civilian Workforce Statistics: The Fact Book 2002 Edition."

Note: Employment by the Executive Branch changed in March 2003 with the advent of the Department of Homeland Security.

The Impact that the Changing Federal Workforce Has Had on Workers' Compensation Claims

As an agency that is entirely responsive to the needs of the Federal workforce, the number of workers' compensation claims filed could be expected to vary as the size of the Federal workforce changes. Similarly, the types of claims – i.e., traumatic and non-traumatic claims – should also change as the predominant type of Federal worker changes.

Traumatic, Non-Traumatic, and Death-Related Claims

Since 1994, the total number of compensation claims has declined by nearly 16 percent, a quicker decline than the nine percent drop in the number of Federal civilian workers. The number of traumatic injury claims (CA-1s) reported has decreased at an even more dramatic pace, dropping from 162,000 in 1994 to about 133,000 claims in 2002 – a decline of over 18 percent. Non-traumatic injury claims (CA-2s), on the other hand, have remained stable over this nine-year period, declining less than one percent. It is important to note that non-traumatic injuries actually increased between 1994 and 2001 from about 26,000 to 28,000 claims. Exhibit 3.5 shows this fluctuation among the different types of claims.

Exhibit 3.5: Volume and Type of Workers' Compensation Claims, 1994-2002

Year	Traumatic Injury Claims (CA-1)		Non-Traumatic Injury Claims (CA-2)		Claims for Compensation by Widow, Widower, and/or Children (CA-5)		TOTAL
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total	
1994	162,197	86.2%	25,804	13.7%	105	0.06%	188,106
1995	155,713	85.3%	26,724	14.6%	114	0.06%	182,551
1996	152,040	85.7%	25,209	14.2%	69	0.04%	177,318
1997	148,059	84.3%	27,401	15.6%	70	0.04%	175,530
1998	140,259	84.0%	26,630	15.9%	82	0.05%	166,971
1999	141,330	84.2%	26,470	15.8%	76	0.05%	167,876
2000	146,450	83.6%	28,626	16.3%	69	0.04%	175,145
2001	138,338	83.0%	28,254	17.0%	53	0.03%	166,645
2002	132,568	83.8%	25,636	16.2%	56	0.04%	158,260
TOTAL	1,316,954	84.5%	240,754	15.4%	694	0.04%	1,558,402

Source: Department of Labor, Office of Workers Compensation Program.

This sizable decline in total number of claims relative to the drop in the number of Federal workers may indicate that other factors are affecting the volume of workers' compensation claims. Other factors might include the aging of the Federal civilian workforce and the types of tasks demanded of employees. A brief look at claims by agency shows that the Postal Service continues to flood OWCP staff with claims – in fact, the number of cases has increased over time – while other agencies report fewer claims. The Department of Justice also reports a slight increase in the number of claims reported. Exhibit 3.6 provides these data in greater detail for the four agencies reporting the highest number of claims.

Exhibit 3.6: Number of Workers' Compensation Claims (Forms CA-1, CA-2, CA-5) by Largest Agency Clients, 1990-2002

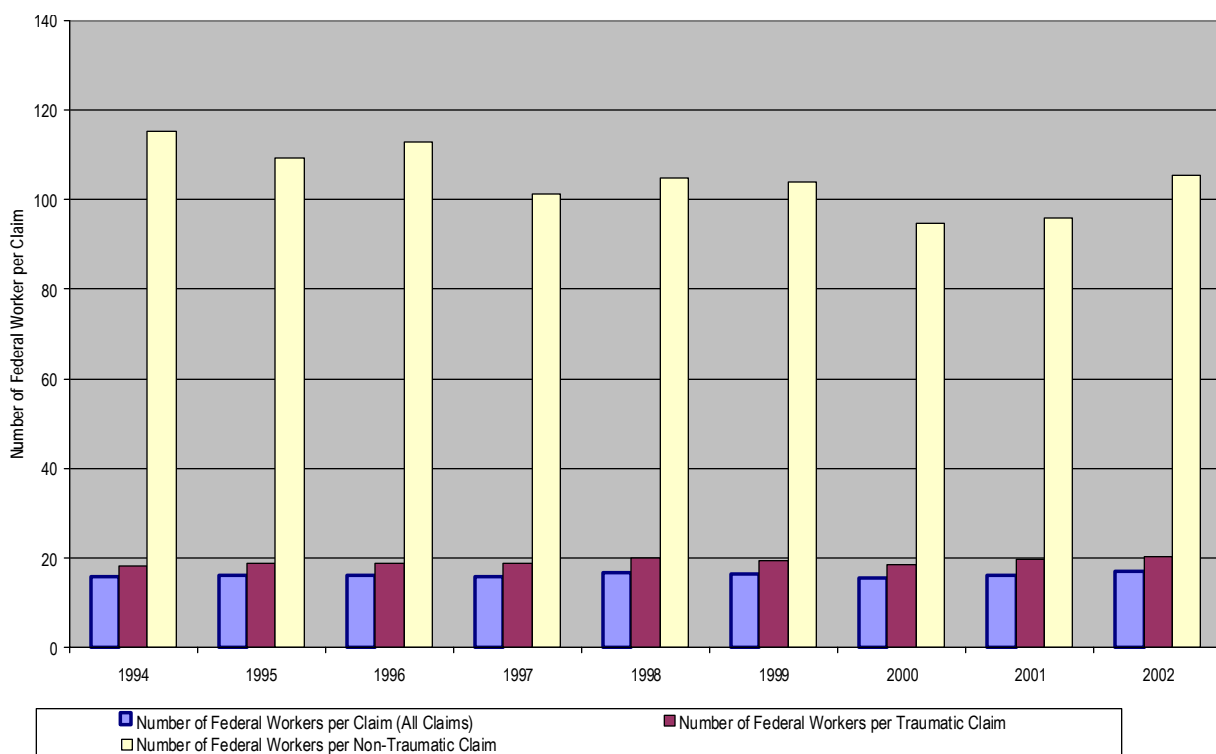
Year	Total Claims	USPS Claims		Army Claims		Navy Claims		Department of Justice Claims	
		Number	Percent of Total	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
1990	181,070	67,199	37.1%	14,006	7.7%	13,565	7.5%	4,319	2.4%
1991	176,510	67,653	38.3%	13,226	7.5%	12,673	7.2%	4,727	2.7%
1992	179,021	69,602	38.9%	13,138	7.3%	12,296	6.9%	4,890	2.7%
1993	181,084	71,964	39.7%	12,721	7.0%	12,482	6.9%	5,393	3.0%
1994	188,106	82,919	44.1%	11,446	6.1%	11,353	6.0%	5,450	2.9%
1995	182,551	84,546	46.3%	10,573	5.8%	9,891	5.4%	6,141	3.4%
1996	177,318	86,406	48.7%	9,776	5.5%	6,898	3.9%	6,683	3.8%
1997	175,530	85,784	48.9%	9,584	5.5%	5,761	3.3%	7,834	4.5%
1998	166,971	80,707	48.3%	8,947	5.4%	3,986	2.4%	8,564	5.1%
1999	167,876	85,040	50.7%	8,308	4.9%	2,816	1.7%	8,667	5.2%
2000	175,145	87,498	50.0%	8,222	4.7%	2,598	1.5%	8,909	5.1%
2001	166,645	84,778	50.9%	8,050	4.8%	2,464	1.5%	8,638	5.2%
2002	158,260	78,962	49.9%	7,239	4.6%	2,615	1.7%	8,425	5.3%
Total	2,276,087	1,033,058	45.4%	135,236	5.9%	99,398	4.4%	88,640	3.9%

Source: Department of Labor, Office of Workers Compensation Program.

Note that these total claims do not include claims directly received by the National Headquarters Office

In total, since 1994, the number of Federal workers for every one workers' compensation claim submitted has increased. So, for example, in 1994 for every claim filed there were just under 16 Federal workers; in 2002, that same figure had increased to over 17 Federal workers for every one claim filed. A similar trend is apparent when only traumatic claims are included in the analysis. On the other hand, looking at non-traumatic claims in isolation shows a decline in the number of workers for each claim filed, indicating a proportionate increase in these types of claims. Exhibit 3.7 shows these trends.

Exhibit 3.7: Number of Federal Workers per Workers' Compensation Claim, 1994-2002



Source: Department of Labor, Office of Workers Compensation Program.

These figures show a clear trend toward an increasing frequency of non-traumatic claims filed among Federal workers since 2000. Among non-traumatic basic cases – those claims for which the CE has less than 180 days to adjudicate – carpal tunnel cases increased by more than 200 percent between 1994 and 2002 and tendon conditions rose by more than 300 percent. As indicated in Exhibit 3.8, reports of pain, swelling, stiffness, and redness of joints and non-joints also increased significantly during this nine-year period.

Exhibit 3.8: Volume of Non-Traumatic Basic Claims by the Nature of Injury, Top 10 Injuries (among all non-traumatic basic claims) with Largest Absolute Change in Volume Between FY 1994 and 2002

Injury Type	Non-Traumatic Injury Basic Claims			Change from 1994-2002
	1994	1997	2002	
Pain/swelling/stiffness/redness not in joint	2		214	10,600%
Pain/swelling/stiffness/redness in joint	8	1	231	2,788%
Hernia, hiatal	19	112	142	647%
Arthritis/osteoarthritis	64	233	429	570%
Lyme disease	2	16	12	500%
Chemical	35	121	178	409%
Conditions of tendons, etc.	779	3,525	3,481	347%
Coccidiomycosis	1	3	4	300%
Callus, corn	27	140	106	293%
Contact dermatitis	19	35	58	205%
TOTAL	16,584	14,722	19,173	16%

Source: Department of Labor, Office of Workers Compensation Program.

Some non-traumatic extended cases, such as tumors and cancer, rose over 400 percent between 1994 and 2002. Gastrointestinal conditions and hypertension cases, meanwhile, both increased by more than 300 percent. Of particular note, mental, emotional, and nervous conditions have increased only five percent. Exhibit 3.9 shows the volume of non-traumatic extended claims by the nature of the claimant's injury for the injuries reporting the greatest absolute change in volume.

Exhibit 3.9: Volume of Non-Traumatic Extended Claims by the Nature of Injury, Top 10 Injuries (among all non-traumatic extended claims) with Largest Absolute Change in Volume Between FY 1994 and 2002

Injury Type	Non-Traumatic Injury Extended Claims			Change from 1994-2002
	1994	1997	2002	
Tumors, cancer and related conditions	19	55	101	432%
Pregnancy (Peace Corps only)	6	20	31	417%
Reaction to smoke, fumes, chemicals	51	474	244	378%
Gastrointestinal condition, not specified	12	55	53	342%
Tooth and gum problems	25	71	103	312%
Hypertension	11	70	45	309%
Hernia, inguinal	40	164	128	220%
Cerebrovascular accident	11	31	33	200%
Myocardial infarction	18	98	54	200%
Bronchitis	87	179	160	84%
Total	5,642	6,201	7,543	34%

Source: Department of Labor, Office of Workers Compensation Program.

While non-traumatic injuries increased over the nine-year span when measured by the fiscal year, traumatic injuries actually fell by 13 percent. The most significant declines were seen in the number of traumatic burn injuries, which declined by 43 percent and the number of traumatic amputations and contusions, which fell by 36 and 33 percent respectively. Nevertheless, the injuries that experienced the greatest absolute change were injuries that increased over time. Pain, swelling, redness, stiffness, not in

joint, and insect bites were reported with significantly 3more frequency in 2002 than in 1994. It's important to note that traumatic mental, nervous, and emotional injuries reported increased by 90 percent from 1994 to 2002 – from 807 cases to 1,530 cases. Exhibit 3.10 shows the volume of traumatic claims by the nature of the claimant's injury for the injuries reporting the greatest absolute change in volume.

Exhibit 3.10: Volume of Traumatic Claims by the Nature of Injury, Top 10 Injuries (among all traumatic injuries) with Largest Absolute Change in Volume Between FY 1994, 1997, and 2002

Injury Type	Traumatic Injury Claims			Change from 1994-2002
	1994	1997	2002	
Pain, swelling, redness, stiffness, not in joint	1		601	60000%
Insect bite	13	1,853	2,645	20246%
Pain/swelling/stiffness/redness in joint	4		590	14650%
No injury stated	4		340	8400%
Headaches	1		79	7800%
Foreign body in any body part	29	1,892	1,845	6262%
General symptoms	3	3	145	4733%
Exposure to all chemical or biological causes	4		161	3925%
Effects of electrical current	1		26	2500%
Injury due to environmental causes	17	508	411	2318%
Total	152,419	131,208	133,056	-13%

Source: Department of Labor, Office of Workers Compensation Program.

The injury types that experienced the greatest absolute change in reporting, however, were not necessarily the most frequently claimed injury types – despite their significant increases in reporting. The following chart provides detail about the top five most cited injury types by non-traumatic basic, non-traumatic extended, and traumatic injuries in each year.

Exhibit 3.11: Most Frequently Reported Injuries (in each year) by Non-Traumatic Basic, Non-Traumatic Extended, and Traumatic Types, FY 1994 and 2002

Injury Type	1994		1997		2002		Change from 1994-2002
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total	
Non-Traumatic Basic Injuries							
Musculoskeletal condition, other	2,923	17.6%	4,966	33.7%	7,392	38.6%	153%
Carpal tunnel syndrome/Cubital tunnel syndrome	1,700	10.2%	2,891	19.6%	3,745	19.5%	120%
Conditions of tendons, etc.	779	4.7%	3,525	23.9%	3,481	18.2%	347%
Back sprain/strain, Back pain, Subluxation	785	4.7%	1,602	10.9%	1,853	9.7%	136%
Skin condition, other	275	1.7%	295	2.0%	317	1.7%	15%
Disability, unclassified	5,638	34.0%					-
Strain, multiple	2,574	15.5%					-
Non-Traumatic Extended Injuries							
Mental, emotional, nervous conditions	3,017	52.5%	3,521	56.8%	3,172	42.1%	5%
Hearing loss	1,581	27.5%	827	13.3%	2,407	31.9%	52%

Exhibit 3.11: Most Frequently Reported Injuries (in each year) by Non-Traumatic Basic, Non-Traumatic Extended, and Traumatic Types, FY 1994 and 2002

Injury Type	1994		1997		2002		Change from 1994-2002
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total	
Hernia, inguinal	40	0.7%	164	2.6%	128	1.7%	220%
Respiratory condition, other	381	6.6%	286	4.6%	464	6.2%	22%
Asbestosis	205	3.6%	91	1.5%	267	3.5%	30%
Reaction to smoke, fumes, chemicals	51	0.9%	474	7.6%	244	3.2%	378%
Cardiovascular disease, other	69	1.2%	84	1.4%	109	1.4%	58%
Traumatic Injuries							
Traumatic injury, unclassified (except disease, illness)	36,536	24.0%	19,518	14.9%	32,950	24.8%	-10%
Sprain/Strain of ligament, muscle, tendon, not back	36,810	24.2%	35,394	27.0%	31,578	23.7%	-14%
Back sprain/strain, back pain, subluxation, IVD disorders	25,411	16.7%	23,646	18.0%	20,067	15.1%	-21%
Contusion	25,815	16.9%	22,680	17.3%	17,324	13.0%	-33%
Laceration	9,295	6.1%	8,658	6.6%	7,295	5.5%	-22%

Source: Department of Labor, Office of Workers Compensation Program.

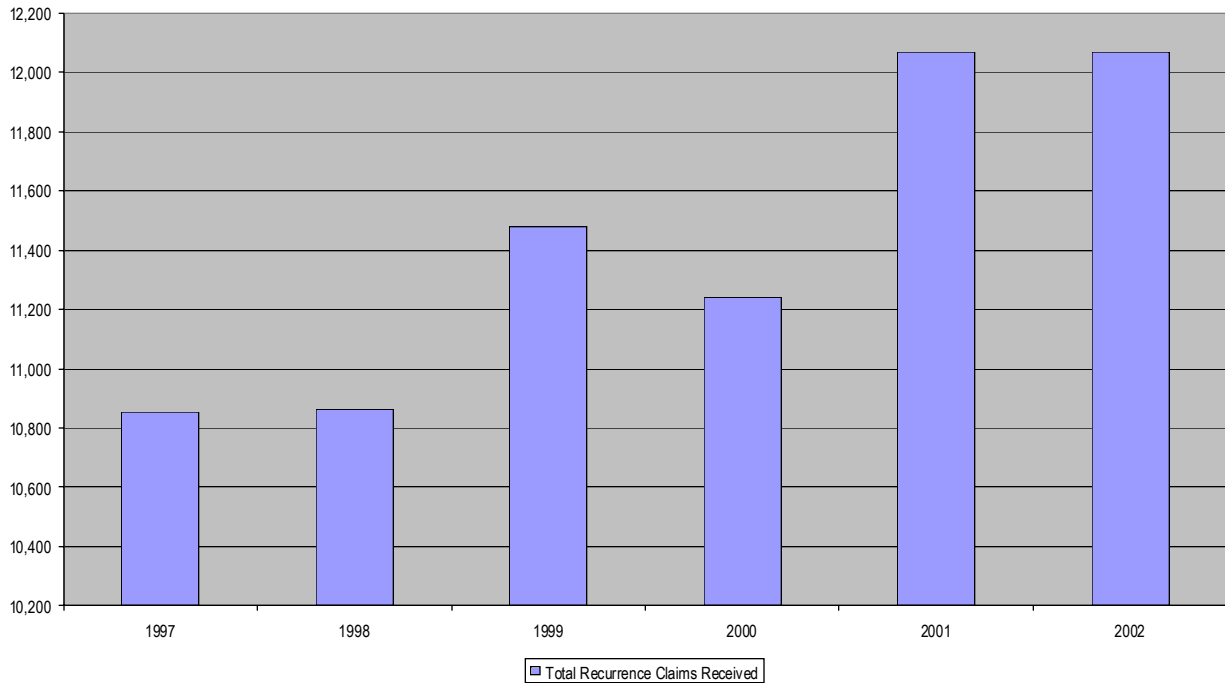
Note: Injuries were selected based on their reported frequency per year.

These data shed light on the types of injuries that OWCP and the employing agencies should work to minimize and the types of working environments that lead to the greatest number of injuries. Additionally, OWCP may want to consider ways to streamline the adjudication process for specific injury types that are expected to rise over the next several years given current trends.

Recurrence Claims

While new claims have been declining over time, the number of recurring claims (CA-2a) has increased slightly. From 1997 to 2002, the number of recurring claims has increased nationally from about 11,000 in 1997 to slightly more than 12,000 in 2002. Exhibit 3.12 shows the number of recurrence claims received each year from 1997 to 2002 (note the large scale of this exhibit).

Exhibit 3.12: Total Number of Recurrence Claims Received, 1997-2002

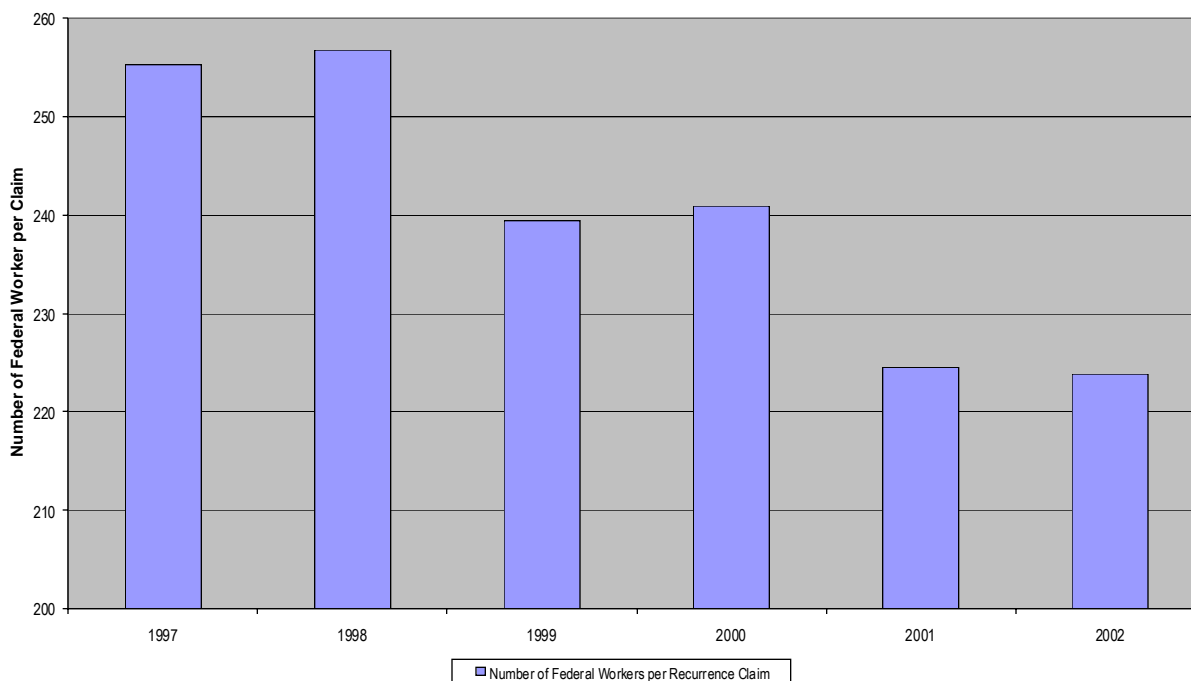


Source: Department of Labor, Office of Workers Compensation Program.

The rising number of recurrence claims may be a natural outcome of an aggressive return to work policy, such as the one implemented by OWCP in recent years. Although such a policy is in the best interest of OWCP and its claimants, this data may be an indication that some workers are returning to work before they are fully recuperated. Another possible reason for this rise in recurrence claims may be purely administrative in nature. According to FECA officials, agencies may be using the CA-2a forms with greater frequency due to better training about FECA process, eliminating their previous practice of simply filing another wage loss compensation form or an initial notice of injury form.

Compared to the declining Federal workforce, recurrence claims are occurring with, comparatively, even greater frequency. In 1997, there were 255 Federal workers for every one recurrence claim filed. This number dropped to only 224 workers per recurrence in 2002. This changing dynamic is demonstrated in Exhibit 3.13.

Exhibit 3.13: Number of Federal Workers per Recurrence Claim, 1997-2002



Source: Department of Labor, Office of Workers Compensation Program.

Short Form Closures and Short-Form Closure “Flips”

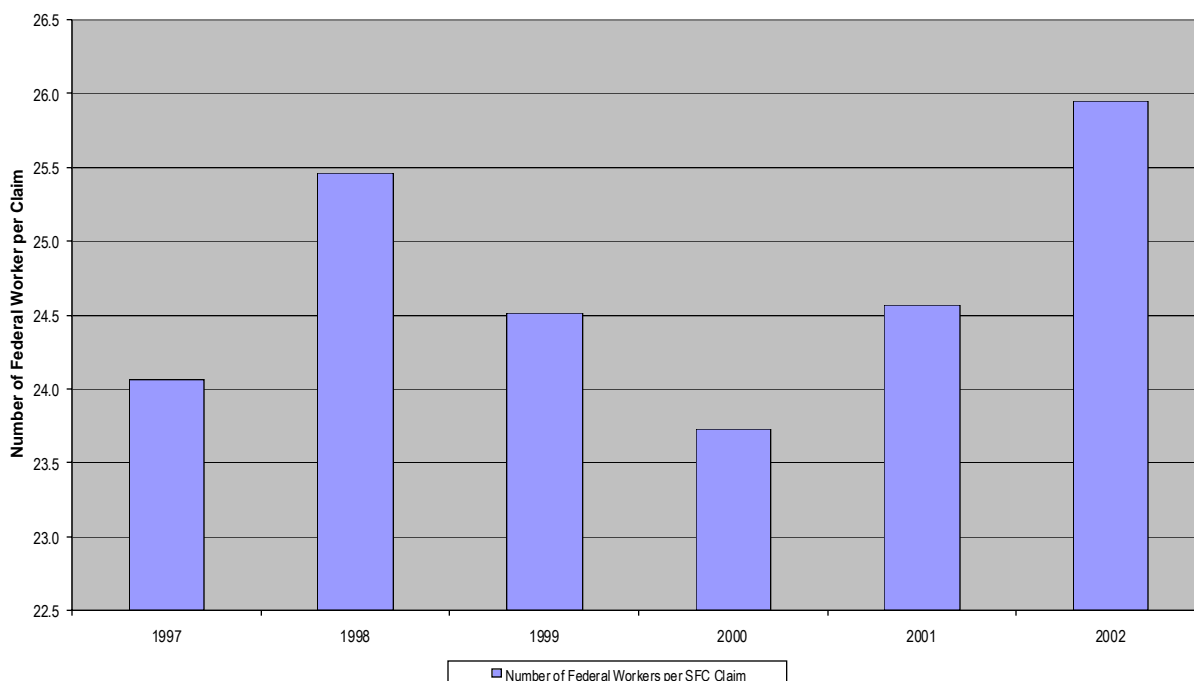
Short form closure (SFC) cases are traumatic claims not disputed by the employer (with certain exceptions such as potential third-party liability) where the medical costs are \$1,500 or less. All such cases are classified as SFC by an automated system based on information contained in the CA-1 form and are generally paid with little to no monitoring by a Claims Examiner. These cases remain in SFC status until medical costs exceed \$1,500 or until a CA-7 claim for wage loss compensation is submitted, at which point SFCs are said to “flip” open, becoming a claim that a CE then manages and monitors closely.

While the number of SFCs declined since 1997 from 115,000 to 104,000 in 2002, the proportion of these claims that reportedly “flipped” open each year has steadily risen. This trend may be an indication that the \$1,500 threshold that was established several years ago may need to be increased so as to provide workers with the same level of service at the low-end of the compensation schedule. As one nurse noted, the cost of a simple MRI can immediately force an SFC claim to “flip” open, creating additional work for a CE. Another possible explanation for this trend is the improved timeliness of submission of CA-1 forms by the employing agency prior to the identification of the worker’s full injury and subsequent medical treatment. This demonstrates that OWCP has been successful in their campaign to improve submission timeliness and may not be an indication of a substantial problem. The following chart shows the number of short-form claims and the number of SFC “flips” nationally from 1997 to 2002.

Exhibit 3.14: Number of Short-form Closure Cases and SFC "Flips," 1997-2002

	1997	1998	1999	2000	2001	2002
Total Number of SFC Cases Created	115,160	109,558	112,106	114,108	110,295	104,106
Total Number of Cases Reopened	30,181	29,212	30,952	31,205	31,813	31,400
Percent SFC Cases Reopened	26.2%	26.7%	27.6%	27.3%	28.8%	30.2%

Exhibit 3.15: number of Federal Workers per Short-Form Closure Case Created, 1997-2002



Source: Department of Labor, Office of Workers Compensation Program.

Compared to the changing Federal workforce, the number of short-form closure cases remained proportionately about the same. In 1997, for every 24 Federal workers, one SFC claim was created. That number has fluctuated over time, increasing slightly to 25.5 workers per SFC claim in 1998 and then declining, only to increase to 26 workers per claim in 2002. This trend is detailed in Exhibit 3.15.

The Geographic Distribution of the Federal Civilian Workforce and Its Impact on OWCP Staff and Workload

Workload – particularly the number of cases handled by each Claims Examiner – is a serious issue among OWCP staff that affects accuracy, efficiency, staff turnover, and staff morale. While this issue will be discussed in greater detail in Chapter 4, this section will address the important impact that the geographic distribution of the Federal workforce has on the number and types of FECA claims generated within each District Office.

Geographic Distribution of Federal Workers, Compensation Claims, and OWCP Employees

The geographic disbursement of the Federal civilian and U.S. Postal Service workforce is particularly important to FECA in their district staffing decisions and workload distribution among offices. This section addresses geographic distribution of the workforce, compensation claims, and OWCP employees.

Federal Workers

Exhibit 3.16 shows the Federal civilian workforce organized by FECA District Office, with adjustments made according to FECA rules for case management and their proportionate share of the workforce.

Exhibit 3.16: Distribution of Full-Time Federal Civilian Workforce by FECA District Office, 2000

FECA District Office	States Located in District (And Other Pertinent Information Pertaining to the Workload in Any Given District Office)	Number Federal Civilian Employees*	Proportion of the Total
Boston	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	110,783	4.2%
Chicago	Illinois, Minnesota, Wisconsin	156,761	5.9%
Cleveland	Indiana, Michigan, Ohio	178,036	6.7%
Dallas	Arkansas, Louisiana, New Mexico, Oklahoma, Texas	283,291	10.7%
Denver	Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming	114,485	4.3%
Jacksonville	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee	436,228	16.5%
Kansas City	Iowa, Kansas, Missouri, Nebraska, all employees of the Department of Labor (except Job Corps enrollees) and their relatives	128,963	4.9%
New York	New Jersey, New York, Puerto Rico, Virgin Islands	210,704	8.0%
Philadelphia	Delaware, Pennsylvania, West Virginia	128,907	4.9%
San Francisco	Arizona, California, Hawaii, Nevada	326,880	12.4%
Seattle	Alaska, Idaho, Oregon, Washington	114,927	4.3%
Washington, DC	DC, Maryland, Virginia, all areas outside the US, its possessions, territories, and trust territories, special claims	452,374	17.1%
TOTAL		2,642,339	100.0%

Note: Department of Labor employees have been subtracted from all District Office totals and added to the Kansas City District Office total to account for their added responsibility.

* Denotes number of Full-time, Part-time, or Intermittent Federal Civilian Employees as of December 31, 2000. These figures do not include 50,089 employees with an unspecified home state.

Source: 2000 Census, "Federal Employment Statistics [Biennial Report of Employment by Geographic Area: 2000](#) Publication of Employment by Geographic Area," Table 5, 7.

New Claims

In light of this “potential” for injury analysis – i.e. the number of Federal employees under the authority of each District Office, it is clear that the District Offices responsible for the greatest number of Federal workers are Washington, DC; Jacksonville; and San Francisco. Yet, a closer look at the number of new claims reported at each District Office in 2000, compared to the distribution of workers “assigned” to each DO, shows that other factors are clearly impacting the number of claims generated among Federal employees. For example, in 2000, while the Washington, DC DO had the greatest number of Federal employees within its boundaries, it reported only the fifth highest number of new claims compared to other District Offices. This may be due to a higher proportion of white-collar Federal workers – who are likely less prone to injury – living within the Washington, DC District Office’s purview. Overall, however, the proportion of claims handled by each District Office seems fairly consistent with the comparative size of the Federal civilian and Postal Service workforce in each District. Exhibit 3.17 provides a closer look at these issues.

Exhibit 3.17: Total Federal Civilian Compared to Annual Number of New Workers’ Compensation Claims Received by District Office, 2000

District Office	Number of Federal Civilian Employees*	Number of New Workers’ Compensation Claims	Number of Federal Workers for Every New Claim
Boston	110,783	9,169	12.1
Chicago	156,761	11,809	13.3
Cleveland	178,036	12,969	13.7
Dallas	283,291	20,467	13.8
Denver	114,485	8,128	14.1
Jacksonville	436,228	26,644	16.4
Kansas City	128,963	7,286	17.7
New York City	210,704	14,791	14.2
Philadelphia	128,907	8,644	14.9
San Francisco	326,880	28,165	11.6
Seattle	114,927	9,443	12.2
Washington, DC	452,374	17,630	25.7

Note: Department of Labor employees have been subtracted from all District Office totals and added to the Kansas City District Office totals to account for their added responsibility.

* Denotes number of Full-time, Part-time, or Intermittent Federal Civilian Employees as of December 31, 2000. These figures do not include 50,089 employees with an unspecified home state. They do include Postal Service employees.

Source: “Federal Employment Statistics [Biennial Report of Employment by Geographic Area: 2000](#) Publication of Employment by Geographic Area,” Table 5, 7.

While the distribution of claims is not evenly divided among District Office – nor is it apparent that it is directly related to the size of the Federal workforce for which it is responsible – the proportion of traumatic and non-traumatic basic and extended claims also differs across the OWCP Offices. For example, while 87 percent of all claims received by the New York District Office in 2002 were traumatic injury claims, San Francisco and Seattle reported that only 80 percent of their claims were traumatic. A similar disparity exists among the District Offices when it comes to non-traumatic basic claims in 2002: offices such as New York, Jacksonville, and Washington, DC report that only nine percent of their total claims are non-traumatic basic

cases, while DOs such as Chicago and San Francisco report a share of 15 and 16 percent respectively. The share of claims in each Office reported to be non-traumatic extended ranges from two percent (Chicago) to seven percent (Jacksonville) in 2002. The following chart shows the total number of claims for fiscal years 1994, 1997, and 2002 by District Office and the proportion of these claims that were traumatic, non-traumatic basic, and non-traumatic extended.

Exhibit 3.18: Total Claims by District Office and Proportionate Share of Claims Reported as Traumatic, Non-Traumatic Basic, and Non-Traumatic Extended, 1994, 1997, 2002

District Office	Traumatic			Non-Traumatic Basic			Non-Traumatic Extended			Total		
	1994	1997	2002	1994	1997	2002	1994	1997	2002	1994	1997	2002
Boston	89%	86%	83%	9%	10%	13%	3%	4%	4%	8,992	7,477	7,548
New York City	91%	90%	87%	7%	7%	9%	3%	4%	4%	17,123	13,940	13,856
Philadelphia	89%	78%	86%	8%	15%	10%	3%	7%	4%	10,940	3,848	7,766
Jacksonville	88%	88%	83%	7%	8%	9%	4%	3%	7%	27,228	23,911	25,098
Cleveland	84%	86%	85%	13%	10%	13%	3%	4%	3%	12,381	12,006	11,656
Chicago	86%	85%	83%	12%	12%	15%	2%	3%	2%	10,516	10,291	10,697
Kansas City	87%	86%	82%	9%	10%	14%	4%	4%	5%	7,794	7,273	6,445
Denver	82%	83%	82%	13%	13%	14%	5%	4%	4%	7,470	6,603	7,248
San Francisco	84%	84%	80%	11%	12%	16%	5%	5%	4%	28,276	26,006	24,866
Seattle	85%	83%	80%	13%	13%	14%	3%	4%	6%	9,702	8,801	8,730
Dallas	88%	87%	85%	10%	8%	10%	2%	5%	5%	16,787	17,963	19,432
Washington, DC	91%	90%	85%	7%	5%	9%	2%	5%	6%	17,537	14,012	16,430

Source: Department of Labor, Office of Workers Compensation Program.

OWCP Employees

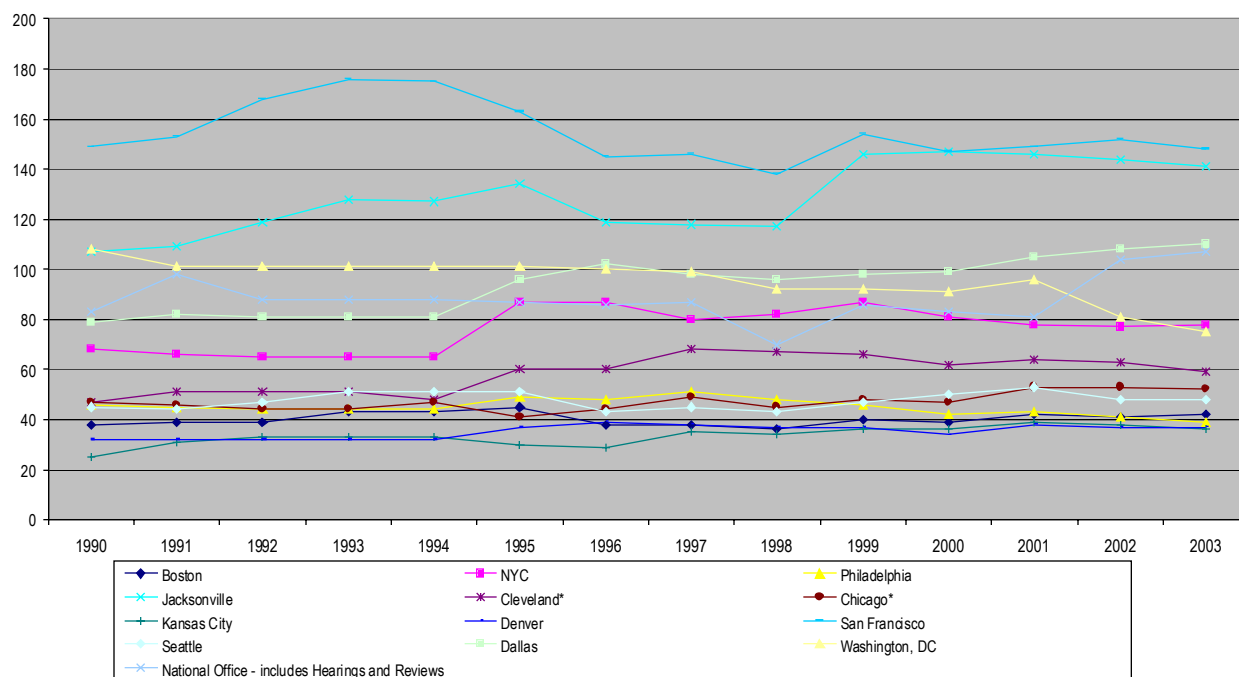
The differences in case type composition reported at each District Office can have a significant effect on the ability of staff, particularly Claims Examiners, to effectively manage their caseloads. According to these staff members, non-traumatic cases require much more time and effort to manage than traumatic cases, and there was frustration expressed at the fact that the Salaries & Expenses Resource Allocation Formula used to derive staffing allocations does not account for these differences. The sentiment that CE's devote more effort to a non-traumatic case may, however, reflect the fact that non-traumatic cases are open for a longer amount of time compared to traumatic cases. Therefore, a non-traumatic may remain active and on the list of on-going tasks for a CE, though the CE may not work on developing a non-traumatic case for many weeks at a time.

An additional source of CE disappointment with the FTE allocation calculation is that it is not directly related to the "potential" for injury present in the region served by the District Office, as estimated by the total number and type of Federal employees in the area. The basic staffing allocation formula is based upon recommendations from a team of managers assembled in 1999 that found that there were numerous factors to be considered in determining a fair weighting scheme (i.e., number of occupational illness cases, recurrence rate, emotional stress frequency, QCM universe, etc.). Therefore, it was determined that the best allocation should be based on the number of incoming cases requiring adjudication and that District Offices would be permitted to manage their staff to meet any special situations arising in their District. As it presently stands, the calculation excludes incoming short form cases that do not flip, but does include cases that flip. Each office is also allocated one FTE as a Medical Coding Specialist. FTE's working in the PRM unit are allocated based on the Special Benefits (Fair Share) account staffing allocation based on

each District Office’s share of active PRM Universe cases and QCM cases created between June and July of the previous year.

In 2003, Jacksonville, San Francisco, and Dallas reported the highest number of OWCP employees with New York City coming in fourth. Exhibit 3.19 shows the distribution of full-time equivalent (FTE) OWCP employees by District Office over time.

Exhibit 3.19: Allocation of OWCP Full-Time Equivalent (FTE) Staff, by District Office, 1990-2003



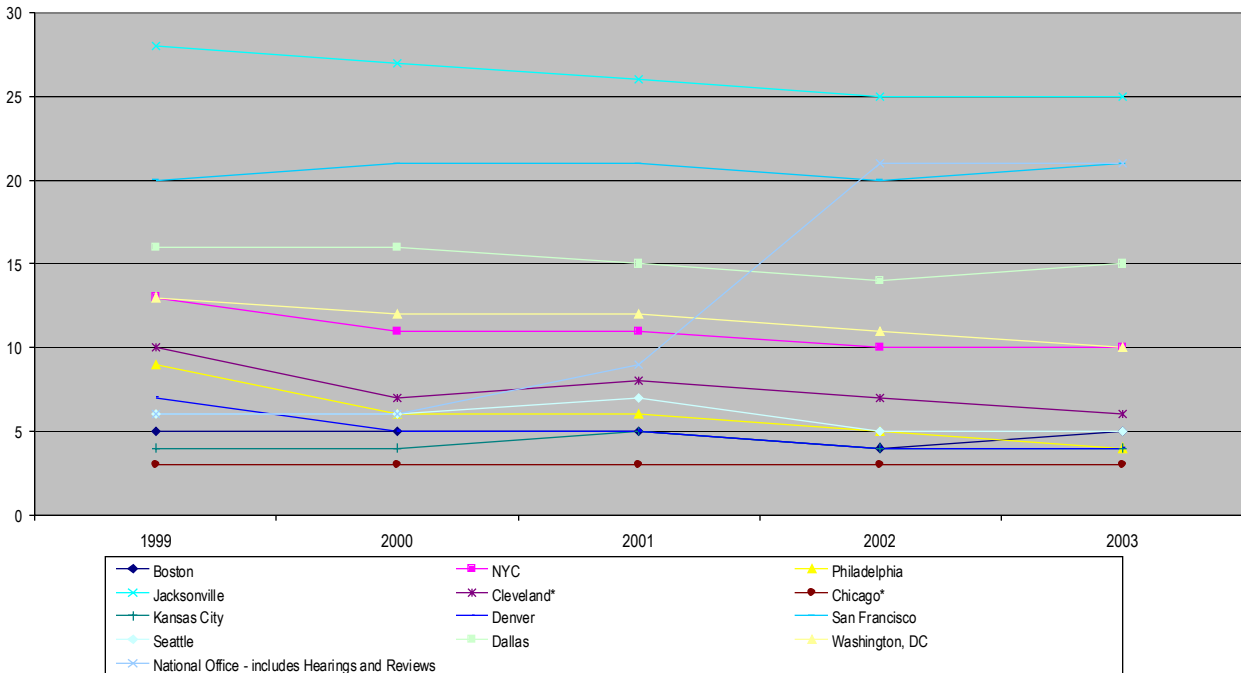
Source: Department of Labor, Office of Workers Compensation Program.

Note: 1991 data do not include 10 FTEs for Demonstration Project for Early Intervention and Return to Work.

* Data for Allocated FTEs for 1990-1994 provided one number for the Chicago-Cleveland office. For comparative purposes, we have divided that allocation in half for each of these two offices for these years.

These numbers reflect both available budget, as well as policy changes within the agency. In 1999, OWCP made a strategic change in their staffing allocation plan. At that time, the agency provided to each District Office a “Special Benefit Fair Share” (SBFS) allocation that provided staff to support the new Periodic Roll Management unit and one Medical Coding Specialist at each District Office. The Fair Share allocation has remained relatively stable since 1999. Exhibit 3.20 shows the number of SBFS FTEs allocated at each District Office under the new plan, beginning in 1999.

Exhibit 3.20: Special Benefit Fair Share Allocation of Full-Time Equivalent (FTE) Staff, by District Office, 1999-2003



Source: Department of Labor, Office of Workers Compensation Program.

When compared to the number of claims filed and the number of Federal Civilian workers by District Office, the numbers are quite interesting. For example, San Francisco reports the highest number of claims per federal employee while they report one of the lowest number of claims per FTE. On the other hand, Boston reports one of the lowest number of claims per Federal employee with one of the highest number of claims per FTE. The following table shows the figures in greater detail.

Exhibit 3.21: Total Federal Civilian Compared to Annual Number of New Workers' Compensation Claims Received and Number of FTEs Allocated by District Office, 2000

District Office	Number of Federal Civilian Employees*	Number of New Workers' Compensation Claims	Number of FTE Allocated	Number of Claims per Federal Employee	Number of Claims per FTE Allocated
Boston	110,783	9,169	39	0.083	235
Chicago	156,761	11,809	47	0.075	251
Cleveland	178,036	12,969	62	0.073	209
Dallas	283,291	20,467	99	0.072	207
Denver	114,485	8,128	34	0.071	239
Jacksonville	436,228	26,644	147	0.061	181
Kansas City	128,963	7,286	36	0.056	202
New York City	210,704	14,791	81	0.070	183
Philadelphia	128,907	8,644	42	0.067	206
San Francisco	326,880	28,165	147	0.086	192
Seattle	114,927	9,443	50	0.082	189
Washington, DC	452,374	17,630	91	0.039	194

Note: Department of Labor employees have been subtracted from all District Office totals and added to the Kansas City District Office totals to account for their added responsibility.

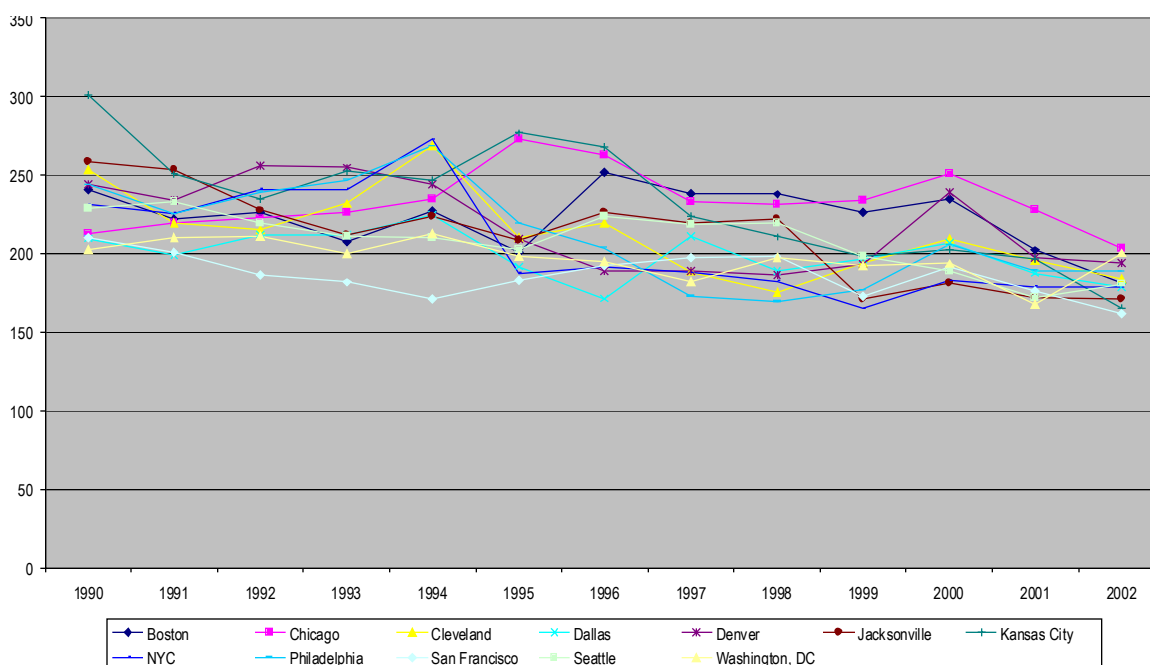
* Denotes number of Full-time, Part-time, or Intermittent Federal Civilian Employees as of December 31, 2000. These figures do not include 50,089 employees with an unspecified home state. They do include Postal Service employees.

Source: "Federal Employment Statistics [Biennial Report of Employment by Geographic Area](#): 2000 Publication of Employment by Geographic Area," Table 5, 7.

OWCP Staffing Allocation

With this new policy and the changing Federal workforce, the number of new cases per FTE reported by District Office has varied around the general downward trend, possibly with a temporary relapse in 2000. This would be broadly consistent with the increasing focus on customer service across OWCP. The question is whether the staff allocation has followed the workload appropriately. A more detailed look at these changes in new claims per FTE over time by District Office is provided in Exhibit 3.22.

Exhibit 3.22: Number of New Claims per FTE, by District Office, 1990-2002



Source: Department of Labor, Office of Workers Compensation Program.

Another measure of workload is the number of open cases per Claims Examiner. Among the District Offices, there is a significant range in number of cases per CE. For example, Denver reports the lowest ratio of non-QCM claims per CE – only 304 – while Dallas reports more than double that figure – 689. The range among QCM claims per CE is not quite as extreme – varying from 95 in Kansas City to 141 in Dallas and New York City. Exhibit 3.23 shows this data in greater detail.

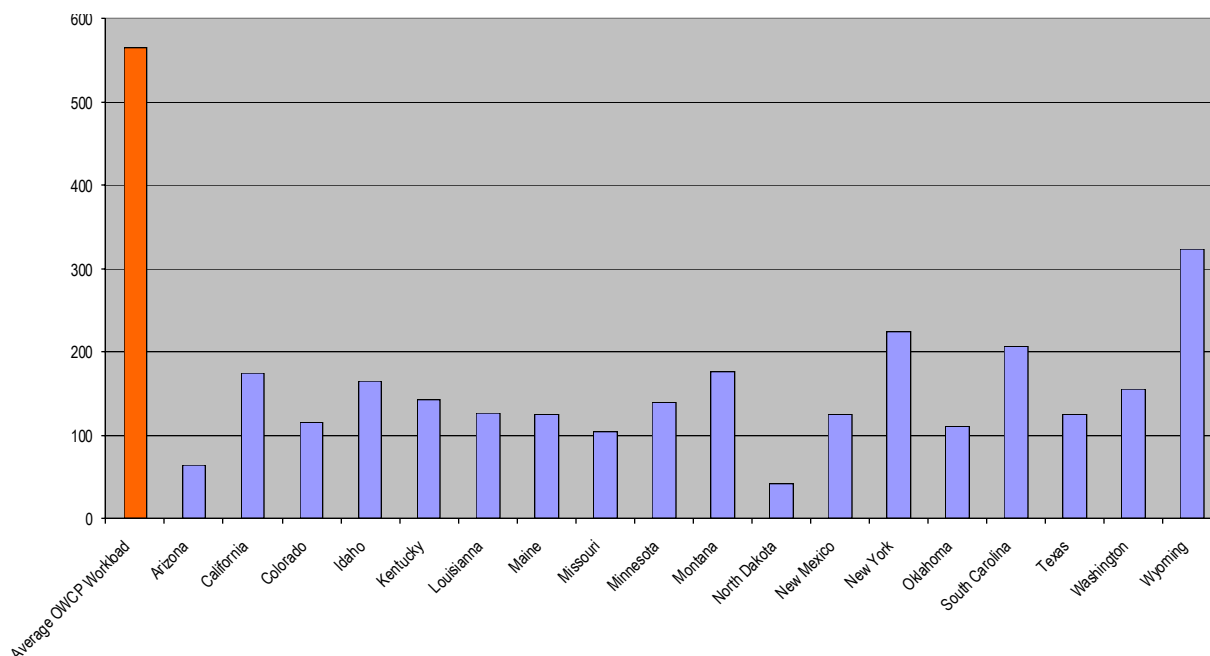
Exhibit 3.23: Average Number of Open Cases and QCM Cases per Claims Examiners, by District Office, 2003

District Office	Number of Claims per Claims Examiner	Number of QCM Claims per QCM Claims Examiner
Boston	622	120
Chicago	663	129
Cleveland	384	108
Dallas	689	141
Denver	304	103
Jacksonville	556	104
Kansas City	428	95
New York City	516	141
Philadelphia	681	105
San Francisco	500	-
Seattle	579	128
Washington, DC	798	106
National Average	566	117

Source: Department of Labor, Office of Workers' Compensation.

These caseloads are well above the norm in other workers' compensation programs and severely limit the amount of time that CEs can spend on any one case in an effort to help individuals to get back to work or to better address their medical conditions. Exhibit 3.24 shows how OWCP's national average caseload per CE measures up to other state workers' compensation programs. It is important to note that while the number of claims per CE may be high among OWCP District Offices, these figures are not directly comparable to state programs because there is very little activity in the long-term claims that remain in the CEs' caseload.

Exhibit 3.24: Average Number of Cases per Claims Examiner, Federal Workers' Compensation Program and 18 State Workers' Compensation Programs, 2003



Source: Department of Labor, Office of Workers' Compensation Program; American Association of State Compensation Insurance (AASCIF) Funds survey.

Cost of the Workers' Compensation Program

The cost of the FECA program includes all administrative costs, wage loss compensation, nurse and rehabilitation specialist costs, medical costs, and death benefits paid. The data presented in Exhibit 3.25 below show that, controlling for inflation (set in 2002 dollars), the administrative budget obligation for the FECA program increased by 55 percent from 1990 to 2002. Medical costs, also shown in 2002 dollars, increased by nearly the same proportion – 44 percent. Costs for nurses increased by about 50 percent from 1996 and 2002, while costs for rehabilitation were reduced by nearly half.

Exhibit 3.25: FECA Program Cost (in 2002 dollars), 1990-2002 (in millions of dollars)

Year	Compensation Costs	Medical Costs*	Benefits Paid for Fatalities	Administrative Budget Obligation	Nurse Costs	Rehab Costs
1990	\$1,409	\$465	\$138	\$71		
1991	\$1,465	\$516	\$139	\$69		
1992	\$1,532	\$568	\$141	\$74		
1993	\$1,534	\$585	\$140	\$77		
1994	\$1,554	\$555	\$140	\$77		
1995	\$1,546	\$535	\$139	\$86		
1996	\$1,582	\$554	\$146	\$90	\$15	\$15
1997	\$1,473	\$504	\$138	\$91	\$16	\$13
1998	\$1,478	\$524	\$136	\$88	\$16	\$13
1999	\$1,480	\$532	\$136	\$94	\$16	\$13
2000	\$1,459	\$571	\$132	\$95	\$19	\$11
2001	\$1,483	\$629	\$131	\$112	\$21	\$10
2002	\$1,509	\$668	\$131	\$110	\$22	\$8

Source: Department of Labor, Office of Workers Compensation Program.

* Total Medical Costs includes Administrative Medical Costs, such as payments to nurses and rehabilitation counselors paid under contract to FECA.

Other Exogenous Factors and Their Impact on the FECA Program

The FECA and Implementing Regulations

The FECA has not been amended since 1989. During the subsequent time period, the Federal workforce has decreased, contracting out has increased, the Federal workforce has become older, the mix of injuries has changed, and opportunities for re-employment with employing agencies and within the Federal government have diminished. As a result, these factors have affected how long injured workers remain on workers' compensations (i.e., the duration of assistance) as well as the number, type, and success of returns to work or other exits from FECA assistance.

The FECA program also has evolved from its earlier focus on benefit payments to an emphasis on disability management. The FECA and its regulations provide the framework within which disability management operates and, in several ways, limit the potential effectiveness of disability management. Key features of the FECA constrain OWCP's ability to achieve gains in reducing LPDs, getting injured employees back to work, and in reducing program costs for benefit payments. In contrast to other workers' compensation systems and private insurers, under FECA there is no mandatory retirement provision, nor are buyouts from the program permitted. In addition, benefit levels are generous, absolutely and in comparison to other workers' compensation systems.

These provisions are embedded in the current version of the law and affect the ease of FECA administration, particularly in terms of increasing the effectiveness of disability management. In terms of

specific impacts on performance, these provisions work to extend the durations of disability, increase program costs, and act as disincentives to returns to work.²⁶

Economic Conditions

Although little research has been conducted on the effects of national and local economic conditions on workers' compensation claims and resolutions, the few studies that have been undertaken confirm casual observations of impacts on the level of claims and duration of cases. For example, an earlier study by Victor and Fleischman (1990) suggests that higher unemployment is likely to increase the utilization of workers' compensation income and medical benefits. At the same time, employees with relatively minor injuries may become more reluctant to file claims due to concerns about their vulnerability to layoffs when the economy takes a downward turn. In addition, this study claims that the experience and injury mix of injured workers changes when unemployment increases – less experienced workers are laid off more frequently and more experienced workers are retained. Since less experienced workers tend to be younger, their injuries are more frequent but less serious. These trends result in increases in severity of injury, medical costs, and perhaps in duration of injuries.

Auman and Draheim (1997) noted that of 292 employers who had experienced downsizing, 70 percent reported a substantial increase in disability claims. Another survey conducted in 1993 of 69 employers by the benefits consulting firm William Mercer found that almost one-third of respondents polled said that their workers' compensation claims increased after company layoffs.²⁷ Both studies attribute these increases to higher benefits under workers' compensation compared to unemployment compensation and to the increased injury risks to workers who remain after downsizing. Also, both studies are based on private sector employers.

Interviews with District Offices noted that local conditions significantly affected returns to work, especially in regions that encompassed rural areas where there are fewer alternatives, either with the Federal government or the private sector. These conditions also would affect caseloads, as it becomes more difficult to resolve cases through returns to work.

Each District Office interviewed also noted affects on the ability of OWCP to attract and retain employees when local labor markets fluctuate. Local labor market conditions affect the quality of workers available to OWCP from both the public and private sectors. In slack markets, OWCP District Offices often have been able to attract very high quality workers from outside the Federal government. Under tight market conditions and when the Federal government creates new employment options, the District Offices indicated problems in retaining staff, especially when caseloads have been high.

Conclusion

From this analysis, several conclusions can be drawn about the impact that the aforementioned factors can have on the FECA program. First, as the total number of compensation claims declines, the number of

²⁶ Studies conducted by WCRI confirm that high benefit levels and the timing of return to work interventions greatly affect both program utilization and the duration of disability. See, for example, Gardner (June, 1989) "Return to Work Incentives: Lessons for Policymakers from Economic Studies", WC-89-2.

²⁷ See, Fewer Workers, Higher Workers' Compensation, Small Business Reports, April 1993, 43-44.

non-traumatic injury claims increased steadily through 2001, after which non-traumatic claims dropped to numbers not seen since 1994. OWCP may want to consider specific steps to address these types of injuries in the upcoming years. Second, recurrences of past claims seem to be increasing, potentially due to active return to work efforts by OWCP or administrative issues. Third, the Agency may want to consider increasing the threshold amount that causes short-form closure cases to “flip” open – creating additional, and possibly unnecessary, work for already-overburdened CEs. Finally, efforts should be made to ensure that the rationale for the current staffing allocation is explained to CEs.

Chapter 4: OWCP Organizational Structure

As is often the case with service-providing organizations, employees are given the ultimate job of executing procedural elements in such a manner as to meet the goals of the organization. The OWCP District Offices are granted great flexibility in establishing their organizational structure and procedures to maximize performance. Building on the factors affecting FECA performance in the previous chapter, this section provides an in-depth look at the internal organizational issues at OWCP that may impact program outcomes and customer satisfaction.

First, differences and commonalities in organizational structure and process across the District Offices will be detailed. Then, given the organizational framework, various ways of managing human and other resources will be discussed. Lastly, organizational issues that affect performance at the individual level, such as training and incentives, will be described.

It is important to note that this chapter is based on information gathered in telephone and in-person interviews. Forty interviews were conducted on-site at a total of five District Offices. Approximately forty additional interviews were conducted with remaining District Office staff, the National Office staff, labor union officials, and selected agency representatives.

OWCP Organizational Specialization, Flexibility, and Commonalities

Headquarters allows OWCP District Offices great latitude in determining their own organizational processes, and procedures. While this flexibility is generally appreciated among District Directors, outcomes may be negatively affected. For example, GAO officials noted in their May 2002 report *Office of Workers Compensation Programs: Further Actions Are Needed to Improve Claims Review*²⁸ that differences in procedures among the District Offices might impact the rate of remands and reversals. These differences manifest themselves in the number of claims units and the staffing of each unit, the internal training conducted for staff, and a number of work processes and additional customer services available for clients.

Specialization as a Key Organizing Principle

Specialization was the defined organizing structure for many of the District Offices. Specialization organizes the claims managers into various units – usually several adjudication units, a QCM unit, and a PRM unit – and specifies that cases be moved through the units depending on their status. For example, claims usually spend their first 45 days in one of the adjudication units (managed by a Claims Examiner) and then, if a wage loss compensation claim is filed, are moved to the QCM unit to be managed by a different Claims Examiner. This arrangement allows Claims Examiners to focus on particular skills and processes needed at specific points in a case's lifespan – rather than one person servicing a case in its entirety.

²⁸ United States General Accounting Office Report GAO-02-637. *Office of Workers Compensation Programs: Further Actions Are Needed to Improve Claims Review*. May 2002.

Specialization, however, has received both positive and negative reviews. Employees in the Cleveland and Dallas offices indicated that specialization has worked well, and it has made for more pro-active and dedicated case management. Others have noted that while the introduction of specialization has helped, it is critical to rotate staff through different units so that everyone has the opportunity to understand each part of the process (not just their own job). For instance, in Kansas City, some staff members are rotated one time per year through different units (2-3 year rotations). In NYC, an effort is made to rotate staff members at two-year intervals. Benefits to frequent rotation are seen when CE's are able to familiarize themselves with all stages of the case management process, thus enabling greater understanding and collaboration between units. In addition, because QCM is such an intense process, many OWCP staff members reported that burnout is high for these Claims Examiners and that rotation can provide a welcome change of daily routine, in addition to a valuable learning experience.

The process of rotating staff through various units may present more logistical hurdles in larger offices. The transitioning process introduces a steep learning curve and creates a need for immediate training that would not exist otherwise. To help with this learning curve, staff members moved into a unit that is new to them will often take on a portion of the caseloads of a more experienced Claims Examiner in the unit, and who is therefore more comfortable with the way things work in that unit. This allows the veteran Claims Examiners to be effective mentors and aid in the transition of new CE's into the unit.

Not all employees, however, believe that specialization is the most favorable way to organize an office. CE's who disagreed with specialization explained that following a case through its entire cycle produced better Quality Case Management than having a case move from unit to unit where, with each move, a new CE has to familiarize themselves with the intricacies of the case. For example, a staff member in Philadelphia explained that while the office "couldn't have survived in the old mode," she would prefer to oversee a case from start to finish and that resources (e.g., time) were lost on duplication of efforts by different CE's on a single claim. In addition, staff in Dallas noted that Claims Examiners don't get a picture of the entire claims process and that specialization often creates a debate over who is responsible for a case.

As a result of these drawbacks to specialization, two District Offices chose not to specialize functions, or tried specialization but then returned to their previous organizational scheme. San Francisco specializes according to geography, with different units responsible for different regions of the state and the CE's monitor the case from adjudication through PRM.

Seattle attempted to introduce "quasi-specialization" (modeled after that of Kansas City) from 1998 to 2002. Under this arrangement, an adjudication unit handles all new cases through to the point of acceptance / denial. If the case is denied, it stays with that unit. If it is accepted, the CE checks on the claimant's work status. If the claimant has returned to work full-time, the case gets transferred to the post-adjudication unit. The post-adjudication unit handles medical benefits, schedule awards, death cases, etc. A third unit, the disability management unit, is composed of QCM and PRM CE's. Whenever a claimant is on compensation and working less than regular duty, they are referred to the disability management unit. The staff nurse and vocational rehabilitation specialist are also housed in this unit. Seattle operated under this structure for four years, but abandoned it in 2002, citing loss of continuity and quality of case management. According to staff in Seattle, the post-adjudication units were flooded with maintenance tasks and the therefore couldn't properly manage cases. The disability management units worked well, but the employees became demoralized after they felt that they were being "dumped on" by the employees in the adjudication units who weren't properly developing the cases.

Following this experiment with specialization, Seattle returned to its previous organization with cases now managed for their lifespan within the same unit. Seattle now has three “full-service” units, each comprised of five adjudication CE’s, two QCM CE’s who handle initial adjudication through PRM, and a single PRM CE. A separate operations unit includes the staff nurse and rehabilitation specialist. Benefits of this non-specialized structure cited by employees in Seattle include greater continuity in case management, smoother transition from adjudication to QCM to PRM, and rotation of Claims Examiners through functions (within the same unit) every two to five years so the office is better able to adapt to staffing changes. On the down side, Claims Examiners complained about poor interaction between the units and different processes established among the three units. The staff nurse also indicated that this structure was frustrating and confusing because the number blocks, whereby cases are assigned, change frequently and the Claims Examiners rotate in and out of specific units. She noted that it is possible for a case to have five different Claims Examiners in one year, breaking the continuity of case management, and therefore losing the benefits of a non-specialized approach.

Other Organizing Structures Used by District Offices

Beyond the decision to specialize (or not to specialize) their operations, District Offices also have flexibility regarding the organization and operation of other aspects of their offices. Some of these operational differences among the offices include:

- The point at which a case is transferred to QCM. Part-time limited duty claims must be referred to the QCM unit, though there is flexibility regarding the timing of a referral of limited-duty claimants.
- The particular unit that houses the voc rehab specialists and the nurses. For example, some offices house these staff in the QCM unit; others create a unit exclusively for them, or place these employees directly under the Assistant Director.
- The extent to which the office uses, or does not use, vocational rehabilitation screeners.
- The extent to which the office uses phone banks and the way in which phone banks are staffed (either by dedicated people or Claims Examiners who rotate through the phone bank).
- The extent to which the office has created “non-claims” units, such as fiscal units and operation support.

Commonalities Across District Offices

Despite the differences among the District Offices, several themes were common across the offices at the organization level. These themes included unmanageable caseloads, the importance of strong leadership, and the need for coordination and collaboration across District Offices.

Unmanageable Case Loads

Virtually every District Office spoke of unmanageable caseloads and identified a serious need for more staff – particularly Claims Examiners. Some District Directors were also critical of the staff allocation formula, indicating that it was too simplistic because it does not take into account the perception that occupational disease claims require more time to adjudicate than traumatic injury cases. Previously, the formula had a ratio of four occupational diseases to one traumatic injury, providing more FTEs to District Offices that

handled a greater proportion of occupational disease claims. As previously explained in Chapter 3, the Salaries & Expenses Resource Allocation Formula used to derive staffing allocations does not account for these differences since the sentiment that CE's devote more effort to a non-traumatic case may, however, reflect the fact that non-traumatic cases are open for a longer amount of time compared to traumatic cases. Therefore, a non-traumatic claim may remain active and on the list of on-going tasks for a CE, though the CE may not work on developing a non-traumatic case for many weeks at a time. The basic staffing allocation formula is based upon recommendations from a team of managers assembled in 1999 that found that there were numerous factors to be considered in determining a fair weighting scheme. Therefore, it was determined that the best allocation should be based on the number of incoming cases requiring adjudication and that District Offices would be permitted to manage their staff to meet any special situations arising in their District. As it presently stands, the calculation excludes incoming short form cases that do not flip, but does include cases that flip open.

The Importance of Strong Leadership at the District, Regional and National Level

Although the comments were not explicit in every interview, many Claims Examiners, nurses, and rehab directors spoke about the importance of good senior leadership – at the District, Regional and National level. Obviously, multiple factors affect the success of each District Office, yet it was clear that leadership is a critical component to success. District Directors who experiment with organizational structure, focus on staff morale and incentive programs, and work to identify solutions to ease the caseload burden are not only perceived more favorably by their staff, but also experience greater success in improving staff morale and performance.

There is anecdotal evidence from field office staff that provides examples of frustrating incidents related to the efforts put forth by senior leadership. For example, in one District Office a staff member noted that even when problems among the staff are identified, it appears as though management is so divided about how to fix the problem that nothing ever gets addressed. Furthermore, while some offices reported a positive relationship with Headquarters leadership, one District Office staff member said that there is some sentiment that the National Office does not really care about their employees as long as the performance numbers are good. Some suggestions for improvement for leadership at Headquarters include better responsiveness, more morale “boosters”, and increased recognition.

The Need for Collaboration and Coordination Across District Offices

Nearly all District Offices remarked that they would like to see more opportunities to collaborate with their colleagues in other offices. In fact, one District Office staff member noted that sometimes it seems as if there are 12 individual programs, rather than one unified program. Additional opportunities to coordinate, staff noted, would provide them with a way to share information about what they're doing, tools that they've developed, and problems that they've encountered. Examples of things that they would like to share with other offices include standardized letters, Claims Examiners' performance standards, performance monitoring tools and spreadsheets. An electronic message board was one suggestion that was mentioned as a low-cost way to share information. It was also noted that a National Office liaison at every District Office might be helpful to facilitate communication between the District Offices and Headquarters.

Managing Resources at the District Level

Within the different organizational structures, there are also differences in how resources are managed. The following section describes those differences.

Human Resources

In the area of human resources, there were a variety of practices found in hiring and firing, turnover and retention, morale, and performance monitoring across offices.

Hiring/Firing

Across district offices, different methods are used to hire new employees. Some try to recruit from the private sector, which Chicago noted is especially helpful in bringing people with diverse backgrounds to the job. Others recalled the discontinued Outstanding Scholar Program. Some District Offices, such as Jacksonville and Chicago, had a very good experience with this program and would like to return to it – especially during poor economic times. One respondent in Chicago noted that, “The program was very successful at bringing in quality employees who never would have considered entering the Federal job market otherwise.” Other sources of potential employees have included: the College Scholars Program, the Civil Service Authority (most Claims Examiners are hired through this), other Federal Agencies (especially the Social Security Administration, the Post Office, and the Veterans Administration), and state workers’ compensation programs.

Despite the variety of recruiting sources, some District Offices report difficulty in hiring. One person in Denver went so far as to suggest that the process should be improved because there is a tendency for OWCP to get “recycled Federal people.” In addition to process issues, other concerns were reported. For instance, one respondent commented that attracting employees from the private sector can be difficult, as government culture is very different, especially for managers. One staff member in Cleveland observed that low compensation is to blame for hiring problems. In Dallas, an interviewee noted the lack of freedom in hiring practices, though he admitted that this was a government-wide problem. He noted, “If we are going to be held to high standards, we should be allowed to hire the best.”

Turnover and Retention

Once employees have been hired, preventing turnover and encouraging retention has proven to be difficult for some offices. Reasons for turnover are both numerous and varied, including: the high cost of living in some of the metropolitan areas in which offices are located; difficult commutes from the suburbs; recent retirement of employees; availability of opportunities to transfer to other positions within the Federal government; opportunity to use this job as entrée into the Federal government, particularly in Boston and DC; and availability of opportunities to transfer to private industry, especially for Claims Examiners who hold law degrees. The demanding nature of the job, and subsequent pressure from supervisors, were cited numerous times as a common rationale for leaving OWCP. The most common explanation provided by CE’s as a catalyst for turnover is the large caseload. One person went on to explain that, “The Claims Examiner is the most work-intensive position in the Department of Labor.” Some high performing District Offices, like Jacksonville, found that they could be victims of their own success, as good employees get promoted out of their positions.

Two other factors that seem to influence turnover and retention include salary and a minimum time threshold that OWCP staff, especially Claims Examiners, have to surpass before retention is more likely. In Philadelphia, 22 months is the average amount of time for an employee to stay at the office. If the person achieves a GS-11 level by the 22-month mark, then the corresponding higher pay often provides an incentive to remain in their job. In San Francisco, the turnover is about eight percent, a number that decreases if a staff person makes it past the first year or two. However, pay and level notwithstanding, there are several groups that are still difficult to retain, including young people and attorneys.

Some District Offices, however, report lower or diminishing turnover rates. For instance, interviewees in Kansas City and Cleveland suggested that the salary is very good for those areas. Kansas City also cited good management, while Chicago, Dallas, Philadelphia and San Francisco offered the poor economy (and therefore, lack of other opportunities) as potential reasons for the low turnover rate. In New York City, the OWCP office is located separate from other Federal offices, so it is more difficult for DOL employees to learn of other opportunities in Federal government through word of mouth or networking opportunities, therefore decreasing the turnover rate.

Morale Issues

Overall staff morale is highly correlated to turnover and retention levels. The general contentment of staff and the reasons for that satisfaction or displeasure is another dimension that is variable across sites. In Jacksonville, for example, staffing decisions can become a divisive issue that greatly impacts morale. There is a perception that the superior employees are placed in the QCM unit and that less successful CE's are staffed in the PRM unit. In Chicago, although intra-office relations are reportedly very good among staff, but morale is low due to a heavy workload that never seems to abate. Employees in Seattle were generally satisfied with their work, though noted that small physical changes in their working conditions, such as a common-use kitchen, could go a long way in improving overall morale. Other employees cited relations with Headquarters staff as being a main source of low spirits, as they sensed a disconnectedness between District Office successes and recognition from top leadership.

Some District Offices have come up with unique ways to deal with morale issues. A phone bank was created in Dallas in direct response to complaints from Claims Examiners that too much time was spent answering questions on the phone, thus taking away from valuable time spent working directly on reducing their caseload. As such, Dallas hired additional staff whose sole job is to answer the phones and provide a buffer between the CE's and claimant requests.

Performance Monitoring/Reviews

Currently, there are no national performance standards for the different labor categories, though regulatory requirements stipulate that all employees be placed on performance standards annually. These performance standards are cascaded down from standards set forth in the national operational plan for each fiscal year. In a specialized office, different CE's may have standards that stem from the various areas of the operational plan and offices are free to adapt standards that reflect local problems and their staffing structure. All offices are required to provide formal reviews for all Claims Examiners on a semi-annual basis, though some offices provide this feedback more frequently (San Francisco and Dallas, for example, conduct monthly reviews).

While there are not comprehensive national performance standards, some specific standards for employees are developed to help each office reach the goals established by the National Office. For example, the National Office has set a goal that persons calling into the office wait on hold for no more than five minutes. As such, District Office personnel who oversee the customer service representatives have established standards regarding the number of calls each representative takes per day and the amount of time they are on the phone (as opposed to in “park”²⁹). Prior to this goal, representatives were taking an average of 60 calls per day. Now, the average is in the 80s (some are taking over 100 calls). The time spent in “park” decreased from 50% to 14-16%.

While flexibility is generally seen as a positive aspect of the FECA program, there was a sense among some District Office employees that there was a lack of performance monitoring guidance and tools, thus leading to problems. One person in New York City noted that every supervisor is supposed to evaluate staff performance, but “it is not done religiously.” (Note: OWCP has taken note of this practice and is monitoring the changes as they come about with the placement of a new Regional Director.) A respondent in Philadelphia commented that they need more monitoring because “bad apples” can affect the whole office, and both Chicago and Denver employees suggested that it is very difficult to fire, or even discipline, workers for poor performance, which makes management very frustrating.

Review of Contracted Positions: Field Nurses and Rehabilitation Counselors

The review of field nurses and rehabilitation counselors is relatively consistent. In the case of evaluating rehab specialists, the performance metric – moving people into jobs – is very straightforward. In monitoring the field nurses, the process is routine. The staff nurse monitors the nurse’s monthly reports and bills closely to prevent excesses (i.e., to see if certain nurses take longer or are billing more than others). She may monitor some more closely than others, but tries to look at everyone at least once a year. In Dallas, if a Claims Examiner is not satisfied with a nurse’s services, they can flag the nurse for closer monitoring. Field Nurses file monthly reports to the staff nurse that become the basis for the field nurses’ performance reviews. In Seattle, they are reviewed on the timely submission of reports, how well they keep cases moving, and if the case is being managed adequately.

Tools Used to Review Cases

Most District Offices review cases and decisions periodically, some with more frequency than others. Tree reports, which allow supervisors to see how many cases are still open, assist in monitoring Claims Examiners’ performance in Cleveland and Denver. A sampling of cases is reviewed periodically in both Cleveland and Denver, whereas day-to-day sampling and assessment of performance is conducted in Boston. As well, some of the District Offices monitor the decisions made by their Claims Examiners, particularly new Claims Examiners. Kansas City also reported that they review timeliness of Claims Examiners and backlogs every month, and then take time to discuss the results of the review with employees each month. San Francisco monitors chargebacks.

Some District Offices have also developed their own processes and tools to monitor performance. For example, in Boston someone created a spreadsheet to provide statistical data to supervisors on case performance. It is set up to provide on-line elapsed days in real time and can list cases not adjudicated.

²⁹ A customer service rep can put their phone on park – essentially Do Not Disturb – to do paperwork or connect with a Claims Examiner to get an issue resolved.

San Francisco is using Headquarters data, based on the IQ system; however, this will no longer be possible with the introduction of IFECS.

Influences on the Individual

There are some organizational issues, including training and incentives, which affect performance at the individual level. The differences across District Offices in these areas are described in the following sections.

Staff Development through Training

Generally, every District Office engages in some form of training for new Claims Examiners, using a combination of classroom training, one-on-one interactions with Senior Claims Examiners, and actual casework. Headquarters provides some training materials for new Claims Examiners which District Offices report using. These materials include manuals, workbooks, and a final test scored at Headquarters. Unfortunately, many District Offices report problems with these materials, suggesting they are inadequate and do not provide enough information. As well, the materials are not up-to-date. In fact, Kansas City and DC reported that they were as much as 8-10 years old.

As a result, almost all District Offices supplement the Headquarters-provided training manuals and workbooks with their own materials. Typically, these training programs combine a few elements to provide what the Office believes is the background and training necessary to prepare a new Claims Examiner to ultimately handle a full caseload. Some types of training elements that District Offices reported utilizing involve: formal lectures and classroom work covering medical terminology, managing workload, etc. (Boston, Cleveland, Denver, Jacksonville); additional training after the formal classroom training (Cleveland); hands-on experience with a small case block of 10 (Boston); and assignments to an existing claims unit to begin dealing with claims (Chicago). Additionally, several sites (Boston, Cleveland, Denver, Jacksonville) have a mentoring system that can last for up to a year after formal training ends. In Denver, there is a Claims Examiner shadowing system, and in Kansas City and Philadelphia, they conduct one-on-one sessions with the Senior Claims Examiner. Typically, new Claims Examiners are monitored after being assigned to a claims unit for several months or until the Senior CE feels that they can continue the work at a level that does not require review.

In addition to differences in the component parts of each of the District Office's training program, the length of training programs is varied. New Claims Examiners in Chicago get three to six months of training, whereas in Dallas new Claims Examiners receive two months of training before being assigned to a unit. Once assigned to a unit, they work with a senior CE in that unit for an additional month before getting a caseload of their own. San Francisco employs a six-month combination of classroom and on the job training, where the training is offered in three segments of classroom and in-office work. Alternatively, two weeks of classroom training, followed by two weeks of monitoring by a Senior Claims Examiner is common practice in Seattle, and two to three months of additional training following three months of formal training is the standard in Cleveland. Jacksonville implements a half-day in the classroom and a half-day "on the floor", totaling eight to ten weeks of training.

Although the components of these training programs, their length, and their intensity vary, there is one commonality across offices. Those interviewed indicated that the learning curve for new Claims Examiners is a steep one and the best way to learn is by doing. For example, a QCM Claims Examiner from Dallas

indicated that she had several weeks of initial training to learn concepts where she read through materials and worked on problems. She found it was difficult to grasp concepts just through reading, and felt experiential education was most useful. She went on to say that the support she received from the Senior Claims Examiner was critical to her success. Without it, she believed that turnover throughout the office would be much higher.

Training for Existing Claims Examiners

In addition to training for new Claims Examiners, all District Offices also provide training for existing Claims Examiners. These “refresher” courses are also varied across the offices, ranging from needs identified by the Senior Claims Examiners in Boston and Jacksonville, to a refresher on the “basics” in Chicago. Cleveland tends to focus on accountability review standards. Training may also focus on “hot topics”, or issues that are prevalent in that particular unit, such as third party subrogation.

Additionally, trainings have included a tour of facilities (e.g., postal facility, Federal aviation system facilities), so that Claims Examiners can better understand the environments in which claimants work and, therefore, the injuries they incur. This is crucial to an effective disability management effort. An example of the usefulness of touring facilities can be found in the Post Office. Postal workers often get injured when using an all-purpose cart (APC). Claims Examiners may envision the type of carts they see mail handlers using in their own building when, in reality, an APC is a 500-pound cart. These tours help them not only in adjudication, but also in understanding work restrictions.

There is a wide range in the frequency of training for current Claims Examiners. There is very little on-going training in Chicago, whereas Kansas City recently conducted 20 days of customer service training. Philadelphia holds one meeting per month, while Seattle provides unit training about once a week, Jacksonville provides about 15 training sessions per year, and Cleveland holds unit-wide training about every 2 months to make sure everyone is working consistently.

Regardless of the frequency of these trainings, however, training has received mixed reviews from participants. For instance, morale is very low in Chicago, so training for existing staff was not well attended and therefore was discontinued. In Cleveland, training has been “hit or miss” – viewed as boring by Claims Examiners, often making training the first thing to get bumped from the agenda when Claims Examiners get busy.

Again, as with the curriculum for new Claims Examiners, there is a general feeling among District Offices that Headquarters should develop a standardized training program for existing employees. This curriculum would help to establish uniform methods, provide good training opportunity for Claims Examiners, and provide a consistent foundation for Claims Examiners. Suggestions about topics include: additional medical training (so that Claims Examiners can make a better determination on the initial acceptance or denial of a case) and case studies. One office suggested that additional training is needed for employees who transfer from a Claims Examiner position to a Supervisor position because different skill sets are required for both positions – Claims Examiners get promoted based on good technical skills while Supervisors need strong human resource skills.

Labor Category-Specific Training

In addition to training for Claims Examiners, some District Offices have also developed trainings that are unit-specific or labor category-specific. Cleveland provides eight to twelve weeks of training specific to the QCM program on how to write targeted questions to physicians in order to correctly evaluate medical evidence. For Rehabilitation Counselors, training is focused on the FECA system, not on rehab techniques, and recertification of Rehabilitation Counselors includes a weeklong training session (that occurs every 5 years). In Dallas, there is a training program focused on the role of the contract nurse, developed by the Staff Nurse because the “blue book” provided by Headquarters does not cover all aspects of the job.

Training Providers

Senior Claims Examiners are generally responsible for providing the training in most District Offices. In fact, in Boston the Senior Claims Examiners conduct training once a quarter as part of their performance standards and, in San Francisco, two Senior Claims Examiners are devoted to training, both internally and to employing agencies and unions. In New York City, the District Director just appointed a Senior Claims Examiner as the Training Coordinator to keep track of all training, while retaining some of their original duties. As a result, other employees at that site have reported that the quality of training has improved and has become more uniform. In Jacksonville, the District Director also created a position that was a half-time Training Coordinator and a half-time Claims Examiner. In her Training Coordinator role, this person develops all training materials and provides office-wide trainings, as well as training to agency liaisons and union officials.

Incentives / Bonuses

Recently, it was determined that three percent of each region’s salary base (prior to that it had been one and a half percent) is available for Regional Directors and District Directors to use as bonuses if they exceed their goals (with a significant amount of discretion). However, few District Offices or OWCP employees identify it as a real incentive or motivating force. In Dallas, the Regional Director used a mathematical formula that was problematic in that someone could receive a much larger share of the bonus pool based on the office in which they were located. Now, he uses the performance standards to award bonuses. When he had the meeting to develop the performance standards, he brought in a performance standards expert.

Some offices, such as Kansas City, have also instituted a special recognition program. However, respondents in Jacksonville noted that if staff perceives that the recognition isn’t coming from management, its positive impact could be diminished.

Tools for OWCP Staff

Staff at District Offices identified a number of tools available to help them in their daily activities. These included the Procedures Manual, current computer systems, medical resources, and upcoming changes.

Procedures Manual

Many District Offices noted that the Procedures Manual is not as helpful as a reference tool as it should be, primarily due to the time lag in updating the materials once procedures are altered, in addition to the format in which the Manual is distributed.

Claims Examiners at numerous District Offices expressed frustration at the fact that the Procedures Manual available to them was continually out-of-date and was therefore an unreliable source of information. This is particularly problematic given that the District Offices are using the manual for the training of new Claims Examiners. District Offices have requested that Headquarters update the manual on a more frequent basis.

Through the late 1990's, the Procedure manual was distributed to staff in paper format, though this practice was stopped once FolioViews was adopted, as it provided a fully-searchable electronic version of the Manual on the computer desktop of every Claims Examiner. After becoming accustomed to the paper version of the Manual, however, some Claims Examiners have stated that they have had difficulty adapting to the new electronic version, as it can be difficult to scan through pages in the electronic format. Through a paper copy of the Manual is distributed to every District Office, it is in high demand and is frequently out-of-date.

Computer Systems

One staff member noted that FECA does an exceptional job of using available technology to move toward a more error-free environment. The current computer systems, including OASIS and the Agency Query System, are utilized across offices. One person noted that they these "paperless systems" were the best things to happen in the program. In particular, OASIS was cited as a "huge" improvement, and AQS has received positive feedback for cutting down on the number of phone calls to Claims Examiners.

Medical Resources

District Offices may acquire physician services to the extent with they are deemed necessary. While certain accessibility by CE's to medical knowledge is required in order to effectively and correctly evaluate and adjudicate claims, each office has developed their own resources. All offices reported at least one District Medical Director or District Medical Assistant that is hired under contract and works part-time. These part-time DMAs organize their schedules differently across offices, but generally have the goal of providing the CEs with adequate access to medical expertise. Generally, DMAs are used to review schedule award claims, hearing loss and back cases, and provide general guidance on whether medical treatment is appropriate. On the other hand, DMDs are full-time, Federal employees who provide the same guidance as DMAs with the added responsibility of overseeing the contractor DMA's. Additionally, many offices reported using nurses frequently for quick turn-around medical questions. Several CEs also reported using the Internet for basic medical questions when DMAs or DMDs are not available.

Offices have found that they get better medical case review services by contracting with local specialists than by using an FTE to serve as a full-time resource. Availability and successful recruitment of DMA's in certain regions appears to be a hurdle for some offices, most notably in Jacksonville. Resources are limited by the willingness of local physicians to sign on to do case reviews, especially when the compensation is significantly lower than other engagements.

Recent and Upcoming Changes

Staff was positive, yet a bit apprehensive, about upcoming changes to procedures. When commenting on IF ECS, many staff in Boston and New York City mentioned that it “will be a huge help”, and others felt, “It’s going to work...eventually.” Particular areas in which people felt IF ECS would be helpful include: reduced duplication of tasks, streamlined data management, and a reduced number of calculations by Claims Examiners. However, others worried that IF ECS may generate some resentment among those who are not computer literate; that the learning curve will be large and therefore require a long time before improvements are realized; and that increased oversight may make some people uncomfortable. As well, there was a sentiment expressed by some Claims Examiners that employees’ input on the development of the system was limited, therefore there was concern that the final system may not precisely meet their needs. Headquarters has indicated that, though design of IF ECS is set in its major features, employee input toward features of the basic design was solicited and included in the IF ECS development process.

In addition to IF ECS, employees also commented on Bill Pay. Many in New York City and Philadelphia think it will be a big help, as it will allow Claims Examiners more time to focus on work that will allow more time to be proactive with cases. FECA consolidated its medical authorization and bill payment processes in September 2003 at approximately the same time that staff was being contacted for their opinions of the program. All medical authorizations and bill processing are now handled by a private contractor at a centralized location. The new system is designed to provide timely, consistent, and dependable services to medical providers, injured workers, and employing agencies based on established treatment guidelines and OWCP staff decisions regarding covered conditions. In the long run, this shift is intended to allow OWCP staff to dedicate more time to Quality Case Management, entitlement issues and return to work efforts. In the first month of implementation, however, there have been frustration and skepticism on the part of Claims Examiners. Nervousness surrounded what appears to CE’s to be a trend of contractors performing tasks that were previously completed by Federal employees. In addition, glitches in the bill pay system were temporarily making the tasks of CE’s more complicated, as they found themselves doing “damage control” for problems resulting for the transition to the new system. For the time being, the full success of bill pay has yet to be determined.

The most recent change that may affect the daily operations of OWCP employees is the Safety, Health and Return-to-Employment (SHARE) Initiative outlined by President Bush in January 2004. The proposal directs all federal agencies to institute targets and track performance in four major areas: (1) lowering workplace injury and illness case rate; (2) lowering lost-time injury and illness rates; (3) timely reporting of injuries and illnesses; and (4) reducing lost days resulting for work-related injuries and illnesses. The Department of Labor has committed to help each agency in setting specific goals, will measure and track the performance of each agency, work to develop new workplace strategies to improve safety and health at sites that show high injury rates, improve the timeliness of reporting claims through electronic and other means and will provide agencies with guidance on offering suitable limited duty work. These mirror initiatives that the FECA program has been seeking to improve on in recent years, though it remains to be seen what a federal initiative will mean in the achievement of such endeavors.

Chapter 5: The Wage Loss Compensation Process

This chapter turns to the consideration of the overall wage loss compensation process and how it has functioned over time. Several factors affect the wage loss compensation process. The primary drivers of this process include: (1) the FECA law and implementing regulations (addressed in Chapter 2); (2) the flow of claims of workers from employing agencies; (3) the specific types of injury claims received; and (4) the timeliness and accuracy with which claims are submitted to OWCP. Understanding the outcomes of the wage loss compensation process is more difficult. Three measures that can be used to provide some insight into the efficiency and effectiveness of this process include (1) disability duration; (2) a series of timeliness measures for both payments as well as adjudications; and (3) accuracy of decisions. This chapter is divided into two segments, the first examining the factors affecting the process and the second looking closely at measurements of performance over time. A final section briefly discusses implications of these findings.

Factors Affecting the Wage Loss Compensation Process

This section looks at some of the factors affecting the wage loss compensation process. The factors discussed here include the flow of worker claims from employing agencies; the specific types of injury claims received; and the timeliness with which claims are submitted to OWCP.

The Flow of New Claims

Claims submitted by employing Federal agencies to OWCP become cases for adjudication. Injured workers have up to three years from their date of injury to submit FECA claims through their pre-injury employer. Once a case enters the OWCP system, the onus of the wage loss compensation process shifts to OWCP. Chapter 2 summarized the process from the receipt of the claim. At that point, claims are entered as cases in the system and assigned to OWCP Claims Examiners in “case blocks” (i.e., a numeric range of case identification numbers) for which a given Claims Examiner is responsible for adjudication of those cases within regulatory timeframes.

Exhibit 5.1 shows the annual flow of new workers’ compensation claims received by OWCP from 1994 through 2002 (including medical payments only cases, the short form closure cases, and claims for wage loss under workers’ compensation). Especially notable is the stable proportion of cases created each year relative to the current size of the Federal civilian workforce, averaging 6.2 per hundred workers (or 6,200 per 100,000 employees) employed each year over the time period shown. This compares with 5,933 claims per 100,000 covered workers in 39 jurisdictions in 1999 for private workers’ compensation insurance carriers, according to the National Council on Compensation Insurance.³⁰ Thus workers’ compensation claims rates are roughly comparable to the FECA claims rate shown in Exhibit 5.1. Of that number, 858 claims per 100,000 were for temporary disability and an additional 434 claims per 100,000 covered workers

³⁰ NCCI, Annual Statistical Bulletin, 2003 Edition.

were for a permanent disability. According to the National Academy of Social Insurance, typically about 80 percent of claims involve medical benefits only.³¹

Exhibit 5.1 Total Cases Created 1994-2002

Year	Federal Civilian Workforce (as of 9/30)	Total Number of Cases Created	Cases/100 employees
1994	2,971,600	188,106	6.3
1995	2,920,300	182,551	6.3
1996	2,847,400	177,318	6.2
1997	2,771,308	175,530	6.3
1998	2,789,495	166,971	6.0
1999	2,748,578	167,876	6.1
2000	2,708,144	175,145	6.5
2001	2,709,958	166,645	6.1
2002	2,701,156	158,260	5.9

Source: Department of Labor, Office of Workers Compensation Program; Office of Personnel Management

The total number of cases created has decreased with the size of the workforce, with a slight increase in cases in 1999 and a larger increase in 2000. Cases as a percentage of the workforce have remained stable, although final 2003 data may reveal a continuing decline since 2000. The NCCI data also show a decline in the rate of claims for the privately insured sector each year from 1992 to 1999.

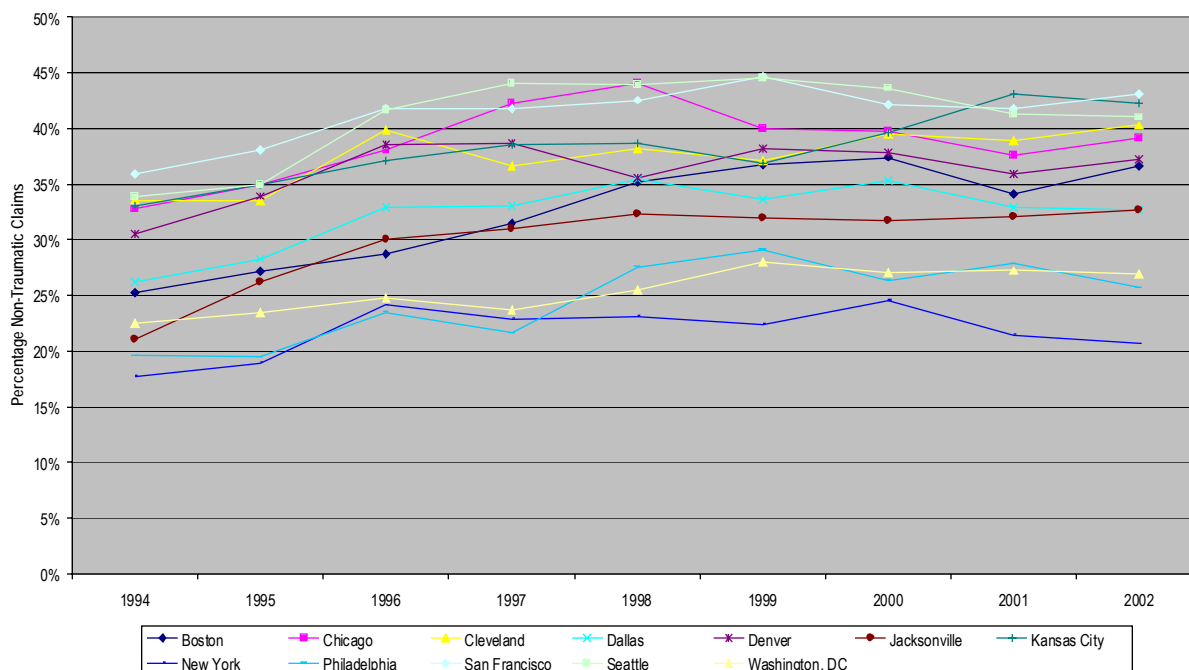
For purposes of assessing the performance of the wage loss compensation process and the effectiveness of disability management interventions, these are changes over which OWCP exerts virtually no control – but which do affect OWCP operations. Other factors at the outset of the claim process that influence OWCP performance, but over which OWCP has little control include the timeliness of employing agency submission and the quality and completeness of the claims it receives.

Types of Claims Submitted

Over time, while the number of claims has been declining overall, the proportion of those claims reported as non-traumatic injuries has increased. Non-traumatic claims now comprise over 35 percent of all claims received by the agency. In fact, some District Offices have reported that the portion of their annual incoming claims has nearly doubled since 1994. Exhibit 5.2 shows this increasing trend for all District Offices from 1994 to 2002.

³¹ National Academy of Social Insurance, “Workers’ Compensation: Benefits, Coverage and Costs, 2001” Table 16, July 2003.

Exhibit 5.2: Non-Traumatic Injury Claims by District Office, 1994-2002



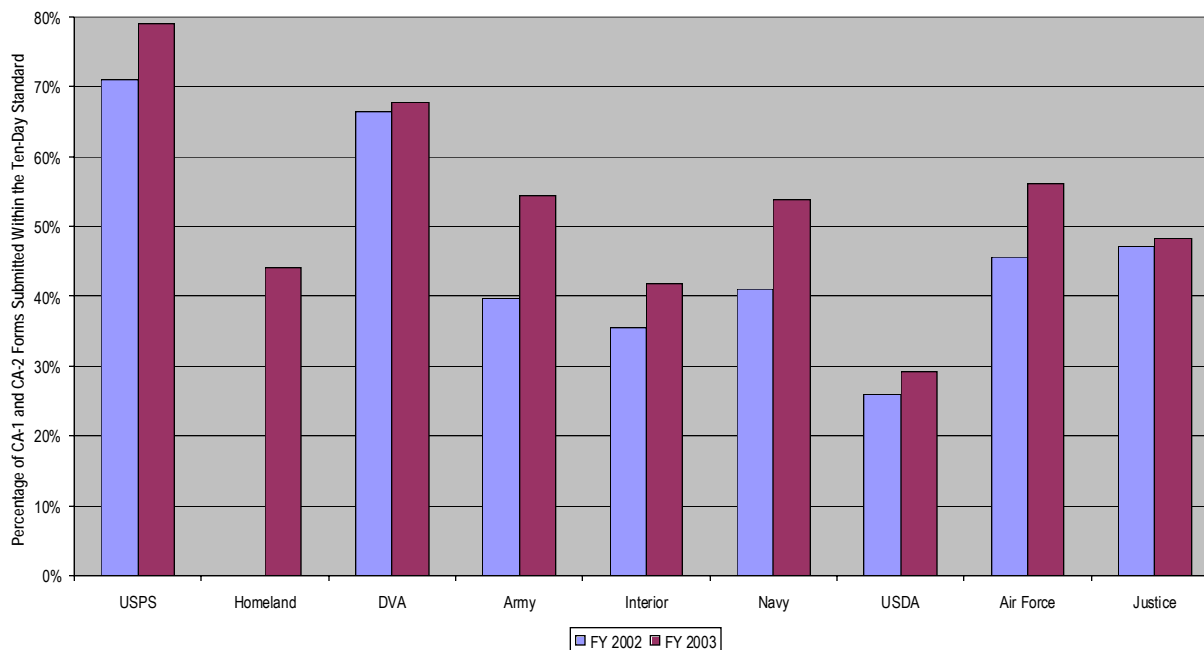
Source: Department of Labor, Office of Workers Compensation Program.

Timeliness of Claims Processed by Agency Clients

Employing agencies play a considerable role in initiating the wage loss compensation process, as the responsibility for submitting forms to kick-off the process rests with them. Agency supervisors must submit Form CA-1, Federal Employee's Notice of Traumatic Injury and Claim for Continuation of Pay / Compensation, and CA-2, Federal Employee's Notice of Occupational Disease and Claim for Compensation, within ten working days of receipt from an injured worker. Additionally, agencies must submit Form CA-7, Claim for Compensation on Account of Traumatic Injury or Occupational Disease, within five working days of receipt. Receipt of Form CA-7 by OWCP marks the beginning of the wage loss compensation process. We might note that the process differs somewhat from that of many state workers' compensation systems. There, the employer may be obligated to notify the insurance carrier and the state agency if it is aware that an occupational injury or illness that could involve compensation has occurred. This allows the process to begin, even if the worker does not initiate any action. Promptness of payment measures can then be tracked from date of injury and not from date of worker notification.

In addition to complying with the regulations, timely and accurate forms submission is integral to effective program management. It allows OWCP to pay benefits promptly and reduces the likelihood of undue financial hardship for the injured employee while he or she awaits payment. This is especially true when the employee is in a leave without pay status. Timely submission of all forms reduces agency costs by allowing earlier initiation of case management actions designed to expedite recovery and return to work. Furthermore, OWCP is reliant upon agencies to aid them in meeting their internal performance standards. Timeliness indicators begin with the agency—and are continued by OWCP's actions in attending to care of the case and payment to the employee. When receiving accurate forms in a timely manner, OWCP District Offices are more likely to meet the goals and standards set by the National Office.

Exhibit 5.3: Timeliness of CA-1 and CA-2 Submission by Largest OWCP Client Agencies: Proportion of Claims Submitted to OWCP within 10-Day Standard, 2002-2003



Source: http://www.dol-esa.gov/fesii/CA-1_&_CA-2_SUBMISSION_TIMELINESS_REPORT.htm

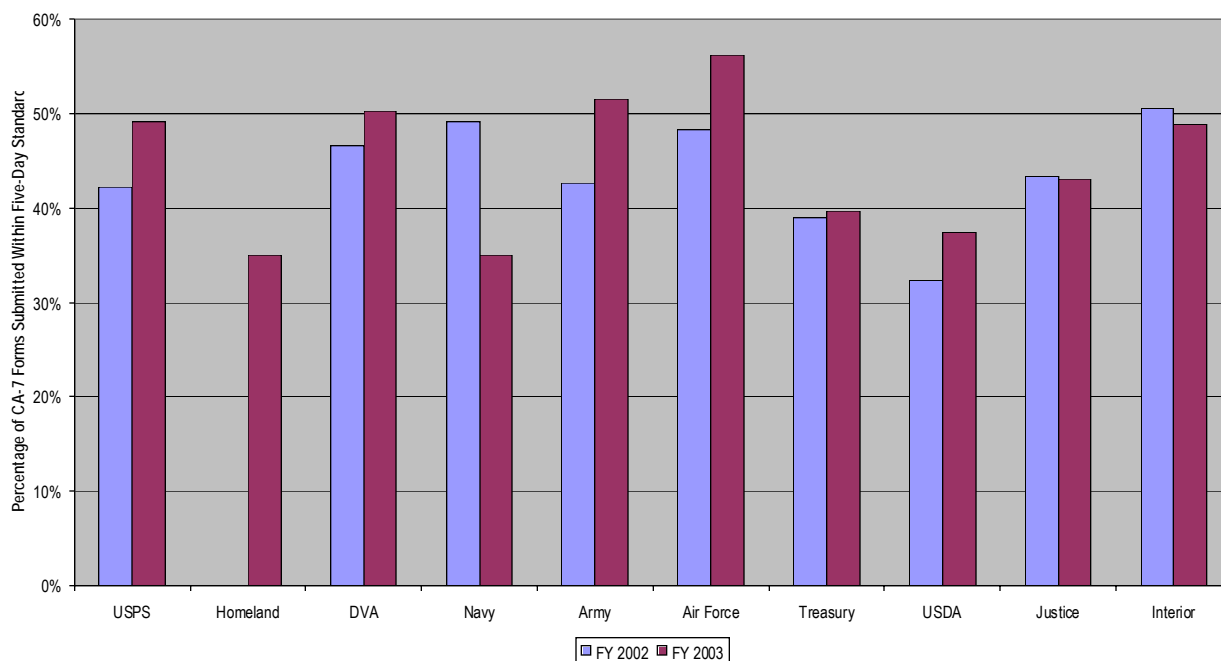
Notes: Department of Homeland Security is newly measured for FY 2003.

Exhibit 5.3 shows the percentage of CA-1 and CA-2 claims submitted within the ten-day time frame by the agencies that filed the most claims with OWCP in 2002 and 2003. Of the 42,587 CA-1 and CA-2 forms filed in FY 2003, 41 percent were filed by the U.S. Postal Service (USPS). USPS was also the highest agency performer in both 2002 and 2003 with a timeliness percentage of 71 and 83 percent respectively. Of the top ten client agencies, USDA was the lowest performer at 26 percent timely response rate in 2002 and 33 percent in 2003. All agencies increased timeliness rates in 2003 compared to 2002 with the most significant variance from the Army with a 37 percent improvement.

Exhibit 5.4 illustrates the percentage of CA-7 form submission timeliness by the same ten agencies in 2002 and 2003. Overall in 2002 and 2003, timeliness performance was lower for CA-7 forms compared to filings of CA-1 and CA-2 forms, with the highest performer in 2003 being the Air Force at 56 percent. This is not surprising given that the time frame for supervisor submission is five days for CA-7 filings and ten days for CA-1 and CA-2, thus demanding increased attention and direction on behalf of the agency. Nearly all agencies showed an increase in performance in 2003, with the exception of the Navy (29 percent decrease), Department of Justice (0.7 percent) and Department of Interior (3.4 percent).

While we do not have directly comparable measures from other systems, this would not be regarded as timely reporting in the workers' compensation world. For instance, among Canadian jurisdictions in 2001 the AWCBC reports that the median calendar days from date of injury to first payment was 30 days. The number of days from registration to first check was 24 days. By subtraction, this implies that it would be six days from injury to registration, on average.

Exhibit 5.4: Timeliness of CA-7 Submission by Largest OWCP Client Agencies: Proportion of Claims Submitted to OWCP within 5-Day Standard, 2002-2003



Source: Department of Labor, Office of Workers' Compensation.

Performance Measurements of the Wage Loss Compensation Process

This section looks at three key measures for which data is collected that can be used to measure the compensation process: overall trends in the level and duration of workers' compensation claims, timeliness of the adjudication process, and the accuracy of the overall decision-making process. The accuracy of the wage loss compensation process is particularly difficult to measure. However, while OWCP does not have accuracy measures similar to the timeliness outcomes tracked annually, it does conduct an Accountability Review process that addresses accuracy issues on an ongoing and in-depth basis, as described later in this section.

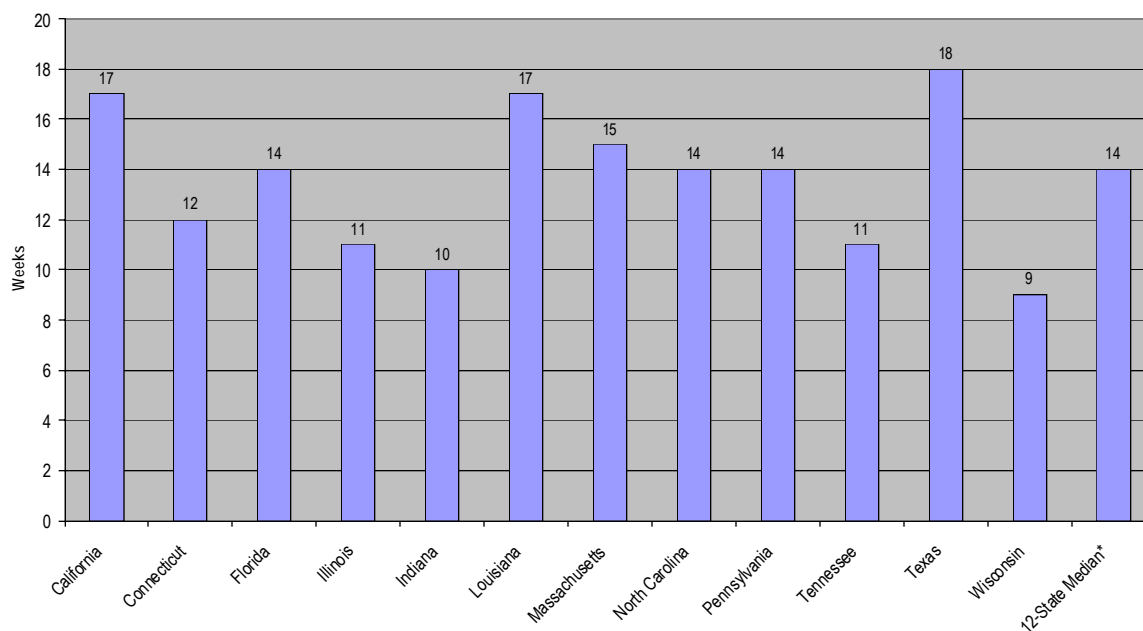
Durations of Disability

In general, the duration of disability is defined as the period from the date of injury through the final compensation payment. This is the measure typically utilized by insurers as one way to assess trends in workers' compensation program effectiveness and costs over time. However, because other workers' compensation systems are structured with different waiting and submission periods and without the COP period, durations are not comparable to those that can be measured under the FECA system. Duration of payment data are presented here from U.S. and Canadian workers' compensation systems to indicate how different these systems are, and what might be a desirable measure that OWCP could develop in the future. A related measure of length of disability, QCM average Lost Production Days, is addressed in the following chapter as LPDs are currently calculated for cases that are in, or have been in, the QCM unit. It

should be noted that this measure is separate from OWCP's GPRA goal measurement. The GPRA LPDs evaluate a rate of lost production days (including COP days) in the first year of disability per 100 employees.

Exhibit 5.5 shows the average duration of temporary total disability payments for U.S. jurisdictions from the WCRI CompScope™ survey. The exhibit shows the estimated duration (in weeks) for each of 12 states for claims arising in 2000-2001, evaluated as of March 2002. It is obvious from the figure that there is a great deal of variation in average duration across systems, ranging from a low of 9 weeks in Wisconsin to a high of 18 weeks in Texas. The median duration is about 14 weeks, or 98 calendar days. Further, these are just the durations of temporary disability payments; there may also be permanent disability benefit payments in some of these claims. This is a distinction that is not maintained in the FECA system.

Exhibit 5.5: Average Temporary Disability Duration (Weeks) for Claims with More Than 7 Days of Lost Time, 2001-2002



Source: CompScope™ Benchmarks: Multistate Comparisons, 4th Edition.

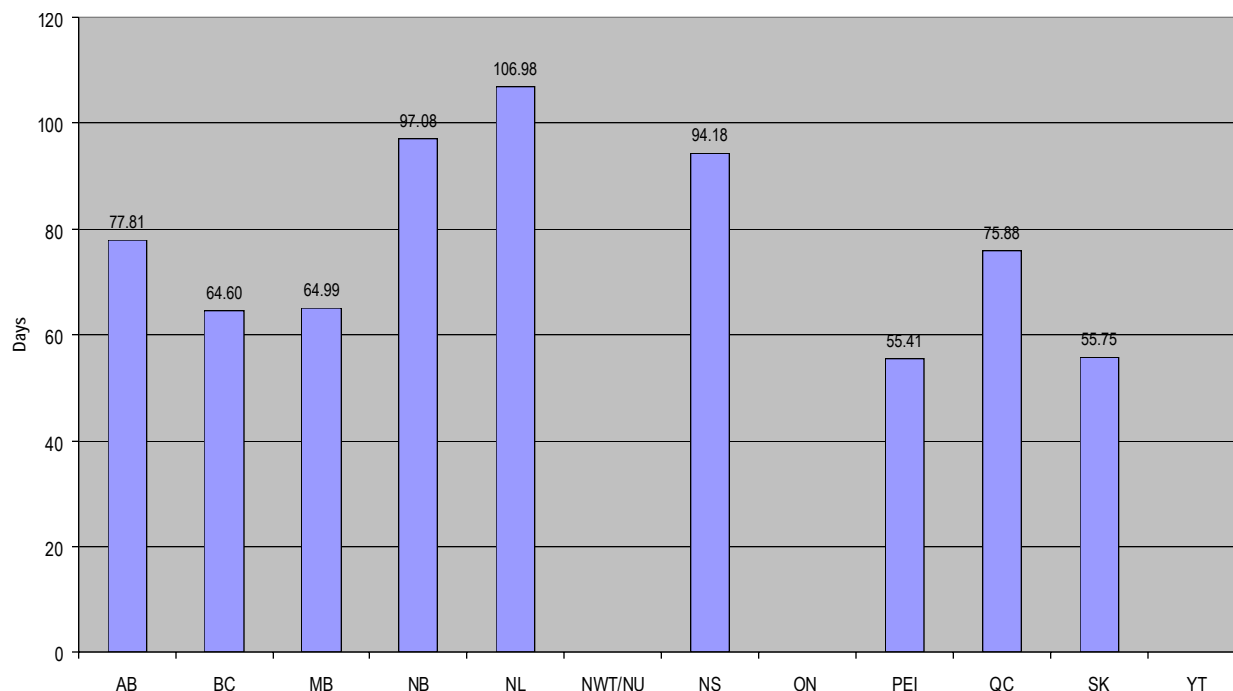
Note: 2001/2002 refers to claims arising in October 2000 through September 2001, evaluated as of March 2002.

*The 12-state median is the average of the 2 states ranked 6th and 7th on a given measure; those states change depending on the measure being evaluated.

Exhibit 5.6 shows the average composite duration of “short-term disability” (a similar concept to the temporary disability measure used in the U.S.) for Canadian jurisdictions in 2002. This measure is more inclusive than the CompScope™ measure, because it includes estimates of claims up to 5 years in duration, while the CompScope™ measure reported here is effectively capped at about 17 months.³² Nevertheless, the Canadian durations appear to be shorter than the U.S., ranging from a low of 55 days for Prince Edward Island and Saskatchewan, to a high of 107 days in Newfoundland. As in the U.S. case, permanent disability benefits are excluded from the calculation.

³² By taking a longer retrospective look at claims, the mean (average) duration would necessarily increase but the median duration is likely to be minimally affected.

Exhibit 5.6: Average Composite Duration, 2002



Source: Associate of Workers' Compensation Boards of Canada. 2003.

Note: Data for NWT/NO, ON, and YT are unavailable.

OWCP could develop similar estimates of disability duration for the specific circumstances of the FECA program, but it is unlikely that they would be directly comparable to the results for other jurisdictions. Because of the COP period, and the lack of distinction between temporary and permanent disability benefits, it would be very difficult to match FECA data. However, it would be useful to know whether average durations are rising or falling. We will return to this point in the final chapter.

There are a number of reasons to expect duration of disability under the FECA program to have changed in recent years. These trends in durations are likely to be associated with both external and internal factors. The characteristics of claimants changed over this period, with baby boomer Federal employees moving into middle age (peaking around 1995). As the Federal workforce got older, injuries likely got more severe, requiring additional days off from work – extending durations over the 1990s. Secondly, there may be greater difficulty in recent years placing workers with their original agency following an injury, also potentially contributing to longer durations away from work. As various Federal agencies have downsized through contracting out, attrition and budget reductions, and as types of work have been automated over the period, the opportunities for returns to work with original employers have diminished.

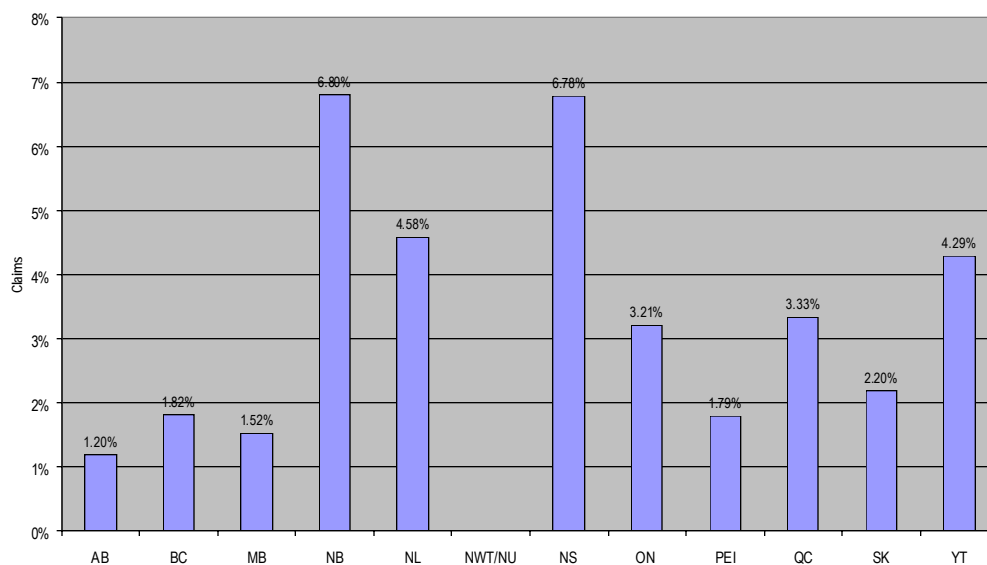
Recent research indicates that injured workers who return to their pre-injury employer experience a lesser number of days away from work and fewer subsequent periods of injury-related unemployment.³³ Lastly, over the past decade, occupational disease cases – typically more time-consuming to adjudicate, treat, and manage – increased across the board.

³³ See for example: Galizzi and Boden (October, 1996), "What are the Most Important Factors Shaping Return to Work?: Evidence from Wisconsin". WCRI working paper WC-96.

With the implementation of the IF ECS system, durations of disability should be easily and more accurately measured so that duration of disability spells and the characteristics associated with them can be understood. This will be especially useful for OWCP in monitoring types of claims and claimants and the effectiveness of disability management processes as cases move through the FECA system. Duration measures provide a very effective way to assess the entire workers' compensation process, where improvements can be made, the factors associated with performance of key interventions (such as QCM, PRM, and vocational rehabilitation), and how the process affects various types of beneficiaries and employing agencies.

There is one available measure that provides an indication of the "longevity" of workers' compensation claims. The AWCBC reports the percentage of lost-time claims from a given calendar year that are receiving benefits at the end of the second year after the accident year.³⁴ Exhibit 5.7 shows this measure for Canadian jurisdictions in 2002. This is not the same as a measure of disability duration, as it is unclear what has been happening to the claim in the intervening period, but it provides some rough indication of longevity of claims in the administrative sense.

Exhibit 5.7: Percentage Receiving Benefits After Two Years, 2002



Source: Association of Workers' Compensation Boards of Canada, 2003.

Note: Data is unavailable for NWT/NU.

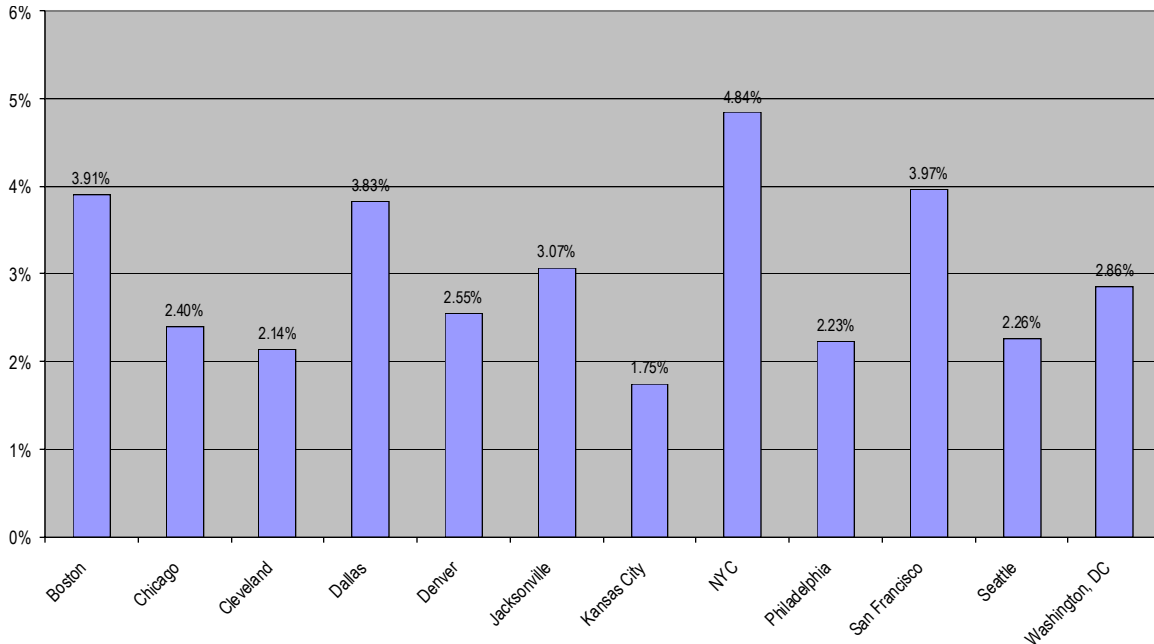
The exhibit shows that there is an enormous difference in this indicator of longevity of workers' compensation claims across Canadian jurisdictions. The range is from 1.2 percent in Alberta up to 6.8 percent in New Brunswick. Obviously a higher percentage of claims remaining open at an observation point two years after the injury year tend to indicate longer durations and higher costs, other things being equal.

Exhibit 5.8 shows this same measure for FECA claims, organized by District Office. The same variation is apparent, with Kansas City showing only 1.75 percent of lost-time claims open at a point two years after the

³⁴ This measure is less useful when considering jurisdictions that make extensive use of lump sum settlement payments to close claims. Most of the state jurisdictions in the U.S. can be characterized this way; however, there is less use of such settlements in Canada.

injury year, and New York City showing 4.8 percent open. Again, it is not possible to assert that this represents actual paid duration of disability, but it does indicate that the proportion of claims active at a comparable stage is “in the ball park.”

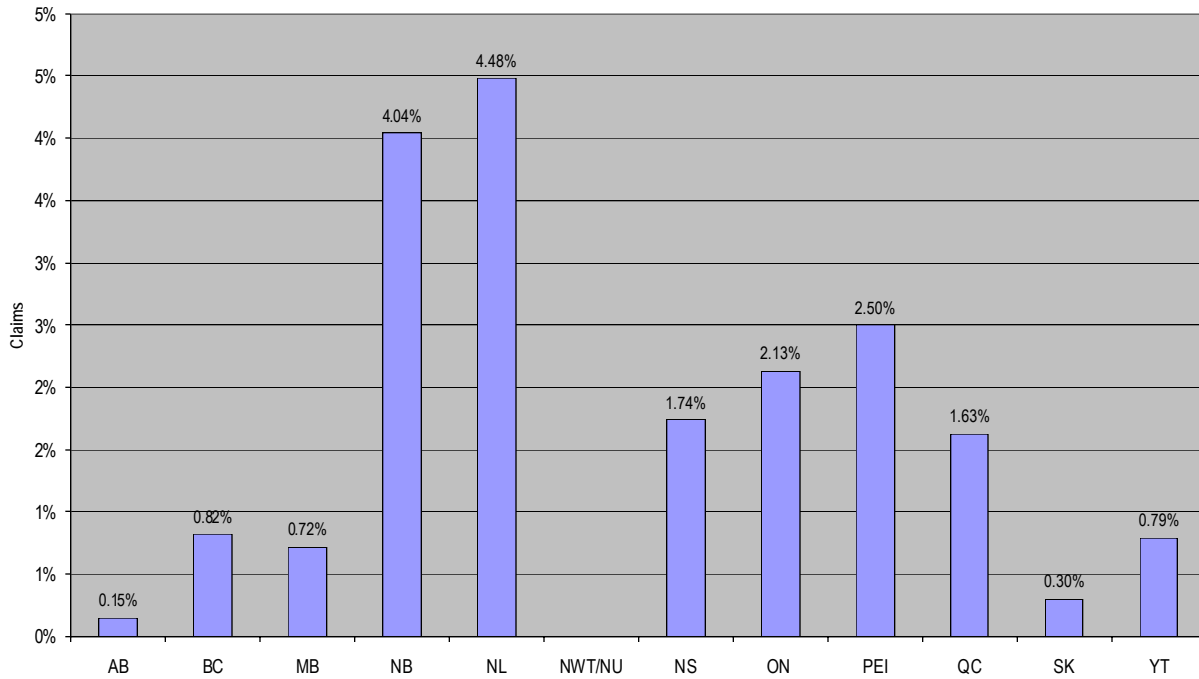
Exhibit 5.8: Percent of Lost-Time Cases After Two Years, 2001



Source: Department of Labor, Office of Workers' Compensation.

Exhibit 5.9 extends this observation out to a point six years after the accident year. Canadian jurisdictions show an enormous range, from 0.15 percent in Alberta to 4.48 percent in Newfoundland for 2002. Most Canadian systems are clustered around one to two percent of lost-time claims in payment status six years after the injury year.

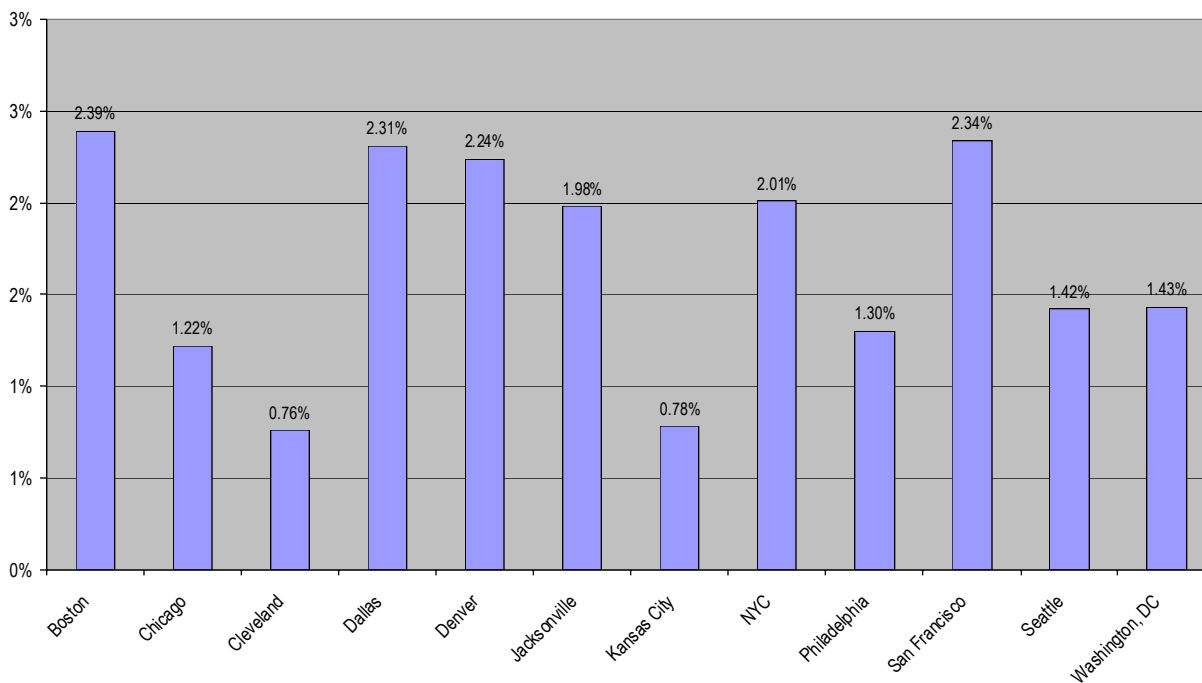
Exhibit 5.9: Percentage Receiving Benefits After 6 Years, 2002



Source: Association of Workers' Compensation Boards of Canada, 2003.
 Note: Data for NWT/NU is unavailable.

Exhibit 5.10 shows the measures for the FECA program in 2003, again organized by District Office. The lowest percent active is for Cleveland and Kansas City, with Boston, San Francisco, Dallas and Denver on the high side. While we cannot be sure that this would coincide with measures of paid durations, it is indicative of longevity of claims and could bear further investigation.

Exhibit 5.10: Percent of Lost-Time Cases After 6 Years, 1997



Source: Department of Labor, Office of Workers' Compensation.

Though we do not have a precise measure of disability duration for the FECA program, the evidence that exists indicates that the level of performance by the FECA program is roughly comparable to that of Canadian workers' compensation systems. It is more difficult to make comparisons to U.S. jurisdictions because the measures that exist for U.S. systems focus on short-term disability payments.

Timeliness

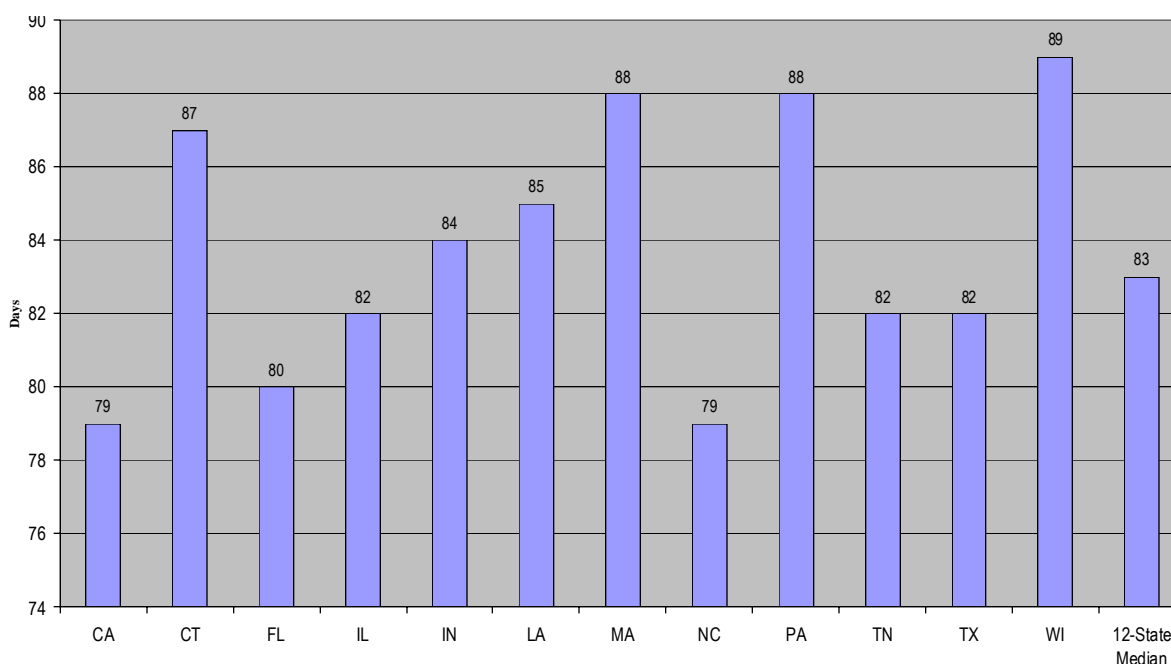
Timeliness in adjudication, benefit payments, and appeals traditionally have been the mainstay of FECA performance measurement. As utilized by OWCP, timeliness in adjudication and payment is measured from the date of receipt of claim (rather than from, for example, the date of injury to the first payment as is the case in other workers' compensation systems). Most processing timeframes are set out in the FECA operational plan. As noted in Chapter 2, under the FECA injured workers have up to three years to file claims. That factor has also been a consideration in tracking timeliness from receipt of claim, rather than from date of injury.

Only timeliness is measured easily and accurately. Although disability management in particular, and program effectiveness in general, have evolved to become equally important performance considerations, timeliness indicators remain critical as indicators of program efficiency and considerations such as customer satisfaction. In addition, performance standards for timeliness are significant motivators in moving claims through the system.

Many factors that affect timeliness remain out of the Claims Examiners' control, however. These include missing information from agencies, inadequate information from medical examiners, and obtaining pay rate information from employing agencies. The Transportation Security Administration (TSA), as a new agency

with a relatively high number of injuries, is affecting overall timeliness statistics. TSA claims have been managed by a private company that has little experience with Federal workers' compensation. Agency timeliness information is communicated by some of the OWCP District Offices to the employing agencies as one way to address this problem. In addition, timeliness statistics of all agencies' submissions are published on the OWCP website each quarter. Many District Directors send information on agency timeliness of submission of forms monthly to agencies within their jurisdictions so that the agencies can see how they match up to other agencies in terms of providing claims on a timely basis to OWCP. Note that some state worker compensation agencies hold insurers responsible for delays in making initial payment to injured workers, even where the delay resulted from an employer's failure to promptly notify the carrier. That places the burden on the insurance carrier to "condition" the employers about the need for them to notify carriers promptly of work injuries and illnesses.

Exhibit 5.11: Date of Pay or Notice to First Indemnity Payment within 90 Days



Source: CompScope™ Benchmarks: Multistate Comparisons, 4th Edition.

The 2003 goal of FECA is to "process" 90 percent of traumatic cases within 45 days and 80 percent of "basic" non-traumatic cases within 90 days. Exhibit 5.11 shows the percentage of claims in the 12 CompScope™ states where the first indemnity payment is made within 90 days of notice to the payor (insurer, self-insured, or third party administrator). It is apparent that roughly 80 to 90 percent of workers' compensation claims in these jurisdictions are paid within 90 days.

WCRI has reported the following: In their 12-state comparison for 2001 claims, the date of injury (DOI) to the date of payor notice was under 14 days in between 78 and 81 percent of the cases in 11 states and 86 percent of the cases in the 12th state (Florida). The 12-state median for notice in less than 14 days was 79 percent. From the date of notice to the employer to the date of notice to the payor was less than 7 days in 71 to 85 percent of the cases with the 12-state median of 75 percent. From the date of payor notice to the

date of initial payment, 46 percent of the cases were paid in less than 14 days and 59 percent were paid initially in less than 21 days.

Overall, from DOI to date of first indemnity payment, 28 percent of claims were paid in less than 14 days, 45 percent in less than 21 days, and 78 percent in less than 90 days. Keep in mind that all of the WCRI data refer to claims with more than 7 days of lost work time. That suggests that these tend to be the somewhat more serious cases, that is, ones that might be expected to involve a slower payment.

Benchmarking: Promptness of First Payment

Under the FECA system and that of other jurisdictions, promptness of first payment is used as an indicator of uninterrupted income for the claimant. In FECA, claimants with non-controverted traumatic injuries continue to receive pay without interruption due to the COP period. In addition, performance standards are in place to ensure the prompt processing on compensation claims, such as the standard of processing 85% of CA-7 forms within 14 days of receipt in a District Office.

Other jurisdictions treat the promptness of first payment issue in a variety of ways. Under state of Michigan regulations, the employer / insurer is either required to pay or dispute the claim within 14 days of receiving notice of the injury. No penalties are assessed for non-payment for 30 days after payment is due though, effectively, 44 days are given before penalties are assessed. Data from 1996 indicates that where claims were not denied, on average, first payment in was made 22 days after the date of disability.

The state of Ohio runs an exclusive state fund. If an employer does not provide notice to the agency within seven days that a work injury or illness has occurred, the employer commits a misdemeanor (In reality, however, such cases are rarely prosecuted). The Bureau of Workers Compensation must act on the claim within 28 days of receipt of notice. Service offices of the Bureau are given a standard of an average of 16 days from assignment of the claim to act on the claim. In 1999, the mean was six days from injury to claims filing, and the mean time from injury to first payment was 72 days.

In Texas the employer must notify the state workers compensation agency and the insurer within eight days of being notified that an injury or illness has occurred. Initial payment is due from the insurer either on the 15th day after the injury or, if the notice was not provided to the carrier within eight days, payment must be initiated seven days after receiving notice. Of course, the carrier can deny the claim and thereby delay (or never pay) the payment, but the reasons for the denial must be submitted in writing to the agency and the insurer can be fined for frivolous denials. In most cases, this sanction is carried out.

Finally, employers in Wisconsin have four days to file the first report of injury to the agency. In 1990, 80.1 percent of indemnity claims were paid within 14 days of initial lost time and 91 percent were paid in 28 days.

While many states and jurisdictions impose fines and other penalties on insurers for failing to pay claims promptly, they may fall down on the process of promptly holding hearings and making decisions. Here, comparability with FECA may break down for several reasons. In almost all the states (though not in Canada) attorneys are involved in the disputes. As such, issues such as the need for adequate discovery are less commonly found in FECA claims. Multiple medical examinations in cases where both the claimant and the employer have examinations performed by their own doctors may also be needed. That said, an average standard of 235 days to hearings and decision seems in line with what is seen in some of the states, but one that some states have found ways to do much faster.

Timeliness Measures for Adjudication and Payments

Exhibit 5.12 summarizes the current principal performance goals, standards, and outcomes for timeliness in claims and bill processing over time. Overall, standards, goals, and performance with regard to timeliness indicators tracked by OWCP have been steadily increasing. Although goals and standards have been raised on an ongoing basis, they are raised within this framework. Criticisms of the program from stakeholders such as the GAO and the USPS noted that meeting statutory requirements for processing claims might not be enough from the perspective of the injured worker. Clearly the employing agencies play a role in timeliness by submitting claims on time and OWCP appears to be working in most, if not all, District Offices to encourage timely agency submissions. Continuing to raise the bar on timeliness by adjusting goals beyond statutory limits is another way to increase responsiveness within OWCP and also the responsiveness of the employing agencies in terms of submitting claims. The District Office Directors and Claims Examiners nearly unanimously noted the incentivizing role of “raising the bar” in terms of goals and standards. The goals provide focus and motivation.

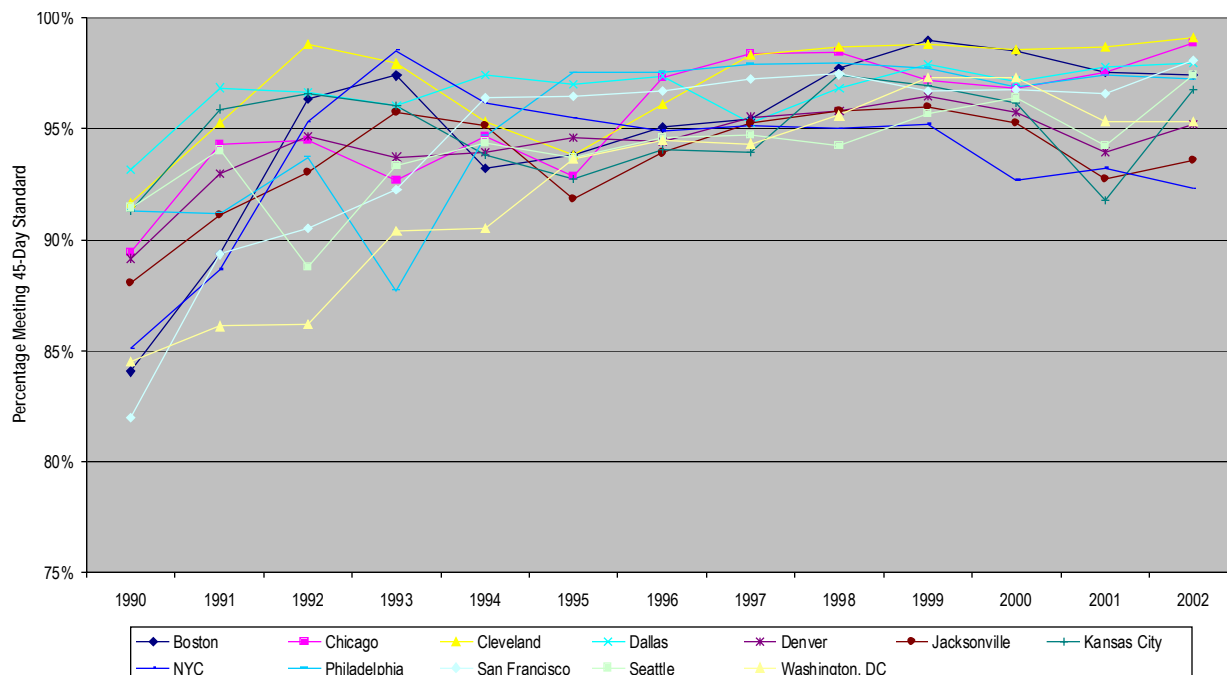
Exhibit 5.12: 2003 FECA Claims and Bill Processing Timeliness Goals and Standards

Measure	Response Standard	Goal Percentage of Responses within Timeframe
Process Traumatic Cases	Within 45 days	90%
Process Basic Non-Traumatic Cases	Within 90 days	80%
Process Extended Non-Traumatic Cases	Within 180 days	70%
	Within 365 days	98%
Process Administratively Reopened Cases	Within 45 days	80%
Adjudication of Recurrences	Within 90 days	80%
	Within 180 days	95%
Process Medical Bills	Within 14 days	70%
	Within 28 days	90%
Claims Processed for Payment	Within 14 days	85%

Source: Department of Labor, Office of Workers' Compensation.

Exhibits 5.13, 5.14, and 5.15 present a breakdown of timeliness outcomes for adjudications by District Office from 1994 to 2002 in order to illustrate the extent to which the goals for adjudication of each injury type from receipt of claim are being met.

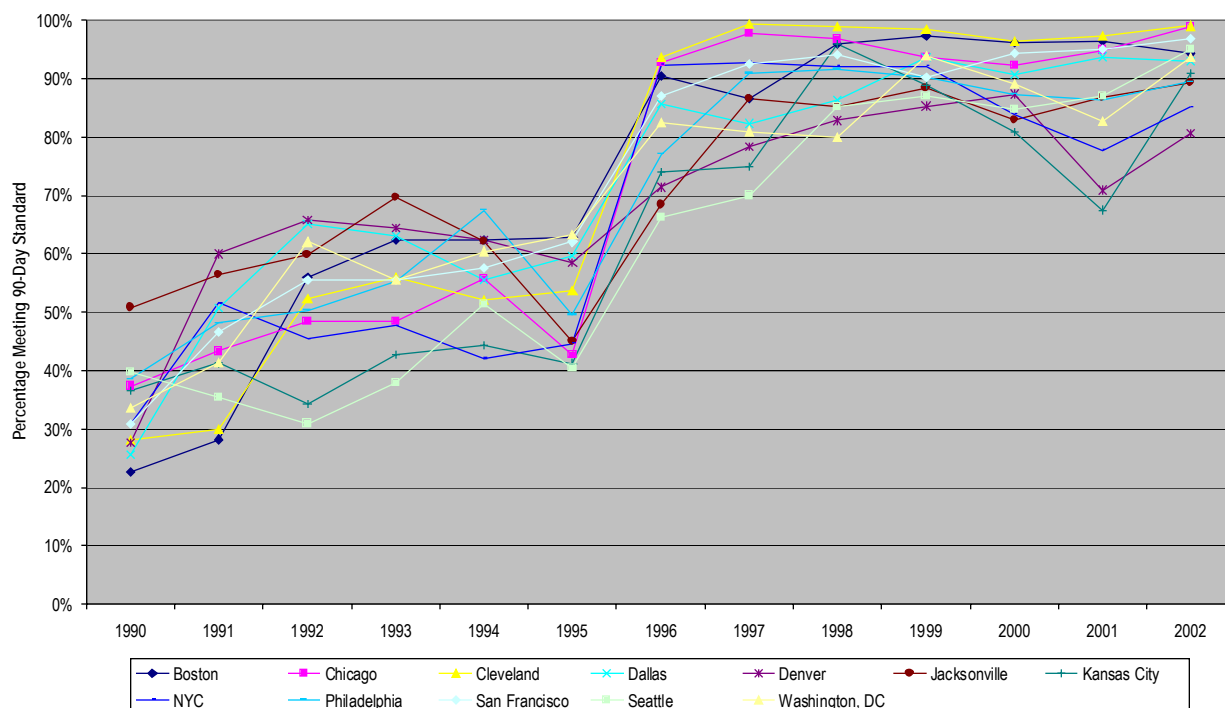
Exhibit 5.13: Percentage of Traumatic Cases Adjudicated within 45 Days by District Office, 1990-2002



Source: Department of Labor, Office of Workers' Compensation.

In terms of traumatic injuries, OWCP is functioning at a very high level of responsiveness overall, as seen in Exhibit 5.13. Within the District Offices, Washington, DC was a consistently low performer prior to 1999. From 1999 to 2003, however, Washington has consistently performed at a level consistent with other District Offices. Variation in performance between District Offices gradually has been reduced over the 12-year performance period. In 1990, San Francisco was the lowest performer at 82 percent of traumatic claims processed within the standard, while Dallas demonstrated the highest performance at 93 percent, a variation of 11 percent. In contrast, the variation reduced to 8 percent by 2003, with New York City the low performer at 92 percent and Cleveland the highest at 99 percent. This is perhaps an indication of increased communication and sharing of initiatives, processes, and procedures among District Offices. In the case of traumatic injury adjudication performance, the major gains in timeliness that can be achieved have been realized.

Exhibit 5.14: Percentage of Basic Cases Adjudicated within 90 Days by District Office, 1990-2002



Source: Department of Labor, Office of Workers' Compensation.

As expected given the greater complexity of some of the non-traumatic injuries, timeliness performance falls where there are increasing numbers of extended non-traumatic injury claims. However, the fact that performance has increased steadily over time and that a dramatic difference can be seen between performances in 1990 and 2003 is encouraging. With respect to adjudication of basic claims, Exhibit 5.14 demonstrates a dramatic shift in performance across all District Offices between 1995 and 1996. Cleveland, while performing at a marginal level between 1990 and 1995, showed the largest increase in performance in 1996, from 54 percent to 94 percent and has remained the highest performer every year since 1996. This improved performance in occupational disease claims adjudication occurred when the national goals differentiated between "basic" and "extended" conditions, with a shorter 90-day timeframe for basic cases and may account for the dramatic changes between 1995 and 1996. After years of consistent upward progression in performance between 1990 and 1999, Kansas City, Denver, New York City, and Washington, DC all registered a dip in performance in 2001. All District Offices have since regained high standing in 2002 with no office showing performance below 81 percent.

Exhibit 5.15: Percentage of Extended Cases Adjudicated Within 180 Days by District Office, 1990-2002

District Office	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Boston	68%	68%	94%	93%	82%	78%	77%	60%	74%	71%	57%	79%	59%
Chicago	69%	81%	77%	69%	63%	68%	83%	82%	89%	75%	76%	72%	92%
Cleveland	92%	96%	98%	95%	92%	94%	97%	97%	97%	95%	95%	91%	97%
Dallas	80%	88%	91%	89%	84%	77%	79%	80%	78%	86%	80%	75%	74%

**Exhibit 5.15: Percentage of Extended Cases Adjudicated Within 180 Days
by District Office, 1990-2002**

District Office	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Denver	67%	87%	85%	72%	68%	77%	67%	69%	71%	85%	86%	62%	74%
Jacksonville	71%	85%	89%	92%	85%	65%	65%	74%	64%	79%	65%	72%	76%
Kansas City	74%	80%	77%	77%	83%	83%	82%	88%	91%	86%	71%	65%	78%
NYC	57%	74%	89%	97%	95%	94%	91%	93%	86%	89%	81%	76%	80%
Philadelphia	68%	78%	79%	57%	82%	85%	84%	78%	80%	71%	70%	71%	75%
San Francisco	59%	68%	80%	80%	81%	80%	75%	80%	77%	78%	75%	79%	86%
Seattle	60%	62%	71%	71%	80%	75%	72%	71%	76%	78%	66%	78%	85%
Washington, DC	59%	68%	81%	81%	74%	89%	77%	67%	62%	81%	71%	68%	87%

Source: Department of Labor, Office of Workers' Compensation.

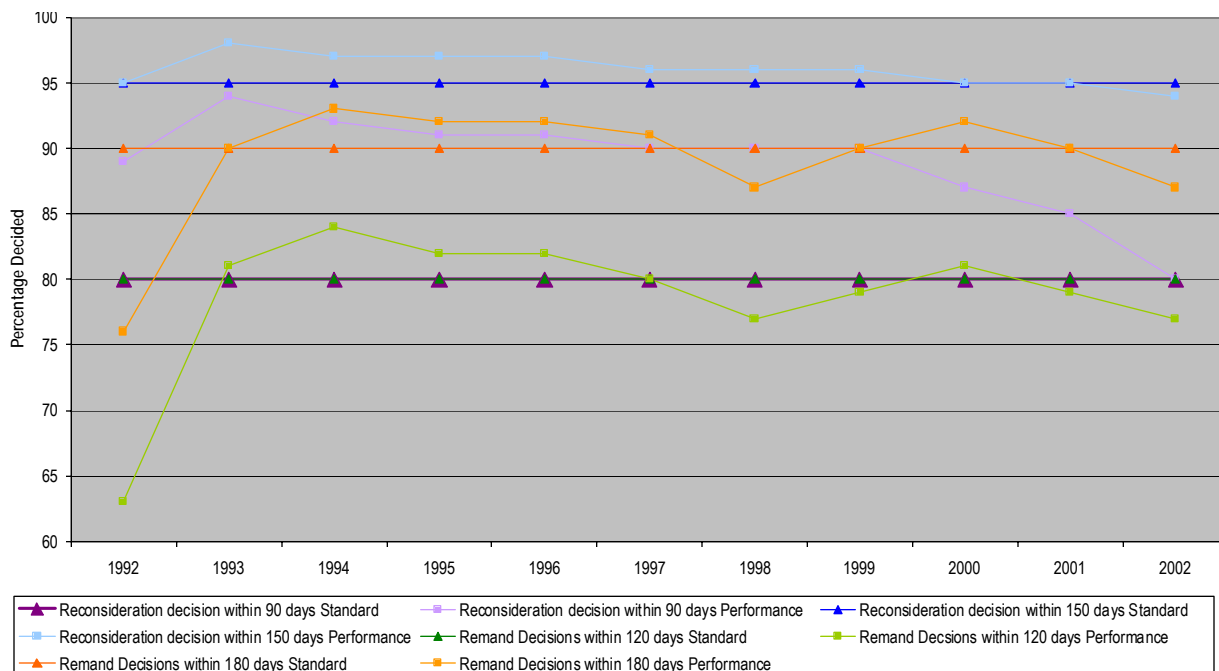
In the case of extended injuries, there is no clear trend in performance data. Without considering the consistently lofty performance of the Cleveland office and, to a lesser extent, positive gains by the New York office between 1992 and 1999, performance fluctuates heavily in the time frame examined. This suggests perhaps that the circumstances surrounding such cases may make it difficult to increase timeliness without a concomitant effort to increase the quality of medical and employment information that OWCP Claims Examiners require in order to adjudicate these types of cases. In years where various District Offices are confronted with significant increases in claims for these types of cases, timeliness will be affected negatively.

Options for increasing performance may include raising the bar beyond current achievements, especially for traumatic and basic non-traumatic injuries. For non-traumatic cases, with the adoption of IF ECS, OWCP will have an opportunity to assess these cases against information on injury type, personal and occupational claimant characteristics, and other factors that can help determine reasonable timeliness standards for adjudicating more complex cases.

Timeliness Measures for Remands, Reversals, and Reconsiderations

Timeliness standards and corresponding performance aggregated across all District Offices for remands and reversals is displayed in Exhibit 5.16. The standards for all timeliness measures have remained constant since 1992, though performance has fluctuated significantly.

Exhibit 5.16: Reconsideration and Remands Decision Standards and Average National Performance, 1992-2002



Source: Department of Labor, Office of Workers' Compensation.

Remand decision performance at both the 120-day and 180-day goal mirror one another every year between 1993 and 2002. The most significant improvement in performance occurred in timeliness of remand decisions, both at the 120-day and 180-day goal. In 1992, performance for both standards was far below the set expectations, with a performance of 63 percent of remand decisions made within 120 days (compared to a performance expectation of 80 percent) and 76 percent of remand decisions made within 180 days (compared to a performance standards of 90 percent). A year later in 1993, however, performance was raised to be at or above the standards. Between 1993 and 2000, performance for remand decision timeliness hovered close to the standard, falling below it for both 120-day and 180-days goals for the first time in 1998. Performance climbed again above the OWCP standard through 2000 and, in 2001 and 2002, registered a decrease to levels similar to 1998.

With regard to reconsideration decisions, the overall trends in performance are analogous to those of remand decisions with performance rising from 1992 to 1993, dipping in 1998 and falling between 2000 and 2002. Reconsideration of decisions at the 90-day goal has continually operated well above the 80 percent standard, remaining above 90 percent every year between 1993 and 1999. Since 1999, however, performance has steadily decreased to its lowest point in the 10-year span to a low of 80 percent in 2002. Similarly, performance at the 150-day goal has operated above the 95 percent standard every year from 1992 through 1999, though has always been within 3 percentage points of the standard. In 2000 and 2001, performance operated at the standard of 95 percent and then fell to 94 percent in 2002. This is the only time in the 10-year span that performance dipped below the standard.

The General Accounting Office recently conducted two studies of the FECA program and asserted that it believes OWCP is meeting its legislative mandate on how it defines the appeals process and how it meets

the timeliness standards set by law. However, there may be more room for improvement in responding in a timely manner to appeals, remands, and reconsiderations because the current process includes what GAO feels to be unreasonably lengthy timeframes for actions, such as printing and reviewing transcripts. Although OWCP is within statutory guidelines with regard to these actions, customer service and satisfaction might be increased through reducing timeframes for such activities.

Accuracy

Accuracy of adjudication and management is a key concern to OWCP, and is central to the performance of the FECA program. Accuracy issues encompass the reliability of medical opinions, the occupation and wage information received from employing agencies, and the categorization of claimants and their injuries for purposes of adjudication and assignment of benefits. However, accuracy is difficult to measure and to monitor using existing data systems and methods of collecting information. In addition, the increase in new injury types, such as stress-related disabilities and others that are difficult to diagnose and to treat, complicates the accuracy of the adjudication process and the establishment of accuracy measures.

The Accountability Review Process

To date, while OWCP has not created consistent measures of program accuracy outcomes, it has established an Accountability Review process that encompasses the accuracy of the entire system. This process involves a review of each District Offices operations once every other year, including the degree to which the office is meeting its performance goals and reasons associated with exceeding or not meeting those goals.

The Accountability Review process was established as an overall quality control mechanism. Six District Offices are reviewed per year by teams of up to twelve OWCP professionals who are accomplished in key areas of program management. Teams include Headquarters and Field Office staff that coordinate, prepare for, and conduct each review. If the review indicates corrective actions are needed, then the District Office has up to a year to implement corrective measures. The review team then revisits the District Office to ensure that these measures are in effect and to assess their impact.

The Accountability Review process is standardized so that outcomes can be compared across District Offices. Every two years, the separate processes that compose the aggregate FECA administrative and appeal process are reviewed to track the way OWCP does business on a District Office basis. A set of about 34 index items have been examined over time in order to provide each District Office with an “index score” across operational areas that encompass fiscal conditions, rehabilitation efforts, and mail, file, and other case-related information in-take systems.³⁵ Actions reviewed include adjudications, types of actions adjudicated, payment and overpayment history, accuracy of coding, bill processing, mail and file operations, cash processing and accounting, and rehabilitation efforts and outcomes. Recently, total case management processes have been highlighted in order to ensure that index items addressed in the Accountability Review process include each case management step. As case management has evolved, the index review items have been adjusted to accommodate changes in the system, such as establishment of Periodic Roll Management or Quality Case Management.

³⁵ As of 2003, with the implementation of the central bill payment system, index items related to payment have been consolidated.

Because the Accountability Review process includes standards and measurement sources for each index item, it serves as the basis for developing new accuracy-related performance standards. While such standards cannot be established as readily as for timeliness measures, the index system, combined with the new IF ECS data system, could be manipulated to create outcome measures that can be efficiently used to describe and measure system accuracy across major system elements.

Accuracy also encompasses the appeals process. One problem encountered in assessing the accuracy of the wage loss compensation process is that OWCP only recently has begun to try to track indicators other than the timeliness of appeals, remands, reconsiderations, number of appeals by hearing entity (e.g., ECAB or Branch of Hearings and Review), backlogs of cases, and the reasons for these types of decisions. An emerging system is in place to begin to compile this data over time. New medical evidence plays a role in a majority of these cases, according to OWCP Headquarters and all the District Offices. The extent to which this can be documented and other reasons for appeals, remands, and reconsiderations presented help guide development of new performance measures in this area beyond timeliness aspects alone.

Numerous District Office employees mentioned that OWCP should work toward starting to measure the quality of decisions. An examination of reasons behind appeals and the fluctuations in amount and types of appeals over time provides some potential indicators, but simple measures from the beginning of the claim process, such as information from assessments of the adequacy of medical documentation in the records or from corroboration of data sent from employing agencies, could also help get to quality issues.

Implications

The FECA wage loss compensation process appears to function well within the statutorily driven timeliness goals and standards that OWCP has established for the program. These goals, and the standards set over time to achieve them, also have served as a major motivating factor in the attainment of steady improvements in timely adjudications, payment of benefits, and in meeting the time frames for appeals processes.

Making future program improvements will depend on three overall considerations. First, adjustment of goals and performance standards where real gains can be achieved and/or where significant new gains are now possible can help the District Offices to more effectively target their resources, and Headquarters to design and provide tools to assist this process, perhaps through training, management mechanisms, or program tracking.

Due to key differences in reporting and tracking injuries and compensation through other systems, the FECA program cannot be reliably compared to other workers' compensation systems in terms of timeliness measures or any accuracy measures at this point. However, the key lesson learned from studies of other systems has been that the earlier claims are addressed, and return to work-oriented efforts begun, that durations of disability and subsequent recurrences can be reduced. Setting goals and standards that are appropriate given resources and the underlying behavior of claimants, their employing agencies, and the conditions surrounding the program, will enable future gains in program effectiveness and cost effectiveness.

Second, the development of measure to measure the resource cost of each case addressed during the wage loss compensation process is an important target over the near term and FECA data collection will require fine-tuning to achieve that end. As noted in several places throughout this study, the new IF ECS

system offers the opportunity to generate case-specific information that can provide the basis for addressing these needs.

Third, the efficiency of the wage loss compensation process would be enhanced through the ongoing assessment of operational areas where flexibility should be encouraged or where more standardization should be imposed. For example, standardization in training, manuals and procedures, and program monitoring efforts should be encouraged. At the same time, flexibility in terms of District Office unit composition and in terms of initiatives to foster returns to work, improved stakeholder relations and cooperation, and more effective disability management generates innovations (such as the creation of return to work conferences) and allows each Office to respond to the unique conditions it faces in terms of changes in injury type, the incidence of injuries, and local economic factors that impact placements.

The ongoing challenge for OWCP Headquarters is to steer operations so as to ensure that standardization occurs and that District Offices are not “reinventing the wheel” in areas where common knowledge is necessary and where redundancy increases administrative costs. At the same time, where flexibility results in promising practices (or practices that should be avoided), those lessons learned should be evaluated and shared.

Chapter 6: Disability Management

“Disability management is a workplace prevention and remediation strategy that seeks to prevent disability from occurring or, lacking that, to intervene early following the onset of disability, using coordinated, cost-conscious, quality rehabilitation service that reflects an organizational commitment to continued employment of those experiencing functional work limitations.”

(Akabas, Gates, and Galvin, 1992)

The origins of disability management are difficult to trace; in one sense, disability management is simply a cost-effective and caring way to deal with the threat of disability to the human resources of any organization. However, in the late 1980s and early 1990s in the U.S. a clear “disability management movement” was underway. The subtitle of the above referenced work on disability management was “A Complete System to Reduce Costs, Increase Productivity, Meet Employee Needs, and Ensure Legal Compliance.” As employers discovered that there were cost savings available from seemingly intractable long-term disability claims, they turned increasingly to consultants who were able and willing to assist in the development of procedures that could be characterized as “putting a human face” on corporate attitudes toward disability. Insurers quickly adopted disability management “protocols” which could satisfy the market demand for a way to “deal with disability.” At the same time, the community of persons with disabilities was pushing for a civil rights approach to remedy their exclusion from economic affairs, culminating in the Americans with Disabilities Act (ADA) passed in 1990.

The FECA program was also a part of that movement, with the creation of the Quality Case Management initiative in 1993. Subsequently, some of the operational procedures of QCM were extended, both to the back-end of long-term FECA claims (Periodic Roll Management) and to the front-end of FECA claims (COP Nurse Intervention). And, although QCM was never intended to replace OWCP’s vocational rehabilitation efforts, referral to a vocational rehabilitation specialist has continued to be a last resort, when the field nurse under QCM has been unable to secure a return to work with the original employer. The various components that comprise OWCP’s disability management efforts are described below.

- Quality Case Management. Quality Case Management was developed by OWCP in 1993 as a means of reducing the number of days an injured worker is out of work. A primary principle of QCM is the use of contract nurses. The nurses, working out of their own homes or offices (as opposed to the DFEC District Office), serve as liaisons between injured employees, employing agencies, physicians, and OWCP. Every accepted injury case with a wage-loss claim filed and no return to work date is reviewed for assignment to a nurse. The nurse has 120 days to work a case (plus two additional 30-day extensions when he or she is following a claimant who had returned to work). A case can stay in QCM status for a period of up to 30 months.
- COP Nurse Intervention Program. The COP Nurse Intervention Program was initiated in 2000 to allow OWCP to get an earlier jump on lost-time cases. Nurses under contract to OWCP serve as telephonic case managers during the 45-day continuation of pay period following a work-related traumatic injury. The TCMs are tasked with making up to three telephone calls to the employing agency, the claimant, and/or the physician. The TCM is expected to use her/his medical knowledge and experience to identify those cases that will require more extensive nurse intervention due to the severity of injuries and/or other complicating factors (e.g., surgical

intervention or invasive diagnostic tests). Once an early nurse has finished making the required number of phone calls, he or she sends a report to the OWCP claims examiner with recommendations for follow-up (i.e., which cases should be prioritized for quick adjudication and referral to Quality Case Management).

- Periodic Roll Management. In addition to stressing early intervention and high quality case management, FECA has also dedicated resources to reviewing long-term disability cases. Each case is reviewed on an annual basis to determine if there have been any medical or other changes that would: (1) affect compensation benefits levels; and/or (2) allow the claimant to return to work or perhaps enter vocational rehabilitation services.
- Vocational Rehabilitation. Claimants that have received a medical release from their physician, but have been unable to return to their original employer, are referred to an OWCP vocational rehabilitation specialist. The rehabilitation specialist will assign the case to a contract rehabilitation counselor located in the claimant's area. Counselors have two years to work with the claimant on achieving a return to work (a process which can include occupational or vocational training should diagnostic testing determine a lack of transferable skills).

After ten years of experience in the design and implementation of disability management initiatives, an assessment of the disability management processes used by OWCP is appropriate to guide effective refinements to the various disability management initiatives. Unfortunately, there are no universal standards against which to evaluate disability management efforts. Disability management remains the province of consultants and confidential data sources, usually developed by insurers or small groups of large employers. For instance, the Washington, D.C. Business Group on Health (WBGH) has developed a "Quality and Metrics" project through its Council on Employee Health and Productivity. More recently, the Council has partnered with the Integrated Benefits Institute (IBI) in California to adopt IBI's "Full Cost" benchmarking program. Statistics from these programs are available to members only and, more importantly, may not be comparable to the manner and degree to which OWCP has adopted disability management initiatives. As a result, the following pages benchmark FECA disability management against itself, asking "How much progress has been made with disability management *within* the FECA program?"

Quality Case Management

As emphasized throughout this report, the FECA Program has undergone a dramatic transformation in recent years, evolving from a basic adjudication and benefit payment program into a proactive, goal-driven, case management-oriented program. OWCP's experimentation with case management began in the early 1980s. In its early form, case management involved categorizing cases according to level of severity, systematic weighing of medical evidence, attending closely to vocational rehabilitation, and promptly determining reduced earning capacity.

As mentioned in Chapter 2, OWCP modified case management procedures a number of times throughout the 1980s to reflect new knowledge gained within the industry, as well as to implement rulings by the Employees' Compensation Appeals Board. Changes included greater emphasis on weighing medical evidence wherever possible (instead of obtaining referee examinations), increased attention to due process rights, earlier referrals for vocational rehabilitation services, and the use of the short-term roll (which allows for time-limited payments). OWCP learned, however, that these changes did not seem to lessen the amount of time claimants remained on the rolls.

In the early 1990s, OWCP tried several new approaches to create a more comprehensive approach to case management, including the use of a medical matrix for setting intervention points and the use of registered nurses as facilitators. As studies have long suggested, the use of nurses in workers' compensation programs could serve to shorten disability duration and increase the likelihood of return to work.

In early 1992, the OWCP National Office formalized the use of nurses through a concept called Quality Case Management. At that time, several District Offices had already experimented with various aspects of the process. Seven offices had been involved in different pilot programs using nurses, and at least three offices were involving nurses in return to work conferences. DFEC National Office staff outlined a basic approach to QCM and piloted the procedures in the Cleveland District Office. The program was implemented nationwide in 1993.

QCM Outcomes

Since 1993, there has been a marked improvement in FECA performance with regards to increasing returns to work and decreasing lost production days. Exhibit 6.1 provides cumulative statistics for each District Office regarding the number of QCM "starts" (cases entering QCM status), "closures" (cases closed out of QCM status), and "RTWs" (cases resulting in a return to work during the QCM period).³⁶ As Exhibit 6.1 illustrates, OWCP's performance relative to QCM has been quite impressive. Approximately 60 percent of all new QCM starts have resulted in a return to work.³⁷ The apparently inverse correlation between QCM resolutions through RTW and District Offices with very active QCM units could be due to these offices having a higher rate of other types of case resolutions related to those QCM CE's being very active in case management, such as denials, terminations of benefits, and suspension of non-cooperation.

Exhibit 6.1: QCM Activity by District Office, 1994 - 2002 (Cumulative)

District	Starts	Closures	Percent of Cases Closed	RTWs	Percent of Cases that RTW
Boston	2,814	2,123	75.4%	1,908	67.8%
Chicago	4,091	3,266	79.8%	2,364	57.8%
Cleveland	4,872	4,225	86.7%	3,135	64.3%
Dallas	9,552	8,003	83.8%	5,735	60.0%
Denver	2,651	2,090	78.8%	1,232	46.5%
Jacksonville	9,765	8,099	82.9%	5,514	56.5%
Kansas City	3,934	3,516	89.4%	1,515	38.5%
NYC	5,232	3,702	70.8%	3,283	62.7%

³⁶ Although the QCM initiative was implemented on a national scale in 1993, OWCP was unable to provide complete data for 1993 (i.e., data was received on starts and closures, but there is no information on specific resolutions). Furthermore, at the time of this study, only had three-quarters of data for 2003 were available. Therefore, Exhibit 6.1 includes data for the time period 1994 through 2002.

³⁷ QCM statistics are kept on a "cohort" basis; so it was not possible to determine the entire QCM caseload at a given point in time (i.e., new QCM starts for each year existed, but there was no data on the number of cases that rolled over from one year to the next). Therefore, the only option was to examine returns to work as a percentage of cases was to use the number of new starts as the denominator. Admittedly, this is an imprecise estimate since it will systematically underestimate the actual total case population and therefore overestimate the percentage of cases that return to work.

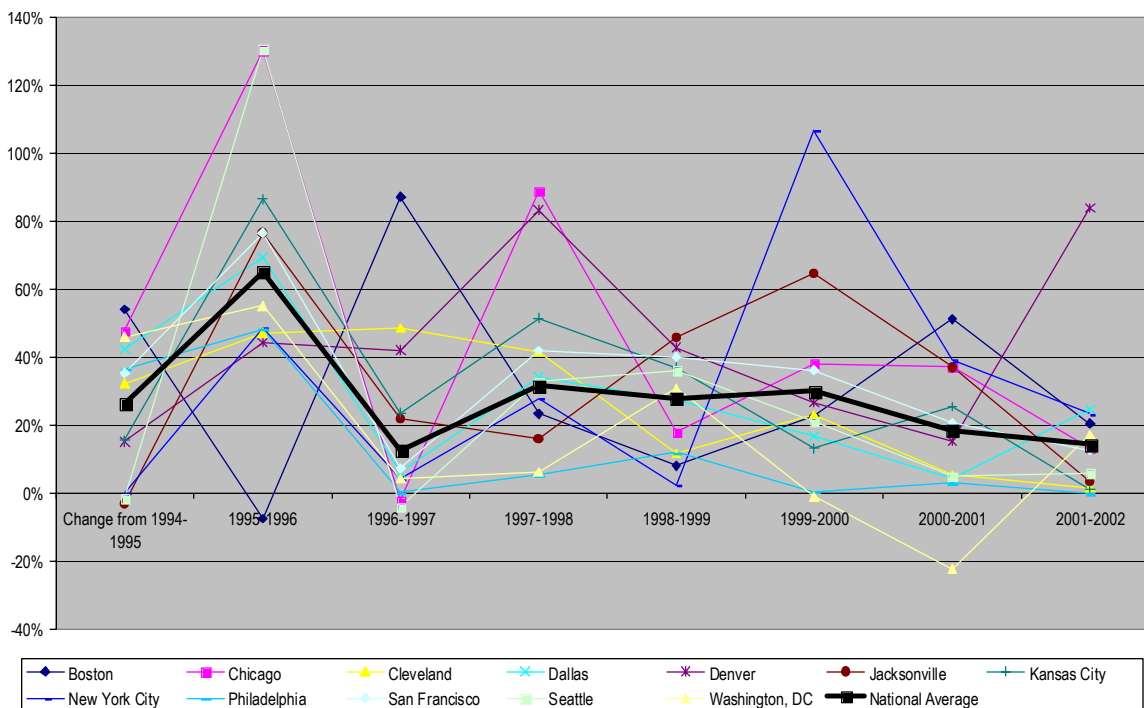
Exhibit 6.1: QCM Activity by District Office, 1994 - 2002 (Cumulative)

District	Starts	Closures	Percent of Cases Closed	RTWs	Percent of Cases that RTW
Philadelphia	3,946	3,693	93.6%	1,921	48.7%
San Francisco	11,527	9,526	82.6%	7,574	65.7%
Seattle	3,654	3,274	89.6%	1,915	52.4%
Washington, DC	5,264	4,684	89.0%	3,580	68.0%
Nationwide	67,302	56,201	83.5%	39,676	59.0%

Source: Department of Labor, Office of Workers Compensation Program.

As Exhibit 6.2 illustrates, QCM activity ramped up from the mid- to late-90s, especially from 1997 through 2001. The variation in activity by DO is quite striking, and it is difficult to discern any trend. However, the data suggests that the growth of QCM cases may be starting to slow down, particularly among the smaller to middle-sized offices. These results may not be surprising as it has taken OWCP time to fully rollout the program. Without modifications to the program, the greatest gains may have been achieved in the late 1990s.

Exhibit 6.2: Annual Change in QCM Starts, by District Office and National Average, 1994-2002

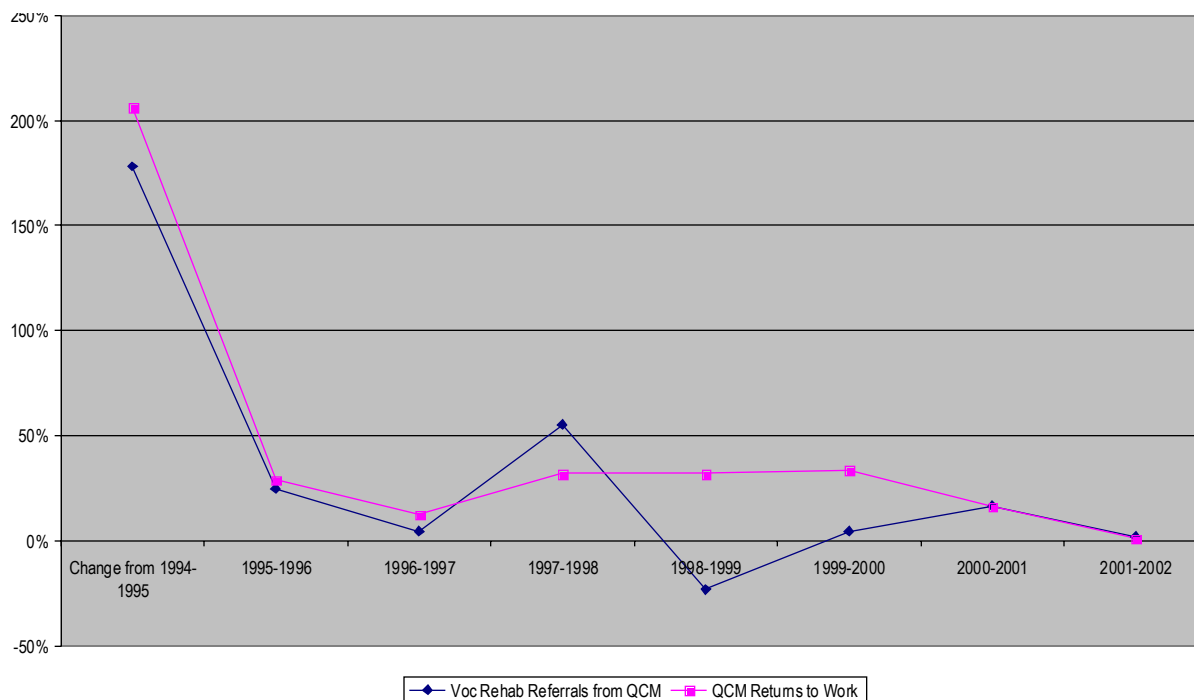


Source: Department of Labor, Office of Workers Compensation Program.

As the data suggest, most offices have achieved a return to work rate of between 50 and 70 percent for the period studied. (Note that the data in Exhibit 6.1 captures returns to work for cases in QCM status only.)

A look at the data at a national level shows that there may be a relationship between high rates of returns to work and high rates of QCM referrals to Vocational Rehabilitation services. Exhibit 6.3 shows this at a national level from 1994 to 2002.

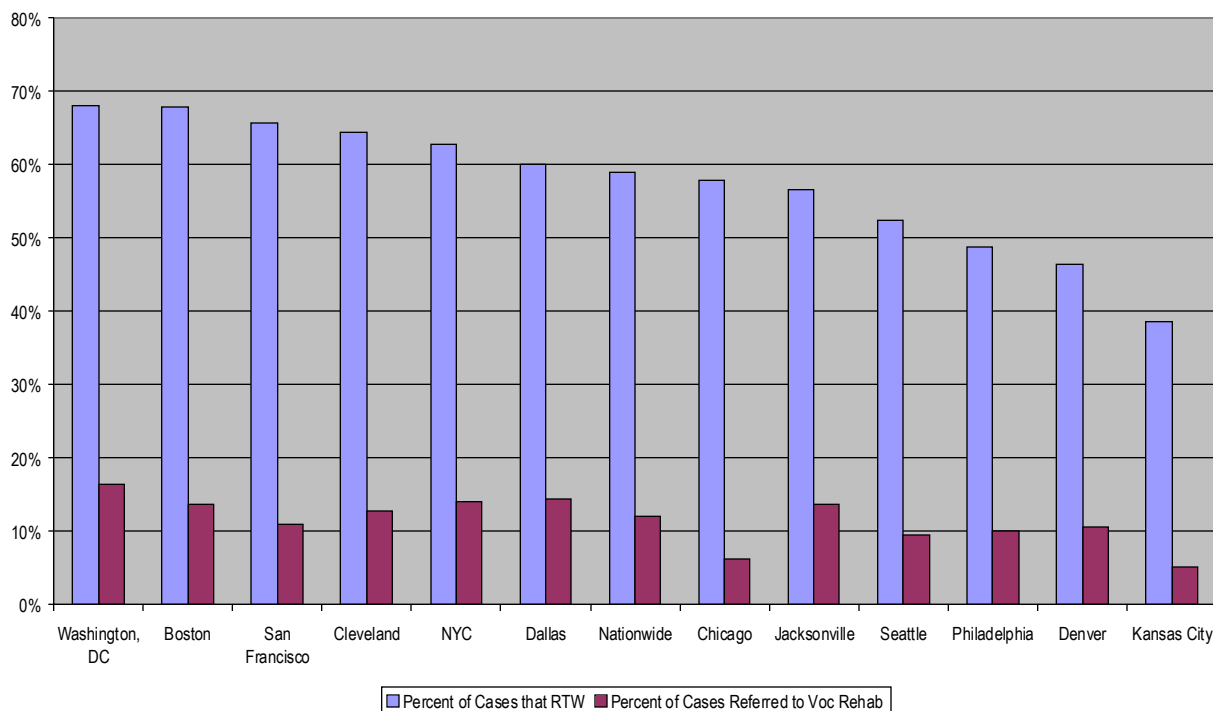
Exhibit 6.3: Annual Change in QCM Voc Rehab Referrals and Returns to Work, National Average, 1994-2002



Source: Department of Labor, Office of Workers Compensation Program.

Several District Offices were aggressive in referrals to Vocational Rehabilitation, including Washington, DC; Boston; San Francisco; and Cleveland. Of these District Offices, Washington, DC and Boston also rank highest in returns to work and San Francisco and Cleveland rank in the top six DOs. While this may indicate the vocational rehab services are a strong indicator of successful returns to work, there are other exogenous factors to consider, such as District Office procedures and resources, public and private sector employment opportunities available to injured workers within the region, and the types of injuries of claimants and their severity. Nevertheless, a relationship between voc rehab services and returns to work does seem to exist. Exhibit 6.4 shows QCM Vocational Rehab Referrals and Returns to Work by District Office cumulatively from 1994 to 2002 for each District Office.

Exhibit 6.4: Cumulative Rates of QCM Voc Rehab Referrals and Returns to Work (Compared to Cumulative QCM Starts), by District Office, 1994-2002



Source: Department of Labor, Office of Workers Compensation Program.

As noted in the previous chapter, the ability to analyze those factors in more detail will enable Headquarters and the District and Regional Offices to refine their disability management processes to address temporary and long-standing factors that impact returns to work.

Lost Production Days as a Measure of QCM Success

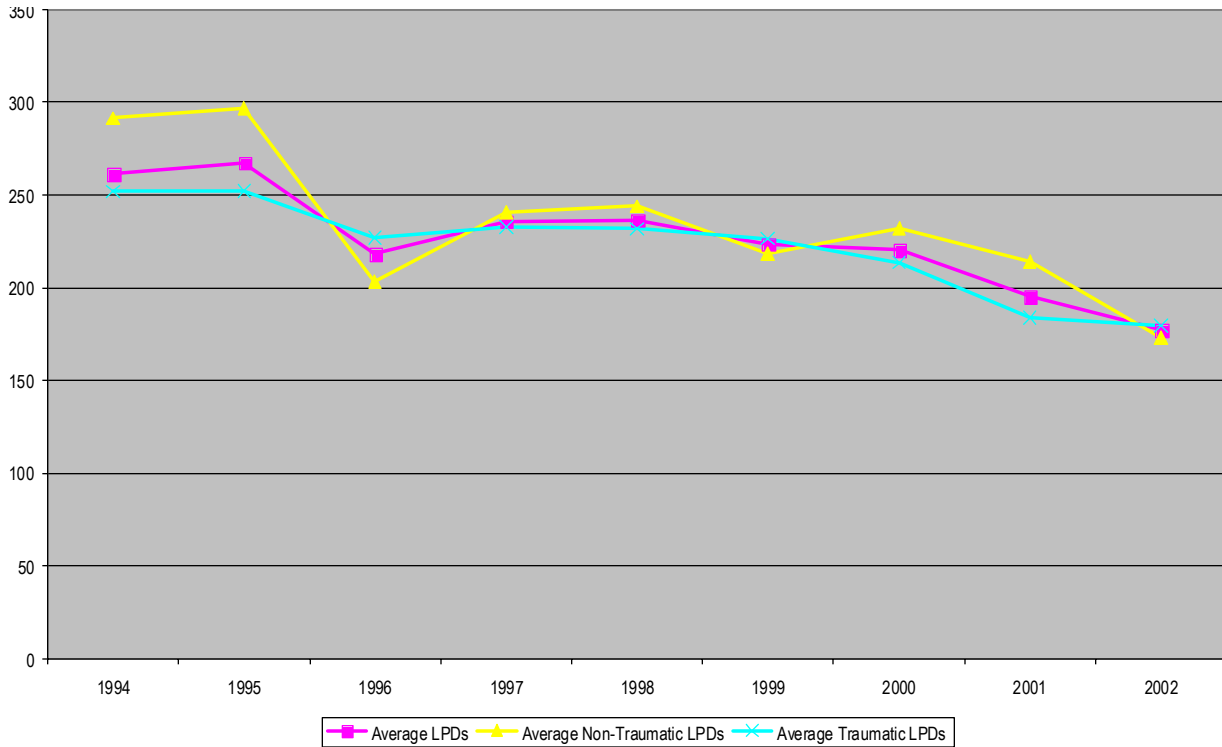
Since 1994, with the adoption of QCM, OWCP instituted Lost Production Days as a key measure against which to assess the success of disability management through the QCM process. Lost production days are measured as the number of COP days plus wage loss days paid by FECA divided by the number of employees. Like durations, LPDs provide an indication of the length of disability, but they also incorporate the important dimension of the incidence of claims. LPDs are used in private industry but not in workers' compensation systems that are the likeliest candidates for development of benchmarks with the FECA program. The principal benefit of the LPD performance measure is that it provides an easily quantified single statistic that can indicate the effectiveness and the efficiency of a workers' compensation system.³⁸

Cases enter the QCM process if there is wage loss and no return to work date. This means that because of COP, many are 60 days or more from date of injury when the tracking begins. Such cases may remain in

³⁸ It should be noted that the numbers obtained here from OWCP systems cannot be compared to the LPD targets used in the QR&A Reports by OWCP because the numbers used in this study include cases with greater than one year of LPDs. In the QR&A reporting system, LPDs are measured for lost time within one year from the date wage loss began.

QCM for up to 30 months. LPDs are measured for cases in QCM and those that move on from QCM to the periodic roll and to PRM treatment. Notably, average LPDs for both major injury types have been decreasing significantly since their measurement began in 1994 during the pilot phase of QCM. This trend is shown below in Exhibit 6.5 for traumatic and non-traumatic injuries across the nation.

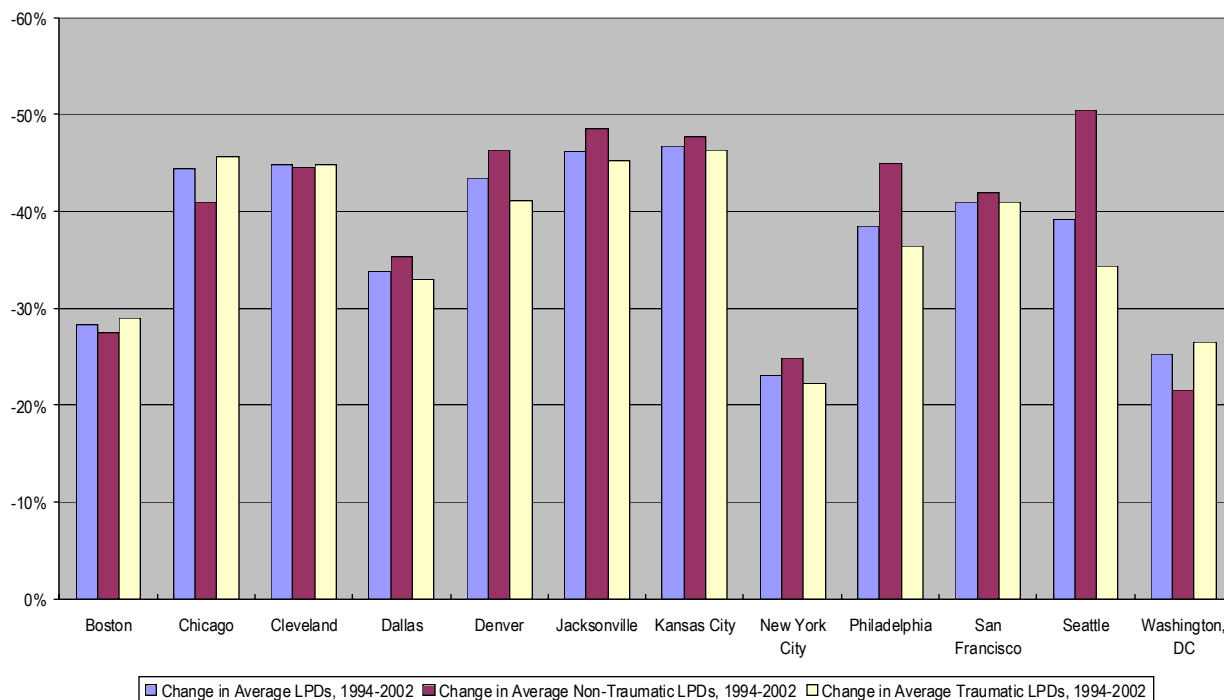
Exhibit 6.5: Lost Production Days, National Average, 1994-2002



Source: Department of Labor, Office of Workers Compensation Program.

Among the District Offices, all have experienced a decline in average LPDs between 1994 and 2002. Exhibit 6.6 shows the average LPDs for each District Office from 1994 to 2002. All District Offices experienced a dramatic decrease in average LPDs during this time period, underscoring the success of the QCM initiative and other OWCP initiative in the last decade. Exhibit 6.6 shows the reduction in LPDs from 1994 to 2002 across the District Offices ranges from 20 to 50 percent.

Exhibit 6.6: Change in Lost Production Days, by District Office, 1994-2002

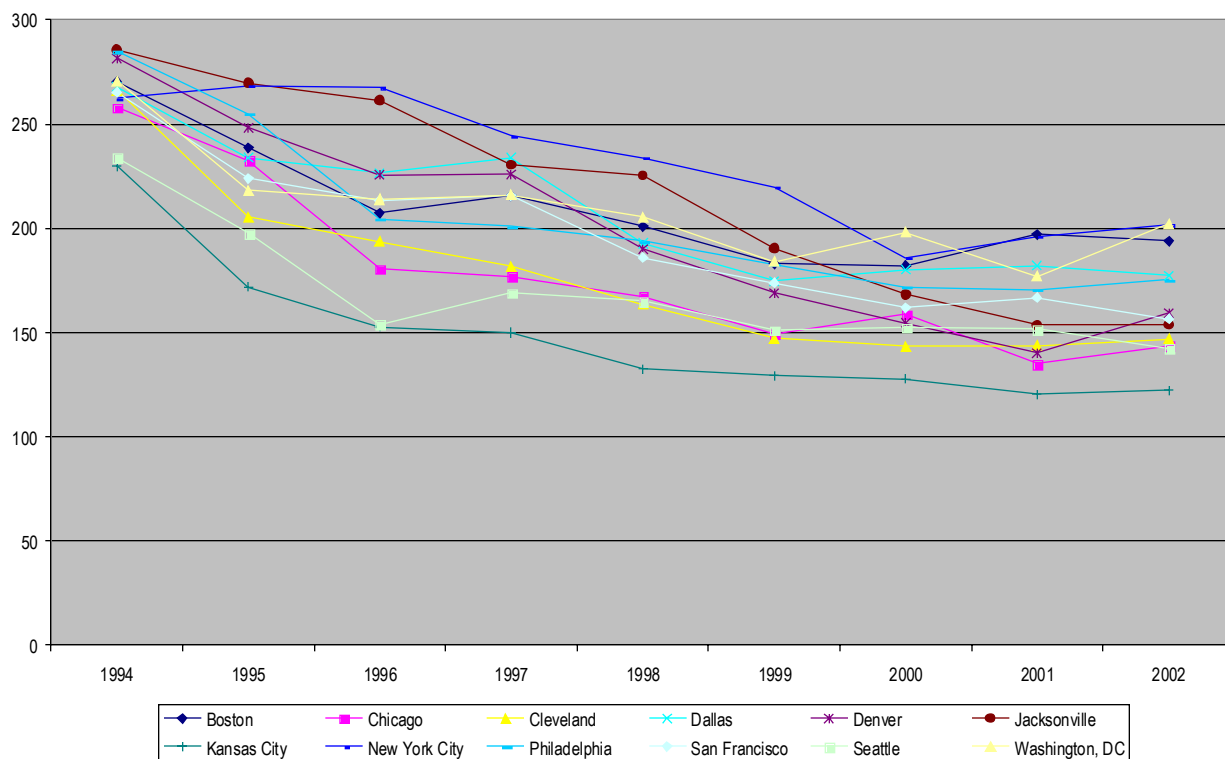


Source: Department of Labor, Office of Workers Compensation Program.

Kansas City's performance is especially notable. At 122 days (in 2002), Kansas City is 20 days lower than the District Office with the next lowest LPDs (Seattle). Kansas City's ability to reduce its average LPDs is particularly impressive given that it started with the lowest rate of LPDs in 1994 (230). It is important to note that while these data reflect success in getting individuals back to work more quickly, variations in processes at the District Offices as well as other local variations and local employment market also effect these statistics. For example, Kansas City leads the nation in LPDs, yet has the lowest QCM return to work rate (38.5 percent) among all the District Offices.

Exhibit 6.7 shows the decline in LPDs for all types of injuries among the individual DOs.

Exhibit 6.7: Average Lost Production Days (All Injuries), by District Office, 1994-2002



Source: Department of Labor, Office of Workers Compensation Program.

In addition to looking at changes in LPDs among the District Offices for all injuries, it is also interesting to examine the variations among the DOs between average LPDs for traumatic and non-traumatic injuries. While average LPDs declined for both traumatic and non-traumatic injuries in all Districts, most DOs reported a more significant decline in average LPDs for non-traumatic injuries. This finding suggests that QCM and related initiatives may have been successful in treating the more difficult and traditionally longer-duration injury types. Exhibit 6.8 shows average lost production days for all traumatic injuries that receive QCM treatment among District Offices from 1994 to 2002, and Exhibit 6.9 shows LPDs for all non-traumatic injuries.

Exhibit 6.8: Average Lost Production Days, Traumatic Injuries, by District Office, 1994-2002

	Boston	Chicago	Cleveland	Dallas	Denver	Jacksonville	Kansas City	New York City	Philadelphia	San Francisco	Seattle	Washington, DC
1994	269.1	272.2	264.2	261.4	268.0	283.7	229.8	257.0	285.0	259.5	222.3	267.6
1995	233.1	227.2	203.8	234.6	234.8	266.8	176.5	263.1	248.0	220.5	194.1	212.1
1996	202.2	183.5	185.3	229.4	215.7	254.2	141.0	265.0	204.9	207.5	162.4	210.7
1997	208.0	190.6	179.8	236.7	214.8	231.4	151.7	249.2	209.5	208.9	177.6	215.8
1998	203.9	174.8	161.2	191.4	193.0	224.0	136.5	226.1	203.2	182.8	172.0	200.0
1999	168.5	157.7	148.7	177.0	170.9	189.5	124.6	214.3	192.2	172.1	149.2	177.6
2000	183.5	166.4	144.9	182.8	154.4	171.7	121.4	179.7	177.9	159.2	155.8	194.5
2001	194.0	141.1	144.9	182.9	145.9	155.4	125.2	193.5	176.8	158.3	154.2	172.6
2002	190.9	147.8	145.8	175.1	157.9	155.3	123.4	199.9	181.4	153.2	145.8	196.7
% Change (94-02)	-29.1%	-45.7%	-44.8%	-33.0%	-41.1%	-45.3%	-46.3%	-22.2%	-36.4%	-41.0%	-34.4%	-26.5%

Source: Department of Labor, Office of Workers Compensation Program.

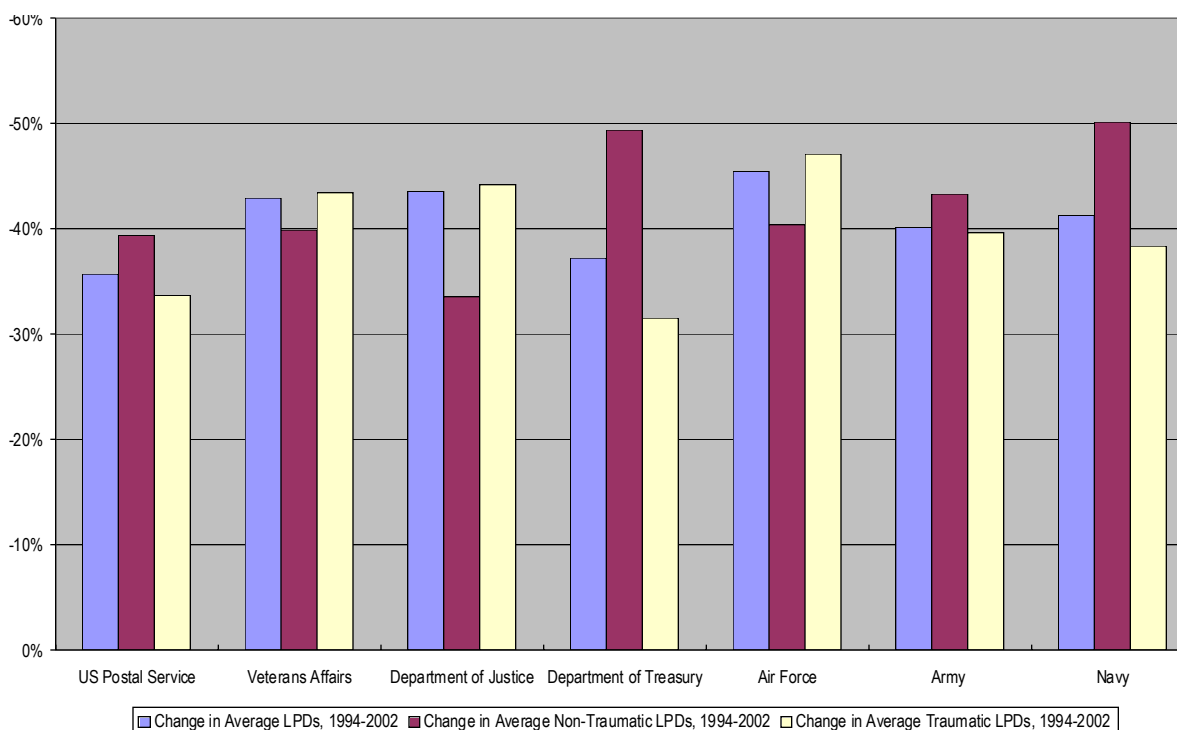
Exhibit 6.9: Average Lost Production Days, Non-Traumatic Injuries, by District Office, 1994-2002

	Boston	Chicago	Cleveland	Dallas	Denver	Jacksonville	Kansas City	New York City	Philadelphia	San Francisco	Seattle	Washington, DC
1994	275.3	232.2	268.9	283.2	302.5	290.8	229.2	277.5	283.5	278.4	275.9	287.3
1995	254.8	241.6	207.4	232.3	265.4	278.3	158.6	281.2	276.7	229.0	205.5	237.0
1996	220.6	175.8	209.4	220.4	238.0	282.4	187.2	277.5	201.6	221.7	139.9	224.8
1997	229.5	153.7	185.2	228.2	249.1	227.5	145.5	226.6	178.2	226.9	156.2	215.8
1998	194.8	155.1	167.2	195.5	184.6	228.3	122.5	262.1	169.0	190.6	156.3	224.8
1999	211.8	136.2	144.9	169.3	165.4	191.9	139.0	242.7	158.1	176.5	153.4	202.8
2000	178.0	147.1	140.8	172.8	154.8	159.0	137.8	210.9	156.1	165.6	146.9	210.1
2001	202.9	124.8	141.2	179.6	125.4	148.3	112.8	210.1	153.6	179.3	147.7	194.8
2002	199.7	137.2	149.1	183.3	162.2	149.8	120.0	208.4	156.2	161.6	136.7	225.2
% Change (94-02)	-27.5%	-40.9%	-44.6%	-35.3%	-46.4%	-48.5%	-47.7%	-24.9%	-44.9%	-42.0%	-50.4%	-21.6%

Source: Department of Labor, Office of Workers Compensation Program.

Of course, among OWCP’s largest agency clients, average LPDs have also declined since 1994 – for both traumatic as well as non-traumatic injuries. The degree of change, however, varied somewhat among the agencies. For example, the Postal Service, Treasury Department, Army, and Navy reported larger reductions in non-traumatic injuries LPDs while Veterans Affairs, Department of Justice, and the Air Force reported a more significant decline in LPDs among traumatic injuries. Exhibit 6.10 shows the change in LPDs from 1994 to 2002 among the seven largest OWCP agency clients.

Exhibit 6.10: Change in Lost Production Days, by Largest OWCP Clients, 1994-2002



Source: Department of Labor, Office of Workers Compensation Program.

The significant decline over the 1994 through 2002 time period correlates well with the adoption and distribution of QCM. In addition, at the front end of the FECA process, use of short form closures plus the varied success of ENI efforts also may have facilitated LPD decreases. Diminishing LPD rates are indicative of the overall success of disability management efforts that OWCP has undertaken. The challenge over the near term will be to sustain these decreases through more targeted disability management efforts (in terms of both claimant characteristics and of where and when in the disability process management treatments are applied), as well as through adoption of disability management techniques that seem to be working best within District Offices across the country. Measuring LPDs at all stages of the wage loss compensation process would facilitate monitoring the success of each of the disability management efforts.

QCM – An Agency Perspective

As Exhibit 6.11 illustrates, the Postal Service accounts for the largest percentage of cases entering QCM status (56.8 percent), and with nearly 60 percent of those claimants returning to work. Anecdotally, through the District Office site visits and interviews, we heard that some agencies were much better at re-employing injured workers than others. This is to be expected, however, as some agencies have fewer opportunities

to provide light duty and part-time positions than others. Also, it may be more difficult for agencies with smaller facilities to hold injured workers' jobs open for a period of time. Still, it is encouraging to see that most federal agencies have RTW rates near 60 percent or above.

Exhibit 6.11: QCM Activity by Agency, 1994 – 2002 (Cumulative)

Agency Name	Starts	Agency Starts as a Percentage of All QCM Cases	Returns to Work	Percent of All Cases with a Return to Work
Postal Service	38,256	56.8%	22,709	59.4%
Veterans Affairs	4,829	7.2%	2,758	57.1%
Navy	4,620	6.9%	2,846	61.6%
Army	3,105	4.6%	1,970	63.4%
Air Force	2,567	3.8%	1,533	59.7%
Homeland Security*	1,964	2.9%	1,421	72.4%
Agriculture	1,887	2.8%	1,136	60.2%
Defense Agencies	1,703	2.5%	1,008	59.2%
Treasury	1,524	2.3%	899	59.0%
Justice	1,448	2.2%	972	67.1%
All Other	5,399	8.0%	3,171	58.7%

* Upon the creation of the Department of Homeland Security in 2002, OWCP reconstructed the data for the department by combining the data histories for all agencies comprising the department.

Source: Department of Labor, Office of Workers Compensation Program.

Paying special attention to USPS trends (since they are OWCP's largest client), it is interesting and perhaps important to note that while the number of (new) QCM cases continued to rise throughout the first part of this decade, it appears that RTWs have begun to flatten out. This could reflect the Postal Service's increasing move toward automation, and their declining ability to offer light and limited duty positions to injured workers.

The Periodic Roll Management Initiative

As described in Chapter 2, the Periodic Roll Management project began as a time-limited initiative to review all long-term cases on the periodic roll. Up until that point, most long-term cases received little monitoring or attention beyond monitoring current medical reports and other eligibility issues, as claims examiners were too busy adjudicating and managing new claims to deal with old cases. In 1992, however, Congress provided OWCP with a special earmark to fund the PRM project. PRM teams in four District Offices (Boston, Jacksonville, San Francisco, and Seattle) began reviewing all long-term cases in order to provide medical examinations, vocational rehabilitation and placement assistance, and ultimately to re-employ workers. Where disability had lessened, benefits were adjusted and unnecessary compensation costs were reduced.

The PRM project proved so successful that it was expanded to five additional District Offices in 1995 (New York, Cleveland, Denver, Dallas, and Washington DC). Between 1995 and 1997, the remaining three

District Offices (Philadelphia, Chicago, and Kansas) became part of the initiative, and in 1999, the initiative received permanent funding and each District Office was assigned a number of “fair share” FTEs who would serve as PRM CEs. Today, every case on the periodic roll (except permanent total disability cases) is reviewed on an annual basis with the goal of returning claimants to work and reducing compensation costs.³⁹

PRM Outcomes

The story that the data appear to tell seems clear. As Exhibit 6.12 illustrates, a backlog of long-term cases entered PRM in 1999.⁴⁰ The early efforts to reduce the size of the rolls have met with some success, but the more difficult cases are now the residual, as well as the new cases that enter the PRM roll. The emphasis on both QCM and PRM will mean that a lower proportion of the new cases will become very long-term cases in the future, but that it will be harder to whittle down the residual stock of longer-term cases than it was in the first few years of the initiative.

As Exhibit 6.12 demonstrates, nationally, OWCP has resolved more than one-quarter (26.6 percent) of the cases entering PRM status between 1999 and 2002. Resolution of a case can take many forms, including a return to work, retirement of the claimant, termination of benefits (if there is no continuing injury-related disability), and death of claimant, among others. Of all PRM resolutions between 1999 and 2002, more than one-third (36.1 percent) were the result of the death of the claimant. (See Exhibit 6.15). However, nearly one-fifth of the resolutions (18.4 percent) involved a return to work, and another 14 percent were resolved through the termination of benefits.

Exhibit 6.12: Resolution of PRM Cases, 1999–2002 (Cumulative)

District	New Cases	Number of Resolutions	Percent of Cases Resolved	RTWs	Percent of Resolutions that are RTWs
Boston	1,936	445	23.0%	78	17.5%
Chicago	842	219	26.0%	64	29.2%
Cleveland	2,944	1,087	36.9%	156	14.4%
Dallas	7,030	1,863	26.5%	388	20.8%
Denver	1,739	712	40.9%	138	19.4%
Jacksonville	13,011	3,101	23.8%	466	15.0%
Kansas City	1,289	418	32.4%	69	16.5%
NYC	4,237	984	23.2%	161	16.4%
Philadelphia	2,179	770	35.3%	169	21.9%
San Francisco	9,487	2,671	28.2%	586	21.9%

³⁹ Permanent total disability cases are reviewed every three years.

⁴⁰ Because the PRM initiative began as a time-limited initiative in only four District Offices, little attention was paid to what type of data might be useful to collect and analyze over the long term. As a result, there are no data available on the universe of PRM cases when the initiative began in 1992, nor are there data on the number of resolutions achieved between 1992 and 1999. When the initiative received permanent funding in 1999, however, OWCP standardized data collection efforts across District Offices. Thus, the PRM data in this chapter only covers the years 1999 through 2002.

Exhibit 6.12: Resolution of PRM Cases, 1999–2002 (Cumulative)

District	New Cases	Number of Resolutions	Percent of Cases Resolved	RTWs	Percent of Resolutions that are RTWs
Seattle	2,790	834	29.9%	119	14.3%
Washington, DC	4,942	861	17.4%	173	20.1%
Total	52,426	13,965	26.6%	2,567	18.4%

Source: Department of Labor, Office of Workers Compensation Program.

Of *all* PRM cases, however, only 4.9 percent resulted in a RTW between 1999 and 2002. This is not surprising, though, given the length of time most claimants on the PRM roll have been out of work (30 months to more than 30 years). A return to work is not the only “positive” resolution, however, and it is certainly important to view the PRM initiative as much as a cost containment measure as it is a disability management program. In FY 2001, for example, it is estimated that compensation costs were reduced by \$31.1 million through the PRM initiative.

There is little appropriate benchmark data with regard to management of long-term cases, particularly in the United States. In state workers’ compensation systems, long-term cases are frequently settled with an agreement that terminates the insurer’s liability. Almost always, the agreement involves payment of a lump sum benefit and, in most cases, provides that future medical expenses no longer are to be paid by the insurer. Most jurisdictions permit such settlements, subject to approval (often *pro forma*) by the state agency. Even where the insurer is a public entity, however, such lump sum settlements have been employed where long-term cases came to be perceived as an extreme burden on the agency. For example, Victoria Australia’s workers’ compensation agency “ran off” thousands of old cases where long term benefits were paid and there seemed to be little hope of terminating them. The Second Injury Fund in Connecticut did precisely the same thing a few years later. In the process, the size of its payout was substantially less than what had been the actuarially determined unfunded liability of the fund. Thus, in most systems, the more serious and long-term disability cases simply disappear.

PRM Outcomes by Employing Agency

As with the QCM data, examining the PRM data by employing agency reveals few surprises. As to be expected, the Postal Service, the Department of Veterans Affairs, and the defense agencies have the largest percentage of long-term cases, which merely reflects the volume of new cases coming from these agencies each year.

The Postal Service accounts for approximately one quarter (26.6 percent) of the cases entering PRM status. Since a much larger percentage of all claims filed originate from the Postal Service, this seems to provide evidence of the Postal Service’s general commitment to returning injured workers to the job. As Exhibit 6.13 shows, the Postal Service has been able to re-employ approximately one of every twelve employees entering PRM status. While this may not sound like a monumental success, it is known that the longer an injured worker is off the job, the more difficult it is get a return to work (both because the agency is not required to hold the position for the injured worker beyond one year, and because many workers tend to “settle in” to a disability mindset).

**Exhibit 6.13: Long Term Compensation Cases
by Federal Agency, 1999–2002 (Cumulative)**

Agency	New Cases	Cases Resulting in a RTW	Percent of PRM Cases Resulting in RTW
US Postal Service	13,798	1,160	8.4%
Navy	7,616	287	3.8%
Army	5,237	150	2.9%
Veteran's Affairs	4,923	246	5.0%
Air Force	3,767	103	2.7%
TVA	2,209	37	1.7%
Defense Agencies	2,112	77	3.6%
Agriculture	1,888	69	3.7%
Transportation	1,687	31	1.8%
Interior	1,284	58	4.5%
Homeland Security	1,032	50	4.8%
Justice	1,012	61	6.0%
All Other	5,861	238	4.1%

Source: Department of Labor, Office of Workers Compensation Program.

Vocational Rehabilitation

Although vocational rehabilitation is the oldest tool in OWCP's disability management toolbox, it is probably the most infrequently used. Vocational rehabilitation is typically reserved for claimants that have received a medical release from their physician but have been unable to return to their original employer through the efforts of the CE or the field nurse. The referral to vocational rehabilitation may occur during QCM (typically after the field nurse has had 120 days to work the case but before 30 months has expired), or it may come from a PRM claims examiner. As OWCP's administrative data shows, and as reinforced by discussions with District Office staff, one thing is clear; vocational rehabilitation, if used at all, is used very late in the process.

Exhibit 6.14 below provides a summary of the use of vocational rehabilitation services in FECA over the past nine years (1994 – 2002). The data indicate that claims referred to vocational rehabilitation are more than three and one-half years old at referral, on average. This varies from a "low" of about two and one-half years for New York and Chicago, to a "high" of nearly 5 years in the Philadelphia District Office. It is also worth noting the relatively small number of cases that have been referred to vocational rehabilitation. In Jacksonville, for example, a District Office that receives thousands of new claims each year (24,674 in 2002), less than 3,000 total cases have been referred to vocational rehabilitation over the past nine years.

**Exhibit 6.14: Use of Vocational Rehabilitation Services,
1994–2002 (Cumulative)**

District Office	Count of Cases	Median No. of Days Between Injury and Referral
Boston	837	1,133
Chicago	729	996
Cleveland	1,523	1,388
Dallas	2,620	1,065
Denver	798	1,512
Jacksonville	2,911	1,316
Kansas City	593	1,491
NYC	1,565	970
Philadelphia	1,451	1,788
San Francisco	3,111	1,333
Seattle	980	1,307
Washington, DC	2,385	1,600
National Average	—	1,325

Among those cases that are referred to vocational rehabilitation, success is modest, given that these claims are three to five years old. As Exhibit 6.15 demonstrates, between 1994 and 2002 approximately one-fifth (21.6 percent) of all cases nationally resulted in a return to work with the date of injury employer. Just over nine percent of claimants are rehabilitated and placed with a new employer. Some District Offices have much better success rates than others, however. New York, for example, has placed over 50 percent of the claimants in its vocational rehabilitation program either with the original employer or a new employer.

Returns to Work

While vocational rehabilitation serves as a final attempt to get claimants back to work, returns to work can occur at all stages of the process. From the standpoint of program efficiency and cost-effectiveness, efforts geared toward returning claimants to work earlier prove to be more effective. Numerous studies have demonstrated that both workers and employers benefit from early returns to work. For example, evidence from the state of Wisconsin demonstrates that delayed returns to work result not only in lost earnings, but also in a deterioration of job skills. Employing agencies also benefit from speedy returns to work, as there is less disruption to work flow and the workforce.⁴¹

It is important to note, however, that the returns to work tracked by OWCP are not all “full” returns to work. In the DFEC database, each case can have multiple return to work codes assigned at various points throughout the life of the case. For example, a case may initially be coded as a light duty or part-time return to work, later progressing to a full return to work. To prevent double counting and overstating OWCP’s performance, only the first return to work listed for each case is counted here. The distribution of initial returns to work by type is provided in Exhibit 6.15 below. The exhibit also indicates who “gets credit” for the RTW, the Claims Examiner, the Field Nurse, or the Rehabilitation Specialist. This is determined by the timing of the RTW.

⁴¹ Galizzi and Boden (October 1996), “What Are the Most Important Factors Shaping Return to Work”: Evidence from Wisconsin, WC-96-6.

Exhibit 6.15: Distribution of "First" Returns to Work, by District Office, 1994 – 2002 (Cumulative)

	Case Closed, Actual Earnings LWEC*	Case Closed, RTW at Date of Injury Job	Case Closed, RTW, No LWEC**	Case Closed, RTW, 0% LWEC***	RTW, Light Duty, Full-Time (CE)	RTW, Light Duty, Part-Time (CE)	RTW, Light Duty, Full-Time (Nurse)	RTW, Light Duty, Part-Time (Nurse)	RTW, Light Duty, Full-Time (Rehab Spec)	RTW, Light Duty, Part-Time (Rehab Spec)	TOTAL
Boston	22	432	4	16	180	135	573	467	41	38	1,908
Chicago	8	390	3	16	92	59	1,223	528	32	13	2,364
Cleveland	25	648	5	30	131	71	1,568	546	71	40	3,135
Dallas	56	1,068	4	69	96	63	2,543	1,425	279	132	5,735
Denver	5	167	4	13	39	22	556	387	23	16	1,232
Jacksonville	59	1,026	2	60	389	131	2,663	964	175	45	5,514
Kansas	8	350	5	20	28	15	844	221	17	7	1,515
NYC	32	848	4	27	304	184	1,182	476	154	72	3,283
Philadelphia	20	438	3	14	57	30	863	431	42	23	1,921
San Fran.	84	1,496	56	72	643	241	3,368	1,401	155	58	7,574
Seattle	10	469	14	28	123	38	776	403	34	20	1,915
Wash., DC	46	1,304	6	42	294	134	1,074	544	96	40	3,580
Total	375	8,636	110	407	2,376	1,123	17,233	7,793	1,119	504	39,676
% of Total	0.9%	21.8%	0.3%	1.0%	6.0%	2.8%	43.4%	19.6%	2.8%	1.3%	100%

* "Case Closed, Actual Earnings LWEC" is a full return to work at a new position with a lower wage rate than the date of injury position.

** "Case Closed, RTW, No LWEC" is a position specially created for the injured worker. Thus, OWCP cannot do an LWEC rating because there is no formal job description or pay scale. Compensation was reduced to reflect actual earnings despite a formal LWEC not being issued.

*** "Case Closed, RTW, 0% LWEC" is a full return to work at a new position at the same or higher wage rate than the date of injury position.

As Exhibit 6.15 demonstrates, more than one-fifth of initial returns to work (nationally) are full returns to work with the date of injury employer. Approximately 75 percent of initial returns to work are at light duty positions. And, approximately one-quarter of the injured workers initially return to work at part-time positions. Perhaps not surprisingly, most of these returns to work are achieved by the field nurse working the case.

Exhibit 6.16 puts these figures into the larger context. It shows the cumulative vocational rehabilitation resolutions for the period 1994-2002. It shows that, overall, about 33 percent of VR referrals return to work (sum of the first four columns). Another 29 percent of VR referrals complete the program, but do not return to work (next three columns). These include those who refuse a job offer, as well as those where a suitable job is identified but there is no placement, and those whose compensation was terminated completely. It

should be noted that most cases with comp termination would fall under the column Case Closed, No RTW, Compensation Terminated. For these “unsuccessful” VR referrals, the compensation would be adjusted (reduced) to reflect their new wage earning capacity. A total of nearly 38 percent of VR referrals did not complete the VR program, had medical issues, etc.

Exhibit 6.16: Vocational Rehabilitation Resolutions, 1994 – 2002 (Cumulative)

	Count of Cases Referred to Voc. Rehab	Case Closed, Worker Rehabilitated, Placed with DOI Employer	Case Closed, Worker Rehabilitated, Placed w/ New Employer	RTW through Assisted Re-employment Program	RTW w/o OWCP Assistance	Case Closed, No RTW, Suitable Jobs Identified, No Placement	Case Closed, No RTW, Job Offer Refused	Case Closed, No RTW, Compensation Terminated	All Other Outcomes*
Boston	837	27.5%	11.1%	1.9%	3.2%	13.1%	5.0%	5.6%	32.6%
Chicago	729	26.2%	5.9%	0.5%	2.7%	8.4%	4.5%	8.5%	43.3%
Cleveland	1,523	28.6%	3.8%	0.5%	2.7%	26.1%	6.1%	4.9%	27.3%
Dallas	2,620	25.7%	8.1%	1.4%	0.5%	23.6%	1.9%	6.0%	32.8%
Denver	798	17.0%	12.0%	1.0%	1.3%	17.8%	1.6%	9.8%	39.5%
Jacksonville	2,911	16.9%	10.2%	0.9%	0.1%	20.0%	3.0%	4.0%	44.9%
Kansas City	593	22.8%	8.8%	0.7%	7.8%	18.7%	6.6%	6.2%	28.4%
NYC	1,565	40.4%	9.4%	1.8%	0.4%	7.1%	7.9%	6.4%	26.6%
Philadelphia	1,451	11.2%	5.7%	0.6%	3.0%	16.0%	4.4%	9.9%	49.2%
San Fran.	3,111	14.5%	13.3%	0.4%	1.3%	23.7%	0.4%	9.4%	37.0%
Seattle	980	9.8%	12.7%	1.3%	0.0%	25.3%	2.8%	5.0%	43.1%
Wash., DC	2,385	18.1%	8.6%	0.5%	0.4%	18.1%	2.6%	3.7%	48.0%
Natl. Average	19,503	21.6%	9.1%	1.0%	1.9%	18.2%	3.9%	6.6%	37.7%

* There are 41 different vocational rehabilitation resolution codes in OWCP's administrative data. The "All Other Outcomes" column is a percentage for all of these remaining codes, including resolutions such as *Case Closed Upon Referral – Medically Infeasible*; *Case Closed - Medically infeasible Per CE*; *Case Closed – Retired*; *Case Closed After Post-Employment Services*; *Case Closed Upon Referral – Settlement*; *Case Closed Upon Referral – Worker Refused Services*; *Case Closed - Transferred to Another District Office*; etc.

Exhibit 6.17 below focuses on the earlier returns to work; that is, those achieved during the COP time period. Thus, these cases highlight the role of the employing agency and the COP nurse in that process. For nearly two-thirds of cases referred to a COP Nurse, a RTW occurs during the COP period. This does not mean that the COP Nurse is directly responsible for the outcome, since they focus on flagging the cases where disability is expected to continue. But it does suggest that OWCP might explore ways to make COP nurse services even more effective in achieving early returns to work. Increasing the RTW rate during the COP period would have significant benefits for all parties. This may be an especially fruitful area on which OWCP should focus as research has found that workers who do not return to work early did not report more severe injuries, but rather “less effective recoveries.”⁴²

Exhibit 6.17: Returns to Work During the 45-Day COP Period, 1994 – 2002 (Cumulative)

District Office	Referrals to COP Nurse*	Returns to Work During COP Period	Percentage of Referrals that Result in a Return to Work
Boston	3,393	2,338	68.9%
Chicago	2,159	1,525	70.6%
Cleveland	2,828	2,080	73.6%
Dallas	11,739	8,858	75.5%
Denver	1,107	553	50.0%
Jacksonville	10,965	5,533	50.5%
Kansas City	2,142	1,087	50.7%
NYC	5,331	2,807	52.7%
Philadelphia	3,594	2,636	73.3%
San Francisco	11,936	8,671	72.6%
Seattle	2,869	1,923	67.0%
Washington, DC	2,419	1,112	46.0%
Total	60,482	39,123	64.7%

* The COP nurse program began in 2000.

Disability Management and the FECA Program – What Next?

OWCP’s disability management efforts are generally quite impressive. Because such little comparative data exists, comparing OWCP results to the Social Security Disability Insurance (SSDI) Program, where no disability management whatsoever is practiced, might provide some perspective.

In a 1998 study, Kalman Rupp and Charles Scott found that more than half of SSDI beneficiaries terminate from the program due to retirement (i.e., transition to Social Security old-age benefits) at age 65. About one-third of the terminations are due to death, and only 11 percent are due to medical recovery (which, of course, does not necessarily mean a return to work).⁴³ Similarly, Scott Muller conducted a careful 10-year follow-up study of a 1980-81 cohort of the Social Security New Beneficiary Survey and found that

⁴² See , for example, Barth and Victor (July 2003), “Outcomes for Injured Workers in Texas”, WC-03-02

⁴³ Rupp, Kalman, and Charles Scott. 1998. “Determinants of Duration on the Disability Rolls and Program Trends.” Growth in Disability Benefits: Explanation and Policy Implications. Kalman Rupp and David C. Stapleton, eds. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, pp. 139 – 176.

approximately 10 percent of the sample had some work experience, but less than 3 percent had returned to work at a level sufficient to terminate their benefits.⁴⁴

While OWCP is subject to constraints under the FECA that other programs are not, it is clear that disability management works best when there is a direct relationship between the employer and the employee; in other words, it is much more difficult to administer a disability management program "from the back seat." However, this is the position in which insurers generally find themselves, and this most definitely includes FECA, since they do not even know they are "riding in the car" until the 45-day COP period ends. So, if the FECA program is to continue to progress in the larger sense, they will likely need to make some modifications.

Timing of Intervention

One possible change relates to the optimum timing of intervention. Most disability management practitioners generally agree that the optimum time for intervention is the date of injury, or as soon thereafter as possible. In contrast, the FECA procedural manual states that the optimal period for intervention is between 45 and 90 days. And, in many cases, it would appear that OWCP is not able to intervene within the 45 to 90 day window – particularly for more complex occupational disease cases.

In order to be successful in the disability management arena, it is critical to set expectations about returning to work from day one. As mentioned, however, OWCP is subject to constraints that are beyond their control (in this case, the 45-day COP period). Still, it is clear that the COP period is a major impediment to achieving returns to work.

OWCP has begun to address this issue through the COP Nurse Intervention Program. While the COP Nurse Program is excellent in theory, a majority of District Office personnel we spoke with felt that it is not achieving its intended purpose. There seems to be two main reasons for this:

- (1) Claims Examiners in the FECA Program have very high caseloads and, as a result, manage their cases more reactively than proactively. Thus, even when the COP nurses flag a case as high priority, the CEs are not always able to respond quickly enough. Moreover, although procedures for handling flagged COP nurse intervention cases were made available to CE's in 2000 and 2001 through their FolioView systems, feedback from the District Offices indicated that CE's are either unaware of these procedures or have not incorporated them into their internal management processes to a point where they are functional and helpful.
- (2) OWCP's existing data system does not support CE's ability to identify and prioritize cases flagged by the COP nurses (i.e., based on our understanding, they have to go into the system and "find" the cases). However, implementation of IFECs may help address this issue.

The Disability Management Specialist – A New Model for the Future?

The other key area for improvement relates to OWCP's relationship with the employing agency. As mentioned, disability management works best when there is a direct relationship between the employer and

⁴⁴ Muller, Scott L. 1992. "Disability Beneficiaries Who Work and Their Experience Under Program Work Incentives." *Social Security Bulletin*. 55(2): 2-19.

the employee. Thus, OWCP needs to continue to strive for closer working relationships with their employing agency counterparts. One model to consider is use of a “Disability Management Specialist” to work closely with employers to manage return to work efforts. One would expect that nurses are primarily interfacing with the medical treatment world, but the employer side is at least as important to shaping outcomes in work-related disability. This could take many variations (e.g., earlier and more consistent use of vocational rehab counselors), but the point is that more outreach to the employing agency is likely needed to improve return to work performance in the long run.

Chapter 7: Customer Service

Although the FECA program itself has undergone few regulatory and programmatic changes in recent years, there has been a dramatic cultural and organizational shift toward customer service at OWCP. No longer a reactive, gatekeeper-oriented program focused on basic claims adjudication and bill payment, FECA is positioning itself as a proactive, make-whole service delivery agency. Through changes in strategic goals, updated performance measures, supplemental staffing, and technological additions, FECA is working to foster a sense within its District Offices that it is a customer-driven supplier.

Beyond instilling a shift in the mindset of OWCP District Office staff, OWCP has officially recognized the need to implement changes in its customer service and program integrity issues related to the FECA program. OWCP states in its Strategic Plan that it recognizes that injured workers should be served by a fair, swift, people-oriented compensation system. One of OWCP's performance goals is to "increase customer satisfaction with FECA services by 10 percent, as measured by a customer satisfaction survey" to be conducted annually. Working toward this goal, OWCP has established a wide range of customer service improvement objectives, recognizing that overall performance improvements of the FECA program must be accompanied by enhanced customer service.

OWCP created a Communications Steering Committee in 2000. The Committee recommended a comprehensive redesign of FECA program communications with an orientation toward customer service. This included the addition of performance standards and timeliness goals related to customer service indicators, implementation of new procedures, creation of entirely new positions, and establishment of a National Toll-Free Call Center (see sidebar).

As the FECA program has made strides toward becoming a customer service oriented, high-performance workplace, the definition of the customer base has evolved. FECA's principal customers are now defined as:

- The Federal employees or their surviving dependents who have filed for benefits under the FECA;
- The employing Federal government agency under whose jurisdiction the injury occurred, specifically the supervisors and offices involved in the claims adjudication and payment process;
- Attorneys and union representatives representing the interests of the claimant;
- Medical service providers; and
- Congressional offices.

Highlights of the OWCP 2000 Communications Redesign Project

- Development of a course for CE's on effective telephone performance
- Implementation of a letter-writing training for new CE staff
- Institution of plain language in correspondence
- The creation of a Union / Management Partnership Team to propose new standards and other improvements
- Upgrade of the telecommunications network
- Establishment of a National Toll-free Call Center
- Centralization of processing of medical authorization requests
- Establishment of communications specialty in FECA staff
- Improvement of customer service surveys

Tracking Customer Interaction

Performance standards related to customer service are largely based on the timeliness of responses to customer inquiries. OWCP tracks timely response to customer contact on three primary fronts from which customer contact is received: Auto-110, Non-Auto-110; and written priority inquiries. Exhibit 7.1 displays OWCP staff response timeframes and associated performance targets with regard to the type of customer communications. OWCP also measures ease of telephone access by customers through tracking of busy signals and hold times, courtesy and accuracy of responses, and customer satisfaction ratings on callback surveys.

Exhibit 7.1: FECA Customer Service Response Timeliness Goals

Type of Customer Communication	Response Timeframe	Target Percentage of Responses within Timeframe
Auto-110 (Telephone)		
Medical Authorization Requests	Within 3 days	95%
All Other Calls	Within 3 days	90%
Non-Auto-110		
Medical Authorization Requests	Within 3 days	95%
Routine Telephone	Within 3 days	90%
Written Correspondence	Within 30 days	95%
Written Priority Inquiries	Within 14 days	90%

Communications that fall under the Auto-110 category are always inquiries received via telephone and are divided into two categories: medical authorization requests and all other calls. OWCP timeliness standards require that 95 percent of medical authorization requests and 90% of all other calls be responded to within three working days.

Non-Auto-110 communications come in a variety of forms, including written inquiries, telephone, fax, or email, depending on the specific policies and procedures in place at a given District Office. Non-Auto-110 communications are divided into three categories: medical authorization requests, routine telephone calls and general written correspondences. For medical authorization requests and routine telephone communication, a standard of responding to 95 percent and 90 percent of inquiries, respectively, within three working days has been put in place by OWCP. Answering 95 percent of written correspondences within 30 days is the standard currently in place.

The final type of communication that is tracked by OWCP is for written priority inquiries. These are correspondences from Congressional offices that have been asked by a claimant to submit a letter of inquiry to OWCP on their behalf in the hopes of receiving an expedited response from OWCP. Such communication is always in writing and District Offices are held to a standard of responding to 90 percent of those within 14 business days.

The Auto-110 system is a database and tracking mechanism that resides in District Offices as a means for documenting and taking messages of incoming telephone calls, as well as documentation of outgoing and return calls. The system is kept up to date through manual input by Customer Service Representatives and others who take incoming calls. All calls to District Offices that are of a substantive nature as well as telephone inquiries requiring a return call, must be entered into the Auto-110 system.

Customer Service Staff

In 2000, the FECA program received over 5.5 million pieces of mail (including three million medical bills), and two million telephone calls. These numbers do not include the use of electronic mail and fax to reach District Office staff. This means that communication demands are enormous and steadily increasing. Since increased quality and timeliness of communication is a key to improving customer service, OWCP's immediate response is to leverage dedicated staff to address the highly labor-intensive demands of communication responsiveness. Consequently, the challenging task of improving communications has fallen to specific positions in each OWCP District Office, as described below.

Communications Specialist

Since 2001, each District Office has a full-time Communications Specialist who directs and coordinates all communications initiatives for the district, including "callback surveys" or the callback of claimants who have called in to OWCP to measure service quality and customer satisfaction. OWCP created the position of Communications Specialist in reaction to the OWCP Communications Steering Committee's recommendations outlined above.

Callbacks are one of the most critical tasks assigned to the Communications Specialist. Customer calls to the phone banks are selected at random and surveyed to ensure that customers are receiving responses in a timely manner (within the three day call return timeliness standard) and are getting the information they requested. In addition to callbacks, the Communications Specialist is charged with reviewing sample faxes and written responses, looking for appropriate tone, content, and general orientation toward customer service. Finally, it is the Communications Specialist who handles all complaints to their District Office.

A number of District Office staff members at the larger OWCP District Offices (notably Jacksonville and Dallas) expressed concern at the universal allotment of a single Communications Specialist to all District Offices, regardless of size and workload. Since an increased caseload at a particular office would lead to a greater volume of customer communications, the argument was made that such offices should be allotted greater support for analysis of customer communications.

Customer Service Representatives

In addition to the Communications Specialist, the National Office has created Customer Service Representative positions in all District Offices.⁴⁵ It is the Customer Service Representatives (CSR) who will handle incoming telephone calls from claimants, and will therefore take the place of the Claims Examiners who currently staff the phone banks.⁴⁶ Like Claims Examiner, the CSR's will have access to the claimants' files and will be able to review medical information; therefore they will be able to answer specific questions concerning a claim status. Though Customer Service Representatives are currently still in the training or very initial phase of their new position, OWCP hopes that (1) having a group of staff whose sole responsibility is to answer phones (as opposed to it being one of many responsibilities) will lead to more

⁴⁵ The Kansas City District Office has opted not to staff the Customer Service Representative positions, choosing instead to continue to staff their contact desk with Claims Examiners.

⁴⁶ At the time of this report, training for Customer Service Representatives was just concluding and there was no immediate feedback as to their implementation available.

timely and courteous responses and therefore better customer service; and (2) reducing the volume of calls coming directly to Claims Examiners will allow them to focus more on adjudicating and managing cases.

Training for CSRs is standard across all District Offices, the content of which was developed and mandated by the National Office. The intensive two-week CSR training consists of instruction in the appropriate tone when answering calls, recommendations on dealing with frustrated claimants, procedural and programmatic information on the FECA program, and basic medical training. Standardized training was mandated in an effort to address complaints from claimants that different Claims Examiners answered similar questions differently. Consistent training for all CSRs should reduce such discrepancies and thus regulate customer service. In addition, the vast majority of CSR staff are former Bill Resolvers who were shifted to the CSR position once the new bill payment system was outsourced. Given the differences in nature of the two jobs — one being performed primarily behind the scenes with little face-to-face customer interaction, the other being highly visible — training was necessary to facilitate the transition.

Response to Inquiries

Telephone Inquiries

Communication via telephone has been fielded in a variety of ways since 1995 and, similar to other aspects of the FECA program, District Offices have remained fairly autonomous in the development and execution of specific telephone response procedures. The independence of the District Offices has led to a range of solutions tailored to the needs of specific offices and makes drawing broad trends from telephone customer service data difficult. However, due to the sheer volume of telephone calls received by District Offices discussing the numerous manners in which voluminous and complicated telephone inquiries are handled by District Offices is useful.

Although District Offices have been left to their own devices, there have been national initiatives to guide the handling of telephone inquiries. The National Toll-Free Call Center was created in 2001 to eliminate calls to District Offices that require simple, non-case specific responses.⁴⁷ It was intended for use mainly by injured employees who have general questions about their rights and responsibilities when filing a workers' compensation claim. Inquiries are fielded by trained Customer Service Representatives who provide answers to frequently asked questions about claims under the FECA, as well as referral information on the new Central Interactive Voice Response system, the program's web site, and District Office contact information. CSRs also supply copies of commonly used forms.

The Call Center personnel are not able to address any case-specific questions, such as claims status, bill payments, lost wage claims or medical authorizations. Should such a question arise, the caller is referred to their Claims Examiner at the District Office. By directing more general queries away from the District Office, more of the Claims Examiners' time can be spent on responding to claims that required their expertise, thus improving customer service for specific inquiries. The presence of live operators at The National Toll-Free Call Center was phased out in October 2003 when medical authorization and bill pay inquiries were moved from District Offices to a new centralized billing facility. Claimants who now call the

⁴⁷ OWCP was finding that many of the questions that were being asked of Claims Examiners at the individual District Offices were of a programmatic or procedural nature, such as a clarification of the address to which a form was required to be sent. The National Call Center was established in order to handle such inquiries.

toll-free number are greeted by an automated voice response message directing them to contact their District Office phone bank for claims-specific questions. The voice message also supplies a separate toll-free phone number for medical authorization requests and billing inquiries.

Over half of the FECA District Offices have used a phone bank system at some point to handle incoming calls from claimants, agency representatives, union officials, or medical providers. In a phone bank structure, calls coming in to the main District Office telephone number are routed to a central location, which has traditionally been staffed by a rotating staff of Claims Examiners who answer specific claims questions when appropriate or, if they are unable to give a satisfactory response, direct the customer to the Claims Examiner assigned to the particular case. In the event that the phone bank staff is occupied with other calls, inquiries are placed in a queue and answered in the order in which they are received.

The phone bank, however, is currently in a state of flux as the bill payment portion of the office has been shifted to a private contractor. This has brought about a change in the sheer number of calls that come into the phone bank and has changed the phone bank staffing rotation in many District Offices. A large segment of the customers utilizing the phone bank are now being redirected. In Chicago, for example, it is estimated that the number of phone calls has decreased 20 percent since the shift. As a result, phone bank respondents are able to respond to calls in the queue in a timelier, manner and many District Offices have changed their phone bank staffing rotation.

In some of the smaller District Offices, such as Cleveland, customer calls are handled directly by the Claims Examiner. Instead of a phone bank, the direct lines of Claims Examiners are published and stakeholders are encouraged to ask any questions they may have directly to their Claims Examiner. Though this could interrupt or distract Claims Examiners, the general impression at the Cleveland District Office was that such interactions were a primary manner in which a relationship of trust and cooperation could be built between the District Office staff and the customer.

As explained above, the timeliness of responses to telephone inquiries is measured using various methods. The volume of Auto-110 telephone calls has been recorded each quarter from the fourth quarter of year 2000 forward. Calls are divided into the categories of medical authorization and all other purposes, and the percentage of calls answered within three days of the date of initial contact is calculated. OWCP then compares the percentage with the national performance standard of 95% for medical authorization and 90% for all other calls from 2001 through 2003.

Exhibit 7.2: Total Volume of Auto-110 Calls (Medical Authorization and Other), 2000-2003

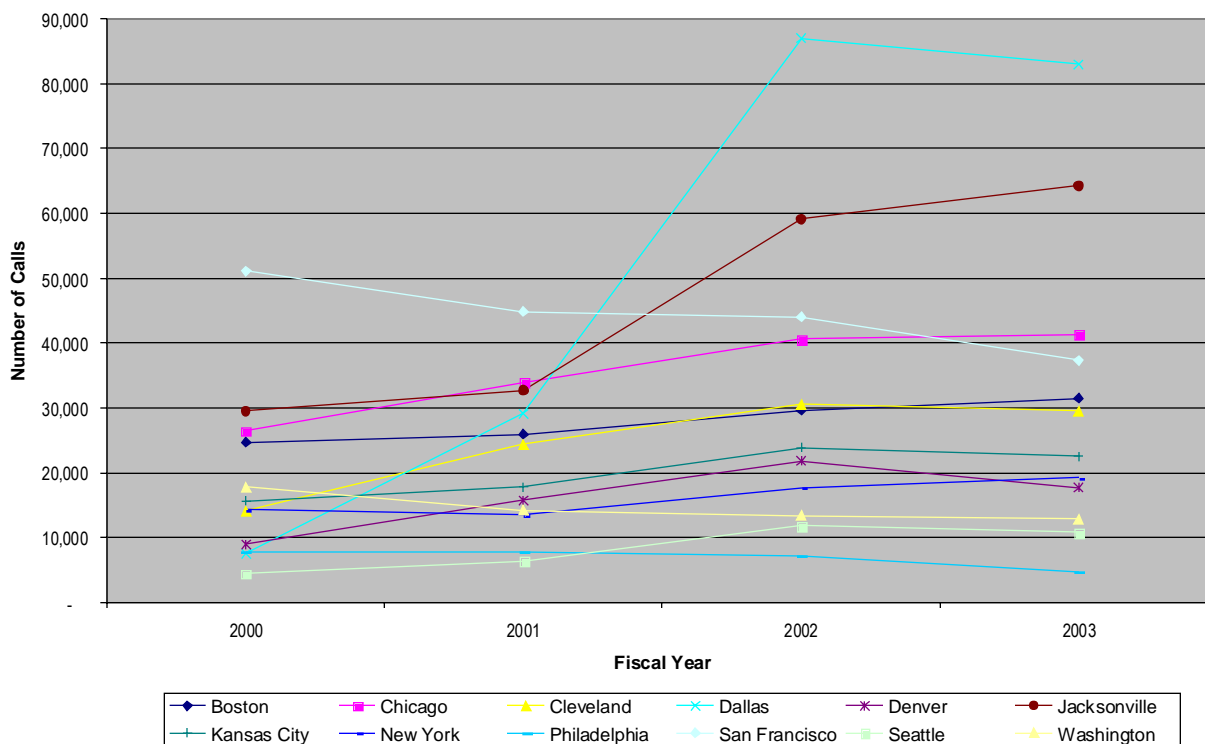


Exhibit 7.3: Total Volume and Performance of Auto-110 Calls (Medical Authorization and Other), 2000-2003

District Office	2000 (projected from 4 th quarter data)		2001		2002		2003 (projected from data through 3 rd quarter)	
	Total Answered	Percent Responded within 3 days	Total Answered	Percent Responded within 3 days	Total Answered	Percent Responded within 3 days	Total Answered	Percent Responded within 3 days
Boston	24,664	90.0%	25,917	86.1%	29,610	91.4%	31,475	87.8%
New York	14,288	94.7%	13,508	92.7%	17,728	93.8%	19,216	87.8%
Philadelphia	7,760	95.1%	7,747	94.8%	7,165	95.5%	4,678	95.2%
Jacksonville	29,532	92.3%	32,675	96.2%	59,117	93.5%	64,278	92.8%
Cleveland	14,036	98.9%	24,419	98.3%	30,514	98.3%	29,500	97.0%
Chicago	26,432	92.1%	33,895	91.4%	40,583	94.9%	41,384	93.1%
Kansas City	15,628	94.9%	17,784	89.7%	23,914	95.9%	22,490	96.5%
Denver	8,912	93.0%	15,697	81.1%	21,758	87.8%	17,715	96.3%
San Francisco	51,100	90.3%	44,810	92.2%	43,994	91.1%	37,374	94.3%
Seattle	4,424	87.1%	6,393	92.2%	11,813	95.2%	10,789	95.8%
Dallas	7,532	96.6%	29,101	91.7%	87,048	90.5%	83,021	90.3%
Washington	17,816	92.7%	14,196	92.1%	13,348	89.3%	12,853	87.6%
National Office	868	98.2%	1,656	99.5%	2,099	99.7%	825	99.1%
TOTAL	222,992	92.5%	267,798	91.8%	388,691	92.7%	375,598	92.4%

Exhibit 7.2 and Exhibit 7.3 illustrate the volume of Auto-110 calls coming into District Offices from 2000 through 2003. While there was some fluctuation in incoming calls from 2000 through 2003, most District Offices saw an overall increase in Auto-110 telephone calls. San Francisco registered the most significant and constant decrease over the four years, with total calls falling by 27% between 2000 and 2003. On the other end of the spectrum, Dallas and Jacksonville registered noticeable increases in call volume over the

examined time frame. In Dallas, calls steadily increased, with a total spike of 1002% in four years. The difference was less pronounced in Jacksonville, with an upsurge of 118%. As these are two of the largest District Offices in the FECA program, it is expected that the proportional increase be the greatest. This explanation, however, does not account for the dramatic increase in the number of calls fielded by the Dallas office from 2000 forward.

Exhibit 7.4: Response Performance for Total Auto-110 Calls (Medical Authorization and Other), 2000-2003

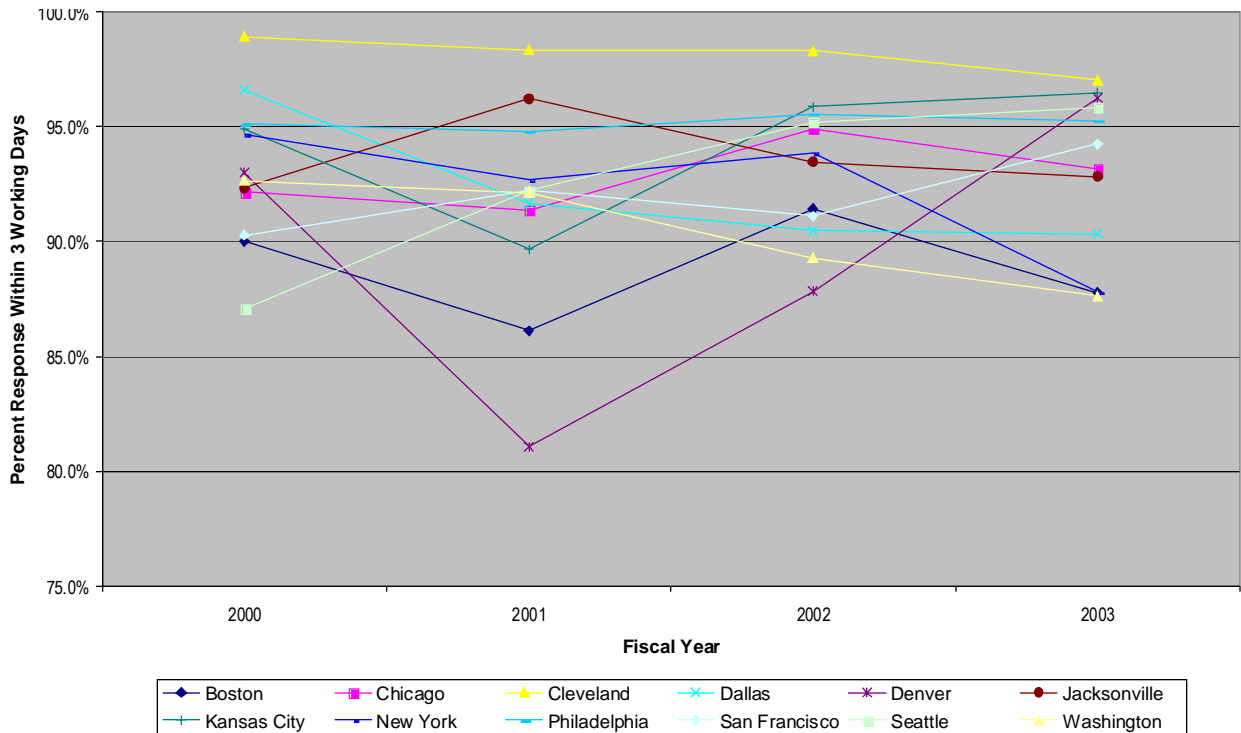


Exhibit 7.3 and Exhibit 7.4 show Auto-110 telephone response performance by District Office over the same time period. With a goal of responding to inquiries within 3 working days of initial contact by the customer and an average standard of 92.5% across medical authorization phone calls and other calls, the results are varied across District Office. The National Office, along with Cleveland and Philadelphia, have consistently been high performers. On the other hand, Boston is the only District Office to register below-average response rate all four years. Denver, and, to a lesser extent, Chicago, both show a steep dip in 2001 from otherwise good performance, despite the fact that neither District Office showed a dramatic increase in call volume in 2001.

Exhibits 7.5 and 7.6 along with Exhibits 7.7 and 7.8 pull out the two types of Auto-110 calls received: medical authorization and all other calls. 2003 data was not included in the exhibits because only data through the third quarter of 2003 was available and, with the roll-out of the dedicated phone system to medical providers, projection of fiscal year 2003 numbers would be misleading.

Exhibit 7.5: Volume and Performance of Auto-110 Medical Authorization Calls, 2000-2003

District Office	2000 (projected from 4 th quarter data)		2001		2002		2003 (through 3 rd quarter only)	
	Total Answered	Percent Responded within 3 days	Total Answered	Percent Responded within 3 days	Total Answered	Percent Responded within 3 days	Total Answered	Percent Responded within 3 days
Boston	6,184	91.6%	6,920	86.3%	6,601	92.7%	5,782	90.8%
New York	2,732	94.6%	3,113	92.9%	4,135	94.5%	2,840	88.9%
Philadelphia	832	95.7%	724	96.5%	858	96.2%	689	95.4%
Jacksonville	5,024	91.8%	4,886	95.8%	10,456	94.9%	9,740	96.3%
Cleveland	2,180	98.0%	3,591	98.0%	4,205	97.5%	2,973	96.6%
Chicago	4,868	93.2%	6,510	91.8%	7,530	96.4%	5,799	94.2%
Kansas City	2,416	94.0%	2,837	91.1%	3,612	97.1%	2,808	98.0%
Denver	1,812	91.6%	2,619	82.9%	2,382	87.3%	1,384	97.5%
San Francisco	17,320	92.0%	14,965	93.6%	14,737	90.0%	9,861	93.4%
Seattle	740	86.5%	769	92.3%	1,586	95.6%	1,696	97.5%
Dallas	1,552	96.6%	4,818	92.9%	26,040	91.0%	24,113	91.3%
Washington	2,652	88.2%	2,214	89.3%	1,919	86.0%	2,042	85.9%
National Office	152	97.4%	461	99.6%	693	99.7%	220	98.6%
TOTAL	48,464	92.5%	54,427	92.1%	84,754	92.7%	69,947	93.1%

Exhibit 7.6: Volume and Performance of Auto-110 Calls Other than Medical Authorization, 2000-2003

District Office	2000 (projected from 4 th quarter data)		2001		2002		2003 (through 3 rd quarter only)	
	Total Answered	Percent Responded within 3 days	Total Answered	Percent Responded within 3 days	Total Answered	Percent Responded within 3 days	Total Answered	Percent Responded within 3 days
Boston	18,480	89.5%	18,997	86.0%	23,009	91.1%	19,398	86.9%
New York	11,556	94.7%	10,395	92.6%	13,593	93.6%	12,533	87.5%
Philadelphia	6,928	95.0%	7,023	94.6%	6,307	95.4%	3,053	95.2%
Jacksonville	24,508	92.4%	27,789	96.3%	48,661	93.2%	41,682	92.0%
Cleveland	11,856	99.1%	20,828	98.4%	26,309	98.4%	20,627	97.1%
Chicago	21,564	91.9%	27,385	91.3%	33,053	94.6%	27,308	92.9%
Kansas City	13,212	95.1%	14,947	89.4%	20,302	95.6%	15,184	96.2%
Denver	7,100	93.4%	13,078	80.7%	19,376	87.9%	12,788	96.1%
San Francisco	33,780	89.4%	29,845	91.5%	29,257	91.7%	20,038	94.7%
Seattle	3,684	87.2%	5,624	92.2%	10,227	95.1%	6,935	95.4%
Dallas	5,980	96.6%	24,283	91.4%	61,008	90.2%	42,304	89.8%
Washington	15,164	93.4%	11,982	92.6%	11,429	89.9%	8,240	88.0%
National Office	716	98.3%	1,205	99.4%	1,406	99.7%	440	99.3%
TOTAL	174,528	92.5%	213,381	91.7%	303,937	92.7%	230,530	92.2%

Exhibit 7.7: Response Performance for Auto-110 Medical Authorization Calls, 2000-2002

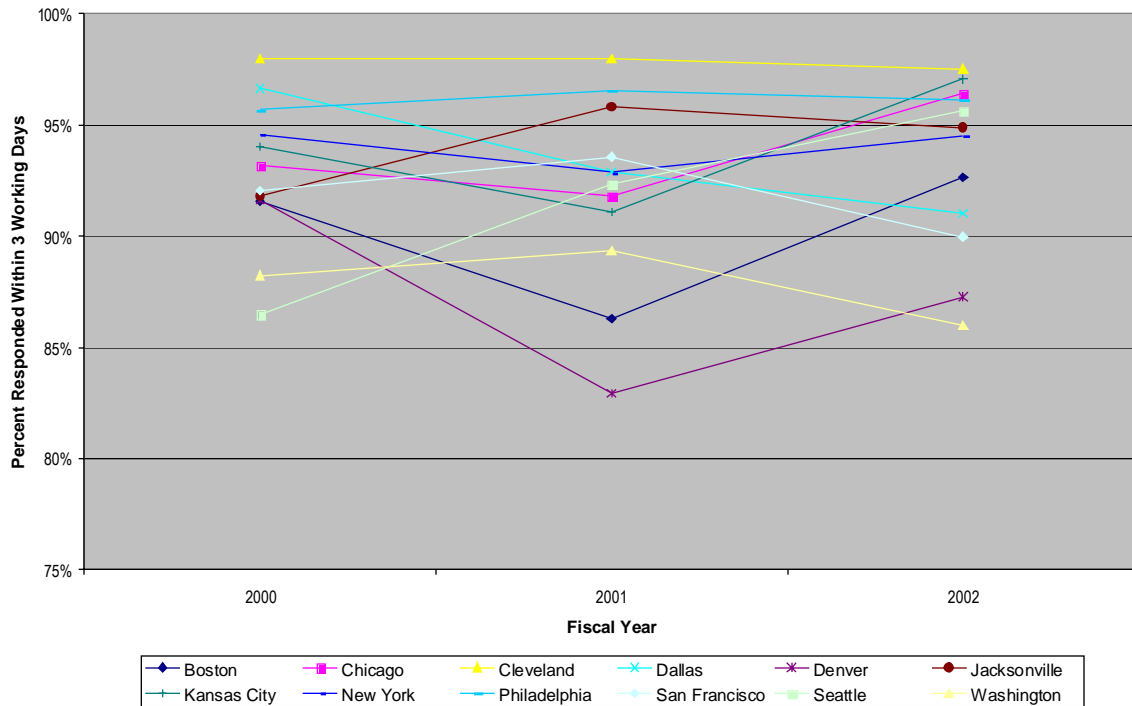


Exhibit 7.8: Response Performance for Auto-110 Calls other than Medical Authorization, 2000-2002

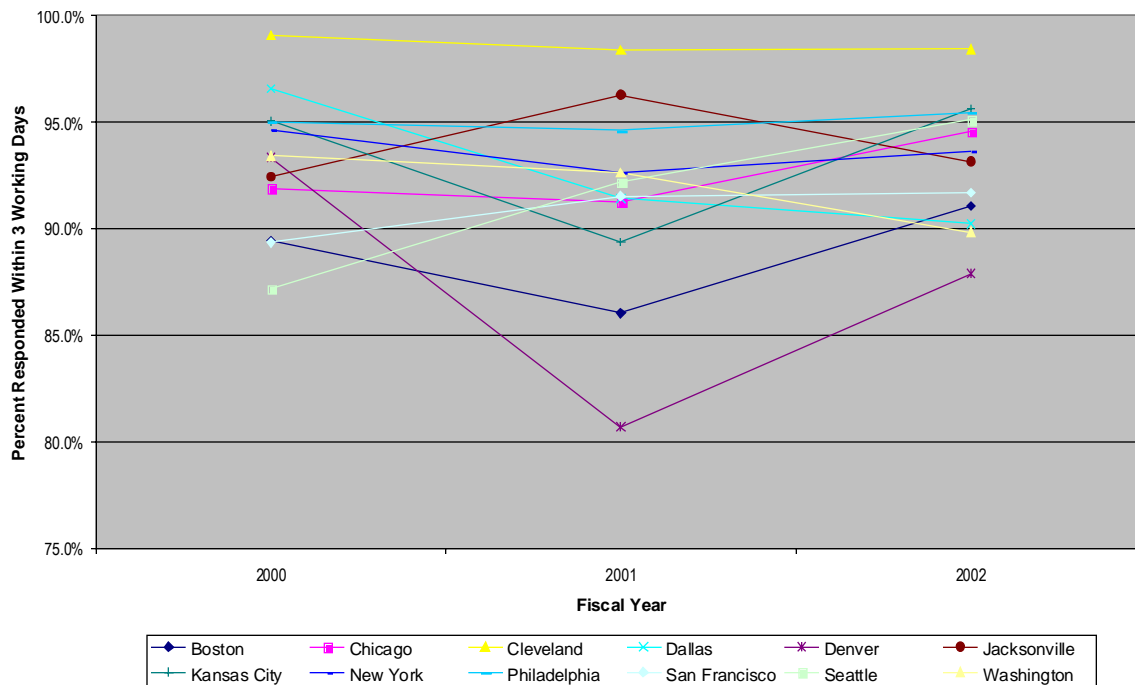


Exhibit 7.7 closely mirrors Exhibit 7.4. It is particularly important to note the decline in performance over time of the New York, Dallas, and Washington offices. While New York and Dallas were strong performers in 2000, their numbers had dropped by 2002 and (referring to Exhibit 7.5) were much lower by 2003. Cleveland, Philadelphia, and the National Office, meanwhile, were consistently above the National Office standard of responding to 95% of calls within 3 days. Across the board, however, the standard was not met any year between 2000 and 2003.

Once the medical authorization calls are removed from the Auto-110 data, between 70 and 75 percent of calls fall into the category of “other calls”. Again, the results displayed in Exhibit 7.8 are nearly identical in trend to those of Exhibit 7.7, with the same trends in District Office performance. These similarities indicate that customer service was consistent across type of calls, and that Claims Examiners staffing the phone bank made little or no differentiation between medical authorization requests and all other calls.

Exhibit 7.9: Annual Goals, Standards and Performance for General Telephone Inquiries, 2000-2003

	2000	2001	2002	2003 (through 3 rd quarter only)
Goal	3 days	3 days	3 days	3 days
Standard	90%	90%	90%	90%
Performance	92.4%	92.7%	91.7%	92.5%

Performance related to general telephone inquiries (or routine calls as they are sometimes referred to) has also been tracked since the year 2000. This category refers to calls that are made to the District Offices but that are never routed through the phone bank. Although this performance data is kept for individual District Offices, comparisons across offices is not telling due to the fact that offices count and compile their routine telephone data in different ways. Instead, compiled average national data from year to year is most comparable and it displayed in Exhibit 7.9.

The performance average has remained relatively steady until a slight dip in 2002. Still, the performance rating remained above the standard every year, including 2002.

Written Inquiries

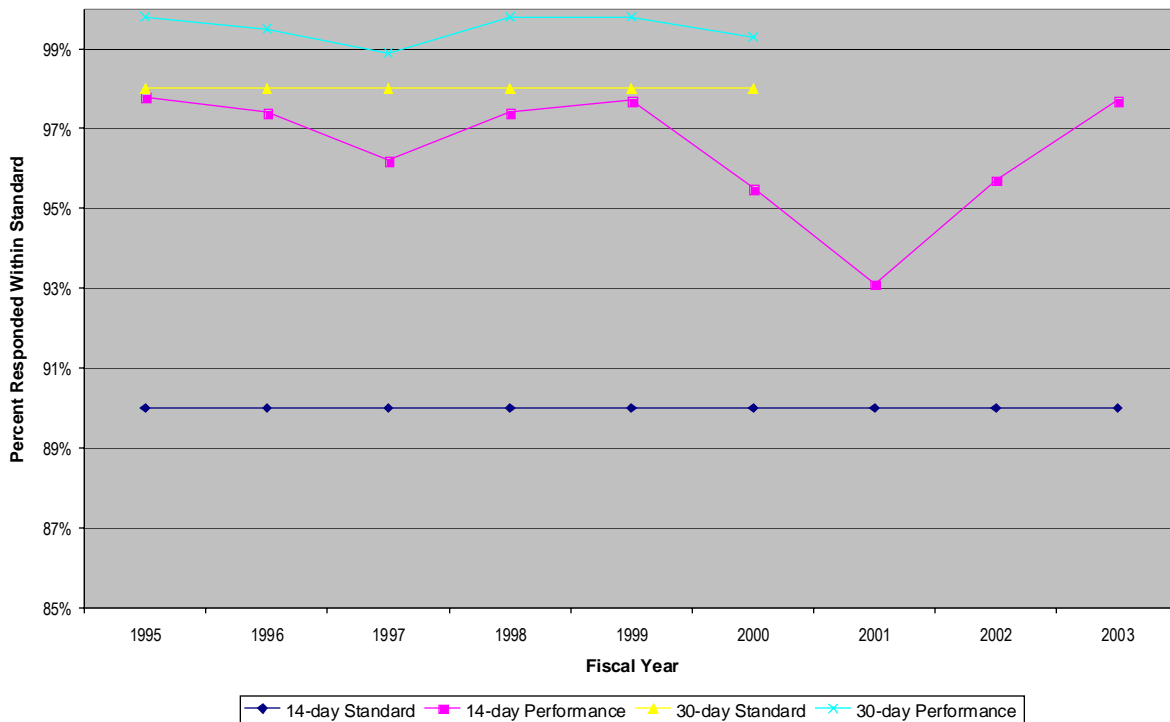
There are two distinct categories of written inquiries tracked by the National Office: Written Priority Inquiries and General Written Communications. Written Priority Inquiries (or Congressional correspondence) are correspondences from Congressional offices that have been asked by a claimant to submit a letter of inquiry to OWCP on their behalf in the hopes of receiving an expedited response from OWCP. Such communication is always in writing, and data have been kept on this type of communication since 1995.

The goals and standards pertaining to priority inquiries have generally remained the same since 1995, with a goal of responding to 90% of letters within 14 days and a total of 98% within 30 days. In 2001, the 30 day goal was dropped. Exhibit 7.10 shows goals, standards, performance, and variance of the standards from 1995 to 2003.

Exhibit 7.10: Annual Goals, Standards, and Performance for Written Priority Inquiries, 1995-2003

Fiscal Year	Goal	Standard	Performance	Variance
2003 (through 3 rd quarter)	14 days	90%	97.7%	7.7%
2002	14 days	90%	95.7%	5.7%
2001	14 days	90%	93.1%	3.1%
2000	14 days	90%	95.5%	5.5%
	30 days	98%	99.3%	1.3%
1999	14 days	90%	97.7%	7.7%
	30 days	98%	99.8%	1.8%
1998	14 days	90%	97.4%	7.4%
	30 days	98%	99.8%	1.8%
1997	14 days	90%	96.2%	6.2%
	30 days	98%	98.9%	0.9%
1996	14 days	90%	97.4%	7.4%
	30 days	98%	99.5%	1.5%
1995	14 days	90%	97.8%	7.8%
	30 days	98%	99.8%	1.8%

Exhibit 7.11: Response Performance and Standard for Written Priority Inquiries



The data displayed in Exhibit 7.10 are shown in Exhibit 7.11. As can be seen from the Exhibit, performance at both the 14-day and the 30-day goals has exceeded the standard every year between 1995 and 2003. Of interest are the data for written priority inquiries responded to within 14 days in 2001. Although the performance is still above the standard at 93.1%, it is by far the lowest point in the eight-year

data set. By the third quarter of 2003, however, performance had returned to just below the 98% response rate where it had hovered for every year besides 2000, 2001, and 2002.

The second measure of timeliness in response to written communication is in the form of general written communications. Although there are set goals and standards (85% response rate within 30 days from 1999-2002, augmented to 95% response rate in 2003), performance data associated with these standards were not available

Walk-in Traffic

Though the OWCP National Office does not officially record the volume of walk-in traffic from customers, all District Offices have noticed a sharp decline in walk-in customer interaction in the past five years. District Office staff account for this decline anecdotally. In many District Offices, security increased steadily at the Federal office buildings where the FECA offices are located after the Oklahoma City bombing in 1995, and this may be a deterrent for some customers. At others, such as the Chicago office, claimants and agencies are encouraged to submit inquiries via email or over the phone. Low numbers of walk-in questions at the smaller offices, such as in Cleveland, may also be a result of personalized Claims Examiner attention over the phone. Due to the fact that claimants are receiving what they believe to be adequate service from the Claims Examiners they reach via telephone, there is little reason to visit the office in order to make their inquiry. Should a claimant find it necessary to meet with their Claims Examiner in person, most District Offices encourage claimants to make an appointment so that their case file can be reviewed in advance, resulting in a more productive visit.

Internet

The OWCP Agency Query System has been available since the early 1990's to authorized personnel from Federal employing agencies. Prior to the advent of the centralized bill processing center in September 2003, the AQS served as a secure Internet site that provides access to information on FECA injury claims including current claims status, compensation payment history and medical bill payment history. Since September 2003, medical payment inquiries have been handled through a separate website for claimants and medical providers to obtain this information.

Agency Outreach and Training

Understanding of the FECA program by the employing Federal agency is critical to the success of the FECA program for numerous reasons. First and foremost, the claims process is heavily dependent on the claimant's supervisor's involvement in the beginning stages of case development. Without supervisor approval of the CA-1, CA-2, or CA-7 form immediately following employee injury, the claim is unable to be adjudicated, and therefore there is a delay in payment to medical providers and wage loss compensation payments to the claimant. Numerous agency liaisons indicated that agency outreach and education is the key to improved timeliness statistics. In addition, close communication between FECA program staff and agency personnel is needed for the return to work process to be adequately facilitated.

Two key factors appear to have the greatest effect on the quality of communication between agency injury compensation staff and FECA District Offices: (1) formal training seminars that occur either at the request

of the agency or on a regular schedule determined by the District Office; and (2) the assignment of a Senior Claims Examiner at some District Offices to be an official agency liaison.

The importance of high-quality training targeted toward agency employees responsible for advancing FECA claims and assisting in the proper development of an injury claim is further evidenced by the high demand for such instruction. The Chicago District Office receives frequent requests from agencies for delivery of the agency training course and attendance is often at its maximum. Given such a demand, it is a worthwhile opportunity that the FECA program could capitalize on in an effort to improve timeliness of form submission and return to work efforts, among other things.

Nearly every aspect of FECA program agency training is autonomous, with each District Office developing the content of instruction, frequency of course delivery, and assigning staff responsibility for training. In all FECA District Offices, content of agency training is a combination of training materials provided by the National Office and that developed in-house by a Senior Claims Examiner. Training material from the National Office is supplemented, due primarily to a sense that the content from the National Office is out of date with current FECA processes and with current training development methodology. However, the general sentiment indicated by Senior Claims Examiners was that even adequately developed, up-to-date training materials would need to be enhanced by District Office staff in an effort to address the difficulties identified with the agencies served by the district. Though this autonomy in training development is considered to contribute to the success of agency training, frequent collaboration and sharing of ideas among District Offices was thought by numerous Senior Claims Examiner to be worthwhile.

Similar to internal training efforts, agency training is largely the responsibility of a Senior Claims Examiner. In Jacksonville, a Training Coordinator position was created and a Senior Claims Examiner with background in instructional design currently concentrates fifty percent of his time on duties related to training. This situation, however, is unique to Jacksonville, as the majority of District Office training duties rotate among Senior Claims Examiners who step forward and volunteer their training development and delivery services. At the Boston District Office, the Staff Nurse and a Senior Claims Examiner jointly perform agency outreach, emphasizing expectations of timeliness and the course of actions necessary for a job offer to occur.

At some District Offices, such as Boston and Cleveland, agency training is provided to agencies on an as-needed basis, either as the agencies ask for training or as OWCP identifies a need for training based on gaps in the content of claims forms they are receiving. Other District Offices take a more formal approach, establishing dates for agency training and advertising its delivery to the agencies in their districts.

The Seattle District Office has had enormous success with a training course that goes beyond the average content related to timeliness and return to work efforts. This content is presented during the 2 ½ day training session available to new injury compensation specialists. The Communications Specialist has put together an advanced training course that delves deeper into disability management issues. Topics covered in the course include: the specific steps involved in working with the claimant, Rehabilitation Specialist, agency supervisor, and Claims Examiner in order to put together a job offer; acceptable reasons for agencies to not make an offer to an injured employee; fraud issues; loss of wage earning capacity (LWEC) decisions; and the role of Field Nurses and Vocational Rehabilitation Counselors.

Though the advanced training has only been offered for the first time recently, employees of the Seattle District Office have indicated that the positive effects can be seen in agency comprehension of the FECA

process and in the tools available to agency Workers Compensation Specialists. A representative client of the Seattle District Office, the Department of the Navy at Puget Sound Naval Shipyard, has touted the advanced course as presenting excellent programmatic and regulatory information.

In addition to the occasional classroom agency training, Senior Claims Examiners are also called upon to serve as liaisons with the agencies from which the District Office receives the most claims. This liaison initiative is intended to establish a formal relationship with agency representatives and foster open communication between OWCP and the agency in question. Through their FECA office liaison, agency injury compensation specialists may inquire about the status of a particular case, clarify programmatic components of the program, or arrange return to work offers. In Boston, each agency liaison meets with their appointed agency on a regular basis to provide reports on timeliness of claims form submission, review outstanding cases, and work to move stalled cases through the FECA process.

There has been a recent trend by some Federal agencies to outsource their human resource functions, thereby making the injury compensation specialist a position held by a contractor. This tendency has been mirrored by a decrease in timely submission of forms required by the employing agency to advance a claims case (primarily CA-1, -2, and -7). The avenues of communication that have been used by OWCP in the past may need to be altered to accommodate this tendency.

Outreach to Medical Providers

In 1999, the Office of the Inspector General issued an evaluation of the timeliness of claimant reimbursement for out-of-pocket medical expenses and requests for surgical authorizations at OWCP. The review found that OWCP surpasses its goal of paying 95% of claimant-submitted bills within 60 days with a performance rate of 96.9%. However, OWCP falls short of its goal of paying 90% of claimant-submitted bills within 28 days with a performance of 82.1%. In response, OWCP implemented in 1999 an automated bill review system to increase the percentage of claimant-submitted bills paid. Prior to the new system, OWCP had to manually review each bill. The automated system was expected to shorten the processing time for paying bills and, therefore, increase the percentage of claimant-submitted bills paid within the time frames. Out-of-pocket requests, however, comprise only 3% of all medical bills. The remaining 97% of the claims are submitted by medical providers and health plans.

Pharmacy bills are the single largest cost category of claimant-submitted reimbursement requests. In 1999, the OIG found that OWCP was able to pay 97% of claimant-submitted pharmacy bills within 60 days, and 83% of these claims were paid within 28 days. In July 1999, OWCP implemented an electronic bills system that enables pharmacies to bill OWCP directly, thus eliminating the need for claimant out-of-pocket expenses. OWCP reported that after only four months, the new system reduced claimant-submitted pharmacy bills by 10 percent.

Surgical authorizations are dealt with on two levels: emergency and non-emergency. If an employee suffers a traumatic injury at work and requires emergency surgery, the employing agency is responsible for authorizing the medical treatment within four hours of injury. With respect to requests for non-emergency surgery, while OWCP has no automated system to track the time between requests for non-emergency surgery and authorizations by OWCP, some District Offices attempt to manually track this information. For example, prior to the centralization of bill payment by an outside contractor, the New York District Office had dedicated a fax line to receive medical authorization requests. The internal goal was to respond to claimants within one week, whenever possible. Although OWCP indicates that Claims Examiners are

working to expeditiously process surgical authorizations, OWCP does not have a set performance standard for this area because the response times vary greatly depending on the type of request. It would be difficult for them to track the information required under their current information system.

Providers are also able to use the Integrated Voice Response system (IVR), a completely automated system intended for medical providers, claimants, and employing agencies across the country to access case-specific information about established claims without having to contact a Claims Examiner. At the height of its use, the information available included case status, compensation payments, reimbursement of medical treatment and travel expenses, payment of medical bills, and authorization of medical treatment such as physical therapy and diagnostic testing. The automated system provides instructions at each step, prompting callers to input the OWCP case file number and claimant social security number via a touch-tone telephone in order to receive basic case information. As of September 2003, however, medical providers have only case-specific access to case status in addition to general referral information for medical authorization requests and billing inquiries. The IVR is also used by claimants and their representatives in a capacity more expanded than providers, as they have access. It is also possible for employers to access all the above features, though employers are encouraged to use AQS instead.

Beginning in October 2003, OWCP outsourced responsibility for all bill payments to medical providers. Because this system is still relatively new, the effect on operations at the District Offices has yet to be seen. Prior to October, however, District Offices had developed innovative solutions to quickly authorizing medical payments. Both Dallas and Seattle District Offices responded to the problem of medical inquiry calls being held in the queue by establishing a "fast track" system for medical authorization. By creating an email authorization system (and eventually a fax system), the office was able to handle 1,500 requests a month.

Next Steps in Customer Service

Although OWCP has made numerous improvements in the speed and quality of service in the last few years, there are clear areas where customer response performance can continue improve, most notably in the areas of Auto-110 telephone response rates at select District Offices and satisfaction by medical providers in service rendered. Given that the notion of customer service at OWCP is still in its infancy and has yet to become fully integrated in the culture of OWCP employees, there is an encouraging prospect for further growth in performance.

As more telephone and written inquiries are received and must be addressed, the pressure on service will likely become more intense. Absent additional resources, the program will be hard-pressed simply to maintain its current levels of responsiveness, without allowing fundamental case adjudication and payment timeliness to erode. Thus it will be critical to manage resources effectively. In addition, the implementation of technological tools may further help OWCP adequately react to customer service demands in the future. Some of these issues will be addressed in Chapter 9.

Chapter 8: Promising Practices in Workers' Compensation

This chapter of the report will explore a number of “promising practices” from other workers’ compensation systems that might be considered by OWCP for adoption in the FECA system. The chapter is necessarily brief. It is apparent that OWCP is currently employing practices that are consistent with those found in well administered, modern workers’ compensation systems. That noted, there is one overriding issue that the OWCP must contend with, within the constraints imposed by the existing statute. OWCP must operate in a manner that assures that injured workers can be returned to productive employment as soon as possible, while assuring that high-quality health care is provided, and the income security of the worker is protected. Finding and applying appropriate disability management practices will do the most to help achieve this.

In this chapter, promising practices are identified in disability management, preferential hiring, wage and other subsidies, and employer and employee incentives. In addition, some promising practices regarding performance measurement and management are considered. However, this chapter is not to be regarded as a “blueprint for reform,” but simply offers some new ideas in the hope that policymakers may consider.

Disability Management

Disability management has been recognized as a key “win-win” strategy in workers’ compensation for more than 10 years now.⁴⁸ Initially developed among large self-insured employers, disability management has been adopted by workers’ compensation insurers as well, and marketed to employers of every size in the U.S. Disability management is also an international movement now, with official endorsement by the German Federation of Workers’ Compensation Boards and the International Labour Organization of the United Nations.

Over the last decade, disability management has evolved in three very different directions. Among large employers, the focus has expanded to broader and broader application of the principles of disability management, generally under the rubric of “integrated benefits management” or “integrated disability management.” Emphasis has been on strategies that minimize the total costs of disability and other preventable lost work-time, including absence from work, poor health and escalating health care costs, and benefit costs that appear excessive from the employer perspective.⁴⁹ This is akin to what Habeck and Kirchner (1999) referred to as “organizational level” or “big DM” practice.

For example, the Washington Business Group on Health (WBGH) continues its leadership on the disability management issues through the Council on Employee Health and Productivity. They have partnered with the Integrated Benefits Institute of California in proposing a rigorous benchmarking program for member

⁴⁸ Unlike the other sections of this chapter, there is no specific application that illustrates the “promising practice” under discussion. Rather, this discussion draws on the authors’ experience in the field over the past 15 years. The authors are not aware of any jurisdiction or insurance entity that is doing exactly what is being proposed here. Ohio currently uses an aggressive managed care approach with contract Managed Care Organizations. They are reportedly developing a more integrated disability management model with a dedicated team having responsibility for each insured employer.

⁴⁹ See Robinson (2002), DeSimone (2002), Roberts (2001), Mitchell (2000) for recent discussions of this broader approach.

organizations. Many business practice leaders that were instrumental in the development of disability management programs in the 90s are involved in this effort.⁵⁰

Meanwhile, among workers' compensation insurers, a "disability management lite" has evolved to meet the market demand by smaller employers. It generally falls somewhere between what was previously known as "case management" and the comprehensive disability management practiced by the large, self-insured employers. Because of the barriers insurers face in focusing on the direct employer-employee relationship, the emphasis of these programs has been on early injury reporting and claim monitoring, case management techniques, improved coordination among providers, and cost control techniques.⁵¹ This is referred to by Habeck and Kirchner (1999) as "individual level" or "little dm." Another way of thinking about this level of disability management is that it is like riding in the back seat of the car while trying to advise the driver (employer).

A third initiative has resulted in the development of a set of "standards" for disability management by the Canadian National Institute of Disability Management and Research (NIDMAR). This could perhaps be thought of as "policy level" disability management. These disability management standards were officially adopted by the International Labour Organization of the United Nations in Geneva (ILO, 2002), and subsequently by the German Federation of Workers' Compensation Boards (HVBG) in June 2003.

The objective of the ILO code of practice is to provide practical guidance on the management of disability issues in the workplace with a view to:

- Ensuring that people with disabilities have equal opportunities in the workplace;
- Improving employment prospects for persons with disabilities by facilitating recruitment, return to work, job retention, and opportunities for advancement;
- Promoting a safe, accessible, and healthy workplace;
- Assuring that employer costs associated with disability among employees are minimized – including health care and insurance payments, in some instances; and
- Maximizing the contribution, which workers with disabilities can make to the enterprise. (ILO, p. 1)

This statement reflects both the broader human rights focus of including persons with disabilities in the workplace and the specific link to occupational health and safety at work.⁵²

Thus, there are many "flavors" of disability management extant today, and it is difficult to be sure what someone means when they say, "We have a disability management program." In the FECA program, disability management is primarily concentrated in the Quality Case Management program, with an extension toward the date of injury through the Early Nurse Intervention program and another extension at the back end through the Periodic Roll Management program.

⁵⁰ See "Controlling Costs Through Effective Human Capital Investment: A National Forum on Health, Productivity and Absence Management," held in Washington, D.C. November 19-21, 2003 at <http://www.wbgh.com>.)

⁵¹ See Fitzpatrick and King (2001), Habeck and Hunt (1999), etc. for a review of the state-of-the-art in disability management techniques. See also Tinkham (2002) for an insurance industry perspective on marketing integrated disability management.

⁵² See also Roberts (2003) for an account of a pilot program in the U.K. coming to grips with long-term workplace absence.

The biggest challenge in implementing an effective disability management program is determining which claims have the potential to be long-term and/or difficult return to work situations. Making this judgment requires a working knowledge of the medical aspects of disability, the benefit program (FECA) that will provide for treatment and compensation, as well as knowledge of workplace conditions and the specific job duties of the injured worker. This is the reason that “state-of-the-art” disability management has been practiced primarily at large self-insured employers. However, it would be possible for OWCP to develop personnel with the requisite skills to foster the appropriate relationship with the employing agencies, and to implement a more effective disability management program under FECA.

The major problem faced by OWCP in applying disability management principles is the lack of direct contact with the injured worker early in the claim. Because of the continuation of pay (COP) provision for Federal workers, OWCP as “the insurer” typically does not get involved in the claim until 45 days have elapsed since the date of injury. The COP provision is undoubtedly a great benefit for Federal workers, freeing them from wage-loss worries for the majority of compensable injuries and illnesses. But, as currently configured it is also a great barrier to timely and effective disability management interventions on the part of OWCP.

Since OWCP is frequently not even aware of claims in the critical first few days and weeks, applying disability management techniques is clearly left up to the employing agency. This has necessarily confined OWCP efforts to the “disability management lite” category referenced above. They are clearly not able to practice disability management at the organizational (or big DM) level. In other words, OWCP not only is not driving the car, they are not even along for the ride during the first critical weeks of disability! And while some Federal agencies (e.g., U.S. Postal Service) are rather sophisticated in their application of disability management techniques, many other agencies are not. Thus, there is great variety in the level of disability management being practiced under FECA.

However, it would be possible for OWCP to extend its influence back toward the injury date (and the origin of long-term claims) by partnering with the Federal employing agencies to insure that sound disability management procedures are followed from the start of the claim. A “Disability Management Specialist” position could be created within OWCP to interact with the employing agencies to: (1) provide education for agency workplace representatives on implementing effective disability management practice; (2) serve as an expert resource for managing complex return to work cases and to support agencies in decision making on individual cases; and (3) to advocate for managing Federal human resources in a way that considers long-term costs and benefits.

Since the employing agencies would retain jurisdiction over these claims during the COP period, it is clear that the Disability Management Specialist from OWCP would have to demonstrate their value to agency stakeholders through their performance. They would earn agency confidence by providing high-level of expertise on disability management issues. They could also provide a broader perspective to the disability management capability of employing agencies, thereby promoting organizational level disability management, and not just intervening with individual cases. This would have the potential to move FECA from “little dm” to “big DM” across most or all Federal employers. It would also effectively move OWCP from the back seat to the front seat of disability management, while still allowing the employing agency to drive the car.

These resources could be deployed within an “account model,” so that agency-specific knowledge and expertise would accumulate on the OWCP side, and confidence and trust could develop on the agency

side. The Disability Management Specialist would be able to help the employer analyze their experience and assist with the accommodation of particular disabilities. They would also provide an independent point of view that would be helpful to agencies in identifying and redesigning problematic jobs that lead to unnecessary disability claims. Ultimately, such an initiative would have the potential to significantly impact the accommodation and prevention of disability as well as providing disability, cost reduction for Federal employing agencies.

Preferential and/or Subsidized Hiring Programs

There are multiple reasons why return to work is such an important issue in workers' compensation programs. It is not difficult to find ways that systems induce workers, through the provision of both incentives and disincentives, to return to employment. Jurisdictions do the same with the employer-at-injury as a way to return the worker to productive work and remove them from the compensation rolls. However, some of these provisions operate in mutually incompatible ways. For example, systems that provide high levels of wage replacement benefits, or provide for long term or permanent benefits at high levels, do not serve to induce injured workers to return to work quickly.

Where the costs of these benefits are charged back to the employer, there is a strong incentive created to limit such costs by finding employment for the worker. Alternatively, where benefits are low and employer costs are not perceived as high, there is greater pressure on the worker to return to work and replace compensation benefits with wages, though the employer has less incentive to return the injured worker to work. All jurisdictions struggle to find the proper mix that induces workers to seek re-employment promptly when their conditions warrant it, and for employers to be supportive of such steps.

There are several examples of attempts to increase return to work performance using either preferential hiring or wage subsidies for injured workers. The most successful of these, and the best documented, are those in the State of Oregon.

Oregon Preferred Worker Program⁵³

Though it was initiated in 1987, the Oregon Preferred Worker Program that is in operation today is the product of a redesign that was enacted in 1990. Insurers identify eligible workers from among those who have had a compensable injury or disease and have been unable to return to regular employment because of a permanent disability resulting from that event. An injured worker may also petition the agency (the Department of Consumer and Business Services) for qualification. From 1990 to 2001, the Department identified almost 36,000 injured workers through this program.

Qualified workers receive a Preferred Worker Identification Card. The card certifies to any prospective employer that this worker will be covered under the program. If the worker is hired, the worker receives an Eligibility Card, which entitles the worker to receive benefits for up to three years. There are five types of benefits:

⁵³ Most of the material for this comes from, Mike Maier, "The Preferred Worker Program, Fiscal Year 2001," Department of Consumer and Business Services, March 2002.

- A wage subsidy reimburses the employer for 50 percent of the worker's wage for six months. In cases of exceptional disabilities, 75 percent of wages can be reimbursed for up to one year.
- The program assists with payment for needed worksite modifications, including construction costs, new equipment or new processes.
- The employee will be reimbursed for costs required of any new hire such as uniforms or licenses.
- The hiring employer is exempted from workers' compensation premiums and premium assessments for three years for that employee.
- There is full reimbursement to the insurer for the costs of any new workers' compensation claims filed by a Preferred Worker.

Over the 10 years from 1992 to 2002, about 35 percent of all workers who had received a permanent partial disability award qualified as Preferred Workers. Over one-quarter of those who were identified as Preferred Workers actually used the program's benefits. Of course, other workers who were eligible to use the program have also returned to work, though they and their employers did not use the program. In addition, many workers who have used this program have also been assisted by Oregon's vocational assistance programs.

The Reemployment Assistance Unit of the Department has approved over 90 percent of wage subsidy applications received between 1997 and 2001. Plus, in 2001, it approved wage subsidies within 15 days of application on average. Clearly, this speaks volumes about the state's efforts to explain the program to potential users, to simplify its use, and to minimize the employer's anxiety about "red-tape."

Of particular note is that this program does not limit the incentive to the employer-at-injury. In our view, the efforts made to re-employ injured Federal employees are overwhelmingly targeted to the employee's agency at the time of injury, with considerably less attention to other Federal employers, and almost none to private sector employment options. Although it is understood that re-employment of claimants is largely targeted at Federal employers in an effort to retain the health, life insurance, and retirement benefits of the claimant, the option of opportunities available outside the Federal system should be made clear to the claimant.

Oregon's Employer-at-Injury Program ⁵⁴

The Employer-at-Injury Program (EAIP), begun in 1993, provides financial incentives to employers to return workers to employment while their workers' compensation claims remain open. Basically, this is an early return to work program with subsidies provided to employers that take back injured workers in a light duty or modified work arrangement, consistent with the employee's restrictions and limitations.

While there are several forms of the subsidy, about 98 percent is paid through the program's temporary, fifty percent wage subsidy. The money is paid by the insurer to the employer and the insurer is subsequently reimbursed from the state's Workers' Benefit Fund. If the injured worker refuses to accept the modified or light-duty work, the insurer may reduce or discontinue wage loss benefits to the injured worker.

⁵⁴ Material for this comes from, Mike Maier, "The Employer-at-Injury Program, 2001," Department of Consumer and Business Services, June 2002.

In 1998, about 18.5 percent of accepted indemnity claims involved the use of the EAIP, with wage reimbursements of approximately \$12 million.

This program is of interest for several reasons. Self-insured firms aside, many employers and insurers devote little attention to programs to return employees to light or modified duties. Where these programs are found, injured workers are likely to lose total disability benefits but will be eligible for partial disability benefits. The Oregon EAIP provides an attractive financial incentive to employers to return their injured employees in advance of full return to work and an end to compensation indemnity benefits. Were FECA able legislatively to initiate a similar program, it might be able to employ a program to expand position counts, or budgetary support as a way to encourage Federal employers to use light or modified duty more than they do currently.

Compensation Program Incentives-Bifurcated Systems

Some states use the compensation of permanent disabilities as a way to induce employers to rehire their injured employees. One such method is the bifurcated approach to charge for such disabilities. This approach encourages employers to re-employ injured workers by reducing the costs of workers' compensation if the injured worker is employed (not necessarily by the employer at injury) at the time the disability is rated for permanent benefits. It places a financial incentive for return to work squarely on the employer, though it can be supplemented by incentives for the injured employee as well. Eight states, including Wisconsin, use this method.

If the worker is not employed at the time of rating, the worker's permanent disability is calculated based on the worker's projected earnings loss in addition to the degree of the workers' impairment. If the worker is employed and earning near to or above the pre-injury wage, the rating is based solely on the extent of impairment. The result is a smaller benefit, and likely a lower cost of workers' compensation insurance for the employer in the future (since the paid losses will be less). This approach is designed to encourage employers to re-employ their disabled workers, though the alternative benefit approach is not consistent with inducing the worker to return to employment prior to the rating of the disability.

FECA could be said to operate in a broadly similar way. However, given appropriate legislative backing, one could conceive of placing an additional incentive or disincentive on the Federal employer at injury. For example, the agency could be given an additional budgeted position (or perhaps one-half of an FTE) for every long-term disabled worker it re-employed. These discretionary resources would likely be very popular with agency administrators. The additional, budgeted position would lapse after a period of time, for example three years or 18 months after the disabled employee returns to pre-injury employment status, whichever comes sooner. This approach has no parallel in the private sector, but its use is based on the critical importance of FTE position counts to Federal agencies.

With a negative approach, for every long-term injured worker that is not re-employed and that is not found to be permanently and totally disabled, the agency could be told that it loses a portion (e.g., one-half FTE) of a budgeted position. This approach could also be applied for a limited duration. A variant of this would be that for a Federal employer that re-employs a partially disabled Federal worker, regardless of the agency that previously employed the worker, the worker would not be counted against the agency's employment ceiling, or it would be entitled to some incremental addition to the size of its staff.

Additional Incentives for Employers

Several jurisdictions place potential burdens on employers who do not rehire injured employees. For example, in some countries, the (larger-scale) employer, public or private, is required to hold the worker's position for a specific period of time (say, one year) from the date of injury (as does FECA). Clearly, such an approach is applicable when the worker is ready and able to return to work, and the Federal employer reports that no positions are available for that former worker. Wisconsin law can cause employers to have to pay up to one year's wages for "unreasonably" refusing to re-employ an injured worker. Florida law also empowers the state to fine an employer that will not re-employ an injured worker, though the penalty is substantially smaller than the potential penalty that can be imposed in Wisconsin. Clearly, it is easier to envision carrots being given to Federal agencies that re-employ their injured workers than it is to lay out penalties for those who do not do so. A requirement for Federal employers to re-employ claimants disabled for more than one year would have to come from a legislative change. As it currently stands, Federal employers are required by law to have the date-of-injury or equivalent position available for up to one year from the date of continuous disability.

A number of states have laws that prohibit an employer from dismissing a worker for claiming a workers' compensation benefit. However, these laws appear to be enforced only rarely. The reason appears to be that many workers in difficult, contentious cases sign workers' compensation settlement agreements that preclude them from filing charges against their employers or the insurer. In addition, a host of anti-discrimination rules exist that apply to Federal agencies. However, it does not appear that such protections are being extended to Federal workers who either file a claim for or receive benefits for workers' compensation.

Additional Incentives for Workers

Most Australian jurisdictions have a benefit structure that compensates short-term disability more completely, but reduces workers' compensation benefits after a certain duration of disability. The short-term period ranges from 13 weeks in Victoria to 52 weeks in South Australia. This is thought to "discourage" long-term disability by providing a financial incentive for a prompt return to work.

In the state of Victoria, for example, the workers' compensation benefit is set at 95 percent of the pre-injury average weekly earnings (PIAWE), up to a maximum of \$1,050 (Australian) per week (as of 7/1/03). However, after 13 weeks of disability, if there is no current work capacity, benefits drop to 75 percent of the pre-injury average weekly earnings, subject to a maximum of \$850 (Australian) per week. Further, these benefits are limited to 104 weeks (two years) in duration.⁵⁵

If the claimant retains a current work capacity in the first 13 weeks, the workers' compensation benefit is set at 95 percent of the difference between the pre-injury wage and the "notional earnings" at that point. However, after 13 weeks, the benefit is reduced to the lesser of the difference between 60 percent of PIAWE and 60 percent of notional earnings, or \$627 minus 60 percent of notional earnings. Again the benefits are limited to 104 weeks.

⁵⁵ It should be noted that Australian workers generally retain the right to sue their employers at common law, so workers' compensation benefits are not the "exclusive remedy" as in North America. Moreover, even in states where common law actions are possible, only workers with specified degrees of impairment are given the right to sue. Needless to say, there also are important differences in the use of the tort remedy in Australia and in the U.S.

Among U.S. jurisdictions only Ohio appears to use a “step-down” in benefits with duration. In Ohio, the workers’ compensation benefit is reduced from 72 percent of pre-injury wages to 66 and two-thirds percent after 12 weeks of disability.

In Canada, there is more variety, as Manitoba pays 90 percent of net (after tax) earnings for the first 24 months of workers’ compensation benefit, then reduces the benefit to 80 percent of net earnings. However, the provinces of Nova Scotia and Prince Edward Island actually increase the benefit with disability duration. Nova Scotia pays 75 percent of net earnings for the first 26 weeks, which increases to 85 percent of net earnings thereafter. Prince Edward Island provides 80 percent of net for the first 38 weeks, which then increases to 85 percent of net.

Presumably policymakers in these jurisdictions believe that there are no additional financial incentives needed for return to work after the first 26 or 39 weeks. Rather, they provide incentive for the injured worker to return to work in the short term by keeping temporary disability benefits lower (Nova Scotia has the lowest wage replacement ratio of any Canadian jurisdiction; Prince Edward Island and Newfoundland are next). This could be thought of as akin to a “deductible amount” in other insurance venues, as the injured worker shares the burden of wage-loss, in addition to the physical and emotional consequences of injury. It appears that these jurisdictions then switch their focus to the economic well being of the long-term disabled with a more generous benefit. It is worth noting that this benefit structure accords with disability management principles. There is generally believed to be little chance for return to work after 52 weeks of disability for most people, so there is little to be gained by providing a financial incentive for return to work at that point.

Performance Measurement and Management

It would be difficult to overemphasize the importance of performance measurement. The old saying, “What gets measured gets done!” has proven true time after time. Unfortunately, workers’ compensation systems have been slow to come to this realization. Perhaps this is because of the intense political feelings around the appropriate compensation for injured workers; perhaps it is because of the balkanization of the workers’ compensation world into state and provincial jurisdictions with hundreds of insurers operating in many different environments; or perhaps it is just because performance data have competitive implications in a sector with a good deal of private enterprise.

At any rate, it is clear that the Canadian jurisdictions have taken the lead in this arena. Nova Scotia recently won the 2003 IAIABC prize for Program Improvement with their Performance Measurement Management System (PMMS). This is based on the “Balanced Scorecard” approach developed by Kaplan and Norton a decade ago at Harvard Business School. The intent of the balanced scorecard is to measure organizational performance in several areas, not just the traditional financial measures. The Workers Compensation Board of Nova Scotia includes service measures, stakeholder satisfaction measures, and financial measures in their performance measurement system. The FECA program has approached similar Balanced Scorecard initiatives, as they have combined performance standards, strategic goals, operational goals, and customer satisfaction surveys to measure overall performance.

Included among the service measures are the timeliness of accident reporting, the timeliness of initial payments to workers, and the timeliness of internal appeal decisions. To measure stakeholder satisfaction, they conduct quarterly surveys of injured workers and registered employers. Stakeholders are asked to rate WCB service with respect to staff politeness, promptness of service, frequency of contact, clarity of

communications, and staff's ability to respond to questions. The financial measures include administration costs, the average assessment rate (employers' cost of insurance), and the real rate of return on the investment portfolio.

The Nova Scotia Board's corporate performance measures are balanced, measurable, and meaningful. This means that the performance measures are intended to pertain to things that are affected by actions of the WCB, as opposed to things that are wholly or largely outside of their control. Note also that the CPMs have an organization-wide focus. They measure the performance of the organization as a whole, rather than the performance of individual units or employees. In Nova Scotia, these measures are tracked and updated regularly. For the service measures and stakeholder satisfaction measures, updating is done quarterly, with posting to the web site for public access.⁵⁶ Financial measures are updated annually.

The Workers' Compensation Board of British Columbia has a similar system that has been used to generate scorecards for individual employers. Using their data warehouse, they are able to compare the incidence and/or duration of workers' compensation claims for particular employers to the rate for their classification. These data have been used to develop a Small Business Service Centre that specializes in the problems and issues of workers' compensation for small employers.

The Workers' Compensation Board of New York has also developed a performance management system called Management Information, Research, References and Operational Reports (MIRROR). It, too, is based on the Balanced Scorecard concept, and includes a very comprehensive set of tools that enable the user to customize the level of data reporting desired, from aggregate dashboard indicators to operational reports. Reports are generated by level, by topic, and by focus.

The needs of Federal employing agencies for information and analysis does not appear much different from those of private sector employers. They need to know how they are doing compared to other similar agencies, and compared to their past performance. They need to be able to get an overview of performance that rises above the level of claims management, and they need to have the capacity to "drill down" into the data to analyze particular problems or answer specific questions. The new data system currently being implemented at OWCP, IF ECS, is intended to support many of these same functions.

⁵⁶ See <http://www.wcb.ns.ca>

Chapter 9: Summary of Findings and Recommendations

Findings Revisited

Throughout this document we have highlighted numerous insights gleaned from site visits, phone interviews, data analysis, and concept mapping. As an overarching finding, the quantitative and qualitative information analyzed in this assessment verifies OWCP's ongoing commitment to and successful efforts in continuous program improvement. Through implementation of initiatives such as QCM and PRM over the time period covered, OWCP leadership has demonstrated the willingness and ability to monitor and adjust operational processes in order to increase program efficiency and effectiveness, as the preceding chapters document. In addition, the organization regularly reviews and adjusts its performance goals in order to assess the appropriateness of goal targets and to motivate a high-quality operation. Finally, comparisons with other workers' compensation systems indicate that OWCP is doing relatively well, though meaningful comparisons are difficult at this time.

However, even in a well-functioning organization such as OWCP, there are always improvements that can be made. Embedded in the previous chapters have been suggestions that OWCP may consider to improve the overall program or some aspect of it. This chapter will group these suggestions and discuss 11 strategic recommendations in some detail.

The remainder of this chapter is based on the key findings described in earlier chapters. In brief, these findings are bulleted below.

Major Factors Affecting FECA Performance

There are several factors affecting FECA performance that should be considered when outlining programmatic changes:

- The total number of compensation claims has declined, but the number of non-traumatic injury claims has remained stable, which means that the proportion of non-traumatic claims has increased;
- The number of recurrences of past claims is increasing, a sign that an aggressive campaign to return people to work may be premature for some claimants or perhaps that non-traumatic injuries may be more prone to relapse;
- The \$1500 threshold required for a case to fall into short form closure status appears to be somewhat low, causing a significant number of cases to "flip" open and adding to the burden of already overworked Claims Examiners; and
- The amount of effort spent on specific types of chronic conditions, specifically emotional stress claims and back injuries, can be significantly more than other categories of claims and it may be helpful to take this into account when determining staffing allocations and District Offices.

OWCP Organizational Structure

Within the parameters of the OWCP organizational structure, there were several noteworthy findings:

- While the freedom afforded to District Offices is often viewed as a very positive aspect of the organizational process, nearly all District Offices remarked that they would like to see more opportunities to collaborate with their colleagues in other offices – sharing ideas, training opportunities, and best practices;
- Offices felt constrained in their ability to hire top talent and additional flexibility in hiring practices was desired; and
- There may be some room for improvement in leadership, both within District Offices as well as between DOs and Headquarters. Better responsiveness, morale boosters, and increased recognition were all suggested.

Wage Loss Compensation

In gaining a better understanding of the wage loss compensation process, it was noted that:

- Between 1990 and 2002, the proportion of non-traumatic claims approximately doubled;
- Resolving some cases (particularly some non-traumatic cases) is inherently more challenging than others, possibly incentivizing staff to avoid certain cases;
- The most difficult timeliness factor to meet for remands, reversals, and reconsiderations was making remand decisions within the 120 and 180 day limits set as goals; and
- Given the importance of nurse intervention during this early period of compensation, OWCP may want to explore ways to make COP nurse services even more effective in achieving early returns to work.

Disability Management

In terms of disability management, findings included:

- Claims Examiners may now be working at or near their maximum capacities due to their relatively large caseloads;
- A relationship between vocational rehabilitation services and returns to work does seem to exist. However, when vocational rehabilitation is used, it comes very late in the process;
- While average lost production days declined for both traumatic and non-traumatic injuries in all Districts, most District Offices reported a more significant decline in average LPDs for non-traumatic cases. This suggests that QCM and related initiatives have been successful in treating the more difficult and traditionally longer-duration type injuries. It may also be due to the clearing out some of the old PRM cases and, if there was “creaming”, it would likely be from the traumatic cases;

- The first decade of efforts to reduce the size of the claims rolls have met with considerable success, but the more difficult cases are now the residual, together with the new cases that enter the PRM roll. This implies increasing barriers to improved performance;
- While OWCP is subject to constraints under the FECA that other programs are not, it is clear that disability management works best when there is a direct relationship between the employer and the employee which suggests some structural changes in staffing; and
- The 45-day COP period, as it is currently structured, is clearly an impediment to achieving returns to work. While the ENI Program sounds good in theory, it is not achieving its full intended purpose partly because Claims Examiners tend to manage their heavy caseloads more reactively than proactively, and OWCP's existing data system does not support CE's ability to identify and prioritize cases flagged by the COP nurses.

Customer Service

When considering customer service issues, it was found that:

- A number of District Office staff members at the larger OWCP District Offices expressed concern at the universal allotment of a single Communications Specialist to all District Offices, regardless of District Office size and workload;
- Numerous agency liaisons indicated that agency outreach and education is the key to improved timeliness statistics. In addition, close communication between the FECA program staff and agency personnel is needed for the return to work process to be adequately facilitated;
- There is high demand for quality training targeted toward agency employees responsible for advancing FECA claims and assisting in the proper development of an injury claim; and
- There has been a recent trend by some Federal agencies to outsource their human resource functions, thereby making the Injury Compensation Specialist a position held by a contractor. This tendency has been mirrored by a decrease in timely submission of forms required by the employing agency to advance a claims case.

Promising Practices in Workers' Compensation

When exploring other workers' compensation programs for promising practices, several key findings emerged. It should be noted that some of these findings would require changes to the FECA authorizing legislation:

- Given what was learned in other programs, it might be prudent to create a Disability Management Specialist position within OWCP to interact with employing agencies, serve as an expert resource for managing complex return to work cases, to support agencies in decision making on individual cases, and to advocate for managing Federal human resources in a way that considers long-term costs and benefits;
- Oregon's Preferred Worker Program appears to be helpful in returning people to work by certifying them such that if a prospective employer hires them, they are protected from the cost of workers' compensation benefits for up to three years at no cost to the employer;

- Oregon's Employer-at-Injury Program provides an example of using financial incentives to employers to return workers to employment while their workers' compensation claims remain open. This early return to work program (with subsidies) takes back injured workers in a light duty or modified work arrangement, consistent with the employee's restrictions and limitation;
- The bifurcated approach to compensation encourages employers to re-employ injured workers by reducing costs of workers compensation if the injured worker is employed (not necessarily by the employer at injury) at the time the disability is rated for permanent benefits;
- Additional incentives for employers (e.g., placing burdens on employers who do not rehire injured employees) and incentives for workers (e.g., providing financial incentive for a prompt return to work) may be helpful; and
- Increased attention to performance measurement and management (e.g., the Balanced Scorecard approach used in some U.S. and Canadian jurisdictions) has proven useful.

Strategic Recommendations

In light of the findings discussed above, we have developed a series of 11 strategic recommendations for programmatic improvement. These recommendations are discussed below.

Recommendation #1: Re-Engineer the Disability Management Process to Allow Staff to Take Actions on Cases Sooner While Eliminating Ineffective Programmatic Components

According to almost every District Director, the sooner Claims Examiners can intervene and take action on cases, the more effective they will be in getting injured employees to return to work. While the Early Nurse Intervention program was a good attempt to get quick attention on cases, the ENI program has been somewhat ineffective. Recommendations with regard to timeliness in first contact on an injured worker case could come in several forms, such as strengthening the ENI program through better technology and management, the adoption of a Disability Management Specialist model, or expanding the role of the staff nurse and field nurses.

The programming of the IF ECS system has the potential to make the ENI program stronger than it currently stands. Assuming that IF ECS contains a flagging system that is superior to the technique currently used by Claims Examiners, the ENI program should be kept in one form or another. In addition, the technological implementation must be supported by management initiatives at the National Office. The management of these cases should be included as part of the bi-annual District Office accountability review process.

A second method would be to adopt some form of the Disability Management Specialist model. The National Office could create an entirely new Disability Management Specialist position, with staffing proportional to wage-loss case workload. The DMS role would be to serve as a consultant to the employing agency and the claimant to assist in creating and evaluating employment options. The DMS would assist the employer in developing an effective disability management program. The DMS would begin working with the employee as soon as possible after injury to determine the status of return to work options for serious injury claims. The existing positions of a COP nurse could be retained to work in tandem with the DMS during the COP period as a quick screener for cases that would most benefit from immediate

intervention. A major difficulty in structuring a DMS model is the establishment of a trigger criterion for such intensive treatment. This would be where a telephonic COP nurse may be valuable in making first contact to do the triage required in assessing the likely medical recovery and the potential return to work barriers. Alternately, earlier and more consistent responsibility could be placed on the vocational rehabilitation specialists and counselors in the field to fill such a function.

Finally, a reconsideration of the 120-day time limit on Field Nurse intervention may be in order. The use of nurses should instead be driven by the specific medical needs of the claimant. Because there is no way to predict in advance which claims require more assistance from a nurse, it may be useful to employ a team approach to claims whereby the Claims Examiner, Vocational Rehabilitation Specialist, Disability Management Specialist, and Field Nurse meet periodically to review the most demanding cases.

Recommendation #2: Examine Caseloads

Caseload levels for Claims Examiners in the FECA program are quite high relative to state and private programs. This inevitably leads to less individual attention being paid to the development and processing of each claims case. What is less clear is whether this caseload is appropriate given the mixture of short-term and long-term cases in the FECA program, versus state or provincial workers' compensation programs. Because of the existence of the COP period in the FECA program, a much higher proportion of OWCP-administered claims will be for more serious injuries. The ultimate question for OWCP to answer is "What level of intervention pays off in terms of better outcomes?"

There were some employees who felt that it would be beneficial to increase the maximum payment level for short-form cases beyond \$1500. Citing the rapid increase in medical costs as the primary reason for an increase, there was general consensus that caseloads in adjudication units would be greatly reduced with such an adjustment.

After the dust has settled from the IF ECS implementation such that OWCP can determine the impact of the system, OWCP might investigate the cost effectiveness of reducing caseloads (or the perception of large caseloads), especially in the line units and for QCM examiners. For example, OWCP may want to consider reducing the individual case adjudication time limit imposed on CE's. Such an action will compel CE's to resolve cases more expeditiously, thereby reducing the number of cases that are open and active at any given time. By reducing caseload for the CE's, OWCP would not only improve timeliness and accuracy in adjudication, but would also be addressing a key concern cited by staff as a reason for low employee morale. Such improved accuracy is also likely to lead to a reduction in appeals.

Recommendation #3: Facilitate Improved Information Sharing and Coordination Among the District Offices

For the most part, OWCP has been successful in establishing a balance between providing support and guidance to their District Offices while still leaving enough room to encourage innovation in policy and structure to best match the needs of the District Office. While flexibility in office structure and organization has proven to provide the perfect opportunity for District Offices to be entrepreneurial and independent, it also leads to having twelve "experimental" sites. An explicitly analytical focus on differences between offices would presumably yield significant insight into the determinants of good outcomes for injured workers and their employees.

This flexibility needs to be coordinated, such that District Offices can easily and often share information about both their positive and negative experiences. OWCP should work to identify a variety of opportunities for staff at all levels throughout the regions to share their experiences and thoughts. This might include a system of electronic bulletin boards, regular regional or national conferences, or conference calls organized and facilitated by the National Office. As well, training should be better developed, coordinated and shared across sites.

Recommendation #4: Establish More Appropriate Goals, Performance Standards and Measures, and Performance Monitoring Guidelines

Performance measurement should occur at four levels: first, at the individual level; second, at the work group level; third, at the District Office level; and fourth, at the national level as a sum of the whole. OWCP provides the necessary tools and framework by way of their national performance standards, which are revised annually. These broad standards are cascaded down to District Directors and Supervisors to use in their performance monitoring programs. While these national standards are useful at a broad level, a two-way dialogue to carve out more specific performance standards for individual job categories would be useful. In doing so, District Offices can work to identify problems more quickly, help to find appropriate solutions, and reward good performance. The implementation of IF ECS presents a prime environment in which performance can be more easily tracked and evaluated.

OWCP might also re-examine the process that they use to establish their goals for District Offices. Most specifically, OWCP needs to readjust their goals on an ongoing basis, especially with regard to factors such as return to work, lost production days, recurrences, and timeliness. In addition, headquarters could monitor local and regional private and Federal labor markets to forecast future caseloads that impact staffing demands, as well as tracing trends in other systems and benchmarks as bases for reasonable adjustment of goals and standards. Furthermore, they could also periodically assess – as conditions change – whether their goals are appropriate to their defined mission and whether there are external conditions that are having a unique effect on a particular region or district that may affect performance.

Specific to PRM, setting goals in terms of PRM resolutions per FTE allocated seems to be an excellent measure. However, there are two aspects of the PRM measures that seem to be in need of additional fine-tuning. First, having the death of a recipient treated as a successful resolution appears difficult to justify. It is understood that resources can be expended on a claims and a claimant may die while the process of resolving the claim is underway. Several methods can be introduced to adjust the measure of resolving the claim in just these cases, short of simply treating the death as a resolved case, equivalent to having a return to employment. Second, resolving some claims is inherently more challenging than resolving others and, by not differentiating these, PRM CE's are incentivized to avoid the difficult ones. In particular, resolving a 31-month-old case seems to be a good deal more straightforward than one that has been receiving benefits for five years or more. Some type of differentiation may discourage avoiding those claims where recipients have been on the rolls for many years.

Recommendation #5: Reformulate Staffing Allocations and Establish Unit Cost Measures for this Purpose

OWCP could re-examine the formula currently used to calculate staffing allocation of FTEs across the District Offices. The formula needs to be re-evaluated to take into account vastly different caseloads and

types of cases across District Offices. This would ensure that District Offices have appropriate resources available to them to adequately meet their performance goals and would also encourage District Offices to capitalize on the flexibility available to them in developing and implementing processes.

OWCP should consider making two adjustments. First, OWCP should establish unit cost measures with appropriate allocation of administrative costs to FTEs overall and by type of program intervention. Second, the proportion of cases based on evidence of specific types of chronic conditions, specifically emotional stress claims and back injuries, should be taken into account.

Recommendation #6: Capitalize on IF ECS to Promote More In-Depth and Varied Data Analysis

In the process of gathering data for this report, despite the best intentions and diligence of OWCP staff, it became apparent that there were issues in accessing data, as there were few employees who truly grasped the intricacies of the systems.

As well, the current systems do not permit some important detailed data analysis that would allow for meaningful comparisons with other workers' compensation programs. With the impending roll-out of IF ECS, OWCP has the opportunity to significantly increase its ability for more in-depth and varied data analysis. New variables, upon which data has not previously been collected, could be added to the system.

Furthermore, the success of IF ECS will depend, in part, on the quality of information fed into its programming. Data accuracy is always an important component to make sure that programs operate effectively and efficiently and that disputes and challenges from agencies and clients are minimized. The following recommendations may be employed to improve data accuracy.

Independent observers could, on a periodic and random but well-advertised basis, verify the quality and accuracy of the data input into the files of OWCP's data tracking systems. This quality assurance system could reduce disputes and increase timeliness through the provision of fully prepared files. More specifically, data accuracy efforts should focus on monitoring and reducing overpayments with regard to schedule awards and minimizing the lag time between death of a claimant and ceasing of compensation payments.

Interviews conducted indicated that data received from employing agencies is taken at face value and rarely, if ever, questioned for accuracy or validity. Instituting a corroboration process at the employing agency level will also help in improving accuracy issues. This type of duty could potentially be facilitated by the Disability Management Specialist or equivalent position (proposed in recommendation #1). The additional "value-added" contact from the DMS should also help improve the interest of employing agencies in reporting accurate and timely data.

Recommendation #7: Improve Relationships with Agencies Nationwide

Positive working relationships with employing agencies are a critical factor in returning injured employees to work in one capacity or another. This is particularly true in cases where work restrictions or light duty requirements have been imposed.

One of the most proactive manners in which OWCP could accomplish this is through regular and rigorous training efforts. The benefit of this is two-fold. First, agency officials will benefit from the information gained, especially in the arena of return to work and vocational rehabilitation processes and expectations. As a result, they will be more comfortable and understanding of the actions taken by OWCP officials. Second, the training will serve as a way to build a more personal relationship between the employing agency and Claims Examiners, or other critical personnel. The devotion of additional resources, such as the allocation of a training coordinator position within each District Office, to agency training (to both educate and communicate) will provide support to OWCP's mission and goals. The tasks of the training coordinator would primarily be focused on ensuring that adequate, up-to-date training materials are developed and working with the agencies in the region to schedule trainings on an as-needed basis.

With the implementation of the disability management model described above, the DMS could be utilized as an official liaison between the agency and OWCP. This role would clearly designate a specific individual within OWCP who becomes the "go to" person for agency officials who have questions or concerns.

Recommendation #8: Improve and Standardize Internal Training Materials

Numerous Claims Examiners, particularly those who are relatively new to the position, cited training materials as the primary reference tool employed to aid them in performing their duties accurately and efficiently. However, the National Office must take initiative to update these materials so that the procedural and regulatory content is standardized across the District Offices. OWCP should work closely with those offices that have made efforts to update this training so as to maximize the work and experiences that others have already accomplished. The National Office might also consider developing a series of internal trainings for use in the District, based on what the DOs have already created.

Recommendation #9: Update Tools for Claims Examiners and Develop Additional Tools to Ease Workload

Access to adequate tools is critical to both the productivity and success of the District Office staff. OWCP officials should make it a priority to update the current tools (most notably the Procedures Manual), identify new tools that could be helpful to staff, and work to develop those for distribution to District Offices.

Making information and resources such as the Procedures Manual available online for access by employees (as OWCP currently does) is the easiest way to distribute the most up-to-date material to the widest audience. However, other workers' compensation systems have found that it is difficult to motivate people to study or review online information unless they had a specific question. Therefore, for such a dissemination of information to be effectively used, information placed online requires that a well-considered and highly effective search engine or index be implemented as well.

Recommendation #10: Improve Staff Morale Across the District Offices

High staff morale at the District Offices is intricately tied to elevated performance, low employee turnover, and effective and innovative senior leadership. Key issues that lead to high job satisfaction that were repeated across District Offices include smaller caseloads, better pay in certain metropolitan areas with a high cost of living, bonus funds for high-quality work, increased training opportunities, more interaction with staff at the National Office as well as with staff from other District Offices, greater diversity in work

responsibilities, more opportunities to follow cases throughout the management process, and more realistic goals for performance. Qualitative data suggest that the level of employee morale varied across the District Offices and, as such, there may be an opportunity for OWCP to collect promising practices or to promote a dialogue between District Offices in such a way that the offices with high morale can share their insights with others struggling in this area.

Recommendation #11: Integrate Data Collection with Planning for Future Program Evaluation Efforts

OWCP has been careful to develop its data systems to enable it to manage its program efficiently. Data for program evaluation purposes are of a different character than data to manage a program. The former need not always be collected on a continuing basis. But they are needed if one wants to ask why a particular element of a program is working well, or why performance is different across DOs. It would be productive for OWCP to plan what types of evaluations it could fruitfully undertake over the next several years, and then make certain that the needed data elements would be gathered to allow the projects to be undertaken. This would enhance OWCP's ability as they strive for continuous improvement.

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Appendix A

Data Retrieval Methodology

Appendix A: Data Retrieval Methodology

FECA data that was used for analysis was generated by OWCP staff at Headquarters. In total, 12 datasets were created and used for this report. The methodology for assembling this data at the Department of Labor is described below.

ICF_3 Report (1-Cases created; 2-SFC cases reopened; 3-Reopened SFC cases adjudicate within 45 days): Starting on the mainframe NCMF, relevant data was extracted for all cases created 10/01/1993 - 07/08/2003. The data was loaded into a database table (icf_3) and columns were added/updated to list the fiscal quarter that each case was created (cqtr) and reopened (rqtr). (See attached "icf_3upd.sql.doc") Records were then matched by agency chargeback code to the v20 table to obtain the major agency names. SQL queries were run to produce reports as follows (see attached "icf_3new.sql"):

1. Records were grouped and counted by District Office, Agency Name, Fiscal Qtr Created.
2. Records were grouped and counted by District Office, Agency Name, Fiscal Qtr Reopened (if date reopened was not null).
3. Records were grouped and counted by District Office, Agency Name, Fiscal Qtr Reopened (if date reopened was not null). Records were counted here only if the initial adjudication date following the reopening of the case occurred with 45 days of the reopening.

ICF_6 Report (TPCUPS - Not S/A): Starting on the mainframe relevant data was extracted from the TPCUP master files for all wage loss claims created 10/01/1993 - 06/30/1993. Duplicates were eliminated and the data was loaded into a database table (icf_6). A column was added/updated to reflect the fiscal quarter that each claim was received (see attached "ICF_6.sql") and records then were matched by agency chargeback code to the v20 table to obtain the major agency names. An SQL query was run to produce a report as follows (see attached "ICF_6rpt.sql"):

1. Records were grouped and counted by District Office, Agency Name, Fiscal Qtr Created, Traumatic/Non-Traumatic Injury, Approved/Denied Claim.

ICF_5b Report (Recurrences): This report was generated by running remote SQL queries against the recurrence tracking table (d16) in the 13 district office databases. These were matched against a table of case data that had been previously extracted and downloaded from the NCMF (mainframe). Records were then matched by agency chargeback code to the v20 table to obtain the major agency names and then grouped and counted by District Office, Traumatic/Non-Traumatic Injury, Approved/Denied Claim, Fiscal Qtr Created and Agency Name. (See attached "ICF_5b.sql")

ICF_14 Report (QCM LWECs): This report was generated by running remote SQL queries against the QCM tracking tables (d18, d17) in the 13 district office databases, selecting records that reflect an LWEC status. These were matched against a table of case data that had been previously extracted and downloaded from the NCMF (mainframe). Records were then matched by agency chargeback code to the v20 table to obtain the major agency names and then grouped and counted by District Office, Agency Name, Traumatic/Non-Traumatic Injury, Fiscal Qtr of Status Effective Date and LWEC Code. (See attached "ICF_14.sql")

ICF_15 Report (QCM LPD): This report was generated by running remote SQL queries against the QCM tracking header table (d18) in the 13 district office databases, selecting all "non Category 0" records. These were matched against a table of case data that had been previously extracted and downloaded from the NCMF (mainframe). Records were then matched by agency chargeback code to the v20 table to obtain the major agency names and then grouped and LPD was averaged by District Office, Agency Name, Traumatic/Non-Traumatic Injury, Fiscal Qtr of Track Date and LWEC Code. (See attached "ICF_15.sql")

ICF_16q Report (Returns to Work - QCM): This report was generated by running remote SQL queries against the QCM tracking tables (d18, d17) in the 13 district office databases, selecting records that reflect a RTW status. These were matched against a table of case data that had been previously extracted and downloaded from the NCMF (mainframe). Records were then matched by agency chargeback code to the v20 table to obtain the major agency names and then grouped and counted by District Office, Agency Name, Traumatic/Non-Traumatic Injury, Fiscal Qtr of Status Effective Date and RTW Code. (See attached "ICF_16q.sql")

ICF_16p Report (Returns to Work - PRM): Similar to "ICF_16q" report except the remote SQL queries went against the PRM tracking tables (p04, p05) selecting records that reflect a RTW (R2, T2) action code.

PRM VocRehab Report (ICF_17p - "Resolved" PRM cases with referral for rehab): Similar to other remote SQL queries. Queried against the PRM "resolutions" (p01) and prm "actions" tables (p05) selecting only "resolved" cases that had a referral for rehab (VR) action code. (See attached "ICF_17p.sql")

QCM VocRehab Report (ICF_17q - QCM referrals for rehab): Similar to other remote SQL queries. Queried against the QCM tracking tables (d18, d17) selecting records that reflect a referral for rehab (RRC, RCL, RTR). (See attached "ICF_17q.sql")

ICF_19 Report (PRM Cases Created): Similar to other remote SQL queries. Selected records from PRM "action" table (p05) reflect a PRM "start" action (XX, YY). (See attached "ICF_19.sql")

ICF_20 Report (PRM Cases Resolved): Similar to other remote SQL queries except records were not grouped by agency. Selected records from PRM "resolutions" table (p01) reflect a PRM "start" action (XX, YY). (See attached "ICF_20.sql")

ICF_DEATHS Report: Ran a query against our central database selecting records that were created between 10/01/1992 and 09/30/2002 with an "extent of injury" value of "0" (fatal). Records were then matched by agency chargeback code to the v20 table to obtain the major agency names and then grouped and counted by District Office, Agency Name and Fiscal Qtr Created.

Appendix B

Interview Protocols

Appendix B: Interview Protocols: FECA Evaluation: District Office Site Visits – Draft Protocol

PRM Supervisors

INTRODUCTION

Hello. My name is (interviewer name), and I work at ICF Consulting, an independent research and consulting firm in Fairfax, VA. The Office of Workers Compensation Programs, OWCP, has asked ICF Consulting to conduct a study to evaluate the efficiency and effectiveness of the Federal Employee Compensation Act (FECA) program in the context of Federal performance standards and in relation to the workers' compensation industry at large. Assisting us with the study are two subject matter experts that have studied workers compensation systems worldwide – Allan Hunt of the Upjohn Institute and Peter Barth from the University of Connecticut.

Our methodology for the study focuses on four main data collection activities: (1) quantitative analysis of OWCP administrative data to identify trends in program performance over time and across District Offices; (2) a qualitative stakeholder analysis using Concept Systems software to assess alignment of stakeholder attitudes about what is working and what is not; (3) a literature review and interviews with industry experts to identify benchmarks and promising practices from other Federal, state, and private workers' compensation programs; and (4) interviews with OWCP District Office staff. That, of course, brings us to our discussion today.

Due to limited resources, we are only visiting five District Offices in person (DC, Cleveland, Jacksonville, Dallas, and Seattle). However, we will be conducting telephone interviews with staff and stakeholders from the remaining seven offices. We selected your office for a site visit in cooperation with OWCP Headquarters based on a variety of factors – size, location/geography, and office structure being the three most important variables. Please be assured that we are not conducting an audit of any specific programs. We simply want to talk to you about your experiences with and views of the FECA program.

The evaluation focuses on two primary FECA program components – disability management and wage loss compensation. That is not to say we won't discuss other related issues, but is simply to explain why questions might seem weighted more towards those issues than, say, cost containment. Our basic line of questioning will include:

- The structure of this office and the roles/responsibilities of the various units;
- The history of the system and the evolution of various initiatives (such as QCM) in this district;
- Timeliness and accuracy issues related to the wage loss compensation process;
- The effectiveness of OWCP's various disability management initiatives (early nurse program, quality case management, voc rehab, periodic roll management);
- Stakeholder relationships;
- Data-related issues; and

- Performance reporting.

Before we start, we want to assure you that we will not specifically cite you in our report. We will discuss the District Office (e.g., structure, processes, etc.), but do not plan on attributing opinions to specific offices. Regardless, we will send those paragraphs/sections in which your district is referenced back so that you may review them for accuracy before we submit the final report to DOL.

ROLES/RESPONSIBILITIES

1. Please describe your role in the FECA program generally, and in this office specifically (e.g., your responsibilities, what you do on a day-to-day basis, etc.)

DISTRICT OFFICE OVERVIEW

Structure

2. What is the composition of the PRM unit at this District Office?

PRM Processes

3. How does your unit function in terms of roles and processes?
 - If new medical information indicates the need for a review, does it always trigger a review? If so, when does that review occur?
 - How does your unit work with voc rehab and employment counselors?
 - How would you assess the effectiveness of PRM efforts? What changes could improve its effectiveness?
 - Given the discretion that OWCP allows District Offices in managing their program, do you use any techniques that you consider particularly innovative/effective? What had been the outcome?

Staffing and Training

4. How much turnover do you see in this office among staff? What type of impact does this have on performance?
5. What type of training is offered to employees? (Who gets training?)
 - Is it standardized across all DOs or unique to this office?
 - How is it developed? (What is the quality of the training?)
6. What types of systems are in place to monitor and evaluate staff and contractor performance?

Conditions and Trends

7. What economic, social, legal/regulatory, and institutional conditions within this district affect OWCP operations and performance?

- *For example, are there specific conditions that influence the volume, timing, and/or type of claims (e.g., significant presence of certain Federal agencies, weather related-conditions, etc.)?*
8. Over time, have the types and level of cases remained relatively constant, or have the types of cases submitted to OWCP changed? (If fluctuating, what are some possible causes of the variation?)
 9. Over the near future, what trends do you see influencing the level of claims, resolution of claims, and the major functions and operations of the District Office?
 - *Trends may relate to anticipated shifts in funding, regulatory changes, or new changes to OWCP processes/procedures (at either the national or DO level).*

DISABILITY MANAGEMENT

10. What have been the effects of OWCP management initiatives such as QCM and PRM in terms of lost production days, reemployment, etc. as compared to traditional management of periodic roll cases?
11. How does OWCP interact with the pre-injury employer to facilitate re-employment?
 - What type of information is provided to agency representatives, and often do CEs and agency reps communicate?
 - What agencies are most likely to initiate serious return to work efforts? Which ones seem least likely to do so?
12. Does the program “effectively” rehabilitate permanently disabled employees? To what degree and under what circumstances?

STAKEHOLDER RELATIONS

13. Describe the interaction you have with the various program stakeholders, including the injured workers, physicians, union reps, job training providers, etc.
 - At what points in the process might you interact with each type of stakeholder? What does that interaction typically consist of?
14. How has customer satisfaction in this jurisdiction been changing over time? (How is it being measured?)
 - How have improvements such as universal call centers and the adoption of customer service performance standards affected customer relations/customer satisfaction? How is this assessed?

COST CONTROL/COST EFFECTIVENESS

15. What does your office do to minimize inappropriate receipt of benefit payments and fraudulent claims?
 - In your opinion, how effective are these measures?
 - Would you recommend any changes with regard to these issues?
16. Regarding use of the CA 1032 form, how frequently are estimates of loss of wage earning capacity modified?

- What in particular do you look to as triggering those modifications?
- How many actual earnings constructions or modifications do you do relative to cases in PRM?

DATA/QUALITY CONTROL *[Ask only if PRM staff have a role in data entry]*

17. Describe how files are created, updated, and closed out.

- How regularly are files updated? Who is responsible for updating them?
- How often is data transmitted to HQ? Please explain this process.

18. What types of controls are in place to ensure data integrity and reliability?

- What is your opinion of the current data collection and performance monitoring systems?
- What are your thoughts regarding the new IF ECS system?

OVERALL FECA PROGRAM PERFORMANCE

19. What is your overall assessment of FECA program performance? What are the main components or issues that either contribute to or hinder success?

20. What do you perceive as significant risks that impact or threaten achievement of the FECA program's general goals?

21. What do regulatory and programmatic changes do you think could improve the overall performance of the FECA system?

- *Prompts might include modifying/updating the benefit structure (e.g., to account for variables such as smoking or age; charging agencies the full costs of FECA administration; modifying benefits for post-retirement aged persons; altering rules related to COP; eliminating coverage of stress, etc.*

Note: Please be sure to obtain contact information before concluding the interview.

District Director

INTRODUCTION

Hello. My name is (interviewer name), and I work at ICF Consulting, an independent research and consulting firm in Fairfax, VA. The Office of Workers Compensation Programs, OWCP, has asked ICF Consulting to conduct a study to evaluate the efficiency and effectiveness of the Federal Employee Compensation Act (FECA) program in the context of Federal performance standards and in relation to the workers' compensation industry at large. Assisting us with the study are two subject matter experts that have studied workers compensation systems worldwide – Allan Hunt of the Upjohn Institute and Peter Barth from the University of Connecticut.

Our methodology for the study focuses on four main data collection activities: (1) quantitative analysis of OWCP administrative data to identify trends in program performance over time and across District Offices; (2) a qualitative stakeholder analysis using Concept Systems software to assess alignment of stakeholder attitudes about what is working and what is not; (3) a literature review and interviews with industry experts to identify benchmarks and promising practices from other Federal, state, and private workers' compensation programs; and (4) interviews with OWCP District Office staff. That, of course, brings us to our discussion today.

Due to limited resources, we are only visiting five District Offices in person (DC, Cleveland, Jacksonville, Dallas, and Seattle). However, we will be conducting telephone interviews with staff and stakeholders from the remaining seven offices. We selected your office for a site visit in cooperation with OWCP Headquarters based on a variety of factors – size, location/geography, and office structure being the three most important variables. Please be assured that we are not conducting an audit of any specific programs. We simply want to talk to you about your experiences with and views of the FECA program.

The evaluation focuses on two primary FECA program components – disability management and wage loss compensation. That is not to say we won't discuss other related issues, but is simply to explain why questions might seem weighted more towards those issues than, say, cost containment. Our basic line of questioning will include:

- The structure of this office and the roles/responsibilities of the various units;
- The history of the system and the evolution of various initiatives (such as QCM) in this district;
- Timeliness and accuracy issues related to the wage loss compensation process;
- The effectiveness of OWCP's various disability management initiatives (early nurse program, quality case management, voc rehab, periodic roll management);
- Stakeholder relationships;
- Data-related issues; and
- Performance reporting.

Before we start, we want to assure you that we will not specifically cite you in our report. We *will* discuss the District Office (e.g., structure, processes, etc.), but do not plan on attributing opinions to specific offices.

Regardless, we will send those paragraphs/sections in which your district is referenced back so that you may review them for accuracy before we submit the final report to DOL.

ROLES/RESPONSIBILITIES

1. Please describe your role in the FECA program generally, and in this office specifically (e.g., your responsibilities, what you do on a day-to-day basis, etc.)

DISTRICT OFFICE OVERVIEW

Office Structure

2. We understand that each DO is given some latitude to structure staff and assign responsibilities in the ways that works best for them. Given this flexibility, please describe the structure of this District Office, including how and at what points the different divisions or units interact with one another.
 - Has the office always been structured like this? If not, in what ways has it changed (particularly in the past 10 years)? What has been the impetus for the change(s)?
 - Given the discretion that OWCP allows District Offices in managing the FECA program, do you use any management structures or techniques that are unique/unusual? Why? What has been the outcome?
 - What HQ mandated changes in management structure have helped or hindered performance in your district?

History of System

3. Please walk us through a summary of the history of the creation, adoption, and implementation of program initiatives in you district (e.g., QCM, the early nurse program, PRM, etc.).

Staffing and Training

4. How much turnover do you see in this office (i.e., based on budgeting/staff allocation process, or because of difficulty of work)? What type of impact does this have on performance?
 - How large is the staff (FTE's)? How has that changed over time? How has caseload changed over that period?
 - How has the composition of staff changed? E.g., Upper grades, CE's, consultants, etc.?
 - What are currently the positions of greatest need?
 - Have you had any interoffice personnel moves?
 - Assess the state of labor management relations in this DO.
5. What type of training is offered to employees? (Who gets training?)
 - Is it standardized across all DOs or unique to this office?
 - How is it developed? (What is the quality of the training?)

- Are union and agency reps ever included in training efforts (i.e., the review of relevant materials or inclusion in training sessions?)
6. What types of systems are in place to monitor and evaluate staff performance, including contractor performance?

Conditions and Trends

7. What economic, social, legal/regulatory, and institutional conditions within this district affect OWCP operations and performance?
- *For example, are there specific conditions that influence the volume, timing, and/or type of claims (e.g., significant presence of certain Federal agencies, weather related-conditions, etc.)?*
8. Over time, have the types and level of cases remained relatively constant, or have the types of cases submitted to OWCP changed? (If fluctuating, what are some possible causes of the variation?)
9. Over the near future, what trends do you see influencing the level of claims, resolution of claims, and the major functions and operations of the District Office?
- *Trends may relate to anticipated shifts in funding, regulatory changes, or new changes to OWCP processes/procedures (at either the national or DO level).*

WAGE LOSS COMPENSATION

Timeliness

10. With regard to timeliness issues, how would you assess the office's performance processing claims generally?
- What principal factors affect how quickly cases move through the claims examination process? (Any differences between traumatic and occupation cases?)
11. In terms of timeliness, how would you assess the office's work processing performance as compared to staff resources and fluctuations in workload volumes?

Accuracy

12. In terms of adjudication, what do you see as the principal factors affecting this District Office's level of appeals, remands, and reversals?
- *Examples of reasons might include submission of new evidence, claim examiner error, etc.*
13. Where in the process do problems with accuracy occur most frequently? Do you review/audit CE decisions?

Dispute Resolution

14. What are the primary sources of, and issues in, disputes?
15. What agencies are most prone to generate disputes?

16. What steps can be taken to reduce the frequency of disputes?
17. Describe the Director's review process.
18. Describe the use of the neutral doctors - how they are selected, by whom they are selected, frequency of use, their pay, how often a specific doctor is used, the degree specialists are used, etc.
19. Can you suggest any ways to reduce delays in the dispute resolution process?
20. What proportion of claimants are represented at the initial stage of a dispute? What proportion of these involve attorneys?

DISABILITY MANAGEMENT

21. What have been the effects of OWCP management initiatives such as QCM and PRM in terms of lost production days, reemployment, etc. as compared to traditional management of periodic roll cases?
22. How does OWCP interact with the pre-injury employer to facilitate re-employment?
 - What type of information is provided to agency representatives, and how often do CEs and agency reps communicate?
 - What agencies are most likely to initiate serious return to work efforts? Which ones seem least likely to do so?

STAKEHOLDER RELATIONS

23. How has customer satisfaction in this jurisdiction been changing over time? (How is it being measured?)
 - How have improvements such as universal call centers and the adoption of customer service performance standards affected customer relations/customer satisfaction? How is this assessed?

COST CONTROL/COST EFFECTIVENESS

24. In what ways do you track the costs of your operation?
 - Do you track compensation benefit costs? If so, how and to what degree?
 - Do you attempt to develop measures of net compensation benefit cost savings?
 - Do you see any areas where cost savings might be achieved?
25. What actions does your office take to minimize inappropriate receipt of benefit payments and fraudulent claims?
 - In your opinion, how effective are these measures?
 - Would you recommend any changes with regard to these issues?
26. Do overpayments seem to be a problem? What process do you use to recoup overpayments?

27. Please discuss under what circumstances you seek reimbursement of costs through third party subrogation. Are you satisfied with OWCP's authority in this area? (To what degree does this impact your ability to control costs?)

DATA/QUALITY CONTROL

28. Describe how files are created, updated, and closed out.
- How regularly are files updated? Who is responsible for updating them?
 - How often is data transmitted to HQ? Please explain this process.
29. What types of controls are in place to ensure data integrity and reliability?
30. What is your opinion of the current data collection and performance monitoring systems?
- What are your thoughts regarding the new IF ECS system?

PERFORMANCE REPORTING AND ACCOUNTABILITY

31. One way the District Offices are held accountable is through the QR&A reporting system (i.e., District Office performance compared to the performance standards specified in each year's Operational Plan). How has that process worked for your office?
- What standards and aspects of the reporting process work best? Which would work better for you if redefined? If so, in what way?
 - Are performance targets reasonable and properly targeted?
32. What has been your experience with the Accountability Review process?

OVERALL FECA PROGRAM PERFORMANCE

33. What is your overall assessment of FECA program performance? What are the main components or issues that either contribute to or hinder success?
34. What do you perceive as significant risks that impact or threaten achievement of the FECA program's general goals?
35. What regulatory and programmatic changes do you think could improve the overall performance of the FECA system?
- *Prompts might include modifying/ updating the benefit structure, charging agencies the full costs of FECA, modifying benefits for post-retirement aged persons, altering rules related to COP, eliminating coverage of stress, etc.*

Note: Please be sure to obtain contact information before concluding the interview.

Senior Claims Examiner

INTRODUCTION

Hello. My name is *(interviewer name)*, and I work at ICF Consulting, an independent research and consulting firm in Fairfax, VA. The Office of Workers Compensation Programs, OWCP, has asked ICF Consulting to conduct a study to evaluate the efficiency and effectiveness of the Federal Employee Compensation Act (FECA) program in the context of Federal performance standards and in relation to the workers' compensation industry at large. Assisting us with the study are two subject matter experts that have studied workers compensation systems worldwide – Allan Hunt of the Upjohn Institute and Peter Barth from the University of Connecticut.

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- The history of the system and the evolution of various initiatives (such as QCM) in this district;
- Timeliness and accuracy issues related to the wage loss compensation process;
- The effectiveness of OWCP's various disability management initiatives (early nurse program, quality case management, voc rehab, periodic roll management);
- Stakeholder relationships;
- Data-related issues; and
- Performance reporting.

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Regardless, we will send those paragraphs/sections in which your district is referenced back so that you may review them for accuracy before we submit the final report to DOL.

ROLES/RESPONSIBILITIES

1. Please describe your role in the FECA program generally, and in this office specifically (e.g., your responsibilities, what you do on a day-to-day basis, etc.)

DISTRICT OFFICE OVERVIEW

Claim Examination Processes

2. We understand that each DO is given some latitude to structure staff and assign responsibilities in the ways that works best for them. Given this flexibility, please walk us through the claim examination process, from the point a claims comes in (and how it comes in), what is done with it, how data is recorded, who cases are handed off to, and at what points it comes back to you.
 - As a case moves through the system, is it likely to have multiple CEs involved, or does a case typically remain with the same CE?
 - Given the discretion that OWCP allows District Offices in managing their program, do you use any techniques that you consider particularly innovative/effective? What had been the outcome?

Staffing and Training

3. How much turnover do you see in this office among claims examiners (i.e., based on budgeting/staff allocation process, or because of difficulty of work)? What type of impact does this have on performance?
 - How are CE's selected? What types of backgrounds do they have? What CS grade? Requisite education and experience? What is the upward mobility for CE's?
 - How much training is provided to new CE's? Who provides it?
 - How much continuing training is provided to CE's?
 - How is CE decision-making reviewed? At what frequency?
 - How is feedback given to CEs regarding the decisions they make?
 - How many cases does a CE typically carry at any one time? What is an optimal number?
 - Describe times to decision making. Variations among CE's.
4. What types of systems are in place to monitor and evaluate staff performance?

Conditions and Trends

5. What economic, social, legal/regulatory, and institutional conditions within this district affect OWCP operations and performance?

- *For example, are there specific conditions that influence the volume, timing, and/or type of claims (e.g., significant presence of certain Federal agencies, weather related-conditions, etc.)?*
6. Over time, have the types and level of cases remained relatively constant, or have the types of cases submitted to OWCP changed? (If fluctuating, what are some possible causes of the variation?)
 7. Over the near future, what trends do you see influencing the level of claims, resolution of claims, and the major functions and operations of the District Office?
 - *Trends may relate to anticipated shifts in funding, regulatory changes, or new changes to OWCP processes/procedures (at either the national or DO level).*

WAGE LOSS COMPENSATION

Timeliness

8. With regard to timeliness issues, how would you assess the office's performance processing claims generally? (Any differences between traumatic and occupation cases?)
 - What principal factors affect how quickly cases move through the claims examination process?
 - *Prompts may include timely Agency submission of claim by injured worker and employing agency, appropriate/sufficient medical evidence submitted, internal OWCP processes, etc.*
 - In your experience, what are factors that influence how long it takes claimants and their agencies to file within the allowable period?
 - What could be done to improve timeliness?
 - What effect, if any, do fluctuations on the number of claims have on timeliness?

Short Form Closure Cases

9. Administrative closures were implemented as a cost saving measure. Do you feel that they have been effective in this regard?
 - What information is provided to claimants when their case is administratively closed?
 - Have you experienced any problems with those SFC cases that "pop open" due to having reached the threshold (e.g., customer complaints due to delays while the case is being adjudicated)?
 - Does \$1,500 still seem to be a sufficient threshold for the SFC cases?

Accuracy

10. Describe to us your involvement in the appeals process.
 - What type of information is provided regarding appeal decisions, and to whom who is the information provided (DO, injured worker, agency rep, union rep)?
 - How is the case file updated?

11. In terms of adjudication, what do you see as the principal factors affecting this District Office's level of appeals, remands, and reversals?

- *Examples of reasons might include submission of new evidence, claim examiner error, etc.*

12. Where in the process do problems with accuracy occur most frequently?

Impairment (Schedule) Benefits

13. How difficult is it to assess the appropriate level of impairment benefits?

- Is this a serious and frequent source of disputes?
- How are back cases dealt with – if at all?
- What is your opinion on the adequacy of the schedule benefit levels?

Permanent Total Disability

14. What is the frequency of Permanent Total Disability cases with and without the presumption?

Temporary Partial Disability

15. What is the frequency of Temporary Partial Disability cases?

Dispute Resolution

16. What are the primary sources of, and issues in, disputes?

17. What agencies are most prone to generate disputes?

18. What steps can be taken to reduce the frequency of disputes?

19. Describe the use of the neutral doctors - how they are selected, by whom they are selected, frequency of use, their pay, how often a specific doctor is used, the degree specialists only are used, etc.

20. Can you suggest any ways to reduce delays in the dispute resolution process?

21. What proportion of claimants are represented at the initial stage of a dispute? What proportion of these involve attorneys?

DISABILITY MANAGEMENT

22. What have been the effects of OWCP management initiatives such as QCM and PRM in terms of lost production days, reemployment, etc. as compared to traditional management of periodic roll cases?

- Describe how the worker can be dropped from COP status because of a change in medical condition as assessed by the employer/ by the treating doctor.

23. How does OWCP interact with the pre-injury employer to facilitate re-employment?

- What type of information is provided to agency representatives, and how often do CEs and agency reps communicate?
- What agencies are most likely to initiate serious return to work efforts? Which ones seem least likely to do so?

STAKEHOLDER RELATIONS

24. Describe the interaction you have with the various program stakeholders, including the injured workers themselves, physicians, union reps, etc.
- At what points in the process might you interact with each type of stakeholder? What does that interaction typically consist of?
25. How has customer satisfaction in this jurisdiction been changing over time? (How is it being measured?)
- How have improvements such as universal call centers and the adoption of customer service performance standards affected customer relations/customer satisfaction? How is this assessed?

COST CONTROL/COST EFFECTIVENESS

26. What does your office do to minimize inappropriate receipt of benefit payments and fraudulent claims?
- In your opinion, how effective are these measures?
 - Would you recommend any changes with regard to these issues?
27. Regarding use of the CA 1032 form, how frequently do you modify estimates of loss of wage earning capacity?
- What in particular do you look to as triggering those modifications?
 - How many actual earnings constructions or modifications do you do relative to cases in QCM/PRM?
28. Do overpayments seem to be a problem? What process do you use to recoup overpayments?
29. Please discuss under what circumstances you seek reimbursement of costs through third party subrogation. Are you satisfied with OWCP's authority in this area?

DATA/QUALITY CONTROL

30. Describe how files are created, updated, and closed out.
- How regularly are files updated? Who is responsible for updating them?
 - How often is data transmitted to HQ? Please explain this process.
31. What types of controls are in place to ensure data integrity and reliability?
- What is your opinion of the current data collection and performance monitoring systems?

- What are your thoughts regarding the new IF ECS system?

OVERALL FECA PROGRAM PERFORMANCE

- What is your overall assessment of FECA program performance? What are the main components or issues that either contribute to or hinder success?
- What do you perceive as significant risks that impact or threaten achievement of the FECA program's general goals?
- What do regulatory and programmatic changes do you think could improve the overall performance of the FECA system?
- *Prompts might include modifying/ updating the benefit structure, charging agencies the full costs of FECA, modifying benefits for post-retirement aged persons, altering rules related to COP, eliminating coverage of stress, etc.*

Note: Please be sure to obtain contact information before concluding the interview.

QCM Unit Supervisor

INTRODUCTION

Hello. My name is *(interviewer name)*, and I work at ICF Consulting, an independent research and consulting firm in Fairfax, VA. The Office of Workers Compensation Programs, OWCP, has asked ICF Consulting to conduct a study to evaluate the efficiency and effectiveness of the Federal Employee Compensation Act (FECA) program in the context of Federal performance standards and in relation to the workers' compensation industry at large. Assisting us with the study are two subject matter experts that have studied workers compensation systems worldwide – Allan Hunt of the Upjohn Institute and Peter Barth from the University of Connecticut.

Our methodology for the study focuses on four main data collection activities: (1) quantitative analysis of OWCP administrative data to identify trends in program performance over time and across District Offices; (2) a qualitative stakeholder analysis using *Concept Systems* software to assess alignment of stakeholder attitudes about what is working and what is not; (3) a literature review and interviews with industry experts to identify benchmarks and promising practices from other Federal, state, and private workers' compensation programs; and (4) interviews with OWCP District Office staff. That, of course, brings us to our discussion today.

Due to limited resources, we are only visiting five District Offices in person (DC, Cleveland, Jacksonville, Dallas, and Seattle). However, we will be conducting telephone interviews with staff and stakeholders from the remaining seven offices. We selected your office for a site visit in cooperation with OWCP Headquarters based on a variety of factors – size, location/geography, and office structure being the three most important variables. Please be assured that we are not conducting an audit of any specific programs. We simply want to talk to you about your experiences with and views of the FECA program.

The evaluation focuses on two primary FECA program components – disability management and wage loss compensation. That is not to say we won't discuss other related issues, but is simply to explain why questions might seem weighted more towards those issues than, say, cost containment. Our basic line of questioning will include:

- The structure of this office and the roles/responsibilities of the various units;
- The history of the system and the evolution of various initiatives (such as QCM) in this district;
- Timeliness and accuracy issues related to the wage loss compensation process;
- The effectiveness of OWCP's various disability management initiatives (early nurse program, quality case management, voc rehab, periodic roll management);
- Stakeholder relationships;
- Data-related issues; and
- Performance reporting.

Before we start, we want to assure you that we will not specifically cite you in our report. We *will* discuss the District Office (e.g., structure, processes, etc.), but do not plan on attributing opinions to specific offices.

Regardless, we will send those paragraphs/sections in which your district is referenced back so that you may review them for accuracy before we submit the final report to DOL.

ROLES/RESPONSIBILITIES

1. Please describe your role in the FECA program generally, and in this office specifically (e.g., your responsibilities, what you do on a day-to-day basis, etc.)

DISTRICT OFFICE OVERVIEW

Structure

2. What is the composition of the QCM unit at this District Office? Which others operate similarly that you know of?

QCM Processes

3. As we understand, all District Offices have some degree of specialization. How does your unit function in terms of roles and processes?
 - When 180 days have expired and there is no return to work, what happens to a case?
 - How would you assess the effectiveness of QCM efforts? What changes could improve its effectiveness?
 - Given the discretion that OWCP allows District Offices in managing their program, do you use any techniques that you consider particularly innovative/effective? What had been the outcome?

Staffing and Training

4. How much turnover do you see in this office within the QCM unit? What type of impact does this have on performance?
5. What type of training is offered to employees? (Who gets training?)
 - Is the training standardized across all DOs or unique to this office?
 - How is it developed? (What is the quality of the training?)
6. What systems are in place to monitor and evaluate staff and contractor performance?

Conditions and Trends

7. What economic, social, legal/regulatory, and institutional conditions within this district affect OWCP operations and performance?
 - *For example, are there specific conditions that influence the volume, timing, and/or type of claims (e.g., significant presence of certain Federal agencies, weather related-conditions, etc.)?*
8. Over time, have the types and level of cases remained relatively constant, or have the types of cases submitted to OWCP changed? (If fluctuating, what are some possible causes of the variation?)

9. Over the near future, what trends do you see influencing the level of claims, resolution of claims, and the major functions and operations of the District Office?
 - Trends may relate to anticipated shifts in funding, regulatory changes, or new changes to OWCP processes/procedures (at either the national or DO level).

WAGE LOSS COMPENSATION

Timeliness

10. With regard to timeliness issues, how would you assess the office's performance processing claims generally?
 - What principal factors affect how quickly cases move through the claims examination process?
 - *Prompts may include timely Agency submission of claim by injured worker and employing agency, appropriate/sufficient medical evidence submitted, internal OWCP processes, etc.*
 - In your experience, what are factors that influence how long it takes claimants and their agencies to file within the allowable period?
 - What could be done to improve timeliness?
 - What effect, if any, do fluctuations on the number of claims have on timeliness?

Dispute Resolution

11. What are the primary sources of, and issues in, disputes?
12. What agencies are most prone to generate disputes?
13. What steps can be taken to reduce the frequency of disputes?
14. Describe the use of the neutral doctors - how they are selected, by whom they are selected, frequency of use, their pay, how often a specific doctor is used, the degree specialists only are used, etc.
15. Can you suggest any ways to reduce delays in the dispute resolution process?
16. What proportion of claimants are represented at the initial stage of a dispute? What proportion of these involve attorneys?

DISABILITY MANAGEMENT

17. What have been the effects of OWCP management initiatives such as QCM and PRM in terms of lost production days, reemployment, etc. as compared to traditional management of periodic roll cases?
18. How does OWCP interact with the pre-injury employer to facilitate re-employment?
 - What type of information is provided to agency representatives, and how often do CEs and agency reps communicate?

- What agencies are most likely to initiate serious return to work efforts? Which ones seem least likely to do so?
19. Does the program “effectively” rehabilitate permanently disabled employees? To what degree and under what circumstances?
20. Can you provide any background and information and your opinion of changes in LPD levels under QCM and on the costs and savings associated with QCM interventions since they were adopted?
21. What actions does your office take to minimize recurrences?

STAKEHOLDER RELATIONS

22. Describe the interaction you have with the various program stakeholders, including the injured workers, physicians, union reps, etc.
- At what points in the process might you interact with each type of stakeholder? What does that interaction typically consist of?
23. How has customer satisfaction in this jurisdiction been changing over time? (How is it being measured?)
- How have improvements such as universal call centers and the adoption of customer service performance standards affected customer relations/satisfaction? How is this assessed?

COST CONTROL/COST EFFECTIVENESS

24. What does your office do to minimize inappropriate receipt of benefit payments and fraudulent claims?
- In your opinion, how effective are these measures?
 - Would you recommend any changes with regard to these issues?
25. Regarding use of the CA 1032 form, how frequently do you modify estimates of loss of wage earning capacity?
- What in particular do you look to as triggering those modifications?
 - How many actual earnings constructions or modifications do you do relative to cases in QCM?

DATA/QUALITY CONTROL *[Ask only if QCM Units have a role in data entry]*

26. Describe how files are created, updated, and closed out.
- How regularly are files updated? Who is responsible for updating them?
 - How often is data transmitted to HQ? Please explain this process.
27. What types of controls are in place to ensure data integrity and reliability?
- What is your opinion of the current data collection and performance monitoring systems?
 - What are your thoughts regarding the new IF ECS system?

OVERALL FECA PROGRAM PERFORMANCE

28. What is your overall assessment of FECA program performance? What are the main components or issues that either contribute to or hinder success?
29. What do you perceive as significant risks that impact or threaten achievement of the FECA program's general goals?
30. What do regulatory and programmatic changes do you think could improve the overall performance of the FECA system?
 - *Prompts might include modifying/updating the benefit structure, charging agencies the full costs of FECA, modifying benefits for post-retirement aged persons, altering rules related to COP, eliminating coverage of stress, etc.*

Rehab Specialist

INTRODUCTION

Hello. My name is (interviewer name), and I work at ICF Consulting, an independent research and consulting firm in Fairfax, VA. The Office of Workers Compensation Programs, OWCP, has asked ICF Consulting to conduct a study to evaluate the efficiency and effectiveness of the Federal Employee Compensation Act (FECA) program in the context of Federal performance standards and in relation to the workers' compensation industry at large. Assisting us with the study are two subject matter experts that have studied workers compensation systems worldwide – Allan Hunt of the Upjohn Institute and Peter Barth from the University of Connecticut.

Our methodology for the study focuses on four main data collection activities: (1) quantitative analysis of OWCP administrative data to identify trends in program performance over time and across District Offices; (2) a qualitative stakeholder analysis using Concept Systems software to assess alignment of stakeholder attitudes about what is working and what is not; (3) a literature review and interviews with industry experts to identify benchmarks and promising practices from other Federal, state, and private workers' compensation programs; and (4) interviews with OWCP District Office staff. That, of course, brings us to our discussion today.

Due to limited resources, we are only visiting five District Offices in person (DC, Cleveland, Jacksonville, Dallas, and Seattle). However, we will be conducting telephone interviews with staff and stakeholders from the remaining seven offices. We selected your office for a site visit in cooperation with OWCP Headquarters based on a variety of factors – size, location/geography, and office structure being the three most important variables. Please be assured that we are not conducting an audit of any specific programs. We simply want to talk to you about your experiences with and views of the FECA program.

The evaluation focuses on two primary FECA program components – disability management and wage loss compensation. That is not to say we won't discuss other related issues, but is simply to explain why questions might seem weighted more towards those issues than, say, cost containment. Our basic line of questioning will include:

- The structure of this office and the roles/responsibilities of the various units;
- The history of the system and the evolution of various initiatives (such as QCM) in this district;
- Timeliness and accuracy issues related to the wage loss compensation process;
- The effectiveness of OWCP's various disability management initiatives (early nurse program, quality case management, voc rehab, periodic roll management);
- Stakeholder relationships;
- Data-related issues; and
- Performance reporting.

Before we start, we want to assure you that we will not specifically cite you in our report. We *will* discuss the District Office (e.g., structure, processes, etc.), but do not plan on attributing opinions to specific offices.

Regardless, we will send those paragraphs/sections in which your district is referenced back so that you may review them for accuracy before we submit the final report to DOL.

ROLES/RESPONSIBILITIES

1. Please describe your role in the FECA program generally, and in this office specifically (e.g., your responsibilities, what you do on a day-to-day basis, etc.)

DISTRICT OFFICE OVERVIEW

Structure

2. If there is a separate rehab unit] What is the composition of the rehab unit at this District Office? How is it related to the QCM Unit? Which other offices that you know of are structured similarly?

Rehab Processes

3. How does your unit function in terms of roles and processes?
 - What triggers a referral to voc rehab? (work restriction only?)
 - Can you assess the process by which nurses handoff cases to voc rehab staff? By what other avenue(s) do you receive clients?
 - How has QCM either helped or hindered the voc rehab process?
 - How would you assess the effectiveness of rehab efforts? What changes could improve its effectiveness?
 - Given the discretion that OWCP allows District Offices in managing their program, do you use any techniques that you consider particularly innovative/effective? What had been the outcome?

Staffing and Training

4. How much turnover do you see in this office among staff and contractors (i.e., screeners)? What type of impact does this have on performance?
 - What are the qualifications for staff in this unit?
 - What percentage of workers in this unit are contract workers?
 - What is the average number of cases per client in this unit?
5. Our understanding is that basic training for rehab specialists is provided by Headquarters. (Is this correct?) Who gets training? New staff only?
 - Does your district provide any additional training?
 - What is the quality of the training?
6. What types of systems are in place to monitor and evaluate staff and contractor performance?

Conditions and Trends

7. What economic, social, legal/regulatory, and institutional conditions within this district affect OWCP operations and performance?
 - For example, are there specific conditions that influence the volume, timing, and/or type of claims (e.g., significant presence of certain Federal agencies, weather related-conditions, etc.)?
 - What conditions affect your ability to place injured workers with new employers?
8. Over time, has the number and type of cases you are seeing remained relatively constant, or has it fluctuated? (If fluctuated, what are some possible causes for the variation?)
9. Over the near future, what trends do you see influencing the level of claims, resolution of claims, and the major functions and operations of the District Office?
 - *Trends may relate to anticipated shifts in funding, regulatory changes, or new changes to OWCP processes/procedures (at either the national or DO level).*

DISABILITY MANAGEMENT

10. What have been the effects of OWCP management initiatives such as QCM and PRM in terms of lost production days, reemployment, etc. as compared to traditional management of periodic roll cases?
11. How does OWCP interact with the pre-injury employer to facilitate re-employment?
 - What type of information is provided to agency representatives, and how often do CEs and agency reps communicate?
 - What agencies are most likely to initiate serious return to work efforts? Which ones seem least likely to do so?
12. Does the program “effectively” rehabilitate permanently disabled employees? To what degree and under what circumstances?
13. How often do you have to impose sanctions due to workers refusing rehabilitation services?
 - To what extent do workers seem satisfied with job openings identified by voc rehab counselors (i.e., using form OWCP 66)?
14. What percentage of the individuals you work with seek additional training?
 - What type(s) of training is most common in your district? (Any trends?)
 - How much influence do you have over worker choices related to re-training?
 - How effective is training in securing new placements? (Do you have any cost effectiveness data?)
15. What impact has the Assisted Reemployment Program had on your ability to place injured workers with new employers?

STAKEHOLDER RELATIONS

16. Describe the interaction you have with the various program stakeholders, including the injured workers, physicians, union reps, job training providers, etc.
 - At what points in the process might you interact with each type of stakeholder? What does that interaction typically consist of?
17. How has customer satisfaction in this jurisdiction been changing over time? (How is it being measured?)
 - How have improvements such as universal call centers and the adoption of customer service performance standards affected customer relations/customer satisfaction? How is this assessed?

COST CONTROL/COST EFFECTIVENESS

18. How have voc rehab costs changed over time (direct training costs and admin costs)?

DATA/QUALITY CONTROL *[Ask only if Rehab Specialists have a role in data entry]*

19. Describe how files are created, updated, and closed out.
 - How regularly are files updated? Who is responsible for updating them?
 - How often is data transmitted to HQ? Please explain this process.
20. What types of controls are in place to ensure data integrity and reliability?
 - What is your opinion of the current data collection and performance monitoring systems?
 - What are your thoughts regarding the new IF ECS system?

OVERALL FECA PROGRAM PERFORMANCE

21. What is your overall assessment of FECA program performance? What are the main components or issues that either contribute to or hinder success?
 - Are performance targets reasonable and properly targeted?
 - What factors most affect your ability to meet the OWCP timeliness goal related to plan development (180 days)?
22. What do you perceive as significant risks that impact or threaten achievement of the FECA program's general goals?
23. What do regulatory and programmatic changes do you think could improve the overall performance of the FECA system?
 - *Prompts might include modifying/Updating the benefit structure, charging agencies the full costs of FECA, modifying benefits for post-retirement aged persons, altering rules related to COP, eliminating coverage of stress, etc.*

Note: Please be sure to obtain contact information before concluding the interview.

Staff Nurse

INTRODUCTION

Hello. My name is (interviewer name), and I work at ICF Consulting, an independent research and consulting firm in Fairfax, VA. The Office of Workers Compensation Programs, OWCP, has asked ICF Consulting to conduct a study to evaluate the efficiency and effectiveness of the Federal Employee Compensation Act (FECA) program in the context of Federal performance standards and in relation to the workers' compensation industry at large. Assisting us with the study are two subject matter experts that have studied workers compensation systems worldwide – Allan Hunt of the Upjohn Institute and Peter Barth from the University of Connecticut.

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- The history of the system and the evolution of various initiatives (such as QCM) in this district;
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Regardless, we will send those paragraphs/sections in which your district is referenced back so that you may review them for accuracy before we submit the final report to DOL.

ROLES/RESPONSIBILITIES

1. Please describe your role in the FECA program generally, and in this office specifically (e.g., your responsibilities, what you do on a day-to-day basis, etc.)

DISTRICT OFFICE OVERVIEW

QCM and ENI Processes

2. Describe the role of the early intervention nurse.
 - Walk us through the process of the early nurse program, from how and when a nurse is selected/assigned to a case, what his/her responsibilities are, and what type of interaction he/she has with other staff in the District Office (e.g., claims examiners, QCM nurses, etc.).
 - How would you assess the effectiveness of the early nurse program? What changes could improve its effectiveness?
3. Describe the role of a QCM nurse.
 - Describe how and when a nurse is selected/assigned to a case, what their responsibilities are, and what type of interaction they have with other staff in the DO (e.g., early nurses, claims examiners, QCM unit, voc rehab, etc.).
 - How would you assess the effectiveness of QCM efforts? What changes could improve its effectiveness?
 - Given the discretion that OWCP allows District Offices in managing the FECA program, do you use any techniques that you consider particularly innovative/effective? What had been the outcome?
4. Please describe the process you use to recruit nurses.
 - What are the qualification requirements?
 - Do you have difficulty recruiting “good” nurses in this area?
 - Is there overlap among early nurses and QCM nurses?

Staffing and Training

5. How much turnover do you see in this office among nurses? What type of impact does this have on performance?
6. What type of training is offered to nurses? Is it standardized across all DOs or unique to this office? How is it developed? (What is the quality of the training?)
7. What types of systems are in place to monitor and evaluate staff and contractor performance?

Conditions and Trends

8. What economic, social, legal/regulatory, and institutional conditions within this district affect OWCP operations and performance?
 - *For example, are there specific conditions that influence the volume, timing, and/or type of claims (e.g., significant presence of certain Federal agencies, weather related-conditions, etc.)?*
9. Over time, have the types and level of cases remained relatively constant, or have the types of cases submitted to OWCP changed? (If fluctuating, what are some possible causes of the variation?)
10. Over the near future, what trends do you see influencing the level of claims, resolution of claims, and the major functions and operations of the District Office?
 - *Trends may relate to anticipated shifts in funding, regulatory changes, or new changes to OWCP processes/procedures (at either the national or DO level).*

WAGE LOSS COMPENSATION

Timeliness

11. With regard to timeliness issues, how would you assess the office's performance processing claims generally?
 - What principal factors affect how quickly cases move through the claims examination process?
 - *Prompts may include timely Agency submission of claim by injured worker and employing agency, appropriate/sufficient medical evidence submitted, internal OWCP processes, etc.*
 - In your experience, what are factors that influence how long it takes claimants and their agencies to file within the allowable period?
 - What could be done to improve timeliness?
 - What effect, if any, do fluctuations on the number of claims have on timeliness?

DISABILITY MANAGEMENT

12. What have been the effects of OWCP management initiatives such as ENI and QCM in terms of lost production days, reemployment, etc. as compared to traditional management of periodic roll cases?
13. How does OWCP interact with the pre-injury employer to facilitate re-employment?
 - What type of information is provided to agency representatives, and how often do CEs and agency reps communicate?
 - What agencies are most likely to initiate serious return to work efforts? Which ones seem least likely to do so?
14. Does the program "effectively" rehabilitate permanently disabled employees? To what degree and under what circumstances?

STAKEHOLDER RELATIONS

15. Describe the interaction you have with the various program stakeholders, including the injured workers, physicians, union reps, etc.
 - At what points in the process might you interact with each type of stakeholder? What does that interaction typically consist of?
16. How has customer satisfaction in this jurisdiction been changing over time? (How is it being measured?)
 - How have improvements such as universal call centers and the adoption of customer service performance standards affected customer relations/customer satisfaction? How is this assessed?

DATA/QUALITY CONTROL *[Ask only if nurses have a role in data entry]*

17. Describe how files are created, updated, and closed out.
 - How regularly are files updated? Who is responsible for updating them?
 - How often is data transmitted to HQ? Please explain this process.
18. What types of controls are in place to ensure data integrity and reliability?
 - What is your opinion of the current data collection and performance monitoring systems?
 - What are your thoughts regarding the new IF ECS system?

OVERALL FECA PROGRAM PERFORMANCE

19. What is your overall assessment of FECA program performance? What are the main components or issues that either contribute to or hinder success?
20. What do you perceive as significant risks that impact or threaten achievement of the FECA program's general goals?
21. What do regulatory and programmatic changes do you think could improve the overall performance of the FECA system?
 - *Prompts might include modifying/Updating the benefit structure, charging agencies the full costs of FECA, modifying benefits for post-retirement aged persons, altering rules related to COP, eliminating coverage of stress, etc.*

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Appendix C:

Office of Workers Compensation Programs

CONCEPT MAPPING SUMMARY REPORT

OFFICE OF WORKERS COMPENSATION PROGRAMS

CONCEPT MAPPING SUMMARY REPORT

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OFFICE OF WORKERS COMPENSATION PROGRAMS

BUILDING THE CONCEPTUAL FRAMEWORK: SUMMARY REPORT

EXECUTIVE SUMMARY

The Federal Employees' Compensation Act (FECA) provides workers' compensation coverage to three million Federal and postal workers around the world for employment-related injuries and occupational diseases. Benefits include wage replacement, payment for medical care, and where necessary, medical and vocational rehabilitation assistance in returning to work.

The Office of Workers' Compensation Programs (OWCP) oversees the FECA program. OWCP seeks to evaluate the FECA program in order to assess its effectiveness and to develop recommendations for improvement. Specifically, the evaluation will provide insightful analysis and useful recommendations to enable top Employment Standards Administration and OWCP management to assess FECA program effectiveness in the context of Federal Government standards for strategic planning and performance and in relation to the workers' compensation industry at large.

In collaboration with ICF Consulting and the US Department of Labor, Concept Systems Inc. asked participants to help them understand the key elements of a successful workers' compensation program. What follows is a summary of the results of that assessment project. It provides insight for OWCP into their stakeholders' expectations, and gives ICF Consulting a conceptual framework from which to build an evaluation plan for the program.

This assessment project included other assessment activities in addition to concept mapping; ICF consulting will provide a full report of these activities.

PROJECT DESIGN

The purpose of the concept mapping portion of this project was to gather, aggregate, confirm and integrate the specific knowledge and opinions of key stakeholders on what makes a successful workers' compensation program. The Project Team identified three levels of participation to ensure that the project would benefit from appropriate involvement from individuals with experience, knowledge and commitment to the issue at hand: Project Team, Core Group, and Extended Group.

The Project Team itself acted as the client group and design team for the project. It consisted of representatives from Department of Labor, ICF Consulting, and Concept Systems, Inc. The Project Team's major responsibilities included

- the logistics and timing of the project
- identifying participants with knowledge and experience relevant to the issue
- drafting and approving communications with participants
- assisting in the successful completion of each phase of the project.

Core participants included some members of the Project Team, staff members from the Office of Workers Compensation Programs, agency staff, and union representatives. Core members were asked to participate in three activities: the initial brainstorming, the individual sorting, or categorizing of the subsequent set of statements, and the rating on value scales defined by the Project Team. These activities are described in more detail below, under Procedures.

The Extended Group members were identified by the Project Team as individuals with valuable knowledge and information gained from their experiences in working with the OWCP from a number of different perspectives. Invitees were asked to participate in both brainstorming and the rating of the subsequent list of statements on value scales identified by the Project Team.

METHODOLOGY

To accomplish the desired result, planners utilized The Concept System planning and facilitation methodology, the key components of which are concept mapping and action planning. Concept mapping is a mixed methods planning and evaluation approach that integrates familiar qualitative group processes (brainstorming, categorizing ideas, and assigning value ratings) with multivariate statistical analyses to help a group describe its ideas on any topic of interest and represent these ideas visually through a map.⁵⁷ The process typically requires the participants to brainstorm a set of statements relevant to the topic of interest, individually sort these statements into piles of similar ones, rate each statement on one or more dimensions, and interpret the maps that result from the data analyses. The analyses includes multidimensional scaling (MDS) of the sort data, hierarchical cluster analysis of the MDS coordinates to create a two dimensional XY plot of the points. The result shows the individual statements in two-dimensional (x,y) space with more similar statements located nearer each other and grouped into clusters. Additionally, the ratings provide the data to compute an average for each individual item and for each cluster of items. These rating results can then be added to the map as third dimension (height). The result is multiple maps that are then interpreted by stakeholders in a facilitated session(s). Participants are actively involved in interpreting the results to ensure that the maps are understandable and labeled in a meaningful way.

PROCEDURES

ESTABLISHING THE FOCUS

To facilitate the collection of meaningful input, the Project Team, with guidance from Concept Systems, Inc., developed this focus prompt to which stakeholders responded:

"From my perspective, a specific element (i.e. service, feature, process) that contributes or could contribute to a successful worker's compensation program is..."

IDEA GENERATION

135 stakeholders were asked to provide input on elements of a successful workers' compensation program, using the prompt above as the focus for the structured responses. Each participant was asked to generate or brainstorm approximately five to ten ideas. Recognizing that the stakeholders' locations and access to technology varied, the project enabled multiple methods for submitting ideas. Stakeholders were contacted and provided with a web address for a project-specific website on which participants could submit their ideas online. Additionally, participants could choose to submit ideas using a fax back form. Participants could also return forms by mail.

STATEMENT REDUCTION

The preliminary statement set for this project numbered 160. The Project Team used the following criteria to produce a final set of statements:

⁵⁷ References and articles on the Concept System can be obtained by calling 607-272-1206 or by emailing infodesk@conceptsistemas.com

- Relevance to the stated focus question or within the scope of the question at hand
- Redundancy or duplication
- Clarity of meaning
- Relative appropriateness for the sorting and rating tasks to be completed

Appendix I shows the final list of ideas, which numbered 94.

STRUCTURING THE IDEAS

Following the completion of the idea generation or brainstorming phase, participants were contacted again and asked to participate in tasks to structure the information.

Sorting. In the sorting task, each individual organizes or sorts the entire database of ideas into groups or themes based on similarity of the ideas. Each member of the Core Group was asked to identify themes among the ideas by completing a sorting task. Concept Systems, Inc.⁵⁸ provided a dedicated website for those participants to complete the task online.

Rating. For the rating task, all stakeholders who participated in the idea generation were again contacted and asked to evaluate or rate on a five point scale each of the final ideas. Participants were asked to rate along two dimensions: *Importance* and *Resource Allocation*. Stakeholders could complete this task using the dedicated website, or by faxing back a form sent to them. The rating scales are described below:

Importance Rating

- 1 = Relatively unimportant compared to the rest
- 2 = Somewhat important compared to the rest
- 3 = Moderately important compared to the rest
- 4 = Very important compared to the rest
- 5 = Extremely important compared to the rest

Resources Rating

- 1 = No resources should be allocated, compared to the rest
- 2 = Fewer resources compared to the rest
- 3 = Resources are about right compared to the rest
- 4 = Some additional resources compared to the rest
- 5 = Much greater resources compared to the rest

COMPUTING THE MAPS

The Concept System⁵⁹ uses multi-dimensional scaling and hierarchical cluster analysis to integrate the sorting information from each individual and develop a series of easily readable concept maps and reports. These maps show the perspective of the

⁵⁸ The Concept System[®] computer software (Concept Systems, 2000) was used to perform all analyses and produce all of the maps and statistical results. Most of the data was collected over the Worldwide Web using the Concept System Global[®] software to allow for participation from any location with access to the Worldwide Web.

⁵⁹ The Concept System[®] and Concept System Global[®] software are licensed through Concept Systems Incorporated, Ithaca, New York (<http://www.conceptsystems.com>).

entire group of participants as well as sub groups. In effect, the Concept System represents the unique perspectives of a diverse group of individuals, preserves the best thinking of each individual and integrates the individual detail to construct and produce a coherent picture of the entire group.

The analysis uses the sort information to construct an NxN binary, symmetric matrix of similarities, for all sorting participants.

The total similarity matrix was analyzed using non-metric multi-dimensional scaling (MDS) analysis with a two-dimensional solution. The two-dimensional solution yields a configuration in which statements grouped together most often are located more closely in two-dimensional space than those grouped together less frequently. The x,y configuration resulting from the MDS analysis was the input for the hierarchical cluster analysis. To determine the best fitting cluster solution the analysts examined a range of possible cluster solutions suggested by the analysis, and took into account the fit of the contents within clusters as well as the specific desired uses of the results in planning and action development.

MAP INTERPRETATION

The maps and reports produced by the Concept System reflect and summarize the work of the stakeholders during the idea generation and structuring (sorting and rating) phases. The next step in the process requires interpretation and discussion by the stakeholders in this project. Two tasks were undertaken in this step. First, the resulting data were reviewed with the Project Team to ensure the reasonableness of the solution and name the categories, or clusters. This review also involved a preliminary discussion of the meaning, relevance and potential uses and implications of the results. Second, any necessary edits or changes to the maps that were decided upon at the Project Team meeting were incorporated. A more detailed description of the results appears below.

RESULTS

RESPONSE RATE

The brainstorming activity is open to all identified stakeholders who were invited to participate in the project, about 135 people in all. Brainstorming is confidential and anonymous, thus limiting CSI's ability to identify with certainty the number of people who participated.

Thirty-seven stakeholders were identified to complete sorting task. Fifteen completed the sorting phase of the project.

To engage a broader group of people in the rating task, all who were invited to participate in brainstorming were again contacted and asked to complete the rating task. Approximately 45 stakeholders completed the ratings.

MAPS

In concept mapping, several different maps are typically generated based on the same underlying data structure, the arrangement of the statements by MDS. The foundation for all maps is the point map. The point map shows the relation of each idea to each other idea in a two dimensional Euclidean space. Distance between points is meaningful: the closer two points are on the map the more frequently those two ideas were sorted together by the people who took part in this project. Therefore, on the point map, points that are closer together are more similar in meaning and points that are distant are more dissimilar.

Figure 1 shows the arrangement of points. This point map can be used to illustrate the location of ideas in relation to each other. In Appendix I: List of Statements Used in the Concept Mapping Project,

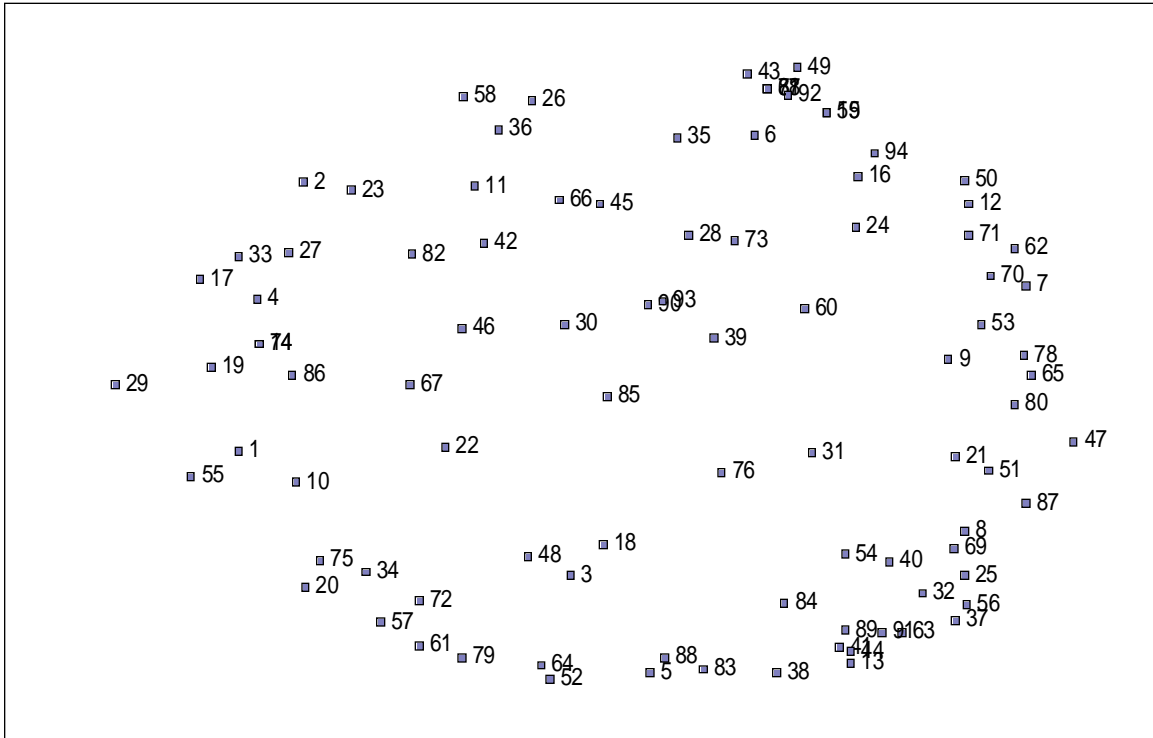


Figure 1. Point Map, indicating the array of all statements and their relationship to each other.

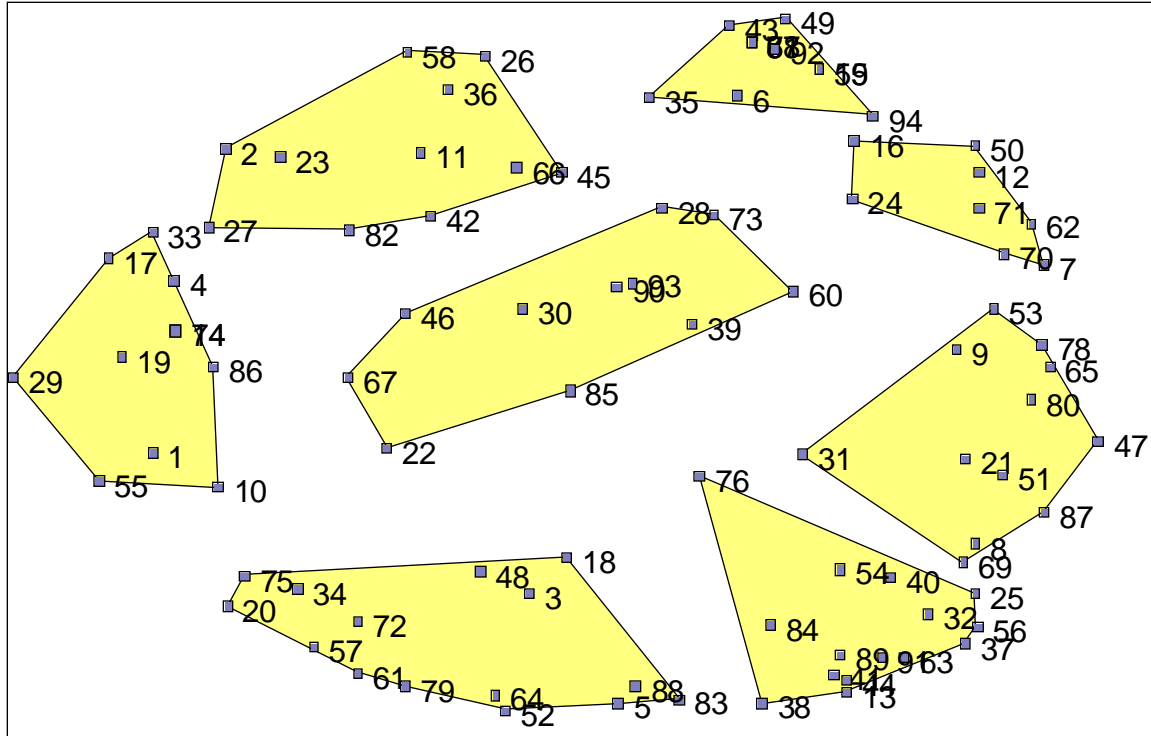
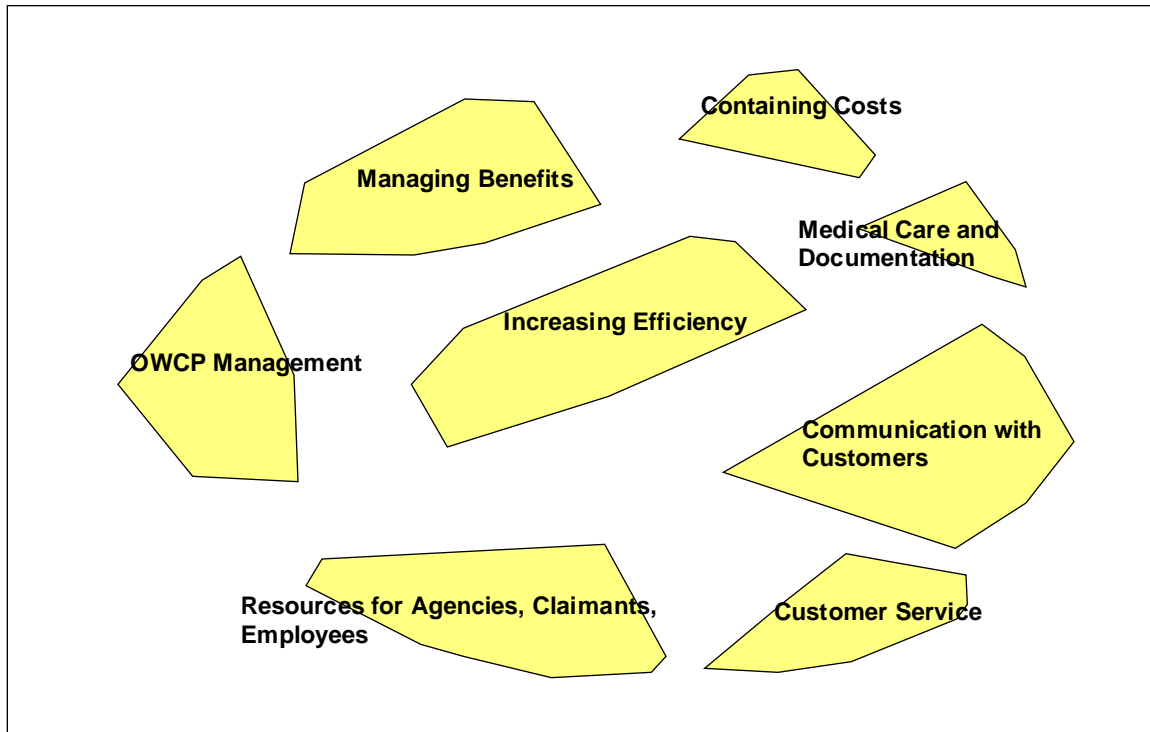


Figure 2. Point Cluster Map

While the arrangements of ideas and their relationships in the point map are interesting, the level of detail is useful primarily as a means of introducing stakeholders to the results and for laying the foundation for the additional maps and other analyses. The application of cluster analysis parses the map's space into groups, or clusters, of key ideas. In this case, the optimal solution was an eight-cluster solution (Figure 2). The compelling value of the cluster map graphic is to enable the recognition of a shared conceptual framework for discussing and planning for progress on a broad topic such as elements of a successful workers' compensation program. Establishing agreement among constituents and key participants on the reasonableness and utility of the cluster map as a frame of reference, discussion and action is a major element in the process.

Figure 3. Concept Map. An eight-cluster concept map indicating the main topics, or concepts, that contain the 94 ideas that



make up the content of the project. Small clusters Medical Care & Documentation suggest groups of closely related ideas, and areas like Increasing Efficiency are representative of a broader, more encompassing concept.

Each of the clusters is comprised of items that, while specifically different, express a similar theme. An interpretive task is to determine the most appropriate label or title to express the theme in each of the clusters. While this is partly an analytical task and can be accomplished by an analyst, there is more value in engaging the stakeholders in reviewing the content and reaching consensus on the labels. There is a threefold value in this approach. First, this provides an opportunity for stakeholders to understand and internalize the deep structure of the map and, as a result, begin to consider the implications of these data. Second, the stakeholders are experts in the content and as such recognize and appreciate the nuances of meaning that may be missed by an analyst. Third, this provides stakeholders with a common framework with which to begin sharing ideas and begin the mutual construction of a shared framework.

As Figure 3 shows, this map is an eight-cluster solution, with the following conceptual categories:

- Managing Benefits,
- Containing Costs,
- Medical Care & Documentation,
- Increasing Efficiency,
- Communication with Customers,
- Customer Service,
- Resources for Agencies, Claimants, Employees,
- OWCP Management.

The analyses described above applied the data only from the sorting exercise; thus, no implications of relative value exist in these graphics. Value on the scales used in the project is

represented below, in the Ratings discussion. Rather, the shape and size of the categories reflects the distribution of the points within that cluster, with large clusters typically covering more conceptual area than smaller clusters.

Appendix III shows the complete list of statements per cluster.

RATINGS

Identifying the issues is a critical first step for a needs assessment. The rating data then provides additional information to answer four questions.

- First, while all of the ideas are important, which ideas are most important? In other words, among all of the ideas, are there a smaller number of clear priorities?
- Second, what ideas should have more resources dedicated to them than the others?
- Third, what is the relationship of importance and resource allocation among the concepts?
- Fourth, do different priorities emerge from different groups of stakeholders?

To make rating data accessible to all stakeholders, the data is represented in three types of graphs: Cluster Rating Maps, Pattern Matches, and Go-Zone Analyses. In the cluster rating map, the greater the height dimension, the higher the average rating for the cluster. The rating data, when coupled with the concept map, provides the means to facilitate discussion of these important questions. Pattern Matches show the rating results by cluster or concept level, and Go-Zone analyses show item-level results.

CLUSTER RATINGS MAPS

Using the specific statements as the data points, the analysis computes the average rating of each item and then the average of all items within a cluster or concept. The resulting value for each cluster is shown in the Cluster Rating Maps below (Figure 4 and 5). In the Cluster Rating Map, the greater the height dimension, the higher the average rating for the cluster. Figure 4 shows the average cluster ratings for the Importance scale, and Figure 5 shows the average ratings for the Resource scale.

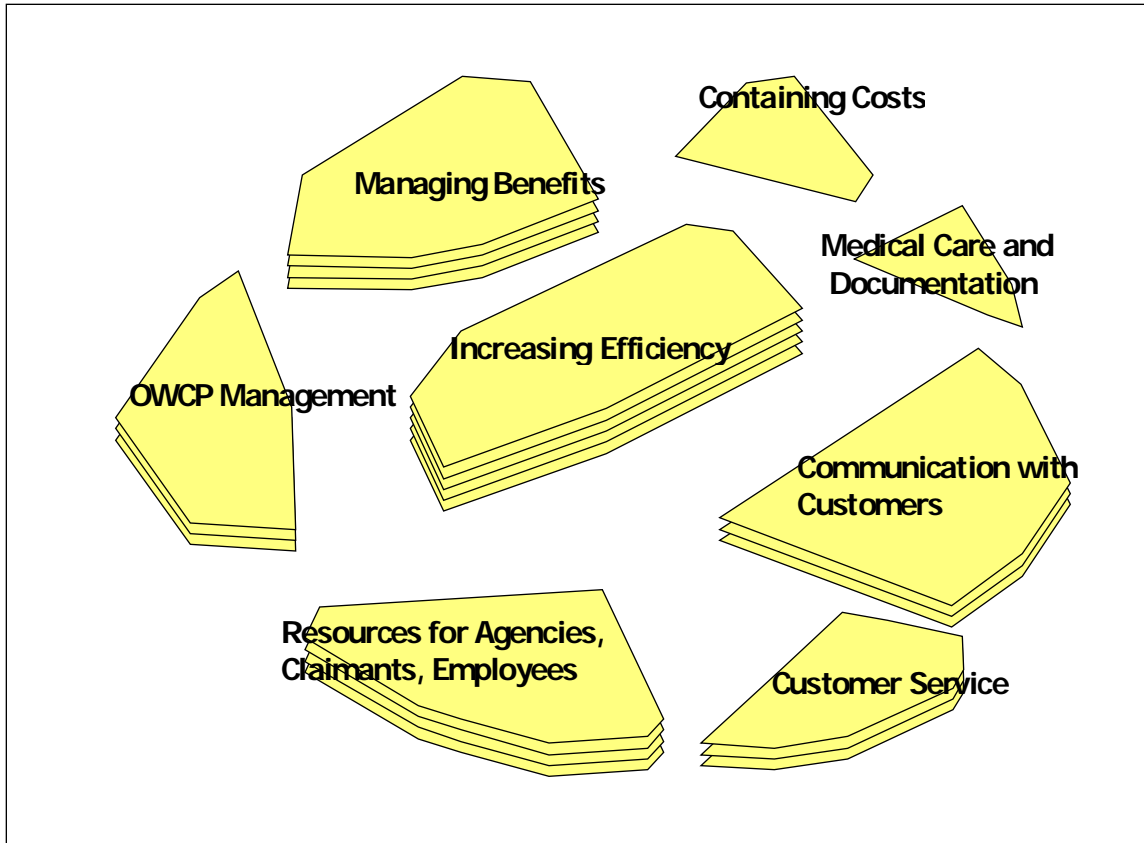


Figure 4. Cluster Rating Map, indicating the relative *importance* of the contents of each cluster. This suggests that Increasing Efficiency is considered relatively more important than, for example, Medical Care & Documentation.

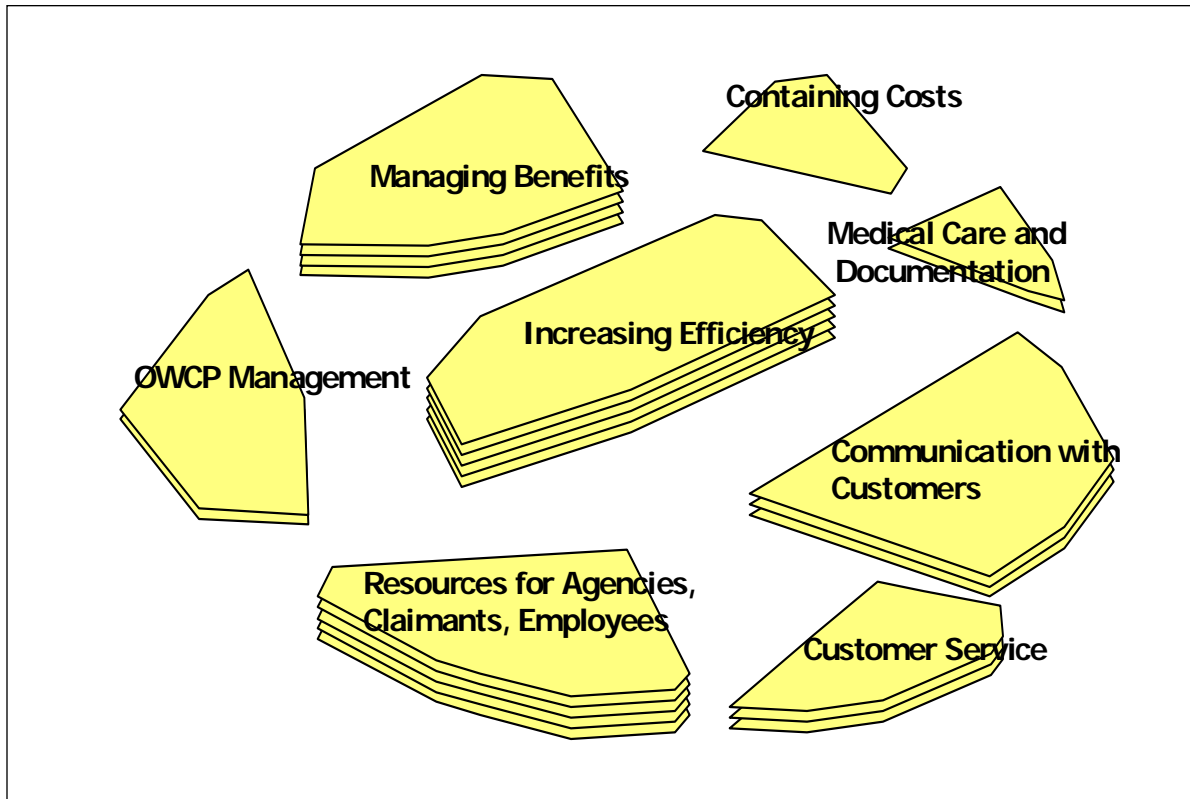
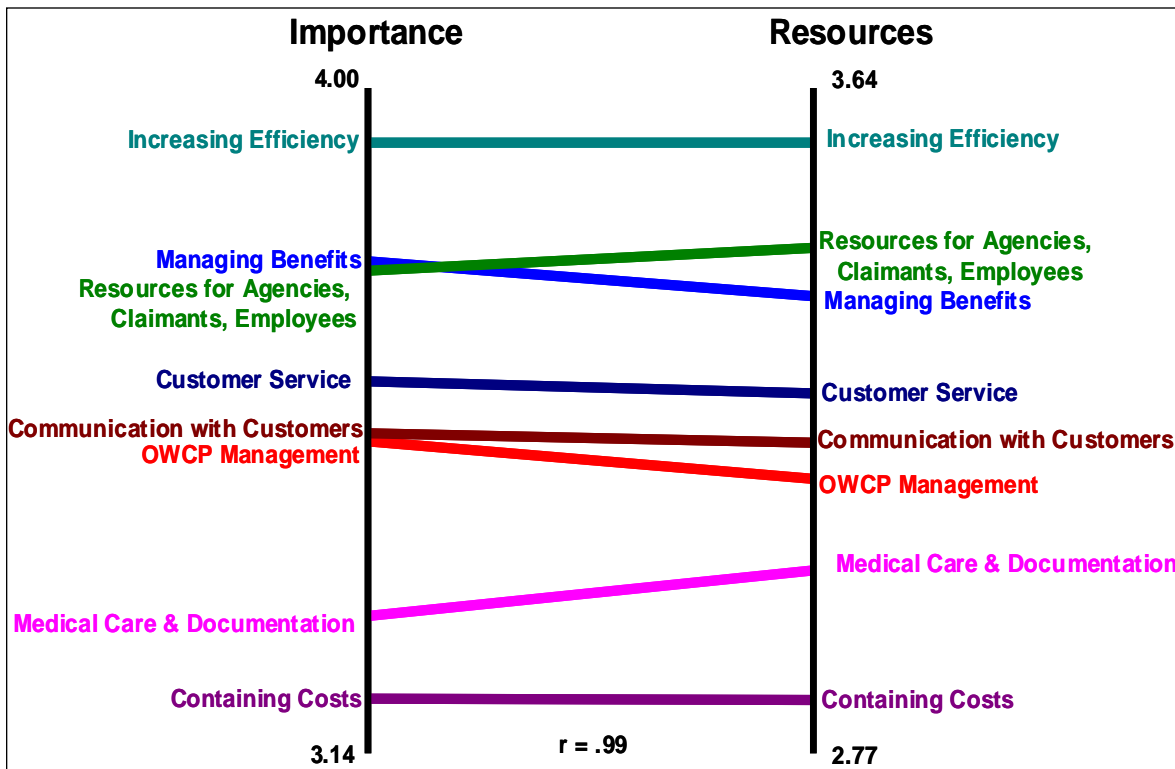


Figure 5. Resources Cluster Rating Map, indicating the relative *Resource Allocation* of the contents of each cluster. Stakeholders rated items on this scale similarly to the Importance scale.

PATTERN MATCHES

A second graph enables the presentation of two values on the map contents in comparison to each other. In this project, each cluster is arrayed on a vertical number line for *importance*, and on another vertical number line for *resource allocation*. Figures 4 & 5 show the Cluster Rating Maps and Figure 6 shows the number lines, or Pattern Match, for these variables. To facilitate interpretation by groups of stakeholders, these number lines are joined to compare the pattern of results for importance to the pattern for resource allocation; hence the term “pattern matching.”

Figure 6. Importance and Resources Pattern Match: All Participants. It is clear from this graph that



participants rated Importance and Resources similarly.

Pattern matches can also compare the value ratings of two different groups. Figure 7 compares the Importance ratings of OWCP staff members with those of the people they serve (Agency Staff, Claimants, and Union Representatives). It is not surprising to learn that OWCP staff is more concerned with OWCP Management than its customers are, and customers top concerns include Managing Benefits, Increasing Efficiency, along with customer service concerns.

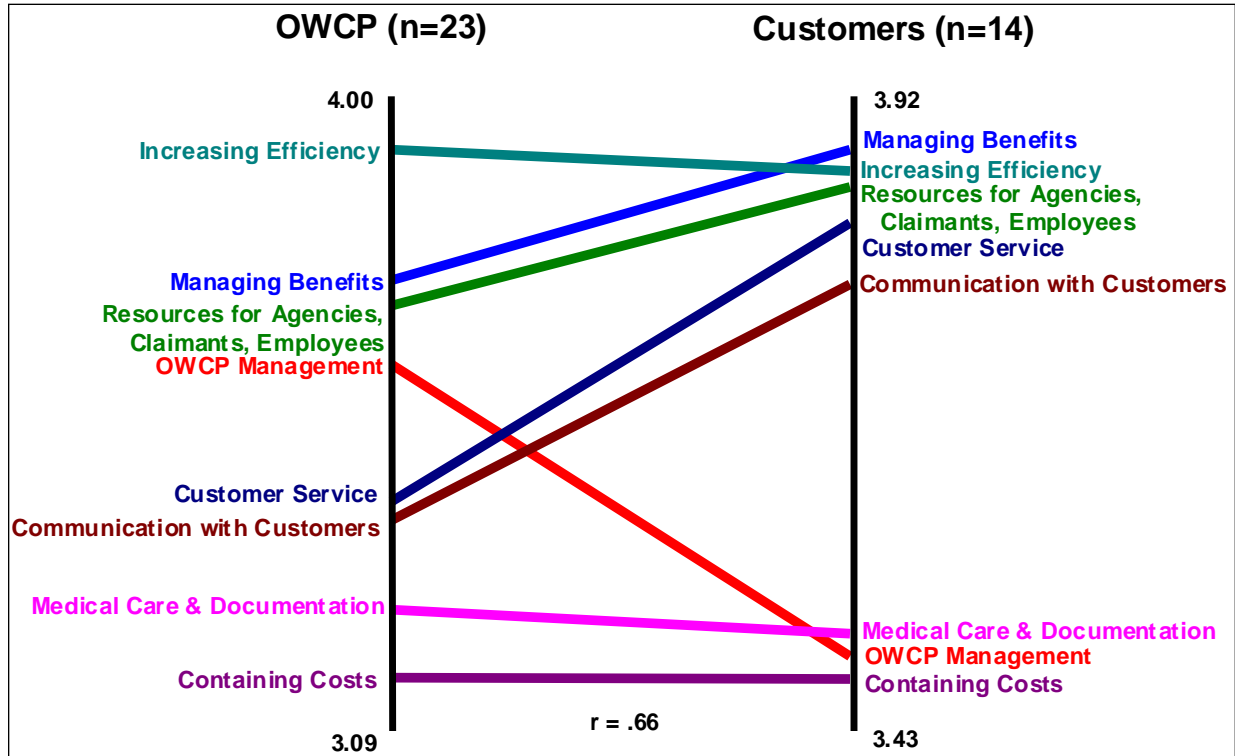


Figure 7. OWCP and Customers Importance Pattern Match

The purpose of these graphs is not to provide a specific data driven answer about actions. Rather, the point is use the data to show decision makers what their stakeholders are thinking. The goal of this presentation is to elicit and even provoke a discussion, based on evidence, of what this result means and what responses might logically emerge. The discussion can be focused on the issues that seem to need the most attention.

One final point must be made. The range on the scales is somewhat small due to the fact that the cluster mean is the mean of item scores, and the item scores are the mean values across raters. In effect, the pattern match is a mean of means and the deviation among scores is quite small. However, the results are not meant to be extrapolated from a sample to some other population. Rather, the results are intended to show what a group of selected key informants think about an issue. As such, while the dispersion may be small the fact remains that items within some clusters were systematically rated higher [or lower] than items in other clusters. This systematic bias represents information that should be noted by decision makers.

“GO-ZONE” ITEM ANALYSES

A further graphical representation of the results is the Go-Zone Analysis, a bivariate plot of the items in each cluster. Just as the concept map cluster levels and the pattern match enable decision makers to observe, understand and agree upon the relationship and relative value of concepts, the go-zone analysis enables stakeholders to keep the larger conceptual view in mind, while returning to the contents of each cluster to answer questions in more detail within each concept.

As an example, consider the OWCP/Customers pattern match (Figure 7) and look at the line for the concept of “Communication with Customers.” If this were an area of interest and discussion it would be useful to revisit the detail for this conceptual cluster. Are there items within this concept that are both important to both groups? To examine this, a plot of all of the items that comprise this cluster is graphed for the Importance ratings of OWCP staff and their customers (Figure 8). A line was drawn on the vertical at the mean to divide high and low importance for OWCP staff; and a horizontal line was drawn at the mean to divide high and low importance for customers. The result is that items in the upper right quadrant have the highest mean ratings for both groups. These items might suggest issues that ought to be addressed first, given that they are considered important by many stakeholders. Certainly there are other interpretations that could be added to understand this graph. The key point is that this provides a way for all stakeholders to view the data and to then engage in assisted dialogue about implications. Go-Zone analyses comparing Importance and Feasibility for all clusters are located in Appendix II.

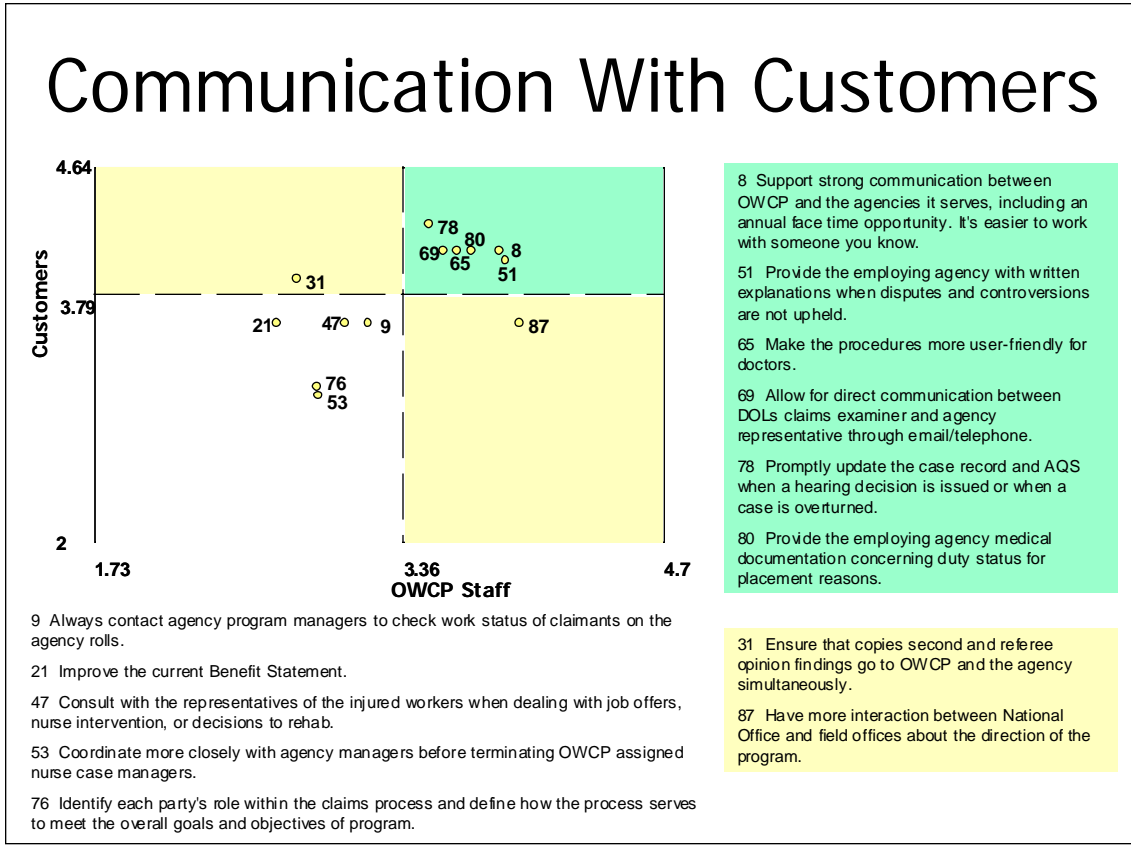


Figure 8. Sample Go-Zone Analysis

CONCLUSION

The Concept Mapping project described in this report provides a summary of what key stakeholders who work with Office of Workers' Compensation Programs see as the elements of a successful workers' compensation program. It provides a conceptual framework which OWCP can use to define its priorities in evaluating and improving its program. It allows ICF and OWCP to move forward in this endeavor equipped with input from OWCP staff as well as the agencies, claimants, and union representatives they work with.

APPENDICES

Appendix I: List of Statements Used in the Concept Mapping Project

#	Statement
1	Spend resources to study and emulate best practices of other workers' compensation programs throughout the country and world.
2	Ensure that the employing agency honor the 5 day requirement to get the CA7 compensation claim forms to the Dept of Labor.
3	Educate agencies how to make appropriate job offers for injured employees, to return them to work.
4	Decrease the number of claims examiners per case.
5	Develop online resources for claimants, agencies, unions, and providers that are easy to understand and follow.
6	Mandate use of a contracted medical network similar to that utilized in private industry.
7	Remove the 120 day time limitation for Field Nurse services on a case.
8	Support strong communication between OWCP and the agencies it serves, including an annual face time opportunity. It's easier to work with someone you know.
9	Always contact agency program managers to check work status of claimants on the agency rolls.
10	Encourage the National Office to establish a vision for the future and supporting policies, that are coherently expressed to the field.
11	Focus on quality care and timely nurse intervention.
12	Make it mandatory for doctors to complete CA-17 and return same to agency.
13	Effective communication with claimants and stakeholders so they are kept aware of the status of the claim thus eliminating any confusion and inquiries.
14	Expose program managers to various ways of thinking and managing by providing educational and other training opportunities.
15	Modify the benefit system so injured workers suffer a penalty rather than a reward for being injured and/or failing to return to the DOI job.
16	Have a more conclusive appeal process in which there is an ending point for appeal so they do not continue forever.
17	Find jobs in private industry for partially/fully recovered claimants when agencies are unable to provide jobs.
18	Implement a Problems Resolution program similar to the one the IRS has.
19	Develop big picture case management skills in the examiners and the Program Managers, so that there is less "bean-counting" and more case management.
20	Have an updated entry-level computerized training program for new Claims Examiners that is used program-wide, to ensure consistent training.
21	Improve the current Benefit Statement.
22	Link injury prevention programs - like OSHA - with injury compensation (OWCP) in order to minimize injuries and hence, workers' comp costs.
23	Rewrite the claims examiner position so that it focuses more on entitlement decision-making and related functions instead of a multitude of clerical duties.
24	Early intervention by the nurse.
25	Provide telephone number for claims examiner, and a supervisor hotline.
26	A viable mandated work-hardening and employment placement program, with employment counselors assigned to assist with resumes, interviews, follow-up calls, coaching, etc.
27	Get monetary compensation to injured workers in a timely fashion
28	Quick medical authorization and effective medical management.
29	Review compensation to encourage retention, application (for senior and mgr jobs), and morale.
30	Do early adjudication, as soon as the evidence establishes compensability; do not wait for a deadline.
31	Ensure that copies second and referee opinion findings go to OWCP and the agency simultaneously.
32	When an injured person calls the dept of labor, (s)he should be able to speak to a person, not a voice mail with a promise of a return call.
33	Decentralize by moving jobs that are traditionally National Office jobs to the field.

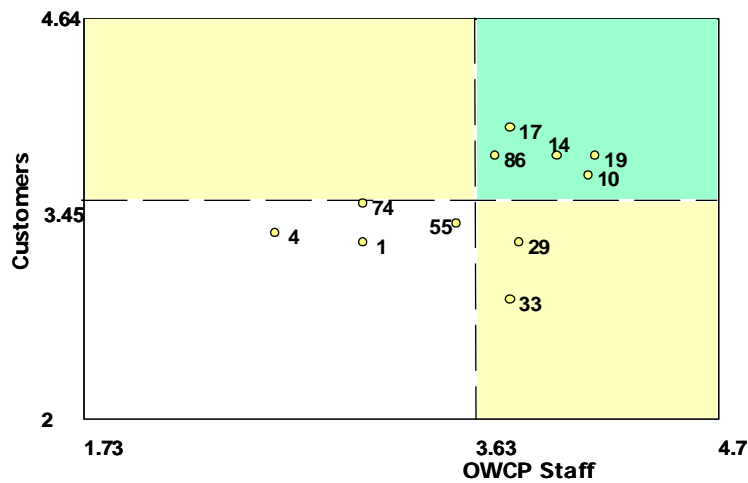
#	Statement
34	Quick and efficient methods for claimants and agencies to submit wage loss claims and OWCP to process (electronic).
35	More active long-term case management with review of medical and earning information.
36	Encourage placements across agency lines.
37	Establish good working relationships with employees, supervisors, employers and providers.
38	Enable a union rep to get answers from a dedicated source, so calls to examiners by each and every injured union member would be greatly reduced.
39	Have more timely second and referee medical opinions, with timely submission of findings.
40	Have an "ombud" function for injured employees who believe that their issue has not been satisfactorily resolved by going through the chain of command, and for employers who believe their complaints of waste/fraud are not being taken seriously.
41	Let the injured worker know what to expect by distributing standard information to all accepted cases.
42	Process payments for wage loss and medical treatment need on a two-day turnaround.
43	Lobby Congress to mandate conversion to regular retirement after 6 years on compensation.
44	Notify Injured workers that their case has been received and tell them what needs to be done if the claim exceeds \$1500.00 dollars.
45	Make sure that claimants receive that to which they are entitled in a timely manner,
46	Reduce time delay between receipt of claim and examiner's first review of the claim.
47	Consult with the representatives of the injured workers when dealing with job offers, nurse intervention, or decisions to rehab.
48	Uniformity of training to district staff and employing agencies
49	Amend Federal Employment Compensation Act to authorize judicial review of adverse determinations.
50	Require the claimant to meet burden of proof with medical documentation showing causal relation.
51	Provide the employing agency with written explanations when disputes and controversies are not upheld.
52	Make online case information and forms available to injured workers through a secure internet site.
53	Coordinate more closely with agency managers before terminating OWCP assigned nurse case managers.
54	Include union and agency representatives in training to reduce conflicts and provide consistent answers to questions.
55	Develop a program of employee development and succession planning.
56	Invite the union representatives to attend meetings with the employing agencies,
57	Have an organized system for updating agency addresses in a central location, rather than having to mail agency address to each district.
58	Emphasize fraud detection and find ways to restrict abuses.
59	Have a more conclusive election process between OWCP and OPM whereby the claimant cannot continuously jump between the 2 entitlements.
60	Write a more thorough and up to date OWCP procedure manual.
61	Have an automated system that allows Electronic Data Interchange of all forms and claim file information with real time data.
62	Require Hearings and Review to get another medical opinion before reversing District Office decisions based on new medical evidence.
63	Update form letter correspondence so that it is simple and clear, and contains specific claim information without FECA jargon.
64	Provide access to more recent ECAB decisions (OWCP web site decisions are 5 years old.)
65	Make the procedures more user-friendly for doctors.
66	Have a quicker appeal process with Hearings and Review and Employee Compensation Appeals Board.
67	Quicker and better rehab placement in private industry.
68	Reduce compensation to an annuity when the person would have been eligible to retire but for the injury.
69	Allow for direct communication between DOLs claims examiner and agency representative through email/telephone.
70	Check SSA records more frequently to determine if claimants have died.
71	Relax procedures and protocols for transfer of medical care from the attending physician.
72	Automatically review all bills when the claim is adjudicated and paid, so a doctor's office does not have to resubmit bills.
73	Have proactive case management - regular timely follow-up and consistent application of procedures and guidelines.

#	Statement
74	Support for the Federal Workers' Compensation Society's certification program, to provide joint educational opportunities for OWCP Claims Examiners, Agency Compensation Specialists, and others responsible for administering the program.
75	Take advantage of electronic capabilities to move work from the smaller districts to a central processing region.
76	Identify each party's role within the claims process and define how the process serves to meet the overall goals and objectives of program.
77	Put a waiting period in front of Continuation Of Pay.
78	Promptly update the case record and AQS when a hearing decision is issued or when a case is overturned.
79	Provide electronic access to relevant files at the Office of Personnel Management and the other agencies--a reverse AQS system.
80	Provide the employing agency medical documentation concerning duty status for placement reasons.
81	Reduce the amount of compensation when claimants return to the continental US. (do not include special allowances.)
82	Support your client by using USPS for shipping case records to agencies and labor representatives.
83	Allow the injured worker input as to whether he would like to be retrained in another agency or job.
84	Call claimants within the promised three days.
85	Have a mechanism for identifying and handling novel issues (e.g., newly emergent medical conditions).
86	Have well-defined responsibilities for employees at each level.
87	Have more interaction between National Office and field offices about the direction of the program.
88	Make the AQS even more useful than it already is, by allowing employees and managers to access claim status information with it.
89	Have a more user friendly voice response system for injured employees and employing agency personnel, to provide basic information to address inquires.
90	Expedite adjudication by going to the physician for medical evidence when the injured worker is off work.
91	Uniformity of how district offices handle phone calls
92	Expand the list of organs for which schedule awards can be paid.
93	Work with the Treasury to enable compensation payments on a daily, instead of a weekly, basis.
94	Change FECA and the appropriate regulations to remove coverage of stress.

Appendix II: Go-Zone Analyses

The next pages show the Importance Go-Zone reports, for OWCP staff and Customers, for each cluster.

OWCP Management

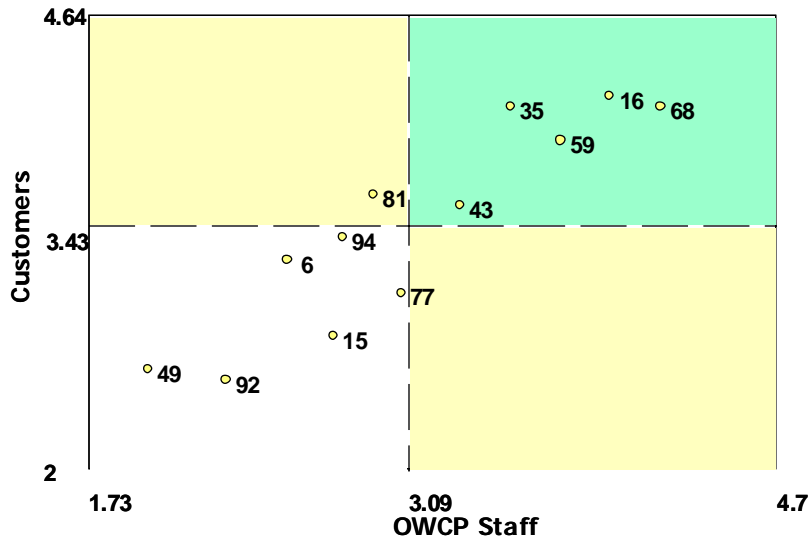


- 1 Spend resources to study and emulate best practices of other workers' compensation programs throughout the country and world.
- 4 Decrease the number of claims examiners per case.
- 55 Develop a program of employee development and succession planning.
- 74 Support for the Federal Workers' Compensation Society's certification program, to provide joint educational opportunities for OWCP Claims Examiners, Agency Compensation Specialists, and others responsible for administering the program.

- 10 Encourage the National Office to establish a vision for the future and supporting policies that are coherently expressed to the field.
- 14 Expose program managers to various ways of thinking and managing by providing educational and other training opportunities.
- 17 Find jobs in private industry for partially/fully recovered claimants when agencies are unable to provide jobs.
- 19 Develop big picture case management skills in the examiners and the Program Managers, so that there is less "bean-counting" and more case management.
- 86 Have well-defined responsibilities for employees at each level.

- 29 Review compensation to encourage retention, application (for senior and mgr jobs), and morale.
- 33 Decentralize by moving jobs that are traditionally National Office jobs to the field.

Containing Costs



16 Have a more conclusive appeal process in which there is an ending point for appeal so they do not continue forever.

35 More active long-term case management with review of medical and earning information.

43 Lobby Congress to mandate conversion to regular retirement after 6 years on compensation.

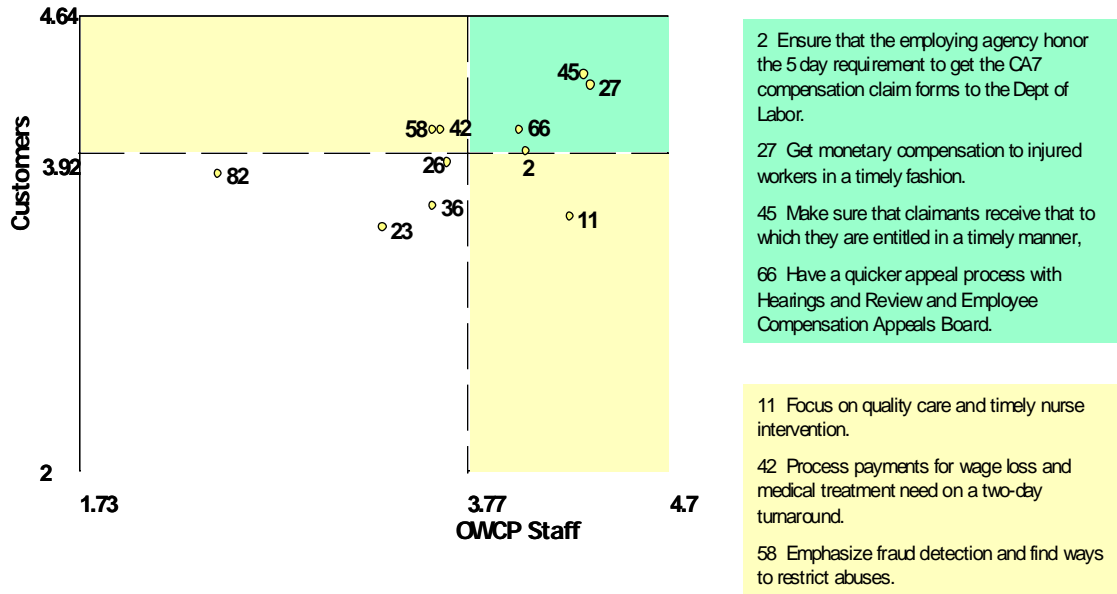
59 Have a more conclusive election process between OWCP and OPM whereby the claimant cannot continuously jump between the 2 entitlements.

68 Reduce compensation to an annuity when the person would have been eligible to retire but for the injury.

81 Reduce the amount of compensation when claimants return to the continental US. (do not include special allowances.)

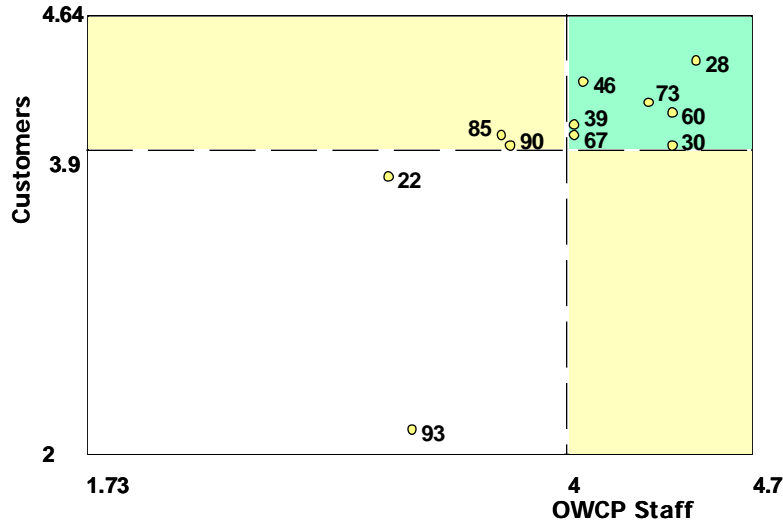
- 6 Mandate use of a contracted medical network similar to that utilized in private industry.
- 15 Modify the benefit system so injured workers suffer a penalty rather than a reward for being injured and/or failing to return to the DOI job.
- 49 Amend Federal Employment Compensation Act to authorize judicial review of adverse determinations.
- 77 Put a waiting period in front of Continuation Of Pay.
- 92 Expand the list of organs for which schedule awards can be paid.
- 94 Change FECA and the appropriate regulations to remove coverage of stress.

Managing Benefits



- 23 Rewrite the claims examiner position so that it focuses more on entitlement decision-making and related functions instead of a multitude of clerical duties.
- 26 A viable mandated work-hardening and employment placement program, with employment counselors assigned to assist with resumes, interviews, follow-up calls, coaching, etc.
- 36 Encourage placements across agency lines.
- 82 Support your client by using USPS for shipping case records to agencies and labor representatives.

Increasing Efficiency

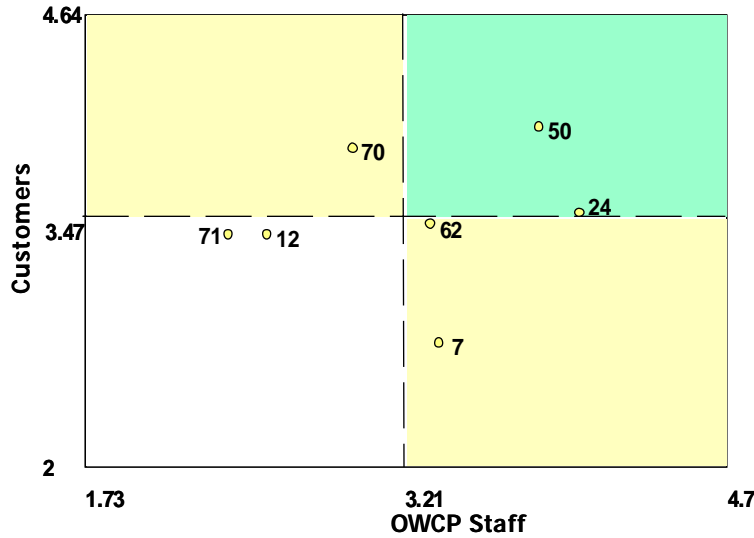


- 22 Link injury prevention programs - like OSHA - with injury compensation (OWCP) in order to minimize injuries and hence, workers' comp costs.
- 93 Work with the Treasury to enable compensation payments on a daily, instead of a weekly, basis.

- 28 Quick medical authorization and effective medical management.
- 30 Do early adjudication, as soon as the evidence establishes compensability; do not wait for a deadline.
- 39 Have more timely second and referee medical opinions, with timely submission of findings.
- 46 Reduce time delay between receipt of claim and examiner's first review of the claim.
- 60 Write a more thorough and up to date OWCP procedure manual.
- 67 Quicker and better rehab placement in private industry.
- 73 Have proactive case management - regular timely follow-up and consistent application of procedures and guidelines.

- 85 Have a mechanism for identifying and handling novel issues (e.g., newly emergent medical conditions).
- 90 Expedite adjudication by going to the physician for medical evidence when the injured worker is off work.

Medical Care and Documentation

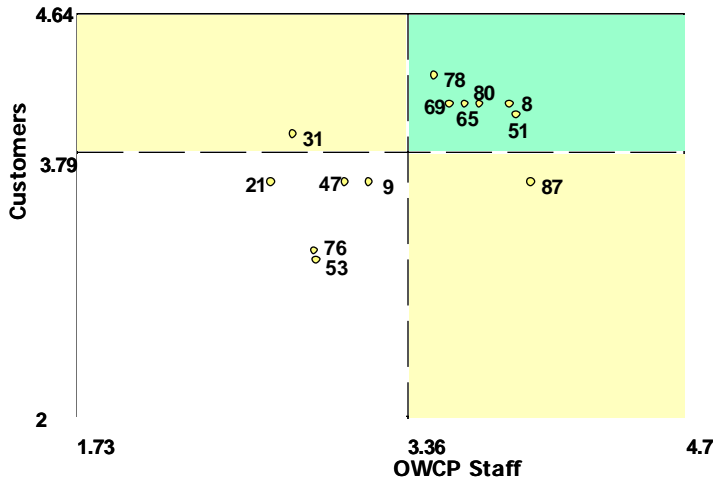


24 Early intervention by the nurse.
 50 Require the claimant to meet burden of proof with medical documentation showing causal relation.

7 Remove the 120 day time limitation for Field Nurse services on a case.
 62 Require Hearings and Review to get another medical opinion before reversing District Office decisions based on new medical evidence.
 70 Check SSA records more frequently to determine if claimants have died.

12 Make it mandatory for doctors to complete CA-17 and return same to agency.
 71 Relax procedures and protocols for transfer of medical care from the attending physician.

Communication With Customers



8 Support strong communication between OWCP and the agencies it serves, including an annual face time opportunity. It's easier to work with someone you know.

51 Provide the employing agency with written explanations when disputes and controversies are not upheld.

65 Make the procedures more user-friendly for doctors.

69 Allow for direct communication between DOs claims examiner and agency representative through email/telephone.

78 Promptly update the case record and AQS when a hearing decision is issued or when a case is overturned.

80 Provide the employing agency medical documentation concerning duty status for placement reasons.

9 Always contact agency program managers to check work status of claimants on the agency rolls.

21 Improve the current Benefit Statement.

47 Consult with the representatives of the injured workers when dealing with job offers, nurse intervention, or decisions to rehab.

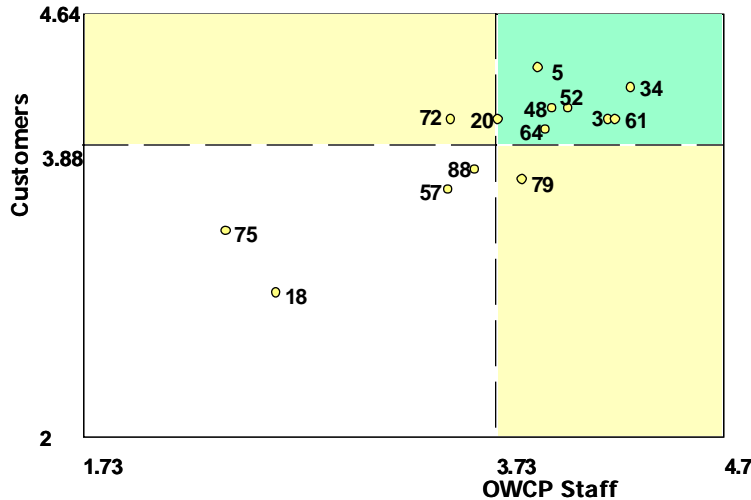
53 Coordinate more closely with agency managers before terminating OWCP assigned nurse case managers.

76 Identify each party's role within the claims process and define how the process serves to meet the overall goals and objectives of program.

31 Ensure that copies second and referee opinion findings go to OWCP and the agency simultaneously.

87 Have more interaction between National Office and field offices about the direction of the program.

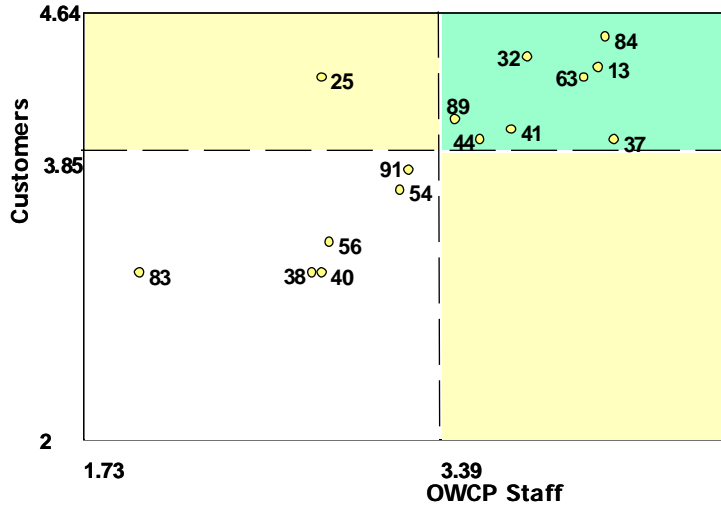
Resources for Agencies, Claimants, Employees



- 18 Implement a Problems Resolution program similar to the one the IRS has.
- 57 Have an organized system for updating agency addresses in a central location, rather than having to mail agency address to each district.
- 75 Take advantage of electronic capabilities to move work from the smaller districts to a central processing region.
- 88 Make the AQS even more useful than it already is, by allowing employees and managers to access claim status information with it.

- 3 Educate agencies how to make appropriate job offers for injured employees, to return them to work.
- 5 Develop online resources for claimants, agencies, unions, and providers that are easy to understand and follow.
- 20 Have an updated entry-level computerized training program for new Claims Examiners that is used program-wide, to ensure consistent training.
- 34 Quick and efficient methods for claimants and agencies to submit wage loss claims and OWCP to process (electronic).
- 48 Uniformity of training to district staff and employing agencies.
- 52 Make online case information and forms available to injured workers through a secure internet site.
- 61 Have an automated system that allows Electronic Data Interchange of all forms and claim file information with real time data.
- 64 Provide access to more recent ECAB decisions (OWCP web site decisions are 5 years old.)
- 72 Automatically review all bills when the claim is adjudicated and paid, so a doctor's office does not have to resubmit bills.
- 79 Provide electronic access to relevant files at the Office of Personnel Management and the other agencies--a reverse AQS system.

Customer Service



13 Effective communication with claimants and stakeholders so they are kept aware of the status of the claim thus eliminating any confusion and inquiries.

32 When an injured person calls the dept of labor, (s)he should be able to speak to a person, not a voice mail with a promise of a return call.

37 Establish good working relationships with employees, supervisors, employers and providers.

41 Let the injured worker know what to expect by distributing standard information to all accepted cases.

44 Notify Injured workers that their case has been received and tell them what needs to be done if the claim exceeds \$1500.00 dollars.

63 Update form letter correspondence so that it is simple and clear, and contains specific claim information without FECA jargon.

4.7 84 Call claimants within the promised three days.

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Appendix III: List of Statements By Cluster

OWCP MANAGEMENT

Spend resources to study and emulate best practices of other workers' compensation programs throughout the country and world. (1)

Decrease the number of claims examiners per case. (4)

Encourage the National Office to establish a vision for the future and supporting policies, that are coherently expressed to the field. (10)

Expose program managers to various ways of thinking and managing by providing educational and other training opportunities. (14)

Find jobs in private industry for partially/fully recovered claimants when agencies are unable to provide jobs. (17)

Develop big picture case management skills in the examiners and the Program Managers, so that there is less "bean-counting" and more case management. (19)

Review compensation to encourage retention, application (for senior and mgr jobs), and morale. (29)

Decentralize by moving jobs that are traditionally National Office jobs to the field. (33)

Develop a program of employee development and succession planning. (55)

Support for the Federal Workers' Compensation Society's certification program, to provide joint educational opportunities for OWCP Claims Examiners, Agency Compensation Specialists, and others responsible for administering the program. (74)

Have well-defined responsibilities for employees at each level. (86)

CONTAINING COSTS

Mandate use of a contracted medical network similar to that utilized in private industry. (6)

Modify the benefit system so injured workers suffer a penalty rather than a reward for being injured and/or failing to return to the DOI job. (15)

Have a more conclusive appeal process in which there is an ending point for appeal so they do not continue forever. (16)

More active long-term case management with review of medical and earning information. (35)

Lobby Congress to mandate conversion to regular retirement after 6 years on compensation. (43)

Amend Federal Employment Compensation Act to authorize judicial review of adverse determinations. (49)

Have a more conclusive election process between OWCP and OPM whereby the claimant cannot continuously jump between the 2 entitlements. (59)

Reduce compensation to an annuity when the person would have been eligible to retire but for the injury. (68)

Put a waiting period in front of Continuation Of Pay. (77)

Reduce the amount of compensation when claimants return to the continental US. (do not include special allowances.) (81)

Expand the list of organs for which schedule awards can be paid. (92)

Change FECA and the appropriate regulations to remove coverage of stress. (94)

MANAGING BENEFITS

Ensure that the employing agency honor the 5 day requirement to get the CA7 compensation claim forms to the Dept of Labor. (2)

Focus on quality care and timely nurse intervention. (11)

Rewrite the claims examiner position so that it focuses more on entitlement decision-making and related functions instead of a multitude of clerical duties. (23)

A viable mandated work-hardening and employment placement program, with employment counselors assigned to assist with resumes, interviews, follow-up calls, coaching, etc. (26)

Get monetary compensation to injured workers in a timely fashion (27)

Encourage placements across agency lines. (36)

Process payments for wage loss and medical treatment need on a two-day turnaround. (42)

Make sure that claimants receive that to which they are entitled in a timely manner, (45)

Emphasize fraud detection and find ways to restrict abuses. (58)

Have a quicker appeal process with Hearings and Review and Employee Compensation Appeals Board. (66)

Support your client by using USPS for shipping case records to agencies and labor representatives. (82)

INCREASING EFFICIENCY

Link injury prevention programs - like OSHA - with injury compensation (OWCP) in order to minimize injuries and hence, workers' comp costs. (22)

Quick medical authorization and effective medical management. (28)

Do early adjudication, as soon as the evidence establishes compensability; do not wait for a deadline. (30)

Have more timely second and referee medical opinions, with timely submission of findings. (39)

Reduce time delay between receipt of claim and examiner's first review of the claim. (46)

Write a more thorough and up to date OWCP procedure manual. (60)

Quicker and better rehab placement in private industry. (67)

Have proactive case management - regular timely follow-up and consistent application of procedures and guidelines. (73)

Have a mechanism for identifying and handling novel issues (e.g., newly emergent medical conditions). (85)

Expedite adjudication by going to the physician for medical evidence when the injured worker is off work. (90)

Work with the Treasury to enable compensation payments on a daily, instead of a weekly, basis. (93)

MEDICAL CARE AND DOCUMENTATION

Remove the 120 day time limitation for Field Nurse services on a case. (7)

Make it mandatory for doctors to complete CA-17 and return same to agency. (12)

Early intervention by the nurse. (24)

Require the claimant to meet burden of proof with medical documentation showing causal relation. (50)

Require Hearings and Review to get another medical opinion before reversing District Office decisions based on new medical evidence. (62)

Check SSA records more frequently to determine if claimants have died. (70)

Relax procedures and protocols for transfer of medical care from the attending physician. (71)

COMMUNICATION WITH CUSTOMERS

Support strong communication between OWCP and the agencies it serves, including an annual face time opportunity. It's easier to work with someone you know. (8)

Always contact agency program managers to check work status of claimants on the agency rolls. (9)

Improve the current Benefit Statement. (21)

Ensure that copies second and referee opinion findings go to OWCP and the agency simultaneously. (31)

Consult with the representatives of the injured workers when dealing with job offers, nurse intervention, or decisions to rehab. (47)

Provide the employing agency with written explanations when disputes and controversions are not upheld. (51)

Coordinate more closely with agency managers before terminating OWCP assigned nurse case managers. (53)

Make the procedures more user-friendly for doctors. (65)

Allow for direct communication between DOLs claims examiner and agency representative through email/telephone. (69)

Identify each party's role within the claims process and define how the process serves to meet the overall goals and objectives of program. (76)

Promptly update the case record and AQS when a hearing decision is issued or when a case is overturned. (78)

Provide the employing agency medical documentation concerning duty status for placement reasons. (80)

Have more interaction between National Office and field offices about the direction of the program. (87)

RESOURCES FOR AGENCIES, CLAIMANTS, EMPLOYEES

Educate agencies how to make appropriate job offers for injured employees, to return them to work. (3)

Develop online resources for claimants, agencies, unions, and providers that are easy to understand and follow. (5)

Implement a Problems Resolution program similar to the one the IRS has. (18)

Have an updated entry-level computerized training program for new Claims Examiners that is used program-wide, to ensure consistent training. (20)

Quick and efficient methods for claimants and agencies to submit wage loss claims and OWCP to process (electronic). (34)

Uniformity of training to district staff and employing agencies (48)

Make online case information and forms available to injured workers through a secure internet site. (52)

Have an organized system for updating agency addresses in a central location, rather than having to mail agency address to each district. (57)

Have an automated system that allows Electronic Data Interchange of all forms and claim file information with real time data. (61)

Provide access to more recent ECAB decisions (OWCP web site decisions are 5 years old.) (64)

Automatically review all bills when the claim is adjudicated and paid, so a doctor's office does not have to resubmit bills. (72)

Take advantage of electronic capabilities to move work from the smaller districts to a central processing region. (75)

Provide electronic access to relevant files at the Office of Personnel Management and the other agencies-- a reverse AQS system. (79)

Make the AQS even more useful than it already is, by allowing employees and managers to access claim status information with it. (88)

CUSTOMER SERVICE

Effective communication with claimants and stakeholders so they are kept aware of the status of the claim thus eliminating any confusion and inquiries. (13)

Provide telephone number for claims examiner, and a supervisor hotline. (25)

When an injured person calls the dept of labor, (s)he should be able to speak to a person, not a voice mail with a promise of a return call. (32)

Establish good working relationships with employees, supervisors, employers and providers. (37)

Enable a union rep to get answers from a dedicated source, so calls to examiners by each and every injured union member would be greatly reduced. (38)

Have an "ombud" function for injured employees who believe that their issue has not been satisfactorily resolved by going through the chain of command, and for employers who believe their complaints of waste/fraud are not being taken seriously. (40)

Let the injured worker know what to expect by distributing standard information to all accepted cases. (41)

Notify Injured workers that their case has been received and tell them what needs to be done if the claim exceeds \$1500.00 dollars. (44)

Include union and agency representatives in training to reduce conflicts and provide consistent answers to questions. (54)

Invite the union representatives to attend meetings with the employing agencies, (56)

Update form letter correspondence so that it is simple and clear, and contains specific claim information without FECA jargon. (63)

Allow the injured worker input as to whether he would like to be retrained in another agency or job. (83)

Call claimants within the promised three days. (84)

Have a more user friendly voice response system for injured employees and employing agency personnel, to provide basic information to address inquires. (89)

Uniformity of how district offices handle phone calls (91)
