
GPO



Office of Audits

**UNITED STATES GOVERNMENT PRINTING OFFICE
OFFICE OF THE INSPECTOR GENERAL
OFFICE OF AUDITS**

**WORKERS' COMPENSATION PROGRAM:
AUDIT OF CONTROLS
THAT MONITOR COMPENSATION RECIPIENTS
TO MINIMIZE BENEFIT COSTS**

October 1997

memorandum

DATE: October 3, 1997

REPLY TO: Acting Inspector General
ATTN OF:

SUBJECT: Report on the Government Printing Office (GPO) Workers' Compensation Program

TO: Director, Labor and Employee Relations Service

This report summarizes the results of the Office of Inspector General's (OIG), Office of Audits (OA) performance audit of the Government Printing Office (GPO) Workers' Compensation Program (WCP) monitoring system. This phase of our review was conducted between August 1995 and March 1996. The objective of this review was to evaluate the adequacy and effectiveness of controls, to monitor compensation recipients, and to minimize benefit costs. Other objectives included determining (1) the adequacy of case file documentation, management, and safeguards and (2) if all employees listed on DOL's chargeback report are GPO employees.

Interim comments received from you have been incorporated in the body of this report. Because your final comments, dated September 30, 1997, were substantially the same as the interim, they have been included in **Appendix I**, in their entirety as you requested.

Significant improvements in GPO's WCP have been made by management since the audit began. However, this report includes seven recommendations (**Chapter V**) that address internal control problems which have existed in the monitoring of compensation recipients after they were added to the WCP rolls. The OIG agrees that some changes in the program were the results of your initiatives. As noted in your final comments, some of the changes made to the program included the seven recommendations which you concurred with. When these recommendations are fully implemented, overall internal controls for the program will be further strengthened.

We appreciate the cooperation which the WCP management and staff provided during our audit effort.


THOMAS J. MULDOON
Attachment
(978c)

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Since 1990, the Government Printing Office (GPO) Workers' Compensation Program (WCP) has expended an average of about \$5.1 million in benefits annually to GPO employees for job-related injuries. GPO's recorded WCP Fiscal Year 1996 actuarial liability was \$24.9¹ million on the April 30, 1997, Comparative Statement of Financial Position.

AUDIT PHASES

The Office of Audits' (OA) review of the WCP was conducted in three phases. Phase one, completed in September 1994, resulted in Report 94-10 "Survey of GPO's Workers' Compensation Program." This report questioned the basis of GPO's annual administrative fees paid to the Department of Labor (DOL). GPO's General Counsel issued a legal opinion agreeing with our audit efforts. DOL disagreed with GPO's position. As a result, GPO requested a decision from the Comptroller General, U. S. General Accounting Office (GAO). The GAO decision dated April 4, 1996, stated GPO was not legally mandated to pay an administrative fee to DOL. GPO remains in negotiation with DOL for the return of some of the money.

On May 13, 1997, the Chairman of the Joint Committee on Printing sent a letter to the Secretary of Labor requesting that (1) immediate action be taken to refund GPO an estimated \$2.9 million in funds inappropriately collected over the past 14 years and (2) corrective action be taken to preclude GPO from future assessment of DOL's administrative fees.

Phase two was completed in December 1994 with the issuance of Report 95-03 "The Government Printing Office Workers' Compensation Program (Revised)." This report addressed the overall economy, efficiency, and effectiveness of WCP operations and evaluated GPO's management of the Federal Employees' Compensation Act (FECA). Twenty recommendations were issued to help strengthen the overall program operations, policies, procedures, and instructions. Improvements have been made; however, other remedial actions remain under consideration by program managers.

Phase three was conducted between August 1995 and March 1996. The primary objective of this review was to evaluate the adequacy and effectiveness of controls, to monitor compensation recipients, and to minimize benefit costs. Other objectives included determining (1) the adequacy of case-file documentation, management, and safeguards and (2) if all employees listed on DOL's chargeback report are GPO employees.

¹This figure is based on an actuarial position calculated by DOL, reflecting the present value of future benefit payments GPO will make, based on the current list of employees receiving compensation.

THE FEDERAL EMPLOYEES WORKERS' COMPENSATION PROGRAM (WCP)

The Federal Employees' Compensation Act (FECA), passed in 1916, provides for "the payment of workers' compensation benefits to" civilian Federal Government employees who are injured on the job. "The Act provides for the payment of compensation for wage loss and for permanent impairment of specified members and functions of the body [and reasonable medical expense] incurred by employees as a result of an injury sustained while in the performance of their duties in service to the United States." "The Act also provides for the payment of monetary compensation to specified survivors of an employee whose death is the result of an employment-related injury."

PROGRAM RESPONSIBILITIES

The Department of Labor (DOL) has "the responsibility for administering the provisions of [FECA]." GPO's draft revision for Instruction 665 designates the Director, Labor and Employee Relations Service (LERS) to manage GPO's WCP. In August 1995, the Director, LERS, provided draft organizational revisions, designating a manager to direct the daily WCP operational activities. The manager directs the operation through the functions of the Claims Processing and Inquiries Section and the Investigation, Audit, and Review Section.

The two sections' operating procedures include:

- providing claimants with proper forms;
- examining, verifying, and processing injury claims;
- reviewing compensation benefits and medical expenses;
- monitoring claimants' compensation activities;
- forwarding completed claim forms to DOL for adjudication; and
- reviewing detailed chargeback billing lists.

These procedures are necessary to ensure that GPO is charged correctly for compensation costs and to identify cases that should be investigated.

The Federal Employees' Compensation Act (FECA) provides the authority for the Federal Workers' Compensation Program. The handbook outlines procedures and basic information concerning the administration of the Program. "The FECA is intended to be remedial in nature, and proceedings under it are non-adversarial. Benefits provided under the FECA constitute the sole remedy against the United States for work-related injury or death. A Federal employee or surviving dependent is not entitled to sue the United States or recover damages for such injury or death under any other statute."

DEPARTMENT OF LABOR

In February 1994, the Department of Labor (DOL), Office of Workers' Compensation Program (OWCP) revised Publication CA-810, Injury Compensation for Federal Employees and issued it to Federal agencies "to serve as a handbook for Federal agency personnel specialists, compensation specialists, and supervisors. This handbook replaced FPM Chapter 810, and it incorporates all material published through the OPM issuance system which specifically addresses the Federal employees' compensation program "

Chapter 1, paragraph 1-9 states, "OWCP has developed several kinds of instructional material to assist agencies in processing compensation claims. The FECA Seminar provides overview of the law ... The Basic Compensation Specialist Workshop ... stresses skills needed to counsel injured employees, review claim forms for accuracy, document continuation of pay, and develop a record-keeping system...The Advanced Compensation Specialist Training...stresses management of agency compensation case files with regard to third party matters, review of chargeback reports and billings, light duty assignment and reemployment of the long-term disabled."

Chapter 2, paragraph 2-4 states, "A recurrence is defined as a spontaneous return or increase of disability due to a previous injury or occupational disease without intervening cause, or a return or increase of disability due to a consequential injury. A recurrence differs from a new injury in that with a recurrence, no event other than the previous injury accounts for the disability."

Chapter 6, paragraph 6-4 (b) states "In addition to the attending physician, other medical personnel may be asked to evaluate an employee and/or file. Evaluations may be requested in connection with original or continuing entitlement to benefits, the percentage of the employee's permanent impairment or ability to return to full or light duty, or other issues...Each district office has one or more physicians on staff or under contract who respond to questions raised by OWCP staff...Medical issues sometime arise which cannot be resolved on the basis of opinions given by the attending physician and DMD/DMA². Opinion will then be requested from a

²District Medical Director/Advisor (DMD/DMA)

physician who specializes in the field of medicine pertinent to the issue...In either case, OWCP will pay for the examination, reasonable travel expenses, and wage loss incurred in connection with it.”

Chapter 6, paragraph 6-4 © states, “The FECA does not address the issue of medical examinations desired by the agency. Parts 339 and 353 of OPM’s regulations grant broad authority to agencies to arrange for examination of any employee who files a compensation claim by a physician of the agency’s choice, at agency’s expense...While agencies must send the results of such examinations to OWCP and notify OWCP if the individual refuses to be examined, and the results of such examinations per se do not affect entitlement to compensation.”

Chapter 8, paragraph 8-5 (b) states, “When suitable jobs are identified, the employee will be advised that it appears that he or she has a wage-earning capacity of a specific dollar amount... that he or she is expected to return to work ...”

Chapter 8, paragraph 8-5 (f) states, “Continued Disability Payments. Only after aggressive medical and vocational development will OWCP determine that an employee has no current wage-earning capacity, and should therefore be carried on the long-term compensation rolls at the rate for total disability.”

Chapter 9, paragraph 9-4 © states, “Each agency receives a quarterly report which provides a breakdown of cases and costs for which charges will appear on the yearly chargeback bill. This report can be used to identify and correct errors before the agency is billed for them.”

CHAPTER III**ADEQUACY AND EFFECTIVENESS
OF CONTROLS TO MONITOR
COMPENSATION RECIPIENTS AND
TO MINIMIZE BENEFIT COSTS**

Despite recent improvements as of the date of this report, the Government Printing Office (GPO) Workers' Compensation Program (WCP) requires additional controls to adequately monitor compensation recipients and the related compensation benefit costs. For the period July 1, 1993 through June 30, 1994, employee benefit costs were \$5,497,452 for 794 case files that involved 686 employees. As of September 30, 1996, the costs were \$5.2 million, a reduction of about 3.5 percent on the average for the 2-year period.

**THE IDENTIFICATION OF ALL EMPLOYEES LISTED ON THE DOL
CHARGEBACK REPORT AS GPO EMPLOYEES IS NOT EASILY
DETERMINABLE**

The audit disclosed benefits paid to employees not listed on GPO's personnel records. WCP personnel interviewed, who are responsible for monitoring employee compensation activity, stated generally when employees have been on workers' compensation for an extended period, the employees are taken off GPO's personnel roles. This practice allows employees to receive compensation benefits and not be listed on GPO's personnel roll.

Requests were made for the employee records sent to the Federal Records Center but none were provided by WCP personnel responsible for monitoring employee compensation activity. As a result, a determination is not readily available as to the employee's original or continued eligibility for compensation benefits.

**A. Eligibility and Status of Claimants Listed on the Chargeback Report
for June 30, 1994**

Compensation benefits were paid to employees not listed on GPO personnel records. A total of 143 (23 percent) of the workers' compensation case files made available, totaling \$3 million in benefit costs, (143/631) do not appear on GPO's personnel active or separated role. The justification for the continued benefit payments made to DOL cannot be determined because the employees eligibility for benefits cannot be substantiated with recent medical documentation that would support continued medical problems.

GPO incurred benefit costs during that period which may have been avoided had the status of these 143 case files been known. GPO has little or no assurance that any of these employees remained eligible for benefit payments until the status of these case files have been determined. Documentation to justify benefit payments to DOL for employees not listed on GPO's personnel active or separated role was not provided.

Manager's Interim Comments

GPO is paying benefits to employees and former employees who have been injured during the course of work since FECA was promulgated in 1966.³ Since the GPO Personnel listing of separated employees only goes back to 1988, the employees who were injured and separated since at least 1966 are not on the role. It is **not logical** to conclude that 143 (23 percent) of the cases are improperly receiving compensation merely because their names are not on a limited listing of current and former employees. Was there a finding made on each of the 123 cases that the individuals were never GPO employees? Is there any evidence that the OWP staff forged 123 case files? During the 1980's there was a concerted effort, by the former manager in charge of this program, to remove as many injured employees as possible from the rolls of GPO. We have been paying compensation costs for these people for a long time. Employees separated prior to 1988 would not have appeared on the list used by the Inspector General (IG). The names of employees separated earlier than 1988 will have to be retrieved from the permanent card file.

The chargeback listing for DOL for the most recent quarter shows 128 employees on the long-term compensation rolls. Of the 128 employees, 85 were injured before 1988, and 2 have died. If these 85 employees have retired or been terminated from the GPO, their names would not appear on the current Personnel Service listing.

The clear implication of your sub-objective finding is that there must be bad recordkeeping or fraud on the part of the OWP staff because 143 names were not on a list. Your conclusion is faulty because your auditors did not look at all the records.

Office of the Inspector General's (OIG's) Response

The OIG's focus in this area was on the determination for justifying benefit payments made to DOL, while employees' continued eligibility for benefits could not be substantiated. Management's comments do not address these issues.

The practice of separating employee from GPO records, while benefit payments continue, as noted by WCP management for over 20 years in some cases, offers little or no accountability. Verification of benefits and eligibility cannot take place if benefit payments cannot be

³There have been statutes providing for workers' compensation for Federal employees since 1916 (5 U.S.C. 790.)

reconciled. GPO WCP cannot attest that claimant activities have been effectively monitored and benefit payments are justified.

The OIG does not state that the compensation being paid is improper because their names are not on a limited listing. Rather, the concern is more with the unavailability of current medical documentation that would justify current payments. The fact that the Personnel listing only goes back to 1988 should not substitute for adequate files on employee workers' compensation cases. Files should have been created and maintained since inception of benefit approval.

B. Errors and Inconsistencies Identified on the Chargeback Report

Overpayments, which are payments made to recipients in error, have not been identified by WCP personnel. The Office of Investigations, which is performing a separate case review, identified four overpayments totaling \$223,740. DOL's review of the chargeback report for the period listed 16 overpayments totaling \$28,410.

A WCP official stated that a system to identify and track all overpayments has not been established. Therefore, overpayments have gone undetected. Overpayments cannot be identified or tracked and may continue to go undetected until an effective system is established and implemented. WCP officials have no assurance that all overpayments will be identified. GPO incurred \$5.6 million on the June 30, 1994, chargeback report which may have been reduced if all overpayments had been properly identified.

Errors and inconsistencies in employees' social security numbers, misspelled names, date of injury, and appropriate departmental codes have gone undetected for several quarters because employee case files had not been reviewed and reconciled with the chargeback report. Specifically,

- 13 employees were found to have a different social security number on the chargeback report than in their personnel records;
- 8 employees' names were spelled one way on the chargeback and another in their personnel records;
- 3 employees' dates of injury were entered after their effective separation date; and
- employees' appropriate department codes are not always listed on the chargeback report. Account 1424 was set up for claimants whose department was unknown. This account lists 21 recipients with benefits totaling \$526,215 for the period. The date of injury for 86 percent of these recipients range between November 27, 1968, and March 4, 1978. To adequately identify the cost center to charge, a departmental code must be recorded.

Manager's Interim Comments

Since the audit process started in 1994, the GPO WCP managers indicated that new Standard Operating Procedures had been instituted. These emphasize routine review of the quarterly chargeback report the Agency receives from the DOL. This process now includes an electronic system via which the DOL chargeback can be accessed and reviewed. Exceptions noted in the quarterly chargeback report are reported to the DOL. They are further investigated by the WCP specialist and/or the OIG. We are also considering purchasing a software program developed by the Veterans Administration to help monitor claims and costs.

I object to your use of the word “routinely” in the first sentence. Since we are currently dealing with almost 600 cases, to conclude that we “routinely” fail to find overpayments is not fair since only 20 cases were found by your office and DOL. It is logistically impossible for my office to review DOL files in their field offices where many current and former employees reside. Since DOL regulations do not require employees to send medical bills to GPO, it is extremely difficult to verify their accuracy. For example, there probably are close to 100 former GPO employees who have moved to the Florida area whose files we are not able to review unless we send someone down to the Florida office. If you have a proposal to remedy this problem, we would be very pleased to entertain it.

OIG’s Response

Standard Operating Procedures instituted by management since the audit began should address some of the errors and inconsistencies noted during our review. Management comments do not address how overpayments will be identified or tracked. Without a system in place, overpayments will go undetected. We deleted reference to the word “routinely” and the sentence basically reads that WCP personnel have not identified overpayments.

C. Department of Labor’s Instructions Were Not Always Implemented

Employees receiving Continuation of Pay (COP) benefits in excess of the established 45-day limitation may go undetected. GPO incurred costs of \$483,190⁴ during FY 1993 for COP benefits in addition to the \$5.2 million paid for compensation benefits. Documentation of the employee’s medical condition during this period is needed to ensure that questionable claims are detected. For FY 1996, COP costs incurred totaled \$523,361.

⁴ These costs were submitted in an Action Plan dated January 24, 1994, by the Director, Labor and Employee Relations Service.

COP analyses are not routinely done. Employees receiving benefits are not tracked, and adequate documentation to justify an employee's disability up to 45 calendar days is not always evident. COP is not considered compensation, but FECA regulations provide that an employee's regular pay may be continued up to 45 days following a traumatic injury⁵. After entitlement to COP is exhausted, an employee can apply for compensation benefits or use leave.

WCP officials have not ensured that routine analysis of employees receiving COP are performed and documented. Policies and procedures have not been established to allow employees receiving COP to be tracked, or injuries to be adequately documented for disabilities up to 45 days. Because a system is not in place to track, and adequately document employees injuries during the initial 45 day period, GPO has little or no assurance that all COP costs are properly justified. Returning employees back to work timely, effective controversion, or detection of questionable claims may be hindered when a system to track and adequately document injuries is not in place. Ultimately, an employee may apply and receive compensation benefits which may result in an overpayment or contribute to GPO's overall employee compensation liability.

⁵ Injury Compensation for Federal Employee handbook dated February 1994 states, "A traumatic injury is defined as a wound or other conditions of the body caused by external force, including stress or strain."

Manager's Interim Comments

The DOL issues regulations which are published in Subchapter B of Title 20 of the Code of Federal Regulations (CFR). They also issue 6 policy procedure manuals which are regularly updated. When you use the term "instructions" which of these are you referring to? We follow all of the regulations in the CFR, and we utilize the procedure manuals in the daily processing of cases.

Since your office conducted its audit in 1994, we have made changes in our practices. GPO WCP Standard Operating Procedures currently in place require the coordination and interface with the Agency's payroll office regarding time and attendance. This is done to ensure that employees who are using COP do not exceed the 45 day limit. We now receive a report every month listing each employee on COP and the amount of time used. This is then reviewed to ensure that no one has exceeded the 45 day limit. In fact, the process also requires the WCP Specialist and payroll office to return the employee to work as soon as the employee is medically able to return in a light, or full-duty capacity. With each CA-1 and CA-17 form, we are now including a letter to the physician advising him that we will provide a light-duty position to the extent they deem necessary for any employee who does not have to be hospitalized.

Because the DOL system provides that there must be two doctors appointed by DOL who do not concur with the employee's physician's diagnosis, it is impossible to get an employee back to work in less than 45 days if his physician does not release him.

OIG's Response

Standard Operating Procedures, established by management since the audit began, covering COP activities should address concerns noted during OIG's review.

RECOMMENDATIONS

To address the internal control problems in monitoring compensation recipients and minimizing benefit costs in GPO's WCP, the OIG, Office of Audits (OA) recommends that the Manager of GPO's WCP:

- research employee case files not listed on GPO's personnel records to ensure eligibility for compensation benefits (01);
- conduct and document periodic reconciliation of employee case files to ensure potential overpayments, errors, and inconsistencies do not go undetected (02);

- follow FECA instruction on COP and develop a tracking system to monitor claimants (03).

CHAPTER IV**CASE FILE DOCUMENTATION,
MANAGEMENT, AND SAFEGUARDS
CAN BE IMPROVED**

Although the WCP staff processes the required claim forms expeditiously in most cases, improvements are needed in file documentation, management and safeguards of the employee compensation case files. The June 30, 1994, chargeback report listed 794 employee case files. The OIG analysis noted:

- documentation was incomplete or missing;
- not all files were stored in an active filing system and some had to be duplicated from DOL's official compensation cases files and;
- 23 employees' case files (totaling \$72,765) still could not be located by WCP officials as of the date of this report. The status of these missing files is unknown and the benefit payments made to DOL cannot be substantiated.

Six of these case files (totaling \$31,538) do not appear on GPO's personnel active or separated records. Adequate maintenance of the employee workers' compensation case files is not evident. Several attempts were made to locate missing case files by GPO's WCP officials before and during our detailed review of employee compensation case files; yet 23 case files still have not been located.

**REQUIRED EMPLOYEE COMPENSATION ACT (FECA) FORMS AND
REPORTS WERE NOT ALWAYS OBTAINED AND EVALUATED**

Sound internal control procedures would allow for the easy access of the requisite workers' compensation forms and correspondence that would support the validity of claims made and being paid. Although some of the results in this audit do not support a statistically significant effect, the mere existence of some conditions represents indicators of real or potential fraud.

When case files are not accessible, analysis cannot be completed of required forms and reports. Consequently, a determination concerning an employee's work capability is hindered, which results in employees not being returned to work timely. When employees who could return to work are allowed to receive extended compensation benefits, GPO incurs extra costs. Compensation benefits are paid for those employees whose case files are not reviewed because they cannot be located and additional labor costs are incurred for duties that may be performed by other employees when WCP recipients are not returned to work timely because their case files cannot be located.

- Initially, a stratified statistical sample of 69 employee case files was selected from the

DOL chargeback report for a detailed review. Twenty-seven, or 39 percent, of these case files could not be located in the active file system. As a result, a determination was made to conduct a 100 percent review of available case files listed on the chargeback report.

- On May 10, 1995, attempts to verify the existence of each of the 794 active case files that appeared on the June 30, 1994, chargeback report were hindered because 163 employee case files were not stored in an active filing system. Our review identified 631 case files in the active file system. Several attempts were made to locate missing case files by GPO's WCP officials before and during our detailed review of employee compensation case files.
- Seventy-four or 9 percent (74/794) of the 794 workers' compensation case files listed on the June 30, 1994, chargeback report could not be located at the time field work was completed. Employee case files not located during the field work represent 25 percent or \$1.4 million of the \$5.6 million incurred for employee compensation during the period.
- After the field work was completed, an additional 106 case files were made available for our review. Fifty-one of the files provided were not previously located. The remaining 55 case files were either duplicates or files not on the June 30, 1994, chargeback report. A WCP official indicated that these additional case files were located in an alternate filing system. Documentation was not provided to justify why these files were not made available during the audit.

Additionally, employee claim forms required by FECA to properly document job related accidents and illnesses were either missing or not properly authorized. If compensation costs are to be minimized, employee availability status has to be monitored and updated on a continued basis and the file documented. Some employees have received benefits for over 28 years on the June 30, 1994, chargeback report. However, the files do not document any permanently disabled employees.

Manager's Interim Comments

During the period of this audit, WCP case files were routinely transferred between the WCP, the Employee Relations and Programs Division, the Medical Section, the LERS Director, the General Counsel, and the Public Printer's office, as required. Also, the official file of record is maintained by the DOL. The Agency maintains intra-agency documents in addition to copies of official documents from the DOL. All cases missing at the time of the audit have either been located or duplicated from the official file at the DOL. We now believe that under our new policies and practices that all files are accounted for. We now have a sign out procedure when files are taken out of the office, and we have limited the accessibility of these files.

OIG's Response

The OIG agrees that the official file of record for employees' compensation is maintained by the DOL. However, claimant activities and benefit costs cannot be effectively monitored if complete duplicate files for each employee receiving compensation is not maintained. These duplicate files should be kept in-house in an active filing system readily accessible for review and analysis until benefits are no longer paid by the Agency.

Procedures established by management have addressed some of the concerns noted during our review. However, as of the date of this report, the 23 employee cases not located at the end of our field work still have not been made available by management for our review.

PERIODIC CASE FILE REVIEWS WERE NOT PERFORMED AND DOCUMENTED

Six-hundred thirty-one (79 percent) of the 794 employee compensation case files examined did not contain evidence of a consistent file review by WCP staff. These employee case files were incomplete and did not always support the seriousness of any injury that justified the extended time employees were receiving compensation and not working. Properly authorized and completed claims are needed to track employees availability to return to work and allow the Agency to controvert any questionable claims.

A small percentage of case files account for large portion of the total compensation costs. Nineteen percent (153/794) of the case files on the June 30, 1994, chargeback report account for 88 percent (\$4.9 million) of the total \$5.6 million in benefit costs incurred for the period. Analysis of these case files indicated GPO incurred higher compensation costs for the benefits recipients than were paid to medical professionals for medical cost payments. This may indicate that most of these claimants have wage-earning capacity. Some of these employees have received compensation benefits for up to 28 years. These employees have not been returned to work and their files do not indicate a permanent disability.

- Two hundred multiple-injury claims totaling \$627,747 were filed by 93 claimants. These claims represent 25 percent (200/794) of the case files on the chargeback.

Trend analysis to determine the nature and cause of job-related accidents and illnesses, in addition to providing educational counseling or coordinated efforts to help reduce work-related claims, is not evident for this small percentage of case files.

Analysis of the chargeback report to determine the number of multiple-injury claims or injury trends within the Agency is not evident. Educational counseling or coordinated efforts to help reduce the number of work-related claims has not been documented. Policies and procedures have not been established to ensure that employees (1) filing multiple-injury claims or (2) included in any trend analysis are provided additional safety counseling.

GPO incurred \$4.9 million for a small percentage of employees receiving compensation benefits

during the period. These costs may have been reduced if these claims had been tracked and additional counseling provided to those employees. Without a system to identify those employees filing multiple claims and injury trends, additional benefits may have been allowed because claims were not properly classified and additional safety instructions limited. Because a system is not in place, GPO WCP officials have no assurance that injury claims were properly classified, and additional benefits were not paid.

Manager's Interim Comments

According to the Director, LERS, he has appointed [a] new manager of the WCP program since our review of 1994 case files. He has made many changes to the policies and practices followed by the staff. The Standard Operating Procedures now in place require a monthly review of each case file. An electronic file is now in place which provides for enhanced review and record keeping. Subsequent to phase one of this OIG audit, an internal GPO WCP audit was performed to determine the status of all files on hand. Over 1,000 of the cases in the files dating from the 1960's and 1970's have now been officially closed out. An activity review report has been placed in each file. All cases are now reviewed every 30 days by the specialist assigned to the matter. Status reports are routinely updated by the specialists.

The Director believes this finding is meaningless. What does it mean that there was no evidence of file review. When information is inserted in the file by the specialist it has been reviewed. The amount of time employees receive compensation is governed by the DOL not GPO. GPO cannot terminate any employee's compensation. DOL will only terminate compensation after 2 physicians, other than the employee's, have reached the same conclusion that the employee can return to work or the compensation is not proper (20 CFR section 130). Indeed, an employee has a right to even have a hearing to challenge a denial of benefits. The employing agency can only attend as an **observer** (20 CFR section 135).

The controversion of claims is strictly limited to the criteria set forth in 10 CFR section 203. Again, it is the DOL that makes the decision, not the GPO.

The conclusion that employees may have wage-earning capacity solely because their compensation payments were higher than their medical payments is illogical. Employees may have long-term debilitating injuries which totally preclude their ability to work, but they are no longer under constant expensive medical care, **but are only** monitored by their physicians. Under FECA, an agency is required to pay compensation to a surviving spouse and children (20 CFR 306). These payments show up on our chargeback reports as compensation for the deceased employee.

OIG's Response

The established Standard Operating Procedures and appointment of the manager should address some of the concerns noted during the OIG review. Frequent file reviews are needed to ensure

the accuracy of information on the quarterly chargeback reports provided by the DOL.

The OIG agrees that the DOL has the final decision on an employee's eligibility to receive compensation benefits. However, the Agency has to ensure that the basis of benefits has been properly documented and must continuously review employees' case files to determine any change in eligibility status.

One of the reasons quarterly chargeback reports are submitted for GPO's review is to allow the Agency to determine the accuracy of information and verify any change in eligibility status. This allows any errors or changes in eligibility status to be corrected before the Agency is billed.

DEPARTMENT OF LABOR (DOL) INSTRUCTIONS WERE NOT ALWAYS IMPLEMENTED

GPO's WCP officials referred some employees for second medical opinions in an effort to determine their capacity to return to work. FECA regulations outline that agency-requested referrals do not affect an employee's entitlement to compensation. Consequently, only DOL's referrals can be used to affect an employee's entitlement to compensation.

The cost of these referrals or second opinions by GPO may have resulted in a duplicate expense to the Agency with little or no benefit. GPO's WCP-requested referrals are charged to a miscellaneous account and DOL's referrals are billed to GPO's annual chargeback report under medical expenses.

Little or no evidence existed to support WCP officials adequately researched FECA regulations or consulted with DOL OWCP personnel to determine if agency-requested referrals could be used to affect an employee's entitlement to compensation before incurring costs of medical referrals. Policies and procedures had not been implemented that required DOL OWCP to be contacted before any agency-requested referrals were performed and charged.

Manager's Interim Comments

Does this finding refer to 20 CFR Section 10.407, which provides for medical examinations by DOL? Since the 1994 review by your staff, we have discontinued the practice of sending employees for second opinion medical examinations. At present, all we can do is request the

DOL to refer an employee for a second opinion. A Standard Operations Procedures manual which contains FECA instructions, has been developed and is currently in place to guide the WCP specialists in the performance of their duties.

It should be noted that the Agency is in compliance with FECA when it uses the Agency Medical Section for advice relative to medical conditions. We understand that this advice cannot supersede the DOL decision.

OIG's Response

The Standard Operating Procedure established that discontinues the Agency's practice of requesting a second medical opinion should address the OIG's concerns during our review.

RECOMMENDATIONS

To address the internal control problems in managing, safeguarding, and documenting employee case files, the OIG-OA recommends that the manager of GPO's WCP:

- establish and develop a record-keeping system that ensures employee case files are accounted for properly, and maintained in an active file system while receiving benefit payments (04);
- research employee case files not located to determine their eligibility to receive compensation benefits (05);
- perform and document periodic case file reviews (06); and
- follow FECA instructions on second medical opinions to eliminate potential duplicate costs (07).

To address the internal control problems in monitoring compensation recipients and minimizing benefit costs, the following consolidated recommendations were made to the manager of GPO's WCP:

- research employee case files not listed on GPO's personnel records to ensure eligibility for compensation benefits (01);
- conduct and document periodic reconciliation of employee case files to ensure potential overpayments, errors, and inconsistencies do not go undetected (02);
- follow FECA instructions on COP and develop a tracking system to monitor claimants (03);
- establish and develop a record-keeping system that ensures employee case files are accounted for properly and maintained in an active file system while receiving benefit payments (04);
- research employee case files not located to determine their eligibility to receive compensation benefits (05);
- perform and document periodic case file reviews (06); and
- follow FECA instructions on second medical opinions to eliminate potential duplicate costs (07).

CHAPTER VI OBJECTIVE, SCOPE, AND METHODOLOGY

The Office of Audits' review of the Government Printing Office (GPO) Workers' Compensation Program (WCP) was conducted in three phases. Phase one, completed in September 1994, resulted in Report 94-10 "Survey of GPO's Workers' Compensation." Phase two was completed in December 1994; Report 95-03 entitled "Immediate Improvements are Needed In the Management of GPO's Workers' Compensation Program" was issued.

The primary objective of the third phase was to evaluate the adequacy and effectiveness of controls to monitor compensation recipients and to control employee compensation benefit costs. Specific objectives were to:

- determine if all employees listed on the chargeback report are GPO employees;
- verify the eligibility status of claimants listed on the chargeback report;
- determine whether periodic case file reviews were performed;
- determine whether errors and inconsistencies were identified on the chargeback report; and
- determine whether GPO follows the FECA instructions.

The audit was performed in accordance with generally accepted government auditing standards, and included such tests as were considered necessary under the circumstances. Weaknesses in the system of management controls identified during testing are described in this report.

A sample of 69 case files was selected for detailed review, but it was determined that a 100 percent review of available case files would be completed as follows:

- compared and analyzed employee case files listed on the chargeback report with personnel records;
- analyzed and reviewed case files to determine the frequency of management reviews;
- evaluated the adequacy of file documentation to support job-related accidents and illnesses; and
- determined whether GPO was following FECA instructions.

The audit was conducted primarily at the GPO, Office of Labor and Employee Relations Service,

Washington, DC. This office administers GPO's WCP. The audit field work was conducted between August 1995 and March 1996.

This audit was conducted by Harold M. Brown, Supervisory Auditor, James Springs, Senior Auditor, Frances D. Gross, and A. Suzanne Hancock, Staff Auditors. Because of the volume of employee case files reviewed and verified, assistance was provided by other Supervisory Auditors and Investigative Staff during the initial verification of employee case files. Several former staff members also participated in this audit.

I N T E R

O F F I C E

MEMO

To: Acting Inspector General
From: Neal Fine
Subject: August 1997 Audit of Workers' Compensation Program
Date: September 30, 1997

Over three and one-half years ago, after discussions with the Inspector General's Audit Staff, about the need for a consultant type review of the OWCP program, I was told to request an "audit" (your term) of the Workers' Compensation Program so that improvements could be instituted to lower GPO's costs and improve service to our clients. Much to my regret, the reports resulting from this "audit" have totally lacked specific recommendations beyond vague generalities of the need to set up "systems" or "procedures" or to "monitor" cases. Findings have implied violations of regulations or improprieties in program management, but not pointed to any actual irregularities. I requested consultative assistance and received the usual "gotcha" audit.

On February 26, 1996, I requested a status report on this phase of the review which had then been in process for more than 6 months. It was not until April 18, 1997 that I was provided a 2 page briefing paper summarizing the "details of the audit". On May 12, 1997, I provided comments on *your summarized* version of the findings in this third phase of the audit. I was not provided a copy of the full report to review, nor was there ever an opportunity for an in-depth discussion of the preliminary findings. A draft version of the full report was not furnished until August 15, 1997, and I was given until August 29, 1997 to provide my final comments. Since this was the first time that we have seen a complete draft of the report, and my schedule did not allow for a response in such a short time, you allowed me until September 30, 1997, to submit comments, but apparently there will be no discussion of any of your findings since you apparently intend to publish this as a final report by September 30, 1997. Again it would appear that our goals in conducting this endeavor have not coincided. I expect that these comments in their entirety will be made part of the final report which is published.

CHAPTER I

Unfortunately the determination by the Comptroller General on April 4, 1996, that GPO was not required to pay an administrative fee to the Department of Labor(DOL) for administering the OWCP program has been totally ignored by DOL except when letters, at my request, have been written to them seeking compliance. I am dismayed that your office has not worked with the DOL Inspector General to remedy this clear violation of a decision by the Comptroller General.

Acting Inspector General
Page 2
September 30, 1997

CHAPTER II

I do not understand the relevance or purpose of your one page summarization of a 74 page DOL handbook. I note that while you included the phrase from section 9-4 c. concerning reviewing the charge back report, you neglected to note that while DOL states that it welcomes agency personnel to review the case files, that they strictly limit access to their files making review difficult, if not impossible. For example, the Jacksonville Florida office policy limits review of cases files, to 3 a day. Since there are at least a hundred GPO employees whose files are serviced there, ready access to information is a myth.

CHAPTER III

A. IDENTIFICATION OF EMPLOYEES

The clear implication of your finding "The audit disclosed benefits paid to employees not listed on GPO's personnel records....This practice allows employees to receive compensation benefits and not be listed on GPO's personnel role." is that this office is intentionally engaging in malfeasance by permitting payments to non-GPO employees or former employees.

It was fully explained in our May comments, that the contents of the GPO personnel listing are controlled and limited by the GPO Personnel Service. Their policy is to list names of current and separated employees only back to 1988. Since DOL has determined that former GPO employees injured prior to that date are still eligible for compensation and or medical payments, their names will appear on the chargeback listings. Your report does not list any specific cases where payments were knowingly made or authorized to a non-GPO employee. Perhaps your office should direct the Personnel Service to expand their listing to include all former GPO employees.

Review of the chargeback for the period of July 1996 to June 30, 1997, indicates that there are 85 employees and former employees injured before 1988, who are still receiving compensation and or medical payments from DOL. One of the oldest cases involves Mr. LR who was injured on September 20, 1967, and is now 85 years old. Our records indicate that in 1993, there was a determination of inability to engage in gainful employment. Likewise, our file indicates that Ms. AP who was injured in 1966, was found by GPO's physician in 1982 to be totally disabled. The DOL District Director wrote Ms. P in 1995, and directed her to send all correspondence regarding her case directly to the Workers' Compensation Program. Mr. Z, who was injured in 1969, was found by a physician in 1995 to be unable to perform even the duties of a clerical assistant. I note these cases only to show that we have files for former employees going back to 1966.¹

¹ Initials are used to protect confidentiality.

Acting Inspector General
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September 30, 1997

B. ERRORS ON THE CHARGEBACK REPORT

This "finding" of alleged overpayments offers no specific solution or recommendations that will prevent any future problems. As noted in our May comments, we currently have 662 cases to monitor. These employees and former employees are located all over the country, and their case files are likewise in DOL offices throughout the country. Since DOL regulations at 29 CFR §10.411 provide that all charges for medical services and supplies are to be forwarded directly to DOL, our office does not receive copies of the bills from many employees, especially those located outside of Washington. DOL does not provide copies of medical bills to GPO or any agency. As indicated by the attached page from the most recent chargeback, DOL only provides total amounts of medical payments made and the number of visits or bills paid. The only way these can be verified would be to go to each DOL District office and continually review each case file. Even if we could go to each office, they limit the access to their files. For example, the Jacksonville, Florida office maintains the files for many of our employees who have retired to the southeast. That office has a limit of three case files which they will provide per day. It would take a staff member over a month to review the files because of the large number of cases they handle. With 12 District offices and no staff or travel budget for this purpose, that obviously is not a feasible option.

Responsibility for the propriety of medical bills lies with DOL. 29 CFR §10.450 An agency can only provide information of violations of improprieties under the provisions of 29 CFR §10.452. I have written to the Assistant Secretary of Labor responsible for FECA on several occasions concerning some of our more egregious cases. For example, in May 1997, I provided them information concerning a physician who had found an employee totally disabled for 5 months due to arthritis of the left thumb. I have never heard from them. Copies of my correspondence were sent to the IG investigator assigned to handle OWCP matters.

Probably the primary reason for my request for your audit was to find a solution to effectively monitor the chargeback listing. I was expecting to be provided a specific solution to this problem, not a finding that simply states "Without a system in place, overpayments will go undetected." Recommendations (01) (02) and (03) do not provide solutions to the problems. Our current practice is to compare the charge back listing with the most recent employee listing from the Personnel Service. Any discrepancies are then investigated and brought to the attention of DOL. If you have a better method, we will be try to implement it.

C. DOL INSTRUCTIONS NOT IMPLEMENTED

The problem of employees receiving continuation of pay (COP) for more than 45 days has been resolved. As indicated in our May comments, we have worked with Payroll to correct this problem. To my knowledge we are in compliance with all DOL regulations on COP.

Acting Inspector General
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September 30, 1997

CHAPTER IV CASE FILE DOCUMENTATION

We have made significant improvements in our case file control procedures.

REQUIRED FECA FORMS AND REPORTS NOT OBTAINED

The first paragraph is unintelligible. Do you have hard evidence of real fraud? Does this refer to claim forms or case files? We are not aware of any employees who have not been returned to work because their case file was not available.

The numbers of "missing case files" in bullet 3 differs from the number on page 12. Are we missing 23 files or 74 files. In bullet 4, do the 106 case files include the 74 from bullet 3, or the 163 from bullet 2.

Your statement that the files do not indicate any permanently disabled employees is totally wrong. DOL has determined that 98 of the 142 cases on the history file, are employees with permanent disabilities. DOL has placed them on their long term disability role and only requires medical updates every three years. These 98 cases involve 2.1 million dollars of the 5.8 million in charge back costs. Thus **36 percent of our compensation costs** are beyond the control of my office.

PERIODIC CASE FILE REVIEW NOT PERFORMED

The current compensation manager has instituted new procedures which provide for more frequent case file review.

Your statement that one of the purposes of the charge back review is to allow the agency to verify information is misleading. Without the capability to constantly review the case files in each of the 12 DOL District offices, it is impossible to verify that all of the medical costs are legitimate. Your staff is well aware of this problem.

DOL INSTRUCTIONS NOT IMPLEMENTED

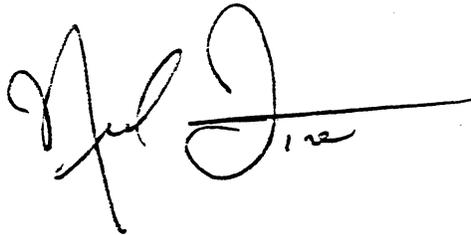
As indicated in the May comments, we have not sent employees for second medical opinions for several years. Recommendations (04) (05) (6) and (07) have been implemented since at least 1995.

In an effort to bring employees back to work as quickly as possible, we now attach to every CA-form 1 and CA-17 the enclosed letters advising the employee and their physician that we will provide a light duty assignment to any employee not confined to bed or a hospital.

Acting Inspector General
Page 5
September 30, 1997

RECOMMENDATIONS

In the intervening 3 1/2 years since this "audit" started, there have been substantial self-initiated changes made to the policies and procedures followed by the workers' compensation program staff. These changes include the 7 recommendations made in your report. The administration of workers' compensation programs is a major problem in both the federal government and the private sector. FECA places the control of the program largely in the hands of the DOL. The DOL system is inefficient and cumbersome and is presently under review by Congress. One of the major problems with the current system is that it encourages employees to stay on compensation since there is no point in time when a permanently injured employee has to retire. As noted previously, 36 percent of our costs are for employees who can never return to work. They will continue to receive benefits until they die, and then their survivors are entitled to compensation if the death was causally related to their employment. With no ability to compel retirement, and the willingness of physicians to declare employees totally disabled, the GPO and every other federal agency fights an uphill battle that equals the fate of Sisyphus.

A handwritten signature in black ink, appearing to read "M. J. [unclear]", with a long horizontal line extending to the right.



United States Government Printing Office
Washington, DC 20401

FORM CA-17 ATTACHMENT

Dear Physician:

The U.S. Government Printing Office (GPO) will need the following information in order to process the employee's claim for workers' compensation benefits:

1. Dates of examination and treatment
2. History of injury given to you by the employee
3. Detailed description of findings
4. Results of all x-ray and laboratory tests
5. Diagnosis and prognosis
6. Clinical course of treatment to be followed
7. Your medical opinion supported by medical rationale as to the causal relationship between the employee's disability and the injury as reported. Your discussion of the issue of causal relationship is crucial to the employee's claim.

If the employee is able to return to work, but has physical limitations, please describe them.

THE GPO WILL PROVIDE A LIGHT-DUTY ACCOMMODATING POSITION TO ALL INJURED EMPLOYEES. UNLESS YOU CAN PROVIDE DOCUMENTATION ESTABLISHING THAT THIS PATIENT MUST BE HOSPITALIZED OR CONFINED TO BED REST FOR MORE THAN 24 HOURS, WE EXPECT THE EMPLOYEE TO RETURN TO WORK IN EITHER A FULL OR LIGHT-DUTY CAPACITY.

Your cooperation is greatly appreciated. If you have any questions, please contact me, or my staff on 202-512-1267 or 1269.

Sincerely,

A handwritten signature in cursive script that reads "Robert F. Nelson".

ROBERT F. NELSON
Manager, GPO Office of Workers' Compensation

Please return signed forms to:
U.S. Government Printing Office
Compensation Office, Room A-650
Washington, DC 20401
Fax No. 202-512-1150



United States Government Printing Office
Washington, DC 20401

FORM CA-1 ATTACHMENT

Dear Employee:

In order to receive compensation and or medical benefits from the Department of Labor, you or your physician must complete the following forms and return them within 10 days from the date of injury to the U.S. Government Printing Office, North Capitol & H Streets NW., Room A-650, Washington, DC 20401:

1. CA-1, Federal Employee's Notice of Traumatic Injury and Claim for Continuation of Pay;
2. CA-16, Authorization for Examination and/or Treatment and CA-20, Attending Physician's Report. (Send employee CA-16 if he/she has not seen a physician or CA-20 if he/she has already seen a physician);
3. CA-17, Duty Status Report, if you are unable to work but have physical limitations placed upon you by your physician;
4. HCFA-1500, Health Insurance Claim Form for your doctor's bills;
5. In addition to the CA-17 Form, you must provide a detailed objective medical report to process your claim.

WE EXPECT YOU TO RETURN TO WORK AT EITHER YOUR REGULAR ASSIGNED JOB OR IN A LIGHT-DUTY CAPACITY, UNLESS YOUR PHYSICIAN REQUIRES YOUR TOTAL CONFINEMENT TO BED OR HOSPITALIZATION. TOTAL INCAPACITATION FOR ANY TYPE OF WORK MUST BE DOCUMENTED BY OBJECTIVE MEDICAL RATIONALE. PLEASE DO NOT FORGET TO CONTACT YOUR SUPERVISOR TO ADVISE HIM/HER OF YOUR STATUS AND TO REQUEST SICK OR ADMINISTRATIVE LEAVE.

If you have any questions, please contact me, or my staff, on 202-512-1267/9.

Sincerely,

A handwritten signature in cursive script that reads "Robert H. Nelson".

ROBERT H. NELSON
Manager, GPO Office of Workers' Compensation

GOVERNMENT PRINTING OFFICE
RELATIONS BRANCH

RL430100
PAGE:

E BACK LISTING

FILE RECEIVING PAYMENT IN PREVIOUS QUARTER

DOI	DOB	MEDICAL PAYMENTS	AMT	COMPENSATION PAYMENTS	AMT	TOTAL	PAY DATE
770303	000000	00003	0	00014	2315854	2315854	970621
951013	000000	00021	159900	00000	0	159900	970613
900015	000000	00003	40500	00014	5244171	5284671	970621
951024	000000	00004	65300	00000	0	65300	970601
970307	000000	00012	71299	00000	0	71299	970626
970429	000000	00001	14900	00000	0	14900	970619
970310	000000	00011	155700	00000	0	155700	970619
970331	000000	00005	31500	00000	0	31500	970619
961005	000000	00173	1237323	00005	732751	2070074	970626
970122	000000	00003	18400	00000	0	18400	970619
951027	000000	00070	1254652	00003	334248	1589300	970622
951027	000000	00001	14900	00000	0	14900	970603
970224	000000	00004	49600	00000	0	49600	970601
970421	000000	00047	151300	00000	0	151300	970619
970226	000000	00000	31436	00000	0	31436	970610
950603	000000	00000	44500	00000	0	44500	970612
951022	000000	00002	24300	00003	660550	684850	970621
950919	000000	00000	0	00001	173920	173920	970614
950223	000000	00025	333800	00001	402420	736220	970629
950310	000000	00113	733391	00003	1145593	1912234	970626
951023	000000	00003	334000	00002	0	334000	970610
950313	000000	00001	4030	00013	300392	304422	970621
970602	000000	00000	0	00000	0	0	000000
940910	000000	00007	524023	00003	95810	719841	970620
950611	000000	00029	347143	00012	1091996	1439141	970426
970312	000000	00025	103345	00000	0	103345	970626
970313	000000	00005	29000	00000	0	29000	970626
970220	000000	00021	31350	00000	0	31350	970612
950323	000000	00043	493533	00014	2200645	2694223	970626
970325	000000	00007	1532051	00000	0	1532051	970612
950203	000000	00007	45923	00001	3135614	3231542	970627
911013	000000	00003	110300	00005	1435813	1546113	970601
970323	000000	00003	20100	00000	0	20100	970522
761129	000000	00000	0	00013	230400	230400	970621
950217	000000	00005	1153922	00015	1539153	2743075	970621
941129	000000	00113	392500	00002	469300	362300	970601
970604	000000	00000	0	00000	0	0	000000
950321	000000	00014	296633	00010	1697771	1994404	970523
950700	000000	00024	120600	00000	0	120600	970424
950503	000000	00012	71700	00001	35781	157481	970529
951221	000000	00003	554463	00004	633397	1187860	970410
950221	000000	00005	42200	00000	0	42200	970529
970303	000000	00012	36300	00000	0	36300	970626
970306	000000	00015	77225	00000	0	77225	970626