

**FY 2014**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**FEDERAL PROGRAMS FOR WORKERS' COMPENSATION**

**SALARIES AND EXPENSES**



# FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

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# FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

## APPROPRIATION LANGUAGE

### Salaries and Expenses

*For necessary expenses for the Office of Workers' Compensation Programs, \$118,458,000, together with \$2,142,000 which may be expended from the Special Fund in accordance with sections 39(c), 44(d), and 44(j) of the Longshore and Harbor Workers' Compensation Act.*

Note. – A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.

**FEDERAL PROGRAMS FOR WORKERS' COMPENSATION**

**EXPLANATION OF LANGUAGE CHANGE**

# FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

## ANALYSIS OF APPROPRIATION LANGUAGE

“...44(d) and...”

This language provides authority for the transfer of resources from the Longshore and Harbor Workers' Compensation Act special fund to defray expenses incurred by the Department of Labor in conducting special fund inspections and/or audits and to defray expenses incurred by the Department in direct administration of the fund.

## FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

<b>AMOUNTS AVAILABLE FOR OBLIGATION</b>						
(Dollars in Thousands)						
	FY 2012 Revised Enacted		FY 2013 Full Year C.R.		FY 2014 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
<b>A. Appropriation</b>	<b>825</b>	<b>\$115,939</b>	<b>846</b>	<b>\$116,428</b>	<b>846</b>	<b>\$118,458</b>
Real Transfer to EBSA for implementation of PPACA	0	\$0	0	\$0	0	\$0
Reductions pursuant to P.L. 112-10 for FY 2011 and P.L. 112-74 for FY 2012	0	-\$219	0	\$0	0	\$0
Comparative Transfer To:	0	\$0	0	\$0	0	\$0
A.1) Subtotal Appropriation (adjusted)	825	\$115,720	846	\$116,428	846	\$118,458
Offsetting Collections From:	0	\$0	0	\$0	0	\$0
Reimbursements	0	\$0	0	\$0	0	\$0
Trust Funds	165	\$35,030	168	\$35,039	168	\$35,175
Reductions pursuant to P.L. 112-10 for FY 2011 and P.L. 112-74 for FY 2012	0	-\$4	0	\$0	0	\$0
A.2) Subtotal	165	\$35,026	168	\$35,039	168	\$35,175
<b>B. Gross Budget Authority</b>	<b>990</b>	<b>\$150,746</b>	<b>1,014</b>	<b>\$151,467</b>	<b>1,014</b>	<b>\$153,633</b>
Offsetting Collections	0	\$0	0	\$0	0	\$0
<b>C. Budget Authority Before Committee</b>	<b>990</b>	<b>\$150,746</b>	<b>1,014</b>	<b>\$151,467</b>	<b>1,014</b>	<b>\$153,633</b>
Offsetting Collections From:	0	\$0	0	\$0	0	\$0
C.1) Subtotal	0	\$0	0	\$0	0	\$0
<b>D. Total Budgetary Resources</b>	<b>990</b>	<b>\$150,746</b>	<b>1,014</b>	<b>\$151,467</b>	<b>1,014</b>	<b>\$153,633</b>
Other Unobligated Balances	0	\$0	0	\$0	0	\$0
Unobligated Balance Expiring	0	\$0	0	\$0	0	\$0
<b>E. Total, Estimated Obligations</b>	<b>990</b>	<b>\$150,746</b>	<b>1,014</b>	<b>\$151,467</b>	<b>1,014</b>	<b>\$153,633</b>

NOTE: FY 2012 reflects actual FTE; the FY 2014 FTE request builds from the FY 2012 actual onboard staffing level.

# FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

## SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2012 Revised Enacted	FY 2014 Request	Net Change
<b>Budget Authority</b>			
General Funds	\$115,720	\$118,458	+\$2,738
Trust Funds	\$35,026	\$35,175	+\$149
<b>Total</b>	<b>\$150,746</b>	<b>\$153,633</b>	<b>+\$2,887</b>
<b>Full Time Equivalents</b>			
General Funds	825	846	0
Trust Funds	165	168	0
<b>Total</b>	<b>990</b>	<b>1014</b>	<b>0</b>

Explanation of Change	FY 2012 Base		Trust Funds		FY 2014 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Costs of pay adjustments	990	\$84,591	3	\$492	21	-\$317	24	\$175
Personnel benefits	0	\$16,857	0	\$1,043	0	-\$112	0	\$931
Employee health benefits	0	\$0	0	\$0	0	\$0	0	\$0
Moving allowance	0	\$93	0	\$0	0	\$0	0	\$0
One day more of pay	0	\$221	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act (FECA)	0	\$0	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$40	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$581	0	\$17	0	\$0	0	\$17
Transportation of things	0	\$28	0	\$1	0	\$13	0	\$14
Rental payments to GSA	0	\$9,379	0	-\$162	0	\$1,757	0	\$1,595
Rental payments to others	0	\$0	0	\$0	0	\$43	0	\$43
Communications, utilities, and miscellaneous charges	0	\$0	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$145	0	\$1	0	\$0	0	\$1
Advisory and assistance services	0	\$0	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$0	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$9,050	0	\$296	0	\$94	0	\$390
Other Federal sources (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$1,091	0	\$0	0	\$15	0	\$15
Other goods and services from Federal sources	0	\$1,710	0	\$1,096	0	\$1,397	0	\$2,493
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$6	0	\$0	0	\$0	0	\$0

## FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

Explanation of Change	FY 2012 Base		Trust Funds		FY 2014 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Operation and maintenance of equipment	0	\$8,906	0	-\$214	0	\$219	0	\$5
Supplies and materials	0	\$1,193	0	-\$13	0	\$19	0	\$6
Equipment	0	\$1,204	0	\$0	0	\$11	0	\$11
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$0	0	\$0	0	\$0	0	\$0
<b>Built-Ins Subtotal</b>	<b>990</b>	<b>+\$135,095</b>	<b>3</b>	<b>+\$2,557</b>	<b>21</b>	<b>+\$3,139</b>	<b>24</b>	<b>+\$5,696</b>
<b>B. Programs:</b>								
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>Total Increase</b>	<b>990</b>	<b>+\$135,095</b>	<b>3</b>	<b>+\$2,557</b>	<b>21</b>	<b>+\$3,139</b>	<b>24</b>	<b>+\$5,696</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Employee health benefits	0	\$5,667	0	-\$788	0	\$183	0	-\$605
Federal Employees' Compensation Act (FECA)	0	\$2,270	0	\$58	0	-\$1,183	0	-\$1,125
Communications, utilities, and miscellaneous charges	0	\$2,439	0	-\$15	0	-\$6	0	-\$21
Advisory and assistance services	0	\$387	0	-\$49	0	\$0	0	-\$49
Other services from non-Federal sources	0	\$4,888	0	-\$1,614	0	\$605	0	-\$1,009
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>+\$15,651</b>	<b>0</b>	<b>-\$2,408</b>	<b>0</b>	<b>-\$401</b>	<b>0</b>	<b>-\$2,809</b>
<b>B. Programs:</b>								
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>Total Decrease</b>	<b>0</b>	<b>+\$15,651</b>	<b>0</b>	<b>-\$2,408</b>	<b>0</b>	<b>-\$401</b>	<b>0</b>	<b>-\$2,809</b>
<b>Total Change</b>	<b>990</b>	<b>+\$150,746</b>	<b>3</b>	<b>+\$149</b>	<b>21</b>	<b>+\$2,738</b>	<b>24</b>	<b>+\$2,887</b>

NOTE: FY 2012 reflects actual FTE; the FY 2014 FTE request builds from the FY 2012 actual onboard staffing level.

## FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

<b>SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY</b>								
(Dollars in Thousands)								
	FY 2012 Revised Enacted		FY 2013 Full Year C.R.		FY 2014 Request		Diff. FY 14 Request / FY 12 Rev. Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>FEDERAL PROGRAMS FOR WORKERS' COMPENSATION</b>	<b>990</b>	<b>150,746</b>	<b>1,014</b>	<b>151,468</b>	<b>1,014</b>	<b>153,633</b>	<b>24</b>	<b>2,887</b>
<b>General Funds</b>	<b>825</b>	<b>115,720</b>	<b>846</b>	<b>116,429</b>	<b>846</b>	<b>118,458</b>	<b>21</b>	<b>2,738</b>
<b>Trust Funds</b>	<b>165</b>	<b>35,026</b>	<b>168</b>	<b>35,039</b>	<b>168</b>	<b>35,175</b>	<b>3</b>	<b>149</b>
<b>Division of Federal Employees' Compensation</b>	<b>718</b>	<b>98,050</b>	<b>742</b>	<b>98,650</b>	<b>742</b>	<b>99,474</b>	<b>24</b>	<b>1,424</b>
General Funds	718	98,050	742	98,650	742	99,474	24	1,424
<b>Division of Longshore and Harbor Workers' Compensation</b>	<b>96</b>	<b>13,486</b>	<b>101</b>	<b>13,569</b>	<b>101</b>	<b>14,323</b>	<b>5</b>	<b>837</b>
General Funds	88	11,366	92	11,436	92	12,181	4	815
Longshore Trust Funds	8	2,120	9	2,133	9	2,142	1	22
<b>Division of Technology and Standards</b>	<b>19</b>	<b>6,304</b>	<b>12</b>	<b>6,343</b>	<b>12</b>	<b>6,803</b>	<b>-7</b>	<b>499</b>
General Funds	19	6,304	12	6,343	12	6,803	-7	499
<b>Division of Coal Mine Workers' Compensation</b>	<b>157</b>	<b>32,906</b>	<b>159</b>	<b>32,906</b>	<b>159</b>	<b>33,033</b>	<b>2</b>	<b>127</b>
Black Lung Disability Trust Funds	157	32,906	159	32,906	159	33,033	2	127

NOTE: FY 2012 reflects actual FTE.

## FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

<b>BUDGET AUTHORITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2012 Revised Enacted</b>	<b>FY 2013 Full Year C.R.</b>	<b>FY 2014 Request</b>	<b>Diff. FY14 Request / FY 12 Rev. Enacted</b>
	Full-Time Equivalent				
	Full-time Permanent	1,021	1,021	1,014	-7
	<b>Total</b>	<b>1,021</b>	<b>1,021</b>	<b>1,014</b>	<b>-7</b>
	Total Number of Full-Time Permanent Positions	1,044	1,021	1,014	-30
	Average ES Salary	\$155,450	\$156,227	\$157,008	\$1,558
	Average GM/GS Grade	12/5	12/5	12/5	0
	Average GM/GS Salary	\$84,855	\$85,279	\$85,705	\$850
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	83,644	83,467	83,843	199
11.3	Other than full-time permanent	84	94	53	-31
11.5	Other personnel compensation	863	691	870	7
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>84,591</b>	<b>84,252</b>	<b>84,766</b>	<b>175</b>
12.1	Civilian personnel benefits	25,108	24,902	24,309	-799
13.0	Benefits for former personnel	40	35	40	0
21.0	Travel and transportation of persons	581	504	598	17
22.0	Transportation of things	28	44	42	14
23.0	Rent, Communications, and Utilities	0	0	0	0
23.1	Rental payments to GSA	9,379	9,756	10,974	1,595
23.2	Rental payments to others	0	43	43	43
23.3	Communications, utilities, and miscellaneous charges	2,439	2,421	2,418	-21
24.0	Printing and reproduction	145	138	146	1
25.1	Advisory and assistance services	387	218	338	-49
25.2	Other services from non-Federal sources	4,888	3,599	3,879	-1,009
25.3	Other goods and services from Federal sources 1/	11,851	14,510	14,749	2,898
25.4	Operation and maintenance of facilities	6	4	6	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	8,906	8,941	8,911	5
26.0	Supplies and materials	1,193	1,072	1,199	6
31.0	Equipment	1,204	1,028	1,215	11
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>150,746</b>	<b>151,467</b>	<b>153,633</b>	<b>2,887</b>
	1/Other goods and services from Federal sources				
	Working Capital Fund	9,050	9,364	9,440	390
	DHS Services	1,091	1,006	1,106	15
	Services by DOL Agencies	15	3,262	1,061	1,046
	GSA Services	399	433	433	34
	Services by Other Government Departments	1,296	446	2,709	1,413

# FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

## PERFORMANCE STRUCTURE

<b>Strategic and Outcome Goals Supporting <i>Good Jobs for Everyone</i></b>	<b>Supporting Budget Activities</b>
<b>Strategic Goal 1 – Prepare Workers for Good Jobs and Ensure Fair Compensation</b>	
1.1 Increase workers' incomes and narrowing wage and income inequality.	
1.2 Assure skills and knowledge that prepare workers to succeed in a knowledge-based economy, including in high-growth and emerging industry sectors like "green" jobs.	
1.3 Help workers who are in low-wage jobs or out of the labor market find a path into middle class jobs.	
1.4 Help middle-class families remain in the middle class.	
1.5 Secure wages and overtime.	
1.6 Foster acceptable work conditions and respect for workers' rights in the global economy to provide workers with a fair share of productivity and protect vulnerable people.	
<b>Strategic Goal 2 – Ensure Workplaces Are Safe and Healthy</b>	
2.1 Secure safe and healthy workplaces, particularly in high-risk industries.	
<b>Strategic Goal 3 – Assure Fair and High Quality Work-Life Environments</b>	
3.1 Break down barriers to fair and diverse work places so that every worker's contribution is respected.	
3.2 Provide workplace flexibility for family and personal care-giving.	
3.3 Ensure worker voice in the workplace.	
<b>Strategic Goal 4 – Secure Health Benefits and, for Those Not Working, Provide Income Security</b>	
4.1 Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work.	DFEC, DLHWC, DTS
4.2 Ensure income support when work is impossible or unavailable.	DFEC, DLHWC, DCMWC, DEEOIC, DTS
4.3 Improve health benefits and retirement security for all workers.	
<b>Strategic Goal 5 – Assure the Production of Timely and Accurate Data on Social and Economic Conditions of Workers and their Families</b>	
5.1 Provide sound and impartial information on labor market activity, working conditions, and price changes in the economy for decision making, including support for the formulation of economic and social policy affecting virtually all Americans.	

## FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

<b>APPROPRIATION HISTORY</b>					
(Dollars in Thousands)					
	<b>Budget Estimates to Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriations</b>	<b>FTE</b>
2004					
Base Appropriation	\$115,785	\$0	\$0	\$113,898	1,267
Legislative Proposal	-\$87,573	\$0	\$0	\$0	0
2005					
Base Appropriation	\$117,738	\$0	\$0	\$114,614	1,222
2006					
Base Appropriation	\$118,068	\$0	\$0	\$118,357	1,203
2007					
Base Appropriation	\$123,776	\$0	\$0	\$120,457	1,143
2008					
Base Appropriation	\$124,224	\$0	\$0	\$119,328	1,119
2009					
Base Appropriation	\$128,299	\$0	\$0	\$120,130	1,138
2010					
Base Appropriation	\$125,722	\$0	\$0	\$118,295	1,078
2011					
Base Appropriation	\$127,346	\$0	\$0	\$118,058	1,025
2012					
Base Appropriation	\$123,538	\$0	\$0	\$117,840	1,021
2013					
Base Appropriation	\$122,190	\$0	\$0	\$118,562	1,015
2014					
Base Appropriation	\$118,458	\$0	\$0	\$0	1,014
Legislative Proposal	\$2,000,000				

Note: Included in the annual Budget Estimates to Congress are reimbursements from the Special Workers Compensation fund established by the Longshore and Harbor Workers' Compensation Act: \$2,056,000 in FY 2004; \$2,023,000 in FY 2005; \$2,024,000 in FY 2006; \$2,042,000 in FY 2007; \$2,022,000 in FY 2008; \$2,101,000 in FY 2009; \$2,124,000 in FY 2010; \$2,119,752 in FY 2011; \$2,119,986 in FY 2012; \$2,134,000 in FY 2013, and \$2,142,000 in FY 2014.

Appropriation for FY 2011 includes rescission amount of -\$234,000 pursuant to P.L. 112-10

Appropriation for FY 2012 includes rescission amount -\$223,000 pursuant to P.L. 112-74.

Appropriation amounts do not include amounts for the Black Lung Disability Trust Fund which are provided under separate appropriation.

FY 2009 and FY 2010 are comparable levels that include the resources for the work transferred from the former Employment Standards Administration, Program Direction and Support Budget Activity.

## FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2012 Revised Enacted</b>	<b>FY 2013 Full Year C.R.</b>	<b>FY 2014 Request</b>	<b>Diff. FY 14 Request / FY 12 Rev. Enacted</b>
<b>Activity Appropriation</b>	<b>150,746</b>	<b>151,467</b>	<b>153,633</b>	<b>2,166</b>
FTE	990	1014	1014	24

### **Introduction**

Federal Programs for Workers' Compensation (FPWC) is administered through four OWCP divisions:

- The Division of Federal Employees' Compensation (DFEC) provides wage-loss compensation, medical treatment, return-to-work assistance and vocational rehabilitation to civilian employees of the Federal Government injured at work and to certain other designated groups.
- The Division of Longshore and Harbor Workers' Compensation (DLHWC) provides benefits to injured private sector workers engaged in certain maritime and related employment. Longshore also provides benefits to overseas contractors covered by the provisions of the Defense Base Act (DBA).
- The Division of Coal Mine Workers' Compensation (DCMWC) provides monetary compensation and medical benefits to totally disabled miners suffering from coal mine pneumoconiosis stemming from mine employment, and monetary benefits to their dependent survivors.
- The Division of Technology and Standards (DTS) provides information technology (IT) support and technical direction for all OWCP programs.

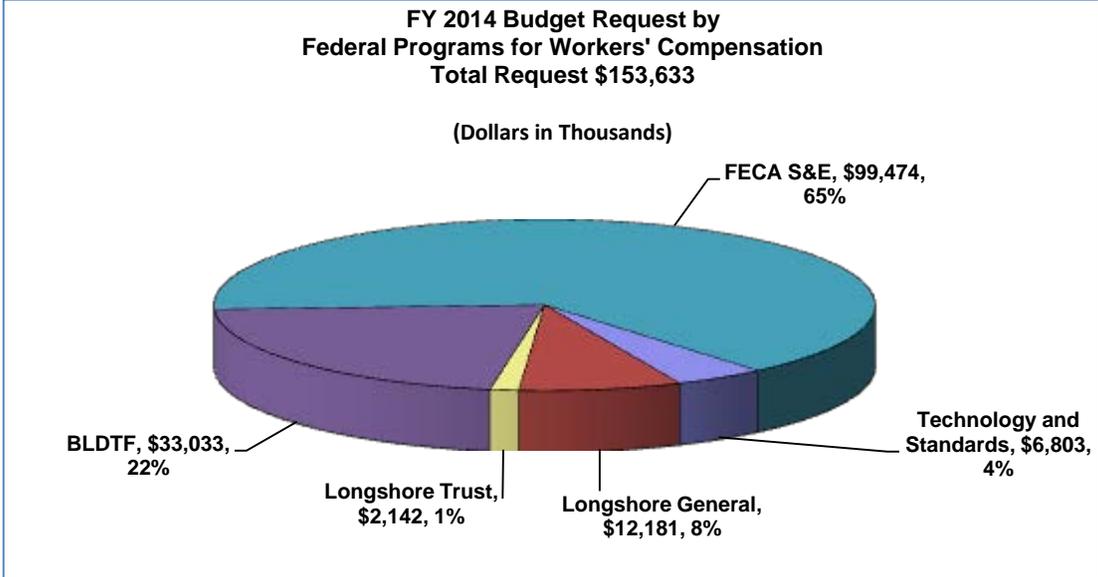
DTS (formerly the Division of Information of Technology and Support (DITMS)) had previously also provided common IT infrastructure services to the Wage and Hour Division, Office of Federal Contract Compliance Programs, and the Office Labor Management Standards, as well as to OWCP. In a consolidation of services in FY 2012, the infrastructure functions were transferred to the Office of the Assistant Secretary for Administration and Management.

Total resources requested in FY 2014 for the FPWC are \$153,633,000 and 1,014 FTE. The FY 2014 request also includes \$2,000,000 in Longshore General for implementation of the Overseas Contractor Compensation Act (OCCA), contingent on its enactment.

The FY 2014 Request by activity component is as follows:

- \$99,474,000 and 742 FTE for the Division of Federal Employees' Compensation;
- \$12,181,000 and 92 FTE for Longshore General;
- \$2,142,000 and 9 FTE for Longshore Trust;
- \$6,803,000 and 12 FTE for the Division of Technology and Standards; and
- \$33,033,000 and 159 FTE for the Division of Coal Mine Workers' Compensation.

# FEDERAL PROGRAMS FOR WORKERS' COMPENSATION



## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2012 Revised Enacted</b>	<b>FY 2013 Full Year C.R.</b>	<b>FY 2014</b>	
			<b>Current Law</b>	<b>Legislative Proposal</b>
Activity Appropriation	98,050	98,650	99,474	0
FTE	718	742	742	0

NOTE: FY 2012 reflects actual FTE. Authorized FTE for FY 2012 was 742.

### **Introduction**

The Division of Federal Employees' Compensation (DFEC) directs Federal Employees' Compensation Act (FECA) claims processing operations in 6 regions and 12 district offices. FECA is the exclusive remedy by which Federal employees may obtain compensation from the United States for work-related injury. The Act covers over 2,800,000 civilian Federal employees, including U.S. Postal Service employees, in more than 70 different agencies, providing benefits to those who sustain an injury or illness in the performance of duty anywhere in the world. Benefits include wage replacement payments and payments for reasonable and necessary medical treatment related to the injury as well as training and job placement assistance to help disabled workers return to gainful employment. Injured workers may also be compensated for permanent impairment of limbs and other parts of the body. Survivors are compensated in the event of work-related death.

DFEC adjudicates approximately 116,000 new injury and illness claims and processes 20,000 initial wage-loss compensation claims each year. The cases of 49,000 individuals receiving long-term disability benefits are reviewed annually to verify the ongoing medical condition and entitlement to benefits. Approximately 5,000,000 compensation payments and bills for medical treatment are processed annually for 240,000 FECA beneficiaries. Total FECA benefit payments were approximately \$3 billion in FY 2012.

#### *Strategic Priorities and Budget Themes*

DFEC supports the Secretary of Labor's vision of "good jobs for everyone" and Department of Labor Strategic Outcome Goal 4.1 - Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work, and Strategic Outcome Goal 4.2 - Ensure income support when work is impossible or unavailable.

Successful provision of income support is attained by promptly paying benefits to shorten the duration of income interruptions while maintaining payment accuracy and preventing and reducing improper payments. To address the reemployment of persons who suffer severe injuries and those with permanent disabilities, DFEC jointly leads, with the Occupational Safety and Health Administration, the Agency Priority Goal to develop a Model Return to Work Program by improving Federal workplace safety and reemployment of injured Federal employees. Strategies seek to strengthen the capacity of Federal employers to place and accommodate returning injured workers. To accomplish this, DFEC is pursuing new approaches and more active participation by the workers' compensation and human resources operations in Federal agencies. Two Executive-level initiatives provide government-wide authority to support those objectives.

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

Executive Order 13548 of July 26, 2010 directs Federal agencies to make special efforts to recruit and hire people with disabilities and to ensure the retention of those who are injured on the job. Under the EO, agencies are to work to improve, expand, and increase successful return to work outcomes by increasing the availability of job accommodations and light or limited duty jobs and removing disincentives for FECA claimants to return to work.

On July 19, 2010, the President issued a Presidential Memo launching the four-year (2011-2014) POWER initiative: *Protecting Our Workers and Ensuring Reemployment*. This initiative has set specific performance targets for Federal employers. POWER's key performance goals include:

- Reduction of total injury and lost time injury rates;
- Improved analysis and reporting of on-the-job injuries;
- Reduction of Federal agency lost production day rates (per 100 employees);
- Increase in the percentage of FECA Disability Management cases returned to work;
- Timely submission of Notices of Injury by Federal employers and timely adjudication of new claims by DFEC;
- Timely submission of Wage-Loss Claims by Federal employers and prompt processing of benefit payments by DFEC.

To ensure compliance with FECA Regulations, 20 CFR §§10.100, 10.101 and 10.102, which require all employers to electronically submit notices of traumatic injury, occupational disease and wage loss compensation wherever feasible, the Department of Labor added another goal in directing all Federal employers that currently do not have the capability to electronically submit those forms to create such a method.

These POWER goals capitalize on the gains made previously under the Safety, Health, and Return to Employment (SHARE) initiative which ran from FY 2003 through FY 2009. Over these past ten years, Federal agencies have responded successfully to both of these initiatives and worked constructively with DOL to improve workplace safety, improve injury case management and increase returns to work. The number of new Federal injury claims filed annually with DOL by Federal agencies declined by 18 percent between FY 2003 and FY 2011. The share of workers receiving OWCP disability management services and being reemployed within two years following injury has risen to just over 91 percent – an increase of six percentage points since FY 2009. Overall, Federal agencies are exceeding the POWER timeliness targets for submitting new injury reports and wage-loss claims to OWCP. Fewer new injury cases coupled with shorter average time away from work have dropped gross lost production days since FY 2003 by approximately 28 percent.

Despite the achievements thus far, challenges remain to continue to improve workplace safety or lessen injury severity and to enhance Federal agencies' ability to successfully reemploy their injured workers. Return to work remains particularly difficult for workers sustaining more severe injuries or those with permanent disabilities. Injured workers also face fewer reemployment options because of occupational requirements, geographical location, or other factors.

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

DFEC provides assistance to Federal workers with disabilities for injury recovery and return to work through its Disability Management (DM) activities. DFEC uses registered nurses to provide early contact with the worker via telephone within the first weeks continuation-of-pay (COP) period following injury and, in cases that do not quickly resolve, to provide stepped-up services to coordinate with providers to obtain and monitor appropriate medical treatment and work with employers to facilitate a safe return to work. DFEC continually monitors and reviews cases to provide services as appropriate. For those claimants with disabilities that prevent ready return to employment, DFEC contracts with professional vocational rehabilitation counselors to provide vocational services. In support of the EO and of the POWER initiative, DFEC continues to strengthen its DM services and technical assistance to Federal employers. DFEC is working closely with federal employers, particularly those with high injury and LPD rates, to create more re-employment opportunities for those who are more severely injured.

### *Federal Employees' Compensation Act Reform*

The FY 2014 President's Budget again includes a legislative proposal to reform the Federal Employees' Compensation Act. This proposal would standardize FECA benefit rates, including establishing a "conversion benefit" for beneficiaries at the age of retirement; provide additional benefits; and enable recovery of particular costs. FECA reform is among several complementing strategies being used by OWCP to improve employment outcomes for Federal workers who have suffered injuries or illnesses. Other DOL provisions would make FECA more equitable and easier to administer, improve FECA program management, and strengthen program integrity. Ten-year projected net cost savings of the DOL proposal are estimated at \$462,000,000.

### *Defense Base Act and War Hazards Compensation Act Claims*

DFEC anticipates continuing additional workloads due to increases in Defense Base Act (DBA) and War Hazards Compensation Act (WHCA) claims in connection with Iraq and Afghanistan. The WHCA supplements the DBA by reimbursing contract employers and insurance carriers for compensation and medical benefits paid by them for injuries or deaths involving a "war risk hazard" or by making direct payments to individuals when detention, injury or death occurs as a result of a "war risk hazard". Claims from Iraq and Afghanistan are more complex than typical claims for compensation. Although the U.S. military activities in Iraq have ended, OWCP expects to continue to receive both DBA and WHCA claims in FY 2013 and FY 2014 and beyond. For the foreseeable future, DFEC anticipates continuing resource needs for adjudication, data analysis, reporting, customer assistance and correspondence associated with WHCA claims.

### **Five-Year Budget Activity Component History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2009	\$90,095	768
2010	\$98,432	768
2011	\$98,235	736
2012	\$98,050	742
2013	\$98,650	742

# DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

## **FY 2014**

The Division of Federal Workers' Compensation FY 2014 Salaries & Expenses request consists of \$99,474,000 and 742 FTE. Another \$60,017,000 and 114 FTE for FECA program administration are also requested in Special Benefits Fair Share funding.

Return to Work (RTW) is a major DFEC performance priority. These activities are very resource-intensive and require close coordination among claims staff, contract nurses and rehabilitation counselors over extended time periods on every case.

DFEC continues to increase its knowledge of its Disability Management (DM) operations and of injury and illness case outcomes. Several independent evaluations of DM have led to procedural improvements to better define responsibilities and improve coordination among the major DM activities. For example, initial referral of cases to a Continuation-of-Pay (COP) nurse and subsequent transition of the case to a DFEC contract Field Nurse, now occur earlier, and coordination of nurse services with Vocational Rehabilitation have been improved.

DFEC has been proactive in supporting the POWER initiative through regular large group meetings and individual meetings with representatives of the largest federal agencies. The POWER Return to Work (RTW) Council meets regularly on performance-related issues and to share best practices; regularly publishes agency performance results via the Web; and issues individualized reports and other information to agencies upon their request. The work of the Council reflects DFEC's emphasis on elevating the participation of Federal employing agencies in reemploying injured workers, and providing technical assistance to those employers on return to work.

DFEC completed a study in September 2012 with DOL's Office of Disability Employment Policy to identify successful injured worker reemployment and disability hiring best practices being used in the Federal Government that could be exported to other Federal agencies. Approaches for implementation of these best practices will be developed as part of ongoing POWER RTW Council deliberations. New Technical Assistance materials will provide guidance to all federal agencies. DFEC also continues to develop technology tools to enable agencies to electronically file claims, provide better access to claims information, and improve communications.

DFEC activities in FY 2014 will also include:

- Maintain the accessibility of general FECA program information, regulations, forms and publications, as well as case-specific information, to employing agencies through DFEC's Internet site;
- Continue to expand Federal agency use of the web-based application (ECOMP) to submit claims forms electronically and enable all stakeholders (medical providers, employing agencies and injured workers) to upload documents directly into the case file;
- Enhance the use of the new interactive voice response (IVR) system;
- Continue to improve customer services; and

## **DIVISION OF FEDERAL EMPLOYEES' COMPENSATION**

- Continue to increase efficiency and productivity.

### **FY 2013**

Figures shown for FY 2013 reflect the annualized Continuing Resolution (P.L. 112-175) as a full-year appropriation, which had not been replaced or amended at the time the budget was produced. In addition, these numbers do not reflect the impact of sequestration. The operating plan for Department of Labor programs for FY 2013 including sequestration are being provided to the Committee in a separate communication.

### **FY 2012**

Total resources for DFEC administration were \$98,050,000 and 742 FTE in Salaries and Expenses and \$59,488,000 and 109 FTE in Special Benefits "Fair Share" funding.

To support return to work, DFEC continues to focus on Disability Management, particularly for employees remaining out of work after completion of initial intervention by DFEC's field nurses. DFEC will also use Periodic Entitlement Reviews to direct closer monitoring of these cases with a goal to increase referrals to Vocational Rehabilitation. Approximately 18,000 newly injured workers each year receive early intervention services under DFEC's DM activity to assist with injury recovery and return to work. Nearly 4,500 individuals, with longer-term and more severe injuries will also receive vocational rehabilitation services.

In FY 2012, the non-Postal Government-wide average LPD rate was 34.8 days per 100 employees, and better than the target of 35.1 days. From FY 2009 to FY 2012, the percentage of injured workers that had received DFEC disability management services and had returned to work within two years of injury had risen from 85.8 percent to 91.5 percent.

In FY 2012, DFEC:

- Provided technical assistance to Congress which is considering bills to reform the Federal Employees' Compensation Act. Leading to passage of two separate FECA reform bills, one in each chamber.
- Deployed the Employees' Compensation Operations and Management Portal (ECOMP), a Web-based system, providing e-filing capability for Federal employers to use for submission of initial claims and claims for wage loss compensation.
- Completed full deployment of the improved IVR system. The entire program is now utilizing the new Voice Over Internet Protocol phones and software.
- Released new E-learning modules covering areas such as Improper Payment Identification and Calculations, and Disability Management Tracking and Coding, and updated 34 modules based on Accountability Review findings, Procedure Manual updates, and policy calls.
- Completed the consolidation of the FECA case create operation from 12 sites to 2 sites, saving \$1 million annual in rent and personnel expenses.

Improvements in technology systems are being used in the FECA program to optimize claims workload distribution, further automate processes, expand program evaluation, support resource

## **DIVISION OF FEDERAL EMPLOYEES' COMPENSATION**

management, maintain fiscal integrity and improve financial reporting, and provide greater accessibility and services to customers. A very substantial expansion of DFEC's online accessibility, including a portal for claimants and their representatives to submit evidence on line, was implemented in early 2012.

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

<b>DETAILED WORKLOAD AND PERFORMANCE</b>					
	<b>FY 2012 Revised Enacted</b>		<b>FY 2013 Full Year C.R.</b>	<b>FY 2014 Request</b>	
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>	
<b>Division of Federal Employees' Compensation</b>					
<b>Strategic Goal 4 - Secure health benefits and, for those not working, provide income security.</b>					
<b>Outcome Goal 4.1 - Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work.</b>					
<b>HPPG 1</b>	<b>Percent of DM Cases Reemployed within 2 years by Non-Postal agencies</b>	<b>88.4%</b>	<b>91.5%</b>	<b>93.4%</b>	<b>95.0%</b>
<b>HPPG 2</b>	<b>Lost Production Days rates (per 100 employees) in Non-Postal Agencies</b>	<b>35.1</b>	<b>34.8</b>	<b>34.7</b>	<b>34.4</b>
<b>HPPG 3</b>	<b>Percent of Notices of Injury received within 14 days from Non-Postal agencies</b>	<b>82.0%</b>	<b>85.5%</b>	<b>87.8%</b>	<b>90.4%</b>
<b>HPPG 4</b>	<b>Percent of Wage-Loss claims received within 7 days from non-Postal agencies</b>	<b>64.0%</b>	<b>75.0%</b>	<b>75.7%</b>	<b>78.0%</b>
<b>Workloads</b>					
	Cases Created	120,000[p]	115,689	115,000[p]	115,000[p]
	Initial Wage Loss Claims Received	20,000[p]	19,806	20,000[p]	20,000[p]
	Cases starting Disability Management	17,000[p]	16,834	17,000[p]	17,000[p]
	Periodic Roll Cases - Long-term disability	45,500[p]	45,490	45,000[p]	44,000[p]
	Periodic Roll Cases - Fatal	4,500[p]	3,946	4,000[p]	4,000[p]
FEC 1a	Process Wage-Loss claims not requiring development within 14 days of receipt.	90.00%	93.10%	90.00%	90.00%
FEC 1b	Process all Wage-Loss claims within 75 days of receipt.	90.0%	94.1%	90.0%	90.0%
FEC 4a	Percent of PERS completed or developed within 60 days	90.00%	89.50%	90.00%	90.00%

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

<b>DETAILED WORKLOAD AND PERFORMANCE</b>					
		<b>FY 2012 Revised Enacted</b>		<b>FY 2013 Full Year C.R.</b>	<b>FY 2014 Request</b>
		<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
FEC 4b	Percent of PERS requiring development that are closed within 180 days	90.00%	83.20%	90.00%	90.00%

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

# DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

## Workload Summary

DFEC adjudicates approximately 116,000 new injury and illness claims and processes 20,000 initial wage-loss compensation claims each year. The cases of 50,000 individuals receiving long-term disability benefits are reviewed annually to verify the ongoing medical condition and entitlement to benefits. Over 6,000,000 compensation payments and bills for medical treatment are processed annually for 240,000 FECA beneficiaries. Total FECA benefit payments were approximately \$3 billion in FY 2012.

DFEC workload demands are primarily a result of incoming claims volumes, ongoing claimant requirements for benefits and case management services, and claimant and stakeholder communications and assistance needs. DFEC S&E staff is fully engaged in activities key to meeting those workload demands. Those activities include initial claims intake and adjudication, appeals processing, wage-loss claims processing and payment, early disability case management and return to work and vocational rehabilitation. DFEC activities are logically organized to support the progression of claims from initial injury reporting to case resolution. Optimally, these outcomes include return to work, but also can result in ongoing and permanent disability. Other DFEC activities support program administration, such as outreach and technical assistance to Federal employers, quality assurance, and fiscal administration.

All of DFEC activities are inter-dependent and mutually reinforcing and any productivity reduction in one sector will impact performance in the others. Slowdowns or backlogs resulting from production imbalances generate additional long-term negative consequences on overall performance.

DFEC supports Department of Labor Strategic Outcome Goal 4.1 - Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work, and Strategic Outcome Goal 4.2 - Ensure income support when work is impossible or unavailable. Successful provision of income support is attained by shortening the duration of income interruptions. This is accomplished by promptly and accurately processing claims to determine entitlement and deliver benefits. DFEC must balance work quality with production demands to deliver benefits accurately to workers in a timely manner.

RTW results are measured using two performance indicators: 1) the percentage of workers that are successfully returned to employment following injury or illness; and 2) disability duration in new injury and illness cases measured as lost production days (LPD). LPD rates, as measured by DFEC, provide an index reflecting the overall incidence and severity of workplace injuries and the duration of lost time in the first year following occurrence of injury or illness. RTW rates indicate the effectiveness of DFEC to assist with recovery and return to work and the Federal agencies to reemploy their injured workers. By shortening the duration of time away from employment, earlier return to work reduces LPD.

Through DM, DFEC applies an active team approach of claims managers, contract nurses and vocational rehabilitation counselors to make early identification of work injury or illness, develop case information promptly, produce accurate assessments of the nature of disability, and effectively deliver assistance services.

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

Approximately 18,000 newly injured workers each year receive early intervention services under FECA's Disability Management (DM) activity to assist with injury recovery and return to work. Nearly 4,500 individuals, with longer-term and more severe injuries will also receive vocational rehabilitation services. These activities are very resource-intensive and require close coordination among claims staff, contract nurses and rehabilitation counselors over extended time periods on every case.

DFEC's performance improvement objective is to increase the number of DM managed cases that return to work. Currently, approximately 91 percent of the cases of 14 Executive Branch agencies with the largest DM cohorts return to work within two years of injury. To improve upon this further, DFEC increased the government-wide POWER RTW target for the 14 RTW Council agencies in FY 2013 and 2014. To support performance improvement, DFEC is also exploring the use of more surgical strategies to selected agencies with more significant RTW challenges.

DFEC's Periodic Roll Management activity continues the DM focus on cases that remain out of work and continue receiving periodic roll benefits beyond the initial nurse early intervention phases. These are cases with more severe and permanent impairments presenting longer term recovery periods and requiring longer term monitoring by DFEC. The monitoring activity includes regularly scheduled Periodic Entitlement Reviews (PER) wherein medical evidence is reviewed to determine whether the claimant has continuing work-related disability or any return to work potential and enables timely referral to vocational rehabilitation. Verification of proper continuation of benefits through the PER process also reinforces the fiscal integrity of FECA program where evidence supports the adjustment or termination of benefits.

DFEC continues to work on procedural and policy changes and engage in activities to increase return to work effectiveness. Externally, DFEC efforts with employing agencies will especially focus on sub-agency bureau populations of injured workers that are generally hard to reemploy. Improvement strategies will include:

- Establishment of a nationwide Vocational Rehabilitation Coordinator;
- Expand technological capability to close procedural gaps in Disability Management to improve return to work outcomes;
- Enhanced Assisted Reemployment;
- Potentially the establishment of a candidate bank of FECA claimants who may have disabilities;
- Identification and export of RTW best practices identified through research to Federal employers;
- Preparation of DFEC vocational rehabilitation staff to work with Federal employers on reemployment best practices and piloting new hiring and placement strategies;
- Use of analytical studies on return to work and other DFEC performance to assess results and identify improvement possibilities;
- Continuation of its chair of the POWER Return to Work Council to serve as a forum for discussion and exchange of best practices in the area of return to work; and

## **DIVISION OF FEDERAL EMPLOYEES' COMPENSATION**

- Formation of a bridge between workers' compensation and Federal agency disability hiring personnel to establish a continuity of practice for the sharing of information, ideas and experiences.

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

<b>BUDGET ACTIVITY COMPONENT BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2012 Revised Enacted</b>	<b>FY 2013 Full Year C.R.</b>	<b>FY 2014 Request</b>	<b>Diff. FY14 Request / FY 12 Rev. Enacted</b>
11.1	Full-time permanent	60,900	60,911	60,448	-452
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	609	451	600	-9
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>61,509</b>	<b>61,362</b>	<b>61,048</b>	<b>-461</b>
12.1	Civilian personnel benefits	19,088	18,782	18,801	-287
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	354	247	369	15
22.0	Transportation of things	14	15	15	1
23.1	Rental payments to GSA	5,707	6,721	7,775	2,068
23.2	Rental payments to others	0	43	43	43
23.3	Communications, utilities, and miscellaneous charges	1,472	1,389	1,389	-83
24.0	Printing and reproduction	78	65	78	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	848	1,193	653	-195
25.3	Other goods and services from Federal sources 1/	7,921	7,911	8,169	248
25.4	Operation and maintenance of facilities	6	4	6	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	216	202	216	0
26.0	Supplies and materials	803	715	824	21
31.0	Equipment	34	1	88	54
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>98,050</b>	<b>98,650</b>	<b>99,474</b>	<b>1,424</b>
1/Other goods and services from Federal sources					
	Working Capital Fund	6,483	6,483	6,576	93
	DHS Services	898	823	894	-4
	GSA Services	399	433	433	34
	Services by Other Government Departments	141	172	266	125

# DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

## CHANGES IN FY 2014

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	-\$461
Personnel benefits	504
Employee health benefits	183
Moving allowance	0
One day more of pay	0
Federal Employees' Compensation Act (FECA)	-974
Benefits for former personnel	0
Travel and transportation of persons	15
Transportation of things	1
Rental payments to GSA	2,068
Rental payments to others	43
Communications, utilities, and miscellaneous charges	-83
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	-195
Working Capital Fund	93
Other Federal sources (Census Bureau)	0
Other Federal sources (DHS Charges)	-4
Other goods and services from Federal sources	159
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	21
Equipment	54
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$1,424**

**Net Program** **\$0**

**Direct FTE** **0**

	Estimate	FTE
<b>Base</b>	<b>\$99,474</b>	<b>718</b>

NOTE: Base reflects actual FY 2012 FTE.



## DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2012 Revised Enacted</b>	<b>FY 2013 Full Year C.R.</b>	<b>FY 2014</b>	
			<b>Current Law</b>	<b>Legislative Proposal</b>
Activity Appropriation	13,486	13,569	14,323	2,000
FTE	96	101	101	5

NOTE: FY 2012 reflects actual FTE. Authorized FTE for FY 2012 was 101.

### **Introduction**

The Division of Longshore and Harbor Workers' Compensation (DLHWC) implements the Longshore and Harbor Workers' Compensation Act, as amended. Longshore administers a program of income replacement and medical and rehabilitation benefits for individuals who are injured during the course of covered maritime employment or who suffer an occupational disease arising from such employment. All program FTE and resources support mission critical functions, which in turn support the Department's vision of "good jobs for everyone", the Department's *Strategic Goal 4: Secure health and, for those not working, provide income security*. Longshore's core mission activities are to provide mediation, adjudicate claims, resolve disputes, oversee benefit delivery by employers and insurance carriers, provide technical assistance to all stakeholders, and manage the Special Workers' Compensation Fund (SWCF), for which it has fiduciary responsibility. Longshore also administers injury and occupational disease coverage for non-maritime employees under several extensions of the Act, including the Defense Base Act (DBA), Outer Continental Shelf Lands Act (OCSLA), Non-appropriated Fund Instrumentalities Act (NFIA), and the District of Columbia Workmen's Compensation Act (DCWCA) for injuries sustained prior to July 26, 1982.

The Division receives on average 29,000 new lost-time injury claims per year and collects assessments for the Special Fund, which provides benefits directly to certain individuals (claimants), including bi-weekly recurring benefit payments to over 4,500 beneficiaries. 530 companies are authorized to write Longshore insurance, and over \$2,450,000,000 in securities are maintained to ensure the continuing provision of benefits for covered workers in case of employer/carrier insolvency. Program operations are funded from the General Fund. Management of the SWCF is supported by an appropriation from the Fund that is referred to as "Longshore Trust Funds."

# DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

## Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2009	\$13,307	100
2010	\$13,534	100
2011	\$13,507	95
2012	\$13,486	95
2013	\$16,469	104

## FY 2014

The FY 2014 request level for the Division of the Longshore and Harbor Workers' Compensation (DLHWC) is \$14,323,000 and 101 FTE. Of the total requested, General Funds provide \$12,181,000 and 92 FTE; Trust Funds provide \$2,142,000 and 9 FTE. Longshore requests an additional \$2,000,000 and 5 FTE for start-up costs associated with implementation of the Overseas Contractors Compensation (OCCA), contingent on its enactment. This amount is requested as funding contingent on the enactment of the OCCA legislative proposal and is therefore not part of the FY 2014 request level of \$14,323,000.

The growth in Federal contractors working overseas has brought into sharp focus the need for a more efficient approach to the Defense Base Act (DBA), which provides workers' compensation coverage to Federal contract employees working overseas on defense bases and public works projects. The 2014 Budget includes a legislative proposal to reform the DBA by establishing a new Government-wide fund to replace the patchwork of contract coverage now in effect under the current program. Since 2002, the DBA caseload has increased by almost 2,600 percent, from 430 in 2002 to over 11,600 in 2011. Longshore has experienced a number of administrative challenges in the wake of the increased workload, including difficulties in obtaining necessary documentation from foreign workers and delays in processing cases originating from war zones. In addition, under the program's current structure, the cost of DBA insurance—which agencies pay through individual privately-insured contracts—exceed actual benefit by a significant margin. Over the past several years, DOL, the Department of Defense, the Department of State, and the U.S Agency for International Development have been working closely together to reform and improve the operation of the DBA program, and this proposal reflects the culmination of those collaborative efforts. The proposed Overseas Contractors Compensation Act (OCCA) would replace the current DBA program with a new DOL-administered government-wide benefit program under which benefits would be paid directly from a Federal fund administered by DOL and agencies would be billed only for their share of benefits and administrative costs. The start-up costs requested for OCCA, contingent on its enactment, will provide for the initial stages of program implementation which will include the provision of a small staff focused on conducting IT requirements analysis, program design and regulatory support from the Solicitor of Labor.

## **DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION**

### **FY 2013**

Figures shown for FY 2013 reflect the annualized Continuing Resolution (P.L. 112-175) as a full-year appropriation, which had not been replaced or amended at the time the budget was produced. In addition, these numbers do not reflect the impact of sequestration. The operating plan for Department of Labor programs for FY 2013 including sequestration are being provided to the Committee in a separate communication.

### **FY 2012**

Total funding for the Division of Longshore and Harbor Workers' Compensation (DLHWC) in FY 2012 was \$13,486,000 and 95 FTE. General Funds provide \$11,366,000 and 87 FTE; Trust Funds provide \$2,120,000 and 8 FTE.

Longshore does not make benefit decisions or pays claims; it oversees the claims processing and benefit delivery activities of self-insured employers and insurance carriers. A key to improved benefit delivery to injured workers is the timeliness of Notices of First Injury and First Payment of Compensation. The program focused on employer and carrier performance to improve their timeliness for these two actions, and resolution of disputed claims as quickly as possible. Strategies included a combination of communicating Longshore program expectations/requirements; formal publication results; and education and assistance. Strategies also encouraged communication and information sharing between the parties, particularly essential to dispute resolution. These strategies advanced the Longshore program's mission to provide income support with minimal interruptions and to facilitate return to work of those injured workers. The Revised FY 2012 Dispute Resolution targets (based on FY 2010-2011 results) helped the program implement strategies to address cases with longer periods of disability being claimed, employers less willing to compromise and settle early, and areas with increasing litigation. The program conducted staff mediation training to improve dispute outcomes following informal conferences.

## DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

<b>DETAILED WORKLOAD AND PERFORMANCE</b>					
		<b>FY 2012 Revised Enacted</b>		<b>FY 2013 Full Year C.R.</b>	<b>FY 2014 Request</b>
		<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Division of Longshore and Harbor Workers' Compensation</b>					
<b>Strategic Goal 4 - Secure health benefits and, for those not working, provide income security.</b>					
<b>Outcome Goal 4.2 - Ensure income support when work is impossible or unavailable.</b>					
<b>LS 1</b>	<b>Percent of Employer's First Report of Injury filed within 30 days: Defense Base Act cases</b>	<b>80.00%</b>	<b>85.00%</b>	<b>83.00%</b>	<b>85.00%</b>
<b>LS 2</b>	<b>Percent of First Payment of Compensation issued within 30 days: Defense Base Act cases</b>	<b>60.00%</b>	<b>63.00%</b>	<b>62.00%</b>	<b>60.00%</b>
<b>LS 3</b>	<b>Percent of Employer's First Report of Injury filed within 30 days: non-Defense Base Act cases</b>	<b>85.00%</b>	<b>86.00%</b>	<b>85.00%</b>	<b>85.00%</b>
<b>LS 4</b>	<b>Percent of First Payment of Compensation issued within 30 days: non-Defense Base Act cases</b>	<b>85.00%</b>	<b>85.00%</b>	<b>85.00%</b>	<b>85.00%</b>
	Number of Open Claims	42,407[p]	41,518	44,527[p]	46,753[p]
	Lost Time Injuries Reported	30,427[p]	29,287	31,948[p]	31,948[p]
	Cases Being Compensated	15,985[p]	15,226	16,727[p]	16,727[p]
	Pending Case Inventory	11,290[p]	9,294	11,890[p]	12,485[p]

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

# **DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION**

## **Workload Summary**

The Division of Longshore and Harbor's Workers' Compensation (DLHWC) strives to improve the delivery of benefits for both Longshore and DBA claimants through timely claims adjudication, efficient dispute resolution, reviewing files and monitoring claims to determine the adequacy of services being provided, and providing claims assistance to injured workers. DLHWC does not make benefit decisions or pay claims; it oversees the claims processing and benefit delivery activities of the self-insured employers and insurance carriers. Improvement of benefit delivery outcomes, such as return to work and income support, rests upon the foundation of quality and timely cases processing.

Longshore is focusing on employer performance to ensure that injury reports and first payment of benefits are timely and that disputed claims are also resolved quickly as possible. The timeliness of notice of injury and payment of compensation directly impact the delivery of benefits and the quality of customer service. Strategies include a combination of communicating Longshore program expectations/requirements; formal publication of employer and carrier performance results; education and technical assistance. In addition to the technical assistance provided daily in response to calls and correspondence, all District Directors conduct workshops for claims professionals new to Longshore. Strategies encourage communication and information between parties, which are particularly essential to dispute resolution. These strategies advance the Longshore program's mission to provide income support with minimal interruptions and to facilitate return to work for injured workers.

Another performance focus for DLHWC is to provide informal dispute resolution services to claimants and the employers and insurance carriers, to minimize the delays and costs of formal litigation. The district office resolve 64% of disputes that arise through informal dispute resolution at the district office level for all cases and leverage performance improvements to ultimately reduce the overall processing timeframe for all disputed cases. By shortening the time to resolve disputed cases at the district office level, the program will increase benefit delivery for injured workers. Even when the disputed issue is not resolved by the district office, when the district office issues a more timely recommendation, the case moves to the OALJ for formal resolution quicker and this in essence reduces the overall time that is required to resolve the dispute and deliver income support. The program will use its strategy of improving the timeliness of informal dispute resolution to reduce the need for formal litigation.

The program will provide voluntary vocational rehabilitation service to injured workers as well as ancillary service such as outreach, education and compliance assistance for all stakeholders.

**DIVISION OF LONGSHORE AND HARBOR WORKERS'  
COMPENSATION**

<b>BUDGET ACTIVITY COMPONENT BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2012 Revised Enacted</b>	<b>FY 2013 Full Year C.R.</b>	<b>FY 2014 Request</b>	<b>Diff. FY14 Request / FY 12 Rev. Enacted</b>
11.1	Full-time permanent	8,087	8,410	9,083	996
11.3	Other than full-time permanent	0	41	0	0
11.5	Other personnel compensation	81	136	161	80
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>8,168</b>	<b>8,587</b>	<b>9,244</b>	<b>1,076</b>
12.1	Civilian personnel benefits	2,373	2,414	1,767	-606
13.0	Benefits for former personnel	40	35	40	0
21.0	Travel and transportation of persons	14	52	24	10
22.0	Transportation of things	0	14	12	12
23.1	Rental payments to GSA	615	893	1,057	442
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	143	203	143	0
24.0	Printing and reproduction	14	19	14	0
25.1	Advisory and assistance services	387	218	338	-49
25.2	Other services from non-Federal sources	13	21	427	414
25.3	Other goods and services from Federal sources 1/	374	382	404	30
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	1,163	667	671	-492
26.0	Supplies and materials	82	64	82	0
31.0	Equipment	100	0	100	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>13,486</b>	<b>13,569</b>	<b>14,323</b>	<b>837</b>
1/Other goods and services from Federal sources					
	Working Capital Fund	261	279	261	0
	DHS Services	110	100	129	19
	Services by DOL Agencies	0	0	11	11
	Services by Other Government Departments	3	3	3	0

# DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

## General Funds

<b>PROGRAM CATEGORY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2012 Revised Enacted</b>	<b>FY 2013 Full Year C.R.</b>	<b>FY 2014 Request</b>	<b>Diff. FY 14 Request / FY 12 Rev. Enacted</b>
11.1	Full-time permanent	7,301	7,583	8,268	967
11.3	Other than full-time permanent	0	41	0	0
11.5	Other personnel compensation	73	114	142	69
<b>11.9</b>	<b>Total personnel compensation</b>	<b>7,374</b>	<b>7,738</b>	<b>8,410</b>	<b>1,036</b>
12.1	Civilian personnel benefits	2,132	2,152	1,519	-613
13.0	Benefits for former personnel	40	35	40	0
21.0	Travel and transportation of persons	14	37	9	-5
22.0	Transportation of things	0	14	12	12
23.1	Rental payments to GSA	615	893	1,057	442
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	143	203	143	0
24.0	Printing and reproduction	14	19	14	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	13	21	427	414
25.3	Other goods and services from Federal sources 1/	213	221	243	30
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	626	39	125	-501
26.0	Supplies and materials	82	64	82	0
31.0	Equipment	100	0	100	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>11,366</b>	<b>11,436</b>	<b>12,181</b>	<b>815</b>
1/Other goods and services from Federal sources					
	Working Capital Fund	100	118	100	0
	DHS Services	110	100	129	19
	Services by DOL Agencies	0	0	11	11
	Services by Other Government Departments	3	3	3	0

# DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

## Trust Funds

<b>PROGRAM CATEGORY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2012 Revised Enacted</b>	<b>FY 2013 Full Year C.R.</b>	<b>FY 2014 Request</b>	<b>Diff. FY 14 Request / FY 12 Rev. Enacted</b>
11.1	Full-time permanent	786	827	815	29
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	8	22	19	11
11.9	<b>Total personnel compensation</b>	<b>794</b>	<b>849</b>	<b>834</b>	<b>40</b>
12.1	Civilian personnel benefits	241	262	248	7
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	0	15	15	15
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	0	0	0	0
24.0	Printing and reproduction	0	0	0	0
25.1	Advisory and assistance services	387	218	338	-49
25.2	Other services from non-Federal sources	0	0	0	0
25.3	Other goods and services from Federal sources 1/	161	161	161	0
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	537	628	546	9
26.0	Supplies and materials	0	0	0	0
31.0	Equipment	0	0	0	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>2,120</b>	<b>2,133</b>	<b>2,142</b>	<b>22</b>
1/Other goods and services from Federal sources					
	Working Capital Fund	161	161	161	0

## DIVISION OF TECHNOLOGY AND STANDARDS (DTS)

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2012 Revised Enacted</b>	<b>FY 2013 Full Year C.R.</b>	<b>FY 2014</b>	
			<b>Current Law</b>	<b>Legislative Proposal</b>
Activity Appropriation	6,304	6,342	6,803	0
FTE	19	12	12	0

NOTE: FY 2012 reflects actual FTE. Authorized FTE for FY 2012 was 25.

### **Introduction**

The Division of Technology and Standards (DTS) provides Information Technology (IT) support and technical direction to all of OWCP's programs. DTS provides direct support to OWCP for its technology and application development as well as its production support. DTS fosters IT standardization across OWCP, developing common solutions and applications so that all programs can leverage these capabilities in a cost-effective manner. DTS ensures service providers are delivering the level of support needed and agreed upon on a regular basis, and facilitates actions to resolve deficiencies or systemic issues before they impact OWCP's mission.

As part of the Department's IT Modernization effort, the infrastructure portions of the IT organizations of OASAM, OWCP and OSHA were consolidated within OASAM into a single new IT office, the Office of the Chief Information Officer (OCIO). The OCIO will provide common IT infrastructure services to all customers such as network services, desktop services, help desk services, data storage, email, application hosting, and data center management. Applications management and development will remain with OWCP.

A Memorandum of Understanding established a reimbursable agreement process between OWCP and OCIO to provide funding for the FTE and contracts for the infrastructure services previously provided by OWCP/DITMS.

While the infrastructure functions of DITMS transferred to OASAM including responsibilities for the Wage and Hour Division, Office of Federal Contract Compliance Programs, and the Office Labor Management Standards, functions that directly support OWCP applications remained in OWCP. The mission of the new organization within OWCP, the Division of Technology and Standards (DTS), is to provide OWCP with applications management and development, and to ensure that OWCP obtains IT services and business solutions that enable it to achieve its mission in an efficient and customer-focused manner.

## DIVISION OF TECHNOLOGY AND STANDARDS (DTS)

### Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2009	\$0	0
2010	\$6,329	0
2011	\$6,316	27
2012	\$6,304	25
2013	\$6,343	19 <sup>1</sup>

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<sup>1</sup> As of pay period 10, 16 DITMS positions (6 FTE) were moved to OASAM-OCIO as part of the OCIO consolidation. FTE and On-Board ceilings have been adjusted accordingly.

### **FY 2014**

The FY 2014 request level for the Division of Technology and Standards (DTS) is \$6,803,000 and 12 FTE. DTS will continue development and implementation of common technology and applications across OWCP's programs which support DOL's IT Infrastructure Modernization. Through several initiatives, a common compensation system will be implemented, as well as other common solutions such as Imaging and IVR that will allow efficiencies to be realized as well as allow OWCP's workforce to become more virtualized supporting things like load sharing across program district offices and telework expansion. DTS will ensure service providers are delivering as expected and resolve performance issues as they arise. The services provided will ensure that OWCP has the IT resources needed to achieve Operating Plan performance improvements, improve customer service through timely adjudication, payment processing and dispute resolution, improve the quality of its work products, and enhance fiscal integrity and improper payment identification and recovery uniformly across all program components. In addition, resources will be available to fund critical infrastructure services needed through a reimbursable agreement with the OASAM.

DTS provides information technology (IT) support and technical direction for OWCP. As a result of recent consolidation of IT functions within the Department, the Office of the Chief Information Officer (OCIO) will provide infrastructure services such as Help Desk, server maintenance, and mission critical systems support to OWCP through a Memorandum of Understanding with OCIO that establishes a reimbursable agreement.

### **FY 2013**

Figures shown for FY 2013 reflect the annualized Continuing Resolution (P.L. 112-175) as a full-year appropriation, which had not been replaced or amended at the time the budget was produced. In addition, these numbers do not reflect the impact of sequestration. The operating plan for Department of Labor programs for FY 2013 including sequestration are being provided to the Committee in a separate communication.

## **DIVISION OF TECHNOLOGY AND STANDARDS (DTS)**

### **FY 2012**

Total funding for DITMS in FY 2012 was \$6,304,000 and 25 FTE. These resources will provide direct support for OWCP, as well as IT operational support for WHD, OFCCP, and OLMS. DITMS will leverage prior year architecture and platform enhancements to achieve and maintain strategic performance objectives for its client agencies which support the achievement of the Secretary's vision through enforcement and benefit delivery. DITMS resources will focus on IT modernization, through integration with the Department's identity and access management solution and improved transparency and through enhancements which will offer better resource utilization, service management, policies, and metrics, as well as support OWCP agency-specific systems development and capabilities enhancements. DITMS will assist client agencies with identifying and implementing improved efficiencies based in part on prior year improvements. DITMS strategies in support of client agency outcomes include improved implementation through project oversight that includes ensuring the timeliness of completion and delivery within cost estimates. DITMS will improve IT Infrastructure and service availability by ensuring system availability and enhanced help desk performance through reducing time to resolution performance and improving customer service.

**DIVISION OF TECHNOLOGY AND STANDARDS (DTS)**

<b>DETAILED WORKLOAD AND PERFORMANCE</b>					
	<b>FY 2012 Revised Enacted</b>		<b>FY 2013 Full Year C.R.</b>	<b>FY 2014 Request</b>	
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>	
<b>Division of Technology and Standards</b>					
<b>Strategic Goal 1 - Prepare workers for good jobs and ensure fair compensation.</b>					
<b>Outcome Goal 1.1 - Increase workers' incomes and narrow wage and income inequality.</b>					
DTS 1	Meet OWCP IT project milestones on time	--	--	TBD	TBD

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

## **DIVISION OF TECHNOLOGY AND STANDARDS (DTS)**

### **Workload Summary**

DTS will continue development and implementation of common technology and applications across OWCP's programs. DTS will ensure providers are timely in delivering service and that performance expectations are met. DTS will provide oversight and guidance on IT improvements for all OWCP components and will ensure that efficiencies are achieved by leveraging across programs and through the implementation of best practices. DTS will ensure that OWCP takes a consolidated and uniformed approach in acquiring the IT resources needed to achieve Operating Plan performance improvements, to improve customer service and the quality of its work products, as well as enhance fiscal throughout the agency. DTS provide information technology (IT) support and technical direction for OWCP. As a result of the consolidation of IT functions within the Department, the Office of the Chief Information Officer will provide infrastructure services such as Help Desk, server maintenance, and mission critical systems support to OWCP through a funds transfer from the DTS funding account.

## DIVISION OF TECHNOLOGY AND STANDARDS (DTS)

<b>BUDGET ACTIVITY COMPONENT BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2012 Revised Enacted</b>	<b>FY 2013 Full Year C.R.</b>	<b>FY 2014 Request</b>	<b>Diff. FY14 Request / FY 12 Rev. Enacted</b>
11.1	Full-time permanent	2,380	1,457	1,523	-857
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	50	10	15	-35
11.9	<b>Total personnel compensation</b>	<b>2,430</b>	<b>1,467</b>	<b>1,538</b>	<b>-892</b>
12.1	Civilian personnel benefits	572	352	360	-212
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	15	5	5	-10
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	953	200	200	-753
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	25	45	102	77
24.0	Printing and reproduction	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	30	2	416	386
25.3	Other goods and services from Federal sources 1/	976	2,245	2,204	1,228
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	186	954	906	720
26.0	Supplies and materials	50	48	48	-2
31.0	Equipment	1,067	1,024	1,024	-43
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>6,304</b>	<b>6,342</b>	<b>6,803</b>	<b>499</b>
1/Other goods and services from Federal sources					
	Working Capital Fund	34	34	35	1
	Services by DOL Agencies	0	2,212	0	0
	Services by Other Government Departments	942	0	2,169	1,227

## DIVISION OF COAL MINE WORKERS' COMPENSATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2012 Revised Enacted</b>	<b>FY 2013 Full Year C.R.</b>	<b>FY 2014</b>	
			<b>Current Law</b>	<b>Legislative Proposal</b>
Activity Appropriation	32,906	32,906	30,033	0
FTE	157	159	159	0

NOTE: FY 2012 reflects actual FTE. Authorized FTE for FY 2012 was 159.

### **Introduction**

The Division of Coal Mine Workers' Compensation (DCMWC) draws its mandate from Title IV of the Federal Coal Mine Health and Safety Act of 1969, as amended, to serve coal industry workers, and their dependent survivors, who are totally disabled by pneumoconiosis or Black Lung disease as a result of their exposure to coal mine dust. The Division's core mission and budget activities are to develop and adjudicate claims and pay benefits. Its claims examiners and supporting staff process benefit applications and decide cases in nine district offices across the country. In addition, staff members monitor benefit payments and medical treatment provided by self-insured coal mine operators or their insurance carriers. The mission directly supports the Department's vision of "*good jobs for everyone*" and *Strategic Goal 4: Secure health and, for those not working, provide income security* by providing income support and medical care for beneficiaries who are unable to perform their previous coal mine work due to occupational lung disease. The national office supports the Secretary's fiduciary responsibility for the Black Lung Disability Trust Fund (BLDTF) by processing coal mine operator self-insurance requests and confirming that self-insurers post the appropriate amounts to cover potential benefit security liabilities. The Division further supports the Secretary's fiduciary responsibility by working with coal mine operators to encourage voluntary compliance with statutory insurance requirements. Other national office activities include overseeing and managing the program's data and medical bill processing systems and its accounting and debt management functions; coordinating litigation with the Solicitor of Labor (SOL); and providing procedural guidance to field operations.

Historically, the statute divided program administration between the Social Security Administration (Part B) and the Department of Labor (Part C). In FY 2002, Congress passed legislation permanently transferring jurisdiction over Part B to the Department of Labor. With the Part B appropriation transferred to the Department on October 1, 2003, all components of program administration were combined, resulting in fiscal and operational efficiencies and improved service delivery. Part B funding and activities are discussed in the Special Benefits for Disabled Coal Miners section of the Office of Workers' Compensation Programs (OWCP) budget.

The Patient Protection and Affordable Care Act (PPACA) of 2010 had a significant effect on the workload for the Black Lung Program, as it reinstated two provisions in the Act that had been removed in 1981 for claims filed on or after 1/1/82. Both these provisions are favorable to claimants and have led to an increase in claims received. In keeping with the Division's core mission to develop and adjudicate claims and pay benefits, resources have been focused on timely and accurate decisions for the increase of incoming claims.

## DIVISION OF COAL MINE WORKERS' COMPENSATION

The Division engages its stakeholders with outreach and educational activities designed to improve the quality of medical evidence submitted with claims for benefits, reinforce the concept of DCMWC as a fair and balanced adjudicator, and foster a better understanding of the claims decisions issued. The credibility of initial eligibility decisions will be increased by using higher-credentialed physicians for diagnostic examinations. These strategies will be combined with educational outreach and technical assistance to both customer and provider communities. DCMWC also is aggressively seeking ways to reduce erroneous benefit payments and improve overall program administration. For example, the program is expediting the process of reviewing annual status update questionnaires and refining the process for reviewing representative payee annual fiscal reporting.

Although rigorous Federal regulations and improved dust suppression technology have combined over the years to reduce the incidence of pneumoconiosis, National Institute of Occupational Safety and Health (NIOSH) data indicate an increased incidence of the disease beginning in the late 1990s. The Division's services remain essential for providing income support and medical care for its beneficiaries. Its highly trained and experienced professional staff seeks to improve the quality of customer service. The program has been very successful in meeting management and performance outcome goals through the careful oversight and application of available resources. The program will work toward achieving its performance goal of reducing the average time it takes to process Black Lung claims by improving the quality and timeliness of its decisions and service delivery and enhancing its financial management tools and oversight. DCMWC will assess and improve its performance through the use of its annual operating plan, quarterly review and analysis of performance results, and annual accountability reviews.

### **Five-Year Budget Activity Component History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2009	\$32,308	181
2010	\$32,720	181
2011	\$33,075	167
2012	\$32,906	159
2013	\$32,906	159

### **FY 2014**

The FY 2014 Agency Request level is \$33,033,000 and 159 FTE to meet obligations for DCMWC's Salaries and Expenses. This amount is \$127,000 above the FY 2012 Revised Enacted level.

At this funding level, DCMWC will continue the core activities of its mission to pay monthly compensation and ongoing medical treatment benefits to an estimated average of 18,800 recipients under Part C, continue to monitor cash and medical treatment benefits disbursed by

## **DIVISION OF COAL MINE WORKERS' COMPENSATION**

coal mine operators in the private sector to an average of 4,500 additional recipients under Part C, and process an estimated 5,500 incoming claims.

The Division of Coal Mine Workers' Compensation (DCMWC) will address the societal problem that miners who are no longer able to perform coal mine work because they are permanently and totally disabled by occupational lung disease suffer loss of income, face an increased need for medical treatment and consequently, increased health care costs. DCMWC will reach its targets for its priority performance and supporting measures, and continue the core activities of its mission to pay monthly compensation and ongoing medical treatment benefits to recipients under Part C, continue to monitor cash and medical treatment benefits disbursed by coal mine operators in the private sector, and process incoming claims. The specific strategies and activities DCMWC will implement in FY 2014 are discussed further in the Workload Summary section.

In addition to the activities already discussed, DCMWC's national office supports the Secretary's fiduciary responsibility for the Black Lung Disability Trust Fund (BLDTF) by processing coal mine operator self-insurance requests and confirming that self-insurers post the appropriate amounts to cover potential benefit security liabilities. DCMWC further supports the Secretary's fiduciary responsibility by working with coal mine operators to encourage voluntary compliance with statutory insurance requirements. Other national office activities include overseeing and managing the program's data and medical bill processing systems and its accounting and debt management functions; coordinating litigation with the Solicitor of Labor (SOL); and providing procedural guidance to field operations

Responsible Mine Operators (RMOs) are responsible for repaying benefits to the Black Lung Disability Trust Fund (BLDTF) when interim payments have been made on their behalf. DCMWC will follow up successful efforts begun in FY 2009 to recoup interim benefit payments from RMOs and return the recovered funds to the BLDTF. In FY 2012, \$11,618,000 was collected from RMOs and similar expected in FY 2012. At this funding level, collection efforts will be sufficient to ensure that funds are returned to the BLDTF at similar levels in FY 2014.

### **FY 2013**

Figures shown for FY 2013 reflect the annualized Continuing Resolution (P.L. 112-175) as a full-year appropriation, which had not been replaced or amended at the time the budget was produced. In addition, these numbers do not reflect the impact of sequestration. The operating plan for Department of Labor programs for FY 2013 including sequestration are being provided to the Committee in a separate communication.

### **FY 2012**

The Enacted level was \$32,906,000 and 159 FTE to meet FY 2012 obligations for DCMWC's Salaries and Expenses.

At this funding level, DCMWC paid monthly compensation and ongoing medical treatment benefits to an estimated average of 22,720 recipients under Part C for an annual total of \$210,000,000, monitored cash and medical treatment benefits disbursed by coal mine operators

## **DIVISION OF COAL MINE WORKERS' COMPENSATION**

in the private sector to an average of 4,600 additional recipients under Part C, and processed 5,368 incoming claims.

## DIVISION OF COAL MINE WORKERS' COMPENSATION

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2012 Revised Enacted</b>		<b>FY 2013 Full Year C.R.</b>	<b>FY 2014 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Division of Coal Mine Workers' Compensation</b>				
<b>Strategic Goal 4 - Secure health benefits and, for those not working, provide income security.</b>				
<b>Outcome Goal 4.2 - Ensure income support when work is impossible or unavailable.</b>				
<b>Workload Volumes</b>				
Claims Received	5,000[p]	5,368	6,000[p]	5,500[p]
Proposed Decisions and Orders	6,000[p]	5,263	5,400[p]	5,400[p]
Conversion of Benefits to Miners' Survivors	680[p]	535	620[p]	580[p]
Referrals to ALJ	1,500[p]	1,243	1,350[p]	1,350[p]
Referrals to BRB	500[p]	459	450[p]	450[p]
<b>Total</b>	<b>13,680</b>	<b>12,868</b>	<b>13,820</b>	<b>13,280</b>
CM 1	Average Number of Days to Process Black Lung Claims		255[r]	247
CM 3	Average time in days for development of medical evidence for BL claims		128	123
CM 4	Percent of Annual Benefit Reviews (ABE) completed within current standards		90%	90%

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

# DIVISION OF COAL MINE WORKERS' COMPENSATION

## Workload Summary

DCMWC will follow the strategies and perform the activities described below to improve its priority performance results in support of the Department's *Strategic Goal 4: Secure health and, for those not working, provide income security* and *Outcome Goal 4.2: Ensure income support when work is impossible or unavailable* by providing income support and medical care for beneficiaries who are unable to perform their previous coal mine work due to occupational lung disease.

DCMWC's performance improvement priority is to reduce the average time it takes to process Black Lung claims. DCMWC uses two performance indicators to measure claims processing timeliness and customer service: 1) average number of days to process Black Lung claims (issuance of a Proposed Decision and Order (PDO), the basic decisional document that gives the District Director's findings regarding eligibility and liability for payment, and that provides appeal rights for any party dissatisfied with the decision), and 2) average time in days for development of medical evidence for Black Lung claims.

The first performance indicator above, measures the overall PDO timeliness. By reducing the time required to issue a PDO, Black Lung Program claimants who are entitled to benefits will receive their benefits faster, thereby mitigating the impact of income loss, and claimants deemed not entitled to benefits will have the opportunity to request an appeal sooner. Historical program data shows that 50-60% of the overall PDO processing time involves the time required to complete the activities involved with the development of medical evidence for claims. These activities include: authorization of medical testing, medical examinations, evaluation of medical reports, follow-up work with physicians, and re-testing (if necessary). Reducing the amount of time necessary to complete these activities will contribute to shorter overall average claims processing time. The second performance indicator above (CM 3) measures the timeliness of these activities.

DCMWC will employ the following strategies to improve the average claims processing time which will reduce the impact of income loss to disabled coal miners by shortening and speeding the delivery of benefits.

To reduce the time necessary for development of medical evidence associated with Black Lung claims, DCMWC will:

- Utilize revisions to a medical reporting form recently introduced after OMB clearance to reduce the amount of time physician and claims examiners spend clarifying the physician's findings.
- Enlarge the pool of pulmonary physicians available for testing by incorporating the standards for the interpretation of digital radiology as set forth by the National Institute of Occupational Safety and Health (NIOSH) into DCMWC regulations. Development of medical evidence for Black Lung claims continues to be delayed due to limited numbers of physicians that are able to offer analog x-rays to claimants. This causes backlogs of disability determinations which lead to longer periods of time to render claims decisions.

## **DIVISION OF COAL MINE WORKERS' COMPENSATION**

The new regulations to allow digital x-rays to document medical conditions will increase the number of physicians available to provide medical documentation in Black Lung claims.

- Work with the National Coalition of Black Lung and Respiratory Disease Clinic members and other groups to encourage the quick scheduling and completion of initial examinations funded by DOL.
- Work with the Health Resource and Services Administration of HHS (HRSA) to encourage, where possible, the inclusion of medical scheduling timeliness standards in the awarding of grants to clinics partially funded by HRSA.
- Closely monitor scheduling of medical examinations to determine which doctors have exams scheduled beyond critical timeliness thresholds. When the case control system indicates that a doctor is being overscheduled, the claimant will be scheduled with the second doctor selected in the claim documentation.

DCMWC will utilize Critical Path Measurements (CPM) as a management tool to document and monitor claims. The addition of CPM codes to the claims management system enables supervisors to document and monitor the time progression of a claim during each phase of medical and non-medical development and set timelines for specified actions leading to reductions in average claims processing time.

DCMWC's implementation of these strategies will reduce overall average claims processing time, and ensure that claimants who are entitled to benefits will receive their benefits faster. The reduction in processing time will mitigate the impact of income loss while assisting miners, who are no longer able to perform coal mine work because they are permanently and totally disabled by occupational lung disease, facing an increased need for medical treatment and, consequently, increased health care costs.

In FY 2013, DCMWC is establishing a new performance measure with a target of 90% to minimize erroneous payments and maximize accuracy of benefits. In FY 2014 DCMWC will continue to report on this measure by performing a timely Annual Benefit Evaluation (ABE) in 90% of claims in payment status. The ABE consists of various post-entitlement and benefit reviews. All beneficiaries receive an annual questionnaire which is evaluated to ensure that DCMWC has correctly calculated monthly benefits, including excess earnings offsets, state or federal workers' compensation offsets, changes in status of the beneficiary and eligible dependents, the need for a representative payee, changes in beneficiary's address or EFT, and any other change that may affect the payment of benefits.

## DIVISION OF COAL MINE WORKERS' COMPENSATION

<b>BUDGET ACTIVITY COMPONENT BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2012 Revised Enacted</b>	<b>FY 2013 Full Year C.R.</b>	<b>FY 2014 Request</b>	<b>Diff. FY14 Request / FY 12 Rev. Enacted</b>
11.1	Full-time permanent	12,277	12,689	12,789	512
11.3	Other than full-time permanent	84	53	53	-31
11.5	Other personnel compensation	123	94	94	-29
11.9	<b>Total personnel compensation</b>	<b>12,484</b>	<b>12,836</b>	<b>12,936</b>	<b>452</b>
12.1	Civilian personnel benefits	3,075	3,354	3,381	306
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	198	200	200	2
22.0	Transportation of things	14	15	15	1
23.1	Rental payments to GSA	2,104	1,942	1,942	-162
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	799	784	784	-15
24.0	Printing and reproduction	53	54	54	1
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	3,997	2,383	2,383	-1,614
25.3	Other goods and services from Federal sources 1/	2,580	3,972	3,972	1,392
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	7,341	7,118	7,118	-223
26.0	Supplies and materials	258	245	245	-13
31.0	Equipment	3	3	3	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>32,906</b>	<b>32,906</b>	<b>33,033</b>	<b>127</b>
1/Other goods and services from Federal sources					
	Working Capital Fund	2,272	2,568	2,568	296
	DHS Services	83	83	83	0
	Services by DOL Agencies	15	1,050	1,050	1,035
	Services by Other Government Departments	210	271	271	61

# DIVISION OF COAL MINE WORKERS' COMPENSATION

## CHANGES IN FY 2014

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$452
Personnel benefits	1,043
Employee health benefits	-795
Moving allowance	0
One day more of pay	0
Federal Employees' Compensation Act (FECA)	58
Benefits for former personnel	0
Travel and transportation of persons	2
Transportation of things	1
Rental payments to GSA	-162
Rental payments to others	0
Communications, utilities, and miscellaneous charges	-15
Printing and reproduction	1
Advisory and assistance services	0
Other services from non-Federal sources	-1,614
Working Capital Fund	296
Other Federal sources (Census Bureau)	0
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	1,096
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	-223
Supplies and materials	-13
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$127**

**Net Program** **\$0**

**Direct FTE** **0**

	Estimate	FTE
<b>Base</b>	<b>\$33,033</b>	<b>157</b>

NOTE: Base reflects actual FY 2012 FTE.