

**FY 2013**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**OFFICE OF WORKERS' COMPENSATION PROGRAMS**

**SALARIES AND EXPENSES**



# OFFICE OF WORKERS' COMPENSATION PROGRAMS

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# OFFICE OF WORKERS' COMPENSATION PROGRAMS

## APPROPRIATION LANGUAGE

### Salaries and Expenses

For necessary expenses for the Office of Workers' Compensation Programs, [\$115,720,000] *\$120,056,000*, together with [\$2,120,000] *\$2,134,000* 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. (*Department of Labor Appropriations Act, 2012*)

# OFFICE OF WORKERS' COMPENSATION PROGRAMS

## 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.

## OFFICE OF WORKERS' COMPENSATION PROGRAMS

<b>AMOUNTS AVAILABLE FOR OBLIGATION</b>						
(Dollars in Thousands)						
	<b>FY 2011 Enacted</b>		<b>FY 2012 Enacted</b>		<b>FY 2013 Request</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>A. Appropriation</b>	<b>849</b>	<b>\$116,171</b>	<b>854</b>	<b>\$115,939</b>	<b>863</b>	<b>\$120,056</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	-\$232	0	-\$219	0	\$0
Comparative Transfer To:	0	\$0	0	\$0	0	\$0
A.1) Subtotal Appropriation (adjusted)	849	\$115,939	854	\$115,720	863	\$120,056
Offsetting Collections From:	0	\$0	0	\$0	0	\$0
Reimbursements	0	\$0	0	\$0	0	\$0
Trust Funds	176	\$35,199	167	\$35,030	167	\$35,040
Reductions pursuant to P.L. 112-10 for FY 2011 and P.L. 112-74 for FY 2012	0	-\$4	0	-\$4	0	\$0
A.2) Subtotal	176	\$35,195	167	\$35,026	167	\$35,040
<b>B. Gross Budget Authority</b>	<b>1,025</b>	<b>\$151,134</b>	<b>1,021</b>	<b>\$150,746</b>	<b>1,030</b>	<b>\$155,096</b>
Offsetting Collections	0	\$0	0	\$0	0	\$0
<b>C. Budget Authority Before Committee</b>	<b>1,025</b>	<b>\$151,134</b>	<b>1,021</b>	<b>\$150,746</b>	<b>1,030</b>	<b>\$155,096</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>1,025</b>	<b>\$151,134</b>	<b>1,021</b>	<b>\$150,746</b>	<b>1,030</b>	<b>\$155,096</b>
Other Unobligated Balances	0	\$0	0	\$0	0	\$0
Unobligated Balance Expiring	-12	-\$120	0	\$0	0	\$0
<b>E. Total, Estimated Obligations</b>	<b>1,013</b>	<b>\$151,014</b>	<b>1,021</b>	<b>\$150,746</b>	<b>1,030</b>	<b>\$155,096</b>

# OFFICE OF WORKERS' COMPENSATION PROGRAMS

## SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2012 Enacted	FY 2013 Request	Net Change
<b>Budget Authority</b>			
General Funds	\$115,720	\$120,056	+\$4,336
Trust Funds	\$35,026	\$35,040	+\$14
<b>Total</b>	\$150,746	\$155,096	+\$4,350

### Full Time Equivalents

General Funds	854	863	9
Trust Funds	167	167	0
<b>Total</b>	1,021	1,030	9

Explanation of Change	FY 2012 Base		Trust Funds		FY 2013 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	1,021	\$85,243	0	\$49	0	\$287	0	\$336
Personnel benefits	0	\$17,081	0	\$9	0	\$58	0	\$67
Employee health benefits	0	\$5,920	0	\$4	0	\$22	0	\$26
Moving allowance	0	\$93	0	\$0	0	\$2	0	\$2
One day more of pay	0	\$0	0	\$61	0	\$44	0	\$105
Federal Employees Compensation Act (FECA)	0	\$0	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$601	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$40	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$8,426	0	\$147	0	\$699	0	\$846
All Other Rental	0	\$0	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$2,436	0	\$0	0	\$73	0	\$73
Printing and reproduction	0	\$145	0	\$0	0	\$3	0	\$3
Advisory and assistance services	0	\$387	0	\$0	0	\$0	0	\$0
Other services	0	\$0	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$9,050	0	\$0	0	\$0	0	\$0
Other government accounts (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other government accounts (DHS Charges)	0	\$0	0	\$0	0	\$0	0	\$0
Other purchases of goods and services from Government accounts	0	\$768	0	\$0	0	\$19	0	\$19
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$0	0	\$0	0	\$0	0	\$0



## OFFICE OF WORKERS' COMPENSATION PROGRAMS

Explanation of Change	FY 2012 Base		Trust Funds		FY 2013 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Operation and maintenance of equipment	0	\$9,362	0	\$8	0	\$290	0	\$298
Supplies and materials	0	\$1,194	0	\$0	0	\$46	0	\$46
Equipment	0	\$1,850	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>1,021</b>	<b>+\$142,596</b>	<b>0</b>	<b>+\$278</b>	<b>0</b>	<b>+\$1,554</b>	<b>0</b>	<b>+\$1,832</b>
<b>B. Programs:</b>								
Transformation of Longshore Operations	0	\$0	0	\$0	9	\$2,800	9	\$2,800
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>9</b>	<b>+\$2,800</b>	<b>9</b>	<b>+\$2,800</b>
<b>Total Increase</b>	<b>1,021</b>	<b>+\$142,596</b>	<b>0</b>	<b>+\$278</b>	<b>9</b>	<b>+\$4,354</b>	<b>9</b>	<b>+\$4,632</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Federal Employees Compensation Act (FECA)	0	\$2,124	0	\$0	0	-\$193	0	-\$193
Other services	0	\$4,929	0	-\$264	0	\$215	0	-\$49
Other government accounts (DHS Charges)	0	\$1,091	0	\$0	0	-\$34	0	-\$34
Operation and maintenance of facilities	0	\$6	0	\$0	0	-\$6	0	-\$6
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>+\$8,150</b>	<b>0</b>	<b>-\$264</b>	<b>0</b>	<b>-\$18</b>	<b>0</b>	<b>-\$282</b>
<b>B. Programs:</b>								
<b>Total Decrease</b>	<b>0</b>	<b>+\$8,150</b>	<b>0</b>	<b>-\$264</b>	<b>0</b>	<b>-\$18</b>	<b>0</b>	<b>-\$282</b>
<b>Total Change</b>	<b>1,021</b>	<b>+\$150,746</b>	<b>0</b>	<b>+\$14</b>	<b>9</b>	<b>+\$4,336</b>	<b>9</b>	<b>+\$4,350</b>

## OFFICE OF WORKERS' COMPENSATION PROGRAMS

<b>SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY</b>								
(Dollars in Thousands)								
	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request		Diff. FY13 Req. / FY12 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Division of Federal Employees' Compensation</b>	<b>730</b>	<b>98,235</b>	<b>742</b>	<b>98,050</b>	<b>742</b>	<b>99,351</b>	<b>0</b>	<b>1,301</b>
General Funds	730	98,235	742	98,050	742	99,351	0	1,301
<b>Division of Longshore and Harbor Workers' Compensation</b>	<b>95</b>	<b>13,507</b>	<b>95</b>	<b>13,486</b>	<b>104</b>	<b>16,469</b>	<b>9</b>	<b>2,983</b>
General Funds	86	11,387	87	11,366	96	14,335	9	2,969
Longshore Trust Funds	9	2,120	8	2,120	8	2,134	0	14
<b>Division of Information Technology Management and Services (DITMS)</b>	<b>26</b>	<b>6,316</b>	<b>25</b>	<b>6,304</b>	<b>25</b>	<b>6,370</b>	<b>0</b>	<b>66</b>
General Funds	26	6,316	25	6,304	25	6,370	0	66
<b>Division of Coal Mine Workers' Compensation</b>	<b>161</b>	<b>33,075</b>	<b>159</b>	<b>32,906</b>	<b>159</b>	<b>32,906</b>	<b>0</b>	<b>0</b>
Black Lung Disability Trust Funds	161	33,075	159	32,906	159	32,906	0	0
<b>Total</b>	<b>1,012</b>	<b>151,133</b>	<b>1,021</b>	<b>150,746</b>	<b>1,030</b>	<b>155,096</b>	<b>9</b>	<b>4,350</b>
<b>General Funds</b>	<b>842</b>	<b>115,938</b>	<b>854</b>	<b>115,720</b>	<b>863</b>	<b>120,056</b>	<b>9</b>	<b>4,336</b>
<b>Trust Funds</b>	<b>170</b>	<b>35,195</b>	<b>167</b>	<b>35,026</b>	<b>167</b>	<b>35,040</b>	<b>0</b>	<b>14</b>

NOTE: FY 2011 reflects actual FTE.

## OFFICE OF WORKERS' COMPENSATION PROGRAMS

<b>BUDGET AUTHORITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2011 Enacted</b>	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>Diff. FY13 Req./ FY12 Enacted</b>
	Full-Time Equivalent				
	Full-time Permanent	1,025	1,021	1,030	9
	<b>Total</b>	<b>1,025</b>	<b>1,021</b>	<b>1,030</b>	<b>9</b>
	Average ES Salary	\$155,450	\$155,450	\$156,227	\$777
	Average GM/GS Grade	12/5	12/5	12/5	0
	Average GM/GS Salary	\$84,855	\$84,855	\$85,279	\$424
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	83,935	84,236	85,725	1,489
11.3	Other than full-time permanent	222	84	84	0
11.5	Other personnel compensation	1,943	923	962	39
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>86,100</b>	<b>85,243</b>	<b>86,771</b>	<b>1,528</b>
12.1	Civilian personnel benefits	25,364	25,218	25,433	215
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	657	601	601	0
22.0	Transportation of things	50	40	40	0
23.1	Rental payments to GSA	8,688	8,426	9,272	846
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	2,185	2,436	2,509	73
24.0	Printing and reproduction	172	145	148	3
25.1	Advisory and assistance services	0	387	387	0
25.2	Other services from non-Federal sources	5,145	4,929	4,880	-49
25.3	Other goods and services from Federal sources 1/	12,104	10,909	10,894	-15
25.4	Operation and maintenance of facilities	0	6	0	-6
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	8,135	9,362	11,060	1,698
26.0	Supplies and materials	1,047	1,194	1,240	46
31.0	Equipment	1,486	1,850	1,861	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>151,133</b>	<b>150,746</b>	<b>155,096</b>	<b>4,350</b>
1/Other goods and services from Federal sources					
	Working Capital Fund	9,652	8,789	8,789	0
	DHS Services	839	981	947	-34
	GSA Services	119	399	411	12
	Services by Other Government Departments	583	351	358	7
	Services by DOL Agencies	20	15	15	0

# OFFICE OF WORKERS' COMPENSATION PROGRAMS

## PERFORMANCE STRUCTURE

<b>Strategic and Outcome Goals Supporting Secretary Solis' Vision of <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>	DITMS
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.	DITMS
1.5 Secure wages and overtime.	DITMS
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.	DITMS
<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.	DITMS
3.2 Provide workplace flexibility for family and personal care-giving.	DITMS
3.3 Ensure worker voice in the workplace.	DITMS
<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, DITMS
4.2 Ensure income support when work is impossible or unavailable.	DFEC, DLHWC, DCMWC, DITMS
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.	

## OFFICE OF WORKERS' COMPENSATION PROGRAMS

<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>
2003	\$111,682	\$0	\$0	\$110,772	1,053
2004	112,861	0	0	111,272	1,053
2005	114,416	0	0	111,905	1,009
2006	115,015	0	0	113,866	1,009
2007	119,399	0	0	102,893	859
2008	118,979	0	0	102,108	842
2009	124,267	0	0	109,267	893
2010	121,742	0	0	118,295	897
2011	127,346	0	0	118,059	857
2012	123,538	0	0	117,840	862
2013	122,190	0	0	0	871

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: \$2,029,000 in FY 2003; \$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; and \$2,134,000 in FY 2013.

Appropriation for FY 2011 includes rescission amount of -\$236,000 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.

## OFFICE OF WORKERS' COMPENSATION PROGRAMS

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2011 Enacted</b>	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>Diff. FY 13 Req./ FY12 Enacted</b>
Budget Authority	151,133	150,746	155,096	4,350
FTE	1,012	1,021	1,030	9

### **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 Information Technology Management and Services (DITMS) provides information technology General Services Support (GSS) to OWCP, the Wage and Hour Division (WHD), the Office of Federal Contract Compliance Programs (OFCCP), and the Office of Labor Management Standards (OLMS).

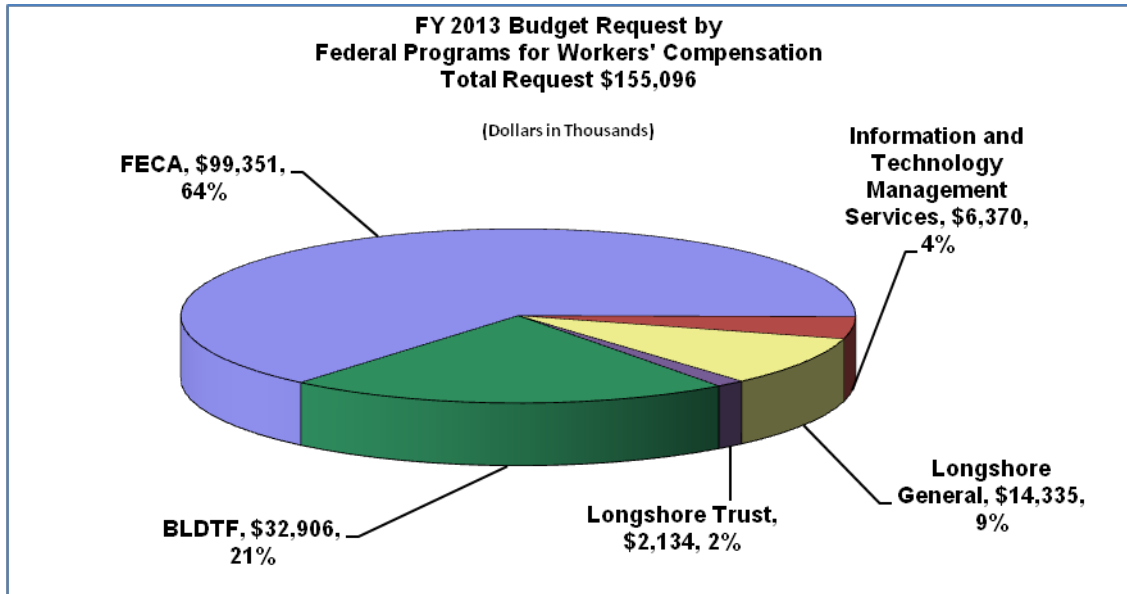
### **Cost Model**

Total resources requested for the FPWC are \$155,096,000, an increase of \$4,350,000 over the FY 2012 Enacted level. The increases include \$2,800,000 and 9 FTE for the Longshore and Harbor Workers' program and \$1,550,000 in inflationary allowances for Federal pay raises. Of the total request, Salaries & Expenses provides funding for DFEC, DLHWC and DITMS in the amount of \$120,056,000. The request also includes transfers of \$32,906,000 from the Black Lung Disability Trust Fund for DCMWC and \$2,134,000 from the Special Workers' Compensation Expenses fund (Longshore Trust Funds) for DLHWC.

- \$99,351,000 and 742 FTE for the Division of Federal Employees' Compensation;
- \$14,335,000 and 96 FTE for Longshore General including a funding increase of \$2,800,000 for transformation of Longshore operations to address increasing Defense Base Act claims workloads;
- \$2,134,000 and 8 FTE for Longshore Trust;

## OFFICE OF WORKERS' COMPENSATION PROGRAMS

- \$6,370,000 and 25 FTE for the Division of Information Technology Management and Services; and
- \$32,906,000 and 159 FTE for the Division of Coal Mine Workers' Compensation.



The OWCP Salaries and Expenses appropriation request is \$120,056,000 for FECA, Longshore, and Information Technology Services, together with \$2,134,000 from the Longshore special fund. These amounts combined with \$32,906,000 transferred from the Black Lung Disability Trust Fund comprise the Federal Programs for Workers' Compensation.





## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2011 Enacted</b>	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>Diff. FY 13 Req. / FY 12 Enacted</b>
Budget Authority	98,235	98,050	99,351	1,301
FTE	730	742	742	0

NOTE: FY 2011 reflects actual FTE. Authorized FTE for FY 2011 was 736.

### **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.

New Federal injury cases in FY 2012 will be approximately 120,000 and over 20,000 initial claims for FECA wage loss compensation will be filed. Over 80 percent of the new injury claims is for traumatic injuries such as those caused by slips and falls. The remainder involve more complex situations in which a medical condition arises due to long-term exposure or exertion. Chargeback Year (CBY) 2011 benefit obligations for compensation for wage-loss and death and for medical treatment were \$2,949,000,000, an increase of 6 percent over CBY 2010. Total beneficiaries paid were 251,000.

### *Strategic Goals and Budget Themes*

DFEC supports the Secretary of Labor's vision of "good jobs for everyone" through the achievement of 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. Each of these outcomes is aligned with Departmental budget themes: Speeding Return to Work and Reducing Improper Payments. The DFEC FY 2013 funding request supports those themes.

For more than two decades, DFEC has proactively provided assistance to Federal workers with disabilities for injury recovery and return to work through its Quality Case Management (QCM) – now Disability Management (DM) – strategy. This assistance begins upon the receipt of the notice of injury and simultaneously with claims adjudication. 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. For those claimants with disabilities that

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

prevent ready return to employment, DFEC contracts with professional vocational rehabilitation counselors to provide vocational services.

Successful provision of income support is attained by ensuring timely report of injuries and promptly and accurately processing claims to determine entitlement to benefits, establishing liability for payment, and delivering benefits. Achievement of this ensures shorter periods of income interruption and speedy initiation of rehabilitative and return to work services to the injured worker.

### *Model Return to Work Program*

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 High Priority Goal to develop the Federal Government as a Model Return to Work Program. The objective is to better accommodate in the Federal workplace employees returning to work after injury and those with disabilities. To accomplish this, DFEC is pursuing new approaches and more active participation by the workers' compensation and human resources operations in Federal agencies. Two recent Executive-level initiatives are providing government-wide authority to support those objectives.

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 Memorandum 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.

In support of the EO and of the POWER initiative, DFEC is strengthening its disability case management 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. DFEC is collaborating with other agencies, including the DOL Office of Disability Employment Policy, to identify obstacles to the hiring of employees with disabilities or returning injured Federal workers, identify best

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

practices for the development and expansion of employment opportunities, and develop new approaches that will assist Federal employers.

### *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 the war in 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. DFEC anticipates additional workload for adjudication, data analysis, reporting, customer assistance and correspondence associated with these claims and correspondence associated with the WHCA claims.

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

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2008	\$89,449	745
2009	\$90,095	768
2010	\$98,432	772
2011	\$98,236	736
2012	\$99,050	742

### **FY 2013**

Total funding for DFEC Salaries & Expenses is \$99,351,000 and 742 FTE. Another \$58,544,000 and 109 FTE are requested for FECA program administration in Special Benefits Fair Share funding. The FY 2013 Request supports DFEC's early nurse intervention and disability management activities. Early return to work produces significant avoidance of long-term compensation benefit costs and restores productivity for employers. Cost reduction also advances DFEC's fiduciary responsibility to Federal employers (who are billed for the cost of their employees' benefits) and taxpayers.

Approximately 90 percent of new injury cases provided early intervention Quality Case Management (QCM) services by DFEC are being returned to work within the first two year following injury. Monitoring of longer-term disability cases through Periodic Roll Management (PRM) identifies those cases for improvements in medical conditions and return-to-work potential and are likely capable of benefiting from vocational rehabilitation. These two initiatives yield significant savings. In FY 2010, QCM and PRM combined produced approximately \$220,000,000 in first-year FECA benefit cost savings and several times that figure were realized in future costs avoided.

The budget request supports the of the POWER Initiative, "Protecting Our Workers and Ensuring Reemployment" jointly directed by OWCP and the Occupational Safety and Health Administration (OSHA). POWER establishes individual performance targets for non-Postal

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Executive Branch agencies to continue to improve workplace safety and, for those injured on the job, shorten the duration of time out of work and increase the numbers that can be reemployed.

DFEC technology systems are used to optimize claims workload distribution, further automate processes, expand program evaluation, support resource management, maintain fiscal integrity and improve financial reporting. In particular, DFEC continues to use technology to provide greater accessibility and services to Federal employers and claimants. In FY 2013, those efforts will include:

- Expansion of the Employees' Compensation and Operations Portal (ECOMP) web-based application that will speed submission of Wage Loss claims by allowing injured workers to electronically file claim forms and enabling all stakeholders (medical providers, employing agencies and injured workers) to upload documents directly into the case file making them immediately available to the claims staff; and
- Refining the new interactive voice response (IVR) customer care system to improve communication between claimant and DFEC claims staff in answering question. The system will also offer self-help features that provide timely case status information.

DFEC activities in FY 2013 will also include:

- Consistent with POWER and the Executive Order on disability hiring in the Federal government, continue to assist Federal agencies in the reemployment of injured workers and in efforts to employ persons with disabilities of all kinds.
- In collaboration with the Office of Disability Employment Policy (ODEP), continue to assist Federal employers to identify and overcome obstacles within their organizations and enhance and promote new job recruitment and placement approaches.
- 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 support the quality and effectiveness of customer services through recurring assessment of customer needs through technology-supplied surveys and/or focus groups.
- Continue to increase efficiency and productivity by exploring business process and organizational design improvements and workload management innovations such as Telework and Flexiplace expansion.
- Continue to assess and improve the accuracy of payments through annual accountability reviews of compensation payments, automated calculation of various types of compensation benefits, electronic access for employing agencies to verify pay rates, monthly death matches against Social Security Administration data, staff training on proper payments and detecting improper payments, industry standard medical bill processing edits, application of treatment suites to ensure the relationship of the treatment to the accepted condition, application of fee

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

schedules, monthly audits of a sample of medical bill payments, and cooperation with the Office of Inspector General on investigations of potential provider and claimant fraud.

### **FY 2012**

Total resources for DFEC administration are \$157,538,000 and 851 FTE, including \$98,050,000 and 742 FTE in Salaries and Expenses and \$59,488,000 and 109 FTE in Special Benefits "Fair Share" funding.

DFEC's priority performance objective is to increased returns-to-work. To support this, DFEC will increase the 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.

In recent years, DFEC has used independent evaluations to assess program effectiveness, particularly of its disability case management processes to improve disability case management and return to work. The accumulated experience and knowledge gained through these studies is enabling DFEC to continue to move forward with procedural changes and improved strategies, such as earlier identification of injury cases with time loss from work and earlier assignment of nurse case managers.

Getting people back to work also involves the efforts of DFEC's Federal employing agency partners. DFEC has traditionally provided technical assistance to the agencies, working closely with them regarding matters of claims administration, advocating for individual cases and the development of work accommodations and reemployment opportunities.

DFEC technology systems will be used to optimize claims workload distribution, further automate processes, expand program evaluation, support resource management, maintain fiscal integrity and improve financial reporting, and provide greater accessibility and services to customers. A very substantial expansion of our online accessibility, including a portal for claimants and their representatives to submit evidence on line will be implemented in early 2012.

DFEC activities in FY 2012 will also include:

- Continue to assist Federal agencies in the reemployment of injured workers and in efforts to employ persons with disabilities of all kinds;
- 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;

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

- Enhance the use of the new interactive voice response (IVR) system;
- Continue to improve customer services; and
- Continue to increase efficiency and productivity.

### **FY 2011**

Salaries & Expenses obligations for FECA program administration in FY 2011 were \$98,153,374. Fair Share funding obligations were \$55,421,702. DFEC exceeded each of its seven key performance targets, including reduction of lost production day rates; increased returns to work (nearly 8,600 individuals were return with DFEC nurse assistance or vocational rehabilitation); improved the timely receipt of basic claims forms from Federal employers; increased production of wage-loss claims processed and reviews of periodic roll cases. Other accomplishments included:

- Forming the Protect Our Workers and Ensure Reemployment (POWER) Return to Work Council consisting of the 14 largest Executive Branch agencies to review performance against POWER goals and plan for improvements;
- Improved Disability Management processes by redefining the roles of Field Nurses, improving coordination between the Nurse Quality Case Management phase and Vocational Rehabilitation, and strengthening and increasing the flexibility of disability management services;
- Began a study in coordination with DOL's Office of Disability Employment Policy in support of Executive Order 13548. The study will identify best practices to overcome obstacles preventing the rehiring of injured workers in the Federal Government;
- Substantially expanded flexiplace access by all FECA claims examiners (CE) via software enhancements to the iFECS IT support system which will allow the full range of electronic functions to be carried out remotely, and by contracting for the delivery of a vastly enhanced telephone/call director system which allows public calls to be routed to employees' work sites, provides a "pop up" of the caller's claim records on the CE's remote PC screen, and retains full privacy for the caller and for the CE; and
- Laying the groundwork for vastly expanded online access to the FECA data system for employing agencies, claimants and medical providers via the web-based "E-Comp" system, which will allow interactive access such that agencies can file claim forms directly to the claim file, and claimants and providers can also electronically submit evidence, inquiries, etc. that will be uploaded directly to the appropriate file.

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2011 Enacted</b>		<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Division of Federal Employees' Compensation</b>				
<b>GPRA/High Priority Measures</b>				
Lost Production Days rates (per 100 employees) in Non-Postal Agencies	35	33	35	34 (e)
Percent of DM Cases Reemployed within 2 years by Non-Postal agencies	87	92	88	90 (e)
Percent of Notices of Injury received within 14 days from Non-Postal agencies	81	83	82	83(e)
Percent of Wage-Loss claims received within 7 days from non-Postal agencies	60	69	64	68(e)
<b>Caseloads</b>				
Total Cases Created	127,000	121,290	120,000	120,000(e)
Periodic Roll Cases Being Paid	48,500	49,800	50,000	49,000(e)
Initial Wage Loss Claims received	19,800	20,239	20,000	20,000(e)
Total Wage Loss Claims received	185,000	207,736	190,000	180,000(e)
QCM Universe Cases	36,000	30,966	31,000	29,000(e)
<b>Productivity/Outcomes</b>				
Process Wage-Loss claims not requiring development within 14 days of receipt.	90	92	90	90(e)
Process all Wage-Loss claims within 75 days of receipt.	--	--	90	90(e)
<b>Strategic Goal 4 - Secure health benefits and, for those not working, provide income security.</b>	--		--	<b>TBD</b>
<b>Outcome Goal 4.1 - Facilitate return to work for workers experiencing workforce injuries or illnesses who are able to work.</b>	--		--	<b>TBD</b>
<b>Outcome Goal 4.2 - Ensure income support when work is impossible or unavailable.</b>	--		--	<b>TBD</b>

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

### Workload Summary

DFEC workload activities support the Department of Labor's budget theme to reduce improper payments and speed return to work (RTW). In the first instance, successful provision of income support is attained by promptly and accurately processing claims to determine entitlement and make benefit delivery. DFEC defines success in terms of timeliness and accuracy while balancing workload demands on its resources with the aim of ensuring that workers receive the benefits to which they are entitled in a timely manner.

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

Secondly, key indicators used by DFEC to measure RTW effectiveness include: 1) disability duration in new injury and illness cases measured as lost production days (LPD), and 2) the percentage of workers that are successfully returned to employment following injury or illness. LPD rates provide a valuable measure of the overall incidence and severity of workplace injuries. RTW rates indicate the effectiveness of DFEC to assist with job placements and of employing agencies to develop reemployment opportunities and fill positions with injured workers.

Regular DFEC operations consist of the adjudication of initial claims, processing of hearings and appeals, payment of compensation and medical benefits, and provision of assistance to injured workers through DFEC's Disability Management (DM) program. DM includes early intervention by nurses at the outset of FECA wage-loss to assist return to work and ongoing monitoring and management of cases with longer term or permanent disabilities. Coordination among DFEC claims staff, nurses and vocational rehabilitation through DM enables prompt identification of the nature of injury and delivery of appropriate medical treatment and reemployment assistance.

Early recovery of disability and return to work in the early stages prevents cases from going long-term and incurring significant additional costs. Outcomes benefiting both the injured worker and the employer include shorter periods of time loss from work (measured as lost production days (LPD)), larger shares of cases returning to work, fewer cases slipping into long-term status, and the avoidance of significant ongoing compensation benefit costs. Eighty-five to ninety percent of new Federal injury or illness cases under the DM activity are returned to work within the first year following their injury and typically with their previous employer. Shorter average lost production days and earlier reemployment of workers with DM nurse assistance and vocational rehabilitation produce compensation cost savings of approximately \$200,000,000 each year.

DFEC's Periodic Roll Management (PRM) activity is used to regularly screen long-term (periodic payment roll) cases to identify those with changes in medical condition or whose disability level has resolved sufficiently that the individual would benefit from vocational rehabilitation and placement assistance for return to work. To improve PRM effectiveness, DFEC introduced two new performance measures setting targets for Periodic Roll Entitlement Reviews (PER) that will ensure review of medical evidence to substantiate continuing entitlement to benefits. PRM typically produces \$14,000,000 in savings annually by adjusting or terminating benefits as workers are returned to employment.

DFEC return to work efforts especially support Administration initiatives such as Executive Order 13548 to increase Federal employment of injured workers and workers with disabilities, the Federal High Priority Goal to develop a Model Return to Work program, and the "Protecting Our Workers and Ensuring Reemployment" (POWER) initiative, jointly directed by OWCP and the Occupational Safety and Health Administration.

The POWER initiative established seven performance goals for the Non-Postal Executive Branch agencies. OSHA is responsible for monitoring the performance of the first three goals that relate to workplace safety and DFEC is responsible for the remaining four goals, which in



## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

FY 2013 are to:

- Reduce agency lost production day rates (per 100 employees) to 34.7 days;
- Increase the percent of FECA Disability Management cases returned to work within two years to 90.2 percent;
- Increase the percent of Notices of Injury filed by Federal employers within 14 days to 83 percent; and
- Increase the percent of Wage-loss Claims filed by Federal employers within 7 days to 68 percent.

The latter two POWER goals focus on expediting receipt of injury reports and claims for wage-loss. Employers' timely submission of wage-loss claims also enables DFEC to improve processing speed and deliver benefit payments sooner. Receipt of initial wage-loss claims also triggers the placement of cases into Disability Management and the start of return to work services.

To reinforce achievement of these goals, OWCP has engaged in high-level activities beginning with a formal kick-off in late FY 2010 with the Secretary of Labor's memorandum to agency heads and the OWCP/OSHA Government-wide meeting with agency workers' compensation, safety and human resource personnel. DFEC has also conducted individual and group meetings with Federal agency personnel to discuss targets and the needs of larger agencies to achieve the POWER goals.

OWCP along with the Department of Labor's Office of Disability Employment Policy (ODEP) will use the results of their FY 2012 study to identify disability hiring best practices used by Federal agencies and document the obstacles that restrict agencies in their return to work efforts. Findings will be shared through the POWER Return to Work Council and more directly with agency workers' compensation and human resources staff in a strengthened OWCP/ODEP technical assistance program. The feasibility of implementing best practice approaches or mitigating job placement obstacles will be tested as DFEC works with individual agencies on their implementation.

DFEC will continue to focus resources to DM, including earlier regular monitoring of cases to more readily identify these individuals as soon as they are capable and likely to benefit from vocational rehabilitation and job placement services. DFEC continues to make program improvements and seek new approaches to assist the harder-to-place workers. Part of these efforts is seeking new tools for Federal employers that will help them overcome procedural obstacles and reluctance to hire disabled workers because of concerns over job performance.

DFEC has well-established processes for identifying, monitoring, evaluating and correcting performance deficiencies. Program performance data are derived from a number of internal sources and reports including the claims management systems, bill processing services reports, and call monitoring software. The program conducts weekly, quarterly and annual reviews and management meetings to identify deficiencies in performance against strategic objectives, plan corrective actions and track progress. Specific goals and strategies are reevaluated annually during the development of DFEC's annual operating plan.

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

DFEC performance assessment also extends to periodic evaluations of DFEC business process efficiency and strategy effectiveness. Based upon several program evaluations in recent years, DFEC has implemented new policies and procedures including better definitions of responsibilities and coordination among its Disability Management activities. Further, DFEC has drafted a five-year Learning Plan that poses several evaluation questions and study themes that could assist DFEC in the future in further understanding the factors that influence program results, would test new procedures and new approaches, and would improve measurement of productivity and outcomes.

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2011 Enacted</b>	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>Diff. FY13 Req./ FY12 Enacted</b>
11.1	Full-time permanent	60,935	60,900	61,128	228
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	1,413	609	611	2
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>62,348</b>	<b>61,509</b>	<b>61,739</b>	<b>230</b>
12.1	Civilian personnel benefits	19,243	19,088	18,961	-127
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	354	354	354	0
22.0	Transportation of things	14	14	14	0
23.1	Rental payments to GSA	5,435	5,707	6,361	654
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	1,295	1,472	1,545	73
24.0	Printing and reproduction	64	78	81	3
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	803	848	1,063	215
25.3	Other goods and services from Federal sources 1/	7,732	7,921	7,906	-15
25.4	Operation and maintenance of facilities	0	6	0	-6
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	226	216	447	231
26.0	Supplies and materials	691	803	849	46
31.0	Equipment	30	34	31	-3
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>98,235</b>	<b>98,050</b>	<b>99,351</b>	<b>1,301</b>
	1/Other goods and services from Federal sources				
	Working Capital Fund	6,483	6,483	6,483	0
	DHS Services	756	898	864	-34
	GSA Services	119	399	411	12
	Services by Other Government Departments	374	141	148	7

# DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

## CHANGES IN FY 2013

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$230
Personnel benefits	47
Employee health benefits	17
Moving allowance	2
One day more of pay	0
Federal Employees Compensation Act (FECA)	-193
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	654
All Other Rental	0
Communications, utilities, and miscellaneous charges	73
Printing and reproduction	3
Advisory and assistance services	0
Other services	215
Working Capital Fund	0
Other government accounts (Census Bureau)	0
Other government accounts (DHS Charges)	-34
Other purchases of goods and services from Government accounts	19
Research & Development Contracts	0
Operation and maintenance of facilities	-6
Operation and maintenance of equipment	231
Supplies and materials	46
Equipment	-3
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$1,301**

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

**Direct FTE** **0**

	Estimate	FTE
<b>Base</b>	<b>\$99,351</b>	<b>742</b>

## DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2011 Enacted</b>	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>Diff. FY 13 Req. / FY 12 Enacted</b>
Budget Authority	13,507	13,486	16,469	2,983
FTE	95	95	104	9

NOTE: FY 2011 reflects actual FTE. Authorized FTE for FY 2011 was 95.

### **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 Secretary's vision of "good jobs for everyone" and the Department's Outcome Goal "Facilitating return to work for workers experiencing workplace injuries or illnesses who are able to work and sufficient income and medical care for those who are unable to work." 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 Fund, 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 30,000 new reports of injury and death per year. The Division collects assessments for the Special Workers' Compensation Fund, which provides benefits directly to certain individuals (claimants), including bi-weekly recurring benefit payments to over 4,700 beneficiaries. Annually 527 companies are evaluated and authorized to participate in the fund, and over \$2,400,000,000 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 Special Fund is supported by an appropriation referred to as Longshore Trust Funds from the Special Workers' Compensation Fund.

# DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

## Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$12,659	97
2009	\$13,307	100
2010	\$13,534	100
2011	\$13,507	95
2012	\$13,486	95

## FY 2013

The FY 2013 request level for the Division of Longshore and Harbor Workers' Compensation (DLHWC) is \$16,469,000 and 104 FTE, an increase of \$2,984,000 and 9 FTE over the FY 2012 enacted level. General Funds provide \$14,335,000 and 96 FTE; Trust Funds provide \$2,134,000 and 8 FTE. The General Funds request includes a program increase of \$2,800,000 and 9 FTE to provide for the transformation of Longshore operations.

The additional resources will be used to address the DBA claims workload. Longshore's resources have been severely taxed by both the numbers and complexity of DBA claims. In 2002, before DBA claims volume began to increase as a result of military operations in Southwest Asia, the Longshore program had 105 FTE for a workload of 22,300 new cases (of which 350 were DBA). In FY 2011, Longshore had 99 FTE for a workload of 29,169 new cases (of which 11,604 were DBA). Even with the drawdown of military operations in Iraq, the DBA caseload is expected to remain high as a result of increased contracting efforts to replace military operations.

The Transformation of Longshore Operations will enable the program to upgrade the IT system with Electronic Data Interchange (EDI) capability to support electronic submission of claims by insurance carriers, and to improve reporting capability to address the growing demand for current data on DBA injuries and deaths. These infrastructure improvements will increase the efficiency of claims processing, result in cost savings for insurers and employers, speed the processing of claims and benefit delivery, improve reporting capabilities and data accuracy as well as enhance customer service. Additional claims examiner staff will be placed in the three district offices that are responsible for 82% of the current DBA caseload. The balance of the requested FTE will enable the program to improve management of the increasing DBA claims workload, improve DBA insurance oversight, and maintain quality service.

## FY 2012

Total funding for the Division of Longshore and Harbor Workers' Compensation (DLHWC) in FY 2012 is \$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 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 focuses

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

on employer and carrier performance to improve their timeliness for these two actions, and resolution of disputed claims as quickly as possible. Longshore will leverage the influence gained with employers and carriers during 2011 to continue improved performance in these areas. Program actions include communication of its expectations and employer/carrier responsibilities under the Law; publication of employers/carriers performance against the key measures of timely injury notices and first payments of benefits. For DBA cases, Longshore will reach out to the Federal contracting agencies to enlist their support to improve their contractors' performance.

The revised FY 2012 Dispute Resolution targets (based on FY 2010-FY 2011 results) will help the program to 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 will continue to develop staff mediation and dispute resolution skills to improve dispute outcomes at informal conferences.

### **FY 2011**

Total funding for the Division of Longshore and Harbor Workers' Compensation (DLHWC) program was \$13,507,000 and 95 FTE. (General Funds provide \$11,387,000 and 86 FTE and Trust Funds provide \$2,120,000 and 9 FTE).

In an effort to continue improvement in timely processing of compensation cases and quality case work, the program adopted two new performance goals aimed at facilitating the prompt delivery of benefits to injured workers and their families. These two new goals are in addition to the two adopted in FY 2010, targeting improved timeliness of DBA reports of injury and first payment of compensation.

Increased interaction with stakeholders better positioned Longshore to influence employer behavior to address the increasing DBA workload. Assessing the effectiveness of this approach helped the program to identify additional areas of focus to continue to improve benefit delivery and customer service.

Internally, Longshore focused on improving the dispute resolution skills of the staff that mediate and resolve case disputes. Improved mediation skills will enable staff to obtain earlier resolution of disputes between claimants and employers which will help reduce the percentage of cases that move to the more expensive and time-consuming litigation process with the OALJ.

## DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2011 Enacted</b>		<b>FY 2012 Enacted</b>	<b>FY 2013 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>	--		--	--
GPRAs Performance Measures	--	--	--	--
Percent of Employer's First Report of Injury filed within 30 days: Defense Base Act cases	75.00%	79.00%	80.00%	87.00%
Percent of Employer's First Report of Injury filed within 30 days: non-Defense Base Act cases	78.00%	79.00%	85.00%	87.00%
Percent of First Payment of Compensation issued within 30 days: Defense Base Act cases	58.00%	56.00%	60.00%	67.00%
Percent of First Payment of Compensation issued within 30 days: non-Defense Base Act cases	83.00%	85.00%	85.00%	87.00%
Productivity Measures	--	--	--	--
Number of Open Claims	41,575	42,270	42,407	44,527
Lost Time Injuries Reported	32,774	29,169	30,427	31,948
Cases Being Compensated	15,034	14,942	15,985	16,727
Pending Case Inventory	10,900	12,974	11,290	11,890

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

### **Workload Summary**

The Division of Longshore and Harbor 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. Additional budgetary resources will focus on managing DBA claims caseloads.

Improvement of benefit delivery outcomes, such as return to work and income support, rests upon the foundation of quality and timely case processing. Employer performance is increasingly important to the program's ability to keep pace with the DBA workload and ensure income support for injured workers. Longshore will continue to focus on employer performance to ensure that injury reports and first payment of benefits are timely and that disputed claims are also resolved as quickly as possible. The program's strategies to improve performance include a combination of communicating Longshore's program expectations/requirements; formal publishing the employer and carrier performance results; providing education and assistance and



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

improving communication and information sharing between parties. These strategies will advance the Longshore program's mission to provide income support with minimal interruptions and to facilitate return to work of the injured workers.

Longshore's priority performance objective is to improve DBA employer and carrier timeliness. The program will build upon improvements gained in FY 2012 and will leverage the influence gained with employers and carriers during FY 2011 to further improve workload management and performance in the areas of DBA First Report of Injury and DBA First Payment of Compensation. The program has realized performance improvements of 45% and 40% respectively since FY 2009.

Another performance focus for DLHWC is to provide informal dispute resolution services to claimants and the employers and insurance carriers, so as to minimize the delays and costs of formal litigation. Performance goals have been in place since 2002 to decrease the average time required to resolve claims disputes. The program rebaselined the FY 2012 Dispute Resolution targets based on FY 2010- FY 2011 results to reflect program workload and resources as well as economic conditions affecting results. The program also added two new measures to track performance for informal resolution timeliness at the district office level for non-DBA Acts and for DBA only. These measures more accurately reflect district office dispute resolution effectiveness and productivity and allow the program to use internal performance strategies to impact performance. Improved timeliness in district office resolution will result in more prompt benefit delivery with a direct and positive impact on the program's mission to provide income support.

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

# DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

## General Funds

<b>BUDGET ACTIVITY COMPONENT BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
11.1	Full-time permanent	7,256	7,301	8,425	1,124
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	77	73	108	35
<b>11.9</b>	<b>Total personnel compensation</b>	<b>7,333</b>	<b>7,374</b>	<b>8,533</b>	<b>1,159</b>
12.1	Civilian personnel benefits	2,083	2,132	2,438	306
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	91	42	42	0
22.0	Transportation of things	15	12	12	0
23.1	Rental payments to GSA	550	615	660	45
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	136	143	143	0
24.0	Printing and reproduction	20	14	14	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	16	13	13	0
25.3	Other goods and services from Federal sources 1/	638	213	213	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	423	626	2,085	1,459
26.0	Supplies and materials	80	82	82	0
31.0	Equipment	2	100	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>11,387</b>	<b>11,366</b>	<b>14,335</b>	<b>2,969</b>
1/Other goods and services from Federal sources					
	Working Capital Fund	523	100	100	0
	DHS Services	114	110	110	0
	Services by Other Government Departments	1	3	3	0

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

**Trust Funds**

<b>BUDGET ACTIVITY COMPONENT BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2011 Enacted</b>	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>Diff. FY13 Req./ FY12 Enacted</b>
11.1	Full-time permanent	782	786	791	5
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	22	8	8	0
11.9	<b>Total personnel compensation</b>	<b>804</b>	<b>794</b>	<b>799</b>	<b>5</b>
12.1	Civilian personnel benefits	243	241	242	1
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	6	0	0	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	25	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	1	0	0	0
24.0	Printing and reproduction	0	0	0	0
25.1	Advisory and assistance services	0	387	387	0
25.2	Other services from non-Federal sources	305	0	0	0
25.3	Other goods and services from Federal sources 1/	253	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	483	537	545	8
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>2,120</b>	<b>2,134</b>	<b>14</b>
1/Other goods and services from Federal sources					
	Working Capital Fund	163	161	161	0
	DHS Services	83	0	0	0
	Services by DOL Agencies	7	0	0	0

# DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

## CHANGES IN FY 2013

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$30
Personnel benefits	9
Employee health benefits	1
Moving allowance	0
One day more of pay	31
Federal Employees Compensation Act (FECA)	0
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	45
All Other Rental	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services	0
Working Capital Fund	0
Other government accounts (Census Bureau)	0
Other government accounts (DHS Charges)	0
Other purchases of goods and services from Government accounts	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	67
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$183**

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

**Direct FTE** **0**

	<b>Estimate</b>	<b>FTE</b>
<b>Base</b>	<b>\$13,669</b>	<b>95</b>
<b>Program Increase</b>	<b>\$2,800</b>	<b>9</b>

**DIVISION OF INFORMATION TECHNOLOGY  
MANAGEMENT AND SERVICES**

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2011 Enacted</b>	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>Diff. FY 13 Req. / FY 12 Enacted</b>
Budget Authority	6,316	6,304	6,370	66
FTE	26	25	25	0

NOTE: FY 2011 reflects actual FTE. Authorized FTE for FY 2011 was 27.

**Introduction**

The Division of Information Technology Management and Services (DITMS) provides Information Technology (IT) services under a General Services Support System (GSS) shared by the Wage and Hour Division (WHD), the Office of Federal Contract Compliance Programs (OFCCP), the Office of Workers' Compensation Programs (OWCP), and the Office of Labor Management Standards (OLMS). With the dissolution of the Employment Standards Administration (ESA) on November 8, 2009, the former DITMS of the ESA Program Direction and Support activity was transferred to OWCP with the understanding that it would continue the same level of IT support to the component agencies. The Division maintains the IT enterprise architecture and the operating platform for the IT environment shared by the four agencies. DITMS develops the IT strategic plan and performance goals, oversees the development and evolution of new capabilities, and develops standards and procedures consistent with the Department's policies, procedures, and standards. IT services and service requirements are identified and the IT Service Portfolio is managed, including operation of a Service Desk for users and restoration of service when an incident occurs with the IT infrastructure. Across the four agencies serviced, DITMS provides technological support to nearly 5,000 employees in over 300 locations across the country.

The various missions of WHD, OFCCP, OWCP, and OLMS directly support the Secretary's vision of "*Good Jobs for Everyone*." Strategic and outcome goals focus on preparing workers for good jobs and ensuring fair compensation, ensuring safe and healthy workplaces, assuring fair and high quality work-life environments and securing health benefit and, for those not working, providing income security. DITMS supports these complex enforcement and benefit delivery goals by providing and maintaining secure information technology systems.

**Five-Year Budget Activity History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2008	\$0	0
2009	\$5,865	25
2010	\$6,329	25
2011	\$6,316	26
2012	\$6,304	25

## **DIVISION OF INFORMATION TECHNOLOGY MANAGEMENT AND SERVICES**

### **FY 2013**

Resources requested for the Division of Information Technology Management and Services (DITMS) are \$6,370,000 and 25 FTE. These resources are in direct support of four agencies: OWCP, WHD, OFCCP, and OLMS, and the achievement of the Secretary's vision, Department strategic and outcome goals, and program performance goals. This request will enable DITMS to continue to provide the needed policy, planning, and program support for its client agencies. DITMS resources will continue to focus on improving IT infrastructure, systems' capabilities and customer service availability by ensuring system availability and utility through system improvements, and by maintaining help desk and operational performance.

### **FY 2012**

Total funding for DITMS in FY 2012 is \$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 continue to 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.

### **FY 2011**

Total funding for DITMS in FY 2011 was \$6,316,000 and 27 FTE. These resources provided IT support for OWCP as well as, IT operational support for WHD, OFCCP, and OLMS. DITMS continued to build upon the upgrade to its database platform to enhance applications for the Agencies supported through new technologies such as Interactive Voice Response (IVR) systems, data center optimization efforts, and providing system development support for new agency applications such as OWCP/DEEOIC's new compensation system. Efforts continued towards the development of a new reporting framework and system capabilities. Implementation of a state-of-the-art integrated telephone system continued. DITMS provided support for the business and application services for Agency initiatives. Security program management support was provided to client agencies to ensure the confidentiality, integrity and availability of the general support system and the agencies' Management Information Systems MIS.

**DIVISION OF INFORMATION TECHNOLOGY  
MANAGEMENT AND SERVICES**

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2011 Enacted</b>		<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Division of Information Technology Management and Services (DITMS)</b>				
<b>IT Infrastructure and Service Availability</b>				
System Availability	99.80%	99.91%	99.80%	99.80%
<b>Help Desk Performance</b>				
Time to Resolution Performance	93.00%	97.95%	93.00%	93.00%
Customer Satisfaction	90.00%	98.51%	90.00%	90.00%

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

**Workload Summary**

DITMS will provide the necessary policy, planning and program support for the client agencies in order to achieve and exceed program performance goals. DITMS will improve the IT infrastructure and service availability, enhance help desk performance and improve customer service. DITMS will be able to maintain the current level of support for the Application Architecture that supports key functions for WHD, OFCCP, OWCP, and OLMS.

**DIVISION OF INFORMATION TECHNOLOGY  
MANAGEMENT AND SERVICES**

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2011 Enacted</b>	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>Diff. FY13 Req./ FY12 Enacted</b>
11.1	Full-time permanent	3,063	2,972	3,011	39
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	80	110	112	2
11.9	<b>Total personnel compensation</b>	<b>3,143</b>	<b>3,082</b>	<b>3,123</b>	<b>41</b>
12.1	Civilian personnel benefits	706	682	693	11
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	7	7	7	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	907	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	22	22	22	0
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	24	71	71	0
25.3	Other goods and services from Federal sources 1/	38	34	34	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	0	642	642	0
26.0	Supplies and materials	18	51	51	0
31.0	Equipment	1,451	1,713	1,727	14
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>6,316</b>	<b>6,304</b>	<b>6,370</b>	<b>66</b>
	1/Other goods and services from Federal sources				
	Working Capital Fund	35	34	34	0
	Services by Other Government Departments	3	0	0	0



**DIVISION OF INFORMATION TECHNOLOGY  
MANAGEMENT AND SERVICES**

**CHANGES IN FY 2013**

(Dollars in Thousands)

**Activity Changes**

**Built-In**

To Provide For:

Costs of pay adjustments	\$30
Personnel benefits	3
Employee health benefits	4
Moving allowance	0
One day more of pay	15
Federal Employees Compensation Act (FECA)	0
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
All Other Rental	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services	0
Working Capital Fund	0
Other government accounts (Census Bureau)	0
Other government accounts (DHS Charges)	0
Other purchases of goods and services from Government accounts	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	14
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$66**

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

**Direct FTE** **0**

**Estimate** **FTE**

**Base** **\$6,370** **25**



## DIVISION OF COAL MINE WORKERS' COMPENSATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2011 Enacted</b>	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>Diff. FY 13 Req. / FY 12 Enacted</b>
Budget Authority	33,075	32,906	32,906	0
FTE	161	159	159	0

NOTE: FY 2011 reflects actual FTE. Authorized FTE for FY 2011 was 167.

### **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 continually 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 continue to 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 continue to 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 History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2008	\$32,365	184
2009	\$32,308	181
2010	\$32,720	181
2011	\$33,075	167
2012	\$32,906	159

### FY 2013

Resources requested for DCMWC are \$32,906,000 and 159 FTE to meet obligations for DCMWC's Salaries and Expenses. This amount is equal to the FY 2012 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 20,370 recipients under Part C, continue to monitor cash and medical treatment benefits disbursed by coal mine operators in the private sector to an average of 4,000 additional recipients under Part C, and process an estimated 4,800 incoming claims.

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

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 2013 are discussed further in the Workload Summary section.

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 2009, \$9,161,000 was collected from RMOs, an increase of 82 percent above FY 2008. Similar results of \$9,025,000 and \$9,985,000 were achieved in FY 2010 and FY 2011 and are expected to continue 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 2013.

### **FY 2012**

Resources for DCMWC at the FY 2012 Enacted Level are \$32,906,000 and 159 FTE to meet obligations for DCMWC's Salaries and Expenses.

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 22,300 recipients under Part C, continue to monitor cash and medical treatment benefits disbursed by coal mine operators in the private sector to an average of 4,450 additional recipients under Part C, and process an estimated 5,000 incoming claims.

In FY 2012, DCMWC has designated its measure for average time to render a Proposed Decision and Order (PDO) on Black Lung Claims as the program's priority performance measure. DCMWC is establishing a baseline for a new measure for the average amount of time necessary to complete development of medical evidence, and will begin implementing strategies designed to reduce the average time necessary to complete the associated activities. Program data indicates that an increasing percentage of overall average claims processing time involves the time required to complete the development of medical evidence for claims.

Specific strategies and associated activities DCMWC is implementing in FY 2012 include:

Strategy 1: Address changes in workloads caused by passage of the Patient Protection and Affordable Care Act of 2010 to ensure timely claims decisions and delivery of benefits to eligible claimants.

Work through increased PDO workload volumes caused by provisions of the Patient Protection and Affordable Care Act (PPACA) of 2010 which enhanced claimants' eligibility. DCMWC

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

will continue to shift workloads between district offices when necessary in order to achieve its performance targets.

Strategy 2: Reduce the time necessary for development of medical evidence associated with Black Lung claims.

Utilize revisions to a medical reporting form currently in the OMB clearance process to reduce the amount of time physician and claims examiners spend clarifying the physician's findings.

Work to 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 once the NIOSH standards are complete.

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.

Strategy 3: Utilize existing information technology as a management tool to document and monitor the time progression of a claim during each phase of medical and non-medical development

In FY 2011, DCMWC initiated a pilot system of Critical Path Measurements (CPM) in one of its district offices to document and monitor the time progression of a claim during each phase of medical and non-medical development. Since CPM implementation, district office piloting the program has the lowest average processing times across all program district offices. The addition of CPM codes to the claims management system will enable supervisors to monitor the readiness of a claim for the next step in the process and set a timeline for specified actions leading to reductions in average claims processing time.

By the end of FY 2012, DCMWC will expand the CPM pilot to all district offices for District Directors to utilize existing information technology as a management tool 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 by 7 percent from the FY 2011 4<sup>th</sup> quarter result of 257 days, and ensure that claimants who are entitled to benefits will receive their benefits faster, thereby mitigating the impact of income loss.

# DIVISION OF COAL MINE WORKERS' COMPENSATION

## FY 2011

The Enacted level was \$33,075,000 and 167 FTE to meet FY 2011 obligations.

This funding level enabled DCMWC to pay monthly compensation and ongoing medical treatment benefits to an average of 24,648 recipients under Part C; continue to monitor cash and medical treatment benefits disbursed by coal mine operators in the private sector to an average of 4,717 additional recipients under Part C; and process 6,059 incoming claims.

DCMWC accomplishments in FY2011 include:

- The Division met the average processing time goal of 250 days from receipt of a claim to the issuance of a Proposed Decision and Order.
- In order to meet the stricter processing goal set for FY 2012, the Division began planning and testing the measurement and analysis of benchmarks in medical testing procedures. Medical reporting forms were updated to encourage improved compliance with reporting requirements and more complete disability evaluation by diagnostic physicians. Division managers also began planning for the 2012 establishment of a workgroup to analyze and make suggestions for improvement in claim and medical testing procedures
- The Division met the goal of monitoring monthly payments to elderly and incapacitated beneficiaries by the timely review of annual reports by beneficiaries and representative payees, by the timely appointment of representative payees when needed, and by the final evaluation of the pilot program of beneficiary outreach.
- Extensive outreach was continued, as the Program Director participated in workshops sponsored by the National Coalition of Black Lung and Respiratory Disease Clinics, a legal clinic sponsored by a lead attorney for coal mine operators and insurers, and joint activities with the Office of Rural Health Policy of HHS's Health Resources and Service Administration. Division personnel participated in the "End Black Lung Now!" initiative of the Mine Safety and Health Administration, and District Directors in the local black lung offices worked with the United Mine Workers and local clinics to encourage open communications regarding claims, medical issues, and benefits.
- Extensive planning and testing of a data exchange between DCMWC and the National Council on Compensation Insurance (NCCI) took place during 2011, with a goal of minimizing reliance on paper reporting of policies by insurance companies. Implementation of the exchange is planned for the first and second quarters of FY 2012. The transition from paper reporting to data sharing will enhance the Division's ability to identify and name the parties potentially liable for benefits, and will reduce the reporting requirements for insurance carriers.
- The Division increased its employee training efforts by conducting frequent WebEx sessions for claims personnel. In addition, a new intranet site available to all DCMWC staff was developed for training videos and tutorials.

## DIVISION OF COAL MINE WORKERS' COMPENSATION

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2011 Enacted</b>		<b>FY 2012 Enacted</b>	<b>FY 2013 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>	--		--	--
Priority Performance Measure	--	0	--	--
Average Number of Days to Process Black Lung Claims	250	238	240	228
Measure #2 (New Measure)	--	--	--	--
Average time in days for development of medical evidence for BL claims	--	--	TBD	TBD
Measure 3	--	--	--	--
Conversion of benefits to miners' survivors within 45 days	90.00%	89.00%	90.00%	90.00%
Workload Volumes	--	--	--	--
Claims Received	7,200	6,059	5,000	4,800
Proposed Decisions and Orders	5,708	6,123	6,000	5,400
Conversion of Benefits to Miners' Survivors	670	731	680	620
Referrals to ALJ	1,142	1,426	1,500	1,350
Referrals to BRB	600	444	500	450

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

### **Workload Summary**

By reducing the time required to issue a Proposed Decision and Order (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. DCMWC will test this hypothesis through the results of its priority performance measure which will focus on reducing the time required to develop the medical and employment evidence necessary to issue a decision on a claim. The measure used is the average processing time, in days, from receipt of the claim in the District Office to the issuance of a 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. The target for the 2013 priority performance measure is to reduce the overall average claims processing time by 5% from the 2012 benchmark.



## DIVISION OF COAL MINE WORKERS' COMPENSATION

Historical program data shows that 61% of the overall average claims 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. To better track the timeliness of these activities, DCMWC will add a new indicator with an FY 2012 baseline to measure the average amount of time necessary to complete development of medical evidence involved with claims.

Since FY 2011 DCMWC has been conducting a pilot of Critical Path Measurements (CPM) in one of its district offices to document and monitor the time progression of a claim during each phase of medical and non-medical development. The pilot will expand to all district offices by the end of FY 2012 and be fully implemented into DCMWC's program operations by the end of FY 2013. The addition of CPM codes to the claims management system will enable supervisors to monitor the readiness of a claim for the next step in the process and set a timeline for specified actions leading to reductions in average claims processing time.

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

DCMWC will reduce the time necessary for development of medical evidence associated with the claim.

- Utilize revisions to a medical reporting form currently in the OMB clearance process 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.
- Work with the National Coalition of Black Lung and Respiratory Disease Clinic members and other groups to encourage the quick scheduling and completion of DOL paid for initial examinations and to hold web-based seminars for clinic personnel, including physicians.

DCMWC will fully employ CPM to its program operations in all district offices. The Program will 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.

## DIVISION OF COAL MINE WORKERS' COMPENSATION

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2011 Enacted</b>	<b>FY 2012 Enacted</b>	<b>FY 2013 Request</b>	<b>Diff. FY13 Req./ FY12 Enacted</b>
11.1	Full-time permanent	11,899	12,277	12,370	93
11.3	Other than full-time permanent	222	84	84	0
11.5	Other personnel compensation	351	123	123	0
11.9	Total personnel compensation	12,472	12,484	12,577	93
12.1	Civilian personnel benefits	3,089	3,075	3,099	24
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	199	198	198	0
22.0	Transportation of things	21	14	14	0
23.1	Rental payments to GSA	1,771	2,104	2,251	147
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	731	799	799	0
24.0	Printing and reproduction	88	53	53	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	3,997	3,997	3,733	-264
25.3	Other goods and services from Federal sources 1/	3,443	2,580	2,580	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	7,003	7,341	7,341	0
26.0	Supplies and materials	258	258	258	0
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>33,075</b>	<b>32,906</b>	<b>32,906</b>	<b>0</b>
1/Other goods and services from Federal sources					
	Working Capital Fund	3,134	2,272	2,272	0
	DHS Services	83	83	83	0
	Services by DOL Agencies	20	15	15	0
	Services by Other Government Departments	206	210	210	0

# DIVISION OF COAL MINE WORKERS' COMPENSATION

## CHANGES IN FY 2013

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$46
Personnel benefits	8
Employee health benefits	4
Moving allowance	0
One day more of pay	59
Federal Employees Compensation Act (FECA)	0
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	147
All Other Rental	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services	-264
Working Capital Fund	0
Other government accounts (Census Bureau)	0
Other government accounts (DHS Charges)	0
Other purchases of goods and services from Government accounts	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$0**

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

**Direct FTE** **0**

	Estimate	FTE
<b>Base</b>	<b>\$32,906</b>	<b>159</b>