

FY 2017

CONGRESSIONAL BUDGET JUSTIFICATION

OFFICE OF WORKERS' COMPENSATION PROGRAMS

OVERVIEW

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OFFICE OF WORKERS' COMPENSATION PROGRAMS

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OFFICE OF WORKERS' COMPENSATION PROGRAMS

OVERVIEW

Introduction

The mission and vision of the Office of Workers' Compensation Programs (OWCP) are:

- To protect the interests of workers who are injured or become ill on the job, their families and employers, by making timely and accurate decisions on claims, paying benefits promptly, and providing opportunities for injured workers to return to gainful work as early as is feasible.
- An innovative leader in the delivery of benefits and a responsible steward of the resources entrusted to us, respected and relied upon by those who depend upon us for their health and economic well-being.

The OWCP Strategic Plan supports this mission and vision by identifying five goal areas, each of which highlights a key aspect of OWCP's business. The five goals are:

- Provide timely and accurate claims processing and benefit payments.
- Provide recovery, rehabilitation and employment services.
- Promote collaboration and outreach with stakeholders and customer groups.
- Create and sustain a high performing workforce.
- Improve agency-wide operations, governance and infrastructure

These goals align OWCP with the strategic objectives of the Department of Labor (DOL) and OWCP programs support DOL Strategic Goal 4: *Secure retirement, health, and other employee benefits and, for those not working, provide income security*, and Strategic Objective 4.1: *Provide income support when work is impossible or unavailable and facilitate return to work.*

As a result of job-related injury or illness, workers covered by OWCP are faced with potentially devastating economic, health and other personal costs. These costs arise from:

- Interruption of income while out of work;
- Loss of income if permanently disabled and unable to work or, for survivors, due to death of the employee;
- Temporary or permanent reduced capacity to return to work;
- Temporary or permanent dislocation from prior employment;
- Reduced capacity to find new employment;
- Continuing need for ongoing medical care.

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Mitigation of these problems is the focus of the OWCP performance mission. To do that, OWCP administers four Federal workers' compensation statutes providing benefits and responsibly administers the benefit funds authorized for these purposes:

- The Federal Employees' Compensation Act (FECA) program 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 Longshore and Harbor Workers' Compensation Act (LHWCA) program oversees the delivery of benefits by private sector employers and insurance carriers to injured workers engaged in certain maritime and related employment. Longshore also administers the provisions of the Defense Base Act (DBA), which covers civilian contractors working overseas.
- The Black Lung Benefits Act program provides monetary compensation and medical benefits to totally disabled miners suffering from coal mine pneumoconiosis (black lung disease) stemming from mine employment, and monetary benefits to their dependent survivors.
- The Energy Employees Occupational Illness Compensation Program Act (EEOICPA) program provides compensation and medical benefits to employees or survivors of employees of the Department of Energy (DOE), and contractors or subcontractors with DOE who have been diagnosed with cancer due to exposure to radiation or toxic substances.

OWCP's national office consists of the OWCP Director and Deputy Director, the directors and staff of four program divisions, and directors and staff of two administrative divisions. Six OWCP Regional Directors manage and direct the operations of district and field offices nationwide.

The funding accounts managed by OWCP include:

- **Salaries and Expenses (S&E) Federal Programs for Workers' Compensation (FPWC):** Provides funding, through direct appropriation and transfers from Trust Funds, for the administration of the FECA, LHWCA and for OWCP's administration of the Black Lung Disability Trust Fund and claims filed under Part C of the Black Lung Benefits Act (BLBA).
- **Special Benefits:** Finances payments to Federal civilians and Longshore and Harbor Workers and their dependents for work-related injuries and illnesses. Under legislative amendments to extensions of FECA, benefits are also paid to certain groups such as War Hazards claimants, non-Federal law enforcement officers, Job Corps enrollees, and certain federally supported volunteers. The Special Benefits account also provides for FECA program administration using "Fair Share" funds collected pursuant to FECA Section 8147 (c).
- **Special Benefits for Disabled Coal Miners (SBDCM):** Finances income maintenance to miners suffering from Black Lung disease and eligible survivors for claims filed under Part B of the BLBA between December 30, 1969, and June 30, 1973, and associated administrative costs.
- **Energy Employees Occupational Illness Compensation Program Act (EEOICPA):** Part B and Part E funding provides compensation to DOE employees and their survivors, as well

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as contractors, for illness or death stemming from work in the DOE nuclear weapons complex. Funding is also provided for the associated administrative costs of the program.

- **Black Lung Disability Trust Fund (BLDTF):** Established under the Black Lung Benefits Reform Act of 1977 to provide for payment of Part C benefits (income maintenance and medical payments to miners suffering from Black Lung disease and eligible survivors), administrative expenses, and interest on repayable advances.
- **The Panama Canal Commission (PCC) Compensation Fund:** Established to provide for the accumulation of funds to meet the Commission's FECA workers' compensation cost obligations that extend beyond the dissolution of the PCC on December 31, 1999, under the Panama Canal Treaty of 1977. This Fund was established in conjunction with the transfer of the administration of the FECA program from the Commission to DOL (OWCP) effective January 1, 1989.
- **The Special Workers' Compensation Fund:** Consists of amounts received from employers pursuant to an annual assessment of the industry and for the death of an employee where no person is entitled to compensation for such death, and for fines and penalty payments under the LHWCA, as amended. Fund expenses include benefit payments in second injury cases, costs for vocational rehabilitation services to injured workers, and benefits for cases involving insolvency or other circumstances precluding payment by the employer.

OWCP's FY 2017 requested resources total \$370,339,000 and 1,633 FTE. The budget breakout is as below:

- \$110,408,000 and 745 FTE in FECA Salaries & Expenses;
- \$63,975,000 and 110 FTE in Special Benefits Fair Share;
- \$13,574,000 and 81 FTE for Longshore General;
- \$2,177,000 and 9 FTE for Longshore Trust;
- \$38,246,000 and 182 FTE for DCMWC;
- \$5,319,000 and 16 FTE for SBDCM;
- \$59,846,000 and 255 FTE in EEOICPA Part B (\$748,000 and 2 of the requested FTE are for the Ombudsman); and
- \$76,794,000 and 235 FTE in EEOICPA Part E (\$951,000 and 4 of the requested FTE are for the Ombudsman).

OWCP's FY 2017 budget proposes initiatives that contribute to the President's Management goals of improving effectiveness and efficiency. The budget priorities include requests for one information technology (IT) initiative that spans all OWCP programs and four program-specific initiatives. The program-specific initiatives support the FY 2017 budget priority to improve processes, including the elimination of case backlogs and ensuring effective case management systems.

OWCP program increases in FY 2017 include:

- \$3,100,000 for VoiP/IVR IT Initiative - By consolidating the customer service representatives and updating to the new Digital Government Improvement Project (DGIP) standard Interactive Voice Response (IVR) system, OWCP seeks to create

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economies of scale, resulting in infrastructure cost savings, as well as enhanced customer service. The requested resources will allow OWCP to maximize Voice-over-Internet Protocol (VoIP) and IVR functionality, provide a more seamless experience for callers, collect and act upon customer feedback, and enable integrated voice and data capability. Data-inspired improvements include modified guidance for the public, improved response from a mobile workforce resulting in shortened processing times, and enhanced customer interactions with DOL customer service representatives. The resources would facilitate OWCP's ability to move onto the DOL-adopted standard under the DGIP initiative and ensure that no functionality (e.g., voicemail, remote access and routing needed for telework, use of central call numbers, etc.) is lost in transition. This includes moving all the OWCP phones to the new DOL-standard VoIP and procuring additional functionality needed to retain the current IVR functionality (used for call routing and to collect customer service information);

- \$5,235,000 and 39 FTE for FECA Disability Management and Return to Work Initiative - The resources would enable the FECA program to enhance rehabilitation services to federal employees who suffer work-related injury and illness with resulting disability and time lost from work. The 39 FTE will leverage existing, recently developed, and new procedures and IT projects to provide timely medical treatment, early disability management interventions, vocational rehabilitation, and return-to-work support. These practices are all intended to prevent injury and illness from derailing a worker's efforts to return to gainful employment;
- \$1,500,000 and 14 FTE for Coal Miner Health Initiative - This proposal is an aggressive approach to confront an increase in claims, a decrease in qualified physicians, and limits on access to physicians imposed by geographical location of the claimant. The 14 FTE will be utilized to recruit and train highly skilled 413(b) physicians, modernize medical bill authorization, treatment and payment systems and processes, and build and promote web-based communication portals to inform miners and authorized representatives of claimant and beneficiary status;
- \$600,000 and 5 FTE for Black Lung Field Operations Support - The FTE would allow the program to handle an increase in claims volume and claims processing time, which has increased from 219 days in FY 2012 to 273 days in FY 2015;
- \$1,000,000 for EEOICPA Industrial Hygienists Support - The funding would enable the Energy program to fund contracts with industrial hygienists to review a growing number of claims that require their expertise. Currently, the program has only 2 staff available to review these claims;
- Due to inflationary cost increases related to compensation, benefits, and rent, the FY 2016 request included resources for built-ins in these areas. Funding for these costs was not provided for OWCP in FY 2016 appropriations. The FY 2017 request includes resources to cover these personnel and rent costs as program increases:
 - \$2,028,000 for resources in FECA Salaries and Expenses to restore inflationary built-ins not provided in the FY 2016 Omnibus;
 - \$258,000 for resources in Longshore General Salaries and Expenses to restore inflationary built-ins not provided in the FY 2016 Omnibus;
- \$2,397,000 for resources in DCMWC to restore BLDTF funding sequestered in the FY 2016 Enacted Level;

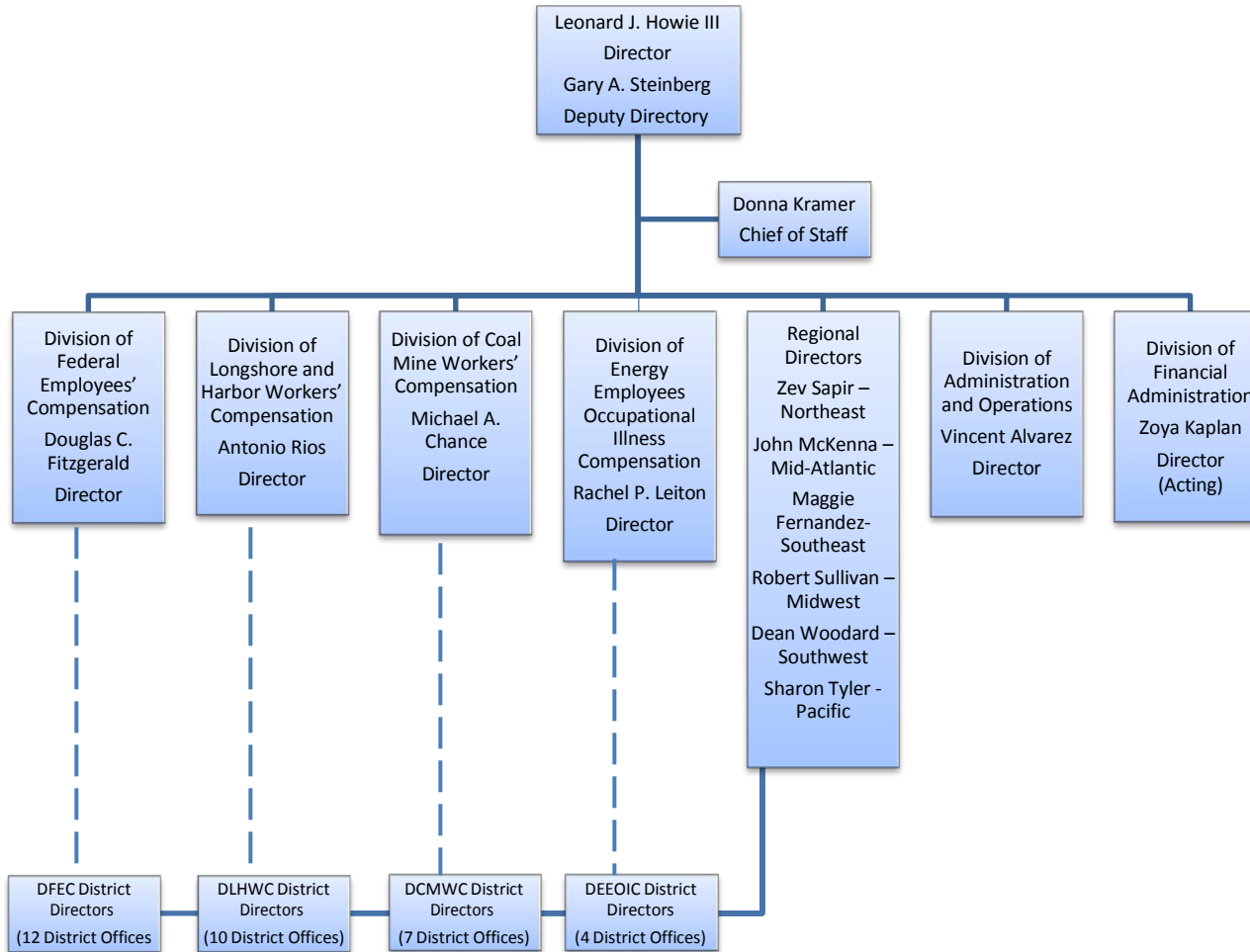
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- \$361,000 for resources in SBDCM to restore funding sequestered in the FY 2016 Enacted Level;
- \$5,445,000 for resources in EEOICPA Part B to restore funding sequestered in the FY 2016 Enacted Level;
- \$7,012,000 for resources in EEOICPA Part E to restore funding sequestered in the FY 2016 Enacted Level.

Social Security Administration Data Matching

While the 2017 Budget does not re-propose the broader package of FECA reforms, the Administration is working to address longstanding Government Accountability Office and Labor Inspector General recommendations to improve program integrity by cross-matching Office of Workers' Compensation Programs records with Social Security records. Such matching has the potential to reduce improper payments in the FECA, Black Lung, and EEOICPA programs by improving reporting of outside income for purposes of calculating benefit levels. In addition, the Administration continues to explore other ways to modernize and improve the FECA program.

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AUTHORIZING STATUTES

Public Law / Act	Legislation	Statute No. / US Code	Volume No.	Page No.	Expiration Date
PUB. L. 267, 39 Stat. 742	Federal Employees' Compensation Act, as amended.	5 U.S.C. 8101 et seq.			N/A
PUB. L. 69-803	Longshore and Harbor Workers' Compensation Act, as amended.	33 U.S.C. 901, et seq.			N/A
PUB. L. 91-173	Federal Coal Mine Health and Safety Act of 1969, (now called Federal Mine Safety and Health Act of 1977), as amended.	30 U.S.C. 901, et seq.			N/A
PUB. L. 107-275	Black Lung Consolidation of Administrative Responsibility Act, as amended.				N/A
PUB. L. 110-343	Emergency Economic Stabilization Act of 2008				N/A
PUB. L. 106-398	Energy Employees Occupational Illness Compensation Act	42 U.S.C. § 7385 et seq.			N/A
PUB. L. 108-375	Energy Employees Occupational Illness Compensation Act	42 U.S.C. § 7384 et seq.			N/A