

FY 2015

CONGRESSIONAL BUDGET JUSTIFICATION

FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

SALARIES AND EXPENSES

FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

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FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

APPROPRIATION LANGUAGE

Salaries and Expenses

For necessary expenses for the Office of Workers' Compensation Programs,
[\$109,641,000]*\$112,938,000*, together with [\$2,142,000]*\$2,177,000* 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, 2014.*)

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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.

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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2013 Enacted		FY 2014 Enacted		FY 2015 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	836	\$115,719	827	\$109,641	835	\$112,938
Rescission reduction Pursuant to P.L. 113-6 for FY 2013	0	-\$231	0	\$0	0	\$0
Sequestration reduction Pursuant to P.L. 113-6 for FY 2013		-\$5,821				
<i>A.1) Subtotal Appropriation (adjusted)</i>	<i>836</i>	<i>\$109,667</i>	<i>827</i>	<i>\$109,641</i>	<i>835</i>	<i>\$112,938</i>
Offsetting Collections From:						
Black Lung Disability Trust Fund	159	\$32,906	163	\$33,033	163	\$33,321
Sequestration reduction Pursuant to P.L. 113-6 for FY 2013		-\$1,678		-\$2,378		
Longshore Trust	9	\$2,120	9	\$2,142	9	\$2,177
Rescission reduction Pursuant to P.L. 113-6 for FY 2013		-\$4				
<i>A.2) Subtotal Trust Funds</i>	<i>168</i>	<i>\$33,344</i>	<i>172</i>	<i>\$32,797</i>	<i>172</i>	<i>\$35,498</i>
B. Gross Budget Authority	1,004	\$143,011	999	\$142,438	1,007	\$148,436
Offsetting Collections to:						
Black Lung Disability Trust Fund	-159	-\$31,228	-163	-\$30,655	-163	-\$33,321
Longshore Trust	-9	-\$2,116	-9	-\$2,142	-9	-\$2,177
<i>B.1) Subtotal Trust Funds</i>	<i>-168</i>	<i>-\$33,344</i>	<i>-172</i>	<i>-\$32,797</i>	<i>-172</i>	<i>-\$35,498</i>
C. Budget Authority Before Committee	836	\$109,667	827	\$109,641	835	\$112,938
Offsetting Collections From:						
Black Lung Disability Trust Fund	159	\$31,228	163	\$30,655	163	\$33,321
Longshore Trust	9	\$2,116	9	\$2,142	9	\$2,177
<i>C.1) Subtotal Trust Funds</i>	<i>168</i>	<i>\$33,344</i>	<i>172</i>	<i>\$32,797</i>	<i>172</i>	<i>\$35,498</i>
D. Total Budgetary Resources	1,004	\$143,011	999	\$142,438	1,007	\$148,436
Unobligated Balance Expiring	-6	-\$682	0	\$0	0	\$0
E. Total, Estimated Obligations	998	\$142,329	999	\$142,438	1,007	\$148,436

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SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2014 Enacted	FY 2015 Request	Net Change
Budget Authority			
General Funds	\$109,641	\$112,938	+\$3,297
Trust Funds	\$32,797	\$35,498	+\$2,701
Total	\$142,438	\$148,436	+\$5,998

Full Time Equivalents			
General Funds	827	835	8
Trust Funds	172	172	0
Total	999	1,007	8

Explanation of Change	FY 2014 Base		Trust Funds		FY 2015 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	999	\$80,118	0	\$145	0	\$670	0	\$815
Personnel benefits	0	\$18,325	0	\$33	0	\$166	0	\$199
Employee health benefits	0	\$4,966	0	\$3	0	\$51	0	\$54
Moving allowance	0	\$0	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act (FECA)	0	\$0	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$9	0	\$0	0	\$2	0	\$2
Travel and transportation of persons	0	\$307	0	\$0	0	\$18	0	\$18
Transportation of things	0	\$39	0	\$0	0	\$7	0	\$7
Rental payments to GSA	0	\$9,884	0	\$127	0	\$153	0	\$280
Rental payments to others	0	\$0	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$2,348	0	\$0	0	\$155	0	\$155
Printing and reproduction	0	\$133	0	\$0	0	\$17	0	\$17
Advisory and assistance services	0	\$347	0	\$6	0	\$0	0	\$6
Other services from non-Federal sources	0	\$3,223	0	\$8	0	\$126	0	\$134
Working Capital Fund	0	\$8,793	0	\$0	0	\$20	0	\$20
Other Federal sources (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$1,104	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$3,265	0	\$0	0	\$1,465	0	\$1,465
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$7	0	\$0	0	\$2	0	\$2
Operation and maintenance of equipment	0	\$0	0	\$0	0	\$0	0	\$0

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Explanation of Change	FY 2014 Base		Trust Funds		FY 2015 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Supplies and materials	0	\$688	0	\$0	0	\$106	0	\$106
Equipment	0	\$178	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$0	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	999	+\$133,734	0	+\$322	0	+\$2,958	0	+\$3,280
B. Programs:								
Increases for administrative costs of DCMWC claims and benefit payment processing	0	\$0	0	\$2,378	0	\$0	0	\$2,378
Resources for DBA claims support	0	\$0	0	\$0	7	\$1,000	7	\$1,000
Resources for actuarial support	0	\$0	0	\$0	1	\$140	1	\$140
Programs Subtotal			0	+\$2,378	8	+\$1,140	8	+\$3,518
Total Increase	999	+\$133,734	0	+\$2,700	8	+\$4,098	8	+\$6,798
Decreases:								
A. Built-Ins:								
To Provide For:								
Federal Employees' Compensation Act (FECA)	0	\$1,399	0	\$0	0	-\$7	0	-\$7
Operation and maintenance of equipment	0	\$7,305	0	\$1	0	-\$794	0	-\$793
Built-Ins Subtotal	0	+\$8,704	0	+\$1	0	-\$801	0	-\$800
B. Programs:								
Programs Subtotal			0	\$0	0	\$0	0	\$0
Total Decrease	0	+\$8,704	0	+\$1	0	-\$801	0	-\$800
Total Change	999	+\$142,438	0	+\$2,701	8	+\$3,297	8	+\$5,998

FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2013 Comparable		FY 2014 Comparable		FY 2015 Request		Diff. FY15 Request / FY14 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
FEDERAL PROGRAMS FOR WORKERS' COMPENSATION	998	143,011	999	142,438	1,007	148,436	8	5,998
General Funds	824	109,667	827	109,641	835	112,938	8	3,297
Trust Funds	174	33,344	172	32,797	172	35,498	0	2,701
Division of Federal Employees' Compensation	734	98,275	737	97,128	738	99,173	1	2,045
General Funds	734	98,275	737	97,128	738	99,173	1	2,045
Division of Longshore and Harbor Workers' Compensation	99	13,508	99	14,655	106	15,942	7	1,287
General Funds	90	11,392	90	12,513	97	13,765	7	1,252
Longshore Trust Funds	9	2,116	9	2,142	9	2,177	0	35
Division of Technology and Standards	0	0	0	0	0	0	0	0
Division of Coal Mine Workers' Compensation	165	31,228	163	30,655	163	33,321	0	2,666
Black Lung Disability Trust Funds	165	31,228	163	30,655	163	33,321	0	2,666

NOTE: FY 2013 reflects actual FTE.

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
	Full-Time Equivalent				
	Full-time Permanent	1,004	999	1,007	8
	Total	1,004	999	1,007	8
	Total Number of Full-Time Permanent Positions	1,004	999	1,007	8
	Average ES Salary	\$169,394	\$171,088	\$172,798	\$1,710
	Average GM/GS Grade	12/3	12/3	12/3	0
	Average GM/GS Salary	\$80,682	\$81,489	\$82,303	\$814
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	80,877	79,672	81,173	1,501
11.3	Other than full-time permanent	151	16	16	0
11.5	Other personnel compensation	168	430	492	62
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	81,196	80,118	81,681	1,563
12.1	Civilian personnel benefits	24,554	24,690	25,151	461
13.0	Benefits for former personnel	0	9	11	2
21.0	Travel and transportation of persons	262	307	364	57
22.0	Transportation of things	44	39	51	12
23.0	Rent, Communications, and Utilities	0	0	0	0
23.1	Rental payments to GSA	8,471	9,884	10,131	247
23.2	Rental payments to others	43	0	0	0
23.3	Communications, utilities, and miscellaneous charges	2,367	2,348	2,664	316
24.0	Printing and reproduction	138	133	160	27
25.1	Advisory and assistance services	439	347	353	6
25.2	Other services from non-Federal sources	2,256	3,223	3,801	578
25.3	Other goods and services from Federal sources 1/	14,131	13,162	15,373	2,211
25.4	Operation and maintenance of facilities	4	7	9	2
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	7,391	7,305	7,673	368
26.0	Supplies and materials	761	688	825	137
31.0	Equipment	954	178	189	11
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	143,011	142,438	148,436	5,998
	1/Other goods and services from Federal sources				
	Working Capital Fund	8,796	8,793	8,813	20
	DHS Services	1,013	1,104	1,105	1
	Services by DOL Agencies	3,294	2,390	4,125	1,735
	GSA Services	467	26	448	422
	Services by Other Government Departments	561	849	882	33

FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress 1/	House Allowance	Senate Allowance	Appropriations 2/	FTE
2005					
Base Appropriation	\$117,738	\$0	\$0	\$114,614	905
2006					
Base Appropriation	\$118,068	\$0	\$0	\$118,357	905
2007					
Base Appropriation	\$123,776	\$0	\$0	\$120,457	859
2008					
Base Appropriation	\$124,224	\$0	\$0	\$119,328	842
2009...3/					
Base Appropriation	\$128,299	\$0	\$0	\$120,457	867
2010...3/					
Base Appropriation	\$125,722	\$0	\$0	\$118,295	872
2011...4/					
Base Appropriation	\$127,346	\$0	\$0	\$118,058	831
2012...5/					
Base Appropriation	\$123,538	\$0	\$0	\$117,840	837
2013...6/					
Base Appropriation	\$122,190	\$0	\$0	\$111,783	843
2014					
Base Appropriation	\$118,458	\$0	\$0	\$111,783	836
2015					
Base Appropriation	\$115,115	\$0	\$0	\$0	844

1/ 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: \$2,023 in FY 2005; \$2,024 in FY 2006; \$2,042 in FY 2007; \$2,022 in FY 2008; \$2,101 in FY 2009; \$2,124 in FY 2010; \$2,120 in FY 2011; \$2,120 in FY 2012; \$2,142 in FY 2013; \$2,142 in FY 2014; and \$2,177 in FY 2015.

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

3/ 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.

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

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

6/ Appropriation for FY 2013 includes rescission amount of -\$235 pursuant to P.L. 113-6 and sequestration amount of -\$5,821.

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BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	143,011	142,438	148,436	5,998
FTE	998	999	1,007	8

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 1,004.

Introduction

Federal Programs for Workers' Compensation (FPWC) provides funding for three 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.

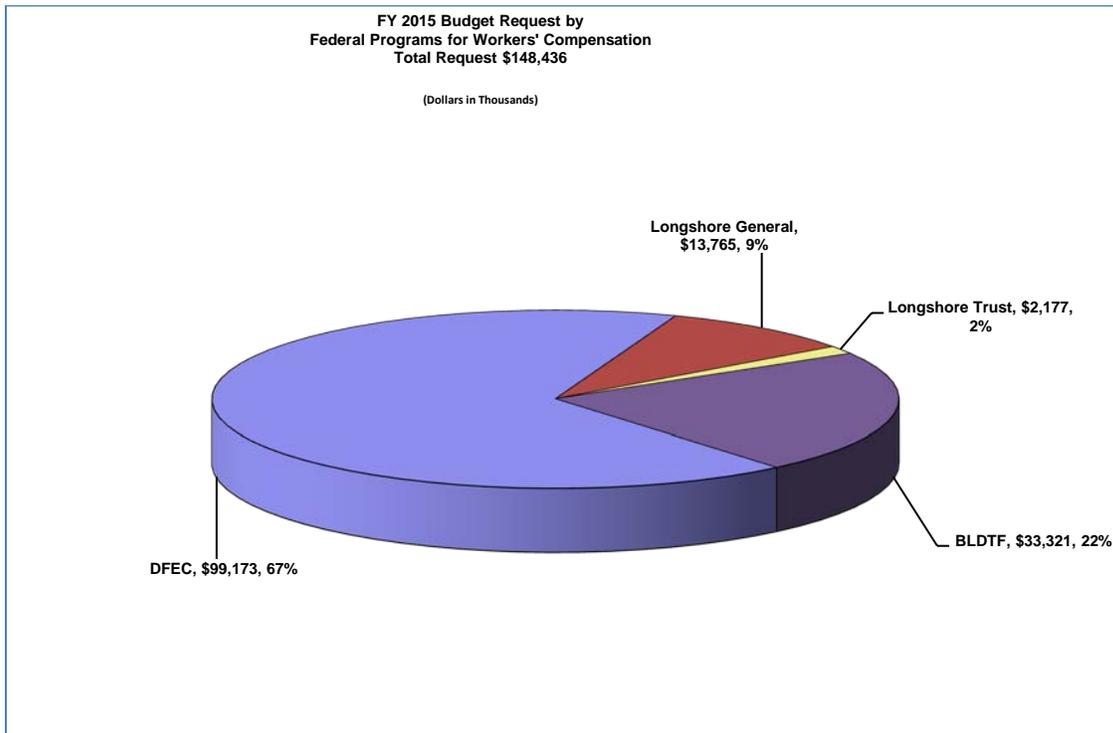
As part of an administrative restructuring of the OWCP National Office in FY 2013, the agency's Division of Information Technology Services (DTS) was reformed to the Branch of Technology and Standards (BTS) within the new Division of Administration and Operations. This Division had provided common IT infrastructure services to the Wage and Hour Division, Office of Federal Contract Compliance Programs, and the Office of Labor Management Standards, as well as to OWCP until FY 2012, when the infrastructure functions were transferred to the Office of the Assistant Secretary for Administration and Management. Accordingly, in FY 2015, OWCP is proposing a comparative transfer of funding previously identified for DTS to the Division of Federal Employees' Compensation (\$2,950,000 and 11 FTE) and the Division of Longshore and Harbor Workers' Compensation (\$329,000 and 1 FTE). This transfer is reflected in the FY 2013 and FY 2014 columns of the budget submission in order to make them comparable to FY 2015. In FY 2015, staff and services provided by the new Branch of Technology and Standards will be funded out of the DFEC and DLHWC accounts.

Total resources requested in FY 2015 for the FPWC are \$148,436,000 and 1,007 FTE.

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The FY 2015 Request Level by activity component is as follows:

- \$99,173,000 and 738 FTE for the Division of Federal Employees' Compensation;
- \$13,765,000 and 97 FTE for Longshore General;
- \$2,177,000 and 9 FTE for Longshore Trust; and
- \$33,321,000 and 163 FTE for the Division of Coal Mine Workers' Compensation.



Program increases for FY 2015 include \$1,000,000 and 7 FTE for Defense Base Act claims processing in DLHWC and \$140,000 and 1 FTE for actuarial analytic support in the Division of Financial Administration funded from the DFEC allocation.

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2013 Comparable	FY 2014 Comparable	FY 2015 Request	Diff. FY15 Request / FY14 Comparable
Activity Appropriation	98,275	97,128	99,173	2,045
FTE	734	737	738	1

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 742.

Introduction

OWCP's 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.

The FECA Program supports the Secretary's vision to "*Promote and Protect Opportunity*" and DOL *Strategic Objective 4.1 – Provide income support when work is impossible or unavailable and facilitate return to work*. Successful provision of income support is attained by promptly paying benefits to shorten the duration of income interruptions while maintaining payment accuracy and preventing and reducing improper payments. Through early intervention and proactive case management, OWCP's DFEC assists Federal workers to recover from injury or illness and return to work. DFEC also engages Federal employers to participate as active and informed partners in providing services to their injured employees. The participation of Federal employers has been reinforced in recent years by Executive Order 13548 and successive government-wide performance improvement initiatives, including the Safety, Health, and Return to Employment (SHARE) initiative, and most recently, the Protecting Our Workers and Ensuring Reemployment (POWER) initiative.

Executive Order 13548 of July 26, 2010 directed 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.

The SHARE and POWER initiatives have set specific performance targets for (non-Postal) Federal employers since 2003 through 2014 including:

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- 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 employees who suffer a serious workplace injury or illness who return to work;
- Required electronic and timely submission of Notices of Injury and Wage-Loss Claims by Federal employers.

Federal agencies have responded successfully to these initiatives and continue to work constructively with DOL to improve workplace safety, improve injury case management and increase returns to work.

In FY 2015 OWCP will continue to coordinate with Federal employers to discuss performance targets and the challenges being faced; provide training, outreach, and technical assistance in order to increase the knowledge base of return to work strategies in the federal government; continue regular meetings with Federal agencies to discuss performance-related issues and to share best practices; regular publication via Web of agency performance results; and issuance of individualized reports and other information to agencies upon their request.

Federal Employees' Compensation Act Reform

The FY 2015 budget acts on longstanding Government Accountability Office, Congressional Budget Office, and Labor Inspector General recommendations to improve and update FECA. The legislative proposal would amend FECA to convert prospectively retirement-age beneficiaries to a retirement annuity-level benefit, establish an up-front waiting period for benefits for all beneficiaries, permit the Department of Labor to recapture compensation costs from responsible third parties, authorize the Department to cross-match FECA records with Social Security records to reduce improper payments, and make other changes. The proposal would also include a provision to allow the Department to add an administrative surcharge to the amount billed to Federal agencies for their FECA compensation costs, thereby shifting FECA administrative costs from the Department to Federal agencies in proportion to their usage and strengthening their incentives to promote workplace safety and speed reemployment of injured workers. These reforms would produce 10-year Government-wide savings of more than \$340 million.

War Hazards Compensation Act Claims

Claims filed under the War Hazards Compensation Act (WHCA) are processed by the Division of Federal Employees' Compensation. WHCA claims must first be certified as qualifying under the Defense Base Act (DBA) by the Division of Longshore and Harbor Workers' Compensation. 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". OWCP anticipates continuing additional workloads due to increases in Defense Base Act (DBA) and War Hazards Compensation Act (WHCA) claims in connection with the wars in Iraq and Afghanistan. Claims from Iraq and Afghanistan are more complex than typical claims for compensation. Although

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the U.S. military activities in Iraq have ended, OWCP expects to continue to receive both DBA and WHCA claims in FY 2014 and FY 2015 and beyond. For the foreseeable future, DFEC anticipates continuing resource needs for adjudication, data analysis, reporting, customer assistance and correspondence associated with WHCA claims.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$98,432	768
2011	\$98,235	736
2012	\$98,050	742
2013	\$98,275	742
2014	\$97,128	737

FY 2015

Requested resources for FY 2015 are \$99,173,000 and 738 FTE. Resources are also requested for FECA program administration in the amount of \$60,334,000 and 114 FTE through Special Benefits Fair Share funding.

The DFEC Salaries and Expenses request includes a program increase of \$140,000 and one FTE for an actuary in the Division of Financial Administration to maintain, update and evaluate funding and actuarial liability models, and assist with improvements in risk assessment and program integrity. OWCP is requesting these resources to help strengthen the agency's internal actuarial capacity and provide much needed actuarial analyses of OWCP programs. The request also includes a comparative transfer of \$2,950,000 and 11 FTE previously allocated separately to OWCP's information technology support services activity component.

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

DFEC will continue to provide assistance to Federal workers through its Disability Management (DM) activities. DFEC uses registered nurses to provide early contact with the worker via telephone as soon as seven days after the claimant stops work and, in cases that do not quickly resolve, to provide stepped-up services to coordinate with providers to obtain and monitor appropriate medical treatment and work with employers to facilitate a safe return to work. DFEC continually monitors and reviews cases to provide services as appropriate. For those claimants with disabilities that prevent ready return to employment, DFEC contracts with professional vocational rehabilitation counselors to provide vocational services. DFEC continues to strengthen its DM services and technical assistance to Federal employers. DFEC

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will continue to work closely with federal employers, particularly those with high injury and lost production day rates, to create more re-employment opportunities for those who are more severely injured.

FY 2014

The DFEC FY 2014 Salaries and Expenses enacted level consists of \$97,128,000 and 737 FTE. Another \$60,017,000 and 109 FTE for FECA program administration are also available in Special Benefits Fair Share funding.

Return to Work (RTW) continues to be a major DFEC performance priority in FY 2014. Case management and return to work activities are very resource-intensive and require close coordination among claims staff, contract nurses and rehabilitation counselors over extended time periods on every case.

DFEC continues to increase its knowledge of DM operations and of injury and illness case outcomes. Several independent evaluations of DM have led to procedural improvements to better define responsibilities and improve coordination among the major DM activities. One such study identified successful injured worker reemployment and disability hiring best practices being used in the Federal Government that could be exported to other Federal agencies. Approaches for implementation of these best practices are being examined as part of ongoing POWER Return to Work (RTW) Council deliberations.

The POWER RTW Council consists of representatives from the 14 Executive Branch agencies and meets regularly with DFEC on performance-related issues and to share best practices. DFEC regularly publishes agency performance results via the Web; and issues individualized reports and other information to agencies upon their request. The work of the Council reflects DFEC's emphasis on elevating the participation of Federal employing agencies in reemploying injured workers, and providing technical assistance to those employers on return to work. DFEC continues to develop technology tools to enable agencies to electronically file claims, provide better access to claims information, and improve communications.

In FY 2014, DFEC return to work activities will include:

- Continuing chairmanship of the POWER RTW Council, to provide a forum for maintaining formal and informal communications and promote better coordination between the FECA program and the agencies to share and implement best practices;
- Assisting Federal employers in targeting and improving management of cases and using return to work practices to increase their ability to reemploy and retain injured workers;
- Forming bridges among top agency management, and agency workers' compensation and hiring personnel for return to work;
- Expanding reemployment pathways and opportunities for injured workers and increasing the number of injured workers placed in jobs when they cannot be reemployed by their date-of- injury Federal employer;
- Establishing a candidate bank (Labor for America) of FECA claimants for potential employers in both the public and private sectors.

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FY 2013

The DFEC FY 2013 Salaries and Expenses enacted level consists of \$98,275,000 and 734 FTE. Another \$59,488,000 and 108 FTE for FECA program administration were also available in Special Benefits Fair Share funding.

In FY 2013, DFEC adjudicated 113,782 new injury and illness claims and processed 18,703 initial wage-loss compensation claims. DFEC also conducted Periodic Entitlement Reviews (PER) for all of the approximately 47,000 individuals receiving long-term disability benefits. The PER process injects greater program integrity features into management of the FECA periodic roll by establishing a broad and regular inspection of cases to verify the ongoing medical condition and entitlement to benefits. Over 8,000,000 compensation and medical benefit payments are processed annually for nearly 240,000 FECA beneficiaries. Total FECA benefits amounted to nearly \$3 billion in FY 2013.

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DETAILED WORKLOAD AND PERFORMANCE					
		FY 2013 Enacted		FY 2014 Enacted	FY 2015 Request
		Target	Result	Target	Target
Division of Federal Employees' Compensation					
Strategic Goal 4 - Secure retirement, health, and other employee benefits and, for those not working, provide income security					
Strategic Objective 4.1 - Provide income support when work is impossible or unavailable and facilitate return to work					
FEC RTW2	Government-wide Lost Production Days Rates (per 100 employees) in Non-Postal Agencies	34.7	34.6	34.4	34.4
FEC 5a	Percent of Notices of Injury filings by non-Postal Agencies received within 10 business days	87.8%	86.9%	90.4%	90.4%
FEC 5b	Percent of wage-loss claims filed by non-Postal Federal employers received within 5 business days	75.7%	79.9%	78.0%	78.0%
Performance Measures					
FEC 1a	Percent of wage-loss claims timely processed within 14 days: claims not requiring further develop	90.0%	91.2%	90.0%	90.0%
FEC 1b	Percent of all wage-loss claims timely processed within 75 days of receipt: all claims	90.0%	94.1%	90.0%	90.0%
FEC 4a	Percent of PERS completed or developed within 60 days	90.0%	98.2%	95.0%	95.0%
FEC 4b	Percent of PERS requiring development that are closed within 180 days	90.0%	88.3%	90.0%	90.0%
FEC RTW1	Percent of federal employees with work-related injuries or illnesses coming under FECA's Disability Management that are reemployed by non-Postal Federal Agencies	93.4%	91.9%	95.0%	95.0%

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

DETAILED WORKLOAD AND PERFORMANCE					
		FY 2013 Enacted		FY 2014 Enacted	FY 2015 Request
		Target	Result	Target	Target
Workloads					
FEC WL 1	Cases Created	115,000[p]	113,782	113,000[p]	113,000[p]
FEC WL 3	Initial Wage Loss Claims Received	20,000[p]	18,703	18,000[p]	18,000[p]
FEC WL 2	Cases starting Disability Management	17,000[p]	15,961	15,000[p]	15,000[p]
FEC WL 4	Periodic Roll Cases - Long-term disability	45,000[p]	43,726	43,500[p]	43,500[p]
FEC WL 5	Periodic Roll Cases - Fatal	4,000[p]	3,786	3,500[p]	3,500[p]

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

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

Workload Summary

DFEC received 113,782 new injury claims and 18,703 initial claims for FECA wage loss compensation in FY 2013. Over 80 percent of the new injury claims are for traumatic injuries such as those caused by slips and falls. The remainder involved more complex situations in which a medical condition arose due to long-term exposure or exertion. Fiscal Year 2013 benefit obligations for compensation for wage-loss and death and for medical treatment were \$2,949,000,000, consisting of \$1,904,000,000 for wage-loss compensation, \$133,000,000 for death benefits, and \$912,000,000 for medical benefits. The total number of beneficiaries that received benefit payments in 2013 was approximately 238,000.

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

DFEC Disability Management (DM) applies an active team approach of claims managers, contract nurses and vocational rehabilitation counselors to support early identification of work injury or illness, develop case information promptly, produce accurate assessments of the nature of the disability, and deliver effective assistance services. Return to Work (RTW) results are measured using two performance indicators: 1) the percentage of workers that are successfully returned to employment following injury or illness and 2) disability duration in new injury and illness cases measured as lost production days (LPD). LPD rates, as measured by DFEC, provide an index reflecting the overall incidence and severity of workplace injuries and the duration of lost time in the first year following occurrence of injury or illness. RTW rates indicate the effectiveness of DFEC to assist with recovery and return to work and the Federal agencies to reemploy their injured workers. By shortening the duration of time away from employment, earlier return to work reduces LPD.

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

Ongoing Government-wide initiatives such as SHARE and POWER have increased the involvement of Federal agencies in workplace safety and return to work. Federal workplace injury rates have been reduced and the number of new Federal injury claims filed annually with DOL by Federal agencies has declined by nearly one-third between FY 2003 and FY 2013. Proactive and improved case management by DFEC coupled with Federal agency efforts

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

have increased the share of workers that go back to work after filing FECA wage-loss claims. In FY 2013, nearly 92 percent of seriously injured workers had been reemployed within two years of their injuries – an increase of six percentage points since FY 2009. To improve RTW numbers, DFEC is exploring the use of more surgical strategies aimed at selected agencies in need of assistance, as part of a multi-faceted strategy to increase returns to work.

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

- Expanded technological capability to close procedural gaps in Disability Management to improve return to work outcomes;
- Enhanced Assisted Reemployment;
- Establishment of a candidate bank of FECA claimants who may have disabilities;
- Identification and export of RTW best practices identified through research to Federal employers;
- Continued chairmanship of forum of the largest Federal agencies for discussion and exchange of best practices in the area of return to work; and
- Formation of a bridge between workers' compensation and Federal agency disability hiring personnel to establish a continuity of practice for the sharing of information, ideas and experiences.

DFEC also continues to focus on closer review of cases where the claimants remain out of work for extended periods to certify their readiness for work and assess their suitability for vocational rehabilitation. Case review such as this is performed under DFEC's Periodic Roll Management activity. Cases with more severe injuries or permanent impairments present longer term recovery periods and require longer term monitoring by DFEC. The monitoring activity includes regularly scheduled Periodic Entitlement Reviews (PER) wherein medical evidence is reviewed to determine whether the claimant has continuing work-related disability or any return to work potential and enables timely referral to vocational rehabilitation. Verification of proper continuation of benefits through the PER process also reinforces the fiscal integrity of the FECA program.

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Comparable	FY 2014 Comparable	FY 2015 Request	Diff. FY15 Request / FY14 Comparable
11.1	Full-time permanent	59,846	59,024	59,705	681
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	88	220	220	0
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	59,934	59,244	59,925	681
12.1	Civilian personnel benefits	18,653	18,889	19,105	216
13.0	Benefits for former personnel	0	9	11	2
21.0	Travel and transportation of persons	52	57	59	2
22.0	Transportation of things	15	5	6	1
23.1	Rental payments to GSA	5,863	6,762	6,907	145
23.2	Rental payments to others	43	0	0	0
23.3	Communications, utilities, and miscellaneous charges	1,402	1,348	1,505	157
24.0	Printing and reproduction	65	58	71	13
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	497	598	724	126
25.3	Other goods and services from Federal sources 1/	9,642	8,711	10,101	1,390
25.4	Operation and maintenance of facilities	4	4	5	1
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	693	880	94	-786
26.0	Supplies and materials	558	473	570	97
31.0	Equipment	854	90	90	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	98,275	97,128	99,173	2,045
1/Other goods and services from Federal sources					
	Working Capital Fund	6,105	6,154	6,172	18
	DHS Services	895	874	875	1
	Services by DOL Agencies	2,038	1,190	2,147	957
	GSA Services	432	26	440	414
	Services by Other Government Departments	172	467	467	0

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$590
Personnel benefits	146
Employee health benefits	50
Moving allowance	0
Federal Employees' Compensation Act (FECA)	-7
Benefits for former personnel	2
Travel and transportation of persons	2
Transportation of things	1
Rental payments to GSA	136
Rental payments to others	0
Communications, utilities, and miscellaneous charges	155
Printing and reproduction	13
Advisory and assistance services	0
Other services from non-Federal sources	126
Working Capital Fund	18
Other Federal sources (Census Bureau)	0
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	1,369
Research & Development Contracts	0
Operation and maintenance of facilities	1
Operation and maintenance of equipment	-794
Supplies and materials	97
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$1,905**

Net Program **\$140**

Direct FTE **1**

	Estimate	FTE
Base	\$99,033	737
Program Increase	\$140	1

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	13,508	14,655	15,942	1,287
FTE	99	99	106	7

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 101.

Introduction

The Division of Longshore and Harbor Workers' Compensation (DLHWC) is charged with the administration of the Longshore and Harbor Workers' Compensation Act (LHWCA), as amended. LHWCA is 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, the agency's transformation into the 21st Century organization and the Department's *Strategic Goal 4: Secure retirement, health and other employee benefits and, for those not working, provide income security*. The core mission activities of DLHWC are to provide mediation, resolve disputes, oversee benefit delivery by employers and insurance carriers, provide technical assistance to all stakeholders, and manage the Special Workers' Compensation Fund (SWCF), for which it has fiduciary responsibility. DLHWC also administers injury and occupational disease coverage for non-maritime employees under several extensions of the Act, including the Defense Base Act (DBA), Outer Continental Shelf Lands Act (OCSLA), Non-appropriated Fund Instrumentalities Act (NFIA), and the District of Columbia Workmen's Compensation Act (DCWCA) for injuries sustained prior to July 26, 1982.

The Division receives on average 29,000 new lost-time injury claims per year and collects assessments for the SWCF, which provides benefits directly to certain individuals (claimants), including bi-weekly recurring benefit payments to over 4,200 beneficiaries. Five hundred forty companies are authorized to write insurance or self-insure liabilities under the LHWCA and its extensions. Over \$2,700,000,000 in securities is maintained to ensure the continuing provision of benefits for covered workers in case of employer/carrier insolvency. Program operations are funded from the General Fund. Management of the SWCF is supported by an appropriation from the Fund that is referred to as "Longshore Trust Funds."

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$13,534	104
2011	\$13,507	95
2012	\$13,486	95
2013	\$13,508	101
2014	\$14,655	99

FY 2015

The FY 2015 request level for the Division of Longshore and Harbor Workers' Compensation (DLHWC) is \$15,942,000 and 106 FTE, including a comparative transfer of \$329,000 and 1 FTE previously allocated separately to OWCP's information technology support services activity component. Of the total requested, General Funds provide \$13,765,000 and 97 FTE; Trust Funds provide \$2,177,000 and 9 FTE.

The request for DLHWC includes a program increase of \$1,000,000 and 7 FTE to handle increased Defense Base Act (DBA) claims workload and support DBA claims processing. The additional staff will also collect detailed data and track each case until resolution or permanency has been reached so that the final case outcome can be determined, specifically whether the injured worker has any lasting effects from the injury. When the injured worker is entitled to compensation, detailed information will be collected with regard to the timeliness and accuracy of the initial and ongoing payments. When payment delivery is not timely or accurate, staff will investigate the reasons and work with the employer/carrier to identify the root of the problem.

Identification of trends among employer/carriers, as well as trends via location and circumstance, will enable DOL to track these sub-sets of untimely performance until improvement has occurred. More direct oversight and involvement in claims will also allow DLHWC to take a proactive approach to dispute resolution. By more closely tracking each case, potential issues with compensation/medical treatment could be identified earlier, and DLHWC can intervene proactively before a formal dispute arises and/or benefit delivery is unnecessarily delayed. As a result of increased staffing, DLHWC could issue fines and penalties for situations of non-compliance with respect to timely reporting and payment requirements. The requested resources will position DLHWC to manage the incoming and existing workload and maintain the performance gains it has achieved in the areas of First Report of Injury and First Payment of Compensation with DBA and non-DBA employers.

FY 2014

The FY 2014 enacted level for DLHWC is \$14,665,000 and 99 FTE. Of the total requested, General Funds provide \$12,513,000 and 90 FTE; Trust Funds provide \$2,142,000 and 9 FTE.

In FY 2014, DLHWC is reengineering a number of its business processes and instituting organizational design improvements through three major initiatives. First, the program is

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

consolidating its case-create activities from 10 district offices to one. Second, the program is creating all of its incoming and new cases in an electronic environment and finally, the program is centralizing its mail operations from 10 district offices to one. The staff is reviewing incoming mail and cases in a virtual environment using the new OWCP Imaging System. These are fundamental departures from previous workflow processes and the program believed it necessary to maintain most performance targets for FY 2014 at the FY 2013 levels to avoid unnecessary disruptions while stakeholders transition to these organizational changes.

Longshore will continue to emphasize dispute resolution at the district office level for all cases to reduce the overall processing timeframe for all disputes. Shortening the time to resolve disputed cases through the informal dispute resolution process at the district office level, allows the program to expedite benefit delivery and improve customer service for injured workers.

FY 2013

Total funding for DLHWC in FY 2013 was \$13,508,000 and 98 FTE. General Funds provided \$11,392,000 and 89 FTE; Trust Funds provided \$2,116,000 and 9 FTE.

Longshore does not make benefit decisions or pay claims; it oversees the claims processing 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 Report of Injury and First Payment of Compensation. In FY 2013, the program focused on employer and carrier performance to improve their timeliness for these two actions, and resolution of disputed claims as quickly as possible. Longshore leveraged the influence gained with employers and carriers during 2012 to improve performance in these areas.

The program identified the informal conference process as an area in which it could have a greater impact on the program's mission to provide income support. The program used a bifurcated measure to track performance for DBA and non-DBA informal conference resolution timeliness at the district office level to maintain focus on improving performance. The dispute resolutions goals for all cases (DBA and non-DBA) that proceed for resolution to the Office of Administrative Law Judges (OALJ) were discontinued as Operating Plan goals. The program continued to track resolution performance at the Operational Plan level for cases that proceeded for resolution to the OALJ.

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

DETAILED WORKLOAD AND PERFORMANCE					
		FY 2013 Enacted		FY 2014 Enacted	FY 2015 Request
		Target	Result	Target	Target
Division of Longshore and Harbor Workers' Compensation					
Strategic Goal 4 - Secure retirement, health, and other employee benefits and, for those not working, provide income security					
Strategic Objective 4.1 - Provide income support when work is impossible or unavailable and facilitate return to work					
LS 1	Percent of Employer's First Report of Injury filed within 30 days: Defense Base Act cases	83%	85%	83%	85%
LS 2	Percent of First Payment of Compensation issued within 30 days: Defense Base Act cases	62%	67%	62%	65%
LS 3	Percent of Employer's First Report of Injury filed within 30 days: non-Defense Base Act cases	85%	86%	85%	85%
LS 4	Percent of First Payment of Compensation issued within 30 days: non-Defense Base Act cases	85%	87%	85%	85%
LS WL 1	Number of Open Claims	45,863	39,957	39,161	38,770
LS WL 2	Lost Time Injuries Reported	31,948	28,189	27,907	27,628
LS WL 3	Cases Being Compensated	16,225	15,028	14,878	14,729
LS WL 4	Pending Case Inventory	12,247	10,837	10,729	10,621

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

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

Workload Summary

DLHWC does not make benefit decisions or pay claims; it oversees the claims processing benefit delivery activities of the self-insured employers and insurance carriers. To support DOL *Strategic Objective 4.1 - Provide income support when work is impossible or unavailable and facilitate return to work*, Longshore will focus on employer/carrier performance to ensure that injury reports and first payment of benefits are timely and that disputed claims are resolved as quickly as possible. The timeliness of injury notices and first compensation payments directly impact the delivery of benefits and the quality of customer service. Strategies include the consolidation of case create and centralization of mail receipt processing, This will provide performance improvements that include faster and more efficient claims intake and processing; more accurate mail intake; and lower claims processing costs. Strategies also include a combination of communicating Longshore program expectations/requirements; formal publication of results; and direct education and technical assistance. In addition to the technical assistance provided daily in response to calls and correspondence, the program will develop and implement formal issue specific training modules focused on improving staff analytical and dispute resolution skills. Longshore encourages communication and information sharing between parties, which are particularly essential to dispute resolution. These strategies build upon the program's FY 2013 investments and initiatives and advance OWCP's mission to provide income support with minimal interruptions and to facilitate return to work of those injured workers.

DLHWC staff will review the DBA claims. Staff will collect detailed DBA data and track each case until resolution or permanency has been reached so that the final case outcome can be determined, specifically whether the injured worker has any lasting effects from the injury. When the injured worker is entitled to compensation, detailed information will be collected with regard to the timeliness and accuracy of the initial and ongoing payments. When payment delivery is not timely or inaccurate, staff will investigate the reasons and work with the Employer/Carrier to identify the root of the problem. Identification of trends among Employer/Carriers, as well as trends via location and circumstance, will enable the program to track these sub-sets of untimely performance until improvement has occurred. More direct oversight and involvement in claims will also allow DLHWC to take a proactive approach to dispute resolution.

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
11.1	Full-time permanent	8,196	8,411	9,101	690
11.3	Other than full-time permanent	66	0	0	0
11.5	Other personnel compensation	80	85	91	6
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	8,342	8,496	9,192	696
12.1	Civilian personnel benefits	2,456	2,434	2,629	195
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	21	64	84	20
22.0	Transportation of things	14	19	27	8
23.1	Rental payments to GSA	724	1,273	1,393	120
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	181	230	245	15
24.0	Printing and reproduction	19	22	26	4
25.1	Advisory and assistance services	439	347	353	6
25.2	Other services from non-Federal sources	26	586	656	70
25.3	Other goods and services from Federal sources 1/	548	582	680	98
25.4	Operation and maintenance of facilities	0	3	4	1
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	564	472	508	36
26.0	Supplies and materials	75	89	105	16
31.0	Equipment	99	38	40	2
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	13,508	14,655	15,942	1,287
	1/Other goods and services from Federal sources				
	Working Capital Fund	274	277	279	2
	DHS Services	37	150	150	0
	Services by DOL Agencies	237	155	251	96

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

General Funds

PROGRAM CATEGORY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Comparable	FY 2014 Comparable	FY 2015 Request	Diff. FY15 Request / FY14 Comparable
11.1	Full-time permanent	7,411	7,580	8,256	676
11.3	Other than full-time permanent	66	0	0	0
11.5	Other personnel compensation	80	77	83	6
11.9	Total personnel compensation	7,557	7,657	8,339	682
12.1	Civilian personnel benefits	2,217	2,180	2,372	192
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	18	48	68	20
22.0	Transportation of things	14	19	27	8
23.1	Rental payments to GSA	724	1,273	1,390	117
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	175	223	238	15
24.0	Printing and reproduction	19	11	15	4
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	26	199	261	62
25.3	Other goods and services from Federal sources 1/	396	402	500	98
25.4	Operation and maintenance of facilities	0	3	4	1
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	72	377	412	35
26.0	Supplies and materials	75	83	99	16
31.0	Equipment	99	38	40	2
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	11,392	12,513	13,765	1,252
	1/Other goods and services from Federal sources				
	Working Capital Fund	122	109	111	2
	DHS Services	37	150	150	0
	Services by DOL Agencies	237	143	239	96

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

Trust Funds

PROGRAM CATEGORY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
11.1	Full-time permanent	785	831	845	14
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	0	8	8	0
11.9	Total personnel compensation	785	839	853	14
12.1	Civilian personnel benefits	239	254	257	3
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	3	16	16	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	0	0	3	3
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	6	7	7	0
24.0	Printing and reproduction	0	11	11	0
25.1	Advisory and assistance services	439	347	353	6
25.2	Other services from non-Federal sources	0	387	395	8
25.3	Other goods and services from Federal sources 1/	152	180	180	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	492	95	96	1
26.0	Supplies and materials	0	6	6	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
	Total	2,116	2,142	2,177	35
	1/Other goods and services from Federal sources				
	Working Capital Fund	152	168	168	0
	Services by DOL Agencies	0	12	12	0

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$94
Personnel benefits	23
Employee health benefits	1
Moving allowance	0
Federal Employees' Compensation Act (FECA)	0
Benefits for former personnel	0
Travel and transportation of persons	16
Transportation of things	6
Rental payments to GSA	20
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	4
Advisory and assistance services	6
Other services from non-Federal sources	8
Working Capital Fund	2
Other Federal sources (Census Bureau)	0
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	96
Research & Development Contracts	0
Operation and maintenance of facilities	1
Operation and maintenance of equipment	1
Supplies and materials	9
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$287**

Net Program **\$1,000**

Direct FTE **7**

	Estimate	FTE
Base	\$14,942	99
Program Increase	\$1,000	7

DIVISION OF COAL MINE WORKERS' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	31,228	30,655	33,321	2,666
FTE	165	163	163	0

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 159.

Introduction

The Division of Coal Mine Workers' Compensation (DCMWC) draws its mandate from Title IV of the Federal Coal Mine Health and Safety Act of 1969, as amended, to serve coal industry workers, and their dependent survivors, who are totally disabled by pneumoconiosis – also known as 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 eight 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 and performance activities directly support the Department's *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* by providing income support and medical care for beneficiaries who are unable to perform their previous coal mine work due to occupational lung disease.

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 of 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 providing timely and accurate decisions for these new claims.

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

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decisions issued. The credibility of initial eligibility decisions will be increased by using higher-credentialed physicians for diagnostic examinations. These strategies will be combined with educational outreach and technical assistance to both customer and provider communities. DCMWC also is aggressively seeking ways to reduce erroneous benefit payments and improve overall program administration. For example, the program is expediting the process of reviewing annual status update questionnaires and refining the process for reviewing representative payee annual fiscal reporting.

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

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$32,720	181
2011	\$33,075	167
2012	\$32,906	159
2013	\$31,228	159
2014	\$30,665	159

FY 2015

The FY 2015 Request level is \$33,321,000 and 163 FTE to meet obligations for DCMWC's Salaries and Expenses. This amount includes \$288,000 for built-in inflationary costs and \$2,378,000 over the FY 2014 enacted level for administrative costs associated with claims processing and benefit payments. These increases are necessary to modernize the program and to keep up with the significant increase in claims filed for Black Lung Benefits. While claims filings had dropped for several years, new claims surged in 2013 and are expected to total 7,300 in both FY 2014 and FY 2015, an increase of over 35 percent since 2012.

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 17,580

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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 4,370 additional recipients under Part C, and process an estimated 7,300 incoming claims. DCMWC will continue to focus its resources on strategies to improve average claims processing timeliness including information technology enhancements and an expansion of the pool of physicians who provide diagnostic examinations through the implementation of a new regulation which allows for digital x-rays.

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 2015 are discussed further in the Workload Summary section.

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

FY 2014

The FY 2014 enacted level is \$30,655,000 and 163 FTE to meet obligations for DCMWC's Salaries and Expenses.

In FY 2014, DCMWC will continue the core activities of its mission to pay monthly compensation and ongoing medical treatment benefits to an estimated average of 18,800 recipients under Part C, continue to monitor cash and medical treatment benefits disbursed by coal mine operators in the private sector to an average of 4,500 additional recipients under Part C, and process an estimated 7,300 incoming claims.

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.

In December 2013 DCMWC began a pilot in one of its district offices for a document imaging system which will shorten the amount of time necessary for processing claims by eliminating the

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time necessary for transfer of documents through the mail and allowing for electronic transfer of file documents when redistribution of workloads is necessary between district offices.

FY 2013

The FY 2013 enacted level was \$31,228,000 and 165 FTE to meet obligations for DCMWC's Salaries and Expenses.

In FY 2013, DCMWC paid monthly compensation and ongoing medical treatment benefits to an average of 20,720 recipients under Part C, continued to monitor cash and medical treatment benefits disbursed by coal mine operators in the private sector to an average of 4,670 additional recipients under Part C, and processed 6,420 incoming claims. DCMWC met its targets for its priority performance and supporting measures and implemented Interactive Voice Response (IVR) technology in all of its district offices.

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DETAILED WORKLOAD AND PERFORMANCE					
		FY 2013 Enacted		FY 2014 Enacted	FY 2015 Request
		Target	Result	Target	Target
Division of Coal Mine Workers' Compensation					
Strategic Goal 4 - Secure retirement, health, and other employee benefits and, for those not working, provide income security					
Strategic Objective 4.1 - Provide income support when work is impossible or unavailable and facilitate return to work					
Workload Volumes					
CM WL 1	Claims Received	6,300[p]	6,420	7,300[p]	7,300[p]
CM WL 2	Proposed Decisions and Orders	5,400[p]	4,760	5,600[p]	5,600[p]
CM WL 3	Conversion of Benefits to Miners' Survivors	620[p]	751	800[p]	800[p]
CM WL 4	Referrals to ALJ	1,350[p]	1,245	1,350[p]	1,350[p]
CM WL 5	Referrals to BRB	450[p]	269	450[p]	450[p]
CM 1	Average Number of Days to Process Black Lung Claims	255[r]	221	220[r]	215
CM 3	Average time in days for development of medical evidence for BL claims	100	83	85	82
CM 4	Percent of Annual Benefit Reviews (ABE) completed within current standards	90%	99%	90%	90%

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

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Workload Summary

DCMWC will follow the strategies and perform the activities described below to improve its priority performance results in support of the Secretary's vision of *Promoting and Protecting Opportunity* and the Department's *Strategic Objective 4.1: Provide income support when work is impossible or unavailable and facilitate return to work* 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 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 Black Lung Benefits Act that had been removed in 1981 for claims filed on or after 1/1/82. Compared to the pre-PPACA level of 4,354 claims filed in FY 2009, claims filings increased by 62 percent (7,044 claims) in FY 2010, by 42 percent (6,181 claims) in FY 2011, by 23 percent (5,368) in FY 2012, and by 47 percent (6,420 claims) in FY 2013. Incoming claims filings are expected to increase to 7,300 in FY 2014 and FY 2015.

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

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

DCMWC has also established a performance measure to minimize erroneous payments and maximize accuracy of benefits. The program performs a timely Annual Benefit Evaluation (ABE) of claims in payment status. The ABE consists of various post-entitlement and benefit reviews. All beneficiaries receive an annual questionnaire which is evaluated to ensure that DCMWC has correctly calculated monthly benefits, including excess earnings offsets, state or federal workers' compensation offsets, changes in status of the beneficiary and eligible dependents, the need for a representative payee, changes in beneficiary's address or EFT, and any other change that may affect the payment of benefits. The reporting and monitoring of these

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activities enable DCMWC to comprehensively track post-entitlement actions that may affect benefit amounts.

DCMWC will follow the strategies and perform the activities described below to improve its priority performance results in support of the Department's *Strategic Objective 4.1* by providing income support and medical care for beneficiaries who are unable to perform their previous coal mine work due to occupational lung disease.

- Facilitate the speed and quality of claims intake
 - Educate stakeholders and customers on the importance of timely filing and providing accurate information.
 - Convert claims forms and other documents to electronic form by the implementation of document imaging systems which supports the development of 21st Century programs at the DOL.
 - Closely monitor the scheduling of medical examinations to determine which doctors have exams scheduled beyond critical timeliness thresholds. When the case control system indicates that a doctor is being overscheduled, the claimant will be scheduled with the second doctor selected in the claim documentation.
- Improve the quality and efficiency of claims processing and accuracy and timeliness of benefit payments
 - In the development of Black Lung claims evidence, enlarge the pool of pulmonary physicians available for testing by incorporating the standards for the interpretation of digital radiology as set forth by NIOSH into OWCP 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 initial examinations and to hold web-based seminars for clinic personnel, including physicians.
 - Utilize Critical Path Measurements (CPM) as a management tool to document and monitor claims. The addition of CPM codes to the claims management system enables supervisors to document and monitor the time progression of a claim during each phase of medical and non-medical development and to set timelines for specified actions leading to reductions in average claims processing time.
 - Work with the Health Resource and Services Administration of HHS (HRSA) to encourage, where possible, the inclusion of medical scheduling timeliness standards in the awarding of grants to clinics partially funded by HRSA.

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

- Improve the accuracy, timeliness, and quality of benefits delivered by the OWCP programs

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1. Conduct outreach and educational activities to Black Lung program customers and medical provider communities to:
 - Improve the quality of medical evidence submitted with claims for benefits.
 - Reinforce the concept of OWCP as a fair and balanced adjudicator.
 - Foster a better understanding of the claims decisions issued.
 - Use higher-credentialed physicians for diagnostic examinations to increase the credibility of initial eligibility decisions.
 - Reduce erroneous benefit payments and improve overall program administration.
2. Continue to collect feedback from Black Lung Program customers and stakeholders. This will identify needed improvements in service quality and effectiveness; assess claimant and stakeholder experiences and satisfaction with DCMWC services.
3. Improve the quality of DCMWC communication services, in support of developing 21st Century programs at the DOL, by using an Integrated Voice Response (IVR) system nationwide. This will enable supervisory call monitoring; better measure call handling performance; enhance the deployment of customer service surveys; better monitor timeliness and quality.

DCMWC will monitor and evaluate its strategies to assess and improve its performance through the use of its annual operating plan, quarterly review and analysis of performance results, and analysis of results for its annual accountability reviews.

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BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
11.1	Full-time permanent	12,835	12,237	12,367	130
11.3	Other than full-time permanent	85	16	16	0
11.5	Other personnel compensation	0	125	181	56
11.9	Total personnel compensation	12,920	12,378	12,564	186
12.1	Civilian personnel benefits	3,445	3,367	3,417	50
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	189	186	221	35
22.0	Transportation of things	15	15	18	3
23.1	Rental payments to GSA	1,884	1,849	1,831	-18
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	784	770	914	144
24.0	Printing and reproduction	54	53	63	10
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	1,733	2,039	2,421	382
25.3	Other goods and services from Federal sources 1/	3,941	3,869	4,592	723
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	6,134	5,953	7,071	1,118
26.0	Supplies and materials	128	126	150	24
31.0	Equipment	1	50	59	9
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	31,228	30,655	33,321	2,666
	1/Other goods and services from Federal sources				
	Working Capital Fund	2,417	2,362	2,362	0
	DHS Services	81	80	80	0
	Services by DOL Agencies	1,019	1,045	1,727	682
	GSA Services	35	0	8	8
	Services by Other Government Departments	389	382	415	33

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CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$131
Personnel benefits	30
Employee health benefits	3
Moving allowance	0
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	124
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	0
Other Federal sources (Census Bureau)	0
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	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 **\$288**

Net Program **\$2,378**

Direct FTE **0**

	Estimate	FTE
Base	\$30,943	163
Program Increase	\$2,378	0