

FY 2017

CONGRESSIONAL BUDGET JUSTIFICATION

FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

SALARIES AND EXPENSES

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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,
[\$113,324,000] *\$123,982,000*, together with \$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, 2016.*)

FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

ANALYSIS OF APPROPRIATION LANGUAGE

“...44(d) and...”

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

FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2015 Enacted		FY 2016 Enacted		FY 2017 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	811	\$110,823	787	\$113,324	826	\$123,982
Offsetting Collections From:						
Black Lung Disability Trust Fund	163	\$33,321	163	\$35,244	182	\$38,246
Sequestration reduction Pursuant to P.L. 113-235 for FY 2015	0	-\$2,432	0	\$0	0	\$0
Sequestration reduction Pursuant to P.L. 114-113 for FY 2016	0	\$0	0	-\$2,397	0	\$0
Longshore Trust	9	\$2,177	9	\$2,177	9	\$2,177
A.1) Subtotal Trust Funds	172	\$33,066	172	\$35,024	191	\$40,423
B. Gross Budget Authority	983	\$143,889	959	\$148,348	1,017	\$164,405
Offsetting Collections to:	0	\$0	0	\$0	0	\$0
Black Lung Disability Trust Fund	-163	-\$30,889	-163	-\$32,847	-182	-\$38,246
Longshore Trust	-9	-\$2,177	-9	-\$2,177	-9	-\$2,177
B.1) Subtotal Trust Funds	-172	-\$33,066	-172	-\$35,024	-191	-\$40,423
C. Budget Authority Before Committee	811	\$110,823	787	\$113,324	826	\$123,982
Offsetting Collections From:	0	\$0	0	\$0	0	\$0
Black Lung Disability Trust Fund	163	\$30,889	163	\$32,847	182	\$38,246
Longshore Trust	9	\$2,177	9	\$2,177	9	\$2,177
C.1) Subtotal	172	\$33,066	172	\$35,024	191	\$40,423
D. Total Budgetary Resources	983	\$143,889	959	\$148,348	1,017	\$164,405
Unobligated Balance Expiring	-46	-\$843	0	\$0	0	\$0
E. Total, Estimated Obligations	937	\$143,046	959	\$148,348	1,017	\$164,405

FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2016 Enacted	FY 2017 Request	Net Change
Budget Authority			
General Funds	\$113,324	\$123,982	+\$10,658
Trust Funds	\$35,024	\$40,423	+\$5,399
Total	\$148,348	\$164,405	+\$16,057
Full Time Equivalents			
General Funds	787	826	39
Trust Funds	172	191	19
Total	959	1,017	58

FY 2017 Change

Explanation of Change	FY 2016 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	959	\$83,589	0	\$212	0	\$963	0	\$1,175
Personnel benefits	0	\$19,603	0	\$63	0	\$246	0	\$309
Employee health benefits	0	\$5,175	0	\$5	0	\$75	0	\$80
Moving allowance	0	\$0	0	\$0	0	\$0	0	\$0
Two days less of Pay	0	\$0	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act (FECA)	0	\$1,482	0	\$0	0	\$319	0	\$319
Benefits for former personnel	0	\$29	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$390	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$490	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$8,881	0	\$146	0	\$1,225	0	\$1,371
Rental payments to others	0	\$0	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$1,942	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$102	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$347	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$2,491	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$8,124	0	\$0	0	\$946	0	\$946
Other Federal sources (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$1,113	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$4,759	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0

FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

Explanation of Change	FY 2017 Change							
	FY 2016 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Operation and maintenance of facilities	0	\$37	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$8,357	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$722	0	\$0	0	\$0	0	\$0
Equipment	0	\$715	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	959	+\$148,348	0	+\$426	0	+\$3,774	0	+\$4,200
B. Programs:								
FECA Disability Management & Return to Work Initiative	0	\$0	0	\$0	39	\$5,235	39	\$5,235
Sequestration Restoration-DCMWC	0	\$0	0	\$2,397	0	\$0	0	\$2,397
Restoration of Inflationary Built-Ins Not Provided in FY 16 Omnibus-DFEC	0	\$0	0	\$0	0	\$2,028	0	\$2,028
Coal Miner Health Initiative	0	\$0	14	\$1,500	0	\$0	14	\$1,500
Black Lung Field Operations Support	0	\$0	5	\$600	0	\$0	5	\$600
VoiP IVR IT Initiative – BLDTF	0	\$0	0	\$600	0	\$0	0	\$600
Restoration of Inflationary Built-Ins Not Provided in FY 16 Omnibus-LS Gen	0	\$0	0	\$0	0	\$258	0	\$258
Programs Subtotal			19	+\$5,097	39	+\$7,521	58	+\$12,618
Total Increase	959	+\$148,348	19	+\$5,523	39	+\$11,295	58	+\$16,818
Decreases:								
A. Built-Ins:								
To Provide For:								
Two days less of Pay	0	\$0	0	-\$124	0	-\$637	0	-\$761
Built-Ins Subtotal	0	\$0	0	-\$124	0	-\$637	0	-\$761
B. Programs:								
Programs Subtotal			0	\$0	0	\$0	0	\$0
Total Decrease	0	\$0	0	-\$124	0	-\$637	0	-\$761
Total Change	959	+\$148,348	19	+\$5,399	39	+\$10,658	58	+\$16,057

FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY (Dollars in Thousands)								
	FY 2015 Enacted		FY 2016 Enacted		FY 2017 Request		Diff. FY17 Request / FY16 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
FEDERAL PROGRAMS FOR WORKERS' COMPENSATION	937	143,889	959	148,348	1,017	164,405	58	16,057
General Funds	775	110,823	787	113,324	826	123,982	39	10,658
Trust Funds	162	33,066	172	35,024	191	40,423	19	5,399
Division of Federal Employees' Compensation	694	98,296	706	100,519	745	110,408	39	9,889
General Funds	694	98,296	706	100,519	745	110,408	39	9,889
Division of Longshore and Harbor Workers' Compensation	90	14,704	90	14,982	90	15,751	0	769
General Funds	81	12,527	81	12,805	81	13,574	0	769
Longshore Trust Funds	9	2,177	9	2,177	9	2,177	0	0
Division of Coal Mine Workers' Compensation	153	30,889	163	32,847	182	38,246	19	5,399
Black Lung Disability Trust Funds	153	30,889	163	32,847	182	38,246	19	5,399

NOTE: 2015 reflects actual FTE.

FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	Diff. FY17 Request / FY16 Enacted
	Full-Time Equivalent				
	Full-time Permanent	983	959	1,017	58
	Total	983	959	1,017	58
	Total Number of Full-Time Permanent Positions	983	959	1,017	58
	Average ES Salary	\$172,798	\$174,525	\$176,794	\$2,269
	Average GM/GS Grade	12/3	12/3	12/3	0
	Average GM/GS Salary	\$82,303	\$83,126	\$84,207	\$1,081
11.1	Full-time permanent	79,724	82,784	90,026	7,242
11.3	Other than full-time permanent	47	0	0	0
11.5	Other personnel compensation	794	805	833	28
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	80,565	83,589	90,859	7,270
12.1	Civilian personnel benefits	24,895	26,260	28,690	2,430
13.0	Benefits for former personnel	36	29	29	0
21.0	Travel and transportation of persons	484	390	434	44
22.0	Transportation of things	480	490	490	0
23.0	Rent, Communications, and Utilities	0	0	402	402
23.1	Rental payments to GSA	10,039	8,881	10,268	1,387
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	1,916	1,942	2,015	73
24.0	Printing and reproduction	117	102	105	3
25.1	Advisory and assistance services	704	347	347	0
25.2	Other services from non-Federal sources	3,288	2,491	2,771	280
25.3	Other goods and services from Federal sources 1/	12,571	13,996	15,494	1,498
25.4	Operation and maintenance of facilities	7	37	37	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	6,022	8,357	10,689	2,332
26.0	Supplies and materials	1,208	722	780	58
31.0	Equipment	1,557	715	995	280
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	143,889	148,348	164,405	16,057
	1/Other goods and services from Federal sources				
	Working Capital Fund	8,008	8,124	9,070	946
	DHS Services	1,132	1,113	1,113	0
	Services by DOL Agencies	2,452	3,459	4,011	552
	GSA Services	32	81	81	0
	Services by Other Government Departments	947	1,219	1,219	0

FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2007					
Base Appropriation	\$123,776			\$120,457	1,143
2008					
Base Appropriation	\$124,224			\$119,328	1,119
2009					
Base Appropriation...2/	\$128,299			\$102,910	1,141
2010					
Base Appropriation...2/	\$125,722			\$111,631	1,078
2011					
Base Appropriation...3/	\$127,346			\$118,059	1,025
2012					
Base Appropriation...4/	\$123,538			\$117,840	1,021
2013					
Base Appropriation...5/	\$122,190			\$111,783	1,004
2014					
Base Appropriation	\$120,600			\$111,783	945
2015					
Base Appropriation	\$115,115			\$113,001	983
2016					
Base Appropriation	\$119,574			\$115,501	959
2017					
Base Appropriation	\$126,159				1,017

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

2/ 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.

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

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

5/ Appropriation for FY 2013 includes rescission amount of -\$231 pursuant to P.L. 113-6 and sequestration amount of -\$5,821.

FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	Diff. FY17 Request / FY16 Enacted
Activity Appropriation	143,889	148,348	164,405	16,057
FTE	937	959	1,017	58

NOTE: FY 2015 reflects actual FTE. Authorized FTE for FY 2015 was 983.

Introduction

Federal Programs for Workers' Compensation (FPWC) provides funding for OWCP and three of its program 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.

Total resources requested in FY 2017 for the FPWC are \$164,405,000 and 1,017 FTE.

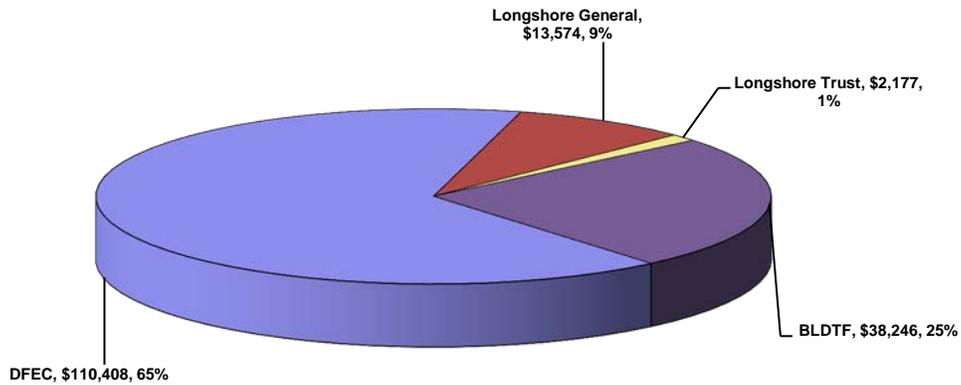
The FY 2017 Request Level by activity component is as follows:

- \$110,408,000 and 745 FTE for the Division of Federal Employees' Compensation;
- \$13,574,000 and 81 FTE for Longshore General;
- \$2,177,000 and 9 FTE for Longshore Trust; and
- \$38,246,000 and 182 FTE for the Division of Coal Mine Workers' Compensation.

FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

FY 2017 Budget Request by
Federal Programs for Workers' Compensation
Total Request \$164,405

(Dollars in Thousands)



Program increases for FY 2017 include \$5,235,000 and 39 FTE in DFEC for the FECA Disability Management and Return-to-Work Initiative; \$2,286,000 for Restoration of Inflationary Built-ins not provided in Omnibus between DFEC and Longshore General; \$600,000 of the IT Interactive Voice Response (IVR) Initiative; \$1,500,000 and 14 FTE for the Coal Miner Health Initiative; and \$600,000 and 5 FTE for Black Lung Field Operations Support.

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	Diff. FY17 Request / FY16 Enacted
Activity Appropriation	98,296	100,519	110,408	9,889
FTE	694	706	745	39

NOTE: FY 2015 reflects actual FTE. Authorized FTE for FY 2015 was 725.

Introduction

Since its creation nearly 100 years ago, the Federal Employees' Compensation Act (FECA) Program has ensured that the civilians who contribute to the nation's well-being as public servants are compensated for any injuries or illnesses resulting from their employment. The program provides workers' compensation benefits to several hundreds of thousands of civilian employees each year. It also 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.*

OWCP's Division of Federal Employees' Compensation (DFEC) directs FECA claims processing operations in six regions and 12 district offices. FECA is the exclusive remedy by which Federal employees may obtain compensation from the United States for a work-related injury. The Act covers approximately 2.8 million civilian Federal employees, including U.S. Postal Service employees, in more than 70 different agencies. It provides benefits to those who sustain an injury or illness in the performance of civilian 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.

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, the program assists Federal workers recover from injury or illness and return to work. Staff also engages Federal employers in participating 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 (EO) 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.

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

The SHARE and POWER initiatives set specific performance targets for (non-Postal) Federal employers for the period 2003 to 2014 including:

- 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; and
- Requirement that Federal employers submit Notices of Injury and Wage-Loss Claims electronically and in a timely manner.

Federal agencies responded successfully to these initiatives. Although in 2014 POWER expired, OWCP continues to work with other agencies to improve injury case management and increase returns to work.

In FY 2017, OWCP will continue to coordinate with Federal employers to discuss performance targets and the challenges they face. OWCP will 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, publish agency performance results regularly via Web, and issue individualized reports and other information to agencies upon their request.

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.

War Hazards Compensation Act Claims

The program is responsible for processing claims filed under the War Hazards Compensation Act (WHCA). 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 workload due to increases in DBA and 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 the U.S. military activities in Iraq and Afghanistan have ended, the majority of WHCA payments for these conflicts have yet to be paid. OWCP expects to continue to receive both DBA and WHCA

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

claims in FY 2017, FY 2018, and beyond. For the foreseeable future, the program 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>
2012	\$98,050	742
2013	\$92,922	734
2014	\$97,128	687
2015	\$98,296	725
2016	\$100,519	706

FY 2017

The FY 2017 Request level builds upon FY 2015 and FY 2016 resource investments and supports OWCP's goal to become a 21st century leader in the field of workers' compensation. Requested resources for FY 2017 are \$110,408,000 and 745 FTE. The FY 2017 request includes an increase for built-in inflationary costs of \$2,626,000.

The request includes a program increase of \$5,235,000 and 39 FTE to bolster the Disability Management (DM) and Return-to-Work (RTW) Initiative. The request would improve services to Federal employees who suffer work-related injury and illness with resulting disability and time lost from work. The additional FTE would be used to restore return-to-work performance to previous levels and improve disability management and return-to-work outcomes, focusing on: the percent of injured employees that are reemployed within two years of their disability start date; percent of Periodic Entitlement Review (PER) cases with compensation benefit payments being rated as accurate; and referral of extended temporary total disability cases for second opinions. The initiative supports OWCP's Strategic Goal 2 – Enhance Recovery, Rehabilitation, and Employment Services.

At this funding level, the FECA program will continue the core activities of its mission including adjudication of approximately 113,000 new injury and illness claims and processing 19,000 initial wage loss compensation claims. The annual review of the cases of over 43,500 individuals on the Periodic Roll who receive long-term disability benefits will also continue in order to verify ongoing entitlement to benefits.

Working with the Occupational Safety and Health Administration and its Federal agency partners, the FECA program has made significant progress in improving workplace safety, lessening injury severity and enhancing Federal agencies' ability to successfully reemploy their injured workers. Still, significant challenges remain. Return to work remains particularly difficult for workers sustaining more-severe injuries and those with permanent disabilities. Injured workers may also face fewer reemployment options because of occupational requirements, geographic location, or other factors.

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

The additional 39 FTE requested will enable OWCP to:

1. Enhance efforts in the RTW and DM areas through early intervention and proactive case management.
2. Assist Federal workers in their recovery from injury while improving workplace safety and lessening injury severity to enhance Federal agencies' ability to successfully reemploy their injured workers.
3. Bolster efforts to provide assistance to Federal workers through its DM activities using registered nurses to provide early contact with the worker via telephone as soon as seven days after the claimant stops work.
4. Continually monitor and review cases to provide services as appropriate and for those claimants with disabilities that prevent ready return to employment.
5. Contract with professional vocational rehabilitation counselors to provide vocational services and enhance efforts to strengthen its DM services and technical assistance to Federal employers.
6. Continue to work closely with Federal employers, particularly those with high injury rates, to create more re-employment opportunities for those who are more severely injured.

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 \$2,286,000 to cover these personnel and rent costs as a program increase. DFEC will receive \$2,028,000 and Longshore General will receive the remaining \$258,000.

FY 2016

The FY 2016 Salaries and Expenses Enacted level consists of \$100,519,000 and 706 FTE for the FECA program.

OWCP will continue to provide assistance to Federal workers through its Disability Management activities. The FECA program uses registered nurses to provide early contact with the worker via telephone as soon as seven days after the claimant stops work. In cases that are not quickly resolved, registered nurses provide an increased service level to coordinate with providers to obtain and monitor appropriate medical treatment and work with employers to facilitate a safe return to work. Program staff continually monitor and review cases to provide services as appropriate. For those claimants with disabilities that prevent ready return to employment, staff contract with professional vocational rehabilitation counselors to provide vocational services. The program continues to strengthen its DM services and technical assistance to Federal employers. Program staff will continue to work closely with Federal employers, particularly those with high injury and lost production day rates, to create more reemployment opportunities for those who are more severely injured.

In FY 2016, Return-to-Work activities for the FECA program will include:

1. Continuing collaboration with other agencies for formal and informal communications and to promote better coordination between the FECA program and the agencies to

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

- share and implement best practices;
2. 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;
 3. Forming bridges among other agencies' senior management and their respective workers' compensation and hiring personnel for improving agency return-to-work efforts;
 4. 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;
 5. Expanding use of the Labor for America candidate bank of FECA claimants for potential employers in the public and private sectors.

FY 2015

The FY 2015 Salaries and Expenses Enacted level consists of \$98,296,000 and 725 FTE for the FECA program.

In FY 2015, there were 112,332 cases created, 17,988 initial wage loss claims, 15,058 started disability management, and 40,650 long term disability periodic roll cases. OWCP paid over \$3.1 billion in benefits to FECA beneficiaries.

While the President's POWER initiative ended in 2014, the program continued to work with their partner agencies and encouraged them to set more challenging POWER return-to-work targets above the minimum levels. This led to sustained return-to-work averages above 90% for the 14 participating agencies over the course of the initiative and continues to get the vast majority of injured/ill federal employees back to meaningful work within two years after their date of injury.

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

DETAILED WORKLOAD AND PERFORMANCE					
		FY 2015 Enacted		FY 2016 Enacted	FY 2017 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	34.4[p]	30.4	31.5[p]	34.1[p]
FEC 5a	Percent of Notices of Injury filings by non-Postal Agencies received within 10 business days	90.4%	88.6%	91.4%	90.4%
FEC 5b	Percent of wage-loss claims filed by non-Postal Federal employers received within 5 business days	78.0%	84.6%	85.4%	85.0%
Performance Measures					
FEC 1a	Percent of wage-loss claims timely processed within 14 days: claims not requiring further development	90.0%	90.3%	90.0%	92.0%
FEC 1b	Percent of all wage-loss claims timely processed within 90 days: all claims	90.0%	95.2%	90.0%	92.0%
FEC 4	Percent of PERS that are closed within 180 days: All Claims	95.0%	89.7%	95.0%	95.0%
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	92.0%	89.7%	92.5%	92.0%
Quality					
FECQb	PER Review Quality	83.0%	78.0%	80.0%	82.0%
Workloads					

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

DETAILED WORKLOAD AND PERFORMANCE					
		FY 2015 Enacted		FY 2016 Enacted	FY 2017 Request
		Target	Result	Target	Target
FEC WL 1	Cases Created	113,000[p]	112,332	113,000[p]	113,000[p]
FEC WL 3	Initial Wage Loss Claims Received	18,000[p]	17,988	19,000[p]	19,000[p]
FEC WL 2	Cases starting Disability Management	15,000[p]	15,058	15,000[p]	15,000[p]
FEC WL 4	Periodic Roll Cases - Long-term disability	43,500[p]	40,650	43,500[p]	43,500[p]
FEC WL 5	Periodic Roll Cases - Fatal	3,500[p]	3,653	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

In FY 2015, OWCP received 112,332 new injury claims and 17,988 initial claims for FECA wage-loss compensation. This is similar to the volume of claims received in FY 2014 when the program received 114,316 new injury claims and 18,895 initial wage-loss claims. Over 80 percent of the new injury claims were 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. In Chargeback Year 2015 (1 July 2014 to 30 June 2015), 226,644 beneficiaries received \$3.117 billion in benefit payments, including \$1.889 billion for wage-loss compensation, \$156 million for death benefits, and \$1.075 billion for medical benefits.

OWCP workload demands are primarily a result of the volume of incoming claims, ongoing claimant requirements for benefits and case management services, and claimant and stakeholder communications and assistance needs. In addition, OWCP works closely with other Federal agencies to ensure effective administration of the Federal Employees' Compensation Act (FECA). OWCP staff is fully engaged in a variety of activities to accomplish the program's goals, including initial claims intake and adjudication, appeals processing, wage-loss claims processing and payment, early disability case management, return to work, and vocational rehabilitation. OWCP 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 the claimant may have an ongoing/long-term disability. Other OWCP activities support program administration, such as outreach and technical assistance to Federal employers, quality assurance, and fiscal administration.

FECA Disability Management (DM) uses 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 primarily by the percentage of workers that are successfully returned to employment following injury or illness.

Approximately 15,000 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 also receive vocational rehabilitation services. These activities are resource-intensive and require close coordination among claims staff, contract nurses, and rehabilitation counselors over extended time periods on every case.

Past government-wide initiatives such as POWER (2010 – 2014) increased the involvement of Federal agencies in workplace safety and return to work. In general, proactive and improved case management by OWCP, coupled with Federal agency efforts, increase the share of workers who go back to work after filing FECA wage-loss claims. In FY 2015, nearly 90 percent of seriously injured workers were reemployed within two years of their injuries – an increase of five percentage points since FY 2009, reinforcing the value of targeted DM and RTW initiatives. Following the expiration of the POWER initiative in FY 2014 and in the face of budget constraints, agencies reduced or eliminated resources devoted to RTW efforts leading to reversal

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

of favorable trends seen under POWER. Additional resources dedicated to RTW will improve RTW indicators in out years.

To date, OWCP strategies to increase RTW rates include: expanded technological capability to close procedural gaps in DM to improve RTW 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; and formation of a bridge between workers' compensation and Federal agency disability hiring personnel to establish a community of practice for the sharing of information, ideas, and experiences.

In addition, OWCP is working with employing agencies to focus on sub-agency bureau populations of injured workers that are generally hard to reemploy. For example, both NASA and the Bureau of Prisons are working closely with OWCP to monitor the centralization of their workers' compensation functions and the impact on RTW and chargeback. This involves providing special data runs and analysis, targeted technical assistance, and training to agency staff on the FECA program.

OWCP 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. These case reviews are performed under OWCP's Periodic Roll Management activity. Cases with more severe injuries or permanent impairments present longer term recovery periods and require longer term monitoring by OWCP. 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 RTW 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.

The War Hazards Compensation Act workload has increased due to the wars in Afghanistan and Iraq. While our military presence (and associated contractors) in these countries has declined in recent years, it often takes several years for these claims to be filed with OWCP because of the way that the insurance companies process them and then file for DBA coverage. As a result, we have received an ongoing high volume of complex claims. In FY14, OWCP created a special claims unit to handle these cases and assigned additional FTE to the adjudication of claims, processing of reimbursements to insurance carriers, and ongoing provision of benefits to claimants and survivors. OWCP also worked with DBA insurers to implement electronic filing for new and existing claims.

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	Diff. FY17 Request / FY16 Enacted
11.1	Full-time permanent	59,162	61,776	67,004	5,228
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	591	595	619	24
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	59,753	62,371	67,623	5,252
12.1	Civilian personnel benefits	18,898	19,899	21,753	1,854
13.0	Benefits for former personnel	34	20	20	0
21.0	Travel and transportation of persons	216	141	152	11
22.0	Transportation of things	10	11	11	0
23.0	Rent, Communications, and Utilities	0	0	402	402
23.1	Rental payments to GSA	6,935	6,000	7,103	1,103
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	1,016	1,108	1,108	0
24.0	Printing and reproduction	60	54	54	0
25.1	Advisory and assistance services	125	0	0	0
25.2	Other services from non-Federal sources	669	882	892	10
25.3	Other goods and services from Federal sources 1/	7,455	8,051	9,264	1,213
25.4	Operation and maintenance of facilities	6	36	36	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	1,188	923	923	0
26.0	Supplies and materials	925	472	516	44
31.0	Equipment	1,006	551	551	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	98,296	100,519	110,408	9,889
	1/Other goods and services from Federal sources				
	Working Capital Fund	5,219	5,260	5,970	710
	DHS Services	887	877	877	0
	Services by DOL Agencies	907	1,311	1,814	503
	GSA Services	24	33	33	0
	Services by Other Government Departments	418	570	570	0

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

CHANGES IN FY 2017

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$858
Personnel benefits	213
Employee health benefits	72
Moving allowance	0
Two days less of Pay	-569
Federal Employees' Compensation Act (FECA)	239
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	1,103
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	710
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 **\$2,626**

Net Program **\$7,263**

Direct FTE **39**

	Estimate	FTE
Base	\$103,145	706
Program Increase	\$7,263	39
Program Decrease	\$0	0

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	Diff. FY17 Request / FY16 Enacted
Activity Appropriation	14,704	14,982	15,751	769
FTE	90	90	90	0

NOTE: FY 2015 reflects actual FTE. Authorized FTE for FY 2015 was 95.

Introduction

OWCP's 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 the Longshore Program 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 LHWCA, 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.

OWCP receives approximately 24,000 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 4,000 beneficiaries. There are approximately 550 companies authorized to write insurance or self-insure liabilities under the LHWCA and its extensions. Over \$2,900,000,000 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."

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2012	\$13,486	95
2013	\$12,888	99
2014	\$14,655	95
2015	\$14,704	95
2016	\$14,982	90

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

FY 2017

The FY 2017 Request level for the Longshore program is \$15,751,000 and 90 FTE. The program increases include \$511,000 for inflationary built-ins. Of the total requested, General Funds provide \$13,574,000 and 81 FTE; and Trust Funds provide \$2,177,000 and 9 FTE. 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 \$2,286,000 to cover these personnel and rent costs as a program increase. DFEC will receive \$2,028,000 and Longshore General will receive the remaining \$258,000.

The Longshore Program supports the President's Management Agenda in "Expanding What Works Through Data Analytics, Evaluation and Policy Development" by effectively collecting detailed data and tracking each case until resolution or permanency has been reached. Each final case outcome can determine 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 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.

FY 2016

The FY 2016 Enacted level for the DLHWC is \$14,982,000 and 90 FTE. Of the total requested, General Funds provide \$12,805,000 and 81 FTE; and Trust Funds provide \$2,177,000 and 9 FTE.

The Longshore Program effectively collects detailed data and tracks each case until resolution or permanency has been reached. Each final case outcome can determine 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 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.

The program's continued identification of trends among employer/carriers, as well as trends via location and circumstance, will enable DOL to track sub-sets of untimely performance until improvement has occurred. The more in depth analysis of cases will allow identification of small subsets of cases that may be unique to a single employer or case type. The Longshore Program will continue its quarterly meetings with insurance industry leaders to review performance and identify process improvement opportunities.

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

FY 2015

The FY 2015 Enacted level for the DLHWC is \$14,704,000 and 95 FTE. Of the total requested, General Funds provide \$12,527,000 and 86 FTE; and Trust Funds provide \$2,177,000 and 9 FTE.

Investments and initiatives in FY 2015 included establishment of a secure file transfer protocol for document exchanges between insurance carriers and Longshore staff, as well as the development of training modules focused on improving staff analytical and dispute resolution skills.

In leveraging technology across OWCP's compensation programs to improve efficiency and effectiveness, Longshore established and implemented a new rule that allows for the electronic transmission of documents and other information between OWCP and stakeholders, reducing the need for paper transmissions and thus reducing time, costs, and administrative burdens.

The Longshore program also continued to lead the Defense Base Act (DBA) Roundtable working group with representatives from defense, intelligence and other agencies to discuss topics related to DBA.

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

DETAILED WORKLOAD AND PERFORMANCE					
		FY 2015 Enacted		FY 2016 Enacted	FY 2017 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	85%	91%	88%	88%
LS 2	Percent of First Payment of Compensation issued within 30 days: Defense Base Act cases	65%	67%	65%	65%
LS 3	Percent of Employer's First Report of Injury filed within 30 days: non-Defense Base Act cases	85%	89%	87%	87%
LS 4	Percent of First Payment of Compensation issued within 30 days: non-Defense Base Act cases	85%	88%	86%	86%
LS WL 1	Number of Open Claims	38,770	45,152	38,382	37,792[e]
LS WL 2	Lost Time Injuries Reported	27,628	23,963	27,352	26,431[e]
LS WL 3	Cases Being Compensated	14,729	13,840	14,582	13,477[e]

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

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

Workload Summary

OWCP oversees the claims processing and benefit delivery activities of the self-insured employers and insurance carriers that provide Longshore coverage. OWCP also makes direct benefit payments on cases covered by the Special Workers' Compensation Fund, as provided in Section 944 of the Longshore and Harbor Workers' Compensation Act. To support the President's Management Agenda through *Protecting the Safety, Health, and Benefits of America's Workers*, 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. In FY 2015, the results for our first report of injury measures (LS 1 and L3) were 91 percent and 89 percent against targets of 85 percent. The results for our report of first payment measures (LS 2 and LS 4) were 67 percent and 88 percent against targets of 65 percent and 85 percent, respectively. OWCP will implement a number of strategies aimed to improve the results for these measures. Strategies 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, workshops are conducted for new claims professionals. Emphasis is placed on encouraging communication and information sharing between parties, an approach that is particularly essential to dispute resolution. Based on the anticipated positive effects of these strategies OWCP is increasing the targets for three of the four measures, with the lone exception being report of first payment for DBA cases (LS 2), which continue to remain more challenging than domestic claims because of the geographic and economic obstacles created by working with foreign claims. Additionally, these strategies build upon the program's FY 2016 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.

Longshore will leverage OWCP's investment in developing a unified OWCP Workers' Compensation System (OWCS) to provide the program with tracking and management tools, as well as implement industry standard data formats to help Longshore serve its stakeholders in the 21st Century. The investment will also leverage the Employees' Compensation Operations Portal to allow claimants to file claims and supporting documentation electronically and make documents immediately available to the claims staff. Employers and carriers will be able to submit documents electronically which will help overcome some of the barriers presented by time and distance. When fully implemented, OWCS will allow Longshore to increase the timeliness of receipt of First Reports of Injury and the timeliness of First Payment of Benefits, which will allow OWCP to set more aggressive performance targets for these measures in subsequent years. Performance improvements will include faster and more efficient claims intake and processing, more accurate and retrievable claims data, and lower claims processing costs. OWCS will make these changes possible by automating processes currently done manually; enhancing data integrity by instituting data checks to ensure accuracy, elimination of redundant

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

processes; and moving the architecture that allows for reduced duplication, greater scalability and faster processing.

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

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	Diff. FY17 Request / FY16 Enacted
11.1	Full-time permanent	8,007	8,186	8,432	246
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	80	82	84	2
11.8	Special personal services payments	0	0	0	0
11.9	Total personnel compensation	8,087	8,268	8,516	248
12.1	Civilian personnel benefits	2,436	2,637	2,800	163
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	108	120	120	0
22.0	Transportation of things	13	22	22	0
23.1	Rental payments to GSA	1,309	1,207	1,329	122
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	170	177	177	0
24.0	Printing and reproduction	27	21	21	0
25.1	Advisory and assistance services	142	336	336	0
25.2	Other services from non-Federal sources	996	38	38	0
25.3	Other goods and services from Federal sources 1/	535	865	1,101	236
25.4	Operation and maintenance of facilities	1	1	1	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	640	1,180	1,180	0
26.0	Supplies and materials	99	76	76	0
31.0	Equipment	141	34	34	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	14,704	14,982	15,751	769
	1/Other goods and services from Federal sources				
	Working Capital Fund	270	276	512	236
	DHS Services	156	147	147	0
	Services by DOL Agencies	109	442	442	0

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

General Funds

PROGRAM CATEGORY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	Diff. FY17 Request / FY16 Enacted
11.1	Full-time permanent	7,162	7,316	7,562	246
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	72	74	76	2
11.9	Total personnel compensation	7,234	7,390	7,638	248
12.1	Civilian personnel benefits	2,196	2,369	2,532	163
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	77	83	83	0
22.0	Transportation of things	13	22	22	0
23.1	Rental payments to GSA	1,309	1,207	1,329	122
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	164	171	171	0
24.0	Printing and reproduction	16	21	21	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	632	32	32	0
25.3	Other goods and services from Federal sources 1/	349	594	830	236
25.4	Operation and maintenance of facilities	1	1	1	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	302	810	810	0
26.0	Supplies and materials	93	71	71	0
31.0	Equipment	141	34	34	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	12,527	12,805	13,574	769
	1/Other goods and services from Federal sources				
	Working Capital Fund	106	108	344	236
	DHS Services	156	147	147	0
	Services by DOL Agencies	87	339	339	0

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

Trust Funds

PROGRAM CATEGORY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	Diff. FY17 Request / FY16 Enacted
11.1	Full-time permanent	845	870	870	0
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	8	8	8	0
11.9	Total personnel compensation	853	878	878	0
12.1	Civilian personnel benefits	240	268	268	0
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	31	37	37	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	6	6	6	0
24.0	Printing and reproduction	11	0	0	0
25.1	Advisory and assistance services	142	336	336	0
25.2	Other services from non-Federal sources	364	6	6	0
25.3	Other goods and services from Federal sources 1/	186	271	271	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	338	370	370	0
26.0	Supplies and materials	6	5	5	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	2,177	2,177	2,177	0
	1/Other goods and services from Federal sources				
	Working Capital Fund	164	168	168	0
	Services by DOL Agencies	22	103	103	0

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

CHANGES IN FY 2017

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$113
Personnel benefits	33
Employee health benefits	3
Moving allowance	0
Two days less of Pay	-76
Federal Employees' Compensation Act (FECA)	80
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	122
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	236
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 **\$511**

Net Program **\$258**

Direct FTE **0**

	Estimate	FTE
Base	\$15,493	90
Program Increase	\$258	0
Program Decrease	\$0	0

DIVISION OF COAL MINE WORKERS' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2015 Enacted	FY 2016 Enacted	FY 2017 Request	Diff. FY17 Request / FY16 Enacted
Activity Appropriation	30,889	32,847	38,246	5,399
FTE	153	163	182	19

NOTE: FY 2015 reflects actual FTE. Authorized FTE for FY 2015 was 163.

Introduction

OWCP's Division of Coal Mine Workers' Compensation (DCMWC) serves coal industry workers, and their dependent survivors, who are totally disabled by pneumoconiosis— as a result of their exposure to coal mine dust. Pneumoconiosis - also known as Black Lung disease – is a debilitating condition that currently has no cure. OWCP draws its mandate from Title IV of the Federal Coal Mine Health and Safety Act of 1969, as amended. The core mission and budget activities of the Black Lung Program are to develop and adjudicate claims and pay benefits. Claims examiners and supporting staff in eight district offices across the country process benefit applications and make decisions on benefit eligibility. In addition, staff members monitor benefit payments and medical treatment provided by self-insured coal mine operators or their insurance carriers. This program and its 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.

Since FY 2004, all components of program administration for the Black Lung Program have been consolidated at DOL, 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 OWCP budget, and Part C Activities are discussed below.

The Affordable Care Act (ACA) 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 January 1, 1982. Both of these provisions are favorable to claimants and have led to an increase in claims received. In keeping with the program'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 Black Lung Program continues to build upon quality improvement initiatives that were initiated in FY 2014 and FY 2015 which include new regulatory initiatives. On April 29, 2015, DOL published a Notice of Proposed Rulemaking (NPRM) to address several issues that have arisen in administering and adjudicating claims under the Black Lung Benefits Act. The proposed regulations would: 1) require parties to disclose medical information about the miner developed in connection with a benefits claim; 2) clarify a liable coal mine operator's obligation to pay benefits during post-award modification proceedings; and 3) clarify that a supplemental

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report from an examining physician is a continuation of the physician's earlier report for purposes of the evidence-limiting rules.

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 program's services remain essential for providing income support and medical care for its beneficiaries. OWCP will work toward achieving its performance goal for the average time it takes to process Black Lung claims, while improving the quality of its decisions and service delivery and enhancing its financial management tools and oversight. The Black Lung Program will assess and monitor its performance through the use of its annual operating plan, quarterly review and analysis of performance results, and annual accountability reviews.

Social Security Administration Data Matching

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.

Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2012	\$32,906	159
2013	\$31,228	159
2014	\$30,655	163
2015	\$30,889	163
2016	\$32,847	163

FY 2017

The FY 2017 Request level is \$38,246,000 and 182 FTE to meet obligations for Salaries and Expenses, an increase of \$5,399,000 over the FY 2016 Enacted level. The FY 2017 includes an increase for built-in inflationary costs of \$302,000 and sequestration restoration of \$2,397,000. The FY 2017 Request also includes \$600,000 to fund the IT VoiP/IVR Initiative, \$1,500,000 and 14 FTE for the Coal Miner Health Initiative, and \$600,000 and 5 FTE for Black Lung Field Operations Support.

The request for the Coal Miner Health Initiative will provide outreach and educational funding to recruit and train highly skilled 413(b) physicians to conduct specialized diagnostic testing that underpins causation in a Black Lung claim. The additional funding will also help build an interdisciplinary staff of medical professionals (physician, nurses, and coding specialists), quality

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assurance and program integrity specialists, and technical writers and trainers to modernize medical bill authorization, treatment and payment systems and processes, as well as build and promote web-based communication portals to inform miners and authorized representatives of claimant and beneficiary status.

The request for Black Lung Field Operations Support is designed to add staff critical to the processing of new claims and will allow the agency to properly evaluate claim evidence to ensure that every claim is adjudicated in an equitable and timely manner. As claims continue to rise due to instability in the Appalachian coal industry, the requested additional staff will enable OWCP to maintain robust customer service, while speeding benefit delivery and avoiding backlogs.

These resources are necessary to keep pace with the increase in claims filed for Black Lung Benefits, offset the loss of FTE from the Black Lung program, ensure accurate and timely adjudication of benefits, and to modernize the program. Post-ACA claims volumes grew steadily from FY 2010 to FY 2014 and though incoming volumes decreased in FY 2015, those volumes still exceed pre-ACA levels and are expected to again increase in FY 2016 to 7,400. The growth in post-ACA new claims volumes is expected to continue to 8,000 in FY 2017 due to mine closures and an increase in responsible operator bankruptcy filings.

At the requested funding level, OWCP will use increased resources to improve the quality of decisions while limiting increases in adjudication timeliness. The program will continue the core activities of its mission to adjudicate incoming and existing claims, pay monthly compensation and ongoing medical treatment benefits to an estimated average of 14,900 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 5,200 additional recipients under Part C, and process an estimated 8,400 incoming claims. OWCP will continue to focus resources on strategies to issue quality decisions within established timeframes. The specific strategies and activities the Black Lung Program will implement in FY 2017 are discussed further in the Workload Summary section.

In addition to the activities already discussed, OWCP supports the Secretary's fiduciary responsibility for the Black Lung Disability Trust Fund by processing coal mine operator self-insurance requests, confirming that self-insurers post the appropriate amounts to cover potential benefit security liabilities, and 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; and providing procedural guidance to field operations.

FY 2016

The FY 2016 Enacted level is \$32,847,000 and 163 FTE to meet obligations for DCMWC's Salaries and Expenses.

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DCMWC will continue the core activities of its mission to pay monthly compensation and ongoing medical treatment benefits to an estimated average of 15,700 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 5,200 additional recipients under Part C, and process an estimated 7,400 incoming claims. While claims filings had dropped for several years, new claims totaled 6,818 in FY 2015 and the expected 7,400 new claims in 2016 represents an increase of 9 percent. DCMWC will continue to focus its resources on strategies to minimize increases in average claims processing timeliness and improve decision quality.

FY 2015

The FY 2015 Enacted level was \$30,888,567 and 163 FTE to meet obligations for DCMWC's Salaries and Expenses.

In FY 2015, DCMWC continued the core activities of its mission to pay monthly compensation and ongoing medical treatment benefits to an estimated average of 17,580 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 4,370 additional recipients, and processed 6,818 in new claims. DCMWC also continued 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 using digital x-ray technology. These improvements contributed to an improvement in the Proposed Decision and Order (PDO) process approval rate to 17 percent from a historical average of approximately 11 percent.

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DETAILED WORKLOAD AND PERFORMANCE					
	FY 2015 Enacted		FY 2016 Enacted	FY 2017 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	7,700[p]	6,818	7,400[p]	8,000[p]
CM WL 2	Proposed Decisions and Orders (PDO)	5,600[p]	5,376	5,200[p]	5,200[p]
CM WL 3	Conversion of Benefits to Miners' Survivors	800[p]	589	500[p]	500[p]
CM WL 4	Referrals to ALJ	1,350[p]	1,023	900[p]	900[p]
CM WL 5	Referrals to BRB	450[p]	304	260[p]	260[p]
CM 1	Average number of days to process Black Lung claims	235	273	265	262
CM 1a	Average number of days to process PDO for Responsible Operator (RO) merit cases	--	--	315	300
CM 1b	Percent of Pilot Project PDO issued within 440 days	--	--	85%	87%
CM 3a	Percent of initial 413 (b) requests completed within 90 days	--	--	85%	87%
CM 5a	Percent of 413 (b) supplemental medical evidence development completed within 60 days	--	--	85%	87%

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

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Workload Summary

OWCP will follow the strategies for the Black Lung Program 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 Affordable Care Act (ACA) 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 January 1, 1982, and that are favorable to claimants. Compared to the pre-ACA 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, by 47 percent (6,420 claims) in FY 2013, by 70 percent in FY 2014 (7,394), 56 percent in FY 2015 (6,818). Incoming claims volumes are expected to increase by 9 and 8 percent, respectively in FY 2016 (7,400) and FY 2017 (8,000); which represents an 84 percent increase over the FY 2009 pre-ACA claims volume. FTE levels for field operations have not kept pace with workload increases.

OWCP's performance priority for the Black Lung Program is to improve the quality of the Proposed Decision and Order (PDO) process while minimizing the time it takes to process Black Lung claims. OWCP will use increased resources focused on three performance indicators to measure claims processing timeliness and customer service: 1) average number of days to process Black Lung claims (issuance of a PDO, the basic decisional document that gives the District Director's findings regarding eligibility and liability for payment and provides appeal rights for any party dissatisfied with the decision) with specific performance focus on merit claims that involve a responsible operator; 2) percent of initial 413 (b) requests, the development of medical evidence, completed within 90 days; and 3) percent of 413 (b) supplemental medical evidence development completed within 60 days. OWCP will continue to collect and analyze aggregate performance data for all PDOs to provide context for tracking performance across all claims and has set a target for FY 2017 of 262 days, 10 percent lower than the FY 2016 target of 265 days. As responsible operator merit claims represent more than 50 percent of the PDO workload and are the most complex decisional document, OWCP believes that this cadre of claims represents the best opportunity to manage and measure program performance. The Black Lung program will use additional resources to improve the timeliness of decisions in FY 2017 by 15 days over the FY 2016 target (from 315 days to 300 days). These claims represent OWCP's most complex and voluminous incoming claims workload and present challenges of working with stakeholders to overcome obstacles to rendering timely decisions, improving customer service and strengthening quality improvements.

OWCP will focus on 1) strengthening the quality and timeliness of medical examinations; and 2) taking a more sophisticated and analytic approach to understanding and measuring performance. OWCP will use 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

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support and medical care for beneficiaries who are unable to perform their previous coal mine work due to occupational lung disease.

- Improve medical examinations: OWCP will further strengthen the initial 413(b) medical examination in terms of both quality and timeliness. OWCP will use requested resources to manage, measure and improve the percent of initial medical evidence completed within 60 days and the percent of supplemental medical evidence development that is completed within 60 days from 85 percent to 87 percent between FY 2016 and FY 2017. Building on the strategies it implemented in FY 2015, the Black Lung program will continue its pre-decisional quality control reviews for Byrd Amendment awards as well as its pre-release spot audits for all other PDOs.

In addition, physician recruitment efforts will leverage the additional opportunities created by digital x-ray implementation to increase the pool of qualified medical providers and improve the quality of the medical evidence used to make claims decisions. OWCP will also use a variety of strategies to expand the 413(b) physician pool available to perform medical examinations to ascertain the presence of black lung disease. Strategies will include:

- Targeted recruitment in underserved communities;
 - Provision of accredited online training;
 - Development of a follow-up and follow-through methodology for unenrolled physicians; and
 - Identifying and sharing best practices across the stakeholder community. 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. Monitor the inclusion and impact on medical scheduling timeliness standards for grants awarded to clinics partially funded by the Health Resource and Services Administration of HHS.
- Use data analytics to improve performance: In its effort to better understand how various factors affect performance, OWCP is taking a more comprehensive and sophisticated approach to the way it measures and evaluates PDO performance. The Black Lung Program is moving towards a more granular set of measures that will represent the full range of performance. This change will allow the Black Lung Program to maintain its focus on quality improvement while keeping pace with performance on its most complicated workload.

The program will also continue to partner with the University of Illinois on a variety of data analytics including assessing the impact of quality improvements (e.g., the 413(b) pilot) on the decision-making process. OWCP's implementation of these strategies will improve the overall quality of Black Lung Program decisions, mitigate the impact that quality improvements have on decision timeliness, and ensure that claimants who are entitled receive benefits.

- Improve outcomes through data exchange: Collecting, providing and sharing data with other federal agencies, academia and others is essential to claims adjudication and management.

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OWCP will continue to work on facilitating the exchange of data. Specifically, we will continue to work with the Social Security Administration to streamline and improve the SSA-581 process (requesting and receiving miners' historical work/earnings records) through digital data exchange.

- 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 support the development of 21st Century programs at the DOL;
 - Leverage existing information technology to improve the speed of intake of claims, lessen the development timeframes, improve customer service and improve benefit delivery.
 - Continue to collect feedback from Black Lung Program customers and stakeholders. This will identify needed improvements in service quality and effectiveness, and assess claimant and stakeholder experiences and satisfaction with services.

OWCP 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 2015 Enacted	FY 2016 Enacted	FY 2017 Request	Diff. FY17 Request / FY16 Enacted
11.1	Full-time permanent	12,555	12,822	14,590	1,768
11.3	Other than full-time permanent	47	0	0	0
11.5	Other personnel compensation	123	128	130	2
11.9	Total personnel compensation	12,725	12,950	14,720	1,770
12.1	Civilian personnel benefits	3,561	3,724	4,137	413
13.0	Benefits for former personnel	2	9	9	0
21.0	Travel and transportation of persons	160	129	162	33
22.0	Transportation of things	457	457	457	0
23.1	Rental payments to GSA	1,795	1,674	1,836	162
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	730	657	730	73
24.0	Printing and reproduction	30	27	30	3
25.1	Advisory and assistance services	437	11	11	0
25.2	Other services from non-Federal sources	1,623	1,571	1,841	270
25.3	Other goods and services from Federal sources 1/	4,581	5,080	5,129	49
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	4,194	6,254	8,586	2,332
26.0	Supplies and materials	184	174	188	14
31.0	Equipment	410	130	410	280
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	Total	30,889	32,847	38,246	5,399
	1/Other goods and services from Federal sources				
	Working Capital Fund	2,519	2,588	2,588	0
	DHS Services	89	89	89	0
	Services by DOL Agencies	1,436	1,706	1,755	49
	GSA Services	8	48	48	0
	Services by Other Government Departments	529	649	649	0

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CHANGES IN FY 2017

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$204
Personnel benefits	63
Employee health benefits	5
Moving allowance	0
Two days less of Pay	-116
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	146
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 **\$302**

Net Program **\$5,097**

Direct FTE **19**

	Estimate	FTE
Base	\$33,149	163
Program Increase	\$5,097	19
Program Decrease	\$0	0