

**United States Department of Labor
Employees' Compensation Appeals Board**

J.S., Appellant)	
)	
and)	Docket No. 25-0558
)	Issued: April 24, 2026
U.S. POSTAL SERVICE, TAMPA POST OFFICE, Tampa, FL, Employer)	
)	

Appearances:
Appellant, pro se
Office of Solicitor, for the Director

Case Submitted on the Record

DECISION AND ORDER

Before:
PATRICIA H. FITZGERALD, Deputy Chief Judge
JANICE B. ASKIN, Judge
VALERIE D. EVANS-HARRELL, Alternate Judge

JURISDICTION

On May 15, 2025 appellant filed a timely appeal from an April 8, 2025 merit decision of the Office of Workers' Compensation Programs (OWCP). Pursuant to the Federal Employees' Compensation Act¹ (FECA) and 20 C.F.R. §§ 501.2(c) and 501.3, the Board has jurisdiction over the merits of this case.²

ISSUES

The issues are: (1) whether appellant received an overpayment of compensation in the amount of \$11,197.22 for the period November 5, 2023 through October 19, 2024, for which he was without fault, because OWCP failed to properly deduct health and life insurance premiums

¹ 5 U.S.C. § 8101 *et seq.*

² The Board notes that following the April 8, 2025 decision, appellant submitted additional evidence to the Board. However, the Board's *Rules of Procedure* provides: "The Board's review of a case is limited to the evidence in the case record that was before OWCP at the time of its final decision. Evidence not before OWCP will not be considered by the Board for the first time on appeal." 20 C.F.R. § 501.2(c)(1). Thus, the Board is precluded from reviewing this additional evidence for the first time on appeal. *Id.*

from his schedule award compensation payments; (2) whether OWCP properly denied waiver of recovery of the overpayment; and (3) whether OWCP properly required recovery of the overpayment by deducting \$270.65 from appellant's continuing compensation payments, every 28 days.

FACTUAL HISTORY

On April 7, 2016 appellant, then a 48-year-old mail processing clerk, filed a traumatic injury claim (Form CA-1) alleging that, on that date, he injured his right wrist when it was struck by a shelf cage while in the performance of duty. OWCP accepted the claim for right hand contracture, joint derangement of the wrist, right carpal tunnel syndrome, and lesion of the right ulnar nerve. Appellant stopped work on April 27, 2016. OWCP paid him wage-loss compensation for total disability on the supplemental rolls, effective June 25, 2016. Appellant returned to part-time, modified-duty work on July 14, 2016, but stopped work again on July 30, 2016. OWCP paid him wage-loss compensation on the periodic rolls, effective August 1, 2016.

On January 8, 2018 the Office of Personnel Management (OPM) informed OWCP that, as a compensationner, appellant was eligible to continue Federal Employees' Group Life Insurance (FEGLI) coverage. The final base salary on which his FEGLI coverage was based was \$58,564.00. OPM requested that OWCP deduct insurance premiums for the following life insurance elections: basic life insurance (BLI); at no reduction; and post-retirement is "No Reduction. Commencing date for the [p]ost [r]etirement deductions is June 24, 2017." It also informed OWCP that the commencement date for BLI and optional life insurance (OLI) premiums "begin on the OWCP commencing date."

On a completed Continuation of Life Insurance Coverage as an Annuitant or Compensationner form (Standard Form (SF) 2818), signed on November 20, 2017 appellant elected the following life insurance coverages: BLI at no reduction. In a supplemental roll payment plate, also dated February 27, 2019, OWCP listed appellant's health insurance premium election,³ BLI premium,⁴ and post-retirement premium⁵ coverage beginning February 4, 2018.

OWCP paid appellant wage-loss compensation for disability on the supplemental rolls effective March 3, 2019, and on the periodic rolls effective March 31, 2019, with deductions for health insurance, BLI, and post-retirement premiums.

On February 25, 2021 OWCP expanded the acceptance of the claim to include lesions of the right median nerve and complex regional pain syndrome of the right upper extremity.

By decision dated December 4, 2023, OWCP granted appellant a schedule award for 16 percent permanent impairment of the right upper extremity. The period of the award was 49.92 weeks from November 5, 2023 through October 19, 2024.

³ The health insurance premium was \$536.42.

⁴ The BLI premium was \$18.30.

⁵ The post-retirement premium was \$119.84.

The record contains a schedule award payment plate showing no deduction of premiums for health, BLI, or post-retirement insurance from appellant's schedule award payments for the period November 5, 2023 through October 19, 2024. Following the expiration of the schedule award, OWCP resumed appellant's wage-loss compensation payments.

In a November 4, 2024 overpayment referral memorandum, OWCP found that an overpayment of compensation for the period November 5, 2023 through October 19, 2024 had occurred as it failed to deduct health, BLI, and post-retirement insurance premiums from the schedule award payments.

In November 15, 2024 manual adjustment form, OWCP determined that an overpayment of compensation in the amount of \$11,197.22 was created because it failed to properly deduct health insurance premiums in the amount of \$9,130.26, BLI premiums in the amount of \$244.00, and post-retirement premiums in the amount of \$1,822.96 for the schedule award period of November 5, 2023 through October 19, 2024.

In a preliminary overpayment determination dated January 14, 2025, OWCP notified appellant of its preliminary finding that he had received an overpayment of compensation in the amount of \$11,197.22 for the period November 5, 2023 through October 19, 2024, because premiums for health and life insurance had not been properly deducted from his schedule award compensation payments. It summarized its calculation of the overpayment, finding that health insurance premiums should have been deducted in the amount of \$9,130.26, that BLI premiums should have been deducted in the amount of \$244.00, and that post-retirement premiums should have been deducted in the amount of \$1,822.96. OWCP determined that appellant was without fault in the creation of the overpayment. It requested that he complete a Form OWCP-20 and submit supporting financial documentation including copies of income tax returns, bank account statements, bills, cancelled checks, pay slips, and other records that support income and expenses. Additionally, OWCP provided an overpayment action request form and notified appellant that, within 30 days, he could request a final decision based on the written evidence, or a prerecoupment hearing.

On February 18, 2025 appellant submitted a completed Form OWCP-20, wherein he listed total monthly income of \$0.00 and total monthly expenses of \$1,285.00. He further indicated that he had cash, savings, and checking account balances totaling \$461.53. Appellant asserted that he was unable to pay all monthly living expenses. The record indicates that appellant received FECA wage-loss compensation of approximately \$1,095.88 every 28 days.

By decision dated April 8, 2025, OWCP finalized the January 14, 2025 preliminary overpayment determination. It found that appellant had received an overpayment of compensation in the amount \$11,197.22 for the period November 5, 2023 through October 19, 2024, for which he was without fault, because it failed to properly deduct premiums for health and life insurance from his schedule award compensation payments. OWCP denied waiver of recovery of the overpayment and required recovery by deducting \$270.65 from his continuing compensation payments, every 28 days.

LEGAL PRECEDENT -- ISSUE 1

FECA provides that the United States shall pay compensation for the disability or death of an employee resulting from personal injury sustained while in the performance of duty.⁶ When an overpayment has been made to an individual because of an error of fact or law, adjustment shall be made under regulations prescribed by the Secretary of Labor by decreasing later payments to which the individual is entitled.⁷

When an underwithholding of health and life insurance premiums occurs, the entire amount is deemed an overpayment of compensation because OWCP must pay the full premium to OPM upon discovery of the error.⁸

ANALYSIS -- ISSUE 1

The Board finds that OWCP properly determined that appellant received an overpayment of compensation in the amount of \$11,197.22 for the period November 5, 2023 through October 19, 2024, for which he was without fault, because OWCP failed to properly deduct health and life insurance premiums from his schedule award compensation payments.

In a preliminary overpayment determination dated January 14, 2025, OWCP notified appellant of its preliminary finding that he had received an overpayment of compensation, for the period November 5, 2023 through October 19, 2024, because life and health insurance premiums had not been deducted from his schedule award compensation payments. It explained that health insurance premiums should have been deducted in the amount of \$9,130.26. As noted, when an underwithholding of health insurance premiums occurs, the entire amount is deemed an overpayment of compensation because OWCP must pay the full premium to OPM upon discovery of the error.⁹ The case record establishes that the appropriate deductions were not made for appellant's health insurance premiums for the period November 5, 2023 through October 19, 2024. The Board thus finds that an overpayment of compensation was created.

With regard to the amount of the overpayment for failure to deduct health insurance premiums from appellant's schedule award compensation payments, OWCP provided a clear and detailed explanation of its calculation. It explained that appellant received a total \$9,130.26 to which he was not entitled because it failed to properly deduct health insurance premiums. The Board has reviewed OWCP's calculations and finds that OWCP properly determined that appellant received an overpayment of compensation in the amount of \$9,130.26 for failure to deduct health insurance premiums.

⁶ 5 U.S.C. § 8102(a).

⁷ 20 C.F.R. § 10.434-10.437; *J.L.*, Docket No. 18-0212 (issued June 8, 2018).

⁸ *S.C.*, Docket No. 25-0415 (issued April 17, 2025); *K.N.*, Docket No. 22-1364 (issued October 18, 2023); *R.M.*, Docket No. 19-0183 (issued November 18, 2019); *James Lloyd Otte*, 48 ECAB 334 (1997).

⁹ *Supra* note 7.

Additionally, in its preliminary overpayment determination dated January 14, 2025, OWCP notified appellant of its preliminary finding that he had received an overpayment of compensation, for the aforementioned period because it also failed to properly deduct life insurance premiums from his schedule award compensation payments. It explained that BLI premiums should have been deducted in the amount of \$244.00, and that post-retirement premiums should have been deducted in the amount of \$1,822.96, for a total of \$2,066.96.

The Board notes that on January 8, 2018, OPM informed OWCP that, as a compensationner, appellant was eligible to continue FEGLI coverage. The final base salary on which his FEGLI coverage was based was \$58,564.00. OPM requested that OWCP deduct insurance premiums for the following life insurance elections: BLI at no reduction; and post-retirement is “No Reduction. Commencing date for the [p]ost-[r]etirement deductions is June 24, 2017.” It also informed OWCP that the commencement date for BLI and OLI premiums “begin on the OWCP commencing date.” On a completed SF 2818, signed on November 20, 2017, appellant elected the following life insurance coverages: BLI; and post-retirement at no reduction. The Board thus finds that an overpayment of compensation was created as OWCP failed to properly deduct appellant’s life insurance premiums for the period November 5, 2023 through October 19, 2024. With regard to the amount of the overpayment for failure to deduct life insurance premiums from appellant’s schedule award compensation payments, OWCP provided a clear and detailed explanation of its calculation that appellant received a total \$2,066.96, to which he was not entitled. The Board has reviewed OWCP’s calculations and finds that OWCP properly determined that appellant received an overpayment of compensation in the amount of \$2,066.96.

As OWCP failed to properly deduct premiums for health, and life insurance from appellant’s schedule award compensation payments for the period November 5, 2023 through October 19, 2024, the Board finds that appellant received an overpayment of compensation in the amount of \$11,197.22.

LEGAL PRECEDENT – ISSUE 2

Section 8129 of FECA provides that adjustment or recovery by the United States may not be made when incorrect payment has been made to an individual who is without fault and when adjustment or recovery would defeat the purpose of FECA or would be against equity and good conscience.¹⁰ Thus, a finding that appellant was without fault does not automatically result in waiver of the overpayment. OWCP must then exercise its discretion to determine whether recovery of the overpayment would defeat the purpose of FECA or would be against equity and good conscience.¹¹

Recovery of an overpayment will defeat the purpose of FECA if such recovery would cause hardship to a currently or formerly entitled beneficiary, because the beneficiary from whom OWCP seeks recovery needs substantially all of his or her current income, including compensation benefits, to meet current ordinary and necessary living expenses, and the

¹⁰ 5 U.S.C. § 8129(b).

¹¹ 20 C.F.R. § 10.436.

beneficiary's assets do not exceed a specified amount as determined by OWCP.¹² An individual is deemed to meet current ordinary and necessary living expenses if monthly income does not exceed monthly expenses by more than \$50.00.¹³

Additionally, recovery of an overpayment is considered to be against equity and good conscience when an individual who received an overpayment would experience severe financial hardship in attempting to repay the debt or when an individual, in reliance on such payment or on notice that such payments would be made, gives up a valuable right or changes his or her position for the worse.¹⁴

OWCP's regulations provide that the individual who received the overpayment is responsible for providing information about income, expenses, and assets as specified by OWCP.¹⁵ This information is needed to determine whether or not recovery of an overpayment would defeat the purpose of FECA or be against equity and good conscience. The information is also used to determine the repayment schedule, if necessary.¹⁶

ANALYSIS -- ISSUE 2

The Board finds that OWCP properly denied waiver of recovery of the overpayment.

As OWCP found appellant without fault in the creation of the overpayment of compensation in the amount of \$11,197.22 for the period November 5, 2023 through October 19, 2024, waiver must be considered, and repayment is still required unless adjustment or recovery of the overpayment would defeat the purpose of FECA or be against equity and good conscience.¹⁷

Appellant submitted a completed Form OWCP-20, wherein he reported no monthly income and total monthly expenses of \$1,285.00. He indicated that he had assets totaling \$461.53. However, appellant did not submit any supporting financial documentation necessary for OWCP to determine if recovery of the overpayment would defeat the purpose of FECA or be against equity and good conscience.¹⁸

¹² *Id.* at § 10.436(a)-(b). For an individual with no eligible dependents the asset base is \$6,200.00. The base increases to \$10,300.00 for an individual with a spouse or one dependent, plus \$1,200.00 for each additional dependent. Federal (FECA) Procedure Manual, Part 6 -- Debt Management, *Final Overpayment Determinations*, Chapter 6.400.4a(2) (September 2020).

¹³ *Id.* at Chapter 6.400.4.a(3); *see also B.M.*, Docket No. 23-0891 (issued January 30, 2024); *N.J.*, Docket No. 19-1170 (issued January 10, 2020); *M.A.*, Docket No. 18-1666 (issued April 26, 2019).

¹⁴ 20 C.F.R. § 10.437(a)-(b).

¹⁵ *Id.* at 10.438(a).

¹⁶ *Id.*; *M.S.*, Docket No. 18-0740 (issued February 4, 2019).

¹⁷ *Supra* note 11.

¹⁸ *See T.H.*, Docket No. 23-0194 (issued July 17, 2023); *P.G.*, Docket No. 22-1073 (issued December 28, 2022); *see also S.M.*, Docket No. 17-1802 (issued August 20, 2018).

As appellant did not submit sufficient financial information under 20 C.F.R. § 10.438, which was necessary to determine his eligibility for waiver, the Board finds that OWCP properly denied waiver of recovery of the overpayment of compensation.¹⁹

LEGAL PRECEDENT – ISSUE 3

The Board’s jurisdiction over recovery of an overpayment is limited to reviewing those cases where OWCP seeks recovery from continuing compensation under FECA.²⁰ Section 10.441(a) of OWCP’s regulations provides in pertinent part:

“When an overpayment has been made to an individual who is entitled to further payments, the individual shall refund to OWCP the amount of the overpayment as soon as the error is discovered or his or her attention is called to same. If no refund is made, OWCP shall decrease later payments of compensation, taking into account the probable extent of future payments, the rate of compensation, the financial circumstances of the individual, and any other relevant factors, so as to minimize any hardship.”²¹

ANALYSIS -- ISSUE 3

The Board finds that OWCP properly required recovery of the overpayment by deducting \$270.65 from appellant’s continuing compensation payments, every 28 days.

In determining whether appellant could repay the overpayment by deducting from his continuing compensation payments, OWCP took into account the factors set forth in 20 C.F.R. § 10.441, and found that this method of recovery would minimize any resulting hardship, not necessarily eliminate it, while at the same time liquidating the debt in a reasonably prompt fashion.²² Thus, the Board finds that OWCP properly required recovery of the overpayment by deducting \$270.65 from appellant’s continuing compensation payments, every 28 days.

CONCLUSION

The Board finds that appellant received an overpayment of compensation in the amount of \$11,197.22 for the period November 5, 2023 through October 19, 2024, for which he was without fault, because health and life insurance premiums were not properly deducted from his schedule award compensation payments. The Board further finds that OWCP properly denied

¹⁹ *T.H., id.; A.S.*, Docket No. 22-0281 (issued September 26, 2022); *see also J.A.*, Docket No. 19-1946 (issued July 13, 2020).

²⁰ *Lorenzo Rodriguez*, 51 ECAB 295 (2000).

²¹ 20 C.F.R. § 10.441(a); *A.S.*, Docket No. 19-0171 (issued June 12, 2019); *Donald R. Schueler*, 39 ECAB 1056, 1062 (1988).

²² *See D.M.*, Docket No. 24-0502 (issued March 12, 2026); *C.S.*, Docket No. 23-0587 (issued July 9, 2025); *J.B.*, Docket No. 24-0876 (issued September 26, 2024); *L.F.*, Docket No. 15-0489 (issued May 11, 2015).

waiver of recovery of the overpayment and properly required recovery of the overpayment by deducting \$270.65 from his continuing compensation payments, every 28 days.

ORDER

IT IS HEREBY ORDERED THAT April 8, 2025 decision of the Office of Workers' Compensation Programs is affirmed.

Issued: April 24, 2026
Washington, DC

Patricia H. Fitzgerald, Deputy Chief Judge
Employees' Compensation Appeals Board

Janice B. Askin, Judge
Employees' Compensation Appeals Board

Valerie D. Evans-Harrell, Alternate Judge
Employees' Compensation Appeals Board