United States Department of Labor
Employees' Compensation Appeals Board

D.B., Appellant	)	
and	)	**Docket No. 26-0595**
	)	**Issued: October 29, 2026**
U.S. POSTAL SERVICE, OLYMPIA PROCESSING AND DISTRIBUTION FACILITY, Olympia, WA, 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 June 8, 2026 appellant filed a timely appeal from a March 17, 2026 merit decision of the Office of Workers' Compensation Programs (OWCP). Pursuant to the Federal Employees' Compensation Act[1] (FECA) and 20 C.F.R. §§ 501.2(c) and 501.3, the Board has jurisdiction over the merits of this case.[2]

[1] 5 U.S.C. § 8101 *et seq*.

[2] The Board notes that following the March 17, 2026 decision, OWCP received additional evidence. 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*.

ISSUES

The issues are: (1) whether appellant received an overpayment of compensation in the amount of $17,574.36 for the period January 11, 2015 through August 9, 2025, for which he was without fault, because OWCP failed to properly deduct life insurance premiums from his FECA wage-loss compensation; (2) whether OWCP properly denied waiver of recovery of the overpayment; and (3) whether OWCP properly required recovery of the overpayment by deducting $480.00 from appellant's continuing compensation payments, every 28 days.

FACTUAL HISTORY

On December 2, 2002 appellant, then a 38-year-old mail handler, filed a traumatic injury claim (Form CA-1) alleging that on November 30, 2002 he injured his right shoulder, right upper extremity, and neck when he lifted a heavy sack from a trailer floor and his right shoulder "popped" while in the performance of duty.[3] He stopped work on December 2, 2002. OWCP accepted the claim for cervical and right shoulder strain, right rotator cuff capsule sprain, and cervical disc degeneration. It paid appellant wage-loss compensation on the supplemental and periodic rolls.

On June 9, 2015 the Office of Personnel Management (OPM) informed OWCP that, as a compensationer, appellant was eligible to continue Federal Employees' Group Life Insurance (FEGLI) coverage. The final base salary on which his FEGLI coverage was based was $55,692.00. OPM requested that OWCP deduct insurance premiums for the following insurance elections: basic life insurance (BLI) with no reduction, Option B (Additional Optional Insurance) at 5X with no reduction, and Option C (Family Optional Insurance) at 2X with no reduction. It noted that the commencing date for the postretirement deductions was January 10, 2015, and that the basic and optional coverage premiums were to begin on the OWCP commencing date.

In an August 15, 2025 letter, OWCP requested that OPM provide a copy of appellant's Continuation of Life Insurance Coverage as an Annuitant or Compensationer form (Standard Form (SF) 2818).

OWCP subsequently received a completed SF 2818, signed on March 31, 2015, wherein appellant elected the following life insurance coverages: BLI with no reduction, Option B at 5X with no reduction, and Option C at 2X with no reduction.

In a January 7, 2026 memorandum, OWCP found that an overpayment of compensation in the amount of $17,574.36 for the period January 11, 2015 through August 9, 2025 had occurred as it had failed to properly deduct life insurance premiums from appellant's FECA wage-loss compensation payments. It noted that, for the period January 11, 2015 through August 9, 2025, it made no deductions for postretirement basic life insurance (PRBLI), whereas it should have

[3] OWCP assigned the present claim OWCP File No. xxxxxx373. Previously, appellant filed a traumatic injury claim (Form CA-1) for a September 12, 1998 mid-back injury under OWCP File No. xxxxxx347. Under OWCP File No. xxxxxx408, OWCP accepted that on August 18, 1999 appellant sustained herniated discs at L3-4 and L4-5 while in the performance of duty. Under OWCP File No. xxxxxx392, OWCP accepted that on August 3, 2005 appellant sustained a herniated L5-S1 disc while in the performance of duty. OWCP has administratively combined appellant's claims, with OWCP File No. xxxxxx392 designated as the master file.

deducted $16,847.43. For the same period, OWCP calculated that it had underdeducted $90.93 in BLI premiums and $636.00 in OLI (optional life insurance) premiums. OWCP totaled these amounts to equal a total overpayment of $17,574.36.

In an August 18, 2025 periodic rolls payment form, OWCP indicated that it would commence proper life insurance deductions effective August 10, 2025.

In a preliminary overpayment determination dated January 8, 2026, OWCP notified appellant of its preliminary finding that he had received an overpayment of compensation in the amount of $17,574.36 for the period January 11, 2015 through August 9, 2025, because it failed to properly deduct life insurance premiums from his FECA wage-loss compensation. It provided its calculation of the overpayment, finding that life insurance premiums should have been deducted in the amount of $17,574.36. OWCP determined that appellant was without fault in the creation of the overpayment. It requested that he complete an overpayment recovery questionnaire (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 17, 2026 OWCP received a completed Form OWCP-20 wherein appellant reported total monthly income of $4,722.26; total monthly expenses of $3,789.37; and $25.00 in assets. He submitted some supporting financial documentation.

By decision dated March 17, 2026, OWCP finalized the January 8, 2026 preliminary overpayment determination, finding that appellant had received an overpayment of compensation in the amount $17,574.36 for the period January 11, 2015 through August 9, 2025, for which he was without fault, because OWCP failed to properly deduct life insurance premiums from his FECA wage-loss compensation. The hearing representative denied waiver of recovery of the overpayment and required recovery by deducting $480.00 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.[4] 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.[5]

[4] 5 U.S.C. § 8102(a).

[5] 20 C.F.R. §§ 10.434-10.437; *J.L.,* Docket No. 18-0212 (issued June 8, 2018).

When an under withholding of 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.[6]

ANALYSIS -- ISSUE 1

The Board finds that appellant received an overpayment of compensation in the amount of $17,574.36 for the period January 11, 2015 through August 9, 2025, for which he was without fault, because OWCP failed to properly deduct life insurance premiums from his FECA wage-loss compensation.

On June 9, 2015, OPM informed OWCP that, as a compensationer, appellant was eligible to continue FEGLI coverage. The final base salary on which his FEGLI coverage was based was $55,692.00. OPM requested that OWCP deduct insurance premiums for the following insurance elections: BLI with no reduction, Option B at 5X with no reduction, and Option C at 2X with no reduction. It noted that the commencing date for the postretirement deductions was January 10, 2015, and that the basic and optional coverage premiums were to begin on the OWCP commencing date. Appellant's SF 2818, signed on March 31, 2015, documented his life insurance elections of BLI with no reduction, Option B at 5X with no reduction, and Option C at 2X with no reduction. The case record, however, establishes that OWCP failed to properly deduct the appropriate life insurance premiums from appellant's FECA wage-loss compensation for the period January 11, 2015 through August 9, 2025. The Board thus finds that appellant received an overpayment of compensation.[7]

With regard to the amount of the overpayment, OWCP explained its calculation that appellant received a total of $17,574.36 to which he was not entitled, because it failed to properly deduct life insurance premiums from his FECA wage-loss compensation. The Board has reviewed OWCP's calculation and finds that it properly determined that appellant received an overpayment of compensation in the amount of $17,574.36 for the period January 11, 2015 through August 9, 2025.

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.[8] 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

[6] 5 U.S.C. § 8707(d); *see also A.V.,* Docket No. 21-0887 (issued May 12, 2022); *J.H.,* Docket No. 20-0281 (issued May 18, 2021).

[7] *Id*. at § 8129(a).

[8] 5 U.S.C. § 8129(b).

recovery of the overpayment would defeat the purpose of FECA or would be against equity and good conscience.[9]

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 beneficiary's assets do not exceed a specified amount as determined by OWCP.[10] 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.[11]

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.[12]

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.[13] 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.[14] Failure to submit the requested information within 30 days of the request shall result in a denial of waiver of recovery of the overpayment, and no further request for waiver shall be considered until the requested information is furnished.[15]

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 $17,574.36 overpayment for the period January 11, 2015 through August 9, 2025, waiver must be considered, and repayment is still required unless adjustment or recovery of the overpayment would defeat the purpose of FECA

[9] 20 C.F.R. § 10.436.

[10] *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) (version 1.0, issued March 16, 2026).

[11] *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).

[12] 20 C.F.R. § 10.437(a)-(b).

[13] *Id*. at 10.438(a).

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

[15] *Supra* note 12 at § 10.438(b); *see G.S.*, Docket No. 20-1580 (issued March 19, 2021).

or be against equity and good conscience.[16] In order to establish that recovery of the overpayment would defeat the purpose of FECA, appellant must show that he requires substantially all of his income to meet current ordinary and necessary living expenses, and that his assets do not exceed the established limit as determined by OWCP procedures.[17]

Appellant submitted a completed Form OWCP-20, wherein he reported total monthly income of $4,722.26 and total monthly expenses of $3,789.37. As his total monthly income exceeded his total monthly expenses by more than $50.00, he has not shown that he needs substantially all of his current income to meet current ordinary and necessary living expenses.[18] Consequently, appellant has not demonstrated that recovery of the overpayment would defeat the purpose of FECA.[19]

The Board further finds that appellant has not established that he was entitled to waiver on the basis that recovery of the overpayment would be against equity and good conscience.[20] Appellant has not shown that he would experience severe financial hardship in attempting to repay the debt, or that he has relinquished a valuable right, or changed his position for the worse in reliance on the payments which created the overpayment.[21]

Because appellant has not established that recovery of the overpayment would defeat the purpose of FECA or be against equity and good conscience, the Board finds that OWCP properly denied waiver of recovery of the overpayment.[22]

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.[23] Section 10.441(a) of the regulations provides:

> "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

[16] *Id.* at § 10.436.

[17] *Id*. at § 10.441.

[18] 20 C.F.R. § 10.436(a)(b).

[19] *See B.A.,* Docket No. 25-0630 (issued August 6, 2025).

[20] *See J.D.,* Docket No. 94-2567 (issued October 17, 1996).

[21] *See B.C.,* Docket No. 19-0629 (issued June 2, 2020); *William J. Murphy,* 41 ECAB 569, 571-72 (1989).

[22] *J.R.,* Docket No. 24-0852 (issued November 14, 2024); *S.W.,* Docket No. 20-0363 (issued November 23, 2020).

[23] *Lorenzo Rodriguez,* 51 ECAB 295 (2000).

circumstances of the individual, and any other relevant factors, so as to minimize any hardship."[24]

ANALYSIS -- ISSUE 3

The Board finds that OWCP properly required recovery of the overpayment by deducting $480.00 from appellant's continuing compensation payments, every 28 days.

The case record supports that in requiring recovery of the overpayment by deducting $480.00 from appellant's continuing compensation payments every 28 days, OWCP took into consideration the financial information submitted by appellant, as well as factors set forth in 20 C.F.R. § 10.441. It found that this method of recovery would minimize any resulting hardship on appellant, while at the same time liquidating the debt in a reasonably prompt fashion.[25] The Board thus finds that OWCP properly required recovery of the overpayment by deducting $480.00 from appellant's continuing compensation payments, every 28 days.

The Board, therefore, finds that OWCP properly required recovery of the overpayment by deducting $480.00 from appellant's continuing compensation payments, every 28 days.

CONCLUSION

The Board finds that appellant received an overpayment of compensation appellant received an overpayment of compensation in the amount of $17,574.36 for the period January 11, 2015 through August 9, 2025, for which he was without fault, because OWCP failed to properly deduct life insurance premiums from his FECA wage-loss compensation. The Board further finds that OWCP properly denied waiver of recovery of the overpayment and properly required recovery of the overpayment by deducting $480.00 from appellant's continuing compensation payments, every 28 days.

[24] 20 C.F.R. § 10.441(a).

[25] *See L.F.*, Docket No. 15-0489 (issued May 11, 2015).

ORDER

IT IS HEREBY ORDERED THAT the March 17, 2026 decision of the Office of Workers' Compensation Programs is affirmed.

Issued: October 29, 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