U.S. Department of Labor
Office of Workers’
Compensation Programs

November 2016
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TAB 1: AGENCY ORGANIZATIONAL OVERVIEW

Mission

Every day, the Department of Labor’s Office of Workers’ Compensation Programs (OWCP) employees touch the lives of thousands of injured or ill workers and their families by providing or overseeing the delivery of workers’ compensation benefits. OWCP has a unifying mission: To protect the interests of workers who are injured or become ill on the job, their families and employers, by making timely and accurate decisions on claims, paying benefits promptly, and providing opportunities for injured workers to return to gainful work as early as feasible.

The agency administers four major compensation programs, providing compensation, medical treatment, vocational rehabilitation and other benefits. They include:

- **Federal Employees' Compensation Act (FECA)** program – provides wage-loss compensation, medical benefits, survivor benefits in the case of death, return-to-work assistance, and vocational rehabilitation to civilian employees of the federal government injured at work and to certain other designated groups.
- **Longshore and Harbor Workers' Compensation Act (Longshore)** program – minimizes the impact of employment injuries and deaths by ensuring that workers’ compensation benefits are provided promptly and properly to most waterfront employees, contractors working overseas for the U.S. government, and other designated groups.
- **Black Lung Benefits Act (Black Lung)** program – provides or ensures the delivery of monetary and medical benefits to totally disabled miners suffering from coal mine pneumoconiosis stemming from mine employment, and monetary benefits to their dependent survivors.
- **Energy Employees Occupational Illness Compensation Program Act (Energy)** program – provides compensation and medical benefits to eligible employees and former employees of the Department of Energy, its contractors and subcontractors, who have been diagnosed with cancer and other illnesses due to exposure to radiation or toxic substances while working in the production of nuclear weapons, or to their eligible survivors.

In addition, OWCP is responsible for the management of the Advisory Board on Toxic Substances and Worker Health. Charged with advising the Secretary on four statutorily-specified technical issues related to the Energy Employees Occupational Illness Compensation Program Act, it operates independently and is not part of the Energy program.

**OWCP Strategic Goals**

To ensure OWCP achieves its mission and executes its responsibilities efficiently and effectively, OWCP has established five strategic goals focused on its work, its customers, and its employees.

- Strategic Goal 1: Provide timely and accurate claims processing and benefit payments
- Strategic Goal 2: Provide recovery, rehabilitation and employment services
- Strategic Goal 3: Promote collaboration and outreach with stakeholders and customer groups
- Strategic Goal 4: Create and sustain a high performing workforce
Strategic Goal 5: Improve agency-wide operations, governance and infrastructure

Authorizing Legislation

FECA Program:
- **Federal Employees’ Compensation Act**, as amended, 5 U.S.C.§ 8101 et seq., provides compensation for the disability or death of a federal or other specified employee resulting from personal injury sustained while in the performance of his or her duty.
- **War Hazards Compensation Act**, as amended, 42 U.S.C. § 1701 et seq., provides compensation for the injury, disability, death, or enemy detention of employees of contractors with the United States, when the injury is the result of a war risk hazard.

Longshore Program:
- **Longshore and Harbor Workers’ Compensation Act** (LHWCA), as amended, P.L. 69-803, provides for the payment of compensation, medical care, and vocational rehabilitation services to employees disabled from on the job injuries that occur in various maritime industries. It also provides survivor benefits to dependents.
- **Defense Base Act**, 42 U.S.C. § 1651 et seq., an extension to the LHWCA, provides workers' compensation protection to civilian employees working outside the United States on military bases or under a contract with the U.S. government for public works or for national defense.
- **Outer Continental Shelf Lands Act** (OCSLA), P.L. 212, an extension to the LHWCA, covers employees working on the Outer Continental Shelf of the United States in the exploration and development of natural resources.
- **Non-Appropriated Fund Instrumentalities Act**, as amended, P.L. 397, covers civilian employees of non-appropriated fund instrumentalities of the Armed Forces (for example, military base exchanges and morale, welfare, and recreational facilities).

Black Lung Program:
- **Black Lung Benefits Act** (BLBA), as amended, 30 U.S.C. § 901 et seq., provides monthly payments and medical benefits to coal miners totally disabled from pneumoconiosis (black lung disease) arising from their employment in or around the nation's coal mines and monthly benefits to a miner's dependent survivors.
- **Black Lung Benefits Revenue Act of 1977**, as amended, P.L.97-119, established the Black Lung Disability Trust Fund to shift fiscal responsibility for Black Lung benefit payments from the federal government to the coal industry. The Trust Fund provides benefits and pays benefits in cases where no responsible mine operator can be identified.
- **Federal Coal Mine Health and Safety Act of 1969**, as amended, P.L. 91-173 (now called the **Federal Mine Safety and Health Act of 1977**, P.L. 107-275), provides benefits, in cooperation with the states, to coal miners who are totally disabled due to pneumoconiosis and the surviving dependents of miners, and insures future adequate benefits are provided.
- **Black Lung Consolidation of Administrative Responsibility Act**, as amended, P.L.107-275, consolidated Black Lung benefits responsibilities assigned to the Secretary of Health and Human Services, the Commissioner of Social Security, and the Secretary of Labor.
• **Patient Protection and Affordable Care Act of 2010**, as amended, P.L. 111-148 § 1556 et seq, amended the BLBA to reinstate 30 U.S.C. 921(c)(4) – presumption of total disability or death due to pneumoconiosis arising out of coal mine employment where the miner had 15 years of coal mine employment and proof of total disability – and 30 U.S.C. 932(l) – automatic entitlement to benefits for eligible survivors of miners who were awarded benefits based on lifetime claims.

Energy Program:

• **Energy Employees Occupational Illness Compensation Program Act** (EEOICPA), P.L. 113-291, compensates current or former employees (or their survivors) of the Department of Energy, its predecessor agencies, and certain vendors, contractors and subcontractors, who were diagnosed with a radiogenic cancer, chronic beryllium disease, beryllium sensitivity, or chronic silicosis, as a result of exposure to radiation, beryllium, or silica while employed at covered nuclear weapons facilities. It also covers individuals (or their eligible survivors) awarded benefits under Section 5 of the Radiation Exposure Compensation Act (RECA) for any occupational illnesses that are causally linked to toxic exposures in the uranium mining, milling or ore transporter work environment.

• **National Defense Authorization Act (NDAA) of 2015**, as amended, P.L. 113-291, the EEOICPA to include Section 3687, creating the **Advisory Board on Toxic Substances and Worker Health** to advise the Secretary of Labor (as delegated by Executive Order 13699) with respect to technical aspects of the EEOICPA program. The Advisory Board is charged with advising the Secretary on four statutorily-specified technical issues related to EEOICPA: DOL’s site exposure matrices; medical guidance for claims examiners; evidentiary requirements for claims under subtitle B related to lung disease; and the work of industrial hygienists and staff physicians and consulting physicians to ensure quality, objectivity, and consistency.

Organizational Structure

The Office of Workers’ Compensation Programs consolidates, in one umbrella organization, the four federal workers’ compensation programs described above. OWCP is a recognized leader in the field of workers’ compensation, with over 250 years of experience across its four programs.
**Organizational Chart**

**Office of the Director and Management Organizations** (Headquarters)

**Office of the Director** (4 on-board employees): The OWCP Director, Deputy Director and Chief of Staff, in concert with the Secretary and the agency’s leadership team, set the agency’s direction and provide oversight to ensure that OWCP leverages its collective strengths to solve both internal and external challenges.

Two management organizations support the agency.

**Division of Administration and Operations** (38 on-board employees): The Division of Administration and Operations (DAO) is led by the OWCP Administrative Officer (Director) and Deputy Director. The division provides administrative and management support to OWCP organizations.

**Division of Financial Administration** (25 on-board employees; key vacancy – Comptroller/Division Director): The Division of Financial Administration (DFA) is led by the OWCP Comptroller (Director) and the Deputy Director. It provides budget, accounting, and planning and performance management support to OWCP programs and regional offices.

**Program Divisions** (Headquarters): OWCP has four program divisions responsible for program management including setting policy direction, outreach, information technology and fiscal operations.

**Division of Federal Employees’ Compensation** (63 on-board employees; key vacancy – Deputy Director for Program and System Integrity): The Division of Federal Employees’ Compensation...
(DFEC) administers the FECA program. Led by a Director and two deputys, the division has five branches including Regulations and Procedures, Technical Assistance, Hearings and Review, Fiscal Operations, and Information Technology.

**Division of Longshore and Harbor Workers’ Compensation** (14 on-board employees): The [Division of Longshore and Harbor Workers’ Compensation](DFEC) (DLHWC) administers the Longshore program including the Defense Base Act. The Director leads the division with support from the two branch chiefs of Financial Management, Insurance, and Assessment and Policy, Regulations, and Procedures.

**Division of Coal Mine Workers’ Compensation** (36 on-board employees): The [Division of Coal Mine Workers’ Compensation](DFEC) (DCMWC) administers the Black Lung program. Led by the Director and Deputy Director, the division has two branches: Standards, Regulations and Procedures, and Accounting and Accountability.

**Division of Energy Employees Occupational Illness Compensation** (140 on-board employees): The [Division of Energy Employees Occupational Illness Compensation](DFEC) (DEEOIC) administers the Energy program. Led by the Director and Deputy Director, its four branches are: Policy Branch, Branch of Outreach and Technical Assistance, Branch of Automated Data Processing (ADP) Systems, and Final Adjudication Branch (which has an office in the Washington, DC, headquarters as well as offices co-located with the four district offices that implement the Energy program).

**Regional Offices:** Each program is implemented in district offices located across the country. District offices report into the six OWCP regional offices. Each regional office is led by a Regional Director; several of the larger regions also have Deputy Regional Directors. The regional office leadership ensures that the district offices have the necessary resources to accomplish the mission, provide high quality customer service, and meet performance targets.

**Northeast Region** (111 on-board employees): Headquartered in New York City, the region is responsible for implementing the FECA and Longshore programs. Each program has district offices in Boston and New York.

**Mid-Atlantic Region** (159 on-board employees): Located in Philadelphia, the region implements the FECA, Longshore, and Black Lung programs. FECA district offices are located in Philadelphia and Washington, DC; the Longshore office is in Norfolk, Virginia; and Black Lung offices are in Johnstown and Greensburg, Pennsylvania, and Charleston and Parkersburg, West Virginia.

**Southeast Region** (265 on-board employees): Headquartered in Jacksonville, Florida, the region implements all four programs. FECA, Longshore, and Energy district offices are located in Jacksonville and the Black Lung office is in Pikeville/Mt. Sterling, Kentucky.

**Midwest Region** (238 on-board employees): The region supports the FECA, Black Lung and Energy programs. It is headquartered in Chicago, with FECA offices in Cleveland, Chicago, and Kansas City, Missouri; a Black Lung office in Columbus, Ohio; and an Energy office in Cleveland.
Southwest Region (194 on-board employees). Headquartered in Dallas, the region is responsible for implementing all four programs. It has FECA district offices in Dallas and Denver; Black Lung and Energy offices in Denver; and Longshore offices in Houston and New Orleans.

Pacific Region (243 on-board employees; key vacancy – Regional Director): The region supports the FECA, Longshore, and Energy programs. The regional office is located in San Francisco, with FECA district offices in San Francisco and Seattle; Longshore offices in San Francisco, Long Beach, California, and Seattle; and an Energy office in Seattle.

Organizational Changes During the Past Eight Years

On November 8, 2009, Secretary Hilda Solis dissolved the Employment Standards Administration into its four constituent components, one of which was OWCP. She then delegated authority to administer the FECA, Longshore, Black Lung and Energy programs to the OWCP Director. The Director reports directly to the Secretary and is responsible for ensuring OWCP implements its mission as described in its authorizing legislation. This structure ensures that the Secretary is aware of all significant OWCP policy and performance opportunities and issues. In addition, OWCP strengthened its management support functions in 2013 by taking the functions that the Division of Planning, Policy, and Standards and the Division of Technology and Systems were responsible for and merging them into two new divisions reporting to the OWCP Director. The new organizations – the Division of Administration and Operations (DAO) and the Division of Financial Administration (DFA) – are both managed by career senior executives. The purpose of this reorganization was to better serve the agency and its programs and regions by creating a structure that is more manageable, more focused and better defined.

In addition, FECA’s Program Integrity Unit was created in 2014. The five-person unit was established to help identify areas of potential waste, fraud, and abuse that could be shared with the DOL-OIG. In addition, the unit is charged with evaluating program processes to identify inefficiencies that would then be shared with program management to develop process improvements. The unit is comprised of federal program analysts focused on program integrity functions and is supported by contracted data scientists from Elder Research. Towards that end, the unit is charged with three main areas of focus: reducing improper payments, identifying risky medical/pharmaceutical providers, and improving return-to-work and disability management outcomes.
Workforce at a Glance
## DEPARTMENT OF LABOR EMPLOYMENT *
### AS OF 11/1/2016 - OWCP

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>Total</th>
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<tbody>
<tr>
<td>National Office</td>
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<td>Regional Office</td>
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### RACE & GENDER

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<td>White</td>
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<td>550</td>
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### BARGAINING UNIT

| Local 12 | 200 |
| NCFL | 1073 |
| Non-GU | 269 |

### SUPERVISORY**

| Non Supervisor | 1335 |
| Supervisor | 206 |

### WORK SCHEDULE

| F-Full Time | 1538 |
| F-Part Time | 2 |

### REGIONS

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<th>Region</th>
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<td>Philadelphia</td>
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<td>Chicago</td>
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<td>Dallas</td>
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<td>Kansas City</td>
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<td>Denver</td>
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<td>San Francisco</td>
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<td>Seattle</td>
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<td>Natl Ofc</td>
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<td>Total</td>
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### METRO D.C. AREA EMPLOYEES BY BUILDING

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<tr>
<th>Building</th>
<th>Number</th>
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<tbody>
<tr>
<td>Bldg</td>
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</tr>
<tr>
<td>Perkins</td>
<td>217</td>
</tr>
<tr>
<td>Patriots Plaza</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>251</td>
</tr>
</tbody>
</table>

Includes regional employees working in the D.C. area

### GRADE 13 & ABOVE

<table>
<thead>
<tr>
<th>Ethnicity</th>
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<th>M</th>
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<tbody>
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<td>American Indian</td>
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<tr>
<td>Asian</td>
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<tr>
<td>Black</td>
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<td>Hispanic</td>
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<td>Two or more Races</td>
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<td>White</td>
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### DISABLED STATUS

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<tr>
<td>Non-targeted</td>
<td>215</td>
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<tr>
<td>Targeted</td>
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### APPOINTMENT TENURE

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<tr>
<td>Permanent</td>
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<tr>
<td>Temporary</td>
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### RETIREMENT ELIGIBILITY

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<td>260</td>
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<tr>
<td>Eligible</td>
<td>303</td>
</tr>
<tr>
<td>Not Eligible</td>
<td>978</td>
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</table>

* Permanent and Temporary Employees
** Supervisor count includes manager levels 2 and 4
**Key Leaders**

OWCP’s senior leadership team includes:

<table>
<thead>
<tr>
<th>Position</th>
<th>Incumbent</th>
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<tbody>
<tr>
<td><strong>Office of the Director</strong></td>
<td></td>
</tr>
<tr>
<td>Director</td>
<td>Leonard Howie</td>
</tr>
<tr>
<td>Deputy Director</td>
<td>Gary A. Steinberg</td>
</tr>
<tr>
<td>Chief of Staff</td>
<td>Daniel Savery</td>
</tr>
<tr>
<td><strong>Division of Federal Employees’ Compensation</strong></td>
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</tr>
<tr>
<td>Director</td>
<td>Antonio Rios</td>
</tr>
<tr>
<td>Deputy Director</td>
<td>Julia Tritz</td>
</tr>
<tr>
<td><strong>Division of Longshore and Harbor Workers’ Compensation</strong></td>
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<tr>
<td>Director</td>
<td>Douglas Fitzgerald</td>
</tr>
<tr>
<td>Chief, Branch of Financial Management, Insurance,</td>
<td>Tirzah Leiman-Carbia</td>
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<tr>
<td>and Assessment</td>
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<tr>
<td>Chief, Branch of Policy, Regulations, and Procedures</td>
<td>Jennifer Valdivieso</td>
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<tr>
<td><strong>Division of Coal Mine Workers’ Compensation Act</strong></td>
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<tr>
<td>Director</td>
<td>Michael A. Chance</td>
</tr>
<tr>
<td>Deputy Director</td>
<td>Gerald L. Delo</td>
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<tr>
<td><strong>Division of Energy Employees Occupational Illness Compensation</strong></td>
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<tr>
<td>Director</td>
<td>Rachel P. Leiton</td>
</tr>
<tr>
<td>Deputy Director</td>
<td>Douglas Pennington</td>
</tr>
<tr>
<td><strong>Division of Administration and Operations</strong></td>
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<tr>
<td>Director/Administrative Officer</td>
<td>Vincent Alvarez</td>
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<tr>
<td>Deputy Director</td>
<td>Donna Kramer</td>
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<tr>
<td><strong>Division of Financial Administration</strong></td>
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<tr>
<td>Director/Comptroller</td>
<td>Vacant</td>
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<tr>
<td>Deputy Director</td>
<td>Zoya Kaplan</td>
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<tr>
<td><strong>Northeast Region</strong></td>
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<td>Zev Sapir</td>
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<td><strong>Mid-Atlantic Region</strong></td>
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<td>Kellianne Conaway</td>
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<td><strong>Southeast Region</strong></td>
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<td>Regional Director</td>
<td>Maggie Fernandez</td>
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<td><strong>Midwest Region</strong></td>
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<td>Regional Director</td>
<td>Robert Sullivan</td>
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<tr>
<td>Deputy Regional Director</td>
<td>Annette Prindle</td>
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<tr>
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<td>Dean Woodard</td>
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<td>John Sullivan</td>
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<td><strong>Pacific Region</strong></td>
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<td>Vacant</td>
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<tr>
<td>Deputy Regional Director</td>
<td>Christy Long</td>
</tr>
</tbody>
</table>
Key Meetings, Decisions and Announcements

By end of February 2017

Black Lung Program

FECA Program
- Meeting: Periodic meetings with OMB on progress of implementing a process to review letters of medical necessity/authorization forms for compounded drugs. OWCP’s compounded drug and opioid policies will continue to evolve as the FECA program evaluates the impact of its initial actions to institute greater controls within its pharmacy management operations and makes additions and refinements to these operations as it analyzes results. Once the institution of a pre-authorization process using a letter of medical necessity form had been implemented, we will initiate further limitations and controls on herbal and inactive ingredients in compounded medications. The FECA program’s opioid policy development is proceeding cautiously with OMB’s concurrence, taking into account the medical challenges surrounding a legacy population of opioid users who rely on these medications to manage chronic pain and to function in daily life.

- Meeting: The Return-to-Work Council is a forum for representatives from the 14 Executive Branch Departments and Agencies and the United States Postal Service to share challenges and best practices for returning injured/ill employees to work.

Energy Program
- Meeting: Joint Outreach Task Group (JOTG) town hall meetings in California for claimants

By end of March 2017

Energy Program
- Meeting: Annual meeting with the claimant advocate organizations

Longshore Program
- Meeting: The Annual Longshore Conference, sponsored by Loyola University of New Orleans’ College of Law, assembles claims professionals, attorneys, judges, medical providers, and vocational rehabilitation experts to discuss and learn practical strategies for handling claims under the Longshore Act. DOL participants include representatives from the Longshore program, the Solicitor’s Office, the Office of the Administrative Law Judges, and the Benefits Review Board.
By end of April 2017

**Advisory Board on Toxic Substances and Worker Health**
- Meeting: The Advisory Board on Toxic Substances and Worker Health is likely to meet in March or April of 2017 (not yet scheduled).

By end of May 2017

**Longshore Program**
- Meeting: A three-day interactive and educational conference, hosted by Signal, Inc., the largest Longshore insurance mutual in the country, and co-sponsored by the Shipbuilder’s Council of America, the National Association of Waterfront Employers, and the Northwest Longshore Administrators Association. This conference is widely attended by the Longshore community and industry leaders.

**Key Agency Stakeholders**

**Agency Level**

**National Academy of Social Insurance** – Benjamin W. Veghte, Ph.D. OWCP works closely with the National Academy of Social Insurance (NASI) on federal and state workers’ compensation issues. NASI is a nonprofit, nonpartisan organization composed of the nation's leading experts on social insurance. Its mission is to advance solutions to challenges facing the nation by increasing public understanding of how social insurance contributes to economic security. The OWCP Deputy Director serves on the Study Panel on Workers’ Compensation Data and the agency provides information to NASI for its annual Workers’ Compensation: Benefits, Coverage, and Costs report.

**FECA Program**

**Return-to-Work Council**- Representatives from the 14 Executive Branch departments and agencies and the United States Postal Service. The FECA program remains committed to assisting federal employers in successfully implementing return-to-work policies for injured/ill employees. The Return-to-Work Council provides a forum for agencies to share challenges and best practices for returning injured/ill employees to work.

**United States Postal Service** - Thomas Marshall, General Counsel and Executive Vice President and Jeffrey (Jeff) C. Williamson, Chief Human Resources Officer and Executive Vice President.
- Medical costs: Medical payments in the FECA program have been increasing for the last three years to $1.1 billion in 2015. The USPS’ share of the increase was 72 percent ($86.2 million) in 2015, an increase of 17 percent over USPS costs from the previous year. USPS officials stated that the dramatic increase in agency’s medical costs was driven by the increased use of compound drugs.
- Disclosure of records: As the administrator of the FECA, OWCP has the exclusive authority to control access to and disclosure of FECA records, including those in possession of the federal agencies who employ injured workers. USPS signed a Memorandum of Understanding with
DOL in order for USPS to receive FECA data electronically, but is seeking authorization to use this data for purposes other than for administering the FECA program.

**Longshore Program**

**Insurance Industry:**
- **Longshore Act:** The Longshore mutuals with the largest percentage of Longshore claims submitted each year include Signal Mutual Indemnity Association Ltd and American Longshore Mutual Association (ALMA).
- **Defense Base Act (DBA):** The insurance carriers that write the majority of DBA insurance are Allied World National Assurance Company (AWAC) and American International Group (AIG).

**DBA Roundtable:** The DBA Roundtable is a semiannual interagency meeting, bringing together stakeholders from agencies that do work or provide funding for work performed overseas, to discuss current trends and topics related to DBA. Regular participants include the Department of State, Department of Defense, and U.S. Agency for International Development, U.S. Army Corps of Engineers, and the Central Intelligence Agency.

**Black Lung Program**

**National Coalition of Black Lung Respiratory Disease Clinics (NCBLRDC):** Funded by the Department of Health and Human Services, Health Resources and Services Administration, the clinics program provides treatment and rehabilitation to Black Lung patients and others with occupationally related pulmonary diseases. It also provides case finding, outreach, preventive and health promotion services, education for patients and their families, and testing to determine eligibility for benefits. The Black Lung program participates in three NCBLRDC annual conferences.

**Energy Program**

**Advocate Community:** The Energy program has many stakeholders, including an active claimant advocate community. It continually strives to engage stakeholders by soliciting feedback through customer service surveys and public town hall meetings. Additional outreach includes regular calls and/or in-person meetings to discuss any ongoing issues. The most active advocates are Alliance for Nuclear Workers Advocacy Groups, Energy Employees Claimant Assistance Project, the Office of Nuclear Workers Advocacy, Cold War Patriots, and the Atomic Resource Coalition. There also are active home health care agencies, including Professional Case Management and Critical Nurse Staffing who lobby for home health care benefits. Over the years, members of these advocate groups have expressed concerns about the EEOICPA statute as well as the administration of the program. It is possible that the advocate community will contact the incoming Secretary in the first 90 days and identify their main issues or recommendations.

**Advisory Board on Toxic Substances and Worker Health** – Steven Markowitz, MD, Chairman of the Board. The Advisory Board, Congressionally mandated as a result of the National Defense Authorization Act of 2015, is charged with advising the Secretary (as delegated by Executive Order 13699) on four statutorily-specified technical issues related to EEOICPA: DOL’s site exposure
matrices; medical guidance for claims examiners on weighting medical evidence; evidentiary requirements for Part B claims related to lung disease; and the work of industrial hygienists and staff physicians and consulting physicians and their reports to ensure quality, objectivity, and consistency. The Advisory Board is made up of 15 members appointed by the Secretary: five members from the scientific community; five members from the medical community; and five members from the claimant community.
TAB 3: Initiatives

Policy and Regulatory Issues

Major Policy Decisions and Ongoing Regulatory Actions (February – April 2017)

**FECA Program**
- **Management of Pharmaceutical Drugs:** Over the past few years, OWCP (primarily the FECA program) has seen a dramatic increase in claimants, prescriptions, and expenditures for compounded drugs. Although FECA’s overall medical costs (including all pharmacy costs) had witnessed nominal annual growth in recent years (roughly five percent/year), including a slight reduction in overall medical costs in FY 2014, the cost of compounded medications escalated due to changes in pharmacy billing practices and growth in compounded medication manufacturing and prescription-writing. Between FYs 2011 and FY2015, when the rising compound costs were first reported to the program by the Department of Veteran’s Affairs (VA) and USPS (summer of 2015), compounded drug costs rose from just over $2 million to nearly $214 million per year.

This increase in compounded drug costs prompted the FECA program to conduct an analysis of compounded drug utilization and develop policies for approving these medications intended to protect the health of OWCP beneficiaries, preventing potential fraud, and preventing unnecessary prescriptions of compound drugs. OWCP implemented pricing structure changes in July of 2016. After consulting with TRICARE which had successfully addressed an even more dramatic increase in compound medication utilization and costs several years earlier, the VA and Centers for Medicare and Medicaid Services, the program identified a number of short, intermediate, and long-term actions focused on reducing and/or tiering reimbursements for pharmaceutical ingredients and implementing a prior authorization process. In support of that pre-authorization process, the program has instituted a letter of medical necessity form that requires physicians to register with the program and certify under penalty of law they are the treating physician prescribing the compounded medication, that the compounded medication is medically necessary, that it is the most cost effective alternative, and that no other medications would be medically efficacious.

Additionally, the FECA program is conducting a similar analysis of opioid utilization in order to implement appropriate policy for that class of drugs. The opioid challenge is one of “over prescription,” raising issues of patient/claimant safety and dependency issues. OWCP is pursuing a letter of medical necessity to better control the use of opioids within the FECA program.

**Longshore Program**
- **Regulatory Action:** Longshore and Harbor Workers’ Compensation Act: Maximum Compensation Rate Determinations (RIN: 1240-AA06) – Longshore Program. Under the Longshore and Harbor Workers' Compensation Act and its extensions, disabled workers are paid compensation based on their average weekly wage at the time of their disabling injury. Section 6 of the Act, 33 U.S.C. 906 caps this compensation at a maximum of twice the
"applicable" fiscal year's national average weekly wage. The Secretary of Labor determines the national average wage for each fiscal year, and that determination applies to employees or survivors "currently receiving" permanent disability compensation or death benefits as well as those "newly awarded" compensation. Litigation over which year's national average wage applies in various situations led to a recent Supreme Court decision construing the "newly awarded" phrase. The proposed rule will implement the Supreme Court's decision and clarify how the maximum compensation rate provision applies, including the "currently receiving" phrase and other portions the Court did not address. Status: February and March, 2017 – DOL review of public comments on draft rule; April and May 2017 – Clearance of DOL responses to public comments.

Black Lung Program

- **Regulatory Action: Black Lung Benefits Act: Medical Benefit Payments** (RIN: 1240-AA11) – Black Lung Program. Coal miners who are totally disabled by pneumoconiosis and found entitled to monetary compensation under the Black Lung Benefits Act are also entitled to medical benefits for treatment of their disease and associated disability. The current program regulations generally provide that payment for medical treatment is capped at the rate prevailing in the community where the service provider is located but provide no method for determining that rate. To fill this gap for medical benefit payments made from the Black Lung Disability Trust Fund, OWCP will propose rules to address how medical providers are reimbursed for covered services. Status: January and February 2017 – Public comment period on draft rule; March – August, 2017 – DOL review of public comments on draft rule.

Energy Program

- **Home Health Care Costs**: Home health care issues continue to provide a challenge for the program. The increasingly large number of providers entering the marketplace to provide coverage to DEEOIC claimants and the relatively expansive coverage for in home health care under the law has resulted in exponential growth in this sector. Increasing resources are being directed to improve timeliness and quality of home health care management including the centralization of medical benefit case adjudication activities, development of improved case management resources, and publication of more clear procedural guidance.

- **Industrial Hygiene Backlog**: A contractor has been hired to assist the program to develop customized employee exposure profiles. The function of this contract is to assist in the elimination of a large backlog of Industrial Hygiene case referrals. It is anticipated that the contractor will have a major impact in improving the timeliness of exposure analysis on case referrals; however, there could still be a backlog of unresolved referrals going into the new calendar year. While DEEOIC is working closely with the contractor to expedite case reviews, the potential exists for case delays to continue.

- **Response to Possible Recommendations from Advisory Board**: The Advisory Board on Toxic Substances and Worker Health may issue recommendations to the Secretary of Labor for consideration in the first three months of the new administration. There is, however, no statutory timeframe or currently scheduled timeframe regarding the Advisory Board issuing recommendations. Their first full board meeting was in April, 2016, and their second full board meeting was held in October, 2016. They are likely to meet again in March or April of 2017 (not yet scheduled).

- **Response to Office of the Ombudsman Report**: DOL’s Office of the Ombudsman for the Energy Employees Occupational Illness Compensation Program submits an annual report to
Congress identifying the concerns of claimants and potential claimants as well as recommendations for implementation of the Energy Employees Occupational Illness Compensation Program Act. The Office of the Ombudsman is expected to issue a draft report in February.

- **Regulatory Action: Claims for Compensation under the Energy Employees Occupational Illness Compensation Program Act of 2000, as Amended** (RIN: 1240-AA08) -- Energy Program. The regulations govern how OWCP administers the Energy Employees Occupational Illness Compensation Program Act of 2000, as amended (EEOICPA). The proposed regulatory updates are designed to generally improve program processing and adjudication, and will support more extensive review and auditing of medical billing and home health care practices. Since 2001, OWCP has administered Part B provisions that were not assigned to the Secretary of Health and Human Services, the Secretary of Energy, or the Attorney General. Part B provides for the payment of lump-sum compensation and medical benefits to Department of Energy (DOE) employees and certain of its contractors and subcontractors (or their survivors) who were diagnosed with an occupational illness due to exposure to radiation, beryllium or silica. It also provides for medical benefits and a supplemental lump-sum payment to awardees under section 5 of the Radiation Exposure Compensation Act (RECA). Since 2004, OWCP also has administered Part E which provides for the payment of monetary compensation (based on permanent impairment and/or wage loss) and medical benefits to DOE contractor employees and uranium miners, millers and ore transporters who were diagnosed with a covered illness due to exposure to a toxic substance while working at a DOE facility, or a uranium mine or mill. Eligible survivors receive a lump sum compensation under Part E. *Status: January and February 2017 – Issue Final Rule.*

**Ongoing Policy Work**

Policy changes in OWCP typically involve updates to the administration of the agency’s four workers’ compensation programs. These changes most significantly affect the claimant populations and other key stakeholders involved in delivering benefits. OWCP accomplishes policy changes through regulatory action or publicly published agency documentation such as procedure manuals, directives, or bulletins. Each program continues to evolve, adapting to changing times and new challenges. In recent years, OWCP has focused on ways to leverage the collective strengths of the agency to solve multiple challenges. For example, the FECA program’s online claims technology has been adapted to meet the needs of the Longshore, Black Lung and Energy programs. As a result, all four programs will be well positioned to work more effectively, eliminating steps no longer necessary in an automated environment, improving communication with stakeholders, and enabling employees to telework as claim files will be available electronically.

**FECA Program**

**Reform of the Federal Employees’ Compensation Act:** FECA was last significantly amended in 1974. Consideration of FECA reform extended from the previous Administration to update benefit levels with highlights as follows:

- Permitting concurrent payment of schedule awards for the loss of use of a schedule member (such as an arm or leg) while wage loss benefits are paid.
- Increasing certain outdated benefits such as those for funeral expenses when an employee dies due to an employment injury as well as increasing the schedule amount for
disfigurement. A COLA was added to prevent these benefits from becoming outdated.

- Paying wage loss benefits at a single rate that would be further reduced at Social Security (SSA) retirement age.
- Increasing program integrity by streamlining the process to verify SSA earnings.

FECA cost savings were included in the President's budget for every year save the first and last years of the Obama administration; the FECA reform package itself served primarily as a technical assistance package provided to Congress and stakeholders. It formed the basis of Congressional testimony by OWCP Director Leonard Howie in 2015 as well as earlier testimony by Acting OWCP Director Gary Steinberg and former OWCP Director Shelby Hallmark. The FECA reform technical assistance package was not formally transmitted to Congress.

**Processing of War Hazards Act Cases:** Over the past two years, the FECA program renewed its focus on processing War Hazards cases. The U.S. involvement in Iraq and Afghanistan resulted in an increase in claims and reimbursement requests filed over the last decade. In order to address this workload, the FECA program reengineered the process for adjudicating claims and reviewing reimbursement requests. This included the creation of a new claims unit in the Cleveland office dedicated solely to War Hazards cases as well as the development of policy changes in how we review and approve reimbursement requests.

**Return-to-Work Initiatives:** In addition to processing workers’ compensation claims and managing benefits, FECA claims managers, nurses, and vocational rehabilitation counselors assist injured and ill federal employees achieve medical recovery with the goal of returning to work. While the Executive Order establishing the Protecting Our Workers and Ensuring Re-employment (POWER) initiative sunsetted in 2014, the FECA program remains committed to working with federal employers on return-to-work efforts and disseminate best practices through the Return-to-Work Council.

**Longshore Program**

**Overseas Contractors’ Compensation Act:** Congressional hearings in 2008 and 2009 highlighted the cost of DBA insurance and led to a Department of Defense (DOD) report offering alternative strategies. An interagency working group (IWG) composed of members from DOL’s Longshore and Harbor Workers’ Compensation Program, DOD, the Department of State, and the United States Agency for International Development (USAID) developed a legislative reform proposal in response to the 2009 DOD Report to Congress. The proposed legislation, called the Overseas Contractors’ Compensation Act (OCCA), was submitted by DOL with the FY 2014 President’s Budget.

The goal of OCCA was to provide a more efficient and effective workers’ compensation system that delivers benefits more promptly, fairly and more cost effectively than the DBA and the War Hazards Compensation Act (WHCA) systems currently allow. Originally estimated to save over $1 billion over 10 years, OCCA has not been included in subsequent DOL budget requests, but continues to be subject of interest. Recent evaluations of the savings estimates and projected contractor levels indicate legislation to implement government self-insurance for overseas contractors is still a viable option and could be reconsidered for future President’s Budgets.
In the absence of OCCA, stakeholders will continue to purchase DBA insurance through a very small number of insurance carriers, who are able to charge more for premiums as competition in the market shrinks as a result of the military drawdown. To alleviate some of these costs, agencies can apply for DBA waivers, if the country where work is being performed offers comparable benefits to the DBA.

**Final Rule – Electronic Transmission of Documents:** Recent changes in the Longshore program include an IT modernization effort that required new regulations in FY 2015, allowing for the electronic transmission of documents despite the statute’s prescriptive language regarding communications through paper documents and traditional mailing procedures. In the past, stakeholders were required to submit most program related documentation in hardcopy format via the Postal Service. However, since FY 2015, stakeholders (claimants, employers, insurance carrier representatives, plaintiff and defense attorneys, medical providers, etc.) can file most forms and supporting documentation electronically through the Secure Electronic Access Portal (SEAPortal). By accelerating the delivery of documents to the Longshore staff, the claims examiners may intervene sooner to assist with resolution of outstanding issues. The 2015 regulations also allowed stakeholders to waive their right to service of Compensation Orders through the U.S. Postal Service and instead opt for electronic delivery.

**Black Lung Program**

**Final Rule – Disclosure of Medical Information and Payment of Benefits:** On April 26, 2016, OWCP published a final rule revising certain regulations to resolve procedural and other issues that have arisen in administering and adjudicating claims under the Black Lung Benefits Act. The final rule: (1) requires all parties to exchange any medical information about the miner that they develop in connection with a claim, even if the party does not intend to submit the information into evidence, and allows for sanctions for failure to comply; (2) clarifies coal mine operators' obligation to pay effective benefits awards during post-award modification proceedings; (3) clarifies that a physician's supplemental report is a continuation of the physician's earlier report for purposes of the evidence-limiting rules; and (4) allows the department to fully participate in claims adjudications after the liable coal mine operator stops participating because of adverse financial developments, such as bankruptcy or insolvency.

**Final Rule – Digital X-Rays:** On April 17, 2014, OWCP published a final rule adopting standards for administering and interpreting digital radiographs for the Black Lung Program. The new rule enables physicians who perform diagnostic testing of miner-claimants to use more modern medical technology to conduct a complete pulmonary evaluation. The rule allows film and digital chest X-rays to be given equal importance in claims adjudication. Physicians use chest X-rays as a tool to evaluate whether a miner suffers from pneumoconiosis, commonly known as black lung disease. Prior to this rule, the standards for administering and interpreting chest X-rays addressed only film radiographs. But film-based technology is rapidly being replaced by digital radiography in medical facilities, and the number of physicians conducting diagnostic testing with older equipment has declined. The revised rule provides quality standards for digitally acquired X-rays and allows film and digital X-rays to be given equal importance in claims adjudication.

**Final Rule – Byrd Amendments:** On September 25, 2013, OWCP published a final rule implementing amendments to the Black Lung Benefits Act passed by Congress in 2010.
called the Byrd Amendments after their sponsor, the late Senator Robert C. Byrd, the amendments re-instate two provisions regarding coal miners' and survivors' entitlement to benefits that had been eliminated in 1981. The first amendment mandates a presumption of total disability or death caused by pneumoconiosis for coal miners who worked for at least 15 years in underground (or comparable surface) mining and who suffer or suffered from a totally disabling respiratory impairment. The second amendment provides automatic entitlement for eligible survivors of miners who were themselves entitled to receive benefits as a result of a lifetime claim. The re-instated amendments are 30 United States Code 921(c)(4) and 30 U.S.C. 932(l); and they are contained in Section 1556 of the Patient Protection and Affordable Care Act and apply to claims filed after Jan. 1, 2005, that are pending on or after March 23, 2010. In addition, the rule eliminates several unnecessary or obsolete provisions in accordance with Executive Order 13563.

Weighing Chest X-ray Evidence - On October 30, 2013, the Center for Public Integrity (CPI), along with ABC News, produced investigative reports highly critical of the x-ray interpretations performed by Dr. Paul Wheeler, an Associate Professor of Radiology at the Johns Hopkins Medical Institutions, in connection with Black Lung claims. The CPI report in particular indicated that, since 2000, Dr. Wheeler had never once, in more than 1,500 Black Lung claims and 3,400 x-ray readings, interpreted an x-ray as positive for complicated pneumoconiosis. In response to these reports, Johns Hopkins immediately began an internal investigation and suspended the black lung x-ray reading program. As part of our efforts to assist claimants who may have been impacted by the use of evidence submitted by Dr. Wheeler, OWCP issued BLBA Bulletin No. 14-04 on June 2, 2014, which provided for the modification of 85 claims and the submission of a new claim for nearly 1,000 claims affected by Dr. Wheeler’s findings in accordance with the provisions of Section 725.415(b) of the BLBA.

NIOSH/OWCP Joint Quality Control Initiative – The B Reader Quality Assurance (QA) Program was established by a Memorandum of Understanding between OWCP and the Department of Health and Human Services, Centers for Disease Control and Prevention, National Institute for Occupational Safety and Health (NIOSH) on September 24, 2015. The QA program is a joint effort focused on ensuring the consistent classification of chest radiographs in Black Lung claims. The joint initiative ensures that B Readers are performing classifications accurately, without bias, and based solely on radiographic findings.

Energy Program

Site Exposure Matrix: The Site Exposure Matrix (SEM) is a relational database used by the Energy program to adjudicate Part E claims. It includes lists of toxic substances used at Department of Energy facilities and associated health effects from exposure to those substances. SEM is a key resource for assembling customized toxic substance exposure data to determine compensability for Part E claims; users can filter data to identify toxic substances with a known health effect by different criteria including job category, work process or building locations. There are now 16,705 toxic substances in SEM categorized by operational presence at different Department of Energy facilities that have been involved with atomic weapons production. SEM has been in use since March 2006; a publicly available version has been accessible since March, 2007.

Guidance – Interaction with the National Institute for Occupational Safety and Health (NIOSH): In March 2016, the Energy program published procedural guidance for staff concerning
a new method of interacting with NIOSH in response to claimant questions or concerns regarding
the application of an occupational radiation dose reconstruction in determining
compensability. Given NIOSH’s regulatory authority and health physics expertise, it can provide
significantly enhanced technical responses to claimant concerns about the methodology applied in
the assignment of occupational radiation dose. The new procedure allows for more transparency in
the science applied to determine claim compensability and offers improved claimant understanding
of factors considered in making claim decisions.

**Bulletin – Authorization to Obtain Earnings Data from the Social Security Administration:** On
October 15, 2014, the Energy program published EEOICPA Bulletin No. 15-01 to provide guidance
on obtaining expedited earnings data from the Social Security Administration (SSA). After several
collaborative meetings between OWCP, SSA and the Internal Revenue Service, an agreement was
reached which eliminated the requirement for wet claimant signatures on the earnings request
form. This has significantly reduced the timeframe for adjudication of some claims. Agreement was
also reached for OWCP to submit earning data requests via digital fax. The program continues to
work with SSA to establish a mechanism for receiving the data electronically, and to implement
similar changes for other OWCP programs.

**Major Grants and Contracts**

OWCP administers 60 contracts for IT, equipment, and various services that total more than $96
million annually. In addition, OWCP administers 12 medical services contracts totaling over $16.4
million annually. OWCP is working with the DOL Office of Procurement Services (OPS) on
several major contracts including:
Audits and Reports

Office of Inspector General Audits

The Office of Inspector General (OIG) generally conducts several OWCP audits each year. Currently, the OIG is conducting two significant audits which may require Secretarial or Departmental action in the first 90 days:

- **OWCP Management of Pharmaceutical Benefits** – initiated June 2016: The OIG is reviewing OWCP’s management of pharmaceutical benefits. At this time, the OIG is focusing on FECA program’s management of compounded drugs.

- **OWCP Procedures for the Selection of Physicians to Perform Second Opinion and Impartial Referee Medical Examinations** – initiated June 2016. The OIG is reviewing OWCP’s procedures surrounding second opinion and referee medical examinations. At this time, the OIG is focusing on the FECA program.

In addition, the OIG has completed a number of audits over the past three years including:

- **OWCP and ECAB did not Monitor the Representatives' Fees Process to Protect FECA Claimants from Excessive Fees**, 03-16-001-04-431 (March 31, 2016)
- **Alert Memorandum: Vulnerability in OWCP FECA Bill Pay Processing System**, 50-15-002-07-725 (July 28, 2015) – Note: this audit is not posted on DOL’s internet site due to inclusion of sensitive security/access information.
- **Longshore and Harbor Workers' Compensation Act Special Fund Audit**, 22-15-004-432 (March 26, 2015)
Management

Information Technology

*Opportunity:* OWCP Workers’ Compensation System (OWCS): OWCP’s four workers’ compensation programs are funded by separate appropriations and serve different claimant populations. Because of this, each program developed its own unique claims processing systems to address its specific needs. Two of the programs’ systems have been in operation for approximately 15 years, well beyond the normal lifecycle for a major application. OWCP spends approximately $26 million per year in maintenance costs for all the major applications. New methodologies and tools are now available that would allow OWCP to more effectively and efficiently manage its IT resources. In FY 2016, OWCP received funding to replace its legacy systems with a single application platform, in order to:

- Reduce claims errors;
- Realize savings through faster payments of claims;
- Reduce the need to recalculate benefits;
- Eliminate redundant processes;
- Reduce the time required for data entry;
- Reduce claims examiner workloads and
- Increase potential expansion of workplace flexibilities;
- Reduce program maintenance costs;
- Successfully transition specified applications, solutions, and services to the Cloud; and
- Consolidate and simplify application and service management and monitoring in the Cloud that is cost-effective, secure, and support Agile IT management.

*Challenge:* Experiencing challenges to mission accomplishment from IT services and costs following the DOL IT consolidation that began in FY 2012.

Employee Engagement

OWCP’s Strategic Plan includes a dedicated goal addressing our commitment to recruit, develop, engage, and retain an exceptional workforce for the agency. Based on employee feedback,
including the results of the annual Employee Viewpoint Surveys (EVS), OWCP is focusing its efforts on improving employee satisfaction in the following areas:

- **Leadership and Communication:** OWCP encourages participation in leadership learning opportunities including the Repository of Opportunities and Details (ROAD) and the Presidential Management Committee Inter-Agency Details. OWCP also publishes a quarterly newsletter and conducts periodic town hall meetings around the country to share leadership perspectives and agency priorities.

- **Training:** OWCP encourages its employees to take advantage of the DOL’s policy allowing 40 hours of training each year and to create individual development plans. In FY 2016, the agency set aside $800,000 for training including office-wide and program-wide training offerings. OWCP also created two new agency-wide positions: a Chief Learning Officer and Program Specialist focused on training. These positions will manage OWCP University, provide a consistent approach to training, and enable OWCP to offer agency-wide training.

- **Innovation:** OWCP expanded access to collaborative tools (SharePoint, Skype, others) to collect ideas and suggestions and to invite conversation. OWCP also encourages employees to use DOL’s IdeaMill and reviews and shares all suggestions with staff.

- **Recognition and Rewards:** OWCP continues to recognize employees who significantly contribute to the mission of the agency throughout the year and allotted $75,000 in FY 2016 for On the Spot cash awards, time off awards, and STAR awards. The agency also is developing Challenge Coins as another option for supervisors to recognize employee contributions.

### Calendar

**January**

**Energy Program**

- **Town Hall Meetings** regarding medical benefits for claimants, physicians, and home health care providers in Simi Valley and San Bernardino, CA, including a Joint Outreach Task Group town hall meeting for claimants.

**February**

**FECA Program**

- **Return-to-Work Council:** A forum for representatives from the 14 Executive Branch Departments and Agencies and the United States Postal Service to share challenges and best practices for returning injured/ill employees to work.

**March**

**Black Lung Program**

- **Annual National Coalition of Black Lung Respiratory Disease Clinics (NCBLRDC) Meeting:** On an annual basis, the NCBLRDC meet in Washington DC to discuss issues associated with
the diagnosis and treatment of black lung disease. The Department of Health and Human Services’ Health Resources and Services Administration and DOL’s Mine Safety Health Administration, Office of the Administrative Law Judge, Benefits Review Board, and OWCP meet with the group to discuss safety and prevention initiatives, medical training programs; black lung claims processing, the appeal process and outreach.

**Energy Program**
- **Energy Annual Stakeholder Meeting:** Annual meeting with the claimant advocate organizations

**April**

**Longshore Program**
- **DBA Roundtable:** An interagency meeting held semi-annually (April and October) to discuss current trends and topics related to the work of overseas contractors and the DBA. Regular attendees include the Departments of State, the Department of Defense, U.S. Agency for International Development, U.S. Army Corps of Engineers, and the Central Intelligence Agency.

**Energy Program**
- **Advisory Board on Toxic Substances and Worker Health Meeting:** An Advisory Board meeting is likely to occur in the March – April 2017 timeframe (not yet scheduled; must meet at least twice per year).

**May**

**Black Lung Program**
- **Annual National Council of Compensation Insurance (NCCI) Conference.** Annually, the NCCI holds a workers’ compensation-based symposium attended by insurance carriers, surety bond companies, third-party administration providers, legal counsel, and state workers compensation professionals. The purpose is to provide workers’ compensation executives with information, data, and perspectives on how to better manage tomorrow’s increasingly complex workers’ compensation system. The conference focuses on recent state and federal legislation and how it affects insurance business, market trends affecting workers compensation, medical cost containment and healthcare costs.

**FECA Program**
- **Interagency Meeting:** This semi-annual meeting, held in the spring and fall, is for federal employing agency personnel responsible for managing workers’ compensation claims. FECA program experts share policy, programmatic, and operational updates and respond to questions.

**June**

**Black Lung Program**
- **Annual Pipestem Conference:** Annually, Black Lung program managers meet with professionals who are working on becoming experts in pulmonology and occupational lung
disease to ensure effective services for coal miners and their families. The discussion centers on new Black Lung program initiatives; economic factors associated with the mining industry; rule making matters, similarities and differences in state and federal compensation programs; latency in coal mine disease; the spectrum of respiratory diseases caused by coal mine dust; and confounders, complications and co-morbid illness in patients with coal mine dust lung disease.

**FECA Program**

- **Annual Federal Workers’ Compensation Conference:** This conference is coordinated by the non-profit Chesapeake Health and Education Program and is usually held in June or July. FECA program staff and attorneys from the Office of the Solicitor participate, teaching courses on the FECA program and serving on panels.

**September**

**Black Lung**

- **Annual National Coalition of Black Lung Respiratory Disease Clinics (NCBLRDC) Meeting:** Annually, the NCBLRDC meets to describe the burden of respiratory disease, review the latest medical and epidemiological research about the relationship between coal dust exposure and other diseases; share best practices and discuss new Black Lung program initiatives including recent regulatory changes. These conferences are intended for OWCP, the Health Resources and Services Administration, the Mine Safety and Health Administration, the Office of the Administrative Law Judge, the Benefits Review Board, primary care providers, health care personnel, mine workers, attorneys and others involved in or interested in occupational medicine, particularly as related to coal mine dust lung disease.

**October**

**FECA Program**

- **Interagency Meeting:** This semi-annual meeting, held in the spring and fall, is for federal employing agency personnel responsible for managing workers’ compensation claims. FECA program experts share policy, programmatic, and operational updates and respond to questions.
- **Annual Meeting with Labor Unions:** The FECA program meets annually with labor unions in the fall.
- **Energy Program**
  - **The Advisory Board on Toxic Substances and Worker Health:** An Advisory Board meeting is likely to occur in the October 2017 timeframe (not yet scheduled; must meet at least twice per year).
TAB 4: BUDGET

BUDGET AUTHORITY AND FTE SUMMARY

Agency Budget Overview
The Office of Workers’ Compensation Programs’ (OWCP) national office consists of the OWCP Director and Deputy Director, the directors and staff of four program divisions, and directors and staff of two administrative divisions. Six OWCP Regional Directors manage and direct the operations of district and field offices nationwide.

The funding accounts managed by OWCP are discussed below.

FEDERAL PROGRAMS FOR WORKERS’ COMPENSATION
BUDGET AUTHORITY AND FTE SUMMARY

(Dollars in millions)

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Salaries and Expenses (S&E) Federal Programs for Workers’ Compensation (FPWC):
Provides funding, through direct appropriation and transfers from Trust Funds, for the administration of the Federal Employees Compensation Act (FECA), Longshore Harbor Workers Compensation Act, and for OWCP’s administration of the Black Lung Disability Trust Fund (BLDTF) and claims filed under Part C of the Black Lung Benefits Act (BLBA).

Upcoming Issues
- The DCMWC account has been subject to Sequestration each year since it began in FY 2013. The BLDTF is a mandatory account and that includes its administrative funding, which is the DCMWC account. Annual Sequestration reductions have made it increasingly difficult for the program to keep pace with operational and inflationary cost increases, eroding its ability to achieve its mission with each passing year. The other activities in FPWC are discretionary and were only subject to Sequestration in FY 2013.

- Steps have been taken by OWCP to unify their claims processing systems. OWCP requested and received funding for this effort in FY 2016. Work will begin on the claims processing system beginning in FY 2017 due to a delay in contract awarding in FY 2016.
Special Benefits (SB): Finances payments to Federal civilians and Longshore and Harbor Workers and their dependents for work-related injuries and illnesses. Under legislative amendments to extensions of FECA, benefits are also paid to certain groups such as War Hazards claimants, non-Federal law enforcement officers, Job Corps enrollees, and certain federally supported volunteers. The Special Benefits account also provides for FECA program administration using “Fair Share” funds collected pursuant to FECA Section 8147 (c) from 23 non-appropriated agencies, including the Postal Service, with each paying a pro rata share of the Office of Workers’ Compensation Programs’ (OWCP) cost to administer FECA claims filed by their employees. This fund is financed by appropriations from Congress that are used to pay current FECA benefits and that are ultimately reimbursed by Federal agencies through the chargeback process.

Upcoming Issues
- Over the past few years, the FECA program has seen a sharp escalation in opioids and compound drugs costs and OWCP designated the issue as a chief enterprise risk requiring immediate improvement to program integrity controls. These cost increases have drawn the attention of Congress, with the House Education and Workforce Committee, House Oversight and Government Reform Committee, and Senate Health, Education, and Labor Programs Committee all requesting briefings to discuss the program integrity controls being implemented by OWCP to address the problem.
- OWCP has developed a plan to implement controls and process changes to the authorization of prescription compound and opioid drugs on the FECA program.
- Discussions regarding a plan to address opioids are ongoing. OMB set up a meeting with DOL and key individuals from other agencies and other policy experts to discuss their experiences and advice.
- Implementation and operational costs to address the compound drug issue total approximately $2.7 million over and above the funding requested in the FY 17 President’s budget, and this was the total of the technical adjustment request submitted to Congress in August 2016.
- The action plan will reduce reimbursements for generic drugs, limit initial prescriptions for compounded drugs to 90 days, require use of a universal claim form to improve tracking of compounded drugs, and require a letter of medical necessity for compounded drug refills before 90 days.
ENERGY EMPLOYEES OCCUPATIONAL ILLNESS COMPENSATION PROGRAM
BUDGET AUTHORITY AND FTE SUMMARY
(Dollars in millions)

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Energy Employees Occupational Illness Compensation Program Act (EEOICPA): Part B and Part E funding provides compensation to DOE employees and their survivors, as well as contractors, for illness or death stemming from work in the DOE nuclear weapons complex. Funding is also provided for the associated administrative costs of the program.

Upcoming Issues
- The EEOICPA account will continue to incur Sequestration of its administrative accounts for the foreseeable future. These reductions make it difficult to absorb inflationary and operational cost increases, making it increasingly difficult for the program to achieve its mission of administering benefits under EEOICPA.

SPECIAL BENEFITS FOR DISABLED COAL MINERS
BUDGET AUTHORITY AND FTE SUMMARY
(Dollars in millions)

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Special Benefits for Disabled Coal Miners (SBDCM): Finances income maintenance to miners suffering from Black Lung disease and eligible survivors for claims filed under Part B of the BLBA between December 30, 1969, and June 30, 1973, and associated administrative costs.

BLACK LUNG DISABILITY TRUST FUND
BUDGET AUTHORITY AND FTE SUMMARY
(Dollars in millions)

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Black Lung Disability Trust Fund (BLDTF): Established under the Black Lung Benefits Reform Act of 1977 to provide for payment of Part C benefits (income maintenance and medical payments
to miners suffering from Black Lung disease and eligible survivors), administrative expenses, and interest on repayable advances. The Black Lung Disability Trust Fund (BLDTF) is jointly administered by the Secretaries of Labor, Treasury, and Health and Human Services and provides for payment of benefits, administrative expenses, and interest on advances related to the operation of the program. Resources for the Trust Fund are derived from: an excise tax on each ton of coal sold or used domestically; reimbursements from responsible mine operators for interim payments; interest, fines and penalties assessed to responsible mine operators; and short-term advances from the Treasury. Within DOL, there is an administrative component and a payment of benefits component. OWCP, Departmental Management’s (DM) Solicitor and Adjudication activities, and the Office of the Inspector General (OIG) all receive funding to support and oversee the administration of BLDTF benefits. Additionally, a small amount is paid for Treasury administrative costs.

**Upcoming Issues**

- The financing of the BLDTF has been discussed extensively. In recent years, the payments of interest on the bonds and advances that are used to fund the BLDTF have increased substantially. In FY 2017 or FY 2018 the payment of bond interest is projected to surpass the payment of bond principal, and is projected to continue increasing further.

- Since FY 2013, the administrative funds for BLDTF have been subject to sequestration. The Department requests restoration of sequestered funds each year in the President’s Budget, but the account still operates at a sequestered level in the current year. In FY 2016 BLDTF was sequestered at 6.8 percent resulting in a reduction of $2.4 million for OWCP’s administrative funds.

**OWCP also has accounting responsibilities for the following:**

**The Panama Canal Commission (PCC) Compensation Fund:** Established to provide for the accumulation of funds to meet the Commission’s FECA workers’ compensation cost obligations that extend beyond the dissolution of the PCC on December 31, 1999, under the Panama Canal Treaty of 1977. This Fund was established in conjunction with the transfer of the administration of the FECA program from the Commission to DOL (OWCP) effective January 1, 1989.

**The Special Workers’ Compensation Fund:** Consists of amounts received from employers pursuant to an annual assessment of the industry and for the death of an employee where no person is entitled to compensation for such death, and for fines and penalty payments under the LHWCA, as amended. Fund expenses include benefit payments in second injury cases, costs for vocational rehabilitation services to injured workers, and benefits for cases involving insolvency or other circumstances precluding payment by the employer.

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TAB 5: AGENCY PERFORMANCE

The Federal Employees’ Compensation Act program focuses on getting federal employees back to work after a work-related injury or illness, where there is no permanent disability. As a measure of performance in this area, the program measures the percentage of non-postal employees of 14 executive branch federal agencies and departments who return to work within two years. The percent of federal employees (excluding employees from the United States Postal Service) returning to work decreased slightly from 92 percent in fiscal year (FY) 2012 to 89 percent as of the third quarter of FY 2016. The percent of postal employees returning to work has increased from 80 percent in FY 2013 to 88 percent as of the third quarter of FY 2016.

The Longshore program primarily measures itself on processing time for resolving disputes with the private insurers that provide benefits to injured workers. Longshore brought down the average number of days to resolve disputed issues from 122 days in FY 2012 to 76 days as of third quarter of FY 2016.

The Black Lung program measures its processing time and productivity in issuing Proposed Decisions and Orders (PDO) on cases. Although the average number of days to process Black
Lung claims rose from 262 days in FY 2012 to 337 days as of third quarter of FY 2016, the number of PDOs issued is projected to increase by 11% from 5,376 in FY 2015 to 6,100 for FY 2016. To improve decision quality for Black Lung claims, OWCP launched a pilot to develop supplemental medical evidence for a subset of claims and began conducting pre-decisional spot audits of all Black Lung PDOs in FY 2015.

The Energy Employees Occupational Illness Compensation program measures its timeliness and accuracy in adjudicating cases. The average number of days between filing date and final decision for cases not sent to the National Institute for Occupational Safety and Health when a hearing is not held fell from 177 days in FY 2012 to 169 as of third quarter of FY 2016.