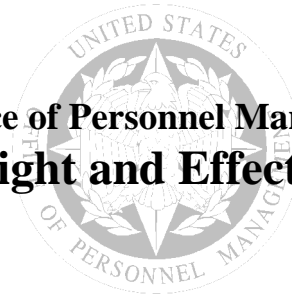


**U.S. Office of Personnel Management
Office of Merit Systems Oversight and Effectiveness**



Report of an Oversight Special Study
Workers Compensation Administration
Laboratory Site Study
1997

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I. EXECUTIVE SUMMARY

During Fiscal Year (FY) 1997, the Office of the Office of Merit Systems Oversight and Effectiveness conducted a special study to explore the premise that active interventions would enable agencies to improve all or part of their workers compensation programs. Fourteen organizations voluntarily participated as test laboratory sites for the study. We extend a special thanks to these organizations, whose cooperation and support were critical to the completion of this study.

The study was a follow-on to an earlier Office of Personnel Management (OPM) review of workers compensation. That study included a list of practices implemented at a few installations that appeared to improve administration of workers compensation programs. Based on that information and a subsequent survey of the installations originally reviewed to determine whether or not OPM recommendations for improvements had positive results, OPM decided it would be helpful to track deliberately implemented changes.

This study does that and reflects that targeted activities undertaken by agencies to address workers compensation administration issues often produce meaningful benefits and savings that far outweigh the administrative investment. In the several test sites that tracked savings/cost/cost avoidance, over \$3 million was saved with only a marginal expenditure of staff time and other resources. Conceivably, a broader application of specific interventions across the Federal government could produce savings totaling several hundred million dollars.

Specifically, the intervention results support the following conclusions.

- Focusing on prevention of specific types of injuries that occur at an installation creates an atmosphere of awareness that fosters increased safety, leading to fewer injuries and lower workers compensation costs.
- Top management leadership and support is critical to establishing the control of workers compensation costs as an organizational priority, particularly during periods of downsizing and organizational change.
- The more informed supervisors and employees are concerning workers compensation procedures, the more likely an injured employee's return to work can be expedited.
- Early and sustained injury and case follow-up can be a deterrent to long-term disability incidents and higher workers compensation costs.

- Aggressive identification of light duty assignments is effective in returning injured employees to a productive state, thus reducing the likelihood of long-term disability claims.
- The more engaged Program Coordinators and other responsible officials are in program implementation and monitoring the program, the greater the payoff.

On a less positive note, the problem of inadequate cost tracking or of failing to provide that information to appropriate management levels continues to plague efforts to sensitize managers to the enormity of the cost of this program across the Federal government, and the direct budget impact on the employing organization. Managers remain unaware of the provisions for charging back workers compensation costs and the resultant budget impact on their organization. The current tight budget environment presents an obvious incentive for agencies to focus time and attention on workers compensation issues and the importance of making the required investment of time and resources to contain costs.

Agencies wishing more information about specific interventions contained in this report may contact OPM's Atlanta Oversight Division at (404) 331-3451.

II. INTRODUCTION

ENVIRONMENT

In FY 1994, OPM conducted a nationwide study at 155 Federal installations to determine the status of the internal administration of workers compensation programs in Federal agencies. Some installations were conducting very effective programs while others, for a variety of reasons, failed to take steps which could enhance the program and save money. With \$2 billion expended annually by Federal agencies in medical and compensation benefits for workplace injuries and illnesses, this area is a prime target for administrative improvements.

In March 1996, OPM published the findings of the FY 1994 study along with an appendix describing a number of practices which installations reported were working effectively in their organizations. A few installations had tracked improvements based upon those practices, but for the most part no concrete data were available. OPM also made recommendations for improvements at many installations visited but had no information regarding the effectiveness of those recommendations.

The 1994 study found that agency managers and employees tend to blame the high cost of workers compensation on the current statutory requirements and the regulatory and processing requirements of the Department of Labor's Office of Workers Compensation Programs (OWCP). Although statutory requirements will continue to siphon large amounts of agency dollars into long term disability payments, the published findings of the 1994 study included many ways that agencies can take positive steps to save millions of dollars currently lost to inefficiencies within their own programs.

OPM resurveyed all installations where recommendations had been made in the 1994 study. These installations were asked whether they implemented any of the recommendations and what, if any, effect the implementations had on their program. At 49 installations, a total of 78 recommendations were implemented and a reported 48 of those resulted in improvements. Results were mixed in terms of dollars saved, with half of the installations reporting a decrease in costs, about ten percent reporting no change, and the rest reporting an increase. In most cases the installation had no way of determining whether the savings or additional costs were related to the intervention or caused by some other factor. As a result of OPM's initial study, a bureau component of one agency decided to take a closer look at its administration of workers compensation, implemented a number of changes, assumed workers compensation responsibility for the bureau nationwide, and reported that in a two-year period the bureau measured over \$180 million in immediate and long-term savings.

EVALUATION PLAN

Beginning in FY 1997, as the final phase of the project, OPM undertook a joint study with a number of volunteer installations from several different agencies to identify, implement, and measure discreet interventions to determine to what extent various interventions actually affected claims, cost, productivity, or return to work rates. OPM hoped that the information obtained could be used by other agencies to help them identify interventions that would help lower the cost of their workers compensation programs. Nineteen laboratory sites were originally identified. For a variety of reasons, several dropped out before completion of the study; however, 14 laboratory sites implemented or attempted to initiate one or more interventions. The results are described in this report.

Merit Systems Oversight staff worked with each of the participating installations to ensure that the selected interventions were in keeping with the objectives of the study, to determine the availability of data from which to measure and compare the effects of the interventions, and to gather and analyze the data resulting from those measures. Measures recorded are intended to provide information useful for each intervention. OPM found early on that an attempt to gather identical measures for each intervention was not feasible primarily due to differences in the ways that agency systems attempt to capture workers compensation information. Data were gathered at the beginning of the project, approximately 6 months into the study, and at the end of the one-year study.

DATA SOURCES

In addition to the measures described, OPM also conducted group interviews with supervisors and employees at each installation where interventions were implemented. The purpose of the interviews was to determine what, if any, impact the intervention(s) had on the perceptions of both groups regarding the workers compensation program. OPM followed up with supervisors and employees at the mid-point of the study and again at the end of the study. Related Central Personnel Data File information was also reviewed and OWCP provided data on workers compensation costs by agency for comparative purposes. OPM reviewed literature on the subject to understand the differences between Federal and non-Federal workers compensation programs and reviewed the information available via OWCP's Internet web site. Overall, OWCP was very helpful in providing data and updated information on operational improvements as they affected this study.

III. WORKERS COMPENSATION STUDY RESULTS

MERIT SYSTEM PRINCIPLES

This special study relates to the following merit system principle:

- *Manage employees efficiently and effectively.*

EXPECTED OUTCOMES

This special study was conducted based upon the following projected outcomes:

- Installations investing in improvements to the administration of workers compensation programs should recoup both time and money in excess of the investment.
- Employee and supervisory perceptions of workers compensation programs will change as a result of the laboratory site interventions.
- As a result of the study, agencies will have more accurate information to determine what interventions may be most effective in their environments.
- As a result of the study, agencies will be able to use lessons learned to avoid some potential pitfalls when implementing changes to the administration of workers compensation programs.

FINDINGS

The participating lab sites employed a variety of intervention techniques tailored to their specific interests. Generally the techniques fell into the following major categories:

- Injury Prevention
- Controlling Long-term Disabilities
- Improved Usage of Light-duty Assignments
- Improved Communications and Guidance
- Resourcing

Individual interventions are discussed in the next section. OPM agreed not to attach the installation name to the intervention since the purpose of the study is to evaluate the intervention, not the installation. This decision gave installations the ability to participate without concern that an unsuccessful intervention might be viewed as an agency failure. A list of the installations participating may be found in Appendix A.

Injury Prevention

Although the most successful monetary interventions in this study appear to be those involving returning long-term beneficiaries to work or removing those who no longer meet the requirements for benefits, injury prevention is truly the most cost effective measure that can be taken to reduce disability benefits.

Injury prevention is particularly important during any period of downsizing. Preliminary information from one agency indicates that workers compensation claims increased during downsizing. This study was not designed to follow-up on that information, but the indications are worthy of noting. If that information is verified, close attention to safety and workers compensation during such periods should be an essential part of the downsizing process. Long-term disability payments continue even when the installation closes and must be absorbed by some part of the agency.

Long range prevention savings are more difficult to capture since a decline in injury rates can only be captured for one year at a time; however, the one laboratory site concentrating on injury prevention experienced a real downturn in rate of back injuries that will have a long term effect. Efforts to improve ergonomics resulted in fewer lost workdays, accidents, and claims involving back injuries. At Laboratory Site 8, an ergonomics team initiated activities to inform the staff of preventive measures and also purchased special lifting devices. This would appear to be a worthwhile initiative for any installation where heavy lifting is part of the job.

Controlling Long-term Disabilities

In terms of current expenses, the biggest payoff is in controlling long-term disabilities. Laboratory Sites 1 and 2 in the same agency planned to implement the same interventions dealing with employees on long-term disability rolls using investigative follow-up methods. At one laboratory site the interventions were implemented with very positive results. The first installation was able to remove an employee from the long-term rolls and ultimately from his position with the installation. The laboratory site estimated that it would ultimately save over \$1,400,000, based on the assumption of keeping the employee on the agency rolls until death. At the other laboratory site, the entire workers compensation operation was in a state of transition, and the intervention was not implemented despite the fact that OWCP staff recently identified a number of long-term recipients who may be on the rolls erroneously.

Most agencies could reduce program costs significantly by actively pursuing long-term disability cases. Several laboratory sites implemented actions intended to reduce the number of employees on the long-term disability rolls. Laboratory Site 3 implemented several actions related to removing employees from long-term rolls and reported eight cases dropped from the rolls. Projected savings over time are expected to be significant. Using the current average rate of pay for Federal employees and the lowest possible benefits cost, this is a

savings of approximately \$125,000 in one year. Assuming most employees would live at least an additional 15 years, this installation will save in excess of \$1.8 million on these eight cases.

Laboratory Site 5 also focused attention on 20 employees on the long-term rolls. While no employees have been removed during the study time frame, the laboratory site has several actions pending either to request that OWCP place these employees on the totally and permanently disabled rolls or to bring employees back to work. This installation anticipates that the intervention will prove to be very beneficial in the long run. Laboratory Site 8 implemented a similar intervention but did not have any immediate results from increased focus on the long-term recipients.

Improved Usage of Light-duty Assignments

Physical fitness requirements and the level of approval for deviations from agency-wide policy affected the outcome of certain interventions. Laboratory Sites 6 and 7, both in the same agency, chose implementations intended to permit a greater number of light duty assignments. Because of the need for all personnel to be able to handle emergency situations, a premium is placed on having personnel at work and functioning to their full capabilities. At both of the laboratory sites accidents and injuries are closely reviewed, and employees are encouraged to come back to work as soon as they are fully recovered. As a result, light duty assignments have been used very sparingly in the past. At one of the laboratory sites, where security is required at the highest level, they could not fully implement the intervention because of Headquarters policy. At the other laboratory site, where the level of security is at the medium rather than the maximum level, they reported that Headquarters had informed them that they could utilize light duty assignments.

Laboratory Site 10 was able to reduce the number of days employees were on light duty before they returned to regular duties, even though the number of employees needing light duty assignments increased. This laboratory site also attempted to improve their case follow-up system. In the opinion of the Program Coordinator, these efforts resulted in returning employees to work in some capacity more quickly and also placing them back in their permanent position sooner than in past years, thus contributing to containing workers compensation costs.

Improved Communications and Guidance

Organizations at all levels would benefit from tracking key workers compensation indicators and providing them to appropriate management officials on a systematic basis. OPM found a lack of uniformity in how the laboratory sites keep statistics, what statistics are kept, and the ability of laboratory sites to provide definitive measures of savings (or losses) that resulted from the intervention. Accordingly, the data provided for the study reflect the best efforts of the Program Coordinator at the installations to accommodate our requests but often do not allow for absolute measures of results. In some cases agencies maintain elaborate workers compensation measures but changes in the organization made retrieving the data difficult. The lack of adequate statistical measures useful to agency decision-makers and the difficulty our staff encountered in eliciting this information from the laboratory sites is worthy of note. Even when attempting to measure changes as a result of specific interventions, many installations either had inadequate data bases or insufficient access to necessary data.

More guidance to program staff and to supervisors can result in improvements that are less capturable in terms of monetary/staff savings but have an overall positive effect. Laboratory Sites 11 and 12 implemented interventions that involved expanded guidance. At Laboratory Site 11 guidance was primarily for agency staff in handling workers compensation cases. The site had significant success in reducing the average amount of time lost to workers compensation injuries. At Laboratory Site 12, the focus was on reducing the amount of time to complete claim forms and get them to the appropriate office. Such delays can result in disapprovals, loss of benefits, additional claims from injured workers, or complaints about the program and the program office. The intervention proved successful in cutting the time of submission by almost 50 percent.

Resourcing

Time and effort devoted to monitoring, administering, and implementing improvements to the workers compensation program ultimately result in far greater monetary and staff savings than the time and money invested. In an era of tight budgets and reductions in funding administrative functions, managers are missing an opportunity to save millions of dollars with a relatively modest investment. The results clearly indicate that by focusing on administration of the workers compensation program, an agency will save more money in the long run by avoiding injuries, bringing employees back to work in light duty positions as, at least, a temporary measure, and intensifying efforts to ensure that only recipients who belong on the long-term disability rolls remain there.

The amount of time available to the installation Program Coordinators to administer the program is not always adequate and resources that might be invested in resulting improvements to the program may have been redirected or are no longer available. A common thread, even among those laboratory sites with successful interventions, is that many

of the workers compensation programs are being affected by agencies' efforts to downsize administrative functions. As a result, many agencies and their component installations are administering the program with fewer resources. The results occurring from this study demonstrate the importance of retaining an active workers compensation/injury prevention program and reinforce the need for management commitment to ensure that the program is vigorously administered.

If the Program Coordinator is competent and conscientious about the workers compensation program (and if a system which appears logical to supervisors and employees is in place), employees and supervisors will generally perceive the organization's program in a positive light. In participating laboratory sites of one particular agency, the Program Coordinators at all but one site received high praise as did the overall installation programs, despite being in downsizing modes. The program at the remaining site was disorganized and in a state of major transition. Employees and supervisors were very dissatisfied with the effort at that installation. It is apparent from this experience that program weaknesses can and do result in perceptions, at least, of waste or abuse of the workers compensation program.

Other Intervention Techniques

At only two of the sites did interventions clearly result in changes in the perception of the program on the part of supervisors or employees. This finding does not fully support the expected outcome that perceptions would improve. Attitudes may change when the interventions have been in place for longer periods; however, OPM found that perceptions are based wholly on individual experience and are situational. Therefore, while attitudes may change over time, OPM concludes this expected outcome will not necessarily occur with a successful intervention.

Laboratory Site 14 had success in recovering money where a third-party settlement is involved. Third party cases involve situations where employees have successfully sued an outside party, and received a cash settlement. The employee is entitled to keep 20 percent of the award outright and the remaining 80 percent of the settlement payout is escrowed by OWCP to cover medical claims resulting from the employee's injury. OWCP is supposed to credit part of this escrowed amount to the installation, but, according to the Program Coordinator, credit has not always occurred for such cases at this laboratory site. This intervention could have wide applicability at any organization that is not currently recovering this money from OWCP.

A second intervention at the same organization encouraged employees to register for disability retirement to protect their future rights for this option. There is a potential for long-term agency savings from this option should workers compensation recipients move from the OWCP rolls which are funded by the agency to disability retirement which does not accrue additional direct agency costs, although there is an added burden in the retirement system.

The least successful of the implemented interventions occurred at Laboratory Site 13. A contractor was hired to handle workers compensation cases for the first 2 weeks following an injury and to provide intense case management in certain appropriate situations. The system did not prove workable with regard to those employees located in primarily blue collar segments of the laboratory site. The employees contacted the contractor but did not always inform their supervisors of the injury. Four of the injuries not initially reported to supervisors are being controverted. The contract was dropped at the blue collar portion of the organization in May 1997. While the same problem occurred to a lesser extent in other parts of the laboratory site, adjustments are planned and the agency is still endeavoring to make the system work.

IV. LABORATORY SITE INTERVENTIONS

Nineteen interventions were selected by the 14 laboratory sites. In a few instances more than one laboratory site chose the same intervention. The interventions and summary of results for each installation are as follows:

Laboratory Site 1

Intervention 1 - Pursuit of misdemeanor convictions of evident fraud claims

The laboratory site proposed to contract for “on call” compliance inspectors to review cases for administrative correctness and validity of the claim. They would coordinate inspector activities with OWCP and the agency Inspector General (IG) investigator and forward cases for prosecution in Federal Magistrate Court. Conviction could possibly result in a fine, jail, loss of Federal Employee Compensation Act benefits, and/or administrative removal of the employee from his or her position.

This installation already had an effective workers compensation program in place. They had a full-time employee in the Safety Office dedicated to the Workers Compensation program. The Safety Office had an aggressive, proactive program to return injured employees to work as soon as they are medically able to do so. They have been successful in constantly improving the workers compensation program at the installation since taking the program over from Civilian Personnel. They were able to assume control of the program during the major agency Human Resource function reorganization and leaving the function with the Safety Office occurred in lieu of transferring it to the consolidated personnel office located at a remote location. The Program Coordinator is fully responsive to the needs of the office’s clients as indicated in the employee and supervisory group interviews. In the opinion of the Program Coordinator, it is highly unlikely that transferring the function to a remote site would have resulted in nearly as much attention paid (and resulting successes) to the program as has occurred under local control.

In FY 1996, at this installation of 3,000, 4.1 percent of employees filed workers compensation claims. The installation controverted (an action in which the installation disagrees with a OWCP determination) 7 cases of which 6 were successful. Twenty-seven employees were on workers compensation during the period, and those employees missed a total of 378 days. Chargebacks (the amount the Department of Labor billed the installation for its OWCP expenses) came to \$1,076,924 during FY 1996.

Results

The installation used contract investigators to review case files and pursue fraudulent claims. One workers compensation recipient did plead guilty to fraud and was removed from his position and the workers compensation rolls. The site also successfully controverted six cases during the year. The removal action was publicized via the employee newspaper as a deterrent to other employees who may be tempted to abuse the system.

This action had major impact. The Program Coordinator indicated that: 1) fewer claims were filed as a result of publicity about the prosecution; 2) there has been less escalation from minor to major injuries during the year; and 3) cost savings from terminating the one employee are calculated at \$1,447,680.00 (based on the assumption that the beneficiary would otherwise have remained on the agency rolls in receipt of compensation and benefits until his death). Overall, according to the Program Coordinator, the number of injuries or occupational illness claims, the number of employees on Continuation of Pay (COP), and the number of COP days used all decreased significantly at this installation in FY 1997 compared to FY 1996.

Intervention 2 - Begin home visits

The activity decided to begin home visits by the program administrator, occupational health nurse, and compliance inspector to evaluate potential for return to employment, valid status of the employee, and potential abuse of benefits.

Results

The site incurred a delay in implementing the second intervention until mid-year. However, two visits have been made to long-term workers compensation employees. The two visits revealed that the employees may be running home businesses and there will be further follow-up on these employees. There were no statistics concerning this intervention at the end of the study period. Costs were limited to the time of the individuals who conducted the home visits; however, savings will be quite substantial if fraud and abuse is confirmed.

Laboratory Site 2

Intervention 1 - Pursue fraudulent claims

This organization planned to implement the same interventions as the first laboratory site in the study. They proposed to contract “on call” compliance inspectors to review cases for administrative correctness and validity, and to coordinate inspector activities with both OWCP and the IG investigator. They also intended to present cases for prosecution in Federal Magistrate Court. Conviction could result in fine, possible jail, loss of benefits and removal from the service.

This installation of 5,000 employees computed an FY 1996 claim rate of 33.7 percent. Over 25 percent of the workforce (1,321 employees) was out with a workplace injury or illness at some time during the year and those employees missed a total of 4,112 days. Chargebacks came to \$1,319,369.

Intervention 2 - Conduct home visits

This installation also planned to begin home visits by the program administrator, occupational health nurse, and compliance inspector to evaluate potential for return to employment, valid status of employee, and potential abuse of benefit.

Results

Neither of the interventions was implemented and the activity was unable to provide any indicators at the end of the study.

Representatives from the Jacksonville, Florida OWCP visited the activity October 28-30, 1997 and conducted training for managers and personnelists. The training covered such topics as the role of OWCP, role and responsibility of the supervisor, vocational rehabilitation, returning employees to work, and benefits under FECA. OWCP officials conducted several house visits and determined that a number of employees should return to work and be taken off OWCP rolls. OWCP is in the process of working with the activity to find jobs for these individuals.

Based on comments from the Program Coordinator, the fiscal and human resources to implement the interventions were not available. The installation still would like to keep implementation of the interventions as a goal; however, the facility has different priorities at this time. It is apparent that this program is in disarray without sufficient resources or apparent interest to reduce the monies being spent unnecessarily on workers compensation. Without OWCP's direct intervention, several cases would have remained on benefits rolls indefinitely.

Laboratory Site 3

Intervention - Offer suitable jobs to long-term disability cases when possible

The intent of the selected intervention was to engage in a short-term intensive effort—using a team approach—to make suitable job offers to all long-term disabled who are still employable. This short-term focus is intended to decrease program costs and take advantage of resources that may not be available during and after the FY 97 installation reduction in force. The long-term intent of this intervention is to institutionalize a continuing process that can be maintained with more limited resources.

Approaches included establishing a current profile of the employees on long-term disability to clarify what they are qualified to do within their current medical restrictions, matching abilities against existing vacancies, and restructuring positions wherever possible and appropriate.

During FY 1996, this installation of 2,100 computed a claim rate of 4.5 percent. The installation did not attempt to controvert any cases and was not able to provide data on the number of employees who lost work days or the number of days lost. Chargebacks came to \$846,349.

Results

The laboratory site reported realized savings for the period of December 1996 through July 1997 resulting from the intervention process as \$191,972. This resulted from eight cases involving long-term disability recipients being dropped from OWCP rolls. The dropped cases were comprised of:

- one employee who opted for voluntary retirement;
- one employee who opted for disability retirement;
- three employees who refused to accept positions within their physical limitations;
- one temporary employee who was found to be recovered by the treating physician; and
- two employees who were reemployed.

Not all savings will be realized immediately, but the results represent significant savings by the installation over the long-term, estimated at close to \$2 million. As a corollary result, management awareness of workers compensation programs increased.

Laboratory Site 4

Intervention - Improve the use of light duty assignments

The installation intended to compile an installation-wide inventory of light duty assignments, with the help of managers and supervisors, so that all injured employees may quickly be restored to productive work. The plan called for the installation head to sign a policy memo requiring injured workers, except those confined to bed rest, to return to work on a limited basis, as soon as possible. The light duty assignments would be customized to suit individual cases and be approved by the diagnosing physician.

Results

Because of other priorities, the installation was unable to implement the proposed intervention or provide data on key indicators of the OWCP program. The personnel staff has been depleted in anticipation of the regionalization that was scheduled in September 1997, and impacted staff are actively seeking employment elsewhere. Although the installation recognizes the importance of the program, taking the steps necessary to implement the intervention was placed on a lower priority. The activity still intends to activate the intervention and expects to achieve cost reductions as a consequence.

Laboratory Site 5

Intervention - Use home visits to assist employees in recovery

As a part of the overall agency interest in reviewing cases where employees are on long-term disability rolls, the installation focused attention on this group by using home visits to identify those employees who could be returned to work in some capacity. Once employees were identified, the Program Coordinator was tasked with working with management to find a suitable position to offer each employee.

This installation of 7,500 had 34 employees on the long-term disability rolls and chargebacks came to \$422,863 in FY 1996.

Results

In February 1997, a special committee was established to work on the planned intervention and supplement the work of the Program Coordinator. It identified and targeted 20 employees on the long-term rolls for return to duty in some capacity. Some of these employees were contacted through the home visit program and others were identified by a review of records.

Some positive results have occurred as a result of the intervention. Although no one has yet been brought back to work, the installation has made a request to OWCP to place some of the targeted employees on the totally and permanently disabled rolls, and, at the end of the study, an offer for a light duty assignment was about to be made to one temporary employee who was injured on the job. The committee continues to meet once a week and facilitates the management of current cases.

According to the Program Coordinator, this focused attention has had a positive impact on the program, primarily by increasing the timeliness in the submission of the original injury paperwork. It has also involved affected supervisors directly in the process of tracking the injured employees and encouraging the employees' return to work as soon as they are medically able to do so. In addition, the committee has taken steps to controvert cases where warranted, although they have not always been successful. They have also continued to make home visits and plan to continue to bring closure to appropriate long-term cases.

Laboratory Site 6

Intervention - Improve contacts with the attending physician

The installation decided to develop a letter to treating physicians requesting detailed information on the limitations placed on the affected employee as a result of the injury, the types of duties the employee could perform, and the anticipated length of recuperation. The Workers Compensation Intervention Nurse and the Safety Office were to identify candidates on a case by case basis. The goal of the letter was to return employees to work and minimize lost days.

The intent of the intervention was to determine what types of duties an employee could perform and if any positions at the facility exist where the employee could work without jeopardizing his or her safety or the safety of his or her co-workers. The installation hoped to get supervisors more actively involved in the process and to pursue all available options to get the employee back to work as soon as possible.

This installation of 750 employees computed an FY 1996 claim rate of 7.5 percent. The installation did not attempt to controvert any cases. Thirty-one employees were out on workers compensation during the year, and those employees missed a total of 378 days. Chargeback information was not available.

Results

The institution did not implement the intervention or initiate the physician's letter as a result of the agency headquarters' determination that the facility (which must provide maximum security due to the nature of its mission) could not offer limited or light duty positions within most parts of the installation.

Statistics for the period from FY 1997 compared to FY 1996 indicate a small increase in total injuries, lost time, and costs for FY 1997. These figures still appear to be comparatively low considering the nature of the work done at the installation and the fact that the institutional policy will not permit employees to return to work until fully recovered and able to perform the full scope of their duties.

Table 1	FY 1996	FY 1997
Total Injuries	53	56
With Lost Time	31	37
With No Lost Time	22	19
Cost of Lost Time	\$42,324	\$60,544

According to the Program Coordinator in the Safety Office, none of the lost time injuries during the pilot period met the criteria for expediting the employee's return to work. In order to meet the criteria, medical evidence must support a light duty assignment and the department must be able to accommodate a person on light duty. Over 50 percent of the lost time injuries occurred to employees assigned to positions and organizations within that portion of the facility requiring a fully operative employee. The other injuries did not lend themselves to the intervention. The Safety Office will continue to evaluate the possibility of exercising this option on a case by case basis.

Also, according to the Program Coordinator, until there is a change in institutional philosophy from the Headquarters level to permit wider latitude to the local institution to offer light duty work to appropriate injured employees, they will not be able to implement the physician's letter proposal or formalize light duty procedures, policies, and positions.

Laboratory Site 7

Intervention - Pursue Light Duty Assignments

Because of safety concerns, the installation had been operating under a long-standing policy of not returning injured workers to the job until they were fully physically able to perform their duties. As a result, costs for injuries were high because employees had to stay home for extended periods of time. A recent change in agency policy permits establishing limited-duty posts in certain locations within the facility. This change forms the basis for the planned intervention. The Program Coordinator hopes to reduce overall program costs by returning employees to light duty assignments instead of waiting until they are fully recovered and can return to their regular posts. The Program Coordinator was to identify a pool of possible limited duty posts requiring no direct contact with dangerous individuals, which could be used to return injured employees to duty. The new policy, communicated through a procedural memorandum, required each limited duty assignment to be a joint effort with the employee, his or her doctor, the supervisor, and the Program Coordinator.

This installation of 290 employees had 14 employees out on workers compensation during FY 1996, and those employees missed a total of 246 days. Only one employee returned to a light-duty assignment during that year. Chargebacks came to \$80,885.

Results

On March 17, 1997, the installation head issued a memorandum to all department heads at the institution that outlined the new policy changing the previous approach. The new policy had union concurrence and fully outlined steps to be followed in bringing workers back before they physically able to perform their regular duties. At the union's request, the policy was extended to include employees who were injured off-the-job.

The policy has not yet resulted in light duty assignments for employees with work-related injuries, because the few injuries that occurred since the policy was issued were minor and not serious enough to require more than a few days away from the job. All employees returned to work fully physically able to perform their full range of duties.

However, during the fourth quarter, five employees who were injured outside of work were able to take advantage of the new policy. All five were employees who suffered broken limbs, sprained muscles, or torn ligaments and would have been absent from work for weeks or months under the previous policy. Because they were permitted to return to limited-duty assignments, they were able to avoid the use of approximately 720 hours of sick leave. Further, the institution saved an estimated \$17,280 in what would have been overtime costs to fill behind those injured employees.

The intervention is considered by the Program Coordinator to be a success. Employees are able to return to work sooner, supervisors and managers are able to get work done by using partially recovered employees to fill actual positions performing necessary work, and overtime costs are avoided. Presumably, as future on-the-job injuries occur, the facility will realize significant savings in medical costs, Continuation of Pay costs, and avoidance of overtime costs, accomplished without any diminution of employee safety.

Laboratory Site 8

Intervention 1 - Aggressively investigate and review claims

Claims were to be reviewed by an Accident Review Board and referred for follow up by the IG if claims appeared suspicious. The Personnel Officer and the Program Coordinator indicated they did not anticipate that a large number of cases would be found to be suspicious—most likely about 5 percent. In those cases they would make use of the IG Pilot Project in which 9 installations are sharing the cost of an IG office. In suspicious cases, they anticipated removing employees from the workers compensation rolls by returning them to work or removing them from employment if the employees were unwilling to return.

Results

Representatives of the IG's office visited the installation and reviewed the cases in question but did not choose to pursue any individual cases. While no employees were removed from the compensation rolls as a result of this review, it is intended that further reviews will be made at a later date.

Intervention 2 - Concentrate efforts to improve ergonomics in an area of the facility where lifting injuries occur frequently

The second intervention made use of the agency's ergonomics experts already in place to work on a particular problem area within the installation where lifting accidents occurred frequently. Program officials anticipated that, with application of techniques and devices recommended by ergonomics experts, many of these accidents could be prevented.

Results

The Accident Review Board, the Ergonomic Team, and the newly assigned agency OWCP Liaison all worked on this intervention. The Accident Review Board added a member from the unit with the high rate of injuries to the group, and the Ergonomic Team initiated a number of efforts to improve their staffs' physical capabilities and knowledge of lifting and movement. The organization was also able to purchase special lifting devices designed to

minimize back injuries. The initial costs included \$240 for the 12 hours spent by an ergonomics expert studying the situation and \$33,889 for the 7 special lifting devices.

These actions led to a significant reduction in such injuries compared to the same time frame in FY 1996. Specifically, during FY 1997 there were 9 fewer lost-workday claims involving back injuries, reducing the cost of these injuries by \$15,967.00 over just this one year period.

Laboratory Site 9

Intervention - Utilize the Employee Assistance Program (EAP) counselor as a liaison with injured workers

The purpose of the intervention was to provide face-to-face liaison between the installation and injured workers during their time away from work in order to facilitate their return to work and to improve employee perceptions that the installation cares about them. Theoretically, personal contact with injured workers helps them feel needed and speeds their return to work.

Results

The installation has not implemented this intervention. The facility's point of contact indicated that the new installation head is not willing to utilize the EAP in this way. During the course of the year, OPM suggested that the Program Coordinator contact OWCP for guidance on the legal and regulatory implications of the intervention; however, the manager believes use of the EAP could be construed as harassment and is not interested in pursuing the intervention. As a result, the intervention to use EAP resources is unlikely ever to be implemented at this facility.

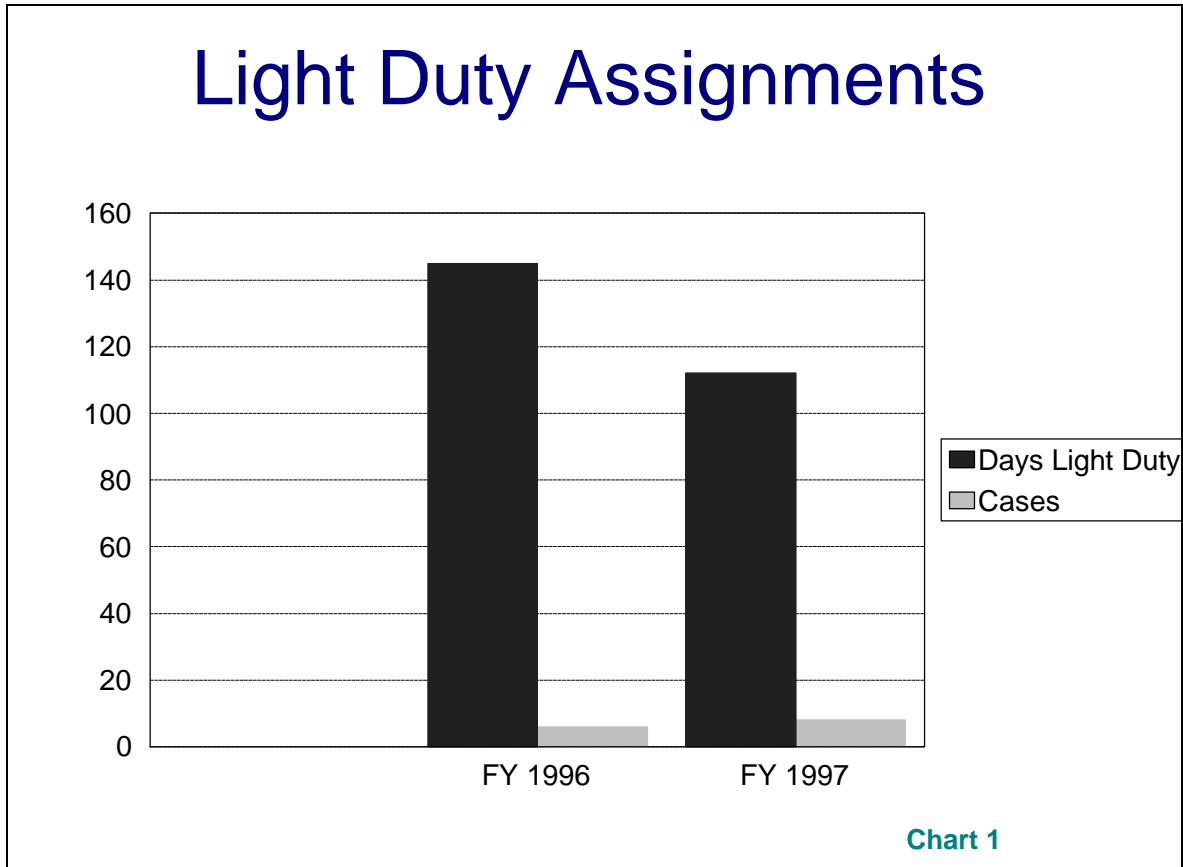
Laboratory Site 10

Intervention 1 - Implement a more aggressive light duty program

The activity planned to form an action team to address light duty issues to improve local program efficiency—returning employees to light duty as quickly as they were able and returning employees to regular duties on a part-time or full time basis as soon as recovery permitted.

Results

The number of light duty assignments increased from six to eight, while the total number of light duty days decreased from 145 to 112 in FY 1997. The graphic illustration below highlights the positive accomplishments by this installation in reducing light duty days.



In addition, the installation successfully returned an employee to regular duty but on a part-time basis. The staff member worked part-time, 4 hours per day, while recovering from carpal tunnel surgery. The employee is now recovered and returned to work full time. Without implementation of this intervention, the employee would have remained on workers compensation until fully recovered.

The combination of making positive efforts to assist employees to get back to work and providing light duty work increased productivity over the fiscal year. As was anticipated, added management attention to the light duty program and follow-up with employees contributed to containing the number of days lost while the number of employees off work increased by 33 percent during the year. Cost avoidance is difficult to estimate with only one year of experience to measure; however, the figures appear to support a positive outcome

both in terms of regular and light duty work days. Cost was limited to the staff time devoted to the action team.

Intervention 2 - Initiate early case follow up

This intervention was designed to begin early case follow-up by local program officials to express care, obtain employee status, and develop a rapport with injured employees. Early attention to the injured worker's needs and prognosis are believed to speed the employee's return to work and assist in the identification of possible temporary assignments or necessary work adaptations. Additionally, early attention to each case could identify those situations where cases might properly be controverted.

Results

One controversion of a stress illness case was successful in FY 1996. The case was pending at the time of the initial visit. No other cases have been controverted this past fiscal year. In FY 1996, there were 24 on the job injuries for which claims were filed. In FY 1997, 27 on-the-job injuries resulted in claims. In FY 1997, one occupational disease case was approved compared to two cases in FY 1996.

The following table shows the workers compensation costs for medical and compensation costs, COP costs, and work days lost/number of employees.

Table 2	Compensation	COP	Medical	Days Lost/Emp
FY 1996	\$4,851	\$ 6,922	\$12,838	57/12
FY 1997	\$6,754	\$10,414	\$15,329	57/16

The Program Coordinator noted that even though all FY 1997 costs are higher; 39 percent of medical costs, 64 percent of compensation costs, and 71 percent of the COP costs, were related to injuries off the premises. One very serious injury occurred at their training facility for new employees. Two other staff were involved in a serious motor vehicle accident as passengers in a vehicle making an airport pickup. Without these three injuries, costs would have been below FY 1996 figures.

Laboratory Site 11

Intervention - Implement a Workers Compensation guide to facilitate communication among agency staff, employees, and health care providers

The goal of the intervention was to reduce time lost as a result of injuries, the thesis being that at least some of the lost time was attributable not to the injury itself but to inefficiencies created when the parties involved were unsure of the requirements for making and approving an injury claim. The guide features the following steps for benefits staff to use in managing traumatic injury cases.

1. Memos to supervisor
2. Memos and letters to claimants
3. Letters to OWCP
4. Letters to physician
5. Memos to timekeeper
6. Case file forms
7. Agency workers compensation contacts
8. Official policy statements on return to limited duty

Results

Productivity increases or decreases

- 1996 Days of lost work - 823
- 1996 New cases - 48
- Average days per case of lost time - 17.1

Statistics cover the first 6 months of 1997

- 1997 Days of lost work - 269
- 1997 New cases - 33
- Average days per case of lost time - 8.15

No external costs were attributed or budgeted for production and compilation of the material in the agency Workers Compensation Guide. The only cost was staff time used in preparation of the intervention which was estimated to be about .25 of a staff year.

Implementation occurred very smoothly and in an organized manner. The most frequent instruments used were the standardized memos and letters to claimants, supervisors, and doctors. Also, a case chronologic log was used for all new cases.

The goal was to reduce the amount of time lost by employees due to injuries. Thus, they would increase workforce effectiveness and, at the same time, lower the costs associated with COP claims. While the Program Coordinator did not note any changes in costs or reductions in claims for the first 6 months of 1997, a noticeable drop occurred in the number of days missed by injured employees. The average number of days lost from injuries in 1996 was 17.1 days. As indicated by Chart 2 more than a 50 percent drop in the average amount of time lost occurred in the first half of 1997.

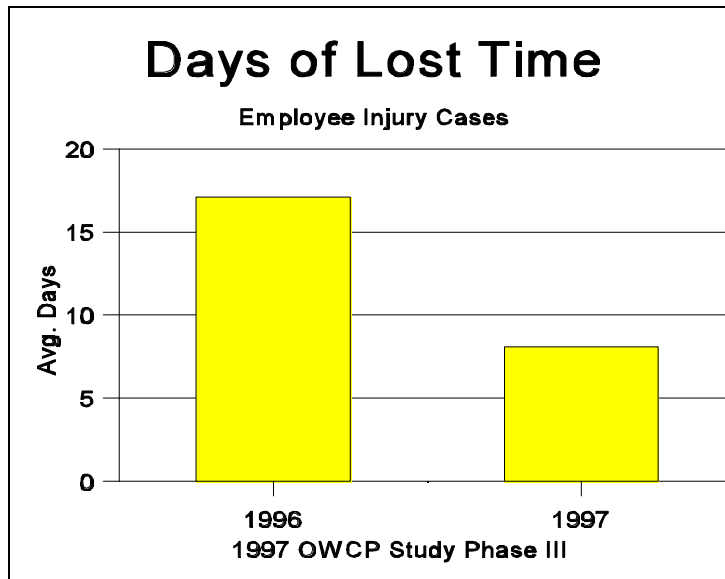


Chart 2

In addition, the Program Coordinator noted that the claimants and supervisors are more informed from the beginning of the claim, and both groups are more aware of their responsibilities under the program. In general, employees and supervisors indicated that they now clearly understand that two agencies are involved in case management—their agency and OWCP.

Laboratory Site 12

Intervention - Disseminate a memo from the agency Director and a new brochure for supervisors

The goal of this intervention was to reduce lost work days by increasing publicity about the workers compensation program. The Workers Compensation Brochure for supervisors was designed to serve as a guide to expedite communication between workers compensation staff and supervisors of injured employees. Washington Headquarters was selected as the primary

site for the increased publicity because it was the source of the majority of new cases initiated during the year. The brochure provides the following information for supervisors:

1. Simple guidelines for responding to a claim
2. Charging time loss
3. Filing a claim
4. Recurrences
5. Traumatic injuries
6. Occupational illnesses

Results

The agency clearly accomplished efforts to intensify publicity regarding its workers compensation program while reducing lost work days. The publicity effort included an all employee memo from the Director emphasizing the importance of the workers compensation program and the responsibilities of the supervisor and employee, video messages in Washington DC, briefings for managers and supervisors, and distribution of a new pamphlet to the larger organizations in the agency. One additional effort included a message on the “pay stub” for all employees, along with an article in the agency newsletter. Future efforts planned beyond this study include a revised chapter in the agency administrative handbook for managers.

Return to work is faster and cost reduced

Average Number of days from injury to submission of CA-1 (all cases)

Initial	25.8 days (1996)
Mid-term	22.0 days (2/97-5/97)
Final	13.2 days (6/97-9/97)

Average Number of days from injury to submission of CA-1 for COP cases

Initial	19.4 days
Mid-term	24.1 days
Final	13.0 days

Average Number of days of COP used (lost work days)

Initial	18.0 days
Mid-term	4.9 days
Final	7.1 days

The cost of increasing publicity was minimized by using internal communication channels already established. The cost was not tabulated, but amounted only to staff time and paper used for dissemination purposes.

The laboratory site's primary goal was to attain more timely submission of workers compensation claims forms (the CA-1). Since last year, significant reductions occurred in the amount of time needed to complete and return the form to the appropriate office (see below). The amount of time from the employee's injury to the date a CA-1 form was received in the benefits office dropped nearly 50 percent, from 25.8 days to 13.2 days. It is important to note that other factors can affect this indicator, but improved communication resulting from the intervention clearly affected this outcome.

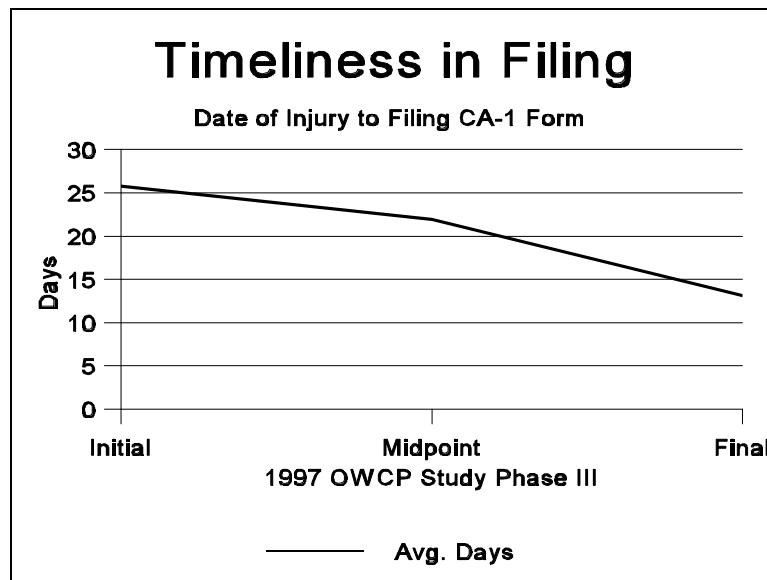


Chart 3

Laboratory Site 13

Intervention - Use a contractor to provide 24-hour claim service to employees

The goal of this intervention was to process cases as quickly as possible, with the intent that faster processing would enable injured workers to return to work more quickly. The agency proposed contracting with a company to provide phone service staffed with medical technicians 24 hours a day, 7 days a week to fill out the appropriate workers compensation forms for injured workers. The company handles cases for the first two weeks following an injury and provides more intense case management during that time frame, if appropriate.

Results

This office has had serious problems with the intervention. Overall, the majority of the employees are white collar; however, a part of the organization consists of virtually all blue collar employees.

The Program Coordinator indicated that the contract was funded centrally and estimated that the office spent about \$1,700 of the total of \$25,000 budgeted nationwide. About 25 claims were submitted using the contractor. Almost all of these claims were from the primarily blue-collar operation. In about one-half these cases, the injured employee called the 1-800 number to report an injury, sometimes days after the alleged occurrence, but failed to inform his or her supervisor of the injury. The supervisor did not know of the injury until the CA-1 appeared via fax. Four of these injury claims are being controverted. In one of these cases the employee injured his finger, stayed at work that day, came to work the next two days, and then called the contractor to report the injury. Supervisors at the blue collar operation wanted the contract canceled. The local Program Coordinator was spending much of her time either in clarifying information on the CA-1 or assisting the supervisors in controverting cases and agreed that the service was only lengthening and confusing the process. As a result, use of the contractor was dropped at the blue collar operation in May 1997. The contractor continues to be used in the rest of the offices under the installation's jurisdiction, with some of the same problems, primarily concerning specificity. For instance, CA-1 forms often are filled out with the location of the accident vaguely stated such as, "next to the elevator," with nothing further such as the floor, the building, the city or the state in which the accident took place.

With regard to the use of case management, the outcome has been better. In those cases where nurses have worked with the employee and his or her physician, the results in returning the employee to work quickly have been good. The contract currently calls for the contractor to decide whether their intervention in case management is warranted beyond the first 2 weeks. Unfortunately, sometimes the information needed to enable the contractor to decide to intervene is not provided by the employee to the contractor or the installation. If the contract can be modified so that the installation can request the contractor's involvement, the

Program Coordinator believes that the process would be significantly improved. Such a change is expected to be explored during future contract negotiations. Despite the initial problems, the agency's headquarters is anticipating initiating the pilot project in other locations, once the improvements to the process have been finalized.

Laboratory Site 14

Intervention 1 - Reduce workers compensation costs by pursuing appropriate third party settlement money

In cases where employees have successfully sued manufacturers; e.g., in asbestos cases, and received a cash settlement, the employee is entitled to keep 20 percent of the award outright. The remaining 80 percent of the settlement payout is escrowed by OWCP to cover medical claims resulting from the employee's injury. OWCP is supposed to credit part of this escrowed amount to the installation, but the Program Coordinator reported that this frequently is overlooked in the process. The installation decided to contact the injured employees and request their permission to receive information on the terms of the settlement. With this information, the installation contacted OWCP and asked for credit for part of the settlement to reduce the installation's compensation costs.

Most third-party cases at this activity involve asbestos claims. Chargebacks on third party claims at the installation amount to over \$2 million annually. The Benefits Office designed information and release forms that permitted them to pursue the money due the activity. A form letter was routinely sent to each employee with a third party claim, explaining the process and asking for the employee's consent to pursue the funds. Attached to the letter are the privacy release form to obtain information from the employee's attorney and a form asking for pertinent information about the claim.

Results

At mid-point in the study (the latest figures available), the activity had pursued 68 of 121 third party claims. Of those, 21 cases resulted in a recovery of \$45,331 (\$39,502 in medical expenses, \$5,829 in monetary costs). Although this agency maintains elaborate statistics on workers compensation, the location of that information was changed to a remote facility during the course of the study. As a result, the installation was unable to access the data for OPM to determine the final result; however, based on the number of cases being pursued and the rate of return during the first part of the study, OPM estimates that the total amount recovered for FY 1997 should be approximately \$100,000.

Cost of implementation has been minimal. The cost for designing, producing, and mailing the forms is estimated at under one dollar per employee. Staff time processing the information is

less than 10 minutes, or less than \$200 to process the 68 recoveries. This is a rate of return of \$500 for each dollar expended.

The third party recovery intervention works well and could be applied anywhere this type of claim occurs. The most likely uses would be in industrial settings or where employees work at non-Federal sites, and are more likely to be injured as a result of third party negligence. Implementation is inexpensive and Program Coordinators could have the forms on hand for distribution.

Intervention 2 - Encourage employees to register for disability retirement, if appropriate

This intervention protects an employee's future eligibility for this option. Employees who are separated from the installation's rolls as the result of a permanent disability from an on-the-job injury have a one-year period after their separation to apply for disability retirement. In the past, employees may not have been fully aware of this time limit or may not have understood its implication. Additionally, employees who recover sufficiently to return to work in some capacity but are not able to perform their former positions may prefer to apply for disability retirement. The installation wanted to ensure that all injured workers in either category were aware of the importance of this action to their future. While electing to apply for disability retirement in lieu of workers compensation is not appropriate for all injured employees, those who do make the change will help to reduce the installation's workers compensation bill.

However, it should be noted that this local cost reduction is at the expense of the overall retirement cost to the government.

The activity decided to emphasize this option during counseling in the first year of workers compensation, ensuring that employees understand the differences between the two programs and the advantages of registering before the one-year eligibility lapses.

Results

One employee opted for disability retirement. Thus, the costs will accrue to the disability retirement fund rather than appearing as a chargeback to the agency through workers compensation. Its most useful benefits are 1) providing employees with an option they might unknowingly lose through lack of information, and 2) getting the employee off the agency's rolls before they can become a long-term case management problem. Costs were negligible, as the counseling was already in place. Only the recommendation to register for disability retirement, with an explanation of the advantages of doing so, was added. The explanation takes only a few minutes per employee.

This intervention is inexpensive and could result in improved employee morale by providing a caring alternative to employees who might not fully understand their options.

APPENDIX A : LABORATORY SITES

Department of Agriculture

National Finance Center
New Orleans, Louisiana

Department of the Army

Aberdeen Proving Ground
Maryland

Fort Bragg
North Carolina

Fort McPherson
Georgia

Fort Rucker
Alabama

West Point Military Academy
New York

General Services Administration

General Services Administration
Philadelphia, Pennsylvania

Department of Health and Human Services

Food and Drug Administration
Rockville, Maryland

Department of Justice - Bureau of Prisons

Federal Correctional Institution
Raybrook, New York

Federal Medical Center
Rochester, Minnesota

U.S. Penitentiary
Atlanta, Georgia

Department of Navy

Norfolk Naval Shipyard
Virginia

U.S. Office of Personnel Management

U.S. Office of Personnel Management
Washington, DC

Department of Veterans Affairs

Veteran Affairs Medical Center
Decatur, Georgia