



PHOTO: SHAWN MOORE

UNEMPLOYMENT INSURANCE CLAIM AGENTS IN 36 STATES NOW TAKE CLAIMS BY TELEPHONE TO IMPROVE BOTH SPEED AND QUALITY OF SERVICE TO THE UNEMPLOYED.

Outcome Goal 2.2 **Protect Worker Benefits**

Overview

DOL improves the economic security of America's working families through the administration of benefit programs dealing with unemployment insurance, expansion of private pension coverage, protection of Federal workers from the effects of work-related injuries, and timely and uninterrupted payment of pension benefits.

Serving the Public

DOL's longstanding role in protecting worker benefits arose in response to specific concerns about the well-being of American workers and their families. The Department's Employment and Training Administration, Pension and Welfare Benefits Administration, Employment Standards Administration, and Pension Benefit Guaranty Corporation administer DOL programs that safeguard the economic security of the Nation's workers and retirees.

The Social Security Act of 1935 authorized the creation of the Unemployment Insurance program to alleviate personal hardship due to involuntary unemployment and to stabilize the economy.

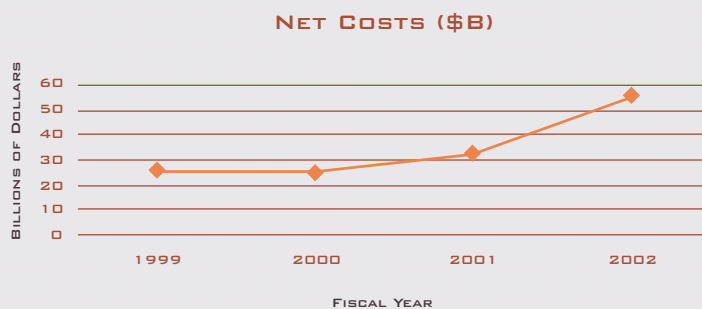
In 1963, over 4,000 workers with vested pension rights lost some or all of their pensions when Studebaker stopped producing automobiles and closed its plants. This experience and similar stories of losses in the private pension system became the impetus for pension reform through the Employee Retirement Income Security Act of 1974. Under this legislation, the defined benefit plan retirement incomes of about 43 million American workers — one of every three working persons — are currently insured.

The Federal Employees' Compensation program has been protecting Federal workers from the effects of work-related injuries since President Wilson signed the first comprehensive law in 1916 to minimize the human, social, and financial costs of job-related injuries.

Several pieces of legislation enacted during the past decade created new roles for the Department in protecting health care benefits for workers, retirees, and their families. The Health Insurance Portability and Accountability Act of 1996 made health care coverage more portable and secure for employees, and gave the Department broad additional responsibilities with respect to private health plans. The Newborns' and Mothers' Health Protection Act of 1996 established minimum requirements for hospital stays relating to childbirth. The Mental Health Parity Act of 1996 established certain minimum requirements relating to mental health coverage. The Women's Health and Cancer Rights Act provided new protections for patients who elect breast reconstruction in connection with a mastectomy.

Program Costs

Outcome Goal 2.2, with net costs of \$55 billion in FY 2002, represents 96 percent of the costs dedicated to achieving *A Secure Workforce* and 88 percent of all DOL net costs. Unemployment Insurance accounts for the bulk of expenses, with \$50.6 billion paid in unemployment claims in FY 2002, an increase from \$27.9 billion paid in unemployment claims in FY 2001. The sharp increase in costs from FY 2000 is largely attributable to the continuing rise in the number of unemployed workers during the past two years.



DOL Challenges for the Future

The protection of employee benefits is vital to the future of both America's workers and the National economy. Most recently, the continued economic downturn and unexpected collapse of some very large companies have left many workers unemployed and serve to underscore the need for strong systems to provide timely temporary income support to sustain eligible workers and their families, and to help connect job seekers with job openings.

- To assist unemployed workers, the Temporary Emergency Unemployment Compensation (TEUC) Program was implemented in March 2002. TEUC provides extra weeks of Federally funded unemployment benefits to unemployed workers throughout the country who have received all regular unemployment benefits available to them. DOL's State partners, the State Workforce Agencies, administer the program which provides up to 13 weeks of temporary emergency compensation in all States to eligible unemployed workers who have exhausted their regular unemployment benefits. Extended benefits of up to 13 additional weeks are available in certain States for individuals who have exhausted their first tier of temporary emergency benefits.
- To improve the administrative efficiency of the Federal-State Unemployment Insurance Program, the Administration is proposing the Unemployment Insurance/Employment Service *New Balance* Reform. *New Balance* will give States more control over their administrative funding, helping to improve timeliness and accuracy of benefit payments, targeting more resources to preventing and detecting overpayments, and improving reemployment services for unemployed workers. In particular, DOL will continue to work intensively to raise results by closely monitoring the States' performance.

Longer-term challenges to be addressed in this new century can be seen in the demographics of the workforce. Americans will live and work longer and require pension and health care benefits for longer periods of time. The worker who spends an entire career with one company is now the exception rather than the rule. DOL anticipates an even greater emphasis in the future on pension and health care benefits that provide the flexibility, portability, and coverage that American workers deserve.

Pay Unemployment Insurance Claims Accurately and Promptly

Make timely and accurate benefit payments to and facilitate the reemployment of Unemployed Workers and set up Unemployment Insurance (UI) tax accounts promptly for new employers.

- **Payment Timeliness:** 91% of all intrastate first payments will be made within 21 days;
- **Payment Accuracy:** establish a baseline to improve Unemployment Insurance accuracy nationwide;
- **Reemployment of UI Claimants:** establish a baseline to increase the entered employment rate of Unemployment Insurance claimants; and
- **Establishment of UI Tax Accounts:** 80% of new employers will receive a determination about their UI tax liability within 90 days of the end of the first quarter they become liable for the tax.

Results:

The goal was not achieved.

- **Payment Timeliness:** This indicator was not achieved. For FY 2002, 88.7 percent of first payments were made within three weeks, versus a target of 91 percent.
- **Payment Accuracy:** This indicator was achieved. The Department developed alternative measures of accuracy and overpayment management, and developed a baseline and a performance target for FY 2003.

- **Reemployment of UI Claimants:** This indicator was not met. During the year, the Department developed alternative methodologies for obtaining entered employment information on UI claimants as an indicator of facilitation. A measure will be selected in FY 2003 and data are expected to be available to establish a baseline.
- **Establishment of UI Tax Accounts:** This indicator was achieved. For the four quarters ending June 30, 2002, 81.7 percent of status determinations of whether employers were newly liable to file UI reports and pay UI taxes were made within 90 days of the end of the quarter they first became liable, versus a target of 80 percent.

Program Description: By temporarily replacing part of lost wage income, the Federal-State UI system—one of the nation’s most successful and enduring Federal-State partnerships—ameliorates personal financial hardship due to unemployment and stabilizes the economy during economic downturns. For both workers and employers, the program’s success depends upon: timely and accurate payment of benefits; timely establishment of the liability of new employers to ensure the reporting of workers’ wages and payment of taxes to fund benefits; and the promotion and facilitation of workers’ return to suitable work.

TIME LAPSE PERFORMANCE FOR AGGREGATE
INTRASTATE FIRST PAYMENTS AND NEW STATUS DETERMINATIONS

YEAR	INTRASTATE FIRST PAYMENTS		NEW STATUS DETERMINATIONS	
	TARGET	RESULT	TARGET	RESULT
FY 1999	NO TARGET	89.6%	NO TARGET	78.6%
FY 2000	NO TARGET	89.8%	NO TARGET	78.2%
FY 2001	NO TARGET	90.3%	NO TARGET	79.1%
FY 2002	91%	88.7%	80%	81.7%

* PERFORMANCE IS FOR THE 4 QUARTERS ENDING JUNE 30, 2002

Analysis of Results: Processing workloads generated by the current recession and the burden of implementing a new program have extended the time required to make first payments. For FY 2002, the number of regular initial claims exceeded by 14 percent, on average, the comparable period the year before, and surpassed the levels expected based on the Administration's planning assumptions. In addition, the Temporary Extended Unemployment Compensation (TEUC) program, which became effective in March, generated numbers of new claims averaging 33 percent higher than the same period in the previous year. Since the increased workload was not anticipated, the hiring and training of processing staff was not timely and processing delays resulted in slower first payments. While the combination of more regular claims plus the additional TEUC workloads during FY 2002 caused the deterioration in first payment timeliness, the States maintained commendable timeliness in issuing regular payments under these extreme conditions.

The States responded positively to the emphasis placed on timely determinations of the UI tax liability status of new employers through the creation of a performance indicator and DOL's issuance of regular reports on time lapse. Although the recession slowed first payments, it may have contributed to States exceeding the target for new status determination timeliness, as the rate of creation of new businesses slowed and the number of new status determinations decreased.

Strategies: DOL will work to improve performance across the board, in the context of efforts to pass and implement the Administration's UI/Employment Service *New Balance* Reform. *New Balance* will give States more control over their administrative funding, helping improve timeliness and accuracy of benefit payments, targeting more resources on preventing and detecting overpayments, and improving reemployment services to unemployed workers. In particular, DOL will continue to work intensively to raise results by monitoring the States' performance and establishing Corrective Action Plans and Continuous Improvement Plans, which States incorporate into their UI PERFORMS State Quality Service Plans. States with corrective action plans in place for FY 2002 performed about four to six percentage points better than their FY 2001 performance, at a time when average performance for all States fell. In 2002, DOL began giving special emphasis to States reporting performance below minimum levels for more than one year; this practice will continue during FY 2003, when the Department will vigorously pursue integrity initiatives, especially promotion of State use of new hires data.

Goal Assessment and Future Plans: For FY 2003, DOL does not propose any changes to the targets of issuing 91 percent of all intrastate first payments within three weeks and making 80 percent of the determinations about new employers' liability for UI tax payments within 90 days of the quarter when they first become liable. The Department believes that maintaining the goal at this level is reasonable since data show that the tax determinations performance of 25 States is below 80 percent, indicating that the goal is demanding for half of the country. In addition, the 81.7 percent level is substantially sustained by three large States—California, Florida and New York—so that a shortfall by one of these would bring performance below the established goal. The Department will review this decision in light of performance in FY 2003. For the goal of facilitating reemployment, DOL will establish a baseline for the rate that UI claimants enter employment as soon as data are available. For its integrity measure, DOL will target the *establishment* for recovery of 59 percent of overpayments the system could potentially recover; for FY 2004 the Department plans to explore instead a measure of the extent that the system *recovers* those overpayments. ■

(Goal 2.2A — FY 2002 Annual Performance Plan)

Timely Processing of Foreign Labor Certifications

Promptly review employer applications for foreign labor certifications. In Fiscal Year 2002, 95% of labor condition applications for the H-1B professional/specialty temporary program will be processed within seven days of receipt.

Results: DOL achieved this goal in FY 2002 by meeting the seven-day processing requirement for 99.5 percent of the 273,615 labor condition applications that were filed for the H-1B professional/specialty temporary program.

Program Description: Temporary foreign labor certification programs are designed to assure that employers may import needed temporary agricultural and non-agricultural foreign workers for employment in the United States in a timely manner and that the employment of foreign workers will not adversely affect the wages and working conditions of American workers.

Employers desiring to import professional workers for a job that requires at least a Bachelor's degree may request one or more foreign workers, who may remain in the United States for up to six years, to fill that need. The law requires that, "Unless the Secretary finds that the application is incomplete or obviously inaccurate, the Secretary shall provide the certification...within seven days of the date of application."

Once an application is certified, the employer must then petition the Immigration and Naturalization Service for a visa. Applicants must also establish that they are admissible to the U.S. under provisions of the Immigration and Nationality Act.

Analysis of Results: By instituting an Internet on-line option for employers to file labor condition applications, DOL significantly reduced processing time and achieved this goal. In most instances, the Department processes an application and makes a decision within one day of filing when employers use the web-based system. Fax and mail submittals remain available for those without ready access to the Internet. The Department also improved the fax and mail processing system, with the result that these applications are processed in less than three days.

The H-1B professional/specialty program is now in full compliance with the statute and, consequently, the current processing systems will continue to be employed, with minor technological improvements planned for the future.

Goal Assessment and Future Plans: As noted earlier, due to improvements in processing, this program is now, and is expected to remain in compliance with the statute. Accordingly, the Department does not propose to continue this performance goal beyond FY 2002. ■

(Goal 2.2B — FY 2002 Annual Performance Plan)

Ensure Individuals Receive Promised Benefits

Increase by 2% (to \$67 million) benefit recoveries achieved through the assistance of Pension Benefit Advisors.

Results: This goal was not met. With the assistance of Benefit Advisors, the Department recovered approximately \$49 million on behalf of more than 12,000 plan participants in FY 2002 — below the target of \$67 million.

Program Description: The Department directly assists plan participants and beneficiaries in understanding their rights and protecting their benefits via the Pension and Welfare Benefits Administration’s (PWBA) participant assistance program. The direct restoration or payment of benefits to participants without the need for protracted or costly litigation is a primary objective of the Department.

Analysis of Results: Three external factors beyond the Department’s control contributed to failing to achieve the goal. First, benefit recoveries, by their very nature, are volatile from year to year. Second, in FY 2000, the Department experienced several large recoveries (in excess of \$500,000) that cannot be expected every year. The results from FY 2000 inflated the rolling average base used to establish targets for FYs 2001 and 2002. Despite the inflated base, the Department maintained this ambitious target. Third, due to less robust economic conditions, employees entitled to benefit payments may be unable to

collect because their employer is bankrupt or has insufficient funds. Additionally, difficult economic times may hamper a health plan’s ability to pay medical claims. Notwithstanding these external factors, \$49 million is a worthy achievement. Between FY 1999 and FY 2002, the Department recovered in total over \$243 million on behalf of plan participants as a result of its customer assistance program — an indication that the public is realizing the

increased benefits of DOL’s additional resources, such as customer assistance staff, and the efficiencies of improved technologies, including a toll-free telephone number system that increases accessibility to PWBA. Leads from Benefit Advisors rank among the best sources for new enforcement cases. In FY 2002, approximately 1,300 referrals from Benefit Advisors directly resulted in an estimated 44 percent (\$33.5 million) of the participant benefit recoveries achieved via formal investigations. Benefit recoveries from investigations as a result of referrals continue to increase steadily, further demonstrating that

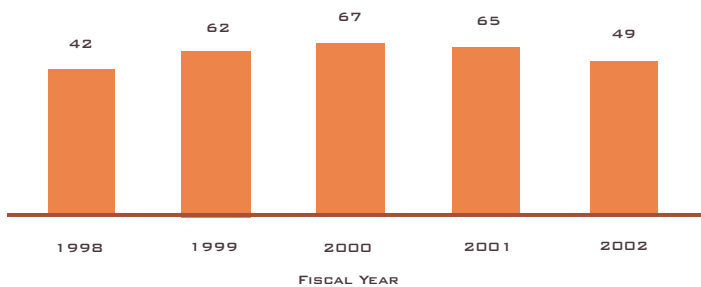
a stable and more fully experienced Benefit Advisor staff achieves positive results for participants in the Nation’s pension and health plans.

More importantly, while monetary benefit recoveries are a significant performance indicator, they understate DOL’s total customer assistance impact because important outcomes, such as the restoration of health benefits or enhancing an individual’s understanding of the law, do not result in a monetary benefit recovery, and therefore cannot be readily quantified. The Department has experienced an increasing call volume related to health benefits and, while much of the assistance does not result in a monetary benefit recovery, DOL nevertheless provides the same high level of service to resolving these matters.

The Technical Assistance and Inquiry System produces the data used to measure the achievement of this goal. During FY 2000, the Department implemented a new policy to further ensure consistency and accuracy of the data across regional components. The new policy and enhanced national office oversight provide increased confidence in the reliability of these data.

A company made an error when enrolling a baby needing a liver transplant into its health plan. This error altered the insurance coverage date for the baby. By the time the Department was contacted, in excess of \$500,000 in uncovered medical bills had accumulated. The Department, in consultation with the company’s representatives, determined that the baby was entitled to special enrollment status under the health plan, which would provide health coverage retroactive to birth. As a result of the Department’s efforts, the baby received the necessary treatment and all health claims were covered from the date of birth.

BENEFIT RECOVERIES
(MILLIONS OF DOLLARS)



Strategies: DOL combines an aggressive outreach and education program to create a knowledgeable consumer who may assist in “policing” his or her own benefit rights with a highly motivated and trained staff of customer assistance experts in the field of pension and health laws. Moreover, the customer assistance staff has access to a wide array of technical experts throughout the Department.

Goal Assessment and Future Plans: The Department maintained this goal in FY 2002 as a partial indicator of its progress toward improving the security of pension and health plans, but will eliminate it in FY 2003 because the goal fails to adequately measure the total impact of the education and outreach and technical assistance programs. The level of benefit recoveries is only a partial indicator of plan security, and does not measure the impact of answering inquiries, educating the consumer, or responding to the increase in health related questions. Therefore, the Department will incorporate a broader customer assistance component into its overall revised performance goal in FY 2003 via the American Customer Satisfaction Index or comparable measure. DOL will continue to explore improved ways of measuring the impact of its outreach and education and technical assistance programs on the security of the pension and health plans vital to the Nation’s workers and retirees. See also the discussion under Goal 2.1C. ■

(Goal 2.2C — FY 2002 Annual Performance Plan)

Reduce the Consequences of Work-Related Injuries

Minimize the human, social, and financial impact of work-related injuries for workers and their families.

Results: This goal was not achieved. Of the seven performance indicators included under this goal, the targets were achieved for two, substantially achieved for one, and not achieved for four.

Program Description: DOL, through the Employment Standards Administration, administers four disability compensation programs that provide benefits to certain workers who experience work-related injury or disease, and survivors of employees who die from job-related injury or disease:

- The Federal Employees' Compensation Act (FECA) program affords income and medical cost protection to civilian employees of the Federal Government and to certain other groups.
- The Longshore and Harbor Workers' Compensation Act program provides similar protection to private sector workers engaged in certain maritime and related employment.
- The Black Lung Benefits program provides protection to the Nation's coal miners who are totally disabled by pneumoconiosis.
- The Energy Employees' Occupational Illness Compensation Program Act of 2000 (EEOICPA) provides compensation and medical benefits to employees or survivors of employees of the Department of Energy (DOE) and of private companies under contract with DOE who suffer from a radiation-related cancer, beryllium-related disease, or chronic silicosis as a result of their work in producing or testing nuclear weapons. The Department of Labor coordinates the operation of this program with DOE, the Department of Health and Human Services, and the Department of Justice.

Each of the indicators for this goal is presented separately.

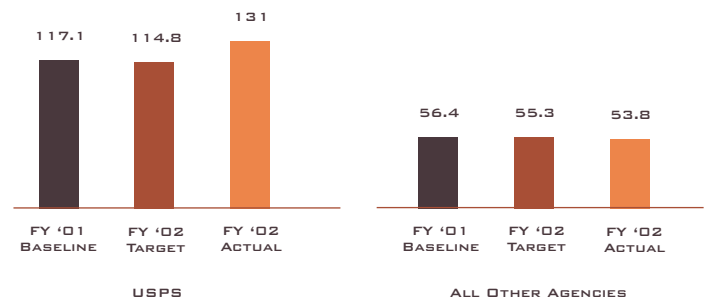
1. Return Federal employees to work following an injury as early as appropriate — indicated by a 2 percent reduction (from the FY 2001 baseline) in the average number of lost production days (LPD) due to disability in the FECA program for:

- United States Postal Service
- All Other Government Agencies

Results: This indicator was not achieved. While LPD for injury cases of the United States Postal Service (USPS) rose by 11.6 percent to 131 days, LPD for all other Government agencies was reduced by 4.6 percent to 53.8 days.

Analysis of Results: LPD is an index (measured as a rate of days per 100 employees) of injured Federal civilian workers' time away from the job due to workplace injury or illness. USPS cases account for roughly half of the annual total of approximately 2 million LPD days for Federal employees. Employment reductions in that agency have resulted in losses in light-duty and other reemployment opportunities for injured Postal workers. Impacts of the post-September 11, 2001 and anthrax events also contributed to the increase in LPD for USPS. Because these circumstances are unique, the Department measures and reports LPD results separately for USPS.

FEDERAL EMPLOYEES LOST PRODUCTION DAYS



Strategies: Under the Quality Case Management strategy, the Department promptly assigns rehabilitation nurses to new injury cases to facilitate communications between the physician, the injured employee, and the employer. Nurses screen cases for appropriateness of medical and pharmacological treatment, and assist injured workers to better understand the Department's system and encourage them in their efforts to recover and return to work.

DOL continues to work with Federal agencies to reduce injury rates, speed submission of injury notices and claims, and reduce lost production days.

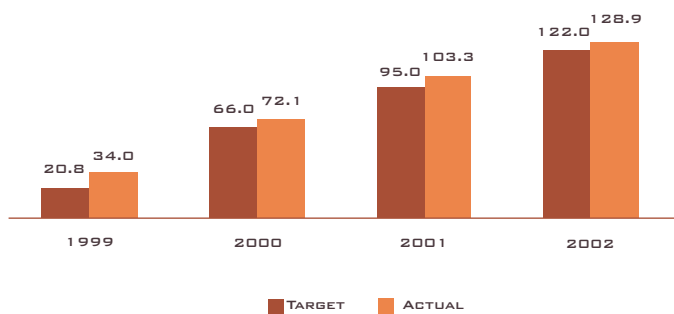
Goal Assessment and Future Plans: Reduction in LPD remains a very challenging goal for some Federal agencies, particularly the USPS, where reduced employment opportunities complicate return-to-work efforts. For this reason, and beginning in FY 2003, DOL will revise this measure by creating separate goals for USPS and for all other Government agencies.

2. Through use of Periodic Roll Management, produce \$122 million in cumulative first-year savings (FY 1999-2002) in the FECA program.

Results: This goal was achieved. Periodic Roll Management (PRM) produced an additional \$25.6 million in first-year compensation benefit savings in FY 2002, bringing cumulative total first-year savings to \$128.9 million.

Analysis of Results: In FY 2002, PRM teams completed over 4,200 reviews of long-term workers' compensation cases, with 59 percent of those resulting in either an adjustment to continuing benefit amounts (to accurately reflect continuing eligibility) or a termination of benefits. Since becoming a permanent FECA program operation in FY 1999, PRM has saved \$475 million in compensation benefits.

**PERIODIC ROLL MANAGEMENT SAVINGS
(CUMULATIVE SAVINGS IN \$ MILLIONS)**



Strategies: PRM provides quality management of the long-term disability roll through disability status reviews leading to improving service to beneficiaries. In appropriate cases, DOL will initiate vocational rehabilitation and reemployment services for partially disabled individuals.

While DOL has been very successful in increasing the number of returns to work, Federal (particularly Postal Service) downsizing and an aging Federal workforce are creating additional challenges to re-employing injured workers. To address these challenges, FECA will revamp the administration of its vocational rehabilitation program and explore more innovative approaches to job placement, such as a greater focus on new employer placements, outreach to employers to develop opportunities targeted to occupational or skills types, or teaming employers to identify cross-agency opportunities. In addition, DOL will continue to sharpen the focus of PRM reviews on more complicated disability cases and those with the greatest potential for vocational rehabilitation services.

Goal Assessment and Future Plans: For FY 2003, this goal targets an additional \$20 million in first-year savings.

3. Reduce the overall average medical service costs per case (adjusted for inflation) in the FECA program by 0.5 percent versus the FY 2000 baseline.

Results: This goal was not achieved. Average overall FECA medical cost per case in FY 2002 was \$2,604. After adjusting for inflation using the Consumer Price Index for Medical Care (CPI-M), this represents a 6.8 percent increase compared to the average of \$2,230 in FY 2000. However, the Department has determined that the CPI-M does not fully reflect health cost inflation from the perspective of third party payers.

Analysis of Results: Health care costs continue to rise due to the addition of new medical technologies, changes in clinical practice, increased service utilization, and inflationary increases. These factors continue to challenge the Nation's third party medical benefit payers, including the Department of Labor. The Department has been using the Medical Care CPI, published by the Bureau of Labor Statistics, to adjust FECA performance results to account for medical service price inflation. Because the CPI measures only consumer out-of-pocket expenditures, and does not include payments by government programs, health insurance companies, and other third-party payers, it does not adequately represent the changes in the cost of medical services experienced by the FECA program. In contrast, the Department has recently begun comparing FECA costs to the Health Cost Index published by Milliman USA which measures the trend in overall per capita national health care costs, including payments by third party payers such as DOL. Had we used the Milliman index to derive FY 2002 results, FECA case costs would have been measured as declining by 2 percent, and DOL would have met the goal.

Strategies: Although DOL uses fee schedules to set payment levels for standard categories of billed medical services, automated bill reviews, and other controls, the Department does not believe that further significant impact on average costs can be achieved without significant strengthening of strategies.

By FY 2004, the Department will centralize and standardize the processing of FECA medical bills. This change has great potential for increasing processing accuracy and quality, controlling costs, and improving services. The Department also plans to implement a comprehensive program to identify and prevent inappropriate medical costs. The FY 2003 Budget includes funding for this purpose.

Goal Assessment and Future Plans: In the past few years, the objective of this performance indicator has been to reduce medical costs per case (adjusted for inflation) by set percentages each year. These were intended as short-term goals, since the program could not be expected to continue indefinitely to reduce real medical costs each year. Further, the Department does not seek to reduce real medical outlays to a point that discourages physicians from providing health care services to injured Federal workers. Beginning in FY 2003, the goal will be to contain average FECA medical costs per case at a level below nationwide health care cost trends.

Program Evaluation: In an overall audit of the FECA program's performance measures, the Office of Inspector General (OIG), while acknowledging the appropriateness of the measures themselves, found that management controls over data reporting, appropriateness, description, and definition could be improved. OIG recommended developing a better definition of "lost production days" and written procedures to guide data extraction and calculations, and the program has implemented these recommendations. OIG also recommended a timeline for developing a system that links the program's performance measures, costs and budget, and this timeline is currently under development. (Please refer to Appendix 3 for further information on this audit.)

4. In the Black Lung Program, increase by two percent the percentage of benefit claims subject to the revised regulations for which, following a decision of eligibility by the district director, there are no requests for further action from any party pending one year after receipt of the claim.

Results: This performance goal was achieved. 89.9 percent of claims subject to the new regulations on which district director decisions were based had no pending requests for further action one year after receipt of the claim. Targeted performance was 68.5 percent.

Analysis of Results: While the revised regulations did not change eligibility requirements, they were designed to produce faster and fairer benefit determinations. They resulted in changes to the initial adjudication process, improvements in the quality of medical evidence, codification of case law and clearer, fuller written decisions. By revising the regulations and implementing the new procedures and the processes they authorize, the program has increased the number of stakeholders who accept the district director's initial decision and decide not to pursue the claim further. The extraordinary success the program achieved in this first reporting year, however, was produced in part by factors unique to the initial processing period — such as early miners' withdrawals of claims — that will probably not affect results in FY 2003 and beyond.

Strategies: In FY 2003, the program plans to continue the strategies that contributed to initial success in FY 2002, including outreach and technical assistance activities with all Black Lung program stakeholders to promote understanding of program adjudication decisions and the evidence supporting them. The program will also continue to work with Black Lung's authorized diagnostic provider community to emphasize the need for complete and accurate medical reports.

Goal Assessment and Future Plans: As noted above, the extraordinary FY 2002 results will probably be greatly diminished in FY 2003. Most significantly, the re-filed and marginal cases that were subsequently withdrawn during the revised regulation's initial processing period should decrease or disappear during FY 2003 and beyond, bringing performance more into line with projected targets. If performance continues to greatly exceed targets, the program will adjust the goal.

5. Reduce by two percent over the baseline the average time required to resolve disputed issues in Longshore and Harbor Workers' Compensation Program contested cases.

Results: This goal was not achieved. During FY 2002, the first year for measuring this indicator, resolving disputed issues required an average of 285 days, vs. a 2000-2001 baseline of 242 days. However, as the data collection and reporting process matured, it became apparent that the baseline did not capture the full universe of cases and was therefore invalid. Thus, achievement of this indicator could not be accurately assessed for FY 2002.



PHOTO: DOL

These workers are covered by the Longshore and Harbor Workers' Compensation Act which is administered by the Department of Labor. The Act provides employment-injury and occupational-disease protection to approximately 500,000 maritime workers who are injured or contract occupational diseases on or adjacent to the navigable waters of the United States.

Analysis of Results: Data entry and tracking to measure this business process did not begin until May 2000, and DOL used available historical data and a set of assumptions to create a baseline. As the process matured, the program recognized that the baseline did not include a sufficient period of time, and the result did not represent an accurate performance picture against which to measure program effectiveness. DOL considers the FY 2002 performance data to be basically sound and, having concluded additional validation, will use the FY 2002 result of 285 days as the new baseline for FY 2003 and beyond. Although it is impossible to assess the year's performance against prior periods, the program did achieve continual quarterly reductions in the average time to resolve disputes during FY 2002.

Strategies: The Longshore program emphasized to its district directors during the fiscal year the importance of timely and amicable dispute resolutions in contested cases and proper data collection and posting. In FY 2003, DOL will continue to use mediation skills, outreach, and other communication tools to reach quicker resolutions of the disputed issues in contested cases.

Goal Assessment and Future Plans: DOL will use FY 2002 performance results as the new baseline for this indicator, and fully expects to meet or exceed the performance targets for FY 2003 and beyond.

6. For Initial Processing of claims for benefits in the Energy Program:

- 75% of claims of Department of Energy (DOE) employees, or of contractors employed at DOE facilities, are processed within 120 days.
- 75% of claims of employees of Atomic Weapons Employers (AWE) and Beryllium Vendors are processed within 180 days.

Results: This goal was not achieved. Performance met the timeliness standards for 48 percent of DOE cases as well as AWE and beryllium vendors' claims.

Analysis of Results: Challenging FY 2002 targets were established for the Energy Employees' Occupational Illness Compensation Program to provide a clear expectation for claimants for the initial processing of their cases, and to create a strong commitment to timely processing among the new program's staff. The program received more than 34,000 claims during its first year and severe start-up problems, most notably unanticipated delays in obtaining the employment information necessary to proceed with initial claims processing, prevented DOL from achieving the targets in the first year. During the last quarter of FY 2002, average time frames to complete these cases were 171 days (for the 120 day group) and 216 days (for the 180 day group), reflecting a large number of cases

accumulated during the first months of the program. The number of cases overdue for initial resolution was driven down sharply during the summer (to about 3,000) and should be eliminated by mid-year, after which a current inventory will be maintained.

Strategies: Initially the Department prioritized those cases that it could handle to completion without referral to National Institute of Occupational Safety and Health (NIOSH), since NIOSH had not yet issued regulations for dose reconstruction. At the same time, the Department developed a series of creative new strategies to expedite identification of employment and other information required for case adjudication, working closely with DOE and the Department of Health and Human Services. Analysis of the "Department of Energy employees and contractors" group showed that employees of the subcontractors to the major contractors presented special problems, as DOE often possessed no employment records, and the program has had to resort to a variety of other sources to verify employment.

In FY 2003, the Department will continue to monitor the volume of incoming claims and assess workloads, workflow, and resource requirements to ensure the quality and timely delivery of benefits to claimants. The Department will update its automated data processing and provide a user-friendly web site for potential claimants.

Goal Assessment and Future Plans: The goal will remain at 75 percent of all Initial Decisions to be timely completed within the specified time frames. The DOE subcontractor claims have been shifted to the 180-day standard based on the results of the program's first year, while DOE contractors remain at the 120-day standard.

7. For Processing of Requests for Hearings in the Energy Program:

- 75 percent of Final Decisions in Approved Claims or No-Contest Denials are issued within 75 days from issuance of the Recommended Decision.
- 75 percent of Final Decisions in Reviews of the Written Record are issued within 75 days of the Request for Review of Written Record.
- 75 percent of Final Decisions in Formal Hearings are issued within 250 days of the Request for Hearing.

Results: This indicator was substantially achieved. The timeliness of final decisions was as follows: 76 percent in approved claims or no contest denials; 74 percent in reviews of the written record; and 100 percent of formal hearings.

Analysis of Results: Performance against this indicator reflects very prompt handling of uncontested cases (including payment of approved cases), as well as the timely issuance of appeal decisions. Since the program is still in its early stages, the volume of appeals can be expected to increase. Nonetheless, the approved/no-contest result (76 percent within 75 days) covers 6,935 cases, and is a significant achievement for this new program, allowing the expedited issuance of nearly 5,000 lump sum payments to beneficiaries during the program's first year. DOL will continually monitor and assess the processes for issuing final decisions, including reviews of the written record and formal hearings. The Department will also assess the program's resource requirements to determine optimal performance standards.

Strategies: During EEOICPA's first year, the Department consciously prioritized the prompt handling of cases that could be processed to completion, including those for which approval was most likely. The program will continue to develop new and improved automated data processing tools, and provide a user-friendly web site for potential claimants.

Goal Assessment and Future Plans: The Department will continue to monitor and examine the volume of hearing requests, final decision reviews, and formal hearings to ensure quality and timely benefits delivery to its claimants. Because the EEOICPA program is just entering its second full operational year in FY 2003, analysis of hearings case processing is still in early stages. Therefore, the percentage timely goal for FY 2003 will remain at 75 percent as established for FY 2002. ■

(Goal 2.2D — FY 2002 Annual Performance Plan)

Provide Benefits When Defined Pension Plans Terminate

Reduce the average processing time to 3 years to send benefit determinations to participants in defined benefit pension plans taken over by PBGC.

Results: This goal was not achieved. On average, in FY 2002 the Pension Benefit Guaranty Corporation (PBGC) issued final benefit determinations 3.3 years after the date it trusted the plan.

Program Description: The Secretary of Labor serves as the Chairman of the Pension Benefit Guaranty Corporation, which provides timely and uninterrupted payment of pension benefits to participants whose defined benefit pension plans were terminated, most frequently as a result of the sponsoring employer's bankruptcy. Benefit determinations tell participants in plans for which PBGC has become the trustee what pension benefits they will receive. PBGC pays estimated benefits to all eligible participants retiring prior to the issuance of a benefit determination, thus ensuring that retirees receive their benefits when due and without interruption.

Analysis of Results: Although PBGC did not meet the extremely challenging goal of 3 years, the FY 2002 average processing time of 3.3 years represents the shortest elapsed time to provide plan participants with final benefit determinations, and the agency achieved this milestone while coping with an increase in workload unparalleled in its history. During FY 2002, PBGC processed the largest single-year intake of new participants in trustee plans (187,000) and issued the largest single-year number of benefit determinations to participants (81,700) while nearly meeting the goal for timely issuance of benefit determinations. Large numbers of participants in newly trustee plans can result from circumstances and events largely out of PBGC's control. Taking these new participants into the pension guarantee system creates workload that PBGC must address immediately, relying on the same resources needed to achieve the performance goal of timely issuance of benefit determinations.

FINAL BENEFIT DETERMINATIONS
(NUMBER OF YEARS)



The length of time required to issue benefit determinations to participants is largely a result of an intricate series of complex actions — from verifying plan assets and participant data to completing an actuarial valuation and financial and control group analysis. Sponsor bankruptcies and legal disputes over plan assets also complicate and extend the trusteeship process.

The Participant Record Information System Manager, PBGC's database of participant information, provides reliable data to measure this goal and is subject to a variety of internal controls to assure data integrity.

Strategies: PBGC continues to streamline case processing and to work with plan sponsors and administrators to capture participant data earlier in a format that supports faster processing. Streamlining has raised the annual production of benefit determinations to four times the productivity level of eight years ago. PBGC has also reduced the average age of the inventory of benefit determinations to be issued to nine-tenths of a year, auguring well for the continued timely issuance of benefit determinations next year.

Goal Assessment and Future Plans: For FY 2003 and beyond, PBGC will continue to reduce the average time to issue benefit determinations to participants. The age of the year-end inventory of benefit determinations to be issued puts achievement of the FY 2003 goal within reasonable reach. PBGC has also developed FY 2003 performance measures that address the accuracy of benefit payments and the prompt payment of premium refunds. ■

(Goal 2.2E — FY 2002 Annual Performance Plan)