

DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General

The Transportation Security Administration's Management of its Federal Employees' Compensation Act Program



Notice: This report remains the property of the DHS Office of the Inspector General (DHS OIG) at all times and, as such, is not to be publicly disclosed without the express permission of the DHS OIG. Requests for copies of this report should be forwarded to the DHS Office of Counsel to the Inspector General to ensure compliance with all applicable disclosure laws.

Office of Inspector General

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

May 25, 2007

Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the Homeland Security Act of 2002 (*Public Law 107-296*) by amendment to the Inspector General Act of 1978. This is one of a series of audit, inspection, and special reports prepared by our office as part of our oversight responsibilities to promote economy, effectiveness, and efficiency within the department.

This report addresses the Transportation Security Administration's management of its Federal Employees' Compensation Act program. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents.

The recommendations herein have been developed to the best knowledge available to our office, and have been discussed in draft with those responsible for implementation. It is our hope that this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in cursive script that reads "Richard L. Skinner".

Richard L. Skinner
Inspector General

Table of Contents/Abbreviations

Executive Summary	1
Background	2
Results of Audit	6
TSA Can Improve Management of Its Long-Term FECA Cases	7
Recommendations	16
Management Comments and OIG Analysis	18
TSA Needs to Monitor the Accuracy of Agency Chargeback Bills	21
Recommendations	24
Management Comments and OIG Analysis	24
TSA Can Better Link Its Safety and Health and FECA Programs	25
Recommendations	28
Management Comments and OIG Analysis	29

Appendices

Appendix A:	Purpose, Scope, and Methodology	31
Appendix B:	Flowchart of TSA’s FECA Claim and Case Management Process	33
Appendix C:	Management Comments to the Draft Report	35
Appendix D:	Major Contributors to this Report	42
Appendix E:	Report Distribution	43

Abbreviations

DHS	Department of Homeland Security
DOL	Department of Labor
FECA	Federal Employees’ Compensation Act
FSD	Federal Security Director
FY	Fiscal Year
OHC	Office of Human Capital
OIG	Office of Inspector General
SHARE	Safety, Health, and Return to Employment (SHARE) initiative
TSA	Transportation Security Administration
FAMS	Federal Air Marshal Service

*Department of Homeland Security
Office of Inspector General*

Executive Summary

The physical activity required to screen passengers and baggage at the Nation's airports has resulted in an inordinate number of injuries for Transportation Security Administration screeners. The annual costs for injured agency screeners increased from \$39 million to \$66 million between fiscal years 2004 and 2006. Furthermore, the estimated future liability to the agency based on currently approved Federal Employees' Compensation Act cases in fiscal year 2006 was estimated to be approximately \$600 million. The objective of our audit was to determine whether the agency is effectively managing its Federal Employees' Compensation Act program to minimize lost workdays and compensation costs, and is taking aggressive steps to reduce workplace injuries.

The Transportation Security Administration made substantial progress during fiscal year 2006. The agency has improved the timeliness of new injury claims, and reduced both the number of workers' compensation claims and lost time associated with workplace injuries. Despite these improvements, the agency's workers' compensation costs continue to rise and the agency still has the highest injury rate in the federal government.

The Transportation Security Administration must take steps to better manage its workers' compensation caseload. We identified claimants who were receiving long-term compensation for up to three years despite the fact that medical evidence indicated work capability. We also identified claimants who were not offered limited duty when capable and, when permanent restrictions existed, not recommended for vocational rehabilitation in a timely manner. As a result, the agency may be paying benefits to individuals who are not entitled to them, and may be at risk for workers' compensation fraud and abuse. In addition, the agency does not have a process to validate its workers' compensation chargeback reports. According to personnel at one airport that reviewed the report for the first time, seven employees were found to be receiving workers' compensation who had either returned to full duty or had been terminated for cause, yet had received more than \$95,000 in compensation during fiscal year 2006. Without reviewing its chargeback reports the agency is unable to determine whether the Department of Labor is accurately billing the agency and is likely incurring inappropriate or excessive costs at other airports nationwide.

We are making twelve recommendations to the Assistant Secretary of the Transportation Security Administration to strengthen the controls over its Federal Employees' Compensation Act program. While TSA generally concurred with all recommendations in the report and finds these recommendations helpful, TSA did not concur with the OIG conclusion that the agency is not aggressively and effectively managing long-term FECA cases. TSA cited steps that the agency has taken since completion of our fieldwork, and steps it plans to take, in order to address our concerns about FECA case management. Based on actions taken, we have closed two, consider nine open pending planned corrective action, and consider one unresolved and open. The Assistant Secretary's comments to our report dated May 1, 2007, are incorporated into the body of this report, as appropriate, and are included in their entirety in Appendix C.

Background

The Federal Employees' Compensation Act (FECA) (5 U.S.C. § 8101, *et seq.*) provides wage loss compensation, medical care, and survivors' benefits to 3 million federal and postal workers around the world for employment-related traumatic injuries and occupational diseases. Traumatic injuries are wounds or other conditions caused by an external force, stress, or strain within a single day or work shift. An employee spraining their ankle at work would be an example of a traumatic injury. An occupational disease is a physical condition produced by the work environment over a longer period. Developing carpal tunnel syndrome would be an example of an occupational disease. FECA also provides for payment of benefits to dependents if a work-related injury or disease causes an employee's death.

Department of Labor

The FECA program is administered by the Office of Workers' Compensation Programs, located within the U.S. Department of Labor (DOL). All workers' compensation claims are adjudicated by DOL. For DOL to determine workers' compensation eligibility, the injured employee must provide medical and factual evidence to establish five basic elements:

- The claim was filed within the time limits set by FECA;
- The injured or deceased person was an employee of the U.S. government at the time of injury;
- The injury, disease, or death did occur;
- The employee was in the performance of duty when the injury, disease, or death occurred; and

-
- The medical condition found was causally related to the claimed injury, disease, or death.

Under FECA, federal agencies are responsible for advising employees of their FECA rights and responsibilities, completing and submitting claim forms to DOL in a timely manner, and continuing to pay injured employees who have experienced traumatic injuries. To avoid disruption of an employee's income, the employing agency is responsible for continuing the employee's pay for up to 45 days while the employee is recovering from their injury. Employing agencies are also responsible for many aspects of case management such as initiating FECA claims, assisting employees in returning to work, challenging questionable claims, keeping in contact with the injured employee, managing compensation costs, and accommodating "light duty" work when able.

DOL classifies FECA claims as either short-term or long-term. In short-term cases, an employee is injured, recovers, and generally returns to work within 60 days. During any periods of resulting disability, FECA provides that the employer must continue the employee's regular pay, up to a maximum of 45 calendar days. This is called continuation of pay and the employer, not DOL, pays these costs. For a traumatic injury, compensation is payable after the 45 days of continuation of pay have ended and three waiting days have elapsed. This payment is made on the "daily roll" for a finite period supported by medical evidence. Claimants are advised that they will receive compensation only through the specified date without submission of another claim. If an employee's disability lasts more than 60 days, DOL may designate the claim as a long-term case and place it on DOL's "periodic rolls." DOL will pay benefits automatically every 28 days and charge back to the agency annually.

The federal government, under FECA, is self-insured. FECA benefits are financed by the Employees' Compensation Fund, which is replenished annually through a chargeback to employing agencies. DOL furnishes agencies with a chargeback report that is a statement of payments made from the Employees' Compensation Fund on account of injuries to each agency's employees. The agency should review the report to ensure that the billing is correct.

The cost of federal workplace injuries, when measured by workers' compensation losses, is more than \$2 billion and 2 million lost production days annually. In fiscal year (FY) 2006, the federal workforce of almost 2.7 million people filed more than 119,000 injury claims.

Government-wide FECA Initiatives

In 2004, the President initiated the "Safety, Health, and Return-to-Employment (SHARE)" program that directed federal agencies to establish goals and track

performance to lower workplace injury and illness case rates, lower lost-time injury and illness case rates, timely reporting of injuries and illnesses, and reduce lost days resulting from work injuries and illnesses. The Transportation Security Administration (TSA) met its SHARE goals relating to reducing total workplace injury cases and lost-time injury cases during FY 2006.

FECA program management remains a government-wide concern of many Offices of Inspectors General. In 1996, under leadership provided by the President's Council on Integrity and Efficiency,¹ the Council issued a consolidated report on FECA, which summarized the results of audits conducted by 13 participating Inspectors General regarding their agencies' effectiveness in managing workers' compensation programs. More recently, in March 2006, the Council hosted a symposium for Inspectors General and drafted protocols for inspections, evaluations, and investigations of FECA programs government-wide to provide a more coordinated approach for conducting FECA-related work. This audit is being conducted as part of the renewed emphasis and coordinated approach by the Council.

Transportation Security Administration

Within TSA, the Office of Human Capital (OHC) and the more than 450 airports share responsibility for managing the agency's FECA program. According to OHC personnel, which is headquarters based, the office provides guidance and clarification throughout TSA on FECA regulations and procedures. Also, OHC personnel, as part of a TSA airport review team, assess workers' compensation programs at the airports to identify deficiencies that need to be addressed through guidance and training. According to OHC personnel, Federal Security Directors (FSDs) are responsible for processing FECA claims, providing limited duty where appropriate, ensuring claimants promptly return to work when able, and implementing a safety and health program at their airport.

In FY 2006, TSA reported the following improvements in administering its FECA program:

- Increased timeliness in submitting claim forms from 66% in FY 2004 to 94% in the third quarter of FY 2006.
- Decreased claims filed with DOL 48%, from 17,763 in FY 2004 to 9,255 in FY 2006.
- Decreased lost time cases 37%, from 7,276 in FY 2004 to 4,550 in FY 2006.

¹ The PCIE was established by Executive Order 12301, March 26, 1981, 46 FR 19211 to coordinate and implement government policies with respect to integrity and efficiency in federal programs. The Council is primarily composed of the Presidentially-appointed Inspectors General.

-
- Decreased continuation of pay hours between FY 2004 and FY 2006, from 735,742 to 312,176 hours or 58%, and decreased costs from \$11 million to \$5 million or 55%.

TSA terminated its contractor from processing FECA claims in September 2004 due to concerns about the contractor's performance and because, at the time, only 20% of all new injury claims were being filed timely.

The agency has made several improvements in its operations:

- Installed a web-based, DOL electronic claims filing system;
- Distributed a Workers Compensation Desk Guide to TSA airport personnel in September 2005;
- Awarded a Nurse Case Management Program contract to provide case management services to ensure appropriate medical treatment is being provided to claimants;
- Eliminated reporting of minor injuries with no lost time or medical costs to DOL; and
- Installed automated in-line baggage handling systems at some larger airports that require less employee-lifting, thus reducing the prevalence of back injuries. Back injuries (20%) followed by hand/finger injuries (15%) were the most common injuries reported by TSA in FY 2006.

However, despite these improvements, agency annual compensation costs have increased from \$39 million in FY 2004 to \$66 million in FY 2006 because the number of TSA employees on DOL's periodic rolls has increased from 445 in June 2004 to 979 in June 2006. More importantly, the actuarial projection for future costs related to the approved cases in FY 2006 was estimated to be approximately \$600 million, or 40% of \$1.5 billion in actuarial liability, as reported in the Department of Homeland Security's FY 2006 Financial Statements. These are unfunded costs that will need to be financed by future TSA budgets.

Executive Order 12196 and the Occupational Safety and Health Act of 1970 (Public Law 91-596) require agencies to provide a safe and healthful workplace for its employees. Within TSA, the Office of Occupational Safety, Health, and Environment is responsible for overseeing the establishment and maintenance of a comprehensive occupational safety and health program. At the airports, FSDs are responsible for planning, implementing, and evaluating a local occupational safety and health program.

Congress and the media have criticized TSA for the agency's disproportionately high injury claims, primarily in its screener workforce. In a September 27, 2005, USA Today article titled "*TSA screeners' injury claims to be screened,*"

the media reported that TSA had an injury rate four times as high as construction workers and seven times as high as miners, and that screeners missed nearly a quarter-million work days. In the same article, a TSA spokeswoman stated that reducing worker injuries was the Assistant Secretary's "No. 1 priority." The Congressional Subcommittee on Economic Security, Infrastructure Protection, and Cybersecurity, which has oversight responsibility for TSA, also expressed concern about TSA injuries and management of its workers' compensation program. Although the rate of TSA screeners injured on the job fell in FY 2006 to 16% from 29% the previous year, TSA continues to have the highest injury rate in the federal government. The rest of the federal workforce had a projected 4.47% injury rate for FY 2006.

The overall objective of the audit was to determine whether TSA is effectively and aggressively managing its FECA program to minimize lost workdays and FECA-related compensation costs by returning work-capable employees to work as soon as possible, and reducing workplace injuries. More specific information on our objectives, scope, and methodology can be found in Appendix A.

Results of Audit

Despite improvements in timeliness and a reduction in the number of new claims filed by injured workers, TSA is not aggressively and effectively managing long-term FECA cases in order to return work-capable employees to work as soon as medically possible. In addition, the agency does not have a process to validate its workers' compensation chargeback reports, putting the agency at risk of improperly paying compensation and medical costs.

As a result, TSA may be paying benefits to individuals who are not entitled to them, may not be returning injured employees back to work in the most expeditious time-frame possible, and may be at risk for significant workers' compensation-related fraud and abuse. If TSA does not provide more effective FECA program management, the agency may continue to experience escalating FECA-related costs, and high injury rates may affect the ability of airports to deploy an adequate number of screeners, which can slow passenger processing at airport screening checkpoints.

In addition, while TSA has also made progress in establishing a safety and health program that addresses workplace conditions that contribute to employee injuries, the agency may still be missing opportunities to reduce FECA-related costs by implementing measures that reduce common injuries at airports nationwide.

TSA Can Improve Management of Its Long-Term FECA Cases

TSA is not aggressively and effectively managing long-term FECA cases at TSA Headquarters or its airports in order to return work-capable employees to work as soon as medically possible. Our review of 116 long-term FECA cases disclosed problems with oversight in 80% or 93 of 116 cases. Some cases had more than one deficiency.

Effective and aggressive case management is critical for an agency to meet injured employee needs, return work-capable employees to suitable positions as soon as possible, ensure compliance with FECA rules and requirements, and reduce costs. Although DOL has primary responsibility for long-term case management, the benefits that an injured employee is entitled to receive are paid by the employing agency. DOL encourages agencies to develop comprehensive plans for managing their FECA program that, among other things, should include:

- Sufficient training to staff that routinely handle compensation claims;
- An organized record-keeping system related to each compensation claim;
- Procedures to obtain medical information from DOL or the injured employees as often as necessary to assess potential return to regular, light, or limited duty; and
- Staying in touch with injured employees and taking steps to reemploy recovered or recovering employees as soon as the medical evidence shows that this is possible.

We concluded, however, that TSA does not have an effective, comprehensive program, and the resources and tools necessary to manage its long-term cases. Our audit identified cases where TSA had not ensured that:

- Medical evidence properly supported the injury and continued compensation;
- Injured employees capable of alternative work had access to limited duty whenever feasible;
- Injured employees received and participated in opportunities for vocational rehabilitation;
- Third parties responsible for claimant injuries were identified and recovery of costs pursued;
- Suspected cases of fraud and abuse were properly referred for investigation; and
- Questionable claims were properly identified and challenged.

TSA has not made case management a high priority, as evident by the minimal resources devoted to program management, both at TSA Headquarters and at TSA airport operations:

- **TSA Headquarters should provide better oversight of airport-based FECA programs.** Headquarters personnel lack specific oversight authority and adequate resources and tools to provide effective oversight over airport-based FECA operations. TSA Headquarters lacks a central case management system; has no management directives for its workers compensation program; and has performed only a limited number of management reviews of airport FECA operations (17 of 450 airports, as of October 27, 2006). In addition, TSA Headquarters has not provided a formal training program for TSA airport personnel who manage FECA cases. TSA Headquarters personnel believe they have insufficient management resources to perform a more active management and oversight role over airport operations.
- **Airport personnel responsible for administering workers' compensation claims need to properly monitor their long-term cases.** Airport personnel reported competing priorities, were uncertain of their responsibilities, and lacked sufficient training. Some airport workers' compensation coordinators encountered problems with DOL when trying to monitor their cases. All five airports we visited had case files that were disorganized, incomplete, or missing documentation to support the claimant's recovery status, making effective case management problematic.

Long-Term Case Review Results

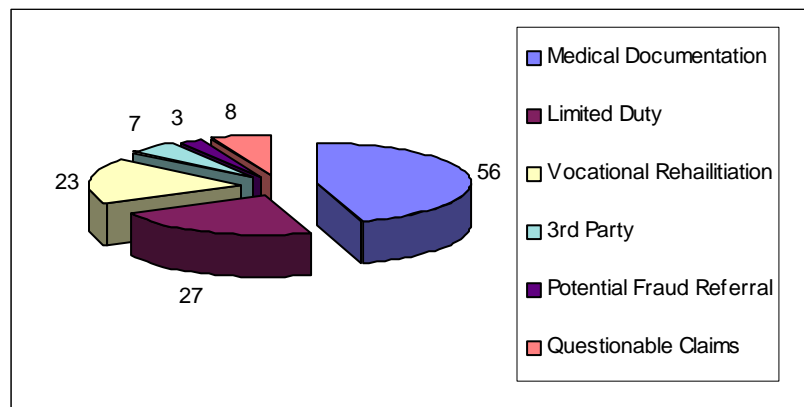
The number of TSA employees on DOL's periodic roll, i.e., receiving monthly payments, has increased from 445 in June 2004 to 979 in June 2006. In addition, using the agency's 2006 chargeback report,² we identified 1,065 claimants on the daily roll (receiving payments intended to cover a finite period of wage loss) whose original date of injury was more than a year old. From this data, we selected a sample of 116 long-term FECA cases comprising 94 periodic roll cases and 22 daily roll cases (date of injury >1 year). As cases get older, the likelihood of returning employees to work decreases, thereby increasing the need for aggressive case management. Had TSA more aggressively managed these cases, long-term costs could have been reduced.

Our review of 116 out of 2,044 long-term FECA cases disclosed problems with documentation or oversight in 80% or 93 of 116 cases (some cases had more than one deficiency), as discussed below and in Figure 1 on next page:

² July 1, 2005 through June 30, 2006

- Claimant cases had outdated or incomplete medical documentation (56 cases).
- Claimants were off work and on long-term compensation for up to 3 years even though medical evidence indicated that the claimants could have returned to limited duty (27 cases).
- Claimants with permanent work restrictions either had not been referred to DOL’s vocational rehabilitation program, not referred in a timely manner, or not monitored for participation in the program (23 cases).
- Claimant cases had a third party responsible for their injury, but the claimant did not identify or pursue the third party for recovery of costs (7 cases).
- Claimants had potentially fraudulent claims that were not properly referred to TSA’s Office of Human Capital (3 cases).
- Claimants had questionable claims involving preexisting conditions, unrelated illnesses, and suspicious injuries (8 cases).

Figure 1: Problems with Documentation and Oversight of TSA FECA Long-Term Cases



Source: Office of Inspector General

Outdated or Incomplete Medical Documentation

Fifty-six of 116 claimants had outdated or incomplete medical documentation. According to TSA’s guidance, the injured employee should provide medical updates to TSA after every examination. Some cases had medical documentation that has not been updated for up to 3 years. For example:

- One claimant’s last medical report was dated July 8, 2003. The medical report indicated that the physician authorized a limited duty return to work. No evidence was present in the file to indicate whether the individual received a limited duty offer from TSA. The TSA workers’ compensation coordinator noted in the file that a second opinion examination was

scheduled for October 2006, but then was re-scheduled for November 2006 when they discovered the claimant was in Europe. The claimant has received over \$67,000 in compensation payments since the date the physician last authorized limited duty.

- One claimant was injured on November 14, 2003. The file contained no medical evidence to support the injury. The claimant has received over \$77,000 in compensation since November 14, 2003.
- Another claimant's last medical report in TSA files was dated August 25, 2004. The physician's report cited that the claimant was undergoing physical therapy for back and neck pain. The claimant has received over \$41,000 in compensation payments since the physician's report.

Limited Duty Not Made Available When Appropriate

Twenty-seven of 116 claimants were out of work for up to three years even though medical evidence indicated that the claimants could have returned to limited duty assignments. If TSA had properly accommodated these injured claimants, the agency could have saved up to \$1.1 million in compensation costs. For example:

- One physician provided restrictions for the claimant's release to limited duty after suffering a work-related hernia on May 16, 2003. No evidence was in the file that TSA offered the claimant a limited duty assignment to accommodate a return to work. Since the date the physician authorized limited duty, the claimant has received over \$86,000 in compensation payments.
- One claimant was cleared to return to work in a limited duty capacity on February 11, 2005. TSA had sent the claimant a limited duty offer dated April 7, 2005. The claimant rejected the offer and their attorney sent TSA a memorandum dated April 18, 2005, which cited non-compliance with the legal requirements of the FECA Procedures Manual due to a lack of medical restrictions, organizational location, and salary being included on the offer. TSA never sent a corrected limited duty offer and the individual has, to date, collected over \$43,000 in compensation payments.

Vocational Rehabilitation Should be Monitored and Managed

Twenty-three of 116 claimants with permanent work restrictions either had not been referred to DOL's vocational rehabilitation program, not referred in a timely manner, or not monitored for participation in the program. According to Publication CA-810, Chapter 8-5, DOL will consider rehabilitation services for placement if the agency cannot reemploy the claimant. Furthermore, a claimant

who refuses to participate in a DOL rehabilitation program may have their compensation reduced or terminated. For example:

- Two different physicians determined that a claimant had permanent work restrictions. No evidence was in the file to show the claimant had been referred to a vocational rehabilitation program, even though two physicians cited permanent and stationary work restrictions 12 months prior. Since the September 6, 2005 second opinion, the claimant has received over \$27,000 in compensation payments.
- One case file indicated that DOL had referred a claimant for vocational rehabilitation services on October 27, 2005, following a 2003 injury. The case file did not contain evidence that TSA followed up to ascertain whether DOL had been successful in its vocational rehabilitation and placement efforts. An airport workers' compensation coordinator explained that the claimant was non-compliant with vocational rehabilitation requirements and was at home collecting compensation. TSA may have saved up to \$15,000 in compensation payments had TSA monitored this case more closely and requested DOL initiate termination proceedings against the noncompliant claimant.

Third-Party Liability Not Pursued

Seven claimant cases had a third-party responsible for their injury, but the claimant did not identify or pursue the third-party for recovery of costs. According to Publication CA-810, Chapter 4-1, Section E, DOL encourages supervisors to investigate the third-party aspect of any claim and submit all information gathered to DOL. DOL may ask the employee to seek damages from that party.

TSA oversight influences whether DOL proceeds with third-party claims. TSA can request that DOL issue letters to claimants to inform them of their responsibilities in pursuing third-party claims. When claimants are unresponsive in pursuit of third parties, TSA can request DOL terminate or suspend benefits when appropriate. Examples of cases involving third-party liability during our review include:

- One claimant suffered a work-related back injury on May 26, 2003, when an airport contract employee drove a baggage cart into the claimant's back and hip. While the claim form attributed the injury to a third-party, the claimant did not provide the name of the responsible party. No follow-up to the case was made either by the claimant or TSA.
- One claimant suffered an ankle and knee injury after falling off a public transportation bus on October 3, 2003. This claim form did not attribute the injury to a third-party. While the claimant provided the name of a witness to

the incident, we noted no other information in the file to indicate that the claimant provided sufficient accident information, such as the driver's name and bus number, to pursue a third-party claim against the public transportation company. As a result, there is no evidence in the claimant's file to indicate any recovery of FECA costs expended by TSA related to the third-party issue.

Potential Fraud and Abuse Cases Not Referred To OHC

Airport personnel did not follow TSA guidance when referring potential fraud and abuse cases for investigation. According to TSA guidance, airports should refer cases to TSA Headquarters' Office of Human Capital (OHC). OHC will determine whether to refer the case for investigation to TSA's Office of Inspections. For example:

- One claimant suffered a work-related injury resulting in a right wrist sprain on April 10, 2004. On November 15, 2005, a TSA employee alleged the claimant was committing workers' compensation fraud because the claimant appeared on a website using their injured hand. The file did not contain evidence that the worker's compensation coordinator evaluated the merits of the allegation or referred the allegation to OHC for further review. The claimant has received over \$58,000 to date.

Questionable Claims Not Consistently Identified and Challenged

According to Publication CA-810, Chapter 4, Section 4-3, when a supervisor questions the validity of a claim, the supervisor should investigate the circumstances of the injury and report the results to DOL. Eight claimants were identified as having questionable claims involving preexisting conditions, unrelated illnesses, and suspicious injuries. For example:

- One claimant suffered a heart attack on August 14, 2002, while working at a passenger checkpoint. The last medical report was dated September 2004, and consisted of a psychiatric evaluation stating that the claimant could not return to work due to a diagnosed psychiatric condition. The claimant was diagnosed with a preexisting post-traumatic disorder. The claimant has received over \$75,000 in compensation payments since the date of the last medical update in the file.
- One claimant suffered a work-related back muscle strain on January 20, 2003. The claimant's supervisor wrote on the form that the claimant was injured while exiting their personal car in the parking lot when coming in at the start of their shift. A referee medical examiner questioned the validity of the injury in a report dated April 26, 2004. The doctor stated, "...the claimant is either exaggerating their symptoms or actively trying to mislead

this examiner. I must therefore conclude that the claimant does, in fact, show no significant objective signs of disability.” The claimant has received over \$88,000 in compensation payments to date.

Inadequate Case Management at TSA Headquarters and Airports

Problems identified for TSA’s long-term FECA cases are primarily the result of the agency lacking an effective, comprehensive management and oversight program, as well as the resources and tools necessary to manage its long-term cases. OHC personnel notified us that they have been working on modifications to their Nurse Case Management Program contract in order to address problems with the backlog of long-term cases. TSA’s position was that improving the timeliness of FECA claims processing was a higher priority than long-term case management. Additionally, they acknowledged that resources assigned to the program, both at headquarters and the airports, are not consistent with effective FECA case management.

TSA Headquarters is not providing adequate oversight of FECA programs

TSA Headquarters (OHC) personnel are not providing adequate oversight of the FECA programs. OHC personnel were unable to evaluate whether the FECA program was being effectively managed at the airports because OHC does not have specific oversight authority over FSDs, has no central case management system, and has performed only a limited number of management reviews to determine the effectiveness of airport-based FECA programs (17 of 450 airports, as of October 27, 2006). OHC officials also said that their office lacks sufficient resources to administer such a large program, and that OHC has only five full-time employees, including the Director. Additionally, TSA Headquarters has not established Government Performance and Results Act goals or performance standards for the FECA program and no formal training plan to ensure airport personnel processing FECA claims receive adequate training.

- **No Oversight Authority Over FSD Management of FECA programs:** OHC officials stated that they do not have specific authority, contained in, for example, a TSA management directive, which assigns their office specific authority to provide direction and oversight to FSDs and airport-based FECA programs. OHC personnel said that they were strictly advisors, and have no authority over FSDs’ management of FECA programs. OHC personnel said that their mission is to provide guidance and clarification throughout TSA on FECA, its regulations, and procedures. FSDs are responsible for processing FECA claims, providing limited duty where appropriate, and ensuring the claimants promptly return to work when able. Therefore, the effectiveness of local

FECA program management at each airport appears to be directly related to the relative priority placed upon it by each FSD.

- **No Centralized Case Management System:** TSA does not have a centralized, automated case management system for airport personnel to use to manage their cases, or to provide TSA Headquarters with information necessary to efficiently monitor and manage its FECA program nationwide. Instead, OHC relies on the airports to track the status of their long-term cases. Some airports have developed their own local systems to track cases with each system having different variations.
- **Limited Number of Headquarters Management Reviews:** TSA has only performed oversight reviews at 17 of its 450 airports, as of October 27, 2006. TSA personnel conduct optimization and safety reviews to improve the efficiency and effectiveness of airport screening operations and safety programs. OHC personnel, as part of a cross-functional TSA team, conduct reviews of FECA operations at airports.
- **Performance Standards Have Not Been Established:** Headquarters has not established Government Performance and Results Act goals for the FECA program or performance standards for airport personnel administering the FECA program. The goals for the program could include reductions in associated program costs. The FECA program performance is also not an element in the performance standards for TSA workers' compensation coordinators or FSDs.
- **No Formal Training Plan for Airport FECA Personnel:** OHC has not developed a formal training plan for TSA employees processing FECA claims. While three of the five workers' compensation coordinators we interviewed had previous FECA experience or had received advanced DOL training, none of them had received training on TSA's workers' compensation process. As a result, they primarily had to learn how to process and manage TSA FECA claims on their own.

Airport Workers' Compensation Personnel Need to Closely Monitor Long-term FECA Cases

Airport personnel responsible for administering workers' compensation claims are not properly monitoring their long-term cases. Airport personnel claim other competing priorities, were uncertain of their responsibilities, and lack sufficient training. In addition, workers' compensation files were often incomplete or missing entirely, making case management problematic, at best, at some airports. As a result, case files were not adequately maintained

and the status of the cases often could only be obtained by interviewing the workers' compensation coordinator.

- **Competing Priorities:** Airports have not assigned adequate, dedicated resources to properly monitor and manage employee injury claims and cases. Three airports we visited had reassigned screeners processing the FECA claims and managing cases, who, in at least one case, were only monitoring FECA cases part-time and still had screening responsibilities and other responsibilities such as processing payroll. In contrast, the remaining two airports had human resource specialists assigned to handle airport FECA programs, although FECA responsibilities represented only one of many assigned responsibilities. Human resource specialists assigned to monitor FECA cases at these airports commented that, in addition to FECA responsibilities, they had other responsibilities such as implementing TSA's performance appraisal system and coordinating equal employment opportunity functions.
- **Needed Training and Guidance:** Airport workers' compensation coordinators were not always certain of their responsibilities in managing long-term FECA cases because they have not been properly trained. While three coordinators had previous experience or advanced DOL training, none of them had received training on TSA's workers' compensation process. Additionally, the guidance provided by TSA's OHC does not sufficiently address certain critical aspects of the FECA program. For example,
 - Guidance does not define the specific roles and responsibilities for the workers' compensation coordinators at the airports.
 - Guidance to initiate a request for referral to vocational rehabilitation is unclear because it does not address whether a claimant should be terminated before being referred to DOL. We found cases where workers' compensation coordinators contacted DOL before and after terminating the claimant.
 - Guidance does not instruct the coordinators on how to pursue a third-party claim. Therefore, for the seven potential third-party cases reported above, we found no evidence that TSA monitored third-party cost recovery.
- **Partnership with DOL:** Some airport workers' compensation coordinators claimed to have encountered significant delays and obstacles when contacting DOL for information on aspects of specific long-term cases. Two coordinators claimed they were not obtaining adequate service from their local DOL office. For example, DOL was requesting second opinions; however, it could take months before TSA

would ever receive the results. However, TSA coordinators were not summarizing their concerns and presenting them to their local DOL representative. Instead, TSA workers' compensation coordinators were trying to address their problems on a case-by-case basis with DOL claims examiners.

- **Disorganized, Incomplete, and Missing Case File Documentation:** All five airports we visited had case files that were disorganized, incomplete, or missing documentation to support the claimant's recovery status. According to Publication CA-810, agencies should establish a recordkeeping system that will enable the agency to maintain copies of claim forms, medical reports, correspondence with DOL, and other materials related to each compensation claim in an orderly fashion. For example:
 - Five airports had files that included duplicate documents, documents from other claims, or the documentation was not arranged in time sequence. To fully understand the status of the case, we had to chronologically organize the entire file before reviewing it.
 - Five airports had files that were missing medical documentation, TSA and DOL correspondence, or limited duty offers.
 - Two airports were unable to locate case files on three claimants in our sample.

Conclusion

TSA needs to improve the documentation and oversight of long-term cases. When cases are not aggressively managed, claimants are less likely to return to work although they may be medically able to return to full duty. Fewer available screeners, due to injuries, can lead to staffing shortages at some airports, closed screening lanes, and longer wait times for travelers being processed through TSA's security checkpoints. As a result, lost workdays will accumulate and represent a significant cost to the taxpayers in both dollars and lost productivity. Unnecessary FECA-related costs reduce funds available for other TSA and Department of Homeland Security (DHS) missions and programs.

Recommendations:

We recommend that the Assistant Secretary of TSA:

Recommendation 1:

Direct all TSA locations to evaluate all long-term worker's compensation cases, e.g., those that have been on worker's compensation for at least one

year, to identify opportunities to return employees to work or refer employees to vocational rehabilitation.

Recommendation 2:

Develop agency policies and procedures on the FECA program to include roles and responsibilities for OHC and airport personnel to ensure, at a minimum, that OHC and the airport workers' compensation coordinators:

- Regularly review and verify agency case files for recent medical evidence to substantiate the continuing disability of agency claimants;
- Document all actions and update medical status quarterly for each injured worker in well-maintained case files;
- Maintain quarterly contact with claimants, supervisors and care providers of injured claimants;
- Establish an on-going relationship with DOL personnel to discuss the status of the cases;
- Challenge questionable claims; and
- Actively identify, pursue and monitor the status of third-party and fraud related claims.

Recommendation 3:

Develop and implement a centralized, automated case management system to track the status of the agency's workers' compensation cases.

Recommendation 4:

Determine whether additional resources are needed at OHC and airports to manage and oversee the TSA FECA program.

Recommendation 5:

Provide sufficient training to managers and staff involved in the FECA program at OHC and at the airports.

Recommendation 6:

Develop and implement agency FECA-related performance goals and measures, including those related to program costs, and hold TSA officials accountable for program performance by establishing performance standards for workers' compensation specialists and Federal Security Directors.

Management Comments and OIG Analysis

TSA generally concurred with the recommendations in the report and stated that it found the recommendations helpful. However, TSA did not concur with the OIG conclusion that the agency was not aggressively and effectively managing long-term FECA cases, citing actions and programs it has implemented to improve its management of both long-term FECA cases as well as management of new injury cases.

The agency provided some examples of initiatives they have undertaken since 2004 to improve management of its FECA program. For example, the agency cited the outstanding results in the management of new injury cases through use of their Nurse Case Management Program.

The agency also cited actions taken since the end of our fieldwork in October 2006 to improve their management of long-term cases. In November 2006, the agency's Senior Leadership Team included injury reduction as one of 17 crosscutting priorities for the next 18 months, and established a cross-functional sub-group to review each TSA periodic roll case from 2002 to present, and managing each case until it is resolved. TSA has also included workplace injuries as a key measure in its Management Objective Reports used to assess the effectiveness of FSDs, and establishes specific performance targets to meet in a number of areas including injury reduction and associated costs.

TSA's response also noted the important contributions made by their Office of Inspections in identifying potential instances of fraud or abuse, and in investigating specific allegations related to injury claims. Finally, TSA stated that it has developed and is using many methods and resources to educate field personnel concerning its FECA-related responsibilities, including teleconferences, human resources conferences, emails, and limited duty assignment templates.

OIG Evaluation

We agree that TSA has improved its management of new injury cases, dramatically reducing both the number of lost workdays and continuation of pay hours, while significantly increasing the timeliness in submitting injury claim forms. We also agree that TSA has taken steps to improve its management of long-term injury cases since completion of our fieldwork in October 2006 and outlined further steps it plans to take in the future. However, while we believe the actions TSA has taken or planned should

generally address the deficiencies cited in this report, we consider the majority of the recommendations open until the agency fully addresses each recommendation, completes implementation of some steps their response noted have already been taken, and implements planned, future actions to improve FECA program management.

Management Comments to Recommendation 1:

Prior to the OIG review, TSA began negotiating a modification to the existing Nurse Case Management Program contract to require the contractor to evaluate all periodic roll cases within the claimant's first year of work absence. Based on OIG's recommendation, TSA decided to expand this requirement to conduct an audit of all periodic roll cases from 2002 to present.

OIG Evaluation: The audit of all cases on the periodic rolls since 2002 will ensure that injured employees return to work or are referred to vocational rehabilitation. We consider this recommendation resolved. However, it will remain open until we receive a copy of the contract modification that includes the expanded review of periodic rolls from 2002 through the present and a report on at least the initial results of the expanded review.

Management Comments to Recommendation 2:

TSA has provided airport personnel with DOL and agency-produced guidance. TSA plans to document specific roles, responsibilities, and appropriate procedures for workers' compensation coordinators in a management directive.

OIG Evaluation: The issuance of a management directive will provide workers' compensation coordinators a clearer understanding of their specific roles and responsibilities. We consider this recommendation resolved. However, it will remain open until we receive a copy of the management directive.

Management Comments to Recommendation 3:

TSA is using DOL's secure web-based system to e-file injury claims and review case status, payments, and physician treatment and billing information. The TSA program has a secure web-based system to house medical documentation and share it among nurses and field coordinators

OIG Evaluation: TSA utilizes its own and DOL's web-based systems to manage the various aspects of its workers compensation cases. Although these systems may have the capability to precisely report TSA's efforts in

returning injured claimants to work, Workers' Compensation Coordinators were not utilizing these systems to capture this information. Airport personnel developed their own local systems to track cases with each system having different variations. Furthermore, we found workers' compensation files were often incomplete or missing entirely, making case management problematic. A centralized tracking system could assist TSA in reporting the status of its FECA cases in a consolidated manner, while at the same time recording all case actions taken by its workers compensation personnel to return a claimant to work. We consider this recommendation unresolved and open pending actions taken by TSA HQ to either develop guidelines that require airports to apply consistent methods in recording case actions locally, or the development and implementation of another centralized system to track the progress of FECA cases and provide a consolidated source reporting of workers compensation personnel actions.

Management Comments to Recommendation 4:

TSA has been actively conducting program reviews and providing case management recommendations, and will review the adequacy of Office of Human Capital and airport resources to determine if and where additional resources may be needed.

OIG Evaluation: Thorough program reviews should provide a good basis for determining whether additional resources are needed to manage the TSA FECA programs. We consider this recommendation resolved. However, it will remain open until we receive documentation of the methodology used by TSA to assess workers' compensation resource levels at headquarters and in the field, and the results of this analysis.

Management Comments to Recommendation 5:

TSA has provided, and will continue to provide, training to field personnel involved in the FECA program. This training is being delivered in National Human Capital conferences, in Employee Relations training programs, during on-site visits by TSA Injury Prevention Team members, in Foundations of Leadership Training for supervisors and managers, and during one-on-one sessions with human resource specialists. In addition, TSA developed and provided the materials referenced in response to Recommendation 2, and Nurse Case Management Program representatives have visited every airport to speak with FECA field coordinators to review problem cases and provide case management "best practices."

OIG Evaluation: The actions cited by TSA in conjunction with those planned in response to Recommendation 2 should provide sufficient

training and a clearer understanding of specific roles and responsibilities to managers and staff involved in the FECA program. Airport workers' compensation coordinators were not always certain of their responsibilities in managing long-term FECA cases. While three coordinators had previous experience or advanced DOL training, none of them had received training on TSA's workers' compensation process at the time of our review. We consider this recommendation resolved but open until the intent of Recommendation 2 has been satisfied.

Management Comments to Recommendation 6:

TSA included FECA-related performance measures and goals for each FSD in the Management Objective Report introduced in November 2006.

OIG Evaluation: Performance metrics for FSDs will help to ensure that injured workers will be carefully monitored so that they can return to work or are referred to vocational rehabilitation. We consider this recommendation resolved. However, it will remain open until TSA provides a copy of the performance measures and goals for FSDs in the Management Objective Report.

TSA Needs to Monitor the Accuracy of Agency Chargeback Bills

TSA does not properly verify its FECA-related chargeback bills from DOL. Supporting reports for the chargeback bills are not routinely distributed to the airports for their personnel to validate. This has occurred because TSA does not have policies or procedures to validate the chargeback reports. Between FYs 2004 and 2006, TSA incurred approximately \$162 million in chargeback costs. According to personnel at one airport, that reviewed a chargeback report for the first time, just prior to our fieldwork, 7 employees were found to be on FECA-related compensation who had either returned to full duty or had been terminated for cause, yet had received more than \$95,000 in compensation during FY 2006. According to Publication CA-810, Chapter 8-9, termination for cause occurs when an employee separated for misconduct and whose removal is wholly unconnected to the work-related injury, and therefore is not entitled to further compensation. Without reviewing the chargeback reports, TSA is unable to determine whether DOL is accurately billing the agency and is likely incurring inappropriate or excessive costs at other airports nationwide.

DOL Chargeback Procedures

The FECA program is financed by the Employees' Compensation Fund, which consists of monies appropriated by Congress or contributed from operating revenues. The chargeback system is the mechanism by which the costs of

compensation for work-related injuries and deaths are assigned to employing agencies annually at the end of the fiscal accounting period. Every year, DOL furnishes each agency with a chargeback bill of payments made from the fund on account of injuries to its employees.

Additionally, each agency receives a quarterly report that lists all cases and costs for which charges will appear on the yearly chargeback bill. This report can be used to identify and correct errors before the agency is billed for them. DOL provides guidance for an agency to follow when the agency believes that a case appearing on its chargeback report does not belong on its account. An agency has 1 year in which to request an adjustment to its yearly chargeback bill.

Agency personnel should monitor chargeback billings and arrange to charge costs to the lowest organizational level practicable to make managers more aware of costs. The purpose of providing the report to the lowest organizational level practicable is because airport personnel are in the best position to verify the costs for their local employees.

Procedures Needed at TSA to Validate Chargeback Reports

TSA does not have any policies or procedures to validate the chargeback reports. Because there were no procedures, chargeback reports were not being sent to the various airports for review and validation. Prior to the audit, OHC did not validate the chargeback reports. Rather, TSA's review was limited only to separating FECA-related costs between Federal Air Marshal Service (FAMS) employees and other TSA employees because the FAMS have a separate appropriation.

OHC Initial Validation of Chargeback Report

OHC personnel began to analyze chargeback reports after we initiated our audit in August 2006. OHC compared two separate personnel rosters, current and separated TSA employees, to the 2006 chargeback report. This first-time comparison revealed that TSA was billed for approximately \$332,000 in compensation and medical costs for 138 claimants who were not on either personnel roster. This could indicate that TSA was billed for claimants that were never TSA employees.

OHC also identified 1,073 payments totaling almost \$683,000 that could be potential duplicate payments. These payments had at least one other identical payment amount with the same payment date and service date.

Limited Airport Review of Chargeback Report

Prior to our audit, airports were not provided chargeback reports for validation. However, after we discussed the chargeback process with OHC, the office forwarded the reports to four of the five airports we visited. One airport's review found:

- Four employees returned to full-duty in FY 2004 and FY 2005, yet received more than \$53,000 in compensation costs in FY 2006.
- Three employees, who were terminated for cause, received more than \$42,000 in compensation costs in FY 2006.

Claimants Receiving Potential Overpayments

Our review of 116 long-term case files identified 8 claimants that may have potentially received overpayments totaling over \$8,000. For example:

- One claimant who was on sick leave for a 2-week period also received a compensation overpayment of approximately \$1,300 for the same period. The discrepancy was not corrected after being brought to DOL's attention.
- For another claimant, we identified an overpayment of approximately \$900 on May 6, 2005. No action had been taken to recover this overpayment as of our review.

Additionally, we were informed at one airport that a claimant, not included in our sample, returned to work on August 21, 2005, and that TSA informed DOL of this occurrence. However, the claimant continued to receive compensation benefits until April 15, 2006, amounting to approximately \$16,000. TSA has not recovered this overpayment from the claimant.

Conclusion

The DOL chargeback report identifies the cost of TSA's FECA claims. The report gives the agency an opportunity to review all claimants receiving benefits, verify that they are entitled to receive compensation, and validate the amount of medical and compensation costs paid. Without reviewing the chargeback reports, TSA is unable to determine whether DOL is accurately billing the agency and is likely incurring inappropriate or excessive costs at airports not reviewed during our fieldwork.

Recommendations:

We recommend that the Assistant Secretary of TSA:

Recommendation 7:

Develop agency policies and procedures on TSA's chargeback process to include roles and responsibilities for OHC and airport personnel to ensure, at a minimum, that:

- OHC distributes the chargeback report to the airports timely;
- Airports review and validate the accuracy of chargeback costs;
- OHC oversees the airport chargeback review process; and
- OHC pursues any discrepancies identified by the airports.

Recommendation 8:

Analyze the most recent chargeback report against the agency's personnel database to verify that claimants listed are actual TSA employees, and did not have injury dates prior to their entry date with the agency.

Recommendation 9:

Identify and recover all FECA-related costs DOL improperly charged to the agency during the 2006 chargeback year.

Management Comments and OIG Analysis

Management Comments to Recommendation 7:

The agency will identify procedures appropriate for the chargeback process and add them to the Workers' Compensation Desk Guide. Workers Compensation personnel will continue to review the quarterly chargeback reports they receive from DOL, the DHS Chief Financial Officer, or the TSA Office of Finance and Administration.

OIG Evaluation: The addition of chargeback procedures to the Workers' Compensation Desk Guide should provide the necessary guidance to TSA workers' compensation coordinators. We consider this recommendation resolved. However, it will remain open until we receive a copy of the revised Workers' Compensation Desk Guide.

Management Comments to Recommendation 8:

TSA analyzes the chargeback report each quarter at the headquarters level, and compares the report with the agency's Employment, Separation, Disability Retirement, and Termination rosters. TSA will continue to

analyze the chargeback report and will forward the appropriate chargeback report information to the field for validation and reconciliation when the report arrives from DOL.

OIG Evaluation: In addition to the above comparisons, TSA needs to ensure that the date of injury suffered by an employee was not prior to their date of entry with the agency. We consider this recommendation resolved. However, it will remain open until TSA provides the methodology utilized to verify that the injured employee was not injured prior to their entry date with the agency.

Management Comments to Recommendation 9:

TSA already completed an analysis of the FY 2006 chargeback report, identified improper charges, and recovered a credit of \$275,000. TSA will continue to analyze chargeback reports every quarter and compare them to its Employment, Separation, Disability Retirement, and Termination rosters, looking for saving opportunities

OIG Evaluation: We consider this recommendation closed.

TSA Can Better Link Its Safety and Health and FECA Programs

TSA has established a safety and health program to address workplace conditions that contribute to employee injuries. TSA has reduced workplace injuries and illnesses and has increased awareness of safe and healthful workplace practices, but the agency may still be missing opportunities to reduce FECA-related costs by implementing additional measures to avoid common injuries at airports nationwide. To improve conditions that contribute to workplace injuries, TSA needs to deploy its Safety Information System to track the status of airport injury investigations and proposed corrective actions; develop and implement procedures to assign responsibility for ensuring airport safety deficiencies are corrected; and provide airports opportunities to share and implement best practices and incentive programs.

According to Executive Order 12196 and the Occupational Safety and Health Act of 1970 (Public Law 91-596), agencies are required to provide a safe and healthful workplace for their employees. Within TSA, the Office of Occupational Safety, Health, and Environment is responsible for overseeing the establishment and maintenance of a comprehensive occupational safety and health program. At the airports, FSDs are responsible for planning, implementing, and evaluating a local occupational safety and health program.

Positive Safety and Health Actions

To increase awareness of the importance of safety and improve the safety and health of TSA employee workplaces, TSA has:

- Developed and fielded online safety training on topics that include: ergonomics, lifting techniques, stretching in the workplace, checkpoint safety, and checked baggage safety.
- Developed and fielded online safety training for TSA supervisors and managers to help in additional safety responsibilities.
- Conducted 82 Job Hazard Analyses in FY 2006 to identify and evaluate sources of hazards or potential hazards in the workplace environment, equipment design/configuration, and completing job tasks.
- Implemented an Office of Management and Budget Scorecard to identify goals and track progress at the 58 airports that account for approximately 80% of injuries.
- Established cross-functional optimization and safety teams to visit airports and assist FSDs in identifying ways to improve the efficiency and effectiveness of their local screening operations and safety programs.
- Deployed the TSA Safety Information System to ensure TSA investigates workers' compensation claims from a safety point of view so that the agency can develop strategies to reduce injuries and illnesses.

Safety Information System Needs to be Fully Deployed

TSA needs to fully deploy and implement its Safety Information System corrective action module. Both TSA Headquarters and airport personnel use the Safety Information System to capture detailed information about injuries so that resources are targeted to correct problem areas. Although the system is capable of capturing investigation results and corrective actions, TSA is not yet using the system to do so. Of the 50 short-term workers' compensation claims we reviewed, the system did not contain investigation reports for 8 claims from 3 airports. The system's reports did not identify causal or contributing factors for any of the 42 claims in the system, only reiterated what the injured employee reported on their workers' compensation claim. Additionally, the system did not contain corrective actions taken, corrective actions recommended, or a corrective action implementation date. Unless TSA records investigative results and corrective actions in the system, the agency cannot ensure that the airports have performed a thorough investigation and corrected any problems to avoid future injuries.

Safety and Health Evaluations Conducted by TSA

TSA has conducted or overseen the performance of numerous types of safety and health reviews at airports nationwide. For example:

- Job Hazard Analyses are one-time reviews conducted to identify hazards or potential hazards associated with TSA jobs and to develop solutions that will eliminate, nullify, or prevent such hazards or accident potential.
- Annual Occupational Safety and Health inspections are conducted to meet requirements of Executive Order 12196.
- Optimization and Safety Reviews are conducted to improve the efficiency and effectiveness of airport screening operations and safety programs at airports with higher rates of injuries.
- The OMB Scorecard Initiative requires TSA to establish and report quarterly on performance targets to reduce screener injury rates. TSA uses information from its Safety Information System and input from Federal Security Directors to self-report the agency's progress.

While these multiple reviews increased safety awareness at the airports, TSA needs to develop, coordinate, and implement procedures to assign responsibility for ensuring airports implement recommended corrective actions in a timely and efficient manner. For example, job hazard analyses conducted in FY 2005 identified problems associated with inappropriate uses of electrical extension cords, insufficient anti-fatigue mats, and damaged equipment as deficiencies. FY 2006 Occupational Safety, Health, and Environment Airport Safety and Health Inspection Reports, Office of Management and Budget Scorecard Reports, and Optimization and Safety Reports continued to identify the same problems. Although TSA said that the agency has plans to use its Safety Information System to help monitor the status of correction actions, the absence of a corrective action process places the effectiveness of the evaluation teams into question.

TSA Needs to Establish Airport "Best Practices" and Safety Forum

TSA needs to establish an effective forum to share and promote best practices and safety initiatives developed at the local airport level. While airports can be unique in their architectural design, the type of screening equipment deployed, and the various configurations of passenger and checked-baggage-screening locations, common safety best practices can help TSA avoid some frequent workplace injuries and increase morale of TSA screening officers. TSA also needs to coordinate communication between headquarters and the airports to promote safety and provide airports opportunities to implement best practices and incentive programs. This forum could provide other airports examples of safety initiatives used to increase screener safety awareness and reward

screeners for performing work operations and activities in a safe and healthful manner.

For example, one airport initiated a program to reward screeners for maintaining a safe workplace. The airport said that it used cash awards to motivate screeners to ensure the screeners performed their responsibilities in a safe and healthful manner, and provided monthly rewards to screening areas that had no reported injuries or lost time due to accidents. The airport contended that this program was minimal in cost to the airport, but increased employee morale and awareness of workplace safety. Additionally, other airport safety officers said that they often work independently to develop local safety initiatives and would benefit from a forum where safety officers from multiple airports could share ideas on how to encourage employee performance that demonstrates positive safety and health behavior, and reward employees for safe and healthful behaviors.

Conclusion

While TSA has implemented an ambitious and comprehensive safety and health program, the agency may still be missing opportunities to reduce FECA-related costs by implementing additional measures to avoid common injuries at airports nationwide. Promoting and rewarding safe and healthful behaviors may increase employee morale and help TSA avoid many injuries.

Recommendations:

We recommend the Assistant Secretary of TSA:

Recommendation 10:

Complete development and deployment of the Safety Information System, and ensure Federal Security Directors are using the system to record injury investigations, identify injury causes, and track status of corrective actions.

Recommendation 11:

Establish and implement a coordinated process to document safety deficiencies at TSA locations, assign responsibility for corrective actions, and follow-up to ensure timely corrective actions are taken for the multiple airport safety evaluations.

Recommendation 12:

Develop and implement a process or mechanism that enables TSA Headquarters and airports to share safety best practices and incentive programs.

Management Comments and OIG Analysis

Management Comments to Recommendation 10:

The SIS has been developed and deployed to the airports and is being phased in incrementally to ensure that the capabilities provided in this tool are fully understood. SIS usage is monitored daily to ensure that FSDs are using the system to record injury investigations, identify injury causes, develop recommendations, and track the status of corrective actions. Furthermore, a training action plan has been approved and SIS user manuals and on-line training are being developed for the entire SIS application. On-Line learning resources, including interactive training segments, will be available before the end of the Fiscal Year.

OIG Evaluation: The additional actions cited should strengthen TSA's ability to ensure FSDs are utilizing the full capabilities of the SIS. We consider this recommendation resolved. However, it will remain open until TSA completes deployment of the SIS to the airports, issues the SIS user manuals and makes the related on-line training available to employees.

Management Comments to Recommendation 11:

TSA has deployed the Risk Management Assistant module to safety professionals in the field on April 13, 2007. This module documents safety deficiencies and findings, assigns responsibility for corrective actions, lists abatement strategies, and provides follow-up to ensure timely corrective action.

OIG Evaluation: Deployment of the Risk Management Assistant module to the field should satisfy the intent of this recommendation. We consider this recommendation closed.

Management Comments to Recommendation 12:

TSA has developed a specific chapter in its Occupational Safety and Health (OSH) Field Manual addressing safety promotion and awards, which encourages FSDs at airports to develop programs for recognizing and rewarding superior OSH performance at their airports. In addition, headquarters is in the process of establishing criteria for recognizing exceptional collateral duty safety officers, who have developed strategies to reduce injury and illness rates, during the Office of Management and Budget Safety Initiative.

Chapter 11 of the OSH Field Manual directs airports to performance self-assessments and performance evaluations describing OSH program accomplishments, program strengths and opportunities for improvement.

These evaluations will be forwarded annually to Headquarters, which will evaluate them and publish best practices for all airports to review. In addition, headquarters has launched an OSHE Safety Share Point, which will be used to coordinate guidance and best practices with all airports.

OIG Evaluation: TSA has taken actions to address this recommendation. We consider this recommendation resolved. However, it will remain open until TSA provides the OIG a copy of the revised OSH Field Manual and the established criteria for recognizing collateral duty officers during the OMB Safety Initiative.

The overall objective of the audit was to determine whether TSA is effectively and aggressively managing its FECA program to reduce workplace injuries, and minimize lost workdays and FECA-related compensation costs by returning work-capable employees to work as soon as possible.

The scope of our audit work was limited to TSA Headquarters and Category X airports³ selected, because they had the highest FECA compensation costs calculated using both the 2005 agency chargeback report and the authorized, full-time equivalent employee report provided by TSA. According to Publication CA-810, the chargeback report is the mechanism by which the costs of compensation for work-related injuries and deaths are assigned by DOL to employing agencies at the end of each fiscal accounting period, which runs from July to June for chargeback purposes.

The five airports we visited were: Denver International Airport, Los Angeles International Airport, Newark-Liberty International Airport, O'Hare International Airport, and Seattle-Tacoma International Airport.

To determine whether TSA is effectively managing its workers' compensation program, we reviewed applicable laws, regulations, policies, and guidance concerning workers' compensation. We interviewed personnel from OHC and the airports that are responsible for the administration of the FECA program, and DOL Office of Workers' Compensation Program personnel to obtain an understanding of the federal workers' compensation program. Also, we reviewed prior Inspectors General audit reports and Government Accountability Office reports on the federal workers' compensation program.

Additionally, we selected a judgmental sample of claimant long-term cases, comprised of periodic roll cases and daily roll cases with a date of injury over 1 year, at both OHC and the five airports. At OHC, we selected 25 long-term cases based on the highest compensation costs calculated for chargeback years 2005 and 2006. We used the same methodology to select 20 long-term cases at four of the five airports. At the remaining airport, we selected 20 long-term cases among those with the highest combined medical and compensation costs calculated for chargeback years 2005 and 2006. OHC and airport personnel jointly managed nine of the cases in our sample. Accordingly, we only counted the 9 cases once, resulting in a review of 116 total long-term FECA cases.

³ TSA classifies commercial airports in the United States into one of five security risk categories (X, I, II, III, and IV) based on various factors, such as the total number of takeoffs and landings annually, and other security considerations. In general, category X airports have the highest number of passenger boarding and Category IV have the lowest.

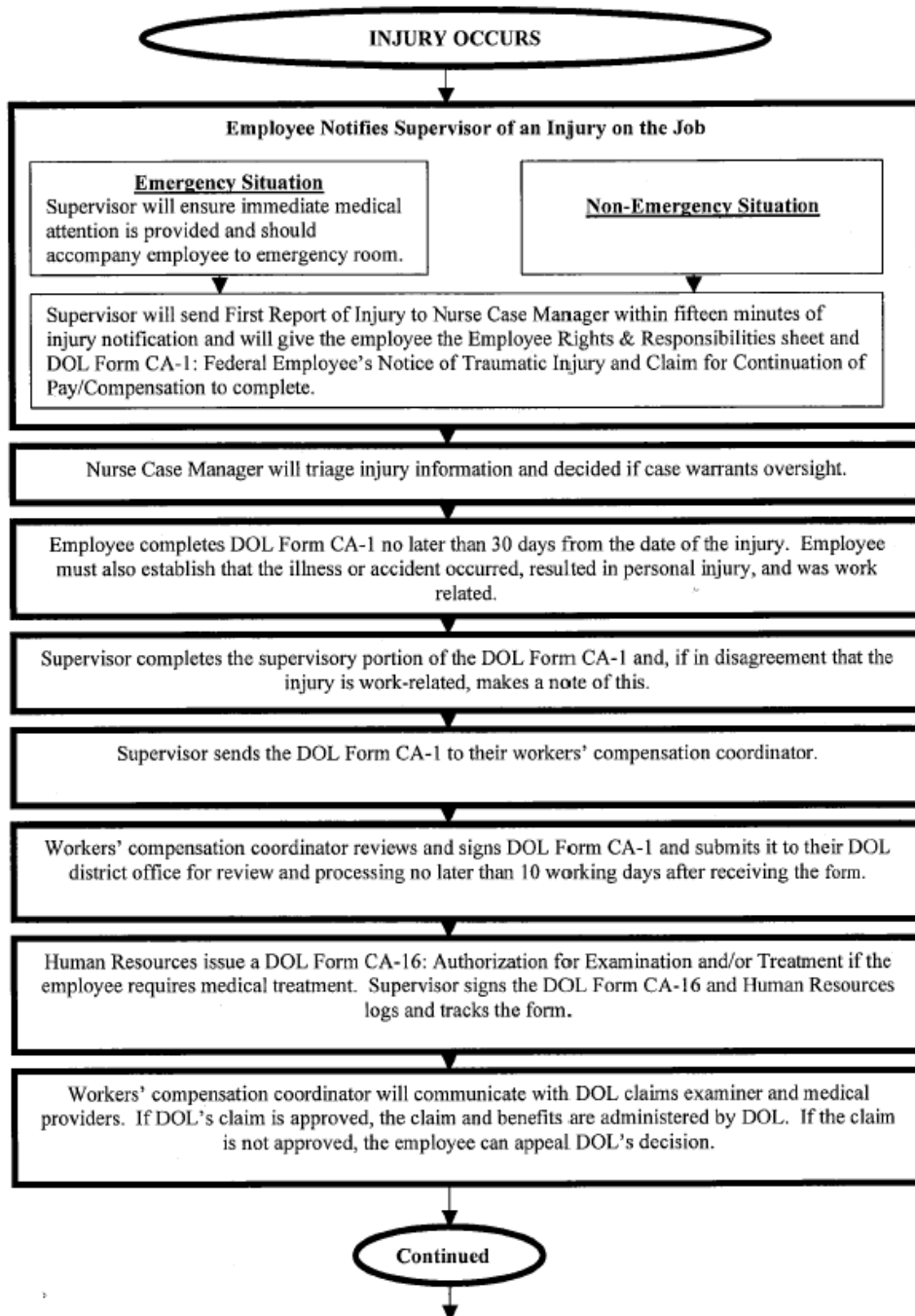
We reviewed long-term case files to determine whether medical evidence properly supported the claimant's injury and continued compensation, limited duty was offered when the claimant was capable of alternative work; vocational rehabilitation was pursued when the claimant had permanent work restrictions; third-party costs recovery was pursued; suspected cases of fraud and abuse were properly referred for investigation, and questionable claims were investigated.

To determine how TSA monitors the accuracy of the DOL chargeback report, we compared compensation payment data on the 116 long-term cases to TSA's case files and interviewed OHC and airport workers' compensation coordinators on the process they use to validate chargeback reports. We did not verify the accuracy of the DOL chargeback reports.

To evaluate TSA's safety and health program, we reviewed several initiatives TSA established to promote a safe work environment. These included TSA's goals and performance results for the President's Safety, Health, and Return to Employment initiative; online safety training; Job Hazard Analyses in FY 2005 and FY 2006; Office of Management and Budget Scorecards; and, the results of TSA's Optimization and Safety Team reviews. Additionally, we met with TSA's Office of Safety, Health, and Environment and obtained various safety and health reviews performed at each of the five airports we visited. We also toured passenger and baggage-handling operations at each of the five airports to observe work conditions and identify improvements TSA has made or needed to make for a safer work environment. We also selected 10 short-term claims at each of the five airports to evaluate whether injury investigations were recorded in the Safety Information System.

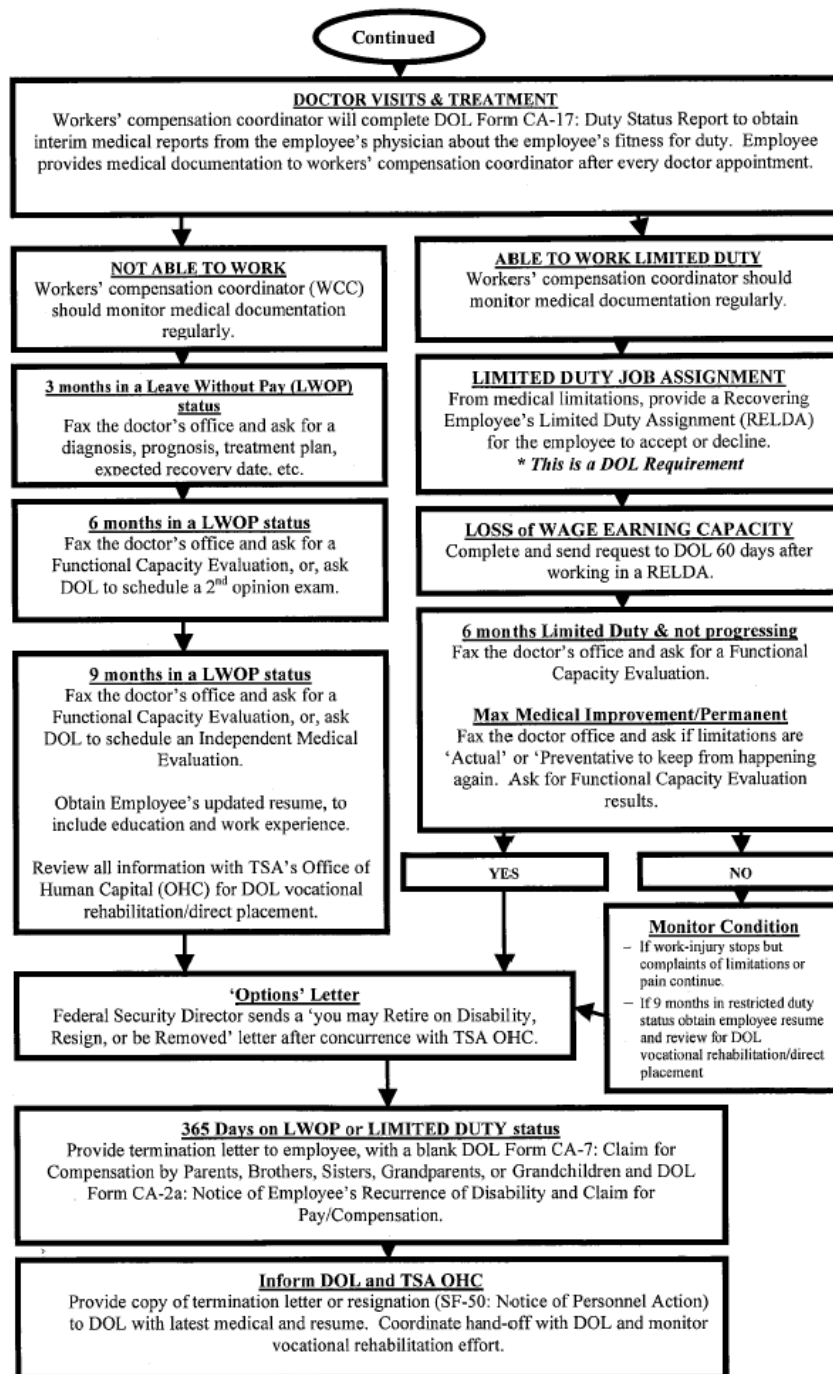
We conducted fieldwork between August 2006 and November 2006 under the authority of the Inspector General Act of 1978, as amended, and according to generally accepted government auditing standards. The cooperation and courtesies extended to our audit team by TSA were appreciated.

**TSA WORKERS' COMPENSATION CLAIM PROCESS SNAPSHOT
- INJURY STATUS, LIMITED DUTY and TERMINATIONS -**



Appendix B
 Flowchart of TSA's FECA Claim and Case Management Process

Continued from preceding page



Source: Office of Inspector General and Transportation Security Administration

Office of the Assistant Secretary

U.S. Department of Homeland Security
601 South 12th Street
Arlington, VA 22202-4220



Transportation
Security
Administration

MAY 01 2007

INFORMATION

MEMORANDUM FOR: Richard L. Skinner
Inspector General
Department of Homeland Security (DHS)

FROM: Kip Hawley *Kip Hawley*
Assistant Secretary

SUBJECT: DHS's Office of Inspector General (OIG) Draft Report,
"Transportation Security Administration's Management of its
Federal Employees' Compensation Act Program"

Purpose

This memorandum is the Transportation Security Administration's (TSA) response to the DHS OIG draft report of March 2007, "The Transportation Security Administration's Management of its Federal Employees' Compensation Act Program."

Background

The Federal Employees' Compensation Act (FECA) provides wage loss compensation and medical benefits for Federal employees that suffer employment-related injuries. Annual cost increases for injured agency screeners prompted OIG to review TSA's FECA program in June 2006. The review had two objectives; 1) determine whether TSA is effectively and aggressively managing its FECA program by reducing workplace injuries and returning work-capable employees to work as soon as possible; and 2) evaluate TSA's initiatives to promote a safe work environment.

OIG met with TSA Headquarters (HQ) officials and conducted site visits to five airports with high FECA compensation costs. Based on its evaluation, OIG determined that TSA is not aggressively and effectively managing long-term FECA cases to return work-capable employees to work as soon as medically possible, despite improvements in timeliness and a reduction in the number of new claims filed by injured workers. OIG also concluded that TSA does not have a process to validate its workers' compensation chargeback reports, putting the Agency at risk of improperly paying compensation and medical costs.

While TSA generally concurs with the recommendations in the draft report and finds these recommendations helpful, TSA does not concur with the OIG conclusion that the agency is not aggressively and effectively managing long-term FECA cases. TSA appreciates the efforts undertaken by DHS OIG in planning, conducting, and issuing this report.

Transportation Security Administration's Management of its
Federal Employees' Compensation Act Program

Discussion

TSA began a series of initiatives to aggressively address all aspects of FECA program management in 2004. As an initial step, TSA initiated a pilot program at 26 large airports that shifted workers' compensation functions from the previous centralized contractor model to a decentralized field model with airport based human resources specialists assuming these responsibilities. At the same time, TSA entered into a Memorandum of Understanding (MOU) with the Department of Labor (DOL) that allowed TSA to use DOL's web-based Safety/Health Information Systems (SHIMS) to file claims. TSA field personnel can now electronically submit new injury claims directly to DOL, and are now actively involved in the entire injury claims process from initial reporting through claim closure. As a result, TSA's rate of timely submission of new claims to DOL rose dramatically from only 20 percent in FY04 to 93.5 percent in FY06.

In 2005, TSA adopted the early Nurse Intervention-Case Manager methodology from private industry and applied this model to the management of its internal Federal Workers Compensation Program. The Nurse Case Manager program was initially piloted at 26 large airports, and the success of the pilot program led to a subsequent national contract to oversee and manage all field injury claims. The goal of the program is to reduce lost time due to injury within the first 45 days of a new injury. This goal is accomplished by having medical professionals make initial contact with the injured employee within 24 hours of their injury, and before filing a workers' compensation claim. The Nurse Case Manager then partners with field coordinators and works directly with the employee to return him/her to work as soon as possible.

TSA has achieved outstanding results since implementing the Nurse Case Manager program. This program has enabled Transportation Security Officers and other TSA personnel to actively contribute to TSA's mission during the rehabilitation phase of their job related injuries. More than 90 percent of injured employees now return to work in an average of 20.5 days, as compared with a 45 day average prior to the start of the program. In 2006, TSA realized a \$3.18M cost savings associated with Continuation of Pay as a result. Additionally, TSA avoided an estimated \$23.5 million in lost time salary compensation and reduced medical costs by an estimated 27 percent. Expedited medical testing efforts also saved more than 343,000 man hours of lost work time. TSA earned 'Best Practice' praise from both DOL and Harvard University's Robert Kennedy School of Government for this initiative.

TSA has taken a number of additional steps to increase the focus on improving the management of its FECA program. In November 2006, the agency's Senior Leadership Team (SLT) included injury reduction as one of 17 cross-cutting priorities for the next 18 months, and established a cross-functional sub-group to focus on this important area. (The SLT is a governance body comprised of all TSA Assistant Administrators.) Under the oversight of the SLT sub-group, TSA established a "Periodic Roll Review & Return-To-Work Initiative" to further reduce lost workdays and reduce chargeback costs. TSA is reviewing each periodic roll case from 2002 to present under this initiative, and managing each case until it is resolved. The number of people going onto the Periodic Rolls decreased from 342 in 2003 to only 78 in 2006.

Additionally, TSA included workplace injuries as a key measure in its Management Objective Report implemented in November 2006. The Management Objective Reports assesses the

effectiveness of Federal Security Directors (FSDs), and establishes specific performance targets to meet in a number of areas including injury reduction and associated costs. The TSA Office of Inspections is also actively involved in identifying potential instances of fraud or abuse, and in investigating specific allegations. Since 2003, the Office of Inspections has opened 161 investigations relating to injury claims resulting in 5 terminations, 12 resignations and 22 cases presented for prosecution. As part of their field inspections program, the Office of Inspections has conducted 12 site visits to airports and reviewed 850 injury claims cases, and has 6 additional site visits scheduled during the remainder of FY07. These activities have resulted in projected cost savings to TSA of \$12.6 million since 2003.

Finally, TSA developed and is using many methods and resources to educate field personnel. These include teleconferences, human resources conferences, emails, and limited duty assignment templates. TSA also offers "best practice" guidance for newly filed claims. The partnerships and process flow procedures TSA developed have improved information sharing and efficient handling of workers' compensation cases.

TSA believes that the agency is aggressively managing its FECA program overall. The initiatives to review and manage individual cases, return these employees to work much sooner than previously experienced, and improve the training and education of individuals involved in the FECA program have resulted in tremendous improvements in employee satisfaction with the program overall, and significant cost savings to the agency. The recommendations and observations contained in the OIG report will help TSA continue to improve the effectiveness of our injury management program and assist TSA in minimizing lost workdays and injury-related costs. The injury management program returns work-capable employees to work as soon as possible and reduces workplace injuries.

TSA generally concurs with your recommendations and has already taken steps to address several of them. TSA's specific responses to the recommendations contained in this report are:

Recommendation 1: Direct all TSA locations to evaluate all long term workers' compensation cases, e.g., employees who have been on workers' compensation for at least one year, and identify opportunities to return employees to work or refer employees to vocational rehabilitation.

TSA Concurs: TSA began negotiating a modification to the existing Nurse Case Manager contract before the OIG review. This change requires the contractor to evaluate all Periodic Roll cases within the claimant's first year of work absence. Based on OIG's recommendation, TSA expanded this requirement to the audit of all Periodic Roll cases from 2002 to present. TSA recommends this recommendation be closed.

Recommendation 2: Develop Agency policies and procedures on the FECA program to include roles and responsibilities for the Office of Human Capital (OHC) and airport personnel.

TSA Concurs: TSA is in compliance with the FECA statute (5 USC 8101 et seq.) and its implementing regulations (20 CFR 10). TSA has provided airport personnel with DOL Publication CA-810, *Injury Compensation for Federal Employees*, Publication CA-550, *Questions and Answers about the Federal Employees' Compensation Act*, a TSA-produced

Workers' Compensation Desk Guide, and template letters. TSA intends to document in a Management Directive specific roles, responsibilities, and appropriate procedures for workers' compensation coordinators.

Recommendation 3: Develop and implement a centralized, automated case management system to track the status of the Agency's workers' compensation cases.

TSA Concur: TSA is using DOL's secure web-based system to e-file injury claims and review case status, payments, and physician treatment and billing information. The TSA program has a secure web-based system to house medical documentation and share it among nurses and field coordinators. TSA recommends this recommendation be closed.

Recommendation 4: Determine whether additional resources are needed at OHC and airports to manage and oversee the TSA FECA program.

TSA Concur: TSA has been actively conducting program reviews and providing case management recommendations, and will review the adequacy of OHC and airport resources to determine if and where additional resources may be needed.

Recommendation 5: Provide sufficient training to managers and staff involved in the FECA program at OHC and at the airports.

TSA Concur: TSA has provided — and will continue to provide — training to field personnel involved in the FECA program. This training is being delivered in National Human Capital conferences, in Employee Relations training programs, during on-site visits by TSA Injury Prevention Team members, in Foundations of Leadership Training or supervisors and managers, and during one-on-one sessions with human resource specialists. In addition, TSA developed and provided the materials referenced in the response to Recommendation 2, and Nurse Case Managers have visited every airport to speak with FECA field coordinators to review problem cases and provide case management "best practices." TSA recommends this recommendation be closed.

Recommendation 6: Develop and implement FECA-related performance goals and measures, and establish performance standards for workers' compensation specialists and Federal Security Directors (FSDs) that will hold TSA officials accountable for program performance.

TSA Concur: TSA included FECA-related performance measures and goals for each FSD in the Management Objective Report introduced in November 2006. TSA recommends this recommendation be closed.

Recommendation 7: Develop agency policies and procedures on TSA's chargeback process to include roles and responsibilities for OHC and airport personnel.

TSA Concur: TSA monitors, tracks, and ensures appropriateness of chargeback costs each quarter, and identified and recovered \$275,000 in FY06. As of the second quarter of FY07, TSA identified seven names which need correction TSA identified seven names which need correction. TSA will identify procedures appropriate for the chargeback process and add them to

the *Workers' Compensation Desk Guide*. Workers' compensation personnel will continue to review the quarterly chargeback reports they receive from DOL, the DHS Chief Financial Officer (CFO), or the TSA Office of Finance and Administration.

Recommendation 8: Analyze the most recent chargeback report against the Agency's personnel database to verify that claimants listed are actually TSA employees and did not have injury dates prior to their entry date with the Agency.

TSA concurs: TSA analyzes the chargeback report each quarter at the HQ level, and compares the report with Employment, Separation, Disability Retirement, and Termination rosters. TSA will continue to analyze the chargeback report and will forward the appropriate chargeback report information to the field for validation and reconciliation when the report arrives from DOL or CFO. TSA recommends this recommendation be closed.

Recommendation 9: Identify and recover all FECA-related costs DOL improperly charged to the Agency during the 2006 Chargeback year.

TSA Concur: TSA already completed an analysis of the FY06 Chargeback Report, identified improper charges, and recovered a credit of \$275,000. TSA will continue to analyze chargeback reports every quarter and compare them to Employment, Separation, Disability Retirement, and Termination rosters, looking for saving opportunities. TSA recommends this recommendation be closed.

Recommendations 10 and 11: Complete development and deployment of the Safety Information System and ensure FSDs are using the system to record injury investigations; identify injury causes; and track the status of corrective actions. Establish and implement a coordinated process to document safety deficiencies at TSA locations, assign responsibility for corrective actions, and ensure timely corrective actions are taken for the multiple airport safety evaluations.

TSA Concur: The SIS has been developed. The deployment to the airports is being phased in incrementally to ensure that the capabilities provided in this tool are fully understood. SIS usage is monitored daily to ensure that FSDs are using the system to record injury investigations, identify injury causes, develop recommendations, and track the status of corrective actions. A training action plan has been approved and SIS user manuals and on-line training are being developed for the entire SIS application. On-Line learning resources, including interactive training segments, will be available before the end of the Fiscal Year.

TSA deployed a Risk Management Assistant (RMA) module to safety professionals in the field on April 13, 2007. The RMA module documents safety deficiencies and findings, assigns responsibility for corrective actions, lists abatement strategies, and provides follow-up to ensure timely corrective action.

TSA recommends this recommendation be closed.

Recommendation 12: Develop and implement a process or mechanism enabling TSA Headquarters and airports to share safety best practices and incentive programs.

TSA Concurs: TSA developed a specific chapter in its Occupational Safety and Health (OSH) Field Manual addressing Safety Promotion and Awards. This encourages Federal Security Directors at airports to develop programs for recognizing and rewarding superior OSH performance at their airports. The manual was issued March 22, 2007. In addition, the Office of Safety, Health, and Environment (OSHE) is establishing criteria for recognizing collateral duty safety officers who have guided their airports to the rank of star performers during the Office of Management and Budget Safety Initiative. The initiative, begun in FY06, targeted 58 airports — based on their high numbers of workplace injuries — and challenged them to develop strategies to reduce their injury and illness rates.

Chapter 11 of the OSH Field Manual, *OSH Program Evaluation*, directs airports to perform self assessments and prepare annual performance evaluations by October 15 that describe OSH program accomplishments, program strengths, and opportunities for improvement. The airports' performance evaluations will be forwarded to OSHE, which will evaluate them and publish best practices for all airports to review. In addition, OSHE has launched an OSHE Safety SharePoint to coordinate safety chapters and best practices with all airports. TSA recommends this recommendation be closed.

TSA is already making significant progress implementing OIG's recommendations. This progress demonstrates our commitment to continuing improvement of TSA's FECA Program.

Appendix D
Major Contributors to this Report

Philadelphia Audit Office

Timothy Crowe, Director
Dennis Deely, Supervisory Auditor
Michael Talevi, Auditor-in-Charge
Patrick O'Malley, Auditor-in-Charge
Kevin Donahue, Auditor
Christine Haynes, Auditor
Katherine McPherson, Auditor
Dennis Kallusingh, Referencer

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff
Deputy Chief of Staff
General Counsel
Executive Secretary
TSA Assistant Secretary
Assistant Secretary for Policy
Assistant Secretary for Public Affairs
Assistant Secretary for Legislative and Intergovernmental Affairs
Chief, Security Officer
Director, GAO/OIG Liaison Office
TSA Audit Liaison

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees, as appropriate.

Additional Information and Copies

To obtain additional copies of this report, call the Office of Inspector General (OIG) at (202) 254-4199, fax your request to (202) 254-4305, or visit the OIG web site at www.dhs.gov/oig.

OIG Hotline

To report alleged fraud, waste, abuse or mismanagement, or any other kind of criminal or noncriminal misconduct relative to department programs or operations:

- **Call our Hotline at 1-800-323-8603;**
- **Fax the complaint directly to us at (202) 254-4292;**
- **Email us at DHSOIGHOTLINE@dhs.gov; or**
- **Write to us at:
DHS Office of Inspector General/MAIL STOP 2600, Attention:
Office of Investigations - Hotline, 245 Murray Drive, SW, Building 410,
Washington, DC 20528.**

The OIG seeks to protect the identity of each writer and caller.