



Office of Audits
Office of Inspector General
U.S. General Services Administration

GSA Needs to More Effectively Manage Its Workers' Compensation Program

Report Number A190024/C/7/F20003
September 2, 2020

Executive Summary

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Why We Performed This Audit

This audit was included in the GSA Office of Inspector General's *Fiscal Year 2019 Audit Plan*. GSA's Office of Human Resources Management administers the Agency's workers' compensation program through the Benefits and Retirement Center. Under this program, GSA's primary objectives are to ensure that its employees receive, in a prompt and timely manner, all benefits to which they are entitled, and keep its cost for Federal Employees' Compensation Act benefits at the minimum practicable level. During the 4-year period ending June 30, 2019, the U.S. Department of Labor (DOL) billed and GSA paid \$44.2 million in workers' compensation benefits.

Our objective was to determine if GSA effectively managed its workers' compensation program to reduce its costs by: (1) submitting claims accurately and on time, (2) maintaining case files and monitoring claims to ensure injured employees returned to work, and (3) ensuring the accuracy of chargeback costs.

What We Found

GSA needs to more effectively manage its workers' compensation program and its costs. Specifically, GSA's current policies and procedures are not sufficient to properly administer and oversee its workers' compensation cases. We found instances where GSA's case monitoring practices and procedures resulted in claim payment delays and overpayments. GSA also does not have a process to return employees to work, leading to long-term workers' compensation cases. Finally, GSA does not have a process to identify and correct errors on DOL chargeback reports, resulting in improper payments.

What We Recommend

We recommend that GSA's Office of Human Resources Management:

1. Review, revise, and implement policies and procedures to more effectively manage GSA's workers' compensation cases, including to:
 - a. Document all case actions and updates for all active cases.
 - b. Obtain and maintain sufficient documentation in case files.
 - c. Ensure timely submittal of forms to DOL.
 - d. Develop a plan to manage all active cases.

2. Review, revise, and implement case monitoring policies and procedures to ensure that workers' compensation specialists:
 - a. Provide timely response to inquiries and questions from DOL regarding workers' compensation cases.
 - b. Review forms and reports from DOL to ensure accuracy and completeness.
 - c. Request additional information or further review from DOL on questionable cases.
3. Review and revise policies and procedures to include a process for:
 - a. Assessing cases where employees have not returned to work to determine appropriate follow-up actions.
 - b. Maintaining contact with claimants to monitor their status and assist in returning them to work when medically capable.
4. Develop and implement a process to verify the accuracy of the DOL chargeback reports.
5. Determine if employees receiving workers' compensation benefits were part of a GSA function transferred to another agency and request DOL to remove transferred employees from GSA's chargeback report and recover the associated payments, if allowable.

The Acting Chief Human Capital Officer agreed with our findings and recommendations. GSA's written comments are included in their entirety in **Appendix B**.

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Introduction

We performed an audit of GSA's workers' compensation program. The primary objectives of this program are to ensure that GSA employees receive, in a prompt and timely manner, all benefits to which they are entitled, and keep its cost for Federal Employees' Compensation Act (FECA) benefits at the minimum practicable level.

Purpose

This audit was included in the GSA Office of Inspector General's *Fiscal Year 2019 Audit Plan*. GSA's Office of Human Resources Management (OHRM) administers the Agency's workers' compensation program through the Benefits and Retirement Center (B&R Center). During the 4-year period ending June 30, 2019, the U.S. Department of Labor (DOL) billed and GSA paid \$44.2 million in workers' compensation benefits.

Objective

Our objective was to determine if GSA effectively managed its workers' compensation program to reduce its costs by: (1) submitting claims accurately and on time, (2) maintaining case files and monitoring claims to ensure injured employees returned to work, and (3) ensuring the accuracy of the chargeback costs.

See **Appendix A** – Scope and Methodology for additional details.

Background

FECA provides compensation benefits for federal civilian employees who suffer disabilities resulting from work-related injuries or diseases. DOL's Office of Workers' Compensation Programs (OWCP) has the exclusive authority to administer, interpret, and enforce the FECA provisions. DOL has 12 OWCP district offices with claims examiners that adjudicate claims for FECA benefits and perform other duties.

FECA benefits include compensation for lost wages, medical care, and death benefits. DOL provides wage-loss compensation until employees can return to work in either their original positions or other suitable positions that meet medical work restrictions. Wage-loss benefits can be reduced based on employees' wage-earning capacities when they are capable of working again. Currently, there are no time or age limits placed on the receipt of FECA benefits.

DOL requires injured employees to submit one of the following claim initiation forms:

- Federal Employee's Notice of Traumatic Injury and Claim for Continuation of Pay/Compensation (CA-1) – used for a traumatic injury in the performance of duty.
- Notice of Occupational Disease and Claim for Compensation (CA-2) – used for a condition produced in the work environment over a period longer than 1 workday or shift.

In addition, DOL requires injured employees to submit a Claim for Compensation (CA-7) form to claim compensation for wage loss.

GSA's Role and Responsibilities

While DOL has the primary responsibility to adjudicate all claims and make other determinations, GSA has a role in the process. As part of its responsibilities, the B&R Center is responsible for management, operation, and coordination of GSA's workers' compensation program. The B&R Center Director oversees a team of five full-time workers' compensation specialists. In accordance with GSA's policies and procedures, their duties include the following:

- Ensuring that the program is administered in compliance with all legal and regulatory requirements;
- Assisting injured GSA employees in submitting claims for compensation;
- Providing technical guidance to injured employees and management regarding policies and procedures related to injury and disease claims;
- Monitoring the medical recovery of injured employees to assist them with returning to work as soon as medically possible;
- Reviewing claims for validity and proper completion;
- Processing and electronically submitting claims to DOL for assignment of a claim number and further processing; and
- Establishing a case file upon receipt of documents from a supervisor for tracking, monitoring, and assisting the employee and supervisor as needed.

In addition, OWCP's FECA Procedure Manual and Publication CA-810, *Injury Compensation for Federal Employees*, provides additional guidance to workers' compensation specialists.

GSA employees submit claim forms to their supervisors for work-related injuries, occupational diseases or illnesses, and compensation. An employee's supervisor must submit these forms to the B&R Center, which reviews them for accuracy and completeness. The B&R Center must submit the CA-1 or CA-2 forms to DOL within 10 working days and the CA-7 forms within 5 working days of receipt from the employee.

Chargeback Reports

The annual chargeback process is the mechanism by which DOL assigns the costs of compensation for work-related injuries and deaths to employing agencies at the end of the OWCP fiscal accounting period, which runs from July 1 through June 30. DOL bills GSA for workers' compensation paid to GSA's injured employees.

According to OWCP Publication CA-810, GSA's responsibilities for FECA oversight include monitoring DOL's chargeback billings. GSA receives quarterly reports from DOL listing all cases and costs for which charges will appear on the yearly chargeback bill. GSA is responsible for reviewing quarterly reports and taking necessary action to prevent incorrect entries and charges from appearing on the yearly chargeback bill. OWCP Publication CA-810 also states that program offices should contact DOL if they believe that a FECA case on its chargeback report does not belong on its account.

In chargeback years 2016 through 2019 (July 1, 2015, through June 30, 2019), DOL billed GSA \$44.2 million in workers' compensation benefits, which include medical and compensation payments. Since chargeback year 2016, GSA's total number of cases and payments have decreased each year (see *Figure 1*).

Figure 1 – Total GSA Workers' Compensation Cases and Payments by Chargeback Year

Chargeback Year	Number of Cases	Total Payments
2016	464	\$12,375,799
2017	416	10,811,594
2018	369	10,649,959
2019	338	<u>10,401,728</u>
	Total	\$44,239,080

Results

GSA needs to more effectively manage its workers' compensation program and its costs. Specifically, GSA's current policies and procedures are not sufficient to properly administer and oversee its workers' compensation cases. We found instances where GSA's case monitoring practices and procedures resulted in claim payment delays and overpayments. GSA also does not have a process to return employees to work, leading to long-term workers' compensation cases. Finally, GSA does not have a process to identify and correct errors on DOL chargeback reports, resulting in improper payments.

Finding 1 – GSA does not have effective policies and procedures to manage its workers' compensation cases.

GSA's current policies and procedures are not sufficient to effectively manage its workers' compensation cases. As a result, we found that GSA's practices and processes have led to inadequate case tracking, incomplete case files, untimely claim form submissions, and a nonexistent case management plan.

Inadequate Case Tracking

GSA's case tracking process is inadequate and hinders effective case management. GSA's workers' compensation specialists use an informal tracking spreadsheet to document information on employees' claims. However, GSA does not have a policy mandating case tracking or the use of the spreadsheet. We found that most of the cases for which GSA tracked information involved injuries that occurred during and after 2015. Yet, based on the DOL 2018 chargeback report, most of GSA's cases involve employees with injuries that occurred prior to 2015. When we asked about this discrepancy, the B&R Center Director acknowledged that not all workers' compensation specialists use the tracking spreadsheet.

Incomplete Case Files

In many cases, GSA's case files are missing essential forms. For 22 of the 46 sampled cases, GSA's files were missing forms CA-1 or CA-2.

GSA is required to retain forms CA-1 and CA-2 in accordance with its September 2013 memorandum of understanding with DOL. The memorandum, which allows GSA to use DOL's Employee's Compensation Operation and Management Portal (ECOMP), states, "GSA is to retain the original forms submitted by the employee, bearing original signatures on forms CA-1 and CA-2."

According to the B&R Center Director, GSA does not have original forms with employee signatures because, between 2013 and 2014, it scanned all workers' compensation case files and destroyed hard copy forms and documents. GSA officials stated that all information is

stored in ECOMP; therefore, GSA's OHRM does not maintain a hard copy file.¹ However, we obtained access to ECOMP and only found 4 of the 22 missing CA-1 or CA-2 forms there.

The lack of CA-1 or CA-2 forms impairs effective case management. These forms include information required to verify the employee's eligibility for workers' compensation benefits and information workers' compensation specialists need to be fully informed about the case. For example, the CA-1 and CA-2 forms document the cause of injury. Without this information, the workers' compensation specialist cannot identify all evidence that refutes the cause of injury and potentially reduces program costs.

Untimely Claim Form Submissions

GSA's process for managing and transmitting claim forms is not adequate to meet regulatory FECA time frames. According to federal regulations, GSA must submit CA-1 and CA-2 forms for claim initiation to DOL within 10 days and CA-7 forms within 5 days after receipt from the employee.²

For the period July 1, 2017, through June 30, 2018, GSA did not submit 15 out of 40 (37.5 percent) of the CA-1 or CA-2 forms on time. GSA also failed to submit 46 out of 102 (45.1 percent) of the CA-7 forms on time. These forms were overdue by an average of 14 and 26 days, respectively. In an extreme example, an employee submitted a CA-7 on August 11, 2016. The employee's supervisor transmitted the form in ECOMP on May 18, 2017, and the GSA workers' compensation specialist then transmitted the form to DOL on September 5, 2017, 271 workdays beyond the required time frame. When asked about this, the B&R Center Director did not have a reason for the delays.

GSA Order 9810.1 HCO P, *Injury Compensation*, does not state the number of days within which GSA must transmit workers' compensation forms to DOL. However, GSA's Workers' Compensation Supervisor's Guide includes the time frames stipulated by federal regulations. The inaction of the supervisors and workers' compensation specialists ultimately caused payment delays to the employees.

¹ ECOMP allows users to select, initiate, complete, approve, and submit forms online through an interactive internet environment and to query certain information on case status.

² 20 CFR 10.110 pertains to claim initiation (CA-1 or CA-2 forms). 20 CFR 10.112 pertains to claims for compensation (CA-7 form).

Lack of a Plan to Actively Manage Cases

GSA does not have a plan to actively manage all workers' compensation cases. OWCP Publication CA-810 states, "In the interests of providing good service to employees while containing costs, OWCP encourages active management of workers' compensation programs by agency personnel." The B&R Center Director told us that new claims are assigned to workers' compensation specialists alphabetically by last name. However, workers' compensation specialists do not have any written instruction on how to review or prioritize cases.

Additionally, GSA lacks policies and procedures detailing how a workers' compensation specialist should perform case management tasks. The lack of policies and procedures detailing responsibilities is an indication that GSA does not have a plan to meet program objectives or provide effective supervision to the workers' compensation specialists.

In sum, the deficiencies discussed above show that GSA's current policies and procedures are not effective to manage its workers' compensation cases; therefore, GSA cannot adequately manage its workers' compensation program. Without more effective policies and procedures for specialists to follow, active case management will not occur.

Finding 2 – GSA's case monitoring practices and procedures resulted in claim payment delays and overpayments.

GSA failed to respond or did not provide timely responses to DOL inquiries. According to GSA Order 9810.1 HCO P, *Injury Compensation*, workers' compensation specialists are responsible for "reviewing for accuracy and completeness, and otherwise internally processing, all papers and documents prepared for submission to DOL and transmitting them promptly." However, GSA lacks effective policies and procedures to ensure that workers' compensation specialists monitor cases and provide timely responses to DOL inquiries after workers' compensation cases have been submitted to DOL.

When evaluating a claim, DOL may contact agencies and request that they attest to the accuracy of employees' statements. The OWCP FECA Procedure Manual, Chapter 2-0800, states, "OWCP must attempt to obtain any evidence which is necessary for the adjudication of the case" In addition, it states, "Depending on the facts of the case, it may be necessary to forward the claimant's statement to the employing agency for comment." Furthermore, it states, "If an employing agency fails to respond to a request for comments on the claimant's allegations, the claims examiner may usually accept the claimant's statements as factual."

We examined seven cases initiated and processed in ECOMP to determine whether DOL required additional information to develop the case. Of these seven, we found three cases where DOL requested critical information to evaluate claims and process payments. GSA either did not respond or did not provide timely responses to DOL's inquiries. GSA could have avoided at least \$333,000 of compensation payments and a 157-day delay in compensation if it had provided timely responses to DOL.

In two of the three cases, DOL requested a statement from GSA in order to verify the accuracy of the claimants' statements. In both instances, GSA did not provide a response and DOL approved the claims. However, the cases were questionable. For example, in one of these two cases, an employee submitted a letter to DOL stating his injuries were job-related. The employee's statement described how the physical demands of the job duties became harder and harder to perform. Although DOL requested the B&R Center to opine on the accuracy of the employee's statements, GSA did not provide a response and DOL subsequently accepted the employee's statements as factual. Our review of the employee's job description found the job duties were primarily sedentary and contrary to the employee's description of being physically demanding.

In the third case, a payment was delayed because the GSA workers' compensation specialist was not responsive to a DOL request for clarification of incorrect pay information. In this case, DOL requested additional information from GSA five times between May and December 2017. However, the GSA workers' compensation specialist did not provide the requested information to DOL until December 8, 2017. As a result, the employee's compensation claim of \$6,944 was delayed 157 working days.

These deficiencies demonstrate that GSA needs to monitor its cases better to control its program costs and provide good service to its employees.

Finding 3 – GSA does not have a process to return employees to work, leading to long-term workers' compensation cases.

According to GSA's Standard Operating Procedure 900.901-1, *Workers' Compensation Claims*, staff "monitor(s) the medical recovery of injured/ill workers following job related injuries and illnesses" and "provides assistance in returning employees to [work] as soon as possible." However, GSA does not have a process to execute its procedure.

A DOL study titled *Best Practices in Return to Work for Federal Employees Who Sustain Workplace Injury or Illness: A Guide for Agencies*, encourages an annual review of cases that contain medical reports indicating disabilities continuing more than 60 to 90 days. For example, the study found that Department of Justice requires its components to conduct an annual review of this type of case.

However, we found that GSA was not reviewing cases to determine whether employees receiving workers' compensation could return to work. For example:

- One employee received workers' compensation benefits totaling more than \$268,000; however, our review of annual medical records showed no work restrictions. Although GSA had access to the medical records, the case file showed no documented assessment of the employee's work potential or efforts to return the employee to work. Such a review could have reduced or eliminated GSA's compensation costs.

- Another employee, who disclosed self-employment on his annual employee earnings and dependency information form (CA-1032) each year beginning in June 2013, received workers' compensation payments totaling more than \$306,000. The OWCP's FECA Procedure Manual, Part 2, *Claims*, states that further action is warranted when there is any evidence of employment or earnings on annual CA-1032 forms. This employee's self-employment disclosure warranted further action. However, GSA did not monitor the CA-1032s to determine work capability and thus, did not question the employee regarding his self-employment.

When asked about a return to work process, the B&R Center Director stated that GSA wants to launch a return to work process because it currently does not have one.

The lack of a return to work process results in many long-term workers' compensation cases. As of June 30, 2019, 253 out of 338 GSA employees (75 percent) in the workers' compensation program have received benefits for more than 10 years, with as many as 42 employees receiving benefits for more than 40 years (see *Figure 2*).

Figure 2 – Age and Cost of GSA Workers' Compensation Cases (Chargeback Year 2019)

Age of Case (in years)	Number of Cases	Total Cost	Average by Case Count	Average by Case Cost
Less Than 10	85	\$1,276,265	25%	12%
10-30	135	4,841,832	40%	47%
31-40	76	2,934,974	23%	28%
More Than 40	<u>42</u>	<u>1,348,657</u>	<u>12%</u>	<u>13%</u>
Total	338	\$10,401,728	100%	100%

Having a return to work process could reduce GSA's high percentage of long-term cases. For instance, the *Managing Compensation Programs* section of OWCP Publication CA-810 states, "Stay in touch with injured employees while they are receiving compensation, identify jobs suitable for them, and take steps to reemploy recovered or recovering employees as soon as the medical evidence shows that this is possible."³ However, GSA maintains minimal or no contact with employees who have been on workers' compensation for longer than a year or have separated from the Agency.

In addition, the *Retention Rights* section of OWCP Publication CA-810 states, "OWCP's case management procedures emphasize return to work before the expiration of the employee's

³ Chapter 9, Section 9-3(E), *Reemployment*.

one-year entitlement to the same or an equivalent job.”⁴ The B&R Center Director acknowledged that a return to work program would be part of a case management system; however, GSA does not have either.

In summary, without a return to work process to review records in case files, GSA employees may be less likely to return to work when they are medically capable and will likely continue to receive workers’ compensation benefits indefinitely. For each day that a workers’ compensation case stays open, the cost of the case increases. GSA should review and revise policies and procedures to include a process for ensuring eligible employees return to work when medically capable.

Finding 4 – GSA does not have a process to identify and correct errors on DOL chargeback reports, resulting in improper payments.

GSA missed opportunities to avoid \$628,248 in workers’ compensation payments for three transferred employees because it did not verify the accuracy of DOL chargeback reports. The purpose of the chargeback reports is to identify and correct errors prior to payment. However, GSA does not have a process to verify the accuracy of chargeback reports. The *Chargeback* section of the OWCP Publication CA-810 states:⁵

Each agency receives a quarterly report listing all case 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. When an agency believes that a case appearing on its chargeback report does not belong on its account, it should check current personnel and payroll records, search the service record file and payroll records and/or send an inquiry to the Federal Records Center. Agency personnel may also review case files at the district office to resolve such discrepancies.

Additionally, federal law states that the agency gaining an employee as a result of the transfer of functions is required to pay the employee’s FECA compensation benefits and other expenses.⁶ However, because of GSA’s failure to verify the accuracy of DOL’s chargeback reports, three employees who were transferred from GSA to other agencies remained on GSA chargeback reports.

In one example, the U.S. Department of Homeland Security Act of 2002 transferred “the functions, personnel, assets, and liabilities of the Federal Protective Service of the General Services Administration, including the functions of the Administrator of General Services relating thereto” to the Secretary of Homeland Security. However, a Federal Protective Service

⁴ Chapter 8, Section 8-2, *Retention Rights*.

⁵ Chapter 9, Section 9-5(C), *Quarterly Chargeback Report*.

⁶ 5 USC 8147(b).

employee still appears on the GSA chargeback reports and is improperly receiving payments from GSA. This employee went back to work after the Federal Protective Services transferred to the U.S. Department of Homeland Security, but began experiencing the effects of the prior injury in 2009. This recurrence reopened the case, which has appeared on over 40 quarterly chargeback reports since that time.

GSA improperly paid two other employees of the U.S. Department of Agriculture in 2016 and 2018. These employees were transferred on February 17, 2015, as part of GSA's transfer of financial management services to the U.S. Department of Agriculture. While these two employees' payments have been for medical care only, which are low in overall cost and are not ongoing, there is a risk that these payments can continue for years into the future.

GSA continues incurring costs because it has not requested DOL to correct its chargeback reports to reflect that these three employees transferred to other agencies. Additionally, GSA could be paying for other transferred employees who are improperly identified as GSA employees due to varying agency and occupational codes in its chargeback reports. Without adequately verifying the accuracy of chargeback reports, GSA cannot identify and correct errors to contain program costs. GSA should implement policies and procedures to verify the accuracy of chargeback reports to contain program costs.

Conclusion

GSA needs to more effectively manage its workers' compensation program and its costs. Specifically, GSA's current policies and procedures are not sufficient to properly administer and oversee its workers' compensation cases. We found instances where GSA's case monitoring practices and procedures resulted in claim payment delays and overpayments. GSA also does not have a process to return employees to work, leading to long-term workers' compensation cases. Finally, GSA does not have a process to identify and correct errors on DOL chargeback reports, resulting in improper payments.

GSA should review, revise, and implement policies and procedures to more effectively manage its workers' compensation program and reduce its costs.

Recommendations

We recommend that GSA's OHRM:

1. Review, revise, and implement policies and procedures to more effectively manage GSA's workers' compensation cases, including to:
 - a. Document all case actions and updates for all active cases.
 - b. Obtain and maintain sufficient documentation in case files.
 - c. Ensure timely submittal of forms to DOL.
 - d. Develop a plan to manage all active cases.
2. Review, revise, and implement case monitoring policies and procedures to ensure that workers' compensation specialists:
 - a. Provide timely responses to inquiries and questions from DOL regarding workers' compensation cases.
 - b. Review forms and reports from DOL to ensure accuracy and completeness.
 - c. Request additional information or further review from DOL on questionable cases.
3. Review and revise policies and procedures to include a process for:
 - a. Assessing cases where employees have not returned to work to determine appropriate follow-up actions.
 - b. Maintaining contact with claimants to monitor their status and assist in returning them to work when medically capable.
4. Develop and implement a process to verify the accuracy of the DOL chargeback reports.
5. Determine if employees receiving workers' compensation benefits were part of a GSA function transferred to another agency and request DOL to remove transferred employees from GSA's chargeback report and recover the associated payments, if allowable.

GSA Comments

The Acting Chief Human Capital Officer agreed with our findings and recommendations. GSA's written comments are included in their entirety in **Appendix B**.

Audit Team

This audit was managed out of the Greater Southwest Region Audit Office and conducted by the individuals listed below:

Charles Harris	Regional Inspector General for Auditing
Grace Mclver	Audit Manager
Keith Migneault	Auditor-In-Charge
Kenneth Elliott	Auditor

Appendix A – Scope and Methodology

This audit was included in the GSA Office of Inspector General's *Fiscal Year 2019 Audit Plan* and focused on the management of GSA's workers' compensation program. Our initial audit scope consisted of a judgmental sample of 44 GSA workers' compensation cases. We added two cases where the date of injury and date of death did not align. In total, these 46 cases represent \$3,474,328 (33 percent) of the \$10,649,959 in total payments on GSA's chargeback report for the period July 1, 2017, through June 30, 2018. We also obtained the chargeback report for the period July 1, 2018, through June 30, 2019, to include more current workers' compensation data.

To accomplish our objective, we:

- Reviewed GSA Order 9810.1 HCO P, *Injury Compensation*, and GSA's OHRM Standard Operating Procedure 900.901-1, *Workers' Compensation Claims*, to obtain an understanding of GSA's workers' compensation program;
- Reviewed DOL OWCP's *FECA Procedure Manual* and its Publication CA-810, *Injury Compensation for Federal Employees*, to obtain an understanding of DOL's administration of the workers' compensation program for the federal government;
- Selected and analyzed a judgmental sample of 46 workers' compensation cases (out of 369) that had high dollar value or date discrepancies at the end of chargeback year 2018, which was the most recently completed year at the time of our sample selection;
- Selected and analyzed a judgmental sample of nine cases with dates of injury after November 2013. We focused on seven of these cases because they were initiated and processed through ECOMP;
- Examined GSA case files for our sampled cases to assess whether GSA maintained case files to facilitate the program's primary objectives;
- Examined DOL ECOMP case files for our sampled cases to determine whether missing information in GSA case files was available from DOL;
- Analyzed DOL ECOMP time lag reports from chargeback year 2018 to obtain reasons for delays in GSA's form submittals;
- Obtained Standard Form 2806, *Individual Retirement Record*, for 15 of our sampled employees and accessed the electronic Official Personnel Folder to verify GSA employment at the time of injury; and
- Interviewed and held discussions with GSA's OHRM and DOL officials.

We conducted the audit between November 2018 and October 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internal Controls

Our assessment of internal controls was limited to those necessary to address the objective of the audit.

Appendix B – GSA Comments

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Office of Human Resources Management

August 17, 2020

MEMORANDUM FOR CHARLES E. HARRIS
REGIONAL INSPECTOR GENERAL FOR AUDITING
GREATER SOUTHWEST REGION AUDIT OFFICE (JA-7)

FROM: MERRICK KRAUSE *Merrick E. Krause*
ACTING CHIEF HUMAN CAPITAL OFFICER
OFFICE OF HUMAN RESOURCES MANAGEMENT (C)

SUBJECT: Response to the Office of Inspector General (OIG) Draft
Report, *GSA Needs to More Effectively Manage Its Workers'
Compensation Program (A190024)*

Thank you for the opportunity to comment on the revised subject audit report. Following the discussion on August 4, 2020, and given that we are working towards modernizing the General Services Administration (hereafter, the Agency or GSA) Workers' Compensation program, we reviewed the report and agree with the revised findings and recommendations. We concur that the GSA can increase its efforts to strengthen overall case file management, specifically by finalizing the procurement and implementation of a modernized case management system.

Prior to this audit, the Office of Human Resources Management (OHRM) recognized that improvements were necessary to continue reducing the chargeback bill and total number of workers' compensation cases. In order to identify a means to address these goals, in September 2017, OHRM proactively conducted an in-depth program review using the Lean Six Sigma methodology. The review identified two major areas for improvement: (1) modernize case file management, supplemented by an improved employee correspondence tracking system and (2) establish an efficient and effective return to work program. Subsequently, OHRM has received approval to include a modernized case management system in the Fiscal Year (FY) 2021 budget and we are preparing for the initial stages of acquisition.

Given that OHRM conducted an in-depth Lean Six Sigma program review and had taken proactive steps to address its findings and areas for improvement prior to the start of this audit, GSA does not agree with the revised proposed audit title: *GSA Needs to More Effectively Manage Its Workers' Compensation Program*. In its current state, as was the issue with the previous title version, the title does not accurately reflect the numerous improvements that GSA effected to manage the workers' compensation program. While a modernized case system is needed in order to further efficiencies, with the current tools available, GSA nonetheless achieved significant cost savings and reduction in the number of workers' compensation cases, as is reflected in the data previously provided to the Office of Inspector General. More specifically, the data

indicates that since July 2015, GSA reduced the annual chargeback bill by \$1.9M and reduced the overall number of cases from 464 to 338 cases, a 15.9 percent decrease in the bill and a 27 percent reduction in total number of workers' compensation cases. Furthermore, GSA recently received the bill for chargeback year ending on June 30, 2020; we once again reduced the annual bill by an additional \$698,104.28. As such, GSA once again contends that the current title is misleading, as it does not accurately reflect the proactive efforts and significant cost savings to date despite an older system and recommends a title that more closely aligns with the report's recommendations of a modernized case management system, to which GSA agrees.

OHRM will proceed with the migration to the new software once the funding is apportioned and made available in FY21. Given that we are working toward modernizing the GSA Workers' Compensation program, we believe a more appropriate title for this report would be '*GSA Needs to Modernize Its Workers' Compensation Program.*'

As mentioned in the opening statement, GSA concurs with the revised recommendations detailed in this report. We are providing the following comments in light of our efforts to modernize workers' compensation program management.

Recommendation 001A: OIG recommends that GSA's Office of Human Resources Management review, revise, and implement policies and procedures to more effectively manage GSA's workers' compensation cases, including to document all case actions and updates for all active cases.

GSA concurs with this recommendation. At the time of the audit, GSA used simplistic tools (e.g. Google Spreadsheet) to manage workers' compensation cases. We realized the processes and procedures utilized were not sufficiently modern and sophisticated and improvements were needed.

Prior to the OIG notifying OHRM that an audit would be conducted, OHRM had already begun an in-depth program review to identify opportunities for improvement. The Lean Six Sigma review began in September 2017, more than a year before this audit was announced. It identified two major areas for improvement:

1. Return to Work Program
2. Case File Management and Employee Correspondence Tracking Improvement

Following the review, an Executive Business Case was presented to the OHRM Executive Team for the procurement of a Workers' Compensation Case Management system. Approval has been received and we are preparing for the initial stages of acquisition.

A copy of the May 25, 2018 Lean Six Sigma conclusion/findings was provided to the Office of Inspector General (OIG) Audit Team Lead on November 14, 2018, immediately following the entrance conference.

Additionally, GSA references the Department of Labor's (DOL) Federal Employee Compensation Act Procedure Manual for guidance to administer and oversee workers' compensation cases. GSA also has Standard Operating Procedures in place to guide injury compensation specialists in managing cases, processing Leave Buy Back, and managing Continuation of Pay.

We offer training through GSA's Online University for supervisors. We also provide step-by-step guides for supervisors and inform injured employees of their rights and responsibilities upon initial notification of alleged illness or injury.

As GSA was already in the process of acquiring a modernized case management system, its implementation will address Recommendation 001A. Once in place, current policies and procedures will be reviewed and revised and additional policies and procedures will be established to assist specialists with managing workers' compensation cases, including documenting all case actions and updates for all active cases.

Recommendation 001B: OIG recommends that GSA's Office of Human Resources Management review, revise, and implement policies and procedures to more effectively manage GSA's workers' compensation cases, including to obtain and maintain sufficient documentation in case files.

GSA concurs with this recommendation. However, it is important to note that the role of the Employing Agency (EA) and the primary function of the Federal Employees' Compensation Act (FECA) are in how they align with another to ensure employees receive benefits when entitled. But it is also important to note how they differ in the execution and implementation of the program. The FECA, 5 U.S.C. 8101 *et seq.*, is responsible for establishing a comprehensive and exclusive workers' compensation program which is *administered* by the Office of Workers' Compensation Programs - Department of Labor (OWCP-DOL). EAs do not share in the responsibility to develop and implement workers' compensation policies and procedures; rather, we work to ensure claimants submit their documents timely and in accordance with current policy and procedure. Workers' compensation policies and procedures have already been established by the Code of Federal Regulations (20 CFR Chapter I – OWCP-DOL), with the exception of the Leave Buy Back Program. The execution of that program is within the discretion of the EA.

Currently, GSA is in full compliance and manages its program in accordance with 20 CFR and has recently made updates and published its Leave Buy Back policy.

The OIG also recommends that GSA's OHRM obtain and maintain sufficient documentation for each case. We agree with the OIG's recommendation that OHRM should review, revise, and implement policies and procedures to more effectively manage GSA's workers compensation cases. However, OHRM's workers' compensation program is in full compliance with using the DOL's Employee Compensation and Management Portal (ECOMP) to electronically transmit claims and request, obtain, and review case files using the Agency Reviewer Imaging (ARi). Since the implementation of the ARi in December 2015, agencies have access to claimants' entire case file and can request its contents at any time. While we realize that this does not void the OIG's assertion that we should obtain and maintain sufficient case documentation, it does demonstrate that we are in compliance with current policy. Current policy does not "require" agencies to collect and maintain documents; however, they "may" in accordance with the Privacy Act of 1974, noting that a claimant's case file is owned by and is the responsibility of the DOL, including an EA's internal files.

As the EA, we take our role as the liaison between the employee and the DOL very seriously. We continually investigate improvements to be more efficient and effective. In an effort to ensure the effective handling of each case, we maintain internal records on our shared drive for each claimant, as well as supporting documentation, but agree that we would greatly benefit in having a modern case management system to ensure we maintain sufficient documentation in order to return claimants back to work as soon as medically able.

As GSA was already in the process of acquiring a modernized case management system, its implementation will address Recommendation 001B. Once in place, current policies and procedures will be reviewed and revised and additional policies and procedures will be established to provide guidance to specialists on obtaining sufficient documentation in each active case file to ensure cases are managed effectively and that employees return to work when medically able and in accordance with DOL policies and procedures.

Recommendation 001C: OIG recommends that GSA's Office of Human Resources Management review, revise, and implement policies and procedures to more effectively manage GSA's workers' compensation cases, including to ensure timely submittal of forms to DOL.

GSA concurs with this recommendation. On January 9, 2020, Office of Management and Budget's Acting Director sent a memorandum to heads of executive departments and agencies announcing the creation of the Protecting Employees, Enabling Reemployment (PEER) Initiative. The PEER Initiative replaced the former administration's 2015 initiative, Protecting Our Workers and Ensuring Reemployment (POWER), which set timely filing goals for executive branches. PEER (and the former POWER initiative) serves as an opportunity for agencies to recommit to a safe and health-conscious federal workforce that receives timely benefits through a modern and efficient workers' compensation system.

The PEER Initiative created seven goals for all federal agencies to achieve in FYs 20-22. Specifically, Goals 3 and 4 require agencies to increase the timely filing for workers' compensation claims forms, CA-1, CA-2, and CA-7.

Goal 3 requires agencies to increase the timely filing rate for workers' compensation claims forms CA-1 and CA-2 by 3 percent per year above the agency's FY18 performance result or to meet established minimum filing percentages, whichever is higher. Maximum targets will be set at 98 percent unless the agency's FY18 performance was higher.

GSA Performance for Goal 3: CA-1 and CA-2 Submission

Fiscal Year	Total	Timely	Percentage
2018	40	28	70%
2019	27	23	85.2%
2020 (thru 6/30)	24	21	87.5%

Since FY18, GSA has increased timely filing of CA-1s and CA-2s by over 17 percent, exceeding the 3 percent per year goal.

Goal 4 requires agencies to increase the timely filing rate for wage-loss claim form CA-7 by 3 percent per year above the agency's FY19 performance result or to meet established minimum filing percentages, whichever is greater. Maximum targets will be set at 98 percent unless the agency's FY18 performance was higher.

GSA Performance for Goal 4: CA-7 Submission

Fiscal Year	Total	Timely	Percentage
2018	96	53	55.2%
2019	87	53	60.9%
2020 (thru 6/30)	49	35	71.4%

Since FY18, GSA has increased timely filing of CA-7s by over 16 percent, exceeding the 3 percent per year goal.

Using the PEER goals, GSA will review, revise, and implement policies and procedures to continue timely submittal of forms to DOL, addressing Recommendation 001C.

Recommendation 001D: OIG recommends that GSA's Office of Human Resources Management review, revise, and implement policies and procedures to more effectively manage GSA's workers' compensation cases, including to develop a plan to manage all active cases.

GSA concurs with this recommendation. While awaiting the procurement of a modern case management system, it should be noted that OHRM workers' compensation specialists have continuously reduced the overall chargeback bill and the total number of cases. From chargeback year (CBY) 2016 to CBY 2019, GSA reduced the number of total cases from 464 cases to 338 cases. Also during this timeframe, GSA reduced the bill by nearly \$2 million (\$1,974,000). Reduction of the overall cases and bill is expected to continue once a modern case management system is acquired.

Notwithstanding the 27% reduction in overall cases, once a modernized case management system is implemented, additional policies and procedures will be developed to align with the modernized system to further enhance management of workers' compensation cases, addressing Recommendation 001D.

Recommendation 002A: OIG recommends that GSA's Office of Human Resources Management review, revise, and implement case monitoring policies and procedures to ensure that workers' compensation specialists provide timely response to inquiries and questions from DOL regarding workers' compensation cases.

GSA concurs with this recommendation. In December 2019, the Director of Federal Employees' Compensation at the DOL announced the creation of the Claims Examiner Query Link (CE-LinQ) module within the Employees' Compensation Operations and Management Portal (ECOMP).

Until January 2020, the only form of communication in place for DOL Claims Examiners to request information from the EAs was via First-Class mail. This procedure slowed Agency response time significantly and it caused delays in DOL's adjudication of illness, injury, and compensation claims.

CE-LinQ was launched in January 2020 and provides two-way communication between the Claims Examiner and EAs. CE-LinQ was designed to provide an easier and timelier response process to OWCP Staff since responses would be transmitted to the Claims Examiner in near real time.

While the utilization of this modernized process would lead to faster entitlement decisions and benefits payments to injured workers, it has not been widely utilized by the DOL, leading to delays in cases for GSA. As such, GSA will continue its talks with DOL to ensure that DOL staff uses the updated system to ensure that GSA workers' compensation specialists provide timely responses to inquiries and questions from DOL regarding workers' compensation cases, and

thereby addressing Recommendation 002A. Additionally, notwithstanding the current timely filing improvements under the PEER initiative, GSA continues to assess internal areas for improvement and will explore the option for developing Standard Operating Procedures to align with Recommendation 002A.

Recommendation 002B: OIG recommends that GSA's Office of Human Resources Management review, revise, and implement case monitoring policies and procedures to ensure that workers' compensation specialists review forms and reports from DOL to ensure accuracy and completeness.

GSA concurs with this recommendation. Since January 2015, GSA has been in full compliance with using the DOL's ECOMP system to accurately submit claim forms.

Once GSA implements a modern case management system, current policies and procedures will be updated to align with the new system so as to ensure workers' compensation case monitoring occurs.

As noted in Recommendation 002A, efforts are underway with DOL to ensure that Claims Examiners utilize the updated system; this will help ensure that GSA workers' compensation specialists provide timely responses to inquiries and questions from DOL regarding workers' compensation cases, thereby addressing Recommendation 002B.

Recommendation 002C: OIG recommends that GSA's Office of Human Resources Management review, revise, and implement case monitoring policies and procedures to ensure that workers' compensation specialists request additional information or further review from DOL on questionable cases.

GSA concurs with this recommendation. Injury Compensation staff routinely collaborate with the OWCP and OIG's Office of Investigations to investigate specific cases where an injured worker appears to have intentionally failed to disclose reportable employment or income, falsified or reported fraudulent medical information, or claimed to have been injured or disabled when in fact he/she is not. However, GSA will take Recommendation 002C under advisement and explore whether written guidance will effectuate or facilitate program improvement in these situations.

Recommendation 003A: OIG recommends that GSA's Office of Human Resources Management review and revise policies and procedures to include a process for assessing cases where employees have not returned to work to determine appropriate follow-up actions.

GSA concurs with this recommendation. With that, GSA has procedures in place to assess cases in which employees have not returned to work, but we recognize

that additional improvements are necessary for continued reduction of the annual chargeback bill.

Understanding the importance of continual case monitoring, GSA established a requirement in the modernized case management system enabling specialists to input critical date reminders in order to assess cases where employees have not returned to work and to determine appropriate follow-up actions when necessary.

Once the modernized case management system is implemented, procedures will be outlined to define the collaboration effort between DOL and GSA to ensure claimants with work capability are returned to gainful employment, if/when medically able, therefore addressing Recommendation 003A.

Recommendation 003B: OIG recommends that GSA's Office of Human Resources Management review and revise policies and procedures to include a process for maintaining contact with claimants to monitor their status and assist in returning them to work when medically capable.

GSA concurs with this recommendation. OHRM will explore available options and develop a policy and/or process, listed in Recommendation 003B, to maintain contact with claimants so as to ensure routine monitoring and updating of case files for the purpose of returning employees back to work.

Recommendation 004: OIG recommends that GSA's Office of Human Resources Management develop and implement a process to verify the accuracy of the DOL chargeback reports.

GSA concurs with this recommendation and agrees that there is no current written procedure to ensure validations of charges are appropriately billed to GSA. Specialists are actively reviewing the chargeback bill to ensure all payments are accurately billed to GSA for chargeback year ending June 30, 2020. GSA continues to assess internal areas for improvement and will explore the option for developing Standard Operating Procedures to align with Recommendation 004.

Recommendation 005: OIG recommends that GSA's Office of Human Resources Management determine if employees receiving workers' compensation benefits were part of a transferred GSA function to another agency and request DOL to remove transferred employees from GSA's chargeback report and recover the associated payments, if allowable.

GSA concurs with this recommendation. In one instance identified by OIG, GSA worked with OWCP's Department of Fiscal Services to resolve the matter. Moving forward GSA will coordinate transfer of chargeback codes with DOL's Fiscal Department when legislation transfers functions out of GSA and in

accordance with the FECA Procedure Manual, Chapter 5-0700, and therefore addressing Recommendation 005.

If you have any questions, please contact me or Jamie Hamlin, Director, Benefits and Retirement Center at 816-457-3994.

Appendix C – Report Distribution

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