



**Review of Non-Chargeable Claimants
Under The Federal Employees'
Compensation Act**

U.S. Department of Labor
Office of Inspector General
Office of Analysis, Complaints and Evaluations

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Table of Contents

	Page
Executive Summary	ii
I. Purpose	1
II. Background and Methodology	1
III. Findings, Conclusions and Recommendations	3
1. Profile of Non-chargeables	3
2. Life Span and Projected Costs of Non-chargeables	6
3. Returning Claimants to Work	7
4. Accuracy and Usefulness of Claimant Information	8

Appendices

A. Bibliography	11
B. Non-chargeable and Total FECA Claims and Costs	13
C. Medical Expenses:	
Non-chargeable and Total FECA Claims and Costs	14
D. Compensation Benefits:	
Non-chargeable and Total FECA Claims and Costs	15
E. Survivor Benefits:	
Non-chargeable and Total FECA Claims and Costs	16
F. Non-chargeable Costs by Category	17
G. Life Expectancy Calculation	18
H. Special Cases / Fringe Acts Claims, 1998	19
I. Claimant Records Summary, June 30, 1993; 1997; and 1998	20
J. Special Cases / Fringe Acts Summary	21
K. Special Cases / Fringe Acts Costs	24
L. Agency Response	26

Acronyms

CB	Chargeback
FECA	Federal Employees' Compensation Act
LEO	Non-Federal Law Enforcement Officers
N/C	Non-chargeable
OIG	Office of Inspector General
OWCP	Office of Workers' Compensation
ROTC	Reserve Officer Training Corps

Executive Summary

The Office of Inspector General (OIG) conducted an examination of claimants categorized as “non-chargeable,” under the Federal Employees’ Compensation Act (FECA). Based on the OIG goal of improving the integrity and cost efficiency of the Department of Labor’s disability compensation programs, the Division of Evaluations and Inspections initiated this review of the non-chargeable claimants.

Our review of the non-chargeable claims focused on four questions: (1) What is their profile, (2) What are their life span and projected costs, (3) Are claimants returning to work, and (4) Is the claimant information accurate and useful.

The Office of Workers’ Compensation Programs (OWCP), which oversees the FECA program, began categorizing claims as “non-chargeable” or “chargeable” after Congress passed an amendment to FECA in 1960. The amendment stated that effective December 1, 1960, OWCP would bill Federal agencies for total costs of benefits for job-related illnesses, injuries, or deaths of their respective employees. These claims are referred to as “chargeable” because each employing agency is responsible—or charged—for the total cost of benefits paid for injuries or deaths occurring after December 1, 1960. Non-chargeable claims and chargeable claims differ because costs for non-chargeable claims, which occurred prior to December 1, 1960, are not billed back to employing agencies. Funding for these non-chargeable claims, as well as other specific kinds of claims (outlined on page 4), also referred to as non-chargeable, are appropriated directly by Congress to OWCP.

To present our report, we looked at total non-chargeable claims and costs paid since 1993, unless otherwise noted.

Profile of Non-chargeables

We found that, on average, less than 2 percent of the FECA claimant universe and costs paid between 1993 and 1998 were in non-chargeable claims. Overall, the number of non-chargeable claimants have decreased by 30 percent and costs have decreased by 20 percent, since 1993. Although the universe is a small group, no two categories are alike, making any analysis complex.

Life Span and Projected Costs of the Non-chargeables

We predict that, 90 percent, at most, of the current non-chargeable claimants will no longer receive benefits by the year 2022. We found that the pre-12/60 costs and many of the older special case/fringe act categories will likely be eliminated by the year 2023.

Returning Claimants to Work

It is difficult to determine who may, or may not, eventually return to work. Claimants fall into two categories: (1) claimants who are covered under OWCP return-to-work policies and (2) claimants (family members) who receive survivor benefits. On June 30, 1998, 2,068 (56%) claimants were covered under OWCP's return-to-work policies with the remaining 1,592 (44%) receiving survivor benefits. For example, approximately 796 (39%) of non-chargeable claimants are Reserve Officer Training Corps and non-Federal Law Enforcement Officers. Based on the nature and cause of injuries to these claimants, predominately traumatic/violent, it is difficult to predict what percentage of them will return to work. Even so, we found evidence which verified that OWCP's efforts to return non-chargeable claimants back into the workforce, either in similar positions or through retraining programs, are comparable to efforts of employing agencies.

Accuracy and Usefulness of Claimant Information

For this portion of our report, we took three snapshots—in time—of the non-chargeable claimant universe: June 30, 1993; June 30, 1997; and June 30, 1998. We identified two minor problems with claimant information: (1) incorrect data and (2) omitted data. According to OWCP, the agency is currently redesigning the automated database system application for federal employees' compensation. The redesign includes a requirement that claimants, as well as all beneficiaries, provide OWCP their social security numbers and dates of birth. Since the number of problems we found within the non-chargeable claimant universe is small, OWCP should attempt, to the extent possible, to make any corrections we have suggested in our report during the implementation phase of their redesigned database. We provided a draft of this report to OWCP.

The agency's response is found on page 10 of the report and in its entirety in Appendix L. OWCP is in agreement with the findings and conclusions of our report. Based on OWCP's response, we consider this recommendation resolved.

I. PURPOSE

The Office of Inspector General (OIG) conducted an examination of claimants categorized as “non-chargeable”, under the Federal Employees’ Compensation Act (FECA). Based on the OIG goal of improving the integrity and cost efficiency of the Department of Labor’s disability compensation programs, the Division of Evaluations and Inspections initiated this review of the non-chargeable claimants.

Our review of the non-chargeable claims focused on four questions: (1) What is their profile, (2) What are their life span and projected costs, (3) Are claimants returning to work, and (4) Is the claimant information accurate and useful.

This review was conducted according to the *Quality Standards for Inspections* published by the President’s Council on Integrity and Efficiency.

II. BACKGROUND AND METHODOLOGY

1. Background

The Federal Employees’ Compensation Act (FECA) was enacted in 1916 to cover all civilian Federal employees for wage loss compensation, medical care, and survivors’ benefits in the event of death. The Division of Federal Employees’ Compensation, Office of Workers’ Compensation Programs (OWCP), which monitors the FECA program, made changes to the program to accommodate a 1960 Congressional amendment. The amendment stated that effective December 1, 1960, OWCP would furnish statements to Federal employing agencies for the total costs of benefits for work-related illnesses, injuries, or deaths of individuals who were employed in their agency (at the time of incident). In turn, each agency would reimburse the Employees’ Compensation Fund for the previous year’s total costs of benefits. These claims are known as “chargeable” because the employing agency is charged—or responsible—for the costs. Non-chargeable claims differ from chargeable claims because costs for these injuries or deaths, which occurred prior to December 1, 1960, are not billed back to employing agencies. Funding for these non-chargeable claims, as well as other specific kinds of claims (outlined on page 4), also referred to as non-chargeable, are appropriated directly by Congress to OWCP.

Non-chargeable claims are categorized as: (1) Pre-12/60 Injury (claims prior to December 1, 1960), (2) Obsolete Agencies (defunct agencies rather than transferred/combined agencies), and (3) Special Cases/Fringe Acts (individuals not considered Federal employees but covered under certain circumstances—for example, because of their involvement on a Federal project or event).

2. Methodology

To conduct our analysis, we reviewed literature in the field and examined the U.S. Code of Federal Regulations and pertinent legislation. For our analysis, we used data provided to us by OWCP. We did not independently verify the accuracy of the data provided to us. To obtain additional information, we met with OWCP staff and reviewed reports at the local district office, but did not review any case files.

a. Profile of Non-chargeable Claims and Costs

To develop a profile of the claimants receiving non-chargeable benefits, we analyzed OWCP's reported claims and cost figures on the: (1) total non-chargeable claims and costs; (2) non-chargeable claims and costs for medical, compensation and survivor benefits; and (3) claims and costs within each non-chargeable category. Our analysis was conducted in increments of five-years--chargeback years 1988, 1993, and 1998. Appendices B through F show the actual claims/costs, rate changes and savings.

b. Life Span and Projected Costs of Non-chargeables

Life Span

We conducted two analyses on life span with age 62 as a benchmark. This age was used because it is the age that employees can retire from Federal service with the least years of service (five years).

For our first analysis, we obtained a mean/median age of the claimants who were over the benchmark age of 62 years. In conducting our second analysis, we used the actual benchmark age of 62 years. In both analyses, age was converted to a life expectancy figure as cited in the Annuity Shopper, Actuarial Tables, and was added to the current year. Two Special Case/Fringe Act categories, Reserve Officer Training Corps (ROTC) and non-Federal Law Enforcement Officers (LEO), were not included in our analysis because the number of claimants will fluctuate unpredictably. Appendix G shows the life span calculations.

Projected Costs

Our second analysis was to project when, and if, costs would stop. Our analysis was based on current costs and was conducted using Forecast

(an Excel application to predict a future value using existing values).

c. Returning Claimants to Work

To gauge the number of claimants covered under OWCP's return-to-work policies, we analyzed a sample of OWCP data for June 30, 1998—the most recent chargeback date. To learn about the rules and practices regarding returning claimants to work, we reviewed OWCP's return-to-work policies, procedures, and practices. A detailed analysis of claimants who returned to work is not included in this review. Appendix H details data used.

d. Accuracy and Usefulness of Claimant Information

To determine the accuracy and usefulness of claimant information, we used three snapshots—in time—of the non-chargeable claimant universe: June 30, 1993; June 30, 1997; and June 30, 1998. We used June 30, 1993 as our baseline and June 30, 1997 and June 30, 1998 as the most recent ending chargeback dates. We examined all of the fields of 12,740 non-chargeable claimant records to verify the existence (if applicable) and accuracy of data in each field. Information on records is in Appendix I.

III. FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Overall, we found no significant concerns pertaining to the non-chargeable universe. We noted that the procedures OWCP uses to monitor the non-chargeable claimant universe are the same as those used to monitor the chargeable claimant universe. Based on our examination of the *FECA Program Procedures* and statements by OWCP officials, we concluded that even though there is no employing agency responsible for monitoring this group of claimants, the non-chargeable claimant universe is no more susceptible to the filing of fraudulent claims than the FECA claimant population as a whole.

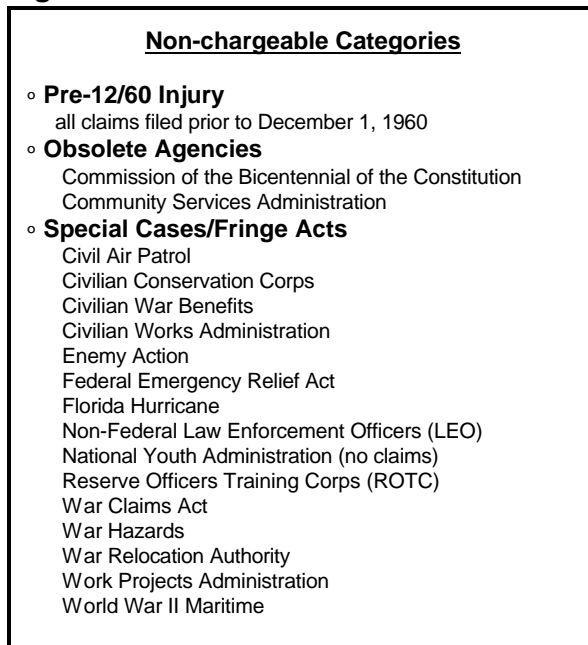
1. Profile of Non-chargeables

We found that, on average, less than 2 percent of the FECA claimant universe and costs paid between 1993 and 1998 were in non-chargeable claims. Overall, the number of non-chargeable claimants decreased by 30 percent and costs have decreased by 20 percent since 1993. Although this universe is small, no two categories are alike, making any analysis complex.

a. Claimants

Figure 1 lists the non-chargeable categories as of June 30, 1998: Pre-12/60 Injury, Obsolete Agencies, and Special Cases/Fringe Acts. Each Special Case/Fringe Act is unique because each is tied to a specific statutory authority and benefits are paid accordingly. For example, the Florida Hurricane was included by Congress to cover individuals who were attached to specific Veterans Camps (numbers 1, 3, 5) and were injured or killed in a September 2, 1935 hurricane in the Florida Keys—"Florida Hurricane" had not been previously listed.

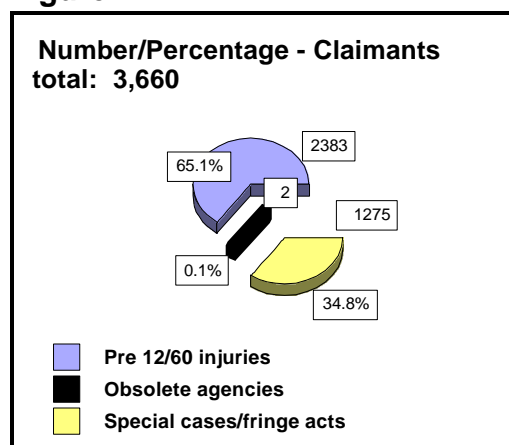
Figure 1



Appendices J and K provide a summary and breakout of costs for each Special Case/Fringe Act category.

Figure 2 is a graphic representation of the number and proportions of claimants by category on June 30, 1998. It highlights that the majority of claims were within the Pre-12/60 Injury category and only two claims were within the current Obsolete Agencies category. Even though the Special Cases/ Fringe Acts category makes up less than half of the total non-chargeable claims, we looked at each of the separate categories to identify any high concentrations of claimants.

Figure 2



Special Cases/Fringe Acts

The analysis of Special Cases/Fringe Acts is complex, because different sets of conditions or criteria apply to each, as defined by Congress. These criteria include such areas as eligibility, time constraints, computation of benefits, and length of coverage, to name a few. For example, on June 30, 1998, over 50 percent of the special case/fringe act claims were in ROTC but these claims made up less than one percent of the total non-chargeable costs during the same period. Unlike other categories, ROTC claimants are entitled to receive compensation benefits at either two-thirds or three-fourths of a monthly rate of pay of \$150 (set by statute), which equates to \$100.00 or \$112.50 per month, respectively.

Another complexity within the Special Cases/Fringe Acts category is the date when each case/act was added, resulting in a wide span in claimants' ages from one case/act to another. Some of the Special Cases/Fringe Acts were enacted in the early 1930's, so the numbers of claims will continue to decline. For example, on June 30, 1998, approximately half of the Special Case/Fringe Act categories have fewer than ten claimants. The number of claimants in other cases/acts will continue to fluctuate in unpredictable ways.

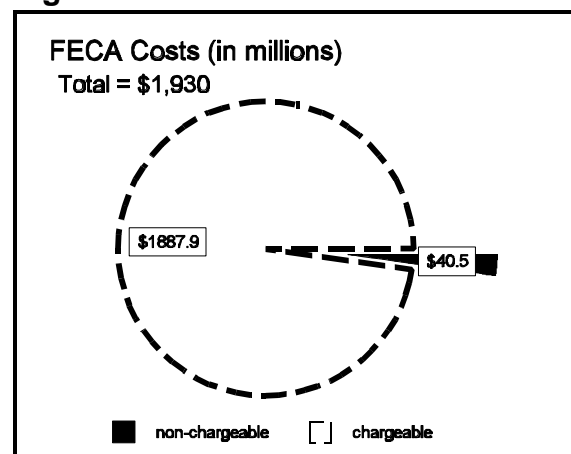
b. Costs

As Figure 3 shows, for the chargeback year 1998 (July 1, 1997 to June 30, 1998) a total of 3,343 non-chargeable claims were paid at a cost of \$40.5 million out of a total of 261,456 FECA claims paid totaling about \$1.9 billion.

Our analysis revealed that most of the claims (approximately 84%) were paid for Pre-12/60 Injuries.

Our analysis also revealed that the Pre-12/60 Injury category yielded the greatest savings. From 1993 to 1998, approximately 93 percent of the savings were in the Pre-12/60 Injury category (\$8,386,754 savings compared to total savings of \$9,009,614 in non-chargeable costs). In comparison, savings in the Special Cases/Fringe Acts category were small. See Appendix F for figures. We also noted that pre-12/60 injury and total non-chargeable costs went down by approximately the same percentages—25 percent and 29 percent respectively.

Figure 3



In addition, we determined where the majority of costs existed—in medical expenses, compensation benefits and survivor benefits; therefore, we conducted a cost comparison of the three different categories. Our analysis focused solely on the total non-chargeable universe because the results of any other comparison would be inconsequential (for example, comparing these costs within the three (3) non-chargeable categories).

Figure 4

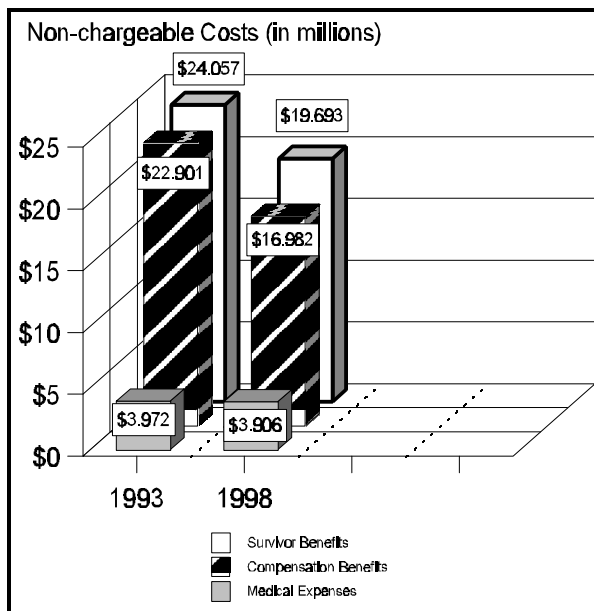


Figure 4 provides an overview of our cost comparison of non-chargeable costs in 1993 and 1998. The chart shows that most of the costs were paid in compensation and survivor benefits, with minimal costs paid in medical expenses. The chart also reveals the greatest savings are in both compensation and survivor benefits (approximately 20% reduction for each) with minimal change in medical costs paid during this period. Appendices C, D, and E show the number of claims, costs, rate changes, and savings.

2. Life Span and Projected Costs of Non-chargeables

a. Life Span

Using a method that yields the longest projected life span, based on a retirement age of 62, we predict that, 90 percent, at most, of the current non-chargeable claimants will no longer receive benefits by the year 2022. This method was based on most of the claimants receiving benefits longer than one year and 79 percent being over the age of 62 years.

b. Projected Costs

Figure 5

CB Year	Non-chargeable Costs	Rate of Change
1982	\$65,677,421	
1993	\$50,929,943	-22.45%
1994	\$48,023,765	-5.71%
1995	\$44,921,993	-6.46%
1996	\$44,747,675	-0.39%
1997	\$41,920,358	-6.32%
1998	\$40,581,045	-3.19%
Percent of Change CBY 1982 - 1998		-38.21%

As shown in Figure 5, between 1982 and 1998 the liability for non-chargeable claims has gone down by 38.21 percent. Additionally, we found that the pre-12/60 costs and many of the older¹ special case/fringe act categories will likely be eliminated by the year 2023. We did not include the obsolete agencies in our analysis because they totaled only two cases. More recent² special case/fringe act categories were also not included in the analysis because these costs will fluctuate unpredictably.

OWCP officials informed us that the agency has arranged with an accounting firm to do a requirements analysis and provide some additional actuarial support for a revision to the current FECA liability model. They said that while the current model provides adequately for the FECA future liability, it can be enhanced to improve the allocation of liability among the Federal agencies, particularly in mature accident periods where relatively few claims remain open (as is the case with much of the non-chargeable liability). They added that agencies can be

¹Older special case categories—For purposes of this review these include: 1) Federal Emergency Relief Administration, 2) Civilian Conservation Corps, 3) Civilian Works Administration, 4) National Youth Administration, 5) Florida Hurricane, 6) Works Projects Administration, 7) War Hazards, 8) Enemy Action, 9) War Relocation Authority, 10) Civilian War Benefits, and 11) World War II Maritime.

²Recent special case categories—For purposes of this review these include: 1) Civil Air Patrol, 2) Non-Federal Law Enforcement Officers, 3) Reserve Officers Training Corps, and 4) War Claims Act.

grouped for analysis based on identifiable risk characteristics which can be expected to produce similar loss development patterns and similar loss cost per exposure unit. They expect that a revised model will yield a six-year budget projection which considers prospective claim activity. (OWCP now has a separate model for semi-annual budget projections.) OWCP expects to begin testing enhanced portions of the model late in the 1999 calendar year, and anticipate that they will be available for use in making FY 2000 estimates (performed in September 2000, based on payments for July 1, 1999 - June 30, 2000).

3. Returning Claimants to Work

Not all claimants are subject to return-to-work standards and requirements. For example, 1,592 (or 44%) of the claimants were receiving survivor benefits on June 30, 1998. This group of claimants is not subject to return-to-work standards or requirements. OWCP regulations describe the eligibility requirements for family members to receive survivor benefits of deceased claimants—family members include immediate, adopted, and step family members such as spouses, children, grandchildren, parents, and siblings.

The remaining 2,068 (or 56%) claimants are covered under OWCP's return-to-work policies. However, even knowing the characteristics of each group, it is difficult to anticipate to what extent claimants may, or may not, return to work. For example, approximately 796 (or 39%) of these claimants are ROTC and LEO. Based on the nature and cause of injuries to these claimants, predominately traumatic/violent, it is difficult to predict what percentage of them will return to work.

Even so, we found evidence which verified OWCP's efforts to return non-chargeable claimants back into the workforce, either in similar positions or through retraining programs, are comparable to efforts of employing agencies.

4. Accuracy and Usefulness of Claimant Information

We identified the following two problems with claimant information: (1) incorrect data and (2) omitted data.

Incorrect Data:

We removed less than one percent of the non-chargeable records from our analysis. These records were removed because we were unable to determine the accuracy of dates. In some instances, we found dates of

injury and/or dates of death to be identical to dates of birth. We were informed by OWCP officials that the current database was not designed, nor was there a mandate to design it, to capture the social security numbers or dates of birth for the spouse (or other family members) when benefits were paid to them as beneficiaries of a deceased claimant. They also told us that up until 1971, there was no place on the notice of injury forms for claimants to provide their date of birth or their social security number.

A specific problem we found was that the birth date listed may not be the actual birth date of the claimant. For example, the numbers "111" and "123" were used arbitrarily to code the birth date fields, particularly when birth dates were not found in claimants' records.

Omitted Data:

Some of the entries in the database were blank. For example:

- " The "Adjudication Status" field was blank in some records. This field explains the status of payment—for example, AF = death accepted as compensable; dependent on periodic roll, no medical benefits. According to OWCP program procedures, an error report is used to verify information and detect errors and omissions, such as those that appear in the adjudication status codes.
- " The "Forms Received" field was not included in some records. This field shows that appropriate forms have been received as part of the process. This information is pertinent particularly for claimants and survivor benefits because it verifies that the appropriate form was obtained and the person should continue to receive benefits.
- " The "Social Security Number" field was blank in some instances or was coded with a "99999" prefix—a non-existent social security number. This field is useful to identify overpayments in benefits.

During the course of our review, we discovered that OWCP's district offices attempted to backfill relevant data that were available on the notice of injury forms with the transition to the Federal Employees' Compensation System database in 1977. The blanks or "9999" codes serve as various indicators—injured claimants who are eligible to receive benefits but do not have social security numbers was one example provided by OWCP.

According to OWCP, there is a current effort to redesign the automated database system application for federal employees' compensation. The redesign includes a requirement that social security numbers and dates of birth be made available for claimants as well as all beneficiaries. The number of problems we found within the non-chargeable claimant universe is small; therefore, OWCP should attempt to make any corrections noted in our report during the implementation phase of their redesigned database.

Recommendation:

We suggest that OWCP attempt, to the extent possible, to make any corrections of the omitted data during the implementation phase of their redesigned database.

OWCP Response

"We are substantially in agreement with the findings and conclusions of the report. With regard to the one recommendation, that OWCP attempt, to the extent possible, to correct the omitted data during the implementation phase of ADP redesign, we will comply to the extent we can. The redesign plan allows for entry of the Social Security Number (SSN) of the spouse, children, and any other dependents. ADP can provide the reports necessary to identify claims with missing information. The projected timeframes involved will depend on the actual redesign implementation period."

OIG Conclusion

Based on OWCP's response, we consider this recommendation resolved and closed.

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Appendix A

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Appendix B

Non-chargeable and Total FECA Claims and Costs

Claims

CB Year	Non-chargeable Claims	Rate of Change	Total FECA Claims	Rate of Change	Percent N/C to Total
1982	9,458		251,835		3.76%
1993	4,811	-49.13%	272,771	8.31%	1.76%
1994	4,552	-5.38%	277,034	1.56%	1.64%
1995	4,238	-6.90%	277,651	0.22%	1.53%
1996	3,934	-7.17%	273,603	-1.46%	1.44%
1997	3,647	-7.30%	264,963	-3.16%	1.38%
1998	3,343	-8.34%	261,456	-1.32%	1.28%
Percent of Change CBY 1982 - 1998		-64.65%		3.82%	

Costs

CB Year	Non-chargeable Costs	Rate of Change	Total FECA Costs	Rate of Change	Percent N/C to Total
1982	\$65,677,421		\$820,025,148		8.01%
1993	\$50,929,943	-22.45%	\$1,807,766,748	120.45%	2.82%
1994	\$48,023,765	-5.71%	\$1,861,954,284	3.00%	2.58%
1995	\$44,921,993	-6.46%	\$1,880,050,953	0.97%	2.39%
1996	\$44,747,675	-0.39%	\$1,885,558,498	0.29%	2.37%
1997	\$41,920,358	-6.32%	\$1,875,845,921	-0.52%	2.23%
1998	\$40,581,045	-3.19%	\$1,928,561,151	2.81%	2.10%
Percent of Change CBY 1982 - 1998		-38.21%		135.18%	

Rate of change formula: Claims or costs of current year subtracted by claims or costs of previous year. Difference divided by the previous year. For example, using 1982 and 1993 cost figures: $\$65,677,421 - \$50,929,943 = \$14,747,478$ divided by $\$65,677,421 = \22.45%

Data obtained from OWCP: FECA Costs, All Federal Agencies, CB Years 1982-90, 1991-98, and Total Cost of FECA Non-chargeable Cases for CB Years 1988 through 1997.

Appendix C

Medical Expenses: Non-chargeable and Total FECA Claims and Costs

Claims

CB Year	Non-chargeable Medical Claims	Rate of Change	Total FECA Medical Claims	Rate of Change	Percent N/C to Total
1982	unknown		223,253		
1993	1,587		247,674	10.94%	0.64%
1994	1,609	1.39%	252,370	1.90%	0.64%
1995	1,447	-10.07%	251,138	-0.49%	0.58%
1996	1,308	-9.61%	246,547	-1.83%	0.53%
1997	1,200	-8.26%	238,448	-3.29%	0.50%
1998	1,115	-7.08%	235,015	-1.44%	0.47%
Percent of Change CBY 1993 - 1998		-29.74%		-5.11%	

Costs

CB Year	Non-chargeable Medical Costs	Rate of Change	Total FECA Medical Costs	Rate of Change	Percent N/C to Total
1982	unknown		\$125,344,832		
1993	\$3,971,772		\$461,994,008	268.58%	0.86%
1994	\$3,527,111	-11.20%	\$489,204,780	5.89%	0.72%
1995	\$2,627,209	-25.51%	\$457,993,308	-6.38%	0.57%
1996	\$2,630,465	0.12%	\$454,348,180	-0.80%	0.58%
1997	\$2,780,425	5.70%	\$444,072,557	-2.26%	0.63%
1998	\$3,906,528	40.50%	\$469,012,391	5.62%	0.83%
Percent of Change CBY 1993 - 1998		-1.64%		1.52%	

Data obtained from OWCP: FECA Costs, All Federal Agencies, CB Years 1982-90, 1991-98, and Total Cost of FECA Non-chargeable Cases for CB Years 1988 through 1997.

Appendix D

Compensation Benefits: Non-chargeable and Total FECA Claims and Costs

Claims

CB Year	Non-chargeable Compensation Claims	Rate of Change	Total FECA Compensation Claims	Rate of Change	Percent N/C to Total
1982	unknown		57,456		
1993	1,798		80,512	40.13%	2.23%
1994	1,656	-7.90%	80,511	0.00%	2.06%
1995	1,513	-8.64%	81,820	1.63%	1.85%
1996	1,376	-9.05%	80,249	-1.92%	1.71%
1997	1,262	-8.28%	78,067	-2.72%	1.62%
1998	1,129	-10.54%	76,944	-1.44%	1.47%
Percent of Change CBY 1993 - 1998		-37.21%		-4.43%	

Costs

CB Year	Non-chargeable Compensation Costs	Rate of Change	Total FECA Compensation Costs	Rate of Change	Percent N/C to Total
1982	unknown		unknown		
1993	\$22,901,157		\$1,229,123,104		1.86%
1994	\$21,226,758	-7.31%	\$1,255,470,038	2.14%	1.69%
1995	\$20,074,631	-5.43%	\$1,301,654,648	3.68%	1.54%
1996	\$19,520,967	-2.76%	\$1,307,640,298	0.46%	1.49%
1997	\$18,056,961	-7.50%	\$1,306,827,055	-0.06%	1.38%
1998	\$16,981,615	-5.96%	\$1,333,626,791	2.05%	1.27%
Percent of Change CBY 1993 - 1998		-25.85%		8.50%	

Data obtained from OWCP: FECA Costs, All Federal Agencies, CB Years 1982-90, 1991-98, and Total Cost of FECA Non-chargeable Cases for CB Years 1988 through 1997.

Appendix E

Survivor Benefits: Non-chargeable and Total FECA Claims and Costs

Claims

CB Year	Non-chargeable Survivor Benefit Claims	Rate of Change	Total FECA Survivor Benefit Claims	Rate of Change	Percent N/C to Total
1982	unknown		5,443		
1993	2,154		6,705	23.19%	32.13%
1994	2,005	-6.92%	6,571	-2.00%	30.51%
1995	1,869	-6.78%	6,471	-1.52%	28.88%
1996	1,749	-6.42%	6,381	-1.39%	27.41%
1997	1,656	-5.32%	6,264	-1.83%	26.44%
1998	1,509	-8.88%	6,108	-2.49%	24.71%
Percent of Change CBY 1993 - 1998		-29.94%		-8.90%	

Costs

CB Year	Non-Chargeable Survivor Benefit Costs	Rate of Change	Total Survivor Benefit Costs	Rate of Change	Percent N/C to Total
1982	unknown		\$59,567,957		
1993	\$24,057,015	0.00%	\$116,649,637	95.83%	20.62%
1994	\$23,269,895	-3.27%	\$117,279,465	0.54%	19.84%
1995	\$22,220,152	-4.51%	\$120,412,996	2.67%	18.45%
1996	\$22,596,243	1.69%	\$123,569,719	2.62%	18.29%
1997	\$21,082,973	-6.70%	\$124,946,309	1.11%	16.87%
1998	\$19,692,901	-6.59%	\$125,921,968	0.78%	15.64%
Percent of Change CBY 1993 - 1998		-18.14%		7.95%	

Data obtained from OWCP: FECA Costs, All Federal Agencies, CB Years 1982-90, 1991-98, and Total Cost of FECA Non-chargeable Cases for CB Years 1988 through 1997.

Appendix F

Non-chargeable Costs by Category

Agency	Year	Costs	Rate of change	Dollars Saved / Spent	% Savings of Total
Obsolete Agencies	1988	\$211,820			
	1993	\$11,782	94.44%	\$17,018	
	1997 *	\$52,054	-341.81%	(\$40,272)	
Special Cases/Fringe Acts	1988	\$7,578,286			
	1993	\$8,358,388	-10.29%	(\$780,102)	
	1997	\$7,695,256	7.93%	\$663,132	7.0%
Pre 12/1/60 Injuries	1988	\$47,913,417			
	1993	\$42,559,802	11.17%	\$5,353,615	
	1997	\$34,173,048	19.71%	\$8,386,754	93.0%
Total Non-chargeable	1988	\$55,703,523			
	1993	\$50,929,972	8.57%	\$4,773,551	
	1997	\$41,920,358	17.69%	\$9,009,614	

Data obtained from OWCP: FECA Costs, All Federal Agencies, CB Years 1982-90, 1991-98, and Total Cost of FECA Non-chargeable Cases for CB Years 1988 through 1997.

* 1998 figures were not available at the time of this review.

Appendix G

Life Expectancy Calculation

Category	Living Claimants' Ages	
	Mean	Median
Pre-12/60 claimants	79	78
Special Cases (excluding LEO, ROTC, and CAP)	66	68
Mean Age	73	73
Retirement Age	62	62

Method 1:

Projected Life Expectancy

<u>Mean/Median Age</u>	<u>73 years</u>
Unisex Life Expectancy in Years (Ordinary Life Annuities -- based on median/average age) Current Year: 1999	13.9 years
	+ <u>1999</u>
<u>Projected Year</u>	<u>2012</u> (rounded)

Method 2:

Projected Life Expectancy

<u>Retirement Age</u>	<u>62 years</u>
Unisex Life Expectancy in Years (Ordinary Life Annuities -- based on retirement age) Current Year: 1999	22.5 years
	+ <u>1999</u>
<u>Projected Year</u>	<u>2022</u> (rounded)

Appendix H

1998 Special Cases / Fringe Acts Claims

Category	Total Claimants	# Living Claimants	% of Total	# Survivors	% of Total	# blanks ³
Civil Air Patrol	57	8	14.04%	49	85.96%	
Civilian Conservation Corps	26	23	88.46%	3	11.54%	
Civilian War Benefits	4	1	25.00%	3	75.00%	
Civilian Works Administration	2	1	50.00%	1	50.00%	
Enemy Action	26	10	38.46%	16	61.54%	
Federal Emergency Relief Act	1	0		1	100.00%	
Florida Hurricane	1	0		1	100.00%	
Non-Federal Law Enforcement Officers	243	104	42.80%	132	54.32%	7
National Youth Administration	0					
Reserve Officers Training Corps	703	692	98.44%	1	0.14%	10
War Claims Act	47	45	95.74%	0		2
War Hazards	107	15	14.02%	90	84.11%	2
War Relocation Authority	3	2	66.67%	1	33.33%	
Work Projects Admin	55	2	3.64%	53	96.36%	
World War II Maritime	0					
Totals	1275	903	70.82%	351	27.53%	21

³Numbers in columns reflects we were unable to determine if claimant is living or deceased.

Appendix I

Claimant Records Summary June 30, 1993, 1997, and 1998

Special Case/Fringe Act Categories

Category	Total Claimants as of June 30, 1993	Total Claimants as of June 30, 1997	Total Claimants as of June 30, 1998
Civil Air Patrol	58	57	57
Civilian Conservation Corps	38	24	26
Civilian War Benefits	6	4	4
Civilian Works Administration	6	2	2
Enemy Action	42	30	26
Federal Emergency Relief Act	2	2	1
Florida Hurricane	4	2	1
Non-Federal Law Enforcement Officers	312	269	243
National Youth Administration	0	0	0
Reserve Officers Training Corps	771	753	703
War Claims Act	64	52	47
War Hazards	113	105	107
War Relocation Authority	7	4	3
Work Projects Admin	104	63	55
World War II Maritime	2	1	0
Totals	1529	1368	1275

All Categories

Category	Total Claimants as of June 30, 1993	Total Claimants as of June 30, 1997	Total Claimants as of June 30, 1998
Special Claims	1529	1368	1275
Pre 12/60 Injuries	3589	2589	2383
Obsolete Agencies	3	2	2
Totals	5121	3959	3660
Total # of Records	12740		

Appendix J

Special Cases / Fringe Acts Summary

Agency	Database Prefix	Summary	Statutory Authority
Federal Emergency Relief Administration	FE	Under President F.D. Roosevelt's first New Deal, established by the Federal Emergency Relief Act in 1933, assisted states and cities in caring for the unemployed.	U.S. Employees' Compensation Act of 1916, as amended, by Acts of Congress dated February 15, 1934, June 19, 1934, April 8, 1935, June 22, 1936, June 29, 1936, June 29, 1937 and June 21, 1938 Provide payment of limited compensation benefits under prescribed circumstances to employees in which injuries took place prior to WWII.
Civilian Conservation Corps	CC	Under Roosevelt's first New Deal, established by the Unemployment Relief Act in 1933, provided work for men ages 18 and 25 to be employed in projects such as reforestation, soil conservation, flood control, and road construction.	
Civilian Works Administration	CW	Under Roosevelt's first New Deal, established in 1933, provided jobs for men in road repair and park improvement work. Disband in 1934 and functions assumed by the Federal Emergency Relief Administration.	
National Youth Administration	NY	Under Roosevelt's second New Deal, established through the Emergency Appropriation Act of 1935, gave part time employment to needy persons between age 16-25 in high school/college/university to continue their education. Disbanded in 1943.	
Florida Hurricane	FH	Veterans of WWI and others attached to Veterans' Camps # 1, 3, and 5 who were injured or killed as the result of the hurricane of 9/2/35 at the Florida Keys.	

Appendix J - Special Cases / Fringe Acts Summary (continued)

Agency	Database Prefix	Summary	Statutory Authority
Works Projects Administration	WP	Under Roosevelt's second New Deal, established through the Emergency Relief Appropriation Act of 1935. Employed manual laborers in construction type jobs as well as work for the skilled and educated through the Federal Art Project, Federal Writers' Project and Federal Theater Project. Terminated in 1943.	E.O. 7034 (May 6, 1935) continued yearly based on emergency relief appropriations act. Name changed from Work Progress Administration by Reorg Plan #1 (July 1, 1939) to Federal Works Agency and transferred to Federal Work Administrator (12/4/42)
War Hazards	WH	Employees of contractors with the United States who sustain injury due to a war-risk hazard or who are detained by a hostile force or person.	War Hazards Compensation Act (WHCA), 42 U.S.C. 1701 et seq., enacted December 2, 1942, and amended in 1943, 1946, 1953, 1958, 1959 and 1961.
Enemy Action	EA	Cases dating from WWII which involved contractors to Pacific Naval Air Bases captured by the Japanese.	
Reserve Officers' Training Corps (ROTC)	TC	Cadets or applicants in the ROTC of the Army, Navy or Air Force, under certain conditions.	Public Law 84-879 enacted August 1, 1956; 5 U.S.C. 8140 (P.L. 89-554, 9/6/66 and 100-456, 9/29/88)
Civil Air Patrol	CP	Volunteers over 18 years of age while in performance or support of operational missions of the CAP under the direction of the Department of the Air Force.	Public Law 84-955 enacted August 3, 1956 and Section 8141 of the FECA .
Non-Federal Law Enforcement Officers	LE	Non-Federal law enforcement officers who sustain an injury or disease under circumstances involving a crime against the United States. Extended to eligible survivors of officers whose death occur under such circumstances	Public Law 90-291 April 14, 1968; 5 U.S.C. 8191

Appendix J - Special Cases / Fringe Acts Summary (continued)

Agency	Database Prefix	Summary	Statutory Authority
War Claims	WC	1) U.S. citizens captured by or in hiding from the Imperial Japanese Government on or after December 7, 1941, at Midway, Guam, Wake Island, the Philippine Islands or any territory or possession of the U.S attacked or invaded by such government. Benefits provided for detention, injury and death, 2) Civilian Americans captured in Korea during hostilities here on or after June 25, 1950 and 3) civilian American citizens subsequent to February 27, 1961 for capture during the Vietnam conflict.	Section 5, War Claims Act of July 3, 1948, amendments of August 21, 1954, and amendments of June 24, 1970, respectively.
War Relocation Authority	RA	Authorized the War Relocation Work Corp, a Federal sponsorship for employment of Japanese American evacuees. Able-bodied men and women over 16 years of age could voluntarily enlist in the Work Corps. Program terminated June 30, 1946	Limited benefit provisions. Established by E.O. 9102, March 18, 1942. Included in U.S. Department of Labor, Compensation Act of 1934 as amended. (46 Stat. 351)
Civilian War Benefits	CB	WWII program to provide benefits for disability and death of certain specified civil defense workers.	Non-statutory program administered by the Federal Security Agency. Program subsequently transferred to the Labor Department pursuant to Reorganization Plan #19 of 1950.
World War II Maritime	R	Disability benefits under prescribed conditions to seamen employed on vessels owned, operated by or chartered to the Maritime Commission or the War Shipping Administration.	Program Memorandum No 19 (Section 104, P.L. 86-767), P.L. 86-233, (1960) transferred responsibilities to the Labor Secretary. P.L. 449, 78 th Congress (9/30/44)

Appendix K

Special Cases / Fringe Acts Costs

Category	Year	Costs	Rate of change	Dollars Savings
Civil Air Patrol <i>Chargeback Prefix: CP</i>	1988	\$673,582		
	1993	\$709,774	-5.37%	(\$36,192)
	1997 *	\$687,582	3.13%	\$22,192
Civilian Conservation Corps <i>Chargeback Prefix: CC</i>	1988	\$384,310		
	1993	\$300,197	21.89%	\$84,113
	1997	\$215,517	28.21%	\$84,680
Civilian War Benefits <i>Chargeback Prefix: CB</i>	1988	\$43,318		
	1993	\$17,779	58.96%	\$25,539
	1997	\$26,806	-50.77%	(\$9,027)
Civilian Works Administration <i>Chargeback Prefix: CW</i>	1988	\$62,592		
	1993	\$64,704	-3.37%	(\$2,112)
	1997	\$30,944	52.18%	\$33,760
Enemy Action <i>Chargeback Prefix: EA</i>	1988	\$438,702		
	1993	\$333,908	23.89%	\$104,794
	1997	\$303,644	9.06%	\$30,264
Federal Emergency Relief Act <i>Chargeback Prefix: FE</i>	1988	\$11,492		
	1993	\$11,492	0.00%	\$0
	1997	\$5,651	50.83%	\$5,841
Florida Hurricane <i>Chargeback Prefix: FH</i>	1988	\$31,059		
	1993	\$22,776	26.67%	\$8,283
	1997	\$11,492	49.54%	\$11,284
Non-Federal Law Enforcement Officers <i>Chargeback Prefix: LE</i>	1988	\$3,045,675		
	1993	\$3,283,882	-7.82%	(\$238,207)
	1997	\$3,466,160	-5.55%	(\$182,278)

Appendix K - Special Cases / Fringe Act Costs

Category	Year	Costs	Rate of change	Dollars Savings
National Youth Administration <i>Chargeback Prefix: NY</i>	1988	\$388		
	1993	\$0	100.00%	\$388
	1997	\$0		
Reserve Officers Training Corps <i>Chargeback Prefix: TC</i>	1988	\$192,763		
	1993	\$517,630	-168.53%	(\$324,867)
	1997	\$548,994	-6.06%	(\$31,364)
War Claims Act <i>Chargeback Prefix: WC</i>	1988	\$55,235		
	1993	\$204,342	-269.95%	(\$149,107)
	1997	\$161,084	21.17%	\$43,258
War Hazards <i>Chargeback Prefix: WH</i>	1988	\$1,507,182		
	1993	\$2,145,903	-42.38%	(\$638,721)
	1997	\$1,760,379	17.97%	\$385,524
War Relocation Authority <i>Chargeback Prefix: RA</i>	1988	\$116,467		
	1993	\$91,831	21.15%	\$24,636
	1997	\$55,323	39.76%	\$36,508
Work Projects Admin <i>Chargeback Prefix: WP</i>	1988	\$991,488		
	1993	\$640,866	35.36%	\$350,622
	1997	\$413,805	35.43%	\$227,061
World War II Maritime <i>Chargeback Prefix: R</i>	1988	\$24,033		
	1993	\$13,304	44.64%	\$10,729
	1997	\$7,875	40.81%	\$5,429

Appendix L
Agency Response

U.S. Department of Labor

Employment Standards Administration
Washington, D.C. 20210

Reply to the Attention of:



SEP 23 1999

MEMORANDUM FOR: HOWARD L. SHAPIRO
Acting Assistant Inspector General for
Analysis, Complaints and Evaluations

FROM: *Eleanor H. Smith*
ELEANOR H. SMITH
Acting Director, Office of Management,
Administration and Planning

SUBJECT: Review of Non-Chargeable Claimants Under
the Federal Employees' Compensation Act (FECA)
Report No. 2E-04-431-0001

In response to your memorandum of September 10, 1999, the above-noted report has been reviewed.

We are substantially in agreement with the findings and conclusions of the report. With regard to the one recommendation, that OWCP attempt, to the extent possible, to correct the omitted data during the implementation phase of ADP redesign, we will comply to the extent we can. The redesign plan allows for entry of the Social Security Number (SSN) of the spouse, children and any other dependents. ADP can provide the reports necessary to identify claims with missing information. The projected timeframes involved will depend on the actual redesign implementation period.