

FY 2019

CONGRESSIONAL BUDGET JUSTIFICATION

OFFICE OF WORKERS' COMPENSATION PROGRAMS

OVERVIEW

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OFFICE OF WORKERS' COMPENSATION PROGRAMS

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OFFICE OF WORKERS' COMPENSATION PROGRAMS

OVERVIEW

Introduction

The mission and vision of the Office of Workers' Compensation Programs (OWCP) are:

- To protect the interests of workers who are injured or become ill on the job, their families and employers, by making timely, appropriate, and accurate decisions on claims, providing prompt payment of benefits and helping injured workers to return to gainful work as early as is feasible.
- To be an innovative leader in the delivery of benefits and a responsible steward of the resources entrusted to us, respected and relied upon by those who depend upon us for their health and economic well-being.

As a result of job-related injury or illness, workers covered by OWCP are faced with potentially devastating economic, health, and other personal costs. These costs arise from interruption of income while out of work; loss of income if permanently disabled and unable to work or, for survivors, due to death of the employee; temporary or permanent reduced capacity to return to work; temporary or permanent dislocation from prior employment; reduced capacity to find new employment; and the need for ongoing medical care. To mitigate these problems, OWCP administers four Federal compensation statutes providing benefits and responsibly administers the benefit funds authorized for these purposes:

- The Federal Employees' Compensation Act (FECA) program provides wage-loss compensation, medical treatment, return-to-work assistance and vocational rehabilitation to civilian employees of the Federal Government injured at work and to certain other designated groups.
- The Longshore and Harbor Workers' Compensation Act (LHWCA) program oversees the delivery of benefits by private sector employers and insurance carriers to injured workers engaged in certain maritime and related employment. Longshore also administers the provisions of the Defense Base Act (DBA), which covers civilian contractors working overseas.
- The Black Lung Benefits Act (BLBA) program provides monetary compensation and medical benefits to coal miners totally disabled by pneumoconiosis (black lung disease) stemming from mine employment, and monetary benefits to their dependent survivors.
- The Energy Employees Occupational Illness Compensation Program Act (EEOICPA) program provides compensation and medical benefits to employees or survivors of employees of the Department of Energy (DOE), and contractors or subcontractors with DOE who have been diagnosed with cancer due to exposure to radiation, chronic beryllium disease, beryllium sensitivity, chronic silicosis or any occupational illnesses that are causally linked to toxic exposures in the DOE or uranium mining, milling and ore transporting work environments.

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OWCP's national office consists of the OWCP Director and Deputy Director, and the directors and staff of the four compensation programs and two administrative divisions. Six OWCP Regional Directors manage and direct the operations of district and field offices nationwide. The funding accounts managed by OWCP include:

- **Salaries and Expenses (S&E) Federal Programs for Workers' Compensation (FPWC):** Provides funding, through direct appropriation and transfers from Trust Funds, for the administration of the FECA, LHWCA and for OWCP's administration of the Black Lung Disability Trust Fund (BLDTF) and claims filed under Part C of the BLBA.
- **Special Benefits (SB):** Finances payments to Federal civilians for work-related injuries and illnesses; and to Longshore and Harbor Workers and their dependents for work-related injuries and illnesses sustained prior to November 26, 1972, pursuant to LHWCA Section 10(h). Under legislative amendments of FECA, benefits are also paid to certain groups such as War Hazards claimants, non-Federal law enforcement officers, Job Corps enrollees, and certain federally supported volunteers. The Special Benefits account also provides for FECA program administration using "Fair Share" funds collected pursuant to FECA Section 8147 (c).
- **Special Benefits for Disabled Coal Miners (SBDCM):** Finances income maintenance to miners suffering from Black Lung disease and eligible survivors for claims filed under Part B of the BLBA between December 30, 1969, and June 30, 1973, and associated administrative costs.
- **Energy Employees Occupational Illness Compensation Program Act (EEOICPA):** Part B and Part E funding provides compensation to DOE employees and their survivors, as well as contractors and their survivors, for illness or death stemming from work in the DOE nuclear weapons complex. Funding is also provided for the associated administrative costs of the program.
- **Black Lung Disability Trust Fund (BLDTF):** Established under the Black Lung Benefits Reform Act of 1977 to provide for payment of Part C benefits (income maintenance and medical payments to miners suffering from Black Lung disease and eligible survivors), administrative expenses, and interest on repayable advances.
- **The Panama Canal Commission (PCC) Compensation Fund:** Established to provide for the accumulation of funds to meet the Commission's FECA workers' compensation obligations that extend beyond the dissolution of the PCC on December 31, 1999, under the Panama Canal Treaty of 1977. This Fund was established in conjunction with the transfer of the administration of the FECA program from the Commission to DOL (OWCP) effective January 1, 1989.
- **The Special Workers' Compensation (SWC) Fund:** Consists of amounts received from employers pursuant to an annual assessment of the industry and for the death of an employee where no person is entitled to compensation for such death, and for fines and penalty payments under the LHWCA, as amended. Fund expenses include benefit payments in

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second injury cases, costs for vocational rehabilitation services to injured workers, and benefits for cases involving insolvency or other circumstances precluding payment by the employer.

OWCP's FY 2019 requested resources total \$371,716,000 and 1,493 FTE. The budget breakout is as below:

- \$100,610,000 and 626 FTE in FECA Salaries & Expenses;
- \$74,777,000 and 158 FTE in Special Benefits Fair Share;
- \$12,499,000 and 76 FTE for Longshore General;
- \$2,173,000 and 8 FTE for Longshore Trust;
- \$38,246,000 and 158 FTE for Division of Coal Mine Workers' Compensation (DCMWC);
- \$5,319,000 and 16 FTE for SBDCM;
- \$59,098,000 and 228 FTE in EEOICPA Part B (3 of the requested FTE are for the Ombudsman); and
- \$78,994,000 and 223 FTE in EEOICPA Part E (\$951,000 and 3 of the requested FTE are for the Ombudsman).

OWCP program increases in FY 2019 include:

- \$2,615,000 and 26 FTE for full implementation of the FECA Prescription Management Unit—The requested resources will support the actions required to monitor and manage opioid medication use among injured workers receiving benefits under the FECA, including benefits administration, medical management, and claims adjudication. Additionally, this effort supports the President's strategic drug control initiatives and the Office of National Drug Control Policy's FY 2019 priority, "Addressing the Nation's Opioid Use Crisis and Overdose Epidemic."
- \$974,000 and 5 FTE for acquisition of Pharmacy Benefit Management (PBM) services—The requested resources will position OWCP to use PBM services to implement drug controls that will improve the safety, quality, and cost-effectiveness of prescription care provided to claimants across the four agency programs.
- The Budget includes mandatory administrative funding increases to fully meet program and claims processing needs.

Legislative Reform

Federal Employees' Compensation Act (FECA) Reform

The 2019 Budget incorporates longstanding Government Accountability Office, Congressional Budget Office, and Labor Inspector General recommendations to improve and update FECA. The last major amendments to the Federal Employees' Compensation Act (FECA) were made in 1974. OWCP proposes changes that generate cost savings by simplifying FECA benefit rates, introducing controls to prevent fraud and limit improper payments, and modernizing benefit administration.

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The proposal would reform the FECA program prospectively to:

- (1) simplify benefits to provide a single compensation rate at 66 2/3 percent of injured workers' pay;
- (2) reduce benefit levels at full Social Security Administration (SSA) retirement age;
- (3) prevent retroactive selection of FECA benefits after claimants have declined them in favor of Federal retirement benefits;
- (4) apply a consistent waiting period for compensation for all covered employees;
- (5) increase benefits for funeral expenses and severe disfigurement;
- (6) suspend payments to indicted medical providers; and
- (7) make other changes to improve program integrity and reduce improper payments.

These reforms would produce 10-year government-wide savings of more than \$885 million, and approximately \$117 million in net savings.

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