

UNCLASSIFIED

**United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General**

Office of Audits

**Return-to-Work:
An Important Program for the
Department of State To Implement**

AUD/IP-07-47

August 2007

Important Notice

~~This report is intended solely for the official use of the Department of State or any agency receiving the report directly from the Office of Inspector General. No secondary distribution may be made outside the Department of State or by other agencies or organizations in whole or in part, without prior authorization by the Inspector General. Public availability of the document will be determined by the Inspector General under the U.S. Code 5 U.S.C. 552. Improper disclosure of this report may result in criminal, civil, or administrative penalties.~~

UNCLASSIFIED

UNCLASSIFIED

Summary

The Office of Inspector General (OIG) conducted an audit to determine whether the Department of State (Department) had established an effective program for returning to work those employees who had been injured on the job and had been receiving benefits under the Federal Employees' Compensation Act (FECA).¹ OIG determined that a systematic effort to contact and encourage injured employees to return to work as soon as medically feasible is an industry and government best practice and a key internal control to reduce claimant fraud. OIG found, however, that although officials in the Bureau of Human Resources (HR) had drafted a policy paper for such a program, no program had been established. HR officials said that this occurred because there were uncertainties regarding which bureau within the Department should develop and manage the program. When developed and implemented, a return-to-work program should enable injured Department workers to return to the workplace more quickly and decrease workers' compensation costs.

To assist HR in developing an effective program, OIG has identified best practices and guiding principles from public and private sector entities. OIG recommended that HR take responsibility for and fully develop a policy for returning employees to work.

OIG noted during its review that HR had undertaken an effort to determine whether the appropriate amounts of compensation were being paid to employees who had been injured more than 20 years ago. However, on its own initiative, HR suspended its efforts when OIG's Office of Investigations (INV) began a review of cases of deceased employees identified during this audit. Although INV completed its review, HR officials said that they had not resumed their efforts to review other types of older cases because current case management, such as processing and following up on injury claims and sending beneficiary checks to post, took priority over reviewing older cases. HR's effort to review claims where the injury occurred more than 20 years ago is a logical step in containing workers' compensation costs; thus, OIG recommended that this effort should be completed.

In response to OIG's draft report, HR agreed with the need to establish a formal return-to-work program, using best practice elements presented in OIG's report. However, HR believes that it does not have the resources, expertise, or authority to complete its review of older workers' compensation cases. Instead of completing its review of older cases, HR proposed that it establish policies and procedures for cost controls for the workers' compensation program. OIG believes that HR has the authority and thus should review older cases. Additionally, OIG agrees with HR's proposed recommendation for cost controls.

¹ 5 U.S.C. §8101 et seq.

UNCLASSIFIED

Background

FECA provides compensation benefits to civilian employees of the United States for disability that is due to personal injury or disease sustained while in the performance of duty. FECA also provides for payment of benefits to dependents if a work-related injury or disease causes an employee's death. Benefits include compensation for lost wages, monetary awards for bodily impairment or disfigurement, medical care, and vocational rehabilitation. These benefits constitute the sole remedy against the United States for work-related injury or death.

Within DOL's Employment Standards Administration, OWCP administers the FECA program and adjudicates all workers' compensation claims. The Department reimburses DOL for all compensation claims made by Department employees.

Although DOL has final authority for approving and paying workers' compensation claims for Department personnel, the Department is responsible for notifying injured employees of their rights and obligations under FECA, initiating claims and ensuring timely notification to DOL, providing and tracking continuation of pay before DOL accepts the claim, helping employees return to work as soon as possible, and monitoring an employee's medical status until a physician states that the employee can return to work.²

Within HR, the Office of Employee Relations administers and develops policies, plans, and procedures for the Department's workers' compensation program.³ Within the Office of Medical Services, the Medical Director, who is also the Designated Agency Safety and Health Officer (MED/DASHO),⁴ formulates Department policy and provides guidance on issues such as employee occupational health and safety.⁵

A return-to-work program is a formal plan set up by an employer so that injured workers can return to work more quickly and safely while they heal—either with changes to their regular job or in a temporary alternate work assignment.⁶ Having an established, consistently applied return-to-work program provides employers with the opportunity to significantly reduce workers' compensation costs.⁷ Workers benefit too because, when return is delayed, workers can lose more than earnings: skills may deteriorate, the job may be filled by a replacement, and future employers may view the worker as a less valuable employee. Employers also benefit from a speedy return to work through less disruption of the workforce because of additional hiring or reorganization of the remaining workers.⁸ Also, insurance industry data show that injured

² Guidance for these responsibilities is contained in *Injury Compensation for Federal Employees* (DOL, Pub. CA-810, Jan. 1999), which serves as a handbook for federal agency personnel.

³ 1 FAM 235.3 b(3).

⁴ 1 FAM 232.2(e).

⁵ Med/DASHO mission statement as of June 2006.

⁶ *Injured Worker Frequently Asked Questions* (Texas Department of Insurance).

⁷ *Effective Return to Work Practices for Employers* (Texas Department of Insurance).

⁸ *What Are the Most Important Factors Shaping Return to Work?* (Workers Compensation Research Institute)

UNCLASSIFIED

workers who are out of work for 6 months have only a 25 to 50 percent chance of ever returning to work.⁸

The Department is one of the smaller participant agencies in the federal government, representing less than one-half of 1 percent of the \$2.5 billion in total federal workers' compensation payments.⁹ However, workers' compensation costs for the Department have been increasing over the past 2 years. (See Table 1.)

Table 1: Workers' Compensation Costs for the Department of State

	2004	2005	2006
Medical cases			
Number	242	321	283
Cost	\$1,204,657	\$1,574,466	\$1,458,841
Nonfatal compensation cases			
Number	95	89	105
Cost	\$2,704,482	\$2,587,750	\$3,486,322
Fatal compensation cases			
Number	109	104	100
Cost	\$2,878,026	\$2,765,279	\$2,780,547
Total			
Number *	388	467	433
Cost	\$6,787,165	\$6,927,495	\$7,725,710
Cost Increase Over Prior Year		2%	12%

Source: U.S. Department of Labor, Employment Standards Administration, Detailed Chargeback Billing Lists

* A claim can result in both a medical case and a nonfatal case, both of which are tracked separately. However, the total number of cases represents the total number of claims with payments made and eliminates duplicate medical and nonfatal compensation cases.

OIG found that much of the increased total costs and increases in total costs per case in CBY 2006 stemmed from rising costs and cases associated with nonfatal compensation.¹⁰ Thus, reducing the number of cases receiving compensation is a factor in reducing the overall amount of workers' compensation costs.

Objective, Scope, and Methodology

Based on a recent initiative by the President's Council on Integrity and Efficiency, OIG performed this audit to determine whether the Department had established an effective return-to-work program for employees injured in the workplace.

⁹ Based on FY 2006 DOL data.

¹⁰ Data were insufficient to determine the cause for these rising costs and cases.

UNCLASSIFIED

To accomplish the audit, OIG reviewed other federal agency OIG reports and Government Accountability Office (GAO) reports on this subject; Department of Labor (DOL) instructions, guidance, and reports on federal workers' compensation programs; state workers' compensation information; and public documents relating to workers' compensation. OIG also reviewed the literature to identify best practices in both the public and private sectors. OIG interviewed officials in HR's Office of Employee Relations (HR/ER) and reviewed the chargeback reports for compensation benefit years (CBY) 2000-2006.¹¹ OIG also participated with other Inspectors General in a symposium entitled "Federal Employees' Compensation Act (FECA) Program: Building a Coordinated Approach to the IG Community's FECA-Related Work."

In addition, OIG's Office of Audits prepared an analysis of deceased employees on the FECA chargeback report for CBY 2005. At the Cleveland District Office of DOL's Office of Workers' Compensation Programs (OWCP), OIG's INV reviewed 65 files representing deceased Department employees whose spouses, children, and dependents (that is, those family members who were supported financially by the deceased employee) continued to receive benefits from OWCP every 4 weeks. As of November 2006, INV had identified four instances where benefits were being paid to ineligible dependents and spouses. Benefits were found to have been paid to widows who either had remarried before the age of 55 or who were deceased and to children who no longer attended school or who had reached the age of 22. The investigation resulted in an estimated annual savings of \$270,000 to the Department.

OIG's Office of Audits, International Programs Division, conducted its fieldwork from April 2006 through January 2007. The audit was performed in accordance with government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives. Although OIG has inspected the HR bureau previously, this is the first audit of a workers' compensation program of the Department.

OIG originally discussed the audit findings with Department officials on September 6, 2006. As a result of these discussions, OIG performed additional research and analyses on return-to-work programs from September 2006 through January 2007. OIG provided a copy of the draft report to HR on May 29, 2007. HR provided written comments to the draft report, which are incorporated where applicable and included in their entirety as Appendix A.

Audit Results

The Department does not have a return-to-work program, although the HR director has drafted a policy paper to begin such a program. Also, there was debate within the Department as to which office should be responsible for the program. Additionally, the Department began a

¹¹ Compensation benefit years are July 1 through June 30, whereas a fiscal year is October 1 through September 30.

UNCLASSIFIED

review of cases that were more than 20 years old to determine whether the appropriate amounts of compensation were being paid. However, on its own initiative, the Department suspended this review because of OIG's investigation and had not restarted because current case management took precedent over reviewing older cases.

FECA and federal regulations do not specifically require a return-to-work program, but DOL guidance suggests that federal agencies stay in contact with injured employees while they are receiving compensation and that agencies take actions to reemploy recovered or recovering employees in suitable jobs as soon as the medical evidence shows that it is possible.¹² According to FECA, injured employees must return to suitable light, limited, or regular duty employment as dictated by their medical restrictions and require the employer to "advise the employee in writing as soon as possible of his or her obligation to return to work." Most of the executive branch agencies OIG researched had a return-to-work program in place.

A Best Practice and a Key Internal Control

A systematic effort to contact and encourage injured employees to return to work as soon as medically feasible is an industry and government best practice and a key internal control to reduce claimant fraud. Traditionally, injured workers remained out of the work environment until they were declared fit for duty (that is, 100 percent recovered, with no medical restrictions).¹³ Injured workers who stay at work or who are returned to productive work as soon as possible following an injury require less medical care and experience less disability, which significantly reduces workers' compensation medical costs. Employees are earning wages, so there are no weekly benefits being paid. In addition to reducing the employer's workers' compensation costs, employees do not suffer the consequences of unnecessary lost time and are more able to maintain their normal lifestyle.¹⁴

To decrease workers' compensation costs, DOL has been one of the standouts among federal agencies. Under its return-to-work program, DOL has cut its workers' compensation costs 13 percent since FY 2002, saving \$3 million in FY 2004 alone. DOL was also more aggressive in putting injured workers back to work in suitable jobs by looking across bureaus and offices to find work for injured employees who could not return to their prior jobs. One DOL official said that the longer employees are off work, the more difficult it is to return them to work.¹⁵

The aim of the workers' compensation system is to help workers recover from work-related accidents and illnesses and return to the workplace. A fast return to work is desirable from the employer's and the insurer's viewpoints, not only because this lowers claim costs but

¹² *Injury Compensation for Federal Employees* (DOL, Pub. CA-810, Jan. 1999).

¹³ *Get Back—Return to Work Program Launched* (SCF Arizona, September 13, 2003).

¹⁴ *Effective Return to Work Practices for Employers* (Texas Department of Insurance).

¹⁵ *Getting Tough on Workers' Comp* (Federal Times, October 17, 2005).

UNCLASSIFIED

also because the worker benefits too.¹⁶ According to the Texas Department of Insurance, injured workers who are allowed to return to productive work as early as possible after an injury heal faster and better than those injured workers who remain off work. Injured workers who return to work during their healing period tend to require fewer medical treatments and incur less medical expense related to the injury. Work becomes part of medical treatment and rehabilitation and allows the injured worker to take an active role in his or her recovery.¹⁷ In addition, insurance industry research has found that most people want to return to productive employment as soon as possible.¹⁸ In this regard, the chief of the Pentagon's injury and unemployment compensation division said, "Returning injured employees to work increases their self-esteem and self-worth."¹⁹

Lost-time injuries are the most expensive injuries, with costs increasing every day that an injured worker is not able to work. Therefore, an early return-to-work program can significantly reduce costs and improve productivity, safety, and employee morale.²⁰ For example, the Department of Defense spent almost \$5 million on its return-to-work initiative, which has removed more than 130 injured employees from long-term disability rolls with an estimated savings of \$169 million.²¹ The State of Texas also found that a successful return-to-work program can reduce workers' compensation costs by 30 to 40 percent.²²

Claimant fraud occurs when employees knowingly lie to collect benefits. They may claim that an injury was work related when it was not, they may exaggerate an injury, or they may secretly continue working while collecting benefits. It is easier to prevent workers' compensation fraud than to prove it. A leading workers' compensation insurance company identified ways an employer can be proactive in deterring claimant fraud, one of which was to develop a detailed return-to-work policy. Another way is to stay in touch with employees who are off work.²³ Other organizations associated with workers' compensation had similar findings.²⁴

Principles and Elements of an Effective Program

A well-designed return-to-work program should include policies and procedures that prescribe steps to monitor employees who have work-related injuries and to devise alternative work arrangements and accommodations when medical evidence shows that the disability has ended.²⁵ An early return-to-work program should be simple, realistic, and suitable to the

¹⁶ *Workers Compensation* (Insurance Information Institute, October 2006).

¹⁷ *Effective Return to Work Practices for Employers* (Texas Department of Insurance).

¹⁸ *Workers Compensation* (Insurance Information Institute, October 2006).

¹⁹ *Getting Tough on Workers' Comp* (Federal Times, October 17, 2005).

²⁰ *Effective Return to Work Practices for Employers* (Texas Department of Insurance).

²¹ *Getting Tough on Workers' Comp* (Federal Times, October 17, 2005).

²² *Effective Return to Work Practices for Employers* (Texas Department of Insurance).

²³ *No Small Matter for Small Business*, Texas Mutual.

²⁴ *How to Maximize Empathy Program for Return to Work*, Louisiana Workers' Compensation Corporation.

²⁵ *Audit of the Board's Automated Travel System* (Federal Reserve Board OIG, March 31, 2005).

UNCLASSIFIED

employer's business needs. Putting policies and procedures in writing is the first important step.²⁶

A GAO report on return-to-work strategies offers concise guiding principles for a return-to-work program.²⁷ According to the report, program officials should:

- intervene as soon as possible after an actual or potentially disabling event to promote and facilitate return to work and
- identify and provide necessary return-to-work assistance and manage cases to achieve return-to-work goals.

Incorporating these basic elements can maximize the opportunity for a successful early return-to-work program.

Also, the State of Texas has published a guide on developing a return-to-work program that lists elements of a successful program,²⁸ including:

- obtaining a commitment to the program by all managers and supervisors;
- continuously communicating with the injured worker while the worker is off work;
- monitoring an injured worker's progress and initial work assignments throughout the transition back to regular work;
- involving employees in determining their own return-to-work activities after an injury;
- providing information to help doctors understand the employee's regular job, the return-to-work program, and available alternative assignments;
- designating someone to coordinate the early return-to-work program, monitor assignments, be responsible for workers' compensation reporting and required recordkeeping, and communicating with the treating doctor and injured worker; and
- evaluating the program periodically.

Having an early return-to-work program does not obligate employers to create unnecessary work or to return an injured worker if there is no appropriate productive work available. Having a program does obligate the employer to try to provide meaningful productive work that accommodates the injured worker's medical abilities as often as possible. Initiating a program may require new thinking and developing different perceptions of work assignments, such as dividing certain tasks between jobs to enable an uninjured employee to do other work or temporarily transferring the employee to another department. It is more economical to have a trained and experienced employee working at a reduced pace or schedule than not working at

²⁶ *Effective Return to Work Practices for Employers* (Texas Department of Insurance).

²⁷ *Return-to-Work Strategies From Other Systems May Improve Federal Programs* (GAO/HEHS-96-133, July 1996), p. 4.

²⁸ *Developing a Return To Work Program: A Resource for Employers* (State of Texas, Division of Workers' Compensation, 2003-2004), p. 9.

UNCLASSIFIED

all.²⁹ According to an Office of Personnel Management (OPM) study of workers' compensation, early and sustained followup emphasizing the availability of modified or light-duty assignments deters claims for long-term disability and reduces overall workers' compensation costs.³⁰

The Department should implement a return-to-work program to ensure that every opportunity is taken to bring employees back to work as early as possible. The Department's draft policy paper to establish a return-to-work program is basic and conceptual in nature. It lacks specific policies and procedures to design and implement a return-to-work program. It merely discusses the benefits of such a program, provides a sample notice to injured workers, and includes the elements to put in a followup letter to an injured employee.

Responsibility Within the Department

HR officials acknowledged the need for a return-to-work program within the Department and, as noted, had developed a policy paper to establish the program. However, the officials said that they had not established the program because Department officials were debating whether responsibility for the program should be placed with HR or MED. HR believed that MED should formulate policy for and administer a return-to-work program for Department employees because MED is responsible for Department policy and guidance on employee occupational health and safety issues and reviews the medical information that relates to continuing workers' compensation claims.

However, in researching return-to-work guidance and programs for educational institutions and federal, state, and local governmental agencies, OIG found that many return-to-work programs were developed and administered by their respective human resources departments. As part of a successful return-to-work program, medical professionals should be consulted to review medical information and assess potential return to regular, light, or limited duty.

In addition, human resources departments are best equipped to perform many of the functions of reemploying workers, including maintaining contact with injured employees who are receiving compensation, identifying jobs suitable for them, and taking steps to reemploy them as soon as the medical evidence shows it is possible.³¹ Further, section 3(b) of the Foreign Affairs Manual, 1 FAM 235, states that HR's Office of Employee Relations "[a]dministers and develops policies, plans, and procedures for employee benefits and services programs, including the ... Workers compensation programs," and section 3(c) states that this office also "[m]anages the regulations process" and "[i]ssues human resources regulations for ... the Foreign Service, and the other foreign affairs agencies."

²⁹ *No Small Matter for Small Business*, Texas Mutual.

³⁰ *Workers' Compensation Administration Laboratory Site Study* (OPM, January 1998), p. 1.

³¹ *Injury Compensation for Federal Employees*, (DOL, Pub. CA-810, Jan. 1999), par. 9-3.E.

UNCLASSIFIED

Recommendation 1: OIG recommends that the Bureau of Human Resources develop and implement a return-to-work program for workers' compensation beneficiaries considering the best practice elements discussed in this report. The Bureau should report progress made to develop the program to OIG within 60 days of issuance of this report.

HR agreed with the intent of recommendation 1 and with the need to establish a formal return-to-work program for the Department, using best practice elements presented in OIG's report. However, HR believes that MED should be responsible for the program and that successful implementation of such a program is contingent upon the completion of an internal workers' compensation database.

As noted in OIG's report, human resources departments are best equipped to perform many of the functions of reemploying workers. Additionally, although a database is a helpful tool to track the status of individual cases, a return-to-work program can be started without an electronic database. HR also provided an updated draft return-to-work program, but it lacks many of the elements of a successful return-to-work program noted in the report.

On the basis of HR's response, this recommendation is resolved and can be closed when OIG receives a copy of the approved return-to-work program that includes detailed procedures and steps, as presented in this report. Because of the program's significance, HR should finalize and implement it within 60 days of report issuance.

HR's Review of Older Workers' Compensation Cases

In FY 2006, the Department began an effort to review workers' compensation cases where the injury occurred more than 20 years ago to determine whether the appropriate amounts of compensation were being paid to the injured workers. At the time of our review, HR began to assemble data on the number of cases and the dollar amount; however, on its own initiative, HR suspended its efforts when INV began to review cases of deceased employees. While continuing to coordinate with HR on suspected fraudulent claims, INV closed out its overall case review in November 2006. Yet HR officials said that they had not resumed their efforts to review other types of older cases because current case management, such as processing and following up on injury claims and sending beneficiary checks to post, took priority over reviewing the older cases.

Recommendation 2: OIG recommends that the Bureau of Human Resources analyze all workers' compensation cases that are more than 20 years old to determine whether the appropriate amounts of compensation were being paid to injured workers. The Bureau should report the results of the analysis within 60 days of issuance of this report and refer any suspected fraudulent claims to OIG.

UNCLASSIFIED

HR did not agree with the intent of recommendation 2 and said that it did not have the resources, expertise, or authority to determine whether appropriate amounts of compensation have been paid out. HR further said that cases that are 20 years or older have received some review during the investigation of continuing benefits for dependents of deceased employees.

Under its handbook chapter on agency management of compensation claims, DOL encourages agencies to actively manage their workers' compensation programs.³² Additionally, HR's effort to review claims where the injury occurred more than 20 years ago is a logical step in containing workers' compensation costs; therefore, OIG believes that this effort should be completed. On the basis of HR's response, this recommendation is unresolved.

Cost Containment Controls

In comments to the draft report, HR proposed a recommendation relating to cost controls for the workers' compensation program that would take the place of recommendation 2, above. However, this recommendation addressed issues outside the scope of OIG's review. Nevertheless, HR's proposal is constructive, and OIG agrees with the need for cost controls in the workers' compensation program.

Recommendation 3: OIG recommends that the Bureau of Human Resources establish policies and procedures for cost controls pertaining to the Workers' Compensation Program, reconciliation of the annual Chargeback Report, and a reasonable reduction in routine Workers' Compensation costs to the Department of State. The Bureau should report the results of its efforts within 60 days of issuance of this report.

On the basis of HR's response, this recommendation is resolved and can be closed when OIG receives a copy of the approved policies and procedures for cost controls over the workers' compensation program.

³² Injury Compensation for Federal Employees (DOL, Pub. CA 810, Jan. 1999) serves as a handbook for federal agency personnel.



United States Department of State

Bureau of Human Resources

Washington, D.C. 20522

June 13, 2007

MEMORANDUM

TO: OIG – Howard Krongard

FROM: DGHR – George M. Staples 

SUBJECT: Draft Audit Report on Return-to-Work

I appreciate the opportunity to comment on the draft Audit Report on Return-to-Work (RTW). We have reviewed the recommendations. We agree with the recommendations in part.

First, we agree with the need to establish a formal RTW program for the Department, utilizing best practice elements presented in your Audit Report. However, successful implementation is contingent upon the final completion of an internal workers' compensation database created by the IT Development Team in HR/EX/SDD, which will offer data reporting capabilities, electronic transmissions of claim forms, and individual case status information to help identify when an employee is expected to return to work.

Although it is not necessary at this time to provide detailed explanations of implementation efforts, HR/ER has already begun work on this subject. Attached is a draft Department Return-to-Work program that we developed in conjunction with the Office of Medical Affairs, Occupational Health Unit (MED/OH), who are the subject matter experts. The RTW responsibility of our Workers' Compensation Program is assigned to MED/OH. Specifically, the MED Program Manager and Nurse Case Manager have responsibility for implementation. Conversely, HR/ER has program management and policy oversight responsibility for the entire Department's Workers' Compensation Program. The Department Coordinator is Debora Ellis in HR/ER. We agree fully with this OIG recommendation. The attachment represents our progress to date.

The second recommendation is not one that has our agreement. As you are aware, the Department of Labor, Office of Workers' Compensation

Programs (DOL/OWCP) has case management responsibility. They have direct communications with claimants. Implementation of the Federal Employees' Compensation Act (FECA) requires expertise and specialized training. This recommendation would require HR/ER to analyze all workers' compensation cases that are more than 20 years old to determine whether the appropriate amounts of compensation were being paid to injured workers. We are not only limited in resources for implementation, but more importantly, we do not have authority under FECA nor expertise with FECA's monetary compensation formulas and various complex local country laws (LES claims) to determine whether appropriate amounts of compensation have been paid out. Therefore, we advise that this recommendation be replaced with the following draft:

"OIG recommends that the Bureau of Human Resources establish a process and procedure for internal cost controls pertaining to the Workers' Compensation Program, reconciliation of the annual Chargeback Report, and a reasonable reduction in routine Workers' Compensation costs to the Department of State. The Bureau should report the results of its efforts within 60 days of issuance of this report in addition to ongoing efforts of the OIG/INV."

To explain our position, over the last few months the OIG/INV in cooperation with HR/ER has made strides in this area, saving the Department over \$250,000. The primary contact in INV is Maya Clark. Since the beginning of FY-07, we have arranged opportunities for them to brief our bureau workers' compensation coordinators on detecting fraud and abuse, and we have jointly created an OIG Referral Form to report fraudulent activity directly or anonymously as needed. We have added an OIG/INV link to our website along with online training for bureau administrators. For this information, please refer to our website below: <http://hrweb.hr.state.gov/er/employment/Workcomp/WorkComp.html>.

In addition, INV currently receives copies of domestic CA-1 and CA-2 claim forms (traumatic injury and occupational disease notifications respectively). They traveled to OWCP District Offices where the majority of our claims reside to focus on older cases based on historical Chargeback Reports. Therefore, cases that are 20 years or older have received some review. Their efforts and resources, which exceed HR/ER's ability to comply with this recommendation, have paid off handsomely saving the Department thousands of dollars to date.



Return-to-Work: An Important Program for the Department of State To Implement

The Office of Inspector General (OIG) conducted an audit to determine whether the Department of State (Department) had established an effective program for returning to work those employees who had been injured on the job and had been receiving benefits under the Federal Employees' Compensation Act (FECA). OIG determined that a systematic effort to contact and encourage injured employees to return to work as soon as medically feasible is an industry and government best practice and a key internal control to reduce claimant fraud. OIG found, however, that although officials in the Bureau of Human Resources (HR) had drafted a policy paper for such a program, no program had been established. HR officials said that this occurred because there were uncertainties regarding which bureau within the Department should develop and manage the program. When developed and implemented, a return-to-work program should enable injured Department workers to return to the workplace more quickly and decrease workers' compensation costs.

To assist HR in developing an effective program, OIG has identified best practices and guiding principles from public and private sector entities. OIG recommended that HR take responsibility for and fully develop a policy for returning employees to work.

OIG noted during its review that HR had undertaken an effort to determine whether the appropriate amounts of compensation were being paid to employees who had been injured more than 20 years ago. However, on its own initiative, HR suspended its efforts when OIG's Office of Investigations (INV) began a review of cases of deceased employees identified during this audit. Although INV completed its review, HR officials said that they had not resumed their efforts to review other types of older cases because current case management, such as processing and following up on injury claims and sending beneficiary checks to post, took priority over reviewing older cases. HR's effort to review claims where the injury occurred more than 20 years ago is a logical step in containing workers' compensation costs; thus, OIG recommended that this effort should be completed.

In response to OIG's draft report, HR agreed with the need to establish a formal return-to-work program, using best practice elements presented in OIG's report. However, HR believes that it does not have the resources, expertise, or authority to complete its review of older workers' compensation cases. Instead of completing its review of older cases, HR proposed that it establish policies and procedures for cost controls for the workers' compensation program. OIG believes that HR has the authority and thus should review older cases. Additionally, OIG agrees with HR's proposed recommendation for cost controls.

The fieldwork for OIG Report AUD/IP-07-47 was conducted by the Office of Audits from May 2006 to January 2007. This is an unclassified summary of a full report, which may receive limited official distribution.

Office of Inspector General

The Office of Inspector General conducts independent audits, inspections, and investigations to promote effective management, accountability, and positive change in the Department of State, the Broadcasting Board of Governors, and the foreign affairs community.