

Workers' Compensation Case Reduction Business Plan

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The Federal Employees' Compensation Act (FECA) program provides workers' compensation benefits to employees who sustain on-the-job injuries/illnesses. Included are monetary compensation, medical coverage, travel expenses, vocational rehabilitation and scheduled awards for loss of a bodily part. With the advent of charge-back approximately 8 years ago, commands are responsible for paying their own injury compensation costs based on billings from the Department of Labor Office of Workers' Compensation Programs (OWCP). Management of the FECA program and efforts to reduce costs are left to the commands' discretion. The Department of the Navy's (DON) most recent injury compensation bill totaled \$244 million, including the Marine Corps.

Normally, an Injury Compensation Program Administrator (ICPA) manages the FECA program at the local activity level. The ICPA is generally located in the Human Resources Office (HRO) and is responsible for case management. To effectively manage the program, the ICPA must work with the occupational safety and health staff, industrial hygiene staff, dispensary staff, private health care providers, investigators and serviced Commands. In most circumstances, the activity's success in reducing injury compensation costs is based on the quality of the ICPA and the ability of the individual to successfully build "bridges" to these many other players.

The goals of workers' compensation are to provide prompt, high quality medical care to an injured worker to aid recovery from an injury/illness and to return the employee to the workplace as soon as possible. In today's era of restructuring, consolidation and performance improvement, managing injured workers is more critical than ever. While the direct cost to the DON is usually thought of as "the BILL", there are additional indirect costs that amount to three to ten times the billed costs. Indirect costs include continuation of pay (COP), hiring/training temporary replacement workers, lost productivity (goods/services not delivered) and damage to equipment or property.

This business plan is a joint effort by DASN(CP/EEO), DASN(E&S), CNO(N-45), CMC, and BUMED to assist DON commands in achieving improved case management, which may include cost reductions, in their injury compensation programs. It is based on input from successful injury compensation cost reduction programs such as the one managed by Naval Sea Systems Command (NAVSEA) (04X) and from many expert ICPA's who gathered for a conference on 4-5 August 1998. A subsequent SES/Flag brief held on 1 September 1998 also proposed new concepts for reducing injury compensation cases be explored. Refinements to the plan were made in order to provide specifics on resources and responsibilities. This Business Plan is divided into three key areas:

- I. Management Commitment
- II. Information Systems

III. Specific Case Reduction Strategies

Within each area, suggested actions, responsibilities, timetables and resources needed to accomplish the action items are provided. The need to continue to work to prevent mishaps is acknowledged as an underlying assumption. Mishap prevention for all Navy personnel (civilian and military) is implemented through the NAVOSH Strategic Plan. The Strategic Plan is lead by the NAVOSH Quality Council, which first convened in December 1993. The results of the efforts of the NAVOSH Quality Council include a reduction in lost workday case incidence rates by 23% from 3.51 in 1993 to 2.69 in 1997. This reduction occurred during significant restructuring and BRAC activity when numerous claims were filed.

References:

- a. OPNAV INST 12810.1 Federal Employees' Compensation Act (FECA) Program (1990)
- b. NAVSO P-3674 Commanding Officer's Guide to the Federal Employees' Compensation Act Program (1990)
- c. DOD 1400.25-M Civilian Personnel Manual, Subchapter 810 Injury Compensation (1996)
- d. OWCP Publication CA-810 Injury Compensation for Federal Employees: A Handbook for Employing Agency Personnel(1994)
- e. Title 5, United States Code Subpart G, Chapter 81 - Federal Employees' Compensation Act, as amended (1974)

I. Management Commitment

- A. Issue : Major Commands, CNO, CMC, and SECNAV must be committed to reducing injury compensation cases. The DON's charge-back costs can be controlled and reduced through the joint efforts of command management, first line supervisors, human resources managers, occupational safety and health experts, and medical support personnel. As a team, these players must work together to support efforts aimed at minimizing mishaps and providing sensitive medical care to those employees who slip through the "mishap prevention net". They must maintain a continuing dialog about workers' compensation cases and costs in order to ensure that appropriate changes are made which achieve case/cost reductions.
1. Action : Establish SES/Flag Steering Committee to review actions of Process Action Teams (PAT) and other entities responsible for implementing action items contained within this business plan and as directed by governing regulations and instructions.
2. Responsibility : DASN(CP/EEO), DASN(E&S), CNO(N-45), CMC, BUMED(02).

3. Timetable : Meet quarterly for updates on progress starting in March 1999.
 4. Resources : Current resources available.
 5. Status : The Flag/SES Executive Steering Committee last met on October 1999 this meeting several metrics were approved while others required modification by the steering committee. Currently, awaiting participation from DASN (CP/EEO).
- B. Issue : Metrics must be established to assess progress in current workers' compensation claim management at the command/activity level.
1. Action : In order to drive accountability for reducing the workers' compensation cases/costs to the activity level, metrics need to be established to measure accomplishments in program management. Metrics will permit commanding officers/commanders to measure the progress of cost avoidance prior to the charge-back data. (NOTE:Charge-back bills lag two years behind actual costs.)
 2. Responsibility : DASN(CP/EEO), OWCP, Naval Safety Center, CMC, and CNO(N454) will develop appropriate metrics to be used in tracking current success with the FECA program.
 3. Timetable : Prepare metrics by March 1999.
 4. Resources : No additional resources required. Development of metrics and periodic preparation of statistics can be done in the course of the quarterly reports currently prepared.
 5. Status: Two sets of metrics established, one for the Flag/SES Steering Committee and the other for the activity level ICPA's. These metrics were presented as a part of a presentation to the Flag/SES Executive Steering Committee.
- C. Issue : Senior military personnel must support injury compensation case/cost reductions in order to ensure that Commanders/Commanding Officers enforce case management and cost avoidance measures. (Reference (b) directs responsibilities of Commanders/Commanding Officers)
1. Action : Senior military leaders should include FECA cost reduction in visits to field activities. Comptrollers should be included in workers' injury compensation matters since they are the fiduciary advisors to the Commander/Commanding Officer. Senior military leaders will be briefed with information on case/cost trends and savings achieved. The annual Admirals' meeting can be used as a forum for highlighting the financial impact of controlling workers' compensation costs. Prospective Commanding Officer/Executive Officer courses that currently include a segment on FECA can also include cost reduction information.

2. Responsibility : DASN(CP/EEO), Naval Safety Center, CNO(N-45), and CMC can provide data with a five-day advance notice. CNO(N-45) will assist in getting the workers' compensation topic included in the annual Admirals' meeting. The Naval Safety Center can include workers' compensation cases/costs in the safety brief for the Prospective Commanding Officer/Executive Officer courses.
 3. Timetable : Begin providing information for senior military leaders by March 1999.
 4. Resources : No additional resources required. Reservists may be used to develop standard talking points.
 5. Status: The Navy briefed DASD (Environmental Security) and DASD (CivPers) on workers' compensation and Federal Worker 2000 on 25 September 2000.
- D. Issue : Command support is needed to be successful in reducing workers' compensation cases through return to work efforts. (Reference (a) directs responsibilities throughout the chain of command).
1. Action : Specific command support is needed in the areas of return to work and maintaining contact with injured workers. DASN(CP/EEO) and DASN(E&S) should prepare a SECNAV instruction outlining DON policy on reducing injury compensation cases/costs and the appropriate actions to be taken by Commands, supervisors, and ICPA's. Supervisors should be required to make regular contact with employees who are injured and away from work. This contact should be recorded and monitored by the command and included in annual performance reviews (for military supervisors, this is covered under the Leadership portion of the FitRep/Eval). Supervisors must support the use of transitional duty jobs until employees can return to full duty. Supervisory training should be provided to ensure that these responsibilities are understood. Supervisors should attend the courses offered by the Office of Workers' Compensation Programs: "The FECA Seminar and The FECA Supervisors' Workshop." Both of these courses may be customized to provide specific information about the command's injury compensation management team (ICPA, Occupational Safety, Occupational Health, and investigation assistance) and goals for improvement.
 2. Responsibility : DASN(CP/EEO), DASN(E&S), CNO(N-45), CMC, BUMED and DOD/LO will develop and endorse a SECNAV policy requiring compliance with injury compensation case reduction policy.
 3. Timetables : SECNAV policy drafted by June 1999.
 4. Resources : No additional resources required.
 5. Status: Awaiting ASN (CivPers) to finalize.

- E. Issue : ICPA's need to be kept informed of resources and methods available to help them manage workers' compensation cases/costs.
- 1. Action : Put current affairs information, such as claims management tips, results of working group efforts and other items of interest on available HRO/HQ, CNO(N454), and CMC web sites to increase visibility and sharing of information. Cross-links to other web sites where more help can be found (such as DOD, DOL/OWCP, Safety Center, BUMED) should be provided. Input from other government agencies and the private sector may also be of value.
- 2. Responsibility : DASN(CP/EEO), BUMED (Occ. Health), CNO(N45), CMC and DOD/LO
- 3. Timetable : Web sites to be created by March 1999.
- 4. Resources : No additional resources required.
- 5. Status: Awaiting input from ASN (CivPers).

II. Information Systems

- A. Issue : The Injury Compensation/Unemployment Compensation (ICUC) system is the Office of the Secretary of Defense, Civilian Personnel Management Service (CPMS) recommended tool for getting billing information to local ICPA's. However, some users believe that it doesn't provide the analytical capabilities that a command needs to analyze its chargeback data.
- 1. Action : Explore the capabilities of the ICUC system. One alternative would be for CPMS to allow ICPAs access to the SQL-QMX (Oracle Report Generator) for data field manipulation needed. This is possible, according to programmers originally involved in designing the ICUC database. Another alternative is a system developed by NAVSEA called FECAMIS. This data system receives a monthly tape upload to update NAVSEA case records.
- 2. Responsibility : DASN(CP/EEO) and CPMS to form a PAT to explore this issue. The NAVOSH working group being assembled to examine improvements for data utilization by Occupational Safety professionals may be a helpful source of input to this team.
- 3. Timetable : Complete PAT review by June 1999.
- 4. Resources : No additional in-house resources required. Contractor (CNA) or active duty reserve involvement may be appropriate for this item.
- 5. Status: get input from Dick and Pat
- B. Issue : Data quality is inconsistent and often results in frustration for users when analyzing claims and day-to-day case management work.

1. Action : Determine sources of data problems (e.g., UIC's no longer in use/existence; claims assigned to incorrect command; bills assigned to incorrect claim; etc.). Establish a process for periodically reviewing and updating data. This may require a standing committee. It seems that most problems exist in the interface between DOL and DCPDS tapes. Data are received late from Navy HQ charge-back and interface with DCPDS occurs three months after the end of each quarter. Also, OWCP charge-back codes are incorrect in CA-1/2s since most ICPAs don't know what the codes mean and use the catch-all or generic one. The Army Corps of Engineers has reduced this coding error by having safety offices assign these codes.
 2. Responsibility : DASN(CP/EEO). Involvement of CPMS and ICPA's from activities doing a good job in workers' compensation is suggested.
 3. Timetables : Establish PAT by December 1998 and meet quarterly.
 4. Resources : No additional in-house resources required. May be appropriate for contractor support (Naval Health Research Center) or use of reserve assets. Specific cost of the resolution will depend on the scope of problem, as defined by the PAT. Reducing the tangible costs of the errors is likely to provide a good return on the investment of effort to improve data quality.
 5. Status: NAVSEA 04 analyzed all Navy claims then worked with liaisons at DOL and DOD (CPMS) to transfer all non-Navy cases and achieve \$1 million in savings.
- C. Issue : Quarterly reports showing open claims and billing costs are produced by DASN (CP/EEO) for distribution to HROs and some Comptrollers. CNO(N-45) and the Naval Safety Center produce quarterly reports showing injury frequency rates. Both of these reports provide feedback on how well (or poorly) a command is doing in safety and claims management. However, they are sent to different parties at the activity level and the whole picture is likely to be missed at the command level.
1. Action : Quarterly reports showing open cases, claims costs for the charge-back year, and frequency rates for the current year should be consolidated for distribution to DCPD Offices, Comptroller and Occupational Safety in each command. Comparisons with the previous year's data may be done to illustrate trends. ICUC currently has a report that could be modified to include frequency rates and costs if ICPA is given access to SQL-QMX (Oracle Report Generator).
 2. Responsibility : DASN(CP/EEO), CPMS, CNO(N-45) and Naval Safety Center
 3. Timetable : Sample reports prepared for year-end FY98 by March 1999. (Process to include sorting out logistics of preparing these reports and determining the best system to streamline the process.)
 4. Resources : No additional in-house resources required. Contract support may be appropriate, depending on the data systems modifications required.

5. Status: Awaiting ASN (CivPers) interest in resolving this issue.

III. Specific Case Reduction Strategies

- A. Issue : Claims with an inception date of FY92 and older cost the Navy \$167 million in 1998. These claims were 68% of the total charge back costs for the Navy and Marine Corps. This is consistent with previous charge back years. Local ICPA's are stretched to keep current claims under control. Older claims should be sent to a claims resolution center for resolution. These centers would be expected to work through the claim backlog within three years and then terminate. A portion of the savings from cases closed would be used to pay for the costs of centers. The remainder of the savings would be returned to the originating activities (if still in operations) to be used for mishap prevention and claims management.
 1. Action : Obtain additional funds and establish claim resolution centers on the East, Central, and West Coasts for resolution of older cases including cases from closed activities. NAVSEA already has such centers in Philadelphia and San Diego. Explore expanding and using these experienced personnel to work DON cases.
 2. Responsibility : DASN (CP/EEO), NAVCOMPT, and NAVSEA(04X).
 3. Timetable : Determine whether funds can be obtained and used in conjunction with NAVSEA centers by June 1999.
 4. Resources : If current NAVSEA resources are used, it is estimated that each center would require an additional five FTE (based on backlog of claims on the East and West Coast) assuming that overseas claims will be handled at the nearest coast. Using an average salary of GS-11/Step 5, plus benefits, total compensation is estimated at \$670,000. Based on NAVSEA's success with these centers, the money invested in these employees would be retrieved from savings achieved within one year. An alternative to hiring additional employees would be to obtain a contractor to operate the claim resolution centers. The cost of using contract employees is estimated at \$1.5 million per year. A suggested set of priorities for the backlog management would be to work cases from closed UICs, followed by non-NAVSEA long-term roll cases, then NAVSEA long-term roll cases. Long-term roll cases are defined as inception year 1992 and older. Reservists could also be used at these centers to assist in case reductions.
 5. Status: An MOU was signed by NAVFAC and NAVSEA by which NAVSEA's East and West Coast Offices would manage NAVFAC's aged cases.
- B. Issue : Ensure that ICPA's are involved in a strategic teamwork effort with first line supervisors of injured workers, Occupational Safety experts, Occupational Health staff, and Naval Criminal Investigative Service Offices. One way of

achieving this teamwork is to conduct training on how to effectively manage claims. Currently the Navy does not have a training program for ICPA's. The three-day Basic Compensation Specialist Workshop provided by DOL (OWCP) is aimed at technical compliance in claims processing, not the needed methods for effective claims management. Coordinate training plans with CPMS Liaison Office that also offers assistance training and coaching on various aspects of case management and on-site visits.

1. Action : Provide standardized training curriculum for all ICPA's. CPMS has scheduled a conference for DOD ICPAs for 2-5 February 1999 in San Diego. A representative should be sent to this meeting to explore what CPMS has under development. NAVSEA and NAVAIR models will be used for developing this curriculum. A workshop should be held at least annually on each coast to accommodate this need.
 2. Responsibility : DASN (CP/EEO) should take the lead to ensure that the development of this training for ICPA's is consistent and applicable to Navy needs. The DOD/LO should also be involved in reviewing and updating curriculum.
 3. Timetable : Conduct first ICPA workshop in FY99.
 4. Resources : Explore options of using contract instructors, supplemented by experienced ICPA's. Other members of the workers' compensation management team (Occupational Safety, Occupational Health, and Naval Criminal Investigative Service) should be involved in the training to reinforce the teamwork aspects of the training. Using a travel estimate of \$1,000 per week per person, a 30-person class would cost \$30,000. Costs of hiring a contractor or having an experienced Injury Compensation Program Administrator (like NAVSEA) conduct the training would cost about \$10,000, excluding curriculum development costs. Funding for travel of key team members is also considered in this cost. Therefore, total cost of one workshop (estimate three days) would be \$40,000. Reserve officers familiar with the issues involved in workers' compensation management may also be used without incurring additional costs.
 5. Status: Participated in two DOD conferences (February 1999, San Diego and February 2000, New Orleans) and two VA conferences on Federal Workers Compensation (August 1999 and 2000, Orlando). Both had Navy participation.
- C. Issue : Claim management practices are not standardized. A handbook of claim management practices including return to work strategies should be prepared. Return to work should include inter-agency transfers as an option, particularly for commands affected by restructuring or closure. For personnel whose original positions are not available in the local government job market, vocational rehabilitation should be actively pursued.

1. Action : A handbook of this type is currently in progress by NAVSEA. Once NAVSEA completes this work, a PAT should review the handbook for sharing with other commands. This handbook will supplement and amplify guidance on workers' compensation claim management provided in the CPMS manual.
 2. Responsibility : DASN (CP/EEO) with input by NAVSEA, CNO(N-45), CMC, BUMED and DOD/LO
 3. Timetable : Draft of handbook modeled after NAVSEA ready by June 1999.
 4. Resources : No additional resources required. Working PAT can be recruited within responsible commands.
 5. Status: CDR Booth adapted the Supervisors' Handbook for Federal Employee's Workers' Compensation from Hill AFB. In addition, the guidance provided by Naval Region Southwest on their website, in general, at <http://www.cnbsd.navy.mil/hrocnrsw/injury.htm> and, specifically in the command instruction posted on this website, meet the original intent of this item. The Procedures Manual, which is Enclosure (1) to the command instruction, is an excellent reference document to help all parties involved in workers' compensation management do a better job.
- D. Issue : Medical care could be managed better by the implementation of a utilization management and utilization review (UM/UR) process with the nearest military medicine provider. A UM/UR oversight process, which has been implemented effectively in some commands, eliminates redundant or non-work injury related billing and ensures an appropriate level of care for injuries/illnesses. In addition, this process may provide additional benefits by establishing an improved standard of care for injured workers.
1. Action : Discuss the methods used by successful ICPA's (San Diego) to develop a model for UM/UR. The model should take into account the roles of various parties. When the model is developed, disseminate an informational package to commands at field activities.
 2. Responsibility : DASN (CP/EEO), in conjunction with BUMED (DOD Health Affairs) and unions.
 3. Timetable : Prepare a proposal by January 1999. Test model at several sites (to be selected by PAT) until May 1999. Adjust model and implement at field activities by July 1999
 4. Resources : Members for a PAT can be recruited with existing resources.
 5. Status: The UM/UR PAT has received some excellent guidance from the field on implementation of best practices into the medical protocols for civilian employees on workers' compensation. The original plan of doing a

model has been modified to establishing a set of medical protocols for assisting Supervisors and ICPAs with medical management of a workers' compensation injury. These protocols are to be developed by BUMED and sent to the military treatment facilities (MTF). BUMED has identified a Naval Reservist (CDR Michael Murray) to assist in the development of these protocols. Deadlines will be developed as soon as CDR Murray has fully scoped the project.