Smithsonian Institution
Office of the Inspector General

In Brief

Report on the Administration of the Workers' Compensation Program

Report Number A-07-09, March 24, 2009

Why We Did This Audit

This is the second of two reports covering the Workers' Compensation Program at the Smithsonian Institution. Our objectives for this audit were to assess whether the Smithsonian had adequate procedures for: (1) reviewing and submitting claims in a timely manner; (2) monitoring claims to ensure that case files are accurate and up-to-date and that claimants return to work as soon as possible; and (3) reconciling charge-back costs and recovering overpayments promptly.

What We Recommended

We made six recommendations to strengthen management of the workers' compensation program and reduce the Institution's workers' compensation costs. We recommended that the Institution revise policies and procedures pertaining to the workers' compensation program, seek corrective action from OWCP, conduct periodic reviews of case files, and develop and implement a pan-Institutional approach to return employees to work.

Management concurred with our findings and recommendations and has planned corrective actions that resolve all our recommendations.

What We Found

The Smithsonian generally did not manage the workers' compensation program. Specifically, it failed to verify the accuracy of the chargeback reports, conduct periodic reviews of workers' compensation cases, or develop and implement a return to work program. There was no coordinated oversight by Smithsonian organizations involved in the process. Other weaknesses in the program included inadequate policies and procedures.

We identified 327 cases for which the Institution paid $3,833,955 in compensation and medical payments during chargeback year (CBY) 2007 (July 1, 2006 to June 30, 2007). Of those, we reviewed 92 cases of claimants receiving Office of Workers' Compensation Programs (OWCP) payments totaling about $2,961,263. We identified problems with 46 of the 92 cases in our sample.

Prior to CBY 2007, the Office of Human Resources had not received quarterly chargeback reports and therefore had never verified the accuracy of these reports, nor had it distributed chargeback information to unit supervisors for review and confirmation. Without this verification, the Smithsonian increases the risk that discrepancies would go undetected and result in erroneous payments. These discrepancies could linger for many years, adding significant costs to the Smithsonian's workers' compensation program.

The Smithsonian did not aggressively manage its periodic roll (PR) cases. Based on available OWCP documentation, we determined that there were potential problems with 29 (or 48%) of the PR cases we reviewed. These potential problems included outdated or incomplete medical reports; possible overpayments; lack of cooperation with vocational rehabilitation specialists or refusal of job offers; and possible fraud.

Based on available OWCP documentation, we also identified 17 cases where claimants did not return to work, although medical evidence at the time no longer supported their claim of a work-related disability. Given the magnitude and escalation of the Institution's workers' compensation costs, management needs to invest in a comprehensive return-to-work program.

Finally, from these problem cases we identified eight examples where, if the claimants were removed from the workers' compensation rolls, the Institution could avoid up to $7.3 million in costs over the projected lifetimes of these claimants.

For additional information or a copy of the full report, contact the Office of the Inspector General at (202) 633-7050 or visit http://www.si.edu/oig.

Smithsonian Institution

Office of the Inspector General

Date March 24, 2009

To G. Wayne Clough, Secretary
Alison McNally, Under Secretary for Finance and Administration
James D. Douglas, Director, Office of Human Resources
Era L. Marshall, Director, Office of Equal Employment and Minority Affairs
Roger Yankoupe, Director, Office of Safety, Health, and Environmental Management

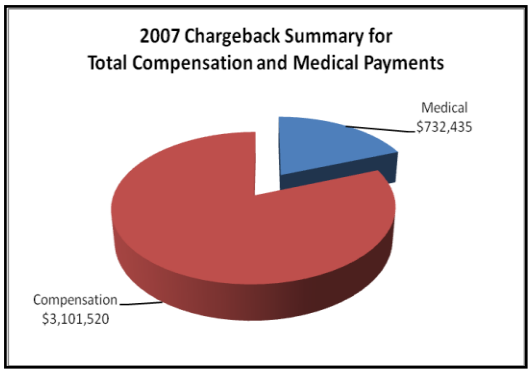
cc Bruce A. Dauer, Director, Office of Planning Management and Budget
Clair Gill, Acting Director, Office of Facilities Engineering and Operations
Dr. Jules Duval, Associate Director, Occupational Health Services
Paige Jones, Manager, Benefits Plans and Services, Office of Human Resources

From A. Sprightley Ryan, Inspector General

Subject Report on the Administration of the Workers' Compensation Program, Number A-07-09

This is the second of two reports covering the Workers' Compensation Program at the Smithsonian Institution.[1] Our objectives for this audit were to assess whether the Smithsonian has adequate procedures for: (1) reviewing and submitting claims in a timely manner; (2) monitoring claims to ensure that case files are accurate and up-to-date and that claimants return to work as soon as possible; and (3) reconciling charge-back costs and recovering overpayments promptly.

We identified 327 cases for which the Institution paid $3,833,955[2] in compensation and medical payments to Smithsonian employees during chargeback year (CBY) 2007 (July 1, 2006 to June 30, 2007). We reviewed 92 cases for employees receiving Office of Workers' Compensation Programs (OWCP) compensation and medical payments totaling about $2,961,263. We include a detailed description of our scope and methodology in Appendix A.



RESULTS IN BRIEF

The Smithsonian generally did not manage the workers' compensation program. Specifically, it failed to verify the accuracy of the chargeback reports, conduct periodic

[1] We issued the first one, *Audit Report on the Administration of the Continuation of Pay Program* (A-07-09-1) on July 18, 2008. Under this initial phase of the Workers' Compensation Program, employees who sustain a work-related traumatic injury resulting in a disability or lost time from work are entitled to their regular pay up to a maximum of 45 calendar days.

[2] These payments totaled $3,408,864 from federal appropriations and $425,091 from trust funds.

reviews of workers' compensation cases, or develop and implement a return to work program. For the period reviewed, we identified problems with 46 of the 92 cases in our sample. Prior to CBY 2007, the Office of Human Resources (OHR) had not received quarterly chargeback reports and therefore had never verified the accuracy of these reports. There was no coordinated oversight by Smithsonian organizations involved in the process. Other weaknesses in the program included inadequate policies and procedures.

In CBY 2007, compensation costs for the cases we reviewed totaled $2,228,920 in federal and $219,155 in trust funds for a combined total of $2,448,075. The 46 problem cases account for $1,224,806 in federal and $95,308 in trust funds for a combined total of $1,320,114. Of these cases, we identified eight examples where, if the claimants were taken off the workers' compensation rolls, the Institution might avoid up to $7.3 million in federal compensation payments over the projected lifetimes of those claimants.[3]

We made six recommendations to strengthen management of the workers' compensation program and reduce the Institution's workers' compensation costs. We recommended that the Institution revise policies and procedures pertaining to the workers' compensation program, seek corrective action from OWCP, conduct periodic reviews of case files, and develop and implement a pan-Institutional approach to return injured employees to work.

BACKGROUND

The Department of Labor's (DOL) OWCP is responsible for administering the Federal Employees Compensation Act (FECA).[4] FECA provides compensation and medical benefits to federal civilian employees and other individuals rendering personal service to the United States[5] who sustain a work-related traumatic injury or occupational disease or illness that prevents them from working. FECA provides nontaxable payments to cover lost wages, medical care, and survivor benefits. Medical care includes surgical care, pharmaceutical costs, and vocational and physical rehabilitation.

DOL sends each agency a quarterly report listing all cases with their associated costs. Agencies can use these quarterly reports to identify and correct errors before receiving the annual bill. According to OWCP procedures, agencies should verify claimants to personnel and payroll records and submit corrections to OWCP within 90 days of receiving the quarterly report. Further, agencies have one year from the end of the fourth quarter to report any additional errors for credit. In addition, agencies should share these reports with their units to increase awareness of costs and identify agency coding errors.

Every August, federal agencies receive an annual statement of their workers' compensation costs for the prior period of July 1st through June 30th (the chargeback year).

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[3] Our estimate takes into consideration the average projected number of years remaining until a claimant's death as well as the projected average cost of living increase.
[4] 5 U.S.C. §§ 8101-8193.
[5] At the Smithsonian, these individuals include federal and trust employees as well as volunteers.

Agencies include these costs in their next annual budget estimates. Appropriated amounts are then deposited in the Treasury to credit the fund.[6]

Office of Workers' Compensation Program Responsibilities

OWCP administers the FECA by processing, adjudicating, and monitoring workers' compensation claims. For OWCP to determine workers' compensation eligibility, the injured employee must submit medical and factual evidence to establish five basic elements:[7]

- The claim must satisfy statutory time requirements of FECA;
- The injured or deceased individual was covered by FECA;[8]
- The employee sustained an injury or disease;
- The employee was in performance of duty when the injury, disease, or death occurred; and
- The employee's medical condition or death was caused by the injury or disease.

OWCP may deny benefits if the claim does not meet these five elements. OWCP may also reduce or terminate compensation benefits for established claims for a number of reasons. (See Appendix C.)

OWCP encourages agencies to take an active role in the workers' compensation process by developing and implementing comprehensive plans to better manage workers' compensation cases. These plans should include:[9]

- *Administration.* Establish a record-keeping system that will enable the agency to maintain copies of claim forms, medical reports, correspondence with OWCP, and other materials related to each compensation claim.
- *Financial Records.* Monitor chargeback billings and arrange to charge costs to the lowest organizational level practicable to make managers more aware of costs.
- *Medical Information.* Obtain medical information from OWCP or the injured employees as often as necessary to assess potential return to regular, light or limited duty. Advise physicians of any light-duty assignments available and their specific requirements. The agency can use the information to monitor the claimant's medical care and notify OWCP if care is inadequate.
- *Return to Work.* Stay in touch with injured employees while they are receiving compensation, identify jobs suitable for them, and take steps to return recovered or recovering employees to work as soon as medically possible.
- *Training.* Ensure that staff who routinely handle compensation claims receive sufficient training in technical and managerial skills.

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[6] Agencies or instrumentalities not dependent on an annual appropriation, such as the Smithsonian's trust operations, are required to make the deposit to the Treasury within the first fifteen days of October.
[7] FECA Manual Part 2, Chapter 8, *Development of Claims.*
[8] As noted above, the Smithsonian's federal and trust employees as well as volunteers are eligible to receive FECA benefits.
[9] OWCP Publication, CA-810, Section 9.3 "Managing Compensation Program."

Smithsonian Policies and Procedures

Smithsonian policies and procedures for both federal and trust employees mirror the federal regulations for workers' compensation and are contained in Smithsonian Directives (SD) 212 and 213, Chapter 810. OHR; the Office of Safety, Health, and Environmental Management (OSHEM); and unit supervisors and employees all play a role in the Smithsonian's workers' compensation program. OHR is responsible for providing assistance to supervisors and employees on the proper procedures for reporting injuries and documenting claims, reviewing individual claim forms submitted for adequacy and completeness, and coordinating with OWCP in the settlement of compensation claims. OSHEMS' Office of Health Services (OHS) may perform preliminary diagnosis and emergency treatment of work-related injuries or illnesses. Supervisors should assist the employee in obtaining the necessary medical treatment, ensure completion of appropriate forms, obtain medical reports from employees, and notify OHR when the employee has returned to work.

In 2007 OHR developed guidance for supervisors to contact OHR regarding return to work options including light or modified duty. OHR and OHS collaborated to review recent workers' compensation claims in an effort to return employees to work.

In addition, the Office of Equal Employment and Minority Affairs (OEEMA) works with supervisors and management officials to design and implement reasonable accommodations for individuals with disabilities and employees who become disabled while employed by the Institution. SD 214, Chapter 3, *Equal Opportunity Handbook, Affirmative Action Program for Employees and Applicants with Disabilities,* establishes policy to provide equal employment opportunity to all employees and applicants regardless of disabling condition.

Finally, the Office of Planning, Management and Budget (OPMB) is responsible for ensuring that funding is available for workers' compensation costs, through the federal budget request process and the trust benefits pool. The OPMB staff also verifies that chargeback payments are appropriately recorded in the Smithsonian's accounting system.

RESULTS OF AUDIT

The Smithsonian Needs to Verify the Accuracy of Chargeback Reports

The Smithsonian did not reconcile the claimants on the chargeback reports to payroll reports, nor did it distribute chargeback information to unit supervisors for review and confirmation. Prior to CBY 2007, OHR had not received quarterly chargeback reports and therefore had never verified the accuracy of these reports. Further, OPMB requested funding for the annual chargeback statements without receiving certification that costs were accurate. During our audit, OHR attempted to reconcile the 2007 report; however they could not verify that 14 claimants, receiving $322,369 in compensation, were SI employees at the time of their injuries. Through our own review of various OWCP forms we confirmed that all 14 employees were working at the Smithsonian at the time their injuries occurred. Additionally, we identified one claimant for whom OWCP continued

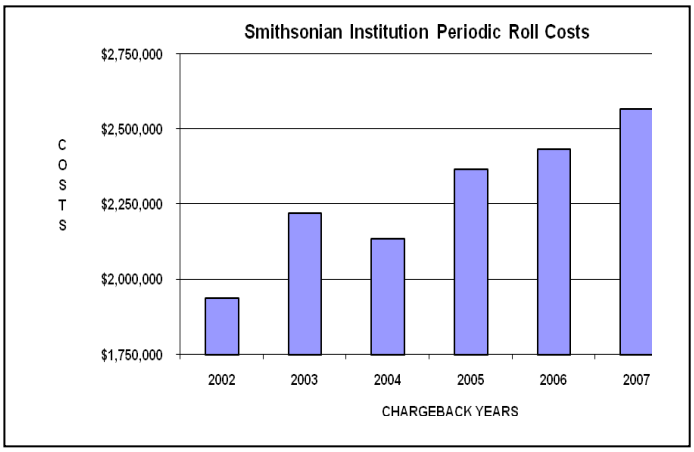
to make monthly payments of $1,133 for three months after his death. OWCP has since taken action to recover these payments. We believe that continuous monitoring efforts would help to ensure that overpayments are not made to deceased claimants or beneficiaries. OHR now receives both detail and summary reports on a quarterly basis.

Prior to this audit, OHR had no policies or procedures for verifying the accuracy of the chargeback reports. During the course of our audit, OHR implemented internal procedures for reconciling claimants on chargeback reports to payroll and personnel records; however, OHR does not distribute these reports to the units. Unit managers are unaware of those employees who remain on the OWCP rolls and of the costs associated with these cases. According to OHR and OSHEM staff, unit-level awareness of workers' compensation costs would reinforce shared accountability for effectively managing the program and assist in reducing the cost of the program. Unit management should be aware that the Smithsonian continues to incur expenses even after the employee is terminated.

Timely reconciliation of the quarterly reports provides the Smithsonian an opportunity to identify and correct errors before the annual bill is received and approved for payment. Without reviewing the chargeback reports, the Smithsonian cannot take appropriate actions to resolve discrepancies and prevent erroneous payments. These discrepancies could linger for many years, adding significant costs to the Smithsonian's workers' compensation program. We believe that the Institution should follow OWCP guidance on charging costs to the lowest organizational level and thereby make managers more aware of the need to control the costs. Additionally, ongoing diligence by OHR and unit managers may help detect fraud. See Appendix E for a list of red flag indicators of fraudulent activities.

The Smithsonian Could Improve Management of its Periodic Roll Cases

OWCP has not determined re-employment or wage-earning capacity for claimants on the periodic roll (PR). PR claimants are required to submit medical evidence of continued disability every year.



The number of Smithsonian employees on DOL's periodic roll increased from 66 in CBY 2002 to 73 in CBY 2007. Likewise, periodic roll costs increased from $1.9 million in 2002 to over $2.5 million in 2007, an increase of almost 32%. Although OWCP has primary responsibility for case management, because these benefits are paid out of the Smithsonian's budget, Smithsonian managment has an inherent responsibility to assist in controlling those costs.

The Smithsonian did not aggressively manage its PR cases. Using the 2007 report, we selected a sample of 61 periodic roll cases. Based upon OWCP case file documents available at the time of our review, we determined that there were potential problems with 29 (or 48%) of the PR cases we reviewed. These potential problems, which we discuss in detail below, include outdated or incomplete medical reports; possible overpayments; lack of cooperation with vocational rehabilitation specialists or refusal of job offers; and possible fraud.

Outdated or Incomplete Medical Reports. OWCP procedures require PR claimants to submit medical reports,[10] at least annually, to justify payment of compensation benefits. The employer may also contact the employee at reasonable intervals to request periodic medical reports addressing his or her ability to return to work. Federal regulations specifically authorize employers to monitor employees' medical progress.[11] We identified 17 PR cases that had outdated or incomplete medical information at the time of our review. For example:

- In 1997 a claimant sustained a lower back injury. OWCP files prior to 2003 were not available and there were no current medical reports to determine work capacity or continuation of the claimant's disability. In addition, OWCP did not reduce the claimant's compensation once the claimant no longer had eligible dependents.

- Another claimant sustained lower back and knee injuries in 2000. There was no medical documentation in the claimant's file after CBY 2003. In addition, we found no income verification forms since CBY 2003.

- In 1997, a claimant suffered a finger contusion. We were unable to obtain any documentation prior to November 2001 from OWCP or OHR files. Although the claimant has submitted *Work Capacity Evaluation* (OWCP-5) forms, we found none of the required medical reports in the file.

For several of the 17 cases we identified, no medical expenses were reported in the last two to five years. The IG community has identified high compensation with little or no medical expenses as an indicator of possible fraudulent activity. We believe that these types of cases warrant closer monitoring by workers' compensation managers. See Appendix E for additional red flag indicators.

Possible Overpayments. FECA regulations require PR claimants to submit annual certifications of income or other information affecting benefits. Changes in the status of employment or claimed dependents may result in reduced compensation. We identified four cases where we believe claimants may have been over-compensated by OWCP.

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[10] FECA Manual Part 2 Sec. 0812-8 *Medical Evidence*, identifies the necessary elements of a medical report. Those elements include, but are not limited to, the date of most recent examination; diagnosis of any conditions present; the opinion as to whether the condition is related to the employment; type and frequency of medical treatment being provided; and any work restrictions (OWCP-5 form). Further, OWCP procedures state that the OWCP 5 W*ork Capacity Evaluation* form is only one component of a medical report.

[11] 20 C.F.R. § 10.506.

- In 2000 an individual's claim for aggravation of flat feet was accepted by OWCP. The claimant reported additional income in CBYs 2004, 2005, and 2007, but his compensation was never reduced. In fact, the earnings he reported for CBY 2005 exceeded his OWCP compensation payments for that year. We estimate the claimant received potential overpayments of $66,923 between February 2004 and June 2007. In addition, there were no payments for medical treatment since 2004, and no medical reports since 2003. Further, OWCP determined that this claimant has a wage-earning capacity and plans to reduce compensation accordingly. Therefore, it is important that the Smithsonian continue to monitor this case to ensure that future overpayments are not made. We estimate that the Smithsonian could avoid costs of approximately $463,941over the remainder of the claimant's life if the claimant is removed from the rolls.[12]

- A claimant injured his neck in 1995. As compared to other claims with similar injuries and treatment, we identified potentially excessive medical payments for pharmaceuticals. OWCP paid $42,530 and $51,027 for pharmaceuticals in CBYs 2007 and 2008, respectively.

Lack of Cooperation with Vocational Rehabilitation Counselors or Refusal of Job Offers. We identified four cases where claimants either failed to cooperate with vocational rehabilitation counselors or refused a job offer. According to OWCP policy, a claimant's compensation may be reduced or terminated for failure to cooperate with a counselor and should be terminated for refusing a suitable job offer. For example:

- One claimant sustained a right knee injury in 1994 and received job-placement assistance intermittently between 1995 and 1999. According to a May 1999 Injured Workers Status Report, the claimant was offered a position and failed to schedule a start date or duty hours. In addition, chargeback reports show no medical expenses since at least 2002. Between CBYs 2002 to 2007 this claimant received over $106,000 in compensation payments. If the claimant is removed from the periodic rolls, we estimate that the Smithsonian could avoid costs of about $840,000 over the remainder of the claimant's life.

- In 2001 another claimant sustained a lower back and shoulder injury. The claimant entered vocational rehabilitation in 2003. In October 2005 the claimant did not show up for an interview. According to a November 2005 Rehabilitation Action Report, the rehabilitation counselor recommended the case be closed based on claimant's obstructive behavior of not appearing for scheduled meetings or carrying out agreed-upon actions. Between CBYs 2006 and 2007 this claimant received over $39,000 in compensation.

- A claimant reported, in 1995, symptoms consistent with carpal tunnel syndrome. The claimant remains on the rolls despite completing vocational rehabilitation and despite an OWCP determination of wage-earning capacity. In 2001, the claimant refused an offer of full-time employment. A review of CBY reports show

[12] For the average life expectancy, as of 2005, we used figures from the U.S. Department of Health and Human Services' National Center for Health Statistics.

that the employee received about $214,000 in compensation from CBY 2002 to 2007, and had no medical expenses since 2005. If the claimant is removed from the periodic rolls, we estimate that the Smithsonian could avoid costs of about $1.9 million over the remainder of the claimant's life.

Potentially Fraudulent Cases. According to OWCP policies, when a beneficiary either pleads guilty to or is found guilty of either federal or state criminal charges of defrauding the federal government in connection with a claim for benefits, the beneficiary's entitlement to any further compensation benefits will terminate effective the date either the guilty plea is accepted or a verdict of guilty is returned after trial. We identified several cases in which there was an appearance of fraudulent activity, such as the failure to report earnings. We referred these cases to our OIG investigative division for further review. If these claimants are found guilty of fraud we estimate that the Smithsonian could avoid approximately $2 million in costs over their average life expectancy.

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The likelihood of returning an employee to work decreases the longer the employee is out of work, resulting in higher compensation costs. Therefore, aggressive management of periodic roll cases is essential to reducing these costs. The primary causes for the weaknesses in the Smithsonian's management of the workers' compensation program were inadequate policies and procedures and a lack of coordinated oversight.

- **Inadequate Policies and Procedures.** Smithsonian Directives 212 and 213 policies do not include OWCP's key elements for managing a workers' compensation program, such as establishing a record-keeping system; monitoring chargeback billings; obtaining current medical information; and maintaining contact in order to return recovered or recovering employees to work. OHR recently developed internal policies and procedures on managing different phases of the workers' compensation program. However, these procedures have not been incorporated into a Smithsonian-wide directive.

- **Lack of Centralized Oversight.** We found that there was no centralized oversight of the workers' compensation program at the Smithsonian. According to SDs 212 and 213, OHR is responsible for providing assistance to supervisors and employees on the proper procedures for reporting injuries and documenting claims, reviewing individual claim forms submitted for adequacy and completeness, and coordinating with OWCP in the settlement of compensation claims. OHR currently focuses its oversight on documenting new claims and pays little attention to the older cases. Unfortunately, these cases account for the greatest portion of the total workers' compensation bill in a given chargeback year. Prior to our audit, OHR did not periodically review the long-term cases or even request updated documentation from OWCP district offices, and thus could not effectively monitor these cases. Further, of the 61 periodic roll case files we selected for review, OHR could locate only 35 of the files.

Weak oversight of the workers' compensation program increases the risk of improper payments and that fraudulent activity will not be detected. Therefore, aggressively managing cases is essential to ensure that medical records are updated, overpayments are detected, and that the Smithsonian takes appropriate steps to ensure that claimants return to work when able.

The Smithsonian Needs a Comprehensive Return To Work Program

Returning employees to work after an injury or occupational illness presents several challenges for Smithsonian management. FECA policies and OWCP practices intensify these challenges. In our opinion, FECA provides generous benefits that do not motivate injured employees to return to work. In addition, OWCP's responsibilities and priorities are to serve as an advocate for the employee; to provide timely wage loss compensation to injured employees; and to help them return to work when injuries are resolved. Employees receive tax-free compensation payments up to 75 percent of pre-injury earnings, and for some employees this may provide more net income than when they were working. Moreover, employees eligible for retirement may officially retire and then may opt not to take retirement payments and instead stay on the workers' compensation rolls, and could receive greater wages than those career employees who collect regular retirement wages.

The combination of FECA policies and OWCP's administration of the program places a greater responsibility on the Smithsonian to develop and implement a proactive return-to-work program to control workers' compensation costs. This is especially important considering that a single injured employee may ultimately cost an agency about $1 million if that employee stays on the rolls until his or her death.

Based upon OWCP documents available at the time of our review, we identified 17 cases where claimants continued to receive OWCP compensation despite medical evidence that they could have returned to full or light duty. Many had been terminated from the Smithsonian because light-duty assignments were not available. In addition, there were several instances where referee opinions concluded that employees were medically capable to return to work with little or no restrictions, and yet these employees continue to receive compensation.

Claimants Medically Capable of Returning to Full Duty With No Restrictions. According to OWCP procedures, once claimants have fully recovered from the work-related injury they are no longer eligible for benefits. We identified several cases where claimants did not return to work although medical evidence at the time no longer supported their claim of a work-related disability. For example:

A claimant suffered a shoulder sprain in 1999 and several months later both a Duty Status and Attending Physician's Report indicated that the individual had full work capacity. The claimant now reports another disabling condition and still remains on the rolls. This individual received over $196,000 in compensation from CBYs 2002 to 2007, with minimal medical payments.

- In 1997 another claimant sustained a lower back injury. According to a 2001 physician's medical report, the employee could return to work without restrictions. This claimant remains on the rolls and received more than $112,000 in compensation from CBYs 2002 to 2007, with no medical payments since 2005.

No Light or Modified Work Accommodations Were Available. As a best practice, agencies are encouraged to provide temporary light or modified accommodations to get employees back to work. These accommodations benefit both the employee and employer by returning individuals to the productive work force. We identified several cases where claimants were not offered light or modified work assignments despite medical evidence stating that they were able to work with some restrictions. As a result, these claimants were terminated from Smithsonian employment and still remain on the rolls. For example:

- An employee with 28 years of Smithsonian experience sustained a back injury in 2004. A physician's medical report in 2005 stated that the claimant could return to work with restrictions. Since the Smithsonian could only accommodate light duty for less than a month, the claimant never returned to work. By 2007, the Smithsonian terminated employment even though medical evidence indicated that the claimant could work 8 hours per day with a weight lifting restriction of no greater than 40 pounds. In this case, the claimant wanted to return to work for two more years to fulfill the age and time in service requirements for retirement. From CBYs 2005 to 2007, this claimant received over $131,550 in compensation with no medical expenses since 2006.

- A claimant sustained a lower back injury in 2000. Physicians' medical reports in 2000 and 2003, and a 2007 *Work Capacity Evaluation* report, released the claimant to return to light-duty employment. However, this claimant continues to receive compensation. In fact, additional case file documents indicate that OHR failed to respond to OWCP's request for light duty. A review of the chargeback reports revealed that between CBYs 2002 and 2007 the claimant received over $172,000 in compensation with few medical expenses since 2003.

- In 1999, another claimant aggravated a pre-existing condition of flat feet and was released to return to light duty shortly thereafter. As early as 1999, an Independent Medical Evaluation stated that the claimant could return to work with restrictions of limited standing or walking. This claimant continues to be out of work and received over $160,000 in compensation payments from CBYs 2002 to 2007, and has had no medical expenses since 2005.

- In 1999, a claimant sustained knee, ankle, and back injuries. A 2000 physician's medical report stated that residual effects of the accepted condition were no longer present and that the claimant could return to work with restrictions. This individual remains on the rolls and received about $107,000 from CBYs 2002 to 2007, with no medical expenses since 2002.

Second and Referee Opinions Recommend a Return to Full or Restricted Work Capacity. According to OWCP policies, both medical and compensation benefits may be terminated when medical documentation no longer supports an employee's disability. We identified several cases where second and referee opinions concluded that the claimants were no longer disabled and could return to full or restricted work capacity. For example:

- In 1990, a claimant sustained a lower back injury and suffered post-traumatic stress disorder. In 2003, both a second and referee opinion agreed that this claimant could return to full work capacity. The claimant has remained on the rolls and received over $161,000 between CBYs 2002 and 2007. If the claimant is removed from the periodic rolls, we estimate that the Smithsonian could avoid costs of about $771,496 over the remainder of the claimant's life.

- In 2007, second and referee opinions both agreed that a claimant with a 2002 lower back injury should be working without restrictions. This claimant received over $97,000 in compensation from CBYs 2003 to 2007. A proposed termination notice was sent in 2007, yet this claimant continues to receive compensation benefits. If the claimant is removed from the periodic rolls, we estimate that the Smithsonian could avoid costs of about $647,938 over the remainder of the claimant's life.

- In 2003, a claimant suffered a contusion of the lower back and foot. A 2007 referee opinion stated that the employee could work 8 hours with some restrictions or light duty. The claimant continues to receive compensation, and received over $115,000 between 2004 and 2007. If the claimant is removed from the periodic rolls, we estimate that the Smithsonian could avoid costs of about $830,699 over the remainder of the claimant's life.

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As previously mentioned, the likelihood of returning an employee to work decreases the longer the employee is out of work, resulting in higher compensation costs. It also increases the possibility that the employee will develop other disabling conditions, which have to be accommodated when considering return-to-work options. For these reasons, a return-to-work program is recognized as one of the most effective tools for returning employees to the productive workforce and reduces an agency's workers compensations costs. The Smithsonian did not have a comprehensive return to work program because it had no formal policy to establish a program; there was little or no coordination or assignment of responsibilities between OHR, OHS, OEEMA, and the supervisors; and the Institution lacked proactive measures supporting an environment where injured employees are expected to work.

- **Lack of a formal Smithsonian-wide return-to-work policy.** OWCP guidance states that agencies should stay in touch with injured employees while they are receiving compensation, identify jobs suitable for them, and take steps to return recovered or recovering employees to work as soon as medically possible. The

Smithsonian did not have a return-to-work policy and therefore did not provide adequate guidance on returning recovered employees to work. In addition, current Smithsonian Directives, as well as OHR internal procedures, do not include guidance on monitoring both current and terminated employees for work capabilities. For example, there is no requirement that employees provide annual medical documentation to OHR. In fact, OHR's procedures assign responsibility to unit managers for contacting OHR's Labor and Employee Relations (LER) division regarding return-to-work options and any offers for light or modified duty. According to the LER division, they are involved only when the supervisors want to begin actions to terminate employment.

In addition, the Smithsonian's return to work program should have specific performance metrics to measure the success of return-to-work efforts. Performance measures are critical for assessing program effectiveness. Although the Smithsonian has been reporting improvements on timely submission of DOL forms, injury case rates, and other DOL Safety, Health, and Return to Employment initiatives, there are no requirements for measuring how quickly employess are returned to work.

- **Poor Program Coordination with the OHR, OHS, OEEMA, and unit supervisors.** Another reason for the Smithsonian's failure to return employees to work is the lack of communication and assignment of responsibilities to all organizations involved in returning employees to work. An effective return to work program requires collaboration between OHR, OHS, OEEMA, and unit supervisors.

  We saw no indication that OHR or supervisors were actively monitoring cases on the periodic rolls to determine whether employees had work capacity. A review of DOL and OHR case files indicated that neither OHR nor supervisors were consistently in contact with DOL regarding an employee's return-to-work capability. Since July 2007, OHR has made a significant effort to improve employee awareness of the workers' compensation program, including providing enhanced training to over 300 supervisors and employees. However, this training did not include specific guidance on returning employees to work.

  OHS describes their role in the return to work process as being primarily consultative. OHS provides assistance and follow-up on workers' compensation cases, disability cases, and other employee issues as requested. OHS should be utilized more effectively by both OHR and supervisors to monitor workers compensation cases.[13]

  Although OHR and OHS have recently partnered in the OWCP process, there are no policies and procedures that formalize this arrangement or identify the roles and responsibilities of each organization.

[13] OHS believes it could be more effective if it were centrally located to the majority of Smithsonian employees.

The policy of the Smithsonian is to provide equal employment opportunity to all employees regardless of disabling condition. To this end, OEEMA works with employees to identify effective ways to accommodate their disabilities. However, like OHS, OEEMA has a consultative role in the workers' compensation process.

- **Poor proactive measures to return employees to work.** An effective return-to-work program should include proactive measures such as a Smithsonian-wide job pool of light-duty and/or modified positions that would provide employees the opportunity to return to work. Although some organizations have offered limited light duty assignments, others have argued that light or modified duty positions are not feasible for safety reasons. Other measures such as telecommuting and early intervention and rehabilitation activities with Office of Health Services nurses may help to return employees to work. OHS nurses may assist in evaluating medical documentation and provide advice on how best to accommodate any restrictions.

Given the magnitude and escalation of the Institution's workers' compensation costs, management needs to invest in a comprehensive return-to-work program. We estimate that, with no substantive changes, costs for the 73 cases on the periodic rolls will exceed $26 million by CBY 2017.[14] For each claimant removed from the FECA rolls, the Institution could save U.S. taxpayers up to approximately $1 million.

In conclusion, we believe that ongoing verification of the chargeback reports, aggressive management of the periodic roll cases, and effective return-to-work strategies may provide the Smithsonian with opportunities to return more individuals to productive employment and reduce its workers' compensation costs.

RECOMMENDATIONS

To strengthen management of the workers' compensation program, promote shared accountability for controlling costs, and improve oversight, we recommend that the Director, Office of Human Resources:

1. Develop and implement policies and procedures to ensure the timely review of quarterly chargeback reports, including distribution of reports to the appropriate unit directors for verification; certification to OPMB that the fourth quarter chargeback reports include annual costs only for Smithsonian employees; and verification that these costs are equal to the annual chargeback bill.

2. Revise Smithsonian Directives 212 and 213, Chapters 810, to incorporate OWCP guidance on effective management of the workers' compensation program.

3. Seek corrective action, as appropriate, from OWCP for cases identified in our sample.

[14] Our estimate is based upon a regression analysis calculation to forecast future compensation costs for CBYs 2008 through 2017.

We recommend that the Director of the Office of Human Resources, in coordination with the Director of the Office of Safety, Health, and Environmental Management:

4. Conduct periodic reviews of open FECA cases to ensure that OWCP has obtained updated medical reports from physicians and is taking necessary actions to return employees to work as soon as possible.

We recommend that the Under Secretary for Finance and Administration, in coordination with the Directors of the Office of Human Resources; Office of Safety, Health, and Environmental Management; and the Office of Equal Employment and Minority Affairs:

5. Develop and implement an Institution-wide return-to-work program that includes specific policies and procedures for transitioning injured employees to full, modified or light duty work including, if appropriate, a requirement that claimants provide updated medical reports.

6. Incorporate a return-to-work component in OHR workers' compensation training for supervisors, including guidance on implementing the newly developed return-to-work program.

MANAGEMENT RESPONSE

In its March 24, 2009, response to our draft report, management commented on the difficulties in implementing the workers' compensation program, such as the lack of staffing and formal policies on returning employees to work and the decentralized nature of the Institution. In addition, there had been little communication with OWCP, which is the final authority on compensation and medical payments to injured employees or volunteers.

Nonetheless, management concurred with all six recommendations. By September 30, 2009, OHR will develop procedures to ensure the timely review of chargeback reports. OHR will revise Smithsonian Directives 212 and 213 to incorporate OWCP guidance, as well as seek corrective action as appropriate, on problem cases, by December 31, 2009. Beginning January 1, 2010, OHR and OHS will conduct periodic reviews of open workers' compensation cases. By December 31, 2010, OHR, OSHEM, and OEEMA, will develop and implement an Instution-wide return-to-work program. OHR expects to begin training on the newly developed returned-to-work program, by February 28, 2011.

We include the full text of management's response as Appendix B.

OFFICE OF THE INSPECTOR GENERAL COMMENTS

Management's planned actions respond to the recommendations, and we consider the recommendations resolved. We understand the challenges of working with OWCP claims examiners who manage hundreds of workers' compensation cases. However, the corrective actions management will take will result in a more productive work force and fewer tax dollars being spent on workers' compensation benefits.

OHR and OHS do not plan to begin periodic reviews of open workers' compensation cases until January 1, 2010. We understand that our review provided information on almost all the current periodic roll cases. However, we believe that OHR and OHS should continuously monitor any new cases assigned to the periodic rolls since CBY 2008.

We appreciate the courtesy and cooperation of Smithsonian representatives during this audit.

APPENDIX A. SCOPE AND METHODOLOGY

To determine whether the Institution has adequate policies and procedures to administer and monitor its Workers' Compensation program (WCP), we interviewed management and staff from the Office of Human Resources (OHR); the Office of Facilities Engineering and Operations (OFEO) including the Office of Safety, Health and Environmental Management (OSHEM); the Office of the Chief Information Officer; the Office of Planning, Management and Budget; and several Institution museums and organizations. We reviewed the Smithsonian policies and procedures for documenting and managing WCP benefits; the Code of Federal Regulations; and Department of Labor (DOL) publications, policies, and procedures for the management of WCP.

To identify the total universe of WCP payments, we obtained the OWCP Chargeback Report from OHR for CBY 2007. Using the 2007 Chargeback Year report, we identified 327 workers' compensation cases[15] totaling $3,833,955 in benefits. We matched claimants from these reports to payroll listings. We also matched the claimant's social security numbers to the social security index to determine whether claimants were deceased. See Appendix D for workers' compensation costs by case status codes.

We judgmentally selected a sample of 92 cases totaling $2,961,263 in WCP benefits to conduct detailed testing. These cases were representative of the various case status codes in the CBY 2007 report. We focused our review on periodic and daily roll cases because these claimants have the greatest potential to return to work. Our sample included the following case status groups:

- Daily Roll (DR) – We identified 12 DR cases and selected the 10 who received workers' compensation benefits of $500 or greater, totaling $293,847. DR cases represent the most recently filed claims. We selected these cases because claimants in this group have the greatest likelihood of returning to work.

- Periodic Roll (PR) – For this case group we identified 73 cases totaling $2.1 million, which represents 86% of the total costs for CBY 2007. We selected 61 PR cases for review whose claimants were 65 years old or younger as of December 31, 2008. We sampled these cases because OWCP has not determined that these claimants' disabilities are permanent and there is a possibility that these individuals will return to work.

- Overpayment (OP), Case on Comp Roll – We selected the two identified OP cases to determine whether overpaid benefits had been reimbursed.

[15] Our universe case count included cases with zero balances. A zero balance indicates that no compensation or medical payments were paid in CBY 2007.

APPENDIX A. SCOPE AND METHODOLOGY (CONTINUED)

- Periodic Roll, Lost Wage Earning Capacity In Place (PW) – We reviewed one PW case because it involved a third-party settlement. We chose this case to determine whether the claimant reimbursed OWCP for injury-related costs. In addition, when OWCP determines that a claimant has wage-earning capacity, the case is coded as PW and compensation is reduced.

- Scheduled Award (PS) – We selected the one PS case identified in the 2007 chargeback report. When a claimant receives a scheduled award, he or she may not receive wage compensation at the same time.

- Death Roll (DE) – We selected all five DE cases. Death cases are those in which claimants have died as a result of their work-related injury. OWCP continues to make payments to eligible dependents as appropriate. We reviewed these cases to determine the continued eligibility of surviving dependents.

- Periodic Roll, No Wage Earning Capacity (PN) – We selected all eight PN cases for review. Once the claimant is assigned a PN case code, OWCP has determined that claimants' disability is permanent and there is no likelihood that these individuals will return to work. However, these claimants are required to submit medical documentation every three years.

- Medical Payments Only (MC) – We selected four MC cases for review. These claimants are only entitled to medical payments. We reviewed these cases because the claimants received compensation in addition to medical payments.

To assess the Smithsonian's management of the workers' compensation program we reviewed the completeness of OHR case files as well as the relevance and implementation of SI and OWCP policies and procedures. We met with officials at OWCP district offices in Washington, D.C. and Philadelphia and obtained copies of records managed by those offices. We also requested and obtained records from OWCP district offices in New York, Boston, Seattle, Jacksonville, Cleveland, and Dallas. We reviewed OWCP case files for medical evidence of continued disability, disclosure of earnings, continued eligibility of dependents, and documentation of vocational rehabilitation and return to work efforts.

To identify best practices in return-to-work programs and to better understand other workers' compensation issues, we spoke with workers' compensation staff at Department of Education, Department of Treasury, Department of Commerce, National Institutes of Health, Office of Personnel Management, and DOL's Office of Inspector General. We referred possible fraudulent cases to our OIG Investigative unit.

APPENDIX A. SCOPE AND METHODOLOGY (CONTINUED)

To compute potential avoided costs, we identified the average life expectancy for an individual living in the United States to be 77.9 years[16] and calculated the average cost of living increase at 2.1 percent.[17] We used these parameters to calculate our potential cost avoidance estimates assuming a claimant's availability to return to work and the average number of years remaining until death.

We conducted this audit in Washington, D.C. and Philadelphia, PA from June to December 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[16] For the average life expectancy, as of 2005, we used figures from the U.S. Department of Health and Human Services' National Center for Health Statistics.
[17] The average cost of living increases, for the period 2006 through 2008, represent values provided by the Office Personnel Management.

APPENDIX B. MANAGEMENT RESPONSE

Smithsonian Institution

Memo

Office of the Under Secretary for Finance and Administration

Date March 24, 2009

To A. Sprightley Ryan
Inspector General

From Alison McNally
Under Secretary for Finance and Administration

James D. Douglas, Director
Office of Human Resources

Roger Yankoupe, Director
Office of Safety, Health, and Environmental Management

cc Era L. Marshall, Director, Office of Equal Employment and Minority Affairs
Clair Gill, Acting Director, Office of Facilities Engineering and Operations
Dr. Jules Duval, Associate Director, Occupational Health Services
Bruce A. Dauer, Director, Office of Planning Management and Budget
Gregory Bettwy, Associate Director, Office of Human Resources
Paige Jones, Manager, Compensation and Benefits, Office of Human Resources
Dana Moreland, Director, Human Resources, Smithsonian Enterprises
Sibyl Middleton, Benefits Manager, Human Resources, Smithsonian Enterprises
Laura M. Conway, Department Manager, Human Resources, Smithsonian Astrophysical Observatory
Luz Latorraca, Director, Human Resources, Smithsonian Tropical Research Institute

Subject Report on the Administration of the Workers' Compensation Program, Number A-07-09

Thank you for the opportunity to review the report on the audit of the Workers' Compensation program. The following comments address the recommendations made in the Office of Inspector General (OIG) report.

The Office of the Under Secretary for Finance & Administration; the Office of Human Resources; and the Office of Safety, Health and Environmental Management fully endorse and support the view that the Smithsonian Workers' Compensation program should be administered consistent with all applicable laws and regulations, with recognition that some specific responsibilities rest with individual units, managers and supervisors.

Smithsonian Institution Building
1000 Jefferson Drive SW
Room 219
Washington DC 20560-0040
202.357.7033 Telephone
202.357.7031 Fax

Background: The report from the OIG on the administration of the Workers' Compensation program contains details for the following areas: verification of chargeback reports, management of workers' compensation cases and return to work.

While the report appears to be accurate, we offer the following comments and clarifications:

To our knowledge, the Smithsonian has never had a formal process or procedure for management of an employee return to work after injury or for the periodic review of employees who have left Smithsonian rolls but who remain on the workers' compensation rolls. Significant staffing issues within OHR and a decentralized Smithsonian organization structure have precluded a more robust monitoring of workers compensation claims as well as development of an organization-wide return to work program. Units often have not monitored or been held accountable for the injuries and subsequent return to work of their respective employees. Additionally, other than the inherent incentive of seeking to return an employee to productive work, there has been little or no financial or other consequence to units that did not vigorously seek to return employees to work.

Most of the Smithsonian workers' compensation claims are handled by Washington, D.C. District Office of the Office of Workers Compensation Programs (OWCP), U.S. Department of Labor. Prior to January 2007, there was no assigned OWCP liaison. The result was little or no communication from OWCP on issues such as questions relating to claims and/or return to work. In January 2007, the Smithsonian received a designated liaison to raise questions and escalate problems and issues, and to partner with to address training needs. Additionally, the Department of Labor has only recently reinstituted periodic meetings wherein OWCP provides updates to agencies on system enhancements, SHARE targets and goals, and the introduction of agency contacts. If the Department of Labor efforts continue, the Smithsonian should realize improvements in many areas of Workers' Compensation administration.

We note that the Office of Human Resources (with additional facts provided by OWCP) was able to provide feedback and clarification on the current status of many of the examples of questionable cases listed in the initial OIG draft report that had been provided to management for preliminary review. However, the OIG did not find that the information provided by OWCP was supported by written documentation therefore the OIG did not remove or modify these cases from the final OIG report. Additionally, we note that the OWCP is the final authority regarding payments (medical and compensation) to injured employees and volunteers. As a result, while the Smithsonian can monitor and make recommendations to the OWCP, the final decision on payments and/or continued payments lies with OWCP.

It should be also noted that a formal return to work program is a group effort and that units and unit Directors are an integral part of the successful management of workers' compensation claims and subsequent return to work placement. Serious efforts will be made to engage and work in a collaborative manner to establish a successful program. However, a formal return to work program by itself does not guarantee placement for all employees who may be released to return with or without restrictions and thus it is difficult to determine the actual return on investment.

Recommendations:
To strengthen management of the workers' compensation program, promote shared accountability for controlling costs, and improve oversight, we recommend that the Director, Office of Human Resources:

1. Develop and implement policies and procedures to ensure the timely review of quarterly chargeback reports, including distribution of reports to the appropriate unit director for verification; certification to OPMB that the fourth quarter chargeback reports include annual costs only for Smithsonian employees; and verification that these costs are equal to the annual chargeback bill.

   Response : We concur with the recommendation, noting, however, that this program encompasses any individual providing services to the Institution and includes volunteers as well as employees.

   Action:

   OHR will develop the procedure to ensure timely review of chargeback reports as indicated above.

   Date to be completed: September 30, 2009

2. Revise Smithsonian Directives 212 and 213, Chapters 810 to incorporate OWCP guidance on effective management of the workers' compensation program.

   Response: We concur with the recommendation

   Action:

   OHR will revise Directives 212 and 213, Chapters 810 to incorporate OWCP guidance on effective management of the workers' compensation program.

   Date to be completed: December 31, 2009

3. Seeks corrective action, as appropriate, from OWCP for cases identified in our sample.

   Response: We concur with the recommendation

3

Action:

The OIG identified 59 cases in its sample and reviewed 47 of those cases. The 12 cases OIG did not review are for people who are now over 65 years of age. The OIG has stated that OHR can determine which cases to pursue for corrective action with the OWCP and this will be done.

Date to be completed: December 31, 2009

We recommend that the Director of the Office of Human Resources, in coordination with the Director of the Office of Safety, Health, and Environmental Management:

4. Conduct periodic reviews of open FECA cases to ensure that OWCP has obtained updated medical reports from physicians and is taking necessary actions to return employees to work as soon as possible.

Response: We concur with the recommendation

Action:

OHR and OHS will begin the periodic review of open FECA cases as indicated above.

Date to be completed: Beginning January 1, 2010

We recommend that the Under Secretary for Finance and Administration, in coordination with the Directors of the Office of Human Resources; Office of Safety, Health and Environmental Management; and the Office of Equal Employment and Minority Affairs:

5. Develop and implement an Institution-wide return-to-work program that includes specific policies and procedures for transitioning injured employees to full, modified or light duty work including, if appropriate, a requirement that claimants provide updated medical reports.

Response: We concur with the recommendation

Action:

Subject to the availability of funds, the parties mentioned above will develop and implement an Institution-wide return-to-work program. In the interim, the "return to work" segment of OHR's OWCP training sessions will discuss the development of the more comprehensive "return to work" program.

Date to be completed: December 31, 2010.

6. Incorporate a return-to-work component in OHR workers' compensation training for supervisors, including guidance on implementing the newly developed return-to-work program.

Response: We concur with the recommendation

Action:
Subsequent to the development of an Institution-wide return to work program, the parties mentioned above will implement training for supervisors on the newly developed return-to-work program.

Date to be completed: February 28, 2011.

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APPENDIX C. WHEN BENEFITS CAN BE TERMINATED

OWCP may reduce or terminate compensation benefits when:[18]
• The disability for which compensation was paid has ceased; • The disabling condition is no longer causally related to the employment; • The employee is only partially disabled; • The employee has returned to work; • The beneficiary was convicted of fraud in connection with a claim under the FECA, or the beneficiary was incarcerated based on any felony conviction; or • OWCP's initial decision was in error.

[18] 20 C.F.R. § 10.503.

APPENDIX D. SMITHSONIAN INSTITUTION WORKERS' COMPENSATION: TOTAL UNIVERSE OF PAYMENTS BY UNIT

Charge-Back Year 2007
(July 1, 2006 – June 30, 2007)

Unit	Number of Cases	Total Payments
Office of Facilities Engineering and Operations[19]	110	$1,125,159
National Zoological Park	64	902,281
Smithsonian Enterprises[20]	31	373,408
Smithsonian Institution Organization Unknown[21]	15	336,161
National Museum of Natural History	11	227,238
Smithsonian Astrophysical Observatory	15	196,105
National Museum of American History	9	117,304
National Air and Space Museum	11	116,209
Office of the Secretary	2	66,445
Smithsonian Marine Station – Ft. Pierce	2	63,617
Smithsonian Institution Libraries	3	41,904
Hirshhorn Museum and Sculpture Garden	2	41,234
Arthur M. Sackler Gallery/Freer Gallery of Art	3	34,510
Cooper-Hewitt, National Design Museum	4	33,772
National Museum of African Art	2	31,747
Center for Folklife and Cultural Heritage	2	30,179
National Museum of the American Indian	8	28,166
Diversity Initiatives	1	17,825
Smithsonian Tropical Research Institute	1	15,575
Office of Government Relations	3	8,792
Anacostia Community Museum	1	8,690
Office of Development	1	6,360
Office of Exhibits Central	6	4,276
Visitor Information and Associates' Reception Center	5	3,356
Smithsonian American Art Museum	2	1,976
Office of the Chief Information Officer	1	508
Smithsonian Environmental Research Center	4	350
Smithsonian Institution Archives	1	326
Smithsonian Institution 150th Celebration	1	256
National Portrait Gallery	3	226
Office of Human Resources	1	-
Office of the Comptroller	1	-
Office of Special Events and Protocol	1	-
TOTAL	**327**	**$3,833,955**

[19] The Office of Facilities, Engineering, and Operations comprises multiple divisions and accounts for almost 30% of the Smithsonian's approximately 6,100 employees. Most of OFEO's workers' compensation costs are paid to employees in the Offices of Protection Services and Facilities, Management and Reliability, which represent more physically demanding and injury-prone occupations.
[20] In 2008, Smithsonian Business Ventures became Smithsonian Enterprises.
[21] The Office of Human Resources could not determine which units these employees worked for at the time of their injury.

APPENDIX D CONT. SMITHSONIAN INSTITUTION WORKERS' COMPENSATION: PAYMENTS BY OWCP CASE STATUS CODES

Charge-Back Year 2007
(July 1, 2006 – June 30, 2007)

	UNIVERSE		SAMPLE	
Case Status Codes	**Number of Cases**	**Total Cost per Code**	**Number of Cases**	**Total Cost per Code**
PR	73	$2,567,898	61	$2,125,813
PW	16	303,883	1	8,690
PN	8	262,563	8	262,563
DR	12	295,234	10	293,847
DE	5	154,912	5	154,912
Medical Payments Only – MC	57	132,699	4	47,280
Closed – C1, C3, C4, C5, and CL Under Development – UD	153	48,608	0	0
OP	2	42,234	2	42,234
PS	1	25,924	1	25,924
TOTAL	**327**	**$3,833,955**	**92**	**$2,961,263**

APPENDIX E. "RED FLAG" INDICATORS OF POSSIBLE WORKERS' COMPENSATION FRAUD

"Red Flag" indicators may suggest possible fraudulent activity. Workers' compensation managers should review cases when the claimant:
• Receives high compensation with little or no medical costs.
• Receives compensation for extended period for a soft-tissue injury.
• Has an old workers' compensation case or has a history of claims.
• Lives out of state, moves abroad, or has a P.O. Box mailing address.
• Continues to receive compensation despite having marketable job skills.
• Is a disgruntled employee or facing imminent firing or layoff.
• Is about to be released from a seasonal or temporary appointment.
• Provides vague details of injury or does not report injury promptly.

APPENDIX F. CONTRIBUTORS TO THE REPORT

The following individuals from the Smithsonian Office of the Inspector General contributed to this report:

Joan T. Mockeridge, Supervisory Auditor
Kimm A. Richards, Senior Analyst
Mark McBride, Auditor
Selome Mersha, Auditor