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**Transportation Security
Administration's Management
of Its Federal Employees'
Compensation Act Program**



Homeland
Security

**August 6, 2015
OIG-15-118**



DHS OIG HIGHLIGHTS

Transportation Security Administration's Management of Its Federal Employees' Compensation Act Program

August 6, 2015

Why We Did This Audit

This audit is a follow-up to a 2007 Inspector General audit (OIG-07-45) of Transportation Security Administration's (TSA) *Federal Employees' Compensation Act Program*. Our objective was to determine whether TSA effectively and efficiently processed and managed workers' compensation claims.

In 2014, TSA had 7,164 cases totaling approximately \$60.5 million in workers' compensation-related costs.

What We Recommend

We made three recommendations to help TSA continue improving this program, such as conducting a cost-benefit analysis on integrating all TSA, including the Federal Air Marshals, into one medical case management system.

For Further Information:

Contact our Office of Public Affairs at (202) 254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

TSA was responsive to our 2007 report recommendations and implemented internal controls across its workers' compensation program. For example, TSA developed and implemented comprehensive policies and procedures for the submission and management of workers' compensation claims. TSA also increased the number of workers' compensation staff and implemented a strategy to address long-term, high-cost claims.

Although TSA has made progress in addressing our prior report recommendations, we noted some additional concerns. Specifically, TSA used similar but separate functions for processing workers' compensation claims without demonstrating increased effectiveness or efficiency in the processing or management of those claims. We also noted that TSA's process for reviewing the accuracy of Department of Labor's charges billed to TSA was not formally documented in its workers' compensation policy.

TSA Response

TSA concurred with all three recommendations.



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Washington, DC 20528 / www.oig.dhs.gov

AUG 6 2015

MEMORANDUM FOR: Mark O. Hatfield Jr.
Deputy Administrator
Transportation Security Administration

FROM: Mark Bell 
Assistant Inspector General for Audits

SUBJECT: *Transportation Security Administration's Management of
Its Federal Employees' Compensation Act Program*

For your action is our final report, *Transportation Security Administration's Management of Its Federal Employees' Compensation Act Program*. We incorporated the formal comments provided by your office.

The report contains three recommendations aimed at improving the processing and managing of workers' compensation claims. Your office concurred with all three recommendations. Based on information provided in your response to the draft report, we consider all three recommendations open and resolved. Once your office has fully implemented the recommendations, please submit a formal closeout letter to us within 30 days so that we may close the recommendations. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts. Please send your response or closure request to OIGAuditsFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact Richard T. Johnson, Director, at (202) 254-5417.



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Background

The *Federal Employees' Compensation Act* (FECA) (5 U.S.C. § 8101, et seq.) provides wage loss compensation, medical care, and survivors' benefits to civilian employees for employment-related traumatic injuries and occupational diseases. The traumatic injury must be identifiable by time and place of occurrence and part of the body affected, and it must be caused by a specific event or series of events during a single day or work shift. An occupational disease is a physical condition produced in the work environment over a period longer than one workday.

The Department of Labor's (DOL) Office of Workers' Compensation Program administers the FECA program for the Federal Government. DOL adjudicates all workers' compensation claims and determines workers' compensation eligibility based on the injured employees' medical and factual evidence. The agency is responsible for the employee's pay while DOL adjudicates the claim. In the event that DOL denies the claim, the agency should recover the salary paid to the employee by adjusting leave balances or collecting the overpayment.

TSA deploys security officers for more than 450 commercial airports and provides 100 percent screening of all checked baggage for explosives. TSA's Office of Law Enforcement/Federal Air Marshal Service:

- deploys Federal Air Marshals on U.S. aircraft world-wide;
- conducts protection, response, detection, and assessment activities in airports and other transportation systems; and
- maintains TSA's state of preparedness and coordinates incident management.

TSA's Office of Human Capital is responsible for overall management and administration of the TSA Workers' Compensation Program. This office provides technical advice, guidance, and program support to supervisors, managers, and workers' compensation coordinators regarding program requirements and compliance with FECA.

The Department of Homeland Security (DHS) began an initiative to lower component and Department-wide costs by standardizing human resource processes and consolidating systems into a common, Department-wide architecture. This initiative is in alignment with the "One DHS" strategic



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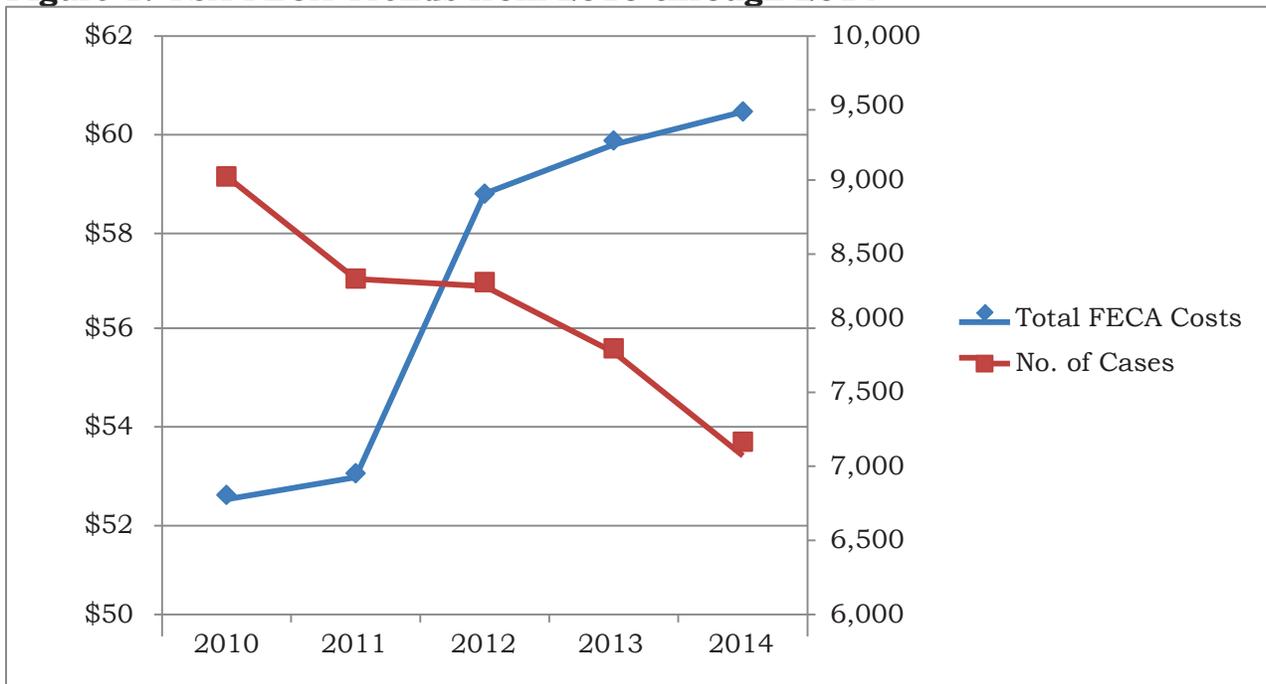
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initiative identified in the Department’s business case analysis.¹ One of the priorities was the standardization of existing case file management systems. The establishment of an enterprise-wide blanket purchase agreement contract to implement workers’ compensation medical case management services will enable the Department of Homeland Security to meet its objective of creating consistent and standard human resources processes across the entire Department.

In fiscal year (FY) 2013, TSA had a total of 63,719 employees and submitted 2,510 claims to DOL. The total chargeback costs for that reporting year was approximately \$59.8 million. The chargeback year runs from July 1 to June 30.

From 2006 to 2014, TSA’s overall FECA cases, including those for the Federal Air Marshal Service (FAMS) were reduced from 9,255 to 7,164, and costs were reduced from \$66 million to \$60.5 million. However, as shown in figure 1, from 2010 to 2014, although FECA cases declined from 9,052 to 7,164, TSA’s annual FECA costs rose from approximately \$52.5 million to \$60.5 million. FAMS represented an average of approximately 13 percent of total cases and 20 percent of total FECA costs over this time period.

Figure 1: TSA FECA Trends from 2010 through 2014



Source: Office of Inspector General (OIG) analysis of annual chargeback reports.

¹ Workers’ Compensation – Medical Case Management Services, Enterprise-wide Contract, Business Case Analysis, May 2013.



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TSA reported that despite the overall decrease in cases, compensation costs increased for the following reasons: Increased costs associated with medical and pharmacy, decisions overturned on appeal, increases related to long-term periodic roll cases, the use of vocational rehabilitation services, and because as Federal law enforcement officers, FAMS are paid more than Transportation Security Officers.²

Results of Audit

TSA was responsive to our 2007 report recommendations and implemented internal controls across its workers' compensation program. For example, TSA developed comprehensive policies and procedures for the submission and management of workers' compensation claims. TSA also increased the number of workers' compensation coordinators and developed and implemented a strategy to review and address long-term, high-cost claims. As a result of TSA's improved internal controls and after limited data testing, we determined extensive site visits and file reviews were not warranted.

We noted that TSA established a web-based case management system to track workers' compensation cases; however, it did not include FAMS. We also noted that TSA used both permanent and contracted employees to perform similar but separate functions within the organization. However, TSA did not provide adequate justification to demonstrate increased effectiveness or efficiency in the processing or management of claims. Additionally, although TSA conducted reviews of its chargeback reports for errors, it did not formalize this process within its policies.

TSA Prior Report Recommendations Follow up

The 2007 DHS OIG audit report made 12 recommendations that addressed TSA's oversight of the program, and TSA made progress in addressing these recommendations. Specifically, TSA implemented the Safety Information System, which is its system of record for all employee injuries. It helps ensure Federal security directors accurately document injury investigations, identify injury causes, and track the status of corrective actions. TSA also determined that the Office of Human Capital and airports needed additional resources to manage and oversee the TSA FECA program. As a result, TSA increased the number of its workers' compensation personnel in headquarters and field offices, and at the individual airports. These personnel ensure proper submission and management of claims to facilitate the injured employee's

² Law Enforcement Availability Pay is a type of premium pay and compensates eligible employees for unscheduled duty in excess of their basic 40-hour workweek and ensures their availability to perform unscheduled duty that meets the needs of the agency.



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rehabilitative recovery and return to duty. See appendix B for a complete list of the recommendations and their resolution.

TSA developed and implemented procedures for reviewing long-term, high-cost claims to ensure individuals receiving compensation were still eligible under FECA. This review involves evaluating claims documentation and, if needed, challenging claims that no longer qualify for compensation. According to TSA, it saved more than \$43 million as a result of these reviews.

TSA uses a contractor for its nurse case management program to assist in managing and processing FECA claims. This contract has been cited³ as reducing lost work days and related compensation costs. The contractor is responsible for providing customer service and manning a 24-hour, 7-days-per-week, toll-free injury reporting hotline. In addition, TSA also requires the contractor to proactively manage the injured employees' cases while providing reports on case management, making progress toward successfully resolving cases, and reducing lost work days. In October 2005, TSA absorbed FAMS, which already had its own dedicated medical office to oversee workers' compensation claims submitted by air marshals.

As of September 2013, DHS secured a blanket purchase agreement to contract medical case management services for all components within the Department. The agreement was created using TSA's approach as the model for medical contract services.

Nurse Case Management Web-based System

TSA implemented our prior report recommendation #3 that it develop and implement a centralized, automated case management system to track the status of the agency's workers' compensation cases. According to DHS, a critical component of medical case management services is the Early Intervention/Nurse Case Manager Service, which was implemented at TSA and has been recognized for its efficiency. However, these efforts did not include FAMS since it was not a part of the previous audit. TSA's Office of Human Capital and FAMS have ongoing discussions to identify the requisite funding for the centralized system to implement throughout TSA. No timetable was established by TSA at the close of our review as to when this will occur.

³ Workers' Compensation Medical Case Management Services, Enterprise-wide Contract, Business Case Analysis, May 2013.



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TSA Operates Two Separate Medical Case Management Systems

TSA currently operates two similar but separate functions with respect to its workers' compensation program to medically manage claims: (1) contracted nurse case managers for transportation security officers; and (2) separate nurse case managers for its FAMS. TSA plans to enter into the department blanket purchase agreement once it is fully implemented. However, TSA officials said that contracted services for FAMS will not be adopted in the agreement.

DHS established an Executive Steering Committee to lower component and DHS-wide costs by standardizing human resource processes and consolidating systems into a common Department-wide architecture. A priority project for the committee was the standardization of existing case file management systems. The Department entered into a blanket purchase agreement to implement workers' compensation medical case management services, which enables DHS to meet the committee's objective of creating consistent and standard human resource processes across all of DHS. The effort to contract medical case management services for all components is in alignment with the "One DHS" strategic initiative identified in the Department's business case analysis. According to a Department official, other DHS components, including law enforcement organizations, plan to use the blanket purchase agreement to medically manage their programs.

TSA does not support using the department's blanket purchase agreement for medical case management services for FAMS. According to TSA, its FAMS nurse case managers provide an integrated approach to medical case management that includes both injuries/illnesses experienced while on the job and those occurring off duty. The nurse case managers are trained in and knowledgeable of the unique law enforcement-related medical standards and operational rigors associated with FAMS positions. This ensures a consistent approach to medical reviews and medical clearance/return to duty determinations. However, TSA was unable to justify its decision to maintain two separate nurse case managers to demonstrate increased effectiveness or efficiency in the processing or management of claims such as cost-benefit analysis.

DOL Chargeback Process

Since our 2007 audit, TSA implemented policies and procedures through a management directive to govern the submission and management of workers' compensation claims. The management directive was comprehensive and provided appropriate guidance to effectively implement TSA's workers'



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compensation program. However, we identified one area for improvement. Although TSA implemented a chargeback validation procedure in response to our 2007 report recommendation #7, the procedure was not formalized in the management directive.

Costs incurred under FECA for most injuries and deaths are billed to agencies on an annual basis through a mechanism known as chargeback. Agencies monitor chargeback information provided by DOL to control compensation costs and to evaluate the effectiveness of their workers' compensation programs. According to DOL's *Division of Federal Employees' Compensation Procedure Manual*, the chargeback system serves as a management tool for agencies. Without chargeback reconciliation, agencies risk incurring charges for individuals included in its report through error.

Although TSA validated its 2013 chargeback report to identify and resolve errors, this process was not formalized within its management directive. According to a TSA official, the management directive was not updated due to circumstances surrounding TSA's collective bargaining agreement. Formalizing review procedures would improve identification and resolution of errors. Consistently evaluating data helps resolve errors and eliminate incorrectly incurred agency costs.

Recommendations

Recommendation 1: We recommend that the Assistant Administrator, Office of Human Capital for TSA and the Federal Air Marshal Service implement the contracted nurse case management web-based system across the organization.

Recommendation 2: We recommend that the Assistant Administrator, Office of Human Capital for TSA and the Federal Air Marshal Service conduct a cost-benefit analysis to ensure all costs are considered to implement one medical case management system for TSA, including its Federal Air Marshal Service.

Recommendation 3: We recommend that the Assistant Administrator, Office of Human Capital for TSA and the Federal Air Marshal Service develop and implement formal policies, processes, and controls to ensure the timely and accurate reconciliation of U.S. Department of Labor chargeback reports.

Management Comments and OIG Analysis

TSA concurred with our recommendations and provided details on efforts to address specific findings and recommendations in the report. A summary of TSA's responses and our analysis follows. We have included a copy of the management comments in their entirety in appendix A. TSA also provided a



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technical comment to our report. We made changes to incorporate this comment, as appropriate.

Response to Recommendation #1: TSA concurred with recommendation #1. The TSA Office of Human Capital and the Federal Air Marshal Service will collaborate on the procurement, training, and ultimately the implementation of the WebOPUS software, a TSA-approved IT solution currently deployed in support of the TSA Workers' Compensation Medical Case Management Program. The target date for the software going live is June 1, 2016.

OIG Analysis: TSA's planned corrective actions are responsive to the recommendation. This recommendation will remain open and resolved until we receive documented support the implementation of the contracted nurse case management web-based system software across the organization.

Response to Recommendation #2: TSA concurred with recommendation #2. The TSA Office of Human Capital and the Federal Air Marshal Service will conduct a cost-benefit analysis to evaluate all costs and other relevant factors to consider implementation of one medical case management system for TSA, which will include the Federal Air Marshal Service. TSA and the Federal Air Marshal Service are collaborating to identify a third-party vendor to perform the cost-benefit analysis. The vendor will be identified and secured with the assistance of the DHS, Strategic Sourcing Program Office. This resource was identified and is being used to expedite delivery of the contracted cost-benefit analysis. The target date for completing the analysis is June 1, 2016.

OIG Analysis: TSA's planned corrective actions are responsive to the recommendation. This recommendation will remain open and resolved until we receive documented support that the cost-benefit analysis has been performed and the results acted upon.

Response to Recommendation #3: TSA concurred with recommendation #3. The TSA Office of Human Capital has developed a draft Standard Operating Procedure (SOP) document that formalizes the steps to validate the chargeback. The target date to complete the technical review of the SOP, finalize, and implement the SOP is September 30, 2015.

OIG Analysis: TSA's planned corrective actions are responsive to the recommendation. This recommendation will remain open and resolved until we receive documented support that the SOP has been finalized and implemented.



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Objective, Scope, Methodology

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the Department.

We conducted this audit to determine whether TSA effectively and efficiently processed and managed workers' compensation claims, and follow up on our prior audit *The Transportation Security Administration's Management of Its Federal Employees' Compensation Act Program*, OIG-07-45, May 2007. To achieve our objective, we reviewed applicable laws, regulations, and guidance concerning workers' compensation; prior OIG and United States Government Accountability Office reports on the Federal Employees' Compensation Program; and TSA Workers' Compensation Policies and Procedures. As a result, extensive OIG site visits and file reviews were not considered warranted.

We interviewed TSA Workers' Compensation Program officials at TSA Headquarters in Washington, DC. We also reviewed workers' compensation claims files and interviewed TSA personnel during site visits to Miami International Airport in Miami, FL, and the FAMS field office in Sunrise, FL. We conducted limited testing of TSA's chargeback report reconciliation for 2013. At the time of our survey work, this was the only complete data available.

We conducted this audit between July 2014 and February 2015 pursuant to the *Inspector General Act of 1978*, as amended, and according to 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 upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.

Major Office of Audits contributors to this report are Richard T. Johnson, Director; Brad Mosher, Audit Manager; Jeff Wilson, Auditor-in-Charge; Tom Hamlin, Program Analyst; Melissa Motley, Program Analyst; Ignacio Yanes, Program Analyst; Michael Staver, Referencer; and Kevin Dolloson, Communications Analyst.



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Appendix A TSA Comments to the Draft Report

U.S. Department of Homeland Security
601 South 12th Street
Arlington, VA 20598



Transportation
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Administration

JUL - 2 2015

INFORMATION

MEMORANDUM FOR: Mark Bell
Assistant Inspector General for Audits
Office of Inspector General
U.S. Department of Homeland Security (DHS)

FROM: Mark O. Hatfield Jr. 
Deputy Administrator

SUBJECT: Response to Draft Report, *Transportation Security Administration's Management of the Federal Employees' Compensation Act Program*
(OIG Project No. 14-125-AUD-TSA), June 2015

Purpose:

This memorandum constitutes the Transportation Security Administration's (TSA) response to the U.S. Department of Homeland Security (DHS) Office of the Inspector General (OIG) draft report, *Transportation Security Administration's Management of the Federal Employees' Compensation Act Program*, June 2015.

Background:

In July 2014, OIG initiated a review to determine whether TSA effectively and efficiently processed and managed workers' compensation claims. OIG found that TSA was responsive to OIG's 2007 report recommendations and implemented internal controls across its workers' compensation program. For example, TSA developed comprehensive policies and procedures for the submission and management of workers' compensation claims. TSA also developed and implemented a strategy to review and address long-term, high-cost claims. Due to the unique law enforcement-related medical standards and operational rigors associated with the Federal Air Marshal Service (FAMS), TSA established two medical case management systems—one specifically for FAMS, and one for the remainder of TSA. OIG found that TSA has not demonstrated that operating two separate but similar case management services increased the cost efficiency or effectiveness of TSA claims management.



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Discussion

TSA appreciates the work of OIG during the course of this audit and will use the information to assist our ongoing efforts to improve the effective and efficient processing and management of workers' compensation claims. TSA is already actively resolving the issues identified in the audit.

One of the objectives of this audit was to follow up on the 2007 DHS OIG audit. The OIG found that TSA "was responsive" to the 2007 audit report recommendations, "made progress" in addressing each of the 12 recommendations, and implemented improved internal controls across the workers' compensation program.

One example of TSA's progress the OIG noted was implementation of TSA's new Safety Information System (SIS), a system of record for all employee injuries that helps ensure Federal Security Directors and the Office of Law Enforcement/Federal Air Marshal Service (OLE/FAMS) Supervisory Air Marshals in Charge (SACs) accurately document injury investigations, identify injury causes, and track the status of corrective actions. SIS also enables employees to electronically submit their injury claims to supervisors and field Human Resources representatives for final electronic submission to the Department of Labor (DOL). As a result, on average, 90 percent of our new claims are submitted timely to DOL.

Another example OIG provided was TSA's procedures for reviewing long-term, high-cost claims. From fiscal year (FY) 2007 through FY 2012, TSA implemented a focused Periodic Roll (PR) Initiative with our medical case management services contractor that managed and tracked a set cohort of periodic roll claims by utilizing pre-established DOL PR case codes. This initiative resulted in an 81 percent reduction in PR claims. Subsequent to this initiative, TSA reviews periodic roll cases on a daily basis to reduce lost workdays and reduce chargeback costs. PR cases are reviewed and managed through resolution, to include making regularly scheduled onsite visits to DOL district offices to discuss individual cases with DOL claims examiners and management. The DOL visits resulted in a reduction of compensation claims, which therefore resulted in an estimated avoided future compensation costs over \$43 million.

The other objective of the audit was to assess program effectiveness and efficiency; and, TSA is pleased with OIG's specific acknowledgment of TSA's contracted medical case management program being cited in *"Workers' Compensation Medical Case Management Services, Enterprise-wide Contract, Business Case Analysis, May 2013* for "reducing lost work days and related compensation costs." TSA is also pleased with OIG's specific acknowledgment that the DHS blanket purchase agreement to contract medical case management services for all components within the department was created using TSA's approach as the model for medical contract services. TSA has achieved exemplary success with our medical case management program. For example, OIG acknowledged that in response to their 2007 audit recommendation, TSA developed and implemented a centralized, automated case management system to track the status of TSA's workers' compensation cases. This web-based system is provided through TSA's medical case management services contractor. Additionally under the contracted medical case management program, TSA's loss production day rate has decreased from 212 days of lost time in 2007 to 98 days of lost time in 2013; this is better than the DOL targeted rate of 103 days



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of lost time. TSA also realized a substantial reduction (below the FECA fee schedule) in pharmacy costs for prescriptions processed through the Pharmacy Benefits Management program. Moreover, our medical case management program's ancillary services expanded in 2013 to include a diagnostic radiology network. Through this network, injured employees are able to access diagnostic radiology services much more quickly. Turn-around-times from the time a test is prescribed to obtaining results averages 5 days through the network, where it can typically take 1-2 months outside of the network. The faster the injured worker can access these ancillary services, the faster the provider is able to make sound medical decisions to progress the course of treatment, ultimately resulting in a safe return to work sooner than would otherwise have occurred.

Further contributing to TSA's program's effectiveness and efficiency are the activities of the TSA Office of Inspections (OOI) that is actively involved in identifying potential instances of fraud or abuse, and in investigating specific allegations. Since the start of FY 2007, OOI's investigative and review activities have resulted in projected cost avoidance to TSA of \$54.3 million.

In October 2010, the OLE/FAMS Workers Compensation Program Manager transferred to the TSA Office of Human Capital. However, TSA operates two similar but separate medical case management programs, and separate case tracking systems -- one for FAMS and one for non-FAMS. The OIG has identified the existence of these two programs (i.e., contract nurse case managers and federally staffed nurse case managers) and two case tracking systems (i.e., web-based database and Microsoft Excel) as areas for further review and analysis. While TSA believes its decision for two separate medical case management services programs is best for TSA, TSA understands OIG's finding that TSA was unable to justify its decision to maintain two separate medical case management programs to demonstrate increased effectiveness or efficiency in the processing or management of claims. Therefore, TSA concurs with the recommendation to conduct a cost-benefit analysis. TSA believes a neutral; third-party cost-benefit analysis is prudent and will inform the agency of whether it is most efficient to utilize one consolidated medical case management system for both our FAMS and non-FAMS workers' compensation cases. TSA also concurs with the OIG recommendation to consolidate or centralize FAMS and non-FAMS case tracking under the web-based database, and had already begun exploring this action prior to notification of the 2014 audit.

Conclusion

TSA appreciates the work completed by OIG and welcomes the opportunity to further improve its workers' compensation program. TSA has begun the work toward resolving and closing the OIG recommendations. Our specific response to each recommendation follows.



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U.S. Department of Homeland Security Transportation Security Administration (TSA)

Response to OIG Draft Report, Transportation Security Administration's Management of the Federal Employees' Compensation Act Program, June 2015

Recommendation #1: The Assistant Administrator, Office of Human Capital for TSA and the Federal Air Marshal Service implement the contracted nurse case management web-based system across the organization.

TSA Concurs. The TSA Office of Human Capital and the Federal Air Marshal Service will collaborate on the procurement, training, and ultimately the implementation of the WebOPUS software, a TSA-approved IT solution currently deployed in support of the TSA Workers' Compensation Medical Case Management Program. The target date for the software going live is June 1, 2016.

Recommendation #2: The Assistant Administrator, Office of Human Capital for TSA and Federal Air Marshal Service conduct a cost-benefit analysis to ensure all costs are considered to implement one medical case management system for TSA, including its Federal Air Marshal Service.

TSA Concurs. The TSA Office of Human Capital and the Federal Air Marshal Service will conduct a cost-benefit analysis to evaluate all costs and other relevant factors to consider implementation of one medical case management system for TSA, which will include the Federal Air Marshal Service. TSA and the Federal Air Marshal Service are collaborating to identify a 3rd party vendor to perform the cost-benefit analysis. The vendor will be identified and secured with the assistance of the DHS, Strategic Sourcing Program Office. This resource was identified and is being utilized to expedite delivery of the contracted cost-benefit analysis. The target date for completing the analysis is June 1, 2016.

Recommendation #3: The Assistant Administrator, Office of Human Capital for TSA and the Federal Air Marshal Service develop and implement formal policies, processes, and controls to ensure the timely and accurate reconciliation of U.S. Department of Labor chargeback reports.

TSA Concurs. The TSA Office of Human Capital has developed a draft Standard Operating Procedure (SOP) document that formalizes the steps to validate the chargeback. The target date to complete the technical review of the SOP, finalize, and implement the SOP is September 30, 2015.



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Appendix B Prior TSA FECA Audit Recommendations, Implementation Updates, and OIG Analysis

Recommendation 1 Resolved and Closed	Direct all TSA locations to evaluate all long-term workers' compensation cases, e.g., those that have been on worker's compensation for at least one year, to identify opportunities to return employees to work or refer employees to vocational rehabilitation.
Implementation and OIG Analysis	<p><i>According to the current Nurse Case Management contract Statement of Work that started December 2012 and runs through November 2017, the Contractor shall be required to proactively manage cases of all durations, including long-term (Periodic Roll) claims, from the First Report Of Injury through a successful Return-to-Work or case resolution.</i></p> <p><i>We observed a TSA Human Resources Specialist walk through a small sample of prior TSA claims that resulted in cost savings. The specialist assessed the claim cases using information gathered from WebOpus and validated the disposition of the claims by looking at the Department of Labor Agency Query System.</i></p>
Recommendation 2 Resolved and Closed	Develop agency policies and procedures on the FECA program to include roles and responsibilities for Office of Human Capital and airport personnel to ensure, at a minimum, that Office of Human Capital and the airport workers' compensation coordinators: <ul style="list-style-type: none">• regularly review and verify agency case files for recent medical evidence to substantiate the continuing disability of agency claimants;• document all actions and update medical status quarterly for each injured worker in well-maintained case files;• maintain quarterly contact with claimants, supervisors, and care providers of injured claimants;• establish an ongoing relationship with DOL personnel to discuss the status of the cases;• challenge questionable claims; and• actively identify, pursue, and monitor the status of third-party and fraud-related claims.



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Implementation and OIG Analysis	<p><i>In 2009, TSA implemented Management Directive 1100.00-6, which provides TSA with policy and procedures for the Workers' Compensation Program within TSA — including administration of limited duty. This directive applies to all TSA organizational elements and employees.</i></p> <p><i>Workers' Compensation Coordinators (WCCs) are responsible for (among several duties):</i></p> <ul style="list-style-type: none"><i>managing workers' compensation claims at the local level through (in part) accessing workers' compensation systems;</i><i>conferring with managers on the availability of limited duty when necessary, and assisting with the limited duty job offer; and</i><i>conducting annual Workers' Compensation Training for supervisors and managers.</i>
Recommendation 3 Resolved and Closed Auditors Note – See Nurse Case Management Web- based System Section	<p>Develop and implement a centralized, automated case management system to track the status of the agency's workers' compensation cases.</p>
Implementation and OIG Analysis	<p><i>In June 2014, TSA implemented a new data collection system for medical information in WC cases called WebOPUS. In this new system, supervisors and employees can enter electronic information regarding TSA's occupational injury cases. The Nurse case managers or Medical Care Advisors (TSA non-FAMS contractor handling WC cases) are responsible for verifying the information entered into the system.</i></p> <p><i>We observed TSA personnel access medical claims in WebOPUS to confirm its functionality as a medical case management tool. In conjunction with other tools, TSA uses WebOPUS to generate cost savings to the agency by challenging claims that no longer qualify for FECA compensation.</i></p>
Recommendation 4 Resolved and Closed	<p>Determine whether additional resources are needed at the Office of Human Capital (OHC) and airports to manage and oversee the TSA FECA program.</p>



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Implementation and OIG Analysis	<p><i>TSA determined that it needed additional resources locally to manage caseloads — especially periodic role cases. CAT-X and CAT-1 airports were particularly affected by high caseloads. As a result, TSA increased the number of Workers' Compensation Coordinators at these airports.</i></p> <p><i>TSA provided us with a full list of WCCs for TSA, including FAMS. We also interviewed and participated in claims review walkthroughs with WCCs at the Miami Airport and Miami Field Office for non-FAMS and FAMS.</i></p> <p><i>TSA established a group that monitors the periodic roll to ensure only qualified employees receive compensation and those eligible to return to work are returned timely. We observed how TSA non-FAMs reviews cases and how they derive the cost savings. To date, TSA has reported it has incurred cost savings exceeding \$43 million from dates of injury from as far back as January 2003 with compensation termination or reduction through July 10, 2014.</i></p>
Recommendation 5 Resolved and Closed	<p>Provide sufficient training to managers and staff involved in the FECA program at OHC and at the airports.</p>
Implementation and OIG Analysis	<p><i>The 2009 TSA Management Directive 1100.00-6 provided TSA policy and procedures for the Workers' Compensation Program within TSA. Included in WCCs' duties and responsibilities is conducting annual Workers' Compensation Training for supervisors and managers.</i></p> <p><i>TSA also provided the audit team with a training slide deck to include roles and responsibilities of various program personnel. Additionally, the presentation outlined the process for submitting an injury claim, including which forms to use as well as circumstances for denying claims. The content of the presentation mirrors that found in the management directive handbook. The training provided to employees is consistent with TSA criteria in implementing its workers' compensation program.</i></p>
Recommendation 6 Resolved and Closed	<p>Develop and implement agency FECA-related performance goals and measures, including those related to program costs, and hold TSA officials accountable for program performance by establishing performance standards for workers' compensation specialists and Federal Security Directors.</p>



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Implementation and OIG Analysis	<p><i>FECA-related performance goals and measures are set by the Protecting Our Workers and Ensuring Reemployment (POWER) Initiative. The President's 2010 initiative covered fiscal years 2011-14 and was aimed at protecting our workers and ensuring reemployment. The following goals are measured through the POWER Initiative:</i></p> <ul style="list-style-type: none"><i>reducing total injury and illness case rates; reducing lost time injury and illness case rates; analyzing lost time injury and illness data; increasing the timely filing of workers' compensation claims;</i><i>increasing the timely filing of wage-loss claims; reducing lost production day rates; and</i><i>speeding employees' return to work in cases of serious injury or illness.</i> <p><i>TSA Management Directive No. 1100.00-6 lists the responsibilities of the Headquarters Workers' Compensation Specialists to ensure compliance with applicable policies, regulations, and procedures. Additionally, Federal Security Directors designate WCCs to attend to the duties and responsibilities of the Workers' Compensation Program.</i></p>
Recommendation 7 Resolved and Closed Auditors Note – See DOL Chargeback Process Section	<p>Develop agency policies and procedures on TSA's chargeback process to include roles and responsibilities for OHC and airport personnel to ensure, at a minimum, that:</p> <ul style="list-style-type: none">OHC distributes the chargeback report to the airports timely;Airports review and validate the accuracy of chargeback costs;OHC oversees the airport chargeback review process; andOHC pursues any discrepancies identified by the airports.
Implementation and OIG Analysis	<p><i>Although TSA provided an internal document describing the chargeback report reconciliation process, it does not appear in TSA Management Directive No. 1100.00-6. An interview with TSA's Workers' Compensation Program Office confirmed that no formal policies or procedures exist for reviewing and reconciling the annual chargeback report.</i></p>
Recommendation 8 Resolved and Closed	<p>Analyze the most recent chargeback report against the agency's personnel database to verify that claimants listed are actual TSA employees, and did not have injury dates prior to their entry date with the agency.</p>



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Implementation and OIG Analysis	<p><i>TSA uses a Human Resources Data file provided every 2 weeks by the TSA Personnel Transactions Office to validate the names of employees found on the chargeback report.</i></p> <p><i>We determined that TSA accurately reviewed, reconciled, and removed errors in its 2013 chargeback report by replicating and reconciling the same report. We reviewed 7,864 claims totaling \$59,798,980 in the 2013 chargeback report. Only a single case totaling \$141 was not reconciled.</i></p>
Recommendation 9 Resolved and Closed	<p>Identify and recover all FECA-related costs DOL improperly charged to the agency during the 2006 chargeback year.</p>
Implementation and OIG Analysis	<p><i>Recommendation was closed in August 2006 as TSA completed an analysis of the FY 2006 chargeback report, identified improper charges, and recovered a credit of \$275,000.</i></p>
Recommendation 10 Resolved and Closed	<p>Complete development and deployment of the Safety Information System, and ensure Federal Security Directors are using the system to record injury investigations, identify injury causes, and track status of corrective actions.</p>
Implementation and OIG Analysis	<p><i>The initial Safety Information System (SIS) rollout to all airports occurred in 2011. We observed the SIS to verify that TSA has fully deployed the system. SIS is fully operational and accessible to all TSA employees who have or need to file a Workman's Compensation claim. TSA uses the information from SIS in its Safety and After Action reports to identify weakness and possible fraudulent claims.</i></p> <p><i>We reviewed the SIS internal training website, which included a training video, frequently asked questions, archived technical bulletins, and a copy of the SIS Users Guide available for all TSA employees.</i></p>
Recommendation 11 Resolved and Closed	<p>Establish and implement a coordinated process to document safety deficiencies at TSA locations, assign responsibility for corrective actions, and follow up to ensure timely corrective actions are taken for the multiple airport safety evaluations.</p>
Implementation and OIG Analysis	<p><i>TSA deployed the Risk Management Assistant module to safety professionals in the field on April 13, 2007.</i></p>



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Recommendation 12 Resolved and Closed	Develop and implement a process or mechanism that enables TSA Headquarters and airports to share safety best practices and incentive programs.
Implementation and OIG Analysis	<i>The Office of Safety, Health, and Environment (OSHE) manual was updated in 2010, and was in the process of being updated at the time our fieldwork ended. TSA issued guidance for the Recognition of Collateral Duty Safety Officers (CDSOs) is addressed as one of the awards categories since FY2011.</i>



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