



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

September 30, 2011

Postal Service Workers' Compensation Program

Report Number HR-AR-11-007

IMPACT ON

Postal Service Workers' Compensation Program

WHY THE OIG DID THE AUDIT:

Our objective was to determine whether U.S. Postal Service workers' compensation claims are handled effectively and efficiently to ensure employees entitled to benefits appropriately receive them and to identify opportunities to reduce workers' compensation costs and improve service.

WHAT THE OIG FOUND:

Postal Service workers' compensation claims are not always handled effectively and efficiently. Specifically, Federal Employees' Compensation Act (FECA) reform is needed to improve the Federal Workers' Compensation Program by implementing controls and efficiencies used in the private sector. Also, opportunities exist to improve management of claims in the three districts we reviewed, strengthen billing guidelines for providers, reduce program abuses, and revise the methodology used to determine the Postal Service's administrative fee. The Postal Service could save approximately \$335 million a year if it implements cost-containment practices used in the private sector.

WHAT THE OIG RECOMMENDED

We recommended the vice president, Employee Resource Management,

Continue pursuing legislative changes to FECA by implementing best practices for increasing program effectiveness and efficiencies and reducing costs. Request the secretary of Labor to implement internal controls to enhance the Department of Labor's (DOL) handling of the Office of Inspector General reports of investigation; and revise the method used to determine the administrative fee to ensure it reflects actual costs to administer the workers' compensation program. Finally, we recommended additional training.

WHAT MANAGEMENT SAID:

Management agreed with the recommendations to pursue legislative changes to FECA, stating this in process. Management also agreed with the recommendation to provide training. However, they disagreed with recommendations to request changes to allow employing agencies to present evidence at hearings, clarify responsibilities for fraud detection, and establish a 45-day response time on cases.

AUDITORS' COMMENTS:

We consider management's comments responsive to three of our recommendations. We plan to request joint working group meetings with DOL and DOL Office of Inspector General to address the other recommendations.