

Increasing Costs in Workers' Compensation at the Postal Service

WHITE PAPER REPORT

Report Number 25-092-R25 | September 25, 2025



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OFFICE OF INSPECTOR GENERAL
UNITED STATES POSTAL SERVICE

September 25, 2025

MEMORANDUM FOR: JOSEPH R. BRUCE
VICE PRESIDENT, HUMAN RESOURCES

Kelly Thresher

FROM: Kelly Thresher
Deputy Assistant Inspector General
for Finance, Pricing, & Human Capital

SUBJECT: Final Report – Increasing Costs in Workers' Compensation at the
Postal Service (Report Number 25-092-R25)

This report presents the results of our review of U.S. Postal Service's Workers' Compensation Activity.

All recommendations require U.S. Postal Service Office of Inspector General's (OIG) concurrence before closure. Consequently, the OIG requests written confirmation when corrective action is completed. The recommendation should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation it can be closed.

We appreciate the cooperation and courtesy provided by your staff. If you have any questions or need additional information, please contact Lazerick Poland, Director, Human Capital Management, or me at 703-248-2100.

Attachment

cc: Postmaster General
Corporate Audit Response Management

Results

Background

U.S. Postal Service employees who sustain a work-related injury or occupational disease are covered by the Federal Employees' Compensation Act (FECA), which provides monetary and medical benefits and assistance in returning employees to work. These benefits include wage-loss compensation,¹ medical and rehabilitation services,² and death benefit payments to surviving dependents.³

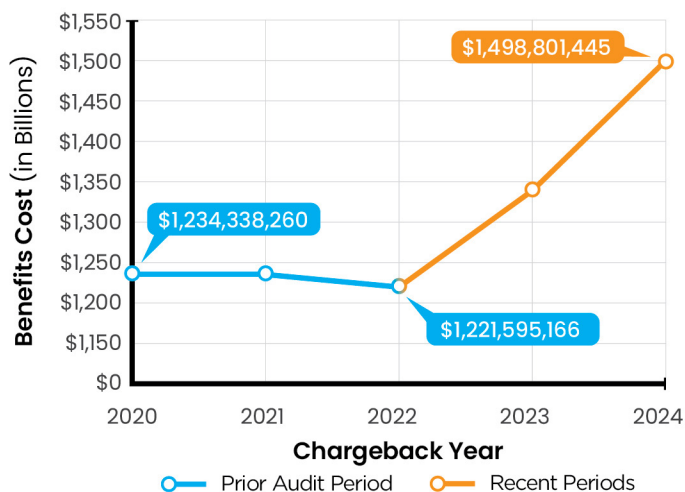
The Postal Service encourages employees to report any work-related injuries or illness to their supervisors as soon as possible. Additionally, the Postal Service manages efforts to return injured employees to work through its Injury Compensation Program by monitoring their medical status and identifying suitable work. The Department of Labor (DOL) Office of Workers' Compensation Program (OWCP) has the exclusive authority to administer, implement, and enforce FECA, including paying claims on behalf of injured employees.

The Postal Service's workers' compensation costs per workhour have been consistently higher when compared to the private industry. This white paper is intended to provide an update on the Postal Service's workers' compensation activity since the last audit report,⁴ which included a summary of trends in costs from chargeback year⁵ (CBY) 2017 through CBY 2022, and employees on the periodic rolls from fiscal year⁶ (FY) 2017 through FY 2022. Specifically, the following sections show how workers' compensation costs for the Postal Service continued to rise over the last two years.

Workers' Compensation Costs

The Postal Service's workers' compensation costs slightly trended downward from CBY 2020 to CBY 2022, which represented a decrease of \$12.7 million (1 percent). These costs include wage-loss compensation, medical and rehabilitation services, and death benefit payments to surviving dependents. However, these costs significantly increased between CBY 2022 and CBY 2024, which represented an increase of \$277.2 million (23 percent). See Figure 1. The largest increase was related to wage-loss compensation costs,⁷ which increased by \$185.6 million between CBY 2022 and CBY 2024.

Figure 1. Workers' Compensation Costs during CBY 2020 Through CBY 2024



Source: DOL-OWCP Chargeback bills.

In our prior audit, we determined the Postal Service's workers' compensation cost per workhour was consistently greater when compared to private industry⁸ between CBY 2020 and CBY 2022. However, as shown in Figure 2, after CBY 2022, the Postal Service's cost per workhour trended upward

¹ Injured employees are eligible to receive a monthly benefit of either: two-thirds of their pre-disability monthly wage if they are single, or 75 percent of their monthly wage if they have at least one dependent.

² Under FECA, all medical costs related to the treatment of the injury are paid for in full by the federal government.

³ If an injured employee dies in the course of employment, their spouse is eligible for a monthly benefit of 50 percent of their monthly wage. Alternatively, if the employee had a spouse and at least one child, the surviving family members are eligible for a maximum monthly benefit of up to 75 percent of the employee's monthly wage.

⁴ *Workers' Compensation Program Update* (Report Number 22-121-R23) issued May 11, 2023.

⁵ A chargeback year begins on July 1 and ends on June 30.

⁶ A fiscal year begins on October 1 and ends on September 30.

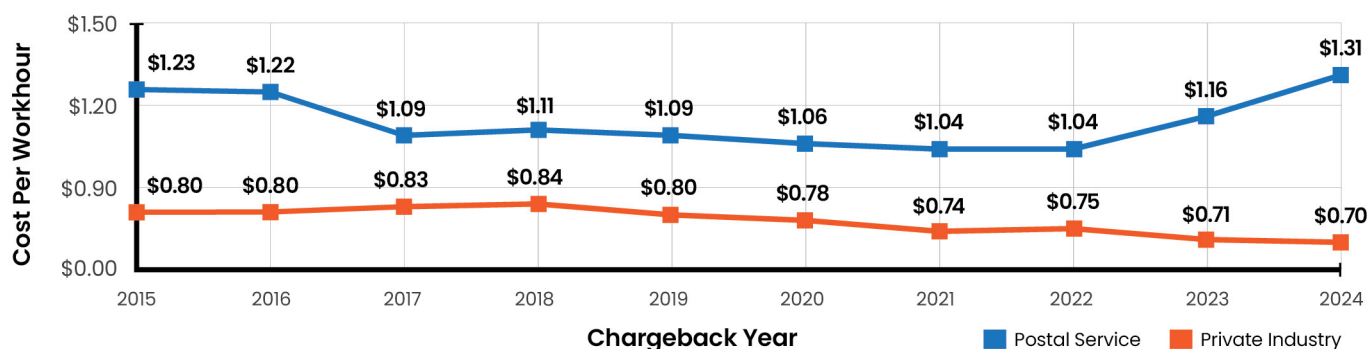
⁷ This excludes scheduled award payments, which involves cases when an employee suffers a permanent partial disability, such as the loss of a limb.

⁸ The most comparable private industry group reported by the Bureau of Labor Statistics is production, transportation, and material-moving occupations.

by about 26 percent, while the private sector's costs continued to trend downward by about 7 percent. In other words, if the Postal Service was allowed to adopt the practices used by private industry to control workers' compensation costs, as noted in our prior report, the Postal Service could have potentially saved about \$517 million in CBY 2023 and \$698 million in CBY 2024. To more fully understand the impact of

these differences over time, we trended the private industry's costs against the Postal Service's costs over a ten-year period, from CBY 2015 to CBY 2024. If the Postal Service had been able to operate more akin to the private sector, it could have potentially saved a total of \$4.15 billion during this timeframe.

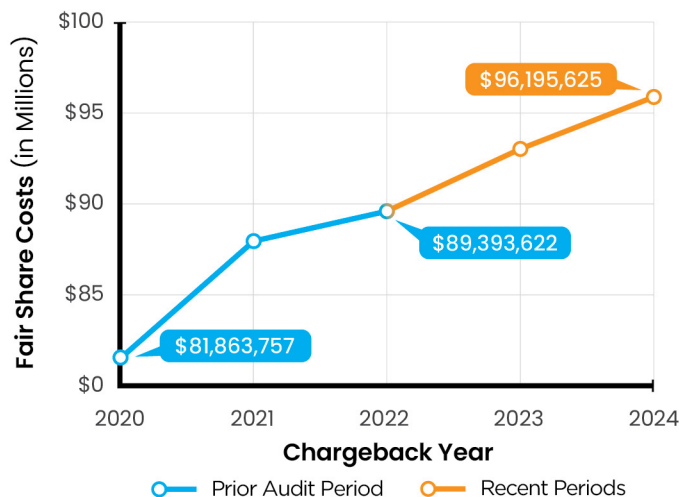
Figure 2. Postal Service and Private Industry Workers' Compensation Cost per Workhour Between CBY 2015 and CBY 2024



Source: BLS, DOL Chargeback billings, and EDW.

Additionally, the Postal Service's fair share costs continuously trended upward between CBY 2020 and CBY 2024, which represented an increase of \$14.3 million (18 percent). These costs are administrative fees charged by the DOL to the Postal Service and certain other non-appropriated entities of the federal government as their "fair share" of DOL OWCP's costs of administering benefits for their employees. Specifically, these costs increased by \$7.5 million (9 percent) between CBY 2020 and CBY 2022, then continued to increase by \$6.8 million (8 percent) through CBY 2024 (see Figure 3).

Figure 3. Fair Share Costs During CBY 2020 Through CBY 2024

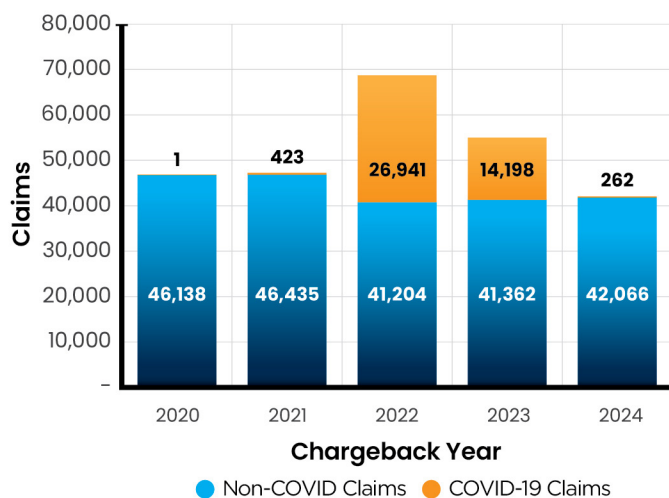


Source: DOL-OWCP Chargeback bills.

Workers' Compensation Claims

The Postal Service's non-COVID claims trended downward from 46,138 in CBY 2020 to 41,204 in CBY 2022, an 11 percent decrease. These claims remained relatively steady in subsequent years and showed a modest increase of 2 percent to 42,066 in CBY 2024. Conversely, the number of COVID-19 claims peaked at 26,941 in CBY 2022, then significantly declined in subsequent years (see Figure 4). Under the American Rescue Plan Act (ARPA) of 2021, DOL did not charge the Postal Service for the costs associated with COVID claims. After the ARPA expired on January 27, 2023, DOL included the costs of claims accepted for employees diagnosed with COVID-19.

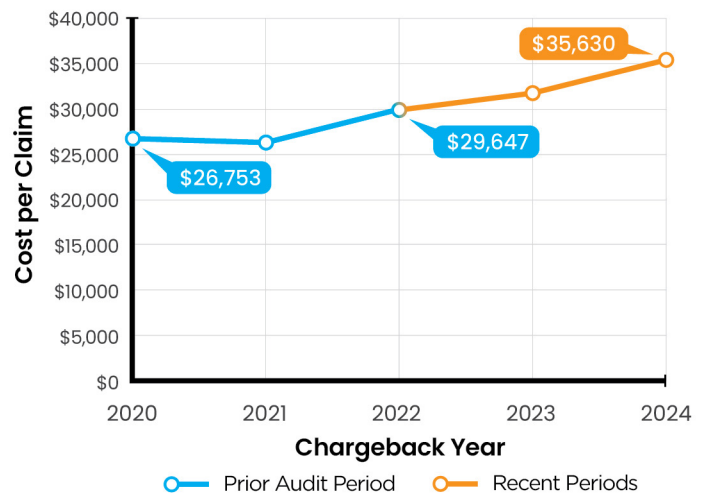
Figure 4. Workers' Compensation Claims During CBY 2020 Through CBY 2024



Source: DOL's Employees' Compensation Operations & Management Portal (ECOMP).

The Postal Service's cost per non-COVID claim trended upward from \$26,753 in CBY 2020 to \$29,647 in CBY 2022, which was an 11 percent increase. In subsequent years, this cost continued to rise and peaked at \$35,630 in CBY 2024, which was a significant increase of 20 percent since CBY 2022 (see Figure 5).

Figure 5. Cost per Non-COVID Claim from CBY 2020 to CBY 2024

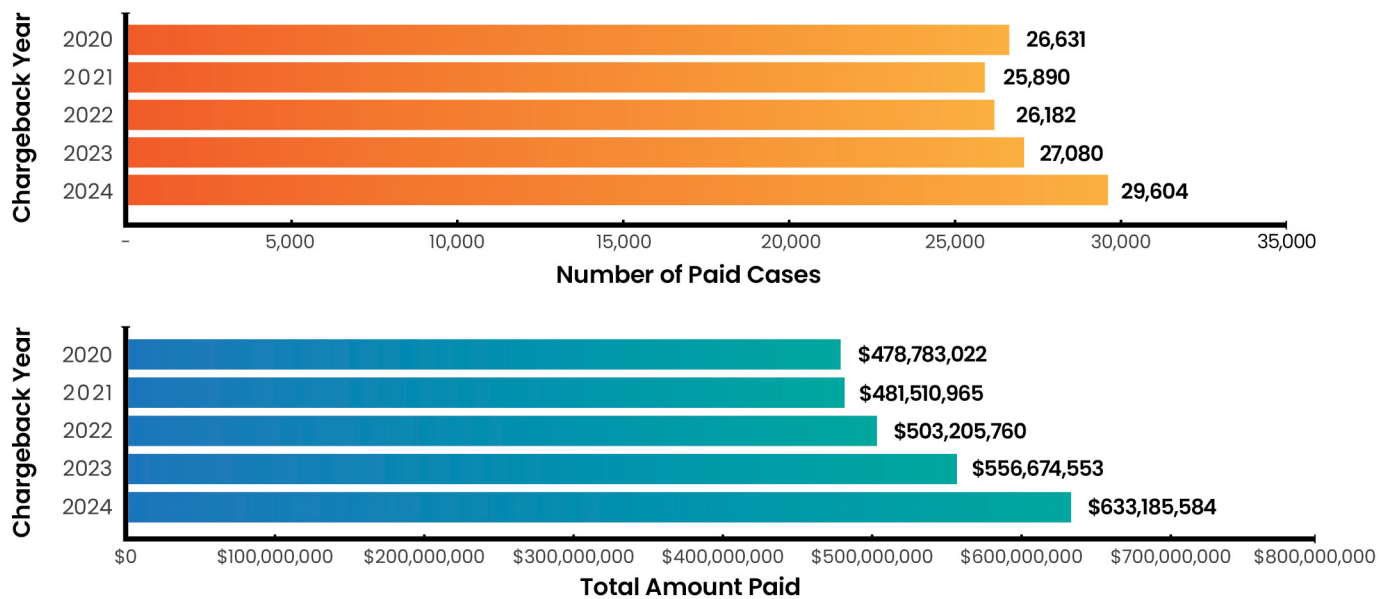


Source: DOL's Chargeback bills and Employees' Compensation Operations & Management Portal (ECOMP).

Wage-loss Compensation Activity

Between CBY 2020 and CBY 2024, the number of employees receiving wage-loss benefits and the total amount of these benefits paid generally trended upward. The number of employees receiving wage-loss payments slightly decreased in CBY 2021 compared to CBY 2020, before increasing each year through CBY 2024 to 29,604, an increase of 14 percent over the low in CBY 2021. In comparison, the total amount of wage-loss benefits paid constantly trended upward annually during the five-year scope and increased by \$154.4 million (32 percent) between CBY 2020 and CBY 2024 (see Figure 6).

Figure 6. Wage-loss Compensation Activity from CBY 2020 to 2024



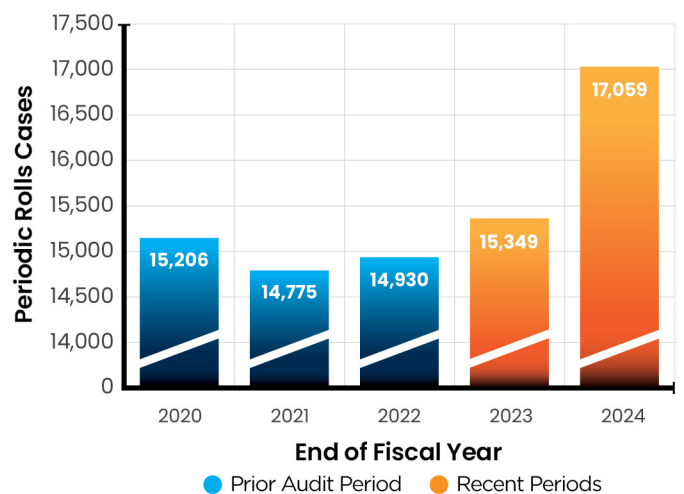
Source: Injury Compensation Performance Analysis System (ICPAS).

Periodic Roll Cases

Number of Employees on the Periodic Rolls

Employees with disabilities expected to continue for more than 60 to 90 days are placed on the periodic roll, which is paid automatically every 28 days. Starting in FY 2020, the number of employees on the periodic roll trended downward from 15,206 and reached a low point in FY 2021 at 14,755, a decrease of 3 percent. However, since 2021, employees on the periodic roll have trended upward, with FY 2024 representing the highest number of periodic roll cases during the 5-year period (see Figure 7). This increase was at least partially driven by an OWCP procedure change in FY 2024 related to the newly implemented Postal Service Health Benefit program, which began on January 1, 2025. Postal Service management is responsible for withholding employee's health benefit premiums through day 28 of an injured employee's disability. Since OWCP can only withhold these employees' health benefit premiums if they are on the periodic roll, these employees needed to be converted to the periodic roll earlier than the previously established 90-day timeframe. This ensures OWCP continues health benefit coverage for these employees during their period of disability and wage loss.

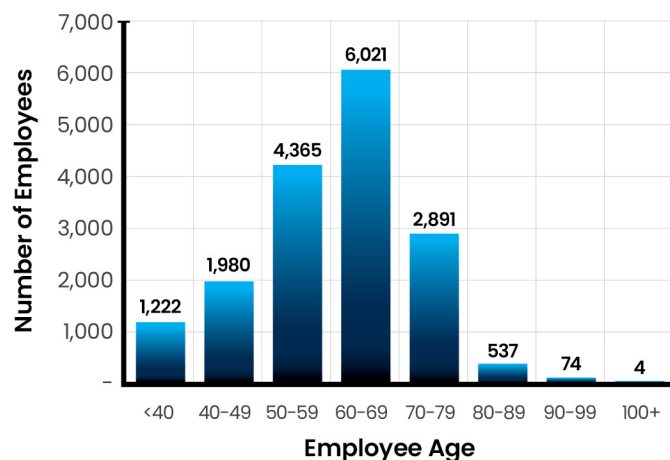
Figure 7. Periodic Roll Cases During FY 2020 Through FY 2024



Source: Injury Compensation Performance Analysis System (ICPAS).

Age of Employees on the Periodic Rolls As of the end of FY 2024, the average age of employees on the periodic rolls was 60. Additionally, there were 6,021 employees in their 60's, which was the age range with the most periodic roll cases. Lastly, there were four employees with ages ranging between 102 and 105 (see Figure 8). These were the same four employees who were at least 100 years old at the end of FY 2022.

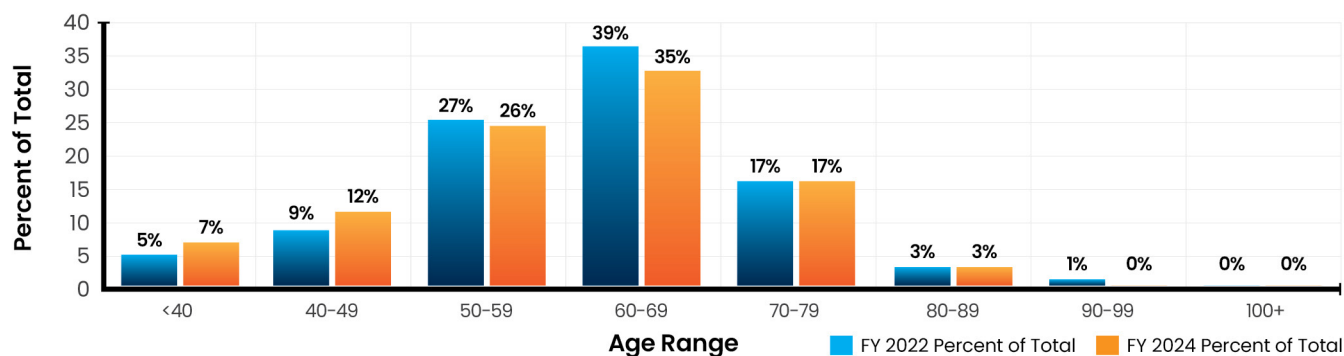
Figure 8. Ages of Employees on the Periodic Roll as of the End of FY 2024



Source: ICPAS.

For perspective, when comparing the number of employees on the periodic rolls in each age range during FY 2022 and FY 2024, the percentage of employees less than 50 years of age trended upward. Conversely, the percentage of employees between 50 and 69 years of age trended downward. Additionally, the percentage of employees who were at least 70 years old remained relatively steady (see Figure 9).

Figure 9. Comparison of Ages of Employees on the Periodic Roll as of the End of FY 2022 and FY 2024

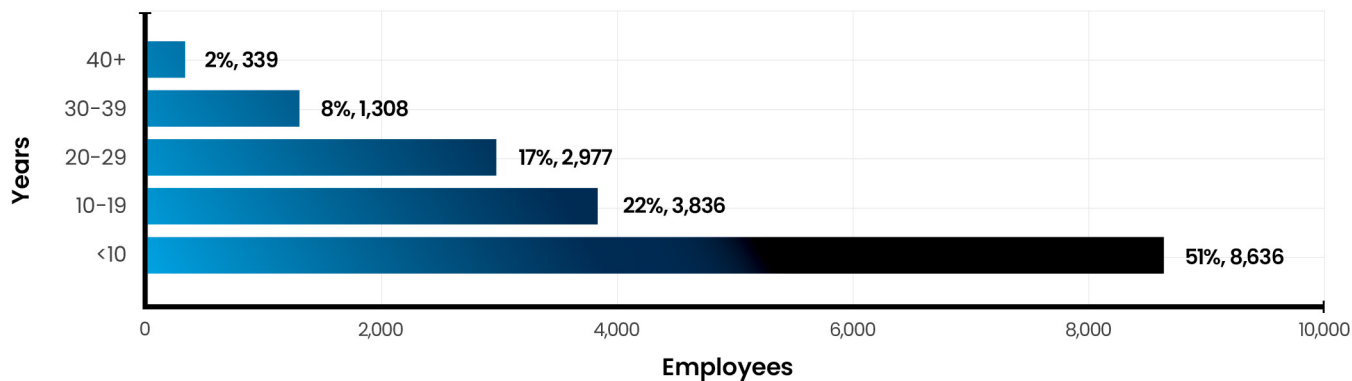


Source: ICPAS.

Length of Time on the Periodic Rolls As of the end of FY 2024, employees have generally been on periodic roll for an average of 12 years and 3 months. In contrast, one 70-year-old employee has been on periodic roll for 40 years and 3 months, which was the longest duration compared to other employees

during this timeframe. As shown in [Figure 10](#), a total of 8,636 employees (51 percent) have been on the periodic roll for up to 10 years, while a combined total of 1,647 employees (10 percent) have been on the periodic roll for at least 30 years.

Figure 10. Time on the Periodic Roll as of the End of FY 2024



Source: ICPAS.

Injuries by Age Group As shown in Table 1, during FY 2024, employees under the age of 20 represent the smallest age group but have the highest percentage of injury claims among Postal Service employees, followed by employees in their twenties. The injury

rate gradually decreased among the older age groups. While this shows younger employees are getting injured at a higher rate compared to older employees, further analysis is needed to determine the reasons for this trend.

Table 1. Claims Filed for Injuries by Age Group During FY 2024

Age Group	Injuries		Total Employees		
	Count	Percent of Total Injuries	Count	Percent of Total Employees	Percent Injured
Under 20	154	0.4%	1,647	0.3%	9.4%
20-29	5,622	13.7%	73,132	11.5%	7.7%
30-39	10,301	25.1%	149,933	23.6%	6.9%
40-49	9,487	23.1%	145,188	22.8%	6.5%
50-59	10,283	25.1%	166,082	26.1%	6.2%
60-69	4,737	11.6%	89,801	14.1%	5.3%
70+	404	1.0%	9,754	1.5%	4.1%
Total	40,988	100.0%	635,537	100.0%	

Source: DOL-OWCP data and Postal Service employee master file.

Conclusion

In the last two years, the Postal Service's workers' compensation costs have significantly increased following a period of steadily declining costs. Additionally, the number of employees on the periodic rolls has significantly increased following a period of relatively steady levels. Going forward, it

is imperative that Postal Service management be cognizant of the underlying factors responsible for the upward trend and take appropriate actions to reduce the costs that are under their control. The Postal Service should also consider developing and pursuing legislative strategies that would allow it to reduce costs to better match industry norms.

OIG Recommendation

We recommend the **Vice President, Human Resources**, develop a broad strategy to reduce costs associated with workplace injuries, including compiling data to support legislative options that could allow costs to better match industry norms.

Postal Service Response

Management agreed with the finding, recommendation and monetary impact. Regarding the recommendation, management stated they will continue to focus on strategies toward reducing the costs associated with workplace injuries within the confines of existing legislation. Management added that the data compiled in the white paper, along with more specific legislative proposals, will be presented to the Deputy Postmaster General. The targeted implementation date for the recommendation is October 31, 2025. See [Appendix B](#) for management's comments in their entirety.

OIG Evaluation

The U.S. Postal Service Office of Inspector General considers management's comments responsive to the recommendation.

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Appendix A: Additional Information

Scope and Methodology

We reviewed workers’ compensation and fair share costs shown on DOL – Office of Workers’ Compensation chargeback bills during CBY 2020 through CBY 2024 and analyzed periodic roll data from the Postal Service’s Injury Compensation Performance Analysis System during FY 2020 through FY 2024.

We conducted this review from April through September 2025 in accordance with the Council of the Inspectors General on Integrity and Efficiency’s Quality Standards for Inspection and Evaluation. We

discussed our observations and conclusions with management on August 19, 2025, and included its comments where appropriate.

We assessed the reliability of workers’ compensation data by reviewing existing information and documentation contained within safety, health, and workers’ compensation systems; performing testing related to the completeness, reasonableness, accuracy, and validity of the data; and interviewing Postal Service officials knowledgeable about the data. We determined the data was sufficiently reliable for the purposes of this report.

Prior Coverage

Title	Report Number	Final Report Date
Workers’ Compensation Program Update	22-121-R23	05/11/2023
Workers’ Compensation Program Cost Containment Activities	19-031-R20	08/06/2020

Appendix B: Management's Comments



September 5, 2025

KELLY THRESHER
DEPUTY ASSISTANT INSPECTOR GENERAL FOR FINANCE, PRICING & HUMAN CAPITAL

SUBJECT: Management Response (25-092)
Increasing Costs in Workers' Compensation at the Postal Service

Thank you for providing the Postal Service with an opportunity to review and comment on the finding and recommendations contained in the draft audit report, Increasing Costs in Workers' Compensation at Postal Service.

The Postal Service agrees with the finding that it could have potentially saved \$517 million in CBY (chargeback year) 2023 and \$698 million in CBY 2024 if it could have adopted the same practices used by private industry to control worker's compensation costs. It also agrees with the OIG's previous findings that the Postal Service is restricted by current law from using those private industry's best practices that have been adopted by some state governments.

Recommendation:

We recommend the **Vice President, Human Resources**, develop a broad strategy to reduce costs associated with workplace injuries, including compiling data to support legislative options that could allow costs to better match industry norms.

Management Response/Action Plan:

Management agrees with the recommendation and will continue to focus on our strategies toward reducing the costs associated with workplace injuries within the confines of the existing legislation. The data compiled in the above referenced White Paper, along with more specific legislative proposals will be presented to the Deputy Postmaster General.

Target Implementation Date: October 31, 2025

Responsible Official:

Vice President, Human Resources

E-SIGNED by Joseph Bruce
on 2025-09-05 11:56:01 EDT

Joseph Bruce
Vice President, Human Resources

cc: Manager, Corporate Audit Response Management

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