



## SOCIAL SECURITY

May 18, 2007

MEMORANDUM FOR THE HONORABLE GREGORY H. FRIEDMAN  
INSPECTOR GENERAL  
DEPARTMENT OF ENERGY

SUBJECT: Federal Employees' Compensation Act: A Nationwide Review of Federal Employees Who Received Compensation for Lost Wages for Periods When "Earned Wages" Were Reported on the Social Security Administration's Master Earnings File (A-15-06-16037)

Federal Employees' Compensation Act (FECA) recipients who have wage postings during the same period for which they receive FECA payments raise concerns about the propriety of such payments. The widespread concern expressed by members of the President's Council on Integrity and Efficiency prompted our Office to coordinate with the Department of Labor (DOL) Office of Inspector General (OIG) to identify the extent to which Federal Employees were receiving FECA payments while earning wages. Specifically, we agreed to perform an evaluation to identify the number of FECA recipients who received compensation for lost wages for periods when "earned wages" were reported on the Social Security Administration's (SSA) Master Earnings File (MEF). In December 2005, SSA/OIG met with DOL Office of Workers' Compensation Programs (OWCP) officials to discuss our objectives and use of OWCP data. With assistance from DOL/OIG, we obtained Calendar Year 2004 OWCP data on FECA recipients. We appreciate the cooperation and support provided by DOL/OIG. We provided a draft copy of this report to the DOL/OIG for comment. We appreciate their contribution and have incorporated comments as appropriate. This evaluation could not have been completed without DOL/OIG's support.

The attached report provides the results of our comparison of FECA data to various SSA databases. This evaluation was conducted for research and statistical purposes. As such, SSA/OIG will not take any action that may affect the rights, benefits or privileges of specific individuals identified during the course of our evaluation.

If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

Patrick P. O'Carroll, Jr.

Attachment

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**Report to The Honorable Gregory H. Friedman  
Inspector General  
Department of Energy**

**Federal Employees' Compensation Act: A Nationwide  
Review of Federal Employees Who Received Compensation  
for Lost Wages for Periods When "Earned Wages" Were  
Reported on the Social Security Administration's Master  
Earnings File**

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**Social Security Administration  
Office of the Inspector General  
May 18, 2007**

# Introduction

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## Objective

Our objective was to determine the number of Federal Employees' Compensation Act (FECA) recipients,<sup>1</sup> classified as not having a wage earnings capacity or whose wage earnings capacity had not yet been determined, (OWCP case status codes PN or PR, respectively),<sup>2</sup> that received compensation for lost wages when "earned wages"<sup>3</sup> were reported on the Social Security Administration's (SSA) Master Earnings File (MEF).<sup>4</sup> This evaluation was conducted for research and statistical purposes. As such, our office will not take any action that might affect the rights, benefits or privileges of specific individuals identified during the course of the evaluation.

## Background

FECA (5 United States Code (U.S.C.) § 8101, et seq.) provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related injury or occupational disease and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. It provides payment as compensation for lost wages, monetary awards for medical care, vocational rehabilitation, and survivor's compensation. FECA is administered by the Office of Workers' Compensation Programs (OWCP), within the U.S. Department of Labor's (DOL) Employment Standards Administration.

Federal agencies are responsible for continuing an employee's regular wages, without charging annual or sick leave for up to 45 days while the employee is recovering from a FECA-covered injury or disease. When the 45-day period lapses, DOL provides compensation for lost wages and medical benefits.

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<sup>1</sup> A recipient may have more than one FECA case (denoted by a case number within the Department of Labor's Case Management System) receiving compensation for lost wages, monetary awards for medical care, vocational rehabilitation, survivor's compensation or other type of compensation payment.

<sup>2</sup> PN is defined as entitled to payment on the periodic roll; formally determined to have no wage earnings capacity or reemployment capacity for indefinite future. PR is defined as entitled to payment on the periodic roll; reemployment or earnings capacity has not yet been determined.

<sup>3</sup> We define earned wages to include regular wages or tips reported on Internal Revenue Service (IRS) Form W-2 or net self-employment earnings reported as net profit or loss from IRS Schedule C line 31 multiplied by the applicable Federal Insurance Contributions Act (FICA) percent.

<sup>4</sup> The MEF, formally known as the Earnings Recording and Self-Employment Income System, Social Security Administration/Office of Systems, (SSA/OS), 60-0059, contains identification, wage, and earnings information for Social Security numberholders. 71 Federal Register (FR) 1796, 1819-1820 (Jan. 11, 2006).

## Scope & Methodology

In Federal Fiscal Years (FFY) 2004 and 2005,<sup>5</sup> DOL reported approximately \$2.4 and \$2.5 billion, respectively, in compensation for lost wages and medical benefits for approximately 163,000 FECA recipients. Approximately, 60,000 of the 163,000 recipients were on the periodic roll.<sup>6</sup>

The United States Postal Service (USPS) pays more in FECA costs than any other Federal agency. From July 1, 2003 to June 30, 2004,<sup>7</sup> USPS paid approximately \$852 million dollars in FECA costs. During this period the Departments of the Navy and Army paid the second and third highest amount in FECA costs, paying approximately \$245 and \$177 million dollars, respectively. See Appendix D which details 18 Federal agencies with Federal workers compensation costs in CBY 2004.

The DOL/OIG assisted in providing two data files<sup>8</sup> containing FECA recipient case data, the case management file and the CY 2004 compensation file. The source of the files is the Office of Workers Compensation Programs (OWCP). The case management file included recipient information such as name, case number, Social Security number (SSN), date of injury, etc. The CY 2004 compensation file contained compensation information for lost wages, monetary awards for medical care, vocational rehabilitation, or survivor's compensation and other compensation paid to periodic roll recipients in CY 2004.

These files were merged to obtain a complete record for each FECA recipient for CY 2004 and yielded a total of 57,268 FECA recipient cases. This merged file was compared against SSA's MEF. The 57,268 recipient cases represented 56,643 unique SSNs. Using the merged file, we determined 26,057 of 57,268 FECA recipient cases were classified by OWCP as PN or PR for the entire CY 2004.

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<sup>5</sup> *Labor Department Federal Budget Appendix for Fiscal Year 2006.*

<sup>6</sup> The periodic roll is compensation for wage loss reserved for cases that involve clearly defined and well established long-term disability, early in the life of the case. Periodic roll payments may be made in both traumatic injury and occupational disease cases. Recipient cases that are periodic roll cases are annotated as Roll Type "P" in DOL's Automated Compensation Payment System (ACPS).

<sup>7</sup> July 1, 2003 to June 30, 2004 represents what is referred to as Charge Back Year (CBY) 2004.

<sup>8</sup> The two data files provided were extracts of the National Case Management File (NCMF) and the Automated Compensation Payment System (ACPS).

The Privacy Act of 1974, as amended, places limitations on the use of records. According to the Privacy Act, "...no record which is contained in a system of records may be disclosed to a recipient agency or non-Federal agency for use in a computer matching program except pursuant to a written agreement between the source agency and the recipient agency or non-Federal agency...."<sup>9</sup> However, the term "matching program" does not include "...matches performed to support any research or statistical project, the specific data of which may not be used to make decisions concerning the rights, benefits, or privileges of specific individuals."<sup>10</sup> This applies to our computerized comparison of data, which was performed for research and statistical purposes only. See Appendix B - Scope and Methodology.

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<sup>9</sup> 5 U.S.C. § 552a(o)(1).

<sup>10</sup> 5 U.S.C. § 552a(a)(8)(B)(ii).

# Results of Evaluation

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We determined 1,795 out of 26,057 individuals (6.9 percent) earned wages and received compensation for lost wages in CY 2004. These individuals were classified by OWCP as long-term disabled recipients who have no wage earnings capacity or reemployment potential for the indefinite future; or, their reemployment or earnings capacity had not yet been determined. The risk of improper compensation for lost wages increases when a recipient who is considered to have a long-term disability without wage earnings capacity then earns wages. Although 1,795 individuals were identified, we did not review their individual case files to determine whether improper payments occurred.<sup>11</sup>

DOL reported that a possible reason individuals without an earnings capacity or an undetermined earnings capacity are possibly earning wages was because:

*...Claims Examiners are not consistently following up with claimants to ensure that a Form CA-1032<sup>12</sup> is received annually for each claimant, as applicable; however, payments continued to be made to non-responsive claimants.<sup>13</sup>*

The total amount of compensation for lost wages paid to these individuals in CY 2004 was \$48,751,751. The total amount of wages earned by these individuals in CY 2004 was \$12,607,480.<sup>14</sup> The wages ranged from about \$100 to \$115,502.<sup>15</sup> See Chart 1.

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<sup>11</sup> Use and disclosure of wage and earnings information is regulated under the Internal Revenue Code, 26 U.S.C. § 6103. DOL is required to obtain consent from FECA recipients for the disclosure of wage and earnings information maintained by SSA for FECA income verification purposes. See 20 C.F.R. § 10.527.

<sup>12</sup> Form CA-1032 is an annual request by DOL for a FECA recipient to disclose: 1) all employment for which recipients received a salary, wages, income, sales commissions, piecework, or payment of any kind. This includes military forces of the United States, including the National Guard, Reserve component, or other affiliates. Also, recipients must report the value of things such as housing, meals, clothing, and reimbursement expenses that were received as part of employment; 2) self-employment or involvement in business enterprises; and 3) ownership interest in any business enterprise.

<sup>13</sup> U.S. DOL – Office of Inspector General - Office of Audit, *Service Auditors Report on the Integrated Federal Employees Compensation System* (22-06-011-04-431) dated September 29, 2006.

<sup>14</sup> This represents amounts earned by recipients stated in the “earnings” field of the Master Earnings File (MEF). The earnings are from regular wages reported on IRS Form W-2 and self-employment activities.

<sup>15</sup> Of the 1,795 recipients noted in this comparison, 181 earned wages that were less than \$100. These wages ranged from \$.38 to \$99.

## CHART 1 - Wages Earned by Recipients

Total Recipients	.38 - \$500	\$501 - \$10,000	\$10,001 - \$25,000	\$25,001 - \$50,000	\$50,001 - \$100,000	\$100,001 and Greater
1795	538	871	247	111	27	1

We sampled 78 of the 1,795 recipients to trace their name, address, employer's identification and CY 2004 earnings to their Internal Revenue Service Form W-2 to gain assurance that the named recipient actually earned the CY 2004 wages stated on the MEF. The name, address, employer's identification and CY 2004 earnings agreed to the W-2's of the 78 recipients.<sup>16</sup>

See Appendices E and F for details of Federal agencies of FECA recipients who earned wages and received compensation for lost wages while classified by OWCP as long-term disabled recipients who have no wage earnings capacity; or, reemployment capacity or reemployment or earnings capacity has not yet been determined. The majority of these recipients' earnings were from regular wages (see Appendix F).

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<sup>16</sup> See sampling methodology at appendix B-3

## Comparisons to Other SSA Data Bases

During our evaluation, we performed five additional analyses using the data provided by DOL OWCP. These analyses or comparisons identified:

1. recipients with a death indicator or annotated date of death on the Numident,<sup>17</sup> Death Master File (DMF),<sup>18</sup> or Master Beneficiary Record (MBR),<sup>19</sup> who received potential excess payments<sup>20</sup> in CY 2004;
2. recipients with invalid SSNs who received FECA payments in CY 2004;
3. recipients at or above full retirement age (FRA)<sup>21</sup> who received compensation payments in CY 2004;
4. recipients with a closed case status code prior to CY 2004 who received compensation payments in CY 2004; and
5. the most common injuries sustained by the recipients noted in our MEF comparison.

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<sup>17</sup> The Numident, which is an electronic component of the SSA record system, Master Files of Social Security numberholders and SSN Applications, Social Security Administration/Office of Systems (SSA/OS), 60/0058, is a record of identifying information (such as name, date of birth, date of death, mother's maiden name, etc.) provided on SSN applications, and other pertinent enumeration information. 71 Federal Register (FR) 1796, 1815-1816 (Jan. 11, 2006).

<sup>18</sup> The DMF contains death information reported by various sources.

<sup>19</sup> The MBR contains information about each claimant who has applied for retirement, survivors, or disability benefits or who is to be enrolled in the Hospital Insurance or Supplementary Medical Insurance program. For example, the MBR contains claimant's name, date of birth, gender, etc. MBR, SSA/Office of Retirement and Survivors Insurance Systems (ORSIS), 60-0090. 71 FR 1796, 1826-1827 (Jan. 11, 2006).

<sup>20</sup> We define potential "excess payments" as compensation for lost wages, monetary awards for medical care, vocational rehabilitation, or survivor's compensation and other compensation payments paid to individuals after their annotated date of death. The term "excess payments" was defined by the DOL/OIG in its 1998 audit report, *FECA Excess Payment Recovery Procedures Need Improvement*, No. 03-98-003-04-431 (available at [www.oig.dol.gov/public/reports/oa/1998/03-048-003-04-431s.htm](http://www.oig.dol.gov/public/reports/oa/1998/03-048-003-04-431s.htm)), as compensation benefit payments issued subsequent to a FECA recipient's death.

<sup>21</sup> FRA is the age at which unreduced retirement (old-age), spouses, or widow(er)'s benefits may be paid. FRA for retirement or spouse's benefits is age 65 (if born 9/1/1938 and earlier. This would make the recipient 65 at 1/1/2004) (SSA POMS RS 00615.003 – Full Retirement Age). For our evaluation we only reviewed recipients with a date of birth of 9/1/1938 and earlier.



The results of these additional analyses are as follows:

## Death Indicator

Two hundred forty four recipients had a death indicator or an annotated date of death on their Numident, DMF or MBR prior to CY 2004 and received potential excess payments in CY 2004.

We did not verify whether these recipients were deceased. However, SSA verifies the death of Social Security beneficiaries by either obtaining a death certificate, or a statement of death by a funeral director. Also, verification is performed through receiving an Electronic Death Registration of state death records, death records from the Department of Veterans Affairs and the Centers for Medicare and Medicaid Services. A determination of a recipient's death status is performed to ensure that all Social Security benefits to deceased beneficiaries are terminated when appropriate.

It is DOL's practice that:

*...upon notification of the death of a FECA claimant, the district office is to immediately terminate compensation benefits in the Automated Compensation Payment System (ACPS).<sup>22</sup>*

However, DOL indicated, a possible reason why recipients may be receiving excess payments after their date of death could be:

*...excess payments were made because FECA [DOL]<sup>23</sup> had not been timely notified of a claimant's death, or upon notification of a claimant's death, FECA failed to promptly terminate compensation benefit payments.... Therefore, ...FECA's failure to promptly terminate compensation benefit payments resulted in additional excess payments being made.<sup>24</sup>*

The total amount of excess payments made to these individuals was \$1,940,729. The payments ranged from \$183 to \$146,490. See Appendix G for detail of Federal agencies recipients with a date of

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<sup>22</sup> DOL/OIG in its 1998 audit report, *FECA Excess Payment Recovery Procedures Need Improvement*, No. 03-98-003-04-431.

<sup>23</sup> In this quote "FECA" means the U.S. Department of Labor's Office of Workers' Compensation Programs, Employment Standards Administration.

<sup>24</sup> See footnote 21.

death annotated on their Numident, DMF, or MBR, who received potential excess payments.

## **Invalid and Incorrect SSNs**

Of the 57,268 recipient cases, we noted 34 recipient cases with invalid SSNs and approximately 1,000 cases with incorrect SSNs.

Invalid SSNs are SSNs that were never issued by SSA. They can be a result of input errors, or Claim Examiners entering invalid SSNs to facilitate claims processing when an individual's SSN is not available. An example of an invalid SSN entered to facilitate a claim would be 123-45-6789. Total compensation paid to the 34 invalid SSNs in CY 2004 was \$516,625.

Incorrect SSNs represent recipients whose name (as reported by DOL) is associated with an SSN that does not match the name. Total compensation paid to the 1,000 incorrect SSNs in CY 2004 was \$20,141,875.

In a 2000 audit report, DOL reported instances of incorrect SSNs:

*Almost 5 percent of the Social Security numbers (SSNs) in our sample taken from OWCP's benefit payment system were incorrect.<sup>25</sup>*

The total amount of compensation paid to recipients with invalid or improper SSNs in CY 2004 was \$20,658,500. The payments ranged from \$46 to \$98,290. Invalid and incorrect SSNs pose a risk that individuals could receive benefit payments under a false identity.

## **Full Retirement Age**

We determined 15,439 individuals were at FRA and received compensation for lost wages, monetary awards for medical care, vocational rehabilitation, or survivor's compensation and other compensation payments in CY 2004. Total FECA compensation paid to these recipients in CY 2004 was \$400,662,356. Of these individuals, 11,849 (76.7 percent) received SSA Title II retirement benefits in CY 2004. Total SSA Title II retirement benefits paid to these individuals in CY 2004 was \$91,680,044. Receipt of Social Security benefits is an indicator that FECA recipients may be retired.

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<sup>25</sup> DOL/OIG in its 2000 audit report, *Automated Crossmatches with SSA Would Result in Program Savings*, No. 03-00-008-004-431.

Presently, there is no DOL policy restricting or reducing FECA compensation upon the attainment of retirement age.

Federal agencies have argued for many years that once FECA beneficiaries reach what would have been their normal retirement eligibility point, those persons should be switched to the retirement rolls. FECA-related costs are charged back to the employing agency, limiting the money it has available for other purposes, where annuity costs are borne by the Federal retirement trust fund. FECA benefits typically exceed Federal retirement benefits because they are tax free, which constitutes an incentive for individuals to remain on FECA past when they would otherwise have retired.<sup>26</sup>

Three thousand five hundred ninety recipients (23 percent) never applied for Title II retirement benefits; therefore no MBR will exist for these recipients.<sup>27</sup>

## **Other Information**

### **Closed Cases**

Two hundred seventy three recipient cases that were closed prior to CY 2004 received FECA payments in CY 2004. The dates that the cases were closed ranged from CY 1980 to CY 2003. The total amount of FECA compensation paid to these recipients was \$2,164,746. The payments ranged from \$7 to \$45,458. According to DOL's definition of a closed case, all entitled benefits have been paid and no further payments are anticipated, therefore, no payment should be made to closed cases. Because these recipients' cases are closed, we cannot determine the type of payment made to them in CY 2004.

### **Injury Type**

The most common injuries sustained by the 1,795 recipients noted in our MEF comparison were back injuries (32 percent). See Appendix H for a detailed breakdown of injuries sustained by 1,795 FECA recipients noted in our MEF comparison.

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<sup>26</sup> This wording was derived from FedWeek magazine (online internet article); "Retirement Provision a Sore Point" posted March 7, 2007, accessed March 22, 2007.

<sup>27</sup> Some recipients may not be eligible for Title II retirement benefits because they are eligible for pension benefits under the Civil Service Retirement System therefore they may have never applied for SSA (Title II) benefits.

## Conclusion

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Based on the results of our analyses, the potential exists for a substantial amount of improper payments to occur and continue to be paid if Federal agencies do not implement corrective action to improve oversight and monitoring of their FECA programs. Unfortunately, because of restrictions of the Computer Matching Privacy Protection Act of 1988 (CMPPA)<sup>28</sup> we cannot communicate the identities of the individuals noted in our comparisons. DOL/OIG stated, “DOL recognizes a legislative change is needed because the Privacy Act of 1974 prohibits agencies, including SSA, from disclosing earnings without claimant’s authorization. DOL’s FY 2008 budget request includes proposed legislative reform of the FECA.” We believe the OIGs should work with their respective agencies to resolve the issues identified in this report.

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<sup>28</sup> The CMPPA amended the Privacy Act by describing the manner in which computer matching involving Federal agencies could be performed and by adding certain protections for individuals applying for and receiving Federal benefits. 100 P.L. 503, 102 Stat. 2507 (1988) (see fn. 8 and 9, supra, and accompanying text).

# Appendices

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APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Data Reliability, Internal Controls, and Review Standards

APPENDIX D – Participating Agencies – Federal Workers Compensation Costs for CBY 2004

APPENDIX E – Recipients Without or an Undetermined Wage Earnings Capacity Who Earned Wages

APPENDIX F – Types of Earnings Breakdown for the 1,795 Recipients Noted in the Master Earnings File Comparison

APPENDIX G – Recipients Annotated as Deceased Prior to CY 2004 That Received Potential Excess Payments

APPENDIX H – Frequency of Injury by Body Part for the 1,795 Recipients Noted in the Master Earnings File Comparison

### Acronyms

ACPS	Automated Compensation Payment System
CBY	Charge Back Year
CMPPA	Computer Matching Privacy Protection Act
CY	Calendar Year
DMF	Death Master File
DOL	Department of Labor
FECA	Federal Employees' Compensation Act
FFY	Federal Fiscal Year
FR	Federal Register
FRA	Full Retirement Age
IRS	Internal Revenue Service
MEF	Master Earnings File
MBR	Master Beneficiary Record
NCMF	National Case Management File
Numident	Numident Master File
OIG	Office of Inspector General
ORSIS	Office of Retirement and Survivors Insurance Systems
OS	Office of Systems
OSR	Office of System Requirements
OWCP	Office of Workers' Compensation Programs
SSA	Social Security Administration
SSN	Social Security Number
U.S.C.	United States Code
USPS	United States Postal Service

### Scope and Methodology

The Department of Labor (DOL), Office of Inspector General assisted in providing two data files from the Office of Workers' Compensation Programs (OWCP) containing Federal Employees' Compensation Act (FECA) recipient data. The data files included case management and Calendar Year (CY) 2004 compensation payment information. The FECA recipients were compared to Social Security Administration's (SSA) Numident Master File (Numident),<sup>1</sup> Death Master File (DMF),<sup>2</sup> Master Earnings File (MEF),<sup>3</sup> and Master Beneficiary Record (MBR).<sup>4</sup> A description of the data files, and methodologies used to perform our comparisons and analyses follow:

#### Data Files

Case Management File<sup>5</sup> – This file contains general case information for all active and inactive FECA recipients. The types of information included are the recipient's name, address, Social Security number (SSN), type of injury, date of injury, etc. There are approximately 1.1 million recipient cases included in the file. These cases represent 766,953 individuals.<sup>6</sup>

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<sup>1</sup> The Numident, which is an electronic component of the SSA record system, Master Files of Social Security numberholders and SSN Applications, Social Security Administration/Office of Systems (SSA/OS), 60/0058, is a record of identifying information (such as name, date of birth, date of death, mother's maiden name, etc.) provided on SSN applications, and other pertinent enumeration information. 71 Federal Register (FR) 1796, 1815-1816 (Jan. 11, 2006).

<sup>2</sup> The DMF contains death information reported by various sources.

<sup>3</sup> The MEF, formally known as the Earnings Recording and Self-Employment Income System, Social Security Administration/Office of Systems, SSA/OS, 60-0059, contains identification, wage, and earnings information for Social Security numberholders. 71 FR 1796, 1819-1820 (Jan. 11, 2006).

<sup>4</sup> The MBR contains information about each claimant who has applied for retirement, survivors, or disability benefits or who is to be enrolled in the Hospital Insurance or Supplementary Medical Insurance program. For example, the MBR contains claimant's name, date of birth, gender, etc. MBR, SSA/Office of Retirement and Survivors Insurance Systems, 60-0090. 71 FR 1796, 1826-1827 (Jan. 11, 2006).

<sup>5</sup> This case information was extracted from DOL's National Case Management File (NCMF). This file was updated as of June 30, 2005.

<sup>6</sup> An individual could have more than one case.

CY 2004 Compensation File<sup>7</sup> - This file contains CY 2004 compensation payment data for 59,163 recipient cases on the periodic roll.<sup>8</sup>

We merged the Case Management and CY 2004 Compensation files. We combined these files to obtain a complete FECA record for each recipient for CY 2004. During this process we encountered the following problems:

1. Case numbers that could not be matched between the case management file and the compensation file. There were 858 of these instances.
2. SSNs that were 1) invalid, never issued by SSA; or 2) incorrect, representing recipients whose name (as reported by DOL) is associated with an SSN that does not match the name. There were 34 recipient cases with invalid SSNs and approximately 1,000 cases with incorrect SSNs.

As a result, we obtained CY 2004 case management and compensation payment information for 57,268 recipient cases on the periodic roll. These cases represent 56,643 individuals. Using the merged file, we determined 26,057 of 57,268 FECA recipient cases were classified by the OWCP as PN or PR<sup>9</sup> for the entire CY 2004.

### **MEF Comparison**

We compared 26,057 FECA recipient cases (which represent 25,865 individuals) included in the merged file and classified by OWCP as PN and PR for the entire CY 2004 to SSA's MEF to determine if there were recipients who earned wages and received compensation for lost wages.

### **DMF Comparison**

We compared 56,643 FECA individuals included in the compensation file to SSA's Numident, DMF, and MBR to determine if they had a death indicator or annotated date of death prior to CY 2004.

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<sup>7</sup> This compensation information was extracted from DOL's Automated Compensation Payment System (ACPS).

<sup>8</sup> The periodic roll is compensation for wage loss reserved for cases that involve clearly defined and well established long-term disability, early in the life of the case. Periodic roll payments may be made in both traumatic injury and occupational disease cases. These recipients are annotated in the ACPS file as Roll Type "P", denoting the recipient is on the periodic roll. The case status codes of the recipients cases provided to us by OWCP with the assistance of DOL/OIG were UD, MC, DR, PR, PS, PN, PW, DE, ON, OP, C1, C3, C4, C5, RT, and CL.

<sup>9</sup> Of the 26,057, there were 11,171 PNs (43 percent) and 14,886 PRs (57 percent).



## Numident Comparison

We compared the SSNs of 56,643 individuals included in the CY 2004 compensation file to SSAs Numident to determine if the individuals' SSNs were valid and correct.

## Recipients at Full Retirement Age

We extracted recipient cases that were at or above full retirement age (FRA)<sup>10</sup> from the merged file of 56,643 recipient cases. The basis of our extraction was to select recipients born on or before September 1, 1938.

## Closed Cases

From the total population of 57,268 recipient cases contained on the compensation file we extracted recipients with a closed case status code<sup>11</sup> dated prior to CY 2004.

## Frequency of Injuries

We counted the type of injury codes annotated by DOL for the 1,795 recipients noted in our MEF comparison. We then sorted the codes and categorized the injuries into seven categories: Back, Arms, Legs, Injury Other, Head, Middle Body, and Internal Organs.

## Sampling Methodology

To gain assurance that the 1,795 recipients noted in our MEF comparison actually earned wages in CY 2004, we sampled 50 recipients from a population of 1,229 who earned between \$501 and \$50,000. We also reviewed all 28 recipients who earned greater than \$50,000. For these 78 recipients, we traced their names, addresses, and CY 2004 earnings to their Internal Revenue Service Form W-2.

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<sup>10</sup> FRA is the age at which unreduced retirement (old-age), spouses, or widow(er)'s benefits may be paid. FRA for retirement or spouse's benefits is age 65 (if born 9/1/1938 and earlier would make the recipient 65 at 1/1/2004) (SSA POMS RS 00615.003 – Full Retirement Age). For our evaluation we only reviewed recipients with a date of birth of 9/1/1938 and earlier.

<sup>11</sup> The status codes for closed cases are C1, C2, C3, C4, C5, CL and RT. OWCP defines these codes as follows: **C1** – Accepted. No further payments anticipated. No time lost from work; **C2** – Accepted. No further payments anticipated. Time lost covered by leave. Leave not repurchased; **C3** – Benefits denied; **C4** – Entitled to continuation of pay accepted. Pay was continued for time lost from work. No further payments anticipated; **C5** – Previously accepted for benefits. All benefits paid; **CL** – Administrative closure, and **RT** – Retired or waiting for retirement.

# Data Reliability, Internal Controls and Review Standards

We determined the computer-processed data to be sufficiently reliable for its intended use. We tested the Social Security number (SSN) data element included in the Office of Workers' Compensation Programs data files obtained with the assistance of the U.S. Department of Labor (DOL), Office of Inspector General (OIG). The test performed determined the accuracy, and validity of the SSNs. We did not review recipient case files to determine if any additional Federal Employees' Compensation Act data provided by the DOL's OIG was accurate, complete and valid.

The data elements obtained from the Numident Master File (Numident),<sup>1</sup> Death Master File (DMF),<sup>2</sup> Master Earnings File (MEF),<sup>3</sup> and Master Beneficiary Record (MBR)<sup>4</sup> used for our comparisons were sufficiently reliable. Any data limitations were minor and should not lead to an incorrect or unintentional message.

We did not assess individual Federal agencies internal controls used to administer its FECA program. We performed our fieldwork from September 2006 through February 2007. Our evaluation was conducted in accordance with the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

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<sup>1</sup> The Numident, which is an electronic component of the SSA record system, Master Files of Social Security numberholders and SSN Applications, Social Security Administration/Office of Systems (SSA/OS), 60/0058, is a record of identifying information (such as name, date of birth, date of death, mother's maiden name, etc.) provided on SSN applications, and other pertinent enumeration information. 71 FR 1796, 1815-1816 (Jan. 11, 2006).

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<sup>4</sup> The MBR contains information about each claimant who has applied for retirement, survivors, or disability benefits or who is to be enrolled in the Hospital Insurance or Supplementary Medical Insurance program. For example, the MBR contains claimant's name, date of birth, gender, etc. MBR, SSA/Office of Retirement and Survivors Insurance Systems, 60-0090. 71 FR 1796, 1826-1827 (Jan. 11, 2006).

## Participating Agencies - Federal Workers Compensation Costs for Charge Back Year 2004

<b>Agency</b>	<b>Federal Workers Compensation Costs Paid in Charge Back Year (CBY) 2004<sup>(1)</sup></b>	<b>Number of Employees</b>
United States Postal Service	852 Million	790,000
Department of the Navy	245 Million	176,768
Department of the Army	177 Million	202,357
Department of Veterans Affairs	155 Million	237,384
Department of the Air Force	129 Million	164,178
Homeland Security TSA	121 Million	50,000
Department of Transportation	92 Million	55,000
Department of Justice	74 Million	105,000
Department of Defense	63 Million	700,000
Tennessee Valley Authority	58 Million	13,000
Department of Interior	57 Million	70,500
Social Security Administration	23 Million	64,400
Department of Labor	19 Million	17,000
General Services Administration	15 Million	12,579
Department of Commerce	14 Million	35,000
Peace Corps <sup>(2)</sup>	11 Million	8,000
Department of Housing and Urban Development	8 Million	10,000
Railroad Retirement Board	142,000	1,000

Source: U.S. Department of Labor

**Note**

(1) Charge Back Year 2004 represents the time period of July 1, 2003 through June 30, 2004.

(2) The 8,000 stated as "Number of Employees" actually represent volunteers for the Peace Corps.

## Appendix E

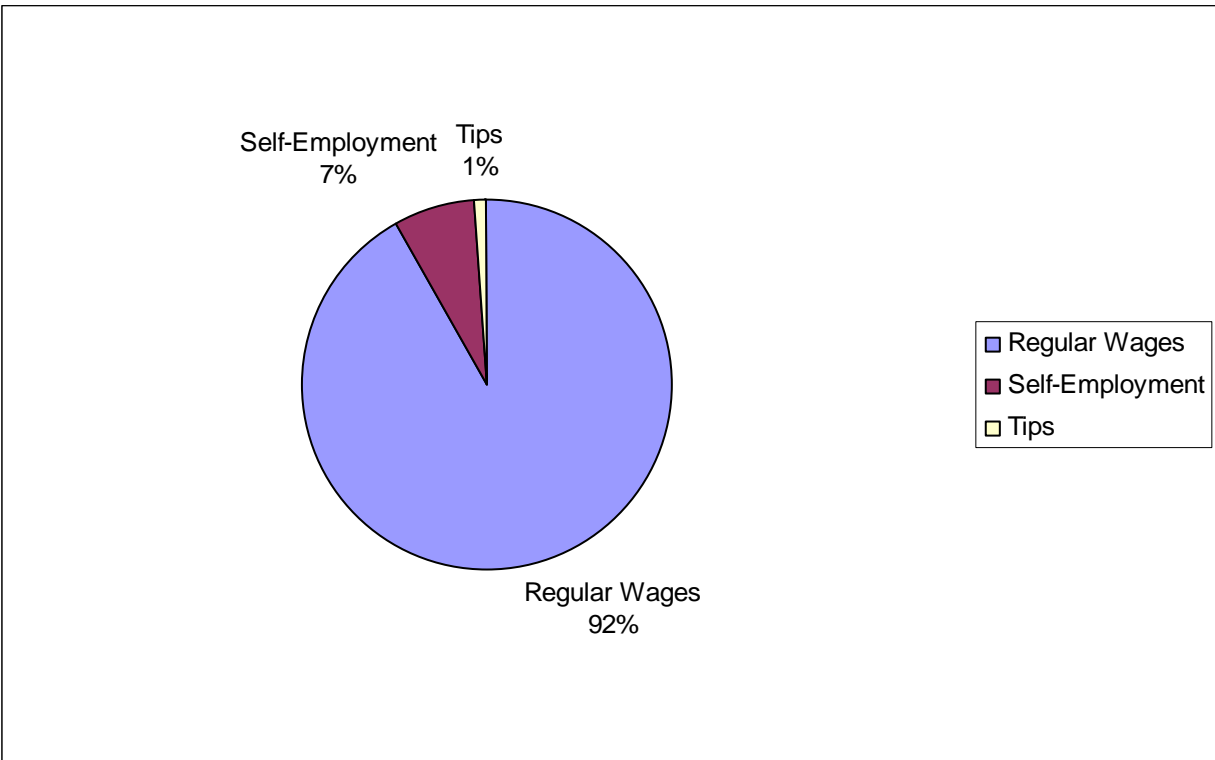
### Recipients Without or an Undetermined Wage Earnings Capacity Who Earned Wages

	<b>Agency</b>	<b>Recipients Without Wage Earnings Capacity or Wage Earnings Capacity Has Not Been Determined Who Earned Wages</b>	<b>Total Paid for Compensation for Lost Wages in CY 2004</b>
1	UNITED STATES POSTAL SERVICE	876	\$22,102,148
2	DEPARTMENT OF VETERANS AFFAIRS	117	\$3,082,919
3	DEPARTMENT OF HOMELAND SECURITY	107	\$2,971,450
4	DEPARTMENT OF THE ARMY	106	\$2,792,253
5	DEPARTMENT OF THE NAVY	106	\$2,633,747
6	DEPARTMENT OF JUSTICE	76	\$3,360,884
7	DEPARTMENT OF THE AIR FORCE	58	\$1,611,207
8	DEPARTMENT OF TREASURY	51	\$1,556,438
9	DEPARTMENT OF INTERIOR	42	\$1,060,828
10	DEPARTMENT OF AGRICULTURE	39	\$912,878
11	DEPARTMENT OF DEFENSE	34	\$934,905
12	DEPARTMENT OF HEALTH and HUMAN SERVICES	26	\$762,727
13	SOCIAL SECURITY ADMINISTRATION	21	\$525,730
14	DEPARTMENT OF TRANSPORTATION	21	\$1,089,404
15	GENERAL SERVICES ADMINISTRATION	19	\$654,144
16	DEPARTMENT OF COMMERCE	16	\$230,094
17	PEACE CORPS	13	\$222,000
18	SMITHSONIAN INSTITUTION	8	\$204,962
19	GOVERNMENT PRINTING OFFICE	8	\$267,712
20	ARCHITECT OF THE CAPITOL	7	\$197,549
21	FEDERAL JUDICIARY	6	\$249,171
22	TENNESSEE VALLEY AUTHORITY	6	\$213,382
23	DEPARTMENT OF LABOR	5	\$179,473
24	ENVIRONMENTAL PROTECTION AGENCY	4	\$210,025
25	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	4	\$145,611
26	AGENCY NO LONGER EXISTS	3	\$119,765
27	OTHER AGENCIES (1)	16	\$460,342
	<b>Total</b>	<b>1795</b>	<b>\$48,751,751</b>

**Not  
e**

(1) This line represents 13 other Federal agencies who had either one or two recipients without wage earnings capacity or wage earnings capacity has not been determined and earned wages.

## Types of Earnings Breakdown for the 1,795 Recipients Noted in the Master Earnings File Comparison



## Appendix G

### Recipients Annotated as Deceased Prior to Calendar Year 2004 that Received Potential Excess Payments

	Agency	Recipients Annotated as Deceased That Received FECA Compensation	Total Compensation for Lost Wages Paid in CY 2004 to Recipients Annotated as Deceased
1	UNITED STATES POSTAL SERVICE	54	\$448,810
2	DEPARTMENT OF THE NAVY	44	\$348,107
3	DEPARTMENT OF THE ARMY	28	\$215,307
4	AGENCY NO LONGER EXISTS	5	\$182,230
5	DEPARTMENT OF VETERANS AFFAIRS	23	\$124,300
6	DEPARTMENT OF THE AIR FORCE	14	\$90,695
7	DEPARTMENT OF STATE	2	\$68,796
8	DEPARTMENT OF TRANSPORTATION	8	\$60,574
9	DEPARTMENT OF AGRICULTURE	10	\$54,484
10	DEPARTMENT OF INTERIOR	9	\$44,323
11	GENERAL SERVICES ADMINISTRATION	4	\$44,244
12	TENNESSEE VALLEY AUTHORITY	9	\$42,182
13	DEPARTMENT OF COMMERCE	4	\$40,751
14	DEPARTMENT OF HOMELAND SECURITY	7	\$36,789
15	SOCIAL SECURITY ADMINISTRATION	2	\$33,014
16	DEPARTMENT OF DEFENSE	4	\$28,653
17	DEPARTMENT OF HEALTH AND HUMAN SERVICES	5	\$16,402
18	FEDERAL HOME LOAN BANK BOARD	1	\$16,143
19	DEPARTMENT OF JUSTICE	2	\$12,640
20	PEACE CORPS	2	\$11,242
21	DEPARTMENT OF THE TREASURY	1	\$8,960
22	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	2	\$5,706
23	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	1	\$2,447
24	SMITHSONIAN INSTITUTION	1	\$2,185
25	SMALL BUSINESS ADMINISTRATION	1	\$1,447
26	ARCHITECT OF THE CAPITOL	1	\$302
	<b>Total</b>	<b>244</b>	<b>\$1,940,729</b>

**Frequency of Injury by Body Part for the  
1,795 Recipients Noted in the Master Earnings File  
Comparison (illustrating percentage by body part)**

