



Office of Inspector General

Protocol Package For Veterans Integrated Service Network (VISN) Workers' Compensation Program (WCP) Case Management and Fraud Detection

This protocol package was developed to provide a methodology for enhanced VISN level review and oversight of WCP claims. The package includes an automated analysis of WCP claims that prioritizes cases for review, discusses best practices and other tools that can be used to enhance case management, and provides review instructions and worksheets to aid in case review efforts.

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Office of Inspector General
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FOREWORD

The Office of Inspector General (OIG) is committed to reducing fraud, waste, and abuse in the Department of Veterans Affairs (VA) Workers' Compensation Program (WCP). It is my pleasure to provide the Veterans Health Administration (VHA) with this protocol package for reviewing WCP claims. This package was developed to provide the Veterans Integrated Service Networks (VISN) with an effective methodology to enhance review and oversight of WCP claims and reduce annual VHA costs that totaled about \$133 million for Charge Back Year 1998.

During the last year, the Office of Inspector General (OIG) has been engaged in a review of VA's WCP. During this effort we have applied a three step approach: a comprehensive national audit; a joint investigative/audit fraud detection effort; and the development of this protocol package. The national audit project focused on the effectiveness of VA's case management associated with WCP claims. The Report of Audit of VA's Workers' Compensation Program Cost was issued on July 1, 1998. The report found that while VA has made improvements in the WCP area, the Department continues to be at risk for program fraud, abuse, and unnecessary costs. The report identified the opportunity for VA to reduce its future WCP costs by about \$247 million with enhanced case management. (A copy of the report is available on the Office of Audit web site at <http://www.va.gov/oig/52/reports/mainlist.htm> List of Available Reports.)

A joint OIG investigative/audit fraud detection effort continues with work that has focused on cases in VISN 2 and 22. This effort resulted in a very positive and productive teaming effort between the OIG and these VISNs that identified opportunities for reduced WCP costs and program fraud. Additionally, VISN staff played a key role in the development of this protocol package. The results of this effort showed that VA's risk for fraud, abuse, and unnecessary WCP costs can be reduced with effective review and oversight of WCP claims. The significant results of the VISN 2 and 22 review effort is presented in Appendix IV.

Based on work that was completed during the audit and at VISN 2 and 22, this protocol package was developed to provide a methodology for enhanced VISN level review and oversight of WCP claims. Key aspects of this review methodology include:

- Identification of best practices and other tools that can be used to enhance case management and reduce program costs. (See details in Appendix II.)*
- Automated case targeting package for each VISN that prioritizes cases for review that have the highest opportunity for potential removal from the rolls and identification of fraudulent claims. (See details in Appendix III.)*
- Case review instructions and worksheets to organize the start of review efforts. (See details in Appendix VI.)*

In addition to this protocol package we also developed a handbook to aid individual WCP Coordinators and Specialists with day to day case management and fraud detection. Although the handbook was developed to enhance review of VHA WCP claims, because they account for about 95 percent of the Department's WCP cost, the same methodology can be applied to all Department elements (e.g., Veterans Benefits Administration, National Cemetery Administration, etc.). The methodology presented in this handbook was tested in VISN 2 and 22 with very successful results that are discussed in this protocol package.

Use of this protocol package and handbook should help VHA better identify potential fraud, waste, and abuse, and reduce WCP costs. Also, this package can be used as a good starting point for completing the Department-wide review of open/active WCP cases recommended in our July 1998 audit report. If you need any additional information or assistance in using this package, please contact Stephen Gaskell, Director, Central Office Operations Division at 202-565-4098 or James Farmer, Project Manager at 202-565-8457. If you need additional information or assistance on referring suspected fraudulent claims, please contact James Gaughran, Program Director, Benefits Fraud at 202-565-8595.

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PROTOCOL PACKAGE METHODOLOGY

Automated Analysis of Workers' Compensation Claims Can Significantly Aid in Identifying Fraud and Reducing Program Cost

While VA has made improvements in the Workers' Compensation Program (WCP) area, recent Office of Inspector General (OIG) audits and investigations have found that the Department is still at risk for program fraud, abuse, and unnecessary costs. As a result, the OIG has developed this protocol package to aid in reducing program costs and identifying fraudulent WCP claims. This protocol package contains an automated analysis of WCP claims as well as instructions on how to review WCP cases for identifying potential fraud. The automated analysis of WCP claims provides a basis to prioritize cases for review and identify cases most likely to be fraudulent based on indicators developed during recent OIG initiatives in this program area. The protocol package was developed to enhance review of Veterans Health Administration (VHA) WCP claims because they account for about 95 percent of the Department's WCP cost. However, the same methodology can be applied to all Department elements (e.g., Veterans Benefits Administration, National Cemetery Administration, Veterans Canteen Service, etc.). The methodology presented in this protocol package was tested in the Veterans Integrated Service Networks (VISN) 2 and 22, with very successful results. The VISN 2 and 22 review results showed that VA's risk for fraud, abuse, and unnecessary WCP costs can be reduced with effective review and oversight of WCP claims.

Recent OIG Audits and Investigations of VA's WCP Show That VA is at Risk for Program Fraud, Abuse, and Unnecessary Costs

Two prior OIG audits in 1985 and 1992 found that a lack of effectively returning injured employees back to work and monitoring of long-term cases resulted in higher WCP costs. WCP cost had reached \$116 million by 1992 or \$18 million higher than the 1985 OIG projection. Additionally, a 1995 joint OIG Office of Investigations and VHA effort in the New York City area resulted in 14 indictments and 13 convictions for fraudulent WCP claims. Fines and restitution ordered totaled over \$500,000 and lifetime savings¹ from removal of the claimants from the WCP rolls will be about \$4.3 million. As a result of these efforts, the OIG has engaged in reviewing this program area by applying a three step approach: (1) a comprehensive national audit, (2) a joint investigative/audit fraud detection effort, and (3) the development of this protocol package.

The OIG national audit of WCP cost completed in 1998 found that improvements had been made and WCP costs had decreased, but there was still a lack of effective case management at some facilities. As a result, the Department was at risk for fraud, abuse, and unnecessary program costs. Based on a national statistical sample of active cases in Charge Back Year (CBY) 1996, we estimated that \$17.5 million in WCP compensation costs could have been potentially avoided by returning employees back to work and/or removing employees from the WCP rolls. We also

¹ Lifetime saving are calculated by multiplying the number of years until the claimant reaches age 70 by the compensation cost received in the applicable Charge Back Year and usually does not include medical expenses or costs.

estimated a future lifetime cost avoidance of about \$247 million in reduced WCP compensation benefits over the next 18 years. Additionally, we estimated that in CBY 1996 there were 567 fraudulent WCP cases totaling about \$9 million based on our national sample results.

OIG Experience Shows That Potential WCP Fraud Can Be Profiled

Our audit and investigative experience has shown that potential WCP fraud can be profiled using selected case attributes or “red flags”. Identification of these red flags range from analysis of automated data to detail discussions with appropriate facility staff and/or review of WCP claim and personnel files. Examples of red flags that can be identified through analysis of automated data are:

- High compensation costs with little or no medical costs.
- Claimant lives out-of-state or has a post office box address.
- Old WCP case.

Examples of red flags that can be initially identified through analysis of automated data but are also dependent on local economies or other factors are:

- Claimant has marketable job skills.
- Soft tissue injuries such as lower back injuries.
- History of WCP claims.

Examples of red flags that can only be identified by review of WCP claim and personnel files and/or discussions with appropriate facility staff are:

- Employees that are about to be terminated or have an adverse personal action taken.
- Temporary or seasonal work about to end.
- Tips from facility employees or other sources such as local newspapers.

(A detail discussion of the automated analysis of claims is presented in Appendix III on pages 21 – 25. A detail discussion on red flags is presented in Appendix VI on pages 47 - 48.)

Methodology Used in the Development of This Protocol Package Was Successfully Tested in VISN 2 and 22

Using the red flags identified by our audit and investigative efforts, we developed methodologies for identifying questionable and potential fraudulent WCP claims. Through initial analysis of CBY 1996 WCP data and discussions with VHA’s Chief Network Officer, VISN 22 was selected for testing and refinement of our protocol package review methodology. At the request of the Network Officer, we also reviewed WCP claims in VISN 2 using CBY 1997 WCP data. The objectives of these initiatives were to:

- Assist VISN 2 and 22 in reducing WCP costs through identifying questionable and potential fraudulent WCP claims.

- Provide initial leadership, training, and guidance to VISN staff on effective case management and gather additional information for development of a protocol package for use by all VISNs.

Our initial case selection criteria was made through automated analysis of WCP claims that received compensation payments in a given CBY using the red flag of high compensation with little or no medical cost. Additional automated analysis was completed and used to aid in case reviews. Cases were reviewed and analyzed to identify potential fraud and to determine and/or prioritize what actions needed to be taken to remove the claimants from the WCP rolls. Our efforts included:

- Site visits to Department of Labor's (DOL) Office of Workers' Compensation Program (OWCP) District Offices in San Francisco, New York, and Jacksonville.
- Discussions with the DOL Office of Inspector General Office of Investigations.
- Discussions with the California State Insurance Fraud Division.

We eliminated all the cases where the claimant was over 65 years old or the WCP claim was less than 4 years old based on the date of injury. From the remaining records, we selected only those WCP cases with compensation payments over \$5,000 and medical payments less than \$1,500 in the CBY being reviewed. This resulted in identifying the WCP cases for our initial review. Although all WCP cases should be reviewed, the above methodology can be used to assist in prioritizing which cases to review first.

We reviewed both VA and OWCP case files using the procedures and worksheets contained in Appendix VI on pages 45 - 59. We classified the WCP cases into categories based on information obtained from our case reviews. Applying the methodologies contained in this protocol package will result in WCP claims changing category (e.g., case management issues resulted in removing claimant from WCP rolls). Therefore, these categories can be used to track the progress of actions taken on WCP cases. A brief discussion and examples of the categories follows:

- **Removal from WCP rolls** – Actions have been or could have been initiated that would result in removing a claimant from the WCP rolls. For example, when reviewing the case it is determined the claimant has work capabilities (e.g., medical report states claimant could work 6 hours a day with restrictions). Offer the claimant a job based on limitations. If there is no current medical information, then request the information from the treating physician. Ask for specific limitations and residual effects of work-related injury. If properly coordinated with OWCP, the facility will be able to make the request and prepare job description for OWCP approval. This would be classified as "removal from rolls" for the purpose of this protocol package.
- **Referrals to OIG Office of Investigations** – Review of medical reports shows indicators that the claimant is working part time or full time, yet no earnings are reported on OWCP form 1032 for the period covered in medical reports. Copies of the medical reports and the 1032 would be made and the case referred to OIG, using OIG Case Review Worksheet 3 (page 59), following procedures outlined in Appendix VII on pages 61 - 62. This case would be classified as "fraud referral" for the purpose of this protocol package.

- **Case management issues** – Review of the case finds that there is not enough information or that the information is not current so additional information is needed before a decision is made on actions to take. It is also possible that through review of VA and OWCP case files, evidence to support residual effects of work related injury can not be found or medical information that concludes there is no residual effects is found. OWCP staff could have overlooked this information. These cases would be classified as “case management” for the purpose of this protocol package.
- **Out-of-state** – A claimant from a facility in VISN 2 (upstate New York) is living in Florida. Through review of OWCP records, it has been determined that currently the file is located at the OWCP District Office in Jacksonville, FL. Follow up with this office is needed to obtain current medical and income information. This case would be classified as “out-of-state” for the purpose of this protocol package. Additionally, it may be possible that a VHA facility in Florida could offer the claimant a job which would mean the case would be classified as “removal from rolls” for the purpose of this protocol package.
- **No additional action needed** – Review of all the documentation in VA and OWCP case files shows no indicators of potential fraud and continued disability from work related injury or review of WC-MIS shows that compensation payments have stopped because the claimant has returned to work or elected disability retirement. These cases would be classified as “no actions needed” for the purpose of this protocol package.

A current summary of the VISN 2 and 22 case management review results follows. These reviews have identified a number of potential fraud cases and cases that have or will be removed from the WCP rolls. Overall, these reviews have identified potential lifetime benefit reductions in compensation payments totaling about \$45 million.

Summary of WCP Case Reviews in VISN 2 and 22

<u>Removal from WCP Rolls</u>		<u>No. of Cases</u>	<u>Annual Compensation</u>	<u>Lifetime Benefit Reductions</u>
VISN 2	Actual Removals	2	\$48,670	\$496,954
	Potential Removals	31	\$489,665	\$7,668,811
	VISN 2 Total	33	\$538,335	\$8,165,765
VISN 22	Actual Removals	14	\$299,888	\$3,656,150
	Potential Removals	14	\$237,385	\$3,073,710
	VISN 22 Total	28	\$537,273	\$6,728,860
Total Removal from Rolls		61	\$1,075,608	\$14,894,625
<u>Referrals to OIG Office of Investigations²</u>				
VISN 2		11	\$175,176	\$3,767,900
VISN 22		10	\$159,894	\$2,695,849
Total Referrals of Potential Fraud		21	\$335,070	\$6,463,749

² There are three additional cases in VISN 22, included in removal from WCP rolls category, that were also referred to the OIG Office of Investigations.

Summary of WCP Case Reviews in VISN 2 and 22 (Continued)

<u>Case Management Issues</u>	<u>No. of Cases</u>	<u>Annual Compensation</u>	<u>Lifetime Benefit Reductions</u>
VISN 2	46	\$775,454	\$9,813,423
VISN 22	50	\$860,711	\$10,469,660
Total Case Management Issues	96	\$1,636,165	\$20,283,083
<u>Out-of-State³</u>			
VISN 2	8	\$184,063	\$1,495,288
VISN 22	9	\$198,618	\$2,284,287
Total Out-of-State	17	\$382,681	\$3,779,575
<u>No Additional Action needed of this review</u>			
VISN 2	25	\$366,477	N/A
VISN 22	8	\$121,785	N/A
Total No Additional Actions	33	N/A	N/A
<u>Totals for OIG Project</u>			
VISN 2	123	\$1,673,028	\$23,242,376
VISN 22	105	\$1,756,496	\$22,178,656
Grand Totals for OIG Project⁴	228	\$3,429,524	\$45,421,032

(A detail discussion of VISN 2 and 22 case review results is presented in Appendix IV on pages 27 - 31. A detail discussion of case review instructions and worksheets used is presented in Appendix VI on pages 45 - 59.)

OIG Developed This Protocol Package to Aid VHA With WCP Case Management and in Identifying Fraudulent WCP Claims

The *Report of Audit of VA's Workers' Compensation Program Cost* issued on July 1, 1998 recommended a "one time review of all open/active WCP cases to prioritize and identify those cases where additional case management efforts could return employees back to work or otherwise remove them from the WCP rolls." This protocol package was developed to assist the Department in implementing this recommendation. Additionally, this protocol package will aid in targeting potential fraudulent WCP claims. The protocol package includes:

- Automated analysis of WCP claims that will prioritize cases for review that have the highest opportunity for potential removal of employees from the rolls and identification of fraudulent claims.

³ There were 36 out-of-state cases (19 in VISN 2 and 17 in VISN 22) that are included in other categories counts and totals. For example, contact has been made with the OWCP District Office that has jurisdiction over the claim and additional information has been requested or received.

⁴ "No. of Cases" includes 33 cases with no additional actions needed for this review; however, the annual benefits for these cases are not included in the totals.

- Review instructions and worksheets that will aid in identifying fraudulent WCP claims.
- Discussion of fraud and procedures for referring suspected fraudulent claims to the OIG.
- Discussion of best practices and other tools that can be used to aid in reducing WCP costs.

Automated Analysis of 6,513 WCP Claims That Received Compensation Payments in CBY 1997 Identified 1,705 Cases With the Highest Opportunity for Reduction in WCP Costs and Identification of Program Fraud

To achieve and maintain effective WCP case management, all active/open WCP cases need to be reviewed over time. However, given the significant number of VHA claims that need to be reviewed, the review process should initially focus on WCP cases that have the highest opportunity for identifying potential fraud and reducing program costs. This review methodology worked well for our review efforts in VISN 2 and 22 and is the same approach that we have used to prioritize case reviews that will be completed by all VISNs. To prioritize cases for review by each of the 22 VISNs, we completed an analysis of automated WCP records and categorized the 6,513 VHA WCP claims that had compensation payments in CBY 1997 into the following three groups⁵:

- **Primary file** – The 3,263 WCP records in this group have the highest potential for removal of claimants from the WCP rolls and should be reviewed first. This group includes WCP claims over 4 years old and claimants under 65 years old. Claimants that are under 65 years old could be working and not reporting their earnings, as required. Additionally, according to OWCP staff, most injuries would not generally result in extended lengths of total disabilities.

Additional automated analysis was performed on the 3,263 records in the Primary File to further reduce and prioritize the records for review. We developed a matrix based on the total amount of compensation and medical payments on individual cases in CBY 1997. Using this matrix and the red flag of high compensation with little or no medical costs, an additional cut-off of WCP claims can be established. We identified all claimants receiving more than \$5,000 in compensation in CBY with less than \$1,500 in medical costs. Using this criteria identifies 1,705 claims nationwide with the highest priority for review. We used this criteria for identifying initial cases for review in VISN 2 and 22, and believe that this would also be an appropriate starting point for other VISN reviews. Our audit results show that these cases have the highest potential to significantly reduce WCP costs and identify program fraud. (*A matrix of cases for all 22 VISNs is presented in Appendix VIII on page 63. Applicable matrixes of cases for individual VISNs is presented in Appendix V on page 33.*)

- **Claimants 65 and over file** – The 1,906 records in this group would have a lower potential for fraud because it is less likely that these employees are working and not reporting earnings as required. However, they should still be reviewed to ensure that there are residual effects of work related injuries.

⁵ There were 36 WCP claims where the claimant was 65 or older when they filed a claim for work related injury. Therefore, the total of the three categories equals more than 6,513 because these 36 cases were counted in two categories.

- **Injury occurred less than 4-years ago file** – The 1,380 records in this group have the lowest priority for review under this protocol package because case management on these claims should be current and residual effects of work related injuries are more likely to occur right after injury.

In addition to enhancing case review efforts, information provided in this protocol package can be used in a number of ways such as aiding in developing trends and comparing facility/VISN data to national data. For example, summary data such as nature of injury codes is provided for all VHA facilities and individual VISNs. This information can be used by Central Office and VISN Network Office staff to develop trends on nature of injuries to use in development of safety issues. Additionally, the claimant's occupational code is provided to identify marketable jobs skills for selected geographical areas within a VISN. Summary data for all VISNs is provided so VISN Network Offices can compare their VISN to other VISNs.

Procedures for Referring Potential Fraudulent WCP Claims to the OIG

Workers' compensation is an essential employee benefit, entitling those persons who are injured on the job to compensation while they recover; however, OIG efforts in the WCP area have shown that a small percentage of employees fraudulently submit WCP claims, or after establishment of a WCP claim, commit program fraud. WCP fraud occurs when someone knowingly and with intent to defraud, presents or causes to be presented, any written statement that is materially false and misleading to obtain some benefit or advantage. Our audit of WCP costs showed that an estimated \$9 million of CBY 1996 WCP costs could potentially be the result of program fraud. The instructions and worksheets contained in this protocol package are geared toward identifying indicators of potential WCP fraud. If potential WCP fraud is identified, the WCP Specialist should contact the OIG Office of Investigations in Washington, DC or the nearest OIG Field Office of Investigation to obtain guidance on what evidence should be collected and what needs to be included in the case referral package. *(A discussion of indicators of fraud and a listing of OIG Office of Investigations fraud referral contacts are presented in Appendix VII on pages 61 - 62.)*

VISN Level Oversight is Needed to Effectively Implement the WCP Case Review Protocol Package

VISN level oversight is needed to ensure reviews are conducted and follow up actions, when required, are taken. Our automated analysis of records identified those WCP cases that should be reviewed first because they have the highest potential for fraud and/or removal from WCP rolls. In order to achieve maximum benefits from case review efforts, appropriate resources must be provided to ensure that:

- Initial reviews are conducted to identify current issues and case status.
- Determinations are made on what actions are needed to remove a claimant from the WCP rolls.
- Follow up actions are taken to resolve issues identified by reviews.

- Actions are taken, such as offering modified duties, to remove a claimant from the WCP rolls.

Best Practices and Other Factors That Could Provide Additional Aid in Reducing WCP Costs

The most important factor for effective WCP case management and fraud detection is providing sufficient program resources. The amount of resources needed to manage the WCP will vary from facility to facility depending on the number of WCP claims at the facility; therefore, no one case management method can be applied to all facilities. However, there are key elements needed at every facility for effective WCP case management. Key case management elements include:

- Maintaining case files on all open/active WCP claims no matter how old the claim.
- Offering light or modified duty to employees as they recover from their injury. OWCP studies show that the longer an employee is off from work the harder it is to get them to return.
- Providing timely follow up actions on cases. VA has the ultimate responsibility for case management which includes following up on untimely or no actions by OWCP.
- Monitoring program areas such as “Continuation of Pay” (COP) to develop trends in potential increases or decreases in WCP cost.
- Utilizing automated WCP information systems such as VA’s Workers’ Compensation and Safety Tracker Management Information System or OWCP’s Agency Query System.

We believe that another effective way to enhance WCP management and oversight at the VISN level would be to establish a VISN WCP Coordinator to oversee facility programs and coordinate VISN initiatives, such as implementing this protocol review, with applicable OWCP District Offices. The VISN WCP Coordinator could even be located in the same city as the OWCP District Office. Someone with medical/clinical background may have a better understanding of terminology used in medical exams and reports that would allow for easier development of modified or light duty job offers. Additionally, they would be better able to develop residual effects of work related injury or disease. Our review efforts have found that some VISNs have already established or are considering establishing VISN WCP Coordinators. *(Discussions of best practices and other aids for case management is presented in Appendix II on pages 17 - 20.)*

Conclusion

This protocol package was developed to aid VHA in WCP case management and in identifying fraudulent WCP claims. The automated analysis of WCP cases will prioritize claims so the ones with the highest potential for removal from WCP rolls, and most likely to be fraudulent, are reviewed first. However, over time all active cases should be reviewed using the instructions included in the protocol package. Additionally, sufficient resources, including VISN level oversight, must be provided to ensure that enhanced case management and potential reductions in WCP costs are realized.

For More Information

- *Detail discussion of Automated analysis of WCP claims is presented in Appendix III on pages 21 - 25.*
- *Detail discussion on case review instructions and worksheets used to aid in case reviews is presented in Appendix VI on pages 45 - 59.*
- *Summary data for individual VISNs is presented in Appendix V on pages 33 - 43. Summary data for all 22 VISNs is presented in Appendix VIII on pages 63 - 72.*
- *Detail discussion on fraud and procedures for referring suspected fraud to the OIG is presented in Appendix VII on pages 61 - 62.*

OBJECTIVES, SCOPE, AND BACKGROUND

OBJECTIVES

The overall objective of developing this protocol package is to assist the Department in further reducing WCP cost by providing a structured methodology for enhancing case management and identifying potential fraudulent claims. Specific objectives were to:

- Provide a protocol package to use as a tool that facilitates efficient and effective WCP case review and analysis with emphasis on further reducing WCP cost.
- Provide guidance and direction in prioritizing WCP claims.
- Provide a systematic model for enhancing case management and identifying potential fraudulent WCP claims.

SCOPE

In CBY 1997, VHA had 22,752 active/open WCP claims with compensation and medical costs totaling about \$129 million. This protocol package focuses on the 6,513 WCP claims that received compensation payments in CBY 1997. Compensation and medical costs on these 6,513 claims total about \$120 million. The remaining 16,239 cases, that had only medical payments totaling about \$9 million in CBY 1997, were not included in our analysis.

Development of this protocol package was a joint effort between OIG and VHA. We performed some validity testing on the automated data used in our analysis and concluded that it was valid for identifying selected information on WCP claims. Although we did identify minor discrepancies with some of the data elements (such as missing occupation information), we concluded that the discrepancies were not significant and would not impact our analysis.

BACKGROUND

The Federal Employees' Compensation Act (FECA) provides compensation and medical benefits to civilian employees of the Federal government for personal injury or disease sustained while in the performance of duty. FECA also provides benefits to an employee's dependents if the work-related injury or disease results in the employee's death. Benefits provided under the FECA program constitute the sole remedy against the United States for work-related injury or disease. Additionally, under FECA, employees sustaining a traumatic injury in performance of duty are entitled to COP for up to 45 days while they recover from the injury. VA's WCP was established to administer employees' claims filed under FECA.

Legislative History

Administration of FECA was initially vested in an independent establishment known as the United States Employees' Compensation Commission. This commission was abolished and its functions were transferred to the Federal Security Agency's newly created Bureau of Employees' Compensation. In 1950, responsibility for administration of the FECA program was transferred to the DOL. Currently, the program is administered by DOL's Employment Standards Administration, Office of Workers' Compensation Programs (OWCP). The employing agency is responsible for initiation of claims and much of the case management. Guidance for these responsibilities are contained in OWCP's publication CA-810 "Injury Compensation for Federal Employees, A Handbook for Employing Agency Personnel" revised in February 1994.

OWCP Responsibilities

OWCP is responsible for adjudicating claims and making payments to claimants. OWCP provides wage replacement benefits, payment for medical treatment, vocational rehabilitation, and certain other benefits to injured workers and their dependents. The OWCP Division of Federal Employees' Compensation has responsibility for adjudicating FECA claims filed by Federal employees. In addition to payment of medical costs and compensation benefits, case management services provided by OWCP include:

- Assistance in returning to work – FECA gives injured workers the right to reclaim their Federal jobs within one year of the onset of wage loss.
- Assignment of a registered nurse to work with injured employees who cannot return to work soon after the injury.
- Referral to a medical specialist for second opinion examination when necessary or required for additional medical information.
- Vocational rehabilitation services if the employees are unable to return to work at the employing agency or in the previous job/occupation category.

OWCP makes payments related to FECA claims out of the Employees' Compensation Fund and bills the employing agency annually. The employing agency then reimburses this fund through annual operating appropriations. Additionally, OWCP provides the employing agencies a quarterly listing of payments made to claimants and service providers.

Employing Agency Responsibilities

The employing agency has no authority for approval or denial of claims filed under FECA; however, the employing agency may dispute paying of COP. This process is known as controversion of claim. There is an appeal process for injured employees if the claim is denied. However, once wage loss compensation has been approved by OWCP, the employing agency cannot controvert the decision. VA as employing agency is responsible for:

APPENDIX I

- Ensuring that appropriate agency personnel such as supervisors understand their responsibilities under FECA.
- Notifying the injured employees of their rights and obligations under FECA.
- Controverting questionable claims.
- Initiating the FECA claim and ensuring timely notification to OWCP.
- Providing and tracking COP if employees are unable to work.
- Assisting employees with returning to work as soon as possible by providing light or modified work duties.
- Monitoring the medical status of injured employees to ensure they are able to return to work as soon as possible.

The Assistant Secretary for Human Resources and Administration is responsible for providing Departmental organizations with overall program guidance. WCP administration is decentralized within VA; therefore, program responsibilities are carried out by the field facilities. Each facility is responsible for designating an employee to serve as the facility's workers' compensation Specialist or Coordinator. This position is generally located within the Human Resources Service and has collateral duties assigned to the position.

Program Process

When employees are injured while in performance of their duties, prompt action should be taken to ensure the employees receive the appropriate FECA benefits and return to duty as soon as possible. Once employees report their injury, they are to be informed of their rights and obligations under FECA. Generally, employees should receive appropriate medical attention, if needed, from VA's Employee Health Unit or employees' private physician. If employees are unable to return to their duties as a result of the injury, then they are entitled to up to 45 days of COP. COP is authorized for traumatic injury but not for occupational or other diseases. If employees are still unable to return to work at the end of the 45 days, they are entitled to begin receiving compensation for lost wages (after 3 days of no wages). The compensation will be based on the employees' pay rate at the time of the injury or time of disability, whichever is greater. The WCP case should be monitored until the employee is cleared by a physician to return to work.

Audit History

Prior OIG audit reports⁶ found continued problems in VA's management of its WCP cost.

1985 OIG Audit Work in WCP Area

- VA OIG conducted an audit of claims filed under FECA. The report cited the absence of clear program guidelines and the lack of overall responsibility for management of program. The report projected that program cost would reach \$98 million by 1990 if corrective actions were not taken to control costs.
- The principal recommendation was to assign responsibility in VA for program review, oversight, and evaluation of Department, agency, and facility activities. In response, VA established a part-time WCP Specialist position and developed program guidelines. A VHA circular, which provided instructions for managing WCP cases and costs, was issued in 1989.

1992 OIG Audit Work in WCP Area

- VA OIG conducted an audit of the WCP as part of a government-wide review of the FECA program sponsored by the President's Council on Integrity and Efficiency. The report cited deficiencies in program oversight and management. Specifically, VA was not effectively returning injured employees back to work, was not properly monitoring long-term cases, not verifying chargeback costs, and not aggressively challenging questionable claims. Also, the report noted that WCP costs in 1990 had reached \$116 million, or \$18 million above the previous OIG report projection.
- The principal recommendations were to improve program management and provide accountability at the local level by changing policy so that associated WCP costs are charged back to local facilities. In response, VA began charging part of WCP costs to local facilities in 1994 and all of the costs in 1995. VA also began developing a WCP Management Information System in 1994, and issued new policies and procedures in August of 1997⁷.

Current OIG Efforts in WCP Area

- The most recent audit report, **Audit of VA's Workers' Compensation Program Cost** (issued July 1, 1998), found that improvements were made and WCP costs had been reduced, but there was still a lack of effective case management at some facilities which placed the Department at risk for program fraud, abuse, and unnecessary costs. Our review found that

⁶ OIG Reports - VA Management of FECA Cost for Work-Related Injuries (issued 2/85) and Audit of VA Management of Federal Employees' Compensation Act Program (issued 9/93).

⁷ In addition to VA's initiatives in response to the OIG recommendations, the Department of Labor began developing automated processing programs in 1992 to reduce the number of duplicate payments made for medical bills associated with WCP claims.

APPENDIX I

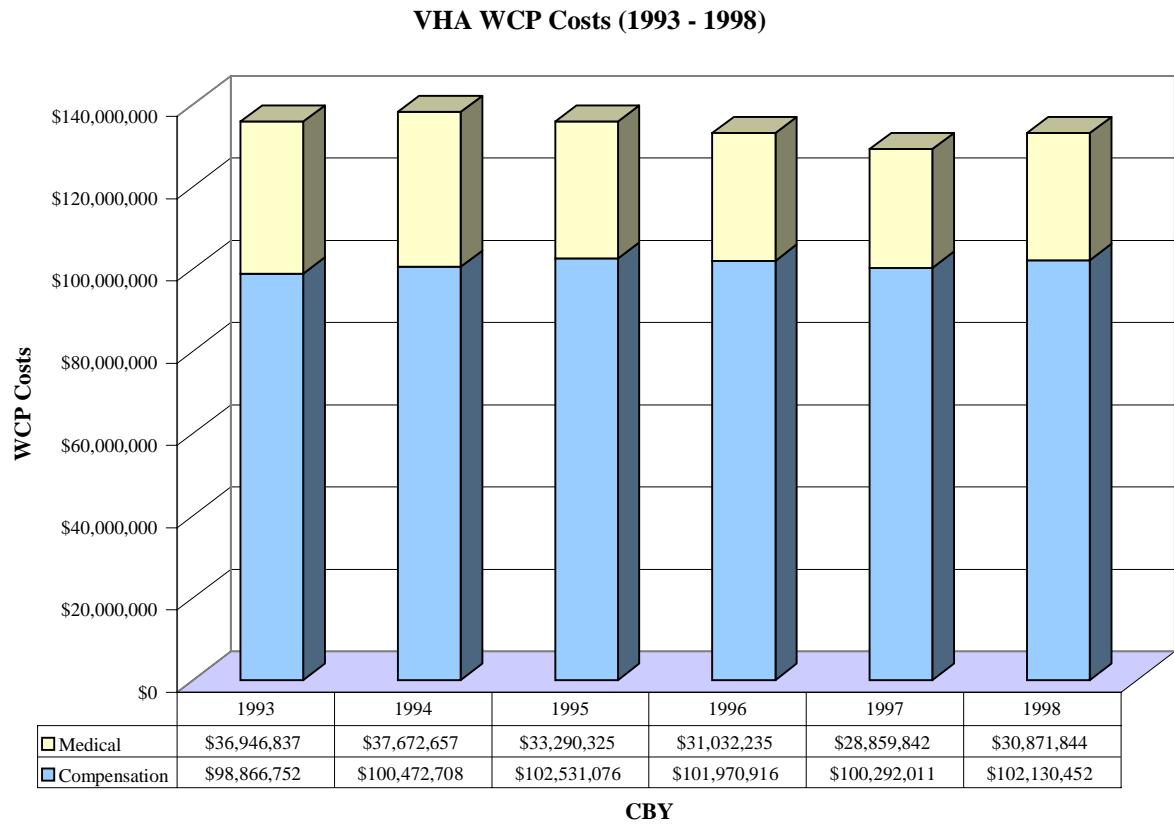
the Department's success in reducing WCP costs has resulted primarily from more active management of new cases with an associated reduction of medical costs. The audit identified a number of best practices that some VHA facilities have established to reduce WCP costs by returning injured workers back to work or otherwise removing them from the rolls. *(A detail discussion of best practices is presented in Appendix II on pages 17 - 20.)*

- The OIG Office of Investigations established a special task force in the New York field office to identify fraudulent workers' compensation claims. Investigations continue to uncover incidents of unreported outside income. This project has been ongoing for about 2 years. Forty cases were targeted at 4 VA Medical Centers using DOL's quarterly charge back listing, personnel files and WCP case files. The project has resulted in 14 indictments and 13 convictions with fines and restitution orders totaling over \$500,000. Estimated lifetime savings from removal of the claimants from the WCP rolls will be about \$4.3 million.
- Based on results of our national audit and the special investigation in New York, the Inspector General initiated a project to identify potential fraudulent WCP claims using the "red flags" we had identified. The OIG began coordinating efforts with program officials in VHA with review work initiated in VISN 22 and later expanded to VISN 2. As a result of these coordinated efforts, it was determined that additional analysis, using the red flags we had identified, could be performed for all VISNs and development of this protocol package was initiated.

VHA Program Size and Costs

When the OIG audited this program area in 1992, long-term WCP cases (over 5 years old) represented about 11.5 percent of the population and accounted for over 50 percent of the compensation benefits. The 1997 audit showed that cases over 5 years old now represent about 36 percent of the population but account for about 77 percent of the compensation benefits in CBY 1996. VHA should focus on ways to enhance case management associated with these older cases that account for a substantial amount of their WCP costs.

Government-wide, VA has about the fourth largest annual WCP cost. VHA's WCP cost reached a high of about \$138 million in CBY 1994 and decreased to about \$129 million in CBY 1997. The CBY 1997 WCP costs will be paid out of VHA's Fiscal Year 1999 operating appropriations. However, VHA's WCP cost increased to about \$133 million in CBY 1998 which ended on June 30, 1998. This increase shows the need for continued oversight and effective case management to assure that opportunities to reduce program costs are realized. VHA's annual WCP costs for 1993-1998 is shown in the chart on the next page.



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APPENDIX II

BEST PRACTICES AND OTHER AIDS FOR CASE MANAGEMENT

The most important factor for effective WCP case management and fraud detection is providing sufficient program resources. The amount of resources needed to manage the WCP will vary from facility to facility depending on the number of WCP claims at the facility. However, there are key elements needed at every facility for effective WCP case management. Key case management elements include:

- Maintaining case files on all open/active WCP claims no matter how old the claim.
- Offering light or modified duty to employees as they recover from their injury. OWCP studies show that the longer an employee is off from work the harder it is to get them to return.
- Providing timely follow up actions on cases. VA has the ultimate responsibility for case management which includes following up on untimely or lack of action by DOL OWCP.
- Monitoring program areas such as COP to develop trends in potential increases or decreases in WCP cost.
- Utilizing automated WCP information systems such as VA's Workers' Compensation and Safety Tracker Management Information System or OWCP's Agency Query System (AQS).

During our recent review efforts in the WCP area, we identified best practices at various facilities that resulted in enhanced case management and reduced WCP costs. We believe that identification and implementation of best practices Department-wide is essential to reducing the agency's WCP costs. We found that at one VHA facility in VISN 22, aggressive efforts to reduce WCP costs that encompassed many of best practices discussed below resulted in about a \$2 million reduction in WCP costs over 4 years. Best practices and other tools that can be used to reduce WCP costs are discussed below.

Establishment of a VISN WCP Coordinator

We believe that an effective way to enhance WCP management and oversight at the VISN level would be to establish a VISN WCP Coordinator to oversee facility programs and coordinate VISN initiatives with applicable OWCP District Offices. The VISN WCP Coordinator could even be located in the same city as the OWCP District Office. Someone with medical/clinical background may have a better understanding of terminology used in medical exams and reports that would allow for easier development of modified or light duty job offers. Additionally, they would be better able to develop residual effects of work-related injury or disease. Our review efforts have found that some VISNs have already established or are considering establishing VISN WCP Coordinators.

Establishment of a WCP Task Force

Establishing a VISN level task force to identify elements needed for effective case management and to develop VISN WCP policies and procedures can significantly aid in reducing WCP costs. The task force could serve as a vehicle for sharing of information among WCP Specialists. Through this process, complex case management and other WCP issues could be resolved.

We found that at one VHA facility in VISN 8, a special WCP task force was established to identify ways to reduce WCP costs. The task force was made up of members from various facility services. Task force recommendations that were implemented included the following:

- Have the employee report to facility Occupational Health Physician when injured and be cleared by Occupational Health Physician before returning to work or light duty. (Injured employees have the option of reporting to an Occupational Health Physician when injury is incurred and may continue to use the physician to treat the injury.)
- If the facility Service does not offer the injured employee light or modified duty, then they lose the position/Full Time Employee Equivalent (FTEE).

According to facility management, as a result of implementing these two recommendations, injured employees are not out of work as long because the Service they work in does not want to lose the FTEE. Additionally, medical costs are reduced because some injured employees will continue to use the Occupational Health Physician.

Challenge Questionable Medical Reports, Assessments, and Bills

WCP Specialists should challenge questionable medical reports, assessments, and bills. Injured employees or doctors may submit medical bills unrelated to injury for payment and receive payment from OWCP if not questioned. Additionally, treating physicians may not be specific about amount and type of work that an injured employee can do if not asked. Someone with a medical/clinical background generally has a better understanding of medical terminology and would be more likely to challenge questionable medical information. Having someone with a medical background available for the program can significantly aid in reducing WCP costs..

Offer Creative and Innovative Jobs to Employees on WCP Rolls

Offering creative and innovative jobs to employees on WCP rolls could foster a more efficient and effective work environment. At some of the facilities we visited, the WCP Specialist would develop modified or light duty positions based on injured employees' abilities and work limitations rather than available positions. This method was especially useful in returning WCP claimants back to work that had been on the rolls for a number of years. Additionally, with the current advancements in computer and information technology, telecommuting is also available as an innovative job method.

Utilize Available Automated Information Systems

Available automated tools such as DOL's AQS and VA's Workers' Compensation Management Information System (WC-MIS) can be used to keep abreast on status of claims, bill information, and compensation payments. These systems can also be used to develop trends and identify claimants with a history of WCP claims. During our national audit of WCP costs, through the use of VA's WC-MIS, we identified one claimant who was receiving WCP compensation for a work-related injury while working at another VHA facility. The WCP Specialist should review the information that is in the WC-MIS to ensure that information is correct. Additionally, billing information is readily available to assist in identifying duplicates and potentially bogus bills.

Establish a Network for Modified or Light Duty Jobs

Our automated analysis of the 6,513 claims for compensation payments in CBY 1997 found that about 1,032 claimants (15.8 percent) lived in states other than the state where they incurred the work-related injury. We found that several of the VHA facilities in VISN 22 had traded light duty positions with each other for their WCP claimants who were living in other parts of the state. The facility in one city provides a job for a WCP claimant from another facility who lives in its city and the other facility does the same for a claimant living in its area. The same type of job sharing or networking could also work on a national level with all VHA facilities.

Establish a WCP Hotline for Reporting Program Fraud or Abuse

A WCP hotline could be an effective deterrent for fraudulent claims and to program fraud, waste, and abuse. The hotline could be established at either the VISN or facility level. Employees and others could call and report fraudulent claimants or other program abuse. Reported information could be reviewed for possible referral to the OIG. In order to keep cost down, an alternative to a hotline could be a special post office box.

Other Best Practices and Tools

Our review found that ergonomics and back programs are very effective in reducing employee injuries. There should be an ergonomic technical advisory group established to oversee the development of policies that emphasizes safety and training. Several facilities we visited have back programs that include training on proper lifting techniques and appliances (such as back braces to use when lifting).

There should also be an accident review team that reviews all accidents that occur at the facility. This team should be made up of the WCP Specialist, the safety officer, someone from occupational health and someone from management. The accident review team should evaluate the area where an accident occurred to determine what could be done to improve the area and prevent recurrence.

APPENDIX II

Additionally, VISN 2 has hired an employee with an investigative background to obtain information on suspected fraudulent WCP claims. This employee is available for all VISN facilities to aid in gathering information for case referrals to the OIG Office of Investigations.

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APPENDIX III

AUTOMATED ANALYSIS OF CLAIMS

Four automated files are maintained by DOL's OWCP that contain selected information on WCP claims and claimants. There are three weekly files that contain detail information on case master (identification data), compensation payments, and medical/treatment payments and one quarterly summary file. The quarterly summary file is a cumulative file that contains summary information from the weekly files. This information is provided to VA to maintain and up-date its WC-MIS. We used information from VA's WC-MIS to complete an automated analysis of WCP claims. This analysis is a key step in our case review selection methodology discussed below.

Based on results of a national audit and a special investigation in New York, the OIG initiated a project to identify potential fraudulent WCP claims using the "red flags" we had identified. (*A detail discussion on red flags is presented in Appendix VI on pages 47 - 48.*) The OIG began coordinating efforts with program officials in VHA with review work initiated in VISN 2 and 22. As a result of these coordinated efforts, it was determined that additional automated analysis, using the red flags, could be performed for all VISNs and development of this protocol package was initiated. OWCP's summary file dated June 30, 1997 was used because it contained information on all WCP claims that had activity in CBY 1997. The objectives of our automated analysis were to:

- Identify VHA WCP summary records that received compensation payments in CBY 1997. Eliminate records by creating two separate files for (1) case records where the claimants is over 65 years old as of **May 1, 1998** and (2) case records that are less than 4 years old as of **May 1, 1998** (based on date of injury).
- Compare compensation and medical cost on WCP records in universe to identify WCP claims with high compensation payments and no or very little medical cost.
- Identify WCP records in the universe where the claimants mailing address is in a different state than the VHA facility paying the claim.
- Perform frequency counts on occupational codes and nature of injury codes to assist in identifying WCP claimants with marketable job skills and trending nature of injuries.
- Identify old WCP claims through aging of cases.

Our methodology for this automated analysis was developed and successfully tested in VISN 2 and 22 using DOL's summary file. The two primary red flags used were: (1) high compensation with little or no medical expense, and (2) claimants living out-of-state. Additionally, we eliminated records for older claimants and newer cases (based on date of injury) from the primary file or target group. This preliminary prioritizing of cases for review resulted in creating three files (primary, claimant over 65 years old, and WCP case less than 4 years old) for automated analysis. Because all of the active/open cases should be reviewed over time, information used for identifying red flags is included in all files for later analysis by VISN staff. The results of our analysis follows.

We Identified 6,513 VHA WCP Summary Records That Received Compensation Payments in CBY 1997

Our initial analysis identified 6,513 VHA WCP claims that received compensation payments totaling about \$101 million in CBY 1997. These claims were categorized, based on age of claimant and age of case, into the following three files/groups:

- **Primary file** – Consist of 3,263 WCP records with the highest potential for removal of claimants from WCP rolls and for potential fraud. This is the file primarily used for our analysis. CBY 1997 compensation and medical payments totaled about \$51 million and \$10 million respectively for these 3,263 WCP claims.
- **Claimants 65 and over file**⁸ – Consist of 1,906 WCP records with a lower potential for removal from the rolls and even lower potential for fraud prosecution. Generally, claimants over 65 will not be prosecuted for fraud; however, administrative actions can still be taken. By focusing on the claimants under 65, the opportunity to return these claimants to work is greater and prosecution of fraud is an available option. All the cases in this file should still be reviewed to ensure that there are residual effects of work related injury. As shown by the Bar Chart in Appendix VIII on page 72, medical costs account for only about 5 percent of WCP costs which indicates no residual effects of work related injury for all of the cases in this file. CBY 1997 compensation and medical payments totaled about \$39 million and \$2 million respectively for these 1,906 WCP claims. We used May 1, 1998 to establish the age of the claimant.
- **Injury occurred less than 4 years ago file** – Consist of 1,380 WCP records with the lowest priority for this protocol package. Our reviews have found that generally case management on these claims is current. Although there is a lower case review priority for this protocol package, oversight is still needed to ensure continued effective case management. Additionally, residual effects of work related injuries are more likely to occur right after the injury. CBY 1997 compensation and medical payments totaled about \$11 million and \$7 million respectively for these 1,380 WCP claims. We used May 1, 1998 and date of injury to establish the age of the claim.

(A graphic presentation of these files by VISN is presented in Appendix VIII on pages 63 - 72.)

⁸ There are 36 WCP claimants that were 65 or older when they filed a claim for work related injury. These claimants are included in “Claimants over 65 and Injury occurred less than 4 years ago” files; therefore, the totals for these two files when added to the “Primary” file equal more than 6,513.

A Comparison of Compensation and Medical Payments Was Made to Identify High Compensation Records With Little or No Medical Costs and Reduced the Number of WCP Records to Review to 1,705

Additional automated analysis was performed on the 3,263 records in the Primary File to further reduce and prioritize the records for review. We developed a matrix based on the total amount of compensation and medical payments on individual cases in CBY 1997. Using this matrix and the red flag of high compensation with little or no medical costs, an additional cut-off of WCP claims can be established. We identified all claimants receiving more than \$5,000 in compensation in CBY with less than \$1,500 in medical costs. Using this criteria identifies 1,705 claims nationwide with the highest priority for review. We used this criteria for identifying initial cases for review in VISN 2 and 22, and believe that this would also be an appropriate starting point for other VISN reviews. Our audit results show that these cases have the highest potential to significantly reduce WCP costs and identify program fraud. *(A matrix of cases for all 22 VISNs is presented in Appendix VIII on page 63. The applicable matrix of cases for individual VISNs is presented in Appendix V on page 33.)*

WCP Claims for Claimants Living Out-of-State Need to be Reviewed

Our audit of WCP costs found that a lower priority is assigned to case management on cases for claimants living outside of the VHA facility's jurisdiction. Our automated analysis of the 6,513 WCP claims identified 1,032 WCP cases where the claimants address of record is outside the state in which the VHA facility is located. The primary file includes 555 out-of-state records. *(A summary table by state of these 1,032 records is presented in Appendix VIII on pages 65 - 66.)* These records were marked with an out-of-state code that includes the state abbreviation and the facility's station number. For example, a VA Medical Center Long Beach, CA claimant living in Dallas, TX would have an out-of-state code of "TX600". All of these cases should be reviewed to ensure that there is current medical and income information on file.

Other Automated Analysis That Will Aid in WCP Case Management and Potential Cost Reductions

In addition to enhancing case review efforts, information provided in this protocol package can be used in a number of ways such as aiding in developing trends and comparing facility/VISN data to national data. For example, summary data such as nature of injury codes is provided for all VHA facilities and individual VISNs. This information can be used by Central Office and VISN Network Office staff to develop trends on nature of injuries to use in development of safety issues. Additionally, the claimant's occupational code is provided to identify marketable jobs skills for selected geographical areas within a VISN. Summary data for all VISNs is provided so VISN Network Offices can compare their VISN to other VISNs. *(A summary of the frequency distribution of the top 30 occupational codes for the primary file is presented in Appendix VIII on pages 67 - 68.)*

APPENDIX III

Our audit of WCP costs found that generally a lower priority is assigned to case management of older WCP cases. Additionally, we found that some facilities did not maintain case files on many of the older WCP cases. As a result, we included a “case age code” in the file that contains the detail records for individual VISNs (the detail record file is located on the PC floppy disks [Disk One] included with this protocol package). The age of the case was calculated using the date of injury and May 1, 1998. The table below is a summary of the 6,513 WCP records that received compensation payments in CBY 1997 by age category.

Aging of 6,513 WCP Claims Based on Date of Injury

Age of Claim Category	Age Code	CBY 1997 Total Compensation	CBY 1997 Total Medical	CBY 1997 Total	No. of Cases	Percent of Total
1-48 Months (<= 4 Years Old)	A	\$11,425,880	\$7,788,616	\$19,214,497	1,380	21.2%
49-120 Months (>4 <=10 Years)	B	\$26,715,960	\$5,875,884	\$32,591,844	1,635	25.1%
121-240 Months (>10 <=20 Years)	C	\$36,298,326	\$4,263,688	\$40,562,014	2,125	32.6%
241 + Months (> 20 Years Old)	D	\$26,202,023	\$1,629,612	\$27,831,635	1,373	21.1%
Total For All VISNs		\$100,642,189	\$19,557,800	\$120,199,990	6,513	100.0%

In addition to identifying older WCP claims, aging of cases can also assist in developing trends on national and VISN levels. On a national level, the Chart On Aging of 6,513 WCP Claims By VISN in Appendix VIII on page 69 shows that the majority of the VISNs have a lower percentage of new claims (4 or less years old) as compared to the VISN’s total percentage of the 6,513 WCP claims. However, VISN 4 has 9.6 percent of the WCP claims that are 4 or less years old with only 6.7 percent of the 6,513 total cases. Because this VISN is outside the norm, additional trends and reviews need to be completed to determine why. One possibility, is that some facilities need to review their Occupational Health and Safety policies to ensure they are current and being appropriately followed. This same trend/analysis can be performed on a VISN level using the Chart On Aging of VISN WCP Claims in Appendix V on page 39.

Automated Analysis Methodology Was Shared With VA WCP Staff

In 1994, the Austin Automation Center (AAC) began developing the Workers Compensation and Occupational Safety and Health Management Information System (also called the Workers Compensation and Safety Tracking program) that consists of two management information systems. One of these systems is the WC-MIS which can assist field facilities in case management by giving them access to information on WCP cases obtained from DOL OWCP and VA personnel records. We used the WC-MIS in our audit of WCP costs to obtain case information such as current cases status, injury type, and medical bills paid. The OWCP file used for our automated analysis of WCP claims is also used in updates and maintenance of the WC-MIS.

APPENDIX III

We shared our methodology for automated analysis with VA's WCP Program Manager and AAC staff responsible for development and maintenance of VA's WC-MIS who agreed to consider incorporating our analysis techniques in future modifications to the system. According to these program officials, the WC-MIS can perform similar analysis in some areas. For example, aging of a claim by days is available. Additionally, cases can be selected by VISN if the user has that access authority. However, our audit of WCP costs found that only one VISN had access to this system on a VISN level. As a result of our review efforts in VISN 22, the VISN WCP Coordinator now has access to all VISN facilities' WCP records maintained in the WC-MIS. We believe that each VISN should have this level of access to WCP records to assure appropriate VISN level oversight.

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APPENDIX IV

RESULTS FROM VETERANS INTEGRATED SERVICE NETWORKS (VISN) 2 and 22 REVIEWS

Using the red flags identified by OIG audit and investigative efforts, we developed methodologies for identifying questionable and potential WCP fraudulent claims. Through initial analysis of CBY 1996 WCP data and discussions with VHA's Chief Network Officer, VISN 22 was selected for testing and refinement of our review methodologies. At the request of the Network Officer, we also reviewed WCP claims in VISN 2 using CBY 1997 data. These efforts were joint OIG and VISN initiatives that have identified significant results. Through these efforts, we identified potential fraud and lifetime benefit reductions in compensation payments totaling about \$45 million. The objectives of these initiatives were:

- To assist VISN 2 and 22 in reducing WCP costs through identifying questionable and potential fraudulent workers' compensation claims.
- To provide initial leadership, training, and guidance to VISN staff on effective case management and gather additional information for development of a protocol package that can be used by all VISNs.

Cases were reviewed and analyzed to identify potential fraud and to determine and prioritize what actions needed to be taken to remove the claimants from the WCP rolls. We reviewed both VA and OWCP case files. Our review efforts included:

- Site visits to five of the seven facilities in VISN 22 for case reviews and training/guidance to each facility WCP coordinator. Individual facility WCP coordinators for four of the five facilities in VISN 2 came to the VISN office for the training and case reviews.
- Site visits to DOL's OWCP District Offices in San Francisco, CA; New York City, NY; and Jacksonville, FL for review of OWCP case files.
- Discussions with the DOL-OIG Office of Investigations in Washington, DC and San Francisco, CA to coordinate our review efforts on potential fraud.
- Discussions with the California State Insurance Fraud Division to determine how they identify fraudulent state WCP claims and to determine if we could use information they maintained to aid our efforts.

Automated Analysis of WCP Claims Was Used to Prioritize Cases for Review

In VISN 22, case selection criteria was made through automated analysis of WCP claims that received compensation payments in CBY 1996 and using the red flag of high compensation with little or no medical cost. Our initial analysis of VISN 22 WCP claims identified 613 cases that received WCP compensation payments in CBY 1996. We eliminated all the cases where the claimant was over 65 years old as of January 1, 1998 (223 records) or the "Date of Injury" was less than 3 years before January 1, 1998 (40 records). We selected, from the remaining 350 records, only those WCP cases with compensation payments over \$5,000 and medical payments

less than \$1,500 in CBY 1996. This resulted in identifying 148 WCP cases in VISN 22 for our initial review. Although all 613 cases should be reviewed, using the above methodology assisted in prioritizing which cases to review first.

Because the cases were prioritized using CBY 1996 data, we verified the current case status in the WC-MIS. Next, we reviewed the VHA WCP case files to identify/determine what information was needed. Additional WCP cases were eliminated for one or more of the following reasons:

- Current medical evidence in the WCP files indicated continued disability.
- There were no indicators that claimant was working and/or not reporting earned income.
- Compensation payments had been terminated due to employee's return to work.
- Claimants had elected disability retirement.
- Claimant had been removed from WCP rolls for other reasons (e.g., death, non-compliance, etc.).

We classified the remaining 105 WCP cases, including 4 referred from a WCP Specialist at one facility, into categories based on information obtained from our case reviews.

In VISN 2, we used the case selection criteria discussed in this protocol package which resulted in identifying 123 WCP cases, including 6 cases referred by the VISN WCP coordinator, for review and classification.

Site Visits Were Made to VISN Facilities and OWCP District Office Responsible for VISN WCP Claims

We made site visits to the five of the seven VISN 22 facilities and held discussions with the facility's Director, Human Resources Management Officer, and WCP Specialist. We discussed the best practices identified by our national audit of WCP costs and stressed the importance of providing adequate resources for case reviews. Additionally, we provided training on case management and identification of potential fraud. As part of the training, we discussed our methodologies for the initiative and our case file review results. In VISN 2, individual facility WCP coordinators from four of the five facilities came to the VISN office for training and case reviews. All the staff we spoke with were enthusiastic about our efforts and the potential to reduce WCP costs.

Site visits were made to the OWCP District Offices in San Francisco, CA; New York City, NY; and Jacksonville, FL to review case files and discuss our initiative. The VISN WCP Coordinator participated in our case reviews and discussions. We reviewed 71 of the 105 case files for VISN 22 at the OWCP in San Francisco. In New York, we reviewed 93 of the 123 case files for VISN 2. Some case files (34 in VISN 22 and 30 in VISN 2) were not available because the case files were either located at a different DOL District Office, in Washington for appeal, or in referee (independent medical exam) status. The VISN WCP Coordinators will review these cases as

they become available. Additionally, because 20 of the 28 VISN 2 out-of-state WCP cases were located at the OWCP District Office in Jacksonville we made a site visit to this office to review 24 case files (18 from VISN 2 and 6 from VISN 22). Two of the VISN 2 case files were multiple claims for the same individuals that had been combined into single claims. While at the OWCP District Offices we held discussions about our efforts and individual WCP cases with the District Director, Acting Executive Director, Claims Manager, Senior Claims Examiners, Claims Examiners, and Vocational Rehabilitation Counselor. The initiative was well received by all of the OWCP staff we spoke with.

Discussions Were Held With Federal and State Agencies to Identify Their Methodologies for Fraud Detection and to Seek Their Assistance in Our Efforts

We discussed our initiative with the DOL OIG Office of Investigations and the California State Insurance Fraud Division for southern California. According to the DOL OIG Investigators, it was harder to get convictions on claimants over 65 years old and claimants that under reported their income. They offered their assistance if we needed help on any potential fraud cases and provided a special computer run of VISN 22 cases for use by our Western Field Office of Investigations.

The California State Insurance Fraud Division maintains a management information system on convictions and suspected fraud. Our review of this system found that two of VA's WCP claimants had also been involved in state insurance fraud cases. Based on this information, as well as information obtained from other sources, the cases were referred to our Western Field Office of Investigations.

WCP Cases Were Classified Into Categories Based on Information Obtained From VA and OWCP Case Files

Once we compiled all of the information obtained from our review efforts, we classified the 228 WCP cases (105 from VISN 22 and 123 from VISN 2) into our five review results categories. A brief discussion of these categories with case examples and projected lifetime benefit reductions for the 228 cases follows:

- **Removal from WCP rolls** – Actions have been initiated that have or could result in removing 61 claimants from the WCP rolls resulting in a lifetime benefit reduction of \$14,894,625 in WCP compensation payments.
 - In VISN 22, compensation benefits were suspended for a 62 year old claimant on March 26, 1998, because he did not report for a second opinion medical examination. The suspension resulted in creating an overpayment of \$1,626.43. The claimant visited the WCP Specialist, while we were on site, to inquire about changing from workers' compensation to Office of Personnel Management (OPM) retirement benefits. According to the WCP Specialist, the claimant has elected OPM retirement benefits retroactive to March 6, 1998.

- In VISN 2, we identified a Veterans Canteen Service (VCS) employee on one facility's WCP charge back report. Our review found that because the facility had to re-establish a WCP case file in 1997, there was not enough information to identify the claimant as a VCS employee. The VCS employee was injured in August 1983. This claimant received \$19,437.75 in compensation payments in CBY 1997. OWCP removed the claimant from VA's rolls on November 24, 1998.
- **Referrals to OIG Office of Investigations** – We referred 24 WCP claims to the OIG Office of Investigations that could result in a lifetime benefit reduction of \$6,463,749⁹ in WCP compensation payments.
 - In VISN 22, we identified a claimant that was employed at a VA Supply Depot when he sustained an injury to his thumb. He started working at a VISN facility in 1993, while receiving a loss wage earning capacity adjustment of about \$640 a month. Although, he worked at a VISN facility, his case was being managed by Central Office. Recently, the VA Depot in New Jersey started managing the case. On one 1032 (form used by WCP claimants to report selected information such as earnings) he reported working at the VISN facility, but on subsequent 1032s he did not report working and used correction fluid to change answers about employment on one 1032.
 - In VISN 2, we identified a claimant that was working as a carpenter for VA in 1993 when he received a lumbar strain. The OWCP case file contained a medical report from 1997 indicating that the claimant was making furniture in his home garage. Our review of 1032s found no earnings had been reported. The claimant received \$25,413.29 in compensation payments in CBY 1997.
- **Case management issues** – We identified 96 WCP claims that involved case management issues (most needed current medical or income information) that could result in lifetime benefit reductions of \$20,283,083 in WCP compensation payments, depending on additional information obtained. (We continue to coordinate with the VISN Coordinators on resolution of these cases.)
 - In VISN 22, a claimant worked in a motor vehicle operation at a VISN facility. In 1993, he cut his hand in a truck, on a sharp object. He received a scheduled award and the first check was for \$29,360 and subsequently payments, from December 1994 through September 1996, of approximately \$1,700 per month. In 1996, he received a \$25,000 settlement from the manufacturer of the truck. According to WCP regulations, this is a third-party settlement and should be recouped to offset compensation payments. The WCP Specialist needed to follow up with OWCP to determine if any action has been taken on the third party settlement.
 - In VISN 2, a claimant injured her left arm and shoulder in 1978. Review of medical information in the OWCP case file found conflicting information. The treating physician indicated the claimant could work with some restrictions; however, the claimant stated she cannot work. The WCP Coordinator needs to work with the OWCP District Office to resolve this conflict. Once all issues are resolved, it is

⁹ Lifetime benefit reductions totaling \$798,129 for 3 of the 24 potential fraud case is included in the removal from rolls category because the claimants compensation benefits have been terminated.

possible that a job offer could be made. The claimant received \$16,900.50 in compensation payments in CBY 1997.

- **Out-of-state** – We identified 17 WCP claims¹⁰ that involved claimants living out of-state and case files had been transferred from the OWCP District Office responsible for handling the VISN’s claims to another OWCP District Office. WCP Specialists generally assign a lower priority to these cases. We recommended that contact be made with the appropriate OWCP District Office to obtain current information such as medical and income data on the claimants. Depending on the information obtained, lifetime reductions of \$3,779,575 could be realized. (We continue to coordinate with the VISN Coordinator on resolution of these cases.)
 - A VISN 22 claimant filed a claim for a work-related injury in May 1984. There was no current information on this case in the facility’s WCP case file. Review of VA’s WC-MIS and OWCP’s record found that the OWCP case file is located at the OWCP District Office in Washington, DC. The claimant is currently living in the Dominican Republic. The WCP Specialist needs to contact the Washington OWCP District Office to obtain current information on this case.
- **No additional action needed** – We identified 33 WCP claims where no additional actions are needed because the claimants had returned to work, elected OPM retirement, or benefits had otherwise been terminated.

The VISN 2 and 22 WCP Coordinators continue to follow up on the 228 cases identified in our review and are providing periodic status reports to the OIG while case work is in process.

¹⁰ There were 36 out-of-state cases (19 in VISN 2 and 17 in VISN 22) that are included in other category counts and totals. The reason is generally contact has been made with the OWCP District Office that has jurisdiction over the claim and additional information has been requested or received.

CASE REVIEW AND FRAUD DETECTION/REFERRAL

APPENDIX V

VISN CASE TARGETING PACKAGE INCLUDING PC FLOPPY DISKS

The information in this appendix was obtained through automated analysis of CBY 1997 records. (A detail discussion of this analysis is presented in Appendix III on pages 21 - 25.) The protocol package includes two PC floppy disks that contain detail and summary information for VISN as well as VHA summary information. Additionally, the PC floppy disks contain supporting information for tables and graphs presented in this appendix. This information should be used in conjunction with instructions and review worksheets contained in Appendix VI on pages 45 - 59. A brief discussion on the information follows.

Table V.1 below is a matrix of the 172 WCP cases from the VISN 2 primary file. Information in this matrix can be compared to all VISNs by using the VHA matrix in Appendix VIII on page 63. This matrix was used to identify the 97 WCP cases that fall within our targeted group for the red flag of high compensation with little or no medical costs.

Table V.1

Matrix Of 172 WCP Records From Primary File For VISN 2

		\$500.99 or less	\$501 to \$1,500.99	\$1,501 to \$2,500.99	\$2,501 to \$5,000.99	\$5,001 to \$15,000.99	\$15,001 to \$25,000.99	\$25,001to \$40,000.99	\$40,001 to \$55,000.99	\$55,001 or greater	Total For
	Range Codes	C1	C2	C3	C4	C5	C6	C7	C8	C9	Medical
M0	Negative Medical Costs	0	0	0	0	0	0	0	0	0	0
M1	No Medical Costs	2	3	3	1	10	14	2	0	0	35
M2	Medical Costs <= 500.99	4	6	3	5	21	21	4	0	0	64
M3	Medical Costs 501 -- 1,500.99	0	1	1	2	12	10	3	0	0	29
M4	Medical Costs 1,501 -- 2,000.99	2	0	0	1	7	4	0	0	0	14
M5	Medical Costs 2,001 -- 2,500.99	0	0	0	1	2	4	1	1	0	9
M6	Medical Costs 2,501 -- 5,000.99	0	0	0	1	3	3	4	1	0	12
M7	Medical Costs 5,001 -- 10,000.99	0	0	0	1	1	0	1	1	0	4
M8	Medical Costs 10,001 -- 25,000.99	0	0	0	0	2	3	0	0	0	5
M9	Medical Costs > 25,001	0	0	0	0	0	0	0	0	0	0
	Total For Compensation	8	10	7	12	58	59	15	3	0	172
			Totals for >C5 and <M3¹			43	45	9	0	0	97

Table V.1 Footnotes:

¹ >C5 = Compensation greater than \$5,001 and <M3 = Medical cost less than \$1,500.

(File name on enclosed PC floppy Disk One is [V02MATRIX.xls].)

APPENDIX V

Table V.2 (pages 35 - 37) is a listing of the 97 WCP cases in the targeted group by facility. Because the automated analysis was performed using CBY 1997 data, VA's WC-MIS should be reviewed to check on the current case status and obtain information needed for completing the review worksheets in Appendix VI. If the facility does not have access to WC-MIS, additional information from CBY 1997 WCP summary file is contained on the PC floppy disk (Disk One - file name **V02TARCS.xls**) included with this protocol package. These are the WCP cases that should be reviewed first because they have the highest potential for removal from the rolls and identification of potential fraud. (*Instructions and worksheets are presented in Appendix VI on pages 45 - 59.*)

Table V.3 (page 38) is a listing of 28 WCP claimants with out-of-state address, including out-of-state codes. These WCP cases should also be reviewed to ensure medical and income information is current through contact with the OWCP District Office responsible for the applicable state. Eight of the cases are already included in the 97 case review target group. The PC floppy disk (Disk One file name **V02OUTST.xls**) included in this protocol package contains more information on these cases.

Aging of the WCP claims can be another tool that is useful in analysis and prioritization of cases. As part of our automated analysis, we categorized the WCP cases into the following age groups using the date of injury and May 1, 1998:

<u>Age Code</u>	<u>Range In Group</u>	<u>Total VISN Cases in Group</u>
A	1-48 Months (<= 4 Yrs. Old)	52
B	49-120 Months (>4<=10 Yrs. Old)	84
C	121-240 Months (>10<=20 Yrs. Old)	108
D	241 or Over Months (>20 Yrs. Old)	68
	VISN Total	312

The pie chart on page 39 shows the percentage of the 312 VISN 2 cases in each age group. (*The pie chart for all VISNs is presented in Appendix VIII on page 68.*) The bar chart following the pie chart shows the percentage of the 312 VISN 2 cases at each facility in the VISN. This information is useful in developing VISN trends or for comparison to all VISNs. The supporting files for these charts are on the PC floppy disk (Disk One file name **V02AGING.xls**) included with this protocol package.

Table V.4 (page 40) is a listing of the top 10 occupational codes for the 172 VISN WCP cases from the primary file. The table also includes the frequency and rank for all 3,263 VHA WCP cases in the primary file with same occupational code. (*A listing of the top 30 occupational codes for all VHA cases in the primary file is presented in Appendix VIII on pages 67 - 68.*) Information for all occupational codes is on the PC floppy disk (Disk One file name **V02OCCP.xls**) included with this protocol package.

Table V.2**Listing of 97 WCP Cases In VISN 2 Target Group**

OWCP Case Number	Facility Number	Claimant's Last Name	Claimant's SSN	Date of Injury (DOI)	CBY 1997 Compensation	CBY 1997 Medical
*	500	*	*	09/11/63	21,997	40
*	500	*	*	03/23/93	16,901	25
*	500	*	*	11/05/92	16,654	0
*	500	*	*	11/25/92	27,635	539
*	500	*	*	03/04/91	19,620	285
*	500	*	*	07/09/90	14,986	536
*	500	*	*	06/28/90	21,789	442
*	500	*	*	05/18/90	14,696	698
*	500	*	*	08/14/89	15,354	576
*	500	*	*	09/08/88	14,250	0
*	500	*	*	03/03/88	6,016	357
*	500	*	*	01/19/88	35,195	167
*	500	*	*	01/07/87	6,763	96
*	500	*	*	08/21/86	15,523	120
*	500	*	*	07/21/86	12,228	40
*	500	*	*	01/01/85	15,852	50
*	500	*	*	02/11/85	12,081	695
*	500	*	*	10/23/84	18,204	0
*	500	*	*	11/01/83	9,114	0
*	500	*	*	06/10/84	12,410	179
*	500	*	*	06/30/83	15,640	0
*	500	*	*	02/02/82	16,537	598
*	500	*	*	12/22/81	16,563	0
*	500	*	*	08/18/81	21,737	152
*	500	*	*	06/27/80	14,523	51
*	500	*	*	04/18/80	29,155	350
*	500	*	*	08/28/79	13,592	168
*	500	*	*	07/17/79	18,927	775
*	500	*	*	01/10/79	13,133	0
*	500	*	*	05/12/79	20,434	296
*	500	*	*	03/30/79	11,128	385
*	500	*	*	06/18/78	10,781	1,253
*	500	*	*	08/31/78	17,650	82
*	500	*	*	07/22/78	25,465	0
*	500	*	*	12/20/76	5,936	55
*	500	*	*	10/11/74	17,256	50
36 cases for Albany (500)				Totals	\$595,724	\$9,058

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Table V.2 (continued)**Listing of 97 WCP Cases In VISN 2 Target Group**

OWCP Case Number	Facility Number	Claimant's Last Name	Claimant's SSN	Date of Injury (DOI)	CBY 1997 Compensation	CBY 1997 Medical
*	514	*	*	09/20/93	21,683	819
*	514	*	*	12/18/92	12,062	718
*	514	*	*	11/24/92	24,625	0
*	514	*	*	07/12/92	11,104	0
*	514	*	*	02/10/91	15,735	59
*	514	*	*	10/31/90	26,712	99
*	514	*	*	02/01/89	16,086	75
*	514	*	*	12/13/86	16,402	674
*	514	*	*	11/03/85	5,516	53
*	514	*	*	10/20/85	12,081	141
*	514	*	*	02/25/82	18,083	0
*	514	*	*	04/19/82	24,413	90
*	514	*	*	12/23/80	17,719	210
*	514	*	*	10/15/78	16,901	59
*	514	*	*	12/07/77	8,140	73
*	514	*	*	02/24/76	9,664	53
*	514	*	*	01/13/74	17,204	0
17 cases for Bath (514)				Totals	\$274,131	\$3,124
*	528	*	*	05/01/80	5,586	353
*	528	*	*	04/29/94	7,713	282
*	528	*	*	09/17/93	13,146	562
*	528	*	*	08/25/93	25,413	892
*	528	*	*	07/14/93	17,862	1,392
*	528	*	*	08/30/91	6,321	476
*	528	*	*	06/16/91	17,338	433
*	528	*	*	01/07/91	12,687	0
*	528	*	*	08/29/90	5,711	1,383
*	528	*	*	04/08/90	5,817	0
*	528	*	*	10/02/86	18,360	0
*	528	*	*	12/04/85	10,006	110
*	528	*	*	05/23/84	26,097	1,145
*	528	*	*	02/01/83	18,819	993
*	528	*	*	06/18/79	9,560	397
*	528	*	*	01/26/75	14,679	878
*	528	*	*	12/31/74	15,601	0
*	528	*	*	06/15/72	16,159	0
18 cases for Buffalo (528)				Totals	\$246,874	\$9,297

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Table V.2 (continued)**Listing of 97 WCP Cases In VISN 2 Target Group**

OWCP Case Number	Facility Number	Claimant's Last Name	Claimant's SSN	Date of Injury (DOI)	CBY 1997 Compensation	CBY 1997 Medical
*	532	*	*	10/31/92	20,421	1,339
*	532	*	*	11/16/90	18,191	792
*	532	*	*	11/05/90	9,638	987
*	532	*	*	08/03/89	32,411	133
*	532	*	*	01/16/88	15,233	93
*	532	*	*	12/31/87	15,432	86
*	532	*	*	08/04/87	11,280	1,458
*	532	*	*	08/19/87	15,484	1,071
*	532	*	*	12/31/86	11,531	55
*	532	*	*	01/02/87	13,449	172
*	532	*	*	09/09/86	13,539	686
*	532	*	*	04/04/86	18,490	0
*	532	*	*	07/28/85	15,155	61
*	532	*	*	05/24/85	13,382	0
*	532	*	*	03/25/85	12,449	914
*	532	*	*	08/30/84	5,044	58
*	532	*	*	07/26/83	23,434	0
*	532	*	*	09/18/79	12,397	0
*	532	*	*	04/01/77	22,746	38
*	532	*	*	01/05/73	8,114	0
20 cases for Canandagua (532)				Totals	\$307,821	\$7,941
*	670	*	*	06/12/91	19,594	84
*	670	*	*	04/27/88	29,233	0
*	670	*	*	08/15/84	22,170	0
*	670	*	*	03/19/84	19,633	0
*	670	*	*	10/01/78	8,659	152
*	670	*	*	05/24/79	10,721	0
6 cases for Syracuse (670)				Totals	\$110,009	\$236
Total 97 VISN 2 Cases					\$1,534,560	\$29,655

*** Removed – Data Subject To Privacy Act****Table V.2 Footnotes:**¹ WCP Claimant's address of record is in another state (out-of-state).² Evidence that WCP Claimant is deceased.

(File name on enclosed PC floppy Disk One is [V02TARCS.xls].)

Table V.3**Listing of 28 WCP Claimants In VISN 2 With Out-Of-State Addresses**

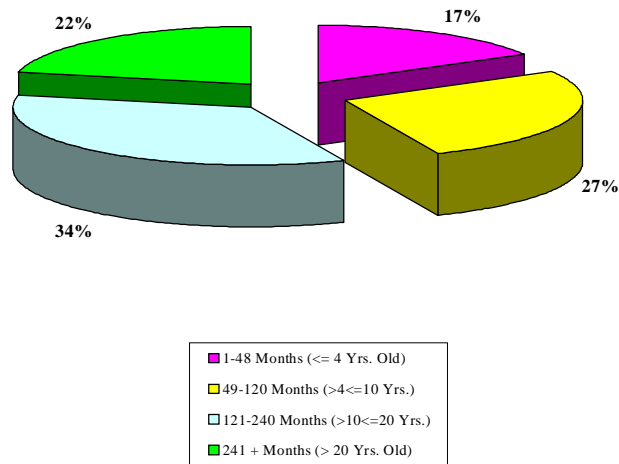
OWCP Case Number	Facility Number	Claimant's Last Name	Claimant's SSN	Out-of-State Code	Date of Injury (DOI)	CBY 1997 Compensation
*	500	*	*	FL500	01/27/61	17,471
*	500	*	*	FL500	05/11/71	21,447
*	500	*	*	AZ500	07/22/78	25,465
*	500	*	*	FL500	02/11/85	12,081
*	500	*	*	FL500	02/01/85	15,982
*	500	*	*	FL500	12/27/85	19,226
*	500	*	*	FL500	10/05/87	10,827
*	500	*	*	VA500	08/14/89	15,354
*	500	*	*	NH500	11/25/92	27,635
*	500	*	*	AL500	11/05/92	16,654
10 out-of-state for Albany (500)					Totals	\$182,142
*	514	*	*	GA514	10/24/64	20,949
*	514	*	*	FL514	11/08/74	22,365
*	514	*	*	FL514	01/15/76	31,545
*	514	*	*	TX514	12/09/76	12,869
*	514	*	*	FL514	01/30/78	9,026
*	514	*	*	FL514	02/04/81	11,925
6 out-of-state cases for Bath (514)					Totals	\$108,679
*	528	*	*	CA528	12/17/71	20,014
*	528	*	*	GA528	04/21/71	10,828
*	528	*	*	FL528	06/15/75	16,493
*	528	*	*	TX528	12/06/79	38,905
*	528	*	*	AZ528	05/23/84	26,097
*	528	*	*	MD528	01/01/95	17,724
6 out-of-state for Buffalo (528)					Totals	\$130,061
*	532	*	*	FL532	03/29/74	15,945
*	532	*	*	FL532	09/18/79	12,397
*	532	*	*	FL532	05/24/84	14,133
3 out-o-state cases for Canandagua (532)					Totals	\$42,475
*	670	*	*	NC670	02/24/71	26,582
*	670	*	*	FL670	02/03/82	12,176
*	670	*	*	FL670	04/27/88	29,233
3 out-of-state cases for Syracuse (670)						\$67,991
Total 28 out-of-state cases for VISN 2						\$531,347

Removed – Data Subject To Privacy Act*Table V.3 Footnotes:**¹ WCP case included in initial targeted group.² Evidence that WCP Claimant is deceased.

(File name on enclosed PC floppy Disk One is [V02OUTST.xls].)

Pie Chart

Percent Of 312 VISN 2 WCP Cases By Age Groups



Bar Chart

Aging Of 312 VISN 2 WCP Claims By Facility and Group

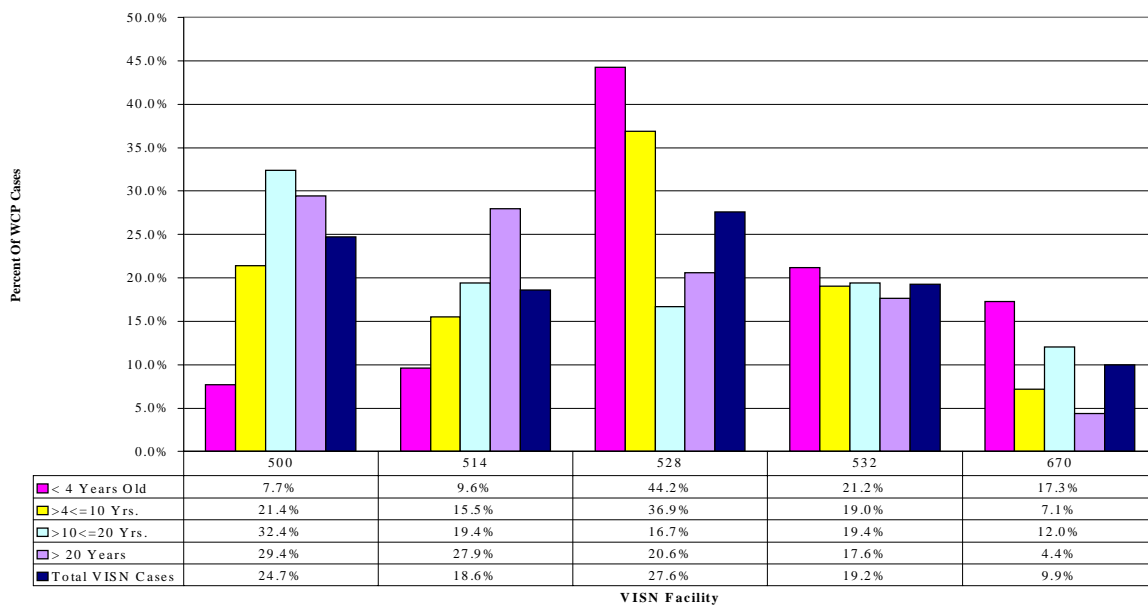


Table V.4**Top 10 Occupation Codes For 172 WCP Records In VISN 2 Primary File**

Occupation Code Definition	Occupation Code	VISN 2 Records	VISN 2 Rank	VHA Records Primary File	VHA Rank
*Nurse (per DOL-AQS)	61	37	1	526	1
Practical Nurse	G0620	21	2	170	6
Nurse	G0610	18	3	255	4
Food Service Working	W7408	14	4	118	7
Nursing Assistant	G0621	12	5	213	5
* Mess Attendant (per DOL-AQS)	56	9	6	74	9
* Unclassified Occupation (per DOL-AQS)	99	7	7	323	3
* Janitor (per DOL-AQS)	40	6	8	47	13
Unknown / Missing Occupation Code	Z9999	6	8	416	2
Medical Clerk	G0679	3	9	50	12
Custodial Worker	W3566	3	9	111	8
*Office Worker (per DOL AQS)	62	2	10	69	10
Sewing Machine Operating	W3111	2	10	3	Below 30
Painting	W4102	2	10	13	Below 30
Carpentry	W4607	2	10	14	Below 30
Motor Vehicle Operating	W5703	2	10	14	Below 30
Warehouse Working	W6907	2	10	15	Below 30
Laundry Working	W7304	2	10	13	Below 30
Total For VISN 2 Top 10		150			

Files on PC floppy disks are included with this protocol package to aid in case management and oversight of WCP

The following files are on the two PC floppy disks included with this protocol package:

All files were created using Microsoft Office 1997 and Microsoft Word and Excel version 97 SR-1 for earlier version format please contact Jim Farmer at (202) 565-8457.

Disk One

- ***V02MATRIX.xls*** – This Microsoft Excel workbook contains two worksheets. One worksheet is a matrix for the 3,263 records in the primary file for all 22 VHA VISNs. The other worksheet is a matrix for the 312 records in VISN 2. This workbook is the supporting information for Table V.1 and Table VIII.1.
- ***V02TARCS.xls*** – This Microsoft Excel workbook contains two worksheets of the detail records for the 97 WCP claims in the initial targeted group of high compensation with little or no medical costs. One worksheet is supporting information for Table V.2. The other worksheet is detail information for the 97 cases, including the following red flag indicators:

- Compensation and medical range codes which were used to develop the matrixes (e.g., C9 equals compensation over \$55,000).
 - Out-of-state codes used to identify claimants living out of state. The code contains the state of resident and the facility station number (e.g., FL670 equals claimant living in Florida with compensation being paid by VHA facility station number 670 located in Syracuse, NY).
 - Occupation Codes which are used to identify marketable job skills. Definition of codes can be obtained from VA's WC-MIS or DOL's AQS automated systems. Additionally, definitions of occupation codes from WC-MIS are included in the **OCCPCD.xls** file included with this protocol package.
- **V02OUTST.xls** – This Microsoft Excel workbook contains two worksheets for out-of-state claimants. One worksheet is the supporting information for Table V.3 on page 38. The other worksheet contains frequency distribution by state of the 1,032 out-of-state claimants for all VISNs.
 - **V02AGING.xls** – This Microsoft Excel workbook contains two worksheets on aging of claimants. One of the worksheets is the summary information for all VHA facilities. The other worksheet is aging of cases just for VISN 2. This workbook contains supporting information for pie and bar charts in Appendix V and VIII.
 - **V02OCCP.xls** – This Microsoft Excel workbook contains two worksheets on frequency distribution of occupation codes. One worksheet is frequency for all 22 VISNs. The other is frequency for just for VISN 2. This workbook contains the supporting information for Table V.4 and Table VIII.4.
 - **V02DETAIL.xls** – This Microsoft Excel workbook contains three worksheets of detail records for VISN 2. One worksheet for each group of records (primary, greater than 65 years old, and claims less than 4 years old).
 - **VHASUM.xls** – This Microsoft Excel workbook contains summary data for all VHA cases and supporting information for tables and charts in Appendix VIII.

Disk Two

- **WCPPROTOCOL.doc** – This Microsoft Word document is a copy of this protocol package and appendices.
- **HANDBOOK.doc** – This Microsoft Word document is a copy of the WCP handbook included with this protocol package.
- **CRWKSHT1.doc** – Is a Microsoft Word document of the case review worksheet used for initial analysis and review of the WCP claim. (*A discussion on how this form is used is presented in Appendix VI and the form is on pages 51 - 56.*)
- **CRWKSHT2.doc** – Is a Microsoft Word document of the case review worksheet used in case reviews at the OWCP District Office case file review. (*A discussion on how this form is used is presented in Appendix VI and the form is on page 57.*)

APPENDIX V

- ***CRWKSHT3.doc*** – Is a Microsoft Word document of the case review worksheet used for final classification and summary of the claim review. It can also be used to refer suspected fraud to the OIG. *(A discussion on how this form is used is presented in Appendix VI and the form is on page 59. A discussion on how to refer suspected fraud to the OIG is presented in Appendix VII on pages 61 - 62)*

PC Floppy Disks Containing Microsoft Word and Excel file discussed on pages 40 – 42.

Individual VISN protocol packages include two PC floppy disks; however, there are no disks included with this generic protocol package.

CASE REVIEW INSTRUCTIONS AND WORKSHEETS

This protocol package will assist in case management of WCP claims through automated analysis of cases to prioritize WCP cases with the highest potential for removal from the rolls or potential fraud. Once the WCP cases have been prioritized, individual case reviews are needed to identify actions needed to remove the claimants from the rolls and to identify potential fraud. Specific instructions, including worksheets to aid in review and analysis, for case reviews are presented in this section. Additionally, this section discusses the documents that will be reviewed and indicators of fraud. *(A detail discussion on fraud and procedures for referring suspected fraud to the OIG is presented in Appendix VII on pages 61 - 62.)*

Procedures for Implementing a WCP Case Management and Review Process

Based on our review efforts in VISN 2 and 22, we believe that the best way to organize and implement this process is as follows:

- Appoint a VISN WCP Coordinator to oversee the implementation of the OIG protocol package and case reviews at individual VISN facilities.
- Publicize the review and request information on potential fraud (e.g., claimants working other jobs). This could be accomplished by establishing toll free (hotline) telephone numbers or specific contact points at facilities.
- Coordinate review efforts with the OWCP District Office to establish procedures for requesting opinions or interpretations of information in case files and to expedite requests for additional information such as up-dated income/earning forms.
- Dedicate some positions that WCP Specialists can modify to make job offers to WCP claimants who are able to work.
- Review the WCP cases identified in the initial targeted group and then review all out-of-state claimants. Review additional cases identified through other sources such as hotline or facility WCP Specialist.
- Review VA's WC-MIS to identify current case status and other information. If there is not a case file, then one needs to be established using print screens from the WC-MIS. Additional documents can be obtained from review of OWCP case file.
- If there is evidence that the WCP claimant is deceased, a review should still be conducted to ensure that benefits were appropriately adjusted, dependents are still entitled to WCP benefits, and no erroneous medical bills have been paid on the claim.
- Review VA and OWCP case files to identify actions needed to remove claimants from the rolls and to identify indicators of potential fraud.
- Ensure that copies of specific forms or documentation that support case review conclusions or fraud referrals are attached to the protocol package case review worksheets (see pages 48 - 59).

- Perform an analysis of results to determine impact of review efforts in reducing WCP costs and to refer suspected fraudulent claims to the OIG Office of Investigations using procedures discussed on pages 61 - 62.
- Lifetime benefits are calculated by multiplying total CBY compensation payments by the number of years until the claimant reaches age 70. For example, a 50-year old claimant who received \$30,000 in compensation payments in CBY 1997 and classified as “removal from rolls” would have a projected lifetime savings of \$600,000 [$\{70 - 50 = 20\} \times \$30,000 = \$600,000$].

Selected Case Documents Should be Reviewed to Identify Actions Needed for Removal of Claimants From WCP Rolls and to Identify Indicators of Potential Program Fraud

Federal Employee’s Notice of Traumatic Injury and Claim for Continuation of Pay/Compensation (OWCP form CA-1) - This is the basic claim form for traumatic injury. The information contained on this form is used throughout the processing of a claim. Very important information on this form can be extracted and used to verify automated data. Information from this form includes:

- Employee Name
- Occupation
- Social Security Number
- Date of Birth
- Date of Injury
- Description of Injury
- Employee Signature
- Witness Statement
- Official Supervisor Report
- Name and Address of Physician

Notice of Occupational Disease and Claim for Compensation (OWCP form CA-2) - Occupational diseases and injuries are reported on form CA-2 and include similar information to form CA-1. Claims for compensation relating to an “occupational disease” are more complicated than for a traumatic injury. This is due principally to the fact that the disease or illness on which the claim is based is not always easily connected to the employee’s occupation and/or work environment. In fact, the disease or illness may occur frequently within the general population, and factors unrelated to the job may equally or more frequently be identified as the cause.

Notice of Employee’s Recurrence of Disability and Claim for Compensation (OWCP form CA-2a) - A recurrence is defined as a spontaneous return or increase of disability due to a previous injury or occupational disease without intervening cause. A recurrence differs from a new injury in that with a recurrence, no event other than the previous injury accounts for the disability.

Report of Termination of Disability and/or Payment (OWCP form CA-3) - Sometimes, return to duty information is shown on form CA-1 when the injury is first reported. If not, the agency may complete form CA-3 and submit it to OWCP when entitlement to COP ends, the employee returns to work, or the disability ceases.

Claim for Compensation on Account of Traumatic Injury or Occupational Disease (OWCP form CA-7) - This form is used to claim compensation for wages lost due to a work-related traumatic injury after the expiration of COP or for an occupational disease.

Claim for Continuing Compensation on Account of Disability (OWCP form CA-8) - This form is a claim for continuing compensation for both traumatic injury and occupational disease, and is submitted 10 days before the period claimed on form CA-7 (or a previously submitted CA-8) expires. CA-8 forms should be submitted until the employee is notified by OWCP that no additional CA-8's are needed, or until the employee returns to duty.

Medical Exams - A medical assessment should be regularly updated, at maximum every 3 years. An independent medical exam could have been requested to resolve discrepancies in medical opinions. Also, second opinion exams may be requested to resolve issues. The medical report could indicate if the claimant is working or engaging in a business.

Earning/Income Certification (OWCP form 1032) – This form is sent to the claimants to determine their qualifications for continued benefits or whether an adjustment is necessary. Claimants are instructed to report all income. Non-reporting of income on this form will be, in most cases, the key documentation needed for prosecution of false claims (fraud). Also, the claimant may report working on this form or engaging in a business and earning income. If the claimant is receiving income, this should be reported to OWCP and OIG Office of Investigations. Additionally, if a claimant reports a settlement, related to the injury, this should have been recouped to offset workers' compensation benefits.

Other forms might also contain pertinent information and should be reviewed. A complete listing of the basic forms, including some of the ones discussed above, and when to use them can be found in DOL's Publication CA-810 "A Handbook for Employing Agency Personnel" which can be obtain from OWCP. Additionally, external forms and letters such as report of earnings from the Social Security Administration are useful in case assessment and identification of fraud.

General Indicators of Program Fraud

WCP abuse is any practice that uses the WCP in a way that is contrary to either the intended purpose of the program or the law. Fraud occurs when someone knowingly and with intent to defraud, presents or causes to be presented, any written statement that is materially false and misleading to obtain some benefit or advantage, or to cause some benefit that is due to be denied. Workers' compensation is an essential employee benefit, entitling those persons who are injured on the job to compensation while they recover; however, program cost could be reduced through elimination of fraudulent WCP claims. Program fraud indicators are discussed below:

- Employee has a history of frequent accidents or injuries with no witnesses. Employees could simply fake or prolong injuries to collect payments. Through query of the WC-MIS using an employee's social security number, employees with a history of WCP claims and current multiple claims can be identified.
- Evidence in WCP file indicates that witnesses disagree with the claimant's version. Specifically look to see if the witness statement contradicts the employee's account of the accident. Form CA-1, item 16 will include witness statements concerning an accident.
- Claimant has a marketable occupation (doctor, nurse, computer technician, or other hi-tech job). If claimants have a marketable occupation, the claimants could be working and not reporting income to OWCP.
- Any information (in the case file) that indicates the claimant is working or engaging in business activities. Sometimes the case file will have unsolicited information such as: correspondence, news articles, pictures, or other evidence that indicates the claimant could be working.
- The claimant reported working and income on form CA-7, CA-8, or 1032. Claimant may have reported working to OWCP, but benefits were not terminated or reduced because of an administrative error. However, if the claimant reported working intermittently and is found to be working continuously, this could be considered potential fraud.
- The independent medical exam does not support claimant's injury and contradicts with other medical reports. Also, if the claimant is receiving excessive medical treatment from a provider, the claimant could be in collusion with the doctor. The doctor could be processing fraudulent claims for unnecessary medical treatments, then splitting the payments for these fictitious treatments with the "injured" employee.
- The case file includes a request (from the claimant or third party) for income verification to purchase a home or other major item could indicate that the claimant has not reported income to OWCP.

OIG Designed Worksheets That Can be Used to Aid in Case Reviews and Identification of Potential Fraud

The case analysis and review worksheets provided with this protocol package were designed to provide a structured methodology for classifying WCP cases. OIG Case Review Worksheet 1 (pages 51 - 56) is a two part worksheet that should be used for review of VA's case file and to aid in review of OWCP's case file. The first part identifies primary documents that should be reviewed and a series of questions to answer. This worksheet also provides a methodology for documenting what forms need to be copied from the OWCP case file. The second part provides a methodology for preliminary classification of the WCP case based on review of VA's case file. This worksheet should be used through out the case review to record and document the review process and used in conjunction with the OWCP case file review to ensure that appropriate documents are reviewed and copied. OIG Case Review Worksheet 2 (page 57) should be used to record documents copied from the OWCP case file and to document any request for OWCP actions. A copy of this form should be filed in the OWCP case file for future references. OIG

Case Review Worksheet 3 (page 59) provides a methodology on final classification of a WCP case and it can be used for referral of suspected program fraud. Examples of our case review classifications are presented below.

- When reviewing cases and answering questions it is determined the claimant has work capabilities (e.g., medical report state claimant could work 6 hours a day with restrictions). Offer the claimant a job based on limitations. If there is no current medical information, then request the information from the treating physician. Ask for specific limitations and residual effects of work-related injury. If properly coordinated with OWCP, the facility will be able to make the request and prepare a job description for OWCP approval. This would be classified as “removal from rolls” for the purpose of this protocol package.
- It is possible that through review of VA and OWCP case files evidence to support residual effects of work-related injury can not be found or medical information that concludes there are no residual effects is found. It is also possible that OWCP staff overlooked this information. A request for determination of continued payment of compensation could be made using OIG Case Review Worksheet 2 (page 57). This case would be classified as “case management” for the purpose of this protocol package.
- Review of medical reports shows indicators that the claimant is working part time or full time yet no earnings are reported on OWCP form 1032 for period covered in medical reports. Copies of medical report and OWCP 1032 would be made and case referred to OIG, using OIG Case Review Worksheet 3 (page 59), following procedures outlined on pages 61 - 62. This case would be classified as “fraud referral” for the purpose of this protocol package.
- A claimant from a facility in VISN 2 (upstate New York) is living in Florida. Through review of OWCP records, it has been determined that currently the file is located at the OWCP District Office in Jacksonville, FL, and follow up with this office is needed to obtain current medical and income information. This case would be classified as “out-of-state” for the purpose of this protocol package. Additionally, it may be possible that a VHA facility in Florida could offer the claimant a job which would mean the case would be classified as “removal from rolls” for the purpose of this protocol package.
- Review of all the documentation in VA and OWCP case files shows no indicators of potential fraud and continued disability from work related injury. This case would be classified as “no actions needed” for the purpose of this protocol package.
- Review of WC-MIS or VA’s WCP cases file shows that compensation payments have stopped because the claimant has returned to work or elected disability retirement. This case would be classified as “no actions needed” for the purpose of this protocol package.

OIG CASE REVIEW WORKSHEET 1

Initial Analysis and Review of WCP Cases (page 1 of 6)

PART I

WCP Case Identifying Information:

Claimant's Name: _____ SSN: _____ DOB: _____

OWCP Case No.: _____ Date of Injury: _____

Facility (Name/No.): _____

Analysis and Review:

This section is designed to aid in the analysis and review of a WCP case by identifying primary documents that need to be reviewed during case analysis. If the documents are not in VA's case file then a copy should be obtained from the OWCP case file. An additional column is provided to record notes to refer to when reviewing the OWCP case file. Although all documents in the case file should be reviewed, these primary documents are ones where indicators of potential fraud and information as to claimant's ability to work are found.

Documentation	Attached or in VA's case file	Needed	OWCP District For Further Development
CA-1-Federal Employee's Notice of Traumatic Injury and Claim for Continuation of Pay (COP). This is the basic claim form for traumatic injury.			
CA-2 – Notice of Occupational Disease and Claim for Compensation. Claims for compensation relating to an "occupational disease" are more complicated than for traumatic injuries.			
CA-2a – Notice of Employee's Recurrence of Disability and Claim for Compensation. This form is used to report a recurrence of disability.			

OIG CASE REVIEW WORKSHEET 1

Initial Analysis and Review of WCP Cases (page 2 of 6)

Analysis and Review: (continued)

Documentation	Attached or in VA's case file	Needed	OWCP District For Further Development
CA-7- <u>Claim for Compensation on Account of Traumatic Injury or Occupational Disease.</u> This form is used to claim compensation for wage loss due to a work-related traumatic injury after the expiration of COP or for an occupational disease.			
CA-8- <u>Claim for Continuing Compensation on Account of Disability.</u> This form is a claim for continuing compensation for both traumatic injury and occupational disease.			
Current Medical Report- A medical assessment should be updated at least every 3 years.			
Independent Medical Exam. - To resolve discrepancies in medical opinions, OWCP will request an independent medical exam. Also, second opinion exams may be requested.			
<u>OWCP form 1032 –Income Certification</u> - This form is sent to the claimant periodically to request income information and verification of work status.			

OIG CASE REVIEW WORKSHEET 1

Initial Analysis and Review of WCP Cases (page 3 of 6)

Analysis and Review: (continued)

These questions are designed to aid in analysis and review of WCP cases by highlighting areas where potential fraud indicators are found and should be answered after the above documents have been obtained. Additionally, these questions will aid in identifying and prioritizing actions needed to remove claimants from WCP rolls (i.e., identifying work restrictions, offering claimant work, etc.).

QUESTIONS (Refer to CA-1, CA-2, CA-7, CA-8 or other pertinent documents)	F¹	YES	NO	Comments
1. Did the alleged injury occur immediately following disciplinary action, notice of probation, demotion, or being passed over for promotion? (Source: correspondence from HRM and personnel files.)				
2. Claimant has a history of workers' compensation claims. (Source: WCP claim file or WC-MIS.)				
3. Does the claimant have any work capacity? (Source: medical reports, 1032s, etc.)				
4. The alleged injury relates to a pre-existing injury or health problem. (Source: medical reports or employee health files.)				
5. Claimant uses a post office box for address. (Source: CA-1 or CA-2.)				
6. Claimant's version of the accident has inconsistencies. (Source: CA-1 or CA-2.)				
7. There are no witnesses to the accident or witnesses report of the accident conflict with the applicant's version or with one another. (Source: CA-1 or CA-2.)				
8. Facts regarding accident are related differently in various medical reports, statement, and supervisor's first report of injury. (Source: CA-1 and medical reports.)				
9. Medical treatment is inconsistent with injuries originally alleged by employee. (Source: CA-1 and medical reports.)				

OIG CASE REVIEW WORKSHEET 1

Initial Analysis and Review of WCP Cases (page 4 of 6)

Analysis and Review: (continued)

QUESTIONS (Refer to CA-1, CA-2, CA-7, CA-8 or other pertinent documents)	F ¹	YES	NO	Comments
10. Claimant undergoes excessive treatment for soft tissue injuries. (Source: medical reports.)				
11. The injury was not reported in a timely manner. (Source: CA-1 or CA-2.)				
12. Does the claimant have a marketable skill? (Source: CA-1 or CA-2.)				
13. Did the claimant report any income? (Source: CA-7, CA-8, or CA-1032.)				
14. Has the claimant relocated since being on WCP? (Source: Correspondence or WC-MIS.)				

¹ Check here if there are indicators of potential fraud.

Additional documents and comments.

[illegible]

OIG CASE REVIEW WORKSHEET 1

Initial Analysis and Review of WCP Cases (page 5 of 6)

PART II**Preliminary Classification:**

This part of the worksheet should be used throughout the case review to record and document the review process. Each section is provided to assist with different parts of the review. For example, the first section below would be used to record and document information needed for the DOL OWCP case file review. The section on fraud would be used to record and document indicators of fraud (e.g., medical report discusses work that is not reported on OWCP form 1032). Copies of all supporting documents such as OWCP form 1032, CA-1, or medical reports that contain pertinent information to reaching conclusions should be attached to this form.

Notes for DOL OWCP Review:

Indicators of Fraud:

Refer To OIG	
YES	NO

OIG CASE REVIEW WORKSHEET 1

Initial Analysis and Review of WCP Cases (page 6 of 6)

Case Management Issues:

Conclusions:

Use this section to record conclusions reached based on review and analysis. The case should be categorized into one of the categories listed below. Also, list any additional actions that are needed. Additional notes and documents concerning conclusions and categorization should be attached.

Removal From WCP Rolls.

Case Management - List Specific Actions Needed.
--

Out-of-State.

No Actions Needed for this Review - Continue to Monitor.

Additional Actions Needed:

Prepared By: _____ Date: _____ Phone No.: _____
 Reviewed By: _____ Date: _____ Phone No.: _____

OIG CASE REVIEW WORKSHEET 2

OWCP District Office Case Review Worksheet (page 1 of 1)

WCP Case Identifying Information:

Claimant's Name: _____ SSN: _____ DOB: _____

OWCP Case No.: _____ Date of Injury: _____

Facility (Name/No.): _____

Documents copied from DOL-OWCP case file:

During the Department of Veterans Affairs site visit on _____ the following documents from the claimant's OWCP case file were copied. **(insert date)**

Additional Actions Needed:

Based on this review we are requesting that the OWCP District Office initiate the following actions or respond to the following questions.

Prepared By: _____ Date: _____ Phone No.: _____

(Print Name): _____ VAMC/VISN: _____

OIG CASE REVIEW WORKSHEET 3**Final Classification and Case Review Summary Worksheet (page 1 of 1)****WCP Case Identifying Information:**

Claimant's Name: _____ SSN: _____ DOB: _____

OWCP Case No.: _____ Date of Injury: _____

Facility (Name/No.): _____

Summary Case Review:

Briefly summarize results of case file reviews (VA and OWCP). Include discussion of information/documents used to reach conclusions, including indicators of fraud.

Final Category:

Removal From WCP Rolls.

Refer To OIG

YES

NO

Case Management – List Specific Actions Needed.
--

No Additional Actions Needed for this Review - Continue to Monitor.
--

Additional Actions Needed:

Out-of-state.

Prepared By: _____ Date: _____ Phone No.: _____

Reviewed By: _____ Date: _____ Phone No.: _____

PROCEDURES FOR REFERRING SUSPECTED FRAUD TO THE OFFICE OF INSPECTOR GENERAL

Workers' compensation is an essential employee benefit, entitling those persons who are injured on the job to compensation while they recover. However, OIG efforts in the WCP area have shown that a small percentage of employees fraudulently submit WCP claims or, after establishment of a WCP claim, commit program fraud. WCP fraud occurs when someone knowingly and with intent to defraud, presents or causes to be presented, any written statement that is materially false and misleading to obtain some benefit or advantage. Our audit of WCP costs showed that an estimated \$9 million of CBY 1996 WCP costs could potentially be the result of program fraud. The instructions and worksheets contained in this protocol package are geared toward identifying indicators of potential WCP fraud. If potential WCP fraud is identified, the WCP Specialist should contact the OIG Office of Investigations in Washington, DC or the nearest OIG Field Office of Investigation to obtain guidance on what evidence should be collected and what needs to be included in the case referral package.

Use of WCP Case Profiles Can Aid in Identifying Indicators of Potential Fraud

Potential indicators of fraud are discussed in Appendix VI on pages 47 - 48. Although there are no standard case characteristics that always indicate WCP fraud, the following WCP case characteristics do indicate that additional scrutiny is needed in case review to identify potential program fraud:

- The injury occurs prior to or just after a job termination, completion of temporary work assignment, or end of seasonal work.
- Employee reports an alleged injury immediately following disciplinary action, notice of probation, demotion, or being passed over for promotion.
- Employee has a history of personal injury, workers' compensation claims, and/or of reporting subjective injuries.
- There are no witnesses to the accident or witness's version of the accident conflict with the employee's version or with one another.
- Employee fails to report the injury in a timely manner or employee's version of the accident has inconsistencies.
- The alleged injury relates to a preexisting injury or health problem.
- Employee uses addresses of friends, family, or post office boxes; has no known permanent address and moves frequently.
- Employee avoids use of U.S. mail and hand-delivers documents.
- Employee frequently changes physicians, or does so after being released to return to work.
- Employee undergoes excessive treatment for soft tissue injuries.

- Medical treatment is inconsistent with injuries originally alleged by employee. The nature of the alleged injury conflicts with claim file documentation.
- The claimant cancels or fails to keep appointments, or refuses diagnostic procedures to confirm injury.
- Diagnosis is inconsistent with the treatment rendered. The alleged injuries are all subjective.
- Medical bills are copies of originals, without dates or service or description of office visits. Address of medical provider is only a post office box.
- Medical facility uses multiple names or changes name often or the medical reports appear to be “boilerplate” reports.

If Suspected Fraud is Identified Contact the OIG Office of Investigations for Guidance on Developing the Case

If potential fraud is suspected, contact the local OIG Field Office of Investigations or contact the Program Director, Benefits Fraud (51B) at (202) 565-8595 for guidance on how to develop the indicators of fraud and what information needs to be included in the case referral package. The following is a list of OIG Field Offices of Investigations:

Northeast Field Office of Investigations (51NY) Special Agent-In-Charge 245 West Houston Street 3 rd Floor New York, NY 10014	Telephone (212) 807-3444 or (212) 807-3443
Southeast Field Office of Investigations (51SP) Special Agent-In-Charge P.O. Box 446 Bay Pines, FL 33744	Telephone (727) 398-9559 or (727) 398-6661 Ext. 4820
Western Field Office of Investigations (51LA) Special Agent-In-Charge P.O. Box 241516 Los Angeles, CA 90024	Telephone (310) 268-4269 or (310) 478-3711 Ext. 49648
Central Field Office of Investigations (51CH) Special Agent-In-Charge Lock Box 66319 AMF O’Hare, IL 60666	Telephone (708) 216-2676 or (708) 216-2358

VHA SUMMARY DATA

APPENDIX VIII

CBY 1997 SUMMARY DATA FOR VETERANS HEALTH ADMINISTRATION FACILITIES

The information in this appendix is a summary analysis of the 6,513 VHA WCP claims that received compensation in CBY 1997. This data is presented for use in developing trends and comparison of VISN data to nation-wide data. The supporting data for the tables, graphs, and charts presented in this appendix is contained on the PC floppy Disk One included with this protocol package on page 43. (*File names and a discussion of the information contained in the files on this PC floppy disk is presented in Appendix V on pages 40 – 42.*)

Table VIII.1 below is the matrix of the 3,263 WCP claims from the VHA primary file. Information in this matrix can be compared to individual VISN matrix in Appendix V on page 33. This matrix was used to identify the 1,705 WCP claims in the targeted group for initial review and analysis.

Table VIII.1

Matrix Of 3,263 Records From Primary File For All VISNs

		\$500.99 or less	\$501 to \$1,500.99	\$1,501 to \$2,500.99	\$2,501 to \$5,000.99	\$5,001 to \$15,000.99	\$15,001 to \$25,000.99	\$25,001 to \$40,000.99	\$40,001 to \$55,000.99	\$55,001 or greater	Total For Medical	
	Range Codes	C1	C2	C3	C4	C5	C6	C7	C8	C9		
M0	Negative Medical Costs	2	1	0	0	5	6	1	0	0	15	
M1	No Medical Costs	26	62	43	97	284	243	67	5	9	836	
M2	Medical Costs <= 500.99	15	45	30	64	259	274	78	8	6	779	
M3	Medical Costs 501 -- 1,500.99	16	22	11	31	194	194	64	6	2	540	
M4	Medical Costs 1,501 -- 2,000.99	3	2	3	16	39	57	21	6	0	147	
M5	Medical Costs 2,001 -- 2,500.99	6	5	2	10	33	45	18	5	2	126	
M6	Medical Costs 2,501 -- 5,000.99	4	11	9	28	86	134	52	10	4	338	
M7	Medical Costs 5,001 -- 10,000.99	1	6	10	17	62	116	49	7	1	269	
M8	Medical Costs 10,001 -- 25,000.99	2	1	3	9	42	65	27	4	3	156	
M9	Medical Costs > 25,001	0	0	1	0	16	28	10	2	0	57	
	Totals For Compensation	75	155	112	272	1,020	1,162	387	53	27	3,263	
			Totals for >C5 and <M3 ¹				742	717	210	19	17	1,705

Table VIII.1 Footnotes:

¹ >C5 = Compensation greater than \$5,001 and <M3 = Medical costs less than \$1,500.

(The file name for the above matrix that is enclosed on PC floppy Disk One is [*VHASUM.xls*]).

Table VIII.2 below shows the distribution of the 3,263 WCP claims in the Primary file and the 1,705 WCP claims in the targeted group by VISN. The primary file totals include the targeted group totals. This table can be used for development of trends and comparison of VISN data to nation-wide data.

Table VIII.2
Distribution of 3,263 VHA WCP Claims in Primary File
And 1,705 VHA WCP Claims in Targeted Group

VISN No.	No. Cases In Targeted. Group.	Percent Of 1,705	No. Cases In Primary File	Percent Of 3,263
1	103	6.0%	178	5.5%
2	97	5.7%	172	5.3%
3	151	8.9%	240	7.4%
4	106	6.2%	215	6.6%
5	69	4.0%	146	4.5%
6	80	4.7%	140	4.3%
7	91	5.3%	162	5.0%
8	117	6.9%	184	5.6%
9	53	3.1%	113	3.5%
10	64	3.8%	138	4.2%
11	54	3.2%	107	3.3%
12	69	4.0%	146	4.5%
13	59	3.5%	96	2.9%
14	18	1.1%	41	1.3%
15	35	2.1%	66	2.0%
16	120	7.0%	254	7.8%
17	52	3.0%	126	3.9%
18	46	2.7%	116	3.6%
19	40	2.3%	108	3.3%
20	64	3.8%	104	3.2%
21	69	4.0%	131	4.0%
22	148	8.7%	280	8.6%
Totals	1,705	100.0%	3,263	100.0%

Table VIII.3 on pages 65 - 66 shows the distribution of the 1,032 WCP claims with an out-of-state address by state. The totals from the three files will not always equal the totals for the state because there are 36 WCP claimants that were 65 or older and filed a claim for work related injury less than 4 years ago. These claimants are counted in two of the files (Claimants 65 and over file and Injury less than 4 years ago file). Supporting data for this table is contained on the PC floppy Disk One (file named *OUTST.xls*) included with this protocol package on page 43. This file also contains a worksheet of out-of-state by facility which can be used to identify opportunities to share or exchange job offers for claimants able to work.

Table VIII.3**Distribution Of 1,032 Out-Of-State WCP Claims By State**

State	State Abbreviation	Total Records 65 and Over File	Total Records Less Than 4 Years	Total Records Primary File	Total Records For State
Alabama	AL	7	1	14	22
Alaska	AK	0	0	0	0
Arizona	AZ	15	5	24	44
Arkansas	AR	12	0	6	18
California	CA	16	2	17	35
Colorado	CO	8	0	4	12
Connecticut	CT	2	0	3	5
Delaware	DE	2	0	4	6
District of Columbia	DC	0	0	0	0
Florida	FL	76	1	75	152
Georgia	GA	14	3	21	38
Hawaii	HI	1	0	1	2
Idaho	ID	3	0	6	9
Illinois	IL	6	0	11	17
Indiana	IN	2	1	12	15
Iowa	IA	5	1	4	9
Kansas	KS	3	2	4	9
Kentucky	KY	13	3	15	31
Louisiana	LA	3	0	6	9
Maine	ME	2	0	2	4
Maryland	MD	7	10	33	50
Massachusetts	MA	5	0	3	8
Michigan	MI	1	1	10	12
Minnesota	MN	5	3	8	16
Mississippi	MS	8	0	8	16
Missouri	MO	7	1	10	18
Montana	MT	1	0	2	3
Nebraska	NE	3	0	3	6
Nevada	NV	10	0	14	24
New Hampshire	NH	4	3	7	14
New Jersey	NJ	9	9	11	28
New Mexico	NM	7	0	8	15
New York	NY	9	0	10	19
North Carolina	NC	10	1	14	25
North Dakota	ND	1	0	2	3
Ohio	OH	7	2	11	20
Oklahoma	OK	4	0	5	9

Table VIII.3 (continued)**Distribution Of 1,032 Out-Of-State WCP Claims By State**

State	State Abbreviation	Total Records 65 and Over File	Total Records Less Than 4 Years	Total Records Primary File	Total Records For State
Oregon	OR	12	0	8	20
Pennsylvania	PA	10	2	11	23
Rhode Island	RI	0	1	0	1
South Carolina	SC	9	1	10	20
South Dakota	SD	7	0	6	13
Tennessee	TN	7	1	17	25
Texas	TX	16	1	29	46
Utah	UT	0	0	3	3
Vermont	VT	2	0	2	4
Virginia	VA	15	3	17	35
Washington	WA	21	3	23	47
West Virginia	WV	2	1	4	7
Wisconsin	WI	19	5	22	45
Wyoming	WY	0	0	1	1
Puerto Rico	PR	3	0	9	12
Guam	GU	0	0	1	1
Foreign Address	FA	2	0	4	6
Totals		413	67	555	1,032

Table VIII.4 on pages 67 - 68 is a listing of the 30 occupational codes for the 3,263 VHA cases in the primary file. This table can be used to compare VISN occupational codes (Table V.4 on page 40) to nation-wide codes. The supporting information for this table is on the PC floppy Disk One (file name *VHASUM.xls*) included with this protocol package on page 43.

Aging of the WCP claims is another tool that is useful in analysis and prioritization of cases for review as discussed in Appendix V on page 34. The pie chart on page 68 shows the percentage of the 6,513 WCP claims with compensation payments in CBY 1997 in the four age groups listed in Appendix V on page 34. The bar chart on page 69 shows the percentage of the 6,513 WCP claims in age groups by VISNs. This information is useful in developing trends and can be used to compare VISN data to nation-wide data. The supporting data for these charts is on the PC floppy Disk One (file name *VHASum.xls*) included with this protocol package on page 43.

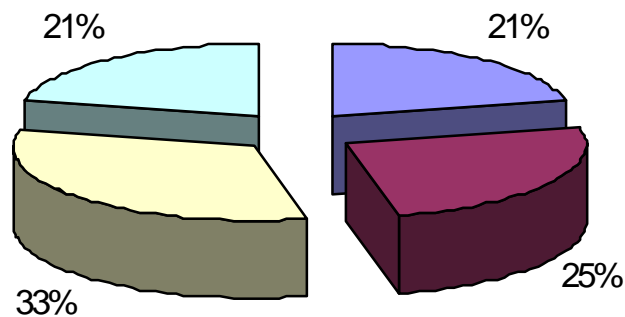
Table VIII.4**Top 30 Occupation Codes For 3,263 WCP Records In Primary File**

Occupation Code Definition	Occupation Code	Total Records In Primary File	VHA Rank
*Nurse (per DOL AQS)	61	526	1
Unknown / Missing Occupation Code	Z9999	416	2
*Unclassified Occupation (per DOL AQS)	99	323	3
Nurse	G0610	255	4
Nursing Assistant	G0621	213	5
Practical Nurse	G0620	170	6
Food Service Working	W7408	118	7
Custodial Worker	W3566	111	8
*Mess Attendant (per DOL AQS)	56	74	9
*Office Worker (per DOL AQS)	62	69	10
*Ward Attendant (per DOL AQS)	96	55	11
Medical Clerk	G0679	50	12
*Janitor (per DOL AQS)	40	47	13
Misc. Clerical & Assistance	G0303	41	14
*Nurse (per DOL AQS)	V0610	40	15
*Laundry worker (per DOL AQS)	43	28	16
Police	G0083	27	17
*Laborer (per DOL AQS)	42	22	18
*Cook (per DOL AQS)	15	20	19
Mail & File	G0305	20	19
Secretary	G0318	18	20
Medical Supply Aid & Technician	G0622	18	20
Medical Technician	G0645	18	20
Social Work	G0185	17	21
*Pharmacy Technician (per DOL AQS)	G0661	16	22
Warehouse Working	W6907	15	23
Clerk Typist	G0322	14	24
Diagnostic Radio Technician	G0647	14	24
Carpentry	W4607	14	24
Motor Vehicle Operating	W5703	14	24
*Mechanic/Repairman (per DOL AQS)	53	13	25
Painting	W4102	13	25
Laundry Working	W7304	13	25
Foreman (per DOL AQS)	31	12	26
Medical Machine Technician	G0649	12	26
Electrician	W2805	12	26
*Electrician/Lineman (per DOL AQS)	25	11	27

Table VIII.4 (continued)**Top 30 Occupation Codes For 3,263 WCP Records In Primary File**

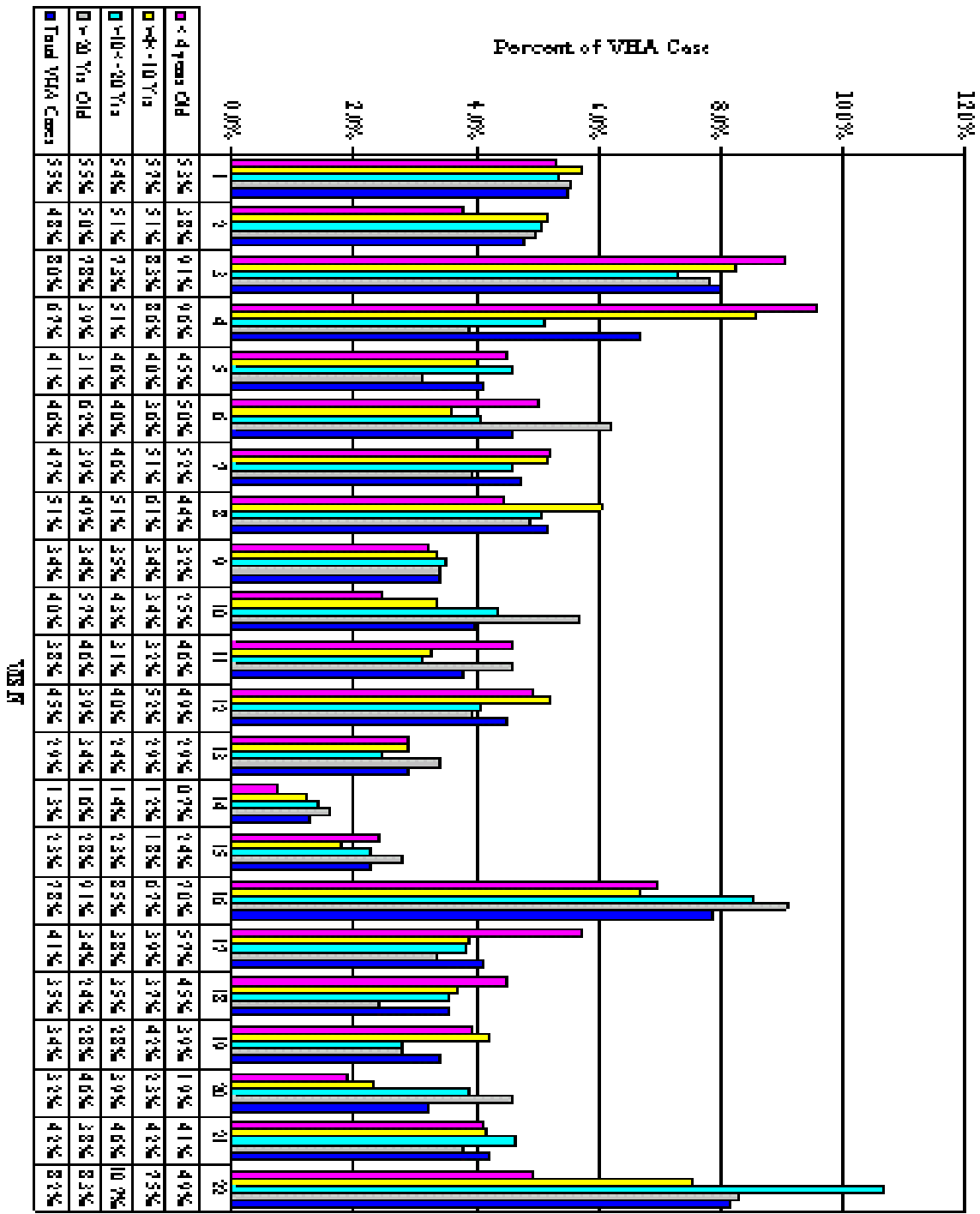
Occupation Code Definition	Occupation Code	Total Records In Primary File	VHA Rank
*Laboratory Worker (per DOL AQS)	41	11	27
Misc. Occupations	W5201	11	27
*Charwoman (per DOL AQS)	09	10	28
*Patrolman (per DOL AQS)	67	9	29
*Carpenter (per DOL AQS)	08	9	29
*Painter (per DOL AQS)	66	8	30
Telephone Operating	G0382	8	30
General Health Science	G0601	8	30
Pipefitting	W4204	8	30
Total Records For Top 30		93	

* Source of definition is DOL's Agency Access System (AQS)

Pie Chart**Percent Of 6,513 VHA WCP Cases By Age Groups**

■ 1-48 Months (<= 4Yrs. Old)	■ 49-129 Months (>4<=10 Yrs.)
■ 121-240 Months (>10<=20 Yrs.)	■ 241 + Months (>20 Yrs. Old)

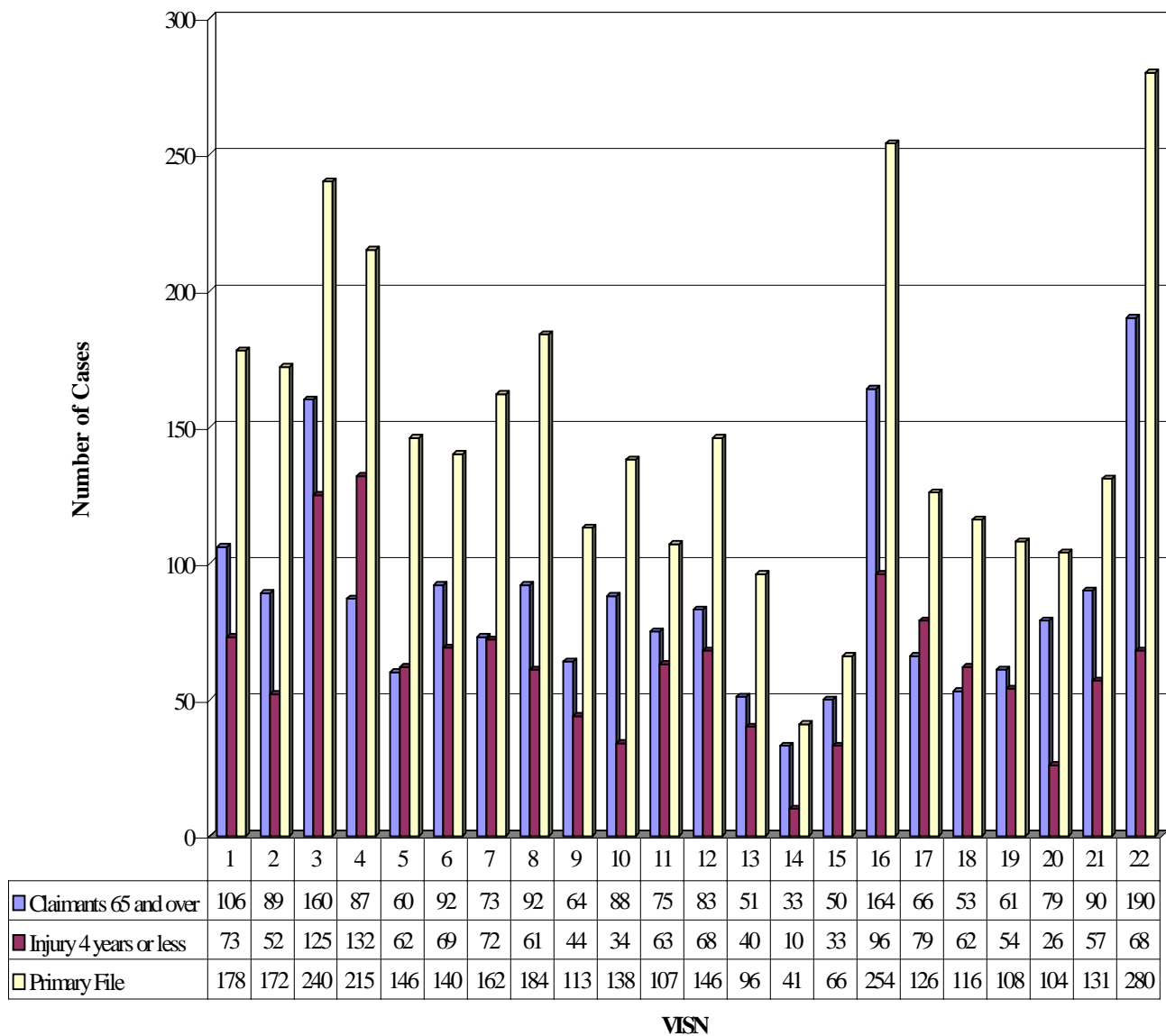
Bar Chart
Aging Of 6,513 WCP Claims By VISN



The bar chart below shows the case distribution of the 6,513 WCP claims by VISN and categories for this protocol package. The bar chart below shows the distribution of WCP costs for the 6,513 WCP claims by VISN and categories for this protocol package. The supporting data for these charts are on the PC floppy disk (Disk One file named **VHASUM.xls**) included in this protocol package on page 43.

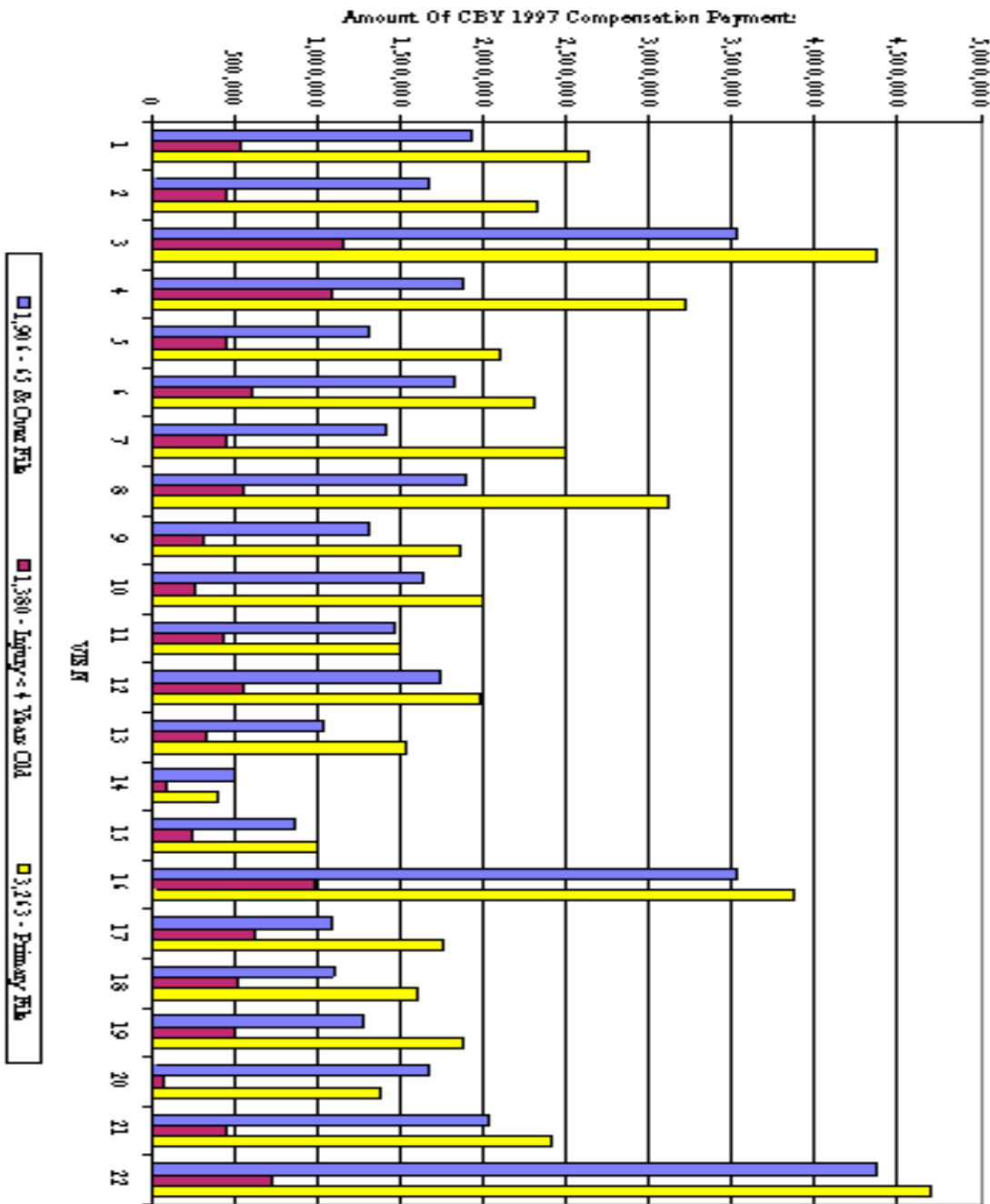
Bar Chart

Distribution Of 6,513 WCP Claims By VISN And Categories



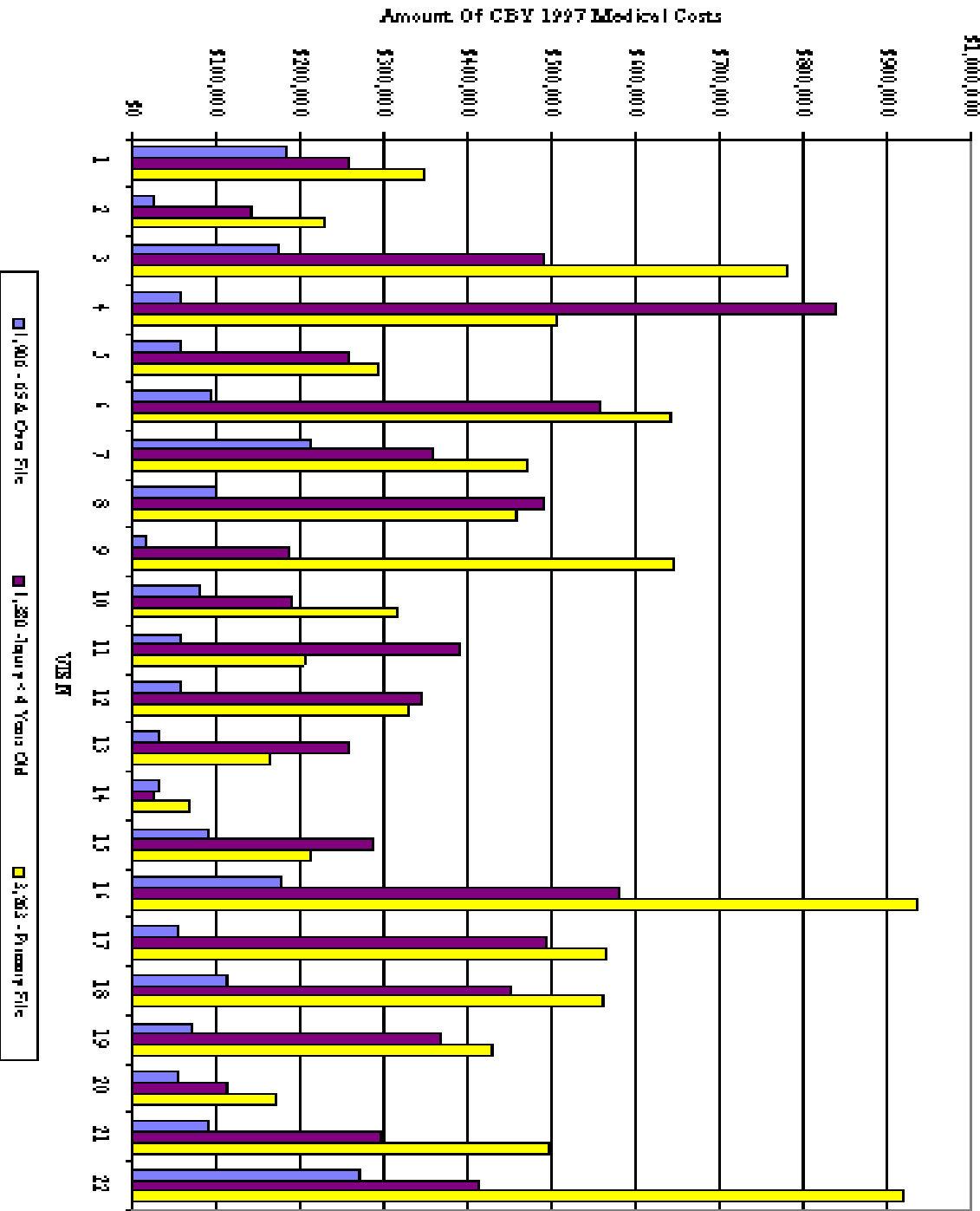
Bar Chart

**Distribution CBY 1997 Compensation Costs For 6,513 WCP Claims By VISN
And Categories**



Bar Chart

Distribution CBY 1997 Medical Costs For 6,513 WCP Claims By VISN And Categories



REFERENCES AND DISTRIBUTION

APPENDIX IX

REFERENCE MATERIAL

Laws and Regulations

The Federal Employees' Compensation Act (Public Law 103-3 Enacted February 5, 1993) - Is the law that established the current rules and regulations over the Federal WCP. This document can be obtained from the Department of Labor's (DOL) Internet site (<http://www.dol.gov/dol/esa/public/regs/compliance/owcp/fecacont.htm>).

Code of Federal Regulations Title 20, Parts 1-25 (Revised April 1, 1988) - Provides the statutory provisions for workers' compensation benefits to civilian officers and employees of all branches of the United States Government. (This Publication can be obtained from DOL upon request or from the DOL Internet site listed above.)

Department of Labor

DOL's OWCP administers the Federal Employees' Compensation program, one of three major disability compensation programs that provide wage replacement, medical treatment, vocational rehabilitation and other benefits to employees and their dependents for certain work-related injury or occupational disease. This includes adequate and timely benefits as well as assistance in returning to work when necessary. OWCP's customers include both injured workers and the employing agencies.

OWCP provides several training courses, which are free, to aid the employing agency in program administration. Additionally, OWCP will provide handbooks and other information upon request. We used **Injury Compensation for Federal Employees - A Handbook for Employing Agency Personnel** (DOL Publication CA-810 Revised February 1994) as a guide for developing and conducting our national audit. This handbook gives a program overview as well as guidelines on how to administer the WCP. Information on the Federal WCP as well as links to some state WCP Internet sites is available through DOL-OWCP's Internet site at (http://www.dol.gov/dol/esa/owcp_org.htm).

DOL also maintains an automated database on WCP cases that can be accessed through the Internet. The AQS is a secure Internet site that provides access to information on injury claims filed with the Division of Federal Employees' Compensation. Only an authorized user can obtain access to this site. Authorization can be obtained through VA's WCP Program Manager.

Note: The FECA regulations have been rewritten. The changes were posted in the Federal Register in November 1998 and will take effect on January 4, 1999. The new regulations will be contained in FECA Circular No. 99-04. This circular should be reviewed to determine the impact, if any, on case management of WCP claims.

Other

Several books and publications are available to assist WCP Coordinators and Specialists with understanding the WCP and medical report terminology.

Federal Sector Workers' Compensation published by Dewey Publications, Inc. deals exclusively with WCP claims involving federal employees. The book is a compilation and interpretation of the rules and regulations governing the Federal WCP, including case law of the Employees' Compensation Appeals Board. More information about this book and its cost can be obtained by calling Dewey Publications, Inc. at (703) 524-1355.

Generic ICD-9-CM Volumes 1, 2, and 3 (Hospital Version) published by Channel Publishing, Ltd. contains International Classification of Diseases (ICD-9) codes which can be used to ensure that medical treatment is related to the accepted work-related injury. Additionally, this publication can be used to ensure proper coding is maintained in automated systems. More information about this publication can be obtained from Channel Publishing, Ltd. at 1-800-248-2882.

Control of Communicable Diseases Manual published by the American Public Health Association discusses communicable diseases, causes, prevention, and control problems as well as effects and characteristic of the diseases. More information about this publication can be obtained from the American Public Health Association in Washington, DC.

REFERENCES AND DISTRIBUTION

APPENDIX X

PROTOCOL PACKAGE DISTRIBUTION LIST

VA Distribution

Secretary (00)
Under Secretary for Health (105E)
Under Secretary for Benefits (20A11)
Under Secretary for Memorial Affairs (40)
General Counsel (02)
Assistant Secretary for Financial Management (004)
Assistant Secretary for Human Resources and Administration (006)
Assistant Secretary for Planning and Analysis (008)
Assistant Secretary for Public and Intergovernmental Affairs (002)
Acting Assistant Secretary for Congressional Affairs (009)
Deputy Assistant Secretary for Congressional Operations (60)
Chief Network Officer (10N)
Veterans Integrated Service Networks 1 – 22

Non-VA Distribution

Office of Management and Budget
U.S. General Accounting Office
Director, Federal Employees Office of Workers' Compensation Programs
Congressional Committees:
 Chairman, Senate Committee on Governmental Affairs
 Ranking Member, Senate Committee on Governmental Affairs
 Chairman, Senate Committee on Veterans' Affairs
 Ranking Member, Senate Committee on Veterans' Affairs
 Chairman, House Committee on Veterans' Affairs
 Ranking Member, House Committee on Veterans' Affairs
 Chairman, Senate Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations
 Ranking Member, Senate Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations
 Chairman, House Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations
 Ranking Member, House Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations
 Chairman, Subcommittee on Oversight and Investigations, House Committee on Veterans' Affairs
 Ranking Democratic Member, Subcommittee on Oversight and Investigations, House Committee on Veterans' Affairs

This protocol package will be available in the near future on the VA Office of Audit web site at <http://www.va.gov/oig/52/reports/mainlist.htm> *List of Available Reports*. This protocol package will remain on the OIG web site for two fiscal years after it is issued.