

U.S. DEPARTMENT OF LABOR

Employment Standards Administration  
Office of Workers' Compensation Programs  
Division of Federal Employees Compensation  
200 Constitution Avenue NW (Room S-3229)  
Washington, DC 20210



MEMORANDUM FOR:

The Honorable Dale E. Klein  
Chairman  
U.S. Nuclear Regulatory Commission  
Washington, DC 20555

FROM:

  
EDWARD G. DUNCAN  
Deputy Director,  
Division of Federal Employees' Compensation

SUBJECT:

Federal Employees' Compensation  
Chargeback Adjustments – FY 2007

The Office of Workers' Compensation Programs (OWCP) has cooperated with government investigations of Federal Employees' Compensation Act (FECA) fraud involving claimants and medical providers administered by the Division of Federal Employees' Compensation (DFEC). The Department of Labor's Office of Inspector General and its agency counterparts, along with the U.S. Department of Justice, have long been active in the FECA area investigating fraud and criminal activity related to government programs. While criminal prosecutions for FECA fraud form part of this effort, the government has also participated in civil suits under the False Claims Act and related statutes in an effort to identify, reduce, and deter fraud in the area of medical billings. A number of these cases have resulted in substantial monetary settlements to various government entities. These funds cover settlements concerning legal actions involving various medical providers, applicable to dates of service going as far back as 1993.

Many of these settlements cover a greater than five year period, and involve thousands of claimants, making it impossible to apply the credits on a case-by-case basis. Since FECA compensation costs are charged back to the agencies, the DFEC has developed a process whereby these settlement monies will be credited back to the individual agencies on their annual chargeback bills. The bills have been modified to accommodate this process and allow the agencies notification that they are receiving a credit, which will be noted as a separate line item on the bill itself as a "Refund" amount. With the inception of this process, DFEC is now crediting settlement monies that have been received over the last three years, most in FY 2007. Please note that due to this longer period of settlement receipts, the credit amount being applied this year is likely to be greater than the amounts received on future chargeback bills. In the future, all credits will be applied to the chargeback bill for the year in which the settlement funds were received, if any.

In most instances the DFEC was awarded a global settlement amount by the Department of Justice, based upon the degree of involvement in the government-wide activity being prosecuted. Since those funds do not represent a direct reimbursement of specific services or charges, they cannot be credited to the agency based on prior payment history. Instead, an agency's chargeback credit will be calculated by dividing the settlement proceeds using the percentages of total medical billings, with the resultant amounts over a set minimum posted as credits. However, where the DFEC was provided the precise dollar figure attributable to an agency's medical billings in the context of the settlement, that specific amount will be credited to its chargeback bill.