



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

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**Limited Duty and Rehabilitation  
Employees Returned to Work**

**Audit Report**

September 12, 2013

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Report Number HR-AR-13-006



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

# HIGHLIGHTS

September 12, 2013

## Limited Duty and Rehabilitation Employees Returned to Work

Report Number HR-AR-13-006

### **BACKGROUND:**

U.S. Postal Service employees injured on the job are covered by the Federal Employees Compensation Act, which is administered by the U.S. Department of Labor. The Postal Service manages efforts to return injured employees to work through its Injury Compensation Program. As of December 2012, the Postal Service had 16,999 employees receiving workers' compensation benefits. To reduce these costs, the Postal Service began a return to work initiative focusing on employees receiving workers compensation. As of June 2013, the Postal Service had returned 2,098 employees to work; and the Postal Service and the Department of Labor processed other actions for 1,790 employees that reduced workers compensation costs.

In response to a request from the Office of General Counsel, our objective was to determine whether Postal Service officials followed applicable policies and procedures when returning Limited Duty and Rehabilitation Employees to work.

### **WHAT THE OIG FOUND:**

Overall, Postal Service officials at the four districts we visited (Lakeland, Atlanta, Dallas, and Chicago) followed the established process to return injured employees to work. When management returned employees to work, they adhered to policies outlined in the *Employee and Labor Relations Manual*,

which is consistent with federal laws and regulations. However, we noted officials did not perform the required periodic reviews of 3 percent of case files we reviewed, and 6 percent of the files reviewed did not contain documentation indicating employees accepted modified assignments. Management stated these issues were due to increased workload and decreased staffing.

By not performing periodic reviews of employee case files, employees capable of working would continue receiving workers compensation. Also, when supervisors do not document employees acceptance of modified assignments, the employees could deny agreeing to the terms of the limited duty assignment, increasing the potential for future claims.

### **WHAT THE OIG RECOMMENDED:**

We are not making any recommendations related to the issues identified in this report as management agreed in a prior audit to conduct a formal staffing analysis to determine the number and type of employees needed to handle workers' compensation claims and adjust staffing accordingly.

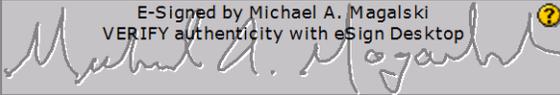
[Link to review the entire report](#)



September 12, 2013

**MEMORANDUM FOR:** JEFFREY C. WILLIAMSON  
CHIEF HUMAN RESOURCES OFFICER AND  
EXECUTIVE VICE PRESIDENT

ROSEMARIE FERNANDEZ  
VICE PRESIDENT, EMPLOYEE RESOURCE  
MANAGEMENT

E-Signed by Michael A. Magalski  
VERIFY authenticity with eSign Desktop   


**FROM:** Michael A. Magalski  
Deputy Assistant Inspector General  
for Support Operations

**SUBJECT:** Audit Report – Limited Duty and Rehabilitation Employees  
Returned to Work (Report Number HR-AR-13-006)

This report presents the results of our audit of the U.S. Postal Service's Limited Duty and Rehabilitation Employees Returned to Work (Project Number 13YG016HR000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Andrea Deadwyler, deputy director, Human Resources and Support, or me at 703-248-2100.

Attachment

cc: Corporate Audit and Response Management

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## Introduction

This report presents the results of our audit of the U.S. Postal Service's Limited Duty and Rehabilitation Employees Returned to Work (Project Number 13YG016HR000). The report responds to a request from the U.S. Postal Service's Office of General Counsel due to a recent class action case that alleges violations of the Rehabilitation Act.<sup>1</sup> Our objective was to determine whether Postal Service officials followed applicable policies and procedures when returning limited duty and rehabilitation employees<sup>2</sup> to work. See [Appendix A](#) for additional information about this audit.

The Postal Service implemented the Delivering Results, Innovation, Value, and Efficiency (DRIVE) initiatives to improve its business performance. One of the DRIVE initiatives is to improve employee availability. This initiative includes a measurable metric to reduce the number of employees on the periodic roll.<sup>3</sup> As of December 2012, the Postal Service had 16,999 employees on the periodic roll and was facing a long-term workers' compensation liability of \$16.5 billion. To reduce these costs, the Postal Service initiated an effort to return limited duty and rehabilitation employees on the periodic roll to work in fiscal year (FY) 2013. As of June 2013, the Postal Service removed 3,888 employees from the periodic roll either because management identified a modified assignment within the employee's medical restrictions, or the employee returned to full duty. Also included in this number are other actions processed by the Postal Service and the U.S. Department of Labor (DOL) that reduced or discontinued workers' compensation payments, such as divorce, change in dependent status, disability separation, retirement, or death.

The Postal Service's policies and procedures for returning employees to work are outlined in the *Employee Labor Relations Manual*, which is consistent with federal laws and regulations.

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<sup>1</sup> The Rehabilitation Act prohibits discrimination against qualified employees and job applicants with disabilities in the federal government, including the Postal Service.

<sup>2</sup> Limited duty employees are temporarily unable to perform their regular assignment due to injuries sustained while on duty. Rehabilitation employees have permanent partial disabilities resulting from injuries sustained while on duty.

<sup>3</sup> Employees who receive workers' compensation benefits and have disabilities that are expected to be permanent or prolonged (more than 60-90 days).

## Conclusion

Overall, Postal Service officials at the four districts we visited (Lakeland, Atlanta, Dallas, and Chicago) followed the established process to return injured employees to work. When management returned employees to work, they adhered to policies outlined in the *Employee and Labor Relations Manual*, which is consistent with federal laws and regulations. However, we noted that officials did not perform the required periodic reviews of 3 percent of case files we reviewed, and 6 percent of files reviewed did not contain documentation of employees acceptance of modified assignments. District Health and Resource Management (HRM) officials stated that it was an oversight due to increased workload and decreased staffing, including retirements and promotions, that made it difficult to manage cases for appropriate documentation.

By not performing periodic reviews of employee case files, employees capable of working would continue receiving workers compensation. Also, when supervisors do not document employees acceptance of modified assignments, the employee could deny agreeing to the terms of the limited duty assignment, increasing the potential for future claims.

## Periodic Reviews

District HRM specialists performed periodic reviews for 134 of the 138 case files we reviewed (97 percent); however, we identified two case files in the Lakeland District and one file each in the Chicago and Atlanta districts that did not contain evidence of required periodic reviews.

For example, a case file for a rural carrier in the Atlanta District, injured in February 2006, had no evidence of a modified assignment form or periodic review from May 2009 until December 2012. We found the employee's most recent medical report, dated May 2009, stated that he could return to work with medical restrictions. However, it was not until January 2013, that a district HRM specialist performed a periodic review, and the employee accepted a modified assignment in March 2013. Based on the employee's medical report, he was able to return to work as early as May 2009.

Postal Service guidelines require supervisors and managers to conduct periodic reviews of all employees working in temporary or limited duty assignments and all employees who have received notice that there is no adequate work available within the employee's medical restrictions.<sup>4</sup>

District HRM officials stated they did not perform all periodic reviews due to an oversight. They further stated that increased workload and decreased staffing from retirements and promotions contributed to the oversight. As a result, employees capable of working remain on the periodic roll, and the Postal Service incurs unnecessary workers' compensation costs.

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<sup>4</sup> *Guidelines for Assignment of Limited Duty and Rehabilitation Employees*, dated July 1, 2011.

Although we identified one case file without evidence of a periodic review in the Chicago District, officials explained that they have a process called the “Blue Room,” a monitoring control worthy of consideration as a best practice throughout the Postal Service. This control, used to monitor absenteeism, also assists in returning injured employees to work. The district, Human Resources, HRM, and Customer Service Operations managers monitor all employees who are not actively working, and they also include limited duty and rehabilitation employees. They meet once a month to review the status of employees not actively working, which helps them manage their required periodic reviews. This practice could help other districts whose HRM specialists are not able to keep up with periodic file reviews due to workload and staffing issues.

### Modified Assignment Form

We determined that 59 of the 63 case files (94 percent) required and contained a completed Postal Service (PS) Form 2499, Offer of Modified Assignment.<sup>5</sup> However, four files at three<sup>6</sup> districts we visited had no evidence that employees accepted the offer of modified assignment before returning to work. Two case files contained PS Forms 2499 that did not document acceptance of modified assignments; while the remaining two case files did not contain completed PS Forms 2499.

PS Form 2499 should list the duties and physical requirements of the modified assignment offered, with a copy submitted to the HRM office. If the employee has concerns (for example: task, work location, or medical limitations) not addressed on the form, the supervisor or manager should discuss those concerns with the employee and if possible, suggest alternatives.<sup>7</sup> Postal Service policy states that supervisors or managers are required to submit job offers with the employee's written acceptance or refusal to the DOL's Office of Workers' Compensation Program.<sup>8</sup>

District officials cited various reasons for the missing or incomplete forms, including resource constraints and an instance in which they requested the completed form but never received it from the employee. As a result, employees could deny agreeing to the terms of the limited duty assignment, increasing the potential for future claims. In a previous audit,<sup>9</sup> the U.S. Postal Service Office of Inspector General (OIG) found that the HRM staff has been reduced without sufficient justification, such as a formal staffing analysis. The OIG recommended, and management agreed to, conducting a formal staffing analysis to determine the number and type of employees needed to handle workers' compensation claims, including district HRM specialists.

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<sup>5</sup> Sixty-three of the 138 case files we reviewed required a PS Form 2499.

<sup>6</sup> Lakeland, Chicago, and Atlanta districts.

<sup>7</sup> PS Form 2499, dated October 2007, Section III, Agreement and Signatures.

<sup>8</sup> Handbook EL 505, *Injury Compensation*, Section 7.5.

<sup>9</sup> *Postal Service Injury Compensation Program*, (Report Number HR-AR-13-004, dated July 25, 2013).

We are not making any recommendations related to the issues identified in this report as management agreed in a prior audit to conduct a formal staffing analysis to determine the number and type of employees needed to handle workers' compensation claims and adjust staffing accordingly.

## Appendix A: Additional Information

### Background

Postal Service employees injured on the job are covered by the Federal Employees Compensation Act, which is administered by DOL. As of December 2012, the Postal Service had 16,999 employees on the periodic roll and was facing a long-term workers' compensation liability of \$16.5 billion.

The Postal Service has a legal responsibility to employees with job-related disabilities including the requirement to assign individuals to available work assignments within their work restrictions. Providing gainful employment within medically defined work restrictions has proven to be in the best interest of employees and the Postal Service. In many cases, returning to work has helped employees recover. Management provide a rehabilitation assignment when the effects of an injury are considered permanent and employees have reached maximum medical improvement.<sup>10</sup> Limited duty assignments are offered to employees whose medical conditions are considered temporary.

To reduce the number of employees on the periodic roll,<sup>11</sup> the Postal Service implemented an initiative in FY 2013, to return periodic roll employees to limited duty and rehabilitation assignments commensurate with their work restrictions. Return to work actions have included providing modified assignments to employees within documented medical restrictions or returning employees to full duty. Other actions processed by the Postal Service and DOL that reduce or discontinue worker's compensation payments are: divorce, changes in dependent status, disability separation, retirement, or death. Based on these actions, as of June 2013, the Postal Service has reduced periodic roll payments to 3,888 employees.

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<sup>10</sup> When an injured employee recovers, his or her recovery reaches a state in which the condition cannot be improved any further, or he or she reaches a treatment plateau in the healing process.

<sup>11</sup> Postal Service Human Resources Office, Headquarters, provided a list of 3,888 employees on the periodic roll with a return to work action as of June 2013.

## Objective, Scope, and Methodology

Our objective was to determine whether Postal Service officials followed applicable policies and procedures when returning limited duty and rehabilitation employees<sup>12</sup> to work. Our scope included case file reviews of 138 of 3,888 limited duty and rehabilitation employees with a return to work action as of June 2013. To accomplish our objective, we:

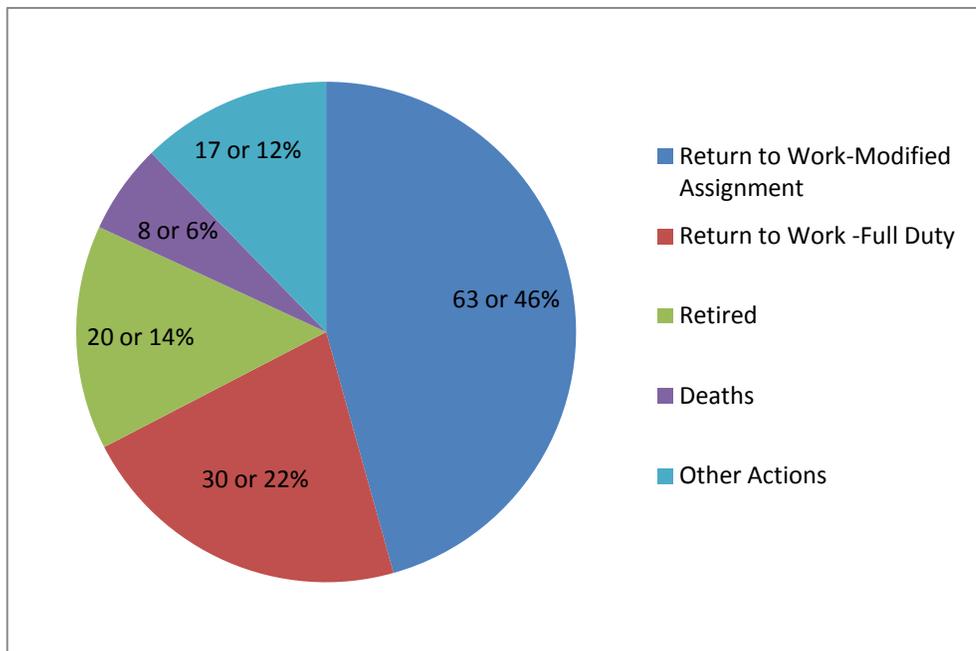
- Identified and reviewed the laws and regulations as well as Postal Service policies and procedures for returning limited duty/rehabilitation employees to work.
- Reviewed the FY 2013 national database<sup>13</sup> of employees on the periodic roll eligible for the Postal Service's Return to Work Initiative, based on the employee's medical restrictions.
- Judgmentally selected the Lakeland, Dallas, Atlanta, and Chicago districts for review. We selected the Lakeland, Atlanta, and Dallas districts because of their high number of limited duty and rehabilitation employees capable of returning to work. We selected the Chicago District because of its low number of limited duty/rehabilitation employees and high percentage of employees returned to work.
- Interviewed Postal Service Headquarters HRM officials and personnel at selected districts to gain an understanding of the processes used to return limited duty and rehabilitation employees back to work.
- Created a process flow of key actions involved in assigning limited duty and rehabilitation employees that was approved by a senior Postal Service official.
- Reviewed 138 limited duty and rehabilitation employee case files (Lakeland – 35, Dallas – 36, Atlanta – 36, and Chicago – 31) to determine whether officials followed the established process to return limited duty and rehabilitation employees to work. The 138 files included 63 employees with modified assignments (PS Form 2499), 30 employees returned to full duty, 20 employees who retired, eight employees who were deceased, and 17 employees with other actions taken. See Table 1 for a breakdown of case files reviewed by case type.

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<sup>12</sup> Limited duty employees are temporarily unable to perform their regular assignment resulting from injuries on duty. Rehabilitation employees have permanent partial disabilities resulting from injuries on duty.

<sup>13</sup> Postal Service Human Resources Office, Headquarters, provided a database listing of 16,999 employees on the periodic roll, dated January 31, 2013, and eligible for return to work based on the employee's medical restrictions.

**Table 1. Action Types for Case Files Reviewed**



Source: OIG fieldwork case file review at the Lakeland, Atlanta, Dallas, and Chicago districts.

We conducted this performance audit from January through September 2013 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. The evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on September 4, 2013, and included their comments where appropriate.

We did not rely on computer-generated data to support our conclusions and therefore did not assess the reliability of any computer-generated data.

Prior Audit Coverage

Report Title	Report Number	Final Report Date	Monetary Impact (in millions)
<i>Postal Service Injury Compensation Program</i>	HR-AR-13-004	7/25/2013	\$171.6
<p><b>Report Results:</b>  Management needs to improve their administration of workers' compensation claims. Management did not consistently determine staffing levels and has reduced the number of staff significantly since 2009. Additionally, some HRM personnel were used for collateral duties and nurses were not fully used in case management. We determined the Postal Service can reduce the number of employees receiving workers' compensation and save more than \$85.5 million annually. We recommended management conduct a formal staffing analysis to include using contract nurses for case management, establish district performance measures based on cost reductions, and implement a nationwide work search system, along with district rehabilitation program committees. We also recommended management establish a standardized quick reference guide, provide automated reminders of key tasks, explore the return-to-work benefits of partnerships with nonprofit organizations, and evaluate the use of predictive analytics. Management agreed with most of the recommendations but disagreed with the recommendations regarding automated reminders due to resource constraints and partnering with nonprofit organizations because this action would not reduce the compensation payable to the employee.</p>			
<i>Rehabilitation Assignments for Employees Injured on Duty</i>	HR-AR-12-004	8/27/2012	None
<p><b>Report Results:</b>  The Postal Service has contract work that it can potentially make available to employees on the periodic roll as rehabilitation assignments. Specifically, we identified a contract that provides automotive services including transporting vehicles in need of repair and maintenance to 28 vehicle maintenance facilities (VMFs) or repair garages. We found that employees who have been injured on the job and are able to return to work could perform some of this work at 10 of the 28 Postal Service VMFs. The report also stated there is also the potential for other VMFs to provide similar rehabilitation assignments. The report recommended that management establish and implement a plan, including staffing and training, to allocate services performed at the 28 VMFs to employees injured on duty. We also recommended management assess the feasibility of providing similar rehabilitation assignments at the remaining 281 VMFs. Management agreed with two of the three recommendations. Management disagreed with the recommendation pertaining to establishing a training plan for employees on the periodic roll who receive and accept an offer to perform vehicle shuttle service work.</p>			