



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

JUL 12 2012

Memorandum

To: DOI Human Capital Officers
DOI Chief Financial Officers

From: Thomas Mulhern 
Director - Office of Human Resources

Douglas A. Glenn 
Deputy CFO and Director - Office of Financial Management

Subject: Workers Compensation Cost Allocation Policy

In response to a DOI Inspector General Report and based on best practices for managing workers compensation costs, the Department has adopted the attached policy for allocating workers compensation costs. Please establish your internal controls and business processes so that you can implement this policy beginning on Oct 1, 2012 for FY13.

Attachment



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Personnel Bulletin: 12-06

Subject: Allocation of Workers' Compensation Costs to Organizational Units

1. Purpose: To assign ownership, increase cost awareness and encourage future cost reduction of Workers' Compensation costs, the Department of Interior (DOI) is establishing a policy to assign these costs to the lowest organization unit, where the employee sustained the job related injury or illness.

2. Background: The Federal Employees' Compensation Act provides workers' compensation coverage to Federal employees for work related injuries and occupational diseases. Benefits include wage replacement, payment for medical care, and where necessary, medical and vocational rehabilitation assistance in returning to work.

The U.S. Department of Labor (DOL) bills Federal agencies workers' compensation charges annually. The charges that are billed are two years in arrears (i.e. for fiscal year (FY) 2012 the bill received is for payments made by DOL in FY2010). Federal agencies pay the DOL Workers' Compensation charges out of current year funding.

The DOL, Office of Workers' Compensation Programs categorizes workers' compensation costs into four categories of wage loss:

- **Daily Rolls:** cases where the compensation payments for wage loss and duration of disability are temporary and are not expected to exceed 90 days.
- **Periodic Rolls:** cases where compensation payments are expected to exceed 90 days and the period of disability is unknown
- **Death:** cases in which the employee died while performing his/her duty; or in which death has occurred due to accepted work related injury or illness
- **Catastrophic Injury:** cases such as (not an exhaustive list): loss of limbs; head or spinal cord injuries; totally and permanently disabled; and unemployable due to extent of disability, age or any other factors that would prevent the employee from returning to work in a timely manner.

DOL bills the DOI Office of the Secretary the entire amount for all DOI employees. The Office of the Secretary allocates the charges to the Bureaus/Offices based on the list of employees paid, and enters into agreements with the Bureaus/Offices for reimbursement.

3. Policy:

- a. Daily Roll and Periodic Roll current year case payments shall be allocated to

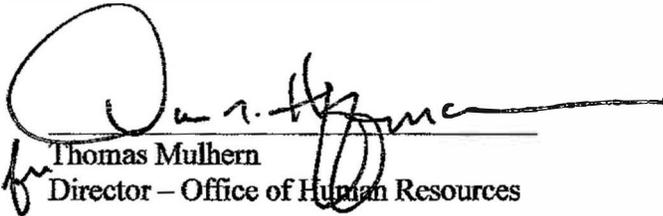
the organizational unit where the employee incurred the injury/illness regardless of where the employee is currently working.

b. Death and Catastrophic Injury current year case payments shall be allocated under one of the following options:

i. to the organizational unit where the employee incurred the injury/illness regardless of where the employee is currently working; or

ii. to the organizational unit where the employee incurred the injury/illness regardless of where the employee is currently working, up to a threshold of \$5000 or 1% of the salaries and benefits (whichever is greater) of the organizational unit, with the balance paid at a higher Bureau/Office level.

If you have any questions regarding this policy, you may contact Carmen Craddock at 202-208-0144 (Human Resources) or Michael Anthony at 202-208-6824 (Office of Financial Management).


Thomas Mulhern
Director – Office of Human Resources