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Before the House Committee on Education and Workforce,
Workforce Protections Subcommittee: "Strengthening Federal Workers' Compensation Programs: Ensuring Integrity, Efficiency, and Access"
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Chairman Mackenzie, Ranking Member Omar, and Members of the Committee,

Thank you for the opportunity to submit this testimony regarding the federal workers' compensation programs administered by the Department of Labor's Office of Workers' Compensation Programs (OWCP). These programs provide critical protections for workers who suffer work-related injuries or illnesses while serving the public or performing work on behalf of the United States.

I have been involved with workers' compensation systems since 1998. During that time, I have served in several public service roles within workers' compensation systems at both the state and federal levels, including as Iowa's Workers' Compensation Commissioner, Chief Judge of the Employees' Compensation Appeals Board, and Director of the Office of Workers' Compensation Programs at the U.S. Department of Labor. In addition, I have served on the executive leadership team of the International Association of Industrial Accident Boards and Commissions, working alongside commissioners and system leaders from jurisdictions across the United States as well as colleagues from Canada, Europe, Australia, and Southeast Asia. I am an elected member of the National Academy of Social Insurance. I have also worked in private practice representing injured and ill workers, private employers, insurance carriers, and self-insured employers.

The fundamental purpose of the American workers' compensation system has always been to provide prompt and adequate benefits to workers when they are hurt on the job, and the Grand Bargain remains the cornerstone of American workers' compensation law. Workers agreed to relinquish their right to sue employers for workplace injuries for which an employer might reasonably be responsible. In exchange, employers accepted a system of no-fault liability designed to provide prompt medical treatment and predictable and adequate wage replacement without the delays and uncertainties associated with litigation. This balance between employer immunity and worker protection has sustained workers' compensation systems in the United States for more than a century.

I think it is also important to remember that overall, on the job injuries are uncommon - only two to three percent of the workforce experiences a workplace injury in a given year.[1] When a worker is injured, they often encounter the workers' compensation system for the first time. Navigating that process can be confusing, especially while the worker is also trying to find scarce medical care, may be suffering pain and uncertainty, and while they coordinate with their employer about

[1] *See* https://www.bls.gov/iif/

returning to work or performing light duty. Injured workers already face a lot of hurdles. Any amendments to existing programs should aim to make it easier for workers to get the care they need and return to work without suffering a financial setback.

The Federal Employees' Compensation Act[2] (FECA), reflects this same principle. FECA is a non-adversarial federal program that was created to ensure that federal employees injured in the performance of duty receive medical treatment, wage replacement, and other benefits without needing to pursue civil litigation against the federal government.

As Congress considers possible amendments to federal workers' compensation programs, it is essential that any changes preserve the fundamental balance established by the Grand Bargain. Reforms that disproportionately reduce worker protections or limit access to benefits risk destabilizing that balance. Further, as the Department of Labor considers outsourcing the work of the federal benefits program, I urge caution with for-profit vendors underperforming and causing disruptions to the fundamental functioning of the program.

One of the most significant challenges facing the federal workers' compensation system today is access to medical care. The FECA statute expressly recognizes the right of injured employees to choose their own treating physician.[3] This principle reflects an important American value: patients should have the ability to seek treatment from a physician they trust. In practice, however, most injured federal employees face substantial difficulty locating physicians willing to treat patients within the OWCP system. The underlying problem is not the statute itself, but the administrative framework governing medical authorization, billing, and reimbursement. OWCP's use of outsourced, private "managed care" solutions has contributed to the lack of available providers and has stymied attempts to resolve systemic problems. During my time at OWCP I witnessed first-hand how incompatible the use of contractors can be with making improvements to the system. Each time we tried to solve a problem, for example, expensive change orders were needed, and the contracts provided almost zero authority to hold vendors accountable when they failed to uphold their mission. This was the case despite OWCP paying tens of millions of dollars to build a system for the vendor in question, within a nearly $200 million contract. PWCP did not have an ownership right in the system, and was paying the vendor recurring usage costs of up to $38 million annually. More important: despite paying a vendor to perform this purely governmental work, physicians and medical clinics wanting to treat injured workers view the OWCP billing and authorization system as intrusive, overly complex, and prohibitively burdensome. This has resulted in an extreme shortage in clinicians willing to treat as part of the program. The ensuing lack of available doctors willing to treat OWCP patients creates significant delays in obtaining treatment which in turn prolongs recovery, increases disability, and actually results in OWCP paying to fly injured workers to other states for treatment. It also delays workers returning to work which drives up overall claim costs.

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[2] 5 U.S.C. Chapter 81.
[3] 5 U.S.C § 8103.

Improving access to prompt medical treatment is not only important for injured workers but also essential to controlling long-term program costs. Early treatment leads to better recovery outcomes and increases the likelihood that injured workers will return to productive employment. Delayed treatment frequently results in worsening medical conditions, longer periods of disability, and higher long-term costs to the system.

I applaud the Committee for already considering one change that I believe will boost the availability of care for injured federal workers; and that is the Improving Access to Workers' Compensation for Injured Federal Workers Act.[4] That bill would allow physician assistants and nurse practitioners to provide care under FECA, and it would improve access to care which is critical to improving outcomes and lowering overall costs.

However, additional changes are needed. Congress should also consider permitting FECA claimants to obtain medical treatment through their Federal Employees Health Benefits (FEHB) insurance coverage when delays occur in workers' compensation authorization. As the vast majority of FECA claimants are covered by FEHB insurance networks, Congress should require physicians who are in network with FEHB insurers to examine and treat injured and ill FECA claimants. In fact, OWCP and FEHB insurance carriers already have in place subrogation procedures to balance the ledgers following OWCP acceptance of claims. Allowing such temporary access to care through this amendment could ensure that injured workers receive timely medical attention while claim development occurs and a decision is issued – I want to note this would be even more effective if physician assistants and nurse practitioners were authorized under the FEHB networks. As noted, prompt treatment reduces disability duration and improves recovery outcomes, which ultimately benefits both workers and the federal government.

In addition to the aforementioned proposal to boost provider participation and provide faster, more efficient care, there are several additional practical reforms that would strengthen federal workers' compensation programs while preserving the fundamental principles on which they are based.

First, Congress should consider protecting injured workers from being pursued for medical debt while their claims are pending adjudication. This reform would mirror a majority of state workers' compensation provisions by allowing access to medical care without the immediate concerns of debt collection procedures. Medical providers should not be permitted to collect payment for workers' compensation-related treatment from a claimant until there has been a final determination that the workers' compensation claim is not compensable. Injured workers should not be placed in the untenable position of facing collection efforts while the government is determining responsibility for their injury.

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[4] H.R. 3170.

Timely adjudication of wage-loss claims is also essential to maintaining the credibility of the workers' compensation system. Congress should require that CA-7 claims for wage-loss compensation be adjudicated by OWCP within seven days of receipt, which is aligned with industry standards in state workers' compensation claims. Wage replacement is one of the central promises of workers' compensation law, and unnecessary delays while a claim is pending can impose significant financial hardship on injured workers and their families. For reference, under FECA there are reports that CA-7 payment determinations are taking upwards of six months – during which workers are left in limbo and either go without pay or burn through accrued annual and sick leave or accumulate credit card debts. Prompt payments are a practice aligned with the promises of the Grand Bargain.

Administrative efficiency could also be improved by permitting schedule award payments to be issued concurrently with wage-loss compensation. Current administrative practice requires claimants to elect between these benefits, creating unnecessary paperwork and delays without providing meaningful policy benefits when a worker has suffered the actual loss or loss of use of a limb. Neither the Act nor the foundational principles of workers' compensation support forcing a worker receiving wage-loss benefits to stop those benefits in order to receive compensation for a permanent physical loss. It also makes little legal or logical sense to require a worker to switch from FECA wage-loss compensation to OPM retirement benefits to receive a schedule award, only to then elect back to FECA wage-loss compensation. This self-imposed requirement creates inefficiencies and unnecessary work, costing the government resources while serving no reasonable purpose under the Act. The statute was intended to compensate workers for the permanent loss of a body part, yet the current rule forces an unnecessary administrative exercise that adds complexity to what should be a straightforward benefit.

Congress should also modernize administration of the FECA–Federal Employees Retirement System (FERS)[5] offset processes by directing OWCP to expeditiously implement an automated calculation system based on full access to federal wage and benefit data, including mandatory data sharing from both the Treasury Department and the Social Security Administration. The modest cost of building this automated process – something the Department of Labor previously indicated could be funded through expired fund balances – would represent commonsense good governance by preventing overpayments and protecting both taxpayers and FECA beneficiaries from unexpected debt assessments years later. If Congress is unable to implement this limited reform, it should instead waive existing FECA–FERS overpayments so injured workers are no longer penalized for a problem created by the government's ongoing inability to expeditiously administer the offset accurately and efficiently.

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[5] The FECA–FERS offset means that if a federal worker receives both workers' compensation under FECA and a federal retirement benefit under FERS, a small part of the retirement payment is deducted from the workers' compensation payment, so the worker is receiving an earned benefit for the same federal service. Although the offset itself is typically small, the cumulative receipt over time can result in large overpayments.

Other reforms offer an opportunity for government efficiency saving while also improving fairness and transparency in other OWCP programs. For example, in the Black Lung Benefits Program, Congress may wish to explore mechanisms allowing OWCP to assign responsible operators without adversely affecting the Black Lung Disability Trust Fund – where current practices now allows about two-thirds of all claims to be paid by taxpayers, rather than coal mining operators at fault for failing to adequately protect their workers. OWCP certainly should not walk away from the taxpayer safeguards that were put in place by final rule in 2024 to stop the transfer of debt from insolvent mining operators who failed to properly collateralize their liabilities. Similarly, greater transparency in War Hazards Compensation Act reimbursements could be achieved by permitting claimants to participate in proceedings that determine the reasonableness of reimbursement requests submitted to the federal government when insurance companies seek reimbursement for their costs and expenses in these cases. Without that transparency, there is little opportunity to identify the potential of over-reimbursement or the potential for outright fraud.

Finally, in any modern benefits program, preventing staff from using ordinary email is not modernization – it is dysfunction. OWCP should therefore be required by Congress to mandate that its claims staff communicate with claimants, medical providers, and authorized representatives through standard electronic mail rather than forcing routine communications through portal systems or telephone calls. Clear written communication through widely accessible formats can improve transparency and reduce misunderstandings between claimants and the agency. Current communications are outdated and fail to follow industry standards, and there is no legitimate basis in 2026 for the business model now in use other than to discourage open lines of communication between claimants and those responsible for timely handling their benefit claims.

Conversely proposals to restrict certain types of claims, such as hearing loss claims or claims involving pre-existing medical conditions, should also be approached with caution. Workers' compensation law has long been guided by the principle of the Full Responsibility Rule. Under this rule, employers take workers as they find them. Thus, if a workplace injury aggravates or permanently makes worse an underlying condition, the full resulting disability remains compensable under workers' compensation law. One common type of occupational exposure claim in workers' compensation is noise-induced hearing loss. As we all know, noise-induced hearing loss is not an injury that typically appears overnight. It accumulates silently over decades of exposure to industrial noise exposures. The fact that workers seek treatment later in life does not mean the condition only occurred later in life, it just means it has manifested to the level of needing care at that time. Limiting such claims risks undermining a core legal principle that has defined workers' compensation systems for generations and would ultimately shift the costs from those who exposed the workers to excessive noise trauma onto private health insurers or other social insurance benefit programs. Federal policy should incentivize prevention by

requiring hearing protection, not grant immunity that makes it cheaper to injure workers than to protect them.

Similarly, proposals to limit a worker's ability to choose a treating physician should be evaluated carefully. Experience across state workers' compensation systems demonstrates that preserving physician choice improves worker satisfaction and confidence in the system. Research comparing different state systems indicates that when physician choice is combined with reasonable medical fee schedules, medical costs can remain controlled while workers receive treatment from their trusted providers. By contrast, systems that require injured workers to treat with employer-selected physicians oftentimes experience increased administrative complexity and result in higher spending on certain categories of medical services and overall disability payments.

I urge this Committee, as you consider whether or not to make changes to these critical federal programs, to remember that efforts to reduce costs within workers' compensation systems often do not eliminate costs at all. Rather, they merely *shift* those costs elsewhere. When injured workers are unable to obtain medical treatment through workers' compensation due to new managed care, utilization reviews, or claim denials, those costs frequently fall on private health insurance, Medicare, Medicaid, Social Security disability programs, the Veterans Administration, or other public systems. In such circumstances, the financial responsibility associated with workplace injuries is transferred away from the workers' compensation system (where the cost is built into the price of the service or product) and onto other parts of an already costly and overburdened health care or social insurance system. This dynamic represents cost shifting rather than genuine cost reduction.

Proposals to further "reduce costs" in the federal programs often do little more than shift those costs elsewhere. Recently, significant portions of program administration have been outsourced to for-profit federal contractors under short-term, multi-hundred-million-dollar contracts. But remember, these vendors operate under a fundamentally different mission than the federal programs. For example, FECA is a statutory benefit program designed to provide medical care, wage replacement, and other limited benefits to injured federal workers – not a profit center built around claims management. When contractors are rewarded primarily for cost containment, the easiest path to reducing program expenditures is to delay or deny claims, which does not eliminate costs but instead shifts them to private insurance systems, state programs, or injured workers themselves. Or by delaying claims, they ultimately just drive-up overall costs per claim. Outsourcing core program functions in this way risks replacing the historically low-overhead model of accountable public administration with a substantially more expensive private taxpayer-subsidized system in which government leadership effectively abdicates responsibility rather than investing in the federal workforce and giving program staff the resources needed to administer the law effectively. History tells us which path is most effective and efficient and ensures that when your constituents are injured or made ill, they get prompt and adequate benefits.

Federal workers' compensation programs perform a vital function by ensuring that workers injured while serving the nation receive medical care and financial protection. The Grand Bargain that created workers' compensation systems more than a century ago continues to represent a fair and practical approach to addressing workplace injuries. As Congress considers potential amendments to existing law – or as the Department of Labor considers best practices for claims adjudication – the focus should remain on improving access to medical care, enhancing administrative efficiency, and preserving the fundamental balance that has allowed workers' compensation systems to function effectively for generations. It is also federal work that should be performed by accountable federal employees accountable to those who pay their wages.

Thank you for the opportunity to provide this testimony. I appreciate the Committee's attention to the continued integrity, efficiency, and accessibility of the nation's federal workers' compensation programs.