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BY THE U.S. GENERAL ACCOUNTING OFFICE

# Report To The Chairman, Committee On Labor And Human Resources

## United States Senate

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RELEASED

# Allegations Related To The Processing Of Injured Employees' Hearing Loss Claims

GAO reviewed charges of improprieties which related primarily to a Department of Labor's Hearing Loss Task Force's processing of claims for workers' compensation benefits. Based on a sample of claims adjudicated by the task force, GAO concluded that most of the improprieties had occurred, but these occurrences were relatively infrequent. Labor disbanded the task force in October 1981.

GAO also reviewed Labor's current system for processing hearing loss claims and believes improprieties similar to those identified with the task force's review of claims should, for the most part, no longer occur. However, many claims are not being adjudicated within the time frame established by Labor for processing such claims. In addition, GAO noted that Labor had not (1) established schedules of reasonable fees for hearing tests and (2) adjudicated about 500 task force claims, as of April 1982.

In May 1982, Labor revised its criteria for the time it should take to process a hearing loss claim and issued instructions to complete processing of the outstanding task force claims. Labor expects to implement schedules of reasonable medical fees in October 1982.



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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

HUMAN RESOURCES  
DIVISION

B-205676

The Honorable Orrin G. Hatch  
Chairman, Committee on Labor  
and Human Resources  
United States Senate

Dear Mr. Chairman:

In response to your July 27, 1981, request, this report discusses alleged improprieties concerning the Department of Labor's Hearing Loss Task Force's processing of injured employees' workers compensation claims and Labor's current system for processing hearing loss claims. The report recommends that the Secretary of Labor ensure that schedules of reasonable fees for medical services, which include fees for hearing tests, be developed by the Office of Workers' Compensation Programs.

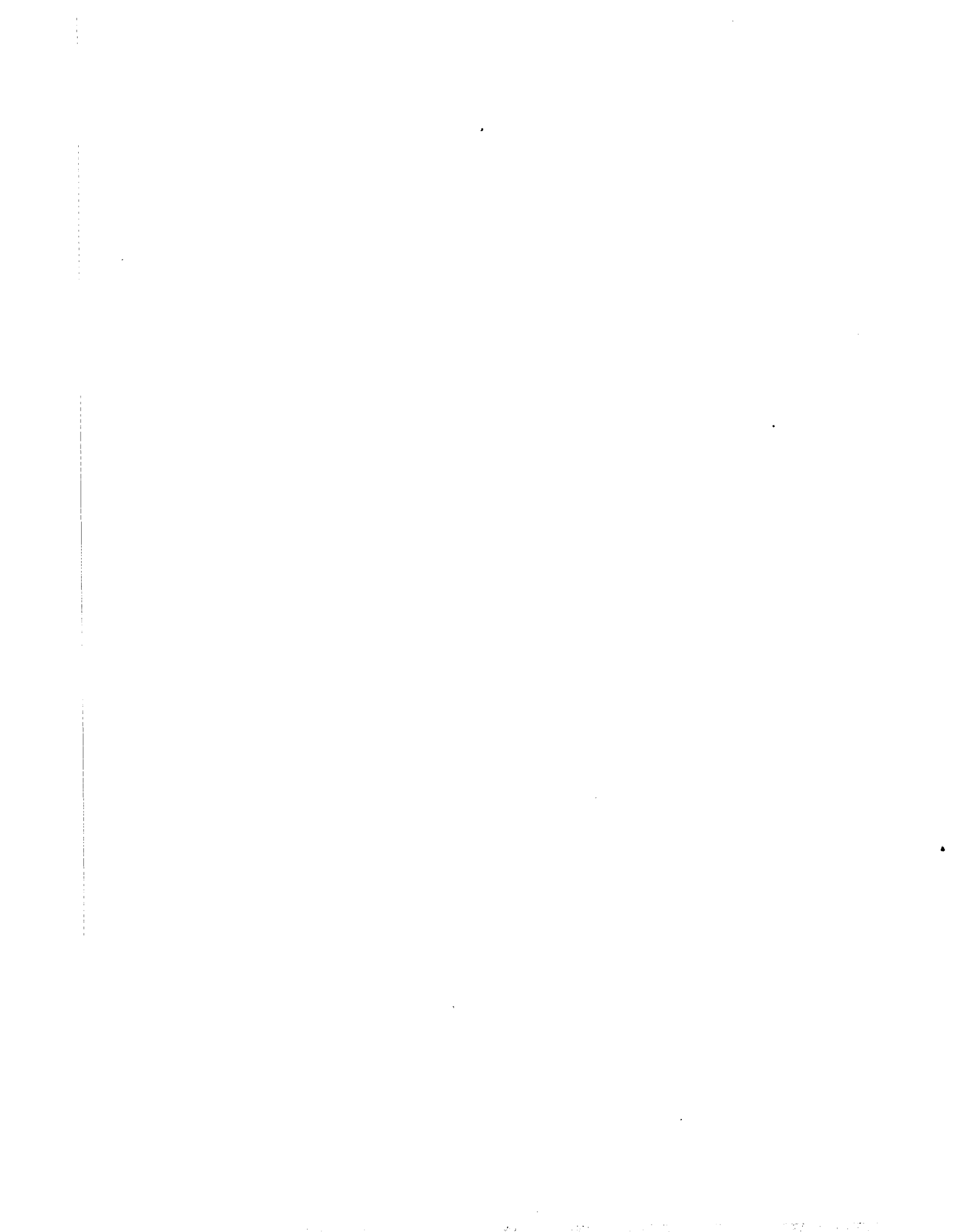
As agreed with your office, unless the report's contents are publicly announced earlier, we plan no further distribution of the report until 30 days after issuance. At that time, we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,

*Edward A. Hensmore*

*for*

Gregory J. Ahart  
Director



D I G E S T

At the request of the Chairman, Senate Committee on Labor and Human Resources, GAO reviewed charges of improprieties associated with activities of the Department of Labor's Hearing Loss Task Force.

Based on a review of a random sample of claims adjudicated by the task force, GAO concluded that, for the most part, the alleged improprieties had occurred, but these occurrences were relatively infrequent.

GAO also reviewed a random sample of hearing loss claims processed under Labor's present system and found some problems. However, because current procedures for reviewing hearing loss claims differ from those used by the task force, most of the improprieties identified with task force activities should no longer occur.

TASK FORCE ACTIVITIES:  
SOME ISOLATED IMPROPRIETIES

In March 1976, Labor established a task force in Washington, D.C., to process a backlog of hearing loss claims which had developed at district offices administered by Labor's Office of Workers' Compensation Programs. During its 5-1/2 years of operation, the task force adjudicated over 19,000 claims--awarding over 8,800 eligible claimants a total of \$71 million. Based on a sample of task force claims originally filed in the three district offices GAO reviewed, Labor took an average of almost 39 months to adjudicate these claims. The task force took over 18 of the 39 months to process these claims. The claims in GAO's sample took from 10 to 106 months to adjudicate (see p. 16).

Labor initially staffed the task force with temporary employees. Subsequently, Labor hired three staff audiologists and contracted with

"outside" audiologists and physicians to review cases to reduce further the hearing loss claims backlog. Most of the charges of improprieties related to using outside audiologists and physicians or other hearing specialists to whom Labor referred claimants for hearing tests.

GAO's review of the alleged improprieties showed that:

- Labor made about \$650 in duplicate payments to outside audiologists and physicians (see p. 6).
- For an estimated 320 claims, Labor incurred unnecessary costs when it paid for two claims reviews; only one review seemed warranted (see p. 10).
- Labor took action to prevent one hearing specialist from routinely ordering claimants to undergo unnecessary hearing tests (see p. 11).
- Fees paid to hearing specialists who tested claimants for hearing loss varied considerably between geographic regions and, in some cases, appeared excessive (see p. 13).
- Labor appropriately restricted a staff audiologist from qualifying some hearing loss medical opinions (see p. 15).
- The cost of staff audiologists to review a claim was less than the cost of outside audiologists; however, Labor's use of outside audiologists appeared justified (see p. 18).
- Compensation awards to claimants with a hearing loss appear justified (see p. 19).
- Claims examiners were told not to revise staff audiologists' opinions (see p. 20).
- Outside audiologists appeared qualified to review hearing loss claims (see p. 21).

GAO also reviewed other charges of alleged improprieties relating to (1) the status of certain

"lost" cases (p. 7), (2) the accounting treatment of certain audiologists' fees (p. 7), (3) physicians' receiving payment without rendering services (p. 11), (4) the policy for handling "death" cases (p. 14), (5) the use of audiologists' expertise in improving the claims process (p. 19), (6) the selection of contract physicians to review claims (p. 22), and (7) improved procedures for preventing employee fraud (p. 22).

In these cases, GAO either could not determine if the alleged impropriety occurred or had no basis for questioning Labor's actions.

Labor terminated the task force in October 1981 because of decreases in hearing loss claims, improvements in processing claims, and reductions in district office workloads.

CURRENT HEARING LOSS CLAIMS  
PROCESS: SOME CHANGES NEEDED

While the task force continued to review backlogged claims until October 1981, the Office of Workers' Compensation Programs returned responsibility for adjudicating new hearing loss claims to its district offices in January 1979. Because district offices currently adjudicate these claims, district medical directors rather than audiologists and contract physicians reviewed most hearing loss claims. Accordingly, improprieties similar to those associated with audiologists' and contract physicians' reviews of hearing loss claims cannot occur.

GAO noted, however, that the situation which created the task force seemed to be developing again. For example, as of February 1982, about 3,000 of the 7,900 claims filed after December 31, 1978, had not been adjudicated. In addition, for these 3,000 claims about 50 percent were over 1 year old, and 19 percent were over 2 years old.

After GAO completed its fieldwork, the Office of Workers' Compensation Programs changed its standard for adjudicating hearing loss claims from 4 months to 80 percent of these claims in 6 months. GAO found that, for the three district offices reviewed, the length of time to

adjudicate hearing loss claims averaged over 12 months. The claims in GAO's sample took from 2 to 26 months to adjudicate.

In addition, as of April 1982, Labor had not resolved about 500 task force cases that it had returned to the district offices for adjudication. In early May, these district offices were told to adjudicate these claims by July 31, 1982.

GAO found that fees charged by hearing specialists who tested claimants referred by the district offices, like similar fees charged in task force cases, varied considerably between and within these offices and, in some cases, appeared excessive.

Labor officials recognize the need for medical fee schedules to preclude the type of problems noted by GAO. Current plans call for the implementation of such schedules in October 1982.

#### RECOMMENDATION TO THE SECRETARY OF LABOR

The Secretary should ensure that the Office of Workers' Compensation Programs develops schedules of reasonable fees for medical services, which include fees for hearing tests, as planned.

#### AGENCY COMMENTS

Labor concurred with the recommendation and commented that it is confident that its effort to develop a fee schedule will be a major step in ensuring the reasonableness of fees for medical services provided to the Federal employees' compensation program.



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ABBREVIATIONS

FECA	Federal Employees' Compensation Act
GAO	General Accounting Office
OPM	Office of Personnel Management
OWCP	Office of Workers' Compensation Programs

## CHAPTER 1

### INTRODUCTION

At the request of the Chairman, Senate Committee on Labor and Human Resources, we reviewed (1) allegations of improprieties associated with activities of a special task force established by the Department of Labor to process a large backlog of hearing loss claims and (2) the current system for handling hearing loss claims to determine if the alleged problems still exist.

The Federal Employees' Compensation Act (FECA), as amended (5 U.S.C. 8101), authorizes workers' compensation benefits for employees with job-related injuries--including loss of hearing. This act is administered by the Office of Workers' Compensation Programs (OWCP) in Labor's Employment Standards Administration. OWCP administers the act through its Division of Federal Employees' Compensation at the national office--which develops claims processing policies and procedures--and 16 district offices.

To reduce a large claims backlog at the district offices, Labor established in 1976 a Hearing Loss Task Force in the Division of Federal Employees' Compensation. The task force adjudicated over 19,000 claims from 1976 until October 1981 when it was disbanded.

#### THE ESTABLISHMENT OF A HEARING LOSS TASK FORCE

In the mid-1970s, the number of occupational hearing loss claims filed with Labor increased significantly--from about 500 in 1969 to about 8,900 in 1976. Moreover, claims examiners generally gave hearing loss claims a low priority because most hearing loss injuries--unlike many other job-related injuries--do not result in a claimant losing wages. These factors led to a large backlog of hearing loss claims in OWCP's district offices.

In March 1976 Labor responded to this growing backlog by establishing a Hearing Loss Task Force to process these claims. The task force was established as a temporary unit and staffed initially with temporary employees appointed for periods ranging from 3 months to 2 years. In early 1979 (almost 3 years after OWCP established the task force) OWCP hired, on a temporary basis, three staff audiologists to assist in the review of hearing loss claims. In April 1979, OWCP also began contracting with "outside" audiologists to reduce further the number of backlogged claims.

Because claimants can appeal a hearing loss claim decision and because OWCP believed that the Employees' Compensation Appeals Board would not always concur with OWCP's decision if only an audiologist had reviewed the claim, physicians (staff or contract)

were generally required to review hearing loss claims to determine if a job-related hearing loss occurred.

According to a Labor official, the task force was disbanded in October 1981--after 5-1/2 years--because of (1) a marked reduction in hearing loss claims filed; (2) significant improvements in claims processing procedures, providing more effective and efficient claims processing; and (3) a reduction in the district office workloads.

During the task force's existence, it made recommendations in over 19,000 cases, which resulted in over 8,800 claim approvals averaging about \$8,070 per award and totaling about \$71 million. Although the task force continued to operate until October 1981, occupational hearing loss claims submitted after December 1978 became the responsibility of OWCP's district offices. For the 3-year period ending in December 1981, OWCP's district offices had received over 7,900 occupational hearing loss claims. As of February 6, 1982, OWCP had approved over 2,160 of these claims.

#### PROCESSING OF HEARING LOSS CLAIMS

Hearing loss claims submitted to OWCP must meet five basic requirements for approval. OWCP may request additional information if the information supporting a claim does not initially satisfy a requirement or OWCP can deny the claim and the remaining elements will not be considered. For claims decided by the task force, as well as current claims, the following requirements in order of consideration are:

- Timeliness of filing - a claim must be filed within 3 years after the employee's knowledge of a job-related injury, unless an immediate supervisor had actual knowledge of the injury within 30 days.
- Civilian employee - the injured or deceased employee was an "employee" as defined in FECA.
- Injury - the employee must have suffered a personal injury.
- Performance of duty - the employee must have sustained the injury in the performance of official duties.
- Causal relationship - the employment conditions must have caused the disability; for hearing loss, exposure to excessive noise. Exposure to excessive noise can cause hearing loss or it can aggravate or accelerate an employee's pre-existing or underlying medical condition.

OWCP claims examiners review hearing loss claims for the above requirements. However, before an examiner can determine whether a causal relationship exists, an employee claiming a hearing loss must be examined and tested by an OWCP-recommended hearing specialist to determine the degree of hearing impairment. OWCP audiologists and/or physicians--and for many task force cases, outside audiologists and/or contract physicians--review physical examination and hearing test results and recommend approval or denial of a claim. These reviews consist of determining whether (1) sufficient and adequate medical evidence exists to adjudicate the claim, (2) the hearing loss is related to Federal employment, and (3) the hearing loss is large enough to warrant an award.

#### HEARING LOSS DETERMINATIONS AND COMPENSATION

Hearing loss refers to the reduction of hearing ability between the average normal hearing of a young child and total deafness. Hearing loss is measured in decibels at various frequency levels. Humans can identify sounds with frequencies from about 16 to 20,000 cycles per second. <sup>1</sup>/ Frequencies of the greatest importance for the hearing-speech range are around 1,000 to 2,000 cycles per second. A decibel is a measure of intensity or loudness of sound and is also the unit for measuring hearing loss. The lowest decibel level of loudness heard by a person is his or her hearing level for the particular frequency being tested. Conversational speech, for example, is about 60 decibels; rock music may go up to 120 decibels.

For compensation purposes, OWCP requires hearing tests at frequencies of 1,000, 2,000, and 3,000 cycles per second and the hearing loss for the three frequencies combined must exceed an average of 25 decibels in at least one ear. A hearing loss less than an average of 25 decibels is considered insignificant to one's ability to hear everyday speech under normal conditions and is therefore noncompensable.

After reviewing hearing test results and other evidence--including audiologists' and/or physicians' recommendations--the claims examiner recommends an award for benefits or a denial of the claim. Claimants may appeal denied claims to the Employees' Compensation Appeals Board which was established for this purpose.

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<sup>1</sup>/A person with normal hearing can identify a wide range of sounds or pitch. For example, the musical pitch of "A" above middle "C" on a piano can be produced by a hammer striking a string which then oscillates back and forth at a rate of 440 cycles per second--producing a fundamental frequency of 440 cycles per second.

Compensation for a hearing loss is provided as a "scheduled award" under the act. Benefits for scheduled awards are calculated in the same way as those paid for other disabilities (i.e., 66-2/3 percent of the employee's regular pay, or 75 percent in cases when the employee has dependents); however, they are paid for a specific time period for a specific loss. Scheduled awards are payable even if the disability does not result in the loss of wages. Under the schedule, eligible claimants receive compensation for 200 weeks if there is total hearing loss in both ears or 52 weeks for total hearing loss in one ear. Partial hearing loss results in compensation for a proportionate number of weeks based on the percentage of loss.

#### OBJECTIVES, SCOPE, AND METHODOLOGY

We reviewed the activities of the Hearing Loss Task Force to determine the validity of charges of improprieties and the extent to which these improprieties may have occurred. The alleged improprieties were primarily related to (1) OWCP's policies, practices, or procedures in adjudicating hearing loss claims; (2) the selection or use of physicians and staff and outside audiologists in reviewing these claims; (3) the costs of medical services provided to claimants; or (4) the fees charged by audiologists or physicians for reviewing hearing loss claims. We also reviewed OWCP's current system for processing hearing loss claims.

To evaluate these charges, we randomly selected for review (1) claims adjudicated by the task force after December 31, 1978, which had been initially filed in the San Francisco, Boston, and Washington, D.C., district offices; (2) claims reviewed by the task force for which OWCP awarded compensation; and (3) current claims adjudicated by the San Francisco, Boston, and Washington, D.C., district offices. These districts had contributed over 60 percent of the 10,300 cases adjudicated by the task force after December 1978 and over 48 percent of the 7,900 cases received by all OWCP district offices for the 3-year period ended December 31, 1981. 1/ We did not review cases adjudicated by the task force before January 1, 1979, because they were not generally susceptible to many of the alleged improprieties. Additional details related to our samples including estimates and sampling errors are contained in appendixes I and II.

We also reviewed provisions of FECA; regulations, policies, and operating procedures established by Labor or OWCP; and other pertinent documents and records related to claims processing. We interviewed OWCP officials responsible for claims processing

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1/Before selecting our samples, we eliminated from these universes certain claims that had not been reviewed by audiologists and/or physicians.

and task force activities. We also discussed the charges of improprieties with former task force members.

Our review was performed at OWCP's headquarters in Washington, D.C., and at its district offices in San Francisco, Boston, and Washington, D.C. We performed our review in accordance with the Comptroller General's current standards for audit of governmental organizations, programs, activities, and functions.

## CHAPTER 2

### ALLEGED IMPROPRIETIES RELATED TO HEARING LOSS TASK FORCE OPERATIONS

#### VALID BUT ISOLATED

We found that the alleged improprieties related to Hearing Loss Task Force activities had occurred, but for the most part, these occurrences were infrequent.

The following sections briefly describe the allegations in the form of a question and our related findings.

#### DUPLICATE PAYMENTS OCCASIONALLY MADE

Did outside audiologists or contract physicians receive more than one payment for the same service? OWCP officials acknowledge that outside audiologists and a contract physician occasionally received more than one payment for reviewing a claim and had identified a number of instances where this occurred. In addition, we identified one additional duplicate payment for an audiologist's review. OWCP records did not show if OWCP had recovered all amounts overpaid. Outside audiologists and physicians generally received between \$5.00 and \$41.66 for each claim reviewed, and OWCP paid over \$160,000 for these reviews between April 1979 and October 1981.

In 1981, two Labor employees--one from the Office of Inspector General and one from OWCP--independently reviewed over 5,000 records of payments made to individuals who reviewed hearing loss claims and identified 36 duplicate payments. During our review, we identified one other case where Labor had made a duplicate payment to an audiologist. Duplicate payments in these cases amounted to less than \$650.

According to an OWCP official, duplicate payments occurred because (1) the dates that audiologists had performed their reviews were changed on input documents so the payment system would accept the data, (2) a system control was bypassed to allow identical data to enter the payment system twice, and (3) all bills having the same batch number were occasionally paid twice. The latter situation occurred because staff in OWCP's fiscal office assumed that if one bill in a batch was not paid, all bills in that batch had not been paid--a batch is composed of 15 to 20 bills. Because the problems causing the duplicate payments may also exist for FECA medical bill payments other than for hearing loss claims, we plan to review these problems in a review of Labor's FECA payment systems.



OWCP has recovered some of these duplicate payments; for instance, a contract physician voluntarily returned \$480 and two audiologists sent \$15 checks to OWCP. The Branch of Special Claims had no record of repayment for most of the other duplicate payments made by OWCP. Regarding the \$480 repaid by the physician, we found that OWCP had not deposited the check with the U.S. Department of the Treasury in a timely manner--over 6 months went by from the time OWCP received the check to the time OWCP deposited it.

CLAIMS FILES NOT LOST,  
BUT MISPLACED

What was the status of certain hearing loss cases that had been "lost"? During our review, we found the files for the five claims that an OWCP supervisory claims examiner had reported as unlocatable. OWCP had wanted to review these files for possible duplicate payments; however, its claims locator system contained no information on the location of these files.

Based on our review of these five files, we identified one additional duplicate payment (discussed in the previous section) and two cases where an outside audiologist had reviewed the same case twice, even though the case files did not contain additional medical evidence that would have necessitated a second review. OWCP paid the audiologists for these second reviews. In the other two cases payment records appeared to support adequately one case, and we could not locate evidence to verify the validity of the payment in the other case.

According to an OWCP official, claims would not normally be reviewed a second time unless additional medical evidence became available; the claims in question were probably inadvertently sent out for a second review.

UNCERTAINTY OVER ACCOUNTING  
TREATMENT OF SOME FEES PAID  
TO OUTSIDE AUDIOLOGISTS

Did Labor charge fees paid to outside audiologists against the proper appropriation? At issue here is whether the cost of outside audiologists' services were properly charged to the Employees' Compensation Fund, which may pay for medical services and supplies, but not for the normal administrative expenses involved in adjudicating a claim. As discussed in more detail below, because we could not determine the extent to which an audiologist used "professional judgment" in reviewing some hearing loss claims, we cannot tell if Labor charged all outside audiologists' fees to the proper appropriation. It should be noted, however, that the amounts involved are relatively insignificant when compared to the total expenditures from the fund.

Section 8147 of FECA states that Labor shall not charge "administrative expenses" against the Employees' Compensation Fund. <sup>1/</sup> Labor charged fees paid to outside audiologists to the Employees' Compensation Fund and salaries incurred by staff audiologists to the Employment Standards Administration's salaries and expenses appropriation. Based on interpretations prepared by Labor attorneys, consultants' fees (in this case, fees paid to outside audiologists) and staff salaries can be properly charged to different appropriations. However, for outside audiologists' fees to be properly charged to the fund, these audiologists had to use their "professional judgment" when reviewing claims. If their reviews were primarily of a clerical-technical (administrative) nature, the attorneys believed that the fees should be charged against the Employment Standards Administration's salaries and expenses appropriation.

For 69 claims in our sample that were reviewed by outside audiologists, these audiologists appeared to use "professional judgment" about 60 percent of the time. For these claims, audiologists developed medical evidence for written reports that Labor used in adjudicating claims. Labor, in our opinion, appropriately charged the compensation fund in these cases. For 26 of the 69 cases, the outside audiologist only signed the physician's evaluation report. When this happened, we could not determine the extent of the audiologist's review, and therefore, we do not know whether the audiologist used "professional judgment" or whether their reviews were primarily of a clerical-technical nature.

In April 1978, Labor's Associate Solicitor for Employee Benefits, in commenting on the use of the compensation fund to pay for medical advice, concluded that payments from the fund to physicians are proper when they are not employed on a salary basis and provide medical advice to OWCP for developing and adjudicating claims for benefits. In February 1981, a memorandum from Labor's Counsel to the Inspector General to a Special Agent, Office of the Inspector General, stated:

"\* \* \* The rule to be applied in this and related cases is whether the service to be performed involves professional judgment or is primarily clerical/technical or perhaps para-professional in nature."

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<sup>1/</sup>The fund is used to compensate injured Federal employees and to pay for medical services and supplies. The fund is reimbursed for such expenditures by the agency for which the injured employee worked.

"If the former, the logic of the Associate Solicitor's opinion would apply and the cost of the services could come from the Fund; if the latter, the function is primarily one of consideration of the evidence presented, and is not payable from the Fund as an administrative expense \* \* \*."

While outside audiologists are not physicians, in our opinion Labor properly paid these audiologists from the fund because (1) it had not employed them on a salary basis, (2) the type of advice they prepared for Labor seemed to require their "professional judgment," and (3) this advice was similar to that provided by physicians. Labor's memorandums of agreement with outside audiologists called for reviews of employees' claims to determine a hearing loss disability, the relationship between disability and factors of employment, the extent of the disability and work limitations, and the loss of autonomous function as the result of a job-related injury. To satisfy OWCP's medical evidence needs, these agreements required supporting rationale for all medical opinions. Therefore, in those cases where the outside audiologists provided Labor with written opinions, Labor appeared to make a reasonable determination in charging their fees to the fund.

On the other hand, based on our sample we estimated that for 1,200 of the 4,557 hearing loss claims, an outside audiologist did not prepare a written report known as a hearing loss medical opinion. In this situation, a physician would have prepared the medical opinions and the outside audiologist would have indicated agreement with the physician's reports by signing them. The reports would contain recommendations for either awards or denials of claims or for referral of claimants to specialists for additional hearing tests.

For the estimated 1,200 cases where an outside audiologist reviewed and signed a physician's report, there was no evidence in the claim files to indicate whether the audiologists used professional judgment in reviewing claims or performed primarily clerical-technical reviews. According to the Labor official who was in charge of task force activities (referred to as the task force director), an audiologist's review included developing medical evidence. He believed that the audiologist used professional judgment both when she (1) prepared reports called for in the memorandum of agreement or (2) signed the physicians' reports.

In our opinion it would be impractical, if not impossible, for Labor to determine whether the audiologist did or did not exercise professional judgment in reviewing claims. It should be noted that the fees paid from the compensation fund for all outside audiologists' reviews were relatively small--about \$43,500 compared to total fund expenditures of about \$785 million--in fiscal year 1980.

In the OWCP district offices we reviewed, they no longer routinely use the services of either staff or outside audiologists in adjudicating current hearing loss claims.

SOME AUDIOLOGISTS' AND PHYSICIANS'  
CLAIMS REVIEWS WERE UNNECESSARY

Were all claim reviews by outside audiologists and contract physicians necessary? For each claim review, OWCP paid an outside audiologist and a contract physician to evaluate the evidence related to a claimant's hearing loss. In some cases, the audiologist and the physician independently recommended that the claimant undergo additional hearing tests to support a decision. Some cases were initially reviewed by an audiologist, while others were initially reviewed by a physician. In our opinion, a physician's recommendation that a claimant needed additional hearing tests would have met OWCP's requirements, and in such cases the audiologist's subsequent review was unnecessary.

For 7 of the 99 claims adjudicated by the task force, our sample showed that OWCP paid an outside audiologist and physicians-- an average of \$13.00 and \$11.33, respectively--for recommending that a claimant undergo additional hearing tests. 1/ Projecting these results to our universe of 4,557 claims, we estimate that 320 claims would have a physician's and an audiologist's recommendation for additional hearing tests.

According to OWCP officials, even if an audiologist said that additional hearing tests were needed, a physician was supposed to have reviewed the claims because the Appeals Board will only accept a physician's opinion that hearing test results were inconsistent and that additional hearing tests were needed. These officials agreed that, if the data for one of the frequencies were missing, an audiologist's opinion was probably the only one that was needed. For the seven cases cited, we found that a physician had reviewed the claim before the audiologist and, in our opinion, one review would have been sufficient. For other claims in our sample only an outside audiologist recommended that claimants undergo additional hearing tests even though OWCP officials told us that physicians were also supposed to have reviewed these claims.

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1/Additional tests were generally necessary because some tests (1) failed to meet all of OWCP's requirements or (2) resulted in inconsistent audiograms. For example, FECA procedures require hearing loss tests at frequency levels of 1,000, 2,000, and 3,000 cycles per second; OWCP required an additional test when data for one of these frequencies were missing.

PHYSICIANS MAY HAVE BEEN PAID  
WITHOUT RENDERING SERVICES

Were physicians paid without rendering services? Available evidence neither confirms nor denies that physicians reviewed claims for which an outside audiologist prepared claim evaluation forms and signed a physician's name. Similar to some of the audiologists' reviews discussed on page 9, we found that, for some claims, physicians signed their names to hearing loss evaluations prepared by audiologists. In both situations, OWCP paid an audiologist and a physician for reviewing the medical evidence in the claim file.

Before OWCP paid physicians for their reviews of hearing loss claims, a physician was supposed to prepare a report entitled "Hearing Loss Medical Opinion." These reports contained information on the claimant's hearing loss and on whether or not the hearing loss resulted from Federal employment. In many cases, audiologists prepared this opinion in its entirety, audiologists and physicians each signed the opinion, and OWCP paid each of them for reviewing the claim. As discussed on page 1, OWCP had physicians review and sign these opinions as additional evidence should a claim decision be appealed.

In a few cases, an audiologist prepared the report, signed the physician's name, and placed her initials under the physician's name. OWCP paid the audiologist and the physician. In both situations--first, where the opinion was entirely prepared by the audiologist and the audiologist and physician each signed it, or second, where the audiologist prepared the opinion and signed the physician's name--we could not determine from the claim files if the physician actually reviewed these claims.

The task force director acknowledged that an outside audiologist had occasionally signed a physician's name to claim reports. He told us that if the audiologist substantially changed the physician's opinion, the audiologist would rewrite the opinion and sign the physician's name. Furthermore, this would happen only after the audiologist consulted with the physician. After the task force director noted that an outside audiologist had been signing reports for a physician, he asked the audiologist to stop this practice.

We found one case in our sample where an audiologist signed a physician's name to a report.

PHYSICIAN PERFORMED  
UNNECESSARY TESTS

To what extent did hearing specialists conduct tests that were not necessary and could cause adverse reactions? In January 1981, task force audiologists identified a physician who

routinely ordered--for claimants referred by OWCP--certain hearing tests that appeared unnecessary. In our sample of task force claims, we did not identify any cases where physicians performed these tests.

Task force procedures required claimants to undergo the following tests:

- Audiogram - shows on a graph a person's hearing threshold in each ear; measured in decibels at speech frequencies from 125 to 8,000 cycles per second.
- Speech reception threshold - determines decibel level at which at least 50 percent of two-syllable, equally accented words are correctly recognized.
- Speech discrimination - measures a person's ability to differentiate speech sounds.
- Impedance - assesses the status of the middle ear to confirm and extend information obtained in the above tests.

On occasion a physician might also perform the following special tests to obtain additional evidence regarding a claimant's hearing loss:

- Electronystagmography - measures eye movement to determine if a lesion exists, possibly in the inner ear; aids in the diagnosis of balance disorders.
- Internal auditory canal X-rays - identifies tumors in a certain cranial nerve.
- Evoked response audiometry - measures hearing loss in people unable or unwilling to respond to conventional hearing tests.

According to a former OWCP staff audiologist, the electronystagmography test can be expected to cause a person considerable discomfort including severe headaches and nausea. Internal auditory canal X-ray tests can pose a definite, but generally minimal, health risk. Evoked response audiometry testing is expensive. However, an OWCP official told us that hearing specialists had to receive preauthorization from the task force to conduct this test on claimants.

OWCP officials acknowledge that during 1980, one hearing specialist routinely ordered claimants referred by the task force to undergo electronystagmography tests and internal auditory canal X-rays. Normally, these tests would not be necessary to determine compensable hearing loss. In March 1981, about 10 weeks after staff

audiologists brought this situation to their supervisor's attention, the task force director told the hearing specialist that OWCP would not pay for these tests unless they were approved in advance.

In our sample of 99 claims adjudicated by the task force, 75 claimants were referred to hearing specialists for testing. Based on claimants' medical reports, none of these claimants underwent any of these special hearing tests.

In another sample of 98 current claims adjudicated by the district offices, we found only 1 case in which a claimant underwent any of these special hearing tests--district offices had referred 71 applicants to hearing specialists. In this case, the claimant had a history of ear problems and had occasional balance problems.

#### CHARGES FOR SOME HEARING TESTS APPEARED EXCESSIVE

Did some hearing specialists charge excessive fees for hearing tests? We found large variances in fees that physicians and audiologists charged for hearing examinations and tests. Fees in some areas appeared excessive when compared with fees charged in other sections of the country. Also, fees varied widely within geographic areas. According to the task force member in charge of referring claimants for hearing tests, the task force gave little consideration to the amounts charged by hearing specialists for hearing examinations and tests. On the other hand, the task force director told us that if a hearing specialist charged "excessive" fees, the task force would discontinue referring claimants to that physician. Hearing loss claimants in a particular region were often tested by the same physician.

Our sample of 99 task force claims included 75 claims where the task force referred claimants to specialists for hearing tests. In some geographic areas, such as New Hampshire and Boston, total fees charged by physicians and audiologists were much less than those charged in the Los Angeles and San Francisco areas. Examples of these differences follow.

<u>Location of hearing specialist</u>	<u>Dates bills paid</u>	<u>Range of fees paid for services</u>
Dover, New Hampshire	June 1978 to April 1981	\$104 to \$150
Boston, Massachusetts	March 1979 to February 1981	\$ 58 to \$108
Washington, D.C., area	March 1979 to March 1980	\$110 to \$235
Norfolk, Virginia	July 1978 to September 1981	\$ 60 to \$150
San Francisco, California	August 1979 to September 1981	\$320 to \$410
Los Angeles, California	October 1978 to February 1981	\$170 to \$585

In most cases, the task force used a standardized letter which authorized a physician to conduct the four OWCP-required hearing tests (see previous section) on a claimant. Because many physicians and/or audiologists did not itemize their bills, we could not generally determine the costs charged for each test. However, we noted that in California some bills included a charge for report preparation, whereas bills from the Boston and Washington, D.C., areas did not identify such a charge. We also noted that the July 1981 Medicare prevailing charges 1/ for the four OWCP-required tests were \$90 in Boston; \$70 in Dover, New Hampshire; \$72 in San Francisco; and up to \$104 in the Los Angeles area.

POLICY RESOLVED FOR HANDLING HEARING LOSS CLAIMS WHERE CLAIMANTS DIED

Did OWCP clarify its policy for resolving hearing loss claims where the claimant had died before the claim was adjudicated? In November 1980, the Employees' Compensation Appeals Board approved a claim in a situation where additional hearing tests could not be conducted because the claimant had died. According to the task force director, no specific policy existed that governed the task force's handling of "death" cases and each case was handled--and is currently handled--on its own merits. However, a former task force audiologist told us that, in her opinion, the Appeals Board decision had established the precedent. As a result, the task force had better guidance in death cases, because decisions

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1/The lowest charge high enough to include at least three-fourths of the bills for the same service billed by all physicians in the same area.



were to be made on the basis of existing medical evidence, even though this evidence might not be as good as that required from living claimants.

According to this audiologist, the task force's initial method for adjudicating many claims for claimants who died was to avoid payment of these claims. Benefits would be denied, citing additional testing requirements not possible, because the claimant had died.

The audiologist told us that the November 1980 Appeals Board decision resulted in standardized adjudication in "death" cases so that claimants received awards when warranted. In this case, the Board reversed an OWCP compensation order which had denied compensation benefits to a claimant's spouse. The task force had denied the claim because the claimant had not undergone certain speech tests, and therefore, the hearing loss medical evidence was incomplete and unreliable. The Appeals Board, however, reversed the decision because OWCP had not advised the claimant, when he was alive, to undergo this speech test and because the claimant had complied with other OWCP requirements.

Our sample of claims adjudicated by the task force contained two "death" cases both of which resulted in claim approvals.

QUALIFIED OPINIONS ON CLAIMS EVALUATIONS  
DID NOT APPEAR WARRANTED

Did OWCP restrict an audiologist from issuing qualified opinions related to hearing losses which occurred after noise exposure ceased? An OWCP official acknowledged that he asked an audiologist not to qualify her reports (hearing loss medical opinions) in cases where the claimant's hearing loss developed after noise exposure ceased. According to this official, a September 1980 Ohio State University study--funded by Labor--concluded that, after termination of exposure to job-related noise, any additional hearing loss is not due to that exposure. In addition, OWCP's policy provided that compensation shall not be awarded in cases in which the job-related noise exposure has ceased and earlier hearing tests have indicated that compensable hearing loss had not occurred. The Employees' Compensation Appeals Board, which is an employee's exclusive remedy in considering and deciding appeals of OWCP's final decisions, has upheld this position.

According to a former task force audiologist, some academic studies indicate that, under certain circumstances and conditions, hearing losses which occur after work-related noise exposure ceases may be related to that work. Because of this audiologist's knowledge of these studies, she included in some of her written evaluations a statement that the person's hearing did not "appear to" deteriorate as a result of the job. This qualifying language, she

believed, would "protect" her should the claim be appealed. She told us that the task force director had asked her not to qualify these evaluations because it could raise questions if a case was appealed.

According to the task force director, he told the audiologist not to include the words "appear to" in the written evaluations. He said that evidence did not support a finding that job-related hearing loss could occur after hearing tests showed that no compensable hearing loss existed. As a result, the staff audiologist told us that she stopped qualifying her opinions.

#### LENGTHY CLAIMS PROCESSING TIME SOMETIMES RESULTED IN CONGRESSIONAL INTERVENTION

Did claims processed by the task force require an average of 4 to 5 years to adjudicate, and did they often require congressional intervention to prompt action? Task force claims we reviewed required an average of almost 39 months to adjudicate. Less than half of this time is attributed to task force activities. The rest of the time covered the period before the task force received the claim. We also found congressional interest in about 20 percent of these claims; however, such interest did not appear to affect the time the task force took to process claims.

From the time OWCP received the claim to the time it either approved compensation for eligible claimants or denied the claim, it took an average of almost 39 months to adjudicate the 4,557 task force claims represented by our sample. Actual adjudication time for specific claims in our sample ranged from 10 to 106 months. For the 84 claims in our sample where we could determine the task force's processing time, the task force took an average of 18 months--about one-half of the total processing time--to adjudicate these claims.

Based on our review of these cases, no one reason stands out as primary for the length of time to adjudicate claims. Reasons included (1) obtaining additional employment and noise exposure data from claimants and their employers, (2) testing of claimants by hearing specialists, and (3) processing time by the task force. Examples of variations in processing time for claims reviewed by the task force follow:

--In July 1976, the task force received a claim that had originally been filed in the Washington, D.C., district office in February 1976. Twenty months later the task force referred the claimant to a hearing specialist for hearing tests. The task force received the hearing test results 9 months later in January 1979. Five months later the task force prepared a hearing loss medical opinion, and

on November 30, 1979, the task force authorized compensation. Total task force processing time from the date the claim was received to the date of payment authorization was 40 months.

--The San Francisco district office transferred a claim--originally filed in July 1976--to the task force in March 1980. The task force referred the claimant for additional hearing tests in July 1980 and received the test results 4 months later. Within 1 month a task force audiologist and a physician had prepared a hearing loss medical opinion, and in March 1981 the task force authorized payment. Total task force processing time in this case was about 12 months.

--In July 1979, the task force received a claim that had originally been filed in the Washington, D.C., district office in October 1977. In December 1979, it requested noise exposure data from the claimant's employer and received these data in about 6 weeks. The task force referred the claimant to a hearing specialist in August 1980. Within a month the task force received the hearing test results. About 3 months later, the task force prepared a hearing loss medical opinion and in March 1981 authorized payment. Total task force processing time in this case was about 21 months.

--The Boston district office transferred a claim--originally filed in May 1977--to the task force in June 1978. In February 1979, the task force requested noise level exposure data from the claimant's employer. In May 1979, the employer provided the task force with the exposure data. The task force referred the claimant for additional hearing tests in March 1980 and received the medical report within 3 months. A task force audiologist and physician prepared a hearing loss medical opinion in May 1981, and the task force authorized payment 2 months later. Total task force processing time was 37 months.

#### Congressional interest in claims

For 18 of the 99 sampled claims, OWCP received an inquiry from the claimant's congressional representative. For 15 of the 18 claims with congressional interest--where we could determine task force processing time--the average task force processing time was 17 months, compared to an average of 18 months for all task force cases. For the 18 cases, we found

--13 inquiries asking about the status of a case, 7 of these inquiries came before the case was assigned to the task force;

--2 inquiries concerned payment of an already approved compensation award; and

--3 inquiries that may have had some effect in processing a claim faster.

An example of a case where congressional interest may have had an effect follows.

--On February 6, 1979, a Congressman sent a letter to OWCP requesting information on the status of a claim. On February 28, 1979, a task force audiologist reviewed the case and recommended that the claimant be referred to a physician for hearing tests. Four days later, OWCP advised the Congressman that the claimant had been referred to a physician for a hearing test.

USE OF OUTSIDE AUDIOLOGISTS APPEARED  
JUSTIFIED, ALTHOUGH POSSIBLY MORE COSTLY

Did management fail to provide staff audiologists with work over a 6-month period, while providing work to outside audiologists whose cost to review claims was higher than staff audiologists' cost per claim? OWCP acknowledges that, over a 6-month period, it provided outside audiologists with claims to review, while reducing the staff audiologist workload because of questionable performance. Although outside audiologist claim reviews cost about \$4.40 more per review than if the work had been performed by staff audiologists, OWCP's use of outside audiologists appeared justified.

In 1979 and the first 4 months of 1980, each staff audiologist reviewed about 60 claims per week. However, by mid-May 1980 production had decreased to 40 claims per week and, over the next 5 months, averaged less than 40 claims per week. According to a former staff audiologist, the staff's production decreased and remained at the low level because task force personnel gave them fewer claims to review--giving the claims instead to outside audiologists.

According to the task force director, the production of the staff audiologists decreased and therefore the number of claims given to them for review decreased. In addition, he told us that during 1980 one of the staff audiologists performed unsatisfactory work. For example, this audiologist did not sign some hearing loss medical opinions, and she improperly classified some evaluations as "initial" reviews even though the evaluations were "final" reviews. Because of this questionable performance, the task force had outside audiologists perform claim reviews.

Staff audiologists did review fewer claims between May and October 1980 than they did during their first year or so of employment. However, we could not determine whether this lower production was because the staff audiologists received fewer claims to review or because their productivity decreased.

Between May and October 1980, OWCP paid outside audiologists about \$30,000 for about 2,450 claim reviews or about \$12.20 for each review. According to Labor's Office of Inspector General, each claim reviewed by a staff audiologist cost about \$7.80. This cost per case was computed using the salary of a GS-9 Federal employee and fringe benefits of 44 percent.

#### CLAIM OVERPAYMENTS NOT APPARENT IN TASK FORCE PROCESSED CLAIMS

Were there potential overpayments made to claimants because audiograms used for determining awards may not have accurately reflected a claimant's hearing loss--a problem described in a previous GAO report? In our sample of claims approved by the task force, we found no examples where the audiogram used to compute the compensation award did not appear to reasonably represent the claimant's true hearing loss. Furthermore, the physician's or audiologist's hearing loss medical opinion appeared to justify the audiogram used.

Our report "To Provide Proper Compensation for Hearing Impairments, the Labor Department Should Change Its Criteria" (HRD-78-67, June 1, 1978) stated that in 20 of 98 cases sampled, audiograms used in making awards may have overstated a claimant's true hearing loss, resulting in an overpayment to a claimant. According to the report, audiogram results may show a degree of temporary hearing loss resulting from recent occupational or nonoccupational noise exposure or may include attempts by the claimant to exaggerate his or her true hearing loss during the test. Thus, an audiogram may not show a claimant's true hearing loss.

One way to determine the reasonableness of an audiogram is to compare it with other audiograms taken over a period of time. Based on our review of noise exposure data, the claimant's past and current audiograms, and the audiologist's or physician's comments on the reliability of the audiograms, the selections of the audiogram used to compute the compensation awards appeared reasonable.

#### EXTENT OF STAFF AUDIOLOGISTS' INVOLVEMENT IN IMPROVING CLAIMS PROCESS

Did management officials fully use the skills, knowledge, and expertise of staff audiologists to improve the claims adjudication process? We identified actions taken by the task force

that were the result of information staff audiologists brought to management's attention. One of these actions probably resulted in some improvement in task force activities.

As discussed on page 11, the task force took action as a result of a finding by a staff audiologist that one physician was conducting unnecessary hearing tests on claimants. Because OWCP precluded this physician from conducting these tests without prior authorization, we classified this as an improvement in task force operations. In another case, staff audiologists complained that claims examiners occasionally modified the audiologists' opinions. Subsequently, the claims examiners' supervisor told the examiners not to alter audiologists' opinions (see below). The examiners' comments had not resulted in changes to claims decisions.

Other than the above situations, we have little basis for determining whether or not management fully used the expertise of the staff audiologists to improve the claims adjudicatory process.

#### STAFF AUDIOLOGISTS' OPINIONS ON CLAIMS ALTERED INFREQUENTLY

Did task force claims examiners alter staff audiologists' written evaluations without the audiologists' prior knowledge or approval? Claims examiners occasionally added information to staff audiologists' hearing loss medical opinions. According to a supervisory claims examiner, this information did not change the claim decisions.

Staff audiologists reviewed claimants' files and prepared written opinions on whether claimants had sustained work-related hearing losses. Claims examiners used the opinions in computing awards or denying claims. Occasionally, a claims examiner would make additions or corrections to the audiologists' opinions, such as noting the existence of an audiogram or correcting computations which identified the claimant's hearing loss. The claims examiners made these changes without notifying the audiologist. According to the supervisory claims examiner, examiners made such additions or corrections between the fall of 1979 and March 1980. In March 1980, the claims examiners' supervisor advised them that this practice was inappropriate and unauthorized.

A former staff audiologist provided us with two cases where a claims examiner altered an audiologist's written medical opinion. Our sample showed that 68 of 99 claims contained a staff audiologist's opinion and none of the opinions prepared by staff audiologists had been altered by claims examiners.

OUTSIDE AUDIOLOGISTS  
APPEARED QUALIFIED

Were outside audiologists used by OWCP qualified to review hearing loss claims, if their names did not appear on the same Office of Personnel Management (OPM) (formerly, the Civil Service Commission) certificate 1/ that OWCP used to hire staff audiologists? Based on information related to work experiences, education, and training we obtained from OWCP, the outside audiologists, in our opinion, appeared qualified to review hearing loss claims. The task force director knew that the outside audiologists did not appear on OPM's certificate, but believed there was no requirement to use a certificate when contracting with outside audiologists.

In April 1979, OWCP hired 3 staff audiologists from an OPM certificate listing the 10 most qualified audiologists who had indicated an interest in Federal employment. Subsequently, to further reduce the backlog of hearing loss claims, OWCP contracted with 3 outside audiologists whose names did not appear on the list of 10.

According to a legal representative for one of the staff audiologists, OWCP initially attempted to hire a staff audiologist who had previously worked as a temporary employee on the task force. Because the individual's name did not appear on OPM's certificate, OWCP was precluded from hiring this person. OWCP subsequently contracted with this person to review claims.

Based on OWCP's knowledge of the audiologist's capabilities and work habits, we believe that OWCP did not act unreasonably in contracting with this former employee to review hearing loss task force claims.

Qualifications of the three outside audiologists follow:

- OWCP had previously employed one of these audiologists after having obtained the audiologist's name from an OPM certificate. This audiologist has a master's degree in audiology.
- A second audiologist also has a master's degree in audiology, is a certified member of the American Speech and Hearing Association, and had 7 years of employment as a clinical audiologist.

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1/Certificate of Eligibles is a list of the highest rated applicants that are not being considered for any other Government agency vacancy. If more applicants than required for the certificate have the same rating, the applicants on the certificate may be determined at random. Ratings may be based on applications, performance tests, or a work sample.

--The third audiologist listed on her resume that she was a doctoral candidate in clinical audiology for 2 years, which included completing graduate clinical practice. She also worked part time for several years as a clinical audiologist for several physicians.

#### NO BASIS TO QUESTION QUALIFICATIONS OF PHYSICIANS WHO REVIEWED CLAIMS

Did OWCP use physicians who did not appear on a Government maintained or approved list of hearing specialists to review hearing loss claims? According to the task force director, Labor neither maintained a list nor asked OPM for a certificate of physicians qualified to review hearing loss claims. Physicians who reviewed claims were consultants--receiving a fee for each claim reviewed--and were not staff physicians. Therefore, like the outside audiologists' situation discussed in the previous section, OWCP believes that its consulting arrangements with these physicians were proper.

Unlike hearing specialists--audiologists and otologists (physicians who have special training in hearing disorders)--who examined and tested claimants for hearing loss, physicians responsible for reviewing the evidence in hearing loss cases were general practitioners. As part of their review responsibilities, they judged the job relatedness of the hearing loss. According to the task force director, OWCP's Division of Medical Standards and Services and local medical schools provided the task force with the names of the physicians who were selected to review task force claims.

Although these physicians were often general practitioners, we have no basis to question their qualifications to review claims and the job relatedness of claimants' hearing losses. In addition, most task force claims were reviewed for this same purpose by an audiologist either before or after the physicians' review.

#### STEPS TAKEN TO REDUCE EMPLOYEE FRAUD

Has Labor taken steps to combat fraud which involved an OWCP employee? According to the OWCP Washington, D.C., assistant regional administrator, the Washington district office had made several changes in its medical bill payment procedures and instituted internal controls to ensure payment of only properly authorized bills. Over a period of several months in 1980, an OWCP bill payment clerk in the Washington, D.C., district fabricated medical bills totaling about \$50,000. Labor's Office of Inspector General investigated this fraud and recommended better internal controls over payments for physicians' bills.



The Inspector General's February 1981 report stated that the payment clerk fabricated medical bills in the names of accomplices and then processed the bills for payment. In processing these bills the clerk placed on the bogus bills legitimate case numbers and physicians' employee identification numbers that were not listed in the district's automated file of health providers. When necessary, the clerk also falsified authorizing initials to circumvent computer edits on maximum payment levels. According to the assistant regional administrator, internal controls implemented to prevent employee fraud from occurring included

- limiting the number of computer terminals used to pay medical bills,
- changing computer system passwords weekly,
- establishing daily and weekly controls on the total amount of medical bills paid, and
- establishing procedures for monthly and quarterly reviews of bill paying clerks' performance.

In our opinion, these changes, if properly implemented, should aid in the prevention of employee fraud. However, we did not review the adequacy of the current bill payment system to determine if OWCP effectively implemented these changes.

### CHAPTER 3

#### CURRENT PROCESSING

#### OF HEARING LOSS CLAIMS

Since January 1979, OWCP's district offices have been responsible for adjudicating hearing loss claims. Because district office claims examiners and medical directors are responsible for reviewing virtually all hearing loss claims--instead of audiologists and/or contract physicians--many of the questions raised regarding the task force are not now germane.

Our review of the current hearing loss claim process indicated that:

- Claims processing takes longer than specified in OWCP's criteria for timeliness.
- OWCP has not adjudicated some task force cases.
- OWCP needs guidelines for fees charged by physicians and audiologists who conduct hearing tests on claimants.
- Adequate evidence was available to support all but one of the compensation awards we reviewed.

#### MANY CLAIMS NOT TIMELY PROCESSED: CRITERIA RECENTLY CHANGED

As of February 1982, one-third of the 7,900 hearing loss claims received by OWCP after December 31, 1978, had not been adjudicated within the time frames which were applicable during the time of our review. Furthermore, based on our sample, average processing times to adjudicate hearing loss claims also exceeded the applicable time frame.

In May 1982, after we completed our fieldwork, OWCP revised its time frames for processing hearing loss claims. The new standard states that OWCP district offices should adjudicate 80 percent of all occupational disease claims, including claims for hearing loss, within 6 months. Before this change, OWCP had a standard of 120 days for adjudicating hearing loss claims. This standard was in effect from October 1980 to May 1982 and was the one we used to evaluate OWCP's timeliness in claims processing. Other OWCP standards which had applied in fiscal years 1979 and 1980 had stated that the district offices should adjudicate all occupational disease claims, including hearing loss claims, within an average of 6 months (1979) and 75 percent of these claims within 5 months (1980).

As of February 6, 1982, OWCP district offices had not finished adjudicating 2,978 (or about 38 percent) of the hearing loss claims received after December 31, 1978. About 87 percent of the open claims had not been adjudicated within the former 120-day standard. Over 50 percent of the open claims were more than 1 year old, and 19 percent were more than 2 years old (see app. III for details). The 76 adjudicated claims in our sample required an average of over 12 months to process and individual claims took from 2 to 26 months.

Based on the sample cases, no single factor appeared to be the cause for an average claims processing time of over 12 months. The adjudication process is made up of several segments which can include (1) reviewing the information initially submitted by the claimant, (2) obtaining additional medical evidence or other data from a claimant, (3) obtaining noise exposure and other information from the claimant's supervisor and employing agency, (4) referring the claimant to a hearing specialist for testing, (5) preparing a hearing loss medical opinion, and (6) issuing a compensation award or a claim denial. The amount of time varies from segment to segment and from claim to claim and is not always under Labor's control. 1/ Examples of claims processing times follow:

- The San Francisco district office received a claim on February 25, 1980. In May 1980 and again on December 22, 1980, the claims examiner requested noise exposure data from the claimant's employing agency. The district office received the data in February 1981. The claimant was referred to a physician for a hearing test in early June 1981, and the physician's report was received on July 14, 1981. The district medical director prepared the hearing loss medical opinion on July 17, 1981, and OWCP authorized the payment on December 18, 1981. Total processing time was 22 months.
- On May 19, 1981, a claimant filed a claim with the San Francisco district office. Within 2 months, the district medical director had reviewed the claim and OWCP had authorized payment.
- The Washington, D.C., district office received a claim on December 18, 1979. Noise exposure data were requested from the claimant's employing agency on January 14, 1980, and these data were received 2 months later. On July 21, 1980, OWCP referred the claimant to a physician for hearing tests and received the test results on September 4, 1980. A

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1/Our report entitled "Injury Compensation Process Delays Prompt Payment of Benefits to Federal Workers" (HRD-81-123, Sept. 25, 1981) discusses in more detail the delays occurring at each level of claims processing.

hearing loss medical opinion was prepared on November 10, 1980, and OWCP authorized payment on March 10, 1981. Total processing time was 15 months.

According to OWCP district office officials, hearing loss claims do not get priority processing because most of these claims are filed by people who continue to work or who have retired. The districts give priority to the claims requesting replacement of lost income. A San Francisco district official told us that they attempted to comply with the FECA procedure manual's standard of adjudicating 80 percent of all occupational disease cases within 6 months of receipt.

#### TASK FORCE CASES RETURNED TO DISTRICT OFFICES STILL NEED PROCESSING

In the spring of 1981, OWCP returned some undecided hearing loss claims that had been assigned to the task force to the district offices. These cases were returned after Labor had determined that significant cutbacks in national office temporary staff were necessary. Over a year later, the district offices had still not adjudicated about one-third of these claims.

During March through May 1981, the task force returned over 1,560 claims to OWCP's district offices. Although the task force had started to process these claims, they were not ready for (1) review by an audiologist or (2) final adjudication. In some cases, OWCP district offices had to refer these claimants to hearing specialists for additional testing.

As of April 21, 1982, OWCP districts were still processing about 500 of these 1,560 claims. OWCP records show that most of the remaining undecided claims are the responsibility of district offices in Boston, New York, Philadelphia, and Washington, D.C. All of these claims are at least 3 years old. In May 1982, the Division of Federal Employees' Compensation sent letters to the regional administrators stating that these claims should be adjudicated before July 31, 1982.

#### GUIDELINES NEEDED FOR FEES PAID FOR HEARING TESTS

OWCP does not have fee schedules to use as guidelines for paying hearing specialists who test claimants for hearing loss. Fees paid for these tests vary substantially and, in some cases, may be excessive. The Deputy Under Secretary for Employment Standards and OWCP officials acknowledge that fee schedules for all medical services, including hearing tests, should be established. While OWCP has missed its previous target dates for establishing fee schedules, it plans to have these schedules in place by October 1982.

In our sample of 98 claims adjudicated by the district offices, 71 contained bills for hearing examinations and tests. For hearing tests in the Boston district, audiologists' bills ranged from \$60 to \$80 and physicians' bills ranged from \$40 to \$120; total charges ranged from \$50 to \$180. For these tests in the San Francisco district, audiologists' bills ranged from \$40 to \$364 and physicians' bills ranged from \$62 to \$375; total charges ranged from \$62 to \$584. In the region serviced by the Washington, D.C., district office, bills for hearing tests ranged from \$60 to \$133. As indicated by these figures, fees for hearing tests varied considerably between and within districts.

In many cases, physicians and/or audiologists did not itemize their bills. Therefore, we could not generally determine the amounts billed for each hearing test or report or how the charges compared with the previously mentioned Medicare prevailing charges for the OWCP-required hearing tests--audiogram, speech threshold reception, speech discrimination, and impedance.

We identified large variations in bills which covered both audiologist's and physician's services. For example, bills for these services in New Hampshire ranged from \$135 to \$180, while bills in San Francisco for these same services ranged from \$132 to \$467; 11 of 20 bills for services in the San Francisco area exceeded \$274. As such, some fees for hearing tests appear to be excessive. In our opinion, the differences in fees between and within OWCP district offices indicate a need for some guidelines on fee schedules for hearing loss examinations and tests.

OWCP and other Labor officials recognize the need for standard fee schedules for all FECA medical providers and expect this type of schedule to be implemented in October 1982.

#### COMPENSATION AWARDS GENERALLY BASED ON ADEQUATE EVIDENCE

In our sample of 98 current hearing loss claims, 53 claimants received compensation. In all but one case, we found what appeared to be adequate evidence in the claim files to support the compensation awards. Evidence included audiograms, noise exposure data, and physicians' reports.

For one San Francisco claim, OWCP awarded compensation of over \$28,600 to a claimant on the basis of an audiogram--showing 27-percent binaural impairment--taken 17 months after retirement. In this case, the claimant had submitted an audiogram taken by an otolaryngologist (ear, nose, and throat specialist) 1 month before retirement. This audiogram had shown an 8-percent binaural hearing impairment which, if used by OWCP, would have resulted in an award of about \$8,500. Because we found no apparent justification for the audiogram used and because of the significant differences between audiograms, we brought this case to the attention of

the San Francisco staff. They suspended the award, and at the time we completed our fieldwork, they were reviewing the claim and requesting additional medical evidence.

#### CONCLUSIONS

Since OWCP has returned adjudication of hearing loss claims to the district offices, many of the problems associated with the Hearing Loss Task Force's use of outside audiologists and contract physicians to review claims should no longer occur.

Although OWCP has recently liberalized its standards for processing hearing loss claims, OWCP district offices that we reviewed are not yet meeting the revised time frames. OWCP's plans to adjudicate outstanding task force cases and develop schedules of reasonable fees for medical services should, if properly implemented, clear the backlog of old task force cases and result in fee schedules that OWCP can use to assess the reasonableness of charges for hearing tests.

#### RECOMMENDATION TO THE SECRETARY OF LABOR

The Secretary should ensure that OWCP develops schedules of reasonable fees for medical services, which include fees for hearing tests, as planned.

#### AGENCY COMMENTS

In commenting on our draft report (see app. IV) Labor concurred with our recommendation and commented that it established a special task force in April 1982 to develop a fee schedule for implementation in all Federal Employees' Compensation District Offices. Labor said that it is confident that this effort will be a major step in ensuring the reasonableness of fees for medical services provided to the program.

INFORMATION ON OUR SAMPLES

For our review of hearing loss claims processing activities, we randomly selected for review (1) 100 task force adjudicated claims which claimants had originally filed in OWCP's Boston, San Francisco, and Washington, D.C., district offices; (2) 100 task force claims that had compensation awards; and (3) 100 claims adjudicated by these offices after January 1, 1979. Claims from these three offices represented a large percentage of both task force and current claims.

SAMPLE OF TASK FORCE  
ADJUDICATED CLAIMS

Claims decided by the task force were initially filed by claimants in OWCP's district offices. Although the task force adjudicated over 19,000 claims, we limited our review to a sample of the 4,557 claims filed in the Boston, San Francisco, and Washington, D.C., district offices and adjudicated by the task force after December 31, 1978. We selected claims adjudicated by the task force after this date because most of the alleged improprieties associated with task force activities related to the use of outside audiologists and contract physicians, who were generally not involved in reviewing earlier task force cases.

We did not include in our sample of task force adjudicated cases, 1,684 claims that claimants had not (1) filed in a timely manner or (2) provided adequate data to substantiate their claims. In these cases, OWCP claims examiners had, in effect, denied the claims before audiologists and physicians reviewed them. The following tables describe the universe (Table 1) and the location of the 100 task force adjudicated claims sampled (Table 2).

Table 1 .

	Claims		
	<u>Approved</u>	<u>Denied</u>	<u>Total</u>
Task force adjudicated claims March 1976 to October 1981	<u>8,821</u>	<u>10,226</u>	<u>19,047</u>
Claims adjudicated by the task force after December 31, 1978	<u>4,951</u>	<u>5,362</u>	<u>10,313</u>
Task force claims originating from the three district offices reviewed	2,624	3,617	6,241
Claims excluded from the sample-- denied without requiring an audiologist's or a physician's review	-	<u>1,684</u>	<u>1,684</u>
Universe represented by sample	<u>2,624</u>	<u>1,933</u>	<u>4,557</u>
Percent of task force claims adjudicated after December 31, 1978, represented by the sample			44

Table 2

	Claims in					
	<u>Universe approved</u>	<u>Sample approved</u>	<u>Universe denied</u>	<u>Sample denied</u>	<u>Total universe</u>	<u>Total sample</u>
Boston	1,469	31	906	13	2,375	44
San Francisco	494	12	385	9	879	21
Washington, D.C.	<u>661</u>	<u>a/19</u>	<u>642</u>	<u>16</u>	<u>1,303</u>	<u>35</u>
	<u>2,624</u>	<u>62</u>	<u>1,933</u>	<u>38</u>	<u>4,557</u>	<u>100</u>

a/We could not locate one claim file.



We also selected a sample of task force approved claims to determine if adequate evidence existed to support the compensation benefits awarded to claimants. We drew a sample of 100 claims from the universe of 2,624 claims with compensation awards.

SAMPLE OF CLAIMS BEING ADJUDICATED  
BY OWCP DISTRICT OFFICES

After December 31, 1978, OWCP's district offices became responsible for adjudicating hearing loss claims. For the 3-year period ended December 31, 1981, OWCP district offices received 7,908 hearing loss claims. Based on OWCP's computer records, we modified our sample to exclude claims

- not initially reviewed by a claims examiner,
- needing additional data (generally medical evidence or noise exposure data),
- not filed within the time frames established in FECA,
- for which the claimant did not respond to a request for information in a timely manner, or
- in which the claimant was not an employee, as defined by FECA.

The following tables describe the universe (Table 3) and the location of the 100 current claims adjudicated in the offices we reviewed (Table 4).

Table 3

	Claims			Total
	<u>Approved</u>	<u>Denied</u>	<u>Open (note a)</u>	
Claims received by OWCP district offices after December 31, 1978	2,164	2,766	2,978	7,908
Claims excluded for reasons cited above	-	675	2,462	3,137
Remaining claims--all district offices	<u>2,164</u>	<u>2,091</u>	<u>516</u>	<u>4,771</u>

a/This category generally represents claims identified in OWCP records as those requiring additional information or awaiting adjudication.

Table 4

	Claims in					
	<u>Universe approved</u>	<u>Sample approved</u>	<u>Universe denied and other status (note a)</u>	<u>Sample denied and other status</u>	<u>Total universe</u>	<u>Total sample</u>
Boston	105	8	306	12	411	20
San Francisco	674	b/43	869	21	1,543	64
Washington, D.C.	<u>96</u>	<u>b/ 4</u>	<u>213</u>	<u>12</u>	<u>309</u>	<u>16</u>
	<u>c/875</u>	<u>c/55</u>	<u>1,388</u>	<u>45</u>	<u>2,263</u>	<u>100</u>

Percent of total claims represented by sample 28.6

a/Based on OWCP records, this category includes some claims which may be awaiting adjudication.

b/We could not locate one claim file.

c/OWCP records show claims with awards. However, based on our sample, we identified other claims that had awards but were not identified as such in OWCP's computer records.

ESTIMATES AND RELATED SAMPLING ERRORS

<u>Type of estimate</u>	<u>Estimate</u>	<u>Sampling error (note a)</u>
Audiologist only signed name to claim report (p. 9):		
Number of cases	1,200	400
Percent of cases	26.3	8.57
Audiologist and physician both recommended additional hearing tests for claimant (p. 10):		
Number of cases	320	190
Percent of cases	7.1	4.19
Average number of months to process a claim (p. 16)	38.9	2.25

a/ Sampling errors are stated at the 90-percent confidence level. This means the chances are 9 out of 10 that the difference between the estimates developed from the sample and the results reviewing all claims would be less than the sampling errors shown.

AGING OF HEARING LOSS CASES RECEIVEDBY DISTRICT OFFICES IN 1979-81WHICH WERE OPEN AS OF FEBRUARY 6, 1982

District office	Less than 120 days (note a)	120 days to 1 year	1 year to 2 years	Over 2 years	Total number of open cases
Boston	33	80	117	58	288
New York	11	34	46	37	128
Philadelphia	8	53	90	88	239
Jacksonville	33	134	104	48	319
New Orleans	4	22	3	2	31
Cleveland	4	16	9	5	34
Chicago	8	13	8	1	30
Kansas City	6	8	4	1	19
Denver	8	9	3	8	28
San Francisco	149	371	278	188	986
Seattle	17	58	35	19	129
Honolulu	10	32	29	13	84
Dallas	85	121	55	17	278
Washington	20	118	138	77	353
National Office	<u>3</u>	<u>10</u>	<u>11</u>	<u>8</u>	<u>32</u>
Total	<u>399</u>	<u>1,079</u>	<u>930</u>	<u>570</u>	<u>2,978</u>
Percentage to total	13.4	36.2	31.2	19.1	

a/In May 1982, after we completed our fieldwork, OWCP changed the standard for adjudicating hearing loss claims from 120 days to 80 percent of all occupational disease claims, including hearing loss claims, within 180 days.

**U.S. Department of Labor**

Deputy Under Secretary for  
Employment Standards  
Washington, D.C. 20210



Mr. Gregory J. Ahart  
Director  
Human Resources Division  
U.S. General Accounting Office  
Washington, D.C. 20548

Dear Mr. Ahart:

In reply to your letter to the Secretary of Labor requesting comments on the draft GAO report entitled: "Allegations Related to the Processing of Injured Employees' Hearing Loss Claims", dated July 14, 1982, the Department's response is enclosed.

The Department appreciates the opportunity to comment on this report.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert B. Collyer".

Robert B. Collyer  
Deputy Under Secretary

Enclosure

U.S. Department of Labor's Response to  
the Draft General Accounting Office  
Report Entitled --

Allegations Related to the Processing  
of Injured Employees' Hearing Loss  
Claims, dated July 14, 1982

GAO Recommendation

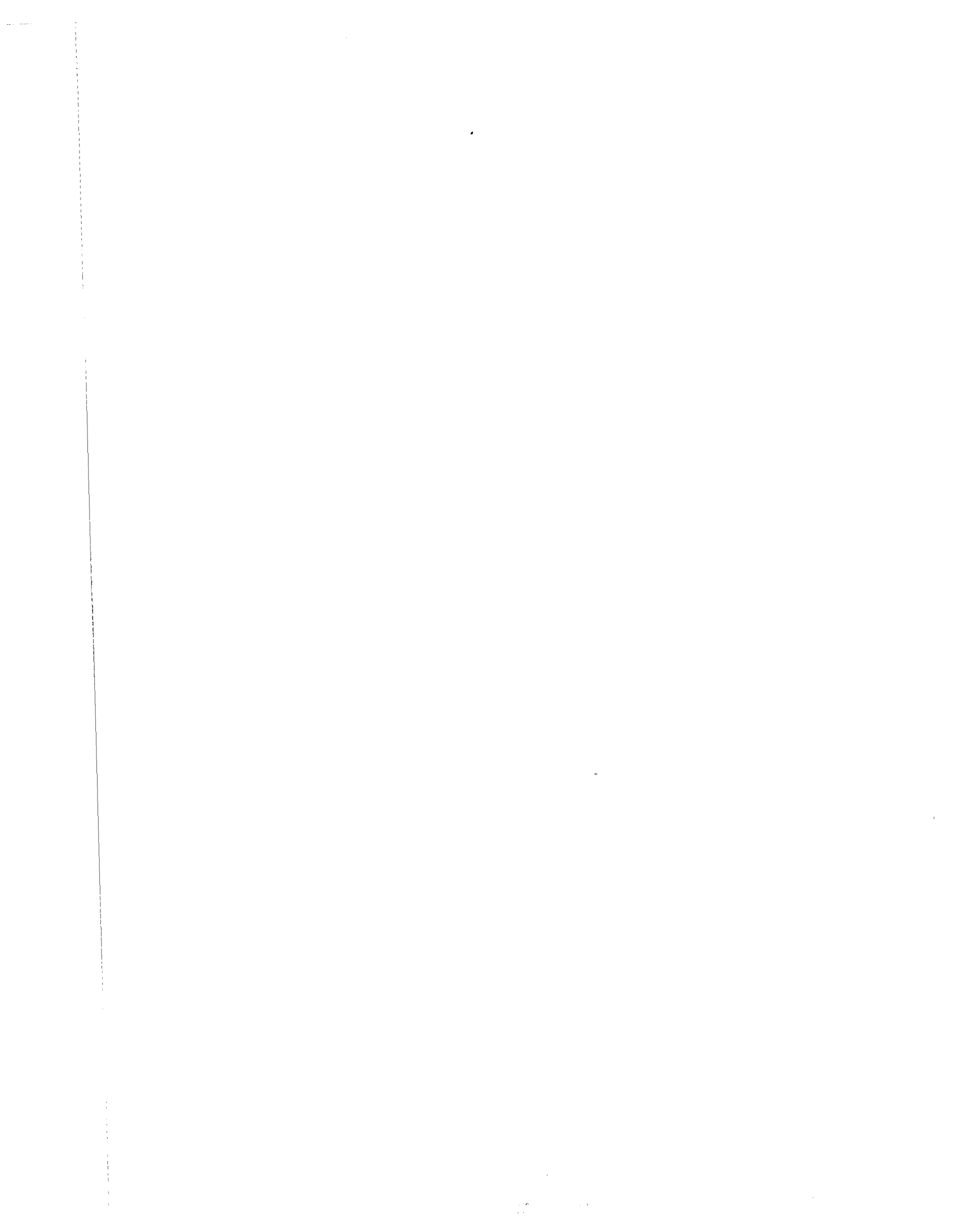
"The Secretary should ensure that OWCP develops schedules of reasonable fees for medical services, which include fees for hearing tests, as planned."

Response

The Department concurs.

Comment

The Department established a special Task Force in April, 1982, to develop a fee schedule for implementation in all Federal Employees' Compensation (FEC) District Offices. The Department is confident that this effort will be a major step in ensuring the reasonableness of fees for medical services provided to the program.



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