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Washington, DC 20548

October 30, 2015

The Honorable Bob Corker
Chairman
Committee on Foreign Relations
United States Senate

The Honorable Johnny Isakson
United States Senate

Workers' Compensation: Health Benefit Programs for Returned Peace Corps Volunteers and for Employees of U.S. Agency for International Development Contractors

Peace Corps volunteers commit to 2-year assignments in communities around the world, where they support Peace Corps' mission to help host countries meet their needs for trained personnel with a goal of promoting mutual understanding between the United States and citizens of other nations.¹ Volunteers work on projects such as teaching English, strengthening farmer cooperatives, or building sanitation systems. As of September 2014, more than 200,000 Peace Corps volunteers have served in 140 countries since the program began in 1961. After completing their service with Peace Corps, volunteers typically return to the United States.²

Returned volunteers who sustain illnesses or injuries or aggravate preexisting illnesses or injuries connected to their Peace Corps service are eligible for health and other benefits under the Federal Employees' Compensation Act (FECA) program—a workers' compensation program administered by the Department of Labor (DOL).³ In contrast, employees of contractors for certain other federal agencies that conduct work overseas, such as the Department of State, Department of Defense, and the U.S. Agency for International Development (USAID), are eligible for health and other benefits for service-connected illnesses or injuries or the aggravation of preexisting illnesses or injuries through a separate workers' compensation program administered by DOL, under the Defense Base Act (DBA).⁴ Under DBA, federal agencies pay for insurance by reimbursing their contractors and subcontractors for the cost of

¹Other volunteers, called Peace Corps Response Volunteers, include professionals with at least 10 years of work experience and medical professionals who typically volunteer for short-term specialized assignments overseas.

²Returned Peace Corps volunteers are those volunteers who have completed their service with, or officially separated from, the Peace Corps.

³5 U.S.C. §§ 8101 et seq. Health benefits for volunteers who are still active with Peace Corps are provided through a separate mechanism by Peace Corps. This report will only focus on and discuss the health benefits provided to returned volunteers through the FECA program.

⁴Act of August 16, 1941, ch. 357, 55 Stat. 622, as amended and codified at 42 U.S.C. §§ 1651-1655. DBA insurance is an extension of the Longshoreman and Harbor Workers' Compensation Act and is intended to provide equivalent coverage for persons working outside of the United States. For purposes of this report, we use the term "service-connected illnesses or injuries" to describe the general scope of coverage under DBA and FECA. Although the two programs use different definitions, coverage determinations generally depend on whether the injury or illness is connected to one's work.

premiums to provide workers' compensation benefits to the employees of these contractors and subcontractors who work outside of the United States.⁵

In 2012, we found that returned Peace Corps volunteers may face challenges in applying for and receiving FECA benefits, such as finding available medical providers.⁶ We also found that returned volunteers are a unique population compared to others receiving benefits under FECA. For example, Peace Corps volunteers work outside of the United States and are considered to be in the performance of duty 24 hours per day during their service abroad. In addition, returned volunteers are more likely than other FECA beneficiaries to receive benefits for mental, emotional, or nervous conditions.

You asked us to provide information on how the benefits provided to returned volunteers under FECA compare to the benefits provided to employees of USAID contractors under DBA to help identify whether there may be other options for providing health benefits that would address the health care needs of returned volunteers with service-connected illnesses and injuries. In this report, we identify the similarities and differences between the workers' compensation health benefit program for returned Peace Corps volunteers and the program for employees of USAID contractors.

To address this objective, we reviewed relevant laws, regulations, agency guidance, and other documentation related to the workers' compensation health benefits provided to returned Peace Corps volunteers under FECA and to employees of USAID contractors under DBA, including documents that describe eligibility requirements, benefits information, the process to review and adjudicate an application—known as a claim for benefits—and steps required to obtain benefits. We also obtained and reviewed data covering each program. DOL and USAID collect different data for each program, covering different periods of time. To allow for the best comparison possible, we used the most recent data available for an approximate 5 year period for each program. Specifically, we

- analyzed data collected by DOL on FECA-covered health benefits—reimbursements for medical expenses—paid on behalf of Peace Corps from July 1, 2009 through June 30, 2014,⁷ to identify (1) the number of volunteers that received FECA benefits, (2) the total amount of reimbursements made for medical expenses, and (3) the types of illnesses and injuries for which volunteers received health benefits;⁸

⁵For purposes of this report, we refer to contractors and subcontractors as contractors.

⁶See GAO, *Returned Peace Corps Volunteers: Labor and Peace Corps Need Joint Approach to Monitor Access to and Quality of Health Care Benefits*, [GAO-13-27](#) (Washington, D.C.: Nov. 19, 2012).

⁷These dates cover DOL's chargeback years 2010 through 2014. Under the FECA program, DOL provides reimbursement throughout the year for health care and other expenses for work-related illnesses, injuries, and deaths. Reimbursement for medical expenses includes payments made by DOL directly to providers or directly to returned volunteers who have already paid the provider. According to DOL officials, most payments are made directly to providers. After each year ending on June 30, DOL assigns these costs to the employing agency—in this case Peace Corps—using the FECA chargeback mechanism. Each year DOL furnishes each agency with a statement summarizing the costs for illnesses and injuries sustained by its employees.

⁸When analyzing these data, we selected all applications for FECA benefits—or claims—with an adjudication status of compensable, which identifies the number of claims that were approved for FECA benefits.

- reviewed insurance premium cost summary reports from USAID that provided the total amount USAID incurred from March 1, 2010 through February 28, 2015 to cover the cost of premiums for employees of its overseas contractors; and
- analyzed data collected by USAID’s insurer for DBA insurance claims during the first 5 years of the contract period—March 1, 2010 through March 31, 2015—to identify (1) the number of employees of USAID contractors receiving medical care and other benefits, such as disability benefits; (2) the total amount paid by USAID’s insurer to cover medical care and other benefits; (3) the types of illnesses and injuries for which employees of USAID contractors received medical care and other benefits; and (4) the countries in which employees of USAID contractors sustained an illness or injury.

We assessed the reliability of the DOL data and USAID claims data by reviewing related documentation and discussing the data with knowledgeable officials. We also performed data quality checks to identify missing or incorrect entries or outliers. For USAID’s claims data—which are collected by its insurer—we assessed the reliability of the data as they were reported to USAID. We did not independently verify the reliability of the original data set used by the insurer. On the basis of the information we obtained and analyses we conducted, we determined that the data we used from both DOL and USAID were sufficiently reliable for the purposes of this report.

We also interviewed officials from DOL, Peace Corps, USAID, and USAID’s insurer about the health benefits provided to returned volunteers and employees of USAID contractors, including the agencies’ roles and responsibilities for administering each program. We did not conduct an actuarial analysis of the costs incurred by Peace Corps and USAID under FECA and DBA, respectively, and as a result, did not determine whether one program is more cost effective than the other.⁹

We conducted this performance audit from April 2015 to October 2015 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In summary, we found that Peace Corps and USAID both provide health benefits through workers’ compensation programs. Similarities between the programs include the following:

- Both Peace Corps and USAID provide for health benefits to individuals who perform work overseas on behalf of the federal government.
- The workers’ compensation health benefits are provided to individuals for service-connected illnesses and injuries or the aggravation of preexisting injuries sustained while performing their work.
- The individuals eligible for health benefits may perform similar work, such as work in developing countries related to providing health and education services.

A key difference between the benefits provided under these programs is that Peace Corps reimburses for medical expenses while USAID pays for insurance, which results in the agencies

⁹According to DOL officials, DOL conducts an actuarial analysis each year on its FECA programs that includes information on the future cost of the program overall as well as the costs specific to returned volunteers.

facing different financial risks. (See table 1 in the enclosure for more information on the health benefits provided.) Specifically,

- Although DOL initially provides reimbursement for expenses incurred for volunteers' medical care, Peace Corps is ultimately responsible for these costs.¹⁰ As a result, Peace Corps bears the risk if volunteers' medical expenses are higher than expected.
- In contrast, USAID is responsible for the cost of insurance premiums paid for by its contractors for their active employees and the DBA insurer is responsible for the costs of contractors' employees' medical expenses.¹¹ As a result, USAID's insurer bears the risk if contractors' employees' medical expenses are higher than expected, provided that the claims are not war-risk hazard cases, which are reimbursed by DOL.¹²

Because of this difference in benefits and because Peace Corps volunteers who have returned to the United States receive benefits under FECA while active employees of contractors working overseas for USAID generally receive DBA insurance benefits, the processes by which beneficiaries obtain their medical care are also different. (See table 2 in the enclosure for more information on these processes.) For example,

- Returned Peace Corps volunteers who sustain a service-connected illness or injury submit applications for benefits—known as claims—to DOL for review and adjudication.¹³ For those claims that are approved, DOL authorizes the medical treatment and services for the volunteer's accepted condition. The volunteer is able to obtain medical care through a provider of his or her choice. Providers must register for the FECA program for purposes of receiving payment.¹⁴ Volunteers are responsible for finding providers, who practice in the United States. After the volunteer receives medical care from the FECA-registered provider,

¹⁰On an annual basis, FECA requires Peace Corps to pay DOL back for these costs. Peace Corps acts as a self-insured employer with DOL's Office of Workers' Compensation Programs (OWCP) in the role of claims adjudicator and benefit manager.

¹¹USAID uses a single insurer program in which it selects one insurer to provide DBA insurance through a competitively selected multiyear agreement. The resulting agreement sets premium rates for the agency's contractors over a negotiated period of time, in this case 5 years with an option to extend. Premium rates are per \$100 of employee remuneration, which is defined by the employee's salary, including overseas recruitment incentive, post differential—compensation to account for differences in environmental conditions of certain foreign posts—and danger pay.

¹²According to DOL officials, for war-risk hazard cases, the insurer would file a reimbursement claim under the War Hazards Compensation Act with OWCP for medical and other benefits as well as the insurer's allocated and unallocated costs, as defined by the Act and its implementing regulations. In some long-term cases, OWCP may take over direct payment of medical and other benefits.

Under the War Hazards Compensation Act (WHCA), contractors' employees covered by DBA may receive benefits for an injury or death caused by a "war-risk hazard"—any hazard from certain specified causes that arise during a war in which the United States is engaged; during an armed conflict in which the United States is engaged, whether or not war has been declared; or during a war or armed conflict between military forces of any origin, occurring within any country in which a person is covered by the Act. For more information, see Act of Dec. 2, 1942, ch. 668, 56 Stat. 1028, as amended and codified at 42 U.S.C. §§ 1701 et seq.

¹³When treatment of certain conditions costs less than \$1,500, a volunteer is not required to submit a claim to DOL. For these conditions Peace Corps can, at its discretion, pay for volunteers' medical costs directly.

¹⁴To register, providers must enroll by (a) certifying that they satisfy all applicable federal and state licensure and regulatory requirements and (b) accepting DOL's terms of payment for the FECA program.

DOL either pays the provider directly or reimburses the volunteer for expenses resulting from this care.

- In contrast, active employees of USAID contractors who sustain a service-connected illness or injury submit applications for benefits—known as claims—to the insurer for review and adjudication. For those claims that are approved, the insurer authorizes payment for necessary medical care. The employee is able to receive medical care from a provider of his or her choice, while the insurer is generally responsible for paying for the care. According to officials from USAID’s insurer, this medical care is typically provided overseas through local providers.

In addition, data from the most recent 5 years available for each program show that returned Peace Corps volunteers and employees of USAID contractors may face a different risk of illness or injury, and receive treatment for different illnesses or injuries.¹⁵ (See table 3 in the enclosure for more information on the populations served by both programs.) For example,

- Peace Corps operates in countries based on a variety of factors—including safety and security considerations—and thus may restrict the countries in which volunteers conduct work. While employees of USAID contractors have worked in conflict zones such as Afghanistan over the most recent 5 years, Peace Corps volunteers have not been allowed to work in Afghanistan and certain other locations due to security concerns.
- The most common illnesses and injuries among returned volunteers that received workers’ compensation benefits include: mental, emotional, and nervous conditions; dental conditions; other/non-classified diseases; and infectious or parasitic diseases.¹⁶
- In contrast, the most common illnesses and injuries among employees of USAID contractors that received workers’ compensation benefits that were not caused by a war-risk hazard were classified by USAID’s insurer as: strained body part, broken/fractured body part, infection, death, and not available. The most common illnesses or injuries that were caused by a war-risk hazard were classified by USAID’s insurer as: mental anguish, death, not applicable, and not available.¹⁷

Because they reflect the differences we have identified in this report, the costs incurred by Peace Corps and USAID for their respective workers’ compensation programs are not directly comparable. Furthermore, GAO did not conduct an actuarial analysis of these costs and therefore did not determine whether one program was more cost effective than the other. Nevertheless, data from the most recent 5 years available for each program show that

¹⁵For Peace Corps, this time period covers the 5 most recent chargeback years, which include data from July 1, 2009 through June 30, 2014. For USAID, this time period covers data since the contract was effective on March 1, 2010 through March 31, 2015.

¹⁶Other/non-classified diseases are illnesses or injuries that generally do not fit neatly into the existing illness and injury categories used by DOL.

¹⁷USAID’s insurer did not provide additional information on the circumstances under which an illness or injury would be classified as not available or not applicable. Officials noted that all cases are generally based on medical reports.

- Peace Corps paid a total of about \$41.0 million to provide reimbursements for medical expenses.¹⁸ During this period, 3,305 returned volunteers received workers' compensation health benefits.¹⁹
- USAID paid a total of about \$67.0 million to cover contractors' premium costs to provide insurance to their overseas employees.²⁰ USAID officials told us that neither they nor their insurer track the total number of contractor employees for which they provided this insurance. USAID's insurer reported paying about \$11.4 million in total to cover the cost of medical care and other expenses for about 487 contractor employees who had illnesses or injuries that were not caused by a war-risk hazard.²¹ In addition, the insurer reported paying a total of about \$11.7 million for about 174 employees who had illnesses or injuries that were caused by a war-risk hazard, which are expected to be reimbursed by DOL.

Agency Comments

We provided a draft of this report to DOL, Peace Corps, and USAID. Peace Corps and DOL provided technical comments, which we incorporated as appropriate. USAID had no comments.

We are sending copies of this report to the appropriate congressional committees, the Director of the Peace Corps, the Administrator of the U.S. Agency for International Development, the Secretary of Labor, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

¹⁸For Peace Corps, this covers the 5 most recent chargeback years, which includes data from July 1, 2009 through June 30, 2014.

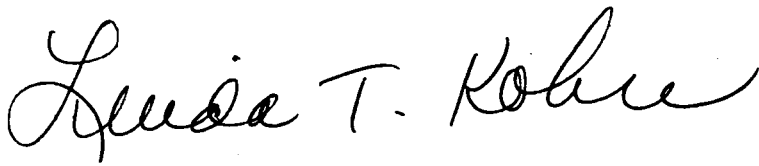
¹⁹Under FECA a returned volunteer may submit a claim for FECA benefits for a service-connected illness or injury after leaving Peace Corps as long as the claim is submitted a) within 3 years of the date of illness or injury, or b) within 3 years after the returned volunteer is aware that a health condition is service-connected. See 5 U.S.C. § 8122. Volunteers typically serve a 2-year assignment; therefore, the number of active volunteers varies from year to year. As of September 2014, about 6,818 volunteers were actively serving abroad and more than 200,000 others had served since Peace Corps' inception in 1961.

²⁰This covers the 5 most recent contract years—March 1, 2010 through February 28, 2015. The amount of premiums paid by USAID varied by type of work performed. Specifically, USAID paid approximately \$46.0 million for employees of service contractors, \$5.8 million for employees of construction contractors, and \$15.2 million for employees of security contractors.

²¹Medical reimbursements and medical conditions are associated with individual claims submitted by the employee's employer, a USAID overseas contractor. According to USAID's insurer, each claim is generally associated with one individual, but there may be a rare case in which the same person has multiple claims. For the purposes of reporting, we refer to the number of DBA claims as the number of employees.

One individual's illness or injury was not classified as either caused by or not caused by a war-risk hazard; the insurer reported paying about \$7,981 for this employee.

If you or your staff members have any questions about this information, please contact me at (202) 512-7114 or kohnl@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report were Will Simerl, Assistant Director; LaKendra Beard; Carolyn Fitzgerald; Krister Friday; Amy Leone; and Jennifer Whitworth.

A handwritten signature in black ink that reads "Linda T. Kohn". The signature is written in a cursive style with a large initial "L" and a distinct "T" and "K".

Linda T. Kohn
Director, Health Care

Enclosure

Enclosure: Health Benefits for Returned Peace Corps Volunteers and USAID Contractors

This enclosure provides information on the workers' compensation health benefit program for returned Peace Corps volunteers—under the Federal Employees' Compensation Act (FECA)—and the program for employees of U.S. Agency for International Development (USAID) contractors—under the Defense Base Act (DBA). Specifically, the enclosure provides information on similarities and differences in

- the health benefits provided, including who is eligible under these programs and the payment mechanism used to provide health benefits (see table 1);
- the processes used by beneficiaries to obtain medical care (see table 2); and
- data on the populations receiving health benefits under these programs (see table 3).

Table 1: Health Benefits Provided by Peace Corps under the Federal Employees' Compensation Act (FECA) and by the U.S. Agency for International Development (USAID) under the Defense Base Act (DBA)

	Returned Peace Corps volunteers under FECA	Employees of USAID contractors under DBA
What health benefits are provided under each program?	Reimbursement for medical expenses connected to volunteers' service ^a	Workers' compensation insurance coverage
Who is eligible for these health benefits?	Returned Peace Corps volunteers who sustained an illness or injury or aggravated a preexisting illness or injury connected to their Peace Corps service	Active employees of USAID contractors and subcontractors working overseas ^b
Who is responsible for authorizing, administering, or paying for these health benefits?	Federal Agencies: <ul style="list-style-type: none"> • Peace Corps • Department of Labor (DOL) 	Federal Agencies: <ul style="list-style-type: none"> • USAID • DOL Private Entities: <ul style="list-style-type: none"> • USAID contractors • USAID's DBA Insurer
What payment mechanism is used to provide health benefits?	<ul style="list-style-type: none"> • DOL's Office of Workers' Compensation Programs (OWCP) initially either pays the provider directly or reimburses the returned volunteer for FECA medical expenses. • Peace Corps then reimburses DOL for these payments annually. Therefore, Peace Corps bears the risk if volunteers' medical expenses are higher than anticipated. • The FECA program does not involve any form of private insurance or private third-party administration of claims or benefits. Essentially, Peace Corps acts like a self-insured employer with DOL/OWCP in the role of claims adjudicator and benefit manager. 	<ul style="list-style-type: none"> • USAID pays for contractors' premium costs of providing DBA insurance to their employees. • USAID uses a single insurer program in which it selects one insurer to provide DBA insurance through a competitively selected multiyear agreement. The resulting agreement sets premium rates for the agency's contractors. • USAID's insurer is responsible for the cost of eligible employees' non war-risk hazard medical expenses. Therefore, the insurer bears the risk if employees' medical expenses are higher than anticipated.^c

	Returned Peace Corps volunteers under FECA	Employees of USAID contractors under DBA
For the most recent 5 years, how much did each agency incur to provide these health benefits? ^d	Over the most recent 5 years, Peace Corps paid about \$41.0 million in total reimbursement for medical expenses. During this time 3,305 volunteers received health benefits. ^e	USAID paid a total of about \$67.0 million to cover contractors' premium costs to provide DBA insurance to an unspecified number of employees. ^f Amounts paid by type of contractor were the following: <ul style="list-style-type: none"> • Service: \$46.0 million • Construction: \$5.8 million • Security: \$15.2 million
For the most recent 5 years, how much did the insurer incur for medical care or other benefits?	Not applicable ^g	USAID's insurer reported paying about \$11.4 million to cover the cost for about 487 employees who had illnesses or injuries that were not caused by a war-risk hazard. ^h In addition, the insurer reported paying a total of about \$11.7 million for about 174 employees who had illnesses or injuries that were caused by a war-risk hazard during this time period, which are expected to be reimbursed by DOL under the War Hazards Compensation Act. One individual's illness or injury was not classified as either caused by or not caused by a war-risk hazard; the insurer reported paying about \$7,981 for this individual. ⁱ
For the most recent 5 years, how much did each agency incur to administer the program?	Peace Corps officials stated that the agency does not collect data on administrative costs. As of June 2015, Peace Corps reported that it had 10 total full-time equivalent employee (FTE) staff designated to help returned volunteers with their post-service health needs, including those related to FECA.	USAID officials stated that USAID does not collect data on administrative costs of providing DBA benefits. As of June 2015, USAID's Office of Acquisition and Assistance has 3 total FTE staff with responsibilities related to maintaining the contract with the insurer responsible for providing health benefits.

Source: GAO analysis of information provided by DOL, Peace Corps, USAID, and USAID's insurer. | GAO 16 28R

Notes: Information presented in the table is current as of August 2015. DOL and USAID collect different information that covers different periods of time. To get the most comparable data, we used the most recent data available for each that covered approximately 5 years. For Peace Corps, this covers the 5 most recent chargeback years, which include data from July 1, 2009 through June 30, 2014. For USAID, this covers data since the contract was effective on March 1, 2010 through March 31, 2015, unless otherwise noted.

^aReimbursement for medical expenses includes payments made by DOL directly to providers or directly to returned volunteers who have already paid a provider. According to officials, most payments are made directly to providers.

^bFor purposes of this report we refer to contractors and subcontractors as contractors.

^cIf it is determined that an injury or illness is caused by a war-risk hazard, DOL officials stated that USAID's insurer would initially cover the cost of the medical expenses, but DOL would reimburse the insurer for these claims. Under the War Hazards Compensation Act (WHCA), contractors' employees covered by DBA may receive benefits for an injury or death caused by a "war-risk hazard"—any hazard from certain specified causes that arise during a war in which the United States is engaged; during an armed conflict in which the United States is engaged, whether or not war has been declared; or during a war or armed conflict between military forces of any origin, occurring within any country in which a person is covered by the Act. For more information see Act of Dec. 2, 1942, ch. 668, 56 Stat. 1028, as amended and codified at 42 U.S.C. §§ 1701 et seq.

^dThe costs incurred by each agency are not directly comparable as each agency is providing different health benefits—Peace Corps provides reimbursement for expenses while USAID pays for the cost of premiums for DBA insurance, under which the employees may receive medical care. In addition, we did not conduct an actuarial analysis of the costs incurred by Peace Corps and USAID under FECA and DBA, respectively, and as a result, we did not determine whether one program is more cost effective than the other.

^eUnder FECA a returned volunteer may submit a claim for FECA benefits for a service-connected illness or injury after leaving Peace Corps as long as the claim is submitted a) within 3 years of the date of illness or injury, or b) within 3 years after the returned volunteer is aware that a health condition is service-connected. See 5 U.S.C. § 8122. Volunteers typically serve a 2-year assignment; therefore, the number of active volunteers varies from year to year. As of September 2014, about 6,818 volunteers were actively serving abroad and more than 200,000 others had served since Peace Corps' inception in 1961.

^fThis covers data from March 1, 2010 through February 28, 2015. USAID officials told us that neither they nor their insurer track the total number of employees for which they provide this insurance.

^gThe FECA program does not involve any form of private insurance or private third-party administration of claims or benefits.

^hThis covers data since the contract was effective on March 1, 2010 through March 31, 2015. Medical reimbursements and medical conditions are associated with individual claims submitted by the employer, a USAID overseas contractor. According to USAID's insurer, each claim is generally associated with one individual but there may be a rare case in which the same person has multiple claims. For the purposes of reporting, we refer to the number of DBA claims as the number of employees.

ⁱIn 2013, USAID Office of the Inspector General issued a report that found that the cost of DBA insurance significantly exceeded benefits from March 1, 2010, through March 31, 2013. Specifically, the report noted that the ratio of benefits to premiums was only 20 percent, well below recent nationwide workers' compensation ratios, which on average exceed 100 percent.

Table 2: Processes Used by Returned Peace Corps Volunteers and Employees of U.S. Agency for International Development (USAID) Contractors to Obtain Medical Care under the Federal Employees' Compensation Act (FECA) and the Defense Base Act (DBA), Respectively

	Returned Peace Corps volunteers under FECA	Employees of USAID contractors under DBA
How is the individual notified of eligibility for benefits?	Each volunteer is informed of the availability of FECA benefits during the close-of-service medical evaluation ^a	Under the single insurer program, USAID is responsible for informing its contractors of their responsibility to secure DBA insurance for their overseas employees. ^b USAID contractors are then responsible for informing employees about DBA benefits and the steps the employee must take to report a work-related injury.
How does an individual eligible for benefits submit an application for benefits, known as a claim?	Volunteers complete a FECA claim and submit it to the Department of Labor (DOL) through the Peace Corps' Post-Service Unit. ^c	Employees of USAID contractors notify their supervisor or employer representative of a service-connected illness or injury. USAID contractors notify the insurance carrier of their employee's illness or injury and assist their employee in filing a claim for benefits.
How are applications for benefits—known as claims—reviewed and adjudicated and by whom?	FECA claims submitted by returned volunteers are reviewed and adjudicated by DOL. <ul style="list-style-type: none"> • If the claim is approved, DOL's Office of Workers' Compensation Programs (OWCP) sends a formal acceptance of the claim and sets forth what conditions have been accepted for medical care. OWCP then determines what treatment will be authorized. • For those claims that do not include sufficient information and require further development, volunteers are given at least 30 days to submit additional information to support their request for FECA benefits. • If the additional information is sufficient, the application is approved and medical treatment is authorized. • If the additional information is not sufficient, the FECA claim is denied and medical treatment is not authorized. • Returned volunteers who are denied FECA benefits have the right to appeal the decision. DOL provides three levels of appeal: (1) reconsideration of the application by DOL/OWCP, (2) a hearing following an adverse decision by DOL/OWCP, and (3) review of the volunteer's application by the Employees' Compensation Appeals Board. 	Upon receiving notice of illness or injury, the insurer reviews and adjudicates the claim. <ul style="list-style-type: none"> • If the insurer determines the claim is compensable, it ensures that necessary medical care has been authorized and that medical providers have been given billing and reporting instructions. • If a claim is denied, the insurer is required to file a form with DOL. According to USAID's insurer, the claimant will also generally be notified directly by telephone or other communication. • If the claim is denied or if there is a claim dispute over medical benefits, the contractors' employee can appeal the decision by: (1) having DOL assist the employee and the insurer to resolve disputes through informal conferences and written recommendations regarding benefit entitlement; (2) if the parties cannot resolve their dispute informally, either party may request a formal hearing before the Office of Administrative Law Judges (OALJ); (3) decisions rendered by OALJ may be appealed to the Benefits Review Board; and (4) thereafter, to the appropriate federal court.

	Returned Peace Corps volunteers under FECA	Employees of USAID contractors under DBA
What is the expected timeframe to review and adjudicate an application for benefits—known as a claim?	DOL established benchmarks for the amount of time it takes to adjudicate a claim. These benchmarks vary based on the type of claim. For example, targeted timeframes for claims review and adjudication ranges from adjudicating 90 percent of traumatic cases within 45 days to adjudicating 98 percent of extended, non-traumatic cases within 365 days.	Expected timeframe for claims review and adjudication varies and may take months, according to USAID’s insurer. According to officials, this variation is dependent on several factors, including language translations and speed of overseas investigations. Documentation provided by USAID’s insurer noted that overseas investigations are expected to be completed within 14 days.
How does an individual obtain medical care once approved for benefits?	A volunteer obtains medical care through medical providers in the United States.	According to officials from USAID’s insurer, medical care is typically provided overseas through local providers. The same officials told us that in some cases, such as when there is not a local provider available, the contractor’s employee may be transported to a facility in another country.
What medical providers are available to the individual seeking care?	The volunteer is able to obtain medical care through a provider of his or her choice and is responsible for locating a provider. Providers must register for the FECA program for purposes of receiving payment. DOL publishes an online search tool that contains a partial listing of the available FECA-registered providers as a service to FECA beneficiaries, including volunteers, to help locate providers. DOL officials noted that provider participation in this tool is voluntary.	Employees are eligible to seek care from any provider of their choice. According to officials from USAID’s insurer, the insurer has vendors who work with the injured contractor’s employee to find a local provider or hospital for treatment.
Who pays for the medical care once approved for medical benefits?	The volunteer or the volunteer’s medical provider submits a bill for the cost incurred by the volunteer to DOL/OWCP for payment. DOL/OWCP initially pays FECA medical claims, and then FECA requires Peace Corps to pay DOL back for these reimbursements on an annual basis.	Health providers submit bills for services provided to USAID’s insurer for payment. Generally, USAID’s insurer is responsible for covering the cost of medical expenses unless it is determined that the illness or injury is caused by a war-risk hazard. In these cases, DOL officials stated that DOL would be responsible for reimbursing the insurer for the cost of the medical expenses under the War Hazards Compensation Act. ^d
What is the expected timeframe to make a payment on medical care?	Medical bills, whether submitted directly by the providers or as reimbursement requests by returned volunteers, are usually processed within 28 days of receipt.	According to USAID’s insurer, the expected time to make payment for medical care is generally 30-60 days within receipt of medical invoices from the provider.

Source: GAO analysis of information provided by DOL, Peace Corps, USAID, and USAID’s insurer. | GAO 16 28R

Notes: Information presented in the table is current as of August 2015.

^aPeace Corps maintains medical records for any injury or illness reported during a volunteer’s service. In addition, any injury or illness noted at the close-of-service medical evaluation is documented in the volunteer’s medical record, which is included in the FECA application should a volunteer apply for FECA benefits.

^bFor purposes of this report, we refer to contractors and subcontractors as contractors.

^cWhen treatment of certain conditions costs less than \$1,500, a volunteer is not required to submit a claim to DOL. For these conditions Peace Corps can, at its discretion, pay for volunteers’ medical costs directly.

^dUnder the War Hazards Compensation Act, contractors’ employees covered by DBA may receive benefits for an injury or death caused by a “war-risk hazard”—any hazard from certain specified causes that arise during a war in which the United States is engaged; during an armed conflict in which the United States is engaged, whether or not war has been declared; or during a war or

armed conflict between military forces of any origin, occurring within any country in which a person is covered by the Act. For more information see Act of Dec. 2, 1942, ch. 668, 56 Stat. 1028, as amended and codified at 42 U.S.C. §§ 1701 et seq.

Table 3: Data on the Populations Receiving Health Benefits under the Federal Employees' Compensation Act (FECA) and the Defense Base Act (DBA)

	Returned Peace Corps volunteers under FECA	Employees of USAID contractors under DBA
What type of work do eligible individuals perform and for what period of time is this work performed?	<p>Most volunteers are assigned to and perform work in one of six sectors during their Peace Corps service:</p> <ul style="list-style-type: none"> • education, • youth in development, • health, • community economic development, • agriculture, or • environment. <p>Volunteers may also complete secondary assignments that include work across all sectors.</p> <p>Volunteers are considered to be in the performance of duty 24 hours a day during the period of their Peace Corps service abroad.</p> <p>As a result, any illness or injury sustained during the period of their service is generally considered to be service-connected.^a</p>	<p>Employees of USAID contractors and subcontractors are assigned to and perform work in one of three categories while abroad:^b</p> <ul style="list-style-type: none"> • services, • construction, or • security. <p>According to officials from USAID's insurer, employees of USAID overseas contractors are generally not considered to be in the performance of duty 24 hours a day while overseas.^c</p> <p>As a result, only illnesses or injuries sustained during the employee's working hours are typically considered to be service-connected.</p>
Where do individuals eligible for benefits perform work?	<p>Peace Corps volunteers generally conduct work in developing countries overseas.</p> <p>Peace Corps operates in countries based on a variety of factors—including safety and security considerations—and thus, may restrict the countries in which volunteers work. For example, Peace Corps officials told us that volunteers do not conduct work in Afghanistan or Iraq because the security situations in those areas are currently too unstable.</p>	<p>Employees of USAID contractors generally conduct work in developing countries overseas, including conflict zones such as Afghanistan.</p>
For the most recent 5 years, how many people received health benefits?	<p>3,305 returned volunteers received reimbursement for medical expenses^d</p>	<p>USAID officials told us that neither they nor their insurer track the total number of contractor employees who have DBA insurance.</p> <p>The insurer reported paying for the cost of medical care and other benefits for about 662 contractor employees.^e</p>

	Returned Peace Corps volunteers under FECA	Employees of USAID contractors under DBA
For the most recent 5 years, what were the most common injuries and illnesses for which individuals received workers' compensation benefits?	<p>The most common illnesses and injuries were:</p> <ul style="list-style-type: none"> • mental, emotional, and nervous conditions; • dental conditions; • other/non-classified diseases;^f and • infectious and parasitic diseases. 	<p>The most common illnesses and injuries that were not caused by a war-risk hazard were classified by USAID's insurer as:</p> <ul style="list-style-type: none"> • strained body part, • broken/fractured body part, • infection, • death, and • not available. <p>The most common illnesses and injuries that were caused by a war-risk hazard were classified by USAID's insurer as:</p> <ul style="list-style-type: none"> • mental anguish, • death, • not applicable, and • not available.^g

Source: GAO analysis of information provided by DOL, Peace Corps, USAID, and USAID's insurer. | GAO 16 28R

Notes: Information presented in the table is current as of August 2015. DOL and USAID collect different information that covers different periods of time. To get the most comparable data, we used the most recent data available for each that covered approximately 5 years. For Peace Corps, this covers the 5 most recent chargeback years, which include data from July 1, 2009 through June 30, 2014. For USAID, this covers data since the contract was effective on March 1, 2010 through March 31, 2015.

^aThe following are excluded from coverage: conditions caused by willful misconduct, conditions caused by the volunteer's intention to bring about the injury or death of self or another, conditions proximately caused by the intoxication of the injured volunteer, or injuries occurring or illnesses contracted in the United States that were not related to the performance of Peace Corps duties.

^bFor purposes of this report, we refer to contractors and subcontractors as contractors. According to USAID officials, services contractors typically provide specialized technical assistance in the areas of health, economic growth, agriculture, governance, education, and humanitarian assistance following natural disasters; construction contractors typically provide services with constructing roads, health clinics, and schools; and security guards are typically tasked with protecting contractor offices, work sites, and residences.

^cAn exception to this is reasonable recreation, which allows consideration of compensation for applications for benefits—or claims—arising from recreational activities for employees stationed in very remote or confined locations. Coverage is based on the premise that employees who are confined to such areas will engage in the limited recreational activities available to them. Injuries that are sustained as a result of these recreational activities may be considered for compensation.

^dReimbursement for medical expenses includes payments made by DOL directly to providers or directly to returned volunteers who have already paid a provider. According to officials, most payments are made directly to providers.

^eAccording to USAID's insurer, each claim is generally associated with one individual but there may be a rare case in which the same person has multiple claims. For the purposes of reporting, we refer to the number of DBA claims as the number of contractor employees.

^fOther/non-classified diseases are illnesses or injuries that generally do not fit neatly into the existing illness and injury categories used by DOL.

^gUSAID's insurer did not provide additional information on the circumstances under which an illness or injury would be classified as not available or not applicable. Officials noted that all cases are generally based on medical reports.

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