



BRIEFLY...

OWCP DID NOT ENSURE BEST PRICES AND ALLOWED INAPPROPRIATE, POTENTIALLY LETHAL PRESCRIPTIONS IN THE FECA PROGRAM

March 31, 2023

WHY OIG CONDUCTED THE AUDIT

The Department of Labor's Office of Workers' Compensation Programs (OWCP) provides workers' compensation coverage to approximately 2.6 million federal and postal workers through the Federal Employees' Compensation Act (FECA) program. Recent Office of Inspector General audit work found OWCP had not done enough to ensure it paid the best price for prescription drugs in the FECA program. Specifically, the audits noted OWCP lacked a pharmacy benefit manager to help contain costs and had not determined if alternative prescription drug pricing methodologies would be more competitive.

WHAT OIG DID

The OIG contracted with the independent certified public accounting firm of Harper, Rains, Knight & Company, P.A. (HRK) to conduct an audit to answer the following:

Has OWCP effectively managed pharmaceutical spending in the FECA program?

To answer this question, HRK's audit included: analyzing 6 years of pharmaceutical data covering Fiscal Year 2015 through Fiscal Year 2020; interviewing OWCP management; reviewing OWCP policies, procedures, and other documentation; and comparing the FECA program to industry best practices and other workers' compensation programs.

WHAT OIG FOUND

HRK found OWCP did not effectively manage pharmaceutical spending in the FECA program from Fiscal Year 2015 through Fiscal Year 2020. Specifically, OWCP did not pay the best available prices for prescription drugs. HRK identified up to \$321.26 million in excess spending during the audit period. In addition, OWCP did not effectively monitor pharmaceutical policy changes to ensure implementation, resulting in claimants receiving thousands of inappropriate prescriptions and potentially lethal drugs, including 1,330 prescriptions for fast-acting fentanyl after issuing a policy that restricted its use.

HRK also found OWCP failed to timely identify and address emerging issues and did not perform sufficient oversight of prescription drugs that are highly scrutinized and rarely covered in workers' compensation programs. As a result, OWCP spent hundreds of millions of dollars on drugs that may not have been necessary or appropriate for FECA claimants.

Finally, HRK found OWCP lacked sufficient clinical expertise and guidelines to ensure appropriate pharmaceutical decisions, which could negatively impact claimants' health, recovery, and return to work.

WHAT OIG RECOMMENDED

HRK made 10 recommendations to OWCP to strengthen management of pharmaceuticals in the FECA program, specifically regarding: evaluating alternate pricing methodologies, ensuring implementation of and adherence to policies, identifying emerging issues by developing and implementing an ongoing pharmaceutical monitoring program, ensuring sufficient clinical expertise among FECA staff, and using evidence-based clinical guidelines to inform prescription drug coverage policies. OWCP generally agreed with the recommendations.

READ THE FULL REPORT

<https://www.oig.dol.gov/public/reports/oa/2023/03-23-001-04-431.pdf>