
**Hearing before the
Subcommittee on Workforce Protections
Committee on Education and Workforce
United States House of Representatives**



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**FECA Reform and Oversight: Prioritizing Workers, Protecting
Taxpayer Dollars**

May 6, 2025

Good morning, Chairman Mackenzie, Ranking Member Omar, and members of the Subcommittee. Thank you for inviting me here today to discuss our work related to the Federal Employees' Compensation Act.

When postal employees sustain a work-related injury or occupational disease, they are covered by FECA. While the Postal Service helps employees file claims and manages efforts to return injured employees to work, the Department of Labor administers, implements, and enforces FECA. The Postal Service reimburses DOL from postal revenues, and its workers' compensation costs are significant. Last year, it paid almost \$1.5 billion in claims and an additional \$96 million in administrative fees.

Our work at the OIG found the Postal Service is taking steps to reduce its workers' compensation costs, but more can be done to return employees to work and reduce costs. We identified areas where current law restricts the Postal Service from using private sector best practices, including those adopted by some state governments. Allowing these best practices would have saved the Postal Service almost \$350 million a year.

One significant restriction is FECA does not provide for settlement of claims through lump sum payments, and correspondingly, does not have limits on total compensation or length of benefits. As of last fall, more than 600 postal employees aged 80 or older were receiving benefits — three are currently 100 or older. Claims are commonly paid over many years, tax-free with cost-of-living adjustments. Thus, the incentives for employees to return

to meaningful employment are minimized. Other best practices include requiring employer-selected physicians and the use of generic medications when available.

We also do investigative work related to FECA. We coordinate with DOL OIG to identify and investigate workers' compensation fraud by postal employees and healthcare providers. Our investigative work in this area results in substantial savings. We recently closed a case in Texas where pharmacies paid kickbacks to doctors to prescribe certain medications based on high reimbursement rates instead of patient need. This case returned nearly \$100 million to DOL. To support this work, we embrace technology and data analytics. For example, to help identify provider fraud, we implemented an in-house artificial intelligence and machine learning model that identifies overbilling for physical therapy and chiropractic care.

Our work in this area has identified vulnerabilities and led to DOL making numerous policy changes in how it manages the workers' compensation program, including limitations on compounded drugs, billing restrictions, and third-party controls. Over time, we estimated the changes saved the Postal Service and its ratepayers over \$1.5 billion. These changes also resulted in cost savings for all agencies with employees on workers' compensation, as well as improved patient safety.

Thank you again, and I'm happy to answer any questions.