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Adequate Medical Evidence Needed When Approving Extended Sick Leave For Retiring Employees

B-152073

Department of Defense

*UNITED STATES
GENERAL ACCOUNTING OFFICE*

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FEB. 19, 1974



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

FEDERAL PERSONNEL AND
COMPENSATION DIVISION

B-152073

The Honorable
The Secretary of Defense 5

Attention: Assistant Secretary of Defense
(Comptroller)

Dear Mr. Secretary:

This is our report on adequate medical evidence needed when approving extended sick leave for retiring employees. Our principal observations are summarized in the digest. The preliminary draft of this report was discussed with members of your staff and representatives of the military services.

Copies of this report are being sent to the Secretaries of the Army, Navy, and Air Force; the Chairman, United States Civil Service Commission; the Director, Office of Management and Budget; and the House and Senate Post Office and Civil Service, Government Operations and Appropriations Committees. > 6290
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We shall appreciate receiving any comments you may have, particularly any actions you plan to take regarding the matters discussed in this report.

Sincerely yours,


Forrest R. Browne
Director

Enclosure

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ABBREVIATIONS

AFB	Air Force Base
CSC	Civil Service Commission
DOD	Department of Defense
GAO	General Accounting Office
NAS	Naval Air Station
SF	Standard Form

D I G E S T

WHY THE REVIEW WAS MADE

Federal civilian employees earn 13 days of sick leave a year and any not used may be accumulated. Before 1969, unused sick leave was forfeited when employees retired. To prevent the forfeiture of unused sick leave, the retirement law was amended in 1969 to permit unused sick leave to be used to increase employees' service time in computing their retirement annuities.

During other reviews, the General Accounting Office (GAO) noted at some military bases that a large number of employees had taken extended periods of sick leave immediately prior to their retirement. Accordingly, GAO made an examination during 1973 at five military bases to evaluate the procedures for approving extended sick leave in conjunction with optional retirements and to determine the extent and impact of this practice.

FINDINGS AND CONCLUSIONS

While the amendment to the retirement law created some incentive for conserving sick leave, it still is financially more advantageous for employees to use sick leave immediately before retirement. By doing that, the employees generally obtain a larger increase in their retirement annuities as well as receiving full pay while using accumulated sick leave.

Of 263 employees optionally retiring during the six-month period ended May 31, 1973, at the five bases reviewed, 139 used an average of 172 days of sick leave valued at over \$1 million after their last day of work. Moreover, 246 employees were on extended sick leave pending optional retirement as of May 31, 1973, and received approval for an average of 222 days of sick leave valued at about \$2.7 million. (See pp. 5 and 6.)

At three installations extended sick leave was routinely approved for employees who requested it. Determinations of incapacity generally were based on opinions of private physicians which were usually not supported by adequate medical evidence to corroborate the employees' incapacity for work. Physical examinations or independent medical evidence were generally not required nor was there a requirement for periodic reevaluation of employees on extended sick leave. One base required adequate support for all sick leave requests and the other prohibited extended sick leave in connection with optional retirement. These varying practices may have occurred because the Department of Defense has not issued guidelines to administer this aspect of sick leave. (See pp. 5 to 12.)

Employees on sick leave before retirement are included in agency personnel ceilings and continue on the payroll until their leave

expires and they retire. Limitations on manpower spaces and funds have prevented the hiring of additional permanent employees to replace those on sick leave. Consequently, some work was deferred, the workload of employees on duty was increased, overtime and hiring of temporary employees were required, and funds were diverted from other programs to pay for the increased costs. (See pp. 13 and 14.)

About 300,000 DOD employees--one third of the work force--are either now eligible for optional retirement or will be in the near future. Under these conditions, the improper granting of extended sick leave prior to optional retirement could become a major problem throughout the Department unless sound and uniform administrative controls and practices are instituted. (See p. 15.)

RECOMMENDATIONS

1 The Secretary of Defense should:

1. Establish uniform policies for approving extended sick leave which would include:
 - requiring medical examinations,
 - defining the type of medical evidence that should be obtained to support an incapacity for further duty,
 - monitoring extended absences, and
 - if practicable, reassigning disabled employees to other positions which they could perform.
2. Require DOD installations to review current cases of employees who are on extended sick leave pending optional retirement and obtain sufficient medical evidence for those who were determined to be incapacitated based on inadequate medical evidence. (See p. 15.)

CHAPTER 1

INTRODUCTION

The civil service retirement laws provide that employees who satisfy age and length of service requirements are eligible for optional retirement and an immediate annuity based on years of service and the average of the highest 3 years' salary. Employees earn 13 days of sick leave a year and any unused leave is accumulated. Before 1969, unused sick leave was forfeited at retirement. The Civil Service Commission (CSC) estimated in 1969 that about one-half of the employees who retired had no earned sick leave balance while each of the remaining employees forfeited an average of 44 days of unused sick leave.

To prevent the forfeiture of unused sick leave, the retirement law was amended in 1969 to permit unused sick leave to be used to increase employees' service time in computing their retirement annuities. While this amendment created some incentive for conserving sick leave, it still is financially more advantageous for employees to use sick leave immediately before retirement. By doing that, the employees generally obtain larger retirement annuities as well as receiving full pay while using accumulated sick leave.

CSC has responsibility for issuing regulations to implement the retirement and sick leave laws. CSC regulations permit agencies to grant sick leave when an employee "(a) Receives medical, dental, or optical examination or treatment; (b) Is incapacitated for the performance of duties by sickness, injury, or pregnancy and confinement; (c) Is required to give care and attendance to a member of his immediate family who is afflicted with a contagious disease; or (d) Would jeopardize the health of others by his presence at his post of duty because of exposure to a contagious disease."

CSC regulations also give the agencies responsibility for specifying the evidence required to determine whether an employee is incapacitated for work. Each of the military services regulations generally require the supervisor's approval of sick leave, and a physician's certification when more than three consecutive days of sick leave is used.

Employees may offer other evidence of incapacity if they were not under a physician's care.

When employees eligible for optional retirement believe they are incapacitated for further duty, they may retire, apply to CSC for disability retirement, or request extended sick leave from their agencies. According to CSC medical officers, incapacities of employees applying for disability retirement are determined from fully documented medical evidence. Normally this includes physical examinations and supporting diagnostic evidence such as X-rays, electrocardiographs, blood pressure readings, and other pertinent tests. They noted that generally diagnosis by private physicians without independent verification or documented medical evidence is only an opinion and is not evidence of a disability.

To reduce the number of applications for disability retirement, CSC issued a bulletin in July 1970 which reminded agencies that benefits available to personnel eligible for optional retirement who are incapacitated for duty were essentially the same as benefits provided by disability retirement. The bulletin reiterated provisions of the Federal Personnel Manual which states that optional retirement can more speedily be effected than approval of disability retirement and would not require medical examination.

CHAPTER 2

INADEQUATE MEDICAL EVIDENCE OBTAINED WHEN

GRANTING SICK LEAVE TO RETIRING EMPLOYEES

Sick leave in connection with optional retirements was frequently approved for extended periods without adequate medical evidence. Inconsistent practices were found at the five installations we reviewed. Three granted extended sick leave for employees who requested it; one required adequate support for all sick leave requests; and the other prohibited extended sick leave in connection with optional retirement. These varying practices may have occurred because the Department of Defense (DOD) has not issued guidelines to administer this aspect of sick leave.

The following schedules summarize extended sick leave approved in connection with optional retirement at the five bases reviewed for those who retired during the 6-month period ended May 31, 1973, and for those pending retirement as of that date.

Optional Retirements
December 1, 1972 - May 31, 1973

<u>Installation</u>	<u>Number of optional retirements</u>	<u>Number of employees granted extended sick leave prior to optional retirement</u>	<u>Total number of sick leave days granted</u>	<u>Average number of sick leave days granted</u>	<u>Value of sick leave</u>
Kelly Air Force Base (AFB) (note 1)	126	101	18,934	187	\$ 858,083
Pensacola Naval Air Station (NAS)	70	26	3,554	137	150,695
Red River Army Depot	24	10	996	100	35,143
Corpus Christi NAS (notes 2 and 3)	28	2	373	187	23,528
Randolph AFB	15	0	0	0	0
	<u>263</u>	<u>139</u>	<u>23,857</u>	172	<u>\$1,067,449</u>

¹Includes San Antonio Air Materiel Area.

²Includes the Army Aeronautical Depot Maintenance Center.

³Includes one employee whose leave record was not reviewed because it was no longer available at the installation.

Employees on Extended Sick Leave Pending
Optional Retirement as of May 31, 1973

<u>Installation</u>	<u>Number of employees on extended sick leave</u>	<u>Total number of sick leave days approved</u>	<u>Average number of sick leave days granted</u>	<u>Salary cost</u>
Kelly AFB (note 1)	179	40,562	227	\$1.97 million
Pensacola NAS	29	4,184	144	.21 million
Red River Army Depot	32	8,465	265	.41 million
Corpus Christi NAS (note 2)	6	1,446	241	.09 million
Randolph AFB	<u>0</u>	<u>0</u>	0	<u>0</u>
	<u>246</u>	<u>54,657</u>	<u>222</u>	<u>\$2.68 million</u>

¹Includes San Antonio Air Materiel Area.

²Includes the Army Aeronautical Depot Maintenance Center.

KELLY AFB

Of 126 civilian employees optionally retired during the 6-month period ended May 31, 1973, 101 used an average of 187 days of sick leave after their last day of work. The number of days of sick leave used ranged from 12 to 344. An additional 179 employees were on extended sick leave pending optional retirement as of May 31, 1973 and had an average of 227 days approved.

At Kelly AFB sick leave is routinely approved prior to optional retirement. When employees apply for retirement, they usually also request extended sick leave up to the date of retirement. The retirement dates are computed by calculating the dates at which all accrued sick leave (plus annual and sick leave accumulating and holidays occurring while on sick leave) will be exhausted.

Installation medical files disclosed that many employees were determined to be incapacitated on little or no medical evidence to support the need for extended sick leave. Determinations of incapacity were based on opinions of private physicians which did not (1) identify the illness, (2) detail extent of the medical problem, or (3) indicate if the employees were unable to perform their assigned duties. Physical examinations or independent medical evidence were generally not required by base medical officials nor was there any requirement for periodic reevaluation of the employees' incapacities.

BEST DOCUMENT AVAILABLE

The following case illustrates an instance where extended sick leave was granted based on inadequate evidence.

A supply clerk's job involved filing research registers and maintaining a control register. This was primarily a desk job but also required moving boxes of documents to a storage area. He made application for optional retirement with extended sick leave on August 23, 1972, and was referred to the base medical facility. On September 20, 1972, the Chief, Occupational Medicine Branch, gave the following evaluation:

- Above named employee has been evaluated because of a medical problem diagnosed by his private physician.
- It is our opinion that he is unable to perform his assigned duties as supply clerk at the present time.
- Employee was advised to bring evidence of continuation of disability in 6 months.

The private physician's diagnosis used as a basis for evaluating the employee is contained in a letter dated September 18, 1972, as follows:

"It is my understanding, * * * (the employee) is interested in seeking retirement from Kelly Air Force Base. This man is apparently suffering from some degree of emotional fatigue, as is common among Kelly Field employees. He also has had a difficult time with acute thrombosed hemorrhoids in the last year and this has been a source of problem for him. The emotional stress of seeking retirement has been a problem for him, with all the concomitant questions of whether to seek other employment later and give [up] part of his income, etc.

"All of these things, in my opinion, justify this man taking a leave of absence in a limited way, and I therefore, suggest he be put on medical disability for at least thirty to sixty days." (Underscoring supplied.)

There were no other medical records submitted by the private physician to support an extended absence from work. The installation's Chronological Record of Medical Care has a notation made on September 20, 1972, only showing the employee's blood pressure. The Regional CSC Medical Officer in Dallas, Texas, informed us that disability retirement applications based upon emotional stress or mental problems generally require psychiatric examination and evaluation by a qualified psychiatrist.

The employee began extended sick leave on September 9, 1972. He planned to retire on August 7, 1973, after using 206 days of sick leave valued at about \$7,600 and will also be paid about \$2,000 for annual and sick leave which accumulated and holidays which occurred while he was on sick leave.

After reviewing several medical files at our request, the Commander, Kelly AFB Clinic, stated that sufficient medical evidence was not presented to conclude that the employees were incapacitated for further duty. When we advised installation officials of our findings, they said that immediate action would be taken to control the granting of extended sick leave in connection with optional retirements. The Commander of the clinic stated that, in the future, adequate medical evidence would be obtained.

After our review, operating instructions were established which require specific medical support for an employee's disability. Completed physical examinations must now be approved by the Command Surgeon at Headquarters, Air Force Logistics Command, which is the command responsible for Kelly and five other Air Force bases.

BEST DOCUMENT AVAILABLE

PENSACOLA NAS

Between December 1, 1972, and May 31, 1973, 26 employees optionally retired using an average of 137 days of sick leave after their last day of work. The number of days of sick leave used ranged from 14 to 295. Additionally, 29 employees were on extended sick leave pending optional retirement as of May 31, 1973, and had an average of 144 days approved. At Pensacola, the request for sick leave is not initially related to the employees' intention to optionally retire when all leave is exhausted.

An Application for Leave, Standard Form (SF) 71, is used for both short and long periods of sick leave. For the 26 employees who had extended sick leave approved prior to their retirements, the standard leave form was the only medical evidence presented. The forms were signed by private physicians but generally contained only limited explanations of the employees' illnesses. In some instances, the nature of the illness was not defined and generally there was no evidence that an extended absence from duty was warranted. The only descriptions of the illnesses appearing on some SF-71s and the number of days of sick leave granted were "Foot Care", 159 days; "Medical Treatment", 105 days; "High Blood Pressure", 190 days; and "Hypertrophic Arthritis", 241 days. The base had no procedures to periodically reevaluate employees on extended sick leave.

In six cases, the employees were also examined by the base medical staff, and in one instance, the employee was granted sick leave even though the base medical staff concluded the employee was not disabled.

The adverse impact of extended sick leave on base operations and payroll cost has become a matter of concern to management at Pensacola. During our review a civilian personnel officer requested a meeting with us to discuss the potential growth of this problem. He advised us that two top level management officials were on indefinite sick leave which, in management's opinion, would ultimately end in retirement. He was concerned that if these officials were allowed to exhaust their sick leave prior to retirement it would set a precedent for other employees. Consequently, management officials planned to recall the two individuals for a physical examination to determine if extended sick leave was warranted.

Later, we were advised that reevaluation of five employees on extended sick leave (including the two mentioned above) had disclosed that continued sick leave was questionable in four of the five cases. The physician for one employee said his patient was too ill to be reexamined. Physicians for the other four employees said they were not willing to support continued sick leave for their patients. We were told that medical examinations were being scheduled for those employees.

RED RIVER ARMY DEPOT

Between December 1, 1972, and May 31, 1973, 10 employees optionally retired had used an average of 100 days of sick leave after their last day of work. The number of days of sick leave used ranged from 2 to 261. Additionally, 32 employees were on extended sick leave pending optional retirement as of May 31, 1972, and had an average of 265 days approved. In our opinion, these employees were found incapacitated based on inadequate medical evidence.

For example, an employee at Red River Army Depot obtained a statement from his private physician on June 25, 1972, which stated that the employee had been under his care for arthritis for 25 years. The physician explained the medical problems associated with arthritis but concluded that the employee was not disabled for his position as a personnel staffing specialist. On August 4, 1972, the Chief Medical Officer, Red River Army Depot, examined the employee. Because the employee had a history of arthritis since 1962, the medical officer recommended that the employee optionally retire because of that disability.

Our review of the employee's medical treatment record revealed that since November 1965 he had visited the Red River Health Clinic two times for pain in his lower back, and the most recent visit occurred in August 1968. After these visits he was examined by a base medical officer in October 1969 which disclosed no back problem. A review of the employee's leave record disclosed that in the 12-month period prior to approval of his extended sick leave he did not use any sick leave.

Notwithstanding the private physician's conclusions and other evidence of fitness for duty, the employee was granted about 350 days of sick leave valued at over \$24,000. The

employee will be paid an additional \$6,000 for sick and annual leave which will accumulate and holidays which occur while he is on sick leave.

Installation officials advised us that sick leave was a fringe benefit and that they could not stop an employee from going on extended sick leave if he was ill. The Deputy Commander said they had questioned the use of sick leave in several instances but had always been overruled by higher command when the employees appealed. The Depot Commander believed that there seemed to be considerable abuse by employees who could easily obtain doctors' certificates to support their absences.

CORPUS CHRISTI NAS

Extended sick leave prior to optional retirement was not a problem at the Corpus Christi NAS or the Army Aeronautical Depot Maintenance Center, a tenant on the installation. Between December 1, 1972, and May 31, 1973, three employees requested that extended sick leave be approved before they retired. Sick leave was approved for two employees but the request was denied for the other because the medical evidence submitted did not justify approving sick leave. Additionally, extended sick leave for six employees pending optional retirement as of May 31, 1973, was approved after evaluation by the base medical officer.

The Army Depot requires that the medical officer approve extended sick leave in connection with optional retirements. The medical officer decides whether an examination is needed based on (1) the adequacy of the private physician's statement, (2) historical medical evidence, (3) adequacy of documents supporting the private physician's statement, (4) the type of ailment, and (5) the character of the private physician. The Naval Air Station has not established formal procedures but its practices are similar to those at the Army Depot. The same medical officer approves extended sick leave for both organizations.

Retiring employees are advised of the procedures to be followed if they wish to request extended sick leave in conjunction with optional retirement. During these counseling sessions, the employees' disabilities are discussed; they are sometimes offered other jobs; and the need for adequate medical support is made clear. These procedures may have precluded unsupported requests for extended sick leave.

RANDOLPH AFB

Randolph AFB prohibits the use of sick leave in conjunction with optional retirement. Employees eligible for optional retirement, but ill, must be completely processed as a disability retirement before they will be permitted to use their sick leave in connection with retirement. This policy has avoided the problem of granting extended sick leave prior to optional retirements without adequate medical evidence because the disability retirement process presumably involves a thorough medical examination.

SIMILAR CONDITIONS FOUND
IN PRIOR REVIEW

In a prior review, we found similar practices at the Ogden Air Materiel Area, Hill AFB, Utah. Large numbers of employees were granted sick leave in conjunction with optional retirements. As a result, the Commander stated in a letter dated October 27, 1972, to the Hospital Commander at Hill AFB:

"* * * As part of a study, the GAO team also reviewed the use of sick leave in conjunction with retirement. Their report to me was critical of what they apparently considered a very liberal local approach to the approval of sick leave in conjunction with optional retirements.

"After reviewing a summary of retirements for the period 1 January through 6 October 1972, I too am concerned. Of 320 optional retirements processed during this period, I find all except 31 involved the use of locally approved sick leave. It is difficult for me to accept that 90 percent of our employees reaching optional retirement age are incapacitated for further service.* * * (Under-scoring supplied)

"* * * I would like for you to review all cases where the employee is still out on locally approved sick leave pending retirement. Your recommendations as to what action, if any, we should take are requested. Considerations should include the possibility of directed physical reexamination in any questionable cases with return to duty of any employees found not actually incapacitated.

[]

Appendix 2

"In addition to reviewing outstanding cases, as outlined above, we must take immediate and positive action to assure that all future instances of locally approved sick leave in conjunction with optional retirement, can stand close scrutiny. Your doctors must understand that an employee on sick leave pending retirement is in full pay status, represents valuable personnel resources sorely needed, and cannot be replaced under current manpower restrictions. * * * overly liberal medical evaluations, resulting in the improper use of sick leave, constitute improper expenditure of public funds.* * *"

IMPACT OF EXTENDED SICK LEAVE
ON BASE OPERATIONS

The improper granting of extended sick leave before optional retirement can and does adversely affect operations and increase operating costs. Employees on sick leave before retirement are included in base personnel ceilings and continue on the payroll until their leave expires and they retire. Red River Army Depot officials advised us that this has had a detrimental impact on the base's operations because limitations on manpower spaces and funds has prevented the hiring of additional permanent employees to replace those on sick leave. Consequently, some work was deferred, the workload of employees on duty was increased, overtime and hiring of temporary employees were required, and funds were diverted from other programs to pay for the increased costs.

At Kelly AFB there was a period during 1971 and 1972 when as many as 24 of the 80 firemen were on extended sick leave pending optional retirement. The Fire Chief stated that if a major fire had occurred during this period, "* * * the Fire Department would have found it extremely difficult, if not impossible, to have controlled it."

The Air Force Crash Rescue Assistance Team, after inspecting the Kelly Fire Department in January 1973, concluded that the overall performance of the Fire Department was inadequate. The inspection report cited several findings including the fact that the department was understaffed. The Kelly Fire Chief noted that the large number of firemen on extended sick leave was a major cause of the unsatisfactory rating.

As a result of this inspection, some firemen on extended sick leave were directed to either apply for retirement, provide medical evidence to support continued sick leave, or return to work. Shortly afterwards, additional positions in excess of the authorized number were temporarily approved to fill vacancies caused by firemen on extended sick leave. Although this resulted in additional costs, the impact could have been more grave had a fire occurred while the department was understaffed.

Payroll costs for sick leave in connection with optional retirement have risen to substantial amounts at some installations. At three of the five installations reviewed, 240 employees were on sick leave pending optional retirement as of May 31, 1973. Although on the payroll, they are not available for work and could be paid over \$2.6 million before they retire.

CHAPTER 3

CONCLUSIONS AND RECOMMENDATIONS

Employees who are incapacitated for further duty should be granted all benefits to which they are entitled. Some installations, however, were approving sick leave in connection with optional retirement for extended periods--sometimes for over a year--without sufficient evidence to support the extended absence. These lax practices have resulted in manpower shortages, excessive costs, and impairment of the installations' operations.

About 300,000 DOD employees--one third of the work force--are either now eligible for optional retirement or will be in the near future. Under these conditions, the improper granting of extended sick leave prior to optional retirement could become a major problem throughout the Department unless sound and uniform administrative controls and practices are instituted.

We recommend that the Secretary of Defense should:

1. Establish uniform policies for approving extended sick leave which would include:
 - requiring medical examinations,
 - defining the type of medical evidence that should be obtained to support an incapacity for further work,
 - monitoring extended absences, and
 - if practicable, reassigning disabled employees to other positions which they could perform.
2. Require DOD installations to review current cases of employees who are on extended sick leave pending optional retirement and obtain sufficient medical evidence for those who were determined to be incapacitated based on inadequate medical evidence.

CHAPTER 4

SCOPE OF REVIEW

We made an examination during 1973 at five military bases to evaluate the procedures for approving extended sick leave in conjunction with optional retirements and to determine the extent and impact of this practice. We examined employees' official personnel and medical files and discussed these matters with CSC and installation officials.

This review was conducted at the following military installations:

Kelly AFB, San Antonio, Texas
(including the San Antonio Air Materiel Area)

Pensacola NAS, Pensacola, Florida

Red River Army Depot, Texarkana, Texas

Corpus Christi NAS, Corpus Christi, Texas
(including the Army Aeronautical Depot
Maintenance Center)

Randolph AFB, San Antonio, Texas

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