

Supporting Statement

Payment of Compensation without Award (LS-206) OMB No.1240-0043 (Formerly 1215-0022)

A. Justification.

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collections. Attach a copy of the appropriate section of each statute and of each regulation mandating or authorizing the collection of information.**

The Office of Workers' Compensation Programs administers the Longshore and Harbor Workers' Compensation Act. The Act provides benefits to workers' injured in maritime employment on the navigable waters of the United States or in an adjoining area customarily used by an employer in loading, unloading, repairing, or building a vessel. In addition, several acts extend the Longshore Act's coverage to certain other employees.

Under sections 914(b) & (c) of the Longshore Act, a self-insured employer or insurance carrier is required to pay compensation within 14 days after the employer has knowledge of the injury or death. Upon making the first payment, the employer or carrier shall immediately notify the district director of the payment. Form LS-206 has been designated as the proper form on which report of first payment is to be made. See 20 CFR 702.234.

- 2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

The information provided on Form LS-206 is used by OWCP district offices to determine the payment status of a given case. If the information were not collected, the OWCP would have no way of determining whether compensation payments had been made by liable insurance carriers and self-insured employers.

- 3. Describe whether, and to what extent, the collection of**

information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

While not affecting the public burden, and after careful consideration of the practicality of the current electronic filing/signing option, this collection is available on the Internet as fillable/printable and not fileable. The public has made very little use of the agency's electronic filing option for OWCP forms (only a total of 75 electronic filings in all of 2010 for all OWCP public-use forms). Due to changes in newer versions of the Adobe software, signing these forms electronically presently no longer works. To upgrade the Adobe infrastructure would require additional investment in software *and* development time from our developers. Additionally, the agency would have to pay about \$50 per submission for the users' electronic signature certificates. Given the comparatively high cost and low public demand, OWCP has determined an electronic filing option is not practicable for this information collection.

4. **Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

All forms in the Longshore program have been carefully reviewed to eliminate all requests for duplicate information. The LS-206 is a unique form in that it reports the beginning of compensation payments.

5. **If the collection information impacts small businesses or other small entities (Item 5 of 014B Form 83-1), describe any methods used to minimize burden.**

The information is not requested from small businesses or other small entities and does not have a significant economic impact on a substantial number of small entities.

6. **Describe the consequence of Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

The information is only collected when an insurance carrier or self-insurer initiates the payment of compensation benefits to an injured claimant. It therefore cannot be collected less frequently without eliminating this method used to determine proper payment.

7. Explain any special circumstances.

The Longshore Act, as a statutory matter, requires immediate filing of this information with the OWCP. The form is to be submitted only at such time as first payment is made in a case. Other than this exception, there are no other special circumstances.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8 (d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments.

The LS-206 is a basic claims form which is used by insurance carriers and self-insurers to report the start of payment of compensation benefits. It requests only basic data relating to the compensation benefits which are to be paid. Daily contact is maintained with representatives of the insurance carriers and self-insurers by OWCP district office personnel with whom the form is filed. Should any complaints be received, or suggestions for improvement be received, they are carefully evaluated and appropriate action is taken.

A Federal Register Notice inviting public comment was published on July 7, 2011 in Vol. 76, No. 130 Page 39904. No comments were received.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No payments or gifts are provided to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulations, or agency policy.

The OWCP gives no confidentiality assurance to respondents of this information collection.

11. **Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, private. This justification should include the reasons why the agency considers the questions necessary; the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**

There are no questions of a sensitive nature.

12. **Provide estimates of the hour burden of the collection of information. The statement should:**

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not make special surveys to obtain information on which to base burden estimates. Consultation with a sample of potential respondents is desirable. If the burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated burden and explain the reason for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**

Burden has been estimated to be approximately 4,200 hours. It is estimated from records maintained in the National Office that about 600 insurance carriers and self-insurers will file approximately 28 forms each for a total annual number of forms filed of 16,800. The time needed to complete the form, including the time needed to obtain the information required by the form from existing records, has been estimated to be 15 minutes or .25 hour. This estimate is considered reasonable in light of the information required by the form, which is basically wage and payment data, which are readily available to the insurance carrier or self-insurer.

The annualized burden cost to the respondents has been estimated to be approximately \$65,982.00. This estimate is derived from use of the National Average Weekly Wage (NAWW) as computed by the Bureau of Labor Statistics and which is based on the national average earnings of production or nonsupervisory workers on private nonagriculture payrolls.

Section 6(b) of the Act mandates the use of the NAWW in setting the maximum and minimum compensation rates under the Act and in determining the amount of annual adjustments due to permanent total disability and death beneficiaries. Since it is not possible to determine the specific occupation or wages for each person who will provide the information covered by this clearance, and wages can vary considerably from person to person depending on duties and length of service, use of a national average weekly wage covering all occupations appear reasonable under the circumstances. The current applicable NAWW is \$628.42. The computations are therefore as follows: $\$628.42 \div 40 \text{ hrs} = \$15.71/\text{hr} \times 4,200 \text{ hrs} = \$65,982.00$ annualized burden cost.

13. Annual Costs to Respondents (capital/start-up & operation and maintenance)

Since this information collection does not require the use of systems or technology for generating, maintaining or disclosing the data above that which would already be kept as a customary business practice, the only operation and maintenance costs are for printing and mailing. A mailing cost of \$.47 per response (\$.44 postage and \$.03 envelope charge) is applied as an operation cost, with a total of \$7,896.00 for the 16,800 responses. Printing costs amount to approximately \$756.00 based on a cost of \$4.50 per 100 copies ($16,800 \div 100 = 168 \times \$4.50 = \$756.00$). The total cost is therefore approximately \$8,652.00.

14. Provide estimates of annualized cost to the Federal government.

The cost to the government has been estimated to be approximately \$45,973.37. This estimate was determined by taking into consideration printing, distribution and analysis costs associated with the issuance and review of Form LS-206. Printing costs were determined by using a cost of \$4.50 per 100 copies. Approximately 200 copies are distributed each year since companies print and stock their own supplies. Distribution costs were determined by applying a postage and envelope charge (.44 cents for postage and .03 cents for envelopes) against the number of copies issued. Analysis and handling costs were determined by applying the hourly rate of GS-12 claims examiner (currently \$32.97/hour) to the total annual hours required for review. The annual review hours were determined by applying an estimate of .083 hour or 5 minutes for the review and analysis of each form against the

16,800 forms, which are received each year. The cost for the hourly rate for a claims examiner was derived from using the FY 2011 Salary Table for the Rest of the US. The calculations are therefore as follows:

Printing	4.50	(\$2.25 x 2)
Distribution	94.00	(200 x .47)
Analysis	<u>45,973.37</u>	(16,800 x .083 = 1394.4/hrs x \$32.97)
Total	\$46,071.87	

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

There has been an adjustment to the burden hours for this clearance. The burden hours has been reduced from 5,250 hours to 4,200 hours which is a reduction of -1050 hours. The operation and maintenance costs have been reduced by -\$2,283.00 (from \$10,935 to \$8,652.00). The reduction in burden hours is the result of reduced reporting under the Act. The change in operation and maintenance costs is reduced due to decrease in the number of responses received since the last clearance.

While not affecting the public burden, OWCP intends to make this collection available on the Internet as fillable/printable and not fileable. Item 3 more fully addresses the reasoning for this change.

The DOL has made certain cosmetic changes to Form LS-206, such as replacing a no longer used logo with the DOL seal. These cosmetic changes also are not expected to affect the public burden.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection information, completion of report, publication dates, and other actions.

The information collected will not be published for statistical use.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

We are requesting a continuation of the exemption of the provisions of 5 CFR 1320.8(b)(1), which requires that a current expiration date be affixed on all OMB cleared forms. The usual OMB clearance is for 3 years. In the Longshore program, users supply and stock most forms. Large insurance carriers and self-insured employers generally print, or have their own supplies of the forms they use printed. However, small to medium carriers and employers will usually purchase their supplies from large printing companies that stock large quantities of the forms with which to fill small orders. It is difficult to estimate the amount of demand for the forms; therefore, supplies of some forms may stay in stocks for many years before they are all purchased and new supplies are printed. Large carriers and self-insurers also print in large quantities to reduce costs. Since the Longshore program has remained stable for many years, very few, if any, changes are ever required in the forms used.

18. Explain each exception to the certification statement identified in Item 19 "Certification for Paperwork Reduction Act".

There are no exceptions to the certification.

B. Collections of Information Employing Statistical Methods

Statistical methods are not used in these collections of information.