

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: February 9, 2018

CAO File No. 0150-09865-0006

Council File No. 15-1146

Council District: All

To: City Council

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer

Subject: **WORKERS' COMPENSATION INVESTIGATION STATISTICS**

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### RECOMMENDATION

Note and file this report, as it is provided for informational purposes only.

### SUMMARY

On February 7, 2018, the Personnel and Animal Welfare Committee considered an Office of the City Administrative Officer (CAO) report regarding proposed Amended and Restated Agreements with Tristar Risk Management, Inc., Acclamation Insurance Management Services, Inc., and Elite Claims Management, Inc. to provide third party administration (TPA) services for the City of Los Angeles' Workers' Compensation Claims Program (C.F. 15-1146). The Committee requested the CAO report back regarding the number of workers' compensation fraud investigations that have been conducted, and the result of these investigations.

The TPA contract provisions require that the TPAs notify the Office of the City Attorney, Special Investigations Unit (City Attorney) immediately when the possibility of fraud is suspected. According to information provided by the Personnel Department, a total of 1,009 claims were referred to the City Attorney during the four-year period of January 2014 through December 2017. These referrals come from multiple sources, including the TPAs. The City Attorney subsequently referred five of the 1,009 claims to the District Attorney for prosecution, of which one has been declined and four are still under review. The City Attorney also referred a portion of the 1,009 suspected fraudulent workers compensation claims to the Los Angeles Police Department, Special Operations Division for further investigation. The Police Department can also subsequently refer investigated claims to the District Attorney for prosecution. The number of claims referred by the City Attorney to the Police Department and the number of claims subsequently referred to the District Attorney by the Police Department were unavailable at the time of this report.

On February 7, 2018, Councilmember Englander introduced a motion (C.F. 18-0117) requesting that this Office provide a report on Workers' Compensation issues as it pertains to the Deferred

Retirement Option Plan (DROP) and on the status of the DROP Program. The requested report will provide this Office the opportunity to work with the Personnel Department, City Attorney, and Police Department to further analyze workers' compensation claims and claimants' DROP enrollment status.

### **FISCAL IMPACT STATEMENT**

As this report is provided for informational purposes only, there is no fiscal impact.

*RHL:LC:11180040c*