

Fraud Investigations, Other Measures Help Reduce Worker's Comp Expense

(October 21) During a 12-month period ending in September, the MTA's insurance company investigated 267 cases of possible worker's compensation fraud by agency employees and submitted four cases to the Los Angeles County District Attorney for prosecution. Six other cases are pending and one retired employee was arrested on suspicion of falsifying his insurance claim.

These are perhaps the toughest measures in a series of efforts the MTA is making to reduce the cost of a program that currently is costing the agency \$32.4 million annually. That amounts to \$5.38 of the MTA's \$108 hourly revenue service operating cost the MTA has forecast for FY 2000.

The most noticeable improvement, according to Deborah Guy, managing director, Risk Management, is the drop in employee claims for recurrence of previous injuries. Claims have been reduced from an average of 145 per month to only 17. Each recurrence claim is now investigated thoroughly, instead of being accepted at face value.

The Transitional Duty Program, initiated last January, also has helped get injured employees back to work 41 percent faster. Under the program, injured employees are given duties that accommodate their temporary disabilities. Experience has shown that these employees avoid the "disability syndrome" and actually heal more quickly.

"The Transitional Duty Program is a vital component in controlling our worker's compensation costs," says Guy. "We see it as our biggest opportunity for cost reduction."

As of Aug. 31, 161 employees had participated in the Transitional Duty Program and 70 of those had returned to full duty. The program has saved the MTA \$492,000.

In July, 1998, 444 employees were off work on temporary disability. That figure has been reduced to 335 - a 25 percent decrease. Also down by 25 percent were average monthly claims from 313 in the first quarter of FY 1999 to 235 in the first quarter of FY 2000.

"The numbers are beginning to show signs of improvement...but worker's compensation is not 'fixed' at the MTA," Guy reported to the Board's Finance Committee. "We continue to implement the best industry practices to reduce costs and create a safer, better work place for our employees."

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