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Comp abuses tied to policy

County system cited

By Troy Anderson, Staff Writer

Los Angeles County's injured-worker policy encourages employees to file workers' compensation claims and boost their retirement packages with hefty disability pensions, a study released Monday found.

The 74-page report by the Chief Administrative Office said the system invites abuse because it allows county employees to tack on workers' compensation benefits to their overall retirement packages – whereas many other jurisdictions, like the city of Los Angeles, deduct such benefits from pension schemes.

"I think the way the system is set up is an encouragement (for abuse)," County Assistant Chief Administrative Officer Sharon Harper said. "But I don't think that was the original intent."

The findings explain why county sheriff and fire employees retire on lucrative disability pensions at rates two to three times those of their counterparts in the city of Los Angeles.

It found public safety employees sometimes file several workers' compensation claims over their careers – especially in the year preceding retirement – to maximize their disability pensions.

The phenomenon has become more common and costly as nearly all disability retirements are preceded by workers' compensation claims, the authors wrote.

"Los Angeles County has some of the highest rates of people taking disability pensions, and we hope to have some of the lowest rates in the future," said Roxanne Marquez, spokeswoman to Supervisor Gloria Molina, who requested the report.

"The report confirmed that our structure is part of the reason why. But we wanted to specifically know what we could do to lower our rates and that is where the report is lacking. We were hoping for more than a task force recommendation."

Marquez said the supervisor still wants county officials to conduct case-by-case reviews of those who took disability pensions to determine if any fraud is involved.

"She feels it's important enough that it should be a top priority for the Auditor's Office," she said.

In 2003-04, the county had the highest workers' compensation costs per employee of seven large jurisdictions. For example, L.A. County workers' compensation costs were more than twice as high as in Orange. San Diego and Sacramento counties. and higher

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than in the cities of Los Angeles, San Francisco and Ventura.

"It seems to me as though the system has incentives for abuse and taxpayers should demand action on this as soon as possible to prevent what is more than likely criminal activity on the part of public safety officers," said Jon Coupal, president of the Howard Jarvis Taxpayers Association.

Steve Remige, executive vice president of the 7,000-member Association of Los Angeles Deputy Sheriffs, said the fact that large numbers of public safety employees take disability pensions doesn't prove fraud is occurring.

"We do get a lot of injuries in this job," Remige said. "If there is abuse of the system, we are 100 percent behind stopping the abuse."

Remige noted that 76 percent of Los Angeles Police Department cars are staffed by two officers while only 24 percent of sheriff's cars have two deputies.

"It's a proven fact that a person who is bent on challenging a law enforcement officer will challenge a sole law enforcement officer faster than a car that has two people in it," Remige said.

The Board of Supervisors recently ordered an investigation into the county's injured-worker system after the Daily News reported that an average of 79 percent of firefighters and 56 percent of sworn sheriff's employees received service-connected disability retirements in the past decade, a rate among the highest in the state.

The rising costs to taxpayers to pay for public pensions has become a hot-button issue in Sacramento as Gov. Arnold Schwarzenegger and state lawmakers have proposed reforms to save billions of dollars.

State Sen. Jackie Speier, D-San Mateo, on Friday introduced SB 105, which will help prevent public safety employees, such as local firefighters and California Highway Patrol officers, from abusing pension benefits designed for public servants who work under dangerous conditions.

Concern over the validity of some disability pensions was triggered as a result of recent reports showing 70 percent of officers retiring from the California Highway Patrol went out on industrial disability retirements, while 80 percent of top CHP administrators filed workers' compensation claims within two years of retiring.

"The (disability pension) benefit is for the officer about to knock down a door in a drug raid," Speier said. "The officer needs to worry about what's behind that door, not if health care and future income will be covered in case of an occupational injury."

"Abuses of (disability pensions) are a slap in the face to every public safety employee who puts his or her life on the line. The abuses must stop. And they must be stopped in a way that doesn't prevent providing legitimate benefits to those who protect the public."

In the report, the authors noted that the primary difference between the city and county programs is that when city employees retire with disability pensions, any workers' compensation payouts are deducted from their pensions. In contrast, when a county employee retires, workers' compensation benefits – which can include lump-sum payments of tens of thousands of dollars – are made in addition to the employee's disability pension.

In addition, the county does not offer a Deferred Retirement Option Plan (DROP), a widely popular program that has significantly reduced the number of city police and fire employees taking disability pensions.

DROP allows eligible city employees to work five years beyond retirement while receiving a city paycheck. The retirement income the employee elects to defer is deposited in a DROP account and payable in a lump sum at the end of five years – often totaling hundreds of thousands of dollars – or rolled over to a tax-qualified plan. l=8s=8 Troy Anderson, (213) 974-8985 troy.anderson@dailynews.com

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