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MAYOR LIGHTFOOT ANNOUNCES REFORMS TO WORKERS' COMPENSATION PROGRAM

Following independent audit, City to reform Workers' Compensation program and improve services to injured employees

Mayor Lori E. Lightfoot today announced sweeping reforms to the City of Chicago's workers' compensation program, designed to improve services for injured workers and to help prevent fraud, waste and abuse in the administration of claims. The reforms follow the completion of an independent audit of the program. The audit revealed that the City's workers' compensation program had widespread deficiencies, driven by the lack of training for administrators, fraud controls, and clear policies needed to enforce consistency in investigations and claim administration.

As recommended by the audit, Mayor Lightfoot has directed the City to partner with a third party to implement changes to improve claim handling and outcomes for claimants; introduce controls and oversight that do not currently exist; and ensure a timelier response and better service for employees. The full, unredacted audit (attached) was released today.

"The findings of this audit revealed what we already suspected: that the City's workers' compensation program was undermanaged and lacked proper protocols--which poses a disservice to our injured city employees as well as taxpayers," said Mayor Lightfoot. "Today, we are taking action to make this program more accountable and are making changes to bring the program in line with best practices, just like other municipalities across the nation have done."

To professionalize the workers' compensation program, the City will partner with Gallagher Bassett, a leading international public sector claims administrator as well as the Gallagher Global Brokerage Risk Program Administrators team to best serve the worker's compensation needs of the City. Gallagher Bassett's team of experienced claims adjusters will work with the City to bring forward the following reforms:

- Implement claim handling practices and procedures aligned with best practices
- Adopt new technology systems to expedite claims review and control medical costs and improve outcomes for injured employees
- Create a process for handling legacy claims with a goal of clearing the backlog
- Implement a comprehensive "return to work" program to increase closure rates



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Gallagher Bassett will also partner with the City to ensure proper training for City staff who remain involved in handling claims. The City estimates that these comprehensive changes will drive down claim costs, improve closure rates and generate significant annual savings. In 2018 alone, the workers' compensation program cost the City more than \$93 million. Gallagher's Risk Program Administration (RPA) division will also assist the City with streamlining, coordinating and professionalizing the overall program administration.

The City's Department of Law, Comptroller's Office and the Office of the Inspector General (OIG) engaged the firm of Grant Thornton in 2019 to conduct an independent audit of the City's workers' compensation program. In its audit, Grant Thornton conducted a comprehensive review of over 100 claims handled in 2017 and 2018, dozens of interviews, and a review of procedures and protocols in conjunction with best practices used in similar programs. The audit found that the program did not meet industry best practices, had an inadequately trained workforce, and lacked controls to identify fraud, waste and abuse.

The City will begin to transition claims management and processing later this year. The workers' compensation program will remain at the Department of Finance for the interim, where it was transferred from the Committee on Finance in April of this year. As part of the management transition, outstanding claims will be transferred in a phased approach to ensure claims are not delayed or adversely impacted by the transition.

The changes to the workers' compensation program follow on a series of good governance reforms led by Mayor Lightfoot to improve accountability, transparency and ethics at every level of City government.

Since entering office, Mayor Lightfoot has expanded the City's ethics requirements to all employees and elected officials, implemented new City Council rules to promote transparency, and eliminated Aldermanic Prerogative through Executive Order.

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