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DOI ISSUES REPORT ON EXCESSIVE WORKERS' COMPENSATION CLAIMS BY NYC DEPARTMENT OF CORRECTION EMPLOYEES

Jocelyn E. Strauber, Commissioner of the New York City Department of Investigation ("DOI"), issued a Report today on excessive workers' compensation claims by City Department of Correction ("DOC") employees. In Fiscal Year 2024, for example, the City paid more than \$340 million for claims by DOC employees; in that same year, it paid just under \$225 million for claims by employees of all other Mayoral agencies combined.¹ During the last three complete fiscal years — 2022, 2023, and 2024 — New York City's total expenses for workers' compensation claims by DOC employees exceeded \$1 billion. DOI began investigating this issue after several City agencies, including the City Law Department, reported concerns to DOI about the volume of workers' compensation claims by DOC employees. A copy of DOI's Report follows this release and can be found at the following link: <https://www.nyc.gov/site/doi/newsroom/public-reports-current.page>

Also today, DOI and the United States Attorney's Office for the Southern District of New York announced the arrests of one current and two former DOC correction officers on charges of healthcare fraud, mail fraud and false statements related to healthcare matters stemming from alleged schemes to submit false and fraudulent worker's compensation claims to the New York State Workers' Compensation Board.² That release can be found by [clicking here](#).

DOI Commissioner Jocelyn E. Strauber said, "New York City's expenditures on Workers' Compensation payments have increased by hundreds of millions of dollars over the past decade, largely driven by the DOC employees' increased claims. This Report examines the volume of claims, and recommends four policy and procedure reforms — two each to the City Law Department and DOC — to strengthen oversight pertaining to the City's payment of these benefits. I thank the DOI team for their diligent work, and the City agencies, particularly the City Law Department, which raised concerns about submitted claims and referred the matter to DOI."

Under New York law, employers must pay workers' compensation benefits when an employee suffers a disability or dies from an injury that "aris[es] out of and in the course of" their employment, regardless of fault. See N.Y. Workers' Comp. L. § 10(1). Through this system, workers who are injured on the job are entitled to medical care for their work-related injury or illness, as well as a portion of their lost wages if their injury either prevents them from working more than seven calendar days or if they permanently lose a portion of the function of a part of their body.

¹ Uniformed firefighters, police officers and sanitation workers are statutorily exempt from the Workers' Compensation law and therefore not included in the comparison.

² Indictments are accusations. Defendants are presumed innocent until proven guilty.

New York City's annual expenditures on workers' compensation payments have risen by hundreds of millions of dollars in recent years, driven largely by increased claims by employees at the DOC. The cost of claims by DOC employees exceeded \$100 million each fiscal year since 2017, and exceeded \$300 million each fiscal year since 2021. Between Fiscal Year 2015 and Fiscal Year 2024, workers' compensation expenses for DOC employees grew by approximately 337%, from approximately \$78 million to approximately \$341 million. In comparison, between Fiscal Year 2015 and Fiscal Year 2024, the workers' compensation expenses of all other Mayoral agencies combined grew by only 65%, from approximately \$135 million to approximately \$223 million.

Although DOI's investigation is continuing, this Report makes recommendations to the City Law Department and DOC to address the volume of claims submitted by DOC employees.

The Law Department should:

- 1: Appoint a Director of Claims Integrity responsible for identifying potentially fraudulent workers' compensation claims by City employees. This individual should also serve as a liaison to DOI, referring potential instances of fraud for investigation as appropriate. *The Law Department notified DOI that it will accept this recommendation insofar as it receives funding for this new position from the City.*
- 2: Evaluate the anti-fraud training it provides to City employees responsible for reviewing and approving workers' compensation claims in order to determine whether modifications are appropriate. That evaluation should be conducted in coordination with DOI. *The Law Department notified DOI that it accepts this recommendation.*

DOC should:

- 1: Appoint a Director of Workplace Safety who is responsible for monitoring workplace accident statistics, examining safety conditions at DOC facilities, developing clear safety protocols, and training employees on best practices for workplace safety. *DOC notified DOI that it will consider this recommendation, and that it maintains and continues to enhance both its training and directives as they relate to safety protocols.*
- 2: Update and reissue Directive #1004, titled "Procedures for Filing Workers' Compensation Claims." *DOC notified DOI that it accepts this recommendation.*

Commissioner Strauber thanked NYC Corporation Counsel Muriel Goode-Trufant for referring this matter to DOI and for her staff's assistance.

This examination was conducted by Assistant Inspector General Gina Diaz, Confidential Investigator Joseph Safer-Bakal, Deputy Inspector General Trenton Sweeney, and Assistant Inspector General Jeffrey Freeman of DOI's Office of the Inspector General for the Law Department; and the Report was written with assistance from DOI's Law Fellow Ferdinand G. Suba, Jr., under the supervision of Senior Inspector General Andrew Sein, Deputy Commissioner of Strategic Initiatives Christopher Ryan, and Deputy Commissioner/ Chief of Investigations Dominick Zarrella.

DOI is one of the oldest law-enforcement agencies in the country and New York City's corruption watchdog. Investigations may involve any agency, officer, elected official or employee of the City, as well as those who do business with or receive benefits from the City. DOI's strategy attacks corruption comprehensively through systemic investigations that lead to high-impact arrests, preventive internal controls and operational reforms that improve the way the City runs.

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New York City
Department of Investigation

DOI's Investigation of Excessive Workers' Compensation Claims by City Department of Correction Employees

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I. Workers' Compensation Claims by Employees of the New York City Department of Correction

Under New York law, employers must pay workers' compensation benefits when an employee suffers a disability or dies from an injury that "aris[es] out of and in the course of" their employment, regardless of fault. *See* N.Y. Workers' Comp. L. § 10(1). Through this system, workers who are injured on the job are entitled to medical care for their work-related injury or illness, as well as a portion of their lost wages if their injury either prevents them from working more than seven calendar days or if they permanently lose a portion of the function of a part of their body.¹ As described by one judge, the New York's Workers' Compensation Law is based on "basic principles of fairness." *Matter of Zamora v. New York Neurologic Assoc.*, 19 N.Y.3d 186, 195 (2012) (Lippman, C.J., dissenting).

New York City's annual expenditures on workers' compensation payments have risen by hundreds of millions of dollars in recent years, driven largely by increased claims by employees at the New York City Department of Correction ("DOC"). As illustrated by Figure 1, below,² the cost of claims by DOC employees exceeded \$100 million each fiscal year since 2017, and exceeded \$300 million each fiscal year since 2021. In Fiscal Year 2024 alone, workers' compensation claims by employees of DOC cost the City more than \$340 million.

¹ New York State Workers' Compensation Board, *Injured Worker's Toolkit*, <https://www.wcb.ny.gov/content/main/Workers/injured-workers-toolkit.jsp> (last visited May 14, 2025).

² Statistics cited in this report about the City's expenditures on workers' compensation claims were provided by the New York City Law Department. DOI also obtained data and other information relating to these expenditures from the New York City Office of Management and Budget that may be incorporated in this report.

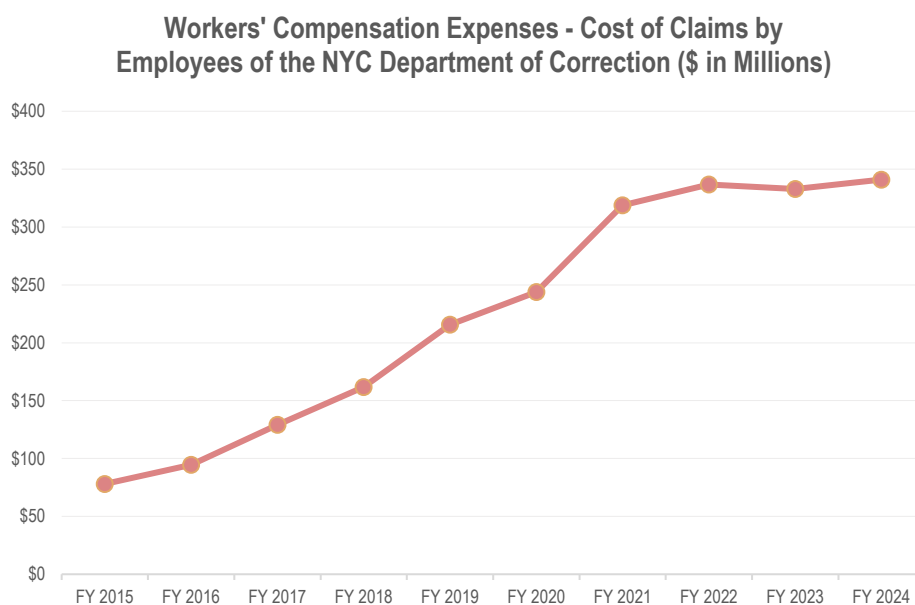


Figure 1. Workers' compensation expenses for claims by employees of DOC, Fiscal Year 2015 through Fiscal Year 2024.

In recent years, the City's payments for workers' compensation claims by DOC employees have far exceeded those for claims by employees of other Mayoral agencies. In Fiscal Year 2024, for example, the City paid more than \$340 million for claims by DOC employees; in that same year, it paid just under \$225 million for claims by employees of all other Mayoral agencies combined.³ During the last three complete fiscal years—2022, 2023, and 2024—New York City's total expenses for workers' compensation claims by DOC employees exceeded \$1 billion.

Figure 2, below, illustrates this trend, and shows how the expenses for DOC-related workers' compensation claims grew at a rate that significantly outpaced that of all other City Mayoral agencies.

³ A list of agencies classified as "Mayoral" for purposes of this report is included in Appendix A.

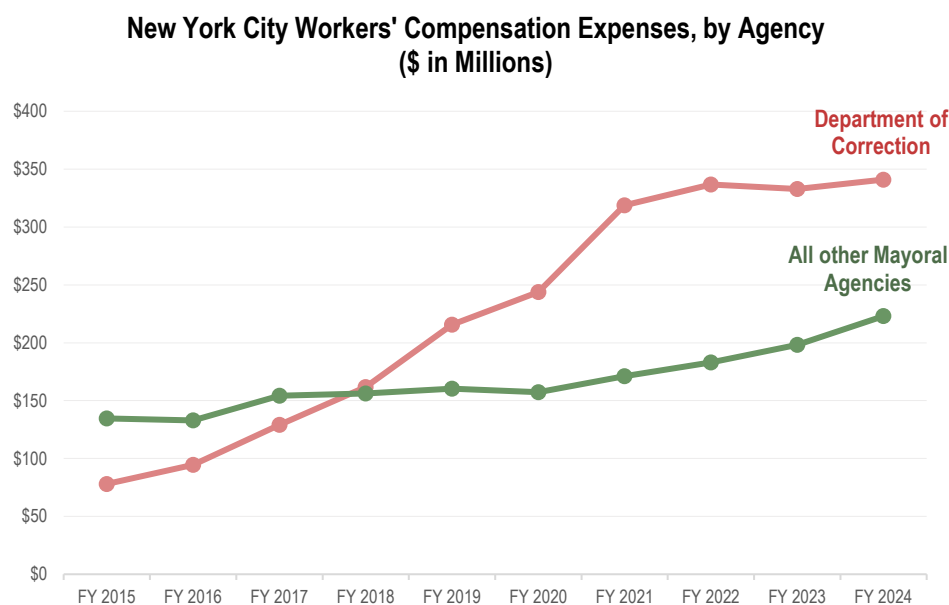


Figure 2. Comparing City-funded workers' compensation expenses for claims by employees of DOC to expenses for claims by employees of other agencies, Fiscal Year 2015 through Fiscal Year 2024.

Between Fiscal Year 2015 and Fiscal Year 2024, workers' compensation expenses for DOC employees grew by approximately 337%, from approximately \$78 million to approximately \$341 million. In comparison, between Fiscal Year 2015 and Fiscal Year 2024, the workers' compensation expenses of all other Mayoral agencies combined grew by only 65%, from approximately \$135 million to approximately \$223 million.

Between at least Fiscal Year 2015 and Fiscal Year 2024, DOC led City Mayoral agencies not only in total amounts paid, but also in the total number of claims filed per year. In Fiscal Year 2024, for example, DOC employees filed 3,547 new workers' compensation claims. Among Mayoral agencies, Fire Department employees (excluding uniformed firefighters) filed the second-largest⁴ number of claims (1,725); employees of the Police Department (excluding uniformed police officers) filed the third-largest number of claims (875) during that same fiscal year.⁵ According to data from the Law Department, DOC employees' total claims per year did decline in Fiscal

⁴ If non-Mayoral agencies are also considered in the analysis, the second-largest number of claims were filed by employees of the Department of Education (2,842) and the third-largest number of claims were filed by employees of New York City Health + Hospitals (2,711) in Fiscal Year 2024.

⁵ As discussed below, uniformed firefighters and police officers are not covered by the Workers' Compensation Law.

Years 2023 and 2024, however, from a peak of 5,830 claims that were filed in Fiscal Year 2022.⁶

Several City agencies have expressed concerns about the volume of the claims by DOC employees and have referred the issue to DOI for further investigation. Following these referrals, DOI initiated a proactive investigation into potentially fraudulent activity involving workers' compensation claims by City employees.

On May 19, 2025, DOI and the United States Attorney's Office for the Southern District of New York announced arrests of three City employees—one current DOC correction officer and two former DOC correction officers who are now NYPD police officers—on charges of making fraudulent workers' compensation claims related to their employment at DOC.

To date, DOI's investigation has resulted in charges against only these three employees, and DOI is not yet in a position to conclude that other City employees are submitting false claims for workers' compensation. However, the pattern of claims by DOC employees as described above raises serious concerns that fraud in the workers' compensation space goes well beyond these three charged employees.

Although DOI's investigation is continuing, this report will make several recommendations to the New York City Law Department (the "Law Department") and DOC to address the volume of claims submitted by DOC employees. We explain below the legal and administrative processes underpinning the workers' compensation system as it relates to City employees and then describe our proposed recommendations.

II. The Workers' Compensation System for New York City Employees

"Virtually all employers in New York State must provide workers' compensation coverage for their employees,"⁷ and may do so through the New York

⁶ In response to a draft of this report, DOC wrote, in part: "[I]n the last four calendar years, the number of claims filed by DOC employees have drastically declined. The number of workers' compensation claims filed by DOC employees in 2024 was 2,801, compared to 3,545 claims filed in 2023." These figures are consistent with data that the New York City Law Department provided to DOI, which showed 7,093 claims by DOC employees in calendar year 2021; 5,420 in calendar year 2022; 3,546 in calendar year 2023; and 2,801 in calendar year 2024. When presented by fiscal year, however, the data shows an increase from 2021 to 2022, and then a more modest decline from 2022 to 2024: 5,314 claims in Fiscal Year 2021; 5,830 claims in Fiscal Year 2022; 4,175 claims in Fiscal Year 2023; and 3,547 claims in Fiscal Year 2024.

⁷ New York State Workers' Compensation Board, *Is Workers' Compensation Coverage Required*, <https://www.wcb.ny.gov/content/main/coverage-requirements-wc/wc-coverage-required.jsp> (last visited May 14, 2025).

State Insurance Fund (“NYSIF”), “a not-for-profit agency of the State of New York”⁸; a private insurance carrier; or self-insurance. There are, however, several limited categories of employees in New York State—including certain City employees—who are not required to be covered by the Workers’ Compensation Law. *See* N.Y. Workers’ Comp. L. §§ 2(3)-(4), 3(1).

The City self-insures with respect to workers’ compensation claims by its employees, meaning that any awards that are paid are directly funded by public money. *See* N.Y. Workers’ Comp. L. § 50(4). Certain uniformed employees—firefighters, police officers, and sanitation workers—are statutorily exempt from the Workers’ Compensation Law; however, City and State law establish alternate systems for addressing the costs of these employees’ claims for work-related injuries.⁹

Like other workers in New York State, City employees must submit workers’ compensation claims to the Workers’ Compensation Board. The Workers’ Compensation Board evaluates and processes each claim, adjudicates any disputes that arise, and ensures the delivery of benefits to injured workers. The City is represented by the Law Department in proceedings before the Workers’ Compensation Board. On an annual basis, the Workers’ Compensation Division of the Law Department receives approximately 17,500 new claims, over 16,000 proposed scheduling orders, and more than 350,000 medical bills, while also appearing at over 15,000 hearings.¹⁰ Every city agency must keep a record of and provide to the Law Department any workers’ compensation claim that is filed by any employee. *See* N.Y.C. Admin. Code § 12-127(c)(2).

The New York State Workers’ Compensation Law recognizes four categories of disability: (1) temporary total disability, (2) temporary partial disability, (3) permanent total disability, and (4) permanent partial disability.¹¹

Many of the claims that have driven the increase at DOC are for permanent partial disability. A worker who has suffered a permanent partial disability has permanently lost only a part of their wage-earning capacity. Depending on the body

⁸ New York State Workers’ Compensation Board, *Employers: Workers’ Compensation Insurance*, <https://www.wcb.ny.gov/content/main/Employers/workers-compensation-insurance.jsp#:~:text=NYSIF%20is%20a%20not%2Dfor,York%20State%20Workers%27%20Compensation%20Board> (last visited May 14, 2025).

⁹ *See generally* N.Y.C. Admin. Code § 12-127(a); N.Y. Gen. Mun. L. §§ 205, 205-C, 207, 207-A.

¹⁰ New York City Law Department, *Legal Divisions, Workers’ Compensation*, <https://www.nyc.gov/site/law/divisions/workers-compensation.page> (last visited May 14, 2025).

¹¹ New York State Workers’ Compensation Board, *Workers’ Compensation, Disability Classifications*, <https://www.wcb.ny.gov/content/main/Workers/DisabilityClass.jsp> (last visited May 14, 2025).

part affected and the nature of the permanent disability, that worker may earn a Schedule Loss of Use (“SLU”) award—a lump-sum payment for on-the-job injuries involving the body’s limbs and extremities such as arms, hands, hips, and legs as well as eyesight and hearing.¹² SLU awards are mainly issued for “soft-tissue” injuries that impact the person’s range of motion. Meanwhile, “Non-Schedule” Loss benefits are issued for other kinds of injuries, including to the spine, heart, and brain.¹³

The size of the SLU awards depends on the total “loss of use” of a body part, which is quantified through a percentage that is assigned by a physician. Because workers seeking an SLU award are not required to lose any time from work, many DOC employees who receive SLU awards have also continued to receive their usual wages on top of significant payments for what have been deemed to be permanent partial disabilities. These payments are driving the large increase in the City’s workers’ compensation expenses.

III. Policy and Procedure Recommendations

DOI’s investigation into fraudulent workers’ compensation claims by City employees is continuing, as noted above. However, in order to reduce risk in this system going forward, DOI is issuing the following policy and procedure recommendations (“PPRs”) to the Law Department and to DOC.

A. PPRs to the New York City Law Department

1. The Law Department should appoint a Director of Claims Integrity responsible for identifying potentially fraudulent workers’ compensation claims by City employees. This individual should also serve as a liaison to DOI, referring potential instances of fraud for investigation as appropriate.

The Law Department should appoint a Director of Claims Integrity who is trained and empowered to identify patterns of anomalous activity involving workers’ compensation claims and particular claims with indicia of fraud. Although DOI, as the City’s Inspector General, is generally responsible for investigating fraud against the City, the agency administering this program on a daily basis (*i.e.*, the Law Department) should have its own anti-fraud resources, as well as a mechanism for

¹² New York State Workers’ Compensation Board, *Workers’ Compensation, Awards for Loss of Use or Permanent Disability*, <https://www.wcb.ny.gov/content/main/Workers/AwardLossUsePermDisability.jsp> (last visited May 14, 2025).

¹³ *Id.*

City employees and others to report potentially fraudulent claims—such as a hotline or other established point of contact—that can ultimately be shared with DOI.

Because the City “self-insures” with respect to workers’ compensation claims, the Law Department should determine whether the private insurance industry or the New York State Insurance Fund (“NYSIF”), the “largest provider of workers’ compensation insurance in New York State,”¹⁴ should provide guidance on how to structure this role, which may focus substantially on providing investigative support during litigation and identifying cases that should be referred to DOI for more significant investigation.

The Law Department notified DOI that it will accept this recommendation insofar as it receives funding for this new position from the City.

2. The Law Department should evaluate the anti-fraud training it provides to City employees responsible for reviewing and approving workers’ compensation claims in order to determine whether modifications are appropriate. That evaluation should be conducted in coordination with DOI.

The Law Department should review the training it provides to members of its Workers’ Compensation Division to help them identify workers’ compensation fraud and determine whether enhancements to the training program are warranted.

Similarly, the Law Department should review the training it provides to supervisory City employees at agencies with high claim volume about red flags of fraud—such as discrepancies between a claimant’s version and witnesses’ accounts of the workplace injury or an accident that is inconsistent with normal job duties—to determine whether enhancements are warranted. Relevant City employees should be trained to identify and report concerns about individual claims to the Director of Claims Integrity. Any education campaign should take care to not discourage City employees from making legitimate workers’ compensation claims.

The Law Department should coordinate these evaluations of its anti-fraud training programs with DOI.

The Law Department notified DOI that it accepts this recommendation.

¹⁴ NYSIF, *About NYSIF*, <https://ww3.nysif.com/Home/FooterPages/Column1/AboutNYSIF> (last visited May 14, 2025).

B. PPRs to the New York City Department of Correction

DOI is further issuing the following PPRs to the Department of Correction:

1. *DOC should appoint a Director of Workplace Safety who is responsible for monitoring workplace accident statistics, examining safety conditions at DOC facilities, developing clear safety protocols, and training employees on best practices for workplace safety.*

DOC should seek to mitigate the risk of claims that originate from potentially unsafe workplace conditions by appointing a Director of Workplace Safety, who will be charged with examining safety conditions at all DOC facilities and identifying high-risk areas where workplace injuries are more likely to occur. The Director should also be charged with reviewing areas where accidents reportedly took place and determining whether those areas are properly maintained and supervised.

The Director should have experience in workplace safety, and the necessary staff to fulfill their mission, ideally civilian, non-uniformed employees.

DOC responded to this recommendation as follows:

“DOC will consider this recommendation. The Department maintains and continues to enhance both its training and directives as they relate to safety protocols. The training is under regular review by the Department’s Training and Development Division and the operative directives are updated accordingly [sic] the Department’s Policy and Procedure Unit. Further, there is currently staff in the Department’s Health Management Division tasked with tracking and reviewing workplace injury incidents.”

2. *DOC should update and reissue Directive #1004, titled “Procedures for Filing Workers [sic] Compensation Claims.”*

Directive 1004, “Procedures for Filing Workers Compensation Claims,” has not been revised since 2001 and should be updated and re-circulated to DOC employees. Several addresses and phone numbers in Directive 1004 appear to be outdated, and there are no instructions as to how workers’ compensation claims can be submitted by electronic means.

DOC notified DOI that it accepts this recommendation.

IV. Conclusion

The workers' compensation system is vital to protecting employees who are injured on the job. Fraudulent claims, however, undermine public confidence in the system and divert resources from other important public purposes.

DOI will continue to work as appropriate with its law enforcement partners to investigate fraudulent claims by City employees. In the meantime, the Law Department and DOC should accept and implement the above-referenced recommendations in order to reduce the risk of fraud, as well as improve safety conditions at DOC facilities and clarify DOC's internal reporting procedures for workers' compensation claims.

APPENDIX A

For purposes of this report, the following agencies are classified as “Mayoral” agencies:

Administration for Children’s Services
Business Integrity Commission
Economic Development Corporation
Civilian Complaint Review Board
Department of Small Business Services
Department of Buildings
Department of City Planning
Department of Consumer Affairs
Department of Cultural Affairs
Department of Design and Construction
Department of Environmental Protection
Department of Finance
Department of Health and Mental Hygiene
Department of Homeless Services
Department of Investigation
Department of Juvenile Justice
Department of Parks and Recreation
Department of Probation
Department of Sanitation
Department of Transportation
Department of Citywide Administration Services
Department of Housing Preservation and Development
Office of Technology and Innovation
Department of Records and Information Services
Department of Youth and Community Development
Financial Information Services Agency
Fire Department
Human Resources Administration
Human Rights Commission
Landmarks
Law Department
Mayor’s Office of Contract Services
NYC Department for the Aging
NYC Department of Veteran’s Services
Office of Emergency Management
Office of Labor Relations
Office of Management and Budget
Office of the Mayor

Office of Payroll Administration
Police Department
Tax Commission