



**For Action
with Confidential Attachment**

Update on Benefits Fraud Labour Arbitration Cases

Date: April 11, 2019
To: TTC Board
From: Chief People Officer

Reason for Confidential Information

This report is about labour relations or employee negotiations.

This report contains advice or communications that are subject to solicitor-client privilege, including communications necessary for that purpose.

Summary

This report is about the status of the litigation and labour relations implications of the ongoing benefits fraud investigation.

Recommendations

It is recommended that:

1. The TTC Board adopt the confidential recommendations.
2. Authorize that the information provided in Confidential Attachment 1 remain confidential in its entirety, as it contains information subject to solicitor-client privilege and information about labour relations or employee negotiations.

Financial Summary

The recommendations in this report do not yield a financial impact.

Equity/Accessibility Matters

None identified.

Decision History

The TTC provided an update to the TTC Board about the ongoing benefits fraud investigation and related litigation at the July 10, 2018 board meeting. The public portion of the reports can be found at the following link:

Issue Background

In April 2014 the TTC received information through its confidential Integrity line, that TTC employees were working with a company named Healthy Fit to defraud the TTC benefits plan. The allegation was that employees, in conjunction with Healthy Fit, were filing false or inflated claims for health products such as orthotics, orthopaedic shoes, compression hoses, braces and other products covered by the plan.

The TTC, working with then-benefits provider Manulife, launched an investigation. Working with undercover investigation staff, the TTC and Manulife discovered that a health services clinic was offering to provide TTC employees fake or inflated receipts if they agreed to split the money they would eventually be reimbursed by Manulife.

Since the TTC's contract with Manulife was for Administrative Services Only (ASO), every fraudulent dollar paid out to employees came from TTC funds, as well as a set percentage of claim values paid to Manulife for performing adjudication services.

Comments

To date, 251 employees have had their employment with the TTC terminated for cause or resigned to avoid being terminated for cause as a result of the TTC's investigation.

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Signature

Gemma Piemontese
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Attachments

Confidential Attachment 1 – Benefits Fraud Labour Arbitration Cases