ATTACHMENT C

RESPONDENT’S ARGUMENT REGARDING THE PETITION FOR RECONSIDERATION
April 2, 2019

VIA FACSIMILE, ELECTRONIC MAIL and U.S. MAIL
Cheree Swedensky, Assistant to the Board
California Public Employee Retirement System (CalPERS), Executive Office
P.O. Box 942701
Sacramento, CA 94229-2701
Fax: 916-795-3972

John Shipley, Senior Attorney
California Public Employee Retirement System (CalPERS)

RE: RESPONDENT'S ARGUMENT (T. FOLAU)

Dear Board of Administration (Board) of the California Public Employee Retirement System:

I, Tracy Folau, sustained significant injuries which incapacitated me from my customary duties as a Sales Representative, Prison Industries for the California Department of Corrections & Rehabilitation/California Prison Industry Authority (CalPIA). The evidence presented at hearing did not justify the findings of fact in the Proposed Decision adopted by CalPERS/the Administrative Law Judge (ALJ). As set forth in the attached written argument, the Proposed Decision inaccurately relied on the opinion of Dr. Carroll whose opinion should have been substantially discredited. Please consider this an official request for reconsideration based on the attached submission and as evidenced in the audio recording previously submitted to CalPERS Executive Office which provides supporting documentation from the hearing held on 10/25/2018 in which CalPERS own Senior Attorney, John Shipley, agreed that based on Dr. Carroll's testimony continued benefits were warranted. Please also consider this letter a request to grant a stay of execution pending a thorough reconsideration of this important matter.

Respectfully,

Tracy A. Folau
RESPONDENT'S ARGUMENT (T. FOLAU)

Introduction
On December 11, 2018 CalPERS sent a letter along with the Proposed Decision of Marion Vomhof, Administrative Law Judge (ALJ), which indicated a decision was rendered on December 7, 2018. The letter provided me an opportunity to submit a petition for reconsideration of no more than six pages by February 6, 2019. The petition for reconsideration was less than six pages and was faxed on February 6, 2019 to the CalPERS fax number provided, so it was considered proper and timely. On March 27, 2019, I received a notice stating a Stay of Execution of the Board’s Decision had been granted to extend the effective date of the Decision so that the Petition may be presented to the Board at its April 17, 2019 meeting. The letter provided me an opportunity to submit a written argument of no more than six pages by April 3, 2019. This written argument petition is less than six pages and was faxed on April 3, 2019 to the CalPERS fax number provided, so it is considered proper and timely.

The Proposed Decision Should Not Be Adopted Because It Improperly Relies on The Opinion of Dr. Carroll and Improperly Relies on The Respondents AGE, vs. Respondents DISABILITY, in Direct Violation of CalPERS Circular Letter No. 200-018-17 dated March 30, 2017

A trier of fact may disregard expert testimony and draw its own conclusions from the evidence only when the evidence conflicts or the expert’s testimony is rebutted. (Lauderdale Associates v. Department of Health Services (1998) 67 Cal.App.4th 177, 126.) Here, CalPERS should disregard the “expert” opinion of Dr. Carroll as biased and pre-determined. Further, for the reasons listed below, Dr. Carroll’s underlying evaluation leading to his opinion was woefully inadequate. As the evaluation was inadequate, ALJ Vomhof reliance on Dr. Carroll’s opinion formed from this evaluation should not be adopted.

Dr. Carroll, an expert retained by CalPERS, testified at Respondents hearing. Evidence proved that due to time constraints, a faulty examination was expedited by CalPERS and initiated after the release of a CalPERS Circular Letter No. 200-018-17 (exhibit submitted at hearing). CalPERS Circular Letter specifically stated the factors to be used to determine whether a reevaluation was in order. Although my regular Kaiser Psychiatrist and Supervising LCSW had determined I met the twelve-month disability duration requirement established by CalPERS, I was still rushed into a brief 30-minute appointment with a doctor specifically retained by CalPERS (Dr. Carroll) and ordered to be “reevaluated” by their assigned Doctor. During this brief appointment, Dr. Carroll indicated he had not reviewed any prior medical documentation from my previous and/or current doctors, yet this is a requirement established
by CalPERS. Dr. Carroll indicated in his testimony he received additional medical documentation from CalPERS after the evaluation was concluded. In fact, there were follow up requests from CalPERS staff for additional supporting medical documentation, which were still pending at the time Dr. Carroll's final report was issued. CalPERS violated their own procedures and requirements established to initiate this reevaluation. The reevaluation process conducted by CalPERS cannot be based solely on an individual's pending AGE of 50, and therefore rushing an individual into being "reevaluated" by a doctor who is unfamiliar with the individuals complete medical history.

Dr. Carroll did not perform any testing or follow up testing, which was completed with the AME provider, Dr. Suskind, a Board-Certified Forensic Psychiatrist who diagnosed PTSD, major anxiety, depression through extensive testing – which ultimately led to a State Compensation Insurance Fund (SCIF) acceptance of a worker's compensation claim and disability retirement while working in the classification for which I retired. During the hearing, Dr. Carroll admitted Dr. Suskind had diagnosed PTSD, however, Dr. Carroll did not have any reasoning as to why he did not perform any follow up testing during our one brief 30-minute visit. Dr. Carroll did not make any requests to CalPERS to conduct any further testing to confirm my current Kaiser Psychiatrist recommendation or confirm return of PTSD. In fact, during the hearing, Dr. Carroll stated in cross-examination that I am not able to return to full duty in the position which I retired. Dr. Carroll seems to have predetermined that the employer would agree to permanently waive the essential job functions of my position, which the employer has indicated they cannot accommodate on a permanent basis. Dr. Carroll did not discuss the specific job duties or review an updated listing of the essential functions of the position with me, nor did he or CalPERS request an updated listing of essential job functions from the employer. The disservice Dr. Carroll provided in his brief 30-minute "reevaluation" cannot go understated or overlooked.

Dr. Carroll testified that he has conducted evaluations for CalPERS for the past few years. Yet, on cross-examination, Dr. Carroll was unable to say how many medical opinions he has rendered favorable to CalPERS, nor was he able to provide an estimated dollar amount he received to perform these services on behalf of CalPERS. Dr. Carroll was also questioned as to how payment was made to him by CalPERS for each evaluation he performed. Dr. Carroll was not certain if he was paid through a valid contract (DGS, or otherwise). Either Dr. Carroll knows all the above information and does not wish to disclose, due to the biased in CalPERS favor; or, Dr. Carroll truly does not know the information, which bears on his cognitive abilities in both remembering facts present in this matter, as well as necessary in determining incapacity in all matters where he is retained. These determinations, disregarded and given no weight by ALJ Vomhof in her opinion, provide evidence of incapacity which this Board should consider.
Conclusion

For the reasons set forth above, I respectfully request the Board not adopt the Proposed Decision but that it enter a new and different Decision which finds that I am incapacitated from the customary duties of a Sales Representative, Prison Industries and award industrial disability retirement. In the alternative, I respectfully request the Board not adopt the Proposed Decision, disregard the opinion of Dr. Carroll, and provide me with a new, unbiased Independent Medical Examination and/or Agreed Medical Evaluator.

Respectfully,
Tracy A. Folau

Attachment: Exhibit submitted at Hearing - CalPERS Circular Letter No. 200-018-17
Dated March 30, 2017 (Re. Disability Reevaluation Procedures)
Circular Letter

March 30, 2017

To: All Contracting Public Agencies

Subject: Information to be included in a Resolution/Determination Document for Disability Retirement, Requirements for submitting a Disability Retirement Application, and Disability Reevaluation Procedures

The purpose of this Circular Letter is to inform employers of the requirements for:

• submitting a disability retirement application,
• information to be included in resolution/determination documents in support of an application for disability retirement,
• twelve-month disability duration requirement,
• continuous disability requirement,
• medical qualifications for disability retirement, and
• disability re-evaluation procedures.

Government Code (G.C.) section 20026 defines “Disability” and “Incapacity for Performance of Duty”. G.C. section 21156(a)(2) provides that the board or governing body of the contracting agency shall make a determination on a member's disability retirement on the basis of competent medical opinion and shall not use disability retirement as a substitute for the disciplinary process. G.C. section 21192 gives authority to the board or governing body of the employer from whose employment a person was retired to require any recipient of a disability retirement allowance under the minimum age for voluntary retirement for service applicable to members of his or her class to undergo medical examination. G.C. section 20221 provides that each employer must provide the California Public Employees' Retirement System (CalPERS) with any information concerning any member that CalPERS requires in the administration of the System. G.C. sections 20128 and 20223 provide that CalPERS may require a member to provide information it deems necessary to determine entitlement to benefits and information affecting his or her status as a member. The information provided in this Circular Letter is necessary for CalPERS to administer the System and to determine accurate benefits.
Disability Retirement Application Requirements
Local Safety members are required to complete all sections in the disability retirement application, with the exception of Section 13, the Employer-Originated Application. This section is to be used only when an employer originates an application. Along with the application, Local Safety members are required to complete, sign and date the following forms:

- Employer Information for Disability Retirement
- Authorization to Disclose Protected Health Information

Local Safety members must send the completed Employer Information for Disability Retirement form directly to their employers. Employers will use this form as a cover sheet for all documents submitted to CalPERS. Local Safety members must also provide the completed Authorization to Disclose Protected Health Information form to CalPERS.

Determination of Members' Eligibility to Apply for Disability Retirement
An employer must forward all relevant personnel documents and medical records to CalPERS and obtain CalPERS’ determination that the member is eligible to apply for disability retirement before an employer starts the process of a disability determination for any of the following circumstances:

- Disciplinary process underway prior to the member's separation from employment.
- The member was terminated for cause.
- The member resigned in lieu of termination.
- The member signed an agreement to waive his or her reinstatement right as part of a legal settlement (i.e., Employment Reinstatement Waiver).
- The member has been convicted of or is being investigated for a work related felony.

Twelve-Month Disability Duration
The CalPERS Board has defined the disability duration in the eligibility requirements for disability retirement to be permanent or last at least twelve consecutive months from the date of an application for benefit or will result in death, as determined on the basis of competent medical opinion.

Continuous Disability Requirement
A member must provide medical records of his or her physical or mental incapacity to perform the duties of his or her job from one year before his or her last day of physical work to present. To establish continuous disability, there must be medical substantiation in file from the last date of physical work to present, with no gaps in medical treatment records more than six months during this period. Rules of presumption do not apply. Even if the Workers’ Compensation Appeals Board awards industrial disability benefits to a member under the Labor Code, the judgment does not bind the California Public Employees’ Retirement System, which is governed by a different body of law.
The medical determination must be based on the following:

- Competent medical opinion
- Medical records and other available information to support the medical opinion

**Medical Qualifications for Disability Retirement**

The law distinguishes between a person who suffers some impairment and one who suffers impairment sufficient to become eligible for disability retirement. The courts have concluded that the test is whether the member has a substantial inability to perform the usual and customary duties of the position. Difficulty in performing certain tasks alone is not enough to support a finding of disability. It is the inability to perform the essential functions of the actual and present job duties that determines whether the member is substantially incapacitated for the performance of his or her job duties.

If the member cannot substantially perform the duties of the position, then he or she is disabled for CalPERS retirement purposes; otherwise, the member is not disabled. A CalPERS disability retirement must be based upon an actual and present (not prospective) inability to substantially perform the member's actual and usual job duties. Furthermore, prophylactic restrictions are not a basis for a disability retirement. If a disability is not currently present but just may occur in the future, the member is presently ineligible for a CalPERS disability retirement.

**Resolution / Determination Document for Disability Retirement**

In addition to other information, an employer must certify that its determination of disability was made based upon competent medical opinion and was not used as a substitute for the disciplinary process. An employer must also certify whether a member has an accepted Workers' Compensation Claim(s).

An employer's resolution/determination document for disability retirement must include all of the following information:

1. A statement certifying under penalty of perjury that the determination was made based on competent medical opinion.

2. A statement certifying under penalty of perjury that the determination was not used as a substitute for the disciplinary process. If any of the above mentioned circumstances is met, a statement must also be included that confirms that all relevant personnel documents were forwarded to CalPERS and CalPERS' determination that the member is eligible to apply for disability retirement was obtained prior to starting the process of determination.

3. A finding indicating the member has been found to be substantially incapacitated from the performance of the usual duties of his or her position.
4. A statement confirming whether or not the member had filed a Workers’ Compensation claim(s) for his or her disabling condition(s). If so, a statement is required as to whether the claim(s) was accepted.

5. A finding by the employer as to whether or not the causation of the disability was industrial.

a) In case of a dispute about the causation of the disability, the employer must provide a copy of the Findings and Award by the Workers’ Compensation Appeals Board (WCAB) resolving the question of industrial causation.

b) A member must have a minimum of five years of credited service to qualify for non-industrial disability retirement. If a member does not meet the minimum service requirements for disability retirement, the member may still qualify by re-depositing previously withdrawn contributions or contributing an amount for service rendered prior to membership with CalPERS. Generally, time during which the member is absent from state service by reason of injury or illness, which is determined within one-year after the end of such absence to be job-related, shall be considered as time spent in state service for the purpose of qualification for retirement and death benefits.

6. A statement by the employer documenting the member’s last day on payroll. In case of a dispute regarding the effective date of the member’s retirement, a request must be filed with the WCAB for finding of fact to determine the date the member’s condition became permanent and stationary. The employer must provide a copy of the Finding of Fact and that date then becomes the effective date of member’s retirement (G.C. section 21164).

7. A statement by the employer as to whether there is, or is not, a possibility of third-party liability present (meaning whether the member’s disability was caused by negligence or an intentional act of a party other than the employer).

If a person (other than the employer) caused an injury that results in certain CalPERS benefits being paid, then CalPERS has the right to recover up to one-half of the total retirement benefit costs payable due to this injury from the responsible party (G.C. section 20250).

The employer should also advise CalPERS if it is aware that the member is pursuing a claim (other than a Workers’ Compensation claim) against any person or entity for the same injuries that also entitle the member to a disability retirement from CalPERS.
8. A statement from the employer identifying the disabling condition(s) and body part(s) approved: i.e., orthopedic (right knee), psychological, cardiovascular, internal (kidney), neurological (leg) or other.

9. A statement from the employer that there is competent medical opinion certifying the disability is expected to be permanent or last at least twelve consecutive months from the date of an application for benefits or will result in death.

10. If Advance Disability Pension Payments (ADPP) have been or will be paid to the member, the employer must include the monthly amount and the beginning date. The employer must also provide the address to which the reimbursement check should be mailed.

It is the employer’s responsibility to report to CalPERS the amount of ADPP paid to a member. If an employer fails to notify CalPERS of ADPP or if the member retires, the local agency and the employee shall arrange for repayment. CalPERS will not reimburse the employer in these situations.

All such documentation submitted by an employer must be signed by the governing body or its lawful delegate (i.e., City Manager, Chief Administrative Officer, County Executive, or other comparable individual). If the governing body chooses to delegate the responsibility of making a disability determination, a certified copy, which is approved and signed by the governing body, of the delegation order of this authority must accompany the finding by such delegate in every instance.

It is imperative for employers to provide all documentation and information referenced above to prevent the delay of benefit payments. Until CalPERS has received all required documentation and information, the disability determination will not be processed and CalPERS will be unable to put the member on a disability retirement roll.

Local Agency Disability Re-Evaluation Procedures
An employer should conduct regular re-evaluations of determinations for disability retirees who are under voluntary service retirement age. The purpose of the re-evaluations is to verify whether the recipient remains physically or mentally disabled from the position which they disability retired for the condition(s) that they were approved for. The re-evaluation process is not a process to discover new conditions. It should include, but is not limited to, gathering the following information:

• Is the retiree currently employed?
  - What type of work is he/she doing? Is he/she working within his/her work restrictions?
Circular Letter: 200-018-17
March 30, 2017

- Obtain a duty statement and physical requirements of the job for comparison.
- When an independent medical examination is deemed necessary, submit these documents for the examiner’s review.

- Is the retiree currently being treated for his/her disability?
  - If so, obtain a list of his/her treating physician(s) and contact information, and request his/her medical records since retirement.
  - If the retiree is not currently being treated or the medical records received from the treating physician do not substantiate a continuous disability, the member should be evaluated by an Independent Medical Examiner.

- If indicated, consider surveillance.

Failure to cooperate with any stage of the re-evaluation process will be considered a refusal to submit to a medical examination. G.C. section 21175 states, "If any recipient of a disability retirement allowance under the minimum age of voluntary retirement for service applicable to members of his or her class refuses to submit to a medical examination, the pension portions of his or her allowance may be discontinued until his or her withdrawal of the refusal. If the refusal continues for one year his or her disability retirement allowance may be cancelled.” The agency should inform CalPERS to take appropriate actions if a retiree is uncooperative with the process.

In accordance with G.C. section 20128, 20221 and 21192, the agency is requested to submit their determination on the re-evaluation or action requested for uncooperative retirees (discontinue the pension portions if refusal is less than a year; cancel the full allowance if refusal continues for one-year) to CalPERS in the form of a Resolution or determination letter.

Other Resources
For more information on these topics, please refer to the Public Agency & Schools Reference Guide which contains sample resolutions.

If you have any questions, please contact the CalPERS Customer Contact Center at 888 CalPERS (or 888-225-7377).

Anthony Suine, Chief
Benefit Services Division