



## **Worker's Compensation Fraud Report** **FY 2008 First Quarter (July through September 2007)**

### **Statistics at a glance**

- Number of cases referred to prosecution .....2
- Number of administrative (civil) fraud orders issued .....79
- All dollars collected .....\$36,528,893

In addition to our normal audits, investigations, and collections, L&I's fraud program concentrated this quarter on smoothing out the operation of the new employer field audit system and the new employer referral tracking system.

We also continued improving the premium status web site used to review employers' workers' compensation accounts. The public can now use this web site to determine what activities an employer is insured for, rates paid, and employee deduction rates. This information helps the public identify employers who under-report their activity by reporting in the wrong risk category.

### **Prevention highlights**

Three key components of a fraud prevention program are:

- Creating an informed public that helps identify noncompliant employers.
- Helping those who use the workers' compensation system to follow the law.
- Building public awareness of compliance actions taken.

In the first quarter of FY 2008, fraud prevention staff presented a training session on independent contractor and premium liability issues to contractors in Edmonds and Tumwater.

Fraud and abuse can be reported online or by phone. During the first quarter of fiscal year 2008, L&I received over 854 referrals related to employer and worker fraud from these sources.

### **Compliance highlights**

#### **Employer**

Two brothers who own an excavation business in Clark County were charged with felonies for willfully misrepresenting employee payroll hours, failing to pay prevailing wages on public works projects and failing to pay overtime. Each brother was charged with 24 counts of first-degree theft, and 7 counts of false reporting or failure to open a workers' compensation account.

#### **Worker**

A Bellingham man was sentenced to 30 days in jail and 12 months of community supervision for collecting workers' compensation wage replacement benefits while working at another job. The worker was charged with a felony as he had previously committed fraud against L&I.

#### **Provider**

A Wenatchee chiropractor was audited by the Provider Fraud Unit because of exceptionally high level of chiropractic manipulations on injured workers. The audit covered the 18-month period

ending June 30, 2003. Settlement with L&I included restitution of \$40,000 in overpayments, a limit of 25 visits per injured worker and an independent review of his billings for one year.

**Program administration**

L&I spent \$4,150,611 on salaries, benefits and other expenses for the Fraud Prevention and Compliance program. L&I recovered \$36,528,893 in delinquent premiums from employers and improper payments to providers and workers. Also, estimated avoided costs totaled \$768,879 (improper future benefits stopped by investigation).

**Results: 9.0 to 1 return on investment – a cost of 11 cents for each dollar collected.**

**More fraud prevention numbers**

These figures represent dollars collected from fraudulent activity due to misrepresentation, overpayments to workers and providers, and employers owing delinquent premiums.

**Worker**

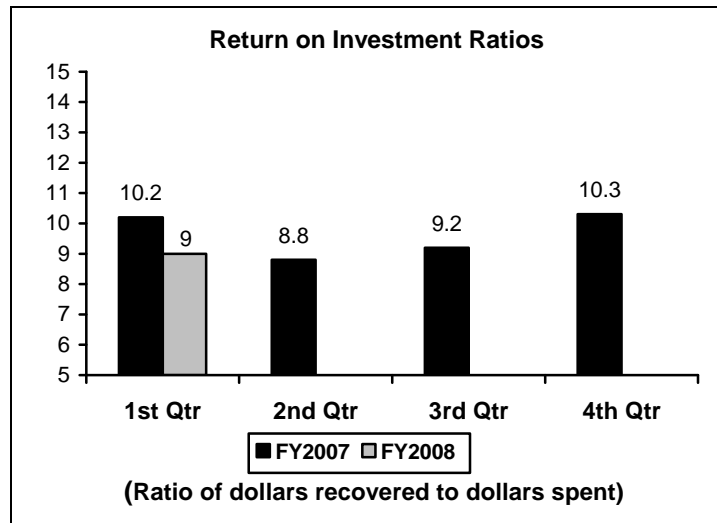
Assessments.....	\$468,581
Claim overpayment collections.....	\$1,404,031
Cost avoidance.....	\$741,492

**Employer**

Assessments.....	\$7,293,547
Collections.....	\$34,862,240

**Provider**

Assessments.....	\$933,948
Collections.....	\$262,622
Cost avoidance.....	\$27,387



**Need more information?**

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