



## **Worker's Compensation Fraud Report**

### **FY 2008 Second Quarter (October through December 2007)**

#### **Statistics at a glance**

- Number of cases referred to prosecution .....2
- Number of administrative (civil) fraud orders issued .....27
- All dollars collected .....\$29,053,588

The final quarter of the calendar year was busy. While we performed our normal duties for investigation, audit, and collections, we were also smoothing out the operation of two new computer systems — the referral tracking system and the employer field audit system —, conducting a seminar on investigation and field audit, and training several new staff.

In addition, the fraud prevention program worked on implementing safeguards required by the Internal Revenue Service to receive tax-payer data from them and to review data received from the federally-sponsored PARIS program (a nationwide program identifying persons receiving duplicate benefits from more than one jurisdiction).

#### **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 second quarter of FY 2008, fraud prevention staff presented a training session on independent contractor and premium liability issues to contractors in Seattle.

Fraud and abuse can be reported online or by phone. During the second quarter of fiscal year 2008, L&I received over 1,700 referrals related to employer and worker fraud from these sources, double the number received in the prior quarter. .

#### **Compliance highlights**

##### **Provider**

The owner of a Spokane hearing aid company was convicted in Spokane County Superior Court of third-degree theft for billing for services not provided, for billing workers and L&I for the same hearing aids, and for billing L&I for new hearing aids when they were used. The owner was sentenced to a one-year suspended sentence and ordered to pay \$60,000 restitution.

##### **Employer**

A Prosser construction company owner was charged in Benton County superior Court with one count of false reporting of worker hours. In 2005 the owner told L&I to close his industrial insurance account as he no longer had employees. Then he continued to employ workers and pay them with personal checks. The falsifying of the firm's quarterly reports came to light after the firm experienced a fatality in 2006.

### Worker

A woman was charged in Thurston County Superior Court in early January 2008 with 119 counts of first-degree theft totaling over \$600,000. She had entered into a common law marriage in Texas in 1982 but continued to certify each year that she had not remarried.

### Program administration

L&I spent \$4,370,455 on salaries, benefits, and other expenses for the Fraud Prevention and Compliance program. L&I recovered \$29,053,588 in delinquent premiums from employers and improper payments to providers and workers. Also, estimated avoided costs totaled \$647,773 (improper future benefits stopped by investigation).

**Results: 6.8 to 1 return on investment – a cost of 15 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

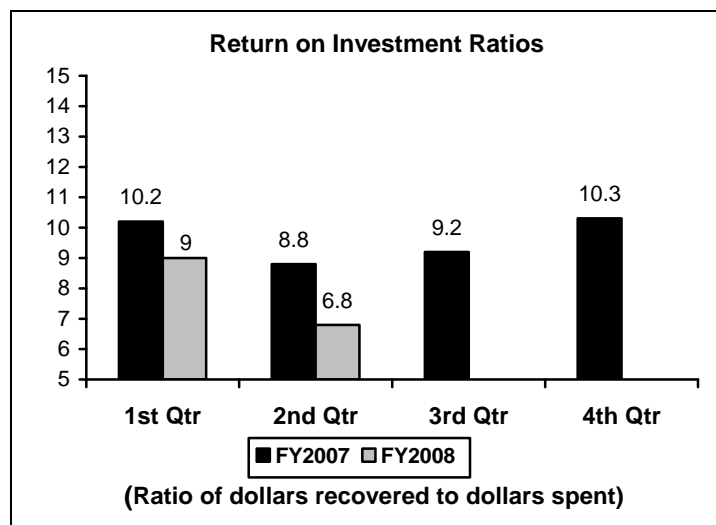
Assessments.....	\$496,272
Claim overpayment collections.....	\$1,390,241
Cost avoidance.....	\$628,572

#### Employer

Assessments.....	\$5,733,363
Collections.....	\$27,506,048

#### Provider

Assessments.....	\$521,796
Collections.....	\$157,269
Cost avoidance.....	\$46,201



### Need more information?

Contact Barbara A. Davis, Communication Services, at 360-902-4216 or [daba235@Lni.wa.gov](mailto:daba235@Lni.wa.gov)