



Workers' Compensation Fraud Report

FY 2007 Second Quarter (October through December 2006)

Statistics at a glance

- Number of cases referred to prosecution.....4
- Number of administrative (civil) fraud orders issued41
- All dollars collected.....\$32,383,964

Major milestones

In the second quarter of 2007 the fraud prevention program continued to expand and improve its efforts to detect fraud and serve our customers. As part of this effort, we continued to work on implementation of a new online audit system, and to help users of the industrial insurance system determine online whether an employer is in compliance. A major effort to cross-train auditors from the Department of Revenue, Employment Security and L&I on the basic laws the auditors enforce was also completed. This training was designed to help auditor's spot non-compliance in other departments' programs and to improve the quality of cross-department referrals.

Prevention highlights

Continuing efforts to improve the industrial insurance anti-fraud program include:

- Making it easy to verify the status of employer compliance.
- Making it convenient to report fraud and abuse.
- Building public awareness of compliance actions taken.
- Helping those who use the workers' compensation system to follow the law.

This quarter's efforts to make it easy to verify the status of employer compliance include continuing expansion of information on the "Verify Premium Status" web site and improving the clarity of letters generated by the web site employer tracking option.

Convenient options for reporting fraud and abuse include phone and online. During this quarter L&I received 300 tips of fraud and abuse from the public via these options.

Public awareness is increased when the department issues news releases on compliance actions and makes group presentations on the department's anti-fraud efforts. The presentations combine information on employer reporting and premium responsibilities with overviews of L&I's anti-fraud efforts. Two presentations were made in Seattle and Yakima to business and labor, and another presentation was made to public accountants.

Compliance highlights

Employer

A Spokane cab owner is being recharged for violating his felony conviction sentencing guidelines. Two years ago the owner was found guilty of a class C felony for operating a business with employees after his certificate of coverage was revoked. The new Assistant Attorney General dedicated to supporting L&I's Fraud Prevention program is now filing new criminal charges against the cab owner.

Worker

A widow receiving survivor benefits was convicted of first degree theft by the Douglas County Prosecutor for receiving benefits she was not entitled to due to her remarriage in 1995. The widow completed yearly declarations since 1995 stating that she had not remarried, resulting in the theft of benefits in the amount of \$294,852.

Program administration

L&I spent \$3,767,632 on salaries, benefits and other expenses of the Fraud Prevention and Compliance program. L&I recovered \$32,383,964 in delinquent premiums from employers and improper payments to providers and workers. Also, estimated avoided costs totaled \$596,393 (improper future benefits stopped by investigation).

Results: 8.8 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.....	\$410,030
Claim overpayment collections.....	\$1,152,233
Cost avoidance.....	\$563,803

Employer

Assessments.....	\$4,197,178
Collections.....	\$31,144,663

Provider

Assessments.....	\$390,160
Collections.....	\$87,068
Cost avoidance.....	\$32,590

