



Worker's Compensation Fraud Report

FY 2007 Fourth Quarter (April through June 2007)

Statistics at a glance

- Number of cases referred to prosecution2
- Number of administrative (civil) fraud orders issued49
- All dollars collected\$33,141,932

The fraud program at L&I continued its steady progress toward identifying and eliminating fraud and abuse in the workers' compensation program. This quarter L&I implemented the new computer systems for employer field audits and for tracking employer referrals. Referrals that have been reviewed and approved by the Fraud Program's Detection and Tracking Unit now pass automatically from the Referral Tracking System to the new Field Audit System, improving L&I's ability to audit employers.

L&I also continued work on improving the premium status web site that the public uses to review employers' workers' compensation accounts. The site now includes an extended delay in reflecting audit assessments. This delay gives the employer time to solve issues, ask for a reconsideration of the audit results or appeal the audit to the Board of Industrial Insurance Appeals. This change is part of our customer service to help employers remain in good standing with their industrial insurance accounts.

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 fourth quarter of FY 2007, fraud prevention staff presented a training session on independent contractor and premium liability issues to contractors in Seattle.

Convenient options for reporting fraud and abuse include phone and online. During the fourth quarter of fiscal year 2007, L&I received over 123 referrals related to employer and worker fraud via these options.

Compliance highlights

Employer

After an extended investigation, the owner of a construction company in Jefferson County pled guilty to a class C felony for engaging in business without a certificate of coverage. He had been working with employees and paying them cash under the table.

Worker

A Seattle man was sentenced to 12 months in jail for filing multiples claims using false names and social security numbers. During the investigation, several physicians and nurses picked him out of a photographic lineup.

Program administration

L&I spent \$3,942,161 on salaries, benefits and other expenses of the Fraud Prevention and Compliance program. L&I recovered \$35,712,118 in delinquent premiums from employers and improper payments to providers and workers. Also, estimated avoided costs totaled \$4,939,457 (improper future benefits stopped by investigation).

Results: 10.3 to 1 return on investment – a cost of 9.7 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

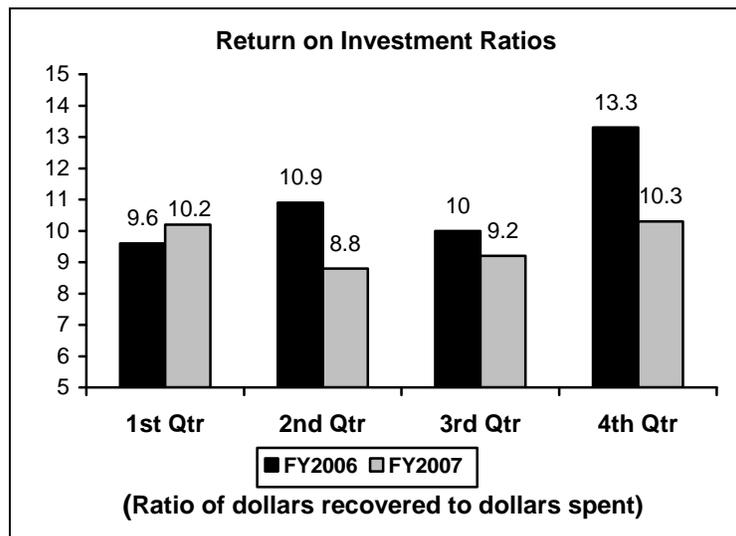
Assessments.....	\$2,031,984
Claim overpayment collections.....	\$1,475,259
Cost avoidance.....	\$4,434,957

Employer

Assessments.....	\$5,510,839
Collections.....	\$34,017,080

Provider

Assessments.....	\$1,345,612
Collections.....	\$219,779
Cost avoidance.....	\$504,500



Need more information?

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