

Workers' Compensation Fraud Report

FY 2009 First Quarter (July through Sept 2008)

STATISTICS AT A GLANCE

Number of cases referred of prosecution	8
Number of administrative (civil) fraud orders issued.....	34
All dollars collected.....	\$33,384,024

This quarter has been a busy one for the Fraud Prevention and Compliance program. We maintained our normal fraud prevention efforts, recognizing a 7.2 to 1 return on investment.

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 1st quarter of FY 2009, fraud prevention staff held training sessions on independent contractors and premium liability issues to contractors and workers' compensation basics in Edmonds, Renton, and Spokane.

Fraud and abuse can be reported online or by phone. During the 1st the quarter of FY 2009, L&I received over 1948 referrals related to employer and worker fraud.

COMPLIANCE HIGHLIGHTS

Provider Fraud referred two cases to prosecutors in August. The first case involved a Physical Therapist in Spokane County with about \$500,000 in improper and false billings to L&I. The second case involved a Hearing Aid fitter and dispenser in Puyallup with false billings totaling approximately \$25,000.

During this period, the Provider Fraud Unit also had two arrest warrants issued to 2 interpreters in Yakima County for false billings.

EMPLOYER

Early this quarter, the owners of a Vancouver excavation company settled on a case involving unpaid overtime wages, and under reported industrial insurance premiums totaling \$356,000. One of the owners pled guilty to a gross misdemeanor and served 30 days in Jail. Both were given 2 years' probation and 240 hours of community service. Also, one of the owners pled guilty to a felony for hiding information used to compute their industrial insurance rates.

WORKER CASE

Two workers (husband and wife) in Whatcom County were charged civilly for willful misrepresentation (working while drawing benefits). The sum of the overpayment and penalties for both husband and wife totaled over \$150,000. The civil case has been put in abeyance while a criminal case for multiple counts of theft is pursued.

PROGRAM ADMINISTRATION

L&I spent \$4,411,358 on salaries, benefits, and other expenses for the Fraud Prevention and Compliance program. L&I recovered \$31,384,024 in delinquent premiums from employers and improper payments to providers and workers. Also, estimated avoided costs totaled \$360,873 (improper future benefits stopped by investigations)

Results: 7.2 to 1 return on investment – a cost of .14 cents for each dollar collected.

MORE FRAUD PREVENTION FIGURES

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

WORKER

Assessments.....	\$1,181,556
Claim overpayment collections.....	\$1,706,300
Cost avoidance.....	\$220,756

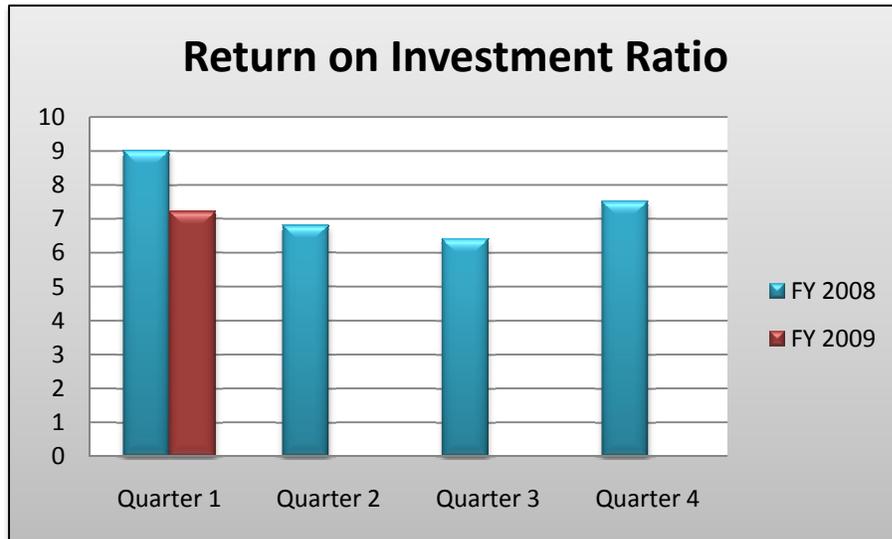
EMPLOYER

Assessments.....	\$7,918,092
Collections.....	\$29,478,232

PROVIDER

Assessments.....	\$205,069
Collections.....	\$13,777

Cost avoidance..... \$140,117



(Ratio of dollars recovered to dollars spent)

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