



## Fraud Prevention and Compliance

*Fourth Quarter, Fiscal Year 2009*

### **Workers' Compensation Fraud Report**

#### **Statistics at a Glance**

Number of cases referred to prosecution .....	6
Number of Administrative (civil) Fraud Orders Issued .....	62
Number of Employer Audits completed .....	1,485
All Dollars Collected and Avoided .....	\$37,264,587

#### **Prevention Highlights**

Key Components of Fraud Prevention and Compliance Program:

- 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.

During the 4th quarter of FY 2009, the Department of Labor & Industries (L&I) received 2,848 referrals related to employer and worker fraud.

#### **Outreach Opportunities in the 4th Quarter**

Program Manager Carl Hammersburg also gave presentations in Seattle on the overall Program of Fraud Prevention and Compliance for several business groups including; Puget Sound Partnership, mixed business labor groups, and the Associated General Contractors.

## **Compliance Highlights**

### **If at First You Don't Succeed . . .**

A Spokane resident filed 10 false claims for industrial injuries over the course of 9 months. Each of the claims carried a \$1,000 penalty. The claimant was in the custody of the Spokane jail at the time he was interviewed by the department's investigator and is now being housed in the Yakima County jail on unrelated charges.

### **"Who's Your Daddy?"**

A willful misrepresentation order was issued against a Snohomish County man who had been placed on pension. Based on an anonymous tip, an L&I investigation found that the pensioner had returned to work using his son's social security number. The man was sentenced to 4 months with work release and was ordered to pay the department \$60,000 restitution.

### **Say What?!**

The owner of a hearing aid company plead guilty to Theft in the 1<sup>st</sup> degree, a class B felony and making false statements or concealing information, a class C felony. He was ordered to pay restitution in the amount of \$15,078 and was given 90 days of electronic home detention. His company had altered invoices on at least 25 occasions inflating costs in order to fraudulently receive compensation from L&I.

## **Program Administration**

L&I spent \$4,379,789 on salaries, benefits, and other expenses for the Fraud Prevention and Compliance program. L&I recovered \$35,257,479 in delinquent premiums from employers and improper payments to providers and workers. Also, estimated avoided costs totaled \$2,007,108 (improper future benefits stopped by investigations).

**Results: 8.5 to 1 return on investment – a cost of .12 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**

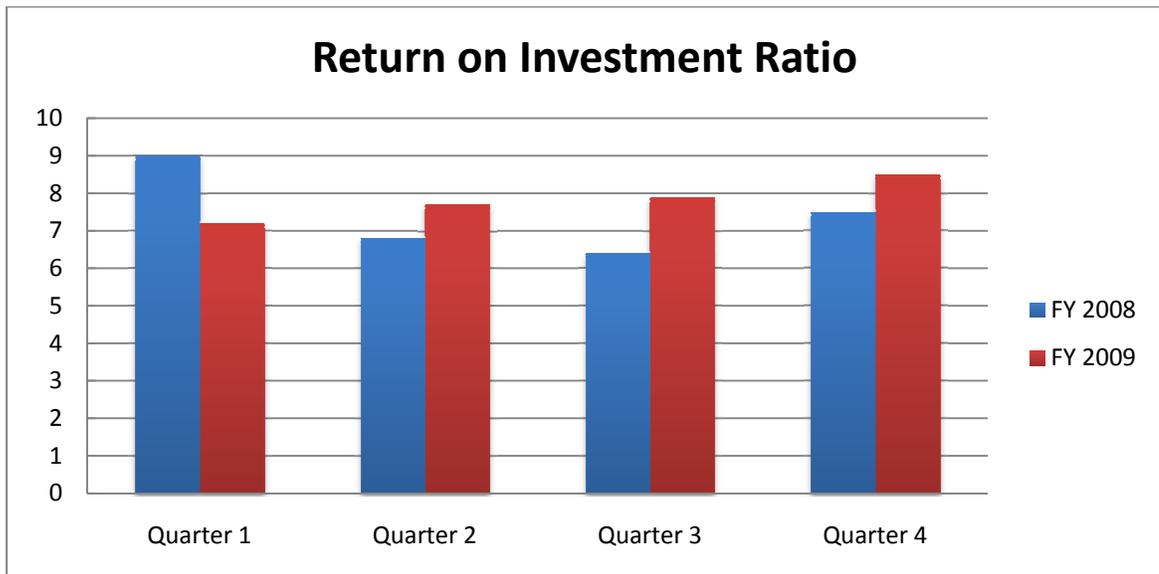
Assessments .....	\$764,606
Cost Avoidance .....	\$98,108

### **Employer**

Assessments .....	\$5,885,073
Collections .....	\$33,926,047

### **Provider**

Collections .....	(\$34,212)
Cost avoidance .....	\$1,909,000



### **Need more information?**

Please call Brian J Fordham, Fraud Prevention and Compliance Operations Manager, at (360) 902-6639 or e-mail to [forb235@LNI.wa.gov](mailto:forb235@LNI.wa.gov).