

Worker's Compensation Fraud Report

FY 2008 Third Quarter (January through March 2008)

Statistics at a glance

Number of cases referred to prosecution	6
Number of administrative (civil) fraud orders issued	37
All dollars collected	\$25,919,153

This quarter has been a busy one for the Fraud Prevention and Compliance program. We maintained our normal fraud prevention efforts, realized over a six to one return on investment, and worked with the legislature to obtain additional resources and enforcement tools.

Notable help from the legislature that was signed into law includes; clarification of the definition of an independent contractor in the construction industry, continuing authority to obtain criminal information from the National Crime Information Center, and implementation of recommendations from the Joint Legislature Task Forces on the Underground Economy in the Construction Industry. These recommendations included additional FTEs for Contractor Compliance and Employer Audit, Attorney General Support for Contractor Compliance, and other enforcement tools.

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 third quarter of FY 2008, fraud prevention staff presented a training session on independent contractors and premium liability issues to contractors in Tumwater.

Fraud and abuse can be reported online or by phone. During the third quarter of FY 2008, L&I received 1,800 referrals related to employer and worker fraud, double the number received in the period July through September 2007.

Compliance highlights

Worker

A king county man was found guilty of willful misrepresentation and was ordered to repay \$3,914 in benefits and penalties. He had returned to work as a horse exerciser using a false social security number without notifying required and interested parties (doctor,

therapist, lawyer, claim manager, and vocational counselor). He did this while receiving therapy benefits from the department.

Employer

A licensed contractor who was guilty several years ago of working as an unlicensed contractor, drawing time loss and paying his employees under the table, had a change of heart and is now calling to report other cases of fraud and abuse. Getting help from contractors who work in the construction industry is one of L&I's goals and a great help in identifying problem contractors.

Program Administration

L&I spent \$4,234,183 on salaries, benefits, and other expenses for the Fraud Prevention and Compliance program. L&I recovered \$25,919,153 in delinquent premiums from employers and improper payments to providers and workers. Also, estimated avoided costs totaled \$1,101,509 (improper future benefits stopped by investigation).

Results: 6.4 to 1 return on investment – a cost of 16 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	\$763,060
Claim overpayment collections.....	\$1,433,358
Cost avoidance	\$805,060

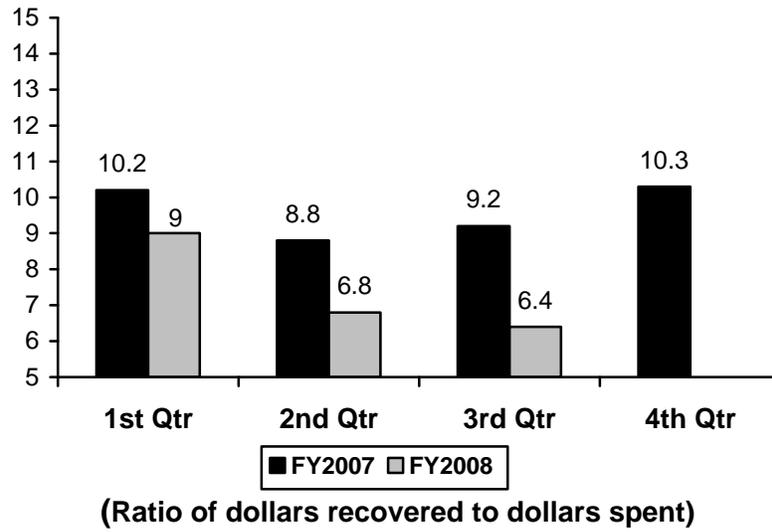
Employer

Assessments	\$4,916,475
Collections	\$24,215,557

Provider

Assessments	\$937,222
Collections	\$270,238
Cost avoidance	\$296,449

Return on Investment Ratios



Need more information?

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