

Workers' Compensation Fraud Report

FY 2008 Fourth Quarter (April through June 2008)

STATISTICS AT A GLANCE

Number of cases referred to prosecution	0
Number of administrative (civil) fraud orders issued.....	38
All dollars collected.....	\$33,038,227

This quarter has been a busy one for the Fraud Prevention and Compliance program. We maintained our normal fraud prevention efforts, recognizing a 7.5 to one return on investment.

We began to implement the recent legislation signed into law which 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 4th quarter of FY 2008, fraud prevention staff presented two training sessions, one on independent contractors and premium liability issues to contractors and the other on workers' compensation basics to the Medical Transcriptionist Association in Seattle and Everett.

Fraud and abuse can be reported online or by phone. During the 4th the quarter of FY 2008, L&I received over 1,600 referrals related to employer and worker fraud.

COMPLIANCE HIGHLIGHTS

A Spokane area worker was issued a willful misrepresentation order for \$48,000 and an overpayment of vocational benefits for over \$14,000. Total overpayment and penalty is \$62,435. An investigation revealed the claimant was working for DSHS as a contracted COPES provider while drawing benefits from workers' comp from an earlier injury when working as an apartment manager.

EMPLOYER

The department’s Workers’ Comp program was unable to collect \$76,000 in delinquent premiums from a Port of Seattle contractor. Persistence and numerous calls to the Port of Seattle regarding their prime contractor liability for their contractors’ unpaid premiums resulted in collection of the entire \$76,000 debt.

PROGRAM ADMINISTRATION

L&I spent \$3,878,116 on salaries, benefits, and other expenses for the Fraud Prevention and Compliance program. L&I recovered \$33,038,257 in delinquent premiums from employers and improper payments to providers and workers. Also, estimated avoided costs totaled \$125,952 (improper future benefits stopped by investigations)

Results: 7.5 to 1 return on investment – a cost of 13 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

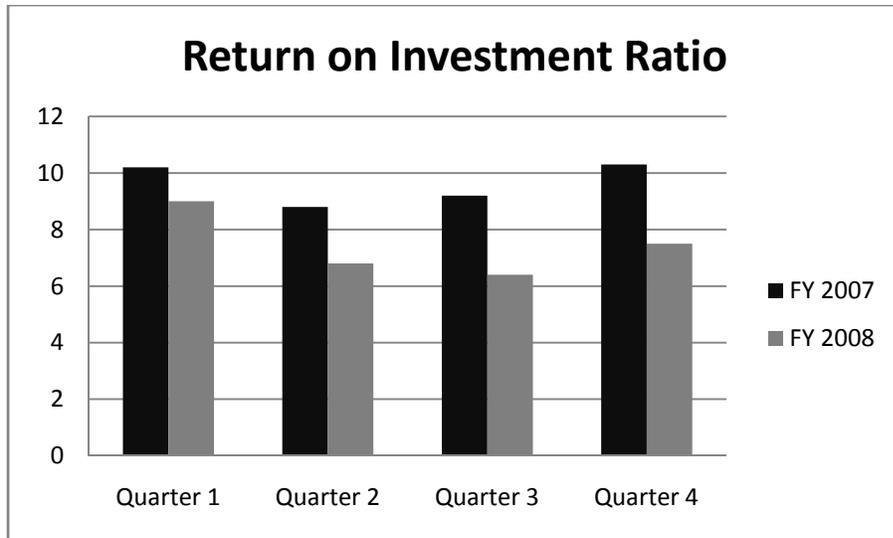
Assessments.....	\$196,987
Claim overpayment collections.....	\$2,242,360
Cost avoidance.....	\$495,989

EMPLOYER

Assessments.....	\$3,823,951
Collections.....	\$30,643,383

PROVIDER

Assessments.....	\$132,350
Collections.....	\$10,500
Cost avoidance.....	\$36,935



(Ratio of dollars recovered to dollars spent)

Need more information?

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