

## What is workers' compensation fraud?

BWC defines workers' compensation fraud as: ***An intentional act or series of acts resulting in the payment of benefits to a person or entity that is not entitled to receive those payments or benefits.***

Fraud is a hidden cost of workers' compensation insurance that impacts employers and injured workers. Nationally, the cost of workers' compensation fraud reaches billions of dollars a year. However, BWC is mounting an aggressive attack on fraud to protect injured workers' benefits and keep employers' premiums low. In fact, our special investigations department each year investigates thousands of allegations of fraud committed against the Ohio State Insurance Fund.

Since its inception, our special investigations department has identified \$1.5 billion in savings. And for every budgetary dollar spent, the department has identified an average of \$8 in savings.

## About SID

BWC's special investigations department works to deter, detect, investigate and prosecute workers' compensation fraud. Investigators located across the state aggressively pursue cases of claimant, medical provider and employer fraud. As a result of investigations, the department declares overpayments, identifies savings, disallows claims, pursues prosecutions and recovers dollars — all of which directly impact employer premium costs.

The SID is comprised of several teams:

- Three regional claimant fraud special investigation units that operate in most customer service offices;
- The health care provider team, employer fraud team and safety violations investigation unit are each comprised of team members located throughout the state;
- The intelligence unit; digital forensics unit; and BWC security services operate through BWC's central office.



Bureau of Workers'  
Compensation

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General  
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see it,  
report it,  
**STOP IT!**

## Workers' compensation FRAUD



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## Red flags: Warning signs of fraud

Red flags are warning signs that potentially something isn't quite right. Below are common red flags for injured worker, health-care and employer fraud. However, the detection of any of the following indicators does not necessarily mean that fraud exists.

### Injured worker fraud red flags

- Individuals are never available to answer calls at home or have limited availability for exams and/or appointments.
- Individuals who perform seasonal work is about to end when they file a claim.
- Individuals who are on disability compensation engage in physical activities inconsistent with the limitations they claim to have due to their injury.
- Individuals who collect BWC total disability compensation benefits while working.
- Individuals who divert their prescribed narcotics to others or deceive medical providers to obtain multiple prescriptions.

### Health-care fraud red flags

- Medical providers perform medically unnecessary treatments or diagnostics tests.
- Providers bill for services not provided or bill for more expensive procedures than were actually performed.
- An unlicensed medical provider bills for services.
- Medical providers provide limited or no medical treatment while heavily furnishing prescriptions for narcotics.

### Employer fraud red flags

- Suspect that a competitor can underbid contracts due to not paying for workers' compensation coverage.
- Certificate of BWC coverage is not visible or contains an outdated coverage period and/or incorrect name of BWC Administrator.
- Employer misreports the amount of payroll or shifts payroll to lower cost jobs to avoid paying its fair share.
- Employer misclassifies employees as independent contractors/subcontractors.

## Case Summaries

### Employer fraud

A Mt. Sterling employer operated without BWC coverage and attempted to conceal his employees by submitting zero payroll over several years. When interviewed, the owner denied the business was still in operation. BWC's investigation found the employer had provided two false BWC certificates to his clients, and that the business was fully operational with employees. The court found the business owner and his wife, who also worked for the business, guilty of workers' compensation fraud, both fourth degree felonies. The court sentenced the couple to each serve 48 months of community control and 40 hours of community service. The court also ordered them to jointly and severally pay restitution to BWC.

### Health-care fraud

A chiropractor billed BWC for more expensive treatment than he provided to the injured worker. The chiropractor also requested that injured workers provide false information to BWC if ever asked about the treatments. The court found the chiropractor guilty of complicity to commit obstruction of justice, a fifth-degree felony, and ordered him to pay restitution, including investigative costs.

### Attorney fraud

A BWC investigation found an attorney assisted his client in receiving disability benefits even though he knew she had returned to work. The attorney hired his client to work in his office while she continued to receive disability. A federal court found the attorney guilty of mail fraud and conspiracy. The court sentenced him to serve 21 months in prison and pay restitution to BWC.

### Claimant fraud

BWC received an allegation that an injured worker was only available for rehabilitation appointments in the evening. The injured worker attempted to conceal his employment by providing the rehabilitation case manager a false return-to-work date. BWC's investigation found the injured worker was working as a truck driver while receiving disability benefits. The investigation further found the injured worker altered the dates on his paystub to conceal his actual return-to-work date, in addition to wages earned and hours worked, to assist him in receiving disability benefits he would otherwise not be qualified to receive. When the injured worker was terminated from his truck driving job, he created false pay-check stubs. The court found the injured worker guilty of workers' compensation fraud, a fourth degree felony. He was sentenced to 12 months in prison (suspended), three years of probation and ordered to pay restitution and investigative costs.

To report fraud,  
visit [ohiobwc.com](http://ohiobwc.com),  
or call  
1-800-OHIOBWC.