

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 keep employers' premiums down.

Since 1995, BWC's special investigations department has identified more than \$500 million in savings. And for every budgetary dollar spent, the special investigations department has identified approximately \$9 in savings.

see it,
report it,
STOP IT!

Workers' compensation FRAUD



Special investigations: Working for self-insuring employers

BWC's special investigations department has a proven record of tracking down and prosecuting workers' compensation fraud perpetrators. Here are a few case examples involving self-insured employers.

Joe is an injured worker receiving temporary total disability benefits from a self-insured auto manufacturer. Working on tips received, a BWC special investigations unit (SIU) conducts surveillance activities. It discovers that Joe is working as a house painter while collecting workers' compensation benefits.

Result: The Industrial Commission of Ohio (IC) finds the temporary total benefits overpaid, Joe is convicted of workers' compensation fraud and ordered to pay restitution to the employer. Overpayment and reserve savings: \$250,000.

Frank is an injured worker receiving permanent total disability benefits from a self-insured steelmaker. Frank moves out of state and begins working as a mechanic for a rental car company. A BWC SIU opens a case and discovers his job activities.

Result: The IC terminates Frank's benefits and finds them overpaid. To avoid prosecution, Frank reimburses the employer. Overpayment and reserve savings: \$70,000.

Fighting fraud: Methods and tactics

Not only does BWC's special investigations department investigate workers' compensation fraud and identify savings, it also takes action by terminating benefits and referring cases for prosecution. BWC's special investigations department can help self-insuring employers with:

- Surveillance;
- Undercover operations;
- Public record searches;
- Subpoenas for employment records;
- Comparison of employers' temporary total and permanent total disability payments with employment database records.

Red flags: Warning signs of fraud

Cases are often initiated when red flags are detected. Red flags are warning signs that something isn't quite right with a claim. If something seems suspicious about a claim, it deserves a closer look. Below are a few common red flags for workers' compensation fraud. However, the detection of any of the following indicators does not mean that fraud definitely exists.

- Injury raises suspicion among co-workers.
- Injured worker has moved out of the state or country.
- Claimant is never available to answer calls at home.
- Extended time off is inconsistent with severity of injury.
- Self-employment or part-time jobs, prior to benefits paid, that the injured worker may still be working.

Stopping fraud: The employer's vital role

Workers' compensation fraud has far-reaching consequences. But you can play a key role in the fight against fraud. Many fraud investigations are initiated from tips and allegations made by employers or other witnesses. To report fraud, visit ohiobwc.com, or call 1-800-OHIOBWC.



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