

Ohio Bureau of Workers' Compensation
Special Investigations Department



10 YEARS OF SUCCESS 1993 - 2003

Fiscal year 2003



Ohio Bureau of Workers' Compensation

Governor Bob Taft
Administrator/CEO James Conrad



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Governor

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Ohio Bureau of Workers' Compensation
Special Investigations Department
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The Ohio Bureau of Workers' Compensation's (BWC's) special investigations department closed fiscal year 2003 by exceeding its goals for both identified savings and criminal prosecution of subjects. The department identified a record **\$102 million** in savings, referred **306** subjects for criminal prosecution and secured a record **166** indictments and a record **148** convictions — demonstrating the department's continued commitment to the agency's goals of reducing costs and improving customer service.

During the last 12 months, the department focused on employer fraud, medical provider fraud, cyber crime, drug complaints and other losses, due to abuse. To get results, the department deployed several strategic initiatives. These include Operation Risky Business, Regional Health Care Provider Fraud Task Force, Cyber Crime Task Force, Project Oxy and other drug abuse investigations. Thanks to the efforts of the department's staff, these strategies and others have been successful.

Throughout the year, media outlets have published articles or aired segments reporting these successes to the general public. Additionally, a recent article (Operation Risky Business) in the summer issue of *BWC Focus* magazine touted the new fraud program, which targets non-compliant employers before serious injuries occur, and cited the investigation and prosecution of two employers. The details of Operation Risky Business and other strategic initiatives can be found in this review.

The results referenced within this document were not achieved by special investigations department staff members exclusively. They were attained through the combined efforts of many dedicated professionals within BWC and other law enforcement agencies. To acknowledge those who have ensured our success, this annual review lists the following: associations of which we are members, projects completed with other departments, agencies with which we conducted investigations and interactions with stakeholders in the Ohio workers' compensation system.

Contained within this report, you also will find individual team summaries that describe noteworthy cases investigated during the past fiscal year, including the department's first prosecution — and conviction — of an attorney. For details of this investigation and others, please read on.

A handwritten signature in black ink, appearing to read 'John A. Annarino'.

John A. Annarino
Chief Legal Officer

A handwritten signature in black ink, appearing to read 'Thomas J. Wersell'.

Thomas J. Wersell
Director of Investigations

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Departmental overview

BWC's special investigations department was formed in 1993 as a result of a BWC strategic planning effort to find a way to investigate fraud in Ohio's workers' compensation system. That same year, House Bill 107 created a specific criminal fraud statute in the Ohio Revised Code (O.R.C. 2913.48), and authorized the criminal prosecution of workers' compensation fraud. Under this law, workers' compensation fraud occurs when a person: receives workers' compensation benefits to which he or she is not entitled; makes false or misleading statements with the purpose of securing goods or services under the Workers' Compensation Act; alters, falsifies, destroys, conceals or removes records or documents necessary to establish the validity of a claim, or necessary to establish the nature of goods and services for which reimbursement is requested in a claim; or enters into an agreement for conspiracy to defraud BWC or a self-insuring employer by making false claims for disability benefits.

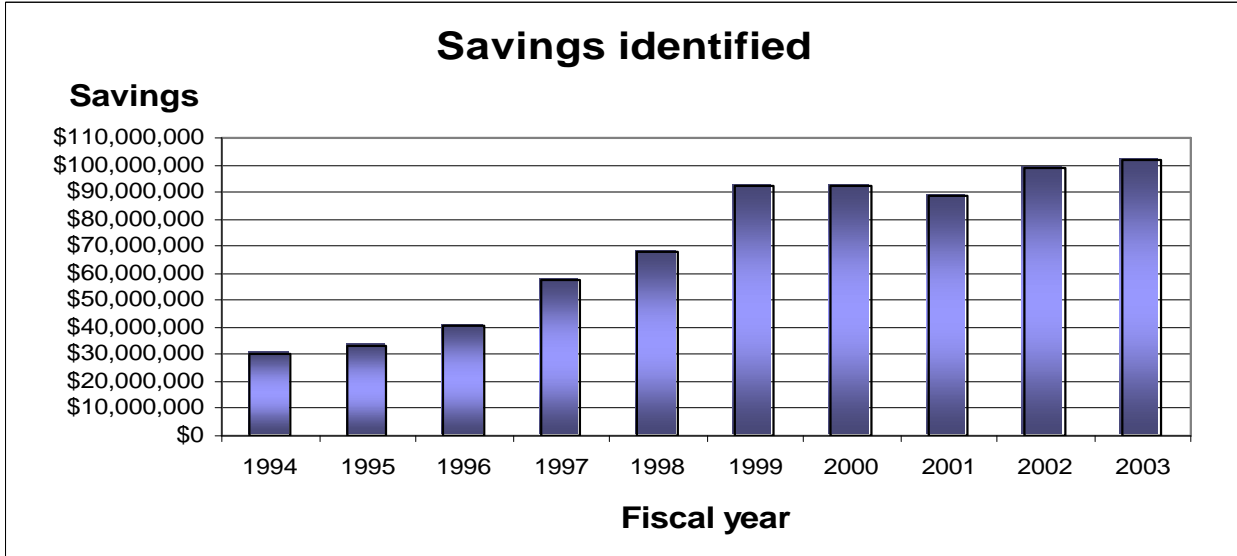
The department is comprised of nine special investigation units (SIUs) with teams within each BWC customer service office; and the following four teams located within the BWC central office: the health care provider team (HCPT), automated detection & intelligence (AD&I) team, fraud hotline team, and fraud recovery team.

Departmental mission

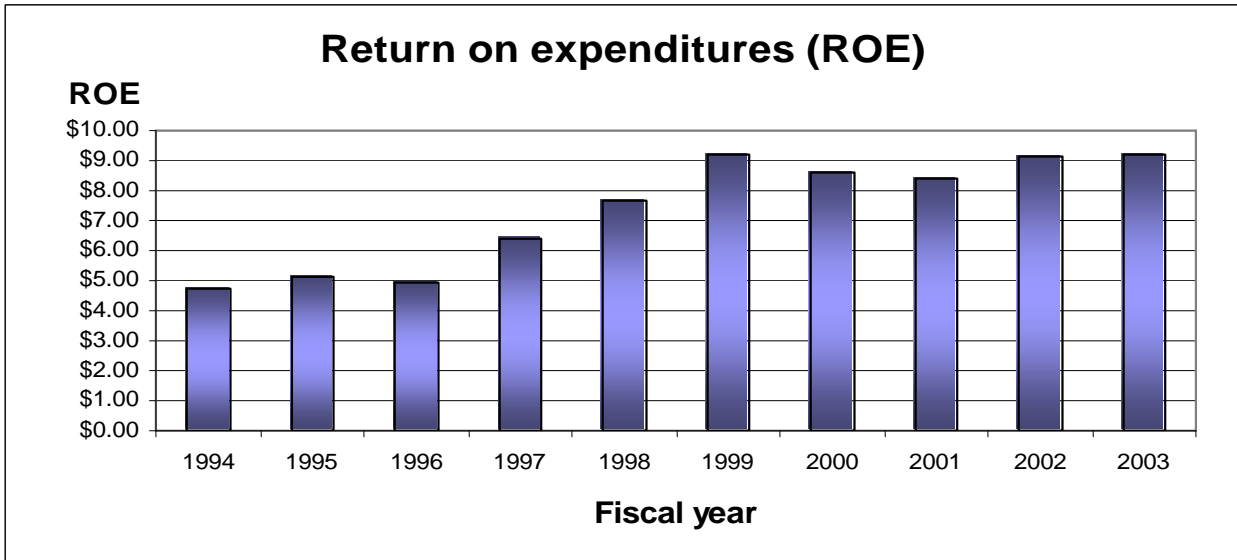
The special investigations department is committed to the achievement of the vision and mission of BWC by reducing claimant, health-care provider, employer and/or attorney fraud. The department's organizational structure successfully supports these fundamental efforts to minimize costs to the Ohio workers' compensation system.

Performance results — Statistics

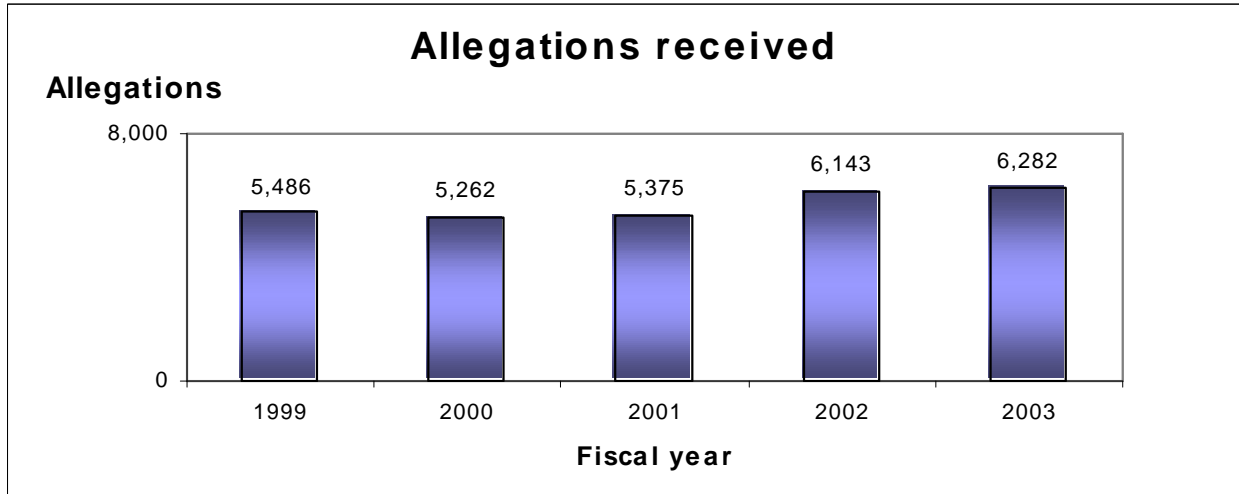
The special investigations department identified **\$102,050,979** in savings during fiscal year 2003 (reference chart, next page). This record level of annual savings is more than **\$3 million**, or **3.2 percent** greater than record results achieved the prior fiscal year, when the department identified \$98,846,353 in savings. As a result, the department not only achieved its fiscal year 2003 savings identified budgetary goal, but for the first time surpassed the \$100 million threshold for this annual performance measure.



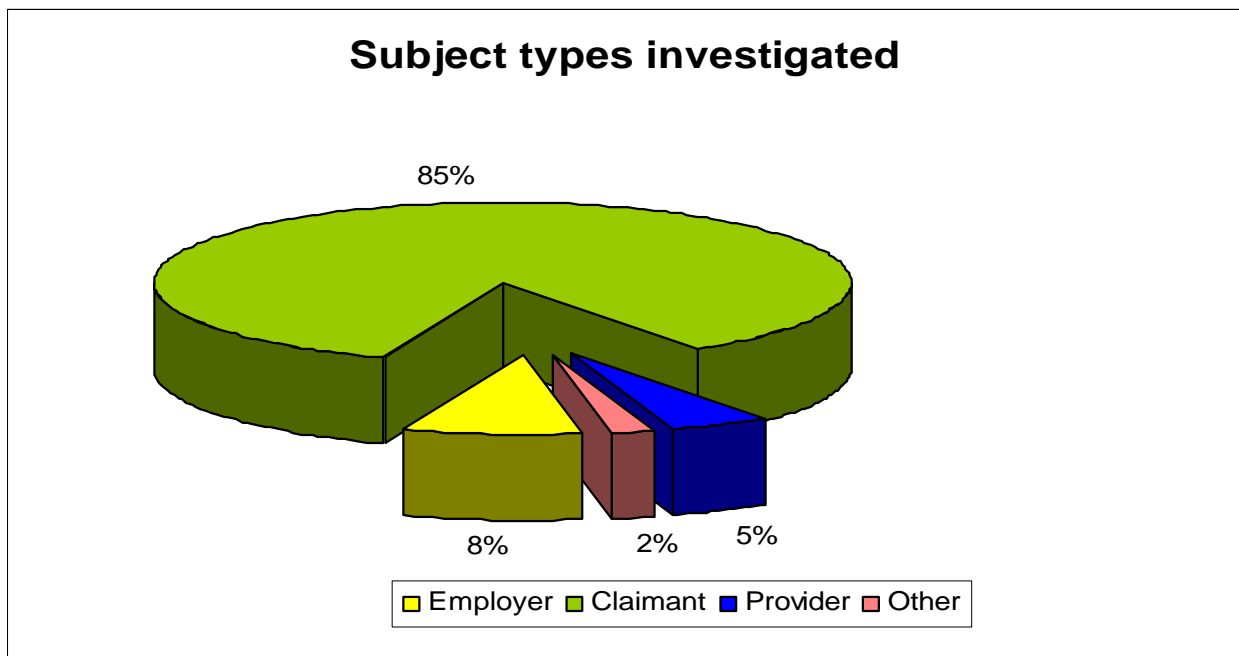
As the chart below indicates, the **\$102,050,979** in savings identified during fiscal year 2003 represents **\$9.17** in savings for every budgetary dollar spent — or a return on expenditures (ROE). Significantly, during this time period, the department experienced its **fifth** consecutive year with more than \$8 in savings per budgetary dollar spent. This critical performance outcome confirms that the special investigations department continues to efficiently generate the record levels of fraud prevention results for BWC and the State of Ohio.



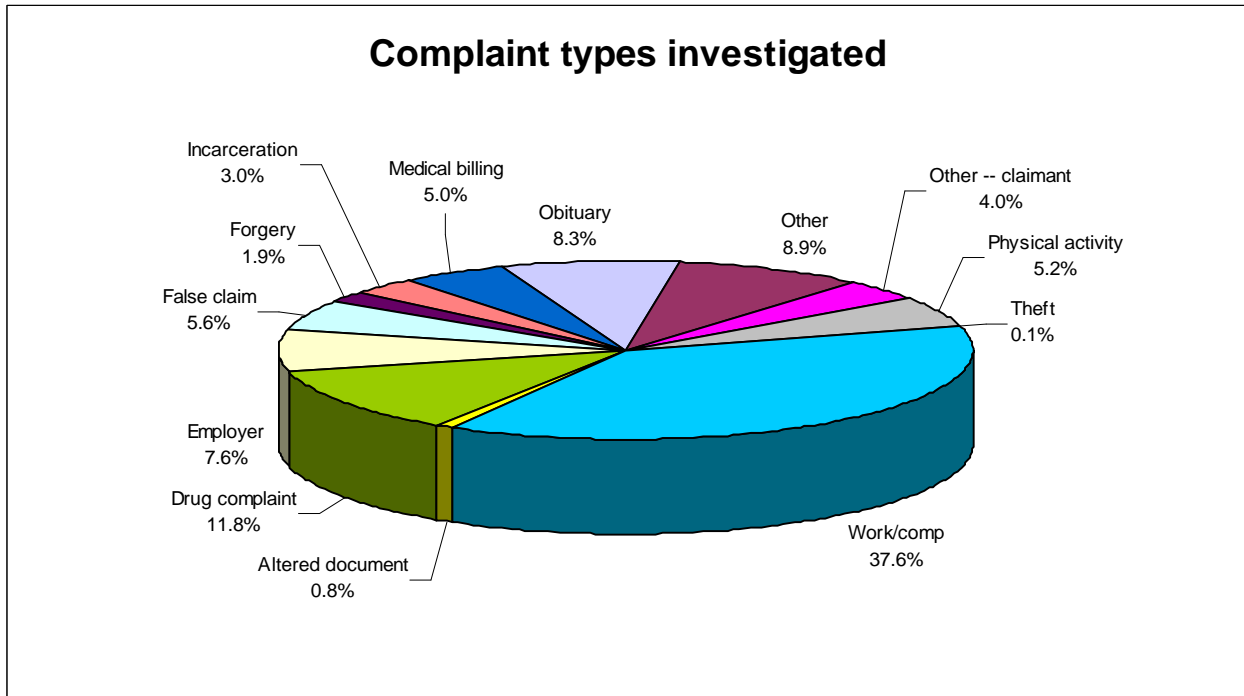
To generate these outcomes, the department received, researched and processed a record **6,282** new fraud allegations in fiscal year 2003 (see chart below) – a record number of allegations received during a fiscal year and a **2.3 percent** increase over last year's 6,143 record performance.



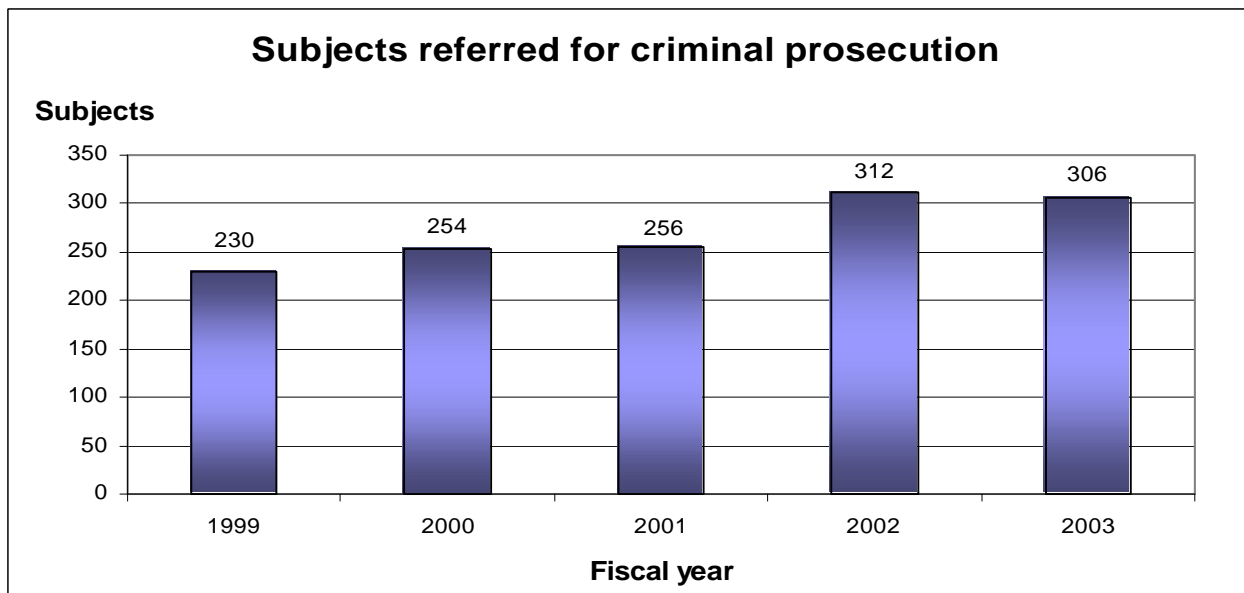
Consequently, the department opened **3,309** new cases and closed **3,227** investigations during the fiscal year. Of the **3,227** cases closed during fiscal year 2003, **85 percent** pertained to claimant fraud subjects (see chart below).



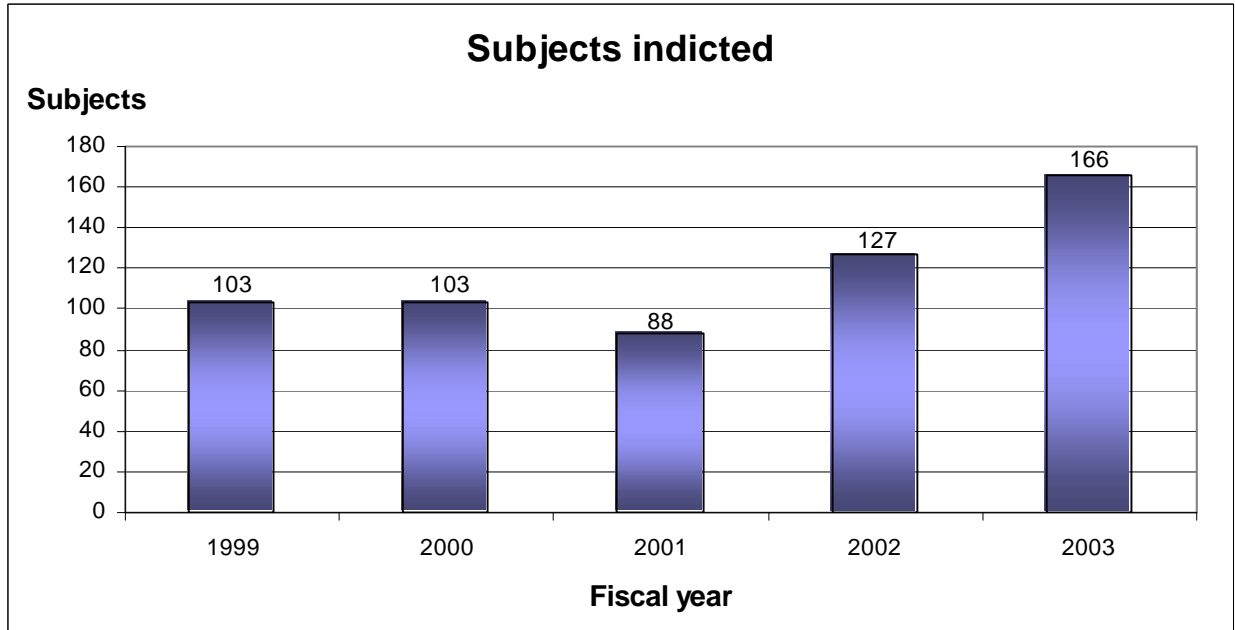
Significantly, more than **37 percent** of the cases closed during fiscal year 2003 were investigations of work/comp complaints, which are allegations that claimants worked while receiving compensation (see chart below).



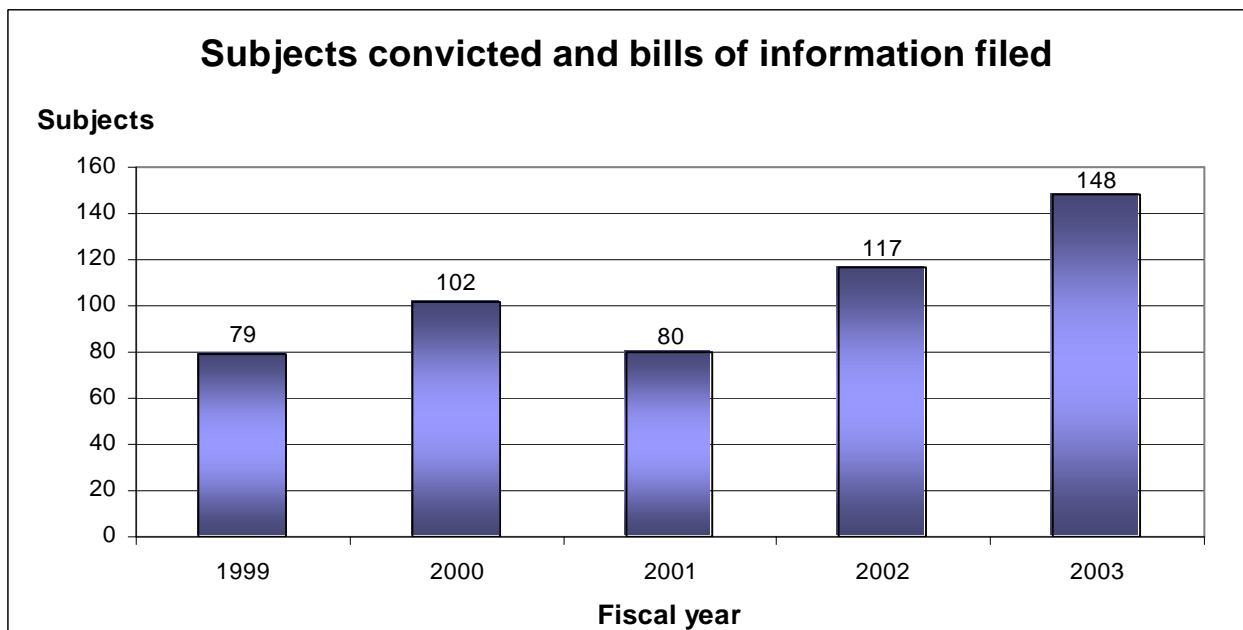
The department referred **306** subjects for criminal prosecution during fiscal year 2003 (see chart below).



The department's referrals for criminal prosecution secured a record **166** indictments (see chart below). This level of performance is **31 percent** higher than the 127 indictments achieved during fiscal year 2002, the year in which the previous record number of indictments had been established.



During fiscal year 2003, the department secured **148** convictions and bills of information (see chart below). These results also are record levels of annual prosecution performance. In fact, the number of convictions generated in fiscal year 2003 was **27 percent** more than the 117 convictions achieved during fiscal year 2002, the year in which the previous record number of convictions was generated.



Ultimately, the special investigations department's performance results, particularly the record level of savings identified – in excess of \$100 million – show that the bureau's fraud-prevention efforts were very effective in fiscal year 2003. For a one-page summary of the department's fiscal year 2003 performance results, see Attachment: Fact sheet -- Fiscal year 2003 (the last page of this report).

Training

Fiscal year 2003 also was an effective and efficient year for the special investigations department in regards to orientation and training. Successful planning minimized costs without sacrificing the quality and impact of training activities. For example, the following videoconferences sponsored by the SID training committee were utilized to minimize training costs: OxyContin Videoconference and BWC Special Investigations and Health Insurance Portability and Accountability Act of 1996 (HIPAA). Additionally, newly hired staff participated in the Special Investigations New Hire Orientation and Training Program; and Field Training Officer (FTO) Program.

At least one special investigations department staff member attended each of the 70 training seminars listed in this report (see Appendix A).

Associations

During fiscal year 2003, to maintain professional competencies and to foster effective interagency working relationships, the special investigations department staff held memberships in more than 25 specialized, law enforcement related associations (see Appendix B).

Operational initiatives

Project Oxy

The objective of the Project Oxy initiative is to identify trends associated with the narcotic drug, OxyContin, to minimize potential drug abuse. During fiscal year 2003, AD&I assigned **281** referrals to SIUs for further investigation of alleged OxyContin abuse and/or potential drug trafficking, generating over **\$2,115,593** in identified savings. To date, **443** OxyContin referrals have resulted in **231** closed investigations and more than **\$8,521,949** in identified savings. Additionally, this project has already generated five prosecution referrals, three indictments and one conviction. Currently, **194** OxyContin referrals are open cases.

Cyber Crime Task Force

The BWC Cyber Crime Task Force (CCTF) was formed by the special investigations department in fiscal year 2002 to establish tactical response plans and to investigate internet fraud and computer intrusion. Some of the duties of this task force include performing technical analyses and conducting forensic examinations. CCTF is comprised of eight staff members from AD&I, selected SIUs and the Information Technology Division.

During fiscal year 2003, CCTF achieved the following results:

- Conducted forensic examination on approximately 300 gigabytes of data pertaining to 10 cases. Forensic work included searching for patient logs, medical billing documentation and other facts to support investigations;
- Commenced and/or completed reviews of approximately 50 Dolphin account activations to identify who inappropriately activated each web account;
- Provided technical assistance to the Twinsburg Police Department in the investigation of a theft of funds from a health-care provider's office.

Fugitive Task Force

The special investigations department formed a BWC Fugitive Task Force (FTF) in February 1999 to locate subjects with outstanding arrest warrants for workers' compensation fraud. Because the department is not an arresting agency, FTF agents work closely with local law enforcement and the Office of Attorney General of Ohio to locate and arrest fraud subjects with outstanding warrants. FTF agents locate subjects, conduct surveillance and then alert local law enforcement agencies. Local authorities execute the arrests, often with FTF Agents present. During fiscal year 2003, FTF entered into an agreement whereby the U.S. Marshall's Service (USMS) provides BWC with assistance in locating fugitives. During fiscal year 2003, **41** FTF arrest warrants were resolved, involving **\$255,637** in court-ordered restitution to BWC (see chart below). At the end of fiscal year 2003, the FTF had **18** arrest warrants outstanding.

Nature of the resolution of the warrant	Number of warrants resolved	Number resolved with FTF involvement	Court-ordered restitution
Arrested by local law enforcement	11	9	\$64,038
Arrested by a sheriff's office	10	7	\$71,456
Arrested by U.S. Marshall's Service (USMS)	7	7	\$64,800
Fugitives turned themselves in	7	5	\$33,705
Warrant closed or recalled	3	2	\$10,359
Arrested by a state highway patrol	2	0	\$11,278
Arrested by U.S. Drug Enforcement Agency	1	1	\$0
Total	41	31	\$255,637

Operation Risky Business

During fiscal year 2003, special investigations units completed investigations of **274** employer subjects. These cases identified **\$1,819,209** in premiums owed. **Sixty-two** of the employer fraud investigations were associated with a new initiative: Operation Risky Business. Founded by SIU staff in Akron, Canton and Mansfield, the initiative is a joint partnership among BWC personnel in the special investigations department and the Employer Operations Division, along with the Office of Attorney General of Ohio, and local prosecutors. Operation Risky Business was developed to address the following behaviors:

- Businesses operating with either expired (lapsed) workers' compensation coverage or no coverage, that continue to file workers' compensation claims;
- Businesses operating with no coverage, where personnel forge BWC certificates to give the impression that their coverage is current.

The objectives of the operation are to:

- 1] Bring non-compliant employers into compliance;
- 2] Prosecute businesses that we can demonstrate have flagrantly disregarded O.R.C. 4123.35 (failure to carry workers' compensation coverage) or have violated state forgery statutes;
- 3] Provide critical information to premium auditors to assist in audits;
- 4] Increase payments of premiums owed to BWC.

As the following performance measures document (see table below), Operation Risky Business achieved its intended purpose during its initial months.

Performance measures	Results achieved
Estimate of premiums owed	\$917,133
Premium dollars recovered (collected)	\$159,186
Total cases investigated and currently under investigation	106
Cases closed	62
Cases founded	29
Cases unfounded	33
Subjects referred for criminal prosecution	15
Subjects convicted	8

Therefore, during June 2003, the special investigations department staff proceeded to implement additional Phase I strategies in the statewide rollout of Operation Risky Business, providing specialized training to investigative staff from three additional SIUs.

For summaries of selected and noteworthy cases investigated by Operation Risky Business during fiscal year 2003, see Appendix C.

Federal work-study program internships through The Ohio State University

Special investigations administration established the department's third annual federal work-study program (FWSP) contract with The Ohio State University (OSU), whereby the regular payroll of eligible college interns is wholly funded by the federal government and OSU. Each student is funded up to 20 hours weekly at \$9.65 per hour, for a maximum of \$4,000 annually. During fiscal year 2003, 24 students participated in this special investigations department college internship program. In compliance with the contract, students were assigned to the following teams: AD&I, Columbus SIU, fraud hotline team, HCPT and Mansfield SIU.

Collaborations with other BWC departments

The special investigations department collaborated with staff in other BWC departments to complete projects that accomplish the organizational goals of improving customer service and reducing costs. For a list of 36 collaborative projects commenced and/or completed during fiscal year 2003, see Appendix D.

Joint investigations conducted with the following agencies

During fiscal year 2003, the special investigations department jointly completed investigations with 91 external agencies (see Appendix E), versus 60 agencies last year — an increase of more than 50 percent. Collaborating with other agencies continues to generate even more investigative success for BWC. As we demonstrate professionalism and achieve results, other agencies are increasingly willing to exchange information and conduct joint investigations with BWC. These collaborative efforts save scarce fiscal resources for all agencies involved.

Interactions with key stakeholders

During fiscal year 2003, the special investigations department completed numerous activities designed to educate and inform key stakeholders in regards to BWC anti-fraud strategies and successes (see Appendix F). These activities enhanced mutual understanding and increased public awareness of BWC as an agency actively combating workers' compensation fraud. We expect that these activities will also deter fraud, while increasing the likelihood that suspected workers' compensation fraud will be promptly reported to BWC.

Performance results and noteworthy cases by team

Akron/Canton/Mansfield special investigations unit (SIU)

Savings identified:	\$13,805,477
Subjects referred for criminal prosecution:	48
Subjects indicted:	24
Subjects convicted:	24

The cases below are noteworthy.

- **Working while receiving: Eric McCray** — In 2000, a source alleged that McCray was working as a dump truck driver. However, the case was closed unfounded when an investigation did not substantiate the allegation. In July 2002, an SIU special agent observed McCray driving past the BWC Akron Customer Service Office, operating the same dump truck that was previously observed at his residence. The investigation was re-opened, and McCray was observed engaging in strenuous physical activity driving the dump truck. Extensive video was obtained which substantiated that McCray was doing the work, yet he was having his paychecks made payable to his female roommate. Additionally, a 1099 tax form had been submitted in the roommate's name. When interviewed, McCray admitted to his work activity. McCray's permanent total disability (PTD) benefits were terminated and a finding of fraud was granted. McCray pled guilty to a fourth-degree felony count of theft. On Jan. 2, 2003, McCray was sentenced by the court to serve three years of community control and to pay \$23,096 in restitution and \$1,772 in costs.
- **Benefits cashed after death: Cynthia and Gary Hummel** — June Kiser was awarded BWC death benefits, due to the death of her husband from a work related injury. A claims service specialist (CSS) referred this case to SIU after warrants were returned to BWC, due to an inaccurate mailing address. An investigation found that June Kiser had also died. Cynthia and Gary Hummel, Kiser's stepdaughter and step son-in-law, respectively, had continued to cash Kiser's death-benefit warrants after her death. On at least three occasions, the stepdaughter either told BWC that Kiser was still alive or pretended to be the deceased widow. On June 6, 2003, Cynthia Hummel pled guilty to one fourth-degree felony count of forgery and one fourth-degree felony count of workers' compensation fraud. On June 6, 2003, Gary Hummel pled guilty to one fifth-degree felony count of forgery and one fifth-degree felony count of workers' compensation fraud.
- **Benefits cashed after death: Willie Dillard** – Betsy Dillard had been awarded BWC death benefits, due to the death of her husband from a work-related injury. These benefits were terminated when BWC received information that Betsy Dillard had died in February 2002. However, her son, Willie Dillard, attempted to reinstate the benefits by contacting the CSS and reporting a new address for his mother. Willie Dillard indicated that his mother had suffered a stroke and was hospitalized at the Cleveland Clinic, but that he had her power of attorney. The CSS referred the case to the SIU, which then established an interview with Willie Dillard. During the interview, Dillard asserted that his mother was in a coma. The special agent

presented him with evidence of the lie and Dillard subsequently admitted that his mother had been dead for several months. The investigation found that Dillard had cashed several warrants after his mother's death, but prior to BWC terminating the benefits. Dillard pled guilty to one fifth-degree felony count of workers' compensation fraud. On Jan. 8, 2003, Dillard was sentenced by the court to serve two years of community control and to pay \$2,024 in restitution.

Automated detection & intelligence (AD&I) team

Savings identified that resulted from AD&I referrals: **\$16,771,819**
Referrals for investigation: **844**

Generated the following significant performance outcomes:

- ☐ \$16,771,819 in identified savings, exceeding fiscal year 2002 by 6 percent;
- ☐ 844 referrals for investigation;
- ☐ 92 percent of allegation referrals were elevated to case status;
- ☐ Continued review of narcotic prescription drugs, including a focus on the highly abused drug, OxyContin, resulting in 353 referrals and over \$3 million in savings identified to date;
- ☐ Completed detection runs to support case selections for Operation Risky Business, identifying 95 referrals involving employer subjects;
- ☐ Continued wage data cross match with the Ohio Department of Job & Family Services (ODJFS), which resulted in 202 referrals and has identified approximately \$370,000 to date;
- ☐ Successful completion of payroll data cross match using ODJFS data;
- ☐ Various health-care provider fraud detection projects resulted in 108 referrals and the identification of almost \$500,000 in savings to date;
- ☐ Technical support provided to the Regional Health Care Provider Fraud Task Force initiative;
- ☐ Completion of cross match with various sources, including the Ohio Department of Rehabilitation and Correction, the Ohio Lottery Commission and the Division of Liquor Control;
- ☐ The processing of 6,643 requests and the compilation of data intelligence for field investigations.

Provided the following essential customer services:

- ☐ Submitted a loss prevention proposal that BWC should adopt a policy to restrict payment for COX-2 drugs (anti-inflammatory drugs with no generic equivalent). Restricting the payment for these drugs by requiring prior authorization and a trial use of other less costly anti-inflammatory agents would significantly lower health-care costs. This proposal was based on AD&I's review of drug payment trends to determine factors that had contributed to the doubling of drug costs between 1998 and 2002;

- ☐ Provided assistance to SIUs in compiling statistical audit sampling data, executing search warrants, conducting provider audits and compiling graphic presentations of investigative results for prosecution;
- ☐ Designed new monthly reports to provide current death benefit recipient information to field personnel;
- ☐ Designed a process to streamline the claim look-up function pertaining to death validation searches.

Completed the following management reports:

- ☐ Continued to identify performance trends, such this report, monthly management and regional summary reports, case lag-time reports and average case loads.
- ☐ Continued to assist in monitoring field investigations, such as open cases with current compensation, medical billings on cover claims, closed founded cases with pending savings and open cases by agent.
- ☐ Maintained departmental databases, such as those pertaining to staffing, fraud recovery, training and the fraud hotline.

Bridgeport/Zanesville SIU

Savings identified:	\$5,771,914
Subjects referred for criminal prosecution:	4
Subjects indicted:	7
Subjects convicted:	2

The cases below are noteworthy.

- **Working while receiving, using an alias: Michael Jerry Bundenthal —** Bundenthal was born as Michael Jerry Fidler, but was adopted by Bundenthal, Sr. as a teenager. At age 25, Bundenthal had established a Social Security Administration (SSA) account in the name of Fidler and received a second Social Security number (SSN). On Feb. 6, 1995, Bundenthal sustained a knee injury while employed as a truck driver. His BWC claim was allowed and he was awarded temporary total disability (TTD) and living maintenance (LM) benefits. During the entire period he received disability benefits from BWC, Bundenthal worked as a truck driver for at least seven different companies, using the Fidler name and SSN. Bundenthal even filed another BWC claim, using the name of Fidler, alleging that he had sustained a work-related injury. However, the Fidler claim had been disallowed for lack of supporting medical documentation. According to known records, this was Bundenthal’s last act in Ohio as Fidler. At the same time, though, Bundenthal re-emerged as a resident and truck driver in South Carolina. Bundenthal was found overpaid in the amount of \$64,872. On June 9, 2003, Bundenthal pled guilty to one fifth-degree felony count of workers’ compensation fraud.
- **Working while receiving: Ronald Fulk —** The Zanesville SIU received information alleging that Fulk was working for RMS Marketing while receiving PTD benefits. Bank records included copies of checks from both RMS Marketing and Standard Merchandising during 1999 and 2000. The SIU contacted the owner of RMS

Marketing and obtained a statement and a contract signed by Fulk, confirming the claimant's work activity. The SIU learned that RMS Marketing was previously owned by Fulk's son, and that the latter owned Standard Merchandising. The SIU contacted Standard Merchandising and spoke with Fulk's son who also confirmed that Fulk worked for him. PTD benefits were terminated effective May 7, 1999. Fulk pled guilty to one fourth-degree felony count of workers' compensation fraud. On Nov. 24, 2003, Fulk was sentenced by the court to serve five years of community control and to pay \$47,185 in restitution.

- **Working while receiving: Ross Poling** — The SIU received an allegation specifying that the CSS had experienced difficulties contacting Poling and that whenever contact was made, Poling was on a cell phone. An investigation found that Poling had returned to work for Mid-West Homes immediately after recovering from surgery. When the SIU interviewed Poling, he admitted to having worked after his surgery, but stated that he had not worked between the dates of his injury and his surgery. Poling further stated during the interview that he had owned and operated a business for 20 years. The Industrial Commission of Ohio (IC) ruled that TTD benefits paid after the date of Poling's surgery had been overpaid. Nonetheless, based upon Poling's admission that he had operated his own business for 20 years, the SIU completed additional investigative steps. Evidence was obtained by the SIU which confirmed that Poling had worked for Palm Harbor Homes and other entities prior to his surgery — contrary to information that Poling told the SIU. The case again was referred to the IC. The second hearing found Poling was overpaid for the additional period and these overpayments were a result of fraud. Poling pled guilty to one third-degree felony count of workers' compensation fraud. On Nov. 5, 2002, Poling was sentenced by the court to serve three years of community control and to pay \$26,391 in restitution and investigative costs.

Cincinnati SIU (Governor's Hill, Cincinnati downtown and Hamilton)

Savings identified:	\$14,739,942
Subjects referred for criminal prosecution:	36
Subjects indicted:	25
Subjects convicted:	14

The cases below are noteworthy.

- **Working while receiving: Willie Terrell** — An anonymous source contacted the Governor's Hill SIU on Dec. 28, 2001, alleging that Willie Terrell was working while receiving benefits. Terrell, who had not received BWC benefits since 1992, was granted PTD benefits on Dec. 11, 2001, retroactive to 1999. His application for benefits, filed July 27, 2000, indicated that the last date he worked anywhere was 1982. An investigation found that Terrell had returned to self-employment work, selling wooden pallets. The investigation revealed that Terrell had been performing this type of work since 1996. Furthermore, it was found that Terrell had executed more transactions and earned more money in 2000 and 2001 (the same years in which he applied for and was granted PTD benefits), than in any other year for which

records were obtained. As a result of the investigation, PTD benefits previously granted to Terrell by the IC were terminated. Terrell pled guilty to one fifth-degree felony count of workers' compensation fraud. On March 6, 2003, Terrell was sentenced by the court to serve five years of community control and to pay \$43,697 in restitution and court costs.

- **Inappropriate medications and false claim** — The AD&I team's Project Oxy identified a claimant who had received more than \$30,500 in OxyContin for 15-year-old injuries consisting of lumbar sprain, disc degeneration and depression. A physician review requested by the SIU nurse found no medical evidence to support the claimant's long-term use of narcotics. The claimant was notified of the BWC decision to cease reimbursements for these medications, giving the claimant 30 days to taper and discontinue use of the prescription. However, the claimant filed a motion requesting continued payment for the medications. When questioned by the district hearing officer (DHO), the claimant testified that she had not yet begun to taper and discontinue the use of the narcotics. The DHO found the medications to be inappropriate and denied the claimant's request for continued payment. One week after this hearing, the claimant filed a new claim — with a date of injury reported to be the day after the IC hearing. An investigation was initiated by the Cincinnati SIU regarding the claimant's alleged new injury. The investigation determined that after the claimant received notification that BWC would no longer reimburse the claimant for OxyContin, BWC began to receive bills for this narcotic in another claim that had been previously filed by the claimant, in 1999, for an injury to her ankle. The investigations resulted in the claimant withdrawing her claim at the IC hearing on the issue of allowance, as well as the IC denying payment of medications in her 1999 claim. These combined investigations resulted in identified savings of \$440,751.

Cleveland SIU (Independence, Lausche Building and Richmond Heights)

Savings identified:	\$17,655,929
Subjects referred for criminal prosecution:	81
Subjects indicted:	29
Subjects convicted:	27

The cases below are noteworthy.

- **Attorney / claimant conspiracy: Otha Jackson / Renee Jefferson** — On May 13, 1998, the Cleveland SIU received an anonymous referral alleging that Jefferson was working as a manager at Don Basch Jewelers, located in Macedonia, Ohio. The SIU's investigation of database runs, surveillance, undercover operations, interviews and bank records established that Jefferson had returned to work for five employers over a period of six years while receiving benefits.

Jefferson had concealed her employment by having her paychecks written to J-Tek Inc., her father's computer company. Moreover, a joint investigation conducted with Prudential Insurance and SSA determined that Jefferson's attorney, Otha Jackson, assisted Jefferson in fraudulently obtaining benefits from BWC, Prudential,

Household Finance and SSA. Jackson had filed for PTD and TTD benefits on Jefferson's behalf while employing her.

Jefferson pled guilty to one felony count of mail fraud, one felony count of wire fraud, one felony count of conspiracy to commit offense against the U.S. and one felony count of theft of government funds. The court sentenced Jefferson to serve 18 months in jail, two years of supervised release and to pay \$309,000 in restitution. Jackson refused to plea and was tried before a federal jury. The jury found Jackson guilty of fraud. The court sentenced Jackson to serve 21 months in jail, and to help Jefferson to pay \$309,000 in restitution.

- **Provider billing scheme: Ohio Chiropractic Centers/Richard, Pegi and Misty Dickson (father, mother and daughter)** — An allegation furnished to the fraud hotline indicated that Ohio Chiropractic Centers was suspected of involvement in an upcoding billing scheme. To establish a pattern of activity, special agents conducted more than 40 undercover visits at both of the provider's locations. The undercover operation and other investigative activities determined that the Dicksons were each billing for a higher, more costly level of care than they actually provided. Search warrants were simultaneously executed at five locations: both of the clinics, the Dickson's residence, the accountant's residence and the chiropractic office of Misty Dickson's husband.

Richard Dickson and Pegi Dickson each pled guilty to one third-degree felony count of workers' compensation fraud, one third-degree felony count of aggravated theft and two fourth-degree counts of grand theft. On June 5, 2003, the court sentenced Richard Dickson to serve two years in jail and five years probation. The court sentenced Pegi Dickson to serve 30 days in jail and five years probation. Additionally, Richard and Pegi Dickson were ordered to jointly pay \$500,000 in restitution to BWC and three private insurance companies. Richard Dickson agreed to a permanent, voluntary surrender of his license to practice chiropractic medicine in the State of Ohio. Richard and Pegi Dickson both agreed not to be affiliated with any health-care business in any manner. Misty Dickson pled guilty to one first-degree misdemeanor count of workers' compensation fraud. The court sentenced Misty Dickson to serve six months of incarceration (suspended), six months of probation and to pay \$500 in fines.

- **Deception to obtain and working while receiving: Thomas Bowens** — As a result of the AD&I team's Project Oxy, an initial review found Bowens was receiving OxyContin from multiple pharmacies. The SIU obtained copies of Bowens' prescriptions from the pharmacies and found that the prescriptions paid by BWC were written by physicians not recognized in his BWC claim and that there were no bills received by BWC for associated office visits. Additional information obtained from the pharmacies suggested that Bowen filled additional prescriptions for OxyContin that were paid by both Medicaid and a private insurance company, including prescriptions in the name of the physician of record in Bowens' BWC claim. A joint investigation with the Drug Enforcement Administration found that between May 29, 2002, and Jan. 17, 2003, Bowens went to seven doctors and obtained 26 prescriptions for OxyContin, totaling 2,081 tablets — or 9 tablets at 587 mg. per day. Fifteen of the 26 prescriptions had been paid for by BWC at a cost of \$7,027. All physicians involved stated they did not know that Bowens saw other physicians or

received other prescriptions, and advised that if they had known, they wouldn't have prescribed medication for him. The physicians stated that Bowens had deceived them to obtain medication. The investigation also found that Bowens worked while receiving TTD benefits. On March 24, 2003, Bowens was indicted on one fifth-degree count of workers' compensation fraud and 16 felony counts of deception to obtain a dangerous drug.

Columbus SIU (North and South)

Savings identified:	\$11,181,111
Subjects referred for criminal prosecution:	23
Subjects indicted:	15
Subjects convicted:	14

The cases below are noteworthy.

- **Working while receiving benefits: Jones Brown** — The Columbus SIU received an allegation from an anonymous source indicating that Jones Brown, also known as J.J. Brown, had been working while receiving PTD benefits. The source indicated Brown had owned a carryout, as well as a lawn-care service called J.J. Brown Lawn Care. An investigation was initiated, and evidence gathered confirmed that after being awarded PTD benefits, Jones Brown owned and operated a carryout, a lawn-care business and a trucking company. To conceal his activities, Brown established these businesses using an alias name, Joe Brown, and a fictitious SSN. In addition to obtaining business records, financial records, video footage and statements from customers, the Columbus SIU obtained Jones Brown's fingerprints from his BWC checks and had them compared to a fingerprint card pertaining to Joe Brown. The analysis concluded that Jones Brown and Joe Brown were one and the same individual. Brown's PTD benefits were terminated, he was found overpaid \$83,623 and a finding of fraud was granted.
- **Working while receiving benefits: Joseph Holdren** — The Columbus SIU received an anonymous allegation specifying that Holdren returned to work as a self-employed residential builder while receiving PTD benefits. An investigation was conducted, which determined that to conceal his activities, Holdren would live in the homes he built for a period of time. An undercover operation permitted agents to pose as prospective home buyers, giving them the opportunity to tour Holdren's custom built home. According to the realtor showing the home, Holdren had constructed approximately 10 homes during the period that he received PTD benefits. Holdren's PTD benefits were terminated, he was found overpaid \$31,875, and a finding of fraud was granted.
- **Working while receiving benefits: James Burton** — A cross match of benefits conducted with ODJFS revealed wages had been reported for Burton during the same period of time that he had received TTD benefits. An investigation confirmed that Burton had returned to work as a teacher's aide with the YMCA of Central Ohio. Burton's TTD benefits were terminated and a finding of fraud was granted. Burton pled guilty to one fifth-degree felony count of workers' compensation fraud. On Dec. 12, 2002, Burton was sentenced by the court to serve five years of community

control and to pay \$30,712 in restitution and court costs. Upon being interviewed by the Ohio Department of Youth Services' (DYS') Internal Affairs Division with regard to BWC's investigation, Burton resigned from his job with the State of Ohio.

Fraud hotline team

Fraud allegation interviews conducted and documented: 3,090
BWC's Dolphin Web Page — Fraud allegation forms processed: 250

◆ Investigation case support

The team's primary role is to provide exemplary internal customer support for SIUs. Their achievements include the following:

- Processed a record 3,090 fraud calls during fiscal year 2003, exceeding the previous record of 2,921 fraud calls processed during fiscal year 2002 by 169 calls — or by fully 5.8 percent;
- Processed a record 250 fraud allegation forms that were electronically completed and submitted by sources via the BWC's Dolphin Web site;
- Processed a record 250 risk file requests for employer fraud investigations;
- Processed more than 1,300 IC documents;
- Formed a pilot intake team in February 2003 to support the department's effective pilot test design, development and implementation of a centralized allegation intake team (CAIT). During its initial 100 days, the pilot intake team completed preliminary research pertaining to 75 new allegations associated with Akron, Canton and Mansfield subjects, resulting in each allegation being assigned an investigative priority. The pilot intake team realized its goal of minimizing investigative research processing time. For example, the average lag time — from the date a case is opened to the date a case is closed — for unfounded cases processed by the pilot intake team was 56 days.

◆ Operational support

- The team provided fraud hotline orientation and training, as well as ongoing technical guidance, performance feedback and statistical reports, to 49 Customer Contact Center agents and supervisors who interview sources that contact BWC on its toll-free number, 1(800)OHIOBWC, to report suspected fraud.

Fraud recovery team

Fraud dollars recovered: \$2,303,081

◆ This team is primarily responsible for the collection of overpayments resulting from investigations. The team's fiscal year 2003 operational results include the following:

- Collected and posted \$2,303,081 from 804 subjects of fraud investigations;

- Received and opened 615 new accounts;
- Closed 301 accounts, including 273 accounts paid in full;
- Provided assistance to the BWC Fugitive Task Force in locating subjects with warrants for their arrest;
- Worked with probation officers to ensure subjects complied with court ordered restitution; attended revocation hearings for non-complying subjects.

Health care provider team (HCPT)

Savings identified:	\$12,264,092
Subjects referred for criminal prosecution:	10
Subjects indicted:	2
Subjects convicted:	1

The cases below are noteworthy

- **Shahamat** — An investigation of Dr. Ahmad Shahamat was initiated following a referral from AD&I. The team detected a potentially fraudulent billing pattern involving upcoding of evaluation and management services. An investigation was conducted, determining that the provider had, in fact, billed BWC for services that had not been rendered. While treating patients with multiple workers' compensation claims, the provider billed BWC for visits that hadn't occurred. On March 20, 2003, Shahamat was indicted on three felony counts of forgery and one felony count of workers' compensation fraud in a Franklin County Court of Common Pleas, Special Grand Jury. The subject is awaiting trial on the criminal charges.
- **Cincinnati-area physician** — The team completed an investigation of a medical doctor who was identified by AD&I as billing BWC for higher level evaluation and management service codes than provided. The investigation included the use of undercover claims and operations, expert medical consultations and claimant (patient) interviews. The investigation revealed that claimants were spending only from five to 10 minutes with a physician, thereby receiving a lower level of service than was billed to BWC. The investigation identified more than \$380,000 in overpayments and more than \$1.7 million in savings. The case has been referred to the Office of Attorney General of Ohio for prosecutorial review.

Logan/Portsmouth SIU

Savings identified:	\$6,534,230
Subjects referred for criminal prosecution:	22
Subjects indicted:	12
Subjects convicted:	12

The cases below are noteworthy.

- **Employer non-compliance: Runyon Tree Service** — The Logan SIU received an allegation that a locally-owned tree trimming business was operating without workers' compensation coverage. The SIU found that Runyon Tree Service had

been repeatedly contacted by BWC because of the employer's failure to pay its workers' compensation premiums. During a non-compliance visit conducted in 1999, a BWC representative was advised that Runyon Tree Service was no longer operating and that the corporation had been dissolved. On another occasion, a BWC representative was informed by Amery Runyon that Runyon Tree Service had no employees. An investigation conducted by the Logan SIU resulted in evidence to the contrary. Numerous surveillances produced video documentation that Runyon Tree Service was, in fact, still in business, continuing to operate and employed as many as seven employees. The owners of Runyon Tree Service — Oliver and Amery Runyon — pled no contest to one second-degree misdemeanor count of personal liability for failure of a firm or corporation to comply with law. On Nov. 22, 2002, Oliver and Amery Runyon were sentenced by the court to serve 30 days of incarceration (suspended), two years probation and to pay court costs. In addition, the court ordered Runyon Tree Service "to comply with all BWC directives and orders" -- thereby enforcing BWC's right to recover \$211,847 in unpaid premiums.

- **Working while receiving: James Lemaster** — The Logan SIU received information from an anonymous source that Lemaster was working while receiving PTD benefits. The Logan SIU conducted numerous surveillances over the course of several months, obtaining video and photographic evidence of Lemaster's work activities for Bailey Water Systems (BWS). Additional evidence was obtained through interviews and subpoenaed records, confirming that BWS made payment for Lemaster's employment with a business owned by Lemaster's wife and that Lemaster had used his wife's SSN for tax form 1099 reporting purposes. Lemaster's PTD benefits were terminated and a finding of fraud was granted. Lemaster pled guilty to one fifth-degree felony count of workers' compensation fraud. On Feb. 5, 2003, Lemaster was sentenced by the court to serve five years of community control and to pay \$21,338 in restitution.
- **Forged prescriptions: Darrell Weaver** — The SIU received information that Darrell Weaver was submitting forged OxyContin prescriptions at pharmacies and having them billed to his BWC claim. An investigation was initiated and coordinated with the local drug task force. The evidence secured by the SIU included statements from pharmacists and copies of logs signed by Weaver. The investigation found that Weaver had forged the signature of a physician on a prescription for 60 tablets of OxyContin at 40 mg each and presented it at a Kroger Pharmacy in Wheelersburg. Weaver had specifically instructed the pharmacist to bill the prescription cost to his workers' compensation claim. Weaver pled guilty to one fourth-degree felony count of illegal processing of a drug document. On June 12, 2003, Weaver was sentenced by the court to serve five years of community control and to pay \$200 in fines.

Springfield/Dayton SIU

Savings identified:	\$5,313,801
Subjects referred for criminal prosecution:	18
Subjects indicted:	11
Subjects convicted:	10

The cases below are noteworthy.

- **Working while receiving benefits: Robert Becker** — This case was initiated from an AD&I detection project pertaining to PTD recipients less than 50 years of age. Initial investigative activities revealed that Becker had filed a workers' compensation claim in another state and that he was affiliated with a restaurant. The SIU secured several leads and witnesses from the Frackville Police Department in Pennsylvania. The investigation resulted in the identification of numerous employers where Becker worked while receiving PTD benefits, including a restaurant which he leased and operated until it burned down. When interviewed, Becker confessed to his work activities and even provided the identity of an additional conflict employer. The investigation identified 10 conflict employers — the majority of which involved truck driving, Becker's occupation at the time of his work-related injury. The investigation also determined that Becker had returned to work just three weeks after he was granted PTD benefits. The SIU's investigation precluded the approval of a pending \$160,000 settlement with Becker, as well as a lump sum advance payment. Becker's PTD benefits were terminated, he was found to have been overpaid more than \$98,000, and a finding of fraud was granted. On Jan. 23, 2003, Becker was indicted on one fourth-degree felony count of workers' compensation fraud. The subject is awaiting trial on the criminal charges.
- **Working while receiving benefits: Lee R. Morris, Jr.** — A cross match conducted by AD&I with the State of Florida revealed that wages had been reported for Morris for a time period he received PTD benefits from BWC. A private investigation firm operating in Florida failed to secure evidence of Morris' work activity. Nonetheless, the SIU continued its long-distance investigation, securing the assistance of several law enforcement agencies in Florida, many of which secured payroll and employment documentation and obtained statements from witnesses. As a result of the special agent's persistence and the cooperation of other law enforcement agencies, the investigation found that Morris was driving a semi tractor and trailer while receiving PTD benefits. Morris's PTD benefits were terminated, he was found overpaid \$123,309 and a finding of fraud was granted.
- **False claim: Allen Greene** — A fraud hotline source alleged that Greene had filed a false claim, reporting to BWC that he stated he sustained a work-related injury when he was allegedly robbed and carjacked while operating a company truck in Huber Heights. An informant contacted local authorities to report the carjacking scheme, alleging that Greene had falsely reported that an unknown assailant beat and robbed him of the company vehicle, which contained \$3,500 of the company's cash. An investigation conducted by the Huber Heights Police Department determined that Greene and his son, Allen Harris, planned and staged the carjacking. As a result of the SIU investigation, Greene's claim was denied. For his participation in the

carjacking scheme, Greene was convicted on one fourth-degree felony count of grand theft of a motor vehicle and one fifth-degree felony count of theft (\$500). On March 6, 2003, Greene was sentenced by the court to serve 17 months in jail in Madison (County) Correctional Institution.

Toledo/Lima SIU

Savings identified:	\$8,560,151
Subjects referred for criminal prosecution:	30
Subjects indicted:	21
Subjects convicted:	16

The cases below are noteworthy.

- **Deceptive marketing practices: Quest Chiropractic** — The SIU received numerous complaints alleging that Quest Chiropractic engaged in deceptive solicitation and telemarketing activities. Numerous interviews and a report of investigation were completed, documenting the deceptive practices of the provider. The case was forwarded to BWC’s Legal Division for review, and the provider was subsequently scheduled for a de-certification hearing. Effective March 20, 2003, Quest Chiropractic voluntarily withdrew from its provider agreement with BWC.
- **Illegal gambling operation activities: Charles “Slim” Lake** — The allegation was referred to the Toledo SIU by a BWC Employer Operations Division staff member, based on a news report that Lake had been arrested for running an illegal gambling operation to benefit his church, God’s Church of the Streets. An investigation conducted with the Ohio Bureau of Criminal Investigation and Identification and the Toledo Police Department determined that Lake operated a substantial ministry while receiving PTD benefits from BWC. The investigation found that Lake sponsored day-long events for his church members each Sunday, ran multi-day gambling events, and a financial program. The financial program was determined to be a loan-sharking operation, and Lake was subsequently convicted in Lucas County Common Pleas Court on two counts of engaging in corrupt activity. In an interview with SIU personnel, Lake acknowledged that he had the trust of his church members, and therefore, managed the church’s funds. Lake’s PTD benefits were terminated and a finding of fraud was granted. Lake pled guilty to one fourth-degree felony count of workers’ compensation fraud. On Oct. 15, 2002, Lake was sentenced by the court to serve nine months of incarceration and to pay all investigative costs.

Youngstown/Warren SIU

Savings identified:	\$6,225,724
Subjects referred for criminal prosecution:	19
Subjects indicted:	9
Subjects convicted:	10

The cases below are noteworthy.

- **Working while receiving benefits: Timothy Panko** — The Warren SIU received an allegation that Panko operated a business in an adjacent state while receiving TTD benefits. An extensive investigation, including surveillance, interviews and the review of financial records, found that Panko had started his business, Panko Construction and Trimmery, in Pennsylvania in March 2000. Panko was found overpaid and a finding of fraud was granted. Panko pled guilty to one fifth-degree felony count of workers' compensation fraud. On Jan. 23, 2003, Panko was sentenced by the court to serve five years of community control and to pay \$19,479 in restitution, the overpayment balance Panko owed to BWC.
- **Working while receiving: Robert Bunea** — The Warren SIU received an allegation that Bunea was operating a bear-hunting business in Moffett (Quebec), Canada while receiving PTD benefits. The SIU completed investigative activities, including the review of financial and insurance records, undercover operations and interviews with witnesses and Bunea. The investigation found that Bunea had been a part owner and operator of Rainbow Bay Camp, a bear-hunting camp. After selling this business, Bunea co-owned and operated a second camp called Camp Dennis. In addition to being a part owner in both businesses, Bunea worked as a professional outfitter – a hunting guide – earning \$750 per hunter. One of his job duties was to drag bear carcasses, each weighing from 200 to 600 pounds. Bunea's PTD benefits were terminated and he was found overpaid \$174,293.

Appendix A:

Training completed by special investigations staff

- Advanced Presentations
- ASP / Mace Certification Program
- ASP / Mace Instructor
- ASP / Mace Re-certification Program
- Attorney General Conference on Law Enforcement
- Attorney General's Office – 2003 Conference on Law Enforcement
- Basic Risk Training for Employer Operations
- BWC Special Investigations and HIPAA Videoconference
- Cambridge System
- CD Creator Training
- Claims Law
- Claims Reactivation
- Claims Training
- Court Processes & Procedures
- CPT and ICD-9 Medical Coding for Insurance
- Customer Service Training
- Cyber Crime Task Force Overview Videoconference (SID Training Committee)
- Cybernetics
- Defensive Driving
- Digital Online Guidance System (DOGS) Training
- Domestic Violence In The Workplace (Columbus Coalition Against Family Violence)
- Drug-Free Workplace/Reasonable Suspicion Training Videoconference
- EEO Awareness
- EEO Leadership Update Training
- Elurra II Surveillance Cameras Videoconference (SID Training Committee)
- Emotional Intelligence
- Employer Investigations (SID Training Committee)
- English & Report Writing
- Evidence Training: Rules of Evidence
- Field Training Officer (FTO) Program
- Financial Investigations
- Fraud Investigation Methods (Columbus Police Department)
- Fugitive Task Force
- Grant Writing and Beyond (Ohio Criminal Justice Services Office)
- Health-care Training
- HIPAA Medical Records Privacy
- HIPAA Videoconference (U.S. Attorney's Office in Cleveland)
- Hospital Audit Training
- International business course
- Laws & Rules Directly Affecting Nursing Practices in Ohio
- Leadership Training

Appendix A:

Training completed by special investigations staff

- LEADS 2003 New Application TAC Training
- LEADS CCH Operator Training
- LEADS CCH Operator Training: New System Application
- Management/Leadership (sponsored by Fred Pryor Seminars)
- Microsoft Access
- Microsoft Excel
- Microsoft PowerPoint Fundamentals
- Microsoft PowerPoint Level 2
- Microsoft Word
- Midwest Law Enforcement Vendor Fair & Training Conference (Ohio Department of Public Safety)
- National Association of Drug Diversion Investigators Seminar
- National Managed Health Care Congress (NMHCC) 2003
- OCSEA Contract Training
- Ohio Bureau of Workers' Compensation Budget Training
- Ohio Rehabilitation Convention
- Ohio Rules of Evidence
- Operation Risky Business Phase I Roll-out Training
- Overpayment of Compensation
- OxyContin Training
- OxyContin Videoconference (SID Training Committee)
- Paperless Workflow Training
- Request for Leave Training
- Safety — Communications
- Supervisory Skills: Excelling as a First Time Supervisor
- Tracing the Money Trail (Columbus Police Department)
- Version 3 (V.3) Training — Building & Adjusting Compensation
- V.3. Training — Notes Entry Training
- V.3. Updates
- WCIS Fundamentals for Special Investigations Staff

Appendix B:

Associations of which special investigations staff are members

- American Bar Association
- American Society for Industrial Security
- American Society of Law Enforcement Trainers
- Association of Certified Fraud Examiners
- Central Ohio Financial Investigators Association
- Central Ohio Investigative Network
- Columbus Bar Association
- Covert Operations Program Specialists
- Crime Clinic
- Crime Stoppers
- FBI Agents' Association
- Health Care Fraud Task Force
- High Technology Crime Investigation Association — Ohio Chapter
- International Association of Law Enforcement Intelligence Analysts
- International Association of Special Investigation Units
- Metropolitan Crime Bureau
- Narcotics Association of Regional Coordinating Officers
- National Association of Drug Diversion Investigators
- National Association of Executive Secretaries
- National Health Care Anti-Fraud Association
- National Technical Investigation Association
- National White Collar Crime Center
- Northern Ohio Financial Investigators Association
- Ohio Insurance Fraud Task Force
- Ohio Investigators Association
- Ohio Peace Officer Training Commission
- Ohio Society of Certified Public Accountants
- Ohio State Bar Association
- Toledo Area Bank Security

Appendix C:

Operation Risky Business — Noteworthy investigations

Little Blessings Day Care	Lapsed coverage status from Sept. 1, 1991, to June 26, 2002
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An AD&I crossmatch of claims filed against lapsed coverage risk accounts suggested that Little Blessings Day Care was operating without BWC coverage. Little Blessings Day Care's coverage allegedly lapsed on Sept. 1, 1991, yet subsequently three claims were filed against the business. An investigation by the Mansfield SIU determined that Little Blessings was operating without the required BWC coverage. On Feb. 7, 2003, criminal charges for failure to carry workers' compensation coverage were filed against Little Blessings Day Care in Mansfield Municipal Court, but were ultimately dismissed as the business began making payments to BWC to reinstate coverage. The prosecutor advised the owners of Little Blessing Day Care that if they fail to continue to make payments to BWC, the charges will be re-filed. Little Blessings Day Care has Reinstated (active) coverage, effective June 26, 2002.

Risk department's calculation of premium owed:	\$15,328
Amount recovered to date:	\$15,328

Quality Repair	Lapsed coverage status from March 1, 1999, to Nov. 17, 2002
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An allegation was received that Quality Repair's BWC coverage had had lapsed and business officials attempted to reinstate their coverage hours after a worker fell from a roof and suffered a catastrophic injury. Investigation found that Quality Repair's coverage lapsed on Sept. 1, 1998. No claims had been filed against the risk until May 10, 2002, when an employee of Quality Repair fell from a roof. The accident occurred early in the morning on May 10, 2002. At approximately 1:00 PM, after the fall had occurred, a credit card payment was executed by the employer in an attempt to secure reinstatement of coverage, effective May 10, 2002. Coverage was not reinstated at that time, due to the SIU's investigation. Wood pled no contest in Cuyahoga Falls Municipal Court to one second-degree misdemeanor count of failure to comply with workers' compensation law. On Dec. 5, 2002, Wood was sentenced by the court pay to \$500 in fines and to secure coverage. Quality Repair has reinstated (active) coverage, effective Nov. 18, 2002. The claim costs for the no-coverage claim, as of Jan. 30, 2003, exceeded \$165,000.

Risk department's calculation of premium owed:	\$98,256
Amount recovered to date:	\$17,093

Stark Systems Inc.	Lapsed coverage status from Sept. 1, 1995, to Sept. 12, 2002
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Information was received that alleged Stark Systems Inc., was falsifying dates on BWC certificates. The investigation found that Stark Systems. was owned by William Stenger. Investigative activities included witness interviews, which led to an interview with Stenger. He admitted to falsifying the certificates for the purpose of securing jobs that he wouldn't have gotten without current BWC coverage. On Sept. 16, 2002, Stenger pled guilty in Stark County Court of Common Pleas to one minor misdemeanor count of falsification. Stenger drove that same day to Columbus to pay the Attorney General Revenue Recovery Section the \$21,643 balance that he owed to BWC. Stark Systems has reinstated (active) coverage, effective Sept. 13, 2002.

Risk department's calculation of premium owed:	\$21,578
Amount recovered to date:	\$21,578

Appendix C:

Operation Risky Business — Noteworthy investigations

D & E Prof. Con. Inc.**Lapsed coverage status from Sept. 1, 1991, to Dec. 31, 2002**

This allegation was reported by an anonymous source, who faxed a copy of a falsified BWC certificate to the Akron SIU. D & E Prof Con Inc. was a large construction/general contractor firm which falsified BWC certificates under the names of D & E Prof. Con. BWC obtained three altered and falsified certificates. The investigation found that D & E Prof. Con had lapsed coverage in 1991. President Carl Curtis pled guilty in Portage County Court of Common Pleas to one third-degree felony count of forgery. On March 3, 2003, Curtis was sentenced by the court to serve 100 hours of community service and to pay \$100,000 in restitution within 30 days of sentencing and a \$2,500 fine. On March 14, 2003, BWC received the court-ordered \$100,000 in restitution. D & E Prof. Con has final cancellation coverage, effective Jan. 1, 2003.

Risk department's calculation of premium owed:**\$189,288****Amount recovered to date:****\$100,000****Ashland Florist****Lapsed coverage status since Sept. 1, 2000**

Based on an AD&I cross match, it was determined that further investigation was needed to determine if the Ashland Florist was currently operating without BWC coverage. Ashland Florist had lapsed BWC coverage for several time periods, including since Sept. 1, 2000. The business had two claims filed against its risk during periods when its coverage status was lapsed. When interviewed, owner Kim McNeely admitted that she knew she was required to have BWC coverage, and was unsure if she had coverage. While the special agent was interviewing the owner, an employee motioned for the special agent to contact her (the employee) later. The special agent later talked to the employee who indicated that the owner was lying to BWC at the initial interview. McNeely pled guilty to one second-degree misdemeanor count of failure to carry workers' compensation coverage. On March 10, 2003, McNeely was sentenced by the court to serve 90 days of incarceration (suspended) and to pay \$3,043 in restitution and \$193 in costs and fines.

Risk department's calculation of premium owed:**\$3,007*****North Central Automotive Inc.*****Lapsed coverage status since Sept. 1, 2000**

An AD&I crossmatch of claims filed against lapsed coverage accounts suggested that North Central Automotive Inc. was operating without BWC coverage. An interview with Kelly Haupricht, secretary, office manager and wife of the owner, Herman Haupricht, revealed that she knew they were required to have BWC coverage. North Central Automotive had lapsed coverage status during numerous time periods, including since Sept. 1, 2000. Kelly Haupricht pled no contest in Ashland Municipal Court to one second-degree misdemeanor count of failure to comply with workers' compensation law. On Jan. 13, 2003, Kelly Haupricht was sentenced by the court to serve 60 days of incarceration (suspended), one year of community control, to maintain current coverage as part of her probation, and to pay \$150 in costs.

Risk department's calculation of premium owed:**\$130,254****Amount recovered to date:****\$3,651**

Appendix D:

Collaborations with other BWC departments

- Akron, Canton and Mansfield SIU staff founded Operation Risky Business — a joint partnership among BWC personnel in the special investigations risk departments, the Office of the Attorney General of Ohio and local prosecutors. The project focuses on businesses operating with lapsed workers' compensation coverage or without coverage who continue to file workers' compensation claims, and employers operating without coverage who forge BWC certificates to give the impression their coverage is current.
- The health care provider team (HCPT) staff participated in the recent BWC Employee Summits that resulted in the development of the Apollo Project.
- Columbus SIU staff participated on the M.C. Hammer QStP team, refining procedures for the handling and housing of claims that require multiple claim files.
- A Portsmouth SIU staff member participated on the Version 3 BWC orders and correspondence team.
- A Youngstown SIU staff member participated in a QStP program addressing the proper handling of the annual part-time disability "Are you working?" letters and fraud allegation referrals to SIUs.
- Fraud hotline team members conducted three fraud hotline orientation and training sessions for 28 customer-assistance agents.
- HCPT members developed and delivered presentations within the BWC transitional work developers' accreditation and re-accreditation seminars.
- Fraud hotline team members participated in the enhanced Web design, development, testing and implementation of a fraud allegation form, fraud red flags and other fraud content for the Dolphin Project.
- HCPT members participated in the billing sub-committee of the Vocational Rehabilitation Summit and were instrumental in the development of new billing codes and processes designed to reduce BWC's loss exposure.
- Members from several SIUs facilitated sessions at BWC's Workers' Compensation University (WCU).
- Bridgeport/Zanesville SIU members serve on their respective service office safety committees.
- Columbus SIU members attend each office's all-hands meetings, assisted with publishing a monthly magazine and held monthly meetings with the respective service office managers.
- Columbus SIU members designed and furnished placards for Columbus claims services specialists to encourage and support fraud allegation referrals.
- Columbus SIU members served on the Columbus safety committee.
- Columbus SIU members worked with the accounts payable department to amend the remittance advice letter that is generated when compensation is issued in a claim. The letter was updated to include a fraud warning, and is a document that can now be utilized by SID staff and the Office of Attorney General of Ohio when prosecuting individuals for workers' compensation fraud.
- Dayton/Springfield SIU and Youngstown SIU members interacted with the general public and BWC staff in all customer service offices to enhance understanding of the special investigations department's role and how anti-fraud efforts relate to the work of other departments.
- The special investigations department marketing committee worked with the communications department to write and design materials to disperse when interacting with employers, financial institutions, pharmacies and law enforcement agencies.
- Many SIUs conducted the special investigations ride-along program, where BWC staff observed selected field investigative activities.
- Many SIUs participated in the statewide managed care organizations' file swap.
- Several SIUs conducted fraud red flag training and participated in claim services specialist (CSS) chats.
- Several SIUs evaluated the impact of the Micro Insurance Reserving Analysis (MIRA) system methodology on SID actuarial calculations.

Appendix D:

Collaborations with other BWC departments

- Several SIUs provided investigative updates to their respective service office staffs at monthly staff meetings, furnishing information related to specific cases and securing additional assistance, as needed.
- SIUs participated in the BWC claim file inventory project.
- SIUs participated in the statewide Combined Charitable Campaign, with a member of the fraud hotline team coordinating the special investigations department's campaign.
- Cincinnati SIU members conducted a fraud presentation for the performance support services department's new employee orientation training class.
- Cleveland area SIUs initiated drug projects with their respective service offices. After identifying the top narcotic claimants associated with each service office, SIU members initiated drug reviews with the assistance of claims staff.
- The Columbus SIU successfully responded to a request by Columbus North Customer Service Office staff to assist the City of Columbus to take a more proactive stance in the fight against workers' compensation fraud.
- The Columbus SIU special agent in charge met with the Industrial Commission of Ohio (IC) members and introduced the concept of filing interactive reports of investigation with hearing officers and all parties associated with a claim.
- The Columbus SIU special agent in charge provided the IC hearing officers with an overview of workers' compensation fraud and the methods utilized by SIU personnel to investigate allegations.
- The fraud hotline team and an Information Technology Division staff member implemented Rockwell Convergence hardware and software to establish computer telephony interfaces for all fraud hotline team members, connecting the fraud hotline to all BWC Customer Contact Centers.
- The fraud hotline team worked with BWC Customer Contact Centers' management to design, develop and implement enhancements to the automated call distribution menu structure for the 1-800-OHIOBWC telephone line. The fraud hotline team implemented an auto-attendant for the telephone service's fraud option on this line.
- The Springfield/Dayton SIU special agent in charge conducted 48 training presentations to service offices, safety councils and business groups throughout Ohio. The training topics included Workers' Compensation University, BWC fraud procedures, fraud red flags and violence in the workplace.
- The Youngstown SIU created and automated a report that identifies all fraud referrals to SIUs by claims services specialists, in order to assist the field SIUs in effectively communicating with local claims-management staff regarding the status of referred fraud allegations.
- A member of the fraud hotline team worked with the supervisor of internal audits and a BWC attorney in the legal operations department's contracts unit to create a federal work-study program contract with The Ohio State University, whereby the regular payroll of eligible internal audit college interns will be completely funded by the federal government. Each student will be paid for 20 work hours per week at \$9.65 per hour, for a maximum of \$4,000 annually.
- Fraud hotline team members worked with the controller department to create the department's fiscal year 2003 budget request.
- AD&I staff worked with the Information Technology Division and Customer Contact Center staff to improve the handling of potential threats to Dolphin e-commerce, implementing an incident response procedure.

Appendix E:

Investigations were conducted with the following agencies

- Adams County Prosecutor's Office
- Anthem Blue Cross & Blue Shield
- Athens County Prosecutor's Office
- Blackford County Sheriff's Office in Indiana
- Brookpark Police Department
- Champaign County Sheriff's Office
- Cincinnati Police Department
- Clark County Sheriff's Office
- Clermont County Department of Job and Family Services
- Columbus Police Department
- Columbus Police Department's Narcotics Unit
- Cuyahoga County Prosecutor's Office
- Federal Bureau of Investigation
- Gallia County Prosecutor's Office
- Greenup County Sheriff's Office
- Hamilton County Department of Job and Family Services
- Hartford City Police Department in Indiana
- Health Care Fraud Task Force
- Highland County Prosecutor's Office
- Identity Fraud Workgroup
- Internal Revenue Service
- Jackson County Prosecutor's Office
- Jackson Police Department
- Kenton Police Department
- Kentucky Department of Insurance's Fraud Division
- Lake County Drug Task Force
- Lawrence County Sheriff's Office
- Lorain County Drug Task Force
- Lorain County Probation Office
- Lucas County Sheriff's Office
- Mahoning County Sheriff's Office
- Mahoning Valley Law Enforcement Task Force
- Medical Mutual of Ohio's Fraud Division
- Medicare
- Monroe Police Department in Michigan
- Monroe County Sheriff's Office in Michigan
- Montgomery County Sheriff's Office
- Northwood Police Department
- Office of Attorney General of Ohio
- Ohio Board of Pharmacy
- Ohio Bureau of Criminal Investigation and Identification
- Ohio Bureau of Motor Vehicles's Investigative Unit

Appendix E:

Investigations were conducted with the following agencies

- Ohio Department of Agriculture
- Ohio Department of Insurance
- Ohio Department of Job & Family Services
- Ohio Department of Liquor Control
- Ohio Department of Rehabilitation and Correction
- Ohio Department of Taxation
- Ohio Department of Youth Services (DYS)
- Ohio Lottery Commission
- Ohio Medicaid's Fraud Control Unit
- Ohio Medical Board
- Ohio State Board of Pharmacy
- Ohio State Chiropractic Board
- Ohio State Highway Patrol
- Ohio State Medical Board
- Parma Police Department's Drug Unit
- Pennsylvania Workers' Compensation's Fraud Prevention Authority
- Perrysburg Township Police Department
- Pike County Prosecutor's Office
- Piketon Police Department
- Ross County Prosecutor's Office
- San Diego Coroners Office in California
- San Diego Police Department in California
- Scioto County Prosecutor's Office
- Scioto County Sheriff's Office
- Social Security Administration's Fraud Division
- Southern Ohio Law Enforcement Drug Task Force
- Springfield Police Department's Narcotics Unit
- Steuben County Indiana Sheriff's Office
- Strongsville Police Department's Drug Unit
- Toledo Police Department
- Trumbull County Drug Task Force
- Twinsburg Police Department
- U.S. Attorney's Office
- U.S. Attorney's Office, Health Care Fraud Task Force — Northern District of Ohio
- U.S. Attorney's Office, Health Care Fraud Task Force — Southern District of Ohio
- U.S. Drug Enforcement Agency
- U.S. Marshall's Service
- U.S. Office of Inspector General
- U.S. Postal Inspector's Office
- UNUM Provident Insurance Agencies
- Various county drug task forces
- Various company human resources and/or safety departments

Appendix E:

Investigations were conducted with the following agencies

- Various local law enforcement agencies
- Various state workers' compensation fraud units
- Waterville Police Department
- West Virginia Workers' Compensation's Fraud & Investigations Unit
- Westshore Enforcement Bureau
- Wood County Sheriff's Office

Appendix F:

Interactions with key stakeholders

- The director of investigations conducted fraud presentations at statewide Workers' Compensation University (WCU) and Public Employer meetings.
- The director of investigations conducted fraud presentations at the Northwest Self Insured Association and to self-insuring employers.
- Fraud hotline team members participated in the enhanced design, development, testing and implementation of a fraud allegation form, fraud red flags and other fraud content for the Dolphin Project.
- Health care provider team (HCPT) members developed and delivered presentations within the BWC transitional work developers' accreditation and re-accreditation seminars.
- Several special investigations units (SIUs)' members facilitated sessions at WCU.
- Cincinnati SIU members conducted an SIU presentation for the Industrial Commission of Ohio (IC) hearing officers and selected staff members.
- SIU members, in conjunction with the Cincinnati Customer Service Office manager, coordinated and conducted fraud red flag training.
- The special investigations marketing committee worked with the communications department to write and design materials to be utilized when interacting with employers, financial institutions, pharmacies and law enforcement agencies.
- The Columbus North Customer Service Office asked the Columbus SIU to assist the City of Columbus to take a more proactive stance in the fight against workers' compensation fraud. In addition to developing a working relationship with the city, SIU members provided training to the city's safety managers and conducted fraud presentations for the city's refuse and engineering division employees.
- The Columbus SIU special agent in charge provided IC hearing officers with an overview of workers' compensation fraud and methods utilized to investigate allegations.
- The director of the special Investigations department conducted a fraud presentation for the Delaware County Safety Council.
- The Springfield/Dayton SIU special agent in charge conducted 48 training presentations to service offices, safety councils and business groups throughout Ohio. Topics included WCU, BWC fraud operations, fraud red flags and violence in the workplace.
- Youngstown SIU members contacted local employers that have a large quantity of claims, to propose, schedule and conduct fraud presentations.
- Fraud hotline team members coordinated the compilation, editing and publication of the special investigations department's fiscal year 2002 annual report and commenced the compilation and editing of this report.
- As a member of the Ohio Security Task Force, the director of investigations participated on a security/terrorism panel and security forum. He also met with the lieutenant governor and state security coordinators to review current threat levels.
- A special investigations manager facilitated a workers' compensation seminar in Columbus for attorneys securing continuing legal education (CLE) credits.
- The director of investigations met with several members of West Virginia workers' compensation program and provided technical, operational and managerial recommendations.

Fiscal year 2003

BWC's special investigations department

Performance

- Identified \$704,838,980 in savings during 10 years of operation — since July 1993.
- Improved performance in fiscal year 2003 versus fiscal year 2002 and fiscal year 2001:

Category	FY 2003	FY 2002	% of change FY 2002 to FY 2003	FY 2001	% of change FY 2001 to FY 2003
Identified savings	\$102,050,979	\$98,846,353	3.2%	\$88,660,725	15.1%
Return on expenditures	\$9.17	\$9.16	0.1%	\$8.39	9.3%
Prosecution referrals	306	312	-1.9%	256	19.5%
Indictments	166	127	30.7%	88	88.6%
Convictions	148	117	26.5%	80	85.0%
Allegations received	6,282	6,143	2.3%	5,375	16.9%
Closed cases	3,227	3,206	0.7%	3,253	-0.8%
Founded cases %	41.6%	42.7%	-2.6%	39.6%	5.1%
Net cases pending	1,847	1,826	1.2%	1,728	6.9%

Projects

- **Project Oxy** — For the second year, the department's the automated detection & intelligence team (AD&I) reviewed claims data and referred allegations to special investigations units (SIUs) for claimants prescribed OxyContin in a pattern that suggests drug trafficking, fraud or abuse. During fiscal year 2003, AD&I referred 281 OxyContin allegations and generated more than \$2,115,593 in identified savings. To date, 443 referrals to SIUs have resulted in 231 closed investigations and over \$8,521,949 in identified savings. In addition, this project generated five prosecution referrals, three indictments and one conviction. Currently, 194 cases are under investigation.
- **Operation Risky Business** — This new initiative, implemented during fiscal year 2003, resulted in the identification of \$917,133 in estimated premiums and the recovery of \$159,186. In just a matter of months, 62 cases were closed, 15 subjects were referred for criminal prosecution, and eight subjects were convicted. At the end of fiscal year 2003, 44 open investigations were associated with this project.

Other Notable Accomplishments

- In its second year, BWC's Cyber Crime Task Force generated forensic examination of approximately 300 gigabytes of data pertaining to 10 cases.
- BWC's Fugitive Task Force assisted in returning 41 fugitives to courts to face charges. These fugitives were responsible for \$255,637 in overpayments.
- The health care provider team (HCPT) identified \$12,264,092 in savings during fiscal year 2003. In the last decade, more than \$100 million in savings has been identified. To further combat provider fraud, the department launched a Regional Health Care Provider Fraud Task Force dedicated to detecting and investigating provider fraud.
- A decrease in average investigative times, as measured by elapsed days:

Category	FY 2003 (days)	FY 2002 (days)	Change (days)	% of change FY 2002 to FY 2003	FY 2001 (days)	% of change FY 2001 to FY 2003
New allegation to open case	10.1	11.3	-1.2	-10.6%	15.7	-35.7%
Open case to closed case	215.2	229.3	-14.1	-6.1%	252.8	-14.9%
New allegation to closed case	225.3	240.7	-15.4	-6.4%	268.5	-16.1%

- Recovery of \$2,303,081 from fraud investigation subjects during fiscal year 2003.