

The Crime of Workers' Compensation Fraud

Fraud is a felony that must be stopped -- and you can help.

WHAT IS FRAUD?

Workers' compensation fraud occurs when someone knowingly, with intent to defraud, makes a false, material statement related to a workers' compensation claim or workers' compensation insurance.

Workers' compensation fraud is a class E felony, punishable by fines and/or prison time. Subsequent violations are a class D felony. Employers who fail to keep accurate records are subject to a fine.

The Office of the Fraud Inspector General is charged with investigating allegations of fraud by any party to the workers' compensation system, including employers, health care providers, insurance carriers, attorneys, and employees.

WORKERS' COMPENSATION FRAUD IS A FELONY!

**TO REPORT FRAUD,
CALL 1-888-363-6001**

FRAUD HAS MANY FACES

The New York State Workers' Compensation Board makes a concerted effort to root out fraud and reduce system costs, through the Office of Fraud Inspector General. The investigation and prosecution of fraudulent claims is bringing greater integrity to the system, while helping to reduce unwarranted costs even further.

Fraud has many faces. People who inflate or misrepresent a claim or submit a false claim are committing fraud. People who get hurt participating in a leisure activity on Sunday and report it on Monday as a work-related accident are committing fraud. Employers who misclassify their employees or payroll are committing fraud. Health care providers who submit false medical reports or inflated bills are committing fraud. Attorneys who solicit a person to file a false claim, or insurance carriers who alter evidence to support a denial of benefits, are committing fraud.

Fraud hurts everyone. It affects a company's bottom line, and therefore it affects all the employees. Money that could be used to hire additional staff or increase employee wages is diverted to pay for increased premiums. Employers pass these increases on to their customers in the form of higher prices. In the end, we all pay a price for fraud.

Common forms of fraud.

EMPLOYER FRAUD

- ◆ An employer knowingly misrepresents the truth in order to avoid, deny or obtain compensation on behalf of employees, or knowingly lies about entitlement to benefits to discourage an injured employee from pursuing a claim.
- ◆ An employer knowingly lies in order to obtain, maintain or renew a workers' compensation insurance policy.

EXAMPLES OF EMPLOYER FRAUD

- Lying about the job risk or exposure by under-reporting payroll; misclassifying payroll; or lying about company ownership to avoid a higher experience modification.
- Not telling an employee that workers' compensation benefits are available from Day 1.

HEALTH CARE PROVIDER FRAUD

- ◆ Any verbal or written lie that forms the basis of any billing for services of benefits in the workers' compensation system.
- ◆ Can be perpetrated by any provider in the system, such as doctors, rehabilitation counselors, pharmacists, or chiropractors.

EXAMPLES OF PROVIDER FRAUD

- Billing for exams of patients who were never examined, or for treatment never rendered.
- Duplicate billing and/or receiving payment from different insurance carriers for the same treatment - and not making restitution.

INSURANCE CARRIER FRAUD

- ◆ A claims representative purposely misrepresents the truth in order to either deny or support a claim; or offers or accepts any form of consideration for the referral or settlement of a claim.

EXAMPLES OF CARRIER FRAUD

- Accepting a gift from a doctor's office in exchange for an implied promise of patient referrals.
- Altering the evidence in a claim in order to support a denial of benefits.

ATTORNEY FRAUD

- ◆ Occurs when an attorney/licensed representative knowingly misrepresents the truth in order to either secure or deny compensation for their clients and/or themselves.

EXAMPLES OF ATTORNEY FRAUD

- Knowingly assisting a client in pursuing a false claim.
- Soliciting a person to file a false claim.

EMPLOYEE FRAUD

- ◆ Occurs when an employee knowingly, either verbally or in writing, lies about, or causes another to lie about, a material fact.
- ◆ The lie must be knowingly made. An inadvertent or unintentional misstatement is not fraud.
- ◆ The lie must be material to the claim.

EXAMPLES OF EMPLOYEE FRAUD

- Filing a claim for an injury that did not occur on, or has no relation to, the job.
- Lying about work status when questioned directly, such as at a deposition or hearing, or on a recertification letter.

**Office of the Fraud Inspector General
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