

INDICATORS OF WORKERS' COMPENSATION FRAUD

Most claims are legitimate, but many are inflated or fraudulent. These indicators or fraud possibility factors should help isolate those claims meriting closer scrutiny. No one indicator by itself is necessarily suspicious. Even the presence of several indicators, while suggestive of possible fraud, does not mean that a fraud has definitely been committed. Indicators are “red flags” only and not actual evidence.

The Claimant, Prior Work History and Current Work Status

1. Employee is disgruntled, soon to retire, or facing imminent firing or layoff.
2. Employee is involved in seasonal work that is about to end.
3. Employee took unexplained or excessive time off prior to claim injury.
4. Employee takes more time off than the claimed injury seems to warrant.
5. Employee is nomadic and has a history of short term employment.
6. Employee is new on the job.
7. Employee is experiencing financial difficulties and/or domestic problems prior to submission of the claim.
8. Employee recently purchased private disabilities policies.
9. Employee changes physician when a release for work has been issued.
10. Employee has a history of reporting subjective injuries.
11. Review of a rehab report describes the employee as being muscular, well tanned, with callused hands and grease under the fingernails.
12. First notification of injury or claim made after employee is terminated or laid off.
13. Disputes the average weekly wage due to additional income (i.e. cash, per diem and/or 1099 income).
14. Has several other family members also receiving workers' compensation benefits or other “social insurance” benefits or unemployment.
15. Demands quick settlement decisions or commitments.
16. Demands quick payments for medical providers.
17. Is usually familiar with workers' compensation claim handling procedures and laws.
18. Is consistently uncooperative.
19. Surveillance or “tip” indicates that the totally disabled worker is currently employed elsewhere.
20. Employee has submitted substantial material misrepresentation on the employment application.
21. Employee comes to the office for delivery of benefit checks and avoids the use of the U.S. mail.
22. Employee refuses to allow visits or rehabilitation at home or specifies plenty of warning time prior to the visit.
23. Employee participates in contact sports or physically demanding hobbies.
24. After the injury, the employee is never home or spouse/relative answering the phone states the employee “just stepped out,” or may have to contact them by pager.
25. Return calls to the residence have strange or unexpected background noises which indicate it may not be a residence.

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26. Employee protests about returning to work and never seems to improve.
27. Employee cancels or fails to keep an appointment, or refuses a diagnostic procedure to confirm an injury.
28. Employee complains to carrier's CEO or executive management at the home office to press for payment.
29. Social Security number provided does not belong to the employee.

Circumstances of the Accident

1. Accident occurs late Friday afternoon or shortly after the employee reports to work on Monday.
2. Accident is not witnessed or the witness statement conflicts with the applicant's version.
3. Employee has leg/arm injuries at an odd time.
4. Fellow workers hear rumors circulating that the accident was not legitimate.
5. Accident occurs in an area where the injured employee ordinarily would not be.
6. Employer's first report of claim contrasts with description of accident set forth in medical history.
7. Details of the accident are vague or contradictory, have inconsistencies, or are not credible.
8. Incident is not promptly reported by the employee or supervisor.
9. Diagnosis is inconsistent with treatment.
10. Physician is known for handling suspect claims.
11. Treatment for extensive injuries is protracted though the accident was minor.
12. "Boilerplate" medical reports are incidental to other reports from the same doctor, do not identify by gender or get gender wrong.
13. Workers' compensation insurer and health carrier are billed simultaneously and payment is accepted from both.
14. Summary medical bills submitted without dates or descriptions of office visits.
15. Medical bills are submitted as photocopies of originals.
16. Extensive or unnecessary treatment for a minor.
17. Treatment directed to a separate facility in which the referring physician has a financial interest.
18. Referral for the treating/testing facility is close to the referring facility.
19. Treatment dates appear on holidays or other days that facilities would ordinarily not be open.
20. Employee is immediately referred for a variety of psychiatric tests, when the original claim involved trauma only. These claims usually are present with the vague complaints of "stress."
21. Inappropriate expensive medical equipment prescribed for the injury.
22. Alleged injury relates to a pre-existing injury or health problem.

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The Claimant's Attorney

1. Attorney becomes involved early in the claims process.
2. Attorney is known for handling suspicious claims.
3. Attorney lien or representation letter is dated the day of the incident.
4. Attorney threatens further legal action unless a quick settlement is made.
5. Attorney inquires about a settlement or buy-out early in the life of the claim.
6. Employee initially wants to settle with the insurer, but later retains an attorney with increased subjective complaints.
7. High incidence of applications from a specific firm.
8. Pattern of occupational type claims for "dying" industries, i.e. black lung, asbestos, wholesale claim handling by law firms and multiple class action lawsuits.
9. Same doctor/lawyer pair previously observed to handle this kind of injury.
10. Employee receives all mail by and through his or her attorney.

Through the courtesy of the National Insurance Crime Bureau, The Claims Pages has been granted special permission to reproduce these indicators of Casualty Fraud. Suspicious Claims should be referred to the NICB through the designated referral official in your company. The Nationwide NICB Hotline for reporting suspected insurance fraud or vehicle theft is 1-800 TEL – NICB.