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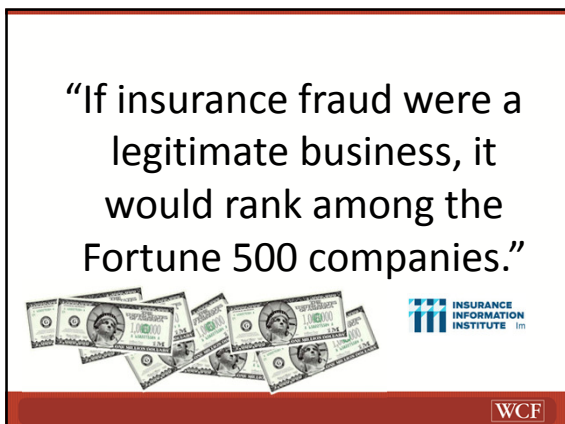
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## What is Insurance FRAUD?



**Fraud** — noun  
— origin from Ger  
— in-  
— am  
— aid  
— fraud (fread)  
— tended to result  
— or thing inten  
— DERIVATIVES

- Insurance fraud occurs when a person deceives an insurance company or their agent to collect money they are not entitled.
- It is rarely someone who deliberately fakes an accidental injury, theft, arson or other loss to illegally collect money from an insurance company.
- It is more often a otherwise “honest” person who rationalizes a lie or embellishment of a claim to obtain more benefits than they are legally entitled.

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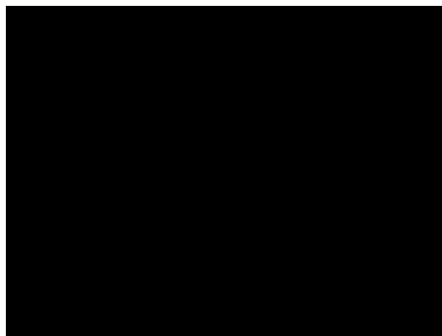
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## Where Would They Get Such an Idea?



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## Fraud is Big



- Insurance fraud is difficult to measure because much of it goes undetected. However the fraud that has been quantified is **alarming**.
- The *Coalition Against Insurance Fraud* Estimates Healthcare fraud alone costs Americans **\$54 billion** annually.
- According to the *Rand Institute of Civil Justice* more than one third of those injured in auto accidents **exaggerate** their injuries.
- According to the *American Medical Association* one third of doctors **exaggerate the severity** of a patient's illness to extend their stay in the hospital.

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## Economic Impact of Fraud



- Workers' compensation fraud costs American businesses an estimated **\$7.2 billion** annually (NICB).
- Insurance fraud is second only to tax evasion as the most costly white-collar crime taking Americans for about **\$40 billion** each year.
- That is **\$5,405.00** for each and every employer in the USA.
- It is estimated that **20%** of claims have elements of fraud or misuse (NCCI).



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## Societal Attitude Towards Fraud

- A significant element of our society believe insurance fraud is a "victimless" crime to justify and rationalize abuse.
- A pervasive "sense of entitlement" plays an increasing role.
- Insurance fraud is too frequently perceived as a civil dispute rather than a criminally fraudulent act.



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## Where is the Workers Compensation Criminal Fraud Statute Located?

*Every case that WCF submits will show each element of the offense*

### **34A-2-110 Utah Labor Code**

Workers' compensation insurance fraud is when

- A person intentionally, knowingly, or recklessly devises a scheme or artifice. . .by means of false or fraudulent pretense, representation, promise, or material omission, and
- communicates or causes communication with another in the furtherance of the scheme or artifice.

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34A-2-110 cont.

- Misclassify an employee to avoid the legal obligation of insurance coverage.
- Use a workers' compensation waiver to deprive an employee of workers compensation coverage.
- Collect or make a claim for temporary disability compensation while working for gain.
- Make or cause to be made a false written or oral statement with the intent to obtain insurance coverage at a rate that does not reflect the risk, industry, employer, or class code actually covered by the insurance coverage

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### Penalty UC 34A-2-110

A person is guilty of:

- **a class A misdemeanor:** if the value of the property, money, or other thing of value ... is less than \$1,000; or
- **a third degree felony:** if the value of the property, money, or other thing of value ... is equal to or greater than \$1,000, but is less than \$5,000; or
- **a second degree felony:** if the value of the property, money, or other thing of value ... is equal to or greater than \$5,000;

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### Not Elements of UC 34A-2-110

The following are not a necessary element of an offense described in Subsection (2):

- reliance on the part of a person;
- the intent on the part of the perpetrator of an offense described in Subsection (2) to permanently deprive a person of property, money, or anything of value; or
- an insurer or self-insured employer giving written notice in accordance with Subsection (5) that workers' compensation insurance fraud is a crime.

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## Claimant Fraud

- Malingering
- Double-Dip
- Drug Seeker
- Non-Industrial
- Self-Inflicted
- Prescription Card Abuse



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## Actual Surveillance Videos



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## Premium Fraud

- Employer misclassifying employees
- Under Reporting Payroll
- Workers Comp Certificate Fraud
- Exclusion Waiver (WCCW) Abuse
- Failure to report accidents to misrepresent actual Loss Experience



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## Provider Fraud

- Unbundling
- Improper Coding
- Services Not Rendered
- Equipment Misrepresentation
- Prescription Abuse



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## FRAUD

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### Investigation

- WCF Fraud detection software
- WCF Comprehensive criminal investigation
- WCF Surveillance
- WCF Web based investigation

### Seek Prosecution

- WCF Case presentation
- WCF Prosecutor relationship

### Education

- WCF Employers
- WCF WCF employees
- WCF Public



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## Investigation History



	2010	2011	2012	2013	2014
# of Surveillance Cases	398	281	374	362	241
# of Investigations Assigned	408	503	360	347	287

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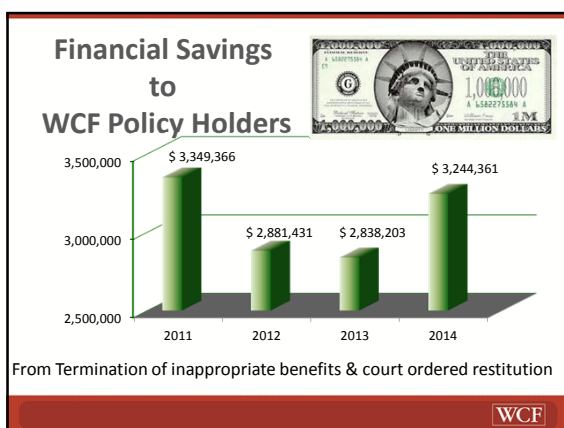
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### Education

- Public Presentations
- Billboards
- Policy holder contacts
- Media

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## What Can You Do?

- Recognize signs of potential fraud
- Report suspicious claims to WCF
- Recognize our common goal is to protect the benefits of legitimately injured workers
- Fraud Hotline Number :

**1-866-372-8350**



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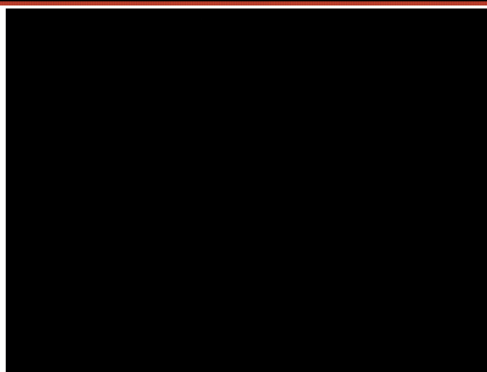
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