

Red Flags of Workers' Compensation Fraud

Always remember, that no red flag by itself is necessarily suspicious. Even the existence of several red flags, although indicative of possible fraud, does not necessarily mean that fraud is being committed.

Possible red flags may include:

If the worker:

- Is disgruntled, subject to disciplinary action, or facing a layoff
- Is involved in seasonal work that is about to end
- Is experiencing financial difficulties and/or domestic problems prior to claimed injury
- Changes medical providers when a release back to work is recommended
- Protests returning to work and never seems to improve
- Is involved in contact sports or physically demanding hobbies
- Has had multiple workers' compensation claims
- Is described in the medical notes as muscular, well-tanned, has calloused hands, etc. which may indicate the individual is working when they are allegedly disabled
- Works a second job or owns a business
- Can't be reached, is never home, or is never available when they are allegedly disabled

If the injury:

- Is not reported promptly
- Is reported after the employee is terminated or laid off
- Details are vague
- Lacks witnesses
- Details vary between what the worker and witnesses reported to the employer
- Leads to rumors that the accident was staged or didn't happen the way it was reported
- Occurs in an area where the worker would not normally be working
- Is not associated with the workers job duties (example: an office worker should not be lifting heavy objects)
- Occurs late on a Friday afternoon (especially if not reported until Monday) or early on a Monday morning (indicating the injury may have occurred over the weekend)

If the employer:

- Discourages a worker from filing a workers' compensation claim
- Falsely claims employees are independent contractors
- Is unwilling or unable to provide a WSI Certificate of Premium payment
- Reports less payroll to WSI in an effort to save on premium costs
- Pays wages in cash
- Reports fewer workers to WSI than they employ
- Reports wages under an incorrect wage classification to reduce premium costs (example: reports employing clerical workers rather than truck drivers because premium costs are lower for clerical workers)
- Continuously underbids other contractors because they report employees in lower-rated classifications or they do not have workers' compensation insurance

If the medical provider:

- Submits a medical diagnosis inconsistent with treatment
- Submits similar reports or evaluations for multiple patients
- Submits documentation that appears altered or manufactured
- Bills for services not performed
- Performs a single service but bills as a series of separate procedures
- Bills for more expensive treatment than what is performed
- Bills for one type of product but dispenses a cheaper version
- Charges a fixed fee per patient but does not provide a sufficient level of treatment
- Performs unnecessary treatment or tests to justify higher billing
- Receives financial incentives for patient referrals