

What Insurers Need To Know About Fraud

State law requires insurers or self-insured employers to report fraudulent activities to the Fraud Unit. The Unit encourages you to call and discuss potential cases with an investigator if fraud is suspected.

The law also provides that in the absence of fraud, malice or bad faith, no person providing information to the Fraud Unit will be subject to civil liability.

The insurer fraud referral form is on our website at www.dlt.ri.gov/wc and can be emailed to dlt.wcfraud@dlt.ri.gov or mailed to:

Workers' Compensation
Fraud Prevention and Compliance Unit
P.O. Box 20190
Cranston, RI 02920



FRAUD RESOURCES

The Department's website is a good resource for workers' compensation fraud information. The Fraud Unit will also meet with interested parties to discuss such issues as fraud detection and investigation, fraud prevention, and criminal prosecution of workers' compensation fraud.



RI Department of Labor and Training
Workers' Compensation
Fraud Prevention and Compliance Unit
P.O. Box 20190, Cranston, RI 02920
Phone: (401) 462-8100 #7 | Fax: (401) 462-8128
Email: dlt.wcfraud@dlt.ri.gov
www.dlt.ri.gov/wc

DLT is an Equal Opportunity Employer/Program. Auxiliary aids and services are available upon request to individuals with disabilities. TTY via RI Relay 711

MDF 08/15

Workers' Compensation Fraud Prevention and Compliance

Workers' Compensation Fraud



**What it is
and
How to prove it**



Fraud Prevention and Compliance....we take Fraud seriously!

HOW THE FRAUD UNIT INVESTIGATES FRAUD

The Rhode Island Workers' Compensation Fraud Unit investigates fraud allegations regarding all participants in the workers' compensation system including claimants, employers and insurance and medical professionals. In all criminal cases documentation is key. False statements are the basis for proving workers' compensation fraud.

False statements in claimant fraud cases are often based on the Report of Earnings form, benefit check endorsement and Independent Medical Examinations.

False statements in employer fraud cases are generally found in insurer audits and insurer communications with the employer.

When a fraud referral or tip is received the Unit will begin to analyze the information for criminal conduct and intent. Any case rising to the level of criminal activity is forwarded to the Attorney General for prosecutorial review.

REPORTING FRAUD

Anyone can provide a fraud tip to the Unit. Tips can be made anonymously and the identity of the person submitting the information will be kept confidential. Tips can be made by:

Fraud Hotline: (401) 462-8100 option #7

Email: dlt.wcfraud@dlt.ri.gov

Mail: RI Department of Labor and Training
Workers' Compensation
Fraud Prevention and Compliance Unit
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CLAIMANT FRAUD

Independent Medical Exams

The Fraud Unit advises that the following questions be asked and documented in all IME reports. False responses to these question can be the basis for a fraud prosecution.

- Have you returned to work since your injury?
- Have you worked in any capacity since your injury?
- What type of physical activities do you engage in?
- What do you do on a daily basis?

Report of Earnings Form

Claimants are required to report any earnings they receive while collecting benefits. The insurer or self-insured employer must send a Report of Earnings Form (ROE form, DWC-25) to the claimant to complete and return.

The ROE form should be sent to each claimant at reasonable intervals, but at least twice a year. The Fraud Unit encourages you to have claimants sign a ROE prior to settling a claim. ROE forms should be sent with a benefit check to prove receipt if the ROE is not returned initially.

Endorsement of Benefit Checks

The law requires that specific language be printed on the back of the benefit check. Each time the claimant endorses the check they are stating their entitlement to receive benefits.

A claimant and the insurance company can enter into an agreement providing for the electronic payment of workers' compensation benefits. The agreement provides notice to the claimant that by accepting the electronic payment they are stating their entitlement to benefits.

EMPLOYER FRAUD

Premium Fraud

Employers that intentionally provide false information to obtain workers' compensation insurance at less than the proper rate may be subject to criminal prosecution. Key documentation in proving premium fraud will be the auditor's report and the insurer's communications with the employer.

False Statements

Any employer that intentionally makes false statements to prevent an employee from obtaining benefits can be subject to prosecution. An employer that directs an employee to report a work injury as not happening on the job may face criminal charges.

FRAUD PENALTIES

The workers' compensation fraud statute provides for monetary penalties up to \$50,000 and/or imprisonment of up to five years for any person convicted of workers' compensation fraud.

EMPLOYERS WITHOUT WORKERS' COMPENSATION

Employers operating without workers' compensation insurance are subject to civil penalties of up to **\$1,000 per day for each day without insurance**. A criminal felony charge can also be filed and if convicted, the employer faces imprisonment of up to two years and/or a fine of up to \$10,000.