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SPYING ON YOUR EMPLOYEES

A VIOLATION OF PRIVACY LAW?

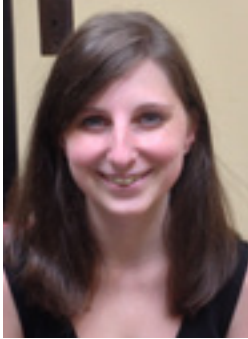
Fundamentals of Effective
Communication, Pt. 1

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By Caitlyn Scheuermann

A Guide to Workers' Compensation Fraud—Three Types of Fraud



An estimated \$97,466,500 in workers' compensation fraud was committed nationwide in 2012, according to an article on *workers-compensation.blogspot.com*. Workers' compensation fraud is not something that just affects those who are directly involved; it affects everyone. To compensate for fraud, insurers must raise their premiums to all their policyholders, and smaller businesses will feel the hit the hardest. Even with a crackdown on workers' compensation fraud, it is still one of the most costly forms of crime in America.

So what should you know about workers' compensation fraud? Let's start with the three main types of workers' compensation fraud: claimant/employee fraud, premium/employer fraud and healthcare provider fraud.

Employees lying about a claim

Claimant or employee fraud, the most commonly discussed form of workers' compensation fraud, occurs when the employee has knowingly falsified facts about an injury or illness to obtain benefits. Some examples of claimant fraud include:

- When a claimant misrepresents the severity of an injury
- When an employee claims that an illness or injury was the result of an incident in the workplace, when it was not
- When a claimant collects benefits while still continuing to work or participate in activities that would otherwise not be possible based on the extent of the reported injury

One case of claimant fraud became famous in 2012. A postal worker from North Carolina claimed that a shoulder injury sustained during work in 2004 prevented her from performing the job's required duties and began to collect benefits in 2005.

Four years later, while still collecting benefits, the claimant appeared on the TV game show, *The Price is Right*, and used all of her upper body strength, including her shoulders, to spin the prize wheel. This was documented not only on the show but also on the claimant's Facebook page. In 2012, the claimant

was indicted by the U.S. District Court for the Eastern District of North Carolina.

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Owners lying about the company

Premium or employer fraud is the most costly form of workers' compensation fraud. This occurs when an employer knowingly misrepresents facts about its employees to obtain workers' compensation insurance that is less than what the employer would otherwise be obligated to pay. This includes reporting a false number of employees, misclassifying employees as independent contractors, falsely reporting past experience ratings, misstating the company ownership or falsely reporting the nature of the work performed by the employees. In 2012, a California man and his son were sentenced to prison when it was discovered that they had set up an elaborate scheme to hide payroll numbers and avoid paying higher premiums under the cover of nonexistent shell companies.



Doctors lying about treatment

The last type of workers' compensation fraud is healthcare provider fraud. This occurs when the healthcare provider knowingly takes part in fraudulent and unethical practices while treating an ill or injured employee. Some examples of healthcare provider fraud include:

- Billing for the examination or treatment of a patient who was never seen
- Billing a follow-up exam as the initial exam to receive a greater payment
- Prescribing or referring the claimant for treatment that is not related to the reported illness or injury
- Falsifying the extent of an injury or illness

While workers' compensation laws and the penalties for fraud vary by state, in many instances workers' compensation fraud can result in heavy fines and even prison sentences. [RIA](#)

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