

DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF WORKERS' COMPENSATION
P. O. Box 420603
San Francisco, CA 94142-0603



INFORMATION ABOUT WORKERS' COMPENSATION FRAUD

Contrary to popular belief, workers' compensation fraud is more than just an employee exaggerating his or her medical condition. While this may occur, workers' compensation fraud also occurs when health care providers bill for services never performed, when employers under-report payroll, and when attorneys or claims adjusters facilitate claimant fraud. Workers' compensation fraud is costing the industry and the citizens of California billions of dollars each year. While not targeted to any specific entities or individuals, this notice reminds everyone of the serious consequences of fraud.

EMPLOYER FRAUD

- Premium fraud: when an employer schemes to defraud their workers' compensation insurer by paying less for workers' compensation insurance. Examples include under-reporting payroll, misclassifying employees' job descriptions, or paying an employee's medical provider directly for medical treatment for a work-related injury
- Failing to secure workers' compensation insurance coverage

MEDICAL PROVIDER FRAUD

- Billing fraud
- Employing individuals to solicit new patients
- Unnecessary treatment or self-interested referrals
- Failing to report a work injury

CLAIMS ADJUSTER FRAUD

- Causing payments to be made to non-existent claimants or medical providers
- Referring patients or clients to medical providers or attorneys for compensation
- Issuing excessive payments to an attorney or medical provider in return for a kick-back
- Backdating documents in an attempt to avoid penalties for delays in benefit payments or altering documents to support an unjustified denial of a claim

ATTORNEY FRAUD

- Facilitating claimant, employer, or insurer fraud
- Engaging in client solicitation
- Receiving a fee for referring clients to a medical provider

WORKERS' COMPENSATION FRAUD IS A CRIME

It is a felony to make a knowingly false or fraudulent material statement to obtain or deny any compensation, or present a knowingly false or fraudulent material statement in any claim for compensation to obtain or deny compensation. It is a crime to knowingly assist, conspire with, or solicit any person in an unlawful act of workers' compensation insurance fraud. It is also a crime to make or cause to be made a knowingly false or fraudulent statement with regard to entitlement to benefits with the intent to discourage an injured worker from claiming benefits or pursuing a claim. Workers' compensation fraud may be punished by imprisonment in county jail for over one year, or in a state prison for two to five years. A fine may also be imposed not exceeding \$150,000, or double the amount of the fraud, whichever is greater. If someone is convicted of workers' compensation fraud, the court is required to order restitution, including restitution for any medical evaluation or treatment services obtained or provided. A person convicted of workers' compensation fraud may be charged the costs of the investigation and shall be ineligible to receive or retain any compensation, where that compensation was owed or received as a result of workers' compensation fraud.

REPORTING WORKERS' COMPENSATION FRAUD

For more information about workers' compensation fraud, or to report workers' compensation fraud, please call the Department of Insurance's fraud hotline number: (800) 927-4357. You can also access the Fraud Division's website at: <http://www.insurance.ca.gov/0300-fraud/0100-fraud-division-overview/> to obtain more information and locate the telephone number for the Fraud Division office nearest to you.