

Tips on Spotting Workers' Comp Fraud

Spotting the red flags that indicate possible workers' compensation fraud by employees is the best way to prevent fraud from occurring. Knowing how to spot the red flags is a proactive way to nip a potentially costly but false workers' compensation claim before it begins.

Most instances of workers' compensation fraud occur when the claimant:

- Deliberately falsifies information about how an injury occurred, such as claiming the injury was work-related when it was not,
- Deliberately amplifies the seriousness of an injury to falsely prolong the claim, or
- Deliberately continues to collect entitlements while working on the sly for their own purposes or with another employer.

Common Signs of Workers' Compensation Fraud

- **Lack of witnesses** – The majority of people claiming false work-related injuries usually do not have witnesses to support their claim. Vigilance is especially necessary when the employee normally works with other co-workers who should have witnessed the injury but did not.
- **Contradictory accounts of how the injury occurred** – This can be particularly blatant when any of the doctor's, employer's, or witnesses' reports contradict the employee's report of the incident. Another red flag should be raised when the employee is deliberately vague about how the injury occurred.
- **Dissatisfied employees** – Unhappy employees can be motivated to make a false workers' compensation claim, especially if a recent incident such as a reprimand, changed responsibilities, or a possible demotion has occurred.
- **Time occurrence of the injury** – Many false workers' compensation claims are submitted before a potential strike, project conclusion, strike, or possible layoff. Many false claims also happen to be submitted on either a Friday or a Monday.
- **Inconsistent injury** – The nature and extent of the injury is not consistent with their duties or type of job performed.
- **Inconsistent reporting procedures** – Occurs when there is an inexplicable gap between when the injury occurred and when the employee reported the injury. Be alert if crucial injury data is absent, such as no definite time reported when the injury happened or if other vital dates are absent.
- **Lack of contact** – The employee cannot be easily contacted by the claims rep or employer. Continuous lack of contact might be indicative the employee is working elsewhere while receiving ongoing entitlements. Another red flag should be raised when the employee immediately moves to another state or foreign destination after going on workers' compensation.
- **Lack of cooperation** – The employee deliberately delays or avoids medical treatment or medical diagnostics needed to clarify the medical condition of the employee's alleged injury.

- **Physical signs** – The employee exhibits physical signs of working such as dirt or grease on their hands or fingernails, work clothes that exhibit traces of work, or scrapes or bruises.
- **Newer employee** – From a statistics vantage, new employees are more likely to commit workers' compensation fraud than senior employees. The most proactive means to counter this is to carefully screen all new employees in the hiring process beforehand.

Although red flags can help minimize potential workers' compensation losses from fraud, your best strategies to counter these problems should include:

1. Implement a Zero Tolerance policy for workers' compensation fraud and be sure your employees know about it.
2. Take a hands on approach with all workers' compensation claims and become especially vigilant when red flags appear.
3. Keep in regular communication with your injured employee.
4. Have a consistent new employee screening process. Offer new employees a thorough orientation and communicate a comprehensive explanation of the workers' compensation process along with the employee's rights and responsibilities.

Fraudulent workers' compensation claims are a severe drag on the costs of any business. By being aware of how to spot potential problems and being proactive at the outset can help you reduce workers' compensation fraud in the workplace.