



Lackawanna Insurance Group Fraud Resource Center

Spot the Red Flags of Workers' Compensation Fraud and Abuse

While most workers' compensation claims are legitimate, some are inflated or fraudulent. Workers' compensation fraud - whether it is medical fraud, claimant fraud, employer fraud or other - adds to the cost of doing business in Pennsylvania, harms our economy and tarnishes the reputations legitimately injured workers. By spotting the red flags of possible fraud, you can help us identify claims that merit closer scrutiny.

A red flag does not prove fraud, and even the presence of several indicators does not mean fraud has occurred. But by knowing what to look for, you can begin to see troubling patterns and notify your Lackawanna Insurance Group Claims Adjuster, so that he/she may conduct a thorough investigation.

Here are some red flags of workers compensation fraud or abuse:

- The employee has injuries that are inconsistent with facts of the accident.
- The employee provides multiple versions of how the accident occurred.
- The employee refuses medical tests or examinations to confirm an injury or refuses to attend a scheduled defense medical exam (e.g., IME).
- The employee stays out of work longer than the doctor prescribed.
- The employee protests excessively about a modified position or returning to work and never seems to improve.
- The employee has a suspicious prior history of reporting subjective injuries.
- The nature of the medical treatment changes from one body part to another after the employee has been treating for a while.
- Exaggerated pain symptoms.
- The employee has a questionable identity, residence or contact information.
- The employee's job history shows many jobs held for fairly short periods of time.
- The employee's family members know nothing about the alleged injury/claim.
- The employee was experiencing financial difficulties prior to submission of a claim and inquires about a quick claim settlement.
- The employee is retiring, on probation, involved in a labor dispute, disgruntled, a poor job performer or subject to disciplinary action.
- The employee is a new employee, nomadic, a seasonal worker or on short-term employment.
- The employee is never at home, does not answer telephone or avoids the use of U.S. Mail.
- The message takers for the employee are vague and non-committal about the employee's whereabouts or when you can reach the employee.
- The employee is "away" but quickly returns all calls from a cell phone, not the home phone.
- The employee is unusually familiar with the workers' compensation system or terminology.
- The employee complains frequently about new job responsibilities or about returning to work.
- The employee has a high risk hobby or activity.
- The employee is unable to work due to the injury but is seen painting his/her house, mowing the lawn, carrying heavy objects, etc.
- The employee uses addresses of friends, family or post office boxes; has no known permanent address and move frequently.
- The employee took unexplained or excessive time off prior to the injury.
- The employee moves out of state or country shortly after filing claim.
- The accident lacks witnesses or the witness' report of the accident conflicts with the employee's statement.



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- ✦ The employee changes version of the accident after learning of the inconsistencies: misrepresentation or fabrication by any party.
- ✦ The employee sends in medicals or reports that appear to be altered.
- ✦ The employee fails to report concurrent employment and that job conflicts with the work restrictions provided by the medical doctor.
- ✦ Several of the employee's family members are receiving workers' compensation benefits.
- ✦ The accident occurs late on a Friday afternoon (especially if not reported until Monday) or early on a Monday morning.
- ✦ The accident is not associated with employee's job duties.
- ✦ The accident occurred in an area not frequented by employee.
- ✦ The date, time and location of the accident are unknown or forgotten.
- ✦ The accident is not reported to the employer in a timely way.
- ✦ The accident leads to rumors at work that the accident was staged or illegitimate.
- ✦ Tips are received or there is evidence that the allegedly "disabled" claimant is active or even working.

Remember, even if the employee's claim has every one of these "red flags," it still does not prove fraud. However, if the workers' compensation claim has one or more of these "red flags," you definitely want to bring it to your claims adjuster's attention to delve deeper into the claim. The most effective way to fight fraud is to prevent it. The next best way is to detect it and discourage repetition.

Also, stay in touch with your staff. Employees can be a good source of information about a co-worker collecting workers' comp benefits, especially if they are assuming that co-worker's job duties. By conditioning yourself and your staff to recognize these red flags, you may be building one of the most effective cost-saving initiatives for your organization this year.