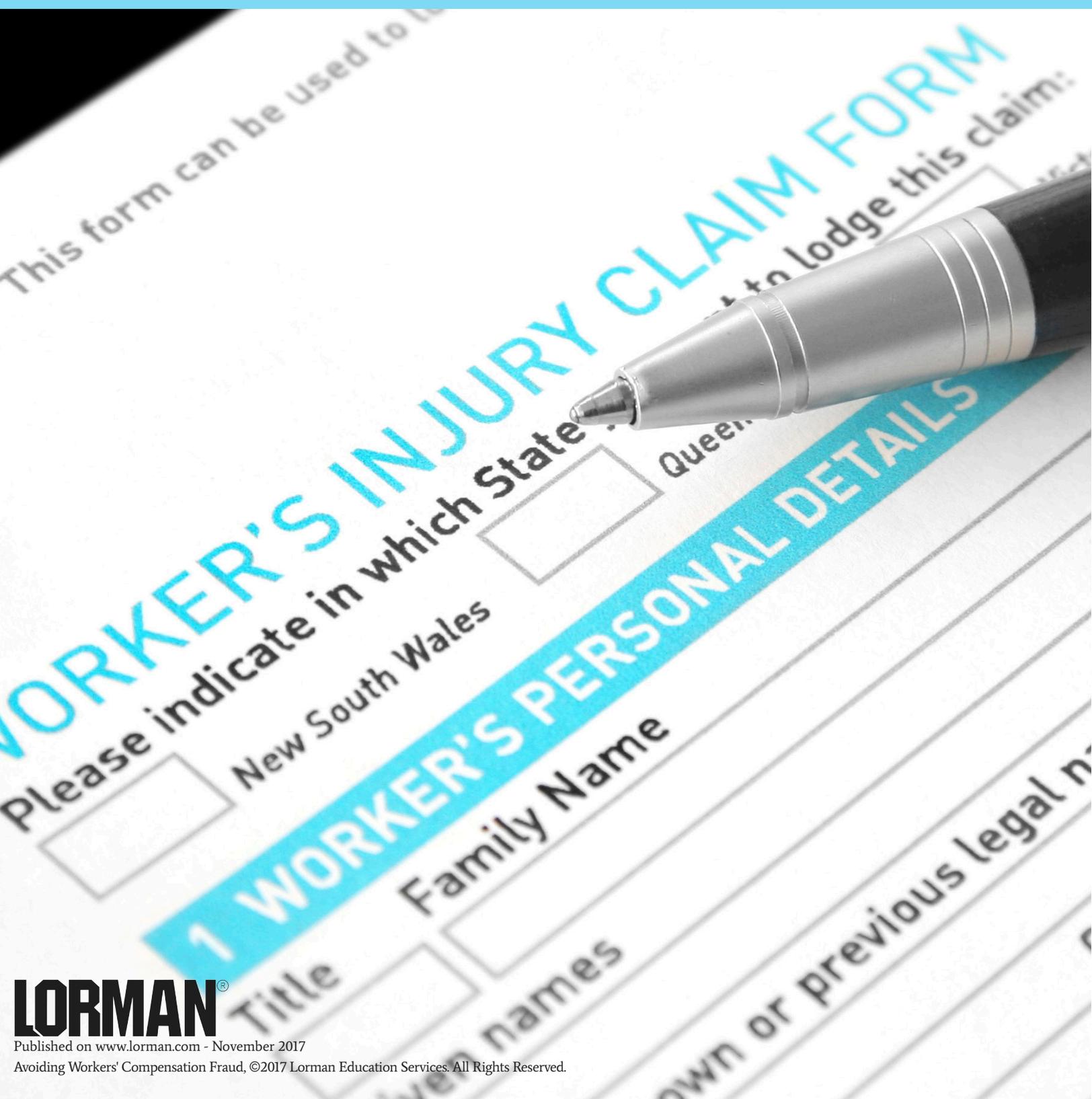


# Avoiding Workers' Compensation Fraud



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Workers' compensation fraud is a serious problem, and it can happen to any employer. Whether you are in human resources, own your own business, work as a risk management or safety professional or fall into another category, understanding how workers' compensation fraud happens makes it easier to prevent it. When an injury occurs in the workplace, the first priority has to be helping the injured worker get the appropriate treatment. Leaving it at that is a major mistake though. Unfortunately, there are many unscrupulous people out there who will happily make exaggerated or false claims in order to get something for nothing. Learn how to avoid and prevent workers' compensation in this report.

## 12 Ways to Prevent Workers' Compensation Fraud

By keeping the following 12 tips in mind, you will have a much easier time avoiding workers' compensation fraud.

1. Promote Workplace Safety - When employees know that you are diligent about workplace safety, they are less likely to attempt workers' compensation fraud. In addition to holding regular safety meetings and training sessions, you should use posters, flyers, brochures and newsletters to remind people about the priority that you place on safety in the workplace. Set up a program that rewards employees for safe work practices as well. In this kind of atmosphere, workers' compensation fraud is a lot less likely.
2. Remember that You Pay for Workers' Compensation Claims - Make no mistake about it: When an employee files a workers' compensation claim, the employer is the one who ultimately pays. Workers' compensation insurance simply advances you the money to pay for the claim. You have to pay it back, and interest is also tacked on for good measure. Your Experience Modification Factor increases, which results in having to pay an additional premium for three years. This happens even if the claim is fraudulent, so it's critical to take every possible measure to prevent fraud.
3. Educate Employees About Workers' Compensation Fraud - Are your employees aware of the possible consequences of workers' compensation fraud? If you're not telling them about it, they probably aren't. Make it clear that this type of thing will not be tolerated. Explain that incidences of fraud will be turned over to the appropriate authorities. Let your workers know that workers' compensation fraud is a crime and that they can end up facing some very serious consequences for engaging in it.

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7. Train Managers Well - Every supervisor and manager in the workplace should be fully trained about handling incidences of injuries in the workplace. This training should be ongoing to ensure that managers and supervisors always know precisely what to do. Most importantly, a manager should accompany an injured worker when he goes to seek treatment. While the injured worker is recuperating, a manager should also stay in regular touch with him. If regular contact isn't maintained, an injured worker may feel that he's not important. Feelings of frustration may develop, and they can cause a worker to make exaggerated or false claims.
8. Investigate Injuries Promptly - Even if a very minor incident has occurred, make a point of investigating it immediately. Learn every possible detail about any injury that occurs in the workplace. Use the information that is found to try to prevent similar incidents in the future. Have a clear procedure in place for handling workplace injuries. After discussing the matter with your insurance agent, you may decide to hire an investigator. This often turns up evidence that reveals workers' compensation fraud, such as an injured worker who is running around town without any noticeable injuries.

9. Consider Drug Testing - Studies have shown that employees who abuse drugs are more likely to file false workers' compensation claims. They are also less safe in general, so they are more likely to be injured on the job. While drug testing can be expensive and time consuming, it shows employees that you are committed to maintaining a safe workplace. It also reduces the odds of workers' compensation fraud by weeding out those who abuse drugs.
10. Review Evidence Carefully - Never take an employee at his word about a workplace injury. Unfortunately, there are simply too many people who can and will file false workers' compensation claims. With that in mind, make sure to look over medical records and other paperwork carefully. If other employees were around when the incident occurred, speak to them as quickly as possible. Don't just wait for the process to play out. If necessary, hire an investigator to handle this work for you.
11. Take Pre-Employment Screening Seriously - One of the best ways to avoid workers' compensation fraud is by taking extra care during the hiring process. The number-one tool that you have at your disposal is the background check, so make sure to put it to use. The most important thing to look for is a history of filing workers' compensation claims. If someone seems to be injured regularly, there's a strong chance that he will follow the same pattern while working for you. It's just not worth the risk, even if he is otherwise qualified.
12. Watch Out for Red Flags when Hiring Employees - With a background check, you will more easily be able to spot the red flags that can lead to workers' compensation fraud. Work history is a great example. If a person seems to jump from one job to the next quickly, you should proceed with caution.

In addition to being unreliable in general, this type of person is less likely to have any kind of loyalty, which increases the odds of workers' compensation fraud. If there are excessive child support liens or serious problems in a person's credit history, he may be tempted to file a false claim to get out from under the debt. After being injured, listen closely to how the employee describes the incident. If his story seems to be extremely exaggerated or just doesn't ring true, be especially diligent about investigating the incident.

## Signs of Workers' Compensation Fraud

Watch for the following red flags after a worker reports an on-the-job injury:

- Worker has expressed unhappiness with his job in the past.
- No one was around to see the incident.
- The injury happened on Monday morning; it might have actually happened over the weekend.
- Witnesses give conflicting or contradictory statements.
- The injured employee isn't cooperative.
- The injured employee seems to know far too much about filing workers' compensation claims and seems to be unusually educated about the steps that are involved.
- The injury happened in a place where the employee isn't supposed to be.
- The employee is inconsistent with his medical treatments and doctor's appointments.

Unfortunately, workers' compensation fraud is an all-too-common occurrence. No employer can afford to assume that it won't happen. By being aware of the signs of workers' compensation and putting a strong emphasis on safety in the workplace, it's possible to dramatically reduce the odds of workers' compensation fraud. Above everything else, remember that the employer is ultimately the one that pays when this type of fraud occurs. With that in mind, working to avoid workers' compensation fraud is a lot easier.

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