

Facts Vs. Fiction

We believe knowledge is power. We want to educate you about workers' compensation so you can separate fact from fiction and make smart choices in running your business. Here are some of the common facts and myths about workers' compensation.

FACT: Workers' compensation is a "no-fault" system.

Employees who are legitimately injured as a result of their work receive benefits as set by law, regardless of whose fault the injury is.

FACT: Workers' compensation covers two categories of work related injuries and illnesses.

Injuries or illnesses (including death) that result from a specific work-related accident; and injuries or illnesses that occur over a period of time that are directly related to employment. For example, repeated lifting of heavy items at work that causes shoulder strain can be covered.

FACT: Some injuries or conditions may not be covered by workers' compensation.

Injuries or conditions that develop over time can be harder to define. For example, a back strain could result from years of yard work at home, mental stress could result from personal problems that have nothing to do with the job, and a heart attack might date back to prior medical history.

FACT: Workers' compensation covers more than medical bills.

Serious injuries may require hospitalization, the use of medical specialists and longer periods of recuperation, resulting in time off from work. Workers' compensation benefits may include: Payment of all appropriate medical costs; Payment of a percentage of an employee's pre-injury salary; Vocational rehabilitation (as required); and Assistance with helping the employee return to work, possibly in a temporary, transitional work assignment or in a modified or alternative job.

FICTION: I have had no claims so my insurance costs should stay the same.

The reality is that insurance costs are not just about your business. Your premium pricing reflects the pool of costs for all customers, including, but not limited to: Healthcare costs, which are rising at a much greater rate than inflation; Businesses that have claims; Fraudulent claims; Evolving types of workplace hazards such as asbestos, carpal tunnel and terrorism; and Economic factors.

FICTION : You can't do much to control your workers' compensation premium.

The reality is the choices you make influence how much you'll ultimately spend on workers' compensation coverage, as well as the hidden costs of injuries to your business. By promoting safety, you reduce the odds of employee injuries. By reporting a claim to us promptly, you let us help you keep claim costs down. By encouraging an injured employee to return to work in a transitional role, you can cut claim costs. All of these actions can lower your premium.

FICTION : Fraud isn't that big a deal in workers' comp.

The reality is that workers' compensation costs employers and insurers nationwide millions of dollars. Help us address this problem by learning to recognize red flags that might indicate fraud and then by contacting us as soon as possible.

FICTION : When an employee is ill or injured, you should butt out.

The reality is your active involvement plays a big role on many levels. By you and your employees keeping in touch with your injured co-worker, you show you care and send a message that everyone values his or her contribution to the team. By discussing transitional work with the employee's doctor, you can craft a plan to get the employee back to work faster. By keeping us and your carrier in the loop, you help us help you manage the process.

FICTION : The less you bring up workers' compensation with your employees, the better.

The reality is you have everything to gain by helping employees understand their workers' compensation rights and benefits—and your rights as their employer. Raising awareness reduces confusion and clarifies everyone's role in ensuring that injuries are, first, prevented, and when they do occur, that the claim process flows smoothly. Not talking about workers' compensation doesn't make the issue go away. In fact, it often leads to ignorance and misunderstanding among employees.

FICTION : All doctors charge roughly the same for their services, so it doesn't matter which medical provider your injured employee uses.

The reality is the same medical services can vary in price by hundreds—even thousands—of dollars. In fact, some doctors and medical clinics over-bill us and even charge us for phony procedures. We scrutinize medical bills to help reduce your claim costs, which in turn can lower your premium. We also work hard to identify doctors and medical providers who are honest and focus on providing quality care.

FICTION : When we ask you to keep accurate records — such as classifying employees' job duties properly — it helps us more than it helps you.

The reality is that we're in this together. We share the same goals: to keep your business running productively with minimal disruption by employee injuries. By keeping accurate records, correctly classifying employees' job duties and reporting payroll in a timely manner, you avoid surprises in your premium cost and enable us to serve you better and properly advise on insurance cost fluctuations.

What is workers' compensation fraud?

Fraud usually involves six elements: False information given by an insured employer, an injured worker, a witness, another person involved in a claim, an insurance company or a claims adjuster working for an insurance company.

- The false information is spoken or put in writing.
- The person who gives the information knows it's false.
- The false information is meant to prove, validate, affirm or deny a claim for injury or loss payment, or to obtain insurance coverage.
- The false information must be given with intent to defraud.
- The false information must relate to the case (i.e., change the way the claim was handled, investigated, evaluated or settled).

Is workers' compensation fraud defined the same way in every state?

No. The definition varies by state. In most states, however, the law applies to any person, including insured employers, insurance companies, injured workers, doctors, claims adjusters and others involved in a claim.

Why should I report workers' compensation fraud?

Workers' compensation fraud not only impacts the insurance company that pays the false claim, but it can also raise your insurance cost. This in turn harms your customers because the higher premium you must pay for insurance gets passed onto them.

What type of fraud occurs most often?

The four most common types are:

- Employee fraud: Worker knowingly files a claim for an injury that did not occur on the job, or the worker misrepresents facts to receive greater benefits.
- Medical fraud: Medical provider bills for services not provided, intentionally inflates charges for services, or bills for services provided by non-licensed or unqualified personnel.
- Premium fraud: Employer intentionally underreports the number of claims, the number of employees or amount of payroll, or misclassifies employees to affect the price of coverage.
- Employer fraud: Employer denies benefits to an employee by not reporting a claim or encouraging employees not to report a claim.

Should I hire my own investigator?

We recommend that you let your carrier investigate the claims. They work with licensed, insured professionals who know local laws and ordinances pertaining to the lawful investigation of suspected fraudulent insurance claims. In many states, for example, it's an invasion of privacy to use a video camera in an unlawful or unreasonable manner. Your carrier's personnel can manage the investigation to produce the best result for the time and money invested. Also, carrier personnel are trained to build and present a strong case to law enforcement and regulatory authorities. Finally, while insurance companies will normally qualify for civil immunity, you and your company may not have this important legal protection. In some cases, we may also align with investigation companies to help with surveillance.

Will my carrier update me on the investigation?

Carriers does not regularly advise an individual who submits a fraud report of an investigation's status. This is due in part to the fluid state of privacy legislation. Also, when we share such sensitive information, it raises the risk that word will reach the party under investigation. This can harm the investigation. In some states, the authorities are prohibited by law from sharing information about an investigation with the reporting party. In those states where a criminal conviction is public record, the carrier will advise the insured of the conviction.

What is the penalty for committing workers' compensation fraud?

Penalties can range from a fine, restitution and probation, to a misdemeanor conviction (less than one year in jail), to a first-degree felony conviction (up to 30 years in prison).