

2013 Program Report Card: Workers' Compensation Fraud Unit (WCFU) – (Division of Criminal Justice) **Updates in Bold**

Quality of Life Result: Connecticut residents are protected from fraud, larceny, and theft of government services.

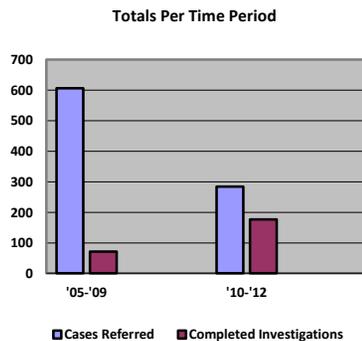
Contribution to the Result: Claims of fraudulent use of the state's Workers' Compensation Program are investigated and violators are prosecuted. Public awareness of the existence and consequences of Workers' Compensation fraud is raised through training and publicity.

Program Expenditures	State Funding	Federal Funding	Other Funding	Total Funding
Actual SFY 12	\$0	\$0	\$461,579	\$461,579
Estimated SFY 13	\$0	\$0	\$545,961	\$545,961

Partners: Insurance companies, Workers' Compensation Commission, Second Injury Fund, Municipalities, the public.

How Much Did We Do?

Number of complaints referred to the WCFU/cases opened; number of completed investigations.



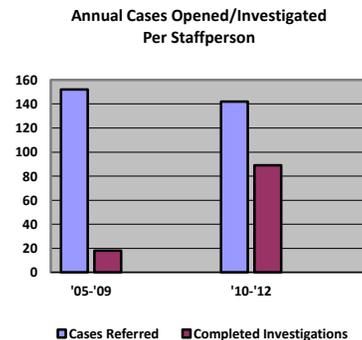
Story behind the baseline:

The WCFU receives the bulk of its referrals from insurance companies and from anonymous sources. Anonymous referrals are forwarded to the insurance companies for initial processing and investigation and then re-referred to the WCFU.

Although the number of referrals and subsequent case openings has stayed relatively constant during this period, insurance industry turmoil (closings, mergings, claims examination being nationalized rather than locally-based, and loss of Special Investigation Units) has impacted referral quality.

The number of completed investigations mirrors the number/quality of referrals. Complexity and labor intensiveness vary widely from case to case, with many cases involving thousands of pages to review and taking over six months to complete. The WCFU has **two** inspectors (as opposed to **four** in 2005 – 2009 - compare Rhode Island, with 11 staff.) Please note that **95%** of referred cases involve actual fraud and that the WCFU has, as of this moment, **128** pending investigations.

Cases opened/investigated per staff per year:



Trend: ◀▶

How Well Did We Do It?

Amount of training conducted by WCFU staff (includes training of human resource personnel in municipalities and state agencies, Connecticut Interlocal Risk Management Agency (CIRMA), insurance companies, etc.)

Explanatory Conversations w/ Claims Examiners and Others	200 each year.
Companies, Professional Associations, and Unions seeking training in identifying and referring fraud.	16 since 2010.

Story behind the baseline:

Recent training activity impacted by staff retirement. Minimal resources for conducting formal training events.

WCFU is now fully staffed and trained and will significantly increase external training.

WCFU staff presents to the Workers' Compensation Fraud Prevention Symposium hosted by CIRMA on an annual basis. Other training presentations include before the Second Injury Fund in 2010 and The Worker's Compensation Trust in 2011.

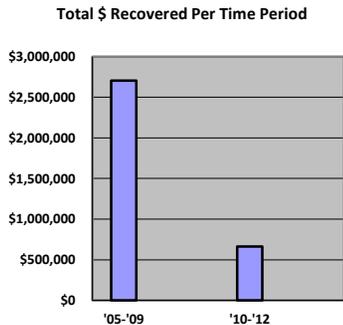
Trend: ▲

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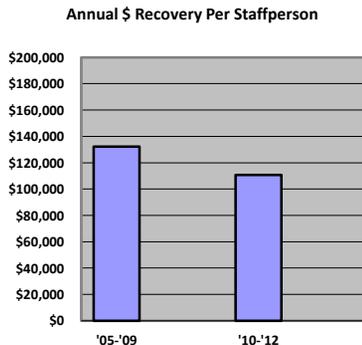
Is Anyone Better Off?

Amount of \$ returned to payee/potential payee via Restitution or settlement due to efforts of WCFU



\$2,704,467 in Calendar Years 2005 – 2009 (\$1,562,467 in restitution; \$1,142,000 in civil proceedings including settlements and withdrawn claims). Totals are not net of recovery costs.

\$663,731 in Calendar Years 2010 – 2012 (\$291,328 in restitution; \$372,403 in civil proceedings including settlements and withdrawn claims). Totals are not net of recovery costs. Please note that column 1 shows the efforts of 4 staff over 5 years while column 2 shows that of 2 staff over 3 years. Recovery per staff per year is \$132,200 for column 1 and \$110,622 for column 2 as charted below:



Story behind the baseline:

The WCFU helps keep insurance premiums (which fund the Workers' Compensation Fund) down and use of the State's Second Injury Fund minimized by recovering fraudulently gained funds (restitution) and by generating dollar-saving settlements through both *actual* and *threat of arrest* and activity. Such actions also serve as a deterrent to those considering fraud.

As **95%** of cases referred involve actual fraud and **98%** of those result in some return of funds, the total return amount is strongly linked to the quantity and quality of referrals. Restitution and settlement dollar totals are inherently variable.

Trend: ◀▶

Proposed Actions to Turn the Curve:

How Much:

Increased training: the WCFU will host a training conference for major insurance companies regarding Workers' Compensation Fraud investigations. The WCFU plans to increase the number of speaking engagements to municipal organizations (Chambers of Commerce, etc.). The WCFU would like to develop a web-based long distance training module for national claims examiners. Link with other Units nationwide to seek PSA campaign status

The WCFU has developed a PDF version of its manual and will increase its distribution. The WCFU will maintain access to Department of Labor (DOL) and Workers' Compensation Commission databases.

Aggressively seek investigative subpoena power. **The Division of Criminal Justice has submitted a Bill seeking subpoena power in 2010, 2011, and plans to submit one for the 2013 Legislative Session.**

How Well:

WCFU is now fully staffed and trained and will significantly increase external training:

The WCFU will host a training conference for major insurance companies regarding Workers' Compensation Fraud investigations. The WCFU plans to increase the number of speaking engagements to municipal organizations (Chambers of Commerce, etc.). The WCFU would like to develop a web-based long distance training module for national claims examiners. Increase proactive distribution of WCFU manual (which contains data on harm of fraud, how to ID and report it, etc.) to CIRMA, CBIA, BBB, Chambers of Commerce, etc. Link with other Units nationwide to seek PSA campaign status.

Maintain records detailing number of referrals and amount of \$ recovered pre and post increased training activity plan. Maintain log of explanatory telephone contacts and analyze subsequent referral quality.

Update: WCFU staff presents to the Workers' Compensation Fraud Prevention Symposium hosted by CIRMA on an annual basis. Other training presentations include before the Second Injury Fund in 2010 and The Worker's Compensation Trust in 2011.

Better Off:

Increase quantity and quality of referrals through methods listed in earlier measures, including training and seeking subpoena power. Although not low-cost, funding for increased investigative staff would lower the pending case number and increase yearly completed investigation and potential \$ returned totals.

Data Development Agenda:

Develop and implement a customer interaction survey.