



Montana State Fund's Workshop March 2010

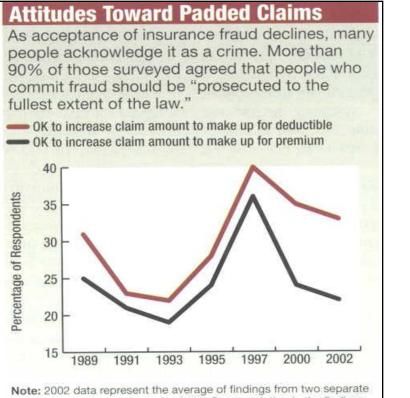
Fraud

Ben Jones, Team Leader
Legal Services/Special Investigations Unit

Worker's Compensation Fraud

Fraud by the Numbers					
10%	\$30 Billion	17° to 20°	50%	38	\$650 Million
The amount of all insurance claims that are fraudulent.	Cost of property/ casualty fraud annually to consumers.	The amount of a premium dollar paid for bodily injury claims for auto policies involving fraud.	The number of property/casu- alty insurers who consider fraud a serious problem.	Number of states with insurance fraud bureaus.	Amount insurers spend each year trying to detect and deter insurance fraud.
Source: Industry estimate	Source: National Insur- ance Crime Bureau	Source:Insurance Research Council, Insurance Services Office	Source: Insurance Research Council, Insurance Services Office	Source: National Asso- ciation of Independent Insurers	Source: Alliance of American Insurers

Worker's Compensation Fraud



Note: 2002 data represent the average of initialitys from two separate telephone studies conducted in 2002. Some variation in the findings over time may result from variations in survey methodologies. All surveys before 1997 were in-home interviews; surveys from 1997 forward were conducted via telephone.

Source: Insurance Research Council, Insurance Services Office



Montana State Fund Special Investigations Unit Stats

FY03 – 263 Investigations Opened – Savings - \$2.3 Million FY04 – 318 Investigations Opened – Savings - \$2.9 Million FY05 – 437 Investigations Opened – Savings - \$3.5 Million FY06 – 480 Investigations Opened – Savings - \$ 4.2 Million FY07 – 384 Investigations Opened – Savings - \$3.5 Million FY08 – 392 Investigations Opened – Savings - \$5.4 Million FY09 - 438 Investigations Opened – Savings - \$4.8 Million



Types of Fraud

- Filing a false claim
- Working while on benefits
- Faking disability
- Misrepresenting wages
- Malingering
- Under reporting payroll



Types of Fraud

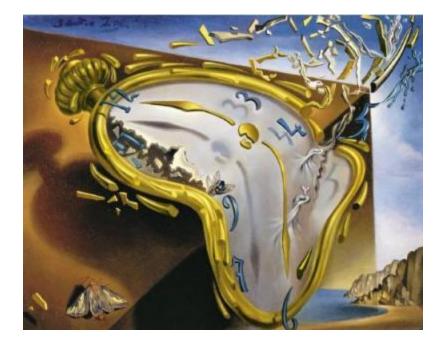
- Misclassifying employees
- Assisting in filing fraudulent claim
- Employer misconduct
- Charging for services not rendered
- Over-utilization: Providing unnecessary treatment
- Over billing by misclassifying treatment

Suspicious Account of Accident





Suspicious Time of Claim



Suspicious Nature & Extent of Injury



Suspicious of Employees Working & Receiving Benefits



Suspicious Medical Treatment



Engagement of Legal Assistance



39-71-316 Filing True Claim

http://data.opi.state.mt.us/bills/ mca_toc/index.htm







Elements of Fraud

- Representation
- Falsity of the representation
- Materiality of the Misrepresentation
- Knowingly Misrepresented
- Intent to have the Misrepresentation Relied Upon

Elements of Fraud

- Victim's Ignorance of the Falsity of the Misrepresentation
- Victim's Reliance on the Representation
- Victim's Right to Rely on the Representation
- The Resulting Damage Done to the Victim

45-2-101 Definitions

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45-7-210 False Claims to Public Agencies





45-1-205 Time Limits



Current Avenues for Investigation

- How to refer a case for Fraud?
 - Fraud Tip Hotline 1-888-MTCrime (1-888-682-7463)
- What kind of referrals do we get?
- Where to go from here?