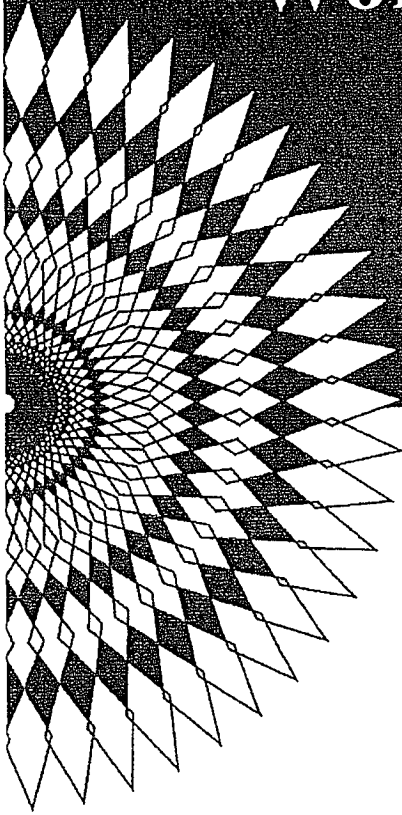


KANSAS

DEPARTMENT OF LABOR

Workers Compensation

34th Annual Statistical Report



2008 Fiscal Year

Senate Commerce Committee

Date: February 9, 2012

Attachment 1

LEGAL SECTION

Fraud and Abuse

The workers compensation fraud and abuse investigation unit was established in 1994. The unit is staffed with three special investigators, an administrative specialist and an assistant attorney general who supervises the unit. The unit's responsibilities include identifying and investigating potential violations of the workers compensation laws, as set forth in K.S.A. 44-532; K.S.A. 44-557; K.S.A. 44-5,120; and K.S.A. 44-5,125. Provable violations may be taken before an administrative hearing officer or may be presented to local county or district attorneys for criminal prosecution.

In fiscal year 2008, the fraud and abuse unit received 791 referrals (see Table 1-9). Of these referrals, 783 cases were opened and 72 were referred for administrative charges. Collection for fines and assessments totaled \$303,040.96 for fiscal year 2008.

The objectives of the unit are to protect the employee, employer, and insurance carrier from fraudulent and/or abusive acts and practices; ensure businesses within the state are compliant in maintaining workers compensation insurance coverage; and ensure the division receives reports of injury within the time period set by statute.

Referrals

Information Received by the Unit

The fraud and abuse unit receives information regarding alleged fraud and other violations of the workers compensation laws by phone, fax, e-mail, regular mail or a submission by another section in the Division of Workers Compensation. An allegation of fraud or abuse is designated as a referral. Each referral is reviewed by the assistant attorney general to determine if there is sufficient information to warrant an investigation. If sufficient information exists, a case is opened and assigned to a special investigator. If insufficient information exists, the matter is returned to the complaining party for further information or, if that is not possible, the referral is recorded but no formal investigation commences.

Types of Fraud

The unit classifies the type of fraud reported as it relates to the fraud and abuse statutes, as well as the compliance statutes. Table 1-9 lists the types of fraud, abuse and compliance cases reported to the unit over the past year.

**Table 1-9
Number of Fraud, Abuse and Compliance Cases Reported by Referral
FY 2008**

| Type of Fraud, Abuse and Compliance Referrals | Total |
|--|------------|
| Obtaining or denying benefits by making false statements either orally or written: K.S.A. 44-5,120 (d)(4)(A) | 40 |
| Refusing to pay compensation as and when due: K.S.A. 44-5,120(d)(18) | 6 |
| Failure to confirm medical compensation benefits to anyone providing treatment to a claimant: K.S.A. 44-5,120 (d)(15) | 6 |
| Collecting from an employee, through a deduction from wages or a subsequent fee, any premium or other fee paid by the employer to obtain workers compensation insurance coverage K.S.A.44-5,120(d) 1 | 5 |
| Refusing to pay any order awarding compensation: K.S.A. 44-5,120 (d)(19) | 6 |
| Failing to maintain workers compensation insurance when required: K.S.A. 44-532 (d) | 213 |
| Employers duty to report accidents: K.S.A. 44-557 | 499 |
| Receiving temporary total disability or permanent total benefits to which they are not entitled, while employed: K.S.A. 44-5,125(a)(1)(D) | 1 |
| All other fraudulent and abusive practices | 15 |
| Total | 791 |

Source: Kansas Division of Workers Compensation

Investigations

The fraud unit has three full time investigators. These investigators are not law enforcement officers. However, they perform almost identical investigative duties as sworn law enforcement. The investigative process includes interviewing witnesses, collecting evidence, forming liaisons with law enforcement groups, as well as special fraud investigation units within the insurance industry, and testifying in administrative and criminal actions.

Once an investigation is complete, the investigator will prepare an investigative summary for the assistant attorney general to review. Criminal or administrative action commences if the assistant attorney general determines there is sufficient information to sustain the burden of proof in either a criminal or administrative action.

If the information indicates misconduct on the part of an insurance agent or carrier, that information is referred to the Kansas Insurance Department, which has an anti-fraud unit that investigates and prosecutes insurance fraud.

Prosecution

The unit is authorized to initiate criminal or administrative action against individuals and entities that appear to have committed fraudulent or abusive acts. The unit has been extremely aggressive in this area. Civil actions are separated into compliance and fraud actions.

Table 1-10
Number of Fraud, Abuse and Compliance Cases
FY 2008

| | |
|--------------|------------|
| Compliance | 731 |
| Fraud/Abuse | 57 |
| Criminal | 3 |
| Total | 791 |

Source: Kansas Division of Workers Compensation

Collections

During either a criminal or administrative action, a fine or restitution is requested but not necessarily ordered by the judge or hearing officer. The total amount collected for FY 2008 was \$303,040.96 (see Table 1-11). The unit makes every attempt to collect the civil monetary penalty owed to the unit without any assistance. However, in some instances, it may be necessary for the Legal Services Division of the Kansas Department of Labor to file a collection action. Once the money is received, by law it must be deposited in the appropriate fund.

Table 1-11
Fraud, Abuse and Compliance Collections FY 2008

| | |
|---|---------------------|
| Fraud and Abuse Fines: K.S.A. 44-5,120 & 44-557 | \$28,357.38 |
| Compliance Fines: K.S.A. 44-532 | \$268,094.59 |
| Restitution | \$6,588.99 |
| Total | \$303,040.96 |

Source: Kansas Division of Workers Compensation

Money received as a result of compliance violations is deposited in the state treasury to the credit of the workers compensation fund. Money received as a result of fraud and failure to timely-file accident reports is deposited in the state treasury and credited to the workers compensation fee fund.

FRAUD HOTLINE
1-800-332-0353 24 hrs/day
1-785-296-6392 (8:00 a.m.-5:00 p.m.)

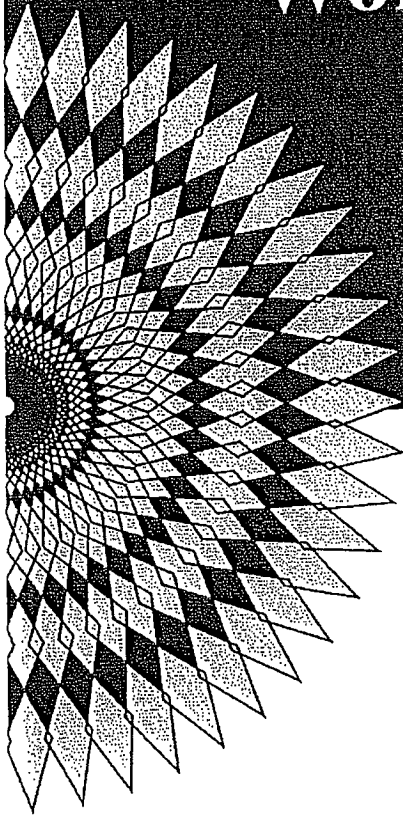
FRAUD E-MAIL ADDRESS
wcfraud@dol.ks.gov

KANSAS

DEPARTMENT OF LABOR

Workers Compensation

35th Annual Statistical Report



2009 Fiscal Year

LEGAL SECTION

Fraud and Abuse

The workers compensation fraud and abuse investigation unit was established in 1994. The unit is staffed with three special investigators, an administrative specialist and an assistant attorney general who supervises the unit. The unit's responsibilities include identifying and investigating potential violations of the workers compensation laws, as set forth in K.S.A. 44-532; K.S.A. 44-557; K.S.A. 44-5,120; and K.S.A. 44-5,125. Provable violations may be taken before an administrative hearing officer or may be presented to local county or district attorneys for criminal prosecution.

In fiscal year 2009, the fraud and abuse unit received 591 referrals (see Table 1-9). Of these referrals, 589 cases were opened and 80 were referred for administrative charges. Collection for fines and assessments totaled \$283,464.55 for fiscal year 2009.

The objectives of the unit are to protect the employee, employer and insurance carrier from fraudulent and/or abusive acts and practices; ensure businesses within the state are compliant in maintaining workers compensation insurance coverage; and ensure the division receives reports of injury within the time period set by statute.

Referrals

Information Received by the Unit

The fraud and abuse unit receives information regarding alleged fraud and other violations of the workers compensation laws by phone, fax, e-mail, regular mail or a submission by another section in the Division of Workers Compensation. An allegation of fraud or abuse is designated as a referral. Each referral is reviewed by the assistant attorney general to determine if there is sufficient information to warrant an investigation. If sufficient information exists, a case is opened and assigned to a special investigator. If insufficient information exists, the matter is returned to the complaining party for further information or, if that is not possible, the referral is recorded but no formal investigation commences.

Types of Fraud

The unit classifies the type of fraud reported as it relates to the fraud and abuse statutes, as well as the compliance statutes. Table 1-9 lists the types of fraud, abuse and compliance cases reported to the unit over the past year.

**Table 1-9
Number of Fraud, Abuse and Compliance Cases Reported by Referral
FY 2009**

| Type of Fraud, Abuse and Compliance Referrals | Total |
|--|------------|
| Obtaining or denying benefits by making false statements either orally or written: K.S.A. 44-5,120 (d)(4)(A) | 18 |
| Refusing to pay compensation as and when due: K.S.A. 44-5,120(d)(18) | 7 |
| Failure to confirm medical compensation benefits to anyone providing treatment to a claimant: K.S.A. 44-5,120 (d)(15) | 5 |
| Collecting from an employee, through a deduction from wages or a subsequent fee, any premium or other fee paid by the employer to obtain workers compensation insurance coverage K.S.A.44-5,120(d) 1 | 1 |
| Refusing to pay any order awarding compensation: K.S.A. 44-5,120 (d)(19) | 2 |
| Failing to maintain workers compensation insurance when required: K.S.A. 44-532 (d) | 160 |
| Employers duty to report accidents: K.S.A. 44-557 | 391 |
| Receiving temporary total disability or permanent total benefits to which they are not entitled, while employed: K.S.A. 44-5,125(a)(1)(D) | 3 |
| All other fraudulent and abusive practices | 4 |
| Total | 591 |

Source: Kansas Division of Workers Compensation

Investigations

The fraud unit has three full-time investigators. These investigators are not law enforcement officers. However, they perform almost identical investigative duties as sworn law enforcement. The investigative process includes interviewing witnesses, collecting evidence, forming liaisons with law enforcement groups, as well as special fraud investigation units within the insurance industry, and testifying in administrative and criminal actions.

Once an investigation is complete, the investigator will prepare an investigative summary for the assistant attorney general to review. Criminal or administrative action commences if the assistant attorney general determines there is sufficient information to sustain the burden of proof in either a criminal or administrative action.

If the information indicates misconduct on the part of an insurance agent or carrier, that information is referred to the Kansas Insurance Department, which has an anti-fraud unit that investigates and prosecutes insurance fraud.

Prosecution

The unit is authorized to initiate criminal or administrative action against individuals and entities that appear to have committed fraudulent or abusive acts. The unit has been extremely aggressive in this area. Civil actions are separated into compliance and fraud actions.

**Table 1-10
Number of Fraud, Abuse and Compliance Cases
FY 2009**

| | |
|--------------|------------|
| Compliance | 551 |
| Fraud/Abuse | 40 |
| Criminal | 0 |
| Total | 591 |

Source: Kansas Division of Workers Compensation

Collections

During either a criminal or administrative action, a fine or restitution is requested but not necessarily ordered by the judge or hearing officer. The total amount collected for FY 2009 was \$283,464.55 (see Table 1-11). The unit makes every attempt to collect the civil monetary penalty owed to the unit without any assistance. However, in some instances, it may be necessary for the Legal Services Division of the Kansas Department of Labor to file a collection action. Once the money is received, by law it must be deposited in the appropriate fund.

**Table 1-11
Fraud, Abuse and Compliance Collections FY 2009**

| | |
|--|---------------------|
| Fraud and Abuse Fines: K.S.A. 44-5,120 | \$27,044.79 |
| Compliance Fines: K.S.A. 44-532 & 44-557 | \$249,119.86 |
| Restitution | \$7,299.90 |
| Total | \$283,464.55 |

Source: Kansas Division of Workers Compensation

Money received as a result of compliance violations is deposited in the state treasury to the credit of the workers compensation fund. Money received as a result of fraud and failure to timely file accident reports is deposited in the state treasury and credited to the workers compensation fee fund.

FRAUD HOTLINE

1-800-332-0353 24 hrs/day
1-785-296-6392 (8:00 a.m.-5:00 p.m.)

FRAUD E-MAIL ADDRESS

wcfraud@dol.ks.gov

Workers Compensation

36th Annual Statistical Report

2010 Fiscal Year 

LEGAL SECTION

Fraud and Abuse

The workers compensation fraud and abuse investigation unit was established in 1994. The unit is staffed with three special investigators, an administrative specialist and an assistant attorney general who supervises the unit. The unit's responsibilities include identifying and investigating potential violations of the workers compensation laws, as set forth in K.S.A. 44-532; K.S.A. 44-557; K.S.A. 44-5,120; and K.S.A. 44-5,125. Provable violations may be taken before an administrative hearing officer or may be presented to local county or district attorneys for criminal prosecution.

In fiscal year 2010, the fraud and abuse unit received 656 referrals (see Table 1-9). Of these referrals, 651 cases were opened and 59 were referred for administrative charges. Collection for fines and assessments totaled \$257,583.71 for fiscal year 2010.

The objectives of the unit are to protect the employee, employer and insurance carrier from fraudulent and/or abusive acts and practices; ensure businesses within the state are compliant in maintaining workers compensation insurance coverage; and ensure the division receives reports of injury within the time period set by statute.

Referrals

Information Received by the Unit

The fraud and abuse unit receives information regarding alleged fraud and other violations of the workers compensation laws by phone, fax, e-mail, regular mail or a submission by another section in the Division of Workers Compensation. An allegation of fraud or abuse is designated as a referral. Each referral is reviewed by the assistant attorney general to determine if there is sufficient information to warrant an investigation. If sufficient information exists, a case is opened and assigned to a special investigator. If insufficient information exists, the matter is returned to the complaining party for further information or, if that is not possible, the referral is recorded but no formal investigation commences. A referral may also be sent to another state or federal agency if the fraud and abuse unit lacks jurisdiction over the matter.

Types of Fraud

The unit classifies the type of fraud reported as it relates to the fraud and abuse statutes, as well as the compliance statutes. Table 1-9 lists the types of fraud, abuse and compliance cases reported to the unit over the past year.

**Table 1-9
Number of Fraud, Abuse and Compliance Cases Reported by Referral
FY 2010**

| Type of Fraud, Abuse and Compliance Referrals | Total |
|--|------------|
| Obtaining or denying benefits by making false statements either orally or written; K.S.A. 44-5,120 (d)(4)(A) | 26 |
| Refusing to pay compensation as and when due: K.S.A. 44-5,120(d)(18) | 3 |
| Failure to confirm medical compensation benefits to anyone providing treatment to a claimant: K.S.A. 44-5,120 (d)(15) | 9 |
| Obtaining or denying payments of workers compensation benefits for any person by fabricating, altering, concealing or destroying a document; or : K.S.A. 44-5,120 (d)(4) (C) | 2 |
| Refusing to pay any order awarding compensation: K.S.A. 44-5,120 (d)(19) | 2 |
| Failing to maintain workers compensation insurance when required: K.S.A. 44-532 (d) | 157 |
| Employers duty to report accidents: K.S.A. 44-557 | 437 |
| Developing a system for collecting and analyzing data on expenditures for health care services by each type of provider under the workers compensation act (medical fee schedule). K.S.A. 44-510 (d) | 9 |
| All other fraudulent and abusive practices | 11 |
| Total | 656 |

Source: Kansas Division of Workers Compensation

Investigations

The fraud unit has three full-time investigators. These investigators are not law enforcement officers. However, they perform almost identical investigative duties as sworn law enforcement. The investigative process includes interviewing witnesses, collecting evidence, forming liaisons with law enforcement groups, as well as special fraud investigation units within the insurance industry, and testifying in administrative and criminal actions.

Once an investigation is complete, the investigator will prepare an investigative summary for the assistant attorney general to review. Criminal or administrative action commences if the assistant attorney general determines there is sufficient information to sustain the burden of proof in either a criminal or administrative action.

If the information indicates misconduct on the part of an insurance agent or carrier, that information is referred to the Kansas Insurance Department, which has an anti-fraud unit that investigates and prosecutes insurance fraud.

Prosecution

The unit is authorized to initiate criminal or administrative action against individuals and entities, which are not licensed by the Kansas Insurance Department, that appear to have committed fraudulent or abusive acts. The unit has been extremely aggressive in this area. Civil actions are separated into compliance and fraud actions.

**Table 1-10
Number of Fraud, Abuse and Compliance Cases
FY 2010**

| | |
|--------------|------------|
| Compliance | 594 |
| Fraud/Abuse | 62 |
| Criminal | 0 |
| Total | 656 |

Source: Kansas Division of Workers Compensation

Collections

During either a criminal or administrative action, a fine or restitution is requested but not necessarily ordered by the judge or hearing officer. The total amount collected for FY 2010 was \$257,583.71 (see Table 1-11). The unit makes every attempt to collect the civil monetary penalty owed to the unit without any assistance. However, in some instances, it may be necessary for the Legal Services Division of the Kansas Department of Labor to file a collection action. Once the money is received, by law it must be deposited in the appropriate fund.

**Table 1-11
Fraud, Abuse and Compliance Collections FY 2010**

| | |
|--|---------------------|
| Fraud and Abuse Fines: K.S.A. 44-5,120 | \$13,240.97 |
| Compliance Fines: K.S.A. 44-532 & 44-557 | \$234,837.34 |
| Restitution | \$9,505.40 |
| Total | \$257,583.71 |

Source: Kansas Division of Workers Compensation

Money received as a result of compliance violations is deposited in the state treasury to the credit of the workers compensation fund. Money received as a result of fraud and failure to timely file accident reports is deposited in the state treasury and credited to the workers compensation fee fund.

FRAUD HOTLINE

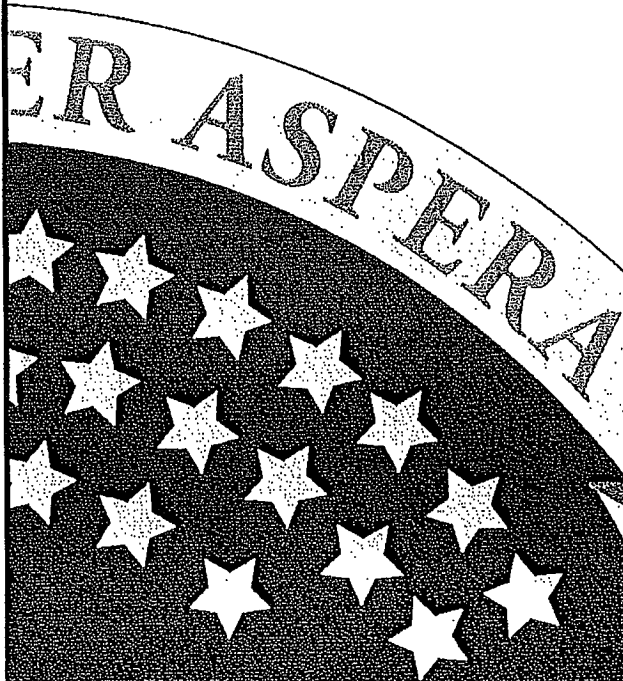
1-800-332-0353 24 hrs/day
1-785-296-6392 (8:00 a.m.-5:00 p.m.)

FRAUD E-MAIL ADDRESS

wcfraud@dol.ks.gov



Workers Compensation 37th Annual Statistical Report



Fiscal Year 2011

LEGAL SECTION

Fraud and Abuse

The workers compensation fraud and abuse investigation unit was established in 1994. The unit is staffed with three special investigators, an administrative specialist and an assistant attorney general who supervises the unit. The unit's responsibilities include identifying and investigating potential violations of the workers compensation laws, as set forth in K.S.A. 44-532, K.S.A. 44-557, K.S.A. 44-5,120 and K.S.A. 44-5,125. Provable violations may be taken before an administrative hearing officer or may be presented to local county or district attorneys for criminal prosecution.

In fiscal year 2011, the fraud and abuse unit received 795 referrals (see Table 1-9). Of these referrals, 793 cases were opened and 33 were referred for administrative charges. Collection for fines and assessments totaled \$236,439.10 for fiscal year 2011.

The objectives of the unit are to protect the employee, employer and insurance carrier from fraudulent and/or abusive acts and practices; ensure businesses within the state are compliant in maintaining workers compensation insurance coverage; and ensure the division receives reports of injury within the time period set by statute.

Referrals

Information Received by the Unit

The fraud and abuse unit receives information regarding alleged fraud and other violations of the workers compensation laws by phone, fax, e-mail, regular mail or a submission by another section in the Division of Workers Compensation. An allegation of fraud or abuse is designated as a referral. Each referral is reviewed by the assistant attorney general to determine if there is sufficient information to warrant an investigation. If sufficient information exists, a case is opened and assigned to a special investigator. If insufficient information exists, the matter is returned to the complaining party for further information or, if that is not possible, the referral is recorded but no formal investigation commences. A referral may also be sent to another state or federal agency if the fraud and abuse unit lacks jurisdiction over the matter.

Types of Fraud

The unit classifies the type of fraud reported as it relates to the fraud and abuse statutes, as well as the compliance statutes. Table 1-9 lists the types of fraud, abuse and compliance cases reported to the unit over the past year.

**Table 1-8
Number of Fraud, Abuse and Compliance Cases Reported by Referral
FY 2011**

| Type of Fraud, Abuse and Compliance Referrals | Total |
|--|------------|
| Obtaining or denying benefits by making false statements either orally or written: K.S.A. 44-5,120 (d)(4)(A) | 47 |
| Refusing to pay compensation as and when due: K.S.A. 44-5,120(d)(18) | 6 |
| Failure to confirm medical compensation benefits to anyone providing treatment to a claimant: K.S.A. 44-5,120 (d)(15) | 3 |
| Collecting from an employee, through a deduction from wages or a subsequent fee, any premium or other fee paid by the employer to obtain workers compensation insurance coverage | 10 |
| Misrepresenting the provisions of the workers compensation act to an employee, legal beneficiary, employer, or health care provider | 3 |
| Failing to maintain workers compensation insurance when required: K.S.A. 44-532 (d) | 101 |
| Employers duty to report accidents: K.S.A. 44-557 | 615 |
| Developing a system for collecting and analyzing data on expenditures for health care services by each type of provider under the workers compensation act (medical fee schedule). K.S.A. 44-510 (d) | 1 |
| All other fraudulent and abusive practices | 9 |
| Total | 795 |

Source: Kansas Division of Workers Compensation

Investigations

The fraud unit has three full-time investigators. These investigators are not law enforcement officers. However, they perform almost identical investigative duties as sworn law enforcement. The investigative process includes interviewing witnesses, collecting evidence, forming liaisons with law enforcement groups, as well as special fraud investigation units within the insurance industry, and testifying in administrative and criminal actions.

Once an investigation is complete, the investigator will prepare an investigative summary for the assistant attorney general to review. Criminal or administrative action commences if the assistant attorney general determines there is sufficient information to sustain the burden of proof in either a criminal or administrative action.

If the information indicates misconduct on the part of an insurance agent or carrier, that information is referred to the Kansas Insurance Department, which has an anti-fraud unit that investigates and prosecutes insurance fraud.

Prosecution

The unit is authorized to initiate criminal or administrative action against individuals and entities, which are not licensed by the Kansas Insurance Department, that appear to have committed fraudulent or abusive acts. The unit has been extremely aggressive in this area. Civil actions are separated into compliance and fraud actions.

**Table 1-9
Number of Fraud, Abuse and Compliance Cases
FY 2011**

| | |
|--------------|------------|
| Compliance | 716 |
| Fraud/Abuse | 79 |
| Criminal | 0 |
| Total | 795 |

Source: Kansas Division of Workers Compensation

Collections

During either a criminal or administrative action, a fine or restitution is requested but not necessarily ordered by the judge or hearing officer. The total amount collected for FY 2011 was \$236,453.34 (see Table 1-11). The unit makes every attempt to collect the civil monetary penalty owed to the unit without any assistance. However, in some instances, it may be necessary for the Legal Services Division of the Kansas Department of Labor to file a collection action. Once the money is received, by law it must be deposited in the appropriate fund.

**Table 1-10
Fraud, Abuse and Compliance Collections FY 2011**

| | |
|--|---------------------|
| Fraud and Abuse Fines: K.S.A. 44-5,120 | \$17,384.67 |
| Compliance Fines: K.S.A. 44-532 & 44-557 | \$218,727.03 |
| Restitution | \$327.40 |
| Total | \$236,439.10 |

Source: Kansas Division of Workers Compensation

Money received as a result of compliance violations is deposited in the state treasury to the credit of the workers compensation fund. Money received as a result of fraud and failure to timely file accident reports is deposited in the state treasury and credited to the workers compensation fee fund.

FRAUD HOTLINE

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FRAUD E-MAIL ADDRESS

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