

Red Flags

in Workers' Compensation Claims



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Introduction

All parties in the claims process should be mindful of the potential **red flags** in workers' compensation (WC) to determine whether or not a claim is legitimate.

Red flags consist of particular conditions or behaviors commonly found in potentially fraudulent claims. The primary responsibility of recognizing red flags lies with both employers and claims adjusters. Seeing one or two **red flags** doesn't necessarily indicate fraud; however, it should, at the very least, alert us to the possibility of fraud.

The fact is workers do get injured on the job. Industry experts say while most insurance claims are legitimate, fraud is wide-spread, involving approximately 30% of all claims. Of that 30%, some are outright intentional fraud, while others consist of exaggerated claims or malingering.

Claimants who malingering are those who more than likely began with a legitimate claim and injury, but have since recovered. However, they continue to pretend they are incapacitated to avoid having to return to work.



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**Now lets take a look at
some common red flags ...**



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- ❗ There are no witnesses to the injury or the only witnesses are the claimant's "close" co-workers.

When there are no witnesses, you have less information to investigate. When the witness is a close co-worker, friend or family member, the information you get may be biased.

- ❗ The claimant and witness statements offer conflicting information.

Do the statements seem rehearsed or even identical? Do they both contain the same misspelled words? Perhaps it's not a coincidence.

- ❗ The report of the injury is not timely.

Employers should have clear and specific guidelines for reporting work-related injuries. When someone has a significant injury, they should receive treatment and direction right away.

- ❗ The accident report, statements and other documents contain numerous cross-outs, white outs, erasures or are incomplete.



- ❗ The claimant cannot recall specific details about the accident.

Employers should continue to question the claimant on specifics to arrive at what really occurred. Along with selective memory loss, many claimants change details of their statement after inconsistencies have been pointed out.

- ❗ The injured worker is a new employee.

Statistically, the newer the employee is, the more likely the claim is fraudulent, especially if other red flags appear.

- ❗ The claimant has a poor attendance record at work.

Poor attendance records have a funny way of becoming WC claims. You should have a clear and specific attendance policy.

- ❗ The claimant has a history of discipline issues.

Along with poor attendance, employees who have disciplinary problems can become disgruntled employees.



- ❖ The accident occurs immediately before or after a vacation.

Employees can become disgruntled when their request for vacation is denied. Many claimants view time off for a WC injury as a “vacation extender.”

- ❖ The accident occurs immediately prior to an employee’s retirement.

Often the employee will take an early retirement and may even be moving out of the city or state. If the employer or adjuster knows the claimant is moving, this information should be relayed to Inservco and/or PennPRIME immediately.

- ❖ The employee is injured prior to a strike, layoff, or termination.

If a claim is filed and accepted during times such as this, they tend to get very litigious and complicated.

- ❖ The employee is injured after giving notice.

Nothing says thank you more than an employee who leaves the job and is “injured” during his/her last few days. This often happens with employees performing seasonal or temporary work.



- ❗ The claimant has problems with workplace relationships.

The claimant may feel no loyalty and that they have nothing to lose by doing this.

- ❗ The claimant leaves the country for medical treatment.

This obviously is a huge red flag. If you become aware of this before PennPRIME, call us ASAP!

- ❗ The claimant has a history of reporting subjective claims or has more than one claim at a time.

Dishonest employees sometimes file multiple-injury claims, hoping to “strike gold.”



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- ❗ The claimant's job history reflects a series of jobs held for relatively short periods of time.

This alone should alert you to potential problems. You can put an end to fraudulent WC claims before they get a chance to start through careful hiring practices. Background investigations to verify references can help you avoid costly hiring mistakes.

- ❗ The claimant's alleged injury relates to a pre-existing health problem.

This does legitimately occur. Just make sure they treat with panel physicians and that we are aware of the prior injury.

- ❗ The claimant is involved in hobbies or sports.

Claimants injured playing sports over the weekend often attempt to blame it on a work-related injury early Monday morning. When you have claimants that are active in sports, this information should be passed on to Inservco and/or PennPRIME.



- ❖ **The claimant is involved in home improvement or auto repair activities. The claimant has a part-time job that is labor intensive, i.e. building outdoor decks, installing tile, etc.**

Many claimants view WC as a paid vacation of sorts and an opportunity to get some real work accomplished, while double dipping.

- ❖ **The injury occurs on a Friday but is not reported until the following Monday, or the injury happens early Monday morning or at the beginning of a weekly shift.**

Probably one of the most common red flags. This could indicate the claimant was injured over the weekend.

- ❖ **The incident report and the medical evaluation offer conflicting information.**
- ❖ **The claimant refuses or delays treatment to diagnose the injury.**



- ❖ The claimant won't come to the telephone, is sleeping and can't be disturbed or is never home.

This is a form of avoidance and malingering.

- ❖ The claimant misses physical therapy, occupational therapy or other medical appointments.

Malingering behavior.

- ❖ The claimant provides a telephone number but doesn't live at the address associated with it.

A variation of this is the "message phone," where the message taker is evasive or ambiguous when asked about the claimant.

- ❖ The claimant's family doesn't know anything about the claim or they are extremely helpful to the point of the information sounding rehearsed.



- ❏ The claimant is going through a divorce and/or child custody battle. The claimant is having financial difficulties.

These stressors can skew good judgment at times.

- ❏ Tips or anonymous information from co-workers, relatives or neighbors suggest that the claimant's injuries are exaggerated or not legitimate.
- ❏ The claimant's lifestyle is incompatible with his/her known income.

These types of claimants have their fingers in all kinds of pies and are usually very active. Surveillance may be required.

- ❏ The claimant's family members are on workers' compensation or have a history of claims or lawsuits.

A family that "claims" together stays together.



❏ The claimant's injuries are subjective.

This involves soft-tissue injuries, phantom pain, emotional injuries, etc. This is very common and difficult to prove otherwise.

❏ The claimant changes physicians frequently.

This occurs when the physician releases the claimant to return-to-work or when the physician's diagnoses is at odds with the claimant's assertions.

❏ The claimant is healthy, tanned or sunburned.

The claimant is obviously involved in outside activities. People are creatures of habit. Regardless of how careful claimants with exaggerated or fraudulent claims are, they eventually will go back to their routines.



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- ❖ **The claimant and other workers from the same employer use the same attorney, doctor, chiropractor or clinic.**

Many of these clinics are set up to do nothing more than make money.

- ❖ **The claimant is familiar with claims-handling procedures or workers' compensation rules.**

At the very least, this could indicate that the claimant has filed a previous claim.



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Conclusion

If you see any of the behavior we have reviewed here, please remember to contact the Inservco Claims Representative that is assigned to handle the claim. If you cannot reach them, please contact PennPRIME.

Inservco Contact Information:

Medical Only Claims

Phone: 800-356-0438 Ext. 4017

Contact: Joshua Crowe

jcrowe@pnat.com

Lost Time Claims

Phone: 800-356-0438 Ext. 3324

Contact: Roxanne Coltogirone

rcoltogirone@pnat.com

PennPRIME Contact Information:

Phone: 800-848-2040 ext. *258



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