



Fraud

Montana State Fund's Workshop

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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/casualty 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 Insurance Crime Bureau	Source: Insurance Research Council, Insurance Services Office	Source: Insurance Research Council, Insurance Services Office	Source: National Association of Independent Insurers	Source: Alliance of American Insurers

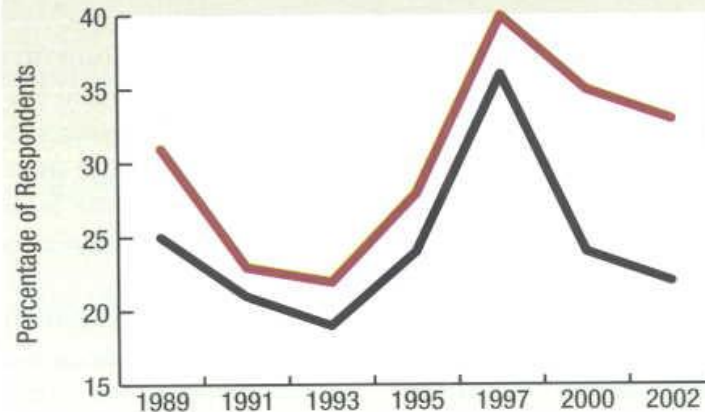


Worker's Compensation Fraud

Attitudes Toward Padded Claims

As acceptance of insurance fraud declines, many people acknowledge it as a crime. More than 90% of those surveyed agreed that people who commit fraud should be "prosecuted to the fullest extent of the law."

- OK to increase claim amount to make up for deductible
- OK to increase claim amount to make up for premium



Note: 2002 data represent the average of findings 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

The Cost of Fraud

About 10 cents out of every property/casualty claims dollar pays for fraud.



Source: Coalition Against Insurance Fraud



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



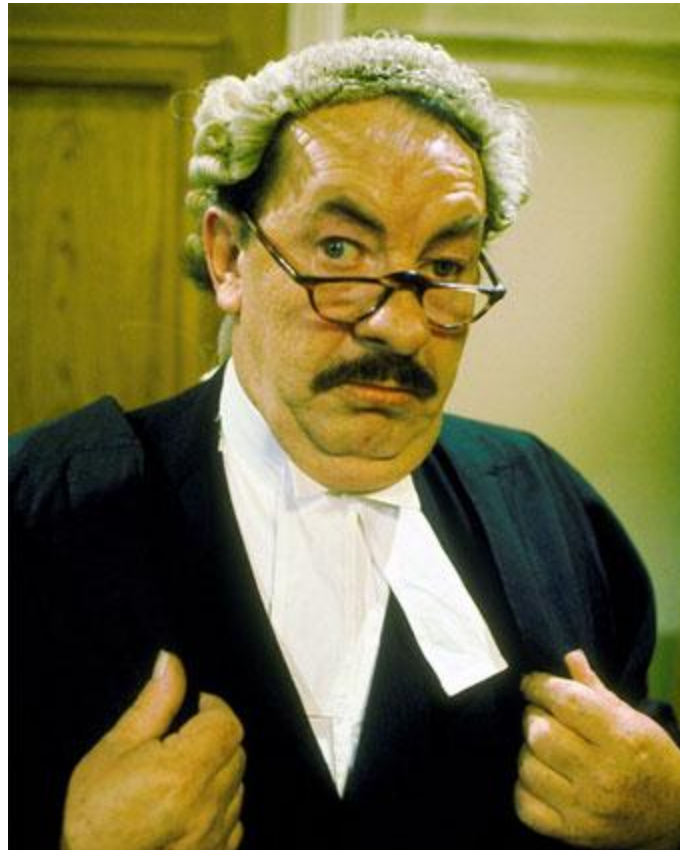


Suspicious Medical Treatment





Engagement of Legal Assistance





39-71-316 Filing True Claim

**[http://data.opi.state.mt.us/bills/
mca_toc/index.htm](http://data.opi.state.mt.us/bills/mca_toc/index.htm)**





45-6-301 Theft





Elements of Fraud

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



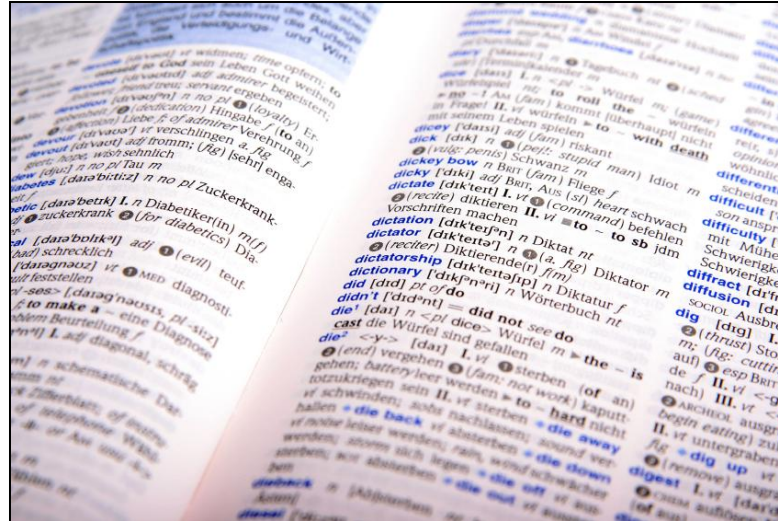
Elements of Fraud

- 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



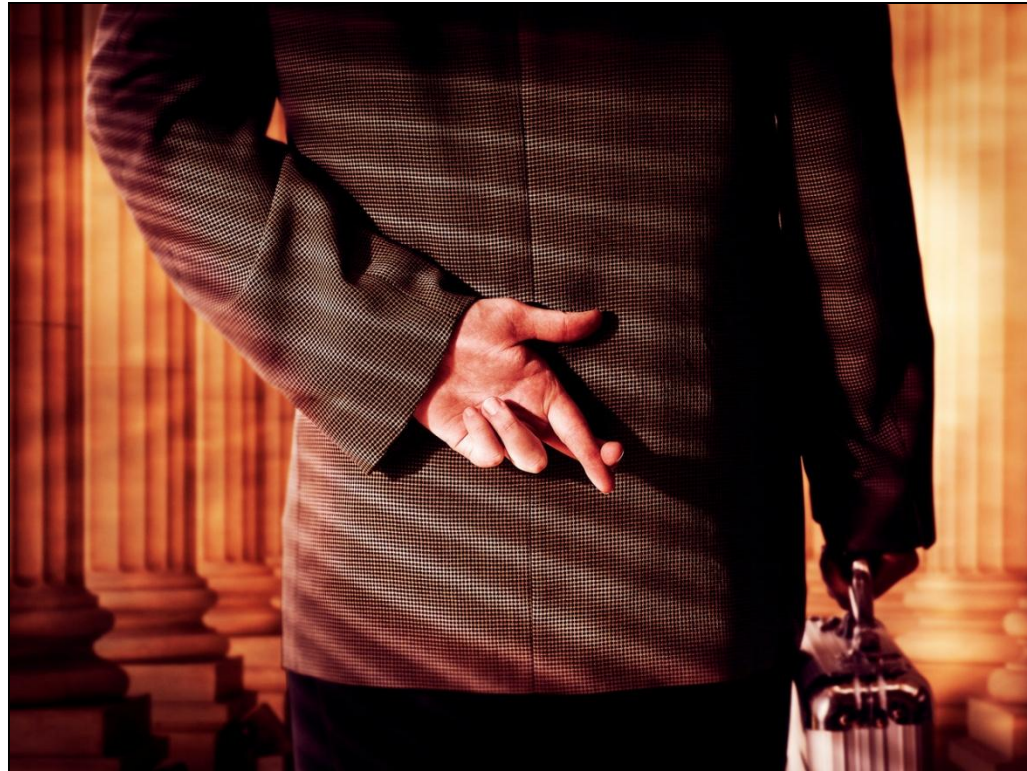
45-2-101

Definitions





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?