



**David Morse & Associates**  
Insurance Claims Services Since 1979

## “RED FLAG” FRAUD INDICATORS WORKERS’ COMP.

The following is a list of indicators that point to the potential for fraud a claim. This is a summary of the most common “red flags” for quick and easy reference, but should not be considered a complete list. Note: just because some of these indicators appear in a claim does not mean that any aspect of the case is fraudulent. These indicators are merely a tool to help isolate which cases might warrant further review. The greater the number or magnitude of the “red flag” indicators in a file, the greater the likelihood that fraud may be present in that claim.

### **General Indicators:**

- ▶ Person presenting the claim seems unusually knowledgeable about claims procedures.
- ▶ Person presenting the claim has an unusually high number of past claims.
- ▶ There is immediate attorney representation on the claim.
- ▶ An attorney firm or medical clinic which has a known history of suspicious claims is involved with the claim.

### **Indicators at Onset of Claim:**

- ▶ Injury reportedly occurred on late Friday, early Monday , or very shortly after a return from vacation.
- ▶ The employee has recently received some sort of disciplinary action by the employer.
- ▶ There are known to be upcoming layoffs or downsizing at the workplace.
- ▶ The employee was recently passed over for promotion or has some other known grievance.
- ▶ The employee is relatively new.
- ▶ The claimant does not report the injury to his/her supervisor, or there is a significant delay in reporting.
- ▶ The injury was unwitnessed.
- ▶ At the time of alleged injury, the employee was acting in a way not consistent with normal duties (doing something not part of his/her normal functions, in a different area than the usual work area, etc.)
- ▶ Employee’s version of facts seems inconsistent, vague or unusual.
- ▶ Injury occurs at an odd hour, such as over lunchtime or just at closing time.



- ▶ The type or degree of the claimed injury seems inconsistent with the reported facts of the accident.
- ▶ Claimant has previous history of injury to same area or body part.
- ▶ Claimant is known to have significant financial problems.
- ▶ The claim involves allegations of stress, sleep deprivation, or sexual dysfunction.

### **Indicators of the Ongoing Claim:**

- ▶ Claimant is hard to reach at home during normal business hours. He or she has always “just stepped out” or the phone goes unanswered.
- ▶ Claimant calls to return phone messages at lunchtime, or after normal working hours. Also, during such calls there are background noises which do not sound like the claimant is calling from home.
- ▶ Claimant takes much longer than expected to complete treatment and resists returning to work.
- ▶ Claimant generally uncooperative.
- ▶ Medical reports or other observations indicate claimant has calloused hands, is well tanned, or there are other signs of physical activity inconsistent with claimed disabilities.

### **Medical Treatment Indicators:**

- ▶ A large percentage of medical bill is for diagnosis only (X-Rays, tests, examinations, etc.).
- ▶ Medical bills for soft tissue injuries where incorrect CPT codes are used. For example, using the codes 99204 or 99205 for an initial examination. These codes are meant to be used for injuries far more serious than soft tissue injuries, and thus more would be charged for the examination than warranted.
- ▶ Injuries are all of a subjective nature, such as soft tissue injuries.
- ▶ Medical reports appear to be of the “boiler-plate” or “cookie-cutter” type., where the bulk of the report appears to be a pre-written format.
- ▶ The frequency and type of treatment does not change much through the course of treatment.
- ▶ Only passive modalities of treatment are administered throughout the course of treatment.
- ▶ Medical bills are received from a different location or business entity than the treating facility itself.
- ▶ Amount or length of treatment seems excessive in relation to initial reports of injury.
- ▶ There are significant amount referrals to other medical providers.
- ▶ Expensive medical equipment prescribed for use for a relatively minor injury.
- ▶ Diagnosis and type of treatment does not seem consistent with the initial report of the facts of the injury.
- ▶ New complaints get added to the original complaint.
- ▶ Expensive tests or treatment for Sleep Disorder, Sexual Function, Psyche, etc. appear in the claim.