

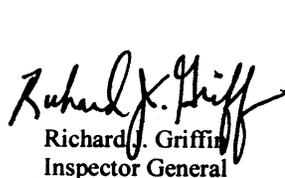
The Office of Inspector General (OIG) has been working closely with the Veterans Health Administration (VHA) to reduce fraud, abuse, and unnecessary costs associated with Workers' Compensation Program (WCP) claims. The purpose of this information bulletin is to make each VHA employee aware of workers' compensation fraud and to solicit each employee's help in identifying this fraud. The information bulletin discusses the different types of program fraud, actual fraud case examples, and how to report suspected fraud to the OIG.

The partnership between VHA and the OIG to reduce WCP program fraud has shown that a small number of employees fraudulently submit WCP claims or, after establishment of a WCP claim, commit program fraud. Although WCP fraud is only a small percentage of claims, it accounts for about \$9 million (9 percent) of VHA annual WCP costs which has averaged over \$100 million in recent years. Recent OIG investigations of WCP fraud have found that one of the best sources for identifying program fraud is through you the employee. Please read this information bulletin and contact the OIG at one of the addresses listed on the last page if you know of someone or suspect someone is committing WCP fraud.

The WCP is an essential program that protects employees who are injured in the performance of their duty. VHA has made the safety of the work force a top priority and has increased efforts to prevent work-related illness and injury through employee health and safety programs. We are committed to providing appropriate worker's compensation to injured employees while reducing fraud in this program.

The OIG has a national coordinator to oversee WCP fraud case investigations and a WCP web page that can be used to review and download OIG WCP products. The OIG will prosecute all WCP fraud to the fullest extent. We encourage each employee to read this information bulletin and help in reducing WCP fraud.

Remember that every dollar that is fraudulently obtained under the WCP is a dollar that should have been used for veteran's healthcare.


Richard J. Griffin
Inspector General


Thomas L. Garthwaite
Deputy Under Secretary
For Health

VHA'S WORKERS' COMPENSATION PROGRAM IS AN ESSENTIAL BENEFIT

The Federal Employee Compensation Act (FECA) provides compensation and medical benefits to civilian employees of the Federal government for personal injury or disease sustained while in the performance of duty. Benefits are also extended to the employee's dependents if the injury or disease results in the death of the employee. FECA is an essential employee benefit that protects the employee and the employee's dependents from financial hardship as a result of on the job injury or disease.

Additional information on VHA's WCP can be found on the OIG's WCP web page at:

<http://www.va.gov/oig/52/wcp/wcp.htm>

WHAT IS WCP FRAUD?

Fraud occurs when someone knowingly and with intent to defraud, presents or causes to be presented, any written statement that is materially false and misleading to obtain some benefit or advantage. Workers' compensation fraud can be committed in a variety of ways, but can be broken down into two main categories:

- **Claims fraud** is the submission of an exaggerated or outright false claim for injury and includes not only the acts of the employee, but also the illegal acts of medical providers, attorneys, and others that help facilitate false claims.
- **Medical provider fraud** is the submission of exaggerated or outright false claims such as creative billings, self-referrals, kickbacks, and product switching.

HOW CAN YOU HELP?

OIG efforts focus on WCP claims fraud though profiling of claims using "Red Flags" such as:

- The reported injury occurs prior to or just after a job termination, completion of temporary work assignment, or end of seasonal work; or employee reports an alleged injury immediately following disciplinary action, notice of probation, demotion, or being passed over for promotion.
- There are no witnesses to the accident, employee's version of the accident has inconsistencies, or

witness's version of the accident conflicts with the employee's version.

- The alleged injury relates to a preexisting injury or health problem.
- An injured employee working at another job and not properly reporting his earnings to the Office of Workers' Compensation Programs (OWCP), as required.
- Soft tissue injuries such as backaches, muscle strains, and other hard-to-diagnose injuries.

If you are aware of any WCP claimant or medical service provider that is committing WCP fraud, please notify the OIG through one of the means listed on the last page of this information bulletin.

EXAMPLES OF ACTUAL WCP FRAUD CASES INVESTIGATED BY THE OIG

Mr. Psychologist

A WCP claimant was employed as a Veterans Outreach Specialist when he allegedly hurt his back and began receiving FECA payments in August 1984. An extensive investigation uncovered that the WCP claimant was simultaneously working as a school employee, college professor, private practitioner, and business owner. Additionally, evidence proved the claimant and his wife were running a preschool for children with special needs, a psychological evaluation center for children, and an infant psychological evaluation program. The claimant was also the owner and operator of a bus company as well as two other businesses. Over time, the WCP claimant earned a salary ranging between \$25,000 and \$680,000 annually. Although one time the claimant did report some earnings, another time the claimant attached a letter stating he was unable to find a permanent job, and was still totally dependent on workers' compensation to provide for his family. The claimant attempted to hide his income by using his son's social security number and filing his income on his son's tax returns. This case involved the theft of over \$320,000 in VA FECA payments. Its discovery and subsequent termination of benefits provided the Department of Veterans Affairs (VA) with cost savings of over \$580,000. This is one of the largest WCP cases criminally prosecuted by the VA OIG.

Mr. Pizza Man

A WCP claimant who was employed as a motor vehicle operator reported to have been in a motor vehicle accident while on duty and sustaining injuries to his neck and lower

back. In May 1991, the claimant filed forms with OWCP, in order to continue receiving WCP benefits relating to alleged injuries sustained in the car accident. On the initial forms the claimant filed, he had reported to be self-employed. However, he did not provide any hours worked or salary information. Both the claimant and his physician certified that he was totally disabled and unable to return to work. The investigation found that the WCP claimant was working at his rental properties and a pizza restaurant, which he owned and operated. The WCP claimant's benefits were stopped. This termination of benefits generated cost savings for VA of approximately \$262,574. The WCP claimant paid \$175,000 to the government that included the amount of \$85,800 that he was ordered to pay in restitution to the Government in his criminal matter.

Mr. Smart Electrician

A former electrician at a VAMC claimed post-traumatic stress disorder and received approximately \$320,000 in workers' compensation benefits. The employee was arrested and admitted he had been employed while receiving workers' compensation benefits. The employee pleaded guilty to a one-count false statement and sentenced to 6 months' home detention and 2 years' probation. The employee agreed to a civil settlement of approximately \$38,000. VA will realize an estimated saving of \$440,000.

Mr. Limousine

A former food service supervisor at a VHA facility through his wife, a former chief of labor relations at the same facility, filed for workers' compensation benefits after reporting he sustained an injury to his lower back. The employee pleaded guilty to one count each of false statements and conspiracy and admitted that, while he was receiving workers' compensation benefits, he owned and operated a limousine service. The employee's wife pleaded guilty to one count of conspiracy to defraud the Government and admitted she assisted her husband in the preparation of the false documents he submitted. The employee was sentenced to 1 month's imprisonment, 36 months' supervised release, to include 6 months' home detention, and was ordered to pay \$40,000 in restitution to the Government. His wife was sentenced to 4 months' imprisonment, 24 months' supervised release, to include 5 months' home detention. VA will realize an estimated saving of about \$930,000.

HOW TO REPORT SUSPECTED WCP FRAUD TO THE OFFICE OF INSPECTOR GENERAL

If you are aware of or suspect someone of committing WCP fraud, please contact the VA OIG through one of the following means. Your help in this area is needed and greatly appreciated.

OIG WCP Fraud Hotline

Telephone: 1-800-488-8244

Facsimile: (202) 565-7936

E-mail: vaoig.hotline@forum.va.gov

WCP Fraud Mailing Address

VAOIG WCP Fraud
P. O. Box 50890
Washington, DC 20091-0890

For Additional OIG Products Available On The Internet

<http://www.va.gov/oig>

<http://www.va.gov/oig/52/wcp/wcp.htm>

INFORMATION BULLETIN



DEPARTMENT OF VETERANS AFFAIRS OFFICE OF INSPECTOR GENERAL

FRAUD AWARENESS

VETERANS HEALTH ADMINISTRATION'S WORKERS' COMPENSATION PROGRAM

June 2000