

Workers' Compensation System Abuse Complaint Activity, FY 2002-FY 2004

Information Management Division

Department of Consumer & Business Services

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Introduction

The Workers' Compensation Division of the Department of Consumer and Business Services (DCBS) investigates allegations of statute or administrative rule violations in an effort to minimize abuse of the workers' compensation system. The division investigates complaints involving abuse or fraud by medical providers, insurers, employers, and claimants. This report summarizes the division's complaint investigation activity from July 1, 2001 through June 30, 2004.

Complaints

Records on the number of workers' compensation abuse investigations opened have been kept since 1991. In 2002, the procedure for counting investigations changed; therefore, counts prior to 2002 cannot be compared to more recent figures. The current counting procedure excludes those inquiries that did not require a director's order or warning notice and those that were resolved within hours of intake. In fiscal year (FY) 2004, 144 such inquiries were excluded from counts. The division typically resolved these inquiries by providing information or referral to other agencies. Some of these inquiries were withdrawn.

Investigations opened

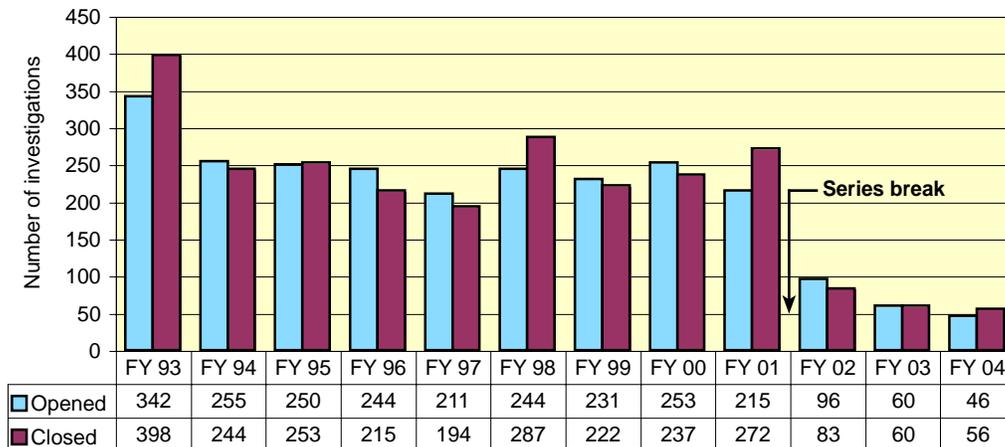
As the following graph shows, following a peak of 342 investigations opened in FY 1993, the number of complaints received for inappropriate actions by employers, providers, insurers, workers, and other parties dropped to 215 by FY 2001, a decline of 37 percent. Since 2002, the number of opened fraud and abuse investigations has decreased from 96 in FY 2002 to 46 in FY 2004.

Consistent with prior years (see Table 1), complaints against employers represented the largest percentage of opened investigations. Table 2 shows the nature and number of abuse complaints opened between FY 2002 and FY 2004. Most complaints were related to the following categories: employer pressure on claimants to not file claims, improper claims processing by insurers, and failure to report or improper reporting of claims-related information by the employer, insurer, or medical provider.

Investigations closed

The number of investigations closed in the past three years ranged from 106 in FY 2002 to 65 in FY 2004 (see Table 3). Closed investigations were either dis-

Figure 1. Abuse complaint investigations*, FY 1993-2004



* Figure 1 excludes those inquiries that did not require a director's order or warning notice and that were resolved within hours of intake.

In fiscal year (FY) 2004, there were 144 such inquiries.

posed (resolved) by WCD investigations staff or referred to another party for resolution. The percentage of investigations disposed by the division rose from 79 percent in FY 2002 to 91 percent in FY 2004. Consistent with prior years, the highest number of closed investigations were complaints retained by the division for pattern development (i.e., documentation of a complaint to identify possible future problems).

Investigations closed by referral dropped from 21 percent in FY 2002 to 9 percent in FY 2004. Of the six investigations closed by referral in FY 2004, three were referred to another section of the Workers' Compensation Division, two were referred to another state agency, and one was referred to another DCBS division.

Table 1. Focus of abuse complaint investigations, FY 2002-2004

Subject	FY02		FY03		FY04	
	Number	Percentage	Number	Percentage	Number	Percentage
Employer	76	69.1%	58	66.7%	33	52.4%
Insurer/third party administrator	14	12.7%	9	10.3%	17	27.0%
Other	8	7.3%	5	5.7%	5	7.9%
Worker	6	5.5%	3	3.4%	3	4.8%
All medical providers	4	3.6%	10	11.5%	3	4.8%
Self insured employer	1	0.9%	0	0.0%	2	3.2%
Vocational consultant	1	0.9%	1	1.1%	0	0.0%
Attorney	0	0.0%	1	1.1%	0	0.0%
Total	110	100.0%	87	100.0%	63	100.0%

Note: Fiscal year totals from Table 1 are slightly higher than totals presented in Figure 1 for opened investigations because multiple categories can be assigned to any one investigation.

Table 2. Nature of abuse complaints, FY 2002-FY 2004

Nature	FY 2002		FY 2003		FY 2004	
	Number	Percent	Number	Percent	Number	Percent
Employer pressure to not file a claim	24	23.1%	23	34.3%	12	23.5%
Improper processing	11	10.6%	8	11.9%	10	19.6%
Failure to report/improper reporting	30	28.8%	5	7.5%	8	15.7%
Miscellaneous/other	7	6.7%	5	7.5%	7	13.7%
Harassment	1	1.0%	0	0.0%	4	7.8%
Discrimination against claimants	3	2.9%	1	1.5%	3	5.9%
Fraudulent claim	1	1.0%	0	0.0%	2	3.9%
Directing treatment	2	1.9%	2	3.0%	2	3.9%
Fraudulently obtaining benefits	2	1.9%	5	7.5%	1	2.0%
Improper medical treatment	2	1.9%	1	1.5%	1	2.0%
Non-complying employer	1	1.0%	4	6.0%	1	2.0%
Collecting benefits when able to work	5	4.8%	0	0.0%	0	0.0%
Cases reviewed after closure	3	2.9%	0	0.0%	0	0.0%
Improper billing	1	1.0%	4	6.0%	0	0.0%
Late payment/non-payment	4	3.8%	1	1.5%	0	0.0%
Worker leasing	7	6.7%	8	11.9%	0	0.0%
Total	104	100.0%	67	100.0%	51	100.0%

Note: Table 2 totals do not match Figure 1 totals because more than one category can be assigned to an investigation.

Table 3. Investigations closed, FY 2002-FY 2004

Disposed:	FY 2002		FY 2003		FY 2004	
	Number	Percentage	Number	Percentage	Number	Percentage
Retained for pattern development	29	34.5%	19	35.8%	22	37.3%
Unfounded	6	7.1%	9	17.0%	12	20.3%
Warning letter	12	14.3%	9	17.0%	11	18.6%
Notification letter	17	20.2%	11	20.8%	7	11.9%
Recommendation to other DCBS section	20	23.8%	4	7.5%	7	11.9%
Penalty	0	0.0%	1	1.9%	0	0.0%
<i>Total disposed</i>	84	100.0%	53	100.0%	59	100.0%
Contribution to closed investigations total		79.2%		81.5%		90.8%
Referred:						
Other WCD section	6	27.3%	9	75.0%	3	50.0%
Other state agency	2	9.1%	0	0.0%	2	33.3%
Other DCBS division	0	0.0%	0	0.0%	1	16.7%
Insurer/self-insurer	5	22.7%	1	8.3%	0	0.0%
Managed care organization	0	0.0%	0	0.0%	0	0.0%
Other	9	40.9%	2	16.7%	0	0.0%
<i>Total referred</i>	22	100.0%	12	100.0%	6	100.0%
Contribution to closed investigations total		20.8%		18.5%		9.2%
Total of closed investigations	106	100.0%	65	100.0%	65	100.0%

Note: Fiscal year totals from Table 3 are slightly higher than totals presented in the graph for closed investigations because multiple categories can be assigned to any one investigation.

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