

## Client Services Procedure Manual

**Procedure:** 56.00  
**Subject:** Fraud Identification

### 56.01 Introduction

This procedure provides an explanation of types of fraud which may occur within the workers' compensation context and provides assistance in the identification of fraud. Fraud requires the following:

- i) intentional misrepresentation, and
- ii) financial deprivation

In a workers' compensation setting, fraud may occur in many ways.

#### **Employer Fraud:**

There are generally two types of employer fraud in workers' compensation: claim-related and assessment-related.

1. Employer-claims fraud occurs when an employer knowingly misrepresents the truth in relation to a workplace accident in order to avoid, deny or obtain compensation on behalf of employees.

#### **Examples:**

- failing to report lost time claims or delay in reporting;
- reporting an injury under covered company "A" when in fact the injured was an employee of company "B";

2. Employer-assessment fraud occurs when an employer knowingly misrepresents its payroll or industrial undertaking in order to obtain workers' compensation coverage at less than the proper rate.

#### **Examples:**

- underreporting their workers' payroll;
- misrepresenting the company's industrial undertaking to avoid a high assessment rating.

#### **Worker Fraud:**

There are generally two types of worker fraud:

1. Earnings-related fraud involves a situation in which a worker/employer fails to report or takes active steps to conceal income from employment or other relevant sources which they earned during the period benefits are received.

#### **Examples:**

- worker may be collecting income from another work source;
- worker may be employed in family business and is being paid in cash with no audit trail available.

2. Disability-related fraud involves situations in which a worker claims to be disabled when in fact the worker is capable of earning. The worker may not have suffered an injury at all or may have recovered from the injury but misleads WorkplaceNL or the treating doctor to think that there are ongoing problems.

**Examples:**

- claimant files a claim for an injury that did not occur, or is known to have no relation to the job;
- claimant knowingly provides an inaccurate medical history to a medical provider;
- claimant, while receiving benefits, states that he/she hasn't worked in any capacity of work over the past six months, but there is proof that the claimant had worked.

**Service Provider Fraud:**

This type of fraud includes any verbal or written misrepresentation or any excessive billing for services or benefits in the workers' compensation system, and can be perpetuated by any service provider in the system.

**Examples:**

- reporting that a patient continues to be disabled from work when the patient is able to perform duties of pre-injury or modified work;
- billing for exams of patients who were never examined, or for treatment never provided;
- billing in duplicate for the service or product provided;
- knowingly not refunding duplicate payments received from WorkplaceNL for the same date of service.

**Reference:** Workplace Health, Safety and Compensation Act, 2022, Sections 18 and 69  
Policy GP-01, Information Protection and Access  
Policy EN-11, Investigations

**Amendment History**

Original Effective Date                      2002 11 01