

# Combating Workers' Compensation Fraud , Waste, Abuse and Control Costs

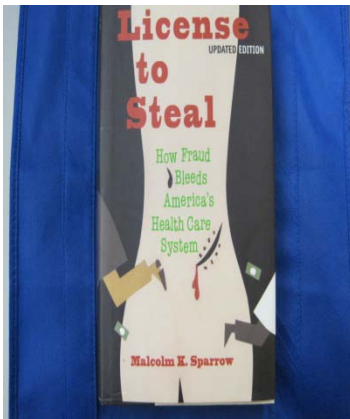
**National Shipbuilding Research  
Program Conference  
Thursday, November 18, 2009**

John Riggs  
Manager, Workers' Compensation  
Disneyland Resort – Anaheim



# Statement of Workers' Comp Benefits

## What are the Experts saying?



- **Malcolm Sparrow** author of *LICENSE TO STEAL*, says “the general public and most members of the medical profession, may not be aware of the extraordinary range of characters queuing up to defraud the system...”
- “Stealing millions of dollars or more is remarkably easy, and carries little chance of getting caught.”
- Who are the “PERPS”? Fictitious companies, Generalists, Physicians, Chiropractors, Dentists, Corporations, Teaching Hospitals, Billing Specialists & Organized Crime Syndicates.
- The fundamental reason is the industry’s standard detection and control systems are not aimed at criminal fraud at all!!



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## Los Angeles Times

**Crackdown on workers' comp billing fraud is dealt a setback**

Insurers, complaining of the paperwork, squelch a provision in a state Senate bill that would require them to send notices to injured workers to verify that services billed were actually performed.



"If I know you're an injured worker, and you don't get a copy of the bill, then I basically have a license to steal," says Albert MacKenzie, a Los Angeles prosecutor who came out of retirement to lead a special district attorney's unit to combat fraud. (Ringo H.W. Chiu / For The Times / August 14)

AB156 sponsored by Sen Roderick Wright (D-Inglewood), a proposal aimed at preventing billing scams backed by a task force of public and private employers...required insurers to send notices to injured Workers

Insurers balked, complaining of the high cost of increased paperwork. Sending out notices is "prohibitively Expensive and would confuse injured workers according to the American Insurance Assn although they did not have cost estimates.

"It's a massive problem. Hundreds of millions of dollars go down the tube," Judge David O'Brien, retired.

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Hey, let's walk on the wild side!

- Why?
  - To bring needed **transparency** to the claims process for the injured worker
  - Raise the injured workers' **awareness** and knowledge on the services provided on their behalf
  - Increase **goodwill** between the injured worker and employer
  - Promote **communication** between the injured worker and claims administrator
  - **Recognize** possible provider billing mistakes, billing mischief or fraud

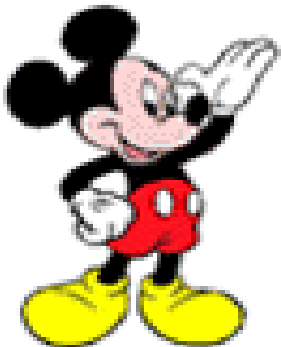
# Statement of Workers' Comp Benefits

## Who's in on the Ground Floor?

- ❖ Disneyland Resort
- ❖ Sempra Energy – the Gas Company
- ❖ City of Anaheim, City of Torrance City of Huntington Beach

## In Partnership with –

- Judge David O'Brien, retired WCAB
- Employers' Fraud Task Force



And...  
Our Experts in Bill Review -



# Statement of Workers' Comp Benefits

**\*\*THIS IS NOT A BILL\*\***

Claims Administrator  
 Disneyland Resort-Work Comp Dept  
 700 W. Ball Rd., Anaheim, CA. 92691  
 Phone 800.888.8888

**\*STATEMENT OF WORKERS' COMPENSATION MEDICAL BENEFITS PAID FOR MEDICAL SERVICES RENDERED\***

Employee First Name and Last Name  
 Employee Address  
 Employee City, CA 90000

Claim Number: 1234  
 Date of Injury: 12/30/08  
 Body Part:

Medical Provider	Date of Service	(Paid) Service Description	Units	Charge by Provider	Paid to Provider
Dr. John Doe	1/1/09	Office Visit	1	150.00	100.00
Dr. Eric Malcolm	1/15/09	Office Visit	1	175.00	115.00
Dr. Eric Malcolm	1/30/09	Office Visit	1	175.00	115.00
Dr. John Doe	2/5/09	Office Visit	1	150.00	100.00
Dr. Han Kittredge	2/14/09	Office Visit	1	85.00	85.00

Total Charges: 735.00  
 Disallowed: 220.00  
 Total Paid: 515.00

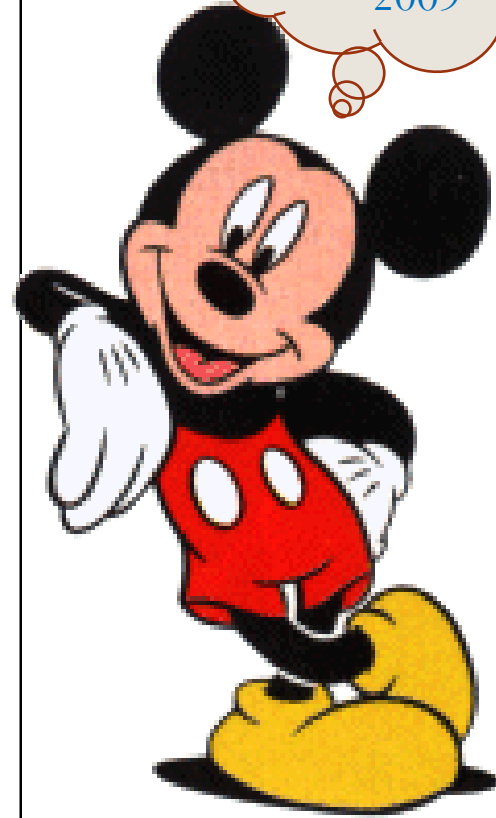
Please review the billed services and notify the Claims Administrator regarding any discrepancies you may find or if you have any questions regarding this statement.

Employer: Disneyland Resort 1313 S. Harbor Bl. Anaheim, CA. 92691 (714-781-4000)

Unless otherwise stated, reimbursement is made according to the Official Medical Fee Schedule of the State of California, which prohibits billing of the patient for any disallowed amount or balance in excess of the amount recommended.

Any reduction is due to the billed charges exceeding the fee schedule allowance for the service provided and/or the application of the appropriate discounts based on the individual provider's agreement with the preferred provider organization. Amounts billed above the recommended allowances are objected to as being unreasonable pursuant to California Labor Code sections 4620 through 4626 and 5307.1.

We'll be ready to roll in December 2009



# Statement of Workers' Comp Benefits

Why, it's  
not  
required by  
Regs?

What  
happened to  
AB156?



## Questions, Answers & Comments

I'm  
EXCITED!



Contact me at:  
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