

Fighting Fraud: A Bottom Line Special Report

By: Mike Strehlow

It's a tried and true scam. Workers faking injury to get a big payout from taxpayers. A worker's compensation bill in the Wisconsin Legislature includes proposals to fight fraud. CBS 58 met with a local lawmaker, labor leader, and private investigator in search of answers. How big is the fraud problem in Wisconsin, and what is being done to crack down on fraudsters?

"It's really sad because a few bad apples ruin it for everybody" said Ryan Sanchez, the lead private investigator with Ryan Adam Investigations who stakes out suspected worker's comp and disability benefit cheaters. "I've actually seen people throw their cane in their trunk when they get back from a doctor's appointment."

According to the Coalition Against Insurance Fraud, precise national and state statistics on compensation fraud are in short supply. However the rule of thumb is that 1 in every 10 claims dollars is lost to fraud, caused not only by workers faking injury, but companies misclassifying employees to illegally lower their premiums.

"In Wisconsin, the worker compensation system, we see very few cases of fraud" says Stephanie Bloomingdale with the Wisconsin State AFL-CIO. However, the Worker's Compensation Council that she sits on has included a justice department fraud investigator position in a massive worker's compensation reform bill being debated by state lawmakers. "Anytime there's fraud in the system, we need to take care of that decisively, and we believe this new addition will help in that situation."

State Senator Glenn Grothman is also a member of the advisory council. The West Bend republican says while fraud is a concern, rising medical costs are hurting employees, employers and efforts to attract business to Wisconsin the most. "Our medical providers charge more for worker's comp work than they do in other states. That means our premiums are higher and it makes us less competitive."

The Wisconsin Medical Society opposes any fee schedule changes saying such caps "could create a disincentive for providing care for injured workers and ruin what is a national model."

Grothman says it "going to be a big battle royal in the legislature over the next month as we see whether or not we can change the system or not."

According to the Coalition, precise national and state statistics on compensation fraud are in short supply. However the rule of thumb is that 1 in every 10 claims dollars is lost to fraud, caused not only by workers faking injury, but companies misclassifying employees to illegally lower their premiums.



**Coalition Against
Insurance Fraud**