

POLICY NUMBER: POL-80

**Chapter:
GENERAL**

**Subject:
FRAUD PREVENTION & INVESTIGATION**

**Effective Date:
January 24, 2002**

**Last Update:
February 9, 2017**

PURPOSE STATEMENT:

The purpose of this policy is to outline the Workers Compensation Boards commitment to maintaining financial and ethical integrity through the prevention and investigation of fraud and program abuse.

REFERENCE:

Workers Compensation Act R.S.P.E.I. 1988, Cap. W-7.1, Sections 6(12), 81, 82.
Workers Compensation Board Policy POL-19, Employer Registration.
Workers Compensation Board Policy, POL-27, Overpayments to Workers.
Workers Compensation Board Policy, POL-28, Overpayments to Service Providers.

DEFINITION:

In this policy:

“Fraud” occurs when an individual or organization misrepresents the truth or conceals information for the purposes of potential or actual benefit to which they are not entitled.

“Program abuse” means any practice that uses the workers compensation system in a way that is contrary to its intended purpose or the law. This behavior may also be fraud.

POLICY NUMBER: POL-80

POLICY:

1. The operating expenses of the Workers Compensation Board and compensation benefits for injured workers and their dependants are paid out of the accident fund. The Workers Compensation Board's responsibility to ensure the financial integrity of the accident fund and to maintain public confidence includes a number of duties, one of which is to prevent abuse and fraud from being committed. The Workers Compensation Board does this through prevention and investigation into allegations of abuse and fraud.
2. This policy applies to workers, employers, service providers, suppliers, Workers Compensation Board employees, and the Board of Directors.

Prevention

3. The Workers Compensation Board strives to prevent abuse and fraud through:
 - identifying priority areas for risk management;
 - early detection of abuse and fraud;
 - communicating stakeholder obligations under the applicable legislation and policies;
 - rigorous internal processes to minimize potential for abuse and fraud;
 - public participation in the detection process (i.e. information from the public); and
 - increasing employee awareness through training.

Identifying Priority Areas For Risk Management

Examples of risk areas include the following:

- worker misrepresentation of the degree of injury;
- service provider billing for services not provided;
- employer failing to register, non-reporting or underreporting payroll;
- employer suppressing claims or withholding information about claims or incidents; and
- Workers Compensation Board employee or member of the Board of Directors submitting a false expense or reimbursement claim.

POLICY NUMBER: POL-80

Based on identified priority risk areas, the Workers Compensation Board will use the following methods to minimize abuse and fraud and reduce its impact:

- random checks and planned audits;
- identification of red flags at the early stages of claims processing; and
- information from the public.

Public Participation In The Detection Process

The Workers Compensation Board encourages workers, employers, service providers, and the general public to report suspected cases of abuse or fraud to the Workers Compensation Board.

The Workers Compensation Board will accept all information, either anonymous or from an identified person, from external stakeholders and the general public. The Workers Compensation Board will accept, review, and investigate all information, as required. However, there is no obligation on the part of the Workers Compensation Board to report back to the person providing the information about what action, if any, was taken in relation to the information provided.

Investigation

4. The Workers Compensation Board will investigate all allegations of abuse and fraud in a fair manner that:
 - is consistent with legislation, regulation, and policy;
 - stops offences once detected; and
 - pursues administrative remedies and recommends criminal prosecution, if appropriate.
5. The Workers Compensation Board will investigate all reports of abuse and fraud after it completes a preliminary review and determines the complaint is valid. The extent of the investigation will depend on the seriousness of the allegation and the information given in support of the allegation.
6. To assist with the investigation or any inquiries related to the complaint, the Workers Compensation Board may retain an external investigator. The investigation may include observation or video surveillance.

Confidentiality

7. All information is confidential during an active abuse or fraud investigation. Information is released only to those who have a need to know in order to assist with the investigation.

Acting On Abuse and Fraud

8. Where an investigation results in a finding of abuse or fraud, the Workers Compensation Board will proceed with the appropriate action. The action taken by the Workers Compensation Board will be determined based on the circumstances of each case. The action taken may be administrative in nature and may include the following:
 - a) discontinuation or reduction of claim benefits, and application of cost relief;
 - b) recovery of outstanding overpayments or account balances;
 - c) corrective discipline; or
 - d) termination or suspension of employment, contract or service agreement.
10. In addition to, or alternatively to administrative actions, the Workers Compensation Board may also recommend criminal prosecutions and pursue recovery in civil actions where there is strong evidence of fraud and the cost effectiveness of such an action is in the Workers Compensation Board's favour. In making this determination, the Workers Compensation Board will consider the amount of the loss associated with the fraud, the severity of the fraud, and the importance of the deterrence.

HISTORY:

February 9, 2017 - Amended to reflect non-substantive changes including definitions and descriptions of administrative actions.

January 23, 2014 - Amended to enhance and clarify the Workers Compensation Board's approach to abuse and fraud. The name of the policy has been renamed from "Deliberate Misrepresentation" to "Fraud Prevention & Investigation".

November 29, 2007 - The policy was updated as a result of the 60 month policy review process. In addition, the name of the policy was changed from "Fraud" to "Deliberate Misrepresentation".

Board of Directors Approval Date: January 24, 2002
