

# REPORTING HEALTHCARE FRAUD



GEORGE GASCÓN  
DISTRICT ATTORNEY

## Healthcare Fraud Hurts Everyone

Healthcare fraud, which includes workers' compensation fraud, is a serious problem throughout California.

Fueled by various forms of fraud, workers' compensation insurance premiums have skyrocketed and cost jobs in the region. In the public sector, fraud has drained taxpayer money. Fraudulent claims slow the processing of legitimate claims, causing delayed medical care for injured workers.

The District Attorney's Office is working to ensure the integrity of the workers' compensation system. We aggressively investigate and prosecute those involved in workers' compensation fraud in both the private and public sectors.

As District Attorney, I am determined to hold those who commit fraud accountable and ensure that the system works as it should – fairly benefiting those injured on the job.

For more information about the District Attorney's Office, visit our website at [da.lacounty.gov](http://da.lacounty.gov).

George Gascón  
District Attorney  
Los Angeles County

## Workers' Compensation Fraud

Workers' compensation laws were created to ensure appropriate compensation for persons injured on the job. The laws provide a "no fault" system designed to expedite benefits to injured workers and prevent costly legal disputes.

Unfortunately, some criminals have unfairly and illegally abused the system. Fraudulent workers' compensation claims, price gouging by medical providers and unscrupulous employer insurance practices have undermined the system and caused workers' compensation insurance costs to spiral out of control. The results have been far-reaching:

- Businesses have lost money, and several have closed down or moved to other states.
- Jobs have been lost, inflicting a blow to the local economy.
- Public agencies have suffered increased insurance costs, which drain scarce tax dollars.
- Legitimate workers' compensation claimants have experienced delays and difficulty in obtaining benefits.

## Protecting the Healthcare Insurance System

The District Attorney's Office created the Healthcare Fraud Section to prosecute those who violate workers' compensation laws.

Under these laws, it is a felony to lie about an important fact in order to obtain or deny benefits.

The laws provide stiff penalties, including up to five years in state prison and the suspension or revocation of the license of any healthcare provider or attorney found to be involved in workers' compensation fraud.

Deputy district attorneys in the Healthcare Fraud

## Reporting Healthcare Fraud

The District Attorney's Office continues to be at the forefront in the battle against healthcare fraud through aggressive enforcement and prosecution efforts.

Everyone is affected by healthcare fraud, and we urge you to join the fight. If you think someone is committing healthcare fraud, report it to your workers' compensation insurer or to your employer. You may also report it to the following:

California Department of Insurance  
Consumer Hotline  
**(800) 927-HELP ((800) 927-4357)**  
[fraud@insurance.ca.gov](mailto:fraud@insurance.ca.gov)

Los Angeles District Attorney's Office  
Workers' Compensation Fraud Section  
**(213) 974-3512**

Los Angeles City Attorney  
Workers' Compensation Fraud Hotline  
**(877) 742-5352**  
*(to report suspected fraud by city employees only)*

Los Angeles County Employee Fraud Hotline  
**(800) 544-6861**  
*(to report suspected fraud by county employees only)*  
[fraud.lacounty.gov/](http://fraud.lacounty.gov/)

WeTip Fraud Hotline  
**(800) US-FRAUD ((800) 873-7283)**  
[wetip.com](http://wetip.com)

Los Angeles County District Attorney's Office  
Bureau of Victim Services  
[da.lacounty.gov/victims](http://da.lacounty.gov/victims)

**(800) 380-3811**

Section are specially trained to prosecute these cases. One prosecutor handles a case from beginning to end to ensure continuity and efficiency.

Suspected healthcare fraud is investigated by a variety of state and local government agencies, including the Department of Insurance's Fraud Division, the Employment Development Department, the Franchise Tax Board, the Department of Industrial Relations, and the District Attorney's Bureau of Investigation.

Investigative agencies refer cases to the District Attorney's Healthcare Fraud Section for prosecution.

## Most Common Types of Healthcare Fraud

**Provider Fraud:** Regardless of the legitimacy of a worker's claim, some medical or other healthcare practitioners fraudulently maximize the number of medical tests, treatments and referrals to increase the number of billings. Some overbill insurance companies for services or render unnecessary treatment to increase billings.

**Applicant Fraud:** Some workers abuse the protections afforded by California law and fraudulently obtain workers' compensation benefits.

Workers are guilty of applicant fraud when they:

- Fake an injury
- Lie about the extent of their injury
- Falsely deny making any previous claim(s)
- Fail to disclose a prior injury to the same body part
- Claim a non-work injury is work-related
- Work illegally while obtaining benefits

Investigators regularly expose fraudulent workers' compensation claims by secretly videotaping applicants engaging in challenging physical activities.

**Claim Mills:** Organized workers' compensation fraud involving doctors and attorneys is an ongoing problem

in California. Fraud rings recruit people to file phony work injury claims. The workers are sent to medical clinics or attorneys' offices – commonly known as claim mills – which are involved in the scheme and fraudulently validate bogus injuries.

To prevent this, California law allows physicians' findings to be challenged and limits the amounts paid for medical services. Injured employees must see a doctor from a medical provider network that has been authorized by the employer.

**Employer and Insurance-Carrier Fraud:** In this type of fraud, employers or insurance carrier representatives purposely misrepresent a worker's benefit entitlement in order to discourage him/her from pursuing a legitimate claim.

**Premium Fraud/Uninsured Employer Fraud:** Premium fraud occurs when employers try to lower their workers' compensation insurance premium by fraudulently misstating the number of workers they employ or the nature of their work. For example, an employer may report a roofer, who is at a higher risk of work injury, as an office worker.

Other businesses are part of the "underground economy" and carry no workers' compensation insurance.

Premium fraud puts workers at risk of not being covered in the event of an on-the-job injury. It also gives fraudulent employers an unfair advantage. With lower insurance costs – and, thus, lower overhead – they can offer customers lower prices than their law-abiding competitors.

Premium fraud is a serious offense. California law allows for the prosecution of uninsured employers and those with improper coverage.

**Public Sector Fraud:** Fraud committed against government entities is a disservice to all taxpayers. The District Attorney's Office has specially assigned prosecutors who handle only those cases involving fraud committed within the public sector.