

## NEWS RELEASE

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### **DIR Combats Workers' Compensation Fraud, Stays 200,000 Liens with Claim Value of Over \$1 Billion**

*Issues report on efforts to reduce medical provider and premium fraud*

**Oakland**—The Department of Industrial Relations (DIR) today filed a [report on its anti-fraud efforts](#) in the California workers' compensation system, and announced it has stayed more than 200,000 liens worth a combined claim value of more than \$1 billion. The liens are associated with 75 medical providers facing criminal fraud charges.

DIR's efforts to eliminate medical provider fraud and illegitimate liens were bolstered by two new laws effective January 1:

- SB 1160 (Mendoza) requires DIR to automatically stay liens owned by providers who have been indicted or charged with crimes until the disposition of criminal proceedings.
- AB 1244 requires the Division of Workers' Compensation (DWC) Administrative Director to suspend any medical provider, physician or practitioner from participating in the workers' compensation system when convicted of fraud. DWC has adopted [provider suspension regulations](#) and is now issuing notices of suspension to convicted providers.

“Over the past year, we have worked to prohibit criminal and indicted providers from lining their pockets through liens,” said DIR Director Christine Baker. “Removing fraudulent providers and their lien claims from the workers' compensation system will further improve services to injured workers and ultimately reduce costs in the system.”

DIR has posted information on its [fraud prevention efforts](#) online, including information on indicted medical providers.

DIR is leading an effort to identify and address strategies for improved anti-fraud efforts in the workers' compensation system. DIR and the Department of Insurance convened working groups last June to gather stakeholder input and evidence of fraudulent activity. At the direction of the Secretary of the California Labor and Workforce Development Agency, DIR prepared a report on further recommendations to the Governor and the Legislature.

The report identifies premium fraud – through which unscrupulous employers seek to lower costs by underreporting payroll, misclassifying employees, or misreporting

workers in high-risk occupations as engaged in low-risk occupation – as warranting the next series of significant anti-fraud policies.

DIR's ongoing work to combat workers' compensation fraud includes the creation of an Anti-Fraud Support Unit to share and track data from system participants. The department contracted with the RAND Corporation for an independent evaluation and recommendations, including a review of fraud detection in other federal and state health care programs. The study, currently in peer review, is slated for release this spring.

DIR protects and improves the health, safety and economic well-being of over 18 million wage earners, and helps their employers comply with state labor laws. DIR's [Division of Workers' Compensation](#) (DWC) monitors the administration of workers' compensation claims, and provides administrative and judicial services to assist in resolving disputes that arise in connection with claims for workers' compensation benefits.

Members of the press may contact Erika Monterroza or Peter Melton at (510) 286-1161, and are encouraged to [subscribe to get email alerts](#) on DIR's press releases or other departmental updates.

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The [California Department of Industrial Relations](#), established in 1927, protects and improves the health, safety, and economic well-being of over 18 million wage earners, and helps their employers comply with state labor laws. DIR is housed within the [Labor & Workforce Development Agency](#). For general inquiries, contact DIR's Communications Call Center at 844-LABOR-DIR (844-522-6734) for help in locating the appropriate [division or program](#) in our department.