

**"Project Twinge" - 36% of claims studied are irregular fraud at the Workers' Compensation Board**

by Richard Fink

Brian King, former President of the Worker's Compensation Board stated at a news conference four years ago, that 5% of the claims made at the Workers' Compensation Board are outright fraud. King's estimate understates the actual situation. According to a secret study conducted in 1994 by Peat Marwick (KPMG), 36% of second claims made by supposedly injured workers are "irregular", a word denoting activity of misrepresentation but not necessarily containing all the elements to prove criminal fraud.

From 1980 to November 1993, this amounts to 33,400 claims totalling \$240 million, and KPMG indicates that this is only the tip of the iceberg: "Therefore, the total exposure to irregular claims will likely be higher than the estimate..."; p.8

More shocking is the revelation that groups including organized crime are submitting "irregular" claims on an organized and repetitive basis, although KPMG go out of their way to state there is not a centralized source co-ordinating the irregular activity.

Hundreds of millions dollars have been fraudulently extracted from the Compensation Board by single instance claimants but KPMG was never permitted to enter phase II of its study of WCB fraud, to catalogue further theft. Part I of this secret study of WCB fraud, code named Project Twinge, was obtained by the law firm of Fink and Associates one year after application. The study was

released only after direct intervention by WCB Chairman Glen Wright, who seems at least to be interested in doing something about fraud. Recently, the WCB put out tenders to contract private investigators.

If all of the above doesn't turn the reader's stomach, KPMG states that 50% of the irregular claimants were still receiving money from the WCB as of 1993. Little has been done to date to stop the bleeding even though KPMG states: "Information in (the) WCB's possession is sufficient to allow the identification of irregular claims and to justify a more comprehensive investigation and review of questionable claims."

93 doctors billed the Compensation Board in excess of \$100,000 in fees related to WCB claimants during the 28 month period from August 1991 to November 30, 1993. Three doctors were specifically targeted as aiding and abetting "irregular claims".

Finally, KPMG concludes that the lack of accurate, complete and appropriate information is hampering the WCB in aggressively pursuing and preventing irregular claims. Without this documentation - investigation, deterrent and prevention actions cannot be effective. Without known risk of being caught and penalized, fraud will remain rampant at the WCB.

Some of the WCB fraud has been aided and abetted by Compensation Board employees. The last time Fink & Associates publicly stated this fact, Richard Fink was reported to the Law Society and threatend

with a libel and slander suit by the chief lawyer of the WCB. Nevertheless, recently Fink reported to the Board's fraud department an instance of a former Board employee using confidential material taken from the Board concerning the accident cost experience of employers.

After a year long investigation the Board stated there was nothing they could do! Chairman Wright has stated that from now on, rather than allowing fraudulent staff to merely resign, he was going to prosecute them. But what about all the past crime?

WCB legislation and Guidelines have been beefed up with authority and protocols for stemming fraud, but little is being accomplished that the public knows about. And if the public is not informed of the efforts and successes in fraud prosecution, what good is it - where is the deterrence? Recently Chairman Wright had Aetna Insurance Co. conduct another private study to see what can be done about fraud.

Aetna will sample claims to identify if "irregularities" are continuing. Aetna will produce a list of "flags" which will be used to scrutinize existing claims to determine which claims are fraudulent. Included in the sample is the "irregular" multiple claims highlighted by KPMG. Again our firm has started the arduous process of requesting the Board to release the study to our office. Plus ça change, plus c'est la même chose.