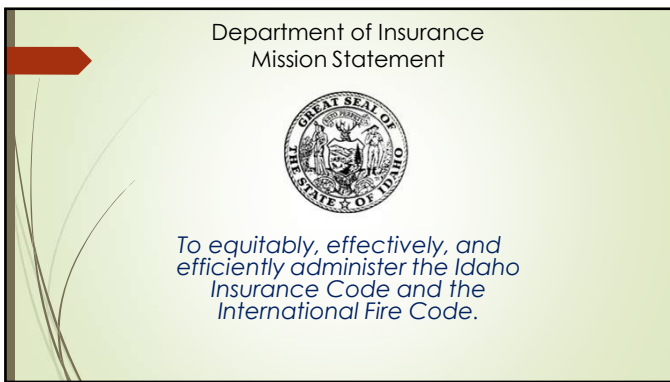


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2



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4

The Cost of Insurance Fraud

FINAL ESTIMATE OF THE COST OF INSURANCE FRAUD IN THE UNITED STATES:

(All numbers are in billions and figures are as of 2022)

Property & Casualty	\$45B
Workers' Compensation	\$34B
Premium Avoidance	\$35.1B
Healthcare	\$36.3B
Medicare and Medicaid Fraud	\$68.7B
Life	\$74.7B
Disability	\$7.4B
Auto Theft*	\$7.4B

\$308.6 Billion Annually

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Objectives

By the end of this session, you will be familiar with:

- our authority to investigate insurance fraud;
- the purpose of the Investigations Section; and
- our process once we receive a referral from insurance companies, consumers, and law enforcement.
- different types of WC fraud.

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THE INVESTIGATIONS TEAM



<p>ROY SHEPHERD SUPERVISOR</p> 	<p>KRIS CERECERO INVESTIGATOR</p> 
<p>KARL FROMM INVESTIGATOR</p> 	<p>MADISON LINDQUIST INVESTIGATOR</p> 
<p>VACANT INVESTIGATOR</p>	<p>DECEMBER GONZAGA ADMINISTRATIVE ASSISTANT</p> 



7

THE ATTORNEY GENERALS OFFICE

THE IDAHO DEPARTMENT OF INSURANCE HAS TWO SPECIAL PROSECUTORS
ASSIGNED TO
INSURANCE FRAUD CRIMES.

8

IDAHO DEPARTMENT OF INSURANCE INVESTIGATIONS UNIT

WHO ARE WE? WHAT DO WE DO?

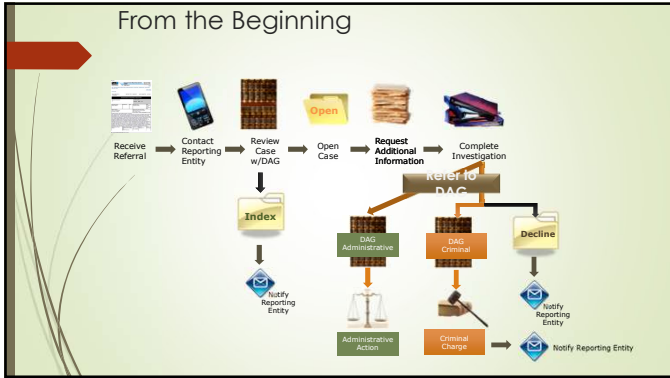
INVESTIGATE ALLEGATIONS OF INSURANCE FRAUD
PREPARE CRIMINAL REPORTS FOR COURTS
PROVIDE EDUCATION AND TRAINING

OUR TOOLS AND RESOURCES

STATE CRIMINAL DATABASES, SUBPOENAS, WARRANTS,
ITD VEHICLE & CRASH REPORTS, LAW ENFORCEMENT INTELLIGENCE
SHARING, NICB, NAIC, ISO CLAIMS SEARCH, LIENS & BANKRUPTCIES,
AGENCY AND PRODUCER LICENSE AND TRAINING RECORDS, ACCESS
TO INSURANCE COMPANY CLAIM FILES VIA 247, ICOURT PORTAL,
SOCIAL MEDIA.



9



10

CRIMINAL CHARGES FOR INSURANCE FRAUD

INSURANCE FRAUD IS A FELONY IN IDAHO

- IDAHO CODE 41-293(4)** – ANY VIOLATOR OF THIS SECTION IS GUILTY OF A FELONY AND SHALL BE SUBJECT TO A TERM OF IMPRISONMENT NOT TO EXCEED FIFTEEN (15) YEARS, OR A FINE NOT TO EXCEED FIFTEEN THOUSAND DOLLARS (\$15,000), OR BOTH AND SHALL BE ORDERED TO MAKE RESTITUTION TO THE INSURER OR ANY OTHER PERSON FOR ANY FINANCIAL LOSS SUSTAINED AS A RESULT OF A VIOLATION OF THIS SECTION.

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WHAT IS INSURANCE FRAUD?

IDAHO CODE 41-293(1)(A) - PERSON PRESENTS ANY FALSE STATEMENT IN SUPPORT OF CLAIM.

IDAHO CODE 41-293(1)(B) - ASSISTS, ABETS, SOLICITS, OR CONSPIRES WITH OTHER TO SUBMIT FALSE OR MISLEADING INFO.

IDAHO CODE 41-293(1)(C) - PERSON PRESENTS FALSE/ALTERED STATEMENT MATERIAL TO INSURANCE TRANSACTION.

IDAHO CODE 41-293(1)(D) - PRODUCER WILLFULLY TAKES PREMIUM MONEY KNOWING COVERAGE WILL NOT BE AFFECTED.

IDAHO CODE 41-293(1)(E) - PRACTITIONER SUBMITS FALSE/ALTERED STATEMENT WITH INTENT TO DECEIVE INSURER

IDAHO CODE 41-293(1)(F) - ANYONE MAKES FALSE STATEMENT/MATERIAL MISREPRESENTATION TO DEFRAUD INSURER REGARDING WORK COMP

IDAHO CODE 41-293(1)(G) - ANYONE OFFERS/ACCEPTS DIRECT/INDIRECT INDUCEMENT TO FILE FALSE STATEMENT

IDAHO CODE 41-293(1)(H) - ANYONE TRANSMITS INSURANCE APPLICATION FOR POLICY WITHOUT PROPER LICENSING

IDAHO CODE 41-293(1)(I) - PRACTITIONER OR OTHER USES RUNNER (PROCURE CLIENTS) TO SUBMIT FALSE CLAIMS

IDAHO CODE 41-293(1)(J) - EMPLOYER OR OTHER PRESENTS TO INSURER FALSE STATEMENT MATERIAL TO WORK COMP

IDAHO CODE 41-293(1)(K) - PERSON OBSTRUCTS THE DIRECTOR IN CONDUCT OF ANY AUTHORIZED EXAMINATION

IDAHO CODE 41-294 - ARSON - DAMAGE/DESTROY/BURN INSURED PROPERTY WITH INTENT TO DEFAUD

IDAHO CODE 41-1024 (3) - PRODUCER DIVERTS OR MISAPPROPRIATES FIDUCIARY FUNDS FOR THEIR OWN USE


VIOLATING ANY OF THESE SECTIONS IS A FELONY

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WHAT IS INSURANCE FRAUD?

MOST FREQUENTLY USED STATUTE

Idaho Code 41-293(1)(C) – Any person who, with the intent to defraud or deceive, presents or causes to be presented to or by an insurer, a producer, practitioner or other person, a false or altered statement material to an insurance transaction.




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WHAT IS INSURANCE FRAUD?

MOST FREQUENTLY USED STATUTE

IDAHO CODE 41-293(1)(C) – ELEMENTS

- ANY PERSON
- INTENT TO DEFRAUD OR DECEIVE
- PRESENTS A FALSE OR ALTERED STATEMENT
- MATERIAL TO AN INSURANCE TRANSACTION.
- JURISDICTION



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Worker's Compensation Fraud

- Idaho Code 41-293 (f)
- Anyone willfully making a false statement or material misrepresentation to an insurer, employer, practitioner or other person with the intent to defraud or deceive an insurer or other person, to obtain or extend worker's compensation benefits.

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Slide 13

d2 What is the joke, and is it appropriate.

droberso, 3/27/2009

Slide 14

d2 What is the joke, and is it appropriate.

droberso, 3/27/2009

Faked or Exaggerated Injuries

- A claimant may fake an injury or accident entirely, or exaggerate an injury to receive more time off for greater compensation

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Warehouse employee video



17

Multiple claims/identities

- Claimants who have filed a claim for an injury with one company have filed a claim with their own healthcare carrier or with other carriers.
- They may have claimed a slip and fall injury at a large department store facility or multiple places.
- Claimants may have multiple identifies and have multiple social security numbers or fake identification.

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Injuries not caused at work

- The "Monday Morning" injury is that has taken place during the claimant's days off. The claimant then goes to work and claims the injury happened at work to get medical coverage and compensation.

19

Unreported Income or Second Jobs

- Claimant goes to work for another employer while continuing to collect disability payments from a previous employer.
- Does not report income and denies that he is working for another employer.
- This case is good fraud case and can be easy to prove.
- However, there must be some paper trailed that claimant knew he was required to report additional income.

20

Inflated Receipts/Mileage

- Claimants may submit receipts for travel to treatment that may have been tampered with or inflated, in order to received more money that they are entitled to.

21

Malingering

- Occurs when a claimant has fully recovered from their injury but claims to still be disabled in order to prolong time off.
- Hard to prove especially if the injury is subjective.

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Forgery

- Replicating / Altering documents
- Fake Signatures
- Counterfeit identification
- Out of date formats
- Lack of original documents

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Worker's Compensation Premium Fraud

- Idaho Code 41-293 (j)
- Any employer or other person who, with intent to defraud or deceive, presents or causes to be presented to an insurer, producer or any other person or governmental agency any statement containing the number of employees, amount of payroll, job description or job title or any other statement material to worker's compensation insurance which contains false, or misleading or incomplete information.

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Employer Fraud

- Employer under reporting the number of company employees.
- Under reporting payroll.
- Manipulating employee job codes.
- Manipulating the company's experience modifier.

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Attorney Fraud

- The attorney may be involved with a Medical Mill and send his clients to a specific clinic for his own financial gains.
- Runner and Cappers are people usually employed by the professional providers to solicit workers to claim injuries. These people get paid by the professional, based on the number of individual workers brought in.
- The attorney may direct the family of his client to provide bogus in-house care bills.

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The Doctor Fraud

- Knowing that the claimant is not actually injured but they submit bills for providing medical care anyway.
- Inflated bills or billing for services not rendered.
- Double billing if more than one healthcare company is involved.
- Boilerplate Diagnosis: Using the same injuries and treatments for all patients.
- Referring self owned clinics where the doctor has a vested financial interests.

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Alene Bako Case Study


- ▶ 44 years old
- ▶ Married
- ▶ Workers's Comp Claim
- ▶ SIF and Nationwide



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Alene Bako Case Study

- ▶ On December 11, 2018, Alene Bako began work at Boise of Cascadia. At 1:40 PM, Bako walked out of the employee bathroom and down a hallway when she tripped over a "box", fell forward, and hit and cut her elbow on a wooden pallet that was laying on the floor.



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Alene Bako Case Study



30

Alene Bako Injury



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Alene Bako Injury



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Alene Bako Case Study

- On October 27, 2019, Bako was working at Life Care Centers, located at 808 N. Curtis Rd, Boise, Idaho. A First report of Injury showed that Bako had smoke inhalation from a fire which occurred in a resident's room. Bako had pulled the fire alarm and used a fire extinguisher to put out the fire.
- It was determined that a blanket was put over a wall heater which caused the fire



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Alene Bako Case Study

- On November 1, 2019, Bako was working at Life Care Centers. A First Report of Injury said Bako had been kicked in the face by a resident while she was changing them. Bako sought treatment and received four sutures to her bottom lip.
- On November 9, 2019, Bako was injured while working at Life Care Centers of America. A First Report of Injury said that Bako's foot was ran over by a Hoyer lift.
- On December 4, 2019, Bako was working at Life Care Centers of America when she fell and lacerated her left hand on a wheelchair brake. Tendons cut in two of her fingers. Surgery required. Doctor also stated that the injury was too sharp to have occurred as explained.

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Alene Bako Case

- Life Care Center fired Bako for falsifying her employment application.
- Bako got a new job with Jacksons Food Stores.

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Alene Bako Case Study

- On February 7, 2020, Alene Bako started her shift at 9:00 AM, at Jacksons Foods Stores located at 107 S. Broadway Ave., Boise, Idaho. At approximately 12:10 PM Bako claimed she had an allergic reaction when she was exposed to cilantro after her supervisor had brought in lunch for the employees from a local taco restaurant.
- On February 13, 2020, Bako began her shift at 3:00 PM at Jacksons Foods Stores. Around 4:00 PM, Bako lacerated her right arm on a "tong holder" while setting up condiments at the "Roller Grill". Bako was taken to St. Luke's Emergency Room located at 190 E. Bannock St, Boise, treated and released the same day.

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Alene Bako Case Study

- On March 4, 2020, at 3:30 PM, Bako started her shift at Jacksons Food Store. At approximately 3:36 PM the Boise Police Department was dispatched to the Jacksons Food Store due to a report that Bako had been stabbed behind the store while picking up trash outside of the store. The report indicated that Bako told the responding officers that a male demanded that Bako go get some money. The report indicated that Bako refused, so the male then attacked Bako and stabbed her once in the lower left abdomen with a knife.

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Alene Bako Case Study

- Boise police was suspicious of her story, and confronted Bako. She admitted to stabbing herself with a kitchen knife that she had brought into work.
- Bako was charged and pled guilty to filing a false police report. She was ordered to obtain mental health treatment.

38

Alene Bako Case Study

- Nationwide Insurance referred case to DOI in October 2020.
- Bako initially claimed she just had bad luck, but eventually admitted to causing some of the injuries herself.

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Alene Bako Case Study

- Bako charged in two separate cases for a total of four counts of insurance fraud.
- She pled guilty to one count of insurance fraud for each case in October 2023.

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Alene Bako Sentenced

JUDGMENT IS ENTERED



Judgment of Conviction. The Court earlier accepted a guilty plea on Count 2, and ordered the same entered on the record. Defendant is sentenced, pursuant to I.C. § 19-2513, to the custody of the State Board of Correction to be confined for a period of time as follows:

For the crime of COUNT 2: INSURANCE FRAUD, FELONY, I.C. § 41-293(1)(c), a minimum fixed and determinate period of custody of two (2) years, followed by an indeterminate period of custody of up to three (3) years, for a total unified sentence not to exceed five (5) years.

Concurrent Sentence: The sentence imposed in this case shall run concurrently with the sentence imposed in Ada County Case No. CR01-23-9496.

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How to look for fraud?

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Red Flags

- Financial Pressures: claimant is facing significant financial difficulties. May have a history of multiple claims.
- Lack of Cooperation: Claimant is uncooperative or evasive. Refuses to sign medical release.
- Overly dramatic or vague descriptions of the incident. May use phrases like "sort of", "kind of" or "basically".

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How to look for fraud

- Look for discrepancies.
- Date and time.
- Story keeps changing or can't remember details.
- Damage or injury doesn't match up to story.
- Prior claims history.



44


Forensic Evidence Preservation

- Immediate Documentation
- Secure physical evidence
- Photographs / Videos
- Witness Statements
- Surveillance footage / CCTV
- Chain of Custody
- Secure storage

45

How can you help DOI investigate referrals?

- Be suspicious.
- Record interview of person filing a loss.
- Get their location at the time they are making the claim. (*Jurisdiction*)
- Take good photographs. Far, medium, close range photographs.
- Document, document, document! Take good notes.



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REFERRING A CASE

- NAIC ONLINE FRAUD REPORTING SYSTEM
- IDAHO DEPARTMENT OF INSURANCE WEBSITE



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REFERRING A CASE

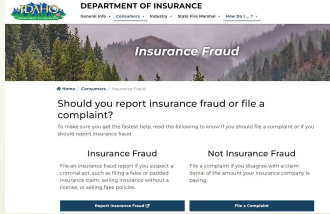
- <https://eapps.naic.org/ofrs/>



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REFERRING A CASE

<https://doi.idaho.gov/>




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Contact Information




State of Idaho
 Department of Insurance
 700 W State Street
 PO Box 83720
 Boise Idaho 83720-0043
 (800) 721-3272
 (208) 334-4250
 (208) 334-4398 (FAX)




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DOI Investigations Section



Supervisor of Investigations:
 Roy Shepherd; (208)334-4346; roy.shepherd@doi.idaho.gov

Investigators:
 Kris Cerecero; (208)334-4328; kris.cerecero@doi.idaho.gov
 Maddie Lindquist; (208)334-4329; madison.lindquist@doi.idaho.gov
 Karl Fromm; (208)334-4331; karl.fromm@doi.idaho.gov



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