

NEWS RELEASE

News Release No.: 2018-22

Date: March 26, 2018

DIR Issues Progress Report on Anti-Fraud Activity in the Workers' Compensation System

Oakland—The Department of Industrial Relations (DIR) today issued a [progress report](#) on its anti-fraud efforts, including updates on the suspension of 227 medical providers from treating California's injured workers and the dismissal of 292,000 illegitimate liens with claims valued at over \$2.5 billion.

"DIR's anti-fraud efforts have allowed us to remove fraudulent providers and their claims for payment from the system, with the aim to improve services and reduce premium costs," said DIR Director Christine Baker. "Our fraud prevention work also involves identifying fraudulent activity through data analytics and defending anti-fraud laws in court."

DIR's efforts to eliminate medical provider fraud and illegitimate liens were bolstered by two new laws effective January 1, 2017:

- SB 1160 requires DIR to automatically stay liens belonging to providers who have been indicted or charged with crimes until the disposition of criminal proceedings.
 - According to this provision, 465,000 liens filed by or on behalf of criminally charged providers have been automatically stayed.
- 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 has suspended 227 medical providers.

More detail on DIR's [fraud prevention efforts](#) has been posted online, including information on suspended providers and dismissed liens.

DIR's Anti-Fraud Unit operates within the Office of the Director. The unit identifies providers who are subject to suspension and assists with lien dismissals, stays and consolidations. Anti-Fraud Unit research and investigative work uses data analytics to aid criminal prosecutors throughout the state and its attorneys handle legal challenges to anti-fraud laws.

At the direction of the Secretary of the California Labor and Workforce Development Agency, DIR and the Department of Insurance convened working groups in 2016 to gather stakeholder input and evidence of fraudulent activity in the workers' compensation system. DIR [issued a report](#) in January 2017 on the recommendations to combat fraud and provided an update on anti-fraud activities.

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.