

**POLICY NUMBER: POL-80**

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**Chapter:  
GENERAL**

**Subject:  
FRAUD PREVENTION & INVESTIGATION**

**Effective Date:  
January 24, 2002**

**Last Update:  
January 11, 2023**

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**PURPOSE STATEMENT:**

The purpose of this policy is to outline the Workers Compensation Boards commitment to maintaining financial and ethical integrity through the prevention and investigation of fraud and program abuse.

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**REFERENCE:**

*Workers Compensation Act R.S.P.E.I. 1988, Cap. W-7.1, Sections 6(12), 81, 82*  
Workers Compensation Board Policy POL-19, Employer Registration  
Workers Compensation Board Policy, POL-27, Overpayments to Workers  
Workers Compensation Board Policy, POL-28, Overpayments to Service Providers

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**DEFINITION:**

In this policy:

“Fraud” occurs when an individual or organization misrepresents the truth or conceals information for the purposes of potential or actual benefit to which they are not entitled.

“Program abuse” means any practice that uses the workers compensation system in a way that is contrary to its intended purpose or the law. This behavior may also be fraud.

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**POLICY:**

1. The Workers Compensation Board (WCB) is responsible for maintaining the financial integrity of the workers compensation system by ensuring appropriate measures are in place to investigate allegations of program abuse and fraud.
2. This policy describes how the WCB prevents and investigates potential fraud and program abuse by workers, employers, service providers, suppliers, WCB employees, and the Board of Directors.
3. Prevention and investigation of program abuse and fraud ensures that:
  - Workers and employers receive appropriate benefits and services.
  - Employers pay fair and accurate assessments.
  - Suppliers and service providers appropriately bill for products and services.
  - WCB employees act in good faith and within the law, policies and professional standards.

**Prevention**

4. Examples of fraud and program abuse may include, but are not limited to, the following:
  - Workers misrepresenting the degree of injury or fitness for work.
  - Workers or employers making false or misleading statements on a claim.
  - Employers failing to register, non-reporting or underreporting payroll.
  - Employers failing to report a workplace injury or illness.
  - Service providers billing for services not provided.
  - Service providers over billing.
  - WCB employees or Board of Directors submitting false expense claims or misdirecting funds.
5. The WCB strives to prevent abuse and fraud through:
  - Identifying priority areas for risk management.
  - Early detection of abuse and fraud.
  - Communicating stakeholder obligations under the applicable legislation and policies.
  - Rigorous internal processes to minimize potential for abuse and fraud.

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- Random checks and planned audits.
- Increasing employee awareness through training.
- Information received from the public.

**Information from the Public**

6. The WCB encourages the public to report suspected cases of abuse or fraud. The WCB will accept information, either anonymous or from an identified person.

The WCB appreciates public participation but is unable to report back to the informant about what action, if any, was taken unless required to investigate further.

**Investigation**

7. The WCB will investigate all allegations of abuse and fraud in a fair manner that:
- Is consistent with legislation, regulation, and policy.
  - Stops offences once detected.
  - Seeks appropriate remedies.
8. The WCB will investigate all reports of abuse and fraud after it completes a preliminary review and determines the complaint is valid. The extent of the investigation will depend on the seriousness of the allegation and the information given in support of the allegation.
9. To assist with the investigation or any inquiries related to the complaint, the WCB may retain an external investigator. The investigation may include observation or video surveillance.

**Confidentiality**

10. All information is confidential during an active abuse or fraud investigation. Information is released only to those who have a need to know in order to assist with the investigation.

**Acting On Abuse and Fraud**

11. Where an investigation results in a finding of abuse or fraud, the WCB will take appropriate action based on the circumstances of each case. This may include the

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following:

- Discontinuation or reduction of claim benefits, and application of cost relief.
- Recovery of outstanding overpayments or account balances.
- Employee discipline.
- Termination or suspension of employment, contract or service agreement.

12. The WCB may also recommend criminal prosecutions and pursue recovery in civil actions.

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**HISTORY:**

January 11, 2023 – Non-substantive editorial changes.

July 30, 2020 – Non-substantive editorial changes.

March 5, 2019 – Non-substantive changes to clarify risk management priority identification.

February 9, 2017 - Amended to reflect non-substantive changes including definitions and descriptions of administrative actions.

January 23, 2014 - Amended to enhance and clarify the Workers Compensation Board's approach to abuse and fraud. The name of the policy has been renamed from "Deliberate Misrepresentation" to "Fraud Prevention & Investigation".

November 29, 2007 - The policy was updated as a result of the 60 month policy review process. In addition, the name of the policy was changed from "Fraud" to "Deliberate Misrepresentation".

Board of Directors Approval Date: January 24, 2002