

Reducing Chargebacks on FECA Claims: Strategies for Government Agencies

Administrative investigations can have a large impact on mitigating the cost of FECA workers' compensation claims. By actively identifying and challenging malingering, and potentially fraudulent claims, government agencies can reduce the disbursement of benefits on illegitimate claims, leading to significant cost savings. This proactive approach increases operational effectiveness, ensures the appropriate resources and attention are given to injured workers and reduces financial losses from quarterly chargebacks.

The discussion outlined the use of administrative investigations by the Air Force to scrutinize workers' compensation claims for potential fraud or inconsistencies.

- ✓ **Red Flag Criteria:** The Air Force employs red flag indicators to evaluate the legitimacy of a claim. Initially, indicators such as low leave balance, seasonal/temporary employment status, and the circumstances of the injury are scrutinized.
- ✓ **Administrative Actions:** Once a claim is accepted, injury compensation specialists focus on different aspects. They assess if the injured worker has a medical release to return to work and examine any resistance from the worker to return or seek alternative medical opinions.
- ✓ **Investigation Strategy:** The Air Force emphasizes the importance of red flags in triggering investigations rather than conducting broad probes on every claim. Decisions are based on past experiences and the presence of specific red flags, ensuring a targeted approach to investigations.
- ✓ **Consistency and Fairness:** To maintain consistency and fairness in applying workers' compensation principles, the Air Force avoids indiscriminate investigations. Instead, they rely on red flags and prior experiences to determine the need for further scrutiny.
- ✓ **Impact on Morale:** The broader implications of fraudulent or illegitimate claims can negatively affect employee morale, especially when colleagues perceive the claim as unjust or inaccurate.
- ✓ **Best Practices:** By following a structured approach to identifying red flags, conducting targeted investigations, and considering the broader implications of claim approvals, government agencies can enhance the integrity of their workers' compensation processes while safeguarding against potentially fraudulent activities.

When it comes to investigating workers' compensation claims, the timing is crucial for their effectiveness. Acting promptly rather than waiting for more issues to arise is key to preventing the approval of fraudulent claims and avoiding financial repercussions. Early intervention not only safeguards the compensation system's integrity but also ensures the rightful allocation of benefits. Additionally, successful prosecution resulting from investigations can boost employee morale by demonstrating a commitment to addressing fraudulent activities, fostering a culture of fairness and integrity within the organization. In essence, investigations are vital in combating fraud within the workers' compensation system, leading to current and future cost savings, early fraud detection, and improved employee morale while upholding the system's integrity.

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