
Commerce & Labor Committee

SSB 5360

Brief Description: Revising penalties for false industrial insurance claims.

Sponsors: Senate Committee on Commerce & Trade (originally sponsored by Senators West, Sheahan, Honeyford, Hewitt, Roach, Hale, Esser and Mulliken).

Brief Summary of Substitute Bill

- Fixes the criminal penalty for a person who falsely claims industrial insurance benefits at a class C felony unless the amount of the wrongfully obtained benefits is \$1,000 or more, which is fixed at a class B felony.
- Changes the criminal penalty for an entity or person, other than an injured worker, who falsely claims payment under the industrial insurance system to a class B felony when the amount of the wrongfully obtained payments is \$1,000 or more.

Hearing Date: 3/27/03

Staff: Chris Cordes (786-7103).

Background:

Industrial insurance is a no-fault state workers' compensation program that provides medical and partial wage replacement benefits to covered workers who are injured on the job or who develop an occupational disease. A person who knowingly gives false information in a claim for industrial insurance benefits is guilty of a felony or gross misdemeanor under the theft provisions of the criminal law. The offense level that will apply depends on the amount of benefits wrongfully received. If the amount exceeds \$1,500, the offense is a class B felony, if the amount exceeds \$250 but does not exceed \$1,500, the offense is a class C felony, and if the amount is \$250 or less, the offense is a gross misdemeanor.

An entity or person, other than an injured worker or beneficiary, who knowingly makes false statements or representations or conceals an event to fraudulently obtain payments under the industrial insurance system is guilty of a class C felony, with a fine of up to \$25,000.

Summary of Bill:

Penalty for Claim Fraud

The criminal penalty for a person who knowingly gives false information to claim industrial insurance benefits is changed. The offense level is no longer based on the offense level that applies under the theft statutes. Instead, the offense is fixed at a class C felony unless the amount of the benefits wrongfully received is \$1,000 or more, which is fixed at a class B felony.

Penalty for Provider Fraud

The criminal penalty for an entity or a person, other than an injured worker or beneficiary, who knowingly makes a false statement or representation or conceals an event to fraudulently obtain payment under the industrial insurance system is changed. The class C felony offense level is changed to a class B felony when the amount of the payments wrongfully received is \$1,000 or more. The maximum \$25,000 fine is deleted.

Disbursement of Penalties

On conviction of either claim fraud or provider fraud, the person must pay restitution to the entity from which the excess benefits or payments were received, a penalty of 100 percent of the excess benefits or payments received, and interest on the penalty and excess benefits or payments.

The excess benefits or payments, with interest, that are paid to a court are transmitted to the entity from which the benefits or payments were received, and the penalty is disbursed one-third to the investigative agency, one-third to the prosecuting authority, and one-third to the general fund of the prosecuting county.

Rules Authority: The bill does not contain provisions addressing the rule-making powers of an agency.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.