

## PROGRAM DESCRIPTION

Department of Labor and Industrial Relations

HB Section(s): 7.840

Fraud and Non-Compliance

Program is found in the following core budget(s): Division of Workers' Compensation

### 1a. What strategic priority does this program address?

Growth: Foster a business environment to support economic development.

Works to reduce workers' compensation fraud and non-compliance through investigation and increased prevention and awareness; thereby fostering a business environment that supports economic development.

### 1b. What does this program do?

- Preserves the integrity of Missouri's Workers' Compensation Law by investigating allegations of workers' compensation fraud and non-compliance.
- Provides education and awareness of Missouri's Workers' Compensation Law and its requirements.

### 2a. Provide an activity measure(s) for the program.

	FY 2020		FY 2021		FY 2022		FY 2023	FY 2024	FY 2025
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Projected	Projected
Number of Cases Investigated <sup>1,3</sup>	600	339	550	246	300	445	450	450	450
Percentage of Cases Investigated that were for Fraud	50%	47%	50%	64%	50%	38%	40%	40%	40%
Percentage of Cases Investigated/Non-Compliance	50%	52%	50%	36%	50%	62%	60%	60%	60%
Average Number of Cases by Each Investigator <sup>1,3</sup>	55	38	50	25	45	44	45	45	45
No. of Prevention/Outreach/Education Programs Presented <sup>1,2,3</sup>	20	11	15	9	10	11	10	10	10
No. of Citizens Served during Outreach and Awareness Programs <sup>2</sup>	1,000	1,098	750	907	900	419	500	500	500

<sup>1</sup> Current and projected measures address efforts to promote growth, safety and opportunity for workers and businesses by investigating both fraud and noncompliance complaints. The Unit's investigations and outreach programs are projected as these goals more accurately measure the effectiveness of the unit's efforts in decreasing the complaints of allegations for fraud and noncompliance under the Law.

<sup>2</sup> The FNU will focus on presenting to smaller, concentrated, industry-specific organizations based on data analytics of reported injured employees to have a greater impact with prevention/outreach/education programs.

<sup>3</sup> The FNU became fully staffed in FY 2022 for the first time in almost four years, combined with economic and social recovery from the pandemic, resulting in increased projections for FY 2023, FY 2024, and FY 2025.

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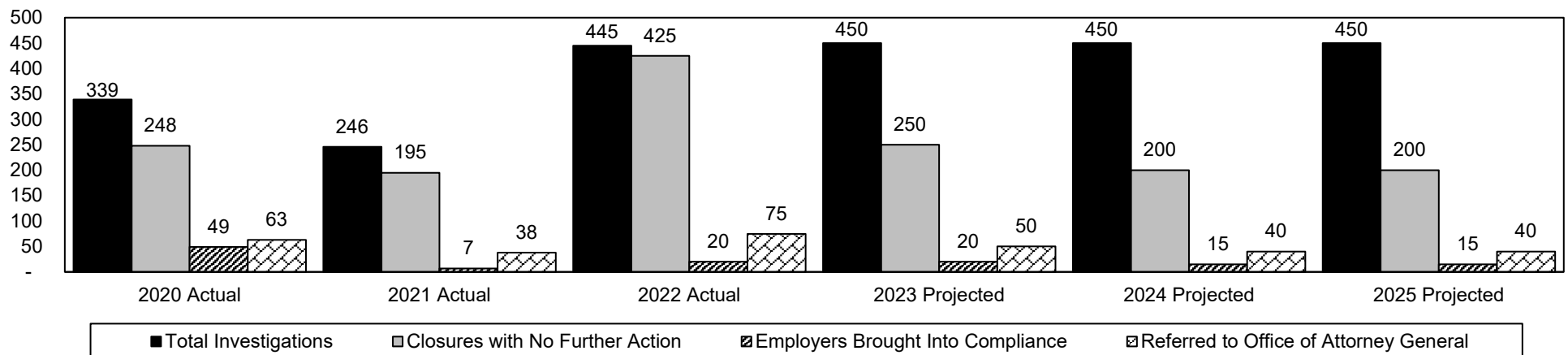
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2b. Provide a measure(s) of the program's quality.

**Investigations and Outcomes<sup>4,5</sup>**



<sup>4</sup> Employers Placed in Compliance with the requirements of Chapter 287 RSMo., measures the unit's ability to preserve the integrity of the Missouri Workers' Compensation Law through quality investigation, even without criminal prosecution. Investigations may be initiated without a complaint through identification of patterns and the use of other analytics. As employers are brought into compliance with Chapter 287, RSMo., it is expected the number of employees affected will drop accordingly.

<sup>5</sup> The pandemic in 2020 had effects on the quantity of intakes reported to the FNU, and the ability to present outreach programs for stakeholders. Staff from FNU had been required to provide 50% of their work hours to assist the DES with unemployment verifications. The number of investigations rose considerably in FY 2022 after the Unit reached full staffing levels and as a result of the economic and social recovery.

2c. Provide a measure(s) of the program's impact.

	FY 2020		FY 2021		FY 2022		FY 2023	FY 2024	FY 2025
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Projected	Projected
Total Employees Affected When Employers are Brought Into Compliance with Statute <sup>6</sup>	432	630	400	245	400	521	450	450	450

<sup>6</sup> Projections for FY 2023, FY 2024 and FY 2025 were raised from the FY 2023 budget requests due to anticipated increases in the number of noncompliance cases investigated as a result of the Unit being fully staffed combined with continued social recovery from the pandemic.

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	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual
Amount of Penalties Collected from Prosecuted Fraud and Non-Compliance Cases <sup>7</sup>	\$512,047	\$269,622	\$309,602	\$350,428	\$281,013	\$376,577

<sup>7</sup> Only actual numbers (as opposed to actuals and projections) are shown since the amount we collect in penalties in any given year is a result of how many cases the AG can prosecute/enter into hold harmless/deferred prosecution agreements, and also depends on the dollar amount associated with each case, which can vary broadly. Division of Worker's Compensation is unable to make projections as entities outside of our control have direct impacts on the amount of penalties we collect, which makes it difficult for us to provide an accurate projection as there can be volatile swings.

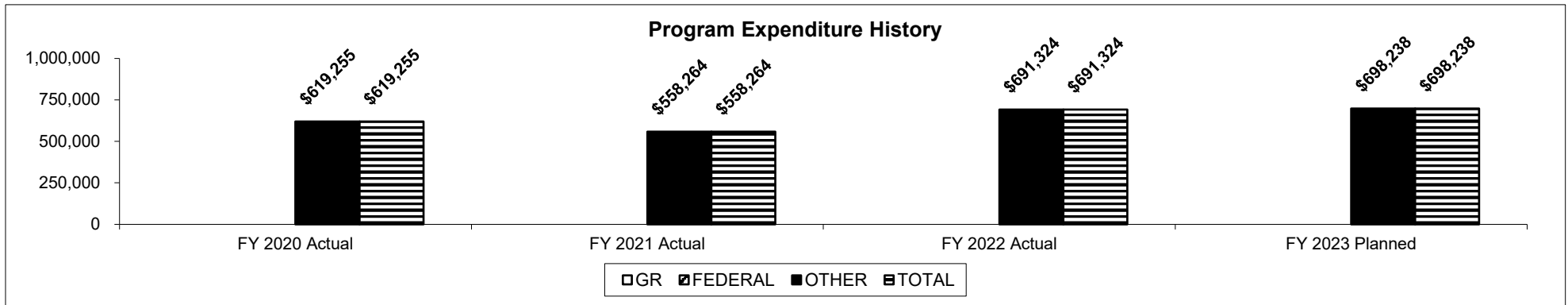
### 2d. Provide a measure(s) of the program's efficiency.

	FY 2020		FY 2021		FY 2022		FY 2023	FY 2024	FY 2025
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Projected	Projected
Average Number of Days to Open a Case for Investigation <sup>8</sup>	7	15	7	16	7	1	3	3	3
Average Number of Days to Investigate and Close a Case <sup>9</sup>	120	160	120	232	160	204	160	160	160

<sup>8</sup> Report of Actual Data for FY 2021 and going forward defines "opening a case" to include receipt of a complaint of fraud or noncompliance, a conversation with an intake investigator who completes an intake form, administrative review, and assignment of the case for investigation (the number of days may include weekends/holidays).

<sup>9</sup> The projections have been adjusted according to a change in focus for investigations. The Unit will focus equally on fraud and noncompliance as well as improved service through the use of enhanced data analytics that focuses on industries with most injuries and counties with the highest per capita ranking. There are also several factors that can influence the length of an investigation, so the projection has been adjusted to emphasize quality investigations rather than quantity of investigations. The increase in the projected number of days to investigate and close a case from 120 days in FY 2020 and FY 2021 to 160 days in FY 2022, FY 2023, FY 2024, and FY 2025 reflects a change in internal policy of counting the number of calendar days (160) as opposed to the number of business days (120).

### 3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe benefit costs.)



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**4. What are the sources of the "Other " funds?**

Workers' Compensation Administration

**5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)**

Section 287.128, RSMo.

**6. Are there federal matching requirements? If yes, please explain.**

No

**7. Is this a federally mandated program? If yes, please explain.**

No