



Workers' Compensation

Many Small Firms Can't Identify Claims Fraud

FRAUD ADDS to workers' compensation costs for all businesses, but it hits small firms the hardest as they may not have the resources to identify bogus claims.

According to a new study by workers' comp insurer Employers Holdings Inc., about 20% of small business owners are not sufficiently prepared to identify workers' comp fraud.

It's estimated that at least 10% of workers' compensation claims are fraudulent, and identifying illicit claims can keep your claims costs in check and reduce your premiums.

Claims fraud happens when an employee tries to gain workers' comp benefits by falsely stating that an injury or illness occurred at work, or by exaggerating an existing injury.

Main fraud indicators

The strongest indicators of potential claims fraud noted by survey respondents:

- Employee has a history of claims (58%).
- No witnesses to the incident (52%).
- Injury not reported in timely manner (52%).
- Reported incident coincides with change in employment status (51%).

Nipping fraud in the bud

Ranney Pageler, vice president of fraud investigations at Employers, recommends that small business owners look for the following warning signs:

- **Monday morning (or start of shift) injury reports.** The alleged injury occurs first thing on Monday morning, or late on Friday afternoon but is not reported until Monday.
- **Employment changes.** The reported accident occurs immediately before or after a strike, job termination, layoff, end of a big project or the conclusion of seasonal work.
- **No witnesses.** There are no witnesses to the accident and the employee's own description does not logically support the cause of the injury.
- **Conflicting descriptions.** The worker's description of the accident conflicts with the medical history or injury report.
- **History of claims.** The claimant has a history of suspicious or litigated claims.
- **Refusal of treatment.** The claimant refuses a diagnostic procedure to

confirm the nature or extent of an injury.

- **Late reporting.** The employee delays reporting the claim without a reasonable explanation.
- **Claimant is hard to reach.** The allegedly disabled claimant is hard to reach at home and does not respond promptly to messages.
- **Frequent changes.** The claimant has a history of frequently changing physicians, addresses or jobs.

Important note: Remember, that one or two of these indicators on their own may not be indicative of fraud. Investigations have to be handled judiciously.

What to do if you suspect fraud

Employers who suspect a worker may be committing claims fraud should first alert the special investigations unit or fraud unit within their insurance company's claims department.

If the complaint is found to have merit and they believe the claim may be fraudulent, the insurer may report it to the appropriate law enforcement authorities.

But that will only happen after the insurance company has conducted its own investigation. ❖



EMPLOYER FRAUD CONCERNS

Small business owners who are concerned an employee would fake an injury to collect benefits. **13%**

Small business owners who say they are unsure how to identify fraud. **21%**

Small business owners who have installed surveillance cameras to monitor employees on the job. **24%**

Source: Employers Holdings Inc. study



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Twenty Passwords Hackers Can Crack Blindfolded

CYBER RISKS for all organizations are growing at a rapid clip. Hardly a day goes by that we don't read about another breach of sensitive data or a company paying out a hefty sum to ransomware criminals to unlock the systems they took over.

Your company data is valuable and so are your databases and files. Your company's computer systems may also be vital to your operations. But all of that can be destroyed if just one of your employees' passwords is hacked by an outsider who gains entry into your database.

In fact, one of the softest areas for hackers to crack, the weak underbelly of your in-house network, is easy-to-decipher passwords.

While more complex passwords, with a mixture of upper- and lower-case letters as well as numbers and symbols, may also be hacked, the chances are far greater with simple passwords.

Safetydetective.com, an antivirus website, looked at more than 9 million stolen passwords in the U.S., resulting in this list of the most commonly hacked passwords:



The takeaway

Safetydetective.com recommends that you require all of your staff to set passwords that are at least eight characters long. Other best practices that you need to train your employees in include:

- Never reveal your passwords to others.
- Use different passwords for different accounts.
- Use multi-factor authentication (like a confirmation text to their phone).
- Use at least 16 characters whenever possible for passwords.
- Use passwords that contain at least one punctuation mark or other special character. For example: uSo38&_Xv3!0@
- Require them to change their passwords every 90 days. ❖

DEADLY DISTRACTION: *If you have to be outside in the heat, drink plenty of fluids and take frequent rest breaks in the shade.*



Family Health

As Summers Get Hotter, Learn to Avoid Heat Illness

THIS IS shaping up to be one of the hottest summers on record in many parts of the country. Already more than 700 people die every year in the U.S. from heat-related illnesses, and public safety experts are predicting the numbers will only climb as the planet warms.

And with even some northern climates seeing triple-digit temperatures, it's clear that heat illness can strike almost anywhere in the country. It's smart to educate yourself and your family on heat illness, its signs, how to avoid it and how to help someone who is exhibiting symptoms.

The three types of heat illness

1. Heat cramps – These usually occur during heavy exercise or strenuous activity in hot weather.

Symptoms: Painful, brief muscle cramps or spasms usually in the calves, thighs, abdomen or shoulders.

What to do: If you suspect heat cramps:

- Rest briefly and cool down.
- Drink clear juice or an electrolyte-containing sports drink.
- Do gentle stretches and gently massage the affected area.
- Don't resume strenuous activity for the rest of the day.
- Call a doctor if the cramps don't go away within one hour or so.

2. Heat exhaustion – Causes of heat exhaustion include exposure to high temperatures, particularly when combined with high humidity, and strenuous physical activity. Without prompt treatment, heat exhaustion can lead to heatstroke, a life-threatening condition.

Symptoms: Cool, moist skin with goose bumps when in the heat, heavy sweating, faintness, dizziness, fatigue, weak, rapid pulse, low blood pressure upon standing, muscle cramps, nausea and/or headache.

What to do: If you think you're experiencing heat exhaustion:

- Stop all activity and rest.
- Move to a cooler place.
- Drink cool water or sports drinks.
- Seek medical attention if your signs or symptoms worsen, or if they don't improve within one hour particularly if you feel confused or agitated, lose consciousness or are unable to drink.

3. Heat stroke – Heatstroke is a condition caused by your body overheating, usually as a result of prolonged exposure to or physical exertion in high temperatures. This most serious form of heat injury can occur if your body temperature rises to 104 degrees or higher.

Symptoms: Headache, nausea, confusion, loss of consciousness, and hot, red, dry or damp skin are symptoms and occur when your body temperature exceeds 103 degrees.

What to do: If you think a person may be experiencing heatstroke, seek immediate medical help. Call 911 or your local emergency services number.

Take immediate action to cool the overheated person while waiting for emergency treatment, including:

- Get the person into shade or indoors.
- Remove excess clothing.
- Cool the person with whatever means available – put in a cool tub of water or a cool shower, spray with a garden hose, sponge with cool water, fan while misting with cool water, or place ice packs or cold, wet towels on the person's head, neck, armpits and groin. ❖

How to avoid heat illness

Stay out of the heat – During the hottest portion of the day, noon to 7 p.m., stay indoors in the air conditioning. Try to schedule exercise or physical labor for cooler parts of the day, such as early morning or evening.

Drink plenty of fluids – Sip water continuously while you are outside. Waiting until you are thirsty is too late to effectively rehydrate your body. Avoid drinks with caffeine and alcohol as they can dehydrate your body even more.

Wear proper clothing and sunscreen – Wear lightweight, loose-fitting clothing. Apply sunscreen with at least SPF15 generously and often, as per the directions.

Take extra precautions with certain medications – Be on the lookout for heat-related problems if you take medications that can affect your body's ability to stay hydrated and dissipate heat.

Employer Medical Costs Expected to Rise 6.5%

AS THIS year sees increased health care spending due to pent-up demand after many people delayed medical procedures in 2020, a new report by PricewaterhouseCoopers (PwC) predicts employer medical costs will rise 6.5% in 2022.

Last year was the first time that medical costs decreased, thanks to the COVID-19 pandemic keeping people from going to the doctor for many ailments and delaying necessary medical procedures.

The annual cost of health care for a family of four was \$26,078 in 2020, 4.2% lower than the year prior, according to a separate report by global insurer Milliman.

Some influencing trends that PwC predicts for 2022 include:

Cost inflators

Drug spending – The report predicts increased use of costly cell and gene therapies as the Food and Drug Administration continues approving new drugs. The use of “biosimilars,” which are cheaper versions of branded biologic medicines, has increased, which is expected to result in \$104 billion in savings between 2020 and 2024.

The report notes that employers are covering more of the increased costs and insurance on average covers a larger share of prescription drug prices than it did 10 years ago.

Continued spending on deferred treatments – The report describes a “COVID-19 hangover” in 2022 as people who deferred care during the pandemic return to get treatment.

The PwC report predicts that much of that deferred care will stretch into 2022 and with higher costs than if the treatment would have been performed in 2020. And with more people seeking treatment overall procedures are expected to increase, with more cost outlays.

The report also notes that mental health, substance abuse and overall public health worsened during the pandemic, which will result in more people seeking treatment.

Telehealth drives utilization – The pandemic accelerated investments in telehealth and virtual care, which had the effect of increasing

patients’ access to care. It also introduced new tools to help patients, which has increased utilization of medical services.

Cost deflators

There are also some ongoing trends and factors that are counterbalancing some health care cost increases.

More use of lower-cost care – Fewer people have been going to emergency rooms for ailments that do not require urgent care. Instead, they’ve been using telehealth services and going to retail clinics and alternative care sites for many run-of-the-mill ailments.

The report found that use of retail health clinics increased by 40% last year during the lockdowns in March and April, and urgent care center usage grew by 18%. During that same period, emergency room visits plunged 42%.

PwC estimates a 10% decrease in unnecessary emergency room visits could save employers nearly \$900 million a year.

More health care for less – Health systems can reduce costs with new ways of operating; for instance, using remote work models, especially for administrative staff. They can also increase efficiency, reduce costs and boost revenue through process automation and cloud technology.

In PwC’s 2021 survey, 31% of provider executives said that adopting automation and artificial intelligence for tasks previously performed by employees is a top priority.

An increase in at-home testing – The report concludes that people are warming up to at-home, do-it-yourself testing. According to a survey by the Human Resources Institute, 88% of people with employer-sponsored health plans said they would be open to using an at-home COVID-19 test.

Hospitals get more efficient – Like many employers, the health care industry also sent many people to work remotely. Now many are making those arrangements permanent or introducing hybrid schedules for their staff, which can translate into reducing what hospitals pay for space.

UW Medicine in Seattle shrank its office space as a result of permanent shifts to working from home, and is saving \$150,000 per month after it terminated leases on two office buildings used by its IT department. ❖

