

TRENDS & FRAUD IN COMPENSATION MANAGEMENT

**PRESENTATION TO THE CLAIMS LEAKAGE AND
FRAUD FORUM NOVEMBER 2012**



National Health Recovery Agents

**Mr Paul Clarke
Managing Director
National Health Recovery Agents Pty LTD**



THE NHRA STORY AND STATISTIC'S SO FAR



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- Cash recoveries of just over \$100 million dollars achieved and returned to various industry client Funds.
 - We have no borders! International coverage.
 - 2012/13 Financial Year To Date- Ave over \$1.25 million in cash recoveries per month (Almost \$4 million dollars at 30th Oct 2012) returned to our Client Funds.
 - Reduced internal costs/overheads for Client Funds.
 - Use of specialist expertise & services.
 - Network with professional organisations eg Australian Lawyers Alliance, Leading National Law Firms, we are well connected.
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THE ENVIRONMENTAL RISK FACTORS



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- Unfavourable Policy Changes.
 - Reduction of 30% Government Rebate.
 - Higher Operating Costs.
 - Higher Benefit Outlays.
 - Decreasing or Aging membership base.
 - Cost Shifting.
 - Potential Risk Pitfall of being complacent- not doing anything.
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WHAT SHOULD WE BE LOOKING FOR?



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- Looking to increase internal efficiencies.
 - Looking at increasing rates of return.
 - ROI- Return on Investment.
 - Look at controlling costs.
 - Taking a commercial approach to the business that we conduct.
 - Look for value in everything we do.
 - A % of something is better than 100% of nothing?
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AREAS OF COMPENSATION RECOVERIES



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- Common Law & Medical Negligence Compensation.
- Workers Compensation/Public Liability -slips and falls.

Growth Areas & Trends for Compensable Recovery

- Medical indemnity & increase in litigious awareness, tough business economic conditions.
 - Other major areas include class actions, product liability (faulty prostheses) & asbestos claims.
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TRADITIONAL INTELLIGENCE LEADS



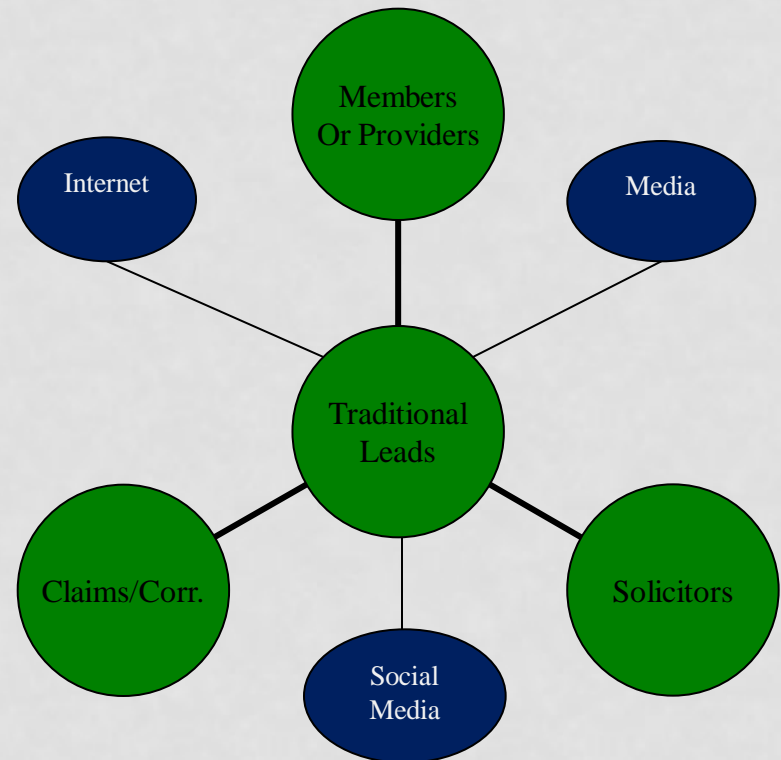
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Traditional Leads

- Members.
- Providers.
- Claims/Correspondence.
- Solicitors.

Non Traditional

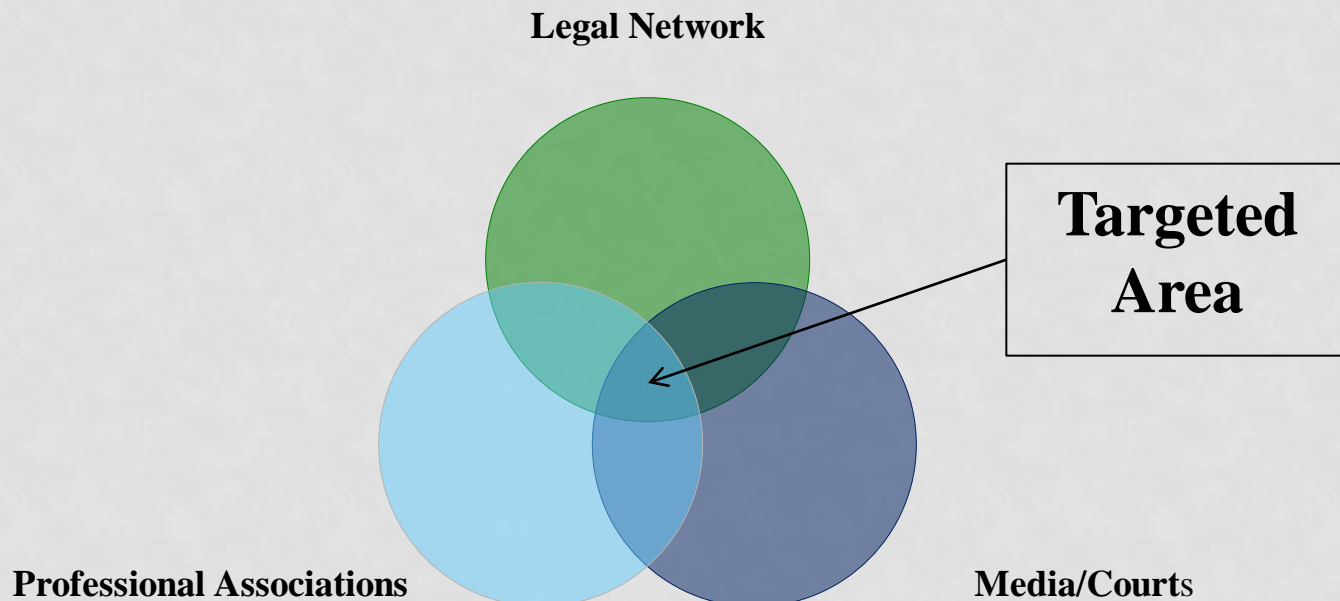
- Media-Newspaper/Television.
- Internet.
- Social media -Twitter/Facebook.



USE OF INTELLIGENCE – CLOSE THE GAPS & LEAKS



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LEAKAGE PREVENTION THROUGH DATA ANALYSIS



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- Strategically targeted approach (Coding Audits ICD), resulting in increasing efficiency rates.
 - Increased returns to Client Fund and identification by filling the gaps (via Audit) and preventing the leaks.
 - Increased accountability and compliance and education.
 - Results achieved additional (New) files, valued over \$1.8 million confirmed and identified. Up to an additional 20% detection rates identified.
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FRAUD CASE STUDY 1: HER MAJESTY'S PLEASURE



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- Solicitor X in Queensland a declared bankrupt.
 - Jailed for fraud of trust account.
 - Fund owed \$15,000.00 from elderly member.
 - Son called following our enquiries advised member unaware that restitution had not been made to the Fund.
 - Obtained a negotiated restitution agreement of in excess of \$12,500 without the matter being escalated and proceeding to Court.
 - No Legal fees incurred or costs for client.
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FRAUD CASE STUDY 2 -NSW LAW FIRM Y



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- The then state's largest Personal Injury Law Firm allegedly involved in widespread overcharging of clients.
- Car accident client's of the firm claimed they were never sent bills, were charged for work never performed or which was never done.
- Solicitor struck off.
- Solicitor lives in \$5 million home and \$3.2 million beach house, declared bankrupt.
- Orders to repay \$4 million to 30 clients to date with another 100 cases making their way through the court system.

(*Source SMH June 18 2012)

CASE STUDY 3: THE SIXTH SENSE



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- Fund owed more than \$25,000.00 members claim settled a number of years previously.
 - Following investigation I the Fund had received written confirmation member was deceased a number of years earlier.
 - Following our investigations member was in fact not deceased but very much alive and well and still a member and residing at another address.
 - Obtained full restitution.
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ASBESTOS-THE SILENT KILLER



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What is Asbestos?

- Asbestos is a group of natural occurring silicate materials that are made up of fine fibrous crystals.
- Three of these are:
 - Blue asbestos.
 - Brown or grey asbestos.
 - White asbestos.

(*Source National Health and Medical Research Council (NHMRC) Website)

WHY IS ASBESTOS A HEALTH RISK



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- Asbestos becomes a hazard when microscopic fibre fragments become airborne and are inhaled.
 - Due to their size and shape they can remain airborne for some time, and enter even the smallest air passages in the lungs where they embed in the lung tissue.
 - The fibres are highly resistant to the removal by the lungs natural cleaning process.
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ASBESTOS RELATED DISEASES



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- **Pleural Disease**-Inflammation and irritation of the outer lining of the lung, the pleura.
 - **Asbestosis**-This is scarring of the lungs, the airways become so inflamed and scarred oxygen is no longer able to pass from the lungs into the blood. The lungs become stiff and inelastic, making breathing progressively difficult.
 - **Lung Cancer**- exposure to asbestos greatly increases the risk, especially if a smoker.
 - **Mesothelioma**- Is cancer of the pleura, average survival time after diagnosis is only 6-18 months.
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WHO IS AT RISK OF ASBESTOS INDUCED CANCERS?



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- Miners.
 - Manufacturing.
 - Building and Construction and Trades.
 - Plumbers
 - Electricians
 - Builders/Renovators.
 - Workers, schools or in the home (wherever it is in the environment uncontrolled).
 - Asbestos removalists (unsafe removal and dumping).
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MORTALITY TRENDS FROM ASBESTOS RELATED DISEASES



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- Australia and UK have the highest rates of asbestos-related death in the world.
 - It has been estimated there has been 4700 deaths from mesothelioma alone in Australia since records began in the early 1980's.
 - Estimated that more than 25,000 will die from mesothelioma over the next 40 years.
 - Each year 500 men and 100 woman develop mesothelioma in Australia this expected to rise to over 900 new cases per year by 2020.
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SUMMARY



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- What is your ROI, can we be more efficient?
 - Are you reducing your outlays/costs?
 - Be a cost focused Company.
 - Are you Industry best practice?
 - Fraud can come in many guises.
 - Compensation is not exempt from fraudulent activities.
 - Asbestos kills.
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DEDICATION

This presentation is dedicated in the loving memory of Brian Clarke (husband, father and Pa) who passed away as a result of Asbestosis

17 May 1941- 21 November 2009.
