



LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 1998

CHAPTER: 74

NJSA: 34:15-57.4

"Workers Compensation Fraud"

BILL NO: S2501 (Combined with S377, S725, S779)

SPONSOR(S): Bucco

DATE INTRODUCED: Pre-filed

COMMITTEE:

ASSEMBLY: Labor

SENATE: Commerce

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE:

ASSEMBLY: June 25, 1998

SENATE: June 29, 1998

DATE OF APPROVAL: August 14, 1998

THE FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL: Senate Committee Substitute/2nd Reprint
(Amendments during passage denoted by superscript numbers)

Senate Committee Substitute for S251/377/725/779

SPONSORS STATEMENT: *No*

COMMITTEE STATEMENT:

ASSEMBLY: *Yes*

SENATE: *Yes*

FLOOR AMENDMENT STATEMENTS: *Yes*

LEGISLATIVE FISCAL ESTIMATE: *No*

S251

SPONSORS STATEMENT: *Yes* (Begins on page 2 of original bill)

COMMITTEE STATEMENT:

ASSEMBLY: *No*

SENATE: *No*

FLOOR AMENDMENT STATEMENTS: *No*

LEGISLATIVE FISCAL ESTIMATE: *No*

S377

SPONSORS STATEMENT: *Yes* (Begins on page 2 of original bill)

COMMITTEE STATEMENT:

ASSEMBLY: *No*

SENATE: *No*

FLOOR AMENDMENT STATEMENTS: *No*

LEGISLATIVE FISCAL ESTIMATE: *No*

S725

SPONSORS STATEMENT: *Yes* (Begins on page 2 of original bill)

COMMITTEE STATEMENT:

ASSEMBLY: *No*

SENATE: *No*

FLOOR AMENDMENT STATEMENTS: *No*

LEGISLATIVE FISCAL ESTIMATE: *No*

S779

SPONSORS STATEMENT: *Yes* (Begins on page 2 of original bill)

COMMITTEE STATEMENT:

ASSEMBLY: *No*

SENATE: *No*

FLOOR AMENDMENT STATEMENTS: *No*

LEGISLATIVE FISCAL ESTIMATE: *No*

VETO MESSAGE: *No*

GOVERNOR'S PRESS RELEASE ON SIGNING: *Yes*

THE FOLLOWING WERE PRINTED:

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REPORTS: *No*

HEARINGS: *No*

NEWSPAPER ARTICLES:

"New laws target abuse by workers, defendants," 8-15-98, Atlantic City Press, p. C5.

[Second Reprint]

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, Nos. 251, 377, 725 and 779

STATE OF NEW JERSEY
208th LEGISLATURE

ADOPTED MARCH 23, 1998

Sponsored by:

Senator GERALD CARDINALE

District 39 (Bergen)

Senator JAMES S. CAFIERO

District 1 (Cape May, Atlantic and Cumberland)

Senator ANDREW R. CIESLA

District 10 (Monmouth and Ocean)

Senator ANTHONY R. BUCCO

District 25 (Morris)

Co-Sponsored by:

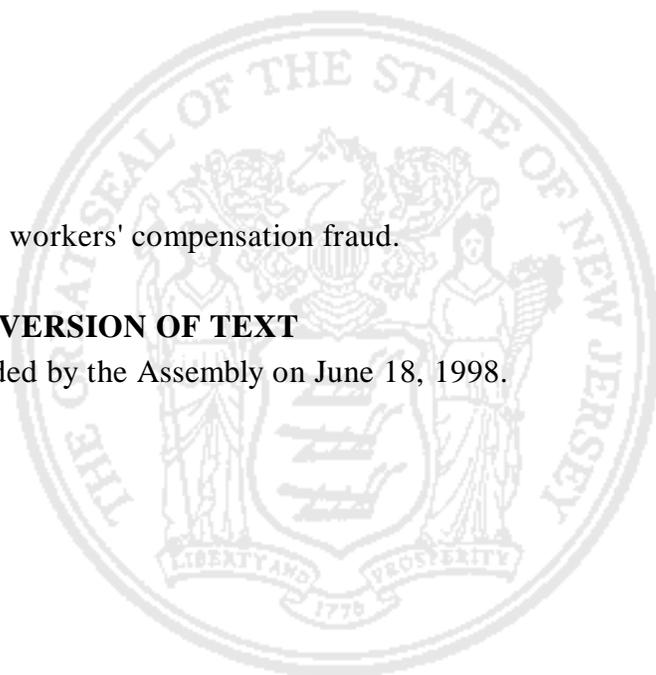
Senator O'Connor, Assemblymen LeFevre, Holzapfel, Garrett and Gregg

SYNOPSIS

Concerns workers' compensation fraud.

CURRENT VERSION OF TEXT

As amended by the Assembly on June 18, 1998.



(Sponsorship Updated As Of: 6/19/1998)

1 AN ACT concerning workers' compensation fraud and supplementing
2 chapter 15 of Title 34 of the Revised Statutes.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. a. A person shall be guilty of a crime of the fourth degree if the
8 person ¹**[willfully and]** purposely or¹ knowingly:

9 (1) Makes, when making a claim for benefits pursuant to
10 R.S.34:15-1 et seq., a false or misleading statement, representation or
11 submission concerning any fact that is material to that claim for the
12 purpose of ²wrongfully² obtaining the benefits;

13 (2) Makes a false or misleading statement, representation or
14 submission, including a misclassification of employees, or engages in
15 a deceptive leasing practice, for the purpose of evading the full
16 payment of benefits or premiums pursuant to R.S.34:15-1 et seq.; or

17 (3) Coerces, solicits or encourages, or employs or contracts with
18 a person to coerce, solicit or encourage, any individual to make a false
19 or misleading statement, representation or submission concerning any
20 fact that is material to a claim for benefits, or the payment of benefits
21 or premiums, pursuant to R.S.34:15-1 et seq. ²for the purpose of
22 wrongfully obtaining the benefits or of evading the full payment of the
23 benefits or premiums.²

24 b. Any person who ²wrongfully² obtains benefits or evades the
25 ²full² payment of benefits or premiums by means of a violation of the
26 provisions of subsection a. of this section shall ²**[also]**² be ²**[guilty of**
27 **theft by deception and]**² civilly liable to any person injured by the
28 violation for damages and all reasonable costs and attorney fees of the
29 injured person.

30 c. (1) If a person ¹**[willfully and]** purposely or¹ knowingly
31 makes, when making a claim for benefits pursuant to R.S.34:15-1 et
32 seq., a false or misleading statement, representation or submission
33 concerning any fact which is material to that claim for the purpose of
34 obtaining the benefits, the division ²**[shall]** may² order the immediate
35 termination or denial of benefits with respect to that claim and a
36 forfeiture of all rights of compensation or payments sought with
37 respect to the claim.

38 (2) Notwithstanding any other provision of law, and in addition to
39 any other remedy available under law, if that person has received
40 benefits pursuant to R.S.34:15-1 et seq. to which the person is not
41 entitled, he is liable to repay that sum plus simple interest to the

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly ALA committee amendments adopted June 4, 1998.

² Assembly floor amendments adopted June 18, 1998.

1 employer or the carrier or have the sum plus simple interest deducted
2 from future benefits payable to that person, and the division shall issue
3 an order providing for the repayment or deduction.

4 (3) Notwithstanding any other provision of law, and in addition to
5 any other remedy available under law, a person who evades the full
6 payment of premiums pursuant to R.S.34:15-1 et seq. or improperly
7 denies or delays benefits pursuant to R.S.34:15-1 et seq. is liable to
8 pay the sum due and owing plus simple interest.

9 ¹d. Nothing in this section shall preclude, if the evidence so
10 warrants, indictment and conviction for a violation of any provision of
11 chapter 20, 21 or 28 of Title 2C of the New Jersey Statutes or any
12 other law. For the purpose of this section, ²"purposely," "knowingly"
13 and² "purposely or knowingly" ²[has] have² the same meaning as is
14 provided in ²[subsection b. of N.J.S.2C:2-3] chapter 2 of Title 2C of
15 the New Jersey Statutes^{2, 1}.

16

17 2. This act shall take effect immediately.

ASSEMBLY LABOR COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, Nos. 251, 377, 725 and 779**

with Assembly Committee Amendments

STATE OF NEW JERSEY

DATED: JUNE 4, 1998

The Assembly Labor Committee reports favorably the Senate Committee Substitute for Senate Bill Nos. 251, 377, 725 and 779, with Assembly committee amendments.

As amended by the committee, the Senate Committee Substitute makes it a crime of the fourth degree for a person to purposely or knowingly:

1. Make, when making a claim for workers' compensation benefits, a false or misleading statement, representation or submission concerning any fact material to the claim for the purpose of obtaining the benefits;
2. Make a false or misleading statement, representation or submission for the purpose of evading the full payment of workers' compensation benefits or premiums; or
3. Coerce, solicit or encourage, or employ or contract with a person to coerce, solicit or encourage, any individual to make a false or misleading statement, representation or submission concerning any fact that is material to a claim for workers' compensation benefits, or the payment of benefits or premiums.

If the violator actually obtains benefits or evades the payment of benefits or premiums by means of the violation, the violator shall also be guilty of theft by deception and civilly liable to any person injured by the violation for damages and all reasonable costs and attorney fees.

The substitute also requires the State Department of Labor to order the immediate termination or denial of benefits with respect to the workers' compensation claim of the violator and a forfeiture of all rights of compensation or payments sought with respect to the claim.

The substitute requires a person who receives benefits to which the person is not entitled to repay the sum of the benefits plus simple interest to the employer or carrier or have it deducted from future benefits, and requires the division to issue an order providing for the repayment or deduction. The substitute requires the person to repay or have deducted any benefits wrongly paid, not just indemnity benefits. The substitute also requires a person who evades the full

payment of workers' compensation premiums or improperly denies or delays workers' compensation benefits to pay the sum due and owing plus simple interest.

The Assembly committee amendments specify that nothing in the substitute precludes indictment and conviction for a violation of any provision of any other law, and provide that the criminal penalties of the substitute apply to a violation which is committed "purposely or knowingly" rather than "willfully and knowingly." The amendments provide that "purposely or knowingly" has the same meaning as is provided in subsection b. of N.J.S.2C:2-3.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR SENATE, Nos. 251, 377, 725 and 779

STATE OF NEW JERSEY

DATED: MARCH 23, 1998

The Senate Commerce Committee reports favorably a Senate Committee Substitute for Senate Bill Nos. 251, 377, 725 and 779.

This bill, a Senate Committee Substitute for Senate, Nos. 251, 377, 725 and 799, makes it a crime of the fourth degree for a person to willfully and knowingly:

1. Make, when making a claim for workers' compensation benefits, a false or misleading statement, representation or submission concerning any fact material to the claim for the purpose of obtaining the benefits;
2. Make a false or misleading statement, representation or submission for the purpose of evading the full payment of workers' compensation benefits or premiums; or
3. Coerce, solicit or encourage, or employ or contract with a person to coerce, solicit or encourage, any individual to make a false or misleading statement, representation or submission concerning any fact that is material to a claim for workers' compensation benefits, or the payment of benefits or premiums.

If the violator actually obtains benefits or evades the payment of benefits or premiums by means of the violation, the violator is also deemed to be guilty of theft by deception and civilly liable to any person injured by the violation for damages and all reasonable costs and attorney fees.

The bill also requires the State Department of Labor to order the immediate termination or denial of benefits with respect to the workers' compensation claim of the violator and a forfeiture of all rights of compensation or payments sought with respect to the claim.

The bill requires a person who receives benefits to which the person is not entitled to repay the sum of the benefits plus simple interest to the employer or carrier or have it deducted from future benefits, and requires the division to issue an order providing for the repayment or deduction. The bill requires the person to repay or have deducted any benefits wrongly paid, not just indemnity benefits. The bill also requires a person who evades the full payment of workers' compensation premiums or improperly denies or delays workers' compensation benefits to pay the sum due and owing plus simple interest.

STATEMENT TO

[First Reprint]

SENATE COMMITTEE SUBSTITUTE FOR
SENATE Nos. 251, 377, 725 and 779

with Assembly Floor Amendments
(Proposed By Assemblyman LEFEVRE)

ADOPTED: JUNE 18, 1998

These Assembly amendments eliminate the provisions of the bill which make a person who obtains benefits or avoids payment of benefits by means of a violation of the bill guilty of theft by deception, because theft by deception is already covered under the current provisions of the criminal code. The amendments expand the bill's references to the criminal code regarding the terms "purposely" and "knowingly," and clarify that, in all cases, a criminal violation is committed only if a misrepresentation is made for the purpose of wrongfully obtaining benefits or withholding benefits or premiums. Finally, the amendments provide a Judge of Compensation with discretion regarding the termination of benefits and forfeiture of future benefits, thus permitting the judge to take into consideration the seriousness of the violation.

SENATE, No. 251

STATE OF NEW JERSEY
208th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 1998 SESSION

Sponsored by:

Senator ANTHONY R. BUCCO

District 25 (Morris)

SYNOPSIS

Imposes penalties for workers' compensation fraud.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT imposing penalties for workers' compensation fraud and
2 supplementing chapter 15 of Title 34 of the Revised Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Any claimant who willfully obtains or attempts to obtain
8 benefits pursuant to R.S.34:15-1 et seq., by knowingly making, when
9 making that claim, a false statement or representation concerning any
10 fact which is material to that claim for the purpose of obtaining those
11 benefits shall be guilty of a disorderly persons offense and, upon
12 conviction for a violation, shall be punished by a fine of not less than
13 \$100 nor more than \$1,000. Upon conviction for the violation, the
14 division shall also order the immediate termination or denial of benefits
15 provided pursuant to R.S.34:15-1 et seq. with respect to that claim
16 and a forfeiture of all rights of compensation or payments sought with
17 respect to the claim.

18

19 2. This act shall take effect immediately.

20

21

22

STATEMENT

23

24 This bill provides that any workers' compensation claimant who
25 willfully obtains or attempts to obtain benefits by knowingly making,
26 when making that claim, a false statement or representation concerning
27 any fact which is material to that claim for the purpose of obtaining
28 benefits shall be guilty of a disorderly persons offense and, upon
29 conviction for a violation, shall be punished by a fine of not less than
30 \$100 nor more than \$1,000. The bill also requires the Division of
31 Workers' Compensation to order the immediate termination or denial
32 of benefits with respect to that claim and a forfeiture of all rights of
33 compensation or payments sought with respect to the claim.

SENATE, No. 377
STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED JANUARY 20, 1998

Sponsored by:

Senator GERALD CARDINALE

District 39 (Bergen)

SYNOPSIS

Imposes criminal penalties for workers' compensation fraud.

CURRENT VERSION OF TEXT

As introduced.

An Act imposing criminal penalties for workers' compensation fraud and supplementing chapter 15 of Title 34 of the Revised Statutes.

Be It Enacted *by the Senate and General Assembly of the State of New Jersey:*

1. Any claimant who willfully obtains or attempts to obtain benefits pursuant to R.S.34:15-1 et seq., by knowingly making, when making that claim, a false statement or representation concerning any fact which is material to that claim for the purpose of obtaining those benefits shall be guilty of a crime of the fourth degree. Upon conviction for the violation, the division shall also order the immediate termination or denial of benefits provided pursuant to R.S.34:15-1 et seq. with respect to that claim and a forfeiture of all rights of compensation or payments sought with respect to the claim.

2. This act shall take effect immediately.

STATEMENT

This bill provides that any workers' compensation claimant who willfully obtains or attempts to obtain benefits by knowingly making, when making that claim, a false statement or representation concerning any fact which is material to that claim for the purpose of obtaining benefits shall be guilty of a crime of the fourth degree. The bill also requires the Division of Workers' Compensation to order the immediate termination or denial of benefits with respect to that claim and a forfeiture of all rights of compensation or payments sought with respect to the claim.

SENATE, No. 725
STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED FEBRUARY 26, 1998

Sponsored by:

Senator ANDREW R. CIESLA

District 10 (Monmouth and Ocean)

SYNOPSIS

Concerns workers' compensation fraud.

CURRENT VERSION OF TEXT

As introduced.

An Act concerning workers' compensation fraud and supplementing chapter 15 of Title 34 of the Revised Statutes.

Be It Enacted *by the Senate and General Assembly of the State of New Jersey:*

1. The division shall order immediate termination or denial of benefits provided pursuant to this article with respect to any claim for which the division determines that the claimant has willfully obtained or attempted to obtain benefits by knowingly making, when making that claim, a false statement or representation concerning any fact or thing material to that claim for the purpose of obtaining those benefits and the division may order, with respect to the claim, a forfeiture of all rights of compensation or payments sought.

Notwithstanding any other provision of law, and in addition to any other remedy available under law, if an employee has received benefits pursuant to this article to which the employee is not

entitled, the employee is liable to repay that sum plus simple interest to the employer or the carrier or have the sum plus simple interest deducted from future benefits payable to the employee, and the division shall issue an order providing for the repayment or deduction.

2. This act shall take effect immediately.

STATEMENT

This bill requires the Division of Workers' Compensation to order an immediate termination or denial of workers' compensation benefits with respect to a claim if the division finds that the claimant has willfully obtained or attempted to obtain benefits by knowingly making, when making that claim, a false statement or representation concerning any fact or thing material to that claim for the purpose of obtaining those benefits. The division may order, with respect to the claim, a forfeiture of all rights of compensation or payments sought.

The bill requires an employee who receives benefits to which the employee is not entitled to repay the sum of the benefits plus simple interest to the employer or have it deducted from future benefits, and requires the division to issue an order providing for the repayment or deduction.

The bill requires the employee to repay or have deducted any benefits wrongly paid, not just indemnity benefits.

SENATE, No. 779
STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED MARCH 2, 1998

Sponsored by:

Senator JAMES S. CAFIERO

District 1 (Cape May, Atlantic and Cumberland)

SYNOPSIS

Concerns workers' compensation fraud.

CURRENT VERSION OF TEXT

As introduced.

An Act concerning workers' compensation fraud and supplementing chapter 15 of Title 34 of the Revised Statutes.

Be It Enacted *by the Senate and General Assembly of the State of New Jersey:*

1. a. A person shall be guilty of a crime of the fourth degree if the person willfully and knowingly:

(1) Makes, when making a claim for benefits pursuant to R.S.34:15-1 et seq., a false or misleading statement, representation or submission concerning any fact that is material to that claim for the purpose of obtaining the benefits;

(2) Makes a false or misleading statement, representation or submission, including a misclassification of employees, or engages in a deceptive leasing practice, for the purpose of

evading the full payment of benefits or premiums pursuant to R.S.34:15-1 et seq.; or

(3) Coerces, solicits or encourages, or employs or contracts with a person to coerce, solicit or encourage, any individual to make a false or misleading statement, representation or submission concerning any fact that is material to a claim for benefits, or the payment of benefits or premiums, pursuant to R.S.34:15-1 et seq.

b. Any person who obtains benefits or evades the payment of benefits or premiums by means of a violation of the provisions of subsection a. of this section shall also be guilty of theft by deception and civilly liable to any person injured by the violation for damages and all reasonable costs and attorney fees of the injured person.

c. If a person willfully and knowingly makes, when making a claim for benefits pursuant to R.S.34:15-1 et seq., a false or misleading statement, representation or submission concerning any fact which is material to that claim for the purpose of obtaining the benefits, the division shall order the immediate termination or denial of benefits with respect to that claim and a forfeiture of all rights of compensation or payments sought with respect to the claim.

2. This act shall take effect immediately.

STATEMENT

The bill makes it a crime of the fourth degree for a person to willfully and knowingly:

1. Make, when making a claim for workers' compensation benefits, a false or misleading statement, representation or submission concerning any fact material to the claim for the purpose of obtaining the benefits;

2. Make a false or misleading statement, representation or submission for the purpose of evading the full payment of workers' compensation benefits or premiums; or

3. Coerce, solicit or encourage, or employ or contract with a person to coerce, solicit or encourage, any individual to make a false or misleading statement, representation or representation concerning any fact that is material to a claim for workers' compensation benefits, or the payment of benefits or premiums.

If the violator actually obtains benefits or evades the payment of benefits or premiums by means of the violation, the violator is also deemed to be guilty of theft by deception and civilly liable to any person injured by the violation for damages and all reasonable costs and attorney fees.

The bill also requires the State Department of Labor to order the immediate termination or denial of benefits with respect to the workers' compensation claim of the violator and a forfeiture of all rights of compensation or payments sought with respect to the claim.

Office of the Governor
NEWS RELEASE

PO BOX 004
TRENTON, NJ 08625

CONTACT: Jayne O'Connor
Gene Herman 609-777-2600

RELEASE: August 14, 1998

Gov. Christie Whitman today signed the following pieces of legislation:

A-2188, sponsored by Assembly Members Carol J. Murphy (R-Essex/Morris/Passaic) and Charlotte Vandervalk (R-Bergen) and Senator Jack Sinagra (R-Middlesex), allows dispensing of Schedule I I drugs for long-term care facility and hospice residents with prescriptions sent by facsimile machine. The bill provides that the requirement in current law -- that a prescription for any narcotic drug be transmitted to pharmacists in writing signed by the prescriber -- shall not apply to prescriptions for Schedule I I drugs written for long-term care facility residents and hospice patients if those prescriptions are transmitted in compliance with federal Drug Enforcement Administration regulations. The bill is intended to ensure that seniors and hospice patients receive pain medications in a timely manner.

S-251/377/725/779 makes workers' compensation fraud a crime of the fourth degree. The bill makes it a crime of the fourth degree for a person to purposely or knowingly make a false or misleading statement concerning any fact material to a claim for benefits, or for evading the full payment of workers' compensation benefits or premiums, or coercing or encouraging any individual to make a false or misleading statement for obtaining benefits or evading the full payment of the benefits or premiums. Crimes of the fourth degree are punishable by a maximum of 18 months in prison or a fine of \$10,000 or both.

The bill was sponsored Senators Anthony R. Bucco (R-Morris), Senator Gerald E. Cardinale (R-Bergen), Senator Andrew R. Ciesla (R-Monmouth/Ocean) and Senator James S. Cafiero (R-Cape May/Atlantic/Cumberland) and Assembly Members Kenneth C. LeFevre (R-Atlantic), James W. Holzapfel (R-Monmouth/Ocean), E. Scott Garrett (R-Sussex/Hunterdon/Morris) and Guy R. Gregg (R-Sussex/Hunterdon/Morris).

S-710, sponsored by Senator Andrew R. Ciesla (R-Monmouth/Ocean), which requires the Division of Motor Vehicles (DMV), to recognize the behind-the-wheel experience of secondary school driving instructors for the purpose of issuing a license to operate a commercial drivers' school. Under previous regulations, the DMV required an applicant for a drivers' school license, or an employee of the applicant, to have 500 hours' experience providing behind-the-wheel instruction in a commercial driving school. The previous DMV regulations did not recognize the behind-the-wheel instructional experience of secondary school driving instructors as satisfying the requirement.

S-642, sponsored by Senators Peter A. Inverso (R-Mercer/Middlesex) and John O. Bennett (R-Monmouth), designates the Sunday after Labor Day as "Grandparents'

Day" in New Jersey. Currently, under state law, the first full week of October is designated "Grandparents' Week." Pursuant to a federal proclamation adopted in 1978, Grandparents' Day is celebrated nationally on the second Sunday in September. The bill makes New Jersey's designation consistent with other states to allow for better coordination in honoring grandparents.

A-1995, sponsored by Assembly Members David C. Russo (R-Bergen/Passaic) and Wilfredo Caraballo (D-Essex) and Senator William L. Gormley (R-Atlantic), places the duty of investigating the financial status of persons requesting public defenders with the Administrative Office of the Courts (AOC) on a permanent basis. The function was legislatively transferred from the Office of the Public Defender to the AOC for a five-year trial period in 1988. The trial period was renewed in 1993, but expired earlier this year.