

Illinois Department of Insurance
Workers' Compensation Fraud and Compliance Unit

2025 ANNUAL REPORT



JB Pritzker, Governor

Ann Gillespie, Director



Illinois Department of Insurance

JB PRITZKER
Governor

ANN GILLESPIE
Director

The Honorable JB Pritzker
Governor
207 State House
Springfield, Illinois 62706

Re: Workers' Compensation Fraud and Compliance Unit – FY 2025 Annual Report

Dear Governor Pritzker:

On behalf of the Department of Insurance and pursuant to Section 25.5(h) of the Workers' Compensation Act (820 ILCS 305/25.5(h)), please find the Workers' Compensation Fraud and Compliance Unit's FY 2025 Annual Report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Ann Gillespie".

Ann Gillespie, Director
Illinois Department of Insurance

TABLE OF CONTENTS

I.	Introduction.....	1
II.	WCFU Operations	3
	A. Complaints	3
	B. Investigations.....	3
	C. Referrals for Prosecution	4
	D. Confidentiality	4
	E. WCFU Statistics.....	4
III.	Workers' Compensation Compliance Operations	5
	A. Complaints	5
	B. Case Resolutions	6
	C. Other Activity	6
IV.	Building Relationships.....	7

I. Introduction

In 1911, Illinois became one of the first states in the nation to pass comprehensive workers' compensation laws. While state law has changed over the years, the basic principle guiding workers' compensation remains the same: employees and employers deserve a reliable and affordable system of insurance which helps protect employers, injured workers, and their families from financial catastrophe.

Today, state law requires almost every working resident of Illinois to be covered by workers' compensation insurance. Employers provide workers' compensation benefits either by purchasing insurance policies or by paying for the benefits themselves (known as self-insurance). Employers and employees benefit from the state's mandatory system, which allows employers to avoid costly litigation and provides employees protection and compensation for work-related injuries.

Until Public Act 102-0037 became effective on July 1, 2021, the Workers' Compensation Compliance Unit was part of the Illinois Workers' Compensation Commission (IWCC). The legislation merged the Workers' Compensation Compliance Unit with the Workers' Compensation Fraud Unit (WCFU), and now the teams work alongside one another within the Department of Insurance ("DOI" or "Department").

WCFU investigates allegations of workers' compensation fraud as provided by Section 25.5 of the Workers' Compensation Act. WCFU's efforts improve Illinois' business environment by investigating and referring fraudulent claims for prosecution. Reducing workers' compensation fraud will lead to more cost-effective insurance and, therefore, a more efficient market. The Illinois market is highly competitive, with 459 different companies competing to write direct workers' compensation premiums in 2024, an increase from 395 companies in 2021.

The Workers' Compensation Compliance Unit enforces Section 4(d) of the Workers' Compensation Act. The unit protects workers by enforcing the Workers' Compensation Act's requirement that employers provide workers' compensation coverage. Ensuring employers provide coverage helps to protect injured workers and their families from financial catastrophe that may arise from a workplace injury. Effective enforcement also helps level the playing field for businesses in Illinois, by requiring employers to comply with the workers' compensation law and holding them accountable when they do not.

Since the Compliance Unit moved from IWCC to DOI in July 2021, we have sought to continually improve the quality and thoroughness of investigations, to increase our capacity to perform investigations, and to make our enforcement efforts more effective.

This year, the Compliance Unit began working with DOIT to develop improved IT infrastructure, including a CRM platform, to assist in intake and case management for the fraud and compliance teams. Beginning in FY 2026, we expect the new platform to significantly increase our capacity to investigate cases by automating certain administrative functions and better organizing case intake and assignment processes.

Shortly before the start of FY 2025, legislation became effective providing for IWCC decisions entered in enforcement proceedings to be final administrative decisions, effective as judgments upon enrollment in circuit court. The measure, supported by representatives of business and labor, strengthened DOI's ability to enforce the Act by eliminating the prior requirement to sue in circuit court to enforce an IWCC enforcement decision.

These ongoing improvements will help us better handle cases from the time they are accepted until they are resolved, and to more effectively enforce the Act.

II. WCFU Operations

Section 25.5(c) of the Act charged the Department with establishing the WCFU. The Department established the WCFU in 2006 and now oversees its operations, investigations, personnel, and progress.

A. Complaints

The WCFU tracks reports of workers' compensation fraud. Complainants are required by statute to identify themselves and can report fraud by regular mail or email. After receiving a report, the WCFU supervisor reviews each complaint to determine whether the complaint alleges a violation of the Act's fraud provisions that warrants investigation. In conducting this review, the supervisor assigns a case number to each complaint and enters it into the WCFU's case management system. If necessary, the supervisor contacts the complainant or requests additional information to complete the review process. If the report is frivolous, legally insufficient, or unsubstantiated, the investigation ceases, and the report is closed. If the supervisor finds evidence sufficient to justify further inquiry, the case is assigned for investigation.

B. Investigations

The primary responsibility of the WCFU is to conduct investigations and refer worthy cases for prosecution. To fulfill this task, WCFU investigators conduct field investigations, review surveillance footage, issue subpoenas, and review insurance, payroll, medical, and other records.

While structurally similar, each investigation differs based upon a host of factors, including the nature and quality of the initial complaint. Most investigations involve: (1) review of documentary and physical evidence; (2) detailed background checks of persons related to the case (*e.g.*, investigative targets and witnesses); (3) interviews of persons related to the case (*e.g.*,

complainants, witnesses, insurance company personnel, medical treatment providers, and the investigative target); and (4) gathering additional evidence when needed.

C. Referrals for Prosecution

At the conclusion of each investigation, a review of the sufficiency of evidence is conducted. If the inquiry does not produce evidence deemed sufficient to convict an individual or entity of workers' compensation fraud, the case is closed. Investigations that produce sufficient evidence to convict are referred to the Attorney General's office or the State's Attorney of the county where the offense occurred. The power to decide whether to file criminal charges rests with the prosecutor who receives the WCFU referral.

The WCFU is continually building working relationships with relevant prosecuting authorities. Since its creation, the WCFU has referred cases to, and worked with, State's Attorneys representing 45 counties: Bureau, Cass, Champaign, Christian, Cook, DeKalb, DeWitt, DuPage, Edgar, Ford, Franklin, Gallatin, Jackson, Jasper, Jefferson, Kane, Kankakee, Knox, Lake, Livingston, Macon, Macoupin, Madison, Marion, Massac, McDonough, McHenry, McLean, Morgan, Ogle, Peoria, Perry, Richland, Saline, Sangamon, Shelby, St. Clair, Tazewell, Union, Vermilion, White, Whiteside, Will, Williamson, and Winnebago. In addition, WCFU works frequently with the Attorney General's Special Prosecutions Bureau.

D. Confidentiality

The confidentiality of all fraud reports and associated medical records is strictly maintained in accordance with the relevant statutes and is only shared while referring a case for prosecution or in complying with other lawful requests.

E. Workers' Compensation Fraud Unit Statistics

During FY 2025, the WCFU received numerous complaints and inquiries via Department

of Insurance email fraud inbox, and U.S. mail that were anonymous and /or did not have sufficient information to meet the filing requirements to create a case file in the WCFU case management system. Therefore, they are not included in the number of cases received and completed by the WCFU in FY 2025.

In FY 2025, the WCFU received 44 allegations of fraud which were placed in line for investigation, an increase in the number of complaints received the prior year. Special Investigation Units (SIUs) submitted 22 of the complaints, 4 were referred by attorneys representing the employee , 17 were referred on behalf of third-party administrators (TPAs), and one (1) was referred by a state agency.

At the completion of FY 2025, the WCFU had 29 open cases in line for investigation in the WCFU case management system. Of the 29 open cases in line for investigation, 6 cases were received in FY 2025, 12 cases were received in FY 2024, 9 cases were received in FY 2023, and 2 cases were received in FY 2022.

The WCFU completed 17 cases that involved allegations of workers' compensation fraud in FY 2025. Of those completed investigations one was received in 2021, five were received in 2022, seven were received in 2023, three were received in 2024, and one was received in 2025.

In FY 2025, the WCFU referred one case for investigation for possible criminal prosecution to the Office of the Illinois Attorney General or the States Attorney in the county where the offense occurred. None were closed due to the WCFU not having jurisdiction to investigate the fraud allegation or due to the expiration of the statute of limitations. Three were denied due to information obtained during the investigation.

III. Workers' Compensation Compliance Operations

A. Complaints

The Compliance Unit investigates violations of the Workers' Compensation Act pursuant to authority granted under Section 4(d) (820 ILCS 305/4(d)), which imposes penalties for employers who fail to provide workers' compensation. The Compliance Unit initiates investigations from a variety of sources, including employer-respondents in cases brought before the IWCC who are alleged to lack coverage, as well as tips from the public, including sources who may wish to remain anonymous.

Between July 1, 2024, and June 30, 2025, the Compliance Unit received 358 allegations of noncompliance, from which it opened investigations: 128 arising from claims filed against the Injured Workers' Benefit Fund, based on petitioner's determination that the respondent lacked coverage, and 75 raised by members of the public. In addition, the Compliance Unit was referred 155 complaints from the Illinois Department of Labor (IDOL) for violations of the Employee Classification Act (820 ILCS 185/20). Of the 358 allegations reported (including Employee Classification Act Complaints) between July 1, 2024, and June 30, 2025, the Compliance Unit has opened 280 investigations.

B. Case Resolutions

Investigations referred to the Compliance Unit can be resolved via informal hearing, referred to the Attorney General's Office for formal hearing before the IWCC, or closed. During FY 2025, the Compliance Unit settled 72 cases and referred 40 cases to the Attorney General's Office for hearing, completing 10 trials. The unit closed 122 cases.

C. Other Activity

In addition to enforcing compliance, the Compliance Unit sends reimbursements obtained from noncompliant employers to the Injured Workers' Benefit Fund (IWBF). Specifically,

reimbursement is sought from a noncompliant employer where the IWBF has paid an award to the noncompliant employer's employee. During FY 2022 to FY 2023, the Compliance Unit began an initiative to evaluate past years' IWBF cases to determine which required additional collection efforts. Additionally, the Compliance Unit notifies employers when an award has been entered against them in cases where the award has also been entered against the IWBF.

IV. Building Relationships

For both WCFU and the Compliance Unit, building relationships with other investigative agencies, state's attorney's offices, business and labor advocacy groups, workers' compensation attorneys, and other stakeholders makes both teams more effective. These relationships lead to reliable tips about fraud and noncompliance, help us to ensure referred cases are ready for indictment and prosecution, and provide us with an opportunity to educate the public about employers' responsibility to provide coverage.

WCFU investigators work to aid prosecutors in the exercise of their discretion. Cases referred for prosecution are presented clearly and succinctly. WCFU investigators are committed to their investigations and assist the Illinois Attorney General or respective State's Attorney throughout any criminal case. This level of communication and continued assistance helps establish trust, which improves future referrals and prosecutions.

The progress of WCFU investigations over the years has improved the general public's understanding of workers' compensation fraud investigations. In the past, some complainants (*e.g.*, employers, insurers, employees) did not know what kind of evidence the WCFU needed to successfully investigate an allegation of fraud. Establishing working relationships with workers' compensation stakeholders has helped to clarify the type of information that is required to prove workers' compensation fraud. To advance those efforts, the WCFU conducts a variety of

educational presentations to public prosecutors and private law firms, as well as the insurance industry, self-insureds, other state agencies, and third-party administrators to assist them in better understanding the Illinois Workers' Compensation Act and the responsibilities of the WCFU.