



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Department Name: District Attorney  
Department No.: 021  
For Agenda Of: June 23, 2009  
Placement: Administrative  
Estimated Tme:  
Continued Item: Select\_Continued  
If Yes, date from:  
Vote Required: Select\_Vote

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**TO:** Board of Supervisors

**FROM:** District Attorney Name & Phone: Christie Stanley, x2308  
Contact Info: Name & Phone: Marnie Pinsker, x2304

**SUBJECT:** Renewal of Agreement with the California Department of Insurance for a Workers' Compensation Prosecution Unit in the District Attorney's Office

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence:** Select\_Other

As to form: Select\_Concurrence

**Recommended Actions:**

That the Board of Supervisors:

- a) Adopt the attached resolution authorizing the District Attorney to renew the agreement with the State Department of Insurance for a Workers' Compensation Insurance Fraud Prosecution Unit for FY 09-10.

**Summary Text:**

The Workers' Compensation Insurance Fraud program is designed to investigate allegations of Workers' Compensation Fraud, arrest offenders, prosecute violators, and seek restitution for funds lost through fraudulent claims, or business practices.

**Background:**

Workers' Compensation Fraud is a community and statewide issue which impacts industry, employers, the medical profession, insurance companies, employees, and local businesses. There is a direct correlation between workers' compensation fraud and increases in insurance premiums. Fraud results in higher insurance premiums for all employers which, in turn, is passed on to the consumer through an increase in costs of goods and services we use every day. These factors led the District Attorney's Office to develop the Workers' Compensation Fraud Program which brings local businesses, the Department of Insurance, and the District Attorney's Office together to tackle Workers' Compensation Fraud in Santa Barbara County. This was authorized by the Board of Supervisors in November 2003, focused primarily in North County. CDI is financed through fees assessed by the State Insurance Commissioner as part of the workers' compensation insurance rates and has been an effective program in other California counties. The long term goal of this initiative is to reduce workers' compensation insurance fraud in Santa Barbara County through crime prevention and deterrence, to be accomplished through a combination of community education and criminal prosecution of fraud cases.

Historically, the unit included a .5 Prosecutor, .5 Criminal Investigator and .5 Sr. Investigative Assistant dedicated to workers' compensation insurance fraud cases. Through April of fiscal year 2008/2009, 27 new fraud referrals were received and 10 carryover cases of suspected Worker's Compensation Fraud were reviewed and investigated by the Unit. Many of these did not result in criminal filings and were returned for further action through the Workers Compensation Appeals Board. Additionally the office assisted and/or conducted three sting operations for un-insured businesses. Of the thirteen new cases filed for criminal prosecution, ten resulted in convictions; one case resulted in a civil plea of a fine and restitution. Approximately ten cases will be carried forward for additional investigation next fiscal year.

The Department of Insurance has increased our allocation from \$248,398 to \$341,532 to expand the program in South County, which will finance a full-time investigator, a half time attorney in Santa Maria, a quarter-time attorney in Santa Barbara, along with partial financing for supervision and support. South County cases now investigated by the Southern California DOI Office will be referred to a DA Investigator for local follow-up, which is expected to increase case filings in Santa Barbara. Outreach and collaboration with local businesses will be enhanced, along with public education, to reduce workers' compensation insurance fraud.

**Performance Measure:**

Vertically prosecute 20% of the workers' compensation insurance fraud cases investigated by the Workers' Compensation Insurance Fraud Unit.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State	\$ 244,063.00	\$ 255,860.00	
Federal			
Fees			
Other:			
Total	\$ 244,063.00	\$ 255,860.00	\$ -

**Narrative:**

Attorney staff in both the North and South County District Attorney Offices will be assigned part-time to the grant, while the full time DA Investigator will provide countywide coverage. The DOI financing request has increased to \$341,532 for FY 09-10, based on the State's goal to finance a full-time Investigator in each county. The budget includes \$300,077 in salary and benefit costs, along with \$11,842 in operating costs, \$2,500 for expert witness fees, and \$24,613 in overhead and audit charges associated with the program. Expenses and revenues are budgeted in the District Attorney's FY 09-10 budget, department 021, program 1010.

**Staffing Impacts:**

<u>Legal Positions:</u>	<u>FTEs:</u>
DA Investigator	1.0
Deputy DA	.5
Legal Office Professional	.5

**Special Instructions:** Please return executed Resolution to DA: ATTN Marnie Pinsker

**Attachments:** Board Resolution

**Authored by: Marnie Pinsker, DA Administrative Director**