



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: January 9, 2018
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director: Joyce E. Dudley, District Attorney, x2308
Contact Info: Michael Soderman, Chief Financial & Administrative Officer, x2303
SUBJECT: **Renewal of Agreement with the California Department of Insurance for a Workers' Compensation Prosecution Unit in the District Attorney's Office, Fiscal Year 2017-2018**

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: N/A

Recommended Actions:

It is recommended that the Board of Supervisors:

- a) Adopt a Resolution authorizing the District Attorney to execute a Grant Agreement with the State Department of Insurance for a Workers' Compensation Insurance Fraud Prosecution Unit for the period of July 1, 2017 through June 30, 2018 in the amount of \$375,164.00; and
- b) Determine that the above action is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), because it consists of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

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. Board approval is required to receive grant revenue and continue this program in Fiscal Year 2017 - 18. In order to meet state deadlines and properly receive the grant funding, the District Attorney preliminary executed the grant agreement pending formal authority from the Board of Supervisors.

Background:

Workers’ compensation fraud is a community and statewide issue that 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, are passed on to the consumer through an increase in costs of goods and services we use every day. These factors led the Santa Barbara County District Attorney to develop the Workers’ Compensation Fraud Program, which brings together local businesses, the California Department of Insurance (CDI), and the District Attorney to tackle Workers’ Compensation Fraud. This program was originally authorized by the Board of Supervisors in November 2003, making Fiscal Year 2017 - 18 the fifteenth year of the program in Santa Barbara County.

The Workers’ Compensation Fraud Program is financed through fees assessed by the State Insurance Commissioner as part of the workers’ compensation insurance rates. 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.

The Workers’ Compensation Fraud Unit currently has three felony cases in the court system, one filed case pending a felony warrant, and 21 open investigations. The District Attorney is prosecuting premium and applicant fraud cases, and is also working on a multi-agency investigation involving a major medical provider fraud case estimated at \$50 million dollars. In addition, we are stepping up our Labor Code program efforts to educate and, if necessary, prosecute employers who do not have workers’ compensation insurance.

Fiscal and Facilities Impacts:

Budgeted: Yes. Revenues and appropriations are included in current and future budgets.

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	\$ 375,164.00	\$ 375,164.00	
Federal			
Fees			
Other:			
Total	\$ 375,164.00	\$ 375,164.00	\$ -

Two Deputy District Attorneys (including one Contractor on Payroll) are assigned to this grant with one part-time attorney in Santa Barbara and a lead Deputy District Attorney to oversee the grant countywide. A District Attorney Investigator is also assigned to the program. Fiscal Year 2017 - 18 funding includes the award of \$343,615 as well as prior year carryover of \$31,549, for a total allocation of \$375,164. This includes \$329,214 in salary and benefit costs, \$22,000 in operating costs, and \$23,950 in overhead associated with the program.

Key Contract Risks:

The District Attorney has been awarded this grant annually since the Workers' Compensation Insurance Fraud Program was first established. There is minimal risk to the County.

Staffing Impacts:

<u>Legal Positions:</u>	<u>FTEs:</u>
District Attorney Investigator I	1.00
Deputy District Attorney I (Contractor on Payroll)	1.00
Deputy District Attorney IV	0.45

Special Instructions:

Please return one (1) Minute Order and one (1) duplicate original Resolution to Nicole Acosta.

Attachments:

Attachment A: Board Resolution

Attachment B: Grant Agreement

Authored by:

Nicole Acosta, Department Business Specialist (x2413)