



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 12, 2021
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director: Joyce E. Dudley, District Attorney, 568-2308
Contact Info: Michael Soderman, Chief Financial & Administrative Officer, 568-2303
SUBJECT: **Agreement with the California Department of Insurance for a Workers' Compensation Insurance Fraud Program in the District Attorney's Office, Fiscal Year 2020-2021**

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

It is recommended that the Board of Supervisors:

- a) Adopt a Resolution approving, ratifying, and authorizing the District Attorney to execute a Grant Award Agreement with the California Department of Insurance for a Workers' Compensation Insurance Fraud Program to provide services for the period of July 1, 2020 through June 30, 2021 in the amount of \$308,184 plus carryover from Fiscal Year 2019-20 in the amount of \$57,202, for total funding of \$365,386; and
- b) Approve and authorize the District Attorney, or designee, to execute any future amendments or extensions to the Grant Award Agreement through December 31, 2021, or to increase the grant award in an amount not to exceed \$50,000, with the concurrence of Risk Management, County Counsel, and Auditor-Controller; and
- c) Determine that the above recommended actions are exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b)(4), because they consist 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 and prosecute workers' compensation insurance fraud cases. Board approval is required to receive grant revenue and continue this program in Fiscal Year 2020-21. In order to meet state deadlines and properly receive the grant funding, the District Attorney preliminarily executed the grant agreement pending formal authority from the Board of Supervisors.

Background:

The California Department of Insurance (DOI) Workers' Compensation Insurance Fraud Program was established in 1991. The California legislature made workers' compensation fraud a felony, required insurers to report suspected fraud, and established a mechanism for funding enforcement and prosecution activities. The program is funded by an assessment on California employers, who are legally required to be insured or self-insured.

This is the seventeenth year that the Santa Barbara County District Attorney's Office has participated in the program to investigate and prosecute workers' compensation fraud as well as conduct outreach and education in the community in an effort to reduce the instances of fraud. Since 2017, the Santa Barbara program has conducted seven outreach sessions throughout Southern California, targeting insurance professionals and employer groups looking for more information on Workers' Compensation Fraud.

As a result of the impact of COVID-19 on Santa Barbara county businesses, as expected, the Santa Barbara District Attorney's Office has experienced a decline in Electronic Suspected Fraudulent claim (FD-1) submissions. Between July 1, 2020 and October 1, 2020, the Office received four fraud referrals. Two of the referrals were closed with no investigation, and two are pending additional information before a determination can be made regarding opening an investigation. The office currently has three open investigations from Fiscal Year 2019-20.

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	\$ 365,386.00		
Federal			
Fees			
Other:			
Total	\$ 365,386.00	\$ -	\$ -

One District Attorney Investigator and two part-time Deputy District Attorneys (DDA) will work on workers' compensation insurance fraud efforts Countywide. Fiscal Year 2020-21 funding includes the award of \$308,184, as well as prior year carryover of \$57,202, for a total allocation of \$365,386. This includes \$323,442 in Salaries and Employee Benefits and \$41,944 in operating costs associated with the program. There is no match requirement for this award.

Staffing Impacts:

Legal Positions:

FTEs:

District Attorney Investigator II	1.00 FTE
Deputy District Attorney III	0.25 FTE
Deputy District Attorney SR	0.20 FTE

Special Instructions:

Please return one (1) Minute Order and one (1) duplicate original Resolution to John DeAlba, DA Department Business Specialist (x82434).

Attachments:

- A. Resolution
- B. Grant Award Agreement
- C. Grant Budget

Authored By:

John DeAlba, DA Department Business Specialist