



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: December 11, 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 Grant Agreement with the California Department of Insurance for the Workers' Compensation Insurance Fraud Program, Fiscal Year 2018-2019

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 approving, ratifying, and authorizing the District Attorney to execute a Grant Agreement with the California Department of Insurance for the Workers' Compensation Insurance Fraud Program for the period of July 1, 2018 through June 30, 2019 in the amount of \$392,121.00; 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 2018-19. 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:

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 are then 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. The Board of Supervisors originally authorized this program in November 2003, making this the 16th 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 District Attorney’s Workers’ Compensation Fraud Unit currently has four felony cases and one misdemeanor case in the court system, three filed cases pending felony warrants, and 10 open investigations. Two of the pending investigations involve multi-defendant medical provider fraud. It is estimated that one of these cases, which involves over \$87 million dollars in potential fraud, will be ready to file before the end of the calendar year. In addition, Labor Code program efforts continue 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	\$ 392,121.00	\$ 392,121.00	
Federal			
Fees			
Other:			
Total	\$ 392,121.00	\$ 392,121.00	\$ -

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. One District Attorney Investigator is also assigned to the program, as well as two Legal Office Professional Seniors who assist with the program. The Fiscal Year 2018-19 grant award is \$392,121, which includes \$331,492 in Salaries and Employee Benefits, \$37,549 in operating costs, and \$23,080 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>
Deputy District Attorney I (Contractor on Payroll)	0.70 FTE
Deputy District Attorney IV	0.445 FTE
District Attorney Investigator I	0.95 FTE
Legal Office Professional Senior	0.10 FTE
Legal Office Professional Senior	0.10 FTE

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)