

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



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

Agenda Number:

Prepared on: 7/10/2006
Department Name: District Attorney
Department No.: 021
Agenda Date: 7/25/2006
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Thomas W. Sneddon Jr.
District Attorney

STAFF CONTACT: Marnie B. Pinsker, DA Assistant Director, x2304
David M. Saunders, Chief Investigator, x2359

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

Recommendation(s):

That the Board of Supervisors:

- a) Adopt the attached resolution authorizing the District Attorney to renew the agreement with the California Department of Insurance for a Workers' Compensation Insurance Fraud Prosecution Unit for Fiscal Year 06-07.

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with actions required by law or by routine business necessity.

Executive Summary and Discussion:

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 Santa Barbara County 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. The program is designed to investigate allegations of Workers' Compensation Fraud, arrest offenders, prosecute violators, and seek restitution for funds lost through fraudulent claims.

In November 2003, your Board authorized the District Attorney's Office to implement a Workers' Compensation Insurance Fraud Unit in North County. This is a collaborative effort with the North County business community and the California Department of Insurance. 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.

The unit includes a .5 Prosecutor, .5 Criminal Investigator and .5 Sr. Investigative Assistant dedicated to workers' compensation insurance fraud cases. In FY 05-06 over 26 new merchant referrals and 29 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 by the Workers Compensation Appeals Board. Of the nine cases filed for criminal prosecution, five resulted in convictions that included over \$104,000 in restitution orders, with the others pending settlement. Nineteen cases will be carried forward for additional investigation this fiscal year.

Mandates and Service Levels:

While not mandated, this program is responsive to address critical needs expressed by the business community to address workers' compensation insurance fraud in the community.

Fiscal and Facilities Impacts:

No facility impacts are associated with this item, as the staff is located in the North County District Attorney Office. DOI financing has increased to \$204,772, including \$3,000 in carryover funds for FY 06-07. It includes \$181,626 in salary and benefit costs, along with \$9,497 in operating costs and \$13,649 in overhead charges to sustain this program. Expenses and revenues are budgeted in the District Attorney's FY 06-07 budget, department 021, program 1010.

Special Instructions:

Please return a certified copy of the Board Resolution to Marnie Pinsker, DA Assistant Director

1 BOARD OF SUPERVISORS OF THE COUNTY OF SANTA BARBARA
2 STATE OF CALIFORNIA

3 _____)
4 IN THE MATTER OF APPROVING AN AGREEMENT)
5 WITH THE CALIFORNIA DEPARTMENT OF INSURANCE) RESOLUTION NO. 2006-
6 TO CONDUCT A WORKERS' COMPENSATION)
INSURANCE FRAUD PROGRAM)

7 WHEREAS, the California Department of Insurance (CDI) distributes funds and administers a
8 program for enhanced investigation and prosecution of workers' compensation insurance fraud; and

9 WHEREAS, the District Attorney's Office has the desire and capability to participate in efforts
10 to deter workers' compensation insurance fraud through enhanced investigation and prosecution.

11 IT IS HEREBY RESOLVED THAT the District Attorney is authorized to execute a Grant
12 Award Agreement and any extensions or amendments thereof with the California Department of
13 Insurance to provide services effective July 1, 2006 through June 30, 2007.

14 BE IT FURTHER RESOLVED that the State funds received hereunder shall not be used to
15 supplant local funds that would be made available for this activity.

16 PASSED, APPROVED AND ADOPTED by the Board of Supervisors of the County of Santa
17 Barbara, State of California, this _____ day of _____, 2006, by the following votes:

18 AYES:

19 NOES:

20 ABSENT:

21 COUNTY OF SANTA BARBARA

22 BY: _____

23 Chair, Board of Supervisors

24 Approved as to form
Auditor-Controller

25 ATTEST:

26 CLERK OF THE BOARD OF SUPERVISORS

27 Approved as to form
County Counsel

28 BY: _____

Deputy