



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: October 20, 2015
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Head: Joyce Dudley, District Attorney, 568-2308
Contact Info: Kerry Bierman, DA Director of Administration, 568-2304
SUBJECT: Renewal of Agreement with the California Department of Insurance for a Workers' Compensation Prosecution Unit in the District Attorney's Office

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: No

Recommended Actions:

It is recommended that the Board of Supervisors:

- a) Adopt a Resolution authorizing the District Attorney to renew an Agreement with the State Department of Insurance for a Workers' Compensation Insurance Fraud Prosecution Unit in Fiscal Year 2015-16; 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 FY 2015-16.

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, 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 in Santa Barbara County. This program was originally authorized by the Board of Supervisors in November 2003, making FY 2015-16 the thirteenth year of the Workers' Compensation Fraud 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 13 cases in the court system and 20 open investigations. The District Attorney is prosecuting Premium and Applicant Fraud cases and working on a multi-agency investigation involving a major Provider Fraud case. It is estimated that the potential fraud could reach as much as \$50 million dollars. Workers' Compensation Claims involving County Employees are at their lowest level in 20 years. This office is making a positive impact.

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 | \$ 364,352.00 | \$ 364,352.00 | |
| Federal | | | |
| Fees | | | |
| Other: | | | |
| Total | \$ 364,352.00 | \$ 364,352.00 | \$ - |

Three Deputy District Attorneys (including one Contractor on Payroll) are assigned to this grant with one full-time attorney in both Santa Barbara and Santa Maria and a part-time, lead Deputy District Attorney to oversee this grant countywide. A part-time Legal Office Professional is also assigned. Current fiscal year revenue includes the FY15-16 allocation of \$340,420 and prior year carryover of \$23,932 totaling \$364,352. This includes \$326,719 in salary and benefit costs, \$14,459 in operating costs and \$23,174 in overhead associated with the program. The FY 2015-16 allocation of \$340,420 is an approximate 25% increase in funding over FY 2014-15.

Staffing Impacts:

| <u>Legal Positions:</u> | <u>FTEs:</u> |
|-----------------------------------|---------------------|
| Deputy DA | 1.00 |
| Deputy DA (Contractor on Payroll) | 1.00 |

| | |
|---------------------------|-----|
| Deputy DA | .5 |
| Legal Office Professional | .50 |

Special Instructions: Please return executed Resolution to Kerry Bierman, DA Director of Administration and Finance.

Attachments: Board Resolution

Authored by: Jo Ann Slattery, DA Business Manager