



**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: September 7, 2010
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: District Attorney Name & Phone: Joyce Dudley, x2308
Contact Info: Name & Phone: Jennifer Marttinen, x2304

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:

That the Board of Supervisors:

- a) Adopt the attached resolution authorizing the District Attorney to renew the agreement with the State Department of Insurance for a Workers' Compensation Insurance Fraud Prosecution Unit for FY 10 -11.

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.

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 District Attorney's Office to develop the Workers' Compensation Fraud Program which brings local businesses, the California Department of Insurance (CDI), and the District Attorney's Office together to tackle Workers' Compensation Fraud in Santa Barbara County. This was authorized by the Board of Supervisors in November 2003, focused primarily in North County. The Workers' Compensation Fraud Program 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.

Fiscal year 10/11 will be the eighth year of Santa Barbara County's Workers' Compensation Fraud Program. The unit currently has 14 open investigations, one of which is in court. The open cases include three employers' fraud cases, two medical provider fraud cases, nine applicant fraud cases and one open case in court involving the failure to secure workers' compensation insurance. During FY 10/11 the District Attorney's Office anticipates that we will initiate between 30 and 40 new investigations.

Due to a reduction in State funding, one part-time investigator was removed from the grant, and the number of hours dedicated to the two assigned prosecutors were also significantly reduced. The remaining investigator will continue to work with the Department of Industrial Relations (DIR) in order to complete compliance checks and site inspections at businesses in various areas within our jurisdiction. While no formal program has been put in place, the District Attorney's Office has worked with DIR in at least four sweeps within the last two years.

Performance Measure:

Vertically prosecute 20% of the workers' compensation insurance fraud cases investigated by the Workers' Compensation Insurance Fraud Unit.

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	\$ 290,000.00	\$ 290,000.00	
Federal			
Fees			
Other:			
Total	\$ 290,000.00	\$ 290,000.00	\$ -

Narrative:

Attorney staff in both the North and South County District Attorney Offices will be assigned part-time to the grant, while the full time DA Investigator will provide countywide coverage. The DOI financing decreased to \$290,000 in FY 10/11, from \$341,532 in FY 09-10, which included a \$300,000 award plus \$41,532 in carryover funds from FY 08/09. The FY 10/11 budget includes \$257,475 in salary and benefit costs, along with \$14,840 in operating costs, and \$17,685 in overhead associated with the program. Expenses and revenues are budgeted in the District Attorney's FY 09-10 budget, department 021, program 1010.

Staffing Impacts:

<u>Legal Positions:</u>	<u>FTEs:</u>
DA Investigator	1.00
Deputy DA	.35
Deputy DA	.15

Special Instructions: Please return executed Resolution to DA: ATTN Jennifer Marttinen

Attachments: Board Resolution

Authored by: Jennifer Marttinen, DA Administrative Director