



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 2/6/2024

To: Sonoma County Board of Supervisors
Department or Agency Name(s): District Attorney
Staff Name and Phone Number: Gina Michelon 565-3893
Vote Requirement: Majority
Supervisorial District(s): Countywide

Title:

District Attorney 2023-24 Workers' Compensation Insurance Fraud Investigation Program

Recommended Action:

Adopt a resolution authorizing the District Attorney to execute a grant agreement with the California Department of Insurance to participate in the Workers' Compensation Insurance Fraud Investigation Program and accept \$339,173 in grant funding for the term July 1, 2023, through June 30, 2024, and execute any future amendments or extensions to the Grant Award Agreement including rollover funding from prior year or increased funding allocation.

Executive Summary:

Board approval is requested to authorize the District Attorney or their designee to sign a contract to continue participation in the Workers' Compensation Insurance Fraud Program funded by the California Department of Insurance in the amount of \$339,173 for the 2023-24 Fiscal Year and authorize the District Attorney to execute any future amendments or extensions to the Grant Award Agreement including rollover funding from prior year or increased funding allocation. The Grant Award Agreement was fully executed on November 16, 2023. The objective of this grant is to uncover fraud within the community that harms workers and businesses and to prosecute those who perpetrate such crimes. The District Attorney's Office has participated in the Workers' Compensation Insurance Fraud Program since 1996. This work is performed by the District Attorney Environmental and Consumer Fraud Division using grant monies and does not require any General Fund support.

The staff assigned to this grant program are from the District Attorney Consumer Fraud unit and will consist of an existing Deputy District Attorney, District Attorney Investigator, Legal Secretary, Department Analyst, and an Extra Help District Attorney Investigator. Also included is funding for a required internal audit, outreach materials, mandatory training, travel, and indirect costs. The funding should be sufficient to cover the costs involved in the District Attorney's Office's Workers' Compensation Insurance Fraud prosecution work.

Discussion:

The California Department of Insurance Workers' Compensation Fraud Program was established in 1991 through the passage of Senate Bill 1218 (Chapter 116), and the District Attorney has participated in this program since 1996. The law, which makes Workers' Compensation fraud a felony, requires insurers to report suspected fraud, and establishes a mechanism for funding enforcement and prosecution activities. The funding comes from California employers as a portion of the premium paid to the state. Senate Bill 1218 also

established the Fraud Assessment Commission, which determines the level of assessments to fund investigation and prosecution of workers' compensation insurance fraud in consideration of premiums collected.

Board approval is requested to allow the District Attorney, or their designee, to sign a contract to continue participation in the Workers' Compensation Insurance Fraud Program funded by the California Department of Insurance in the amount of \$339,173 for the 2023-24 Fiscal Year and authorize the District Attorney or their designee to execute any future amendments or extensions of the Grant Award Agreement including rollover funding from prior year or increased funding allocation. The District Attorney has participated in the Workers' Compensation Fraud Program since 1996. In Fiscal Year 2021-22, 30 suspected fraud claims were reviewed by the District Attorney's Office. The number of claims reviewed in FY 2022-23 decreased slightly to 26. We attribute this slight decrease to COVID. Although COVID restrictions have eased, many employees continue to telework, resulting in a reduction of the most common types of workers' compensation insurance fraud, such as claimant fraud, premium fraud, and employer fraud.

Historically, Workers' Compensation fraud cases referred to the District Attorney's Office have been predominantly claimant fraud. These cases include claiming a non-work injury, filing multiple claims for the same injury, working at another job while collecting disability benefits, and related schemes to cheat the Workers' Compensation system. While the District Attorney's Office will continue to use these Workers' Compensation Insurance Fraud grant funds to prosecute these more established types of claimant fraud cases, additional funding was requested and received to enhance the Fiscal year 2023-24 program.

During Fiscal Year 2023-24, the District Attorney will continue to participate in the Golden Gate High Impact Workers' Compensation Fraud Consortium and the Tri-county Task Force to increase all types of workers' compensation fraud referrals and partner in outreach to educate the community about workers' compensation fraud. Developing a long-lasting consistent method of outreach that will increase all types of workers' compensation fraud referrals and educate the community about workers' compensation fraud is a long-term goal that will take several years to implement. The office will continue outreach and training through community organizations such as the Graton Day Labor Center; Redwood Empire Association of Code Officials; the Sonoma County Winegrowers and Winegrape Commission; and the Oakmont Homeowners Association where outreach efforts have ranged from meetings with Association Board members to presenting to Association members and the public. Meeting this goal includes creating industry specific educational and informational pamphlets to be distributed to various organizations and employers within the county including union halls, day labor centers, and wineries.

The District Attorney's Office will continue to work with the Department of Insurance investigators and Contractors State Licensing Board to conduct sweeps and stings in Sonoma County with the goal of identifying and prosecuting employers operating businesses without Workers' Compensation insurance.

Prior Board Actions:

The Board has approved Resolutions authorizing the Workers' Compensation Insurance Fraud grant each year since Fiscal Year 2004-05; and most recently in Fiscal Year 2022-23.

FISCAL SUMMARY

Expenditures	FY 23-24 Adopted	FY 24-25 Projected	FY 25-26 Projected
Budgeted Expenses	\$339,173		
Additional Appropriation Requested			
Total Expenditures	\$339,173		
Funding Sources			
General Fund/WA GF			
State/Federal	\$339,173		
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$339,173		

Narrative Explanation of Fiscal Impacts:

The 2023-24 State of California Department of Insurance Workers’ Compensation Insurance Fraud Investigation grant award is \$339,173. The current grant will fund activities through June 30, 2024, and the staff will cost code their time when working on Workers’ Compensation Fraud related task work so that their associated costs will be paid for with these grant funds. These funds will allow the District Attorney’s Office to continue the dedicated work of this program and expand outreach efforts. The staff assigned to this grant program are from the District Attorney Consumer Fraud unit and this special prosecution will be performed by existing staff including a Deputy District Attorney IV with an estimated annual cost of \$325,868, 30% of which, or \$97,760, would be paid by these grant funds; District Attorney Investigator II with an estimated annual cost of \$262,499, of which 20% or \$52,500, would be paid with these grant funds; Legal Secretary II with an estimated annual cost of \$129,176, of which 10% or \$12,918 would be paid with these grant funds; Department Analyst with an estimated annual cost of \$183,688, of which 10% or \$18,369 would be paid with these grant funds, and an Extra Help District Attorney Investigator with an estimated annual cost of \$68,253, which would be 100% paid for by these grant funds. Remaining funds of \$89,373 will be used for indirect costs, fees for a required internal fiscal audit, outreach materials, mandatory training, and travel costs. This grant revenue was already assumed and incorporated in the District Attorney’s 23-24 fiscal year budget. There is no impact to the Sonoma County General Fund. No match is required. The District Attorney’s Office will apply for annual grant renewals in future fiscal years.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

There is no staffing impact.

Agenda Date: 2/6/2024

Attachments:

Program Resolution

Grant Award Agreement

Related Items "On File" with the Clerk of the Board:

N/A