



COUNTY OF SONOMA

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

SUMMARY REPORT

Agenda Date: 11/17/2020

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

Title:

District Attorney 2020-21 Workers' Compensation Insurance Fraud Investigation Program

Recommended Action:

Adopt a resolution authorizing the District Attorney to execute the grant agreement with the California Department of Insurance to participate in the Workers' Compensation Insurance Fraud Investigation Program and accept \$276,893 in grant funding for the term July 1, 2020 through June 30, 2021. The objective of this grant is to uncover fraud within the community that harms workers and businesses, and prosecute those who perpetrate such crimes.

Executive Summary:

Board approval and authorization is requested to allow the District Attorney 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 \$276,893 for the 2020-21 Fiscal Year. The District Attorney has participated in the Workers' Compensation Insurance Fraud Program since 1996. This prosecution work is handled with the District Attorney Consumer Fraud division. General funding is not required to supplement this work. The staff assigned to this grant consists of one existing Deputy District Attorney, with an estimated annual cost to the department of \$297,263 and grant funding of \$44,589 (.15 FTE); an existing Extra Help District Attorney Investigator, with an estimated annual cost of \$25,810 and grant funding of \$18,067 (.70 FTE); an existing District Attorney Investigator with an estimated annual cost of \$239,264 and grant funding of \$119,632 (.50 FTE); an existing Legal Secretary, with an estimated annual cost of \$128,625 and grant funding of \$12,862 (.10 FTE); and an existing Department Analyst with an estimated annual cost of \$155,145 and grant funding of \$15,515 (.10 FTE). The salaries and benefits of the remaining staff time and costs paid with Consumer Fraud special revenue funds and an Automobile Insurance Fraud grant through the California Department of Insurance. The balance of the award funds will go toward indirect costs, required training and travel, and a required internal audit.

Discussion:

State of California Department of Insurance Workers' Compensation Insurance Fraud Investigation Grant Award: \$276,893

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.

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 2020-21 program. The District Attorney's Office reviewed 22 cases of suspected Workers' Compensation Insurance fraud during the 2019-20 fiscal year, resulting in 10 cases filed and 10 that are still pending. Final outcomes include achieving compliance, educating offending employers, and having offenders participate in diversion programs resulting in providing community service work. Other penalties imposed include fines and orders for payment of restitution.

During Fiscal Year 2020-21, we 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 two to three 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 will also involve creating 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.

The 2020-21 grant award of \$276,893 is more than double the amount of the award from the previous fiscal year. This increase provides funding to include a full time Extra Help District Attorney Investigator dedicated to the program to expand outreach.

Prior Board Actions:

The Board has approved Resolutions authorizing the Workers' Compensation Insurance Fraud grant each year since Fiscal Year 2004-05; and in Fiscal Years 2018-19 and 2019-20.

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY21-22 Projected	FY 22-23 Projected
Budgeted Expenses	\$276,893	\$304,582	\$335,040
Additional Appropriation Requested			
Total Expenditures	\$276,893	\$304,582	\$335,040
Funding Sources			
General Fund/WA GF			
State/Federal	\$276,893	\$304,582	\$335,040
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$276,893	\$304,582	\$335,040

Narrative Explanation of Fiscal Impacts:

This grant increased by \$166,067 from FY 2019-20 to FY 2020-21 due to improved outcomes of the Deputy District Attorney and Investigator, additional staff joining the program, and adjustments made in response to the results of an audit of the statewide program which revealed an error in applying the formula that dictated the amount of funds awarded. When performing workers compensation work, the staff cost-code their time for grant invoicing and ensuring this work is paid for with these grant funds. No general fund is required or requested to support this work. □

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.

Attachments:

Program Resolution.

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

Grant Award Agreement.