



Legislation Details (With Text)

File #: 2021-1180
Type: Consent Calendar Item **Status:** Agenda Ready
File created: 10/11/2021 **In control:** District Attorney
On agenda: 11/16/2021 **Final action:**
Title: District Attorney 2021-22 Workers' Compensation Insurance Fraud Investigation Program
Sponsors: District Attorney
Indexes:
Attachments: 1. Summary Report, 2. Program Resolution, 3. Grant Award Agreement

Date	Ver.	Action By	Action	Result
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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 2021-22 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 \$278,488 in grant funding for the term July 1, 2021 through June 30, 2022, and execute any future amendments or extensions to the Grant Award Agreement. 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 is requested to authorize 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 \$278,488 for the 2021-22 Fiscal Year, and authorize the District Attorney to execute any future amendments or extensions to the Grant Award Agreement. 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, existing District Attorney Investigator, existing Legal Secretaries, an existing Department Analyst, and an existing Extra Help Investigator. Also included is funding for an additional extra help District Attorney Investigator, the cost of 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 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 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 \$278,488 for the 2021-22 Fiscal Year, and authorize the District Attorney to execute any future amendments or extensions of the Grant Award Agreement. In Fiscal Year 2019-20, 38 suspected fraud claims were reviewed by the District Attorney's Office. The number of claims reviewed in FY 20-21 increased slightly to 43. We attribute this minimal uptick to COVID. With only essential workers reporting to work for the majority of the fiscal year, fewer opportunities existed for 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 2021-22 program.

During Fiscal Year 2020-21, the District Attorney's Office 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.

The Fiscal Year 2020-21 grant award of \$276,893 was more than double the amount of the award from the previous fiscal year. With just a slight increase in suspected fraud claims received in 2020-21, the Department of Insurance awarded the District Attorney \$278,488 for the 2021-22 fiscal year. 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 an existing Deputy District Attorney IV with an estimated annual cost of \$312,091, 15% of which, or \$46,814, would be paid by these grant funds; existing District Attorney Investigator II with an estimated annual cost of \$253,990, of which 16% or \$40,638, would be paid with these grant funds; an existing Bilingual Legal Secretary with an estimated annual cost of \$118,936, of which 5% or \$5,947 would be paid with grant funding; an existing Legal Secretary II with an estimated annual cost of \$131,315, of which 10% or \$13,132 would be paid with these grant funds; an existing Department Analyst with an estimated annual cost of \$157,820, of which 5% or \$7,891 would be paid with these grant funds, and an existing Extra Help District Attorney Investigator with an estimated annual cost of \$66,030, which would be 100% paid for by these grant funds. Remaining funds will be used toward hiring an additional Extra Help District Attorney Investigator, indirect costs, fees for a required internal fiscal audit, outreach materials, mandatory training, and travel costs.

Strategic Plan:

N/A

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 2020-21.

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY22-23 Projected	FY 23-24 Projected
Budgeted Expenses	\$278,488	\$304,582	\$335,040
Additional Appropriation Requested			
Total Expenditures	\$278,488	\$304,582	\$335,040
Funding Sources			
General Fund/WA GF			
State/Federal	\$278,488	\$304,582	\$335,040
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$278,488	\$304,582	\$335,040

Narrative Explanation of Fiscal Impacts:

The 2021-22 State of California Department of Insurance Workers' Compensation Insurance Fraud Investigation grant award of \$278,488 is almost equal to the amount of the award received in the 2020-21 Fiscal Year. Revenue and expenditure appropriations associated with this grant program are already included in the department's FY 2021-22 Adopted Budget. The current grant will fund activities through June 30, 2022 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. There is no impact to the Sonoma County general fund, and no local match requirement. 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):

No staffing impacts.

Attachments:

Program Resolution

Grant Award Agreement

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

None