

**STATE OF CALIFORNIA
FRAUD ASSESSMENT COMMISSION**

**Summary Meeting Minutes
Sacramento, California
July 15, 2020**

In attendance: Don Marshall, Chairperson; and Commission Members Christine Baker, Jay R. Bobrowsky, Branden Lopez, John Riggs, and Joel Sherman.

Others present: Eric Charlick, Division Chief, Enforcement Branch (EB), California Department of Insurance (CDI); Patricia Hein, Assistant Chief Counsel, CDI Government Law Bureau.

I. Fraud Assessment Commission

a. Opening Remarks

Chairperson Marshall opened the meeting at 10:30 a.m. and provided the following explanations and instructions:

- This Fraud Assessment Commission (FAC) meeting was rescheduled from June 3, 2020.
- Pursuant to Governor Gavin Newsom's Executive Order N-29-20, in response to the COVID-19 pandemic, this meeting is being held entirely via teleconference.
- Materials provided to the Commissioners for review, consideration, and approval at today's meeting will be available to the public following the meeting by sending an email request to LAU@insurance.ca.gov. This email address can also be found on today's Agenda.
- All voting would be done by roll call and persons making any motions or seconding should identify themselves.

Chairperson Marshall then asked the Commissioners if they wished to make any opening comments. Commissioner Bobrowsky commented on the impact of the current pandemic and asked everyone to be proactive with regards to potential fraud schemes.

b. Approval of the Summary Meeting Minutes

Chairperson Marshall then proceeded with the approval of the summary minutes from the January 8, 2020, meeting.

Motion

Commissioner Riggs made a motion to accept the summary minutes as submitted and Commissioner Lopez seconded the motion.

Action

The summary minutes were unanimously accepted via a roll call vote and Chairperson Marshall moved to the next agenda item.

c. Public Comments

Chairperson Marshall asked if there were any public comments and there were none. He then moved to the next agenda item and turned the meeting over to Chief Charlick of the Enforcement Branch.

II. Enforcement Branch Report

a. Funding Process and Recommendations

Chief Charlick began by recognizing the Enforcement Branch, Local Assistance Unit staff for all of the work they put into the Workers' Compensation Application Review Process.

Chief Charlick stated that, per the California Code of Regulations, the Insurance Commissioner convenes a Review Panel. This year's panel convened on July 1, 2020, and the review panelists were: Chair Don Marshall and Commissioner Jay R. Bobrowsky of the FAC; Ana Kathryn Benedict, designee for the Director of the Department of Industrial Relations (DIR); Lieutenant Ivan Jacome of the CHP, an expert in consumer crimes designated by the Insurance Commissioner; and himself representing CDI. The Review Panel's funding recommendations were presented to the Insurance Commissioner for his determination on the most effective distribution of funds.

Chief Charlick noted that on September 11, 2019, the FAC determined a funding level of \$45,889,371 to be available for distribution to District Attorneys (DAs) for Fiscal Year (FY) 2020-21. This year the Department received 36 applications representing 46 counties, requesting \$50,159,430 which is \$4,270,059 more than the available funding.

Chief Charlick continued with the overview of the Funding Recommendation Process. On July 10, 2020, Deputy Commissioner Mueller and Chief Charlick met with the Insurance Commissioner to review the funding recommendations submitted by the Review Panel. The Insurance Commissioner reviewed the Panel's recommendations and the advice

from the Fraud Division. The Insurance Commissioner takes this responsibility very seriously and many questions were asked and answered. As a result, he made the following ten (10) modifications to the Review Panel's Recommendations:

Amador County	Increase from	\$520,608	to	\$522,608
Kern County	decrease from	\$1,124,936	to	\$1,049,936
Los Angeles County	increase from	\$8,817,785	to	\$8,914,366
Orange County	decrease from	\$6,194,886	to	\$6,134,886
Riverside County	increase from	\$2,858,481	to	\$2,887,107
Sacramento County	decrease from	\$1,230,538	to	\$1,218,538
San Francisco County	decrease from	\$937,530	to	\$928,617
San Joaquin County	increase from	\$518,225	to	\$520,000
Santa Clara County	increase from	\$3,387,327	to	\$3,408,173
Ventura County	increase from	\$841,732	to	\$847,817

During this presentation by Chief Charlick, the letter from the Insurance Commissioner was electronically submitted to the FAC members for advice and consent. Chief Charlick explained that copies of the letter, which includes the funding award chart, would be available to the public following the meeting by sending an email request to LAU@insurance.ca.gov and additionally noted that the email address can also be found on today's Agenda.

Chief Charlick read a section of the letter in which the Insurance Commissioner expressed his sincere appreciation for the contributions made by the DAs in the battle against Workers' Compensation fraud. He then read aloud all of the county funding awards listed in the funding award chart attached to the letter.

Chief Charlick informed the Commissioners that the Insurance Commissioner's Review Panel made a recommendation for the pro-rata distribution of any FY 2019-20 funds determined to be available at the year-end and the Insurance Commissioner has agreed with this recommendation.

Chief Charlick asked the Commissioners if they had any comments or questions. Commissioner Baker inquired about the redistribution of funds from the Review Panel's recommendation. Chief Charlick commented that the Commissioner reviewed the recommendations and made modifications to counties where a panelist had made an 'outlier' recommendation. He further explained that 'outlier' recommendations could be one panelist's recommendation being significantly different than the rest of the panel members or when four of the five panelists make the same recommendation.

There being no additional questions or comments, Chief Charlick moved to the next agenda item.

b. Administrative Update

Chief Charlick provided an update of the application process and explained that the IT update to migrate to an online application process has been delayed due to COVID-19 but still remains a priority and commented that the FY 2020-2021 application included a new form to better capture outreach and training metrics.

Chief Charlick provided an update on CDI's hiring, recruiting, and outreach efforts and thanked the counties for their continuing partnership during these unprecedented times.

Chief Charlick asked if the Commissioners would like to see any changes to the content of the CDI Annual Report that will be provided at the September meeting. There were none.

At this point Chief Charlick asked the Commissioner if they had any questions or comments and there were none.

c. Public Comment

The floor was opened for public comments and Laura West with the Sacramento County DA Office inquired about the modification to her county's funding and Chief Charlick suggested that they have a discussion outside of the meeting. There were no additional public comments and Chairperson Marshall moved to the next agenda item.

III. Advice and Consent

Chairperson Marshall and Commissioner Bobrowsky commented on their experience as the two FAC representatives participating on the Insurance Commissioner's Review Panel and thanked the counties for their efforts.

Chairperson Marshall then asked the Commissioners if they had any comments with regards to the Insurance Commissioner's funding determination and the county applications. Commissioner Marshall commented that the impact of the Program's fraud work was noticeable at the recent Workers' Compensation Rate Meeting. Commissioner Baker commented that she understood the modifications and Commissioner Riggs thanked the counties and the Review Panel. Commissioner Lopez suggested that DA's consider working with industry stakeholders that may be able to help cover the cost and handle the logistics of the DA's outreach efforts. Commissioners Sherman, and Bobrowsky also commented on the county outreach efforts.

Chairperson Marshall opened the floor for public comments and there were none.

Motion

Commissioner Bobrowsky made a motion to accept the Insurance Commissioner's funding determinations. Commissioner Lopez seconded the motion.

Action

The Commission unanimously voted via a roll call vote to accept the Insurance Commissioner's funding determinations.

IV. Other Business

a. Next Scheduled Meetings

Chairperson Marshall moved to the next item on the agenda and announced that the next scheduled meetings will be held on September 2 and 9, 2019, at 10:30 a.m. The September 2nd meeting will be for the purpose of receiving the FY 2019-20 Annual Report and the September 9th meeting will be for the purpose of setting the aggregate assessment for FY 2021-22.

b. Public Comment

Chairperson Marshall opened the floor for public comments and there were none.

V. Closing Remarks

Chairperson Marshall asked the Commissioners if they had any closing remarks.

Commissioner Bobrowsky reminded CDI and the counties of the importance of being vigilant to potential COVID-19 fraud schemes. There were no additional comments.

Chairperson Marshall asked for a motion to adjourn the meeting.

Motion

Commissioner Lopez made a motion to adjourn. Commissioner Bobrowsky seconded the motion.

Action

The FAC unanimously approved via roll call vote and the meeting was adjourned at 11:10 a.m.