

**STATE OF CALIFORNIA
FRAUD ASSESSMENT COMMISSION**

**Summary Meeting Minutes
Sacramento, California
September 2, 2020**

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

Others present: George Mueller, Deputy Commissioner (DC), California Department of Insurance (CDI) Enforcement Branch; Eric Charlick, Division Chief, CDI Enforcement Branch; and 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:

- 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.
- The AT&T Moderator provide instructions for making Public Comments during the meeting.

Chairperson Marshall then asked the Commissioners if they wished to make any opening comments.

Commissioner Bobrowsky thanked CDI and the DAs for their hard work especially with the COVID-19 pandemic. He commented on their balanced approach, outreach, and education efforts. He further commented on the need to be proactive and flexible to new trends in fraud.

Commissioner Baker commented that with COVID-19 there are new presumptions being made and changes in legislation affecting the system and the way workers' compensation claims are handled. She acknowledged CDI and the DAs for their efforts during this difficult time.

There were no other opening comments.

b. Approval of the Summary Meeting Minutes

Chairperson Marshall then proceeded with the approval of the summary minutes from the July 15, 2020, meeting.

Motion

Chairperson Marshall confirmed that all Commissioners had received the prior meeting's Summary Meeting Minutes which had been emailed to them at the start of the meeting.

Chairperson Marshall made a motion to accept the minutes. Commissioner Lopez requested an edit to his comments in the "III. Advise and Consent" section.

Commissioner Lopez made a motion to accept the summary minutes with his requested edit and Commissioner Sherman seconded the motion.

Action

The edited 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 DC George Mueller of the Enforcement Branch.

II. Enforcement Branch Report

DC Mueller provided an overview of outreach efforts, hiring and recruitment efforts, and recent Academy graduations. DC Mueller responded to questions from Commissioner Marshall regarding vacancy rates and retirements.

Chairperson Marshall asked if there were any public comments on these topics and there were none. He then moved to the next agenda item.

III. Workers' Compensation Program Overview

Chairperson Marshall explained that the Commission will have two September meetings and next week's meeting will be to set the assessment. He then turned the meeting over to DC Mueller.

Annual Reports summarizing performance activities for the past fiscal year, FY 2019-20, were emailed to the Commissioners during the meeting on behalf of the Fraud Division and the DAs.

DC Mueller provided an overview of statewide anti-fraud outreach efforts. He explained that these efforts are collaborative with CDI, DAs, Coalition Against Insurance Fraud, and the National Insurance Crime Bureau participating and highlighted various outreach methods being used. He discussed Town Hall meetings with various groups such as small businesses, senior groups, and contractors. He commented on a recent survey of DA outreach efforts, various outreach messages targeted at potential COVID fraud, and infographics intended to educate against new fraud schemes.

He further commented on the number of Suspected Fraudulent Claims (SFCs) received that are related to COVID fraud and the responsiveness of CDI and DAs to adapt to the new pandemic environment and continue with investigative efforts.

DC Mueller summarized a telehealth case recently filed in Florida. He further commented that, as telemedicine continues to grow, so will the opportunity for fraud. He then asked the Commissioners if they had any questions or comments.

Commissioner Lopez inquired about the availability to redistribute media flyers and infographics and DC Mueller commented that they can be redistribute and are available on the CDI website under Consumer Alert Scams (<http://www.insurance.ca.gov/0300-fraud/0400-consumer-alert/index.cfm>) or by contacting CDI staff.

Commissioner Bobrowsky expressed his thanks to CDI and the DAs for their efforts and outreach in responding to current COVID challenges.

Commissioner Sherman commented that the presentation was outstanding and he appreciated the thoughts on fighting fraud as we look at the future. He inquired about the impact of the COVID slow-down in the court system. DC Mueller indicated that the DAs will address later in today's meeting.

Commissioner Baker commented on the drop in claims and medical treatments due to COVID and that audits may be needed for telemedicine. She further commented on both the benefits of telemedicine and the opportunity for fraud. She suggested that new regulations or legislation may be needed and that systematic billing audits or electronic sampling may be a deterrent.

Commissioner Riggs thanked DC Mueller for the opportunity to hear what CDI and the DAs are doing and expressed that his business has not had an increase in telemedicine fraud but he will watch for it.

Chairperson Marshall inquired about the responsiveness of the DAs to the survey and DC Mueller estimated that over 50% of the counties had responded. Chairperson Marshall further commented that identifying telemedicine fraud may be data driven and the Department of Industrial Relations (DIR) may be able to use key indicators to identify potential fraud. He also recommended that CDI and CDAA look at existing and needed legislation.

Commissioner Bobrowsky commented on the comparison of data for ancillary and comparable services in the identification of potential fraud.

Commissioner Baker commented on recognizing treatment patterns.

There were no further comments and Chairperson Marshall opened the floor for public comments.

Public Comments

It was determined that there were several meeting attendees who wished to concede their speaking time to another speaker. Speaking time was conceded as follows:

<u>Person conceding time</u>	<u>County</u>	<u>Recipient of time</u>
Laura West	Sacramento	Mike McCoy
Michael Chiriatti	San Bernardino	William Lee
Jeremy Seymour	Contra Costa	Jill Nerone
Amy Glaudini	Riverside	Matt Murray
Robert Brown	San Bernardino	William Lee
Sean Kensinger	Marin	Kate Zimmerman
Irene Chew	Solano	Jill Nerone
Pam Leitao	Orange	Shaddi Kamiavipour
Supriya Perry	San Francisco	Jill Nerone
Robert Yeager	Napa	William Lee
Annette Peterson	Los Angeles	William Lee
Gregory Young	Alameda	Shaddi Kamiavipour
Katherine Plant	Fresno	William Lee

The first speaker was Supervising Deputy District Attorney (DDA) William Lee of San Bernardino County who commented that the fight against insurance fraud saves employers money and ensures workers get the proper care. He highlighted the increases in investigations, prosecutions, estimated chargeable fraud and indicated the county responsiveness to the goals of addressing provider fraud and maintaining a balanced caseload. He commented on increases in SFCs and that many are COVID related; the need to adapt to meet the new telemedicine fraud trends and the impact of COVID on the court system. He highlighted the relationship of past county staffing levels as compared to the level of funds assessed.

There were no questions or comments from the Commissioners.

The next speaker was Senior DDA Shaddi Kamiavipour of Orange County who spoke about her experience and the successes gained from the prosecution of provider fraud, her assistance in the implementation of legislation, and her efforts to share her knowledge with our offices statewide.

There were no questions or comments from the Commissioners.

The next speaker was DDA Kate Zimmerman of Kern County who provided examples from two cases to highlight the amount of time and resources involved with the prosecution of provider fraud cases.

There were no questions or comments from the Commissioners.

The next speaker was DDA Mike McCoy of El Dorado County who discussed the significance of the program funds to a small county, many who are experiencing large increases in population, construction, jobs, and fraud. He commented that larger and complex cases are labor intensive and take more resources. In smaller counties resources are limited and many personnel are assigned to more than one program.

There were no questions or comments from the Commissioners.

The next speaker was DDA Matt Murray of Riverside County who highlighted an example of the time and effort spent on large cases. He highlighted that these cases are labor, time, and resource intensive and commented on the impact of COVID.

Commissioner Bobrowsky acknowledged both the struggle that counties and employers are facing.

DDA Murray commented that it is an investment for employers and as fraud increases, premiums also increase.

There were no additional questions or comments from the Commissioners.

The next speaker was Division Chief Sherri Thompson-Taylor of San Diego County who spoke about the importance and impact of outreach and highlighted various approaches that her county uses. She indicated that she will be conducting training at a CDAA virtual conference and offering suggestions for low or no-cost outreach.

Commissioner Lopez expressed interest in Chief Thompson-Taylor's training.

There were no additional questions or comments from the Commissioners.

The next speaker was Assistant DA Jill Nerone of Alameda County who explained how counties share knowledge and efforts to avoid duplication, collaborate, and communicate with each other, with CDI, and with other stakeholders. She indicated that the counties are using data analytics to assist in focusing efforts and to gain efficiency.

Assistant DA Nerone addressed the Commission about the impact of COVID. She spoke about past requests for increase and acknowledged the impact of COVID and the change in the economy. She expressed that the DAs want employers to be able to do business but indicated that their funding is an investment to save money.

She highlighted how the DAs have responded to the Commission's goals and taken on larger and more complex cases which require more resources. She indicated that COVID is also impacting county revenues and there is the risk that less county funds will be available to help support the program. She pointed out that historically when funding was flat, the number of positions decreased.

There were no more public comments. Chairperson Marshall polled the Commissioners for any comments and questions.

Commissioner Baker expressed her appreciation for the sensitivity shown to the current environment. She commented on the need to look at resources and prioritize efforts. She commented on technology, such as, Artificial Intelligence (AI) to develop patterns. She acknowledged the Commission's need to consider the current environment when setting the assessment.

Assistant DA Nerone commented on the benefit of technology, such as zoom and virtual meetings, used in response to COVID shutdowns.

Commissioner Bobrowsky expressed his appreciation for the candor and sensitivity shown and the presentations.

Commissioner Lopez had no questions or comments.

Commissioner Riggs expressed his appreciation for the presentation and acknowledged the work the DAs do and the difficult economic situation employers are in.

Commissioner Sherman thanked the DAs for their presentations and acknowledging the current economic situation. He highlighted some of the new COVID workplace protocols and the tough decisions employers and counties are facing. He commented that the challenge may be to find ways to be more efficient before allocating more funds.

Chairperson Marshall expressed his appreciation for the presentation. He commented on provider fraud and the time involved, arrests, convictions, and the quality of SFCs. He further commented that the issue may not be the assessment but if the funds are being distributed most effectively across the counties.

Assistant DA Nerone commented on the quality of SFCs and that the assessment is an investment.

Supervising DDA Lee reiterated that the assessment is an investment and commented on potential impacts on DA offices.

Senior DDA Kamiavipour commented on the impact their prosecutions are having on the industry and for both named and unnamed victims and that she does not want to see the momentum lost.

There were no more public comments on this Agenda item.

IV. Public Comment

The floor was opened for public comment on any agenda item and there were none.

V. Other Business

a. Next Scheduled Meetings

Chairperson Marshall announced the next scheduled meetings as September 9, 2020, and January 6, 2021.

b. Public Comments

The floor was opened for public comments and there were none.

VI. Closing Remarks

Commissioner Bobrowsky commented on quality of referrals, training of SIUs, and suggested consideration of a small increase. Chairperson Marshall and Commissioners Baker, Lopez, Riggs, and Sherman had no closing remarks.

Chairperson Marshall asked for a motion to adjourn the meeting.

Motion

Commissioner Sherman made a motion to adjourn and Commissioner Riggs seconded the motion.

Action

The Commissioners unanimously approved via a roll call vote and the meeting adjourned at 1:00 p.m.