HOUSE BILL REPORT
SHB 1784

Title: An act relating to public assistance fraud.

Brief Description: Regulating public assistance fraud.

Sponsors: By House Committee on Children & Family Services (originally sponsored by Representatives Boldt, Bush, Cooke, Lambert, L. Thomas, Backlund and Sullivan).

Brief History:
   Committee Activity:
      Children & Family Services: 2/18/97, 2/27/97 [DPS].
   Floor Activity:
      Passed House: 3/14/97, 74-20;
      Passed House: 1/21/98, 71-27.

HOUSE COMMITTEE ON CHILDREN & FAMILY SERVICES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Cooke, Chairman; Boldt, Vice Chairman; Bush, Vice Chairman; Kastama, Assistant Ranking Minority Member; Ballasiotes; Carrell; Gombosky and McDonald.

Minority Report: Do not pass. Signed by 3 members: Representatives Tokuda, Ranking Minority Member; Dickerson and Wolfe.

Staff: Douglas Ruth (786-7134).

Background: The Department of Social and Health Services' Office of Fraud Investigations (OFI) investigates fraud in all department programs. OFI attempts to detect fraud through investigating recipient overpayments and welfare applications containing apparent discrepancies. OFI also conducts vendor fraud investigations and internal investigations for other departments.

Prior to last year, the office investigated employee fraud as well. However, this task was transferred to the Washington State Patrol (WSP) through an executive order issued by former Governor Lowry.

In carrying out its duties, OFI has the power to issue subpoenas, serve process of law and take testimony. OFI investigators have the same access to DSHS records as other staff of the department. When investigators find evidence of criminal fraud, the evidence is turned over to a prosecutor to pursue.

Summary of Bill: The Office of Chief Investigator is created in the Department of Social and Health Services (DSHS). The chief investigator is appointed by, and is under the supervision of, the secretary of the department. The office's mission is to investigate allegations of abuse and fraud in all DSHS programs, except for provider fraud in the Medicaid program. The chief investigator is also responsible for conducting and recommending programs for improving prevention and detection of fraud, and to respond to citizen complaints.

To enforce its mandates, the Office of Chief Investigator has the power to execute warrants and services of process issued by courts, issue and serve subpoenas, take testimony under oath, enter into contracts for private audits, refer investigations to the state auditor, and request assistance from federal, state, or local governmental agencies. The office also has the authority to enforce penal laws associated with DSHS programs. Substantial evidence of a violation of state or federal law is referred to the appropriate prosecutor's office. The chief investigator may access all records and materials available to the department that are not legally restricted from disclosure to the chief investigator.

The chief investigator will submit a report regarding the activities of the office to the Legislature and the secretary of the DSHS by November 30, 1997, November 30, 1998, and biennially thereafter.

The WSP has jurisdiction over all investigations concerning DSHS employees who have allegedly committed a gross misdemeanor or more serious offense, or who have allegedly disregarded department policies. The DSHS will provide training to WSP investigators in handling welfare fraud investigations.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The act contains an emergency clause and takes effect on July 1, 1997.

Testimony For: None.

Neutral Testimony: OFI should be give statutory authority, as should the WSP's jurisdiction over employee investigations. Also, the periodic reports to the Legislature required in the bill will increase OFI accountability.

Testimony Against: None.

Testified: John Bumford, Department of Social and Health Services (neutral).