

HOUSE BILL ANALYSIS

HB 1020

Title: *An act relating to the office of inspector general within the department of social and health services.*

Brief Description: *Creating the office of the inspector general within the department of social and health services.*

Sponsors: *Representatives Boldt, Carlson, Carrell and Mielke.*

HOUSE COMMITTEE ON CHILDREN & FAMILY SERVICES

Meeting Date: *January 31, 1997.*

Bill Analysis Prepared by: *Doug Ruth (786-7134).*

Background: *The Department of Social and Health Service's Office of Special Investigations (OSI) investigates fraud in all programs administered by the department. OSI attempts to detect fraud through the administration of several programs, including the Fraud Early Detection (FrED) and General Investigation programs (GI).*

The FrED program attempts to uncover fraud before benefits are distributed to applicants by investigating applications that contain apparent discrepancies. The goal of the GI program is uncover fraud by investigating public assistance overpayments made to recipients. When an investigation uncovers evidence of fraud under either program, the office refers its investigation to a county prosecutor for legal action.

Prior to last year, OSI also conducted investigations of department employee fraud and vendor fraud, and performed internal investigations for other departments (e.g., Labor and Industries, Licensing, Fish and Wildlife). However, due to an executive order issued by former Governor Lowery, OSI's jurisdiction over all criminal and major administrative investigations of department employees was transferred from OSI to the Washington State Patrol. Jurisdiction over vendor fraud investigations, investigations

Summary of Bill: *The Office of Inspector General is created in the Department of Social and Health Services. The inspector general is to investigate allegations of abuse and fraud in all department programs, except for provider fraud relating to the Medicaid program. The Office of Inspector General has the authority to*

enforce any penal laws associated with programs administered by the department and to respond to citizen complaints. The inspector general is also responsible for conducting and recommending programs for improving prevention and detection of fraud.

To enforce its mandates, the Office of Inspector General is given 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 Office of the State Auditor and to request assistance from federal, state, or local governmental agencies. The inspector general may appoint two deputies and has access to all records and materials not restricted from disclosure by law. Where the inspector general uncovers substantial evidence of a violation of state or federal law, the office refers its investigation to the appropriate prosecutor.

The inspector general is appointed by, and is under the supervision of the secretary of the Department of Social and Health Services. If a conflict arises between the inspector general and the secretary regarding an investigation of a employee, vendor or contractor, the investigation can be transferred to the authority of the State Patrol by the secretary, inspector general, or the Governor.

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

Appropriation: *None.*

Fiscal Note: *Requested on January 20, 1997.*

Effective Date: *July 1, 1997.*