

HOUSE BILL ANALYSIS

HB 2314

Brief Description: Recovering industrial insurance benefit payments.

Sponsors: Hatfield, Honeyford, and Conway; by the request of the Department of Labor and Industries.

Hearing: January 15, 1998

BACKGROUND:

To show that a person fraudulently obtained industrial insurance benefits, the Department of Labor and Industries must prove nine elements of fraud, including that the person knowingly represented a material fact as true when it was false, with intent that the fact would be acted on by the person to whom the representation was made. The nine fraud elements must be proved by clear and convincing evidence.

A person found to have committed fraud is subject to several penalties.

First, the person must repay the benefits, along with a penalty of 50 percent of the benefits, and the total amount may be recouped from any future benefits due to the person on any claim with the state fund or the self-insurer against whom the fraud was committed. The demand or order for repayment or recoupment must be made within one year of the discovery of the fraud. The penalty amount is deposited in the supplemental pension fund.

Second, the person may be subject to criminal prosecution for the fraud claim. The prosecution generally must be brought within three years of the commission of the fraud.

SUMMARY OF BILL:

The period for demanding or ordering the repayment or recoupment of industrial insurance benefits induced by fraud is changed from one year to three years of discovery of the fraud.

RULES AUTHORITY: The bill does not contain provisions addressing the rule-making powers of an agency.

FISCAL NOTE: Requested on January 12, 1998.

EFFECTIVE DATE: Ninety days after adjournment of session in which bill is passed.