

# HOUSE BILL REPORT

## HB 2314

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**As Passed House:**

February 10, 1998

**Title:** An act relating to the statute of limitations for the repayment or recoupment of industrial insurance benefits induced by claimant fraud.

**Brief Description:** Recovering industrial insurance benefit payments.

**Sponsors:** Representatives Hatfield, Honeyford and Conway; by request of Department of Labor & Industries.

**Brief History:**

**Committee Activity:**

Commerce & Labor: 1/12/98, 1/29/98 [DP].

**Floor Activity:**

Passed House: 2/10/98, 96-0.

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** Do pass. Signed by 9 members: Representatives McMorris, Chairman; Honeyford, Vice Chairman; Conway, Ranking Minority Member; Wood, Assistant Ranking Minority Member; Boldt; Clements; Cole; Hatfield and Lisk.

**Staff:** Chris Cordes (786-7103).

**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 time period within which the Department of Labor and Industries must demand or order the repayment or recoupment of industrial insurance benefits induced by fraud is changed from within one year to within three years of discovery of the fraud.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** The current one-year time limit for industrial insurance benefit fraud cases is too short. Fraud investigations are generally based on complaints and require in-depth investigations to prove. The department would have been able to pursue 15 more cases last year if the time limit had been longer. The bill is needed to increase efficiency and effectiveness in the industrial insurance program. There is some concern about establishing any time limit for benefit fraud since there is no time limit for the pursuit of employer fraud. However, without a time limit, the investigations might drag on longer.

**Testimony Against:** None.

**Testified:** (In support) Douglas Connell, Department of Labor and Industries. (In support, with concerns) Rick Slunaker, Associated General Contractors.