

# HOUSE BILL REPORT

## HB 2346

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### As Reported By The House Select Committee On:

Vendor Contracting & Services  
Government Administration

**Title:** An act relating to recovery of vendor overpayments.

**Brief Description:** Allowing the department of social and health services to recover revenue from vendors that have been overpaid.

**Sponsors:** Representatives Clements, Scott, Dickerson, Gardner, Hatfield, Anderson, Dyer, Thompson, O'Brien, Boldt, Skinner, D. Schmidt, Mulliken and Backlund; by request of Department of Social and Health Services.

### Brief History:

#### Committee Activity:

Vendor Contracting & Services: 1/27/98, 2/3/98 [DPS];  
Government Administration: 2/5/98 [DPS(SVC)].

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## HOUSE SELECT COMMITTEE ON VENDOR CONTRACTING & SERVICES

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Clements, Chairman; Backlund; Delvin; Dickerson; Gardner; Gombosky and Parlette.

**Staff:** Josh Weiss (786-7292).

**Background:** Currently, under RCW 43.20B the Department of Social and Health Services (DSHS) must bring a civil court action in order to recover overpayments from vendors. The sole statutory remedy available is to secure a lien equal to the amount of overpayment plus interest against the vendor's property.

**Summary of Substitute Bill:** HB 2346 provides an administrative proceeding consistent with the State Administrative Procedures Act for the recovery of overpayments. This provides a mechanism whereby the amount of the debt is determined, and broadens available collection measures.

A uniform procedure for the recovery of vendor overpayments is established. The department is required to give notice of the overpayment to the vendor who must, within 20 days, either pay the amount owed, or request an administrative proceeding. If the vendor does neither, a final debt against the vendor in the amount claimed by the

department is established. The department may collect a debt through a lien and foreclosure, distraint, seizure and sale, order to withhold and deliver, any of the collection procedures established for overpayment of public assistance in RCW 43.20B.635 (judicial action), RCW 43.20B.640 (penalties for non-cooperation), RCW 43.20B.680 (liens), or any other collection action available.

**Substitute Bill Compared to Original Bill:** The substitute bill makes a technical amendment, clarifying that the bill applies to all vendors that provide goods or services to or for the clientele of the department on or after July 1, 1998,– rather than all contracts entered into on or after that same date.

**Appropriation:** None.

**Fiscal Note:** Requested on January 22, 1998.

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

**Testimony For:** The current process for recovering vendor overpayments is cumbersome and difficult to work within. The bill is necessary to provide a streamlined process for DSHS to recover overpayments from vendors. Moneys recovered by an agency should be kept in the agency budget instead of allowing it to go to the general fund.

**Testimony Against:** None.

**Testified:** Carol Washburn on behalf of the Department of Social and Health Services, and. Margaret Casey on behalf of the Washington State Catholic Conference.

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## HOUSE COMMITTEE ON GOVERNMENT ADMINISTRATION

**Majority Report:** The substitute bill by Committee on Select Vendor Committee be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives D. Schmidt, Chairman; D. Sommers, Vice Chairman; Scott, Ranking Minority Member; Gardner, Assistant Ranking Minority Member; Doumit; Dunn; Dunshee; Murray; Reams; Smith; L. Thomas; Wensman and Wolfe.

**Staff:** Josh Weiss (786-7292).

**Summary of Recommendation of Committee on Government Administration Compared to Recommendation of Committee on Vendor Contracting & Services:**  
No new changes.

**Appropriation:** None.

**Fiscal Note:** Requested on January 22, 1998.

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

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** None.