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**SUBSTITUTE SENATE BILL 6216**

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**State of Washington**

**55th Legislature**

**1998 Regular Session**

**By** Senate Committee on Human Services & Corrections (originally sponsored by Senators Horn and Patterson; by request of Department of Social and Health Services)

Read first time 01/28/98.

1 AN ACT Relating to recovery of vendor overpayments; adding a new  
2 section to chapter 43.20B RCW; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that more efficient  
5 and cost-effective means are available for the collection of vendor  
6 overpayments owed the state of Washington. The legislature further  
7 finds it desirable to provide vendors a uniform formal appeal process  
8 that will streamline the current process for both the department of  
9 social and health services and the vendor.

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.20B RCW  
11 to read as follows:

12 (1) When the department determines that a vendor was overpaid by  
13 the department for either goods or services, or both, provided to  
14 department clients, except nursing homes under chapter 74.46 RCW, the  
15 department will give written notice to the vendor. The notice will  
16 include the amount of the overpayment, the basis for the claim, and the  
17 rights of the vendor under this section.

1 (2) The notice may be served upon the vendor in the manner  
2 prescribed for the service of a summons in civil action or be mailed to  
3 the vendor at the last known address by certified mail, return receipt  
4 requested, demanding payment within twenty days of the date of receipt.

5 (3) The vendor has the right to an adjudicative proceeding governed  
6 by the administrative procedure act, chapter 34.05 RCW, and the rules  
7 of the department. The vendor's application for an adjudicative  
8 proceeding must be in writing, state the basis for contesting the  
9 overpayment notice, and include a copy of the department's notice. The  
10 application must be served on and received by the department within  
11 twenty days of the vendor's receipt of the notice of overpayment. The  
12 vendor must serve the department in a manner providing proof of  
13 receipt.

14 (4) Where an adjudicative proceeding has been requested, the  
15 presiding or reviewing office will determine the amount, if any, of the  
16 overpayment received by the vendor.

17 (5) If the vendor fails to attend or participate in the  
18 adjudicative proceeding, upon a showing of valid service, the presiding  
19 or reviewing officer may enter an administrative order declaring the  
20 amount claimed in the notice to be assessed against the vendor and  
21 subject to collection action by the department.

22 (6) Failure to make an application for an adjudicative proceeding  
23 within twenty days of the date of notice will result in the  
24 establishment of a final debt against the vendor in the amount asserted  
25 by the department and that amount is subject to collection action. The  
26 department may also charge the vendor with any costs associated with  
27 the collection of any final overpayment or debt established against the  
28 vendor.

29 (7) The department may enforce a final overpayment or debt through  
30 lien and foreclosure, distraint, seizure and sale, order to withhold  
31 and deliver, or other collection action available to the department to  
32 satisfy the debt due.

33 (8) Debts determined under this chapter are subject to collection  
34 action without further necessity of action by a presiding or reviewing  
35 officer. The department may collect the debt in accordance with RCW  
36 43.20B.635, 43.20B.640, and 43.20B.680. In addition, a vendor lien may  
37 be subject to distraint and seizure and sale in the same manner as  
38 prescribed for support liens in RCW 74.20A.130.

1       (9) This section applies to all vendors that provide goods or  
2 services to or for clientele of the department on or after July 1,  
3 1998.  
4       (10) The department may adopt rules consistent with this section.

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