
SENATE BILL 6216

State of Washington

55th Legislature

1998 Regular Session

By Senators Horn and Patterson; by request of Department of Social and Health Services

Read first time 01/13/98. Referred to Committee on Human Services & Corrections.

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 legislation applies to all contracts entered into by the
2 department on or after July 1, 1998.

3 (10) The department may adopt rules consistent with this section.

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