

SENATE BILL REPORT

SB 5293

As Reported By Senate Committee On:
Human Services & Corrections, February 24, 2005

Title: An act relating to detection and investigation of fraud by the department of social and health services.

Brief Description: Requiring DSHS to investigate fraud and to cooperate with fraud investigations.

Sponsors: Senators Mulliken, Hargrove, Stevens and Delvin.

Brief History:

Committee Activity: Human Services & Corrections: 1/24/05, 2/24/05 [DPS-WM].

SENATE COMMITTEE ON HUMAN SERVICES & CORRECTIONS

Majority Report: That Substitute Senate Bill No. 5293 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Hargrove, Chair; Regala, Vice Chair; Brandland, Carrell, McAuliffe and Thibaudeau.

Staff: Edith Rice (786-7444)

Background: The Department of Social and Health Services (DSHS) administers a fraud investigation unit within its Management Services Division. The Division of Fraud Investigations (DFI) conducts investigations related to allegations of fraud within public assistance programs such as Temporary Assistance for Needy Families (TANF), food stamps, electronic benefits transfer, and childcare. DFI investigates allegations of fraud committed by clients, vendors, or providers. DFI operates a Washington State Welfare Fraud Hotline (1-800-562-6906) as well as an informational website at www.dshs.wa.gov/fraud. Investigations can involve interaction with community services offices, county prosecutors, Office of the Attorney General, as well as local, state, federal and international law enforcement agencies.

The Office of the Attorney General operates a Medicaid Fraud Control Unit for the purpose of investigating and prosecuting Medicaid fraud. DFI refers information it receives regarding potential Medicaid fraud to the Medicaid Fraud Control Unit in the Office of the Attorney General.

Summary of Substitute Bill: An Office of the Inspector General is created in the Office of the Attorney General for the purpose of investigating and preventing fraud in public assistance programs. Funding must be transferred from the DFI to the Office of the Attorney General for the purpose of funding the Office of Inspector General. The Office of Inspector General must publish a report to the legislature beginning January 1, 2006 and each year thereafter.

Substitute Bill Compared to Original Bill: All references to the requirement that DSHS investigate fraud and report it to local law enforcement are eliminated. A new Office of Inspector General is created in the Office of the Attorney General for the purpose of investigating and preventing fraud in public assistance programs.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Testimony For: The state has an obligation to look into any discrepancies in payments.

Testimony Against: None.

Concerns: This bill would greatly expand those circumstances which have to be investigated by the fraud division.

Who Testified: PRO: Senator Mulliken, prime sponsor. CONCERNS: John Bumford.