

# SENATE BILL REPORT

## SSB 6224

---

---

As Passed Senate, February 19, 2008

**Title:** An act relating to modifying the interest accrual methodology for vendor overpayments.

**Brief Description:** Modifying the interest accrual methodology for vendor overpayments.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senator Keiser).

**Brief History:**

**Committee Activity:** Ways & Means: 2/11/08, 2/12/08 [DPS].

Passed Senate: 2/19/08, 48-0.

---

### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6224 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Hatfield, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

**Staff:** Elaine Deschamps (786-7441)

**Background:** The Department of Social and Health Services (DSHS) regularly conducts audits of overpayment by vendors to ensure compliance with state and federal regulations; vendors must repay the amounts overpaid with interest. Current law allows for two methods of calculating interest accrual: 30 days after the date of notice by the department to the vendor or 90 days after the date of overpayment to the vendor. The latter overpayment methodology is currently used in two divisions of the DSHS: Health and Recovery Services Administration and Aging and Disability Services Administration.

**Summary of Substitute Bill:** The interest accrual methodology based on 90 days from date of overpayment is removed, so that the department must use the 30-day after date of notice methodology to calculate the accrual of interest on vendor overpayments.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Staff Summary of Public Testimony on Original Bill:** PRO: Pharmacies can be charged for years of interest accrual, which can be overwhelming, and this needs to be stopped. In negotiations with DSHS they agreed with this change, but it requires a change in statute as provided in this bill.

**Persons Testifying:** PRO: Senator Keiser, prime sponsor; Dedi Hitchens, Washington State Pharmacy Association.