

# HOUSE BILL REPORT

## SSB 6508

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**As Passed House - Amended:**  
February 29, 2012

**Title:** An act relating to department of social and health services waivers of overpayment recoveries.

**Brief Description:** Authorizing waivers from certain DSHS overpayment recovery efforts.

**Sponsors:** Senate Committee on Human Services & Corrections (originally sponsored by Senator Pridemore).

**Brief History:**

**Committee Activity:**

Early Learning & Human Services: 2/20/12, 2/21/12 [DPA].

**Floor Activity:**

Passed House - Amended: 2/29/12, 63-35.

**Brief Summary of Substitute Bill  
(As Amended by House)**

- Permits the Department of Social and Health Services to waive collection of overpayments to recipients of public assistance benefits if it determines that the elements of equitable estoppel are met.
- Requires the Office of Fraud and Accountability, the State Auditor's Office, and the Department of Early Learning to collaborate in an effort to identify and review overpayments and to provide the Legislature with recommendations for monitoring and detection systems to prevent overpayments; a report is due to the Legislature by October 1, 2013.

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### HOUSE COMMITTEE ON EARLY LEARNING & HUMAN SERVICES

**Majority Report:** Do pass as amended. Signed by 9 members: Representatives Kagi, Chair; Roberts, Vice Chair; Walsh, Ranking Minority Member; Hope, Assistant Ranking Minority Member; Dickerson, Goodman, Johnson, Orwall and Overstreet.

**Staff:** Linda Merelle (786-7092).

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*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.*

**Background:**

The Department of Social and Health Services (DSHS) must collect from any person who is overpaid public assistance, food stamp, or medical benefits the amount that the person has been overpaid. Overpayment is defined as any payment or benefit to a recipient or vendor in excess of that to which the recipient or vendor is entitled by law, rule, or contract. The DSHS has a variety of methods by which it can collect overpayments: reduction in the amount of the continuing grants of benefits, assignment of earnings, or a lien on personal or real property of the recipient.

The DSHS cannot collect overpayments after six years have passed from the date of the notice of overpayment unless the DSHS has already started the recovery action in court or an administrative remedy is in place. Even if the DSHS started recovery efforts before the six-year period had expired, any debt due the DSHS expires at the end of 10 years from the date the notice is sent unless a court-ordered remedy would be in effect for a longer period of time. No debt due to the DSHS can be collected after the expiration of 20 years from the date a lien is recorded.

The DSHS may accept offers of a compromise on disputed claims or may grant partial or total write-off of any debt if it is no longer cost-effective to pursue collection of the debt.

**Summary of Amended Bill:**

The DSHS may waive all efforts to collect overpayments from a client if it determines that:

- the DSHS took an action or failed to take an action which is inconsistent with the claim for collection of overpayment from the client;
- the client reasonably relied on the DSHS's original statement, action, or failure to act regarding overpayment;
- the client would be injured to his or her detriment if the DSHS is allowed to contradict the original statement, act, or failure to act regarding overpayment to the client;
- the client cannot afford to repay the overpayment;
- the client gave the DSHS timely and accurate information when required;
- the client did not know that the DSHS made a mistake;
- the client is free from fault;
- the overpayment was caused solely by mistake of the DSHS; and
- waiving overpayment collection efforts would not impair the functions of DSHS.

Any part of the act that is found to be in conflict with federal requirements regarding allocation of funds to the state is inoperable. Any rules adopted under this act must meet requirements under federal law which are a condition of the receipt of federal funds.

By October 1, 2013, the DSHS, in collaboration with the Department of Early Learning and the State Auditor's Office, must identify, review, and provide the Legislature with recommendations for integrated monitoring and detection systems to prevent overpayments of public assistance from occurring.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) In a climate where there is a lot of finger-pointing toward recipients of public assistance, it is refreshing to see a bill that places accountability on the DSHS. Overpayment collection can be a problem for low-income families. This bill will place the responsibility on the DSHS and alleviate the responsibilities from families.

(In support with concerns) This bill is really a great idea. There is no way that the grant recipient will know whether the money received is an overpayment or not. When welfare grants are being reduced, it seems particularly unfair to cut a grant by 5 percent when the overpayment was in no way the responsibility of the client. The \$2,000 cap is arbitrary.

(Opposed) None.

**Persons Testifying:** (In support) Monica Peabody, Parents Organizing for Welfare and Economic Rights.

(In support with concerns) Robin Zukoski, Columbia Legal Services.

**Persons Signed In To Testify But Not Testifying:** None.