

SENATE BILL REPORT

SB 5877

As of March 22, 2011

Title: An act relating to the creation of the office of program integrity.

Brief Description: Creating the office of program integrity.

Sponsors: Senators Carrell and Zarelli.

Brief History:

Committee Activity: Human Services & Corrections: 3/24/11.

SENATE COMMITTEE ON HUMAN SERVICES & CORRECTIONS

Staff: Jennifer Strus (786-7316)

Background: The Division of Fraud Investigations (DFI) within the Department of Social and Health Services (DSHS) is responsible for investigating allegations of fraud by applicants and recipients of public assistance programs and for investigating allegations of fraud by vendors with whom DSHS has a contract to provide services to DSHS clients. DFI partners with the Economic Services Administration Community Services Division to investigate current eligibility for Temporary Assistance for Needy Families, Disability Lifeline, Basic Food, Medical, and Working Connections Child Care benefits. According to DSHS material, during the 2009 fiscal year, the cost-avoidance associated with the Fraud Early Detection program was \$24.2 million. During the same period the DFI Overpayment Unit completed overpayments totaling \$1.8 million and the Criminal Investigations Program referred 98 cases to state and federal prosecutors.

Summary of Bill: The Office of Program Integrity (OPI) is created within DSHS to provide a dedicated and accountable unit directly responsible for the following tasks:

- conducting and supervising investigations into alleged fraud and abuse in any program or service administered by DSHS, including Working Connections Child Care;
- recommending policies and procedures designed to prevent and detect fraud and abuse;
- providing information to the Secretary of DSHS (Secretary), the Governor, and the Legislature about vulnerabilities and deficiencies in the detection and prevention of fraud and abuse that was discovered through the investigations conducted;

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- making referrals to law enforcement or prosecuting attorneys when fraud and abuse is suspected; and
- assisting the Fraud Ombudsman in the State Auditor's Office with responsibilities in auditing and overseeing OPI's activities.

OPI is administered by a director chosen by the Secretary. The director's responsibilities include the following:

- to conduct, coordinate, and supervise fraud and abuse investigations;
- to review proposed legislation and rules related to detection and prevention of fraud and abuse in public assistance programs administered by DSHS;
- to provide reports to the Secretary, Governor, and Legislature about the detection and prevention of fraud and abuse and recommend improvement in activities designed to improve the capacity and effectiveness of fraud and abuse investigations;
- to develop a realistic funding model for adding necessary criminal and fraud investigators in a budget neutral fashion;
- to develop policies and protocols to allow consistent and real-time review of all cash assistance programs administered by DSHS to assure benefits are being used for their statutorily stated goals; and
- to manage fraud investigative tools and resources to effectively balance them between field operations and data analysis.

OPI has authority to apply for and execute warrants issued by the courts in enforcing provisions of this act. OPI may also administer oaths, take testimony, and issue subpoenas, including subpoena duces tecum.

The OPI Director, in carrying out the provisions of this act, is entitled to prompt access to all persons, records, electronic data, reports, audits, reviews, documents, and other materials available to the departments of Revenue, Early Learning, Labor & Industries, Licensing, Employment Security, and any other government entity that can be used to help facilitate fraud or abuse investigations.

The State Auditor is to appoint a fraud ombudsman to oversee and annually audit the work of OPI. The ombudsman is to review the fraud investigative work done by OPI including cases filed with local prosecuting authorities. The ombudsman has authority to investigate citizen complaints alleging fraud or abuse in any public assistance program. The ombudsman has access to OPI frontline staff for purposes of interviews and evaluations. The ombudsman must submit a report summarizing its auditing activities to the appropriate committees of the legislature by November 30, 2012, and biennially thereafter.

Appropriation: None.

Fiscal Note: Requested on March 21, 2011.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2011.