

# HOUSE BILL REPORT

## HB 1708

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**As Reported by House Committee On:**  
Early Learning & Human Services

**Title:** An act relating to the enforcement powers of the office of financial recovery.

**Brief Description:** Concerning the enforcement powers of the office of financial recovery.

**Sponsors:** Representative Wylie; by request of Department of Social and Health Services.

**Brief History:**

**Committee Activity:**

Early Learning & Human Services: 2/21/13, 2/22/13 [DPS].

**Brief Summary of Substitute Bill**

- Extends authority to the Office of Financial Recovery (OFR) to collect debts owed to the Department of Social and Health Services (DSHS) by the Child Welfare Training and Advancement Program (CWTAP) participants, the DSHS employees, or child care providers.
- Establishes procedures for how the OFR is to collect debts owed to the DSHS by the CWTAP participants, the DSHS employees, or child care providers.

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### HOUSE COMMITTEE ON EARLY LEARNING & HUMAN SERVICES

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Kagi, Chair; Freeman, Vice Chair; Farrell, Goodman, MacEwen, Roberts, Sawyer and Zeiger.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Walsh, Ranking Minority Member; Scott, Assistant Ranking Minority Member; Overstreet.

**Staff:** Lindsay Lanham (786-7120).

**Background:**

The Office of Financial Recovery (OFR) within the Department of Social and Health Services (DSHS) has the following responsibilities:

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- bills and collects the cost of care for individuals living at the five state-operated Residential Habilitation Centers;
- recovers correctly paid long-term care services, Medicaid assistance, and related medical charges from the estates of decedents;
- recovers debts due to the DSHS from vendors who provide services to the DSHS or the DSHS clients;
- collects payments due to Juvenile Rehabilitation Administration from parents of juvenile offenders to cover some of the costs associated with juvenile's support, treatment and confinement in the DSHS Juvenile Rehabilitation Facilities;
- manages the Supplemental Security Income interim assistance reimbursement programs;
- manages the recovery for patient care provided at state psychiatric hospitals;
- manages billing and accounting for three medical assistance programs administered by the DSHS: the Children's Health Insurance Program, Healthcare for Workers with Disabilities, and Medical Extension Benefits programs;
- manages recoupments made from the Labor and Industries Time Loss benefits that duplicate financial assistance paid to clients by the DSHS; and
- recovers financial, medical, social services, and food assistance overpayments from the DSHS clients.

The Child Welfare Training and Advancement Program (CWTAP) is a partnership between the DSHS Children's Administration and the University of Washington, and Eastern Washington University. Students pursuing a Master's degree in social work, with a concentration in Children, Youth and Families, are eligible to apply to the CWTAP. If selected for the CWTAP, students receive a tuition stipend and commit to work for the DSHS Children's Administration after successful graduation. Current stipulations require the CWTAP participants to remain employed at the DSHS Children's Administration for the duration of time they received educational assistance, which is normally one or two years.

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**Summary of Substitute Bill:**

The DSHS, through the OFR, may recover financial assistance payments made to a person under the CWTAP who did not comply with the terms of the CWTAP participant agreement. If the CWTAP participant is not a current employee, the DSHS can recover through an order to withhold and deliver. Additionally, the DSHS through the OFR, may recover overpayments made to current or former employees. For current employees the DSHS is granted the authority to recover overpayments in a manner that is consistent with the terms of the applicable collective bargaining agreement. For former employees, the DSHS may recover overpayments through an order to withhold and deliver. Finally, when the Department of Early Learning (DEL) imposes a fine or civil penalty against a child care provider who has engaged in any act or practice determined to be fraudulent, the DSHS, through the OFR, may enforce the final debt. The OFR may enforce the debt through lien and foreclosure, distraint, seizure and sale, order to withhold and deliver, or other legal action to satisfy the debt owed. Any lien is effective from the date of filing for record with the county auditor of the county in which the property is located and the claim under the lien has preference over the claims of all unsecured creditors.

### **Substitute Bill Compared to Original Bill:**

The substitute bill does the following: (1) specifies that the DSHS, through the OFR, may only recover financial assistance payments owed to the DSHS by a child welfare training and advancement program participant through an order to withhold and deliver; (2) designates that the DSHS, through the OFR may only recover overpayments from current employees in a manner that is consistent with the terms of the applicable collective bargaining agreement; (3) specifies that the DSHS, through the OFR, may only recover overpayments to former employees through an order to withhold and deliver; and (4) specifies that the DSHS, through the OFR, may recover debt owed to the DSHS by child care providers, only when child care providers have engaged in any act or practice determined to be fraudulent.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute 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) The OFR is the primary collection agency for the DSHSL; in addition to handling accounting and collections for almost all of the DSHS nongovernmental and governmental receivables, the OFR also performs those services for the Health Care Authority and the DEL. This bill brings enforcement remedies in line with changes in the programs in the DSHS, the DEL, and the CWTAP. The OFR currently does not have the authority to use existing remedies that are available to the OFR. There are two specific goals with the bill. The first goal is to establish standard enforcement authority and to correct problems that were identified by the state auditor.

(With concerns) The bill could have a possible impact on recruitment and retention issues and possibly alleviate some of the workload issues within the DSHS Children's Administration; however, within the collective bargaining agreement there is an article that specifies how an overpayment is collected. It provides the employee options and timelines for collections. Money recovery as outlined in the collective bargaining agreement is less heavy handed for employees.

(Opposed) None.

**Persons Testifying:** (In support) David Stillman, Department of Social and Health Services, Economic Services Administration; and Bryce Montgomery, Department of Social and Health Services.

(With concerns) Alia Griffing, Washington Federation of State Employees.

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