

# HOUSE BILL REPORT

## SSB 6224

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### As Reported by House Committee On: Appropriations

**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:**

Appropriations: 2/26/08, 2/27/08 [DP].

#### **Brief Summary of Substitute Bill**

- Limits the accrual period for which interest may be collected on vendor overpayments by the Department of Social and Health Services.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 33 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Chandler, Cody, Conway, Darneille, Ericks, Fromhold, Grant, Green, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Kretz, Linville, McIntire, Morrell, Pettigrew, Priest, Ross, Schmick, Schual-Berke, Seaquist, Sullivan and Walsh.

**Staff:** Mark Matteson (786-7145).

#### **Background:**

Vendors of the Department of Social and Health Services (Department) to which the Department has made overpayments for services rendered must repay the amounts overpaid with interest. The amount of interest is calculated at 1 percent per month. The accrual period begins 30 days following the date when the Department first sends notice of overpayment to the vendor, or 90 days after the date of overpayment to the vendor, whichever occurs first. The Department Secretary may secure overpayments and the interest thereon through a lien

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against the vendor's real and personal property, through seizure of assets, or other methods available to the Department for the satisfaction of debts.

In June 2007 representatives of the Washington State Pharmacy Association (WSPA) met with Department staff concerning pharmacy audits. In a letter to legislators issued July 3, 2007, the Department provided context on recent discussions with WSPA. The Department explained that the discussions yielded agreement about steps to take to address concerns about the Department audits, including investigating how to modify overpayment interest accrual periods.

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**Summary of Bill:**

Interest on overpayments to a vendor may not begin to accrue earlier than 30 days following notification by the Department that overpayment has occurred.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) The change to the interest accrual period in this bill is the same as in the companion bill, which this committee approved and voted out. Please continue to support the proposed policy change.

(Opposed) None.

**Persons Testifying:** Dedi Hitchens, Washington State Pharmacy Association.

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