

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1162

Chapter 236, Laws of 1997

55th Legislature
1997 Regular Session

DELEGATION OF DEPARTMENT OF SOCIAL AND HEALTH SERVICES LIEN AND
SUBROGATION RIGHTS TO MANAGED HEALTH CARE SYSTEMS

EFFECTIVE DATE: 7/27/97

Passed by the House March 7, 1997
Yeas 95 Nays 0

CLYDE BALLARD
**Speaker of the
House of Representatives**

Passed by the Senate April 7, 1997
Yeas 47 Nays 0

BRAD OWEN
President of the Senate

Approved May 1, 1997

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1162** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN
Chief Clerk

FILED

May 1, 1997 - 11:10 a.m.

**Secretary of State
State of Washington**

HOUSE BILL 1162

Passed Legislature - 1997 Regular Session

State of Washington 55th Legislature 1997 Regular Session

By Representatives Dyer and Cody; by request of Department of Social and Health Services

Read first time 01/16/97. Referred to Committee on Health Care.

1 AN ACT Relating to delegation of lien and subrogation rights to
2 medical health care systems by contract; and amending RCW 74.09.180 and
3 43.20B.060.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 74.09.180 and 1990 c 100 s 2 are each amended to read
6 as follows:

7 (1) The provisions of this chapter shall not apply to recipients
8 whose personal injuries are occasioned by negligence or wrong of
9 another: PROVIDED, HOWEVER, That the secretary may furnish assistance,
10 under the provisions of this chapter, for the results of injuries to or
11 illness of a recipient, and the department shall thereby be subrogated
12 to the recipient's rights against the recovery had from any tort feisor
13 or the tort feisor's insurer, or both, and shall have a lien thereupon
14 to the extent of the value of the assistance furnished by the
15 department. To secure reimbursement for assistance provided under this
16 section, the department may pursue its remedies under RCW 43.20B.060.

17 (2) The rights and remedies provided to the department in this
18 section to secure reimbursement for assistance, including the
19 department's lien and subrogation rights, may be delegated to a managed

1 health care system by contract entered into pursuant to RCW 74.09.522.
2 A managed health care system may enforce all rights and remedies
3 delegated to it by the department to secure and recover assistance
4 provided under a managed health care system consistent with its
5 agreement with the department.

6 **Sec. 2.** RCW 43.20B.060 and 1990 c 100 s 7 are each amended to read
7 as follows:

8 (1) To secure reimbursement of any assistance paid under chapter
9 74.09 RCW or reimbursement for any residential care provided by the
10 department at a hospital for the mentally ill or habilitative care
11 center for the developmentally disabled, as a result of injuries to or
12 illness of a recipient caused by the negligence or wrong of another,
13 the department shall be subrogated to the recipient's rights against a
14 tort feisor or the tort feisor's insurer, or both.

15 (2) The department shall have a lien upon any recovery by or on
16 behalf of the recipient from such tort feisor or the tort feisor's
17 insurer, or both to the extent of the value of the assistance paid or
18 residential care provided by the department, provided that such lien
19 shall not be effective against recoveries subject to wrongful death
20 when there are surviving dependents of the deceased. The lien shall
21 become effective upon filing with the county auditor in the county
22 where the assistance was authorized or where any action is brought
23 against the tort feisor or insurer. The lien may also be filed in any
24 other county or served upon the recipient in the same manner as a civil
25 summons if, in the department's discretion, such alternate filing or
26 service is necessary to secure the department's interest. The
27 additional lien shall be effective upon filing or service.

28 (3) The lien of the department shall be upon any claim, right of
29 action, settlement proceeds, money, or benefits arising from an
30 insurance program to which the recipient might be entitled (a) against
31 the tort feisor or insurer of the tort feisor, or both, and (b) under
32 any contract of insurance purchased by the recipient or by any other
33 person providing coverage for the illness or injuries for which the
34 assistance or residential care is paid or provided by the department.

35 (4) If recovery is made by the department under this section and
36 the subrogation is fully or partially satisfied through an action
37 brought by or on behalf of the recipient, the amount paid to the

1 department shall bear its proportionate share of attorneys' fees and
2 costs.

3 (a) The determination of the proportionate share to be borne by the
4 department shall be based upon:

5 ~~((a))~~ (i) The fees and costs approved by the court in which the
6 action was initiated; or

7 ~~((b))~~ (ii) The written agreement between the attorney and client
8 which establishes fees and costs when fees and costs are not addressed
9 by the court.

10 ~~((c))~~ (b) When fees and costs have been approved by a court,
11 after notice to the department, the department shall have the right to
12 be heard on the matter of attorneys' fees and costs or its
13 proportionate share.

14 ~~((d))~~ (c) When fees and costs have not been addressed by the
15 court, the department shall receive at the time of settlement a copy of
16 the written agreement between the attorney and client which establishes
17 fees and costs and may request and examine documentation of fees and
18 costs associated with the case. The department may bring an action in
19 superior court to void a settlement if it believes the attorneys'
20 calculation of its proportionate share of fees and costs is
21 inconsistent with the written agreement between the attorney and client
22 which establishes fees and costs or if the fees and costs associated
23 with the case are exorbitant in relation to cases of a similar nature.

24 (5) The rights and remedies provided to the department in this
25 section to secure reimbursement for assistance, including the
26 department's lien and subrogation rights, may be delegated to a managed
27 health care system by contract entered into pursuant to RCW 74.09.522.
28 A managed health care system may enforce all rights and remedies
29 delegated to it by the department to secure and recover assistance
30 provided under a managed health care system consistent with its
31 agreement with the department.

Passed the House March 7, 1997.

Passed the Senate April 7, 1997.

Approved by the Governor May 1, 1997.

Filed in Office of Secretary of State May 1, 1997.