

HOUSE BILL REPORT

HB 1243

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

Title: An act relating to addressing the burden of unintentional overpayments on older adults and adults with disabilities served by the department of social and health services.

Brief Description: Addressing the burden of unintentional overpayments on older adults and adults with disabilities served by the department of social and health services.

Sponsors: Representatives Simmons, Eslick, Leavitt, Farivar and Wylie; by request of Department of Social and Health Services.

Brief History:

Committee Activity:

Early Learning & Human Services: 1/21/25, 1/24/25 [DPS].

Brief Summary of Substitute Bill

- Allows the Department of Social and Health Services to waive efforts to collect unintentional overpayments of the Aged, Blind, or Disabled cash assistance program benefits and unintentional overpayments made to functionally disabled adults under other programs.

HOUSE COMMITTEE ON EARLY LEARNING & HUMAN SERVICES

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Bergquist, Chair; Cortes, Vice Chair; Eslick, Ranking Minority Member; Burnett, Assistant Ranking Minority Member; Bernbaum, Dent, Goodman, Hill, Ortiz-Self, Penner and Taylor.

Staff: Omeara Harrington (786-7136).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Programs Administered by the Department of Social and Health Services.

The Department of Social and Health Services (DSHS) Economic Services Administration (ESA) administers numerous assistance programs for the state, including the Aged, Blind, or Disabled (ABD) cash assistance program. The ABD program provides cash assistance, a referral to the Essential Needs and Housing (HEN) program, and help accessing federal disability benefits to eligible low-income adults who are age 65 or older, blind, or determined likely to meet federal Supplemental Security Income criteria.

The DSHS also administers federally and state-funded programs through the Aging and Long-Term Support Administration (AL TSA) and the Developmental Disabilities Administration (DDA) for persons who meet functional and financial eligibility criteria. The AL TSA supports long-term care programs for seniors and people with disabilities. The DDA assists individuals with developmental disabilities and their families to obtain services and supports. Clients of the AL TSA and the DDA may receive services through the Community First Choice program under the Medicaid State Plan or through community-based services waivers, or a combination of both.

Collection of Overpayments.

An overpayment is any cash assistance paid that is more than the recipient was eligible to receive or any payment made on a client's behalf in excess of that to which the client is legally entitled. Intentional overpayments result from a willful or knowing failure to report a change or misstating a fact affecting benefit eligibility or amount. Unintentional overpayments are any other client-caused and all agency-caused overpayments.

When a person is overpaid benefits administered by the DSHS, the DSHS generally recovers funds through mandatory reduction of the client's future assistance payments or through billing for overpaid services. All adult members of an overpaid assistance unit are responsible for repayment of an overpayment. A person who disagrees with a claim that the person owes a debt for an overpayment has the right to an adjudicative proceeding. The DSHS may not collect overpayments after six years from the date of notice of the overpayment absent a recovery action in court, which may extend the time for collection to 10 years. In addition, the DSHS may, at any time, accept offers of compromise of disputed claims, or may grant a partial or total write off of amounts due that are no longer cost effective to pursue.

Federal regulations require states administering Medicaid-funded programs to remit the federal portion of overpayments to the Centers for Medicare and Medicaid Services.

Summary of Substitute Bill:

Beginning July 1, 2025, the Department of Social and Health Services (DSHS) may waive all efforts to collect unintentional overpayments of the Aged, Blind, or Disabled (ABD) program and overpayments made to functionally disabled clients receiving long-term

support services and developmental disabilities services.

The DSHS must adopt rules establishing the circumstances under which it will waive collection efforts.

Substitute Bill Compared to Original Bill:

The authority granted to the Department of Social and Health Services to waive overpayments is specific to unintentional overpayments, rather than overpayments in general.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on January 24, 2025.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect on July 1, 2025.

Staff Summary of Public Testimony:

(In support) This is a good government bill that reduces fiscal waste. The collection rate for overpayments is low, creates a burden for agency staff, and comes at a cost to the mental health of those who have received the overpayment. Unintentional overpayments are due to mistake. Overpayment recovery for the programs at issue in the bill poses a substantial hardship for individuals with very low incomes and pushes them further into poverty.

Ninety two percent of overpayments are unintentional; the recovery rate is 25 percent. Many people exit their benefit program before they can repay the overpayment. The federal Social Security Administration has waiver policies for the federal assistance program that is similar to the Aged, Blind, or Disabled program.

(Opposed) None.

Persons Testifying: Representative Tarra Simmons, prime sponsor; and Brice Montgomery, Department of Social and Health Services, Economic Services Administration.

Persons Signed In To Testify But Not Testifying: None.