NEW SECTION. Sec. 19. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 20. Sections 1 through 14 of this act shall constitute a new chapter in Title 60 RCW.

NEW SECTION. Sec. 21. This act shall take effect January 1, 1987.

Passed the Senate March 9, 1986.
Passed the House March 7, 1986.
Approved by the Governor April 3, 1986.
Filed in Office of Secretary of State April 3, 1986.

CHAPTER 243
[Engrossed Senate Bill No. 4582]
HEALTH CARE CLAIMS—FRAUD

AN ACT Relating to fraud in the obtaining of health care benefits; adding a new chapter to Title 48 RCW; and prescribing penalties.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. The legislature finds and declares that the welfare of the citizens of this state is threatened by the spiraling increases in the cost of health care. It is further recognized that fraudulent health care claims contribute to these increases in health care costs. In recognition of these findings, it is declared that special attention must be directed at eliminating the unjustifiable costs of fraudulent health care claims by establishing specific penalties and deterrents. This chapter may be known and cited as "the health care false claim act."

NEW SECTION. Sec. 2. Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Claim" means any attempt to cause a health care payer to make a health care payment.

(2) "Deceptive" means presenting a claim to a health care payer that contains a statement of fact or fails to reveal a material fact, leading the health care payer to believe that the represented or suggested state of affairs is other than it actually is. For the purposes of this chapter, the determination of what constitutes a material fact is a question of law to be resolved by the court.

(3) "False" means wholly or partially untrue or deceptive.

(4) "Health care payment" means a payment for health care services or the right under a contract, certificate, or policy of insurance to have a payment made by a health care payer for a specified health care service.

(5) "Health care payer" means any insurance company authorized to provide health insurance in this state, any health care service contractor
authorized under chapter 48.44 RCW, any health maintenance organization
authorized under chapter 48.46 RCW, any legal entity which is self-insured
and providing health care benefits to its employees, or any person responsi-
ble for paying for health care services.

(6) "Person" means an individual, corporation, partnership, associa-
tion, or other legal entity.

(7) "Provider" means any person lawfully licensed or authorized to
render any health service.

NEW SECTION. Sec. 3. (1) A person shall not make or present or
cause to be made or presented to a health care payer a claim for a health
care payment knowing the claim to be false.

(2) No person shall knowingly present to a health care payer a claim
for a health care payment that falsely represents that the goods or services
were medically necessary in accordance with professionally accepted stand-
ards. Each claim that violates this subsection shall constitute a separate
offense.

(3) No person shall knowingly make a false statement or false repre-
sentation of a material fact to a health care payer for use in determining
rights to a health care payment. Each claim that violates this subsection
shall constitute a separate violation.

(4) No person shall conceal the occurrence of any event affecting his or
her initial or continued right under a contract, certificate, or policy of in-
surance to have a payment made by a health care payer for a specified
health care service. A person shall not conceal or fail to disclose any infor-
mation with intent to obtain a health care payment to which the person or
any other person is not entitled, or to obtain a health care payment in an
amount greater than that which the person or any other person is entitled.

(5) A person who violates this section is guilty of a class C felony
punishable under chapter 9A.20 RCW.

(6) This section does not apply to statements made on an application
for coverage under a contract or certificate of health care coverage issued
by an insurer, health care service contractor, health maintenance organiza-
tion, or other legal entity which is self-insured and providing health care
benefits to its employees.

NEW SECTION. Sec. 4. In a prosecution under this chapter, circum-
stantial evidence may be presented to demonstrate that a false statement or
claim was knowingly made. Such evidence may include but shall not be
limited to the following circumstances:

(1) Where a claim for a health care payment is submitted with the
person's actual, facsimile, stamped, typewritten, or similar signature on the
form required for the making of a claim for health care payment; and

(2) Where a claim for a health care payment is submitted by means of
computer billing tapes or other electronic means if the person has advised
the health care payer in writing that claims for health care payment will be submitted by use of computer billing tapes or other electronic means.

**NEW SECTION.** Sec. 5. This chapter shall not be construed to prohibit or limit a prosecution of or civil action against a person for the violation of any other law of this state.

**NEW SECTION.** Sec. 6. Upon the conviction under this chapter of any provider, the prosecutor shall provide written notification to the appropriate regulatory or disciplinary agency of such conviction.

**NEW SECTION.** Sec. 7. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

**NEW SECTION.** Sec. 8. Sections 1 through 7 of this act shall constitute a new chapter in Title 48 RCW.

Passed the Senate March 8, 1986.
Passed the House March 4, 1986.
Approved by the Governor April 3, 1986.
Filed in Office of Secretary of State April 3, 1986.

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**CHAPTER 244**

[Engrossed Substitute Senate Bill No. 4717]

**WATER QUALITY—WATER POLLUTION CONTROL FACILITIES—SERVICE PROVIDER AGREEMENTS**

AN ACT Relating to water quality services; adding a new section to chapter 35.23 RCW; adding a new section to chapter 35.94 RCW; adding a new section to chapter 36.34 RCW; adding a new section to chapter 39.04 RCW; adding a new section to chapter 54.04 RCW; adding a new section to chapter 56.08 RCW; adding a new section to chapter 57.08 RCW; adding a new chapter to Title 70 RCW; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

**NEW SECTION.** Sec. 1. The long-range health and economic and environmental goals for the state of Washington require the protection of the state's surface and underground waters for the health, safety, use, and enjoyment of its people. It is the purpose of this chapter to provide public bodies an additional means by which to provide for financing, development, and operation of water pollution control facilities needed for achievement of state and federal water pollution control requirements for the protection of the state's waters.

It is the intent of the legislature that public bodies be authorized to provide service from water pollution control facilities by means of service agreements with public or private parties as provided in this chapter.

**NEW SECTION.** Sec. 2. Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.