

Joint Legislative Audit and Review Committee (JLARC)



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SENATORS

Randi Becker
 John Braun, *Chair*
 Sharon Brown
 Annette Cleveland
 David Frockt
 Jeanne Kohl-Welles
 Mark Mullet, *Assistant Secretary*
 Ann Rivers

REPRESENTATIVES

Jake Fey
 Larry Haler
 Christine Kilduff
 Drew MacEwen
 Ed Orcutt, *Secretary*
 Gerry Pollet
 Derek Stanford, *Vice Chair*
 Drew Stokesbary

September 9, 2015

JOINT LEGISLATIVE AUDIT AND REVIEW COMMITTEE REGULAR COMMITTEE MEETING MINUTES

COMMITTEE BUSINESS

- Senator Braun, JLARC Chair, called the meeting to order at 10:00 a.m.
- *A motion was made to approve the July 29, 2015 meeting minutes. Motion was seconded and carried unanimously.*
- Legislative Auditor Keenan Konopaski introduced new JLARC staff member Melanie Stidham.
- Senator Braun asked the Legislative Auditor to remind the Committee about the difference between a preliminary report (like the Medicaid Fraud sunset review) and a proposed final report (like the Workers' Compensation claims management study). (See the TVW recording at [00:01](#))

REPORTS, PRESENTATIONS, DISCUSSIONS

Medicaid Fraud False Claims Act Sunset Review—Preliminary Report

Legislative Auditor's Conclusion: The Legislature should reauthorize the Medicaid Fraud False Claims Act because it allows the state to pursue additional fraud cases, and recoveries have increased

Mark Fleming of the JLARC staff presented the preliminary report for this study. Medicaid is a joint federal-state program that pays health care providers for services to eligible low-income individuals and families. In some instances providers file false claims, attempting to obtain payment to which they are not entitled. One way Washington combats Medicaid fraud is through civil cases brought by the Attorney General and private individuals acting as whistleblowers under the authority of the state's Medicaid Fraud False Claims Act (FCA). This act complements state criminal and federal Medicaid fraud investigations. Washington's FCA terminates June 30, 2016, unless reauthorized by the Legislature. The Legislative Auditor recommends that the Legislature reauthorize the Medicaid Fraud False Claims Act because the Act allows the state to pursue civil cases against Medicaid fraud that it would lack authority to pursue otherwise, and Medicaid fraud recoveries have increased. (See the TVW recording at [1:09](#))

Senator Braun invited representatives from the Office of the Attorney General (Douglas Walsh, Director of the Medicaid Fraud Unit; Carrie Bashaw, Civil Section Chief of the Medicaid Fraud Unit; Mike Webb, Legislative Liaison) to come before the Committee and respond to members' questions. (See the TVW recording at [14:45](#))

Workers' Compensation Claims Management—Proposed Final Report

Legislative Auditor's Conclusion: Claims management by L&I is unbiased, and decisions are generally timely. Outcomes could be improved if systems were more focused on prompt and safe return to work

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John Bowden and Rebecca Connolly from the JLARC staff presented the proposed final report for this study. JLARC staff worked with expert consultants to conduct a performance audit of workers' compensation claims management at the Department of Labor & Industries (L&I). The audit found that L&I:

- Can improve its efforts to help workers return to work promptly and safely
- Has mixed results for statutory timeliness standards
- Appears to make unbiased claims management and dispute resolution decisions
- Uses a variety of tools to communicate with employers, workers, and care providers

The Legislative Auditor offers recommendations to improve L&I's initial contact with workers and employers, claim planning and documentation, and the systems that support claims management. The Legislative Auditor also offers a recommendation regarding L&I oversight of the claim acceptance decisions made by self-insured employers. (See the TVW recording at [23:06](#))

Senator Braun invited agency representatives (Joel Sacks, Director of L&I; Vickie Kennedy, L&I Assistant Director for Insurance Services; Tammy Firkins, Governor's Performance Audit Liaison) to come before the Committee to speak to their agency comments and respond to members' questions. (See the TVW recording at [44:21](#))

Representative Orcutt made a motion to table consideration of releasing the report for distribution until the next JLARC meeting (December). He expressed concerns about the methodologies used to reach the audit's conclusion that there was no evidence of systemic bias in the claims management decisions made by L&I. Member discussion ensued. The Legislative Auditor offered to provide the Committee with additional information to further explain the methodologies used in that section of the report. Motion was seconded and carried. (See the TVW recording at [57:00](#))

Other Discussion

Senator Braun expressed his interest in Committee members working together on legislation to address issues raised in the July, September, and December JLARC reports. He said he would like to hear from members on whichever topics from those reports are of interest to them. (See the TVW recording at [1:06:00](#))

With no further business before the Committee, the Chair adjourned the meeting.

ATTENDANCE

JLARC Members Present: Senators John Braun, Annette Cleveland, David Frockt, Jeanne Kohl-Welles, Mark Mullet and Ann Rivers; Representatives Larry Haler, Christine Kilduff, Drew MacEwen, Ed Orcutt, Derek Stanford and Drew Stokesbary.

JLARC Staff Present: Keenan Konopaski, Legislative Auditor; John Bowden, Linda Byers, Rebecca Connolly, Ashley Elliott, Mark Fleming, Marilyn Richter, Melanie Stidham, Valerie Whitener, and John Woolley.

ADJOURNMENT

The meeting was adjourned at 11:07 a.m.

CHAIR

VICE CHAIR