

of twenty-seven thousand or more population is located may retain an exact copy of the original and make certified copies of the exact copy.

Passed the House January 10, 1990.

Passed the Senate February 26, 1990.

Approved by the Governor March 19, 1990.

Filed in Office of Secretary of State March 19, 1990.

CHAPTER 100

[Senate Bill No. 5169]

DEPARTMENT OF SOCIAL AND HEALTH SERVICES—REVENUE COLLECTION ACTIVITIES

AN ACT Relating to revenue collection by the department of social and health services; amending RCW 43.20B.635, 74.09.180, 74.09.182, 74.09.186, and 74.09.290; amending section 1, chapter 264, Laws of 1988 (uncodified); adding new sections to chapter 43.20B RCW; creating a new section; recodifying RCW 43.20A.440, 74.09.182, 74.09.186, and 74.09.750; and repealing RCW 74.09.184.

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

Sec. 1. Section 2, chapter 163, Laws of 1981 as amended by section 37, chapter 75, Laws of 1987 and RCW 43.20B.635 are each amended to read as follows:

After service of a notice of debt for an overpayment as provided for in RCW 43.20B.630, stating the debt accrued, the secretary may issue to any person, firm, corporation, association, political subdivision, or department of the state, an order to withhold and deliver property of any kind including, but not restricted to, earnings which are due, owing, or belonging to the debtor, when the secretary has reason to believe that there is in the possession of such person, firm, corporation, association, political subdivision, or department of the state property which is due, owing, or belonging to the debtor. The order to withhold and deliver shall state the amount of the debt, and shall state in summary the terms of this section, RCW ((7.33.280)) 6.27.150 and 6.27.160, chapters ((6.12)) 6.13 and ((6.16)) 6.15 RCW, 15 U.S.C. 1673, and other state or federal exemption laws applicable generally to debtors. The order to withhold and deliver shall be served in the manner prescribed for the service of a summons in a civil action or by certified mail, return receipt requested. Any person, firm, corporation, association, political subdivision, or department of the state upon whom service has been made shall answer the order to withhold and deliver within twenty days, exclusive of the day of service, under oath and in writing, and shall make true answers to the matters inquired of therein. The secretary may require further and additional answers to be completed by the person, firm, corporation, association, political subdivision, or department of the state. If any such person, firm, corporation, association, political subdivision, or department of the state possesses any property which may be subject to the claim of the

department of social and health services, such property shall be withheld immediately upon receipt of the order to withhold and deliver and shall, after the twenty-day period, upon demand, be delivered forthwith to the secretary. The secretary shall hold the property in trust for application on the indebtedness involved or for return, without interest, in accordance with final determination of liability or nonliability. In the alternative, there may be furnished to the secretary a good and sufficient bond, satisfactory to the secretary, conditioned upon final determination of liability. Where money is due and owing under any contract of employment, express or implied, or is held by any person, firm, corporation, association, political subdivision, or department of the state subject to withdrawal by the debtor, such money shall be delivered by remittance payable to the order of the secretary. Delivery to the secretary, subject to the exemptions under RCW ~~((7.33.280))~~ 6.27.150 and 6.27.160, chapters ~~((6.12))~~ 6.13 and ~~((6.16))~~ 6.15 RCW, 15 U.S.C. 1673, and other state or federal law applicable generally to debtors, of the money or other property held or claimed satisfies the requirement of the order to withhold and deliver. Delivery to the secretary serves as full acquittance, and the state warrants and represents that it shall defend and hold harmless for such actions persons delivering money or property to the secretary pursuant to this chapter. The state also warrants and represents that it shall defend and hold harmless for such actions persons withholding money or property pursuant to this chapter.

The secretary shall also, on or before the date of service of the order to withhold and deliver, mail or cause to be mailed by certified mail a copy of the order to withhold and deliver to the debtor at the debtor's last known post office address, or, in the alternative, a copy of the order to withhold and deliver shall be served on the debtor in the same manner as a summons in a civil action on or before the date of service of the order or within two days thereafter. The copy of the order shall be mailed or served together with a concise explanation of the right to petition for a hearing on any issue related to the collection. This requirement is not jurisdictional, but, if the copy is not mailed or served as provided in this section, or if any irregularity appears with respect to the mailing or service, the superior court, on its discretion on motion of the debtor promptly made and supported by affidavit showing that the debtor has suffered substantial injury due to the failure to mail the copy, may set aside the order to withhold and deliver and award to the debtor an amount equal to the damages resulting from the secretary's failure to serve on or mail to the debtor the copy.

Sec. 2. Section 74.09.180, chapter 26, Laws of 1959 as last amended by section 14, chapter 283, Laws of 1987 and RCW 74.09.180 are each amended to read as follows:

The provisions of this chapter shall not apply to recipients whose personal injuries are occasioned by negligence or wrong of another: PROVIDED, HOWEVER, That the secretary ~~((of the department of social and~~

~~health services may, in his discretion,)) may furnish assistance, under the provisions of this chapter, for the results of injuries to or illness of a recipient, and the department ((of social and health services)) shall thereby be subrogated to the recipient's rights against the recovery had from any tortfeasor ((and/or his or her)) or the tortfeasor's insurer, or both, and shall have a lien thereupon to the extent of the value of the assistance furnished by the department ((of social and health services: ~~PROVIDED FURTHER; That to the end of securing reimbursement of any assistance furnished to such a recipient, the department of social and health services may, as a nonexclusive legal remedy, assert and enforce a lien upon any claim, right of action, settlement proceeds, and/or money, including any claim for benefits arising from an insurance program, to which such recipient is entitled (a) against any tortfeasor and/or insurer of such tortfeasor, or (b) any contract of insurance, purchased by the recipient or any other person, providing coverage to such recipient for said injuries, any illness, dental costs, costs incident to birth, or any other coverage for purposes of or costs for which the department provides assistance or meets all or part of the cost of care to a vendor, to the extent of the assistance furnished by said department to the recipient. If a recovery shall be made and the subrogation or lien is satisfied either in full or in part as a result of an independent action initiated by or on behalf of a recipient to recover the personal injuries against any tortfeasor or insurer, then and in that event the amount repaid to the state of Washington as a result of said action, whether concluded by entry of a judgment or compromise and settlement, shall bear its proportionate share of attorney's fees and costs incurred by the injured recipient or his widow, children, or dependents, as the case may be, to the extent that such attorney's fees and costs are approved by the court in which the action is initiated, and upon notice to the department which shall have the right to be heard on the matter))~~. To secure reimbursement for assistance provided under this section, the department may pursue its remedies under section 7 of this 1990 act.~~

Sec. 3. Section 9, chapter 173, Laws of 1969 ex. sess. as amended by section 341, chapter 141, Laws of 1979 and RCW 74.09.182 are each amended to read as follows:

The form of the lien in ((~~RCW 74.09.180~~)) section 7 of this 1990 act shall be substantially as follows:

STATEMENT OF LIEN

Notice is hereby given that the State of Washington, Department of Social and Health Services, has rendered assistance or provided residential care to, a person who was injured on or about the day of in the county of state of, and the said

department hereby asserts a lien, to the extent provided in (~~RCW 74.09-180~~) section 7 of this 1990 act, for the amount of such assistance or residential care, upon any sum due and owing (name of injured person) from, alleged to have caused the injury, and/or his or her insurer and from any other person or insurer liable for the injury or obligated to compensate the injured person on account of such injuries by contract or otherwise.

STATE OF WASHINGTON, DEPARTMENT OF SOCIAL AND HEALTH SERVICES

By: (Title)

STATE OF WASHINGTON

COUNTY OF

} ss.

I,, being first duly sworn, on oath state: That I am (title); that I have read the foregoing Statement of Lien, know the contents thereof, and believe the same to be true.

.
(Subscribed) Signed and sworn to or affirmed before me this day of, 19.. by _____
(name of person making statement).

(Seal or stamp)

.
Notary Public in and for the State of Washington(, _____ residing _____ at _____)
My appointment expires:

Sec. 4. Section 12, chapter 173, Laws of 1969 ex. sess. and RCW 74.09.186 are each amended to read as follows:

(1) No settlement made by and between the recipient and tort feisor and/or insurer shall discharge or otherwise compromise the lien created in (~~RCW 74.09.180, against any money due or owing by such tort feisor or insurer to the recipient or relieve the tort feisor and/or insurer from liability by reason of such lien unless such settlement also provides for the payment and discharge of such lien or unless a written release or waiver of such claim or lien, signed by the department, be filed in the court where any action has been commenced on such claim, or in case no action has been commenced against the tort feisor and/or insurer, then such written release or waiver shall be delivered to the tort feisor or insurer~~) section 7 of this 1990 act without the express written consent of the secretary. Discretion to compromise such liens rests solely with the secretary or the secretary's designee.

(2) No settlement or judgment shall be entered purporting to compromise the lien created by section 7 of this 1990 act without the express written consent of the secretary or the secretary's designee.

Sec. 5. Section 10, chapter 152, Laws of 1979 ex. sess. as amended by section 23, chapter 41, Laws of 1983 1st ex. sess. and RCW 74.09.290 are each amended to read as follows:

The secretary of the department of social and health services or his authorized representative shall have the authority to:

(1) Conduct audits and investigations of providers of medical and other services furnished pursuant to this chapter, except that the Washington state medical disciplinary board shall generally serve in an advisory capacity to the secretary in the conduct of audits or investigations of physicians. ~~((In the conduct of such audits or investigations, the secretary may examine only those records or portions thereof, including patient records, for which services were rendered by a health care provider and reimbursed by the department))~~ Any overpayment discovered as a result of an audit of a provider under this authority shall be offset by any underpayments discovered in that same audit sample. In order to determine the provider's actual, usual, customary, or prevailing charges, the secretary may examine such random representative records as necessary to show accounts billed and accounts received except that in the conduct of such examinations, patient names, other than public assistance applicants or recipients, shall not be noted, copied, or otherwise made available to the department. In order to verify costs incurred by the department for treatment of public assistance applicants or recipients, the secretary may examine patient records or portions thereof in connection with services to such applicants or recipients rendered by a health care provider, notwithstanding the provisions of RCW 5.60.060, 18.53.200, 18.83.110, or any other statute which may make or purport to make such records privileged or confidential: PROVIDED, That no original patient records shall be removed from the premises of the health care provider, and that the disclosure of any records or information by the department of social and health services is prohibited and ~~((constitutes a violation of RCW 42.22.040))~~ shall be punishable as a class C felony according to chapter 9A.20 RCW, unless such disclosure is directly connected to the official purpose for which the records or information were obtained: PROVIDED FURTHER, That the disclosure of patient information as required under this section shall not subject any physician or other health services provider to any liability for breach of any confidential relationship between the provider and the patient, but no evidence resulting from such disclosure may be used in any civil, administrative, or criminal proceeding against the patient unless a waiver of the applicable evidentiary privilege is obtained: PROVIDED FURTHER, That the secretary shall destroy all copies of patient medical records in their possession upon completion of the audit, investigation or proceedings;

(2) Approve or deny applications to participate as a provider of services furnished pursuant to this chapter;

(3) Terminate or suspend eligibility to participate as a provider of services furnished pursuant to this chapter; and

(4) Adopt, promulgate, amend, and rescind administrative rules and regulations, in accordance with the administrative procedure act, chapter 34.05 RCW, to carry out the policies and purposes of RCW 74.09.200 through 74.09.290.

Sec. 6. Section 1, chapter 264, Laws of 1988 (uncodified) is amended to read as follows:

(1) Persons receiving public assistance, particularly families, frequently have great difficulty obtaining adequate housing. The department of social and health services is directed to conduct a pilot program designed to show whether the supply of housing for persons on public assistance would increase if the department made rental payments directly to landlords.

(2) The department shall solicit not fewer than three nor more than seven local governing bodies for participation in the pilot program. In implementing this program the department shall:

(a) Provide a written statement notifying the recipient of public assistance that the landlord may not legally require direct payment from the department;

(b) Upon written request of the recipient, pay to the recipient's landlord as defined in RCW 59.18.030, through the local governing body, that portion that equals ninety percent of the monthly public assistance grant which is allocated for rent in the department's payment standard under RCW 74.04.770 or ninety percent of the rent, whichever is less. No direct payment shall be made for rent of premises with respect to which the landlord is not in compliance with RCW 59.18.060;

(c) Promptly terminate such payments to the landlord upon the recipient's written request, provided that the recipient gives written notice of termination of direct payments to the landlord and the local governing body;

(d) Enter into an agreement with the local governing bodies selected to participate in the pilot program for the direct payment of rent to landlords.

(3) The local governing bodies selected to participate in the pilot program shall:

(a) Administer the pilot program using existing housing assistance providers, where appropriate;

(b) Charge the landlord a monthly fee of two dollars to cover the cost of administering each direct payment made under this section, which fee shall not be charged to the tenant;

(c) Charge the landlord a fee, up to fifty dollars, to cover the cost of inspecting and certifying that the housing unit is in compliance with the housing quality standards used for the United States department of housing and urban development, section eight existing housing program.

(4) The landlords participating in the pilot program shall mail to the secretary and the local governing body, by certified mail, a copy of any notice served upon the tenant under RCW 59.12.030 or 59.18.200 which terminates the tenancy. The notice, when mailed to the secretary and the local governing body, shall constitute the landlord's request that the secretary and local governing body cease making direct payments of rent to the landlord.

(5) No recipient of public assistance shall be liable to the department of social and health services for any amount incorrectly paid to a landlord under this section. The department shall recover such overpayment from the landlord (~~under RCW 74.04.700~~).

(6) The department of social and health services shall adopt rules under chapter 34.05 RCW regarding the pilot program.

(7) The secretary may include in the department's annual report to the governor and the legislature a summary of the progress and status of the pilot program. The summary shall include but need not be limited to the results of the individual projects selected, the number of persons served, and recommendations for improving the program.

(8) The secretary shall immediately take such steps as are necessary to ensure that this section is implemented on its effective date. This section shall take effect July 1, 1988.

(9) This section shall terminate June 30, 1991, unless extended by law for an additional fixed period of time.

NEW SECTION. Sec. 7. A new section is added to chapter 43.20B RCW to read as follows:

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

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

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

(4) If recovery is made by the department under this section and the subrogation is fully or partially satisfied through an action brought by or on behalf of the recipient, the amount paid to the department shall bear its proportionate share of attorneys' fees and costs. The determination of the proportionate share to be borne by the department shall be based upon:

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

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

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

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

NEW SECTION. Sec. 8. A new section is added to chapter 43.20B RCW to read as follows:

An attorney representing a person who, as a result of injuries or illness sustained through the negligence or wrong of another, has received, is receiving, or has applied to receive assistance under chapter 74.09 RCW, or residential care provided by the department at a hospital for the mentally ill or habilitative care center for the developmentally disabled, shall:

(1) Notify the department at the time of filing any claim against a third party, commencing an action at law, negotiating a settlement, or accepting a settlement offer from the tortfeasor or the tortfeasor's insurer, or both; and

(2) Give the department thirty days' notice before any judgment, award, or settlement may be satisfied in any action or any claim by the applicant or recipient to recover damages for such injuries or illness.

NEW SECTION. Sec. 9. RCW 43.20A.440 is recodified as RCW 43.20B.687.

NEW SECTION. Sec. 10. RCW 74.09.182 and 74.09.186 are recodified as sections in chapter 43.20B RCW.

NEW SECTION. Sec. 11. RCW 74.09.750 is recodified as RCW 43.20B.130.

NEW SECTION. Sec. 12. Section 10, chapter 173, Laws of 1969 ex. sess. and RCW 74.09.184 are each repealed.

NEW SECTION. Sec. 13. Sections 2, 4, 7(1), and 8(2) of this act apply to all existing claims against third parties for which settlements have not been reached or judgments entered by the effective date of this section.

Passed the Senate March 5, 1990.

Passed the House March 1, 1990.

Approved by the Governor March 19, 1990.

Filed in Office of Secretary of State March 19, 1990.

CHAPTER 101

[Substitute Senate Bill No. 6221]

HIGH SCHOOL AND BEYOND ASSESSMENT PROGRAM

AN ACT Relating to the Washington state high school and beyond program; amending RCW 28A.03.360; and adding new sections to Title 28A RCW.

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

NEW SECTION. Sec. 1. The Washington state high school and beyond assessment program is hereby established to (1) provide information to guide students toward improved self-understanding, maximize use of their talents, and increase their awareness of the options available to them, all of which are essential to making informed decisions about choices in high school and beyond; and (2) provide information that will assist education policy makers, at all levels, determine the achievement levels of students, evaluate existing programs and services for students, identify appropriate new programs or services, and assess the effects of educational policies over time.

NEW SECTION. Sec. 2. The superintendent of public instruction shall prepare and conduct, with the assistance of school districts, an annual assessment of all students in the eighth grade. The purposes of the assessment are to assist students, parents, and teachers in the planning and selection of appropriate high school courses for students and to provide information about students' current academic proficiencies both in the basic skills of reading, mathematics, and language, and in the reasoning and thinking skills essential for successful entry into those courses required for high school graduation. The assessment shall also include the collection of