



Administrative Policy No. 10.02

Subject: Overpayments and Debts for Providers and Vendors

Information Contact: Chief, Office of Financial Recovery
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Authorizing Source: [RCW 43.20B.675](#) and [RCW 43.20B.695](#)

Resource: [Administrative Policy 19.85.54](#)

Effective Date: December 31, 1987

Revised: April 8, 2025

Approved By: Original approved by Pearlette J. Ramos
Senior Director, Office of Justice and Civil Rights

Purpose

This policy:

1. Establishes a uniform method for identifying, notifying, referring to the office of financial recovery (OFR), and collection processing of all overpayments and debts from providers and vendors.
2. Gives providers and vendors a uniform, formal hearing process.
3. Helps ensure the separation of duties between:
 - a. Administrations that identify overpayments and debts.
 - b. OFR's responsibility to collect overpayments and debts.

Scope

This policy applies to all:

1. Department of Social and Health Services (DSHS) administrations and divisions.
2. Provider and vendor overpayments and debts, regardless of whether these were:
 - a. Covered under a DSHS contract.

- b. Identified via an audit, investigation, cost settlement, or other means.

This policy does not cover interagency agreement disputes detailed in [Chapter 39.34 RCW](#).

This policy exempts:

- Managed care organizations' reimbursements related to the billing and receipt of inpatient claims and hospital reimbursement.
- Language access providers, pursuant to the collective bargaining agreement between the state of Washington and Washington Federation of State Employees, AFSCME council 28, for language access providers.

Definitions

Court-ordered restitution: A debt to DSHS as determined by a court of law.

Fine: A financial penalty that is assessed by DSHS or the federal government and is to be collected by DSHS. In this policy, "fines" may also include various "fees."

Overpayments and debts: Any DSHS payment or benefit to a vendor or provider in excess of the amount the provider or vendor was entitled to by law, rule, or contract.

Partner agencies: Organizations (such as former DSHS entities the Department of Children, Youth, and Families and the Health Care Authority) who sign agreements to allow OFR to collect certain overpayments or debts.

Provider or vendor: An individual, business or other entity that obtained, delivered or otherwise managed a service or product.

Recoupment: Money that is withheld from payments to a vendor or provider in the amount of an established overpayment, or debt, plus any interest.

Policy

- A. Court-ordered restitution and fines are treated as any other overpayment or debt.
- B. Every DSHS administration and partner agency must have written procedures regarding the identification and resolution of questionable bills from, or payments to, providers and vendors. These procedures must indicate that overpayments must be referred to OFR.

- C. OFR may assist in establishing the procedures required in “B” (above).
- D. With the exception of the areas outlined in [administrative policy 4.13](#):
 - 1. All DSHS debts and overpayments must be referred to OFR for collection.
 - 2. Only the OFR chief may reduce or forgive DSHS overpayments or debts.
 - 3. Only OFR may collect DSHS vendor and provider debt.
- E. Unless the referring program sends out a notice , OFR must send written notice of the amount owed to providers and vendors who have an overpayment or debt. This notice must:
 - 1. State the basis of the overpayment or debt.
 - 2. Be sent to the provider or vendor by certified mail, return receipt requested, or by personal service (as defined in RCW 4.28.080 summons, how served).
 - 3. Contain information on administrative hearing rights.
 - 4. State that DSHS will apply interest to the overpayment or debt, as allowed by [RCW 43.20B.695](#).
- G. OFR must record and forward hearing requests to the Office of Administrative Hearings for scheduling, and to the appropriate DSHS administration or program contact, or partner agency when providers and vendors request a hearing.
- H. The DSHS program or partner agency referring the overpayment is responsible for representing DSHS in any pre-hearing dispute resolution, meeting, conference, or hearing that involves the establishment of the debt or overpayment.
- I. OFR is responsible for responding to issues arising from the collection of the debt or overpayment.