

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 1232

PRINTER NO. 1667

AMOUNT

No Fiscal Impact

FUND

State Workers' Insurance Fund

DATE INTRODUCED

May 31, 2024

PRIME SPONSOR

Senator Pennycuik

DESCRIPTION

Senate Bill 1232 amends the Workers' Compensation Act to provide for payment of benefits by direct deposit.

This legislation entitles those eligible to receive workers' compensation benefits to request payment by direct deposit. Insurers or self-insured employers may require individuals to receive payment by direct deposit if payment by payroll card, provided at no cost to the individual receiving benefits, is also offered.

For one year after the effective date of this legislation, insurers and self-insured employers will have the option to offer direct deposit. No later than one year after the effective date of this legislation, direct deposit as a payment option must be offered.

Senate Bill 1232 requires insurers or self-insured employers to notify eligible individuals of the option to utilize direct deposit either immediately upon availability, concurrently with a notice of compensation payable or simultaneously with the first check that is mailed.

An individual who requests or is required to receive compensation via direct deposit must submit a payment authorization form. The Department of Labor and Industry (department) will develop and make available a standard payment authorization form. The form may be submitted electronically if the insurer or self-insured employer agrees to accept it electronically. If a person fails to submit a valid form within 30 days of notice of requirement, an insurer or self-insured employer may issue a payroll card or temporarily pay via check.

This legislation requires that the person entitled to compensation or their legal guardian must have control and signatory access to the account, which must be in a bank or credit union. The account can only be changed twice per year unless ordered by a workers' compensation judge or a court of competent jurisdiction. Payments may not be split between multiple methods or multiple accounts. Requests to initiate direct deposit, change accounts or discontinue accounts must be implemented within 45 days.

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The bill provides that insurers or self-insured employers shall not be liable for replacing funds sent to an incorrect account if the error is that of the person eligible for compensation. Reasonable actions to recover funds must be taken, and any recovered funds must be promptly paid to the person entitled to compensation. Any lump sum settlement payments or payments made for a short-term duration (claims expected to be less than 60 days) may be made by check unless the insurer or self-insured employer agrees to make payments via direct deposit.

These provisions apply only to installments of compensation paid on or after the effective date of this legislation. The legislation shall take effect in 60 days.

FISCAL IMPACT:

Senate Bill 1232 will have no fiscal impact on Commonwealth funds. Any administrative costs incurred by the department can be accommodated within its current budget. The State Workers' Insurance Fund will incur no costs to comply with the provisions of the legislation as the fund already offers direct deposit for those receiving benefits.