

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1232 Session of 2024

INTRODUCED BY PENNYCUICK, FARRY, BROWN, KANE, COSTA, SCHWANK, LANGERHOLC, MUTH, SANTARSIERO, TARTAGLIONE, DILLON AND FONTANA, MAY 31, 2024

AS AMENDED ON THIRD CONSIDERATION, JULY 9, 2024

AN ACT

1 Amending the act of June 2, 1915 (P.L.736, No.338), entitled "An
2 act defining the liability of an employer to pay damages for
3 injuries received by an employe in the course of employment;
4 establishing an elective schedule of compensation; providing
5 procedure for the determination of liability and compensation
6 thereunder; and prescribing penalties," in liability and
7 compensation, further providing for payment of compensation.

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. Section 308 of the act of June 2, 1915 (P.L.736,
11 No.338), known as the Workers' Compensation Act, is amended to
12 read:

13 Section 308. (a) Except as hereinafter provided, all
14 compensation payable under this article shall be payable in
15 periodical installments, as the wages of the employe were
16 payable before the injury.

17 (b) Compensation payable under this article shall be paid by
18 direct deposit to the account of the person entitled to the
19 compensation. The person entitled to compensation who does not
20 have an account with a financial institution capable of

1 accepting a direct deposit may request payment be made by paper
2 check in lieu of direct deposit. The following shall apply:

3 (1) Installments of compensation payable under this article
4 paid by direct deposit shall be subject to the following:

5 (i) After the effective date of this subparagraph, an
6 insurer or self-insured employer may permit or require payment
7 of compensation by direct deposit. If the insurer or self-
8 insured employer permits payment by direct deposit, the option
9 shall be available to all persons entitled to compensation from
10 the insurer or self-insured employer.

11 (ii) No later than one year after the effective date of this
12 subparagraph, all insurers and self-insured employers shall
13 permit payment of compensation by direct deposit.

14 (2) The insurer or self-insured employer shall notify the
15 persons entitled to compensation of the option or requirement to
16 receive compensation by direct deposit. Notification shall be
17 made immediately upon the availability or requirement of direct
18 deposit by the insurer or self-insured employer or concurrently
19 with a notice of compensation payable.

20 (3) The insurer or self-insured employer shall provide the
21 person entitled to compensation with a payment authorization
22 form or may direct the person entitled to compensation to an
23 online authorization form.

24 (4) A person entitled to compensation who requests to
25 receive compensation by direct deposit shall submit an accurate
26 and valid payment authorization form or a valid online
27 authorization form to the insurer or self-insured employer. The
28 following shall apply:

29 (i) The payment authorization form may be submitted
30 electronically if the insurer or self-insured employer has

1 agreed to accept the form electronically.

2 (ii) The insurer or self-insured employer shall not be
3 required to pay compensation by direct deposit unless the person
4 entitled to compensation has submitted a valid payment
5 authorization form or a valid online authorization form.

6 (iii) If the insurer or self-insured employer requires
7 payment by direct deposit and the person entitled to
8 compensation does not submit a valid payment authorization form
9 or valid online authorization form within thirty days of
10 receiving notification of the requirement, the insurer or self-
11 insured employer may, at the discretion of the insurer or self-
12 insured employer, temporarily pay compensation by paper check.

13 (5) A person entitled to compensation shall have the right
14 to choose the deposit account to which payment of compensation
15 is made and may request to change the deposit account designated
16 to receive compensation or discontinue direct deposit by
17 submitting a revised payment authorization form or a revised
18 online authorization form to the insurer or self-insured
19 employer. The deposit account shall be subject to the following
20 requirements:

21 (i) The person entitled to compensation shall have control
22 and signatory access to the chosen deposit account.

23 (ii) The deposit account shall be with a bank as defined
24 under 12 U.S.C. § 1813(a) (1) (relating to definitions) on the
25 effective date of this subparagraph or a credit union.

26 (iii) A deposit account may be changed no more than two
27 times in any calendar year, unless otherwise ordered by a
28 workers' compensation judge or a court of competent
29 jurisdiction.

30 (6) For a person entitled to compensation under section 307, <--

1 payments of compensation may not be split between multiple
2 payment methods, and payments of compensation made by direct
3 deposit may not be split between multiple deposit accounts.

4 (7) A request to initiate direct deposit, change deposit
5 accounts or discontinue direct deposit shall be implemented
6 within forty-five days of receipt, provided that the payment
7 authorization form or online authorization form is valid.

8 (8) An insurer or a self-insured employer shall not be
9 responsible for repaying any money deposited into an incorrect
10 account if the sole reason for the error is incorrect
11 information provided by the person entitled to receive
12 compensation. An insurer or a self-insured employer shall take
13 reasonable actions to attempt to recover the money and any money
14 later recovered by the insurer or self-insured employer shall
15 promptly be credited to the person entitled to receive
16 compensation.

17 (9) Lump sum settlement payments made as a result of a
18 compromise and release agreement may be made by paper check
19 unless the insurer or self-insured employer agrees to make
20 payment by direct deposit.

21 (10) A payment made on a claim with an expected duration of
22 sixty days or less may be made by paper check unless:

23 (i) The insurer or self-insured employer agrees to make
24 payment by direct deposit.

25 (ii) The person entitled to compensation previously received
26 compensation by direct deposit and verifies that the direct
27 deposit account previously used is still valid.

28 (c) The department shall develop and publish a standard
29 payment authorization form for use by all insurers and self-
30 insured employers under this section. The form shall include,

1 but not be limited to, the following information:

2 (1) The name, telephone number, mailing address and email
3 address of the person entitled to compensation.

4 (2) The workers' compensation claim number.

5 (3) Whether the person entitled to compensation is
6 requesting to initiate direct deposit, change deposit accounts,
7 discontinue direct deposit or elects payment by paper check in
8 lieu of direct deposit.

9 (4) The name and address of the financial institution and
10 the account and routing numbers to which compensation shall be
11 sent.

12 (5) Acknowledgment that failure to notify the insurer or
13 self-insured employer of any change in financial institution or
14 account may delay receipt of compensation or settlement
15 proceeds.

16 (6) Acknowledgment that a false statement or failure to
17 disclose a material fact to obtain or increase compensation may
18 result in criminal prosecution, disqualification of benefits and
19 repayment of money deposited into the account.

20 (7) Acknowledgment that the person entitled to compensation
21 shall notify the insurer or self-insured employer of changes in
22 circumstance that affect entitlement to compensation payable
23 under this article.

24 (d) As used in this section:

25 "Credit union" shall mean any of the following:

26 (1) A cooperative corporation incorporated under any of the
27 following:

28 (i) The former act of May 26, 1933 (P.L.1076, No.260),
29 referred to as the Credit Union Act.

30 (ii) The former act of September 20, 1961 (P.L.1548,

1 No.658), known as the "Credit Union Act."

2 (iii) The act of December 19, 1990 (P.L.834, No.198), known
3 as the "GAA Amendments Act of 1990."

4 (2) A credit union organized in accordance with the
5 provisions of 12 U.S.C. Ch. 14 (relating to Federal credit
6 unions).

7 "Direct deposit" shall mean a credit to a deposit account in
8 a financial institution made by electronic fund transfer. The
9 term does not include money loaded onto a debit card associated
10 with a financial institution.

11 "Electronic fund transfer" as defined in 15 U.S.C. § 1693a
12 (relating to definitions).

13 "Online authorization form" shall mean a form on a publicly
14 accessible Internet website or electronic service, including a
15 mobile application, which is prescribed by an insurer or self-
16 insured employer and which contains the same information as the
17 payment authorization form under subsection (c).

18 "Payment authorization form" shall mean the payment
19 authorization form published under subsection (c).

20 "Person entitled to compensation" shall mean an employe, a
21 person entitled to compensation or the person's legal
22 representative under this article.

23 "Valid online authorization form" shall mean a completed
24 online authorization form that contains all information
25 necessary for the insurer or self-insured employer to initiate
26 direct deposit, change deposit accounts or discontinue direct
27 deposit.

28 "Valid payment authorization form" shall mean a completed
29 payment authorization form that contains the information
30 necessary for an insurer or self-insured employer to initiate

1 direct deposit, change deposit accounts or discontinue direct
2 deposit.

3 Section 2. This act shall apply to installments of
4 compensation paid on or after the effective date of this
5 section.

6 Section 3. This act shall take effect in 60 days.