

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 SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, OCTOBER 8, 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 UPON REQUEST OF THE person entitled to

1 compensation who does not have an account with a financial
2 institution capable of accepting a direct deposit ~~may request~~ <--
3 ~~payment be made,~~ THE INSURER OR SELF-INSURED EMPLOYER SHALL PAY <--
4 COMPENSATION by paper check in lieu of direct deposit. The
5 following shall apply:

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

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

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

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

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

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

1 following shall apply:

2 (i) The payment authorization form may be submitted
3 electronically if the insurer or self-insured employer has
4 agreed to accept the form electronically.

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

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

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

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

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

30 (iii) A deposit account may be changed no more than two

1 times in any calendar year, unless otherwise ordered by a
2 workers' compensation judge or a court of competent
3 jurisdiction.

4 (6) For a person entitled to compensation, payments of
5 compensation may not be split between multiple payment methods,
6 and payments of compensation made by direct deposit may not be
7 split between multiple deposit accounts.

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

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

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

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

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

29 (ii) The person entitled to compensation previously received
30 compensation by direct deposit and verifies that the direct

1 deposit account previously used is still valid.

2 (c) The department shall develop and publish a standard
3 payment authorization form for use by all insurers and self-
4 insured employers under this section. The form shall include,
5 but not be limited to, the following information:

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

8 (2) The workers' compensation claim number.

9 (3) Whether the person entitled to compensation is
10 requesting to initiate direct deposit, change deposit accounts,
11 discontinue direct deposit or elects payment by paper check in
12 lieu of direct deposit.

13 (4) The name and address of the financial institution and
14 the account and routing numbers to which compensation shall be
15 sent.

16 (5) Acknowledgment that failure to notify the insurer or
17 self-insured employer of any change in financial institution or
18 account may delay receipt of compensation or settlement
19 proceeds.

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

24 (7) Acknowledgment that the person entitled to compensation
25 shall notify the insurer or self-insured employer of changes in
26 circumstance that affect entitlement to compensation payable
27 under this article.

28 (d) As used in this section:

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

30 (1) A cooperative corporation incorporated under any of the

1 following:

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

4 (ii) The former act of September 20, 1961 (P.L.1548,
5 No.658), known as the "Credit Union Act."

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

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

11 "Direct deposit" shall mean a credit to a deposit account in
12 a financial institution made by electronic fund transfer. The
13 term does not include money loaded onto a debit card associated
14 with a financial institution.

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

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

22 "Payment authorization form" shall mean the payment
23 authorization form published under subsection (c).

24 "Person entitled to compensation" shall mean an employe, a
25 person entitled to compensation or the person's legal
26 representative under this article.

27 "Valid online authorization form" shall mean a completed
28 online authorization form that contains all information
29 necessary for the insurer or self-insured employer to initiate
30 direct deposit, change deposit accounts or discontinue direct

1 deposit.

2 "Valid payment authorization form" shall mean a completed
3 payment authorization form that contains the information
4 necessary for an insurer or self-insured employer to initiate
5 direct deposit, change deposit accounts or discontinue direct
6 deposit.

7 Section 2. This act shall apply to installments of
8 compensation paid on or after the effective date of this
9 section.

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