

## **BILL ANALYSIS**

Senate Research Center  
76R10340 JMM-F

H.B. 2511  
By: Giddings (Armbrister)  
Economic Development  
5/13/1999  
Engrossed

### **DIGEST**

Currently, the amount of paperwork that must be processed within the Workers' Compensation system lengthens the time required to process workers' compensation claims and disputes. The Texas Workers' Compensation Commission (commission) staff sometimes has difficulty in obtaining or verifying workers' compensation coverage and claims information from employers, certified self-insurers, and political subdivisions. The commission currently utilizes more than 100 full-time employees to enter data into a database. The volume of information processed in this manner is too large to allow for effective quality control, and thus errors are made during data entry, which makes later analysis difficult. Additionally, in some cases employers will send reports of injury to the commission instead of the insurance carrier which causes delays in the delivery of medical care to injured workers. H.B. 2511 permits the commission, by rule, to allow or require electronic transmission of information to be used in lieu of transmitting information via paper form. This bill authorizes the commission to consult a data collection agent to fulfill the data collection requirements and adopt rules necessary to implement the data collection requirements. This bill also requires the executive director of the commission to develop a plan and appoint a task force to incorporate electronic reporting, information, and financial exchanges between parties in the workers' compensation system. The commission is authorized to adopt rules to establish the coverage and claim administration contact information.

### **PURPOSE**

As proposed, H.B. 2511 requires a certified self-insurer and political subdivision to file notice of the coverage and claim administration contact information with the Texas Workers' Compensation Commission (commission). This bill also prohibits the employer from transferring the obligation to report injuries to the insurance carrier. It also provides a penalty for an employer or insurance carrier if an employer or insurance carrier fails to identify or confirm an employer's coverage status and claim administration contact information.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the Texas Workers' Compensation Commission in SECTION 1 (Section 401.024, Labor Code), SECTION 2 (Section 406.006, Labor Code), and SECTION 3 (Section 406.009, Labor Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 401.024, Labor Code, as follows:

Sec. 401.024. TRANSMISSION OF INFORMATION. (a) Defines "electronic transmission."

(b) Authorizes the Texas Workers' Compensation Commission (commission), by rule, to permit or require electronic transmission to be used instead of the specified form, manner or procedure, notwithstanding other provisions in this subtitle that specify the form, manner, or procedure for the transmission of specified information. Provides that if electronic transmission of specific information is not authorized or permitted by commission rule, transmission of that information is governed by any applicable statute or rule that prescribes the form, manner, or procedure for the transmission, including standards adopted by the Department of Information Resources.

(c) Authorizes the commission to designate and contract with a data collection agent in order to fulfill the data collection requirements of this subtitle.

(d) Authorizes the executive director of the commission (executive director) to prescribe the form, manner, and procedure for transmission of any authorized or required electronic transmissions, including requirements related to security, confidentiality, accuracy, and accountability.

SECTION 2. Amends Section 406.006, Labor Code, as follows:

Sec. 406.006. New Title: INSURANCE COVERAGE AND CLAIM ADMINISTRATION REPORTING REQUIREMENTS; ADMINISTRATIVE VIOLATION. (a) Requires a certified self-insurer and a political subdivision to file notice of the coverage and claim administration contact information with the commission no later than 10 days after the coverage or claim administration agreement takes effect, unless the commission adopts a rule establishing a later date for filing. Provides that coverage takes effect on the date on which a binder is issued, a later date and time which is agreed to by the parties, on the date provided by the certificate of self-insurance, or on the date provided in an interlocal agreement that provides for self-insurance. Authorizes the commission to adopt rules in order to establish the coverage and claim administration contact information required under this subsection. Makes conforming changes.

(c) Sets forth that an insurance company, certified self-insurer, or political subdivision commits a violation if the person, rather than a company, fails to file notice with the commission as provided by this section.

(d) Defines "political subdivision" in this section.

SECTION 3. Amends Section 406.009, Labor Code, by adding Subsections (c),(d), and (e), as follows: (c) Authorizes the commission to designate a data collection agent, implement an electronic reporting and public information access program, and adopt rules necessary to implement the data collection requirements of this subchapter. Authorizes the executive director to establish the form, manner, and procedure for the transmission of information to the commission as provided by Section 402.042(b)(11) (General Powers and Duties of Executive Director).

(d) Authorizes the commission to require an employer or insurance carrier subject to this subtitle to identify or confirm an employer's coverage status and claim administration contact information as necessary to achieve the purposes of this subtitle. (e) Sets forth that an employer or insurance carrier commits a Class C administrative violation if that person fails to comply with Subsection(d).

SECTION 4. Amends Section 406.051(c), Labor Code, to prohibit the employer from transferring the obligation to report injuries to the insurance carrier, rather than commission, under Section 409.005 (Report of Injury; Administrative Violation).

SECTION 5. Amends Section 408.003(e), Labor Code, to make a conforming change.

SECTION 6. Amends Section 504.002(a), Labor Code, to provide that Sections 406.006 (Insurance Company Notice; Administrative Violation), 406.007(Termination of Coverage by Employer; Notice), 406.008 (Cancellation or Nonrenewal of Coverage by Insurance Company; Notice), 406.009 (Collecting and Maintaining Information; Monitoring and Enforcing Compliance), rather than Chapter 405 (Repealed), apply to and are included in this chapter except to the extent that they are inconsistent with this chapter.

SECTION 7.(a) Effective date: September 1, 1999, except as provided by Subsection (c) of this section.

(b) Sets forth the executive director of the commission's requirement to develop and publish a plan to incorporate electronic reporting of information and financial exchanges between the parties in the workers' compensation system within a certain time period. Specifies provisions for the plan. Specifies the executive director's requirement to appoint a taskforce and hold public hearings. Sets forth that the plan is designed to achieve a 30 percent reduction in paper communication requirements within a certain time period. (c) Sets forth that the change in law made by this Act to Section 406.006, Labor Code, with regard to a certified self-insurer and political subdivision not required to file notice of coverage before the effective date of this Act, takes effect January 1, 2000.

SECTION 8. Emergency clause.