

BILL ANALYSIS

C.S.H.B. 2287
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Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that certified self-insurers should not be charged with an administrative violation for conduct constituting such a violation under the Texas Workers' Compensation Act engaged in by a third-party administrator acting as a claims servicing contractor for the self-insurer's workers' compensation program. C.S.H.B. 2287 seeks to prohibit such a charge unless the self-insurer directed the administrator to engage in such violative conduct.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2287 amends the Labor Code to make it an administrative violation under the Texas Workers' Compensation Act for an administrator, as that term is defined by Insurance Code provisions governing third-party administrators, to engage in specified conduct that otherwise constitutes an administrative violation by an insurance carrier or its representative in the course of administering a claim on behalf of a certified self-insurer while the administrator is under contract with the certified self-insurer. The bill prohibits a certified self-insurer from being charged with such an administrative violation unless the certified self-insurer directed the administrator to engage in the conduct that is the subject of the violation.

EFFECTIVE DATE

September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2287 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 415.002, Labor Code,

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 415.002, Labor Code,

85R 29433

17.128.490

Substitute Document Number: 85R 23412

is amended by adding Subsections (c) and (d) to read as follows:

(c) An administrator, as defined by Section 4151.001, Insurance Code, commits an administrative violation under Subsection (a) if the administrator:

(1) is under contract with a certified self-insurer; and

(2) engages in conduct described by Subsection (a) in the course of administering a claim on behalf of the certified self-insurer.

(d) A certified self-insurer may not be charged with an administrative violation under Subsection (a) if the conduct that is the subject of the violation was engaged in by an administrator, as defined by Section 4151.001, Insurance Code, of the certified self-insurer, unless the certified self-insurer was aware that the administrator was engaging in that conduct.

SECTION 2. Sections 415.002(c) and (d), Labor Code, as added by this Act, apply only to an administrative violation committed on or after the effective date of this Act. An administrative violation committed before the effective date of this Act is governed by the law in effect on the date the administrative violation was committed, and the former law is continued in effect for that purpose.

SECTION 3. This Act takes effect September 1, 2017.

is amended by adding Subsections (c) and (d) to read as follows:

(c) Notwithstanding any provision of a contract entered into under Section 4151.253, Insurance Code, an administrator, as defined by Section 4151.001 of that code, commits an administrative violation under Subsection (a) if the administrator:

(1) is under contract with a certified self-insurer; and

(2) engages in conduct described by Subsection (a) in the course of administering a claim on behalf of the certified self-insurer.

(d) A certified self-insurer may not be charged with an administrative violation under Subsection (a) if the conduct that is the subject of the violation was engaged in by an administrator, as defined by Section 4151.001, Insurance Code, of the certified self-insurer, unless the certified self-insurer directed the administrator to engage in that conduct.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.