

SUBJECT: Adopting study on employers who do not provide workers' compensation

COMMITTEE: Business and Industry — favorable, with amendment

VOTE: 6 ayes — Oliveira, Simmons, Collier, Fletcher, Romero, Villalba

1 nay — Rinaldi

WITNESSES: For — Rick Levy, Texas AFL-CIO; Maxie Gallardo, Workers Defense Project; (*Registered, but did not testify*: Michael Chatron, AGC Texas Building Branch; Jim Grace, CenterPoint Energy, Inc.; Chris Jones, Combined Law Enforcement Associations of Texas (CLEAT); Ashley Harris, Texans Care for Children; Ned Munoz, Texas Association of Builders; Michael White, Texas Construction Association)

Against — Steve Bent, Texas Association of Responsible Nonsubscribers; (*Registered, but did not testify*: Stephanie Simpson, Texas Association of Manufacturers)

On — Richard Evans, Texas Alliance of Nonsubscribers; (*Registered, but did not testify*: Amy Lee, Texas Department of Insurance, Division of Workers' Compensation; DC Campbell, Texas Department of Insurance)

DIGEST: HB 2587, as amended, would require the workers' compensation research and evaluation group of the Division of Workers' Compensation of the Texas Department of Insurance to conduct a study to:

- identify industries in which employers tend not to participate in the workers' compensation system and determine why not; and
- determine the extent to which injured employees of non-participating employers rely on public benefits for the treatment and rehabilitation of their injuries and to replace lost income while their injuries leave them unable to work.

The bill would allow the division to require employers that elected not to participate in the workers' compensation system or did not offer an

alternative occupational benefit plan to submit information to the division as necessary to complete the study.

If requested by the workers' compensation research and evaluation group, the Texas Workforce Commission, Health and Human Services Commission, Department of State Health Services, and Texas Health Care Information Council would provide information or otherwise assist the group in preparing the report.

The workers' compensation commissioner would submit a report containing the findings of the study to the governor, lieutenant governor, speaker of the House of Representatives, and appropriate standing committees of the Legislature by December 1, 2016. HB 2587 would expire December 31, 2016.

The bill would take effect September 1, 2015.

**SUPPORTERS
SAY:**

HB 2587 would provide valuable information to the Legislature and to taxpayers by requiring a study and report on injured workers not covered by the workers' compensation system or an alternative benefit plan.

According to data from the Texas Department of Insurance's Division of Workers' Compensation, about 80,000 Texas employers — about 22 percent — do not carry workers' compensation insurance or offer an alternative plan, which leaves about 470,000 of their workers without coverage. Job-related injuries to these workers contribute to the high costs of uncompensated care borne by Texas hospitals and taxpayers, including those with insurance to whom some of these costs are inevitably passed. In addition, some workers not covered through the workers' compensation system end up relying on public assistance when they cannot afford to pay for care or are unable to work due to injury.

When a business elects not to provide workers' compensation coverage or an alternative plan to its workers, it essentially shifts these costs to others while gaining a competitive advantage over good corporate citizens who cover their workers. This is not a model that should be supported in

Texas. The state has very little information on workers who are not covered under any option and the businesses that employ them, including the rate and severity of injuries in this population, health costs and who pays for them, how often such employees must turn to public assistance, and which industries are most affected. HB 2587 would put such information into the hands of lawmakers and help them craft meaningful policy proposals to address these issues.

Providing information for the study would not be an excessive burden to employers. The collection and reporting of this information stems from an interim recommendation of the House Committee on Business and Industry to the 84th Legislature. Meeting this state priority would more than justify any extra paperwork on the part of businesses that do not provide any form of workers' compensation coverage.

OPPONENTS
SAY:

HB 2578 could burden businesses and manufacturers required to provide information for the study. Smaller businesses especially might find it difficult to arrange for the extra work and man hours needed to respond. It would be more appropriate to request the voluntary disclosure of this information from businesses. Also, the mandate in the bill could point toward requiring all employers to provide coverage through workers' compensation insurance or an alternative occupational benefit plan, which would be overstepping.

NOTES:

The Business and Industry Committee recommended two amendments to HB 2587.

Committee Amendment No. 1 would specify that those who did not participate in the workers' compensation system or offer an alternative occupational benefit plan would provide information for the study, rather than only those who did not participate in the workers' compensation plan.

Committee Amendment No. 2 would require the workers' compensation commissioner to submit a report containing the findings of the study to the governor and the Legislature by December 1, 2016. It also would require

the assistance of various state agencies in preparing the report if requested by the workers' compensation research and evaluation group.