

BILL ANALYSIS

Senate Research Center

H.B. 2199
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State Affairs
5/20/2003
Engrossed

DIGEST AND PURPOSE

Current law has conflicting requirements for insurance carriers relating to the initiation of benefits. It requires a carrier to either initiate benefits or notify a claimant that it is going to contest benefits within seven days after receiving notice of injury, but the statute also gives the carrier 60 days to contest compensability of the same injury.

H.B. 2199 still requires carriers to give notice to the claimant, but under the bill the failure to notify the claimant would be an administrative penalty and not a loss of the right to contest compensability. H.B. 2199 sets out a graduated penalty for failure to follow the law, and states that a carrier does not need to comply with the 15 day notice required for certain types of claims.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 409.021, Labor Code, by amending Subsections (a) and (e) and adding Subsections (a-1), (a-2), and (f), as follows:

- (a) Requires an insurance carrier to perform certain tasks not later than the 15th, rather than seventh, day after the date on which an insurance carrier receives written notice of an injury.
- (a-1) Provides that an insurance carrier that fails to comply with Subsection (a) does not waive the carrier's right to contest the compensability of the injury as provided by Subsection (c) but commits an administrative violation subject to Subsection (e).
- (a-2) Provides that an insurance carrier is not required to comply with Subsection (a) if the insurance carrier has accepted the claim as a compensable injury and income or death benefits have not yet accrued but will be paid by the insurance carrier when the benefits accrue and are due.
- (e) Provides that a violation under this subsection shall be assessed at \$500 if the carrier initiates compensation or files a notice of refusal within five working days of the date required by Subsection (a), \$1,500 if the carrier initiates compensation or files a notice of refusal more than five and less than 16 working days of the date required by Subsection (a), \$2,500 if the carrier initiates compensation or files a notice of refusal more than 16 and less than 31 working days of the date required by Subsection (a), or \$5,000 if the carrier initiates compensation or files a notice of refusal more than 30 days after the date required by Subsection (a). Provides that the administrative penalties are not cumulative. Deletes text making a violation under this subsection a Class B administrative violation. Deletes text making each day of noncompliance constitute a separate violation.

(f) Provides that, for purposes of this section, a certified self-insurer receives notice on the date the qualified claims servicing contractor designated by the certified self-insurer under Section 407.061(c) receives notice, and a political subdivision that self-insures under Section 504.011, either individually or through an interlocal agreement with other political subdivisions, receives notice on the date the intergovernmental risk pool or other entity responsible for administering the claim for the political subdivision receives notice.

SECTION 2. Effective date: September 1, 2003.

Makes application of this Act prospective