

BILL ANALYSIS

Senate Research Center

H.B. 2053
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Business & Commerce
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Workers' compensation fraud occurs when a person knowingly or intentionally conspires to commit, misrepresents, or makes a false statement to either deny or obtain workers' compensation benefits, or profits from the deceit.

In an effort to focus more attention on identifying, investigating, and prosecuting premium and provider workers' compensation fraud, the Texas Department of Insurance, Division of Workers' Compensation (DWC) leadership established a dedicated DWC fraud unit in 2016. This allows experienced DWC staff to better monitor and investigate fraud specific to the workers' compensation system.

Along with this centralization of workers' compensation fraud investigations, current statutes authorizing the investigation of fraud were re-evaluated and it was determined that it is necessary to clarify existing authority to ensure that criminal workers' compensation fraud investigations are conducted in an effective and transparent manner. H.B. 2053 seeks to clarify DWC's existing authority to conduct workers' compensation fraud investigations.

H.B. 2053 amends current law relating to the enforcement of workers' compensation compliance and practice requirements.

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 414.005(a), Labor Code, as follows:

(a) Requires the Division of Workers' Compensation of the Texas Department of Insurance (division) to maintain an investigation unit to conduct investigations relating to:

(1) creates this subdivision from existing text and makes no further changes to this subdivision; and

(2) alleged offenses under this subtitle (Texas Workers' Compensation Act), with particular emphasis on offenses under Chapter 418.

SECTION 2. Amends Section 414.006, Labor Code, as follows:

(a) Creates this subsection from existing text and makes no further changes.

(b) Authorizes the division to provide technical or litigation assistance regarding the investigation referred under Subsection (a) (relating to authorizing the division to make certain investigative referrals) to the appropriate authority.

SECTION 3. Amends the heading to Chapter 418, Labor Code, to read as follows:

CHAPTER 418. CRIMINAL INVESTIGATIONS AND PENALTIES

SECTION 4. Amends Section 418.001(b), Labor Code, to provide that an offense under Subsection (a) (relating to a partner committing an offense if the person makes certain falsifications) is a Class A misdemeanor if the value of the benefits is less than \$2,500, rather than \$1,500, and a state jail felony if the value of the benefits is \$2,500, rather than \$1,500, or more.

SECTION 5. Amends Section 418.002(b), Labor Code, to make conforming changes.

SECTION 6. Amends Chapter 418, Labor Code, by adding Section 418.004, as follows:

Sec. 418.004. SUBPOENA AUTHORITY. (a) Authorizes the commissioner to issue a subpoena to compel the attendance and testimony of a witness or the production of materials relevant to an investigation of an offense under this chapter.

(b) Authorizes the commissioner to issue a subpoena under Subsection (a) regarding a witness or materials located in this state or in another state.

SECTION 7. Makes application of Sections 418.001(b) and 418.002(b), Labor Code, as amended by this Act, prospective to September 1, 2017.

SECTION 8. Provides that Section 418.004, Labor Code, as added by this Act, applies to a subpoena issued on or after the effective date of this Act, regardless of whether the offense investigated was committed before, on, or after that date.

SECTION 9. Effective date: upon passage or September 1, 2017.