



# Texas Department of Insurance

## Division of Workers' Compensation

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## Memorandum

**To:** Workers' Compensation System Participants

**From:** Tracey Beaver, Director of the Office of Workers' Compensation Counsel

**Date:** January 16, 2015

**Subject:** Adoption: Amend 28 TAC §124.5 Regarding Mode of Payment by Insurance Carriers and Adopt New 28 TAC §124.6 Regarding Electronic Transfer Payments Made Through an Access Card

On January 1, 2015, the Commissioner of Workers' Compensation Ryan Brannan adopted the amendment of 28 Texas Administrative Code (TAC) §124.5 regarding Mode of Payment by Insurance Carriers, and new 28 TAC §124.6 regarding Electronic Transfer Payments Made Through an Access Card. The adoption was filed with the Office of the Secretary of State on January 2, 2015. The adoption will be published in the January 16, 2015 issue of the Texas Register and may be viewed on the Secretary of State website at <http://www.sos.state.tx.us/texreg/index.shtml>. A courtesy copy of the adoption is available on the Texas Department of Insurance website at <http://www.tdi.texas.gov/wc/rules/adopted/index.html>.

The purpose of the adopted rules is to address issues that arise out of the increasing use of new payment method technologies, particularly access cards.

Currently, §124.5 provides a method by which insurance carriers can offer claimants the option of receiving income or death benefits through an access card; however the rules currently in place regarding the issuance of access cards do not specify prohibited fees or require plain language disclosures. The Division determined that existing rules needed to be updated to ensure that claimants who choose to receive income benefits through an access card are not charged excessive fees to access their benefits and have access to plain language notices regarding any allowed fees so that they may make an informed decision about the use of these cards. The Division notes that payment of income and death payments through an access card under new 28 TAC §124.6 requires mutual agreement. New 28 TAC §124.6 expands the requirements for issuing electronic payments through access cards to help ensure that injured employees are receiving benefits in an appropriate, timely, and cost-effective manner. The Division notes that it will continue its practice of not approving any particular access card program for use in Texas.

Amended §124.5 and new §124.6 are effective June 1, 2015.