
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1232 Session of
2024

INTRODUCED BY PENNYCUICK, FARRY, BROWN, KANE, COSTA, SCHWANK,
LANGERHOLC, MUTH AND SANTARSIERO, MAY 31, 2024

REFERRED TO LABOR AND INDUSTRY, MAY 31, 2024

AN ACT

1 Amending the act of June 2, 1915 (P.L.736, No.338), entitled "An
2 act defining the liability of an employer to pay damages for
3 injuries received by an employe in the course of employment;
4 establishing an elective schedule of compensation; providing
5 procedure for the determination of liability and compensation
6 thereunder; and prescribing penalties," in liability and
7 compensation, further providing for payment of compensation.

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. Section 308 of the act of June 2, 1915 (P.L.736,
11 No.338), known as the Workers' Compensation Act, is amended to
12 read:

13 Section 308. (a) Except as hereinafter provided, all
14 compensation payable under this article shall be payable in
15 periodical installments, as the wages of the employe were
16 payable before the injury.

17 (b) At the request of an employe, person entitled to
18 compensation under section 307, employer or insurer,
19 compensation under this article shall be paid by direct deposit
20 to the account of the person entitled to the compensation. The

1 employee or person entitled to compensation may request payment
2 be made to a payroll card account in lieu of direct deposit. The
3 payroll card account shall be provided at no cost to the employee
4 or person entitled to compensation. The following shall apply:

5 (1) Installments of compensation payable under this article
6 paid by direct deposit shall be subject to the following:

7 (i) After the effective date of this subparagraph, an
8 insurer or self-insured employer may permit or require payment
9 of compensation by direct deposit. If the insurer or self-
10 insured employer permits payment by direct deposit, the option
11 shall be available to all persons entitled to compensation from
12 the insurer or self-insured employer.

13 (ii) No later than one year after the effective date of this
14 subparagraph, all insurers and self-insured employers shall
15 permit payment of compensation by direct deposit.

16 (2) The insurer or self-insured employer shall notify the
17 persons entitled to compensation of the option or requirement to
18 receive compensation by direct deposit. Notification shall be
19 sent by first class mail or electronic mail and include a
20 payment authorization form. Notification shall be sent in
21 accordance with the following:

22 (i) Immediately upon the availability or requirement of
23 direct deposit by the insurer or self-insured employer.

24 (ii) Concurrently with a notice of compensation payable.

25 (iii) Simultaneous to the first check that is mailed out
26 immediately following the notification sent under subparagraph
27 (i).

28 (3) A person entitled to compensation, or the person's legal
29 guardian, who requests or is required by the employer or insurer
30 to receive compensation by direct deposit shall submit an

1 accurate and valid payment authorization form to the insurer or
2 self-insured employer. The following shall apply:

3 (i) The payment authorization form may be submitted
4 electronically if the insurer or self-insured employer has
5 agreed to accept the form electronically.

6 (ii) The insurer or self-insured employer shall not be
7 required to pay compensation by direct deposit unless the person
8 entitled to compensation, or the person's legal guardian, has
9 submitted a valid payment authorization form.

10 (iii) If the insurer or self-insured employer requires
11 payment by direct deposit and the employe or person entitled to
12 compensation does not submit a valid payment authorization form
13 within thirty days of receiving notification of the requirement,
14 the insurer or self-insured employer may, at the discretion of
15 the insurer or self-insured employer:

16 (A) issue a payroll card to the employe or person entitled
17 to compensation and pay compensation to the payroll card; or

18 (B) temporarily pay compensation by check.

19 (4) A person entitled to compensation, or the person's legal
20 guardian, shall have the right to choose the deposit account to
21 which payment of compensation is made and may request to change
22 the deposit account designated to receive compensation or
23 discontinue direct deposit by submitting a revised payment
24 authorization form to the insurer or self-insured employer. The
25 deposit account shall be subject to the following requirements:

26 (i) The person entitled to compensation, or the person's
27 legal guardian, shall have control and signatory access to the
28 chosen deposit account.

29 (ii) The deposit account shall be with a bank as defined
30 under 12 U.S.C. § 1813(a)(1) (relating to definitions) on the

1 effective date of this subparagraph or a credit union.

2 (iii) A deposit account may be changed no more than two
3 times in any calendar year, unless otherwise ordered by a
4 workers' compensation judge or a court of competent
5 jurisdiction.

6 (5) For an employe or a person entitled to compensation
7 under section 307, payments of compensation may not be split
8 between multiple payment methods, and payments of compensation
9 made by direct deposit may not be split between multiple deposit
10 accounts.

11 (6) A request to initiate direct deposit, change deposit
12 accounts or discontinue direct deposit shall be implemented
13 within forty-five days of receipt, provided that the payment
14 authorization form is valid.

15 (7) An insurer or a self-insured employer shall not be
16 responsible for replacing any money sent to an incorrect account
17 if the sole reason for the error is incorrect information
18 provided by the person entitled to receive the money. An insurer
19 or a self-insured employer shall take reasonable actions to
20 attempt to recover the money and any money later recovered by
21 the insurer or self-insured employer shall promptly be credited
22 to the person entitled to receive the money.

23 (8) Lump sum settlement payments made as a result of a
24 compromise and release agreement may be made by check unless the
25 insurer or self-insured employer agrees to make payment by
26 direct deposit.

27 (9) A payment made on a claim with an expected duration of
28 sixty days or less may be made by check unless:

29 (i) The insurer or self-insured employer agrees to make
30 payment by direct deposit.

1 (ii) The employe or person entitled to compensation
2 previously received compensation by direct deposit and verifies
3 that the direct deposit account previously used is still valid.

4 (c) The department shall develop and publish a standard
5 payment authorization form for use by all insurers and self-
6 insured employers under this section. The form shall include,
7 but not be limited to, the following information:

8 (1) The name, telephone number, mailing address and email
9 address of the person entitled to compensation.

10 (2) The workers' compensation claim number.

11 (3) Whether the person entitled to compensation, or the
12 person's legal guardian, is requesting to initiate direct
13 deposit, change deposit accounts, discontinue direct deposit or
14 elects payment by payroll card account in lieu of direct
15 deposit.

16 (4) The name and address of the financial institution and
17 the account and routing numbers to which compensation shall be
18 sent.

19 (5) Acknowledgment that failure to notify the insurer or
20 self-insured employer of any change in financial institution or
21 account may delay receipt of compensation or settlement
22 proceeds.

23 (6) Acknowledgment that the person entitled to compensation,
24 or the person's legal guardian, shall notify the insurer or
25 self-insured employer of changes in circumstance that affect
26 entitlement to compensation payable under this article.

27 (d) As used in this section:

28 "Credit union" shall mean any of the following:

29 (1) A cooperative corporation incorporated under any of the
30 following:

1 (i) The former act of May 26, 1933 (P.L.1076, No.260),
2 referred to as the Credit Union Act.

3 (ii) The former act of September 20, 1961 (P.L.1548,
4 No.658), known as the "Credit Union Act."

5 (iii) The act of December 19, 1990 (P.L.834, No.198), known
6 as the "GAA Amendments Act of 1990."

7 (2) A credit union organized in accordance with the
8 provisions of 12 U.S.C. Ch. 14 (relating to Federal credit
9 unions).

10 "Direct deposit" shall mean a credit to a deposit account in
11 a financial institution made by electronic fund transfer.

12 "Electronic fund transfer" as defined in 15 U.S.C. § 1693a
13 (relating to definitions).

14 "Payment authorization form" shall mean the payment
15 authorization form published under subsection (c).

16 "Payroll card account" shall mean an account that is directly
17 or indirectly established through an employer, to which
18 transfers of the employe's wages, salary, commissions or other
19 compensation are made.

20 "Persons entitled to compensation" shall mean an employe
21 entitled to compensation under this article or a person entitled
22 to compensation under section 307.

23 "Valid payment authorization form" shall mean a completed
24 payment authorization form that contains the information
25 necessary for an insurer or self-insured employer to initiate
26 direct deposit, change deposit accounts, discontinue direct
27 deposit or initiate payment by payroll card account.

28 Section 2. This act shall apply to installments of
29 compensation paid on or after the effective date of this
30 section.

1 Section 3. This act shall take effect in 60 days.