

BILL ANALYSIS

H.B. 22
By: Swinford
Government Reform
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In 1989, in response to recommendations of the Joint Select Committee on Workers' Compensation, a research entity was formed to provide, unbiased, independent research which was deemed to be critical to the long term functioning of the system. The Research and Oversight Council funding was vetoed at the conclusion of the 78th regular legislative session, mainly due to concerns regarding their oversight function.

HB 22 would provide an appropriation to the Texas Department of Insurance to continue funding of the research functions this agency has performed. This appropriation is equal to the appropriation given to the ROC in HB 1 for research related functions. This funding is provided by a maintenance tax paid by workers' compensation insurance carriers, and is money that we will not collect if we do not appropriate it.

It is important that the funding for objective research in this area be continued for several reasons, not the least of which is the upcoming sunset review of the Workers' Compensation Commission in 2005.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

HB 22 creates a new chapter in the Labor Code, entitled "Workers' Compensation Research."

HB 22 charges the Texas Department of Insurance with worker's compensation research duties, and specifies that they will conduct studies and research related to various issues associated with workers' compensation. These issues include delivery of benefits, insurance rates and rate-making procedures, the quality and cost of medical benefits as well as other associated subject areas. HB 22 allows the department to apply for and spend grant funds to implement their new role.

HB 22 sets forth a funding mechanism, the assessment of a maintenance tax collected annually. The department will set the rate of the maintenance tax based on the expenditures authorized and receipts anticipated in legislative appropriations. HB 22 sets a rate that the maintenance tax may not exceed.

HB 22 allows the department access to certain files of other agencies, including the Texas Workforce Commission and the Texas State Office of Risk Management. It also specifies that all confidentiality requirements under state law be met.

HB 22 effectively abolishes the Research and Oversight Council on Workers' Compensation, including the council's board of directors upon the effective date of this Act. All unexpended and unobligated appropriations of the council, as well as all employees are transferred to the Texas Department of Insurance. Any reference in law to the Research and Oversight Council on Workers' Compensation or its associated boards is now referring to the Texas Department of Insurance or the commissioner of

insurance.

HB 22 allocates a sum to be dispersed to the Texas Department of Insurance for each fiscal year of the biennium beginning September 1, 2003.

EFFECTIVE DATE

This Act takes immediate effect if it receives the vote necessary. If this Act does not receive the vote necessary, it will take effect December 1, 2003.