

# House Study Bill 246

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
LABOR BILL BY  
CHAIRPERSON OLSON)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the imposition of penalty benefits in workers'  
2 compensation cases.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 1886HC 83  
5 av/rj/8

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1 1 Section 1. Section 86.13, Code 2009, is amended to read as  
1 2 follows:

1 3 86.13 COMPENSATION PAYMENTS.

1 4 1. If an employer or insurance carrier pays weekly  
1 5 compensation benefits to an employee, the employer or  
1 6 insurance carrier shall file with the workers' compensation  
1 7 commissioner in the form and manner required by the workers'  
1 8 compensation commissioner a notice of the commencement of the  
1 9 payments. The payments establish conclusively that the  
1 10 employer and insurance carrier have notice of the injury for  
1 11 which benefits are claimed but the payments do not constitute  
1 12 an admission of liability under this chapter or chapter 85,  
1 13 85A, or 85B.

1 14 2. If an employer or insurance carrier fails to file the  
1 15 notice required by this section, the failure stops the running  
1 16 of the time periods in section 85.26 as of the date of the  
1 17 first payment. If commenced, the payments shall be terminated  
1 18 only when the employee has returned to work, or upon thirty  
1 19 days' notice stating the reason for the termination and  
1 20 advising the employee of the right to file a claim with the  
1 21 workers' compensation commissioner.

1 22 3. This section does not prevent the parties from reaching  
1 23 an agreement for settlement regarding compensation. However,  
1 24 the agreement is valid only if signed by all parties and  
1 25 approved by the workers' compensation commissioner.

1 26 4. a. ~~If a denial, a delay in commencement payment, or a~~  
1 27 ~~termination of benefits occurs without reasonable or probable~~  
~~1 28 cause or excuse known to the employer or insurance carrier at~~  
~~1 29 the time of the denial, delay in payment, or termination of~~  
1 30 benefits, the workers' compensation commissioner shall award  
1 31 benefits in addition to those benefits payable under this  
1 32 chapter, or chapter 85, 85A, or 85B, up to fifty percent of  
1 33 the amount of benefits that were unreasonably denied, delayed,  
1 34 or denied terminated without reasonable excuse.

1 35 b. The workers' compensation commissioner shall award  
2 1 benefits under this subsection if the commissioner finds both  
2 2 of the following facts:

2 3 (1) The employee has demonstrated a denial, delay in  
2 4 payment, or termination of benefits.

2 5 (2) The employer has failed to prove a reasonable excuse  
2 6 for the denial, delay in payment, or termination of benefits.

2 7 c. In order to be considered a reasonable excuse under  
2 8 paragraph "b", an excuse shall satisfy all of the following  
2 9 criteria:

2 10 (1) The excuse was preceded by a reasonable investigation  
2 11 and evaluation by the employer or insurance carrier into  
2 12 whether benefits were owed to the employee.

2 13 (2) The results of the reasonable investigation and  
2 14 evaluation were the actual basis upon which the employer or  
2 15 insurance carrier contemporaneously relied to deny, delay  
2 16 payment of, or terminate benefits.

2 17 (3) The employer or insurance carrier contemporaneously  
2 18 conveyed the basis for the denial, delay in payment, or

2 19 termination of benefits to the employee at the time of the  
2 20 denial, delay, or termination of benefits.

2 21 EXPLANATION

2 22 This bill relates to the imposition of additional workers'  
2 23 compensation benefits because benefits were unreasonably  
2 24 denied, delayed in payment, or terminated.

2 25 Code section 86.13 is amended to provide that such  
2 26 additional benefits, up to 50 percent of the benefits  
2 27 wrongfully withheld, shall be awarded if a denial, delay in  
2 28 payment, or termination of workers' compensation benefits  
2 29 occurs without reasonable excuse that was known to the  
2 30 employer or insurance carrier at the time the benefits were  
2 31 denied, delayed in payment, or terminated.

2 32 The bill requires the workers' compensation commissioner to  
2 33 award the additional benefits if the employee proves that a  
2 34 denial, delay in payment, or termination of benefits has  
2 35 occurred and the employer fails to prove a reasonable excuse

3 1 for the denial, delay in payment, or termination.

3 2 The bill provides that in order to be considered a  
3 3 reasonable excuse, an excuse must be preceded by a reasonable  
3 4 investigation and evaluation by the employer or insurance  
3 5 carrier of whether benefits were owed to the employee; the  
3 6 results of the reasonable investigation and evaluation must be  
3 7 the actual basis upon which the employer or insurance carrier  
3 8 contemporaneously relied in executing the denial, delay in  
3 9 payment, or termination of benefits; and the employer or  
3 10 insurance carrier must convey the basis for the denial, delay  
3 11 in payment, or termination of benefits to the employee  
3 12 contemporaneously with such denial, delay in payment, or  
3 13 termination.

3 14 LSB 1886HC 83

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