

December 17, 2012

ARKANSAS WORKERS' COMPENSATION COMMISSION

ADVISORY 2012-1

Payment Methods for Workers' Compensation Benefits

Ark. Code Ann. § 11-9-801 references methods of payment and provides: “(a) Compensation shall be paid by check, by electronic funds transfer, or by state warrant. (b) Payment shall be made payable to the order of the person entitled to the compensation and paid directly to the person entitled to the compensation.”

An employer, insurer, third party administrator (“TPA”) or other payer may use an electronic payment system for the delivery of workers’ compensation indemnity benefits to claimants, including, but not limited to, a direct deposit, debit card, pre-paid card or similar payment system, as an alternative method of payment. The claimant must elect the use of one of these methods before it may be used. In addition:

- (a) The payment method must ensure that the claimant can obtain immediate payment in full for the benefit due;
- (b) The alternative method of payment must be easily and readily accessible to the claimant; and
- (c) No other requirements or restrictions may apply to the payment method that a reasonable person would find to be an unreasonable burden or inconvenience.
- (d) The use of an electronic payment system is optional at the election of the employee.

As long as these requirements are met, electronic payment methods will be permitted as an alternative to paying workers’ compensation indemnity benefits in the form of paper checks.

The purpose of this Advisory is to allow claimants the convenience of choosing how they would like to receive the payment of their benefits. Electronic payment methods may not be implemented if it would result in any fees or an undue burden upon the claimant.