

**California Commission on Health and Safety
and Workers' Compensation**



**Report on Employer Use of Prepaid Card Account Programs
for Workers' Compensation Disability Indemnity Payments in
California: California Senate Bill 880 (2018) and California
Labor Code §4651**

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Report on Employer Use of Prepaid Card Account Programs for Workers' Compensation Disability Indemnity Payments in California: California Senate Bill 880 (2018) and California Labor Code § 4651

Executive Summary

Senate Bill (SB) 880, authored by Senator Pan, amended California Labor Code § 4651¹ to allow the use of a prepaid card and directed the Commission on Health and Safety and Workers' Compensation (CHSWC) to prepare a report with data on the use of a prepaid card for workers' compensation indemnity payments to injured workers. Subsequent bills extended the amended law and the period allowing the use of a prepaid card by payers of indemnity benefits. The provision in the law allowing the use of a prepaid card is presently scheduled to sunset on January 1, 2027.

This report discusses the method of collecting data for the report and the data findings. This report also discusses what other payment methods are used by payers of workers' compensation indemnity benefits, in addition to the prepaid card, and it includes some of the reasons given by payers for not adopting a prepaid card.

CHSWC surveyed the larger insurers in California representing 88% of the market share by paid premium and the larger Third-Party Administrators (TPAs) and self-insured employers representing 94% of market share by indemnity paid.

CHSWC found that only one insurer, the State Compensation Insurance Fund (State Fund) of California, offers the prepaid card under the definition of the pilot and California Labor Code § 4651. The State Fund reported that since July 2020 when their program began, 10,348 employees have enrolled in the prepaid card program and of those, 325 employees have opted out in favor of receiving paper checks. The cash value of indemnity payments to prepaid accounts totaled \$214,168,506 as reported through December 31, 2024.

A little over 50% of the payers who responded to CHSWC pay only by check, and a little fewer than 50% offer both check and EFT/ACH/Direct Deposit payment methods. Other electronic or ePayment methods are still uncommon but there is increasing interest in ePayments, arguably over any consideration of prepaid cards.

The State Fund has been successful in adopting and implementing the pilot program. Several payer respondents indicated some barriers to implementing a similar pilot program. The State Fund was contacted and reported that they did not consider these barriers to be an issue for them.

Based on the report's findings, CHSWC recommends amending the legislation to make the prepaid card pilot program permanent while still remaining at the discretion of the payer.

¹ https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=LAB§ionNum=4651. Lab. Code § 4651 operative version on January 1, 2027 is at https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=LAB§ionNum=4651. (Note the two URL versions only link from https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=LAB&division=4.&title=&part=2.&chapter=2.&article=3.)

Background

California Labor Code § 4651 directs CHSWC to prepare a report on payments made to prepaid card accounts. Employers are required to provide CHSWC aggregated data on their prepaid account programs upon request. The data provided includes the number of employees who elect to receive indemnity payments in a prepaid card account, the cash value of the disability payments sent to the prepaid card accounts, and the number of employees who change the method of payment from a prepaid card account to either a written instrument or electronic payment.

California Labor Code § 4651 was originally amended by Senate Bill (SB) 880 in 2018 to allow the use of a prepaid card for a limited 5-year pilot period.² Authored by Senator Pan, SB 880 also required a report by CHSWC with specified data on the use of a prepaid card.

Beginning in 2019, SB 880 went into effect as California Labor Code § 4651 and permitted an employer on a pilot basis to commence a program to deposit workers' compensation disability indemnity payments in a prepaid card account for use by an injured worker. The statute directs employers to follow stipulated conditions, including ensuring the prepaid card meets the applicable requirements in Section 1339.1 of the California Unemployment Insurance Code³ related to public assistance benefits, as well as conditions that allow the employee to withdraw the entire balance on the card in one transaction without incurring fees, allow the employee reasonable access to in-network automatic teller machines (ATMs), allow the employee to make point-of-sale purchases without incurring fees from the financial institution, and prohibit a link to any form of credit, including a loan against future payments or a cash advance on future payments⁴.

Method of Data Collection for Report on Payments to Prepaid Card Account

In order to collect data and to prepare a report, CHSWC contacted insurers, self-insured employers and TPAs for aggregated data on their prepaid account programs. CHSWC first contacted the statistical agent of the California Department of Insurance, the Workers' Compensation Insurance Rating Bureau (WCIRB), for input and assistance with data gathering suggestions. WCIRB produces actuarial advisory premium insurance rates by issuing mandated data calls from all insurers writing workers' compensation policies in California. WCIRB was able to assist CHSWC by providing contact information for insurers who report mandated data to WCIRB. CHSWC and WCIRB discussed research approaches and decided to contact the top 30 insurers in California with a goal of at least 80% of market share by paid premium. CHSWC was successful in contacting and receiving responses from a total of 30 insurers resulting in reaching 88% of the market share. (See Table 1 in Appendix.)

CHSWC also contacted the Department of Industrial Relations' Office of Self-Insurance Plans (OSIP), which regulates and oversees the self-insurers segment of the market in California. OSIP provided assistance in this research by providing contact information of both self-insured employers and of TPAs who perform payment and administrative claims services for many self-insured employers. CHSWC and

² A review of the bill analysis of SB 880 from 2018 demonstrates that State Fund/SCIF (sic) was originally the only named entity in the proposed legislation on prepaid cards; other entities were later added in amendments and to the final bill signed by the Governor.

³ https://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=UIC§ionNum=1339.1.

⁴ https://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=LAB§ionNum=4651

OSIP discussed research approaches and decided to contact the larger TPAs to reach a goal of at least 80% of market share by paid indemnity, approximately 20 TPAs. CHSWC received responses from all 20 of the larger TPAs resulting in 83% of market share by paid indemnity. (See Table 2 in Appendix.) In addition, CHSWC was successful in exceeding its goal and received responses from many additional TPAs and self-insured employers, reaching an overall 94% market share of paid indemnity. Private self-insured employers were included in the market share method, but there was considerable overlap with the TPAs in that many self-insured employers use the same TPAs that CHSWC was already surveying.

Research questions

California Labor Code § 4651 (a)(3)(D) directs CHSWC to collect data for a report as follows:

(D) On or before December 1, 2022, the Commission on Health and Safety and Workers' Compensation shall issue a report to the Legislature on payments made to prepaid card accounts. Employers shall provide all necessary aggregated data on their prepaid account programs to the commission upon request. The report shall include, but is not limited to, the following:

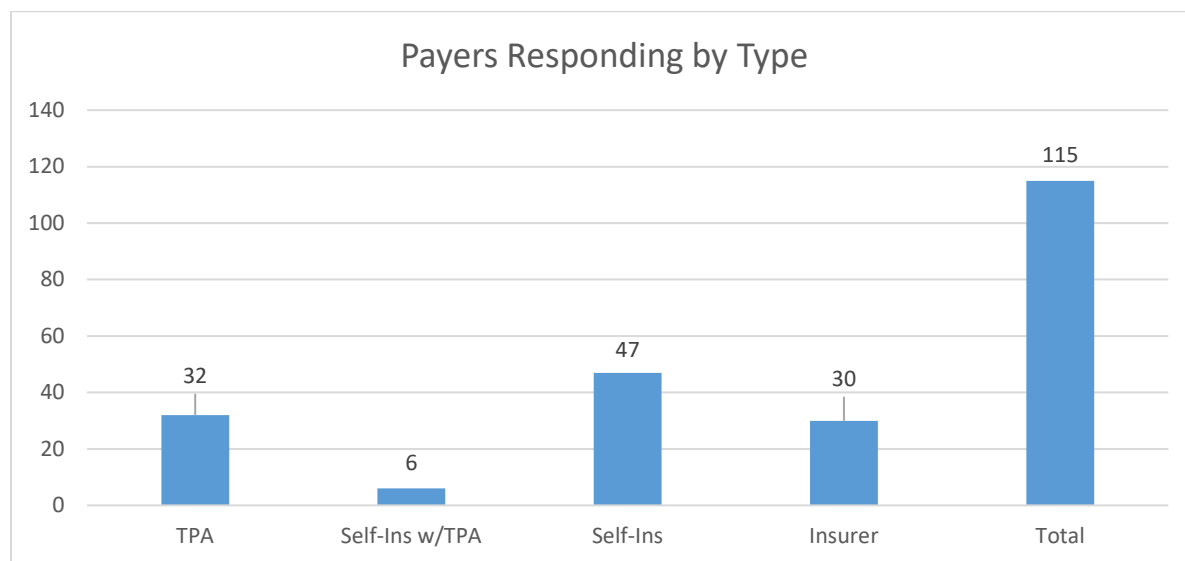
(i) The number of employees who elected to receive their disability indemnity payments in a prepaid card account.

(ii) The cash value of the disability benefits sent to prepaid card accounts.

(iii) The number of employees who opted to change the method of payment from a prepaid card account to either a written instrument or electronic deposit.

Additionally, CHSWC staff requested other data about alternative payment options besides the prepaid card and, in the case that no prepaid card had been adopted, reasons for non-adoption.

Data Collection



(Source: CHSWC, 2025)

A total of 115 insurers, self-insured employers, and TPAs provided responses.

Data collection was initially conducted by phone, and if unsuccessful, by email. Phone contact ensured that CHSWC was contacting the appropriate staff person at a company and allowed for internal referrals to an appropriate staff person. Persons contacted were typically Supervisors, Managers, and Vice Presidents of Claims, but at times Chief Officer-level officials. Phone contact also provided an initial introduction and explanation of the request. A follow-up email provided an attached letter (See Sample CHSWC Inquiry Letter in Appendix) on CHSWC letterhead with the Labor Code statutory references cited regarding the authority to make the inquiry, the specific statutory questions being asked, additional questions about alternative payment options besides prepaid cards, and any reasons for non-adoption of a prepaid card, if applicable. The letter identified Executive Officer, Melissa Flores, and provided telephone numbers and emails from CHSWC.

Results/Findings

Based on CHSWC research and the methods described here, the findings were clear:

- 30 insurers, 88% market share of premium in California, were contacted and responded that they do not offer a prepaid card.
- 32 TPAs, over 90% market share of paid indemnity in California, were contacted and responded that they do not offer a prepaid card.
- 47 self-insurers, the majority of which were Joint Powers Authorities (JPAs) and other public employer special districts, cities and counties, as well as private sector companies, responded that they do not offer a prepaid card.
- Six (6) additional self-insured employers reported using a TPA and responded they do not offer a prepaid card.
- **One (1) entity, State Compensation Insurance Fund (State Fund), offers a prepaid card.⁵**

State Fund data⁶:

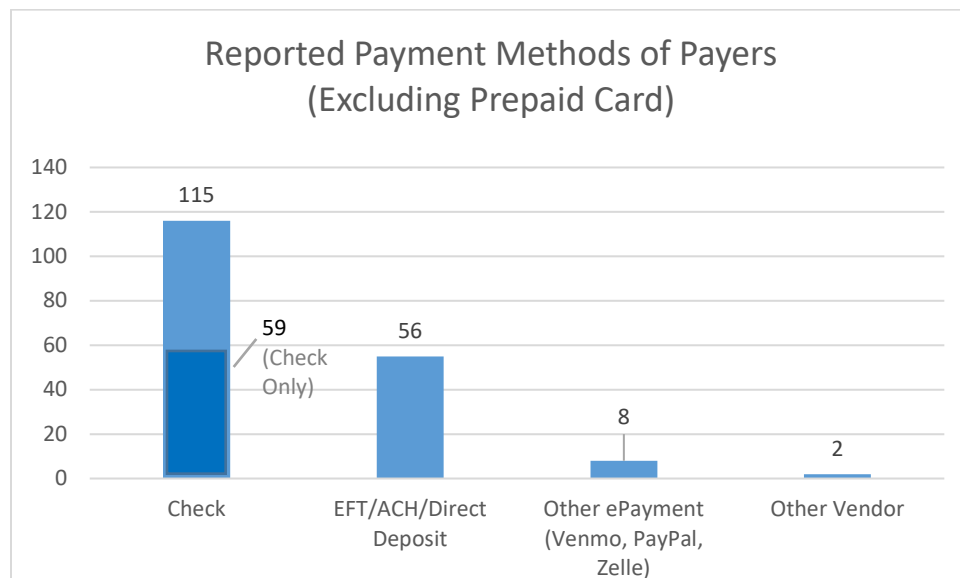
1. The number of employees who elected to receive their disability indemnity payments in a prepaid card account. **Answer: Since program inception in July 2020, 10,348 employees have enrolled in the program.**
2. The cash value of the disability benefits sent to prepaid card accounts. **Answer: Since program inception in July 2020 through December 31, 2024: \$214,168,506.**
3. The number of employees who opted to change the method of payment from a prepaid card account to either a written instrument or electronic deposit. **Answer: Since program inception in July 2020, 325 (3.14%) employees have opted out of the debit card in favor of receiving paper checks.⁷**

⁵ Included in the 30-insurer count.

⁶ Data provided by email from State Compensation Insurance Fund, Government Affairs Office, on February 12, 2025.

⁷ CHSWC attempted to obtain additional indicators of satisfaction with the prepaid card by claimants, but other measures of satisfaction are neither part of the scope of the statutory report, nor directly or currently measured by State Fund, according to State Fund. The statutory report did require a measurement of the number of claimants who opted out, which CHSWC considers a reasonable measure of satisfaction if large enough in one direction or the other.

Other Results



(Source: CHSWC, 2025)

As it became clear that the prepaid card was not in use by any company other than the State Fund, additional questions became a focus of the research. Here are CHSWC's findings:

All 115 payer respondents pay indemnity at least by mailed check. Of the 115 who pay by check, 59 payers pay only by check, and 56 respondents also pay, or offer to pay, by EFT/ACH/Direct Deposit⁸. A small number, eight (8), also additionally offer payment by an electronic method such as Zelle, PayPal or Venmo; two (2) payers also use a third-party payment vendor among their payment offerings.

Of the 15 respondents who provided an answer to the question about whether a prepaid card was considered or why a prepaid card was not adopted, the answers can be broken down into several categories:

Security and Fraud Prevention

- Mandatory fraud language requirements are required of mailing checks, uncertainty on fraud language requirement for other payment methods.
- Loss, theft, unauthorized and fraudulent use; risk exposure if the prepaid card is compromised.

Cost Effectiveness

- Checks have predictable issuance costs and do not require ongoing vendor management or contract oversight.

⁸ Electronic Funds Transfer (EFT) – broadest category of digital payments; Automated Clearing House (ACH) – commonly used for direct deposits.

- Prepaid card programs often carry setup fees, monthly maintenance costs, and per-transaction charges which would add unnecessary expenses without improving payment delivery for the program.
- A virtual debit card is better than a prepaid card as it can be added to a claimant's e-wallet, creating more flexibility for where funds can be spent, including electronically transferred to their own bank account.

Timing of Payments for Prepaid Cards Not Specified

- Concern that to meet statutory deadlines, it would need to initiate payments earlier.
- Timing – Regulations allow for 5-day mailing period for a physical check, although silent on any grace period for electronic payments. Vendors vetted require 1-2 days for the processing of the electronic payment file; the additional delay could cause overpayment.

Logistics, Administrative Control, Fees and Complications

- Lost, missing or undelivered cards, questions about who to contact if funds cannot be accessed.
- Uncertainty about the mechanics of loading funds onto the card, whether in-house or outsourced.
- Requires vendor agreements, upgrading systems, and training staff: significant administrative and ongoing financial costs.
- Would require contracting with a third-party vendor, which in turn would require 4 extra interfaces with existing systems.
- Little indication of demand for a prepaid card.
- Not useful or applicable for Permanent Disability C&R lump sum payments.
- Checks provide a clear, verifiable paper trail for auditing, reconciliation, and compliance with public agency accounting requirements.
- Checks allow for easy cancellation or adjustment before clearing; prepaid cards require additional administrative steps to adjust amounts, refund overpayments or resolve disputes.
- Checks can be deposited or cashed at virtually any financial institution or via mobile deposit, without requiring special networks, activation procedures, or PIN codes; this ensures accessibility for all recipients, regardless of technological comfort or financial institution affiliation.
- Prepaid cards may be subject to inactivity fees.
- Some jurisdictions/payers are required to pay indemnity benefits to the employer in lieu of the injured worker due to salary continuation benefits.
- Unclear reconciliation processes such as how disbursements would be reflected in claims records.
- Ambiguity about unused card balances, and whether treated similarly to uncashed checks.
- Hidden fees charged back to TPA or insurer.
- Limitations on prepaid card use: cannot be used at any ATM and ATM fees prohibited (but charged to the card user), limited to transactional purchases at banks or retail only.
- Electronic payments (over a prepaid card) are more efficient for the injured worker.

Follow up to Results/Findings

Faced with some of the answers for non-adoption from several of the respondents, CHSWC went back to the State Fund for further clarification. Of particular interest was the State Fund's opt-in procedure for a prepaid card, a description of any fees associated with the prepaid card, the cost of offering a prepaid debit card, and the general satisfaction of the claimants who use the debit card.

The State Fund provided CHSWC with a copy of their standard opt-in letter in which a claimant is provided with an explanation and a choice to enroll in their prepaid Visa debit card program at the outset of a claim. (See Redacted 9901 Debt Card Opt-In/Opt-Out Letter in Appendix.) This opt-in letter makes clear that U.S. Bank is the card-issuing financial institution, that there are no arbitrary or undisclosed fees to the claimant for using the card, and that a claimant must deliberately enroll in the debit card program unless they prefer to receive a paper check in the mail. This opt-in letter also describes that a claimant may opt-out of the prepaid card program at any time, and it provides a description for both an online and U.S. postal method to opt-out. A claimant may initiate opting out of the prepaid card program at any time.

The State Fund letter to claimants provides a U.S. Bank Pre-Acquisition Disclosure document, along with a link to view the document online⁹. The State Fund letter also explains the contents of the U.S. Bank disclosure document. Both the letter and the disclosure document detail and reassure the claimant that there are no fees accruing to them, notwithstanding international transactions, out-of-network withdrawals after a second withdrawal per load, and expedited replacement cards. These particular fees are already detailed as allowed in Labor Code § 4651(a)(3)(B), and the State Fund and U.S. Bank are following the Labor Code based on the State Fund letter. (See U.S. Bank ReliaCard® Pre-Acquisition Disclosure in Appendix.) A full explanation of the prepaid card is also available on the State Fund website.¹⁰

Conclusion

CHSWC determined that only one insurer, the State Compensation Insurance Fund (State Fund) of California, offers the prepaid card under the definition of the pilot and California Labor Code § 4651.

Through CHSWC's contact with insurers, TPAs and self-insured employers in California that represent the vast majority of 88% and 94% by market share, respectively, CHSWC finds that there is very limited use of the prepaid card pilot program.

According to data provided by the State Fund, only 3.14% of users of prepaid cards opted out of the prepaid card in favor of checks, and over 96% appear to be satisfied with the prepaid card method.

CHSWC also determined the State Fund was offering the prepaid card according to Labor Code § 4651 criteria on fees and related opt-in/opt-out procedures. It is worth noting that the legislation itself was designed to expire, if not renewed or made permanent. Adoption rates by payers may also have been low because there was no assurance that a significant investment in a new payment method would not go away or sunset by law. Further, it is possible that some payers may have been delaying consideration of adopting or implementing a prepaid card program until a report by CHSWC became available for

⁹ <https://www.usbankreliacard.com/documentLocator?docId=reliacardcasfwcdisclosures>

¹⁰ <https://www.statefundca.com/claims/claim-benefit-debit-card/>

review. This CHSWC report therefore describes a feasible prepaid card program implemented by one large payer. A prepaid card appears to be a convenient payment method for both payers and their claimants.

Since a prepaid card was never a required payment option, payers are free to continue to make payments using their traditional business operations methods, typically by mailed check but also often by direct deposit of funds and bank transfers such as EFT/ACH.

CHSWC research on the usage of a prepaid card for indemnity payments was impacted by Assembly Bill (AB) 2148 (2022) with a one-year extension of the pilot program timeframe to January 1, 2024, by AB 489 (2023) with a one-year extension to January 1, 2025, and by AB 1239 (2024) with a two-year extension to January 1, 2027.

Recommendations

The future of a prepaid card program will depend on possible legislative amendments, prior to the sunset date of January 1, 2027.

Based on the report's findings, CHSWC recommends amending the legislation to make the prepaid card pilot program permanent while still remaining at the discretion of the payer.

##

Tables and Appendices

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A.1. Table 1. Larger Insurers by Market Share of Paid Premium in California
(Listed in alphabetical order)

Count	Insurer Name
1	AF Group (incl. AmeriTrust)
2	American International Group (AIG)
3	AmTrust Financial Services Group
4	Arch Insurance Group
5	AXA Insurance Group
6	Berkley Companies
7	Berkshire – Homestate
8	Chubb & Son (incl. ACE Limited)
9	CNA Insurance Group
10	CopperPoint (incl. Alaska National)
11	Core Specialty Ins Holding Group
12	Employers Holdings Group
13	Everest Reinsurance Holdings Group
14	Group 1001 Ins Holdings Group
15	Hartford Fire & Casualty Group
16	ICW Group Assets Inc Group
17	Liberty Mutual Group
18	Nationwide
19	Old Republic Group
20	Palomar Holding Group/Omaha National
21	Preferred Employers Insurance Company
22	Republic Indemnity
23	Safety National Casualty Corporation
24	Sentry Insurance Group
25	Service Insurance Holding Group
26	Starr Group
27	State Compensation Insurance Fund
28	Travelers Group
29	Zenith Group
30	Zurich Insurance Group

(Source: Workers' Compensation Insurance Rating Bureau (WCIRB), 2023)

A.2. Table 2. Larger TPAs and Self-Insureds by Market Share of Paid Indemnity in California
(Listed in alphabetical order)

Count	TPA and Self-Insured Name
1	Acclamation Insurance Management Services
2	Adminisure, Inc.
3	Athens Administrators
4	BETA Healthcare Group
5	City of Los Angeles
6	City of San Diego
7	City and County of San Francisco
8	Corvel Enterprise Claims, Inc.
9	County of Riverside
10	County of San Bernardino
11	Helmsman Management Services, LLC
12	Intercare Holdings Insurance Service, Inc.
13	Keenan & Associates
14	LWP Claims Solutions, Inc.
15	PTSC-MTA Risk Management
16	Tristar Claims Management Services, Inc.
17	Tristar Risk Management
18	Sedgwick Claims Management Services, Inc.
19	Walt Disney Company
20	Zurich Services Corp.

(Source: Department of Industrial Relations, Office of Self Insurance Plans (OSIP), 2024)

The above larger TPAs (and others) and self-insured employers were contacted in 2025, and all responded that they do not offer a prepaid card.

A.3. Sample CHSWC Inquiry Letter

STATE OF CALIFORNIA

GAVIN NEWSON, *Governor*

DEPARTMENT OF INDUSTRIAL RELATIONS
**COMMISSION ON HEALTH AND SAFETY AND
WORKERS' COMPENSATION**

1515 Clay Street, Suite 1540

Oakland, CA 94612

Telephone: (510) 622-3959

Fax: (510) 286-0499

Email: CHSWC@dir.ca.gov

Website: www.dir.ca.gov/chswc



Date, 2025

Full Name

Title, Claims

Payer/Company Name

Email address

Tel. No.

RE: California inquiry about Prepaid Cards for Indemnity Benefits

Dear Full Name:

Thank you for taking our call from California. As explained, the California Commission on Health and Safety and Workers' Compensation (CHSWC) has been tasked by the California legislature to report on the use by insurers (and employers) of prepaid cards for issuing indemnity benefits for workers' compensation claims in California. This payment method is in addition to traditional check drafts and other electronic deposit methods.

CHSWC is directed by Labor Code § 4651 to prepare a report for the California legislature as follows.

Labor Code § 4651(a)(3)(D) specifies that CHSWC prepares a report and looks into:

“Payments made to prepaid card accounts. Employers shall provide all necessary aggregated data on their prepaid account programs to the Commission (CHSWC) upon request. The report shall include, but is not limited to, the following:

- (i) The number of employees who elected to receive their disability indemnity payments in a prepaid card account.
- (ii) The cash value of the disability benefits sent to prepaid card accounts.

- (iii) The number of employees who opted to change the method of payment from a prepaid card account to either a written instrument or electronic deposit.”¹¹

Based on our telephone conversation, the COMPANY NAME does not and has never offered a prepaid card for indemnity payments. We would like to request written email confirmation from the COMPANY NAME confirming the absence of a prepaid card option in order to prepare a report for the California legislators. There is no need to provide answers to the above three enumerated questions in this case.

However, we request that your company respond to the following brief additional questions:

A) In order to accurately describe the options offered to claimants, please explain or answer how your company pays injured worker indemnity benefit claims. Please select all that apply:

- 1) By check in the mail
- 2) By EFT (direct deposit or electronic funds transfer to a bank account)
- 3) By other electronic payments such as Venmo, Zelle, PayPal, etc.
- 4) By a prepaid card
- 5) By other (Please explain.)

B) If COMPANY NAME once considered administering a prepaid card method for indemnity benefits but decided to not implement this method, please share your experience or reason to the degree that might help us understand potential obstacles or considerations.

We greatly appreciate your response to our request by **(Month xx, 2025)**.

Thank you.

Sincerely,

CHSWC Staffer, Title, CHSWC (contact number)
For Melissa Flores, Executive Officer, CHSWC

Cc: Melissa Flores, Executive Officer, CHSWC

¹¹ https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=LAB§ionNum=4651
and https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=LAB§ionNum=4651
(A sunset provision).

A.4. Redacted State Fund 9901 Debt Card Opt-In/Opt-Out Letter

8/9/2021

9901 Debit Card Opt-In/Opt-Out Letter

9901 Debit Card Opt-In/Opt-Out Letter



August 9, 2021



RE: Debit Card Program

Dear [REDACTED]:

Are you looking for a fast, secure, and convenient way to receive your workers' compensation disability benefit payments? If so, please consider enrolling in this prepaid Visa® debit card¹ program today. If you are not currently receiving disability benefit payments, consider enrolling in this program now, in case you become eligible for benefits in the future.

Benefits of Using a Prepaid Visa Debit Card¹:

The prepaid debit card makes accessing temporary disability, permanent disability, and life pension payments incredibly easy and your funds are available much sooner than with a paper check. You can use it wherever Visa is accepted, to withdraw cash from in-network ATMs (listed on the Fee Schedule included in this mailing) or make point-of-sale purchases without incurring fees from the financial institution, U.S. Bank². Using the card will also save you trips to the bank and remove any risk of losing or damaging a check. In addition, you can withdraw the entire balance from the debit card without incurring fees. See enclosed U.S. Bank Pre-Acquisition Disclosures for important details regarding the fees associated with use of the card before making your selection.

Enrolling Is Easy:

You can enroll in the prepaid Visa debit card program either online or by mail.

Online:

To enroll online, you will need to enter a unique code, which we will send to you in a separate letter for security purposes. Once you have the code, go to www.StateFundCA.com/debit-card and click "Enroll." U.S. Bank will issue your card within approximately ten (10) business days. If you do not receive your unique code within the next week, contact State Fund at (888) 782-8338.

By mail:

To enroll by mail, complete the signature page that is included in this letter and return it to State Fund in the enclosed prepaid envelope. Upon receipt of your consent, we

https://care2intsso.scf.com/j2ee/care2int/CCM23/9901/InptForm.aspx?P_LS_IDN=17345386&P_CONN=care2int&csrf=894cbc56-ae39-3939-9965-ef... 1/7

will notify U.S. Bank, who will issue your card within approximately ten (10) business days.

Activating Your Card:

Once you receive your card, please promptly follow the simple instructions provided in your prepaid Visa debit card¹ packet to activate it with U.S. Bank.

If you are currently receiving disability payments, you must activate your prepaid Visa debit card¹ before State Fund deposits funds to your card. Once the card is activated, we will deposit future benefits due to you on your card.

If you are not currently receiving disability benefit payments, we recommend you activate the card when received in the event you become eligible for disability benefit payments in the future. If you choose a prepaid Visa debit card¹ we recommend you activate the card when you receive it. We will issue disability benefit payments on the prepaid Visa debit card¹ automatically when you become eligible.

We want you to focus on your recovery and the prepaid Visa debit card¹ program will make one aspect of this process easier. If you have questions, you can contact State Fund at (888) 782-8338.

PLEASE NOTE THE ABOVE CLAIM NUMBER ON ALL CORRESPONDENCE.

Sincerely,

[REDACTED]

[REDACTED]

Claims Adjuster

[REDACTED]

Website: statefundca.com



[REDACTED]

Enc: Courtesy Reply Envelope
U.S. Bank Pre-Acquisition Disclosures
Debit Card Flyer

Enc: Courtesy Reply Envelope
U.S. Bank Pre-Acquisition Disclosures
Debit Card Flyer

cc: [REDACTED]

Preview Save Input Refresh Reset Quit



Debit Card Disclosures:**Section 4651 of the California Labor Code:**

- A. A prepaid card shall meet the following requirements:
- i. Allow you to withdraw the entire balance on the debit card in one transaction without incurring fees.
 - ii. Allow you reasonable access to in-network automatic teller machines (ATMs).
 - iii. Allow you to make point-of-sale purchases without incurring fees from the financial institution.
 - iv. Prohibit a link to any form of credit, including a loan against future payments or a cash advance on future payments.
- B. The fees associated with the use of the debit card shall be disclosed to you in writing. The only permissible fees associated with the use of a debit card are those for a replacement debit card provided through expedited delivery, out-of-network ATM fees on the third and subsequent withdrawal per deposit, and fees associated with foreign transactions.
- C. If you give consent to use the debit card payment system under this section, either State Fund or you may opt to change the method of payment to another method consistent with this section by providing thirty (30) day written notice to the other party.

Important Legal Information:

Participation in this program is strictly voluntary. Receipt of State Fund's debit card does not guarantee eligibility for disability benefits. Benefits paid are subject, but not limited to, medical verification and the facts of your claim. If we are unable to electronically transfer funds to your debit card once it is activated, State Fund reserves the right to issue your benefit payments by paper checks.

Per the new state law, Labor Code 4651, there are some circumstances where a fee may be charged in connection with your use of the prepaid Visa debit card¹. The fees associated with the use of the prepaid Visa debit card¹ are listed in the enclosed U.S. Bank Pre-Acquisition Disclosures.

As part of the activation process, you must agree to the following:

1. U.S. Bank's current terms of use, if activating the card and/or accessing account information, is on U.S. Bank's website. Please read the information on the website. Included with this letter is a recent version of the U.S. Bank Pre-Acquisition Disclosure, which may have been updated by the version on the website at:
<https://www.usbankreliacard.com/documentLocator?docId=reliacardcasfwcdisclosures>
2. U.S. Bank's Privacy Policy, including policies for the use of U.S. Bank's website and prepaid Visa debit card¹, are at <https://www.usbank.com/about-us-bank/privacy.html>. Please read U.S. Bank's Privacy Policy which differ from State Fund's.
3. If you choose to sign-up for the prepaid Visa debit card¹ the Cardholder agreement will be included in your card packet. The current U.S. Bank prepaid

https://care2intsso.scif.com/j2ee/care2int/CCM23/9901/InputForm.xsql?P_LS_IDN=17345386&P_CONN=care2int&csrf=894cbc56-ae39-3939-9965-ef... 4/7

Visa debit card¹ Cardholder Agreement is located on the U.S. Bank prepaid Visa debit card¹ cardholder website once you have activated your card and signed into the Cardholder website.

Once you have received your prepaid Visa debit card¹ in the mail and completed the activation process, you will start receiving your disability benefits by way of the prepaid Visa debit card¹. Once you complete the opt-in process, and in order to receive your debit card in the mail from U.S. Bank, State Fund provides the following information to U.S. Bank: Name, Address, Date of Birth, Claim Number, and Unique Code.

If a situation arises that prevents us from electronically transferring funds to your prepaid Visa debit card¹, State Fund reserves the right to send your disability payment(s) by paper check(s).

Print and sign your name directly below, then mail the completed section to State Fund in the enclosed self-addressed envelope, or access www.StateFundCA.com/debit-card to complete the opt-in process online.

I have read and understand this letter, including the disclosures and legal information. I hereby elect to opt into the prepaid Visa debit card¹ program.

Signature

Date



Print Name

Claim Number

1. U.S. Bank ReliaCard[®]
2. Fees apply. See Fee Schedule for details.

Issuer Statement:

The ReliaCard[®] is issued by U.S. Bank National Association pursuant to a license from Visa U.S.A., Inc.

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Opt Out of the Prepaid Visa Debit Card¹ Program:

Use this section only if you have previously opted into the prepaid Visa debit card program and now wish to opt out.

Please note: thirty (30) days written notice is required to opt-out of this program. State Fund may also change the disability indemnity payments back to paper check for any reason by providing you with thirty (30) days written notice.

Print and sign your name directly below, then return the completed section to State Fund in the enclosed self-addressed envelope, or access www.StateFundCA.com/debit-card to complete the opt-out process online. Once the opt-out process is complete, you will receive future disability indemnity payments by paper checks. (Please keep the prepaid Visa debit card¹ in the event you decide to opt back into the prepaid Visa debit card¹ program.)

I hereby elect to opt out of the prepaid Visa debit card¹ program.

Signature

Date



Print Name

Claim Number

1. U.S. Bank ReliaCard[®]

Issuer Statement:

The ReliaCard[®] is issued by U.S. Bank National Association pursuant to a license from Visa U.S.A., Inc.

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A.5. U.S. Bank ReliaCard Pre-Acquisition Disclosure

U.S. Bank ReliaCard® Pre-Acquisition Disclosure
Program Name: California Workers' Compensation

You have options as to how you receive your payments, including receipt of a paper check or this prepaid card. Ask your agency for available options and select your option.			
Monthly fee	Per purchase	ATM withdrawal	Cash reload
\$0	\$0	\$0 in-network \$2.50* out-of-network	N/A
ATM Balance Inquiry (in-network or out-of-network)			\$0
Customer Service (automated or live agent)			\$0 per call
Inactivity			\$0
We charge 3 other types of fees. Here are some of them:			
International Transaction			3%
Card Replacement (standard or expedited delivery)			\$0 or \$15.00
* This fee can be lower depending on how and where this card is used.			
See the accompanying Fee Schedule for free ways to access your funds and balance information.			
No overdraft/credit feature.			
Your funds are eligible for FDIC insurance.			
For general information about prepaid accounts, visit cfpb.gov/prepaid . Find details and conditions for all fees and services inside the card package or call 1-866-936-0315 or visit usbankreliacard.com .			

U.S. Bank ReliaCard® Fee Schedule

Program Name: California Workers' Compensation

All fees	Amount	Details
Get cash		
ATM Withdrawal (in-network)	\$0	This is our fee per withdrawal. "In-network" refers to the U.S. Bank or MoneyPass® ATM networks. Locations can be found at usbank.com/locations or moneypass.com/atm-locator.html .
ATM Withdrawal (out-of-network)	\$2.50	This is our fee per withdrawal. This fee is waived for your first 2 ATM withdrawals per load, which includes both ATM Withdrawals (out-of-network) and International ATM Withdrawals. "Out-of-network" refers to all the ATMs outside of the U.S. Bank or MoneyPass ATM networks. You may also be charged a fee by the ATM operator even if you do not complete a transaction.
Teller Cash Withdrawal	\$0	This is our fee for when you withdraw cash off your card from a teller at a bank or credit union that accepts Visa®.
Using your card outside the U.S.		
International Transaction	3%	This is our fee which applies when you use your card for purchases at foreign merchants and for cash withdrawals from foreign ATMs and is a percentage of the transaction dollar amount, after any currency conversion. Some transactions, even if you and/or the merchant or ATM are located in the United States, are considered foreign transactions under the applicable network rules, and we do not control how these merchants, ATMs and transactions are classified for this purpose.
International ATM Withdrawal	\$2.50	This is our fee per withdrawal. This fee is waived for your first 2 ATM withdrawals per load, which includes both ATM Withdrawals (out-of-network) and International ATM Withdrawals. You may also be charged a fee by the ATM operator even if you do not complete a transaction.
Other		
Card Replacement	\$0	This is our fee per card replacement mailed to you with standard delivery (up to 10 business days).
Card Replacement Expedited Delivery	\$15.00	This is our fee for expedited delivery (up to 3 business days) charged in addition to any Card Replacement fee.

Your funds are eligible for FDIC insurance. Your funds will be held at U.S. Bank National Association, an FDIC-insured institution, and are insured up to \$250,000 by the FDIC in the event U.S. Bank fails. See fdic.gov/deposit/deposits/prepaid.html for details.

No overdraft/credit feature.

Contact Cardholder Services by calling **1-866-936-0315**, by mail at P.O. Box 551617, Jacksonville, FL 32255 or visit usbankreliacard.com.

For general information about prepaid accounts, visit cfpb.gov/prepaid. If you have a complaint about a prepaid account, call the Consumer Financial Protection Bureau at 1-855-411-2372 or visit cfpb.gov/complaint.

CR-54945053

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Divulgación Previa a la Adquisición de la Tarjeta U.S. Bank ReliaCard®
Nombre del Programa: California Workers' Compensation

Los servicios podrían estar disponibles solamente en inglés.

Usted tiene opciones respecto a cómo recibir sus pagos, incluyendo recibirlo a través de un cheque impreso o de esta tarjeta prepagada. Consulte a su agencia sobre las opciones disponibles y seleccione su opción.			
Cargo mensual	Por compra	Retiro de fondos en ATM	Recarga de efectivo
\$0	\$0	\$0 dentro de la red \$2.50* fuera de la red	N/A
Consulta de Saldo en ATM (dentro y fuera de la red)			\$0
Servicio de Atención al Cliente (automatizado o representante en vivo)			\$0 por llamada
Inactividad			\$0
Cobramos otros 3 tipos de cargos. Estos son algunos de ellos:			
Transacción Internacional			3%
Reemplazo de Tarjeta (entrega estándar o expresa)			\$0 o \$15.00
*Este cargo puede ser menor dependiendo de cómo y dónde se utilice esta tarjeta. Consulte la Lista de Cargos para conocer maneras gratuitas de acceder a sus fondos e información sobre su saldo. Sin prestación de sobregiro/crédito. Sus fondos son elegibles para el seguro FDIC. Para obtener información general sobre cuentas prepagadas, visite cfpb.gov/prepaid (en inglés). Encuentre detalles y condiciones de todos los cargos y servicios en el paquete de la tarjeta, llamando al 1-866-936-0315 o visitando usbankreliacard.com (en inglés).			

Lista de Cargos de la Tarjeta U.S. Bank ReliaCard®

Nombre del Programa: California Workers' Compensation

Todos los cargos	Monto	Detalles
Retiros de efectivo		
Retiro de Fondos en ATM (dentro de la red)	\$0	Este es nuestro cargo por cada retiro de fondos. "Dentro de la red" se refiere a las redes de ATM de U.S. Bank o MoneyPass®. Puede encontrar ubicaciones en usbank.com/locations (en inglés) o moneypass.com/atm-locator.html (en inglés).
Retiro de Fondos en ATM (fuera de la red)	\$2.50	Este es nuestro cargo por cada retiro de fondos. Este cargo no se cobra por los 2 primeros retiros de fondos en ATM por depósito, incluidos los Retiros de Fondos en ATM (fuera de la red) y los Retiros de Fondos en ATM Internacionales. "Fuera de la red" se refiere a todos los ATM que se encuentran fuera de las redes de ATM de U.S. Bank y de MoneyPass. El operador del ATM también puede cobrarle un cargo, incluso si no termina de realizar la transacción.
Retiro de Efectivo con Personal de Ventanilla	\$0	Este es nuestro cargo por realizar un retiro de efectivo desde su tarjeta con la ayuda del personal de ventanilla en un banco o cooperativa de crédito que acepte Visa®.
Uso de su tarjeta fuera de los EE. UU.		
Transacción Internacional	3%	Este es el cargo que cobramos y que se aplica al uso de su tarjeta para compras en comercios extranjeros y por retiros de efectivo en ATM extranjeros y es un porcentaje del monto en dólares de la transacción después de cualquier conversión de moneda. Algunas transacciones, aunque usted y/o el comercio o ATM estén ubicados en los Estados Unidos, se consideran transacciones en el extranjero conforme a las reglas correspondientes de la red, y nosotros no tenemos control sobre cómo se clasifican estos comercios, ATM y transacciones para este fin.
Retiro de Fondos en ATM Internacional	\$2.50	Este es nuestro cargo por cada retiro de fondos. Este cargo no se cobra por los 2 primeros retiros de fondos en ATM por depósito, incluidos los Retiros de Fondos en ATM (fuera de la red) y los Retiros de Fondos en ATM Internacionales. El operador del ATM también puede cobrarle un cargo, incluso si no termina de realizar la transacción.
Otros		
Reemplazo de Tarjeta	\$0	Este es nuestro cargo por reemplazo de tarjeta con servicio de entrega estándar (hasta 10 días hábiles).
Reemplazo de Tarjeta con Entrega Expresa	\$15.00	Este es nuestro cargo por entrega expresa (hasta 3 días hábiles), adicional a cualquier cargo por Reemplazo de Tarjeta.

Si bien esta comunicación de U.S. Bank se ofrece en español, las futuras comunicaciones de U.S. Bank y los documentos relacionados con sus acuerdos contractuales, divulgaciones, notificaciones y estados de cuenta, así como los servicios en Internet y de la banca móvil, podrían estar disponibles solamente en inglés. Usted debe poder leer y comprender estos documentos o tener asistencia en su traducción para poder entender y utilizar este producto

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o servicio. Los documentos en inglés están disponibles a petición suya.

Sus fondos son elegibles para el seguro FDIC. Sus fondos se conservarán en U.S. Bank National Association, una institución asegurada por la FDIC, y están asegurados por la FDIC hasta \$250,000 en caso de que U.S. Bank quiebre. Consulte fdic.gov/deposit/deposits/prepaid.html (en inglés) para obtener detalles.

Sin prestación de sobregiro/crédito.

Comuníquese con Servicios para Titulares de Tarjetas, llamando al **1-866-936-0315**, por correo a: Cardholder Services P.O. Box 551617, Jacksonville, FL 32255 o visite usbankreliacard.com (en inglés).

Para obtener información general sobre cuentas prepagadas, visite cfpb.gov/prepaid (en inglés). Si tiene alguna queja sobre una cuenta prepagada, llame a la Oficina para la Protección Financiera del Consumidor (Consumer Financial Protection Bureau) al 1-855-411-2372, o visite cfpb.gov/complaint (en inglés).

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A.6. Public Comments

A 30-day public comment period from December 11, 2025, through January 16, 2026, was opened for public feedback about the December 11, 2025 approved draft report. CHSWC received and has included comments from the following.



January 15, 2026

Department of Industrial Relations
Commission on Health and Safety and Workers' Compensation
1515 Clay Street, Suite 1540
Oakland, CA 94612

Sent via electronic submission
email: CHSWC_PublicComments@dir.ca.gov

Dear Commission on Health and Safety and Workers' Compensation,

RE: APCIA's Comments Regarding DRAFT Report on Employer Use of Prepaid Card Account Programs for Workers' Compensation Disability Indemnity Payments in California: California Senate Bill 880 (2018) and California Labor Code §4651

The American Property Casualty Insurance Association (APCIA) is grateful for the opportunity to provide written comments regarding the Commission on Health and Safety and Workers' Compensation's (CHSWC) DRAFT Report on Employer Use of Prepaid Card Account Programs for Workers' Compensation Disability Indemnity Payments in California: California Senate Bill 880 (2018) and California Labor Code §4651.

APCIA is the primary national trade association for home, auto, and business insurers. APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA members represent all sizes, structures, and regions—protecting families, communities, and businesses in the U.S. and across the globe.

APCIA appreciates the work of CHSWC and the time and attention to this matter. In 2018 SB 880 was passed to establish Labor Code §4651 which authorized an employer, with the written consent of the employee, to deposit disability indemnity payments for the employee in a prepaid card account that meets specified requirements, including allowing the employee reasonable access to in-network automatic teller machines.

The bill addressed a challenge for many injured workers because temporary disability could only be transmitted to injured workers by either a paper check or direct deposit, which presented unique challenges for "unbanked" households (households where no one in the household has a bank account). For unbanked workers, direct deposit would generally not be available. Without a relationship with a financial institution, cashing a check without significant fees would also prove challenging. The bill was designed to assist these households by starting the process of regularizing the use of prepaid card accounts for temporary disability payment, similar to one of the authorized methods for delivering unemployment insurance benefits.

APCIA supports retaining the prepaid card option, provided it remains discretionary. Fostering flexibility in payment options is critical to meeting the diverse needs of injured workers. We recommend, however, that the CHSWC supports the further expansion of electronic payment systems, including the use of platforms such as Venmo and PayPal.

California Labor Code §4651 currently allows electronic deposit to an account in a “bank, savings and loan association, or credit union.” Modernizing this language by removing these specific account-type limitations could unlock broader industry interest in expanding electronic payment options. Doing so would deliver significant benefits—particularly for unbanked individuals—by providing direct, immediate access to funds without the burdens and costs associated with cashing paper checks. Enhanced electronic payment options represent a practical, consumer-friendly solution that promotes convenience, financial inclusion, and timely access to benefits.

APCIA supports expanding choices for injured employees and keeping pace with consumer demands and technical advances. Thank you for the opportunity to submit this response. Please contact me directly via email at laura.curtis@apci.org with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Laura Curtis', with a stylized flourish at the end.

Laura Curtis
Assistant Vice President, State Government Relations
Laura.Curtis@apci.org

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