

Date of Hearing: April 29, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
AB 1683 (Committee on Insurance) – As Introduced February 2, 2026

Policy Committee: Insurance

Vote: 17 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill strikes the January 1, 2027, repeal date of the pilot program allowing an employer to deposit disability indemnity (workers' compensation) payments in a prepaid card account for employees, thus making the program permanent.

FISCAL EFFECT:

Likely minor and absorbable costs to the Division of Workers' Compensation. The outcome of the pilot program does not suggest significant education or enforcement costs, even if all employers eventually offer a prepaid card account for employees.

COMMENTS:

- 1) **Purpose.** According to the author, making permanent an existing pilot program allowing workers' compensation payments be made via prepaid card, rather than paper check or direct deposit, improves accessibility of payments, particularly among communities that lack consistent access to traditional banking. This bill is supported by business and insurer associations.
- 2) **Prepaid Card Pilot Program.** Modeled after the Employment Development Department's program utilizing prepaid card accounts to issue unemployment insurance and disability insurance payments, SB 880 (Pan), Chapter 730, Statutes of 2018, created a pilot program, through January 1, 2023, to allow employers to transmit workers' compensation benefits via a prepaid card, instead of a paper check or direct deposit. Employees must provide written consent to the employer to use a prepaid card account that includes specified consumer protections. At the time, the author of SB 880 argued paper checks present challenges for "unbanked" households lacking access to financial services and utilizing prepaid cards would make it cheaper and easier for all people to receive benefits.

SB 880 also required the Commission on Health and Safety and Workers Compensation (CHSWC) to report the following data to the Legislature by December 1, 2022: (a) the number of employees who elected to receive their benefits via prepaid card; (b) the cash value of benefits sent via prepaid card; and (c) the number of employees who opted to change their method of payment from prepaid card to either a written instrument or electronic deposit. Due to insufficient data, the CHSWC report was not completed on time, necessitating the passage of three bills to extend the sunset date of the pilot program to allow

time to finish and publicize the report. Most recently AB 1239 (Calderon), Chapter 806, Statutes of 2024, extended the sunset date to January 1, 2027.

CHSWC published the report on February 18, 2026, finding that one insurer, the State Compensation Insurance Fund, utilized the pilot authorization, with over 10,000 employees enrolling in the prepaid card program. According to CHSWC:

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 review...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.

As noted in the Assembly Insurance Committee's analysis of this bill, although only one payer adopted the program, the State Compensation Insurance Fund is "California's largest provider of workers' compensation insurance, with tens of thousands of policyholders and nearly \$21 billion in assets." This bill implements the CHSWC recommendation and makes the program permanent.

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