

DATE: April 21, 2011

TO: The Honorable Christine Kehoe
Chair, Senate Appropriations Committee
State Capitol, Room 2206
Sacramento, CA 95814

FROM: Faith Conley, California State Association of Counties
Jason Schmelzer, Coalition on Workers' Compensation
Amber Wiley, ALPHA Fund
Natasha Karl, League of California Cities

**Re: SB 457 (Calderon): Workers' Compensation: Liens – OPPOSE
As Introduced on February 16, 2011
Awaiting hearing – Senate Appropriations Committee**

Dear Senator Kehoe:

The California State Association of Counties (CSAC), the Coalition on Workers' Compensation (CCWC), ALPHA Fund, and the League of California Cities (LCC) regret that we must oppose SB 457, by Senator Ron Calderon, which would set up another standard for the payment of medical provider billings outside the Official Medical Fee Schedule (OMFS) adopted by the Administrative Director of the Division of Workers' Compensation.

The OMFS was adopted to reduce abusive fees charged by health plans and providers and establishes rates for compensable injuries. As introduced, SB 457, notwithstanding the OMFS, permits the Workers' Compensation Appeals Board to allow a lien to the extent of benefits paid for reimbursement for self-procured medical costs if the medical provider is an employee owned and operated health trust plan. We are concerned that SB 457 will encourage more liens for services over and above the fair and equitable OMFS as the workers' compensation system is struggling to resolve hundreds of thousands of provider liens currently overloading the system.

We are also concerned that SB 457 will provide a perverse incentive for employers to treat outside of the workers' compensation to avoid utilization review, and then having their trust file a lien for payment over the OMFS. This will inevitably lead to increased abuse of the workers' compensation system and a significant increase in workers' compensation costs to public employers.

For these reasons, we must respectfully oppose SB 457. Please feel free to contact us with any questions: Faith Conley (CSAC) at 916/650-8117, Jason Schmelzer (CCWC) at 916/441-4111, Amber Wiley (ALPHA Fund) at 916/498-6233 and Natasha Karl (LCC) at 916/658-8279.

Cc: Honorable Ron Calderon
Members/consultant, Senate Appropriations Committee

