

DATE: April 21, 2011

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

**Re: SB 863 (Lieu) – Workers’ Compensation Liens
As Amended March 22, 2011 – SUPPORT
Awaiting hearing – Senate Appropriations Committee**

Dear Senator Kehoe:

The California State Association of Counties (CSAC), the California Coalition on Workers’ Compensation (CCWC), the California Special Districts Association (CSDA), the League of California Cities (LCC) and the Alpha Fund are pleased to support SB 863, by Senator Ted Lieu, which will reduce employer costs in the workers’ compensation system by beginning the process of reforming how liens are handled in the system’s adjudicatory process.

In January 2011, the Commission on Health Safety and Workers’ Compensation released its “*Liens Report*” (Report), a culmination of the work performed by a broad stakeholder group which was convened to characterize the lien problem so that policymakers can target proposed solutions and to quantify the problem so that the effects of such proposals can be estimated. According to the Report, approximately 350,000 workers’ compensation liens were filed in 2010 and over 450,000 more are expected to be filed in 2011. Medical treatment liens, the Report states, account for more than 60 percent of the liens filed and 80 percent of the dollars in dispute. Litigation over these liens is one of the fastest growing cost drivers in the workers’ compensation system.

SB 863 attempts to address these problems by taking five recommendations identified in the Report that will accomplish the following:

- Create a statute of limitations, effective prospectively based on date of services to bar any lien unless the service is billed in accordance with regulations and the lien is filed within a defined time following that service.
- Establish a statute of limitations to bar any lien for service, regardless of date of service, which is not filed within three years of the date of medical service.
- Eliminate implied liens for medical treatment or medical-legal expenses.
- Impose automatic dismissal by operation of law for any lien which is not activated for hearing within a finite time.
- Allow additional time for medical insurers to file liens for the reimbursement of sums paid for covered treatment.

For these reasons, we support SB 863. 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, Natasha Karl (LCC) at 916/658-8279 and Iris Herrera (CSDA) at 916/442-7887.

Cc: The Honorable Ted Lieu
Members/Consultant, Senate Appropriations Committee