

## N E W S   R E L E A S E

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### **\$600 Million in Workers' Compensation Liens Filed by Convicted or Indicted Physicians, Providers**

**Oakland**—The Department of Industrial Relations (DIR) and its Division of Workers' Compensation (DWC) today announced that [\\$600 million in liens](#) filed against injured employees' claims for workers' compensation benefits have been filed by convicted or criminally indicted parties from 2011 through 2015.

"While California has made great strides in increasing benefits to injured workers, improving appropriate care and reducing employers' costs, we are pursuing legislation to prohibit criminal and indicted providers from lining their pockets through liens and to address the assignment of liens," said Christine Baker, DIR Director.

California's workers' compensation law allows certain claims for payment of services or benefits provided to or on behalf of injured workers to be filed as a lien against an employer in an employee's claim for workers' compensation benefits. The filing of a lien generates collateral litigation between the lien filer and defendant (insurer or employer) over the validity of the claim and the necessity, extent and value of any services provided. The parties may then settle on an amount due or adjudicate the dispute in a lien trial before the Workers' Compensation Appeals Board.

SB 863 (De León), which took effect on January 1, 2013, included a number of provisions to reduce costs by reducing the volume of lien claims and lien claim litigation in the workers' compensation system, including the reestablishment of lien filing fees to preclude frivolous lien filings, creation of an Independent Bill Review system to remove most billing disputes from litigation, and restrictions on the ability of third parties to collect on assigned lien claims.

Despite these efforts, the 68 businesses comprising the top one percent of lien filers filed more than 273,000 liens totaling \$2.5 billion in accounts receivable on adjudicated cases between 2013 and 2015. Two of the business owners are indicted and three others have pled guilty. Legislation is underway to stay liens of physicians or providers who are criminally charged with workers' compensation fraud, medical billing fraud, insurance fraud, and Medicare or Medi-Cal fraud.

## Assignments of Accounts Receivables are proving fertile ground for fraud

The assignment of liens by service providers to those who file and collect on liens are, in essence, the buying and selling of injured workers' treatments and fertile ground for presenting fraudulent claims. DIR's review of filing dates indicates that lien claimants tend to wait until after the primary case is settled rather than seeking early resolution of medical necessity. Even if lien claimants – especially those who bundle and buy or sell accounts receivables – only make pennies on the dollar, returns can still be high.

DIR is leading an effort to identify and address strategies for improved anti-fraud efforts in the workers' compensation system. DIR and the Department of Insurance convened working groups in June to gather stakeholder input and evidence of fraudulent activity in the system. At the direction of the Secretary of the California Labor and Workforce Development Agency, DIR will be preparing a report on further recommendations to the Governor and the Legislature by no later than Fall of 2016.

DIR protects and improves the health, safety and economic well-being of over 18 million wage earners, and helps their employers comply with state labor laws. Its [Division of Workers' Compensation](#) (DWC) monitors the administration of workers' compensation claims, and provides administrative and judicial services to assist in resolving disputes that arise in connection with claims for workers' compensation benefits.

Members of the press may contact Erika Monterroza or Peter Melton at (510) 286-1161, and are encouraged to [subscribe to get email alerts](#) on DIR's press releases or other departmental updates.

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The [California Department of Industrial Relations](#), established in 1927, protects and improves the health, safety, and economic well-being of over 18 million wage earners, and helps their employers comply with state labor laws. DIR is housed within the [Labor & Workforce Development Agency](#). For general inquiries, contact DIR's Communications Call Center at 844-LABOR-DIR (844-522-6734) for help in locating the appropriate [division or program](#) in our department.