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DWCNewsline

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\$100 lien filing fee repealed as of July 1

Lien filing fees established as part of workers' compensation reforms enacted in 2003 have been repealed effective Jul. 1, 2006. The Division of Workers' Compensation (DWC) proposed repealing the lien fees as part of the budget, which was signed by Governor Schwarzenegger today.

Senate Bill 228 amended Labor Code section 4903.05 to require a fee of \$100 for each lien filed by medical or other service providers, or for liens filed on behalf of providers. Collections were to be deposited in the Workers' Compensation Administration Revolving Fund (WCARF).

The intent of the filing fee was to share costs of the workers' compensation system, which is currently funded entirely by employers, and to stop medical providers from filing unnecessary liens when reimbursement for their services is not in doubt.

However, the cost of filing the liens was passed through to employers and the number of liens filed did not decrease. At the same time, the Division of Workers' Compensation had to process the liens and related filing fees, which did not positively impact the system or the settling of claims, and instead created a process that was inefficient and took DWC staff away from other duties.

Effective Jul. 1, 2006, budget trailer bill language in Assembly Bill 1806 repeals Labor Code section 4903.05 and adds section 4903.6 to preclude the filing of frivolous liens at DWC district offices.

Labor Code section 4903.6 states:

(a) Except as necessary to meet the requirements of Section 4903.5, no lien claim or application for adjudication shall be filed under subdivision (b) of Section 4903 until the expiration of one of the following:

(1) Sixty days after the date of acceptance or rejection of liability for the claim, or expiration of the time provided for investigation of liability pursuant to subdivision (b) of Section 5402, whichever date is earlier.

(2) The time provided for payment of medical treatment bills pursuant to Section 4603.2.

(3) The time provided for payment of medical-legal expenses pursuant to Section 4622.

(b) No declaration of readiness to proceed shall be filed for a lien under subdivision (b) of Section 4903 until the underlying case has been resolved or where the applicant chooses not to proceed with his or her case.

(c) The appeals board shall adopt reasonable regulations to ensure compliance with this section, and shall take any further steps as may be necessary to enforce the regulations, including, but not limited to, impositions of sanctions pursuant to Section 5813.

(d) The prohibitions of this section shall not apply to lien claims, applications for adjudication, or declarations of readiness to proceed filed by or on behalf of the employee, or to the filings by or on behalf of the employer.

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