

**State of California  
Department of Industrial Relations  
Division of Workers' Compensation**

**Finding of Emergency and Informative Digest**

**Finding of Emergency**

The Administrative Director of the Division of Workers' Compensation finds that the proposed regulations are necessary for the immediate preservation of the public peace, health and safety or general welfare.

**Statement of Emergency**

Labor Code Section 62.5, as amended effective January 1, 2004, requires the Division of Workers' Compensation to be one hundred percent funded by user assessments. Prior to this enactment, the Division was funded 80 percent from the General Fund and 20 percent from user funding assessments levied on employers.

Effective January 1, 2004, newly enacted Labor Code Section 4903.05 will require medical providers and medical lien claimants who use the judicial services of the Workers' Compensation Appeals Board to also contribute to the funding of the workers' compensation program through the payment of a \$100 filing fee for each initial medical or medical-legal lien filed in a workers' compensation case.

All lien filing fees collected pursuant to Labor Code Section 4903.05 will reduce the subsequent year's employer assessment under Labor Code Section 62.5.

If the Division is unable to immediately begin collecting the lien filing fees required by Labor Code Section 4903.05, employers will be forced to continue to bear that portion of the economic burden of funding the workers' compensation program that the Legislature has determined should be born by the medical providers and medical legal lien claimants who are also user of the workers' compensation system. The costs of supporting the workers' compensation system have been identified as contributing to the serious economic crisis facing California's employers.

Adoption of the proposed regulations as soon as possible is therefore necessary for the immediate preservation of the public peace, health and safety or general welfare.

**Authority and Reference**

The Administrative Director of the Division of Workers' Compensation, exercising the authority vested in the Court Administrator (as that office is currently vacant pending an appointment by the Governor) and acting pursuant to the authority vested in the Court Administrator by Labor Code Section 4903.05 to adopt regulations to implement the provisions of Labor Code Section 4903.05, proposes to adopt Subchapter 1.9 of Chapter 4.5 of Title 8 of the California Code of Regulations, Section 10250. Reference is to Labor Code Section 4903.05.

## **Informative Digest**

The Administrative Director proposes to adopt specified administrative regulations governing the manner and procedure for collecting the medical provider and medical legal lien claimant initial lien filing fees required by Labor Code Section 4903.05 to support California's workers' compensation system.

Adoption of this regulation is a statutory mandate and its emergency adoption is required in part by the severe revenue and budgetary shortfalls facing California state government for the current and upcoming fiscal years.

## **Fiscal Impacts**

Costs or savings to state agencies or costs/savings in federal funding to the State: There will be administrative costs to implement the regulation. These costs will be addressed through the normal budget process.

Local Mandate: None. The proposed regulations will not impose any new mandated programs or increased service levels on any local agency or school district.

Cost to any local agency or school district that is required to be reimbursed under Part 7 (commencing with Section 17500) of Division 4 of the Government Code: None. The proposed regulation does not apply to any local agency or school district.

Other nondiscretionary costs/savings imposed upon local agencies: None. The proposed does not apply to any local agency or school district.

Date \_\_\_\_\_

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RICHARD P. GANNON  
Administrative Director