

SENATE BILL REPORT

SHB 1503

As of March 20, 2015

Title: An act relating to medical liens.

Brief Description: Concerning medical liens.

Sponsors: House Committee on Judiciary (originally sponsored by Representatives Jinkins, Ryu, Tharinger, DeBolt, Senn, Robinson, Harris, Cody, Riccelli, Walsh, Sawyer and Moeller).

Brief History: Passed House: 3/09/15, 97-1.

Committee Activity: Law & Justice: 3/17/15.

SENATE COMMITTEE ON LAW & JUSTICE

Staff: Melissa Burke-Cain (786-7755)

Background: Currently, licensed health care providers, hospitals, or ambulance operators providing care to a patient for traumatic injuries have a claim for payment. The medical lien law allows providers to secure payment from the proceeds of any any settlement, judgment, or other payment awarded to the patient from persons liable for the injuries.

The medical lien law limits the total amount of claims that can be enforced against a settlement for services to one patient caused by one accident or event to 25 percent of the settlement or judgment payment. Medical lien claimants give notice by recording their liens with the auditor in the county where the services were provided.

Currently some claimants, or their claim representatives who may not be licensed collection agencies, may fail to release the medical lien after payment. Delayed release of liens may create financial problems for the patient.

Summary of Bill: Only the original service provider claimant or a state-licensed collection agency acting on the claimant's behalf may use a statutory medical lien to secure payment. In any collection effort by or on the claimant's behalf, the claimant or collection agency must disclose their use of medical liens as part of billing and collection practices.

When the claimant is paid or the debt is settled, the claimant must promptly sign a written release of lien rights and deliver the release to the patient. If the claimant fails to release the

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lien promptly, the claimant is liable for the unjustified delay and the patient may go to court to enforce the release. The court may order the delaying claimant to pay costs, attorneys' fees, and damages to the patient.

Any person or entity other than the original claimant is a collection agency for purposes of the medical lien. The person or entity must be state licensed as a collection agency and comply with all legal requirements for licensed collection agencies.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The reason this bill is proposed is that persons who are injured may be unaware that a medical lien is placed against any recovery they may be awarded from a responsible third party. Some unlicensed collectors may use aggressive collection tactics when collecting on behalf of medical providers. Even when a claimant is paid, or agree to a settlement of the claim, there is little incentive for the claimant to record a release of lien rights so the lien continues to show up, in error, as an unpaid debt. When that happens, the injured person has to go through a costly court action to enforce the release of the lien rights.

OTHER: One part of the bill creates a concern for claimants that should be clarified with an amendment. The bill requires the claimant to immediately record a release of lien rights following payment to the claimant or settlement of the lien. Claimants should be allowed a reasonable amount of time to get the paperwork completed to release the lien. Claimants are concerned that the bill does not allow for reasonable processing time because of the use of "immediate."

Persons Testifying: PRO: Representative Jinkins, prime sponsor; Darrell Cochran, PCVA law firm.

OTHER: David Fagan, WA Collectors' Assn.

Persons Signed in to Testify But Not Testifying: No one.