

Date of Hearing: June 23, 2026

ASSEMBLY COMMITTEE ON JUDICIARY
Ash Kalra, Chair
SB 623 (Umberg and Papan) – As Amended June 22, 2026

SENATE VOTE: NOT RELEVANT

SUBJECT: AUTOMOBILE ACCIDENTS: CIVIL ACTIONS: TRANSPORTATION
NETWORK COMPANIES

SYNOPSIS

In October 2025, Uber surprised many California political observers by introducing a ballot measure designed to cap attorney's fees in automobile accident cases by guaranteeing the plaintiff 75% of the total amount recovered. While this proposal seemed reasonable and worthwhile for accident victims, in reality, it would have wholly gutted many Californians' ability to obtain legal counsel, as most accident victims cannot outright pay thousands of dollars an hour in legal bills and must hire attorneys on a contingency fee basis (essentially the attorney may only recover fees from an ultimate settlement or jury award). Countering the Uber proposal, the Consumer Attorneys of California, on behalf of many members of the plaintiff's bar, introduced a ballot measure aimed at holding Uber to account for the reports of widespread sexual misconduct of the company's drivers and sought to treat the ride share platform as a common carrier imposing a large swath of new regulations on the company. By all accounts, and the final disclosures are not available at the time of the writing of this analysis, both sides have already spent tens (if not hundreds) of millions of dollars on an advertising campaign slamming the other side and promoting their own ballot measures.

Given the somewhat draconian nature of each side's ballot measure, had they passed, the business model for both Uber and plaintiff's attorneys would have been dramatically changed. Thankfully, cooler heads appear to have prevailed, and this measure represents a compromise between Uber and the Consumer Attorneys of California to stop the ballot fight. This measure has two critical components. First, the bill seeks to prevent attorneys and medical lien holders from artificially inflating the cost of medical care for persons injured in car accidents by limiting a plaintiff's recover expenses for services rendered by a lien-based provider not to exceed 70th percentile of FAIR Health, Inc.'s billed charges, or the 70th percentile of a comparable commercially recognized billed charges database for the same or similar service. The bill also clarifies the ability for medical liens to be sold or transferred, places new restrictions on attorneys referring clients to medical providers, and imposes sanctions on misbehaving attorneys and medical providers. The second critical set of provisions of this bill strengthen the background checks that ride share companies must conduct before permitting drivers to utilize their platforms to better identify drivers with a history of sexual predation and reckless driving. Finally, the bill also ensures that ride share companies' new efforts to permit riders to request only drivers of the same gender do not run afoul of state civil rights statutes and inadvertently create a new avenue for litigation.

This compromise measure is supported by both Uber and the Consumer Attorneys of California who note that the bill protects rider share users and ensures that litigation costs are not unreasonably increased by unscrupulous actors, many with ties to Wall Street hedge funds. As of the time of publication of this analysis the bill has no known opposition. This measure must be

approved by the Legislature by June 25, 2026 in order for the ballot measures to be removed in a timely manner.

SUMMARY: Caps the maximum recovery of a plaintiff for damages for any expense for services rendered by a lien-based provider not to exceed 70th percentile of FAIR Health, Inc.'s billed charges, or the 70th percentile of a comparable commercially recognized billed charges database for the same or similar service, as specified, and makes several other changes to the existing law to improve safety for ride share users. Specifically, **this bill:**

- 1) Provides that the provisions of the bill apply to any civil case, claim, action, or arbitration against a network company, its subsidiary, or an app-based driver, as defined, arising out of an automobile accident occurring on or after January 1, 2027, in which a claimant obtained medical treatment by a lien-based provider.
- 2) Exempts from the provisions of the bill any medical services rendered, liens created, receivables assigned, or contractual rights or obligations arising before January 1, 2027. Specifies that nothing in the new section abrogates the collateral source rule.
- 3) Provides that the maximum recovery of a plaintiff for damages for any expense for services rendered by a lien-based provider not to exceed 70th percentile of FAIR Health, Inc.'s billed charges, or the 70th percentile of a comparable commercially recognized billed charges database for the same or similar service in the applicable geographic area at the time the service was rendered, and prohibits a plaintiff from recovering past medical expense damages in excess of that amount.
- 4) Clarifies that nothing in the bill is to be construed to establish entitlement to any particular amount for any medical service, or to preclude a defendant from challenging the amount recoverable for any medical expense.
- 5) Permits a court to authorize recovery above the maximum recovery provided in 3) upon motion of the plaintiff only upon a finding, by clear and convincing evidence, and supported by expert testimony, that the service involved exceptionally rare or highly specialized treatment for which no reasonably comparable provider or service was available. Requires any request for recovery above the maximum recovery provided to be determined by the court before trial.
- 6) Entitles the party opposing the motion made in 5) to recover its reasonably attorney's fees and costs incurred in connection with opposing the motion if the court denies the motion.
- 7) Makes the amount billed, charged, or claimed by a lien-based provider for past medical expenses in excess of the maximum amount recoverable under the bill void and unenforceable, and prohibits any person or entity from recovering, collecting, enforcing, asserting, seeking payment of, or seeking reimbursement, indemnity, contribution, or subrogation for that excess amount.
- 8) Prohibits any party from introducing, referencing, disclosing, or presenting to the trier of fact any billed charge, lien amount, invoice, statement, or claimed value for past medical expenses exceeding the recoverable amount pursuant to this bill, and prohibits any party from introducing evidence or argument or reference to this bill, including, but not limited to, reference to the maximum amount, as specified.

- 9) Prohibits a plaintiff from recovering as damages for medical expenses an amount greater than the amount actually billed by the lien-based provider for that service.
- 10) Requires damages for medical expenses under this section to be supported by itemized medical bills identifying the services provided at the procedure-code level using generally accepted health care billing and coding standards, including applicable Current Procedural Terminology (CPT), Healthcare Common Procedure Coding System (HCPCS), International Classification of Diseases (ICD), or successor coding systems in order to be recoverable.
- 11) Requires a party challenging compliance with the provisions of 10) to provide written notice to the plaintiff's attorney identifying the alleged deficiency with reasonable specificity, and grants the provider or party offering the bill 30 days to cure, supplement, or clarify with billing records.
- 12) Limits the maximum recoverable medical expense damages, the maximum amount recoverable by the assignee, and the maximum amount for which the plaintiff may be liable, where a medical lien, receivable, or right to payment has been sold, assigned, financed, factored, or otherwise transferred, to not exceed the total consideration paid or payable in connection with the transaction to acquire the lien, receivable, or right to payment, which in no event can exceed the maximum amount recoverable in 3).
- 13) Makes any agreement relating to the sale, assignment, financing, factoring, or transfer of a medical lien, receivable, or right to payment, and the consideration paid or payable therefor, including any contingent, deferred, recourse-based, or future payments, discoverable and requires it to be disclosed to the plaintiff, the plaintiff's attorney, the defendant, the defendant's attorney, and any applicable insurer within 30 days after the transaction and, in all events, before any settlement or distribution of the settlement proceeds.
- 14) Prohibits any undisclosed lien sale, assignment, financing, factoring arrangement, or transfer from being asserted against a defendant, insurer, settlement, judgment, or settlement proceeds.
- 15) Provides that nothing in the bill precludes any party from challenging the reasonableness of any charge, the medical necessity of any treatment, or the accuracy of any billing, coding, or causation, except as specified.
- 16) Deems any agreement, arrangement, or transaction by which a lien-based provider transfers the economic risk of noncollection of a medical lien to a third party in exchange for immediate or deferred compensation, regardless of whether the transaction is denominated as a sale, assignment, loan, factoring arrangement, management agreement, servicing agreement, or otherwise, as a lien assignment subject to this bill.
- 17) Authorizes the civil discovery of any medical liens relating to the lien-based provider treatment at issue, including any assignment, financing, factoring, referral, ownership, investment, lending, or compensation between a lien-based provider and an attorney, law firm, or affiliated entity relating to the treatment, lien or recovery.
- 18) Requires a lien-based provider, upon request, to provide a declaration under penalty of perjury stating whether the plaintiff was referred by the attorney, law firm, or any person

acting on their behalf and the approximate number of patients referred by that attorney or law firm to the provider during the preceding 24 months. Makes the declaration discoverable.

- 19) Makes it unlawful for an attorney representing a plaintiff under a contingency fee agreement to refer a client to a health care provider in which the attorney or a member of the attorney's immediate family has a direct ownership interest.
- 20) Makes it unlawful for an attorney representing a plaintiff to fee split, receive kickbacks, rebates, or referral compensation in connection with the furnishing of lien-based provider medical treatment for that plaintiff.
- 21) Makes it unlawful for an attorney or law firm to provide bonuses, incentives, or compensation for referrals of clients to lien-based providers for lien-based treatment.
- 22) Prohibits an attorney from charging any additional contingency fee, administrative fee, management fee, or similar fee based upon the reduction, compromise, or resolution of a medical lien, however, nothing in this bill prevents an attorney from retaining a third party to negotiate any lien reductions at a cost with client consent.
- 23) Prohibits a lien-based provider from entering into any agreement or understanding to reduce a medical lien before medical services are rendered, and that a violation of this prohibition may subject the provider to professional discipline.
- 24) Provides that an attorney who violations 19) – 22) may be subject to professional discipline by the State Bar.
- 25) Defines various terms for purposes of the bill, including:
 - a) "Lien-based provider" means any health care provider or other person or entity that renders, furnishes, bills for, finances, or seeks payment for health care-related goods or services provided pursuant to an agreement under which payment is contingent upon, secured by, or expected from, the proceeds of the patient's legal claim. The term includes any facility, hospital, ambulatory surgery center, imaging center, supplier, affiliated entity, or other person or entity participating in the course of treatment or episode of care, regardless of whether that person or entity executed a separate agreement. The term does not include providers furnishing care pursuant to health insurance, government health coverage, or the Hospital Lien Act, as provided pursuant to existing law.
 - b) "Medical lien" means any lien, assignment, receivable, right to payment, letter of protection, financing arrangement, factoring arrangement, purchase agreement, or other claim or encumbrance arising from or relating to medical goods or services furnished to a plaintiff or claimant for which payment is contingent upon, secured by, expected from, or recoverable from the proceeds of a legal claim. "Medical lien" does not include any lien, reimbursement claim, or subrogation rights asserted by a private health insurer, Employee Retirement Income Security Act (ERISA) plan, workers' compensation carrier, Medicare, Medi-Cal, TRICARE, or any other federal or state health benefit program.
- 26) Prohibits a transportation network company from contracting with, employing, or retaining a driver if the driver has been convicted of specified sex- or assault-based criminal offenses.

- 27) Prohibits a transportation network company from contracting with, employing, or retaining a driver if, in the previous seven years, the driver has been convicted of driving under the influence of an alcoholic beverage or drug, a weapons charge, or violating a protective order.
- 28) Requires a background check to be performed, prior to activation of a transportation network company driver's account, and once annually thereafter for each participating driver who is authorized to use the transportation network company's online-enabled application or platform, as specified.
- 29) Authorizes a transportation network company or charter-party carrier of passengers, notwithstanding any other law including the Unruh Civil Rights Act, to allow a woman passenger on its online-enabled application or platform or a participating woman driver to indicate a preference to be matched with a woman driver or woman passenger, respectively, and facilitate passenger-driver matches based on such preferences.
- 30) Deems the provisions of 29) retroactive, without regard to whether or not a transportation company or charter-party carrier's facilitation of passenger-driver matches occurred before, or occurred on or after, the date on which this bill is enacted, including in civil litigation proceedings initiated prior to the date on which this bill is enacted.
- 31) Provides that nothing in the bill abrogates the collateral sources rule.
- 32) Adopts a severability clause.

EXISTING LAW:

- 1) For the breach of an obligation not arising from contract, the measure of damages, except where otherwise expressly provided by law, is the amount which will compensate for all the detriment proximately caused thereby, whether it could have been anticipated or not. (Civil Code Section 3333.)
- 2) Specifies that, except as provided in 3), in any action to recover damages arising out of the operation or use of a motor vehicle, a person is not entitled to recover non-economic losses to compensate for pain, suffering, inconvenience, physical impairment, disfigurement, and other nonpecuniary damages if any of the following applies:
 - a) The injured person was at the time of the accident operating the vehicle while under the influence of controlled substance or alcohol, and was convicted for the violation;
 - b) The injured person was the owner of a vehicle involved in the accident and the vehicle was not insured as required by the financial responsibility laws of this state; or
 - c) The injured person was the operator of a vehicle involved in the accident and the operator can not establish his or her financial responsibility as required by the financial responsibility laws of this state. (Civil Code Section 3333.4 (a).)
- 3) Provides that the provisions of 2) related to a failure to maintain a financial responsibility for operating a vehicle do not apply if the injuries were the result of another driver operating a vehicle under the influence of controlled substance or alcohol. (Civil Code Section 3333.4 (c).)

- 4) Provides that any person who suffers injury that is proximately caused by the driver of a commercial motor vehicle is entitled to recover treble damages from the driver's employer where it is shown both that the driver of a commercial motor vehicle was under the influence of alcohol or a controlled substance at the time that the injury was caused and that the driver's employer willfully failed at the time of the injury to comply with any of the requirements of federal law related to testing employees for substance use. (Civil Code Section 3333.7 (a).)
- 5) Provides that no lien asserted by a licensee of the Department of Managed Care or the Department of Insurance, and no lien of a medical group or an independent practice association, to the extent that it asserts or enforces a lien, for the recovery of money paid or payable to or on behalf of an enrollee or insured for health care services provided under a health care service plan contract or a disability insurance policy, when the right of the licensee, medical group, or independent practice association to assert that lien is granted in a plan contract subject to the Knox-Keene Health Care Service Plan Act of 1975 or a disability insurance policy subject to the Insurance Code, may exceed the sum of the reasonable costs actually paid by the licensee, medical group, or independent practice association to perfect the lien and one of the following:
 - a) For health care services not provided on a capitated basis, the amount actually paid by the licensee, medical group, or independent practice association pursuant to that contract or policy to any treating medical provider; or
 - b) For health care services provided on a capitated basis, the amount equal to 80 percent of the usual and customary charge for the same services by medical providers that provide health care services on a noncapitated basis in the geographic region in which the services were rendered. (Civil Code Section 3040 (a).)
- 6) Enacts the California Consumer Legal Funding Act to govern the development and repayment of consumer legal funding agreements, which among other provisions, prohibits attorneys from steering clients to legal funders in which they have a financial interest and require the consumer legal funder to declare all charges that may be imposed on the person signing the agreement. (Business and Professions Code Section 6250 *et seq.*)
- 7) Requires, if either the Medi-Cal beneficiary or the Director of the Department of Health Care Services brings an action or claim against a third party or carrier, the beneficiary or the director to within 30 calendar days of filing the action give to the other party written notice by personal service, registered mail, or other means of communication deemed appropriate by the Department of the action or claim, and of the name of the court or state or local agency in which the action or claim is brought. (Welfare and Institutions Code Section 14124.73 (a).)
- 8) Requires the notice specified in 7) to include, at a minimum, the following information:
 - a) The date of the Medi-Cal beneficiary's injury;
 - b) The beneficiary's Medi-Cal identification number;
 - c) The name and contact information of the liable third party or carrier against whom the action or claim has been filed; and

- d) The name and contact information of the carrier for the party identified in c) against which a claim has been or will be filed for the beneficiary's injury, the carrier's unique claim identifier for the claim, and the name and contact information of the party responsible for adjudicating the claim on the carrier's behalf, to the extent these are known by the party providing notice under 7) at the time the notice is provided. (Welfare and Institutions Code Section 14124.73 (c).)
- 9) Requires a transportation network company to conduct, or have a third party conduct, a local and national criminal background check for each participating driver that includes both of the following:
- a) The use of a multistate and multijurisdiction criminal records locator or other similar commercial nationwide database with validation; and
 - b) A search of the United States Department of Justice National Sex Offender Public website. (Public Utilities Code Section 5445.2 (a)(1).)
- 10) Prohibits a transportation network company from contracting with, employing, or retaining a driver if the driver meets either of the following criteria:
- a) Is currently registered on the United States Department of Justice National Sex Offender Public website; or
 - b) Has been convicted of a violent felony, human trafficking, or specified activities related to terrorism. (Public Utilities Code Section 5445.2 (a)(2).)
- 11) Prohibits a transportation network company from contracting with, employing, or retaining a driver if the driver has been convicted of any of the following within the past seven years:
- a) Misdemeanor assault or battery;
 - b) Domestic violence;
 - c) Driving under the influence of drugs or alcohol; or
 - d) Specified crimes of moral turpitude. (Public Utilities Code Section 5445.2 (a)(3).)
- 12) Defines the following:
- a) "App-based driver" means an individual who is a delivery network company courier, transportation network company driver, or charter-party carrier or passenger driver or permit holder and meets the criteria for operating as an independent contractor pursuant to Proposition 22 of 2020; and
 - b) "Network company" means a business entity that is a delivery network company that maintains an online-enabled application or platform used to facilitate delivery services within the State of California on an on-demand basis, as specified, or a transportation network company that provides prearranged transportation services for compensation using an online-enabled application or platform to connect passengers with drivers using a personal vehicle. (Business and Professions Code Section 7463.)

FISCAL EFFECT: As currently in print this bill is keyed fiscal.

COMMENTS: For the better part of the last year, the rideshare company Uber and plaintiff's attorneys practicing in California have been locked in a pitched battle over alleged malfeasance by both parties. Uber claims that plaintiff attorneys are sending clients to over-priced medical service providers, that may have financial ties to the attorney, in an attempt to drive up the ultimate recovery in settlement agreements. Uber claims the practice is particularly pernicious when plaintiffs receive medical services and the medical service providers impose a lien on the on the plaintiff's ultimate recovery. On the other side, plaintiff's attorneys contend that ride share platforms like Uber continue to fail to adequately vet drivers' safety records and criminal history. Plaintiff's attorneys note that Uber has a troubling and documented history of enabling sexual assaults to occur in its drivers' vehicles.

This bill represents a compromise between the two sides, represented by Uber and the Consumer Attorneys of California, thus negating a costly and unpleasant debate over measures on the November 2026 General Election ballot. This bill would cap recovery for medical services secured by a "medical lien," as defined, at the 70th percentile of FAIR Health, Inc.'s (or other comparable commercially recognized billed charges database) for the specific service rendered. The bill also adopts provisions prohibiting attorneys from sending clients to medical providers from which the attorney may receive financial compensation or have a financial relationship.

The bill also strengthens the existing background check procedures for rideshare drivers and expands the list of offenses for which a conviction would render a person ineligible to drive for a ride share company, most notably drivers who have been convicted of specified sex- or assault-based criminal offenses. The bill also clarifies that newly developed programs permitting female drivers and passengers to request to only ride with members of the same gender do not violate state civil rights laws, including but not limited to, the Unruh Civil Rights Act.

In support of this compromise proposal the author states:

SB 623 strikes a careful balance by enacting several targeted reforms to the rideshare/Transportation Network Company (TNC) industry, the medical lien industry, and attorneys' relationship to the medical lien industry. SB 623 creates a system that's safe, fair, and accountable by protecting patients from unnecessary treatment or getting overcharged, ensuring access to medical care and legal representation, and strengthens TNC safety measures.

In order to address concerns in the medical lien industry and their relationship to attorneys, while ensuring that victims get access to care, SB 623 makes several reforms:

Additionally, SB 623 makes several reforms to the TNC/rideshare industry in order to protect passengers and create greater accountability:

Uber and Consumer Attorneys battle to the ballot. As just about any Californian with a television or text-message capable phone already knows, both Uber and the Consumer Attorneys sponsored initiatives that have qualified for the November 2026 ballot. Together, the campaigns had already expended tens of millions of dollars promoting their initiatives and gathering the necessary signatures to land on the November ballot and were gearing up to spend even more in the months leading up to the election. As of June 18, both measures had qualified. (Tyler Katzenberger, *Uber, trial attorney liability measures qualify for California ballot*, Politico (June

18, 2026) available at: <https://www.politico.com/news/2026/06/18/uber-trial-attorney-liability-measures-qualify-for-california-ballot-00966760>.)

Uber. The Uber-sponsored initiative, titled the “Protecting Automobile Accident Victims from Attorney Self-Dealing Act,” sought to guarantee victims of all car accidents, not only those involving rideshare vehicles, retain at least 75% of the total amount recovered in claims arising out of those accidents (in other words, cap attorneys’ fees in such cases to 25% of the total amount collected), eliminate “financial incentives for attorneys to inflate [victims’] medical expenses through padded billing and unnecessary and excessive medical care, [prohibit] self-dealing financial arrangements between attorneys and health care providers that involve automobile accident victims, and [protect] from retaliation whistleblowers who expose these types of schemes.” (John Moffat, Kurt R. Oneto, Initiative 25-0022A1 p. 3-4, available at: <https://oag.ca.gov/system/files/initiatives/pdfs/25-0022A1%20%28Self%20Dealing%20Attorneys%29.pdf>.) The initiative is divided into four principal parts: fee caps; restrictions on the types of evidence that may be introduced to establish victims’ medical expenses; restrictions on arrangements between medical providers and attorneys; and whistleblower protections.

Section one of the initiative would prohibit an attorney from contracting to collect a contingency fee that left the victim of an automobile accident with less than 75% of the total amount recovered. Notably, requiring all but 25% of any recovery to be awarded to an accident victim may seem like a boon to the victim, however it would require all other costs stemming from litigation to be covered by the remaining 25%. This could include not just attorneys’ fees, but court costs and filing fees, expert witness fees, and administrative costs, to name just a few. Therefore, while a successful litigant may ultimately see more of the overall award, it may prove much more difficult for someone injured in an accident to find an attorney willing to take on their case as it becomes less feasible for firms to cover the costs of litigation.

Section two of the initiative, is titled “Limitation on Attorneys’ Ability to Inflate Medical Expenses for Automobile Accident Victims.” As summarized by the Title and Summary issued by the Attorney General, Section 2 would “for certain medical expenses, increase victims’ burden of proof and limit the amounts they may recover.” (California Department of Justice Office of the Attorney General, *Title and Summary of Initiative 25-022A1* (December 9, 2025) available at:

<https://oag.ca.gov/system/files/initiatives/pdfs/Title%20and%20Summary%20%2825-0022A1%29.pdf>.) Specifically, the language establishes a presumption that unpaid medical expenses, past and future, are equal to 125% of the fee-for-service Medicare reimbursement rate or, if there is no applicable Medicare rate, 170% of the Medi-Cal reimbursement rate, regardless of the victim’s actual costs. The proposed language also requires victims to prove by clear and convincing evidence that the medical care they received was reasonably necessary.

Section three of the initiative prohibits certain financial arrangements between attorneys and health care providers, and makes any violation a misdemeanor. Section four of the initiative prohibits retaliation against an employee that provides information relating to a violation of this prohibition. Finally, section five explicitly exempts any incident of sexual assault or harassment from the provisions of the initiative.

Consumer Attorneys. The initiative backed by the Consumer Attorneys, is titled “Sexual Assault Against Rideshare Passengers and Drivers Prevention and Accountability Act.” Much shorter than the Uber-backed initiative, the measure states as its purpose:

- (a) Protect the safety of ride share customers by requiring rideshare companies to conduct rigorous background checks on drivers, including fingerprinting, preventing rideshare companies from allowing sexual predators to use their platform to drive customers, and conducting investigations when they receive reports of sexual assault or sexual misconduct;
- (b) Require rideshare companies to publicly report on a monthly basis the total number of reported incidents of sexual assault or sexual misconduct involving app-based drivers or riders using its online-enabled application or platform to promote state and local policy goals and public safety;
- (c) Empower customers by requiring rideshare companies to disclose to customers any internal assessment regarding a driver’s history of sexual assault or sexual misconduct, before the customer accepts a ride;
- (d) Hold rideshare companies accountable for sexual assault or sexual misconduct suffered by rideshare customers and drivers; and
- (e) Treat rideshare companies like other common carriers that provide transportation to the public, including buses, trains, and taxis. (James C. Harrison, Initiative 25-029A1 p. 2 – 3 available at: <https://oag.ca.gov/system/files/initiatives/pdfs/25-0029A1%20%28Rideshare%20Safety%20%29.pdf>.)

The initiative would require a rideshare company to impose three overarching requirements: it requires these companies to complete more extensive background checks for their drivers and impose stringent limitations on engaging drivers with convictions of certain criminal offenses; it imposes reporting requirements on companies who have reason to believe or receive a report from law enforcement that an app-based driver has sexually assaulted someone or engaged in sexual misconduct while providing passenger services; and establishes rideshare companies as common carriers, imposing the same legal duties as those currently imposed on public transportation entities.

A rideshare company that either engages with a driver with a criminal conviction of rape, sexual battery, any violent felony, misdemeanor assault or battery, or domestic violence, or who is listed on the U.S. Department of Justice National Sex Offender Website, or that fails to conduct a criminal background check as specified is liable under the initiative for a fine imposed by the Public Utilities Commission (PUC) of \$10,000 per day that each app-based driver has unauthorized access to the company’s platform. A rideshare company that fails to report a driver that they learn has an allegation of sexual assault or sexual misconduct that occurred while the driver was providing passenger services is likewise liable for a \$10,000 per day fine imposed by the PUC. In addition to classifying rideshare companies as common carriers, the initiative would make these companies liable for any and all damages caused to a passenger by a driver’s act of rape or sexual assault that occurred while the passenger was using their services, or resulting from the driver learning the passenger’s whereabouts because of their use of their services. Finally, the initiative requires rideshare companies to compile a monthly report laying out the number of reports of sexual assault or misconduct involving drivers or passengers on their platform, and post the report on their website and submit it to the PUC. (*Id.* at pp. 3 – 5.)

Ride share companies’ struggle with rates of sexual assault on their apps. In August 2025, the New York Times released devastating reporting detailing that between 2017 and 2022, a total of 400,181 Uber trips resulted in reports of sexual assault and sexual misconduct. Previously, the company had disclosed 12,522 accounts of serious sexual assaults for that same time period and had not disclosed the total number of sexual assault and misconduct reports received. The New York Times report also discussed how the company itself had identified patterns to the sexual assaults: “Women most often are the victims, whether they are passengers or drivers. The attacks typically occur late at night and on the weekend, with pickups originating near a bar. In the vast majority of cases, the offenders are men – drivers or passengers – with records of sexual misconduct complaints and low ratings, the internal documents show. Intoxicated passengers are especially vulnerable.” Uber has taken various steps to try to curb rates of sexual assault on its platform, but numerous factors including an overarching desire to avoid classifying drivers as employees hindered robust results. In 2024, the company was on track to implement a pilot to allow women drivers and passengers to select other women on the app, but executives ultimately paused the program in the wake of Trump’s second election reportedly saying “ ‘this is not the right environment to launch, and we want to take a beat to assess our timing’ .” (Emily Steel, *Uber’s Festering Sexual Assault Problem*, The New York Times (August 6, 2025) available at: <https://www.nytimes.com/2025/08/06/business/uber-sexual-assault.html>.) The program has since been rolled out, and Lyft has implemented a similar tool.

Medical liens have become the scourge of civil defendants across California, but given the nature of automobile accidents, ride share companies have been especially impacted.

Traditionally, when a person seeks medical care they and their insurance provider are responsible to the doctor or other care provider for the cost of services rendered. These payments are sometimes pre-negotiated between the insurance company and the provider in an attempt to keep costs down. However, whatever is not paid for by the insurance carrier ultimately falls to the person receiving care.

One exception to the general rule arises in circumstances when a person needs medical care for an injury for which another party may be liable. For instance, if a person is injured in a vehicle accident or workplace injury, another party’s insurance provider may be liable for the cost of the medical services provided to the injured party. Recognizing that injured parties must be able to seek immediate treatment for the injuries long before legal liability can be established, California law recognizes several avenues for the person to obtain treatment without having to pay significant sums out-of-pocket. In the simplest case, one’s own insurance pays for the care and then seeks recovery from the responsible party’s insurer. However, in other instances a health care provider may agree to cover the cost of treatment then impose a “medical lien” on the injured party’s ultimate legal recovery. The existing practice of imposing a medical lien is governed by Civil Code Section 3040 and provides that, the lien should not exceed the “reasonable costs actually paid by the licensee, medical group, or independent practice association to perfect the lien.” In essence, the lien cannot exceed the actual amount of the cost of providing the medical services. The law places some limits on the amount of the medical services billed, noting that the lien should not exceed an amount “equal to 80 percent of the usual and customary charge for the same services by medical providers that provide health care services on a noncapitated basis.” Additional rules apply when the injured party is a Medi-Cal beneficiary and the Department of Health Care Services is covering the costs and seeking reimbursement. (Welfare and Institutions Code Section 14124.73.) The medical lien system works to help protect accident victims from paying out of pocket and waiting for an ultimate resolution to their legal claims.

Given that their entire business model is predicated on providing transportation services to the California public, it is unsurprising that as a matter of sheer volume, ride share companies like Uber face a disproportionate share of vehicle-accident-related liability compared to most other businesses operating in this state. As a result of their on-the-ground experience, Uber contends that several prominent personal injury attorneys, particularly in Los Angeles, are working with medical providers to seek tests and procedures not needed by the plaintiff, over-inflate medical bills for those procedures (which are then converted into medical liens), and offer financial “kick-backs” to plaintiff attorneys who refer the work to the medical providers. (Rebecca Ellis, *Uber — a target of car crash lawsuits — pushes for law to limit California lawyer fees*, Los Angeles Times (Jan. 17, 2026) available at: <https://www.latimes.com/california/story/2026-01-17/uber-personal-injury-lawsuits-california-law>.) Even more troublesome, Uber, and other corporate defendants across the legal spectrum, bemoan the growing influence of Wall Street hedge funds in buying these liens and forcing law firms to settle them quickly to boost Wall Street profits to the detriment of actually injured plaintiffs. In fact, Uber filed a federal racketeering lawsuit against several Los Angeles-area law firms over these alleged practices.

In response to these concerns Uber filed the above-described ballot measure requiring 75% of all damages recovered by a plaintiff to go to the plaintiff. This would have effectively cut-off repayment to the medical lien holder from the settlement and limited the contingency fees an attorney could recover. This is, unsurprisingly, why the Consumer Attorneys of California vigorously opposed the measure. Notably, and potentially accidentally, the ballot measure would have also applied to Medi-Cal lien recovery by the Department of Health Care Services. This may have resulted in tens, if not hundreds, of millions of dollars lost to Medi-Cal at a time when federal cuts to health care are already imperiling the financial stability of the program.

This bill imposes limits on medical liens as it relates to injuries in a civil action and imposes restrictions on attorneys steering clients to specific medical providers. The first aspect of the compromise proposed by this bill seeks to reign in the most excessive and abusive practices within the medical lien industry. The bill would cap damages for any expense for services rendered by a medical lien-based provider at a level not to exceed 70th percentile of FAIR Health, Inc.’s billed charges, or the 70th percentile of a comparable commercially recognized billed charges database for the same or similar service in the applicable geographic area at the time the service was rendered. The FAIR Health, Inc.’s database reflects the largest consolidated database of costs for specified medical procedures in the state, thus serving as a strong guide for the actual rate medical providers charge. The bill would permit a plaintiff to exceed this recovery amount if the plaintiff could successfully petition and prove to the court, at the onset of the case, by clear and convincing evidence and supported by expert testimony, that the service involved exceptionally rare or highly specialized treatment for which no reasonably comparable provider or service was available. The bill requires a plaintiff to submit itemized medical bills identifying the services provided at the procedure-code level using generally accepted health care billing and coding standards in order to seek recovery of the medical costs, but provides a cure period should the adequacy of the records be challenged.

Seeking to cut down on the alleged “kick-back” schemes between medical providers and attorneys, the bill prohibits an attorney from referring a client to a medical practice or provider in which they have a financial stake and prohibits fee splitting or other financial arrangement to award an attorney for a medical referral. The bill requires the medical professional to attest, upon request, that a specific plaintiff is not referred to the medical practice by referral and makes the attestation subject to discovery. The bill also provides that all medical liens relating to the lien-

based provider treatment at issue, including any assignment, financing, factoring, referral, ownership, investment, lending, or compensation between a lien-based provider and an attorney, law firm, or affiliated entity relating to the treatment, lien or recovery is subject to civil discovery.

Additionally, in order to halt the growing influence of Wall Street investors in the practice of law and medicine in California, the medical-lien portions of the bill impose restrictions on the sale and assignment of such liens. This should stop liens from being sold to investors who then pressure the plaintiff for disadvantageous settlements to bolster the investor's bottom line. Recognizing that professional service providers on the front line of a case owe the greatest duty to the plaintiff, the bill also imposes professional sanctions and authorizes disciplinary action to be taken against medical professionals or attorneys who violate the bill's provisions.

Finally, and most importantly to the state's General Fund, the bill provides that a medical lien does not include any lien, reimbursement claim, or subrogation rights asserted by a private health insurer, Employee Retirement Income Security Act (ERISA) plan, workers' compensation carrier, Medicare, Medi-Cal, TRICARE, or any other federal or state health benefit program. These provisions thereby exempt Medi-Cal and other government-backed insurance liens from the provisions and caps of the bill.

This bill bolsters background check requirements and limitations on TNC drivers. The second aspect of the compromise reflected in this bill aim to address the rampant rate of sexual assault and other sexual misconduct committed by ride share drivers, as detailed above. Existing law imposes restrictions on who transportation network carriers can contract with under two tiers of limitations. First, existing law prohibits rideshare companies from *ever* contracting with, employing, or retaining a driver who is currently registered on the USDOJ's National Sex Offender Public website, or who has been convicted of various criminal offenses, including murder, rape, false imprisonment, and terrorism or hate crimes. (Public Utilities Code Section 5445.2 (a)(2).) Second, companies are prohibited from contracting with, employing, or retaining a driver that has been convicted of various other crimes within the previous seven years, such as misdemeanor assault or battery, bribery, and grand theft. Rideshare companies that engage with drivers with any of these convictions are liable for penalties of up to \$5,000 per offense.

This bill further expands the categories of past convictions that would restrict a rideshare company's ability to contract with drivers. Under the permanent bar, this bill prohibits rideshare companies from engaging with drivers with numerous types of severe convictions, including sexual battery, child endangerment, child molestation, elder abuse, and harassment. The bill also further restricts rideshare companies from engaging with a driver who, in the previous seven years, has been convicted of driving under the influence of an alcoholic beverage or drug, a weapons charge, or a violation of a protective order.

Existing law also requires rideshare companies to complete a local and national criminal background check for each potential driver including 1) the use of multistate and multijurisdiction criminal records locator and 2) a search of the USDOJ National Sex Offender Public website. (*Id.* at (a)(1). In order to further bolster protections for passengers and drivers, this bill would also require these companies to perform background checks before activating a driver's account and once annually thereafter.

Finally, the bill explicitly allows rideshare companies to allow female passengers to select a preference for female drivers and vice versa, creating an exemption to state antidiscrimination

statutes, including the Unruh Civil Rights Act. The bill makes this provision retroactive, potentially aiding the companies who now face litigation claiming the program violates state law.

The clock is ticking... As noted by both Uber and the Consumer Attorneys of California in their fact sheet provided to this Committee the bill must be passed and signed by the Governor in time for both sides to withdraw the three above-discussed ballot measures. The notice of such removal must be received by the Secretary of State by the close of business on Thursday June 25, 2026. The language of the draft of this measure went into print at 5pm on June 21, 2026 thus triggering the start of the 72-hour in print rule. The Committee has no proposed amendments to this measure.

ARGUMENTS IN SUPPORT: A joint fact sheet submitted by the Consumer Attorneys of California and Uber states:

SB 623 protects patients from overcharges by capping inflated medical lien bills in cases involving network companies. This will eliminate abuses while maintaining necessary access to care.

Medical liens in auto accident cases are often higher than the ordinary cost of care because they are out of network and can be subject to abuse. Those inflated bills can leave patients with unnecessary debt. SB 623 anchors lien recovery to a standardized, trusted benchmark, creating greater transparency and predictability while ensuring continued access to care and justice.

Private equity and hedge fund investors profit off injured plaintiffs — this bill stops it. Medical liens have become a financial product. Private equity firms and hedge funds can purchase steeply discounted medical bills from providers, and then attempt to recover the full billed amount through litigation — pocketing the difference. These profits flow to Wall Street investors who had no role in the underlying care or the legal representation. This bill caps recoverable lien amounts at what the financier actually paid, returning value to the injured individuals who actually suffered the harm.

SB 623 adopts a clear statutory authorization for women’s rider and driver preferences as a key safety feature with legal protection. Women passengers should be able to request a woman driver. Women drivers should be able to accept rides from women passengers. This preference feature has been challenged in California as discriminatory. SB 623 ensures women can choose a woman driver without violating civil rights laws. SB 623 also expands background checks and requires annual re-screening for every active driver.

REGISTERED SUPPORT / OPPOSITION:

Support

Consumer Attorneys of California
Uber Technologies, Inc.

Opposition

None on file

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