

SENATE THIRD READING  
SB 623 (Umberg and Papan)  
As Amended June 22, 2026  
Majority vote

## 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.

### Major Provisions

- 1) 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.
- 2) Permits a court to authorize recovery above the maximum recovery provided in 1) 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.
- 3) Entitles the party opposing the motion made in 2) to recover its reasonably attorney's fees and costs incurred in connection with opposing the motion if the court denies the motion.
- 4) 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.
- 5) 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.
- 6) 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.
- 7) Requires a party challenging compliance with the provisions of 6) 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.

- 8) 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 1).
- 9) 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.
- 10) Prohibits any undisclosed lien sale, assignment, financing, factoring arrangement, or transfer from being asserted against a defendant, insurer, settlement, judgment, or settlement proceeds.
- 11) 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.
- 12) 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.
- 13) 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.
- 14) 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.
- 15) 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.
- 16) 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.
- 17) 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.

18) Adopts a severability clause.

## COMMENTS

*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 transportation network company drivers.* The second aspect of the compromise reflected in this bill aims 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 United States Department of Justice (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.

### **According to the Author**

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.

### **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.

### Arguments in Opposition

None on file

### FISCAL COMMENTS

Unknown

### VOTES

#### SENATE FLOOR: 39-0-1

**YES:** Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNERney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

**ABS, ABST OR NV:** Reyes

#### ASM MILITARY AND VETERANS AFFAIRS: 8-0-0

**YES:** Schiavo, Jeff Gonzalez, Ramos, Carrillo, Davies, Irwin, Boerner, Valencia

#### ASM JUDICIARY: 12-0-0

**YES:** Kalra, Macedo, Bauer-Kahan, Bryan, Connolly, Dixon, Harabedian, Pacheco, Papan, Sanchez, Stefani, Zbur

**UPDATED**

VERSION: June 22, 2026

CONSULTANT: Nicholas Liedtke and Manuela Boucher / JUD. / (916) 319-2334  
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