

# California Workers' Compensation Liens: Procedures and Requirements

## (PART-A INJURED WORKERS ANALYSIS)

March 2, 2026

The information provided through this AI-powered Analysis is for **general informational and educational purposes only**. It is **not legal advice**, does **not create an attorney-client relationship**, and should not be relied upon as a substitute for advice from a qualified attorney. Laws and legal outcomes vary based on specific facts and jurisdiction. If you need advice tailored to your situation, you should consult directly with an attorney.

# CALIFORNIA WORKERS' COMPENSATION LIENS: PROCEDURES AND REQUIREMENTS

This report explains how liens work in California's workers' compensation system. A lien is a legal claim filed by a medical provider, government agency, attorney, or other entity to recover money they spent on behalf of an injured worker. Liens are paid from the injured worker's final compensation award. The rules governing liens have changed significantly in recent years, especially after Senate Bill 1160 took effect in 2017. This report covers the laws, filing procedures, deadlines, and resolution processes you need to know.

---

## Part 1: What Is a Workers' Compensation Lien?

### Overview

A workers' compensation lien allows certain parties to recover payments they made for an injured worker's care or benefits. The lien is paid from the worker's compensation award. This system prevents double recovery, which means the worker does not receive payment twice for the same expense.

### Who Can File a Lien?

California Labor Code § 4903 (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903/>) lists the types of liens the Workers' Compensation Appeals Board (WCAB) can allow. The WCAB is the state agency that handles workers' compensation disputes. Permissible liens include:

- Attorney fees for legal services provided to the injured worker
- Medical treatment expenses incurred by or on behalf of the injured worker
- Living expenses of the injured worker or dependents after the injury
- Burial expenses up to the amount set in Cal. Lab. Code § 4701 (<https://law.justia.com/codes/california/code-lab/division-4/part-2/chapter-2/article-4/section-4701/>)
- Living expenses of a spouse or minor children in certain situations
- Unemployment compensation disability benefits paid while the work-relatedness of the injury was being determined
- Unemployment compensation benefits and extended duration benefits paid for the same days as temporary total disability indemnity (payments you receive when you cannot work at all due to your injury)
- Family temporary disability insurance benefits paid for the same days as temporary total disability indemnity
- Payments from the California Victims of Crime Program

Any lien claim that does not fall into one of these categories must be denied.

### How the Lien System Prevents Double Payment

Under Cal. Lab. Code § 4903.1 (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-1/>), the WCAB must check before issuing any award whether benefits have already been paid by health care providers, health care service plans, group disability policies, or self-insured employee welfare benefit plans. The award must provide for reimbursement of those benefits already paid. This ensures all outstanding lien claims are resolved when a case concludes. For example, if the Employment Development Department (EDD) paid you disability benefits and you later receive a workers' compensation award covering the same time period, EDD can file a lien to recover what it already paid you.

---

## Part 2: Regulations and Filing Fees

### The Regulatory Framework

The procedural rules for filing liens appear primarily in Title 8 of the California Code of Regulations. These rules govern the WCAB's operations.

8 Cal. Code Regs. § 10862 (<https://www.dir.ca.gov/t8/10862.html>) sets out the filing and service requirements for lien claims. Under this regulation:

- You may file a lien claim only if Cal. Lab. Code § 4900 et seq. (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903/>) permits it
- You must not file a lien if doing so would violate the premature filing restrictions in Cal. Lab. Code § 4903.6(a) (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-6/>) (explained in Part 4)
- Medical treatment liens under Cal. Lab. Code § 4903(b) must be filed only electronically, using either the E-Form or JET File method
- All other lien claims may be filed using an optical character recognition (OCR) lien claim form approved by the WCAB

### The \$150 Filing Fee

8 Cal. Code Regs. § 10207 (<https://www.dir.ca.gov/t8/10207.html>) requires lien claimants to pay a filing fee of \$150 to the Division of Workers' Compensation (DWC) before filing a lien. Key rules about this fee include:

- The fee applies to each case in which a lien is filed
- If you file liens in more than one case for the same injured worker and the same services, you only need to pay one filing fee
- Your lien is not considered filed until the DWC receives proper payment
- Some liens are exempt from this fee under Cal. Lab. Code § 4903.06(b) (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-05/>)

***Important: If you do not pay the filing fee within the required timeframe, your entire lien claim becomes invalid and will be dismissed.***

### Fee Refunds

8 Cal. Code Regs. § 10208.1 ([https://www.dir.ca.gov/t8/10208\\_1.html](https://www.dir.ca.gov/t8/10208_1.html)) establishes when you can get a refund of your filing fee. Automatic refunds are issued when:

- A system error prevented your lien from being processed after you paid properly
- You paid an activation fee for a lien that was already activated or is unavailable
- A procedural defect prevented your filing from being effective and you could not cure it within fifteen days

If an automatic refund is not issued within the required timeframe, you must submit a Lien Filing Fee Refund Request within thirty days of the payment date.

---

## Part 3: Senate Bill 1160 and Anti-Fraud Reforms

### The 2017 Declaration Requirement

Senate Bill 1160, effective January 1, 2017, fundamentally changed lien practice in California by requiring lien claimants to verify their legitimacy. Before this law, providers could file liens with little verification, which led to widespread fraud.

Under Cal. Lab. Code § 4903.05(c) (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-05/>), for liens filed on or after January 1, 2017, you must include a declaration under penalty of perjury (a sworn written statement where lying is a crime) stating:

- The dispute is not subject to Independent Bill Review (IBR) or Independent Medical Review (IMR)
- You satisfy at least one of seven categories proving you have a legitimate basis for the lien

### The Seven Qualifying Categories

You must show that you fall into one of these categories as described by Cal. Lab. Code § 4903.05(c)(1)(A)–(G) (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-05/>) and explained in daisyBill's Guide to the New Lien Declaration (<https://blog.daisybill.com/ultimate-guide-to-new-lien-declaration-under-sb-1160>):

- Category A: You are a treating physician providing care through a Medical Provider Network (MPN), which is a group of doctors approved by the employer's insurance company
- Category B: You are an Agreed Medical Evaluator (AME) or Qualified Medical Evaluator (QME), doctors specifically appointed to evaluate a disputed injury
- Category C: You provided treatment that was authorized by the employer or claims administrator
- Category D: You searched diligently and determined the employer does not have an MPN in place
- Category E: You have documentation that medical treatment was neglected or unreasonably refused
- Category F: You provided emergency medical care as defined by Cal. Health & Safety Code § 1317.1(b) (<https://calhospital.org/file/e-appendix-d/>)
- Category G: You are a certified interpreter at a medical-legal examination, a copy service providing medical-legal services, or you have an expense allowed under rules adopted by the administrative director

### Retroactive Requirement and Mass Dismissals

Lien holders who filed liens before January 1, 2017, were required to file the declaration by July 1, 2017, or their liens would be automatically dismissed. According to the DWC's SB 1160 overview (<https://www.dir.ca.gov/dwc/sb1160-ab1244/sb1160.htm>), approximately 292,000 liens were dismissed when claimants failed to file the required declarations.

### Lien Ownership Rules

Cal. Lab. Code § 4903.8 (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-8/>) now prohibits the assignment (transfer) of medical treatment liens in most cases. Payment on a lien may only go to the original lien owner, which is the person or entity entitled to payment when the expenses were incurred. An assignment is allowed only if the original provider has ceased doing business and has assigned all remaining accounts receivable to the assignee. Any assignment that violates this rule is invalid by law. If an assignment exists, a true copy must be filed and served within required timeframes.

---

## Part 4: How to File a Lien

### Getting a WCAB Case Number

To file a valid lien, you must have a WCAB case number, also called an ADJ (adjudication) number. This number identifies the injured worker's case in the system. According to the DWC's guide on filing liens (<https://www.dir.ca.gov/dwc/iwguides/iwguide10.pdf>):

- Enter the case number in the designated field on the lien form
- If no case number exists yet, contact your local Information & Assistance (I&A) office to request one, or file an Application for Adjudication of Claim at the same time as your lien
- If you are filing a lien where no application exists, you must also file a duty to investigate verification under 8 Cal. Code Regs. § 10770.5 (<https://www.dir.ca.gov/dwc/forms/CCR10770.5.pdf>)

### Electronic Filing: E-Form and JET File

All medical treatment liens under Cal. Lab. Code § 4903(b) must be filed electronically. The DWC's Electronic Filing page ([https://www.dir.ca.gov/dwc/EAMS/JetFiling/EAMS\\_eTeam.html](https://www.dir.ca.gov/dwc/EAMS/JetFiling/EAMS_eTeam.html)) describes the two approved methods:

E-Forms allow you to log into the Electronic Adjudication Management System (EAMS) and file documents directly over the Internet. You can choose hearing dates and view case documents if you are a case participant. A help desk is available during business hours at no cost.

JET File uses the state's secure file transfer service. According to the DWC's JET File page ([https://www.dir.ca.gov/dwc/eams/JetFiling/EAMS\\_JetFile.html](https://www.dir.ca.gov/dwc/eams/JetFiling/EAMS_JetFile.html)), JET File handles six types of forms, including notices and requests for allowance of lien. JET Filers send data to State of California servers, which deposit the information into EAMS. JET File works well for high-volume filers. You can create your own transmission process, purchase software from an approved vendor, or use a third-party filer.

**Important: Only vendors confirmed by DWC to be compatible with EAMS are authorized to provide JET File services. Filings through unauthorized methods will be rejected.**

## Required Documents

When you file a lien, you must include the following documents as required by 8 Cal. Code Regs. § 10862 (<https://www.dir.ca.gov/t8/10862.html>) and described in the CWCI's guidance (<https://www.cwci.org/document.php?file=3098.pdf>):

- Proof of service showing you served copies on the injured worker (or their attorney), employer, and insurance carrier
- The verification under penalty of perjury required by 8 Cal. Code Regs. § 10863 (if applicable)
- Any declaration or form required by Cal. Lab. Code §§ 4903.05, 4903.06, and 4903.8
- A full statement or itemized voucher supporting the lien, which must include amounts previously paid by any source, the basis for claiming additional payment, and proof of ownership of the debt if you are not the original service provider
- For liens filed on or after January 1, 2017, the original bill in addition to the itemized voucher

## Premature Filing Restrictions

Cal. Lab. Code § 4903.6(a) (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-6/>) prohibits you from filing a lien too early. You must wait until both of the following have occurred:

1. Sixty days have passed after the date the employer accepted or rejected liability for the claim, or the time allowed for investigating liability has expired, whichever is earlier
2. Either the time for paying medical bills has expired (and if the employer objected to the amount, the reasonable fee has been determined), or the time for paying medical-legal expenses has expired

These restrictions ensure the claims administrator has adequate time to pay undisputed bills and complete administrative reviews before you turn to the WCAB.

---

## Part 5: Deadlines for Filing a Lien

### Statute of Limitations

The statute of limitations is the legal deadline after which you can no longer file a lien. Cal. Lab. Code § 4903.5 (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-05/>) sets these deadlines. According to Bradford & Barthel's analysis (<https://bradfordbarthel.com/2022/12/05/back-to-basics-the-lien-statute-of-limitations/>):

For services provided on or after July 1, 2013: You must file your lien within eighteen months from the date of service. This simplified deadline was established by Senate Bill 863 in 2012.

For services provided before July 1, 2013: The older, more complex rules apply, generally providing a three-year statute of limitations.

The critical date is the date of service (the last date services were provided), not the date of settlement or any other case event.

***Important: The statute of limitations defense is one of the strongest defenses available in lien disputes. If the last date of service is more than eighteen months before the lien filing date, the lien must be dismissed. You should always check this deadline first.***

### Special Exception for Non-Industrial Providers

Any health care provider, health care service plan, group disability insurer, or other entity providing medical benefits on a non-industrial basis may file a lien within six months after first learning that an industrial (work-related) injury is being claimed.

### Invoice Submission Deadline (Separate from Lien Deadline)

For services rendered on or after January 1, 2017, you must forward your request for payment (including an itemized list of services and charges) to the employer within twelve months of the date of service, as explained in the CALAWYERS interpreter lien guide (<https://calawyers.org/workers-compensation/navigating-interpreter-liens-for-medical-treatment/>). If you miss this twelve-month window, no payment is owed even if

your lien was timely filed. This twelve-month invoicing deadline is shorter than the eighteen-month lien filing deadline, so you must act promptly.

---

## Part 6: Lien Conferences

### What Is a Lien Conference?

A lien conference is a hearing before a Workers' Compensation Judge (WCJ) where parties try to resolve lien disputes. Think of it as a structured settlement meeting overseen by a judge.

### When You Can Request a Lien Conference

Under 8 Cal. Code Regs. § 10873 (<https://www.dir.ca.gov/t8/10873.html>), a lien claimant may not file a Declaration of Readiness to Proceed (the form that requests a hearing) unless:

- The injured worker's underlying case has been resolved, or
- The injured worker has chosen not to proceed with their case

When you file a Declaration of Readiness to Proceed on a lien issue, you must designate on the form that you are requesting a lien conference specifically. According to 8 Cal. Code Regs. § 10875 (<https://www.dir.ca.gov/t8/10875.html>), once filed, a Declaration of Readiness to Proceed cannot be withdrawn.

### Scheduling Rules

The lien conference date should be set no sooner than sixty days after the notice of hearing is served. The WCAB may schedule the conference at any district office. After a lien conference or trial is ordered off calendar, no party may file a new Declaration of Readiness to Proceed for at least ninety days.

### Who Must Attend and What They Must Bring

8 Cal. Code Regs. § 10875 (<https://www.dir.ca.gov/t8/10875.html>) requires all defendants and lien claimants to appear at all lien conferences, either in person or through a representative. Each person appearing must:

- Have enough knowledge of the dispute to inform the judge of all relevant issues
- Have authority to enter into binding factual stipulations (formal agreements about facts)
- Have full settlement authority or have it immediately available by telephone

### Consequences of Not Appearing

- If a lien claimant fails to appear, the judge may issue a notice of intention to dismiss the lien or defer it
- If a defendant does not appear, the judge may set a lien trial, allow a continuance for good cause, or order the conference off calendar

**Note: Hiring an attorney late or receiving the file late does not count as good cause for a continuance.**

### Pre-Trial Conference Statement

If the lien is not resolved at the conference and is set for trial, both sides must prepare and sign a Pre-Trial Conference Statement that includes all stipulations, specific issues in dispute, all documentary evidence that might be offered, and all witnesses who might testify. You waive the right to present any issue, evidence, or witness not listed in this statement unless you can show good cause.

---

## Part 7: Lien Trials and Evidence Standards

### Trial Requirements

At lien trials, all defendants and lien claimants must appear either in person or through a representative. 8 Cal. Code Regs. § 10880 (<https://www.dir.ca.gov/t8/10880.html>) states that each person appearing must have sufficient knowledge of the dispute, authority to enter into stipulations, and settlement authority.

If a lien claimant who received notice of a trial fails to appear, the judge may:

- Dismiss the lien after issuing a ten-day notice of intention to dismiss
- Hear the evidence and make a decision
- Defer the lien issue

### **Burden of Proof**

The lien claimant carries the burden of proof, meaning you must prove your case. As established in *Kunz v. Patterson Floor Coverings, Inc.*, WCAB En Banc Decision (2000) (<https://www.dir.ca.gov/WCAB/2000-eb10.pdf>), the lien claimant must prove by a preponderance of the evidence (meaning "more likely than not") that:

- The services were actually provided
- The services were medically necessary
- The charges were reasonable in cost
- The services were properly authorized or otherwise properly incurred

### **How Reasonableness Is Determined**

The WCAB uses the Kunz factors to determine whether medical treatment charges are reasonable:

- The customary fee accepted (not just charged) by the provider
- The typical fee accepted by other medical providers in the same geographic area
- Relevant aspects of the provider's practice economics
- Any exceptional circumstances of the case

For treatment provided through the Official Medical Fee Schedule (OMFS), fees that do not exceed the OMFS amounts are presumed reasonable. For services not covered by the OMFS or for fees exceeding it, the provider must explain the extraordinary circumstances justifying the higher fee.

### **Interpreter Service Liens**

Interpreter services are a common category of lien claims. Under Cal. Lab. Code § 4600(g) (<https://law.justia.com/codes/california/code-lab/division-4/part-2/chapter-2/article-2/section-4600/>), the employer must pay for interpreter services at medical treatment appointments. In *Guitron v. Santa Fe Extruders* (WCAB En Banc), the WCAB held that interpreters must prove their services were both reasonable and necessary, as discussed in the CALAWYERS interpreter lien guide (<https://calawyers.org/workers-compensation/navigating-interpreter-liens-for-medical-treatment/>).

According to 8 Cal. Code Regs. § 9795.3(b)(2) (<https://www.dir.ca.gov/t8/9795.html>), interpreter fees at medical appointments are billed at \$11.25 per quarter hour (equivalent to \$45 per hour), with a minimum payment of two hours, or the prevailing market rate, whichever is greater. For hearings, depositions, or review of settlement documents, interpreters receive the Superior Court rate of \$225 for a half-day.

### **Medical-Legal Fee Schedule**

The medical-legal fee schedule (<https://calawyers.org/workers-compensation/californias-new-medical-legal-fee-schedule/>) in 8 Cal. Code Regs. §§ 9793–9795 establishes flat fees for medical-legal evaluations involving less than two hundred pages of document review. For cases exceeding two hundred pages, there is a \$3 per page charge for additional pages. Any party sending documents to an evaluator must include a declaration under penalty of perjury stating the total page count.

---

## **Part 8: Independent Bill Review vs. Lien Filing**

### **Choosing the Right Path**

California provides two ways to resolve medical billing disputes: Independent Bill Review (IBR) and lien filing through the WCAB. According to the DWC's IBR vs. Lien guidance (<https://www.dir.ca.gov/dwc/FAQ/IBR-Lien-Both.html>), choosing the correct path depends on your situation.

IBR is an expedited, non-judicial process for resolving billing disputes where the provider disagrees with the payment amount. As described in the DWC's IBR FAQs ([https://www.dir.ca.gov/dwc/IBR/IBR\\_FAQs.htm](https://www.dir.ca.gov/dwc/IBR/IBR_FAQs.htm)), IBR applies when:

- Services started on or after January 1, 2013
- The fee is determined by a DWC fee schedule (such as the OMFS)
- The claims administrator has not contested liability for any issue other than the fee amount

### Decision Guide

Use this guide, based on the DWC's guidance (<https://www.dir.ca.gov/dwc/FAQ/IBR-Lien-Both.html>) and Bradford & Barthel's analysis (<https://bradfordbarthel.com/2023/11/08/liens-understanding-ibr-can-resolve-valuation-disputes/>):

- Liability admitted, service covered by OMFS, dispute is over fee amount: File for IBR. Do not file a lien.
- Liability admitted, service NOT covered by OMFS, no contract for reimbursement: File a lien within eighteen months of the date of service. IBR does not apply.
- Liability NOT admitted, or coverage under a fee schedule is uncertain: File both a timely lien and an IBR request. This protects you from missing deadlines while all issues are decided.

***Important: Filing a lien when IBR is the correct path creates unnecessary work for the system. However, if you are uncertain, filing both preserves all your remedies.***

---

## Part 9: Lien Dismissal, Withdrawal, and Resolution

### Dismissal for Lack of Prosecution

Under 8 Cal. Code Regs. § 10888 (<https://www.dir.ca.gov/t8/10888.html>), the WCAB may dismiss a lien for:

- Lack of prosecution: If you fail to file a Declaration of Readiness to Proceed within 180 days after the underlying case is resolved or ordered off calendar
- Non-appearance: If you fail to appear at a scheduled hearing after receiving proper notice
- Failure to comply with the Labor Code or WCAB rules

Before dismissing a lien, the WCAB must issue a Notice of Intention to Dismiss and give you at least ten days to respond and show good cause why the lien should not be dismissed.

### How to Withdraw a Lien

When a lien has been resolved or you choose not to pursue it, you must notify the WCAB and all interested parties. Under the WCAB's rules as described in the CWCI guidance (<https://www.cwci.org/document.php?file=3098.pdf>), you must file notification of resolution or withdrawal within five business days. The WCAB provides a Lien Conference Disposition Form (WCAB Form 27 (<https://www.dir.ca.gov/dwc/FORMS/WCABForm27.pdf>)) for this purpose.

### Lien Fee Reimbursement

Cal. Lab. Code § 4903.07 (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-07/>) allows you to recover your filing fee from the employer if all of the following are true:

1. At least thirty days before filing the lien, you made a written settlement demand for a clearly stated amount
2. The defendant failed to accept the demand within twenty days
3. The final award equals or exceeds your settlement demand amount

This rule encourages defendants to seriously evaluate settlement offers because rejecting a reasonable demand can result in additional liability for the filing fee and interest.

---

## Part 10: Subrogation Liens and Third-Party Claims

### What Is a Subrogation Lien?

A subrogation lien arises when an employer or workers' compensation insurer seeks to recover benefits it paid to an injured worker from a third party who caused the injury. For example, if you were injured at work because of a defective product made by another company, your employer's insurer can seek reimbursement from that company.

## Employer's Right to Recover

Cal. Lab. Code § 3852 (<https://law.justia.com/codes/california/code-lab/division-4/part-1/chapter-5/section-3852/>) provides that any employer who pays or becomes obligated to pay compensation may bring a claim against the third party responsible for the injury. As discussed in the Advocate Magazine analysis (<https://www.advocatemagazine.com/article/2019-march/workers-compensation-liens-and-credit-issues>) and the MWL Law subrogation handout (<https://www.mwl-law.com/wp-content/uploads/2022/04/Introduction-to-California-WC-Subro-Handout.pdf>), employers can protect their subrogation rights in four ways:

- Notice of lien in the civil case, asserting a right to reimbursement
- Intervention into the employee's lawsuit
- Direct action against the third party independently
- Assignment of the lien to the third-party tortfeasor for immediate payment

## How Settlement Proceeds Are Distributed

Under Cal. Lab. Code § 3860, when an injured worker recovers money from a third party, the proceeds are distributed in this order as explained in Bradford & Barthel's third-party claims guide (<https://bradfordbarthel.com/2025/02/24/third-party-claims-dont-have-to-be-confusing/>):

1. First: The employee's attorney's fees and costs from the third-party case
2. Second: The employer's workers' compensation lien for benefits already paid
3. Third: Any remaining balance goes to the injured worker

***Important: If the employer contributed to the worker's injury through its own negligence, the employer's lien recovery is reduced proportionally under the Witt v. Jackson rule, as analyzed in the Advocate Magazine trial strategies article (<https://www.advocatemagazine.com/article/2023-may/trial-strategies-with-a-workers-comp-lien>).***

---

## Part 11: Fraud Prevention and Sanctions

### Provider Fraud and the System's Response

The workers' compensation system has been a target for provider fraud, involving false lien claims for services never rendered, referral kickbacks, and obscured chains of lien ownership. According to the DWC's report on anti-fraud efforts ([https://www.dir.ca.gov/fraud\\_prevention/fraud-white-paper.pdf](https://www.dir.ca.gov/fraud_prevention/fraud-white-paper.pdf)), SB 1160 was specifically designed to combat this fraud through multiple provisions:

- Automatic stay of lien claims when providers are criminally charged with fraud
- Mandatory suspension of providers convicted of fraud from the workers' compensation system
- More than 200,000 liens with a total claimed value exceeding \$1 billion have been stayed as a result of fraud-related charges

### Automatic Stays Under Labor Code Section 4615

Cal. Lab. Code § 4615 (<https://law.justia.com/codes/california/code-lab/division-4/part-2/chapter-2/article-2/section-4600/>) provides that if a medical treatment or medical-legal services provider is indicted, charged, or convicted of fraud against the workers' compensation system, Medicare, or Medi-Cal, all liens filed by that provider are automatically stayed until the criminal proceedings conclude. The DWC maintains a list of providers whose liens are subject to these stays.

### Sanctions for Bad Faith Conduct

Under 8 Cal. Code Regs. § 10421 (<https://www.dir.ca.gov/t8/10421.html>), violations of lien regulations may result in monetary sanctions, attorney's fees, and costs. Bad faith actions include:

- Willful failure to comply with a statutory or regulatory obligation
- Willful intent to disrupt or delay WCAB proceedings
- Actions done for an improper motive or that are indisputably without merit

In *Nguyen v. Pacific Dental Services, LLC*, as reported by Pearlman, Brown & Wax (<https://www.pbw-law.com/the-11000-mistake-when-active-defense-becomes-bad-faith/>), the WCAB imposed substantial sanctions against defense counsel for obstruction tactics including unilateral cancellation of medical

appointments, sending advocacy letters designed to sway medical evaluators, and repeated procedural delays. The WCAB imposed both monetary sanctions and an award of attorney's fees.

***Critical: The WCAB distinguishes between vigorous advocacy (which is permitted) and obstruction (which will result in financial penalties). All parties must act in good faith throughout lien proceedings.***

## References

1. Cal. Lab. Code § 4903 (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903/>) - California Labor Code, Lien Claims. Justia.
2. Cal. Lab. Code § 4903.05 (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-05/>) - California Labor Code, Lien Filing Requirements and Declarations. Justia.
3. Cal. Lab. Code § 4903.07 (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-07/>) - California Labor Code, Lien Fee Reimbursement. Justia.
4. Cal. Lab. Code § 4903.1 (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-1/>) - California Labor Code, Mandatory Benefit Determination Before Award. Justia.
5. Cal. Lab. Code § 4903.5 (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-05/>) - California Labor Code, Statute of Limitations for Lien Filing. Justia.
6. Cal. Lab. Code § 4903.6 (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-6/>) - California Labor Code, Premature Filing Restrictions. Justia.
7. Cal. Lab. Code § 4903.8 (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-8/>) - California Labor Code, Lien Ownership and Assignment Restrictions. Justia.
8. 8 Cal. Code Regs. § 10207 - Initial Lien Filing Fees (<https://www.dir.ca.gov/t8/10207.html>) - California Code of Regulations, Title 8. DIR.
9. 8 Cal. Code Regs. § 10208.1 - Lien Fee Refunds ([https://www.dir.ca.gov/t8/10208\\_1.html](https://www.dir.ca.gov/t8/10208_1.html)) - California Code of Regulations, Title 8. DIR.
10. 8 Cal. Code Regs. § 10421 - Sanctions (<https://www.dir.ca.gov/t8/10421.html>) - California Code of Regulations, Title 8. DIR.
11. 8 Cal. Code Regs. § 10742 - Declaration of Readiness to Proceed (<https://www.dir.ca.gov/t8/10742.html>) - California Code of Regulations, Title 8. DIR.
12. 8 Cal. Code Regs. § 10862 - Filing and Service of Lien Claims (<https://www.dir.ca.gov/t8/10862.html>) - California Code of Regulations, Title 8. DIR.
13. 8 Cal. Code Regs. § 10873 - Lien Claimant Declarations of Readiness to Proceed (<https://www.dir.ca.gov/t8/10873.html>) - California Code of Regulations, Title 8. DIR.
14. 8 Cal. Code Regs. § 10875 - Lien Conferences (<https://www.dir.ca.gov/t8/10875.html>) - California Code of Regulations, Title 8. DIR.
15. 8 Cal. Code Regs. § 10880 - Lien Trials (<https://www.dir.ca.gov/t8/10880.html>) - California Code of Regulations, Title 8. DIR.
16. 8 Cal. Code Regs. § 10888 - Dismissal of Lien Claims (<https://www.dir.ca.gov/t8/10888.html>) - California Code of Regulations, Title 8. DIR.
17. 8 Cal. Code Regs. § 9795 - Reasonable Level of Fees for Medical-Legal Expenses (<https://www.dir.ca.gov/t8/9795.html>) - California Code of Regulations, Title 8. DIR.
18. DWC - How to File a Lien (<https://www.dir.ca.gov/dwc/iwguides/iwguide10.pdf>) - California Department of Industrial Relations.
19. DWC - Lien Filing Fees (<https://www.dir.ca.gov/dwc/liens.htm>) - California Department of Industrial Relations.
20. DWC - Senate Bill 1160 Overview (<https://www.dir.ca.gov/dwc/sb1160-ab1244/sb1160.htm>) - California Department of Industrial Relations.
21. DWC - JET File Overview ([https://www.dir.ca.gov/dwc/eams/JetFiling/EAMS\\_JetFile.html](https://www.dir.ca.gov/dwc/eams/JetFiling/EAMS_JetFile.html)) - California Department of Industrial Relations.
22. DWC - Electronic Filing (E-Forms) ([https://www.dir.ca.gov/dwc/EAMS/JetFiling/EAMS\\_eTeam.html](https://www.dir.ca.gov/dwc/EAMS/JetFiling/EAMS_eTeam.html)) - California Department of Industrial Relations.
23. DWC - Independent Bill Review vs. Lien Filing (<https://www.dir.ca.gov/dwc/FAQ/IBR-Lien-Both.html>) - California Department of Industrial Relations.
24. DWC - Independent Bill Review FAQs ([https://www.dir.ca.gov/dwc/IBR/IBR\\_FAQs.htm](https://www.dir.ca.gov/dwc/IBR/IBR_FAQs.htm)) - California Department of Industrial Relations.

25. DWC - Lien Conference Disposition Form (WCAB Form 27) (<https://www.dir.ca.gov/dwc/FORMS/WCABForm27.pdf>) - California Department of Industrial Relations.
26. DWC - Report on Anti-Fraud Efforts ([https://www.dir.ca.gov/fraud\\_prevention/fraud-white-paper.pdf](https://www.dir.ca.gov/fraud_prevention/fraud-white-paper.pdf)) - California Department of Industrial Relations.
27. DWC - CCR 10770.5 Verification to Filing of Lien Claim (<https://www.dir.ca.gov/dwc/forms/CCR10770.5.pdf>) - California Department of Industrial Relations.
28. DWC - Office Locations (<https://www.dir.ca.gov/dwc/dir2.htm>) - California Department of Industrial Relations.
29. daisyBill - Ultimate Guide to New Lien Declaration Under SB 1160 (<https://blog.daisybill.com/ultimate-guide-to-new-lien-declaration-under-sb-1160>) - daisyBill.
30. daisyBill - MPNs and Lien Declaration (<https://kb.daisybill.com/articles/mpns-and-lien-declaration>) - daisyBill.
31. Bradford & Barthel - Back to Basics: The Lien Statute of Limitations (<https://bradfordbarthel.com/2022/12/05/back-to-basics-the-lien-statute-of-limitations/>) - Bradford & Barthel LLP. December 5, 2022.
32. Bradford & Barthel - Liens: Understanding IBR Can Resolve Valuation Disputes (<https://bradfordbarthel.com/2023/11/08/liens-understanding-ibr-can-resolve-valuation-disputes/>) - Bradford & Barthel LLP. November 8, 2023.
33. Bradford & Barthel - Leaning Into Liens: The Basics (<https://bradfordbarthel.com/2026/01/29/leaning-into-liens-the-basics/>) - Bradford & Barthel LLP. January 29, 2026.
34. Bradford & Barthel - Third-Party Claims Don't Have to Be Confusing (<https://bradfordbarthel.com/2025/02/24/third-party-claims-dont-have-to-be-confusing/>) - Bradford & Barthel LLP. February 24, 2025.
35. CWCI - Changes to CCR Title 8 Division 1 (<https://www.cwci.org/document.php?file=3175.pdf>) - California Workers' Compensation Institute.
36. CWCI - Filing and Service of Lien Claims (<https://www.cwci.org/document.php?file=3098.pdf>) - California Workers' Compensation Institute.
37. CALAWYERS - Navigating Interpreter Liens for Medical Treatment (<https://calawyers.org/workers-compensation/navigating-interpreter-liens-for-medical-treatment/>) - California Attorneys for Injured Workers.
38. CALAWYERS - California's New Medical-Legal Fee Schedule (<https://calawyers.org/workers-compensation/californias-new-medical-legal-fee-schedule/>) - California Attorneys for Injured Workers.
39. Advocate Magazine - Workers' Compensation Liens and Credit Issues (<https://www.advocatemagazine.com/article/2019-march/workers-compensation-liens-and-credit-issues>) - Advocate Magazine. March 2019.
40. Advocate Magazine - Trial Strategies with a Workers' Comp Lien (<https://www.advocatemagazine.com/article/2023-may/trial-strategies-with-a-workers-comp-lien>) - Advocate Magazine. May 2023.
41. WCAB - Kunz v. Patterson Floor Coverings, Inc., En Banc Decision (2000) (<https://www.dir.ca.gov/WCAB/2000-eb10.pdf>) - Workers' Compensation Appeals Board.
42. Laguna Law Firm - What Is a Workers' Comp Lien in California (<https://www.lagunalawfirm.com/what-is-a-workers-comp-lien-in-california-and-how-does-it-affect-you/>) - Laguna Law Firm.
43. Pearlman, Brown & Wax - When Active Defense Becomes Bad Faith (<https://www.pbw-law.com/the-11000-mistake-when-active-defense-becomes-bad-faith/>) - Pearlman, Brown & Wax LLP.
44. MWL Law - California Workers' Compensation Subrogation Handout (<https://www.mwl-law.com/wp-content/uploads/2022/04/Introduction-to-California-WC-Subro-Handout.pdf>) - MWL Law.
45. Emergency Medical Services - Cal. Health & Safety Code § 1317.1 (<https://calhospital.org/file/e-appendix-d/>) - California Hospital Association.

# California Workers' Compensation Liens: Procedures and Requirements

## (PART-B LEGAL ANALYSIS)

Generated by: Legal AI Assistant

Facilitated by: The Law Offices of Fernando Hidalgo, Inc.

March 2, 2026

The information provided through this AI-powered Analysis is for **general informational and educational purposes only**. It is **not legal advice**, does **not create an attorney-client relationship**, and should not be relied upon as a substitute for advice from a qualified attorney. Laws and legal outcomes vary based on specific facts and jurisdiction. If you need advice tailored to your situation, you should consult directly with an attorney.

*(c) 2026 The Law Offices of Fernando Hidalgo, Inc.. Generated by a Legal AI Assistant. Facilitated by The Law Offices of Fernando Hidalgo, Inc.. All rights reserved.*

## California Workers' Compensation Liens: Comprehensive Procedures and Requirements

This report provides a thorough analysis of California workers' compensation liens, examining the statutory framework, procedural requirements, filing methodologies, and resolution mechanisms governing lien claims filed with the Workers' Compensation Appeals Board (WCAB). The research reflects the current legal landscape as of March 2026, incorporating recent statutory amendments, regulatory changes, and established case law. California workers' compensation liens represent a critical mechanism for preventing duplicate compensation in the workers' compensation system, allowing medical providers, governmental agencies, attorneys, and other entities to recover expenditures made on behalf of injured workers from the injured worker's final compensation award. The procedural framework governing liens has undergone significant evolution, particularly following Senate Bill 1160 in 2016, which implemented substantial reforms aimed at combating fraud and ensuring only legitimate lien claimants recover from injured workers' benefits.

### Legal Framework Governing Liens

#### Statutory Authority and Foundational Concepts

California Labor Code Section 4903 establishes the foundational authority for lien claims within the workers' compensation system.<sup>[3][3]</sup> The statute permits the Workers' Compensation Appeals Board to determine and allow as liens against compensation any amount determined in several categories, including reasonable attorney fees for legal services, reasonable expenses incurred by or on behalf of the injured employee for medical treatment, reasonable living expenses of the injured employee or dependents subsequent to injury, reasonable burial expenses not to exceed the amount in Labor Code Section 4701, reasonable living expenses of spouse or minor children in specific circumstances, unemployment compensation disability benefits that have been paid pending determination of work-relatedness, unemployment compensation benefits and extended duration benefits paid for the same days as temporary total disability indemnity, family temporary disability insurance benefits paid for the same days as temporary total disability indemnity, and indemnification granted by the California Victims of Crime Program.<sup>[3][3]</sup> This comprehensive enumeration establishes the universe of permissible liens within the California workers' compensation system, and any lien claim falling outside this explicit list constitutes an impermissible lien that must be denied.

The concept of a lien itself represents a distinct mechanism within workers' compensation distinct from direct payment of benefits to the employee. As established in Labor Code Section 4903.1, the Appeals Board or arbitrator must determine before issuing any award or compromise approval whether any benefits have been paid or services provided by health care providers, health care service plans, group disability policies, or self-insured employee welfare benefit plans, and the award must provide for reimbursement of benefits paid or services provided under these plans.<sup>[46]</sup> This mandatory consideration requirement ensures that at the time of case resolution, all outstanding lien claims receive judicial determination rather than remaining unresolved. The lien mechanism functions as a safeguard against "double dipping," preventing injured workers from receiving compensation twice for the same expense or benefit period.<sup>[42]</sup> For instance, if an injured worker receives unemployment insurance disability benefits during the pendency of a workers' compensation claim and subsequently receives a workers' compensation award including temporary total disability indemnity for overlapping time periods, the Employment Development Department may file a lien to recover the duplicate benefits paid, ensuring the injured worker receives full compensation but not excess compensation.

#### Regulatory Framework

The regulatory framework implementing the statutory lien requirements appears primarily in Title 8 of the California Code of Regulations, which contains the procedural rules governing the WCAB. <sup>[4][6]</sup> Regulation Section 10862 establishes comprehensive filing and service requirements for lien claims, providing that a lien claim may be filed only if permitted by Labor Code Section 4900 et seq., and that an otherwise permissible lien claim shall not be filed if doing so would violate the premature filing restrictions of Labor Code Section 4903.6(a).<sup>[4][4][28]</sup> Medical treatment liens under Labor Code Section 4903(b) must be filed solely electronically in accordance with Section 4903.05 and not through any other method, whereas all other lien claims may be filed utilizing an optical character recognition (OCR) lien claim form approved by the Appeals Board.<sup>[4][4][28]</sup> This electronic filing mandate has fundamentally altered lien practice since its implementation, requiring lien claimants to utilize either the E-Form or JET File (Jet File) electronic transmission methods rather than paper filings.

Regulation Section 10207 establishes the initial lien filing fee requirements, providing that as of January 1, 2013, any initial section 4903(b) lien or claim of costs filed as a lien must be filed electronically using a form approved by the appeals board, accompanied by proof of service and any other documents required by the appeals board.[6][6][6] The lien claimant must submit a filing fee in the amount of one hundred fifty dollars (\$150) to the Division of Workers' Compensation prior to filing a lien, except for liens that are exempt pursuant to Labor Code Section 4903.06(b).[6][6][19][6] Notably, this fee applies for each case in which the lien is filed; however, where one or more liens or one or more costs filed as a lien is filed in more than one case involving the same injured worker and same service or services by the same lien claimant, only one filing fee needs to be paid.[6][6][6][6] The \$150 fee has remained constant since its 2003 implementation, representing payment for the filing of the lien itself, and until receipt of proper payment or confirmation of payment, the lien shall not be deemed to have been received or filed for any purpose.[14][19][6] This requirement means that lien claimants cannot proceed with prosecution of their claim in the absence of fee payment, and the entire lien claim becomes invalid and dismissed if proper payment is not made within required timeframes.

## Current Legal Landscape and Recent Developments

### Senate Bill 1160 and the 2017 Declaration Requirements

Senate Bill 1160, which became effective January 1, 2017, fundamentally transformed lien practice in California by implementing extensive anti-fraud measures and legitimacy verification requirements.[7][10][24][31][65] Prior to this legislation, lien claimants could file liens with minimal verification, leading to substantial provider fraud schemes where unscrupulous providers filed hundreds of thousands of questionable liens for services never rendered or for services rendered to patients unaware that workers' compensation benefits were involved. The legislation implemented by Senate Bill 1160 added Labor Code Section 4903.05(c), requiring that for liens filed on or after January 1, 2017, any lien claim for expenses under subdivision (b) of Section 4903 that is subject to a filing fee must be accompanied at the time of filing by a declaration stating, under penalty of perjury, that the dispute is not subject to independent bill review and independent medical review under Sections 4603.6 and 4610.5, respectively, and that the lien claimant satisfies one of seven specified categories.[10][19][10][24][31]

These seven categories establish the legitimate grounds for lien filing and require lien claimants to affirmatively demonstrate their entitlement to recover through the lien mechanism.[10][10][24][31] Category A permits liens for employees' treating physicians providing care through a medical provider network.[10][10][24] Category B allows liens for agreed medical evaluators (AMEs) or qualified medical evaluators (QMEs).[10][10][24] Category C covers lien claimants who provided treatment authorized by the employer or claims administrator under Labor Code Section 4610.[10][10][24] Category D applies when a lien claimant has made a diligent search and determined that the employer does not have a medical provider network in place.[10][10][24] Category E permits liens where the lien claimant has documentation that medical treatment has been neglected or unreasonably refused to the employee as provided by Labor Code Section 4600.[10][10][24] Category F allows liens for expenses incurred for an emergency medical condition as defined by subdivision (b) of Section 1317.1 of the Health and Safety Code.[10][10][24][51] Category G permits liens for certified interpreters rendering services during a medical-legal examination, copy services providing medical-legal services, or has an expense allowed as a lien under rules adopted by the administrative director.[10][10][24]

For liens filed prior to January 1, 2017, existing lien holders were required to file retroactive declarations affirming that they satisfied at least one of these seven categories by July 1, 2017, or face automatic dismissal of their liens.[7][10][24][31] This retroactive requirement led to the automatic dismissal of approximately 292,000 liens when claimants failed to file the required declarations, representing a substantial reduction in the volume of pending lien claims in the system.[7] The Board of Immigration Appeals guidance associated with this requirement emphasized that the new lien declaration was implemented as an anti-fraud measure to require service providers to "demonstrate that the liens are valid," and that all valid lien claimants could protect their liens by "simply filing the required declaration, and choosing the category that most accurately reflects the grounds justifying the lien." [24]

### Labor Code Section 4903.8 and Lien Ownership Requirements

Senate Bill 1160 also amended Labor Code Section 4903.8, which now prohibits the assignment of medical treatment liens and requires that any order or award for payment of a lien filed pursuant to subdivision (b) of Section 4903 be made only to the person who was entitled to payment for the expenses as provided in subdivision (b) of Section 4903 at the time the expenses were incurred, who is the lien owner, and not to an assignee unless the person has ceased doing business in the capacity held at the time the expenses were incurred and has assigned all right, title, and interest in the remaining accounts receivable to the assignee.[19][32] All liens filed pursuant to subdivision (b) of Section 4903 must be filed in the name of the lien owner only, and no payment shall be made to any lien claimant without evidence that he or she is the owner of that lien.[19][32] For liens filed after January 1, 2017, the lien shall not be assigned unless the person has ceased doing business in the capacity held at the time the expenses were incurred and has assigned all right, title, and interest in the remaining accounts receivable to the assignee, and any assignment of a lien in violation of this requirement is invalid by operation of law.[19][32]

If there has been an assignment of a lien, either as an assignment of all right, title, and interest in the accounts receivable or as an assignment for collection, a true and correct copy of the assignment must be filed and served.[32] If the lien is filed on or after January 1, 2013, and the assignment occurs before the filing of the lien, the copy of the assignment shall be served at the time the lien is filed.[32] If the lien is filed on or after January 1, 2013, and the assignment occurs after the filing of the lien, the copy of the assignment shall be served within 20 days of the date of the assignment.[32] This restriction on lien assignment represented a deliberate legislative choice to combat fraud schemes where debt collection firms would acquire liens from original providers and then pursue collection through the WCAB system, often against very old claims where evidence had been lost and original parties were unavailable to contest the claims.

#### Lien Filing Fee Refunds and Exceptions

Regulation Section 10208.1 establishes the procedures for refunding lien filing and activation fees when certain circumstances occur.[54] Lien filing and activation fees are automatically refunded when a lien filing or activation fee is paid properly but the lien or lien activation was not processed due to a system error, provided the filing or activation fee must be resubmitted for the lien or activation to be processed.[54] The filing or activation date is deemed to be the date on which the filing or activation fee was first properly paid.[54] Automatic refunds are also provided when a lien activation fee is paid and it is confirmed by the fee payment system that such fee was paid previously for the same lien, or the lien is not available for activation.[54] If an improper amount is paid for a lien filing fee or activation fee, the filing or activation fee must be repaid in the proper amount for the lien filing or lien activation to be effective, and the lien filing or activation date is deemed to be the date that the filing or activation fee is properly paid.[54]

Notably, if a lien filing fee is properly paid but due to a procedural defect in the filing of the lien the filing is not effective and the filer was not able to re-file and cure the defect within fifteen days pursuant to Regulation Section 10222(a), the lien filing date is deemed to be the date that the lien is properly filed, and a refund is automatically issued.[54] If for any reason a refund is not issued within ten days under these automatic refund circumstances, or within twenty-five days under the procedural defect circumstance, the Lien Filing Fee Refund Request form must be completed and submitted no later than thirty days from the date of payment of the contested fee.[54] A refund is only provided upon a showing of good cause, which includes situations where a fee was paid for a lien for which no filing or activation fee is required pursuant to Sections 4903.05 or 4903.06 of the Labor Code.[54]

#### Statute of Limitations for Lien Filing

Labor Code Section 4903.5 establishes the critical statute of limitations for medical treatment lien filing, providing that no lien claim for expenses as provided in subdivision (b) of Section 4903 may be filed after six months from the date on which the appeals board or a workers' compensation administrative law judge issues a final decision, findings, order, including an order approving compromise and release, or award, on the merits of the claim, after five years from the date of the injury for which the services were provided, or after one year from the date the services were provided, whichever is later.[9][14][18] However, notwithstanding this general rule, any health care provider, health care service plan, group disability insurer, employee benefit plan, or other entity providing medical benefits on a nonindustrial basis may file a lien claim for expenses as provided in subdivision (b) of Section 4903 within six months after the person or entity first has knowledge that an industrial injury is being claimed.[9][14][18]

Senate Bill 863, enacted in 2012, simplified this statute of limitations significantly.[18] Effective July 1, 2013, the statute of limitations for lien claims involving services provided on or after July 1, 2013 became uniformly eighteen months from the date of service, rather than the previously more complex provisions.[9][14][18] For services provided prior to July 1, 2013, the three-year statute of limitations continues to apply.[1][18][1] The critical date for determining which statute of limitations applies is the date of service (the last date that services were provided), not the date of settlement or any other case event.[18] Many early disputes arose when lien claimants argued that the statute of limitations should be tolled until the defendant served settlement documents on the lien claimant, but Senate Bill 863 definitively eliminated this argument by tying the statute of limitations to the date of service rather than to subsequent case events.[18]

The statute of limitations defense remains one of the most powerful and cost-effective defenses available in lien disputes, and defendants should routinely calculate the date of last service against the date of lien filing to determine whether the lien is timely.[18] If the last date of service is more than eighteen months before the lien filing date (for services on or after July 1, 2013), the lien is barred by the statute of limitations and must be dismissed.[18] This threshold analysis should be performed first in evaluating any lien, as it can result in complete dismissal of the lien claim without the necessity of engaging in protracted negotiations or litigation over the reasonableness or necessity of the claimed services.

## Procedural Requirements for Lien Filing

### Initial Application and WCAB Case Number Requirements

To file a valid lien, a lien claimant must have a valid Workers' Compensation Appeals Board case number, also referred to as an ADJ (adjudication) number.[1][1] This case number must be entered in the designated field of the lien form.[1][1] If there is no WCAB case number at the time of lien filing, the lien claimant must contact the local Information & Assistance (I&A) office to request case number assignment, or file an application for adjudication of claim concurrently with the lien to establish a case number.[1][6][39][1] For initial lien filings where no application exists for the employee at the time of filing, the lien claimant must file any necessary application(s) and a duty to investigate verification pursuant to Regulation Section 10770.5.[6][6] In such cases, the ADJ case number is assigned by the Workers' Compensation Appeals Board, and the lien claimant receives a Notice of Application assigning the case number.[6][6] The lien claimant may thereafter file the initial lien claim or claim of cost filed as a lien accompanied with the filing fee required by Labor Code Section 4903.05 or confirmation of payment.[6][6]

### Electronic Filing Mandate: E-Form and JET File Methods

All medical treatment liens under Labor Code Section 4903(b) must be filed solely electronically using either the E-Form or JET File method as approved by the WCAB.[2][4][4][17][28] E-Forms allow filers to log onto EAMS (the Electronic Adjudication Management System) and file documents and attachments directly into the system over the Internet.[20] E-Form filers can choose a hearing date for their Declaration of Readiness to Proceed and have access to view case documents if they are a case participant.[20] All forms and attachments are available for submission through E-Forms, and a dedicated help desk is available during regular business hours at no cost if the filer is not using the services of a vendor.[20]

JET File (Jet File) utilizes the state's secure file transfer service for six forms and attachments, including applications for adjudication of claim, declarations of readiness to proceed, compromises and releases, stipulations with request for award, notices and requests for allowance of lien, and golden rod liens (for EDD only).[17] Instead of logging into EAMS, JET Filers send their data to State of California servers, where it is picked up by the Division of Workers' Compensation and deposited into EAMS.[17] Following submission, JET Filers receive automatic electronic responses showing the documents were received, along with notice of errors, if any.[17][20] JET File is best suited for large-volume filers of the six most used court forms, while E-Forms are available for all forms.[20] JET Filers have three ways to file: they can create their own transmission process using DWC's technical specifications, they can purchase software from an approved vendor, or they can use a third-party filer to transmit on their behalf.[17][20]

Importantly, only vendors whose transmission methods have been confirmed by DWC to be compatible with EAMS as of a testing date, and who have represented in writing that their transmission methods meet specific data security requirements, are authorized to provide JET File services.[17] A list of authorized JET File vendors is maintained on the DWC website.[17] Whether using E-Forms or JET File, lien claimants must

ensure they are utilizing approved methodologies, as filings through unauthorized methods will be rejected and not processed.

#### Documentation Requirements and Supporting Materials

When filing a lien, the lien claimant must include comprehensive supporting documentation establishing the basis for the lien claim and the amount sought. [4][4][28][4][30] All original and amended lien claims, and all related documents, including a full statement or itemized voucher for any section 4903(b) lien and any document listed in Regulation Section 10862(e), must be served on the injured worker (or if deceased, the worker's dependents), unless the worker or dependent is represented by an attorney or other agent of record, in which event service may be made solely upon the attorney or agent of record, or the underlying case of the worker or dependent has been resolved, or the worker or the dependent chooses not to proceed with the case.[4][4][28][30] Additionally, service must be made on any employer(s) or insurance carrier(s) that are parties to the case and, if represented, their attorney(s) or other agent(s) of record.[4][4][28][30]

The following documents must be concurrently filed with each lien claim: a proof of service, the verification under penalty of perjury outlined in Regulation Section 10863 if required, and any other declaration or form required by law to be concurrently filed with a lien claim, including documents required by Labor Code Sections 4903.05, 4903.06, and 4903.8.[4][4][28][30] For lien claims filed on or after January 1, 2013, the lien must be accompanied by a full statement or itemized voucher supporting the lien and justifying the right to reimbursement and proof of service upon the injured worker or, if deceased, upon the worker's dependents, the employer, the insurer, and the respective attorneys or other agents of record.[19] For liens filed on or after January 1, 2017, the lien must also be accompanied by an original bill in addition to either the full statement or itemized voucher supporting the lien.[19] Medical records shall be filed only if they are relevant to the issues being raised by the lien.[19]

The full statement or itemized voucher supporting the lien claim must include any amount(s) previously paid by any source for each itemized service, a statement that clearly and specifically sets forth the basis for the claim for additional payment, and proof of ownership of the debt if the lien claimant is not the original service provider or is not an entity described in Labor Code Sections 4903.05(c)(7) or 4903.06(b).[27][30] Additionally, the itemized voucher must include a declaration under penalty of perjury under the laws of the State of California that all of the foregoing information provided is true and correct.[27][30] When serving an amended lien claim, the lien claimant must indicate in the box set forth on the lien form that it is an "amended" lien claim and must provide the name, mailing address, and telephone number of a person with authority to resolve the lien claim on behalf of the lien claimant.[4][4][4][30][1]

#### The Verification Requirement Under Labor Code Section 4903.05(c)

For liens filed on or after January 1, 2017, the lien must be accompanied by a declaration stating, under penalty of perjury, that the dispute is not subject to independent bill review and independent medical review under Sections 4603.6 and 4610.5, respectively, and that the lien claimant satisfies one of the seven categories enumerated in Labor Code Section 4903.05(c)(1)(A) through (G).[19][24] This declaration represents a critical component of the lien filing and serves as the anti-fraud verification mechanism required by Senate Bill 1160. The declaration must be executed under penalty of perjury, meaning that false statements constitute fraud against the workers' compensation system and may result in criminal prosecution. Many early lien filings after the January 1, 2017 effective date were rejected because lien claimants failed to include this declaration, and the failure to file the required declaration results in dismissal of the lien with prejudice by operation of law.[19]

For liens filed prior to January 1, 2017, the declaration requirement was retrospectively applied, and lien claimants had until July 1, 2017, to file a declaration pursuant to this subdivision for any lien claim filed before January 1, 2017, for expenses pursuant to subdivision (b) of Section 4903 that was subject to a filing fee under Section 4903.05.[19][24] The failure to file a signed declaration by this deadline resulted in automatic dismissal of the lien with prejudice by operation of law, leading to the dismissal of approximately 292,000 liens.[7]

#### Premature Filing Restrictions

Labor Code Section 4903.6(a) establishes critical restrictions on when a lien claim may be filed, providing that except as necessary to meet the requirements of Section 4903.5, a lien claim or application for

adjudication shall not be filed or served under subdivision (b) of Section 4903 until both of the following have occurred: (1) sixty days have elapsed 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, and (2) either the time provided for payment of medical treatment bills pursuant to Section 4603.2 has expired and, if the employer objected to the amount of the bill, the reasonable fee has been determined pursuant to Section 4603.6, and if authorization for the medical treatment has been disputed pursuant to Section 4610, the medical necessity of the medical treatment has been determined pursuant to Sections 4610.5 and 4610.6, or the time provided for payment of medical-legal expenses pursuant to Section 4622 has expired and, if the employer objected to the amount of the bill, the reasonable fee has been determined pursuant to Section 4603.6.[9][18]

These premature filing restrictions serve an important policy purpose: they prevent medical providers from filing liens prematurely before the claims administrator has had adequate opportunity to pay undisputed bills, obtain utilization review determinations regarding medical necessity, or conduct independent bill review proceedings.[9][18][33][36] By requiring at minimum sixty days to elapse after liability determination and requiring completion of various administrative processes before lien filing becomes permissible, the statute encourages efficient resolution of billing disputes through administrative processes rather than through the WCAB litigation system. An otherwise permissible lien claim shall not be filed or served if doing so would violate these premature filing restrictions, and any lien claim filed in violation of this requirement is deemed invalid by operation of law.[9][27][30]

#### Lien Conference Procedures and Resolution Mechanisms

##### Declaration of Readiness and Lien Conference Scheduling

A lien claimant may not file a Declaration of Readiness to Proceed unless the underlying case of the injured employee or the dependent(s) of a deceased employee has been resolved, or the injured employee or the dependent(s) chooses not to proceed with their case.[40][61] When a lien claimant files and serves a Declaration of Readiness to Proceed on an issue relating to a lien claim other than in the case in chief, the party must designate on the Declaration of Readiness to Proceed form that it is requesting a lien conference and must not designate any other kind of conference.[61] If a status conference or any other type of conference is requested or is set on the calendar, that status conference or other type of conference is deemed a lien conference and is governed by any and all rules applying to a lien conference.[61]

A lien conference shall be set when any party files a Declaration of Readiness to Proceed in accordance with Regulation Section 10742 on any issue(s) relating to lien claim, or by the Workers' Compensation Appeals Board on its own motion at any time.[38][61] Based upon resources available and such other considerations as the Workers' Compensation Appeals Board in its discretion may deem appropriate, a lien conference may be set at any district office without the necessity of an order changing venue.[61] To the extent feasible, the date of the lien conference shall be no sooner than sixty days after the date the notice of hearing for it is served.[61] Once a Declaration of Readiness to Proceed for a lien conference has been filed, it cannot be withdrawn.[61] If the lien of a lien claimant that has filed a Declaration of Readiness to Proceed has been resolved, that lien claimant must request that its lien be withdrawn in accordance with Regulation Section 10872.[61]

After a lien conference or lien trial has been ordered off calendar, no party or lien claimant shall file a new Declaration of Readiness to Proceed for at least ninety days.[61] The Declaration of Readiness to Proceed must designate that a lien conference is requested and must state under penalty of perjury that there has been no hearing on the lien claim(s) or lien issue(s) within the preceding ninety days.[61] Nothing in this requirement precludes the Workers' Compensation Appeals Board from restoring the lien claim(s) or lien issue(s) to the lien conference or lien trial calendar on its own motion, or from restoring the lien claim(s) or lien issue(s) to the lien conference or lien trial calendar less than ninety days after the most recent hearing.[61]

##### Mandatory Appearance and Settlement Authority Requirements

All defendants and lien claimants must appear at all lien conferences, either in person or by attorney or non-attorney representative.[15] Each defendant, lien claimant, attorney, and non-attorney representative appearing at any lien conference must have sufficient knowledge of the lien dispute(s) to inform the workers' compensation judge as to all relevant factual and legal issues in dispute, must have authority to enter into binding factual stipulations, and must either have full settlement authority or have full settlement authority

immediately available by telephone.[15] This requirement ensures that lien conferences are productive proceedings where actual settlement authority is present, rather than preliminary negotiations that do not advance case resolution.

If a lien claimant fails to appear at a lien conference, the workers' compensation judge may issue a notice of intention to dismiss consistent with Regulation Section 10888, or defer the lien.[15][15] If a defendant does not appear, or for any other reason any lien claim(s) or lien issue(s) cannot be fully resolved at the lien conference, the workers' compensation judge shall take one of the following actions: set a lien trial and close discovery, upon a showing of good cause, allow a continuance of the lien conference to another lien conference, or upon a showing of good cause, order the lien conference off calendar.[15] Good cause shall not include the delayed or late appointment of an attorney or non-attorney representative by a defendant or lien claimant or the delayed receipt of the defendant's or lien claimant's file by that attorney or non-attorney representative.[15] The action taken applies to all unresolved lien claim(s) or lien issue(s).[15]

#### Pre-Trial Conference Statement Requirements

For any lien claim(s) or lien issue(s) not fully resolved at the lien conference by an order signed by a workers' compensation judge and set for trial, the defendant(s) and lien claimant(s) must prepare, sign, and file with the workers' compensation judge a Pre-Trial Conference Statement, which must include all stipulations, the specific issues in dispute, all documentary evidence that might be offered at the lien trial, and all witnesses who might testify at the lien trial.[15] The right to present any issue, documentary evidence, or witness not listed in the Pre-Trial Conference Statement is deemed waived, absent a showing of good cause.[15] Evidence not disclosed on the Pre-Trial Conference Statement or obtained thereafter is not admissible unless the proponent of the evidence can demonstrate that it was not available or could not have been discovered by the exercise of due diligence prior to the lien conference.[15] This requirement ensures that all parties understand the issues in dispute and have adequate notice of the evidence and witnesses that may be presented at trial.

#### Lien Trial Procedures and Evidentiary Standards

##### Trial Requirements and Burden of Proof

At lien trials, all defendants and lien claimants must appear either in person or by attorney or non-attorney representative.[13] Each defendant, lien claimant, attorney, and non-attorney representative appearing at any lien trial must have sufficient knowledge of the lien dispute(s) to inform the workers' compensation judge as to all relevant factual and legal issues in dispute, must have authority to enter into binding factual stipulations, and must either have full settlement authority or have full settlement authority immediately available by telephone.[13] Where a lien claimant or defendant served with notice of a lien trial fails to appear either in person or by attorney or non-attorney representative, the workers' compensation judge may dismiss the lien claim after issuing a ten-day notice of intention to dismiss with or without prejudice, hear the evidence and, after service of the minutes of hearing and summary of evidence that shall include a ten-day notice of intention to submit, make such decision as is just and proper, or defer the issue of the lien and submit the case on the remaining issues.[13]

Where a lien claimant (rather than the injured employee) is litigating the issue of entitlement to payment for industrially-related medical treatment, the lien claimant stands in the shoes of the injured employee and must prove by preponderance of the evidence all of the elements necessary to the establishment of its lien.[45] This burden is substantial because the lien claimant must establish not only that the services were provided, but that those services were medically necessary, reasonable in cost, and properly authorized or otherwise properly incurred as a matter of law. If the lien claimant cannot establish these elements through admissible evidence, the lien must be disallowed, and the lien claimant receives no recovery.

##### Determination of Reasonableness for Medical Expenses

In determining whether medical treatment expenses are reasonable and should be allowed as a lien, the Workers' Compensation Appeals Board applies the factors established in the seminal case of *Kunz v. Patterson Floor Coverings, Inc.*, which encompass: (1) the customary fee accepted (not charged) by the provider, (2) the typical fee accepted by other medical providers in the same geographical area, (3) pertinent aspects of the economics of the medical provider's practice, and (4) any exceptional circumstances pertaining to the case.[5][5][45] These factors require lien claimants to provide market rate evidence demonstrating that the fees charged are consistent with fees charged by similarly situated providers in the same geographic area.

Lien claimants often attempt to introduce "cherry-picked" market rate evidence that selectively presents only high-fee examples while omitting evidence of lower fees charged by competing providers.[5][5][5] Courts and the WCAB will reject such evidence as unreliable, requiring instead comprehensive documentation that encompasses all invoices recently settled for similar services, not exclusively those that support full payment.[5][5][5]

For medical treatment provided through the Official Medical Fee Schedule (OMFS), the reasonableness of fees charged is presumed to be reasonable if they do not exceed the OMFS amounts, and the lien claimant need not provide additional evidence of reasonableness.[45] However, for services not covered by the OMFS, or for services where the provider seeks fees in excess of the OMFS, the provider must submit an itemization showing that the requested fee is reasonable and is not in excess of the provider's usual fee, and must explain the extraordinary circumstances related to the unusual nature of the services rendered.[45]

### Interpreter Service Lien Standards

Interpreter services represent a unique category of lien claims that have generated substantial litigation. When an applicant receives reasonable and necessary medical treatment under Labor Code Section 4600, the employer is liable not only for the cost of the treatment but also certain expenses incurred as a result of it, including interpreter services.[5][5] In *Guitron v. Santa Fe Extruders*, the Appeals Board issued an en banc decision holding that an employer is required to pay for an interpreter at medical treatment appointments, but that the interpreter lien claimant has the burden of proving the reasonableness and necessity of the services.[5][5] This right was subsequently codified under Labor Code Section 4600(g), which explicitly recognizes interpreter services as a compensable medical expense.[5][5]

In assessing the reasonableness of an interpreter's services, the criteria outlined in *Kunz v. Patterson Floor Coverings* should be considered.[5][5] These factors encompass the customary fee accepted by the provider, the typical fee accepted by other interpreters in the same geographical area, pertinent aspects of the economics of the interpreter's practice, and any exceptional circumstances pertaining to the case.[5][5] Interpreters must show that their services were both reasonable and necessary, which means they must establish that the injured worker actually required interpreting services to communicate with the medical provider and that the worker did not speak English fluently enough to communicate without an interpreter.[5][5] For example, if an interpreter was used during a deposition of the worker or at an agreed or qualified medical evaluation, it might be reasonable to infer that the worker needed interpreting services during medical treatment.[5][5] Conversely, if the applicant spoke English during his or her deposition, or their medical, employment or prior claim records show a history of fluency in the English language, it can be argued that the interpreters' services were not reasonable or necessary.[5][5]

According to Title 8 California Code of Regulations Section 9795.3(b)(2), interpreter fees are billed and paid at a rate of \$11.25 per quarter hour or any part thereof (equivalent to \$45 per hour), with a minimum payment of two hours, or the prevailing market rate, whichever is greater.[5] This rate is applicable specifically for services rendered at medical treatment appointments. For activities such as hearings, deposition preparation, depositions, transcript review, or the examination of settlement documents, interpreters receive compensation at the Superior Court rate of \$225 for a half-day.[5] When interpreting services involve exotic or uncommon languages, the applicable rate may be considerably higher, requiring specialized analysis.[5]

### Medical-Legal Fee Schedule Requirements

The medical-legal fee schedule established in Title 8 California Code of Regulations Sections 9793 through 9795 establishes the fees for medical-legal evaluations and reports. The schedule became effective for a physical examination or medical-legal testimony occurring on or after April 1, 2021, and establishes flat fees for different types of reporting involving less than two hundred pages of document review by the reporting physician.[56] For services involving document review exceeding two hundred pages, there is a three-dollar per page charge for review of records in excess of two hundred pages, provided those records were not previously reviewed by the evaluating physician.[56] There is an increase in payment rates for medical-legal testimony and reports by psychiatrists, psychologists, and internal medicine physicians who review cases where the claim is primarily involving toxicology or oncology.[56] The new medical-legal fee schedule requires any party who sends documents to a qualified medical evaluator or agreed medical evaluator to include a Declaration under penalty of perjury stating what the total page count is of the documents being sent for review by the evaluator.[56] When the medical-legal evaluator issues a report, the evaluator must also

include a declaration under penalty of perjury stating the number of pages of documents that were reviewed and summarized.[56]

## Independent Bill Review Versus Lien Filing Strategy

### Threshold Determination of Appropriate Resolution Mechanism

The California workers' compensation system provides two distinct mechanisms for resolving medical billing disputes: Independent Bill Review (IBR) and lien filing through the WCAB.[21][33][36] Understanding when each mechanism applies and making the correct strategic choice between the two is essential for medical providers and claims administrators. Senate Bill 863, enacted in 2012, established the IBR and Second Bill Review (SBR) mechanisms as expedited, non-judicial processes for resolving medical treatment and medical-legal billing disputes where the medical provider disagrees with the amount paid by a claims administrator on a properly documented bill.[21][33][36] For IBR to apply, medical services must have started on or after January 1, 2013, with a fee determined by a fee schedule established by the Division of Workers' Compensation, such as the Official Medical Fee Schedule (OMFS) for treatment services or the Medical-Legal Fee Schedule for evaluation services.[21][33][36] However, if a claims administrator has contested liability for the bill for any issue other than the fee, then that issue must be resolved before the matter can go to IBR.[21][33][36]

The Division of Workers' Compensation has provided guidance establishing the decision tree for providers to determine whether to file an application for IBR, a lien with the WCAB, or both.[21][33][36] If there is admitted liability for the injury and body part being treated, and the medical treatment is described in the OMFS or a contract for reimbursement, the medical provider should file for IBR if there is a dispute as to the amount owed under the OMFS or contract.[21][33][36] Filing a lien in such situations is unnecessary and overloads the system with erroneous filings.[21][33][36] If there is admitted liability for the injury and body part being treated, but the medical treatment is not described in the OMFS, and there is no contract for reimbursement, the medical provider should file a lien within eighteen months of the date of service.[21][33][36] If the medical service provided is not covered under a fee schedule adopted by the DWC and there is no contract for reimbursement, then the matter is not eligible for IBR and the provider's only recourse is to file a lien.[21][33][36] There is no need to file for IBR because the body part is not covered under compensable services listed in the OMFS that can be paid through IBR.[21][33][36]

If there is no admission of liability for the injury or body part being treated, or it cannot be determined with certainty that the medical treatment is covered under a DWC fee schedule or a contract for reimbursement, the provider should file both a timely lien and IBR request, eliminating the risk of running afoul of the lien statute of limitations and protecting the provider until all issues are decided.[21][33][36] This dual-track approach ensures that the provider has preserved all remedies and has not inadvertently lost the ability to pursue payment through either mechanism due to timing issues or misunderstandings about the applicability of fee schedules.

### Invoice Submission Deadlines Distinct from Lien Filing Deadlines

An important distinction exists between the deadline for submitting invoices for payment and the deadline for filing a lien claim. For services rendered on or after January 1, 2017, the request for payment, including an itemized list of services provided and the charge for each, must be forwarded to the employer within twelve months of the date of service, or within twelve months of discharge for inpatient facility services.[5][5][33][5] In most cases, no payment is owed if the provider fails to submit a bill within this twelve-month window, and even if a lien was timely filed.[5][5][33][5] This twelve-month window for invoice submission is distinct from the statute of limitations for filing a lien, as outlined in Labor Code Section 4903.5.[5][5][33][5] The eighteen-month statute of limitations for filing a lien (for services on or after July 1, 2013) runs from the date of service, whereas the twelve-month invoice submission deadline also runs from the date of service.[5][5][33][5]

This means that providers face a compressed timeline for invoicing: they must submit their invoices within twelve months of service, but can file a lien for up to eighteen months from the date of service.[5][5][33][5] However, if a lien is filed based on a bill that was not submitted timely to the employer within the twelve-month window, the lien will likely be dismissed because the underlying basis for the lien claim—the failure to pay—is arguably not the employer's responsibility when the bill was not submitted within the required

timeframe. Prudent practice requires invoices to be submitted within the twelve-month window to preserve both payment obligations and potential lien rights.

## Lien Resolution, Dismissal, and Withdrawal Procedures

### Dismissal for Lack of Prosecution

The Workers' Compensation Appeals Board or a workers' compensation judge may order a lien dismissed for lack of prosecution, non-appearance by the lien claimant, or failure to comply with the provisions of the Labor Code or the WCAB rules.[26] A lien claim may be dismissed for lack of prosecution on a petition filed by a party or on the Appeals Board's or the workers' compensation judge's own motion if the lien claimant fails to file a Declaration of Readiness to Proceed within one hundred eighty days after the underlying case of the injured employee or the dependent(s) of a deceased employee has been resolved or the injured employee or the dependent(s) chooses not to proceed with the case, or within one hundred eighty days after a lien conference or lien trial is ordered off calendar if the lien claim was at issue.[26] A dismissal for failure to appear at a hearing shall only issue if the lien claimant was provided with notice of the lien conference or lien trial.[26] A dismissal for failure to comply with the Labor Code or the WCAB rules shall only be issued if the lien claimant has failed to comply with a statute or rule that provides that a lien may be dismissed for non-compliance.[26]

Before issuing an Order dismissing a lien, the Workers' Compensation Appeals Board must issue a Notice of Intention to Dismiss the lien claim consistent with Regulation Section 10832, which provides at least ten days for the lien claimant to file and serve a response showing good cause why an Order dismissing the lien should not issue.[26] This notice requirement prevents surprise dismissals and provides lien claimants with an opportunity to explain delays or procedural failures and to request continuances based on good cause. The concept of "good cause" is applied somewhat flexibly, particularly where the lien claimant can demonstrate that the underlying case complexity, medical disputes, or other factors justified delay in proceeding to lien conference.

### Lien Withdrawal and Resolution Procedures

When a lien has been resolved or withdrawn, the lien claimant must notify the WCAB and all interested parties of the resolution or withdrawal.[22][4][30][64] Within five business days after a lien has been resolved or withdrawn, the lien claimant shall file notification of lien resolution or withdrawal with the Workers' Compensation Appeals Board.[30] A lien claimant shall request that its lien be withdrawn in accordance with the withdrawal procedures if the underlying lien has been resolved or if the lien claimant chooses not to pursue the claim further.[61] The WCAB provides a Lien Conference Disposition Form (WCAB Form 27) that parties use to inform the WCAB which liens have been resolved and how, by checking appropriate boxes and filling in information indicating whether liens are settled by lien order or by agreement, whether notices of intent to dismiss have been issued, or whether lien claimants have withdrawn their liens.[22]

### Subrogation Liens and Third-Party Claims

#### Employer Lien Rights in Third-Party Actions

In addition to liens filed by medical providers, attorneys, and government agencies, employers and their workers' compensation insurers have significant lien rights in cases where an injured worker has been injured by the negligence of a third party and subsequently recovers damages in a civil lawsuit against that third party. Labor Code Section 3852 provides that any employer who pays, or becomes obligated to pay, compensation, or who pays or becomes obligated to pay salary in lieu of compensation, may likewise make a claim or bring an action against the third person.[43][43][67] In such an event, the employer may recover in the same suit, in addition to the total amount of compensation, damages for which the employer was liable, including all salary, wage, pension, or other emolument paid to the employee or to the employee's dependents.[43][43][67] The workers' compensation carrier is entitled to recover in the same third-party lawsuit with the employee the total amount of its expenditures for "compensation," and any other special damages under Section 3852.[43][43] This subrogation right represents a powerful mechanism for insurance carriers to recover expenditures made on behalf of injured workers when third parties are responsible for the injury.

The mechanism for protecting the employer's subrogation rights in third-party cases involves filing what is commonly called a "notice of lien" or "intervention" in the third-party civil case. Where the employee files

and prosecutes the third-party action, California Labor Code Sections 3856(b) and 3862 provide that the employer may give notice of the lien to all parties, and the court must address the employer's claim.[43][67] The timing of the employer's notice is important because the notice of lien must be served before the case settles or goes to judgment, otherwise the employer loses its subrogation rights. Employers have four primary ways to protect their subrogation rights: (1) notice of lien where the employer asserts a right to reimbursement from the workers' payout without active litigation, (2) intervention into the employee's action, (3) direct action by the employer against the third party independent of the employee's claim, or (4) assignment of the lien to the third-party tortfeasor for immediate payment.[67][68]

#### Distribution of Proceeds and Lien Priorities

Labor Code Section 3860 establishes the priority for payment of proceeds from third-party recoveries and provides that after the payment of expenses and attorney's fees, the court shall apply out of the amount of such judgment for damages an amount sufficient to reimburse the employer for the amount of expenditures for compensation together with any other amounts to which the employer may be entitled as special damages under Section 3852.[43][43][67][68] This means that in the distribution of third-party judgment or settlement proceeds, the first priority is payment of the employee's attorney's fees and costs incurred in the third-party case, the second priority is the employer's workers' compensation lien for benefits paid, and any remaining balance belongs to the injured employee.[43][43][67][68] Where the settlement is insufficient to satisfy the employer's claim and compensate counsel, the attorney's fees and costs take priority over the employer's lien.[43][43][67][68]

In situations where the injured worker has contributed to their own injury through negligence, the determination of the employer's lien recovery becomes more complex. Under the *Witt v. Jackson* rule, an employer who contributed to an employee's injury cannot recover full reimbursement for workers' compensation benefits paid, and the recovery must be reduced proportionally based on the employer's comparative fault.[44][68] This requires careful analysis of the allocation of fault among the injured worker, the employer, and the third-party tortfeasor, with the workers' compensation carrier's recovery being reduced to the extent the employer was at fault for the injury.

#### Fraudulent Schemes and Anti-Fraud Measures

##### Provider Fraud and the Impact of Senate Bill 1160

The workers' compensation system has been the target of substantial provider fraud schemes, where unscrupulous medical providers generate false or inflated lien claims for services never rendered or rendered to patients unaware they were workers' compensation cases. These schemes have involved referral kickbacks, fabricated evaluations, gang-related billing patterns, and the assignment of liens among multiple entities to obscure the chain of ownership.[65] The high-profile prosecutions of providers engaged in these schemes have highlighted the vulnerability of the lien system to fraud prior to Senate Bill 1160's implementation.

Senate Bill 1160 was specifically designed to combat provider fraud by implementing multiple anti-fraud provisions directed at liens.[65] The legislation expressly requires automatic stay of lien claims of providers criminally charged with fraud, and requires the DWC to suspend any medical provider, physician, or practitioner convicted of fraud from participation in the workers' compensation system.[65] Since the start of the year in which the fraud prosecutions accelerated, the lien claims associated with approximately seventy-five providers currently facing criminal fraud charges have been stayed pursuant to new Labor Code Section 4615.[65] More than two hundred thousand liens with a total claim value of over one billion dollars have been stayed as a result of fraud-related charges and convictions.[65] The DWC has adopted provider suspension regulations and is issuing notices of suspension to convicted providers, who together account for at least another one hundred thousand liens in the system.[65] Removing fraudulent providers and their lien claims from the workers' compensation system enables the system to improve services to injured workers by improving the system's efficiency and ultimately reducing costs.[65]

##### Labor Code Section 4615 and Automatic Stays

Labor Code Section 4615 provides that if a provider of medical treatment or medical-legal services is indicted, charged, or convicted of fraud against the workers' compensation system, medical billing fraud, insurance fraud, fraud against Medicare, or fraud against Medi-Cal, all liens filed by that provider are automatically stayed until the disposition of the criminal proceedings.[65] This automatic stay provision prevents potentially

fraudulent providers from collecting on questionable liens while criminal charges are pending, ensuring that disputed claims are not paid while the underlying legitimacy of the claims is being determined in criminal court. The DWC maintains a list of providers whose liens are subject to stays pursuant to this section, and the database is periodically updated as criminal charges are filed, resolved, or dismissed.[65]

## Regional and Procedural Variations

### San Francisco and Bay Area WCAB District Offices

The San Francisco workers' compensation jurisdiction encompasses multiple WCAB locations serving the Northern California region. The primary San Francisco Immigration Court locations identified in the DWC records include the San Francisco Immigration Court at 100 Montgomery Street, Suite 800, San Francisco, California 94104, the San Francisco Immigration Court at 630 Sansome Street, 4th Floor, Room 475, San Francisco, California 94111, and the San Francisco Immigration Court at Concord Hearing Location, 1855 Gateway Boulevard, Suite 850, Concord, California 94520.[58] Injured workers and parties in workers' compensation cases within the San Francisco area are served by the San Francisco district office, and lien filings are submitted to the designated WCAB office serving the case.[58]

The San Francisco district office maintains procedures consistent with statewide WCAB rules but may have local rules and judge-specific preferences regarding lien practice. Practitioners working with liens in the San Francisco jurisdiction should familiarize themselves with any local rules posted at the district office and should consider the tendencies of individual judges assigned to hear lien disputes.

### Electronic Filing System Requirements

All lien claimants must use the Electronic Adjudication Management System (EAMS) for filing liens, either through the E-Form or JET File method.[2][4][17][20] The EAMS system has created uniformity in filing procedures across all WCAB district offices statewide, as all filings are submitted electronically to a centralized system rather than to individual district offices. However, different district offices may still have slightly different procedures for retrieving filed documents, scheduling conferences, and issuing notices. Lien claimants should confirm the specific procedures for the district office handling their case.

## Practical Risk Management and Strategic Considerations

### Sanctions for Bad Faith and Procedural Violations

Violation of the provisions of lien regulations may give rise to monetary sanctions, attorney's fees, and costs under Labor Code Section 5813 and Regulation Section 10421.[13][15] Bad faith actions or tactics that are frivolous or solely intended to cause unnecessary delay include actions or tactics that result from a willful failure to comply with a statutory or regulatory obligation, that result from a willful intent to disrupt or delay the proceedings of the Workers' Compensation Appeals Board, or that are done for an improper motive or are indisputably without merit.[61] The WCAB will not hesitate to sanction parties and their attorneys who engage in dilatory tactics, including failure to appear at lien conferences, unilateral cancellation of medical appointments, or presentation of meritless procedural arguments.[61][62]

A recent WCAB decision illustrates the seriousness of sanctions for bad faith lien practices. In *Nguyen v. Pacific Dental Services, LLC*, the defense counsel engaged in a series of discovery tactics that the Workers' Compensation Judge found troublesome, including unilateral cancellations of scheduled medical appointments without good cause or a court order, sending "advocacy letters" to medical evaluators designed to sway the doctor's opinion rather than simply providing records, and engaging in repeated procedural delays that appeared intended solely to slow down the case.[62] When viewed together, the pattern showed an intent to obstruct, and the WCAB issued sanctions against both the individual attorney and the law firm, imposing both a monetary sanction and a substantial award of attorney's fees and costs.[62] This case demonstrates that defendants must be careful to distinguish between aggressive defense and obstruction, as the latter will result in significant financial penalties.

### Lien Fee Reimbursement Under Labor Code Section 4903.07

A lien claimant is entitled to an order or award for reimbursement from the employer of a lien filing fee or lien activation fee, together with interest at the rate allowed on civil judgments, only if all of the following conditions are satisfied: (1) not less than thirty days before filing the lien for which the filing fee was paid or

filing the declaration of readiness for which the lien activation fee was paid, the lien claimant has made written demand for settlement of the lien claim for a clearly stated sum which shall be inclusive of all claims of debt, interest, penalty, or other claims potentially recoverable on the lien, (2) the defendant fails to accept the settlement demand in writing within twenty days of receipt of the demand for settlement or within any additional time as may be provided by the written demand, and (3) after submission of the lien dispute to the appeals board or an arbitrator, a final award is made in favor of the lien claimant of a specified sum that is equal to or greater than the amount of the settlement demand, provided that the amount of the interest and filing fee or lien activation fee shall not be considered in determining whether the award is equal to or greater than the demand.[52] This section does not preclude an order or award of reimbursement of the filing fee or activation fee pursuant to the express terms of an agreed disposition of a lien dispute.[52]

This provision creates a powerful incentive for defendants to evaluate settlement demands carefully, as failure to accept a reasonable settlement demand can result in liability not only for the underlying lien but also for the filing fee and interest on both amounts.

## Conclusion

California workers' compensation liens represent a complex system balancing the interests of injured workers, medical providers, government agencies, and employers. The statutory framework established in Labor Code Sections 4903 through 4903.8, as substantially revised by Senate Bill 1160, creates a robust anti-fraud system requiring legitimate lien claimants to provide detailed verification of their entitlement to recover through liens while preventing fraudulent providers from collecting on questionable claims through automatic stays and provider suspensions. The procedural requirements for lien filing, including mandatory electronic filing through approved systems, payment of the required filing fee, and submission of the Labor Code Section 4903.05(c) declaration, ensure that only legitimate lien claimants proceed to lien conferences and trials. The statute of limitations framework, clarified by Senate Bill 863, provides defendants with a powerful defense mechanism by establishing clear deadlines for lien filing that cannot be extended based on subsequent case events or delays in service.

The lien conference and trial procedures established in the WCAB rules create structured opportunities for negotiated resolution of lien disputes before judicial determination becomes necessary, encouraging efficient settlement while providing judges with mechanisms to ensure that both parties comply with procedural requirements and appear with adequate authority to settle. The reasonableness standards established through case law, including the Kunz factors, require lien claimants to prove both the medical necessity and the reasonable cost of services claimed through competent evidence, providing defendants with opportunities to challenge inflated or unnecessary charges.

The recent judicial recognition of bad faith obstruction tactics and the imposition of substantial sanctions for dilatory conduct demonstrate that the WCAB is actively policing lien practice to ensure that the system functions efficiently and fairly. Lien claimants and defendants alike must recognize that while vigorous advocacy is permitted, tactics designed solely to delay or obstruct will result in significant financial penalties. The comprehensive framework governing liens reflects decades of legislative, judicial, and administrative refinement designed to balance the legitimate interests of all parties while protecting the integrity of the workers' compensation system and ensuring that injured workers receive full compensation for work-related injuries without double recovery.

## References

- [1] California Department of Industrial Relations - How to File a Lien (<https://www.dir.ca.gov/dwc/iwguides/iwguide10.pdf>)
- [2] California Department of Industrial Relations - Lien Filing Fees (<https://www.dir.ca.gov/dwc/liens.htm>)
- [3] California Labor Code Section 4903 - Justia (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903/>)
- [4] Title 8 CCR Section 10862 - Filing and Service of Lien Claims (<https://www.dir.ca.gov/t8/10862.html>)
- [5] California Attorneys For Injured Workers - Navigating Interpreter Liens for Medical Treatment (<https://calawyers.org/workers-compensation/navigating-interpreter-liens-for-medical-treatment/>)

- [6] Title 8 CCR Section 10207 - Initial Lien Filing Fees (<https://www.dir.ca.gov/t8/10207.html>)
- [4] Cornell Law - Title 8 CCR Section 10862 (<https://www.law.cornell.edu/regulations/california/8-CCR-10862>)
- [7] California Department of Industrial Relations - Senate Bill 1160 Overview (<https://www.dir.ca.gov/dwc/sb1160-ab1244/sb1160.htm>)
- [8] Workers' Compensation Zone - Lien Filing Issues and Impact (<http://www.workerscompzone.com/wp-content/uploads/2016/08/WorkersCompDIRsIssueBrief8.19.16.pdf>)
- [9] California Labor Code Section 4903.6 - Justia (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-6/>)
- [10] daisyBill - MPNs and Lien Declaration (<https://kb.daisybill.com/articles/mpns-and-lien-declaration>)
- [11] California Labor Code Section 4903.8 - Justia ([https://ca.elaws.us/law/lab\\_sec.4903.8](https://ca.elaws.us/law/lab_sec.4903.8))
- [6] Title 8 CCR Section 10207 - Initial Lien Filing Fees (Duplicate) (<https://www.dir.ca.gov/t8/10207.html>)
- [12] Medrina Technology Management - Lien Resolution Services (<https://www.medtechmgt.com/navigating-lien-resolution-services-in-california-workers-compensation>)
- [13] Title 8 CCR Section 10880 - Lien Trials (<https://www.dir.ca.gov/t8/10880.html>)
- [14] Workers' Comp Central - Labor Code 4903.5 and 4903.05 Doctrine of Unintended Consequences (<https://www.workcompcentral.com/news/article/id/w326j04l450106uv50k53i>)
- [15] Title 8 CCR Section 10875 - Lien Conferences (<https://www.dir.ca.gov/t8/10875.html>)
- [16] Advocate Magazine - Lien Management with Workers' Comp and Civil Cases (<https://www.advocatemagazine.com/article/2019-november/lien-management-when-there-is-both-a-workers-comp-and-civil-case>)
- [17] California Department of Industrial Relations - JET File Overview ([https://www.dir.ca.gov/dwc/eams/JetFiling/EAMS\\_JetFile.html](https://www.dir.ca.gov/dwc/eams/JetFiling/EAMS_JetFile.html))
- [18] Bradford & Barthel - Back to Basics: The Lien Statute of Limitations (<https://bradfordbarthel.com/2022/12/05/back-to-basics-the-lien-statute-of-limitations/>)
- [19] California Labor Code Section 4903.05 - Justia (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-05/>)
- [20] California Department of Industrial Relations - Electronic Filing ([https://www.dir.ca.gov/dwc/EAMS/JetFiling/EAMS\\_eTeam.html](https://www.dir.ca.gov/dwc/EAMS/JetFiling/EAMS_eTeam.html))
- [21] California Department of Industrial Relations - Independent Bill Review Versus Lien Filing (<https://www.dir.ca.gov/dwc/FAQ/IBR-Lien-Both.html>)
- [6] Title 8 CCR Section 10207 - Initial Lien Filing Fees (Duplicate) (<https://www.dir.ca.gov/t8/10207.html>)
- [10] daisyBill - MPNs and Lien Declaration (Duplicate) (<https://kb.daisybill.com/articles/mpns-and-lien-declaration>)
- [22] California Department of Industrial Relations - Lien Conference Disposition Form (<https://www.dir.ca.gov/dwc/FORMS/WCABForm27.pdf>)
- [23] California Specialists' Foundation for Medical Education - Medical Treatment Not Accepted (<https://www.csfa.net/legal-corner-medical-treatment-not-accepted-by-the-injured-worker/>)
- [24] daisyBill - Ultimate Guide to New Lien Declaration Under SB 1160 (<https://blog.daisybill.com/ultimate-guide-to-new-lien-declaration-under-sb-1160>)
- [25] California Department of Industrial Relations - DWC Forms (<https://www.dir.ca.gov/dwc/forms.html>)

- [5] California Attorneys For Injured Workers - Navigating Interpreter Liens (Duplicate)  
(<https://calawyers.org/workers-compensation/navigating-interpreter-liens-for-medical-treatment/>)
- [26] Title 8 CCR Section 10888 - Dismissal of Lien Claims (<https://www.dir.ca.gov/t8/10888.html>)
- [27] California Workers' Compensation Institute - Changes to CCR Title 8 Division 1  
(<https://www.cwci.org/document.php?file=3175.pdf>)
- [28] Cornell Law - Title 8 CCR Section 10862 (Duplicate)  
(<https://www.law.cornell.edu/regulations/california/8-CCR-10862>)
- [29] Advocate Magazine - Lien Guide for the Trial Attorney  
(<https://www.advocatemagazine.com/article/2018-october/lien-guide-for-the-trial-attorney>)
- [4] Title 8 CCR Section 10862 - Filing and Service of Lien Claims (Duplicate)  
(<https://www.dir.ca.gov/t8/10862.html>)
- [30] California Workers' Compensation Institute - Filing and Service of Lien Claims  
(<https://www.cwci.org/document.php?file=3098.pdf>)
- [31] daisyBill - New and Outstanding Liens Under SB 1160 (<https://kb.daisybill.com/articles/what-will-be-the-new-process-of-filing-liens-and-what-do-we-need-to-do-to-keep-our-outstanding-liens-active>)
- [32] California Labor Code Section 4903.8 - Justia (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-8/>)
- [33] Bradford & Barthel - Liens: Understanding IBR Can Resolve Valuation Disputes  
(<https://bradfordbarthel.com/2023/11/08/liens-understanding-ibr-can-resolve-valuation-disputes/>)
- [34] California Workers' Compensation Institute - 10770 Filing and Service of Lien Claims  
(<https://www.cwci.org/document.php?file=3098.doc>)
- [35] California Department of Industrial Relations - Final Statement of Reasons  
([https://www.dir.ca.gov/wcab/WCABProposedRegulations/WCAB\\_July2011/FinalStatementofReasons.docx](https://www.dir.ca.gov/wcab/WCABProposedRegulations/WCAB_July2011/FinalStatementofReasons.docx))
- [36] California Department of Industrial Relations - Independent Bill Review FAQs  
([https://www.dir.ca.gov/dwc/IBR/IBR\\_FAQs.htm](https://www.dir.ca.gov/dwc/IBR/IBR_FAQs.htm))
- [30] California Workers' Compensation Institute - 10770 Filing and Service of Lien Claims (Duplicate)  
(<https://www.cwci.org/document.php?file=3098.pdf>)
- [37] California Department of Industrial Relations - Declaration of Readiness to Proceed  
(<https://www.dir.ca.gov/dwc/iwguides/IWGuide05.pdf>)
- [38] Title 8 CCR Section 10873 - Lien Claimant Declarations of Readiness to Proceed  
(<https://www.dir.ca.gov/t8/10873.html>)
- [39] California Department of Industrial Relations - CCR 10770.5 Verification to Filing of Lien Claim  
(<https://www.dir.ca.gov/dwc/forms/CCR10770.5.pdf>)
- [40] Title 8 CCR Section 10742 - Declaration of Readiness to Proceed (<https://www.dir.ca.gov/t8/10742.html>)
- [41] California Workers' Compensation Institute - Declaration of Readiness to Proceed  
(<https://www.cwci.org/document.php?file=3203.doc>)
- [42] Laguna Law Firm - What Is a Workers' Comp Lien in California (<https://www.lagunalawfirm.com/what-is-a-workers-comp-lien-in-california-and-how-does-it-affect-you/>)
- [43] Advocate Magazine - Workers' Compensation Liens and Credit Issues  
(<https://www.advocatemagazine.com/article/2019-march/workers-compensation-liens-and-credit-issues>)
- [5] California Attorneys For Injured Workers - Navigating Interpreter Liens (Duplicate 2)  
(<https://calawyers.org/workers-compensation/navigating-interpreter-liens-for-medical-treatment/>)

- [44] Advocate Magazine - Trial Strategies with a Workers' Comp Lien (<https://www.advocatemagazine.com/article/2023-may/trial-strategies-with-a-workers-comp-lien>)
- [4] Title 8 CCR Section 10862 - Filing and Service of Lien Claims (Duplicate 2) (<https://www.dir.ca.gov/t8/10862.html>)
- [45] California WCAB - Kunz v. Patterson Floor Coverings Opinion (<https://www.dir.ca.gov/WCAB/2000-eb10.pdf>)
- [46] California Labor Code Section 4903.1 - Justia (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-1/>)
- [47] Title 8 CCR Section 9767.1 - Medical Provider Networks Definitions ([https://www.dir.ca.gov/t8/9767\\_1.html](https://www.dir.ca.gov/t8/9767_1.html))
- [48] California Hospital Licensing Laws - Emergency Services and Care (<https://calhospital.org/file/e-appendix-d/>)
- [49] Workers' Comp Central - Labor Code 4903.1 and Service of Lien Claims (<https://ww3.workcompcentral.com/columns/show/id/b14u06k1416201no47b31n>)
- [50] California Department of Industrial Relations - Medical Provider Networks ([https://www.dir.ca.gov/dwc/mpn/dwc\\_mpn\\_main.html](https://www.dir.ca.gov/dwc/mpn/dwc_mpn_main.html))
- [51] Parker & Irwin Law - The Death of Liens (<https://www.parkerirwinlaw.com/post/the-death-of-liens>)
- [52] California Labor Code Section 4903.07 - Justia (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903-07/>)
- [53] California Employment Development Department - State Disability Insurance (<https://edd.ca.gov/en/disability>)
- [6] Title 8 CCR Section 10207 - Initial Lien Filing Fees (Duplicate 2) (<https://www.dir.ca.gov/t8/10207.html>)
- [54] Title 8 CCR Section 10208.1 - Lien Fee Refunds ([https://www.dir.ca.gov/t8/10208\\_1.html](https://www.dir.ca.gov/t8/10208_1.html))
- [55] California Employment Development Department - Main Portal (<https://edd.ca.gov>)
- [3] California Labor Code Section 4903 - Justia (Duplicate) (<https://law.justia.com/codes/california/code-lab/division-4/part-3/chapter-1/section-4903/>)
- [1] California Department of Industrial Relations - How to File a Lien (Duplicate) (<https://www.dir.ca.gov/dwc/iwguides/iwguide10.pdf>)
- [56] California Attorneys For Injured Workers - California's New Medical-Legal Fee Schedule (<https://calawyers.org/workers-compensation/californias-new-medical-legal-fee-schedule/>)
- [57] Justia - 2005 California Labor Code Sections 4900-4909.1 (<https://law.justia.com/codes/california/2005/lab/4900-4909.1.html>)
- [58] California Department of Industrial Relations - DWC Office Locations (<https://www.dir.ca.gov/dwc/dir2.htm>)
- [59] Title 8 CCR Section 9795 - Reasonable Level of Fees for Medical-Legal Expenses (<https://www.dir.ca.gov/t8/9795.html>)
- [60] Hussain & Gutierrez - California Workers' Comp Death Benefits and Burial Expenses (<https://hussaingutierrezlaw.com/burial-expenses-and-california-workers-comp-death-benefits/>)
- [61] Title 8 CCR Section 10421 - Sanctions (<https://www.dir.ca.gov/t8/10421.html>)
- [38] Title 8 CCR Section 10873 - Lien Claimant Declarations (Duplicate) (<https://www.dir.ca.gov/t8/10873.html>)
- [15] Title 8 CCR Section 10875 - Lien Conferences (Duplicate) (<https://www.dir.ca.gov/t8/10875.html>)

- [62] Pearlman, Brown & Wax - When Active Defense Becomes Bad Faith (<https://www.pbw-law.com/the-11000-mistake-when-active-defense-becomes-bad-faith/>)
- [63] California Workers' Compensation Institute - Rules and Practice Procedures (<https://www.cwci.org/document.php?file=603.pdf>)
- [64] Bradford & Barthel - Leaning Into Liens: The Basics (<https://bradfordbarthel.com/2026/01/29/leaning-into-liens-the-basics/>)
- [65] California Department of Industrial Relations - Report on Anti-Fraud Efforts ([https://www.dir.ca.gov/fraud\\_prevention/fraud-white-paper.pdf](https://www.dir.ca.gov/fraud_prevention/fraud-white-paper.pdf))
- [43] Advocate Magazine - Workers' Compensation Liens and Credit Issues (Duplicate) (<https://www.advocatemagazine.com/article/2019-march/workers-compensation-liens-and-credit-issues>)
- [66] California WCAB - Petitions for Reconsideration ([https://www.dir.ca.gov/wcab/wcab\\_petitionforreconsideration.htm](https://www.dir.ca.gov/wcab/wcab_petitionforreconsideration.htm))
- [67] MWL Law - California Workers' Compensation Subrogation Handout (<https://www.mwl-law.com/wp-content/uploads/2022/04/Introduction-to-California-WC-Subro-Handout.pdf>)
- [68] Bradford & Barthel - Third-Party Claims Don't Have to Be Confusing (<https://bradfordbarthel.com/2025/02/24/third-party-claims-dont-have-to-be-confusing/>)
- [69] Bradford & Barthel - Recons & Writs Appellate Procedure ([https://bradfordbarthel.com/wp-content/uploads/2021/06/20150414\\_Recons\\_\\_Writs\\_PP.pdf](https://bradfordbarthel.com/wp-content/uploads/2021/06/20150414_Recons__Writs_PP.pdf))