

**DEPARTMENT OF FINANCE BILL ANALYSIS**

**AMENDMENT DATE:** 06/13/2012  
**POSITION:** Neutral  
**SPONSOR:** California Correctional Peace Officers Association

**BILL NUMBER:** SB 1105  
**AUTHOR:** Lieu, Ted

**BILL SUMMARY: Workers' compensation: liens.**

This bill would allow self-insured employee welfare benefit plans to be reimbursed through a living expense lien against a temporary disability compensation award for benefits provided from the employee-funded benefit plan.

**FISCAL SUMMARY**

This bill would result in minor and absorbable costs to the Department of Industrial Relations for an anticipated marginal increase in the number of liens adjudicated by the Workers' Compensation Appeals Board (Appeals Board).

**SUMMARY OF CHANGES**

Amendments to this bill since our analysis of the May 2, 2012 version are minor and do not alter our position. Amendments include defining "self-insured employee welfare benefit plan" and other technical changes.

**COMMENTS**

The Department of Finance is neutral on this bill because it will provide a mechanism for self-insured employee benefit plans to recover funds advanced to injured employees.

Existing law establishes a workers' compensation system to provide benefits to employees who suffer from an injury or illness arising out of and in the course of employment. Existing law provides that any workers' compensation benefit be paid directly to the claimant entitled to the benefit, unless otherwise provided by the Appeals Board. Finally, current law permits the Appeals Board to determine and allow liens against any sum to be paid as compensation for a variety of services or expenses.

This bill would provide that self-insured employee benefit plans may file a living expense lien with the Appeals Board, against temporary disability compensation awarded, to recover funds advanced to an injured worker while the worker's case was pending. The lien may only recover benefits paid for the same day or days for which temporary disability compensation is awarded and cannot exceed the award amount. This measure seeks to provide self-insured employee benefit plans the same lien mechanism currently provided to group disability policies.

Currently, self-insured employee benefit plans provide advanced funds to injured employees who agree to return the funds upon resolution of their workers' compensation case. If the employee fails to return the funds, the only recourse is through the civil court system. This measure seeks to provide a lien mechanism for recovery of these funds and would conform to treatment of group disability policies.

Analyst/Principal (0241) J.Morozumi	Date	Program Budget Manager Lisa Ann Mangat	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS--(CONTINUED)**

**AUTHOR**

**AMENDMENT DATE**

**BILL NUMBER**

Lieu, Ted

06/13/2012

SB 1105

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)					Fund Code
	LA	(Dollars in Thousands)					
	CO	PROP					
	RV	98	FC	2012-2013 FC	2013-2014 FC	2014-2015	
7350/DIR	SO	No		-----	No/Minor Fiscal Impact	-----	0223
<u>Fund Code</u>	<u>Title</u>						
0223	Workers' Comp Administration Revolv Fund						