Update from Sacramento
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CONSUMER ATTORNEYS OF CALIFORNIA GENERAL COUNSEL

SB 623: The new rules for rideshare accident litigation

NEW RULES FOCUS ON PAST MEDICAL EXPENSES AND LIEN-BASED MEDICAL CARE

Senate Bill 623 (Umberg) is the result of a negotiated compromise between Consumer Attorneys of California and Uber to avoid two competing statewide ballot initiatives while creating a new framework governing medical liens, attorney ethics, and Transportation Network Company (TNC) safety. The bill applies only to claims arising from automobile accidents involving TNCs, such as Uber and Lyft, where the plaintiff receives treatment from a lien-based medical provider for accidents occurring on or after January 1, 2027.

In this context, a lien-based provider is defined as one who renders treatment pursuant to an agreement where payment is contingent upon the outcome of a case. Importantly, SB 623 does not change the existing law for either future medical expenses or for past medical bills paid by health insurance.

In this limited area, SB 623 enacts a statutory framework detailing how medical damages will be proven, how lien-based treatment is documented, and addresses conflicts of interest between attorneys and medical providers. The bill preserves the ability of injured rideshare passengers to obtain medical treatment on a lien – a necessity for uninsured or underinsured Californians who otherwise may have no access to care.

Past medical expenses

One of the most highlighted provisions in SB 623 is the new standard for recovery of past medical expenses for lien-based treatment. In TNC cases, a plaintiff generally may not recover more than the 70th percentile of FAIR Health billed charges – or a comparable commercially recognized billed-charge database – for the same medical service in the applicable geographic area. Any amount billed above that amount is rendered void and unenforceable, meaning neither the provider nor any subsequent holder of the lien may collect the excess from the plaintiff, defendant, insurer, or settlement proceeds.

Importantly, the legislation does not establish the FAIR Health amount as an automatic measure of damages. Defendants remain free to argue that a lower amount is reasonable, while plaintiffs must still prove the necessity and reasonableness of their medical treatment under existing law. Likewise, plaintiffs cannot recover more than the amount actually billed by the provider.

Recognizing that some injuries require specialized treatment unavailable in the ordinary marketplace, SB 623 creates a narrow exception to the FAIR Health limitation. Before trial, a plaintiff may file a motion seeking authorization to recover more than the statutory cap by demonstrating, through clear and convincing evidence supported by expert testimony, that the treatment involved exceptionally rare or highly specialized services for which no reasonably comparable provider was available. However, unsuccessful motions carry consequences: If the court denies the request, the opposing party is entitled to recover reasonable attorney's fees and costs incurred in opposing the motion.

Lien-based medical care

The bill also changes the documentation required to recover lien-based medical expenses. Every medical bill must now be itemized using accepted healthcare billing standards, including CPT, HCPCS, ICD, or successor procedure codes. If a defendant contends the documentation is deficient, the statute provides a 30-day cure period after written notice, allowing the provider or plaintiff to supplement or clarify the records before the challenge becomes an issue in litigation.

SB 623 addresses the practice of selling or financing medical liens. If a medical lien is sold, assigned, factored, or otherwise transferred, the maximum recoverable amount becomes the actual amount paid to acquire the lien, subject to the overall FAIR Health limitation. In addition, all agreements relating to lien sales or financing – including contingent or deferred payments – must be disclosed within 30 days and before settlement. Undisclosed assignments cannot later be asserted against defendants, insurers, or settlement proceeds. These provisions increase transparency while still ensuring access to care.

In the same light of transparency, the bill's ethics provisions prohibit attorneys handling contingency-fee matters from referring clients to healthcare providers in which the attorney or an immediate family member has a direct ownership interest. It also prohibits fee splitting, kickbacks, referral compensation, bonuses, or other financial incentives tied to referring clients for lien-based treatment. Attorneys likewise may not charge an additional contingency fee or administrative fee for negotiating or reducing medical liens. Violations may subject attorneys to State Bar discipline.

TNCs may obtain discovery regarding lien assignments, financing arrangements, referrals, ownership interests, compensation agreements, and other financial relationships relating to the treatment at issue. Providers may also be required to produce declarations stating whether the patient was referred by the attorney and approximately how many patients that attorney referred during the preceding 24 months. As a result, attorneys should expect increased transparency of referral practices and financial relationships.

Rideshare safety

SB 623 also strengthens rideshare safety, the crux of CAOC's sex-assault counterinitiative. The bill requires annual criminal background checks for rideshare drivers, expands the categories of disqualifying criminal offenses (including additional sex offenses and assault-related crimes) and expressly authorizes women drivers and women passengers to request same-gender ride matches without violating California's anti-discrimination laws. Separately, California has also passed and signed AB 2155 (Aguiar-Curry), which expressly adds the federal prohibition on forced arbitration of sex assault and sex harassment claims to the California Arbitration Act. This aligns California with other states' rideshare legislation that ensures victims of sex assault or harassment in TNCs can seek justice in court.

Unlike Uber's proposed ballot initiative, the legislation does not impose contingency-fee caps and does not limit recovery for past medical expenses in all automobile accident cases to 125% of the Medicare reimbursement rate. Instead, SB 623 enacted targeted rideshare-only reforms to lien-based treatment that preserves an injured victim's ability to obtain medical care. At the same time, the statute demands greater transparency, ethical safeguards, and enhanced protections for rider safety.