

ROGER W. NIELLO
VICE CHAIR

MEMBERS

BEN ALLEN
ANGELIQUE ASHBY
ANNA CABALLERO
MARÍA ELENA DURAZO
JOHN LAIRD
ELOISE GÓMEZ REYES
HENRY I. STERN
SUZETTE MARTINEZ VALLADARES
AISHA WAHAB
AKILAH WEBER PIERSON
SCOTT D. WIENER

California Legislature
Senate Committee on Judiciary

THOMAS J. UMBERG
CHAIR



MARGIE ESTRADA
CHIEF COUNSEL

AMANDA MATTON
ALLISON WHITT MEREDITH
IAN DOUGHERTY
COUNSEL

ERICA PORTER
RYAN SAMOVILLE
COMMITTEE ASSISTANTS

CAPITOL OFFICE
1021 O STREET, ROOM 3240
SACRAMENTO, CA 95814
TEL (916) 651-4113
FAX (916) 403-7394

Senate Judiciary Committee
June 23, 2026
Informational Hearing

Subject: S.B. No. 623 Umberg & Papan. Automobile accidents: civil actions: transportation network companies

Summary:

The authors bring SB 623 to implement the terms of a successful negotiation between stakeholders of qualified ballot initiatives;¹ the Consumer Attorneys of California and Uber Technologies, Inc. negotiated the deal.² If this bill is approved by the Legislature, the proponents of the two ballot initiatives have agreed to pull their initiatives as is permitted by Elections Code Section 9604. The deadline to qualify or withdraw from the ballot is 131 days from the election. In this case, the deadline to withdraw the initiatives is June 25, 2026 for the November 3, 2026 election. Pursuant to statute, the Secretary of State must receive the notice of removal by 5:00p.m.

SB 623 is sponsored by the Consumer Attorneys of California and Uber Technologies, Inc. The Committee is unaware of opposition to the bill. However, since the deal was recently amended into SB 623, there may be opposition to the bill that the Committee is not yet aware of. The bill is scheduled to be heard in the Assembly Judiciary Committee on June 23, 2026, at 1:30 PM. The Senate Judiciary Committee is scheduled to hold an informational hearing titled, *S.B. No. 623 Umberg & Papan. Automobile accidents: civil actions: transportation network companies*, after our regularly scheduled bill hearing on

¹ See: *Uber, California lawyers say ballot initiative showdown averted* (June 18, 2026) Los Angeles Times, by Rebecca Ellis, available at: <https://www.latimes.com/california/story/2026-06-18/uber-california-trial-attorneys-ballot-initiatives-deal>. (All links are current as of June 22, 2026.)

² The initiative sponsored by Uber is titled *Protecting Automobile Accident Victims from Attorney Self-Dealing Act*, (Initiative 25-0022A1). The initiative sponsored by the Consumer Attorneys of California is titled *Sexual Assault Against Rideshare Passengers and Drivers Prevention and Accountability Act*, (Initiative 25-029A1).

June 23, 2026.

According to the authors:

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

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

- For accidents occurring on or after January 1, 2027, if a plaintiff receives treatment from a lien-based medical provider, the plaintiff generally can not recover more than the 70th percentile as shown in the FAIR Health database for that particular service in that geographic area. Charges above this amount cannot be collected from the plaintiff and are void.
 - However, the court can approve a higher amount if the plaintiff can show, by clear and convincing evidence that the treatment was exceptionally rare or highly specialized and no reasonably comparable provider or service was available.
- Requires standardized itemization of all lien-based medical bills.
- If a lien-based care provider sells their lien to a third-party, the maximum amount that the third-party can recover is the consideration paid by that third-party to the lien-based provider for the assignment.
- Makes it unlawful for an attorney representing a person under a contingency fee agreement to refer the client to a healthcare provider in which the attorney (or family member) has a direct ownership interest.
- Makes it unlawful for an attorney to receive a kickback or a fee-split for referring a client to a lien-based provider, or provide bonuses or incentives for referring a client to a lien-based provider.
- Prohibits attorneys from charging an additional contingency fee, administrative fee, management fee, or similar fee based on reducing or resolving a client's medical lien.

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

- Requires an initial background check before activating a rideshare driver and annual backgroundchecks thereafter.
- Adds additional crimes, like violating a restraining order and child abuse, to the list of crimes that disqualifies a potential TNC driver.

- Expressly allows women drivers to request women passengers only and women passengers to request women drivers only.

Joint sponsors of the bill, the Consumer Attorneys of California and Uber Technologies, Inc., write the following in support of SB 623:

Both sides agree: Californians deserve a system that is safe, fair, and accountable. This agreement protects patients from unnecessary treatment or getting overcharged, ensures access to medical care and legal representation, and strengthens safety measures. We look forward to working with the California Legislature to pass this legislation.

With regard to medical lien reform in SB 623, the sponsors write:

Currently, lien-based treatment can result in medical bills significantly higher than typical charges, often driven by third-party financiers who purchase discounted bills to recover full amounts through litigation. SB 623 protects injured individuals by capping recoverable lien amounts at what the financier actually paid and anchoring recovery to the FAIR Health benchmark – a nationally trusted, objective database of amounts charged for medical care. This reform helps limit financial abuses and returns value to the individuals who actually suffered harm.

With regard to patient protections and transparency, the sponsors write:

SB 623 ensures that no claimant, defendant, or insurer can be held liable for charges exceeding the FAIR Health benchmark, protecting patients from personal liability for inflated debts. Furthermore, the bill mandates standardized, itemized billing using Current Procedural Terminology (CPT) and Healthcare Common Procedure Coding System (HCPCS) codes, bringing the medical lien process in line with the rest of the healthcare industry. By requiring the disclosure of all lien transfers and sales within 30 days, SB 623 brings necessary sunlight to previously hidden financial arrangements.

With regard to ethics and safety enhancements, the sponsors write:

This legislation closes structural gaps by prohibiting unethical practices, including attorney ownership in lien-based providers and referral kickbacks. Additionally, SB 623 advances public safety by providing clear legal protection for women's rider and driver preferences and expanding driver background checks with annual re-screening.

PROPOSED CHANGES TO THE LAW

Existing law:³

- 1) For the breach of an obligation not arising from contract, the measure of damages, except where otherwise expressly provided by law, is the amount which will compensate for all the detriment proximately caused thereby, whether it could have been anticipated or not. (Civ. Code § 3333.)
- 2) Specifies that, except as provided in 3), in any action to recover damages arising out of the operation or use of a motor vehicle, a person is not entitled to recover non-economic losses to compensate for pain, suffering, inconvenience, physical impairment, disfigurement, and other nonpecuniary damages if any of the following applies:
 - a) The injured person was at the time of the accident operating the vehicle while under the influence of controlled substance or alcohol, and was convicted for the violation;
 - b) The injured person was the owner of a vehicle involved in the accident and the vehicle was not insured as required by the financial responsibility laws of this state; or
 - c) The injured person was the operator of a vehicle involved in the accident and the operator can not establish his or her financial responsibility as required by the financial responsibility laws of this state. (Civ. Code § 3333.4 (a).)
- 3) Provides that the provisions of 2) related to a failure to maintain a financial responsibility for operating a vehicle do not apply if the injuries were the result of another driver operating a vehicle under the influence of controlled substance or alcohol. (Civ. Code § 3333.4 (c).)
- 4) Provides that any person who suffers injury that is proximately caused by the driver of a commercial motor vehicle is entitled to recover treble damages from the driver's employer where it is shown both that the driver of a commercial motor vehicle was under the influence of alcohol or a controlled substance at the time that the injury was caused and that the driver's employer willfully failed at the time of the injury to comply with any of the requirements of federal law related to testing employees for substance use. (Civ. Code § 3333.7 (a).)
- 5) Provides that no lien asserted by a licensee of the Department of Managed Care or the Department of Insurance, and no lien of a medical group or an independent practice association, to the extent that it asserts or enforces a lien, for the recovery of

³ The "Existing Law" and "This bill" sections of this analysis are pulled from the Assembly Judiciary Committee analysis for this bill.

money paid or payable to or on behalf of an enrollee or insured for health care services provided under a health care service plan contract or a disability insurance policy, when the right of the licensee, medical group, or independent practice association to assert that lien is granted in a plan contract subject to the Knox-Keene Health Care Service Plan Act of 1975 or a disability insurance policy subject to the Insurance Code, may exceed the sum of the reasonable costs actually paid by the licensee, medical group, or independent practice association to perfect the lien and one of the following:

- a) For health care services not provided on a capitated basis, the amount actually paid by the licensee, medical group, or independent practice association pursuant to that contract or policy to any treating medical provider; or
 - b) For health care services provided on a capitated basis, the amount equal to 80 percent of the usual and customary charge for the same services by medical providers that provide health care services on a noncapitated basis in the geographic region in which the services were rendered. (Civ. Code § 3040 (a).)
- 6) Enacts the California Consumer Legal Funding Act to govern the development and repayment of consumer legal funding agreements, which among other provisions, prohibits attorneys from steering clients to legal funders in which they have a financial interest and require the consumer legal funder to declare all charges that may be imposed on the person signing the agreement. (Bus. & Prof. Code §§ 6250 *et seq.*)
- 7) Requires, if either the Medi-Cal beneficiary or the Director of the Department of Health Care Services brings an action or claim against a third party or carrier, the beneficiary or the director to within 30 calendar days of filing the action give to the other party written notice by personal service, registered mail, or other means of communication deemed appropriate by the Department of the action or claim, and of the name of the court or state or local agency in which the action or claim is brought. (Welf. & Inst. Code § 14124.73 (a).)
- 8) Requires the notice specified in 7) to include, at a minimum, the following information:
- a) The date of the Medi-Cal beneficiary's injury;
 - b) The beneficiary's Medi-Cal identification number;
 - c) The name and contact information of the liable third party or carrier against whom the action or claim has been filed; and
 - d) The name and contact information of the carrier for the party identified in c) against which a claim has been or will be filed for the beneficiary's injury, the carrier's unique claim identifier for the claim, and the name and contact information of the party responsible for adjudicating the claim on the carrier's behalf, to the extent these are known by the party providing notice under 7) at the time the notice is provided. (Welf. & Inst. Code § 14124.73 (c).)

- 9) Requires a transportation network company to conduct, or have a third party conduct, a local and national criminal background check for each participating driver that includes both of the following:
 - a) The use of a multistate and multijurisdiction criminal records locator or other similar commercial nationwide database with validation; and
 - b) A search of the United States Department of Justice National Sex Offender Public website. (Pub. Util. Code § 5445.2 (a)(1).)

- 10) Prohibits a transportation network company from contracting with, employing, or retaining a driver if the driver meets either of the following criteria:
 - a) Is currently registered on the United States Department of Justice National Sex Offender Public website; or
 - b) Has been convicted of a violent felony, human trafficking, or specified activities related to terrorism. (Pub. Util. Code § 5445.2 (a)(2).)

- 11) Prohibits a transportation network company from contracting with, employing, or retaining a driver if the driver has been convicted of any of the following within the past seven years:
 - a) Misdemeanor assault or battery;
 - b) Domestic violence;
 - c) Driving under the influence of drugs or alcohol; or
 - d) Specified crimes of moral turpitude. (Pub. Util. Code § 5445.2 (a)(3).)

- 12) Defines the following:
 - a) “App-based driver” means an individual who is a delivery network company courier, transportation network company driver, or charter-party carrier or passenger driver or permit holder and meets the criteria for operating as an independent contractor pursuant to Proposition 22 of 2020; and
 - b) “Network company” means a business entity that is a delivery network company that maintains an online-enabled application or platform used to facilitate delivery services within the State of California on an on-demand basis, as specified, or a transportation network company that provides prearranged transportation services for compensation using an online-enabled application or platform to connect passengers with drivers using a personal vehicle. (Bus. & Prof. Code § 7463.)

This bill.⁴

- 1) Provides that the provisions of the bill apply to any civil case, claim, action, or arbitration against a network company, its subsidiary, or an app-based driver, as

⁴ The “Existing Law” and “This bill” sections of this analysis are pulled from the Assembly Judiciary Committee analysis for this bill.

defined, arising out of an automobile accident occurring on or after January 1, 2027, in which a claimant obtained medical treatment by a lien-based provider.

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

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

- 17) Authorizes the civil discovery of any medical liens relating to the lien-based provider treatment at issue, including any assignment, financing, factoring, referral, ownership, investment, lending, or compensation between a lien-based provider and an attorney, law firm, or affiliated entity relating to the treatment, lien or recovery.
- 18) Requires a lien-based provider, upon request, to provide a declaration under penalty of perjury stating whether the plaintiff was referred by the attorney, law firm, or any person acting on their behalf and the approximate number of patients referred by that attorney or law firm to the provider during the preceding 24 months. Makes the declaration discoverable.
- 19) Makes it unlawful for an attorney representing a plaintiff under a contingency fee agreement to refer a client to a health care provider in which the attorney or a member of the attorney's immediate family has a direct ownership interest.
- 20) Makes it unlawful for an attorney representing a plaintiff to fee split, receive kickbacks, rebates, or referral compensation in connection with the furnishing of lien-based provider medical treatment for that plaintiff.
- 21) Makes it unlawful for an attorney or law firm to provide bonuses, incentives, or compensation for referrals of clients to lien-based providers for lien-based treatment.
- 22) Prohibits an attorney from charging any additional contingency fee, administrative fee, management fee, or similar fee based upon the reduction, compromise, or resolution of a medical lien, however, nothing in this bill prevents an attorney from retaining a third party to negotiate any lien reductions at a cost with client consent.
- 23) Prohibits a lien-based provider from entering into any agreement or understanding to reduce a medical lien before medical services are rendered, and that a violation of this prohibition may subject the provider to professional discipline.
- 24) Provides that an attorney who violates 19) – 22) may be subject to professional discipline by the State Bar.
- 25) Defines various terms for purposes of the bill, including:
 - a) "Lien-based provider" means any health care provider or other person or entity that renders, furnishes, bills for, finances, or seeks payment for health care-related goods or services provided pursuant to an agreement under which payment is contingent upon, secured by, or expected from, the proceeds of the patient's legal claim. The term includes any facility, hospital, ambulatory surgery center, imaging center, supplier, affiliated entity, or other person or entity participating in the course of treatment or episode of care, regardless of whether

that person or entity executed a separate agreement. The term does not include providers furnishing care pursuant to health insurance, government health coverage, or the Hospital Lien Act, as provided pursuant to existing law.

- b) "Medical lien" means any lien, assignment, receivable, right to payment, letter of protection, financing arrangement, factoring arrangement, purchase agreement, or other claim or encumbrance arising from or relating to medical goods or services furnished to a plaintiff or claimant for which payment is contingent upon, secured by, expected from, or recoverable from the proceeds of a legal claim. "Medical lien" does not include any lien, reimbursement claim, or subrogation rights asserted by a private health insurer, Employee Retirement Income Security Act (ERISA) plan, workers' compensation carrier, Medicare, Medi-Cal, TRICARE, or any other federal or state health benefit program.

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

In their letter of support, the Consumer Attorneys of California, co-sponsors of SB 623, explain the following:

I. Background – What is a Medical Lien?

In some personal injury cases, medical providers agree to treat an accident victim without requiring payment upfront and instead seek payment later from any settlement or legal recovery. These arrangements, known as medical liens, can play an important role in helping injured people access care while their case is pending. At the same time, lien-based treatment can sometimes result in medical bills that are significantly higher than what is typically charged for the same services, reducing the amount of money that ultimately goes to the person injured. Medical liens may also be sold, financed, or transferred to third parties, creating additional financial incentives and layers of complexity that are often not visible to patients.

Meaningful Medical Lien Reform

Currently, lien-based treatment can result in medical bills significantly higher than typical charges, often driven by third-party financiers who purchase discounted bills to recover full amounts through litigation. **Private equity firms and hedge funds purchase discounted medical liens and attempt to recover full billed amounts.** SB 623 protects injured individuals by capping recoverable lien amounts at what the financier actually paid and anchoring recovery to the 70th percentile FAIR Health benchmark – a nationally trusted, objective database of amounts charged for medical care. By doing so, SB 623 protects patients from personal liability for inflated debts. The bill also requires disclosure of all lien transfers and sales within 30 days. This reform helps limit financial abuses and ensures justice for the individuals who suffered harm.

Prohibition on Fraud and Unethical Practices

SB 623 closes loopholes to stop fraud and unethical promotion of lien treatment. California attorneys have an ethical duty to act in the best interests of their clients. However, the current system contains structural gaps that must be addressed with a clear prohibition where there is *any* financial incentive on behalf of the attorney to refer clients to lien-based providers. This bill closes those gaps by prohibiting the following: attorney ownership interests in lien-based providers, kickbacks, referral compensation, and add-on lien negotiation fees.

Safety Enhancements

SB 623 expands background checks and requires annual re-screening for every active driver. The bill also adopts a clear statutory authorization for women's rider *and driver* preferences as a key safety feature with legal protection. Women passengers should be able to request a woman driver. Women drivers should be able to accept rides from women passengers.

The balanced framework of SB 623 will advance a system that prioritizes transparency and consumer protection and represents a robust and thoughtful compromise.