

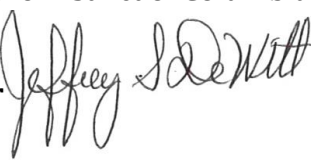
Government of the District of Columbia  
Office of the Chief Financial Officer



Jeffrey S. DeWitt  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeffrey S. DeWitt  
Chief Financial Officer 

**DATE:** January 19, 2016

**SUBJECT:** Fiscal Impact Statement – “Health Care Benefits Lien Reduction Act of 2016”

**REFERENCE:** Bill 21-387, Committee Print given to the Office of Revenue Analysis on January 4, 2016.

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**Conclusion**

Funds are sufficient in the fiscal year 2016 through fiscal year 2019 budget and financial plan to implement the bill.

**Background**

Under current law, a person who receives a monetary award for an injury through a legal settlement or court proceeding must first repay health insurers for all healthcare costs related to the injury. This is known as a healthcare lien. After the lien is satisfied, the injured party must also pay all attorney fees and legal costs. The health insurer is not required to pay any attorney fees or litigation costs, even though they may benefit from the litigation.

The bill requires private health insurance companies to proportionally share in the litigation cost of cases brought by injured persons against the responsible party, unless the insurance company is represented separately.

**Financial Plan Impact**

Funds are sufficient in the fiscal year 2016 through fiscal year 2019 budget and financial plan to implement the bill. The bill affects private insurers only. Medicaid is not subject to the requirements of the bill, so there are no costs to the District.