

The Daunting Task of Resolving Liens for Personal Injury Law Firms

By Jason D. Lazarus, J.D., LL.M., MSCC

Introduction

If you are going to handle certain liens in-house, it is important to understand the intricacies involved in identifying, negotiating, and resolving liens. This demands a strong understanding of legal obligations, regulatory frameworks, and the practical aspects of lien resolution. This section explores why working on liens is so daunting for personal injury law firms by discussing key common questions which highlight areas of concern for the personal injury lawyer.

Questions - Areas of Concern

Legal Obligations and Personal Liability

What are my legal obligations as plaintiff's counsel and am I personally liable?

Plaintiff's counsel has a duty to ensure that all liens are properly identified, negotiated, and resolved. Failure to do so can result in significant legal consequences, including personal liability for unpaid liens in certain situations. Attorneys must adhere to ethical rules, comply with federal and state statutes, and protect their client's interests while managing these obligations.

Identifying Liens and Obligations

Is there a lien? Reimbursement obligation? Just a debt?

Determining whether there is a lien, reimbursement obligation, or just a debt requires meticulous investigation and analysis. Attorneys must review medical records, insurance

policies, and correspondence from potential lien holders. This process is time-consuming and requires attention to detail to ensure all obligations are accurately identified.

Scope of Reimbursement Obligations

Is the reimbursement obligation owed limited to past payments or does it also include future payments?

Understanding whether reimbursement extends to future payments by a plan adds another layer of complexity. Attorneys must carefully review the terms of the plan and the relevant legal issues to determine the scope of the reimbursement rights. This often involves interpreting policy language and potentially calculating future medical costs.

Jurisdiction-Specific Laws

Are there any state-specific laws peculiar to the jurisdiction that impact lien resolution for the client?

State-specific laws can significantly impact lien resolution. Attorneys must be familiar with the peculiarities of the jurisdiction related to enforceability of liens where the case is filed. This requires staying updated on state laws and regulations that may affect lien resolution processes, which can vary greatly from one state to another.

Applicable Laws for Non-Government Benefit Plans

For non-government benefit plans, what law applies? State or federal? Is it governed by ERISA, FEHBA, FMCRA, or state law? Combination of laws?

Determining the applicable law for non-government benefit plans involves analyzing whether the plan is governed by state or federal law, such as ERISA, FEHBA, or FMCRA. This requires an understanding of complex legal frameworks and how they interact, which can be particularly challenging in multi-jurisdictional cases.

Identifying Plan Administrators and Recovery Vendors

Who is the plan administrator and recovery vendor for non-government plans?

Identifying the correct plan administrator and recovery vendor is essential for effective lien resolution. Attorneys must establish communication with these entities, understand their lien recovery processes, and negotiate accordingly. This often involves dealing with large, bureaucratic organizations, which can be time-consuming and frustrating.

Verification of Plan Type and Recovery Rights

Can the plan or vendor actually prove it is the type of plan it claims to be? And its recovery rights under the law?

Verifying the legitimacy of the plan and its recovery rights is a critical step. Attorneys must scrutinize the documentation provided by the plan or vendor to ensure that they are entitled to the claimed recovery. This involves legal research and, at times, challenging the assertions made by lien holders.

Made Whole and Reimbursement

When looking at the client's net recovery, are they made whole and is reimbursement to the lien holder proper?

Ensuring that clients are made whole while balancing the required reimbursement to lien holders is a delicate task. Attorneys must navigate the complexities of lien negotiations to maximize the client's net recovery. This involves challenging the lien amount, negotiating reductions, and understanding the impact of reimbursement on the client's net.

Standard Reductions and Legal Defenses

What standard reductions are provided by state or federal statutes for the applicable lien?

Different states and federal statutes provide various standard reductions for liens. Attorneys must be well-versed in these statutes to apply the appropriate reductions. Identifying these standard reductions and applying them correctly requires thorough legal knowledge and careful scrutiny of the lien details.

What other reductions of a lien or reimbursement obligation may be available to the client such as legal defenses, compromise/waivers, or offsets?

In addition to standard reductions, other avenues for reducing lien obligations include legal defenses, reductions based on equitable arguments, compromise or waiver requests. Attorneys must explore all possible options to minimize the lien amount, which involves complex legal arguments, negotiations, and sometimes litigation.

Conclusion

The multifaceted nature of lien resolution in personal injury cases makes it a daunting task for law firms to undertake alone. Attorneys must navigate a labyrinth of legal obligations, complex negotiations, and meticulous documentation to protect their clients' interests.

Understanding the intricacies of lien types, applicable laws, and negotiation strategies is essential for successful lien resolution, underscoring the need for specialized knowledge and diligent effort in this challenging area of personal injury practice. This is why outsourcing makes sense for most types of liens.

Given all of the foregoing, it is essential for law firms that decide to handle the resolution in-house to some degree utilize a structured approach to identifying and negotiating liens. Establishing clear processes can help law firms navigate these complexities more effectively if they handle certain lien types in-house.