

Vroom! Accelerate Your Lien

Kenneth Satin, JD

The "Agreement"

You are a doctor of chiropractic who treats patients who have suffered personal injuries as a result of vehicular accidents, animal-inflicted attacks, slips, trips, falls and other unfortunate occurrences. Consequently, you typically bill available "med-pay" coverage and/or health insurance when available. All too often, however, such insurance is nonexistent or, if it does exist, is woefully inadequate to cover the charges to be incurred in order to provide patients with an acceptable level of care.

Your new patient is likely pursuing his or her personal injury case by using the services of an attorney who customarily requests (and you customarily agree) to treat your patient on a lien basis. The coverage available will not pay at all for your services or, will pay only a meager amount of the total charges. You have no option but to follow the typical approach and assure the attorney and your patient that if the attorney and patient will sign a lien agreement (which they do), you will wait a reasonable time to be paid, which is usually defined as the conclusion of the case (whether the case terminates by settlement, arbitration or trial).

The Moment of Truth

The glorious day finally arrives and the case has settled. This is a known fact, since the attorney's office has called to verify the outstanding balance. Your office knows from past experience that the phone call never comes until the case is on the verge of closure.

Oh No!

After 55 visits to your office and thousands of dollars in unpaid bills, and after you have patiently waited for over a year for payment, the attorney's paralegal calls and requests a one-third reduction in charges. Their explanation is that your medical charges (which, as far as you are concerned, are completely appropriate and in keeping with other doctors of chiropractic in your area) are out of line according to the insurance company and have been reduced as a result of an insurance carrier "peer review." The paralegal further explains that the reduction is vitally necessary to net the patient any money at all after attorney's fees and costs.

Whether you, the doctor of chiropractic, would agree to the reduction has been the subject of another column. The good news is that there may be another alternative, a possible escape from the above oft-repeated unfortunate scenario. Imagine if you could accelerate your payment to now, despite the above referenced lien agreement.

The New Lending Alternative

An exciting new concept has been taken to reality by a handful of lending institutions throughout the United States. Although for many years lenders have loaned money to individuals who receive "structured" lottery payments or structured long-term payouts from personal injury settlements, these innovative lenders have aggressively begun to loan money to victims of accidents before their

cases have concluded. Although not inexpensive, these advances may provide salvation to a patient who is out of work, disabled and not creditworthy.

Most lenders require the attorney and their client to fill out an application form describing the nature of the case; expected monetary recovery; a discussion about liability; future medical care requirements; and other pertinent details. The attorney is not usually a guarantor, but agrees to honor the lien in the same manner as a chiropractic lien would be honored. The advance is nonrecourse, which means that if the attorney loses the case, the client owes nothing.

What Does This Mean to You?

If enough time has passed, during which you have tired of waiting until the close of the case, or if you believe you have already honored your lien by waiting a reasonable time, there might be a way to accelerate your lien and be paid immediately.

If you consider the reduction scenario, which occurs quite frequently in soft tissue injury cases, as loathsome and unfair, the solution would be to accelerate your lien and be paid at once. You could demand payment on your lien immediately. The likely result is that the attorney (and your patient) will be unhappy.

If patients, who are no doubt in dire need of funds, would borrow the money from one of the above referenced lenders, they would receive some urgently needed dollars and perhaps would allocate some of those dollars to paying down the bill of their doctors, who make life livable and take away the pain.

The responsibility of determining that the advance agreement to your patient is fair and appropriate would fall on the patient's attorney. To accomplish the patient's representation properly, the attorney should carefully scrutinize all documents and properly explain their importance to the client. If such a loan is consummated and the patient and doctor receive funds in advance of the conclusion of the case, the possibility of reduction is vastly minimized, since the bill will have been already paid or substantially reduced.

Research for this article has unearthed at least three companies actively making such advances. This article is not intended as an endorsement of any of them, but only an advisement of the availability of this new and innovative lending alternative. As mentioned above, the job of assessing the advance and the cost will be that of the attorney representing the client (your patient). While the underwriting as to a specific advance request is likely to be strict (clear liability cases only, perhaps), and while this means that only your patients with the clearest of cases may qualify, this approach may be another alternative for receiving payment for your services after health insurance and medical payment coverage have been exhausted as possible avenues for payment.

NOVEMBER 1999