



THE PI DOC

Protect Your Practice From Post-Settlement Lien Reduction

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Editor's Note: This is the fourth and final article in a bimonthly series designed to empower you to take PI cases if you aren't; or achieve better outcomes if you're already doing PI. The first article appeared in the [July 2022](#) issue.

In personal injury, chiropractic is the top health care specialty. That means if you aren't intentionally building your personal-injury segment, you are leaving opportunities on the table.

The trouble, though, is that attorneys and their lien-negotiations staffs can be difficult. They are relentless in their negotiations. They often misstate the law and facts. They know health care providers are healers by nature, so they do their best to wear them down.

In the end, chiropractors often feel like personal injury is too much of a headache to be worth the trouble of negotiating with difficult attorneys. Yet, when done right, personal injury can be the most lucrative segment of your business. Let's walk through the process of protecting yourself against post-settlement lien-reduction assumptions.

The Problem



When a patient's attorney is about to settle a case and is negotiating terms with the adjuster or defense attorney, they generally send their client (your patient) something called a "proposed/intended settlement disbursement listing." This generally lists:

1. The gross amount of the proposed settlement from the insurer (and any other monies received, such as MedPay or additional insurance policies on which benefits were paid)
2. Minus the amount the attorney will bill the patient for attorney's costs
3. Minus the amount that will be paid to the attorney as a contingency fee
4. Minus the amount of each lien (gross) and the amount being paid on that lien (including your medical lien)
5. Equals the net payment to the patient

The patient is focused on their "net." Is it enough? The problem is that #4 - the amount of the settlement money that will be paid to the medical providers on lien - is often listed with an assumption of lien reductions, but these lien reductions have often not yet been confirmed, let alone even asked for!

Instead, the attorney fails to tell the patient that the patient will still owe the balance of medical bills not covered by the pool of money allotted to #4. The "net" might not be accurate at all because the patient still has outstanding medical bills to pay.

In other words, the attorney may have committed malpractice. Depending upon the law in their state and their actions (over statements or failures to disclose), the attorney might be guilty of failing to fully disclose or, in fact, misrepresenting the law.

Adding insult to injury, when you push back against the attorney who has assumed a post-settlement lien reduction, some attorneys will play the deflection game by placing the blame *on you*. They will tell your patient that all providers reduce bills, or that you are not acting in accordance with "custom and practice," both of which are intended to cover up their own mistakes

in how they went about the process of settling the case.

The truth of the matter is that the attorney failed to ask for lien reductions and failed to disclose to their client the potential of higher personal financial exposure.

When attorneys point the finger at you, the chiropractor, and say that you are failing to follow custom and practice, they are failing to provide transparency to their client (your patient). If the attorney does not ask for a lien reduction and does not clarify with their own client that they still owe the balance unpaid by a settlement, then the attorney is the one in the wrong. The attorney is being opaque and is to blame for the improper assumption of lien reductions.

Of course, the same attorney will do all they can to deny any wrongdoing or defer to someone else as the cause (usually, you, the chiropractor).

The Solution

It's your job, as the provider, to make it abundantly clear to both the patient and the attorney that you don't grant automatic lien reductions. Let your patient and the attorney know that lien reductions will be granted on a case-by-case basis, and that lien reduction agreements must be made in writing, authored or signed by you.

When you do agree to a reduction, make sure you also put in writing that there are time limitations to receive payment, and that if the settlement amount changes or other monies are later recovered, you are entitled to more as well. Remember, many attorneys don't disclose that they are still going after underinsured motorist coverage, or post-settlement MedPay or PIP, or that there are other third parties who have not yet settled.

If an attorney ever pushes you to accept a post-settlement lien reduction, and you suspect the client (your patient) was not told that you did not agree to the lien reduction, ask this:

"Did you tell the patient that I have agreed to the lien reduction? I sure hope that isn't what happened. If the patient believed a lien reduction was already agreed upon when, in fact, I never agreed or was even asked, the patient might not have agreed to the settlement. If this is the case, I agree that the patient should not pay the outstanding bill: You should!"

And if an attorney ever sends a partial payment with "paid in full" or "full and final" written in the memo line of the check, void it and send it back with a letter explaining that you did not agree to a lien reduction and expect a full payment issued immediately.

Knowledge Is Power

Truth be told, attorneys make a living off using different strategies that get them the outcome they want. They far too often evade, misrepresent the truth, and act innocent when they are actually being deliberate. Take it from me: I am a (reformed) attorney!

But when you know their strategies and you've done it all right, it's easy to use leverage over lawyers and out-negotiate even those who fight for a living. And this all leads to a thriving PI-based practice, with far less headaches and far more profits.

Author's Note: The above does not constitute legal advice; readers should contact the legal, business and financial professionals licensed in their states before implementing new strategies.

