



UPDATE ON MEDICAL LIEN OBLIGATIONS AND LIEN RESOLUTION

There are three categories of Medical Liens processed by the Fire Victim Trust Lien Resolution Administrator (“LRA”) that can be associated with compensable Fire Victim Claims arising from the PG&E fires: (1) Federal – Medicare (Parts A and B), as well as the Department of Veterans Affairs (VA & CHAMP VA), TRICARE, and Indian Health Services as identified by a Claimant; (2) State – California Medicaid (“Medi-Cal”) and other state (non-California) Medicaid as identified by a Claimant; and (3) Private - Private Healthcare Plans Participating in the Private Lien Resolution Program, which cover over 90% of lives.

A Medical Lien arises when one of these three groups submits information to the Fire Victim Trust that it may be entitled to reimbursement for medical or mental health treatment associated with a compensable Claim. This triggers a holdback that is applied against the Net Claim Amount paid to date for Emotional Distress and Personal Injury Claims only (such as PTSD which requires treatment), and only until the LRA can determine whether there is repayment obligation. There is a major difference between a holdback – which cannot legally be ignored - and a final lien resolution amount. Distributing money when there is a Medical Lien is illegal because the agency or insurer is required to be repaid when a Claimant receives settlement proceeds. The holdback amounts are established to ensure that enough money is available to satisfy the maximum amount that the Lien could possibly be while the LRA negotiates that final lien amount down to as little as possible. Once the final lien amount is determined, the remaining proceeds that were held back are distributed to the Claimant as quickly as possible.

The Trust released all Pro Rata 1 payments with no holdbacks for Medical Liens to ensure timely distribution of funds to the Fire Victims and first implemented Medical Lien holdbacks with Pro Rata 2 payments beginning in mid-February, 2022. The Trust will reduce holdbacks and release remaining holdback funds as Lien obligations are finalized or resolved. The Trust has and continues to resolve Medical Lien obligations and release previously withheld funds to law firms on behalf of their clients or to unrepresented Claimants.

The FVT Lien Resolution Administrator had satisfied close to 80% of all Medical Lien obligations prior to the Pro Rata 2 payments, and, for those obligations still pending, established Pro Rata 2 holdbacks from Emotional Distress and Personal Injury payments to promote the release of partial Pro Rata 2 funds while Medical Liens were being addressed. **In just three months since beginning to issue Pro Rata 2 payments, 98% of all Claimants have their FVT Medical Lien obligations satisfied.** The LRA made arrangements with federal, state, and private health care plans that resulted in favorable Medical Lien processing timelines, Lien recovery caps, offsets for Liens associated with injury-related care, and in many cases, exemptions from Medical Lien repayment obligations altogether.