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AB-1048 Workers' compensation. (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 1048

Introduced by Assembly Member Chen

February 20, 2025

An act to amend Section ~~4603.6~~ **4603.3** of the Labor Code, relating to workers' compensation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1048, as amended, Chen. Workers' compensation.

Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of employment. Existing law requires an employer to provide medical, surgical, chiropractic, acupuncture, and hospital treatment that is reasonably required to cure or relieve the injured worker from the effects of the injury. Upon payment, adjustment, or denial of a complete or incomplete itemization of medical services, existing law requires an employer to provide an explanation of review that includes, among other information, the amount paid and the basis for any adjustment, change, or denial of the item or procedure billed.

This bill would, when the basis for any adjustment, change, or denial of an item or procedure is a contract, require the explanation of review to include information on that underlying contract, including whom the medical provider may contact to seek a copy of the relevant, applicable contract. The bill would state that disclosure of a medical provider network does not satisfy this requirement and would state that if the contract is not received within 30 business days of the provider's request, the bill shall be reprocessed and paid, as specified.

~~Existing law establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, within the Department of Industrial Relations, to compensate an employee for injuries sustained in the course of their employment. Among other things, the workers' compensation system provides for medical and hospital treatment, disability payments, and death benefits, as specified.~~

~~Existing law requires the administrative director to contract with one or more independent bill review organizations to conduct~~

~~reviews of medical providers in accordance with specified criteria. Existing law authorizes a provider under certain circumstances, including when the amount of payment is in dispute, to request an independent bill review within a specified timeframe. Existing law requires that the medical provider pay to the administrative director a fee to cover the reasonable estimated cost of the independent bill review and the administration of the independent bill review program. Existing law requires the administrative director to adopt and revise periodically an official medical fee schedule establishing reasonable maximum fees paid for medical services other than physician services, drugs and pharmacy services, health care facility fees, home health care, and all other treatment, care, services, and goods.~~

~~This bill would define a payment dispute to include a contract dispute involving any discount or reduction from the official medical fee schedule. The bill would also require, if the dispute only involves a percentage discount or reduction that results in the independent bill review upholding the decision, the independent review organization to provide a written decision to the medical provider and include the medical provider contract relied upon to uphold the decision.~~

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. *Section 4603.3 of the Labor Code is amended to read:*

4603.3. (a) Upon payment, adjustment, or denial of a complete or incomplete itemization of medical services, an employer shall provide an explanation of review in the manner prescribed by the administrative director that shall include all of the following:

- (1) A statement of the items or procedures billed and the amounts requested by the provider to be paid.
- (2) The amount paid.
- (3) **(A)** The basis for any adjustment, change, or denial of the item or procedure billed.

(B) If the adjustment, change, or denial is based on a contract, then the explanation of review shall include specific information on the underlying contract that was relied upon to justify the discount and contact information, including an address and phone number for whom the medical provider may contact to receive a copy of the relevant, applicable contract. Disclosure of a medical provider network does not satisfy this requirement. If the contract is not received by the provider within 30 business days of the provider's request, the bill shall be automatically reprocessed and paid at rates mandated by the official medical fee schedule.

- (4) The additional information required to make a decision for an incomplete itemization.
- (5) If a denial of payment is for some reason other than a fee dispute, the reason for the denial.
- (6) Information on whom to contact on behalf of the employer if a dispute arises over the payment of the billing. The explanation of review shall inform the medical provider of the time limit to raise any objection regarding the items or procedures paid or disputed and how to obtain an independent review of the medical bill pursuant to Section 4603.6.

(b) The administrative director may adopt ~~regulations requiring the use of electronic explanations of review.~~ *regulations as necessary to implement and make specific the provisions of this section, including, but not limited to, a requirement to use electronic explanations of review.*

SECTION 1. ~~Section 4603.6 of the Labor Code is amended to read:~~

~~4603.6.(a)(1)If the only dispute is the amount of payment and the provider has received a second review that did not resolve the dispute, the provider may request an independent bill review within 30 calendar days of service of the second review pursuant to Section 4603.2 or 4622. If the provider fails to request an independent bill review within 30 days, the bill shall be deemed satisfied, and neither the employer nor the employee shall be liable for any further payment. If the employer has contested liability for any issue other than the reasonable amount payable for services, that issue shall be resolved prior to filing a request for independent bill review, and the time limit for requesting independent bill review shall not begin to run until the resolution of that issue becomes final, except as provided for in Section 4622.~~

~~(2)For the purposes of this section, a payment dispute includes a contract dispute involving a discount or reduction from the official medical fee schedule promulgated by the administrative director pursuant to Section 5307.1, that was applied to a medical treatment bill.~~

~~(b)A request for independent review shall be made on a form prescribed by the administrative director, and shall include copies of the original billing itemization, any supporting documents that were furnished with the original billing, the explanation of review, the request for second review together with any supporting documentation submitted with that request, and the final explanation~~

of the second review. The administrative director may require that requests for independent bill review be submitted electronically. A copy of the request, together with all required documents, shall be served on the employer. Only the request form and the proof of payment of the fee required by subdivision (c) shall be filed with the administrative director. Upon notice of assignment of the independent bill reviewer, the requesting party shall submit the documents listed in this subdivision to the independent bill reviewer within 10 days.

~~(c)The provider shall pay to the administrative director a fee determined by the administrative director to cover no more than the reasonable estimated cost of independent bill review and administration of the independent bill review program. The administrative director may prescribe different fees depending on the number of items in the bill or other criteria determined by regulation adopted by the administrative director. If any additional payment is found owing from the employer to the medical provider, the employer shall reimburse the provider for the fee in addition to the amount found owing.~~

~~(d)Upon receipt of a request for independent bill review and the required fee, the administrative director or the administrative director's designee shall assign the request to an independent bill reviewer within 30 days and notify the medical provider and employer of the independent reviewer assigned.~~

~~(e)The independent bill reviewer shall review the materials submitted by the parties and make a written determination of any additional amounts to be paid to the medical provider and state the reasons for the determination. If the independent bill reviewer deems necessary, the independent bill reviewer may request additional documents from the medical provider or employer. The employer shall have no obligation to serve medical reports on the provider unless the reports are requested by the independent bill reviewer. If additional documents are requested, the parties shall respond with the documents requested within 30 days and shall provide the other party with copies of any documents submitted to the independent reviewer, and the independent reviewer shall make a written determination of any additional amounts to be paid to the medical provider and state the reasons for the determination within 60 days of the receipt of the administrative director's assignment. The written determination of the independent bill reviewer shall be sent to the administrative director and provided to both the medical provider and the employer.~~

~~(f)(1)If the dispute only involves a percentage discount or reduction that results in independent bill review upholding the discount or reduction, independent bill review shall provide the rationale for that ruling in a written decision to the medical provider and include the medical provider contract or contracts relied upon to uphold the discount or reduction. If the payer cannot produce a valid medical provider contract or contracts justifying the discount or reduction, the independent bill review organization shall award the medical provider payment for the disputed medical treatment bill that is consistent with the official medical fee schedule.~~

~~(2)This subdivision does not require the independent bill review organization to provide the medical provider with a contract to which the medical provider is not a party.~~

~~(g)The determination of the independent bill reviewer shall be deemed a determination and order of the administrative director. The determination is final and binding on all parties unless an aggrieved party files with the appeals board a verified appeal from the medical bill review determination of the administrative director within 20 days of the service of the determination. The medical bill review determination of the administrative director shall be presumed to be correct and shall be set aside only upon clear and convincing evidence of one or more of the following grounds for appeal:~~

~~(1)The administrative director acted without or in excess of their powers.~~

~~(2)The determination of the administrative director was procured by fraud.~~

~~(3)The independent bill reviewer was subject to a material conflict of interest that is in violation of Section 139.5.~~

~~(4)The determination was the result of bias on the basis of race, national origin, ethnic group identification, religion, age, sex, sexual orientation, color, or disability.~~

~~(5)The determination was the result of a plainly erroneous express or implied finding of fact, provided that the mistake of fact is a matter of ordinary knowledge based on the information submitted for review and not a matter that is subject to expert opinion.~~

~~(h)If the determination of the administrative director is reversed, the dispute shall be remanded to the administrative director to submit the dispute to independent bill review by a different independent review organization. In the event that a different independent bill review organization is not available after remand, the administrative director shall submit the dispute to the original bill review organization for review by a different reviewer within the organization. The appeals board or any higher court shall not make a determination of ultimate fact contrary to the determination of the bill review organization.~~

~~(i)Once the independent bill reviewer has made a determination regarding additional amounts to be paid to the medical provider, the employer shall pay the additional amounts per the timely payment requirements set forth in Sections 4603.2 and 4603.4.~~