

# Paid Vs. Billed: The New Reality Of Medical Damages In Georgia



Prepared for Georgia Personal Injury Attorneys

## Executive Summary

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For decades, the collateral source rule was one of the most valuable tools in the Georgia plaintiff attorney's arsenal. It allowed injured clients to present the full billed amount of their medical treatment as special damages, regardless of what insurance, Medicare, or Medicaid actually paid. Senate Bill 68, effective April 21, 2025, eliminates this dynamic. New O.C.G.A. Section 51-12-1.1 abrogates the collateral source rule for medical expenses and allows defendants to introduce evidence of what was actually paid. Georgia PI attorneys must now rebuild their damages strategy around future medicals, evidence-based non-economic damages, and lien resolution in a dramatically changed environment.

## The Old Georgia Rule: How Billed Amounts Worked Before SB 68

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Under Georgia's longstanding collateral source rule, defendants could not introduce evidence that a plaintiff had received benefits from a third party to reduce damages. This meant Georgia juries decided medical specials based on the full billed amount, not the amount an insurer had negotiated and paid. The difference was enormous. A hospital might bill \$80,000 for a procedure and accept \$22,000 from a commercial insurer. Across a multi-provider case, the gap between billed and paid could represent 70 to 80 percent of total medical bills presented to the jury.

Because pain and suffering awards were commonly argued as multiples of special damages, the billed amount anchored the entire damages calculation. Critics called the unpaid amounts phantom damages, and the American Tort Reform Foundation cited them as one of the three primary drivers of nuclear verdicts in Georgia. [1] A secondary market of lien clinics arose that directed patients away from using health insurance toward treatment on letters of protection, charging inflated rates that no insurer would have accepted, specifically because the true market value of their bills was hidden from juries. [2]

## What SB 68 Changes: The New Paid Standard ---

New O.C.G.A. Section 51-12-1.1 applies to all causes of action arising on or after April 21, 2025. If a plaintiff has health insurance, workers' compensation, or government health coverage, the defendant may now introduce evidence of the amounts actually paid by that coverage. Juries will hear both the billed and paid amounts and use both to evaluate the reasonable value of treatment. [3] The collateral source rule is expressly abrogated: the statute states it is the intent of the General Assembly that this code section abrogates the common law collateral source rule to the extent necessary to introduce the evidence described. [4]

Letters of protection are now discoverable. For any plaintiff who received treatment under an LOP, the following is relevant and admissible: the agreement itself, an itemized list of services with billing codes, the dollar amount of any portion of the account receivable sold to a third party, and the identity of any referral source. [3]

The Math: A concrete example illustrates the stakes. A plaintiff in a Fulton County auto accident has \$320,000 in billed medical expenses and \$78,000 paid by their health insurer. Under the old rule, the jury valued \$320,000 in specials, and a pain and suffering argument framed as a multiple could reasonably reach \$640,000 to \$960,000. Under the new rule, the defense introduces the \$78,000 figure. If juries converge near the paid amount, the damages baseline drops by more than 75 percent. Insurance carriers are already recalibrating reserves and settlement authority based on this math.

For uninsured plaintiffs, the statute is less clear. Courts have not yet addressed definitively how damages are determined when a plaintiff has no health insurance and received treatment under a letter of protection. This ambiguity will be litigated extensively over the coming years. [4]

## Winning on Damages Despite the New Rules ---

The paid-versus-billed change is significant, but it does not eliminate meaningful recovery for injured Georgians. It requires a different and in many ways stronger damages case.

Future medical damages are not subject to the paid-versus-billed limitation. A well-supported life care plan projecting the reasonable cost of future treatment over years or decades remains a powerful damages tool and is now more important than it has ever been. Non-economic damages are not capped or eliminated by SB 68. Plaintiff attorneys who build compelling, evidence-based presentations of their client's functional losses through medical chronologies, functional capacity evaluations, vocational experts, and provider-documented impact testimony will continue to recover significant non-economic awards. The difference is that the argument must be built from the facts, not from arithmetic applied to an inflated specials number.

# How Supio Transforms Medical Record and Bill Review \_\_\_\_\_

The shift from billed to paid as the damages anchor makes the quality of medical and billing analysis more important, not less. Every bill must be analyzed against what was paid. Every lien must be tracked. Every LOP must be documented and disclosed. The complexity of Georgia PI case economics has increased substantially.

Supio's AI Ledger was built for this complexity. It reconciles medical bills against actual payments, tracks lien balances across Medicare, Medicaid, ERISA, and hospital lien holders, and provides an interactive ledger attorneys and paralegals can use throughout the lifecycle of the case. When a defense attorney demands LOP discovery under the new statute, Supio's records are organized and ready.

Supio's medical chronology capability builds the evidentiary foundation for non-economic damages and future medical projections, processing every page of medical records to produce a treatment timeline that documents injuries, diagnoses, and functional limitations in the words of treating providers. Brandon Smith of Childers, Schlueter and Smith in Atlanta puts it plainly: *"The system finds things in medical records we didn't even know to look for."* [5] Under the new framework, finding everything is not optional.

Jordan Lundy of Lundy Law describes the outcome: *"We turned a \$25,000 case into \$250,000 with Supio."* [6] Supio identified value in the medical records that manual review had missed, producing a more complete damages picture. Mark Prince of Prince Law Firm captures the broader principle: *"If you don't know your case, you can't be creative. If you're not creative, you're not really helping your clients. Supio allows me to actually think like a lawyer."* [7]

## Strategic Recommendations for Georgia PI Attorneys \_\_\_\_\_

Remodel your case economics from intake. Value every post-April 21, 2025 case using paid amounts and future medical projections, not billed amounts.

Identify insurance status at intake. The SB 68 framework operates differently for insured and uninsured clients. Know your client's coverage immediately.

Audit your letter of protection relationships. Every LOP is now discoverable. Review provider arrangements to understand what disclosure looks like to a jury.

Invest in life care planning. Future medical damages are the most powerful tool available under the new framework. Retain life care planners and medical economists early.

Resolve liens early. A settlement that fails to account for Medicare, Medicaid, and ERISA obligations may leave the client with far less than the damages award suggests.

## Conclusion

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Paid versus billed is the new reality of medical damages in Georgia. The collateral source rule is gone for medical expenses. The phantom damages shortcut is closed. The lien clinic model is under scrutiny from all sides.

What remains is the opportunity to build damages cases from the actual economics of a client's treatment, anchored in future medical projections and evidence-based non-economic narratives. The firms that meet that standard efficiently will continue to recover compensation that reflects the true cost of what their clients have endured. Supio is the platform that makes it possible.

To learn more or schedule a demonstration, visit [www.supio.com](http://www.supio.com).

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[1] American Tort Reform Foundation, Judicial Hellholes 2023-2024, Georgia. <https://www.judicialhellholes.org/hellhole/2023-2024/georgia/>

[2] McMickle, Kurey and Branch, The 2025 Tort Reform Act: Georgia Charts a New Course Toward Fairer Trials. <https://mkblawfirm.com/the-2025-tort-reform-act-georgia-charts-a-new-course-toward-fairer-trials/>

[3] DLA Piper, Georgia Enacts Sweeping Tort Reform and Litigation Funding Laws (May 2025). <https://www.dlapiper.com/en/insights/publications/2025/05/georgia-enacts-sweeping-tort-reform>

[4] John D. Hadden, Georgia's New Tort Reform Legislation: An Overview. <https://jdhadden.com/tort-reform-overview/>

[5] Supio Customer Story: Childers, Schlueter and Smith. <https://www.supio.com/customers/childers-schlueter-smith>

[6] Supio Home Page, Customer Testimonials. <https://www.supio.com>

[7] Supio Customer Stories Page. <https://www.supio.com/customers>

Georgia SB 68 Full Text: <https://legiscan.com/GA/bill/SB68/2025>

O.C.G.A. Section 51-12-1.1 (Medical Damages): <https://legis.ga.gov>

O.C.G.A. Section 44-14-470 (Hospital Liens): <https://legis.ga.gov>

Swift Currie, A Summary of Georgia's 2025 Tort Reform (May 2025): <https://www.swiftcurrie.com/newsroom-alerts-A-Summary-of-Georgia-s-2025-Tort-Reform>