

CARL T. HOLCOMBE, Employee, v. EDINA INV. CO. and MINN. ASSIGNED RISK PLAN/ST. PAUL RISK SERVS., Employer-Insurer/Appellants.

WORKERS' COMPENSATION COURT OF APPEALS
OCTOBER 26, 1999

No. [REDACTED SSN]

HEADNOTES

SETTLEMENTS - INTERPRETATION. The language of the Mediation Award is clear on its face and the compensation judge correctly interpreted the Mediation Award. The Award by its specific terms represented a close-out of the employee's claims for medical expenses "for ten years." The Mediation Award's requirement of documentation of the use of the "entire amount" (i.e., the amount paid to the employee under the Mediation Award) was a condition precedent only to the employee's claims for additional medical benefits beyond the "amount paid" to the employee which were incurred during the ten-year period covered by the Award.

Affirmed.

Determined by Wilson, J., Rykken, J., and Wheeler, C.J.
Compensation Judge: Donald C. Erickson

OPINION

STEVEN D. WHEELER, Judge

The employer and insurer appeal from the compensation judge's interpretation of the terms of a Mediation Award, served and filed October 18, 1988. We affirm.

BACKGROUND

In 1983 the employee, Carl T. Holcombe, was self-employed as owner of the employer, Edina Investment Company, a sole proprietorship. Mr. Holcombe was covered by workers' compensation insurance provided by the insurer, St. Paul Risk Services, Inc. On or about August 29, 1983, the employee sustained an admitted injury to the back. (Judgment Roll: First Report of Injury; 9/11/86 Stipulation for Settlement.)

The insurer paid various benefits, including permanent partial disability for a ten percent (10 %) impairment to the back, various rehabilitation benefits, and temporary total disability compensation from August 30, 1983 through January 28, 1985, after which the insurer discontinued temporary benefits on the theory that the employee had effectively returned to work at full wage. The employee filed a claim petition on September 17, 1985, alleging eligibility for continuing temporary total disability from and after January 28, 1985 as well as underpayment of

temporary total disability for prior periods. (Judgment Roll: 1/29/85 & 3/12/85 NOIDs, 9/17/85 claim petition.)

On September 11, 1986, the parties executed a stipulation for settlement, and an award on stipulation was served and filed on September 16, 1986. Under the terms of the stipulation, the employee accepted a lump sum payment in the amount of \$32,500.00 in return of a full, final and complete settlement of all claims arising from the August 29, 1983 personal injury except future medical expenses, which were left open. (Judgment Roll: 9/11/86 Stipulation for Settlement.)

The employee subsequently incurred various medical expenses at Edina Southdale Physical Therapy and Orthopedic Associates. The parties disputed whether these expenses were causally related to the employee's work injury. On October 11, 1988 the parties participated in a mediation session conducted by a staff member of the Workers' Compensation Division of the Department of Labor and Industry ("DOLI") by telephone conference. The employee was not represented by an attorney at the conference, and proceeded *pro se*. The mediation session resulted in an agreement between the parties and a Mediation Resolution was prepared by the mediator and circulated to the parties by mail. It was returned to DOLI fully executed by the parties on October 14, 1988 and a Mediation Award was served and filed on October 18, 1988. (Judgment Roll.)

Under the Mediation Award, the insurer agreed to pay \$9,000.00, of which a maximum amount of \$614.00 was allocated to pay the outstanding medical bills at Edina Southdale Physical Therapy and Orthopedic Associates, to the extent consistent with the medical fees schedule, and the remainder was to be paid directly to the employee. With respect to the amount paid to the employee, the Mediation Award recites that "[t]his payment to the Employee is intended to cover his medical expenses for ten years. In the event that the Employee claims to have spent the entire amount on reasonable and necessary medical care related to the injury of 8/29/83, he will be required to document these payments by medical bills and canceled checks." The parties expressly reserved all rights to bring and deny future medical claims, and the employee also reserved the right "to bring claims for medical treatment in excess of the amount being paid to him at any time during or after the ten-year period." The insurer reserved all defenses to such claims. (Judgment Roll.)

Some time in 1996, the employee contacted the insurer seeking authorization for further physical therapy treatments. On October 25, 1996 a claim supervisor for the insurer responded to this request by a letter addressed to John Weinard, Jr., the attorney who had previously represented the employee. The letter denied payment for the proposed treatment and stated, "[t]he mediation [award of October 18, 1988] settled out the medical expenses for ten years. As this was filed in 1988, it appears that the ten years is still running." (Exh. B.)

On November 16, 1998 the employee filed a medical request seeking payment for physical therapy treatment rendered subsequent to October 18, 1998, the date ten years after the date of the service and filing of the Mediation Award. The insurer denied payment, and the matter

was considered by a representative of the Commissioner of Labor and Industry at an administrative conference held on February 2, 1999. At the conference, the insurer defended non-payment on the theory that, pursuant to the terms of the Mediation Award, the employee may not seek payment for additional medical treatment until he has documented that the lump sum payment he received for future medical treatment under the Mediation Award has been fully expended for medical treatment causally related to the work injury. Following the conference, the commissioner's representative concluded that none of the terms of the Mediation Agreement precluded the employee from filing a claim for medical treatment rendered more than ten years after the date of the service and filing of the Mediation Award. (Judgment Roll.)

The insurer filed a request for formal hearing on February 12, 1999, resulting in a hearing before a compensation judge of the Office of Administrative Hearings on April 22, 1999. At the hearing, the insurer stipulated that the specific medical treatment expenses sought by the employee were reasonable, necessary, and causally related to the work injury, but renewed its defense to payment based on its interpretation of the language of the Mediation Award. Following the hearing, the compensation judge found that the Mediation Award had constituted a settlement of the employee's claims for the reimbursement of medical expenses for a period of ten years only. The judge further concluded that the provision requiring that the employee provide documentation of the medical expenses paid during the ten year period covered by the Mediation Award was applicable only to claims for additional medical expenses over and above that amount incurred during the ten year period of the Mediation Award. The compensation judge thus determined that the employee was not precluded from raising a claim for medical expenses incurred subsequent to the ten year period covered by the Mediation Award, despite the employee's admitted inability to document his medical expenses during the ten-year period covered by the Mediation Award. (Judgment Roll.)

STANDARD OF REVIEW

The issue on appeal in this matter involves the interpretation and application of case law to undisputed facts. While this court may not disturb a compensation judge's findings of fact unless clearly erroneous and unsupported by substantial evidence in the record as a whole, Minn Stat. § 176.421, subd. 1(3) (1992), a decision which rests upon the application of the law to undisputed facts involves a question of law which this court may consider *de novo*.

DECISION

The sole question presented in this appeal is whether the compensation judge properly interpreted the terms of the October 18, 1988 Mediation Award. The insurer's argument is based upon the following language in the fourth and fifth paragraphs of the Award:¹

¹ Although there are three preceding paragraphs numbered successively from "1" to "3," this fourth paragraph is also numbered "3" in both the underlying Mediation Resolution and in the Mediation Award. The mediator has inserted "sic" following the second such paragraph number.

3. This payment to the Employee is intended to cover his medical expenses for ten years. In the event that the Employee claims to have spent the entire amount on reasonable and necessary medical care related to the injury of 8/29/83, he will be required to document these payments by medical bills and canceled checks. Such medical payments will be credited only to the extent that they conform to the medical fee schedule.

4. The Employee reserves the right to bring claims for medical treatment in excess of the amount being paid to him at any time during or after the ten-year period. The Insurer reserves all defenses regarding any such claims.

(Exh. A.) The insurer asserts that the requirement of documentation of the use of the “entire amount” (i.e., the amount paid to the employee under the Mediation Award) is a condition precedent to his right to receive additional medical benefits at any time following the date of the service and filing of the Award. The compensation judge, on the other hand, concluded that this language operated as a condition precedent only to claims for additional medical benefits beyond the “amount paid” to the employee which were incurred during the ten-year period covered by the Award.

We conclude that the language of the Mediation Award is clear on its face and that the compensation judge correctly interpreted the Mediation Award. The Award by its specific terms represented a close-out of the employee’s claims for medical expenses “for ten years.” The insurer’s interpretation would render the “for ten years” provision meaningless, and such a construction is not favored. The employee is free to seek reimbursement for medical expenses causally related to the injury which have been or may be incurred subsequent to the ten-year period, without any requirement that he first account for his medical expenditures during the ten-year period covered by the Award.

The fifth paragraph is number “4.” (Exh. A.)