Maupin, Eddy (I)

SOCIAL SECURITY DISABILITY OFFSET (RCW 51.32.220)

Effective date of offset

SOCIAL SECURITY RETIREMENT OFFSET (RCW 51.32.225)

Effective date of offset

The Department is not prevented from taking the social security reverse offset from a delayed lump sum payment after providing statutory notice that it is taking an offset, even if the delay in payment was due to a bureaucratic delay. *Overruling In re Kenneth Beitler*, BIIA Dec., 58,976 (1982). *...In re Eddy Maupin* (I), BIIA Dec., 03 21206 (2004) [*Editor's Note*: The Board's decision was appealed to superior court under Clallam County Cause No.04-2-01200-0. *See also, Potter v. Department of Labor & Indus.*, 101 Wn. App 399 (2000).]

Scroll down for order.

BEFORE THE BOARD OF INDUSTRIAL INSURANCE APPEALS STATE OF WASHINGTON

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IN RE: EDDY V. MAUPIN

DOCKET NOS. 03 21206 & 03 21208

CLAIM NOS. N-095422 & K-694358

DECISION AND ORDER

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Claimant, Eddy V. Maupin, by Casey & Casey, P.S., per Gerald L. Casey

Employer, Northwest Rock, Inc., None

Department of Labor and Industries, by The Office of the Attorney General, per Lisa Marsh, Assistant

The claimant, Eddy V. Maupin, filed an appeal with the Board of Industrial Insurance Appeals on October 9, 2003, from an order of the Department of Labor and Industries dated October 1, 2003. In this order, the Department adjusted the claimant's monthly compensation rate because the claimant receives social security retirement; the new rate is \$2,353.74 effective July 1, 1997, of which \$882.65 is payable under Claim No. K-694358 and \$1,471.09 is payable under Claim No. N-095422. Effective January 1, 1998, the reduction of the claimant's time loss compensation benefits has been removed, and the full time loss rate is \$2,382.81 per month, of which \$893.55 is payable under Claim No. K-694358 and \$1,489.26 is payable under Claim No. N-095422. The compensation on the claims is again reduced, effective July 1, 1999, because the claimant received social security retirement benefits. The new compensation rate is \$2,682.34 per month, of which \$1,005.87 is payable under Claim No. K-694358 and \$1,676.47 is payable under Claim No. N-095422. Effective January 1, 2001, the reduction of the time loss compensation benefits has been removed, and the full time loss compensation rate is \$2,967.50 per month, of which \$1,112.871 is payable under Claim No. K-694358 and \$1,854.69 is payable under Claim No. N-095422. These rates are based on monthly social security benefits for the claimant totaling \$1,022.00 and 80 percent of the claimant's highest years earnings in the amount of \$3,264.60 per month, as provided by the Social Security Administration. These figures have been updated by a formula contained in federal law to a more current earnings level. The Department order is AFFIRMED.

DECISION

Pursuant to RCW 51.52.104 and RCW 51.52.106, this matter is before the Board for review and decision on a timely Petition for Review filed by the Department of Labor and Industries to a Proposed Decision and Order issued on July 21, 2004, in which the industrial appeals judge reversed and remanded the orders of the Department dated October 1, 2003, under the rationale enunciated in *In re Kenneth Beitler*, BIIA Dec., 58,976 (1982).

The Board has reviewed the evidentiary rulings in the record of proceedings and finds that no prejudicial error was committed. The rulings are affirmed. We have granted review because we believe that our decision in *Beitler* has been overruled by *Potter v. Department of Labor & Indus.*, 101 Wn. App. 399 (2000), and we affirm the Department orders under appeal.

Mr. Maupin is a 74-year-old man who has worked in construction all his life. He has had numerous injuries; he wears an artificial leg as of November 14, 1988, when he injured his left shoulder on the job. This injury was designated Claim No. K-694358. The second claim involved in this set of appeals is Claim No. N-095422, and occurred on July 3, 1991, when Mr. Maupin injured his low back. This is a remarkably sparse record, but even so it would appear that these two claims languished at the Department. Although Mr. Maupin initially tried to work after the 1991 injury, he was able to do so only for about three months, and has not worked since 1992.

With respect to the K claim, Mr. Maupin's application for benefits was allowed and closed by an order dated August 21, 1988. This order was protested, and ultimately set aside. On September 30, 2002, the Department issued an order in which it closed the claim with a permanent partial disability award equal to 13 percent of the amputation value of the left arm. This was duly protested, and the claim remained open. On August 26, 2003, the Department issued a wage rate order, and several time loss compensation orders were issued, but the dates that time loss compensation was paid are not clear from the record. Be that as it may, on October 1, 2003, the Department issued an order in which it set the time loss compensation rates and also provided as follows: for the period July 1, 1997 through December 31, 1997, a social security offset was applied; for the period July 1, 1998 through December 31, 2000, a social security offset was applied; and effective January 1, 2001, the offset was removed.

This order was issued in connection with both claims currently before this Board. Apparently, Mr. Maupin hovered between offset and non-offset status, partly because his earnings were high and partly due to the fact that he was entitled to time loss compensation in connection with both the K and N claims. On April 23, 1992, the Department was notified by the Social Security Administration that Mr. Maupin was receiving social security disability benefits. As of 1992, however, his ACE (average current earnings) was high enough that no offset was applied. However, when there was

a state COLA (cost of living adjustment) on July 1, 1997, his state compensation was higher than his ACE, and this pushed him into offset status. At this time Mr. Maupin was receiving social security retirement benefits. Later, however, the Social Security Administration did a triennial redetermination, and this increased Mr. Maupin's ACE, thereby dropping him out of offset status. Another state COLA done on July 1, 1999, pushed him back into offset status.

After the October 1, 2003 order, several time loss compensation orders were issued on subsequent dates in October, in which the Department implemented the terms of the October 1, 2003 order. We note, however, that those orders are not a part of these appeals and are thus not before this Board. The subject matter of the two appeals currently before this Board is strictly the two October 1, 2003 orders issued in connection with the K claim and the N claim. These two orders are identical, with the exception of having been issued in connection with the two different claims.

Turning, then, to the N claim, the claim was allowed and some time loss compensation was paid, but again, the record does not reflect the period for which time loss compensation was paid. It would appear that some time loss compensation was paid, but very little happened in connection with the claim until the October 1, 2003 order was issued in connection with the N claim as well. Again, after the October 1, 2003 order there were several time loss compensation orders issued during the month of October, in which the Department implemented the terms of the October 1, 2003 order; again, these orders are not the subject of this appeal. The claimant appeals the orders issued in connection with each claim. He takes the position that the Department may not impose an offset due to his receipt of social security benefits.

The starting point for analysis of this matter is RCW 51.32.225 and RCW 51.32.220, which we will not reprint here. Suffice it to say that RCW 51.32.225 authorizes a reduction to a given claimant's time loss compensation or pension benefits based on the amount of federal social security retirement benefits the claimant receives. Reductions for social security retirement benefits

must comply with the procedures set out in RCW 51.32.220(2). The provisos for this reduction are as follows: RCW 51.32.220(2) provides that any reduction shall be effective the month following the month in which the Department or self-insurer is notified by the federal Social Security Administration that the person is receiving disability benefits under the federal Old-age, Survivors, or Disability Insurance Act. However, the proviso to (2) is that "in the event of an overpayment of benefits the Department or self-insurer may not recover more than the overpayments for the six months immediately preceding the date the Department or self-insurer notifies the worker that an overpayment has occurred." Finally, RCW 51.32.220(4) provides that no reduction may be made unless the worker receives notice of the reduction prior to the month in which the reduction is made.

Our industrial appeals judge undertook a thoughtful review of the previous Board decisions as well as cases decided by the Court of Appeals. Ultimately, she determined that using the framework set forth in *In re Kenneth E. Beitler*, BIIA Dec., 58,976 (1982) and *Frazier v. Department of Labor & Indus.*, 101 Wn. App. 411 (2000), the Department was to pay full time loss compensation for the periods of July 1, 1997 through December 31, 1997 and July 1, 1999 through December 31, 2000. She further held that the Department is allowed only to recoup any overpayment beginning six months prior to October 1, 2003, which is the first date the Department notified the claimant of its intent to take the offset. However, there was no overpayment for that period, as the Department took no offset for that period, and the practical effect is to preclude the Department from recouping any overpayment at all. As we have indicated above, however, we believe that *Beitler* has been overruled by *Potter*.

In *Beitler*, the claimant was injured on August 22, 1974. He received time loss compensation benefits for the period of June 23, 1978 through July 21, 1978, but no further benefits were paid. On August 8, 1979, the parties entered into an agreement reversing a closing order dated January 18, 1979, which required the Department to provide further treatment and to pay time loss compensation for July 22, 1978 through January 18, 1979. On September 6, 1979, the Department issued an order holding the January 18, 1979 order for naught, and stating that the permanent partial disability award was to be considered either an advance on future permanent partial disability or to be applied to payment of time loss compensation. However, on January 28, 1980, the Department issued an order in which it paid time loss compensation for July 22, 1978 through and to any future permanent partial disability award to any future permanent partial disability award to any future permanent partial disability award to any future permanent partial disability award).

The Findings of Fact reflect that Mr. Beitler sent notice to the Department on August 21, 1978, that he was receiving social security benefits. On January 20, 1981, the Department issued an order in which it adjusted monthly compensation rates to reflect a zero offset effective January 19, 1979; \$55.81 effective July 1, 1979; and \$132.87 effective July 1, 1980, due to cost of living increases. The order did not include an order of payment. On January 23, 1981, the Department issued an order in which it granted the payment of time loss compensation for July 1, 1979 through January 15, 1981. The order of January 20, 1981, was timely protested, and was affirmed by Department order of March 4, 1981, the subject matter of the appeal. The Board held that clearly, the date Mr. Beitler was first given notice was January 20, 1981.

Thus, the next month, February 1981, was the month in which the Department could begin the offset. However, with regard to the period of time for which the Department could take the offset, the Board noted that there had been no payments for January 18, 1979 through January 23, 1981, and thus there was no overpayment. Since there was no overpayment, the question was whether the Department could offset the lump sum payment of back time loss compensation. In analyzing this question, the Board looked at the reason for the delay, and determined that where it was due to bureaucratic delay, to permit the Department to offset lump sums paid only because of bureaucratic delay "would encourage the Department to purposely allow the claim to be entangled in the bureaucracy of claims administration solely for the purpose of delaying payments which rightfully should be paid to disabled workers." *Beitler*, at 5. Thus, the Board did not permit the Department to offset in February 1981 benefits it should have paid from January 19, 1979 through July 20, 1980.

Accordingly, the Board directed the Department to pay full benefits for time loss compensation from January 19, 1979 through January 15, 1981. The Board acknowledged this would create an overpayment, which could then be recouped. However, because the Department only notified Mr. Beitler in January, it would only be permitted to reach back as far as July 20, 1980 (six months back).

In subsequent matters, however, we have declined to extend the *Beitler* rationale. In *In re James D. Conrad*, BIIA Dec., 68,967 (1985), and *In re Estavan Sambrano*, BIIA Dec., 63,484 (1984), the Department was allowed to offset a lump sum payment of back time loss compensation because there had been a genuine dispute as to entitlement to time loss compensation. We believe, moreover, that *Potter v. Department of Labor & Indus.*, 101 Wn. App. 399 (2000) has

effectively overruled *Beitler*, and that this analysis may no longer be used. We base this holding on language used in the *Potter* decision that would preclude any analysis involving bureaucratic delay.

Ms. Potter was injured in 1987; her claim was allowed and subsequently closed in 1990. In 1992, she applied to reopen her claim, which the Department denied in 1994. This was duly protested and then appealed, and in September 1995 the Board issued a decision in which it reversed the Department and reopened the claim effective June 3, 1992, and directed the Department to pay time loss compensation from February 23, 1993 through October 25, 1994. On December 19, 1995, the Department received notice from the Social Security Administration that Ms. Potter had been receiving social security benefits since August 1, 1993. That same day, the Department issued an order in which it gave Ms. Potter notice that it would reduce her retroactive disability payments effective as of the August 1, 1993 pay period. On January 2, 1996, the Department issued an order in which it paid the compensation minus the offset. Thus, the Department paid full time loss compensation for the period of February 23, 1993 through July 31, 1993, but took an offset for the period of time loss compensation for the period of August 1, 1993 through October 25, 1994. Ms. Potter appealed this order to the Board, which affirmed the Department order. She then appealed this to Superior Court, which reversed the Board. On appeal to the Court of Appeals, however, the Court of Appeals reversed the trial court and affirmed the Board.

One of Ms. Potter's arguments was that allowing a retroactive offset would remove any incentive for the Department to correctly or timely adjudicate claims, and would encourage lethargic and erroneous claims administration. To this the court replied:

Even if she had presented data supporting these contentions, this is an argument properly addressed to the Legislature. We cannot give a statute an interpretation that is inconsistent with its plain language based upon speculation that a plain reading may possibly produce negative repercussions. See *Cooper's Mobile Homes, Inc. v. Simmons*, 94 Wn.2d 321, 326 617 P.2d 415 (1980) (reviewing court will not apply absurd interpretation of statute to achieve desired result); *Geschwind v. Flanagan*, 121 Wn.2d 833, 841 854 P.2d 1061 (1993) (reviewing court obliged to give plain meaning of statute full effect, even when results seem unduly harsh).

Consequently, Potter received benefits when the Department made the January 1996 lump sum payment. At that time, the Department acted in accordance with RCW 51.32.220(1) when it

deducted the offset from its payment to Potter. The trial court erred in concluding otherwise.

Potter, at 409.

We recognize that the issue of bureaucratic delay was not squarely before the *Potter* court, and that there is an argument that this comment is dicta. We, however, reject this contention. We believe that with this language the court clearly rejects any argument that bureaucratic delay should affect the analysis of whether an offset should be imposed in payment of retroactive benefits.

In this matter, Mr. Maupin has not worked since 1992. He was not paid any time loss compensation for any periods after July 1997 until 2003. We are disturbed that the Department did not act on this claim in a more timely fashion. Testimony from the Department in which it alleged that its personnel were simply too busy is unacceptable. However, we do not believe that *Beitler* rationale survives the *Potter* decision. We thus affirm the Department order applying the offset in making its lump sum payment of time loss compensation for the periods of July 1, 1997 through December 31, 1997 and for July 1, 1999 through December 21, 2000.

We note, too, that the *Potter* decision specifically rejects the argument that permitting the Department to offset lump sum payments of time loss compensation encompassing more than six months of time loss compensation is contrary to the section of RCW 51.32.220(2) that prohibits the Department from recovering overpayments made for more than six months prior to the date the claimant is notified that an overpayment has occurred. The court held that this section operates strictly to prevent undue hardship on claimants who may have spent or encumbered the excess payments. Where, as here, no overpayment had been received, the Department is simply acting to prevent an overpayment. *Potter*, at 410. Thus, in situations where the claimant is paid a lump sum, whether or not due to the Department's lack of diligence, the Department may offset more than six months of time loss payments.

Finally, we note that our industrial appeals judge held that the Department had also failed to provide adequate notice to begin the offset, pursuant to *In re Lucien Saltz*, BIIA Dec., 92 4309 (1993). However, we note that there are two orders under appeal in this matter, and these orders simply **establish** the offset. There is no reference in either order as to when the offset would occur, nor is there an appeal of any order actually implementing the offset. As neither order addresses the issue of when the offset payments would begin, the issue of notice is not before the Board. Any time the Department seeks to establish an offset, it must do so by issuance of an order so stating. While that order may constitute notice, an appeal of that order alone does not raise the issue of

whether the Department provided timely notice to the claimant of the offset until the actual order implementing the offset is issued. The *Saltz* matter is to be distinguished from the situation here, as it did not concern whether a claimant was given notice of an action the month before the action was taken.

Accordingly, because we overrule *Beitler*, and because the issue of notice is not before the Board, we affirm the Department orders herein under appeal.

FINDINGS OF FACT

1. **Claim No. K-694358:** On November 14, 1988, the claimant, Eddy V. Maupin, filed an application for benefits in which he alleged that he had sustained a left shoulder, wrist, and middle finger injury in the course of employment with Northwest Rock, Inc., on April 6, 1988.

On August 21, 1989, the claim was allowed and closed, with medical treatment only.

Within sixty days of receiving the August 21, 1989 order, the claimant filed a Protest and Request for Reconsideration of that order.

On November 1, 1989, the Department issued an order in which it affirmed the August 21, 1989 order.

On December 21, 1989, the claimant filed a Protest and Request for Reconsideration of the November 1, 1989 order.

On October 18, 1996, the Department issued an order in which it set aside the August 21, 1989 order and paid time loss compensation for the period of June 18, 1996 through October 13, 1996.

On September 30, 2002, the Department issued an order in which it closed the claim with a permanent partial disability award equal to 13 percent of the left arm at or above the deltoid insertion or by disarticulation at the shoulder.

On November 14, 2002, the claimant filed a Protest and Request for Reconsideration of the September 30, 2002 order. On November 18, 2002, the claimant filed an appeal with the Board of Industrial Insurance Appeals from the September 30, 2002 order. The appeal was assigned Docket No. 02 22402.

On December 13, 2002, the Department issued an order in which it held the September 30, 2002 order in abeyance. On December 20, 2002, the Board issued an order in which it denied the appeal in Docket No. 02 22402. On March 27, 2003, the Department issued an order in which it affirmed the September 30, 2002 order.

On April 3, 2003, the claimant filed an appeal with the Board, which was assigned Docket No. 03 13703.

On April 23, 2003, the Department issued an order in which it held the March 27, 2003 order in abeyance.

On April 24, 2003, the Department issued an order in which it modified the September 30, 2002 order from final to interlocutory and stated that the claim would remain open for authorized treatment and action as indicated.

On April 24, 2003, the Board issued an order in Docket No. 03 13703, in which it returned the case to the Department for further action.

On October 1, 2003, the Department issued an order in which it adjusted monthly compensation because the claimant was receiving social security retirement benefits. Effective July 1, 1997, the new compensation rate was \$2,353.74 per month, of which \$882.65 was payable under Claim No. K-694358 and \$1,471.09 was payable under Claim No. N-095422. Effective January 1, 1998, the reduction was removed and the full time loss compensation rate was \$2,382.81, of which \$893.55 was payable under Claim No. K-694358 and \$1,489.26 was payable under Claim No. N-095422. Effective July 1, 1999, the compensation rate was reduced again, with a new rate of \$2,682.34, \$1,005.87 payable under Claim No. K-694358 and \$1,676.47 payable under Claim N-095422. Effective January 1, 2001, the reduction was The full time loss compensation rate was \$2,967.50, removed. \$1,112.81 payable under Claim No. K-694358 and \$1,854.69 payable under Claim N-095422. These rates were based on monthly social security benefits totaling \$1,022 and 80 percent of the claimant's highest year's earnings in the amount of \$3,264.60 per month, as provided by the Social Security Administration.

On October 9, 2003, the claimant filed an appeal with the Board from the October 1, 2003 order. That appeal was assigned Docket No. 03 21208. On November 7, 2003, the Board issued an order in which it extended the time to act on the appeal. On November 18, 2003, the Board granted the appeal.

Claim No. N-095422: Within a year of July 3, 1991, the claimant filed an application for benefits in which he alleged that he had sustained a back injury in the course of employment with Northwest Rock, Inc., on July 3, 1991.

On January 31, 1992, the Department issued an order in which it allowed the claim and paid time loss compensation benefits for the period of November 7, 1991 through December 7, 1991.

On October 1, 2003, the Department issued an order in which it adjusted monthly compensation because the claimant was receiving social security retirement benefits. Effective July 1, 1997, the new compensation rate was \$2,353.74 per month, of which \$882.65 was payable under Claim No. K-694358 and \$1,471.09 was payable under Claim No. N-095422. Effective January 1, 1998, the reduction was removed and the full time loss compensation rate was \$2,382.81, of which \$893.55 was payable under Claim No. K-694358 and \$1,489.26 was payable under Claim No. N-095422. Effective July 1, 1999, the compensation rate was reduced again, with a new rate of \$2,682.34, \$1,005.87 payable under Claim No. K-694358 and \$1,676.47 payable under Claim No. N-095422. Effective January 1, 2001, the reduction was removed. The full time loss compensation rate was \$2,967.50, \$1,112.81 payable under Claim No. K-694358 and \$1,854.69 payable under Claim No. N-095422. These rates were based on monthly social security benefits totaling \$1,022 and 80 percent of the claimant's highest year's earnings in the amount of \$3,264.60 per month, as provided by the Social Security Administration.

On October 9, 2003, the claimant filed an appeal with the Board from the October 1, 2003 order. That appeal was assigned Docket No. 03 21206. On November 7, 2003 and November 17, 2003, the Board issued orders in which it extended the time to act on the appeal. On November 18, 2003, the Board granted the appeal.

- 2. In Claim No. K-694358, Eddy V. Maupin sustained a left shoulder, wrist, and middle finger injury on April 6, 1988, while in the course of employment with Northwest Rock, Inc.
- 3. In Claim No. N-095422, Mr. Maupin sustained a back injury on July 3, 1991, while in the course of employment with Northwest Rock, Inc.
- 4. The Department learned that Mr. Maupin was receiving social security disability benefits on April 23, 1992.
- 5. Mr. Maupin's date of birth is January 17, 1930. In January 1995, Mr. Maupin's social security disability benefits were automatically changed to social security retirement benefits because he had reached the age of 65.
- 6. On October 1, 2003, the Department issued two orders; one in connection with Claim No. K-694358 and the other in connection with Claim No. N-095422. Those orders notified Mr. Maupin that the Department intended to pay time loss compensation benefits for the

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periods of July 1, 1997 through December 31, 1997 and July 1, 1999 through December 31, 2000, reduced to reflect his receipt of social security retirement benefits during those periods. The Department used the higher time loss compensation rate under Claim No. N-095422 as the starting point for its calculations.

7. Neither of the two October 1, 2003 orders issued in connection with the two claims and herein under appeal implemented the offset or paid time loss compensation.

CONCLUSIONS OF LAW

- 1. The Board of Industrial Insurance Appeals has jurisdiction over the parties to and the subject matter of these appeals.
- 2. The Department correctly reduced Mr. Maupin's time loss compensation benefits for the period July 1, 1997 through December 31, 1997 and July 1, 1999 through December 31, 2000, due to the receipt of social security retirement benefits, as required by RCW 51.32.225 and RCW 51.32.220(2).
- 3. The Department order of October 1, 2003, in Claim Nos. K-694358 and N-095422, is correct and is affirmed.

It is so **ORDERED**.

Dated this 21st day of December, 2004.

BOARD OF INDUSTRIAL INSURANCE APPEALS

/s/_____ THOMAS E. EGAN

Chairperson

/s/____ CALHOUN DICKINSON

Member