

Supreme Court - Workers Compensation Ruling
State Office of Risk Mgmt. v. Mary Lawton
March 11, 2010

The Texas Supreme Court issued an important decision clarifying workers' compensation procedure in *State Office of Risk Mgmt. v. Mary Lawton*, 295 S.W.3d 646 (Tex. 2009). The appellate court, relying on rulings by the Texas Department of Insurance, Division of Workers' Compensation Appeals Panel, determined that a carrier waives the right to bring an extent of injury dispute if it fails to do so within the initial sixty days of the claim if the basis for the dispute could have been discovered by a reasonable investigation within the waiver period.

The Supreme Court reversed and held that the 60-day waiver rule governing compensability does not apply to extent disputes: "Nowhere in the text of the rule, the statute, or the Texas Register [the administrative publication for agency-promulgated rules and commentary] is there a suggestion that a carrier waives the right to challenge the extent of an injury if the extent of that claim was reasonably discoverable within the period for determining compensability." 295 S.W.3d at 649. The Court held that applying the 60-day deadline to extent disputes would create an unworkable situation leading to "an investigation of all conditions that may be 'reasonably discoverable', resulting in increased costs and premature or unnecessary disputes (as a worker may never seek benefits for those conditions)." *Id.*

The Court also specified the correct procedure:

Here, [the carrier] agreed that Lawton's injury was compensable. When it later disputed the extent of that injury, it was governed by the deadline applicable to such disputes, not the sixty-day deadline governing compensability. A carrier has up to forty-five days from the date it receives a complete medical bill to dispute whether that treatment was necessary. . . That is the time frame applicable here.

Id. at 650-51.

This decision eliminates much of the confusion spawned by the Appeals Panel waiver decision, including issues over appropriate acknowledgements of injuries and deadlines to dispute extent of injury.