

## **Lacy, Flora**

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### **DEPARTMENT**

#### **Authority to correct underpayments of benefits**

#### **Authority to recoup overpayment of benefits**

The Department's failure to include employer-paid health care benefits in a wage calculation is an adjudicator error as referenced in RCW 51.32.240 because the adjudicator must make a decision as to whether the wages should include the employer-paid health insurance benefit in the monthly wage calculation. The failure to look at the appropriate documents is not a clerical error. **...In re Flora Lacy, BIIA Dec., 08 21768 (2009)** [*Editor's Note: See also Birrueta v. Dep't of Labor & Indus.*, 186 Wn.2d 537 (2016).]

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**BEFORE THE BOARD OF INDUSTRIAL INSURANCE APPEALS  
STATE OF WASHINGTON**

1 **IN RE: FLORA L. LACY** ) **DOCKET NO. 08 21768**  
2 )  
3 **CLAIM NO. Y-990275** ) **DECISION AND ORDER**

4 **APPEARANCES:**

5 Claimant, Flora L. Lacy, Pro Se

6 Employer, Enterprise for Progress in the Community (EPIC), by  
7 Integrated Claims Management, per  
8 Mark Fowble

9 Department of Labor and Industries, by  
10 The Office of the Attorney General, per  
11 Kevin M. Hartzel, Assistant

12 The claimant, Flora L. Lacy, filed an appeal with the Board of Industrial Insurance Appeals  
13 on December 19, 2008, from an order of the Department of Labor and Industries dated  
14 December 10, 2008. In this order, the Department held that it cannot reconsider the order dated  
15 February 21, 2008 because the protest was not received within the sixty-day time limit and the  
16 order is final and binding. The Department order is **AFFIRMED**.

17 **DECISION**

18 As provided by RCW 51.52.104 and RCW 51.52.106, this matter is before the Board for  
19 review and decision. The Department filed a timely Petition for Review of a Proposed Decision and  
20 Order issued on September 1, 2009, in which the industrial appeals judge reversed and remanded  
21 the order of the Department dated December 10, 2008. This order addresses the only contested  
22 issue of this appeal, whether or not the Department can reconsider the wage-set order of  
23 February 21, 2008, in which the Department failed to include employer-paid health care benefits in  
24 the order, and whether that failure is a clerical or an adjudicator error.

25 The Board has reviewed the evidentiary rulings in the record of proceedings and finds that  
26 no prejudicial error was committed. The rulings are affirmed. We have granted the Department's  
27 Petition for Review because we do not agree with our industrial appeals judge that the  
28 Department's error of omitting health care benefits in a wage-set order is a clerical error. Rather,  
29 we conclude that the Department's determination that there were no health care benefits to include  
30 in the monthly wage calculation was adjudicator error.

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1 According to RCW 51.32.240(2), the Department can readjust payments of benefits for up to  
2 a year when it has failed to pay benefits because of clerical error. Under these same provisions,  
3 however, the recipient of benefits may not seek an adjustment of benefits because of adjudicator  
4 error. "Adjudicator error" includes the failure to consider information in the claim file, failure to  
5 secure adequate information, or an error in judgment. RCW 51.52.050 explains that the way to  
6 seek modification of an order containing adjudicator error is to file an appeal within sixty days of  
7 when the order is communicated. Ms. Lacy failed to file an appeal within sixty days of the order of  
8 February 21, 2008 being communicated to her. That order became final and binding. Ms. Lacy did  
9 not protest or appeal that order until December 5, 2008, after she had contacted her claims  
10 manager when she stopped receiving health insurance through her former employer. Ms. Lacy  
11 wanted the Department to assist her in paying for the COBRA benefit to be able to continue her  
12 health benefits. She testified that it was at this time that her claims manager informed her that he  
13 had made a mistake but could not change it, and she would have to appeal to the Board.

14 Ms. Lacy worked at two jobs at the time of her injury. When she filed for industrial  
15 insurance, she included information on her application that she was receiving health care benefits.  
16 The Department of Labor and Industries issued an order on February 21, 2008, that set her wages  
17 from the job of injury and the second job, setting forth the wage from each job, the number of hours  
18 worked per day, and the number of days worked per month for each job. **For each job listed**, the  
19 order stated that there were no health care benefits, tips, bonuses, overtime, or housing/board/fuel  
20 that the Department was including in either monthly wage. The order found Ms. Lacy's total gross  
21 wage to be \$2,745.26, (\$2,680.80 + \$64.46). The order contained the language that the order  
22 would become final 60 days from the date it was communicated to her unless she filed a request for  
23 reconsideration or an appeal. Ms. Lacy sought no further explanation of the order from the  
24 Department until December 5, 2008, long after the order became final and binding.

25 In the Department's first order dated September 18, 2006, the Department paid Ms. Lacy  
26 time-loss compensation benefits, and set her time-loss compensation rate based on Ms. Lacy being  
27 single, with no children, and monthly wages of \$2,680.80 from all employment on August 26, 2006.  
28 Apparently, the Department did not consider wages from Ms. Lacy's second job in this wage-set  
29 order. However, as this was an interlocutory order, the Department was able to reconsider the  
30 wage-set issue in the February 21, 2008 order, which was a determinative order.

31 When the Department issued the final wage-set order on February 21, 2008, an adjudicator  
32 had to manually enter whether Ms. Lacy was receiving any wages for board, tips, bonuses, or

1 health care benefits that should be included in the monthly wage calculation. The Department  
2 admits that it had the correct information on her application for industrial insurance benefits, and  
3 that at the time of injury Ms. Lacy was receiving employer-paid health insurance. For whatever  
4 reason, the order omitted the health care benefit amount and instead stated "None." The omission  
5 or the inclusion of a dollar amount for any of these items requires adjudicator oversight because the  
6 adjudicator must make a decision as to whether the wages should include the employer-paid health  
7 insurance benefit, tips, bonuses, overtime, or board in the monthly wage calculation.

8 The order of February 21, 2008 determined her monthly wage from her two employments to  
9 be \$2,680.80 per month for the job of injury, and \$64.46 per month for the second job, for a total  
10 gross wage of \$2,745.26. The order also sets forth how the monthly calculation for each job was  
11 reached, citing the hourly rate used, the number of hours per day, and the number of days per  
12 month worked for each job. Additionally, the Department's calculation for each job shows that the  
13 Department did not include an additional amount in the monthly wage for health care benefits. If  
14 Ms. Lacy was confused about the significance of the order, she could have made an inquiry with  
15 the Department. But it was not until December 5, 2008, almost ten months later, that she notified  
16 the Department of Labor and Industries, in writing, that the order of February 21, 2008, did not take  
17 into account the health care benefit she was receiving at the time of her injury, a benefit amount  
18 that should have been included by the Department in her monthly wage.

19 Our industrial appeals judge believed that the Department's error could be properly  
20 considered a "clerical" error rather than an "adjudicator" error. His reasoning is that because the  
21 adjudicator could have just hit the wrong key in entering "None" for health care benefit instead of  
22 hitting the keys for the appropriate health care benefit amount contained on her application, this  
23 was more clerical than actually making a determination or exercising judgment. We disagree.

24 We have held that it is clerical error when an order closed a claim with a permanent partial  
25 disability for a left-sided impairment rather than a right-sided impairment. The error of omitting the  
26 health care benefit amount in a monthly wage calculation is not like making an error when paying a  
27 permanent partial disability award for a left-sided disability when the disability was on the right side.  
28 The difference between the two types of error is that there is no adjudicator judgment being applied  
29 when the adjudicator mistakenly uses "right" rather than "left" in an order. The adjudicator  
30 "judgment" applied in such an order is in determining the **amount** of the permanent partial  
31 disability, **not** which side the disability is on. Applying judgment when determining a worker's  
32 monthly wage at the time of injury includes a judgment about whether the worker was receiving

1 employer paid health care benefits that should be included in the monthly wage amount. When the  
2 adjudicator writes or types in the order that the amount of health care benefits to be included in the  
3 monthly wage is "None", that is an adjudication, requiring the adjudicator to decide whether to  
4 include any benefit amount, and if so, in what amount. In Ms. Lacy's case, the adjudicator made a  
5 mistake in failing to consider the health care benefit amount Ms. Lacy was receiving from one of her  
6 employers at the time of injury. That omission, however, was adjudicator error requiring the  
7 adjudicator to use judgment in reaching the determination. Failing to look at the appropriate  
8 document that had the information that Ms. Lacy was receiving a health care benefit and include  
9 that amount in the monthly wage calculation was not a clerical error.

10 Our industrial appeals judge concluded that it must be a clerical error because to conclude  
11 otherwise would mean that any mistake caused by someone at the Department who fails to look at  
12 something in the file, would be an adjudicator error "that could not be remedied." That is incorrect.  
13 The remedy that an injured worker or an employer has when there is adjudicator error contained in  
14 a Department order is to appeal the order within sixty days from the date the order is  
15 communicated. Ms. Lacy was apprised by the appeal language in the February 21, 2008 order that  
16 the order would become final if she did not protest or appeal in writing within sixty days of when the  
17 order was communicated. A written appeal within sixty days was her recourse if she wanted to  
18 correct the order of February 21, 2008. Her protest, received on December 5, 2008, was not timely.  
19 The Department correctly determined that it had no jurisdiction to correct its error contained in the  
20 final order of February 21, 2008.

21 In sum, we conclude that the record supports the determination that the Department was  
22 unable to reconsider the order of February 21, 2008 because the claimant's protest was not  
23 received within the sixty-day time limitation. The error contained in that order was adjudicator error,  
24 and RCW 51.32.240(2) does not permit the Department to adjust Ms. Lacy's monthly wage amount  
25 to include health care benefits after the order has become final.

#### 26 **FINDINGS OF FACT**

- 27 1. On August 31, 2006, the Department of Labor and Industries received  
28 Flora Lacy's Application for Benefits, in which she alleged an injury on  
29 August 26, 2006, while in the course of her employment with EPIC. The  
30 claim was allowed and benefits were paid. On February 21, 2008, the  
31 Department issued an order setting the claimant's monthly wage based  
32 on two jobs at the time of injury, showing the hourly rate paid for each  
job, the number of hours worked per day, and the number of days

1 worked per month for each job, with no additional amounts added to  
2 include health care benefits for either job.

3 Ms. Lacy received the order of February 21, 2008, within a few days of  
4 when the Department issued it. On December 5, 2008, Ms. Lacy  
5 requested, in writing, that the Department adjust her wage rate to  
6 include the employer provided health care benefit. On December 10,  
7 2008, the Department issued an order stating it could not reconsider the  
8 order dated February 21, 2008, because the protest was not received  
9 within the sixty-day limitation. On December 19, 2008, the Board of  
10 Industrial Insurance Appeals received Ms. Lacy's appeal from the  
11 December 10, 2008 order. On January 21, 2009, the Board granted the  
12 claimant's appeal under Docket No. 08 21768, and agreed to hear the  
13 appeal.

14 2. On August 26, 2006, Ms. Lacy sustained an industrial injury for which  
15 she was entitled to industrial insurance benefits. In her Application for  
16 Benefits submitted to the Department of Labor and Industries, Ms. Lacy  
17 included information that at the time of her injury she received  
18 employer-provided health care benefits. At the time of her injury,  
19 Ms. Lacy had two jobs.

20 3. The Department issued an order on February 21, 2008, that determined  
21 Ms. Lacy's gross total monthly wage at the time of injury. The order  
22 stated that her wage was set by taking into account the following: The  
23 wage for the job of injury based on \$11.17 per hour, 12 hours per day,  
24 20 days per month, which equaled \$2,680.80 per month, additional  
25 wage for the job of injury to include no health care benefit, tips, bonuses,  
26 overtime, or housing/board/fuel. The wage for the second job is based  
27 on \$13.96 per hour, averaging .21 hours per day, 5 days per week,  
28 which equaled \$64.46 per month, nothing for health care benefits, tips,  
29 bonuses, overtime, or housing/board/fuel. The total gross wage is  
30 \$2,745.26 per month. The worker's marital status on the date of this  
31 order was single with no children.

32 4. Ms. Lacy did not protest or appeal the February 21, 2008 order until  
December 5, 2008, when the Department received, in writing, her  
request to adjust her wage rate to include her employer-paid health care  
benefit.

5. The Department's omission of the health care benefit in the wages of the  
job of injury, calculated in the provisions of the February 21, 2008 order,  
was an adjudicator error, not a clerical error, because in setting wages  
the order required adjudicator judgment to determine whether the

1 worker received a health care benefit at the two jobs, and if so, in what  
2 amount, and then to manually enter it in the computer.

3 **CONCLUSIONS OF LAW**

- 4 1. The Board of Industrial Insurance Appeals has jurisdiction over the  
5 parties to and the subject matter of this appeal.  
6 2. Ms. Lacy's protest on December 5, 2008, to the provisions of the  
7 February 21, 2008 order, was not timely, and pursuant to  
8 RCW 51.52.050, the order dated February 21, 2008, setting her wages  
9 at the time of her industrial injury and not including the  
10 employer-provided health care benefit amount in that wage calculation,  
11 is final and binding.  
12 3. The Department's error in the February 21, 2008 order, in concluding  
13 that there were no health care benefits to be included in either of the  
14 wages from Ms. Lacy's two jobs at the time of injury, was an  
15 "adjudicator" error within the meaning of RCW 51.32.240(2).  
16 4. The order of the Department of Labor and Industries dated  
17 December 10, 2008 is correct and is affirmed.

18 Dated: December 8, 2009.

19 BOARD OF INDUSTRIAL INSURANCE APPEALS

20 /s/ \_\_\_\_\_  
21 THOMAS E. EGAN Chairperson

22 /s/ \_\_\_\_\_  
23 LARRY DITTMAN Member  
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