

SUPREME COURT OF TEXAS

Texas Workers' Compensation Commission v. Garcia

893 S.W.2d 504 (Tex. 1995) · No. No. D-4270 · Decided February 9, 1995

SUMMARY

The Supreme Court of Texas considered facial constitutional challenges to provisions of the 1989 Texas Workers' Compensation Act. The Court addressed guarantees involving open courts, due course of law, equal protection, jury trial, and contractual obligations, and reversed the court of appeals. It upheld the constitutionality of the Act.

CASE DETAILS

COURT	Supreme Court of Texas
WRITING FOR THE COURT	Chief Justice Phillips; Justice Gonzalez; Justice Hecht; Justice Cornyn; Justice Enoch; Justice Owen; Justice Spector; Justice Hightower; Justice Gammage
JURISDICTION	Texas
DECIDED	February 9, 1995
DOCKET	No. D-4270
DISPOSITION	reversed
PROCEDURAL POSTURE	Plaintiffs brought a facial constitutional challenge to the 1989 Texas Workers' Compensation Act in district court. The trial court declared the Act unconstitutional; the court of appeals affirmed most of that judgment. The Supreme Court of Texas granted writs of error and reversed.
STANDARD OF REVIEW	Constitutional challenges to statutes are reviewed de novo, with a presumption that legislation is valid. The court applies rational-basis review to economic classifications not involving fundamental rights or suspect classifications. The Act provides modified de novo review under a preponderance standard for compensability and income or death benefits, and substantial-evidence review for other issues.
PRECEDENTIAL VALUE	Published opinion; binding Supreme Court of Texas precedent
PARTIES	Texas Workers' Compensation Commission, Commission officials, Employer defendants v. Hector Garcia, Jr., John Fuller, Osvaldo Rivera, Texas Legal Services Union Local 2, Texas AFL-CIO

TOPICS

constitutional law equal protection due process administrative law judicial review of agency action

PRACTICE AREAS

workers compensation constitutional law administrative law employment law

QUESTIONS PRESENTED

1. Whether the Texas Workers' Compensation Act facially violates the Texas Constitution's open-courts guarantee by inadequately substituting for the common-law negligence remedy.
2. Whether the Act's impairment-based benefit system, 15 percent threshold for supplemental income benefits, maximum-medical-improvement rule, wage-calculation provisions, and opt-out provision violate equal protection.
3. Whether the Act's use of the American Medical Association Guides and its impairment threshold violate substantive due course of law.
4. Whether the Act's restrictions on judicial review, including the requirement that a jury select an impairment rating offered by one of the physicians, violate the constitutional right to jury trial.
5. Whether the Act creates an impermissible hybrid system by combining modified de novo review and substantial-evidence review.
6. Whether the Act's designated-doctor provisions and attorney-fee limitations are facially unconstitutional.
7. Whether the Act's sequential adjudicative process creates an unreasonable financial barrier to court access.
8. Whether the Act's employer-supplement provision facially impairs the obligation of contracts.

HOLDINGS

1. The Texas Workers' Compensation Act provides an adequate substitute for the common-law negligence remedy and therefore does not facially violate the Texas Constitution's open-courts guarantee.
2. The 15 percent impairment threshold for supplemental income benefits is rationally related to a legitimate state purpose and does not violate equal protection.
3. The Act's definition of maximum medical improvement, which caps temporary income benefits at two years, does not violate equal protection.
4. The Act's use of impairment and its 15 percent impairment threshold are sufficiently rational and reasonable to satisfy the Texas Constitution's substantive due-course-of-law guarantee.
5. The Legislature's adoption of the American Medical Association Guides as the basis for impairment determinations does not facially violate substantive due course of law, although the court declined to decide whether strict reliance on the Guides could be unconstitutional as applied to an ailment not rated by the Guides.

6. The Act's requirement that the jury select one of the specific impairment ratings offered by physicians, its disclosure and evidence limitations, and its use of modified review do not facially violate the Texas constitutional right to jury trial.
7. The court declined to hold section 410.255 facially unconstitutional because substantial-evidence review of agency decisions does not per se violate the right to jury trial; the issue depends on the specific matter reviewed and its relation to the administrative scheme.
8. The Act does not create an impermissible hybrid system of judicial review by applying a preponderance standard to specified compensation issues and substantial-evidence review to other issues.
9. The Act's special average-weekly-wage calculations for seasonal workers and its additional cap for lower-paid workers are rationally related to legitimate state purposes and do not violate equal protection.
10. The Act's designated-doctor provisions are not facially invalid.
11. Section 406.034, which permits employees to opt out within five days after beginning employment, does not violate equal protection or due course of law by limiting the election to new employees.
12. The Act's attorney-fee limitations, including the generally applicable 25 percent cap on a claimant's recovery, do not facially violate equal protection or due course of law.
13. The plaintiffs did not establish that the Act's staged and potentially sequential adjudicative process facially creates an unreasonable financial barrier to court access or violates the right to jury trial.
14. Section 408.003 is not facially invalid under the Texas Constitution's obligation-of-contract clause on the record presented.

KEY QUOTATIONS

"We conclude that these benefits, which are available without regard to the employer's negligence and without reduction for the employee's negligence, adequately replace the common law negligence cause of action." (523)

"The Constitution's guarantee of a jury trial simply does not prohibit altering the manner in which factual questions in a particular cause of action are submitted to the jury." (529)

FACTUAL BACKGROUND

In 1989, the Texas Legislature enacted a new workers' compensation statute restructuring benefits, impairment determinations, administrative adjudication, and judicial review. The Act replaced the former system's broader trial de novo process with a staged administrative process and limited judicial review, while providing medical, temporary, impairment, supplemental, lifetime, and death benefits. The plaintiffs challenged the Act facially, principally arguing that its impairment-based benefit scheme, impairment threshold, jury-trial restrictions, review procedures, attorney-fee limits, opt-out provision, and other provisions violated the Texas Constitution.

PROCEDURAL HISTORY

The plaintiffs filed suit in Maverick County district court before the new Act became effective, seeking declaratory and injunctive relief. After a temporary injunction and a nonjury trial, the trial court declared the entire Act unconstitutional under multiple provisions of the Texas Constitution. The court of appeals affirmed

most of the trial court's judgment and invalidated the Act. The Supreme Court of Texas dismissed an earlier direct appeal for lack of an appealable injunction, then granted the parties' later writ applications and reviewed the constitutional challenges.

DISPOSITION

reversed

REMAND INSTRUCTIONS

The judgment of the court of appeals was reversed, and judgment was rendered upholding the validity of the Texas Workers' Compensation Act against the plaintiffs' constitutional challenges.

CASES CITED

- Texas Association of Business v. Texas Air Control Board, 852 S.W.2d 440, 445-451 (Tex. 1993)
- Pennell v. City of San Jose, 485 U.S. 1, 8 (1988)
- Broadrick v. Oklahoma, 413 U.S. 601, 610-612 (1973)
- New York State Club Association v. New York City, 487 U.S. 1, 9, 11 (1988)
- United States v. Salerno, 481 U.S. 739, 745 (1987)
- Smith v. Davis, 426 S.W.2d 827, 831 (Tex. 1968)
- Corsicana Cotton Mills v. Sheppard, 123 Tex. 352, 71 S.W.2d 247, 250 (1934)
- Trinity River Authority v. URS Consultants, Inc., 889 S.W.2d 259, 261-263 (Tex. 1994)
- Lebohm v. City of Galveston, 154 Tex. 192, 275 S.W.2d 951, 955 (1955)
- Sax v. Votteler, 648 S.W.2d 661, 665 (Tex. 1983)
- Waites v. Sondock, 561 S.W.2d 772, 774 (Tex. 1977)
- Middleton v. Texas Power & Light Co., 108 Tex. 96, 185 S.W. 556, 562 (1916)
- Breimhorst v. Beckman, 227 Minn. 409, 35 N.W.2d 719, 735 (1949)
- Farley v. M M Cattle Co., 529 S.W.2d 751, 758 (Tex. 1975)
- Gentile v. Altermatt, 169 Conn. 267, 363 A.2d 1, 12-15 (1975)
- Bushnell v. Sapp, 194 Colo. 273, 571 P.2d 1100, 1107 (1977)
- Texas State Board of Barber Examiners v. Beaumont Barber College, 454 S.W.2d 729, 732 (Tex. 1970)
- Richards v. LULAC, 868 S.W.2d 306, 310-311 (Tex. 1993)
- Spring Branch Independent School District v. Stamos, 695 S.W.2d 556, 559 (Tex. 1985)
- Weinberger v. Salfi, 422 U.S. 749, 781-785 (1975)
- Idaho Department of Employment v. Smith, 434 U.S. 100, 101-102 (1977)
- Board of Insurance Commissioners v. Great Southern Life Insurance Co., 150 Tex. 258, 239 S.W.2d 803, 812 (1951)
- Mathews v. Diaz, 426 U.S. 67, 83-84 (1976)
- United States Railroad Retirement Board v. Fritz, 449 U.S. 166, 179 (1980)

- *Eggemeyer v. Eggemeyer*, 554 S.W.2d 137, 140-141 (Tex. 1977)
- *Mellinger v. City of Houston*, 68 Tex. 37, 3 S.W. 249, 252-253 (1887)
- *Trindade v. Abbey Road Beef 'N Booze*, 443 So. 2d 1007 (Fla. Ct. App. 1st Dist. 1983)
- *Cockrill v. Cox*, 65 Tex. 669, 674 (1886)
- *White v. White*, 108 Tex. 570, 196 S.W. 508, 511-512 (1917)
- *State v. Clausen*, 65 Wash. 156, 117 P. 1101, 1119 (1911)
- *Anderson v. Hodge Boats & Motors*, 814 S.W.2d 894, 896 (Tex. App.—Beaumont 1991, writ denied)
- *Garza-Vale v. Kwiecien*, 796 S.W.2d 500, 505-506 (Tex. App.—San Antonio 1990, writ denied)
- *Benoit v. Wilson*, 150 Tex. 273, 239 S.W.2d 792, 796 (1951)
- *Hood v. Texas Indemnity Insurance Co.*, 146 Tex. 522, 209 S.W.2d 345, 346 (1948)
- *Texas & Pacific Railway Co. v. Brown*, 142 Tex. 385, 181 S.W.2d 68, 72 (1944)
- *Southwestern Bell Telephone Co. v. Public Utility Commission*, 571 S.W.2d 503, 511 (Tex. 1978)
- *Southern Canal Co. v. State Board of Water Engineers*, 318 S.W.2d 619, 623 (Tex. 1958)
- *Dickerson-Seely & Associates v. Texas Employment Commission*, 784 S.W.2d 573 (Tex. App.—Austin 1990, no writ)
- *Department of Labor v. Triplett*, 494 U.S. 715, 721-726 (1990)
- *Ex parte Peterson*, 253 U.S. 300, 309 (1920)