

SUPREME COURT OF MINNESOTA

Hufnagel v. Deer River Health Care Ctr.

915 N.W.2d 747 (Minn. 2018) · Decided July 18, 2018

SUMMARY

The Minnesota Supreme Court held that a workers' compensation claimant was entitled to reasonable attorney fees under Minn. Stat. § 176.191, subd. 1, because two employers and their insurers disputed responsibility for successive aggravations of a prior work-related injury. The court also held that reasonable fees may include time spent preparing and responding to arguments concerning the earlier injury when that work was necessary to provide effective representation. The court affirmed the Workers' Compensation Court of Appeals' decision remanding the fee award for reconsideration.

CASE DETAILS

COURT	Supreme Court of Minnesota
WRITING FOR THE COURT	Hudson
JURISDICTION	Minnesota
DECIDED	July 18, 2018
DISPOSITION	affirmed
PROCEDURAL POSTURE	Essentia sought review by writ of certiorari of a decision of the Workers' Compensation Court of Appeals concerning Hufnagel's entitlement to attorney fees under Minn. Stat. § 176.191, subd. 1, and the adequacy of her fee award.
STANDARD OF REVIEW	The Supreme Court reviewed the WCCA's decision by writ of certiorari and considered whether the compensation judge applied the correct legal standard to statutory attorney-fee entitlement and the reasonableness of the fee award.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Court of Minnesota
PARTIES	Essentia Health-Deer River and its insurer v. Janet Hufnagel

TOPICS

workers compensation insurance remedies statutory interpretation

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether a dispute between successive employers or insurers over responsibility for workers' compensation benefits entitled Hufnagel to mandatory attorney fees under Minn. Stat. § 176.191, subd. 1.
2. Whether reasonable attorney fees could compensate Hufnagel's attorney for time spent preparing and responding to issues concerning the 2009 injury, even though no benefits were awarded specifically for that injury in the litigation.

HOLDINGS

1. Hufnagel was entitled to reasonable attorney fees under Minn. Stat. § 176.191, subd. 1, because the employers and insurers disputed which of them was liable for her workers' compensation benefits.
2. A reasonable attorney-fee award may include time reasonably necessary to prepare for and respond to issues concerning an earlier injury that are materially related to the benefits ultimately obtained, even when no benefits are awarded specifically for the earlier injury.

KEY QUOTATIONS

“The plain language of the statute uses the word “shall”-making the award to a claimant, such as Hufnagel, mandatory.” (915 N.W.2d at 752)

“We therefore hold that Hufnagel was entitled to receive reasonable attorney fees under Minn. Stat. § 176.191, subd. 1.” (915 N.W.2d at 753)

“Attorneys should be compensated for the preparation required to thoroughly represent their clients and not just for time spent developing the argument that is ultimately successful.” (915 N.W.2d at 754)

FACTUAL BACKGROUND

Hufnagel suffered an admitted low-back work injury in 2009 while employed by Deer River Health Care and later experienced aggravations in 2014 and 2015 after the employer had become Essentia Health-Deer River and the workers' compensation insurer had changed. Deer River and Essentia each disputed responsibility, with each employer or insurer attributing liability to the other or denying that the claimed injuries required compensable treatment. The compensation judge awarded Hufnagel benefits for the 2014 and 2015 injuries but denied fees under Minn. Stat. § 176.191, subd. 1, and limited excess fees based on the attorney's work concerning the 2009 injury.

PROCEDURAL HISTORY

After a compensation judge held Essentia liable for benefits arising from Hufnagel's 2014 and 2015 injuries and denied attorney fees under Minn. Stat. § 176.191, subd. 1, Hufnagel appealed to the Workers' Compensation Court of Appeals. The WCCA vacated the fee award and remanded for reconsideration, concluding that the employers' efforts to shift liability to one another created a qualifying dispute and that the attorney's preparation

time concerning the 2009 injury had been improperly excluded. The Minnesota Supreme Court affirmed the WCCA.

DISPOSITION

affirmed

REMAND INSTRUCTIONS

The WCCA's remand for reconsideration of the attorney-fee award under the correct legal standard remains in effect.

CASES CITED

- Lease v. Pemtom, Inc., 305 Minn. 6, 232 N.W.2d 424 (1975)
- Sundquist v. Kaiser Eng'rs, Inc., 456 N.W.2d 86 (Minn. 1990)
- Kirchner v. County of Anoka, 410 N.W.2d 825 (Minn. 1987)
- Patnode v. Lyon's Food Prods., Inc., 312 Minn. 570, 251 N.W.2d 692 (1977)
- Hufnagel v. Deer River Health Care Ctr., No. WC17-6057, 2017 WL 6507806 (Minn. WCCA Dec. 5, 2017)
- Irwin v. Surdyk's Liquor, 599 N.W.2d 132 (Minn. 1999)
- Roraff v. State Dep't of Transp., 288 N.W.2d 15 (Minn. 1980)