

SUPREME COURT OF DELAWARE

Rawley v. J.J. White, Inc.

918 A.2d 316 (Del. 2006) · No. No. 312, 2006 · Decided December 18, 2006

SUMMARY

The Delaware Supreme Court affirmed dismissal of Foster Rawley's claim for liquidated damages and attorney's fees under 19 Del. C. § 2357. The court held that when an employer or insurer disputes the reasonableness of a specific medical charge, the claimant must first seek resolution before the Industrial Accident Board under § 2346. A Huffman claim is available only after payment has been ordered or a specific charge has been reviewed and agreed to but remains unpaid.

CASE DETAILS

COURT	Supreme Court of Delaware
WRITING FOR THE COURT	Ridgely, Justice; Steele, Chief Justice; Holland, Justice; Berger, Justice; Jacobs, Justice
JURISDICTION	Delaware
DECIDED	December 18, 2006
DOCKET	No. 312, 2006
DISPOSITION	affirmed
PROCEDURAL POSTURE	Rawley appealed the Superior Court's dismissal of his complaint seeking liquidated damages and attorneys' fees under 19 Del. C. § 2357 for allegedly untimely payment of medical expenses. The Delaware Supreme Court reviewed the dismissal de novo and affirmed.
STANDARD OF REVIEW	De novo review of the Superior Court's dismissal; dismissal is proper only if, accepting the plaintiff's allegations as true, the plaintiff would not be entitled to recover under any reasonably conceivable set of circumstances susceptible of proof.
PRECEDENTIAL VALUE	precedential
PARTIES	Foster Rawley v. J.J. White, Inc., Liberty Mutual Insurance Company

TOPICS

workers compensation

remedies

exhaustion of remedies

administrative law

PRACTICE AREAS

workers compensation

employment law

administrative law

remedies

QUESTIONS PRESENTED

1. Whether an injured worker may bring a Huffman claim for liquidated damages under 19 Del. C. § 2357 based on an employer's failure to pay a disputed medical bill before petitioning the Industrial Accident Board under 19 Del. C. § 2346.
2. Whether the employer's agreement that knee replacement surgery was compensable constituted an agreement to pay the specific hospital charge at issue.
3. Whether the Superior Court properly dismissed Rawley's complaint as premature or untimely.

HOLDINGS

1. When an employer or insurer disputes the reasonableness or amount of a specific medical expense, the claimant must first seek resolution from the Industrial Accident Board under 19 Del. C. § 2346. A § 2357 Huffman claim for liquidated damages is premature until the disputed bill has been ordered paid by the Board or the employer has reviewed and agreed to pay the specific charge.
2. An agreement that a medical procedure is compensable is not an agreement to pay a specific medical charge when the actual amount and reasonableness of that charge are not known.
3. The Superior Court properly dismissed Rawley's complaint because Rawley had not exhausted the Industrial Accident Board remedy for resolving the disputed medical charge.

KEY QUOTATIONS

"This rule does not prevent the claimant from seeking Huffman damages when the employer wrongfully fails to pay a specific charge for medical or other services that it has reviewed and agreed to pay or for which the IAB has ordered payment." (320)

"A general agreement to pay for the expenses of a medical procedure does not preclude the employer from verifying a charge or disputing the reasonableness of the charge eventually submitted." (320)

FACTUAL BACKGROUND

Rawley suffered a compensable workplace injury and underwent total knee replacement surgery on December 10, 2003. J.J. White and Liberty Mutual agreed that the surgery was compensable and paid the surgeon's bill and most of the hospital bill, but sought documentation supporting the remaining private-room charge before paying it. Rawley demanded liquidated damages under 19 Del. C. § 2357 and filed suit without first petitioning the Industrial Accident Board to resolve whether the disputed medical charge was reasonable and necessary.

PROCEDURAL HISTORY

Rawley sustained a compensable workplace injury and later underwent knee replacement surgery. After the employer and insurer paid most of the hospital bill and delayed payment of the disputed private-room charges while seeking supporting documentation, Rawley demanded Huffman damages and filed suit. The Superior

Court dismissed the complaint as untimely, holding that Rawley's remedy was to petition the Industrial Accident Board under 19 Del. C. § 2346 before pursuing a § 2357 claim. The Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- Huffman v. C.C. Oliphant & Son, Inc., 432 A.2d 1207 (Del. 1981)
- Correa v. Pennsylvania Mfrs. Ass'n Ins. Inc., 618 F. Supp. 915 (D. Del. 1985)
- Precision Air, Inc. v. Standard Chlorine of Delaware, Inc., 654 A.2d 403, 406 (Del. 1995)
- Kofron v. Amoco Chems. Corp., 441 A.2d 226, 227 (Del. 1982)
- Seserko v. Milford School District, 1992 WL 19941, at *2 (Del. Super. Ct. 1992)
- Starun v. All American Engineering Co., 350 A.2d 765, 768 (Del. 1975)
- National Union Fire Ins. Co. v. McDougall, 773 A.2d 388 (Del. 2001)