

SUPREME COURT OF MISSOURI

St. Louis Board of Education v. Shannon

640 S.W.2d 121 (Mo. banc 1982) · Decided October 12, 1982

SUMMARY

The Missouri Supreme Court considered whether section 287.150(3) of the Missouri Revised Statutes, governing subrogation and distribution of proceeds in a workers’ compensation claimant’s third-party recovery, was unconstitutional. The court held that the statute was constitutional and adopted the allocation method previously established in Ruediger v. Kallmeyer Bros. Service. The judgment was reversed and the case remanded.

CASE DETAILS

COURT	Supreme Court of Missouri
WRITING FOR THE COURT	Higgins, J.; Donnelly, C.J.; Rendlen, J.; Seiler, J.; Welliyer, J.; Morgan, Senior Judge
JURISDICTION	Missouri
DECIDED	October 12, 1982
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	The employer and its insurer appealed from a circuit court judgment denying their claimed subrogation rights in proceeds from an employee's third-party common-law recovery and declaring section 287.150(3), RSMo 1969, unconstitutional.
STANDARD OF REVIEW	De novo review of the statute's constitutionality and construction.
PRECEDENTIAL VALUE	Published, precedential opinion of the Supreme Court of Missouri.
PARTIES	St. Louis Board of Education, Employer and insurer v. Henry Shannon

TOPICS

- workers compensation
- subrogation
- statutory interpretation
- constitutional law
- remedies

PRACTICE AREAS

- Workers' compensation
- Insurance
- Statutory interpretation
- Constitutional law
- Subrogation

QUESTIONS PRESENTED

1. Whether section 287.150(3), RSMo 1969, governing the employer and insurer's subrogation rights in a third-party workers' compensation recovery, was unconstitutional because it was vague, indefinite, or violated equal protection or due process.
2. If the statute was constitutional, what formula governed distribution of the third-party recovery between the employee and the employer and insurer.

HOLDINGS

1. Section 287.150(3) is constitutional because it does not clearly contravene the Missouri Constitution and is not so confusing that its legislative intent cannot be reasonably discerned.
2. The distribution formula stated in Ruediger governs the parties' third-party recovery: deduct third-party litigation expenses, apportion the balance according to the ratio of compensation paid by the employer to the total third-party recovery, pay the amounts due forthwith, and treat the employee's payment as an advance against future compensation subject to the statute.

KEY QUOTATIONS

“(1) The expenses of the third party litigation should be deducted from the third party recovery; (2) the balance should be apportioned in the same ratio that the amount paid by the employer at the time of the third party recovery bears to the total amount recovered from the third party; (3) the amounts due each should be paid forthwith; (4) the amount paid the employee should be treated as an advance payment on account of any future installments of compensation; and (5) in a case such as presented here, the employee should be entitled to future compensation benefits in the event the amount paid him as an advance is exhausted under the provisions of the statute.” (122)

FACTUAL BACKGROUND

Henry Shannon, a teacher at Harris Teachers College, was injured when he slipped on ice while traveling to classes at Washington University, which he was required to attend to obtain a graduate degree. He received \$5,538.90 in workers' compensation benefits and recovered \$10,000 in a third-party common-law action against Washington University. His employer and its insurer sought subrogation from the third-party recovery under section 287.150(3), RSMo 1969.

PROCEDURAL HISTORY

Shannon received workers' compensation benefits and separately recovered \$10,000 in a common-law action against Washington University. The employer and insurer sought a declaration of their subrogation rights. The circuit court denied subrogation, held section 287.150(3) unconstitutional, and alternatively adopted a different apportionment formula. The Supreme Court of Missouri reversed and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Apply the section 287.150(3) allocation formula adopted in Ruediger to distribute the third-party recovery.

CASES CITED

- Diemer v. Weiss, 343 Mo. 626, 122 S.W.2d 922 (1938)
- Prokopf v. Whaley, 592 S.W.2d 819 (Mo. banc 1980)
- Ruediger v. Kallmeyer Bros. Service, 501 S.W.2d 56 (Mo. banc 1973)

OPINION

HIGGINS, J.

HIGGINS, Judge. Appeal by employer and insurer from judgment in a third party common law recovery action. Appellants contend the circuit court erred in holding they had no right to subrogation in a third party recovery; by holding section 287.150(3) RSMo 1969 unconstitutional by interpreting the phrase “amount due employer” as the dollar value of the employer-insurer’s total liability less the employee’s attorney fees and reasonable expenses; in allowing improper expert testimony; and in applying principles of estoppel to prevent employer-insurer’s recovery in this case.

The dispositive question is whether section 287.150(3), which determines the rights and liabilities of the parties to a workers’ compensation *122action in a third party common law recovery, is constitutional. Reversed. Henry Shannon was a teacher at Harris Teachers College, a branch of the St. Louis Board of Education. He was required to pursue a graduate degree as a condition of his continued employment.

In order to fulfill this requirement he was taking classes at Washington University. While on his way to class he slipped on ice, fell, and was injured. The Board of Education informed him his injury was not job related and therefore not compensable under the Missouri Workers’ Compensation Law. Mr. Shannon subsequently filed a workers’ compensation claim and a common law suit against Washington University.

The Workers’ Compensation Board awarded him \$5,538.90. The court of appeals modified the judgment giving the employer and its insurer a \$115.00 credit for the wages paid Mr. Shannon after the injury. In the common law action he was awarded \$10,000.

The employer and insurer filed this action seeking a declaration of their subrogation rights by reason of the workers’ compensation payment and the third party recovery. The circuit court held the employer and insurer were not entitled to subrogation on the ground section 287.150(3) violated article 1, sections 2 and 10 of the Missouri Constitution in that the statute was indefinite, vague, and violative of respondent’s equal protection and due process rights.

The trial court further held if section 287.-150(3) is constitutional, the phrase “amount due employer” should be interpreted to mean the dollar value of the employer-insurer’s total liability

less the employee's attorney fees and reasonable expenses; the employer and insurer were estopped from involving the powers of equity to enforce subrogation; and the interest which accrued on the workers' compensation benefits during appeal should be excluded from the apportioning formula.

Statutes cannot be held unconstitutional if they are susceptible to any reasonable construction supporting their constitutionality. *Diemer v. Weiss*, 343 Mo. 626, 627, 122 S.W.2d 922, 923 (1938). A statute is presumed constitutional unless it clearly contravenes some constitutional provision. *Prokopf v. Whaley*, 592 S.W.2d 819, 824 (Mo. banc 1980). When the terms of a statute are so confusing that their intent cannot be discerned with reasonable certainty, the statute will be void.

Id. at 824. Section 287.150(3) does not clearly contravene the constitution, nor is it so confusing that it precludes a reasonable construction. This statute has been so construed by this Court; it is not unconstitutional. See *Ruediger v. Kallmeyer Bros. Service*, 501 S.W.2d 56 (Mo. banc 1973). This Court was faced with a similar situation in *Ruediger*, 501 S.W.2d at 57.

There, the appellant was awarded workers' compensation benefits for permanent and total disability, then recovered a judgment in a third party action against the bus company involved in his accident. The issue before the Court then, as now, was what formula should be used in distributing the proceeds of a third party recovery.

The Court determined: (1) The expenses of the third party litigation should be deducted from the third party recovery; (2) the balance should be apportioned in the same ratio that the amount paid by the employer at the time of the third party recovery bears to the total amount recovered from the third party; (3) the amounts due each should be paid forthwith; (4) the amount paid the employee should be treated as an advance payment on account of any future installments of compensation; and (5) in a case such as presented here, the employee should be entitled to future compensation benefits in the event the amount paid him as an advance is exhausted under the provisions of the statute.

Id. at 59. This method of calculation must be applied in this case. The judgment is reversed, and the case is remanded. DONNELLY, C.J., RENDLEN, SEILER and WELLIYER, JJ., and MORGAN, Senior Judge, concur. *123GUNN, J., not participating because not a member of the Court when cause was submitted.