

SUPREME COURT OF TEXAS

In re Crawford & Company, Crawford & Company Healthcare Management, Inc., Patsy Hogan and Old Republic Insurance Company

458 S.W.3d 920 (Tex. 2015) · No. No. 14-0256 · Decided February 27, 2015

SUMMARY

The Supreme Court of Texas conditionally granted mandamus relief in a workers’ compensation dispute involving claims against an insurer, claims administrators, and an employee. The court held that the Division of Workers’ Compensation has exclusive jurisdiction over claims arising from the investigation, handling, and settlement of workers’ compensation benefits, regardless of the legal label or damages sought. Because the plaintiffs had not exhausted administrative remedies, the trial court was directed to dismiss the claims for lack of subject-matter jurisdiction.

CASE DETAILS

COURT	Supreme Court of Texas
WRITING FOR THE COURT	Per Curiam
JURISDICTION	Texas
DECIDED	February 27, 2015
DOCKET	No. 14-0256
DISPOSITION	writ_granted
PROCEDURAL POSTURE	Relators sought mandamus relief after the trial court denied their plea to the jurisdiction and motion for summary judgment as to claims arising from the handling of workers’ compensation benefits. The court of appeals denied mandamus relief. The Supreme Court of Texas conditionally granted the writ.
STANDARD OF REVIEW	Mandamus is appropriate to correct a clear abuse of discretion when there is no adequate remedy by appeal; subject-matter jurisdiction and exhaustion issues are reviewed as jurisdictional matters. A trial court must dismiss claims when the plaintiff has not exhausted required administrative remedies.
PRECEDENTIAL VALUE	published precedential opinion of the Supreme Court of Texas

PARTIES

Crawford & Company, Crawford & Company Healthcare Management, Inc., Patsy Hogan, Old Republic Insurance Company v. Glenn Johnson, Natalie Johnson

TOPICS

administrative law

subject matter jurisdiction

exhaustion of remedies

appellate procedure

insurance

PRACTICE AREAS

workers' compensation

administrative law

insurance

mandamus

civil procedure

QUESTIONS PRESENTED

1. Whether the Texas Workers' Compensation Act gives the Division of Workers' Compensation exclusive jurisdiction over claims arising from a carrier's investigation, handling, or settlement of a workers' compensation benefits claim.
2. Whether the exclusive-jurisdiction rule applies based on the substance of the claims rather than the labels attached to the causes of action.
3. Whether claims for misrepresentation, fraud, malicious prosecution, and intentional infliction of emotional distress are outside the Act merely because they seek damages characterized as independent of workers' compensation benefits.
4. Whether Natalie Johnson's status as a nonemployee places her claims outside the Division's exclusive jurisdiction.
5. Whether mandamus relief should issue to require dismissal for failure to exhaust administrative remedies.

HOLDINGS

1. The Division of Workers' Compensation has exclusive jurisdiction over claims arising out of a workers' compensation carrier's investigation, handling, or settlement of a claim for benefits, and the Workers' Compensation Act provides the exclusive procedures and remedies for those claims.
2. Whether the Act supplies the exclusive process and remedies depends on the substance of the claim and the conduct underlying it, not on the label of the cause of action or the nature of the relief sought.
3. The Division has exclusive jurisdiction over misrepresentation, fraud, malicious prosecution, and intentional-infliction-of-emotional-distress claims when the alleged conduct occurred in connection with the investigation, handling, or settlement of workers' compensation benefits.
4. Even assuming Natalie Johnson has standing to assert her claims, her claims fall within the Division's exclusive jurisdiction because they arise from Crawford's conduct in investigating, handling, and settling Glenn Johnson's workers' compensation claim.
5. Mandamus relief was warranted because the trial court lacked subject-matter jurisdiction over the unexhausted claims and should have dismissed them.

KEY QUOTATIONS

“Instead, in assessing whether a claim falls within the Division’s exclusive jurisdiction, courts must look at the substance of the claim.” (at 927)

“Nor does the Ruttiger rule depend on the nature of the relief the claimant seeks.” (at 928)

“The Act’s comprehensive system for resolving workers’ compensation claims encompasses prohibitions against fraud and misrepresentations made within the claims-settlement context, and grants the Division authority to regulate and sanction any such conduct.” (at 929)

“Because the Johnsons’ claims arise out of Crawford’s investigation, handling, and settling of workers’ compensation claims, they fall within the Division’s exclusive jurisdiction and the Act provides the sole process and remedies for those claims.” (at 932)

FACTUAL BACKGROUND

Glenn Johnson sustained severe, debilitating work-related injuries in 1998 and was entitled to lifetime workers’ compensation benefits. Disputes concerning the amount and payment of those benefits led to administrative proceedings, including a benefit review conference and contested case hearing. The Johnsons then sued the workers’ compensation insurer, claims administrators, and an employee, alleging that they delayed, denied, misrepresented, and improperly investigated benefits and falsely reported insurance fraud, resulting in criminal prosecution. The claims included tort, contract, common-law bad-faith, Insurance Code, and DTPA theories, as well as claims by Natalie Johnson.

PROCEDURAL HISTORY

The Johnsons filed tort, contract, and statutory claims against Old Republic, Crawford entities, and Patsy Hogan based on the investigation, handling, and settlement of Glenn Johnson’s workers’ compensation claim. The trial court dismissed some claims but refused to dismiss the remaining claims, including malicious prosecution and intentional infliction of emotional distress. The court of appeals denied mandamus relief, and the Supreme Court of Texas held that the Division of Workers’ Compensation had exclusive jurisdiction over all claims and directed the trial court to dismiss them for failure to exhaust administrative remedies.

DISPOSITION

writ_granted

REMAND INSTRUCTIONS

The 108th District Court was directed to withdraw its order denying Crawford’s plea to the jurisdiction and dismiss the Johnsons’ claims for lack of subject-matter jurisdiction. The writ would issue only if the trial court failed to act in accordance with the opinion.

CASES CITED

- Texas Mutual Insurance Co. v. Ruttiger, 381 S.W.3d 430 (Tex. 2012)

- Liberty Mutual Insurance Co. v. Adcock, 412 S.W.3d 492 (Tex. 2013)
- Aranda v. Insurance Co. of North America, 748 S.W.2d 210 (Tex. 1988)
- Diversicare General Partner, Inc. v. Rubio, 185 S.W.3d 842 (Tex. 2005)
- MacGregor Medical Ass'n v. Campbell, 985 S.W.2d 38 (Tex. 1998)
- Gormley v. Stover, 907 S.W.2d 448 (Tex. 1995) (per curiam)
- Sorokolit v. Rhodes, 889 S.W.2d 239 (Tex. 1994)
- Wilmer-Hutchins Independent School District v. Sullivan, 51 S.W.3d 293 (Tex. 2001)
- Dubai Petroleum Co. v. Kazi, 12 S.W.3d 71 (Tex. 2000)
- Federal Underwriters Exchange v. Pugh, 141 Tex. 539, 174 S.W.2d 598 (1943)
- Rodriguez v. Naylor Industries, Inc., 763 S.W.2d 411 (Tex. 1989)
- Reed Tool Co. v. Copelin, 610 S.W.2d 736 (Tex. 1980)
- In re Southwestern Bell Telephone Co., L.P., 235 S.W.3d 619 (Tex. 2007)
- In re Entergy Corp., 142 S.W.3d 316 (Tex. 2004)
- City of Houston v. Rhule, 417 S.W.3d 440 (Tex. 2013)