

BEFORE THE IOWA WORKERS' COMPENSATION COMMISSIONER

JULIE MCCAULEY,

Claimant,

vs.

POLK COUNTY, IOWA,

Employer,
Self-Insured,
Defendant.

File No. 22700159.01

A P P E A L

D E C I S I O N

Head Notes: 1402.20; 1402.30; 1402.40;
1802; 1803; 2204; 2206;
2401; 2501; 2907; 3300

Claimant Julie McCauley appeals from an arbitration decision filed on March 17, 2023. Defendant Polk County, Iowa, self-insured employer, cross-appeals. The case was heard on November 16, 2022, and it was considered fully submitted in front of the deputy workers' compensation commissioner on December 21, 2022.

In the arbitration decision, the deputy commissioner found claimant met her burden of proof to establish her ulcers were caused by, or were materially aggravated by, her employment with defendant. The deputy commissioner found claimant failed to prove her mental health condition was caused by, or was materially aggravated by, her employment with defendant. The deputy commissioner found claimant failed to provide defendant with timely notice of the work injury under Iowa Code section 85.23, and the deputy commissioner therefore found the remaining issues are moot. The deputy Commissioner ordered the parties to pay their own costs of the arbitration proceeding.

On appeal, claimant asserts the deputy commissioner erred in finding claimant failed to prove her mental health condition was caused by, or was materially aggravated by, her employment with defendant. Claimant asserts the deputy commissioner erred in finding claimant did not provide defendant with timely notice of the work injury under Iowa Code section 85.23. Claimant asserts she is entitled to an award of healing period benefits and an award of permanent partial disability benefits. Claimant asserts defendant should be responsible for the requested past medical expenses set forth in Exhibit 12. Claimant asserts she is entitled to alternate medical care under Iowa Code section 85.27, and claimant asserts defendant should reimburse claimant for her costs of the arbitration proceeding. Claimant asserts the remainder of the arbitration decision should be affirmed.

On cross-appeal, defendant asserts the deputy commissioner erred in failing to address whether claimant waived her right to workers' compensation benefits under Iowa Code chapter 85 by entering into a Settlement Agreement, Release and Settlement Agreement, Release, Indemnity, and Covenant Not to Sue ("Settlement Agreement") on September 1, 2020. In the alternative, defendant asserts the deputy commissioner erred in finding claimant proved her ulcers were caused by, or were materially aggravated by, her employment with defendant. Defendant asserts claimant is not entitled to healing period benefits, permanent partial disability benefits, or alternate medical care, and defendant asserts it should not be responsible for claimant's requested past medical expenses or claimant's costs of the arbitration proceeding. Defendant asserts the remainder of the arbitration decision should be affirmed.

Those portions of the proposed arbitration decision pertaining to issues not raised on appeal are adopted as part of this appeal decision.

I performed a de novo review of the evidentiary record and the detailed arguments of the parties. Pursuant to Iowa Code sections 17A.15 and 86.24 (2020), the arbitration decision filed on March 17, 2023, finding claimant shall take nothing in this matter, is affirmed as modified with my additional and substituted analysis.

Claimant left her employment with defendant on June 4, 2020. (Exhibit 3, p. 8) When she left, claimant had 33.88 hours of unused vacation. Claimant requested defendant pay her for her unused vacation, totaling \$977.13. (Id.) Defendant denied the request because claimant worked for defendant less than six months when she left. (Id.)

On July 16, 2020, claimant sent an e-mail to Polk County Supervisor Matt McCoy stating she received her last paycheck from defendant, and stating she was not paid for the vacation she had accrued. (Ex. C, p. 10) Claimant stated she believed there was a policy requiring an employee to be employed for at least six months in order to receive payment for accrued vacation, but she was requesting an exception be made in her case "considering I had to leave my employment there due to the toxic work environment which we discussed at my exit interview . . . I simply feel like I should be paid for the hours I earned." (Id.) On July 29, 2020, McCoy informed claimant defendant would pay claimant her accrued vacation. (Ex. C, p.7)

On September 1, 2020, Assistant Polk County Attorney Jeffrey Edgar sent claimant a Settlement Agreement, stating "I apologize for the delay on this, but we will need you to sign off on the attached release in order to process your vacation payout. After you've signed (will need to be in front of a notary), please return it to me and we will get Ralph's signature and have Central Accounting process this immediately." (Ex. 4:9)

The Settlement Agreement provided, in part:

McCauley was an employee with Polk County and has requested payout of vacation she accrued. Polk County policy requires an employee to be employed with Polk County six months or more in order to be eligible for vacation payout upon termination. Because McCauley was employed less than six months with Polk County, she was not entitled to a vacation payout. However, in a good faith attempt to resolve any claim(s) McCauley may have with respect to her short period of employment with Polk County, the parties have agreed to enter into this Settlement Agreement, Release, Indemnity and Covenant Not to Sue.

(Ex. B, p. 3)

In exchange for the payment of \$977.13, claimant agreed to release Polk County and all its elected officials, employees, agents, successors, and assigns, from any and all claims, demands, causes, of action, and/or liabilities arising out of her employment with Polk County, whether known or unknown, and agreed the claims released, include, but are not limited to any actions under:

[T]he federal Fair Labor Standards Act, Americans with Disabilities Act of 1990 (and any amendments), Civil Rights Act of 1964 (and any amendments), Iowa Code chapter 216, Iowa Code chapter [sic] 85, 85A and 86, Iowa Code chapter 91A, and any other kind of claims; attorney fees; interest and court costs.

(Id.)

Claimant agreed “[s]he has carefully read this document and knows and understands its contents, and signs below as an act of free will after consultation with any person or persons chosen by the undersigned.” (Ex. B, p. 4) The Settlement Agreement also contained the following warning:

CAUTION!!! – THIS IS A RELEASE OF VALUABLE RIGHTS – READ THIS DOCUMENT CAREFULLY BEFORE SIGNING. YOU ARE ADVISED TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS DOCUMENT.

(Ex. B, p. 6) (emphasis original).

Defendant asserts claimant waived her right to all benefits under Iowa Code chapter 85 by entering into the Settlement Agreement and by accepting the \$977.13 payment for her unused vacation. Claimant asserts the Settlement Agreement is not enforceable because she was not aware she was releasing any claims under the workers’ compensation laws and Iowa Code chapter 86 (2020) requires the commissioner to approve any settlement of a workers’ compensation claim. The deputy commissioner did not address the alleged waiver in the arbitration decision.

Iowa Code section 86.27 (2020), provides:

Notwithstanding the terms of the Iowa administrative procedure Act, no party to a contested case under any provision of the 'Workers' Compensation Act' may settle a controversy without approval of the workers' compensation commissioner.

Iowa Code section 17A.2 defines a "contested case" as "a proceeding including, but not restricted to ratemaking, price fixing, and licensing in which the legal rights, duties, or privileges of a party are required by Constitution or statute to be determined by an agency after an opportunity for an evidentiary hearing."

Claimant did not file her petition in this case until February 17, 2022, more than a year and five months after she entered into the Settlement Agreement with defendant. At the time she entered into the Settlement Agreement there was no proceeding involving claimant and defendant pending before the Iowa Workers' Compensation Commissioner. Claimant had not commenced a "contested case" with the Division of Workers' Compensation. Therefore, the parties were not required under Iowa Code section 86.27, to obtain the approval from the workers' compensation commissioner before entering the Settlement Agreement, which waived claimant's right to pursue a claim under Iowa Code chapter 85 (2020).

Claimant essentially argues the Settlement Agreement is void because of a unilateral mistake because she did not understand what she was agreeing to. The Iowa Supreme Court has recognized:

Settlement agreements are by their very nature the voluntary resolution of uncertain claims and defenses. Because parties are unsure about the outcome of litigation, they have a real incentive to accept a compromise settlement agreement, realizing that if they continue, they may fare better, but they may fare worse. It is therefore well settled that "to vitiate a settlement, a mistake must be mutual, material, and concerned with a present or past fact." *Anderson v. Ciba-Geigy Corp.*, 490 F.2d 438, 442 (8th Cir. 1974); *Stetzel v. Dickenson*, 174 N.W.2d 438, 440 (Iowa 1970). Similarly, for a mistake of law to render void a settlement agreement, the mistake generally must be mutual and material. 15 Am. Jur. 2d *Compromise and Settlement* § 34, at 806 (1976). Voluntary settlements will not be disturbed for ordinary mistakes of law. *Bakke v. Bakke*, 242 Iowa 612, 618-19, 47 N.W.2d 813, 817 (1951); see *Bergman v. Bergman*, 247 Iowa 98, 103, 73 N.W.2d 92, 95-96 (1955).

Wright v. Scott, 410 N.W.2d 247 (Iowa 1987)

In Wright, the Wrights brought a personal injury action against Scott following an automobile collision on Interstate 80 north of Iowa City. Scott and the other two defendants separately negotiated settlements with the Wrights before trial. The district

court allowed the Wrights to proceed to trial against Scott after determining the Wrights were entitled to abort their settlement agreement with Scott. In a ruling on a motion to enforce the settlement agreement, the district court found the Wrights were confused and did not understand the law of comparative negligence at the time and found the agreement was unenforceable on the ground “[t]here was no informed and voluntary consent to ‘Scott’s offer due to ‘misunderstanding of the law.’” The Iowa Supreme Court reversed, finding “[w]e do not have in this case the exceptional circumstance of mistake of law procured by fraud or misrepresentation that may be a ground for invalidating a settlement agreement.” The court found there was an offer, acceptance, consideration, and a meeting of the minds, and “[t]he Wrights confusion after the settlement was made about how it might affect their claims against the other parties was insufficient as a matter of law to vitiate the settlement agreement,” and held the settlement agreement terminated the Wrights’ claims against Scott.

As with Wright, there is no evidence in this case that defendant’s attorney engaged in fraud or misrepresentation when he engaged with claimant regarding the Settlement Agreement. There is no evidence the Settlement Agreement, a contract, contravenes public policy. I find by entering into the Settlement Agreement, claimant waived her right to bring a claim for workers’ compensation benefits under Iowa Code chapter 85 and the remaining issues in the case are moot.

ORDER

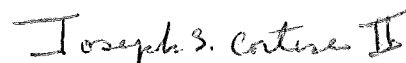
IT IS THEREFORE ORDERED that the arbitration decision filed on March 17, 2023, is affirmed as modified, with my additional and substituted analysis.

Claimant shall take nothing from these proceedings.

Pursuant to rule 876 IAC 4.33, the parties shall pay their own costs of the arbitration proceeding, and claimant shall pay the costs of the appeal, including the cost of the hearing transcript.

Pursuant to rule 876 IAC 3.1(2), defendant shall file subsequent reports of injury as required by this agency.

Signed and filed on this 14th day of July, 2023.



JOSEPH S. CORTESE II
WORKERS’ COMPENSATION
COMMISSIONER

The parties have been served as follows:

MaKayla Augustine (via WCES)

Julie Bussanmas (via WCES)

Meghan Gavin (via WCES)