

IN THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM SUMTER COUNTY
Court of Commons Pleas

The Honorable W. Jeffrey Young, Circuit Court Judge

RECEIVED

MAY 28 2015

SC Court of Appeals

C.A. No.: 2013-CP-43-02284
Appellate Case No.: 2014-002215
WCC File No.: 9930459

Arrowpoint Capital Corporation/Arrowood Indemnity Co., Carrier

Appellant,

v.

South Carolina Second Injury Fund, Carrier,

Respondent,

In re:

Mary McConico, Employee/Claimant

v.

Yuasa-Exide, Inc., Employer and Arrowpoint Capital Corp./Arrowood Indemnity Co., Carrier,

INITIAL REPLY BRIEF OF APPELLANT

Vernon F. Dunbar, Esquire
McAngus Goudelock and Courie
Post Office Box 2980
55 East Camperdown Way, Suite 300 (29601)
Greenville, South Carolina 29602
(864) 239-4000
Email: vernon.dunbar@mgclaw.com
Attorney for Appellant

TABLE OF CONTENTS

TABLE OF AUTHORITIES	ii
I. APPELLANT’S CLAIM FOR SECOND INJURY FUND REIMBURSEMENT IS NOT BARRED BY S.C. CODE ANN. §42-7-320(B) OR 42-9-400.....	1
II. THE SETTLEMENT AGREEMENT, RELEASE AND ORDER OF MARY McCONICO CONSTITUTE AN AWARD OF THE SOUTH CAROLINA WORKERS’ COMPENSATION COMMISSION.....	3
1. The Fund’s argument that payments made pursuant to a settlement agreement are not reimbursable under the Second Injury Fund statute is not preserved for appeal.....	3
2. The Fund’s position that it requires a formal decision and order to consider reimbursement is disingenuous in light of the practices of the Fund and the history of the Sumter battery plant claims.	4
III. APPELLANT HAS MET ITS BURDEN OF PROOF IN ESTABLISHING THAT MS. McCONICO SUFFERED FROM A PREEXISTING CONDITION THAT WAS PERMANENT AND SERIOUS ENOUGH TO CONSTITUTE A HINDRANCE OR OBSTACLE TO EMPLOYMENT OR REEMPLOYMENT.	5
IV. SOUTH CAROLINA CASE LAW SUPPORTS A REVERSAL OF THE CIRCUIT COURT’S DECISION.....	7
CONCLUSION.....	11

TABLE OF AUTHORITIES

CASES

<u>Burnette v. City of Greenville,</u> 401 S.C. 417, 737 S.E.2d 200 (Ct. App. 2012)	9
<u>Carolinas Recycling Group v. South Carolina Second Injury Fund,</u> 398 S.C. 480, 730 S.E.2d 324 (2012).....	8, 9, 10
<u>Glenn v. Columbia Silica Sand Co.,</u> 236 S.C. 13, 112 SE2d 711 (1960).....	10
<u>Smith v. NCCI, Inc.,</u> 369 S.C. 236, 256, 631 S.E.2d 268, 279 (Ct. App. 2006)	4
<u>State Accident Fund v. South Carolina Second Injury Fund (In re: Johnny M. Adger v. City of Manning),</u> 409 S.C. 240, 762 S.E.2d 19 (2014).....	6, 7
<u>State v. Freiburger,</u> 366 S.C. 125, 134, 620 S.E.2d 737, 741 (2005).....	3
<u>State Workers' Compensation Fund v. South Carolina Second Injury Fund (In re: Warren M. Hunt v. S.C. State Forestry Comm'n),</u> 313 S.C. 536, 443 S.E.2d 546 (1994).....	8

STATUTES

S.C. Code Ann. §42-7-320(B)	1
S.C. Code Ann. §42-7-320(B)(2).....	2
S.C. Code Ann. §42-9-400.....	1, 2, 5, 11
S.C. Code Ann. §42-9-400(a).....	5
S.C. Code Ann. §42-9-400(c).....	11
S.C. Code Ann. §42-9-400(d)(23)	7
S.C. Code Ann. §42-9-400(d)(28)	7
S.C. Code Ann. §42-9-5.....	5, 6

ARGUMENTS

I. **APPELLANT'S CLAIM FOR SECOND INJURY FUND REIMBURSEMENT IS NOT BARRED BY S.C. CODE ANN. §§42-7-320(B) OR 42-9-400.**

The Fund focuses only on the post-employment medical records in its brief and ignores 25 years of Mary McConico's medical history which the Fund had in its possession on June 30, 2011. These 25 years of medical reports comprise approximately 108 printed pages of reports, which were compiled during Ms. McConico's employment tenure at the Sumter battery manufacturing facility. These printed reports contain expert medical opinions on causation; Ms. McConico's pre-existing medical conditions; medical opinions on the impact of cardiac disease (hypertension) upon Ms. McConico's health; and increased disability resulting from the cardiac disease, coronary artery disease and heavy metal poisoning.

The Fund presented no medical evidence to refute the medical expert reports and opinions submitted into evidence by Appellant. Rather, the Fund dedicates all of its focus on Mary McConico's condition after she suffered a disabling stroke in July, 1999, the last day of her employment, as the basis of its defense. The records pertaining to Ms. McConico's health after she last worked or "post-employment records" were submitted into to the Fund on a compact disc, which the Fund could not access. The post-employment records were the only documents that the Fund could not read on June 30, 2011. The Fund's brief totally ignores the 108 pages of medical reports and expert opinion that were delivered in printed form and is the basis for Appellant's entitlement to reimbursement.

A review of the record reflects the Fund never argued that the post-employment medical records contained **"required information for consideration of accepting a claim to the Second Injury Fund..."** S.C. Code Ann. §42-7-320(B)(2) (2015). Because of Ms. McConico's catastrophically debilitating stroke, the post-employment records shed no additional light on the

status of her medical condition regarding her ability to work or whether the cardiac disease posed an obstacle or hindrance to employment or reemployment. S.C. Code Ann. §42-9-400 (2015). As a matter of fact, the post-employment records which the Fund now argues were required for it to decide whether to accept or deny Appellant's claim for reimbursement, addresses unrelated medical treatment obtained by Ms. McConico after she was deemed disabled by her employer and other entities, *e.g.*, mammograms, degenerative joint disease of the right knee, abdominal ultrasounds, bronchitis, etc. Clearly, the medical conditions addressed in the post-employment records were neither relevant nor material to the Fund's decision-making process with regard to reimbursement.

What is most perplexing about the Fund's argument is that the post-employment medical records should be stricken from the record. Candidly, if these records were so critical to the Fund's decision-making process, logic and conventional wisdom would dictate that the Fund would desire for the Court to review these critically important post-employment records in order to affirm the decision of the Circuit Court and the South Carolina Workers' Compensation Commission. By contrast, the reason the Fund seeks the exclusion of the post-employment records is because the evidence exposes an obvious legal error and abuse of discretion by the South Carolina Workers' Compensation Full Commission in striking these records from consideration after such had been initially included into the record by the Hearing Commissioner.

The Fund has never argued that any single document contained in the post-employment records was **required and necessary** for its decision-making process. More importantly, the Commission's findings of fact do not reveal that the Full Commission examined the post-employment records to determine whether these records were required and necessary.

Accordingly, the post-employment medical records are necessary for the Court's review of this legal argument and the decision of the Commission and the Circuit Court.

II. THE SETTLEMENT AGREEMENT, RELEASE AND ORDER OF MARY McCONICO CONSTITUTE AN AWARD OF THE SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION.

Respondent argues that there was never an "award" made in this case for which Appellant may be reimbursed because a formal decision or order from the Commission was never promulgated. This position has never been argued by Respondent and is not preserved for appeal. However, even if this Honorable Court considers Respondent's argument, Appellant submits that this position is disingenuous in light of the fact that, in practice, the South Carolina Second Injury Fund has regularly reimbursed claims that have been settled without a formal hearing and decision of the Commission. This argument is further disingenuous in light of the fact that the parties were ordered by the Commission to mediate the Sumter battery plant lead claims.

1. The Fund's argument that payments made pursuant to a settlement agreement are not reimbursable under the Second Injury Fund statute is not preserved for appeal.

Appellant submits the Court should not consider the argument presented by the Fund because it has not been properly preserved. See, e.g., State v. Freiburger, 366 S.C. 125, 134, 620 S.E.2d 737, 741 (2005) (finding the argument advanced on appeal was not raised and ruled on below and therefore was not preserved for review) and Smith v. NCCI, Inc., 369 S.C. 236, 256, 631 S.E.2d 268, 279 (Ct. App. 2006) (noting only issues raised to and ruled upon by the Appellate Panel are cognizable on appeal).

The Circuit Court's Order makes no mention of the definition of an "award" or that Second Injury Fund reimbursement cannot be awarded where a settlement agreement was reached between the parties. Respondent did not appeal any Circuit Court findings – or lack

thereof – to this Court. This issue further was not ruled upon or considered by the Appellate Panel; and the lack of such consideration was not appealed to the Circuit Court.

2. The Fund's position that it requires a formal decision and order to consider reimbursement is disingenuous in light of the practices of the Fund and the history of the Sumter battery plant claims.

Appellant submits it would be patently unfair to deprive it of reimbursement from the Fund based on the argument that they have not made a requisite payment to Mary McConico because the parties settled the claim at mediation. The parties in this matter were ordered by the Commission to mediate the Sumter battery plant claims due to the large number of claimants for whom the Steinberg Law Firm initially requested hearings. The Fund argues that Appellant sat on its rights from 1999 to June 30, 2011. To the contrary, Mary McConico did not file a claim of an accidental injury until filing a Form 50 on November 16, 2010. Ms. McConico did not pursue a claim from the date she last worked in 1999 until 2010 because she did not discover that her injuries emanated from her occupational exposure to lead. The alleged compensability of her injuries because of occupational exposure to lead was not medically linked until March 2011.

In practice, the Fund has paid reimbursement in cases that have been resolved via settlement agreement without a formal hearing. The Fund has never taken a position similar to the one presented in its Brief. As such, there was no way for Appellant to foresee that Respondent would now take the position that a settlement would negate their ability to obtain reimbursement from the Fund.

Respondent cites S.C. Code Ann. §42-9-400(a) in which the “award” language is used. Id. The purpose of this section is only to require the carrier and employer to pay all medical and/or indemnity benefits in the first instance, prior to seeking reimbursement from the Fund. The purpose of this language is not to require a formal decision and order, but instead to ensure

timely payments by the carrier/employer for a claimant's injury. There is no provision of Section 42-9-400 which requires a formal decision and order prior to consideration for reimbursement from the Fund. S.C. Code Ann. §42-9-400.

Appellant further notes that pages 11 and 12 of the settlement paperwork approved by the Commission on October 6, 2011 is entitled "Order and Award." The language specifically provides that "the terms of the settlement agreement are adopted herein and made the Order and Award of the South Carolina Workers' Compensation Commission." (Settlement Agreement, Release and Order, pp. 11-12) (emphasis added). Appellant is unable to comprehend the Fund's argument that this settlement agreement is not an "award" where it is specifically entitled as such and has been executed by a Commissioner of the South Carolina Workers' Compensation Commission.

In a futile attempt at a persuasive argument, Respondent relies on S.C. Code Ann. § 42-9-5 regarding this non-issue. Appellant notes that S.C. Code Ann. §42-9-5 is only applicable to post-July 2007 injuries. The injury occurred in July 1999, and as such, §42-9-5 is not applicable. S.C. Code Ann. §42-9-5.

III. APPELLANT HAS MET ITS BURDEN OF PROOF IN ESTABLISHING THAT MS. McCONICO SUFFERED FROM A PREEXISTING CONDITION THAT WAS PERMANENT AND SERIOUS ENOUGH TO CONSTITUTE A HINDRANCE OR OBSTACLE TO EMPLOYMENT OR REEMPLOYMENT.

Respondent's argument that heavy metal poisoning and brain damage did not constitute a hindrance or obstacle to Claimant's employment is inapplicable in light of the South Carolina Supreme Court's recent decision in State Accident Fund v. South Carolina Second Injury Fund (In re: Johnny M. Adger v. City of Manning), 409 S.C. 240, 762 S.E.2d 19 (2014). In State Accident Fund, the Court found the Commission erred in incorrectly applying the presumption found in §42-9-400(d). Despite the employer being entitled to a presumption that the claimant's

preexisting diabetes was a hindrance to his employment, the Commission found the medical evidence rebutted the presumption. The Court noted the Commission further erred in concluding as a matter of law that the employer had the burden to prove that the claimant's preexisting diabetes was permanent and serious enough to constitute a hindrance or obstacle to his employment. Id. at 246-47, 762 S.E.2d at 22-23.

The Court went on to reason that, because the employer was entitled to the presumption set forth in §42-9-400(d), the burden to rebut the presumption shifted to the Second Injury Fund. Id. at 247, 762 S.E.2d at 23. Substantial evidence was required in order to rebut the presumption. Id. In State Accident Fund, the Fund was unable to present such evidence and the Commission's order was reversed. Id. at 248, 762 S.E.2d at 23.

In the instant matter, heavy metal poisoning, coronary artery disease and cardiac disease are enumerated conditions that are presumed to be permanent and serious enough to constitute a hindrance or obstacle to employment. S.C. Code Ann. §42-9-400(d)(23) and (28) (Supp. 2004). Similar to the situation in State Accident Fund, in which the Fund submitted no evidence to rebut the presumption set forth in §42-9-400(d), Respondent submitted no evidence in the instant matter to rebut a similar presumption. Appellant agrees that the Commission determines the weight of the evidence. However, where there was no evidence presented by the Fund to refute the evidence presented by Appellant, the weight of the evidence falls in favor of Appellant. As such, Appellant contends it has proven the existence of permanent physical impairments that constituted a hindrance or obstacle to employment or re-employment for Ms. McConico.

With respect to Respondent's arguments concerning the question of preexisting heavy metal poisoning, Appellant relies on the arguments presented in its Initial Brief. Respondent's statement that "Carrier is necessarily required to show evidence of the condition prior to the

initial exposure [to lead]” is a complete misstatement of the law of South Carolina. There is no South Carolina authority to suggest that Ms. McConico must have had permanent physical impairments that preexisted her first-ever exposure to lead.

Appellant’s position is supported by South Carolina authority concerning occupational disease claims. Appellant’s position is also supported by South Carolina authority finding an entitlement to reimbursement where the preexisting condition arose out the same employment as the subsequent injury. See, e.g., Carolinas Recycling Group v. South Carolina Second Injury Fund, 398 S.C. 480, 730 S.E.2d 324 (2012) and State Workers’ Compensation Fund v. South Carolina Second Injury Fund (In re: Warren M. Hunt v. S.C. State Forestry Comm’n), 313 S.C. 536, 443 S.E.2d 546 (1994).

IV. SOUTH CAROLINA CASE LAW SUPPORTS A REVERSAL OF THE CIRCUIT COURT’S DECISION.

Appellant disagrees that Carolinas Recycling warrants affirmation of the Circuit Court’s order, as argued by Respondent. Respondent notes that this Honorable Court in Carolinas Recycling reversed the decision of the Commission because the Appellate Panel “relied exclusively upon an evaluation by a non-treating physician who only met with the Claimant on one occasion.” 398 S.C. 480, 485; 730 S.E.2d 324, 327 (Ct. App. 2012). Appellant points out that this non-treating physician in Carolinas Recycling was Dr. William Felmly, who evaluated the claimant after his January 2001 injury, but not after the claimant’s subsequent injuries. Id. at 481-82, 730 S.E.2d at 325-26. In its reasoning, this Court noted:

Dr. Felmly never treated Claimant following his October 2002 or June 2004 injury to assess his condition or opine whether either of his two preexisting physical conditions combined with or aggravated the June 2004 injury. Moreover, the Fund failed to present any expert testimony from a physician who evaluated the Claimant after his October 2002 or June 2004 injuries to discredit

the overwhelming medical testimony and evidence Carrier presented to the Appellate Panel.

Id. at 485, 730 S.E.2d at 327.

In contrast to the opinion presented by Dr. Felmly, which was rendered prior to the claimant's subsequent injuries, the opinions presented by Drs. Shippen and Baker, as well as the other expert opinions contained in Appellant's evidentiary submissions, were rendered after Claimant's subsequent injury in 1999. Therefore, Appellant does not believe the Carolinas Recycling decision warrants affirmation of the Circuit Court's order.

Respondent also attempts to distinguish Burnette from the instant matter. Appellant offered the Burnette opinion, 401 S.C. 417, 737 S.E.2d 200 (Ct. App. 2012), to highlight that the Hearing Commissioner in the instant matter abused her discretion in formulating her own interpretation of the medical evidence contained in the opinions of Drs. Baker and Shippen. (APA pp. 1-6.) Whether the issue is compensability or reimbursement from the Fund, a Hearing Commissioner is not a medical doctor and cannot come up with her own interpretation of medical evidence where there is no other competent evidence in the record. Appellant reiterates that there was no evidence presented by the Fund to refute the opinions contained in Appellant's evidentiary submissions. As such, the Circuit Court's order in the present case is clearly erroneous in view of the substantial evidence in the record.

Respondent contends "the Fund was never intended to operate as a safety net for employers . . . who place their workforce in hazardous working conditions as part of their business and due to the nature of its business." Respondent goes on to note that "Carrier wants reimbursement from the Fund for conditions caused by the exposure to lead that was its very business" and alleges that Appellant "was wholly responsible for the alleged conditions and maladies suffered by Claimant."

In response, Appellant submits that causation is not at issue. Although there are medical opinions addressing the same, no one knows what ultimately “caused” the physical maladies from which Ms. McConico suffered. However, even if the exposure to lead is the “cause” of Claimant’s maladies, the Second Injury Fund statute makes no reference to the “cause” of a pre-existing permanent impairment or subsequent injury. Reimbursement from the Second Injury Fund is available to employers who meet the elements for reimbursement from the Fund. Whether Ms. McConico’s first, second, third or last employer caused a permanent medical condition or impairment is not at issue and is immaterial. Glenn v. Columbia Silica Sand Co., 236 S.C. 13, 112 SE2d 711 (1960).

Respondent’s statements are without support from South Carolina authority and fail to take into account the fact that the workers’ compensation system in South Carolina is a strict liability system. Arguably, every workers’ compensation case involves an injury “caused by” the employer. As such, there are several cases involving Second Injury Fund reimbursement where a condition was “caused by” the employer. See, e.g., Carolina’s Recycling, *supra*, where Claimant sustained a work-related injury to his back in 2001 and another work-related injury to his back in 2004. 398 S.C. at 481, 730 S.E.2d at 325. Employers are required to pay assessments into the Second Injury Fund for the purpose of obtaining reimbursement should circumstances warrant the same. There is no caveat carved out in §42-9-400 that an employer can obtain reimbursement from the Fund only if it is not at fault for the conditions suffered by the claimant. Workers’ compensation is a no-fault system. Therefore, Respondent’s argument is unpersuasive.

Respondent correctly notes “[t]he Fund began as encouragement for employers to hire and retain workers with disabilities.” Appellant highlights that the plain language of the Second

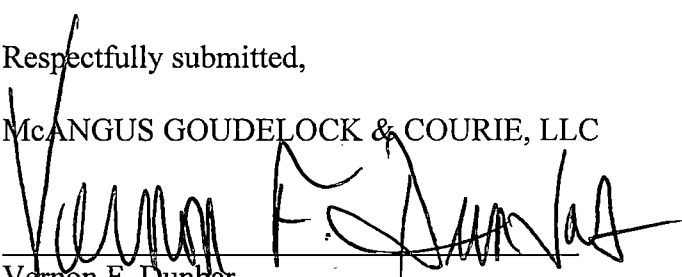
Injury Fund statute provides for reimbursement not only where an employee with a disability was hired, but also where an employee with a disability was *retained*. S.C. Code Ann. §42-9-400(c). This is precisely the situation in the present case and is notable because Appellant *retained* Ms. McConico in employment despite knowledge of her permanent impairments emanating from her work with EBI, Inc. and the Exide Corporation. Contrary to the reasoning in the Circuit Court order, the plain language of the statute does not require that a permanent physical impairment exist only prior to an employee being *hired*.

CONCLUSION

For the reasons stated above, Appellant respectfully requests that the Order of the Circuit Court be reversed and that Appellant be granted reimbursement from the Second Injury Fund, pursuant to South Carolina Code Ann. §42-9-400.

Respectfully submitted,

McANGUS GOUDELOCK & COURIE, LLC


Vernon F. Dunbar

Post Office Box 2980

55 East Camperdown Way, Suite 300 (29601)

Greenville, South Carolina 29602

(864) 239-4000

May 26, 2015

Attorneys for Appellant

IN THE STATE OF SOUTH CAROLINA

In The Court Of Appeals

APPEAL FROM SUMTER COUNTY

Court of Common Pleas

The Honorable W. Jeffrey Young, Circuit Court Judge

RECEIVED

MAY 28 2015

SC Court of Appeals

C.A. No.: 2013-CP-43-02284

Appellate Case No.: 2014-002215

WCC File No.: 9930459

Arrowpoint Capital Corporation/Arrowood Indemnity Co., CarrierAppellant,

v.

South Carolina Second Injury Fund, Carrier Respondent,

In re:

Mary McConico, Employee/Claimant

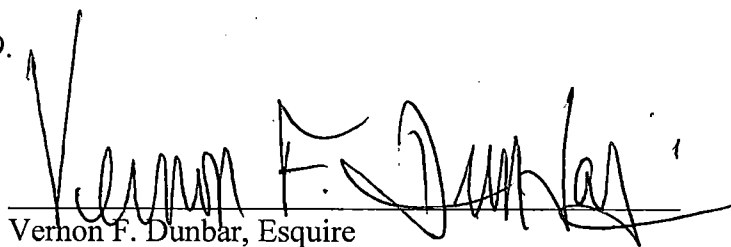
v.

Yuasa-Exide, Inc., Employer and Arrowpoint Capital Corp./Arrowood Indemnity Co.,

PROOF OF SERVICE

I certify that I have served the Initial Brief of Appellant and Designation of Matter to be Included in the Record on Appeal on Timothy Killen, Attorney for the South Carolina Second Injury Fund by depositing a copy of it in the United States Mail, postage prepaid, on May 26,

2015, addressed to Timothy Killen, Wilson, Jones, Carter & Baxley, 4500 Fort Jackson Boulevard, Columbia, South Carolina 29209.

A handwritten signature in black ink, appearing to read "Vernon F. Dunbar", written over a horizontal line.

Vernon F. Dunbar, Esquire

S.C. Bar No.: 7836

McAngus, Goudelock & Courie LLC

55 East Camperdown Way, Suite 300 (29601)

Post Office Box 2980

Greenville, South Carolina 29602

(864) 239-6735

Attorneys for Appellant