

BELOW THE RED LINE

WORKERS' COMPENSATION UPDATE "WE'VE GOT YOU COVERED!"

JULY 2022

A WORD FROM THE PRACTICE CHAIR

Who is ready for back-to-school events? Is it possible the summer is almost over? I hope you are doing your very best to enjoy the last days of your summer when your schedule might not be so rigid. I can tell you that at my house, we have already started making piles of supplies for my daughter to take back to college. Honestly, I believe most of those piles have been present since her return home from school about two and a half months ago!

As of August 1, 2022, Chairman Brennan has instituted some Webex-focused changes to Illinois workers' compensation procedures. The intention is to bring more formality to the proceedings and help the Arbitrators with day-to-day activities and the deluge of pre-trial hearings. The new requirements include showing up in appropriate courtroom attire (that's right, put on your suit!), participating via the Webex software (no use of phone audio only), and appearing on camera (no use of avatars). In addition, "break-out" rooms will be utilized for pre-trials via Webex. One major criticism and observation made by the Arbitrators was that many attorneys never spoke before the pre-trial hearing, and the setting was simply being used as a time without the need for the Arbitrator to be there, and in essence, wasting their time. The use of the 'break-out' rooms was a big push by the Arbitrators to better manage time. The lesson attorneys are taking away from this new process is that you better be prepared for the pre-trial hearing. And that it will typically involve talking with the Petitioner's attorney in advance so that both parties have a clear understanding of the issues in the claim and what you hope to accomplish with the help of the Arbitrator in the pre-trial hearing.

Soon, you will receive a Save-The-Date notification by email for the 2022 Heyl Royster Workers' Compensation Annual Claims Handling Seminar. The event will be an "in-person only" event, and we will be coming to multiple locations this Fall to meet with you. The workers' compensation Team here is excited to see you in person again so we can discuss the latest happenings at the Commission, recent case law updates, and key strategies for handling your claims. I very much hope you can join us. More details on this to follow soon!

This month's article was written by my partner [Bruce Bonds](#) (Champaign office), with the assistance of our summer law clerks, Kayla Ranta and Jensen Rehn. It touches on a subject matter that no one wants to talk about or deal with, but on occasion, we must, Penalties and Attorney's Fee Petitions. They are often plead and used as a sort of sabre rattle by claimant attorneys. I will note, statistically speaking, that penalties are often not awarded. But, the *McDonald's* case discussed below reminds us why they can be. Mr. Bonds goes through the analysis you need to ask yourself as you investigate and defend a claim to ensure you avoid these possible pitfalls. The *McDonald's* case is a healthy reminder of our good faith and reasonable obligations when defending a claim.

WORKERS'
COMPENSATION
PUBLICATION
TEAM

Toney J.
Tomaso
Practice Chair

Amber D. Cameron
Editor

Bruce Bonds
Featured Author

[Toney Tomaso](#)



FEATURE ARTICLE

PENALTIES AND FEES SERVED UP FOR FRIVOLOUS CONTENTION OF ISSUES AT HEARING

By [Bruce Bonds](#), Kyla Ranta, Jensen Rehn

Earlier this summer, the First District Illinois Appellate Court affirmed a decision requiring McDonald's to pay penalties and attorney's fees in a workers' compensation case. To impose penalties, the First District relied on Sections 19(k) and 16 of the Workers' Compensation Act 820 ILCS 305/19(k) and 820 ILCS 305/16. Rather than a reason for concern, employers can view the *McDonald's* decision as a reminder of the importance of making legitimate arguments grounded in reasonable interpretations of the facts surrounding an injury.

Factual Background

In October of 2012, Evangelina Bedoy worked at McDonald's, where her typical tasks included cooking hamburgers, bringing food from the refrigerator to the kitchen, and cleaning. *McDonald's v. Illinois Workers' Comp. Comm'n*, 2022 IL App (1st) 210928WC, ¶ 6. On October 3, 2012, Bedoy took a box of meat from the top shelf of the refrigerator and placed it on her left shoulder. *Id.* The box began to fall, and as she tried to stop it, she felt a twist in her lower back and pain in her right shoulder. *Id.*

After taking the box of meat to the kitchen, Bedoy told two of her supervisors what happened in the refrigerator. *Id.* She continued working, but when her manager arrived he called an ambulance, which Bedoy did not use. *Id.* Later that night, Bedoy took herself to the emergency room and complained of pain in her lower back caused by lifting heavy boxes at work. *Id.* at ¶ 8. She was diagnosed with a back strain but returned to work within two days. *Id.* at ¶10.

On the day of the accident, one of Bedoy's supervisors sent a Form 45 Report of Injury to the main McDonald's franchise office, and the office administrator confirmed receiving it. *Id.* at ¶ 7. "October 3, 2012" appeared on the Form 45 in both handwriting and as printed by the fax machine indicating the date sent. *Id.* On October 4, 2012 McDonald's insurance carrier received notice of Bedoy's back injury from handling a box of meat. *Id.* Four days later, on October 8, 2012, the insurer sent a letter to Bedoy telling her that it had received notice of her work-related injury. *Id.* at ¶ 9.

Within two weeks of the initial incident, Bedoy went to the Chicago Pain and Orthopedic Institute for treatment of her low back and right shoulder pain. *Id.* at ¶ 10. Between October of 2012 and September of 2014, Bedoy saw numerous medical providers for a variety of treatments ranging from steroid injections to physical therapy. *Id.* at ¶¶ 12-23. By 2014, Bedoy only worked ten hours per week, rather than the approximately thirty-eight hours per week she worked before the accident. *Id.* at ¶ 25.

From the facts alone, the case seems typical. Initially the arbitrator's decision seems standard, too. The arbitrator noted "that a work-related accident occurred, that claimant gave timely and appropriate notice to McDonald's, and that claimant's current condition of ill-being was causally related to the accident." *Id.* at ¶ 29. From this, the arbitrator found that the claimant was entitled to all past medical expenses and awarded a percentage loss of her person as a whole. *Id.* The case became noteworthy when the arbitrator went a step further and awarded attorney's fees and penalties under Sections 19(k) and 16 of the Workers' Compensation Act 820 ILCS 305/19(k) and 820 ILCS 305/16. To understand why McDonald's received those penalties, we need to look beyond the bare facts to how McDonald's framed the issues in this case.

What did McDonald's contest?

Workers' compensation cases often involve arguments over whether an accident caused a particular injury or whether a specific treatment



was reasonable. If McDonald's had only used these traditional avenues, the arbitrator may not have issued penalties. Instead, McDonald's contested five separate issues: (1) whether a work-related accident occurred; (2) whether the claimant provided appropriate notice of the accident; (3) causal connection between the alleged accident and injuries; (4) reasonableness and necessity of medical care; and (5) nature and extent of disability.

After the arbitrator found for Petitioner on all these issues and added penalties and fees, McDonald's appealed to the Illinois Workers' Compensation Commission, which affirmed the arbitrator's decision (with a few minor clerical adjustments). *McDonald's v. Illinois Workers' Comp. Comm'n*, 2022 IL App (1st) 210928WC, ¶¶ 29-30. From there, both the Circuit Court of Cook County and the First District Appellate Court also affirmed the arbitrator. *Id.* at ¶ 30.

Throughout its analysis section, the First District's opinion goes through each of the five initial issues McDonald's contested as well as the arguments about a

lack of statutory authority to award penalties and fees. Section 19(k) states that the Commission can award additional compensation in the following circumstances:

“where proceedings have been instituted or carried on by the one liable to pay the compensation which do not present a real controversy, but are merely frivolous or for delay”

820 ILCS 305/19(k); *McDonald's* at ¶ 29.

Section 16 of the Act allows the Commission to award attorney's fees and costs when the employer “has engaged in frivolous defenses which do not present a real controversy, within the purview of the provisions of paragraph (k) of Section 19 of this Act....” 820 ILCS 305/16; see *McDonald's*, at ¶ 61.

In its appeal, McDonald's emphasized that it did not delay the proceedings or refuse to pay benefits. *McDonald's*, at ¶ 60. However, the First District stated that “[t]he Commission awarded additional compensation and attorney fees because McDonald's disputed the issues of accident and notice, and not because of delay or refusal to pay benefits.” *Id.* at ¶ 62.

According to the arbitrator, the Commission, and the Courts, McDonald's frivolously contested Petitioner's work-related accident and notice claims. McDonald's offered no “material evidence to rebut” Petitioner's testimony regarding the accident. *Id.* at ¶ 37. Plus, evidence showed that both the McDonald's franchise owner and its expert witnesses acknowledged that a work-related accident had occurred. *Id.* at ¶ 26. Petitioner sought and received treatment for her injuries, which she identified in the emergency room as work related, on the day of the accident. *Id.* at ¶ 8.

McDonald's tried to “discredit its own expert” doctors to deny that any accident had occurred. *Id.* at ¶ 45. Beyond a lack of evidence to refute Petitioner's claim that an accident had occurred, McDonald's lacked evidence that there was no appropriate notice of the accident. *Id.* at ¶¶ 37-38. McDonald's had multiple expert doctors with opinions about the treatment Petitioner had received, the severity of her injury, and her future restrictions. *Id.* at ¶¶ 48-49. In fact, one expert doctor for McDonald's identified Petitioner's shoulder and arm injuries [as] caused by her work accident. *Id.* at ¶ 45. These concessions suggest that McDonald's recognized Petitioner's injury as work related. In this context, the choice to contest the claims of an accident occurring and providing notice of the accident seem frivolous.

Perhaps McDonald's thought contesting every claim provided the best way to protect its interests. Instead, the arbitrator, Commission, and

Courts found those challenges frivolous. To avoid similar penalties, employers should stay within the parameters outlined in the First District’s opinion.

Key Takeaways

The *McDonald’s* decision should not cause every employer to worry that they will need to pay penalties or attorney’s fees for legitimate good-faith defenses. Sections 19(k) and 16 of the Workers’ Compensation Act are designed to address deliberate conduct undertaken with bad faith or for some other improper purpose. *Id.* at ¶ 71; 820 ILCS 305/19(k) and 820 ILCS 305/16.

Ultimately, the First District found that McDonald’s conduct was unreasonable because it had no reason to contest Petitioner’s work-related accident or notice. *McDonald’s* at ¶ 72. Petitioner had proof of timely notice on the day of the accident. The employer and insurer received notice within a few days. *Id.* Given that Respondent had proof of the work-related accident, lacked any evidence to the contrary, and acknowledged at least some of Petitioner’s injuries, its challenges only created delay and additional costs of the litigation. *Id.* at ¶ 74. The arbitrator described these challenges as “merely vexatious.” *Id.* at ¶ 29.


So long as an employer acts in good faith, it should avoid the penalties and fees McDonald’s had to pay in this case. In fact, the First District explicitly stated that “[i]f an employer possesses facts that would justify its position, fees and penalties are usually inappropriate.” *Id.* at ¶ 66. Given the facts in this case, McDonald’s lacked a reasonable basis to contest the accident ever occurring.

Near the end of its opinion in *McDonald’s*, the First District summarized the overarching theme of the opinion as follows:

“[A]n employer must have a reasonable basis to take a position. In other words, there must be some legitimate purpose served by an employer’s litigation tactics. A position

is not legitimate or reasonable simply because the Act permits it.”

Id. at ¶ 72.

By strategically choosing which issues to contest, employers can avoid being hit with the penalties and attorney’s fees McDonald’s faced. 

ABOUT THE AUTHOR



A shareholder based out of the firm’s Champaign office, [Bruce Bonds](#) concentrates his practice on workers’ compensation, third-party defense of employers, and employment law. With extensive experience before

the Illinois Workers’ Compensation Commission, Bruce has defended employers in thousands of cases resulting in self-insureds, insurance carriers, and TPAs often seeking his expertise.

An Adjunct Law professor at the University of Illinois College of Law, Bruce has taught Workers’ Compensation Law since 1998. He frequently speaks on workers’ compensation issues at bar association and industry-sponsored seminars. Bruce has served as Vice-Chair of the ABA Committee on Employment, Chair of the Illinois State Bar Association Section Council on Workers’ Compensation, and currently serves on the Employment Law Committee of the Chicagoland Chamber of Commerce and the Illinois Chamber of Commerce Workers’ Compensation Committee. Bruce has co-authored a book with Kevin Luther of the firm’s Rockford office entitled *Illinois Workers’ Compensation Law*, which Thomson Reuters publishes and updates annually.

Contact Attorney:
 Brad A. Antonacci
bantonacci@heyloyroyster.com
 Kevin J. Luther
kluther@heyloyroyster.com
 312.971.9807

Chicago Zone

Dockets Covered:
 Elgin • Geneva • Wheaton
Contact Attorney:
 Kevin J. Luther
kluther@heyloyroyster.com
 815.963.4454

Zone 6

Dockets Covered:
 Rockford • Waukegan • Woodstock
Contact Attorneys:
 Kevin J. Luther
kluther@heyloyroyster.com
 815.963.4454

Zone 5

Dockets Covered:
 Kankakee • Joliet • Ottawa
Contact Attorney:
 Kevin J. Luther
kluther@heyloyroyster.com
 815.963.4454

Zone 4

Dockets Covered:
 Bloomington • Rock Island • Peoria
Contact Attorney:
 Jessica M. Bell
jbelle@heyloyroyster.com
 309.676.0400

Zone 3

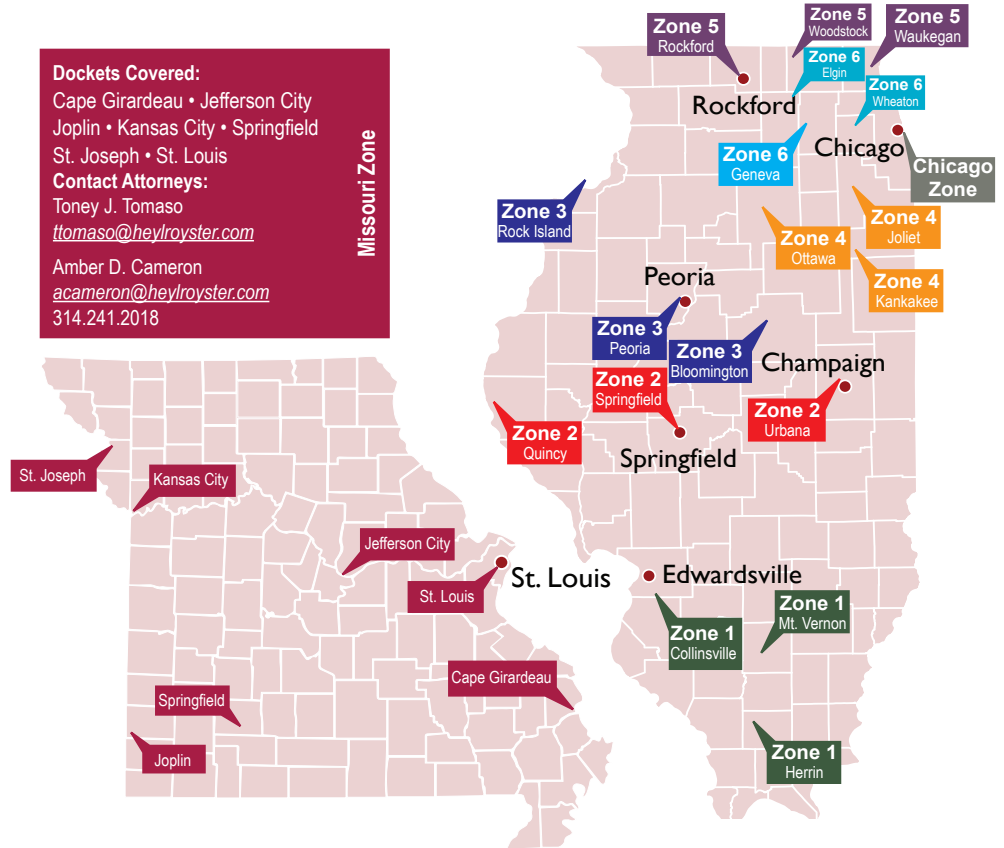
Dockets Covered:
 Quincy • Springfield • Urbana
Contact Attorney:
 Bruce L. Bonds
bbonds@heyloyroyster.com
 217.344.0060

Zone 2

Dockets Covered:
 Collinsville • Herrin • Mt. Vernon
Contact Attorneys:
 Toney J. Tomaso
ttomaso@heyloyroyster.com
 618.656.4646

Zone 1

REGIONAL ZONE MAPS



Workers' Compensation Practice Chair

Contact Attorney:
 Toney Tomaso - ttomaso@heyloyroyster.com
 217-344-0060

Workers' Compensation Appellate

Contact Attorneys:
 Toney Tomaso - ttomaso@heyloyroyster.com
 217-344-0060
 Christopher Drinkwine - cdrinkwine@heyloyroyster.com
 815-963-4454

State of Wisconsin

Contact Attorney:
 Kevin Luther - kluther@heyloyroyster.com
 815-963-4454

Jones Act Claims

Contact Attorney:
 Ann Barron - abarron@heyloyroyster.com
 618-656-4646

WORKERS' COMPENSATION OFFICE LOCATIONS

Champaign

301 N. Neil St.
 Suite 505
 Champaign, IL
 61820
 217.344.0060

Chicago

33 N. Dearborn St.
 Seventh Floor
 Chicago, IL
 60602
 312.853.8700

Edwardsville

105 W. Vandalia St.
 Mark Twain Plaza III
 Suite 100
 Edwardsville, IL
 62025
 618.656.4646

Peoria

300 Hamilton Blvd.
 Second Floor
 Peoria, IL
 61602
 309.676.0400

Rockford

120 W. State St.
 Second Floor
 Rockford, IL
 61101
 815.963.4454

Springfield

3731 Wabash Ave.
 Springfield, IL
 62711
 217.522.8822

St. Louis

701 Market St.
 Peabody Plaza
 Suite 1505
 St. Louis, MO
 63101
 314.241.2018

WWW.HEYLROYSER.COM

WORKERS' COMPENSATION PRACTICE GROUP



Practice Group Chair

Toney Tomaso

ttomaso@heyloyroster.com

Champaign Office



Contact Attorney:

Bruce Bonds

bbonds@heyloyroster.com



John Flodstrom

jflodstrom@heyloyroster.com



Joseph Guyette

jguyette@heyloyroster.com



Toney Tomaso

ttomaso@heyloyroster.com



Samuel Brolley

sbrolley@heyloyroster.com

Peoria Office



Contact Attorney:

Jessica Bell

jbelle@heyloyroster.com



Bruce Bonds

bbonds@heyloyroster.com



Craig Young

cyoung@heyloyroster.com



James Manning

jmanning@heyloyroster.com



Melinda Rowe-Sullivan

mrowesullivan@heyloyroster.com

Chicago Office



Contact Attorney:

Brad Antonacci

bantonacci@heyloyroster.com



Kevin Luther

kluther@heyloyroster.com



Joseph Rust

[jruss@heyloyroster.com](mailto:jrust@heyloyroster.com)



Brittany Jocius

bjocius@heyloyroster.com



Leah Nolan

lnolan@heyloyroster.com

Rockford Office



Contact Attorney:

Kevin Luther

kluther@heyloyroster.com



Heidi Agustsson

hagustsson@heyloyroster.com



Jordan Emmert

jemmert@heyloyroster.com



Steve Getty

sgetty@heyloyroster.com

Edwardsville Office



Contact Attorney:

Toney Tomaso

ttomaso@heyloyroster.com



John Flodstrom

jflodstrom@heyloyroster.com



Amber Cameron

acameron@heyloyroster.com

Springfield Office



Contact Attorney:

Dan Simmons

dsimmons@heyloyroster.com



John Langfelder

jiangfelder@heyloyroster.com



Jessica Bell

jbelle@heyloyroster.com

St. Louis Office



Contact Attorneys:

Toney Tomaso

ttomaso@heyloyroster.com



Amber Cameron

acameron@heyloyroster.com



Jenna Scott

jscott@heyloyroster.com

Appellate



Contact Attorney:

Toney Tomaso

ttomaso@heyloyroster.com



Christopher Drinkwine

cdrinkwine@heyloyroster.com



Below is a sampling of our practice groups highlighting a partner who practices in that area – For more information, please visit our website

www.heyloyroyster.com



Appellate Advocacy

Ann Barron

abarron@heyloyroyster.com



Business and Commercial Litigation

John Heil

jheil@heyloyroyster.com



Business Organizations & Transactions

Ken Davies

kdavies@heyloyroyster.com



Casualty/Tort Litigation

Nick Bertschy

nbertschy@heyloyroyster.com



Civil Rights/Section 1983 & Correctional Healthcare

Keith Fruehling

kfruehling@heyloyroyster.com



Construction

Mark McClenathan

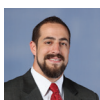
mmcclenathan@heyloyroyster.com



Employment & Labor

Brian Smith

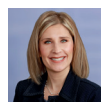
bsmith@heyloyroyster.com



Governmental

Andy Keyt

akeyt@heyloyroyster.com



Healthcare

Katie H. Anderson

kanderson@heyloyroyster.com



Insurance Services

Patrick Cloud

pcloud@heyloyroyster.com



Long Term Care/Nursing Homes

Tyler Robinson

trobinson@heyloyroyster.com



Professional Liability

Renee Monfort

rmonfort@heyloyroyster.com



Toxic Torts & Asbestos

Jennifer Johnson

jbjohnson@heyloyroyster.com



Trucking/Motor Carrier Litigation

Matt Hefflefinger

mhefflefinger@heyloyroyster.com



Workers' Compensation

Toney Tomaso

ttomaso@heyloyroyster.com



Scan this QR Code
for more information about
our practice groups and attorneys

Peoria

300 Hamilton Blvd.
Second Floor
Peoria, IL
61602
309.676.0400

Champaign

301 N. Neil St.
Suite 505
Champaign, IL
61820
217.344.0060

Chicago

33 N. Dearborn St.
Seventh Floor
Chicago, IL
60602
312.853.8700

Edwardsville

105 W. Vandalia St.
Mark Twain Plaza III
Suite 100
Edwardsville, IL
62025
618.656.4646

Rockford

120 W. State St.
Second Floor
Rockford, IL
61101
815.963.4454

Springfield

3731 Wabash Ave.
Springfield, IL
62711
217.522.8822

St. Louis

701 Market St.
Peabody Plaza
Suite 1505
St. Louis, MO
63101
314.241.2018

Jackson

200 W. Jackson St.
Suite 200
Ridgeland, MS
39157
800.642.7471

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