

1 **WORKERS' COMPENSATION APPEALS BOARD**

2 **STATE OF CALIFORNIA**

3 **MARIO ALMARAZ,**

4 *Applicant,*

5 **vs.**

6 **ENVIRONMENTAL RECOVERY SERVICES**
7 **(a.k.a. ENVIROSERVE); and STATE**
8 **COMPENSATION INSURANCE FUND,**

9 *Defendant(s).*

Case No. ADJ1078163 (BAK 0145426)

OPINION AND DECISION
AFTER RECONSIDERATION
(EN BANC)

10 **JOYCE GUZMAN,**

11 *Applicant,*

12 **vs.**

13 **MILPITAS UNIFIED SCHOOL DISTRICT,**
14 **Permissibly Self-Insured; and KEENAN &**
15 **ASSOCIATES, Adjusting Agent,**

16 *Defendant(s).*

Case No. ADJ3341185 (SJO 0254688)

OPINION AND DECISION
AFTER RECONSIDERATION
(EN BANC)

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18 In this joint en banc decision,¹ we clarify and modify our en banc decision of February 3,
19 2009.²

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22 ¹ En banc decisions of the Appeals Board are binding precedent on all Appeals Board panels and workers'
23 compensation judges. (Lab. Code, § 115; Cal. Code Regs., tit. 8, § 10341; *City of Long Beach v. Workers' Comp.*
24 *Appeals Bd. (Garcia)* (2005) 126 Cal.App.4th 298, 313, fn. 5 [70 Cal.Comp.Cases 109, 120, fn. 5] (*Garcia*); *Gee v.*
25 *Workers' Comp. Appeals Bd.* (2002) 96 Cal.App.4th 1418, 1425, fn. 6 [67 Cal.Comp.Cases 236, 239, fn. 6].) In
26 addition to being adopted as a precedent decision in accordance with Labor Code section 115 and Appeals Board Rule
27 10341, this en banc decision is also being adopted as a precedent decision in accordance with Government Code
section 11425.60(b).

² When the Appeals Board grants reconsideration of an en banc decision, it has the power to alter or amend
that decision. (Lab. Code, §§ 5906, 5907; *Pendergrass v. Duggan Plumbing* (2007) 72 Cal.Comp.Cases 456, 458-459
(Appeals Board en banc); *Baglione v. Hertz Car Sales* (2007) 72 Cal.Comp.Cases 444, 446-447 (Appeals Board en
banc).)

1 In our February 3, 2009 decision, we held that: (1) the AMA Guides³ portion of the 2005
2 Schedule for Rating Permanent Disabilities (2005 Schedule or Schedule)⁴ is rebuttable; (2) the
3 AMA Guides portion of the 2005 Schedule is rebutted by showing that an impairment rating based
4 on the AMA Guides would result in a permanent disability award that would be inequitable,
5 disproportionate, and not a fair and accurate measure of the employee’s permanent disability; and
6 (3) when an impairment rating based on the AMA Guides has been rebutted, the Workers’
7 Compensation Appeals Board (WCAB) may make an impairment determination that considers
8 medical opinions that are not based or are only partially based on the AMA Guides.

9 In this decision, we hold that: (1) the language of Labor Code section 4660(c),⁵ which
10 provides that “the schedule ... shall be prima facie evidence of the percentage of permanent
11 disability to be attributed to each injury covered by the schedule,” unambiguously means that a
12 permanent disability rating established by the Schedule is rebuttable; (2) the burden of rebutting a
13 scheduled permanent disability rating rests with the party disputing that rating; (3) one method of
14 rebutting a scheduled permanent disability rating is to successfully challenge one of the component
15 elements of that rating, such as the injured employee’s whole person impairment (WPI) under the
16 AMA Guides;⁶ and (4) when determining an injured employee’s WPI, it is not permissible to go
17 outside the four corners of the AMA Guides; however, a physician may utilize any chapter, table,
18 or method in the AMA Guides that most accurately reflects the injured employee’s impairment. In
19 light of these holdings, we now specifically reject the “inequitable, disproportionate, and not a fair
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21 ³ All references to the “AMA Guides” or to the “Guides” are to the American Medical Association’s *Guides to
the Evaluation of Permanent Impairment* (5th Edition, 2001).

22 ⁴ The complete Schedule may be found at <http://www.dir.ca.gov/dwc/PDR.pdf>.

23 ⁵ All further statutory references are to the Labor Code, unless otherwise specified.

24 ⁶ Section 4660 does not refer to “whole person impairment.” However, section 4660(a) refers to “the nature of
25 the physical injury or disfigurement” and section 4660(b)(1) provides that “the ‘nature of the physical injury or
26 disfigurement’ shall incorporate the descriptions and measurements of physical impairments and the corresponding
percentages of impairments published in the [AMA Guides].” In turn, the AMA Guides assesses impairments in terms
27 of the “whole person” and it assigns “whole person impairment ratings” that reflect the percentage to which the
“whole person” has been impaired. (See, e.g., AMA Guides, §§ 1.3 and 1.4, at p. 9.) These “whole person impairment
ratings” of the Guides have been adopted and incorporated into the Schedule. (Cal. Code Regs., tit. 8, § 9805; see
also, 2005 Schedule, at pp. 1-2, 1-3, 1-4.)

1 and accurate measure of the employee’s permanent disability” standard set forth in our February 3,
2 2009 opinion.

3 We emphasize that our decision does *not* permit a physician to utilize any chapter, table, or
4 method in the AMA Guides simply to achieve a desired result, e.g., a WPI that would result in a
5 permanent disability rating based directly or indirectly on any Schedule in effect prior to 2005. A
6 physician’s opinion regarding an injured employee’s WPI under the Guides must constitute
7 substantial evidence; therefore, the opinion must set forth the facts and reasoning which justify it.
8 Moreover, a physician’s WPI opinion that is not based on the AMA Guides does not constitute
9 substantial evidence.

10 **I. BACKGROUND**

11 In the *Almaraz* case, applicant sustained a November 5, 2004 back injury, while employed
12 as a truck driver. He had back surgery and never returned to work. The agreed medical evaluator
13 (AME), Bruce E. Fishman, M.D., concluded that applicant has 12% WPI under the AMA Guides.
14 He also noted, however, that applicant is permanently limited to light duty work and permanently
15 precluded from prolonged sitting. Dr. Fishman never reviewed a formal job analysis but, based on
16 applicant’s own description of his job duties, Dr. Fishman declared that applicant “clearly would
17 be unable” to perform at least one aspect of his job.

18 On April 23, 2008, the workers’ compensation administrative law judge (WCJ) found that
19 applicant’s back injury caused 14% permanent disability under the 2005 Schedule, taking into
20 consideration his 12% WPI under the AMA Guides. Applicant filed a timely petition for
21 reconsideration, contending in substance that: (1) section 4660 merely requires that “account shall
22 be taken” of the AMA Guides and that a WPI based on the Guides is not conclusive and
23 un rebuttable; (2) the AMA Guides need not be blindly followed where the Guides does not
24 completely and fairly describe and measure the injured employee’s impairment; and (3) where the
25 AMA Guides does not fairly and accurately reflect the injured employee’s impairment, other
26 measures of impairment should be used.

27 In the *Guzman* case, applicant sustained a cumulative injury to both upper extremities

1 (bilateral carpal tunnel syndrome) through April 11, 2005, while employed as a secretary. The
2 AME, Steven D. Feinberg, M.D., found 3% WPI for each extremity based on the AMA Guides.
3 However, Dr. Feinberg also stated:

4 “You are aware by now that there is often a discrepancy between the
5 disability and the impairment. The type of problem [applicant] has is
6 legitimate but does not rate very much (if anything) under the AMA Guides.
7 Based on her ADL [(i.e., activities of daily living)] losses, each upper
8 extremity would have a 15% WPI This is not a method that is sanctioned
9 by the AMA Guides.”

10 On October 7, 2008, the WCJ found 12% permanent disability under the 2005 Schedule,
11 based on 3% WPI for each upper extremity. The WCJ concluded that Dr. Feinberg’s 15% WPI for
12 each upper extremity did not successfully challenge the WPI under the AMA Guides. Applicant
13 filed a timely petition for reconsideration, essentially arguing that Dr. Feinberg’s 15% WPI should
14 have been followed because: (1) the AMA Guides expressly estimates impairments “*excluding*
15 *work*” (AMA Guides’ own emphasis); (2) the AMA Guides consistently calls for an evaluating
16 physician to use his or her education, training, and clinical judgment in determining impairment;
17 and (3) the AMA Guides always defers to the evaluator’s clinical judgment.

18 We granted reconsideration in both the *Almaraz* and *Guzman* cases and consolidated them
19 for our February 3, 2009 en banc decision. There, we engaged in a lengthy legal analysis to reach
20 a conclusion that the 2005 Schedule – and the AMA Guides portion of the Schedule – are
21 rebuttable. Our February 3, 2009 opinion then remanded both matters to their respective assigned
22 WCJs for further proceedings.

23 On February 27, 2009, defendant, State Compensation Insurance Fund (SCIF) filed a
24 timely petition for reconsideration in *Almaraz*. In its petition, SCIF essentially contended that our
25 conclusion that an AMA Guides impairment rating is rebuttable: (1) directly contravenes the
26 language of sections 4660(b)(1) and 4660(d) that permanent disability determinations “shall
27 incorporate” the AMA Guides and that the Schedule “shall promote consistency, uniformity, and
objectivity”; (2) directly contravenes the Legislature’s express intention, set forth in section 49 of
SB 899, to reduce workers’ compensation costs; (3) improperly relied on California appellate

1 cases on rebutting the Schedule that pre-dated the implementation of SB 899 and, therefore, that
2 did not address the AMA Guides and their mandatory application; (4) improperly relied on
3 statements contained in the AMA Guides that are not relevant because the Legislature did not
4 adopt the full text of the AMA Guides, only its impairment ratings; and (5) improperly relied on
5 out-of-state appellate cases regarding departures from the AMA Guides because those states do not
6 mandate use of the Guides.

7 Applicant filed an answer, essentially contending that: (1) the “prima facie evidence”
8 language of section 4660(c) is clear and unambiguous and, therefore, neither further interpretation
9 nor examination of legislative history is required; (2) section 4660(a) requires only that “account
10 shall be taken” of the AMA Guides; therefore, when the AMA Guides is silent on a medical
11 condition or falls short in fairly describing impairment, then other evidence is necessary;
12 (3) although section 4660(d) provides that “[t]he schedule shall promote consistency, uniformity,
13 and objectivity,” these factors are not more important than fairness to the injured worker; and
14 (4) any contrary conclusion would be inconsistent with the provisions of Article XIV, section 4, of
15 the California Constitution, mandating “adequate” workers’ compensation benefits, and section
16 3202, mandating liberal construction of workers’ compensation laws.

17 On April 6, 2009, we granted SCIF’s petition for reconsideration in *Almaraz*.⁷
18 Concurrently, we granted reconsideration on our own motion in *Guzman*. (Lab. Code, § 5911; see
19 also §§ 5900(b), 5315.) We gave the parties in *Guzman* until May 1, 2009 to file and serve briefs
20 on the merits. In both *Almaraz* and *Guzman*, we invited any interested person or entity to file and
21 serve an amicus curiae brief by May 1. Finally, we gave each party in the *Almaraz* and *Guzman*
22 cases until May 21 to file a single consolidated brief in reply to the amicus briefs.

23 On May 1, 2009, the applicant in *Guzman* filed his brief on the merits, essentially
24 contending: (1) because section 4660(c) provides that the Schedule is “prima facie evidence” of an

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26 ⁷ We concluded that our February 3, 2009 opinion was a “final” order because the question of whether the
27 AMA Guides portion of the 2005 Schedule may be rebutted is a “threshold” issue that is “fundamental,” “critical,”
and “basic” to the issue of permanent disability benefits. (*Maranian v. Workers’ Comp. Appeals Bd.* (2000) 81
Cal.App.4th 1068, 1073-1081 [65 Cal.Comp.Cases 650, 653-660]; *Aldi v. Carr, McClellan, Ingersoll, Thompson &*
Horn (2006) 71 Cal.Comp.Cases 783, 784 (Appeals Board en banc).)

1 injured employee’s percentage of permanent disability, the 2005 Schedule is rebuttable and not
2 conclusive; (2) because the Administrative Director (AD) “adopt[ed] and incorporate[ed]” the
3 AMA Guides in its entirety into the 2005 Schedule, the AMA Guides itself is also prima facie
4 evidence that may be rebutted; (3) the language of section 4660(b)(1) mandating that the AMA
5 Guides “shall” be incorporated is not sufficient to create a conclusive presumption regarding the
6 level of impairment; (4) if the Legislature had intended to create a conclusive presumption, it
7 could have expressly said so; (6) the AMA Guides allows a physician to exercise his or her clinical
8 judgment in determining impairment; (7) there is no inherent conflict between the provision of
9 section 4660(d) that the Schedule “shall promote consistency, uniformity, and objectivity” and the
10 provision of section 4660(c) that the scheduled permanent disability rating is “prima facie
11 evidence”; (8) neither the language nor legislative history of section 4660 reflects an intent that
12 injured employees should receive permanent disability awards that are inequitable,
13 disproportionate, and not a fair and accurate measure of their true disability; and (9) alleged
14 increases in litigation and medical-legal costs are not a reason to blindly follow the AMA Guides,
15 especially where the Guides would cause an unjust result.

16 On May 1, 2009, the defendant in *Guzman*, the Milpitas Unified School District (MUSD),
17 also filed its brief on the merits,⁸ essentially contending: (1) although the 2005 Schedule may be
18 rebuttable as to an injured employee’s percentage of permanent disability, there is no AMA Guides
19 “portion” of the Schedule and, therefore, the “prima facie evidence” language of section 4660(c)
20 does not apply to the AMA Guides; (2) sections 4660(b)(1) and 4660(d) mandate that permanent
21 disability determinations “shall incorporate” the AMA Guides and that the Schedule “shall
22 promote consistency, uniformity and objectivity”; (3) our decision conflicts with the legislative
23 intent of SB 899 to alleviate skyrocketing workers’ compensation costs; (4) our decision leaves
24 California without a workable standard for converting impairment into permanent disability;
25 (5) pre-SB 899 case law on rebutting scheduled permanent disability ratings fails to give due

26 ⁸ MUSD captioned its brief as a “petition for reconsideration.” However, it is clearly untimely and subject to
27 dismissal as such. (Lab. Code, §§ 5900(a), 5903, 5316; Code Civ. Proc., § 1013; Cal. Code Regs., tit. 8, § 10507.)
Therefore, we will treat it as MUSD’s brief on the merits, as invited by our April 6, 2009 order.

1 consideration to changes wrought by SB 899; (6) any reliance on case law from other jurisdictions
2 is misplaced, inappropriate, and inapposite; and (7) our decision amounts to an illegal regulation in
3 violation of the Administrative Procedures Act and usurps the AD’s regulatory authority to create
4 a Schedule.

5 Pursuant to our invitation, we also received a number of amicus curiae briefs.⁹ Each party
6 in the *Almaraz* and *Guzman* cases filed a reply to the amicus briefs.¹⁰

7 **II. DISCUSSION**

8 For the reasons that follow, we clarify our February 3, 2009 opinion to hold that it is the
9 permanent disability rating resulting from the application of the Schedule that is rebuttable; that
10 the party disputing a scheduled permanent disability rating has the burden of rebutting it; and that
11 one method of rebutting a scheduled permanent disability rating is to successfully challenge one or
12 more of the component elements of the rating, such as the WPI under the AMA Guides. We also
13 modify our prior opinion to hold that *all* WPI evidence – including but not limited to rebuttal
14 evidence – must be within the four corners of the AMA Guides, although a physician may utilize
15 any chapter, table, or method in the Guides to assess WPI, provided that his or her opinion
16 constitutes substantial evidence.

17 **A. A Brief History of Section 4660, SB 899 and the Adoption of the 2005 Schedule.**

18 Beginning when the first mandatory Workers’ Compensation Act was enacted in 1917,
19 through the Act’s first codification in 1937, and on into 2004, section 4660(a) and its predecessors
20 provided: “In determining the percentages of permanent disability, account shall be taken of the
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22 ⁹ We have received and considered amicus curiae briefs from: the California Applicants’ Attorneys
23 Association; the California Chamber of Commerce & the California State Association of Counties Excess Insurance
24 Authority (joint brief); the California Self-Insurers Association; the California Society of Industrial Medicine and
25 Surgery, Inc.; the California Workers’ Compensation Institute (CWCI); the County of Los Angeles; Employers Direct
26 Insurance Co.; the International Association of Rehabilitation Professionals; The Director of Industrial Relations, John
C. Duncan, as Administrator of the Uninsured Employers Benefits Trust Fund and the Subsequent Injuries Benefits
Trust Fund; Morrow & Morrow; the National Federation of Independent Business, Small Business Legal Center; Phil
Neal Walker Law Corp. (Walker); the Protected Insurance Program for Schools; Steve Poizner, Insurance
Commissioner of the State of California; the San Diego and Imperial County Schools Joint Powers Authority;
Safeway, Inc.; and The Travelers Companies, Inc.

27 ¹⁰ Given our disposition, we deny the requests of SCIF, MUSD, and various amicus that we stay our February
3, 2009 opinion. We also decline MUSD’s request that we rescind our April 6, 2009 order granting reconsideration.

1 nature of the physical injury or disfigurement, the occupation of the injured employee, and his age
2 at the time of such injury, consideration being given to the diminished ability of such injured
3 employee to compete in an open labor market.”¹¹ From 1937, when section 4660 first mandated
4 the adoption of a permanent disability Schedule, and until 2004, section 4660 set forth no guiding
5 principles regarding the formulation of the Schedule beyond the language of section 4660(a);
6 however, section 4660 consistently provided that “the schedule ... shall be prima facie evidence of
7 the percentage of permanent disability to be attributed to each injury covered by the schedule.”

8 In 2004, SB 899 substantially amended section 4660.¹² These changes included:
9 (1) amending section 4660(a) to read, “In determining the percentages of permanent disability,
10 account shall be taken of the nature of the physical injury or disfigurement, the occupation of the
11 injured employee, and his or her age at the time of the injury, consideration being given to an
12 employee’s diminished future earning capacity” (i.e., replacing the phrase, “consideration being
13 given to the diminished ability of such injured employee to compete in an open labor market,”
14 which had been present since the Workers’ Compensation Act of 1917)¹³; (2) adding new section
15 4660(b)(1), which provides, “For purposes of this section, the ‘nature of the physical injury or
16 disfigurement’ shall incorporate the descriptions and measurements of physical impairments and
17 the corresponding percentages of impairments published in the [AMA Guides]”; and (3) amending
18 section 4660(d), which now provides, in relevant part, “The schedule shall promote consistency,
19 uniformity, and objectivity.”

20 The amendments to section 4660 also directed that “[o]n or before January 1, 2005, the
21 administrative director shall adopt regulations to implement the changes made to this section by
22 th[is] act” (Lab. Code, § 4660(e).) Accordingly, by regulation, the AD adopted the new

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24 ¹¹ Stats. 1917, ch. 586, § 9(b)(7), p. 838; Stats. 1919, ch. 471, § 4, p. 915; Stats. 1925, ch. 354, § 1, p. 642;
Stats. 1929, ch. 222, § 1, pp. 422-423; Stats. 1937, ch. 90, § 4660, p. 283; Stats. 1951, ch. 1683, § 1, p. 3880; Stats.
1965, ch. 1513, § 91, p. 3579; Stats. 1993, ch. 121, § 53.

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26 ¹² Stats. 2004, ch. 34, § 32.

27 ¹³ Stats. 1917, ch. 586, § 9(b)(7), p. 838; Stats. 1919, ch. 471, § 4, p. 915; Stats. 1925, ch. 354, § 1, p. 642;
Stats. 1929, ch. 222, § 1, pp. 422-423; Stats. 1937, ch. 90, § 4660, p. 283; Stats. 1951, ch. 1683, § 1, p. 3880; Stats.
1965, ch. 1513, § 91, p. 3579; Stats. 1993, ch. 121, § 53.

1 Schedule, which became effective on January 1, 2005. (See Cal. Code Regs., tit. 8, § 9805 (AD
2 Rule 9805).) In creating the new Schedule, the AD specifically “adopt[ed] and incorporate[d]” the
3 AMA Guides. (*Id.*)

4 There are four component elements to the new Schedule’s formula for rating an injured
5 employee’s percentage of disability. The first component is the injured employee’s WPI,
6 expressed as a percentage, based on the AMA Guides. (2005 Schedule, at pp. 1-2, 1-3, & 1-4 – 1-
7 5.)¹⁴ The second component involves multiplying this WPI percentage by a factor from 1.1 to 1.4
8 to adjust it for the injured employee’s diminished future earning capacity (DFEC). (*Id.*, at pp. 1-2,
9 1-5 – 1-8, & 2-6 – 2-7.) The third and fourth components further adjust the WPI percentage based,
10 respectively, on the injured employee’s occupation and age at the time of injury, leading to the
11 final percentage permanent disability rating. (*Id.*, at pp. 1-2, 1-8 – 1-9, & 3-1 – 6-5.)

12 **B. The Language of Section 4660(c), Providing that “the Schedule ... Shall Be Prima Facie**
13 **Evidence of the Percentage of Permanent Disability to Be Attributed to Each Injury Covered**
14 **by the Schedule,” Unambiguously Means that any Permanent Disability Rating Established**
by the Schedule Is Rebuttable

15 The foundation of our February 3, 2009 opinion is the language of section 4660(c), which
16 provides that “the schedule ... shall be prima facie evidence of the percentage of permanent
17 disability to be attributed to each injury covered by the schedule.” Our prior opinion concluded
18 that this language means that the Schedule and its component elements, including its AMA Guides
19 portion, are rebuttable.

20 For the reasons that follow, we largely adhere to this element of our February 3, 2009
21 opinion. We depart from it only to clarify that it is the permanent disability *rating* resulting from
22 the application of the Schedule that is rebuttable. Moreover, as we will discuss later, one way an
23 injured employee or a defendant may rebut a scheduled permanent disability rating is to
24 successfully challenge one or more of the component elements of the rating, such as by
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27 ¹⁴ The Schedule also assigns eight-digit “impairment numbers” that identify each injured body part or organ
system. The first two digits correspond to the chapter of the AMA Guides relating to the particular body part or organ
system. (2005 Schedule, at pp. 1-4 & 2-1 – 2-5.)

1 establishing a WPI under the AMA Guides that most accurately reflects the injured employee's
2 impairment.

3 The fundamental rule of statutory construction is to effectuate the Legislature's intent.
4 (*DuBois v. Workers' Comp. Appeals Bd.* (1993) 5 Cal.4th 382, 387 [58 Cal.Comp.Cases 286, 289]
5 (*DuBois*); *Nickelsberg v. Workers' Comp. Appeals Bd.* (1991) 54 Cal.3d 288, 294 [56
6 Cal.Comp.Cases 476, 480] (*Nickelsberg*); *Moyer v. Workmen's Comp. Appeals Bd.* (1973) 10
7 Cal.3d 222, 230 [38 Cal.Comp.Cases 652, 657].) The best indicator of legislative intent is the
8 clear, unambiguous, and plain meaning of the statutory language. (*DuBois, supra*, 5 Cal.4th at pp.
9 387-388 [58 Cal.Comp.Cases at p. 289].) When the statutory language is clear and unambiguous,
10 there is no room for interpretation and the WCAB must enforce the statute according to its plain
11 terms. (*DuBois, supra*, 5 Cal.4th at p. 387 [58 Cal.Comp.Cases at p. 289]; *Atlantic Richfield Co. v.*
12 *Workers' Comp. Appeals Bd. (Arvizu)* (1982) 31 Cal.3d 715, 726 [47 Cal.Comp.Cases 500, 508].)
13 It is only when statutory language is ambiguous and susceptible of more than one reasonable
14 interpretation that the WCAB may look to other maxims of statutory construction, to legislative
15 history, or to other evidence of the Legislature's intent. (*Wells v. One2One Learning Foundation*
16 (2006) 39 Cal.4th 1164, 1190; *Benson v. Workers' Comp. Appeals Bd.* (2009) 170 Cal.App.4th
17 1535, 1543 [74 Cal.Comp.Cases 113, 117] (*Benson*).)

18 Here, the language of section 4660(c) that "the schedule ... shall be prima facie evidence
19 of the percentage of permanent disability to be attributed to each injury covered by the schedule"
20 clearly and unambiguously establishes that an injured employee's scheduled percentage permanent
21 disability rating is rebuttable.

22 The very nature of "prima facie evidence" is that it is rebuttable: "[P]rima facie evidence is
23 that which suffices for the proof of a particular fact, until contradicted and overcome by other
24 evidence. It may, however, be contradicted, and other evidence is always admissible for that
25 purpose." (*Vaca Valley & Clear Lake Railroad v. Mansfield* (1890) 84 Cal. 560, 566; accord: *In re*
26 *Raymond G.* (1991) 230 Cal.App.3d 964, 972.) This comports with standard legal dictionary

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1 definitions of “prima facie evidence.”¹⁵ It also comports with Evidence Code section 602: “A
2 statute providing that a fact or group of facts is prima facie evidence of another fact establishes a
3 rebuttable presumption.” Therefore, we must apply section 4660(c) according to its plain terms.

4 Moreover, the language of section 4660 that “the schedule ... shall be prima facie evidence
5 of the [injured employee’s] percentage of permanent disability” has long been interpreted to mean
6 that a permanent disability rating based on the Schedule is rebuttable. In some instances, the
7 appellate courts have explicitly pronounced that a scheduled permanent disability rating is
8 rebuttable.¹⁶ In other instances, this conclusion, though not expressly declared, has been an
9 indispensable underpinning of the court’s decision.¹⁷

10 Further, had the Legislature intended that a permanent disability rating established by the
11 Schedule was to be conclusive and unrebuttable, it could have expressly so stated. It did not. To
12 quote our Supreme Court, “As A. P. Herbert so unforgettably quipped: ‘If Parliament does not
13 mean what it says it must say so.’ ” (*Flores v. Workmen’s Comp. Appeals Bd.* (1974) 11 Cal.3d
14 171, 177 [39 Cal.Comp.Cases 289, 293].) Certainly, the Legislature knew how to establish a

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16 ¹⁵ See, e.g., Black’s Law Dictionary (6th ed. 1990), at p. 1190, which among other things defines “prima facie
17 evidence” as: (1) “Evidence good and sufficient on its face. Such evidence as ... is sufficient to establish a given fact
18 ... and which if not rebutted or contradicted, will remain sufficient. Evidence which, if unexplained or uncontradicted,
19 is sufficient to sustain a judgment in favor of the issue which supports, but which may be contradicted by other
evidence.”; (2) “That quantum of evidence that suffices for proof of a particular fact until the fact is contradicted by
other evidence; once a trier of fact is faced with conflicting evidence, it must weigh the prima facie evidence with all
of the other probative evidence presented.”; (3) “An inference or presumption of law, affirmative or negative of a fact,
in the absence of proof, or until proof can be obtained or produced to overcome the inference.”

20 ¹⁶ See *Glass v. Workers’ Comp. Appeals Bd.* (1980) 105 Cal.App.3d 297, 307 [45 Cal.Comp.Cases 441, 449]
21 (*Glass*) (“While the Rating Schedule is prima facie evidence of the proper disability rating, it may be controverted and
22 overcome.”); *Universal Studios, Inc. v. Workers’ Comp. Appeals Bd. (Lewis)* (1979) 99 Cal.App.3d 647, 662-663 [44
Cal.Comp.Cases 1133, 1143] (*Lewis*) (“[T]he rating schedule ... is not absolute, binding and final. ... It is therefore
not to be considered all of the evidence on the degree or percentage of disability.”).

23 ¹⁷ See *Abril v. Workers’ Comp. Appeals Bd.* (1976) 55 Cal.App.3d 480, 486 [40 Cal.Comp.Cases 804, 808]
24 (*Abril*) (a rating must be “rationally related” to the employee’s disability; therefore, although the WCAB properly
awarded an employee the scheduled rating for legal blindness of the left eye due to loss of the lens, the employee also
should have been rated for work restrictions imposed to avoid the risk of retinal detachment and other eye problems);
25 *Luchini v. Workmen’s Comp. Appeals Bd.* (1970) 7 Cal.App.3d 141, 146 [35 Cal.Comp.Cases 205, 209] (*Luchini*)
(WCAB erred in concluding that prophylactic working restrictions are not ratable factors of permanent disability
under the Schedule; “the [WCAB] cannot rely on some administrative procedure [(i.e., the Schedule)] to deny to
26 petitioner a disability award commensurate with the disability that he has suffered.”); *Young v. Industrial Acc. Com.*
27 (1940) 38 Cal.App.2d 250, 255 [5 Cal.Comp.Cases 67, 70] (“[i]t is apparent ... from the ... provisions of the Labor
Code and the schedule itself, that it was not intended that [the schedule] should be applied in a case ... where it did
not even approximately cover the disability involved”).

1 conclusive presumption if that was its intent.¹⁸ Indeed, it has done so many times, including in
2 two instances in SB 899. (See Lab. Code, §§ 4664(b), 5814(c).)¹⁹

3 Our conclusion that the “prima facie evidence” language of section 4660(c) is *not*
4 ambiguous obviates the need to address any of the arguments regarding the interpretation of
5 ambiguous language.

6 **C. The Provisions of Section 4660(d) and Section 49 of SB 899 Are Not So Clearly**
7 **Repugnant and Utterly Irreconcilable with the “Prima Facie Evidence” Provision of Section**
8 **4660(c) that They Compel the Conclusion that this Provision Was Impliedly Repealed**

9 Although the “prima facie evidence” provision of section 4660(c) unambiguously means
10 that a scheduled permanent disability rating is rebuttable, even a plain and clear statutory provision
11 may not stand if it has been impliedly repealed. Here, SCIF and some amicus curiae essentially
12 contend that the “prima facie evidence” provision of section 4660(c) was impliedly repealed by the
13 provision of section 4660(d) that the Schedule “shall promote consistency, uniformity, and
14 objectivity” and/or by the language of section 49 of SB 899 stating that the act was intended to
15 “provide relief to the state from the effects of the current workers’ compensation crisis.”

16 Repeals by implication are not favored. (*Nickelsberg, supra*, 5 Cal.4th at p. 298 [56
17 Cal.Comp.Cases at p. 483]; *Fuentes v. Workers’ Comp. Appeals Bd.* (1976) 16 Cal.3d 1, 7 [41
18 Cal.Comp.Cases 42, 46].) An implied repeal will be found “only when there is no rational basis
19 for harmonizing the two potentially conflicting statutes, and the statutes are irreconcilable, clearly
20 repugnant, and so inconsistent that the two cannot have concurrent operation.” (*Schatz v. Allen*
21 *Matkins Leck Gamble & Mallory LLP* (2009) 45 Cal.4th 557, 573-574 [internal citations and
22 quotation marks omitted]; see also *Western Oil & Gas Assn. v. Monterey Bay Unified Air Pollution*
23 *Control Dist.* (1989) 49 Cal.3d 408, 419-420.)

24 ¹⁸ Cf. *Murphy v. Kenneth Cole Productions, Inc.* (2007) 40 Cal.4th 1094, 1107 (“the Legislature certainly
25 knows how to impose a penalty when it wants to, having established penalties in many Labor Code statutes by using
26 the word ‘penalty.’ ”); *Bryant v. Industrial Acc. Com.* (1951) 37 Cal.2d 215, 223 [16 Cal.Comp.Cases 121, 126] (“If
27 the Legislature had intended that the lien provided for in paragraph (f) [of Labor Code section 4903] should be against
temporary disability compensation only[,] it could have said so; that it knew how to write an amendment with such an
effect is demonstrable, for in 1949 it adopted paragraph (g) which expressly so provides as to unemployment
compensation benefits.”)

¹⁹ See also, e.g., Ins. Code, § 11650; Lab. Code, §§ 3501(a)&(b), 4155. 4662.

1 **1. There Is a Rational Basis for Harmonizing the Provision of Section 4660(d) that “[t]he**
2 **Schedule Shall Promote Consistency, Uniformity, and Objectivity” and the Provision of**
3 **Section 4660(c) that the Schedule “Shall Be Prima Facie Evidence of the Percentage of**
4 **Permanent Disability”**

5 The language of section 4660(d), which provides “[t]he schedule shall promote
6 consistency, uniformity, and objectivity,” is not so clearly repugnant and so inconsistent with the
7 language of section 4660(c), which provides that the Schedule “shall be prima facie evidence of
8 the percentage of permanent disability to be attributed to each injury covered by the schedule,”
9 that there is no way the two provisions could have concurrent operation.

10 Although section 4660(d) provides that the Schedule “shall promote consistency,
11 uniformity, and objectivity,” this does not necessarily mean that a scheduled permanent disability
12 rating cannot be “prima facie evidence” that may be rebutted. For example, in the context of the
13 cases before us and as we will discuss in greater detail below, these two provisions may be
14 rationally interpreted and harmonized to mean that a scheduled permanent disability rating may be
15 rebutted by successfully challenging the component element of that rating relating to the
16 employee’s WPI under the AMA Guides. This may be done by establishing that another chapter,
17 table, or method within the four corners of the Guides most accurately reflects the injured
18 employee’s impairment. This interpretation gives effect to the “prima facie evidence” language of
19 section 4660(c) because it allows rebuttal evidence, but it also gives effect to the “shall promote
20 consistency, uniformity, and objectivity” language of 4660(d) because it requires that the rebuttal
21 evidence be rooted in the AMA Guides.

22 **2. The Declared Intention of Section 49 of SB 899, to “Provide Relief to the State from the**
23 **Effects of the Current Workers’ Compensation Crisis,” Does Not Provide Undebatable**
24 **Evidence of a Legislative Intent that the 2005 Schedule and Its Component Elements Cannot**
25 **Be Rebutted**

26 When SB 899 was enacted, the Legislature included section 49, which expressly declared
27 that “[t]his act is an urgency statute” and that “it is necessary for this act to take effect
immediately” to “provide relief to the state from the effects of the current workers’ compensation
crisis.” (Stats. 2004, ch. 34, § 49.) As the appellate courts have repeatedly made clear, this

1 statement means that, overall, SB 899 was intended to reduce the costs of the workers’
2 compensation system.²⁰

3 Nevertheless, while section 49 declared SB 899’s intent to reduce the *overall* costs of
4 workers’ compensation, section 49 does not reflect an intent to reduce the cost of each and every
5 workers’ compensation benefit in each and every possible way. To the contrary, “both workers
6 and employers were to benefit from Senate Bill No. 899 as a whole.” (*Benson, supra*, 170
7 Cal.App.4th at p. 1557 [74 Cal.Comp.Cases at p. 130].) Certainly, some elements of SB 899 were
8 aimed at reducing the cost of permanent disability and the courts have so interpreted these
9 provisions.²¹ However, there also was some legislative concern about “diminishing the arguably
10 meager benefits injured workers received in this state.” (*Benson, supra*, 170 Cal.App.4th at p.
11 1557 [74 Cal.Comp.Cases at p. 131] (quoting from Sen. Rules Com., Off. of Sen. Floor Analyses,
12 3d reading analysis of Sen. Bill No. 899 (2003–2004 Reg. Sess.) as amended July 14, 2003, pp. 1–
13 2).) Consistent with this concern, SB 899 *increased* permanent disability benefits for those
14 employees who were the most disabled or who could not return to their work. (Lab. Code, §
15 4658(d)(1) (increasing the number of weeks of benefits for permanently disabled employees with
16 disability from 70% to 99.75%); § 4658(d)(2) (increasing by 15% benefits for permanently
17 disabled employees who were not promptly offered regular, modified or alternative work with the
18 same employer).)

19 Therefore, the fact that SB 899 left the “prima facie evidence” provision of section 4660(c)

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21 ²⁰ See *Brodie v. Workers’ Comp. Appeals Bd.* (2007) 40 Cal.4th 1313, 1329 [72 Cal.Comp.Cases 565, 578] (SB
22 899 was adopted as “an urgency measure designed to alleviate a perceived crisis in skyrocketing workers’
23 compensation costs”); *Benson, supra*, 170 Cal.App.4th at p. 1555 [74 Cal.Comp.Cases at p. 128] (the legislative
24 history of SB 899 reflects that “the Legislature repeatedly indicated its specific intent to reform apportionment rules to
25 meet the overarching legislative goal of cost reduction”); *Facundo-Guerrero v. Workers’ Comp. Appeals Bd.* (2008)
163 Cal.App.4th 640, 655 [73 Cal.Comp.Cases 785, 796] (SB 899 represented “a major reform of the state’s workers’
26 compensation system, a system perceived to be in dire financial straits at the time”); *Costco Wholesale Corp. v.*
27 *Workers’ Comp. Appeals Bd. (Chavez)* (2007) 151 Cal.App.4th 148, 155 [72 Cal.Comp.Cases 582, 587] (“the workers’
28 compensation ... reforms [of SB 899] were enacted as urgency legislation to drastically reduce the cost of workers’
29 compensation insurance”).

30
31 ²¹ E.g., *Brodie, supra*, 40 Cal.4th at pp. 1327, 1332 [72 Cal.Comp.Cases at pp. 576, 581] (SB 899’s changes to
32 the statutory scheme governing the apportionment of permanent disability created a “new regime of apportionment
33 based on causation” that “reflect[ed] a clear intent to charge employers only with that percentage of permanent
34 disability directly caused by the current industrial injury”).

1 fully intact is not inconsistent with section 49. That is, it appears the Legislature concluded that a
2 system-wide reduction in the total costs of permanent disability benefits could be accomplished by
3 making some changes to section 4660 – as well as making other changes to other statutes affecting
4 permanent disability, such as the apportionment to causation provisions of section 4663 and
5 4664 – without eliminating the right to rebut a scheduled permanent disability rating (or, as
6 discussed below, challenging the component of a scheduled permanent disability rating relating to
7 WPI under the AMA Guides) in any particular case.

8 Furthermore, in the context of challenging the component of a scheduled permanent
9 disability rating relating to WPI under the AMA Guides (see discussion below), we are not
10 persuaded that the continued existence of the “prima facie evidence” language of section 4660(c),
11 as we have interpreted it, will have any particular effect on the overall costs of permanent
12 disability indemnity. First, nothing in either this opinion or our February 3, 2009 opinion *requires*
13 a party to challenge the component of a scheduled permanent disability rating relating to WPI
14 under the AMA Guides or *requires* any WCJ or Appeals Board panel to follow the proposed
15 rebuttal evidence if it is introduced. Second, our interpretation of the “prima facie evidence”
16 language of section 4660(c) allows *either* party to challenge the component of a scheduled
17 permanent disability rating relating to WPI under the AMA Guides. Thus, in some cases, an
18 injured employee may succeed in increasing the permanent disability rating, but in other cases a
19 defendant may succeed in decreasing it.

20 **D. The Burden of Rebutting a Scheduled Permanent Disability Rating Rests with the Party**
21 **Disputing that Rating**

22 Section 4660(c) provides, in relevant part, “[the] schedule ... shall be prima facie evidence
23 of the percentage of permanent disability to be attributed to each injury covered by the schedule.”
24 We construe this language to mean that the burden of rebutting or contradicting the scheduled
25 percentage permanent disability rating is on the party disputing that rating.

26 As stated above, Evidence Code section 602 provides: “A statute providing that a fact or
27 group of facts is prima facie evidence of another fact establishes a rebuttable presumption.”

1 Therefore, the “prima facie evidence” provision of section 4660(c) establishes a rebuttable
2 presumption.

3 According to Evidence Code section 601: “Every rebuttable presumption is either (a) a
4 presumption affecting the burden of producing evidence or (b) a presumption affecting the burden
5 of proof.” Per Evidence Code section 603: “A presumption affecting the burden of producing
6 evidence is a presumption established to implement no public policy other than to facilitate the
7 determination of the particular action in which the presumption is applied.” Per Evidence Code
8 section 605: “A presumption affecting the burden of proof is a presumption established to
9 implement some public policy other than to facilitate the determination of the particular action in
10 which the presumption is applied”

11 We conclude that the “prima facie evidence” rebuttable presumption established by section
12 4660(c) is a presumption affecting the burden of proof, particularly in view of the amendments
13 made to section 4660 by SB 899. By providing that the scheduled permanent disability rating will
14 apply unless contradicted and overcome by other evidence, section 4660(c) helps implement the
15 Legislature’s expressly declared public policy of promoting “consistency, uniformity, and
16 objectivity” in permanent disability ratings (Lab. Code, § 4660(d)). (Cf. *Garcia, supra*, 126
17 Cal.App.4th at p. 314 [70 Cal.Comp.Cases at p. 118] (“ [t]he presumptions of industrial causation
18 found in sections 3212 et seq. are rebuttable; and, because they reflect public policy, they are
19 presumptions affecting the burden of proof ” [quoting from *Reeves v. Workers’ Comp. Appeals*
20 *Bd.* (2000) 80 Cal.App.4th 22, 30 [65 Cal.Comp.Cases 359, 365]]²²; *Gee v. Workers’ Comp.*
21 *Appeals Bd.* (2002) 96 Cal.App.4th 1418, 1425-1426 [67 Cal.Comp.Cases 236, 240-241] (former
22 section 4062.9, which provided that “the findings of the treating physician are presumed to be
23 correct,” was a presumption affecting the burden of proof “ ‘because it was part of an effort by the
24 Legislature to implement a public policy of reducing medical-legal costs and expediting resolution

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27 ²² See also *Zipton v. Workers’ Comp. Appeals Bd.* (1990) 218 Cal.App.3d 980, 988, fn. 4 [55 Cal.Comp.Cases 78, 84, fn. 4]; *Gillette v. Workmen’s Comp. Appeals Bd.* (1971) 20 Cal.App.3d 312, 319-320 [36 Cal.Comp.Cases 570, 575].)

1 of medically related issues’ ”²³; *State Comp. Ins. Fund v. Workers’ Comp. Appeals Bd. (Welcher)*
2 (1995) 37 Cal.App.4th 675, 682-683 [60 Cal.Comp.Cases 717, 721-722] [section 5402(b), which
3 provides that “[i]f liability is not rejected within 90 days after the date the claim form is filed ...,
4 the injury shall be presumed compensable,” is a presumption affecting the burden of proof
5 “because it was created by the Legislature to implement the public policy of expediting workers’
6 compensation claims”].)

7 The effect of a presumption affecting the burden of proof is to impose upon the party
8 against whom the presumption operates the burden of overcoming the presumption. (Evid. Code,
9 § 606.) Therefore, the burden rests with the party, be it the injured employee or the defendant,
10 seeking to overcome the presumptively correct scheduled rating that is “prima facie evidence” of
11 the employee’s percentage of permanent disability. (See also Lab. Code, § 5705 (“[t]he burden of
12 proof rests upon the party ... holding the affirmative of the issue”).) This party must carry its
13 burden by a preponderance of the evidence. (Lab. Code, § 3202.5; see *Garcia, supra*, 126
14 Cal.App.4th at p. 315 [70 Cal.Comp.Cases at p. 118] (applying section 3202.5 preponderance of
15 evidence standard to employer’s burden to controvert section 3212.1 cancer presumption, once
16 employee has produced evidence to trigger the presumption).)

17 **E. One Method of Rebutting a Percentage Permanent Disability Rating Under the 2005**
18 **Schedule Is to Successfully Challenge One of the Component Elements of that Rating, Such**
19 **as the Injured Employee’s WPI under the AMA Guides**

20 Section 4660(c) provides that “[the] schedule ... shall be prima facie evidence of the
21 percentage of permanent disability to be attributed to each injury covered by the schedule.”
(Emphasis added.) Therefore, it is the percentage of permanent disability established by the
22 Schedule – i.e., the scheduled permanent disability rating – that is rebuttable.²⁴

23 ²³ Quoting from *Davis v. Interim Healthcare* (2000) 65 Cal.Comp.Cases 1039, 1043 (Appeals Board en banc)
24 [which cited to *Minniear v. Mt. San Antonio Community College Dist.* (1996) 61 Cal.Comp.Cases 1055, 1059-1060
(Appeals Board en banc)].

25 ²⁴ See *Lewis, supra*, 99 Cal.App.3d at pp. 657, 662-663 [44 Cal.Comp.Cases at pp. 1138, 1143] (“The
26 percentage of disability determined by use of the rating schedule is only prima facie evidence of the percentage of
27 permanent disability to be attributed to each injury. Thus it is not absolute, binding and final. ... It is therefore not to
be considered all of the evidence on the degree or percentage of disability” (emphasis added)); *Glass, supra*, 105
Cal.App.3d at p. 307 [45 Cal.Comp.Cases at p. 449] (“While the Rating Schedule is prima facie evidence of the
proper disability rating, it may be controverted and overcome”).)

1 There are various ways that a permanent disability percentage rating established by the
2 2005 Schedule might be rebutted. This is illustrated by cases under the prior Schedules,²⁵ when
3 diminished ability to compete in the open labor market was the foundational basis for assessing an
4 injured employee’s permanent disability (see former Lab. Code, § 4660(a)) and when the
5 component elements of the Schedule’s rating formula were the employee’s “disability” as
6 modified by his or her occupation and age at the time of injury. (See 1997 Schedule, at pp. 1-4 &
7 1-6; 1988 Schedule, at p. 1; see *National Kinney v. Workers’ Comp. Appeals Bd. (Casillas)* (1980)
8 113 Cal.App.3d 203, 209 [45 Cal.Comp.Cases 1266, 1270] (*Casillas*)). Under the prior Schedules,
9 the “disability” portion of the rating formula was based either on the employee’s work restrictions
10 or on his or her objective and subjective factors of disability. (See 1997 Schedule, at pp. 1-3 – 1-4,
11 1-7 – 1-8.)

12 With the prior Schedules, an injured employee or a defendant could attempt to challenge
13 any one of the individual component elements of the formula in an employee’s particular case.
14 Most commonly, an injured employee or a defendant would attempt to rebut the scheduled rating
15 by successfully challenging the index of “disability” used in the rating formula that, when
16 subsequently adjusted for age and occupation, would result in the scheduled percentage of
17 disability. (See, e.g., *Lewis, supra*, 99 Cal.App.3d 647 [44 Cal.Comp.Cases 1133];²⁶ *Glass, supra*,
18 105 Cal.App.3d 297 [45 Cal.Comp.Cases 441]²⁷; *Abril, supra*, 55 Cal.App.3d 480 [40

20 ²⁵ For reference, the 1997 Schedule may be viewed at <http://www.dir.ca.gov/DWC/PDR1997.pdf> and one of
21 the pre-1997 Schedules (i.e., the 1988 Schedule) may be viewed at <http://www.dir.ca.gov/DWC/PDRSpre1997.pdf>.

22 ²⁶ In *Lewis*, the Court of Appeal held that the WCAB erred in basing the scheduled rating on a semisedentary
23 work restriction, where: the employee had merely sprained her ankle; there were only minimal objective findings; and
24 the AME did not believe the employee’s condition would worsen if she exceeded a semisedentary restriction. The
25 Court stated: “There is no objective evidence ... that Lewis is permanently restricted ... to semisedentary work.
26 [There are no] findings of ... any physical abnormality or any functional disability of Lewis’ left foot. ... [¶] It is no
27 answer to this lack of evidence to say that the rating[] schedule[] ... cannot be questioned. The [cases cited] fully
controversy any such ‘hands-off’ attitude toward the schedule or the presumptions used to create the schedule or
resulting therefrom. [¶¶] The percentage of disability determined by use of the rating schedule is only prima facie
evidence of the percentage of permanent disability to be attributed to each injury. Thus it is not absolute, binding and
final. [Citations]. It is therefore not to be considered all of the evidence on the degree or percentage of disability.
Being prima facie it establishes only presumptive evidence. Presumptive evidence is rebuttable, may be controverted
and overcome.”

1 Cal.Comp.Cases 804]²⁸; *Luchini, supra*, 7 Cal.App.3d 141 [35 Cal.Comp.Cases 205]²⁹.) Also, a
2 party could rebut the scheduled percentage of disability by successfully challenging the individual
3 component of the rating relating to the injured employee’s occupation at the time of injury. (*Dalen*
4 *v. Workmen’s Comp. Appeals Bd.* (1972) 26 Cal.App.3d 497 [37 Cal.Comp.Cases 393]³⁰; see also
5 *Casillas, supra*, 113 Cal.App.3d 203 [45 Cal.Comp.Cases 1266].)

6 The 2005 Schedule also uses a formula made up of component elements to determine the
7 percentage of permanent disability in any particular case. That is, the percentage rating
8 established by the 2005 Schedule is arrived at by following a formula that takes the injured
9 employee’s WPI percentage as determined in accordance with the AMA Guides, multiplies this
10 WPI percentage by a DFEC adjustment factor, and then adjusts the result based on the employee’s
11 occupation and age at the time of injury to arrive at the final percentage rating.

12 Therefore, consistent with case law on the prior Schedules, an injured employee or a
13 defendant may rebut the percentage of permanent disability under the 2005 Schedule by
14 successfully challenging any one of the individual component elements of the formula that resulted
15 in the employee’s scheduled rating – such as the injured employee’s WPI under the AMA Guides.

16 ²⁷ In *Glass*, the Court of Appeal held that WCAB erred in failing to include a limitation to light work as one of
17 the employee’s factors of disability even though the “Guidelines for Work Capacity” of the Schedule then in effect
18 provided that a limitation to light work applied only to other body parts. The Court said: “The Board may not rely
19 upon alleged limitations in the Rating Schedule to deny the injured worker a permanent disability award which
accurately reflects his true disability. ... While the Rating Schedule is prima facie evidence of the proper disability
rating, it may be controverted and overcome.”

20 ²⁸ In *Abril*, the Court of Appeal found that the WCAB erred when it awarded the injured employee only the
21 scheduled rating for legal blindness of the left eye due to loss of the lens, without also including work restrictions
22 imposed to avoid the risk of further retinal detachment and other eye problems. The Court declared: “The increase in
23 disability [caused by the work restrictions] may be ‘intangible,’ but it is nonetheless real. ... [¶] ... [A] rating that
ignores the intangible or non-bodily element ‘is not rationally related to Applicant’s diminished ability to compete on
the open labor market It is, therefore, arbitrary, unreasonable and not supported by the evidence in light of the
entire record.’ ” (55 Cal.App.3d at p. 486 [40 Cal.Comp.Cases at p. 808].)

24 ²⁹ In *Luchini*, the Court of Appeal held that the WCAB erred in concluding that prophylactic work restrictions
25 are not ratable factors of permanent disability under the old Schedule. The Court stated “the [WCAB] cannot rely on
some administrative procedure [(i.e., the Schedule)] to deny to petitioner a disability award commensurate with the
disability that he has suffered.”

26 ³⁰ In *Dalen*, the expert opinion of the disability evaluation specialist (rater) was that the injured employee fell
27 within Occupational Group 1, which was the scheduled Group for “house wrecker” in the Schedule. The Court of
Appeal held, however, that the employee “was entitled to show that his actual duties did not conform to the duties
contemplated under the generic term ‘house wrecker’ as found in the schedule.”

1 **F. When Determining an Injured Employee’s WPI, It Is Not Permissible to Go Outside the**
2 **Four Corners of the AMA Guides Because Section 4660(b)(1) Mandates that Impairment**
3 **Ratings “Shall Incorporate” the AMA Guides and Because Section 4660(d) Mandates that**
4 **“the Schedule Shall Promote Consistency, Uniformity, and Objectivity”;** **However, a**
5 **Physician May Utilize any Chapter, Table, or Method of Assessing Impairment in the AMA**
6 **Guides that Most Accurately Reflects the Injured Employee’s Impairment**

7 Section 4660(b)(1) provides: “For purposes of this section, the ‘nature of the physical
8 injury or disfigurement’ *shall incorporate* the descriptions and measurements of physical
9 impairments and the corresponding percentages of impairments published in the [AMA Guides].”
(Emphasis added.) Further, section 4660(d) provides that “[t]he schedule *shall* promote
consistency, uniformity, and objectivity.” (Emphasis added.)

10 Unless the context otherwise requires (see Lab. Code, § 5), the term “shall” is ordinarily
11 interpreted as mandatory. (Lab. Code, § 15; see *Smith v. Rae-Venter Law Group* (2003) 29 Cal.4th
12 345, 357; *Morris v. County of Marin* (1977) 18 Cal.3d 901, 907.) Therefore, by providing that
13 impairment determinations “shall incorporate” the AMA Guides, section 4660(b)(1) mandates that
14 the WPI component of any scheduled permanent disability rating *must* be based on the AMA
15 Guides, i.e., the WPI component cannot be predicated on the opinion of a physician who has gone
16 outside the four corners of the Guides to make an impairment determination. This is consistent
17 with the language of section 4660(d) because, by requiring use of the AMA Guides to determine
18 impairment, the Legislature furthered its expressly stated goal of achieving “consistency,
19 uniformity, and objectivity.” The AMA Guides itself states that it “uses objective and
20 scientifically based data” whenever possible (AMA Guides, § 1.5, at p. 10), that its goal is to have
21 “consistent and reliable acquisition, analysis, communication, and utilization of medical
22 information through a single set of standards” (*id.*, Introduction to Chapter 2, at p. 17), and that
23 “consistency tests are designed to insure reproducibility and greater accuracy” (*id.*, § 2.5c, at p.
24 19).

25 Notwithstanding the “shall incorporate ... [the AMA Guides]” language of section
26 4660(b)(1) and the “the schedule shall promote consistency, uniformity and objectivity” language
27 of section 4660(d), the dissent asserts that a WPI need not be predicated on the AMA Guides in all

1 cases. In making this argument, the dissent states that not even the Schedule itself requires that all
2 impairments be assessed under the Guides because the Schedule provides that “psychiatric
3 impairment shall be evaluated ... using the Global Assessment of Function (GAF).” (Schedule, at
4 p. 1-12; see also pp. 1-13 – 1-16), instead of using Chapter 14 of the Guides.

5 Yet there is a reason why the Schedule does not use the AMA Guides for evaluating
6 psychiatric impairments.³¹ This reason is explained in Chapter 14 of the Guides, entitled “Mental
7 and Behavioral Disorders,” which relates to mental disorders that do not originate from verifiable
8 neurologic impairments (e.g., stroke, head injury). (See AMA Guides, § 13.3f, at p. 325.) Chapter
9 14 states “there are no precise measures of impairment in mental disorders,” “[t]he use of [WPI]
10 percentages implies a certainty that does not exist,” and “[n]o available empirical evidence
11 supports any method for assigning a percentage of impairment of the whole person” in psychiatric
12 cases. (AMA Guides, § 14.3, at p. 361.) Chapter 14 further states that “the Committee on
13 Disability and Rehabilitation of the American Psychiatric Association advised *Guides* contributors
14 against the use of percentages in the chapter on mental and behavioral disorders.” (*Id.*) Therefore,
15 Chapter 14 of the Guides expressly provides that “[p]ercentages are not provided to estimate
16 mental impairment in this edition of the *Guides*.” (*Id.*) Given that the Guides do not provide a

17
18 ³¹ We are aware section 4660(b)(1) states that “the ‘nature of the *physical* injury or disfigurement’ shall
19 incorporate the descriptions and measurements of *physical* impairments and the corresponding percentages of
20 impairments published the [AMA Guides].” (Emphasis added.) However, the AD’s decision not to use the Guides for
21 rating *psychiatric* impairments does not appear to be based on this wording.

22 For one, we take judicial notice of the rule-making record for AD Rule 9805. (Evid. Code, §§ 451(b); 452(c);
23 Gov. Code, § 11347.3.) Nothing in the Initial Statement of Reasons, the 15-day and 45-day comment charts, or the
24 Final Statement of Reasons suggests that the AD interpreted section 4660(b)(1) as being inapplicable to psychiatric
25 impairments. (See http://www.dir.ca.gov/dwc/dwcpropregs/PDRS_ISOR.doc,
26 at pp. 2, 8-9; http://www.dir.ca.gov/dwc/dwcpropregs/PDRS_CommentChart/PDRS15daycommentschart.doc;
27 http://www.dir.ca.gov/dwc/dwcpropregs/PDRS_CommentChart/PDRS45daycommentschart.doc;
<http://www.dir.ca.gov/dwc/dwcpropregs/PDRSFinalStatementofReasons.doc>, at pp. 2-3.)

28 Moreover, the phrase “the nature of the *physical* injury or disfigurement” has been an element of the statutory
29 language since the first mandatory Workers’ Compensation Act was enacted in 1917 and the Act’s initial codification
30 in 1937. Yet, despite the reference to “*physical* injury or disfigurement,” the prior Schedules have provided ratings
31 for psychiatric disability for a great many years. (See, e.g., 1997 Schedule, at pp. 2-2 – 2-3, & 1988 Schedule, at p. 1-
32 B [both rating psychiatric disability based on impairment in performing eight different work functions]; *U.S. Auto*
33 *Stores v. Workmen’s Comp. Appeals Bd. (Brenner)* (1971) 4 Cal.3d 469, 474, fn. 3 [36 Cal.Comp.Cases 173, 175, fn.
34 3] [discussing 1966 Schedule rating for “neurosis”].) There is no reason to believe that, suddenly, the AD interpreted
35 “the nature of the physical injury or disfigurement” not to cover *psychiatric* injuries in the context of section
36 4660(b)(1) and its “shall incorporate... the [AMA Guides]” language. To the contrary, AD Rule 9805 expressly
37 “adopt[ed] and incorporate[d]” the entire AMA Guides into the Schedule, without excluding Chapter 14 on “Mental
and Behavioral Disorders.”

1 WPI for any non-neurologically based psychiatric impairment, it was entirely appropriate for the
2 AD not to use Chapter 14 of the AMA Guides for assessing WPI for such impairment.

3 However, when the AMA Guides provides a WPI for a condition, the Schedule
4 incorporates it. This is true even in the context of mental conditions that arise from neurological
5 conditions. For example, Chapter 13 of the Guides, entitled “The Central and Peripheral Nervous
6 System,” provides a WPI for certain types of mental conditions, including emotional, mood, and
7 behavioral disturbances that originate in verifiable neurologic impairments (e.g., stroke, head
8 injury). (AMA Guides, § 13.3f & Table 13-8, at pp. 325-327.)³²

9 Nevertheless, although the WPI component of a scheduled rating must be founded on the
10 AMA Guides (except in the case of psychiatric impairments), a physician is not inescapably
11 locked into any specific paradigm for evaluating WPI under the Guides. Section 4660(b)(1)
12 provides that the WPI component of a scheduled rating is to be rooted in “the descriptions and
13 measurements of physical impairments and the corresponding percentages of impairments
14 published in the [AMA Guides].” Therefore, section 4660(b)(1) does not mandate that the
15 impairment for any particular condition must be assessed in any particular way under the Guides.
16 Moreover, while the AMA Guides often sets forth an analytical framework and methods for a
17 physician in assessing WPI,³³ the Guides does not relegate a physician to the role of taking a few
18 objective measurements and then mechanically and uncritically assigning a WPI that is based on a
19 rigid and standardized protocol and that is devoid of any clinical judgment. Instead, the AMA
20 Guides expressly contemplates that a physician will use his or her judgment, experience, training,
21 and skill in assessing WPI.

22 Specifically, the AMA Guides provides: “The physician’s role in performing an
23 impairment evaluation is to provide an independent, unbiased assessment of the individual’s

24 ³² See also, e.g., § 13.3a & Table 13-2, at pp. 309-311 & Table 13-2 (“Criteria for Rating Impairment of
25 Consciousness and Awareness”); § 13.3d & Table 13-6, at pp. 319-322 (“Criteria for Rating Impairment Related to
26 Mental Status”).

27 ³³ See, e.g. AMA Guides, § 15.2, p. 379: “Spinal impairment rating is performed using one of two methods: the
diagnosis-related estimate (DRE) or range-of-motion (ROM) method. [¶] The DRE method is the principal
methodology used to evaluate an individual who has had a distinct injury ...” (italics omitted).

1 medical condition, including its effect on function, and identify abilities and limitations to
2 performing activities of daily living Performing an impairment evaluation requires
3 considerable medical expertise and judgment.” (AMA Guides, § 2.3, at p. 18.) Similarly, the
4 Guides states: “The physician must use the entire range of clinical skill and judgment when
5 assessing whether or not the measurements or tests results are plausible and consistent with the
6 impairment being evaluated. If, in spite of an observation or test result, the medical evidence
7 appears insufficient to verify that an impairment of a certain magnitude exists, the physician may
8 modify the impairment rating accordingly and then describe and explain the reason for the
9 modification in writing.” (*Id.*, § 2.5c, at p.19.) Further, the Guides recites: “In situations where
10 impairment ratings are not provided, the *Guides* suggests that physicians use clinical judgment,
11 comparing measurable impairment resulting from the unlisted condition to measurable
12 impairment resulting from similar conditions with similar impairment of function in performing
13 activities of daily living. [¶] The physician’s judgment, based upon experience, training, skill,
14 thoroughness in clinical evaluation, and ability to apply the *Guides* criteria as intended, will enable
15 an appropriate and reproducible assessment to be made of clinical impairment.” (*Id.*, § 1.5, at p.
16 11.)

17 Therefore, based upon the physician’s judgment, experience, training, and skill each
18 reporting physician (treater or medical-legal evaluator) should give an expert opinion on the
19 injured employee’s WPI using the chapter, table, or method of assessing impairment of the AMA
20 Guides that most accurately reflects the injured employee’s impairment. (See *Glass, supra*, 105
21 Cal.App.3d at p. 307 [45 Cal.Comp.Cases at p. 449] (“The Board may not rely upon alleged
22 limitations in the Rating Schedule to deny the injured worker a permanent disability award which
23 accurately reflects his true disability.”).) This does not mean, of course, that a physician may
24 arbitrarily assess an injured employee’s impairment. As stated by the AMA Guides, “[a] clear,
25 accurate, and complete report is essential to support a rating of permanent impairment” and the
26 report should “explain” its impairment conclusions. (AMA Guides, § 2.6, at pp. 21-22.) In other
27 words, a physician’s WPI opinion must constitute substantial evidence upon which the WCAB

1 may properly rely, including setting forth the reasoning behind the assessment. (See *Escobedo v.*
2 *Marshalls* (2005) 70 Cal.Comp.Cases 604, 620-621 (Appeals Board en banc).)

3 A physician’s WPI opinion that is not based on the AMA Guides does not constitute
4 substantial evidence because it is inconsistent with the mandate of section 4660(b)(1). (*Hegglin v.*
5 *Workmen’s Comp. Appeals Bd.* (1971) 4 Cal.3d 162, 169 [36 Cal.Comp.Cases 93, 97] (“Medical
6 reports and opinions are not substantial evidence ... if they are based ... on incorrect legal
7 theories”); *Zemke v. Workmen’s Comp. Appeals Bd.* (1968) 68 Cal.2d 794, 799 [33
8 Cal.Comp.Cases 358, 360] (“an expert’s opinion which ... assumes an incorrect legal theory
9 cannot constitute substantial evidence”).)

10 **G. The Language of Section 4660(b)(1) Does Not Preclude a Physician from Assessing**
11 **Impairment Using Any Chapter, Method, or Table of the AMA Guides**

12 MUSD and SCIF both point out that section 4660(b)(1) states that “the descriptions and
13 measurements of physical impairments and the corresponding percentages of impairments” of the
14 AMA Guides “shall [be] incorporate[d].” Therefore, they argue that the Legislature did not intend
15 wholesale adoption of the full text of the Guides. Rather, section 4660(b)(1) permits a physician
16 to consider only the Guide’s impairment percentage measurement system and does not allow a
17 physician to consider any other portion of the Guides. We reject this argument.

18 Section 4660 vested the AD with the authority to create the 2005 Schedule (Lab. Code,
19 § 4660(e); see also § 4660(c)) and, in creating it, the AD “adopt[ed] and incorporate[ed]” the
20 whole AMA Guides without limitation. (Cal. Code Regs., tit. 8, § 9805.) Therefore, the entire
21 AMA Guides is part of the Schedule.³⁴

22 ³⁴ MUSD suggests that the AD exceeded her statutory authority in adopting and incorporating the entire AMA
23 Guides. However, the burden is on the party challenging a regulation to show its invalidity. (*Mineral Associations*
24 *Coalition v. State Mining and Geology Bd.* (2006) 138 Cal.App.4th 574, 589.) In this regard, a regulation comes
25 “freighted with the strong presumption of regularity” (*Ralphs Grocery Co. v. Reimel* (1968) 69 Cal.2d 172, 175) and
26 “[a]n administrative agency is not limited to the exact provisions of a statute in adopting regulations” but it is
27 “authorized to ‘fill up the details’ of the statutory scheme.” (*Ford Dealers Assn. v. Dept. of Motor Vehicles* (1982)
32 Cal.3d 347, 362-363.) Here, although section 4660(b)(1) states that impairment determinations “shall incorporate
the descriptions and measurements of physical impairments and the corresponding percentages of impairments [of the
AMA Guides],” section 4660(b)(1) does *not* state that the balance of the AMA Guides shall *not* be incorporated.
Accordingly, MUSD has not met its burden of establishing that AD Rule 9805 is invalid.

MUSD also asserts that we have usurped the AD’s regulatory authority to create a Schedule. However, the
AD’s authority to create a Schedule does not encompass the authority to determine under section 4660(c) either how a

1 Moreover, there is no separate portion of the AMA Guides which sets forth “the
2 descriptions and measurements of physical impairments and the corresponding percentages of
3 impairments” that stands alone from and may be dissociated from the balance of the Guides,
4 particularly Chapters 1 and 2. The AMA Guides consists of 18 chapters. Chapter 1 discusses the
5 philosophy, purpose, and appropriate use of the Guides. Chapter 2 explains how an impairment
6 evaluation should be performed and reported. Chapters 3 through 17 each address different
7 organs/body systems and Chapter 18 addresses pain. Yet, Chapters 3 through 18 all explicitly or
8 implicitly refer back to Chapters 1 and 2.³⁵ Thus, the AMA Guides is an integrated document and
9 its statements in Chapters 1 and 2 regarding physicians using their clinical judgment, training,
10 experience and skill cannot be divorced from the balance of the Guides.

11 **H. The Ordinary Progression of a Challenge to the AMA Guides Component of a Scheduled** 12 **Permanent Disability Rating**

13 If a party disputes a treating physician’s opinion regarding the injured employee’s WPI
14 under the AMA Guides, or if the treating physician is unable to offer such an opinion, the parties
15 may obtain an AME or a panel qualified medical evaluator (QME) to address the issue of the
16 employee’s WPI under the Guides. (See Lab. Code, §§ 4062.1, 4062.2.) Once a treating
17 physician, AME, or QME has offered an opinion regarding the injured employee’s WPI under the
18 AMA Guides, then the injured employee or the defendant may seek to challenge that opinion
19 through rebuttal evidence. (Lab. Code, § 4660(c); see also Lab. Code, § 5704.) Generally, to
20 reduce costs and to expedite proceedings (see Cal. Const., art. XIV, § 4), this rebuttal evidence
21 initially should be obtained either through deposing the physician³⁶ or through a supplemental
22 report. (Cf. *McDuffie v. Los Angeles County Metropolitan Transit Auth.* (2002) 67

23 prima facie correct scheduled permanent disability rating may be rebutted or whether such a rating has been rebutted.
24 It is the WCAB, and not the AD, that is charged with interpreting and enforcing the Labor Code in workers’
25 compensation proceedings. (Lab. Code, §§ 5300, 5301; see also, e.g., *Foster v. Workers’ Comp. Appeals Bd.* (2008)
161 Cal.App.4th 1505, 1511 [73 Cal.Comp.Cases 466, 470] (the WCAB is “the constitutional agency charged with
enforcement and interpretation of the Workers’ Compensation Law”).)

26 ³⁵ See, e.g., AMA Guides, §§ 3.1, 5.1, 6.1, 7.1, 8.1, 9.1, 10.1, 11.1, 12.1, 13.1, 14.1, 15.1, 16.1, 17.1, 18.1, at
27 pp. 26, 88, 118, 144, 174, 192, 212, 246, 278, 306, 358, 374, 434, 524, 566.

³⁶ Cross-examination of a physician is normally not permitted at trial. (Cal. Code Regs., tit. 8, § 10606.)

1 Cal.Comp.Cases 138, 142 (Appeals Board en banc) (“where ... the medical record requires further
2 development, the preferred procedure is to allow supplementation of the medical record by the
3 physicians who have already reported in the case”).) Also, in some instances, the rebuttal might be
4 through the medical report or medical-legal report of another physician – if permissible under the
5 Labor Code. In any event, the rebuttal evidence may, for example, attempt to establish that a
6 different chapter, table, or method of assessing impairment of the AMA Guides more accurately
7 reflects the injured employee’s impairment than the chapter, table, or method used by the
8 physician being challenged. (See *Glass, supra*, 105 Cal.App.3d at p. 307 [45 Cal.Comp.Cases at p.
9 449].)

10 Of course, section 4660(c) provides that “the schedule ... shall be prima facie evidence of
11 *the percentage of permanent disability* to be attributed to each injury covered by the schedule.”
12 (Emphasis added.) Therefore, if read strictly, section 4660(c) would suggest that rebuttal evidence
13 may be presented only *after* the presumptively correct (prima facie) percentage of permanent
14 disability under the Schedule has been determined, i.e., after a trial and an initial decision on the
15 issue of permanent disability – thereby necessitating a second trial. However, by constitutional
16 mandate, workers’ compensation proceedings “shall accomplish substantial justice in all cases
17 expeditiously, inexpensively, and without incumbrance [sic] of any character.” (Cal. Const., art.
18 XIV, § 4; see also Lab. Code, § 3201.) This policy favoring expeditious proceedings is reflected
19 by the fact that discovery closes at the pre-trial mandatory settlement conference (MSC), except as
20 to evidence that could not have been discovered by the exercise of due diligence prior to that time.
21 (Lab. Code, § 5502(e)(3).)

22 In the ordinary case, once a physician has issued a WPI opinion based on the AMA Guides,
23 a party should be able to anticipate the approximate percentage of permanent disability that would
24 result from utilizing that WPI in the Schedule’s rating formula.³⁷ In turn, that party should be able
25 to determine whether it wishes to challenge that WPI opinion. If so, the party typically should be

26 _____
27 ³⁷ If a party is unable to independently rate the WPI of a particular physician’s medical report, that party may
obtain a summary rating, consultative rating, or informal rating determination from the Disability Evaluation Unit.
(See Cal. Code Regs., tit. 8, § 10150 et seq.)

1 able to obtain rebuttal evidence prior to the first MSC involving permanent disability issues.
2 However, although the prudent practitioner should exercise reasonable diligence to obtain rebuttal
3 evidence before the initial MSC relating to permanent disability, there may be instances where
4 post-MSC rebuttal evidence will be allowed.

5 An injured employee's permanent disability rating and each component element of that
6 rating are questions of fact to be resolved by the WCAB. (Lab. Code, § 5953; *Tanenbaum v.*
7 *Industrial Acc. Com.* (1935) 4 Cal.2d 615, 618 [20 I.A.C. 390, 391-392]; *Subsequent Injuries Fund*
8 *v. Industrial Acc. Com. (Rogers)* (1964) 226 Cal.App.2d 136, 152 [29 Cal.Comp.Cases 59, 69].)
9 Therefore, once all of the evidence relating to permanent disability has been presented – including
10 both original and rebuttal evidence regarding the injured employee's WPI under the AMA
11 Guides – the WCAB will determine the injured employee's percentage of permanent disability. In
12 this regard, it is the WCAB and not any particular physician that is the ultimate trier-of-fact on
13 medical issues. (*Klee v. Workers' Comp. Appeals Bd.* (1989) 211 Cal.App.3d 1519, 1522 [54
14 Cal.Comp.Cases 251, 252]; *Robinson v. Workers' Comp. Appeals Bd.* (1987) 194 Cal.App.3d 784,
15 792-793 [52 Cal.Comp.Cases 419, 425].)

16 **I. Other Issues Presented by the Parties and Amicus Curiae**

17 After our February 3, 2009 opinion, the parties and amicus curiae submitted briefs raising
18 various arguments regarding asserted errors in that opinion. We will now address those
19 arguments, taking into consideration the clarifications and modifications made in our current
20 opinion.

21 **1. The Relationship Between the “Prima Facie Evidence” Language of Section 4660(c) and** 22 **the “Shall Incorporate ... the [AMA Guides]” Language of Section 4660(b)(1)**

23 In our February 3, 2009 opinion, we concluded that the “prima facie evidence” language of
24 section 4660(c) meant that a scheduled permanent disability rating based on the AMA Guides
25 could be rebutted by showing that the resulting permanent disability award would be inequitable,
26 disproportionate, and not a fair and accurate measure of the employee's permanent disability. Our
27 February 3, 2009 opinion further concluded that when a scheduled permanent disability rating

1 based on the Guides had been rebutted, the WCAB could make a WPI determination founded on
2 medical opinion not based or only partially based on the Guides.

3 A number of briefs contended that this interpretation of the “prima facie evidence”
4 language of section 4660(c) was inconsistent with the language of section 4660(b)(1), which
5 provides that impairment assessments “shall incorporate” the AMA Guides.

6 On reconsideration, we have been persuaded by this argument. Therefore, we have
7 modified our prior opinion. Although we still conclude that the “prima facie evidence” language
8 of section 4660(c) means that a scheduled permanent disability rating founded on a WPI based on
9 the AMA Guides may be rebutted, we now conclude that any such rebuttal evidence also must be
10 founded on the Guides. Thus, consistent with section 4660(b)(1), our current opinion
11 “incorporates” the AMA Guides into any WPI rebuttal evidence presented under section 4660(c).

12 **2. The Relationship Between the “Prima Facie Evidence” Language of Section 4660(c) and**
13 **the “[t]he Schedule Shall Promote Consistency, Uniformity, and Objectivity” Language of**
14 **Section 4660(d)**

15 A number of briefs also asserted that our February 3, 2009 interpretation of the “prima
16 facie evidence” language of section 4660(c) was inconsistent with the language of section 4660(d),
17 which provides that “[t]he schedule shall promote consistency, uniformity, and objectivity.”

18 We have concluded that these assertions also have merit. In our February 3, 2009 opinion,
19 we held that a scheduled permanent disability rating could be rebutted “by showing that an
20 impairment rating based on the AMA Guides would result in a permanent disability award that
21 would be inequitable, disproportionate, and not a fair and accurate measure of the employee’s
22 permanent disability.”

23 We are now persuaded that this is not consonant with the expressly declared legislative
24 intent to “promote consistency, uniformity, and objectivity” because it is subjective and may lead
25 to inconsistent and non-uniform permanent disability ratings, i.e., what is inequitable,
26 disproportionate, and not fair and accurate to one trier-of-fact may be equitable, proportionate, and
27 fair and accurate to another. Therefore, instead of using the subjective standard set forth in our
February 3, 2009 opinion, we have modified our interpretation of section 4660(c) in a manner that

1 is entirely consistent with section 4660(d) by recognizing that the Legislature promoted
2 consistency, uniformity, and objectivity by requiring that impairment determinations be based on
3 the AMA Guides. Under our current opinion, parties seeking to challenge the WPI component of a
4 scheduled permanent disability rating cannot go outside the AMA Guides.

5 We also are now persuaded that the “inequitable, disproportionate, and not a fair and
6 accurate measure of the employee’s permanent disability” standard is not supported by either the
7 California or the out-of-state cases which were cited in our February 3, 2009 opinion and upon
8 which the dissent continues to rely. The California cases were interpreting former section 4660,
9 which focused on the injured employee’s diminished ability to compete in the open labor market.
10 These cases did not involve new section 4660, which uses both WPI under the AMA Guides and
11 DFEC to determine an injured employee’s percentage of permanent disability. Although the
12 out-of-state cases do involve the AMA Guides, those cases do not interpret statutes that also
13 incorporate DFEC into any permanent disability determination.³⁸

14 **3. The Relationship Between the “Prima Facie Evidence” Language of Section 4660(c) and**
15 **the Legislature’s Declaration in Section 49 of SB 899 that the Act Was Necessary “to Provide**
Relief to the State from the Effects of the Current Workers’ Compensation Crisis”

16 Various briefs claimed that our February 3, 2009 interpretation of the “prima facie
17 evidence” language of section 4660(c) was inconsistent with the language of section 49 of SB 899,
18 in which the Legislature declared that “[t]his act is an urgency statute” and that “it is necessary for
19 this act to take effect immediately” to “provide relief to the state from the effects of the current
20 workers’ compensation crisis.” (Stats. 2004, ch. 34, § 49.) The briefs point out that the appellate
21 courts have repeatedly interpreted this statement to mean that SB 899 was intended to reduce the

22 ³⁸ The dissent posits extreme cases in which it would be “inequitable, disproportionate, and not a fair and
23 accurate measure of the employee’s permanent disability” to require use of the AMA Guides for determining
24 impairment. However, as we have just stated, a “fairness” standard is not a true standard at all. Moreover, a
25 requirement that impairment must be determined within the four corners of the AMA Guides does not mean that an
26 injured employee with relatively little impairment under the Guides will necessarily receive a small permanent
27 disability award. As we held in *Ogilvie v. City and County of San Francisco* (2009) 74 Cal.Comp.Cases 248 (Appeals
Board en banc) (*Ogilvie I*) and as we are affirming in our companion decision in *Ogilvie II*, an injured employee may
attempt to challenge the DFEC component of any scheduled permanent disability rating. If the employee’s challenge
is successful, the WPI under the AMA Guides may be significantly increased by the employee’s individualized DFEC
adjustment factor. Moreover, the language of section 4662 *might* permit a permanent total disability finding even in
cases with relatively little AMA Guides impairment. However, this question is not before us now.

1 costs of the workers' compensation system.³⁹ The briefs then assert that our February 3, 2009
2 interpretation of the of the "prima facie evidence" language of section 4660(c) would result in
3 increased costs because, if WPI does not have to be based on the AMA Guides, then permanent
4 disability awards will increase beyond the levels intended by the Legislature.

5 We agree that one of the ways the Legislature helped to reduce permanent disability costs
6 was by requiring that WPI be based on the AMA Guides. Our current opinion is consonant with
7 this legislative action because we are holding that, if a party seeks to rebut the WPI element of a
8 scheduled rating, it must stay within the four corners of the AMA Guides.

9 **4. Judicial Notice Requests**

10 We received numerous requests from the parties and amicus curiae to judicially notice
11 various documents. Most of these documents are being offered because they allegedly
12 demonstrate a legislative intent that the AMA Guides must be the sole basis for any WPI
13 determination. Because of our disposition, we will not specifically discuss any of these judicial
14 notice requests other than to state that they are granted (see Evid. Code, § 452(c); Gov. Code, §
15 9080), except as noted below.⁴⁰

16 ///

18 ³⁹ See fn. 20, *supra*.

19 ⁴⁰ We deny CWCI's request that we take judicial notice of the April 13, 2004 "DRAFT Response to Request
20 for Information on Cost-Benefits of Potential Workers' Compensation Reforms" of the Commission on Health and
21 Safety and Workers' Compensation (CHSWC), which recites that it was prepared for Governor Arnold
22 Schwarzenegger and then Senate President Pro Tem John Burton. Of course, CHSWC is part of the executive branch
23 (Lab. Code, § 75) and its role is to "conduct a continuing examination of the workers' compensation system" (Lab.
24 Code, § 77), so its official acts may be judicially noticed. (Evid. Code, § 452(c).) Nevertheless, there is no indication
25 that the "draft" was ever: (1) actually adopted by CHSWC (no "final" version of this report appears in CHSWC's
26 webpages for "Research Studies and Reports [by] date of issue" and "Research Studies and Reports by topic" at
27 http://www.dir.ca.gov/chswc/CHSWC_Research.html); or (2) actually submitted to and considered by the Legislature.
(See *Benson, supra*, 179 Cal.App.4th at p. 1554, fn. 16 [74 Cal.Comp.Cases at p. 127, fn. 16] (Court declined to take
judicial notice of the minutes of a February 24, 2005 meeting of CHSWC "[b]ecause there is no indication that the
Legislature considered" those minutes).)

We also deny Walker's request that we take judicial notice of the 2008 Legislative Cost Monitoring Report
of the Workers' Compensation Insurance Rating Bureau (WCIRB). Although the WCIRB provides
data and information to CHSWC (Lab. Code, § 77.7(c)) and the AD (Lab. Code, § 138.6(a)), the WCIRB is an
unincorporated, nonprofit association. (See https://wcirbonline.org/wcirb/about_wcirb/about_wcirb.aspx.) Therefore,
its report does not constitute an "official" act. (Evid. Code, § 452(c).) Moreover, the Legislature obviously did not
take into consideration the WCIRB's 2008 report when it enacted SB 899 on April 19, 2004.

1 **5. Our Current Opinion Is Not an Invalid Underground Regulation**

2 MUSD argues, in substance, that our February 3, 2009 opinion constitutes a “regulation”
3 that is invalid because it was not adopted in accordance with the rule-making provisions of the
4 Administrative Procedures Act (APA). (Gov. Code, § 11340 et seq.) We will address this
5 argument in the context of our current clarified and modified opinion.

6 MUSD’s argument relies in large part on the Supreme Court’s decision in *Tidewater*
7 *Marine Western, Inc. v. Bradshaw* (1996) 14 Cal.4th 557 (*Tidewater*). *Tidewater* held that any
8 “regulation” not adopted in accordance with the rule-making provisions of the APA is “void.”
9 (*Tidewater, supra*, 14 Cal.4th at p. 572.) In reaching this holding *Tidewater* stated, “The APA ...
10 defines ‘regulation’ very broadly to include ‘every rule, regulation, order, or standard of general
11 application ... adopted by any state agency to implement, interpret, or make specific the law
12 enforced or administered by it, or to govern its procedure’ ” (*Tidewater, supra*, 14 Cal.4th at
13 p. 571 [quoting from former Gov. Code, § 11342(g) (now, § 11342.600)].) *Tidewater* then said:
14 “A regulation subject to the APA thus has two principal identifying characteristics. First, the
15 agency must intend its rule to apply generally, rather than in a specific case. The rule need not,
16 however, apply universally; a rule applies generally so long as it declares how a certain class of
17 cases will be decided. Second, the rule must ‘implement, interpret, or make specific the law
18 enforced or administered by [the agency], or ... govern [the agency’s] procedure.’ ” (*Tidewater,*
19 *supra*, 14 Cal.4th at p. 571 [internal citations omitted].)

20 The principles articulated in *Tidewater* apply to the Appeals Board. (*Rea v. Workers’*
21 *Comp. Appeals Bd. (Milbauer)* (2005) 127 Cal.App.4th 625, 646 [70 Cal.Comp.Cases 312, 329].)
22 While the Board’s rule-making powers are largely governed by the Labor Code (Lab. Code,
23 §§ 5307, 5307.4; see also §§ 133, 5309, 5708), the Board is also subject to the APA to some extent
24 (Gov. Code, § 11351), including its definition of a “regulation.” (Gov. Code, § 11342.600.)

25 Nevertheless, MUSD disregards the further holding of *Tidewater*, which states: “Of course,
26 *interpretations that arise in the course of case-specific adjudication are not regulations, though*
27

1 they may be persuasive as precedents in similar subsequent cases.” (*Tidewater, supra*, 14 Cal.4th
2 at p. 571 (emphasis added).)

3 Also, MUSD disregards Government Code section 11425.60(b), which became effective
4 after *Tidewater (Milbauer, supra*, 127 Cal.App.4th at p. 647 [70 Cal.Comp.Cases at p. 331]) and
5 which “is applicable to the WCAB.” (*Id.*, 127 Cal.App.4th at p. 646 [70 Cal.Comp.Cases at p.
6 330].) Section 11425.60(b) specifically states:

7 “An agency may designate as a precedent decision a decision or part of a
8 decision that contains a significant legal or policy determination of general
9 application that is likely to recur. *Designation of a decision or part of a*
10 *decision as a precedent decision is not rulemaking and need not be done*
11 *under Chapter 3.5 (commencing with Section 11340) [i.e., rule-making*
12 *provisions of the APA].” (Gov. Code, § 11425.60(b) (emphasis added).)⁴¹*

11 Moreover, the Law Revision Committee comments on section 11425.60(b) state, in relevant part:

12 “The first sentence of subdivision (b) *recognizes the need of agencies to be*
13 *able to make law and policy through adjudication as well as through*
14 *rulemaking. ... Under the second sentence of subdivision (b), this section*
15 *applies notwithstanding Section 11340.5 (‘underground regulations’).”*
16 (Emphasis added.)

15 Therefore, section 11425.60(b) expressly allows the Appeals Board to issue a “precedent” decision
16 that addresses a significant legal or policy issue of general application that is likely to recur.
17 Furthermore, section 11425.60(b) expressly provides that such a precedent decision “is not
18 rulemaking” and need not be issued in accordance with the rule-making provisions of the
19 APA – i.e., a precedent decision is not an illegal “underground regulation.” (See *Plumbers &*
20 *Steamfitters, Local 290 v. Duncan* (2007) 157 Cal.App.4th 1083, 1095 (citing to section
21 11425.60(b) and stating, “The department designated [its] decision in this case as precedential,
22

23 ⁴¹ Section 11425.60(b) falls within the administrative adjudication provisions of the APA. (Gov. Code, § 11400
24 et seq.) These APA administrative adjudication provisions apply to all state “agencies” (see Gov. Code, § 11500),
25 except as otherwise expressly provided by statute. (Gov. Code, § 11410.20(a); see also, § 11415.10(a).) The WCAB
26 falls within a statutory exclusion because its adjudicative proceedings are expressly governed by the Labor Code and
27 by its own rules of practice and procedures and because it is not bound by any other statutory rules of procedure. (Lab.
Code, § 5708; see also § 5309.) Nevertheless, “by regulation, ordinance, or other appropriate action, an agency may
adopt [the APA’s administrative adjudication] chapter or any of its provisions for the formulation and issuance of a
decision, even though the agency or decision is exempt from application of this chapter.” (Gov. Code, § 11410.40.)
Here, in issuing our en banc decision, we have expressly declared it to be precedent decision and, in doing so, we have
expressly invoked the provisions of section 11425.60(b). (See fn. 1, *supra*.)

1 thereby exercising its ability to make law and policy through adjudication.”.)

2 Finally, MUSD disregards the express provisions of Labor Code section 115, which
3 specifically allows “the appeals board as a whole” to issue en banc decisions “*in order to achieve*
4 *uniformity of decision*, or in cases presenting novel issues.” (Lab. Code, § 115 (emphasis added).)
5 The Appeals Board’s statutory authority to issue en banc decisions “in order to achieve uniformity
6 of decision” is consistent with the fact that the Board is vested with “*judicial powers*.” (Lab. Code,
7 § 111(a) (emphasis added).) In accordance with its judicial status and the authority granted it by
8 section 115, the Appeals Board periodically issues en banc decisions that “are binding on [all]
9 panels of the Appeals Board and workers’ compensation judges as legal precedent under the
10 principle of *stare decisis*.” (Cal. Code Regs., tit. 8, § 10341.)⁴² In the context of proceedings
11 before the WCAB, en banc decisions of the Appeals Board have the same effect as published
12 appellate opinions. (*Signature Fruit Co. v. Workers’ Comp. Appeals Bd. (Ochoa)* (2006) 142
13 Cal.App.4th 790, 796, fn. 2 [71 Cal.Comp.Cases 1044, 1047, fn. 2] (“An en banc decision of the
14 WCAB binds future WCAB panels and WCJ’s as legal precedent in the same manner as a
15 published appellate opinion.”); accord: *Garcia, supra*, 126 Cal.App.4th at p. 313, fn. 5 [70
16 Cal.Comp.Cases at p. 120, fn. 5].)

17 Therefore, our current en banc decision is not a regulation because it is being issued both
18 under the authority of section 115 “in order to achieve uniformity of decision” and under the
19 authority of section 11425.60(b) to designate as precedent a “decision that contains a significant
20 legal or policy determination of general application that is likely to recur” without having to
21 undertake rulemaking. Our current decision also accords with the holding of *Tidewater* that
22 “interpretations that arise in the course of case-specific adjudication *are not regulations*, though
23 they may be persuasive as precedents in similar subsequent cases.” (*Tidewater, supra*, 14 Cal.4th
24 at p. 571 (emphasis added).)

25
26
27

⁴² WCAB Rule 10341 was adopted through the rule-making provisions of Labor Code section 5306.

1 We recognize that one appellate court has concluded that the Appeals Board’s power to
2 issue en banc decisions in lieu of regulations is not unlimited. (*Milbauer, supra*, 127 Cal.App.4th
3 at pp. 647-649 [70 Cal.Comp.Cases at pp. 329-332].) In *Milbauer*, the Court was reviewing an en
4 banc decision of the Appeals Board which had determined that the Uninsured Employers Fund
5 (UEF) could be ordered to provisionally appear at a hearing to assist an employee of an illegally
6 uninsured employer in determining the employer’s correct legal identity; then, when the illegally
7 uninsured employer had been properly named and served with an application and special notice of
8 lawsuit, UEF could be formally joined as a party defendant and its statutory liability for benefits
9 would attach. The Court concluded that the procedures set forth in the Board’s en banc decision
10 violated the APA and *Tidewater*. However, the Court reached this conclusion because the Board’s
11 en banc decision had “adopted and announced a whole body of entirely new procedures” relating
12 to the joinder and the responsibilities of UEF and because these “new procedures [were] much
13 more extensive than general legal conclusions or policies produced after interpretation of
14 applicable statutes or law in the context of a specific case.” (*Milbauer, supra*, 127 Cal.App.4th at
15 p. 648 [70 Cal.Comp.Cases at p. 331].)

16 Our current en banc decision in *Almaraz* and *Guzman* is readily distinguishable because it
17 does not impose a whole series of new procedural requirements. To the contrary, our current
18 decision is not procedural at all. Rather, in substance, our decision simply interprets the “prima
19 facie evidence” language of section 4660(c) to mean that a permanent disability rating established
20 by the Schedule is rebuttable – including by successfully challenging a component element of that
21 rating, e.g., the injured employee’s WPI based on the AMA Guides. Moreover, our decision
22 further holds that, if a party seeks to challenge a WPI based on the Guides, section 4660(b)(1)
23 requires that this rebuttal evidence also must be founded on the Guides. Our decision, however,
24 does *not* mandate that any party must attempt to challenge a WPI based on the Guides; it does *not*
25 mandate that if any such attempt is made it must be done in any particular manner (other than it
26 must be based on the Guides); and it does *not* mandate that a WCJ or Appeals Board panel must
27 admit or follow any rebuttal evidence presented.

1 Moreover, consistent with *Tidewater*'s holding that "interpretations that arise in the course
2 of case-specific adjudication are not regulations" (*Tidewater, supra*, 14 Cal.4th at p. 571), we
3 reach our holdings in the context of two specific cases in which the injured employees assert that
4 they are entitled to present medical evidence to rebut the permanent disability rating called for by
5 the 2005 Schedule. If the *Milbauer* case were interpreted to apply in this context, this would
6 effectively eradicate both the Appeals Board's power to issue en banc decisions "in order to
7 achieve uniformity of decision" (Lab. Code, § 115) and its power to "designate as a precedent
8 decision ... a decision that contains a significant legal or policy determination of general
9 application that is likely to recur [and that] is not rulemaking" (Gov. Code, § 11425.60(b)).

10 **III. CONCLUSION**

11 For the reasons above, we now hold that: a permanent disability rating established by the
12 Schedule is rebuttable; the burden of rebutting a scheduled permanent disability rating rests with
13 the party disputing it; one method of rebutting a scheduled permanent disability rating is to
14 successfully challenge one of the component elements of that rating, such as the injured
15 employee's WPI under the AMA Guides; and when determining an injured employee's WPI, it is
16 not permissible to go outside the four corners of the AMA Guides; however, a physician may
17 utilize any chapter, table, or method in the AMA Guides that most accurately reflects the injured
18 employee's impairment.

19 Therefore, we will again remand both the *Almaraz* and *Guzman* cases to their respective
20 assigned WCJs for further proceedings – if deemed appropriate by the assigned WCJ (including
21 possible development of the record) – and for new decisions on the permanent disability-related
22 issues, including attorney's fees.

23 For the foregoing reasons,

24 **IT IS ORDERED**, as the Decision After Reconsideration of the Workers' Compensation
25 Appeals Board (en banc) in *Almaraz v. Environmental Recovery Services*, Case No. ADJ1078163
26 (BAK 0145426), that the Findings of Fact and Award of April 23, 2008 is **AMENDED** such that
27 Findings of Fact Nos. 3, 4 and 7 and the Award in its entirety are **STRICKEN** therefrom and the

1 following are **SUBSTITUTED** therefor:

2 **FINDINGS OF FACT**

3 ***

- 4 3. The issue of permanent disability is deferred.
- 5 4. The issue of defendant's credit against its liability for permanent disability indemnity is deferred.

6 ***

- 7 7. The issue of reasonable attorney's fees is deferred.

8 **AWARD**

9 **AWARD IS MADE** in favor of **MARIO ALMARAZ** and against **STATE COMPENSATION INSURANCE FUND** of:

- 10 (a) Temporary disability indemnity in accordance with Finding
11 of Fact No. 2, less credit to defendant for any amounts previously
12 paid therefor;
- 13 (b) All further medical treatment reasonably required to cure or
14 relieve the effects of the injury; and
- 15 (c) Medical treatment and medical-legal liens in an amount to
be adjusted by the parties, with jurisdiction reserved.

16 **IT IS FURTHER ORDERED**, as the Decision After Reconsideration of the Workers'
17 Compensation Appeals Board (en banc) in *Guzman v. Milpitas Unified School District*, Case No.
18 ADJ3341185 (SJO 0254688), that the Amended Findings and Award issued on October 7, 2008
19 (and re-issued on October 22, 2008) is **AMENDED** such that Findings of Fact Nos. 3 and 4 and
20 the Award in its entirety are **STRICKEN** therefrom and the following are **SUBSTITUTED**
21 therefor:

22 **FINDINGS OF FACT**

23 ***

- 24 3. Applicant has sustained permanent partial disability of 41%
in Case No. ADJ2705099 (SJO 0244266). The issue of permanent
25 disability in Case No. ADJ3341185 (SJO 0254688) is deferred.
- 26 4. The issues of reasonable attorney's fees in both Case Nos.
ADJ2705099 (SJO 0244266) and ADJ3341185 (SJO 0254688) are
27 deferred.

AWARD

AWARD IS MADE in favor of **JOYCE GUZMAN** and against **MILPITAS UNIFIED SCHOOL DISTRICT** (Keenan & Associates, Adjusting Agent) of:

(a) In Case No. ADJ2705099 (SJO 0244266), permanent partial disability indemnity in the total amount of \$37,555.00, payable at \$185.00 per week for 203 weeks, less credit to defendant for any sums previously paid on account thereof, and less 15% to be held in trust by defendant pending further order of the WCAB on the issue of reasonable attorney’s fees;

(b) In both Case Nos. ADJ2705099 (SJO 0244266) and ADJ3341185 (SJO 0254688), all further medical treatment reasonably required to cure or relieve the effects of the injuries herein; and

(c) In both Case Nos. ADJ2705099 (SJO 0244266) and ADJ3341185 (SJO 0254688), medical treatment and medical-legal liens in an amount to be adjusted by the parties, with jurisdiction reserved.

IT IS FURTHER ORDERED that the *Almaraz* and *Guzman* matters are each **REMANDED** to their respective assigned workers’ compensation administrative law judges for

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1 further proceedings and new decisions, consistent with this opinion.

2 **WORKERS' COMPENSATION APPEALS BOARD**

3 /s/ Joseph M. Miller

4 **JOSEPH M. MILLER, Chairman**

5 /s/ James C. Cuneo

6 **JAMES C. CUNEO, Commissioner**

7 /s/ Deidra E. Lowe

8 **DEIDRA E. LOWE, Commissioner**

9 /s/ Gregory G. Aghazarian

10 **GREGORY G. AGHAZARIAN, Commissioner**

11 **WE DISSENT**

12 **(See attached Dissenting Opinion)**

13 /s/ Frank M. Brass

14 **FRANK M. BRASS, Commissioner**

15 /s/ Ronnie G. Caplane

16 **RONNIE G. CAPLANE, Commissioner**

17 /s/ Alfonso J. Moreso

18 **ALFONSO J. MORESI, Commissioner**

19
20 **DATED AND FILED AT SAN FRANCISCO, CALIFORNIA**

21 **9/3/09**

22 **SERVICE MADE BY MAIL ON ABOVE DATE ON THE PERSONS LISTED BELOW AT**
23 **THEIR ADDRESSES AS SHOWN ON THE CURRENT OFFICIAL ADDRESS RECORD:**

24 **Mario Almaraz**

The Law Offices of William Wolff

State Compensation Insurance Fund-Legal Division

Joyce Guzman

Law Offices of J. Bruce Sutherland

Law Offices of Bradford & Barthel, LLP

27 **NPS/jr**

1 **DISSENTING OPINION**

2 We would affirm our February 3, 2009 en banc decision.

3 For the reasons stated in that decision, which we adopt and incorporate by reference, we
4 disagree with the majority that a party may never go outside the AMA Guides¹ to rebut a
5 scheduled permanent disability rating.

6 Long-standing California case law is clear that a scheduled permanent disability rating may
7 be rebutted if it is shown that the scheduled rating would result in a permanent disability award
8 that would be inequitable, disproportionate, and not a fair and accurate measure of the employee’s
9 permanent disability.

10 In *Universal Studios, Inc. v. Workers’ Comp. Appeals Bd. (Lewis)* (1979) 99 Cal.App.3d
11 647 [44 Cal.Comp.Cases 1133] (*Lewis*), the WCAB awarded an employee the scheduled rating for
12 a semi-sedentary work restriction based on the findings of the agreed medical evaluator (AME).
13 The Court found that a scheduled semi-sedentary permanent disability rating was inequitable and
14 not supported by the evidence, declaring:

15 “[T]he only evidence which supports the theory that the employee should be
16 confined to semisedentary work ... is the evidence of the employee’s own
17 subjective complaints and the [AME’s] acceptance of that subjective
18 complaint. ...

18 “It is no answer to this lack of evidence to say that the rating[] schedule[] ...
19 cannot be questioned. The [cases cited] fully controvert any such ‘hands-off’
20 attitude toward the schedule or the presumptions used to create the schedule
21 or resulting therefrom.

21 ***

22 “... [A] court of review must... examine ... the result ... for fairness,
23 reasonableness and proportionality in the overall scheme of the law and the
24 purposes sought to be accomplished by that law. ... [W]hen we discern an
25 inequitable result, it is our duty to require reexamination. ... [W]e conclude
26 here that the award is so disproportionate to the disability and the objectives
27 of reasonably compensating an injured worker as to be fundamentally unfair.
... [It is] not just and fair compensation.

1 ¹ All references to the “AMA Guides” or to the “Guides” are to the American Medical Association’s *Guides to the Evaluation of Permanent Impairment* (5th Edition, 2001).

1 “The percentage of disability determined by use of the rating schedule is only
2 prima facie evidence of the percentage of permanent disability to be attributed
3 to each injury. Thus it is not absolute, binding and final. [Citations]. It is
4 therefore not to be considered all of the evidence on the degree or percentage
of disability. Being prima facie it establishes only presumptive evidence.
Presumptive evidence is rebuttable, may be controverted and overcome.”

5 (*Lewis*, 99 Cal.App.3d at pp. 657, 658-659, 662-663 [44 Cal.Comp.Cases at
6 pp. 1138, 1139-1140, 1143] (emphasis added).)

7 In *Glass v. Workers’ Comp. Appeals Bd.* (1980) 105 Cal.App.3d 297 [45 Cal.Comp.Cases
8 441 (*Glass*)], the WCAB did not include a limitation to light work as one of the employee’s factors
9 of disability, where the Schedule then in effect provided that light work limitations applied only to
10 other body parts. The Court of Appeal said: “The Board may not rely upon alleged limitations in
11 the Rating Schedule to deny the injured worker a permanent disability award *which accurately*
12 *reflects his true disability*. ... While the Rating Schedule is prima facie evidence of the proper
13 disability rating, it may be controverted and overcome.” (*Glass*, 105 Cal.App.3d at p. 307 [45
14 Cal.Comp.Cases at p. 449] (emphasis added).)

15 Other California cases are consistent. (E.g., *Luchini v. Workmen’s Comp. Appeals Bd.*
16 (1970) 7 Cal.App.3d 141, 146 [35 Cal.Comp.Cases 205, 209] (“the [WCAB] cannot rely on some
17 administrative procedure [(i.e., the Schedule)] to deny to petitioner a disability award
18 commensurate with the disability that he has suffered.”); accord: *Dalen v. Workmen’s Comp.*
19 *Appeals Bd.* (1972) 26 Cal.App.3d 497, 508 [37 Cal.Comp.Cases 393, 401]; *Young v. Industrial*
20 *Acc. Com.* (1940) 38 Cal.App.2d 250, 255 [5 Cal.Comp.Cases 67, 70] (“[i]t is apparent ... from
21 the ... provisions of the Labor Code and the schedule itself, that it was not intended that [the
22 schedule] should be applied in a case ... where it did not even approximately cover the disability
23 involved”); see also *Duke v. Workers’ Comp. Appeals Bd.* (1988) 204 Cal.App.3d 455, 460 [53
24 Cal.Comp.Cases 385, 388] (where a “rating is not rationally related to [the] Applicant’s
25 diminished ability to compete on the open labor market,” then the rating is “arbitrary,
26 unreasonable and not supported by the evidence in light of the entire record.”); accord: *Abril v.*
27 *Workers’ Comp. Appeals Bd.* (1976) 55 Cal.App.3d 480, 486 [40 Cal.Comp.Cases 804, 808];

1 *Nielsen v. Workmen’s Comp. Appeals Bd.* (1974) 36 Cal.App.3d 756, 758 [39 Cal.Comp.Cases 83,
2 84].)

3 Consequently, it follows that a scheduled permanent disability rating predicated on the
4 AMA Guides should be subject to the same standard of rebuttal.

5 The majority asserts that the cases just cited are inapposite because they interpreted former
6 section 4660, which focused on diminished ability to compete in the open labor market in
7 determining an injured employee’s scheduled permanent disability rating, and not current section
8 4660, which focuses on WPI under the AMA Guides and DFEC in determining permanent
9 disability. However, the question of what standard is used to determine a scheduled permanent
10 disability rating is not relevant. The pertinent question is what standard is used to *rebut* a
11 scheduled permanent disability rating under section 4660(c). The majority fails to explain why the
12 long-standing standard for determining when a scheduled permanent disability rating has been
13 rebutted is now somehow inapplicable, especially given that the “prima facie evidence” language
14 of section 4660(c) was not changed by SB 899. Indeed, the long-established “inequitable,
15 disproportionate, and not a fair and accurate measure” standard is fully consistent with the
16 constitutional declaration that “[a] complete system of workers’ compensation includes *adequate*
17 provisions for the ... general welfare of any and all workers” and the constitutional mandate that
18 “the administration of [workers’ compensation] legislation *shall accomplish substantial justice.*”
19 (Cal. Const., art. XIV, § 4 (emphasis added).) These constitutional provisions “are expressly
20 declared to be the social public policy of this State, binding upon all departments of the State
21 government” (*id.*) and they must be viewed to have been subsumed into all of the workers’
22 compensation provisions of the Labor Code (Lab. Code, § 3201), including section 4660.

23 In most cases the AMA Guides will be both the starting point and the ending point of any
24 assessment of an injured employee’s WPI. However, we cannot rule out the possibility that
25 exceptional circumstances may arise where a WPI based on the AMA Guides simply will not
26 fairly and accurately measure an injured employee’s impairment.. This is consistent with the
27 language of the AMA Guides and case law of other jurisdictions.

1 The AMA Guides recognizes that it cannot always be the ultimate determinant of
2 industrially-caused impairment. Specifically, the Guides states that: (1) its WPI ratings “estimate
3 the impact of the impairment on the individual’s overall ability to perform activities of daily
4 living, *excluding work*” (AMA Guides, § 1.2a, at p. 4 (italics in original); see also §§ 1.2b, 1.8, at
5 pp. 9, 13)²; (2) in some cases it is appropriate for a physician to consider factors outside the Guides
6 (*id.*, §§ 1.2a, 1.2b, 1.9, 1.12, 2.2, at pp. 5, 8, 13-14, 15, 18); (3) an evaluating physician can modify
7 an impairment rating through the exercise of his or her judgment, training and experience (*id.*,
8 § 1.2a, 1.2b, 1.5, 2.3, 2.5c, at pp. 5, 8, 11, 18, 19); and (4) it has inherent limitations, including
9 acknowledging that it “cannot provide an impairment rating for all impairments” (*id.*, § 1.5, at p.
10 11; see also, § 1.2a, 1.5, at pp. 4-5, 10).

11 Also, several other jurisdictions (i.e., Arizona, Florida, New Hampshire, Hawaii, New
12 Mexico, and South Dakota) have allowed departures from the AMA Guides under some
13 circumstances even though those jurisdictions have or have had statutes or regulations that either
14 require use of the Guides or generally call for its use.³

15 New Hampshire law provides that, “[i]n order to reduce litigation and establish more
16 certainty and uniformity in the rating of permanent impairment,” permanent disability awards
17 “shall” be based on the most recent edition of the AMA Guides. (N.H. Revised Stats., § 281-
18 A:32(IX) & (XIV); see also § 281-A:31-a.) Nevertheless, in *Appeal of Rainville* (N.H. 1999) 143
19 N.H. 624 [732 A.2d 406] (*Rainville*), the New Hampshire Supreme Court said:

20 “[I]n view of the *AMA Guides*’s own instructions and our liberal construction
21 of [the permanent impairment statute] ... , we hold that if a physician,

22 ² The activities of daily living (ADLs) covered by the Guides are: (1) self-care and personal hygiene (e.g.,
23 urinating, defecating, brushing teeth, combing hair, bathing, dressing oneself, eating); (2) communication (e.g.,
24 writing, typing, seeing, hearing, speaking); (3) physical activity (e.g., standing, sitting, reclining, walking, climbing
25 stairs); (4) sensory function (e.g., hearing, seeing, tactile feeling, tasting, smelling); (5) nonspecialized hand activities
26 (e.g., grasping, lifting, tactile discrimination); (6) travel (e.g., riding, driving, flying); (7) sexual function (e.g., orgasm,
ejaculation, lubrication, erection); and (8) sleep (e.g., restful, nocturnal sleep pattern). (AMA Guides, § 1.2a, at p. 4
[Table 1-2].) These ADLs were developed *not* to assess the extent to which injured employees could function in work
environments, but to assess the abilities and needs of institutionalized patients and the elderly; even now, many of the
ADLs are more suited to a chronically ill, disabled population. (*Id.*, § 1.2a, at p. 5.)

27 ³ Some states strictly adhere to the AMA Guides and do not allow them to be departed from under any
circumstances. Because California law provides that its scheduled permanent disability ratings may be rebutted (Lab.
Code, § 4660(c)), the case law of those states is not relevant to our discussion.

1 exercising competent professional skill and judgment, finds that the
2 recommended procedures in the *AMA Guides* are inapplicable to estimate
3 impairment, the physician may use other methods not otherwise prohibited by
4 the *AMA Guides*. ... The reasons for such a deviation must be fully explained
and the alternative methodology set forth in sufficient detail so as to allow a
proper evaluation of its soundness and accuracy.

5 "... [T]he board may not disregard a physician's impairment evaluation solely
6 because it deviates from the express recommended methodology of the *AMA
Guides*." (*Rainville*, 143 N.H. at pp. 631-633.)

7 Florida law formerly mandated that "[the *AMA Guides*] shall be the ... [permanent
8 disability] schedule and shall be used for purposes hereof." (Fla. Stats. 1979, ch. 79-312, § 8
9 [repealed Fla. Stats. 1990, ch. 90-201, § 20, eff. July 1, 1990].)⁴ Nevertheless, in a unanimous 12-
10 justice en banc opinion in *Trindade v. Abbey Road Beef 'N Booze* (Fla.App. 1983) 443 So.2d 1007
11 (*Trindade*), the Florida Court of Appeal stated, in part:

12 "... [A]s a practical matter, over four years of experience have shown the
13 futility of attempting to view the *Guides* as a comprehensive, all-inclusive
14 schedule of permanent impairments. This valuable treatise, viewed by the
15 Division [of Workers' Compensation] as the 'best available,' is nevertheless –
according to much credible medical testimony reflected in the cases coming
before us – incomplete and unsuited to the determination of permanent
impairment resulting from certain types of injuries. ...

16 ***

17 "We therefore hold that ... the existence and degree of permanent impairment
18 resulting from injury shall be determined pursuant to the *Guides*, unless such
19 permanent impairment cannot reasonably be determined under the criteria
utilized in the *Guides*, in which event such permanent impairment may be
20 established under other generally accepted medical criteria for determining
impairment.

21 ***

22 "... The *Guides*, where applicable, shall be used as the primary rating
23 schedule, but shall not be used to deny benefits simply because the *Guides* do
not make provision for the conditions causing the impairment." (*Trindade*,
443 So.2d at pp. 1008-1013.)

24 Arizona law provides that a "physician should rate the percentage of impairment using the
25 standards for the evaluation of permanent impairment as published by the most recent edition of

26 ⁴ Florida stopped using the *AMA Guides* per se in 1990, when its Legislature amended its permanent disability
27 law to require the establishment of a permanent disability schedule that, although it may be based on "systems and
criteria set forth in the [AMA] *Guides* ...," it nevertheless "shall expand the areas already addressed and address
additional areas not currently contained in the [G]uides." (Fla. Stats., § 440.15(3)(b).)

1 the [AMA Guides], if applicable.” (Ariz. Admin. Code R20-5-113(B)(1) [formerly known as R4-
2 13-113(D) or “Rule 13(d)”].) Yet, the Arizona Supreme Court has stated that: “[a]lthough the
3 AMA Guides [is] important in the disability rating, [it is] not the philosopher’s stone”; the AMA
4 Guides is not “all-encompassing” and is “not to be blindly applied regardless of a claimant’s actual
5 physical condition”; the AMA Guides is applicable only if it “truly reflect[s] the claimant’s loss”;
6 if the AMA Guides “do[es] not provide a fair, accurate measure of the degree of impairment,” then
7 an ALJ “must use other factors to determine the degree of impairment” and “a medical expert
8 cannot bind the ALJ to unreasoning adherence to the AMA Guides”; “[a]ny relevant factors ...
9 may be considered,” including the injury’s “[e]ffect on job performance”; and “[e]vidence
10 regarding such factors may come from experts, from the literature, lay witnesses or any other
11 competent source.” (See *Slover Masonry, Inc. v. Industrial Commission (Williamson)* (1988) 158
12 Ariz. 131 [761 P.2d 1035] (*Williamson*); *W.A. Krueger Co. v. Industrial Commission (Puma)*
13 (Ariz. 1986) 150 Ariz. 66 [722 P.2d 234]; *Gomez v. Industrial Commission* (Ariz. 1985) 148 Ariz.
14 575 [716 P.2d 32]; *Smith v. Industrial Commission* (Ariz. 1976) 113 Ariz. 304 [552 P.2d 1198];
15 *Adams v. Industrial Commission* (Ariz. 1976) 113 Ariz. 294 [552 P.2d 764].)

16 The courts from other jurisdictions have been particularly troubled where: (1) the injured
17 employee’s condition is not even covered by the AMA Guides;⁵ (2) the Guides “covers” the
18 condition but provides no WPI because the condition does not affect or minimally affects the
19 employee’s activities of daily living outside of work, even though it substantially affects the

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25 ⁵ See, e.g., *Trindade, supra*, 443 So.2d 1007 (employee’s knee injury rated based on American Academy of
26 Orthopedic Surgery Guides because AMA Guides dealt only with loss of range of motion and employee’s knee
27 instability was due to excessive range of motion); *Rainville, supra*, 143 N.H. 624 [732 A.2d 406] (employee had
multifocal myofascial pain syndrome, which could not be assessed under the AMA Guides); *Cantalope v. Veterans of
Foreign Wars Club* (S.D. 2004) 674 N.W.2d 329 (employee sustained industrial subcutaneous pneumomediastinum, a
condition not covered by the AMA Guides).

1 employee's ability to work and earn;⁶ or (3) the Guides both "covers" the employee's condition
2 and provides some impairment rating for it, but alternative approaches more accurately and
3 completely rate the impairment.⁷

4 The majority holds that the language of section 4660(b)(1)⁸ restricts all rebuttal evidence to
5 the four corners of the AMA Guides. For the reasons that follow, we respectfully disagree.

6 The Schedule itself does not require that all impairments be assessed under the AMA
7 Guides. Notwithstanding the fact that Chapter 14 of the Guides sets out principles for assessing
8 mental and behavioral impairment due to psychiatric disorders, the Schedule directs practitioners
9 that "psychiatric impairment shall be evaluated ... using the Global Assessment of Function
10 (GAF)." (Schedule, at p. 1-12; see also pp. 1-13 – 1-16.)

11 The majority reasons that the Schedule's departure from the AMA Guides is appropriate in
12 cases of psychiatric impairment because the Guides states that "[p]ercentages are not provided to
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14 ⁶ See, e.g., *Benafield v. Industrial Commission* (Ariz.App. 1998) 193 Ariz. 531 [975 P.2d 121] (secretary had
15 no ratable impairment under the AMA Guides after bilateral carpal tunnel surgery, but had permanent restrictions that
16 precluded her from returning to her secretarial job); *Cassey v. Industrial Commission* (Ariz.App. 1987) 152 Ariz. 280
17 [731 P.2d 645] (delivery truck driver's chronic thoracolumbar sprain was not ratable under the AMA Guides, but the
18 condition prevented him from returning to work); *Hunter v. Industrial Commission* (Ariz.App. 1981) 130 Ariz. 59
19 [633 P.2d 1052] (meat wrapper's bronchial hypersensitivity due to fumes from polyvinyl chloride (PVC) used to wrap
20 meat not ratable under the AMA Guides, but permanently precluded her from any employment exposing her to PVC
or other lung irritants); *Dayron Corp. v. Morehead* (Fla. 1987) 509 So.2d 930 (machinist suffered significant wage
loss when he could not continue at his job because he developed contact dermatitis from a new oil-based coolant for
his metal-cutting machinery; however, he had no ratable AMA Guides impairment because his condition did not affect
his activities of daily living outside of work); *OBS Co., Inc. v. Freeney* (Fla.App. 1985) 475 So.2d 947 (*Freeney*)
(journeyman plasterer developed contact dermatitis from exposure to wet cement, but he had no ratable AMA Guides
impairment because his condition did not affect his activities of daily living as long as he does not work in his job –
i.e., "Essentially, as long as claimant does nothing, there is no impairment").

21 ⁷ See, e.g., *Williamson, supra*, 158 Ariz. 131 [761 P.2d 1035] (AMA Guides provided a 50% impairment
22 rating for fractured tibial condyle of hod carrier's right knee; however, Arizona Supreme Court affirmed a finding of
23 70% impairment, where the increased impairment rating was predicated on the facts that: (1) the employee testified he
24 could not perform seventy-eight percent of his job; (2) the evaluating physician "made it clear that the AMA Guides
25 did not actually measure ability to perform a specific job or occupation," he agreed with the employee's assessment of
26 which job functions he could no longer perform, and he concluded that "the working disability the applicant suffers is
not totally covered by the Guides"; and (3) a labor market consultant confirmed that employee's injury disabled him
from performing sixty-five percent of a hod carrier's job); *Cabatbat v. County of Hawai'i, Dept. of Water Supply*
(Haw. 2003) 103 Haw. 1 [78 P.3d 756] (Hawaii Supreme Court concluded it was error to rate an injured employee's
temporomandibular joint injury based on the AMA Guides, where the treating dentist and the parties' respective
evaluating dentists all found higher impairments using methods other than the Guides).

27 ⁸ Section 4660(b)(1) states: "For purposes of this section, the 'nature of the physical injury or disfigurement'
shall incorporate the descriptions and measurements of physical impairments and the corresponding percentages of
impairments published in the [AMA Guides]."

1 estimate mental impairment in this edition of the *Guides*.” (AMA Guides, § 14.3, at p. 361.) This
2 rationale does not withstand scrutiny.

3 It is true the Guides does not assign or suggest any *specific* WPI percentages for psychiatric
4 impairment. Nevertheless, section 14.3 of the Guides, entitled “A Method of Evaluating
5 Psychiatric Impairment” (*id.*, at pp. 361-364), sets out an “approach [that] may be helpful in
6 estimating the extent of mental impairments” (*id.*, at p. 361). Also, section 14.4, entitled
7 “Assessing Impairment Severity” (*id.*, at pp. 361-366), provides further information for evaluating
8 psychiatric impairment.

9 The GAF scale does not remedy the absence of specific WPI percentages for psychiatric
10 impairment in the AMA Guides, because neither the GAF scale nor the text from which the GAF
11 is derived⁹ makes *any* reference to WPI.¹⁰ Therefore, the majority cannot properly justify the
12 Administrative Director’s departure from the AMA Guides with respect to psychiatric impairments
13 on the basis that the GAF scale provides WPI percentages whereas the AMA Guides does not.

14 There is no inherent inconsistency between the language of section 4660(b)(1) that WPI
15 assessments “shall *incorporate* ... the [AMA Guides]” and the conclusion that, under the “prima
16 facie evidence” language of section 4660(c), a WPI determined in accordance with the AMA
17 Guides may be rebutted by non-AMA Guides evidence. In most cases, the WPI will be based
18 entirely on the AMA Guides. In those rare cases where a WPI under the Guides does not fairly
19 and accurately reflect the injured employee’s impairment, the AMA Guides are not binding and a
20 physician may consider other generally accepted medical literature or standards to assess

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25 ⁹ The most current GAF scale is set forth at page 32 of the Diagnostic and Statistical Manual of Mental
26 Disorders, Fourth Edition, Text Revision, 2000 (commonly called the DSM-IV-TR) of the American Psychiatric
Association.

27 ¹⁰ The WPI percentages assigned by the Schedule to be GAF scale appear to have been administratively
created.

1 impairment.¹¹

2 Moreover, section 4660(b)(1) says to “incorporate” the AMA Guides. A usual and
3 commonsense interpretation of the word “incorporate” is that it means to “to take in or include as a
4 part or parts.”¹² Thus, while the AMA Guides must be included as a part of any assessment of
5 permanent impairment, it is not absolutely conclusive. This interpretation harmonizes section
6 4660(b)(1) with section 4660(c), while also allowing a party to rebut a scheduled permanent
7 disability rating that is predicated on a WPI assessment under the Guides.

8 Further, the language of section 4660(b)(1) that “the ‘nature of the physical injury or
9 disfigurement’ shall incorporate ... the [AMA Guides]” relates back to the language of section
10 4660(a) which provides: “In determining the percentages of permanent disability, *account shall be*
11 *taken of the nature of the physical injury or disfigurement ...*.” (Emphasis added.) A reasonable
12 interpretation of the phrase “account shall be taken” is that although the AMA Guides must be
13 taken into account, an impairment rating based strictly on the Guides will not be controlling.

14 Arguments have been made that allowing rebuttal evidence outside of the AMA Guides or,
15 in fact, allowing *any* rebuttal evidence somehow abrogates both the language of section 4660(d)
16 and the language of uncodified section 49 of SB 899.

17 Section 4660(d) provides, “[t]he schedule shall promote consistency, uniformity, and
18 objectivity.” To interpret this language to mean that the AMA Guides component of a scheduled
19 permanent disability rating cannot be rebutted by evidence outside of the AMA Guides imposes
20 restrictions that simply are not there. Although in most cases permanent disability will be
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22 ¹¹ See, generally, *Cantalope, supra*, 674 N.W.2d at pp. 336-337 (an “alternative methodology” may be used to
23 rate impairment “if supported by competent medical evidence”); *Cabatbat, supra*, 103 Haw. at p. 9 (“According to the
24 AMA Guides and [the three reporting physicians], the Board should not have relied solely upon the AMA Guides to
25 evaluate [the employee’s] injury”); *Williamson, supra*, 158 Ariz. at pp. 135-137 (“[a]ny relevant factors” and “all
26 competent and relevant evidence” may be used to establish an accurate rating of functional impairment); *Morehead,*
supra, 509 So.2d at pp. 931-932 (impairment determination may be “based upon other generally accepted medical
standards”); *Trindade, supra*, 443 So.2d at pp. 1008-1013 (if “permanent impairment cannot reasonably be
determined under the criteria utilized in the *Guides*, ... such permanent impairment may be established under other
generally accepted medical criteria for determining impairment”).)

27 ¹² See *Dictionary.com Unabridged (v 1.1)*, Random House, Inc.,
<http://dictionary.reference.com/browse/incorporate> (accessed: September 3, 2009).

1 determined by the AMA Guides, a requirement that the Schedule shall *promote* consistency,
2 uniformity, and objectivity does not confer exclusivity on the Guides.

3 Former Florida law and current New Hampshire law have mandated that the AMA Guides
4 “shall” be used “[i]n order to reduce litigation and establish *more certainty and uniformity* in the
5 rating of permanent impairment.” (Fla. Stats. 1979, ch. 79-312, § 8 (emphasis added) [repealed
6 Fla. Stats. 1990, ch. 90-201, § 20, eff. July 1, 1990]); (N.H. Revised Stats., § 281-A:32 (XIV)
7 (emphasis added).) Yet, despite this mandate, the appellate courts of both states have interpreted
8 this language to mean that the AMA Guides is not absolute and may be departed from under some
9 circumstances. (See *Morehead, supra*, 509 So.2d 930; *Freeney, supra*, 475 So.2d 947; *Trindade,*
10 *supra*, 443 So.2d 1007; *Appeal of Wal-Mart Stores (Hargreaves)* (N.H. 2000) 145 N.H. 635 [765
11 A.2d 168]; *Rainville, supra*, 143 N.H. 624 [732 A.2d 406].) The Florida and New Hampshire
12 courts reached their conclusions even though, unlike California, neither state even had a statutory
13 “prima facie evidence” or other provision allowing a permanent disability rating to be rebutted.

14 Section 49 of SB 899 declares that “[t]his act is an urgency statute” and that “it is necessary
15 for this act to take effect immediately” to “provide relief to the state from the effects of the current
16 workers’ compensation crisis.” (Stats. 2004, ch. 34, § 49.) Appellate courts have interpreted this
17 statement to mean that SB 899 was intended to reduce the costs of the workers’ compensation
18 system.¹³

19 There is no question that SB 899 has been effective in reducing workers’ compensation
20 costs. SB 899 has achieved this in numerous ways, such as by amending section 5814 to severely
21 limit penalties and by amending section 4663 and adding section 4664 to limit a defendant’s
22 liability to only the permanent disability directly caused by the injury. Yet, although section 49 of
23 SB 899 declared a legislative intent to reduce the *overall* costs of workers’ compensation, there is
24 no indication that the Legislature intended to reduce the cost of each and every workers’

25 ¹³ See *Brodie v. Workers’ Comp. Appeals Bd.* (2007) 40 Cal.4th 1313, 1329 [72 Cal.Comp.Cases 565, 578];
26 *Benson v. Workers’ Comp. Appeals Bd.* (2009) 170 Cal.App.4th 1535, 1555 [74 Cal.Comp.Cases 113, 128]; *Facundo-*
27 *Guerrero v. Workers’ Comp. Appeals Bd.* (2008) 163 Cal.App.4th 640, 655 [73 Cal.Comp.Cases 785, 796]; *Costco*
Wholesale Corp. v. Workers’ Comp. Appeals Bd. (Chavez) (2007) 151 Cal.App.4th 148, 155 [72 Cal.Comp.Cases
582, 587].

1 compensation benefit in each and every possible way or that it intended to entirely sacrifice fair
2 and adequate compensation to injured workers. To the contrary, “both workers and employers
3 were to benefit from Senate Bill No. 899 as a whole.” (*Benson, supra*, 170 Cal.App.4th at p. 1557
4 [74 Cal.Comp.Cases at p. 130].) Certainly, as cited above, some elements of SB 899 were
5 intended to and did reduce various costs, including the cost of permanent disability. However,
6 there also was legislative concern about “diminishing the arguably meager benefits injured
7 workers received in this state.” (*Benson, supra*, 170 Cal.App.4th at p. 1557 [74 Cal.Comp.Cases at
8 p. 131] (quoting from Sen. Rules Com., Off. of Sen. Floor Analyses, 3d reading analysis of Sen.
9 Bill No. 899 (2003–2004 Reg. Sess.) as amended July 14, 2003, pp. 1-2).) Consistent with this
10 concern, SB 899 *increased* permanent disability benefits for those employees who were the most
11 disabled or who could not return to work. (Lab. Code, § 4658(d)(1) (increasing the number of
12 weeks of benefits for permanently disabled employees with disability from 70% to 99.75%); §
13 4658(d)(2) (increasing by 15% benefits for permanently disabled employees who were not
14 promptly offered regular, modified or alternative work with the same employer).)

15 Our conclusion that the AMA Guides component of a scheduled permanent disability
16 rating may be rebutted – including by other generally accepted medical standards – is not
17 inconsistent with either section 49 or SB 899 as a whole. Indeed, SB 899 preserved the right to
18 rebut a scheduled permanent disability rating by making no changes to the language of section
19 4660 that such a rating is “prima facie evidence.”

20 We are not persuaded that the continued existence of the “prima facie evidence” language
21 of section 4660(c), as our February 3, 2009 opinion interpreted it, will have any particular effect
22 on the overall costs of permanent disability indemnity. First, in the vast majority of cases,
23 impairment will be assessed under the AMA Guides. Impairment may be assessed outside the
24 Guides only in rare cases where assessment under the Guides would be manifestly inequitable.
25 Second, our February 3, 2009 opinion allowed *either* party to rebut a scheduled permanent
26 disability rating by successfully challenging the WPI under the AMA Guides. Thus, in some
27 cases, an injured employee might succeed in increasing the permanent disability award. In other

1 cases a defendant might succeed in decreasing it. (Cf. *Lewis, supra*, 99 Cal.App.3d 647 [44
2 Cal.Comp.Cases 1133].)

3 Therefore, for all the reasons above, we would affirm the holding of our February 3, 2009
4 joint en banc decision that a scheduled permanent disability rating may be rebutted if it is shown
5 that the rating would result in a permanent disability award that would be inequitable,
6 disproportionate, and not a fair and accurate measure of the employee's permanent disability.

7 Nevertheless, we agree with the majority that: (1) the language of section 4660(c)
8 unambiguously means that a permanent disability rating established by the Schedule is rebuttable;
9 (2) the burden of rebutting a scheduled permanent disability rating rests with the party disputing it;
10 and (3) one method of rebutting a scheduled permanent disability rating is to successfully
11 challenge one of the component elements of that rating, such as the injured employee's whole

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1 person impairment (WPI) under the AMA Guides.

2 **WORKERS' COMPENSATION APPEALS BOARD**

3
4 /s/ Frank M. Brass

FRANK M. BRASS, Commissioner

5
6 /s/ Ronnie G. Caplane

RONNIE G. CAPLANE, Commissioner

7
8 /s/ Alfonso J. Moresi

ALFONSO J. MORESI, Commissioner

9
10
11 **DATED AND FILED AT SAN FRANCISCO, CALIFORNIA**

12 **9/3/09**

13 **SERVICE MADE BY MAIL ON ABOVE DATE ON THE PERSONS LISTED BELOW AT**
14 **THEIR ADDRESSES AS SHOWN ON THE CURRENT OFFICIAL ADDRESS RECORD:**

15 **Mario Almaraz**

The Law Offices of William Wolff

State Compensation Insurance Fund-Legal Division

16 **Joyce Guzman**

Law Offices of J. Bruce Sutherland

17 **Law Offices of Bradford & Barthel, LLP**

18 **NPS/jr**