

**WORKERS' COMPENSATION APPEALS BOARD
STATE OF CALIFORNIA**

EVERARDO MORALES, *Applicant*

vs.

**THE REGENTS OF THE UNIVERSITY OF CALIFORNIA,
permissibly self-insured, adjusted by SEDGWICK, *Defendants***

**Adjudication Number: ADJ20483896
Goleta District Office**

**OPINION AND ORDER
GRANTING PETITION FOR
RECONSIDERATION
AND DECISION AFTER
RECONSIDERATION**

Defendant seeks reconsideration of the June 19, 2026 Amended Findings and Award (F&A), wherein the workers' compensation administrative law judge (WCJ) found that applicant, while employed as a cook on January 3, 2025, sustained injury arising out of and in the course of employment (AOE/COE) to his skin and psyche. The WCJ found in relevant part that applicant is entitled to psychiatric permanent disability pursuant to Labor Code¹ section 4660.1(c)(1) and awarded partial permanent disability of 52 percent.

Defendant contends that the WCJ erred in finding applicant's psychiatric impairment was compensable as his physical injury was not catastrophic within the meaning of section 4660.1(c)(2)(B), and therefore, as a matter of law, his psychiatric impairment cannot increase his permanent disability rating.

We have not received an answer from any party. The WCJ prepared a Report and Recommendation on Petition for Reconsideration (Report), recommending that the Petition be denied.

We have considered the allegations of the Petition for Reconsideration and the contents of the report of the workers' compensation administrative law judge (WCJ) with respect thereto.

¹ All further references are to the Labor Code unless otherwise noted.

Based on our review of the record, and for the reasons discussed below, we will grant reconsideration, rescind the F&A, and return this matter to the trial level for development of the record.

FACTS

Applicant sustained admitted injury to his skin and psyche while employed as a cook by defendant The Regents of the University of California, on January 3, 2025. Defendant disputes the nature and extent of the injury.

The parties have selected Pedram Ghasri, M.D., as the Qualified Medical Evaluator (QME) in dermatology, and Lisa Isaac, Ph.D. as the QME in psychology.

On May 22, 2025, psychology QME Dr. Isaac evaluated applicant, noting that she had not been provided with any job description or medical record by the parties. (Ex. 3, Report of Lisa Isaac, Ph.D., dated May 22, 2025, at p. 1.) Applicant reported that on January 3, 2025, while working as a cook for University of California Santa Barbara Dining he attempted to open the door to a 3-rack steam oven, when the steamer exploded, causing applicant to stumble back. (*Id.* at p. 3.) Applicant sustained burns across his chest and neck, left side, both upper arms and both knees. Applicant received medical treatment and was off work for approximately one month. (*Ibid.*) Applicant reported that he felt the immediate onset of emotional distress related to the explosion. Dr. Isaac diagnosed applicant with post-traumatic stress disorder, and adjustment disorder with industrially predominant causation. (*Id.* at p. 7.) Applicant was determined to be at maximum medical (psychiatric) improvement. (*Id.* at p. 9.)

On September 27, 2025, dermatology QME Dr. Ghasri evaluated applicant and issued a corresponding report. The report reflects Dr. Ghasri's clinical evaluation of applicant and a review of the submitted medical records. Dr. Ghasri entered a diagnostic impression of "(1) Status post severe industrial thermal burns, 18% of body, 01/03/2025; (2) Scar tissue, healed; (3) PTSD, secondary to burns." (Ex. 2, Report of Pedram Ghasri, M.D., dated September 27, 2025, at p. 12.) Applicant was observed to be a maximum medical improvement with permanent impairment.

On January 9, 2026, psychology QME Dr. Isaac issued a supplemental report detailing her review of submitted medical records. Dr. Isaac opined to no changes in her previously expressed opinions with respect to causation and impairment. (Ex. A, Report of Lisa Isaac, Ph.D., dated January 9, 2026, at pp. 5-6.)

On April 21, 2026, the parties proceeded to trial and framed for decision, in relevant part, “[p]ermanent disability, including permanent disability for psychological impairment, with defendant claiming it is precluded pursuant to Labor Code section 4660.1.” (Minutes of Hearing and Summary of Evidence, dated April 21, 2026, at p. 2:21.) The WCJ heard testimony from applicant and ordered the matter submitted for decision the same day.

On June 19, 2026, the WCJ issued the F&A, determining in relevant part that “[a]pplicant is entitled to psychiatric permanent disability pursuant to Labor Code § 4660.1(c).” (Finding of Fact No. 6.) The WCJ awarded permanent disability that included applicant’s psychological impairment. (Finding of Fact No. 7; Award “b”.) The WCJ’s Opinion on Decision explained that “the explosion of the steamer, the life long lasting and visible scars and the fear associated with the steamer and his negative view of his body after the accident, support the finding this constitutes a catastrophic injury warranting the imposition of permanent disability for the psychiatric component of this industrial injury.” (Opinion on Decision, at p. 5.)

Defendant’s Petition contends that the WCJ misapplied the factors identified in *Wilson v. State of CA Cal. Fire* (2019) 84 Cal.Comp.Cases 393 [2019 Cal. Wrk. Comp. LEXIS 29] (Appeals Board en banc) (*Wilson*), and that applicant’s “burns needed only topical care and healed in nineteen days, not the intensive treatment a catastrophic injury demands.” (Petition, at p. 5:11.)

The WCJ’s Report details applicant’s trial testimony and concludes that the aggregate evidence in the record supports the conclusion that applicant sustained a severe burn sufficient to render his psychiatric impairment compensable under section 4660.1(c)(2)(B).

DISCUSSION

I.

During the period from July 1, 2026 to July 13, 2026, section 5909(a) provided that a petition for reconsideration was deemed denied unless the Appeals Board acted on the petition within 60 days from the date of filing. (Lab. Code, § 5909(a).)

Here, the Petition for Reconsideration was filed on July 7, 2026, and 60 days from the date of filing is Saturday, September 5, 2026. The next business day that is 60 days from the date of

filing is Tuesday, September 8, 2026. (See Cal. Code Regs., tit. 8, § 10600(b).)² This decision is issued by or on September 8, 2026, so that we have timely acted on the petition as required by Labor Code section 5909(a).

II.

Applicant has sustained admitted industrial injury to his skin and psyche. In trial proceedings, the parties placed in issue applicant's permanent disability, including "permanent disability for psychological impairment, with defendant claiming it is precluded pursuant to Labor Code section 4660.1." (Minutes, at p. 2:22.)

Section 4660.1 provides in relevant part:

(a) In determining the percentages of permanent partial or permanent total disability, account shall be taken of the nature of the physical injury or disfigurement, the occupation of the injured employee, and the employee's age at the time of injury.

(b) 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 American Medical Association (AMA) Guides to the Evaluation of Permanent Impairment (5th Edition) with the employee's whole person impairment, as provided in the Guides, multiplied by an adjustment factor of 1.4.

(c)

(1) Except as provided in paragraph (2), the impairment ratings for sleep dysfunction, sexual dysfunction, or psychiatric disorder, or any combination thereof, arising out of a compensable physical injury shall not increase. This section does not limit the ability of an injured employee to obtain treatment for sleep dysfunction, sexual dysfunction, or psychiatric disorder, if any, that are a consequence of an industrial injury.

(2) An increased impairment rating for psychiatric disorder is not subject to paragraph (1) if the compensable psychiatric injury resulted from either of the following:

(A) Being a victim of a violent act or direct exposure to a significant violent act within the meaning of Section 3208.3.

² WCAB Rule 10600(b) (Cal. Code Regs., tit. 8, § 10600(b)) states that:

Unless otherwise provided by law, if the last day for exercising or performing any right or duty to act or respond falls on a weekend, or on a holiday for which the offices of the Workers' Compensation Appeals Board are closed, the act or response may be performed or exercised upon the next business day.

(B) A catastrophic injury, including, but not limited to, loss of a limb, paralysis, severe burn, or severe head injury.

(Lab. Code, § 4660.1(a)-(c).)

In our en banc decision in *Wilson, supra*, 84 Cal.Comp.Cases 393, we explained:

Section 4660.1(c) does not bar an employee from claiming a psychiatric injury or obtaining treatment or temporary disability for a psychiatric disorder that is a compensable consequence of a physical injury occurring on or after January 1, 2013. Additionally, section 4660.1(c) does not apply to psychiatric injuries directly caused by events of employment. Section 4660.1(c)(1) only bars an increase in the employee's permanent impairment rating for a psychiatric injury that is a compensable consequence of a physical injury occurring on or after January 1, 2013. However, the employee may receive an increased impairment rating for a compensable consequence psychiatric injury if the injury falls under one of the statutory exceptions outlined in section 4660.1(c)(2).

(*Id.* at p. 403.)

The issue decided by the WCJ and challenged in defendant's Petition is whether applicant's claimed psychiatric impairment is compensable because it meets the definition of a "catastrophic injury," thus excepting it from the general bar to compensable consequence psychiatric impairment found in section 4660.1(c)(1). (Lab. Code, § 4660.1(c)(2)(A); Finding of Fact No. 6; Petition, at p. 3:17.)

However, as we observed in *Wilson, supra*, we must *begin* our inquiry into the compensability of psychiatric impairment under section 4660.1 with a determination of whether the impairment is directly caused by the injury or is a compensable consequence of the injury:

Causation of an injury may be either direct or as a compensable consequence of a prior injury. More precisely, an injury may be directly caused by the employment. Alternatively, a subsequent injury is a compensable consequence of the first injury where it "is not a new and independent injury but rather the direct and natural consequence of the" first injury. (*Carter v. County of Los Angeles* (1986) 51 Cal.Comp.Cases 255, 258 (Appeals Board en banc).) The "first injury need not be the exclusive cause of the second but only a contributing factor to it...So long as the original injury operates even in part as a contributing factor it establishes liability." (*State Compensation Ins. Fund v. Industrial Acc. Com. (Wallin)* (1959) 176 Cal.App.2d 10, 17 [24 Cal.Comp.Cases 302].) In other words, if the first injury is a contributing cause of the second injury, the second injury is a compensable consequence of the first injury. Whereas the first injury is directly caused by the employment, a compensable consequence injury is indirectly caused by the employment via the first injury. As discussed above, the proscription against an increased rating for psychiatric injuries in section

4660.1(c) does not apply to psychiatric injuries directly caused by events of employment.

(*Id.* at pp. 403-404.)

Accordingly, “the evaluating physicians must render an opinion as to whether the psychiatric injury was predominantly caused by actual events of employment ... [t]he physicians must further specify if the psychiatric injury is directly caused by events of employment or if the psychiatric injury is a compensable consequence of the physical injury.” (*Id.* at p. 414.)

The current evidentiary record is wholly unclear on this point. Psychology QME Dr. Isaac diagnoses post-traumatic stress disorder (PTSD) and adjustment disorder *as a result of burns*, but also states that “[b]ecause Mr. Morales sustained *immediate psychiatric consequences* of a sudden, extraordinary, and traumatic worksite exposure, his psychiatric injury is a *compensable consequence* of the accepted [January 3, 2025] physical injury.” (Ex. 3, Report of Lisa Isaac, Ph.D., dated May 22, 2025, at p. 7, italics added.) Dr. Isaac thus describes *in a single sentence* an injury that appears to be both direct (i.e., not arising from the physical/medical consequences of the injury) but that also identifies the diagnosis as a compensable consequence of the injury. Applicant’s description of the injury to Dr. Isaac is germane:

Psychologically speaking, Mr. Morales reports the immediate onset of emotional distress related to the explosion. He felt that the explosion could have killed him. He experiences ongoing anxiety about the event. He tries to avoid the steam oven and the regular ovens in the UCSB kitchen. Seeing steam escaping from vents outside the worksite and coming off the food on the “hot table” triggers anxiety. Anxiety symptoms include feeling sweaty, racing heart, and breathlessness. He has difficulty falling and staying asleep and has regular nightmares about the explosion. He feels depressed, worried, and vulnerable.

(Ex. 3, Report of Lisa Isaac, Ph.D., dated May 22, 2025, at p. 3.)

Applicant similarly described his injury in trial testimony as resulting from an “explosion” of steam and juices from the steam oven. (Minutes, at p. 4:23.) Applicant testified that “upon returning to work, he often asked co-workers to put stuff in the steamers because he is afraid that it is going to explode again. The injury still affects him.” (*Id.* at p. 5:4.)

Dermatology QME Dr. Ghasri agrees with Dr. Isaac that applicant has sustained an industrial psychiatric injury, noting “claimant is clearly and emotionally affected by these burns,” but also frames applicant’s psychological condition as a response to his burns (i.e., a psychological

response to a physical injury). (Ex. 2, Report of Pedram Ghasri, M.D., dated September 27, 2025, at p. 14.)

To be substantial evidence, a medical opinion must be well-reasoned, based on an adequate history and examination, and it must disclose a solid underlying basis for the opinion. (*Escobedo v. Marshalls* (2005) 70 Cal.Comp.Cases 604 (Appeals Bd. en banc); see also *E.L. Yeager Construction v. Workers' Comp. Appeals Bd. (Gatten)* (2006) 145 Cal.App.4th 922, 928 [52 Cal. Rptr. 3d 133, 71 Cal.Comp.Cases 1687].)

The Appeals Board has the discretionary authority to develop the record when the medical record is not substantial evidence or when appropriate to provide due process or fully adjudicate the issues. (*McClune v. Workers' Comp. Appeals Bd.* (1998) 62 Cal.App.4th 1117, 1121–1122 [72 Cal. Rptr. 2d 898, 63 Cal.Comp.Cases 261]; *McDuffie v. Los Angeles County Metropolitan Transit Authority* (2001) 67 Cal.Comp.Cases 138, 141 (Appeals Bd. en banc); see also *Tyler v. Workers' Comp. Appeals Bd.* (1997) 56 Cal.App.4th 389, 394 [65 Cal. Rptr. 2d 431, 62 Cal.Comp.Cases 924]; Lab. Code, §§ 5701, 5906.)

Here, it appears that none of the evaluating physicians have appropriately distinguished between a direct and a compensable consequence psychiatric injury. Given the conflicting evidence in the QME reporting and in applicant's trial testimony, we conclude that the current record is inadequate to appropriately address the compensability of psychiatric impairment under section 4660.1. Development of the record is therefore necessary to reasonably determine the issue framed for decision by the parties, i.e., whether applicant's psychiatric impairment is ratable under section 4660.1. Accordingly, we will grant defendant's Petition, rescind the F&A, and return this matter to the trial level for development of the record.

Upon the return of this matter to the trial level, we offer the following nonbinding guidance to the parties. Should it be determined that applicant's psychiatric impairment was caused directly by the industrial injury, the impairment may be included in applicant's ratable permanent disability. For example, in *Madson v. Michael J. Cavaletto Ranches* (February 22, 2017, ADJ9914916) [2017 Cal. Wrk. Comp. P.D. LEXIS 95] (*Madson*), we concluded that "the traumatic stress that resulted in applicant's psychiatric disorder was the industrial accident itself and not the compensable physical injury. Thus, the preclusion of psychiatric impairment under section 4660.1(c) does not apply to applicant's injury." (*Id.* at p. 11.)

On the other hand, should applicant's psychiatric impairment be determined to have arisen as a compensable consequence of a prior physical injury, the impairment may not be included in permanent disability ratings unless applicant can establish either of two specified exceptions. (See, e.g., *Sosa v. Race Engineering* (May 23, 2022, ADJ11024874) [2022 Cal. Wrk. Comp. P.D. LEXIS 152] [sleep/psychiatric impairment not ratable when impairment is compensable consequence of physical injury and not caused by violent act].)

The first of the exceptions described in section 4660.1(c)(2) applies when the employee is a victim of a violent act or direct exposure to a significant violent act. Our previous jurisprudence in this area has "defined a 'violent act' [under section 4660.1(c)(2)(A)] as an act that is characterized by either strong physical force, extreme or intense force, or an act that is vehemently or passionately threatening." (*Wilson, supra*, 84 Cal.Comp.Cases at p. 405, citing *Larsen v. Securitas Security Services* (2016) 81 Cal.Comp.Cases 770 [2016 Cal. Wrk. Comp. P.D. LEXIS 237] (*Larsen*)). In *Larsen*, a security guard was struck by a car from behind while on a walking patrol causing her to fall, hit her head and lose consciousness. The applicant reported hitting her head so hard when she was hit by the car that she thought she was going to die. She was taken by ambulance to the emergency room. The panel in *Larsen* concluded that "[b]eing hit by a car under these circumstances constitutes a violent act" and thus, applicant was entitled to additional permanent disability for her psyche injury under section 4660.1(c). (*Id.* at p. 775; see also *Madson, supra*, (February 22, 2017, ADJ9914916) [2017 Cal. Wrk. Comp. P.D. LEXIS 95] [a truck driver pinned and crushed in his vehicle for approximately 35-40 minutes with a fractured neck while fearing that the truck would catch fire before he was extricated qualified as a violent act]; *Lopez v. General Wax Co.* (June 19, 2017, ADJ9365173) [2017 Cal. Wrk. Comp. P.D. LEXIS 291] [candle maker's partial finger amputation in a machine was a violent act]; *Allen v. Carmax* (July 10, 2017, ADJ9487575) [2017 Cal. Wrk. Comp. P.D. LEXIS 303] [accident after car brakes failed when the applicant attempted to avoid hitting a pedestrian resulting in collision with a cement pillar was a violent act]; *Greenbrae Mgmt. v. Workers' Comp. Appeals Bd. (Torres)* (2017) 82 Cal.Comp.Cases 1494 (writ den.) [landscaper's fall from a tree hitting his head multiple times and losing consciousness was a violent act].)

The determination of whether an injury results from a violent act focuses on the *mechanism* of injury, rather than the *nature* of the injury:

This focus on the mechanism of injury comports with the statute's language, which emphasizes the event causing the injury, rather than the injury itself: the statute expressly refers to being a victim of or direct exposure to a violent "act." The word "injury" is not in this subsection. The focus in evaluating whether an injury qualifies for the exception in section 4660.1(c)(2)(A) is therefore on the mechanism of injury, not on the injury itself.

(*Wilson, supra*, 84 Cal.Comp.Cases at p. 406.)

The second of the exceptions described in section 4660.1(c)(2) provides that compensable consequence psychiatric impairment may be ratable if applicant sustained "a catastrophic injury, including, but not limited to, loss of a limb, paralysis, severe burn, or severe head injury." (Lab. Code, § 4660.1(c)(2)(B).) In contrast to the violent act exception which focuses on the *mechanism of injury*, the catastrophic injury exception requires a determination as to the *nature of the underlying physical injury*.

The statute itself provides examples of injuries that are catastrophic in nature, including the loss of a limb, paralysis, severe burn, or severe head injury. (Lab. Code, § 4660.1(c)(2)(B).) However, while "section 4660.1(c)(2)(B) identifies specific types of injuries that fall within the exception, the statute expressly states "including, but not limited to," which means this list is not exhaustive. (§ 4660.1(c)(2)(B), emphasis added.) "In other words, there are other types of injuries, *not expressly identified in the statute* that may also be considered 'catastrophic.'" (*Wilson, supra*, at p. 407, italics added.) The factors described in *Wilson* include, but are not limited to:

1. The intensity and seriousness of treatment received by the employee that was reasonably required to cure or relieve from the effects of the injury.
2. The ultimate outcome when the employee's physical injury is permanent and stationary.
3. The severity of the physical injury and its impact on the employee's ability to perform activities of daily living (ADLs).
4. Whether the physical injury is closely analogous to one of the injuries specified in the statute: loss of a limb, paralysis, severe burn, or severe head injury.
5. If the physical injury is an incurable and progressive disease.

(*Id.* at p. 415.)

Not all of these factors may be relevant in every case and the employee need not prove all of these factors apply in order to prove a "catastrophic injury," and the trier of fact may consider other relevant factors regarding the physical injury. In determining whether an injury is

catastrophic, the trier of fact should be mindful of the legislative intent behind section 4660.1(c). (*Ibid.*)

In summary, we observe that insofar as the parties have placed in issue the compensability of applicant's claimed psychiatric impairment, the analysis required under section 4660.1(c) must begin with the question of direct injury versus compensable consequence injury. If the impairment is the direct result of the industrial injury, the resulting psychiatric impairment is not barred by section 4660.1(c). However, if the psychiatric impairment is a compensable consequence of a physical injury, only then do the potential exceptions available under section 4660.1(c)(2) become available. Insofar as applicant alleges the applicability of any of the exceptions available under section 4660.1(c)(2)(A) or (B), we reiterate that applicant bears the burden of establishing the requirements necessary to support the exceptions. (*Wilson, supra*, at p. 403.)

Accordingly, we will grant reconsideration, rescind the F&A, and return this matter to the WCJ for further proceedings consistent with this opinion.

For the foregoing reasons,

IT IS ORDERED that reconsideration of the decision of June 19, 2026 is **GRANTED**.

IT IS FURTHER ORDERED, as the Decision After Reconsideration of the Workers' Compensation Appeals Board, that the June 19, 2026 Amended Findings and Award is **RESCINDED** and that this matter is **RETURNED** to the trial level for such further proceedings and decisions by the WCJ as may be required, consistent with this opinion.

WORKERS' COMPENSATION APPEALS BOARD

/s/ KATHERINE WILLIAMS DODD, COMMISSIONER

I CONCUR,

/s/ PAUL F. KELLY, COMMISSIONER

/s/ JOSÉ H. RAZO, COMMISSIONER



DATED AND FILED AT SAN FRANCISCO, CALIFORNIA

September 8, 2026

SERVICE MADE ON THE ABOVE DATE ON THE PERSONS LISTED BELOW AT THEIR ADDRESSES SHOWN ON THE CURRENT OFFICIAL ADDRESS RECORD.

**EVERARDO MORALES
NABI LAW
TOBIN LUCKS**

SAR/abs

I certify that I affixed the official seal of the
Workers' Compensation Appeals Board to this
original decision on this date. *abs*