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Temporary Staffing, Inc. v. J.J. Haines & Co.:
Employer's Obligation to Pay Workers' Compensation Claims is Determined by
Contract Between Temporary Staffing Agency and Employer

By Scott H. Amey

In a case of first impression, the Court of Appeals of Maryland held contracts or agreements between a temporary staffing agency and an employee's assigned company determine obligations to pay workers' compensation claims. *Temporary Staffing v. J.J. Haines & Co.*, 362 Md. 388, 765 A.2d 602 (2001). In so holding, the court expanded the Workers' Compensation Commission's jurisdiction to determine the specific employer accountable for an employee's injuries. To perform such an obligation, the Workers' Compensation Commission must consider any agreements between the co-employers. Accordingly, all aspects of a workers' compensation claim will be decided in one proceeding.

On December 31, 1992, Mark A. Jewell ("Jewell") was injured while working at J.J. Haines & Co., Inc. ("J.J. Haines") when a tractor trailer backed into him. Temporary Staffing, Inc. ("TSI") sent Jewell to work at J.J. Haines, pursuant to an agreement signed between the two employers. According to literature provided by TSI to J.J. Haines, TSI accepted responsibility for workers' compensation insurance. In addition, TSI billed J.J. Haines \$8.75 per hour and in turn, TSI paid

Jewell \$5.60 per hour.

On January 22, 1993, Jewell filed a claim with the Maryland Workers' Compensation Commission ("Commission"). The Commission determined that J.J. Haines was the employer and its insurance company was liable for Jewell's injuries.

J.J. Haines petitioned for judicial review in the Circuit Court for Anne Arundel County. The circuit court found that J.J. Haines and TSI were co-employers, reversed the Commission's decision, and remanded the case to the Commission. On remand, the Commission, without considering the agreement between the parties, found Jewell to have a temporary total disability and permanent partial disability. Both employers were ordered to pay equal shares of Jewell's claim.

Again, J.J. Haines sought judicial review by the circuit court. The court found TSI was "primarily liable for payment of any award" to Jewell. TSI filed a notice of appeal to the court of special appeals. On its own motion, the court of appeals granted certiorari to determine whether the trial court erred in finding: 1) TSI was primarily liable for Jewell's award; 2) J.J. Haines was liable for any award in excess of TSI's coverage and 3) Jewell

was an employee of TSI, rather than of both employers.

The court first examined the intent of the Maryland Workers' Compensation Act ("Act") and the establishment of the Commission. *Id.* at 397, 765 A.2d at 606. The court further cited numerous holdings that detailed the longstanding intention to balance the needs of injured employees versus the burden on employers and the public to finance such compensation systems. *Id.* (citing *Polomski v. Mayor & City Council of Balt.*, 344 Md. 70, 684 A.2d 1338 (1996)). The court added that the purpose for the establishment of the Commission was to administer the workers' compensation program. *Id.* at 398, 765 A.2d at 607. The creation of the Commission was an effort to provide "prompt relief to injured workmen" and an appeal to a court for any Commission decision if there is a mistake of law or if the Commission "acted arbitrarily." *Id.* (quoting *Egeberg v. Md. Steel Prods. Co.*, 190 Md. 374, 58 A.2d 684 (1948)).

Next, the court found that when a question arises as to the liability of co-employers, "the Commission out of necessity, must determine the extent of each respective employer's liability. In

the performance of that duty, the Commission, in order to fulfill its obligation, must consider an agreement between employers.” *Id.* at 399, 765 A.2d at 607. In addition, the court recognized that the jurisdiction of the Commission included the, “authority to approve claims, re-open cases, make determinations on employment relations, determine liability of employers, award lump sum payments, approve settlements, award fees for legal services, funeral expenses, and medical services.” *Id.* at 400, 765 A.2d at 608. Both sides made arguments concerning the terms of the contract as it existed between the parties, however, the Commission held that making such a determination was beyond its jurisdiction. *Id.*

Because this was a matter of first impression in Maryland, the court examined the law in other states. *Id.* at 401, 765 A.2d at 609. Courts in Minnesota, Idaho, Illinois, Louisiana, Montana, North Carolina, and Oklahoma granted jurisdiction to respective agencies to interpret contracts between co-employers. *Id.* at 401-03, 765 A.2d at 609-10.

The court held that due to the Commission’s authority and the intent of the Act, the Commission has jurisdiction to interpret agreements or contracts between co-employers. *Id.* at 403-04, 765 A.2d at 610. Moreover, the court held that a separate civil proceeding contradicts the efficient and economical intentions of the Act. *Id.* at 404, 765 A.2d at 610. Thus, the

circuit court, acting as a reviewing court, cannot decide issues that were not decided by the Commission. *Id.* at 404-05, 765 A.2d at 610-11. The court found that the Commission erred in failing to render a decision on TSI and J.J. Haines’ contract. *Id.* at 405, 765 A.2d at 611. Furthermore, the circuit court was required to remand the case back to the Commission to determine the existence of the contract between the parties and the effect of liability under the contract. *Id.* at 405-06, 765 A.2d at 611.

After a detailed examination of the intent of the Workers’ Compensation Commission Act, the Court of Appeals of Maryland extended the Commission’s power to adjudicate all claims within the same proceeding. Although enabling legislation grants the Commission express authority to administer the workers’ compensation process, the court streamlined the process, thus altering the burden on the parties and Commission. Therefore, parties who do not raise contract interpretation issues before the Commission will be barred from raising that issue in circuit court, which will be required to remand the case until the Commission interprets the contract or agreement.