ALASKA WORKERS' COMPENSATION BOARD

P.O. Box 115512 **Juneau, Alaska 99811-5512**

DAN P CORPUZ, Employee, Claimant, v. ALASKA AIR GROUP, Employer, and SEDGWICK, INC., Insurer, Defendants.	FINAL DECISION AND ORDER AWCB Case No. 202312373 AWCB Decision No. 26-0073 Filed with AWCB Juneau, Alaska on September 14, 2026

Alaska Air Group and Sedgwick, Inc.'s (Employer) April 28, 2026 petition for a Social Security disability offset was heard on the written record in Juneau, Alaska on August 18, 2026, a date selected on July 26, 2026. A June 8, 2026 hearing request gave rise to this hearing. Dan P. Corpuz (Employee) represented himself. Attorney Jeffrey Holloway represented Employer. The record closed at the hearing's conclusion on August 18, 2026.

ISSUE

Employer contends it is entitled to an offset against Employee's temporary total disability (TTD) benefits because Employee also receives Social Security disability benefits. Employer further argues it is entitled to a retroactive offset because in 2026 Employee received a lump payment for Social Security benefits owed for the period of March 2024 to December 2025. Employee has not filed a brief or otherwise opposed Employer's petition.

Is Employer entitled to a social security offset?

FINDINGS OF FACT

A preponderance of the evidence establishes the following facts and factual conclusions:

1) On September 6, 2023, Employee reported an injury to his shoulder. While working as a flight attendant for Employer, Employee tripped and fell on his right shoulder. (First Report of Injury, September 6, 2023).

2) On September 14, 2023, Employee's compensation rate was $554.55 based on gross weekly earnings of $829.96 and his status as unmarried with one dependent. Employer paid Employee TTD benefits at this rate through April 22, 2026. (Subsequent Report of Injury, September 29, 2023; ICERS payments screen; ICERS wages screen).

3) On January 20, 2026, the Social Security Administration (SSA) notified Employee that he became entitled to monthly disability benefits in the amount of $2,216.00 beginning March 2024. The SSA found Employee's disability started on September 6, 2023 (i.e., the date of his injury). The SSA paid Employee a lump sum of $47,015.00 for a 22-month period, March 2024 to December 2025. The SSA then informed Employee he would receive $2,216.00 for January 2026 and would receive this amount on the second Wednesday of each month going forward. (SSA notice of award, January 20, 2026).

4) Employee's initial Social Security disability award amount is $2,137 per month ($47,015. / 22 months = $2,137.04 per month). (Experience; observations).

5) Beginning April 22, 2026, Employee's compensation rate was changed from $554.55 per week to his present compensation rate of $170.81 per week. Employer appears to have reduced Employee's compensation rate to recover an "overpayment," but its May 4, 2026 subsequent report of injury that provides notice of Employee's changed TTD rate does not include Employer's calculations. (Subsequent Report of Injury, May 4, 2026; ICERS payments screen; ICERS wages screen).

6) On April 28, 2026, Employer filed its petition for a Social Security offset pursuant to AS 23.30.225(b). It includes the following calculation: "AWW: $829.96 Max weekly payment with SSDI: $663.97 (AWW x 80%) SSDI monthly amount: $493.16 based on monthly award of $2,137.04. TTD rate after offset: $170.81 effective 3/1/24 ($663.97 - $493.16 = $170.81) EE

eligible for SSDI 3/1/24." Employee did not oppose this petition. (Petition, April 28, 2026; Observation).

7) On June 8, 2026, Employer filed a hearing request for its Social Security offset petition, which Employee did not oppose. (Affidavit of readiness for hearing, June 8, 2026; Observation).

PRINCIPLES OF LAW

> **AS 23.30.001. Intent of the legislature and construction of chapter**. It is the intent of the legislature that
>
> > (1) this chapter be interpreted so as to ensure the quick, efficient, fair, and predictable delivery of indemnity and medical benefits to injured workers at a reasonable cost to the employers who are subject to the provisions of this chapter;
> > (2) workers' compensation cases shall be decided on their merits except where otherwise provided by statute;
> > (3) this chapter may not be construed by the courts in favor of a party;
> > (4) hearings in workers' compensation cases shall be impartial and fair to all parties and that all parties shall be afforded due process and an opportunity to be heard and for their arguments and evidence to be fairly considered.

The board may base its decisions not only on direct testimony and other tangible evidence, but also on the board's "experience, judgment, observations, unique or peculiar facts of the case, and inferences drawn from all of the above." *Fairbanks North Star Borough v. Rogers & Babler*, 747 P.2d 528, 533-534 (Alaska 1987).

> **AS 23.30.155. Payment of compensation**. . . .
>
> > (j) If an employer has made advance payments or overpayments of compensation, the employer is entitled to be reimbursed by withholding up to 20 percent out of each unpaid installment or installments of compensation due. More than 20 percent of unpaid installments of compensation due may be withheld from an employee only on approval of the board. . . . .

AS 23.30.155(j) permits withholding up to 20 percent of future compensation installments and can be invoked at an employer's discretion. *Davenport v. K&L Distributors, Inc.*, AWCB Decision No. 92-0180 (July 22, 1992).

> **AS 23.30.185. Compensation for temporary total disability**. In case of disability total in character but temporary in quality, 80 percent of the injured employee's spendable weekly wages shall be paid to the employee during the continuance of the disability. . . .
>
> **AS 23.30.225. Social security and pension or profit sharing plan offsets.** . . .
>
> (b) When it is determined that, in accordance with 42 U.S.C. 401 - 433, periodic disability benefits are payable to an employee or the employee's dependents for an injury for which a claim has been filed under this chapter, weekly disability benefits payable under this chapter shall be offset by an amount by which the sum of (1) weekly benefits to which the employee is entitled under 42 U.S.C. 401 - 433, and (2) weekly disability benefits to which the employee would otherwise be entitled under this chapter, exceeds 80 percent of the employee's average weekly wages at the time of injury. . . .

The procedure for application of the social security offset at AS 23.30.225 was first developed in *Stanley v. Wright-Harbor*, AWCB Decision No. 82-0039 (February 19, 1982); *aff'd*, 3AN 82-2170 Civil (Alaska Superior Ct. May 19, 1983). Social Security offsets are calculated as follows:

> A. Determine the employee's Gross Weekly Earnings (GWE)
> B. From GWE, determine Weekly Compensation Rate for workers' compensation (Weekly WC Rate)
> C. Calculate employee's Weekly Social Security Benefit by multiplying monthly payment by twelve, then divide by 52 (Weekly SS benefit)
> D. Add Weekly WC Rate and Weekly SS Benefit [B plus C]
> E. Calculate 80 percent of GWE [80 percent of A]
> F. Calculate Social Security Offset [D minus E]. *Id*.

Stanley found application of AS 23.30.225(b) does not lower a claimant's entitlement to benefits any more than if the statute did not exist. "The dollar amount of the benefits is merely redistributed between Social Security and the workers' compensation carrier." *Id*. at 3. Since its development, the offset calculation has been consistently applied. *E.g. Milner v. Hull Cutting Co*., AWCB Decision No. 88-0277 (October 26, 1988); *Harp v. Arco Alaska, Inc.*, AWCB Case No. 8715387 (August 17, 1994); *Cornelison v. Rappe*, AWCB Decision No. 01-0008 (January 11, 2001; *Martino v. Alaska Asphalt Services, LLC*, AWCB Decision No. 25-00481 (August 8, 2025).

8 AAC 45.225. Social security and pension or profit sharing plan offsets.

. . . .

(b) An employer may reduce an employee's weekly compensation under AS 23.30.225(b) by

(1) getting a copy of the Social Security Administration's award showing the

(A) employee is being paid disability benefits;
(B) disability for which the benefits are paid;
(C) amount, month, and year of the employee's initial entitlement; and
(D) amount, month, and year of each dependent's initial entitlement;

(2) computing the reduction using the employee or beneficiary's initial entitlement, excluding any cost-of-living adjustments;

(3) completing, filing with the board, and serving upon the employee a petition requesting a board determination that the Social Security Administration is paying benefits as a result of the on-the-job injury; the petition must show how the reduction will be computed and be filed together with a copy of the Social Security Administration's award letter;

(4) filing an affidavit of readiness for hearing in accordance with 8 AAC 45.070(b); and

(5) after a hearing and an order by the board granting the reduction, completing a Compensation Report form showing the reduction, filing a copy with the board, and serving it upon the employee.

. . . .

Under 8 AAC 45.225(b), the employer is required to secure an order from the board before it is entitled to offset its compensation liability against the employee's Social Security disability benefits. Board regulations carefully delineate the procedure the employer must follow before its petition for a Social Security offset will be considered by the board. *Applebee v. United Airlines Corp.*, AWCB Decision No. 13-0042 (April 24, 2013).

ANALYSIS

Is Employer entitled to a Social Security offset?

Employer argues it is entitled to a Social Security offset under AS 23.30.225(b). The facts related to this issue are undisputed. Employer paid Employee TTD benefits under AS 23.30.185 from September 18, 2023 through April 22, 2024. His weekly compensation rate is $554.55. Employee applied for and was awarded Social Security disability benefits, retroactively and continuing. On January 20, 2026, SSA notified Employee she was entitled to Social Security disability benefits beginning March 1, 2024. His initial entitlement was $2,137.04 per month. The SSA found Employee became disabled under its rules on September 6, 2023, and paid Employee $47,015.00 in retroactive benefits for the period March 2024 through December 2025. SSA continues to pay Employe increased, ongoing monthly Social Security disability benefits.

AS 23.30.225(b) states that when periodic disability benefits are payable to an employee, weekly disability benefits payable under the Alaska Workers' Compensation Act "shall be offset" by an amount by which the sum of "(1) weekly benefits to which the employee is entitled" as Social Security disability benefits, and "(2) weekly disability benefits to which the employee would otherwise be entitled" under the Act, "exceeds 80 percent of the employee's average weekly wages at the time of injury."

8 AAC 45.225(b) states an "employer may reduce an employee's weekly compensation under AS 23.30.225(b)" and specifies how this reduction is calculated. First, an employer must obtain the SSA's award letter showing (A) the employee is being paid Social Security disability benefits; (B) the disability for which the benefits are paid; (C) the amount, month, and year of the employee's initial entitlement; and (D) amount, month and year of each dependent's initial entitlement. 8 AAC 45.225(b)(1); *Stanley*.

First, Employer obtained the SSA's January 20, 2026 notice of award letter, showing Employee is being paid Social Security disability benefits, satisfying (A). Satisfying (B), there is no dispute that the disability for which the Social Security disability benefits are being paid includes disability caused by Employee's September 6, 2023 work injury. Satisfying (C), the award letter shows his initial Social Security disability entitlement was $2,137.04 per month, he became disabled under SSA rules, and was entitled to Social Security disability benefits beginning March

2024. Finally, satisfying (D), there is no indication Employee has any dependents entitled to benefits. *Rogers & Babler*.

The second and third requirements of 8 AAC 45.225(b) are Employer must compute the Social Security disability offset reduction using Employee's initial entitlement and must file a petition requesting the panel determine that the SSA was paying Social Security disability benefits because of Employee's work injury. 8 AAC 45.225(b)(2) and (3) are satisfied. On April 28, 2026, Employer filed and served its petition detailing its offset calculations. Employer correctly used Employee's initial entitlement in its calculation and its other calculations also appear to be correct. Employee did not object or provide his own calculations. Employer provided a copy of the SSA's award letter with its petition.

Fourth, to satisfy 8 AAC 45.225(b)(4), Employer had to file an affidavit of readiness for hearing on its petition. Employer did so on June 8, 2026.

Calculation of Employer's entitlement to an Social Security disability offset using the *Stanley* formula is uncomplicated:

1	Employee's Gross Weekly Earnings (GWE)	$829.96
2	Employee's Weekly TTD Rate	$554.55
3	Employee's Initial Monthly Social Security disability (SSD) Benefit	$2,137.04[1]
4	Employee's weekly SSD benefits ($2,137.04 x 12 months/ 52 weeks) = ($2,137.04 x 12 = $25,644.48 / 52 = $493.16)	$493.16
5	Employee's combined weekly SSD & TTD (#2+ #4) = ($554.55 + $493.16 = $1,047.71)	$1,047.71
6	Employee's maximum combined weekly benefit (80% of GWE) (#1 x .8) = ($1829.96 x .8 = $663.97)	$663.97
7	Employee's weekly offset (#5 - #6) = ($1,047.71 – 663.97 = $223.45)	$383.74

[1] Ordinarily, the monthly payment amount specified in a Social Security notice of award (here, $2,216.00) would be used to calculate an Employee's Weekly SS Benefit (step C in the *Stanley* formula). However, Employer's brief correctly notes Employee's lump Social Security payment of $47,015.00 reflects a monthly payment amount less than the $2,216.00 figure stated in Employee's notice of award. $47,015.00 divided by 22 (i.e., the number of months from March 2024 to December 2025) is $2,137.04. This figure provides a more accurate basis for determining Employee's Weekly SS Benefit. *Rogers & Babler*.

8	**Employee's offset weekly TTD rate (current weekly TTD rate - weekly offset) (#2 - #7) = ($829.96 - $383.74 = $170.81)**	**$170.81**

Based on the above analysis, Employer's petition for a Social Security disability offset to past and ongoing benefits will be granted. Employer is entitled to offset Employee's past and ongoing TTD benefits by $383.74, resulting in a $170.81 TTD rate applicable to all relevant periods.

Employer seeks a retroactive offset for the amounts paid to Employee since his Social Security disability benefits commenced in March 2024. Employer, without a board order, began recouping its asserted overpayment by reducing Employee's compensation rate to $170.81 on April 22, 2026. In effect, Employer took a Social Security disability offset without first obtaining a board order. *Applebee*; 8 AAC 45.225(b)(5). Though Employer's brief does not make clear whether it now seeks to have its requested offset apply to Employee's TTD benefits going forward, Employer's unilateral April 22, 2026 compensation rate adjustment was apparently made due to Employee's entitlement to Social Security disability benefits. *Rogers & Babler*.

If an employer has made overpayments of compensation, then the employer may be reimbursed by withholding up to 20 percent of future compensation payments. AS 23.30.155(j). A board order is required if an employer seeks to withhold more than 20 percent. *Id*. From March 1, 2024 to April 22, 2026, Employee received TTD and Social Security disability benefits. This is a 111 week and 6 day period, or 783 days. Employer overpaid Employee $383.74 per week (the amount of its Social Security offset), which is $54.82 per day. Employee has received an overpayment totaling $42,924.06 ($54.82 times 783 days). Employer may recover its overpayment from Employee's future indemnity benefits by withholding a maximum of 20 percent from future compensation payments; 20 percent of $171.81 is $34.16, and, therefore, Employer may only unilaterally reduce Employee's weekly compensation to $137.65. AS 23.30.155(j); *Davenport*. If Employer seeks to withhold greater than 20 percent, it must file a petition with the board.

CONCLUSION OF LAW

Employer is entitled to a retroactive Social Security offset.

ORDER

1) Employer is entitled to take a $383.74 per week offset retroactive to the period beginning March 1, 2024 and ending April 22, 2026.

2) Employee's compensation rate is $170.81.

3) Employer has overpaid Employee $43,581.00.

4) Employer is entitled to reduce payments, at most, by 20 percent (i.e., to $137.65) without a board order.

Dated in Juneau, Alaska on September 14, 2026.

ALASKA WORKERS' COMPENSATION BOARD

/s/
Kyle Ruschell, Designated Chair

/s/
Debbie White, Member

/s/
Brad Austin, Member

APPEAL PROCEDURES

This compensation order is a final decision. It becomes effective when filed in the office of the board unless proceedings to appeal it are instituted. Effective November 7, 2005 proceedings to appeal must be instituted in the Alaska Workers' Compensation Appeals Commission within 30 days of the filing of this decision and be brought by a party in interest against the boards and all other parties to the proceedings before the board. If a request for reconsideration of this final decision is timely filed with the board, any proceedings to appeal must be instituted within 30 days after the reconsideration decision is mailed to the parties or within 30 days after the date the reconsideration request is considered denied due to the absence of any action on the reconsideration request, whichever is earlier. AS 23.30.127.

An appeal may be initiated by filing with the office of the Appeals Commission: 1) a signed notice of appeal specifying the board order appealed from and 2) a statement of the grounds upon which the appeal is taken. A cross-appeal may be initiated by filing with the office of the Appeals Commission a signed notice of cross-appeal within 30 days after the board decision is filed or within 15 days after service of a notice of appeal, whichever is later. The notice of cross-appeal shall specify the board order appealed from and the ground upon which the cross-appeal is taken. AS 23.30.128.

RECONSIDERATION

A party may ask the board to reconsider this decision by filing a petition for reconsideration under AS 44.62.540 and in accord with 8 AAC 45.050. The petition requesting reconsideration must be filed with the board within 15 days after delivery or mailing of this decision. The power to order reconsideration expires 30 days after the date the decision was mailed. If no action is taken on a petition for reconsideration within the time allowed to order reconsideration, the petition is considered denied.

MODIFICATION

Within one year after the rejection of a claim, or within one year after the last payment of benefits under AS 23.30.180, 23.30.185, 23.30.190, 23.30.200, or 23.30.215, a party may ask the board to modify this decision under AS 23.30.130 by filing a petition in accord with 8 AAC 45.150 and 8 AAC 45.050.

CERTIFICATION

I hereby certify the foregoing is a full, true and correct copy of the Final Decision and Order in the matter of DAN P CORPUZ, employee / claimant v. ALASKA AIR GROUP, employer; ALASKA AIRLINES, INC., insurer / defendants; Case No. 202312373; dated and filed in the Alaska Workers' Compensation Board's office in Juneau, Alaska, and served on the parties by certified U.S. Mail, postage prepaid, on September 14, 2026.

/s/
Trish Palmer, Workers' Compensation Technician