ALASKA WORKERS' COMPENSATION BOARD

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

WENDY I. PARSONS, Employee, Claimant, v. ALASKA OCCUPATIONAL AUDIOLOGY & HEALTH, Employer, and TRAVELERS PROPERTY CASUALITY CO. OF AMERICA, Insurer, Defendants.	FINAL DECISION AND ORDER AWCB Case No. 202013498 AWCB Decision No. 26-0077 Filed with AWCB Anchorage, Alaska on September 25, 2026

Alaska Occupational Audiology & Health and Travelers Property Casualty Company of America's (Employer) July 9, 2026 petition for a Social Security Disability (SSD) benefit offset was heard on the written record in Anchorage, Alaska on September 8, 2026, a date selected on August 5, 2026. An August 4, 2026 hearing request gave rise to this hearing. Wendy I. Parsons (Employee) represents herself. Certified Legal Assistant Christi C. Neimann represents Employer. The record closed at the hearing's conclusion on September 8, 2026.

ISSUE

Employer argues it is entitled to an offset against Employee's past temporary total disability (TTD) benefits, as well as any future TTD, permanent total disability (PTD), or other workers'

compensation indemnity benefits because Employee receives, and has received, SSD benefits while simultaneously receiving TTD benefits.

Employee challenges the compensation rate Employer uses as the basis of its proposed SSD offset calculation and argues Employer is not entitled to claw back a lump payment for past entitlement to SSD benefits.

Is Employer entitled to an SSD offset?

FINDINGS OF FACT

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

1) In 2018, Employee earned gross wages of $51,774.12. In 2019, Employee earned gross wages of $57,204.01. (Exhibit 3 to Employer brief, Employee W2s for 2018 and 2019).

2) On September 4, 2020, Employee reported an injury to her lower back. She reported hurting her back while carrying 50-pound bags up and down hotel stairs. (First Report of Injury, November 23, 2020).

3) Employee began receiving TTD benefits on March 18, 2021. Her compensation rate was $779.32 based on gross weekly earnings of $1,144.08 and her status as married with no listed dependents. Employer paid Employee TTD benefits until July 10, 2023. (Subsequent Report of Injury (SROI), March 20, 2021; ICERS payments screen; ICERS wages screen; Affidavit of Travelers Property Causalty Company adjuster Kristy Donovan, August 19, 2026).

4) On August 6, 2023, the Social Security Administration (SSA) notified Employee that she became entitled to monthly disability benefits in the amount of $1,327.00 beginning January 2022. The SSA found Employee's disability began on March 9, 2021. The SSA paid Employee a lump-sum of $24,047.00 for the 19-month period of January 2022 through July 2023. The SSA then informed Employee she would receive $1,327.00 for August 2023 and would receive this amount on the fourth Wednesday of each month going forward. (SSA Notice of Award, August 6, 2023).

5) Employee's initial SSD award amount (i.e., for the period of January 2022 through July 2023) is $1,265.63 ($24,047.00 lump payment / 19 months = $1,265.63 per month). (Experience; observations).

6) On April 22, 2024, Employer resumed paying Employee TTD benefits and did so until August 1, 2024. As Donovan stated in her affidavit, the benefits awarded for this period were erroneously listed in Travelers' system as reemployment benefits rather than TTD benefits. Employer sent Employee a supplemental check in the amount of $1,405.48 to cover the difference between the lesser amount in reemployment benefits paid and TTD benefits owed. Thus, Employee was paid TTD benefits at an effective compensation rate of $779.32 for the period of April 22, 2024 to July 31, 2024. (SROI, February 14, 2025; Affidavit of Travelers Property Causalty Company adjuster Kristy Donovan, August 19, 2026).

7) On July 28, 2026, Employee's benefits were changed to PTD, effective July 7, 2026. She receives PTD benefits at a rate of $779.32 per week. (SROI, July 28, 2026; SROI, August 2, 2026; ICERS payments screen; ICERS wages screen; Affidavit of Travelers Property Causalty Company adjuster Kristy Donovan, August 19, 2026).

8) On July 9, 2026, Employer filed its petition for an SSD offset pursuant to AS 23.30.225(b). Employer's petition included the following calculation:

Monthly SSDI Awarded	$1,221.60
Multiplied by	x12
Yearly SSDI	$14,659.20
Yearly SSDI	$14,659.20
Divided by	/52
Weekly SSDI Rate	$281.91
Compensation Rate	$779.32
Weekly SSDI Rate	$281.91
Combined Total Benefits	$1,061.23
Gross Weekly Earnings	$1,144.08
Multiplied by 80%	0.8
Maximum Entitlement	$915.26
Combined Total Benefits	$1,061.23
Subtract Max Entitlement	-$915.26
Offset Amount	$145.97
Compensation Rate	$779.32
Less Social Security Offset	-$145.97
Social Security offset rate	$633.35

(Petition, July 9, 2026).

9) On August 4, 2026, Employer filed a hearing request for its SSD offset petition. At an August 7, 2026 prehearing conference, the parties stipulated to have the petition heard on the written record. (Petition, August 4, 2026; Prehearing Conference Summary, August 7, 2026).

10) In her hearing brief, Employee did not challenge Employer's entitlement to an offset. However, she did challenge the $779.32 compensation rate Employer uses in its calculation. In Employer's brief, it restates the calculation it provided in its petition. (Parsons Brief, August 31, 2026; Employer's Hearing Brief, September 1, 2026).

PRINCIPLES OF LAW

> **AS 23.30.001. Intent of the legislature and construction of chapter**. It is the intent of the legislature that
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> > (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**. . . .
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> > (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 Dec. No. 92-0180 (July 22, 1992).

> **AS 23.30.180. Permanent total disability.** (a) In case of total disability adjudged to be permanent 80 percent of the injured employee's spendable weekly wages shall be paid to the employee during the continuance of the total disability. . . .
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> **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. . . .
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> **AS 23.30.220. Determination of spendable weekly wage.** (a) Computation of compensation under this chapter shall be on the basis of an employee's spendable weekly wage at the time of injury. An employee's spendable weekly wage is the employee's gross weekly earnings minus payroll tax deductions. An employee's gross weekly earnings shall be calculated as follows:
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> (4) if at the time of injury the employee's earnings are calculated by the day, by the hour, or by the output of the employee, then the employee's gross weekly earnings are 1/50 of the total wages that the employee earned from all occupations during either of the two calendar years immediately preceding the injury, whichever is most favorable to the employee; . . .
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> **AS 23.30.225. Social security and pension or profit sharing plan offsets.** . . .
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> (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 SSD offset at AS 23.30.225 was first developed in *Stanley v. Wright-Harbor*, AWCB Dec. No. 82-0039 (February 19, 1982); *aff'd*, 3AN 82-2170 Civil (Alaska Superior Ct. May 19, 1983). SSD 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.

> **8 AAC 45.225. Social security and pension or profit sharing plan offsets**. . . .
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> (b) An employer may reduce an employee's weekly compensation under AS 23.30.225(b) by
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> (1) getting a copy of the Social Security Administration's award showing the
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> (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;
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> (2) computing the reduction using the employee or beneficiary's initial entitlement, excluding any cost-of-living adjustments;
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> (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;
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> (4) filing an affidavit of readiness for hearing in accordance with 8 AAC 45.070(b); and
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> (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 SSD benefits. Board

regulations carefully delineate the procedure the employer must follow before its petition for an SSD offset will be considered by the board. *Applebee v. United Airlines Corp.*, AWCB Dec. No. 13-0042 (April 24, 2013).

ANALYSIS

Is Employer entitled to an SSD offset?

Employer argues it is entitled to an SSD offset under AS 23.30.225(b) against Employee's past TTD benefits and her future PTD, TTD, or other workers' compensation disability indemnity benefits. Employee does not challenge Employer's entitlement to an offset. However, Employee does challenge Employer's offset calculation and its ability to "claw back" Employee's lump payment from the SSA. Employee's argument will be discussed below.

Employer paid Employee TTD benefits from March 18, 2021 to July 10, and again from April 22, 2024 to August 1, 2024. Her weekly compensation rate for these periods is $779.32. For the latter period, Employer paid Employee a lump-sum of $1,405.48 to make up the difference between what it should have paid her (but did not due to a clerical of the insurer) and the $779.32 compensation rate. Therefore, for purposes of calculating the SSD offset, Employee's compensation rate for both periods is $779.32.

Employee was awarded SSD benefits, retroactively and continuing. On August 6, 2023, the SSA notified Employee she was entitled to SSD benefits as of January 1, 2022. Her initial entitlement was $1,327.00 per month. The SSA found Employee became disabled under its rules on March 9, 2021. It paid Employee a lump sum of $24,047.00 in retroactive benefits for the 19-month period of January 2022 through July 2023. SSA continues to pay Employee monthly SSD 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 (Act) "shall be offset" by an amount by which the sum of "(1) weekly benefits to which the employee is entitled" as SSD 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." Employers are only entitled to such offsets upon an order. 8 AAC 45.225(b); *Applebee*.

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 SSD 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 August 6, 2023 Notice of Award showing Employee is being paid SSD benefits. This satisfies 8 AAC 45.225(b)(1)(A). There is no dispute that the disability for which Employee is being paid SSD benefits includes the disability caused by Employee's September 4, 2020 work injury. Therefore, 8 AAC 45.225(b)(1)(B) is satisfied. Employee's SSD award shows she became disabled under SSA rules and became entitled to SSD benefits beginning January 2022 in the amount of $1,327.00 per month. 8 AAC 45.225(b)(1)(C) is satisfied. And there is no indication Employee has any dependents entitled to benefits, so 8 AAC 45.225(b)(1)(D) is satisfied. *Rogers & Babler*.

The second and third requirements of 8 AAC 45.225(b) are Employer must compute the SSD offset reduction using Employee's initial entitlement and must file a petition requesting the panel determine that the SSA was paying SSD benefits because of Employee's work injury. Employer has done both, so 8 AAC 45.225(b)(2) and (3) are satisfied. Employer filed its petition for an SSD offset on July 9, 2026, which included its SSD offset calculation and a copy of Employee's SSA award letter.

Employer filed an Affidavit of Readiness for Hearing on August 4, 2026. Doing so satisfied 8 AAC 45.225(b)(4).

Employer's entitlement to an SSD offset using the *Stanley* formula is as follows:

1	Employee's Gross Weekly Earnings (GWE)	$1,144.08
2	Employee's Weekly Compensation Rate	$779.32
3	Employee's Initial Monthly Social Security disability (SSD) Benefit	$1,265.63
4	Employee's weekly SSD benefits ($1,265.63 x 12 months / 52 weeks) = ($1,265.63 x 12 = $15,187.56 / 52 = $292.07)	$292.07
5	Employee's combined weekly benefits (#2+ #4) = ($779.32 + $292.07 = $1,071.39)	$1,071.39
6	Employee's maximum combined weekly benefit (80% of GWE) (#1 x .8) = ($1,144.08 x .8) = $915.26)	$915.26
7	Employee's weekly offset (#5 - #6) = ($1,071.39 – 915.26 = $156.13)	$156.13
8	**Employee's offset weekly compensation rate (current weekly compensation rate - weekly offset) (#2 - #7) = ($779.32 - $156.13 = $623.19)**	**$623.19**

Based on the above analysis, Employer's petition for an SSD offset will be granted; because Employee's initial SSD benefit was $1,265.63 (rather than $1,221.60, the figure Employer used in its calculation), application of the *Stanley* formula yields an offset weekly TTD rate of $623.19 (as opposed to Employer's proposed rate of $633.35). Employer is entitled to offset Employee's TTD benefits by $156.13. Employer is entitled to this offset both prospectively, if Employee receives further workers' compensation disability indemnity benefits, and retroactively. Employee's compensation rate is $623.19 for all relevant periods.

Employer seeks a retroactive offset for past TTD paid to Employee since she began receiving SSD benefits in January 2022. 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); *Davenport*. An order is required if an employer seeks to withhold more than 20 percent. AS 23.30.155(j).

From January 1, 2022 until July 10, 2023, and again from April 22, 2024 to August 1, 2024, Employee received both TTD and SSD benefits. Together, these periods total 86 weeks and 4 days, or 606 days. Employer overpaid Employee $156.13 per week (the amount of the SSD offset), which is $22.30 per day. Therefore, Employee received an overpayment of $13,513.80 ($22.30 x 606 days = $13,513.80). Employer may recover its overpayment from Employee's future indemnity benefits by withholding up to 20 percent from future compensation payments;

20 percent of $623.19 is $124.64. Accordingly, Employer may reduce Employee's weekly compensation to $498.55. AS 23.30.155(j); *Davenport*. If Employer seeks to withhold greater than 20 percent, it must petition for relief.

In her brief, Employee challenges the $779.32 compensation rate. She argues that she has not been paid this amount in some time and only recently began receiving $779.32 again. She also challenges the year upon which gross weekly earnings (and, therefore, her compensation rate) were calculated. Though Employee also challenges Employer's ability to "claw back" Employee's lump payment from SSA, Employer will only receive repayment from Employee's future workers' compensation benefit payments. AS 23.30.155(j); *Davenport*.

As discussed above, Employer seeks a retroactive offset against the periods in which Employee received both TTD and SSD (i.e., from January 1, 2022 until July 10, 2023, and from April 22, 2024 to August 1, 2024). During those periods, it is uncontested that Employee's compensation rate was $779.32. And though Employer does not seek an offset against any past PTD Employee has received, Employee began receiving PTD at a compensation rate of $779.32 effective July 7, 2026. Thus, $779.32 is the correct compensation rate to calculate the SSD offset. As for Employee's gross weekly earnings, gross weekly earnings for hourly employees are determined using the highest earnings of either of the two years preceding the year of injury. AS 23.30.220(a)(4). Because Employee was injured in 2020, AS 23.30.220(a)(4) requires application of the highest earnings of either 2018 or 2019; here, Employee earned more in 2019 than in 2018, when her W2 showed gross wages of $57,204.01. One-fiftieth of $57.204.01 is $1,144.08, which yields a compensation rate of $779.32. AS 23.30.180(a); AS 23.30.185; AS 23.30.220(a)(4). Employee may petition for a compensation rate adjustment if she believes her compensation rate is incorrect.

CONCLUSION OF LAW

Employer is entitled to an SSD offset.

ORDER

1) Employer is entitled to take a $156.13 per week offset, both prospectively and retroactively for the periods of January 1, 2022 to July 10, 2023 and April 22, 2024 to August 1, 2024.

2) Employee's compensation rate is $623.19, both prospectively and for the periods of January 1, 2022 to July 10, 2023 and April 22, 2024 to August 1, 2024..

3) Employer has overpaid Employee $13,513.80 for the periods of January 1, 2022 to July 10, 2023 (i.e., those periods in which Employee received both SSD benefits and TTD benefits).

4) Employer is entitled to reduce payments by 20 percent (i.e., to $498.55) to recover its overpayment.

Dated in Anchorage, Alaska on September 25, 2026.

ALASKA WORKERS' COMPENSATION BOARD

/s/ _____
Kyle Ruschell, Designated Chair

/s/ _____
Becky Tamaki, Member

/s/ _____
Pamela Cline, 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 Wendy I. Parsons, employee / claimant v. Alaska Occupational Audiology & Health, employer; Travelers Property Casuality Co. of America, insurer / defendants; Case No. 202013498; dated and filed in the Alaska Workers' Compensation Board's office in Anchorage, Alaska, and served on the parties by certified U.S. Mail, postage prepaid, on September 25, 2026.

/s/ _____
Lorvin Uddipa, Workers' Compensation Technician