

PR Supreme Court: Expiration of Medical Leave and Reinstatement Rights under WACA not Just Cause for Termination

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On June 26, 2025, the Puerto Rico Supreme Court issued a unanimous opinion in the case of *Méndez Ruiz v. Techno Plastics Industries, Inc.*, 2025 TSPR 68, establishing that the mere expiration of an employee’s medical leave and reinstatement rights under Puerto Rico’s Workers’ Accident Compensation Act, Law No. 45 of April 18, 1935 (“WACA”) is not “just cause” for termination under the Puerto Rico Unjustified Discharge Law, Act No. 80 of May 30, 1976 (“Law 80”), in circumstances where the injured employee had timely returned to work but due to a relapse, which occurred 2 years afterwards, was required to take additional medical leave.

Generally, WACA provides that employees who become disabled to work due to a work-related injury or medical condition and who seek medical treatment with the State Insurance Fund agency (“SIF”), are entitled to an employment reserve period of up to 12 months from the date of the injury. This 12-month job reserve leave cannot be interrupted and restarted if the SIF allows the employee to return to work at any time within the 12 months.

In *Méndez Ruiz* the injured worker sought treatment with the SIF for an employment-related medical condition on July 11, 2018, and the SIF ordered medical leave until July 21, 2018, with the employee returning to work on July 22, 2018. On four separate occasions during 2018, the employee went back on medical leave with the SIF and was intermittently allowed to return to work while receiving medical treatment, until her medical release and reinstatement on January 2019. After more than 2 years of working uninterrupted (2019 to 2021), the employee suffered a relapse of the same work-related medical condition. The SIF placed the employee on medical leave from February 10 to March 22, 2021. The employee returned to work on March 23rd but was placed again on medical leave from April 12 to May 1, 2021. However, on April 26, 2021, while the employee was on medical leave with the SIF, the employer terminated the employment because, as of July 6, 2019, the employee had exhausted her 12-month employment reserve under the WACA. Plaintiff then sued her employer alleging wrongful termination and violation of the employee’s job reserve and reinstatement rights under the WACA.

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In its opinion, the P.R. Supreme Court ruled that although the employer had complied with its statutory duty to reserve the worker's job for 12 months following the injury and to reinstate her in the same job upon release from treatment with the SIF, the employee's termination in this specific factual scenario violated Law 80. The Court determined that the mere fact that the employee's relapse and resulting medical leave occurred after the 12-month employment reserve period under WACA had expired, where the employee had worked uninterruptedly for more than 2 years after her return to work, did not constitute just cause for her termination under Law 80. Although the Court was clear in stating that the employee had no employment reserve protection under the WACA because the 12-month employment reserve had expired, the Court held that under the circumstances of this case the employer could not simply use this reason as the **only** justification to terminate her employment. Thus, the Court awarded the plaintiff the severance indemnity provided under Law 80, with no remedy under WACA.

In reaching this conclusion, the Court reasoned that a liberal interpretation of the WACA and Law 80 was merited in this case because, otherwise, an employee who suffers a relapse of their condition after returning to work from a work-related disability leave and after exhausting the 12-month employment reserve period, would be forced to decide between not seeking treatment with the SIF to avoid termination or seeking treatment at the risk being terminated from employment. A termination in these circumstances would violate the public policy considerations that supported the enactment of the WACA.

Employers are therefore advised to take caution and consult with legal counsel prior to terminating an employee that has exhausted the 12-month employment reserve under WACA and suffers a relapse that results in additional SIF leave.

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