

UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA
CIRCUIT

D.C. Healthcare Systems, Inc. v. District of Columbia

D.C. Healthcare Sys., Inc. v. Dist. of Columbia, Corp., 925 F.3d 481 (D.C. Cir. 2019) · No. No. 17-7141 ·
Decided May 28, 2019

SUMMARY

The D.C. Circuit held that the Rooker-Feldman doctrine did not bar a shareholder's federal lawsuit challenging the District of Columbia's alleged underpayment and fraudulent inducement that led to an insurance company's rehabilitation, because the federal claims were independent of the state court's approval of the rehabilitation plan. The court emphasized that the Superior Court's role in rehabilitation proceedings under D.C. Code § 31-1312 is limited to reviewing the rehabilitator's actions for abuse of discretion and ensuring the plan is fair and equitable, not adjudicating constitutional, statutory, or common-law claims. Therefore, the district court had subject-matter jurisdiction over the shareholder's claims for unconstitutional taking, due process violations, Medicaid violations, and state-law torts. The case clarifies the narrow scope of Rooker-Feldman and distinguishes it from preclusion doctrines.

CASE DETAILS

COURT	United States Court of Appeals for the District of Columbia Circuit
WRITING FOR THE COURT	Garland; Griffith; Pillard
JURISDICTION	Federal
DECIDED	May 28, 2019
DOCKET	No. 17-7141
DISPOSITION	reversed
PROCEDURAL POSTURE	Appeal from the United States District Court for the District of Columbia, dismissal for lack of subject-matter jurisdiction under Rooker-Feldman doctrine.
STANDARD OF REVIEW	De novo review of dismissal under Rooker-Feldman doctrine.
PRECEDENTIAL VALUE	published
PARTIES	D.C. Healthcare Systems, Inc. v. District of Columbia, et al.

TOPICS

civil procedure

subject matter jurisdiction

appellate procedure

insurance

PRACTICE AREAS

Litigation

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Appellate

QUESTIONS PRESENTED

1. Whether the Rooker-Feldman doctrine deprives the district court of subject-matter jurisdiction over Healthcare Systems' federal lawsuit.

HOLDINGS

1. The Rooker-Feldman doctrine does not apply because the federal lawsuit does not invite district court review and rejection of the Superior Court's judgments; it presents independent claims.

KEY QUOTATIONS

“The Rooker-Feldman doctrine, which bars 'state-court losers' from seeking federal 'district court review and rejection' of state-court judgments.” (at 2)

“the Supreme Court has instructed that Rooker-Feldman 'is confined to cases of the kind from which the doctrine acquired its name: cases brought by state-court losers . . . inviting district court review and rejection of [the state court's] judgments.’” (at 10)

“Healthcare Systems' federal lawsuit does not 'invit[e] district court review and rejection of [the Superior Court's] judgments.’” (at 11)

“the federal case brought by Healthcare Systems does not 'invit[e] district court review and rejection of [the Superior Court's] judgments.’ Instead, it 'present[s] [an] independent claim.’” (at 15)

FACTUAL BACKGROUND

D.C. Chartered Health Plan was a health insurer that contracted with the District to provide healthcare services for low-income residents. In 2012, the D.C. Department of Insurance placed Chartered into rehabilitation due to financial distress. The Superior Court of the District of Columbia approved a reorganization plan and settlement agreement. Healthcare Systems, sole shareholder of Chartered, participated in the rehabilitation proceedings but did not intervene. After the Superior Court approved the plans, Healthcare Systems filed this federal lawsuit alleging that the defendants' actions manufactured Chartered's financial distress and violated its rights.

PROCEDURAL HISTORY

Healthcare Systems filed suit in federal district court against the District of Columbia and others alleging constitutional and common-law claims. The district court dismissed for lack of subject-matter jurisdiction on Rooker-Feldman grounds. Healthcare Systems appealed to the D.C. Circuit.

DISPOSITION

reversed

REMAND INSTRUCTIONS

Remanded for further proceedings consistent with this opinion.

CASES CITED

- Exxon Mobil Corp. v. Saudi Basic Indus. Corp., 544 U.S. 280 (2005)
- Skinner v. Switzer, 562 U.S. 521 (2011)
- Rooker v. Fidelity Trust Co., 263 U.S. 413 (1923)
- D.C. Court of Appeals v. Feldman, 460 U.S. 462 (1983)
- Croley v. Joint Comm. on Judicial Admin., 895 F.3d 22 (D.C. Cir. 2018)
- Lance v. Dennis, 546 U.S. 459 (2006)