

SUPREME COURT OF ALABAMA

Diversicare Leasing Corp. v. Hubbard

189 So. 3d 24 (Ala. 2015) · Decided September 30, 2015

SUMMARY

The Alabama Supreme Court considers whether a nursing facility established an enforceable arbitration agreement for a wrongful-death claim involving an incapacitated adult resident who did not sign the agreement. The court examines the authority of the resident’s mother, who signed as the resident’s representative without being a court-appointed guardian, attorney-in-fact, or personal representative, and distinguishes prior nursing-home arbitration cases. The document affirms the denial of the facility’s motion to compel arbitration.

CASE DETAILS

COURT	Supreme Court of Alabama
WRITING FOR THE COURT	Bolin, Justice; Bolin; Stuart; Parker; Murdock; Shaw; Main; Moore; Bryan; Wise
JURISDICTION	Alabama
DECIDED	September 30, 2015
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from an order denying a nursing facility's motion to compel arbitration and to stay a wrongful-death action.
STANDARD OF REVIEW	De novo review applies to a trial court’s ruling on a motion to compel arbitration when the ruling allegedly prejudices the party seeking review. The motion is analogous to a motion for summary judgment; the party seeking arbitration bears the burden of proving a contract calling for arbitration and a transaction affecting interstate commerce, after which the opposing party must show that the agreement is invalid or does not apply.
PRECEDENTIAL VALUE	Published and precedential opinion of the Supreme Court of Alabama.
PARTIES	Diversicare Leasing Corp. d/b/a Canterbury Healthcare Facility v. Betty Hubbard, as personal representative of the estate of Johnathan Bernard Hubbard

TOPICS

arbitration

nursing home liability

guardianship procedure

elder law

civil procedure

PRACTICE AREAS

arbitration

health law

nursing home liability

guardianships

wrongful death

QUESTIONS PRESENTED

1. Whether an arbitration agreement signed by a relative or responsible party can bind a mentally incompetent adult nursing-home resident who lacked the capacity to authorize that person to act on his behalf and whose signer was not otherwise legally authorized to represent him.
2. Whether Betty Hubbard was bound in her capacity as personal representative to arbitrate the wrongful-death claim merely because she had signed the arbitration agreement in a different capacity before Johnathan's death.

HOLDINGS

1. A mentally incompetent adult nursing-home resident cannot be bound by an arbitration agreement signed by a relative or responsible party who lacked legal authority to act for the resident and whom the resident was incapable of authorizing.
2. Betty was not bound to arbitrate the wrongful-death claim in her capacity as personal representative because the agreement did not validly bind Johnathan and her prior signature as his relative or next friend did not independently bind her in a later representative capacity.

KEY QUOTATIONS

“Accordingly, we conclude that Betty cannot be bound to the arbitration agreement in her capacity as the personal representative of Johnathan’s estate when she signed the arbitration agreement in what amounts to her capacity as Johnathan’s relative or next friend.” (42)

“Because Johnathan was mentally incompetent at the time Betty executed the arbitration agreement, he cannot be bound to the agreement since he was incapable of authorizing or empowering Betty to act on his behalf.” (39)

FACTUAL BACKGROUND

Johnathan Hubbard had profound developmental and physical disabilities, was mentally incompetent, and depended entirely on others for his care. At age 21, he was admitted to Canterbury, a long-term-care nursing facility, by his mother, Betty Hubbard, who had historically made his health-care decisions but had not been appointed his guardian, conservator, attorney-in-fact, or other legal representative. Betty signed Canterbury's admission and arbitration agreements as the resident's relative, responsible party, and resident's representative. After Johnathan died, Betty, as administrator of his estate, brought a wrongful-death claim against Canterbury.

PROCEDURAL HISTORY

Betty Hubbard was appointed administrator of Johnathan Hubbard's estate and sued Diversicare, asserting a wrongful-death claim arising from Johnathan's care at Canterbury. Diversicare moved to compel arbitration based on an arbitration agreement Betty had signed when admitting Johnathan to the facility. The trial court denied the motion, and Diversicare appealed.

DISPOSITION

affirmed

CASES CITED

- Ex parte Roberson, 749 So. 2d 441 (Ala. 1999)
- TranSouth Fin. Corp. v. Bell, 739 So. 2d 1110 (Ala. 1999)
- Fleetwood Enters., Inc. v. Bruno, 784 So. 2d 277 (Ala. 2000)
- Jim Burke Auto., Inc. v. Beavers, 674 So. 2d 1260 (Ala. 1995)
- Cook's Pest Control, Inc. v. Boykin, 807 So. 2d 524 (Ala. 2001)
- SSC Montgomery Cedar Crest Operating Co. v. Bolding, 130 So. 3d 1194 (Ala. 2013)
- Owens v. Coosa Valley Health Care, Inc., 890 So. 2d 983 (Ala. 2004)
- Briarcliff Nursing Home, Inc. v. Turcotte, 894 So. 2d 661 (Ala. 2004)
- Noland Health Servs., Inc. v. Wright, 971 So. 2d 681 (Ala. 2007)
- Carraway v. Beverly Enters. Alabama, Inc., 978 So. 2d 27 (Ala. 2007)
- Tennessee Health Mgmt., Inc. v. Johnson, 49 So. 3d 175 (Ala. 2010)
- Entreklin v. Internal Medicine Assocs. of Dothan, P.A., 689 F.3d 1248 (11th Cir. 2012)
- SouthTrust Bank v. Ford, 835 So. 2d 990 (Ala. 2002)
- Page v. Louisville & Nashville R.R., 129 Ala. 232, 29 So. 676 (1901)
- Treadwell Ford, Inc. v. Courtesy Auto Brokers, Inc., 426 So. 2d 859 (Ala. Civ. App. 1983)
- Wood Chevrolet Co. v. Bank of the Southeast, 352 So. 2d 1350 (Ala. 1977)
- Northington v. Dairyland Ins. Co., 445 So. 2d 283 (Ala. 1984)
- Gray v. Great American Reserve Ins. Co., 495 So. 2d 602 (Ala. 1986)
- City Stores Co. v. Williams, 287 Ala. 385, 252 So. 2d 45 (1971)
- Ex parte E.R.G., 73 So. 3d 634 (Ala. 2011)
- Ex parte Achenbach, 783 So. 2d 4 (Ala. 2000)
- Stinson v. Larson, 893 So. 2d 462 (Ala. Civ. App. 2004)
- Wells Fargo Bank, N.A. v. Chapman, 90 So. 3d 774 (Ala. Civ. App. 2012)