

SUPREME COURT OF OHIO

Hayes v. Oakridge Home

122 Ohio St. 3d 63, 2009-Ohio-2054 (Ohio 2009) · No. 2008-0784 · Decided May 7, 2009

SUMMARY

The Supreme Court of Ohio held that a nursing-home arbitration agreement voluntarily executed upon admission and not required as a condition of admission was not procedurally unconscionable solely because of the resident’s age. The court also held that waivers of the right to trial, punitive damages, and attorney fees were not substantively unconscionable, and it reversed the appellate court and reinstated the trial court’s order compelling arbitration. The opinion addresses contractual consideration and Ohio’s policy favoring arbitration.

CASE DETAILS

COURT	Supreme Court of Ohio
WRITING FOR THE COURT	O'Connor, J.; Moyer, C.J.; O'Donnell, J.; Pfeifer, J.; Lundberg Stratton, J.; Lanzinger, J.; Cupp, J.
JURISDICTION	Ohio
DECIDED	May 7, 2009
DOCKET	2008-0784
DISPOSITION	reversed
PROCEDURAL POSTURE	Oakridge appealed from the Eighth District Court of Appeals' judgment holding that the arbitration agreement was procedurally and substantively unconscionable. The Supreme Court of Ohio accepted jurisdiction to decide whether the resident's age could establish procedural unconscionability and whether waivers of trial, punitive damages, and attorney fees established substantive unconscionability.
STANDARD OF REVIEW	De novo review applies to an appellate determination of whether an arbitration agreement is enforceable in light of a claim of unconscionability.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	The Oakridge Home v. Stephen Musser, executor of the estate of Florence Hayes

TOPICS

arbitration

unconscionability

nursing home liability

contracts

civil procedure

PRACTICE AREAS

arbitration

contract law

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health law

QUESTIONS PRESENTED

1. Whether a nursing-home resident's age, standing alone, renders a voluntarily executed arbitration agreement procedurally unconscionable.
2. Whether an arbitration agreement voluntarily executed by a nursing-home resident that waives the rights to trial, punitive damages, and attorney fees is substantively unconscionable.
3. Whether the arbitration agreement lacked consideration because Hayes waived her right to trial without receiving consideration in return.

HOLDINGS

1. A voluntary arbitration agreement executed by a nursing-home resident upon admission and not as a precondition to admission is not rendered procedurally unconscionable solely by virtue of the resident's age.
2. An arbitration agreement voluntarily executed by a nursing-home resident and not as a precondition to admission that waives the rights to trial, punitive damages, and attorney fees is not substantively unconscionable.
3. The arbitration agreement was supported by sufficient consideration even though Hayes waived her right to trial.
4. An arbitration agreement is enforceable unless a legal or equitable ground for revocation of a contract, including unconscionability, is established; a court may stay litigation involving an arbitrable issue.

KEY QUOTATIONS

"We therefore reverse the judgment of the court of appeals and reinstate the judgment of the trial court." (§ 2)

"All of the factors must be examined and weighed in their totality in determining whether an arbitration agreement is procedurally unconscionable." (§ 30)

"For all of the foregoing reasons, we find that terms in an arbitration agreement between a nursing home and its resident that eliminate the right to trial and the right to seek punitive damages and attorney fees are not substantively unconscionable." (§ 41)

"Accordingly, we reverse the judgment of the court of appeals and reinstate the order of the trial court." (§ 44)

FACTUAL BACKGROUND

Florence Hayes, age 95, was admitted to The Oakridge Home on May 31, 2005, and signed an arbitration agreement on the day of admission. The agreement stated repeatedly that it was voluntary and was not a

precondition to admission or treatment. It required arbitration of future malpractice claims and waived the parties' rights to trial, punitive damages, and attorney fees. Hayes later sued Oakridge for injuries allegedly resulting from a fall while she was a resident.

PROCEDURAL HISTORY

Florence Hayes sued Oakridge in the Cuyahoga County Court of Common Pleas for injuries allegedly caused by a fall at the nursing home. The trial court stayed the action under R.C. 2711.02 and ordered the claims to arbitration. The Eighth District reversed, finding the arbitration agreement procedurally and substantively unconscionable and invalid for lack of consideration. The Supreme Court of Ohio reversed the court of appeals and reinstated the trial court's order compelling arbitration.

DISPOSITION

reversed

REMAND INSTRUCTIONS

The court reversed the Eighth District's judgment and reinstated the trial court's order staying the action and requiring resolution of the claims under the arbitration agreement.

CASES CITED

- Taylor Bldg. Corp. of Am. v. Benfield, 117 Ohio St. 3d 352, 2008-Ohio-938, 884 N.E.2d 12
- Williams v. Aetna Fin. Co., 83 Ohio St. 3d 464, 471, 700 N.E.2d 859 (1998)
- Schaefer v. Allstate Ins. Co., 63 Ohio St. 3d 708, 712, 590 N.E.2d 1242 (1992)
- Mahoning Cty. Bd. of Mental Retardation & Dev. Disabilities v. Mahoning Cty. TMR Edn. Assn., 22 Ohio St. 3d 80, 83, 488 N.E.2d 872 (1986)
- Ignazio v. Clear Channel Broadcasting, Inc., 113 Ohio St. 3d 276, 2007-Ohio-1947, 865 N.E.2d 18, ¶ 18
- Lake Ridge Academy v. Carney, 66 Ohio St. 3d 376, 383, 613 N.E.2d 183 (1993)
- Williams v. Walker-Thomas Furniture Co., 350 F.2d 445, 449 (D.C. Cir. 1965)
- Collins v. Click Camera & Video, Inc., 86 Ohio App. 3d 826, 834, 621 N.E.2d 1294 (1993)
- Ball v. Ohio State Home Servs., Inc., 168 Ohio App. 3d 622, 2006-Ohio-4464, 861 N.E.2d 553, ¶ 6
- John R. Davis Trust 8/12/05 v. Beggs, 10th Dist. No. 08AP-432, 2008-Ohio-6311, ¶ 13
- Dorsey v. Contemporary Obstetrics & Gynecology, Inc., 113 Ohio App. 3d 75, 80, 680 N.E.2d 240 (1996)
- Farmers Natl. Bank v. Delaware Ins. Co., 83 Ohio St. 309, 330, 94 N.E. 834 (1911)
- Fletcher v. Univ. Hosps. of Cleveland, 120 Ohio St. 3d 167, 2008-Ohio-5379, 897 N.E.2d 147
- Small v. HCF of Perrysburg, Inc., 159 Ohio App. 3d 66, 2004-Ohio-5757, 823 N.E.2d 19
- Kelm v. Kelm, 92 Ohio St. 3d 223, 749 N.E.2d 299 (2001)
- Armendariz v. Found. Health Psychcare Servs., Inc., 24 Cal. 4th 83, 114, 99 Cal. Rptr. 2d 745, 6 P.3d 669 (2000)
- Tillman v. Commercial Credit Loans, Inc., 362 N.C. 93, 103, 655 S.E.2d 362 (2008)

- Tacoma Boatbuilding Co. v. Delta Fishing Co., 28 U.C.C. Rep. Serv. 26, 37 n.20 (W.D. Wash. 1980)

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