

COURT OF APPEALS OF MARYLAND

Sadler v. Dimensions Healthcare Corp., 378 Md. 509

836 A.2d 655 (2003) · No. No. 12, Sept. Term, 2002 · Decided November 26, 2003

SUMMARY

The Maryland Court of Appeals held that a circuit court reviewing contract and tort claims arising from a private hospital's denial of medical staff privileges may not apply the deferential substantial-evidence standard used in administrative-law review. Instead, the court must apply the Maryland summary-judgment standard, granting judgment only when no genuine dispute of material fact exists and the moving party is entitled to judgment as a matter of law. The court therefore reversed the grant of summary judgment for the hospital and related respondents.

CASE DETAILS

COURT	Court of Appeals of Maryland
WRITING FOR THE COURT	Raker, J.; Bell, C.J.; Eldridge, J.; Wilner, J.; Cathell, J.; Harrell, J.; Battaglia, J.
JURISDICTION	Maryland
DECIDED	November 26, 2003
DOCKET	No. 12, Sept. Term, 2002
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Petition for writ of certiorari from an affirmance by the Court of Special Appeals of Maryland of a circuit court order granting respondents summary judgment on a physician's contract, tort, and declaratory-judgment claims arising from the denial and termination of hospital staff privileges.
STANDARD OF REVIEW	The grant of summary judgment is reviewed de novo for legal correctness. Under Maryland Rule 2-501(e), summary judgment is proper only when there is no genuine dispute as to any material fact and the moving party is entitled to judgment as a matter of law. The facts and reasonable inferences must be viewed in the light most favorable to the nonmoving party.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Cynthia Denise Sadler, M.D. v. Dimensions Healthcare Corp., Allen E. Atzrott, Stephen Werner, M.D., Donald M. Goldman, Shahnaz

TOPICS

medical licensing health law contracts summary judgment administrative procedure act

PRACTICE AREAS

health law medical licensing contracts torts civil procedure administrative law

QUESTIONS PRESENTED

1. Whether a private hospital's credentialing decision must be reviewed under the substantial-evidence standard applicable to governmental administrative-agency decisions when the physician asserts contract and tort claims.
2. Whether summary judgment on the physician's contract and tort claims was proper under Maryland Rule 2-501(e).
3. Whether the hospital bylaws and the business-judgment rule preclude judicial second-guessing of the hospital's medical credentialing decision while permitting litigation of alleged contractual or tortious violations of the bylaws.
4. Whether the hospital's bylaws provision stating that the Board's decision was conclusive barred the physician's court action.

HOLDINGS

1. A private hospital's credentialing decision is not governmental administrative-agency action and is not subject to judicial review under the substantial-evidence standard when the physician brings common-law contract or tort claims.
2. Summary judgment is proper only if the motion and response show that there is no genuine dispute as to any material fact and that the moving party is entitled to judgment as a matter of law; the court may not replace that standard with substantial-evidence review of the hospital record.
3. A private hospital may be entitled to summary judgment where it followed valid bylaws and there is no genuine dispute regarding that fact, but the court must apply ordinary summary-judgment principles and may not use substantial-evidence review to adjudicate the hospital's medical judgment.
4. The bylaws' statement that the Board of Directors' decision was conclusive did not clearly establish a binding agreement barring the physician from pursuing court action.

KEY QUOTATIONS

“We shall hold that the trial court, on a motion for summary judgment as to contract and tort claims, may not apply a “substantial evidence” standard akin to that applied during judicial review of the final action of an administrative agency.” (378 Md. at 515)

“Rather, in accordance with Maryland Rule 2-501 (e), a motion for summary judgment is appropriate only when there is no genuine dispute as to any material fact and the moving party is entitled to judgment as a matter of law.” (378 Md. at 515)

“Credentialing decisions by a private hospital do not constitute public, administrative agency action. Thus, they are not subject to judicial review under the substantial evidence test.” (378 Md. at 223)

“If the gravamen of the action is the credentialing decision itself—not, for example, a published statement that may be unprivileged and defamatory—and a resolution of the complaint would require a judge or jury to determine whether, in their view, the decision was right or wrong or fair or unfair, the action simply will not lie.” (378 Md. at 233-34)

FACTUAL BACKGROUND

Sadler, a Maryland-licensed OB/GYN physician, sought and received provisional staff privileges at a privately owned nonprofit hospital. After numerous peer-review and risk-management concerns, including cases involving alleged treatment, documentation, and response-to-call problems, the hospital's Medical Executive Committee voted not to extend her provisional privileges and imposed monitoring and proctoring until expiration. Sadler received a hearing before an ad hoc committee and appellate review by the Board of Directors, which upheld the decision. She then brought contract, tort, and declaratory-judgment claims challenging the hospital's conduct and credentialing process.

PROCEDURAL HISTORY

The Circuit Court for Prince George's County granted respondents summary judgment on all counts, applying a substantial-evidence standard to the private hospital's credentialing decision. The Court of Special Appeals affirmed. The Court of Appeals of Maryland granted Sadler's petition for writ of certiorari, rejected the administrative-law standard, reversed the intermediate appellate judgment, and remanded with instructions to reverse the circuit court and remand for further proceedings.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Reverse the judgment of the Court of Special Appeals, direct that court to reverse the judgment of the Circuit Court for Prince George's County, and remand the case to the circuit court for further proceedings consistent with the opinion. Respondents were ordered to pay costs in both appellate courts.

CASES CITED

- Levin v. Sinai Hosp. of Balto., 186 Md. 174, 46 A.2d 298 (1946)
- Goodwich v. Sinai Hosp. of Balto., Inc., 343 Md. 185, 680 A.2d 1067 (1996)
- Volcjak v. Wash. County Hosp., 124 Md. App. 481, 723 A.2d 463 (1999)
- Bender v. Suburban Hosp., 134 Md. App. 7, 758 A.2d 1090 (2000)

- Cooper v. Delaware Valley Med. Ctr., 539 Pa. 620, 654 A.2d 547 (1995)
- Nanavati v. Burdette Tomlin Mem'l Hosp., 107 N.J. 240, 526 A.2d 697 (1987)
- Mahmoodian v. United Hosp. Ctr., 185 W. Va. 59, 404 S.E.2d 750 (1991)
- Spindle v. Sisters of Providence in Wash., 61 P.3d 431 (Alaska 2002)
- Owens v. New Britain Gen. Hosp., 229 Conn. 592, 643 A.2d 233 (1994)
- Brinton v. IHC Hosps., Inc., 973 P.2d 956 (Utah 1998)
- Jordan v. Hebbville, 369 Md. 439, 800 A.2d 768 (2002)
- United Parcel v. People's Counsel, 336 Md. 569, 650 A.2d 226 (1994)
- Board of Physicians v. Banks, 354 Md. 59, 729 A.2d 376 (1999)
- Bell Atlantic v. Intercom, 366 Md. 1, 782 A.2d 791 (2001)
- Dep't of Nat. Res. v. Linchester Sand & Gravel, 274 Md. 211, 334 A.2d 514 (1975)
- Ashton v. Brown, 339 Md. 70, 660 A.2d 447 (1995)
- Taylor v. NationsBank, 365 Md. 166, 776 A.2d 645 (2001)
- Suburban Hosp. v. Dwiggins, 324 Md. 294, 596 A.2d 1069 (1991)
- Nardo v. Favazza, 206 Md. 122, 110 A.2d 676 (1955)
- Allstate Ins. Co. v. Stinebaugh, 374 Md. 631, 824 A.2d 87 (2003)
- Hartford v. Scarlett Harbor, 346 Md. 122, 695 A.2d 153 (1997)