

SUPREME COURT OF ALABAMA

McGuffey Health and Rehabilitation Center v. Gibson

864 So. 2d 1061 (Ala. 2003) · No. 1020289 · Decided May 9, 2003

SUMMARY

The Alabama Supreme Court held that an admission agreement between a nursing home and a resident substantially affected interstate commerce because Medicare funds and care-related materials moved across state lines. The court therefore reversed the trial court's refusal to compel arbitration of the resident's medical-malpractice claim and remanded for further proceedings.

CASE DETAILS

COURT	Supreme Court of Alabama
WRITING FOR THE COURT	Houston, Justice; Houston; Lyons; Brown; Harwood; Woodall; Stuart; See; Moore; Johnstone
JURISDICTION	Alabama
DECIDED	May 9, 2003
DOCKET	1020289
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	McGuffey appealed the trial court's refusal to compel arbitration of Gibson's medical-malpractice action under an arbitration clause in the nursing-home admission agreement.
PRECEDENTIAL VALUE	Published Alabama Supreme Court opinion; binding precedent in Alabama.
PARTIES	McGuffey Health and Rehabilitation Center v. Zadie Gibson, by and through her next friend, Dorothy Jackson

TOPICS

- arbitration
- nursing home liability
- health law
- contracts
- federalism

PRACTICE AREAS

- arbitration
- health law
- nursing home liability
- civil procedure
- federalism

QUESTIONS PRESENTED

1. Whether the nursing-home admission agreement evidenced a transaction substantially affecting interstate commerce so that the Federal Arbitration Act required arbitration of Gibson's medical-malpractice action.

HOLDINGS

1. Medicare funds moving across state lines may be considered in determining whether a nursing-home admission agreement substantially affects interstate commerce. Because two-thirds of McGuffey's payments for Gibson's care came from out of state and McGuffey purchased materials from out-of-state vendors, the admission agreement substantially affected interstate commerce and the arbitration provision was enforceable.

KEY QUOTATIONS

"We hold that Medicare funds should be considered in determining whether the admission agreement had a substantial effect on interstate commerce." (864 So. 2d at 1063)

"Because two-thirds of all sums received by McGuffey for the care and treatment of Gibson came from out of state, and because materials were purchased directly from out-of-state vendors to feed Gibson, to provide her bedding, and to keep her and her surroundings clean, we hold that the admissions agreement had a substantial effect on interstate commerce" (864 So. 2d at 1063)

FACTUAL BACKGROUND

Dorothy Jackson signed a nursing-home admission agreement on behalf of Zadie Gibson on October 30, 2001. The agreement contained an arbitration clause covering Gibson's medical-malpractice claims if the transaction substantially affected interstate commerce. Gibson was injured in a May 29, 2002 fall from her bed, and McGuffey received Medicare and Medicaid payments for her care, including Medicare funds that originated with the federal government and passed through Nebraska. McGuffey also used equipment, food, cleaning supplies, medications, and other materials obtained from sources outside Alabama.

PROCEDURAL HISTORY

Gibson sued McGuffey after falling from her bed at the nursing home. The trial court held that the admission agreement did not evidence a transaction substantially affecting interstate commerce and therefore did not require arbitration. The Supreme Court of Alabama reversed and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The case was remanded for proceedings consistent with the opinion, including enforcement of the arbitration provision.

CASES CITED

- Jim Burke Automotive, Inc. v. Beavers, 674 So. 2d 1260 (Ala. 1995)
- Transouth Fin. Corp. v. Bell, 739 So. 2d 1110, 1114 (Ala. 1999)
- Sisters of the Visitation v. Cochran Plastering Co., 775 So. 2d 759, 761-62, 765-66 (Ala. 2000)
- Potts v. Baptist Health System, Inc., 853 So. 2d 194, 204, 207 (Ala. 2002)
- American General Fin., Inc. v. Branch, 793 So. 2d 738 (Ala. 2000)
- Lewis v. Consecro Fin. Corp., 848 So. 2d 920 (Ala. 2002)
- Summit Health Ltd. v. Pinhas, 500 U.S. 322, 111 S. Ct. 1842, 114 L. Ed. 2d 366 (1991)
- BCB Anesthesia Care, Ltd. v. Passavant Memorial Area Hospital Association, 36 F.3d 664 (7th Cir. 1994)
- McElhinney v. Medical Protective Co., 549 F. Supp. 121 (E.D. Ky. 1982)
- Ex parte Kampis, 826 So. 2d 819, 822 (Ala. 2002)
- Katzenbach v. McClung, 379 U.S. 294, 296-302, 85 S. Ct. 377, 13 L. Ed. 2d 130 (1964)
- Woodmen of the World Life Insurance Society v. Harris, 740 So. 2d 362, 366 (Ala. 1999)

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