

SUPREME COURT OF SOUTH CAROLINA

Dean v. Heritage Healthcare of Ridgeway, LLC

408 S.C. 371 (2014) · No. Appellate Case No. 2013-000509 · Decided June 18, 2014

SUMMARY

The South Carolina Supreme Court reversed and remanded a circuit court decision refusing to compel arbitration in a nursing-home wrongful-death and survival action. The court held that the nursing-home residency agreement involved interstate commerce and was governed by the Federal Arbitration Act, and that the agreement's reference to the American Arbitration Association's rules did not make the AAA an indispensable arbitral forum. The court also rejected the argument that the appellants waived arbitration through delay and limited discovery during required mediation, while remanding for consideration of the respondent's remaining challenges to enforcement.

CASE DETAILS

COURT	Supreme Court of South Carolina
WRITING FOR THE COURT	Chief Justice Toal; Justice Beatty; Justice Hearn; Justice Kittredge; Justice Pleicones
JURISDICTION	South Carolina
DECIDED	June 18, 2014
DOCKET	Appellate Case No. 2013-000509
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from the circuit court's denial of appellants' motion to compel arbitration in a wrongful-death and survival action arising from alleged negligent nursing-home care.
STANDARD OF REVIEW	Arbitrability determinations are reviewed de novo. A circuit court's factual findings will not be reversed if any evidence reasonably supports them. The party resisting arbitration bears the burden of proving that the claims are unsuitable for arbitration.
PRECEDENTIAL VALUE	Published, precedential opinion of the Supreme Court of South Carolina
PARTIES	Heritage Healthcare of Ridgeway, LLC, Uni-Health Post Acute Care-Tanglewood, LLC, UHS Pruitt Corporation v. Darlene Dean, as Personal Representative of the Estate of Louise Porter

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QUESTIONS PRESENTED

1. Whether the nursing-home residency agreement involved interstate commerce such that the Federal Arbitration Act governed the arbitration agreement.
2. Whether the unavailability of the American Arbitration Association rendered the arbitration agreement unenforceable when the agreement required arbitration to follow the AAA's rules but did not expressly require administration by the AAA.
3. Whether appellants waived their right to compel arbitration by requesting limited discovery, participating in pre-suit mediation, and moving to compel arbitration after the complaint was filed.
4. Whether the circuit court should consider on remand Dean's arguments concerning her authority to sign the agreement and whether the parties had a meeting of the minds.

HOLDINGS

1. The residency agreement involved interstate commerce because appellants were contractually required to provide meals and medical supplies, which are instrumentalities of interstate commerce; therefore, the Federal Arbitration Act governed the arbitration agreement.
2. The unavailability of the AAA did not invalidate the arbitration agreement because the agreement required the arbitration to follow the AAA's rules, rather than requiring the proceeding to be administered exclusively by the AAA. The circuit court therefore erred in refusing to compel arbitration on that basis.
3. Appellants did not waive their right to compel arbitration by requesting limited discovery during the required pre-suit mediation process or by moving to compel arbitration after the complaint was filed.

KEY QUOTATIONS

"More specifically, we find that the named arbitral forum is not a material term to agreements in which the parties agree to arbitrate "in accordance with" the named forum's rules, absent other evidence to the contrary; however, as in Grant, when parties elect for a proceeding "administered by" a named forum, that forum should be viewed as integral to the arbitration agreement, absent other evidence to the contrary."

"Thus, because a substitute arbitrator could easily apply such predetermined procedural rules, we find that the parties did not select the AAA for its particular expertise."

"Thus, we conclude that Respondent's argument that Appellants' waived their right to enforce the Agreement is without merit."

FACTUAL BACKGROUND

Tanglewood, a skilled nursing facility owned and controlled by appellants, entered into a residency agreement with Darlene Dean concerning the care of her mother, Louise Porter. Dean separately signed a voluntary arbitration agreement requiring disputes relating to the residency agreement or care to be resolved by binding arbitration under the American Arbitration Association's rules. Porter later suffered three falls, fractured her hip, underwent two surgeries, and died after complications. The AAA would not accept personal-injury disputes without a post-injury agreement to arbitrate, leading Dean to argue that the arbitration agreement was unenforceable.

PROCEDURAL HISTORY

Dean filed a notice of intent to bring a medical-malpractice action, participated in the required pre-suit mediation, and then filed her complaint. Appellants moved to dismiss or, alternatively, to compel arbitration and stay the litigation. The Fairfield County Circuit Court held the arbitration agreement invalid because the American Arbitration Association was unavailable to administer the dispute and denied the motion to compel arbitration. After denying reconsideration, the circuit court's ruling was appealed to the Supreme Court of South Carolina, which certified the appeal.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

The circuit court must consider Dean's remaining arguments concerning her authority to sign the arbitration agreement and whether there was a meeting of the minds, and then decide whether to compel arbitration.

CASES CITED

- Bradley v. Brentwood Homes, Inc., 398 S.C. 447, 730 S.E.2d 312 (2012)
- Green Tree Financial Corp.-Alabama v. Randolph, 531 U.S. 79 (2000)
- Allied-Bruce Terminix Cos. v. Dobson, 513 U.S. 265 (1995)
- Timms v. Greene, 310 S.C. 469, 427 S.E.2d 642 (1993)
- Cape Romain Contractors, Inc. v. Wando E., L.L.C., 405 S.C. 115, 747 S.E.2d 461 (2013)
- Zabinski v. Bright Acres Assocs., 346 S.C. 580, 553 S.E.2d 110 (2001)
- Simpson v. MSA of Myrtle Beach, Inc., 373 S.C. 14, 644 S.E.2d 663 (2007)
- Marmet Health Care Center, Inc. v. Brown, 132 S. Ct. 1201 (2012) (per curiam)
- Grant v. Magnolia Manor-Greenwood, Inc., 383 S.C. 125, 678 S.E.2d 435 (2009)
- Meskill v. GGNSC Stillwater Greeley, L.L.C., 862 F. Supp. 2d 966 (D. Minn. 2012)
- Brown v. ITT Consumer Fin. Corp., 211 F.3d 1217 (11th Cir. 2000)
- Deeds v. Regence Blueshield of Idaho, 141 P.3d 1079 (Idaho 2006)
- Rigas, 923 So. 2d 1077 (Ala. 2005)
- Westmoreland v. High Point Healthcare Inc., 721 S.E.2d 712 (N.C. Ct. App. 2012)

- *Moses H. Cone Mem'l Hosp. v. Mercury Constr. Corp.*, 460 U.S. 1 (1983)
- *Liberty Builders, Inc. v. Horton*, 336 S.C. 658, 521 S.E.2d 749 (Ct. App. 1999)

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