TEXAS COURT OF APPEALS, THIRD DISTRICT, AT AUSTIN

Nutex Health Inc.; Nutex Health, LLC; and Tyvan, LLC v. Kyle ER, LLC; Kyle Assets, LLC; and Micro Hospital EP, PLLC

Nutex Health Inc. v. Kyle ER · No. 03-24-00289-CV · Decided May 8, 2026

SUMMARY

The Texas Court of Appeals, Third District, considers an interlocutory appeal from the denial of a motion to compel arbitration. The court holds that direct-benefits estoppel does not require the Hospital Companies to arbitrate their claims against nonsignatory administrators because the requested relief and remaining claims arise from the service contracts, not the Hospital Company Agreements containing arbitration provisions. The court affirms the trial court’s order.

CASE DETAILS

COURT	Texas Court of Appeals, Third District, at Austin
WRITING FOR THE COURT	Gisela D. Triana, Justice; Kelly, Justice; Theofanis, Justice
JURISDICTION	Texas Court of Appeals, Third District, Austin
DECIDED	May 8, 2026
DOCKET	03-24-00289-CV
DISPOSITION	affirmed
PROCEDURAL POSTURE	Interlocutory appeal from an order denying appellants' motion to compel arbitration under the Federal Arbitration Act and Texas Arbitration Act.
STANDARD OF REVIEW	An order denying a motion to compel arbitration is reviewed for abuse of discretion. Factual determinations supported by evidence are given deference, while legal determinations and whether claims fall within the scope of a valid arbitration agreement are reviewed de novo.
PRECEDENTIAL VALUE	Published opinion
PARTIES	Nutex Health Inc., Nutex Health, LLC, Tyvan, LLC v. Kyle ER, LLC, Kyle Assets, LLC, Micro Hospital EP, PLLC

TOPICS

arbitration · interlocutory appeal · breach of contract · unjust enrichment · commercial litigation

PRACTICE AREAS

arbitration | contracts | civil procedure | commercial litigation | limited liability companies

QUESTIONS PRESENTED

1. Whether direct-benefits estoppel required the Hospital Companies to arbitrate their claims against nonsignatory Administrators.
2. Whether the Hospital Companies obtained a direct benefit under the Hospital Company Agreements by obtaining books and records, enforcing resolutions terminating the Service Contracts, and obtaining related injunctive relief.
3. Whether the Hospital Companies' remaining claims for breach of contract, conversion, and unjust enrichment or money had and received had to be determined by reference to the Hospital Company Agreements.
4. Whether the Administrators could compel arbitration by invoking a limitation-of-liability or business-judgment-rule provision in a Hospital Company Agreement.

HOLDINGS

1. Direct-benefits estoppel did not require arbitration because the Hospital Companies' claims did not seek a direct benefit from, and did not require reference to, the Hospital Company Agreements containing the arbitration provisions.
2. The Hospital Companies did not obtain a direct benefit under the Hospital Company Agreements by obtaining their books and records, financial-account access, operational access, or enforcement of termination of the Administrators' services.
3. The remaining claims did not have to be determined by reference to the Hospital Company Agreements and therefore were not subject to arbitration through direct-benefits estoppel.
4. The Administrators could not compel arbitration based on their invocation of a limitation-of-liability provision in an internal company agreement to which they were not signatories and which was not otherwise necessary to resolve the claims.

KEY QUOTATIONS

> *"Under both Texas and federal law, whether a claim seeks a direct benefit from a contract containing an arbitration clause turns on the substance of the claim, not artful pleading."* (11)

> *"Accordingly, we conclude that the trial court did not abuse its discretion by determining that the doctrine of direct-benefit estoppel does not apply to compel arbitration."* (23)

FACTUAL BACKGROUND

Nutex Health, LLC and Tyvan, LLC provided administrative, coding, billing, collection, and related services for a hospital operated by the Hospital Companies under service contracts. The Hospital Companies alleged that the Administrators mismanaged records, billing, collections, expenses, and other operations, and asserted claims for breach of contract, conversion, and unjust enrichment or money had and received. The Hospital Companies also obtained injunctive relief requiring transfer of their books, records, financial-account access, and operational control after terminating the Administrators' services. The Administrators, who were not signatories to the Hospital Company Agreements containing arbitration provisions, sought to compel arbitration under direct-benefits estoppel.

PROCEDURAL HISTORY

The Hospital Companies sued the Administrators for claims arising from alleged mismanagement of hospital administrative services. After the trial court denied the Administrators' motion to compel arbitration based on direct-benefits estoppel, the Administrators brought this interlocutory appeal. The court of appeals affirmed the denial and concluded that the claims did not require reference to the arbitration agreements in the Hospital Company Agreements.

DISPOSITION

affirmed

CASES CITED

- Nafta Traders, Inc. v. Quinn, 339 S.W.3d 84, 97-98 & 98 n.64 (Tex. 2011)
- Henry v. Cash Biz, LP, 551 S.W.3d 111, 115 (Tex. 2018)
- In re Kellogg Brown & Root, Inc., 166 S.W.3d 732, 737, 741 (Tex. 2005) (orig. proceeding)
- Meyer v. WMCO-GP, LLC, 211 S.W.3d 302, 307 (Tex. 2006)
- In re Weekley Homes, L.P., 180 S.W.3d 127, 131-32 (Tex. 2005) (orig. proceeding)
- Austin Nursing Ctr., Inc. v. Lovato, 171 S.W.3d 845, 848-49 (Tex. 2005)
- Nootsie, Ltd. v. Williamson Cnty. Appraisal Dist., 925 S.W.2d 659, 661 (Tex. 1996)
- G.T. Leach Builders, LLC v. Sapphire V.P., LP, 458 S.W.3d 502, 528-29 (Tex. 2015)
- In re Vesta Insurance Group, Inc., 192 S.W.3d 759, 761-62 (Tex. 2006) (per curiam)
- Lennar Homes of Tex. Land & Constr., Ltd. v. Whiteley, 672 S.W.3d 367, 378-79 (Tex. 2023)
- Sneed v. Webre, 465 S.W.3d 169, 178 (Tex. 2015)