

SUPREME COURT OF ILLINOIS

People ex rel. Department of Public Health v. Wiley, 217 Ill. 2d 511

842 N.E.2d 1 (2006) · No. 98763 · Decided January 20, 2006

SUMMARY

The Illinois Department of Public Health sued Thelma E. Wiley, M.D., for breaching scholarship contracts requiring her to practice as a full-time primary care physician in designated shortage areas. The Illinois Supreme Court held that an installment agreement for repayment was a payment plan rather than a settlement and that Wiley breached the scholarship contracts by failing to meet the service, approval, and repayment requirements. The court affirmed summary judgment awarding the Department treble damages under the Family Practice Residency Act.

CASE DETAILS

COURT	Supreme Court of Illinois
WRITING FOR THE COURT	Justice McMorrow; Chief Justice Thomas; Justice Freeman; Justice Fitzgerald; Justice Kilbride; Justice Garman; Justice Karmeier
JURISDICTION	Illinois
DECIDED	January 20, 2006
DOCKET	98763
DISPOSITION	affirmed
PROCEDURAL POSTURE	The Department obtained summary judgment on its claim that Wiley breached four scholarship contracts and was liable for statutory treble damages. The Illinois Appellate Court affirmed, and the Illinois Supreme Court affirmed the appellate judgment.
STANDARD OF REVIEW	Summary judgment is reviewed de novo and is proper when the pleadings, depositions, admissions, and affidavits, viewed in the light most favorable to the nonmoving party, show no genuine dispute of material fact and establish the movant's entitlement to judgment as a matter of law.
PRECEDENTIAL VALUE	published Illinois Supreme Court opinion
PARTIES	Thelma E. Wiley, M.D. v. The People of the State of Illinois ex rel. the Department of Public Health

TOPICS

breach of contract

contract interpretation

statutory interpretation

damages

administrative law

PRACTICE AREAS

contract law

health law

administrative law

statutory interpretation

remedies

QUESTIONS PRESENTED

1. Whether the installment agreement was a settlement that precluded the Department from pursuing the original scholarship-contract claims.
2. Whether Wiley's failure to obtain Department approval for a practice site and to begin service within 30 days constituted material breaches of the scholarship contracts, notwithstanding the doctrine of de minimis non curat lex.
3. Whether the statutory treble-damages provision applied despite common-law rules concerning penalties, substantial performance, and contract damages.
4. Whether a designated shortage area under the Family Practice Residency Act must be designated by the Department's Director.

HOLDINGS

1. The installment agreement was a payment plan that reaffirmed Wiley's existing obligation, not a compromise or settlement, because Wiley disputed neither the underlying debt nor her obligation to pay and the agreement provided for release only upon payment in full.
2. Wiley materially breached the scholarship contracts by failing to obtain Department approval for her practice location and failing to begin her service commitment within 30 days after completion of her residency.
3. Ordinary contract principles, including the doctrine of de minimis non curat lex, applied to the practice-site approval and 30-day commencement requirements because those requirements were contractual terms rather than requirements imposed by the General Assembly.
4. Treble damages were mandatory under section 10 of the Family Practice Residency Act when the statutory conditions were met, and common-law penalty and substantial-performance doctrines could not override that legislative directive.

KEY QUOTATIONS

“Rather, these were material breaches of core obligations contained in the scholarship contracts.” (at 15)

“The purpose of the Act cannot be effectuated unless the Director can designate those places where health services are actually needed.” (at 18)

FACTUAL BACKGROUND

Wiley received four medical-school scholarships under Illinois's Family Practice Residency Act in exchange for agreeing to practice full-time as a primary care physician in a Department-approved designated shortage area.

Her service obligation was deferred during an approved internal-medicine residency, but she then pursued an unapproved gastroenterology fellowship and never obtained Department approval for a practice site or began the required service. The Department sought repayment of three times the scholarship amount, and Wiley later entered, but did not timely comply with, an installment agreement. After the Department pursued involuntary withholding, it sued for breach of the scholarship contracts and treble damages.

PROCEDURAL HISTORY

The Department filed a two-count complaint in the Cook County circuit court. The circuit court dismissed the installment-agreement count and granted the Department summary judgment on the contract-breach count for \$157,395. The appellate court affirmed, rejecting Wiley's settlement, breach, and treble-damages arguments. The Illinois Supreme Court granted review and affirmed.

DISPOSITION

affirmed

CASES CITED

- Home Insurance Co. v. Cincinnati Insurance Co., 213 Ill. 2d 307, 315 (2004)
- Towne v. Town of Libertyville, 190 Ill. App. 3d 563, 569-70 (1989)
- Collection Professionals, Inc. v. Logan, 296 Ill. App. 3d 959, 964-65 (1998)
- Farm Credit Bank of St. Louis v. Whitlock, 144 Ill. 2d 440, 447 (1991)
- Klein v. Caremark International, Inc., 329 Ill. App. 3d 892, 902 (2002)
- Charter Bank & Trust of Illinois v. Edward Hines Lumber Co., 233 Ill. App. 3d 574, 579 (1992)
- Kruse v. Kuntz, 288 Ill. App. 3d 431, 435 (1996)
- Department of Public Health v. Jackson, 321 Ill. App. 3d 228, 232 (2001)
- United States v. Vanhorn, 20 F.3d 104, 114 (4th Cir. 1994)
- United States v. Melendez, 944 F.2d 216 (5th Cir. 1991)
- United States v. Bloom, 925 F. Supp. 426 (E.D. La. 1996)
- United States v. Duffy, 879 F.2d 192, 197 (6th Cir. 1989)
- Pacini v. Regopoulos, 281 Ill. App. 3d 274 (1996)
- Hidden Grove Condominium Ass'n v. Crooks, 318 Ill. App. 3d 945, 947 (2001)