

## Supreme Court says Arbitration Agreements are Enforceable

On February 21, 2012, the Supreme Court of the United States (the “Supreme Court”) emphatically ruled that arbitration clauses are enforceable in nursing home admission agreements. This decision overturned a state court decision which held that the arbitration agreement was unenforceable because it violated the state’s public policy against arbitration clauses involving personal injury.

Arbitration agreements are clauses in contracts which require either or both parties to pursue their legal action through a binding arbitrator. The Supreme Court was asked to determine if a state law, which prohibited the use of an arbitration clause in nursing home admission agreements, was overruled by the Federal Arbitration Act (the “FAA”). The Supreme Court ruled that the federal law trumps a state’s law when they are directly in conflict. However, the court did limit its decision by stating that arbitration agreements must still abide by state contract laws. Specifically, the Supreme Court permitted the case to be re-heard by the state court to determine if this arbitration agreement signed by the patient was unconscionable (i.e. excessively unfair) due to its permitting the nursing home to avoid arbitration for unpaid bill collections.

This case specifically provides that arbitration clauses in nursing home admission agreements are enforceable under the FAA and therefore enforceable in all states, including New York. However, nursing homes and other Providers must ensure that such arbitration agreements are otherwise enforceable by state contract law.

If you have any questions pertaining to arbitration agreements, please contact any Abrams Fensterman health care attorney at (516) 328-2300.