



Meister v. Avera Marshall Regional Medical Center, 2016 Minn. App. Unpub. LEXIS 728 (Minn. Ct. App. 2016)

857 N.W.2d 695 (Minn. 2014)

836 N.W.2d 549 (MN. Ct. App. 2013)

Topics Covered: Hospitals, Medical Staff

Outcome: Favorable

Issue

The issues in this case were (a) whether a medical staff and its chief of staff have the legal capacity to enforce medical staff bylaws against the hospital, and (b) whether medical staff bylaws are enforceable as a contract.

AMA Interest

The AMA supports the self-governance of organized medical staffs. The AMA also supports the enforceability of medical staff bylaws.

Case Summary

For several years, the administration of Avera Marshall Regional Medical Center (AMRMC) has been at odds with the medical staff, particularly those physicians on the medical staff who are not AMRMC employees. The medical staff felt the hospital administration was too controlling of the medical staff activities. Furthermore, the medical staff believed that AMRMC infringed upon the semi-independent status for the medical staff, as contemplated in the MS Bylaws. Some of the medical staff members suspected that AMRMC was trying to force the non-hospital employed physicians off the medical staff.

Ultimately, the organized medical staff of AMRMC and the chief of staff and chief of staff elect (in their official and personal capacities) sued AMRMC for a declaratory judgment. They asked that the MS Bylaws be deemed enforceable against the hospital and that the hospital be required to conform its behavior to them. The dispute centered on the following areas: (i) appointment and reappointment of medical staff members, (ii) medical staff and medical executive committee (MEC) operations, (iii) medical staff quality improvement committee composition, (iv) peer review procedures, and (v) unilateral amendment to the MS Bylaws. In

each instance, according to the plaintiffs, the hospital administration infringed on the rights of medical staff self-governance and autonomy, as set forth in the MS Bylaws.

On July 6, 2012, the trial court found that the medical staff and, by extension, its officers have no legal existence separate from the hospital. It therefore dismissed the medical staff and its officers, acting in their official capacities, from the lawsuit. However, the chief of staff and chief of staff elect proceeded in their suit as individuals against the hospital.

On September 25, 2012, the trial court decided the remaining issues in the case, pursuant to cross-motions for summary judgment. It held that the MS Bylaws should not be deemed a contract between the medical staff and the hospital, and monetary damages would therefore be unavailable as a remedy for their breach. The trial court also held that, although not a contract, the MS Bylaws could be enforced by an injunction. Further, it held that the hospital could amend the MS Bylaws unilaterally, so long as the hospital gave the medical staff prior notice of its intended amendment.

The plaintiffs appealed to the Minnesota Court of Appeals, but the Court of Appeals held that the medical staff lacked the legal capacity to bring a lawsuit and the MS Bylaws were not a contract. The plaintiffs then appealed to the Minnesota Supreme Court.

On December 31, 2014, the Supreme Court, by a split decision, reversed and remanded. It held that the medical staff, under Minnesota statutory law, had the legal capacity to sue the hospital as an unincorporated association. Further, the MS Bylaws could be enforced as a contract. The majority decision did not address the question of whether the hospital could unilaterally amend the MS Bylaws (although the dissent argued that the hospital could do so).

On remand, the question was what changes, if any, the hospital could make in the MS Bylaws without the consent of the medical staff.

Acting under pressure from the hospital administration, the medical staff, as a legal entity, withdrew from the remanded lawsuit, notwithstanding the Minnesota Supreme Court holding that it has a legal right to pursue it. However, some individual members of the medical staff have continued to pursue the case.

The parties filed cross-motions for summary judgment in the remanded case. On October 16, 2015, the court granted part of each party's motion. As to the principal remaining issue, which involved the ability of the hospital to amend the MS Bylaws unilaterally, the court held that MS Bylaws in Minnesota can only be enforced to the extent they comply with the hospital bylaws and with general corporate law (which provides that a corporation is to be run by its board of directors). Under this holding, therefore, the hospital would have a right to amend its medical staff bylaws unilaterally.

The plaintiffs appealed the order of October 16, 2015. On July 25, 2016, the Minnesota Court of Appeals affirmed in an unpublished opinion. It held that, under the wording of the specific medical staff bylaws at issue, as well as general principles of corporate law, the hospital could amend the medical staff bylaws unilaterally.

Litigation Center Involvement

The Litigation Center, along with the Minnesota Medical Association asked the trial court to file an *amicus* brief in support of the medical staff, but the court denied the motion. The Litigation Center, along with MMA and several specialty medical societies, filed an *amicus* brief in the Court of Appeals and in the Minnesota Supreme Court. MMA and the Litigation Center have also

contributed to the legal fees of the medical staff and of the physicians who appealed the order of October 16, 2015.

Minnesota Court of Appeals brief

Minnesota Supreme Court brief