



Sutter v. Oxford Health Plans, 133 S.Ct. 2064 (2013)

Topics Covered: Arbitration, Managed Care Payments and Payment Issues (for Physicians)

Outcome: Very Favorable

Issue

The issue in this case was whether an arbitrator could authorize a class arbitration without a specific provision in the arbitration agreement that allowed such action.

AMA Interest

The AMA supports lawsuits that seek redress from insurers who engage in inappropriate or inaccurate downcoding and/or recoding practices.

Case Summary

Dr. John Sutter signed a participation contract with Oxford Health Plans. This contract required as follows:

"No civil action concerning any dispute arising under this Agreement shall be instituted before any court, and all such disputes shall be submitted to final and binding arbitration ... pursuant to the Rules of the American Arbitration Association."

Dr. Sutter filed an arbitration claim, alleging that Oxford had systematically bundled, downcoded, and delayed payments for his services and the services of approximately 20,000 other physicians in its network. He requested that the claim be tried on a class basis. After considering the scope of the arbitration clause, the arbitrator inferred an intent within that clause to allow class arbitration, and he ordered that the arbitration proceed as a class action.

Oxford then sued in the United States District Court of New Jersey to have the class arbitration award vacated, and the case bounced back and forth between the District Court and the Third Circuit Court of Appeals. On April 3, 2012, the Third Circuit found that the arbitrator had interpreted the arbitration clause reasonably and was entitled to some deference in making that interpretation. It affirmed the District Court order denying Oxford's motion to vacate the arbitration award. Oxford appealed to the United States Supreme Court.

On June 10, 2013, the Supreme Court unanimously affirmed the Third Circuit ruling in favor of Dr. Sutter. As a result of the Supreme Court ruling, the arbitration, which was filed in 2002, was then allowed to proceed with the merits.

Litigation Center Involvement

The Litigation Center, along with the Medical Society of New Jersey, filed an *amicus* brief in support of Dr. Sutter.

United States Supreme Court brief