

Nursing Home Admission: Daughter-In-Law Had No Authority To Sign, Arbitration Agreement Void.

The patient was transported by ambulance from the hospital to a nursing facility and was met there by his daughter-in-law.

The daughter-in-law signed the facility's admission contract because the patient was quite confused at the time and was not lucid enough to sign any papers.

The daughter-in-law also signed an arbitration agreement separate from the admission contract. The arbitration agreement stipulated that all legal claims including negligence, malpractice and violation of the resident's rights, but not non-payment of nursing home fees, would not be decided in a court of law but would be resolved through binding arbitration.

The patient fell in the nursing home and then passed away four months later. After his death his daughter as personal representative of his probate estate sued the nursing facility for negligence.

The nursing facility petitioned the court to dismiss the lawsuit so the case could be decided by arbitration as stipulated in the arbitration agreement signed by the patient's daughter-in-law.

The Court of Appeals of Ohio ruled the case did not belong in arbitration but should stay on the jury trial docket of the local county court of common pleas.

The patient's daughter-in-law informed the nursing facility staff that she did not have power of attorney to act on the patient's behalf, but the nursing facility disregarded that fact and told her that it would not admit the patient if she did not sign all the forms, including the arbitration agreement.

Under these circumstances there is no evidence the nursing facility acted in good faith having reason to believe that the daughter-in-law had authority to enter into a legally binding contract on the patient's behalf.

The nursing facility's demand that she sign the forms lest her father-in-law be denied admission for necessary rehabilitation did not create any apparent authority for her to bind the patient to a contract.

COURT OF APPEALS OF OHIO
December 10, 2012

The law strongly favors alternative methods of dispute resolution such as arbitration rather than jury trials in civil court to resolve claims and disputes, but only if both sides have agreed.

An agreement to arbitrate is basically a civil contract. For a contract to be binding both parties must have the capacity and the authority to enter into the contract.

The patient did not have the capacity to enter into a binding contract on his own behalf because he was quite confused.

The daughter-in-law had no actual authority to sign a contract as her father-in-law's agent. There was nothing to support the nursing facility's argument that the patient somehow communicated to the facility that he wanted his daughter-in-law to sign for him or even had the mental capacity to make such a communication.

A year earlier he had signed a durable power of attorney naming his son as his attorney in fact. The son was the spouse of the daughter-in-law who signed the arbitration agreement, but that fact was irrelevant.

The nursing facility, the Court said, made no good faith effort to determine who was authorized to sign or to request that that person discuss the arbitration agreement and make the decision whether or not to sign.

The patient did sign at least one more admission contract upon readmission after a subsequent hospitalization, when he apparently was lucid enough to do so, but the arbitration agreement was not included. ***Koch v. Keystone Pointe Health & Rehab, 2012 WL 6098358 (Ohio App., December 10, 2012).***

LEGAL EAGLE EYE NEWSLETTER
For the Nursing Profession
ISSN 1085-4924

© 2012/2013 Legal Eagle Eye Newsletter

Indexed in
Cumulative Index to Nursing & Allied
Health Literature™

Published monthly, twelve times per year.
Mailed First Class Mail at Seattle, WA.

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