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U.S. Supreme Court Defers to Arbitrator's Decision to Allow Class Arbitration in Healthcare Action

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The US Supreme Court affirmed a ruling by the US Court of Appeals for the Third Circuit upholding an arbitrator's decision that a contract provided for class arbitration. The Court held that where parties consent to arbitrate an issue, neither party can challenge an arbitrator's decision on fact or law if the arbitrator made a good-faith effort to interpret the contract.

Plaintiff-pediatrician is a member of Petitioner Oxford Health Plans' (Oxford) network. He brought suit on behalf of himself and a proposed class of New Jersey doctors, claiming that Oxford had failed to make prompt payments in violation of the parties' contract, as well as state law. Oxford successfully moved to compel arbitration and the parties agreed that the arbitrator should decide whether the contract authorized class arbitration. The arbitrator relied on the text of the contract and concluded that it did.

Oxford moved to vacate the decision as exceeding the arbitrator's powers under § 10(a)(4) of the **Federal Arbitration Act** (**FAA**); the district court denied the motion and the Third Circuit affirmed. During the arbitration, the Supreme Court held in *Stolt-Nielsen S.A. v. AnimalFeeds Int'l Corp.*, 559 U.S. 662, 684 (2010), that a party may not be compelled to submit to class arbitration unless there is a contractual basis for concluding that the party agreed to do so. Upon Oxford's request, the arbitrator reconsidered his decision and reached the same conclusion, distinguishing *Stolt-Nielsen*. Oxford again moved to vacate under § 10(a)(4); the district court again denied the motion and the Third Circuit affirmed.

The Supreme Court, in an opinion by Justice Kagan, unanimously affirmed the Third Circuit. The Court distinguished the case from *Stolt-Nielsen* on the basis that in *Stolt-Nielsen* the parties had stipulated that they had not reached an agreement on class arbitration. Therefore, in the absence of intent, class arbitration was unavailable. Here, however, the parties agreed that the arbitrator should decide the availability of class arbitration under the contract and Oxford had twice submitted to arbitration on the issue. The Court held that the arbitrator did not exceed his powers under § 10(a)(4), because, unlike the arbitrators in *Stolt-Nielsen*, he had not abandoned his interpretive role.

Oxford Health Plans LLC v. Sutter, No. 12-135, slip op. (US June 10, 2013)

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