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# Oxford Health Plans, LLC v. Sutter: Don't Forget to Read the Arbitration Provision

Article By:

McBrayer, McGinnis, Leslie & Kirkland, PLLC

On June 10, 2013, the U.S. Supreme Court issued a decision confirming that payment disputes between a payor and its network providers may be resolved through group arbitration if allowed by the arbitrator, even if the use of class procedures is not expressly provided for in the agreement.

In Oxford Health Plans, LLC v. Sutter, John Sutter, a physician who provided medical services under a contract with Oxford Health Plans, sued Oxford on behalf of himself and a proposed class of other doctors alleging violation of the Oxford provider agreement and New Jersey state laws. The Oxford provider agreement contained a binding arbitration provision so Oxford moved to compel arbitration of Sutter's claims and the District Court agreed.

At arbitration, the arbitrator decided that the Oxford provider agreement permitted class procedures to resolve the parties' payment dispute. Oxford appealed the arbitrator's decision under **Federal Arbitration Act** §10(a)(4) because the provider agreement did not specifically authorize the use of class procedures. Oxford argued that the U.S. Supreme Court has previously held that parties to a binding arbitration provision cannot be subject to class arbitration unless authorized in the agreement. *See*, *Stolt-Nielsen S.A. v. Animal Feeds Int'l Corp.*, 559 U.S. 662 (2010) (the parties stipulated that the agreement did not speak to group arbitration and the question was not presented to an arbitrator).

The Supreme Court found that whether the Oxford provider agreement's arbitration provision expressly permits class arbitration is irrelevant because the arbitrator's decision is binding on the parties. In arriving at its decision, the Court held that the sole question under the Federal Arbitration Act §10(a)(4) is "**whether the arbitrator interpreted the parties contract, not whether he got its meaning right or wrong**." Federal Arbitration Act §10(a)(4) "**permits courts to vacate an arbitral decision *only* when the arbitrator strayed from his delegated task of interpreting a contract, not when he performed that task poorly**." (emphasis added).

The moral of the story from *Oxford* is twofold. First, *Oxford* is a reminder that the decision of an arbitrator pursuant to a binding arbitration provision is unreviewable, even if it is wrong. Second, payors and network providers should carefully read, understand and negotiate (if necessary) the dispute resolution provisions of a network provider agreement to ensure they reflect the parties' shared intent.

After *Oxford*, network providers should be aware that payors may revise arbitration provisions to expressly prohibit class procedures, but may be willing to negotiate. Arbitration provisions that permit the use of class procedures may be especially beneficial for smaller providers who lack the resources to fully pursue an individual payment dispute with a payor.



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