

## **Smart Businesses avoid Litigation: Arbitration for Nursing Home Residents Upheld in Alabama**

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This case is indicative of how arbitration is being creatively used by business owners and being upheld by the courts. The Alabama Supreme Court has been opposed to arbitration in the past. Now, the Alabama Supreme Court has recognized the Federal Arbitration Act as controlling law in an admission agreement between a nursing home and its resident. The Court held that a nursing home's receipt of Medicaid and its purchase of materials from out of state vendors affects interstate commerce substantially enough to compel arbitration of a resident's medical malpractice claim.

**Lesson:** Be creative. Arbitration continues to gain momentum around the country. Look at your contracts with vendors, customers, or employees and see where arbitration and a dispute resolution system could help. You will want to review any relevant state laws that try to limit arbitration and evaluate that law's effect, if any, on the Federal Arbitration Act.

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