
American Health Lawyers Association Alternative Dispute Resolution Service

Code of Ethics for Arbitrators

American Health Lawyers Association
1025 Connecticut Avenue NW, Suite 600
Washington, DC 20036
(202) 833-0768/ Fax (202) 833-1105

E-mail: adr@healthlawyers.org
www.healthlawyers.org

While the American Health Lawyers Association Alternative Dispute Resolution Service prints its rules for the ease of resolvers and potential parties, the most up-to-date and binding version of the rules should be downloaded from the American Health Lawyers Association's Web site at www.healthlawyers.org/adr/.

The Rules of Procedure for Arbitration, Mediation, or Mediation/Arbitration that will be binding on the parties and the resolver will be the version of the rules available from the Web site on the effective date of the ADR Request for Arbitration/Mediation Dispute Resolver List form.

Table of Contents

1	ARBITRATOR'S QUALIFICATIONS	A-1
1.01	Honesty, Fairness and Impartiality	A-1
1.02	Competency	A-1
1.03	Knowledge	A-1
1.04	Integrity	A-1
1.05	Timeliness	A-1
2	RESPONSIBILITIES TO PROFESSION	A-1
2.01	No Remuneration	A-1
2.02	Avoidance of Disputes, Disruption and Delay	A-1
2.03	Time Period	A-1
2.04	Understanding of the Parties	A-1
3	RESPONSIBILITIES TO THE PARTIES	A-2
3.01	Adherence to Selected Arbitration Arrangements	A-2
3.02	Required Disclosure	A-2
3.03	Privacy of Arbitration	A-3
3.04	Mediation by an Arbitrator	A-3
3.05	Use of Assistants	A-3
3.06	Consent Awards	A-3
3.07	Ex Parte Communications	A-3
3.08	Fees and Expenses	A-3
4	STANDARDS APPLICABLE TO NON-NEUTRAL ARBITRATORS IN TRIPARTITE ARBITRATION	A-4
4.01	Neutrality	A-4
4.02	Integrity	A-4
4.03	Disclosure	A-4
4.04	Ex Parte Communications	A-4
4.05	Other Standards	A-4

American Health Lawyers Association Alternative Dispute Resolution Service

Code of Ethics for Arbitrators

1

Arbitrator's Qualifications

- 1.01 **Honesty, Fairness and Impartiality.** An arbitrator shall be honest, fair and impartial.
- 1.02 **Competency.** An arbitrator shall be competent to handle the matters under dispute. If a case is beyond the arbitrator's competence, the arbitrator shall decline the case, withdraw from the case, or seek appropriate assistance.
- 1.03 **Knowledge.** An arbitrator shall remain reasonably current on developments in the substantive area in connection with which the arbitrator serves as an arbitrator as well as in procedural matters.
- 1.04 **Integrity.** An arbitrator shall maintain the integrity of the arbitrator's position and shall not be influenced by outside pressure, fear of criticism or self-interest.
- 1.05 **Timeliness.** An arbitrator accepting appointment must be able and shall act promptly to meet all arbitration commitments in a timely manner.

2

Responsibilities to Profession

- 2.01 **No Remuneration.** No form of remuneration shall be given or accepted by an arbitrator, directly or indirectly, for the referral of disputes. This prohibition shall include remuneration given or accepted by the arbitrator purportedly for services other than services as an arbitrator.
- 2.02 **Avoidance of Disputes, Disruption and Delay.** An arbitrator shall make all reasonable efforts to prevent abuse, disruption, or unnecessary delay of the arbitration process.
- 2.03 **Time Period.** The ethical obligations of an arbitrator begin upon acceptance of the appointment and certain ethical obligations may continue even after the award has been made. Certain ethical obligations, such as confidentiality, may also attach even if the appointment is declined or if the arbitrator withdraws.
- 2.04 **Understanding of the Parties.** An arbitrator shall make all reasonable efforts to assure that all parties understand the arbitration process and procedures.

3

Responsibilities to the Parties

3.01 Adherence to Selected Arbitration Arrangements. An arbitrator shall strictly observe the procedures or rules governing each arbitration agreement or system under which the arbitrator serves, so long as they are consistent with this Code of Ethics for Arbitrators, with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration, and with the laws governing the arbitration process.

3.02 Required Disclosures

- a. An arbitrator shall refrain from accepting employment or continuing as an arbitrator in any dispute if the arbitrator reasonably believes or perceives that the arbitrator's participation as an arbitrator would be directly adverse to any interest of the arbitrator, an affiliate of the arbitrator or a person with whom the arbitrator has a client or other substantial relationship. The arbitrator must also disclose to the parties any other interest of the arbitrator, an affiliate of the arbitrator or a person with whom the arbitrator has a client or other substantial relationship which may materially limit the arbitrator's ability to perform the arbitrator's responsibilities as the arbitrator. This disclosure requirement continues throughout the arbitration process and shall include any pertinent information known or made available to the arbitrator regarding the prior use by either party of the arbitrator or dispute resolver from the American Health Lawyers Association Alternative Dispute Resolution Service.

After appropriate disclosure of an interest other than a directly adverse interest, the arbitrator may serve if all parties consent.

These provisions are intended to be applied realistically so that the burden of detailed disclosure does not become so great that it is impractical for persons in the healthcare industry to serve as arbitrators. These provisions are based in part on the American Bar Association (ABA) Model Rules of Professional Responsibility. Arbitrators should use the ABA Model Rules of Professional Responsibility and interpretations thereof for guidance in determining the existence of direct adversity and material limitations.

- b. If an arbitrator is requested by all parties or the Service to withdraw, the arbitrator should do so. If an arbitrator is requested to withdraw by less than all of the parties because of an alleged conflict of interest, the arbitrator shall withdraw unless either of the following circumstances exists:
 - i. If an agreement of the parties, or arbitration rules to which the parties have agreed, establishes procedures for determining challenges to arbitrators, then those procedures should be followed; or

-
- ii. If the arbitrator, after carefully considering the matter, determines that the reason for the challenge is not substantial, that the arbitrator can nevertheless act and decide the case impartially and fairly, and that the withdrawal of the arbitrator would cause undue delay or expense to another party or would be contrary to the ends of justice, the arbitrator may continue to serve as an arbitrator.

A withdrawing arbitrator shall cooperate with the parties and any successor arbitrator to minimize any adverse effects of the withdrawing arbitrator's withdrawal on the parties.

3.03 Privacy of Arbitration. All significant aspects of an arbitration proceeding must be treated by the arbitrator as confidential unless this requirement is waived by all of the parties or disclosure is required by law.

3.04 Mediation by an Arbitrator

- a. When the parties wish at the outset to give an arbitrator authority both to mediate and to decide or submit recommendations regarding residual issues, if any, the parties should so advise the Service prior to appointment and shall advise the arbitrator immediately after the arbitrator's appointment. If the appointment is accepted, the arbitrator must perform a mediation role consistent with the circumstances of the case and pursuant to the American Health Lawyers Association Alternative Dispute Resolution Service Code of Ethics for Mediators.
- b. When a request to mediate is first made after appointment, the arbitrator may either accept or decline a mediation role. An arbitrator may suggest that the arbitrator mediate a dispute at any time.

3.05 Use of Assistants. An arbitrator may not delegate any decision-making function to another person without consent of all of the parties.

3.06 Consent Awards. Prior to issuance of an award, the parties may jointly request the arbitrator to include in the award certain agreements between them. If the arbitrator believes that the suggested agreements are proper, fair, sound and lawful, they may be adopted if otherwise consistent with the award.

3.07 Ex Parte Communications. Unless otherwise agreed by all of the parties or required by law, an arbitrator shall not discuss a case with a party or parties or a party or parties' counsel or other authorized representatives in the absence of another party or parties or the other party or parties' counsel or other authorized representatives. This restriction does not apply to discussions that relate solely to scheduling and do not involve any discussion of any other substantive or procedural facet of the arbitration.

3.08 Fees and Expenses

- a. An arbitrator occupies a position of trust with respect to the parties. In charging for services and expenses, an arbitrator must be governed by the

same high standards of honor and integrity that apply to all other phases of the arbitrator's work. Arbitrators should scrupulously avoid any communications concerning payments which would create an appearance of coercion or other impropriety.

- b. An arbitrator must maintain adequate records to support charges for services and expenses and must render an accounting to the parties.

4

Standards Applicable to Non-Neutral Arbitrators in Tripartite Arbitration

In some types of tripartite arbitration, all three arbitrators are considered neutral and are expected to observe the same standards of ethical conduct as described above. There are also many types of tripartite arbitration in which two arbitrators are appointed by the parties and are not considered neutral. Certain of the foregoing ethical standards do not apply in their entirety to these non-neutral party appointed arbitrators as follows:

4.01 Neutrality. It should be stated clearly at the time an arbitrator accepts appointment in the circumstances described above whether or not the arbitrators appointed by only one party are neutral. If unstated, the presumption is that they are non-neutral.

4.02 Integrity. Non-neutral arbitrators are permitted to be predisposed toward the party or parties who appointed them and may be predisposed toward deciding in their favor, but in all other respects they must uphold the integrity of the arbitration process. A non-neutral arbitrator should not, however, have a predetermined award that the arbitrator intends to make.

4.03 Disclosure. Non-neutral arbitrators should abide by the disclosure requirements of Ethical Standard 3.02.

There is, however, no requirement that a non-neutral arbitrator withdraw because of a conflict of interest if requested to do so by a non-appointing party or parties.

4.04 Ex Parte Communications. The ex parte standard in Ethical Standard 3.07

party or parties and the other arbitrators the fact that they may communicate with their appointing party or parties or that party or parties' counsel or other authorized representatives ex parte. Non-neutral arbitrators are also not obliged to send copies of written communications with their appointing party or parties to the other party or parties, the other party or parties' counsel or other authorized representatives or the other arbitrators.

4.05 Other Standards. In all other respects, the Ethical Standards apply to non-neutral arbitrators.

American Health Lawyers Association Alternative Dispute Resolution Service

Rules of Procedure for Arbitration

**American Health Lawyers Association
1025 Connecticut Avenue NW, Suite 600
Washington, DC 20036
(202) 833-0768 / Fax (202) 833-1105**

**E-mail: adr@healthlawyers.org
www.healthlawyers.org**

While the American Health Lawyers Association Alternative Dispute Resolution Service prints its rules for the ease of resolvers and potential parties, the most up-to-date and binding version of the rules should be downloaded from the American Health Lawyers Association's Web site at www.healthlawyers.org/adr/.

The Rules of Procedure for Arbitration, Mediation, or Mediation/Arbitration that will be binding on the parties and the resolver will be the version of the rules available from the Web site on the effective date of the ADR Request for Arbitration/Mediation Dispute Resolver List form.

Table of Contents

Introduction	A-5
Rules of Procedure for Arbitration	A-6
1.0 GENERAL RULES	A-6
1.01 Applicability of Rules	A-6
1.02 Existence of Agreement to Arbitrate	A-7
1.03 Meaning of Arbitrator	A-7
1.04 Number of Arbitrators	A-7
1.05 Interpretation of Rules	A-7
2.0 RULES ON SELECTION OF ARBITRATOR	A-8
2.01 Procedures for Requesting Arbitrator Lists	A-8
2.02 Appointment of Arbitrator	A-9
2.03 Notice to the Arbitrator of Appointment	A-10
2.04 Direct Appointment by a Party	A-10
2.05 Disclosure and Withdrawal	A-11
3.0 RULES ON TYPES OF PROCEDURES	A-11
4.0 RULES ON REGULAR PROCEDURES	A-11
4.01 Preliminary Hearing	A-11
4.02 Discovery	A-11
4.03 Fixing of Locale of Hearing	A-12
4.04 Fixing the Date, Time and Place of Hearing	A-12
4.05 Representation	A-12
4.06 Record of Proceedings	A-12
4.07 Attendance at Hearings	A-13
4.08 Oaths	A-13
4.09 Majority Decision	A-13
4.10 Order of Proceedings	A-14
4.11 Failure to Appear	A-14
4.12 Evidence	A-14
4.13 Inspection or Investigation	A-15
4.14 Interim Measures	A-15
4.15 Closing of Hearing or Proceeding	A-15

5.0	RULES ON EXPEDITED PROCEDURES	A-15
5.01	Expedited Procedures	A-15
5.02	Date, Time and Place of Hearing	A-16
5.03	Hearing	A-16
6.0	RULES ON AWARD AND ENFORCEMENT	A-16
6.01	Communications	A-16
6.02	Service	A-16
6.03	Counting the Days	A-17
6.04	Time of Award	A-17
6.05	Publication and Form of Award	A-17
6.06	Scope of Award	A-17
6.07	Award Upon Settlement	A-18
6.08	Reconsideration of Award	A-18
6.09	Release of Documents for Judicial Proceedings	A-18
6.10	Applications to Court and Exclusion of Liability	A-18
7.0	RULES ON ADMINISTRATION	A-19
7.01	Expenses	A-19
7.02	Arbitrator's Fee	A-19
7.03	Deposits	A-19
7.04	Evaluation	A-20
7.05	Replacement of Arbitrator	A-20
7.06	Amendments and Interpretations	A-20
7.07	Service Not Operating	A-20

American Health Lawyers Association Alternative Dispute Resolution Service

Rules of Procedure for Arbitration

Introduction

The healthcare industry is under great pressure to contain costs in every way possible. At the same time, federal, state and local governments and consumers of healthcare services are demanding that quality healthcare be provided, that healthcare providers operate efficiently and that the patient be the highest priority on any healthcare agenda.

The use of litigation to resolve disputes arising in the healthcare setting can be inconsistent with these goals. Litigation creates a divisive atmosphere among healthcare providers and tends to increase the cost of healthcare, while diverting managers and providers of care from their real task of providing quality healthcare to patients. The expense is significant. Delays can be interminable. Results are uncertain. Remedies are often inappropriate. Many of these concerns can be addressed by an appropriately designed alternative dispute resolution system.

The American Health Lawyers Association Alternative Dispute Resolution Service (Service) offers various alternative dispute resolution services specifically designed for members of the healthcare industry and those associated with it. An important feature of the Service is the establishment and maintenance of panels of trained healthcare arbitrators, mediators, hearing officers and other dispute resolvers and to make their selection as easy, convenient and informed as possible.

These Rules of Procedure for Arbitration (Rules) describe how to access the arbitration process of the Service, how to select an arbitrator and how to proceed through discovery, a hearing and the decision or award process.

These Rules are tailored to meet the unique needs of the healthcare industry. The Rules are especially useful in resolving the following types of disputes:

1. commercial disputes with vendors;
2. contract disputes with physician groups;
3. joint venture disputes;
4. medical staff/peer review disputes;
5. managed care disputes between providers and payors;
6. employment contract disputes (physician, executive, supervisor or employee);

-
7. disputes between healthcare providers;
 8. disputes between healthcare providers and their communities;
 9. disputes with governmental agencies; and
 10. disputes among medical staff departments.

The efficiency of the Rules, like that of any arbitration rules, depends on applicable law.

These Rules emphasize flexibility. Subject to certain limited exceptions, parties may agree upon other rules or procedures, seeking only to draw upon the panel of arbitrators maintained by the Service. Alternatively, the parties may be seeking a set of rules to govern the alternative dispute resolution process, for which the Service has several options.

The Service assesses administration fees, the schedule for which is contained in Appendix I. The administration fees cover the administrative services provided by the Service, but do not include arbitrator compensation or expenses, court reporting services, or any other expenses or charges incurred by the parties in advance of or in connection with the hearing, or in enforcing any award.

By invoking these Rules of arbitration by the Service, all parties acknowledge that the Service does not verify the information submitted to the Service by prospective arbitrators nor does the Service certify or in any way attest to the abilities or competence of such persons.

All parties using these Rules or the Service indemnifies, holds harmless and releases the American Health Lawyers and the Service, their directors and members of their governing boards, and their officers, employees, agents, attorneys, consultants and representatives from any and all liability to the party or to a person or entity claiming through the party by reason of or in any way related to the Service, the arbitrator, the Rules, including the applicable Code of Ethics, or any action taken or not taken with respect thereto.

Rules of Procedure for Arbitration

1.0 GENERAL RULES

1.01 Applicability of Rules

The parties shall be bound by these Rules whenever they have agreed in writing to arbitration by the Service or under the Rules. The Service will administer a 'consumer health care liability claim' under the Rules on or after January 1, 2004 only if all of the parties have agreed in writing to arbitrate the claim after the injury has occurred and a copy of the agreement is received by the Service at the time the parties make a request for a list of arbitrators. For purposes of the Rules, a 'consumer health care liability claim' means a claim in which a

current or former patient or a current or former patient's representative (including his or her estate or family) alleges that an injury was caused by the provision of (or the failure to provide) health care services or medical products by a health care provider or the manufacturer, distributor, supplier, or seller of a medical product.

Subject to the limits set forth herein, the parties may vary the procedures set forth in these Rules by written agreement. If there is a dispute between the parties regarding (a) the existence of an agreement creating an exception to these Rules or the meaning of the exception, or (b) the interpretation of these Rules, the arbitrator has the power to make the decision or the interpretation, and that decision or interpretation shall be final and binding. A party claiming an exception to these Rules has the burden of proving the existence of the exception by a preponderance of the evidence.

Except as specifically provided by these Rules, the parties may not vary (a) the right of a party to be represented by counsel or other authorized representative of that party's choice; (b) the rules on communications, service, counting of days, publication and form of the award, release of documents for judicial proceedings and application to court and exclusions of liability; and (c) the rules on administration.

When parties agree to arbitrate under these Rules, they thereby accept the terms of these Rules and authorize the Service to assist in the process of selecting an arbitrator, to provide copies of these Rules to the parties and to perform such other functions as are specified herein.

1.02 Existence of Agreement to Arbitrate

Sample contractual provisions that are examples of language that may be used by the parties to provide for arbitration under these Rules are contained in Appendix II. Notwithstanding such provisions, however, any written agreement to arbitrate under or otherwise invoke an application of the Rules or submitting a claim for arbitration by the Service shall be binding on the parties to such agreement.

The provision by the Service of any services to the parties does not necessarily constitute a determination by the Service that an agreement to arbitrate exists.

1.03 Meaning of Arbitrator

The term "arbitrator" in these Rules refers to the arbitration panel, whether composed of one or more arbitrators and whether the arbitrators are neutral or directly appointed. The term "directly appointed arbitrator" means an arbitrator required to be selected by a party or the parties pursuant to the provisions of an arbitration agreement. The term "neutral arbitrator" means any arbitrator other than a "directly appointed arbitrator."

1.04 Number of Arbitrators

If the arbitration agreement does not specify the number of arbitrators, the dispute shall be heard and determined by one arbitrator.

1.05 Interpretation of Rules

Except as provided in Section 1.01, the parties may vary or interpret these Rules as they see fit by written agreement between or among all of them. The provisions of these Rules and any exceptions thereto are subject to applicable law. Where there is a difference in interpretation among the parties, the arbitrator shall interpret and apply the Rules. When there is more than one arbitrator and a difference arises among them concerning the meaning or application of the Rules, it shall be decided by a majority vote. If a majority vote is unobtainable, the arbitrator may refer the question to the Service for final decision in accordance with the procedures then used by the Service for deciding such questions.

2.0 RULES ON SELECTION OF ARBITRATOR

2.01 Procedures for Requesting Arbitrator Lists

If the parties have not provided in writing for any other method of selecting an arbitrator, the selection shall occur in the following manner:

- (a) The Service will provide a list of arbitrators to the parties upon request. While the Service prefers to act upon a joint request, it will submit a list of arbitrators based upon the request of one party. If a request is submitted by less than all the parties, a copy of the request should be sent to the other parties simultaneously with the sending of the request to the Service. Any submission of a list of arbitrators should not be construed as anything more than compliance with a request and does not necessarily reflect any determination by the Service concerning the contractual agreement of the parties.
- (b) The parties are urged to use the Request for Arbitration/Mediation Dispute Resolver List form, which may be obtained from the Service's office at the location specified by the Service, in the back of this book or on the Health Lawyers web site.
- (c) If the ADR Service form is not used, a list of arbitrators may be requested in writing. The written request must include the name, address, and telephone numbers of the parties; the nature of the business of the parties; the requested location of any contemplated hearing; a description of the issue(s) in dispute; the amount(s) in dispute; the nature and extent of the decision sought from the arbitrator; the scope of the arbitrator's authority; and any special qualifications of the arbitrator desired.
- (d) A copy of the agreement, if any, pursuant to which the request is submitted or otherwise related to the request, shall accompany the request. This agreement may be either an agreement to arbitrate future disputes or an agreement to arbitrate an existing dispute.

-
- (e) The required administration fee shall be included with the request or other submission.
 - (f) If the parties have requested med-arb, in which mandatory, binding arbitration will occur if mediation does not produce an accepted result, and a different person than the mediator is to serve as the arbitrator, the Service shall not provide a list of arbitrators until the period of agreed meditation has expired without resolution of the dispute. If the parties have not expressly agreed to a specific period for mediation, they shall be deemed to have agreed to a mediation period of 30 days after the effective date of the notice of selection of the mediator before the process of mandatory and binding arbitration begins. If the parties have not agreed that the mediator and the arbitrator are to be different persons, the person selected as mediator shall perform both functions.
 - (g) If the request for a list of arbitrators is not made by all of the parties, a party who did not join in that request may submit to the arbitrator a written response. The response may set forth a description of additional issues in dispute; additional amounts in dispute; any objections to the requested nature and extent of the decision sought from the arbitrator; any objections to the stated scope of the arbitrator's authority; and any objection to the requested locale of any contemplated hearing. Such response shall be submitted within ten days of the effective date of notice of selection of the arbitrator.

2.02 Appointment of Neutral Arbitrator

Within ten days after the effective date of the ADR Request for Arbitration/Mediation Dispute Resolver List form or the written request, the Service shall transmit simultaneously to each party an identical list of ten (10) names of arbitrators chosen from the panel maintained by the Service, together with a copy of the most recent Application Form furnished by each of them to the Service. The Service has not investigated, and makes no representation or warranty with respect to, the accuracy or completeness of any information furnished or required to be furnished in any Application Form or with respect to the competence or training of any such arbitrator.

Each party may strike the name of one arbitrator from the list provided by the Service. Each party shall advise the Service of its order of preference of the remaining arbitrators by sequential numbering from one to nine or ten of the names on the list so that preference is given to the lowest number and shall submit the numbered list to the Service within ten days of the effective date of the transmittal of the list without a copy to the other party or parties.

In almost all cases, an arbitrator (or, if specified in the agreement to arbitrate, a panel of three arbitrators) will be chosen from one list. However, if a party requests another list within ten days of the effective date of transmittal of the first list and pays the administration fee for a second list, the Service shall comply with the request by mailing a second list of ten (10) arbitrators to all parties. The parties shall evaluate the second list numerically in combination with the first list as if there were a single list of twenty (20) names. Each party

may strike the name of two (2) arbitrators from this combined list of twenty (20) provided by the Service. Each party shall advise the Service of its order of preference of the remaining names by numbering each name on the combination of both lists and submitting the combined lists to the Service within ten days of the effective date of transmittal of the second list.

The Service shall contact the person whose name has the lowest sum of the numbers assigned by the parties and whose name has not been stricken by a party by telephone to determine if that person is available to serve as the arbitrator and if that person has any conflict of interest. The person whose name has the lowest sum of the numbers assigned by the parties, whose name has not been stricken by a party, who is available to serve as the arbitrator and who does not have a conflict of interest that precludes such service will be appointed. If there is a tie, the Service shall subtract the lowest number assigned to the name of each person involved in the tie from the highest number assigned to that person's name. The person with respect to whom this difference is the smallest shall be appointed as the arbitrator. If there is a tie between these differences, the Service will make the selection at its discretion in a random manner. The Service shall immediately notify the parties and the arbitrator in writing of the selection. If a party fails to transmit its preference on a timely basis, the Service may make the appointment taking into consideration the responses of the other party or parties.

2.03 Notice to Neutral Arbitrator of Appointment

Notice of the appointment of a neutral arbitrator shall be mailed to the arbitrator by the Service with a copy of these Rules. The signed acceptance of the arbitrator shall be filed with the Service within ten days of the effective date of the notice given by the Service.

If an arbitrator declines to serve or does not send a signed acceptance within ten days of the effective date of the notice given by the Service, the person who would have been selected in the absence of the declining or non-signing arbitrator shall be deemed appointed as the arbitrator. The selection of the new arbitrator shall be treated as the selection of an initial arbitrator for purposes of these Rules.

2.04 Direct Appointment by a Party

If the arbitration agreement requires the parties to select unilaterally an arbitrator from the list provided by the Service, the Service shall provide a list as described in Section 2.02. The procedures of Section 2.02 shall be followed except that no names may be stricken nor any sequential numbering be required.

If the arbitration agreement requires a party to appoint an arbitrator from the list provided by the Service and specifies a period of time within which an arbitrator is to be appointed and a party fails to make the appointment within that period, the Service shall make the appointment, taking into consideration the responses of other parties.

If no period of time is specified in the arbitration agreement, the Service shall notify the party to make the appointment when it sends the list. If within ten days of the effective date of transmittal of the list an arbitrator has not been appointed by a party, the Service shall make the appointment, taking into consideration the responses of other parties.

2.05 Disclosure and Withdrawal

A person appointed as a directly appointed or neutral arbitrator shall disclose to the parties in writing with a copy to the Service any circumstance likely to affect impartiality, including a bias or a financial or personal interest in the result of the arbitration or a past or present relationship with a party or a party's counsel or other authorized representative in accordance with the Code of Ethics for Arbitrators.

Upon objection of a party to the continued service of a neutral arbitrator, the arbitrator shall be guided by the Code of Ethics for Arbitrators as to any withdrawal.

3.0 RULES ON TYPES OF PROCEDURES

The Expedited Procedures shall be applied in a case where no disclosed claim or counterclaim exceeds \$50,000, exclusive of interest and arbitration costs. Parties may also agree in writing to the Expedited Procedures in a case.

All other cases shall be administered in accordance with the Regular Procedures.

4.0 RULES ON REGULAR PROCEDURES

4.01 Preliminary Hearing

At the request of a party or at the discretion of the arbitrator, a preliminary hearing or a preliminary telephonic conference with the parties and/or their counsel and other authorized representatives and the arbitrator may be scheduled by the arbitrator to consider any matters that will expedite the arbitration proceedings. The arbitrator may, at the preliminary hearing or during the preliminary telephonic conference, establish (a) the extent of and schedule for the production of relevant documents and other information, (b) the identification of any witnesses to be called, (c) a schedule for discovery or further hearings to resolve the dispute, and (d) whether the award is to be a reasoned

award. The arbitrator should reflect all agreements between or among the parties on the arbitration and all procedures established by the arbitrator during the preliminary hearing or preliminary telephonic conference in a written form, which the arbitrator should distribute to the parties within five days of the preliminary hearing or telephonic conference.

4.02 Discovery

The arbitrator may allow the parties to conduct such reasonable discovery and exchange exhibits as the arbitrator believes necessary or proper.

4.03 Fixing of Locale of Hearing

The parties may mutually agree in writing on the locale for the hearing associated with the arbitration. If there is no mutual agreement, the hearing shall be held in the locale requested in the ADR Service form or the written request, unless a party objects to such locale within ten days of the effective date of the notice of selection of the arbitrator. If a party objects to the locale requested by another party or no party requests a locale, the arbitrator shall determine the locale and the arbitrator's decision shall be final and binding.

4.04 Fixing the Date, Time and Place of Hearing

The arbitrator shall set the date, time, and place for each hearing and shall mail to each party notice thereof at least ten days in advance, unless the parties by mutual written agreement waive such notice or modify the terms thereof.

4.05 Representation

A party may be represented by counsel or other authorized representative. A party wishing to be represented by counsel or other authorized representative shall notify the arbitrator and the other parties in writing of this representation and shall be bound by the actions of that counsel or other authorized representative until the appointment is similarly revoked. Until a party notifies the arbitrator and the other parties that the party no longer is represented by that counsel or other authorized representative, the arbitrator and the other parties shall direct all papers, notices, process, and other communications intended for that party to that counsel or other authorized representative.

4.06 Record of Proceedings

A party desiring to make a tape recording or stenographic record of a hearing shall make arrangements for the taping or stenographic record of such proceeding directly with a taping vendor or stenographer and shall notify all other parties and the arbitrator of these arrangements in advance of the hearing. The party or parties requesting the taping or stenographic record shall pay the cost of the record.

A party desiring to make a stenographic record of a hearing shall make arrangements directly with a stenographer and shall notify all other parties and the arbitrator of these arrangements in advance of the hearing. The requesting party or parties shall pay the cost of the record and furnish a copy of any official stenographic record to the arbitrator (with the cost thereof to be borne equally by the parties). If the transcript is agreed in writing by the parties to be, or determined by the arbitrator to be, the official record of the proceeding, it must be made available to the arbitrator and to the other parties for inspection, at a date, time, and place determined by the arbitrator. If a party objects to any portion of the official stenographic record, that party shall provide a written list of its objections to the arbitrator and the other parties within ten days after the date that the official stenographic record is made available for inspection. Such written list shall be attached to the official stenographic record. A party shall be entitled to a copy of any official stenographic record upon payment therefore including payment for an equal share of the original transcription expense.

A party desiring to make a tape recording of a hearing shall make arrangements for the taping of such proceeding and shall notify all other parties and the arbitrator of these arrangements in advance of the hearing. The taping party or parties shall pay the cost of such taping. The taping party must arrange for the recording of the entire proceeding. Upon completion of the taping, the arbitrator(s) shall be furnished a copy of the tape, the expenses of which shall be borne by the taping party. A non-taping party shall be entitled to a copy of any tape of the proceedings upon payment therefore, including payment for an equal share of the original taping expense.

4.07 Attendance at Hearings

The arbitrator shall maintain the privacy of any hearing. It shall be discretionary with the arbitrator to determine the propriety of the attendance of a person other than a party, the party's counsel or other authorized representative, a stenographer or witnesses. A party may request the application of a rule requiring all persons other than the parties, the party's counsel or other authorized representative and the stenographer to be excluded from the hearing except while testifying as a witness. If a party makes such a request, the arbitrator shall exclude such persons from the hearing except while testifying as a witness.

4.08 Oaths

Before the start of the first hearing, if any, the arbitrator may take an oath of office. The arbitrator may require witnesses to testify under oath administered by the arbitrator or a duly qualified person.

4.09 Appointment of Panel of Arbitrators

The parties may agree to resolve their dispute before a panel of arbitrators rather than a single arbitrator. Unless the number is specified in the agreement, the panel shall consist of three arbitrators.

If the parties agree to resolve their dispute before a panel of arbitrators, the selection process for those arbitrators will be the same as in Rule 2.02, however,

the Service shall forward ten (10) identical names, together with a copy of the potential resolvers' most recent application forms, to each party. The parties will then go through the process described in Rule 2.02 to select the arbitrators. Ties will be broken in the same manner as described in Rule 2.02.

The Service will appoint the chairperson of the panel by assigning the individual who has the lowest sum of the numbers assigned by the parties as the chairperson. In case of a tie, the chairperson will be selected by the tiebreaking process described in Rule 2.02. The Service shall immediately notify the arbitrators and the parties of the choice of the Chairperson.

4.10 Order of Proceedings

A hearing shall be opened by the taking of the oath of the arbitrator, if any; by announcing of the date, time and place of the hearing, and the presence of the arbitrator, the parties, and their counsel and other authorized representatives, if any; and by announcing the receipt by the arbitrator of the ADR Service form or the letter requesting arbitration and any response.

The arbitrator may, at the beginning of the hearing, ask for oral or written statements clarifying the issues involved. In some cases, part or all of the above actions will have been accomplished at the preliminary hearing or preliminary telephonic conference conducted by the arbitrator.

With respect to each claim, the complaining party shall then present evidence to support its claim. The defending party shall then present evidence supporting its defense. Witnesses for each party shall submit to questions or other examination. The arbitrator may vary this procedure within the arbitrator's discretion but shall afford a full, equal and reasonable opportunity to all parties for the presentation of any material, relevant, and non-duplicative evidence.

Exhibits, when offered by either party, may be received in evidence at the discretion of the arbitrator. The names and addresses of all witnesses and a description of the exhibits in the order received shall be made a part of any stenographic record.

4.11 Failure to Appear

The arbitration may proceed in the absence of a party or a party's counsel or other authorized representative who, after due notice, fails to be present or fails to obtain a postponement. An award shall not be made solely on the default of a party. The arbitrator shall require each party who is present to submit such evidence as the arbitrator may require for the making of an award.

4.12 Evidence

The parties may offer such non-duplicative evidence as is relevant and material to the dispute and shall produce such evidence as the arbitrator may deem necessary to an understanding and determination of the dispute. An arbitrator

or other person authorized by law to subpoena witnesses or documents may do so upon the request of a party or upon the arbitrator's own motion.

The arbitrator shall be the judge of the duplicative nature, relevance and materiality of the evidence offered, and conformity to legal rules of evidence shall not be necessary. However, the arbitrator should refuse to allow the introduction of any evidence that the arbitrator believes would result in the disclosure of confidential information which is privileged under any applicable statute or under applicable law, including, but not limited to, information subject to (a) a quality assurance and/or peer review privilege; (b) a patient-physician privilege; or (c) an attorney-client privilege. All evidence shall be taken in the presence of all of the arbitrators and all of the parties and the parties' counsel and other authorized representatives, except where a party is absent after due notice has been given or has waived the right to be present.

4.13 Inspection or Investigation

An arbitrator finding it necessary for there to be a further inspection or investigation in connection with the arbitration or requested by less than all the parties to make a further inspection or investigation may do so and shall advise the parties of the arbitrator's requirements. An arbitrator requested by all of the parties to make a further inspection or investigation shall do so.

4.14 Interim Measures

The arbitrator may issue such orders for interim relief as may be deemed necessary by the arbitrator or all of the parties to maintain the status quo in the dispute without prejudice to the rights of the parties or to the final determination of the dispute.

4.15 Closing of Hearing or Proceeding

When satisfied that the record is complete, the arbitrator shall declare the hearing closed. If written statements are to be submitted, the hearing shall be declared closed as of the final date set by the arbitrator for such submission. If there has been no hearing, the arbitrator shall determine a fair and equitable procedure for receiving evidence and closing the proceeding. The time limit within which the arbitrator is required to make the award shall commence to run upon the closing of the hearing or proceeding.

5.0 RULES ON EXPEDITED PROCEDURES

5.01 Expedited Procedures

Where the Expedited Procedures are to be applied, the arbitration shall be conducted in accordance with the procedures set forth below:

- (a) The parties shall accept all notices, process, and other communications

(other than the list of arbitrators) from the Service by telephone. Such notices, process, and other communications shall promptly be confirmed in writing to the parties.

- (b) The parties shall be entitled to rank the arbitrators from only one list rather than two lists. If for reasons unrelated to the preference of the parties no arbitrator from the first list may serve, then a second list shall be submitted to the parties as soon as possible.

To the extent that the Rules governing Regular Procedures do not conflict with the Rules governing Expedited Procedures, the Rules governing Regular Procedures shall apply to the Expedited Procedures.

5.02 Date, Time and Place of Hearing

The arbitrator shall set the date, time, and place of any hearing and will notify the parties by telephone, at least seven days in advance of the hearing date. Unless mutually agreed upon by the parties, in no event shall the date of the hearing be later than thirty days from the effective date of the notice of selection of the arbitrator. No discovery shall be afforded under the Expedited Procedure.

5.03 Hearing

Generally, the hearing shall be completed within one day or on two consecutive days. The arbitrator, for good cause shown, may schedule an additional hearing to be held within seven days.

6.0 RULES ON AWARD AND ENFORCEMENT

6.01 Communications

Each party shall be deemed to have consented that any notices, process, or other communications necessary or proper (a) for the initiation or continuation of an arbitration under these Rules; (b) for any court action in connection therewith; or (c) for the delivery of the award or for the entry of judgment on any award made under these Rules may be sent to a party by first class mail, postage pre-paid, registered or certified, return receipt requested, addressed to the party or the party's counsel or other authorized representative at the last known address or made by personal service, provided that reasonable opportunity to be heard with regard thereto has been granted to the party.

The Service, the arbitrator and the parties may also use (a) facsimile transmission, telex, telegram, or other written forms of electronic communication, (b) any courier or other delivery service and (c) in the case of the Expedited Procedures, the telephone, followed by written confirmation.

All notices, process, and other communications sent by first class mail shall be deemed received three days after they are deposited in the United States mail. All notices, process, and other communications sent or delivered by any other means shall be deemed received upon their actual delivery.

6.02 Service

When requested by the Service or the Arbitrator, each party shall provide to the Service a copy of any notice, process, or other communication provided by that party to the arbitrator and to every other party unless these Rules specify otherwise. Each such notice, process, or other communication shall contain a written statement by the providing party or the providing party's counsel or other authorized representative that the providing party or the providing party's counsel or other authorized representative has complied with this requirement. The Service has no obligation to keep a copy of any notice, process or other communication provided to it or to act thereon in a timely manner.

6.03 Counting of Days

In all instances in which the counting of days is required by these Rules, the day of the event shall count, but the day upon which a notice, process or other communication would otherwise be required sent shall not count. If the date on which some action is to be taken, a notice, process, or other communication would otherwise be required to be sent or a period would otherwise expire, falls on a holiday, a Saturday, or a Sunday, such action shall be taken, such notice, process, or other communication sent or such period extended to the next succeeding Monday, Tuesday, Wednesday, Thursday or Friday, which is not a holiday. For purposes of the Rules, the term "holiday" means such days as are recognized as holidays by the United States Postal Service.

6.04 Time of Award

The award shall be made promptly by the arbitrator no later than thirty days from the date of closing of the hearing or proceeding under the Regular Procedures and twenty days under the Expedited Procedures.

6.05 Publication and Form of Award

The award shall be in writing and shall be signed by each arbitrator approving the award. A copy shall be forwarded by the arbitrator to the Service and shall be available for publication only if both the arbitrator(s) and both parties agree in writing. Upon the written request of a party within ten days of the appointment of the arbitrator, the Service may be denied access to the award, the right to publish an award, or the right to publish the award without obliterating the identity of the parties and other identifying information. Otherwise, the parties and the arbitrator shall have consented to such publication or other dissemination of the award as the Service may deem appropriate.

6.06 Scope of Award

Submission by the parties to arbitration under these Rules shall constitute these Rules as an agreement between or among the parties, and arbitration hereunder as the exclusive remedy between or among the parties regarding any claim which could or might have been raised out of or relating to any and all matters covered by said submission or the subject matter thereof.

The arbitrator may grant any remedy or relief that the arbitrator deems just and equitable and within the scope of the arbitration agreement of the parties, including, but not limited to, specific performance of a contract. By submitting a dispute to arbitration under these Rules, the parties agree that the arbitrator may not award and there shall be no claim available for consequential, exemplary, incidental, punitive or special damages in an action other than an action arising from a tort unrelated to employment or the termination of employment. In an action arising from a tort unrelated to employment or the termination of employment, the arbitrator may not award consequential, exemplary, incidental, punitive or special damages against a party unless the arbitrator determines, based on the record, that there is clear and convincing evidence that the party against whom such damages are awarded is guilty of conduct evincing an intentional or reckless disregard for the rights of another party or fraud, actual or presumed. Notwithstanding this limitation, the arbitrator may award liquidated damages to which the parties have agreed.

The arbitrator may, in the award, assess arbitration fees, expenses, and compensation in favor of the prevailing party for good cause stated in the award and, in the event that any administration fees or expenses are due the Service, in favor of the Service. If not assessed, arbitration fees, expenses, compensation and administration fees shall be divided equally among the parties.

The decision of the arbitrator with respect to any matter submitted for arbitration pursuant to these Rules shall be binding upon the parties and shall extinguish any rights pertaining to the subject matter of the arbitration against any other entity controlled by, in control of or under common control with a party unless the party having a claim against any such affiliate gives timely notice to such affiliate inviting affiliate to participate in the arbitration.

6.07 Award Upon Settlement

If the parties settle their dispute during the course of the arbitration, the arbitrator may set forth the terms of the agreed settlement in an award.

6.08 Reconsideration of Award

Within five days after the effective date of an award, a party to an arbitration under the Regular Procedures may request, in writing, the arbitrator to reconsider its award. Such request shall contain a concise statement of the reasons that the arbitrator should reconsider the award. Unless the arbitrator notifies all of the parties that the arbitrator has decided to reconsider the award within five days of the effective date of the request, the request is deemed denied. Within five days after the effective date of an award, the arbitrator may, upon the arbitrator's own initiative, modify the written award to correct non-substantive errors in the award. The arbitrator shall immediately furnish a copy of the modified award to the parties and the Service.

6.09 Release of Documents for Judicial Proceedings

The Service shall, upon the written request of a party, furnish to the party, at the expense of the party, certified copies of any papers, notices, process or other

communications in the possession of the Service that may be required in judicial proceedings relating to the arbitration.

6.10 Applications to Court and Exclusion of Liability

- (a) Neither the Service nor an arbitrator in a proceeding under these Rules is a necessary party in judicial proceedings relating to the arbitration.
- (b) Parties using these Rules for binding arbitration shall be deemed to have consented that the claims considered in the arbitration have merged into the award, that the award is the only continuing basis of determining the parties' rights and that judgment upon the arbitration award may be entered in any federal or state court having jurisdiction thereof.
- (c) The American Health Lawyers and the Service, their directors and members of their governing boards, and their officers, employees, agents, attorneys, consultants and representatives shall not be liable to a party or a person or entity claiming through the party by reason of or in any way related to the Service, these Rules, or any action taken or not taken with respect thereto.
- (d) The arbitrator shall not be liable to a party for any act, error or omission in connection with an arbitration conducted under these Rules unless such party is able to establish by clear and convincing evidence that (i) the arbitrator has actively participated in an effort by a party to obtain an award by fraud or corruption; or (ii) the arbitrator has engaged in corruption or gross misconduct.

7.0 RULES ON ADMINISTRATION

7.01 Expenses

The expenses of witnesses for either side shall be paid by the party producing such witnesses. All expenses of the arbitration, including required travel and other expenses of the arbitrator, and any witness and the cost of any proof produced at the direct request of the arbitrator, shall be borne equally by the parties, unless the arbitrator in the award assesses such expenses or any part thereof against a specified party or parties.

7.02 Arbitrator's Fee

The compensation of the arbitrator shall be determined in accordance with the fee and expense schedule of the arbitrator submitted with the list of arbitrators provided by the Service, unless other arrangements are made. Other arrangements may be negotiated and agreed upon in writing by the parties and the arbitrator prior to the commencement of the arbitrator's duties. The Service should be notified in writing of any arrangements agreed upon that are different from the submitted materials.

7.03 Deposits

The arbitrator may require the parties to deposit with the Arbitrator in advance of any hearings or proceedings such sums of money as the arbitrator deems necessary to defray the expense of the arbitration, including the arbitrator's fee. The arbitrator shall render an accounting to the parties and return any unexpended balance at the conclusion of the case, less costs associated with the matter.

7.04 Evaluation

Each party shall complete and file with the Service an evaluation form supplied by the Service within the time limit specified therein.

7.05 Replacement of Arbitrator

If an arbitrator should die, become incapacitated or otherwise be unable or unwilling to proceed with the arbitration after having accepted appointment, the Service, at its sole discretion, may make another appointment based on the parties' stated preferences with respect to the list submitted to them, or may resubmit a new list. Unless the parties agree otherwise or the successor arbitrator determines that it is not necessary to conduct the arbitration on a de novo basis to assure a full and fair resolution of the dispute, the successor arbitrator shall conduct the arbitration on a de novo basis.

If a dispute arises between or among the parties regarding a conflict of interest of the arbitrator, the mental or physical competence of the arbitrator or any similar matter in which the propriety of continued service by the arbitrator is challenged and such dispute cannot be resolved among the parties and the arbitrator, the Service, at its sole discretion, may resolve such issue, may remove the arbitrator and may make another appointment based on the parties' stated preferences with respect to any list submitted to them, or may resubmit a new list.

7.06 Amendments and Interpretations

These rules may be amended or interpreted by the Service from time to time, which amendments or interpretations thereafter become binding upon the parties to an arbitration pursuant to these Rules or under the auspices of the Service. Any reference to these Rules shall be construed to refer to these Rules as amended and interpreted from time to time.

7.07 Service Not Operating

If parties have agreed to resolve a dispute under these Rules or the auspices of the Service and the Service is not operating at the time at which a party or parties wishes to submit the dispute to arbitration, the parties shall be deemed to have agreed that the dispute will be arbitrated in accordance with the Commercial Arbitration Rules of the American Arbitration Association modified, to the extent permitted thereby, by these Rules.

American Health Lawyers Association Alternative Dispute Resolution Service

Schedule of Administration Fees

Appendix I to Rules of Procedure for Arbitration

**American Health Lawyers Association
1025 Connecticut Avenue NW, Suite 600
Washington, DC 20036
(202) 833-0768 / Fax (202) 833-1105**

**E-mail: adr@healthlawyers.org
www.healthlawyers.org**

While the American Health Lawyers Association Alternative Dispute Resolution Service prints its rules for the ease of resolvers and potential parties, the most up-to-date and binding version of the rules should be downloaded from the American Health Lawyers Association's Web site at www.healthlawyers.org/adr/.

The Rules of Procedure for Arbitration, Mediation, or Mediation/Arbitration that will be binding on the parties and the resolver will be the version of the rules available from the Web site on the effective date of the ADR Request for Arbitration/Mediation Dispute Resolver List form.

American Health Lawyers Association Alternative Dispute Resolution Service

Schedule of Administration Fees

Appendix I to Rules of Procedure for Arbitration

<u>Service</u>	<u>Administration Fee</u>
Arbitration (First Panel)*	\$2,000.00
Arbitration (Second Panel)*	\$1,500.00
Arbitration (Third Panel)*	\$2,500.00
Hearing Officer*	\$1,500.00
Med-Arb*	\$3,000.00
Mediation (First Panel)*	\$2,000.00
Mediation (Second Panel)*	\$1,500.00
Mediation (Third Panel)*	\$2,500.00

* Add \$475 for each additional party above two (2) parties

The Administration Fee only covers the administrative services provided by the American Health Lawyers Association Alternative Dispute Resolution Service. It does not include the compensation or expenses charged by the dispute resolver or any other charge incurred by the parties in advance of or in connection with any dispute resolution.

The American Health Lawyers Association Alternative Dispute Resolution Service reserves the right to change the fees at any time and from time to time. Information on the current administration fees can be obtained from:

American Health Lawyers Association
Alternative Dispute Resolution Service
1025 Connecticut Avenue NW, Suite 600
Washington, DC 20036
(202) 833-0768 / Fax (202) 833-1105
e-mail: adr@healthlawyers.org
www.healthlawyers.org

200.91B.RS

A21

American Health Lawyers Association Alternative Dispute Resolution Service

Sample Contractual Arbitration Provisions

Appendix II to Rules of Procedure for Arbitration

**American Health Lawyers Association
1025 Connecticut Avenue NW, Suite 600
Washington, DC 20036
(202) 833-0768 / Fax (202) 833-1105**

**E-mail: adr@healthlawyers.org
www.healthlawyers.org**

While the American Health Lawyers Association Alternative Dispute Resolution Service prints its rules for the ease of resolvers and potential parties, the most up-to-date and binding version of the rules should be downloaded from the American Health Lawyers Association's Web site at www.healthlawyers.org/adr/.

The Rules of Procedure for Arbitration, Mediation, or Mediation/Arbitration that will be binding on the parties and the resolver will be the version of the rules available from the Web site on the effective date of the ADR Request for Arbitration/Mediation Dispute Resolver List form.

Table of Contents

1.0	ACCESS TO ARBITRATION	A-22
2.0	GENERAL CONSIDERATIONS	A-22
2.01	Binding and Non-Binding Arbitration	A-23
2.02	Locale, Place, Time or Date of Arbitration	A-23
2.03	Number and Qualifications of Arbitrators	A-23
2.04	Method of Selection	A-23
2.05	Payment of Costs	A-23
2.06	Types of Disputes	A-23
2.07	Scope of Arbitration	A-23
2.08	Order and Manner of Proceedings	A-23
2.09	Discovery	A-23
2.10	Relief	A-23
3.0	SAMPLE PROVISIONS	A-24
3.01	Sample Basic Provisions	A-24
3.02	Sample Provision in Connection With Medical Staff Bylaws, Appointment Procedures or Fair Hearing Procedures	A-24
3.03	Sample Provisions on Legal Violations	A-26
3.04	Sample Provisions on Price or Value	A-27
3.05	Sample Provision on Rate Modification	A-28
3.06	Sample Provisions on Med-Arb	A-29
3.07	Sample Provision on Arb-Med	A-29
4.0	MISCELLANEOUS ALTERNATIVES	A-30
4.01	Altering Damages	A-30
4.02	Altering Remedies	A-30
4.03	Altering Standard of Proof	A-31

American Health Lawyers Association Alternative Dispute Resolution Service

Sample Contractual Arbitration Provisions

Appendix II to Rules of Procedure for Arbitration

1.0 ACCESS TO ARBITRATION

The parties may provide for arbitration under the American Health Lawyers Alternative Dispute Resolution Service (Service) Rules of Procedure for Arbitration (Rules) by any written agreement to arbitrate under or to invoke otherwise an application of the Rules or to submit a claim for arbitration by the Service. This document contains sample provisions that the parties may wish to consider in providing for arbitration under the Rules. A variety of sample provisions are included in order to demonstrate the manner by which disputes or controversies involving different circumstances, contracts and relationships may be the basis for arbitration under the Rules. However, no particular form is required. The sample provisions are provided for convenience.

Parties considering arbitration under the Rules or the use of particular arbitration provisions should remember that these decisions may significantly affect their legal rights. In addition, the validity and enforceability of an arbitration provision or the award will depend on local law. This document is not a substitute for legal advice. The Service urges parties considering these matters to consult with legal counsel prior to making any decision.

2.0 GENERAL CONSIDERATIONS

In evaluating or drafting an arbitration agreement or clause, a number of concerns should be considered. First, statutes, regulations and case law in various jurisdictions may affect the validity or enforceability of the arbitration agreement or clause. A particular arbitration agreement or clause may, for example, be void as unconscionable or against public policy in some jurisdictions. Second, it is important that the arbitration agreement or clause reflect the intent of the parties concerning arbitration. A sample provision may require modification to reflect the intent of the parties with respect to arbitration.

Arbitration may take a wide variety of forms. The Rules generally operate as a default mechanism. Unless the parties agree otherwise in writing, the procedures provided by the Rules will apply. However, subject to applicable law and certain limited exceptions, the parties may vary any of these procedures by written agreement. Parties should consider and may vary, among other features, the following features of arbitration under the Rules.

2.01 Binding and Non-Binding Arbitration

The parties may provide for either binding or non-binding arbitration.

2.02 Locale, Place, Time or Date of Arbitration

The parties may provide for the locale, place, date or time of any arbitration proceeding.

2.03 Number and Qualifications of Arbitrators

The parties may provide for a single or multiple arbitrators and may specify the professional or other qualifications that the parties would prefer the arbitrators possess.

2.04 Method of Selection

The parties may provide a method of selecting an arbitrator or arbitration panel.

2.05 Payment of Costs

The parties may provide for the payment for the costs and fees associated with the arbitration.

2.06 Types of Disputes

The parties may specify the types of disputes subject to arbitration. For example, the parties may provide whether arbitration will be required for disputes that may arise in the future or whether an existing dispute will be submitted to arbitration.

2.07 Scope of Arbitration

The parties may provide for the scope of arbitration. For example, the parties may limit arbitration to contractual disputes or include tort claims.

2.08 Order and Manner of Proceedings

The parties may provide for the order and manner of any arbitration proceedings.

2.09 Discovery

The parties may provide for or prohibit the use of discovery. The parties may also limit the types of discovery permitted and the time period in which the parties may conduct discovery.

2.10 Relief

The parties may limit the relief or damages that the arbitrator may award.

3.0 SAMPLE PROVISIONS

The sample provisions are intended only to provide examples of the written provisions that parties may use to provide for arbitration under the Rules and to alert parties and their counsel to some of the issues and variations that may be considered in deciding to arbitrate under the Rules and deciding on the provisions that the parties will use.

3.01 Sample Basic Provision

The following sample provision is a basic provision that provides for arbitration under the Rules in a specified location.

Arbitration. Any controversy, dispute or disagreement arising out of or relating to this Agreement, the breach thereof, or the subject matter thereof, shall be settled exclusively by binding arbitration, which shall be conducted in *[City, State]* in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration, and which to the extent of the subject matter of the arbitration, shall be binding not only on all parties to the Agreement, but on any other entity controlled by, in control of or under common control with the party to the extent that such affiliate joins in the arbitration, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

3.02 Sample Provision in Connection with Medical Staff Bylaws, Appointment Procedures or Fair Hearing Procedures

Various forms of alternative dispute resolution can be quite valuable in resolving issues between physicians and hospitals upon the medical staffs of which the physicians serve. To the extent that such dispute resolution provisions are included in medical staff bylaws, appointment procedures or hearing procedures, careful attention must be paid to the nomenclature used in the particular document involved, which must be consistent with the terms otherwise used in the document and may not be correctly described below. Also, to the extent that the hospital seeks the safe harbor protection afforded by the Health Care Quality Improvement Act of 1986, as amended, appropriate reference must be made to that legislation and to amendments occurring from time to time with respect to notice and hearing requirements.

The following example is designed to utilize mandatory binding arbitration to resolve disputes arising under medical staff bylaws, appointment procedures or fair hearing procedures other than hearing procedures in physician appointment, disciplinary or credentialing matters.

Arbitration. Any controversy, dispute or disagreement arising out of, or relating to *(these medical staff bylaws, the appointment procedure, the fair hearing procedure)*, rights arising thereunder or the breach thereof (except for any hearing procedure requested by a physician in connection with matters with respect to which the adequate notice and hearing provisions of the Health Care Quality Improvement Act of 1986, as amended

from time to time, apply) shall be settled exclusively by arbitration, which shall be conducted in *(City, State)* in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

In the alternative, the parties may prefer to select arbitration or another form of alternative dispute resolution under rules of the Service to include such a hearing process. In such event, the terms of the underlying document will be substantially different because the detailed hearing provisions would not be included in their entirety. Assuming that other operational provisions are properly addressed in a set of medical staff bylaws or in a fair hearing procedure, an appropriate reference to the Rules of Arbitration of the Service might be as follows:

Arbitration. Any controversy, dispute or disagreement arising out of, or relating to *(these medical staff bylaws, the appointment procedure, the fair hearing procedure)*, rights arising thereunder or the breach thereof, including any hearing requested by a physician pursuant thereto, shall be settled exclusively by arbitration, which shall be conducted in *(City, State)* in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration; provided, however, that, with respect to any such physician hearing procedure, said Rules of Procedure for Arbitration shall be modified to the extent necessary to comply with the adequate notice and hearing provision requirements of the Health Care Quality Improvement Act of 1986, as amended from time to time ("Act"), and said Rules of Procedure for Arbitration shall be interpreted and applied consistent with the Act. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

Another use of alternative dispute resolution in this context allows a different physician hearing procedure to be provided in the medical staff bylaws or fair hearing procedure, but submits the dispute to mandatory binding arbitration after the completion of the hearing and the final decision made by the board of directors of the hospital, in lieu of any challenge in court. Such a provision might read as follows:

Arbitration. Any controversy, dispute or disagreement remaining after the final decision of the Board of Directors of *(Hospital)* in connection with any hearing conducted pursuant to *(these medical staff bylaws, this fair hearing procedure)* shall be settled exclusively by arbitration, which shall be settled exclusively by arbitration, which shall be conducted in *(City, State)* in accordance with the American Health Lawyers Association Alternatives Dispute Resolution Service Rules of Procedure for Arbitration, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

3.03 Sample Provisions on Legal Violations

The following two sample provisions are drafted to address concerns by a party that an agreement violates a federal, state or local law, regulation, order or policy. Such sample provisions might be used, for example, in connection with concerns that an agreement may violate future Medicare/Medicaid fraud and abuse prohibitions or may raise questions of tax exempt status by reason of later decided cases. The first sample provision focuses on a good faith concern that such a violation may exist.

Compliance with Laws and Regulations. In the event any party to this Agreement, in consultation with counsel, develops a good faith concern that any provision of this Agreement or any activity of any other party is in violation of any applicable federal, state or local law or any regulation, order or policy issued under any such law, such party shall immediately notify the other parties in writing of such concern, the specific activities giving rise to such concern and the reasons therefor. If an agreement on a method for resolving such concern is not reached within ten (10) days of such written notice, the activities described in the notice will cease or be appropriately altered until the concern is resolved. If the parties cannot agree on a method of resolving the concern, the matter shall be submitted to a single arbitrator pursuant to the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration. The arbitrator shall (i) make a determination of the legality of the provision or activity in question, and (ii) if the provision or activity is determined to be illegal, either (A) amend this Agreement to eliminate the illegal provision or activity and leave the parties as nearly as possible in the same economic positions in which they would have been under the original terms of this Agreement; or (B) if the illegal provision or activity is so fundamental that revision and continuation of this Agreement is not feasible, terminate this Agreement in such a manner as will return the parties as nearly as possible to the economic positions in which they would have been had they not entered into this Agreement, without altering in a material way the economic benefits realized during the period this Agreement was in effect.

In contrast, the second sample provision also addresses changes and developments in judicial interpretations and focuses on a change that prevents a party from receiving an anticipated benefit of an agreement.

Changes in Law and Regulations. In the event any applicable federal, state or local law or any regulation, order or policy issued under any such law is changed (or any judicial interpretation thereof is developed or changed) in a way which will have a material adverse effect on the practical realization of the benefits anticipated by one or more parties to this Agreement, the adversely affected party or parties shall notify the other party or parties in writing of such change and the effect of the change. The parties shall enter into good faith negotiations to modify this Agreement to compensate for such change. If an agreement on a method for modifying this Agreement is not reached within thirty (30) days of such written notice, the matter shall be submitted to a single

arbitrator for arbitration in *[City, State]* pursuant to the rules and procedures of the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration. The arbitrator shall (i) structure an amendment to this Agreement which will leave the parties as nearly as possible in the same economic positions in which they would have been under the original terms of this Agreement, had the change in the law, regulation, order or policy (or change or development of the judicial interpretation thereof) not occurred; or (ii) if the arbitrator determines that the change is so fundamental that revision and continuation of this Agreement is not feasible, structure a termination of this Agreement that will return the parties as nearly as possible to the economic positions in which they would have been had they not entered into this Agreement, without altering in a material way the economic benefits realized during the period this Agreement was in effect.

3.04 Sample Provisions on Price or Value

The following two sample provisions address a failure of the parties to agree on a price or value under an agreement. In addition, the first sample provision also provides for an arbitrator directly appointed by each of the two parties to an agreement, selection of a third arbitrator in certain circumstances and the division of the arbitrators' fees among the parties.

Arbitration. If the parties have not agreed upon *[Matter Relating to Value or Price]* by *[Date or Time]*, the parties shall submit the matter for resolution by two arbitrators in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration. Each party shall select an arbitrator from a list provided by the American Health Lawyers Association Alternative Dispute Resolution Service ("Service") within ten days after the list is provided. After the two arbitrators are selected, the arbitrators shall meet promptly to resolve the matter. If the arbitrators are unable to resolve the matter within sixty days after the selection of the second arbitrator, then a third arbitrator shall be appointed by the two arbitrators, or if they cannot agree, the third arbitrator shall be selected by the arbitrators from a list provided by the Service. Promptly after the third arbitrator has been selected, the three arbitrators shall resolve the matter. A decision by a majority of the arbitrators shall resolve the matter. A decision by a majority of the arbitrators shall be binding on the parties. Each party will pay the respective fees of the arbitrator appointed by that party and one-half of the cost of appointing and the fees of the third arbitrator.

The second sample provision provides for arbitration by a panel composed of two directly appointed arbitrators and a neutral arbitrator with specific qualifications, a specified method of arriving at the dollar amount of the award and the division of costs.

Repurchase for Fair Market Value. Upon notice given by the Hospital before *[Date or Time]*, the Contractor shall repurchase the Medical Equipment from the Hospital for fair market value. The fair market value of the Medical Equipment shall be determined by agreement between the parties. If the parties cannot agree upon the fair market value of the Medical Equipment within thirty days after *[Date or Time]*, then the fair market value shall be determined by a panel of three arbitrators selected pursuant to the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration. Each party shall select an arbitrator from a list provided by the American Health Lawyers Association Alternative Dispute Resolution Service ("Service"), and the two arbitrators so selected shall appoint a third arbitrator from a different list so provided. The fair market value as determined by each of the three arbitrators shall be added together and the sum shall be divided by three; the resulting quotient shall be the fair market value of the Medical Equipment. If, however, the lowest value and/or the highest value are more than fifteen percent (15%) lower or higher than the middle value, that lowest value and/or highest value shall be disregarded. If one value is disregarded, the two remaining values shall be added together and their sum divided by two; the resulting quotient shall be the fair market value of the Medical Equipment. If both the lowest value and the highest value are disregarded, the middle value shall be the fair market value of the Medical Equipment. Each party shall pay the fees and expenses of the arbitrator selected by it, and the fees and expenses of the third arbitrator and all other costs of the arbitration shall be borne equally by the parties.

Consultation with legal counsel is strongly urged before the parties use a provision based on this or a similar type of variation or provision.

3.05 Sample Provision on Rate Modification

The following sample provision addresses an inability of the parties to agree on a rate modification. It also provides for a tripartite panel composed of two directly appointed non-neutral arbitrators and a neutral arbitrator, specified arbitrator qualifications and a division of costs.

Arbitration of Rate Modification. If the parties cannot agree to a mutually acceptable modification to the rates within ninety (90) days after *[Date or Time]*, the party requesting the rate modification shall have the right to have the matter decided by arbitration in *[City, State]* in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service ("Service") Rules of Procedure for Arbitration. Each party shall select a person to serve on an arbitration panel from a list of arbitrators provided by the Service. The two arbitrators shall then select a fair and impartial third person to serve as a member of the panel *[from the same list]*. The arbitrators should have experience in the area of managed care plans. The fees of the arbitrator appointed by each party shall be borne by that party, and the fees of the third arbitrator and the costs of the arbitration shall be borne equally by both parties.

3.06 Sample Provisions on Med-Arb

The following two sample provisions provide for the use of med-arb, in which mandatory, binding arbitration will occur if mediation does not produce an accepted result. The first sample provision contemplates the use of the same person as the arbitrator and the mediator.

Resolution of Dispute. The parties hereby agree to submit any dispute arising under this Agreement to mediation under the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Mediation. If any dispute is not resolved by mediation no later than *[Date or Time]*, the dispute shall be submitted to arbitration in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration. The same person shall serve both as the mediator and as the arbitrator.

In contrast, the second sample provision contemplates the use of different persons as the arbitrator and the mediator.

Resolution of Dispute. The parties hereby agree to submit any dispute arising under this Agreement to mediation under the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Mediation. If any dispute is not resolved by mediation no later than *[Date or Time]*, the dispute shall be submitted to arbitration in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration. The same person may not serve both as the mediator and the arbitrator.

3.07 Sample Provision on Arb-Med

The following sample provision provides for use of arb-med in which arbitration first occurs with the binding decision of the arbitrator maintained by the arbitrator in secret at the conclusion of arbitration, to be disclosed and placed in effect only if the parties fail to reach agreement after a designated period of mediation. In such a procedure, a single dispute resolver serves as arbitrator and mediator.

Resolution of Dispute. The parties hereby agree to submit any dispute arising under this Agreement to arbitration in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration; provided, however, that the decision of the arbitrator shall be maintained in confidence by the arbitrator without disclosure to the parties or any other person while the parties engage in mediation in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Mediation for a period of *(two days, 36 hours, 24 hours, two weeks)*. If the dispute is not resolved by mediation by the conclusion of such time period, the arbitrator shall render the award as maintained in confidence since the conclusion of the arbitration proceeding, and

judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The same person shall serve both as the mediator and as the arbitrator in such a proceeding.

4.0 MISCELLANEOUS ALTERNATIVES

The following sample provisions reflect miscellaneous variations that may be possible in connection with arbitration.

4.01 Altering Damages

The available damages may be varied. Examples include:

Damages shall be determined in accordance with the provisions of law applicable to comparable civil actions.

Notwithstanding the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration, a party may be awarded incidental, consequential, special, punitive, or exemplary damages.

Any damages awarded may not exceed the amount of payments made under this Agreement.

If the Patient seeks to recover damages for loss of earnings or impairment of earning ability, evidence may be considered to establish the income taxes and employment taxes which the Patient would have been obligated by law to pay.

The arbitrators may, in awarding damages, consider compensation or payments from a collateral source.

Consultation with legal counsel is strongly urged before parties use a provision based on these or similar types of variations or provisions.

4.02 Altering Remedies

The available remedies may be varied. Examples include:

The exclusive remedy available in such event shall be specific performance.

In no event may the arbitrators require specific performance or grant other equitable relief.

Consultation with legal counsel is strongly urged before parties use a provision based on these or similar types of variations or provisions.

4.03 Altering Standard of Proof

The standard of proof may be varied. Examples include:

In any proceedings involving a claim of professional liability by the Physician, the decision of the arbitrator shall be based on evidence which is legally sufficient and which establishes, by clear and convincing proof, every element of the claim.

Consultation with legal counsel is strongly urged before parties use a provision based on these or similar types of variations or provisions.