

Pennsylvania Superior Court Orders New Trial against Parent Company of Nursing Home on Theory of Direct Corporate Liability

A three-judge panel of the Pennsylvania Superior Court issued a unanimous, precedential ruling in *Scampone v. Grane Healthcare Company*, 2017 WL 3392480 (WDA Pa. Super. 2017), on August 9, reversing and remanding a trial judge's decision to dismiss Grane Healthcare Company (Grane) from a nursing home lawsuit filed by Plaintiff Richard Scampone, under a theory of direct corporate liability.

In short, the Superior Court found that the trial judge erred in granting Grane's Motion for Compulsory Nonsuit as it had a duty to manage the care and health of the residents of its subsidiary nursing home, the Highland Park Care Center (Highland Park), and the plaintiff produced sufficient evidence that Grane failed to adequately staff Highland Park in order to accomplish that duty. The Superior Court remanded the appeal to the trial court for proceedings consistent with its findings.

In making its ruling, the Superior Court relied upon § 323 of the Restatement Second of Torts and examined extensive evidence demonstrating an existence of a duty by Grane to the plaintiff's decedent, including the executed management agreement between Grane and Highland Park that required Grane "to manage all aspects of the operation of Highland, establish and administer a quality assurance program and ensure that the nursing home facility provided quality nursing services to its residents." The Superior Court found that Grane agreed to manage medical and patient services rendered to the residents at Highland Park which it should have recognized as necessary for their protection.

Comment: In this holding, the Pennsylvania Superior Court extended medical negligence to a management company that provided no direct medical care. In order to avoid the potential for direct corporate liability claims, management companies that do not provide direct patient care should be cognizant of the terms of the written contracts entered into with the elder care facilities under contract. These management companies must be mindful of the scope of services that they agree to provide under written agreements and make sure that those services are not so far reaching as to risk the potential for direct and corporate liability.

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