

LEGAL DEVELOPMENTS

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AV&H Wins Dismissal with Prejudice for Yeshiva University in Medical Resident Price Fixing Case

Paul Jung, M.D., et al. v. Association of American Medical Colleges, et al.
No. 02-0873 (PLF) (D.D.C. Feb. 11, 2004)

AV&H recently secured an important victory for client Yeshiva University when Judge Paul L. Friedman of the D.C. District Court dismissed Yeshiva with prejudice from a purported class action lawsuit alleging that the medical community is conspiring to restrain competition in the market for medical residents in violation of Section 1 of the Sherman Act.

According to the plaintiffs' complaint, a conspiracy exists between organizations and associations that administer graduate medical education and the hospitals, medical schools and other organizations that offer or sponsor medical residency programs. The alleged purpose of this conspiracy is to fix, depress, standardize and stabilize resident physician compensation and other terms of employment. Yeshiva was accused of participating in the alleged conspiracy through its role as a sponsor of medical residency programs. As a sponsor, Yeshiva monitors residency program compliance with the requirements of the Accreditation Council for Graduate Medical Education ("ACGME"). Yeshiva, however, does not own or operate a hospital or employ medical residents.

In its motion to dismiss, Yeshiva argued, among other things, that the plaintiffs failed to connect Yeshiva to the alleged conspiracy. Judge Friedman agreed.

After carefully reviewing the complaint, Judge Friedman observed that the only allegations that could even arguably link Yeshiva to the alleged conspiracy

were the allegations related to the ACGME standards themselves. Judge Friedman, however, properly refused to infer from those generalized allegations that a separate entity, whose only role was to monitor ACGME-accredited medical residencies on behalf of the ACGME, participated in the alleged conspiracy.

Judge Friedman's opinion is also noteworthy because it refused to grant another party's request for arbitration despite the existence of a broad arbitration agreement. The arbitration agreement related only to one element of the three-prong antitrust conspiracy alleged by the plaintiffs. The Judge ruled that cleaving off one portion of the case for arbitration would violate antitrust policy by improperly compartmentalizing the plaintiffs' overarching conspiracy claim.

Although the complaint continues to move forward against most of Yeshiva's former co-defendants, plaintiffs still have a long road to travel before they will have proven that a conspiracy against medical residents ever actually existed. Nonetheless, the dismissal of Yeshiva with prejudice is an important vindication for Yeshiva because it confirms that, regardless of the court's ultimate conclusion on the merits of the plaintiffs' case, Yeshiva did not violate the antitrust laws.

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