



SUPREME COURT OF NEW JERSEY DECLINES TO EXTEND ABSOLUTE IMMUNITY TO HOSPITAL UNDER THE NEW JERSEY CHARITABLE IMMUNITY ACT

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On March 31, 2015, the Supreme Court of New Jersey overturned the decision of the Superior Court of New Jersey, Appellate Division, and reinstated a Plaintiff's personal injury action against a hospital and its clinic. *See Kuchera v. Jersey Shore Family Health Center*, A-60-13 (N.J. March 31, 2015). The Court found that the Defendants were not entitled to absolute immunity from liability under the New Jersey Charitable Immunity Act ("Act"). The Plaintiff, Terry Kuchera, had argued before both the trial court and the Appellate Division that the Defendants were not entitled to absolute immunity but were subject to the limited liability cap of \$250,000 under the Act. While both the trial court and Appellate Division held in favor of the Defendants, the Supreme Court of New Jersey agreed with the Plaintiff, reversing the dismissal and remanding the matter back to the trial court for further proceedings.

Kuchera, was injured when she slipped and fell on an oily substance while attending a free eye screening offered by the New Jersey Commission for the Blind and Vision Impaired. The screening was conducted on the premises of Jersey Shore University Medical Center ("Medical Center") and its Family Health Center.

Kuchera filed a lawsuit alleging negligence against the Medical Center and its Family Health Center. The Defendants moved for summary judgment, based on the Medical Center's status as a charitable organization, asserting that they were entitled to absolute immunity from liability under Section 7 of the Act. *See* N.J.S.A. 2A:53A-7. Kuchera opposed the motion, arguing that Defendants were only entitled to limited immunity from liability under Section 8 of the Act as they are organized exclusively for hospital purposes. *See* N.J.S.A. 2A:53A-8. The limited liability under Section 8 of the Act provides that a nonprofit hospital may be liable only up to \$250,000 for damages. The Defendants argued that the Medical Center was organized not only for hospital purposes but also for research and educational activities, charitable services, and to promote and protect the general welfare of the public. The trial court judge found that the Defendants were entitled to absolute immunity under Section 7 of the Act because they were not operating exclusively for hospital purposes, but rather for a hybrid purpose that included charitable and educational services, as well as hospital services. Accordingly, the trial court judge granted the Defendants' motion and dismissed Plaintiff's Complaint.

Kuchera appealed and the Appellate Division affirmed the dismissal of the Complaint finding that the Defendants were not engaged solely in hospital functions. The Appellate Division accepted the lower court's hybrid purpose analysis and found that the Defendants provided education and training to physicians, nurses, laboratory students and radiology students, as well as maintaining off-site facilities that serve a variety of functions. Therefore, because the Defendants were not organized exclusively for hospital purposes, they were entitled to absolute immunity.

The Plaintiff appealed to the Supreme Court of New Jersey. The Court found that under the plain language of N.J.S.A. 2A:53A-8 a nonprofit hospital is subject to limited liability if, (i) it is organized exclusively for hospital purposes; (ii) it was promoting those objectives and purposes at the time the plaintiff was injured; and (iii) the plaintiff was a beneficiary of the activities of the hospital. In determining whether the Medical Center is “organized exclusively for hospital purposes,” the Court stated that the modern hospital is a place where the community may not only seek emergency services but educational services, therapy, preventative services and counseling; it is also a place where research is conducted. The Court held that the Defendants were organized exclusively for hospital purposes when the many pursuits of a modern hospital were taken into account. Additionally, the Court found a free eye screening could be considered a hospital purpose. Therefore, the Defendants are subject to limited liability and the judgment of the Appellate Division was reversed and the matter was remanded to the trial court.

By expanding the notion of what it means to be organized exclusively for hospital purposes, the Court has recognized the multifaceted purposes and services of a modern hospital. It remains to be seen whether this decision will expand nonprofit hospital liability by including facilities and services that were once entitled to absolute immunity under the umbrella of hospital purposes and the limited liability of N.J.S.A. 2A:53A-8. Conversely, it may benefit nonprofit hospitals by expanding the limited liability cap to virtually all facilities and functions related to a hospital. The ultimate impact of this decision will be seen in the coming years as the courts further determine the scope of the limited liability for nonprofit hospitals under the Act.

For more information on this client alert or related issues, please feel free to contact any member of the firm’s Health Care Law practice group for a further discussion.

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