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GOVERNMENTAL IMMUNITY - ALABAMA

Health Care Authority for Baptist Health v. Davis

Supreme Court of Alabama - May 17, 2013 - So.3d - 2013 WL 2149493

Baptist Health at one time operated certain hospitals in Montgomery. When Baptist Health encountered financial problems in conjunction with the operation of those hospitals, it sought the assistance of the University of Alabama Board of Trustees. In June 2005, the Board adopted a resolution authorizing the formation of the Health Care Authority for Baptist Health, an affiliate of UAB Health System (the "Authority").

Following a successful medical malpractice judgment, the Authority appealed, arguing that it was entitled to State immunity under § 14, Ala. Const. 1901 as an affiliate of UAB Health System, a governmental entity.

After an exhaustive analysis, the Supreme Court of Alabama concluded that a health-care authority organized and operating under the HCA Act is not an "immediate and strictly governmental agency of the state." The Authority does not serve as "an arm of the State." Instead, it is a "franchisee licensed for some beneficial purpose," namely to participate with other health-care providers in the state, both public and private, in rendering health-care services to citizens of the state. The Authority therefore is not entitled to state immunity under § 14 of the Alabama Constitution.