



## Arbitration Fact Sheet

Arbitration is used to resolve disputes involving real estate, personal property leases, attorney fees, uninsured motorists, franchise agreements, construction contracts, labor contracts, banking, and by health care organizations.

Arbitration is a widely used alternative to the court system. Arbitration does not limit a member's ability to sue Kaiser Permanente (Kaiser Foundation Health Plan, Inc.). Arbitration is simply a different forum for resolution of the dispute.

Kaiser Permanente has used arbitration to resolve all legal claims since 1971. Arbitrators are free to award any amount of damages as there is no cap on the size of an arbitration award and members are eligible to receive punitive damages.

Arbitration awards are generally more moderate and frequent than jury trials and help keep health care costs more affordable.

Unlike other health plans, Kaiser Foundation Health Plan provides medical malpractice insurance for the Permanente Medical Group physicians. Ninety-four percent of all arbitration cases allege malpractice.

In October 1998 Kaiser Permanente abandoned its self-administration of the arbitration system in favor of an Independent Administrator. The Independent Administrator, the Los Angeles-based Law Offices of Sharon Oxborough, is a neutral, third-party and is not part of Kaiser Permanente. The Arbitration Oversight Board which selected the independent administrator for Kaiser Permanente's arbitration process is comprised of labor, employer purchasers of health insurance, consumer advocates, plaintiff and defense attorneys involved in medical malpractice in the Kaiser Permanente arbitration system, representatives of Kaiser Permanente membership, Permanente Medical Group physicians and other Kaiser Permanente health care personnel.

Under the independent administrator, most claims are resolved within 11 months. A pool of nearly 300 independent arbitrators has been established by the independent administrator. About one-third of the arbitrators are retired judges.

The independent administrator is free to communicate with the public and issues annual reports available to the public detailing how the health plan is complying with the system. The independent administration may be reached at (213) 637-9847. Information is also available on the website, [www.oia-kaiserarb.com](http://www.oia-kaiserarb.com).

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