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ADA: City's Denial of Methadone Clinic Application Does Not Constitute Violation of ADA Where Clinic Fails to Show that its Patients are "Disabled"

RHJ Medical Center, Inc. v. City of DuBois, No. 12-3641 (3d Cir. Apr. 24, 2014).

The Third Circuit has upheld a Western District of Pennsylvania federal court determination that, where a city denied a methadone's application to locate a clinic within city limits, the clinic cannot avail itself of ADA remedies if it fails to establish that its patients are "disabled" for purposes of the ADA. The Circuit Court also upheld the lower court's decision limiting damages where the clinic had not taken actions to mitigate by seeking out an obvious alternative location.

In 2006 RHJ Medical Center, Inc. sought to open a methadone clinic in DuBois, Pennsylvania. It found a suitable property and entered into a ten-year lease. City officials and residents were not pleased, and the mayor stated bluntly that he "would have a problem with it." Unfortunately for RHJ, it turned out the property it sought to lease did not comply with §621 of the Pennsylvania Municipalities Planning Code, which prohibited methadone clinics within 500 feet of a public park unless the local government granted an occupancy permit. As required by the law, the city scheduled a public hearing, wherein RHJ spoke about the clinic's qualifications and the economic benefits it would bring DuBois as justification for its occupancy permit. Meanwhile, the residents and city officials spoke about the potential for patients to overdose, concerns about increased crime and violence, and a feared decrease in property values. The city council unanimously voted to deny the application.

Just one month later the Third Circuit, in an unrelated case, deemed §621 facially discriminatory under the ADA and the Rehabilitation Act, provoking RHJ to ask city officials to reconsider granting the necessary certificate of occupancy. However, DuBois had already begun designing

its own local law to prevent the clinic from opening – Ordinance 1720. Specifically, the law prohibited "methadone or drug treatment clinics" from operating in the Transitional Zoning District – where RHJ had leased property. Thereafter, RHJ sought three alternative locations, none of which panned out. Interestingly, RHJ did not make any effort to locate its facility at any property owned by the DuBois Regional Medical Center out of a belief that the facility did not wish to associate with RHJ. Ultimately, unable to locate a suitable location, RHJ terminated its lease, abandoned its efforts to open a clinic in DuBois, and sued the city alleging violations of the ADA, the Rehabilitation Act, the Equal Protection Clause, and the Due Process Clause.

The District Court held 1) RHJ lacked standing under the ADA and Rehabilitation Act because it failed to prove its patients were "disabled," 2) that Ordinance 1720 violated the Equal Protection Clause, and 3) RHJ's damages were limited because it failed to mitigate its loss by not pursuing a location at the DuBois Regional Medical Center.

HELD: The Third Circuit affirmed the District Court on all issues.

DISCUSSION: RHJ first argued the District Court erred in denying it standing under the ADA and Rehabilitation Act. The appeals court sided with the District Court, noting that entities cannot themselves be "disabled" under these acts, but must instead establish discrimination based on their association with disabled persons. The only appealed method of proving this association was under the "regarded as" prong of the ADA, meaning RHJ had to show that the city regarded its potential patients as suffering under an impairment that "substantially limit[ed] one or more major life activities." To do so RHJ cited statements of city officials and residents, including that methadone clinic users were "garbage" and the mayor's statement that he "does not like [methadone clinics]," but the Court found these statements evidenced animus toward the clinic and its clients, not a belief that the clients were disabled within the meaning of the ADA.

Since RHJ had won its Equal Protection Clause argument in the District Court, it only challenged that court's holding that its damages were limited by its failure to mitigate loss. To prove a failure to mitigate the defendant must show "(1) what reasonable actions the plaintiff ought to have taken, (2) that those actions would have reduced the damages, and (3) the amount by which the damages would have been reduced." RHJ argued the lower court ignored its extensive mitigation attempts and instead focused on the single alternative it did not pursue. The Circuit disagreed with this interpretation of the lower court's ruling, saying instead the facts revealed that DuBois is a small town of 8000 and just three-and-one-half square miles, evidencing it was unreasonable for RHJ to fail to contact the regional medical center located there when considering opening a methadone clinic in the town. It thus affirmed the limited recovery RHJ was awarded by the lower court.

http://law.justia.com/cases/federal/appellate-courts/ca3/12-3641/12-3641-2014-04-24.html (Last accessed May 14, 2014).