

STATE OF SOUTH CAROLINA

IN THE COURT OF COMMON PLEAS

COUNTY OF CHARLESTON

C.A. NO. 2024-CP-10-04598

Bettina Honeycutt, Francisco Gilmore, and
Jennifer Colburn, individually and on behalf of
all others similarly situated,

Plaintiffs,

vs.

Broad River Physicians Group, LLC and
Medlytix, LLC,

Defendants.

RECEIVED

May 20 2026

SC Court of Appeals

**ORDER DENYING DEFENDANT MEDLYTIX LLC'S MOTION TO COMPEL
INDIVIDUAL ARBITRATION**

This matter came before me on August 5, 2025, on Medlytix, LLC's ("Medlytix") Motion to Compel Individual Arbitration. This matter was submitted for consideration with oral argument and filing of briefs by counsel for Medlytix and Plaintiffs Bettina Honeycutt, Francisco Gilmore, and Jennifer Colburn (collectively "Plaintiffs"). The Court has reviewed arguments, the briefing, and the record herein, is fully informed, and denies Medlytix's Motion to Compel Individual Arbitration based upon the following:

BACKGROUND

Plaintiffs filed this putative class action against Defendants Broad River Physicians Group, LLC ("Broad River") and Medlytix (collectively "Defendants"). Plaintiffs allege that they each had valid health insurance coverage through Blue Cross Blue Shield of South Carolina or one of its affiliates ("BCBSSC") at the time they sought emergency treatment following their own individual car accidents. Complaint ¶¶ 25, 52, and 59. Plaintiffs further allege that, after receiving said emergency treatment, Defendants circumvented Plaintiffs' BCBSSC contractual benefits by

directly submitting claims to Plaintiffs and/or automobile insurance carriers they suspect have coverage obligations arising from Plaintiffs' car accidents in an effort to collect charges for medical treatment at rates higher than the pre-negotiated contractual rates set by BCBSSC. Complaint ¶ 23. Plaintiffs have brought this action on their own behalf and on behalf of a proposed class of South Carolina citizens who, since August 1, 2021, received any type of healthcare treatment from Broad River while being covered by valid health insurance through BSBSSC or one of its affiliates, and whose medical bills resulting from that treatment were not submitted to BCBSSC or one of its affiliates for payment. Complaint ¶ 65.

STANDARD OF REVIEW

Arbitration is a matter of contract law and is available only when the parties involved contractually agreed to arbitrate. *Lucey v. Meyer*, 401 S.C. 122, 139, 736 S.E.2d 274, 283 (Ct. App. 2012). To compel arbitration under the South Carolina Uniform Arbitration Act (the "UAA"), a party must establish the existence of a written agreement to arbitrate between the parties. S.C. Code Ann. § 15-48-20(a). Arbitration will be denied if a court determines no agreement to arbitrate exists. *Lucey*, 401 S.C. at 139, 736 S.E.2d at 283. In determining whether an agreement to arbitrate exists, "the court should apply ordinary state-law principles that govern the formation of contracts." *Towles v. United HealthCare Corp.*, 338 S.C. 29, 37, 524 S.E.2d 839, 844 (Ct. App. 1999) (internal quotations omitted).

The question of the arbitrability of a claim is an issue for judicial determination, unless the parties provide otherwise. *Zabinski v. Bright Acres Assocs.*, 346 S.C. 580, 596, 553 S.E.2d 110, 118 (2001). Whether an arbitration agreement may be enforced against nonsignatories, and under what circumstances, is an issue controlled by state law. *Wilson v. Willis*, 426 S.C. 326, 338, 827 S.E.2d 167, 173-74 (2019). There is no presumption in favor of arbitration applied to questions

concerning the identity of the parties who may be bound by an arbitration agreement. Rather, “because arbitration, while favored, exists solely by agreement of the parties, a presumption *against* arbitration arises where the party resisting arbitration is a nonsignatory to the written agreement to arbitrate.” *Id.* at 337–38, 827 S.E.2d at 173. (Emphasis in original).

ANALYSIS

I. There is no enforceable contract between Plaintiffs and Medlytix.

“[A]rbitration is a matter of contract and a party cannot be required to submit to arbitration any dispute which he has not agreed so to submit.” *Pearson v. Hilton Head Hosp.*, 400 S.C. 281, 288, 733 S.E.2d 597, 600 (Ct. App. 2012). The UAA generally provides that where one party denies the existence of an arbitration agreement raised by an opposing party, a court must immediately determine whether the agreement exists in the first place. *Simpson v. MSA of Myrtle Beach, Inc.*, 373 S.C. 14, 22, 644 S.E.2d 663, 667 (2007) (citing S.C. Code Ann. § 15–48–20(a)). If no agreement is found to exist, the court must deny any application to arbitrate. *Id.*

As an initial matter, as the party seeking to compel arbitration under the UAA, Medlytix must show the existence of a valid arbitration agreement between itself and the Plaintiffs. Because “an arbitration agreement must be enforced notwithstanding the presence of other persons who are parties to the underlying dispute but not to the arbitration agreement[,]” Medlytix may not simply rely on an alleged agreement between Plaintiffs and its co-defendant, Broad River, to compel arbitration of Plaintiffs’ claims against it. *Moses H. Cone Mem’l Hosp. v. Mercury Constr. Corp.*, 460 U.S. 1, 20, 103 S.Ct. 927, 74 L.Ed.2d 765 (1983) (calling for piecemeal resolution in different forums of a dispute when the plaintiff has an arbitration agreement with some defendants and not others).

Here, the Court finds that Medlytix has failed to establish the existence of a written agreement to arbitrate between itself and Plaintiffs. None of the Plaintiffs have ever entered into any contracts with Medlytix, much less any contracts containing arbitration provisions. The only evidence provided by Medlytix of an alleged binding arbitration agreement are the provider agreements between Broad River and BCBSSC (the “Provider Agreements”), attached as exhibits to Broad River’s motion to compel individual arbitration. Medlytix is not a party to the Provider Agreements, and it has neither alleged nor presented any evidence showing that Broad River validly assigned any of its rights under those agreements or that BCBSSC provided prior written consent for such an assignment, as required by Article VII(A) of each agreement.

The Court further finds that Medlytix may not enforce the Provider Agreements against Plaintiffs, who are also nonsignatories to the agreements, because it is not a third-party beneficiary of either agreement. South Carolina contract law carries a presumption that an individual who is not a party to a contract lacks privity to enforce it. *Trancik v. USAA Ins. Co.*, 354 S.C. 549, 553, 581 S.E.2d 858, 861 (Ct. App. 2003). However, if a contract is made for the benefit of a third-party, that party may enforce the contract if the contracting parties intended to create a direct, rather than an incidental or consequential, benefit to such third-party. *Bob Hammond Const. Co. v. Banks Const. Co.*, 312 S.C. 422, 424, 440 S.E.2d 890, 891 (Ct. App. 1994). The Provider Agreements do not expressly identify Medlytix as a third-party beneficiary, and Medlytix has not identified anything indicating that Broad River and BCBSSC intended to directly benefit Medlytix. Because Medlytix is neither a party to nor a third-party beneficiary of the Provider Agreements, it does not have any enforceable rights under them and may not rely on them to compel arbitration of Plaintiffs’ claims.

II. Equity does not compel arbitration of Plaintiffs' claims.

The Court further finds that equitable estoppel does not allow Medlytix, a nonsignatory to the Provider Agreements, to compel other nonsignatories to arbitrate their claims against it. Equitable estoppel allows a nonsignatory to compel arbitration against signatories when the signatory to a written agreement containing an arbitration clause either (1) must rely on the terms of the written agreement in asserting its claims against the nonsignatory, or (2) raises allegations of substantially interdependent and concerted misconduct by both the nonsignatory and one or more of the signatories to the contract. *Pearson*, 400 S.C. at 295, 733 S.E.2d at 604. Because Plaintiffs are nonsignatories to the Provider Agreements, the doctrine of equitable estoppel cannot be used to force them to arbitrate their claims against Medlytix.

Similarly, direct benefits estoppel does not apply to require arbitration of Plaintiffs' claims against Medlytix. The doctrine of direct benefits estoppel applies when a signatory seeks to enforce an arbitration agreement against a nonsignatory when the nonsignatory has received a direct benefit from the contract containing the arbitration clause. *Id.* at 295-96, 733 S.E.2d at 604. Medlytix is not a signatory to the Provider Agreements. As such, it may not assert direct benefits estoppel to enforce the arbitration provisions in the Provider Agreements against Plaintiffs.

The Court further finds that Medlytix has not shown that applying the doctrine of equitable estoppel to compel arbitration of Plaintiffs' claims against it is necessary to prevent an injustice. "Equitable estoppel is raised on appropriate facts to prevent an injustice to the party invoking the doctrine, not to penalize or to punish the other for an act or omission which has not resulted in harm to his adversary." *Harvey v. Art Metal, Inc.*, 247 S.C. 443, 449, 147 S.E.2d 697, 701 (1966). Born of equity, the heart of the theory "is that the party entitled to invoke the principle was misled to his injury." *Weaver v. Brookdale Senior Living, Inc.*, 431 S.C. 223, 233, 847 S.E.2d 268, 274

(Ct. App. 2020) (quoting *Rodarte v. Univ. of S.C.*, 419 S.C. 592, 601, 799 S.E.2d 912, 916 (2017)). As such, it “is more properly viewed as a shield to prevent injustice rather than a sword to compel arbitration” and should be used “sparingly.” *Wilson*, 426 S.C. at 345, 827 S.E.2d at 177 (quoting *Hirsch v. Amper Fin. Servs., LLC*, 215 N.J. 174, 71 A.3d 849, 852 (2013)).

The Court also finds that equitable estoppel does not apply because Plaintiffs’ claims against Medlytix do not arise solely from Plaintiffs’ status as third-party beneficiaries to the Provider Agreements and do not rely solely on the Provider Agreements to impose liability. *See Bennett v. ACS Primary Care Physicians-Se. P.C.*, 444 S.C. 458, 471-73, 908 S.E.2d 110, 117-18 (Ct. App. 2024) (applying equitable estoppel where plaintiffs pled all of their claims as being based on an alleged duty arising “solely” from the terms of a provider agreement). In examining a claim of equitable estoppel in the arbitration context, the court must determine the source of the defendant’s duty to the plaintiff as alleged in the complaint. *Id.* at 471, 908 S.E.2d at 117. “[W]hen the substance of the claim arises from general obligations imposed by state law, including statutes, torts and other common law duties, or federal law, direct-benefits estoppel is not implicated even if the claim refers to or relates to the contract *or would not have arisen ‘but for’ the contract’s existence.*” *Wilson*, 426 S.C. at 343, 827 S.E.2d at 176 (internal quotations omitted) (emphasis in original).

Plaintiffs have asserted claims against Medlytix for tortious interference with a contractual relationship, negligence, unjust enrichment, injunctive relief, and violations of the Fair Debt Collections Practices Act. Plaintiffs’ claims for negligence, unjust enrichment, and violations of the Fair Debt Collection Practices Act allege violations of duties arising from general obligations imposed by state and federal law, including statutes, torts, and other common law duties. Complaint ¶¶ 67, 90-94, 97-98. And Plaintiffs’ claims for injunctive relief and tortious interference

with a contractual relationship do not arise solely from the Provider Agreements. They arise under both Plaintiffs' own benefits policies and the Provider Agreements, as issues related to covered services, applicable patient co-pays or deductibles, and reimbursement rates necessarily implicate both agreements. Moreover, none of Medlytix's conduct that Plaintiffs complain of arises from the Provider Agreements. Because Plaintiffs' claims against Medlytix do not arise solely from Plaintiffs' status as third-party beneficiaries to the Provider Agreements and do not rely solely on the Provider Agreements to impose liability, the Court will not apply equitable estoppel to compel arbitration of Plaintiffs' claims.

III. Medlytix waived any arbitration rights it may have had.

Finally, the Court finds that Medlytix knowingly relinquished any rights it may have had to compel arbitration of Plaintiffs' claims when it voluntarily and expressly indicated its desire to litigate this matter in federal court and then delayed requesting arbitration until after the federal court refused to exercise jurisdiction, essentially enabling it to "test the water before taking the swim." *Liberty Builders, Inc. v. Horton*, 336 S.C. 658, 666, 521 S.E.2d 749, 753–54 (Ct. App. 1999) (citation omitted).

An arbitration contract is like any other contract: if it exists, it will be enforced according to its terms. *Lampo v. Amedisys Holding, LLC*, 445 S.C. 305, 317, 914 S.E.2d 139, 146 (2025). And like any other contract, an arbitration contract is subject to the general rule that acts inconsistent with the continued assertion of a right may constitute waiver. *Hyload, Inc. v. Pre-Engineered Prods., Inc.*, 308 S.C. 277, 280, 417 S.E.2d 622, 624 (Ct. App. 1992). Moreover, a party seeking to establish waiver in the arbitration context is not required to show any prejudice resulting from a delay in the demand for arbitration. *See, Morgan v. Sundance, Inc.*, 596 U.S. 411, 417-18, 142 S. Ct. 1708, 1712–13, 212 L. Ed. 2d 753 (2022) (striking down an arbitration-specific

rule conditioning waiver on a showing of prejudice because “a court may not devise novel rules to favor arbitration over litigation.”); *Lampo*, 445 S.C. at 317, 914 S.E.2d at 146 (characterizing the decision in *Morgan* as the Supreme Court “unanimously rebuking the Eighth Circuit for creating ‘arbitration-specific variants of federal procedural rules’ based on the incorrect notion of a ‘policy favoring arbitration.’”).

Therefore, “waiver in the arbitration context, like waiver generally, is simply ‘the intentional relinquishment or abandonment of a known right.’” *SZY Holdings, LLC v. Garcia*, No. 23-1305, 2024 WL 3983944, at *2–3 (4th Cir. Aug. 29, 2024) (quoting *Morgan*, 596 U.S. at 419). The relevant question for this Court, then, is whether Medlytix waived whatever arbitration rights it may have had in this case through affirmative conduct inconsistent with those rights. *Maldini v. Marriott Int’l, Inc.*, 140 F.4th 123, 131 (4th Cir. 2025).

The Court finds that Medlytix waived its right to arbitration by voluntarily availing itself of the federal judicial forum. Ordinarily, bringing a suit based on the contract instead of relying on the arbitration provision constitutes a waiver of the right to arbitrate. *Hyload*, 308 S.C. at 280, 417 S.E.2d at 624. When a party removes a case to federal district court without at the same time asking the district court for an order compelling arbitration, it “manifest[s] an intention to resolve the dispute through the processes of the federal court.” *Cabinetree of Wisconsin, Inc. v. Kraftmaid Cabinetry, Inc.*, 50 F.3d 388, 390 (7th Cir. 1995). Medlytix engaged in affirmative conduct inconsistent with its asserted right to compel arbitration by voluntarily electing to remove this case to federal district court, electing to continue pursuing its attempt to voluntarily avail itself of the federal judicial forum even after Plaintiffs promptly moved for remand based on Medlytix’s failure to timely obtain Broad River’s consent to removal, a fatal procedural defect that required remand, and by intentionally sitting on its right to request arbitration until after the federal court foreclosed

its ability to resolve this case in a federal judicial forum. *Hyload*, 308 S.C. at 280, 417 S.E.2d at 624. The Court therefore finds that Medlytix waived its right to compel arbitration in this case.

Given the foregoing, Medlytix's Motion to Compel Individual Arbitration is **DENIED**.

IT IS SO ORDERED this _____ day of _____, 2025.

The Honorable Benjamin H. Culbertson
Assigned Circuit Court Judge



Charleston Common Pleas

Case Caption: Bettina Honeycutt , plaintiff, et al VS Broad River Physicians Group, Llc , defendant, et al

Case Number: 2024CP1004598

Type: Order/Compel

Presiding Circuit Court Judge

s/Benjamin H. Culbertson, Judge Code 2148