UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

BLUE CROSS BLUE SHIELD HEALTHCARE PLAN OF GEORGIA, INC., Plaintiff, v. HALOMD, LLC, HOSPITALIST MEDICINE PHYSICIANS OF GEORGIA – TCG, PC, AND SOUND PHYSICIANS EMERGENCY MEDICINE OF GEORGIA, P.C., Defendants.	Case No: 1:25-cv-02919-TWT AMENDED COMPLAINT DEMAND FOR JURY TRIAL

Plaintiff Blue Cross Blue Shield Healthcare Plan of Georgia, Inc. ("BCBSGA") hereby brings suit against HaloMD, LLC ("HaloMD") and Hospitalist Medicine Physicians of Georgia – TCG, PC and Sound Physicians Emergency Medicine of Georgia, P.C. (collectively, the "Provider Defendants"; and, together with HaloMD, "Defendants" and members of the "Sound Physicians Enterprise"). Based on personal knowledge as to the facts pertaining to its investigation, and upon information and belief as to all other matters, BCBSGA alleges as follows:

INTRODUCTION

1. Congress enacted the No Suprises Act ("NSA") to protect Americans from abusive healthcare providers who engaged in the financially devasting practice of "surprise billing" for out-of-network services. For patients,

the NSA provided significant protection against surprise bills. For the Sound Physicians Enterprise, however, the NSA provided the opportunity for fraud, enabling them to profit unlawfully at the expense of health plans like BCBSGA and its members.

2. Beginning no later than January 2024, HaloMD knowingly conspired with the Provider Defendants to flood the NSA's independent dispute resolution ("IDR") process with thousands of out-of-network services furnished by the Provider Defendants (who also exploited claims themselves) against BCBSGA that they knew were ineligible for the IDR process, resulting in millions of dollars in ill-gotten gains.

3. In furtherance of their scheme, Defendants: (1) use interstate wires to knowingly submit false and fraudulent attestations of eligibility for services and disputes that they know are ineligible for the IDR process, (2) strategically initiate massive volumes of IDR disputes simultaneously against BCBSGA, and (3) improperly inflate payment offers that far exceed what the Provider Defendants could have received from patients or health plans in a competitive market—and sometimes exceed the Provider Defendants' *own billed charges*.

4. Critically, Defendants knowingly made false statements, representations, and attestations at multiple stages throughout the IDR process. To access the IDR process in the first instance, Defendants falsify key elements as part of the initiation process, such as the type of health plan at issue, negotiation dates, and supporting documentation, in order to bypass mandatory regulatory

safeguards intended to filter out such ineligible disputes. Then, having fraudulently obtained access to the IDR process, they falsely attest that the disputes "are qualified item(s) and/or service(s) within the scope of the Federal IDR process." These misrepresentations are necessary to access the IDR process in the first instance—and to force payors like BCBSGA into costly arbitration proceedings that the system was designed to filter out.

5. This conduct is not isolated or incidental. It is the product of a coordinated effort by HaloMD and the Provider Defendants, who knowingly conspired to exploit the IDR process and fraudulently obtain exorbitant payments for out-of-network services at the expense of BCBSGA and other health care payors.

6. At the center of the scheme is HaloMD, a company that operates "[w]ith an exclusive focus on Independent Dispute Resolution (IDR)[.]" *See* https://halomd.com. HaloMD conspired with the Provider Defendants to systematically abuse the IDR process by flooding it with knowingly ineligible and inflated disputes. Critically, HaloMD does not itself provide services or bill claims; it relies on the Provider Defendants to supply the underlying claims and services that are then submitted for IDR, while HaloMD supplies the automation and the artificial intelligence infrastructure that enables the scheme to operate "at scale." *See id.*

7. The Provider Defendants consist of entities affiliated with Sound Physicians, a national hospital staffing company with a documented history of

overbilling federal healthcare programs. Rather than initiating IDR for eligible out-of-network services, the Provider Defendants, acting through and in concert with HaloMD, have knowingly flooded the IDR system with patently ineligible and inflated disputes.[1]

8. Together, HaloMD and the Provider Defendants have corrupted the IDR process for financial gain. Since no later than January 2024, Defendants have initiated thousands of knowingly ineligible disputes against BCBSGA. Indeed, ***most of the disputes on which Defendants received an IDR payment determination were on their face ineligible for the process***. Because these disputes on their face did not qualify for IDR, Defendants made false statements, representations, and attestations to fraudulently bypass the IDR safeguards. Through this scheme, Defendants fraudulently obtained millions of dollars in improper IDR awards from these ineligible disputes.

9. But Defendants' fraud and abuse did not stop at ineligible disputes. Defendants also deliberately exploited the IDR system to extract hundreds of awards that ***exceeded the amount the Provider Defendants had billed BCBSGA***, let alone the actual cost or market value of their services. Defendants' payment offers on ineligible disputes alone were ***more than 1,015%*** of the Qualifying

[1] As alleged in this Amended Complaint, HaloMD and the Provider Defendants knowingly and intentionally acted in concert and conspired with others who are not currently named as Defendants; namely, Sound Physicians, as well as other persons and entities, known and unknown, being persons employed by and associated with the Sound Physicians Enterprise, to conduct and participate, directly and indirectly, in the conduct of the enterprise's affairs, including the wrongful acts of wire fraud alleged herein.

Payment Amount ("QPA"), which generally represents the median in-network rate for the same service.

10. Defendants' fraudulent scheme (referred to herein as the "NSA Scheme") violated the federal Racketeering Influenced and Corrupt Organizations Act ("RICO"), 18 U.S.C. §§ 1961 *et seq.*, as well as other federal and state laws, as set forth herein. BCBSGA brings this action against Defendants—who, together with other co-conspirators, known and unknown, conspired to engage in the NSA Scheme, as set forth herein—to end Defendants' ongoing criminal enterprise and recover resulting damages.

THE PARTIES

11. Plaintiff BCBSGA is a Georgia corporation with its principal place of business in Atlanta, Georgia. BCBSGA is licensed as a Health Maintenance Organization in Georgia.

12. Defendant HaloMD is a Delaware limited liability company with a business address at 5080 Spectrum Drive, Suite 1100E, in Addison, Texas. HaloMD solicits and represents physician practices throughout the United States, including in Georgia.

13. Defendant Hospitalist Medicine Physicians of Georgia – TCG, PC ("HMP"), is a Georgia Professional Corporation. Its principal place of business is 120 Brentwood Commons Way, Suite 510, in Brentwood, Tennessee. Anthony Briningstool is its Chief Executive Officer, Chief Financial Officer, and Secretary.

14. Defendant Sound Physicians Emergency Medicine of Georgia, P.C. ("SPEMG"), is a Georgia Professional Corporation. Like the other Provider Defendant, its principal place of business is 120 Brentwood Commons Way, Suite 510, in Brentwood, Tennessee, and Anthony Briningstool is its Chief Executive Officer, Chief Financial Officer, and Secretary.

15. Upon information and belief, the Provider Defendants are subsidiaries and/or corporate affiliates of Sound Physicians, which advertises itself as a multi-specialty practice group with "over 4,000 physicians, advanced practice providers, CRNAs, and nurses" that partners with more than 400 hospitals across the United States and manages approximately six percent of all acute medical hospitalizations. *See* https://soundphysicians.com/about/why-sound/.

16. The Provider Defendants were all incorporated by persons located at 1498 Pacific Ave., Suite 400, in Tacoma, Washington 98402, which is also Sound Physicians' corporate headquarters. *See* https://www.soundphysicians.com/about/contact/. For example, Lindsay Vaughan, Associate General Counsel of Sound Physicians, served as the incorporator for Hospitalist Medicine Physicians of Georgia – TCG, PC, and has signed annual registration forms filed with the Georgia Secretary of State for all Provider Defendants.

JURISDICTION AND VENUE

17. This Court has subject matter jurisdiction pursuant to 18 U.S.C. § 1964, which gives federal district courts jurisdiction over civil RICO actions. This Court also has subject-matter jurisdiction pursuant to 28 U.S.C. § 1331, as this action arises under federal law, including the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. §§ 1001 *et seq.*, and the NSA, 42 U.S.C. § 300gg-111. The Court has supplemental jurisdiction over state law claims pursuant to 28 U.S.C. § 1367.

18. Venue is proper in this District under 28 U.S.C. § 1391 because a substantial part of the events or omissions giving rise to the claims occurred in this District and because BCBSGA is headquartered in this District and has suffered injury here.

BACKGROUND

I. BCBSGA Administers Health Care Claims and IDR Proceedings for Members, Plan Sponsors, Government Programs, and BlueCard Plans.

19. BCBSGA offers a broad range of health care and related plans, insurance contracts, and services to its plan sponsors, members, and insureds who enroll in a BCBSGA plan, including fully insured and self-funded employee health benefit plans. BCBSGA processes tens of millions of health care claims annually and is responsible for ensuring that claims are paid accurately and in accordance with plan terms. As a critical part of that responsibility, BCBSGA is authorized to undertake efforts to safeguard and protect itself, its members and

insureds, and the various employer group health plans it administers, from fraud, waste, and abuse—like the fraud Defendants are perpetrating here.

20. BCBSGA administers claims and benefits for several different types of health care plans relevant to this Amended Complaint.

21. First, BCBSGA issues and administers health plans and insurance contracts, where BCBSGA collects premiums and is financially responsible for any benefits paid out under the plan terms or pursuant to law. BCBSGA sells these products either directly to consumers, such as through the Federally Facilitated Marketplace and Georgia Access, or to small or large employer groups who offer coverage to their employees but do not themselves insure the loss under the plan. These products are typically subject to state regulation, including state laws prohibiting surprise billing and mandating payment for certain out-of-network claims.

22. Second, BCBSGA administers self-funded plans, typically offered by large employers to their employees. These employers self-insure the plan and are financially responsible for any payment of benefits or other losses. Because employers often lack infrastructure to provide health insurance to their consumers, these plans contract with BCBSGA for administrative services, such as provider network development, customer service, and claims pricing and adjudication. These plans often delegate authority to BCBSGA to administer the IDR process on behalf of the plans, and the plans typically (though not always) reimburse BCBSGA for any awards resulting from IDR. These plans are

generally exempt from state insurance laws, including state surprise billing regulations, unless the plan chooses to opt into the state law. Instead, these plans are subject to ERISA.

23. Third, BCBSGA administers government program claims, such as through the Medicare Advantage program or Medicaid managed care. Government program claims are exempt from NSA requirements and ineligible for IDR.

24. Fourth, pursuant to the BlueCard program, BCBSGA acts as a "Host Plan" to other independent Blue Cross and/or Blue Shield "Home Plans" whose members obtain treatment from providers in BCBSGA's service area in Georgia. As a Host Plan, BCBSGA manages and participates in IDR proceedings that are initiated by providers in BCBSGA's Georgia service area for non-BCBSGA plans whose members receive treatment from the initiating Georgia provider.

25. While BCBSGA administers different types of health plans, providers generally know what type of health care coverage the patient has. Providers require proof of insurance at the point of service to submit claims to the health plan, and the member's health insurance card identifies the nature of the member's coverage. When BCBSGA issues payment on a claim, the payment is accompanied by an explanation of payment ("EOP"), which includes information about the member's coverage, among other information.

II. Before the NSA, Out-of-Network Physicians Exploited American Consumers with Surprise Medical Bills.

26. Health plans like BCBSGA contract with a network of health care providers, including hospitals and physicians, from whom their members may obtain "in-network" care. Such contracts govern the rate for the relevant services and prohibit the providers from billing patients above that amount. Generally, patients receive better and more affordable health care coverage when receiving treatment from "in-network" providers. However, patients can also choose to obtain treatment from out-of-network providers, which have no contract with their health plan. Because out-of-network providers are not bound by contractual billing limitations, patients typically pay more when they elect to receive care from out-of-network providers.

27. However, there are certain situations in which a patient has no ability to choose between in- and out-of-network care. One example is when a patient is suffering from a medical emergency and receives treatment at the nearest emergency room, where the on-call physician may not be in the patient's health plan's network. Another example is when a patient visits an in-network hospital but unknowingly receives treatment from an out-of-network physician. Before the passage of the NSA in 2022, out-of-network emergency and hospital-based providers like the Provider Defendants, air ambulance providers, pathology providers, and intraoperative neuromonitoring ("IONM") providers capitalized on patients' lack of meaningful choice in these circumstances.

28. Prior to the enactment of the NSA, these types of out-of-network providers widely engaged in the aggressive and financially devastating practice of "surprise billing." Specifically, the providers would exploit patients' inability to choose an in-network provider and bill the patient for the difference between their "inflated," "non-market-based rates"—known as "billed charges"—and the amounts paid by health plans. H.R. Rep. No. 116-615 (2020), at 53, 57. Surprise billing was particularly rampant among physician groups backed by private equity, like the Provider Defendants. For instance, a Sound Physicians subsidiary was exposed in the press for balance billing patients who chose to visit an in-network hospital for emergency services but received an unexpected and very large medical bill because the physician who provided their emergency care was out-of-network with their insurance. *See* C. Nylander, *N4T INVESTIGATORS: Sierra Vista patients claim they were overbilled by physicians' group*, News4Tucson (Apr. 20, 2022), available at https://www.kvoa.com/news/n4t-investigators-sierra-vista-patients-claim-they-were-overbilled-by-physicians-group/article_e4321afc-c104-11ec-80f8-ab2a3169ad18.html (last visited May 25, 2025).[2]

[2] Balance billing is not the only bad conduct in the Provider Defendants' history—in 2013, the Department of Justice ordered another affiliate based in Washington to pay $14.5 million for overbilling Medicare and other federal healthcare programs. *See* Press Release, *Bills Claimed Higher Level of Service Than Was Documented*, Dep't of Justice (July 3, 2013), available at https://www.justice.gov/archives/opa/pr/tacoma-wash-medical-firm-pay-145-million-settle-overbilling-allegations (last visited May 25, 2025).

29. Prior to the NSA, surprise billing providers like the Provider Defendants held "substantial market power." They were able to "charge amounts for their services that … result[ed] in compensation far above what is needed to sustain their practice" because they "face highly inelastic demands for their services because patients lack the ability to meaningfully choose or refuse care." H.R. Rep. No. 116-615, at 53. Surprise billing providers like the Provider Defendants reaped massive profits by issuing surprise medical bills to patients and had little incentive to contract with health plans like BCBSGA to offer more affordable health care services to American consumers.

30. Congress called this framework a "market failure" that was having "devastating financial impacts on Americans and their ability to afford needed health care." *Id.* at 52. In response to such abuses by providers, Congress enacted the NSA.

III. The No Surprises Act Created an Independent Dispute Resolution Process for Specific Qualified IDR Items and Services.

31. Effective January 1, 2022, the NSA banned surprise billing for three categories of out-of-network care: (1) emergency services; (2) non-emergency services by out-of-network providers at in-network facilities; and (3) air ambulance services. *See* 42 U.S.C. §§ 300gg-131, 300gg-132, and 300gg-135. To be subject to the NSA and IDR, healthcare services must fall into one of these three categories and meet other statutory and regulatory requirements described below.

32. When enacting the NSA, Congress also found "that any surprise billing solution must comprehensively protect consumers by 'taking the consumer out of the middle' of surprise billing disputes." H.R. Rep. No. 116-615, at 55. Thus, the NSA created a separate framework outside the judicial process for health plans and providers to resolve specific types of eligible surprise billing disputes. *See* 42 U.S.C. § 300gg-111(c). The framework consists of (1) open negotiations—a required 30-business-day period to try resolving the dispute informally; (2) an IDR process for "qualified IDR items and services" if no agreement is reached; and (3) if applicable, a binding payment determination from private parties called certified IDR entities ("IDREs").

33. When a health plan receives a claim for out-of-network services subject to the NSA (*i.e.*, emergency services, services provided at an in-network facility by an out-of-network provider, or air ambulance services), the health plan will make an initial payment or issue a notice of denial of payment within 30 days. *See* 42 U.S.C. § 300gg-111(a)(1)(C)(iv)(I). The health plan's EOP includes, among other information, a phone number and email address for providers to seek further information or initiate open negotiations. *See* 45 C.F.R. § 149.140(d)(2).

34. If the provider is dissatisfied with the initial payment, then the provider or its designee may initiate open negotiations with the health plan by providing formal written notice to the health plan within 30 business days of the initial payment or notice of denial. 42 U.S.C. § 300gg-111(c)(1)(A). After

initiating open negotiations, the provider must attempt in good faith to negotiate a resolution with the health plan over that 30-day period. *See id.*

35. If the provider initiates and exhausts the 30-day open negotiations period, and "the open negotiations … do not result in a determination of an amount of payment for [the] item or service," then the provider may initiate the IDR process. *See* 42 U.S.C. § 300gg-111(c)(1)(B); 45 C.F.R. § 149.510(b)(2)(i). The IDR process is only available to providers who first initiate and exhaust open negotiations with the health plan. *See id.* Providers must initiate the IDR process within four business days after the 30-day open negotiations period has been exhausted. *See id.*

36. The 30-day open negotiations period is a central requirement of the IDR process. Indeed, Congress explained that one of the primary purposes of the NSA was to ensure that health care providers, including hospitals and doctors, and payors, including insurance companies and self-funded plans, are incentivized to resolve their differences amongst themselves. *See* Brady Opening Statement at Full Committee Markup of Health Legislation (Feb. 12, 2020), available at https://waysandmeans.house.gov/2020/02/12/brady-opening-statement-at-full-committee-markup-of-health-legislation-3/.

37. Further, the IDR process is also only available for a "qualified IDR item or service" eligible for the process. 42 U.S.C. § 300gg-111(c)(1); 45 C.F.R. § 149.510(a)(2)(xi), (b)(1), (b)(2). To be considered a qualified IDR item or

service within the scope of the IDR process, the following conditions must be met:

a. The underlying services are within the NSA's scope, meaning they are out-of-network emergency services, non-emergency services at participating facilities, or air ambulance services, and also of a coverage type subject to the NSA (*e.g.*, not government programs like Medicare or Medicaid);

b. A state surprise billing law (referred to as a "specified state law" in the NSA) does not apply to the dispute;

c. The underlying services were covered by the patient's health benefit plan (*i.e.*, payment was not denied);

d. The patient did not waive the NSA's balance billing protections;

e. The provider initiated and exhausted open negotiations;

f. The provider initiated the IDR process within 4 business days after the open negotiations period was exhausted; and

g. The provider has not had a previous IDR determination on the same services and against the same payor in the previous 90 calendar days.

42 U.S.C. § 300gg-111(c)(1)(B); 45 C.F.R. §§ 149.510(a)(2)(xi), (b)(2).

38. Relevant to state surprise billing laws, which impact eligibility for IDR, the NSA defines a specified state law as "a State law that provides for a method for determining the total amount payable under such a plan, coverage, or issuer, respectively … in the case of a participant, beneficiary, or enrollee covered under such plan or coverage and receiving such item or service from such a nonparticipating provider or nonparticipating emergency facility." 42 U.S.C. § 300gg-111(a)(3)(I); 45 C.F.R. § 149.30 (same).

39. The Centers for Medicare & Medicaid Services ("CMS"), the federal agency within the Department of Health and Human Services ("HHS") that is primarily charged with implementing the IDR process, has issued several resources to aid interested parties in determining whether a state surprise billing law exists. *See, e.g.*, CAA Enforcement Letters, available at https://www.cms.gov/marketplace/about/oversight/other-insurance-protections/consolidated-appropriations-act-2021-caa (last accessed May 19, 2025); Chart for Determining the Applicability for the Federal Independent Dispute Resolution (IDR) Process (Jan. 13, 2023), available at https://www.cms.gov/files/document/caa-federal-idr-applicability-chart.pdf (last accessed May 19, 2025).

40. Georgia has a specified state law called the Surprise Billing Consumer Protection Act, codified at O.C.G.A. § 33-20E-1 *et seq.*; *see* Georgia CAA Enforcement Letter (Dec. 13, 2021), available at https://www.cms.gov/cciio/programs-and-initiatives/other-insurance-protections/caa-enforcement-letters-georgia.pdf (last accessed May 24, 2025) (the "SBCPA"). Self-insured health plans governed by ERISA are exempt from the SBCPA, Ga. Code Ann. § 33-20E-3, unless they opt in. Ga. Code Ann. § 33-20F-2.

41. For out-of-network emergency services and non-emergency services at in-network facilities, the SBCPA requires payment at the greatest of: (1) the

verifiable contracted amount[3] paid by all eligible health plans subject to the statute for the same or similar services, as reflected in the Georgia All-Payer Claims Database; (2) the most recent verifiable amount agreed to by the health plan and the nonparticipating provider for the provision of the same or similar services; and (3) any higher amount the health plan deems appropriate given the complexity of the circumstances. *See* O.C.G.A. §§ 33-20E-4(b)(1)–(3), 33-20E-5(b)(1)–(3); Ga. Comp. R. & Regs. r. 120-2-106-.05(2)(a)–(c); *see also* Ga. Comp. R. & Regs. r. 120-2-106-.09 (reflecting establishment of the All-Payer Claims Database). Georgia also provides for its own dispute resolution mechanism if the provider is dissatisfied with payment. *See* O.C.G.A. § 33-20E-9; Ga. Comp. R. & Regs. r. 120-2-106-.10.

42. The NSA also imposes certain other requirements for services submitted to IDR in addition to the fact they are qualified IDR items or services. For example, when a party submits multiple separate services to different patients in a single dispute, they must comply with the NSA's "batching rules." These batching rules require that the services be rendered to members of the same insurer or self-funded health plan during a 30-business-day period by the same provider and for treatment of the same or similar medical condition. *See* 42 U.S.C. § 300gg-111(c)(3)(A). Further, parties are prohibited from initiating IDR disputes

[3] The "contracted amount" is defined as the median in-network amount paid during the 2017 calendar year by an insurer for the emergency or nonemergency services provided by in-network providers engaged in the same or similar specialties and provided in the same or nearest geographical area, adjusted for inflation annually. O.C.G.A. § 33-20E-2(b)(2).

involving the same parties and items or services during a 90-day period following an IDR determination, also known as the "cooling off period." *See id*. at § 300gg-111(c)(5)(E)(ii).

43. When initiating the IDR process, providers must, among other things, submit an attestation that the items and services in dispute are qualified IDR items or services within the scope of the IDR process. *See* 45 C.F.R. § 149.510(b)(2)(iii)(A)(6); *see also* Notice of IDR Initiation Form, U.S. Dep't of Labor, available at https://www.dol.gov/sites/dolgov/files/ebsa/laws-and-regulations/laws/no-surprises-act/notice-of-idr-initiation.pdf. A copy of the IDR initiation form, including the attestation, are provided to the non-initiating party, the IDRE, and the Departments of Health and Human Services ("HHS"), Labor ("DOL"), and Treasury (collectively, the "Departments").

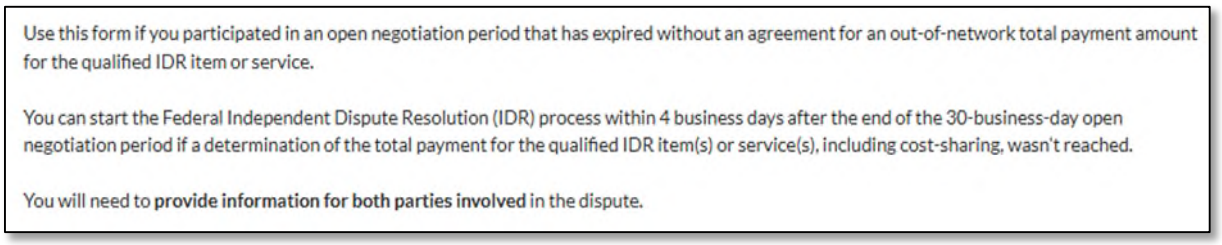
A. The IDR Initiation Process Notifies Initiating Parties of Ineligible Disputes.

44. Parties must initiate the IDR process online through a federal website called the "IDR Portal." The website for submissions is https://nsa-idr.cms.gov/paymentdisputes/s/.

45. The online process for initiating IDR is designed to notify initiating parties of facts that render services and disputes ineligible and prevent parties from mistakenly submitting ineligible items or services. Indeed, upon information and belief, the IDR process depends on truthful attestations from submitting parties in order to weed out ineligible disputes, and submitting a flood

of ineligible disputes can overwhelm the IDR process and give rise to results not intended by Congress. The initiation and attestation process is the first line of defense against these consequences.

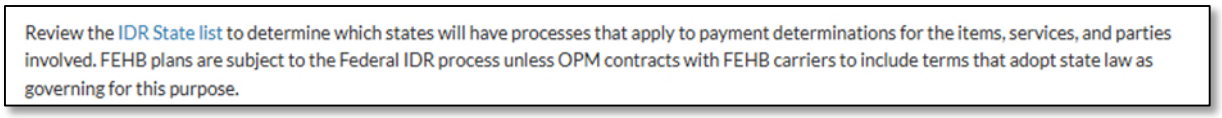
46. The first page of the website specifies that parties may "[u]se this form if you participated in an open negotiation period that has expired without agreement for an out-of-network total payment amount for the qualified IDR item or service."


Use this form if you participated in an open negotiation period that has expired without an agreement for an out-of-network total payment amount for the qualified IDR item or service.

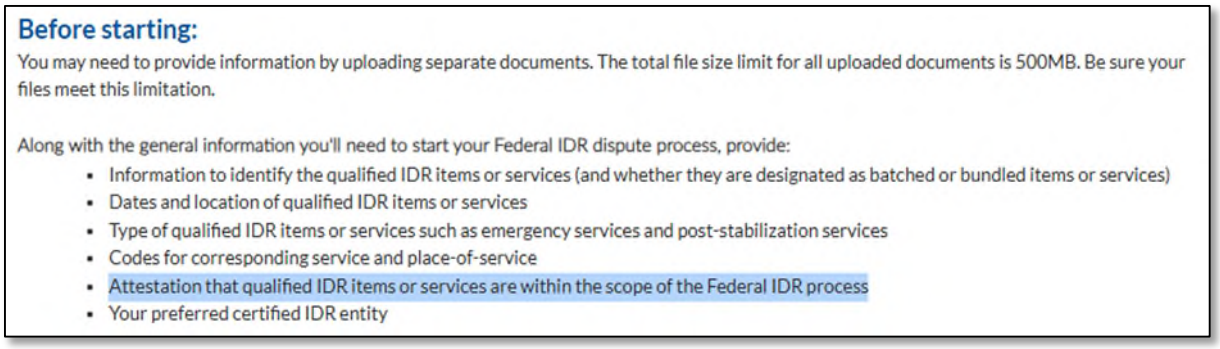
You can start the Federal Independent Dispute Resolution (IDR) process within 4 business days after the end of the 30-business-day open negotiation period if a determination of the total payment for the qualified IDR item(s) or service(s), including cost-sharing, wasn't reached.

You will need to **provide information for both parties involved** in the dispute.

47. The first page also provides a link to a list of states with specified state laws that render certain disputes ineligible for the IDR process:

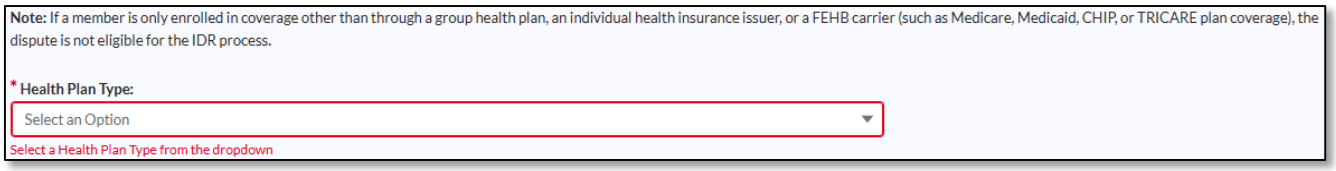

Review the IDR State list to determine which states will have processes that apply to payment determinations for the items, services, and parties involved. FEHB plans are subject to the Federal IDR process unless OPM contracts with FEHB carriers to include terms that adopt state law as governing for this purpose.

48. Before initiating the IDR process, parties must agree to certain terms and conditions. The terms and conditions include a notice that the initiating party must submit an "[a]ttestation that qualified IDR items or services are within the scope of the Federal IDR process."

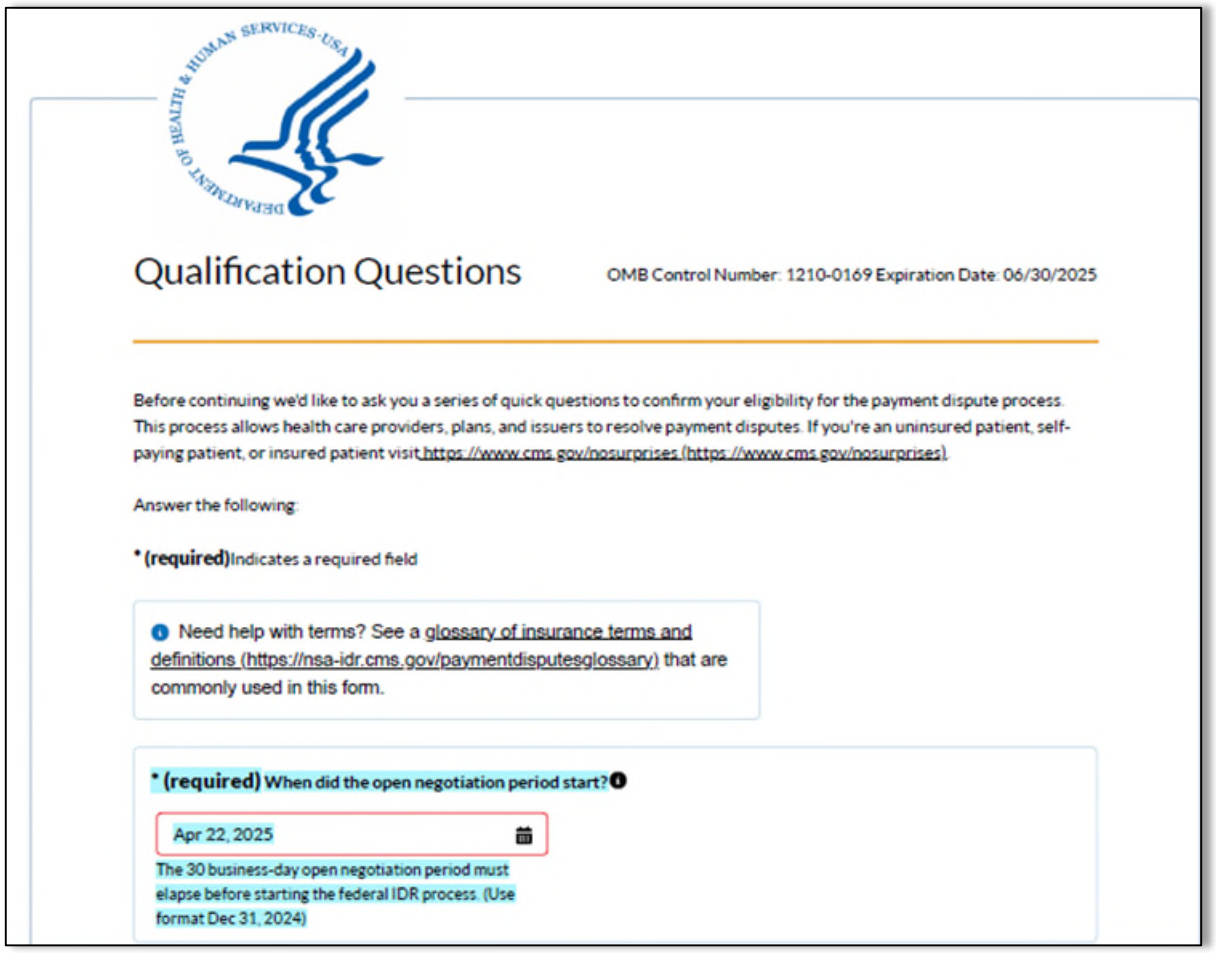


49. After agreeing to the terms and conditions, initiating parties must then answer "Qualification Questions" through an online form. If the answers to the Qualification Questions indicate that the dispute is not eligible for IDR, the form will provide an alert and prevent the initiating party from proceeding.

50. For example, the first page of the Qualification Questions on the federal IDR website requires the initiating party to select a "Health Plan Type." The page makes clear that if the member is enrolled in a Medicare or Medicaid plan, "the dispute is not eligible for the IDR process." Initiating parties cannot select a Medicare or Medicaid plan option and proceed with the initiation process.



51. As another example, the Qualification Questions on the federal IDR website asks when the party began the open negotiation process. That question as it appears on the website is below:



Qualification Questions

OMB Control Number: 1210-0169 Expiration Date: 06/30/2025

Before continuing we'd like to ask you a series of quick questions to confirm your eligibility for the payment dispute process. This process allows health care providers, plans, and issuers to resolve payment disputes. If you're an uninsured patient, self-paying patient, or insured patient visit https://www.cms.gov/nosurprises (https://www.cms.gov/nosurprises).

Answer the following:

* **(required)** Indicates a required field

Need help with terms? See a glossary of insurance terms and definitions (https://nsa-idr.cms.gov/paymentdisputesglossary) that are commonly used in this form.

* **(required)** When did the open negotiation period start?

Apr 22, 2025

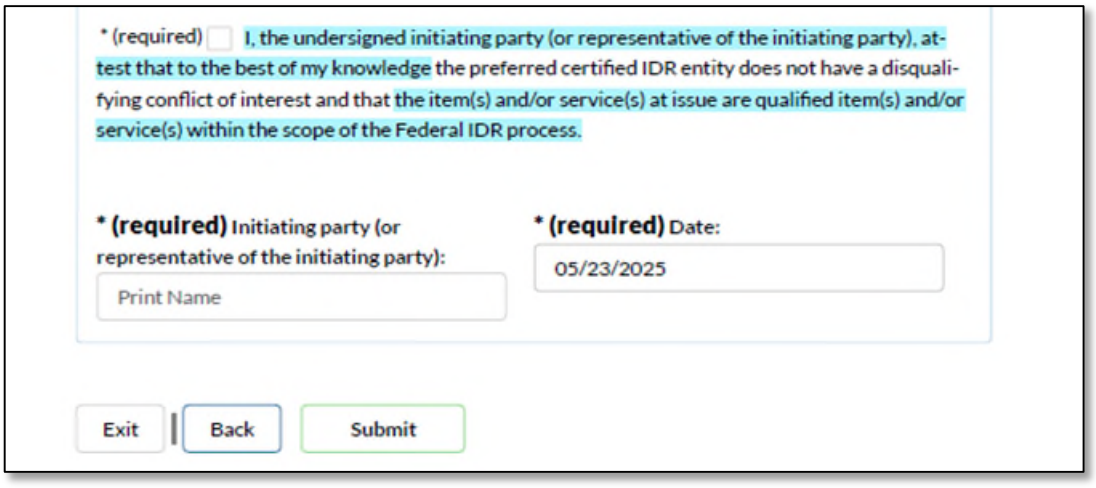
The 30 business-day open negotiation period must elapse before starting the federal IDR process. (Use format Dec 31, 2024)

52. Parties must exhaust the 30-business-day open negotiation period before either party may initiate the federal IDR process. If the initiating party enters a date that is not at least 31 days before the date of website submission, the IDR Portal will not permit the initiating party to proceed and seek payment for the service.

53. Further, if the IDR initiation is not within four business days of the end of the 30-day open negotiation period, the initiating party must provide a reason why they are eligible for an extension and provide supporting documentation.

54. After successfully completing the Qualification Questions, the initiating party is asked to complete the Notice of IDR Initiation. The initiating party must provide a variety of relevant information, including the name and contact information of the health care provider, the claim number, the date of the service, the QPA—generally their median in-network rate for the same service in the same geographic area—for the qualified IDR item or services at issue, and documentation supporting these facts.

55. At the end of this process, the submitting party must attest, via electronic signature, that the "item(s) and/or service(s) at issue are qualified item(s) and/or services(s) within the scope of the Federal IDR process."



56. A copy of the Notice of IDR Initiation—including the initiating party's attestation that that the "item(s) and/or service(s) at issue are qualified item(s) and/or services(s) within the scope of the Federal IDR process"—is provided to the non-initiating party (*i.e.*, the health plan), the IDRE, and the Departments.

57. As illustrated above, at every stage of this online process, the system is designed to filter out ineligible disputes. To push through an ineligible dispute, the initiating party must make affirmative false statements, representations, and attestations regarding the eligibility for IDR. When a party initiates the IDR process, it has full knowledge of the requirements and limits of the IDR process.

58. HHS administers the IDR initiation process. Any submission made through this system is a statement made to the federal government, and any attestation made as part of the submission process is also made to the federal government. False attestations to the federal government can violate 18 U.S.C. § 1001.

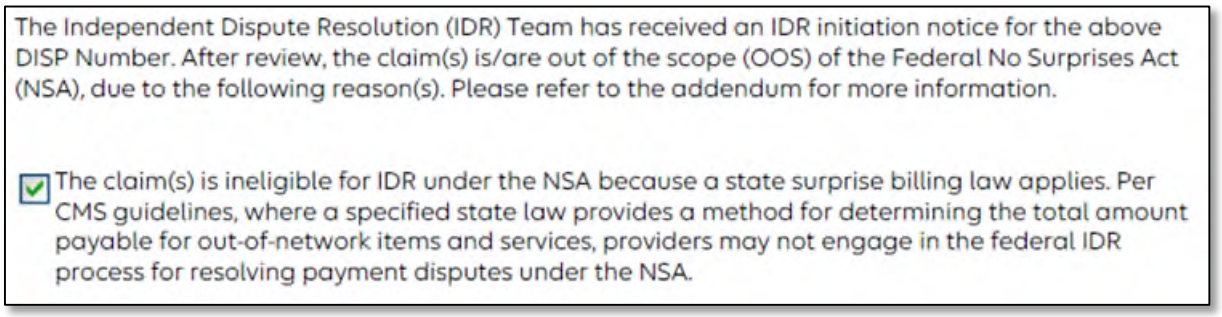
B. BCBSGA Also Informs Providers of Ineligible Disputes, Including Those Subject to State Surprise Billing Laws

59. In addition to the mechanisms built into the IDR claim initiation process designed to weed out ineligible claims, BCBSGA also affirmatively sends communications informing providers when services are ineligible for the NSA's IDR process.

60. For example, when providers initiate negotiations for items and services subject to Georgia's SBCPA, BCBSGA notifies the provider that the "***[c]laim is not governed by the Federal No Surprises Act***."

61. And even when providers ignore BCBSGA's negotiations communications for items and services subject to Georgia's SBCPA, BCBSGA

informs the provider or designee that the items or services are "***ineligible for IDR under the NSA because a state surprise billing law applies***."


The Independent Dispute Resolution (IDR) Team has received an IDR initiation notice for the above DISP Number. After review, the claim(s) is/are out of the scope (OOS) of the Federal No Surprises Act (NSA), due to the following reason(s). Please refer to the addendum for more information.

☑ The claim(s) is ineligible for IDR under the NSA because a state surprise billing law applies. Per CMS guidelines, where a specified state law provides a method for determining the total amount payable for out-of-network items and services, providers may not engage in the federal IDR process for resolving payment disputes under the NSA.

62. Like the Qualification Questions and IDR initiation process, BCBSGA's communications of ineligibility during open negotiations and/or after IDR initiation help ensure that providers do not mistakenly pursue the IDR process for non-qualified items or services that are outside the scope of the process.

C. If Applicable, IDREs Make Payment Determinations Which Are Subject to Judicial Review When Procured by Fraud

63. After the provider initiates the IDR process, the parties select, or HHS appoints, an IDRE. 42 U.S.C. § 300gg-111(c)(4)(F). The IDRE performs two tasks.

64. *First*, the IDRE is required by regulation to "determine whether the Federal IDR process applies." 45 C.F.R. § 149.510(c)(1)(v). In making this determination, the IDRE is directed to "review the information submitted in the notice of IDR initiation" ***with the provider's attestation of eligibility***. 45 C.F.R. § 149.510(c)(1)(v). In practice, this is a cursory review by the IDRE based on incomplete, one-sided information. The layers of safeguards in the IDR initiation

process—including the Qualification Questions and provider attestations—are intended to prevent providers from initiating the IDR process with ineligible disputes at the outset, before the dispute reaches the IDRE. Once a dispute reaches the IDRE, the initiating party has already bypassed those safeguards and affirmatively attested to the eligibility of the dispute, and the IDRE reviews the notice of IDR initiation with the affirmative attestation to determine eligibility. *See id.*

65. *Second*, if the IDRE determines the IDR process applies, then the IDRE proceeds to a payment determination. 42 U.S.C. § 300gg-111(c)(5)(A).

66. IDR payment determinations resemble a baseball-style arbitration where the provider and health plan each submit an offer, and the IDRE selects one party's offer as the out-of-network rate. 42 U.S.C. § 300gg-111(c)(5)(B).

67. In making its determination, the IDRE must consider the QPA—which, through a calculation methodology prescribed by federal regulation, approximates the health plan's median in-network contracting rate for the services—and several "additional circumstances," such as training, experience, and quality of the provider, its market share, and the acuity of the patient, among others. 42 U.S.C. § 300gg-111(c)(5)(C). IDREs cannot consider, among other things, the provider's charges. 42 U.S.C. § 300gg-111(c)(5)(D) (IDREs "shall not consider … the amount that would have been billed by such provider or facility . . ."). Congress reasoned that permitting IDREs to "consider non-market-

based rates such as the providers' billed charges … may drive up consumer costs." H.R. Rep. No. 116-615, at 57.

68. The NSA states that an IDR determination is "binding" unless there was "a fraudulent claim or evidence of misrepresentation of facts presented to the IDR entity involved regarding such claim[.]" 42 U.S.C. § 300gg-111(c)(5)(E)(i).

69. Parties to IDR proceedings are responsible for payment of two fees. First, both parties must pay a non-refundable administrative fee—currently $115—when the dispute is initiated. This fee is not recoverable even when the IDRE determines that the dispute does not qualify for IDR, or even when the initiating party later voluntarily withdraws the dispute. Second, both parties must pay an IDRE fee before the IDRE makes the payment determination. The IDRE fee is set by the specific IDRE and depends on the type of IDR submitted, but ranges from $200 to $1,173. The party whose offer is selected by the IDRE is refunded its IDRE fee, meaning it is only responsible for the $115 administrative fee. The non-prevailing party is responsible for both the administrative fee and the IDRE fee.

70. Notably, IDREs are only compensated when a dispute reaches a payment determination. *See* 42 U.S.C. § 300gg-111(c)(5)(F). They do not receive compensation when dismissing a dispute due to the ineligibility of the service. *See id.* And because IDREs are compensated on a per-dispute basis, they receive greater compensation when there are a greater total number of disputes.

71. The NSA permits judicial review of individual IDR determinations "in a case described in any of paragraphs (1) through (4) of section 10(a) of title 9" of the Federal Arbitration Act ("FAA"). 42 U.S.C. § 300gg-111(c)(5)(E)(i)(II). This includes the following:

> a. where the award was procured by corruption, fraud, or undue means;
>
> b. where there was evident partiality or corruption in the arbitrators, or either of them;
>
> c. where the arbitrators were guilty of misconduct in refusing to postpone the hearing, upon sufficient cause shown, or in refusing to hear evidence pertinent and material to the controversy; or of any other misbehavior by which the rights of any party have been prejudiced; or
>
> d. where the arbitrators exceeded their powers, or so imperfectly executed them that a mutual, final, and definite award upon the subject matter submitted was not made.

9 U.S.C. § 10(a)(1)–(4).

DEFENDANTS' FRAUDULENT NSA SCHEME

72. Beginning no later than January 2024, Defendants launched the NSA Scheme to defraud BCBSGA by fraudulently submitting thousands of knowingly ineligible IDR disputes to BCBSGA. To effectuate this scheme, Defendants made false statements, representations, and attestations regarding their eligibility for IDR under the NSA. These disputes were not merely erroneous; they were fraudulent.

73. The Sound Physicians Enterprise consists of HaloMD and the Provider Defendants, who associated together with the common purpose of

engaging in a course of conduct to conduct the NSA scheme. The core of the NSA Scheme relies on the Sound Physicians Enterprise's calculated bet: that their repeated misrepresentations that the submitted disputes met the criteria for the federal IDR process would not be caught. And they were not. ***Most of the disputes submitted by Defendants that reached a payment determination were categorically ineligible for the IDR process***. As a result of these ineligible disputes, since 2024, BCBSGA's records show that Defendants have fraudulently secured improper IDR awards totaling ***over $5.6 million***.

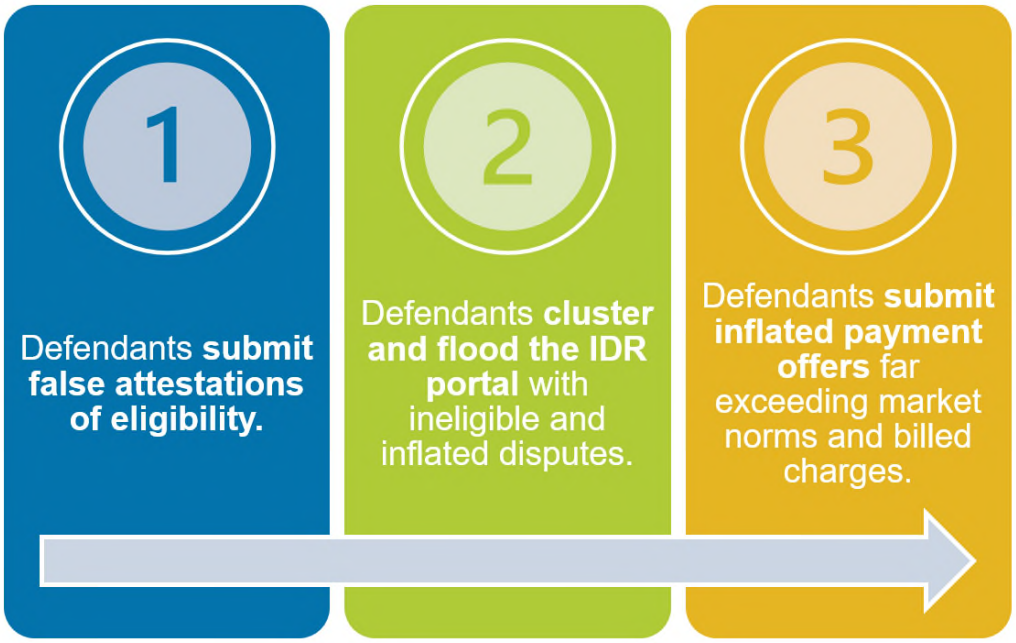
74. As alleged herein, IDR is only available for specific categories of disputes, subject to strict statutory and regulatory criteria. However, Defendants submit false attestations through the IDR portal, claiming eligibility for disputes involving: (1) services and disputes governed by a specified state law (*i.e.*, the Georgia SBCPA); (2) Medicaid- or Medicare-governed services for which the NSA does not apply; (3) services not covered by the patient's plan; (4) disputes for which Defendants failed to initiate or pursue open negotiations; and (5) disputes already resolved or barred by timing rules.

75. Defendants have pulled off the NSA Scheme by exploiting the scale and automation of artificial intelligence ("AI"). Promoting their use of AI in IDR submissions, HaloMD, on behalf of and in coordination with the Provider Defendants, have flooded the IDR system with fraudulent disputes at an industrial scale, deliberately overwhelming IDR safeguards and enabling payment on their fraudulent disputes.

76. Defendants' NSA Scheme involves three related tactics. ***First***, using interstate wires, Defendants make repeated false statements, representations, and attestations of eligibility to BCBSGA, the IDREs, and the Departments. ***Second***, Defendants manipulate the IDR process by strategically submitting massive numbers of open negotiations and IDR initiations—most of which are patently ineligible for IDR—in an attempt to overwhelm the ability of health plans like BCBSGA to contest claims, confuse and swamp IDREs, and manipulate the IDR process. ***Third***, Defendants submit false and inflated requests for payment that they could never receive on the open market, including many that exceed the Provider Defendants' own billed charges. *See* H.R. Rep. No. 116-615 (2020), at 53, 57 (noting that billed charges should not be considered in the IDR process because they are "inflated," arbitrary, and "non-market-based" figures).

77. Through the NSA Scheme, Defendants intentionally turned the NSA's IDR process into the vehicle for their fraud scheme.

78. This multi-step process is depicted visually in the diagram below:



I. Defendants Knowingly Make False Attestations of Eligibility to Initiate the IDR Process

79. When flooding the IDR process with ineligible disputes against BCBSGA, the Provider Defendants, and HaloMD on behalf of the Provider Defendants, make repeated false statements, representations, and attestations that the items or services in dispute are "qualified item(s) and/or service(s) within the scope of the Federal IDR process" when, in fact, they know they are not. *See* 45 C.F.R. § 149.510(b)(2)(iii)(A)(6); *see also* Notice of IDR Initiation Form, U.S. DEP'T OF LABOR, available at https://www.dol.gov/sites/dolgov/files/ebsa/laws-and-regulations/laws/no-surprises-act/notice-of-idr-initiation.pdf. Defendants make these false attestations and representations to BCBSGA, the IDRE, and the Departments.

80. The items and services that Defendants falsely attest are "qualified item(s) and service(s) within the scope of the Federal IDR process" are patently ineligible and Defendants know they are ineligible when making their false attestations.

81. As noted above, the online process for initiating IDR is designed to—and does—notify initiating parties of the kinds of disputes that are ineligible in an effort to prevent parties from inadvertently submitting ineligible items or services.

82. As one example, the first page of the IDR initiation process (1) provides a link to states—like Georgia—that have surprise billing laws that may render the NSA is inapplicable, and (2) informs initiating parties that they must submit an attestation that the services at issue are qualified IDR items or services within the scope of the Federal IDR process. The purpose of providing this information on the first page of the federal IDR Portal before starting the IDR initiation process is to prevent parties from initiating the IDR process for services subject to a specified state law. Notably, CMS also publishes charts and other resources to inform providers of the states with surprise billing laws and the scope and applicability of those laws. *See* Notice of IDR Initiation, HHS, available at https://nsa-idr.cms.gov/paymentdisputes/s/; *see also, e.g.*, CAA Enforcement Letters, CMS, *supra*; Chart for Determining the Applicability for the Federal Independent Dispute Resolution (IDR) Process, CMS, *supra*.

83. Moreover, as part of the IDR initiation process, initiating parties must also identify, among other things, the specific date that they initiated open negotiations, the type of health plan coverage for the patient who received the services, and an affirmative attestation that the "item(s) and service(s) at issue are qualified items and/or service(s) within the scope of the Federal IDR process." Defendants must affirmatively make false statements in order to push their ineligible services through the IDR process; if not, the system would block these ineligible services from proceeding. Of course, the IDR Portal is not equipped to block disputes wherein the provider is misrepresenting information about the relevant plan, service, or dispute. The IDR Portal takes the information inputted by the provider as true and relies on truthful and accurate submissions by claimants.

84. In addition, BCBSGA often directly notifies the Defendants that the items or services at issue in their IDR initiation are ineligible. These notifications inform Defendants that their submissions violate the NSA's eligibility requirements. Yet despite receiving this information, Defendants routinely proceed with their IDR disputes anyway—demonstrating not only their knowledge of the fraud, but their intentional and ongoing participation in it. This further underscores the knowing, coordinated nature of their scheme.

85. For example, Defendants initiate the IDR process despite failing to initiate or pursue open negotiations. Open negotiation is a prerequisite to IDR; providers must attempt to negotiate a resolution with health plans before initiating

the IDR process. Yet Defendants submitted numerous disputes for services ***where no open negotiation occurred***. BCBSGA's records reflect scores of disputes involving this very issue, and therefore, Defendants affirmatively misrepresented these disputes in the IDR initiation forms.

86. Such disputes cannot proceed through the IDR Portal by inadvertence or neglect on the part of Defendants. But Defendants knowingly make false statements and representations to get past this step by fabricating a start date for the open negotiation period and/or by generating a fictitious justification for an extension. Each of Defendants' electronic submissions to the Departments and the IDRE for these ineligible disputes constitutes an overt act in furtherance of their wire fraud scheme; Defendants had to put in a fabricated date, upload false documentation, generate a fictitious justification for an extension, and/or otherwise overcome the IDR system's safeguards to get their disputes submitted.

87. As another example, Defendants initiated fraudulent IDR disputes for services rendered to members enrolled in a BCBSGA Medicaid or Medicare plan, even though the NSA is inapplicable to these government programs. Defendants also routinely initiated IDR disputes for services subject to the Georgia SBCPA even though the NSA is inapplicable to such services. In addition to the IDR initiation process and Qualification Questions, which make clear that such services are not within the scope of the IDR process, BCBSGA's EOPs, responses to negotiations, and objections to eligibility after IDR initiation

informed Defendants that these items and services were ineligible for the federal IDR process.

88. Typically, HaloMD—the hub of this NSA Scheme—makes these false attestations of eligibility when initiating the IDR process on behalf of the Provider Defendants, with the full knowledge of the Provider Defendants, and in furtherance of the NSA Scheme. And in other instances, the Provider Defendants initiate the knowingly ineligible IDRs themselves or on each other's behalf.

89. In sum, the Provider Defendants are fully aware of the false attestations that HaloMD submits in their names and actively participate in the scheme by authorizing, directing, or ratifying the submissions. Their coordination with HaloMD is deliberate, sustained, and central to the execution of the NSA Scheme.

II. Defendants Strategically Initiate a Massive Volume of Fraudulent IDR Disputes Simultaneously.

90. To further ensure that the thousands of knowingly ineligible, falsely attested disputes against BCBSGA go undetected and proceed to judgment, Defendants also initiate a massive number of fraudulent IDR disputes all at once to overwhelm the IDR system. This abuse of volume is not incidental; it is strategic to secure favorable or default outcomes by ensuring that health plans have insufficient time to challenge eligibility, and IDREs cannot complete fulsome reviews in the timeline provided by the NSA, in furtherance of the NSA Scheme.

91. Overall, the NSA's IDR process has been overwhelmed by a staggering volume of disputes that far exceed the government's initial estimates.

92. Before the IDR process was launched, CMS estimated that parties would initiate about 22,000 IDR process disputes in the first year. *See* 86 Fed. Reg. 55,980, 56,068, 56,070 (Oct. 7, 2021).

93. Providers have shattered those estimates. The most recent government statistics show that in the second half of 2024, disputing parties—virtually all of whom are providers—initiated **853,374 disputes**, 40 percent more than the first half of 2024 (610,498). *Supplemental Background on the Federal IDR Public Use Files, July 1, 2024—Dec. 31, 2024* (as of May 28, 2025), available at https://www.cms.gov/files/document/federal-idr-supplemental-background-2024-q3-2024-q4. This figure from a period of ***six months*** is nearly ***39 times*** the volume of disputes that the government originally anticipated ***over a full year***.

94. Government reporting also shows that most disputes are initiated by a small number of providers and their representatives. The top ten initiating parties initiated about 71 percent of all disputes in the last six months of 2024, and the top three initiating parties initiated about 43 percent of all disputes during that period. *Id.*

95. HaloMD is among the three most prolific filers of IDR disputes. During the last six months of 2024, HaloMD initiated **134,318 disputes** through the IDR process—which by itself exceeded the government's original estimate

for total annual disputes **more than sixfold**. *See Federal IDR Supplemental Tables for Q3 2024* (as of May 28, 2025), available at https://www.cms.gov/files/document/federal-idr-supplemental-tables-2024-q3.xlsx; *Federal IDR Supplemental Tables for Q4 2024* (as of May 28, 2025), available at https://www.cms.gov/files/document/federal-idr-supplemental-tables-2024-q4-may-28-2025.xlsx. That means HaloMD was initiating an average of more than 746 disputes against health plans ***per day***. *See id.*

96. But HaloMD and the Provider Defendants did not merely initiate an overwhelming volume of IDR disputes each day. Defendants strategically initiate hundreds of IDR process disputes against BCBSGA on the same day, most of which are fraudulent as do not involve qualified IDR items or services within the scope of the NSA's IDR process.

97. For example, on May 3, 2024, Defendants initiated 228 separate IDR proceedings against BCBSGA. BCBSGA's records show that more than 80 percent were ineligible for IDR in the first place. Yet BCBSGA lost in 192 of the disputes, where the IDREs chose the number submitted by the provider, ordered BCBSGA to pay an additional $390,000 from what was originally reimbursed, plus $118,000 in fees associated with the IDR process. The baseball style arbitration, wherein the IDRE has no authority to modify the parties' bids, is premised on the notion that ineligible claims will be weeded out at the outset.

98. Defendants' goals are to interfere with BCBSGA's ability to effectively identify ineligible disputes and to overwhelm the IDR system and the IDREs tasked with making applicability and payment determinations.

99. Through considerable operational burden and expense, BCBSGA has crafted workflows allowing it to identify most of the unqualified items or services and notify Defendants that the disputes do not qualify for IDR. Yet despite BCBSGA's objections, most of Defendants' ineligible disputes reach a payment determination due to Defendants' knowingly false attestations of eligibility.

100. According to federal law, "the certified IDR entity selected must review the information submitted in the notice of IDR initiation"—including Defendants' false attestations of eligibility—"to determine whether the Federal IDR process applies." 45 C.F.R. § 149.510(c)(1)(v). And IDREs have no incentive to dismiss disputes due to ineligibility because they only receive compensation if a dispute reaches a payment determination. *See* 42 U.S.C. § 300gg-111(c)(5)(F). Defendants exploit this incentive structure to carry out their fraudulent scheme.

101. Thus, when receiving an avalanche of ineligible disputes from Defendants all at once, IDREs frequently rely on Defendants' false attestations of eligibility to reach and issue a payment determination on ineligible disputes.

102. Since at least 2024, ***most of disputes from Defendants that reached a payment determination were ineligible for the IDR process***, often despite

objections from BCBSGA. From these fraudulent submissions alone, Defendants have received millions of dollars in illicitly obtained reimbursements.

III. Defendants Submit Outrageous Payment Offers to Fraudulently Inflate Payments on IDR Disputes.

103. The final step in Defendants' NSA Scheme involves inflating their reimbursement demands to levels far beyond what the market would support and sometimes even above the Provider Defendants' billed charges. Their goal is to manipulate IDREs into selecting inflated amounts by anchoring the dispute to a grossly exaggerated number. By submitting a grossly inflated offer, Defendants artificially shift the IDRE's frame of reference upward. And due to systemic issues with the IDR process, Defendants frequently prevail with their unreasonable offer—even if it is far above market rates or even above what the Provider Defendants had billed.

104. Congress directed IDR payment determinations to be made according to the QPA and several "additional circumstances," such as the training, experience, and quality of the provider, its market share, and the acuity of the patient, among others. 42 U.S.C. § 300gg-111(c)(5)(C). In practice, however, IDRE payment determinations skew heavily in favor of providers and heavily in excess of the QPA because providers like Defendants are exploiting the system.

105. In the most recent reporting period, providers prevailed in ***85 percent*** of IDR payment determinations. *Supplemental Background on the*

Federal IDR Public Use Files, July 1, 2024—Dec. 31, 2024, CMS, *supra*. During that period, prevailing offers exceeded the QPA ***85 percent*** of the time. *See id.* And studies from 2024 show that when providers prevail in IDR, they prevail at a median rate of over three times the QPA. *See* Zachary L. Baron et al., O'NEILL INSTITUTE, GEORGETOWN LAW, *2023 Data from the Independent Dispute Resolution Process: Select Providers Win Big*, available at https://oneill.law.georgetown.edu/publications/2023-data-from-the-independent-dispute-resolution-process-select-providers-win-big/.

106. Defendants know that IDREs select the provider's offer in more than 8 out of every 10 payment determinations, so they can frequently prevail with outrageous offers.

107. Indeed, since 2024, Defendants' payment offers on ineligible disputes alone are ***more than 1,015%*** of BCBSGA's QPA for the service.

108. Defendants also know that IDREs cannot consider the provider's charges when making a payment determination. 42 U.S.C. § 300gg-111(c)(5)(D). Congress prohibited IDREs from considering "inflated," "non-market based rates such as the providers' billed charges" because merely ***considering*** the provider's charge "may drive up consumer costs." H.R. Rep. No. 116-615, at 53, 57.

109. While shielding the IDRE from the inflated billed changes was supposed to offer a measure of protection for both payors and consumers, Defendants have turned the rule on its head to further exploit both. Defendants have taken to submitting offers that actually ***exceed billed charges,*** knowing full

well that the IDREs will necessarily be blind to their scheme. Since at least 2024, Defendants fraudulently submitted hundreds of inflated disputes through the IDR process where they requested and received hundreds of IDR awards exceeding their billed charges.

110. These amounts far exceed what the Provider Defendants could expect to receive for their services from patients or from health plans in a competitive market. Indeed, upon information and belief, prior to the enactment of the NSA, the Provider Defendants rarely, if ever, recovered their full billed charges from patients or health plans. But through their scheme to exploit the IDR process, Defendants' systematic requests for these exorbitant amounts intentionally to exploit the IDR process for undue gains at BCBGA's expense.

IV. Defendants' NSA Scheme Damages BCBSGA, Affiliated Health Plans, and Consumers

111. As a result of Defendants' unlawful conduct, BCBSGA and its affiliated health plans have paid excessive amounts for medical services and incurred unnecessary administrative and arbitration fees. The financial harm caused by Defendants' abusive practices is ongoing and threatens the affordability and sustainability of health benefits for BCBSGA's members.

112. Since January 3, 2024, BCBSGA's records show that Defendants initiated thousands of IDR proceedings, consisting of over 7,000 separate services, against BCBSGA. However, the earliest publicly available data published by CMS shows that the Provider Defendants were parties to IDR

determinations against BCBSGA in 2023, so the scheme likely began then or before.

113. BCBSGA determined that most these IDR disputes were ineligible for IDR for reasons like failure to initiate mandatory open negotiations, Georgia's specified state law, SBCPA, governed the dispute, or the Provider Defendants had treated a Medicare or Medicaid beneficiary when such plans are exempt from the NSA. For these ineligible disputes catalogued in BCBSGA's data, Defendants illicitly secured nearly ***$6 million*** in improper IDR awards.

114. The ineligible disputes obligated BCBSGA to pay over $900,000 in unnecessary IDR-related fees.[4]

THE SOUND PHYSICIANS ENTERPRISE

115. The members of the Sound Physicians Enterprise were organized pursuant to a framework that enabled the enterprise to make and carry out decisions. The Sound Physicians Enterprise functioned as a continuing unit with established duties. The Sound Physicians Enterprise designed and coordinated the multifaceted NSA Scheme intended to defraud payors like BCBSGA.

116. In doing so, HaloMD and the Provider Defendants conducted the activities of an association-in-fact enterprise consisting of HaloMD and the

[4] While Plaintiff's investigation of Defendants' fraudulent conduct is ongoing, BCBSGA has already determined that Defendants fraudulently inflated their offers above the Provider Defendants' billed charges in over hundred eligible disputes from this period. For these inflated offers catalogued in BCBSGA's data, Defendants improperly recovered

Provider Defendants through a pattern of racketeering activity, including, but not limited to, wire fraud.

117. Between 2024 and the present, the Provider Defendants, with the intent to defraud, devised and willfully participated with HaloMD, and with knowledge of fraudulent nature, in the scheme and artifice to defraud and obtain money and property by materially false and fraudulent pretenses, statements, and representations, as described herein.

118. Defendants do not operate as separate, independent actors. Rather, they function as interdependent participants in a unified scheme designed to exploit the IDR process and defraud BCBSGA. The Provider Defendants are integrated components of a national hospitalist staffing enterprise that centrally manages legal, billing, and IDR functions. HaloMD serves as a key agent and operational partner of the enterprise, submitting disputes on behalf of the Provider Defendants at scale using a standardized platform and shared communications infrastructure. Their coordinated actions, mutual financial incentives, and repeated patterns of conduct demonstrate a shared intent to pursue improper IDR payments on a mass scale. HaloMD and the Provider Defendants operated with integrated, enterprise-level coordination behind the scheme.

I. Defendant HaloMD

119. HaloMD is the hub of Defendants' scheme to flood the IDR process with knowingly ineligible disputes.

120. HaloMD claims to operate "[w]ith an exclusive focus on Independent Dispute Resolution (IDR)[.]" *See* https://halomd.com/. The company markets itself as "the premier expert in Independent Dispute Resolution (IDR)" and claims to "empower out-of-network providers to secure sustainable, predictable revenue streams" and "deliver the financial outcomes that healthcare providers, practice leaders, and executives rely on for long-term financial stability." *See id.*

121. HaloMD solicits and represents many different types of out-of-network providers who were key drivers in surprise billing before the enactment of the NSA, including IONM, anesthesiology, and emergency providers. These provider groups, including the Provider Defendants, frequently retain HaloMD to administer the IDR process on their behalf.

122. HaloMD touts its "proprietary platform" as one founded with "advanced technology and AI-driven infrastructure[.]" *Id.* HaloMD also represents that it "instantly assesses each case for eligibility under The No Surprises Act and relevant state regulations." Providers submit services for dispute in the IDR process through HaloMD's portal. *Id.*

123. HaloMD further represents that it "gathers and organizes the necessary documentation [from the provider], [and] prepar[es] a compelling case that highlights the provider's position, ensuring nothing is overlooked[.]" *Id.*

124. Upon information and belief, HaloMD leverages AI as part of its fraudulent billing scheme to flood the IDR system with ineligible disputes.

125. HaloMD operates on a commission-based reimbursement model. Its website states: "We don't get paid until you get paid." *Id.* HaloMD thus has a financial incentive to (1) bring as many services as possible through the IDR process, regardless of the merits or the applicability of the NSA to those disputes, and (2) seek the highest possible monetary award for its provider clients in the IDR process. The Provider Defendants share these same financial incentives.

126. Although HaloMD advertises the power of its AI-powered proprietary platform, it is missing a key element that can only be provided by health care providers such as the Provider Defendants—patient claims that can be billed to health care plans and subsequently submitted to the IDR process. And to the extent that HaloMD receives patient claims that are ineligible for the IDR process, HaloMD requires a willing conspirator that can both supply patient claims and agree that HaloMD will provide false attestations about such claims' eligibility for the IDR process in order to exploit the loopholes in that process—so that all parties to the enterprise can benefit to the tune of millions of dollars. This is where the other integral part of the Sound Physicians Enterprise comes in: the Provider Defendants.

II. Provider Defendants

127. The Provider Defendants are subsidiaries or affiliates of Sound Physicians, a national multi-specialty medical group headquartered in Tacoma, Washington. Sound Physicians publicly claims to employ over 4,000 clinicians and to manage approximately 6 percent of all acute hospitalizations across more

than 400 hospitals nationwide. *See* https://soundphysicians.com/about/why-sound/.

128. The Provider Defendants were incorporated by persons located at 1498 Pacific Ave., Suite 400, in Tacoma, Washington 98402, which is also Sound Physicians' corporate headquarters.

129. Lindsay Vaughan, Associate General Counsel of Sound Physicians, served as the incorporator for Hospitalist Medicine Physicians of Georgia – TCG, PC, and has signed annual registration forms filed with the Georgia Secretary of State for the Provider Defendants.

130. The Provider Defendants share resources and intermingle operations with respect to the submission of health care claims, payment for health care services, and pursuit of IDR. As noted below, Sounds Physicians filed IDR initiations on behalf of HMP and SPEMG. Even in disputes initiated by HaloMD, the email address recorded by the initiating party for IDR involving HMP and SPEMG services is soundnsa@halo.com. The interchangeable nature and shared control of the Provider Defendants is likewise evident in the fact that BCBSGA's EOPs for HMP services were directed to P.O. Box 748996, Los Angeles, CA 90074-8996—a national Sound Physicians address. *See* Sound Physicians, Patient Resources (listing this address as the address for patient billing and payment information for emergency medicine), available at https://soundphysicians.com/patient-resources/ (last visited May 26, 2025). Open negotiation notices for HMP's services also originated from this same national

billing address, confirming the shared infrastructure and control over the dispute process.

131. HaloMD is not the only party initiating IDRs for the Provider Defendants. Rather, many IDRs pursued by the Provider Defendants were initiated by Sound Physicians through its email address soundfedidr@soundphysicians.com, including for services provided by HMP and SPEMG. The character of IDRs pursued by Sound Physicians itself (as opposed to those submitted by HaloMD) follow the same pattern of systemic initiation of faulty and ineligible disputes. Thus, the Provider Defendants themselves falsely attested eligibility in many disputes and, through their commingled operations, had knowledge of the broader ongoing illegal scheme. Once the Provider Defendants and HaloMD joined forces, they were able to carry out the scheme to exploit the IDR process on a massive scale that neither could have achieved on their own.

132. In sum, the relationship between the Provider Defendants and HaloMD was not passive. Together, they coordinated to pursue the common purpose of exploiting the IDR process by maximizing the number of disputes submitted and inflating payment demands well beyond their billed charges or market rates. The use of HaloMD as a submission engine was not incidental or isolated; it was a deliberate component of the Sound Physicians Enterprise's strategy to bypass the limitations of individual-provider capacity, automate the

submission of disputes en masse, and conceal the ineligibility or inflation embedded in each claim.

III. The Sound Physicians Enterprise Exploits the IDR Process at the Expense of BCBSGA

133. During the relevant time period, the Sound Physicians Enterprise transmitted or caused to be transmitted by wire communication or radio communication in interstate commerce, writings, signs, signals, pictures, and sounds, including false and fraudulent statements, representations, and attestations related to IDR disputes, from and between the state in which they operate—for example, Georgia, Texas, Tennessee—to Certified Independent Dispute Resolution Entities located in various states, including, for example, Florida, Texas, Pennsylvania, Michigan, New York, and Maryland, in furtherance of the fraudulent scheme.

134. Defendants made false and fraudulent statements, representations, and attestations related to the following illustrative fraudulent IDR disputes, including, but not limited to, the following:

A. IDR Proceeding DISP-1317978

135. The IDR proceeding captioned DISP-1317978 involved an emergency service that SPEMG rendered on November 25, 2023, to a member of a Medicaid managed care plan administered by BCBSGA. SPEMG submitted a claim for reimbursement to BCBSGA using the patient's Medicaid insurance ID

number, which means SPEMG reviewed the patient's insurance card and was aware the patient was a Medicaid beneficiary.

136. SPEMG billed $630 in charges for the emergency service. BCBSGA approved the claim to pay $46.97—the Medicaid rate for the services and what Medicaid regulations require providers like SPEMG accept as payment in full. BCBSGA issued an EOP to SPEMG reflecting this payment amount and, like the member's insurance card, evidencing that the patient was a Medicaid beneficiary.

137. On January 25, 2024, Sound Physicians sent a notice of open negotiation to BCBSGA. The notice of open negotiation was signed by Melissa Williams, a Dispute Resolutions Specialist employed by Sound Physicians, using an email domain address of @soundphysicians.com and operating from 120 Brentwood Commons Way, Suite 510 in Brentwood, Tennessee.

138. If the services had been qualified for IDR, the deadline to initiate IDR would be four business days after the 30-business-day open negotiation period, or March 14, 2024. Yet IDR was not initiated until May 9, 2024, when HaloMD, on behalf of SPEMG, falsely attested that the services SPEMG rendered to a BCBSGA Medicaid member were qualified for IDR. SPEMG knowingly permitted the services to proceed to IDR despite having full knowledge that they were rendered to a Medicaid member and therefore ineligible for the process.

139. Although BCBSGA timely objected to the dispute's eligibility for IDR, the IDRE notified both BCBSGA and HaloMD on February 3, 2025, that it had deemed the dispute eligible.

140. As a result of these fraudulent attestations, BCBSGA was required to pay $1,250 for the ineligible services—***approximately double the amount of SPEMG's billed charges for the service***—along with $512 in unnecessary IDR fees.

B. IDR Proceeding DISP-1727612

141. The IDR proceeding captioned DISP-1727612 involved an emergency service that SPEMG rendered on May 18, 2024, to a member of a fully insured BCBSGA health plan. As a fully-insured plan, the member's plan is subject to state law, and therefore, Georgia's surprise billing law, SBCPA—rather than the NSA—governed the $179.28 reimbursement rate for the service. Further, because it was not within the NSA's scope, no QPA applied to this service.

142. HaloMD, on behalf of SPEMG, initiated IDR on September 3, 2024, with a false attestation that the emergency service was a qualified IDR item or service. On September 5, 2024, BCBSGA timely responded to the IDR initiation to assert that IDR was not applicable to the dispute, stating: "This claim is subject to GA State Surprise Billing Laws."

143. Nevertheless, and as a result of these fraudulent attestations, BCBSGA was required to pay $3,012 for the ineligible service—***approximately***

$600 more than SPEMG originally billed for the service and more than 16 times the amount mandated by state law.

C. IDR Proceeding DISP-1317029

144. The IDR proceeding captioned DISP-1317029 involved an emergency service that HMP rendered on August 18, 2023, to a member of a fully insured plan administered by BCBSGA. The member's plan is subject to state law and therefore, Georgia's surprise billing law, SBCPA—rather than the NSA—governed the required reimbursement rate for the service. Further, because it was not within the NSA's scope, no QPA applied to this service. The NSA and IDR were inapplicable to DISP-1317029 for two independent reasons: (1) state law governed reimbursement, and (2) there were no "covered services."

145. HaloMD, on behalf of HMP, initiated IDR on May 9, 2024, with a false attestation that the emergency service was a qualified IDR item or service. On May 14, 2024, BCBSGA timely responded to the IDR initiation to assert that IDR was not applicable to the dispute.

146. Nevertheless, and as a result of the false attestations of eligibility, BCBSGA was required to pay $1,196—an amount equal to HMP's billed charges for a service not covered by the BCBSGA member's health plan.

D. IDR Proceeding DISP-1318943

147. The IDR proceeding captioned DISP-1318943 involves an emergency service that HMP rendered on December 20, 2023, to a member of a Medicaid managed care plan administered by BCBSGA. HMP submitted a claim

for reimbursement to BCBSGA using the patient's Medicaid insurance ID number, which means HMP reviewed the patient's insurance card and was aware the patient was a Medicaid beneficiary. HMP billed $1,196 in charges for the emergency service. BCBSGA approved the claim to pay $71.30—the Medicaid rate for the services and what Medicaid regulations require providers like HMP to accept as payment in full. BCBSGA issued an EOP to HMP reflecting this payment amount and, like the insurance card, evidencing that the patient was a Medicaid beneficiary.

148. Despite the claim not being subject to the NSA, on January 25, 2024, Sound Physicians sent a notice of open negotiation to BCBSGA. The notice of open negotiation was signed by Melissa Williams, a Dispute Resolutions Specialist employed by Sound Physicians, using an email domain address of @soundphysicians.com and operating from 120 Brentwood Commons Way, Suite 510 in Brentwood, Tennessee. The January 25, 2024, open negotiations notice enclosed a spreadsheet purporting to "negotiate" ***three hundred fifty-two (352) services from HMP***. This tactic of purportedly opening negotiations for hundreds of services all at once is part of Defendants' strategy to overwhelm health plans and the IDR process.

149. Despite the claim not being subject to the NSA, HaloMD, on behalf of HMP, initiated IDR on May 9, 2024, with a false attestation that the emergency service was a qualified IDR item or service. On May 14, 2024, BCBSGA timely

responded to the IDR initiation to assert that IDR was not applicable to the dispute, noting that the type of plan was not subject to the NSA.

150. Nevertheless, as a result of the fraudulent attestations, BCBSGA was required to pay $1,196—an amount equal to HMP's billed charges without accounting for Medicaid rates—along with $735 in unnecessary IDR fees.

151. Notably, the IDRE's determination email was addressed to soundnsa@halomd.com, even though the rendering provider was HMP.

E. IDR Proceeding DISP-1689761

152. The IDR proceeding captioned DISP-1689761 involves an emergency service that HMP rendered on December 26, 2022, to a member of a Medicare Advantage plan administered by BCBSGA. HMP submitted a claim for reimbursement to BCBSGA using the patient's Medicare ID number, which means HMP reviewed the patient's insurance card and were aware they were a Medicare beneficiary. HMP billed $1,761 in charges for the emergency service. BCBSGA approved the claim to pay $170.86, which was the Medicare rate for the services. BCBSGA issued an EOP to SPEMG reflecting this payment amount and, like the insurance card, evidencing that the patient was a member of a Medicare Advantage plan.

153. Despite the claim not being subject to the NSA, on January 19, 2023, Sound Physicians sent a notice of open negotiation to BCBSGA. The notice of open negotiation was signed by Melissa Williams, a Dispute Resolutions Specialist employed by Sound Physicians, using an email domain address of

@soundphysicians.com and operating from 120 Brentwood Commons Way, Suite 510 in Brentwood, Tennessee. The open negotiations notice enclosed a spreadsheet purporting to "negotiate" ***one hundred thirty-two (132) services from HMP***. Again, this tactic of purportedly opening negotiations for more than one hundred of services all at once is part of Defendants' strategy to overwhelm health plans and the IDR process.

154. In this dispute, it was Sound Physicians, rather than HaloMD, who initiated the IDR on behalf of HMP. Kit O'Brien, a Dispute Resolution Coordinator employed by Sound Physicians and using the email address domain @soundphysicians.com, initiated the IDR on August 22, 2024. However, as the action was pending, HaloMD took up the mantle of pursuing this claim. When the IDRE made a final determination on the claim, notice was sent to soundnsa@halomd.com.

155. On the same day IDR was initiated, BCBSGA sent a letter to both HMP (addressed to a national Sound Physicians address in Los Angeles) and the IDRE stating that the services were ineligible for IDR because the member's plan type was not subject to the NSA.

156. Nevertheless, and as a result of the false attestations, BCBSGA was required to pay $1,761—an amount equal to HMP's billed charges and over ten times the applicable Medicare rate—as well as $855 in unnecessary IDR fees.

F. IDR Proceeding DISP-272456

157. The IDR proceeding captioned DISP-272456 involved emergency services that SPEMG provided to multiple patients during a period from October 21, 2022, to November 7, 2022. Of the thirteen patients whose services were disputed in this IDR, three were members of fully insured health plans subject to Georgia's surprise billing law, SBCPA, and ten were members of various self-funded plans. For each service, SPEMG billed $1,761 in charges. Its submission of claims to BCBSGA meant SPEMG accessed the patients' insurance information. BCBSGA approved reimbursement for the claims, with payment varying from $88.05 to $283.38, pursuant to the terms of the individual health plans at issue for the patients.

158. On February 21, 2023, Sound Physicians initiated the IDR on its own behalf (rather than HaloMD) and pursued all thirteen services as a batched payment dispute. The IDR initiation showed various payment amounts for the same service, which is a clear indicator that services were provided to patients with different health plans and plan terms.

159. BCBSGA objected to the disputes' eligibility, asserting that (1) certain services were subject to a specified state law, and (2) the NSA's batching rules and procedures were not followed because the dispute involved a mixture of insurer and self-funded health plan claims (batching must be according to the same insurer or self-funded health plan).

160. However, as a result of the false attestations, the IDRE ruled in favor of SPEMG and awarded $1,761 for each service. BCBSGA was required to pay additional amounts, up to $1,761 for each such service, as well as $980 in unnecessary IDR fees.

CLAIMS FOR RELIEF

COUNT 1 - VIOLATION OF RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS ACT ("RICO"), 18 U.S.C. § 1962(c)

161. BCBSGA incorporates by reference Paragraphs 1 through 160 as though fully set forth herein.

162. At all relevant times, HaloMD and the Provider Defendants, individually, are "persons" under 18 U.S.C. §1961(3) because they are capable of holding, and do hold, "a legal or beneficial interest in property."

163. The Sound Physicians Enterprise and the individuals therein conduct their business—legitimate and illegitimate—through corporate entities, each of which is a separate legal entity. Defendants are each "persons" distinct from the Sound Physicians Enterprise.

164. The Sound Physicians Enterprise is an association-in-fact enterprise within the meaning of 18 U.S.C. § 1961(4), consisting of HaloMD and the Provider Defendants, including their employees, owners, and agents.

165. The Sound Physicians Enterprise is an ongoing organization that functions as a continuing unit. The Sound Physicians Enterprise was created for and used as a vehicle to effectuate a pattern of racketeering activity. The members

of the Sound Physicians Enterprise all shared a common purpose to enrich themselves at the expense of BCBSGA by fraudulently inducing and compelling BCBSGA to pay exorbitant amounts for services that were not eligible for the IDR process.

166. Each member of the Sound Physicians Enterprise played different roles in the NSA Scheme, is functionally distinct, and used their separate legal incorporation to facilitate the racketeering activity.

167. Defendants established the Sound Physicians Enterprise to fraudulently increase out-of-network reimbursements from payors like BCBSGA.

168. Defendants knew that their NSA Scheme violated state and federal laws.

169. Defendants made false statements, representations, and attestations to BCBSGA in furtherance of the NSA Scheme over the wires.

170. The Sound Physicians Enterprise engaged in and affected interstate commerce because, for example, the NSA Scheme sought and obtained money and property through its fraudulent scheme through false pretenses, representations, and statements transmitted by wire through multiple states and jurisdictions.

171. Section 1962(c) makes it "unlawful for any person employed by or associated with any enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in

the conduct of such enterprise's affairs through a pattern of racketeering activity." 18 U.S.C. § 1962(c).

172. Defendants' racketeering activities, as alleged herein, directly and proximately caused harm to BCBSGA.

173. BCBSGA is entitled to treble damages and reasonable attorneys' fees pursuant to 18 U.S.C. § 1964(c).

174. Since on and before January 3, 2024, the Sound Physicians Enterprise has been engaged in the NSA scheme to increase its profits by knowingly submitting claims that were ineligible for the IDR process and knowingly demanding payments far in excess of commercially reasonable amounts.

175. From the patient's insurance cards, BCBSGA's EOPs, the plain text of federal laws and regulations, CMS publications and resources, their preparation of IDR initiation forms and notices, their participation in the IDR process, and the specific objections to eligibility that BCBSGA submitted to the Provider Defendants and to HaloMD, among other sources, Defendants knew that the services and disputes that they were initiating were ineligible for the IDR process. Yet Defendants continued to proceed with those services and disputes and initiate and falsely attest to the eligibility of additional ineligible services and disputes, despite their knowledge of ineligibility.

176. These predicate acts, committed by interstate wire, include: submitting services and disputes through the online IDR eligibility portal that

were ineligible for the IDR process; initiating hundreds of disputes at the same time and in such a way as to make it impossible for BCBSGA to reasonably identify and object to all ineligible disputes; demanding outrageous payments far in excess of their charges, much less a commercially reasonable amount; engaging in the IDR process in bad faith; and procuring payments from BCBSGA on claims that were ineligible for IDR via interstate wire and through the U.S. mail.

177. These predicate acts of wire fraud occurred regularly since approximately on and before January 3, 2024, and included electronic communication relating to the IDR process.

178. The Enterprise profited substantially from the enterprise, ultimately receiving millions in illicitly obtained credits from BCBSGA and further damaging BCBSGA by hundreds of thousands of dollars in additional fees. These IDR initiations were submitted via interstate wire facilities.

179. The participants in the RICO enterprise had systematic linkage to each other through contractual relationships, financial ties, shared correspondence, common addresses for correspondence and receipt of payment, and continuing coordination of activities. The Enterprise functioned as a continuing unit with the purpose of furthering the illegal scheme and their common purpose of increasing their revenues and profits. The Enterprise participated in the operation and management of the RICO enterprise by directing its affairs as described herein.

180. The Sound Physicians Enterprise conducted and participated in the affairs of the RICO enterprise through a pattern of racketeering activity that consisted of numerous and repeated violations of the federal wire fraud statute, which prohibits the use of any interstate or foreign mail or wire facility for the purpose of executing a scheme to defraud, in violation of 18 U.S.C. §§ 1341 and 1343.

181. The Sound Physicians Enterprise received payment for the fraudulent claims directly from BCBSGA through the interstate wire facilities in violation of 18 U.S.C. §§ 1341 and 1343. Each such payment constituted a separate wire fraud violation. Each of these violations was related because they shared the common purpose of defrauding BCBSGA.

182. At all relevant times, BCBSGA paid Defendants directly for the out-of-network services subject to the NSA Scheme.

183. These related acts had the same or similar purpose, results, participants, victims, and methods of commission, and are otherwise related by distinguishing characteristics which are not isolated events.

184. The Sound Physicians Enterprise had the specific intent to participate in the overall RICO enterprise, which is evidenced by its scheme to defraud BCBSGA.

185. The Enterprise conducted and participated both directly and indirectly in the conduct of the above-described RICO enterprise's affairs through a pattern of racketeering activity in violation of 18 U.S.C. § 1962(c). Specifically,

the claims submitted to the IDR process contained uniform misrepresentations that the claims were eligible for that process and contained inflated amounts.

186. Defendants directly injured and proximately caused harm to Plaintiffs in their businesses and property by reason of their racketeering activity.

COUNT 2 – CONSPIRACY TO VIOLATE RICO ACT, 18 U.S.C. § 1962(d)

187. BCBSGA incorporates by reference Paragraphs 1 through 186 as though fully set forth herein.

188. Section 1962(d) makes it unlawful for "any person to conspire to violate" Sections 1962(c), among other provisions. 18 U.S.C. § 1962(d).

189. At all relevant times, HaloMD and the Provider Defendants violated 18 U.S.C. § 1962(d) by conspiring together to violate 18 U.S.C. § 1962(c). The object of the conspiracy was to conduct or participate in, directly or indirectly, the conduct of the affairs of the Sound Physicians Enterprise in furtherance of the NSA Scheme through a pattern of racketeering activity.

190. At all relevant times, HaloMD and the Provider Defendants conspired to conduct the affairs of an enterprise through a pattern of racketeering activity that includes acts indictable under 18 U.S.C. §§ 1341 (mail fraud) and 1343 (wire fraud) and unlawful activity in violation of 18 U.S.C. § 1952 (use of interstate facilities to conduct unlawful activity).

191. Defendants have engaged in numerous overt and predicting acts in furtherance of the conspiracy, as set forth herein.

192. The nature of the NSA Scheme, including the material false statements, misrepresentations, and attestations in furtherance of the conspiracy, gives rise to an inference that they not only agreed to the objective of an 18 U.S.C. § 1962(d) violation of RICO by to violate 18 U.S.C. § 1962(c), but they were aware that their ongoing fraudulent acts have been and are part of an overall pattern of racketeering activity.

193. The Enterprise and the individuals therein conspired to violate Sections 1962(c), in violation of 18 U.S.C. § 1962(d).

194. Defendants' overt acts and predicate acts, as set forth more fully above, in furtherance of violating 18 U.S.C. § 1962(d) by conspiring to violate 18 U.S.C. § 1962(c), directly injured and proximately caused harm to Plaintiffs in their businesses and property by reason of their racketeering activity.

COUNT 3 – VIOLATION OF THE GEORGIA RICO STATUTE, O.C.G.A. § 16-14-4

195. BCBSGA incorporates by reference Paragraphs 1 through 160 as though fully set forth herein.

196. The Georgia RICO statute, O.C.G.A. § 16-14-4, subsection (b), prohibits "any person employed by or associated with any enterprise to conduct or participate in, directly or indirectly, such enterprise through a pattern of racketeering activity."

197. The Enterprise engaged in a pattern of racketeering activity in violation of the Georgia RICO statute by knowingly submitting claims that were

ineligible for the IDR process and knowingly demanding payments in excess of commercially reasonable amounts. These claims were submitted, and these payments were received, through the use of interstate wire communications.

198. The Enterprise further conspired and/or endeavored to violate the Georgia RICO statute in violation of O.C.G.A. § 15-14-4, subsection (c). Defendants formed an "enterprise" under the Georgia RICO statute. Defendants had a common purpose to submit ineligible claims and obtain improper payments. Defendants worked together to do so, forming relationships among them of sufficient longevity to permit their coconspirators to pursue the enterprise's purpose.

199. BCBSGA suffered economic injury that flowed directly from the Enterprise's violations of the Georgia RICO statute and was proximately caused thereby.

200. As a result thereof, the Enterprise's conduct and participation in the racketeering activity described herein has caused millions of dollars in damages.

201. BCBSGA is also entitled to treble damages pursuant to O.C.G.A. § 16- 14-6, subsection (c).

COUNT 4 – COMMON LAW FRAUD/FRAUDULENT MISREPRESENTATION

202. BCBSGA incorporates by reference Paragraphs 1 through 160 as though fully set forth herein.

203. For each of the IDRs initiated, Defendants submitted a completed version of the mandatory IDR notice of initiation to the Departments, to the IDREs, and to BCBSGA, which, in part, contained the following attestation:

> I, the undersigned initiating party (or representative of the initiating party), attests that to the best of my knowledge…the item(s) and/or service(s) at issue are qualified item(s) and/or service(s) within the scope of the Federal IDR process.

204. The Provider Defendants, or HaloMD on behalf of the Provider Defendants, submitted the IDR notice of initiation in each dispute with full knowledge of, or at the very least with reckless disregard to, the falsity of this attestation. From the patient's insurance cards, BCBSGA's EOPs, the plain text of federal laws and regulations, CMS publications and resources, the Defendants' preparation of IDR initiation forms and notices, their participation in the IDR process, and the specific objections to eligibility that BCBSGA submitted to the Provider Defendants and to HaloMD, among other sources, Defendants knew that the services and disputes they were initiating were ineligible for the IDR process.

205. The Provider Defendants, and HaloMD on behalf of the Provider Defendants, nevertheless submitted these false attestations and did so with the intent that the IDRE and BCBSGA rely on them. According to federal law, "the certified IDR entity selected must review the information submitted in the notice of IDR initiation"— including Defendants' false attestations of eligibility—"to determine whether the Federal IDR process applies." 45 C.F.R. § 149.510(c)(1)(v). Even if BCBSGA contested eligibility, Defendants' deliberate

misrepresentation to the IDRE, on which the IDRE relied, forced BCBSGA to rely on the misrepresentation because once the IDRE determines the dispute is eligible, BCBSGA has no choice but to proceed with the process, submit a final offer, and allow the dispute the continue to a payment determination; any other approach would result in a default award against BCBSGA in favor of HaloMD and the Provider Defendant it represented for whatever outrageous amount HaloMD included in its final offer.

206. These false attestations of eligibility pertain to material facts in the IDR process because they go to the heart of the IDRE's jurisdiction to even hear the dispute.

207. The Provider Defendants, and HaloMD on behalf of the Provider Defendants, submitted the false attestations to receive a windfall for themselves, namely, IDR payment determinations in favor of Defendants and against BCBSGA regarding items or services that were ineligible for resolution through the IDR process.

208. At all times when submitting the false attestations and engaging in the relevant IDR disputes, HaloMD was acting within the scope of its agreements with the Provider Defendants to handle the IDR process for the Provider Defendants in connection with the identified disputes.

209. The Provider Defendants, and HaloMD on behalf of the Provider Defendants, also fraudulently misrepresented to BCBSGA during the statutorily required open negotiations process that the disputes were eligible for IDR and

involved qualified IDR items and services meeting the NSA and regulatory definitions of that term.

210. BCBSGA reasonably and justifiably relied on Defendants' misrepresentations during the open negotiations and IDR initiation process. As part of the fraudulent scheme described herein, Defendants' tactic to strategically flood the IDR process and overwhelm the system precluded BCBSGA from investigating each and every aspect of the thousands of disputes they submitted within the 30-day open negotiations window or within days after IDR initiation. Additionally, in some cases (such as when the patient waived balance billing protections), HaloMD and the Provider Defendants are the only entities in possession of information critical to BCBSGA's ability to assess a claim for IDR eligibility, such as information pertaining to the provider, types of services rendered, and patient records. As a result, BCBSGA justifiably relied on HaloMD's misrepresentation that the disputes were eligible for IDR and incurred significant monetary losses through incurring fees required by the NSA and in the form of IDR payment determinations finding against BCBSGA.

211. As a direct result of these misrepresentations by Defendants, BCBSGA has suffered substantial damages in the form of payment on IDR payment determinations that were ineligible for resolution through the NSA's IDR process.

COUNT 5 – NEGLIGENT MISREPRESENTATION

212. BCBSGA incorporates by reference Paragraphs 1 through 160 as though fully set forth herein.

213. In submitting the false attestations of eligibility, the Provider Defendants, and HaloMD on behalf of the Provider Defendants, misrepresented material facts to the IDRE and BCBSGA regarding eligibility of the disputes to proceed to the IDR payment determination stage. From the patient's insurance cards, BCBSGA's EOPs, the plain text of federal laws and regulations, CMS publications and resources, Defendants' preparation of IDR initiation forms and notices, their participation in the IDR process, and the specific objections to eligibility that BCBSGA submitted to the Provider Defendants and to HaloMD, among other sources, Defendants knew that the services and disputes they were initiating were ineligible for the IDR process.

214. Defendants owed a duty of reasonable care to BCBSGA, under which they were required to conduct reasonable investigation, ensure the eligibility of the services for which they were initiating the IDR process, and guard against the submission of false attestations of eligibility leading IDREs to erroneously issue payment determinations in favor of Defendants for items or services that were not eligible for the IDR process.

215. The Provider Defendants, and HaloMD on behalf of the Provider Defendants, submitted these false attestations with the intent that the IDRE and BCBSGA rely on them. Even if BCBSGA contested eligibility, Defendants'

deliberate misrepresentation to the IDRE, on which the IDRE relied, forced BCBSGA to rely on the misrepresentation because, once the IDRE determines the dispute is eligible, BCBSGA has no choice but to proceed with the process, submit a final offer, and allow the dispute to continue to a payment determination; any other approach would result in a default award against BCBSGA in favor of HaloMD and the Provider Defendant it represented for whatever outrageous amount HaloMD included as the Provider Defendant's final offer.

216. The Provider Defendants and/or HaloMD on behalf of the Provider Defendants falsely represented during the statutorily required open negotiations process that the disputes were eligible for IDR and involved qualified IDR items and services meeting the NSA and regulatory definitions of that term.

217. BCBSGA reasonably, foreseeably, and justifiably relied on Defendants' misrepresentations during the open negotiations and IDR initiation process. As part of the fraudulent scheme described herein, Defendants' tactic was to flood the IDR process and overwhelm the system such that BCBSGA would be unable to investigate each and every aspect of the thousands of disputes often submitted on the same day within the 30-day open negotiations window or within days after IDR initiation. Additionally, HaloMD and the Provider Defendants are in some circumstances the only entities in possession of information critical to BCBSGA's ability to assess a claim for IDR eligibility, such as information pertaining to the provider, types of services rendered, and patient records. As a result, BCBSGA justifiably relied on HaloMD's

misrepresentation that the disputes were eligible for IDR and incurred significant monetary losses through incurring fees required by the NSA and in the form of IDR payment determinations finding against BCBSGA.

218. As a result of Defendants' misrepresentations, and BCBSGA's reasonable reliance on the same, BCBSGA, its plan sponsors, and BlueCard plans have suffered substantial damages in the form of payment on IDR payment determinations that were ineligible for resolution through the NSA's IDR process.

COUNT 6 – STATUTORY FRAUD

219. BCBSGA incorporates by reference Paragraphs 1 through 160 as though fully set forth herein.

220. Fraud, accompanied by damage to the defrauded party, always gives a right of action to the injured party. O.C.G.A. § 51-6-1.

221. Georgia law provides such a right of action where there is a willful misrepresentation of material fact, made to induce another to act, upon which such person acts to his injury. O.C.G.A. § 51-6-2(a).

222. As detailed above, the Provider Defendants, and HaloMD on behalf of the Provider Defendants, willfully misrepresented to the Departments, the IDREs, and BCBSGA that the ineligible disputes were eligible for IDR resolution in the form of the false attestations of eligibility in the IDR initiation notices. These facts were material because they go to the critical issue of eligibility for the IDR process and the jurisdiction of the IDREs.

223. From the patient's insurance cards, BCBSGA's EOPs, the plain text of federal laws and regulations, CMS publications and resources, Defendants' preparation of IDR initiation forms and notices, their participation in the IDR process, and the specific objections to eligibility that BCBSGA submitted to the Provider Defendants and to HaloMD, among other sources, Defendants knew that the services and disputes they were initiating were ineligible for the IDR process.

224. As a result, BCBSGA was induced to act, and in fact did act, to its detriment and incurred injury as a result. Specifically, BCBSGA relied on Defendants' misrepresentations, and it was statutorily compelled to participate in IDR proceedings for ineligible services and disputes because the false attestations induced the IDREs to find that the IDR process applied and erroneously issue payment determinations in favor of HaloMD and the Provider Defendants.

225. BCBSGA, its plan sponsors, and BlueCard plans suffered significant monetary harm in the form of paying statutory fees associated with the ineligible IDR disputes, in addition to its payments to Defendants relating to IDRE payment determinations on the ineligible disputes.

COUNT 7 – THEFT BY DECEPTION

226. BCBSGA incorporates by reference Paragraphs 1 through 160 as though fully set forth herein.

227. The Provider Defendants, and HaloMD on behalf of the Provider Defendants, submitted false attestations to the Departments, the IDREs, and BCBSGA that constitute theft by deception. Under Georgia law, a party commits

the crime of theft by deception when it "obtains property by any deceitful means or artful practice with the intention of depriving the owner of the property." O.C.G.A. § 16-8-3(a).

228. A party's conduct is deceitful for purposes of Section 16-8-3(a) when the party "[c]reates or confirms another's impression of an existing fact or past event which is false and which the accused knows or believes to be false" or "[f]ails to correct a false impression of an existing fact or past event which he previously created or confirmed." O.C.G.A. § 16-8-3(b).

229. While Section 16-8-3(a) is a criminal statute, "[a]ny owner of personal property shall be authorized to bring a civil action to recover damages from any person who … commits a theft as defined in Article 1 of Chapter 8 of Title 16 involving the owner's personal property." O.C.G.A. § 51-10-6(a).

230. Specific amounts of money paid to a party by wire or other means are specific and identifiable funds and so constitute personal property for purposes of Section 16-8-3(a).

231. As set forth in more detail above, HaloMD and the Provider Defendants acquired specific and identifiable funds from BCBSGA in the form of payment of IDR payment determinations by means of false attestations submitted to the Departments, IDREs, and BCBSGA.

232. HaloMD and the Provider Defendants obtained these funds from BCBSGA by creating the impression through its false attestations submitted to the Departments, IDREs, and BCBSGA that the services and disputes at issue

were eligible for IDR when Defendants knew that the impressions it was creating were false.

233. Defendants failed to correct these false impressions at any time after initiating the IDR process or after obtaining IDR payment determinations in favor of the Provider Defendants relating to claims that they knew were not eligible for the IDR process.

234. As a result of Defendants' deceit, BCBSGA was ordered to pay millions in ineligible IDR payment determinations.

235. BCBSGA is entitled to recover the funds that it paid to Defendants on ineligible IDR payment determinations, including any portion thereof retained by HaloMD as compensation under its arrangements with the Provider Defendants, for such awards pursuant to O.C.G.A. § 51-10-6(b)(1), as well as IDR fees that it paid in relation to such determinations.

COUNT 8 – CIVIL CONSPIRACY

236. BCBSGA incorporates by reference Paragraphs 1 through 160 as though fully set forth herein.

237. HaloMD and the Provider Defendants conspired to implement the scheme described herein, resulting in harm to BCBSGA.

238. Specifically, each of the Provider Defendants retained HaloMD to represent them in the ineligible IDR disputes.

239. As detailed above, the Provider Defendants share the same address (including suite number), employ the same individual as their CEO, CFO, and

Secretary. Defendants also have access to each other's email domain addresses and relevant claims, services, and documentation.

240. Each co-conspirator played an integral role in carrying out the unlawful scheme, including providing funding, directing billing practices, and facilitating the submission of improper claims and IDR proceedings.

241. As a result of the orchestrated scheme between HaloMD and the Provider Defendants to submit material misrepresentations to the IDREs and BCBSGA regarding eligibility of the IDR disputes, BCBSGA, its plan sponsors, and BlueCard plans have suffered substantial damages in the form of payment on IDR payment determinations that were ineligible for resolution through the NSA's IDR process.

COUNT 9 – VIOLATION OF GEORGIA DECEPTIVE TRADE PRACTICES ACT, O.C.G.A. § 10-1-372

242. BCBSGA incorporates by reference Paragraphs 1 through 160 as though fully set forth herein.

243. Defendants' conduct constitutes deceptive acts in violation of the Georgia Deceptive Trade Practices Act, O.C.G.A. § 10-1-372.

244. BCBSGA and Defendants are "person[s] under O.C.G.A. § 10-1-371(5), meaning Defendants are subject to the statute's prohibitions on certain deceptive practices, and BCBSGA is empowered to bring a claim relating to a violation of the Georgia Deceptive Trade Practices Act.

245. By falsely representing to the Departments, the IDREs, and BCBSGA that items or services were eligible for IDR resolution, the Provider Defendants, and HaloMD on behalf of the Provider Defendants, represented that the services in dispute were of a particular standard, quality, or grade (*i.e.*, that they were within the scope of the NSA and amendable to IDR) when, in fact, the services were not (*i.e.*, they were ineligible for IDR, despite Defendants' false attestations to the contrary in its IDR initiation notices), in violation of O.C.G.A. § 10-1-372(a)(7).

246. By falsely representing to the IDREs and BCBSGA that items or services were eligible for IDR resolution, Defendants also represented that the services in dispute had sponsorship, approval, or characteristics (*i.e.*, that they were within the scope of the NSA and amendable to IDR) when, in fact, the services did not (*i.e.*, they were ineligible for IDR, despite Defendants' false attestation to the contrary in its IDR initiation notices), in violation of O.C.G.A. § 10-1-372(a)(5).

247. When Defendants falsely represent to the Departments, the IDREs, and BCBSGA that items or services are eligible for IDR resolution when they are in fact ineligible, Defendants also engage in conduct that creates a likelihood of confusion or misunderstanding, on the part of the Departments, the IDRE, and BCBSGA, in violation of O.C.G.A. § 10-1-372(a)(12).

248. Defendants' acts have caused substantial economic harm to BCBSGA, its employer plan sponsor customers, and other BlueCard plans.

249. BCBSGA is entitled to an order enjoining these practices in violation of the statute, in addition to its costs and attorneys' fees in connection with bringing this action.

COUNT 10 – VACATUR OF IDR AWARDS (brought in the alternative)

250. BCBSGA incorporates by reference Paragraphs 1 through 160 as though fully set forth herein.

251. In the alternative to seeking relief on the aforementioned counts, BCBSGA seeks vacatur of individual IDR determinations under 42 U.S.C. § 300gg-111(c)(5)(E).

252. Each individual IDR determination at issue was procured by undue means and fraud, warranting vacatur pursuant to 42 U.S.C. § 300gg-111(c)(5)(E) and 9 U.S.C. § 10(a)(1).

253. For each individual IDR determination at issue, the IDREs exceeded their powers by issuing payment determinations on items and services that are not qualified IDR items and services within the scope of the NSA's IDR process. This warrants vacatur pursuant to 42 U.S.C. § 300gg-111(c)(5)(E) and 9 U.S.C. § 10(a)(4).

254. HaloMD and the Provider Defendants continue to obtain awards by undue means and fraud, and the IDREs continue to exceed their powers by issuing payment determinations on items and services that are not qualified IDR items and services within the scope of the NSA's IDR process. Thus, the list of IDR

payment determinations subject to vacatur is expected to increase during the pendency of the case.

COUNT 11 – ERISA CLAIM FOR EQUITABLE RELIEF

255. BCBSGA incorporates by reference Paragraphs 1 through 160 as though fully set forth herein.

256. BCBSGA provides claims administration services for certain health benefit plans governed by ERISA. Those health benefit plans and their employer sponsors delegate to BCBSGA discretionary authority to recover overpayments, including those resulting from fraud, waste, or abuse.

257. ERISA authorizes a fiduciary of a health plan to bring a civil action to "enjoin any act or practice which violates any provision of this subchapter or the terms of the plan" or "to obtain other appropriate equitable relief (i) to redress such violations or (ii) to enforce any provisions of this subchapter or the terms of the plan." 29 U.S.C. § 1132(a)(3).

258. Section 1185e of ERISA sets out the rights and obligations of plans and medical providers with respect to the IDR process, including that the IDR process does not apply in situations where there is a specified state law, where the provider is a participating provider, and where the provider has not initiated or engaged in open negotiations. 29 U.S.C. § 1185e.

259. Through the acts described herein, Defendants have caused and continue to cause the overpayment of funds on behalf of ERISA-governed benefit plans through conduct that violates Section 1185e of ERISA.

260. Defendants are continuing to engage in such improper conduct, including but not limited to failing to properly initiate or engage in open negotiations prior to initiating the IDR process, initiating IDR for beneficiaries of government program exempt from NSA requirements, initiating IDR for services subject to Georgia's specified state law, initiating IDR with respect to claims that BCBSGA denied and thus are exempt from the IDR process, and failure to comply with other NSA requirements such as the IDR batching rules or the cooling off period. This conduct causes ongoing harm to BCBSGA and the ERISA-governed benefit plans.

261. There is an actual case and controversy between BCBSGA and Defendants relating to the claims fraudulently submitted and arbitrated as part of the NSA IDR process.

262. BCBSGA seeks an order enjoining Defendants from:

a. Initiating IDR without first properly initiating and engaging in open negotiations;

b. Initiating IDR for beneficiaries of government program exempt from NSA requirements;

c. Initiating IDR for services subject to Georgia's specified state law;

d. Initiating IDR for services that BCBSGA denied and thus are not eligible for IDR; and

e. Initiating IDR for services when Defendants failed to comply with other NSA requirements such as the IDR batching rules and the cooling off period.

PRAYER FOR RELIEF

WHEREFORE, BCBSGA respectfully requests that the Court:

a. Vacate all improperly obtained NSA arbitration awards;

b. Declaratory relief in the form of an order finding that Defendants' conduct in submitting false attestations and initiating IDR for unqualified IDR items or services is unlawful;

c. Declaratory relief in the form of an order finding that IDR awards for such unqualified IDR items or services are not binding;

d. Injunctive relief prohibiting Defendants from continuing to submit false attestations and initiate IDR for items or services that are not qualified for IDR, or from seeking to enforce non-binding awards entered on items and services not qualified for IDR;

e. Award compensatory, punitive, and exemplary damages;

f. Order the return of funds wrongfully obtained by Defendants;

g. Award costs, attorney's fees, and interest;

h. Declare that IDR awards issued on unqualified IDR items or services are non-binding and are not payable on a go-forward basis;

i. Grant such other and further relief as the Court deems just and proper.

JURY DEMAND

BCBSGA demands a trial by jury on all issues so triable.

Respectfully submitted,

Dated: August 29, 2025

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CERTIFICATE OF SERVICE

I hereby certify that on August 29, 2025, I electronically filed the foregoing with the Court's E-Filing, which will send notification of such filing to all counsel of record.

/s/ James L. Hollis
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