UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION

COMMUNITY INSURANCE COMPANY D/B/A ANTHEM BLUE CROSS AND BLUE SHIELD, Plaintiff, v. HALOMD, LLC, ALLA LAROQUE, SCOTT LAROQUE, MPOWERHEALTH PRACTICE MANAGEMENT, LLC, EVOKES, LLC, MIDWEST NEUROLOGY, LLC, ONE CARE MONITORING, LLC, and VALUE MONITORING LLC, Defendants.	Civil Case No. 1:25-cv-00388-MWM District Judge: Matthew W. McFarland

DEFENDANTS' NOTICE OF SUPPLEMENTAL AUTHORITY IN SUPPORT OF THEIR MOTIONS TO DISMISS

Defendants respectfully submit this Notice of Supplemental Authority in support of their pending motions to dismiss Plaintiff Community Insurance Company d/b/a Anthem Blue Cross and Blue Shield's ("Anthem") Amended Complaint, namely, an April 9, 2026 order dismissing a nearly identical complaint filed by other Blue Cross Blue Shield entities against Defendants in California.

On April 9, 2026, the United States District Court for the Central District of California issued its Memorandum Opinion and Order ("Order") granting several motions to dismiss filed in *Anthem Blue Cross Life and Health Insurance Company, et al. v. HaloMD LLC, et al.*, No. 8:25-cv-01467-KES (C.D. Cal. Apr. 9, 2026) ("*Anthem I*"), a copy of which is attached as **Exhibit A**. In its Order in *Anthem I*, the court dismissed the First Amended Complaint filed by Anthem Blue Cross Life and Health Insurance Company and Blue Cross of California d/b/a Anthem Blue Cross,

against defendants HaloMD, LLC, MPOWERHealth Practice Management, LLC, Alla LaRoque, Scott LaRoque, and the provider defendants in that action.

The First Amended Complaint in *Anthem I* is attached as **Exhibit B**. There, Anthem asserted materially identical factual allegations to those asserted in this case, and many identical causes of action to those asserted in this case, including claims for: (i) violations of the Racketeer Influenced and Corrupt Organizations Act ("RICO"), (ii) vacatur of Independent Dispute Resolution ("IDR") awards under the No Surprises Act ("NSA"); (iii) equitable relief under the Employee Retirement Income Security Act of 1974 ("ERISA"); and (iv) California analogs to several Ohio state law causes of action asserted in this Action.

HaloMD, LLC noted the existence of *Anthem I* in its pending motion to dismiss in this Action. *See* Defendant HaloMD's Motion to Dismiss (Dkt. 45) at 15 n. 6. The Order is relevant to this Action as it addresses many of the same arguments made by the parties here. In ruling on those arguments, the court in *Anthem I* dismissed the entirety of Anthem's pleading, holding that:

> 1. Anthem had not pleaded any permissible grounds for vacatur under 42 U.S.C. § 300gg111(c)(5)(E) (citing 9 U.S.C. § 10(a)(1)-(4)); and
>
> 2. the court lacked subject-matter jurisdiction over Anthem's other federal claims (i.e., RICO, RICO conspiracy, ERISA, Declaratory and Injunctive Relief) because the NSA prohibits judicial review of IDRE determinations "regardless of the legal theory under which judicial review is sought," and Anthem's theories were "all end runs around the NSA's limits on judicial review."

Order at 5, 11-20.

Of particular import for this case, the court there rejected Anthem's assertion that the NSA's judicial review bar does not apply to "eligibility determinations" but only "payment determinations" by IDRE arbitrators:

> An IDRE's payment determination necessarily includes a determination of eligibility. Plaintiffs' proposed reading of [the

> NSA] which would impose no limits on judicial review of IDREs' eligibility determinations, would be clearly contrary to the streamlined dispute resolution process that Congress intended when it created the NSA's IDR process.

Order at 18.

The court further declined to exercise supplemental jurisdiction over Anthem's remaining state law claims and denied leave to amend "since leave to amend would be futile." Order at 20, 22.

Respectfully submitted,

Dated: April 13, 2026

/s/Michael J. Summerhill

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CERTIFICATE OF SERVICE

I hereby certify that on April 13, 2026, a copy of the foregoing Defendants' Notice of Supplemental Authority in Support of Their Motions to Dismiss was electronically filed with the Clerk of the United States District Court for the Southern District of Ohio, Western Division, using the CM/ECF system, which will send notification of such filing to all counsel of record in this matter.

/s/ Heidi Gutierrez
Heidi Gutierrez

EXHIBIT A

O

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY, et al.,

Plaintiffs,

v.

HALOMD LLC, et al.,

Defendants.

Case No. 8:25-cv-01467-KES

MEMORANDUM OPINION AND ORDER

I.
INTRODUCTION

In July 2025, Anthem Blue Cross Life and Health Insurance Company and Blue Cross of California d/b/a Anthem Blue Cross ("Plaintiffs" or "Anthem") filed this civil lawsuit. (Dkt. 1.) The operative First Amended Complaint ("FAC" at Dkt. 50) names the following Defendants:

(1) HaloMD, LLC ("HaloMD") and its president, Alla LaRoque (collectively, the "HaloMD Defendants");

(2) MPOWERHealth Practice Management, LLC and its CEO, Scott LaRoque (collectively, the "MPOWERHealth Defendants");

(3) Bruin Neurophysiology, P.C.; iNeurology, PC; N Express, PC; and

North American Neurological Associates, PC (collectively, the "LaRoque Family Providers");

(4) Sound Physicians Emergency Medicine of Southern California, P.C. and Sound Physicians Anesthesiology of California, P.C. (collectively, the "Sound Physicians Providers").

(FAC at 2.)

Plaintiffs' claims arise out of the mandatory, independent dispute resolution ("IDR") process to resolve certain types of billing disputes between health plans and out-of-network providers established by the federal No Suprises Act ("NSA"). The FAC provides this overview of the NSA's IDR process:

> [T]he 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 payment determination from private parties called certified IDR entities ("IDREs").

(FAC at 12, ¶ 43.)

Most of the Defendants are healthcare providers. HaloMD "initiates and administers IDR proceedings on behalf of healthcare providers" like the other Defendants. (Id. at 4, ¶ 6.)

The FAC asserts the following federal claims:

Count One: Violations of the Racketeering Influenced and Corruption Organizations Act ("RICO"), 18 U.S.C. § 1962(d), against the LaRoque Family Providers, the HaloMD Defendants, and the MPOWERHealth Defendants (alleged to be the "LaRoque Family Enterprise"), based on allegations that these Defendants engaged in mail and wire fraud, or conspired in such fraud, by submitting billing disputes to the IDR process that they knew were ineligible, accompanied by false attestations of eligibility. (Id. at 3, ¶ 3; id. at 24, ¶ 93.)

Count Two: Similar violations of RICO, 18 U.S.C. § 1962(d), against the Sound Physicians Providers and HaloMD (alleged to be the "Sound Physicians Enterprise").

Count Three: Similar violations of RICO, 18 U.S.C. § 1962(c), against the LaRoque Family Enterprise.

Count Four: Similar violations of RICO, 18 U.S.C. § 1962(c), against the Sound Physicians Enterprise.

Count Eleven: Vacatur of IDR determinations under the NSA, 42 U.S.C. § 300gg-111(c)(5)(E), against all Defendants.

Count Twelve: Equitable relief under the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 1132(a)(3).

Count Thirteen: Declaratory and injunctive relief.

The FAC asserts the following state law claims:

Count Five: Fraudulent misrepresentation against all members of the LaRoque Family Enterprise.

Count Six: Fraudulent misrepresentation against all members of the Sound Physicians Enterprise.

Count Seven: Negligent misrepresentation against all members of the LaRoque Family Enterprise.

Count Eight: Negligent misrepresentation against all members of the Sound Physicians Enterprise.

Count Nine: Violations of the Unfair Competition Law ("UCL") at California Business & Professions Code §§ 17200 et seq. against all members of the LaRoque Family Enterprise.

Count Ten: Violations of the UCL against all members of the Sound Physicians Enterprise.

Defendants responded to the FAC by filing the following motions:

/ / /

Dkt.	Motion	Movants	Briefs[1]
69	Motion to Dismiss FRCP 12(b)(1) & (6)	Sound Physicians Providers	Oppo: 93 Reply: 117
72	Motion to Dismiss FRCP 12(b)(2)	MPOWERHealth Practice Management, LLC	Oppo: 93 Reply: 123
73	Motion to Dismiss FRCP 12(b)(6)	MPOWERHealth Practice Management, LLC and LaRoque Family Providers	Oppo: 93 Reply: 124
76	Motion to Dismiss FRCP 12(b)(1), (2) & (6)	HaloMD	Oppo: 93 Reply: 120
77	Motion to Dismiss FRCP 12(b)(1), (2) & (6)	Alla & Scott Laroque	Oppo: 93 Reply: 121
68	Special Motion to Strike (Anti-SLAPP)	Sound Physicians Providers	Oppo: 92 Reply: 118
78	Special Motion to Strike (Anti-SLAPP)	HaloMD Defendants	Oppo: 92 Reply: 122
74	Joinder in Dkt. 68 & 78	MPOWERHealth Practice Management, LLC and LaRoque Family Providers	See above

On March 10, 2026, the Court held oral argument. (Dkt. 127 (minutes); Dkt. 132 (hearing transcript); Dkt. 134 (presentation decks).) For reasons explained in detail below, the Court:

(1) GRANTS, without leave to amend, the motions to dismiss brought under Federal Rule of Civil Procedure 12(b)(6) challenging Count Eleven for vacatur (Dkt. 69, 73, 76, 77), because the facts alleged in the FAC establish no authorized basis for the district court to vacate any IDR determinations;

(2) GRANTS, without leave to amend, the motions to dismiss brought under Federal Rule of Civil Procedure 12(b)(1) asserting lack of subject matter jurisdiction over the remaining federal claims (Dkt. 69, 76, 77)

[1] In addition to the briefs listed in the chart, the Court reviewed amicus briefs filed at Dkt. 80-1, 99, and 101.

because, aside from vacatur authorized by 42 U.S.C. § 300gg111(c)(5)(E)(i)(II), the NSA precludes judicial review of IDR determinations, regardless of the legal theory under which judicial review is sought;

(3) DECLINES to exercise supplemental jurisdiction over the FAC's state law claims and DISMISSES them without prejudice (see 28 U.S.C. § 1367(c)); and

(4) DENIES, without prejudice, the anti-SLAPP motions to strike the state law claims (Dkt. 68, 74, 78) as moot because the Court dismissed the state law claims rather than exercising supplemental jurisdiction.

II.

SUMMARY OF THE FAC'S FACTUAL ALLEGATIONS

A. The NSA's IDR Process.

"Effective January 1, 2022, the NSA banned surprise billing for three categories of out-of-network care: (1) emergency services; (2) non-emergency services at in-network facilities; and (3) air ambulance services. See 42 U.S.C. §§ 300gg-131, 300gg-132, 300gg-135." (FAC at 12, ¶ 42.) When a health plan like Anthem receives a claim for out-of-network services subject to the NSA …, the health plan is supposed to 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)." (Id. ¶ 44.)

"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)." (Id. ¶ 45.) "After initiating open negotiations, the provider must attempt in good faith to negotiate a resolution with the health plan over the 30-business-day open negotiations period." (Id. at 12-13, ¶ 45.) "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)." (Id. at 13, ¶ 46.) Providers must initiate the IDR process within four business days after exhausting the open negotiations period. (Id.)

"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." (Id. at 15, ¶ 53.) To be qualified, 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;

b. The services involve a patient with healthcare coverage through a group plan or health insurer subject to the NSA (e.g., not coverage through government programs like Medicare or Medicaid);

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

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

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

f. The provider initiated and exhausted open negotiations;

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

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

(Id. at 13-14, ¶ 48 (citing 42 U.S.C. § 300gg-111(c)(1)(B); 45 C.F.R. § 149.510(a)(2)(xi), (b)(2)).)

Providers initiating the IDR process must do so "online through a federal

'IDR Portal.'" (Id. at 16, ¶ 54.) The initiating party must agree to certain terms and conditions, including a notice that they will need to submit an "[a]ttestation that qualified IDR items or services are within the scope of the Federal IDR process." (Id. ¶ 58.) "After agreeing to the terms and conditions, initiating parties must answer certain '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." (Id. at 17, ¶ 59.) "After successfully completing the Qualification Questions, the initiating party is asked to complete the Notice of IDR Initiation Form," which requires inputting "a variety of relevant information." (Id. at 18, ¶ 63.) At the end of this process, the initiating 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." (Id. ¶ 64.)

A copy of the Notice of IDR Initiation is sent electronically to "the non-initiating party (i.e., the health plan), the IDRE, and the Departments."[2] (Id. ¶ 65.) "[T]he parties select, or HHS appoints, an IDRE. 42 U.S.C. § 300gg-111(c)(4)(F)." (Id. at 19-20, ¶ 72.) The IDRE is directed by regulation to "'determine whether the Federal IDR process applies.' 45 C.F.R. § 149.510(c)(1)(v)." (Id. at 20, ¶ 73.) Guidance published by the government agencies that oversee the IDR process instruct non-initiating parties who believe that the IDR process does not apply how to submit relevant information through the portal. (Dkt. 76-5 at 18, § 5.5.[3]) The

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[2] The FAC defines the "Departments" as the Department of Health and Human Services ("HSS"), the Department of Labor, and the Department of the Treasury. (FAC at 15 n.9.) The Centers for Medicare & Medicaid Services ("CMS") is the federal agency within HSS primarily charged with implementing the IDR process. (Id. ¶ 52.)

[3] The Court GRANTS the request for judicial notice (Dkt. 76-2) and considers the guidance documents as a factual description of how the IDR process is supposed to work, not as evidence of how it actually worked for any particular

IDRE "must determine whether the Federal IDR Process is applicable." (Id.) IDREs can and do reject some disputes as ineligible for IDR. (FAC at 22, ¶ 80 (citing 42 U.S.C. § 300gg-111(c)(5)(F)).)

"[I]f the IDRE determines the IDR process applies, then the IDRE proceeds to a payment determination. 42 U.S.C. § 300gg-111(c)(5)(A)." (Id. at 20, ¶ 74.) "IDR payment determinations resemble a baseball-style dispute resolution 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)." (Id. ¶ 75.) "An IDR determination for a 'qualified IDR item or service' 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)." (Id. at 21, ¶ 77.) There is, however, a "process for reopening disputes to correct errors" and rescind payment determinations, including errors in eligibility determinations. (Dkt. 76-8 at 2, 4.) Additionally, the government can revoke an IDRE's certification for submitting false data or exhibiting a "pattern or practice of noncompliance" with the applicable requirements. (Dkt. 76-6 at 37, § 12.)

"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." (FAC at 21, ¶ 79.) The non-prevailing party is responsible for paying both its administrative fee and the whole IDRE fee. (Id. at 21-22, ¶ 79.)

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billing dispute.

B. Defendants' Alleged Wrongdoing.

Plaintiffs allege that Defendants use three "tactics" to turn the NSA's IDR process "into a vehicle for fraud." (Id. at 25, ¶ 94.) First, "Defendants manipulate the IDR process by strategically submitting massive numbers of open negotiations and IDR initiations—hundreds of which are patently ineligible for IDR—in an attempt to overwhelm the ability of health plans like Anthem to contest claims, confuse and swamp IDREs, and manipulate the IDR process." (Id. at 24, ¶ 93.) The NSA does not impose a numeric limit on IDR claims, but it does have batching rules. (Id. at 53, ¶ 226; Dkt. 76-5 at 22, § 6.1.3.)

Second, "Defendants capitalize on flaws in the IDR process by submitting—and often prevailing with—outrageous payment offers that they could never receive on the open market, including many that exceed the Provider Defendants'[4] own billed charges." (FAC at 24, ¶ 93.) As discussed above, the mandatory IDR process is a baseball-style arbitration where the IDRE must pick the more reasonable number based on certain authorized considerations. (Id. at 20, ¶ 75.)

Third, "Defendants make repeated false statements, representations, and attestations of eligibility to Anthem, the IDREs, and the Departments" via the submission portal. (Id. at 24, ¶ 93.) Plaintiffs allege that between January 2024 and August 2025, Defendants initiated at least 1,500 IDR proceedings against Anthem consisting of more than 2,000 separate services. (Id. at 32-33, ¶ 127.) Plaintiffs "determined that approximately 47 percent of these disputes were ineligible for IDR …." (Id. at 33, ¶ 128.) But in many of those cases, the IDREs found the claim eligibility despite Anthem's evidence, so "Defendants illicitly secured millions of dollars in improper IDR awards." (Id.) Plaintiffs allege that the IDREs routinely make errors in eligibility determinations because (1) they are

[4] The FAC defines "Provider Defendants" to include the LaRoque Family Providers and the Sound Physicians Providers. (FAC at 2.)

only compensated when a dispute reaches a payment determination, and (2) they are overwhelmed by a "staggering volume of disputes" and "cannot complete fulsome reviews [of eligibility evidence] in the timeline provided by the NSA." (Id. at 22, ¶ 80; id. at 28, ¶¶ 105-06.)

The FAC describes the following eleven IDR determinations as examples of outcomes that IDREs wrongly decided because of these tactics:

	No.	Defendant	Ineligibility Reason
1	DISP-918898	Bruin Neuro-physiology	Plaintiff Anthem Blue Cross Life and Health Insurance Company ("ABCLH") "submitted an objection to eligibility asserting that Bruin had not filed its IDR proceeding within the required time." FAC at 44, ¶ 171.
2	DISP-1455557	North American Neurological Associates ("NANA")	"Anthem Payment Disputes, on behalf of ABCLH, submitted an objection to eligibility" stating that NANA "failed to engage in the 30-business day open negotiation period." Id. at 44-45, ¶ 176.
3	DISP-1455555	NANA	Same as above. Id. at 45-46, ¶ 181.
4	DISP-2193991	N Express	Plaintiff Anthem Blue Cross ("ABC") "submitted an objection to eligibility" stating that the claim was "ineligible for IDR under the NSA because a state surprise billing law applies." Id. at 46-47, ¶ 187.
5	DISP-2193967	N Express	Same as above. Id. at 47, ¶ 193.
6	DISP-945678	N Express	Same as above. Id. at 48, ¶ 199.
7	DISP-937342	iNeurology	ABC told HaloMD that the service was ineligible because it was "a service for which no plan benefits were payable in the first place," but HaloMD still initiated IDR. Id. at 49, ¶¶ 203-05.
8	DISP-932222	Sound Physicians Emergency Medicine of Southern California ("SPEMSC")	"The notice of open negotiation attached a spreadsheet with dozens of claims …." Id. at 53, ¶ 226. The claims were for services "rendered to members of self-funded Anthem plans and non-Anthem plans in addition to the services rendered to a member of a fully insured Anthem plan." Id. at 54, ¶ 227. Plaintiffs

			objected to the IDR initiation, stating, "Batched services include multiple Membership types." Id. ¶ 228.
9	DISP-1289721	SPEMSC	ABC "submitted an objection to eligibility" stating that the claim was "ineligible for IDR under the NSA because it involved a Medicare/ Medicaid claim …." Id. at 55, ¶ 234.
10	DISP-1568233	SPEMSC	ABCLH "submitted an objection to eligibility" stating that the claim was ineligible for IDR under the NSA because "a state surprise billing law applies." Id. at 56, ¶ 240.
11	DISP-2639953	Sound Physicians Anesthesiology of California	ABC "submitted an objection to eligibility" stating that the claim was ineligible for IDR under the NSA because "a state surprise billing law applies." Id. at 57, ¶ 247.

III.

DISCUSSION

A. Count Eleven: Vacatur.

1. Applicable Law.

The NSA's provision for baseball-style arbitration requires the IDRE to select one of the party's offers to resolve qualified IDR billing disputes, as follows:

> (5) Payment Determination
>
> (A) In general
>
> Not later than 30 days after the date of selection of the certified IDR entity with respect to a determination for a qualified IDR item or service, the certified IDR entity shall—
>
> (i) taking into account the considerations specified in subparagraph (C), select one of the offers submitted under subparagraph (B) to be the amount of payment for such item or service determined under this subsection for purposes of subsection (a)(1) or (b)(1), as applicable; and
>
> (ii) notify the provider or facility and the group health plan or health insurance issuer offering group or individual health insurance coverage party to such determination of the offer selected under clause (i).

42 U.S.C. § 300gg111(c)(5)(A).

The NSA limits judicial review of IDRE determinations, as follows:

> (E) Effects of determination
> (i) In general
> A determination of a certified IDR entity under subparagraph (A) —
> (I) shall be binding upon the parties involved, in the absence of a fraudulent claim or evidence of misrepresentation of facts presented to the IDR entity involved regarding such claim; and
> (II) ***shall not be subject to judicial review, except in a case described in any of paragraphs (1) through (4) of section 10(a) of title 9***.

42 U.S.C. § 300gg111(c)(5)(E)(i) (emphasis added). The reference to "paragraphs (1) through (4) of section 10(a) of title 9" is a reference to the Federal Arbitration Act ("FAA"). Those paragraphs describe the four circumstances under which a district court can vacate an arbitrator's award under the FAA, as follows:

> (a) In any of the following cases the United States court in and for the district wherein the award was made may make an order vacating the award upon the application of any party to the arbitration—
> (1) where the award was procured by corruption, ***fraud***, or ***undue means***;
> (2) where there was evident partiality or corruption in the arbitrators, or either of them;
> (3) 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
> (4) 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) (emphasis added to identify the grounds for vacatur alleged in the FAC at 85, ¶¶ 357-58).

While the NSA is a recent law, Congress enacted the FAA years ago. As a result, case law defines what circumstances satisfy subparagraphs (1) and (4). A party moving for vacatur under § 10(a)(1) must establish: (1) fraud, by clear and convincing evidence, (2) which was not discoverable upon the exercise of due

diligence prior to or during the arbitration, and (3) which was materially related to an issue in the arbitration. Pac. & Arctic Ry. & Navigation Co. v. United Transp. Union, 952 F.2d 1144, 1148 (9th Cir. 1991). "[W]here the fraud or undue means is not only discoverable, but discovered and brought to the attention of the arbitrators, a disappointed party will not be given a second bite at the apple." A.G. Edwards & Sons, Inc. v. McCollough, 967 F.2d 1401, 1404 (9th Cir. 1992).

"Undue means" in the context of § 10(a)(1) refers to conduct that "is immoral if not illegal." Id. at 1403. Vacatur under this provision "requires a showing of bad faith during the arbitration proceedings, such as bribery, undisclosed bias of the arbitrator, or willfully destroying evidence, and further requires that such evidence of fraud was unavailable to the arbitrator during the course of the proceeding." Dandong Shuguang Axel Corp. v. Brilliance Mach. Co., No. C 00-4480 SC, 2001 WL 637446, at *5, 2001 U.S. Dist. LEXIS 7493, at *18 (N.D. Cal. June 1, 2001) (citation omitted). Like fraud, the undue means must be (1) not discoverable upon the exercise of due diligence prior to or during the arbitration, (2) materially related to an issue in the arbitration, and (3) established by clear and convincing evidence. A.G. Edwards, 967 F.2d at 1404.

For vacatur under § 10(a)(4), arbitrators "exceed their powers when they express a 'manifest disregard of law,' or when they issue an award that is 'completely irrational.'" Bosack v. Soward, 586 F.3d 1096, 1104 (9th Cir. 2009) (citation omitted). "For an arbitrator's award to be in manifest disregard of the law, it must be clear from the record that the arbitrator recognized the applicable law and then ignored it." Id. (citation modified). Mere "misinterpretations of the law" do not justify vacatur. French v. Merrill Lynch, Pierce, Fenner & Smith, Inc., 784 F.2d 902, 906 (9th Cir. 1986).

Sometimes an arbitration agreement delegates the issue of arbitrability to the arbitrator. When that happens, "the arbitrator's interpretation of the scope of his powers is entitled to the same level of deference as his determination on the

merits." See Schoenduve Corp. v. Lucent Techs., Inc., 442 F.3d 727, 733 (9th Cir. 2006).

2. Relevant Allegations.

Plaintiffs seek "vacatur of individual IDR determinations under 42 U.S.C. § 300gg-111(c)(5)(E)" because "[e]ach individual IDR determination at issue" was procured by fraud and undue means in the form of false eligibility attestations, and "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." (FAC at 85, ¶¶ 356-58.) Plaintiffs do not list all the IDR determinations they seek to vacate, but they allege that "the list of IDR payment determinations subject to vacatur is expected to increase during the pendency of the case." (Id. ¶ 359.) Plaintiffs pray for "vacatur of the underlying IDR determinations." (Id. at 88 (prayer for relief).)

3. Analysis.

Plaintiffs argue, "Anthem is seeking judicial review of Defendants' NSA Schemes, and not any individual IDRE payment determination." (Dkt. 93 at 48.) But Plaintiffs' claim for vacatur, while pled in the alternative, seeks to vacate "each individual IDR determination at issue." (FAC at 85, ¶ 356.) Plaintiffs' other fraud-based claims, like RICO, could not be litigated without deciding whether Defendants made false eligibility attestations, a decision that would necessarily re-examine eligibility determinations made by IDREs.

a. Fraud.

First, Plaintiffs urge the Court not to follow the above-cited Ninth Circuit cases and instead look to Eleventh Circuit cases. (Dkt. 93 at 49.) But Ninth Circuit cases are binding on this district court.

Next, Plaintiffs argue that the requirements discussed in Pacific & Artic Railway and A.G. Edwards cannot be fairly applied to the NSA IDR process because the Ninth Circuit test "presumes the existence of an opportunity to litigate

the alleged fraud" before the arbitrator. (Id.) Plaintiffs did not allege facts showing that Anthem cannot litigate eligibility within the IDR process. Indeed, the FAC's allegations show that participants in the IDR process can tell the IDRE if they believe a dispute is ineligible and why. (FAC at 30, ¶¶ 115, 118 (describing how Anthem objects to unqualified items).) "The baseball-style dispute resolution process … is premised on the notion that ineligible claims will be weeded out at the outset." (Id. at 30, ¶ 113; see also Dkt. 76-5 at 18, § 5.5 ("If the non-initiating party believes that the Federal IDR Process is not applicable, the non-initiating party must notify the Departments by submitting the relevant information through the Federal IDR portal as part of the certified IDR entity selection process.").

Plaintiffs objected to eligibility for all the sample determinations identified in the FAC and summarized in the chart on pages 10 to 11, above. IDREs are instructed that they "must determine whether the Federal IDR Process is applicable." (Dkt. 76-5 at 18, § 5.5.) IDREs can, and sometimes do, determine that a billing dispute is not eligible. (FAC at 30, ¶ 115 (alleging that most, but not all, of "Defendants' ineligible disputes reach a payment determination" despite "Anthem's objections").)

Plaintiffs point to procedural rules for arbitration in other forums, such as rules providing for in-person hearings, cross-examination, and written decisions explaining the arbitrator's reasoning. (Dkt. 93 at 49.) But such procedures are not necessary to bring allegedly fraudulent eligibility attestations to an IDRE's attention. If the Court were to adopt Plaintiffs' position, then nearly every eligibility determination disputed by an IDR participant would be subject to review in federal court. That would be inconsistent with the NSA's creation of a streamlined IDR process for resolving surprise billing disputes and its limitations on judicial review.

As aptly put by the Sound Physicians Providers, by alleging that Plaintiffs knew about the false eligibility attestations and objected, "Anthem has pleaded itself out of court," at least as to vacatur based on fraud, because the "fraud" was

known during the IDR and disclosed to the IDRE. (Dkt. 69-1 at 22.) As a result, the FAC's allegations, even if accepted as true, do not establish the kind of "fraud" that justifies vacatur under § 10(a)(1). Plaintiffs have not identified even one example of an IDR determination for which they could amend and allege that a Defendant made a false eligibility attestation based on facts that Plaintiffs did not know, and could not reasonably have known, before or during the IDR process.

b. Undue Means.

Plaintiffs argue that the IDREs are "financially incentivized" to disregard objections to eligibility. (Dkt. 93 at 50.) The FAC describes how IDREs only receive fees if they find a dispute eligible. (FAC at 22, ¶ 80; id. at 30, ¶ 116.) But this fee structure is part of the IDR rules established by Congress. See 42 U.S.C. § 300gg-111(c)(5)(F). Such financial incentives are not akin to bad faith or bribery. In any event, the FAC does not allege that improper financial incentives motivated an IDRE's decision-making for any particular award. Plaintiffs have not suggested that they could amend and add such facts.

c. Excess of Authority.

Plaintiffs argue that they are "entitled to judicial review where, as here, the IDREs 'exceeded their powers' by issuing payment determinations on disputes that were ineligible for IDR." (Dkt. 93 at 48.) The FAC alleges that IDREs issued hundreds of payment determinations for services that were not a qualified IDR item or service. (FAC at 33, ¶ 128 (referring to 47% of 1,500 IDR proceedings).)

The IDREs, however, are authorized to decide eligibility. "First, the IDRE is directed by regulation (though not by the Act itself) to 'determine whether the Federal IDR process applies.' 45 C.F.R. § 149.510(c)(1)(v)." (Id. at 20, ¶ 73.) It makes no difference whether the directive to first determine eligibility is in the NSA's text or the implementing regulations.

The moving parties cite Reach Air Med. Servs. LLC v. Kaiser Found. Health Plan Inc., 160 F.4th 1110, 1114 (11th Cir. 2025). In that case, a medical service

provider (an air ambulance) challenged an IDR award in which the IDRE chose Kaiser's number. Reach Air, 160 F.4th at 1114-15. The air ambulance company sued to vacate the award under § 10(a)(4), alleging that the IDRE exceeded its authority "by applying an illegal presumption in favor of Kaiser." Id. at 1119. The Eleventh Circuit noted, "An arbitrator's actual reasoning is of such little importance to our review that it need not be explained …. Our sole question under § 10(a)(4) is whether the arbitrator (even arguably) performed the assigned task, not whether she got the outcome right or wrong." Id. at 1120 (citation modified). The examples given included "awarding relief on a statutory claim when the arbitration agreement allows only for arbitration of contractual claims" or "failing to give preclusive effect to an issue previously decided by a court." Id.

Here, Plaintiffs argue that IDREs have issued awards for ineligible claims and thus strayed from their "assigned task." (Dkt. 93 at 48 n.11.) But movants counter that part of the IDREs' assigned task is to decide eligibility. (Dkt. 117 at 19.) Plaintiffs do not (and cannot) allege that IDREs failed to rule in Anthem's favor in the complete absence of factual support for eligibility, because Plaintiffs allege that Defendants consistently represent (albeit falsely) to the IDREs that the claims are eligible. (FAC at 3, ¶ 3; id. at 23, ¶ 90.) Such allegations collapse the analysis under § 10(a)(4) into the same test as § 10(a)(1). Plaintiffs raised Defendants' allegedly false eligibility attestations to the IDREs, and the IDREs were authorized to determine eligibility. This means that judicial review of the IDREs' eligibility determinations premised on the same allegedly false eligibility attestations is not available. Pac. & Arctic Ry., 952 F.2d at 1148.

Because Plaintiffs' allegations do not meet the substantive requirements for claiming vacatur under 9 U.S.C. § 10(a)(1) or (4), the Court need not decide whether any of the FAA's procedural requirements for seeking vacatur (like timing and

venue) apply to claims seeking vacatur of NSA IDRE determinations.[5]

B. <u>Subject Matter Jurisdiction over Remaining Federal Counts (1-4, 12, 13).</u>

Movants argue that the NSA's above-discussed limitations on judicial review bar the Court from exercising subject matter jurisdiction over Plaintiffs' other federal claims, because those claims seek review of IDRE determinations, regardless of the legal label. (Dkt. 69-1 at 26.) None of Plaintiffs' responses to this argument (discussed below) are persuasive.

1. The Statutory Interpretation Argument.

In a novel argument unsupported by any case law, Plaintiffs contend that the NSA's limitations on judicial review apply only to "[a] determination of a certified IDR entity ***under subparagraph (A)***," and subparagraph (A) refers only to payment determinations, not eligibility determinations. (Dkt. 93 at 43 (emphasis added).) But as set forth in full above, subparagraph (A) refers to "a determination for a qualified IDR item or service." 42 U.S.C. § 300gg111(c)(5)(A). An IDRE's payment determination necessarily includes a determination of eligibility. Plaintiffs' proposed reading of 42 U.S.C. § 300gg111(c)(5)(E)(i), which would impose *no* limits on judicial review of IDREs' eligibility determinations, would be clearly contrary to the streamlined dispute resolution process that Congress intended when it created the NSA's IDR process.

2. The Policy Argument.

Next, Plaintiffs urge the Court not to apply the NSA's limits on judicial review because the IDR process is deeply flawed and there is no readily available remedy for erroneous IDR awards. (Dkt. 93 at 23-27.) But such policy-based arguments would be better directed at Congress which alone has the power to

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[5] Count Eleven also fails because the alleged fraud is not pled with specificity as to every challenged IDR determination, as required by Federal Rule of Civil Procedure 9(b). This order does not rely on Rule 9(b), because non-compliance with Rule 9(b) could potentially be cured by amendment.

rewrite the NSA. Moreover, the FAC alleges that false attestations to the federal government can violate 18 U.S.C. § 1001, providing a strong incentive against making false attestations. (FAC at 18-19, ¶ 67.)

3. The "Outside the Scope" Argument.

Next, Plaintiffs argue that the NSA's limits on judicial review apply only to claims seeking to vacate IDR awards, but Plaintiffs' claims for monetary damages for time spent addressing fraudulent submissions and for prospective injunctive relief can be adjudicated without reviewing any IDR awards. (Dkt. 93 at 51-52.) Therefore, Plaintiffs argue that their claims fall outside the scope of the NSA's jurisdiction-stripping provisions. (Id.)

Plaintiffs' federal claims cannot be adjudicated without reviewing the correctness of past IDR awards or inserting the district court in overseeing future IDR awards. The district court could not, for example, award damages measured by time spent addressing a fraudulent eligibility attestation without first deciding that the eligibility attestation was false. Similarly, the district court could not order Defendants to pay damages measured by IDR administrative fees for disputes ineligible for the IDR process without first deciding that the dispute was ineligible for IDR. And if, for example, the district court entered a follow-the-law injunction that prohibited Defendants from making future false eligibility attestations, then Plaintiffs would be able to come back into court to request a contempt remedy for violations of such an injunction, a remedy that would require litigating whether the challenged attestation was false. These theories are all end runs around the NSA's limits on judicial review.

4. The "Other Statutory Basis" Argument.

Plaintiffs argue that jurisdiction to hear its federal claims is conferred by ERISA or the federal Declaratory Judgment Act. (Dkt. 93 at 84.) These laws generally provide that district courts can hear certain kinds of claims, but neither specifically allows claims that require judicial review of IDR awards, as Plaintiffs'

federal claims do. These federal laws' general jurisdictional language does not supplant the NSA's specific limitations on judicial review.

C. Supplemental Jurisdiction over Counts 5-10.

The Court has discretion to exercise supplemental jurisdiction over state law claims that do not, themselves, have a basis for federal subject matter jurisdiction once the Court has dismissed the claims over which it has original jurisdiction. 28 U.S.C. § 1367(c)(3). Here, Plaintiffs' federal claims all fail for the reasons stated above. The Court declines to exercise supplemental jurisdiction over Plaintiffs' remaining state law claims.

D. The Anti-SLAPP Motions.

"California law provides for the pre-trial dismissal of certain actions, known as Strategic Lawsuits Against Public Participation, or SLAPPs, that masquerade as ordinary lawsuits but are intended to deter ordinary people from exercising their political or legal rights or to punish them for doing so." Planet Aid, Inc. v. Reveal, 44 F.4th 918, 923 (9th Cir. 2022) (quoting Makaeff v. Trump Univ., LLC, 715 F.3d 254, 261 (9th Cir. 2013)); see Cal. Civ. Proc. Code § 425.16. The Ninth Circuit has held that California Code of Civil Procedure section 425.16 is, in part, a substantive law that applies in federal court to state law claims. See United States ex rel. Newsham v. Lockheed Missiles & Space Co., 190 F.3d 963, 972-73 (9th Cir. 1999).

To prevail on an anti-SLAPP motion, "the moving defendant must make a prima facie showing that the plaintiff's suit arises from an act in furtherance of the defendant's constitutional right to free speech." Makaeff, 715 F.3d at 261. "Once it is determined that an act in furtherance of protected expression is being challenged, the plaintiff must show a 'reasonable probability' of prevailing in its claims for those claims to survive dismissal." Metabolife Int'l, Inc. v. Wornick, 264 F.3d 832, 840 (9th Cir. 2001) (citation omitted); see also Makaeff, 715 F.3d at 261. Under this standard, "the claim should be dismissed if the plaintiff presents

an insufficient legal basis for it, or if, on the basis of the facts shown by the plaintiff, 'no reasonable jury could find for the plaintiff.'" Makaeff, 715 F.3d at 261 (quoting Metabolife, 264 F.3d at 840).

Here, movants argue (primarily) that all of Plaintiffs' state law claims (1) arise from petitioning activity protected by the First Amendment and (2) are unlikely to succeed because the same limitations on judicial review that deprive the Court of jurisdiction over Plaintiffs' federal claims apply equally to Plaintiffs' state law claims. (Dkt. 68, 78.)

The Court has already dismissed the state law claims, exercising its discretion under 28 U.S.C. § 1367(c)(3) not to assert supplemental jurisdiction. Without any state law claims, district courts may properly decline to address anti-SLAPP motions. See Hilton v. Hallmark Cards, 599 F.3d 894, 901 (9th Cir. 2010) ("[A] federal court can only entertain anti-SLAPP special motions to strike in connection with state law claims …."); McMillan v. Chaker, 791 F. App'x 666, 667 (9th Cir. 2020) (holding that the district court, after dismissing all federal claims, did not abuse its discretion in not exercising supplemental jurisdiction over the remaining state law claims and not addressing the anti-SLAPP motion).

Movants urge the Court to retain jurisdiction to rule on the anti-SLAPP motions. The Court declines to do so. Applying California's anti-SLAPP law requires analysis under the two-part test described above, which goes beyond the analysis needed to dismiss the federal claims. Furthermore, Plaintiffs ask the Court to consider (1) a new Supreme Court decision that Plaintiffs believe limits or eliminates anti-SLAPP motions in federal court, and (2) the timing of the motions, both issues the Court need not reach if it declines to retain jurisdiction. (Dkt. 92 at 13-14, 23.) Finally, the Court has inherent power "to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants." Landis v. N. Am. Co., 299 U.S. 248, 254 (1936). Declining to address the anti-SLAPP motions serves the interest of judicial economy.

E. Leave to Amend.

If a district court finds that a complaint should be dismissed for failure to state a claim, the court has discretion to dismiss with or without leave to amend. Lopez v. Smith, 203 F.3d 1122, 1126-30 (9th Cir. 2000) (en banc). The court may dismiss a complaint without leave to amend if further amendment would be futile. Cahill v. Liberty Mut. Ins. Co., 80 F.3d 336, 339 (9th Cir. 1996). If, after careful consideration, it is clear that a complaint cannot be cured by amendment, then the district court may dismiss without leave to amend. See, e.g., Chaset v. Fleer/Skybox Int'l, 300 F.3d 1083, 1088 (9th Cir. 2002) (holding that "there is no need to prolong the litigation by permitting further amendment" where the "basic flaw" in the pleading cannot be cured by amendment).

Plaintiffs request leave to amend. (Dkt. 93 at 87.) But in neither briefing nor oral argument have Plaintiffs identified any facts that they could add that would (1) qualify a particular IDE determination for vacatur or (2) put its other federal claims beyond the jurisdiction-stripping provisions of 42 U.S.C. § 300gg111(c)(5)(E)(i)(II). Since leave to amend would be futile, the Court declines to grant leave to amend.

V.

CONCLUSION

Based on the foregoing, **IT IS ORDERED** that (1) the motions to dismiss (Dkt. 69, 73, 76, 77) shall be granted for the reasons stated above; (2) all other pending motions (Dkt. 68, 72, 74, 78) shall be denied as moot; and (3) the FAC shall be dismissed in its entirety, without leave to amend.

DATED: April 9, 2026

Karen E. Scott

KAREN E. SCOTT
United States Magistrate Judge

EXHIBIT B

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA, SOUTHERN DIVISION

ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY, a California corporation; and BLUE CROSS OF CALIFORNIA DBA ANTHEM BLUE CROSS, a California corporation, Plaintiffs, vs. HALOMD, LLC; ALLA LAROQUE; SCOTT LAROQUE; MPOWERHEALTH PRACTICE MANAGEMENT, LLC; BRUIN NEUROPHYSIOLOGY, P.C.; iNEUROLOGY, PC; N EXPRESS, PC; NORTH AMERICAN NEUROLOGICAL ASSOCIATES, PC; SOUND PHYSICIANS EMERGENCY MEDICINE OF SOUTHERN CALIFORNIA, P.C.; and SOUND PHYSICIANS ANESTHESIOLOGY OF CALIFORNIA, P.C., Defendants.	No.: 8:25-cv-01467-KES **AMENDED COMPLAINT AND DEMAND FOR JURY TRIAL** VIOLATION OF RICO, 18 U.S.C. § 1962(c); VIOLATION OF RICO, 18 U.S.C. § 1962(d); FRAUDULENT MISREPRESENTATION; NEGLIGENT MISREPRESENTATION; BUSINESS ACTS OR PRACTICES IN VIOLATION OF CAL. BUS. & PROF. CODE §§ 17200 *ET SEQ.*; VACATUR OF NSA DISPUTE RESOLUTION AWARDS; ERISA CLAIM FOR EQUITABLE RELIEF; DECLARATORY AND INJUNCTIVE RELIEF

Plaintiffs Anthem Blue Cross Life and Health Insurance Company ("ABCLH") and Blue Cross of California d/b/a Anthem Blue Cross ("ABC") (collectively, "Anthem") hereby bring suit against HaloMD, LLC ("HaloMD") and Alla LaRoque, (collectively, the "HaloMD Defendants"); Scott LaRoque and MPOWERHealth Practice Management, LLC ("MPOWERHealth"; and, together with Scott LaRoque, the "MPOWERHealth Defendants"); Bruin Neurophysiology, P.C.; iNeurology, PC; N Express, PC; and North American Neurological Associates, PC (collectively, the "LaRoque Family Providers"; and, together with the HaloMD Defendants and the MPOWERHealth Defendants, the "LaRoque Family Enterprise"); and Sound Physicians Emergency Medicine of Southern California, P.C. and Sound Physicians Anesthesiology of California, P.C. (collectively, the "Sound Physicians Providers"; and, together with HaloMD, the "Sound Physicians Enterprise"). The LaRoque Family Providers and the Sound Physicians Providers are collectively referred to herein as the "Provider Defendants;" and, together with the HaloMD Defendants and the MPOWERHealth Defendants, the "Defendants."

INTRODUCTION

1. Congress enacted the No Suprises Act ("NSA") to protect Americans from abusive health care providers who engaged in the financially devasting practice of sending "surprise bills" for out-of-network services. For patients, the NSA provided significant protection against surprise bills where they are not otherwise protected by state laws. For the LaRoque Family Enterprise and the Sound Physicians Enterprise, however, the NSA provided the opportunity to defraud health plans like Anthem.

2. The NSA created an independent dispute resolution ("IDR") process to resolve certain types of surprise billing disputes between health plans and out-of-network providers. The NSA's IDR process is limited to "qualified IDR items or services" that meet strict eligibility criteria. But beginning no later than January 2024, Defendants have engaged in a scheme to defraud Anthem by flooding the IDR process with hundreds of knowingly ineligible disputes and reaping millions of dollars in

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wrongfully obtained awards.

3. In furtherance of their "NSA 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 Anthem, and (3) improperly inflate payment offers that far exceed what the LaRoque Family Providers and the Sound Physicians Providers could have received in a competitive market, more often than not exceeding the Provider Defendants' ***own billed charges*** (*i.e.*, the inflated, non-market-based rates, which already far exceed commercially reasonable rates).

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, to bypass mandatory regulatory safeguards intended to filter out such ineligible disputes. After they fraudulently obtain 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." Defendants do so despite Anthem's repeated communications that services and disputes are ineligible for the IDR process. These misrepresentations are necessary to initiate the IDR process in the first instance and to force payors like Anthem into costly dispute resolution proceedings that the system was designed to weed out.

5. This fraudulent course of conduct is the product of two coordinated enterprises, one among the HaloMD Defendants, the MPOWERHealth Defendants, and the LaRoque Family Providers (the "LaRoque Family Enterprise"), and the other between HaloMD and the Sound Physicians Providers (the "Sound Physicians Enterprise"). The participants in the LaRoque Family Enterprise and the Sound Physicians Enterprise knowingly conspired to exploit the IDR process and fraudulently obtain exorbitant payments for out-of-network services at the expense of Anthem and

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other health care payors. Each of the participants in each enterprise plays a crucial role in their fraudulent schemes.

6. Defendant Alla LaRoque is the president of Defendant HaloMD, a company that operates "[w]ith an exclusive focus on Independent Dispute Resolution (IDR)[.]"[1] HaloMD initiates and administers IDR proceedings on behalf of health care providers like the Provider Defendants. HaloMD supplies automation and artificial intelligence infrastructure to operate "at scale."[2] But HaloMD does not itself provide health care services or bill claims; it requires willing co-schemers like the Provider Defendants to effectuate the scheme to defraud health plans like Anthem.

7. For the LaRoque Family Enterprise, the HaloMD Defendants conspire with Defendant Scott LaRoque, Alla's husband and the Chief Executive Officer ("CEO") of Defendant MPOWERHealth, Defendant MPOWERHealth, and the LaRoque Family Providers to use claims and services provided by the LaRoque Family Providers to initiate fraudulent IDR proceedings. Defendants Scott LaRoque and MPOWERHealth operate a closely-managed network of subsidiaries and affiliated providers—including the LaRoque Family Providers—that provide out-of-network intraoperative neuromonitoring ("IONM") services at hospitals and ambulatory surgical centers. The LaRoque Family Providers do not function independently; rather, the MPOWERHealth Defendants direct material aspects of their operations.

8. For the Sound Physicians Enterprise, HaloMD conspires with the Sound Physician Providers to use claims and services provided by the Sound Physician Providers to initiate fraudulent IDR proceedings. The Sound Physician Providers provide emergency medicine and anesthesiology services to patients.

9. Through the LaRoque Family Enterprise and the Sound Physicians Enterprise, Defendants have unlawfully corrupted the IDR process for financial gain. Since no later than January 2024, Defendants have initiated many hundreds of

[1] https://halomd.com
[2] *Id.*

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knowingly ineligible disputes against Anthem. Knowing that these disputes on their face did not qualify for IDR, the HaloMD Defendants, on behalf of the MPOWERHealth Defendants and the LaRoque Family Providers, on the one hand, and HaloMD on behalf of the Sound Physicians Providers, on the other, made false statements, representations, and attestations to fraudulently bypass IDR safeguards to take advantage of the IDR process. Through these schemes, Defendants have caused Anthem to have to pay millions of dollars in ineligible IDR payment determinations and related fees.

10. Defendants also deliberately exploited the IDR system to seek payments that far exceed the charges the Provider Defendants had billed Anthem—far beyond the actual cost or market value of their services. In disputes where Defendants prevailed with such outrageous offers, Anthem was ordered to pay $1.5 million more than the Provider Defendants' own billed charges.

11. The fraudulent NSA Schemes of the LaRoque Family Enterprise and the Sound Physicians Enterprise 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. Anthem brings this action against Defendants—who, together with other co-conspirators, known and unknown, conspired to engage in the NSA Schemes, as set forth herein—to end Defendants' ongoing criminal enterprise and recover resulting damages.

THE PARTIES

I. Plaintiffs

12. Plaintiff ABC is a health care service plan licensed by the California Department of Managed Health Care and governed by the requirements of the Knox-Keene Health Care Service Plan Act of 1975, Cal. Health & Safety Code §§ 1340 *et seq.* Its principal place of business is in Woodland Hills, California.

13. Plaintiff ABCLH is an insurance company regulated by the California Department of Insurance. Its principal place of business is in Woodland Hills,

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California.

II. The HaloMD Defendants

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

15. HaloMD has two members: LFF Holdings Groups Ltd. Co. ("LFF") and Scalla Investments, LLC ("Scalla"). LFF is a Texas limited liability company whose sole member is Scott LaRoque. Scalla is a Texas limited liability company with both Scott LaRoque and Alla LaRoque as its only two members. For the purposes of diversity, HaloMD is a citizen of Texas.

16. Defendant Alla LaRoque is the founder and President of HaloMD. She is a resident of Texas.

III. The MPOWERHealth Defendants

17. Upon information and belief, Defendant MPOWERHealth is a Delaware limited liability company located at the 5080 Spectrum Address. MPOWERHealth's member is LFF, whose sole member is Scott LaRoque.

18. Defendant Scott LaRoque, the husband of Defendant Alla LaRoque, is the CEO and founder of MPOWERHealth. He is a resident of Texas.

IV. The LaRoque Family Provider Defendants

19. Defendant Bruin Neurophysiology, P.C. ("Bruin") is a California professional corporation that provides IONM services, including for California residents. Bruin's principal place of business is the 5080 Spectrum Address, with a mailing address 2915 W. Bitters Road, Suite 201, San Antonio, Texas 78248 (the "2915 W Bitters Address").

20. Defendant iNeurology, PC ("iNeurology") is a California professional corporation that provides IONM services, including for California residents. iNeurology's principal place of business is 218 Foothills Road, Beverly Hills,

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California 90210, and it has a mailing address of 1141 N. Loop 1604 E, #105-612, San Antonio, Texas 78232 (the "1141 N Loop Address").

21. Defendant N Express, PC ("N Express") is a California professional corporation that provides IONM services, including for California residents. N Express's principal place of business is 1213 Walnut Avenue, Manhattan Beach, California 90266, with a mailing address of the 2915 W Bitters Address.

22. Defendant North American Neurological Associates, PC ("NANA") is a California professional corporation that provides IONM services, including for California residents. NANA is located at 701 Palomar Airport Road, Suite 300, in Carlsbad, California, and has a mailing address of the 2915 W Bitters Address.

V. The Sound Physician Provider Defendants

23. Defendant Sound Physicians Anesthesiology of California, P.C. ("SPAC") is a California professional corporation with its principal place of business at 120 Brentwood Commons Way, Suite 510, in Brentwood, Tennessee (the "Brentwood Tennessee Address"). SPAC is located at 4002 Vista Way in Oceanside, California.

24. Defendant Sound Physicians Emergency Medicine of Southern California, P.C. ("SPEMSC") is a California professional corporation with its principal place of business also at the Brentwood Tennessee Address. SPEMSC is located at 2615 Chester Avenue in Bakersfield, California.

25. Upon information and belief, the Sound Physicians Providers are all subsidiaries and/or corporate affiliates of Sound Physicians, which holds itself out 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 6% of all acute medical hospitalizations.[3]

26. The Sound Physicians Providers were all incorporated by persons located at 1498 Pacific Ave., Suite 400, in Tacoma, Washington 98402, which is also Sound

[3] *See* https://soundphysicians.com/about/why-sound/.

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Physicians' corporate headquarters.[4]

27. Lindsay Vaughan, Associate General Counsel of Sound Physicians, served as the incorporator for SPAC, and has signed annual Statements of Information forms filed with the California Secretary of State for the Sound Physician Providers.

JURISDICTION AND VENUE

28. 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 NSA, 42 U.S.C. § 300gg-111, and the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. §§ 1001 *et seq.* The Court has supplemental jurisdiction over state law claims pursuant to 28 U.S.C. § 1367.

29. Venue is proper in this District under 28 U.S.C. § 1391 because: (i) a substantial part of the events or omissions giving rise to the claims set forth herein occurred in, and were directed toward, this District; (ii) Anthem is headquartered in this District and has suffered injury here; and (iii) one or more of the Defendants reside here.

BACKGROUND

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

30. Anthem offers a broad range of health care and related plans, insurance contracts and services to its plan sponsor "members" and insureds who enroll in an Anthem plan, including fully insured and self-funded employee health benefit plans. Anthem 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, Anthem 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.

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[4] *See* https://www.soundphysicians.com/about/contact/.

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

32. First, Anthem issues and administers health plans and insurance contracts, whereby Anthem collects premiums and is financially responsible for any benefits paid out under the plan terms or pursuant to law. Anthem sells these products either directly to consumers 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.

33. Second, Anthem 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 employees, these plans contract with Anthem for administrative services, such as provider network development, customer service, and claims pricing and adjudication. These plans often delegate authority to Anthem to administer the IDR process on behalf of the plans and discretionary authority to perform other services incident or necessary to Anthem's administration of the IDR process. The plans typically (though not always) reimburse Anthem for any awards resulting from IDR. They may opt into following certain state insurance laws, such as state surprise billing laws; otherwise, they are subject to ERISA and federal law.

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

35. While Anthem administers different types of health plans and claims, providers generally know what type of health care coverage the patient has. Providers

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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 Anthem 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.

36. Health plans like Anthem 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.

37. 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. The health plan will cover a portion of the cost of the services, and the out-of-network provider will "balance 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. Patients who choose to seek treatment from an out-of-network provider understand that it will likely be more expense than in-network care; they will likely receive less coverage from their health plan, and in turn, higher bills from their out-of-network provider.

38. 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

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treatment from an out-of-network physician, such as an anesthesiologist or IONM provider. Before state and federal governments acted, out-of-network emergency providers like the Sound Physician Providers, air ambulance providers, and IONM providers like the LaRoque Family Providers capitalized on patients' lack of meaningful choice in these circumstances.

39. 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" "billed charges" and the amounts paid by health plans. H.R. Rep. No. 116-615, at 53, 57. Surprise billing was particularly rampant among particular provider groups, including IONM providers, who refused to contract with health plans because being able to engage in surprise billing yielded higher profits at the expense of patients who were not in a position to choose from whom they received such care.

40. Before legislation banned their exploitative practices, surprise billing providers like the LaRoque Family Providers and the Sound Physicians Providers held "substantial market power." H.R. Rep. No. 116-615, at 53. 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[d] highly inelastic demands for their services because patients lack the ability to meaningfully choose or refuse care." *Id.* Surprise billing providers like the LaRoque Family Providers and the Sound Physicians Providers could reap massive profits by issuing surprise medical bills to patients and had little incentive to contract with health plans like Anthem to offer more affordable health care services to American consumers.

41. 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—as well as many state legislatures like California's—enacted laws to ban surprise medical bills.

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

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

43. 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 payment determination from private parties called certified IDR entities ("IDREs").

44. 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, 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 explanation of benefits ("EOB") 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).

45. 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

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

46. 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 open negotiations period has been exhausted. *See id.*

47. 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.[5]

48. The IDR process is 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 eligible for the process and 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;

b. The services involve a patient with health care coverage through a group plan or health insurer subject to the NSA (*e.g.*, not coverage through government programs like Medicare or Medicaid);

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

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

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[5] *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/.

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

f. The provider initiated and exhausted open negotiations;

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

h. 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).

49. With the NSA, Congress did not intend to supplant specified state laws. Congress lauded the fact that at the time the NSA was enacted, more than half of states had already "taken significant steps to address surprise medical bills through consumer protection laws that shield patients from surprise billing in the individual, small group, and fully-insured group markets." H.R. Rep. No. 116-615, at 54. Congress enacted the NSA to supplement state laws, not replace them. *See id.* If the state law already protects the patient from the surprise medical bill and provides a method of determining the out-of-network rate for the services, then the state law applies, and the dispute is not eligible for the NSA. 42 U.S.C. § 300gg-111(a)(3)(H)-(K), (c)(1); 49 C.F.R. § 149.510(a)(2)(xi)(A).

50. California has two specified state laws (collectively referred to herein as the "California's Surprise Billing Laws"). First, the Knox-Keene Act (California Health and Safety Code § 1371.4 and its implementing regulations—California Code of Regulations Title 28, Sections 1300.71 and 1300.71.39), as applied through case law, is a specified state law that concerns emergency services. Case law and the Knox-Keene Act require reimbursement for out-of-network emergency services at the reasonable and customary value, based on statistically credible information taking into consideration (i) the provider's training, qualifications, and length of time in practice; (ii) the nature of the services provided; (iii) the fees usually charged by the provider; (iv) prevailing provider rates charged in the general geographic area in which the services were rendered; (v) other aspects of the economics of the medical provider's practice that are

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relevant; and (vi) any unusual circumstances in the case. This specified state law applies to Plaintiff ABC.

51. Second, AB 72, codified at California Health and Safety Code §§ 1371.30 and 1371.31, applies to non-emergency services by non-participating providers in participating facilities and (1) requires payment of the greater of the payor's average contracted rate or 125 percent of Medicare rates, and (2) provides for an independent dispute resolution process to resolve any payment disputes regarding such services.[6] This specified state law applies to both Plaintiffs.

52. 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.[7]

53. 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.[8] A copy of the IDR initiation form, including the attestation, is provided to the non-initiating party, the IDRE, and the Departments.[9]

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[6] *See also* California CAA Enforcement Letter (Dec. 22, 2021), available at https://www.cms.gov/files/document/cms-letter-ca-caa-enforcement-and-dispute-resolution.pdf.

[7] *See, e.g.*, CAA Enforcement Letters, available at https://www.cms.gov/marketplace/about/oversight/other-insurance-protections/consolidated-appropriations-act-2021-caa; 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).

[8] *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.

[9] The "Departments" include HHS, the Department of Labor, and the Department of the Treasury.

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IV. The IDR Initiation Process Notifies Parties of Ineligible Disputes.

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

55. The online process for initiating IDR is designed to notify initiating parties of ineligible disputes and prevent initiating parties from inadvertently initiating the IDR process for ineligible items or services.

56. 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.

57. 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.

58. 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."

> **Before starting:**
> You may need to provide information by uploading separate documents. The total file size limit for all uploaded documents is 500MB. Be sure your files meet this limitation.
>
> Along with the general information you'll need to start your Federal IDR dispute process, provide:
> - Information to identify the qualified IDR items or services (and whether they are designated as batched or bundled items or services)
> - Dates and location of qualified IDR items or services
> - Type of qualified IDR items or services such as emergency services and post-stabilization services
> - Codes for corresponding service and place-of-service
> - Attestation that qualified IDR items or services are within the scope of the Federal IDR process
> - Your preferred certified IDR entity

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59. After agreeing to the terms and conditions, initiating parties must answer certain "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.

60. For example, one of the key 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:

61. Parties must exhaust a 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 federal IDR website will not permit the initiating party to proceed and seek payment for the service.

62. Further, if the IDR initiation is not within four business days of the end of

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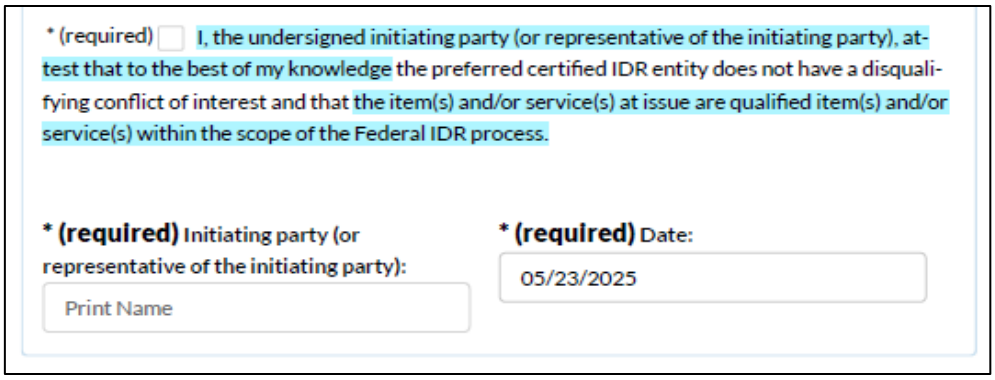
the 30-day open negotiation period, the initiating party must provide a reason why they are eligible for an extension and provide supporting documentation.

63. After successfully completing the Qualification Questions, the initiating party is asked to complete the Notice of IDR Initiation Form. 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 qualifying payment amount ("QPA")—generally the plan's 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.

64. 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."


* (required) I, the undersigned initiating party (or representative of the initiating party), attest that to the best of my knowledge the preferred certified IDR entity does not have a disqualifying conflict of interest and that 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.

*** (required)** Initiating party (or representative of the initiating party):

Print Name

*** (required)** Date:

05/23/2025

65. 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.

66. As illustrated above, at every stage of this online process, the initiating party must make false statements to submit a dispute for services that are not eligible for IDR, or the initiation process cannot continue. As such, when a party initiates the IDR process, it has full knowledge of the requirements and limits of the IDR process.

67. HHS administers the IDR initiation process. Any submission made

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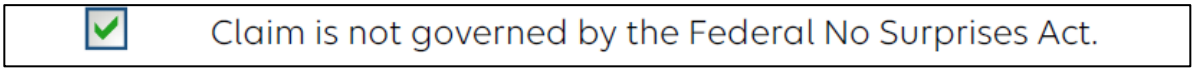
through this system is a statement made to the federal government, and any attestation made as part of the submission process is also made to the federal government. False attestations to the federal government can violate 18 U.S.C. § 1001.

V. Anthem Also Informs Providers of Ineligible Disputes, including Those Subject to State Surprise Billing Laws.

68. In addition to the Qualification Questions and IDR initiation process, Anthem sends multiple communications informing providers when services are ineligible for the IDR process.

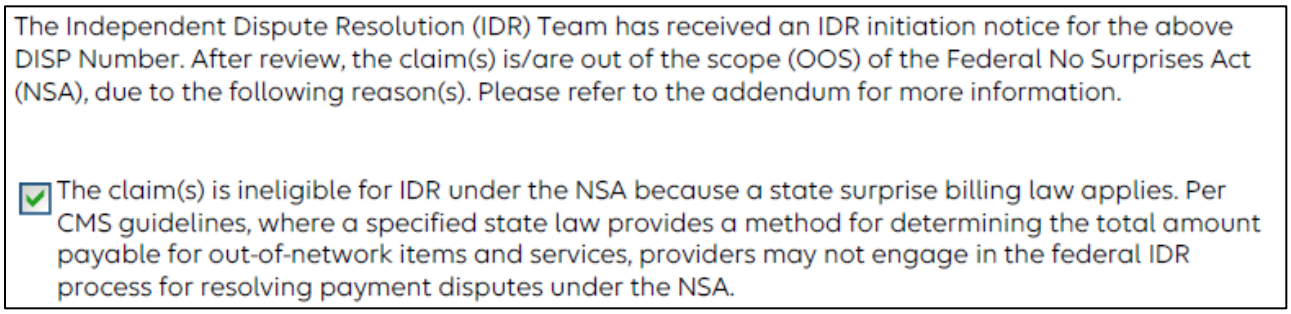
69. When providers initiate negotiations for items and services subject to California's Surprise Billing Laws, Anthem notifies the provider that the ***"[c]laim is not governed by the Federal No Surprises Act."***

> ☑ Claim is not governed by the Federal No Surprises Act.



70. And even when providers ignore Anthem's negotiations communications for items and services subject to California's Surprise Billing Laws, Anthem 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.



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

VI. If Applicable, IDREs Make Payment Determinations Subject to Judicial Review in Certain Specified Circumstances.

72. After the provider initiates the IDR process, the parties select, or HHS

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appoints, an IDRE. 42 U.S.C. § 300gg-111(c)(4)(F). The IDRE performs two tasks.

73. *First*, the IDRE is directed by regulation (though not by the Act itself) to "determine whether the Federal IDR process applies." 45 C.F.R. § 149.510(c)(1)(v). In making this determination that the IDR process applies, 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 parties 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.*

74. *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). The IDRE's payment determination must involve "a qualified IDR item or service." *Id.*

75. IDR payment determinations resemble a baseball-style dispute resolution 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).

76. In making its determination, the IDRE must consider the QPA—which 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.

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77. The NSA states that an IDR determination for a "qualified IDR item or service" 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).

78. The NSA also states that an IDR determination for a "qualified IDR item or service" "shall not be subject to judicial review, except in a case described in any of paragraphs (1) through (4) of section 10(a) of title 9." 42 U.S.C. § 300gg-111(c)(5)(E)(II). Paragraphs (1) through (4) of section 10(a) of title 9 describe:

(1) where the award was procured by corruption, fraud, or undue means;

(2) where there was evident partiality or corruption in the arbitrators, or either of them;

(3) 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 behavior by which the rights of any party have been prejudiced; or

(4) 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).

79. 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

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administrative fee and the IDRE fee.

80. 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.

VII. The NSA's IDR Process Skews Heavily in Favor of Providers.

81. Government data shows that the IDR process has not led to fair or balanced outcomes with objectively reasonable payment determinations. Instead, the IDR process heavily favors providers.

82. In the most recent reporting period, providers prevailed in 85 percent of IDR payment determinations.[10]

83. Moreover, providers are not prevailing with objectively reasonable payment offers. 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 far exceed the QPA.

84. During the most recent reporting period, prevailing offers exceeded the QPA 85 percent of the time. *See id.* For line items in which the provider prevailed, the median payment determination was 459 percent of the QPA.[11] "[T]he rationale behind payment determinations remains unclear due to limited transparency into how IDR

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[10] *Supplemental Background on the Federal IDR Public Use Files, July 1, 2024—Dec. 31, 2024*, CMS, *supra*.

[11] *See Independent Dispute Resolution Reports, Federal IDR PUF for 2024 Q4 (as of May 28, 2025)*, CMS, available at https://www.cms.gov/nosurprises/policies-and-resources/reports.

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entities evaluate submissions."[12]

85. Recognizing these dynamics, Defendants launched their fraudulent NSA Schemes to enrich themselves at the expense of Anthem.

DEFENDANTS' FRAUDULENT NSA SCHEMES

86. Beginning no later than January 2024, Defendants launched their NSA Schemes to defraud Anthem by initiating hundreds of knowingly ineligible IDR proceedings against Anthem. To effectuate their schemes, Defendants made false statements, representations, and attestations regarding eligibility for IDR under the NSA.

87. The LaRoque Family Enterprise consists of the HaloMD Defendants, the MPOWERHealth Defendants, and the LaRoque Family Providers, who associated together with the common purpose of engaging in a course of conduct to conduct the LaRoque Family NSA Scheme.

88. The Sound Physicians Enterprise consists of HaloMD and the Sound Physicians Providers, who associated together with the common purpose of engaging in a course of conduct to conduct the Sound Physicians NSA Scheme.

89. The LaRoque Family Enterprise and the Sound Physicians Enterprise overlap in that both enterprises rely on HaloMD to pursue the same NSA Scheme to defraud Anthem.

90. The core of each enterprise's NSA Scheme relies on Defendants' calculated bet: that through repeated and knowing misrepresentations that the submitted disputes—over services performed by the LaRoque Family Providers and the Sound Physicians Providers—met the criteria for the federal IDR process, they could flood the IDR process and procure payments on knowingly ineligible disputes. And they did. Nearly half of the disputes submitted by Defendants that reached a payment

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[12] *No Surprises Act Arbitrators Vary Significantly in Their Decision Making Patterns*, Health Affairs, available at https://www.healthaffairs.org/content/forefront/no-surprises-act-arbitrators-vary-significantly-their-decision-making-patterns.

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determination were categorically ineligible for the IDR process. As a result of these ineligible disputes, since January 2024, Anthem's records show that Defendants have fraudulently secured millions of dollars from improper IDR awards from Anthem, while costing Anthem hundreds of thousands of dollars in IDR fees.

91. 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.*, California's Surprise Billing Laws); (2) services not covered by the patient's plan; (3) disputes for which Defendants failed to initiate or pursue open negotiations; and (4) disputes already resolved or barred by timing rules.

92. The NSA Schemes both operate by exploiting the scale and automation of artificial intelligence ("AI"). Promoting their use of AI in IDR submissions, the HaloMD Defendants, on behalf of and in coordination with the MPOWERHealth Defendants and the LaRoque Family Providers, on the one hand, and HaloMD on behalf of and in coordination with the Sound Physicians Providers, on the other, have flooded the IDR system with fraudulent disputes at an industrial scale, deliberately overwhelming IDR safeguards and enabling payment on their fraudulent disputes.

93. Both NSA Schemes involve three related tactics. ***First***, using interstate wires, Defendants make repeated false statements, representations, and attestations of eligibility to Anthem, the IDREs, and the Departments. ***Second***, Defendants manipulate the IDR process by strategically submitting massive numbers of open negotiations and IDR initiations—hundreds of which are patently ineligible for IDR—in an attempt to overwhelm the ability of health plans like Anthem to contest claims, confuse and swamp IDREs, and manipulate the IDR process. ***Third***, Defendants capitalize on flaws in the IDR process by submitting—and often prevailing with—outrageous payment offers 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

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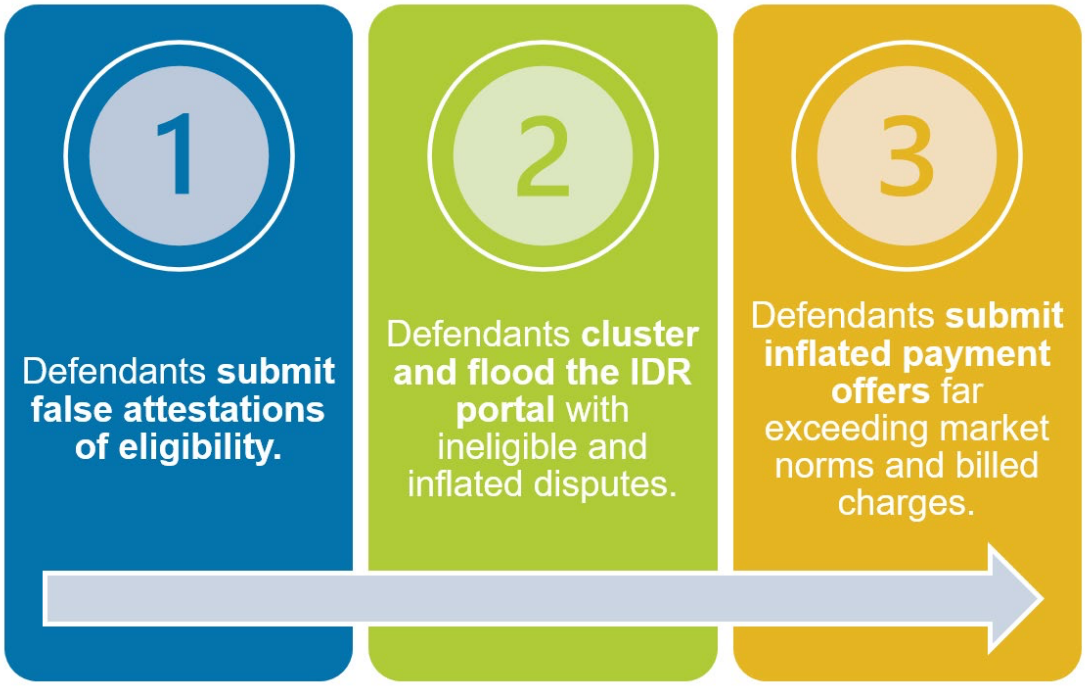
that billed charges should not be considered in the IDR process because they are "inflated," arbitrary, and "non-market-based" figures).

94. Through their respective NSA Schemes, the LaRoque Family Enterprise and the Sound Physicians Enterprise have intentionally turned the NSA's IDR process into a vehicle for fraud.

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



I. Defendants Knowingly Make False Statements, Representations, and Attestations of Eligibility to Initiate the IDR Process.

96. When flooding the IDR process with ineligible disputes against Anthem, Defendants make repeated false attestations and representations 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 known they are not. 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 Anthem, the IDRE, and the Departments.

97. The items and services that Defendants falsely attest are "qualified item(s)

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and service(s) within the scope of the Federal IDR process" are patently ineligible, and Defendants know that they are ineligible when making their false attestations.

98. 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 to prevent them from submitting ineligible items or services. And Anthem frequently communicates that services are ineligible in its EOPs, during open negotiations, and after Defendants initiate the IDR process for ineligible services.

99. For example, Defendants know when services are subject to the California Surprise Billing Law and therefore ineligible for the IDR process. Defendants have an independent obligation to determine whether a service is eligible for IDR; before initiating open negotiations, they may review the patient's health insurance ID card or the EOP to determine whether the plan is subject to state law or contact Anthem for further information. When Defendants initiate open negotiations for services subject to California's Surprise Billing Laws, Anthem informs them that the dispute is not governed by the federal NSA. To prevent parties from inadvertently initiating the IDR process for services subject to a specified state law like California's Surprise Billing Laws, the first page of the IDR initiation process also (1) provides a link to information listing states—like California—that have surprise billing laws that may render the NSA 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. And before initiating the IDR process, Defendants affirmatively attest that the services are "qualified item(s) and/or services(s) within the scope of the Federal IDR process." Defendants submit these fraudulent attestations for disputes clearly subject to California's Surprise Billing Laws with full knowledge of their falsity.

100. As another example, Defendants also know when they initiate disputes for services where no open negotiation occurred. As part of the IDR initiation process, initiating parties must also identify, among other things, the specific date that they initiated open negotiations and documentation supporting the open negotiations

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process. They then affirmatively attest that the "item(s) and service(s) at issue are qualified items and/or service(s) within the scope of the Federal IDR process." In order to push their ineligible services through the IDR process, Defendants must affirmatively make false statements; if they do not, the system prevents them from proceeding with their ineligible services. Of course, the IDR Portal cannot tell when the provider misrepresents information about the relevant plan, service, or dispute because it relies on truthful and accurate submissions by the initiating party. Defendants take advantage of this vulnerability in the system to carry out the NSA Scheme.

101. In addition, even when Defendants manage to push through ineligible claims by submitting false statements to the federal IDR portal, Anthem often directly notifies Defendants that the items or services at issue in their IDR initiation 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.

102. Such disputes cannot proceed through the IDR Portal by mere inadvertence or neglect on the part of Defendants. Instead, Defendants knowingly make false statements and representations to bypass the system's safeguards. Each and every one 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 input misrepresentations about the type of plan, service, or nature of the dispute and falsely attest that the "item(s) and service(s) at issue are qualified items and/or service(s) within the scope of the Federal IDR process" to overcome the IDR system's safeguards and get their disputes submitted.

103. Typically, the HaloMD Defendants make these false attestations of eligibility when initiating the IDR process on behalf and with full knowledge of the LaRoque Family Providers and the MPOWERHealth Defendants in furtherance of the NSA Scheme. Similarly, HaloMD makes these false attestations of eligibility when initiating the IDR process on behalf and with full knowledge of the Sound Physicians

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Providers in furtherance of the NSA Scheme. And the Sound Physicians Providers themselves sometimes make false attestations of eligibility when initiating the IDR process, further establishing their knowledge of and participation in the NSA Scheme.

104. In sum, the LaRoque Family Providers and the Sound Physicians Providers are fully aware of the false attestations that the HaloMD Defendants submit in their names and actively participate in the scheme by authorizing, directing, or ratifying the submissions. Their and the MPOWERHealth Defendants' coordination with the HaloMD Defendants is deliberate, sustained, and central to the execution of the NSA Schemes.

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

105. To further ensure that the hundreds of knowingly ineligible, falsely attested-to disputes against Anthem go undetected and proceed to a payment determination, Defendants also initiate a massive number of fraudulent IDR disputes all at once to overwhelm the IDR system. This abuse of volume is not coincidental; 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 Schemes.

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

107. Before the IDR process launched, CMS estimated that parties would initiate about 22,000 IDR process disputes in the first year.[13]

108. 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

[13] *See* 86 Fed. Reg. 55,980, 56,068, 56,070 (Oct. 7, 2021).

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(610,498).[14] This figure from ***6 months*** is nearly ***39 times*** the volume of disputes that the government originally anticipated ***over a full year***.

109. 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 initiated in the last six months of 2024, and the top three initiating parties initiated about 43 percent of all disputes during that period. *Id.*

110. HaloMD is among the three most prolific filers of IDR process 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**.[15] That means HaloMD was initiating an average of more than ***746 disputes against health plans per day***. *See id.*

111. As part of the NSA Scheme, Defendants strategically initiate hundreds of IDR process disputes against Anthem simultaneously on the same day, many of which are fraudulent as they do not involve qualified IDR items or services within the scope of the NSA's IDR process.

112. For example, on May 3, 2024, Defendants initiated 126 separate IDR proceedings against Anthem. Ninety-seven of the disputes were not eligible for IDR in the first place. Yet in 65 of the disputes, based on false attestations of eligibility provided by Defendants, Anthem was ordered to pay an additional $204,000 from what was originally reimbursed, plus more than $30,000 in fees associated with the IDR process.

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[14] *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.pdf.

[15] *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.

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113. The baseball-style dispute resolution process, 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.

114. Defendants' goals are to interfere with Anthem's and the IDR process infrastructure's ability to effectively identify ineligible disputes and to overwhelm the IDR system and the IDREs that make cursory eligibility and payment determinations.

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

116. 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.

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

118. Since at least 2024, nearly half of disputes from Defendants that reached a payment determination were ineligible for the IDR process, often despite objections from Anthem. From these fraudulent submissions alone, Defendants have received millions of dollars in improper IDR award payments and related fees.

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

119. The final step in Defendants' NSA Schemes involves inflating their reimbursement demand to levels far beyond commercially reasonable rates 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 commercially reasonable rates or even above what the Provider Defendants had billed.

120. As noted, government data shows that IDRE payment determinations skew heavily in favor of providers and heavily in excess of the QPA that Congress directed IDREs to follow. In the most recent reporting period, providers prevailed in 85 percent of IDR payment determinations.[16] For line items in which the provider prevailed, the median payment determination was 459 percent of the QPA.[17]

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

122. 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.

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[16] *Supplemental Background on the Federal IDR Public Use Files, July 1, 2024—Dec. 31, 2024*, CMS, *supra*.

[17] *See Independent Dispute Resolution Reports, Federal IDR PUF for 2024 Q4 (as of May 28, 2025)*, CMS, available at https://www.cms.gov/nosurprises/policies-and-resources/reports.

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123. 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.

124. For more than 380 IDR disputes, Defendants' payment offers exceeded the charges that they initially billed Anthem by more than $1.5 million. Of those disputes where Defendants prevailed with offers that exceeded their original billed charges (approximately 240), Anthem was ordered to pay over $980,000 more than the initial billed charges. One hundred eighteen such disputes were ineligible for IDR in the first place, accounting for more than $380,000 in payments above billed charges that Anthem was ordered to pay.

125. 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 exploit the IDR process for undue gains at Anthem's expense.

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

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

127. From January 4, 2024, to August 2025, Anthem's records show that Defendants initiated at least 1,500 IDR proceedings, consisting of more than 2,000

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separate services, against Anthem. However, the earliest publicly available data published by CMS shows that the Provider Defendants were parties to IDR determinations against Anthem in 2023, so the scheme likely began then or before.

128. Anthem determined that approximately 47 percent of these disputes were ineligible for IDR for reasons like failure to initiate mandatory open negotiations, California's Surprise Billing Laws governed the dispute, or the services were not covered by the patient's health plan. For these ineligible disputes catalogued in Anthem's data, Defendants illicitly secured millions of dollars in improper IDR awards.

129. Defendants' exploitation of the IDR process is contributing to billions of dollars in additional costs. From 2022 to 2024, the IDR process has led to at least $5 billion in total costs.[18] Of the $5 billion, $2.24 billion in costs arose from payment determinations in favor of the provider.[19] Administrative and IDR entity fees total $884 million.[20] "[T]he high costs will add to overall health system costs and will ultimately be paid by consumers."[21]

THE LAROQUE FAMILY ENTERPRISE

130. The members of the LaRoque Family Enterprise were organized pursuant to a structure that enabled the enterprise to make and carry out decisions in furtherance of the NSA Scheme. The LaRoque Family Enterprise functioned as a continuing unit with established duties that enabled it to design and coordinate the multifaceted NSA Scheme to defraud Anthem and other health care plans.

131. In doing so, the HaloMD Defendants, the MPOWERHealth Defendants, and the LaRoque Family Providers conducted the activities of an association-in-fact enterprise consisting of Defendants Alla LaRoque, HaloMD, Scott LaRoque,

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[18] *The Substantial Costs of the No Surprises Act Arbitration Process*, HEALTH AFFAIRS, available at https://www.healthaffairs.org/content/forefront/substantial-costs-no-surprises-act-arbitration-process.

[19] *Id.*

[20] *Id.*

[21] *Id.*

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MPOWERHealth, Bruin, iNeurology, N Express, and NANA through a pattern of racketeering activity, including but not limited to wire fraud.

132. Since at least January 2024 to the present, the MPOWERHealth Defendants and the LaRoque Family Providers, with the intent to defraud, devised and willfully participated with the HaloMD Defendants, and with knowledge of fraudulent nature, in the scheme and artifice to defraud and obtain money and property from Anthem by materially false and fraudulent pretenses, and representations, as described herein.

133. The members of the LaRoque Family Enterprise do not operate as separate, independent actors. Rather, the HaloMD Defendants, the MPOWERHealth Defendants, and the LaRoque Family Providers function as participants in a unified scheme designed to exploit the IDR process and defraud Anthem.

134. Defendant Alla LaRoque and her husband, Defendant Scott LaRoque, are at the center of the LaRoque Family Enterprise. The LaRoque Family Enterprise operates via a web of interrelated corporate entities they directly or indirectly control, including Defendants HaloMD, MPOWERHealth, and the LaRoque Family Providers. Upon information and belief, the structure of the enterprise consists of Defendants Scott LaRoque, MPOWERHealth, and the LaRoque Family Providers' IONM entities, on the one hand, which provide the underlying services for the claims that are submitted to the IDR process, and Defendants Alla LaRoque and HaloMD, on the other, which process and fraudulently submit such services through the IDR process on a mass scale.

I. The MPOWERHealth Defendants

135. Defendant Scott LaRoque is the founder and CEO of MPOWERHealth. Upon information and belief, as the founder and CEO, Scott LaRoque exercises both managerial and operational control over MPOWERHealth and, by extension, the LaRoque Family Providers.

136. Based in Addison, Texas, MPOWERHealth purports to be an administrative services and staffing company with hundreds of physicians and

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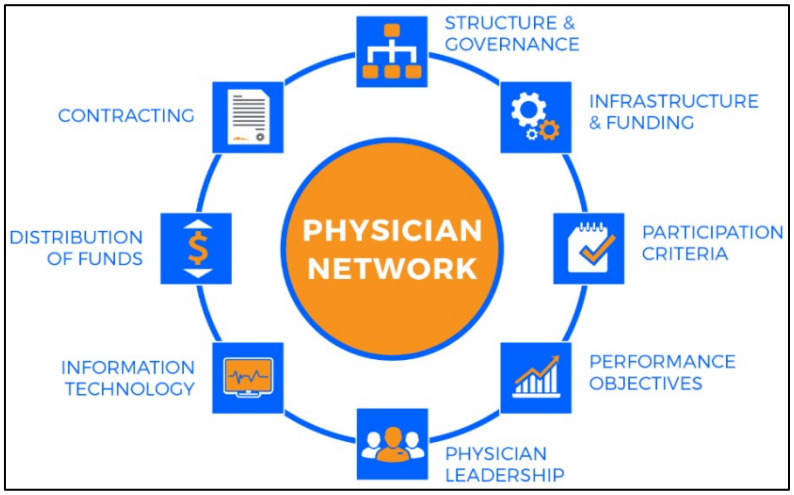
technologists that cover more than 35,000 surgical cases annually in 22 states, including California.[22] MPOWERHealth is located at the 5080 Spectrum Address and, according to public records, is also associated with the 2915 W Bitters Address.

137. MPOWERHealth offers staffing of IONM physicians and technicians to its clients.[23] IONM involves the continuous monitoring of the "integrity of neural structures and consciousness during surgical procedures."[24] During surgery, an IONM technician attaches various sensors to the patient. A physician monitors those sensors' output while a technician monitors the performance of the equipment. Often, the physician's services and the technician's services are billed separately. Patients generally do not choose their IONM providers, and they are often out-of-network.

138. MPOWERHealth's business is multi-faceted. It solicits physicians to join MPOWERHealth's "clinically integrated physician networks," which purport to digitally scale individual physician practices by connecting them to other physicians to "improve quality, promote efficiency, manage costs and drive exceptional patient experience."[25] In this way, MPOWERHealth acts as a physician management organization:



[22] *See* https://mpowerhealth.com/our-purpose/.
[23] *See* https://mpowerhealth.com/intraoperative-neuromonitoring-services-hospitals/; https://mpowerhealth.com/intraoperative-neuromonitoring-services-physicians/
[24] D. Ghatol et al., *Intraoperative Neurophysiological Monitoring*, StatPearls Publishing (2025), *available at* https://www.ncbi.nlm.nih.gov/books/NBK563203/.
[25] https://mpowerhealth.com/physician-network/.

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139. Roxanna ("Roxy") LaRoque, the Director of Client Experience at MPOWERHealth,[26] is listed as the Authorized Official for approximately 320 separate providers—including each of the LaRoque Family Providers—most of which are IONM providers.[27]

140. The LaRoque Family Providers are all subsidiaries of MPOWERHealth, which centrally coordinates their IONM services and manages legal, billing, and IDR functions. According to National Plan and Provider Enumeration System ("NPPES") records, Defendant Bruin's Authorized Official is Dr. Robin Soffer, a neurologist who has been employed by Medsurant Monitoring since December 2015.[28] According to the National Provider Identifier ("NPI") registry, Defendant Bruin is associated with a 100 Front Street, Suite 280, West Conshohocken, Pennsylvania, an address also associated with Medsurant Health. Medsurant Health is an MPOWERHealth subsidiary that consists of a "family of neuromonitoring practices."[29]

II. The LaRoque Family Providers

141. The LaRoque Family Enterprise uses the LaRoque Family Providers' purported services as the basis for initiating IDR process disputes.

142. Public records show that the LaRoque Family Providers are all IONM providers affiliated with the same company: Defendant MPOWERHealth. Upon information and belief, as the founder and CEO of MPOWERHealth, Defendant Scott LaRoque, exercises operational control over its subsidiaries and affiliates, including, but not limited to, the LaRoque Family Providers.

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[26] https://www.linkedin.com/in/roxy-LaRoque-88606340/

[27] CMS maintains a database of all providers who have registered to bill government healthcare programs. In return, providers receive a National Provider Identifier ("NPI"), which is publicly viewable via the National Plan and Provider Enumeration System ("NPPES") NPI Registry. *See* https://npiregistry.cms.hhs.gov/search

[28]

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143. Per California Secretary of State records, Defendant Bruin lists the 5080 Spectrum Address as its principal address and the 2915 W Bitters Address as its mailing address. According to the NPI registry, Bruin also has a mailing address of the 1141 N Loop Address. Upon information and belief, the 1141 N Loop Address is frequently associated with MPOWERHealth entities. The NPI registry's Authorized Official for Bruin is Roxy LaRoque, Director of Client Experience at MPOWERHealth.

144. Defendant Bruin is also affiliated with Medsurant, LLC ("Medsurant"), which operates under the trade name Medsurant Health. Upon information and belief, in or around January 2025, Medsurant was acquired by MPOWERHealth. According to the NPI registry, Medsurant also has a business address at the 5080 Spectrum Address. Roxy LaRoque of MPOWERHealth is listed as its Authorized Official. In addition, Medsurant recently filed a change of registered agent with the California Secretary State that shows it was filed by Emily Campbell from the 5080 Spectrum Address. Upon information and belief, Campbell is MPOWERHealth's Manager of Client Relations.

145. Dr. Robin Soffer, CEO of Bruin, holds herself out publicly on LinkedIn as a Medsurant employee. IDR disputes submitted on behalf of both Bruin and Medsurant use the same email address: medsurantarbitrationnsa@halomd.com. In addition, Medsurant holds a perfected security interest in all of Bruin's assets, as evidenced by publicly filed UCC-1 financing statements.

146. Defendant iNeurology lists the 1141 N Loop Address as its current mailing address and previously used the 2915 W Bitters Road Address for the same purpose. According to the NPI registry, its Authorized Official is Roxy LaRoque of MPOWERHealth.

147. Defendants N Express and NANA also use both the 2915 W Bitters and 1141 N Loop Addresses as their mailing address. According to the NPI registry, their Authorized Official is Roxy LaRoque of MPOWERHealth. NANA also lists Brenda Thiele on its Statement of Information, who holds herself out publicly on LinkedIn that she is MPOWERHealth's Senior Manager of Treasury and former Chief of Staff and

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Director of Operations.[30]

III. The HaloMD Defendants

148. Defendant Alla LaRoque, the wife of Defendant Scott LaRoque, is the founder and President of HaloMD. She sits on the board of MPOWERHealth[31] and previously served as MPOWERHealth's Chief Operating Officer ("COO").

149. Alla LaRoque is a self-described expert in the NSA whose "in-depth understanding of the law has allowed her to guide providers in navigating the complexities of the [NSA]" and "empower healthcare organizations to optimize their out-of-network revenue"[32] She is HaloMD's public face and directs HaloMD's operations.

150. On information and belief, as the founder and President of HaloMD, Alla LaRoque had personal knowledge about the core aspects of HaloMD's business operations, including the wrongful activities alleged herein. She runs HaloMD as a hands-on manager, overseeing the company's operations, business practices, and finances.

151. HaloMD is key to the LaRoque Family Enterprise's scheme to flood the IDR process with knowingly ineligible disputes, without which the LaRoque Family Enterprise could not operate. HaloMD serves as a key agent and operational partner of the enterprise, submitting disputes on behalf of the MPOWERHealth and the LaRoque Family Providers 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. The HaloMD and MPOWERHealth Defendants, and the LaRoque Family Providers operate with integrated, enterprise-level coordination behind the scheme.

152. HaloMD claims to operate "[w]ith an exclusive focus on Independent

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[30] https://www.linkedin.com/in/brenda-thiele-1a4a3361/
[31] https://mpowerhealth.com/board-members/#
[32] https://halomd.com/alla-LaRoque/

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Dispute Resolution (IDR)[.]"[33] 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."[34]

153. 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 frequently retain HaloMD to administer the IDR process on their behalf.

154. HaloMD touts its "proprietary platform" as one founded with "advanced technology and AI-driven infrastructure[.]"[35] 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.[36]

155. 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[.]"[37]

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

157. HaloMD operates on a commission-based reimbursement model. Its website states: "We don't get paid until you get paid."[38] HaloMD thus has a financial incentive to (1) push 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

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[33] *See* https://halomd.com/
[34] *See id.*
[35] *Id.*
[36] *Id.*
[37] *Id.*
[38] *Id.*

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possible monetary award for its provider clients in the IDR process. The MPOWERHealth Defendants and the LaRoque Family Providers share these same financial incentives.

158. Social media posts confirm the family-run, tightly-coordinated nature of the enterprise. In one post from April 2025, Scott and Alla LaRoque are described as "[t]he magnificent couple, owner, founder of MPower [*sic*] Health and HaloMD." They routinely appear together at public events representing both companies. Both MPOWERHealth and HaloMD hosted their respective employees in early 2025 with a joint "annual achievement celebration":

159. Defendant Alla LaRoque was MPOWERHealth's COO from January 2014 to at least January 2024, a position she held while also serving as the President of HaloMD, which was founded in 2022.

160. Megan Rausch, now the COO of HaloMD from October 2022 to the present, also overlapped and served as the Vice President of Revenue Cycle

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Management for MPOWERHealth from November 2019 until at least March 2024, ensuring alignment and coordination across the scheme.

161. MPOWERHealth and HaloMD also appear to share a physical business address, reinforcing the operational integration. According to public records, HaloMD uses the same 2915 W Bitters Address that MPOWERHealth also uses. Mapping tools confirm that both HaloMD and MPOWERHealth list the 5080 Spectrum Address as their business address. This physical overlap further indicates that these entities are operating not independently, but as components of a single, centralized operation.

162. In or about June 2025, HaloMD publicly referred to Defendant Scott LaRoque as its "CEO."

163. The websites for HaloMD and MPOWERHealth are also nearly identical in design and structure, and their contact pages are directly linked. HaloMD's "Join Our Team" page directs applicants back to MPOWERHealth's domain.[39] Advertisements for jobs posted on the internet conflate the various entities. For example, one advertisement for an "IDR Specialist" lists the employer as MPOWERHealth, but the body of the description under the section "Who We Are" lists HaloMD as the employer and describes HaloMD.

164. In sum, the relationship between the HaloMD Defendants, the MPOWERHealth Defendants, and the LaRoque Family Providers is not passive. Through the coordination of the husband-wife team of Defendants Alla and Scott LaRoque—both of whom hold leadership positions in MPOWERHealth and HaloMD, respectively—HaloMD, MPOWERHealth, and the Provider Defendants acted with the common purpose of exploiting the IDR process to fraudulently obtain reimbursements from Anthem by maximizing the number of disputes submitted and inflating payment demands well beyond their billed charges or market rates. The use of HaloMD to submit ineligible disputes was not incidental or isolated; it was a deliberate component of the

[39] "Join Us" at https://halomd.com/careers/ (last visited Sept. 18, 2025).

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LaRoque Family Enterprise's strategy to bypass the limitations of individual-provider capacity, automate the submission of disputes en masse, and conceal the ineligibility embedded in each claim. And although HaloMD advertises the power of its AI-powered proprietary platform, it requires a key element that can only be provided by the MPOWERHealth Defendants and the LaRoque Family Providers—out-of-network patient services that can be billed to health care plans and subsequently submitted to the IDR process.

IV. The LaRoque Family Enterprise Fraudulently Exploits the IDR Process at the Expense of Anthem.

165. During the relevant time period, the LaRoque Family 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, California and Texas—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.

166. Specifically, since 2024, Anthem has identified more than 330 ineligible disputes that the LaRoque family Enterprise caused to be initiated against Anthem. These identified ineligible disputes represent an improper cost to Anthem of more than $125,000 in administrative and IDRE fees. Further, of the ineligible disputes identified, almost 200 IDR determinations were rendered against Anthem, resulting in required payments of nearly $1.9 million—a number which is $323,000 more than the charges the providers originally billed to Anthem.

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

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A. Bruin Neurophysiology

DISP-918898 (Untimely IDR Initiation)

168. The IDR proceeding captioned DISP-918898 involved a service that Bruin rendered on May 22, 2023, to a member of a health plan administered by ABCLH. On June 2, 2023, ABCLH issued payment of $129.32 using the remittance code AUQ, which provided specific instructions to the provider for initiating the mandatory open negotiation period.

AUQ	This claim was paid according to the Federal No Surprises Act. The member is only responsible for their in-network copay, percentage of the cost (co-insurance), and deductible. You cannot bill the member for more. If you disagree with our decision, you can initiate the 30-day open negotiation period through Availity.com. Log onto Availity.com and select the Claims & Payments tab. Use the Claims Status application to find your claim. Select the Dispute button to attach additional supporting documentation and press Submit Attachments. If the dispute button is not available, use the Chat with Payer button on Availity.com.

169. On July 17, 2023, HaloMD, acting on behalf of and in coordination with Bruin, sent a notice of open negotiation to ABCLH to initiate the federal IDR process. HaloMD sent a notice of Open Negotiation initiation to ABCLH via email to the Anthem IDR Email Address, using the email address medsurantarbitrationnsa@halomd.com with Ashonta.Whitehead@halomd.com copied. The open negotiation notice was signed by Megan Rausch (HaloMD), noted to be the "Provider Representative" at the 2915 W Bitters Address. HaloMD offered to negotiate an additional payment of $125.18 for each of the two instances of service code 95886 provided to the ABCLH member.

170. On September 25, 2023, Anthem Payment Disputes, on behalf of ABCLH, addressed its response to the notice of open negotiation to Bruin, ATTN: Megan Rausch, at the 2915 W. Bitters Address, stating that the services included on the request "were paid at the maximum amount as required by the member's health plan" and that "no additional payment can be considered." Neither HaloMD nor Bruin responded to this September 25, 2023, letter.

171. Nearly four months after this letter, on January 12, 2024, HaloMD, on behalf of and in coordination with Bruin, using the email address nsa@halomd.com,

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falsely attested to IDR eligibility. ABCLH submitted an objection to eligibility asserting that Bruin had not filed its IDR proceeding within the required time. The notice of ineligibility was sent to both Bruin and HaloMD, yet neither HaloMD nor Bruin withdrew the dispute.

172. As a result of HaloMD and Bruin's fraudulent attestations, ABCLH paid $12,993.28—103 times the QPA calculated by HaloMD and Bruin at the initiation of the IDR proceeding and over $12,000 more than HaloMD and Bruin initially valued the service during negotiations. ABCLH also paid $750 in unnecessary IDR-related fees.

B. North American Neurological Associates

DISP-1455557 (No Open Negotiation)

173. The IDR proceeding captioned DISP-1455557 involved a service that NANA rendered on March 11, 2024, to a member of a health plan administered by ABCLH

174. When ABCLH issued payment, which was equal to the QPA for the service, the EOB sent to NANA at the 1141 N Loop Address reflected that the claim was processed pursuant to explanation code AUQ. The description of this code, printed at the end of the EOB, indicated: "This claim was paid according to the Federal No Surprises Act. … If you disagree with our decision, you can initiate the 30-day open negotiation period[.]" Neither NANA, nor HaloMD acting on its behalf, initiated the 30-day open negotiation period as required.

175. Even though neither NANA nor HaloMD initiated open negotiations for this service, on June 21, 2024, HaloMD, using the email address nsa@halomd.com, on behalf of and in coordination with NANA, initiated IDR and falsely attested that the service was a qualified IDR item or service within the scope of the federal IDR Process and that NANA and/or HaloMD had complied with the requirements of the NSA in submitting the claim.

176. On December 11, 2024, Anthem Payment Disputes, on behalf of ABCLH, submitted an objection to eligibility, which was also addressed to the NANA provider

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who performed the service, stating, "The non-participating provider/facility failed to engage in the 30-business day open negotiation period, according to the NSA. Providers cannot pursue IDR unless and until the open negotiation period is properly initiated and completed." Neither HaloMD nor NANA withdrew the dispute following this explicit notice of ineligibility.

177. As a result of HaloMD's and NANA's fraudulent attestations, ABCLH paid $6,632.10 for the ineligible service along with $512 in unnecessary IDR-related fees.

DISP-1455555 (No Open Negotiation)

178. The IDR proceeding captioned DISP-1455555 involved a service that NANA rendered on March 11, 2024, to a member of a health plan administered by ABCLH

179. When ABCLH issued payment, which was equal to the QPA for the service, the EOB sent to NANA at the 1141 N Loop Address reflected that the claim was processed pursuant to explanation code AUQ. The description of this code, printed at the end of the EOB, indicated: "This claim was paid according to the Federal No Surprises Act. … If you disagree with our decision, you can initiate the 30-day open negotiation period[.]" Neither NANA, nor HaloMD acting on its behalf, initiated the 30-day open negotiation period as required.

180. Even though neither NANA nor HaloMD initiated open negotiations for this service, on June 21, 2024, HaloMD, using the email address nsa@halomd.com, on behalf of and in coordination with NANA, initiated IDR and falsely attested that the service was a qualified item or service within the scope of the federal IDR Process and that NANA and/or HaloMD had complied with the requirements of the NSA in submitting the claim.

181. On December 11, 2024, Anthem Payment Disputes, on behalf of ABCLH, submitted an objection to eligibility, which was also addressed to the NANA provider who performed the service, stating "The non-participating provider/facility failed to

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engage in the 30-business day open negotiation period, according to the NSA. Providers cannot pursue IDR unless and until the open negotiation period is properly initiated and completed." Neither HaloMD nor NANA withdrew the dispute following this explicit notice of ineligibility.

182. As a result of HaloMD and NANA's fraudulent attestations, ABCLH paid $9,843.83—***approximately $3,000 more than NANA's billed charges***—along with $512 in unnecessary IDR-related fees.

C. N Express

DISP-2193991 (Ineligible State Law Claim)

183. The IDR proceeding captioned DISP-2193991 involved a service that N Express rendered on October 23, 2023, to a member of a health plan administered by ABC. The member's plan is subject to state law, and therefore, California's Surprise Billing Laws—rather than the NSA—governed the reimbursement rate for services.

184. On December 12, 2023, HaloMD, on behalf of and in coordination with N Express, initiated open negotiations by emailing the Anthem IDR Email Address, using the email address nsa@halomd.com and copying keiasha.berry@halomd.com. HaloMD requested an additional payment of $1,790.55 for the service.

185. On December 26, 2023, ABC responded to HaloMD's notice of open negotiation, via the Anthem IDR Email Address, and indicated that "[a]fter a careful and thorough review, it [was] determined that the claim submitted does not meet the Federal No Surprises Act Guidelines." Neither HaloMD nor N Express responded to this notice of ineligibility.

186. Despite clear ineligibility due to application of California's Surprise Billing Laws, on December 2, 2024, "CJR" of HaloMD, using the email address nsa@halomd.com, on behalf of and in coordination with N Express, initiated IDR and falsely certified the service as IDR eligible.

187. On December 6, 2024, ABC submitted an objection to eligibility, which was also addressed to N Express, stating: "The claim(s) is ineligible for IDR under the

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NSA because a state surprise billing law applies." Neither HaloMD nor N Express withdrew the dispute following this explicit notice of ineligibility.

188. As a result of HaloMD and N Express's fraudulent attestations, ABC paid $7,745.56—***more than double the billed amount*** of $3,825—along with $510 in unnecessary IDR-related fees.

DISP-2193967 (Ineligible State Law Claim)

189. The IDR proceeding captioned DISP-2193967 involved a service that N Express rendered on October 23, 2023, to a member of a health plan administered by ABC. The member's plan is subject to state law and, therefore, California's Surprise Billing Laws—rather than the NSA—governed the reimbursement rate for services.

190. On December 12, 2023, HaloMD, on behalf of and in coordination with N Express, sent a notice of Open Negotiation to ABC via email to the Anthem IDR Email Address, using the email address nsa@halomd.com and copying keiasha.berry@halomd.com. HaloMD requested an additional payment of $2,547.53 for the service.

191. On December 26, 2023, ABC, via the Anthem IDR Email Address, responded to HaloMD's notice of open negotiation and indicated that "[a]fter a careful and thorough review, it [was] determined that the claim submitted does not meet the Federal No Surprises Act Guidelines." Neither HaloMD nor N Express responded to this notice of ineligibility.

192. December 2, 2024, "CJR" of HaloMD, using the email address nsa@halomd.com, on behalf of and in coordination with N Express, initiated IDR and falsely certified the service as IDR-eligible.

193. On December 6, 2024, ABC submitted an objection to eligibility, which was also addressed to N Express, stating: "The claim(s) is ineligible for IDR under the NSA because a state surprise billing law applies" Neither HaloMD nor N Express withdrew the dispute following this explicit notice of ineligibility.

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194. As a result of HaloMD and N Express's fraudulent attestations, ABC paid $12,293.84 for the ineligible service along with $510 in unnecessary IDR-related fees.

DISP-945678 (Ineligible State Law Claim)

195. The IDR proceeding captioned DISP-945678 involved a service that N Express rendered on October 23, 2023, to a member of a fully insured group health plan administered by ABC. The member's plan is subject to state law and, therefore, California's Surprise Billing Laws—rather than the NSA—governed the reimbursement rate for services.

196. On December 12, 2023, HaloMD, on behalf of and in coordination with N Express, sent a notice of Open Negotiation to ABC via email to the Anthem IDR Email Address, using the email address nsa@halomd.com and copying keiasha.berry@halomd.com. HaloMD requested an additional payment of $1,960.33 for the service.

197. On December 26, 2023, ABC, via the Anthem IDR Email Address, responded to HaloMD's notice of open negotiation and indicated that "[a]fter a careful and thorough review, it [was] determined that the claim submitted does not meet the Federal No Surprises Act Guidelines." Neither HaloMD nor N Express responded to this notice of ineligibility.

198. On December 2, 2024, HaloMD, using the email address nsa@halomd.com, on behalf of and in coordination with N Express, initiated IDR and falsely certified the service as IDR-eligible.

199. ABC submitted an objection to eligibility, which was also addressed to N Express, stating: "The claim(s) is ineligible for IDR under the NSA because a state surprise billing law applies." Neither HaloMD nor N Express withdrew the dispute following this explicit notice of ineligibility.

200. As a result of HaloMD and N Express's fraudulent attestations, ABC paid $8,585.29—***nearly double the billed amount*** of $3,825—along with $510 in unnecessary IDR-related fees.

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D. iNeurology

DISP-937342 (Non-Covered Service)

201. The IDR proceeding captioned DISP-937342 involved a service that iNeurology rendered on September 19, 2023, to a member of a health plan administered by ABC. ABC denied payment for the service. No QPA applied to this service given the denial.

202. On December 6, 2023, HaloMD, on behalf of and in coordination with iNeurology, sent a notice of Open Negotiation to ABC via email to the Anthem IDR Email Address, using the email address nsa@halomd.com and copying keiasha.berry@halomd.com. HaloMD requested an additional payment of $1,960.33 for the service. The notice of open negotiation was signed by Megan Rausch, noted to be the "Provider Representative," with a return address noted as the 2915 W. Bitters Address.

203. On December 19, 2023, ABC, via the Anthem Email Address, responded to HaloMD's open negotiation request and indicated that "[a]fter a careful and thorough review, it [was] determined that the claim submitted does not meet the Federal No Surprises Act Guidelines." Neither HaloMD nor iNeurology responded to this notice of ineligibility.

204. On January 22, 2024, HaloMD, using the email address nsa@halomd.com, on behalf of and in coordination with iNeurology, initiated IDR and falsely attested to IDR eligibility.

205. As a result of HaloMD and iNeurology's fraudulent attestations, ABC paid $7,309.58—***more than six times the billed amount*** of $1,275—along with $510.00 in unnecessary IDR-related fees, on a service for which no plan benefits were payable in the first place.

THE SOUND PHYSICIANS ENTERPRISE

206. Like the LaRoque Family Enterprise, the members of the Sound Physicians Enterprise were organized pursuant to a structure that enabled the enterprise to make

and carry out decisions in furtherance of the NSA Scheme. The Sound Physicians Enterprise functioned as a continuing unit with established duties that enabled it to design and coordinate the multifaceted NSA Scheme to defraud Anthem and other health care plans.

207. In doing so, HaloMD and the Sound Physicians Providers conducted the activities of an association-in-fact enterprise consisting of Defendants HaloMD, SPAC, and SPEMSC, through a pattern of racketeering activity, including but not limited to wire fraud.

208. Since at least January 2024 to the present, the Sound Physicians Providers, 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 from Anthem by materially false and fraudulent pretenses, statements, and representations, as described herein.

209. The members of the Sound Physicians Enterprise do not operate as separate, independent actors. Rather, the Sound Physicians Providers and HaloMD function as participants in a unified scheme designed to exploit the IDR process and defraud Anthem.

I. Defendant HaloMD

210. Like the LaRoque Family Enterprise, HaloMD is the key to the Sound Physicians Enterprise's scheme to flood the IDR process with knowingly ineligible disputes.

211. Operating "[w]ith an exclusive focus on Independent Dispute Resolution (IDR)," HaloMD leverages AI and automation to effectuate the scheme "at scale."[40]

212. HaloMD solicits and represents out-of-network providers who were key drivers in surprise billing, including anesthesiology and emergency providers like the Sound Physicians Providers. Providers submit services for dispute in the IDR process through HaloMD's portal.

[40] *See* https://halomd.com/

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213. HaloMD operates on a commission-based reimbursement model. 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 Sound Physicians Providers share these same financial incentives.

II. The Sound Physicians Providers

214. HaloMD uses the Sound Physicians Providers' purported services as the basis for initiating IDR process disputes.

215. But HaloMD is not the only party initiating IDR for the Sound Physicians Providers. Rather, many IDRs pursued by the Sound Physicians Providers were initiated by Sound Physicians through its email address SoundFedIDR@SoundPhysicians.com. The character of IDRs pursued by Sound Physicians (as opposed to those submitted by HaloMD) follow the same pattern of systemic initiation of faulty and ineligible disputes.

216. The Sound Physicians Providers 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.[41]

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

218. The Sound Physicians Providers 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, Sound Physicians directly submitted open negotiations notices and initiated IDR proceedings on behalf of the Sound Physicians Providers using the email address SoundFedIDR@SoundPhysicians.com. Even in disputes initiated by HaloMD, the email address recorded by the initiating party for IDR

[41] *See* https://soundphysicians.com/about/why-sound/.

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involving the Sound Physicians Providers' services is soundnsa@halo.com.

219. Thus, the Sound Physicians Providers themselves falsely attested to eligibility in many disputes and, through their commingled operations, clearly had knowledge of the broader ongoing illegal scheme.

220. In sum, the relationship between HaloMD and the Sound Physicians Providers is not passive. Together, they coordinated to pursue shared financial interests—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 Anthem.

221. 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, California and 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.

222. Specifically, since 2024, Anthem has identified nearly 400 ineligible disputes that the Sound Physicians Enterprise caused to be initiated against Anthem. These identified disputes represent an improper cost to Anthem of more than $150,00 in administrative and IDRE fees alone. Further, of the nearly 400 identified ineligible disputes, more than 250 IDR determinations were rendered against Anthem, resulting in required payments of nearly $820,000.

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223. The participants in the Sound Physicians Enterprise made false and fraudulent statements, representations, and attestations related to the following illustrative fraudulent IDR disputes, including, but not limited to, the following:

A. Sound Physicians Emergency Medicine of Southern California

DISP-932222 (Incorrect Batching)

224. The IDR proceeding captioned DISP-932222 involved emergency services that SPEMSC rendered between September 20, 2023, and October 31, 2023. Certain services disputed in this proceeding were rendered to members of health plans insured and administered by ABCLH, and other services disputed in this proceeding were rendered to members of health plans insured or administered by ABC. SPEMSC billed $1,761.00 in charges for each service.

225. ABCLH and ABC each approved payment for the service and sent corresponding EOBs to Sound Physicians at the address P.O. Box 748524, Los Angeles, California, 90074.

226. On November 30, 2023, SPEMSC, using the email address SoundFedIDR@SoundPhysicians.com, sent a notice of open negotiation, signed by Melissa Williams at Sound Physicians, to ABCLH and ABC at the Anthem IDR Email Address to initiate the federal IDR process. The notice of open negotiation attached a spreadsheet with dozens of claims that included the fully insured claim subject to DISP-932222. ABCLH and ABC, via the Anthem IDR Email Address, sent a response to SPEMSC offering additional payment to settle the dispute and inviting SPEMSC to submit additional information to support why it is entitled to greater reimbursement and to continue discussions. SPEMSC did not respond to this correspondence.

227. On November 13, 2024, SPEMSC initiated a batched IDR using the email soundfedidr@soundphysicians.com. SPEMSC falsely attested that the services were qualified and within the scope of the federal IDR process despite the fact the dispute was ineligible for multiple reasons, including that SPEMSC inappropriately included

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services rendered to members of self-funded Anthem plans and non-Anthem plans in addition to the services rendered to a member of a fully insured Anthem plan.

228. ABCLH and ABC responded to the IDR initiation to assert that IDR was not applicable to the dispute, stating in part: "Batched services include multiple Membership types," and providing a chart of all disputed services with the membership type attributable to each claim (*e.g.*, "ASO" and "Fully Insured"). SPEMSC did not withdraw the dispute.

229. Nevertheless, as a result of SPEMSC's fraudulent attestation, ABCLH and ABC, each, paid $1,761 for each of the eighteen (18) specific unqualified services along with $900 in unnecessary IDR-related fees related to the improperly batched dispute.

DISP-1289721 (Ineligible Medicaid Claim)

230. The IDR proceeding captioned DISP-1289721 involved emergency services that SPEMSC rendered on February 9, 2024, to a member of a Medicaid managed care plan administered by ABC. ABC paid the Medicaid rate of $44.60 for the service. No QPA applied to this claim because the NSA and IDR were inapplicable.

231. When ABC initially approved payment of the claim, the February 23, 2024 remittance reflected that the member's plan was a Managed Medicaid plan, so SPEMSC and HaloMD were aware of the claim's ineligibility before they initiated open negotiations and IDR.

MEDI-CAL LA

SERVICE DATE(S)	SERVICE CODES	POS	CHARGE	ALLOWED	DEDUCTIBLE	CO-PAY	CO-INSURANCE	CONTRACTUAL DIFFERENCE	PROVIDER RESP. AMOUNT	EXPL/ANSI CODE(S)	INSURED RESPONSIBILITY AMOUNT	EXPL/ANSI CODE(S)	WHAT WE WILL PAY
INSURED'S NAME: [redacted]				INSURED'S ID: [redacted]				PATIENT NAME: [redacted]				FOR INQUIRIES CALL:	
PATIENT ACCOUNT#: [redacted]				CLAIM NUMBER: 2024050BA1297				RECEIVED DATE: 02/19/2024				(888) 285-7801	
SERVICE PROVIDER NAME: MENSER, JENNIFER R				SERVICE PROVIDER ID: 1700427671				EXPL CD:			APPEALS CODE: CA1		
NETWORK: OUT OF NETWORK				RELATIONSHIP TO INSURED: [redacted]				PLAN TYPE: HMO	DRG RCVD: N/A				
02/09/2024 02/09/2024	99283	23	1,260.00	44.60	0.00	0.00	0.00	1,215.40	1,215.40	AKD 45	0.00		44.60
	TOTAL:		1,260.00	44.60	0.00	0.00	0.00	1,215.40	1,215.40		0.00		44.60
INTEREST													0.00
	TOTAL NET PAID												44.60

TOTAL APPROVED AMOUNT	44.60
TOTAL INTEREST	0.00
TOTAL NET AMOUNT DUE: MEDI-CAL LA	44.60

232. On March 13, 2024 SPEMSC sent a notice of open negotiation to ABC at the Anthem IDR Email Address. The notice was signed by Melissa Williams, a Dispute Resolution Specialist with the return address of 120 Brentwood Commons Way, Suite 510 in Brentwood, Tennessee. The notice was accompanied by a lengthy spreadsheet

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with about eighty-eight (88) individual claims that SPEMSC purported to be "negotiating."

233. On October 23, 2024, HaloMD, using the email address soundnsa@halomd.com, on behalf of and in coordination with SPEMSC, initiated IDR and falsely attested to IDR eligibility.

234. ABC submitted an objection to eligibility, asserting that the dispute was ineligible for IDR under the NSA because it involved a "Medicare/ Medicaid claim ineligible for NSA." This notice of ineligibility was sent to both HaloMD and SPEMSC, yet neither HaloMD nor SPEMSC withdrew the dispute.

235. Nevertheless, as a result of HaloMD and SPEMSC's fraudulent attestations, ABC paid $1,880—***which was more than SPEMSC billed for the service and more than 42 times the Medicaid rate***—along with $915 in unnecessary IDR-related fees.

DISP-1568233 (Ineligible State Law Claim)

236. The IDR proceeding captioned DISP-1568233 involved emergency services that SPEMSC rendered on February 7, 2024, to a member of a fully insured health plan administered by ABCLH. The member's plan is subject to state law and, therefore, California's Surprise Billing Laws—rather than the NSA—governed the reimbursement rate for services.

237. On June 5, 2024, HaloMD, again acting on behalf of and in coordination with SPEMSC, sent a notice of open negotiation to ABCLH, at the Anthem IDR Email Address, to initiate the federal IDR process. HaloMD sent the open negotiation notice using the email address soundnsa@halomd.com with Eden.Dimayuga@halomd.com copied. The open negotiation notice offered $2,475 to resolve the dispute and was signed by Megan Rausch (HaloMD), noted to be the "Provider Representative," at the 2915 W Bitters Address.

238. On June 18, 2024, ABCLH, via the Anthem IDR Email Address, responded to the notice of open negotiation via email addressed to

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soundnsa@halomd.com and Eden.Dimayuga@halomd.com, which indicated "[a]fter a careful and thorough review, it [was] determined that the claim submitted does not meet the Federal No Surprises Act Guidelines."

239. On July 5, 2024, ABCLH, also responded to the notice of open negotiation in writing and addressed its response to the notice of open negotiation to SPEMSC at the address for Sound Physician's headquarters (P.O. Box 748524), stating that the dispute did not qualify for IDR under the NSA. Neither HaloMD nor SPEMSC responded to this assertion of ineligibility.

240. Despite the multiple communications indicating that the claim was ineligible for the federal IDR process, on July 22, 2024, HaloMD, on behalf of and in coordination with SPEMSC, and using the email address soundnsa@halomd.com, falsely attested to IDR eligibility. ABCLH submitted an objection to eligibility asserting that IDR was not applicable to the dispute because "a state surprise billing law applies." This notice of ineligibility was sent to both HaloMD and SPEMSC, yet neither HaloMD nor SPEMSC withdrew the dispute.

241. As a result of HaloMD and SPEMSC's fraudulent attestations, ABCLH paid $4,316.00, which was significantly more than HaloMD and SPEMSC had offered in open negotiations and after they had been informed that the services did not qualify for IDR. Anthem also paid $965 in unnecessary IDR-related fees.

B. Sound Physicians Anesthesiology of California

DISP-2639953 (Ineligible State Law Claim)

242. The IDR proceeding captioned DISP-2639953 involved anesthesia services that SPAC rendered on November 21, 2024, to a member of a fully insured health plan administered by ABC. As a fully insured plan, the member's plan is subject to state law, and therefore, California's Surprise Billing Laws—rather than the NSA—governed the reimbursement rate for services.

243. On January 8, 2025, HaloMD, on behalf of and in coordination with SPAC, sent a notice of open negotiation to ABC at the Anthem IDR Email Address. The open

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negotiation notice was signed by Megan Rausch, noted to be the "Provider Representative," at the 2915 W Bitters Address and with the email address soundnsa@halomd.com. HaloMD requested $1,006.24 to resolve the dispute.

244. ABC sent a response that was addressed to SPAC at P.O. Box 741658, Los Angeles, California 90074. The letter informed SPAC and HaloMD that the "[c]laim is not governed by the Federal No Surprises Act."

245. On January 9, 2025 ABC sent a response to SPAC, addressed to the Sound Physicians headquarters, asserting that the "Claim is not governed by the Federal No Surprises Act." SPAC did not respond to this assertion of ineligibility.

246. Even though the dispute clearly fell under state law and SPAC knew that the NSA did not apply, on February 25, 2025, HaloMD, on behalf of and in coordination with SPAC, using the email address soundnsa@halomd.com, initiated IDR and falsely attested to IDR eligibility.

247. On March 19, 2024, ABC submitted an objection to eligibility, which was also addressed to SPAC, asserting: "The claim(s) is ineligible for IDR under the NSA because a state surprise billing law applies." Again, neither HaloMD nor SPAC withdrew the dispute following this explicit notice of ineligibility.

248. As a result of HaloMD and SPAC's fraudulent attestations, ABC paid $1,636.40 for the ineligible service, which was greater than the $1,016.40 amount SPAC had billed for the same service and greater than HaloMD's $1,006.24 offer to resolve the claim in open negotiations. ABC also paid $503 in unnecessary IDR-related fees.

CLAIMS FOR RELIEF

COUNT I

VIOLATION OF RICO, 18 U.S.C. § 1962(d)

(Against the LaRoque Family Enterprise)

249. Anthem repeats and realleges the allegations in Paragraphs 1 through 248 in this Complaint as if fully set forth at length herein.

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250. The LaRoque Family Enterprise formed an association-in-fact enterprise, as that term is defined in 18 U.S.C. § 1961(4), for the purposes of stealing and defrauding funds from Anthem through the fraudulent submission of ineligible and inflated disputes under the federal IDR process. At all relevant times, the members of the LaRoque Family Enterprise have been "persons" under 18 U.S.C. § 1961(3) because they are capable of holding, and do hold, "a legal or beneficial interest in property."

251. The members of the LaRoque Family Enterprise have knowingly agreed, combined and conspired to conduct and/or participate, directly or indirectly, in the conduct of the LaRoque Family Enterprise's affairs through a pattern of racketeering activity consisting of repeated violations of the wire fraud statute, 18 U.S.C. § 1343, based upon the use of interstate wire facilities to execute the profit-making fraudulent billing schemes described herein. The fraudulent disputes submitted to the IDR Portal for payment by Anthem that comprise the pattern of racketeering activity identified through the date of this Complaint are described in the Section titled "The LaRoque Family Enterprise," *supra*.

252. The members of the LaRoque Family Enterprise knew of, agreed to, and acted in furtherance of the common overall objective (*i.e.*, to defraud Anthem and its affiliated health plans of money) by submitting or facilitating the submission of fraudulent ineligible and inflated disputes to Anthem through the IDR process.

253. The LaRoque Family Enterprise's fraudulent conduct and participation in the racketeering activity described herein has directly and proximately caused Anthem and its affiliated health plans to incur millions of dollars in damages.

254. By reason of its injury, Anthem is entitled to compensatory, punitive, and treble damages, pre- and post-judgment interest, attorney's fees, costs incurred in bringing this action, and any other relief the Court deems just and proper.

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COUNT II

VIOLATION OF RICO, 18 U.S.C. § 1962(d)

(Against the Sound Physicians Enterprise)

255. Anthem repeats and realleges the allegations in Paragraphs 1 through 248 in this Complaint as if fully set forth at length herein.

256. The Sound Physicians Enterprise formed an association-in-fact enterprise, as that term is defined in 18 U.S.C. § 1961(4), for the purposes of stealing and defrauding funds from Anthem through the fraudulent submission of ineligible and inflated disputes under the federal IDR process. At all relevant times, the members of the Sound Physicians Enterprise have been "persons" under 18 U.S.C. § 1961(3) because they are capable of holding, and do hold, "a legal or beneficial interest in property."

257. The members of the Sound Physicians Enterprise have knowingly agreed, combined and conspired to conduct and/or participate, directly or indirectly, in the conduct of the Sound Physicians Enterprise's affairs through a pattern of racketeering activity consisting of repeated violations of the wire fraud statute, 18 U.S.C. § 1343, based upon the use of interstate wire facilities to execute the profit-making fraudulent billing schemes described herein. The fraudulent disputes submitted to the IDR Portal for payment by Anthem that comprise the pattern of racketeering activity identified through the date of this Complaint are described in the Section titled "The Sound Physicians Enterprise," *supra*.

258. The Sound Physicians Enterprise Defendants knew of, agreed to, and acted in furtherance of the common overall objective (*i.e.*, to defraud Anthem and its affiliated health plans of money) by submitting or facilitating the submission of fraudulent ineligible and inflated disputes to Anthem through the IDR process.

259. The Sound Physicians Enterprise's fraudulent conduct and participation in the racketeering activity described herein has directly and proximately caused Anthem and its affiliated health plans to incur hundreds of thousands of dollars in damages.

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260. By reason of its injury, Anthem is entitled to compensatory, punitive, and treble damages, pre- and post-judgment interest, attorney's fees, costs incurred in bringing this action, and any other relief the Court deems just and proper.

COUNT III

VIOLATION OF RICO, 18 U.S.C. § 1962(c)

(Against the LaRoque Family Enterprise)

261. Anthem repeats and realleges the allegations in Paragraphs 1 through 248 in this Complaint as if fully set forth at length herein.

262. The LaRoque Family Enterprise formed an association-in-fact enterprise, as that term is defined in 18 U.S.C. § 1961(4), for the purposes of stealing and defrauding funds from Anthem through the fraudulent submission of ineligible and inflated disputes under the federal IDR process. At all relevant times, the members of the LaRoque Family Enterprise have been "persons" under 18 U.S.C. § 1961(3) because they are capable of holding, and do hold, "a legal or beneficial interest in property."

263. Since at least January 2024, the LaRoque Family Enterprise has sought to increase their profits by: (1) knowingly submitting false and fraudulent attestations of eligibility for services and disputes that they know are ineligible for the IDR process; (2) strategically initiating massive volumes of IDR disputes simultaneously against Anthem; and (3) improperly inflating payment offers that far exceed what the LaRoque Family Provider Defendants could have received from patients or health plans in a competitive market and, in many cases, exceed the LaRoque Family Provider Defendants' billed charges.

264. At all relevant times, the members of the LaRoque Family Enterprise: (a) functioned as a continuing unit with an ascertainable structure separate and distinct from the pattern of racketeering activity; (b) shared a common purpose of enriching themselves at the expense of Anthem by fraudulently inducing and compelling Anthem to pay exorbitant amounts for services that were not eligible for the IDR process and causing Anthem to pay inflated amounts for eligible services far exceeding their billed

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charges; (c) had systematic linkage to each other through interpersonal and contractual relationships, financial ties, shared correspondence, and continuing coordination of activities; and (d) had sufficient longevity for the enterprise to pursue its purpose. Each member of the LaRoque Family Enterprise participated in the operation and management of the enterprise, including a pattern of racketeering activity referred to herein as the NSA Scheme, and shared in the profits illicitly obtained due to the enterprise's fraudulent activity.

265. The LaRoque Family Enterprise is distinct from and has an existence beyond the pattern of racketeering that is described herein, namely by recruiting, employing, overseeing and coordinating individuals who have been responsible for facilitating and performing a variety of administrative and ostensibly professional functions beyond the acts of wire fraud (*i.e.*, the submission of the ineligible and inflated disputes to Anthem and through the IDR process), by creating and maintaining records, by negotiating and executing various agreements, and by maintaining the bookkeeping and accounting functions necessary to manage the receipt and distribution of the payments on IDR determinations.

266. The LaRoque Family Enterprise Defendants committed, conspired to commit, and/or aided and abetted in the commission of at least two predicate acts of racketeering activity (*i.e.*, wire fraud in violation of 18 U.S.C. § 1343) within the past ten years. The multiple acts of racketeering activity that these Defendants committed, or aided and abetted in the commission of, were related to each other and posed a threat of continued racketeering activity and therefore constitute a "pattern of racketeering activity." The predicate acts also had the same or similar results, participants, victims, and methods. The predicate acts were related and not isolated events.

267. The LaRoque Family Enterprise Defendants committed predicate acts of wire fraud by transmitting and/or receiving, or by causing to be transmitted and/or received, materials by interstate wires for the purpose of executing the unlawful scheme to defraud funds from Anthem by means of false pretenses, misrepresentations,

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promises, and omissions. Specifically, the disputes these Defendants submitted through the federal IDR process contained misrepresentations that the disputes were eligible for that process and often contained inflated amounts above even the LaRoque Family Provider's billed charges. The predicate acts all had the purpose of substantially harming Anthem's business and property, while simultaneously generating substantial revenues for the members of the LaRoque Family Enterprise. The predicate acts were committed or caused to be committed by the LaRoque Family Enterprise members through their participation in the LaRoque Family Enterprise, as applicable, and in furtherance of their fraudulent schemes.

268. The LaRoque Family Enterprise members' predicate acts of racketeering—which began no later than January 2024 and have occurred continuously and systematically through the present day—committed by interstate wires, include: (a) submitting disputes through the online IDR portal that were ineligible for the IDR process; (b) demanding outrageous payments in excess of their charges, much less a commercially reasonable amount; (c) initiating scores of disputes at the same time and in such a way as to make it difficult for Anthem to reasonably identify and object to all ineligible disputes; (d) engaging in the IDR process in bad faith; and (e) procuring payments on disputes that were ineligible for IDR and/or or grossly inflated. The fraudulent disputes submitted to Anthem that comprise, in part, the pattern of racketeering activity identified through the date of this Complaint are described in the Sections titled "The LaRoque Family Enterprise," *supra*.

269. The members of the LaRoque Family Enterprises have profited, and continue to profit, substantially from the fraudulent billing scheme, ultimately receiving nearly $1.9 million in illicitly obtained reimbursements. These payments, disbursed through interstate wire facilities, each constitute a separate violation of 18 U.S.C. § 1343.

270. The LaRoque Family Enterprise's fraudulent conduct and participation in the racketeering activity described herein has directly and proximately caused Anthem

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and its affiliated health plans to incur millions of dollars in damages.

271. By reason of its injury, Anthem is entitled to compensatory, punitive, and treble damages, pre- and post-judgment interest, attorney's fees, costs incurred in bringing this action, and any other relief the Court deems just and proper.

COUNT IV

VIOLATION OF RICO, 18 U.S.C. § 1962(c)

(Against the Sound Physicians Enterprise)

272. Anthem repeats and realleges the allegations in Paragraphs 1 through 248 contained in this Complaint as if fully set forth at length herein.

273. The Sound Physicians Enterprise formed an association-in-fact enterprise, as that term is defined in 18 U.S.C. § 1961(4), for the purposes of stealing and defrauding funds from Anthem through the fraudulent submission of ineligible and inflated disputes under the federal IDR process. At all relevant times, the members of the Sound Physicians Enterprise have been "persons" under 18 U.S.C. § 1961(3) because they are capable of holding, and do hold, "a legal or beneficial interest in property."

274. Since at least January 2024, the Sound Physicians Enterprise has sought to increase their profits by: (1) knowingly submitting false and fraudulent attestations of eligibility for services and disputes that they know are ineligible for the IDR process; (2) strategically initiating massive volumes of IDR disputes simultaneously against Anthem; and (3) improperly inflating payment offers that far exceed what the Sound Physicians Provider Defendants could have received from patients or health plans in a competitive market and, in many cases, are twice or more the Sound Physicians Provider Defendants' billed charges.

275. At all relevant times, the members of the Sound Physicians Enterprise: (a) functioned as a continuing unit with an ascertainable structure separate and distinct from the pattern of racketeering activity; (b) shared a common purpose of enriching themselves at the expense of Anthem by fraudulently inducing and compelling Anthem

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to pay exorbitant amounts for services that were not eligible for the IDR process and causing Anthem to pay inflated amounts for eligible services far exceeding their billed charges; (c) had systematic linkage to each other through interpersonal and contractual relationships, financial ties, shared correspondence, and continuing coordination of activities; and (d) had sufficient longevity for the enterprise to pursue its purpose. Each member of the Sound Physicians Enterprise participated in the operation and management of the enterprise, including a pattern of racketeering activity referred to herein as the NSA Scheme, and shared in the profits illicitly obtained due to the enterprise's fraudulent activity.

276. The Sound Physicians Enterprise is distinct from and has an existence beyond the pattern of racketeering that is described herein, namely by recruiting, employing, overseeing and coordinating individuals who have been responsible for facilitating and performing a variety of administrative and ostensibly professional functions beyond the acts of wire fraud (*i.e.*, the submission of the ineligible and inflated disputes to Anthem and through the IDR process), by creating and maintaining records, by negotiating and executing various agreements, and by maintaining the bookkeeping and accounting functions necessary to manage the receipt and distribution of the payments on IDR determinations.

277. The Sound Physicians Enterprise Defendants committed, conspired to commit, and/or aided and abetted in the commission of at least two predicate acts of racketeering activity (*i.e.*, wire fraud in violation of 18 U.S.C. § 1343) within the past ten years. The multiple acts of racketeering activity that these Defendants committed, or aided and abetted in the commission of, were related to each other and posed a threat of continued racketeering activity and therefore constitute a "pattern of racketeering activity." The predicate acts also had the same or similar results, participants, victims, and methods. The predicate acts were related and not isolated events.

278. The Sound Physicians Enterprise Defendants committed predicate acts of wire fraud by transmitting and/or receiving, or by causing to be transmitted and/or

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received, materials by interstate wires for the purpose of executing the unlawful scheme to defraud funds from Anthem by means of false pretenses, misrepresentations, promises, and omissions. Specifically, the disputes these Defendants submitted through the federal IDR process contained misrepresentations that the disputes were eligible for that process and often contained inflated amounts above even the Sound Physicians Provider's billed charges. The predicate acts all had the purpose of substantially harming Anthem's business and property, while simultaneously generating substantial revenues for the members of the Sound Physicians Enterprise. The predicate acts were committed or caused to be committed by the Sound Physicians Enterprise members through their participation in the Sound Physicians Enterprise, as applicable, and in furtherance of their fraudulent schemes.

279. The Sound Physicians Enterprise members' predicate acts of racketeering—which began no later than January 2024 and have occurred continuously and systematically through the present day—committed by interstate wires, include: (a) submitting disputes through the online IDR portal that were ineligible for the IDR process; (b) demanding outrageous payments far in excess of their charges, much less a commercially reasonable amount; (c) initiating scores of disputes at the same time and in such a way as to make it difficult for Anthem to reasonably identify and object to all ineligible disputes; (d) engaging in the IDR process in bad faith; and (e) procuring payments on disputes that were ineligible for IDR and/or or grossly inflated. The fraudulent disputes submitted to Anthem that comprise, in part, the pattern of racketeering activity identified through the date of this Complaint are described in the Sections titled "The Sound Physicians Enterprise," *supra*.

280. The members of the Sound Physicians Enterprises have profited, and continue to profit, substantially from the fraudulent billing scheme, ultimately receiving hundreds of thousands of dollars in illicitly obtained reimbursements. These payments, disbursed through interstate wire facilities, each constitute a separate violation of 18 U.S.C. § 1343.

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281. The Sound Physicians Enterprise's fraudulent conduct and participation in the racketeering activity described herein has directly and proximately caused Anthem and its affiliated health plans to incur hundreds of thousands of dollars in damages.

282. By reason of its injury, Anthem is entitled to compensatory, punitive, and treble damages, pre- and post-judgment interest, attorney's fees, costs incurred in bringing this action, and any other relief the Court deems just and proper.

COUNT V

FRAUDULENT MISREPRESENTATION

(Against All Members of the LaRoque Family Enterprise)

283. Anthem repeats and realleges the allegations in Paragraphs 1 through 248 contained in this Complaint as if fully set forth at length herein.

284. HaloMD, on behalf of and in coordination with MPOWERHealth and the LaRoque Family Providers, knowingly and willfully executed the schemes described herein with the intent to defraud Anthem by (1) submitting knowingly false attestations of IDR eligibility to Anthem, the IDREs, and the Departments and (2) falsely representing to Anthem, the IDREs, and the Departments that the disputes were eligible for IDR prior to initiating the IDR process, all done with the intent to obtain money owned or controlled by Anthem and its affiliated health plans under the false pretense that the disputes were eligible for resolution through the IDR process.

285. For each of the IDRs initiated, HaloMD, on behalf of and in coordination with MPOWERHealth and the LaRoque Family Providers, submitted a completed version of the mandatory IDR notice of initiation to Anthem, the IDREs, and the Departments, 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.

286. Yet as discussed herein, hundreds of the attestations submitted by the HaloMD, on behalf of and coordination with MPOWERHealth and the LaRoque Family

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Providers, were clearly false, as the underlying services were not qualified items or services, and in fact, the disputes were ineligible for resolution through the NSA's IDR process.

287. HaloMD, on behalf of and in coordination with MPOWERHealth and the LaRoque Family Providers, submitted the IDR notice of initiation in each such dispute with full knowledge of the falsity of this attestation. From the patient's insurance cards, Anthem's EOPs, the plain text of federal laws and regulations, CMS publications and resources, HaloMD's preparation of IDR initiation forms and notices, their participation in the IDR process, and the specific objections to eligibility that Anthem submitted to the LaRoque Family Providers and to HaloMD, among other sources, the MPOWERHealth Defendants, the LaRoque Family Providers, and HaloMD knew that the services and disputes HaloMD was initiating were ineligible for the IDR process.

288. HaloMD, on behalf of and in coordination with MPOWERHealth and the LaRoque Family Providers, nevertheless submitted these false attestations and did so with the intent that Anthem, the IDREs, and the Departments rely on them. Anthem was, in fact, compelled to rely on the false attestations because it was forced to proceed to a payment determination, despite the dispute's ineligibility.

289. According to federal law, "the certified IDR entity selected must review the information submitted in the notice of IDR initiation"—including HaloMD's false attestations of eligibility submitted on behalf of and in coordination with the LaRoque Family Providers—"to determine whether the Federal IDR process applies." 45 C.F.R. § 149.510(c)(1)(v). Even if Anthem contested eligibility, the MPOWERHealth Defendants, the LaRoque Family Providers, and HaloMD knew and expected their deliberate misrepresentations would force Anthem to reasonably and foreseeably rely on the misrepresentations and proceed to a payment determination, despite the ineligibility of the dispute.

290. As described above, these misrepresentations were submitted by corporate agents using corporate email addresses—namely, nsa@halomd.com—which, upon

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information and belief, was an attempt to conceal the identity of the individuals submitting the false attestations. As parties to IDR have no ability to engage in discovery—in fact, the parties submit final offers and supporting evidence in a blind process without the right or ability to see the other party's submission—the submission of false attestations achieved the concealment of the corporate actors filing the false attestations, save for DISP-2193991 where, on December 2, 2024, HaloMD's employee "CJC" initiated IDR through the IDR portal using a false attestation of eligibility on behalf of and in coordination with N Express despite being on notice that the dispute was subject to California's State Surprise Billing Laws.

291. From January 4, 2024, to August 2025, HaloMD on behalf of and in coordination with the MPOWERHealth Defendants and the LaRoque Family Providers, submitted hundreds of false attestations, including, for example, the disputes specifically referenced above.

292. These false attestations of eligibility pertain to material facts in the IDR process because they bypass the safeguards that the Departments created to prevent ineligible disputes and go to the heart of the IDRE's jurisdiction to even hear the dispute.

293. HaloMD, on behalf of and in coordination with MPOWERHealth and the LaRoque Family Providers, submitted the false attestations to receive a windfall for themselves, namely, IDR payment determinations in favor of the LaRoque Family Providers and against Anthem regarding items or services that were ineligible for resolution through the IDR process.

294. At all times when submitting the false attestations and engaging in the relevant IDR disputes, HaloMD was acting within the scope of HaloMD's agreements with the LaRoque Family Providers and/or MPOWERHealth to handle the IDR process for the LaRoque Family Providers in connection with the identified disputes.

295. HaloMD, on behalf of and in coordination with MPOWERHealth and the LaRoque Family Providers, also fraudulently misrepresented to Anthem during the

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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.

296. Anthem reasonably, foreseeably, and justifiably relied on HaloMD's 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 Anthem from investigating each and every aspect of the hundreds of disputes they submitted within the 30-day open negotiations window or within three days of IDR initiation, intending that Anthem would rely on these false representations of eligibility. Additionally, in some cases (such as when the patient waived balance billing protections), Defendants are the only entities in possession of information critical to Anthem's ability to assess a claim for IDR eligibility, such as information pertaining to the provider, types of services rendered, and patient records. Thus, MPOWERHealth, the LaRoque Family Providers, and HaloMD knew Anthem was often incapable of knowing the falsity of HaloMD's misrepresentations. As a result, Anthem justifiably relied on these misrepresentations that the disputes were eligible for IDR and incurred significant monetary losses, including through incurring fees required by the NSA and in the form of IDR payment determinations finding against Anthem.

297. As a direct and proximate result of these misrepresentations by HaloMD on behalf of and in coordination with MPOWERHealth and the LaRoque Family Providers, Anthem and its affiliated plans have suffered substantial damages, including in the form of payment on IDR payment determinations that were ineligible for resolution through the NSA's IDR process, along with payment of required administrative and IDRE fees in connection with the ineligible disputes.

298. Each member of the LaRoque Family Enterprise formed and operated in a conspiracy to defraud Anthem through these schemes, and each committed acts in furtherance thereof, resulting in the above-stated damages to Anthem.

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COUNT VI

FRAUDULENT MISREPRESENTATION

(Against All Members of the Sound Physicians Enterprise)

299. Anthem repeats and realleges the allegations in Paragraphs 1 through 248 contained in this Complaint as if fully set forth at length herein.

300. The Sound Physicians Providers, or HaloMD on behalf of and in coordination with the Sound Physicians Providers, knowingly and willfully executed the schemes described herein with the intent to defraud Anthem by (1) submitting knowingly false attestations of IDR eligibility to Anthem, the IDREs, and the Departments and (2) falsely representing to Anthem, the IDREs, and the Departments that the disputes were eligible for IDR prior to initiating the IDR process, all done with the intent to obtain money owned or controlled by Anthem and its affiliated health plans under the false pretense that the disputes were eligible for resolution through the IDR process.

301. For each of the IDRs initiated, the Sound Physicians, or HaloMD on behalf of and in coordination with the Sound Physicians Providers, submitted a completed version of the mandatory IDR notice of initiation to Anthem, the IDREs, and the Departments, 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.

302. Yet as discussed herein, hundreds of the attestations submitted by the Sound Physicians Providers, or HaloMD on their behalf, were clearly false, as the underlying services were not qualified items or services, and in fact, the disputes were ineligible for resolution through the NSA's IDR process.

303. The Sound Physicians Providers, or HaloMD on behalf of and in coordination with the Sound Physicians Providers, submitted the IDR notice of

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initiation in each such dispute with full knowledge of the falsity of this attestation. From the patient's insurance cards, Anthem's EOPs, the plain text of federal laws and regulations, Anthem's EOPs, CMS publications and resources, the Sound Physicians Providers' and/or HaloMD's preparation of IDR initiation forms and notices, their participation in the IDR process, and the specific objections to eligibility that Anthem submitted to the Sound Physicians Providers and to HaloMD, among other sources, the Sound Physicians Providers and HaloMD knew that the services and disputes they were initiating were ineligible for the IDR process.

304. The Sound Physicians Providers, or HaloMD on behalf of and in coordination with the Sound Physicians Providers, nevertheless submitted these false attestations and did so with the intent that Anthem, the IDREs, and the Departments rely on them. Anthem was, in fact, compelled to rely on the false attestations because it was forced to proceed to a payment determination, despite the dispute's ineligibility.

305. According to federal law, "the certified IDR entity selected must review the information submitted in the notice of IDR initiation"—including the Sound Physicians Providers' and HaloMD's false attestations of eligibility—"to determine whether the Federal IDR process applies." 45 C.F.R. § 149.510(c)(1)(v). Even if Anthem contested eligibility, the Sound Physicians Providers and HaloMD knew and expected their deliberate misrepresentations would force Anthem to reasonably and foreseeably rely on the misrepresentations and proceed to a payment determination, despite the ineligibility of the dispute.

306. As described above, these misrepresentations were submitted by corporate agents using corporate email addresses—including nsa@halomd.com, soundnsa@halomd.com, and soundfedidr@soundphysicians.com—which, upon information and belief, was an attempt to conceal the identity of the individuals submitting the false attestations. As parties to IDR have no ability to engage in discovery—in fact, the parties submit final offers and supporting evidence in a blind process without the right or ability to see the other party's submission—the submission

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of false attestations achieved the concealment of the corporate actors filing the false attestations.

307. From January 4, 2024, to August 2025, the Sound Physicians Providers, and HaloMD on behalf of and in coordination with the Sound Physicians Providers, submitted hundreds of false attestations, including, for example, the disputes specifically referenced above.

308. These false attestations of eligibility pertain to material facts in the IDR process because they bypass the safeguards that the Departments created to prevent ineligible disputes and go to the heart of the IDRE's jurisdiction to even hear the dispute.

309. The Sound Physicians Providers, or HaloMD on behalf of and in coordination with the Sound Physicians Providers, submitted the false attestations to receive a windfall for themselves, namely, IDR payment determinations in favor of the Sound Physicians Providers and against Anthem regarding items or services that were ineligible for resolution through the IDR process.

310. At all times when submitting the false attestations and engaging in the relevant IDR disputes, HaloMD was acting within the scope of HaloMD's agreements with the Sound Physicians Providers to handle the IDR process for the Sound Physicians Providers in connection with the identified disputes.

311. The Sound Physicians Providers, or HaloMD on behalf of and in coordination with the Sound Physicians Providers, also fraudulently misrepresented to Anthem 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.

312. Anthem reasonably, foreseeably, and justifiably relied on the Sound Physicians Providers' and HaloMD's 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

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precluded Anthem from investigating each and every aspect of the hundreds of disputes they submitted within the 30-day open negotiations window or within three days of IDR initiation, intending that Anthem would rely on these false representations of eligibility. Additionally, in some cases (such as when the patient waived balance billing protections), Defendants are the only entities in possession of information critical to Anthem's ability to assess a claim for IDR eligibility, such as information pertaining to the provider, types of services rendered, and patient records. Thus, Sound Physicians Providers and HaloMD knew Anthem was often incapable of knowing the falsity of the Sound Physicians Providers' and HaloMD's misrepresentations. As a result, Anthem justifiably relied on these misrepresentations 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 Anthem.

313. As a direct and proximate result of these misrepresentations by the Sound Physicians Providers and HaloMD on behalf of the Sound Physicians Providers, Anthem and its affiliated plans have suffered substantial damages, including in the form of payment on IDR payment determinations that were ineligible for resolution through the NSA's IDR process, along with payment of required administrative and IDRE fees in connection with the ineligible disputes.

314. Each member of the Sound Physicians Enterprise formed and operated in a conspiracy to defraud Anthem through these schemes, and each committed acts in furtherance thereof, resulting in the above-stated damages to Anthem.

COUNT VII

NEGLIGENT MISREPRESENTATION

(Against All Members of the LaRoque Family Enterprise)

315. Anthem repeats and realleges the allegations in Paragraphs 1 through 248 contained in this Complaint as if fully set forth at length herein.

316. In submitting the false attestations of eligibility, HaloMD on behalf of and in coordination with the MPOWERHealth Defendants and the LaRoque Family

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Providers, misrepresented material facts to Anthem, the IDREs, and the Departments regarding eligibility of the disputes to proceed to the IDR payment determination stage. From the patient's insurance cards, Anthem's EOPs, the plain text of federal laws and regulations, CMS publications and resources, HaloMD's preparation of IDR initiation forms and notices, their participation in the IDR process, and the specific objections to eligibility that Anthem submitted to the LaRoque Family Providers and to HaloMD, among other sources, MPOWERHealth, the LaRoque Family Providers, and HaloMD had no reasonable grounds on which to believe and represent that the services and disputes they were initiating were ineligible for the IDR process.

317. As described above, these misrepresentations were submitted by corporate agents using corporate email addresses—namely, nsa@halomd.com—which, upon information and belief, was an attempt to conceal the identity of the individuals submitting the false attestations. As parties to IDR have no ability to engage in discovery—in fact, the parties submit final offers and supporting evidence in a blind process without the right or ability to see the other party's submission—the submission of false attestations achieved the concealment of the corporate actors filing the false attestations, save for DISP-2193991 where, on December 2, 2024, HaloMD Defendant's employee "CJC" initiated IDR through the IDR portal using a false attestation of eligibility on behalf of and in coordination with N Express despite being on notice that the dispute was subject to California's state specified law.

318. MPOWERHealth, the LaRoque Family Providers, and HaloMD owed a duty of reasonable care to Anthem, under which they were required to conduct reasonable investigations, 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 the LaRoque Family Providers for items or services that were not eligible for the IDR process. MPOWERHealth, the LaRoque Family Providers, and HaloMD owed Anthem a duty of care to submit accurate information to Anthem, the IDREs, and the

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Departments when they sought payment or additional payment on the medical claims underlying the IDR disputes. Specifically, in making the false representations to Anthem, the IDREs, and the Departments, HaloMD, on behalf of and in coordination with MPOWERHealth and the LaRoque Family Providers, were acting in the course of their business or profession and had a pecuniary interest in the underlying medical claims at issue. Moreover, they possessed superior knowledge of the facts underlying the services they (or their clients and co-conspirators in the case of HaloMD) provided.

319. HaloMD, on behalf of and in coordination with MPOWERHealth and the LaRoque Family Providers submitted these false attestations and did so with the intent that Anthem, the IDREs, and the Departments rely on them. Anthem was, in fact, compelled to rely on the false attestations because it was forced to proceed to a payment determination, despite the disputes' ineligibility.

320. Even if Anthem contested eligibility, the MPOWERHealth Defendants, the LaRoque Family Providers, and HaloMD knew and expected their deliberate misrepresentations would force Anthem to reasonably and foreseeably rely on the misrepresentations and proceed to a payment determination, despite the ineligibility of the dispute.

321. At all times when submitting the false attestations and engaging in the relevant IDR disputes, HaloMD was acting within the scope of HaloMD's agreements with MPOWERHealth and/or the LaRoque Family Providers to handle the IDR process for the LaRoque Family Providers in connection with the identified disputes.

322. HaloMD, on behalf of and in coordination with MPOWERHealth and the LaRoque Family Providers, also falsely represented to Anthem 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 when, in fact, they did not.

323. Anthem reasonably, foreseeably, and justifiably relied on the LaRoque Family Providers' and HaloMD's misrepresentations during the open negotiations and

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IDR initiation process. As part of the fraudulent schemes described herein, Defendants' tactic was to flood the IDR process and overwhelm the system such that Anthem would be unable to investigate each and every aspect of the hundreds of disputes often submitted on the same day within the 30-day open negotiations window or within days after IDR initiation. Additionally, MPOWERHealth, HaloMD, and the LaRoque Family Providers are in some circumstances the only entities in possession of information critical to Anthem's ability to assess a claim for IDR eligibility, such as information pertaining to the provider, types of services rendered, and patient records. Thus, MPOWERHealth, HaloMD, and the LaRoque Family Providers knew Anthem was often incapable of knowing the falsity of these misrepresentations. As a result, Anthem justifiably relied on the misrepresentations by HaloMD on behalf of MPOWERHealth and/or the LaRoque Family Providers, that the disputes were eligible for IDR and incurred significant monetary losses through incurring administrative and IDRE fees required by the NSA and in the form of IDR payment determinations finding against Anthem.

324. MPOWERHealth, HaloMD, and the LaRoque Family Providers owed Anthem a duty of reasonable care to provide accurate information as to the claims and services they were seeking to negotiate in good faith, as they were acting in the course of their business or profession and had a pecuniary interest in the underlying medical claims at issue. Moreover, MPOWERHealth, HaloMD, and the LaRoque Family Providers possessed superior knowledge of the facts underlying the services they (or their clients and co-conspirators in the case of HaloMD) provided.

325. As a direct and proximate result of these misrepresentations by HaloMD, on behalf of and in coordination with MPOWERHealth and the LaRoque Family Providers, Anthem and its affiliated health plans have suffered substantial damages, including in the form of payment on IDR payment determinations that were ineligible for resolution through the NSA's IDR process, along with payment of required administrative and IDRE fees.

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326. Each member of the LaRoque Family Enterprise formed and operated in a conspiracy to defraud Anthem through these schemes, and each committed acts in furtherance thereof, resulting in the above-stated damages to Anthem.

COUNT VIII

NEGLIGENT MISREPRESENTATION

(Against All Members of the Sound Physicians Enterprise)

327. Anthem repeats and realleges the allegations in Paragraphs 1 through 248 contained in the Complaint as if fully set forth at length herein.

328. In submitting the false attestations of eligibility, the Sound Physicians Providers, or HaloMD on behalf of and in coordination with the Sound Physicians Providers, misrepresented material facts to Anthem, the IDREs, and the Departments regarding eligibility of the disputes to proceed to the IDR payment determination stage. From the patient's insurance cards, Anthem's EOPs, the plain text of federal laws and regulations, CMS publications and resources, the Sound Physicians Providers' and HaloMD's preparation of IDR initiation forms and notices, their participation in the IDR process, and the specific objections to eligibility that Anthem submitted to the Sound Physicians Providers and to HaloMD, among other sources, the Sound Physicians Providers and HaloMD had no reasonable grounds on which to believe and represent that the services and disputes they were initiating were ineligible for the IDR process.

329. As described above, these misrepresentations were submitted by corporate agents of the Sound Physicians Providers and HaloMD using corporate email addresses—including nsa@halomd.com, soundnsa@halomd.com, and soundfedidr@soundphysicians.com—which, upon information and belief, was an attempt to conceal the identity of the individuals submitting the false attestations. As parties to IDR have no ability to engage in discovery—in fact, the parties submit final offers and supporting evidence in a blind process without the right or ability to see the other party's submission—the submission of false attestations achieved the

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concealment of the corporate actors filing the false attestations.

330. The Sound Physicians Providers and HaloMD owed a duty of reasonable care to Anthem, under which they were required to conduct reasonable investigations, 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 the Sound Physicians Providers for items or services that were not eligible for the IDR process. The Sound Physicians Providers and HaloMD owed Anthem a duty of care to submit accurate information to Anthem, the IDREs, and the Departments when they sought payment or additional payment on the medical claims underlying the IDR disputes. Specifically, in making the false representations to Anthem, the IDREs, and the Departments, the Sound Physicians Providers and HaloMD were acting in the course of their business or profession and had a pecuniary interest in the underlying medical claims at issue. Moreover, the Sound Physicians Providers and HaloMD possessed superior knowledge of the facts underlying the services they (or their clients and co-conspirators in the case of HaloMD) provided.

331. The Sound Physicians Providers, or HaloMD on behalf of and in coordination with the Sound Physicians Providers, submitted these false attestations and did so with the intent that Anthem, the IDREs, and the Departments rely on them. Anthem was, in fact, compelled to rely on the false attestations because it was forced to proceed to a payment determination, despite the dispute's ineligibility.

332. Even if Anthem contested eligibility, the MPOWERHealth Defendants, the LaRoque Family Providers, and HaloMD knew and expected their deliberate misrepresentations would force Anthem to reasonably and foreseeably rely on the misrepresentations and proceed to a payment determination, despite the ineligibility of the dispute.

333. At all times when submitting the false attestations and engaging in the relevant IDR disputes, HaloMD was acting within the scope of HaloMD's agreements

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with the Sound Physicians Providers to handle the IDR process for the Sound Physicians Providers in connection with the identified disputes.

334. The Sound Physicians Providers, or HaloMD on behalf of and in coordination with the Sound Physicians Providers, also falsely represented to Anthem 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 when, in fact, they did not.

335. Anthem reasonably, foreseeably, and justifiably relied on the Sound Physicians Providers' and HaloMD's misrepresentations during the open negotiations and IDR initiation process. As part of the fraudulent schemes described herein, Defendants' tactic was to flood the IDR process and overwhelm the system such that Anthem would be unable to investigate each and every aspect of the hundreds 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 Sound Physicians Providers are in some circumstances the only entities in possession of information critical to Anthem's ability to assess a claim for IDR eligibility, such as information pertaining to the provider, types of services rendered, and patient records. Thus, Sound Physicians Providers and HaloMD knew Anthem was often incapable of knowing the falsity of these misrepresentations. As a result, Anthem justifiably relied on the misrepresentations by the Sound Physicians Providers, or HaloMD on their behalf, that the disputes were eligible for IDR and incurred significant monetary losses through incurring administrative and IDRE fees required by the NSA and in the form of IDR payment determinations finding against Anthem.

336. The Sound Physicians Providers and HaloMD owed Anthem a duty of reasonable care to provide accurate information as to the claims and services they were seeking to negotiate in good faith, as they were acting in the course of their business or profession and had a pecuniary interest in the underlying medical claims at issue. Moreover, the Sound Physicians Providers and HaloMD possessed superior knowledge

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of the facts underlying the services they (or their clients and co-conspirators in the case of HaloMD) provided.

337. As a direct and proximate result of the Sound Physicians Providers' and HaloMD's misrepresentations, and Anthem's reasonable reliance on the same, Anthem and its affiliated health 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, along with payment of required administrative and IDRE fees.

338. Each member of the Sound Physicians Enterprise formed and operated in a conspiracy to defraud Anthem through these schemes, and each committed acts in furtherance thereof, resulting in the above-stated damages to Anthem.

COUNT IX

BUSINESS ACTS OR PRACTICES IN VIOLATION OF CAL. BUS. & PROF. CODE §§ 17200 et seq.

(Against All Members of the LaRoque Family Enterprise)

339. Anthem repeats and realleges the allegations in Paragraphs 1 through 248 contained in the Complaint as if fully set forth at length herein.

340. HaloMD, on behalf of and in coordination with MPOWERHealth and the LaRoque Family Providers, engaged in unlawful, unfair, and fraudulent business acts or practices by misrepresenting information to Anthem, the IDREs, and the Departments throughout the NSA dispute resolution process, including by submitting the false attestations of eligibility regarding the disputes. From January 4, 2024, to August 2025, HaloMD, on behalf of and in coordination with MPOWERHealth and the LaRoque Family Providers, submitted hundreds of ineligible disputes through the NSA dispute resolution process, including in the exemplar disputes identified above, in which they knowingly and willfully represented that the disputes were eligible through IDR when they knew they were not.

341. From the patient's insurance cards, Anthem's EOPs, the plain text of federal laws and regulations, CMS publications and resources, HaloMD's preparation

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of IDR initiation forms and notices, their participation in the IDR process, and the specific objections to eligibility that Anthem submitted to the LaRoque Family Providers and to HaloMD, among other sources, the MPOWERHealth Defendants, the LaRoque Family Providers, and HaloMD knew that the services and disputes they were initiating were ineligible for the IDR process.

342. HaloMD on behalf of and in coordination with the MPOWERHealth Defendants and the LaRoque Family Providers, submitted these false attestations with the intent that Anthem, the IDREs, and the Departments rely on them. Anthem was, in fact, compelled to rely on the false attestations because it was forced to proceed to a payment determination, despite the dispute's ineligibility.

343. The actions of the LaRoque Family Providers in coordination with the MPOWERHealth Defendants, and HaloMD on behalf of and coordination with the MPOWERHealth Defendants and the LaRoque Family Providers, violated the following statutes:

- California Penal Code § 550, which makes it unlawful to knowingly prepare, make, or subscribe any writing, with the intent to present or use it, or to allow it to be presented, in support of any false or fraudulent claim; conspire to or cause to be presented any written or oral statement as part of, or in support of or opposition to, a claim for payment or other benefit pursuant to an insurance policy, knowing that the statement contains any false or misleading information concerning any material fact; or conspire to prepare or make any written or oral statement that is intended to be presented to any insurer or any insurance claimant in connection with, or in support of or opposition to, any claim or payment or other benefit pursuant to an insurance policy, knowing that the statement contains any false or misleading information concerning any material fact, among other things.

- The Federal Health Care Fraud Statute, as set forth in 18 U.S.C. § 1347, which prohibits individuals and entities from executing or attempting to execute a scheme to defraud a health care benefit program, whether or not it is a federal program.

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- The NSA, 29 U.S.C. § 1185e and 42 U.S.C. § 300gg-111, and its implementing regulations, 29 C.F.R. § 2590.716-8 and 45 C.F.R. § 149.510, including by submitting false attestations that items and services under dispute are qualified IDR items and services, initiating the IDR process for items and services that are not qualified IDR items and services, and procuring IDR determinations and payment for items and services that are not qualified IDR items and services, as alleged herein.
- RICO, 18 U.S.C. § 1962(c), (d), as alleged herein.
- California common law regarding fraudulent and/or negligent misrepresentations, as alleged herein.

344. In addition to being unlawful, the conduct of HaloMD on behalf of and in coordination with MPOWERHealth and the LaRoque Family Providers, described herein, is immoral, unethical, oppressive, and unscrupulous. Moreover, through the significant financial harm this conduct causes to Anthem and its affiliated plans, it also disrupts the insurance market and causes significant downstream harm to consumers through the increased cost of health care services.

345. As a result of these unlawful, unfair, and fraudulent practices, Anthem and its affiliated health plans have suffered substantial damages.

346. Each member of the LaRoque Family Enterprise formed and operated in a conspiracy to defraud Anthem through these schemes, and each committed acts in furtherance thereof, resulting in the above-stated damages to Anthem.

COUNT X

BUSINESS ACTS OR PRACTICES IN VIOLATION OF

CAL. BUS. & PROF. CODE §§ 17200 et seq.

(Against All Members of the Sound Physicians Enterprise)

347. Anthem repeats and realleges the allegations in Paragraphs 1 through 251 contained in the Complaint as if fully set forth at length herein.

348. The Sound Physicians Providers, or HaloMD on behalf of and in coordination with the Sound Physicians Providers, engaged in unlawful, unfair, and

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fraudulent business acts or practices by misrepresenting information to Anthem, the IDREs, and the Departments throughout the NSA dispute resolution process, including by submitting the false attestations of eligibility regarding the disputes. From January 4, 2024, to August 2025, the Sound Physicians Providers, or HaloMD on behalf of and in coordination with the Sound Physicians Providers, submitted hundreds of ineligible disputes through the NSA dispute resolution process, including in the exemplar disputes identified above, in which they knowingly and willfully represented that the disputes were eligible through IDR when they knew they were not.

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

350. The Sound Physicians Providers, or HaloMD on behalf of the Sound Physicians Providers, submitted these false attestations and did so with the intent that Anthem, the IDREs, and the Departments rely on them. Anthem was, in fact, compelled to rely on the false attestations because it was forced to proceed to a payment determination, despite the dispute's ineligibility.

351. The actions of the Sound Physicians Providers, and HaloMD on behalf of the Sound Physicians Providers, violated the following statutes:

- California Penal Code § 550, which makes it unlawful to knowingly prepare, make, or subscribe any writing, with the intent to present or use it, or to allow it to be presented, in support of any false or fraudulent claim; conspire to or cause to be presented any written or oral statement as part of, or in support of or opposition to, a claim for payment or other benefit pursuant to an insurance policy, knowing that the statement contains any false or misleading information concerning any material fact; or conspire to prepare or make any written or oral statement that is intended to be

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presented to any insurer or any insurance claimant in connection with, or in support of or opposition to, any claim or payment or other benefit pursuant to an insurance policy, knowing that the statement contains any false or misleading information concerning any material fact, among other things.

- The Federal Health Care Fraud Statute, as set forth in 18 U.S.C. Section 1347, which prohibits individuals and entities from executing or attempting to execute a scheme to defraud a health care benefit program, whether or not it is a federal program.
- The NSA, 29 U.S.C. § 1185e and 42 U.S.C. § 300gg-111, and its implementing regulations, 29 C.F.R. § 2590.716-8 and 45 C.F.R. § 149.510, including by submitting false attestations that items and services under dispute are qualified IDR items and services, initiating the IDR process for items and services that are not qualified IDR items and services, and procuring IDR determinations and payment for items and services that are not qualified IDR items and services, as alleged herein.
- RICO, 18 U.S.C. § 1962(c), (d), as alleged herein.
- California common law regarding fraudulent and/or negligent misrepresentations, as alleged herein.

352. In addition to being unlawful, the conduct by Sound Physicians Providers and HaloMD, described herein, is immoral, unethical, oppressive, and unscrupulous. Moreover, through the significant financial harm this conduct causes to Anthem and its affiliated plans, it also disrupts the insurance market and causes significant downstream harm to consumers through the increased cost of health care services.

353. As a result of these unlawful, unfair, and fraudulent practices, Anthem and its affiliated health plans have suffered substantial damages.

354. Each member of the Sound Physicians Enterprise formed and operated in a conspiracy to defraud Anthem through these schemes, and each committed acts in furtherance thereof, resulting in the above-stated damages to Anthem.

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COUNT XI

VACATUR OF IDR DETERMINATIONS

(Brought in the Alternative Against all Defendants)

355. Anthem repeats and realleges the allegations in Paragraphs 1 through 248 contained in the Complaint as if fully set forth at length herein.

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

357. 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).

358. 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).

359. The Provider Defendants, and HaloMD on their behalf, 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 XII

ERISA CLAIM FOR EQUITABLE RELIEF

(Against All Defendants)

360. Anthem repeats and realleges the allegations in Paragraphs 1 through 248 contained in this Complaint as if fully set forth at length herein.

361. Anthem provides claims administration services for certain health benefit plans governed by ERISA. Those health benefit plans and their employer sponsors delegate to Anthem discretionary authority to recover overpayments, including those

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resulting from fraud, waste, or abuse. They also delegate the authority to Anthem to administer the IDR process for the plans, including the discretionary authority to perform other services incident or necessary to Anthem's administration of the IDR process.

362. 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).

363. 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.

364. 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.

365. 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 services subject to California's specified state law, initiating IDR with respect to claims that Anthem denied and thus are exempt from the IDR process, and failing to comply with other NSA requirements such as the IDR batching rules or the cooling off period. This conduct causes ongoing harm to Anthem and the ERISA-governed benefit plans.

366. There is an actual case and controversy between Anthem and Defendants relating to the claims fraudulently submitted and arbitrated as part of the NSA's IDR process.

367. Anthem seeks an order enjoining Defendants from:

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

b. Initiating IDR for services subject to California's specified state laws;

c. Initiating IDR for services that Anthem denied and thus are not eligible for IDR; and

d. Initiating IDR for services when Defendants failed to comply with other NSA requirements such as the deadline to initiate IDR following open negotiations.

COUNT XIII

DECLARATORY AND INJUNCTIVE RELIEF

(Against All Defendants)

368. Anthem repeats and realleges the allegations in Paragraphs 1 through 248 contained in this Complaint as if fully set forth at length herein.

369. Anthem seeks a declaration that the Provider Defendants' and HaloMD's conduct of submitting false attestations and initiating IDR for unqualified IDR items or services, and each Defendant's conduct causing the same, is unlawful. Anthem additionally seeks a declaration that IDR determinations for such unqualified IDR items or services are not binding or subject to payment. It further seeks an injunction prohibiting the Provider Defendants and HaloMD 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 IDR determinations entered on items and services not qualified for IDR.

370. With respect to health plans and claims governed by ERISA, this cause of action is alleged in the alternative to the previous cause of action, in the event that the Court determines that relief under Section 1132(a)(3) of ERISA is not available.

371. There is no adequate remedy at law to prevent the ongoing harm caused by Defendants' conduct.

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PRAYER FOR RELIEF

WHEREFORE, Anthem respectfully requests that the Court:

a. Award monetary damages to the full extent allowed by law, including, but not limited to, compensatory damages, punitive damages, and treble damages;

b. Relief from all improperly-obtained NSA IDR awards;

c. 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;

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

e. Injunctive relief prohibiting Defendants from continuing to submit false attestations and from continuing to 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;

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

g. Award pre- and post-judgment interest;

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

i. In the alternative, grant vacatur of the underlying IDR determinations; and

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

JURY DEMAND

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

DATED: October 17, 2025

By: */s/ Jason T. Mayer*

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