UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
TEXARKANA DIVISION

BLUE CROSS BLUE SHIELD OF TEXAS, A DIVISION OF HEALTH CARE SERVICE CORPORATION, A MUTUAL LEGAL RESERVE COMPANY, Plaintiff, v. HALOMD, LLC, ALLA LAROQUE, and SCOTT LAROQUE, Defendants.	§ § § § § § § § § § § § § § §	CIVIL ACTION NO. 5:25-CV-132-RWS

DEFENDANTS' MOTION TO STAY DISCOVERY PENDING RESOLUTION OF DEFENDANTS' RULES 12(B)(1) AND 12(B)(6) MOTIONS TO DISMISS

Defendants HaloMD, LLC ("HaloMD") and Alla LaRoque and Scott LaRoque (collectively, "Defendants") respectfully request a stay of discovery pending the Court's resolution of all motions to dismiss filed in this case.[1]

INTRODUCTION

Plaintiff Blue Cross Blue Shield of Texas's ("BCBSTX's") claims seek to re-litigate and collaterally attack "over 42,000" "binding" healthcare reimbursement decisions rendered by certified, third-party federal Independent Dispute Resolution Entities ("IDREs") or Texas IDR arbitrators. While the exact disputes purportedly at issue are still unidentified, they concern IDRE decisions in which BCBSTX did not prevail because the arbiters chose HaloMD's offers on behalf of their healthcare-provider clients over whatever offer BCBSTX submitted. BCBSTX alleges that all of those results are due to allegedly improper attestations HaloMD made that the disputes were eligible for the IDR Process to the best of its knowledge. ECF No. 2 ("Compl.") ¶¶ 38g, 54, 69, 153. Yet BCBSTX, of course, had the opportunity to provide information to the arbiter as well, and those neutral third-parties rendered a decision with both parties' submissions before them, as they must. As noted in recent public agency records:

> The primary cause of dispute processing delays continues to be the complexity of determining whether disputes are eligible for the Federal IDR process. For all disputes, ***the certified IDR entity must confirm dispute eligibility before the dispute can proceed***. These reviews involve complex eligibility determinations that require certified IDR entities to expend considerable time and resources. . . .[2]

Nonetheless, despite the complexity of the determination and a carefully laid-out process codified in federal and state statutes and without provision for this type of judicial review, BCBSTX asks this Court to essentially undo these awards by suggesting that HaloMD (and its founders) are pursuing an ongoing fraudulent scheme to manipulate the IDR Processes.

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[1] Subject to and without waiving the arguments in this Motion, Defendants will comply with the Court's Order, ECF No. 25, and file the required joint motions and proposed orders. Defendants also fully reserve, and nothing in this Motion waives, their rights to object to and seek protection against and costs for any future discovery on burden and any other available grounds.

[2] "Supplemental Background on Federal Independent Dispute Resolution Public Use Files, January 1, 2025 – June 30, 2025," at 3, https://www.cms.gov/files/document/federal-idr-supplemental-background-2025-q1-2025-q2.pdf.

As BCBSTX itself cites, central to this case are the acts of "***policymakers***," *i.e.*, Congress and the Texas Legislature. Compl. ¶ 72 (emphasis added). Specifically, Congress enacted the No Surprises Act ("NSA"), effective January 2022, and the Texas Legislature passed Texas Senate Bill 1264 ("SB 1264"), effective January 2020. Both laws aim to protect patients from surprise out-of-network ("OON") bills and to establish "a fair process for determining reasonable out-of-network reimbursement to providers" from insurers like BCBSTX. *Id.* ¶ 1. To that end, "both the NSA and SB 1264 established mechanisms—called 'IDR Processes'—intended to efficiently resolve out-of-network disputes and decrease aggregate healthcare costs." *Id.* ¶ 2. HaloMD serves its provider clients by submitting their disputes to the IDR Processes. HaloMD is one of many participants in the process. Government agencies implement and administer their respective IDR Processes, including certification of third-party federal IDREs and Texas IDR arbitrators to act as neutral arbiters of each IDR dispute. *See* ECF No. 15 at 6–10. By law and subsequent regulation, IDREs are required to determine the eligibility of each federal IDR dispute and to review submissions made by each side on ***both*** eligibility and payment amount before rendering their "binding" decisions of the payment amount owed for each disputed OON bill. *Id.* at 9–11.

The laws at issue expressly limit judicial review of IDR decisions to (i) the extremely narrow vacatur grounds applicable to federal arbitrations for federal IDR disputes and (ii) a tight 45-day, post-award window for Texas IDR disputes. *See* ECF No. 15 at 15–19. BCBSTX did not utilize, has not pleaded, and cannot plead, any of those narrow grounds for judicial review for the over 42,000 binding IDR decisions it seeks to overturn in this suit.

Good cause exists to stay discovery. Defendants have moved to dismiss all claims under Rules 12(b)(1) and 12(b)(6) because each is barred on a number of bases, including lack of traceability under Article III, express statutory prohibitions on judicial review, the collateral attack doctrine, preemption and displacement, and First Amendment protections for HaloMD's petitioning under the *Noerr-Pennington* doctrine. *Id.* at 15–26. Dismissal pursuant to any one of these overarching and fundamental ***legal prohibitions*** would dispose of the entire case, obviating discovery altogether. While Defendants fully reserve their rights to object to and seek protection

against and costs for discovery on burden and other grounds, discovery in this case from the outset will involve highly sensitive and protected personal patient health information related to tens of thousands of healthcare claims and complex work product issues. The discovery, if appropriate and permitted, will be arduous, voluminous, and complicated given the PHI (protected health information) and privilege issues involved, and a stay of discovery pending resolution of the motions to dismiss would protect both parties from potentially unnecessary effort and expense given the universe of healthcare disputes BCBSTX's allegations cover.

LEGAL STANDARD

District courts have "broad discretion and inherent power to stay discovery until preliminary questions that may dispose of the case are determined." *Caroselli v. Serv. First Mortg. Co*., No. 4:25-CV-00505-BD, 2025 WL 2161427, at *1 (E.D. Tex. July 30, 2025) (quoting *Petrus v. Bowen*, 833 F.2d 581, 583 (5th Cir. 1987)); *see also Dougherty v. U.S. Dep't of Homeland Sec.*, No. 22-40665, 2023 WL 6123106, at *7 n.39 (5th Cir. Sept. 19, 2023) (quoting same in finding no abuse of discretion in staying discovery pending motion-to-dismiss resolution).

Under Rule 26(c), a "court may stay discovery for 'good cause,' such as a finding that further discovery will impose undue burden or expense without aiding the resolution of . . . dispositive motions." *Caroselli*, 2025 WL 2161427, at *1 (quoting *Fujita v. United States*, 416 F. App'x 400, 402 (5th Cir. 2011)). That is, "[s]taying discovery may be appropriate where the disposition of a motion to dismiss might preclude the need for the discovery altogether thus saving time and expense." *Armstrong v. Cumberland Acad.*, No. 6:20-CV-00526, 2021 WL 2784296, at *2 (E.D. Tex. Mar. 22, 2021) (internal quotation marks omitted). In assessing any harm produced by a discovery stay, courts have found that "meager harm" is "produced by such a temporary stay at the outset of [a] case" where discovery is not necessary to the resolution of a motion to dismiss. *See, e.g.*, *Conquest v. Camber Corp.*, No. 5:13-CV-1108-DAE, 2014 WL 172500, at *1 (W.D. Tex. Jan. 13, 2014) (citation omitted). Temporary stays of discovery are thus appropriate when balancing that "meager harm" against the prospect that legal prohibitions require that a defendant's motion to dismiss be granted, thereby eliminating entirely the need for such discovery. *Id.*

ARGUMENT

I. BCBSTX's claims are all subject to dismissal in their entirety based on express statutory text, lack of Article III traceability, and First Amendment protections.

BCBSTX's claims and Defendants' subsequent motions to dismiss raise a number of important "preliminary questions that may dispose of the case" in its entirety, warranting a discovery stay pending the Court's resolution of the motions. *Caroselli*, 2025 WL 2161427, at *1.

First, by the NSA's express terms, IDRE determinations not only "***shall be binding*** upon the parties involved" but also "***shall not be subject to judicial review***" except on the grounds for vacatur provided in Section 10(a) of the Federal Arbitration Act ("FAA"). 42 U.S.C. § 300gg-111(c)(5)(E)(i) (emphasis added). The Fifth Circuit confirmed that these NSA provisions "create[] ***no private right of action*** to challenge IDR awards," except for "vacatur of the awards" under the "extraordinarily narrow" FAA grounds. *Guardian Flight, L.L.C. v. Med. Evaluators of Texas ASO, L.L.C.*, 140 F.4th 613, 620, 621 n.4 (5th Cir. 2025). The Texas IDR Process also produces "binding" decisions, where a losing party only "has 45 days to file a suit for judicial review" after a decision. *Tex. Med. Res., LLP v. Molina Healthcare of Tex., Inc*., 659 S.W.3d 424, 435 (Tex. 2023). Despite this express statutory text and binding precedent and despite having administrative means to reopen and correct any purportedly erroneous IDR decisions, BCBSTX availed itself of no such available remedies, but instead filed this legally prohibited lawsuit against HaloMD and its founders. That is, BCBSTX brings a host of claims under the Racketeer Influenced and Corrupt Organizations Act ("RICO") and state common law—but brings ***no*** claims seeking vacatur under FAA Section 10(a) of any individual federal IDR award and ***no*** claims within 45 days of any Texas IDR award. BCBSTX's claims are statutorily and otherwise legally barred.

Additionally, under the Fifth Circuit's established collateral attack doctrine, the Court cannot judicially review the over 42,000 binding IDR decisions and awards that BCBSTX seeks to collaterally attack under the guise of RICO and state law claims. ECF No. 15 at 15–19. To hold otherwise not only would contravene clear statutory text and the well-established collateral attack doctrine, but would also throw open the floodgates for re-litigating millions of IDR disputes in

federal court. For similar reasons, the NSA displaces BCBSTX's federal RICO claims and preempts its state law claims because they conflict with the NSA's text and purpose. *Id.* at 19–21.

Further, because the third-party IDRE and arbitrator decisions—rendered during a two-sided adversarial proceeding where both BCBSTX and HaloMD make submissions—are necessary but uncertain independent conditions for BCBSTX's alleged harm, BCBSTX cannot establish Article III traceability. *Id.* at 21–24. Yet another basis for complete dismissal, rooted in the fundamental First Amendment freedom to petition the government, the federal *Noerr-Pennington* doctrine and the Texas judicial-proceedings privilege immunize and protect from liability Defendants' petitioning activities that were part-and-parcel of the statutorily-created IDR Processes, administered by federal and state governmental agencies. *Id.* at 24–27. BCBSTX sues in flagrant violation of those protections.

Finally, and no less importantly, failing to satisfy Rules 9(b) and 12(b)(6), BCBSTX has not made anything approaching the particularized allegations of fraud required for each of the disputed awards—which they claim number over 42,000—or as to each of the defendants individually. *Id.* at 27–28. The lack of particularity dooms the Complaint as pleaded.

Because they implicate all claims against all Defendants, the Court's grant of Defendants' motion on any of these grounds would dispose of this case in its entirety.[3] By contrast and (again) reserving the right to object to burden at a later time, requiring Defendants even to begin locating and compiling documents potentially relevant to the currently unidentified, "over 42,000" IDR disputes at issue would require herculean time and resources. Ex. A, Declaration ("Decl.") ¶¶ 4–6. Allowing discovery at this preliminary stage in a case that may well be dismissed entirely based on pure legal issues would impose the "undue burden and expense" that plainly justifies a temporary discovery stay. *Caroselli*, 2025 WL 2161427, at *1; *Armstrong*, 2021 WL 2784296, at *2. For that reason, courts regularly stay discovery when faced with similar dismissal arguments.[4]

[3] Defendants also move to dismiss all claims against the individual defendants, as well as each claim.

[4] *See*, *e.g.*, *Conquest*, 2014 WL 172500, at *1 (staying discovery in part because if motion to dismiss later granted, "the need for discovery would be eliminated because the Court would not have jurisdiction"); *Bass*

II. A stay is also justified to protect against burdensome, potentially unnecessary discovery into underlying patient healthcare claims and adversarial billing disputes.

As BCBSTX's Complaint demonstrates (and subject to Defendants' objections), relitigating individual IDR proceedings will require examining dispute-specific documents and records containing individual patient claim information. *See* Compl. ¶¶ 101–87. Even BCBSTX's ***sealed*** Complaint contains redactions, showing that discovery in this case will inevitably involve burdensome review efforts and processes to protect against prohibited disclosures. *See* Compl. ¶¶ 101–87. And the sealed Complaint only references six "representative examples," of the "over 42,000" IDR disputes allegedly at issue. *Id.* ¶¶ 153, 163. Not only will identifying and collecting potentially relevant documents require substantial time and resources—but, thereafter, reviewing each document, applying any required redactions, and providing required notifications in compliance with the Health Insurance Portability and Accountability Act and HaloMD's client obligations will unquestionably necessitate even greater time and resources. Ex. A, Decl. ¶¶ 4–6.

Moreover, the federal and Texas IDR proceedings at the heart of this case involve litigation-like adversarial processes and a web of statutory and regulatory legal requirements. *See* ECF No. 15 at 8–11. Accordingly, attorneys have been involved in HaloMD's internal IDR processes and strategy. Ex. A, Decl. ¶ 7. HaloMD's internal documents will, thus, contain inextricable attorney-client privileged communications, attorney work product, and other protected work product that will also require time-intensive review processes, privilege logging, and potential discovery and privilege disputes before the court.[5]

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v. Stryker Corp., 2010 WL 11619575, at *1 (N.D. Tex. May 3, 2010) (staying discovery during pendency of a motion to dismiss on preemption grounds); *Patel v. Qatar Airways Grp. Q.C.S.C.*, 2025 WL 1673911, at *2 (W.D. Tex. May 7, 2025) (same); *Laufer v. Patel*, 2021 WL 327704, at *2 (W.D. Tex. Feb. 1, 2021) ("Because standing is a threshold jurisdictional requirement, the Court agrees with Defendants that discovery should be stayed until the District Court has determined whether it has jurisdiction over this case."); *Pressure Prods. Med. Supplies, Inc. v. Quan Emerteq Corp.*, 2008 WL 11449128, at *2 (E.D. Tex. May 16, 2008) (identifying the *Noerr-Pennington* doctrine as an "immunity"); *Nieto v. San Perlita Indep. Sch. Dist.*, 894 F.2d 174, 177 (5th Cir. 1990) ("[U]ntil resolution of the threshold question of the application of an immunity defense, 'discovery should not be allowed.'" (citation omitted)); *Wells v. State Att'y Gens. of La.*, 469 F. App'x 308, 310 (5th Cir. 2012) ("[D]iscovery generally is not allowed until the resolution of immunity issues in the case.").

[5] *See Caringal v. Karteria Shipping, Ltd.*, 2001 WL 874705, at *1 (E.D. La. Jan. 24, 2001) ("documents created in preparation for arbitration also benefit from the same [work product] protections"); *Amobi v.*

In sum, discovery in this case will entail gargantuan and burdensome efforts to protect against disclosure of sensitive health information and attorney-client communications and work product, where BCBSTX allegedly puts at issue tens of thousands of adversarial, already adjudicated IDR disputes arising from healthcare services rendered for individual patients. These additional case-specific factors compound the "undue burden and expense" that discovery would pose in this case where all claims could be dismissed in their entirety on threshold legal grounds.

III. BCBSTX will suffer little to no harm from a discovery stay, compared to the good cause and undue burden and expense shown by Defendants.

Any harm from a temporary discovery stay pending resolution of important motion-to-dismiss arguments will be "meager," if not non-existent, in this case. *See, e.g.*, *Conquest*, 2014 WL 172500, at *1. Defendants' dismissal arguments are based on: (i) BCBSTX's allegations and (ii) the public statutes, regulations, and agency guidance and documents (a) that BCBSTX itself directly or indirectly references in its Complaint and (b) that govern the legislatively enacted and mandated federal and Texas IDR schemes. No discovery between the parties is needed for the Court to evaluate and decide the pure legal issues regarding whether Article III traceability requirements are met, the impact of express statutory prohibitions on judicial review, the collateral attack doctrine, preemption and displacement, and the *Noerr-Pennington* doctrine. By contrast, Defendants will suffer "undue burden [and] expense" if discovery proceeds and the Court ultimately finds no subject matter jurisdiction or dismisses on the other overarching legal grounds raised by Defendants' motions to dismiss. *See Caroselli*, 2025 WL 2161427, at *1.

CONCLUSION

For the foregoing reasons, the Court should stay all discovery pending the Court's resolution of all Rule 12 motions to dismiss filed in this case.

D.C. Dep't of Corr., 262 F.R.D. 45, 52 (D.D.C. 2009) ("The purpose of [work-product] privilege is to protect the adversary process by ensuring that lawyers work with a 'degree of privacy, free from unnecessary intrusion by opposing parties and their counsel.' . . . There is no question that an arbitration, adversarial in nature, can be characterized as 'litigation' and work product prepared for such a proceeding should receive the same protection under the work-product doctrine." (citation omitted)).

Dated: February 13, 2026

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on February 13, 2026, a true and correct copy of the above was served via email through the Eastern District of Texas's CM/ECF system.

/s/ *Geraldine W. Young*
Geraldine W. Young

CERTIFICATE OF CONFERENCE

I hereby certify that counsel for Defendants and Plaintiff have complied with the meet and confer requirement in Local Rule CV-7(h) and conferred on February 10, 11 and 13, 2026, regarding the relief sought by this Motion. Counsel for Plaintiff stated that Plaintiff opposes the relief requested in the Motion.

/s/ *Michael A. Swartzendruber*
Michael A. Swartzendruber

Exhibit A

DEFENDANTS' MOTION TO STAY DISCOVERY PENDING RESOLUTION OF DEFENDANTS' RULES 12(B)(1) AND 12(B)(6) MOTIONS TO DISMISS

UNITED STATES DISTRICT COURT
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DECLARATION OF MEGAN RAUSCH IN SUPPORT OF DEFENDANTS' MOTION TO STAY DISCOVERY PENDING RESOLUTION OF DEFENDANTS' RULES 12(B)(1) AND 12(B)(6) MOTIONS TO DISMISS

I, Megan Rausch, pursuant to 28 U.S.C. § 1746, declare as follows:

1. My name is Megan Rausch. I am over eighteen years of age, of sound mind, and capable of making this declaration. The matters stated herein are true and correct based on my personal knowledge.

2. I am currently the Chief Operating Officer ("COO") of HaloMD, LLC ("HaloMD"). As COO, I am responsible for directing the day-to-day operations of HaloMD, including HaloMD's services related to the federal Independent Dispute Resolution ("IDR") process under the No Suprises Act, the Texas IDR process, and other state IDR processes.

3. I have reviewed the Complaint, dated August 28, 2025, filed by Plaintiff Blue Cross Blue Shield of Texas ("BCBSTX") against defendants that include HaloMD. I specifically reviewed BCBSTX's allegation that "BCBSTX estimates that, to date, HaloMD has procured awards on over 42,000 ineligible claims from BCBSTX." Complaint ¶ 153. Other than the few

"examples" alleged in the Complaint, BCBSTX does not provide sufficient information for me or HaloMD employees to identify the "over 42,000 ineligible claims" that BCBSTX alleges. BCBSTX also does not provide sufficient information for me or HaloMD employees to identify and collect documents that may be relevant to the "over 42,000 ineligible claims" alleged.

4. However, based on my responsibilities and experience at HaloMD, I know generally that, even after HaloMD receives sufficient information to identify the "over 42,000" alleged claims, it would require substantial amounts of time and resources to collect and review documents that may be relevant to "over 42,000" claims. Such efforts would require assistance from employees at HaloMD but there are a limited number of employees who have the ability or knowledge to assist and those employees have other responsibilities crucial to and required for HaloMD's day-to-day operations.

5. Also, by way of example only (and without agreeing that such review is required for all IDR disputes allegedly at issue and without waiving Defendants' rights to object to any future discovery), I undertook efforts to identify and collect documents related to the IDR dispute "examples" cited in BCBSTX's Complaint. Identifying and reviewing the documents related to each dispute required approximately 15 minutes for each dispute. In addition to that identification and review time, HaloMD's obligations under the Health Insurance Portability and Accountability Act ("HIPAA") and individual client agreements require additional review for protected health information and potential redactions, as well as potential notification to individual clients if protected health and other information may be disclosed. I estimate that such additional review, redaction, and notification processes could require approximately 30 minutes or more of additional time for each dispute, for a total of 45 minutes or more per dispute (15 minutes + 30 minutes).

6. Assuming that amount of time across all disputes, identifying, reviewing, and redacting documents for 42,000 claims or disputes, as well as issuing any required notifications, could require approximately 1,890,000 or 1.89 million minutes (45 minutes x 42,000 disputes) or 31,500 hours (45 x 42,000 ÷ 60), which is 3,937.5 eight-hour work days (45 x 42,000 ÷ 60 ÷ 8). All of the above are only high-level estimates based on the insufficient, limited information available, and, depending on the complexity of the not-yet-identified specific IDR disputes at issue, the required reviews could take longer. These estimates also do not include any further reviews that may be needed to assure or verify proper redactions and production.

7. HaloMD has had communications and interactions with and received legal advice, guidance, and instructions from HaloMD's outside counsel related to HaloMD's IDR services and IDR dispute submissions.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 12, 2026.

Megan Rausch (Feb 12, 2026 13:29:57 HST)

Megan Rausch

UNITED STATES DISTRICT COURT
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ORDER

Pending before the Court is Defendants' Motion to Stay Discovery Pending Resolution of Defendants' Rules 12(b)(1) and 12(b)(6) Motions to Dismiss (the "Motion"), filed by all Defendants HaloMD, LLC, Alla LaRoque, and Scott LaRoque ("Defendants"). After considering all relevant pleadings and filings and argument of counsel, it is the Court's opinion that the Motion should be GRANTED in all respects.

IT IS THEREFORE ORDERED, ADJUDGED, and DECREED that Defendants' Motion is HEREBY GRANTED IN ALL RESPECTS, as follows:

1. All discovery in this case is hereby stayed pending the Court's resolution of all motions to dismiss filed in the case.

IT IS SO ORDERED.