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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, BLUE CROSS OF CALIFORNIA DBA ANTHEM BLUE CROSS, a California corporation,

Plaintiffs,

v.

PRIME HEALTHCARE SERVICES – ST. FRANCIS, LLC; CHINO VALLEY MEDICAL CENTER AUXILIARY; PRIME HEALTHCARE SERVICES – ENCINO HOSPITAL, LLC; PRIME HEALTHCARE SERVICES – GARDEN, GROVE, LLC; PRIME HEALTHCARE HUNTINGTON BEACH, LLC; PRIME HEALTHCARE LA PALMA, LLC; PRIME HEALTHCARE SERVICES – MONTCLAIR, LLC; PRIME

Case No. 8:26-cv-00023

Hon. Mónica Ramírez Almadani

ANTHEM'S OPPOSITION TO DEFENDANTS' REQUEST FOR JUDICIAL NOTICE

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HEALTHCARE PARADISE VALLEY, LLC; PRIME HEALTHCARE SERVICES - SHASTA, LLC; PRIME HEALTHCARE SERVICES – SHERMAN OAKS, LLC; AND PRIME HEALTHCARE ANAHEIM, LLC,

Defendants.

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INTRODUCTION

The Court should deny Defendants'[1] Request for Judicial Notice ("RJN" at ECF No. 43) of guidance regarding the federal independent dispute resolution ("IDR") process for at least three reasons.

First, Defendants fail to identify the specific statements facts for which they are seeking judicial notice. On this basis alone, the Court should deny the RJN.

Second, Defendants impermissibly seek to use the RJN documents to contradict Anthem's[2] well-pleaded factual allegations. The Ninth Circuit bars Defendants from using agency guidance about how the IDR process *should* work to disregard the Complaint's factual allegations about how the IDR process *actually* works in the context of Defendants' illegal scheme.

Third, Defendants' alternative argument fails because the RJN documents are not "integral" to the Complaint under the incorporation-by-reference doctrine. Anthem's Complaint does not "refer extensively" to the documents. Nor do the documents "form the basis" of Anthem's Complaint. Anthem's Complaint is about Defendants' illegal conduct, which is designed to circumvent the Departments'[3] expectations regarding how the IDR process should function.

LEGAL STANDARD

On a Rule 12(b)(6) motion, a court may not consider material outside the pleadings with two narrow exceptions: (1) judicial notice under Federal Rule of Evidence 201, and (2) the incorporation-by-reference doctrine. *Khoja v. Orexigen Therapeutics, Inc.*, 899 F.3d 988, 998 (9th Cir. 2018); *Lee v. City of Los Angeles*, 250 F.3d 668, 688 (9th Cir. 2001).

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[1] "Defendants" include all eleven Prime Hospitals who are defendants in this action.

[2] "Anthem" includes Anthem Blue Cross Life and Health Insurance Company and Blue Cross of California dba Anthem Blue Cross.

[3] The "Departments" are the Departments of Health and Human Services, Labor, and Treasury.

Rule 201 permits judicial notice only of adjudicative facts "not subject to reasonable dispute." Although a court may notice matters of public record, it cannot notice disputed facts contained within those records, and the fact that a document is susceptible to judicial notice does not mean every assertion within it is noticeable for its truth. *Khoja*, 899 F.3d at 999 (quoting *Lee*, 250 F.3d at 690). Where a document's substance is subject to varying interpretations, "there is a reasonable dispute as to what [it] establishes," and judicial notice is not proper. *Id.* at 1000 (citing *Reina-Rodriguez v. United States*, 655 F.3d 1182, 1193 (9th Cir. 2011)). The Ninth Circuit has cautioned against the "overuse and improper application of [the] judicial notice doctrine," particularly when a defendant seeks to use "extrinsic documents to resolve competing theories against the complaint." *Id.* at 998.

For the incorporation-by-reference doctrine to apply, the complaint must "refer[] extensively" to the document, or the document must "form[] the basis of the plaintiff's claim." *Khoja*, 899 F.3d at 1002 (quoting *United States v. Ritchie*, 342 F.3d 903, 907 (9th Cir. 2003)). A "[m]ere mention" is insufficient. *Khoja*, 899 F.3d at 1002 (quoting *Coto Settlement v. Eisenberg*, 593 F.3d 1031, 1038 (9th Cir. 2010)). The doctrine also requires that the complaint refer to the document, the document be central to the plaintiff's claim, and no party question its authenticity. *United States v. Corinthian Colleges*, 655 F.3d 984, 999 (9th Cir. 2011).

ARGUMENT

I. Defendants Fail to Identify Facts They Seek to Judicially Notice.

Defendants' RJN fails at the outset because they have not met their obligation to identify the specific facts for which they are seeking judicial notice. A court must "consider—and identify—which fact or facts it is noticing," *Khoja*, 899 F.3d at 999, but it need not "parse through" a party's submission listing documents to determine which facts, if any, might be noticeable. *See In re Green Dot Corp. Sec. Litig.*, 2024 WL 1356253, at *3 (C.D. Cal. Mar. 29, 2024) (court could not "conduct the analysis required under Rule 201" when defendants' request did "not identify any particular

facts"). The RJN lists five agency documents without identifying the particular facts the Court is being asked to treat as established. This alone warrants denial of the RJN.

II. Defendants Cannot Use the RJN Documents to Contradict Anthem's Well-Pleaded Allegations.

Defendants' RJN also fails because they are attempting to use the RJN documents to dispute Anthem's factual allegations. Courts may take judicial notice of the existence and authenticity of public records. *Lee*, 250 F.3d at 690. But courts cannot take judicial notice of the correctness of statements within those public records to contradict a complaint's well-pleaded allegations. *See id.*

Lee is instructive on this key distinction. There, the Ninth Circuit held that a district court properly noticed that an extradition hearing occurred and the plaintiff signed a waiver. 250 F.3d at 689-90. However, the Ninth Circuit held that the district court erred by taking judicial notice of the validity of that waiver and using it to draw inferences against the plaintiff at the pleadings stage. *See id.*

The same distinction applies here. Anthem does not dispute the fact that Exhibits A–E to the RJN are authentic agency publications. But Anthem does dispute Defendants' attempt to use the statements within those publications about how the IDR process *should* work to contradict Anthem's allegations about how the IDR process *actually* works in the context of Defendants' illegal scheme.

Anthem's Complaint alleges that Defendants systematically abused the IDR process by submitting false eligibility attestations, initiating ineligible disputes at mass scale to conceal their false eligibility attestations from Anthem and IDREs, and extracting inflated payments to which they were not entitled. Compl., ¶¶ 1-8, 90-245. Their illegal scheme successfully pushed thousands of ineligible disputes to a payment determination. *See id.* The Complaint details examples of disputes for which no reasonable fact finder evaluating the relevant evidence could conclude are eligible for the IDR process. *Id.* at ¶¶ 123-245. But Defendants' scheme was successful

because, among other reasons, they submitted a mass of disputes at scale to overwhelm Anthem, IDREs, and the IDR process. *Id.* at ¶¶ 108-18.

Defendants attempt to use agency guidance to contradict these well-pleaded allegations. For example, they claim that IDREs are directed to review eligibility in every IDR process dispute. *See, e.g.*, ECF No. 41-1 at PageID #197-98 (citing RJN at Exs. A, B, C). But the controlling regulations only require IDREs to "review[] the notice of IDR initiation" with the provider's attestation of eligibility "to determine whether the Federal IDR process applies." Compl., ¶ 75; 45 C.F.R. § 149.510(c)(1)(v). And as Defendants' own RJN documents show, the Departments have expressly admonished IDREs to "reduce errors" and institute "robust quality assurance (QA) programs to verify dispute eligibility." ECF 43-1, Ex. C, at 1. Given the nature of Defendants' illegal scheme and the fact that the unquestionably ineligible disputes identified in the Complaint proceeded to a payment determination, despite Anthem's objection, the Court may not assume that IDREs in fact decided that each of the thousands of disputes at issue in the Complaint were eligible for the IDR process. *See Lee*, 250 F.3d at 689-90.

Judicial notice is only appropriate for facts that are "not subject to reasonable dispute." *Daniels-Hall v. Nat'l Educ. Ass'n*, 629 F.3d 992, 999 (9th Cir. 2010) (cited by plaintiffs, judicial notice only permissible for facts "not subject to reasonable dispute"); *California Spine & Neurosurgery Inst. v. Aetna Life Ins., Co.*, No. CV 18-6829-DMG (KSX), 2019 WL 960205, at *2 (C.D. Cal. Jan. 8, 2019) (same). None of the cases cited by Defendants involve facts not subject to reasonable dispute.[4] But here, Defendants are asking the Court to notice agency guidance and reports to refute Anthem's well-pleaded allegations on how the IDR process works in practice within

[4] In *Daniels-Hall* and *Eidmann*, the information on the relevant webpages was not a matter of dispute between the parties. *Daniels-Hall*, 629 F.3d at 998–99; *Eidmann v. Walgreen Co.*, 522 F. Supp. 3d 634, 642 (N.D. Cal. 2021). And in *Campbell v. PricewaterhouseCoopers, LLP*, 642 F.3d 820 (9th Cir. 2011), the court judicially noticed certain regulations and agency materials, but the court did not rely on them to resolve a disputed fact. *Id.* at 833 (holding that fact issues on whether plaintiff was subject to overtime exemption precluded summary judgment).

the context of Defendants' illegal scheme. That is not a permissible use. *See Lee*, 250 F.3d at 689-90.

III. The RJN Documents Are Not Integral to the Complaint.

Defendants' alternative argument that the Court may consider the RJN documents because they are "integral" to the Complaint also fails. RJN at 7-8. First, the Complaint does not "refer[] extensively" to the documents." *See Khoja*, 899 F.3d at 1002 (quoting *Ritchie*, 342 F.3d at 907). For "extensively' to mean anything . . . , it should, ordinarily at least, mean more than once." *Khoja*, 899 F.3d at 1003. Courts decline to find documents are incorporated by reference when the documents are only referenced once or incidentally. *See Alghazwi v. The Beauty Health Co.*, 801 F. Supp. 3d 982, 993–94 (C.D. Cal. 2025) (declining to incorporate press release referenced only once). Here, plaintiffs do not even point to a single citation to Exhibits A–E in the Complaint; they merely note that (1) the Complaint contains references *in footnotes* to links from the CMS website notifying parties of specified state laws and providing statistics from the IDR process, and (2) the CMS website also separately publishes Exhibits A–E via other links. *See* RJN at 7-8.

Second, the documents do not "form[] the basis" of Anthem's claims. *See Khoja*, 899 F.3d at 1002 (quoting *Ritchie*, 342 F.3d at 907). Defendants note that the Complaint describes the IDR process. *See* RJN at 7-8. That does not establish that the RJN documents "form the basis" of Anthem's claims.

A document "forms the basis" of a claim only when the claim depends on its contents, not when the document merely creates a potential defense to the plaintiff's allegations. *Khoja*, 899 F.3d at 1002–03. Otherwise, defendants could inject their own version of events into the pleadings to defeat otherwise cognizable claims. *Id*. And even where a document is properly incorporated, it is improper to assume the truth of its contents if doing so merely disputes facts alleged. *Id.*; *Alghazwi*, 801 F. Supp. 3d at 993–94 ("[I]t is improper to assume the truth of an incorporated document

if such assumptions only serve to dispute facts stated in a well-pleaded complaint." (quoting *Khoja*, 899 F.3d at 1002)).

Anthem's claims rest on Defendants' illegal scheme of submitting false eligibility attestations, concealing their fraud by initiating ineligible disputes simultaneously at mass scale, and extracting inflated payments through abuse of the IDR process. Its claims do not depend on what Exhibits A–E say. Defendants' argument effectively concedes this point: they do not argue that the Complaint would be deficient without Exhibits A–E; they contend only that the RJN documents supposedly undermine the Complaint's allegations. That is the use *Khoja* forbids.

Knievel v. ESPN, 393 F.3d 1068, 1076 (9th Cir. 2005), is distinguishable as it involved a defamation claim, which is "one of those rare instances" when a court must review the document at issue at the pleading stage. *See Khoja*, 899 F.3d at 1002; *Knievel*, 393 F.3d at 1076 (defamation claim necessarily depended on the other photos and captions surrounding the allegedly defamatory photo and caption on a website). *Knievel* does not authorize incorporation of extrinsic documents that a defendant believes would be helpful to its defense, and it does not dispense with the requirements that the complaint refer extensively to the document or that the document form the basis of the plaintiff's claim. *See Khoja*, 899 F.3d at 1002.

Roshkovan v. Bristol-Myers Squibb Co. is likewise distinguishable because of the inherently close connection between the claim and the specific document. No. 221CV08590FWSAGR, 2023 WL 6787444, at *5 (C.D. Cal. Sept. 19, 2023), *aff'd*, No. 23-2912, 2025 WL 972978 (9th Cir. Apr. 1, 2025) (drug labels incorporated by reference because failure to warn claims are necessarily based on risks that should have been disclosed on the labels). That connection between Anthem's claims and the RJN documents is entirely lacking here.[5]

[5] *Regents of the Univ. of California v. Chefs' Warehouse, Inc.*, No. 2:23-CV-00676-KJM-CKD, 2023 WL 7284799 (E.D. Cal. Nov. 1, 2023) is also inapposite as it involved a question of statutory interpretation, and the court judicially noticed agency guidance plaintiff had cited in the complaint and relied upon in opposing the motion

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CONCLUSION

For the foregoing reasons, Anthem respectfully requests that the Court deny Defendants' Request for Judicial Notice, or at most notice the fact that Exhibits A–E were published by the identified federal agencies without permitting their use to contradict Anthem's well-pleaded factual allegations about how the IDR process actually operated under the circumstances alleged.

Dated: June 12, 2026

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to dismiss. *Id.* at *3-5. *Regents* thus did not involve using extrinsic documents to draw inferences against plaintiff.

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L.R. 11-6.1 CERTIFICATE OF COMPLIANCE

Pursuant to L.R. 11-6.1, the undersigned, counsel of record for ANTHEM BLUE CROSS LIFE AND HEALTH INSURANCE COMPANY and BLUE CROSS OF CALIFORNIA D/B/A ANTHEM BLUE CROSS, certifies that this brief, excluding the caption, the signature block, tables of contents and authorities, and any supporting documents, contains 2,111 words, which complies with the word limit of L.R. 11-6.1.

Dated: June 12, 2026 **CROWELL & MORING LLP**

By: /s/ *Amir Shlesinger*
Amir Shlesinger

Counsel for Plaintiffs Anthem Blue Cross Life and Health Insurance Company and Blue Cross of California d/b/a Anthem Blue Cross