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15 UNITED STATES DISTRICT COURT
16 CENTRAL DISTRICT OF CALIFORNIA
17 SOUTHERN DIVISION

18 ANTHEM BLUE CROSS LIFE AND
HEALTH INSURANCE COMPANY, a
19 California corporation, BLUE CROSS
OF CALIFORNIA DBA ANTHEM
20 BLUE CROSS, a California corporation,

21 Plaintiffs,

22 v.

23 PRIME HEALTHCARE SERVICES –
ST. FRANCIS, LLC; CHINO VALLEY
24 MEDICAL CENTER AUXILIARY;
PRIME HEALTHCARE SERVICES –
25 ENCINO HOSPITAL, LLC; PRIME
HEALTHCARE SERVICES –
26 GARDEN, GROVE, LLC; PRIME
HEALTHCARE HUNTINGTON
27 BEACH, LLC; PRIME HEALTHCARE
LA PALMA, LLC; PRIME
28 HEALTHCARE SERVICES –

Case No. 8:26-cv-00023

Hon. Mónica Ramírez Almadani

**ANTHEM'S OPPOSITION TO
DEFENDANTS' MOTION TO
STAY DISCOVERY PENDING
RESOLUTION OF MOTION TO
DISMISS AND SPECIAL
MOTION TO STRIKE**

1 MONTCLAIR, LLC; PRIME
2 HEALTHCARE PARADISE VALLEY,
3 LLC; PRIME HEALTHCARE
4 SERVICES - SHASTA, LLC; PRIME
5 HEALTHCARE SERVICES –
6 SHERMAN OAKS, LLC; AND PRIME
7 HEALTHCARE ANAHEIM, LLC,

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9 Defendants.

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INTRODUCTION

Since Anthem¹ filed its Complaint, Defendants² have continued to submit fraudulent disputes against Anthem through the independent dispute resolution (“IDR”) process created by the federal No Surprises Act (“NSA”). Defendants’ ongoing scheme has already caused Anthem more than \$15 million in improper IDR awards and more than \$2 million in IDR-related fees. Compl., ECF No. 1 ¶¶ 92, 119-121. The number of IDR payment determinations subject to challenge “is expected to increase during the pendency of the case” (*id.* ¶ 258), and the scheme will continue to inflict substantial additional damages unless this Court holds Defendants accountable for their misconduct. A stay of discovery would allow Defendants to continue inflicting this harm while shielded from accountability.

Courts disfavor discovery stays, and Defendants fail to meet their heavy burden under any of the three tests applied in this Circuit: their pending motions do not raise a threshold jurisdictional or legal issue that would resolve all of Anthem’s claims; the decisions they cite as evidence of likely success rest on critical legal errors; and the balance of hardships weighs decisively against a stay given that Defendants’ ongoing scheme continues to inflict mounting harm on Anthem.³

Defendants identify no meaningful hardship, complaining instead of routine litigation obligations and burdens arising from their own misconduct. Conversely, a stay would substantially prejudice Anthem by prolonging an ongoing and mounting injury. Granting Defendants’ Motion to Stay Discovery Pending Resolution of Motion to Dismiss and Special Motion to Strike (“Motion” or “Mot.” at ECF No. 51-

¹ “Anthem” includes both Plaintiffs, Anthem Blue Cross Life and Health Insurance Company and Blue Cross of California dba Anthem Blue Cross.

² “Defendants” include all eleven Prime Hospitals who are defendants in this action.

³ Defendants mischaracterize this action as a “collateral[] attack” on IDR awards. Mot. at 1. It challenges a fraudulent scheme corrupting the IDR process itself, and Anthem seeks prospective relief to stop that scheme. *See* Plfs.’ Mem. of Law in Opp. to Defendants’ Mot. to Dismiss at 11-12 (“Motion to Dismiss Opposition”), ECF No. 46.

1 1) would allow them to continue their NSA Scheme, delay accountability for their
2 actions, and avoid disclosing material evidence of their fraudulent conspiracy. The
3 risk of spoliation is particularly acute: Defendants funnel all IDR-related
4 communications through the Prime Portal, which automatically deletes messages
5 after only 30 days, and a stay would compound the risk that these transient electronic
6 records—in Defendants’ exclusive possession—will be lost. Compl. ¶¶ 95, 111-117.

7 The only court to have addressed a stay motion in a similar case did not grant
8 a blanket stay, as Defendants suggest, but instead ordered the parties to exchange
9 initial disclosures and written discovery. *See* Mot. at 2 (citing Oral Order, *Anthem*
10 *Health Plans of Virginia, Inc. v. AGS Health, Inc.*, No. 25-CV-00804 (W.D. Va. May
11 29, 2026), ECF No. 83). Anthem proposed a similar approach here, but Defendants
12 refused. The Court should deny Defendants’ Motion.

13 LEGAL STANDARD

14 A “party seeking a stay of discovery carries a heavy burden of making a ‘strong
15 showing’ why discovery should be denied.” *Skellerup Indus. Ltd. v. City of Los*
16 *Angeles*, 163 F.R.D. 598, 600 (C.D. Cal. 1995) (quoting *Blankenship v. Hearst Corp.*,
17 519 F.2d 418, 429 (9th Cir. 1975)). “Had the Federal Rules contemplated that a
18 motion to dismiss under Fed. R. Civ. P. 12(b)(6) would stay discovery, the Rules
19 would contain a provision to that effect. In fact, such a notion is directly at odds with
20 the need for expeditious resolution of litigation.” *Gray v. First Winthrop Corp.*, 133
21 F.R.D. 39, 40 (N.D. Cal. 1990). Accordingly, “district courts look unfavorably upon
22 such blanket stays of discovery.” *Mlejnecky v. Olympus Imaging Am., Inc.*, No. 2:10-
23 CV-02630, 2011 WL 489743, at *6 (E.D. Cal. Feb. 7, 2011) (collecting cases). To
24 prevail on a request to stay discovery, the moving party “must show a particular and
25 specific need for the protective order, as opposed to making stereotyped or
26 conclusory statements.” *Gray*, 133 F.R.D. at 40. Such motions must be decided on
27 “a case-by-case analysis.” *Skellerup*, 163 F.R.D. at 601 (citation omitted).

1 **ARGUMENT**

2 Defendants fail to meet their heavy burden to justify a stay under any of the
3 three tests they invoke. The two-factor test does not compel a stay because the
4 pendency of a potentially dispositive motion is, standing alone, insufficient. The
5 “preliminary peek” test does not support a stay based on the flawed decisions
6 Defendants cite. And the multi-factor test weighs decisively against a stay given the
7 ongoing harm to Anthem and the absence of meaningful hardship to Defendants.

8 **I. The Two-Factor Test Does Not Support a Discovery Stay.**

9 Defendants argue that the two-factor test favors a stay because their motions
10 are “potentially dispositive” and can be resolved without discovery. Mot. at 4-6. This
11 argument proves too much. Most Rule 12(b) motions to dismiss are “potentially
12 dispositive” and can be resolved without discovery. If that alone warranted a stay,
13 discovery would be stayed as a matter of course whenever a motion to dismiss is
14 filed, a result plainly at odds with the Federal Rules. *See Gray*, 133 F.R.D. at 40.

15 While Defendants have asserted various threshold legal challenges, there is not
16 “one” that alone “would end this case.” *See* Mot. at 2; *id.* at 4. Even assuming that
17 Defendants’ jurisdictional and *Noerr-Pennington* arguments had merit—and they do
18 not, as explained in Anthem’s Opposition (ECF No. 46)—those arguments do not
19 apply to Anthem’s alternative claim for vacatur of IDR determinations under Count
20 II. *See* Compl. ¶¶ 254-258. For the vacatur claim, Defendants challenge only the
21 sufficiency of the allegations. Because at least one claim would survive regardless of
22 how the Court resolves Defendants’ threshold legal arguments, the two-factor test
23 does not support a blanket stay of all discovery. *Cf. Snake River Waterkeeper v. J.R.*
24 *Simplot Co.*, No. 1:23-CV-00239-DCN, 2023 WL 5748152, at *4 (D. Idaho Sept. 6,
25 2023) (“If the Court finds the 60-day notice [required for Clean Water Act citizen
26 suit] was deficient, it lacks jurisdiction and must dismiss the case.”); *Quezambra v.*
27 *United Domestic Workers of Am. AFSCME Loc. 3930*, No. 819CV00927JLSJEM,

1 2019 WL 8108745, at *1 n.2, *2 (C.D. Cal. Nov. 14, 2019) (granting stay where
2 motions to dismiss challenged both Article III standing and plaintiff’s failure to state
3 a claim).

4 Defendants’ other authorities support Anthem’s proposal to proceed with at
5 least limited discovery while the motion to dismiss is pending. *See Feeney v. Apple*
6 *Inc.*, No. 2:25-CV-09716-GW-AJR, 2026 WL 923296, at *3 (C.D. Cal. Mar. 6, 2026)
7 (granting stay where plaintiff conceded certain claims should be dismissed but
8 ordering parties to proceed with initial disclosures and Rule 26(f) conference and
9 report); *Int’l Markets Live, Inc. v. Profit Connect*, No. 218CV02442GMNGWF, 2019
10 WL 8161569, at *1 (D. Nev. May 20, 2019) (recognizing “limitations on discovery,”
11 as opposed to a stay, may be appropriate even when “a pending motion challeng[es]
12 jurisdiction”).⁴

13 **II. The “Preliminary Peek” Test Does Not Support a Discovery Stay.**

14 Defendants argue the “preliminary peek” test warrants a stay because two other
15 federal courts dismissed complaints raising similar claims. Mot. at 6-7 (citing *Anthem*
16 *Blue Cross Life and Health Ins. Co. v. HaloMD LLC*, No. 8:25-cv-01467-KES, 2026
17 WL 982629 (C.D. Cal. Apr. 9, 2026) (“*HaloMD CA*”); *Blue Cross Blue Shield of*
18 *Tex. v. HaloMD, LLC*, No. 5:25-CV-132-RWS, 2026 WL 1557492 (E.D. Tex. May
19 22, 2026) (“*HaloMD TX*”). But many courts in this Circuit recognize that the
20 “preliminary-peek” approach is “at best an imperfect procedural mechanism” and
21 reject it outright. *E.g.*, *Feeney*, 2026 WL 923296, at *2. Defendants themselves
22 concede that the test is “not well suited to complex cases” and places courts in the
23 “awkward position of having to weigh the merits of the [pending] motion without
24

25 ⁴ Defendants’ Special Motion to Strike under California’s anti-SLAPP statute
26 provides no basis for a stay because its automatic discovery stay provision, Cal. Civ.
27 Proc. Code § 425.16(g), does not apply in federal court. *See Metabolife Int’l, Inc. v.*
28 *Wornick*, 264 F.3d 832, 846 (9th Cir. 2001) (“[T]he discovery-limiting aspects of §
425.16(f) and (g) collide with the discovery-allowing aspects of Rule 56” and
therefore “cannot apply in federal court”); *Planned Parenthood Fed’n of Am., Inc. v.*
Ctr. for Med. Progress, 890 F.3d 828, 833-34 (9th Cir. 2018).

1 passing judgment on them.” Mot. at 6 (quoting *GTE Wireless, Inc. v. Qualcomm, Inc.*, 192 F.R.D. 284, 287 (S.D. Cal. 2000)); *see also Kor Media Grp., LLC v. Green*, 294 F.R.D. 579, 583 (D. Nev. 2013) (“[T]here must be *no question* in the court’s mind that the dispositive motion will prevail, and therefore, discovery is a waste of effort. Absent extraordinary circumstances, litigation should not be delayed simply because a non-frivolous motion has been filed.”) (citation omitted).

7 This case—involving eleven hospital defendants, more than 6,000 disputed IDR proceedings, a coordinated fraudulent scheme, claims under federal and California law, and an intricate statutory and regulatory regime—is precisely the type of complex case for which the preliminary peek test is ill-suited. The *HaloMD CA* and *HaloMD TX* decisions do not guarantee that Anthem’s claims here will be dismissed. Both decisions were immediately appealed because they rest on at least two critical errors. First, rather than asking whether Congress “clearly and convincingly” intended to *bar* judicial review, both courts asked whether Congress intended to *preserve* it, inverting the burden and reaching the wrong conclusion. *HaloMD CA*, 2026 WL 982629, at *8-9; *HaloMD TX*, 2026 WL 1557492, at *3-5. Second, both courts violated basic canons of statutory construction by reading *regulatory* directives into the narrow text of the *statutory* judicial review provision. *HaloMD CA*, 2026 WL 982629, at *8-9; *HaloMD TX*, 2026 WL 1557492, at *3-5.

20 The Court should decline Defendants’ request to prejudge the merits of their motion to dismiss. *See Skellerup*, 163 F.R.D. at 601 (“[T]o make a preliminary finding of the likelihood of success on the motion to dismiss . . . would circumvent the procedures for resolution of such a motion”); *Gray*, 133 F.R.D. at 40 (denying motion to stay where complaint was not “utterly frivolous, or filed merely to conduct a ‘fishing expedition’ or for settlement value” (citation omitted)).

1 **III. Defendants Fail To Show The Multi-Factor Test Justifies a Discovery Stay.**

2 The multi-factor test considers [1] “[t]he type of motion and whether it is a
3 challenge as a ‘matter of law’ or the ‘sufficiency’ of the allegations; [2] the nature
4 and complexity of the action; [3] whether counterclaims and/or cross-claims have
5 been interposed; [4] whether some or all of the defendants join in the request for a
6 stay; [5] the posture or stage of the litigation; [6] the expected extent of discovery in
7 light of the number of parties and complexity of the issues in the case; and [7] any
8 other relevant circumstances.” *Skellerup*, 163 F.R.D. at 601 (citation omitted).

9 As explained above, Defendants fail to meet their “heavy burden” to make “a
10 strong showing,” *id.* at 600, on the first two factors—the type of motion, which in
11 part challenges only the sufficiency of Anthem’s allegations, and the nature and
12 complexity of the action. *See* Sections I & II *supra*. The remaining factors likewise
13 weigh against a stay.

14 **A. The Volume of Discovery Does Not Support a Discovery Stay.**

15 Defendants’ volume-of-discovery arguments (Mot. at 8-9) boil down to
16 routine litigation burdens or self-inflicted consequences of their own misconduct.
17 Neither supports a stay. And because Defendants’ conduct is ongoing, the volume of
18 discoverable information will only grow over time.

19 Defendants have not submitted any cost estimate, affidavit, or other support
20 for their conclusory argument that discovery would be burdensome. Their generic
21 arguments regarding the volume of discovery apply in virtually any case and do not
22 constitute grounds for staying discovery pending the resolution of dispositive
23 motions. *See Gray*, 133 F.R.D. at 40 (“Idle speculation does not satisfy Rule 26(c)’s
24 good cause requirement. Such general arguments could be said to apply to any
25 reasonably large civil litigation.”); *Skellerup*, 163 F.R.D. at 600 (moving party “must
26 show a particular and specific need for the” stay, “as opposed to making stereotyped
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1 or conclusory statements”).⁵ The Federal Rules already provide mechanisms to
2 manage disproportionate discovery burdens. *See, e.g.*, Fed. R. Civ. P. 26(b)(1)
3 (proportionality), (c)(1) (protective orders). Defendants’ remedy for any legitimate
4 volume concerns is to invoke those provisions, not to shut discovery down before it
5 begins.⁶

6 The volume of discovery is not an external burden imposed on Defendants; it
7 is a direct consequence of their own misconduct. Defendants initiated more than
8 9,000 IDR proceedings against Anthem, consisting of more than 8,000 distinct claims
9 and 89,000 separate services, more than 75% of which were ineligible for the IDR
10 process. Compl. ¶¶ 92, 120-121. Defendants should not be permitted to invoke the
11 magnitude of their own wrongdoing as a shield against discovery. A stay premised
12 on the sheer number of disputes at issue would effectively reward Defendants for the
13 very misconduct Anthem challenges. *See id.* ¶¶ 2, 5, 92.

14 Unlike in Defendants’ cited authorities, this case involves no sensitive or
15 proprietary materials that might justify a stay. *See Precision Conversions, LLC v.*
16 *Mammoth Freighters, LLC*, No. 3:25-CV-01927-AR, 2026 WL 700049, at *6 (D. Or.
17 Mar. 12, 2026) (“Further, discovery in trade secret disputes presents a ‘delicate
18 problem,’ especially where, as here, the parties are competitors.”); *GTE Wireless*,
19 192 F.R.D. at 285, 289 (granting motion to stay “discovery of the quantification of
20 damages” while motion for summary adjudication was pending given the “sensitive
21 and proprietary” nature of that information). While IDR-related discovery will
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24 ⁵ *See also Lockyer v. Mirant Corp.*, 398 F.3d 1098, 1112 (9th Cir. 2005) (explaining,
in context of motion to stay proceedings, that “being required to defend a suit, without
more, does not constitute a ‘clear case of hardship or inequity’”).

25 ⁶ Defendants also conflate volume with complexity. Mot. at 8-9. Much of the
26 discovery is likely to be structurally repetitive—the same categories of documents
27 Defendants should already possess in organized and accessible form (e.g., IDR
28 submissions, attestations, eligibility determinations). High volume does not equate to
undue burden, and modern e-discovery tools are well suited to managing large but
structurally similar document sets.

1 include protected health information, Anthem already possesses that information, and
2 a protective order can address any confidentiality concerns.

3 **B. The Early Stage of Litigation Is Irrelevant Given the Prejudice to**
4 **Anthem.**

5 Defendants also note that this case is in its early stages. Mot. at 9-10. If that
6 alone warranted a stay, discovery would be stayed as a matter of course whenever a
7 motion to dismiss is filed, yet that is not the case. *Precision*, 2026 WL 700049, at *3
8 (cited by Defendants, collecting cases, and noting “courts generally decline to grant
9 a stay” of discovery merely because a motion to dismiss is pending); *Mlejnecky*, 2011
10 WL 489743, at *6 (collecting cases and explaining “district courts look unfavorably
11 upon such blanket stays of discovery”).

12 Defendants’ authorities confirm that courts look beyond the stage of the case
13 and consider the risk of prejudice to the non-moving party. *See, e.g., Feeney*, 2026
14 WL 923296, at *3 (confirming “prejudice to plaintiff” is one of the “most important
15 factors”); *Precision*, 2026 WL 700049, at *6 (granting stay where plaintiff failed to
16 “adequately articulate[] why a stay will be prejudicial”). The prejudice from delay
17 weighs in favor of plaintiff when the action alleges ongoing harm and seeks
18 injunctive relief. *See Del Vecchio v. Amazon.com*, No. C11-0366RSL, 2011 WL
19 1585623, at *1 (W.D. Wash. Apr. 27, 2011) (“Actions seeking injunctive relief
20 typically require more expeditious resolution than those seeking damages for past
21 wrongs.”). Thus, the relevant inquiry is not simply where the case stands
22 procedurally, but what would be lost by delay. Here, the answer is clear: a great deal.

23 First, despite Anthem having filed these claims over six months ago,
24 Defendants’ fraudulent NSA Scheme continues unabated, causing significant
25 financial harm to Anthem. *See* Compl. ¶¶ 119-121, 258. Anthem therefore seeks
26 permanent injunctive and declaratory relief, Compl. pp. 68-69, and a stay should be
27 denied. *See Del Vecchio*, 2011 WL 1585623, at *1 (“plaintiffs could suffer prejudice
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1 by a potentially lengthy discovery stay, in part because they seek to enjoin on-going
2 allegedly wrongful conduct”). Defendants’ ongoing conduct not only prejudices
3 Anthem; it inflates healthcare costs borne by consumers. Compl. ¶¶ 84, 251.

4 Second, any further delay in commencing discovery risks spoliation in this
5 case. Defendants funnel all IDR-related communications through the Prime Portal, a
6 cloud-based messaging system operated by PMT in Hyderabad, India, that
7 automatically deletes messages after only 30 days. Compl. ¶¶ 95, 111-117. Given the
8 transient nature of these records, further delay creates a substantial risk that relevant
9 data will be lost or destroyed.

10 The scope of Defendants’ fraudulent NSA Scheme, the ongoing harm to
11 Anthem and American consumers, and the heightened risk of spoliation all
12 substantially outweigh any alleged hardships to Defendants.

13 **C. The Counterclaims and Joinder Factors Are Not Compelling Here.**

14 The absence of counterclaims and all Defendants’ joinder in the stay motion,
15 *see* Mot. at 9, merit no meaningful weight. It is unsurprising that all participants in a
16 coordinated scheme would unite to delay discovery. They share a common interest
17 in avoiding accountability for their unlawful conduct, and, with no counterclaims,
18 they have no incentive to seek discovery from Anthem.

19 **CONCLUSION**

20 For the foregoing reasons, Defendants’ Motion should be denied. At
21 minimum, this Court should permit initial disclosures and written discovery to
22 proceed, consistent with the Western District of Virginia order Defendants
23 themselves cite. *See* Oral Order, *Anthem Health Plans of Virginia, Inc. v. AGS*
24 *Health, Inc.*, No. 25-CV-00804 (W.D. Va. May 29, 2026), ECF No. 83.

1 Dated: July 21, 2026

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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 3,184 words, which complies with the word limit of L.R. 11-6.1.

Dated: July 21, 2026

CROWELL & MORING LLP

By: /s/ Amir Shlesinger
Amir Shlesinger

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and Health Insurance Company and Blue
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