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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA**

Arizona Physicians IPA, Inc., d/b/a
UnitedHealthcare Community Plan of
Arizona,

Plaintiff,

v.

IAS Arizona PLLC,

Defendant.

Case No. 2:26-cv-00667-KML

**DEFENDANT IAS ARIZONA
PLLC’S MOTION TO DISMISS
PURSUANT TO RULES 12(B)(1),
(6), AND (7) OF THE FEDERAL
RULES OF CIVIL PROCEDURE**

1 Pursuant to Rules 12(b)(1), (6), and (7) of the Federal Rules of Civil Procedure, IAS
2 Arizona PLLC (“IAS”) files its Memorandum of Law in Support of its Motion to Dismiss
3 and respectfully requests that the Court dismiss Arizona Physicians IPA, Inc., d/b/a
4 UnitedHealthcare Community Plan of Arizona’s (“United”) Complaint *with prejudice* for
5 the reasons set forth below. This Motion is supported by the following Memorandum of
6 Points and Authorities, and the Certification of Counsel pursuant to L.R. 12.1(c) attached
7 at Exhibit 1.

8 MEMORANDUM OF POINTS AND AUTHORITIES

9 I. INTRODUCTION.

10 United does not like the insurance claim dispute resolution process that Congress
11 created under the No Surprises Act (“NSA”). Despite its complaints, however, United
12 cannot sue Congress, the federal agencies responsible for implementing the NSA, or the
13 independent dispute resolution entities (“IDREs”) responsible for deciding disputes under
14 the NSA. Similarly, the NSA provides no private right of action against medical providers,
15 like IAS, who utilize the NSA’s framework to resolve payment disputes. So, United sued
16 IAS, based on one insurance claim, under Arizona state law, and claimed that it created a
17 federal question. It did not.

18 The Court lacks federal question subject-matter jurisdiction over this case. Federal
19 law does not create the cause of action United asserted. And United’s common law fraud
20 claim does not fall within the “special and small” category of cases where a state law claim
21 involves a significant federal interest. *Gunn v. Minton*, 568 U.S. 251, 258 (2013). Allowing
22 United’s state law claim to proceed in federal court would accordingly upend the well-
23 established state-federal divide. This is not a novel conclusion. The two other federal
24 district courts presented with state law claims masquerading as lawsuits raising “questions
25 under the NSA” (DKT. 1 at ¶ 9) have both dismissed those lawsuits for lack of subject-
26 matter jurisdiction. *See Billing v. Premera Blue Cross*, 2025 WL 2921909, at *2 (W.D.
27 Wash. Oct. 15, 2025); *Columbus Emergency Group, LLC v. Blue Cross & Blue Shield of*
28 *N. Carolina*, 2024 WL 1342764, at *2 (E.D.N.C. Mar. 29, 2024).

1 The lack of federal question jurisdiction is not United’s only problem. United also
2 failed to state a claim upon which relief can be granted because it: (1) failed to comply with
3 Rule 9(b)’s heightened standard; (2) did not allege a misrepresentation of *fact*; (3) did not
4 plead actual and reasonable reliance and ignorance of falsity; (4) did not allege scienter;
5 and (5) did not allege any damages.

6 Further, if all that was not enough, United failed to join an indispensable party in its
7 request for a declaratory judgment against non-party IDREs. This defect cannot be cured
8 as IDREs enjoy arbitral immunity. Because leave to amend would be futile given these
9 numerous issues, the Court should dismiss United’s Complaint with prejudice.

10 **II. RELEVANT FACTUAL BACKGROUND.**

11 IAS is a provider of anesthesia services in Arizona. Because IAS and United do not
12 have a contract setting reimbursement rates for IAS’ services, IAS is considered “out-of-
13 network” with United. *See generally* Complaint, DKT. 1 at ¶ 13 (alleging that IAS is an
14 out-of-network provider with United). Under the NSA, that means that if IAS disagrees
15 with the reimbursement it receives from United, it can dispute its reimbursement under the
16 NSA framework that Congress created. *See id.* at ¶¶ 42–44. The NSA’s framework
17 generally consists of three steps: (1) open negotiations; (2) the independent dispute
18 resolution (“IDR”) process; and (3) a binding payment determination from an IDRE. *See*
19 42 U.S.C. § 300gg-111(c).

20 United alleges that IAS committed fraud when disputing the reimbursement it
21 received on a claim under the NSA’s IDR process. *Id.* at ¶ 4. Specifically, it alleges that:

- 22 • IAS uses a third-party—HaloMD, LLC (“HaloMD”)—as its agent to
23 represent it in the IDR process (*Id.* at ¶ 65–66);
- 24 • HaloMD initiates the IDR process “via an online federal web portal that
25 includes a notice that providers must submit an “[a]ttestation that
26 qualified IDR items or services are within the scope of the Federal IDR
27 process” (*Id.* at ¶ 67);
- 28 • “[O]n May 16, 2025, IAS initiated an IDR dispute through its agent
HaloMD,” for a claim concerning “a 30-year-old patient [who]
underwent a procedure for which she received anesthesia services at
Tucson Medical Center, in Tucson, Arizona” (*Id.* at ¶¶ 53 and 65);

- 1 • “The patient was insured through an AHCCCS Complete Care plan, a
managed Medicaid plan” (*Id.* at ¶ 53);
- 2 • “IAS should have received the patient’s insurance information from
3 Tucson Medical and, therefore, should have known that the patient was
4 insured under an Arizona Medicaid plan” (*Id.* at ¶ 56);
- 5 • When HaloMD submitted the dispute for the 30-year-old patient to the
IDR process, “IAS, through HaloMD, fraudulently attested that ‘the
6 item(s) and/or services at issue [we]re qualified item(s) and/or service(s)
within the scope of the Federal IDR process” (*Id.* at ¶ 68);
- 7 • According to United, however, the claim was not eligible for the IDR
8 process “because this Member is enrolled in a Medicare, Medicaid,
Children’s Health Insurance Program, or TRICARE plan” (*Id.* at ¶ 69);
- 9 • United notified the IDRE that the claim was allegedly ineligible for the
10 IDR process (*Id.* at ¶ 69);
- 11 • “Even though United contested eligibility, IAS’s deliberate
12 misrepresentation to the IDRE, on which the IDRE relied, forced United
to rely on the misrepresentation because once the IDRE determined the
13 dispute was eligible, United had no choice but to expend resources to
proceed with the process . . .” (*Id.* at ¶ 107); and
- 14 • The IDRE “determined the claim in favor of IAS” (*Id.* at ¶ 72).

15 In other words, United alleges that IAS—through its agent, HaloMD—fraudulently
16 attested to an insurance claim’s eligibility for the IDR process because IAS should have
17 known that the insured had a managed Medicaid plan.

18 Based on these allegations, United sued IAS for common law fraud under Arizona
19 law. United also seeks a declaratory judgment. To file its lawsuit in federal court, United
20 alleges that the Court has federal question subject-matter jurisdiction “because resolution
21 of the claims in this Complaint raises disputed and substantial questions under the NSA, a
22 federal statute, and will require judicial interpretation of the NSA.” *Id.* at ¶ 9.

23 **III. LEGAL STANDARD.**

24 **A. Rule 12(b)(1).**

25 “‘Federal courts are courts of limited jurisdiction,’ possessing ‘only that power
26 authorized by Constitution and statute.’” *Gunn*, 568 U.S. at 256 (quoting *Kokkonen v.*
27 *Guardian Life Ins. Co. of America*, 511 U.S. 375, 377 (1994)). Under 28 U.S.C. § 1331,
28 Congress has authorized federal district courts to exercise original jurisdiction in “all civil
actions arising under the Constitution, laws, or treaties of the United States.” To determine

1 whether a claim “arises under” federal law, courts “must determine whether ‘a right or
2 immunity created by the Constitution or laws of the United States must be an element, and
3 an essential one, of the plaintiff’s cause of action.’” *Cal. Shock Trauma Air Rescue v. State*
4 *Comp. Ins. Fund*, 636 F.3d 538, 541 (9th Cir. 2011) (citing *Gully v. First Nat’l Bank*, 299
5 U.S. 109, 112 (1936)). Where federal question jurisdiction is lacking, Rule 12(b)(1)
6 authorizes dismissal for lack of subject matter jurisdiction. *See* FED. R. CIV. P. 12(b)(1).

7 **B. Rule 12(b)(6) and Rule 9(b).**

8 A claim should be dismissed under Rule 12(b)(6) unless it “contain[s] sufficient
9 factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’”
10 *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (citation omitted); *Drew v. Equity Lifestyle*
11 *Properties*, 2025 WL 834911, at *4 (D. Ariz. Mar. 17, 2025) (same). A party must provide
12 “more than labels and conclusions, and a formulaic recitation of the elements of a cause of
13 action will not do.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007) (cleaned up).
14 The standard instead requires “factual content that allows the court to draw the reasonable
15 inference that the defendant is liable for the misconduct alleged.” *Iqbal*, 556 U.S. at 678.¹

16 When a claim alleges fraud, “a party must state with particularity the circumstances
17 constituting fraud[.]” FED. R. CIV. P. 9(b). This means that a plaintiff must allege “the who,
18 what, when, where, and how” of the alleged fraud to provide a defendant with sufficient
19 notice. *Vess v. Ciba-Geigy Corp. USA*, 317 F.3d 1097, 1106 (9th Cir. 2003); *see also King*
20 *v. Julia Owner LLC*, 2025 WL 3089010, at *2 (D. Ariz. Nov. 5, 2025) (dismissing
21 conclusory fraud allegations after determining that the allegations failed to meet “Rule
22 9(b)’s heightened standard”).

23 **C. Rule 12(b)(7).**

24 “Rule 12(b)(7) allows dismissal of an action for failure to join a necessary and
25 indispensable party under Rule 19.” *Greenberg v. Fireman’s Fund Ins. Co.*, 2007 WL
26 4105990, at *1 (D. Ariz. Nov. 16, 2007). “The application of Rule 19 entails a practical
27

28 ¹ “When a party seeks dismissal for multiple reasons including lack of subject matter
jurisdiction under Federal Rule of Civil Procedure 12(b)(1), the Court must address the
12(b)(1) claim before the other reasons for dismissal under Rule 12(b).” *Normandean v.*
City of Phoenix, 2012 WL 621730, at *2 (D. Ariz. Feb. 24, 2012) (citations omitted).

1 two-step inquiry. First, a court must determine whether an absent party should be joined as
2 a ‘necessary party’ under subsection (a). Second, if the court concludes that the nonparty
3 is necessary and cannot be joined for practical or jurisdictional reasons, it must then
4 determine under subsection (b) whether in ‘equity and good conscience’ the action should
5 be dismissed because the nonparty is ‘indispensable.’” *Id.* (quoting *Va. Sur. Co. v.*
6 *Northrop Grunman Corp.*, 144 F.3d 1243, 1247 (9th Cir. 1998)). A non-party is necessary
7 if a court cannot grant complete relief absent the party. *Id.*

8 **D. Rule 15.**

9 “It is true that leave to amend ‘shall be freely given when justice so requires,’ and
10 this policy is to be applied with extreme liberality.” *Morongo Band of Mission Indians v.*
11 *Rose*, 893 F.2d 1074, 1079 (9th Cir. 1990) (first citing FED. R. CIV. P. 15(a), then citing
12 *DCD Programs, Ltd. v. Leighton*, 833 F.2d 183, 186 (9th Cir. 1987)). Nonetheless, district
13 courts have discretion in whether to grant leave to amend. *Id.* Denial of leave to amend is
14 appropriate where amendment would be futile. *See Eminence Capital, LLC v. Aspeon, Inc.*,
15 316 F.3d 1048, 1051 (9th Cir. 2003) (citing *Foman v. Davis*, 371 U.S. 178, 182 (1962)).

16 **IV. ARGUMENT**

17 United’s Complaint is filled with insurmountable issues. *First*, United filed run-of-
18 the-mill common law fraud and declaratory judgment claims against IAS and contends that
19 those claims present a substantial federal question. They do not. The Court accordingly
20 lacks federal question subject matter jurisdiction over this lawsuit. *Second*, United failed
21 to state a claim upon which relief can be granted because it did not meet Rule 9(b)’s
22 heightened pleading standard and failed to adequately allege several elements of Arizona
23 common law fraud. *And third*, United failed to join an indispensable party in its request for
24 a declaratory judgment against non-party IDREs, which cannot be cured as IDREs enjoy
25 arbitral immunity. The Court should dismiss United’s Complaint with prejudice.

26 **A. The Court lacks federal question subject-matter jurisdiction.**

27 United’s common law fraud and declaratory judgment claims do not arise under
28 federal law and therefore do not afford the Court with federal question jurisdiction. This
case does not fit within the “special and small” category of cases where a claim arising

1 under state law poses a significant federal issue. *Gunn*, 568 U.S. at 258. Rather, this is the
2 type of case that the Supreme Court warned of when stressing that federal courts must not
3 “disturb the long-settled understanding that the mere presence of a federal issue in a state
4 cause of action does not automatically confer federal-question jurisdiction.” *Merrell Dow
5 Pharm. Inc. v. Thompson*, 478 U.S. 804, 813 (1986).

6 A case generally “arises under” “federal law in two ways.” *Gunn*, 568 U.S. at 257.
7 First, “a case arises under federal law when federal law creates the cause of action
8 asserted.” *Id.* (quoting *American Well Works Co. v. Layne & Bowler Co.*, 241 U.S. 257,
9 260 (1916)). The bulk of federal question cases fall in this first category. *Merrell Dow
10 Pharm.*, 478 U.S. at 808. There is, however, one other “special and small category of cases
11 in which [federal question] jurisdiction still lies.” *Gunn*, 568 U.S. at 258. A case falls into
12 this “rare exception” when the state law claim necessarily presents a “substantial federal
13 issue.” *Id.*; see *Billing*, 2025 WL 2921909, at *2 (describing the “substantial federal issue”
14 category as a “rare exception”). More specifically, the second, narrow path for federal
15 question jurisdiction “over a state law claim” applies when “the federal issue is: (1)
16 necessarily raised; (2) actually disputed; (3) substantial; and (4) capable of resolution in
17 federal court without disrupting the federal-state balance approved by Congress.” *Id.* (first
18 citing *Gunn*, 568 U.S. at 258, then citing *Merrill Lynch, Pierce, Fenner & Smith, Inc. v.
19 Manning*, 578 U.S. 374, 382–83 (2016)); see also *Grable & Sons Metal Products, Inc. v.
20 Darue Eng’g & Mfg.*, 545 U.S. 308, 314 (2005) (same). Federal question jurisdiction *only*
21 exists under the second category if all four factors are established. *Gunn*, 568 U.S. at 258.

22 In sum, “a state-law claim will present a justiciable federal question only if it
23 satisfies *both* the well-pleaded complaint rule and passes the ‘implicates significant federal
24 issues’ test.” *Cal. Shock Trauma*, 636 F.3d at 542 (emphasis in original). “In either case, a
25 ‘right or immunity created by the Constitution or laws of the United States must be an
26 element, and an essential one, of the plaintiff’s cause of action.’” *Billing*, 2025 WL
27 2921909, at *2 (citing *Lake v. Ohana Mil. Communities, LLC*, 14 F.4th 993, 1007 (9th Cir.
28 2021) (quoting *Cal. Shock Trauma*, 636 F.3d at 541)). United cannot establish either path
to invoke the Court’s federal question jurisdiction.

1 **1. Federal law does not create United’s cause of action.**

2 Federal law does not create United’s causes of action, thereby barring United from
3 claiming the traditional path to establish federal question jurisdiction. United’s fraud claim
4 is a creature of Arizona common law. *See* DKT. 1 at Count II. Additionally, it is well-
5 settled that the Declaratory Judgment Act “‘is procedural only’ and does not confer arising
6 under jurisdiction.” *Cal. Shock Trauma*, 636 F.3d at 543 (quoting *Skelly Oil Co. v. Phillips*
7 *Petroleum Co.*, 339 U.S. 667, 671 (1950)); *Morongo Band*, 858 F.2d at 1382 (same).
8 Therefore, United cannot establish the traditional mechanism for federal question
9 jurisdiction.

10 **2. United cannot meet with well-pleaded complaint rule or *Gunn***
11 **factors.**

12 The Court should find that the well-pleaded complaint rule and *Gunn* factors also
13 do not support federal jurisdiction here, just like the two other federal district courts found
14 when faced with state law claims similarly masquerading as federal issues under the NSA.
15 *See Billing*, 2025 WL 2921909, at *2 (finding no federal question jurisdiction where the
16 plaintiff sued under the Washington Uniform Arbitration Act and asserted that its claims
17 arose under the NSA); *Columbus Emergency*, 2024 WL 1342764, at *2 (finding no federal
18 question jurisdiction where the plaintiff sued under North Carolina common law for unjust
19 enrichment and North Carolina’s Unfair and Deceptive Trade Practices Act and asserted
20 that its claims arose under NSA).

21 **a. Well-Pleaded Complaint Rule.**

22 The well-pleaded complaint rule does not support federal jurisdiction here. United’s
23 Complaint “seeks damages and injunctive relief to enjoin Defendant from continuing to
24 fraudulently submit false attestations and initiating the NSA IDR process for items or
25 services that are not qualified for NSA IDR[.]” DKT. 1 at ¶ 112. “Although the complaint
26 details the Parties’ participation in the NSA’s IDR procedures, it does not invoke the NSA
27 as the basis for relief.” *Billing*, 2025 WL 2921909, at *3. Nor could it. The NSA does not
28 provide an express or implied private right of action. *See FHMC LLC v. Blue Cross & Blue*
Shield of Arizona Inc., No. CV-23-00876, 2024 WL 1461989, at *3 (D. Ariz. Apr. 4, 2024).

1 Nor does the Complaint allege facts that call the NSA’s “scope, validity, and authority”
2 into dispute. *Billing*, 2025 WL 2921909, at *3–4. Indeed, United’s claims do not “dispute[]
3 the meaning of the NSA.” *Id.* at *4. Instead, like in *Billing*, United merely describes “the
4 procedural elements of the NSA as the mechanism by which the [alleged fraud occurred].”
5 *Id.* Thus, “the NSA is not a necessary element” for United’s causes of action. *Cal. Shock*
6 *Trauma*, 636 F.3d at 541; *Billing*, 2025 WL 2921909 at *3 (finding that “whether the NSA
7 applied, whether the IDREs had authority, [and/or] whether payment is required” did not
8 qualify as elements of the plaintiff’s state law claims).

9 The elements of common law fraud under Arizona law compel this conclusion. The
10 nine elements of common law fraud under Arizona law are: “(1) a representation, (2) its
11 falsity, (3) its materiality, (4) the speaker’s knowledge of its falsity or ignorance of its truth,
12 (5) the speaker’s intent that the information should be acted upon by the hearer and in a
13 manner reasonably contemplated, (6) the hearer’s ignorance of the information’s falsity,
14 (7) the hearer’s reliance on its truth, (8) the hearer’s right to rely thereon, and (9) the
15 hearer’s consequent and proximate injury.” *Green v. Lisa Frank, Inc.*, 211 P.3d 16, 34
16 (Ariz. Ct. App. 2009) (citation omitted). Critically, Arizona law is agnostic about the means
17 by which a false representation is communicated. A false representation could be made,
18 for example, in person, over email, on a phone call, or in the NSA’s IDR portal. None of
19 these hypotheticals, however, would affect a single element of the claim because Arizona’s
20 common law is indifferent about the means by which a false representation is
21 communicated. All that matters is that a false representation was communicated. *Id.* Thus,
22 United has no colorable argument that its Arizona common law fraud claim satisfies the
23 well-pleaded complaint rule. *See Cal. Shock Trauma*, 636 F.3d at 542.

24 Likewise, United’s request for a declaratory judgment does not provide the Court
25 with federal question jurisdiction. To comply with the well-pleaded complaint rule where
26 a claim is brought under the Declaratory Judgment Act, courts ask a counter-factual: if “the
27 declaratory judgment defendant brought a coercive action to enforce its rights [against the
28 declaratory judgment plaintiff] . . . would [that suit] necessarily present a federal
question[?]” *Franchise Tax Bd. v. Constr. Laborers Vacation Tr.*, 463 U.S. 1, 19 (1983);

1 *see also Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 571 U.S. 191, 197 (2014)
2 (same); *Standard Ins. Co. v. Saklad*, 127 F.3d 1179, 1181 (9th Cir. 1997) (“In other words,
3 in a sense we can reposition the parties in a declaratory relief action by asking whether we
4 would have jurisdiction had the declaratory relief defendant been a plaintiff seeking a
5 federal remedy.”).

6 Here, United seeks two declarations:

7 (1) “Defendant’s conduct in initiating NSA IDR for an ineligible claim was
8 unlawful and fraudulent”; and

9 (2) “Medicare and Medicaid claims are not eligible for NSA IDR, that IDREs
10 have no authority or jurisdiction over such claims under the NSA, and that
11 United is not obligated to pay illegal NSA IDR awards issued on ineligible
12 Medicare or Medicaid claims, both retroactively and prospectively.”

12 DKT. 1 at ¶¶ 95 and 97. United’s first request is duplicative of its common law fraud claim.
13 Were IAS to bring a coercive claim wherein it sought a declaration that it did not commit
14 common law fraud, that lawsuit would certainly not present a federal question. None of
15 Arizona’s common law fraud elements raise a federal issue. *See Green*, 211 P.3d at 34.
16 Thus, any request for a declaration that IAS did not engage in fraud would not be predicated
17 on a federal cause of action or a federal issue as an essential element. *See Skelly*, 339 U.S.
18 at 672.

19 Similarly, United’s second request for a declaratory judgment does not establish
20 federal question jurisdiction. *See Cal. Shock Trauma*, 636 F.3d at 543 (“[T]he operation of
21 the Declaratory Judgment Act is procedural only’ and does not confer arising under
22 jurisdiction. . . . That holding should be the end of the discussion.” (citations omitted)).
23 Were IAS in United’s position, it would have no substantive federal cause of action to file.
24 Instead, it would also be limited to merely relying on the procedural mechanism of the
25 Declaratory Judgment Act, which is insufficient to confer federal question jurisdiction. *Id.*

26 Moreover, if there is any question about whether federal question jurisdiction exists
27 here, the Court should ask: “In order to vindicate [it’s] right under [the NSA], must [United]
28 plead, and prove the asserted violation of federal law?” *Republican Party of Guam*, 277
F.3d at 1090 (citing *Franchise Tax Bd.*, 463 U.S. at 8–9). As in *Republican Party of Guam*:

1 “The answer is ‘no.’” *Id.* At most, United needs to merely plead that the NSA “exists and
2 that [IAS] failed to follow it, causing [United] actual or prospective injury.” *Id.* “[T]his
3 type of attenuated connection cannot support federal question jurisdiction.” *Id.* (citing
4 *Gully*, 299 U.S. at 115).

5 **b. Gunn Factors.**

6 Federal question jurisdiction is also lacking under the *Gunn* factors.

7 *First*, United’s common law fraud and declaratory judgment claims do not
8 necessarily raise a federal issue. “[A] plaintiff’s right to relief for a given claim necessarily
9 depends on a question of federal law only when *every* legal theory supporting the claim
10 requires the resolution of a federal issue.” *Columbus Emergency*, 2024 WL 1342764, at *2
11 (citation omitted). “When a claim can be supported by alternative and independent
12 theories—one of which is a state law theory and one of which is a federal law theory—
13 federal question jurisdiction does not attach because federal law is not a necessary element
14 of the claim.” *Arizona v. GlaxoSmithKline LLC*, 2025 WL 2458448, at *4 (D. Ariz. Aug.
15 26, 2025). Here, United’s common law fraud claim does not “call for an interpretation[] of
16 federal law.” *Columbus Emergency*, 2024 WL 1342764, at *2. It simply requires proof of
17 Arizona’s common law elements of fraud, none of which raise an issue of federal law.
18 *Green*, 211 P.3d at 34. Likewise, United’s request for declaratory relief does “not seek to
19 alter any federally established relationship,” law, or statute. *Columbus Emergency*, 2024
20 WL 1342764, at *2. “Accordingly, no federal issues [are necessarily] raised[.]” *Id.*

21 *Second*, the NSA’s procedures are not actually disputed in this case. The “central
22 point” of United’s lawsuit is the allegation that IAS committed fraud by making a
23 misrepresentation—through HaloMD—of a claim’s eligibility for dispute resolution. *See*
24 DKT. 1 at ¶ 68. That is not an actual dispute of federal law like *Gunn* recognized and
25 “*Grable* envisioned.” *Gunn*, 568 U.S. at 259. And United’s conclusory allegation that its
26 state tort claim “will require judicial interpretation of the NSA” (DKT. 1 at ¶ 9)—what
27 provision requires interpretation, it does not say—cannot transform its claim into a federal
28 dispute. *Id.*

1 *Third*, there is no substantial question of federal law. A substantial question of
2 federal law exists where the issue is important “to the federal system as a whole.” *Gunn*,
3 568 U.S. at 260. “An issue has such importance when it raises substantial questions as to
4 the interpretation or validity of a federal statute or when it challenges the functioning of a
5 federal agency or program[.]” *City of Oakland v. BP PLC*, 969 F.3d 895, 905 (9th Cir.
6 2020) (cleaned up)). A common law tort claim like United’s requires an inherently fact-
7 specific analysis, which is exactly the type of case that federal courts have rejected as
8 presenting a substantial question of federal law. *See, e.g., City of Oakland*, 969 F.3d at 907
9 (collecting cases); *see also Merrell Dow*, 478 U.S. at 814 (holding that “the presence of the
10 federal issue as an element of the state tort is not the kind of adjudication for which
11 jurisdiction would serve congressional purposes and the federal system”). And, again,
12 United fails to state what the substantial question of federal law before the Court is. It
13 merely states that interpretation of the NSA is required (DKT. 1 at ¶ 9), which cannot
14 possibly be sufficient to force this case into the “special and small” category of cases that
15 *Gunn* recognizes. *Gunn*, 568 U.S. at 258. Like in *Columbus Emergency*, the Court should
16 find that “alleged past non-compliance with federal . . . standards [are] not substantial
17 enough to give rise to federal question jurisdiction.” 2024 WL 1342764, at *3.

18 *Finally*, resolution in federal court of a state common law tort claim, that merely
19 references a federal statute’s procedures, will disrupt the “federal-state balance approved
20 by Congress.” *Id.* (quoting *Gunn*, 568 U.S. at 258). This is particularly true given that
21 United’s Complaint is based in tort. *City of Oakland*, 969 F.3d at 907. If there is any doubt,
22 the Court should proceed with the caution that other courts have (*Columbus Emergency*,
23 2024 WL 1342764, at *2) and “veto” federal jurisdiction. *Grable*, 545 U.S. at 313.

24 **B. United failed to state a claim of common law fraud under Arizona law.**

25 Even if the Court finds that it has federal question jurisdiction (it should not),
26 United’s Complaint should also be dismissed because United: (1) failed to comply with
27 Rule 9(b)’s heightened standard; (2) did not allege a misrepresentation of *fact*; (3) did not
28 plead actual and reasonable reliance or ignorance of falsity; (4) did not allege scienter; and
(5) did not allege any damages.

1 **1. United failed to comply with Rule 9(b).**

2 Under Rule 9(b), United was required to plead “the who, what, when, where, and
3 how” of the alleged fraud IAS committed. FED. R. CIV. P. 9(b); *Vess*, 317 F.3d at 1106. It
4 woefully failed to carry its burden. United summarily alleges that IAS made a false
5 attestation “with full knowledge of, or at the very least with reckless disregard to, the
6 falsity” of the attestation. DKT. 1 at ¶ 106. United does not allege who at IAS submitted
7 the IDR notice. *Cf. Cruz v. Dollar Tree Stores, Inc.*, 2007 WL 2729214, at *4 (N.D. Cal.
8 Sept. 18, 2007) (“The specific identity of those who allegedly perpetrated the fraud is
9 clearly important in satisfying the heightened pleading requirement of Rule 9(b).”). It does
10 not state what information IAS possessed at the time of the submission, including whether
11 it even had the relevant patient’s insurance information. DKT. 1 at ¶ 56; *Arnold &*
12 *Associates, Inc. v. Misys Healthcare Sys., a div. of Misys, PLC*, 275 F. Supp. 2d 1013, 1029
13 (D. Ariz. 2003) (“Nor does Plaintiff provide information regarding where Defendant made
14 its representations or under what circumstances.”). Indeed, United couches its allegations
15 on this front by alleging what IAS “should have known.” DKT. 1 at ¶ 56.

16 What is more, United never alleges that an IAS employee reviewed the relevant
17 patient claim or the at-issue attestation in the IDR portal. On the contrary, United alleges
18 that *HaloMD—not IAS*—submitted the claim through the IDR portal. *See id.* at ¶¶ 65–68.
19 Thus, United not only fails to allege the “the who, what, when, where, and how” of the
20 alleged fraud, but it also points to a *third party* to try to carry its burden. *Id.* United’s
21 allegations are accordingly “too conclusory and too vague” to meet Rule 9(b)’s heightened
22 pleading standard. *Cruz*, 2007 WL 2729214, at *5; *Vess*, 317 F.3d at 1106.

23 **2. United did not and cannot allege a misrepresentation of fact.**

24 It is well-settled that “[a]ctionable fraud must be based upon a misrepresentation of
25 material *fact*[.]” *Page Inv. Co. v. Staley*, 468 P.2d 589, 591 (Ariz. 1970). United, however,
26 alleges that “IAS committed fraud by knowingly providing false certifications . . . that ‘the
27 item(s) and/or service(s) at issue [we]re qualified item(s) and/or service(s) within the scope
28 of the Federal IDR process.” DKT. 1 at ¶ 4. Whether a claim constituted a qualified item
or service under the NSA is a quintessential question of law. Misrepresentations of law,

1 however, are not actionable as fraud because “statements of the law are considered merely
2 opinions.” *See, e.g., Cal. Pharmacy Mgmt., LLC v. Zenith Ins. Co.*, 669 F. Supp. 2d 1152,
3 1161 (C.D. Cal. 2009) (citing *Sosa v. DIRECTV*, 437 F.3d 923, 934–35 (9th Cir. 2006));
4 *Miller v. Yokohama Tire Corp.*, 358 F.3d 616, 621 (9th Cir. 2004). Accordingly, because
5 United’s fraud claim is predicated on an alleged misrepresentation of law, United failed to
6 allege an essential element of its fraud claim and the Court should dismiss its claim. *See*
7 *Cruz*, 2007 WL 2729214, at *5.

8 **3. United did not and cannot plead actual and reasonable reliance**
9 **and ignorance of falsity.**

10 Under Arizona law, United must allege that it actually and reasonably relied on IAS’
11 alleged misrepresentation, and that it was ignorant of the falsity of that misrepresentation,
12 to adequately plead common law fraud. *See Green*, 211 P.3d at 34. It cannot credibly allege
13 actual and reasonable reliance and ignorance. In fact, while attempting to stretch the fabric
14 of the reliance and ignorance elements beyond their breaking points, it admits that it *did*
15 *not* rely on any misrepresentations and that it “knew better.”

16 *First*, United’s circuitous reliance and ignorance allegation fails to adequately allege
17 actual and reasonable reliance and ignorance of falsity. United claims:

18 Even though United contested eligibility, IAS’s deliberate misrepresentation
19 to the IDRE, on which the IDRE relied, forced United to rely on the
20 misrepresentation because once the IDRE determined the dispute was
21 eligible, United had no choice but to expend resources to proceed with the
22 process, submit a final “offer,” and watch helplessly as the dispute continued
23 to a final payment determination.

24 DKT. 1 at ¶ 107. In other words, United asserts that because an IDRE relied on IAS’
25 attestation, United was “forced” to rely on the attestation even though it “knew better.” *Id.*
26 This allegation of reliance and ignorance is deficient as a matter of law. United cannot
27 plead actual and reasonable reliance by citing a third-party’s reliance. *See Galas v. Lending*
28 *Co., Inc.*, 2014 WL 4053406, at *15 (D. Ariz. Aug. 15, 2014). In fact, the Court has already
rejected a plaintiff’s attempt to claim third-party reliance based on an administrative
hearing:

“Plaintiff contends that the allegedly false testimony constituted fraud
because Defendants knew it was false and because the administrative law

1 judge relied on the testimony's truth when ruling to Plaintiff's
disadvantage. . . . *Even if true, these facts would not state a claim for fraud,*
2 and Claim Two is dismissed."

3 *Borecki v. Safeguard Sec. & Comm's, Inc.*, 2012 WL 1343952, at *2 (D. Ariz. Apr. 18,
4 2012) (emphasis added)). For this reason alone, United failed to allege actual and
5 reasonable reliance.

6 *Second*, United itself admits that it did not actually and reasonably rely on IAS'
7 attestation, and that it was aware of the alleged falsity of the attestation, which is fatal to
8 its claim. *See Arnold & Associates*, 275 F. Supp. 2d at 1028. United states that it
9 immediately knew that the claim was not eligible under the NSA and that it "contested
10 eligibility" with the IDRE. *See* DKT. 1 at ¶ 69. When the IDRE decided against United, it
11 again contested the IDRE's finding, "reiterating that the claim was 'not eligible' for IDR
12 adjudication because 'this Member is enrolled in a Medicaid plan.'" *Id.* at ¶ 71. United
13 cannot possibly claim that it actually and reasonably relied on IAS' attestation, or that it
14 was ignorant of the falsity of that attestation, when it admits that it actively disagreed with
15 and contested the attestation. *See id.* at ¶¶ 69–70 and 107. Accordingly, "the absence in the
16 Complaint of any allegations of a justifiable right to rely is fatal to [United's] claim."
17 *Arnold & Associates*, 275 F. Supp. 2d at 1028.

18 **4. United did not and cannot plead scienter.**

19 United also failed to allege scienter. Under Arizona law, a speaker must have
20 knowledge of the falsity of a misrepresentation. *See Green*, 211 P.3d at 34; *Navajo Health*
21 *Found.-Sage Mem'l Hosp. Inc. v. Razaghi Dev. Co. LLC*, 800 F. Supp. 3d 955, 983 (D.
22 Ariz. 2025) (same). The speaker must also intend that the defendant act upon the
23 misrepresentation. *Navajo Health*, 800 F. Supp. 3d at 983. United, however, did not allege
24 that IAS had "knowledge" of the falsity of the eligibility attestation, nor did it allege that
25 IAS intended for *United* to act on the attestation. Both failures are fatal.

26 United concedes that a third party (HaloMD), *not IAS*, submitted the claim and made
27 the at-issue attestation. *See* Dkt. 1 at ¶¶ 65–67 and 105 ("IAS fraudulently attested . . .
28 through its agent HaloMD"). United does not allege that IAS had any oversight over
HaloMD's submission. Nor does it allege a single fact to support a claim that IAS had

1 actual knowledge of the claim being submitted or the attestation being made. Instead, it
2 summarily claims that IAS submitted the claim “with full knowledge of, or at the very least
3 with reckless disregard to, the falsity of this attestation.” Dkt. 1 at ¶ 106. Because
4 conclusory claims are to be disregarded (*see Twombly*, 550 U.S. at 555) and factual
5 allegations are necessary (*see Iqbal*, 556 U.S. at 678), United failed to plead a necessary
6 element of common law fraud.

7 Likewise, without knowledge of the alleged misrepresentation, IAS could not have
8 intended for United to rely on the misrepresentation. *Cf. Navajo Health*, 800 F. Supp. 3d
9 at 983. Further, even if the misrepresentation was made, United alleges that it was directed
10 at a third party—*i.e.*, an IDRE—not United. *But see id.* (requiring that the representation
11 be directed at the defendant). Therefore, United failed to allege intent, and its claim should
12 be dismissed.

13 **5. United did not and cannot allege any damages.**

14 United concedes that it has not paid “the IDR award for this ineligible claim.” DKT.
15 1 at ¶ 110. It then falls back on the administrative and IDRE fees that it was required to
16 pay under the NSA. *See* DKT. 1 at ¶¶ 81 and 110. These arbitration fees, however, cannot
17 serve as United’s damages. Arizona follows the American Rule, which states that litigation
18 costs, arbitration costs, attorneys’ fees, and the like “are not recoverable either in the same
19 or a subsequent action unless provided for by statute or by agreement of the parties.”
20 *Wichansky v. Zowine*, 150 F. Supp. 3d 1055, 1065 (D. Ariz. 2015). United cannot undo this
21 foundational rule and convert its arbitration costs into fraud damages. *Id.* Further, damages
22 must be the “*hearer’s* consequent and proximate injury” resulting from the *hearer’s*
23 reliance on a misrepresentation. *See Green*, 211 P.3d at 34 (emphasis added). United does
24 not allege that it relied on any alleged misrepresentation. United accordingly has no
25 damages, and its claim should be dismissed. *See id.* (stating that an injury is an element of
26 common law fraud in Arizona).

1 **C. United failed to join an indispensable party who enjoys arbitral**
2 **immunity.**

3 Finally, and critically, United’s second request for a declaratory judgment has
4 nothing to do with IAS. United seeks a declaration that, among other things, “IDREs have
5 no authority or jurisdiction over [Medicare/Medicaid] claims under the NSA.” DKT. 1 at
6 ¶ 97. In other words, United asks the Court to bind every IDRE in the nation in a general
7 and broad request for declaratory relief. *Id.* This is not surprising given that much of
8 United’s Complaint constitutes a diatribe against IDREs that is wholly detached from IAS.
9 More importantly, despite seeking relief against IDREs, United failed to include a single
10 IDRE as a party to this case. Their absence is not by mistake.

11 IDREs, though a necessary party under United’s claim—as complete relief cannot
12 be granted without them²—cannot be sued. They enjoy arbitral immunity. *See Guardian*
13 *Flight, L.L.C. v. Med. Evaluators of Tex. ASO, L.L.C.*, 140 F.4th 613, 622–23 (5th Cir.
14 2025) (holding that IDREs like “judges and arbitrators,” are neutral arbiters of payment
15 disputes with no stake in the underlying controversy. They receive competing offers for
16 payment, consider information supporting the offers, and then choose one of the offers,
17 which is binding on the providers and insurers. 42 U.S.C. § 300gg-112(b)(4), (b)(5).
18 [IDREs], in sum, function more or less exactly like arbitrators.”); *Avraham Plastic Surgery*
19 *LLC v. Aetna, Inc.*, 2025 WL 3779084, at *4 (E.D.N.Y. Dec. 30, 2025) (same).³ Because
20 the Court cannot proceed on United’s request for a declaratory judgment against IDREs,
21 and IDREs cannot be made a party to this lawsuit as they are immune, the Court should
22 dismiss United’s second request for declaratory judgment. *See Welsh v. Loudbear*, 2025
23 WL 2380442, at *4 (D. Ariz. Aug. 15, 2025) (“The Court need not proceed to analyzing
24 whether Plaintiffs’ RICO claims survive dismissal under Rule 12(b)(6), as it has
25

26 _____
27 ² *See E.E.O.C. v. Peabody W. Coal Co.*, 400 F.3d 774, 780 (9th Cir. 2005) (holding that,
28 under Rule 19, in a case seeking declaratory relief, the subject of the request for declaratory
relief must be joined to the lawsuit to effect “consummate” relief, otherwise the judgment
will not bind the subject of the request).

³ While IAS recognizes that *Guardian Flight* is persuasive authority rather than binding,
IAS is unaware of any authority that contradicts *Guardian Flight*.

1 determined [under Rule 12(b)(7)] that the entire suit is barred by tribal sovereign
2 immunity.”).

3 **D. The Court should dismiss *with prejudice* as leave to amend would be**
4 **futile.**

5 The Court should dismiss United’s Complaint *with prejudice* because United cannot
6 salvage its claims. The Court lacks subject-matter jurisdiction, which cannot be remedied.
7 *See* Section IV(A), *supra*. United’s common law fraud claim is based on an alleged
8 misrepresentation of law, which is inherently incurable. *See Cruz*, 2007 WL 2729214, at
9 *5 (finding that “because Plaintiffs’ Seventh Cause of Action for fraud is predicated on a
10 misrepresentation of law, it cannot be saved by an additional amendment”). And United’s
11 request for a declaratory judgment against non-party IDREs cannot be rehabilitated
12 because IDREs are entitled to arbitral immunity. *See Guardian Flight*, 140 F.4th at 622–
13 23. Dismissal with prejudice is accordingly warranted.

14 **V. CONCLUSION.**

15 For the foregoing reasons, the Court should dismiss United’s Complaint *with*
16 *prejudice*.

17 DATED this 12th day of March, 2026.

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23 Andrea S. Tazioli
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28 By: /s/ Laura M. Kidd Cordova
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CERTIFICATE OF SERVICE

I hereby certify that on March 12, 2026, I caused a true and correct copy of the foregoing document to be filed with the Clerk of the Court through the U.S. District Court Electronic Filing System, which caused notice of such filing to be sent electronically to the registered attorneys of record.

/s/ Michael A. McCanse

EXHIBIT 1

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12 Attorneys for Defendant IAS Arizona PLLC

13
14 **IN THE UNITED STATES DISTRICT COURT**
15 **FOR THE DISTRICT OF ARIZONA**

16
17 Arizona Physicians IPA, Inc., d/b/a
UnitedHealthcare Community Plan of
18 Arizona,

19 Plaintiff,

20 v.

21 IAS Arizona PLLC,

22 Defendant.

Case No. 2:26-cv-00667-KML

**CERTIFICATION OF COUNSEL
PURSUANT TO LOCAL RULE
12.1(c)**

23
24 Pursuant to Local Civil Rule 12.1(c), the undersigned hereby certifies that, on March
25 9, 10, and 11, 2026, counsel for Defendant IAS Arizona PLLC (“IAS”), emailed counsel
26 for Plaintiff Arizona Physicians IPA, Inc. dba UnitedHealthcare Community Plan of
27 Arizona (“United”) about the requested relief and requested times for a telephone call to
28 discuss IAS’s Motion to Dismiss. United stated that it was opposed to the requested relief

1 and never responded to schedule a call to discuss the matter further. The parties were
2 accordingly unable to agree that there were deficiencies in the Complaint or that any such
3 deficiencies would be curable by a permissible amendment.

4 DATED this 12th day of March, 2026.

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CERTIFICATE OF SERVICE

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I hereby certify that on March 12, 2026, I caused a true and correct copy of the foregoing document to be filed with the Clerk of the Court through the U.S. District Court Electronic Filing System, which caused notice of such filing to be sent electronically to the registered attorneys of record.

/s/ Michael A. McCanse

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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA**

Arizona Physicians IPA, Inc., d/b/a
UnitedHealthcare Community Plan of
Arizona,

Plaintiff,

v.

IAS Arizona PLLC,

Defendant.

Case No. 2:26-cv-00667-KML

**[PROPOSED] ORDER GRANTING
MOTION TO DISMISS PURSUANT
TO RULES 12(B)(1), (6), AND (7) OF
THE FEDERAL RULES OF CIVIL
PROCEDURE**

Pending before the Court is IAS Arizona PLLC’s (“IAS”) Motion to Dismiss Pursuant to Rules 12(b)(1), (6), and (7) of the Federal Rules of Civil Procedure. Having considered the Motion, Response, Reply, and argument of counsel, if any, the Court finds that IAS’ Motion should be GRANTED.

It is therefore ORDERED that Arizona Physicians IPA, Inc., d/b/a UnitedHealthcare Community Plan of Arizona’s Complaint is dismissed with prejudice.