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UNITEDHEALTHCARE INSURANCE COMPANY

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF HAWAII

UNITEDHEALTHCARE
INSURANCE COMPANY,

Plaintiff,

vs.

MAUI MEMORIAL EMERGENCY
MEDICAL ASSOCIATES, INC.,

Defendant.

Case No. 1:26-cv-00040-DKW-WRP

**UNITEDHEALTHCARE
INSURANCE COMPANY'S
OPPOSITION TO DEFENDANT
MAUI MEMORIAL
EMERGENCY MEDICAL
ASSOCIATES, INC.'S MOTION
TO DISMISS COMPLAINT,
FILED JANUARY 30, 2026;
CERTIFICATE OF
COMPLIANCE; CERTIFICATE
OF SERVICE**

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**UNITEDHEALTHCARE INSURANCE COMPANY’S
OPPOSITION TO DEFENDANT MAUI MEMORIAL EMERGENCY
MEDICAL ASSOCIATES, INC.’S MOTION TO DISMISS
COMPLAINT, FILED JANUARY 30, 2026**

I. INTRODUCTION

UnitedHealthcare Insurance Company (“United”) brings this action to enforce the boundaries Congress drew around the No Surprises Act’s (“NSA”) Independent Dispute Resolution (“IDR”) process, not to “change” the system or “bury” providers, as Maui Memorial Emergency Medical Associates Inc. (“MMEMA”) falsely claims. Indeed, this case concerns a single, discrete matter: whether MMEMA committed fraud by knowingly submitting a false attestation certifying that a dual-eligible special needs plan (“D-SNP”) claim—which federal law categorically excludes from the IDR process¹—was eligible for that process. MMEMA’s framing of this lawsuit as an attack on the “system Congress established” inverts reality: it is MMEMA’s conduct, not United’s lawsuit, that defies what Congress intended. The IDR process was designed for commercial insurance disputes, not as a vehicle for providers to extract windfall payments on government-program claims by filing false certifications of eligibility. United seeks to hold MMEMA accountable for its specific act of fraud.

¹ D-SNPs provide both Medicare Advantage and Medicaid benefits.

The facts are straightforward. MMEMA, through its agent HaloMD, LLC (“Halo”), submitted a D-SNP claim to the NSA IDR process and fraudulently attested that the claim was eligible. It was not, and MMEMA knew it: United had already paid MMEMA pursuant to the fee schedule mandated by the Centers for Medicare & Medicaid Services (“CMS”) and sent MMEMA a Provider Remittance Advice (“PRA”) expressly identifying the patient as a Medicare member. MMEMA submitted the claim to the IDR process anyway, attesting to its eligibility despite possessing documentation proving otherwise. The moment MMEMA submitted that false attestation, United was automatically forced to participate in a statutorily inapplicable and nonconsensual proceeding and to pay nonrefundable administrative fees for the privilege of defending against a sham arbitration.

Instead of defending its conduct, MMEMA asks this Court to immunize it from any accountability whatsoever for its fraudulent attestation. If MMEMA’s arguments were accepted, providers would have free rein to flood the IDR system with ineligible claims, knowing that even when detected, they face no consequences.

This Court should deny MMEMA’s Motion to Dismiss in its entirety for five reasons. *First*, the Court has subject-matter jurisdiction because United’s Complaint necessarily raises substantial, disputed questions that require interpretation of federal law. *Second*, this action is not subject to the NSA’s judicial review provision because the claim at issue was *never* eligible for the IDR process. Moreover, even

if it were, the limitations on judicial review apply to payment determinations, *not* eligibility determinations, which is what United challenges here. *Third*, the *Noerr-Pennington* doctrine does not immunize MMEMA’s fraudulent conduct because filing a knowingly false attestation to an inapplicable, nonconsensual, and privately run arbitral forum is not protected petitioning activity. *Fourth*, United has adequately pleaded fraud with specificity, including justifiable reliance and damages. *Fifth*, the IDR entity (“IDRE”) is not an indispensable party because this Court can accord complete relief among the existing parties without the IDRE’s participation.

MMEMA should not be permitted to exploit the statutory scheme it abused to escape accountability. The Motion must be denied.

II. BACKGROUND

The facts here are simple. MMEMA, through its agent Halo, submitted a formal attestation—in violation of federal law—falsely certifying eligibility of a D-SNP claim for the NSA IDR process despite having received explicit documentation showing that the claim was ineligible. *See* United’s Complaint [ECF 1] (“Complaint” or “Compl.”) ¶¶ 68-71, 94. It is undisputed that MMEMA, through Halo, persisted in pursuing the claim through the IDR process. *Id.* ¶ 68. MMEMA ultimately obtained a \$3,076.15 windfall award from the IDRE on a claim for which it was actually entitled to only \$166.55 under the CMS-mandated

Medicare fee schedule. *Id.* ¶¶ 61, 75. MMEMA’s Motion does not dispute these facts (indeed, they must be treated as true on a motion to dismiss), and they paint an unmistakable picture of MMEMA’s intentional fraud.

A. MMEMA Submitted An Ineligible Claim To The IDR Process

MMEMA billed United on June 26, 2025, for services provided to a Medicare patient covered under a Medicare Advantage D-SNP plan at Maui Memorial Medical Center. *Id.* ¶¶ 54, 58. United paid the claim on July 3, 2025, and sent MMEMA the PRA explaining the payment amount along with United’s payment. *Id.* ¶ 61. The PRA expressly informed MMEMA that the patient was insured under a Medicare plan and detailed the amount United was obligated to pay under CMS’s Medicare fee schedule. *Id.* ¶¶ 61-64.

Despite having been informed of the patient’s Medicare coverage, MMEMA escalated the dispute to IDR, through its agent Halo, on August 19, 2025. *Id.* ¶ 68. When MMEMA, through Halo, submitted the claim, it fraudulently attested that “the item(s) and/or service(s) at issue [we]re qualified item(s) and/or service(s) within the scope of the Federal IDR process.” *Id.* ¶ 71. As soon as MMEMA, via Halo, initiated the IDR process, United was automatically forced to participate, including by paying administrative and IDRE fees, or risk a default determination. *Id.* ¶ 111.

After MMEMA illegally initiated the IDR process, United attested via the IDR portal that the claim was “*not eligible for IDR under the NSA* because this

Member is enrolled in [] Medicare.” *Id.* ¶ 72. United also sent a letter directly to the IDRE, Keystone Peer Review Organization, Inc., on September 18, 2025, reiterating that the claim was “not eligible” for IDR adjudication. *Id.* ¶ 74. Despite United’s repeated objections, the IDRE credited MMEMA’s false attestation and ruled in MMEMA’s favor, awarding the full \$3,076.15. *Id.* ¶ 75.

B. MMEMA’s Fraud Is Not An Isolated Incident, And Providers’ Systemic Abuse Of The NSA IDR Process Is Thwarting Congressional Intent

Congress had two goals when it adopted the NSA: to protect patients from surprise medical bills and to lower health care costs. The Congressional Budget Office determined the IDR process would reduce federal deficits by approximately \$17 billion and reduce premium rates by 0.5 to 1 percent. *See* CBO Estimate for Divisions O Through FF of H.R. 133, Consolidated Appropriations Act, 2021 (Jan. 14, 2021), https://www.cbo.gov/system/files/2021-01/PL_116-260_div%20O-FF.pdf (last visited May 19, 2026). The House Report accompanying the NSA found that surprise billing arose from a “failure in the health care market, which causes providers—particularly in certain specialties—to have little or no incentive to contract to join a health plan’s network.” H.R. REP. NO. 116-615, at 53 (2020); *see also id.* (noting that “[t]hese circumstances enable some providers to charge amounts for their services that exceed the marginal cost of producing those services,” resulting in “compensation far above what is needed to sustain their practice”).

Congress assumed (evidently incorrectly) that providers would act in good faith by submitting only qualified claims to the NSA IDR process. Unfortunately, nearly one in five claims submitted to IDR is ineligible. Compl. ¶ 49. And when health plans spend the time and resources to try to convince an IDRE to properly exclude ineligible claims, the odds of success are alarmingly small. *See Am. Health Ins. Plans & Blue Cross Blue Shield Ass'n, New AHIP/BCBSA Survey Finds Providers are Flooding IDR System with Ineligible Disputes*, https://ahiporg-production.s3.amazonaws.com/documents/202510_AHIP_IB_No_Surprises_Act_Survey51.pdf (last visited May 19, 2026).

MMEMA's conduct is part of a broader pattern of systemic abuse of the IDR process calculated to overwhelm IDREs with volume, knowing that some ineligible claims will slip through and yield windfall recoveries that dwarf the occasional detection and rejection. Providers' abuses of the NSA IDR process have already added at least \$5 billion to overall health system costs. Compl. ¶ 48. Here, MMEMA's fraud resulted in an improper award of \$3,076.15 on an ineligible D-SNP claim for which MMEMA was entitled to only \$166.55. *Id.* ¶¶ 59, 75. If the Court accepts the arguments in MMEMA's Motion, MMEMA will continue to abuse the NSA IDR process at the expense of U.S. taxpayers, the antithesis of what Congress intended in enacting the NSA.

III. ARGUMENT

A. This Court Has Federal Question Subject-Matter Jurisdiction

This Court has subject-matter jurisdiction because federal law is embedded in the foundation of United’s cause of action and United’s Complaint implicates significant federal issues. An essential element of United’s claim is its right not to be subject to the IDR process for claims expressly exempted under the NSA. MMEMA’s attestation was fraudulent *only because* federal law categorically excludes D-SNP claims from the IDR process. *See id.* ¶¶ 21, 25. Without applying the NSA, no court could determine whether MMEMA’s conduct was fraudulent.

Under the “well-pleaded complaint” rule, federal question jurisdiction exists when a federal right or immunity is “an element, and an essential one, of the plaintiff’s cause of action.” *Cal. Shock Trauma Air Rescue v. State Comp. Ins. Fund*, 636 F.3d 538, 541 (9th Cir. 2011). That standard is met whenever, as here, the complaint’s allegations require resolution of federal law. This Court must resolve: (a) whether the D-SNP claim MMEMA submitted was eligible for the NSA IDR process; and (b) whether knowingly submitting a false eligibility attestation constitutes actionable fraud, including interpreting the scope of the NSA’s fraud exception. These are pure questions of statutory interpretation central to United’s claims.

MMEMA's reliance on *Billing v. Premera Blue Cross*, 2025 WL 2921909 (W.D. Wash. Oct. 15, 2025), and *Columbus Emergency Group, LLC v. Blue Cross & Blue Shield of North Carolina*, 2024 WL 1342764 (E.D.N.C. Mar. 29, 2024), is misplaced. See Memorandum in Support of MMEMA's Motion to Dismiss Complaint [ECF 27-1] ("Motion to Dismiss" or "Mot.") at 2, 7-9 (PageID.113, 118-120). In each, providers sought to confirm IDR awards, and the federal questions arose only as defenses. "[A] defense that raises a federal question is inadequate to confer federal jurisdiction." *Merrell Dow Pharm., Inc. v. Thompson*, 478 U.S. 804, 808 (1986). Here, the posture is reversed: United is the plaintiff and is not seeking to confirm any IDR award (nor vacate one), and the federal questions arise from United's affirmative claims. For that same reason, MMEMA's reliance on *Republican Party of Guam v. Gutierrez*, 277 F.3d 1086 (9th Cir. 2002), is equally misplaced. Mot. at 11 (PageID.122). In *Republican Party of Guam*, the plaintiffs sought a declaration of rights under a local election reform law. 277 F.3d at 1088-89. The court concluded that in order to vindicate their rights, the plaintiffs needed to plead only that the defendant failed to follow *the local election law*, and that the federal issue was simply a "probable defense" that a court might never reach. *Id.* at 1091. Here, by contrast, United seeks to vindicate its rights under the NSA itself.

Moreover, MMEMA's assertion that United does not "call the NSA's 'scope, validity, and authority' into dispute" is incorrect. Mot. at 9 (PageID.120). United

challenges the NSA's applicability to D-SNP claims and the consequences of ineligible submissions. *See* Compl. ¶ 21 & n.3. United is asserting its right *not* to be compelled into the IDR process based on a fraudulently submitted claim that the NSA bars. Because that right exists solely due to the scope of the NSA and is a necessary element of United's fraud claim, the complaint satisfies the well-pleaded complaint rule. *See Tri-Dam v. Frazier*, 2023 WL 3193592, at *2 (9th Cir. May 2, 2023) (holding that the district court properly determined it had federal question jurisdiction because plaintiff's complaint "expressly invokes federal laws" (quoting *Sauk-Suiattle Indian Tribe v. City of Seattle*, 56 F.4th 1179, 1185 (9th Cir. 2022))).

In addition to satisfying the well-pleaded complaint rule, United's claims "implicate significant federal issues" under the test articulated in *Grable & Sons Metal Products, Inc. v. Darue Engineering & Manufacturing*, 545 U.S. 308, 312-14 (2005). Under *Grable*, federal jurisdiction lies if a federal issue is (1) necessarily raised, (2) actually disputed, (3) substantial, and (4) capable of resolution without disrupting the federal-state balance. *Gunn v. Minton*, 568 U.S. 251, 258 (2013) (applying *Grable*, 545 U.S. at 313-14). United's claims satisfy each prong.

First, the federal issues are necessarily raised: United's claims cannot be adjudicated without construing the NSA's scope and effect. Whether the D-SNP claim was ineligible under the NSA requires interpretation of the NSA itself, because there would be no such thing as an ineligible claim absent the statute's categorical

exclusion of certain claims from the IDR process. *See* Compl. ¶ 21 & n.3. The relief United seeks—a declaration that awards on ineligible claims are void and an injunction against future false attestations—cannot be granted without interpreting federal law. *See Hornish v. King Cnty.*, 899 F.3d 680, 689-90 (9th Cir. 2018) (first *Grable* factor satisfied where plaintiffs’ request for declaratory judgment required the court “to answer at least one ‘question of construction or validity’ that necessarily implicate[d] the [federal statute]” (citation omitted)). Unlike cases where a state-law claim may be fully adjudicated without any reference to federal statute, United’s fraud claim has no meaning independent of the NSA’s eligibility framework. *Cf., e.g., Fabro v. Aqua-Aston Hosp., LLC*, 2017 WL 449587, at *4 (D. Haw. Feb. 2, 2017) (finding complaint did not necessarily raise federal issue when state-law claim could have been fully adjudicated without any reference to federal statute).

Second, the federal issues are actually disputed, and MMEMA’s own Motion proves it. MMEMA has refused to concede the threshold question of whether the claim was even eligible for IDR, referring to the award as only “allegedly tainted” and MMEMA’s attestations as only “allegedly . . . false.” Mot. at 15, 17 (PageID.126, 128). Under *Grable*, jurisdiction exists when “the meaning of the federal statute is actually in dispute.” 545 U.S. at 315. The parties hold fundamentally incompatible views on what the NSA permits, what it prohibits, and what consequences flow from submitting a claim Congress expressly excluded from

the statute's scope. That is precisely the federal controversy over which this Court has jurisdiction.

Third, the federal issues are substantial: they are “significant to the federal system as a whole,” *Gunn*, 568 U.S. at 264, and present “nearly pure issue[s] of law” that “could be settled once and for all,” *Empire Healthchoice Assurance, Inc. v. McVeigh*, 547 U.S. 677, 700 (2006). The question whether D-SNP claims are categorically excluded from the NSA IDR process is not fact-bound; it requires construction of 42 U.S.C. § 300gg-111(c)(1), 45 C.F.R. § 149.510(a)(1), and the Departments’ implementing guidance. *See, e.g.*, Compl. ¶ 17 n.2. This is not, as MMEMA suggests, a routine state tort claim that happens to mention a federal statute. *Cf., Tri-Dam*, 2023 WL 3193592, at *2 (substantiality factor satisfied when the federal government’s “strong interest” is implicated). This Court’s ruling will establish whether the NSA’s categorical exclusion of D-SNP claims has any teeth and whether health plans have any meaningful recourse when providers abuse the IDR system through fraudulent submissions. Congress enacted the NSA to address a “market failure” in the commercial insurance market. H.R. REP. NO. 116-615, at 53 (2020) (identifying “highly inflated payment rates” in certain provider specialties when compared to Medicare rates for similar items or services). Congress did not intend for providers to sweep government-regulated claims into a system designed exclusively for commercial disputes, and it has a substantial interest in ensuring that

the regime created to alleviate overbilling does not perversely inflate bills for the very programs Congress used as a benchmark of reasonable pricing. If false attestations carry no consequence, the NSA's eligibility requirements become unenforceable suggestions.

Fourth, exercising jurisdiction will not disrupt the federal-state balance. This case presents discrete, important questions about a federal statutory scheme that can be “settled once and for all,” *Empire Healthchoice*, 547 U.S. at 700, without opening federal courts to routine state-law disputes.

Although MMEMA may point to recent decisions in which courts ruled against insurers asserting claims related to the NSA IDR process, those cases are each legally and factually distinguishable. In *Aetna Health Inc., et al. v. Radiology Partners, Inc., et al.*, No. 3:24-cv-01343-BJD-LLL (M.D. Fla. Apr. 16, 2026), Aetna brought claims related to its overpayment on “tens of thousands” of IDR awards that it sought to *vacate*, and central to the court's analysis was whether Aetna pleaded its claim “in a manner to allow for review of the IDR *awards*.” *Id.* at 4, 7 (emphasis added). Similarly, in *Anthem Blue Cross Life & Health Insurance Co. v. HaloMD LLC*, 2026 WL 982629 (C.D. Cal. Apr. 9, 2026), plaintiff brought RICO and ERISA claims and sought “vacatur of individual IDR determinations,” and the court's analysis turned on “the substantive requirements for claiming vacatur under 9 U.S.C. § 10(a)(1) or (4).” *Id.* at *7, *9. Those courts' determinations are irrelevant here:

United is seeking neither review nor vacatur of any IDR *award*; its claim is that MMEMA illegally submitted an ineligible D-SNP claim to the IDR process, triggering a process for which the claim was never eligible. And in *UnitedHealthcare of Pennsylvania, Inc. v. Northstar Anesthesia of Pennsylvania, LLC*, 2026 WL 1145885 (E.D. Pa. Apr. 28, 2026), the court’s analysis turned on a threshold premise absent here: “Everyone agree[d]” that the patient’s Medicaid claim was not eligible for IDR, and NorthStar conceded it “should not have disputed the charge.” *Id.* at *3, *8. Because ineligibility was undisputed, the court had no occasion to interpret the NSA under *Grable*—a predicate that does not exist here.

United’s claims satisfy both the well-pleaded complaint rule and all four factors of the *Grable* test.

B. United’s Claims Are Not Barred By The NSA’s Judicial Review Limitations

The NSA’s judicial review limitation does not bar United’s claims for a threshold reason: the D-SNP claim at issue was categorically excluded from the IDR process by statute. A claim that was never subject to the NSA cannot be subject to the NSA’s limitations on judicial review. Congress enacted the NSA to resolve payment disputes on *commercial* insurance claims; Medicare and Medicaid claims are expressly excluded from the statute’s scope. Because the claim at issue here was categorically excluded, the IDRE had no jurisdiction to issue any award, and the

NSA’s judicial review framework, which governs challenges to valid IDR determinations on eligible claims, has no application.

Moreover, even if the claim at issue were subject to the NSA, MMEMA concedes that the NSA provides that an IDRE determination “shall be binding upon the parties involved *in the absence of a fraudulent claim or evidence of misrepresentation of facts.*” Mot. at 14 (PageID.125) (emphasis added) (quoting 42 U.S.C. § 300gg-111(c)(5)(E)(i)). By MMEMA’s own admission, the statute expressly carves out fraud claims from the finality ordinarily afforded to IDR determinations. That is exactly what United alleges here: MMEMA fraudulently attested to eligibility on a D-SNP claim that Congress categorically excluded from the IDR process. United’s claim falls squarely within the fraud exception MMEMA itself identifies.

MMEMA’s reliance on *Guardian Flight, L.L.C. v. Health Care Service Corp.* (“*Guardian Flight I*”), 140 F.4th 271 (5th Cir. 2025), and *Guardian Flight, L.L.C. v. Medical Evaluators of Texas ASO, L.L.C.* (“*Guardian Flight II*”), 140 F.4th 613 (5th Cir. 2025), is unavailing. Mot. at 14-15 (PageID.125-126). In *Guardian Flight I*, the Fifth Circuit held only that “the NSA contains no express right of action to enforce or confirm an IDR *award.*” 140 F.4th at 275 (emphasis added). *Guardian Flight II* involved a provider who challenged the *amount* of an award and not

whether the IDRE had jurisdiction to issue any award in the first place. 140 F.4th at 618-19. Neither case involved fraudulent misrepresentation of eligibility.

MMEMA's collateral attack argument fares no better. MMEMA cites *Sander v. Weyerhaeuser Co.*, 966 F.2d 501, 502-03 (9th Cir. 1992), and *Nickoloff v. Wolpoff & Abramson, L.L.P.*, 511 F. Supp. 2d 1043, 1044 (C.D. Cal. 2007), for the proposition that United cannot pursue an independent fraud claim that "repackages" an attack on the IDR award. Mot. at 15 (PageID.126). But both cases involved claims that were undisputedly within the arbitrator's jurisdiction. In *Sander*, the plaintiff sought "a revaluation of his stock" after participating in an arbitration on a claim within the arbitrator's jurisdiction. 966 F.2d at 502. In *Nickoloff*, the plaintiff challenged "the sufficiency of the documentary evidence filed during the arbitration" on a claim properly before the arbitrator. 511 F. Supp. 2d at 1044. Here, by contrast, the D-SNP claim was categorically excluded from the IDR process by statute. MMEMA's fraud occurred before any legitimate arbitration could begin, when MMEMA submitted a false attestation to initiate a proceeding the IDRE had no jurisdiction to conduct.

Even if the NSA's judicial review limitation applied (again, it does not), that limitation extends only to *payment* determinations. The statute's bar on judicial review appears in a subsection titled "Payment determination." Had Congress intended to preclude review of all aspects of the IDR process, including fraud claims

based on false eligibility attestations, it could have done so. Because United challenges MMEMA's conduct initiating the IDR process, not any payment determination, the limitation has no bearing here.²

MMEMA cannot escape the fraud exception it cites. If MMEMA's interpretation were correct—that the NSA bars all judicial review except through FAA vacatur—the fraud exception would serve no purpose. Congress does not include exceptions it intends to be unenforceable.

Finally, United is not seeking vacatur of the IDRE's determination. United *agrees* with MMEMA that the proper avenue to challenge *payment* determinations on eligible, properly submitted IDR claims is to seek vacatur. But this case concerns a categorically excluded claim. United's fraud claim is a direct challenge to MMEMA's pre-arbitration misconduct, not a backdoor attack on the payment determination for which vacatur is sought.

C. The *Noerr-Pennington* Doctrine Does Not Immunize MMEMA's Fraudulent Conduct

The *Noerr-Pennington* doctrine does not immunize MMEMA's fraudulent conduct, which is not protected petitioning activity. The *Noerr-Pennington* doctrine,

² The posture of this case is plainly distinct from cases in which plaintiffs have attempted to use state-law claims as vehicles to challenge or seek to vacate IDR *payment* determinations, that is, the actual award the IDRE issued on the submitted claim. United does not seek to vacate the award. United's position is that the IDRE had no jurisdiction to issue any award because the claim was never eligible for the IDR process.

grounded in the First Amendment’s protection of the right to petition the government for redress, protects “conduct genuinely intended to influence governmental action.” *Clipper Exxpress v. Rocky Mountain Motor Tariff Bureau, Inc.*, 690 F.2d 1240, 1253 (9th Cir. 1982). IDREs are not government decisionmakers; they are private, CMS-certified entities that adjudicate payment disputes between providers and insurers, and the doctrine therefore does not apply.³ The harm to United flows directly from MMEMA’s false attestation, not from any governmental action. If filing any claim with a CMS-certified entity constituted protected petitioning activity, providers could submit blatantly fraudulent claims with impunity so long as the adjudicator had some connection to federal law.

Even if the doctrine did apply, the *Noerr-Pennington*’s sham exception independently forecloses any immunity for MMEMA’s conduct. A party’s actions are a sham if they (1) are “objectively baseless”; (2) involve a series of proceedings brought without regard to their merits; *or* (3) involve “a party’s knowing fraud upon, or its intentional misrepresentations to, the court.” *B&G Foods N. Am., Inc. v. Embry*, 29 F.4th 527, 537-38 (9th Cir. 2022). MMEMA’s conduct satisfies each exception. *First*, MMEMA did not merely pursue a close-call claim or a claim with

³ MMEMA does not cite any cases that can be read to provide any support that IDREs are government decisionmakers. Indeed, MMEMA’s reliance on *Viriyapanthu v. California*, 2018 WL 6136150, at *9 (C.D. Cal. Sept. 24, 2018) is misplaced and inapposite because the California State Bar expressly “reserve[d] authority over [the] arbitration[.]” at issue.

arguable merit; rather, the D-SNP claim at issue was *categorically* excluded from the IDR process by statute. 42 U.S.C. § 300gg-111(c)(1); 45 C.F.R. § 149.510(a)(1); *Federal Independent Dispute Resolution (IDR) Technical Assistance for Certified IDR Entities and Disputing Parties* at 3 (June 2025), <https://www.cms.gov/files/document/idr-ta-errors-after-dispute-closure.pdf> (last visited May 19, 2026). No submission to the IDRE seeking payment on such claims can be anything other than objectively baseless.⁴ *Second*, MMEMA has initiated “more than one thousand disputes” against United, and the Complaint alleges that MMEMA’s conduct is “intentionally designed to undermine the very integrity” of the IDR process. Compl. ¶ 5. And *third*, MMEMA submitted an attestation to the IDRE it knew to be false, without which the IDRE would never have assumed jurisdiction over the claim and erroneously issued an award. *Kearney v. Foley & Lardner, LLP*, 590 F.3d 638, 647-48 (9th Cir. 2009) (finding that sham litigation exception applies to a misrepresentation to the court crucial to the outcome of the case). MMEMA cannot claim immunity for consequences that flow directly from its own deceptive conduct.

⁴ MMEMA’s reliance on *White v. Lee*, 227 F.3d 1214, 1231-32 (9th Cir. 2000), is misplaced. Mot. at 18 (PageID.129). Unlike the robust litigation in *White* before a judge with jurisdiction, the IDR process was a sham arbitration that involved no discovery, no evidentiary hearing, and no opportunity for cross-examination. MMEMA cannot credibly argue that success before an IDRE *that lacked jurisdiction to even hear the dispute* proves that its submission was anything other than objectively baseless.

D. MMEMA’s Fraud Arguments Are Without Merit

1) United Has Satisfied Rule 9(b)’s Heightened Pleading Standard

United’s Complaint satisfies the Rule 9(b) pleading standard, what MMEMA refers to as “the who, what, when, where, and how” of MMEMA’s fraud. Mot. at 19. (PageID.130). MMEMA’s arguments to the contrary proceed from the false premise that MMEMA is not responsible for the actions of its contracted agent, Halo.

United alleged that MMEMA, through its agent Halo (the “who”), submitted the claim to the IDR process on August 19, 2025 (the “when”). Compl. ¶ 68. United has alleged that Halo is “based in Texas” (the “where”) and that Halo, operating on MMEMA’s behalf, “initiated the IDR proceeding via an online federal web portal” with an attestation of eligibility (the “how”). *Id.* ¶¶ 69-70. United has also alleged that the eligibility attestation was false, and that MMEMA knew it was, because MMEMA possessed the PRA before, and at the time of, submission, and the PRA clearly informed MMEMA of the patient’s Medicare Advantage D-SNP plan enrollment (the “what”). *Id.* ¶¶ 61-66.

MMEMA argues that United is “point[ing] to a third party,” Mot. at 20 (PageID.130), but ignores that Halo was *servicing as MMEMA’s agent*. Compl. ¶ 68. The liability of a principal for its agent’s wrongful acts is foundational tort law. *Lucas v. Liggett & Myers Tobacco Co.*, 442 P.2d 460, 463 (Haw. 1968) (“A principal who puts a servant or other agent in a position which enables the agent, while

apparently acting within his authority, to commit a fraud upon third persons is subject to liability to such third persons for the fraud.” (quoting Restatement (Second) of Agency § 261 (1957)); *State v. Hoshijo ex rel. White*, 76 P.3d 550, 562 (Haw. 2003) (“It is well established that [a] master is subject to liability for the torts of his [or her] servants committed while acting in the scope of their employment.” (citations omitted)). Though United contends that MMEMA was fully aware, as only MMEMA knows what claims to submit to Halo, in fraud cases, a principal is vicariously liable for the acts of its agent regardless of whether the principal is aware of the agent’s fraud. *Wong-Leong v. Haw. Indep. Refinery, Inc.*, 879 P.2d 538, 547 (Haw. 1994). United’s agency allegations include that Halo works for providers like MMEMA on a contingent-fee basis, gathers and organizes the provider’s records, prepares the provider’s case for the IDR proceeding in a manner representing the “provider’s position,” and signs attestations as “representative of the initiating party.” Compl. ¶¶ 68-71, 109. Here, MMEMA submitted disputes through Halo using MMEMA’s documentation, and Halo signed the attestation on MMEMA’s behalf. *Id.* ¶¶ 69, 109. MMEMA cannot escape liability by scapegoating its own agent.

2) MMEMA’s False Attestation Of Eligibility Was A Misrepresentation of Fact

MMEMA’s attestation was a misrepresentation of fact, not law. MMEMA certified that the claim was “within the scope of the Federal IDR process.” Compl.

¶ 4. That attestation necessarily implied that the patient was insured under a commercial insurance plan rather than a Medicare Advantage D-SNP plan, which is an objective fact whose truth or falsity “can be assessed without applying substantive law.” *See Hoang v. Hulme*, 2024 WL 6990992, at *7 (D. Haw. May 29, 2024). And MMEMA knew that representing the patient as a commercially insured patient was false because United’s PRA expressly stated that the patient was insured under a Medicare plan. Compl. ¶¶ 61-64. MMEMA’s attempt to recast this obvious factual misrepresentation as a mere “legal opinion” is a transparent effort to avoid accountability for its false statements.

But even if MMEMA’s attestation could be read, in part, as a misrepresentation of law, statements that blend legal conclusions with factual assertions are actionable when the speaker misrepresents the underlying facts. *See Johnson v. Wal-Mart Stores, Inc.*, 544 Fed. App’x 696, 698 (9th Cir. 2013) (observing that a fraud claim can arise from “a misrepresentation as to a matter of law [that] includes, expressly or by implication, a misrepresentation of fact” (quoting Restatement (Second) of Torts § 545(1) (1977))); *see also U.S. ex rel. Schutte v. SuperValu Inc.*, 598 U.S. 739, 756 (2023) (“[S]tatements involving some legal analysis remain actionable if they ‘carry with [them] by implication’ an assertion about ‘facts that justify’ the speaker’s statement.” (quoting Restatement (Second) of Torts § 545 cmt. c)). When a statement of law implies a misrepresentation of fact,

“the recipient is justified in relying upon the misrepresentation of fact to the same extent as though it were any other misrepresentation of fact.” *Johnson*, 544 Fed. App’x at 698 (quoting Restatement (Second) of Torts § 545(1) (1977)).⁵ MMEMA’s characterization of the attestation as purely legal ignores its necessary factual foundation: a misrepresentation that commercial insurance coverage existed.

3) United Has Adequately Alleged Reliance

United justifiably relied on MMEMA’s false attestation. MMEMA argues that United cannot show reliance because United “knew” the attestation was false. Mot. at 21-22 (PageID.132-133). That argument, if accepted, would immunize every provider who submits a fraudulent attestation, as insurers necessarily know whether a claim is eligible for IDR. Under MMEMA’s theory, a fraudster is rewarded for lying so long as the victim recognizes the lie—and if the insurer fails to convince the IDRE of the lie, the insurer would be faulted for causing its own harm. There is no path to a fraud claim under MMEMA’s circular logic, and that absurd result is not what Congress intended when it expressly provided that IDR awards are binding only “in the absence of a fraudulent claim or evidence of misrepresentation.” 42 U.S.C. § 300gg-111(c)(5)(E)(i)(I). “[C]ourts do not construe

⁵ Tellingly, the cases that MMEMA cites acknowledge this critical distinction. For example, in *Miller v. Yokohama Tire Corp.*, 358 F.3d 616 (9th Cir. 2004), the court expressly noted that the defendants’ “statements did not include express or implied misrepresentations of fact.” *Id.* at 621. In other words, the “misrepresentation of law [wa]s *only* one of opinion.” *Id.* (emphasis added).

statutes in a manner that would lead to absurd results.” *United States v. Casasola*, 670 F.3d 1023, 1029 (9th Cir. 2012). United’s participation in the IDR process was not voluntary — it was compelled by MMEMA’s fraud.

Even if MMEMA’s illogical theory could stand (it cannot), whether a party relied on a fraudulent statement and whether that reliance was justified are factual issues rarely suitable for resolution on a motion to dismiss. *See Bennett v. Poipu Resort Partners, L.P.*, 558 F. Supp. 3d 872, 891 (D. Haw. 2021) (“The question of whether a plaintiff’s reliance was justifiable is ordinarily a question for the jury. . . .”). Here, MMEMA’s false attestation deprived United of the very interest that the reliance element is designed to protect: its decisional autonomy. The wrong of fraud is fundamentally “an interference with [the injured party’s] interest in being able to make . . . decisions in certain settings free of misinformation generated by others.” John C.P. Goldberg, Anthony J. Sebok & Benjamin C. Zipursky, *The Place of Reliance in Fraud*, 48 ARIZ. L. REV. 1001, 1002 (2006). Once MMEMA’s agent Halo submitted the false attestation, United (a) was automatically required to pay a nonrefundable administrative fee for the ineligible claim, and (b) had no choice but to participate in the IDR process or face default. Compl. ¶ 111. MMEMA’s false attestation forced United into an inapplicable and nonconsensual arbitration proceeding and forced United to pay administrative and IDRE fees for the privilege of defending against a proceeding that should never have occurred. United’s only

recourse was to bring this action challenging MMEMA's fraud, which is precisely what Congress contemplated when it included the fraud exception.

MMEMA's reliance on *Borecki v. Safeguard Security & Communications, Inc.*, 2012 WL 1343952 (D. Ariz. Apr. 18, 2012), is misplaced. Mot. at 21-22 (PageID.132-133). In *Borecki*, the plaintiff had an opportunity to contest the allegedly false claims in a judicial proceeding with discovery and evidentiary hearings. Here, IDR affords none of those protections. Moreover, in *Borecki*, the allegedly fraudulent statements were merely evidence presented during the proceeding—not, as here, the basis for initiating a proceeding that should never have occurred.

4) United Has Adequately Alleged Damages

The administrative and IDRE fees United was forced to pay constitute damages directly caused by MMEMA's fraud. But for MMEMA's fraudulent initiation of the IDR process, United would not have been forced to pay mandatory fees imposed by an inapplicable federal regulatory scheme. Compl. ¶¶ 81, 86. These out-of-pocket losses are compensable harm. *See Zanakis-Pico v. Cutter Dodge, Inc.*, 47 P.3d 1222, 1233 (Haw. 2002) (holding that out-of-pocket losses are compensable harm in fraud actions). United asks this Court to do what the law provides: return United to the position it would have occupied had MMEMA not perpetrated fraud, free from the \$115 administrative fee and IDRE fee it already paid. *See Living*

Designs, Inc. v. E.I. Dupont de Nemours & Co., 431 F.3d 353, 366 (9th Cir. 2005) (“The aim of compensation is to place the plaintiffs in the same position they would have occupied had they not been defrauded.”).

MMEMA’s argument that United failed to identify any damages, Mot. at 23 (PageID.134), is plainly unavailing. MMEMA characterizes United’s harm as limited to “just one insurance claim,” *id.*, but ignores that the harms from that claim—the administrative and IDRE fees—are concrete harms that satisfy the damages requirement and warrant judicial intervention. *See Zanakis-Pico*, 47 P.3d at 1233 (holding that there is “no threshold amount” of damages required for fraud and that “three to five dollars, which the [plaintiff] allegedly spent on gasoline” for travel due to fraudulent advertisement constituted a “substantial pecuniary loss”).

E. The IDRE Is Not An Indispensable Party

The IDRE is not an indispensable party. A person is necessary if, “in that person’s absence, the court cannot accord complete relief among existing parties.” Fed. R. Civ. P. 19(a)(1)(A). United seeks a declaration that *MMEMA*’s conduct was fraudulent and unlawful and an injunction preventing *MMEMA* from submitting more false attestations. This Court can grant that relief among the existing parties without the IDRE’s participation. The IDRE is merely the forum to which *MMEMA* directed its false attestation. A ruling that *MMEMA* committed fraud by submitting

a false attestation does not require the IDRE to do or refrain from doing anything—it establishes accountability for MMEMA’s conduct.

MMEMA’s reliance on *E.E.O.C. v. Peabody Western Coal Co.*, 400 F.3d 774, 780 (9th Cir. 2005), is misplaced. In *Peabody*, all parties agreed that the Navajo Nation was a necessary party because it was a signatory to the contract at issue—a textbook “inconsistent obligations” scenario absent here. The relief United seeks is directed at MMEMA’s conduct in submitting false attestations, and a ruling on whether MMEMA’s attestation was fraudulent does not dictate how any IDRE must rule in future disputes; it merely establishes accountability for a provider’s misconduct and prevents MMEMA’s future submission of ineligible claims. The IDRE is not in the position of the Navajo Nation in *Peabody*—it has no contractual or legal interest that would be impaired by a judgment against MMEMA.

Nor does any IDRE “claim[] an interest relating to the subject of the action” such that disposing of the action without it may “impair or impede [its] ability to protect the interest.” Fed. R. Civ. P. 19(a)(1)(B). That IDREs may be guided by this Court’s interpretation of the NSA in future disputes does not make them indispensable parties to this action.

F. Leave To Amend Must Be Granted If Deficiencies Exist In The Complaint

To the extent the Court identifies any deficiencies in the Complaint, United respectfully requests leave to amend. This is United’s first Complaint, and leave to

amend should be freely given. Fed. R. Civ. P. 15(a)(2); *Barahona v. Union Pac. R.R. Co.*, 881 F.3d 1122, 1134 (9th Cir. 2018). Even if this Court were to credit MEMMA's jurisdictional or joinder arguments, dismissal must be entered without prejudice. *Barke v. Banks*, 25 F.4th 714, 721 (9th Cir. 2022) (per curiam); *Dredge Corp. v. Penny*, 338 F.2d 456, 464 (9th Cir. 1964).

IV. CONCLUSION

For the foregoing reasons, United respectfully requests that this Court deny MEMMA's Motion to Dismiss in its entirety.

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/s/ John-Anderson L. Meyer

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