

No. 26-40316

In the United States Court of Appeals
for the
Fifth Circuit

BLUE CROSS BLUE SHIELD OF TEXAS, A DIVISION OF HEALTH CARE
SERVICE CORPORATION, A MUTUAL LEGAL RESERVE COMPANY,

Plaintiff-Appellant,

v.

HALOMD, LLC, ALLA LAROQUE, and SCOTT LAROQUE,

Defendants-Appellees.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT
OF TEXAS
NO: 5:25-CV-00132

**BRIEF FOR *AMICUS CURIAE* TEACHER RETIREMENT
SYSTEM OF TEXAS IN SUPPORT OF PLAINTIFF-
APPELLANT**

KEN PAXTON
Attorney General of Texas

ZACHARY W. BERG
Special Counsel

BRENT WEBSTER
First Assistant Attorney General

STEVEN LOOMIS
Special Counsel

MICHAEL COTTON
Chief, Special Litigation Division

JACOB P. DUSTIN
Special Counsel

Office of the Attorney General
P.O. Box 12548, Capitol Station
Austin, Texas 78711-2548
(512) 463-2100

*Counsel for Amicus Curiae Teacher
Retirement System of Texas*

CERTIFICATE OF INTERESTED PERSONS

Under the fourth sentence of Fifth Circuit Rule 28.2.1, Teacher Retirement System of Texas, as a governmental party, need not furnish a certificate of interested persons.

/s/ Zachary W. Berg

Zachary W. Berg

Counsel for Teacher Retirement System of Texas

TABLE OF CONTENTS

	Page
Certificate of Interested Persons	ii
Table of Authorities	iv
I. Identity and Interest of Amicus Curiae	1
II. Summary of the Argument	2
III. Argument	6
A. The laws at issue were enacted to protect patients and constrain excessive out-of-network costs—not to insulate abuse of the IDR process.	6
1. The No Surprises Act.....	6
2. BCBSTX alleges HaloMD exploited, and violated, the policy behind the NSA and SB 1264.....	9
B. The NSA limits review of IDR awards, not independent claims alleging systemic fraud.	11
1. The district court’s collateral-attack analysis failed to distinguish among the claims, injuries, and requested remedies.	13
2. The judicial-review provision governs only a payment determination, not every claim associated with, or arising out of, an IDR proceeding.	19
3. The district court improperly allowed the issuance of an award to determine the statutory scope of the IDR process.	22
C. The district court’s decision below creates egregious, unintended, and irreversible consequences.	25
1. The district court’s interpretation creates immunity Congress neither enacted nor intended.	25
2. Abuse of the IDR process threatens the affordability of health coverage for Texas teachers and retirees.	26
IV. Conclusion	30
Certificate of Service	32
Certificate of Compliance	32

TABLE OF AUTHORITIES

	Page
Cases	
<i>Allen v. Vertafore, Inc.</i> , 28 F.4th 613 (5th Cir. 2022).....	26
<i>Guardian Flight, L.L.C. v. Health Care Serv. Corp.</i> , 140 F.4th 271 (5th Cir. 2025).....	25
<i>Gulf Petro Trading Co. v. Nigerian National Petroleum Corp.</i> , 512 F.3d 742 (5th Cir. 2008).....	16, 18
<i>PaineWebber Inc. v. Chase Manhattan Private Bank (Switzerland)</i> , 260 F.3d 453 (5th Cir. 2001).....	19
<i>REACH Air Medical Services LLC v. Kaiser Found. Health Plan Inc.</i> , 160 F.4th 1110 (11th Cir. 2025).....	passim
<i>Tex. Brine Co. v. Am. Arb. Ass’n</i> , 955 F.3d 482 (5th Cir. 2020).....	16
<i>Tex. Med. Ass’n v. U.S. Dep’t Health & Hum. Servs.</i> , 110 F.4th 762 (5th Cir. 2024).....	9
Statutes	
42 U.S.C. § 300gg-111	7, 24
42 U.S.C. § 300gg-111(a)(1)	8
42 U.S.C. § 300gg-111(a)(3)(k).....	8
42 U.S.C. § 300gg-111(a)(3)(K).....	23
42 U.S.C. § 300gg-111(b)(1)	8
42 U.S.C. § 300gg-111(c)	passim
42 U.S.C. § 300gg-111(c)(1)(A).....	8
42 U.S.C. § 300gg-111(c)(1)(B)	8, 23
42 U.S.C. § 300gg-111(c)(3)(A).....	8
42 U.S.C. § 300gg-111(c)(5)(A)(i)	8
42 U.S.C. § 300gg-111(c)(5)(B)	8
42 U.S.C. § 300gg-111(c)(5)(E)(i)	21
42 U.S.C. § 300gg-111(c)(5)(E)(i)(I)	4
42 U.S.C. § 300gg-111(c)(5)(E)(i)(II)	3, 4, 11, 14

42 U.S.C. § 300gg-131(a)	7
42 U.S.C. § 300gg-132(a)	7
9 U.S.C. § 10(a)(1)	14
<i>Axon Enter., Inc. v. F.C.C.</i> , 598 U.S. 175 (2023)	24
H.R. Rep. No. 116-615 (2020)	6, 7, 9
No Surprises Act, Pub. L. No. 116-260, div. BB, tit. I, 134 Stat. 1182, 2758– 890 (2020)	2
S.B. 1264 Bill Summary, 86th Leg., R.S. (Tex. 2019), https://capitol.texas.gov/billlookup/BillSummary.aspx?Bill=SB1264&Leg Sess=86R	8, 27

Other Authorities

Congressional Committee Leaders Announce Surprise Billing Agreement, H. Comm. on Ways & Means (Dec. 11, 2020), https://waysandmeans.house.gov/2020/12/11/congressional-committee- leaders-announce-surprise-billing-agreement/	7
<i>District Financial Considerations</i> , Teacher Ret. Sys. of Tex., https://joinactivecare.trs.texas.gov/health-benefits/employers/district- leadership/district-financial-considerations (last visited Sept. 25, 2026)	28
Gary Claxton et al., <i>An Analysis of Out-of-Network Claims in Large Employer Health Plans</i> , Peterson-KFF: Health System Tracker (Aug. 13, 2018), https://www.healthsystemtracker.org/brief/an-analysis-of-out-of- network-claims-in-large-employer-health-plans/	6
<i>Health Benefits</i> , Teacher Ret. Sys. of Tex., https://trs.texas.gov/health- benefits (last visited Sept. 25, 2026)	29
Jack Hoadley & Kennah Watts, <i>The Substantial Costs of the No Surprises Act Arbitration Process</i> , Health Affs.: Forefront (Aug. 25, 2025), https://www.healthaffairs.org/content/forefront/substantial-costs-no- surprises-act-arbitration-process	10
Jessica Hale, Tamara Hayford & Daria Pelech, <i>A Call for New Research on the No Surprises Act</i> , Cong. Budget Off.: Blog (June 15, 2026), https://www.cbo.gov/publication/62491 (explaining new evidence suggests the Act may not have the effects CBO originally anticipated)	10

Regulations

86 Fed. Reg. 36,872 (July 13, 2021)	6
---	---

86 Fed. Reg. 55,980 (Oct. 7, 2021).....	6
91 Fed. Reg. 33,900 (June 4, 2026)	9, 10
99 Fed. Reg. 88,494 (Dec. 21, 2023).....	10

I. IDENTITY AND INTEREST OF AMICUS CURIAE

Teacher Retirement System of Texas (TRS) administers health-benefit programs serving hundreds of thousands of Texas public-school employees, retirees, and their families. Those programs include TRS-ActiveCare, which provides health coverage for participating public-school employees, and TRS-Care, which provides health coverage for eligible retired public-school employees and their dependents.

TRS has a substantial interest in the proper operation of the statutory framework governing out-of-network payment disputes. As the administrator of health-benefit programs covering over 600,000 Texas educators, retirees, and their dependents, TRS has a direct interest in ensuring mechanisms intended to resolve those disputes operate efficiently and are used only for eligible disputes. The alleged systemic submission of ineligible disputes can impose costs beyond the payment ultimately awarded, including the administrative expense of identifying and responding to disputes that should never have entered the process. Those concerns matter to TRS because the payment of ineligible disputes and costs of administering health benefits affect the resources that remain available to provide affordable coverage to Texas educators and retirees.

TRS therefore has a particular interest in the issues presented by this appeal. Its perspective can assist the Court in considering the distinction between an ordinary challenge to an individual payment determination and allegations that ineligible

disputes were systemically placed into a process designed to resolve eligible payment disputes.

II. SUMMARY OF THE ARGUMENT

Congress enacted the No Surprises Act, Pub. L. No. 116-260, div. BB, tit. I, 134 Stat. 1182, 2758–890 (2020) (NSA), to protect patients from unexpected out-of-network bills while providing a defined process for resolving payment disputes between plans and providers. Texas adopted a similar patient-protective framework in Senate Bill 1264, Acts 2019, 86th Leg., ch. 1342, whose protections expressly extend to participants in TRS-Care and TRS-ActiveCare. That mechanism—the federal independent dispute resolution (IDR) process—was designed to resolve **eligible** payment disputes, not to shield alleged abuse of the process itself. 42 U.S.C. § 300gg-111(c). Blue Cross Blue Shield of Texas, a division of Health Care Service Corporation, a mutual legal reserve company (BCBSTX), alleges HaloMD, LLC, Alla LaRoque, and Scott LaRoque (collectively, HaloMD) systematically, overwhelmingly, and knowingly submitted thousands of disputes that were ineligible for IDR, resulting in the imposition of payment awards and substantial administrative costs on BCBSTX and the plans it administers. The district court treated those allegations—focusing on HaloMD’s conduct—as equivalent to an ordinary challenge to an unfavorable IDR award, undermining the purposes the statutory schemes were enacted to serve.

Indeed, by definition, the NSA limits review of IDR awards, not independent claims alleging systemic fraud. The district court impermissibly expanded a narrow limitation on judicial review into a jurisdictional bar Congress did not enact or intend. The judicial-review provision at issue governs only a payment determination—not every claim associated with, or arising out of, an IDR proceeding. Congress expressly preserved judicial review “in a case described in any of paragraphs (1) through (4) of section 10(a)” of the Federal Arbitration Act (FAA). 42 U.S.C. § 300gg-111(c)(5)(E)(i)(II).

The Eleventh Circuit’s decision in *REACH Air Medical Services LLC v. Kaiser Found. Health Plan Inc.*, 160 F.4th 1110 (11th Cir. 2025), explains how that statutory framework operates. There, the court held the NSA “explicitly incorporates the FAA’s provisions allowing for the vacatur of arbitration awards.” *Id.* at 1119. Because Congress incorporated FAA § 10(a)(1)–(4), it also incorporated the settled judicial meanings of those provisions, and courts applying the NSA may rely on precedent interpreting the FAA. *Id.* at 1118–19. Accordingly, *REACH* did not treat the NSA’s general finality rule as a threshold barrier that eliminated the incorporated exceptions. It examined the plaintiff’s allegations under FAA § 10(a)(4), then separately evaluated whether the alleged conduct satisfied § 10(a)(1)’s standards for fraud or undue means. *Id.* at 1119–24.

The district court’s ruling below followed a different path, acknowledging the NSA permits judicial review in cases described by FAA § 10(a)(1)–(4), but it then refused to even determine whether BCBSTX’s allegations described such a case. Instead, the court concluded BCBSTX’s claims were impermissible collateral attacks because the alleged injuries were sufficiently connected to the IDR awards. Order at 8–13. On that basis, the court dismissed Claims I through VII, insofar as they concerned federal IDR, with prejudice for lack of subject-matter jurisdiction. Order at 13–14. The court expressly declined to reach the sufficiency of the allegations under Rules 9(b) and 12(b)(6). Order at 17.

The district court erred. Congress chose finality for federal IDR determinations, but not absolute immunity from judicial review. The NSA provides a certified IDR entity’s determination generally is binding and “shall not be subject to judicial review,” but expressly excepts “a case described in any of paragraphs (1) through (4) of section 10(a)” of the FAA. 42 U.S.C. § 300gg-111(c)(5)(E)(i)(II). The statute separately provides an IDR determination is binding “in the absence of a fraudulent claim or evidence of misrepresentation of facts presented to the” certified IDR entity. *Id.* § 300gg-111(c)(5)(E)(i)(I). The district court should have considered whether the alleged conduct satisfied § 10(a)’s standards before dismissing the Complaint.

The consequences of the district court’s decision extend beyond the parties. Under the district court’s reasoning, an unsuccessful attempt to place an ineligible dispute into IDR receives no special protection. But once the alleged misrepresentation succeeds and a payment determination issues, the award becomes a jurisdictional barrier to claims **irrespective of** the conduct used to procure it. In other words: the more successful the alleged deception, the more secure the immunity. Nothing in the Act converts an adjudicator’s responsibility to make a payment determination into a grant of blanket, untouchable immunity.

Moreover, TRS-ActiveCare and TRS-Care are self-funded. The costs of providing health care bear directly on the premiums required to sustain coverage for Texas public-school educators and retirees—and the treatments those educators and retirees may be forced to forego if funds aren’t available to cover the costs of necessary care because they’ve instead gone to cover administrative costs for IDR awards, or worse, into HaloMD’s pocket. Health-care costs have outpaced income growth in public education and employees have borne increasing costs through higher payments and greater out-of-pocket exposure. The alleged systemic submission of ineligible disputes threatens to add still more costs—awards, administrative fees, and overhead—to programs serving Texas educators and retirees. Accordingly, the Court should recognize the difference between an ordinary challenge to an IDR payment determination and allegations relating to a party’s

filing of abusive IDR claims, including that disputes were never eligible for IDR in the first place, and reverse and remand the judgment.

III. ARGUMENT

A. The laws at issue were enacted to protect patients and constrain excessive out-of-network costs—not to insulate abuse of the IDR process.

1. The No Surprises Act

Congress enacted the NSA in 2020 to correct a market failure. *See* H.R. Rep. No. 116-615, pt. 1, at 53–54 (2020) (describing market conditions Congress later addressed through the NSA). In an ordinary market, individuals can compare prices and choose whether to purchase a service. But health care does not always allow that choice. A patient rushed to an emergency room cannot realistically select each doctor who will provide treatment; nor can a patient who deliberately chooses an in-network hospital necessarily select the anesthesiologist, radiologist, or pathologist who participates in that care. *Id.* at 51–52; 86 Fed. Reg. 55,980, 56,046 (Oct. 7, 2021).¹ Before the Act, an out-of-network provider in those circumstances could bill the patient for the difference between the provider’s charge and the amount paid by the patient’s health plan—a “surprise bill” the patient had little practical ability to avoid. 86 Fed. Reg. 36,872, 36,874 (July 13, 2021); 86 Fed. Reg. at 56,046.

¹ *See also* Gary Claxton et al., *An Analysis of Out-of-Network Claims in Large Employer Health Plans*, Peterson-KFF: Health System Tracker (Aug. 13, 2018), <https://www.healthsystemtracker.org/brief/an-analysis-of-out-of-network-claims-in-large-employer-health-plans/>.

Congress sought to eliminate both the burden on patients and the underlying cost distortion.² The NSA generally shields patients from balance bills in covered circumstances and limits their cost-sharing, while leaving plans and providers to resolve the remaining question of reimbursement. 42 U.S.C. §§ 300gg-111(a)–(c), 300gg-131(a), 300gg-132(a). Congress viewed the payment mechanism as an “opportunity to tether payment rates for surprise out-of-network bills directly to market-based prices” and “curb[] cost growth relative to the status quo.” H.R. Rep. No. 116-615, at 57. The Congressional Budget Office similarly projected the legislation would reduce commercial insurance premiums by approximately 0.5% to 1% and decrease federal deficits by roughly \$17 billion from 2021 through 2030.³ The Act thus addressed both sides of the market failure—the surprise bill and the distorted out-of-network prices that helped produce it.

Congress’s solution did not end with protecting patients from surprise bills. The NSA also created a process for resolving the payment dispute between the plan and the out-of-network provider. *See* 42 U.S.C. § 300gg-111(c). After an initial payment or notice of denial, the parties have a 30-day period to negotiate a payment

² Congressional Committee Leaders Announce Surprise Billing Agreement, H. Comm. on Ways & Means (Dec. 11, 2020), <https://waysandmeans.house.gov/2020/12/11/congressional-committee-leaders-announce-surprise-billing-agreement/>.

³ Cong. Budget Off., *H.R. 133, Estimate for Divisions O Through FF of the Consolidated Appropriations Act*, 2021, Pub. L. No. 116-260, at 2–3, 7 (Jan. 14, 2021), https://www.cbo.gov/system/files/2021-01/PL_116-260_div%20O-FF.pdf.

amount. *Id.* § 300gg-111(c)(1)(A). If negotiation fails, either party may timely initiate federal independent dispute resolution for an eligible dispute. *Id.* § 300gg-111(c)(1)(B). Each side then submits a proposed payment amount to a certified IDR entity, which must select one of the two offers. *Id.* § 300gg-111(c)(5)(A)(i), (B). Therefore, Congress gave the parties the opportunity to agree on payment, reserving IDR and its final-offer process for eligible disputes incapable of resolution.

IDR’s abbreviated procedures reinforce that limited role. The parties operate under short deadlines, submit their offers without seeing or responding to the other side’s offer, and receive a decision selecting one of those offers. *Id.* § 300gg-111(c)(5)(A)(i), (B). Those constraints are designed to encourage reasonable offers, settlement, and prompt resolution while limiting administrative costs. *See Tex. Med. Ass’n v. U.S. Dep’t Health & Hum. Servs.*, 110 F.4th 762, 768 n.8 (5th Cir. 2024); 42 U.S.C. § 300gg-111(c)(3)(A). But not every payment dispute belongs in IDR. The NSA limits IDR to specified out-of-network claims and imposes requirements governing which disputes may enter the process.⁴ 42 U.S.C. §§ 300gg-111(a)(1), (a)(3)(k), (b)(1), (c)(1)(B).

⁴ Texas adopted the same basic approach in 2019 with Senate Bill “S.B.” 1264, which prohibited covered out-of-network providers from balance billing patients beyond the amounts permitted by law and created dispute-resolution procedures for plans and providers to resolve payment disagreements. S.B. 1264 Bill Summary, 86th Leg., R.S. (Tex. 2019), <https://capitol.texas.gov/billlookup/BillSummary.aspx?Bill=SB1264&LegSess=86R>.

2. BCBSTX alleges HaloMD exploited, and violated, the policy behind the NSA and SB 1264.

BCBSTX alleges HaloMD exploited that design rather than operating within it. According to the Complaint, HaloMD knowingly initiated tens of thousands of disputes involving claims that were ineligible for IDR, then stockpiled and submitted large numbers of those disputes at once—often over holidays or weekends—making it difficult for plan administrators to identify and contest eligibility within the process’s short deadlines. ROA.738–39. Those allegations present a problem different from an ordinary disagreement over the amount selected in IDR. BCBSTX does not merely allege IDR entities chose HaloMD’s offers when they should have chosen BCBSTX’s. It alleges HaloMD knowingly placed thousands of disputes into a process for which they were never eligible in the first place.

If proven, HaloMD’s conduct would turn the statutory design on its head. Congress created IDR to resolve **eligible** payment disputes against the backdrop of legislation intended to constrain excessive out-of-network costs. 42 U.S.C. § 300gg-111(c); H.R. Rep. No. 116-615, at 57. Its compressed procedures work only if the disputes entering the process belong there. 91 Fed. Reg. 33,900, 33,942 (June 4, 2026) (explaining ineligible disputes “drain[] resources needed to efficiently operate the Federal IDR process” and should be identified as early as possible). Flooding IDR with ineligible disputes exploits the very features intended to make

the process efficient, potentially transforming a cost-containment mechanism into a source of additional payments and administrative expense. *See id.* at 33,902, 33,942 (recognizing large numbers of ineligible disputes “slow processing of disputes” and “drain[] resources needed to efficiently operate the Federal IDR process”); 99 Fed. Reg. 88,494, 88,523 (Dec. 21, 2023).⁵ According to BCBSTX’s allegations, that’s precisely what occurred here.

The district court’s interpretation compounds the problem. *See* ROA.744–45. The same short deadlines that promote prompt resolution also limit the time available to identify and contest disputes regarding IDR eligibility. *See* 91 Fed. Reg. at 33,941–42. Yet the district court treated the statutory limits on review of IDR determinations as foreclosing BCBSTX’s claims. ROA.744–45. On that view, successfully pushing an allegedly ineligible dispute through IDR may become the very reason the conduct cannot later be challenged. As a result, the procedure intended to resolve eligible disputes becomes a means of insulating alleged misuse of the process.⁶

⁵ *See also* Jack Hoadley & Kennah Watts, *The Substantial Costs of the No Surprises Act Arb. Process*, Health Affs.: Forefront (Aug. 25, 2025), <https://www.healthaffairs.org/content/forefront/substantial-costs-no-surprises-act-arbitration-process>.

⁶ *See* Jessica Hale, Tamara Hayford & Daria Pelech, *A Call for New Research on the No Surprises Act*, Cong. Budget Off.: Blog (June 15, 2026), <https://www.cbo.gov/publication/62491> (explaining new evidence suggests the Act may not have the effects CBO originally anticipated).

That consequence bears directly on the purposes Congress and the Texas Legislature sought to advance. Both regimes protect patients from surprise bills by moving covered payment disputes away from the patient and into a defined process between plans and providers. An interpretation that leaves no meaningful means to address an alleged systemic abuse of the process would undermine those objectives, not advance them. Thus, the patient-protective purposes of these laws reinforce the distinction between an ordinary challenge to an IDR determination, over which a court generally lacks jurisdiction to review, and allegations that disputes were improperly placed into IDR in the first instance, which Congress certainly did not preclude.

B. The NSA limits review of IDR awards, not independent claims alleging systemic fraud.

The district court expanded a narrow limitation on judicial review into a jurisdictional bar Congress did not intend or enact. *See* ROA.743–45. The NSA restricts judicial review of a certified IDR entity’s payment determination for a qualified IDR item or service. 42 U.S.C. § 300gg-111(c)(5)(E)(i)(II). That’s it. It does not foreclose judicial review over entirely independent causes of action premised on the allegation that parties—like HaloMD here—engaged in a fraudulent and methodical scheme, driven by false and misleading information, to place

ineligible disputes into the IDR process. Nor, as discussed *supra* Section III.A.1, is this a conceivable congressional intent.

The distinction is fundamental. The former category of claims seeks review of the correctness of an IDR entity's selection between competing payment offers. The latter category of claims are wholly distinct, concerning whether unlawful conduct was used to initiate—and here by HaloMD, weaponize—proceedings that should never have occurred. The district court erroneously collapsed these distinct categories into one, reasoning that adjudicating the alleged fraud would “necessarily” call resulting payment determinations into question. ROA.744. That reasoning, however, fundamentally ignores the impetus and crux of BCBSTX's causes of action. It also, without basis, treats the mere issuance of an IDR award as an impenetrable immunity shield for fraudulent and deceptive conduct allegedly employed to procure it. Neither the Act nor this Court's precedent supports this result.

In *REACH*, the Eleventh Circuit held the NSA “explicitly incorporates the FAA's provisions allowing for the vacatur of arbitration awards.” 160 F.4th at 1119. *REACH* establishes that courts must separately examine whether the certified IDR entity exceeded its authority under § 10(a)(1)–(4). That process preserves the balance Congress selected. The district court, however, ignored the NSA's incorporation of the FAA and BCBSTX's allegations of wrongdoing in favor of a

blanket dismissal. If the district court’s expansive reasoning is left to stand, then plan administrators and others affected by HaloMD’s abusive practices will have no forum to seek accountability for HaloMD’s actions or to stop them altogether—contrary to Congressional intent.

1. The district court’s collateral-attack analysis failed to distinguish among the claims, injuries, and requested remedies.

The district court recognized the NSA permits judicial review in cases described by FAA § 10(a)(1)–(4). Order at 5–6. It nevertheless concluded all seven of BCBSTX’s claims were impermissible collateral attacks, reasoning BCBSTX sought damages “largely co-extensive” with losses attributable to adverse awards and the alleged harm resulted from the effect of the challenged submissions and eligibility decisions on the ultimate payment determinations. ROA.745–48. The court then applied that analysis to BCBSTX’s challenge to the alleged scheme as a whole and to its request for prospective relief. ROA.748–50. That sequence differs materially from the court’s analysis in *REACH*, where the court applied the incorporated FAA standards and rejected the challenge because the allegations did not satisfy them. 160 F.4th at 1119–24. Here, the district court treated the relationship between the alleged misconduct and the resulting awards as a reason not to apply those standards.

The collateral-attack doctrine prevents a party from avoiding the exclusive mechanism for reviewing an arbitral award by repackaging an award challenge as a

RICO, tort, or contract claim. *See Tex. Brine Co. v. Am. Arb. Ass’n*, 955 F.3d 482, 487–90 (5th Cir. 2020); *Gulf Petro Trading Co. v. Nigerian National Petroleum Corp.*, 512 F.3d 742, 747–50 (5th Cir. 2008). The district court accordingly examined the relationship among the alleged wrongdoing, the asserted harm, and the challenged awards. Order at 3–4.

But Congress expressly selected the mechanism governing judicial review of federal IDR determinations: FAA § 10(a)(1)–(4). 42 U.S.C. § 300gg-111(c)(5)(E)(i)(II). The collateral-attack doctrine should therefore direct a court to that exclusive statutory mechanism. It should not operate as a preliminary bar preventing the court from determining whether the mechanism applies.

The contrary approach creates a textual contradiction. Section 10(a)(1) applies when “the award was procured by corruption, fraud, or undue means.” 9 U.S.C. § 10(a)(1). A material relationship between alleged misconduct and an award is therefore not merely compatible with § 10(a)(1); it is required by the statute’s use of “procured.” Treating that relationship as sufficient by itself to foreclose review would exclude from the NSA’s exception the very cases the incorporated provision describes. *REACH* avoids that contradiction by requiring the party to prove the required connection under demanding FAA standards. 160 F.4th at 1121–24.

Not only was the district court mistaken as to the scope of the remedy sought, but its reasoning does not supply any basis for dismissal of the entire action on

jurisdictional grounds. To be sure, parts of the requested relief directly implicate completed payment determinations. But the Complaint cannot be construed in a vacuum. Plainly, the Complaint seeks recovery associated with allegedly fraudulently procured awards, and its declaratory count asks the court to determine awards entered on ineligible items or services are not binding. But that is only a small piece of this puzzle.

Amicus does not suggest that relabeling a request for vacatur as damages or declaratory relief would place it beyond the NSA's review limitation. But the converse is equally important. The implication of award-related relief does not convert every substantive claim, injury, and prospective remedy into a collateral attack. The required analysis is claim specific and remedy specific. The district court instead treated the action as an indivisible challenge to more than 42,000 awards and dismissed every claim on that basis. *See* ROA.744–51.

The Complaint alleges conduct and injuries extending beyond the legal effect of completed awards. HaloMD's asserted scheme allegedly began with false eligibility information, overlapping federal and state proceedings, fabricated plan information, untimely submissions, defective open negotiation, and concentrated waves of filings designed to overwhelm BCBSTX. Accordingly, the alleged injuries contemplate far more than improper IDR awards; they contemplate, among other damages, administrative fees, investigation expenses, staffing and technology costs,

operational burdens, amounts paid in settlements, and significant injunctive relief designed to prohibit HaloMD from continuing their harmful conduct. Some of those injuries allegedly arose before any payment determination. Others allegedly arose where BCBSTX's offer was selected, where the dispute settled, or where the matter was ultimately found ineligible. And the injunctive relief clearly seeks prospective relief designed to stop HaloMD from future harmful activity.

That distinction is essential under *Gulf Petro*. There, the alleged wrongdoing caused injury through its effect on the arbitration award, and the plaintiff sought the economic equivalent of the award it believed should have been entered. *See id.* at 750. The alleged injury therefore depended on the arbitral result itself. The district court held the same reasoning applied here because award-related losses were the “predominant source” of the damages sought and recovery of those amounts would effectively cancel the obligations imposed by the awards. ROA.746–47 & n.5. But that assessment neither accounts for injuries incurred before or apart from an award, nor does it establish an absence of subject-matter jurisdiction over the claims themselves.

Nor should *Gulf Petro* be extended mechanically from consensual arbitration to statutory IDR. Traditional arbitration derives its adjudicative authority from the parties' agreement. *See, e.g., PaineWebber Inc. v. Chase Manhattan Private Bank (Switzerland)*, 260 F.3d 453, 462 (5th Cir. 2001) (explaining parties cannot be

required to submit to arbitration absent agreement to do so). The agreement ordinarily identifies the disputes entrusted to the arbitrator, permits the parties to select governing procedures, and supplies the basis for treating the resulting award as the culmination of the parties' chosen adjudicative process. Federal IDR is qualitatively different both in purpose and function. It is imposed by statute rather than agreement; confined to a statutorily defined class of "qualified" items and services; operates on abbreviated deadlines and a limited record; and the IDR entity may select only one of two payment offers. An IDR entity does not exercise general adjudicative authority over related tort, statutory, or racketeering claims.

The district court relied on this Court's observation that certified IDR entities function "more or less exactly like arbitrators" when selecting between competing payment offers. ROA.749–50 (quotation omitted). But functional similarity in resolving a discrete payment dispute does not establish equivalence with respect to jurisdiction, procedure, or remedial authority. Moreover, the relevant question is not whether IDR entities perform an arbitral-like function in selecting payment amounts. It is whether Congress made that limited determination exclusive to independent claims alleging antecedent fraud, distinct injuries, and future misconduct. The statutory text does not make that leap.

The absence of consent is especially significant here. BCBSTX did not agree to submit civil RICO, common-law fraud, negligent-misrepresentation, or restitution

claims to an IDR entity, nor waive its right to pursue those claims in court. Nor could the IDR entity adjudicate those claims, permit discovery into the alleged enterprise, determine the liability of non-provider parties, or award the relief those claims authorize. Applying arbitration's collateral-attack doctrine as though those claims had been submitted to and decided by an arbitrator confers preclusive force on determinations the IDR entity lacked authority and procedural capacity to make.

The district court relied on the magnitude of the award-related damages to characterize those independent injuries as subordinate to, and perhaps even subsumed by, the payment determinations. ROA.746–47 & n.5. That is not a decision that can be made at this juncture, nor is it supported by a liberal construction of the well-pleaded allegations. Moreover, the relative size of different categories of damages has no bearing on the existence of subject-matter jurisdiction. Nor does it justify disregarding injuries that do not require vacatur of an award. If a category of damages would impermissibly negate the economic effect of a completed IDR determination, the court may address that category under the proper substantive or remedial standard. It may not use that concern to eliminate jurisdiction over every other claim and injury.

Prospective relief requires the same differentiation. An injunction prohibiting future false eligibility attestations or knowingly ineligible submissions would regulate future conduct. It would not require a court to recalculate a payment amount,

reconsider the statutory payment factors, or select between competing offers in a completed proceeding. Whether the Complaint states a sufficient basis for such relief, and whether any injunction can be framed with the specificity required by F.R.C.P. 65, are merits questions. A request to prevent future conduct cannot be dismissed as a collateral attack on an award that does not yet exist.

2. The judicial-review provision governs only a payment determination, not every claim associated with, or arising out of, an IDR proceeding.

There is no question Congress protected an IDR entity's payment determination for a qualified item or service from review. *See* Section III.A.1, *supra*. But Congress did not prohibit adjudication of every controversy factually, inferentially, or tangentially connected to an IDR proceeding. The Act does not mention RICO, misrepresentation, restitution, or other independently authorized causes of action. More to the point, it simply does not provide that federal courts lack jurisdiction when adjudication may require examination of systemic conduct that **preceded** an IDR award.

The allegations below illustrate this critical difference. According to the Complaint, HaloMD did not merely advocate for higher payment amounts in eligible proceedings. It allegedly submitted materially false information concerning a host of threshold eligibility requirements, including plan type, governing law, dates and completion of open negotiation, applicable filing deadlines, prior adjudication of the

same services, and satisfaction of other statutory prerequisites. ROA.738–39. The Complaint further alleges overlapping submissions in the federal and Texas systems, the use of fictitious information to bypass portal safeguards, and concentrated waves of submissions intended to impair BCBSTX’s ability to identify and contest ineligible disputes within the applicable deadlines. Those allegations do not seek review of a payment determination, i.e., review of the statutory factors used to select a payment offer once an eligible dispute is properly before the IDR entity—far from it. Rather, they allege misconduct by HaloMD that **preceded**, and impermissibly enabled, access to the IDR process itself.

The district court nevertheless held eligibility could not be separated from the resulting payment determination because the determination under § 300gg-111(c)(5)(A) concerns payment “for a qualified IDR item or service.” ROA.743–45. From that premise, the district court concluded adjudicating whether Defendants procured proceedings through false eligibility information would necessarily entail prohibited review of eligibility determinations made by IDR entities and, in turn, the resulting awards. ROA.744. The premise misapprehends the allegations advanced in the Complaint. And the premise does not support the district court’s conclusion.

Nothing in the Act converts an adjudicator’s responsibility to make a threshold determination into a grant of blanket, untouchable immunity to a participant that allegedly supplied false information material to that determination

as part of a systemic scheme for profit. Nor does it reduce an independent claim against that participant to an appeal from the adjudicator’s ultimate decision. Again, the Act confirms this critical distinction.

Section 300gg-111(c)(5)(E)(i) provides an IDR determination is binding “**in the absence** of a fraudulent claim or evidence of misrepresentation of facts presented to the certified IDR entity.” (emphasis added). Congress therefore expressly recognized that fraud and factual misrepresentation may affect the binding force of an IDR determination. At minimum, it forecloses any inference that Congress intended to bar judicial review over causes of action addressing well-pleaded allegations of fraud or misrepresentation exploited in the IDR process.

The district court’s analysis also conflated jurisdiction with the merits and available relief. A nonfrivolous federal claim ordinarily invokes federal-question jurisdiction. Whether the plaintiff adequately pleaded the elements of that claim, whether a particular category of damages is recoverable, and whether some requested relief would impermissibly interfere with the finality of an IDR award are analytically distinct questions. Those questions do not establish whether a court lacks adjudicative authority over the action as a whole or as a matter of law.

This clarification is particularly important here. The Complaint invokes express federal causes of action under RICO, as well as diversity jurisdiction over related state-law claims. *See* ROA.1. Meaning, this action does not depend on a

cause of action rooted in the NSA. The district court nonetheless relied on the absence of a general private right of action under the Act as support for concluding Congress did not permit these claims to proceed. ROA.744, 749–50. That step finds no support in the statute or in *Guardian Flight, L.L.C. v. Health Care Serv. Corp.*, 140 F.4th 271 (5th Cir. 2025), which the district court seemingly found dispositive. Simply, *Guardian Flight* provides **only** that there is no private right of action to enforce the NSA. 140 F.4th at 274. That holding does not—and cannot—nullify the ability to assert independent causes of action, including those alleging a methodical scheme to initiate ineligible IDR proceedings through fraudulent attestations. In other words, Congress’s decision not to create a cause of action under one statute does not—and cannot—extinguish causes of action expressly authorized by other sources of law, much less eliminate the federal courts’ subject-matter jurisdiction over them.

3. The district court improperly allowed the issuance of an award to determine the statutory scope of the IDR process.

The district court’s reasoning is also incompatible with Congress’s express limitation of federal IDR to a “**qualified** IDR item or service.” 42 U.S.C. § 300gg-111(c)(1)(B). The Act does not permit every out-of-network payment dispute to proceed through federal IDR. Congress established threshold requirements and preserved the operation of specified state laws. *See* 42 U.S.C. § 300gg-111(a)(3)(K), (c). A dispute governed by a specified state law follows the state-law payment

mechanism. A dispute satisfying the federal statutory requirements may proceed through federal IDR. These separate channels can, however, be exploited through false threshold information and strategic mass submissions.

As the Complaint alleges, HaloMD initiated federal proceedings involving services governed by Texas law, Medicare-covered services, untimely submissions, proceedings commenced without the required open-negotiation process, and federal proceedings involving services also submitted through the Texas process. If those allegations are taken as true, which the district court must do on a motion to dismiss, *Allen v. Vertafore, Inc.*, 28 F.4th 613, 615–16 (5th Cir. 2022), the disputes did not become “qualified” merely because HaloMD initiated them or because an IDR entity later selected a payment offer. Nothing in the Act’s plain language supports treating an award’s issuance as conclusive, impenetrable proof that the underlying dispute fell within the statute’s scope for every purpose and against every independently authorized cause of action.

An IDR entity certainly has responsibility to assess eligibility based on the information available in the individual proceeding. But its eligibility determination does not adjudicate whether a participant engaged in a broader course of racketeering or fraud across thousands of proceedings—and that determination becomes illusory if the plan has no opportunity to challenge an otherwise ineligible claim because it was overwhelmed by strategic mass filings, such that it cannot possibly respond to

all of them. *See generally* 42 U.S.C. § 300gg-111. A pattern that may not be apparent from an individual submission may become—and here, **has become**—evident only when submissions, attestations, timing, communications, and methods of bypassing portal safeguards are considered collectively.

Nor does the availability of an administrative reopening procedure compel a different conclusion. A mechanism for correcting an erroneous eligibility or payment determination in an **individual** dispute is not a substitute for adjudicating an alleged scheme. *Cf. Axon Enter., Inc. v. F.C.C.*, 598 U.S. 175 (2023) (Court found judicial review may be essential in the context of review-limiting statute when, among other factors, preclusion of district court review “could foreclose all meaningful judicial review” of particular claim alleged, especially if claim may not be “of the type the statutory review schemes reach”) (internal citations and quotations omitted). Most importantly for present purposes, the existence or adequacy of an alternative remedy does not transform the NSA’s limitation on review of a payment determination into a withdrawal of subject matter jurisdiction over all claims connected to the Act—or even more critically, any such claims that may otherwise never receive meaningful review due to perfunctory application of the Act—as the district court seemingly held.

C. The district court’s decision below creates egregious, unintended, and irreversible consequences.

4. The district court’s interpretation creates immunity Congress neither enacted nor intended.

The practical consequence of the district court’s decision cannot be overstated. Under the district court’s reasoning, an unsuccessful attempt to place an ineligible dispute into IDR receives no special protection. But once the alleged misrepresentation succeeds and a payment determination issues, the award becomes a jurisdictional barrier to claims *irrespective of* the conduct used to procure it. The district court’s order does not prevent bad behavior—it effectively **rewards** it.

Nothing in the Act indicates Congress intended such a result. Congress protected the finality of payment determinations in qualified disputes. It did not create a “no-liability zone” for parties accused of systematically misrepresenting whether disputes qualified for IDR in the first place. The district court’s decision, which proclaims there is *no* tribunal capable of adjudicating the alleged scheme, is remarkable. An IDR entity can decide whether an individual dispute is eligible and, if so, select a payment offer. Its role is discrete and, in many respects, ministerial. It cannot adjudicate civil RICO or common-law fraud, order and engage in discovery, award damages for an alleged course of conduct spanning thousands of proceedings, or enjoin future misrepresentations. For that, there is no dispute. Treating the IDR process as exclusive, and seemingly comprehensive of all threshold considerations

and inquiries, cannot be harmonized with the plain language or the statutory intent of the Act.

Notably, when the district court asked where a remedy would exist for the alleged conduct, Defendants' response was that BCBSTX could pursue individual administrative challenges, seek regulatory intervention, or ask Congress to change the law. None of those options suggest statutory exclusivity—nor could they. More fundamentally, these options entirely miss the point and would allow entities like HaloMD to exploit a system without oversight or interference, and to maximize its profits all the while.

Courts should enforce the Act's limitation against direct efforts to vacate protected payment determinations outside the review Congress authorized. But courts must separately conduct an analysis pursuant to § 10(a) to determine whether independent causes of action seek relief for antecedent misconduct, distinct injuries, or prospective violations that do not depend on, or otherwise merely subsist off of, a mere reconsideration of the merits of a payment determination. The district court conducted no such analysis, which itself magnifies the error and requires reversal.

5. Abuse of the IDR process threatens the affordability of health coverage for Texas teachers and retirees.

The costs of IDR abuse do not stop with the health plans themselves. They ultimately affect the people those plans serve. For TRS, that means hundreds of

thousands of Texas public-school employees, retirees, and their families. S.B. 1264 Bill Analysis, *supra*, at 1.

TRS-ActiveCare and TRS-Care plans are self-funded: BCBSTX processes medical claims, and TRS pays those claims from the applicable fund.⁷ Employees, their employers, the State of Texas, and ultimately Texas taxpayers finance those funds.⁸ And TRS sets total premiums based in part on what each fund spends on health care.⁹ So, when health-care costs rise, the pressure does not disappear inside an insurer's balance sheet. It reaches the finite pool of resources available to provide health coverage to Texas educators.

BCBSTX alleges HaloMD's conduct imposes precisely those kinds of additional costs. According to the Complaint, the alleged submission of ineligible disputes caused BCBSTX and the plans it administers to incur not only payment of improper awards, but also administrative fees, overhead, and the expense of responding to disputes that should never have entered IDR. ROA.738–39. The Complaint alleges HaloMD submitted large batches of disputes in a manner designed to prevent BCBSTX from contesting eligibility, leading to additional improper awards and fees, compounding those administrative burdens. ROA.738–

⁷ See, e.g., *How TRS-ActiveCare Is Funded*, Teacher Ret. Sys. of Tex., <https://trs.texas.gov/health-benefits/active-care/district-leadership/how-activecare-is-funded> (last visited Sept. 25, 2026).

⁸ *Id.*

⁹ *Id.*

39. And the Complaint alleges those increased costs ultimately reach plan members through higher premiums. ROA.749 n.6.

Internal TRS-specific data illustrates the scale of these costs. TRS’s NSA reports substantial dispute activity involving both TRS-ActiveCare and TRS-Care. From January 2024 through July 2026, data provided to TRS identifies 1,479 IDR disputes involving TRS-ActiveCare and TRS-Care as both ineligible and paid. Those disputes generated **nearly \$20 million** in final awards and **approximately \$15.7 million** in calculated additional payments. For TRS alone, ineligible-and-paid disputes accounted for 20% of the disputes reflected in the analysis but 65% of the final-award dollars.

For Texas educators, those numbers are not abstract. Healthcare costs have outpaced income growth in public education and, as employer funding has remained relatively flat, employees have borne the difference—including by paying more or moving to lower-premium plans with higher out-of-pocket costs.¹⁰ Those choices affect educators who must budget for premiums alongside deductibles, doctor visits, and prescription medications. For a teacher managing diabetes, heart disease, or another chronic condition, the affordability of coverage can determine how much of

¹⁰ *District Financial Considerations*, Teacher Ret. Sys. of Tex., <https://joinactivecare.trs.texas.gov/health-benefits/employers/district-leadership/district-financial-considerations> (last visited Sept. 25, 2026).

a paycheck remains after paying for necessary care—or whether they can afford necessary insulin or cancer treatment after those premiums.

The same concern extends to retired educators, many of whom are likely on fixed incomes. TRS exists to provide health coverage not only to active school employees but also to eligible retirees, many of whom depend on TRS-Care for access to medical and prescription-drug benefits.¹¹ Unnecessary costs imposed on these programs thus compete with the same resources used to provide health benefits to the educators who spent their careers serving Texas students.

That is why the consequences of the district court’s ruling extend beyond BCBSTX and HaloMD. TRS does not suggest every unfavorable IDR award should open a court’s doors. But allegations that thousands of ineligible disputes were intentionally and systematically pushed into IDR present a different problem. If conduct of that kind cannot meaningfully be challenged, the resulting costs do not remain confined to disputes between providers and plans. They can burden the public health-benefit programs that pay for care—and, ultimately, the Texas educators and retirees those programs exist to serve. The \$35.7 million in improper awards and payments should have gone to healthcare for Texas teachers—not to HaloMD.

¹¹ *Health Benefits*, Teacher Ret. Sys. of Tex., <https://trs.texas.gov/health-benefits> (last visited Sept. 25, 2026).

IV. CONCLUSION

For the foregoing reasons, amicus curiae TRS respectfully urges the Court to reverse the judgment of the district court and remand for further proceedings.

Date: September 25, 2026.

KEN PAXTON
Attorney General

BRENT WEBSTER
First Assistant Attorney General

RALPH MOLINA
Deputy First Assistant Attorney General

ROB FARQUHARSON
Deputy Attorney General for Legal Strategy

MICHAEL COTTON
Chief, Special Litigation Division

Respectfully submitted,

/s/Zachary W. Berg
ZACHARY W. BERG
Special Counsel
Texas Bar No. 24107706

STEVEN LOOMIS
Special Counsel
Texas Bar No. 00793177

JACOB P. DUSTIN
Special Counsel
Texas Bar No. 24149843

OFFICE OF THE ATTORNEY GENERAL
OF TEXAS
SPECIAL LITIGATION DIVISION
P.O. Box 12548, Capitol Station
Austin, Texas 78711-2548
Tel.: (512) 463-2100
Zachary.Berg@oag.texas.gov
Steven.Loomis@oag.texas.gov
Jacob.Dustin@oag.texas.gov

*Attorney for Amicus Curiae Teacher
Retirement System of Texas*

CERTIFICATE OF SERVICE

I certify that I electronically filed the foregoing with the Clerk of the Court for the United States Court of Appeals for the Fifth Circuit by using the appellate CM/ECF system. I further certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the appellate CM/ECF system.

/s/Zachary W. Berg
ZACHARY W. BERG
*Attorney for Amicus Curiae Teacher
Retirement System of Texas*

CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitation of Fed. R. App. P. 32(a)(7)(B) because it contains 6,441 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(f).

This brief also complies with the typeface requirements of Fed. R. App. P. 32(a)(5)(A) and the type style requirements of Fed. R. App. P. 32(a)(6) because it has been prepared in a proportionally spaced typeface using Microsoft Word in Times New Roman font size 14.

/s/Zachary W. Berg
ZACHARY W. BERG
Attorney for Amicus Curiae Teacher Retirement System of Texas