UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

Thomas Jefferson University dba Jefferson Health and Lehigh Valley Physician Hospital Organization, Inc., *Plaintiffs*, v. Aetna Health Inc., *Defendant*.	Civil Case No. 5:26-cv-02215-JMG

DEFENDANT'S MOTION TO COMPEL ARBITRATION
AND TO STAY PROCEEDINGS PENDING ARBITRATION

Defendant Aetna Health Inc. ("Aetna") respectfully moves under the Federal Arbitration Act, 9 U.S.C. §§ 1–16 ("FAA"), to compel Plaintiffs to arbitrate the claims in Plaintiffs' Complaint (ECF No. 1), and stay all proceedings in this case pending resolution of the arbitration. As grounds for this motion, which are more fully set forth in the accompanying Brief in Support, Aetna shows that the governing agreements between the parties contain mandatory, binding arbitration clauses (the "Arbitration Provisions") that require arbitration of all claims Plaintiffs assert in the Complaint.

Specifically, Aetna and Plaintiff Thomas Jefferson University dba Jefferson Health ("Jefferson Health") are parties to a 2016 Hospital Services Agreement (the "JH Agreement"), as amended, that mandates in pertinent part "all controversies or claims arising out of or relating to this Agreement or the breach, termination, or validity thereof … shall be settled by binding arbitration administered by the American Arbitration Association ('AAA') …" JH Agmt. § 8.3.1.

Aetna and Plaintiff Lehigh Valley Physician Hospital Organization, Inc. ("LVPHO") are parties to an agreement (the "LVPHO Agreement"), as amended, that mandates in pertinent part

"any controversy or claims arising out of or relating to this Agreement or the breach, termination, or validity thereof … shall be settled by binding arbitration." LVPHO Agmt. § 8.5.1. The LVPHO Agreement further provides that the arbitration "will be governed by the American Health Law Association ('AHLA') Alternative Dispute Resolution Service, Rules of Procedure for Arbitration ('AHLA Rules'), as modified by this arbitration provision, and will be administered by the AHLA." *Id.* § 8.5.3.

Plaintiffs reference and quote from the JH Agreement and the LVPHO Agreement (collectively, the "Agreements") in their Complaint recently-filed Motion for Expedited Declaratory Relief (ECF No. 8), but do not attach copies of the documents. Aetna follows the same practice in this Motion to Compel Arbitration and in the accompanying Brief in Support. However, Aetna is also separately moving for leave to exceed the page limits as necessary for purposes of filing true and correct copies of the relevant contractual provisions with the Brief in Support.

Plaintiffs allege in the Complaint that Aetna is breaching the JH Agreement and LVPHO Agreement by failing to "comply with the terms of the Agreements and pay the contracted inpatient reimbursement rate for inpatient admissions" to Plaintiffs' facilities. Compl. (ECF No. 1) ¶¶ 73–80. Accordingly, this controversy arises out of and relates to the Agreements and must be arbitrated as the parties agreed.

WHEREFORE, Aetna requests that the Court compel Plaintiffs to pursue in arbitration any dispute with Aetna relating to the claims pleaded in the Complaint (ECF No. 1) and stay all proceedings through the pendency of the arbitration proceedings.

Dated: May 1, 2026

Respectfully submitted,

By: */s/ Adam J. Petitt*

Adam J. Petitt (Bar # 319609)
ROBINSON & COLE LLP
One Liberty Place
1650 Market Street, Suite 3030
Philadelphia, PA 19103
Tel: (215) 398-0600
Fax: (215) 827-5982
Email: apetitt@rc.com

JOHN B. SHELY
Pro Hac Vice (forthcoming)
Texas State Bar No. 18215300
jshely@hicks-thomas.com

M. KATHERINE STRAHAN
Pro Hac Vice (forthcoming)
Texas State Bar No. 24013584
kstrahan@hicks-thomas.com

CLARISSA MEDRANO
Pro Hac Vice (forthcoming)
Texas State Bar No. 24106296
cmedrano@hicks-thomas.com
HICKS THOMAS LLP
700 Louisiana St, Suite 2300
Houston, Texas 77002
Tel. (713) 547-9100
Fax: (713) 547-9150

ATTORNEYS FOR DEFENDANT AETNA HEALTH INC.

CERTIFICATE OF CONFERENCE

Pursuant to the Local Rules of this Court, counsel for Defendant Aetna Health Inc. has conferred with counsel for Plaintiffs Thomas Jefferson University dba Jefferson Health and Lehigh Valley Physician Hospital Organization, Inc. regarding the relief requested in this motion. Plaintiffs Thomas Jefferson University dba Jefferson Health and Lehigh Valley Physician Hospital Organization, Inc. have stated that they oppose the filing of this motion and the relief requested herein.

/s/ Adam J. Petitt
Adam J. Petitt

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed electronically on May 1, 2026. Notice of this filing will be sent by operation of the Court's electronic filing system to all parties indicated on the electronic filing receipt.

/s/ Adam J. Petitt
Adam J. Petitt

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

Thomas Jefferson University dba Jefferson Health and Lehigh Valley Physician Hospital Organization, Inc., *Plaintiffs*, v. Aetna Health Inc., *Defendant*.	Civil Case No. 5:26-cv-02215-JMG

DEFENDANT'S BRIEF IN SUPPORT OF MOTION TO COMPEL ARBITRATION AND TO STAY PROCEEDINGS PENDING ARBITRATION

TABLE OF CONTENTS

I. INTRODUCTION 1
II. FACTUAL BACKGROUND 3
A. The Parties' Agreements 3
B. Plaintiffs' Allegations 5
III. LEGAL STANDARD 7
IV. ANALYSIS 7
A. The Arbitration Provisions are valid 8
B. The legal substance of the Complaint controls, not Plaintiffs' "equitable" labeling 9
C. Plaintiffs' claims are not injunctive or equitable in nature 10
D. The "equitable relief" exception is an aid to arbitration, not a carve-out to avoid it 15
E. These proceedings should be stayed pending completion of the parties' arbitration 19
V. CONCLUSION 19

Aetna shows as follows in support of its motion to compel arbitration of all claims asserted by Plaintiffs and to stay proceedings pending arbitration:

I. INTRODUCTION

The parties agreed that ***all controversies or claims arising out of or relating to the Agreements***[1] ***or the breach thereof***, except for those seeking injunctive relief or any other form of equitable relief, shall be settled by binding arbitration. Contrary to these binding arbitration provisions in the very contracts upon which they sue, Plaintiffs filed this lawsuit complaining that Aetna is breaching the Agreements by paying Plaintiffs lower rates than allegedly due. While

[1] Plaintiffs reference and quote from the Agreements in their Complaint and recently-filed Motion for Expedited Declaratory Relief (ECF No. 8), but do not attach copies. Aetna follows the same practice herein. However, Aetna is also separately moving for leave to exceed the page limits as necessary for purposes of filing true and correct copies of the relevant contractual provisions with this Brief in Support.

Plaintiffs try to avoid their agreements to arbitrate under the auspices of seeking "equitable relief" in their Complaint, Aetna is entitled to the benefit of its bargain for the arbitration of this dispute. It is well-settled that courts must look to the substance of the complaint, not the labels given, in determining whether claims are arbitrable. Because the substance of Plaintiffs' action is legal—not equitable—in nature, it falls within the arbitration provisions.

More specifically, Plaintiffs and Aetna are parties to the Agreements, under which Plaintiffs provide covered hospital services to Aetna's members based on certain terms of compensation, including application of Aetna's payment policies. Plaintiffs filed this lawsuit because they contend that Aetna is breaching the Agreements by underpaying them for services rendered through its implementation of a payment policy. *See* Compl. (ECF No. 1) ¶ 1. Aetna's policy concerns a "level of severity" review for payment for certain inpatient admissions under Medicare Advantage Plans that Aetna administers. *Id.* Citing the Agreements' requirement for compliance with applicable laws, Plaintiffs argue (incorrectly) that Aetna's payment policy does not comply with Medicare's "Two Midnight Rule" (which pertains to coverage, not payment, for certain inpatient admissions). Plaintiffs assert claims for breach of contract and for declaratory judgment, and request injunctive relief. *Id.* ¶¶ 73-91 & 20.

This case belongs in arbitration, not federal court. Among their other terms, the Agreements contain valid, binding arbitration provisions (the "Arbitration Provisions") in which the parties agreed to confidential arbitration of *any and all* "controversies or claims arising out of or relating to" the contracts. JH Agmt. § 8.3.1; LVPHO Agmt. § 8.3.5. There is a singular exception in the Agreements: an arbitrator cannot decide "injunctive relief or any other form of equitable relief." *Id.* Plaintiffs attempt to capitalize on the exception by asserting that "[t]his lawsuit is an action for injunctive and declaratory relief only." Compl. (ECF No. 1) ¶ 11.

The sum and substance of this case, however, is that Plaintiffs are seeking payment of money under the Agreements—a remedy at law. For instance, Plaintiffs demand that Aetna be ordered to "***pay the contracted inpatient reimbursement rate*** for inpatient admissions that meet the Two Midnight Rule," *without* temporal limitation. *Id.* ¶ 80 (emphasis added). Thus, Plaintiffs' causes of action for breach of contract and for a declaration that Aetna has breached the Agreements do not fall within the "equitable relief" exception to the Arbitration Provisions, because they are fundamentally legal, not equitable, in nature as a matter of law. Under the Arbitration Provisions, only arbitrators may resolve these claims.

Nor does Plaintiffs' request for injunctive relief circumvent arbitration because the injunctive relief exception is narrower than Plaintiffs suggest. The parties have agreed via the Arbitration Provisions that courts can only enter such relief *in aid of arbitration*. That is, arbitrators must first resolve the antecedent legal questions, such as whether Aetna is in breach of the parties' contracts in this case (and it is not), *before* injunctive relief can be sought in court.[2]

This litigation plainly belongs in arbitration. Aetna requests that Plaintiffs be compelled to arbitration and these proceedings be stayed in the interim.

II. FACTUAL BACKGROUND

A. The Parties' Agreements

As a Medicare Advantage organization ("MAO"), Aetna administers benefits for beneficiaries that elect to enroll in its Medicare Advantage ("MA") plans, which are plans offered under Part C of the Medicare Act. *See* 42 U.S.C. § 1395w-27. They offer as benefits the traditional Medicare Covered Services, *i.e.*, Parts A and B, plus additional Covered Services. *See*

---

[2] *See, e.g., Continental Materials, Inc. v. Veer Plastics Private Ltd.*, No. 2:22-CV-3685-MRP, 2023 WL 2795345 (E.D. Pa. Apr. 5, 2023), discussed in Part IV.D, *infra*.

42 U.S.C. §§ 1395w-21 *et seq.*; Compl. ¶ 3. While MA plans must offer certain coverage to their members under federal law, they are free to contract with providers for the compensation terms for that coverage. Under the Medicare Act's "Non-Interference Clause," the Centers for Medicare & Medicaid Services ("CMS") ***cannot*** "require a particular pricing structure for payment" under a contract between an MAO like Aetna and a healthcare provider. 42 U.S.C. § 1395w-24(a)(6)(B)(iii) (Non-Interference Clause). In other words, as a matter of law, the terms of payment between an MAO and a contracted provider depend on the provisions of their contract.

Effective April 1, 2016, Aetna and Jefferson Health entered into the JH Agreement, under which Jefferson Health agreed to participate in certain of Aetna's health care products, plans, or programs, including Medicare Advantage. Compl. (ECF No. 1) ¶ 15. Jefferson Health agreed to provide services to plan "Members," and Aetna in turn agreed to certain obligations regarding payment for "Covered Services." *Id.* ¶ 24; JH Agmt. §§ 2.1, 4.1.3. Section 8.3.1 of the JH Agreement is an arbitration provision, which states in relevant part:

> Except as provided expressly otherwise herein, all controversies or claims arising out of or relating to this Agreement or the breach, termination, or validity thereof, except for those seeking temporary, preliminary, or permanent injunctive relief or any other form of equitable relief, shall be settled by binding arbitration administered by the American Arbitration Association ("AAA") and conducted by a sole Arbitrator ("Arbitrator") in accordance with the AAA's Commercial Arbitration Rules ("Rules"). The Federal Arbitration Act, 9 U.S.C. §§ 1–16 shall govern such arbitration, to the exclusion of state laws inconsistent therewith or that would produce a different result ....

Section 8.3.1 of the JH Agreement further provides that "[t]hese arbitration provisions evidence a transaction in interstate commerce, and, thus, the Federal Arbitration Act governs their interpretation and enforcement; provided however, that the arbitration provisions set forth herein shall not apply to and shall not prohibit either party from seeking solely injunctive relief in a

court of competent jurisdiction in its individual capacity and not as a plaintiff or class member in any purported class or representative proceeding." *Id.*

Effective April 1, 2023, Aetna and LVPHO entered into the LVPHO Agreement, in which LVPHO agreed to participate in certain of Aetna's health care products, plans, or programs, including Medicare Advantage. Compl. (ECF No. 1) ¶ 23. LVPHO agreed to provide services to plan "Members," and Aetna in turn agreed to certain obligations regarding payment for "Covered Services." *Id.* ¶ 24; LVPHO Agmt. §§ 2.1, 4.1.2. Section 8.5.1 of the LVPHO Agreement is an arbitration provision stating in relevant part:

> [A]ny controversy or claims arising out of or relating to this Agreement or the breach, termination, or validity thereof, except for those seeking temporary, preliminary, or permanent injunctive relief or any other form of equitable relief, shall be settled by binding arbitration.

Id. § 8.5.1. Instead of the AAA, the LVPHO Agreement provides that arbitration "will be governed by the American Health Law Association ("AHLA") Alternative Dispute Resolution Service, Rules of Procedure for Arbitration ("AHLA Rules"), as modified by this arbitration provision, and will be administered by the AHLA." *Id.* § 8.5.3.

B. Plaintiffs' Allegations

In this case, Plaintiffs complain about the rates they are being paid resulting from Aetna's implementation of its Level of Severity Inpatient Payment Policy (the "LOS Policy"). Plaintiffs contend that application of the LOS Policy violates Aetna's contractual obligation under the Agreements "to comply with all applicable laws and regulations." Compl. (ECF No. 1) ¶¶ 1, 3. Specifically, Plaintiffs allege that the LOS Policy "denies coverage and payment" on their claims in violation of the Two Midnight Rule stated in 42 C.F.R. § 412.3. *Id.* ¶¶ 3-4, 31-35.

Under the Two Midnight Rule, in brief, "when the physician expects the patient to require hospital care that crosses two midnights," an "inpatient admission is generally appropriate" under Medicare Part A. 42 C.F.R. § 412.3(d)(1). The Two Midnight Rule pertains to coverage and not pricing for contracted providers, because attempting to dictate MAO/provider "price structure[s]" would violate the Non-Interference Clause, 42 U.S.C. § 1395w-24(a)(6)(B)(iii). Nonetheless, Plaintiffs allege that Aetna violates the Two Midnight Rule when Aetna authorizes an inpatient stay but then, under the LOS Policy, "adjusts the payment to a lower reimbursement rate" if it "decides that certain 'level of severity' criteria are not met for that inpatient stay." Compl. (ECF No. 1) ¶ 5. According to Plaintiffs, these payment adjustments also violate the Agreements, because the Agreements "provide one rate for inpatient services, not two rates from which Aetna gets to choose, depending on its judgment as to the 'level of severity.'" *Id.* Plaintiffs thus (albeit incorrectly) contend that the LOS Policy is an improper "unilateral amendment to the parties' contracted rates for inpatient services and a violation of the federal Two Midnight Rule." *Id.* ¶ 6.

Plaintiffs plead two causes of action. *Id.* ¶¶ 73-91. In Count I, they assert a breach of contract claim and "request specific performance that Aetna comply with the terms of the Agreements and pay the contracted inpatient reimbursement rate for inpatient admissions that meet the Two Midnight Rule." *Id.* ¶¶ 73-80. In Count II, Plaintiffs seek a declaratory judgment under "the Declaratory Judgments Act, 28 U.S.C. § 2201 and Federal Rule of Civil Procedure 57," that Aetna's LOS Policy violates the Two Midnight Rule and Aetna cannot apply the LOS Policy to the Hospitals "without a contractual amendment." *Id.* ¶¶ 81-91. Additionally, while not pled as a separate cause of action, Plaintiffs' Prayer for Relief includes a request for "an injunction enjoining Aetna from implementing the 'Policy' as to the Hospitals." *Id.*

III. LEGAL STANDARD

"[W]hen it is apparent, based on the face of a complaint, and documents relied upon in the complaint, that a party's claims are subject to an enforceable arbitration clause, a motion to compel arbitration should be considered under a Rule 12(b)(6) standard ..." *Young v. Experian Info. Sols., Inc.*, 119 F.4th 314, 319 (3d Cir. 2024) (citation modified). "A court's task in ruling on a Rule 12(b)(6) motion is merely to assess the legal feasibility of the complaint, not to assay the weight of the evidence which might be offered in support thereof." *Off. Comm. of Unsecured Creditors of Color Tile, Inc. v. Coopers & Lybrand, LLP*, 322 F.3d 147, 158 (2d Cir. 2003) (citation omitted). In the arbitrability context, courts looks to the complaint and compel arbitration "if it is clear, when read in the light most favorable to the respondents, that the parties agreed to arbitrate." *Robert D. Mabe, Inc. v. OptumRX*, 43 F.4th 307, 325 (3d Cir. 2022).

IV. ANALYSIS

As the Court is well aware, "federal policy favors arbitration and thus a court resolves doubts about the scope of an arbitration agreement in favor of arbitration." *Medtronic AVE, Inc. v. Advanced Cardiovascular Sys., Inc.*, 247 F.3d 44, 55 (3d Cir. 2001); *see Moses H. Cone Mem'l Hosp. v. Mercury Constr. Corp.*, 460 U.S. 1, 24 (1983). "A prime objective of an agreement to arbitrate is to achieve 'streamlined proceedings and expeditious results.'" *Preston v. Ferrer*, 552 U.S. 346, 357 (2008). Filing claims in a federal district court that the parties have already agreed to arbitrate and attempting to blur the lines by misbranding the claims as "equitable," frustrates this objective. It not only introduces additional steps the parties must undertake prior to resolution by the arbitrator but it also unnecessarily takes up valuable judicial resources.

Notwithstanding Plaintiffs' attempt to plead around the Arbitration Provisions, this dispute falls squarely within their bounds. This dispute should be in front of an arbitrator, not

clogging this Court's docket. Plaintiffs' action to compel Aetna to pay money under the Agreements is *legal*, not equitable, in nature, no matter how they attempt to cast it.

A. The Arbitration Provisions are valid

"A motion to compel arbitration requires courts to consider two questions: (1) whether a valid agreement to arbitrate exists and (2) whether the particular dispute falls within the scope of that agreement." *Valli v. Avis Budget Grp. Inc.*, 162 F.4th 396, 413 (3d Cir. 2025) (citation modified). The answer to the first question is undisputedly "yes"—the Arbitration Provisions are valid agreements to arbitrate.

As to the second requirement, "it is the language of the contract that defines the scope of disputes subject to arbitration." *E.E.O.C. v. Waffle House, Inc.*, 534 U.S. 279, 289 (2002).[3] Here, Plaintiffs cannot pass off their *arbitrable* claims for payment of money under the Agreements as non-arbitrable. That Plaintiffs style their Complaint as seeking a "declaratory judgment" and "specific performance" of Aetna's payment obligations is irrelevant. "[W]hat matters is the substance of the suit, not where it is brought, who brings it, or how it is labeled." *Sec. & Exch. Comm'n v. Jarkesy*, 603 U.S. 109, 135 (2024). "And in this case, the substance points in only one direction"—and that direction is arbitration. *Id.* at 134.

---

[3] Who decides this scope, *i.e.*, arbitrability, depends on the arbitration clause as well. Because the Arbitration Provisions incorporate the AAA and AHLA Rules, arbitrability of this dispute should be decided by the arbitrator. *See Cont'l Materials*, 2023 WL 2795345, at *2 ("Courts have found incorporating the rules of the arbitral tribunal to be clear and unmistakable evidence of the parties' intent to have arbitrability decided by the arbitrator, where those rules provide that the arbitrator should undertake decisions of jurisdiction of the arbitral tribunal.").

However, "where a dispute arguably falls within a narrow carve-out provision, circuit courts have found that questions of arbitrability should remain with the court." *Id.* Here, Plaintiffs' dispute does *not* fall within the Arbitration Provisions' carve-out for "injunctive relief or any other form of equitable relief," as the carve-out is only for relief in aid of arbitration, which is not what Plaintiffs seek. *See* Part IV.D, *infra*. In any event, even if the Court decides arbitrability, Plaintiffs' claims are within the scope of disputes subject to arbitration.

B. The legal substance of the Complaint controls, not Plaintiffs' "equitable" labeling

The Third Circuit has stated, "We judge pleadings not by their labels, but by their substance." *Khalil v. President, United States*, 164 F.4th 259, 277 (3d Cir. 2026). A party "cannot plead around" a bar on the type of claim truly at issue simply by calling it a different name. *Id.* Rather, a court must "look beyond the label to analyze the substance of a claim." *Mirambeaux v. Att'y Gen. United States*, 977 F.3d 288, 292 (3d Cir. 2020). The "focus [is] on the factual underpinnings of the claim rather than the legal theory alleged in the complaint," to "prevent a creative and artful pleader from drafting around an otherwise-applicable arbitration clause." *CardioNet, Inc. v. Cigna Health Corp.*, 751 F.3d 165, 173 (3d Cir. 2014) (quotation omitted).

In other words, the focus is on the "*object* of [the] action." *Jarkesy*, 603 U.S. at 135 (emphasis added). Here, the object is legal, not equitable. Reading the Complaint's substantive allegations confirms that this dispute is a contract claim about payment of money. Plaintiffs challenge Aetna's "improper *denials* [of payment] *and/or underpayments*" for services. Compl. (ECF No. 1) ¶ 2 (emphasis added). Plaintiffs allege that application of the LOS Policy—allegedly in violation of the Two Midnight Rule—seeks to change the "*reimbursement rate*" that Aetna pays Plaintiffs under the Agreements for certain services rendered under a MA plan. *Id.* ¶¶ 3-6 (emphasis added).

Plaintiffs further allege that, although Aetna "authorizes the [patient's] stay (and thus does not actually deny the inpatient admission), Aetna *adjusts the payment to a lower reimbursement rate*" if Aetna believes "level of severity" criteria have not been met for that patient. *Id.* ¶ 5; *see also id.* ¶ 57 (noting that "the screening criteria will not be used to determine whether an inpatient stay is medically necessary" but instead "to determine the higher or lower level of severity *payment* rate") (emphasis added). Plaintiffs contend that "Aetna cannot change negotiated

reimbursement rates" in this fashion. *Id.* ¶ 6 (emphasis added).

In fact, Plaintiffs acknowledge their claims arise squarely under the parties' contracts—specifically, the provisions on paying benefits/reimbursement, and the rate schedules for doing so. Compl. (ECF No. 1) ¶¶ 15-72. They complain that the alleged underpayments have been occurring "[s]ince January 2026" and cite as a purported example an alleged scenario in which Aetna, under the LOS Policy, agreed with Plaintiffs that a particular inpatient stay was "high severity" and paid at the higher rate. *Id.* ¶ 53. Allegedly, Aetna has used a "tiered payment structure" based on severity rather than a flat rate to "slash provider payments" under the contracts. *Id.* ¶¶ 44, 49.

Thus, the substance of Plaintiffs' Complaint "seek[s] a determination of liability for Aetna's conduct and the recovery of money for Aetna's alleged nonpayment of reimbursement claims." *Shaping Acad. for Behav. Health Dev., Inc. v. Aetna Behav. Health LLC*, No. 1:25-CV-23640-DPG/DSW, 2025 WL 3502502, at *4 (S.D. Fla. Nov. 14, 2025), *report and recommendation adopted*, 2025 WL 3502009 (S.D. Fla. Dec. 5, 2025) (holding that claim for declaratory relief was legal in nature, and, therefore, arbitrable). This is a classic form of legal relief. *See Great-West Life & Annuity Ins. Co. v. Knudson*, 534 U.S. 204, 205-10, 214 (2002) (concluding that plaintiffs who claimed to be "contractually entitled to *some* funds for benefits" conferred on a defendant sought legal relief); *Dairy Queen*, 369 U.S. at 477-48 (holding that an action on a debt is clearly legal in nature despite the choice of words in the pleading).

C. Plaintiffs' claims are not injunctive or equitable in nature

Plaintiffs seem to obscure the legal nature of their claims by labeling the Complaint's counts as "Breach of Contract – Specific Performance" and "Declaratory Judgment," *i.e.*, arguably equitable labels. Compl. (ECF No. 1) at 17-18. And in their prayer for relief, Plaintiffs

expressly seek a "declaratory judgment," an "injunction," "attorneys' fees and expenses," and "[s]uch other and further relief as the Court deems just and proper." *Id.* at 20-21. But those labels are not a ticket to forum shop when the substance remains a contract claim about payment of money. *See Khalil*, 164 F.4th at 277. Indeed, the Pennsylvania Supreme Court has rejected the very tactic Plaintiffs use here—*i.e.*, forum shopping by painting an "equitable" and "declaratory" veneer onto a claim at law. *Stackhouse v. Commw.*, 832 A.2d 1004, 1008 (Pa. 2003).[4]

In *Stackhouse*, the plaintiff filed suit for declaratory and injunctive relief as well as monetary damages in the court of common pleas, which granted the defendant's objection to jurisdiction and transferred the action to the Commonwealth Court. 832 A.2d at 1005-06. The Commonwealth Court dismissed the case for lack of jurisdiction because "the complaint was in essence a tort action in the nature of trespass for money damages as redress for an unlawful injury, and that such actions are properly commenced in the courts of common pleas." *Id.* at 1006. The Pennsylvania Supreme Court agreed, because "inasmuch as the core of [the] complaint is an action in trespass, original jurisdiction lies in the court of common pleas notwithstanding the injunctive/declaratory label" the plaintiff attached to the claim in her complaint. *Id.* at 1009. Pennsylvania law does not permit "jurisdictional questions to turn solely upon the styling of claims within a complaint," because that "would arguably permit forum shopping through pleading" artfully. *Id.* at 1008. That is precisely what Plaintiffs are trying to do here.

"The necessary prerequisite to the right to maintain a suit for … equitable remedies, is … the absence of an adequate remedy at law." *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 478 (1962); *see Clark v. Pa. State Police*, 436 A.2d 1383, 1385 (Pa. 1981) ("[A] court of equity will not

[4] The Agreements are governed by Pennsylvania law.

invoke its jurisdiction where there is an adequate remedy at law."). Pennsylvania law on injunctive relief and specific performance makes clear that the substance of Plaintiffs' Complaint, which seeks an order that Aetna pay them more money under the parties' contracts, is not injunctive or otherwise equitable in nature.

Injunctive relief, by contrast, is relief "necessary to prevent an injury which cannot be compensated by damages." *First Phila. Preparatory Charter Sch. v. Commw. Dep't of Educ.*, 179 A.3d 128, 132 n.2 (Pa. Commw. Ct. 2018). Here, the Complaint alleges only "denials and underpayments" of money, "administrative burden, financial strain, and confusion" from staff time devoted to pursuing claims for more money, and that patients may become upset at Plaintiffs for how they bill those patients, for money. Compl. (ECF No. 1) ¶¶ 60-66. Loss of money, loss of employee time, and purported loss of profits all are compensable via monetary damages.

So too for specific performance. "Specific performance compels the surrender of a thing in itself, *because that thing is unique and cannot by its nature be duplicated*." *Cimina v. Bronich*, 537 A.2d 1355, 1357 (Pa. 1988) (emphasis added). "Specific performance should only be granted where the facts clearly establish the plaintiff's right thereto, *where no adequate remedy at law exists*, and where justice requires it." *Clark*, 436 A.2d at 1385 (emphasis added). By contrast, "[i]t is fundamental that equity lacks jurisdiction if an adequate and complete remedy at law exists." *Vanderveen v. Erie Indem. Co.*, 208 A.2d 837, 838 (Pa. 1965).

For example, a police corporal who alleged that he should be promoted to captain under his contract failed to allege an equitable claim for specific performance. *Clark*, 436 A.2d at 1385. "[D]amages could be computed with a degree of certainty by deducting the amount appellant was making as Corporal from the amount he would make as Captain," notwithstanding the other responsibilities and regalia a promotion would entail. *Id.* Similarly, an insured who alleged that

his insurer must defend him from a lawsuit failed to allege an equitable claim for specific performance. *Vanderveen*, 208 A.2d at 838. The "costs required to defend the claim" were an adequate measure of his damages, and if he faced additional administrative burdens in the process due to the insurance dispute, nonetheless, "[a]ny and all losses incurred in resisting" those burdens could be sought as monetary damages. *Id.*

Plaintiffs' specific claim in this case is for an order that Aetna pay more money under the Agreements. *See* Compl. (ECF No. 1) ¶ 80. Under Pennsylvania law, specific performance does not exist for a party who "seeks specific performance of money alleged owed to him ... due to an alleged breach of ... contract," because "money is fungible, and not unique," making such a claim "not a proper basis for seeking specific performance of an insurance contract." *Weir v. Progressive Advanced Ins. Co.*, No. 3:25-CV-1504, 2025 WL 3270525, at *7 (M.D. Pa. Nov. 24, 2025). A claim seeking to force a defendant to pay variable future amounts under a contract is not a claim for specific performance. *See id.* "Courts applying Pennsylvania law routinely dismiss claims in equity seeking specific performance where, as here, the plaintiff has an adequate remedy at law in the form of monetary damages for breach of contract." *Id.*[5]

Likewise, Plaintiffs' contention that their declaratory judgment claim fits within the equitable relief carve-out because "'[d]eclaratory judgments are equitable in nature'" is wrong as a matter of law. Compl. (ECF No. 1) ¶ 83 (quoting *Fenton v. Balick*, 821 F. Supp. 2d 755, 762

[5] Specific performance was allowed historically for fixed weekly support orders in divorce decrees for the anachronistic reason that "a wife's disability deprived her of an adequate remedy at law." *Silvestri v. Slatowski*, 224 A.2d 212, 215 (Pa. 1966). This has been carried into present day "because of the difficulties present in enforcing such contracts at law." *Id.* There are no such difficulties with Plaintiffs' commercial billing claims here. With their "utilization management teams" and "appeals teams," Plaintiffs do not bear any resemblance to a divorced spouse payee. Compl. (ECF No. 1) ¶ 61.

(E.D. Pa. 2011); brackets in original). "A declaratory judgment action is a statutory creation, and by its nature is neither fish nor fowl, neither legal nor equitable.'"[6] *Owen v. Hartford Ins. Co.*, No. CIV. 14-924 RBK/JS, 2014 WL 2737842, at *5 (D.N.J. June 17, 2014) (quoting *American Safety Equip. Corp. v. J.P. Maguire & Co.,* 391 F.2d 821, 824 (2d Cir. 1968)). Thus, "[t]he fact that the action is in *form* a declaratory judgment case should not obscure the essentially legal nature of the action." *Simler v. Conner*, 372 U.S. 221, 223 (1963) (emphasis added). "The law in the Third Circuit is that whether a claim for declaratory judgment is equitable or legal in nature depends on what kind of suit the claim would have been if no declaratory judgment remedy existed." *Nowak v. Penn. Pro. Soccer, LLC*, No. CIV.A. 12-4165, 2012 WL 4459775, at *2 (E.D. Pa. Sept. 26, 2012). Plaintiffs' claim is one that sounds in law, not equity, because Plaintiffs are seeking an order that Aetna pay them more money under the parties' contracts.

The case on which Plaintiffs rely in attempting to circumvent this reality, *Fenton v. Balick*, cannot bear the weight. *Fenton* was "a state law action for conversion and replevin regarding the ownership of an Andy Warhol painting." 821 F. Supp. 2d at 758. The trustee of a family trust created by a husband and his late wife sued the wife's brother for return of the painting, which the husband had loaned him after the wife's death twenty-six years earlier. *Id.* There was no contract between the parties, and while the trustee's conversion claim was an action at law, "[e]quitable principles" were applicable to his replevin claim to recover possession of the painting as its owner. *Id.* at 759-60, 762. The district court therefore concluded that the trustee's

---

[6] "Declaratory judgments were created as a remedy in the federal courts some four years before the merger of law and equity took effect." *AstenJohnson, Inc. v. Columbia Cas. Co.*, 562 F.3d 213, 223 (3d Cir. 2009) (citing 28 U.S.C. §§ 2201–2202). "The remedy may be granted upon *either* legal or equitable claims and is *sui generis*." *Id.* (emphasis added). To effectuate the Declaratory Judgment Act's neutral position, "postmerger courts have found it necessary to preserve the distinction between law and equity in the declaratory judgment context." *Id.*

claim for a declaration that the trust was the painting's true owner and the defendant must return it immediately was equitable in nature. *Id.* at 761-62 (holding that the equitable defense of laches applied to the declaratory judgment claim).

Ownership of a painting is fundamentally not monetary in nature. In contrast, Plaintiffs' claims are premised on obtaining payment for their claims under the parties' Agreements and seek a legal determination as to whether Aetna's LOS Policy breaches the Agreements. These are legal in nature, not equitable. Thus, *Fenton* is inapposite. As with Plaintiffs' other legal claims arising out of or relating to the Jefferson Health and LVPHO Agreements, their declaratory judgment claim is subject to arbitration under the Arbitration Provisions.

The Arbitration Provisions' carveout for injunctive or other equitable relief requires a *true* injunctive or equitable claim, not the poorly painted façade Plaintiffs erect here. So, Plaintiffs must keep their word. Each unambiguously agreed to arbitrate any and all claims "arising out of or relating to" their contract. They cannot shirk their duty or do an end-run around their agreement to arbitrate by miscasting this contractual dispute about payments as an injunctive or equitable claim. This Court should order the parties to arbitrate, as they agreed to do.

D. The "equitable relief" exception is an aid to arbitration, not a carve-out to avoid it

Even assuming *arguendo* that Plaintiffs' claims fit within the Arbitration Provisions' equitable relief exception notwithstanding they are fundamentally legal nature, Plaintiffs still cannot avoid their agreements to arbitrate.

"The equitable relief [exception] does not 'carveout' any claims from the arbitration agreement but rather permits parties to seek equitable relief in aid of arbitration." *Cont'l Materials*, No. 2:22-CV-3685-MRP, 2023 WL 2795345, at *4 (E.D. Pa. Apr. 5, 2023). Put another way, the exception "simply confirms an already extant, independent legal right to make injunctive

relief [or other equitable relief] in judicial courts of proper jurisdiction available to the parties in aid of arbitration." *GateGuard, Inc. v. MVI Sys. LLC*, No. 19 Civ. 2472 (JPC), 2021 WL 4443256, at *7 (S.D.N.Y. Sept. 28, 2021) (citations omitted). "Courts have typically only found an equitable relief provision to serve as a carve-out when the provision says that all 'claims' or 'actions' seeking equitable relief are exempted from arbitration." *Id.* at *6 (collecting cases).[7] "But when, as here, that language is lacking, an equitable relief provision does not transform arbitrable claims into non-arbitrable ones depending on the form of relief prayed for." *Id.* (citation omitted).

The arbitration provision in *Continental Materials*, for example, required arbitration of "'[a]ny dispute, controversy or claim between'" CMI and Veer, but stated that, "'[n]otwithstanding the foregoing, a Party may seek specific performance of this Agreement or any other equitable relief in a court of competent jurisdiction.'" 2023 WL 2795345, at *1. CMI sued Veer in this district, alleging *inter alia* a claim for "Breach of Contract – Injunctive Relief." *Id.* at *2. Veer initiated arbitration and then filed a motion in the district court to compel arbitration or, in the alternative, to dismiss CMI's complaint. *Id.*

Judge Perez held that the equitable relief provision in the parties' contract did not carve out claims from arbitration but rather permitted the parties to seek specific performance or other

---

[7] *See also McLaughlin v. Sunshine State Health Plan, Inc.*, No. 8:25-CV-2797-TPB-CPT, 2025 WL 3227540, at *3 (M.D. Fla. Nov. 19, 2025) ("In light of the language of the arbitration provision, the case law, and the public policy favoring arbitration, the Court concludes that the injunction and equitable relief carveout does not preclude arbitration of Plaintiff's claims."); *Baldwin Tech. Co. v. Printers' Serv.*, Inc., No. 15 Civ. 07152 (GBD), 2016 WL 354914, at *3 n.4 (S.D.N.Y. Jan. 27, 2016) ("[W]here a contract has both a broad arbitration clause and a clause permitting the parties to seek injunctive relief before a court, courts in this District have construed the latter clauses as permitting the parties to seek injunctive relief...in aid of arbitration, rather than … transforming arbitrable claims into nonarbitrable ones depending on the form of relief prayed." (internal quotation omitted)).

equitable relief in aid of arbitration. *Id.* at *4. He found that "[t]his reading of the Agreement's plain language permits the entire agreement to be read together, without conflicts which render the whole null. This provision could not be broader; the parties agreed to submit *any* dispute, controversy or claim to arbitration." *Id.* Judge Perez further determined that reading the equitable relief provision as "carving out *any* request for equitable relief, would create a carveout so broad that it would render the rest of the arbitration agreement void, as it would permit parties to bring any and all claims before a court so long as they include a request for equitable relief." *Id.* Such a construction would be "contrary to principals of contract interpretation and to the parties' evidenced intent to send disputes to arbitration." *Id.* Thus, Judge Perez concluded in *Continental Materials* "that the equitable relief provision is intended to permit parties to seek judicial enforcement of the arbitration agreement and of any award entered by the arbitrators." *Id.*

Similarly, the Arbitration Provisions here require arbitration of "all controversies or claims" (JH Agreement) or "any controversy or claims" (LVPHO Agreement) "arising out of or relating to [the] Agreement[s] or the breach, termination, or validity thereof, except for those seeking temporary, preliminary, or permanent injunctive relief or any other form of equitable relief." JH Agmt. § 8.3.1; LVPHO Agmt. § 8.3.5. The "except for" clause in the Arbitration Provisions surgically removes one limited power from arbitrators' otherwise sweeping authority under the AAA and AHLA rules: the power to award injunctive or other equitable relief in aid of arbitration. The AAA rules by default let arbitrators "grant any remedy or relief that the arbitrator deems just and equitable and within the scope of the agreement of the parties, including, but not limited to, specific performance of a contract." AAA, Commercial Arbitration Rules and Mediation Procedure R-49(a) (Sept. 1, 2022). This default relief includes "interim, interlocutory, or partial rulings, orders, and awards." *Id.* R-49(b). Similarly, the AHLA rules by default let

arbitrators "award any relief authorized by contract or applicable law that appears to be fair under the circumstances, including specific performance of a contract." AHLA Rules of Procedure for Commercial Arbitration R-7.5 (Feb. 6, 2025).

The parties' exclusion of equitable relief in the Arbitration Provisions overrides these parts of the rules and limits arbitrators to legal remedies.[8] But the parties did not otherwise intend to *override* the AAA and AHLA rules. *See Plump Eng'g, Inc. v. Westshore Design Eng'rs, P.C.*, No. 118CV00027BKSDJS, 2018 WL 3730168, at *6 n.6 (N.D.N.Y. Aug. 6, 2018) ("There is caselaw support for separating claims by the form of relief sought and compelling arbitration of claims for monetary damages while requiring litigation of claims for injunctive relief.").

Under the Arbitration Provisions, whether the Plaintiffs are entitled to the equitable relief of specific performance or an injunction cannot be decided by a court until *after* an arbitrator has decided the antecedent legal questions. *See Proulx v. Brookdale Living Cmtys. Inc.*, 88 F. Supp. 3d 27, 33-34 (D.R.I. 2015) (interpreting carveout for "injunctive or other equitable relief" to mean that "the question of liability and legal damages, if any, are questions that must be resolved by the arbitrator," and that "[a]fter the arbitration is concluded … Plaintiff may make an appropriate motion before this Court to resolve Plaintiff's claims for equitable relief"); *see*, *e.g.*, *Dr.'s Assocs., Inc. v. Stuart*, 11 F. Supp. 2d 221 (D. Conn. 1998) (granting motion to confirm award for damages and separate motion for permanent injunction).[9] The eventual arbitration

---

[8] The exclusion is thus consistent with other provisions in the Agreements stating that "[a]rbitrators may award only monetary relief." JH Agmt. § 8.3.5; LVPHO Agmt. § 8.5.5 ("Arbitrators may award only monetary relief for breach of contract …").

[9] *See also U-Haul Int'l, Inc. v. Hire a Helper, LLC*, No. 08-cv-01801, 2009 WL 10671527, at *3 (S.D. Cal. Apr. 13, 2009) (concluding that "the arbitration clause exempts certain categories of relief an arbitrator may award, but does not exclude entire disputes from arbitration merely because a party seeks that category of relief"); *Johnson Controls, Inc. v.*

award(s) will "dictate what the scope of relief might look like." *Singh Mgmt. Co. v. Singh Dev. Co.*, 774 F. App'x 921, 929 (6th Cir. 2019) (Nalbandian, J., concurring). Thus, Plaintiffs' claims must be compelled to arbitration.

E. These proceedings should be stayed pending completion of the parties' arbitration

The FAA requires district courts to stay litigation where "the issue involved in such suit or proceeding is referable to arbitration." 9 U.S.C. § 3; *Smith v. Spizzirri*, 601 U.S. 472, 474 (2024) (requiring stay, not dismissal, pending arbitration under FAA § 3). The "unmistakably clear congressional purpose" behind the FAA is "that the arbitration procedure, when selected by the parties to a contract, be speedy and not subject to delay and obstruction in the courts." *Prima Paint Corp. v. Flood & Conklin Mfg. Co.,* 388 U.S. 395, 404 (1967). Courts, therefore, cannot delve into the merits of an arbitrable dispute; their jurisdiction is limited to staying the civil actions and compelling the parties to arbitrate. *John Hancock Mut. Life Ins. Co. v. Olick,* 151 F.3d 132, 136-37 (3d Cir. 1998). If these proceedings are not dismissed, therefore, they must be stayed until the arbitrator resolves the declaratory judgment claim and related legal issues.

V. CONCLUSION

In sum, both the substantive allegations in Plaintiffs' complaint and substantive Pennsylvania law demonstrate beyond dispute that Plaintiffs have alleged a contractual claim seeking an order that Aetna pay them more money, not an equitable or injunctive claim. Artful pleading does not grant Plaintiffs a license to forum shop and renege on their promise to arbitrate contractual payment disputes, like this one. Indeed, if there were any doubt, "when a court interprets such provisions in an agreement covered by the FAA, due regard must be given to the

---

Guilford Mills, Inc., No. 05-cv-71302, 2005 WL 8155209, at *4 (E.D. Mich. July 19, 2005) (staying claims for injunctive relief while compelling arbitration of substantive claims).

federal policy favoring arbitration, and ambiguities as to the scope of the arbitration clause itself resolved in favor of arbitration." *Mastrobuono v. Shearson Lehman Hutton, Inc.*, 514 U.S. 52, 62 (1995). Aetna is entitled to the benefit of its bargained-for arbitration provision.

For the foregoing reasons, Aetna requests that the Court compel Plaintiffs to pursue their claims in arbitration and stay all proceedings through the pendency of the arbitration proceedings.

Dated: May 1, 2026

Respectfully submitted,

By: */s/ Adam J. Petitt*

Adam J. Petitt (Bar # 319609)
ROBINSON & COLE LLP
One Liberty Place
1650 Market Street, Suite 3030
Philadelphia, PA 19103
Tel: (215) 398-0600
Fax: (215) 827-5982
Email: apetitt@rc.com

JOHN B. SHELY
Pro Hac Vice (forthcoming)
Texas State Bar No. 18215300
jshely@hicks-thomas.com

M. KATHERINE STRAHAN
Pro Hac Vice (forthcoming)
Texas State Bar No. 24013584
kstrahan@hicks-thomas.com

CLARISSA MEDRANO
Pro Hac Vice (forthcoming)
Texas State Bar No. 24106296
cmedrano@hicks-thomas.com
HICKS THOMAS LLP
700 Louisiana St, Suite 2300
Houston, Texas 77002
Tel. (713) 547-9100
Fax: (713) 547-9150

ATTORNEYS FOR DEFENDANT AETNA HEALTH INC.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed electronically on May 1, 2026. Notice of this filing will be sent by operation of the Court's electronic filing system to all parties indicated on the electronic filing receipt.

/s/ Adam J. Petitt
Adam J. Petitt

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

Thomas Jefferson University dba Jefferson Health and Lehigh Valley Physician Hospital Organization, Inc.,

Plaintiffs,

v.

Aetna Health Inc.,

Defendant.

Civil Case No. 5:26-cv-02215-JMG

ORDER GRANTING DEFENDANT'S MOTION TO COMPEL ARBITRATION AND TO STAY PROCEEDINGS PENDING ARBITRATION

Before the Court is Defendant's Motion to Compel Arbitration and Stay Proceedings Pending Arbitration (the "Motion"). Having considered the Motion, relevant docket entries, and applicable law, the Court **GRANTS** the Motion. This proceeding is hereby **STAYED** pending the conclusion of arbitration.

SO ORDERED.

_____, 2026.

_____
UNITED STATES DISTRICT JUDGE