SHORT FORM ORDER

INDEX NO. 609257/2026

Supreme Court - State of New York
I.A.S Part 43 – Suffolk County
Commercial Division

PRESENT:

HON. PAUL E HENNINGS
Justice of the Supreme Court

Mot Date: August 7, 2026
Submitted: September 9, 2026
Mot Seq. # 001/MG

TRUE NORTH MEDICAL OF MANHASSET, P.C.,
TRUE NORTH MEDICAL OF SUFFOLK, P.C.

Plaintiffs,

-against-

Attorney for Plaintiffs
CALLAGY LAW, P.C.
650 From Rd, Ste 240
Paramus, NJ 07652

ANTHEM HEALTHCHOICE ASSURANCE, INC.,
ANTHEM INSURANCE COMPANIES, INC.,
ANTHEM HEALTHCHOICE HMO, INC.,
ANTHEM HP, LLC

Defendants.

Attorney for Defendants
TROUTMAN PEPPER LOCKE LLP
875 Third Ave
New York, NY 10022

Upon the following papers read on the defendants' motion fto dismiss: NYSCEF document numbers: 1 through 16, the motion is decided as follows:

It is hereby,

ORDERED, that defendants' motion pursuant to CPLR §3211(a)(7) is granted, and the complaint is dismissed in its entirety as against all defendants; and it is further,

ORDERED, that plaintiffs' request for leave to amend the complaint is denied; and it is further,

ORDERED, that the Clerk of the Court is directed to enter judgment accordingly; and it is further,

ORDERED, that defendants shall serve a copy of this Order with notice of entry upon plaintiffs within 20 days after entry.

Background

Plaintiffs True North Medical of Manhasset, P.C. and True North Medical of Suffolk, P.C. are affiliated medical practices that provided out-of-network medical services to members of health benefit plans issued, administered, or managed by defendants. This action arises from defendants' alleged failure to reimburse plaintiffs fully and timely for those services.

After disputing certain payment determinations through open negotiations, plaintiffs submitted the claims to the Independent Dispute Resolution ("IDR") process established by the federal No Surprises Act ("NSA"). Independent dispute-resolution entities thereafter issued 13 determinations

concerning the additional reimbursement due. Plaintiffs claim that defendants failed to pay the resulting amounts and related claim balances totaling at least $1,706,148.16.

The complaint asserts seven causes of action: (1) unjust enrichment; (2) quantum meruit; (3) violation of Insurance Law §3224-a; (4) breach of the implied covenant of good faith and fair dealing; (5) insurance bad faith; (6) breach of an implied-in-fact contract; and (7) declaratory judgment. Plaintiffs seek monetary and declaratory relief, together with interest, punitive damages, attorneys' fees, and costs.

Defendants' Motion to Dismiss (001)

Defendants move pursuant to CPLR §§3211(a)(7) and (8) to dismiss the complaint with prejudice. Although plaintiffs titled their pleading a "Petition," defendants treat it as a complaint because it identifies the parties as plaintiffs and defendants, describes itself as a complaint, asserts causes of action, and was filed with a summons.

Defendants argue the following. The action seeks judicial enforcement of payment determinations issued through the NSA's IDR process. The NSA does not create a private right of action to enforce an IDR determination and that such a determination may not be confirmed under the Federal Arbitration Act. Congress instead provided an administrative enforcement process and limited judicial review to specified circumstances. Plaintiffs cannot avoid those limitations by characterizing the IDR determinations as background and asserting claims under New York law. Every cause of action depends upon their alleged failure to pay the amounts selected through the federal process. Plaintiffs seek at least $1,706,148.16 based upon 13 determinations but identify no independent contractual or common-law duty requiring payment of those amounts. Therefore, the state-law claims are conflict-preempted because allowing providers to enforce IDR determinations through state-law causes of action would interfere with the federal administrative scheme. A provider electing IDR must pursue the enforcement remedies available under the NSA, including reporting nonpayment to the responsible federal agencies.

They also argue that each cause of action is independently deficient under New York law. As to unjust enrichment and quantum meruit, plaintiffs rendered medical services to their patients, not to defendants or at defendants' request. Defendants' processing and partial payment of claims did not create an equitable or quasi-contractual obligation to pay the additional amounts later selected through IDR.

As to Insurance Law §3224-a and the implied-in-fact contract claim, defendants maintain that no express or implied agreement existed between plaintiffs and any defendant. The provision of services to defendants' members, submission and adjudication of claims, receipt of partial payments, and participation in federally prescribed negotiations and IDR do not establish mutual assent, consideration, sufficiently definite terms, or an intent to be bound.

Defendants further contend that the implied-covenant claim fails because plaintiffs have not pleaded an underlying contract and because it duplicates the implied-contract claim. The bad-faith claim is unavailable because plaintiffs are not defendants' insureds, lack contractual privity, and cannot maintain an independent tort claim or a private cause of action under Insurance Law §2601. The declaratory-judgment claim does not present a controversy distinct from plaintiffs' demand for payment. The alleged breaches have already occurred and that the NSA supplies an administrative enforcement mechanism.

Anthem Insurance Companies, Inc. ("AICI") separately seeks dismissal pursuant to CPLR §3211(a)(8) because general jurisdiction is lacking. They contend the corporation is organized under

Indiana law and maintains its principal place of business in Indianapolis and the complaint does not identify any New York transaction or other suit-related conduct attributable to that defendant sufficient to establish specific jurisdiction.

In support of the jurisdictional branch of the motion, defendants submit the affirmation of Frances Schultz. Schultz states that she is employed by Elevance Health as a Senior Legal Specialist and that each defendant is an indirect subsidiary of Elevance Health. She represents that she has personal knowledge of defendants' business operations based upon her duties, professional experience, and review of records maintained by Anthem Insurance Companies, Inc. She also states that Anthem Insurance Companies, Inc. is organized under Indiana law, maintains its principal place of business at 220 Virginia Avenue, Indianapolis, Indiana, and does not have a contract with plaintiffs.

In opposition, plaintiffs argue that defendants wrongly portray the complaint as an attempt to enforce the NSA directly. They contend they are asserting independent New York-law claims and are not seeking review or recalculation of the IDR determinations. The IDR process already set the payment amounts, and state law provides remedies for defendants' failure to pay. Because defendants completed the negotiation and IDR process without seeking vacatur or identifying any grounds to set the determinations aside, plaintiffs claim defendants are improperly attacking final IDR awards. They further argue that the NSA does not make its remedies exclusive and allows state-law claims for late or withheld payments.

Plaintiffs maintain that unjust enrichment is properly pleaded because they provided covered medical services, defendants verified coverage, processed the claims, made partial payments, took the benefit of the services, and then failed to pay the amounts determined through IDR. They make similar arguments for quantum meruit, asserting they rendered necessary care in good faith, expected payment, and that the IDR determinations establish the reasonable value of their services.

Plaintiffs claim the complaint states a Prompt Pay cause of action because defendants processed and partially paid the claims, participated in negotiations and IDR, and then failed to pay the determined amounts. They contend the same course of conduct supports an implied-in-fact contract and creates factual issues unsuitable for dismissal. Plaintiffs also argue that defendants' alleged underpayment, delay, participation in IDR, and refusal to pay support a claim for breach of the implied covenant of good faith and fair dealing, which may be pleaded in the alternative.

Plaintiffs maintain declaratory relief is appropriate because defendants continue refusing to pay the determinations and the declaration would address present payment obligations, not revisit the reimbursement amounts. Alternatively, they seek leave to amend, asserting that the case remains at the pleading stage and amendment would not prejudice defendants. Plaintiffs do not oppose dismissal of Anthem Insurance Companies, Inc. for lack of personal jurisdiction, provided the dismissal is without prejudice and limited to that entity.

In reply, defendants argue that plaintiffs' own arguments confirm every claim ultimately seeks payment of the IDR determinations. They maintain plaintiffs identify no contractual, statutory, or common-law duty to pay those amounts outside the NSA and that treating the determinations as evidence of value does not change their source. Defendants argue plaintiffs invoke the wrong preemption framework: the motion relies on conflict preemption, and allowing state-law claims to enforce IDR results would undermine the federal scheme.

Defendants contend unjust-enrichment and quantum-meruit claims fail because the services were rendered to patients, not at defendants' request, and processing and partially paying claims does not create a quasi-contractual duty to pay IDR amounts. They argue the Prompt Pay and implied-contract claims fail because plaintiffs allege no contract, agreement, mutual assent, or consideration; participation in a statutory process does not create one. Defendants assert the implied-covenant and bad-faith claims fail without a contract and, in any event, cannot be asserted by providers who are not insureds. They further argue declaratory relief merely repackages the demand for payment of the IDR determinations. Finally, defendants oppose leave to amend, asserting amendment would be futile because each claim ultimately depends on enforcing the NSA.

Legal Standards and Discussion

Although plaintiffs titled their pleading a "Petition," it asserts causes of action for damages, identifies plaintiffs and defendants, and demands a jury trial. The parties have consistently treated the pleading as a complaint, and the Court does so for purposes of this motion.

On a motion to dismiss pursuant to CPLR §3211(a)(7) for failure to state a cause of action, the Court must determine whether, accepting the factual allegations of the complaint as true and granting plaintiffs every favorable inference that may be drawn from the pleading, plaintiffs can succeed upon any reasonable view of the facts stated (*Sokoloff v Harriman Estates Dev. Corp.*, 96 NY2d 409, 754 NE2d 184, 729 NYS2d 425 [2001]; *see also Fowler, Rodriguez, Kingsmill, Flint, Gray & Chalos LLP v Island Prop., LLC*, 307 AD2d 953, 763 NYS2d 481 [2d Dept 2003]; *Bartlett v Konner*, 228 AD2d 532, 644 NYS2d 550 [2d Dept 1996]). If factual allegations may be discerned from the four corners of the pleading which, taken together, state any cognizable cause of action, the motion must be denied (*see Wayne S. v County of Nassau Dept. of Social Services*, 83 AD2d 628, 441 NYS2d 536 [2d Dept 1981]).

The complaint concerns claims submitted to the federal independent dispute resolution process established by the No Surprises Act ("NSA"). The NSA provides that an independent dispute resolution determination is binding and permits judicial review only under the limited circumstances incorporated from §10(a) of the Federal Arbitration Act (42 USC §300gg-111[c][5][E][i]). It does not expressly create a private cause of action to confirm or enforce a determination.

Although plaintiffs characterize the IDR determinations as evidence of value, the complaint does not identify an independently existing obligation requiring defendants to pay the particular amounts selected through IDR. To the extent plaintiffs seek recovery of those amounts, the NSA and the resulting determinations supply both the asserted payment obligation and the measure of recovery.

An independent state-law right may nevertheless coexist with a federal regulatory scheme. The federal statute or determination, however, cannot supply an element missing from the asserted state-law claim, nor may the absence of a private federal enforcement remedy be avoided by recasting the alleged federal payment obligation under state law (*see Excess Line Assn. of N.Y. v Waldorf & Assoc.*, 130 AD3d 563, 566 [2d Dept 2015]). Each cause of action, including the statutory cause of action under Insurance Law §3224-a, must independently satisfy its elements under New York law (*see id.*).

As to the first cause of action, a plaintiff asserting unjust enrichment must establish that the defendant was enriched at the plaintiff's expense and that equity and good conscience militate against permitting the defendant to retain the benefit sought to be recovered (*Robertson v Wells*, 95 AD3d 862, 864, 944 NYS2d 194, 196 [2d Dept 2012]). The relationship between the parties must not be too

attenuated to support the asserted equitable obligation (*see Georgia Malone & Co., Inc. v Rieder*, 19 NY3d 511, 516 [2012]).

The medical services at issue were rendered to plaintiffs' patients, not to defendants. The complaint does not allege a relationship or course of dealing apart from defendants' processing of claims and participation in the federal dispute-resolution process. Nor does it identify any benefit that defendants requested and knowingly accepted from plaintiffs under circumstances creating an equitable obligation to pay the amounts selected through that process. Accordingly, the first cause of action for unjust enrichment is dismissed.

As to the second cause of action for quantum meruit, a plaintiff must establish the performance of services in good faith, acceptance of the services by the person to whom they were rendered, an expectation of compensation, and the reasonable value of the services (*Moors v Hall*, 143 AD2d 336, 337-338, 532 NYS2d 412 [2d Dept 1988]; *see Fulbright & Jaworski, LLP v Carucci*, 63 AD3d 487, 488-489, 881 NYS2d 56 [1st Dept 2009]).

Here, the medical services were performed at the request and for the benefit of plaintiffs' patients, not at defendants' request. An out-of-network provider cannot maintain a quantum meruit claim against an insurer where the provider rendered the services at the behest of its patients (*see Laine v Empire HealthChoice Assur., Inc.*, 234 AD3d 833, 835, 226 NYS3d 258 [2d Dept 2025]; *Pekler v Health Ins. Plan of Greater N.Y.*, 67 AD3d 758, 760, 888 NYS2d 196 [2d Dept 2009]). Routine claim processing, coverage verification, partial payment, and participation in a statutorily required dispute-resolution process do not constitute a request that plaintiffs render medical services or a promise to pay their reasonable value. Accordingly, the second cause of action for quantum meruit is dismissed.

The third cause of action alleges a violation of Insurance Law §3224-a, also known as the Prompt Pay Law. The statute imposes timeframes within which an insurer must pay a qualifying health-care claim, deny it, or request additional information. An insurer that fails to comply may be required to pay the claim with interest. Insurance Law §3224-a also provides health-care providers with an implied private right of action against insurers (*see Maimonides Med. Ctr. v First United Am. Life Ins. Co.*, 116 AD3d 207, 208-210, 981 NYS2d 739 [2d Dept 2014]).

The absence of a direct contract between a provider and an insurer does not, by itself, defeat a cause of action under Insurance Law §3224-a. A plaintiff must nevertheless plead facts identifying claims governed by the statute and the manner in which the insurer failed to comply. Conclusory allegations that an insurer failed to pay unspecified "clean claims" within the statutory period are insufficient (*see Fika Midwifery PLLC v Independent Health Assn., Inc.*, 208 AD3d 1052, 1055, 173 NYS3d 761 [4th Dept 2022]).

Here, the complaint refers collectively to "certain clean claims," but does not identify the patients, applicable insurance policies or agreements, claim-submission dates, means of submission, applicable payment periods, requests for additional information, denial notices, or the defendant responsible for each alleged violation. It therefore does not allege facts showing that the particular claims fall within Insurance Law §3224-a or that defendants failed to comply with a specific statutory deadline. The IDR determinations do not supply those missing facts. Accordingly, the third cause of action alleging a violation of Insurance Law §3224-a is dismissed.

The fourth cause of action alleges breach of the implied covenant of good faith and fair dealing. The covenant is breached when a party to a contract acts in a manner that, although not expressly

prohibited by the contract, deprives the other party of the right to receive the benefits of the agreement (*P.T. & L. Contr. Corp. v Trataros Constr., Inc.*, 29 AD3d 763, 764, 816 NYS2d 508 [2d Dept 2006]). In the absence of a valid contract, dismissal of a cause of action for breach of the implied covenant of good faith and fair dealing is warranted (*see Meyer v New York-Presbyterian Hosp. Queens*, 167 AD3d 996, 997, 88 NYS3d 900 [2d Dept 2018], *lv denied* 33 NY3d 908 [2019]).

Here, plaintiffs do not allege facts establishing a contractual relationship with defendants. Nor, for the reasons discussed in connection with the sixth cause of action, do they adequately allege the existence of an implied-in-fact contract. Accordingly, the fourth cause of action for breach of the implied covenant of good faith and fair dealing is dismissed.

The fifth cause of action alleges insurance bad faith. Insurers do not owe an independent tort duty to insureds in connection with claim handling. Insurance Law §2601, which governs unfair claim-settlement practices, regulates an insurer's performance of its contractual obligations and does not impose a separate duty of reasonable care (*New York Univ. v Continental Ins. Co.*, 87 NY2d 308, 316-320 [1995]). The statute does not provide an insured with a private right of action or impose a tort duty separate from the insurance contract (*id.*).

Plaintiffs are not alleged to be defendants' insureds, and no enforceable insurance contract between plaintiffs and defendants has been pleaded. Accordingly, the fifth cause of action alleging insurance bad faith is dismissed.

The sixth cause of action alleges breach of an implied-in-fact contract. An implied-in-fact contract requires the same elements as an express contract, including mutual assent, consideration, sufficiently definite terms, and an intent to be bound. It differs only in that the parties' assent is inferred from their conduct rather than expressed in words (*see Maas v Cornell Univ.*, 94 NY2d 87, 93-94 [1999]).

The complaint does not identify any communication or conduct showing that a particular defendant agreed to pay either plaintiff according to a specified reimbursement method. The submission of claims, receipt of partial payments, and participation in the NSA process reflect defendants' administration of insurance benefits and compliance with federal law, rather than a meeting of the minds.

The complaint's general references to assignments or third party-beneficiary status "where applicable" are also insufficient. Plaintiffs do not identify a particular policy, assignor, assignment, or contractual provision demonstrating an intent to confer an immediate and enforceable benefit upon either plaintiff. Conclusory allegations of intended-beneficiary status are insufficient (*see Neurological Surgery, P.C. v Group Health Inc.*, 224 AD3d 697, 699-700, 204 NYS3d 565 [2d Dept 2024]). Because the complaint does not allege a contract or contractual right enforceable by plaintiffs, the sixth cause of action is dismissed.

The seventh cause of action seeks a declaratory judgment. Declaratory relief is intended to resolve an actual controversy concerning the parties' present or prospective legal rights. It is not warranted where the requested declaration would merely determine past liability and duplicate an existing claim for damages (*see Touro College v Novus Univ. Corp.*, 146 AD3d 679, 680, 45 NYS3d 458 [1st Dept 2017]).

Plaintiffs seek a declaration concerning defendants' alleged obligation to pay completed IDR determinations. The requested declaration is retrospective and duplicates plaintiffs' demand for payment of those determinations. Accordingly, the seventh cause of action is dismissed.

Because the complaint fails to state a cause of action against any defendant, dismissal is warranted as against all defendants pursuant to CPLR §3211(a)(7). The Court therefore need not reach the alternative branch of defendants' motion seeking dismissal as against AICI pursuant to CPLR §3211(a)(8), which has been rendered academic.

Plaintiffs request leave to amend only in their memorandum of law. They did not move or cross-move for that relief or submit a proposed amended complaint identifying the additional facts they would plead. The request is therefore procedurally insufficient and provides no basis for determining whether an amendment would cure the defects (*see* CPLR §3025[b]; *Hempstead Classroom Teachers Assn. v Board of Educ. of the Hempstead Union Free Sch. Dist.*, 242 AD3d 1065, 1068, 245 NYS3d 137 [2d Dept 2025]). Accordingly, plaintiffs' request for leave to amend is denied.

SO ORDERED.

Dated: September 17, 2026

HON. PAUL E. HENNINGS, J.S.C.

__X__ **FINAL DISPOSITION** _____**NON-FINAL DISPOSITION**