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Attorneys for Plaintiffs

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

BARBARA BEACH, on her own behalf and on
behalf of her minor daughter and all others
similarly situated, JOHN DOE, on his own
behalf and on behalf of all others similarly
situated, JOHN LOE, on his own behalf and on
behalf of his beneficiary son and all others

Case No. 3:21-cv-8612

CLASS ACTION COMPLAINT

1 similarly situated, JOHN POE, by and through
2 his agent, Jane Poe, on his own behalf and on
3 behalf of all others similarly situated, JOHN
4 ROE, by and through his agent Mark Roe, on his
5 own behalf and on behalf of all others similarly
6 situated, and JOHN ZOE, by and through his
7 agent, Mark Zoe, on his own behalf and on
8 behalf of all others similarly situated,

9 Plaintiffs,

10 v.

11 UNITED BEHAVIORAL HEALTH,

12 Defendant.
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1 BARBARA BEACH, on her own behalf and on behalf of her minor daughter and all others
2 similarly situated; JOHN DOE,¹ on his own behalf and on behalf of all others similarly situated;
3 JOHN LOE, on his own behalf and on behalf of his beneficiary son and all others similarly situated;
4 JOHN POE, by and through his agent Jane Poe, on his own behalf and on behalf of all others
5 similarly situated; JOHN ROE, by and through his agent Mark Roe, on his own behalf and on behalf
6 of all others similarly situated; and JOHN ZOE, by and through his agent, Mark Zoe, on his own
7 behalf and on behalf of all others similarly situated (collectively, “Plaintiffs”) complain as follows,
8 based on the best of their knowledge, information and belief, formed after an inquiry reasonable
9 under the circumstances, against Defendant United Behavioral Health (“UBH”):

10 INTRODUCTION

11 1. Defendant UBH is the administrator of mental health and substance use disorder
12 benefits provided by thousands of employer-sponsored health plans that are subject to the
13 Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 - 1461 (“ERISA”). In that
14 capacity, UBH determines whether to approve plan beneficiaries’ requests for coverage, which
15 requires UBH to interpret the written terms of the beneficiaries’ plans. To standardize its
16 administration of so many plans, UBH develops and uses various written policies that it applies
17 when administering all ERISA plans. This case arises from UBH’s deliberate development of
18 policies designed to reduce the number and value of claims UBH would approve, thereby serving
19 the financial interests of UBH, its affiliates, and the employer plan sponsors they consider their
20 customers. The UBH policies at issue in this case all disregard or directly flout the terms of the
21 Plaintiffs’ Plans, and were developed to serve UBH’s interests and those of its plan sponsor

22
23 ¹ Plaintiffs challenge Defendant’s denials of coverage for mental health and substance use disorder
24 treatment. Because mental illness and substance use disorders remain subject to pervasive stigma,
25 several of the Plaintiffs have legitimate concerns about publicly disclosing their identities. For that
26 reason, those Plaintiffs (and, where applicable, their agents) have chosen to file this action
27 pseudonymously, using the fictitious names “John Doe”; “John Loe”; “John and Jane Poe”; “John
28 and Mark Roe”; and “John and Mark Zoe.” The identities of these Plaintiffs and (where applicable)
their beneficiaries or agents will be fully disclosed to Defendant and to the Court, so long as such
identifying information is not released into the public record. Plaintiffs’ motion to proceed under
pseudonyms will be filed as soon as practicable after Defendant’s counsel has entered an
appearance.

1 customers rather than those of the plan members. As a result, the policies all breach the fiduciary
2 duties UBH owes to all ERISA plan members, including Plaintiffs.

3 2. First, Plaintiffs challenge UBH's denials of their requests for benefits pursuant to
4 the 2018 and 2019 editions of UBH's "Level of Care Guidelines," which UBH used to determine
5 whether mental health and/or substance use disorder services for which coverage was requested
6 were consistent with generally accepted standards of care. While the Plaintiffs' Plans required, as
7 one essential prerequisite for coverage, that services be consistent with generally accepted
8 standards, UBH developed Guidelines for making that determination that were pervasively more
9 restrictive than the generally accepted standards.

10 3. Second, Plaintiffs challenge UBH's denials of their requests for coverage of
11 residential treatment services in their entirety, even though UBH found that some of the services
12 provided at that level of care—which are specifically listed as covered services under Plaintiffs'
13 plans—were medically necessary for Plaintiffs. Pursuant to UBH's "Facility-Based Behavioral
14 Health Program Reimbursement Policy," UBH insists that facilities submit claims for
15 reimbursement for facility-based care using a "daily rate," which is a bundled per-diem charge that
16 purportedly accounts for all services provided for treatment at a given level of care. When UBH
17 denies such claims for lack of medical necessity, UBH denies *all* coverage, even when UBH
18 acknowledges that some of the services bundled into the per diem charge are medically necessary
19 for the member, rather than considering those services on an un-bundled basis and approving
20 coverage for them.

21 THE PARTIES

22 4. Plaintiff Barbara Beach is a participant in a self-funded employee welfare benefit
23 plan sponsored by her employer and administered by United Healthcare Services, Inc. (the "Beach
24 Plan"). Plaintiff Beach's minor daughter is Plaintiff's dependent and a beneficiary of the Beach
25 Plan. Plaintiff Beach and her daughter are permanent residents of Saratoga, California.

26 5. At all times relevant to this Complaint, Plaintiff John Doe was a participant in a self-
27 funded employee welfare benefit plan sponsored by his employer and administered by United
28

1 Healthcare Services, Inc. (the “Doe Plan”). Plaintiff Doe is a permanent resident of Fairfax County,
2 Virginia.

3 6. At all times relevant to this Complaint, Plaintiff John Loe was a participant in a self-
4 funded employee welfare benefit plan sponsored by his employer and administered by United
5 Healthcare Services, Inc. (the “Loe Plan”). Plaintiff Loe’s son is Plaintiff’s dependent and a
6 beneficiary of the Loe Plan. Plaintiff Loe and his son are permanent residents of Northbrook,
7 Illinois.

8 7. At all times relevant to this Complaint, Plaintiff John Poe was a participant in a
9 fully-insured employee welfare benefit plan issued and administered by UnitedHealthcare
10 Insurance Company (the “Poe Plan”). John Poe’s mother, Jane Poe, is representing his interests in
11 this litigation pursuant to a duly executed power of attorney. John and Jane Poe are permanent
12 residents of Atlanta, Georgia.

13 8. At all times relevant to this Complaint, Plaintiff John Roe was a participant in a self-
14 funded employee welfare benefit plan sponsored by his former employer and administered by
15 United Healthcare Services, Inc. (the “Roe Plan”). John Roe’s father, Mark Roe, is representing his
16 interests in this litigation pursuant to a duly executed power of attorney. Mark and John Roe are
17 permanent residents of Middletown, Ohio.

18 9. At all times relevant to this Complaint, Plaintiff John Zoe was a member of a self-
19 funded employee welfare benefit plan sponsored by his father’s employer and administered by
20 United Healthcare Services, Inc. (the “Zoe Plan”). John Zoe’s father, Mark Zoe, represents his
21 interests in this litigation pursuant to a duly executed power of attorney. John Zoe is a permanent
22 resident of Nashville, Tennessee. Mark Zoe is a permanent resident of New York, New York.

23 10. Defendant United Behavioral Health (“UBH”), which also operates as OptumHealth
24 Behavioral Solutions, is a corporation organized under California Law, with its principal place of
25 business in San Francisco, California.

26 11. UBH is a third-tier wholly-owned subsidiary of United HealthCare Services, Inc.,
27 which is wholly owned by UnitedHealth Group Incorporated. UnitedHealth Group Inc. also wholly
28 owns UnitedHealthcare Insurance Company.

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