

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF INDIANA  
INDIANAPOLIS DIVISION

COLLYER SMITH, *individually and on behalf* )  
*of all those similarly situated,* )

*Plaintiff,* )

vs. )

No. 1:20-cv-02066-JMS-TAB

GOLDEN RULE INSURANCE COMPANY, )  
SAVVYSHERPA ADMINISTRATIVE SERVICES, )  
LLC, and UNITED HEALTHCARE SERVICES, )  
INC., )

*Defendants.* )

**ORDER**

Plaintiff Collyer Smith ("Mr. Smith"), individually and on behalf of all those similarly situated, brings this action against Defendants Golden Rule Insurance Company, Savvysherpa Administrative Services, LLC, and United Healthcare Services, Inc. (collectively, "Golden Rule"),<sup>1</sup> challenging Golden Rule's denial of health insurance coverage for certain substance-abuse-related treatments received by his son, Collyer C. Smith ("Collyer C."), and its alleged standardized practice of presumptively denying coverage for such services. Mr. Smith asserts claims for breach of contract and for violations of the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 ("the Parity Act"). Defendants have filed a Partial Motion to Dismiss pursuant to [Federal Rules of Civil Procedure 12\(b\)\(1\)](#) and [12\(b\)\(6\)](#), [[Filing No. 30](#)], which is now ripe for the Court's review.

---

<sup>1</sup> Mr. Smith in the Complaint and both parties in their briefing address Defendants collectively, so the Court will do the same for purposes of deciding the Motion to Dismiss. [[See Filing No. 1](#); [Filing No. 32 at 7](#); [Filing No. 54 at 6](#) n.1.]

**I.**  
**STANDARD OF REVIEW**

Under Rule 12(b)(6), a party may move to dismiss a claim that does not state a right to relief. The Federal Rules of Civil Procedure require that a complaint provide the defendant with "fair notice of what the . . . claim is and the grounds upon which it rests." *Erickson v. Pardus*, 551 U.S. 89, 93 (2007) (quoting *Bell Atlantic v. Twombly*, 550 U.S. 544, 555 (2007)). In reviewing the sufficiency of a complaint, the Court must accept all well-pled facts as true and draw all permissible inferences in favor of the plaintiff. *Alarm Detection Sys., Inc. v. Vill. of Schaumburg*, 930 F.3d 812, 821 (7th Cir. 2019). A Rule 12(b)(6) motion to dismiss asks whether the complaint "contain[s] sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Twombly*, 550 U.S. at 570). "A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Id.* (citing *Twombly*, 550 U.S. at 556). "Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice." *Iqbal*, 556 U.S. at 678 (citing *Twombly*, 550 U.S. at 555). Factual allegations must plausibly state an entitlement to relief "to a degree that rises above the speculative level." *Munson v. Gaetz*, 673 F.3d 630, 633 (7th Cir. 2012). This plausibility determination is "a context-specific task that requires the reviewing court to draw on its judicial experience and common sense." *Id.*

"Federal Rule of Civil Procedure 12(b)(1) allows a party to move to dismiss a claim for lack of subject matter jurisdiction." *Hallinan v. Fraternal Order of Police of Chicago Lodge No. 7*, 570 F.3d 811, 820 (7th Cir. 2009). When deciding a motion to dismiss under Rule 12(b)(1), the Court accepts the allegations in the plaintiff's complaint as true and draws all reasonable inferences in the plaintiff's favor. *Long v. Shorebank Dev. Corp.*, 182 F.3d 548, 554 (7th Cir. 1999). *See*

also *Apex Digital, Inc. v. Sears, Roebuck & Co.*, 572 F.3d 440, 443 (7th Cir. 2009) ("Facial challenges [to subject matter jurisdiction] require only that the court look to the complaint and see if the plaintiff has sufficiently alleged a basis of subject matter jurisdiction." (emphasis omitted)).

## II. BACKGROUND

The following are the factual allegations contained in the Complaint, which the Court must accept as true at this time.

### A. The Policy

On February 1, 2013, Mr. Smith, his wife, and Collyer C. entered into a health insurance contract with Golden Rule ("the Policy"). [[Filing No. 1 at 2-3.](#)] In relevant part, the Policy covers coinsurance in excess of the applicable deductible for certain covered and eligible expenses. [[Filing No. 1-1 at 27.](#)] However, the Policy also provides that "[e]ven if not specifically excluded by the policy, no benefit will be paid for a service or supply unless it is: (A) Administered or ordered by a doctor, and (B) Medically necessary to the diagnosis or treatment of an injury or illness." [[Filing No. 1-1 at 41](#) (emphasis omitted).] As to the medical necessity requirement, the Policy states:

"Medically necessary" means a treatment, test, procedure or confinement that is necessary and appropriate for the diagnosis or treatment of an illness or injury. This determination will be made by us based on our consultation with an appropriate medical professional. A treatment, test, procedure or confinement will not be considered medically necessary if: (A) it is provided only as a convenience for the covered person or provider; (B) it is not appropriate for the covered person's diagnosis or symptoms; or (C) it exceeds (in scope, duration, or intensity) that level of care which is needed to provide safe, adequate, and appropriate diagnosis or treatment of the covered person. The fact that any particular doctor may prescribe, order, recommend, or approve a treatment, test, procedure, or confinement does not, of itself, make the treatment, test, procedure or confinement medically necessary.

[[Filing No. 1-1 at 20](#) (emphasis omitted).]

The Policy contains a rider which states:

Covered expenses are amended to include charges incurred for the diagnosis and treatment of mental disorders, including substance abuse, to the same extent as any other illness under the policy/certificate. Unless specifically stated otherwise, benefits for mental disorders and substance abuse are subject to the terms and conditions of the policy, including any applicable deductible amounts, coinsurance and copayment amounts.

[[Filing No. 1-1 at 59](#) (emphasis omitted).] "Substance abuse" as defined by the Policy "means alcohol, drug or chemical abuse, overuse or dependency." [[Filing No. 1-1 at 22.](#)]

### **B. Collyer C.'s History and Treatment**

At various times during his teenage years, Collyer C. was diagnosed with persistent depressive disorder, generalized anxiety disorder, specific learning disorder, developmental coordination disorder, and opiate use disorder. [[Filing No. 1 at 7.](#)] To treat these disorders, Collyer C. voluntarily became a patient at a wilderness therapy treatment center and regularly visited counselors and therapists. [[Filing No. 1 at 8.](#)]

From September 11, 2017 to December 28, 2017, Collyer C. was a patient in an intensive outpatient program ("IOP") at PACE Recovery Center, a nationally recognized mental health and substance abuse treatment center in southern California. [[Filing No. 1 at 12.](#)] IOPs are treatment programs used to treat addictions and other conditions while the patient lives at home. [[Filing No. 1 at 11-12.](#)] During his time as a patient in PACE's IOP program, Collyer C. incurred \$44,290 in charges for services rendered. [[Filing No. 1 at 12.](#)] Mr. Smith paid these charges in full. [[Filing No. 1 at 12.](#)]

As a part of his treatment, Collyer C. was regularly tested for drug use through urine analysis ("UA") tests. [[Filing No. 1 at 8.](#)] These tests were required by Collyer C.'s treatment providers to accurately assess and monitor his condition and were employed using conventional and appropriate UA testing methodology. [[Filing No. 1 at 8.](#)] Between late 2017 and early 2018,

Collyer C. was given several dozen UA tests, for which Mr. Smith was charged a total of \$1,560.30. [[Filing No. 1 at 8.](#)]

On January 12, 2018, Collyer C. overdosed and died. [[Filing No. 1 at 8.](#)] His death certificate lists his cause of death as a lethal combination of heroin, cocaine, and fentanyl. [[Filing No. 1 at 8.](#)] Mr. Smith was billed for UA tests for months after his son died. [[Filing No. 1 at 9.](#)]

### **C. Golden Rule's Refusal of Coverage**

Golden Rule refused to pay for any of Collyer C.'s UA tests or IOP services. [[Filing No. 1 at 8](#); [Filing No. 1 at 12.](#)] Mr. Smith invoked Golden Rule's internal appeals process to appeal the denials of coverage, resulting in three decisions affirming the original denials. [[Filing No. 1 at 9.](#)]<sup>2</sup>

The first decision, dated February 21, 2018, concluded that the UA tests were not medically necessary. [[Filing No. 31-1 at 1.](#)] The accompanying "Peer Review Report" noted that Collyer C. received definitive, rather than presumptive, UA tests and concluded that the definitive tests were not medically necessary because "[p]resumptive urine drug screening is usually sufficient" and definitive screening should only be performed when the presumptive test is in conflict with the patient's own account of his drug use, when a specific drug needs to be tested for, or when the specific level of a drug needs to be known. [[Filing No. 31-1 at 7.](#)]

Another decision, dated March 9, 2018, concluded that the IOP services were not medically necessary. [[Filing No. 1 at 12](#); [Filing No. 31-2 at 2.](#)] The accompanying medical review states:

---

<sup>2</sup> Along with its Motion to Dismiss, Golden Rule submitted copies of the three decisions denying coverage. [[Filing No. 31-1](#); [Filing No. 31-2](#); [Filing No. 31-3.](#)] Because these documents are referenced in the Complaint and central to Mr. Smith's claims, the Court can consider them in ruling on Golden Rule's Motion to Dismiss. *See, e.g., 188 LLC v. Trinity Indus., Inc.*, 300 F.3d 730, 735 (7th Cir. 2002) ("It is also well-settled in this circuit that 'documents attached to a motion to dismiss are considered part of the pleadings if they are referred to in the plaintiff's complaint and are central to his claim. Such documents may be considered by a district court in ruling on the motion to dismiss.'") (quoting *Wright v. Assoc. Ins. Cos. Inc.*, 29 F.3d 1244, 1248 (7th Cir. 1994)). Where appropriate, the Court will cite to these documents in addition to the Complaint.

# Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

## Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

## Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

## Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

## API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

## LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

## FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

## E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.