UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

EMERGENCY DEPARTMENT PHYSICIANS P.C. and EMERGENCY PROFESSIONALS OF MICHIGAN, P.C.,

Plaintiffs,

v.

UNITED HEALTHCARE, INC., et al.,

Defendants.
_____/

Case No. 2:19-cv-12052

HONORABLE STEPHEN J. MURPHY, III

OPINION AND ORDER GRANTING IN PART DEFENDANTS' MOTION TO DISMISS AND DENYING DEFENDANTS' MOTION FOR A MORE DEFINITE STATEMENT [29]

Plaintiffs originally filed a complaint in Wayne County Circuit Court and alleged that Defendants underpaid them for various medical services. ECF 1-2, PgID 25–43. Almost a year after Defendants removed the case, Plaintiffs amended the complaint to include claims for medical services covered by Employee Retirement Income Security Act ("ERISA") healthcare plans. ECF 26. Defendants then moved to dismiss the first amended complaint and for a more definite statement. ECF 29.

After the parties fully briefed the motions, the Michigan Legislature enacted the Surprise Medical Billing Act, Mich. Comp. Laws § 333.24501 *et seq.*, that regulates emergency room medical billing for out-of-network providers. *See* ECF 40, PgID 1059. The Court ordered supplemental briefing to address whether the law impacts Plaintiffs' claims under Michigan's Prompt Pay Act, Mich. Comp. Laws,

§ 500.2006. *Id.* at 1060. And the parties fully briefed the supplemental question. ECF 41, 42.

The Court later held a hearing on the motion to dismiss with the use of video conferencing technology. ECF 43. At the hearing, the parties addressed only whether the Court should dismiss Plaintiffs' Prompt Pay Act and breach of an implied-in-fact contract claims. ECF 40, PgID 1060. For the following reasons, the Court will grant in part and deny in part the motion to dismiss and deny the motion for a more definite statement. The partial grant will effectuate complete dismissal of the case.

BACKGROUND

Plaintiffs are hospital-based physicians in Southeast Michigan who provide emergency care to patients that enrolled in health insurance policies with Defendants. ECF 26, PgID 451, 455, 460. Under the Emergency Medical Treatment Act ("EMTALA"), 42 U.S.C. § 1395dd, Plaintiffs are required to evaluate, stabilize, and treat all patients who seek emergency room care. *See* ECF 26, PgID 457–58.

Since January 2016, Defendants have allegedly underpaid Plaintiffs for the medical care that they had provided to Defendants' insureds. *Id.* at 464–66. Because of the underpayment, Defendants have allegedly paid Plaintiffs unreasonable rates. *Id.* at 453–54. The rates are allegedly unreasonable because they are "below the reasonable value of the services rendered as measured by the community where they were performed and by the person who provided them." *Id.* Given Defendants' below-market payments, Plaintiffs alleged, they are entitled to at least $2.9 million. *Id.* at 454–55.

To complicate matters, there is no written contract between Plaintiffs and Defendants because Plaintiffs are out-of-network providers. *Id.* at 459. As out-of-network providers, they have not bound themselves in writing to Defendants' payment policies or rate schedules. *Id.* Now, without a written contract on which to sue, Plaintiffs asserted four claims against Defendants.

First, Plaintiffs asserted that they have a right to timely payment under the Prompt Pay Act. ECF 26, PgID 464–66. Next, Plaintiffs asserted that Defendants breached an implied-in-fact contract or, in the alternative, an implied-in-law contract with Plaintiffs. *Id.* at 466–70. And last, Plaintiffs sought declaratory judgment on three separate grounds. *Id.* at 470–71.

For the first claim, Plaintiffs asserted that Michigan law required Defendants to timely pay Plaintiffs, in full, for each billed claim within forty-five days. *Id.* at 465. Because Defendants have not done so, Plaintiffs believe they are entitled to the fully billed amount plus twelve percent statutory interest under § 500.2006(8). ECF 26, PgID 465–66.

For the breach of an implied-in-fact contract claim, Plaintiffs asserted that the parties' conduct created an implicit agreement to pay Plaintiffs reasonable value for their services provided to Defendants' insureds. *Id.* at 466. The implied agreement arose because Defendants have paid and continue to pay Plaintiffs market-value rates for some services. *Id.* Plus, Defendants allegedly knew that Plaintiffs never agreed to accept unreasonable, below-market rate payments. *Id.* at 467.

Next, Plaintiffs alleged that Defendants have been unjustly enriched at Plaintiffs' expense. *Id.* at 468–70. The alleged enrichment occurred because Plaintiffs fulfilled Defendants' obligations to their insureds by providing medical services covered under the insureds' benefit plans. *Id.* at 468–69. And the enrichment was unjust because Defendants failed to pay the reasonable value of the benefit that Plaintiffs conferred to them through the medical services to Defendants' insureds. *Id.* at 469.

Last, Plaintiffs sought declaratory relief on three grounds. One claim asked the Court to declare that Defendants must pay Plaintiffs "in full, and within forty-five days from the submission of all [c]lean [c]laims covering those services provided to [p]atients" under the Prompt Pay Act. *Id.* at 471. Second, Plaintiffs requested that the Court to declare that Defendants must pay Plaintiffs "the reasonable value of the emergency medicine services provided to [Defendants' insureds], . . . as well as the time-value of the money that [Defendants] have arbitrarily withheld from [Plaintiffs]." *Id.* And the last claim sought a declaration that Defendants "must pay [Plaintiffs] prospectively for [n]on-[p]articipating [c]laims in an amount that represents the reasonable value of the services [that Plaintiffs] provide." *Id.*

After Plaintiffs amended the complaint, Defendants moved to dismiss under Federal Rules of Civil Procedure 12(b)(1) and 12(b)(6). ECF 29, PgID 677–94. Defendants also moved for a more definite statement under Rule 12(e). *Id.* at 673–77.

LEGAL STANDARD

"Federal courts are courts of limited jurisdiction." *Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375, 377 (1994). For that reason, courts may dismiss cases

for "lack of subject-matter jurisdiction" at any time. Fed. R. Civ. P. 12(b)(1). When a defendant challenges subject-matter jurisdiction, the plaintiff bears the burden of proving jurisdiction. *Mich. S. R.R. Co. v. Branch & St. Joseph Ctys. Rail Users Ass'n, Inc.*, 287 F.3d 568, 573 (6th Cir. 2002). When a defendant facially attacks whether the plaintiff properly alleged a basis for subject-matter jurisdiction, the trial court takes the complaint's allegations as true. *Ohio Nat'l Life Ins. Co. v. United States*, 922 F.2d 320, 325 (6th Cir. 1990).

The Court may grant a Rule 12(b)(6) motion to dismiss if the complaint fails to allege facts "sufficient 'to raise a right to relief above the speculative level,' and to 'state a claim to relief that is plausible on its face.'" *Hensley Mfg. v. ProPride, Inc.*, 579 F.3d 603, 609 (6th Cir. 2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555, 570 (2007)). The Court views the complaint in the light most favorable to the plaintiff, presumes the truth of all well-pleaded factual assertions, and draws every reasonable inference in the nonmoving party's favor. *Bassett v. Nat'l Collegiate Athletic Ass'n*, 528 F.3d 426, 430 (6th Cir. 2008).

But the Court will not presume the truth of legal conclusions in the complaint. *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009). If "a cause of action fails as a matter of law, regardless of whether the plaintiff's factual allegations are true or not," then the Court must dismiss. *Winnett v. Caterpillar, Inc.*, 553 F.3d 1000, 1005 (6th Cir. 2009).

DISCUSSION

Defendants moved for a more definite statement and to dismiss the first amended complaint. ECF 29. The Court will first address the motions to dismiss.

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