

v.

CLINICAL WOUND SOLUTIONS, LLC,
An Illinois limited liability company,

Defendant.

VERIFIED COMPLAINT

Plaintiff, Northwood, Inc. (“Northwood”), by and through its attorney Brandon K. Fasse of FASSE LAW, PLLC, for its complaint against Clinical Wound Solutions, LLC (“CWS”), states as follows:

NATURE OF THE ACTION

1. Northwood, a licensed third-party administrator of health insurance claims for health insurance plans, brings this action seeking compensation for damages caused by Defendant’s breach of contract and injunctive relief.
2. Defendant, a provider of medical supplies, has and is *presently engaged* in invoicing/billing activities that are in breach of a provision of an agreement between the parties which prohibits the seeking of reimbursement for medical supplies from health plan members.
3. Northwood discovered Defendants improper conduct when multiple customers called to report receipt of invoices from CWS.

5. Plaintiff Northwood, Inc. is a corporation organized under the laws of the State of Michigan, with its principal place of business at 25790 Commerce Drive, Madison Heights, MI 48071.
6. Defendant Clinical Wound Solutions, LLC is a limited liability company organized under the laws of the State of Illinois, with its principal place of business at 1084 Industrial Drive, Unit 5, Bensenville, Il 60106.

JURISDICTION AND VENUE

7. The Court has subject matter jurisdiction over this action pursuant to 28 U.S.C § 1332(a)(1).
8. The amount of damages at issue exceeds \$75,000, exclusive of interest and costs.
9. The court has personal jurisdiction over the Defendant because they transact or have transacted business in the Eastern District of Michigan by, for example, contracting with and submitting health insurance claim forms to Plaintiff Northwood within the Eastern District of Michigan.
10. In addition, the Court has personal jurisdiction over the Defendant because Defendant entered into a contract with Plaintiff Northwood which necessitated the flow of information and documents into the Eastern District of Michigan.
11. Additionally, the Court has personal jurisdiction over the Defendant because the agreement which makes up the basis of this claim (Attached as **Exhibit A**) contains a

district, and Defendant is subject to personal jurisdiction in this district.

FACTS

13. Northwood is a third-party administrator of health insurance claims for medical equipment and supplies.
14. Northwood contracts with health insurance plan clients to facilitate the provision of medical equipment and supplies to members of client health insurance plans.
15. Northwood contracts with numerous *providers* of medical supplies in order to make products available for and facilitate the provision of medical supplies to health plan end user members. These providers constitute the “Northwood Network” of providers.
16. CWS is a provider of medical supplies to end users that specializes in wound care products and supplies.
17. On July 30, 2015, Northwood entered into a Participating Supplier Agreement (“Agreement”) with CWS for the provision of itemized products and services to health plan client members.
18. The Agreement prescribes the manner and course of conduct by which CWS is to provide products and services to health plan members or “Covered Persons” as defined in the Agreement.
19. The Fee Schedule to the Agreement itemizes the specific products and services and associated reimbursement rates for products that CWS agreed to provide to Covered

services, collect essential documentation from patients evidencing said services, and then submit to Northwood for reimbursement at the specified reimbursement rate.

21. The agreement at § 4.6 provides for Northwood's implementation of routine audit procedures to ensure that Covered Services are being rendered to Covered Persons in a manner which is not violative of contractual and regulatory standards for such services.
22. After CWS failed a number of appropriately conducted internal audits for failure to provide Northwood with adequate claim information, Northwood properly terminated its Agreement with CWS effective as of November 7, 2018.
23. Following termination of the Agreement, CWS filed a lawsuit in DuPage County Circuit Court (Illinois) alleging that Northwood improperly retained reimbursement owed to CWS in violation of the Agreement. That lawsuit was removed to the U.S. District Court for the Northern District of Illinois where it remains pending.
24. The Agreement at § 5.5 states in relevant part that **“Participating Supplier shall look only to Northwood for Covered Services rendered to a Covered Person. Participating Supplier agrees that in no event shall it bill, charge collect or attempt to collect a deposit from, seek compensation or remuneration from, surcharge or have any recourse against a Covered Person by Participating Supplier”**. The Section “shall survive termination of this Agreement, regardless of the cause of termination of this Agreement, and shall be construed to be for the benefit of Covered Persons.

June 2, 2020 that a Covered Person was being billed directly by CWS for Covered Services.

27. Beginning in mid-September of 2020, Northwood began receiving a significant amount of complaints regarding invoices received from CWS requesting remuneration for services allegedly rendered by CWS. The fielding of said complaints required significant time and resources on behalf of Northwood.
28. Northwood began tracking reports of the improper invoicing and requesting proof from Covered Persons in the form of the transmitted invoices. The supporting documentation collected and assembled to date, attached hereto as **Exhibit B**.
29. Upon information and belief, a number of the invoices sent to Covered Persons were for sums previously paid to CWS by Northwood (double billing).
30. Upon information and belief, a number of the invoices were sent to Covered Persons who were deceased.
31. On October 6, 2020, Northwood sent CWS a cease and desist letter via certified mail detailing the alleged improper billing conduct and requesting assurance that the invoicing would cease immediately. Northwood's letter provided for a response window of ten (10) days. Northwood received no response from CWS.

COUNT I- BREACH OF CONTRACT

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