

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

WEBTPA EMPLOYER SERVICE,
L.L.C.,

Plaintiff,

v.

POST ACUTE MEDICAL, LLC d/b/a
WARM SPRINGS SPECIALTY
HOSPITAL OF LULING; and
AMERICAN HEALTH LAW
ASSOCIATION,

Defendants.

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C.A. No. 1:21-cv-649

COMPLAINT AND REQUEST FOR INJUNCTIVE RELIEF

Plaintiff WebTPA Employer Service, L.L.C. (“WebTPA” or “Plaintiff”) files its Complaint for declaratory judgment and injunctive relief against Defendants Post Acute Medical, LLC d/b/a Warm Springs Specialty Hospital of Luling (“Post Acute”) and American Health Law Association (“AHLA”), and alleges as follows:

PARTIES

1. Plaintiff is a limited liability company existing under the laws of the State of Texas with its principal place of business located at 8500 Freeport Parkway South, Suite 400, Irving, Texas 75063.

2. Upon information and belief, Defendant Post Acute is a Pennsylvania limited liability company.

3. Upon information and belief, Defendant AHLA is a 501(c)(3) organization with its principal offices in Washington, D.C. and administers arbitrations through the AHLA Dispute Resolution Service pursuant to AHLA Rules of Procedure for Arbitration.

JURISDICTION AND VENUE

4. This Court has jurisdiction over this action under 28 U.S.C. § 1331 because the suit arises under the Federal Arbitration Act (“FAA”), 9 U.S.C. § 1, *et seq.*

5. In addition, the amount in controversy in this matter, exclusive of interest and costs, exceeds the sum of \$75,000.00, as more fully set forth below, and the parties to this action are diverse, and because more than \$75,000.00 is at issue between the parties, exclusive of interest and costs, subject matter jurisdiction is invoked by 28 U.S.C. § 1332.

6. Venue is proper in this district under 28 U.S.C. § 1391(b)(2) because a substantial part of the events or omissions giving rise to this action occurred in this district.

FACTS COMMON TO ALL CLAIMS

7. WebTPA is a third-party claims administrator that, among other things, provides administrative services to insurance companies and payors, including claims processing services. As part of those administrative services, WebTPA may coordinate services related to provider networks to enable the insurers and payors it serves to offer network access to their members or insureds. WebTPA is not an insurance company, insurer, guarantor, or a payor of benefits under any policy or plan.

8. Upon information and belief, Post Acute develops and owns long-term acute care and rehabilitation hospitals throughout the United States, including several Warm Springs facilities, one of which is Warm Springs Specialty Hospital of Luling (“Warm Springs”).

9. Warm Springs is a party to a Preferred Facility Agreement (“PFA”) with Private Healthcare Systems, Inc. (“PHCS”) through which it agreed to provide healthcare services to individuals and to be reimbursed at the rates set forth in the PFA for “Covered Care,” which is “care, treatment, and supplies that are reimbursable under the terms of a Covered Individuals’ Contract” with a Payor, or “an insurance company, employer health plan, union health plan or other organization liable to pay or arrange to pay for the provision of health care services to Covered Individuals through a PHCS provider network.” A redacted copy of relevant portions of the PFA is attached hereto as Exhibit A.

10. WebTPA is not a party to the PFA.

11. WebTPA is not a signatory to the PFA.

12. WebTPA is not mentioned by name in the PFA.

13. WebTPA did not agree to or consent to the arbitration provision in the PFA.

14. From September 2013 through January 2014, almost eight (8) years ago, Warm Springs provided health care services to a patient¹ who was insured under a limited benefits policy provided and underwritten by Companion Life Insurance Company, a

¹ The identifying information relating to the specific patient and treatment are omitted from this Complaint to ensure the patient’s protected health information remains confidential as required by the Health Insurance Portability and Accountability Act (“HIPAA”).

South Carolina insurance company, for which WebTPA provided third-party administrative claims processing services.

15. Warm Springs submitted claims for benefits through WebTPA, which were timely processed according to the terms of the patient's limited benefits policy (the "Claims").

16. Post Acute contends that PHCS verified coverage for the inpatient services, but WebTPA wrongfully denied the Claims under the pre-existing condition exclusion of the Companion Life policy.

17. Article VI of the PFA requires PHCS and Post Acute to settle any disputes between them "by binding arbitration in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration."

18. Article VI of the PFA does not specify whether it is to be governed by the Federal Arbitration Act, 9 U.S.C. § 1, *et seq.*, or the Texas Arbitration Act, TEX. CIV. PRAC. & REM. CODE § 171.001, *et seq.*

19. Article IX of the PFA states that "[i]t will be construed in accordance with the laws of the State in which health care services are rendered hereunder, and any provision herein inconsistent therewith will be of no effect and will be severable without affecting the validity or enforceability of the remaining provisions of this Agreement."

20. On April 9, 2021, almost eight (8) years after the Claims were processed, Post Acute initiated arbitration proceedings through the AHLA against PHCS/MultiPlan, Inc. ("MPI") and WebTPA alleging claims for breach of contract, negligent misrepresentation, promissory estoppel, and violations of the Texas Insurance Code and

the Texas Business and Commerce Code based on an alleged wrongful denial or underpayment of the Claims (the “Dispute”).

21. WebTPA is not contractually obligated to arbitrate any disputes with Post Acute.

22. The PFA obligates PHCS to enter into agreements “with Payors for the use of the PHCS provider network (‘Payor Acknowledgement’)” that “will obligate the Payor to pay or arrange to pay for Covered Care rendered to Covered Individuals in accordance with the provisions of Article VII of [the PFA],” which relate to claim submission and billing. The PFA does not require PHCS to obligate Payors to agree to abide by the terms of Article VI relating to dispute resolution through binding arbitration.

23. WebTPA is a party to a Client Services Agreement (“CSA”) with MPI, under which insurers and plans for which WebTPA provides administrative services can access MPI’s network of health care providers, including those created and maintained by PHCS, which is a wholly-owned subsidiary of MPI. A redacted copy of relevant portions of the CSA is attached hereto as Exhibit B.

24. Post Acute is not a party or signatory to the CSA.

25. The CSA obligates WebTPA to “abide by applicable requirements of the Network Provider Agreements including the requirement that Client shall make payment to Network Providers at Contract Rates for Covered Services rendered to Participants within thirty (30) business days of receipt of a Clean Claim unless otherwise required by applicable law or the applicable Network Provider Agreement.”

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