

Superior Court of California

County of Orange



Case Number : 30-2016-00889526-CU-BC-CJC

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Superior Court of California,
County of Orange

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Clerk of the Superior Court
By Alan Silva, Deputy Clerk

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7
8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
9 **FOR THE COUNTY OF ORANGE**

10
11 SOUTH COAST GLOBAL MEDICAL
12 CENTER, INC., a California Corporation
13 formerly known as COASTAL COMMUNITIES
14 HOSPITAL,

15 Plaintiff,

16 vs.

17 KAISER FOUNDATION HEALTH PLAN, INC.,
18 a California Corporation; KAISER
19 FOUNDATION HOSPITALS, a California
20 Corporation; and DOES 1 through 25, inclusive,

21 Defendants.

Case No: 30-2016-00889526-CU-BC-CJC
ASSIGNED TO: Judge James Di Cesare
DEPT.:

UNLIMITED – DAMAGES EXCEED \$25,000

COMPLAINT FOR DAMAGES FOR:

1. **BREACH OF WRITTEN CONTRACT**
2. **BREACH OF IMPLIED-IN-FACT CONTRACT**
3. **QUANTUM MERUIT**
4. **UNJUST ENRICHMENT**
5. **ACCOUNT STATED**
6. **OPEN BOOK ACCOUNT**

22 TO ALL INTERESTED PARTIES AND THEIR ATTORNEYS OF RECORD:

23 **PARTIES**

24 1. Plaintiff, SOUTH COAST GLOBAL MEDICAL CENTER, INC., formerly known as
25 Coastal Communities Hospital, is a California corporation, with its principal place of business in the
26 County of Orange, in the State of California. South Coast Global Medical Center operates a
27 California licensed acute-care hospital in the City of Santa Ana.

28 2. Defendant KAISER FOUNDATION HEALTH PLAN, INC. (“KFHP”) is a California
Corporation, organized and existing under the laws of the State of California with its principal place of
business in the City of Oakland, County of Alameda, in the State of California.

1 terms of the Agreement, Kaiser agreed to reimburse South Coast within 45 business days. To date,
2 Kaiser has failed to issue any payment on this matter in violation of the Agreement.

3 19. On several occasions, South Coast submitted timely written appeals to Kaiser requesting
4 payment. However, such attempts to resolve Kaiser's breach and nonpayment were unsuccessful.

5 20. By denying the claim, Kaiser breached the Agreement by failing to timely and fully
6 reimburse South Coast for the medically necessary services it provided to Kaiser's Patient. Thus,
7 Kaiser's breach of the Agreement has caused damages to South Coast in the amount of \$41,600.00,
8 not including statutory interest.

9 **FIRST CAUSE OF ACTION**
10 **BREACH OF WRITTEN CONTRACT**
11 **(AS TO ALL DEFENDANTS)**

12 21. South Coast re-alleges and incorporates by reference each and every allegation set
13 forth in the preceding paragraphs above.

14 22. South Coast is informed and believes, and thereon alleges, at all relevant times that the
15 Patient had health care coverage through Kaiser, including during the dates of service South Coast
16 provided health care services to the Patient.

17 23. The Agreement was a valid and enforceable contract between South Coast and Kaiser.

18 24. South Coast and Kaiser entered into a written agreement whereby Kaiser agreed to
19 reimburse South Coast at a reduced rate for the medically necessary services South Coast provided to
20 one of Kaisers' members.

21 25. South Coast performed all of its obligations under the Agreement, including, but not
22 limited to providing medically necessary and physician ordered services to the Patient, who is a
23 Kaiser member.

24 26. South Coast timely submitted a clean claim for reimbursement to Kaiser for the medical
25 services provided to the Patient.

26 27. Kaiser breached the Agreement by failing to properly and timely pay South Coast's
27 clean claim regarding medically necessary services provided to the Patient.

1 28. After receiving notice of Kaiser's improper denials, South Coast timely appealed
2 Kaiser's denial and underpayment of its claim. To date, Kaiser has failed to reimburse South Coast for
3 the services provided to the Patient.

4 29. Per the Agreement, Kaiser agreed to reimburse South Coast within 45 business days of
5 Kaiser's receipt the claim.

6 30. As a direct and proximate result of Kaiser's failure to pay the claim in full within 45
7 business days, South Coast has suffered damages in an amount to be proven at trial, but in no event less
8 than \$41,600.00, plus statutory interest, for the services provided to the Patient.

9 **SECOND CAUSE OF ACTION**

10 **BREACH OF IMPLIED-IN-FACT CONTRACT**

11 **(AS TO ALL DEFENDANTS)**

12 31. Plaintiff re-alleges and incorporates by reference each and every allegation set forth in
13 preceding paragraphs above.

14 32. As alleged above, the Hospital believes it is entitled to full and complete payment from
15 Defendants in accordance with the Agreement set forth above. However, to the extent the Agreement
16 alleged above does not apply and/or is deemed unenforceable against Defendants for any of the services
17 at issue, and absent any other legally controlling rate, the Hospital alleges in the alternative that
18 Defendants owe the Hospital for these services pursuant to their implied-in-fact contract with the
19 Hospital.

20 33. The Hospital is informed and believes, and thereon alleges, the Hospital promptly
21 notified Defendants of the Patient's admission upon discovery that the Patient was a Kaiser member
22 and requested authorization to provide medically necessary and physician-ordered services.

23 34. The Hospital timely requested authorization from Defendants to provide medically
24 necessary and physician-ordered services to the Patient.

25 35. Defendants did not assert Patient was not their member, or indicate in any way to the
26 Hospital they would not cover the Patient's medical expenses until after the Hospital provided such
27 medically necessary care and treatment to the Patient.

28

1 36. Defendants impliedly and expressly requested that the Hospital care for and treat the
2 Patient up to the date the Patient was transferred to a different facility per Defendants request.
3 Moreover, Defendants expressly and impliedly promised they would cover and pay for the expenses
4 incurred in such care and treatment.

5 37. The implied-in-fact contract created by the parties' conduct was understood by
6 Defendants and demonstrated by the representations made to the Hospital.

7 38. The Hospital performed all its obligations under its implied-in-fact contract with
8 Defendants, in that it provided covered, medically necessary and physician-ordered services to
9 Defendants' member.

10 39. Defendants breached their implied-in-fact agreement with the Hospital with respect to
11 the Patient by refusing to pay the Hospital's claims for the charges incurred in providing medical
12 services to the Patient and issuing final denials of the claim wherein Defendants refused to make any
13 payment to the Hospital.

14 40. As a result of Defendants' breach, the Hospital was damaged in that it was not fully
15 compensated for the services it provided to the Patient in an amount according to proof but not less than
16 \$142,027.58.

17 **THIRD CAUSE OF ACTION**

18 **QUANTUM MERUIT**

19 **(AS TO ALL DEFENDANTS)**

20 41. Plaintiff re-alleges and incorporates by reference each and every allegation set forth in
21 preceding paragraphs above.

22 42. As alleged above, the Hospital believes it is entitled to full and complete payment from
23 Defendants in accordance with the Agreement. However, to the extent the written agreement alleged
24 above does not apply and/or is deemed unenforceable, and absent any other legally controlling rate, the
25 Hospital alleges in the alternative that Defendants owe the Hospital for the services provided to the
26 Patients in quantum meruit.

27 43. Defendants expressly and impliedly requested that the Hospital provide medical services
28 to the Patient.

1 44. As a result, the Hospital provided medical services to the Patients pursuant to such
2 express and implied requests.

3 45. The Hospital's provision of medically necessary care and treatment to the Patient was
4 intended to benefit and, in fact, did benefit Defendants because the Hospital provided the Patient with
5 medical care and treatment that Defendants were obligated by statute and contract to pay for, arrange
6 and/or provide at its own expense.

7 46. The reasonable value of the services the Hospital provided the Patient at the express and
8 implied requests of Defendants is \$142,027.58. Kaiser, despite its representations and promises to pay
9 has failed to issue any payment on this claim leaving an unpaid balance of \$142,027.58.

10 47. As a result of the benefit conferred upon Defendants, the Hospital is entitled to quantum
11 meruit damages in the amount of \$142,027.58.

12 **FOURTH CAUSE OF ACTION**

13 **UNJUST ENRICHMENT**

14 **(AS TO ALL DEFENDANTS)**

15 48. Plaintiff re-alleges and incorporates by reference each and every allegation set forth in
16 preceding paragraphs above.

17 49. As alleged above, the Hospital believes it is entitled to full and complete payment from
18 Defendants in accordance with the Agreement as set forth above. However, to the extent the
19 Agreement alleged does not apply and/or is deemed unenforceable against Defendants for any of the
20 services at issue, the Hospital alleges in the alternative that Defendants owe the Hospital for these
21 services based on unjust enrichment.

22 50. The Hospital alleges that Defendants owe the Hospital for the services provided to
23 Defendants' member in good faith based on unjust enrichment.

24 51. The Hospital's provision of medically necessary care and treatment to the Patient was
25 intended to benefit and, in fact, benefited Defendants because the Patient was provided with medical
26 care and treatment Defendants were obligated by statute and contract to provide or arrange for its
27 Member.

1 the Hospital agrees to accept payment at a discount off the full charge of its rates as published online on
2 the OSHPD website.

3 60. It is the custom and practice in the healthcare industry that where a hospital and a payor
4 have not entered into a valid written contract, and said hospital treats a member of said payor, the payor
5 will pay the hospital's full billed charges, which are published online on the OSHPD website, as said
6 charges are the reasonable and customary rate for said services.

7 61. Prior to rendering services to the Patient, the Hospital's charges were available to the
8 public, including to Defendants, because they are published online on the OSHPD website. The
9 Hospital believes and therefore alleges Defendants knew or should have known of the Hospital's
10 reasonable and customary charges for services rendered to the Patient and therefore agreed to said
11 charges.

12 62. In the ordinary course of business, the Hospital sent invoices for the services at issue to
13 the place that Defendants directed the Hospital to send those bills. The bills are commonly referred to
14 as UB-04s, based on the form originated by the Medicare program, and now used routinely by all
15 providers and payors, for stating bills. The amounts stated on these bills by the Hospital are the billed
16 charges for the services, as published online on the OSHPD website, provided to the Patients, which
17 also is industry standard practice.

18 63. The Hospital is informed and believes that Defendants agreed with the Hospital on the
19 amount due from them, as reflected in the UB-04s sent to Defendants because said charges were known
20 to Defendants and published on the OSHPD website when Defendants requested and/or acquiesced to
21 the Hospital treating its members. Furthermore, Defendants did not ever contest the accuracy of the
22 charges contained on the UB-04s nor contend that the services listed thereon were not provided to the
23 Patient.

24 64. The Hospital is informed and believes that Defendants expressly and/or implied
25 promised to pay the amount due of \$142,027.58, but Defendants have failed to issue any payments.
26 Accordingly, the Hospital is now owed a balance of \$142,027.58 for the common count of account
27 stated.

28

SIXTH CAUSE OF ACTION
OPEN BOOK ACCOUNT
(AS TO ALL DEFENDANTS)

65. Plaintiff re-alleges and incorporates by reference each and every allegation set forth in preceding paragraphs above.

66. As alleged above, the Hospital believes it is entitled to full and complete payment from Defendants in accordance with the Agreement set forth above. However, to the extent the Agreement alleged above does not apply and/or are deemed unenforceable against Defendants for any of the services at issue, and absent any other legally controlling rate, the Hospital alleges in the alternative that Defendants owe the Hospital for these services pursuant to an account stated.

67. The Hospital and Defendants had a financial transaction when the Hospital submitted its bills to Defendants for the services the Hospital rendered to the Patient and Defendants acknowledged their obligation to pay for said services by acknowledging financial responsibility for Hospital's said services.

68. The Hospital kept an account of the debits and credits involved in the transaction: the accounts for an amount of \$142,027.58. Defendants have failed to issue any payments and thus owe the outstanding balance of \$142,027.58.

69. The Hospital seeks payment from Defendants on the open book accounts.

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1 **PRAYER FOR RELIEF**

2 **WHEREFORE**, Plaintiff prays for judgment as follows:

- 3 1. For damages in an amount according to proof at trial;
- 4 2. For restitution for unjust enrichment;
- 5 3. For damages in quantum meruit;
- 6 4. For interest at the various statutory rates; and
- 7 5. For such other and further relief as this Court may deem just and proper.

8 DATED: November 28, 2016

HELTON LAW GROUP, APC

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10 By: 

CARRIE McLAIN
CELIM E. HUEZO
Attorneys for Plaintiff
SOUTH COAST GLOBAL MEDICAL
CENTER, INC., a California Corporation
formerly known as COASTAL COMMUNITIES
HOSPITAL