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14 UNITED STATES DISTRICT COURT  
 15 NORTHERN DISTRICT OF CALIFORNIA

16 SIA FRASER, individually and on behalf of all  
 17 others similarly situated,

18 Plaintiff,

19 v.

20 TEAM HEALTH HOLDINGS, INC.

21 Defendant.

No.

**CLASS ACTION COMPLAINT**

**DEMAND FOR JURY TRIAL**

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1 Plaintiff Sia Fraser, on behalf of herself and all others similarly situated, alleges the following  
2 against defendant Team Health Holdings, Inc. (“TeamHealth”) based on personal knowledge, the  
3 investigation of counsel, and information and belief.

4 **I. INTRODUCTION**

5 1. TeamHealth is a private equity-funded corporation that contracts with hospitals to  
6 take over their emergency, critical care, radiology, and anesthesiology departments, supplying them  
7 with doctors and other medical professionals as well as running their administrative functions.

8 2. In 2016, TeamHealth boasted that it controlled 17% of the emergency medicine  
9 market in the United States. Currently, it operates 3,300 acute and post-acute facilities in 47 states.

10 3. Most states bar the corporate practice of medicine. As the American Medical  
11 Association has explained, this “doctrine prohibits corporations from practicing medicine or  
12 employing a physician to provide professional medical services.” The principle underlying the  
13 prohibition is simple: medical professionals must always prioritize public health over private profits.

14 4. TeamHealth has turned this convention on its head. It has constructed an enterprise,  
15 composed of subsidiaries and medical practice groups that TeamHealth has acquired or with which it  
16 has contracted, for the sole purpose of profiting from patients’ health emergencies and other  
17 healthcare needs (together, the “TeamHealth Fraudulent Billing Enterprise”).<sup>1</sup> As the director of this  
18 enterprise, TeamHealth controls the terms of its physicians’ employment, all physician staffing  
19 decisions, and, most importantly, all the rates its physicians and practice groups charge patients. The  
20 successful goal of this enterprise is to maximize corporate profits while avoiding state bans on the  
21 corporate practice of medicine.

22 5. But the corporate practice of medicine is not TeamHealth’s only illegal endeavor. The  
23 rates that TeamHealth and its various subsidiaries charge patients are themselves unlawful.

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27 <sup>1</sup> TeamHealth refers to this enterprise as the “TeamHealth system.” *See, e.g.*, TeamHealth  
28 Holdings, Inc., 2016 Form 10-K at 3 (“Unless the context requires otherwise, references to  
‘TeamHealth’ ... refer to Team Health Holdings, Inc., its subsidiaries and its affiliates, including its  
affiliated medical groups, all of which are part of the TeamHealth system.”).

1           6.       The TeamHealth Fraudulent Billing Enterprise maximizes its profits by sending  
2 fraudulent bills to patients for the care they receive from TeamHealth physicians. TeamHealth has  
3 inflated the rates it charges patient-consumers far above those that it knows it is legally entitled to  
4 collect from those patients.

5           7.       Courts across the country recognize that doctors who have not reached an agreement on  
6 price with patients, like other merchants, are only entitled to the reasonable market value of the  
7 services. Patients sign no paperwork with TeamHealth—let alone agree on price. Yet, the TeamHealth  
8 Fraudulent Billing Enterprise pursues patients ruthlessly for far more than the reasonable value of their  
9 services, through a medical debt collector that is a TeamHealth subsidiary. The TeamHealth Fraudulent  
10 Billing Enterprise has sued thousands of patients in the last few years, including patients who would  
11 qualify for free care and reduced rates under hospitals’ “charity care” programs.

12           8.       Based on these past lawsuits against patient-consumers, TeamHealth knows that its  
13 legal entitlement to collect from patients or their insurers is based in equity, through the remedies of  
14 unjust enrichment, quantum meruit, and implied contract. And these equitable remedies only permit  
15 TeamHealth to recover a *fraction* of its billed rates. Therefore, TeamHealth knows that the prices it  
16 bills consumers are vastly inflated above the rates it is legally allowed to charge them.

17           9.       In fact, TeamHealth admitted that its rates were substantially higher than the  
18 reasonable value of the services it provides in a lawsuit against United Health, a large U.S.  
19 healthcare insurer.<sup>2</sup> In that case, TeamHealth alleged that United Health was undercompensating  
20 TeamHealth for emergency room care. But TeamHealth did not even attempt to collect its full rates.  
21 Instead, it complained that United Health failed paying a high enough *fraction* of TeamHealth’s  
22 inflated prices—the very prices it charges *in full* to many patient-consumers.

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27           <sup>2</sup> See *Emergency Care Services of PA, P.C. & Emergency Physician Assoc. of PA, P.C. v.*  
28 *UnitedHealth Group, Inc., et al.*, No. 1:19-cv-01195-SHR, Dkt. No. 1 (M.D.P.A. July 11, 2019).

1           10. As hospitals have reported, “TeamHealth ER physicians expect to be paid nearly three  
2 times the median rate for in-network physicians at participating hospitals, and their billed charges are  
3 even higher, at more than four times the median rate.”<sup>3</sup>

4           11. Every time the TeamHealth Fraudulent Billing Enterprise sends a bill to a patient-  
5 consumer, demanding payment at its artificially inflated rates, that bill constitutes a lie: the bill  
6 misrepresents to the patient that they owe the TeamHealth Fraudulent Billing Enterprise much more  
7 than the patient actually does for the services provided.

8           12. The TeamHealth Fraudulent Billing Enterprise never tells patients that the enterprise  
9 has fraudulently inflated its rates far above those it is legally entitled to collect. Instead, the  
10 enterprise demands that patient- consumers pay its inflated prices, which it transmits through mail  
11 and wire, in full.

12           13. The plaintiff and the proposed class here—uninsured or out-of-network patients who  
13 visited facilities run by the TeamHealth Fraudulent Billing Enterprise—received bills from  
14 TeamHealth demanding payment of artificially inflated rates.

15           14. For many class members, the treatment TeamHealth offers is worse than the disease.  
16 A 2019 study by the American Cancer Society found that 137.1 million Americans—41.8% of the  
17 population—faced medical financial hardship in the past year.<sup>4</sup> According to a recent Peterson-  
18 Kaiser Family Foundation report, unexpected medical bills “lead the list of expenses most Americans  
19 worry they would not be able to afford.”<sup>5</sup> “Two thirds of Americans say they are either ‘very  
20

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21           <sup>3</sup> Courtney Robinson, *Some Physicians at Tampa General Hospital take Pay Cut Because of*  
22 *Health Care Costs*, 10 Tampa Bay, Feb. 4, 2020 6:58 P.M., available at:  
23 [https://www.wtsp.com/article/news/investigations/10-investigates/tampa-general-hospital-pay-cut-](https://www.wtsp.com/article/news/investigations/10-investigates/tampa-general-hospital-pay-cut-health-care/67-e330d676-db40-4454-a647-5985eba6ccc3/)  
[health-care/67-e330d676-db40-4454-a647-5985eba6ccc3/](https://www.wtsp.com/article/news/investigations/10-investigates/tampa-general-hospital-pay-cut-health-care/67-e330d676-db40-4454-a647-5985eba6ccc3/) (emphasis added), last visited July 9,  
2020.

24           <sup>4</sup> K. Robin Yabroff, Jingxuan Zhao, Xuesong Han, & Zhiyuan Zheng, *Prevalence and*  
25 *Correlates of Medical Financial Hardship in the USA*, 34 *Journal of General Internal Medicine*,  
1494–1502 (2019).

26           <sup>5</sup> Karen Pollitz, et al., *An Examination of Surprise Medical Bills and Proposals To Protect*  
27 *Consumers from Them*, PETERSON-KAISER HEALTH SYSTEM TRACKER at 2, Feb. 10, 2020, available  
at: [https://www.healthsystemtracker.org/brief/an-examination-of-surprise-medical-bills-and-](https://www.healthsystemtracker.org/brief/an-examination-of-surprise-medical-bills-and-proposals-to-protect-consumers-from-them-3/)  
[proposals-to-protect-consumers-from-them-3/](https://www.healthsystemtracker.org/brief/an-examination-of-surprise-medical-bills-and-proposals-to-protect-consumers-from-them-3/), last visited July 9, 2020.

1 worried' or 'somewhat worried' about being able to afford their own or a family member's  
2 unexpected medical bills.”<sup>6</sup> And for good reason: 60 percent of American cannot afford to pay an  
3 unexpected medical bill of more than \$1,000<sup>7</sup> and 66.5 percent of all bankruptcies in the United  
4 States are due in whole or in part to medical debt.<sup>8</sup>

5 15. Emergency rooms alone deliver nearly half of all medical care in the United States.  
6 And when medical care is too expensive—even for consumers who have insurance—they forgo  
7 necessary treatment, risking more serious illness and even death.

8 16. The coronavirus pandemic has intensified this crisis. The New York Times recently  
9 reported on Andrew Cencini, whose coronavirus test was free but whose visit to a TeamHealth  
10 emergency room was not—even though he was insured, his total bill was almost \$2,000. Early  
11 testing and intervention can help mitigate the harms of the virus and prevent infected individuals  
12 from spreading it. Facing the prospect of ruinous medical bills, many sick individuals have forgone  
13 testing and treatment, putting themselves and their communities at greater risk. A recent report  
14 observed, the “coronavirus crisis raises even greater concerns over whether physician staffing  
15 firms ... will continue to charge Covid-19 patients, who can least afford it, outrageous out-of-  
16 network fees.”<sup>9</sup>

17 17. Congresswoman Katie Porter of California put it best: “We will not be able to truly  
18 reopen and rebuild if Americans rightly fear costly medical bills for visiting their health care  
19 providers for coronavirus tests.”

20 18. Plaintiff and the proposed class are uninsured and out-of-network consumers who  
21 were billed for emergency, radiology, anesthesiology and critical care provided by the TeamHealth  
22

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23 <sup>6</sup> *Id.*

24 <sup>7</sup> Annie Nova, *A \$1,000 Emergency Would Push Many Americans into Debt*, CNBC, Jan. 23,  
2019 9:41 A.M., available at: <https://www.cnbc.com/2019/01/23/most-americans-dont-have-the-savings-to-cover-a-1000-emergency.html>, last visited July 9, 2020.

25 <sup>8</sup> Lorie Konish, *This is the real reason most Americans file for bankruptcy*, CNBC, Feb. 11,  
26 2018, available at: <https://www.cnbc.com/2019/02/11/this-is-the-real-reason-most-americans-file-for-bankruptcy.html>, last visited July 9, 2020.

27 <sup>9</sup> Eileen Appelbaum & Rosemary Batt, *Coronavirus and the Implications of Private Equity*  
28 *Buyouts in Healthcare*, CENTER FOR ECON. & POLICY RES. (Mar. 25, 2020), available at:  
<https://bit.ly/2BIGqug>, last visited July 9, 2020.

1 Fraudulent Billing Enterprise. TeamHealth used this enterprise to engage in mail and wire fraud by  
2 transmitting false and inflated medical bills across the country, causing uninsured and out-of-  
3 network consumers to overpay and become indebted for care. Plaintiff brings this action for  
4 violations of the Racketeer Influenced and Corrupt Organizations Act (“RICO”), 18 U.S.C. § 1961,  
5 *et seq.* and state consumer protection statutes on behalf of all others similarly situated, seeking  
6 monetary damages, injunctive and/or other equitable relief, restitution and/or disgorgement of  
7 profits, and attorneys’ fees, costs, and expenses.

## 8 II. PARTIES

### 9 A. Plaintiff

10 19. Plaintiff Sia Fraser lives in Vista, California. In September 2019, she was treated for  
11 emergency gallstone surgery by a doctor in a TeamHealth-owned physician group at Tri-City  
12 Medical Center in Oceanside, California and then billed for these services by TeamHealth on at least  
13 October 15, 2019, and November 18, 2019.

14 20. Because her insurance plan did not begin until the day after her visit, Ms. Fraser was  
15 considered uninsured.

16 21. In addition to a bill from the hospital, which was covered under the hospital’s  
17 Financial Assistance Program (FAP), Ms. Fraser received bills from Team Physicians of Southern  
18 CA (part of the TeamHealth Fraudulent Billing Enterprise) for \$1,082 under the CPT code 99220  
19 (observation care).<sup>10</sup> The hospital’s FAP did not cover TeamHealth’s bill, and TeamHealth continues  
20 to demand payment. Plaintiff is paying the bill under a payment plan.

21 22. The bills Ms. Frasier received directed payments to TeamHealth.com and  
22 www.thbillpay.com. Team Physicians of Southern CA’s registered mailing address in the NPI  
23 registry is 5000 Hopyard Road, Pleasanton, California. This is the address of TeamHealth West, a  
24 regional subsidiary of TeamHealth.

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27 <sup>10</sup> CPT codes are a standardized set of codes to categorize medical care, which are used for  
28 billing and medical records.



**B. Defendant TeamHealth**

23. Defendant Team Health is a privately held company based in Knoxville, Tennessee. In 2017, Blackstone Group LP—a private equity firm based in New York—acquired TeamHealth for \$6.1 billion. Founded in 1979, TeamHealth primarily provides emergency room staffing services through a network of subsidiaries and independent contractors: in 2018 alone, its physicians treated 16 million emergency department visits. TeamHealth now claims to treat “roughly 29 million patients annual across the country” with “more than 16,000 physicians and advanced practice clinicians,” in the practice areas of emergency medicine, anesthesiology, hospital medicine, OB/GYN, critical care, orthopedic and general surgery, ambulatory care, post-acute care and behavioral health.

**III. JURISDICTION AND VENUE**

24. This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1331 because the plaintiff’s claims arise under federal law and under 18 U.S.C. § 1964(c): this action alleges violations of the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. § 1962. This Court also has jurisdiction pursuant to 28 U.S.C. § 1332(d), which provides federal district courts with original jurisdiction over civil actions in which the matter in controversy exceeds the sum or value of \$5,000,000, exclusive of interests and costs, and is a class action in which any member of a class of plaintiff is a citizen of a state different from any defendant. Finally, this Court has supplemental jurisdiction over the plaintiff’s state law claims pursuant to 28 U.S.C. § 1367.

25. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and (c) and 18 U.S.C. § 1965, because the defendant transacts business in, is found in, and/or has agents in this judicial district, and because some of the actions giving rise to this complaint took place within this district. In particular, and as alleged in this complaint, TeamHealth operates through regional subsidiaries that facilitate with hospitals and providers. TeamHealth West is the TeamHealth facilitator with responsibilities over the western United States, and it owns the provider group—Team Physicians of Southern California—that provided care to plaintiff. TeamHealth West is located in Pleasanton, California, which is within this judicial district.



1           30. In the last 10 to 15 years alone, TeamHealth has acquired the following emergency  
2 physician practices: Delphi Healthcare Partners (Morrisville, North Carolina), Emergency Medicine  
3 Specialists, Premier Physician Services, Inc., Certified Anesthesia Services (Washington, DC),  
4 Florida Gulf-to-Bay Anesthesiology Associates, PhysAssist Scribes, Inc. (Fort Worth, Texas), Ruby  
5 Crest Emergency Medicine, Princeton Emergency Physicians, Brookhaven Anesthesia Associates,  
6 IPC Healthcare Inc. (\$1.6 billion), Children’s Emergency Services, Tri-City Emergency Medical  
7 Group, Lake County Anesthesia Associates, Anesthesia Associates of Cincinnati, Grossmont  
8 Emergency Medical Group, EmMed PC, Florida Emergency Physicians, Synergy Emergency  
9 Physicians, X32 Healthcare, Emergency Medicine Consultants and Mediserv Ltd. (Fort Worth, TX),  
10 and EmergiNet.

11           31. TeamHealth operates nationally. Together, TeamHealth and its closest competitor  
12 EmCare capture approximately 30 percent of the physician outsourcing market in the United States.

13           32. TeamHealth contracts with hospitals to staff and manage various hospital  
14 departments. In addition to providing medical specialists, TeamHealth executes administrative  
15 services including:

- 16           a. “Recruiting, schedule and credential coordination for clinical and non-clinical  
17           medical professionals;
- 18           b. coding, billing and collection of fees for services provided by medical  
19           professionals;
- 20           c. provision of experienced medical directors;
- 21           d. administrative support services, such as payroll and professional liability  
22           insurance coverage, continuing medical education services and management  
23           training;
- 24           e. claims and risk management services; and
- 25           f. standardized procedures and operational consulting.”<sup>16</sup>

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28           <sup>16</sup> *Id.*

1           33. From a patient’s perspective, TeamHealth medical professionals appear to be  
2 employed by the hospitals in which they operate. Their staff work within the hospital and do not  
3 wear uniforms or other apparel that would identify them as non-hospital staff. Nonetheless,  
4 TeamHealth is a separate entity from the hospitals with which it contracts.

5           34. Patients only learn of this reality upon receipt of a separate bill from TeamHealth. At  
6 no point do consumer patients sign any paperwork with TeamHealth agreeing to pay their fees. And  
7 TeamHealth is not a signatory to patients’ hospital admissions and release paperwork.<sup>17</sup> TeamHealth  
8 does not ask patients to sign anything at all, let alone a contract agreeing to pay specific prices for  
9 services rendered.

10           35. The majority of TeamHealth’s revenues come from three areas of practice: emergency  
11 medicine, hospital medicine (non-emergency hospital services), and anesthesiology. However,  
12 emergency medicine is by far the most lucrative practice area for TeamHealth.

13           36. In 2015, TeamHealth reported that 68% of its net revenue came from emergency  
14 medicine and that it controlled 17% of the emergency medicine market in the United States.<sup>18</sup> This  
15 market share translates into more than 10 million patient encounters every year.<sup>19</sup> Based on the  
16 profitability of emergency medicine, TeamHealth’s acquisitions have unsurprisingly focused on this  
17 specialty.

18 **B. TeamHealth profits from American’s healthcare emergencies through pricing fraud.**

19           37. The rates that TeamHealth charges patient-consumers are artificially inflated far  
20 above the reasonable value of the services it provides. And TeamHealth knows it.  
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24 <sup>17</sup> When consumers enter hospitals staffed by TeamHealth physicians, they may sign various  
25 admittance and release forms. But because TeamHealth physicians are independent contractors,  
26 those forms do not apply to TeamHealth.

27 <sup>18</sup> Team Health Inc., 2015 Form Ex-99.1, at 2, 12, available at:  
<https://www.sec.gov/Archives/edgar/data/1082754/000119312515367511/d41748dex991.htm>, last  
28 visited July 9, 2020.

<sup>19</sup> *Id.* at 20.

1           **1.       Chargemasters: Providers set their prices.**

2           38.     To understand these rates, some background on how medical providers, including  
3 hospitals, charge patients is useful.

4           39.     Hospitals use standardized health care codes, called Current Procedural Terminology  
5 (CPT) codes, to bill patients for the services provided to patients within their facilities. In turn, the  
6 healthcare providers that operate within those hospitals, including TeamHealth, maintain lists of  
7 prices for each CPT code. This list of prices is called a “list price” or “chargemaster.”

8           40.     Recently, the Trump Administration promulgated a rule requiring all hospitals to post  
9 their chargemasters publicly on their websites.<sup>20</sup> Most hospitals publish their chargemasters in an  
10 excel spreadsheet with thousands or even hundreds of thousands of data points.

11          41.     Because TeamHealth provides a limited set of services and only bills for physician  
12 time—and not drugs, equipment, facilities, etc.—TeamHealth’s chargemasters lists are likely much  
13 shorter, covering only a few dozen codes and prices.

14          42.     Despite these new regulations requiring transparency, *TeamHealth does not publish*  
15 *its chargemasters.*

16          43.     Instead, the way patients learn of TeamHealth’s rates is through the bill TeamHealth  
17 sends them in the mail. For the plaintiff here, the first time she saw TeamHealth’s prices was on the  
18 final bill that arrived in her mailbox.

19           **2.       TeamHealth’s billing fraud—quantum meruit provides the true rates**  
20           **TeamHealth is lawfully entitled to charge.**

21          44.     TeamHealth sets rates for services by TeamHealth Fraudulent Billing Enterprise  
22 physicians that vastly outstrip the rates hospitals normally charge for the exact same services.

23          45.     TeamHealth bills these wildly inflated rates despite knowing that they are excessive  
24 and cannot lawfully be recovered.

25          46.     If TeamHealth sued a patient who did not pay his or her medical bill, its only legal  
26 entitlement to payment is based in equity, such as unjust enrichment, quantum meruit, and implied

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<sup>20</sup> 45 C.F.R. § 180.40.

1 contract. TeamHealth cannot sue for breach of contract because it *has no contract with the patient*.  
2 And even if TeamHealth had an enforceable contract with the patient, there is no agreement with the  
3 patient on the prices to be paid and the law assumes a reasonable or market rate price (essentially, the  
4 same result).

5 47. The common law doctrine of quantum meruit—“as much as he deserved”—provides  
6 that in the absence of a contract, when one confers a benefit on another expecting payment for that  
7 benefit and the recipient accepted the benefit, the person providing the benefit may be entitled to  
8 payment for the fair value of the service. Typically, quantum meruit for services is an amount  
9 “measured by [the services’] value in the community where they are rendered,”<sup>21</sup> or “the customary  
10 rate of pay for such work in the community at the time the work was performed.”<sup>22</sup>

11 48. “The measure of recovery in quantum meruit is the reasonable value of the services  
12 rendered provided they were of direct benefit to the defendant.”<sup>23</sup> “The underlying idea behind  
13 quantum meruit is the law’s distaste for unjust enrichment. If one has received a benefit which one  
14 may not justly retain, one should restore the aggrieved party to his or her former position by return of  
15 the *thing* or its *equivalent* in money.”<sup>24</sup> In a healthcare collection case involving unjust enrichment,  
16 the hospital (the plaintiff) confers a benefit on the patient (the defendant), and so the patient must  
17 return the value of the care the patient received to the hospital.

18 49. For example, in California, the elements of a quantum meruit claim are: (1) the  
19 plaintiff performed services for the defendant; (2) the reasonable value of the service; (3) the services  
20 were rendered at the defendant’s request, and (4) the plaintiff was not paid. Crucially, the  
21 “reasonable value” of services charged is the “going rate” or fair market value.<sup>25</sup> In *Central*  
22

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23 <sup>21</sup> *UnitedHealthcare Services, Inc. v. Asprinio*, 16 N.Y.S.3d 139, 148 (N.Y. Sup. Ct. 2015).

24 <sup>22</sup> *Lindquist Ford, Inc. v. Middleton Motors, Inc.*, 557 F.3d 469, 477 (7th Cir. 2009) (internal  
quotation marks omitted).

25 <sup>23</sup> *Palmer v. Gregg*, 65 Cal.2d 657 (1967).

26 <sup>24</sup> *Arrison v. Info. Res., Inc.*, 1999 WL 551232, at \*6 (N.D. Cal. July 16, 1999) (internal  
quotation and bracket marks omitted).

27 <sup>25</sup> *Central California v. Blue Cross of California*, 226 Cal. App. 4th 1260, 1274 (2014).  
28

1 *California v. Blue Cross of California*, a non-contracting insurer was required by statute to pay the  
 2 hospital “the reasonable and customary value” of its services, which “embodies the concept of  
 3 quantum meruit.”<sup>26</sup>

4 50. Even if there is an enforceable contract, but no agreed price, the result is no different:  
 5 The law will insert a “reasonable” price for the service.<sup>27</sup> Patients never assent to health care  
 6 providers’ list prices, nor would they if they had a meaningful choice. In the absence of a contract,  
 7 the provider is only entitled to “the average amount that [the provider] would have accepted as full  
 8 payment from third-party payers such as private insurers and federal healthcare programs.”<sup>28</sup>

9 51. Courts across the country have concluded that a hospital’s list prices are not fair or  
 10 accurate measures of the reasonable value or going rate.<sup>29</sup> One study found that the first 30 to 74  
 11 minutes of critical care in California would cost an out-of-network patient as much as 2897% of the  
 12 Medicare rate.<sup>30</sup> A 2015 study found, “Among the 97 procedures studied, average out-of-network  
 13 billed charges, as a percentage of corresponding Medicare fees, ranged from a low of 118 percent of  
 14 Medicare (‘eye exam new patient’) to a high of 1382 percent of Medicare (‘electrocardiogram  
 15 (ECG)/monitoring and analysis’).”<sup>31</sup>

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16  
 17 <sup>26</sup> *Id.*

18 <sup>27</sup> *See, e.g., Moore v. Mason & Hanger Co.*, 35 N.Y.S.2d 687, 688 (1942) (“Ordinarily where  
 19 one man at the request of another performs work or service of any kind, and nothing else appears,  
 20 there may be drawn an inference that the service is to be paid for, and, if no price is set, the  
 21 reasonable value of the services may be found to have been earned pursuant to contract therefor.”).  
*See also* Cal. Civ. Code § 1611 (“When a contract does not determine the amount of the  
 22 consideration, nor the method by which it is to be ascertained, or when it leaves the amount thereof  
 23 to the discretion of an interested party, the consideration must be so much money as the object of the  
 24 contract is reasonably worth.”).

25 <sup>28</sup> *Nassau Anesthesia Assocs. PC v. Chin*, 924 N.Y.S.2d 252, 286 (2011).

26 <sup>29</sup> *See, e.g., Children’s Hosp. Central Cal. v. Blue Cross of Cal.*, 226 Cal. App. 4th 1260, 1277  
 27 (Cal. App. 2014) (“Hospital rarely receives payment based on its published charge master rates.”);  
 28 *In re North Cypress Med. Center Operating Co., Ltd.*, 559 S.W.3d 128, 133 (Tex. 2018) (“because of  
 the way chargemaster pricing has evolved, the charges themselves are not dispositive of what is  
 reasonable”).

<sup>30</sup> America’s Health Insurance Plans, *Survey of Charges Billed by Out-of-Network Providers: A  
 Hidden Threat to Affordability*, Jan. 2013, at 11, available at: <https://bit.ly/2WRTOP6>, last visited  
 July 9, 2020.

<sup>31</sup> America’s Health Insurance Plans, *Charges Billed by Out-of-Network Providers: Implications  
 for Affordability*, Sept. 29, 2015, available at <https://bit.ly/3cSzuCT>, last visited July 9, 2020.

1           52.     The California Supreme Court has made clear that a provider’s rates are not a proper  
2 measure of quantum meruit. Rather, courts should assess the market value of the care: “[U]nder  
3 quantum meruit, the costs of the services provided are not relevant to a determination of reasonable  
4 value. Quantum meruit measures the value of services to the recipient, not the costs to the  
5 provider.”<sup>32</sup>

6           53.     In short, contrary to popular belief, physicians cannot legally charge patients whatever  
7 they want. Or, as one Pennsylvania court put it, a “[h]ospital’s contention that it can unilaterally set a  
8 price for its services that bears no relationship to the amount typically paid for those service is  
9 untenable.”<sup>33</sup>

10          54.     Yet, TeamHealth has taken advantage of this common misconception, billing at  
11 grossly inflated prices.

12          55.     In particular, TeamHealth directly bills patients in two scenarios. First, when an  
13 uninsured patient receives care from a TeamHealth physician, TeamHealth sends a bill to that patient  
14 demanding payment of TeamHealth’s inflated list rates (or chargemasters).

15          56.     Second, when TeamHealth is out-of-network with a patient’s insurance plan, the  
16 patient’s insurer and TeamHealth have not previously negotiated a price for the care provided.  
17 TeamHealth bills the consumer and insurer for its list price.

18          57.     Some insurance plans do not cover any out-of-network care, in which case  
19 TeamHealth bills the consumer for the full list price.

20          58.     Sometimes insurance plans do cover a portion of out-of-network care. In these cases,  
21 the insurer only covers a portion of TeamHealth’s exorbitant list rates. TeamHealth bills the rest to  
22 consumers, either in the form of typical cost-sharing in accordance with the insurance plan or  
23 through a practice known as “balance billing.”

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26           <sup>32</sup> *Children’s Hosp. Central Cal. v. Blue Cross of Cal.*, 226 Cal. App. 4th 1260, 1278 (Cal. App.  
27 2014).

28           <sup>33</sup> *Temple University Hosp., Inc. v. Healthcare Mgmt. Alternatives, Inc.*, 832 A.2d 501, 510  
(Penn. Sup. Ct. 2003).



1           59. For example, if TeamHealth bills \$1,000 to an insured patient whose plan covers 50%  
2 of out-of-network care, if the insurer agrees to pay 50% on that price, TeamHealth bills consumers  
3 for the remaining \$500 in accordance with the insurance plan. The consumer's share is inflated as a  
4 result of the higher list price conveyed to consumers on the bill.

5           60. If, instead, the insurer believes only \$600 is the "allowable rate" for the care provided,  
6 the insurer will only pay 50% of that, or \$300. If TeamHealth bills for both the remaining \$300 and  
7 an additional \$400 to recoup the full list price, that extra \$400 is called a "balance bill."

8           61. In some cases, TeamHealth has fraudulently enhanced its ability to bill out-of-  
9 network and/or "balance bill" by entering hospitals and exiting their insurance networks, at least for  
10 a period of time. When executing this strategy, TeamHealth does not disclose to patients that it is  
11 out-of-network. Thus, even if the hospital is within a patient's insurance network, that patient is  
12 forced to pay out-of-network rates along with any amounts TeamHealth balance bills on top.

13           62. This conduct constitutes a serious fraud: TeamHealth sends patients bills with rates it  
14 knows it cannot collect in court in the hopes that patients will pay all or a large portion of these bills  
15 due to their lack of knowledge.

16           63. In sending these bills, TeamHealth represents to patients that the rates printed within  
17 them are the real, reasonable value of its services. Yet, TeamHealth knows they are not. In various  
18 lawsuits, TeamHealth has conceded that the rates it charges consumers do not represent the real  
19 value of its services.

20           64. In *Emergency Care Services of Pennsylvania, P.C. et al. v. UnitedHealth Group, Inc.*  
21 *et al.*,<sup>34</sup> TeamHealth sued UnitedHealth after the insurer refused to reimburse TeamHealth for out-of-  
22 network care at its charged rates. TeamHealth claimed relief under implied contract and unjust  
23 enrichment theories, arguing that UnitedHealth had paid as low as 15-20% of TeamHealth's rates,  
24 instead of what TeamHealth asserted was reasonable and customary: 75-90% of their list prices. In  
25 so arguing, TeamHealth effectively conceded that its rates are artificially inflated beyond the  
26 reasonable value of the services it provides.

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27  
28           <sup>34</sup> Case No. 1:19-cv-1195, Dkt. No. 1 at 14 (M.D. Pa.).

1           65. As UnitedHealth has explained, TeamHealth “refuse[s] to accept rates that reflect fair  
2 market prices and that promote an affordable, predictable experience for patients. TeamHealth ER  
3 physicians expect to be paid *nearly three times the median rate for in-network physicians at*  
4 *participating hospitals*, and their billed charges are even higher, *at more than four times the median*  
5 *rate.*”<sup>35</sup> This price inflation hurts consumers “by driving up the cost of health care.”<sup>36</sup>

6           66. Similarly, in a case in Texas, TeamHealth raised quantum meruit claims against  
7 Humana for failing to compensate it enough for out-of-network care, seeking its “usual and  
8 customary” rates.<sup>37</sup> Presumably, when it refers to customary and reasonable, it means some fraction  
9 of its prices, like it asserted in *Emergency Care Services of Pennsylvania, P.C. et al. v. UnitedHealth*  
10 *Group*, and not 100 percent of its prices, which it charges to consumers.

11           67. Furthermore, in a letter to the U.S. Senate in response to congressional inquiries into  
12 TeamHealth’s billing practices, TeamHealth admitted it has across-the-board inflated list prices well  
13 over the cost of the services it provides.<sup>38</sup> TeamHealth admitted that the average cost per encounter is  
14 only \$150. At the same time, it said it billed 2.5 million uninsured patients and collected \$85 million,  
15 which it claimed was only 3.7% of what it billed. That means, while TeamHealth’s average cost was  
16 only \$150 per encounter, its chargemaster prices (the amounts billed to uninsured patients) averaged  
17 \$918 per encounter. TeamHealth admitted its chargemaster prices are over six times its cost of care.

18           68. In short, TeamHealth has admitted that the rates it charges patients are fraudulent:  
19 they do not accurately represent the fair or reasonable market value of the services it provides. And  
20

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21  
22           <sup>35</sup> Courtney Robinson, *Some Physicians at Tampa General Hospital take Pay Cut Because of*  
23 *Health Care Costs*, 10 Tampa Bay, Feb. 4, 2020 6:58 P.M., available at:  
24 [https://www.wtsp.com/article/news/investigations/10-investigates/tampa-general-hospital-pay-cut-](https://www.wtsp.com/article/news/investigations/10-investigates/tampa-general-hospital-pay-cut-health-care/67-e330d676-db40-4454-a647-5985eba6ccc3/)  
25 [health-care/67-e330d676-db40-4454-a647-5985eba6ccc3/](https://www.wtsp.com/article/news/investigations/10-investigates/tampa-general-hospital-pay-cut-health-care/67-e330d676-db40-4454-a647-5985eba6ccc3/) (emphasis added), last visited July 9,  
26 2020.

27           <sup>36</sup> *Id.*

28           <sup>37</sup> *Emerg. Svcs. of Texas, P.A. v. Humana Ins. Co.*, Case 5:19-cv-00138-OLG, Dkt. No. 1 (W.D.  
Tex February 14, 2019).

<sup>38</sup> March 13, 2019, Team Health Letter Responding to Bi-Partisan Workgroup’s Request for  
Data and Information on Surprise Medical Bills, available at:  
<https://www.documentcloud.org/documents/6568825-TeamHealth-Letter.html>, last visited July 9,  
2020.

1 while TeamHealth may collect a lower amount from uninsured patients because they cannot pay the  
2 bill, it is charging them as much or *more* than it charges insured patients.

3 69. Plaintiff Sia Fraser’s experience is demonstrative of TeamHealth’s inflated prices.  
4 TeamHealth billed her \$1,082 for observation care. For the exact same hospital visit, the hospital Tri-  
5 City Medical Center billed her \$63 per hour (\$378 for six hours) for observation care performed by  
6 hospital physicians. The physicians had the same patient, with the same injuries. They both billed for  
7 observation care. And the TeamHealth physician billed over 17 times more than the hospital  
8 physician.

9 70. TeamHealth’s rate increases are so harmful to consumers in part because TeamHealth  
10 aggressively pursues debt collection. Since 2017, TeamHealth has sued over *4,800 patients* to force  
11 them to pay their artificially inflated bills.<sup>39</sup>

12 **3. TeamHealth uses subsidiaries and “independent” contractors to avoid state-law**  
13 **ban on the practice of medicine by corporation.**

14 71. As a private-equity owned corporation, TeamHealth is only able to profit from  
15 inflated, fraudulent medical billing by constructing an elaborate web of subsidiaries and  
16 “independent” contractors.

17 72. Most states prohibit the corporate practice of medicine. Although this doctrine varies  
18 somewhat from state to state, it generally “prohibits corporations from practicing medicine or  
19 employing a physician to provide professional medical services.”<sup>40</sup> These laws are intended to  
20 prevent commercialization of the practice of medicine, ensure physicians are never conflicted about  
21 whether to put patients or shareholders first, and prevent business influences from interfering with  
22 independent medical judgement.

23  
24 <sup>39</sup> Wendy C. Thomas, et al., *A Private Equity-Owned Doctors’ Group Sued Poor Patients Until*  
25 *It Came Under Scrutiny*, NAT’L PUB. RADIO, Nov. 27, 2019, available at:  
26 <https://www.npr.org/sections/health-shots/2019/11/27/783449133/a-private-equity-owned-doctors-group-sued-poor-patients-until-it-came-under-scru#:~:text=Health%20Inc.-,A%20Private%20Equity%20Downed%20Doctors%20Group%20Sued%20Poor%20Patients,Until%20It%20Came%20Under%20Scrutiny&text=Andrea%20Morales%2FMLK50-,Jennifer%20Brooks%2C%20who%20had%20repeatedly%20visited%20the%20emergency%20room%20at,%248%2C500%20in%20unpaid%20medical%20bills.>, last visited July 9, 2020.

27  
28 <sup>40</sup> American Medical Association, *Issue Brief: Corporate Practice of Medicine*, at 1 (2015).

1           73. In order to avoid these laws, TeamHealth has spun a web of subsidiaries and  
2 purportedly independent organizations, which it has dubbed the “TeamHealth system” and this  
3 complaint refers to as the “TeamHealth Fraudulent Billing Enterprise.”

4           74. The TeamHealth Fraudulent Billing Enterprise is structured as a pyramid.  
5 TeamHealth sits at the top and owns several subsidiaries that act as regional facilitators.

6           75. While the following names are not the official corporate names of these subsidiaries,  
7 the regional facilitators go by names like TeamHealth Atlantic, TeamHealth Central, TeamHealth  
8 Mid-Atlantic, TeamHealth Northeast, TeamHealth Southeast, and TeamHealth West.

9           76. The facilitators themselves own subsidiary practice groups that employ physicians  
10 who provide care. For example, the provider group who served Ms. Fraser is Team Physicians of  
11 Southern CA, which, in turn, is owned by TeamHealth West (officially Quantum Plus, LLC).

12           77. The subsidiary facilitators also staff hospitals by contracting with provider groups that  
13 function as independent contractors.

14           78. As TeamHealth described it in a 2016 filing with the Securities Exchange  
15 Commission (SEC):

16           Separate subsidiaries or other affiliates of Team Health Holdings, Inc.  
17 carry out all operations and employ all employees within the  
18 TeamHealth system. The terms “clinical providers,” “TeamHealth  
19 physicians or providers,” “affiliated providers,” “our providers” or “our  
20 clinicians” and similar terms mean and include: (i) physicians and other  
21 healthcare providers who are employed by subsidiaries or other  
22 affiliated entities of Team Health Holdings, Inc., and (ii) physicians and  
23 other healthcare providers who contract with subsidiaries or other  
24 affiliated entities of Team Health Holdings, Inc. All such physicians and  
25 other healthcare providers exercise their independent professional  
26 clinical judgment when providing clinical patient care. Team Health  
27 Holdings, Inc. is a holding company that does not contract with  
28 physicians to provide medical services nor does it practice medicine in  
any way.<sup>[41]</sup>

29           79. The subsidiary facilitators negotiate contracts with the hospitals and provider groups,  
30 recruit physicians, coordinate physician schedules, and conduct local marketing.

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<sup>41</sup> Team Health Holdings, Inc., 2016 Form 10-K at 3.

1           80. Another subsidiary of TeamHealth—Healthcare Revenue Recovery Group (HRRG)—  
2 performs all defaulted debt collection for the TeamHealth Fraudulent Billing Enterprise.

3           81. Yet another subsidiary of TeamHealth—Health Care Financial Services of  
4 TeamHealth—sets all prices for the TeamHealth Fraudulent Billing Enterprise.<sup>42</sup>

5           82. TeamHealth itself performs the remaining functions, including accounting, payroll,  
6 human resources, capital spending, information systems, compliance, and legal services. TeamHealth  
7 also coordinates the web of corporate entities towards one common purpose: squeezing as much  
8 money as possible out of consumers through a pattern of fraudulent communications that  
9 misrepresent the amounts they are entitled to charge for the care physicians in the TeamHealth  
10 Fraudulent Billing Enterprise provide.

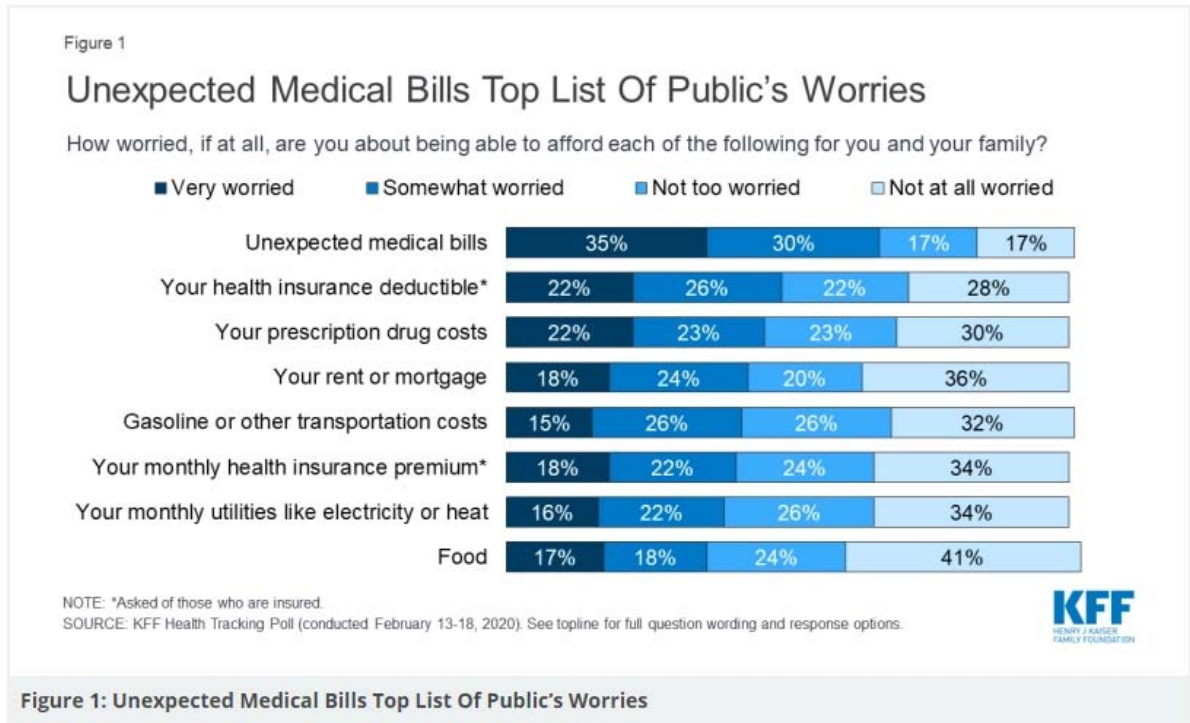
11 **C. The crippling cost of out-of-network care**

12           83. The impact of TeamHealth’s fraudulent billing practices can be more devastating than  
13 the medical emergency or procedure that precipitated the bill in the first place. According to a recent  
14 Kaiser Family Foundation Study, two thirds of Americans are either “very worried” (35 percent) or  
15 “somewhat worried” (30 percent) about being able to afford their own or their family’s unexpected  
16 medical bills.<sup>43</sup>

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23 <sup>42</sup> See <https://www.hcfin.com/our-services/>, last visited July 9, 2020 (“HCFS of Team  
24 Health provides reliable, full-service management of your entire revenue cycle. From creating an  
25 appropriate fee schedule to preparing patient statements, our billing services help you improve  
26 reimbursement rates and collect more of the money your practice is legitimately owed.”); see also  
27 <https://www.hcfin.com/about/>, last visited July 9, 2020 (“As a division of Team Health, which staffs  
28 more than 250 hospital EDs nationwide, Health Care Financial Services of Team Health has  
developed a sophisticated coding and billing operation designed to meet the unique requirements of  
emergency physician care.”).

<sup>43</sup> Lunna Lopes, et al., *Data Note: Public Worries About and Experience With Surprise Medical Bills* (Feb. 28, 2020), available at: <https://www.kff.org/health-costs/poll-finding/data-note-public-worries-about-and-experience-with-surprise-medical-bills/>, last visited July 9, 2020.



84. This concern is far from baseless: in the Kaiser study, one in three insured, nonelderly adults reported that they received an unexpected medical bill in the past 24 months. Of those who received an unexpected bill, 11 percent reported that the unexpected costs were \$1,000 or more.<sup>44</sup>

85. Hospital staff have spotlighted the crippling effect of TeamHealth’s practices. In 2018, a group of hospital internists at St. David’s Hospital in Texas sued TeamHealth, revealing that the corporation “pressured doctors to make medical decisions based on finances.”<sup>45</sup> According to the doctors’ complaint, TeamHealth “implement[ed] a scheme of corporate governance over physicians to manipulate their medical practice to save St. David’s money.”<sup>46</sup>

86. Senator Elizabeth Warren and Representative Katie Porter are currently investigating TeamHealth for “slashing their doctors’ pay and benefits,” even as they treat coronavirus patients in

<sup>44</sup> *Id.*

<sup>45</sup> Phil Prazan, *Doctor’s Sue St. David’s Contract over Corporate Practice of Medicine*, KXAN News Austin, June 18, 2018 7:57 P.M., available at: <https://www.kxan.com/news/local/austin/doctors-sue-st-davids-contractor-over-corporate-practice-of-medicine/>, last visited July 9, 2020.

<sup>46</sup> *Id.*

1 TeamHealth-controlled emergency departments.<sup>47</sup> The Senators reiterated their concerns in a second  
 2 letter, noting that in the past two months, Doctor Patient Unity—TeamHealth’s lobbying  
 3 organization—has spent an additional \$1.2 million on TV advertisements, money that could have  
 4 been used to compensate emergency room physicians during the pandemic.<sup>48</sup>

## 5 V. TOLLING OF THE STATUTE OF LIMITATIONS

6 87. **Discovery Rule Tolling:** Plaintiff and members of the proposed class had no means  
 7 of knowing that medical bills received from the TeamHealth Fraudulent Billing Enterprise demanded  
 8 payment of inflated amounts that the TeamHealth Fraudulent Billing Enterprise is not legally entitled  
 9 to recover. Plaintiff did not discover until recently, and could not have discovered through reasonable  
 10 diligence, that her TeamHealth bill was unlawfully inflated and that the bill and its payment  
 11 constituted a cognizable injuries. All applicable statutes of limitations have thus been tolled by  
 12 operation of the discovery rule.

13 88. **Fraudulent Concealment:** Far from disclosing that the TeamHealth Fraudulent  
 14 Billing Enterprise seeks to recover unlawfully inflated medical bills, the enterprise affirmatively  
 15 conceals this fact in the medical bills sent to plaintiff and the proposed class. These bills falsely  
 16 represent that the amounts billed constitute the actual value of medical services provided by  
 17 TeamHealth physicians. The TeamHealth Fraudulent Billing Enterprise knew that patients would  
 18 have no reason to believe that TeamHealth would bill for amounts it cannot lawfully recover, and  
 19 plaintiff and the proposed class could not have discovered the fraud earlier through the exercise of  
 20 reasonable diligence. All applicable statutes of limitations have thus been tolled by TeamHealth’s  
 21 active and fraudulent concealment of the facts giving rise to plaintiff’s claims.

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24 <sup>47</sup> Letter from Senator Elizabeth Warren and Representative Katie Porter to Stephen A.  
 25 Schwartzman, Chief Executive Officer of Blackstone, and Wayne Berman, Senior Managing  
 26 Director and Head of Global Gov’t Affairs of Blackstone (April 15, 2020), available at:  
<https://twitter.com/RepKatiePorter/status/1250524828274249728/photo/1>, last visited July 9, 2020.

27 <sup>48</sup> Letter from Senator Elizabeth Warren and Representative Katie Porter to Stephen A.  
 28 Schwartzman, Chief Executive Officer of Blackstone, and Wayne Berman, Senior Managing  
 Director and Head of Global Gov’t Affairs of Blackstone (May 8, 2020), available at:  
[https://porter.house.gov/uploadedfiles/response\\_to\\_blackstone\\_5.8.20.pdf](https://porter.house.gov/uploadedfiles/response_to_blackstone_5.8.20.pdf), last visited July 9, 2020.

1 **VI. CLASS ACTION ALLEGATIONS**

2 89. Plaintiff bring this action on behalf of herself and all others similarly situated under  
3 Federal Rule of Civil Procedure 23(a), (b)(1), (b)(2) and (b)(3), as representative of a class defined as  
4 follows:

5 All individual persons who were either uninsured or received out-of-network care  
6 when they were provided medical treatment in the United States or its territories and  
7 who received a bill from Team Health Holdings, Inc. or an entity billing on its behalf  
8 for that treatment.

9 90. There are two ways a consumer may be billed directly by TeamHealth or an entity  
10 acting on its behalf. First, if a consumer is uninsured, TeamHealth will bill that consumer for 100%  
11 of TeamHealth’s artificially inflated rates (the uninsured scenario). Second, if TeamHealth is “out-  
12 of-network” in an insured consumer’s health plan, TeamHealth may bill that consumer directly for  
13 any amounts not reimbursed by the consumer’s insurer (the “out-of-network” scenario). This  
14 includes instances where (a) a consumer’s insurance plan covers none of the out-of-network care,  
15 (b) a consumer’s insurance plan covers some of the list price as part of a cost sharing plan and  
16 consumers pay the remainder, and (c) balance bills.

17 91. In both of these scenarios—the uninsured scenario and the out-of-network scenario—  
18 any individual’s payment for TeamHealth’s services is determined based on TeamHealth’s  
19 artificially inflated prices, and the consumer receives a bill from TeamHealth demanding payment of  
20 the inflated amounts. Accordingly, each scenario falls within the class definition.

21 92. Members of the class are so numerous and geographically dispersed that joinder of all  
22 members is impracticable. TeamHealth admits that it provides medical services to millions of  
23 patients each year in hospitals across the country. Thus, joinder of all members is clearly  
24 impracticable. The class is readily identifiable from information and records in the possession of  
25 TeamHealth.

26 93. Plaintiff’s claims are typical of the claims of the members of the class. Plaintiff and  
27 all members of the class were damaged by the same wrongful conduct of the TeamHealth—i.e.,  
28 plaintiff and all members of the class received treatment from a TeamHealth physician and were  
billed artificially inflated prices for the services they received.



1           94. Plaintiff will fairly and adequately protect and represent the interests of the class. The  
2 interests of plaintiff are coincident with, and not antagonistic to, those of the other members of the  
3 class.

4           95. Class counsel that represents the plaintiff are experienced in the prosecution of class  
5 action litigation and have particular experience with class action litigation involving RICO fraud.  
6 Class counsel also have extensive experience in class actions concerning the manipulation of and  
7 fraudulent inflation of list prices, including two cases in federal district court (*AWP* and *McKesson*)  
8 that resulted in recoveries well in excess of \$500 million.

9           96. Questions of law and fact common to the members of the class predominate over  
10 questions that may affect only individual class members because TeamHealth has acted on grounds  
11 generally applicable to the entire class, thereby making overcharge damages with respect to the class  
12 as a whole appropriate. Such generally-applicable conduct is inherent in TeamHealth's wrongful  
13 conduct.

14           97. Questions of law and fact common to the class include, but are not limited to:

- 15           i. Whether TeamHealth engaged in a fraudulent, unfair, and/or deceptive scheme  
16           or course of conduct by setting and transmitting chargemaster prices above the  
17           reasonable rates they would be entitled to collect in court;
- 18           ii. Whether TeamHealth attempted to set list prices based on quantum meruit;
- 19           iii. What the quantum meruit value of TeamHealth's services are;
- 20           iv. Whether the TeamHealth Fraudulent Billing Enterprise has the common  
21           purpose of profiting from inflated or high list prices;
- 22           v. Whether TeamHealth engaged in a pattern of deceptive and/or fraudulent  
23           activity intended to defraud or deceive plaintiff and class members;
- 24           vi. Whether the defendant organized a series of subsidiary companies to avoid  
25           state corporate practice of medicine laws;
- 26           vii. Whether defendant's avoidance of corporate practice of medicine laws  
27           allowed it to maintain its fraudulent pricing scheme;

- viii. Whether the “TeamHealth Fraudulent Billing Enterprise” consisting of (1) defendant, (2) its direct regional subsidiaries, (3) the subsidiary that performs centralized pricing functions, (4) the subsidiary that performs debt collection, and (5) the provider groups consisting of both subsidiaries to its direct regional subsidiaries and unowned independent entities, constitutes an “enterprise” with the common purpose of perpetrating the fraudulent list price scheme;
- ix. Whether TeamHealth violated RICO;
- x. Whether TeamHealth is liable to plaintiff and class members for damages for conduct actionable under state consumer protection statutes; and
- xi. Whether TeamHealth is liable to plaintiff and the class members for damages flowing from their misconduct.

98. Plaintiff and members of the class have all suffered, and will continue to suffer, harm and damages as a result of TeamHealth’s unlawful and wrongful conduct. A class action is superior to other available methods for the fair and efficient adjudication of this controversy under Rule 23(b)(3). Such treatment will permit a large number of similarly-situated persons to prosecute their common claims in a single forum simultaneously, efficiently, and without the unnecessary duplication of evidence, effort, or expense that numerous individual actions would engender. The benefits of proceeding through the class mechanism, including providing injured persons or entities a method for obtaining redress on claims that could not practicably be pursued individually, substantially outweighs potential difficulties in management of this class action. Absent a class action, most members of the class likely would find the cost of litigating their claims to be prohibitive and will have no effective remedy at law. The class treatment of common questions of law and fact is also superior to multiple individual actions or piecemeal litigation in that it conserves the resources of the courts and the litigants and promotes consistency and efficiency of adjudication. Additionally, TeamHealth has acted and failed to act on grounds generally applicable to plaintiff and the class and require court imposition of uniform relief to ensure compatible standards of conduct

1 toward the class, thereby making appropriate equitable relief to the class as a whole within the  
2 meaning of Rules 23(b)(1) and (b)(2).

3 99. Plaintiff knows of no special difficulty to be encountered in the maintenance of this  
4 action that would preclude its maintenance as a class action.

## 5 VII. CLAIMS FOR RELIEF

### 6 COUNT ONE 7 VIOLATION OF THE RACKETEER INFLUENCED AND CORRUPT 8 ORGANIZATIONS ACT (RICO), 18 U.S.C. § 1961, *ET SEQ.*

8 100. Plaintiff, on behalf of herself and all others similarly situated, re-alleges and  
9 incorporates by reference each of the allegations contained in the preceding paragraphs of this  
10 complaint.

11 101. RICO makes it “unlawful for any person employed by or associated with any  
12 enterprise engaged in, or the activities of which affect, interstate or foreign commerce, to conduct or  
13 participate, directly or indirectly, in the conduct of such enterprise’s affairs through a pattern of  
14 racketeering activity.” 18 U.S.C. § 1692(c).

15 102. Under 18 U.S.C. § 1961(4), an “enterprise” may be an association-in-fact that,  
16 although it has no formal legal structure, has (i) a common purpose, (ii) relationships among those  
17 associated with the enterprise, and (iii) longevity sufficient to pursue the enterprise’s purpose.

18 103. A “person” is “any individual or entity capable of holding a legal or beneficial interest  
19 in property.” 18 U.S.C. § 1961(3).

20 104. “Racketeering activity” includes mail and wire fraud. 18 U.S.C. § 1961(1).

#### 21 A. Team Health is a culpable “person” under RICO.

22 105. This count, which alleges violations of Section 1962(c) of RICO, 18 U.S.C.  
23 § 1962(c), is asserted against TeamHealth on behalf of the plaintiff and class members as represented  
24 by the named plaintiff.

25 106. Plaintiff, the members of class, and TeamHealth are each “persons,” as that term is  
26 defined in 18 U.S.C. § 1961(3).

1 **B. The TeamHealth Fraudulent Billing Enterprise is a RICO enterprise.**

2 107. For purposes of this claim, the RICO “enterprise” is an association-in-fact consisting  
3 of: (a) TeamHealth; (b) its direct regional subsidiaries; (c) the subsidiary that performs centralized  
4 pricing functions, Health Care Financial Services (HCFS); (d) the subsidiary that performs debt  
5 collection, Healthcare Revenue Recovery Group (HRRG); and (e) the provider groups—both the  
6 subsidiaries to TeamHealth’s regional subsidiaries and unowned, independent entities. This  
7 complaint refers to this association-in-fact enterprise as the “TeamHealth Fraudulent Billing  
8 Enterprise.” TeamHealth refers to the same collective as the “TeamHealth System.”<sup>49</sup>

9 108. Each member of the enterprise plays a different role, but all work towards a common  
10 purpose: extracting profits derived from centrally set, fraudulent prices.

11 109. TeamHealth and its Health Care Financial Services subsidiary set the prices and  
12 facilitate transmittal of the first bills to consumers.

13 110. TeamHealth’s Healthcare Revenue Recovery Group sends those fraudulent prices to  
14 consumers and seeks to collect payment of them.

15 111. The provider groups perform the care that give the enterprise the cover necessary to  
16 transmit and collect on the fraudulent prices.

17 112. The regional subsidiaries that TeamHealth owns negotiate contracts with hospitals,  
18 enabling the provider groups to supply the care for which the fraudulent prices are transmitted.

19 113. While many of the parties in the TeamHealth Fraudulent Billing Enterprise are  
20 commonly owned, not all are. Many provider groups are independent contractors that TeamHealth  
21 does not own. They are nonetheless part of the TeamHealth Fraudulent Billing Enterprise.

22 114. As for the members of the enterprise that are subsidiaries, TeamHealth organized the  
23 enterprise to circumvent state laws prohibiting the corporate practice of medicine. If the subsidiaries  
24 were divisions of TeamHealth—and the physicians were employees of TeamHealth—they could not  
25 perform the medical services necessary to facilitate profiting from TeamHealth’s fraudulent prices.

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<sup>49</sup> Team Health Holdings, Inc., 2016 Form 10-K at 3.

1           115. The TeamHealth Fraudulent Billing Enterprise is an ongoing and continuing business  
2 organization consisting of corporations and individuals that are and have been associated for the  
3 common and/or shared purposes of setting, administering, and deriving wrongful profits from  
4 fraudulent healthcare prices. The enterprise is such a cohesive unit that TeamHealth has named it the  
5 “TeamHealth System.” The TeamHealth Fraudulent Billing Enterprise has existed continuously for  
6 years.

7           116. To accomplish its common purpose, the enterprise systematically inflates its  
8 chargemaster prices for the services it performs. The enterprise does not attempt to tie their prices to  
9 any legally permissible standard, such as quantum meruit, which is what they could collect in court  
10 given they have no contracts with consumers. The enterprise then uses these chargemaster prices for  
11 out-of-network and uninsured patients who receive emergency room services, anesthesiology  
12 services, radiology services, and hospitalist services.

13           117. The enterprise performs these actions willfully, and with knowledge that the plaintiff  
14 and class members make payments based on the rates they set. The TeamHealth Fraudulent Billing  
15 Enterprise then represents—either affirmatively or through half-truths and omissions—to the  
16 plaintiff and class members that the rates for their services are lawful. The TeamHealth Fraudulent  
17 Billing Enterprise conceals from the plaintiff and class members the reality that the real value of their  
18 services are far lower.

19           118. This scheme is fraudulent. The enterprise’s prices are not reasonable approximations  
20 of the actual value of their services, and the TeamHealth Fraudulent Billing Enterprise conceals the  
21 artificial inflation of its rates as well as the tactics its uses to extract these rates. The TeamHealth  
22 Fraudulent Billing Enterprise also conceals from the plaintiff and class members the purpose of this  
23 artificial rate inflation: higher profits for TeamHealth.

24           119. The TeamHealth Fraudulent Billing Enterprise inflated their chargemaster prices,  
25 fraudulently represented these prices as the real value of their services, and thereby caused the  
26 uninsured and out-of-network class members to overpay and become over-indebted for the care they  
27 received from the TeamHealth Fraudulent Billing Enterprise.

1           120. The TeamHealth Fraudulent Billing Enterprise maintains systemic linkages because  
2 there are contractual relationships, financial ties, and continuing coordination of activities between  
3 the TeamHealth and each entity that is an associate.

4           121. At all relevant times, all members of the TeamHealth Fraudulent Billing Enterprise  
5 have been aware of the enterprise's conduct, have acted as knowing and willing participants in that  
6 conduct, and have reaped profits from that conduct. The enterprise pays the regional subsidiaries and  
7 provider groups from the inflated bills and prices. These subsidiaries and provider groups understand  
8 the degree to which the enterprise's prices are inflated above the real costs of the care they provide.  
9 TeamHealth and its Health Care Financial Services subsidiary create the inflated prices.  
10 TeamHealth's Healthcare Revenue Recovery Group and Health Care Financial Services subsidiaries  
11 transmit the inflated prices for collection.

12           122. The TeamHealth Fraudulent Billing Enterprise knowingly makes material  
13 misrepresentations and omissions in furtherance of the fraudulent scheme regarding:

- 14                   a. The true, legal, and reasonable cost of the services it provides;  
15                   b. The extent to which its artificially inflated prices depart from these reasonable  
16                   costs;  
17                   c. Its lack of a legal basis or substantiation for the transmitted prices.

18           123. TeamHealth alone could not have accomplished the purposes of the TeamHealth  
19 System without the assistance of the provider groups. For TeamHealth to profit from the scheme, the  
20 providers needed to be separately owned (so as to avoid state corporate practice of medicine laws)  
21 and continually provide care to patients.

22           124. The impacts of the TeamHealth Fraudulent Billing Enterprise are still in place, i.e.,  
23 the artificial price inflation and out-of-network fraud is still ongoing.

24           **C. The TeamHealth Fraudulent Billing Enterprise uses the U.S. mails and interstate wire**  
25           **facilities to carry out its fraud.**

26           125. The TeamHealth Fraudulent Billing Enterprise engages in and affects interstate  
27 commerce by conducting the following activities across state boundaries: the sale, purchase,  
28 contracting for, and/or administration of the medical services; the setting of the prices for medical

1 services; and/or the transmission and/or receipt of invoices, billing statements, debt collection  
2 notices, and payments related to the use or administration of the medical services the enterprise  
3 provided.

4 126. The TeamHealth Fraudulent Billing Enterprise participated in the administration of  
5 medical services to millions of individuals located throughout the United States.

6 127. The TeamHealth Fraudulent Billing Enterprise's illegal conduct and wrongful  
7 practices were carried out by an array of employees and independent contractors, working across  
8 state boundaries. The enterprise necessarily relied upon frequent transfers of documents, information,  
9 products, and funds through the U.S. mails and interstate wire facilities.

10 128. In particular, the TeamHealth Fraudulent Billing Enterprise transmitted fraudulent  
11 prices directly to and sought payment from consumers using the U.S. mails and interstate wire  
12 facilities.

13 129. The nature and pervasiveness of the TeamHealth Fraudulent Billing Enterprise's  
14 scheme, which was orchestrated out of the corporate headquarters of TeamHealth and its  
15 subsidiaries, necessarily required those headquarters to communicate directly and frequently through  
16 the U.S. mails and interstate wire facilities with each other and the provider groups.

17 130. Most of the precise dates of the enterprise's uses of the U.S. mails and interstate wire  
18 facilities (and corresponding RICO predicate acts of mail and wire fraud) cannot be alleged without  
19 access to the enterprise members' books and records. However, the plaintiff can generally describe  
20 the occasions on which the RICO predicate acts of mail fraud and wire fraud occurred, and how  
21 those acts furthered the pricing-fraud scheme.

22 131. Plaintiff Sia Frasier received bills in the mail on October 15, 2019, and November 18,  
23 2019, from Team Physicians of Southern California. These bills included one of the TeamHealth  
24 Fraudulent Billing Enterprise's fraudulent prices, \$1,082 for care code 99220. The bills were sent to  
25 Frasier's address in Vista, California. They had a return addresses in Alcoa, Tennessee and  
26 Cincinnati, Ohio, respectively. The bills provided an option to pay by credit card over the Internet at  
27 [www.TeamHealth.com/billing](http://www.TeamHealth.com/billing) and [www.thbillpay.com](http://www.thbillpay.com).

1           132. In addition, the enterprise's use of the U.S. mails and interstate wire facilities to  
2 perpetrate the scheme involved thousands of communications including, *inter alia*:

- 3           a. Marketing materials about the enterprise members' medical services, which  
4           the enterprise sent to hospitals located across the country;
- 5           b. Written and oral representations of the enterprise's rates for its medical  
6           services made at least annually and, in many cases, several times during a  
7           single year;
- 8           c. Thousands of written and oral communications discussing, negotiating, and  
9           confirming the enterprise members' contracts with the hospitals;
- 10          d. Written and oral communications with U.S. government agencies and private  
11          insurers that fraudulently misrepresented what the enterprise's rates were, or  
12          that were intended to deter investigations into the true reasonable costs of their  
13          services or to forestall changes to reimbursement based on something other  
14          than its rates;
- 15          e. Written and oral communications with health insurers and patients;
- 16          f. Transmission of information about the enterprise's rates to third parties;
- 17          g. Receipts of money on tens of thousands of occasions through the U.S. mails  
18          and interstate wire facilities—the wrongful proceeds of the enterprise's  
19          scheme; and
- 20          h. In addition to the above-referenced RICO predicate acts, TeamHealth's  
21          corporate headquarters have communicated through use of the U.S. mails and  
22          by interstate wire facilities with their various local headquarters or divisions,  
23          in furtherance of the scheme. These mails include some of the documents  
24          referenced in this Complaint.

25          **D. TeamHealth directed the TeamHealth Fraudulent Billing Enterprise's affairs.**

26           133. TeamHealth has exerted control over the TeamHealth Fraudulent Billing Enterprise.  
27 In violation of Section 1962(c) of RICO, TeamHealth has conducted or participated in the conduct of  
28



1 the affairs of the TeamHealth Fraudulent Billing Enterprise, directly or indirectly. Such participation  
2 was carried out in the following ways:

- 3 a. TeamHealth directly controls the rates of the healthcare services that the  
4 provider groups deliver within the enterprise, including, but not limited to,  
5 emergency room services, anesthesiology services, radiology services, and  
6 hospitalist services;
- 7 b. TeamHealth directly controls the rates that it charges to the plaintiff and class  
8 members;
- 9 c. TeamHealth directly controls the creation and distribution of marketing, sales,  
10 and other materials used to acquire new hospital contracts;
- 11 d. TeamHealth designed the organizational structure of the enterprise and  
12 centrally performs accounting, payroll, compliance, and legal services;
- 13 e. TeamHealth represents to the plaintiff and class members—by stating its rates  
14 without disclosing that these rates differed substantially from the legally  
15 permissible cost for its services—that these rates represented lawful debts.
- 16 f. TeamHealth represents to the plaintiff and class members—by stating its rates  
17 and communicating a right to payment on those rates—that it had a basis in  
18 the law for the rates it transmitted.

19 134. The TeamHealth Fraudulent Billing Enterprise identified above had a hierarchical  
20 decision-making structure that TeamHealth directed.

21 135. In violation of Section 1962(c) of RICO, TeamHealth has conducted the affairs of the  
22 TeamHealth Fraudulent Billing Enterprise. This enterprise fraudulently inflated the rates for their  
23 providers' services and misrepresented to plaintiff and class members that they had a basis in law or  
24 contract to collect those inflated prices, thereby inducing plaintiff and class members to pay inflated  
25 amounts, and incur inflated debt, for their services.

26 **E. TeamHealth has conducted a pattern of racketeering activity.**

27 136. TeamHealth has conducted and participated in the affairs of the TeamHealth  
28 Fraudulent Billing Enterprise through a pattern of racketeering activity, including acts that are

1 indictable under 18 U.S.C. § 1341, relating to mail fraud, and 18 U.S.C. § 1343, relating to wire  
2 fraud. TeamHealth’s pattern of racketeering likely involved hundreds of thousands, if not millions, of  
3 separate instances of use of the U.S. mails or interstate wire facilities in furtherance of their pricing  
4 schemes. Each of these fraudulent mailings and interstate wire transmissions constitutes a  
5 “racketeering activity” within the meaning of 18 U.S.C. § 1961(1). Collectively, these violations  
6 constitute a “pattern of racketeering activity,” within the meaning of 18 U.S.C. § 1961(5), in which  
7 TeamHealth intended to defraud plaintiff, members of the class, and other intended victims of the  
8 fraudulent pricing scheme.

9 137. TeamHealth’s fraudulent and unlawful pricing scheme consisted, in part, of  
10 deliberately overstating its rates for its hospital-based services.

11 138. TeamHealth’s schemes were calculated and crafted such that plaintiff and members of  
12 the class would be billed for TeamHealth’s medical services based on TeamHealth’s artificially  
13 inflated rates. In designing and implementing the scheme, TeamHealth was cognizant, at all times, of  
14 the fact those plaintiff and class members were not part of the enterprise and relied upon the integrity  
15 of TeamHealth in setting its rates.

16 139. By intentionally and artificially inflating its rates, and by subsequently failing to  
17 disclose such practices to the plaintiff and class members, the enterprise engaged in a fraudulent and  
18 unlawful course of conduct constituting a pattern of racketeering activity.

19 140. The enterprise’s racketeering activities amounted to a common course of conduct,  
20 with similar patterns and purposes, intended to deceive plaintiff and members of the class. Each  
21 separate use of the U.S. mails and/or interstate wire facilities that the enterprise employed was  
22 related, had similar intended purposes, involved similar participants and methods of execution, and  
23 had the same results affecting the same victims, including plaintiff and members of the class. The  
24 TeamHealth Fraudulent Billing Enterprise has engaged in the pattern of racketeering activity for the  
25 purpose of conducting its ongoing business affairs.

26 **F. TeamHealth’s violations of RICO damaged the plaintiff and class members.**

27 141. TeamHealth’s violations of federal law and its pattern of racketeering activity have  
28 directly and proximately injured the plaintiff and class members in their business or property. The

1 plaintiff and class members have overpaid and been overbilled for many hundreds of millions of  
2 dollars based on the enterprise's fictitious rates for its medical services.

3 142. The TeamHealth Fraudulent Billing Enterprise sent billing statements through the  
4 U.S. mails or by interstate wire facilities and reported its rates and other information by the same  
5 methods in furtherance of its pricing scheme. The plaintiff and members of the class have made  
6 inflated payments and incurred debt for the enterprise's medical services based on and/or in reliance  
7 on reported and false rates.

8 143. As previously explained, when a TeamHealth Fraudulent Billing Enterprise provider  
9 treats a patient, that patient is responsible for paying all or a portion of the enterprise's inflated rates.

10 a. If the patient is uninsured, the enterprise misrepresents that she must pay  
11 100% of the enterprise's rates.

12 b. If the patient is insured, but the TeamHealth Fraudulent Billing Enterprise  
13 provider is outside the patient's insurance network, the enterprise  
14 misrepresents that the patient must pay 100% of the enterprise's rates not  
15 covered by the patient's insurer.

16 144. The amount of each of these payment demands is tied directly to the enterprise's list  
17 prices. No other intermediary in the supply chain has control over or is responsible for the rates on  
18 which consumer payments are based. By setting the rates for its medical services, TeamHealth is  
19 setting the prices plaintiff and class members must pay.

20 145. The plaintiff's and class members' damages are therefore the difference between what  
21 they were billed and what they would have been billed if defendant's list prices were reasonable  
22 approximations of the value of the services rendered, pursuant to state doctrines of equity like  
23 quantum meruit.

24 146. TeamHealth's racketeering activity proximately caused the plaintiff's injuries and  
25 those of the class members. By transmitting fraudulently inflated bills, TeamHealth caused plaintiff  
26 and the class to incur debt that, but for TeamHealth's inflated bills, plaintiff and the class would not  
27 have incurred. But for the misrepresentations that TeamHealth made regarding the reasonable rates  
28 for the medical services the enterprise provided, plaintiff and the class members also would have

1 paid less, out-of-pocket, for the medical services they received. When plaintiff and class members  
2 received bills from the TeamHealth Fraudulent Billing Enterprise, they had no reason to know that  
3 the bills demanded payment of inflated amounts that could not be lawfully recovered. Plaintiff and  
4 class members were further induced to pay because nonpayment of these inflated bills would result  
5 in adverse credit consequences.

6 147. The plaintiff and class members were both: (i) the participants in the marketplace that  
7 most directly relied on the falsity of the enterprise's inflated benchmark prices, and (ii) the  
8 participants that were most directly harmed by the fraud. There is no other plaintiff or class of  
9 plaintiffs better situated to seek a remedy for the economic harms resulting from the TeamHealth  
10 Fraudulent Billing Enterprise's fraudulent scheme.

11 148. By virtue of these violations of 18 U.S.C. § 1962(c), under the provisions of Section  
12 1964(c) of RICO, TeamHealth is liable to plaintiff and members of the class for three times the  
13 damages that plaintiff and class members have sustained, plus the costs of bringing this suit,  
14 including reasonable attorneys' fees.

15 149. By virtue of these violations of 18 U.S.C. § 1962(c), under the provisions of Section  
16 1964(c) of RICO, the plaintiff and members of the class further seek injunctive relief against  
17 TeamHealth for its pricing fraud, plus the costs of bringing this suit, including reasonable attorneys'  
18 fees. Absent an injunction, the effects of this fraudulent, unfair, and unconscionable conduct will  
19 continue. Plaintiff may need to avail herself of a hospital where the TeamHealth Fraudulent Billing  
20 Enterprise operates in the future. And the plaintiff and members of the class may be repeatedly billed  
21 TeamHealth's fraudulent rates. In a country where tens of thousands of citizens cannot afford their  
22 medical expenses, where the expense of medical bills is a great burden on millions, and where the  
23 current COVID-19 crisis has led to an increase in hospitalizations, any continuing fraudulent, unfair,  
24 and unconscionable conduct is a serious matter that calls for injunctive relief as a remedy. Plaintiff  
25 will seek injunctive relief, including an injunction against TeamHealth, to prevent it from charging  
26 artificially inflated rates and failing to disclose when it operates outside a hospital's insurance  
27 networks.

1 **COUNT TWO**  
2 **VIOLATION OF THE CALIFORNIA UNFAIR COMPETITION LAW**  
3 **CAL. BUS. & PROF. CODE § 17200, ET SEQ.**

4 150. Plaintiff hereby incorporate by reference the allegations contained in the preceding  
5 paragraphs of this complaint.

6 151. This claim is brought by plaintiff on behalf of members of the class who received care  
7 from a TeamHealth physician or medical service provider in California.

8 152. California Business and Professions Code § 17200 (UCL) prohibits “unlawful, unfair,  
9 or fraudulent business acts or practices.”<sup>50</sup>

10 153. TeamHealth violated the “unlawful” prong of § 17200 by its violations of the CLRA,  
11 as described below.

12 154. TeamHealth violated the “fraudulent” prong of § 17200 through its pricing fraud. As  
13 described throughout this complaint, TeamHealth billed uninsured and out-of-network patients for  
14 medical services at inflated list prices TeamHealth is not lawfully entitled to recover. TeamHealth  
15 knew its list prices were inflated and false. Plaintiff and members of the class reasonably relied on  
16 TeamHealth’s inflated and false list prices to make payments for medical services provided by  
17 TeamHealth physicians, and those inflated list prices caused plaintiff and the class to incur medical  
18 debt that they would not otherwise have incurred. Plaintiff and members of the class were injured.

19 155. In addition, TeamHealth violated the “unfair” prong of § 17200. California courts  
20 have set out several definitions of unfairness. TeamHealth’s conduct is unfair under each of them:

- 21 a. A practice is unfair when “the consumer injury is substantial, is not  
22 outweighed by any countervailing benefits to consumers or to competition,  
23 and is not an injury the consumers themselves could reasonably have  
24 avoided.”<sup>51</sup> Here, TeamHealth’s billing fraud has caused thousands, if not  
25 millions, of patients to overpay for medical care, without any countervailing

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26 <sup>50</sup> See *Rubio v. Capital One Bank*, 613 F.3d 1195, 1203 (9th Cir. 2010) (“A business act or  
27 practice may violate the [UCL] if it is either unlawful, unfair, or fraudulent. Each of these three  
28 adjectives captures a separate and distinct theory of liability.” (internal quotation marks and citation  
omitted)).

<sup>51</sup> See *Daugherty v. Am. Honda Motor Co., Inc.*, 144 Cal. App. 4th 824, 839 (2006).

1 benefits to consumers or competition. Patients had no reason to believe  
2 TeamHealth’s inflated list prices were unrecoverable in court, and thus no  
3 reasonable means of avoiding the injuries they suffered.

4 b. A practice is unfair when it “offends an established public policy or is  
5 immoral, unethical, oppressive, unscrupulous or substantially injurious to  
6 consumers.”<sup>52</sup> Billing patients for unrecoverable amounts satisfies each of  
7 these criteria.

8 c. A practice is unfair when it violates a public policy “tethered to specific  
9 constitutional, statutory or regulatory provisions.”<sup>53</sup> TeamHealth’s billing  
10 practices at issue violate basic principles of equity and quantum meruit, which  
11 are inscribed in Cal. Civ. Code § 1611.

12 156. TeamHealth’s actions, as set forth above, occurred within the conduct of its business  
13 and in trade or commerce.

14 157. Pursuant to Cal. Bus. & Prof. Code § 17203, the Court may “restore to any person in  
15 interest any money or property, real or personal, which may have been acquired by means of” a  
16 violation of the statute.

17 158. Plaintiff requests that this Court enter such orders or judgments as may be necessary,  
18 including: a declaratory judgment that TeamHealth has violated the UCL; an order enjoining  
19 TeamHealth from continuing its unfair, unlawful, and/or fraudulent trade practices; an order  
20 restoring to the plaintiff any money lost as result of TeamHealth’s unfair, unlawful, and/or fraudulent  
21 trade practices, including restitution and disgorgement of any profits TeamHealth received as a result  
22 of its unfair, unlawful, or fraudulent practices, and for any other relief as may be just and proper.

23 159. In addition, under Cal. Civ. Proc. Code § 1021.5, the Court “may award attorneys’  
24 fees to a successful party against one or more opposing parties in any action which has resulted in the  
25 enforcement of an important right affecting the public interest if: (a) a significant benefit, whether  
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27 <sup>52</sup> See *West v. JPMorgan Chase Bank, N.A.*, 214 Cal. App. 4th 780, 806 (2013).

28 <sup>53</sup> See *id.*

1 pecuniary or nonpecuniary, has been conferred on the general public or a large class of persons,  
2 (b) the necessity and financial burden of private enforcement . . . are such as to make the award  
3 appropriate, and (c) such fees should not in the interest of justice be paid out of the recovery, if any.”

4 **COUNT THREE**  
5 **VIOLATION OF THE CALIFORNIA LEGAL REMEDIES ACT**  
6 **CAL. CIV. CODE § 1750, *ET SEQ.***

7 160. Plaintiff hereby incorporates by reference the allegations contained in the preceding  
8 paragraphs of this complaint.

9 161. This claim is brought by the plaintiff on behalf of members of the class who received  
10 care from a TeamHealth physician or medical service provider in California.

11 162. The California Legal Remedies Act (CLRA) prohibits “unfair or deceptive acts or  
12 practices undertaken by any person in a transaction intended to result or that results in the sale or  
13 lease of goods or services to any consumer.” Cal. Civ. Code § 1770(a).

14 163. TeamHealth is a “person” under Cal. Civ. Code § 1761(c).

15 164. The plaintiff and class members are “consumers,” as defined by Cal. Civ. Code  
16 § 1761(d), who purchased medical services from TeamHealth.

17 165. As alleged in this complaint, and immediately above, TeamHealth has engaged in  
18 both “unfair” and “deceptive” acts. TeamHealth billed uninsured and out-of-network patients for  
19 medical services at inflated list prices TeamHealth is not lawfully entitled to recover. TeamHealth  
20 knew its list prices were inflated and false. Plaintiff and members of the class reasonably relied on  
21 TeamHealth’s inflated and false list prices to make payments for medical services provided by  
22 TeamHealth physicians. Those inflated list prices also caused the class to incur debt it would not  
23 otherwise have incurred. TeamHealth’s deceptive billing practices caused massive economic injuries  
24 to patients in California and across the country, without any countervailing benefits to consumers or  
25 the public.

26 166. The plaintiff seeks an order enjoining TeamHealth’s unfair or deceptive acts or  
27 practices, costs of court, and attorneys’ fees pursuant to Cal. Civ. Code § 1780(e), and any other just  
28 and proper relief available under the CLRA.

**DEMAND FOR JUDGMENT**

WHEREFORE, the plaintiff, on behalf of herself and the proposed class, respectfully demands that this Court:

A. Determine that this action may be maintained as a class action pursuant to Federal Rules of Civil Procedure 23(a), (b)(1), (b)(2), and (b)(3), and direct that reasonable notice of this action, as provided by Federal Rule of Civil Procedure 23(c)(2), be given to the class, and declare the plaintiff as the representatives of the class;

B. Enter judgment against TeamHealth and in favor of the plaintiff and the class;

C. Award plaintiff and the class damages (i.e., three times overcharges) in an amount to be determined at trial;

D. Award plaintiff and the class restitution;

E. Award plaintiff and the class their costs of suit, including reasonable attorneys' fees as provided by law; and

F. Enjoin TeamHealth from continuing to bill patients for inflated and false list prices that exceed the amounts TeamHealth can lawfully recover.

Award such further and additional relief as the case may require and the Court may deem just and proper under the circumstances.

**JURY DEMAND**

Pursuant to Federal Rule of Civil Procedure 38, the plaintiff, on behalf of herself and the proposed class, demand a trial by jury on all issues so triable.

Dated: July 10, 2020

Respectfully submitted,

By /s/ Ben M. Harrington

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Rio S. Pierce (298297)

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12 *Attorneys for Plaintiff Sia Fraser, individually*  
 13 *and on behalf of all others similarly situated*

14 UNITED STATES DISTRICT COURT  
 15 NORTHERN DISTRICT OF CALIFORNIA

16 SIA FRASER, individually and on behalf of all  
 17 others similarly situated,

18 Plaintiff,

19 v.

20 TEAM HEALTH HOLDINGS, INC.

21 Defendant.

No.

**DECLARATION OF SIA FRASER**  
**RE: CLRA VENUE**

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1 I, Sia Fraser, have personal knowledge of the facts stated herein and, if necessary,  
2 could competently testify thereto.

3 2. I am a Plaintiff in the above-entitled action.

4 3. Pursuant to Cal. Civ. Code § 1780(d), I make this declaration in support of the Class  
5 Action Complaint and the claim therein for relief under Cal. Civ. Code § 1780(a).

6 4. The claim asserted in the Class Action Complaint under Cal. Civ. Code § 1780(a)  
7 relates to a medical bill I received for medical care provided in the State of California.

8 5. This action for relief under Cal. Civ. Code § 1780 has been commenced in a county  
9 that is a proper place for trial because Defendant does business in this District (the Northern District  
10 of California) and throughout the State of California.

11  
12 I declare under penalty of perjury under the laws of the State of California that the foregoing  
13 Declaration is true and correct, and was executed by me in the city of Vista, California, on July 9,  
14 2020.

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16 DocuSigned by:  
By: Sia Fraser  
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Sia Fraser

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CIVIL COVER SHEET

The JS-CAND 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved in its original form by the Judicial Conference of the United States in September 1974, is required for the Clerk of Court to initiate the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

SIA FRASER, individually and on behalf of all others similarly situated

(b) County of Residence of First Listed Plaintiff San Diego (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number) HAGENS BERMAN SOBOL SHAPIRO LLP, 715 Hearst Avenue, Suite 202, Berkeley, California 94710, (510) 725-3000

DEFENDANTS

TEAM HEALTH HOLDINGS, INC.

County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff
2 U.S. Government Defendant
3 Federal Question (U.S. Government Not a Party)
4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

Table with columns for Plaintiff (PTF) and Defendant (DEF) citizenship: Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, Incorporated or Principal Place of Business In This State, Incorporated and Principal Place of Business In Another State, Foreign Nation.

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Large table with categories: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, HABEAS CORPUS, OTHER, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding
2 Removed from State Court
3 Remanded from Appellate Court
4 Reinstated or Reopened
5 Transferred from Another District (specify)
6 Multidistrict Litigation-Transfer
8 Multidistrict Litigation-Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity): 18 U.S.C. § 1962

Brief description of cause: Violations of the Racketeer Influenced and Corrupt Organizations Act

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, Fed. R. Civ. P. DEMAND \$

CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S), IF ANY (See instructions):

JUDGE DOCKET NUMBER

IX. DIVISIONAL ASSIGNMENT (Civil Local Rule 3-2)

(Place an "X" in One Box Only) SAN FRANCISCO/OAKLAND SAN JOSE EUREKA-MCKINLEYVILLE

DATE 07/10/2020

SIGNATURE OF ATTORNEY OF RECORD

/s/ Ben M. Harrington