

United States District Court  
Northern District of California

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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

DAVID WIT, et al.,  
Plaintiffs,

v.

UNITED BEHAVIORAL HEALTH,  
Defendant.

Case No. 14-cv-02346-JCS  
Related Case No. 14-cv-05337 JCS

**REMEDIES ORDER**

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GARY ALEXANDER, et al.,

Plaintiffs,

v.

UNITED BEHAVIORAL HEALTH,  
Defendant.

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**I. INTRODUCTION**

This case arises out of pervasive and long-standing violations of ERISA by United Behavioral Health (“UBH”). UBH denied mental health and substance use disorder treatment coverage to tens of thousands of class members using internal guidelines that were inconsistent with the terms of the class members’ health insurance plans. UBH engaged in this course of conduct deliberately, to protect its bottom line. To conceal its misconduct, UBH lied to state regulators and UBH executives with responsibility for drafting and implementing the guidelines deliberately attempted to mislead the Court at trial in this matter. After the trial, the Court found for Plaintiffs. Having prevailed at trial, Plaintiffs now seek the following categories of relief: 1) declaratory relief in the form of a declaration that UBH violated the terms of the class members’

1 plans requiring that coverage be consistent with generally accepted standards of care and  
 2 clarifying class members' rights under the plans; 2) an order remanding UBH's coverage  
 3 determinations for reprocessing under standards that are consistent with generally accepted  
 4 standards of care; 3) injunctive relief designed to prevent UBH from harming class members in the  
 5 same way in the future; and 4) appointment of a special master to monitor UBH's compliance with  
 6 the Court's remedies order. After an initial round of briefing on remedies, the parties supplied  
 7 supplemental briefing on specific issues at the request of the Court. Following a hearing on  
 8 September 2, 2020, the parties submitted additional proposed language to be used in the Court's  
 9 remedies order and UBH filed an Administrative Motion for Leave to Submit Evidence in  
 10 Opposition to Proposed Remedies Order ("Administrative Motion"), Dkt. No. 478. The Court's  
 11 rulings on remedies and the Administrative Motion are set forth below.<sup>1</sup>

## 12 **II. GENERAL LEGAL STANDARDS GOVERNING ERISA REMEDIES**

13 Plaintiffs assert their claims for breach of fiduciary duty and arbitrary and capricious denial  
 14 of benefits under 29 U.S.C. §§ 1132(a)(1)(B) and (a)(3). Under 29 U.S.C. § 1132(a)(1)(B), a plan  
 15 participant or beneficiary may bring a civil action "to recover benefits due to him under the terms  
 16 of his plan, to enforce his rights under the terms of the plan, or to clarify his rights to future  
 17 benefits under the terms of the plan." Under § 1132(a)(3), a civil action may be brought "by a  
 18 participant, beneficiary, or fiduciary (A) to enjoin any act or practice which violates any provision  
 19 of this subchapter or the terms of the plan, or (B) to obtain other appropriate equitable relief (i) to  
 20 redress such violations or (ii) to enforce any provisions of this subchapter or the terms of the  
 21 plan."

22 "Where there has been a breach of fiduciary duty, ERISA grants to the courts broad  
 23 authority to fashion remedies for redressing the interests of participants and beneficiaries."  
 24 *Donovan v. Mazzola*, 716 F.2d 1226, 1235 (9th Cir. 1983) (citing *Eaves v. Penn*, 587 F.2d 453,  
 25 462 (10th Cir. 1978); *Marshall v. Snyder*, 572 F.2d 894, 901 (2d Cir. 1978)). "Courts also have a  
 26 duty to 'enforce the remedy which is most advantageous to the participants and most conducive to  
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28 <sup>1</sup> The parties have consented to the jurisdiction of the undersigned magistrate judge pursuant to 28 U.S.C. § 636(c).

1 effectuating the purposes of the trust.” *Id.* (quoting *Eaves*, 587 F.2d at 462).<sup>2</sup> The Supreme  
 2 Court explained in *Varity Corp. v. Howe*, that 29 U.S.C. § 1132(a)(3) is a “catchall” provision  
 3 that “act(s) as a safety net, offering appropriate equitable relief for injuries caused by violations  
 4 that [§ 1132] does not elsewhere adequately remedy.” 516 U.S. 489, 512 (1996). The “equitable  
 5 relief” authorized under § 1132(a)(3) refers to “those categories of relief that were typically  
 6 available in equity (such as injunction, mandamus, and restitution, but not compensatory  
 7 damages).” *Mertens v. Hewitt Assocs.*, 508 U.S. 248, 256 (1993). In *Varity*, the Court stated in  
 8 dicta, “[w]e should expect that where Congress elsewhere provided adequate relief for a  
 9 beneficiary’s injury, there will likely be no need for further equitable relief, in which case such  
 10 relief normally would not be ‘appropriate.’” *Id.* at 515. The Court did not actually decide whether  
 11 plan members can seek relief under both §§ 1132(a)(1)(B) and (a)(3) for a breach of fiduciary  
 12 duty. In *CIGNA Corp. v. Amara*, 563 U.S. 421 (2011), however, the Court found that they can.

13 In *Amara*, employees brought a class action against their employer after the employer  
 14 changed the terms of their pension plan without providing adequate notice of the new plan as  
 15 required by ERISA. 563 U.S. at 429. The district court found that the employees had been misled

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16  
 17 <sup>2</sup>The Court rejects UBH’s contention in its remedies brief that these rules do not apply here  
 18 because *Donovan* involved a breach of fiduciary duty claim brought by the Secretary of Labor  
 19 under 29 U.S.C. §§ 1109 and 1132(a)(2), and Plaintiffs do not assert their claims under these  
 20 provisions. See United Behavioral Health’s Response to Plaintiffs’ Remedies Brief  
 21 (“Opposition”), Dkt. No. 428-4, at 6. While it is well-established that §§ 1109 and 1132(a)(2)  
 22 authorize only relief that benefits the plan as a whole, see *Massachusetts Mut. Life Ins. Co. v.*  
 23 *Russell*, 473 U.S. 134, 144 (1985), there is nothing in *Donovan* or *Russell* that suggests that the  
 24 rules quoted above are limited to the remedies available under § 1132(a)(2). To the contrary, the  
 25 cases the Ninth Circuit cited in *Donovan* rely on Congress’s expressed purpose in enacting the  
 26 ERISA enforcement provisions “to provide both the Secretary and participants and beneficiaries  
 27 with broad remedies for redressing or preventing violations of the Retirement Income Security for  
 28 Employees Act” based on “principles of traditional trust law” and thereby “to establish uniform  
 fiduciary standards to prevent transactions which dissipate or endanger plan assets; and to provide  
 effective remedies for breaches of trust.” *Eaves*, 587 F.2d at 462 (citing Statement of the  
 Honorable Harrison A. Williams, Jr., 120 Cong.Rec. S-15737, August 22, 1974, Reprinted (1974)  
 U.S.Code Cong. & Admin.News, pp. 5177, 5186); see also *Marshall*, 572 F.2d at 901 (“The  
 legislative history of ERISA makes it clear that, as the House report on HR2 indicates, ‘[t]he  
 intent of the Committee is to provide the full range of legal and equitable remedies available in  
 both state and federal courts and to remove jurisdictional and procedural obstacles which in the  
 past appear to have hampered effective enforcement of fiduciary responsibilities under state law  
 for recovery of benefits due to participants.’”) (quoting H. Rep. No. 533, 93d Cong., 2d Sess.,  
 reprinted in (1974) 3 U.S. Code, Cong. & Admin. News, pp. 4639, 4655). These cases do not  
 support the narrow reading of *Donovan* proposed by UBH.

1 and that many of them were worse off under the new plan. *Id.* at 432. It ordered a two-step  
2 remedy: first, the terms of the plan would be reformed to remedy the false or misleading  
3 information and then the reformed plan would be enforced, which for at least some class members  
4 would result in the payment of benefits that would have been due under the old plan. *Id.* at 434-  
5 435, 440. The Court addressed whether ERISA authorized the relief fashioned by the district  
6 court and found that it did.

7 The *Amara* Court found that enforcement of the reformed plan was consistent with §  
8 1132(a)(1)(B), “for that provision grants a participant the right to bring a civil action to ‘recover  
9 benefits due . . . under the terms of his plan.’” *Id.* at 435. The more difficult question was  
10 whether § 1132(a)(1)(B) allowed for reformation of the plan that was to be enforced. The Court  
11 concluded that it did not because that section authorizes only the *enforcement* of an ERISA plan.  
12 *Id.* at 436-438. Nonetheless, it went on to find that reformation of the plan was allowable under §  
13 1132(a)(3) because that remedy constituted a traditional equitable remedy. *Id.* at 439-440. It  
14 further found that “the fact that this relief takes the form of a money payment does not remove it  
15 from the category of traditionally equitable relief,” explaining that “[e]quity courts possessed the  
16 power to provide relief in the form of monetary ‘compensation’ for a loss resulting from a  
17 trustee’s breach of duty, or to prevent the trustee’s unjust enrichment.” *Id.* at 441.

18 The Ninth Circuit has held that *Varity* and *Amara*, read together, “prohibit duplicate  
19 recoveries when a more specific section of the statute, such as § 1132(a)(1)(B), provides a remedy  
20 similar to what the plaintiff seeks under the equitable catchall provision, § 1132(a)(3).” *Moyle v.*  
21 *Liberty Mut. Ret. Ben. Plan*, 823 F.3d 948, 961 (9th Cir. 2016), as amended on denial of reh’g and  
22 reh’g en banc (Aug. 18, 2016) (quoting *Silva v. Metro. Life Ins. Co.*, 762 F.3d 711, 726 (8th Cir.  
23 2014)); see also *McGlasson v. Long Term Disability Coverage for All Active Full-Time & Part-*  
24 *Time Employees*, 161 F. Supp. 3d 836, 844 (D. Ariz. 2016) (“the district court must evaluate a  
25 plaintiff’s ERISA claims under both sections before deciding whether recovery of benefits under §  
26 1132(a)(1)(B) fully compensates the plan participant for his injury, thereby rendering any other  
27 remedy duplicative, or whether an additional equitable remedy is appropriate to make the plan  
28 participant whole”).

1 **III. DECLARATORY RELIEF**

2 **A. Background**

3 **1. Motion**

4 Plaintiffs ask the Court to issue its “core liability findings” as a declaratory judgment.  
 5 Plaintiffs’ Opening Remedies Brief (“Motion”) at 5-6; *see also* Plaintiffs’ Amended Proposed  
 6 Remedies Order § I.<sup>3</sup> They contend such relief is authorized under 29 U.S.C. §§ 1132(a)(1)(B) and  
 7 (a)(3) and is consistent with traditional equitable remedies. Motion at 5-6 (citing *Dakotas & W.*  
 8 *Minnesota Elec. Indus. Health & Welfare Fund by Stainbrook & Christian v. First Agency, Inc.*,  
 9 865 F.3d 1098 (8th Cir. 2017)).

10 **2. Opposition**

11 UBH argues that Plaintiffs’ request for declaratory relief should be denied. Opposition at  
 12 54-55. In particular, UBH argues that the declaratory relief Plaintiffs seek should not be awarded  
 13 because: 1) it merely “rehash[es]” portions of the Court’s Findings of Fact and Conclusions of  
 14 Law (“FFCL”) and therefore will not serve a useful purpose; *id.* at 54 (citing *United States v.*  
 15 *Washington*, 769 F.2d 1353, 1356-1357 (9th Cir. 1985); *Hurd v. Garcia*, 454 F. Supp. 2d 1032,  
 16 1053 (S.D. Cal. 2006)); and 2) declaratory relief under ERISA is available only to clarify the class  
 17 members’ rights to future benefits under their plans, not their rights to past benefits. *Id.* at 55  
 18 (citing *Firestone Tire & Rubber Co. v. Bruch*, 489 U.S. 101, 108 (1989); *Williams v. Bank of Am.*,  
 19 2013 WL 1907529, at \*5 (E.D. Cal. May 7, 2013)). With respect to the second argument, UBH  
 20 asserts that Plaintiffs cannot show that the declaratory relief they seek will clarify a right to future  
 21 benefits because they have not offered evidence that any plan at issue is still in effect, that any  
 22 class member is a current participant or beneficiary of such a plan, or that UBH still uses its  
 23 Guidelines. *Id.* They also argue that Plaintiffs cannot obtain the declaratory relief they seek under  
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 26 <sup>3</sup> Plaintiffs filed a proposed remedies order with their opening brief on remedies (Dkt. No. 426-1)  
 27 (“Plaintiffs’ Proposed Remedies Order”) and an amended proposed remedies order with their reply  
 28 brief (Dkt. No. 435-1) (“Plaintiffs’ Amended Proposed Remedies Order”). In addition, following  
 the September 2, 2020 hearing, Plaintiffs filed a Revised Proposed Remedies Order (Dkt. No. 476)  
 (“Plaintiffs’ Post-Hearing Revised Proposed Remedies Order”) and UBH filed a response to that  
 version proposing some alternative language. *See* Dkt. No. 477 (“UBH Post-Hearing Submission  
 re Proposed Remedies Order”).

1 § 1132(a)(3) because they have conceded that declaratory relief is available under § 1132(a)(1)(B).  
 2 *Id.* at 54 n. 38.

3 UBH also objects to Paragraph 20 of the Declaratory Judgment section of Plaintiffs’  
 4 Proposed Remedies Order, which states that “UBH violated Texas law throughout the Class  
 5 Period by applying its own Guidelines rather than applying solely TDI Criteria to claims covered  
 6 by the Texas statute.” *Id.* at 56. UBH argues that this declaration misstates the Court’s finding  
 7 that UBH violated Texas law “at some point” during the class period and that UBH did not  
 8 “consistently apply the TDI Criteria to claims for benefits that were governed by Texas law during  
 9 the class period.” *Id.* (quoting FFCL ¶ 167). Similarly, UBH objects to Paragraph 22, subsection  
 10 b of Plaintiffs’ Proposed Remedies Order, which states that UBH violated Illinois law by applying  
 11 its Guidelines rather than those mandated by state law between August 18, 2011 and June 1, 2017,  
 12 whereas the Court found that UBH began using the ASAM Criteria for Illinois substance use  
 13 disorder claims in January 2016. *Id.* (citing FFCL ¶ 161).

### 14 3. Reply

15 In their Reply in Support of their Request for Remedies, Dkt. No. 435 (“Reply”), Plaintiffs  
 16 reject UBH’s argument that the declaratory relief they request is not useful because it merely  
 17 restates the Court’s conclusions in the FFCL. Reply at 56-57. They contend that neither of the  
 18 cases UBH cites – *United States v. Washington* and *Hurd v. Garcia* – stands for a general rule that  
 19 a declaratory judgment is not appropriate where it restates the court’s separate findings. *Id.* To  
 20 the contrary, according to Plaintiffs, in *United States v. Washington*, the district court ordered the  
 21 parties to file a proposed order consistent with its factual findings and legal conclusions and the  
 22 court of appeals upheld one of the two proposed declarations; the other it vacated because it was  
 23 “imprecise in definition and uncertain in dimension” and amounted to a “general admonition” to  
 24 comply with an existing treaty. *Id.* at 57 (citing 769 F.2d at 1356-1357). Plaintiffs contend *Hurd*  
 25 *v. Garcia* also is not on point as in that case the court dismissed the plaintiff’s declaratory relief  
 26 claim only because it was based on the same legal theory as the plaintiff’s damages claims, which  
 27 the court had already dismissed on summary judgment. *Id.* at 56 n. 65 (citing 454 F. Supp. 2d at  
 28 1054).

1 Plaintiffs also reject UBH’s argument that they can obtain a declaratory judgment only to  
2 clarify their rights to future benefits. *Id.* at 57-59. Plaintiffs argue that § 1132(a)(1)(B) expressly  
3 authorizes participants not only to “clarify [their] rights to future benefits under the terms of the  
4 plan” but also to “enforce [their] rights under the terms of the plan” and that UBH has offered no  
5 explanation as to why the declaratory relief they seek would not be allowable under the latter  
6 clause. *Id.* at 57. Plaintiffs reject UBH’s reliance on *Firestone*, arguing that that case stated only  
7 that § 1132(a)(1)(B) allows a plaintiff to “obtain a declaratory judgment of future entitlement to  
8 benefits” but does not purport to address the full scope of declaratory relief that is available under  
9 that section. *Id.* at 57 n. 67 (citing 489 U.S. at 108). Plaintiffs also reject UBH’s reliance on  
10 *Williams v. Bank of America* because that case “is not even an ERISA case, making it inapposite.”  
11 *Id.* (citing 2013 WL 1907529, at \* 5).

12 Furthermore, Plaintiffs assert, to the extent that UBH suggests Plaintiffs failed to meet  
13 their burden because they did not introduce evidence at trial showing that class members’ plans  
14 continue to condition coverage on generally accepted standards of care, that argument is  
15 “preposterous[.]” as the plan documents that would have proven this were not yet in existence at  
16 the time of the trial. *Id.* at 58. According to Plaintiffs, UBH knows that the plans it administers  
17 continue to include this requirement and that is why it did not support its argument with a  
18 declaration stating that none of the class members’ current plans conditions coverage on adherence  
19 to generally accepted standards of care. *Id.* The evidence that is now available, Plaintiffs contend,  
20 shows that many of the named Plaintiffs’ plans continue to condition coverage on generally  
21 accepted standards of care. *Id.* (citing Reply Ex. C (2019 Driscoll Plan) at 124, 130-31 (“Covered  
22 Health Services” “must be in accordance with Generally Accepted Standards of Medical  
23 Practice”); Reply Ex. D (2019 Holdnak Plan) at 152-53, 158 (same); Reply Ex. E (2019 Muir  
24 Plan) at 72, 77 (same); Reply Ex. G (2019 Tillit Plan) at 129, 136 (same)). Plaintiffs also argue  
25 that to the extent that the Court has found six years of biased claims administration, the  
26 declarations Plaintiffs seek are forward looking because they are relevant to the appropriate  
27 standard of review to be applied in future cases brought by class members against UBH. *Id.*

28 Plaintiffs argue that even if they were limited to future-looking declaratory relief under §

1 1132(a)(1)(B), they could obtain the declarations they seek under § 1132(a)(3) as UBH does not  
2 dispute that a declaratory judgment is a traditional remedy in equity. *Id.* at 59.

3 With respect to Paragraph 20 of the Declaratory Judgment section of Plaintiffs' Proposed  
4 Remedies Order, Plaintiffs agree that the words "throughout the Class Period" should be changed  
5 to "during the Class Period." *Id.* In Plaintiffs' Amended Proposed Remedies Order, Plaintiffs  
6 have amended this language. Plaintiffs do not agree, however, that the Court's findings allowed  
7 UBH to use its own Guidelines "alongside" the TDI Criteria or that the declaration in Paragraph  
8 20 should be revised to suggest as much. *Id.* at 59-60. Plaintiffs argue that adopting UBH's  
9 position would amount to creating a "massive unstated exception" that was not raised at trial or in  
10 post-trial briefing. *Id.* at 60.

11 As to Paragraph 22, Plaintiffs agree with UBH that the declaration should be amended to  
12 reflect the Court's finding that with respect to the Wit State Mandate Class, UBH's adverse  
13 benefit determinations for plans governed by Illinois law were in violation of state law between  
14 August 18, 2011 and January 1, 2016. They also note that the Class Definition should be amended  
15 to reflect the accurate end date with respect to the denial of Illinois claims. *Id.* at 60 n. 71.

### 16 **B. Discussion**

17 There is no dispute that § 1132(a)(1)(B) allows plan members to seek a declaratory  
18 judgment to "clarify" their entitlement to future benefits. Nor has UBH cited any persuasive  
19 authority that a declaratory judgment is inappropriate simply because it is consistent with findings  
20 the court has made in a separate order. Neither *United States v. Washington*, 769 F.2d 1353 (9th  
21 Cir. 1985) nor *Hurd v. Garcia*, 454 F. Supp. 2d 1032 (S.D. Cal. 2006) holds as much. The only  
22 remaining question is whether the declaratory relief Plaintiffs seek is barred because it is not  
23 forward-looking relief related to future benefits. The Court finds that it is not.

24 First, the language of the statute itself is inconsistent with UBH's argument as §  
25 1132(a)(1)(B) allows a plan participant to bring an action "to enforce his rights under the terms of  
26 the plan, *or* to clarify his rights to future benefits under the terms of the plan." 29 U.S.C. §  
27 1132(a)(1)(B) (emphasis added). Clearly, the statute does not limit the relief plan participants may  
28 seek to clarification of their right to future benefits. Furthermore, the Court finds that the



1 declaratory relief relating to past denials of benefits falls comfortably within the ambit of the first  
2 clause, allowing a plan member to bring an action to “enforce his rights under the terms of the  
3 plan.”

4 The scant authority UBH cites does not support its position. In *Firestone Tire & Rubber*  
5 *Co. v. Bruch*, the Court stated in dicta that § 1132(a)(1)(B) “allows a suit to recover benefits due  
6 under the plan, to enforce rights under the terms of the plan, and to obtain a declaratory judgment  
7 of future entitlement to benefits under the provisions of the plan contract.” 489 U.S. at 108. But  
8 the plaintiffs in that case were seeking an award of benefits they asserted had been wrongfully  
9 denied, and the question addressed by the Court was the “appropriate standard of review for  
10 actions under § 1132(a)(1)(B) challenging benefit eligibility determinations.” *Id.* at 109. The  
11 Court had no cause to consider whether declaratory relief under § 1132(a)(1)(B) was *limited* to a  
12 plan member’s right to future benefits and it did not purport to do so. The only other case UBH  
13 cites in support of its contention that only forward-seeking declaratory relief is available under  
14 ERISA is not an ERISA case and sheds no light on that question whatsoever. *See Williams v.*  
15 *Bank of Am.*, 2013 WL 1907529 (E.D. Cal. May 7, 2013).

16 Therefore, the Court concludes that even assuming that the relief Plaintiffs seek is not  
17 forward-looking, it is available under § 1132(a)(1)(B). In the alternative, the Court finds that if  
18 such relief is unavailable under § 1132(a)(1)(B) because that section limits declaratory relief to  
19 clarification of a plan member’s rights to future benefits, the declaratory relief Plaintiffs seek is  
20 available under § 1132(a)(3) under the authority discussed in the legal standards section of this  
21 Order.

22 The Court further finds that UBH is incorrect as a factual matter in its characterization of  
23 the declaratory relief Plaintiffs seek as relating only to the denial of past benefits. While the Court  
24 instructed the parties that all of their evidence related to remedies must be introduced at trial, that  
25 requirement certainly did not mean that the Court would disregard highly relevant evidence that  
26 *could* not have been introduced at trial – such as plans that had not yet been issued. Plaintiffs have  
27 offered the 2019 health care plans of four named Plaintiffs showing that they continued to  
28 condition coverage on generally accepted standards of care. In addition, at the September 2, 2020

1 hearing, UBH stipulated that there are still named Plaintiffs who are covered by UBH plans with  
2 medical necessity provisions. Transcript of Proceedings, September 2, 2020, at 69-70. Therefore,  
3 the Court finds that the declaratory relief Plaintiffs seek is allowable under § 1132(a)(1)(B) on the  
4 additional ground that it clarifies their “rights to future benefits under the terms of the plan[s].”

5 With respect to the specific declarations requested by Plaintiffs, UBH challenges only  
6 Paragraphs 20 and 22. As discussed above, Plaintiffs agree that some of the language in these  
7 paragraphs should be modified and the Court therefore adopts the modifications in these  
8 paragraphs proposed in Plaintiffs’ Amended Proposed Remedies Order.

9 Plaintiffs do not agree, however, that the word “solely” should be removed from Paragraph  
10 20, arguing that doing so would suggest that UBH was allowed to use its own Guidelines  
11 alongside the TDI Criteria to make coverage determinations. Plaintiffs are correct. As the Court  
12 explains in its concurrently filed order on UBH’s motion to decertify, it found in its FFCL that  
13 UBH was liable as to the Wit State Mandate Class claims, including the Texas members’ claims,  
14 without limitation. As the Wit State Mandate Class includes individuals whose claims were denied  
15 “in whole or in part” based on the UBH Guidelines, the Court’s liability finding covers individuals  
16 whose claims were denied exclusively on the basis of the UBH Guidelines *and* individuals whose  
17 claims were denied on the basis of both UBH Guidelines and the Texas guidelines. In other  
18 words, UBH violated these class members’ right to have their claims adjudicated *solely* on the  
19 basis of the criteria mandated under Texas law.

20 Therefore, the Court awards the declaratory relief requested in Section I of Plaintiffs’  
21 Amended Proposed Remedies Order.<sup>4</sup> This relief is awarded under Rule 23(b)(1)(A) and (b)(2).

#### 22 **IV. REMAND FOR REPROCESSING**

##### 23 **A. Background**

##### 24 **1. Motion**

25 Plaintiffs contend reprocessing of the class members’ claims is an appropriate remedy  
26 under *Saffle v. Sierra Pac. Power Co. Bargaining Unit Long Term Disability Income Plan*, in

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28 <sup>4</sup> This section is identical to Section I of Plaintiffs’ Post-Hearing Revised Proposed Remedies  
Order, Dkt. No. 476.

1 which the Ninth Circuit held “that remand for reevaluation of the merits of a claim is the correct  
2 course to follow when an ERISA plan administrator, with discretion to apply a plan, has  
3 misconstrued the Plan and applied a wrong standard to a benefits determination.” Motion at 7  
4 (citing 85 F.3d 455, 461 (9th Cir. 1996); *Pannebecker v. Liberty Life Assur. Co. of Bos.*, 542 F.3d  
5 1213, 1221 (9th Cir. 2008)). According to Plaintiffs, the class members’ claims must be  
6 reprocessed using standards that are consistent with the class members’ plans in light of the  
7 Court’s finding that UBH misconstrued the terms of the class members’ plans by applying overly  
8 narrow guidelines to determine whether the requested services were consistent with generally  
9 accepted standards of care, which was a requirement of all of the class members’ plans. *Id.*

10 Plaintiffs assert that although reprocessing is a form of retrospective injunctive relief,  
11 courts do not require that the four-factor test that usually applies to injunctive relief must be  
12 satisfied. *Id.* at 8 n. 5. Plaintiffs point to *Meidl v. Aetna, Inc.*, in support of their position. *Id.*  
13 (citing 346 F. Supp. 3d 223, 242 (D. Conn. 2018)). In that case, the court found that “the Second  
14 Circuit has never suggested that a plaintiff must meet [the] traditional four-factor test for  
15 injunctive relief in order to secure a reprocessing order under section 1132(a)(1). . . . Accordingly,  
16 district courts in this Circuit have routinely issued reprocessing orders under section 1132(a)(1)  
17 without inquiring into whether the plaintiff satisfies the traditional elements for injunctive relief.”  
18 *Id.* (citing *Easter v. Cayuga Med. Ctr. at Ithaca Prepaid Health Plan*, 217 F.Supp.3d 608, 635  
19 (N.D.N.Y. 2016); *Benjamin v. Oxford Health Ins., Inc.*, No. 3:16-CV-00408 (CSH), 2018 WL  
20 3489588, at \*9 (D. Conn. July 19, 2018)). Plaintiffs further assert that applying the traditional  
21 four-factor test for injunctive relief would be inconsistent with the purposes of remanding to the  
22 ERISA plan administrator, which is to allow the administrator – and not the court – to make the  
23 eligibility determination in the first instance. *Id.* (citing *Jordan v. Northrop Grumman Corp*  
24 *Welfare Benefit Plan*, 370 F.3d 869, 875 (9th Cir. 2004)).

25 Plaintiffs argue further that it is appropriate for the Court to remand with “specific  
26 instructions” about how the reprocessing will be conducted, citing *Lancaster v. U.S. Shoe Corp.*,  
27 934 F. Supp. 1137, 1170 (N.D. Cal. 1996) (remanding for reprocessing of claims under *Saffle* and  
28 holding that “[o]n remand, the Benefit Committee must determine the correct amount of benefits

1 owed, pursuant to the specific instructions we will give in the concluding section of this opinion  
 2 and order.”). Plaintiffs contend that while courts sometimes presume that the plan administrator  
 3 will act in good faith upon remand, such a presumption is not warranted here in light of the  
 4 Court’s findings that UBH put its financial interests ahead of its duties to plan members and  
 5 misled regulators about how it was processing claims. *Id.* at 8-9 (citing *Duarte v. Aetna Life Ins.*  
 6 *Co.*, No. SACV 13-00492-JLS RN, 2014 WL 1672855, at \*11 (C.D. Cal. Apr. 24, 2014)). Under  
 7 these circumstances, Plaintiffs assert, detailed instructions about how the reprocessing will be  
 8 conducted are necessary to protect the interests of the class members and to ensure that plan terms  
 9 are “applied consistently with respect to similarly situated claimants.” *Id.* at 9 (citing 29 C.F.R. §  
 10 2650.503-1(b)(5)).

11 Plaintiffs request specific instructions that: 1) allow for completion of the class members’  
 12 records on remand; 2) specify the criteria to be applied on remand; 3) specify the procedures UBH  
 13 should follow when the reprocessing is complete; 4) expressly require the payment of pre- and  
 14 post-judgment interest on any benefits to which a class member is entitled after reprocessing; 5)  
 15 require UBH to certify compliance with the reprocessing procedures and report to the Court on its  
 16 compliance; and 6) set deadlines that ensure that reprocessing proceeds expeditiously. *Id.* at 9.  
 17 Plaintiffs also ask the Court to appoint a special master to monitor compliance. *Id.*

18 **Completion of Administrative Record.** Plaintiffs argue that upon remand, class  
 19 members should be permitted to complete the administrative record with respect to their requests  
 20 for coverage. *Id.* at 10 (citing *Henry v. Home Ins. Co.*, 907 F. Supp. 1392, 1399 (C.D. Cal. 1995);  
 21 *Duarte v. Aetna Life Ins. Co.*, 2014 WL 1672855, at \*10; *Scothorn v. Connecticut Gen. Life Ins.*  
 22 *Co.*, No. C 95-20437 JW, 1996 WL 341110, at \*4 (N.D. Cal. June 13, 1996); *Wooten v.*  
 23 *Prudential Ins. Co. of Am.*, No. C 03-2558 MJJ, 2004 WL 2125853, at \*8 (N.D. Cal. Sept. 20,  
 24 2004); *Brown v. Unum Life Ins. Co. of Am.*, 356 F. Supp. 3d 949, 963 (C.D. Cal. 2019)).

25 According to Plaintiffs, the current administrative record for many, if not all of the class  
 26 members is incomplete because UBH was under a “misapprehension” of what generally accepted  
 27 standards of care required; among other things, this misapprehension resulted in UBH failing to  
 28 conduct the required “multidimensional assessment” of each patient or to take into account the

1 unique needs of children and adolescents. *Id.* at 11. Plaintiffs further note that based on UBH’s  
 2 records, “the vast majority of the class members’ requests for coverage were denied on either a  
 3 pre-service basis, meaning that coverage was denied before any services were received, or on a  
 4 concurrent basis, meaning that coverage was denied after treatment began but before it was  
 5 complete.” *Id.* As to those class members who went on to obtain the requested treatment at their  
 6 own expense, it would have been futile to submit post-service claims for coverage that UBH had  
 7 already denied and as a consequence, the records of many class members are incomplete in that  
 8 they do not include the cost of services these class members actually received or clinical evidence  
 9 related to that treatment, Plaintiffs contend. *Id.* Therefore, Plaintiffs assert, class members should  
 10 be permitted to supplement the administrative record to supply both: 1) relevant medical and  
 11 clinical information; and 2) “records substantiating services received at the requested level of care  
 12 after a pre-service or concurrent denial, including any bills relating to such services.” *Id.* at 12;  
 13 Plaintiffs’ Amended Proposed Remedies Order § III.A. Plaintiffs further ask that the burden of  
 14 completing the record be shared by prohibiting UBH from denying any claim during reprocessing  
 15 based on an insufficient record unless UBH has made a “good-faith effort” to obtain the additional  
 16 medical information from the provider. Motion at 12. Plaintiffs ask that the special master be  
 17 given responsibility for determining what constitutes a “good faith effort.” *Id.* n. 10.

18 **Criteria to be Applied on Remand.** Plaintiffs assert that the class members’ claims must  
 19 be reprocessed under criteria that are consistent with the Court’s FFCL, that is, reflect generally  
 20 accepted standards of care. *Id.* at 13. Because the Court has found that the ASAM Criteria (2013  
 21 edition) (Trial Exhibit 662), LOCUS (2010 edition) (Trial Exhibit 653) and CALOCUS (2014  
 22 edition) (Trial Exhibit 645), are consistent with generally accepted standards of care, Plaintiffs ask  
 23 the Court to apply these standards when reprocessing the class members’ claims. *Id.* at 13.  
 24 Plaintiffs further ask the Court to require that in applying the ASAM Criteria, UBH must evaluate  
 25 whether the claimant qualified for care at any of the four levels of care (3.1, 3.3, 3.5 and 3.7) and  
 26 extend coverage if any of them are met. *Id.* at 14; *see also* Plaintiffs’ Amended Proposed  
 27 Remedies Order § III.B.1 (“When re-evaluating requests for residential treatment of a substance  
 28 use disorder, UBH shall approve coverage if the member qualified for services at any of the sub-

1 levels identified in the ASAM Criteria (*ie.*, Levels 3.1, 3.3, 3.5, and 3.7).”). Plaintiffs point to the  
 2 Court’s finding that UBH did not have criteria for coverage at the three lower levels in its  
 3 Guidelines and that it misrepresented its Guidelines to Connecticut regulators with respect to these  
 4 lower levels of residential care. Motion at 14 (citing FFCL at 80-81).

5 **Procedures to Protect Class Members.** Plaintiffs contend it is necessary to put into place  
 6 protections to ensure that UBH does not retaliate against class members or “further enrich itself at  
 7 the class’s expense.” *Id.* (citing *Donovan*, 716 F.2d at 1235). In particular, Plaintiffs ask the  
 8 Court to put into place the following protective measures:

- 9 • **No reduction in class member benefits.** Plaintiffs ask the Court to make  
 10 clear that UBH will not be permitted to revisit coverage determinations for  
 11 treatments *other* than the treatment that was denied, pointing to UBH’s  
 12 suggestions earlier in the case that reprocessing might result in a *reduction*  
 13 of a class member’s benefits. *Id.* at 15, 17. In particular, Plaintiffs ask the  
 14 Court to prohibit UBH from: 1) re-opening or reversing any prior  
 15 authorization of benefits to a class member; 2) deducting or offsetting  
 16 benefits previously paid in connection with other requests for benefits from  
 17 any amounts owed to a class member after remand; or 3) recouping from any  
 18 class member any amounts paid to the class member after remand, including  
 19 withholding or reducing benefits authorized in connection with any  
 20 subsequent claim for coverage. *Id.* at 17.
- 21 • **No denial based on limitations or exclusions that were not listed in  
 22 original denial letter.** Plaintiffs also assert that UBH should not be allowed  
 23 to deny coverage on grounds other than the ones listed in the denial letter.  
 24 Plaintiffs point to the rule that “a court will not allow an ERISA plan  
 25 administrator to assert a reason for denial of benefits [in litigation] that it had  
 26 not given during the administrative process” to protect claimants from being  
 27 “sandbagged” after litigation has begun. *Id.* at 15-16 (quoting *Harlick v. Blue  
 28 Shield of California*, 686 F.3d 699, 719–20 (9th Cir. 2012)). Plaintiffs also  
 point out that UBH was required to list the reasons for the denial in its denial  
 letter; thus, “[i]f UBH failed to assert some non-clinical rationale the first  
 time around, in effect it represented to the class members that there were no  
 such bases to deny coverage.” *Id.* at 16. Plaintiffs contend it would be unfair  
 to invoke exclusions or limitations that it did not raise the first time around.

23 *Id.* In sum, Plaintiffs contend that upon remand, UBH should be “limited to the question of  
 24 whether the services for which coverage was requested, at the requested level of care, were  
 25 consistent with generally accepted standards of care.” *Id.*

26 **Procedures following claim adjudication.** Plaintiffs ask the Court to order that UBH  
 27 provide detailed findings with its reprocessing decisions, including identifying the specific  
 28 provisions of the Court-approved criteria it relies on and what specific clinical evidence supports

1 its application of the criteria to the medical record. *Id.* at 17. Plaintiffs also ask the Court to order  
 2 that UBH provide any class member whose claims are denied on reprocessing with instructions on  
 3 how to pursue an external appeal and to include a copy of the FFCL and remedies order in the  
 4 administrative record that is provided to the external reviewer for that class member. *Id.* at 18. In  
 5 addition, Plaintiffs contend class members should be permitted to appeal an adverse benefits  
 6 determination on reprocessing under the usual procedures set forth in ERISA and their plans by  
 7 bringing a new ERISA lawsuit and that the notice that UBH sends to class members should  
 8 contain clear instructions for doing so. *Id.* (citing 29 C.F.R. § 2560.503-1(j), which specifies the  
 9 “manner and content of notification of benefit determination on review.”).

10 If a class member’s claim is approved after reprocessing, Plaintiffs assert that UBH should  
 11 then be required to calculate and pay the benefits to which the class member was entitled, plus pre-  
 12 and post-judgment interest. *Id.* Plaintiffs assert that “UBH’s calculation of benefits should  
 13 include all of the services the class member received at the requested level of care, regardless of  
 14 whether the class member submitted a post-service claim after UBH denied coverage.” They  
 15 reiterate that in calculating benefits, UBH “should not be permitted to offset any amounts the class  
 16 member was previously paid for services at other levels of care or other forms of treatment.” *Id.*

17 **Interest.** Plaintiffs contend class members should be awarded pre- and post- judgment  
 18 interest on any benefits payments awarded as a result of reprocessing. *Id.* (citing *Nelson v. EG&G*  
 19 *Energy Measurement Grp., Inc.*, 37 F.3d 1384, 1391 (9th Cir. 1994)); *see also* Plaintiffs’ Post-  
 20 Hearing Revised Proposed Remedies Order, § III.E. (“UBH shall pay interest (‘Interest’) on all  
 21 amounts it is required to pay pursuant to this Order, calculated at the rate provided pursuant to 28  
 22 U.S.C. § 1961 (the weekly average 1-year constant maturity Treasury yield, as published by the  
 23 Board of Governors of the Federal Reserve System, for the calendar week preceding the date of  
 24 the judgment, compounded annually) from the date on which the Remanded [Adverse Benefit  
 25 Determination] was issued until the date on which payment is made to the class member or  
 26 provider pursuant to an assignment or direction to pay.”). In support of this request, Plaintiffs cite  
 27 cases holding that it is in the discretion of the trial court to award prejudgment interest and that  
 28 there is a presumption in favor of awarding it, including in ERISA cases. Motion at 19 (citing

1 *Anthuis v. Colt Indus. Operating Corp.*, 971 F.2d 999, 1009 (3d Cir. 1992) (“While it is true that  
 2 Congress did not mandate prejudgment interest payments for other than delinquent contributions,  
 3 we have held generally that ‘[i]n the absence of an explicit congressional directive, the awarding  
 4 of prejudgment interest under federal law is committed to the trial court’s broad discretion.’”)  
 5 (quoting *Ambromovage v. United Mine Workers*, 726 F.2d 972, 981–82 (3d Cir. 1984)); *Rivera v.*  
 6 *Benefit Tr. Life Ins. Co.*, 921 F.2d 692, 696 (7th Cir. 1991) (“The Supreme Court has held that  
 7 “[p]rejudgment interest is an element of complete compensation.”) (quoting *West Virginia v.*  
 8 *United States*, 479 U.S. 305, 310–11 (1987)); *Fotta v. Trustees of United Mine Workers of Am.,*  
 9 *Health & Ret. Fund of 1974*, 165 F.3d 209, 212 (3d Cir. 1998) (“we have previously recognized  
 10 that a beneficiary may seek prejudgment interest in a suit to recover benefits due, notwithstanding  
 11 the lack of an express directive from Congress to that effect.”)). Plaintiffs contend the interest  
 12 awarded to class members who prevail on their claims should be calculated under 28 U.S.C. §  
 13 1961. *Id.*

14 **Certification and Reporting.** Plaintiffs ask the Court to order that after UBH has  
 15 reprocessed all of the class members’ claims, it must report to the Court: 1) the total number of  
 16 requests for coverage, by level of care, that were reprocessed; 2) the number of class members, by  
 17 level of care, whose requests were denied on remand; 3) the number of class members, by level of  
 18 care, whose benefit determinations were reversed in whole or in part; and 4) the number of class  
 19 members who received a benefit payment as the result of reprocessing, including lowest, highest,  
 20 median and average amounts of payments by level of care. *Id.* at 19-20.

21 **Interim and Final Deadlines.** Plaintiffs ask the Court to set deadlines for training UBH  
 22 personnel and consultants with respect to their fiduciary duties and the Court-approved criteria to  
 23 be used for reprocessing, which they anticipate can be completed while the class notice is being  
 24 prepared. *Id.* at 20. They also ask the Court to set deadlines for reprocessing, proposing that the  
 25 reprocessing of denied claims should be completed within 30 days of: 1) the date on which the  
 26 class member provided supplemental information; or 2) the deadline for submitting additional  
 27 materials. *Id.* They assert that this timeframe is consistent with ERISA regulations. *Id.* (citing  
 28



1 29 C.F.R. § 2560.503-1(f)(2)(iii)(B)).<sup>5</sup> Plaintiffs envision that these deadlines could be modified  
 2 by the special master if good cause is shown. *Id.* n. 21. Plaintiffs also ask the Court to set a  
 3 deadline by which all reprocessing would be completed and suggest a period of nine months from  
 4 the time the Court enters its remedies order. *Id.* In addition, Plaintiffs ask the Court to set interim  
 5 deadlines for UBH and/or the special master to report to the Court on the progress of the  
 6 reprocessing, as well a deadline for a final report and certification that the reprocessing remedy  
 7 has been completed. *Id.*

## 8 **2. Opposition**

9 UBH argues that Plaintiffs have not established that the reprocessing remedy would benefit  
 10 every member of the certified class and therefore such relief should not be awarded. Opposition at  
 11 10-11 (citing *Wal-Mart Stores, Inc. v. Dukes*, 564 U.S. 338, 365 (2011)). In particular, it points  
 12 out that the Court did not find that *all* of the criteria in the Common Criteria of the Guidelines  
 13 were flawed and contends Plaintiffs have not established that each of the class members' denials  
 14 was based on the specific criteria that the Court *did* find were flawed. As a result, UBH asserts,  
 15 classwide injunctive relief requiring reprocessing is improper because not all class members are  
 16 entitled to that remedy and awarding that remedy will violate the Rules Enabling Act. *Id.* at 13  
 17 (citing *Dukes*, 564 U.S. at 367).

18 UBH offers two examples of Claim Sample members whose denials it contends were  
 19 based on reasons other than the flaws in UBH's Guidelines identified by the Court. *Id.* (citing

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21 <sup>5</sup> This regulation states as follows:

22 Post-service claims. In the case of a post-service claim, the plan administrator shall notify  
 23 the claimant, in accordance with paragraph (g) of this section, of the plan's adverse benefit  
 24 determination within a reasonable period of time, but not later than 30 days after receipt of  
 25 the claim. This period may be extended one time by the plan for up to 15 days, provided that  
 26 the plan administrator both determines that such an extension is necessary due to matters  
 27 beyond the control of the plan and notifies the claimant, prior to the expiration of the initial  
 28 30-day period, of the circumstances requiring the extension of time and the date by which  
 the plan expects to render a decision. If such an extension is necessary due to a failure of the  
 claimant to submit the information necessary to decide the claim, the notice of extension  
 shall specifically describe the required information, and the claimant shall be afforded at  
 least 45 days from receipt of the notice within which to provide the specified information.

29 C.F.R. § 2560.503-1(f)(2)(iii)(B).

1 Trial Ex. 2018-004 (Claim Sample Member 6254 Denial Letter); Trial Ex. 1383-002 (Claim  
2 Sample Member 9836 Denial Letter)). UBH argues that the unavailability of classwide  
3 reprocessing as a remedy is “a direct and natural consequence of Plaintiffs’ strategic choices” as  
4 they “decided to discard any individual requests for benefits and instead to seek what amounts to  
5 67,000 mandatory injunctions to individually reprocess benefit decisions.” *Id.* at 14.

6 Even if the Court awards a reprocessing remedy, UBH argues it should be more limited in  
7 scope than what Plaintiffs seek. *Id.* at 15. In particular, UBH asserts that reprocessing should  
8 proceed only as to class members who confirm that: 1) they received the same treatment with the  
9 same provider at the same level of care that was the subject of the benefit decision at issue; 2) they  
10 were billed for those services; 3) they did not assign their rights to benefits to any other party; 4)  
11 they did not already receive benefits for the same service from other insurance; and 5) they did  
12 not receive benefits for the same service through an administrative appeal or separate litigation.  
13 *Id.* at 16.

14 UBH argues further that to the extent it is permitted at all, reprocessing is a remedy that is  
15 authorized under § 1132(a)(1)(B) and is based on the “foundational principal” that “where the  
16 ‘Plan itself reposes discretion in the [benefits administrator] to determine’ whether coverage is  
17 available under the terms of the plan, ERISA requires that courts respect that discretion.” *Id.* at  
18 16-17 (quoting *Saffle*, 85 F.3d at 460). Under that principal, UBH argues, reprocessing “cannot be  
19 used to reform class members’ plans and cannot impose obligations to pay or process benefits that  
20 are inconsistent with the terms of the class members’ plans as written.” *Id.* at 17 (citing *Wilson v.*  
21 *Cox*, No. 3:15-CV-00059-SI, 2015 WL 6123776, at \*3 (D. Or. Oct. 16, 2015) (“The Ninth Circuit  
22 has emphasized that a recovery of benefits claim pursuant to Section 1132(a)(1)(B) can only be  
23 successful if recovering the benefits is consistent with the terms of the plan.”); *Wright v. Oregon*  
24 *Metallurgical Corp.*, 360 F.3d 1090, 1100 (9th Cir. 2004) (“ERISA requires fiduciaries to comply  
25 with a plan as written unless it is inconsistent with ERISA. ‘ERISA does no more than protect the  
26 benefits which are due to an employee under a plan.’”)) (quoting *Bennett v. Conrail Matched Sav.*  
27 *Plan Admin. Comm.*, 168 F.3d 671, 677 (3d Cir. 1999))). Nor does ERISA authorize reprocessing  
28 under § 1132(a)(3), UBH asserts. *Id.* at 16 (citing *Chorosevic v. MetLife Choices*, No. 4:05-CV-

1 2394 CAS, 2009 WL 723357, at \*11 (E.D. Mo. Mar. 17, 2009), aff'd, 600 F.3d 934 (8th Cir.  
2 2010); *Craft v. Health Care Serv. Corp.*, No. 14 C 5853, 2016 WL 1270433, at \*6 (N.D. Ill. Mar.  
3 31, 2016); *Fairview Health Servs. v. Ellerbe Becket Co. Employee Med. Plan*, No. CIV.06-  
4 2585(MJDAJB), 2007 WL 978089, at \*6 (D. Minn. Mar. 28, 2007)).

5 UBH also argues that because the reprocessing remedy is based on UBH's discretion in  
6 administering class members' plans, Plaintiffs cannot "dictate the method and outcome of  
7 reprocessing." *Id.* at 19. UBH stipulates that it does not object to using the most up-to-date  
8 versions of ASAM, CASII and LOCUS in reprocessing the class members' claims, "including to  
9 determine benefits at ASAM levels 3.1 through 3.5 to the extent those levels of care are covered  
10 under the terms of the class members' plans." *Id.* at 19. However, it objects to many other aspects  
11 of the reprocessing remedy proposed by Plaintiffs.

12 First, UBH challenges Plaintiffs' assertion that all of the approximately 67,000 requests for  
13 benefits of the class members should be remanded for reprocessing; instead, it argues that  
14 reprocessing should be conducted only for class members who have the potential to benefit from  
15 reprocessing, that is, those who actually received the treatment that they requested. *Id.* at 20.  
16 Thus, even a class member who received treatment at a lower level of care when their request was  
17 denied cannot be awarded benefits upon reprocessing and is not eligible for that remedy, UBH  
18 contends. *Id.* at 21 (citing *Durham v. Health Net*, No. C-94-3575 MHP, 1995 WL 429252, at \*3  
19 (N.D. Cal. June 22, 1995), aff'd, 108 F.3d 337 (9th Cir. 1997); *Hamann v. Indep. Blue Cross*, 543  
20 F. App'x 355, 357 (5th Cir. 2013)).

21 UBH argues further that only those who timely submitted a claim for payment *after*  
22 receiving the requested treatment are eligible for reprocessing. *Id.* at 21. According to UBH, this  
23 is because under their plans, class members would have had a right to payment for services they  
24 received only if they submitted a timely claim for benefits. *Id.* at 22 (citing Trial Ex. 1550-0074;  
25 Trial Ex. 1539-0035). It argues that *A.F. v. Providence Health Plan*, 157 F. Supp. 3d 899, 910 (D.  
26 Or. 2016) is directly on point because in that case, the court found that a beneficiary was not  
27 entitled to reimbursement for services that were actually received because a timely claim had not  
28 been submitted and § 1132(a)(1)(B) does not allow for an award of benefits that is not consistent

1 with the terms of the plan. *Id.* at 22-23.

2 Next, UBH argues that because Plaintiffs did not submit evidence at trial of the “basic  
3 facts entitling each class member to reprocessing,” that is, that they received treatment and  
4 incurred expenses for it, the reprocessing order should require that class members affirmatively  
5 request reprocessing and provide the information necessary to determine if the class member  
6 qualifies for reprocessing. *Id.* at 24- 25 (citing *Marcus v. Bowen*, No. 85 C 453, 1989 WL 39709,  
7 at \*1 (N.D. Ill. Apr. 18, 1989)). According to UBH, this information is not contained in the  
8 coverage database that was used to create Trial Exhibit 255, and only some of it can be found in  
9 separate claims databases maintained by UBH. *Id.* at 24 n. 16; *see generally* Declaration of  
10 Heather Bowden in Support of United Behavioral Health’s Response to Plaintiffs’ Remedies Brief  
11 (“Bowden Decl.”) (describing databases and systems used by UBH for processing claims  
12 payment). UBH contends this process can be accomplished using a “simple form” and that it will  
13 not impose an excessive burden on the class. *Id.* at 25-26 (citing *Potter v. Blue Cross Blue Shield*  
14 *of Michigan*, No. 10-CV-14981, 2013 WL 12183410, at \*2 (E.D. Mich. Nov. 4, 2013)). UBH  
15 asserts that a notice and confirmation process also addresses privacy concerns that would arise if it  
16 were to reprocess all class members’ denied claims even without being asked to do so. *Id.* at 26.  
17 Among other things, UBH notes that with no confirmation process, it would be sending highly  
18 personal information to class members’ last known addresses. *Id.*

19 UBH also argues that class members who obtained the benefits they requested as the result  
20 of an appeal must be excluded from the reprocessing remedy. *Id.* at 27-28. Similarly, it contends  
21 the Texas class members should be denied reprocessing, again arguing that the class list includes  
22 class members whose claims were “correctly adjudicated under Texas law using the TDI Criteria.”  
23 *Id.* at 28. UBH also challenges the language in Plaintiffs’ proposed remedies order requiring  
24 reprocessing of “each and every adverse benefit determination listed on the Class List admitted at  
25 trial as Trial Exhibit 255” on the ground that that list includes individuals whose requests for  
26 benefits were correctly adjudicated under Texas law using the TDI Criteria. *Id.*

27 UBH challenges Plaintiffs’ assertion that class members should be permitted to supplement  
28 the record, arguing that the proper remedy when a case is remanded for reprocessing is to limit the

1 record to the medical evidence previously submitted. *Id.* at 29 (citing *Duarte v. Aetna Life Ins.*  
2 *Co.*, 2014 WL 1672855, at \*10). UBH argues that Plaintiffs “do not cite evidence of a single  
3 instance where a class member’s administrative record is not sufficiently complete to adequately  
4 determine the member’s eligibility for benefits under their plan.” *Id.* It also asserts that the cases  
5 on which Plaintiffs rely allowed for additional evidence to be submitted only after an  
6 individualized determination that there were gaps in the record – something that the Court here has  
7 not found on a classwide basis. *Id.* at 30.

8 Further, if class members *are* permitted to supplement the record, UBH contends, the  
9 procedures for doing so must be consistent with the class members’ plans. In particular, UBH  
10 objects to Plaintiffs’ request that the Court’s remedies order impose an obligation on UBH to  
11 make a good-faith effort to obtain the required information, noting that the class members’ plans  
12 generally require that UBH give notice of the need for additional information but that they place  
13 the burden on the class member to obtain the information. *Id.* (citing Trial Ex. 231-0053  
14 (Flanzraich Plan) (providing that claim will be denied if member does not provide additional  
15 information within 45 days of UBH’s request); 29 C.F.R. 2560.503-1(f)(2)(iii); *Wilson*, 2015 WL  
16 6123776, at \* 3).

17 Finally, UBH argues that if class members are permitted to supplement the record, it must,  
18 in turn, be allowed to reassess the requested services under the newly adopted guidelines and any  
19 other applicable plan terms. *Id.* at 31-32. In other, words, UBH objects to Plaintiffs’ proposal that  
20 it should not be permitted to assert new grounds for denying coverage that it did not assert when it  
21 originally denied the class members’ claims. *Id.* at 31. According to UBH, Plaintiffs’ reliance on  
22 *Harlick*, 686 F.3d 699 (9th Cir. 2012) is misplaced as that case did not involve a remand to the  
23 plan administrator; rather, it prohibited the plan administrator from asserting new grounds for a  
24 denial in litigation where the court refused to remand the request for reprocessing. *Id.* UBH  
25 argues that in light of Plaintiffs’ assertion that class members should have full rights under ERISA  
26 to challenge the reprocessing determination as a new decision, an order limiting the grounds upon  
27 which it can decide the class members’ claims improperly deprives it of the discretion to which it  
28 is entitled. *Id.* In addition, UBH argues that as to some class members it denied benefits on

1 multiple grounds and there is no reason why it should be barred from asserting grounds it already  
 2 relied upon and which were not challenged in reprocessing the class members' claims. Further,  
 3 UBH argues that the Ninth Circuit recognizes an exception to *Harlick's* rule against raising new  
 4 grounds for the first time in litigation where the facts giving rise to a new decision rationale were  
 5 not previously known to the administrator. *Id.* at 33 (citing *Spinedex Physical Therapy USA Inc.*  
 6 *v. United Healthcare of Arizona, Inc.*, 770 F.3d 1282, 1297 (9th Cir. 2014)). If the reasoning of  
 7 *Harlick* is applied to the reprocessing remedy here and class members are permitted to introduce  
 8 new evidence, UBH argues that it should be permitted to assert denial rationales that it did not  
 9 previously raise under the *Spinedex* exception. *Id.* (citing *Martinez v. Beverly Hills Hotel &*  
 10 *Bungalows Employee Benefit Tr. Employee Welfare Plan*, No. 209CV01222SVWPLA, 2015 WL  
 11 12843760, at \*6 (C.D. Cal. Oct. 29, 2015)).

12 Next, UBH rejects Plaintiffs' assertion that class members who prevail on reprocessing are  
 13 entitled to an award of pre- and post-judgment interest. *Id.* at 33-35. UBH contends this remedy  
 14 is not available to Plaintiffs because they made the "strategic choice to abandon the pursuit of  
 15 monetary recovery in favor of a classwide reprocessing remedy." *Id.* at 33-34. According to  
 16 UBH, any obligation on its part to pay interest to individual plan members is governed by the  
 17 individual members' plan terms. *Id.* at 34-35 (citing Trial Ex. 1542-0077; Trial Ex. 1539-0036).<sup>6</sup>

18 With respect to setting deadlines, UBH argues that the Court should wait to set  
 19 reprocessing deadlines until UBH's adoption of new Guidelines has been fully implemented and  
 20 the number of class members entitled to reprocessing is determined. *Id.* at 35-38. UBH states that  
 21 it has "recently approved the adoption of the LOCUS and CALOCUS Criteria for determining  
 22 mental health benefits, and is currently considering approving the adoption of the CASII Criteria,  
 23 [but that it] will be required to submit those changes to regulators in as many as 25 states." *Id.*  
 24 (citing Decl. of Kristen C. Clark ¶ 3). UBH also argues that the 30-day timeline proposed by

25  
 26  
 27 <sup>6</sup> Trial Exhibit 1539-0036 is a class-member plan that includes an exclusion for "interest or late  
 28 fees charged due to untimely payment for services." Trial Exhibit 1542-0077 is another class-  
 member plan and affirmatively provides that "[r]equests for payment that include all required  
 information which are not paid within [specified time frames] will include an overdue payment of  
 simple interest at the rate of 12% per annum."

1 Plaintiffs for completing benefit determinations is unrealistic as the benefit determination is a fact-  
2 intensive process and in order to meet this deadline UBH would “require 280 peer reviewers  
3 working full-time, seven days per week for 30 days.” *Id.* at 36-37. UBH also argues that the  
4 Department of Labor requirement that claims be processed in thirty days, 29 C.F.R. § 2560.503-  
5 1(f)(2)(iii)(B), does not apply to a court order remanding for reprocessing. *Id.* at 37.

### 6 3. Reply

7 In their Reply brief, Plaintiffs reject UBH’s arguments that the Court does not have the  
8 authority under ERISA to award the remedies Plaintiffs seek because those remedies “intrude on  
9 the administrator’s unfettered ‘right’ to exercise discretion, and cannot be used in combination.”  
10 Reply at 2 (citing Opposition at 8-10, 39-41). To the contrary, they assert, the case law, including  
11 *Varity* and *Amara*, makes clear that the remedies available for breach of fiduciary duty under §  
12 1132(a)(1)(B) are “expansive” and that even if the remedies they seek are not available under that  
13 provision, they can be awarded under § 1132(a)(3), which provides a “safety net” that authorizes  
14 equitable relief that is not available under § 1132(a)(1)(B). *Id.* at 2-10.

15 Plaintiffs next argue that most of UBH’s Opposition is devoted to trying to “pick off”  
16 subsets of the classes and that this approach is an improper attempt to challenge the Court’s  
17 certification of the classes and its findings of liability as to the classes as a whole. *Id.* at 10-11.  
18 According to Plaintiffs, the underlying premise of UBH’s arguments is that “only class members  
19 who were *actually owed* benefits suffered any injury from UBH’s misconduct, have any claim  
20 under ERISA, or could ‘conceivably benefit from reprocessing.’” *Id.* at 11-12 (quoting  
21 Opposition at 4, 20, 35 n. 26) (emphasis in original). Plaintiffs contend this “misguided focus”  
22 leads UBH to argue that only remedies that lead to payment of benefits can constitute “actual  
23 relief” but that the Court has consistently rejected this approach to Plaintiffs’ claims and should do  
24 so again. *Id.* Plaintiffs contend that their claims are not just about “accidental failure to pay  
25 benefits” or “innocent misapplication of an appropriate standard” but instead, are based on UBH’s  
26 affirmative misconduct, which injured all class members in the same way. *Id.* at 12-13.

27 As to UBH’s argument that reprocessing would not benefit every member of the classes  
28 because some denials may have been based on criteria that the Court found were not flawed,

1 Plaintiffs contend this is an improper attack on the Court’s liability findings. *Id.* at 13. Plaintiffs  
2 argue further that UBH is incorrect for the same reasons Plaintiffs set forth in their opposition to  
3 UBH’s motion to decertify. *Id.* at 13-17. Plaintiffs also oppose UBH’s argument that class  
4 members whose denials were overturned at the administrative appeals level are not entitled to  
5 reprocessing, arguing that these class members are “still entitled to know the truth about their  
6 claims after faithful application of criteria that comply with their plans.” *Id.* at 18-19. Plaintiffs  
7 also argue that the Texas members of the Wit State Mandate Class are entitled to reprocessing,  
8 rejecting UBH’s argument that these individuals should be excluded from the class for many of  
9 the reasons also set forth in Plaintiffs’ Opposition to UBH’s decertification motion. *Id.* at 20-21.

10 Plaintiffs contend UBH is also incorrect in its assertion that class members who did not  
11 receive the services for which UBH denied coverage are not entitled to reprocessing. *Id.* at 21-25.  
12 According to Plaintiffs, UBH cites no authority for this proposition “which, in effect, reduces the  
13 reprocessing remedy to a proxy for benefits.” *Id.* at 21-22. The argument is wrong, Plaintiffs  
14 contend, because it “misconstrues the full scope of the injury Plaintiffs seek to redress through  
15 reprocessing[,]” which was the same for every class member; namely, “developing Guidelines that  
16 restricted the scope of available coverage under their plans and denying coverage pursuant to those  
17 pervasively flawed, self-serving criteria.” *Id.* at 22. Plaintiffs contend the appropriate remedy for  
18 that injury under *Saffle* is to remand for the application of the correct standards to the clinical facts  
19 for all class members. *Id.*

20 Plaintiffs reject UBH’s assertion that class members who did not receive treatment (and  
21 therefore will not be eligible for reimbursement) will not benefit from reprocessing. *Id.* at 23.  
22 First, Plaintiffs contend, class members will receive “the truth” about what their plans actually  
23 cover and if the treatment they requested was clinically appropriate and should have been covered.  
24 *Id.* According to Plaintiffs, class members “can use that information in a number of ways that are  
25 consistent with ERISA’s purpose – whether to support a complaint to a regulator or legislator; to  
26 pursue a new legal action against UBH or the class member’s employer or plan to obtain different,  
27 individualized relief; to convince their employer to change administrators; or even just to have  
28 closure and peace of mind.” *Id.* Further, Plaintiffs assert, it is not just the class members who



1 need this information. *Id.* at 24. Plaintiffs contend UBH conceded at trial that decisions about  
2 coverage “should turn, at least in part, on a patient’s prior treatment and coverage history.” *Id.*  
3 (citations to Trial Transcript omitted). Plaintiffs argue that “[r]ight now, none of the class  
4 members’ records are either accurate *or* complete, because the adverse determinations they reflect  
5 were based on the wrong standard.” *Id.* (emphasis in original). According to Plaintiffs, “UBH’s  
6 open disdain for all of the non-monetary reasons why reprocessing is important relief for all class  
7 members demonstrates that UBH still does not understand its role as a fiduciary.” *Id.* at 25.

8       Next, Plaintiffs argue that the Court should reject UBH’s “backdoor decertification  
9 arguments related to ascertainability” based on the fact that UBH’s records of claims for payment  
10 are stored in a different database than the one that was used to create the class list. *Id.* at 25. The  
11 “minimum facts” UBH says must be obtained from class members through a claims process are  
12 not required, Plaintiffs contend, because none of them are prerequisites to reprocessing. *Id.* at 26.  
13 Plaintiffs also argue that UBH waived this argument by failing to include it in its decertification  
14 motion, and that the Bowden Declaration submitted in support of UBH’s request for a claims  
15 process is improper because the trial record is closed. *Id.* In any event, Plaintiffs assert, the  
16 Bowden Declaration only indicates that to the extent any of the facts UBH points to are necessary  
17 to determine if an individual is eligible for reprocessing, “pulling together that information would  
18 require some ‘manual work’ on UBH’s part[.]” *Id.*

19       Plaintiffs also reject UBH’s argument that “some class members may lack capacity to sue  
20 because they may have assigned some or all of their ERISA rights to their providers.” *Id.* at 27.  
21 According to Plaintiffs, this argument goes to whether the classes should have been certified and  
22 therefore has been waived as a result of UBH’s failure to raise it in opposition to Plaintiffs’ motion  
23 for class certification or in UBH’s more recent motion to decertify. *Id.* Furthermore, Plaintiffs  
24 assert, while it is common for providers to ask patients to sign a document that entitles the  
25 provider to direct payment from an insurer, there is no evidence in the record that any class  
26 member “formally assigned any of the ERISA rights at issue here or gave up their own right to sue  
27 UBH for violating its fiduciary duties.” *Id.* In addition, Plaintiffs contend, even if some class  
28 members assigned their rights to challenge the denials at issue in this case, “those assignments at

1 most might affect who has a right to collect benefit payments, not whether the claims should be  
2 reprocessed.” *Id.* To the extent there is such an assignment, UBH “is free to send any . . .  
3 benefits [resulting from reprocessing] to a provider holding an assignment.” *Id.* at 28.

4 Plaintiffs contend the Court should reject UBH’s argument that the Court may not dictate  
5 the standards it uses to determine medical necessity because doing so would “usurp” UBH’s role  
6 as the plan administrator. *Id.* at 32 (citing Opposition at 39-41). According to Plaintiffs, the Court  
7 has already found that UBH abused its discretion in interpreting plan terms and therefore UBH is  
8 not entitled to a “second bite at the apple.” *Id.* UBH’s reliance on *Conkright v. Frommert*, 559  
9 U.S. 506 (2010) is misplaced, Plaintiffs assert. *Id.* at 33. In that case, Plaintiffs contend, the  
10 administrator was found to have made a “single honest mistake” in interpreting a plan term that  
11 had multiple reasonable interpretations. *Id.* (citing 559 U.S. at 518). The Court observed,  
12 however, that it might have been appropriate to limit the administrator’s discretion if there had  
13 been multiple erroneous interpretations by the administrator, even if made in good faith, as that  
14 would have shown that the plan administrator was “too incompetent to exercise his discretion  
15 fairly.” *Id.* (citing 559 U.S. at 521). The facts here are “infinitely more egregious” than those of  
16 *Conkright*, Plaintiffs contend, warranting a remedy that deprives UBH of the discretion to which it  
17 otherwise would have been entitled. *Id.* at 33-35.

18 With respect to UBH’s argument that it should not be prohibited from asserting new  
19 grounds for denying coverage, Plaintiffs argue that because ERISA and UBH’s policies required it  
20 to list *all* of the reasons for denying coverage in the initial denial letter, if it failed to list other  
21 reasons for the denial it necessarily already decided that the exclusion did not apply. *Id.* at 36-37.  
22 While this omission might constitute a breach of duty to the plans, Plaintiffs assert, this is  
23 something the plans can sue UBH for. *Id.* at 37. Plaintiffs contend “there is no reason for the  
24 Court to help UBH avoid the liability it may have to the plans if reprocessing leads to some *other*  
25 fiduciary breach being exposed.” *Id.* Moreover, they argue, *Harlick* shows that even if an  
26 administrator made a mistake about whether a person was entitled to coverage, the plan can still be  
27 ordered to pay benefits if the administrator waived the argument by failing to raise it during the  
28 administrative appeals. *Id.* They also assert that UBH’s reliance on *Martinez v. Beverly Hills*

1 *Hotel & Bungalows Employee Benefit Tr. Employee Welfare Plan*, 2015 WL 12843760 (C.D. Cal.  
2 Oct. 29, 2015) is misplaced as that case only held that where coverage is approved, the plan’s  
3 terms and conditions still apply. *Id.* at 38.

4 Plaintiffs stipulate that they do not object to UBH applying deductible and coinsurance  
5 requirements in accordance with class members’ plans but contend these are the only limitations  
6 on coverage “that could conceivably become applicable only after a class member submits  
7 information about services obtained following a preservice denial.” *Id.* n. 48.

8 Plaintiffs also argue that UBH has offered no evidence showing that supplemental  
9 information submitted by class members might justify the application of an exclusion or limitation  
10 UBH “previously decided not to apply.” *Id.* at 38. And they reject UBH’s assertion that it should  
11 be allowed to “re-open all of its other decisions, even if they were not at issue in this case[,]” on  
12 the basis that class members will be sufficiently protected by their right to pursue an appeal of the  
13 decision. *Id.* at 39. Plaintiffs clarify that they are not asking that all class members be afforded a  
14 right to an external appeal as part of the administrative appeal process despite language in their  
15 original proposed remedies order that might be read that way; rather, they ask only that class  
16 members whose plans afford the right to an external appeal be given one. *Id.* at 39 n. 49. They  
17 note that they have modified their proposed order to make it clearer on that point. *Id.*

18 Plaintiffs object strenuously to UBH’s arguments that class members should be required to  
19 request reprocessing and to confirm that reprocessing will benefit them. *Id.* at 42-46. They  
20 contend UBH is improperly attempting to convert the classes to opt-in classes and ignoring the  
21 fact that the Court has already found liability with respect to *all* class members based on UBH’s  
22 reliance on its faulty Guidelines to make coverage determinations. *Id.* at 42-44. They argue that  
23 there is no evidence that any class members’ benefits were paid by some other insurance or that  
24 they assigned their claims to someone else. *Id.* at 43-44. As to the possibility of assignments,  
25 Plaintiffs contend this argument is untimely and moreover, to the extent class members’ plans  
26 permit assignments, they require UBH’s consent. *Id.* at 44. Therefore, Plaintiffs argue, if there  
27 was a valid assignment UBH has that information and can simply pay any benefits awarded on  
28

1 reprocessing to the provider “as per UBH’s usual procedures.” *Id.*<sup>7</sup> Plaintiffs also reject UBH’s  
 2 assertion that requiring class members to submit claims would not be unduly burdensome,  
 3 pointing out that the percentage of class members who will receive relief will be dramatically less  
 4 if this requirement is imposed. *Id.* at 45-46.

5 On the question of whether class members should be permitted to submit additional  
 6 evidence, Plaintiffs reject UBH’s assertion that there is no evidence of gaps in class members’  
 7 records. *Id.* at 46. Plaintiffs assert that the opportunity to submit additional information is  
 8 required because the rules of decision under UBH’s criteria “turned on a considerably narrower  
 9 range of facts than under generally accepted standards.” *Id.* Plaintiffs contend the Guidelines  
 10 themselves provide circumstantial evidence that UBH reviewers “did not always collect or record  
 11 all of the facts needed to render a decision under different, generally accepted criteria.” *Id.*  
 12 Plaintiffs argue that *Duarte*, cited by UBH in support of limiting the record, actually supports  
 13 Plaintiffs’ position because in that case the court remanded for reevaluation based on the “existing  
 14 record” but went on to require the administrator to provide detailed reasons for its decision based  
 15 on appropriate medical evidence, including “a more recent MRI, and any clinical test [the  
 16 administrator] deems appropriate.” *Id.* at 47 (citing 2014 WL 1672855, at \*10). Plaintiffs also

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17  
 18 <sup>7</sup> After remedies briefing was complete, UBH filed a Request for Judicial Notice in Support of  
 19 UBH’s Response to Plaintiffs’ Remedies Brief, Dkt. No. 440, in which it asked the Court to take  
 20 judicial notice of the complaint in *Meridian Treatment Services v. United Behavioral Health*, Case  
 21 No. 19-cv-5721. In that case, the plaintiffs are residential treatment centers that seek to assert  
 22 claims on behalf of individuals who may be class members in these related cases on the basis of  
 23 assignments they allege were made to them by the class members. UBH points to these  
 24 allegations to show that there is a “need for claim-by-claim determination of who . . . may be  
 25 entitled to relief under ERISA.” Plaintiffs oppose UBH’s request on the grounds that: 1)  
 26 allegations in a complaint are not judicially noticeable facts under Rule 201 of the Federal Rules  
 27 of Evidence; 2) the request is procedurally improper because it is an attempt to file a surreply on  
 28 remedies without seeking leave to do so; and 3) even if the Court takes judicial notice of the  
 complaint, it is irrelevant because the plaintiffs in that case only seek payment for their services,  
 which is not sufficient to assign a claim for breach of fiduciary duty under ERISA. Plaintiffs’  
 Opposition to UBH’s Request for Judicial Notice at 2 (citing *Spinedex Physical Therapy USA Inc.*  
*v. United Healthcare of Arizona, Inc.*, 770 F.3d 1282, 1293-1294 (9th Cir. 2014); *DB Healthcare,*  
*LLC v. Blue Cross Blue Shield of Arizona, Inc.*, 852 F.3d 868, 877 (9th Cir. 2017)). The Court  
 DENIES UBH’s request. The *Meridian* complaint merely contains allegations; it does not contain  
 any facts of which the Court may take judicial notice. To the extent UBH seeks to rely on the  
*Meridian* complaint to illustrate its arguments regarding the possibility that some class members  
 assigned their claims to treatment providers, those arguments were sufficiently raised in its  
 Opposition brief.

1 reject UBH’s assertion that it should not have to bear any of the burden of collecting additional  
2 information, noting that UBH’s Utilization Management Program Description requires Care  
3 Advocates to “make at least two (2) attempts to gather needed information” before denying a  
4 claim for lack of information. *Id.* at 48 (citing Trial Ex. 260-0013).

5 Plaintiffs also argue that class members should be permitted to submit evidence of services  
6 they received after UBH denied their claims, even if they did not submit another claim after  
7 receiving the services. *Id.* at 48. Plaintiffs argue that under these circumstances, the Court is  
8 authorized to relieve class members of the claim requirement under § 1132(a)(3) as a form of  
9 equitable relief even if § 1132(a)(1)(B) does not authorize such relief. *Id.* (citing *Mathews v.*  
10 *Chevron Corp.*, 362 F.3d 1172, 1186 (9th Cir. 2004); *Gabriel v. Alaska Elec. Pension Fund*, 773  
11 F.3d 945, 962 (9th Cir. 2014)). Plaintiffs contend the relief they seek is similar to the relief  
12 awarded in *Mathews* and in *Varity* under § 1132(a)(3) as it will put the class members in the  
13 position they would have been in if UBH had not wrongfully denied their pre-service requests for  
14 benefits. *Id.* at 49-50. They further contend that even under § 1132(a)(1)(B), courts “regularly  
15 waive timeliness requirements when appropriate based on the defendant’s conduct[.]” *Id.* at 50  
16 (citing *Chappel v. Lab. Corp. of Am.*, 232 F.3d 719, 727 (9th Cir. 2000); *Des Roches v. California*  
17 *Physicians’ Serv.*, 320 F.R.D. 486, 505 (N.D. Cal. 2017); *Flom v. Holly Corp.*, 276 F. App’x 615,  
18 617 (9th Cir. 2008); *Gorbacheva v. Abbott Labs. Extended Disability Plan*, 309 F. Supp. 3d 756,  
19 763 (N.D. Cal. 2018), *aff’d*, No. 18-15400, 2019 WL 6716022 (9th Cir. Dec. 10, 2019); *Puccio v.*  
20 *Standard Ins. Co.*, 80 F. Supp. 3d 1034, 1042 (N.D. Cal. 2015); *Magee v. Metro. Life Ins. Co.*, 632  
21 F. Supp. 2d 308, 321 (S.D.N.Y. 2009); *Shannon v. Jack Eckerd Corp.*, 113 F.3d 208, 210 (11th  
22 Cir. 1997)). Plaintiffs contend *A.F.*, cited by UBH, does not stand for the proposition that a plan  
23 administrator may not adjudicate post-denial claims on remand under § 1132(a)(3) because the  
24 court did not consider that question. *Id.* at 51 (citing 157 F. Supp. 3d at 910-912).

25 Plaintiffs also argue that pre- and post-judgment interest on any benefits paid as a result of  
26 reprocessing should be awarded because it is “presumptively” available to victims of federal law  
27 violations. *Id.* at 52 (citing *Rivera v. Benefit Tr. Life Ins. Co.*, 921 F.2d 692, 696 (7th Cir. 1991)).  
28 This is true in the ERISA context, Plaintiffs contend. *Id.* at 53 (citing *Fotta v. Trustees of United*

1 *Mine Workers of Am., Health & Ret. Fund of 1974*, 165 F.3d 209, 212 (3d Cir. 1998)). Plaintiffs  
 2 further assert that UBH’s argument that interest should not be awarded because Plaintiffs have not  
 3 asked the Court to award benefits is a non-sequitur as class members’ entitlement to pre- and post-  
 4 judgment interest is based on “the time value of money.” *Id.* (quoting *Rivera*, 921 F.2d at 696).

5 Plaintiffs agree with UBH that their original proposed remedies order is overbroad to the  
 6 extent that it requires reprocessing as to every individual listed in Trial Exhibit 255. *Id.* at 53.  
 7 While Plaintiffs reject UBH’s arguments about the Texas members of the Wit State Mandate  
 8 Class, they concede that UBH has “inadvertently” raised a valid point as UBH should be required  
 9 to reprocess the denials of all class members regardless of whether they are listed on Exhibit 255.  
 10 *Id.* at 53-54. According to Plaintiffs, since the trial, “the parties have agreed that some class  
 11 members’ denials were inadvertently omitted.” *Id.* at 54. Plaintiffs also concede that the list may  
 12 contain a small number of individuals who do not belong on it (including the 170 administrative  
 13 denials that were mistakenly included on the list, as stated in Trial Ex. 896).

14 Finally, Plaintiffs argue that UBH’s complaints about being held to tight deadlines for  
 15 reprocessing should be rejected because it was UBH’s own breach of fiduciary duty owed to the  
 16 class members that put it in this position. *Id.* at 54-55. In any event, they assert, the evidence does  
 17 not support UBH’s estimate as to how long reprocessing will take. *Id.* at 55 (citing Trial  
 18 Transcript at 1101) (testimony of Dr. Martorana that Peer Reviewers spend approximately 30  
 19 minutes on each medical necessity review and complete approximately eight reviews a day).  
 20 Plaintiffs state that their request that the reviews be completed within thirty days was based on an  
 21 ERISA claim regulation (29 C.F.R. § 2560.503-1(f)(2)(iii)(b)) but they do not object to allowing  
 22 “a slightly longer overall timeframe” so long as UBH is required to “proceed diligently.” *Id.*  
 23 Plaintiffs note that in their Amended Proposed Remedies Order they have proposed revisions to  
 24 the reprocessing deadlines and they request that if the Court adopts only an aggregate deadline for  
 25 completion of all reprocessing, that it require interim reporting so that Plaintiffs can take action if  
 26 UBH is not proceeding in a timely manner. *Id.* at 56.

#### 27 **4. Supplemental Briefing**

28 On March 24, 2020, the Court requested additional briefing on several topics, including: 1)

1 whether UBH should be allowed to deny benefits during reprocessing based on exclusions it did  
 2 not invoke when it originally denied class members' claims; and 2) whether the Court should  
 3 award pre- and post-judgment interest on benefits that are found in reprocessing to have been  
 4 wrongfully denied. *See* Dkt. No. 448. The parties' arguments in their supplemental briefs are  
 5 summarized below.

6           a. Exclusions UBH Should be Permitted to Invoke on Reprocessing

7           In its request for additional briefing, the Court asked the parties to specifically address  
 8 “whether *Spinedex Physical Therapy USA Inc. v. United Healthcare of Arizona, Inc.*, 770 F.3d  
 9 1282, 1297 (9th Cir. 2014) suggests a middle ground [between the parties' positions] whereby  
 10 UBH would be limited to denying benefits based on exclusions that were not originally invoked  
 11 only where the basis for invoking the exclusion was not ‘known or reasonably knowable.’” *Id.*  
 12 The parties were in agreement that the Court's proposed middle ground would not be workable but  
 13 that is where their agreement ended.

14           UBH argues in its opening supplemental brief that *Spinedex* does not apply to  
 15 administrative remands, which are supposed to restore the parties to the status quo ante. Dkt. No.  
 16 451 at 10 (citing *Hackett v. Xerox Corp. Long-Term Disability Income Plan*, 315 F.3d 771, 776  
 17 (7th Cir. 2003)). It cites cases it says stand for the proposition that it is improper to limit the  
 18 remand to the original basis for the denial and that “sandbagging” on remand is not a problem  
 19 because remand restarts the administrative process. *Id.* (citing *Miller v. Am. Airlines, Inc.*, 632  
 20 F.3d 837, 856 (3d Cir. 2011) (“a remedy for a violation of ERISA § 503 is a remand to the plan  
 21 administrator so as to provide the claimant with the benefit of a full and fair review of the claim”);  
 22 *Hatfield v. Blue Cross & Blue Shield of Massachusetts, Inc.*, 162 F. Supp. 3d 24, 43 (D. Mass.  
 23 2016) (holding that where there was a procedural violation by the administrator the proper remedy  
 24 was to remand for further proceedings and finding that it would be inappropriate to limit the scope  
 25 of the reprocessing remedy to medical necessity – even though the court had the power to do so –  
 26 but also that the class members “must have a full opportunity to submit new information into the  
 27 record, both on the medical necessity issues that were clumsily raised in the first instance and on  
 28 the contractual limitations that could be raised upon remand”); *Vizcaino v. Microsoft Corp.*, 120

1 F.3d 1006, 1013 (9th Cir. 1997) (“[W]e have determined that we should not allow ourselves to be  
2 seduced into making a decision which belongs to the plan administrator in the first instance . . .  
3 We cannot, and will not, predict how the plan administrator, who has the primary duty of  
4 construction, will construe the terms of the [plan].”); *Miles v. Principal Life Ins. Co.*, 720 F.3d  
5 472, 490 (2d Cir. 2013) (“Our precedents make clear that even where we conclude a plan  
6 administrator’s finding was arbitrary and capricious, we will typically not substitute our own  
7 judgment, but rather will return the claim for reconsideration . . . remand will afford [the plan  
8 administrator] the opportunity to consider the evidence under the appropriate legal standards and,  
9 if it wishes, to evaluate [the plaintiff]. We do not suggest that those are the only appropriate  
10 considerations on remand, and we intend no limitation by mentioning them. [The plan  
11 administrator] is expected to provide a full and fair reconsideration of [the plaintiff’s] claim.”)).

12 According to UBH, *Saffle* holds that the court should not usurp the role of the claims  
13 administrator and this Court recognized that principle in its class certification order. *Id.* at 11  
14 (citing Dkt. No.174 at 27). UBH also points out that Plaintiffs argued in their opposition to  
15 UBH’s motion for summary judgment that the effect of the reprocessing remedy is to set aside  
16 UBH’s denials and remand “even though [UBH] (like a jury after a mistrial), might later, in the  
17 exercise of its lawful discretion, reach the same result for a different reason.” *Id.* (quoting Dkt.  
18 No. 261 at 19). UBH argues that Plaintiffs are precluded from making a contrary argument now.  
19 Finally, UBH argues that limiting it to exclusions or reasons for denial that were not “known or  
20 knowable” at the time of the prior denial is also impractical because the remand may require UBH  
21 to assess particular conditions or treatment differently than it did before. It further asserts that  
22 implementation of such a rule would be burdensome as UBH administrators would have to go  
23 through the history of each claim denial to figure out what fell into this exception. *Id.* at 12-13.

24 In their response, Plaintiffs also reject the Court’s proposed “known or knowable”  
25 approach but reach the opposite conclusion. According to Plaintiffs, it would be highly  
26 inequitable to allow UBH to provide new and previously unraised justifications for denials of  
27 benefits on remand. Dkt. No. 454-5 at 6. They cite cases holding that the court must uphold  
28 remedies that are most advantageous to the class and assert that the Court has the equitable power



1 to impose such limitations. *Id.* at 7 (citing *Holmberg v. Armbrecht*, 327 U.S. 392, 396 (1946)  
2 (“Equity eschews mechanical rules; it depends on flexibility.”); *Donovan v. Mazzola*, 716 F.2d  
3 1226, 1235 (9th Cir. 1983) (“Courts also have a duty ‘to enforce the remedy which is most  
4 advantageous to the participants and most conducive to effectuating the purposes of the trust.’”);  
5 *Glista v. Unum Life Ins. Co. of Am.*, 378 F.3d 113, 132 (1st Cir. 2004) (finding that the  
6 “appropriate equitable relief” was to hold the administrator “to the basis that it articulated in its  
7 internal claims review process for denying benefits” and award benefits rather than remanding for  
8 reprocessing so that the plan administrator could “make the first determination as to the  
9 availability of benefits” even though “that remand may be appropriate in some, or even many,  
10 cases” and citing “countervailing concerns raised on the facts” of that case, including the fact that  
11 the plaintiff’s medical condition was terminal and the controversy needed to be resolved  
12 “quickly.”)). Given the Court’s findings about UBH’s bad faith, Plaintiffs argue, limiting the  
13 scope of reprocessing is imperative. *Id.* at 8-10.

14 Plaintiffs argue that UBH’s reliance on *Hatfield* is misplaced to the extent that the court in  
15 that case recognized it had the power to limit the scope of review, even though it declined to do so  
16 in that case. *Id.* at 10. They also point to another case in which a judge remanded to the plan  
17 administrator but only allowed the administrator to consider certain limited issues and prohibited  
18 the administrator from considering medical necessity, saying it was not going to allow the  
19 administrator to play “benefits denial ping-pong.” *Id.* at 11 (quoting *L.P. by & through J.P. v.*  
20 *BCBSM, Inc.*, No. 18-CV-1241 (MJD/DTS), 2020 WL 981186, at \*10 (D. Minn. Jan. 17, 2020),  
21 report and recommendation adopted, No. CV 18-1241 (MJD/DTS), 2020 WL 980171 (D. Minn.  
22 Feb. 28, 2020)).

23 Plaintiffs reject UBH’s argument that the Court must return the class members to the *status*  
24 *quo ante* by vacating the previous administrative denials in their entirety and allowing UBH to  
25 start anew, including raising reasons for denial that it did not previously rely upon in its denial  
26 letters. *Id.* They argue that reliance on the *status quo ante* language in *Hackett* is misleading  
27 because that case involved a termination of benefits (rather than an initial eligibility  
28 determination) and actually found that no remand was necessary, instead awarding retroactive

1 reinstatement of the benefits the plaintiff should have been receiving during the pendency of the  
2 case because the *status quo ante* before the improper termination was that the plaintiff had been  
3 receiving benefits. *Id.* n. 3 (citing 315 F.3d at 773-777). According to Plaintiffs, the same analysis  
4 applies as to *Miller*. *Id.* (citing 632 F.3d at 856-857). They contend that the Court’s job is to  
5 return each class member to “the position he or she would have attained but for the trustee’s  
6 breach.” *Id.* at 12 (quoting *Gabriel v. Alaska Elec. Pension Fund*, 773 F.3d 945, 958 (9th Cir.  
7 2014)). Plaintiffs argue that this does not mean UBH has to be allowed to “backtrack” or get a  
8 “windfall.” *Id.* Plaintiffs also object to UBH’s suggestion that class members would receive a  
9 windfall if it is not allowed to deny claims on other grounds. *Id.* at 13. As in their remedies briefs,  
10 Plaintiffs argue that *Harlick v. Blue Shield of California*, 686 F.3d 699, 719–20 (9th Cir. 2012)  
11 makes clear that the Ninth Circuit is concerned about the administrator engaging in “sandbagging”  
12 and therefore doesn’t allow the administrator to offer new reasons for a denial that were not listed  
13 in the denial letter. *Id.* That said, Plaintiffs recognize that UBH should be allowed to “take full  
14 stock of the administrative record to re-determine medical necessity,” which was the basis for the  
15 original denials, and should also consider any additional evidence on that question that Plaintiffs  
16 wish to submit. *Id.* at 14 n. 5.

17 UBH argues in its reply, as it did in its previous remedies briefing, that *Harlick* is aimed at  
18 preventing “sandbagging” in litigation and does not have anything to do with what a claims  
19 administrator can consider on remand. Dkt. No. 460 at 9. According to UBH, under controlling  
20 Ninth Circuit precedent, “reprocessing effectively starts the administrative process anew by  
21 ordering the administrator ‘to redo its evaluation and correctly apply the terms of the plan.’” *Id.* at  
22 9-10 (citing *Alves v. Hewlett-Packard Comprehensive Welfare Benefits Plan*, 785 F. App’x 397,  
23 398 (9th Cir. 2019); *Martinez v. Beverly Hills Hotel*, 695 F. Supp. 2d 1085, 1087 (C.D. Cal.  
24 2010); *Pannebecker v. Liberty Life Assur. Co. of Bos.*, 542 F.3d 1213, 1221 (9th Cir. 2008);  
25 *Saffle v. Sierra Pac. Power Co. Bargaining Unit Long Term Disability Income Plan*, 85 F.3d at  
26 460). UBH contends the cases upon which Plaintiffs rely all involve a request for direct payment  
27 of benefits from the court – a remedy Plaintiffs dropped in this case.

28 UBH argues that the rule of administrative law invoked by Plaintiffs in a footnote of their

1 brief – that agency action can be upheld only on the same basis as is articulated in the agency’s  
2 order – is not applicable in this case because the remand here involves “new” agency action. *Id.* at  
3 11. UBH cites to a recent Supreme Court decision involving the Deferred Action for Childhood  
4 Arrivals (“DACA”) program in support of this argument. *Id.* (citing *Dep’t of Homeland Sec. v.*  
5 *Regents of the Univ. of California*, 140 S. Ct. 1891, 1908 (2020)). In that case, the Court  
6 explained that judicial review of agency action is limited to the grounds invoked by the agency,  
7 and that if those grounds are inadequate the court must remand either for amplification of the  
8 reasons for the action or to allow the agency to take new action. 140 S.Ct. at 1909. If the former  
9 route is taken (as it was in that case) the agency is limited to its original reasons to prevent *post*  
10 *hoc* rationalizations. *Id.* But in this case, the remand for reprocessing will be new action and will  
11 not be subject to that limitation, UBH contends. Dkt. No.460 at 11.

12 UBH argues that the *L.P.* case is not on point because the plaintiff in that case sought an  
13 award of benefits and the court ordered a different sort of remand than is at issue here, in which  
14 the administrator would develop the record further but the court would ultimately determine  
15 whether the plaintiff was entitled to benefits. *Id.* at 12. According to UBH, that case is  
16 distinguishable because the court remanded in part to be sure that it did *not* award benefits that  
17 arguably were excluded under a different plan provision that the administrator had invoked as a  
18 basis for the denial. *Id.* UBH also argues that *Hatfield* is on point for the reasons set forth in its  
19 opening brief on this topic.

20 UBH further asserts that Plaintiffs’ position ignores the duty of the plan administrator to  
21 conserve plan assets, which requires that the reprocessing remedy not result in payment of claims  
22 that are excluded under other provisions of class members’ plans. *Id.* at 13 (citing *Conkright v.*  
23 *Frommert*, 559 U.S. 506, 520 (2010); *Bowman v. U.S. W., Inc.*, No. CIV. 95-1923-FR, 1997 WL  
24 118437, at \*6 (D. Or. Mar. 10, 1997) (“Such an injunction would require the plan administrator of  
25 U.S. West to provide coverage to a person who is not eligible to be covered under the express  
26 terms of the Plan. There is no legal basis for the court to issue such an injunction.”); *Varity Corp.*  
27 *v. Howe*, 516 U.S. 489, 514 (1996)).  
28

## 1                   b. Pre- and Post-Judgment Interest

2                   In its request for supplemental briefing, the Court asked the parties to address the  
3 following specific issues related to Plaintiffs' request that interested be awarded on wrongfully  
4 denied benefits: 1) whether an award of interest at a uniform rate under 28 U.S.C. § 1961 (which  
5 provides that post-judgment interest shall be calculated "from the date of the entry of the  
6 judgment, at a rate equal to the weekly average 1-year constant maturity Treasury yield, as  
7 published by the Board of Governors of the Federal Reserve System, for the calendar week  
8 preceding [ ] the date of the judgment") is appropriate given that this may conflict with explicit  
9 provisions in some class members' plans (and that the rate provided for in some class members'  
10 plans may be higher than the rate sought by Plaintiffs); and 2) whether it would be permissible or  
11 appropriate to award pre- and post-judgment interest at the rate set in the class members' plans, or  
12 if their plans are silent, at the uniform rate under 28 U.S.C. § 1961. The Court also asked UBH to  
13 address whether it had found any class member plan that explicitly prohibits a court award of pre-  
14 or post-judgment interest on benefits that it has found were improperly denied. *See* Dkt. No. 448.

15                   In their opening supplemental brief, Plaintiffs contend the two plan provisions that UBH  
16 pointed to with respect to the availability of interest (in Trial Exs. 1539-0036 and 1542-0077) do  
17 not apply to the situation where UBH has been found to have wrongfully denied benefits. Dkt.  
18 No. 452 at 6. They further assert that UBH has not been able to point to any class member plan in  
19 which there is a provision that actually does address that question and therefore, the Court need  
20 not be concerned that awarding interest will conflict with the terms of class members' plans. *Id.*  
21 They also assert that the rate applied under 28 U.S.C. § 1961 should be awarded because it is the  
22 standard rate. *Id.* (citing *Blankenship v. Liberty Life Assur. Co. of Bos.*, 486 F.3d 620, 627 (9th  
23 Cir. 2007)).

24                   UBH counters in its Reply that if the Court awards interest on benefits paid on  
25 reprocessing, it will be converting the remedy to monetary relief and therefore decertification is  
26 required. Dkt. No. 457 at 11. It points out that in *Blankenship*, interest was awarded on a money  
27 judgment, not in connection with a remand order. It also argues that if it is required to pay interest  
28 on benefits awarded as a result of reprocessing it will need to conduct individualized inquiries as

1 to the circumstances of each claim, making class certification inappropriate. Even if such interest  
2 were available, UBH contends, the question of whether to award interest is based on a balancing  
3 of the equities and depends on particular circumstances. *Id.* at 12 (citing *Landwehr v. DuPree*, 72  
4 F.3d 726, 739 (9th Cir. 1995) (“Whether to award prejudgment interest to an ERISA plaintiff is ‘a  
5 question of fairness, lying within the court’s sound discretion, to be answered by balancing the  
6 equities.’ . . . Among the factors to be considered in determining whether prejudgment interest  
7 should be awarded is the presence or absence of ‘bad faith or ill will.’”). According to UBH,  
8 Plaintiffs have not proven on a classwide basis that an award of interest is supported by the  
9 equities. *Id.* at 12. For example, UBH notes, some class members did not pay charges out of  
10 pocket for the services they received, or assigned their claim to the service provider. *Id.*  
11 According to UBH, an award of interest as to these individuals would amount to a windfall and  
12 therefore would be improper. *Id.* (citing *Acosta v. Cty Nat’l Corp.*, 922 F.3d 880, 891 (9th Cir.  
13 2019)).

14 Plaintiffs argue in their Reply that there is not substantial evidence showing that an award  
15 of interest conflicts with any class members’ plans. Dkt. No. 459 at 12. They reiterate that an  
16 award of interest is supported by equity and is the type of equitable remedy that is expressly  
17 permitted by ERISA. *Id.* at 14 (citing 29 U.S.C. § 1132(a)(3); *Lutheran Med. Ctr. of Omaha,*  
18 *Neb. v. Contractors, Laborers, Teamsters & Engineers Health & Welfare Plan*, 25 F.3d 616, 623  
19 (8th Cir. 1994), abrogated by *Martin v. Arkansas Blue Cross & Blue Shield*, 299 F.3d 966 (8th Cir.  
20 2002) (“An award of prejudgment interest is necessary to allow a prevailing ERISA beneficiary to  
21 obtain ‘appropriate equitable relief.’”); *Fotta v. Trustees of United Mine Workers of Am., Health*  
22 *& Ret. Fund of 1974*, 165 F.3d 209, 213 (3d Cir. 1998); *Short v. Cent. States, Se. & Sw. Areas*  
23 *Pension Fund*, 729 F.2d 567, 575 (8th Cir. 1984)). Plaintiffs also reject UBH’s assertion that the  
24 Court does not have the authority to award interest or that doing so will raise individualized issues  
25 that require decertification. *Id.* at 15-17.

26 With respect to UBH’s argument that individuals who may have assigned their rights to  
27 pursue remedies for wrongful denials of benefits will receive a windfall if interest is awarded,  
28 Plaintiffs contend this argument has been waived. *Id.* at 17. In any event, they note, the Court

1 could avoid such a windfall by “specify[ing] in its remedies order that insofar as a class member  
2 has assigned his or her rights to remedies for wrongful denials, any payments made through  
3 reprocessing should be directed to the applicable provider(s).” *Id.*

#### 4 **5. The September 2, 2020 Hearing and Post-Hearing Filings**

5 At the hearing, the parties addressed the scope of the reprocessing remedy Plaintiffs seek,  
6 including: 1) whether UBH will be permitted to enforce terms of class members’ plans governing  
7 the calculation of benefits to which class members are entitled if they are awarded benefits upon  
8 reprocessing; and 2) whether class members will be limited to seeking an award of benefits only  
9 for the services they actually applied for. *See* Transcript of Proceedings, September 2, 2020 at 74-  
10 84.

11 On the first issue, Plaintiffs’ counsel stipulated that while UBH should not be permitted to  
12 deny coverage based on an exclusion that was not listed in the denial letter, UBH’s calculation of  
13 the amount owed to class members who are awarded benefits upon reprocessing will be governed  
14 by the terms of the class member’s plan, including terms relating to copays, deductibles and in-  
15 and out-of-network coverage rates. *Id.* at 79-83. The Court requested that after the hearing  
16 Plaintiffs propose additional language to make this clearer in their proposed remedies order.

17 On the second issue, the Court engaged in the following colloquy with Plaintiffs’ counsel:

18 COURT: If someone was denied a particular request for a level of  
19 care to which they were entitled – okay – and on reprocessing it – and  
20 then we go into reprocessing, it turns out they got something different  
21 than what they asked for, they went out and got something different,  
22 you’re saying UBH does not have to reimburse for that?

23 COUNSEL: No, I don’t – I don’t believe so. I mean, I think the  
24 question is whether they –

25 COURT: “I don’t believe so.” What does that mean? You don’t  
26 believe that UBH has to reimburse for anything other than the exact  
27 care that they should have approved?

28 COUNSEL: Right.

...

COURT: But if they went out and got something that is different than  
what they applied for, they don’t get reimbursed for that?

COUNSEL: No. We haven’t asked that they get that relief. I think this  
is about whether they get the relief that they originally requested – or

1 the benefits, excuse me, that they originally requested.

2 COURT: . . . at the end of the day you don't expect  
3 UBH to pay for anything other than the level of care than what  
4 was applied for?

5 COUNSEL: Correct.

6 *Id.* at 76-77.

7 After the hearing, Plaintiffs filed their Post-Hearing Revised Proposed Remedies Order,  
8 Dkt. No. 476. In it, Plaintiffs proposed language making clear that the reprocessing remedy would  
9 require reimbursement only for services received at the same level of care as was requested in the  
10 denied claim. Plaintiffs also proposed more detailed language explaining that in calculating  
11 benefits awarded as a result of reprocessing, UBH will apply the class members' plan terms,  
12 including terms governing copays, deductibles and coverage rates for in- and out-of network  
13 providers. Plaintiffs also added a subsection to the section governing criteria to be applied upon  
14 remand reflecting the parties' agreement at the hearing that UBH will apply the most recent  
15 edition of the Early Childhood Service Intensity Instrument ("ECSII") to re-evaluate requests for  
16 coverage of treatment for class members who were ages 5 or under at the time of the relevant  
17 treatment and had a primary diagnosis of a mental health condition.

18 UBH filed a response to Plaintiffs' revised version of the proposed order in which it  
19 preserved its argument that the Court should not award any reprocessing remedy but also proposed  
20 alternative language for the remedies order consistent with its arguments in the briefs and at the  
21 hearing that the remedy, if awarded, should be narrower in scope than what is proposed by  
22 Plaintiffs. *See* Dkt. No. 477. On the same day, UBH filed the Administrative Motion. In the  
23 Administrative Motion, UBH contends it should be permitted to offer evidence showing that the  
24 majority of class members will not be entitled to reimbursement as a result of reprocessing  
25 because UBH's records show that most did not submit post-service claims to UBH reflecting that  
26 they received the "exact" same services for which coverage was denied. Administrative Motion at  
27 2-3. Based on this evidence, UBH contends the Court should deny Plaintiffs' request for  
28 reprocessing or at least, "specify in its remedies order that UBH is not required to reconsider and  
reprocess claims if, following the 90-day notice period, UBH's files lack evidence that the services

1 at issue were received at the same level of care from the same provider and during the same period  
2 of time as the services that were originally requested and denied for coverage.” *Id.* at 3.

3 Plaintiffs oppose the Administrative Motion, arguing that UBH has mischaracterized  
4 counsel’s statements at the hearing; according to Plaintiffs, counsel stipulated that they are seeking  
5 reimbursement only for treatment obtained by class members at the same level of care as the  
6 treatment for which they originally requested coverage but that they did *not* agree that the  
7 treatment that the class member actually obtained had to be from the same provider in order to be  
8 eligible for reimbursement. Dkt. No. 487 at 2. Nor would such a limitation be justified,  
9 Plaintiffs assert, because “[t]he criteria at issue in this case, which this Court invalidated, focused  
10 on characteristics of the patient and the level of care, not on the identity of the provider. If, after  
11 reprocessing, UBH finds that services should have been authorized at the requested level of care,  
12 and the class member obtained services at that level of care, UBH should cause benefits to be paid  
13 for those services.” *Id.*

14 Furthermore, Plaintiffs contend, UBH’s request to supplement the record assumes that  
15 class members who did not file post-service claims did not actually receive the treatment that was  
16 denied and therefore, that the relatively low percentage of class members who filed such claims  
17 shows that the reimbursement rate that will result from reprocessing will also be low. *Id.* at 3.  
18 According to Plaintiffs, UBH’s assumption is incorrect because “a pre-service denial is highly  
19 likely to deter a beneficiary from submitting post-service claims for treatment at the same level of  
20 care.” *Id.* Plaintiffs point out that this dispute has already been briefed in connection with the  
21 question of whether during reprocessing class members should be permitted to submit evidence of  
22 the treatment they received even if they did not submit a post-service claim. *Id.*

23 Finally, to the extent that UBH’s argument is premised on the assumption that class  
24 members who did not obtain treatment after their claim was denied are not entitled to  
25 reprocessing, Plaintiffs strongly object. Plaintiffs contend this amounts to an argument that “if  
26 the patient was forced to forego medically necessary treatment, UBH should be allowed to get  
27 away with its ERISA violations.” *Id.* at 4. Consistent with their arguments in earlier remedies  
28 briefing, Plaintiffs contend class members are entitled to reprocessing even if they did not obtain



United States District Court  
Northern District of California

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the treatment for which coverage was denied, explaining as follows:

Among other things, class members and UBH alike need the members’ insurance records properly to reflect what care was necessary. Without reprocessing, the class members’ records will remain distorted by including denials of care that, in fact, they needed, which could impact future coverage when UBH evaluates the patient’s clinical history and prior response to treatment. Moreover, class members who did not pay out-of-pocket for care may nevertheless have individual claims for relief arising from UBH’s improper denial of authorization for their medically necessary care, such as disgorgement, surcharge, a return of premiums, or other equitable relief. They also may choose to use the information in another way, such as to pressure their employers to change benefit administrators or to lobby their legislators. Each class member was injured when UBH adopted its self-serving Guidelines and then used them to deny coverage, and each class member is entitled to be returned to the state he or she would have been in without the breach. Accordingly, each class member is entitled to reprocessing.

*Id.*

**B. Discussion**

**1. The Administrative Motion**

As a preliminary matter, the Court DENIES UBH’s Administrative Motion. UBH’s only justification for requesting leave to submit additional evidence at this late date (and after two rounds of briefing on remedies) is Plaintiffs’ purported stipulation at the September 2, 2020 hearing that they are asking only for reimbursement of services at the same level of care and from *the same provider* as those for which coverage was denied. Plaintiffs did not, however, make such a concession, agreeing only that class members were seeking reimbursement of treatment at the same level of care as their denied claims for coverage. Counsel’s statements on this issue were consistent with the position Plaintiffs took in all of their prior briefing on remedies and therefore do not justify UBH’s eleventh-hour attempt to supplement the record.

In any event, even if the Court were to consider this new evidence – and assuming that the evidence UBH seeks to introduce shows what UBH says it does, namely, that only a small percentage of class members submitted post-service claims to UBH for the exact same services that had been denied – the Court rejects UBH’s arguments in the Administrative Motion because they are based on the assumptions that: 1) class members who did not submit post-service claims will not be entitled to reimbursement even if it is found in reprocessing that their pre-service

1 claims were improperly denied; and 2) class members who did not obtain treatment after their  
 2 claims for coverage were denied will not be entitled to have their claims reprocessed to determine  
 3 whether the treatment should have been authorized. As discussed below, the Court rejects both  
 4 assumptions.

5  
 6 **2. Whether Reprocessing is Available as a Remedy and Whether it is Governed  
 by § 1132(a)(1)(B), § 1132(a)(3) or Both**

7 Having found that UBH breached its fiduciary duty to Plaintiffs by applying Guidelines  
 8 that were inconsistent with the terms of their plans, the appropriate remedy is to remand to UBH  
 9 for reprocessing of their claims using proper criteria. *Pannebecker v. Liberty Life Assur. Co. of*  
 10 *Bos.*, 542 F.3d 1213, 1221 (9th Cir. 2008) (“Where an administrator’s initial denial of benefits is  
 11 premised on a failure to apply plan provisions properly, we remand to the administrator to apply  
 12 the terms correctly in the first instance”) (citing *Saffle*, 85 F.3d at 460-461). Although the Court’s  
 13 authority is limited under § 1132(a)(1)(B) to awarding relief to enforce the terms of the class  
 14 members’ plans, if that relief does not adequately address their injury, the Court may also award  
 15 equitable relief under § 1132(a)(3). *See Amara*, 563 U.S. at 439-441; *see also Moyle*, 823 F.3d at  
 16 962 (“Some of our pre-*Amara* cases held that litigants may not seek equitable remedies under §  
 17 1132(a)(3) if § 1132(a)(1)(B) provides adequate relief. . . . However, those cases are now ‘clearly  
 18 irreconcilable’ with *Amara* and are no longer binding.”). Thus, to the extent that the Court orders  
 19 reprocessing, it does so based on its authority to enforce the class members’ plans under §  
 20 1132(a)(1)(B) and, when specific aspects of the reprocessing remedy are unavailable under that  
 21 section, based on its authority under § 1132(a)(3) to award relief traditionally available in equity.

22 The Court rejects UBH’s assertion that reprocessing should be denied outright because  
 23 Plaintiffs have not established on a classwide basis that they are entitled to reprocessing of their  
 24 claims. This is essentially the same argument UBH makes in support of decertification and which  
 25 the Court rejects in its separate order addressing UBH’s decertification motion. To the extent UBH  
 26 now points to two denial letters (Trial Ex. 2018-004 (Claim Sample Member 6254 Denial Letter)  
 27 and Trial Ex. 1383-002 (Claim Sample Member 9836 Denial Letter)) that it contends show that  
 28 some denials were not based on the flaws identified by the Court in the FFCL and were, instead,

1 based solely on criteria in the Guidelines that the Court did not find were flawed, its argument is  
2 untimely as UBH did not raise this issue at trial or in its decertification motion. In any event,  
3 neither of the denial letters supports UBH's position because both cite Guidelines that the Court  
4 found to be flawed and the rationales that are offered in the letters are too general to establish that  
5 the coverage determinations were not tainted by the flaws in the cited Guidelines.

6 The Court also rejects UBH's argument that reprocessing is not available under §  
7 1132(a)(3). UBH cites a handful of cases in support of this proposition but none of them holds as  
8 much. In *Chorosevic*, the plaintiffs asserted a claim for improper denial of benefits under §  
9 1132(a)(1)(B) and a claim for equitable relief under § 1132(a)(3), asking the Court to award an  
10 injunction "to order defendants to reprocess plaintiff's claims to award" the amount of the benefits  
11 he claimed had been wrongfully denied. 2009 WL 723357, at \*1. The court concluded that the  
12 request for reprocessing was "essentially a request for an injunction to enforce a contractual  
13 obligation to pay money past due" and therefore could not be awarded under § 1132(a)(3) because  
14 it was not truly equitable relief. *Id.* at \*11 (citing *Great-West Life & Annuity Ins. Co. v. Knudson*,  
15 534 U.S. 204, 212 (2002)). Similarly, in *Fairview Health Servs. v. Ellerbe Becket Co. Employee*  
16 *Med. Plan*, an ERISA plaintiff asked for an injunction under § 1132(a)(3) requiring the plan to  
17 reprocess and pay benefits to which he claimed he was entitled. No. CIV.06-2585(MJDAJB),  
18 2007 WL 978089, at \*6 (D. Minn. Mar. 28, 2007). The court found that the equitable relief the  
19 plaintiff requested was "a claim for benefits expressed in equitable language" and therefore was  
20 not available under § 1132(a)(3) and *Great-West Life*. *Id.* at \*7. Likewise, in *Craft v. Health Care*  
21 *Serv. Corp.*, the court found that the plaintiff's claim under § 1132(a)(3) seeking an injunction to  
22 reprocess the denied claim and award benefits was "a mere repackaging of" the plaintiff's claim  
23 for denied benefits under § 1132(a)(1). No. 14 C 5853, 2016 WL 1270433, at \*6 (N.D. Ill. Mar.  
24 31, 2016).

25 This case differs from the cases discussed above because the injunction Plaintiffs seek does  
26 not require UBH to reach a predetermined outcome with respect to the class members' claims and  
27 therefore is not simply a claim for benefits "expressed in equitable language." Rather, UBH will  
28 retain discretion to determine whether benefits are available under the terms of the class members'

1 plans when using criteria that are consistent with their plans. Therefore, the Court rejects UBH's  
 2 argument that reprocessing is not an available remedy under § 1132(a)(3). The Court will require  
 3 reprocessing of the class members' claims for coverage as further described below. Because the  
 4 reprocessing will involve some individualized inquiries by UBH, the Court awards this remedy  
 5 under Rule 23(b)(3) of the Federal Rules of Civil Procedure.

6  
 7 **3. Eligibility for Reprocessing Remedy and Whether Class Members Should be  
 Required to Request Reprocessing through a Claims Process**

8 UBH contends that if the Court orders reprocessing, it should also put in place a claims  
 9 process requiring that class members submit a form requesting reprocessing and certifying that  
 10 they are eligible for reprocessing. The Court rejects UBH's arguments regarding eligibility and  
 11 therefore finds that a claims process is unnecessary and excessively burdensome.

- 12       a. The reprocessing remedy is not limited to class members who actually received  
 13 the exact same services after UBH denied coverage

14 With respect to UBH's contention that class members must establish that they received the  
 15 same treatment with the same provider at the same level of care that was the subject of the benefit  
 16 decision at issue in order to be eligible for reprocessing, this argument appears to be based on  
 17 cases that hold that § 1132(a)(1)(B) does not allow a plan member to receive reimbursement for  
 18 services that they did not receive because such a remedy would amount to extra-contractual  
 19 compensatory damages. *See, e.g., Durham v. Health Net*, No. C-94-3575 MHP, 1995 WL 429252,  
 20 at \*3 (N.D. Cal. June 22, 1995), *aff'd*, 108 F.3d 337 (9th Cir. 1997) ("the benefit referred to in this  
 21 section of ERISA consists either of the accrued costs of the benefit or the benefit itself. . . .  
 22 Because Durham did not obtain the treatment, she has not accrued recoverable costs. Because she  
 23 is no longer a candidate for the treatment, she cannot obtain the treatment as a form of relief.");  
 24 *Hamann v. Indep. Blue Cross*, 543 F. App'x 355, 357 (5th Cir. 2013) ("While § 502(a)(1)(B)  
 25 allows beneficiaries and plan participants to recover benefits to which they are entitled, it does not  
 26 provide that beneficiaries can recover benefits they did not, and now cannot, receive."). Yet  
 27 Plaintiffs do not ask the Court to award the benefits UBH denied under § 1132(a)(1)(B) and §  
 28 1132(a)(3) contains no such limitation. Moreover, Plaintiffs do not run afoul of this rule with

1 respect to their requested reprocessing remedy as they do not dispute that class members whose  
2 denials are overturned as a result of reprocessing will be entitled to reimbursement only for  
3 services they actually received.

4 Nor is the Court persuaded by UBH's argument that class members who went on to obtain  
5 the same treatment at the same level care but with a different provider should be deprived of the  
6 reprocessing remedy. UBH has offered no principled reason for imposing such a limitation, which  
7 finds no legal basis in the theory of Plaintiffs' claims or the Court's liability findings and also is  
8 not supported by any equitable principle – especially as Plaintiffs have stipulated that class  
9 members' plan provisions governing in- and out-of-network coverage, copays and deductibles will  
10 apply to the calculation of benefits to which class members are entitled on reprocessing.

11 More broadly, the Court rejects UBH's argument that class members who were denied  
12 benefits under the Guidelines but did not subsequently obtain the treatment for which they had  
13 requested coverage are not entitled to have their claims reprocessed. The harm that UBH caused  
14 by applying overly restrictive guidelines to make coverage determinations goes beyond the money  
15 spent by class members who could afford to obtain the treatment that UBH refused to cover.  
16 Rather, it was the unfair adjudication of claims that was experienced by *all* of the class members  
17 (and for some deprived them of much-needed treatment that should have been covered by their  
18 health plans). Conversely, the potential benefits of reprocessing to class members is not limited to  
19 monetary reimbursement for treatment that class members had to pay for themselves. A fair  
20 determination of class members' claims will also allow them to correct the "record" so that they  
21 can, if appropriate, pursue other remedies. A proper adjudication as to past requests for services  
22 will also benefit some class members who did not obtain the treatment for which they requested  
23 coverage because UBH takes into account past treatment and coverage decisions in making further  
24 coverage determinations, as UBH's witnesses conceded at trial. Thus, a reversal of UBH's past  
25 denial as a result of reprocessing may help class members to obtain coverage for future treatment.

26 For these reasons the Court rejects UBH's argument that only those who obtained the exact  
27 same services after their request for coverage was denied should be awarded a reprocessing  
28 remedy.

- 1           b. The reprocessing remedy is not limited to class members who actually paid for  
2           the same services and did not assign their right to receive payment to the  
3           service providers or receive reimbursement from other insurance

4           The Court also rejects UBH's arguments that the reprocessing remedy should exclude class  
5           members who received the same treatment but did not incur the associated expense because they  
6           assigned the right to seek payment for the services to the treatment provider or obtained coverage  
7           of the treatment through other insurance.

8           As a preliminary matter, UBH has pointed to no evidence in the record that any class  
9           members formally assigned their ERISA rights, including their right to sue for a breach of  
10          fiduciary duty, to any third party. Nor has UBH pointed to evidence that any class members who  
11          went on to receive the same treatment received coverage of that treatment under a separate  
12          insurance policy. Further, these challenges amount to a collateral attack on the Court's  
13          certification of the classes and therefore could and should have been raised long ago. Even  
14          assuming there is evidence to support UBH's contention that some class members obtained the  
15          requested treatment without having to pay out-of-pocket for them (either as a result of an  
16          assignment or because the treatment was covered by other insurance), UBH's arguments fail on  
17          the merits. As discussed above, the injury experienced by *all* class members was UBH's unfair  
18          adjudication of their claims and the reprocessing remedy redresses that injury, resulting in actual  
19          benefits to class members that go beyond reimbursement for the cost of the services that some of  
20          them obtained. Therefore, while assignments to service providers of the right to seek payment and  
21          coverage by other insurance can and should be taken into account when determining the benefits  
22          due and the proper recipient of benefits if reprocessing results in a reversal of an earlier denial of  
23          coverage, class members' eligibility for reprocessing does not turn on these things.

24          Therefore, the Court rejects UBH's request to establish a claims process as part of the  
25          reprocessing remedy.<sup>8</sup>

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26          <sup>8</sup> The Court also is not convinced that the privacy concerns cited by UBH justify requiring that  
27          class members affirmatively request that their claims be reprocessed in order to be afforded that  
28          remedy. UBH suggests that reprocessing will require it to mail sensitive medical information to  
                the last known addresses of class members, raising the possibility that it will be disclosed to  
                strangers without the consent of class members. The Court is confident that safeguards can be put

1                   **4. Whether Class Members Who Received Services After a Denial May Seek**  
 2                   **Reprocessing as to those Services if They Did not File a Timely Post-Service**  
 3                   **Claim**

4                   UBH argues that class members are barred from obtaining reimbursement for services that  
 5                   were obtained after a pre-service denial where the class members did not also submit a claim after  
 6                   receiving those services within the time period allowed under their plans. This argument is  
 7                   premised on the principal that § 1132(a)(1)(B) does not allow for an award of benefits that is  
 8                   inconsistent with the terms of the class members' plans. Yet, as discussed above, Plaintiffs are  
 9                   also entitled to equitable relief under § 1132(a)(3) where the relief that is available under §  
 10                   1132(a)(1)(B) is inadequate. The Court concludes that that section authorizes the relief that  
 11                   Plaintiffs request here.

12                   Plaintiffs ask UBH to modify plan records to deem claims for post-denial services to have  
 13                   been timely submitted, which is similar to the equitable remedy that was approved by the Ninth  
 14                   Circuit in *Mathews*, 362 F.3d at 1185-1187. In that case, the district court ordered that plan  
 15                   records be modified as to plaintiffs who had retired based on misinformation promulgated by the  
 16                   plan about the availability of certain benefits. *Id.* at 1186. In particular, the plan was ordered to  
 17                   modify its records to reflect that these plaintiffs had been involuntarily discharged, which meant  
 18                   that they would be entitled to receive the benefits that were the subject of the misinformation. *Id.*  
 19                   at 1185-1186. The Ninth Circuit rejected the argument of the plan administrator that this was not  
 20                   equitable relief because it would result in the payment of benefits, reasoning that “an order to  
 21                   modify plan records is not an award of monetary damages” and finding further that the district  
 22                   court had “simply put[ ] [the plaintiffs] in the position they would have been had [the plan  
 23                   administrator] not breached its fiduciary duty.” *Id.* The court also concluded that the relief that  
 24                   the district court had awarded was similar to the relief that the Supreme Court approved in *Varity*  
 25                   as a permissible form of equitable relief under § 1132(a)(3), where the court ordered reinstatement  
 26                   of employees into its plan so that they could obtain benefits. *Id.* (citing *Varity*, 516 U.S. at 495).

27                   \_\_\_\_\_ into place to protect class members' privacy and that this concern does not justify imposing a  
 28                   requirement that class members submit claims requesting reprocessing.

1           Based on this authority, the Court finds that the modification of plan records to deem class  
2 members' post-service claims timely is a permissible form of equitable relief under § 1132(a)(3).  
3 As in *Mathews*, deeming post-service claims to have been timely submitted so that they can be  
4 considered under guidelines consistent with their plans will simply put the class members in the  
5 position they would have been in if UBH had not denied their pre-service requests under flawed  
6 Guidelines.

7           The holding in *A.F. v. Providence Health Plan*, cited by UBH, does not stand for a  
8 contrary result. In that case, the court denied the plaintiffs' motion for summary judgment as to  
9 claims for wrongfully denied benefits under § 1132(a)(1)(B) on the basis that there were genuine  
10 issues of fact as to whether they had submitted claims for the services they had received and §  
11 1132(a)(1)(B) does not allow for an award of benefits that is inconsistent with the terms of the  
12 plaintiff's plan. 157 F. Supp. 3d at 910. The plaintiffs did not request reprocessing as a remedy  
13 and the court simply did not address the question of whether § 1132(a)(3) would allow it to order a  
14 modification of plan documents to reflect that the plaintiffs' claims were timely if the Court were  
15 to remand to the administrator for reprocessing.

## 16           **5. Reprocessing Issues Related to Texas Members**

17           The Court has rejected UBH's argument that the Wit State Mandate Class should be  
18 modified to eliminate the Texas members. For the same reasons the Court rejected UBH's  
19 decertification argument the Court also rejects its assertion that these members are not entitled to  
20 reprocessing.

## 21           **6. Whether Class Members Should Be Allowed to Supplement the Record**

### 22           a. Additional Medical Records

23           Plaintiffs ask the Court to allow class members to submit additional medical information to  
24 support their denied claims. This request is reasonable and consistent with authority that holds  
25 that a claimant should be permitted to supplement the record on remand where the original  
26 decision was made under a misapprehension as to the proper standards to apply. *See Henry v.*  
27 *Home Ins. Co.*, 907 F. Supp. 1392, 1399 (C.D. Cal. 1995) (remanding for reprocessing of question  
28 of whether claimant's retina detached due to a fall or rather, whether it resulted from a preexisting



1 condition and therefore was not covered, and finding that “[b]ecause the present administrative  
 2 record was made under a misapprehension of the applicable Plan provisions, [the claimant] should  
 3 be given the opportunity to supplement the record in the light of this disposition.”); *Duarte v.*  
 4 *Aetna Life Ins. Co.*, 2014 WL 1672855, at \*10 (ordering remand to determine if plaintiff had a  
 5 long term disability based on “the medical evidence previously submitted” as well as “a physical  
 6 examination of Plaintiff, a more recent MRI, and any other clinical tests [the plan administrator]  
 7 deem[ed] appropriate” where the administrator had previously denied coverage based on a 26-  
 8 week waiting period and therefore had not reached the question of whether the medical evidence  
 9 demonstrated that claimant had a long-term disability).

10 b. Information Related to Post-Denial Services

11 Plaintiffs also assert that class members should be permitted to supplement the record to  
 12 provide information about the treatment they received after pre-service denials. For the same  
 13 reasons the Court concludes Plaintiffs’ post-service claims should be deemed timely, discussed  
 14 above, it also concludes that Plaintiffs may submit information in support of those claims on  
 15 remand.

16 **7. Whether UBH Should Be Permitted to Deny Claims for Reasons that Were  
 not Included in Denial Letters**

17 Plaintiffs ask the Court to preclude UBH from offering any new reasons for denying  
 18 benefits that were not contained in the original denial letters. UBH, on the other hand, argues that  
 19 if class members’ claims are remanded for reprocessing, it must be allowed not only to reassess  
 20 whether the requested services are consistent with generally accepted standards of care under the  
 21 newly adopted guidelines but also to consider any other plan terms that may be applicable to the  
 22 coverage determination, regardless of whether they were cited in the original denial letter. The  
 23 parties’ dispute raises two basic questions. First, does the Court have the authority to remand for  
 24 reprocessing while limiting the scope of the issues that will be addressed? And second, if the  
 25 Court has that authority, how should it be exercised under the circumstances here?

26 With respect to the first question, the Court finds that it does have the authority to limit the  
 27 scope of the reprocessing remedy. This conclusion flows from the Ninth Circuit’s decision in  
 28 *Harlick v. Blue Shield of California*, in which the court held that “[t]he general rule . . . in this

1 circuit and in others, is that a court will not allow an ERISA plan administrator to assert a reason  
 2 for denial of benefits that it had not given during the administrative process.” 686 F.3d 699, 719  
 3 (9th Cir. 2012). The court in *Harlick* explained the reasons for this conclusion as follows:

4 We wrote recently:

5 Requiring that plan administrators provide a participant with  
 6 specific reasons for denial “enable[s] the claimant to prepare  
 7 adequately for any further administrative review, as well as  
 8 appeal to the federal courts.” “[A] contrary rule would allow  
 claimants, who are entitled to sue once a claim has been  
 ‘deemed denied,’ to be ‘sandbagged’ by a rationale the plan  
 administrator adduces only after the suit has commenced.”

9 *Mitchell v. CB Richard Ellis Long Term Disability Plan*, 611 F.3d  
 10 1192, 1199 n. 2 (9th Cir. 2010) (quoting *Halpin v. W.W. Grainger,*  
*Inc.*, 962 F.2d 685, 689 (7th Cir. 1992), and *Jebian v. Hewlett–*  
 11 *Packard Co., Employee Benefits Org. Income Prot. Plan*, 349 F.3d  
 12 1098, 1104 (9th Cir. 2003)). ERISA and its implementing regulations  
 are undermined “‘where plan administrators have available sufficient  
 information to assert a basis for denial of benefits, but choose to hold  
 that basis in reserve rather than communicate it to the beneficiary.’”  
 13 *Id.* (quoting *Glista v. Unum Life Ins. Co. of Am.*, 378 F.3d 113, 129  
 14 (1st Cir.2004)).

15 *Id.*

16 The same rule was recognized in *Hatfield v. Blue Cross & Blue Shield of Massachusetts,*  
 17 *Inc.*, cited by UBH, in which the court noted that “[i]n a pair of cases, the First Circuit has held  
 18 that plan administrators may not introduce in litigation new reasons for denying benefits that were  
 19 not raised in the internal claims process.” 162 F. Supp. 3d 24, 37 (D. Mass. 2016) (citing *Glista v.*  
 20 *Unum Life Ins. Co. of Am.*, 378 F.3d 113, 131 (1st Cir. 2004); *Bard v. Boston Shipping Ass’n*, 471  
 21 F.3d 229, 245 (1st Cir. 2006)).

22 To the extent the rule articulated in these cases applies to the question of what defenses  
 23 may be raised in litigation, they do not directly answer the question raised here, namely, the scope  
 24 of review upon remand to the plan administrator. Nonetheless, the reasoning of these cases does  
 25 not suggest that when a court remands for reprocessing as an equitable remedy it must give the  
 26 plan administrator the opportunity to deny on grounds that it did not offer the first time around;  
 27 rather, the policies discussed in *Harlick* of requiring insurers to include all of the reasons for  
 28 denying coverage in their denial letter are implicated in the remand situation as well, even if the

1 unfairness in that situation may be mitigated somewhat by the fact that claimants might be able to  
2 introduce additional evidence in response to these new reasons during reprocessing.

3 The cases cited by the parties also support the conclusion that the Court is permitted under  
4 ERISA to limit the scope of review upon remand for reprocessing. The court in *Hatfield*, for  
5 example, concluded that it would be inappropriate to limit the scope of review upon remand to the  
6 reasons originally offered by the plan for denying benefits because the ERISA violation in that  
7 case was procedural and imposing such a limitation “would . . . have the effect, indirectly, of  
8 giving a form of substantive relief for a procedural violation.” 162 F. Supp. 3d at 37.  
9 Nonetheless, it recognized that it likely had the power to impose such a limitation. *Id.* On the  
10 other hand, the court in *L.P. by & through J.P. v. BCBSM, Inc.*, cited by Plaintiffs in their  
11 supplemental briefs, found that it was appropriate to remand the case for further administrative  
12 proceedings while limiting the reasons that could be invoked by the plan to deny benefits. No.  
13 18-CV-1241 (MJD/DTS), 2020 WL 981186 (D. Minn. Jan. 17, 2020), report and recommendation  
14 adopted, No. CV 18-1241 (MJD/DTS), 2020 WL 980171 (D. Minn. Feb. 28, 2020).

15 In *L.P.*, the plaintiff had been denied coverage for certain mental health services under a  
16 plan exclusion that had the effect of creating a disparity in coverage that the court found violated  
17 the Mental Health Parity Act. 2020 WL 981186, at \*8-9. Although the plaintiff asked the court to  
18 award benefits, it declined to do so, finding that “limited development of the record” was required  
19 on two questions. *Id.* at \*9. First, the court found that the plan might have an alternative basis for  
20 denying coverage based on lack of physician oversight that had been cited by the plan in the  
21 original administrative process and in the litigation but had not been adequately fleshed out. *Id.*  
22 Second, the court could not determine the amount of the benefit improperly denied because of the  
23 way the facility that had provided treatment had coded its charges, which could have included  
24 charges for activities that clearly were not covered under the plan. *Id.* It therefor remanded to the  
25 administrator to: 1) allow “L.P. to submit any additional evidence of physician oversight and for  
26 BCBSM to further develop its findings and rationale on the same”; and 2) “allow L.P. and J.P. to  
27 resubmit the claims, appropriately coded, and allow BCBSM to reprocess the claims consistent  
28 with this Recommendation.” *Id.* at \*9-10. The administrator asked the court to remand for the

1 additional purpose of allowing it to address a ground that had not been offered as a reason for the  
 2 denial during the original administrative process, namely, whether the treatment at issue satisfied  
 3 the medical necessity requirement of the plaintiff's plan, but the court emphatically denied the  
 4 plan administrator's request, stating:

5           The recommended remand does not give BCBSM the right to  
 6 consider medical necessity for the first time. During oral arguments,  
 7 BCBSM requested remand, if the Court found a Parity Act violation,  
 8 to reach the question of medical necessity. BCBSM failed to offer that  
 9 as a basis for its decision during the administrative review, despite  
 10 having an "antecedent duty ... to provide [L.P.] with notice and  
 11 review" of its grounds for denial. *Brown v. J.B. Hunt Transp. Servs., Inc.*, 586 F.2d 1079, 1085 (8th Cir. 2009). This Court will not  
 12 entertain this attempt at benefits denial ping-pong, in which BCBSM  
 13 attempts to find other, apparently post hoc, grounds that L.P. was not  
 14 given the chance to exhaust during her mandatory administrative  
 15 appeal.

16 *Id.* at \*10 n. 7.

17           UBH attempts to distinguish *L.P.* on the basis that it "did not involve the sort of remand  
 18 Plaintiffs request here," instead involving a remand that permitted limited factual development,  
 19 with the court ultimately making the decision whether benefits should be awarded. Dkt. No. 460  
 20 at 11-12. This distinction is unpersuasive. While the decision itself is not crystal clear as to  
 21 whether benefits would be awarded by the administrator or the court if it was found that the  
 22 plaintiff was entitled to them, it is apparent that the court did not remand merely for further  
 23 development of the facts; instead, the court remanded so that the administrator could "reprocess  
 24 the claims consistent with" the court's order. *Id.* at \* 10. Moreover, the court clearly concluded  
 25 that it was appropriate to limit the scope of the issues to be considered on remand even if there  
 26 might be other grounds for denying coverage that the plan administrator had not previously  
 27 offered as a reason for denying the plaintiff's claim. Thus, regardless of whether benefits would  
 28 ultimately be awarded by the administrator or the court, the question in that case, as it is here, was  
 the scope of the issues the administrator would be allowed to consider in reprocessing the claim.

          UBH also argues that *Harlick* does not apply here because it addressed only what reasons a  
 plan may invoke in litigation and that the sandbagging concerns expressed by the court in that case  
 are not relevant here because the entire administrative process is restarted when the remand

1 occurs. In support of this argument, UBH cites *Hackett v. Xerox Corp. Long-Term Disability*  
2 *Income Plan*, 315 F.3d 771, 776 (7th Cir. 2003) for the proposition that the proper remedy is to  
3 vacate the previous administrative decision entirely in order to return the claimant to the “status  
4 quo ante” when it is determined that the administrator’s denial of benefits was improper. In  
5 *Hackett*, the court held that where the claimant had been receiving disability benefits for twelve  
6 years before the plan arbitrarily and capriciously cut them off, the proper remedy was to order  
7 reinstatement of the benefits. *Id.* It also noted that to “fully remedy the defective procedures” in a  
8 case involving an *initial* denial of benefits, rather than a termination of benefits, the appropriate  
9 remedy would be to “provide the claimant with the procedures that she sought in the first place.”  
10 *Id.* The court in *Harlick* did not, however, address whether it is ever appropriate to limit the scope  
11 of the issues to be addressed upon remand in order to achieve that objective; nor does it appear  
12 that the court considered that question. The same is true of *Miller v. Am. Airlines, Inc.*, another  
13 case cited by UBH in which the court found that where the plan administrator improperly  
14 terminated benefits the plaintiff had already been receiving, the proper remedy was to award  
15 benefits rather than remanding for further administrative proceedings. 632 F.3d 837, 856 (3d Cir.  
16 2011).

17 Other cases UBH cites in support of its all-or-nothing approach to remand also do not  
18 support the conclusion that the Court is not permitted to limit the scope of the issues that can be  
19 considered on remand. In *Miles v. Principal Life Ins. Co.*, the court remanded for a “full and fair  
20 reconsideration” of the claimant’s claim after the plan administrator arbitrarily and capriciously  
21 denied benefits based on failure to properly consider his subjective complaints. 720 F.3d 472, 490  
22 (2d Cir. 2013). The court declined to award benefits, finding that it was appropriate to remand to  
23 the administrator, stating:

24 Among other things, remand will afford [the plan administrator] the  
25 opportunity to consider the evidence under the appropriate legal  
26 standards and, if it wishes, to evaluate Miles. We do not suggest that  
those are the only appropriate considerations on remand, and we  
intend no limitation by mentioning them.

27 *Id.* However, there is nothing in the decision that suggests that the plan administrator sought to  
28 rely on other plan exclusions during reprocessing that were not raised in the litigation or that the

1 court found that it did not have the authority to limit the administrative process on remand to  
2 preclude the plan administrator from denying coverage on those grounds.

3 Likewise, in *Duarte v. Aetna Life Ins. Co.*, where the court found that the plan  
4 administrator had erred in declining coverage based on a 26-week waiting period, it remanded to  
5 allow the plan administrator to “re-review Plaintiff’s medical evidence and determine, in good  
6 faith, whether she qualifie[d]” for the requested benefits. 2014 WL 1672855, at \*11. There is no  
7 suggestion in *Duarte* that the remand allowed the plan administrator to invoke other exclusions to  
8 deny benefits upon remand. Rather, the court specified the scope of the remand by limiting the  
9 plan administrator to consideration of whether the claimant qualified for benefits based on the  
10 medical evidence. *Id.* Therefore, the Court concludes that it has the authority to limit the scope of  
11 the reprocessing remedy to consideration of whether the requested treatment was consistent with  
12 generally accepted standards of care under appropriate guidelines and to prohibit UBH from  
13 denying benefits on grounds other than those cited in its original denial letters.

14 The Court further concludes that it is appropriate to limit the scope of reprocessing in this  
15 manner under the facts of this case. The Ninth Circuit in *Saffle* ordered a remand for reprocessing  
16 because “[u]nlike other instances where an ERISA plan administrator abuses its discretion (for  
17 example, rendering a decision without explanation, or relying on clearly erroneous findings of  
18 fact, . . .), the [plan administrator in *Saffle*] ha[d] not yet had the opportunity of applying the Plan,  
19 properly construed, to [the plaintiff’s] application for benefits.” 85 F.3d at 460. The court  
20 continued, “[i]t should be up to the administrator, not the courts, to make *that call* in the first  
21 instance.” *Id.* (emphasis added). Thus, the reasoning of *Saffle* points to the conclusion that when  
22 a court finds the administrator has denied benefits based on an improper interpretation of plan  
23 terms, the purpose of the remand is to allow the administrator to revisit its determination under  
24 proper standards. While courts are generally required to afford discretion to plan administrators  
25 by allowing them to make the initial determination with respect to whether an award of benefits is  
26 warranted under the plan, however, there does not appear to be any justification under *Saffle* for  
27 allowing plan administrators a *second* bite at the apple as to other plan exclusions that they already  
28 had an opportunity to invoke in their initial denial where they failed to do so. Indeed, allowing

1 plan administrators to invoke plan exclusions they did not include in the original denial letter  
2 subverts the policies ERISA is intended to advance, described in *Harlick*, of ensuring that plan  
3 administrators provide claimants with notice of *all* of the reasons for denying a claim so that the  
4 claimant can address them in the administrative process.

5  
6 **8. Whether Class Members Who are Awarded Benefits on Remand are  
Entitled to Pre- and Post-Judgment Interest**

7 Plaintiffs ask the Court to order that UBH pay pre- and post-judgment interest on all  
8 benefits it pays to class members as a result of reprocessing. There is no question that if the Court  
9 were to directly award benefits to the class members, they would presumptively be entitled to  
10 interest under federal common law. *See Rivera v. Benefit Tr. Life Ins. Co.*, 921 F.2d 692, 696 (7th  
11 Cir. 1991) (recognizing that presumption in favor of awarding prejudgment interest under federal  
12 common law is specifically applicable to ERISA cases). The question is whether the Court can or  
13 should order UBH to pay such interest as part of the reprocessing remedy. The Court concludes  
14 that it can and that such relief is appropriate under the facts of this case.

15 First, the Court rejects UBH's argument that requiring it to pay interest on any benefits that  
16 are awarded as a result of reprocessing converts the Court's remedy to money damages and  
17 requires the Court to make individualized inquiries that are inconsistent with its class certification  
18 order. Requiring UBH to compensate class members who are found through reprocessing to be  
19 entitled to benefits for the monetary value of the delay in payment of those benefits is not the same  
20 as the Court ordering the payment of interest as part of a money damages award made directly to  
21 the class members. In the former case, it is UBH, and not the Court, that will be calculating and  
22 paying interest and it will only be doing so if it has already determined under appropriate  
23 standards that the class members' treatment should have been covered. The Court also is not  
24 persuaded by UBH's argument that requiring it to pay interest on the benefits payments made as a  
25 result of reprocessing would conflict with terms of any individual class members' plans. The two  
26 examples UBH offers (Trial Ex. 1542-0077 and Trial Ex. 1539-0036) do not apply to the situation  
27 where UBH has been found to have wrongfully denied benefits and UBH has not pointed to any  
28 class member plan in which there is a provision that actually does address that question.

1 Further, while § 1132(a)(1)(B) authorizes the Court only to enforce the terms of the class  
2 members' plans, it is within the Court's equitable powers under § 1132(a)(3) to require that  
3 UBH's calculation of benefits for those who are found to have been entitled to coverage under  
4 appropriate standards also include an award of interest to account for the delay in payment. *See*  
5 *Fotta v. Trustees of United Mine Workers of Am., Health & Ret. Fund of 1974*, 165 F.3d 209, 213  
6 (3d Cir. 1998) (holding that pre-judgment interest on delayed payments could be awarded as  
7 "other equitable relief" under ERISA); *Short v. Central States, Southeast & Southwest Areas*  
8 *Pension Fund*, 729 F.2d 567 (8th Cir.1984) (holding that plaintiff was entitled to prejudgment  
9 interest on delayed benefits under ERISA because "[t]o allow the Fund to retain the interest it  
10 earned on funds wrongfully withheld would be to approve of unjust enrichment").

11 Finally, the equities here warrant such an award. "[I]n the ERISA context, an award of  
12 prejudgment interest is 'a question of fairness, lying within the court's sound discretion, to be  
13 answered by balancing the equities.'" *Acosta v. City Nat'l Corp.*, 922 F.3d 880, 891 (9th Cir.  
14 2019) (quoting *Landwehr v. DuPree*, 72 F.3d 726, 739 (9th Cir. 1995) (internal quotation marks  
15 omitted)). Here, class members have been waiting years for payment of benefits that were denied  
16 as a result of UBH's deliberate conduct aimed at protecting its bottom line rather than faithfully  
17 applying the terms of the class members' plans to make coverage decisions. Those class members  
18 who would have been entitled to benefits when they initially sought treatment if UBH had not  
19 applied its overly restrictive Guidelines deserve to be fully compensated, which requires that UBH  
20 pay interest to account for the delay in payment of the wrongfully denied benefits.

21 Therefore, the Court finds that for class members whose denials are reversed on  
22 reprocessing and who went on to obtain the same treatment at the same level of care after  
23 coverage was denied, UBH should pay interest at the rate established in 28 U.S.C. § 1961 on the  
24 benefits that are awarded as a result of reprocessing. Interest will run from the date on which the  
25 bill for services from the service provider who provided services to the class member came due.



## 9. Criteria Upon Remand

Although UBH asserts that Plaintiffs and the Court should not dictate the criteria to be used for reprocessing, it has stipulated that it does not object to using the versions of CALOCUS, CASII and ASAM that are in effect when reprocessing occurs. The Court has already found that the versions of these criteria that were in effect during the class period reflected generally accepted standards of care. In addition, at the September 2, 2020 hearing, the parties stipulated that ECSII reflects generally accepted standards of care that may be used to evaluate requests for coverage of treatment for class members who were ages 5 or under at the time of the relevant treatment and had a primary diagnosis of a mental health condition. The parties are also in agreement that the most recent versions of these guidelines should be used in reprocessing. Therefore, the Court will order that the most recent versions of the guidelines listed above will be used for reprocessing.

## 10. Deadlines for Reprocessing

Plaintiffs ask the Court to order that reprocessing be completed for each class member within 30 days from the date of submission of any additional evidence or 90 days from the deadline to submit additional evidence, whichever is earlier. They also ask the Court to order that all reprocessing be completed within nine months. UBH asserts that this is not enough time to complete reprocessing. As an alternative, Plaintiffs have stipulated that they are willing to accept longer deadlines so long as UBH is required to act diligently in reprocessing and to provide regular reports to the special master so that they can ensure that UBH is acting diligently in reprocessing. The Court finds that a thirty-day turn-around time for reprocessing claims is unrealistic. Rather, UBH will be required to proceed diligently with reprocessing and to complete reprocessing for each class member within 90 days from the date of submission of any additional evidence or 120 days from the deadline to submit additional evidence, whichever is earlier. Reprocessing for the entire class should be completed within one year of the date of this Order. However, the special master (discussed below) will have the authority to extend these deadlines for good cause so long as UBH is proceeding diligently.

1 **V. INJUNCTIVE RELIEF**

2 **A. Background**

3 **1. Motion**

4 Plaintiffs seek injunctive relief to protect the classes going forward. In particular, in the  
5 Motion they ask the Court to: 1) prohibit UBH from using the Guidelines that the Court found  
6 were flawed – or any guidelines that “include substantively the same coverage criteria” as those  
7 Guidelines (Plaintiffs’ Proposed Remedies Order §§ IV.A.1-2); 2) require UBH to use coverage  
8 criteria that reflect generally accepted standards of care (*id.*, § IV.B.1); 3) require UBH to change  
9 its business practices to ensure that its “bottom line” will not influence the development of future  
10 coverage criteria (*id.*, §§ IV.B.2-4);<sup>9</sup> and 4) disclose the Court’s findings to class members’ plan  
11 sponsors and named plan administrators, as well as to state insurance regulators and the United  
12 States Department of Labor (*id.*, § IV.B.5). Motion at 21. Plaintiffs contend such injunctive relief  
13 is necessary to remedy the ERISA violations the Court has found and that the Court is authorized  
14 to award this relief under 29 U.S.C. §§ 1132(a)(1)(B) and (a)(3).

15 While noting in a footnote that the traditional test for injunctive relief may not apply to  
16 injunctions under ERISA, Plaintiffs assert that those requirements are easily satisfied as to the  
17 injunctive relief they seek here. *Id.* at 22 (citing *Bd. of Trustees of Bay Area Roofers Health &*  
18 *Welfare Tr. Fund v. Westech Roofing*, No. 12-CV-05655-JCS, 2014 WL 4383062, at \*3 (N.D. Cal.  
19 Sept. 4, 2014) (“The right to injunctive relief under ERISA is subject to a traditional equity  
20 analysis.”)).

21 **Irreparable harm/no adequate legal remedy:** Plaintiffs argue that they have shown  
22 irreparable harm and no adequate legal remedy based on the Court’s finding that class members  
23 were denied the right to fair adjudication of their claims. *Id.* at 23 (citing FFCL at 104; *CIGNA*  
24 *Corp. v. Amara*, 563 U.S. 421, 444 (2011) (“actual harm may sometimes consist of detrimental

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25  
26 <sup>9</sup> Plaintiffs requests that this injunctive relief be carried out under the supervision of a special  
27 master, with whom UBH would work to design and implement firewalls and other safeguards to:  
28 1) ensure that no one in the finance, accounting or affordability departments will have authority  
with respect to the development of coverage criteria; and 2) prohibit individuals on committees  
that develop such criteria from receiving notifications about UBH’s financial performance,  
including “benex.” Plaintiffs’ Proposed Remedies Order § IV.B.4.

1 reliance, but it might also come from the loss of a right protected by ERISA or its trust-law  
 2 antecedents.”). According to Plaintiffs, this is an injury that cannot be “accurately quantified, or  
 3 even wholly accounted for, in monetary terms – making it quintessentially ‘irreparable’ harm with  
 4 no legal remedy.” *Id.* at 23 (citing *Ross-Simons of Warwick, Inc. v. Baccarat, Inc.*, 217 F.3d 8, 13  
 5 (1st Cir. 2000) (“It is settled beyond peradventure that irreparable harm can consist of ‘a  
 6 substantial injury that is not accurately measurable or adequately compensable by money  
 7 damages.’”); *Wheaton Coll. v. Burwell*, 50 F. Supp. 3d 939, 952 (N.D. Ill. 2014), *aff’d*, 791 F.3d  
 8 792 (7th Cir. 2015) (“An injury is ‘irreparable’ when it is of such a nature that the injured party  
 9 cannot be adequately compensated in damages or when damages cannot be measured by any  
 10 pecuniary standard.”). In particular, Plaintiffs argue that UBH’s conduct has resulted in the loss  
 11 – or threatened loss – of health benefits, which has been found by numerous courts to meet the  
 12 irreparable harm requirement. *Id.* at 23 (citing *Bunn Enterprises, Inc. v. Ohio Operating*  
 13 *Engineers Fringe Ben. Programs*, No. 2:13-CV-357, 2013 WL 3147956, at \*12 (S.D. Ohio June  
 14 19, 2013), *aff’d*, 606 F. App’x 798 (6th Cir. 2015); *Meehan v. Gristede’s Supermarkets, Inc.*, No.  
 15 95-CV-2104 (JG), 1997 WL 1097751, at \*3 (E.D.N.Y. Sept. 25, 1997) (“Given defendant’s  
 16 repeated failure to make timely contributions, as well as the fact that those violations lead to the  
 17 suspension of its employees’ medical benefits, I find that the plaintiffs have demonstrated that,  
 18 without the issuance of the injunction, irreparable harm would result for which there is no  
 19 adequate remedy at law.”); *United Here Health v. Tinoco’s Kitchen, LLC*, No. 2:11-CV-02025-  
 20 MMD, 2012 WL 5511639, at \*7 (D. Nev. Nov. 13, 2012) (“Although purely monetary damages  
 21 typically cannot sustain a finding of irreparable harm, failure to pay benefits to employees under  
 22 an obligation in an ERISA plan has been held to constitute irreparable injury due to its non-  
 23 monetary consequences.”); *Schuman v. Microchip Tech. Inc.*, 302 F. Supp. 3d 1101, 1118 (N.D.  
 24 Cal. 2018) (“At this stage of the litigation, Plaintiffs have adequately pled irreparable harm, as the  
 25 consequences of losing job benefits are not always ‘merely monetary,’ and can ‘carr[y] emotional  
 26 damages and stress, which cannot be compensated by mere back payment of wages.’”)).

27 Plaintiffs argue further that class members remain at risk because mental illness tends to be  
 28 chronic (as the Court found in the FFCL at pp. 33-34), so if UBH continues to use guidelines that

1 are overly restrictive, class members are likely to be injured again in the future. *Id.* at 24.  
 2 Plaintiffs argue that these future denials of health benefits cannot be adequately redressed through  
 3 money damages for the reasons discussed above. *Id.* Instead, they assert, UBH must be enjoined  
 4 from using the same guidelines or merely “repackaging them.” *Id.* at 25-26. Plaintiffs also  
 5 contend injunctive relief requiring training is necessary to ensure that UBH employees understand  
 6 the new guidelines; likewise, they contend, requiring UBH to make changes to its business  
 7 practices that contributed to their flawed Guidelines and to make disclosures to plans and  
 8 regulators is necessary to prevent a repetition of its past wrongdoing. *Id.* at 26.

9 **Balance of hardships:** Plaintiffs contend that the balance of hardships tips sharply in their  
 10 favor because UBH is merely being required to do what the class members’ plans already require.  
 11 *Id.* (citing *United Here Health v. Tinoco’s Kitchen, LLC*, 2012 WL 5511639, at \*8 (“It is little  
 12 hardship upon Defendants to be subject to an injunction ordering them to comply with obligations  
 13 they are already subject to, while Trustees have demonstrated hardship that would result from  
 14 continued delinquencies by Defendants.”); *Bd. of Trustees of Bay Area Roofers Health & Welfare*  
 15 *Tr. Fund v. Westech Roofing*, No. 12-CV-05655-JCS, 2014 WL 4383062, at \*4 (N.D. Cal. Sept. 4,  
 16 2014) (“While Westech’s prolonged and repeated noncompliance has imposed a significant  
 17 burden on the Trust Funds, as discussed above, the injunctive relief requested by Plaintiffs is  
 18 narrow in scope and only requires Westech to comply with its existing obligations under the  
 19 [Collective Bargaining Agreement] and Trust agreements.”)).

20 **Public interest:** Plaintiffs further assert that the injunctive relief they request is in the  
 21 public interest, pointing to the purpose for which ERISA was enacted as set forth in 29 U.S.C. §  
 22 1001. *Id.* at 27. In particular, in § 1001(a), Congress recognized that “the continued well-being  
 23 and security of millions of employees and their dependents are directly affected by [employee  
 24 benefit] plans.” 29 U.S.C. § 1001(a). Plaintiffs point out that in §1001(b), Congress declared that  
 25 it is the policy of ERISA “to protect interstate commerce and the interests of participants in  
 26 employee benefit plans and their beneficiaries, by requiring the disclosure and reporting to  
 27 participants and beneficiaries of financial and other information with respect thereto, by  
 28 establishing standards of conduct, responsibility, and obligation for fiduciaries of employee

1 benefit plans, and by providing for appropriate remedies, sanctions, and ready access to the  
2 Federal courts.” *Id.* (citing 29 U.S.C. § 1001(b)).

### 3 **2. Opposition**

4 UBH argues that Plaintiffs have not met their burden in demonstrating that the traditional  
5 requirements for awarding injunctive relief are satisfied. Opposition at 38-39. With respect to the  
6 injunctive relief requested in §§ IV.A. and B.1 of Plaintiffs’ Proposed Remedies Order,  
7 prohibiting UBH from using any of the Guidelines the Court found were flawed or any guidelines  
8 that “include substantively the same coverage criteria” and further requiring that UBH use ASAM,  
9 LOCUS and CASII to make future coverage determinations, UBH argues that Plaintiffs cannot  
10 dictate the specific guidelines it should use because doing so usurps the discretion of the  
11 administrator. *Id.* at 39-40. UBH points to the Court’s finding that “there is no single source of  
12 generally accepted standards of care,” arguing that as administrator, it is entitled to decide which  
13 of multiple reasonable interpretations of generally accepted standards of care to adopt. *Id.* at 40  
14 (citing FFCL ¶¶ 54, 57; *Conkright v. Frommert*, 559 U.S. 506, 513 (2010)).

15 UBH further asserts that Plaintiffs have failed to show irreparable harm because they have  
16 not demonstrated that there is a “real or immediate threat that [they] will be wronged again” and  
17 they have not addressed why the “substantial changes” it says it has made since the trial are not  
18 sufficient. *Id.* at 41-42. In particular, UBH represents that it made “substantial changes to both its  
19 mental health and substance use guidelines in early 2018.” *Id.* at 41.<sup>10</sup> It also represents that it has  
20 adopted the ASAM Guidelines “where permitted by law” to determine substance use coverage,  
21 effective January 2019.<sup>11</sup> *Id.* at 42. It further states that “more recently” it has approved adoption  
22 of LOCUS and CALOCUS for mental health benefits determinations, “with the goal of  
23

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24 <sup>10</sup> UBH states in a footnote that its 2019 Guidelines are available on its public website and notes  
25 that those guidelines were revised in response to the Court’s FFCL to refer to both “acute and  
26 chronic symptoms” and to take into account “cooccurring behavioral health or medical  
27 conditions.” UBH also notes that the 2019 Guidelines provide for coverage of services designed  
28 to “maintain the patient’s level of functioning” and state that, for “long-term, chronic conditions,  
control of symptoms and maintenance of a functional level to avoid further deterioration or  
hospitalization is an acceptable expectation of improvement.” *Id.* at 41 n.32.

<sup>11</sup> According to UBH, its adoption of ASAM is set forth in an Optum Provider Notice “dated  
November 2018.” *Id.* at 42 n. 33.

1 implementation in early 2020, subject to required regulatory approvals.” *Id.* at 42. In light of  
2 these changes, UBH argues, Plaintiffs’ “bald assertion of irreparable injury is pure conjecture.”  
3 *Id.* at 43.

4 UBH also contends Plaintiffs’ assertions that they face irreparable harm are speculative  
5 and unsupported by the evidence because the plan documents introduced into evidence at trial are  
6 from 2010-2016 and Plaintiffs have not offered evidence that “the plan language will remain  
7 unchanged in perpetuity.” *Id.* (citing *Orantes-Hernandez v. Thornburgh*, 919 F.2d 549, 558 (9th  
8 Cir. 1990); *Goldie’s Bookstore, Inc. v. Superior Court of State of Cal.*, 739 F.2d 466, 472 (9th  
9 Cir. 1984) (“Speculative injury does not constitute irreparable injury.”)). According to UBH, even  
10 if future plans contain the phrase “generally accepted standards of care,” the Court “cannot  
11 predetermine the proper construction of that phrase as it is used in plans the Court has never had  
12 an opportunity to review.” *Id.* (citing *Gilliam v. Nevada Power Co.*, 488 F.3d 1189, 1194 (9th Cir.  
13 2007); *Dupree v. Holman Prof’l Counseling Centers*, 572 F.3d 1094, 1097 (9th Cir. 2009)).

14 Next, UBH objects to the following language in Plaintiffs’ Proposed Remedies Order with  
15 respect to the requirement that UBH use the ASAM Criteria to make future coverage  
16 determinations:

17 Faithful application of the ASAM Criteria to requests for coverage of  
18 residential treatment requires consideration of the criteria applicable  
19 to each of the sub-levels of residential treatment identified in the  
ASAM Criteria (*i.e.*, Levels 3.1, 3.3, 3.5, and 3.7).

20 Plaintiffs’ Proposed Remedies Order § IV.B.1.a.(i). UBH argues that this language would require  
21 it to cover substance use treatment under ASAM levels that may be excluded from coverage under  
22 members’ plans, which is inconsistent with UBH’s fiduciary responsibility to “only use the  
23 ASAM Criteria to approve benefits that are actually covered under the terms of the plans as  
24 written.” Opposition at 44 (citing *Conkright*, 559 U.S. at 520).

25 UBH also argues that Plaintiffs’ request to enjoin use of criteria that “include substantively  
26 the same coverage criteria” as the Guidelines is impermissibly vague under Rule 65(d)(1)(C) of  
27 the Federal Rules of Civil Procedure. *Id.* at 45-46. In particular, it argues, Plaintiffs’ proposed  
28 order prohibits use of the Guidelines generally, but does not identify the specific criteria UBH

1 would be prohibited from using; as the Court held that some criteria in the Guidelines were  
2 consistent with generally accepted standards of care – and some criteria address levels of care that  
3 were not at issue in this case – the proposed injunction is overbroad. *Id.* at 45. UBH also  
4 challenges the use of the word “include” in § IV.A.2 of Plaintiffs’ Proposed Remedies Order on  
5 the grounds that some of its Guidelines are consistent with generally accepted standards of care at  
6 a higher level of care even if they are not consistent with generally accepted standards of care at a  
7 lower level. *Id.* at 46. As an example of this scenario, UBH points to evidence that its guideline  
8 for treatment of substance use at the residential treatment level of care was consistent with  
9 generally accepted standards of care at ASAM level 3.7 even if it was not consistent with  
10 standards for the lower ASAM levels of care. *Id.* (citing Trial Tr. at 142-144, 234-235) (Fishman  
11 testimony that some criteria for treatment of substance use would be consistent with ASAM level  
12 3.7). UBH argues that it would be consistent with the Court’s findings to “include” these criteria  
13 in future guidelines for level 3.7 even if the criteria were not consistent with generally accepted  
14 standards of care at lower levels. *Id.*

15 With respect to Plaintiffs’ request for an injunction requiring UBH to train its clinicians  
16 and senior staff, *see* Plaintiffs’ Proposed Remedies Order §§ IV.B.2-3, UBH argues that Plaintiffs  
17 have not established that this requirement must be mandatory to avoid irreparable harm even if it  
18 may be a good idea to conduct such training. *Id.* at 46-49. UBH does not disagree that as to  
19 clinical staff, “internal training on the proper use of the new guidelines is appropriate.” *Id.* at 46.  
20 Nor does it “object to training its clinical staff and senior executive leadership on UBH’s role as a  
21 fiduciary under ERISA as it relates to UBH’s administration of ERISA-governed benefit plans.”  
22 *Id.* at 48. It contends, however, that Plaintiffs have offered no evidence that UBH is unlikely to  
23 offer such training. *Id.* at 47. To the contrary, it asserts, the evidence presented at trial shows that  
24 it regularly trains Peer Reviewers and Care Advocates, including providing training on changes to  
25 its guidelines and use of the ASAM Criteria in the states where their use is required. *Id.* at 47.  
26 UBH also argues that the language of Plaintiffs’ Proposed Remedies Order as to the required  
27 training of clinical staff is impermissibly vague under Rule 65 because it does not specify the type  
28 of training that would be required. *Id.* at 47-49. UBH stipulates, however, that “to the extent that

1 the court appoints a special master, UBH will comply with reasonable requests by the special  
2 master to review UBH’s training materials and protocols for the purpose of reporting such  
3 information to the Court.” *Id.* at 48.

4 UBH argues that Plaintiffs also are not entitled to an injunction requiring that it change its  
5 corporate practices or structure to ensure that financial considerations do not taint future guideline  
6 development. UBH argues that Plaintiffs cite no authority in support of their request to dictate  
7 who sits on UBH’s internal committees and do not show irreparable harm will occur if the Court  
8 does not order this “drastic remedy.” *Id.* at 50. It again points out that it has already adopted  
9 ASAM, LOCUS and CALOCUS, showing that Plaintiffs’ concerns that UBH will “simply find  
10 some way around the Court’s findings in this case” does not justify the injunctive relief they  
11 request. *Id.* UBH also argues that the “financial metrics” that Plaintiffs “would have UBH  
12 conceal from its clinicians” are “directly relevant to clinical operations, and are often indicators of  
13 the quality of patient care.” *Id.* Therefore, the requested injunction as to corporate structure and  
14 practice should be rejected, UBH contends, as it will prevent UBH from performing its fiduciary  
15 duty to prevent “wasteful and abusive treatment practices.” *Id.* at 51 (citing *Metro-Goldwyn-*  
16 *Mayer Studios, Inc. v. Grokster, Ltd.*, 518 F. Supp. 2d 1197, 1231 (C.D. Cal. 2007) (“injunctive  
17 relief should avoid prohibiting legitimate conduct.”)).

18 UBH also argues that the Court should deny Plaintiffs’ request for an injunction requiring  
19 it to make disclosures about the FFCL and the Court-ordered remedies to plan sponsors and  
20 administrators, state regulators and the Department of Labor. *Id.* at 51-52 (addressing Plaintiffs’  
21 Proposed Remedies Order § IV.B.5). According to UBH, this requested relief is not aimed at  
22 preventing harm to class members but instead, at making UBH “take responsibility for what it has  
23 done” so it can be held accountable in the future. *Id.* at 51. Yet there is no evidence such  
24 disclosures are necessary, UBH contends, because the Court’s orders are publicly available. *Id.*  
25 Further, it asserts, Plaintiffs have offered no evidence that they will suffer irreparable harm in the  
26 absence of this injunction – particularly as Plaintiffs have asked the Court to retain jurisdiction.  
27 *Id.* UBH argues that this injunctive relief is unreasonably punitive and nonremedial. *Id.* (citing  
28 *United States v. Holtzman*, 762 F.2d 720, 726 (9th Cir. 1985) (“necessary and appropriate



1 injunction against otherwise lawful conduct must be carefully limited in time and scope to avoid  
2 an unreasonably punitive or nonremedial effect.”)).

### 3 3. Reply

4 Plaintiffs assert that because UBH addresses only the irreparable harm requirement in its  
5 Opposition brief it has implicitly conceded that Plaintiffs have satisfied the other elements of the  
6 test, that is, that their remedies at law are inadequate, the balance of the hardships tips in their  
7 favor and the injunctive relief they request is in the public interest. Reply at 61. Plaintiffs reject  
8 all of UBH’s arguments about irreparable harm. *Id.*

9 First, Plaintiffs argue that under “black-letter law,” a “court’s power to grant injunctive  
10 relief survives the discontinuance of the illegal conduct.” *Id.* at 61 (citing *F.T.C. v. Accusearch*  
11 *Inc.*, 570 F.3d 1187, 1201 (10th Cir. 2009) (quoting *United States v. W.T. Grant Co.*, 345 U.S.  
12 629, 633 (1953)). Therefore, Plaintiffs contend, UBH cannot escape a finding of irreparable harm  
13 by voluntarily abandoning its Guidelines. *Id.* (citing *W.T. Grant*, 345 U.S. at 633; *United States*  
14 *v. Laerdal Mfg. Corp.*, 73 F.3d 852, 854 (9th Cir. 1995) (quoting *Federal Election Comm’n v.*  
15 *Furgatch*, 869 F.2d 1256, 1263 n. 5 (9th Cir.1989) (listing factors courts may consider in making  
16 determination of whether there is a cognizable danger of recurring violation)); *United States v.*  
17 *Parke, Davis & Co.*, 362 U.S. 29, 48 (1960) (“trial court’s wide discretion in fashioning remedies  
18 is not to be exercised to deny relief altogether by lightly inferring an abandonment of the unlawful  
19 activities from a cessation which seems timed to anticipate suit.”)).

20 Plaintiffs argue that in light of UBH’s “egregious” fiduciary breach, the long period of  
21 time it used its flawed Guidelines, the finding of the Court that UBH’s witnesses tried to mislead  
22 the Court, the burden on Plaintiffs of litigating this case and UBH’s continuing insistence that it  
23 did nothing wrong, its recent efforts do not show that Plaintiffs do not face irreparable harm. *Id.*  
24 (citing *E.C. v. Koracorp Indus., Inc.*, 575 F.2d 692, 698 (9th Cir. 1978) (“Promises of reformation  
25 and acts of contrition are relevant in deciding whether an injunction shall issue, but neither is  
26 conclusive or even necessarily persuasive, especially if no evidence of remorse surfaces until the  
27 violator is caught.”)). To the contrary, Plaintiffs assert, UBH’s “past and current behavior easily  
28 evidences future risk serious enough to support the grant of an injunction.” *Id.* at 63 (citing

1 *Laerdal*, 73 F.3d at 856-857). They point to cases where they contend courts have found a  
 2 likelihood of irreparable harm based on “far less persuasive facts.” *Id.* at 64 (citing *Accusearch*,  
 3 570 F.3d at 1202; *Marie v. Mosier*, 196 F. Supp. 3d 1202, 1213 (D. Kan. 2016); *Long v. U.S.*  
 4 *I.R.S.*, 693 F.2d 907, 910 (9th Cir. 1982)). Plaintiffs note in a footnote that just *after* they filed  
 5 their opening remedies brief, “UBH re-adopted its defective Custodial Care CDGs.” *Id.* n.74.<sup>12</sup>

6 Plaintiffs reject UBH’s argument that injunctive relief is not justified because Plaintiffs  
 7 have presented no evidence that any plan in evidence is still in effect or that the relevant plan  
 8 language will remain unchanged. *Id.* at 66. Plaintiffs note that as the trial was conducted in 2017  
 9 it is not surprising that class members’ 2019 plans were not offered as evidence. *Id.* Nonetheless,  
 10 they argue that there is evidence in the record that the class members were participants in  
 11 thousands of plans and “[t]here is no factual basis for concluding that every one of those  
 12 thousands of plans terminated in the last two years.” *Id.* Plaintiffs also point out that the Court  
 13 required all evidence related to remedies to be offered at trial and therefore they did not introduce  
 14 evidence of class members’ current plans in support of their remedies brief; nonetheless, they  
 15 offer to provide additional evidence if needed to show that many class members’ plans do, in fact,  
 16 remain in effect. *Id.* n. 76.

17 Plaintiffs also reject UBH’s argument that the Court cannot “predetermine the proper  
 18 construction” of the phrase “generally accepted standards of care” in future plans, arguing that  
 19 UBH’s argument is based on the “faulty premise that courts cannot review or construe any terms  
 20 of an ERISA plan without reading and applying every plan term at the same time.” *Id.* at 67.  
 21 According to Plaintiffs, “that is not how ERISA plan construction works – nor is it how UBH  
 22 operates.” *Id.* Plaintiffs point out that at trial, the Court found that UBH used its Guidelines to  
 23 interpret the term “generally accepted standards of care” across *all* plans. *Id.* (citing FFCL ¶¶ 38-  
 24 39, 45). Plaintiffs do not dispute that plan terms must be read in context, but they assert that this

25  
 26  
 27 <sup>12</sup> In addition, after briefing on remedies was already complete, Plaintiffs filed a Motion for Leave  
 28 to Submit Newly Discovered Evidence in Support of Remedies in which they asserted that new  
 evidence had come to light showing that UBH was not applying the ASAM Criteria faithfully,  
 contrary to UBH’s representations to the Court. *See* Docket No. 444. The Court granted that  
 motion.

1 does not require the Court to read every single plan term but instead, only to consider other plan  
2 terms that are relevant. *Id.* at 68. Plaintiffs also argue that while it is theoretically possible for a  
3 plan to ascribe a different definition to the phrase “generally accepted standards of care,” UBH is  
4 merely speculating on this point and has offered no evidence of any plan actually adopting a  
5 different meaning of the phrase. *Id.*

6 With respect to UBH’s objection to the language in Plaintiffs’ Proposed Remedies Order  
7 requiring it to consider all ASAM levels, *see* Proposed Order § IV.B.1.a.(i), Plaintiffs argue that  
8 this language does not require that UBH cover individuals at levels that are excluded under their  
9 plans but simply to apply the ASAM Criteria faithfully for all levels. *Id.* at 69. In light of the  
10 Court’s finding that UBH failed to include any criteria in its Guidelines for the lower levels of care  
11 under the ASAM Criteria, Plaintiffs assert, it is reasonable to include language in the injunction to  
12 ensure UBH does not ignore these lower levels of care going forward. *Id.* at 70.

13 Plaintiffs reject UBH’s argument that the injunction requiring UBH to use ASAM, LOCUS  
14 and CASII should not be of indefinite duration. *Id.* at 71. Plaintiffs contend UBH’s position is  
15 based on an exaggeration of the speed at which generally accepted standards of care evolve. *Id.*  
16 They point out that UBH’s 2017 Guidelines relied on the 2013 version of the ASAM criteria and  
17 the 2010 versions of LOCUS and CALOCUS. *Id.* They also assert there is no dispute that both  
18 the 2001 and 2013 versions of the ASAM Criteria reflect generally accepted standards of care as  
19 set forth in the FFCL, which is indicative of the fact that generally accepted standards of care  
20 change slowly. *Id.* (citing FFCL ¶ 58).

21 Plaintiffs reject UBH’s challenges to the “substantively the same coverage criteria”  
22 language in their original Proposed Remedies Order. *Id.* at 72-73. They argue that this language  
23 is not impermissibly vague and in any event, this is not a reason to deny injunctive relief as it is in  
24 the Court’s power to revise the scope of the proposed injunctive relief. *Id.* at 73-74. Nonetheless,  
25 they offer revised language to address UBH’s argument, replacing the phrase to which UBH  
26 objects with language prohibiting UBH from using “any Guidelines that include, alone or in  
27 combination, as a mandatory prerequisite for coverage, any criterion listed on the Consolidated  
28 Claims Chart filed in this matter on February 12, 2018 (ECF No. 404-2), regardless of whether

1 any such criterion is expressed in facially different language, except that UBH is not enjoined  
 2 from using the following criteria: Common Criteria ¶¶ 4-5 from UBH’s 2011 and 2012 Level of  
 3 Care Guidelines; Common Criteria ¶ 6 from UBH’s 2013 Level of Care Guidelines; and  
 4 Continued Service Criterion ¶ 5 from UBH’s 2012 and 2013 Level of Care Guidelines.” Plaintiffs’  
 5 Revised Proposed Remedies Order, § IV.A.2. They note that they included the original language  
 6 in the version of the proposed order they sent to UBH when the parties met and conferred prior to  
 7 filing their opening brief and that UBH did not object to it; had it done so, Plaintiffs assert, they  
 8 would not have needed to propose new language on their Reply. *Id.* n. 81.

9 With respect to their request for an injunction requiring that UBH train its employees and  
 10 make changes to UBH’s corporate structure, Plaintiffs asserts that “UBH does not dispute that  
 11 these steps are appropriate.” *Id.* at 74. According to Plaintiffs, UBH’s problem with these  
 12 injunctions is that they will make UBH’s obligations *enforceable*. *Id.* at 75. Given UBH’s  
 13 ongoing conduct showing a lack of good faith and lack of understanding of its fiduciary duty to  
 14 plan members, Plaintiffs assert, it is appropriate that these obligations be included in the Court’s  
 15 injunctive relief. *Id.* at 75-76. Plaintiffs also argue that these aspects of the proposed injunction  
 16 “should not be construed as wholly separate injunctions” but instead as “part and parcel of any  
 17 injunction the Court enters requiring UBH to change its Guidelines going forward.” *Id.* at 75.  
 18 Plaintiffs argue that these requirements are justified because UBH “deliberately misled its  
 19 personnel for years by instructing them that its self-serving, pervasively flawed Guidelines were  
 20 consistent with generally accepted standards of care.” *Id.* They also argue that UBH “refuses to  
 21 acknowledge that, under ERISA, [it] owes fiduciary duties *to* the participants and beneficiaries of  
 22 the plans,” and instead “argues as though it owes a duty . . . to protect plan assets *from* the plan  
 23 participants and beneficiaries, which it portrays as bad actors who are seeking ‘windfalls’ by  
 24 requesting coverage for their behavioral health treatment.” *Id.* at 76.

25 Plaintiffs reject UBH’s argument that it must be permitted to continue providing financial  
 26 information to those who are entrusted with developing coverage criteria because that information  
 27 helps it to carry out its fiduciary duty. *Id.* Plaintiffs assert that this argument is directly  
 28 contradicted by the evidence in the case, which showed that UBH drafted its restrictive Guidelines

1 to protect its own “bottom line” and not to fulfill its fiduciary duty to the plans. *Id.* (citing FFCL  
2 ¶¶ 174-189).

3 As to injunctive relief requiring disclosures to plan sponsors, plan administrators and  
4 regulators, Plaintiffs argue that these are necessary to effectively implement the injunction  
5 requiring UBH to change its Guidelines. *Id.* at 77. Plaintiffs contend it is entirely appropriate that  
6 disclosures be made to plan sponsors and administrators as UBH’s improper denials were issued  
7 in their name. *Id.* Plaintiffs contend disclosures to state regulators are warranted because the  
8 Court has found that UBH lied to state regulators in the past and it is essential that regulators  
9 understand what UBH has been ordered to do and why. *Id.* at 77-78. Plaintiffs point out that  
10 UBH itself has emphasized its obligations to notify state regulators of changes to its Guidelines  
11 and in some case, obtain approval of those changes. *Id.* at 78.

#### 12 **4. Supplemental Briefing**

13 On March 24, 2020, the Court requested supplemental briefing and updated information  
14 about the changes UBH had made in its mental health and substance use guidelines. Dkt. No. 448.  
15 The parties’ responses are summarized below.

16 In its opening supplemental brief, UBH represents that it has adopted third-party guidelines  
17 (ASAM, LOCUS, CASII, ESCII and certain specific criteria required under New York and  
18 Massachusetts law, where applicable) in all 50 states. Dkt. No. 451 at 14-16. It has supplied a  
19 declaration by Dr. Triana stating that UBH has fully discontinued the use of its LOCGs for the  
20 determination of mental health and substance use benefits in all 50 states, along with a chart  
21 summarizing the guidelines used in each state. Dkt. No. 451-2 (Triana Decl.); *see also* Dkt. No.  
22 451-3 (chart showing guidelines used in all 50 states). UBH states that on May 20, 2019, it  
23 adopted the 2019 Coverage Determination Guideline: Custodial Care (Inpatient and Residential  
24 Services) “to describe excluded custodial care services as defined under the limited number of  
25 self-funded plans to which it applies.” Dkt. No. 451 at 16. It states that since it was adopted it has  
26 “not been cited in any adverse benefits determinations for coverage of residential treatment  
27 services, or for any plans or members at issue in this case.” *Id.* (citing Dkt. No. 451-4 (Clark  
28 Decl.) ¶¶ 14-15). UBH states that it “expects to discontinue its Custodial Care CDG on May 18,

1 2020.” *Id.*

2 In their response, Plaintiffs contend UBH’s update is misleading because it fails to  
 3 acknowledge many limitations on its uses of the third-party guidelines, even though the Court  
 4 asked UBH to identify any such limitations in its request for supplemental briefing. Dkt. No. 454-  
 5 5 at 14-22. While Plaintiffs say they would need discovery to get a full picture of what is really  
 6 going on with respect to UBH’s application of third-party guidelines, they argue that the Court  
 7 should not take UBH’s representations about what it is doing at face value given its past bad faith,  
 8 including its misrepresentations about coverage at ASAM levels 3.1 and 3.3. *Id.* at 15.

9 Further, Plaintiffs argue that UBH’s description of its current use of ASAM is misleading  
 10 because it fails to mention that along with ASAM, UBH *also* adopted in January 2019 a  
 11 “‘Behavioral Clinical Policy’ that fundamentally rewrites ASAM to continue UBH’s over-  
 12 emphasis on acuity.” *Id.* at 16 (citing Dkt. No. 455-2 (Bendat Decl.) ¶ 2 & Ex. 1 thereto (Dkt.-  
 13 No. 455-3 (Behavioral Clinical Policy (“2019 Policy”))). The 2019 Policy states that ASAM level  
 14 3.1 services are not a covered benefit and level 3.3 services are excluded from the substance use  
 15 residential treatment benefit. *Id.* In particular, the 2019 Policy contains the following section  
 16 entitled “Coverage Rationale,” which is quoted here in full:

17 **The ASAM Criteria Level 3.1 Clinically Managed Low-Intensity**  
 18 **Residential Services and Level 3.3 Clinically Managed Population-**  
**Specific High-Intensity Residential Services, Third Edition:**

- 19 • Level 3.1 services: The ASAM Criteria promotes a flexible outcome-  
 20 based approach that takes into account the actual progress and dynamic  
 21 needs of the unique individual. There is little data and knowledge on  
 22 the dose response relationship for residential treatment and further  
 23 research is needed to clarify these matters. The defining characteristics  
 24 of these services are a need to provide a safe and stable living  
 25 environment to stabilize and develop recovery skills (ASAM, 2013).  
 26 Level 3.1 services at this time are not a covered benefit; these services  
 27 are currently not licensed or accredited by most state or non-  
 28 governmental agencies. Sober houses, boarding houses, halfway  
 houses, group homes, transitional living, and other supported living  
 environments are excluded from coverage.
- Level 3.3 services are designed specifically to treat patients with cognitive deficits, either developmental or of acute onset (e.g., traumatic brain injury, stroke), and therefore excluded from the substance use disorder residential benefit.
  - There is no evidence-based research published within the past 5 years regarding ASAM level 3.1 and 3.3 residential care for substance use disorder treatment; no systematic reviews, meta-analyses, or well-

1 designed trials could be found to demonstrate effectiveness. There is  
 2 no clinical evidence to support residential care that includes sober  
 3 houses, boarding houses, halfway houses, group homes, transitional  
 living, and other supported living environments where treatment  
 services are not provided, as a significant intervention in treating  
 substance use disorders.

4 Dkt. No. 455-3. This section is followed by a section entitled “Clinical Evidence,” which states  
 5 that “[t]here are no well-designed trials or studies published within the past 5 years addressing  
 6 clinically managed residential care for substance use disorder treatment.” *Id.* It further states that  
 7 “[t]here are no systematic reviews or meta-analyses published within the past 5 years addressing  
 8 clinically managed residential care for substance use disorder treatment.” *Id.*

9 Plaintiffs have supplied a declaration by Dr. Fishman addressing the 2019 Policy. Dkt. No.  
 10 455-1 (Fishman Decl.). Dr. Fishman opines that “[b]y declaring Levels 3.3 and 3.1 ineligible for  
 11 coverage, UBH is rejecting a vital element of The ASAM Criteria” and that “[c]linically-managed  
 12 levels of residential care (Levels 3.5, 3.3, and 3.1) are integral and essential components of a full  
 13 continuum of care for [substance use disorder] treatment.” *Id.* ¶¶ 7, 9. He goes on to explain at  
 14 length why the justifications UBH sets forth in the 2019 Policy are both factually incorrect and  
 15 based on mischaracterizations of ASAM. *Id.* ¶¶ 14-24. Dr. Fishman notes that to the extent the  
 16 2019 Policy points to lack of state certification for Level 3.1 services, it ignores the facts that  
 17 many states do have regulatory standards and licensing for services at this level and in those states,  
 18 there are licensed facilities at that level. *Id.* ¶¶ 21-22.

19 Plaintiffs also point to the evidence they submitted in connection with their administrative  
 20 motion requesting leave to file “newly discovered evidence,” which the Court granted. Dkt. No.  
 21 454-5 at 17-18 (citing Dkt. No. 444). These materials include communications between UBH and  
 22 a residential detoxification treatment center in California (The Lakes Treatment Center) that  
 23 Plaintiffs say show that UBH is not applying ASAM faithfully and is still refusing to cover the  
 24 lower levels of care. UBH opposed Plaintiffs’ request to file this evidence, filing an Opposition in  
 25 which it argued that the evidence actually showed that UBH is following ASAM. Dkt. No. 447.

26 Plaintiffs also challenge Dr. Triana’s claim that UBH is applying LOCUS. Dkt. No. 454-5  
 27 at 19-20. They offer evidence that a recent denial for residential treatment sought by “Jane  
 28 Brown” cited LOCUS but did not go through the six LOCUS factors. *Id.* at 19 (citing Dkt. No.

1 455-2 (Bendat Decl.) ¶ 3 & Ex. 2 thereto (Dkt. No. 454-6)). According to Plaintiffs, the claim  
2 administration notes from UBH showed that the claimant had a LOCUS score from an evaluation  
3 from three days before the denial that qualified her for the treatment she was seeking coverage for.  
4 *Id.* As to the Custodial Care CDG, Plaintiffs argue that UBH’s decision to renew it after the  
5 Court found it to be faulty shows that it cannot be trusted. *Id.* at 20. And even if UBH did not  
6 find any denials based on this CDG in its database, Plaintiffs assert, that does not mean peer  
7 reviewers did not consider it when applying other guidelines. *Id.* In addition, Plaintiffs point out  
8 that UBH continues to use its CDGs for the self-funded plans, which do not include a medical  
9 necessity requirement. *Id.* at 21. More broadly, Plaintiffs contend that the CDGs do not reflect  
10 generally accepted standards of care: as to substance use disorder, UBH refers to ASAM in the  
11 CDGs but has “distorted” ASAM in applying it through the lens of the 2019 Policy that limits  
12 coverage at the lower levels of care; as to mental health treatment, Plaintiffs contend the CDGs do  
13 not expressly incorporate LOCUS or CASII. *Id.* Plaintiffs acknowledge in a footnote that UBH  
14 has removed all of the cross-references in the CDGs to the LOCGs. *Id.* at 22.

15 Plaintiffs also argue that the Court should give little weight to UBH’s statement that it  
16 “has no plans” to discontinue or change its use of the criteria it has now adopted, asserting that  
17 UBH has shown how easy it is to “jettison a set of guidelines . . . and that it is perfectly willing to  
18 adopt criteria that it knows to be inconsistent with generally accepted standards.” *Id.* at 22.

19 In its Reply, UBH rejects Plaintiffs’ assertion that it is not faithfully applying ASAM and  
20 contends Plaintiffs’ arguments about the 2019 Policy support UBH’s position that the classes  
21 should be decertified. Dkt. No. 460 at 14. UBH asserts the 2019 Policy has nothing to do with  
22 generally accepted standards of care for determining medical necessity but instead describes  
23 coverage under certain UBH plans and must be read in conjunction with the members’ specific  
24 benefit plans. *Id.* at 15. UBH has submitted a declaration by Dr. Martorana stating that the 2019  
25 Policy is about plan members’ coverage and does not purport to interpret “medical necessity” in  
26 support of its position. Dkt. No. 460-1 (Martorana Decl.). UBH argues that it applies ASAM to  
27 medical necessity determinations and that Plaintiffs’ focus on the 2019 Policy is a distraction,  
28 confusing the question of what members’ plans cover with the question of whether a service is



1 medically necessary. Dkt. No. 460 at 16-17.

2 UBH also rejects Plaintiffs' reliance on the recent denial of "Jane Brown's" claim. *Id.* at  
 3 17-18. It asserts that because she has brought her own individual lawsuit and the denial falls  
 4 outside of the class period of this case it is not proper for the Court to "speculate" about the  
 5 meaning of the notes prepared by the UBH medical director about her case, which simply  
 6 highlights that medical necessity determinations are individualized and not suitable for class  
 7 treatment. *Id.* at 17. UBH also asserts that to the extent that disputes such as this are likely to arise  
 8 as reprocessing is conducted, appointment of a special master carries a danger that challenges that  
 9 would ordinarily work their way through the administrative and then judicial processes will,  
 10 instead, be taken over by an official designated by the Court to resolve these issues. *Id.* at 18.  
 11 Moreover, it asserts, because both sides will have the right to challenge the decision of the special  
 12 master under Fed.R.Civ. P. 53(f)(3) and (f)(4), and the Court will be required to conduct a de novo  
 13 review of those decisions, the appointment of a special master is likely to "present more problems  
 14 than it solves." *Id.* (quoting *Meeropol v. Meese*, 790 F.2d 942, 961 (D.C. Cir. 1986)).

15 **B. Discussion**

16 "According to well-established principles of equity, a plaintiff seeking a permanent  
 17 injunction" must demonstrate:

18 (1) that it has suffered an irreparable injury; (2) that remedies  
 19 available at law, such as monetary damages, are inadequate to  
 20 compensate for that injury; (3) that, considering the balance of  
 21 hardships between the plaintiff and defendant, a remedy in equity is  
 warranted; and (4) that the public interest would not be disserved by  
 a permanent injunction.

22 *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006). Irreparable harm requires a  
 23 showing that there is a "real or immediate threat that the plaintiff will be wronged again." *Hynix*  
 24 *Semiconductor Inc. v. Rambus Inc.*, 609 F. Supp. 2d 951, 968 (N.D. Cal. 2009) (quoting *City of*  
 25 *Los Angeles v. Lyons*, 461 U.S. 95, 111 (1983)).

26 Numerous courts have recognized that a loss of health care benefits is sufficient to  
 27 establish irreparable harm because it raises the specter that individuals will be unable to pay for –  
 28 and therefore will not receive – necessary medical treatment. *Whelan v. Colgan*, 602 F.2d 1060,

1 1061 (2nd Cir. 1979) (affirming preliminary injunction prohibiting employer-trustee from cutting  
 2 off health care benefits during a strike on the basis that “the threatened termination of benefits  
 3 such as medical coverage for workers and their families obviously raised the spect[er] of  
 4 irreparable injury.”); *Bunn Enterprises, Inc. v. Ohio Operating Engineers Fringe Ben. Programs*,  
 5 No. 2:13-CV-357, 2013 WL 3147956, at \*12 (S.D. Ohio June 19, 2013), aff’d, 606 F. App’x 798  
 6 (6th Cir. 2015) (“Courts have repeatedly acknowledged that the loss of health care benefits – or, in  
 7 some circumstances, even the imposition of cost-sharing for such benefits – constitutes  
 8 ‘irreparable harm.’”); *United Steelworkers of Am. v. Textron, Inc.*, No. CIV.A. 85-4590-MC,  
 9 1987 WL 33023, at \*2 (D. Mass. Feb. 2, 1987), aff’d sub nom. *United Steelworkers of Am., AFL-*  
 10 *CIO v. Textron, Inc.*, 836 F.2d 6 (1st Cir. 1987) (finding irreparable harm where retirees’ health  
 11 insurance benefits had been cut off).

12 UBH does not challenge Plaintiffs’ arguments with respect to the inadequacy of legal  
 13 remedies, the balance of hardships and the public interest, thus implicitly conceding those factors  
 14 are satisfied. Nor does UBH challenge the general proposition that a loss of health care benefits  
 15 may result in irreparable harm. Rather, it contends the injunctive relief Plaintiffs seek is not  
 16 justified because Plaintiffs have not established that there is a “real or imminent” threat that they  
 17 will be harmed in the absence of the injunctive relief they seek. UBH also challenges some of the  
 18 injunctive relief Plaintiffs request on the basis that it improperly interferes with the discretion to  
 19 which UBH is entitled under the class member’ plans. Below, the Court addresses these  
 20 objections in connection with the four categories of injunctive relief sought by Plaintiffs.

21 **1. Injunctive Relief Related to What Criteria May and May Not be Used to**  
 22 **Make Future Coverage Determinations**

23 **a. Whether there is Irreparable Harm even though UBH Purportedly Has**  
 24 **Adopted ASAM, LOCUS and CALOCUS**

25 UBH argues that no injunctive relief is warranted with respect to what coverage criteria it  
 26 uses in the future because it has already adopted coverage criteria that are consistent with the  
 27 Court’s FFCL and therefore Plaintiffs have not shown that they face irreparable harm. The Court  
 28 rejects this argument.

“A district court cannot issue an injunction unless ‘there exists some cognizable danger of

1 recurrent violation.” *United States v. Laerdal Mfg. Corp.*, 73 F.3d 852, 854–55 (9th Cir. 1995)  
 2 (quoting *United States v. W. T. Grant Co.*, 345 U.S. 629, 632 (1953)). “[V]oluntary cessation of  
 3 allegedly illegal conduct does not deprive the tribunal of power to hear and determine the case,  
 4 *i.e.*, does not make the case moot.” *United States v. W. T. Grant Co.*, 345 U.S. 629, 632 (1953).  
 5 Rather, a case is only moot “if the defendant can demonstrate that there is no reasonable  
 6 expectation that the wrong will be repeated . . . [and] [that] burden is a heavy one.” *Id.* (internal  
 7 quotation and citation omitted). *Id.*

8 The court must make “appropriate findings supported by the record” that there is a danger  
 9 of recurrence when it awards injunctive relief. *Laerdal Mfg. Corp.*, 73 F.3d at 854–55 (quoting  
 10 *Federal Election Comm’n v. Furgatch*, 869 F.2d 1256, 1263 (9th Cir.1989)). The factors courts  
 11 may consider in determining whether there is a likelihood of recurrence are:

12 the degree of scienter involved; the isolated or recurrent nature of the  
 13 infraction; the defendant’s recognition of the wrongful nature of his  
 14 conduct; the extent to which the defendant’s professional and  
 15 personal characteristics might enable or tempt him to commit future  
 violations.

16 *Furgatch*, 869 F.2d at 1263, n. 5 (citations omitted).

17 Here, the Court finds that there is a significant danger of recurrent violation. As the Court  
 18 set forth in detail in its FFCL, UBH applied Guidelines that were inconsistent with the class  
 19 members’ plans year after year, and the flaws in those Guidelines were “pervasive.” The  
 20 violations were in no way “isolated.” *See id.* Further, UBH’s scienter supports the conclusion that  
 21 there is a danger of recurrence. In particular, at trial, many of UBH’s witnesses were evasive and  
 22 even tried to mislead the Court as to the meaning of the Guidelines. UBH also knowingly misled  
 23 Connecticut regulators about the scope of coverage afforded under its Guidelines. And the  
 24 evidence showed that UBH executives put in place business practices that ensured that financial  
 25 considerations would take precedence over faithful administration of class members’ plans. These  
 26 financial considerations may “tempt [UBH] to commit future violations.”

27 Further, although it is premature for the Court to make any formal factual findings as to  
 28 whether UBH is faithfully applying ASAM, LOCUS and other third-party guidelines it says it is

1 now using to make coverage determinations, the evidence UBH has presented is incomplete and  
 2 inconclusive on this question. The Court notes that UBH relies, in part, on declarations from  
 3 witnesses that the Court already found were not credible (Drs. Martorana and Triana). Moreover,  
 4 Plaintiffs have presented evidence – including the 2019 Policy discussed above, which appears to  
 5 directly contradict the Court’s conclusions in the FFCL that all levels of care under ASAM reflect  
 6 generally accepted standards of care – suggesting that there are serious questions as to whether  
 7 UBH has abrogated its longstanding practice of making coverage determinations under overly  
 8 restrictive criteria.

9 Therefore, the Court rejects UBH’s argument that because it has adopted certain third-  
 10 party guidelines to make coverage determinations Plaintiffs have failed to demonstrate a  
 11 likelihood of irreparable harm if the Court does not award injunctive relief addressing the  
 12 guidelines UBH must use in making coverage determinations.

13 b. Whether Class Members Will Continue to be Covered by the Plans and  
 14 Whether the Plans Will Continue to Require Coverage to be Consistent with  
 15 Generally Accepted Standards of Care as Set forth by the Court in the FFCL

16 UBH asserts Plaintiffs have not demonstrated irreparable harm for the additional reason  
 17 that there is no evidence in the record that any class members continue to be covered by plans  
 18 administered by UBH or that those plans condition coverage on adherence to generally accepted  
 19 standards of care. UBH also raises the possibility that going forward some class members’ plans  
 20 may decide to give a different meaning to this term. The Court rejects these arguments.

21 With respect to the first two arguments, it would have been impossible for Plaintiffs to  
 22 introduce at trial evidence that did not yet exist to establish that at least some named Plaintiffs  
 23 continue to be covered by plans that are administered by UBH and that they continue to require  
 24 that coverage be consistent with generally accepted standards of care. Therefore, it is appropriate  
 25 for the Court to consider the evidence Plaintiffs now offer in response to UBH’s objections  
 26 showing that those objections are unfounded. Given that UBH has in its possession all of the class  
 27 members’ plans and certainly knew that some of the named Plaintiffs continue to be covered by  
 28 plans that it administers – and the terms class members’ plans contain – UBH’s assertion of these  
 arguments shows a lack of good faith that supports the Court’s conclusions as to the likelihood of

1 future violations. The Court also notes that UBH stipulated at the hearing that there are still  
2 named Plaintiffs who are covered by UBH plans with medical necessity provisions, as discussed  
3 above.

4 As to the possibility that some future plan may ascribe a new meaning to the term  
5 “generally accepted standards of care,” the Court finds this argument to be speculative as UBH has  
6 not pointed to a single plan that has adopted some alternative meaning for this term during the  
7 class period or currently. Moreover, for years UBH has used uniform guidelines to interpret this  
8 term, even though it is used in thousands of different plans, reflecting the belief that the meaning  
9 of the term is the same in all of the class members’ plans. UBH’s longstanding practice of  
10 applying uniform criteria to determine whether members’ coverage is consistent with generally  
11 accepted standards of care, which continues to the present, suggests this argument also was not  
12 made in good faith.

13 c. Whether the Court Should Order that UBH Apply Specific Criteria

14 UBH argues that the Court may not order it to apply specific coverage criteria – even if  
15 they are the same criteria it has already decided to adopt – because there are multiple possible  
16 guidelines that would be consistent with generally accepted standards of care as the Court defined  
17 that term and UBH should be permitted to exercise its discretion in deciding which of those  
18 criteria to use. The Court rejects this argument for two reasons.

19 First, UBH has abused its discretion for many years and the Court has found that there is a  
20 significant danger that it will continue to do so for the reasons stated above. Allowing UBH to  
21 craft new guidelines rather than adopting guidelines developed by professional associations that  
22 do not have the financial incentives that caused UBH to develop flawed guidelines would  
23 dramatically increase the opportunities for UBH to engage in continued violations and the  
24 likelihood that it would do so. Under these circumstances, the injunctive relief that Plaintiffs  
25 request is necessary to provide an adequate remedy and will also allow for Court oversight to  
26 prevent future violations.

27 Second, the Court notes that as a practical matter, ordering UBH to apply criteria that it has  
28 already adopted of its own volition does not significantly interfere with UBH’s discretion in

1 determining coverage criteria. It simply brings UBH's use of those criteria within the scope of the  
2 Court's authority for the purposes of enforcement.

3 d. Length of the Court's Injunction

4 UBH argues that the Court's injunction should not be indefinite because generally  
5 accepted standards of care evolve over time. In light of the evidence introduced at trial, which  
6 shows that generally accepted standards of care evolve slowly, the Court finds that an appropriate  
7 term for the injunction is ten years. After five years, however, the Court will consider, following  
8 appropriate discovery and briefing, whether the injunction should be kept in place for another five  
9 years. At that point, the burden will be on UBH to establish that the injunctive relief that is  
10 awarded herein has accomplished its objective and is no longer necessary.

11 e. "Faithful application of the ASAM Criteria"

12 UBH contends the language requiring faithful application of ASAM Criteria will require it  
13 to cover substance use residential treatment at all of the ASAM levels of care, regardless of  
14 whether a class members' plan covers that level of care. The Court agrees with Plaintiffs that the  
15 sentence to which they object contains no such requirement and therefore the Court rejects this  
16 argument.

17 f. "Substantively the Same Coverage Criteria"

18 UBH objected to Plaintiffs' original proposed remedies order on the basis that it did not  
19 clearly identify the criteria that UBH would not be permitted to use in making future coverage  
20 determinations. Plaintiffs subsequently proposed language that is more precise for this section of  
21 the proposed remedies order and the Court finds that this revised language meets the requirements  
22 of Rule 65(d) of the Federal Rules of Civil Procedure. Therefore, this argument is moot.

23 For the reasons discussed above the Court awards injunctive relief governing the criteria  
24 UBH will be required to apply to coverage determinations as set forth in the final section of this  
25 Order. This relief is awarded under Rule 23(b)(1)(A) and 23(b)(2) of the Federal Rules of Civil  
26 Procedure.

1                                   **2. Injunctive Relief Requiring Changes to UBH Business Practices/Corporate**  
2                                   **Structure**

3                                   UBH objects to Plaintiffs' requests for injunctive relief related to the implementation of  
4                                   firewalls and other mechanisms to ensure that UBH's financial concerns will not taint the  
5                                   development of future guidelines. While Plaintiffs' concerns are understandable in light of UBH's  
6                                   past practices, the Court declines to award such injunctive relief at this time. First, to the extent  
7                                   that UBH is shifting to use of guidelines developed by third parties – and will be required under  
8                                   the Court's injunction to faithfully apply these guidelines going forward – that injunctive relief  
9                                   may render unnecessary injunctive relief aimed at insulating the guideline development process  
10                                   from financial considerations. Second, although evidence was presented at trial that financial  
11                                   considerations were an important factor in UBH's adoption of criteria that were inconsistent with  
12                                   the terms of class members' plans, the Court did not make findings one way or the other as to  
13                                   whether the financial metrics used by UBH administrators may also allow it to avoid wasteful and  
14                                   ineffective treatment, as UBH contends. The Court therefore declines to award this form of  
15                                   injunctive relief.

16                                   **3. Injunctive Relief Requiring Training of Clinicians and Top Level Executives**

17                                   UBH does not object to conducting training of its employees about the guidelines to be  
18                                   used for reprocessing and the duties of an ERISA fiduciary. However, it argues that injunctive  
19                                   relief *requiring* such training is unnecessary because it has already stated its intention to conduct  
20                                   such training. Like its argument that there is no irreparable harm because UBH has changed its  
21                                   guidelines, the mere fact that UBH has agreed to conduct training is not sufficient to defeat  
22                                   Plaintiffs' showing of irreparable harm. As discussed above, Plaintiffs have shown irreparable  
23                                   harm based on the danger that UBH will continue to violate ERISA by making coverage  
24                                   determinations that are inconsistent with the terms of their plans. That danger applies in the  
25                                   context of reprocessing and in adjudicating new claims. The training Plaintiffs ask the Court to  
26                                   order is aimed at ensuring that the individuals who are making coverage decisions understand their  
27                                   obligations under ERISA. It is an important element of the remedial plan and making it  
28                                   enforceable will offer protection for Plaintiffs that is appropriate in light of UBH's conduct.

                                  The Court also rejects UBH's argument that the section of the injunction requiring UBH

1 to conduct training is impermissibly vague. Therefore, the Court concludes that Plaintiffs are  
 2 entitled to the injunctive relief they request with respect to training. This relief is awarded under  
 3 Rule 23(b)(1)(A) and 23(b)(2) of the Federal Rules of Civil Procedure.

#### 4 **4. Injunctive Relief Requiring Disclosures to Plan Sponsors and Regulators**

5 UBH argues that there is no need to issue an injunction requiring it to disclose what the  
 6 Court has ordered with respect to remedies because its FFCL and the remedies order are matters of  
 7 public record and therefore such relief is unnecessary. The Court agrees and therefore denies this  
 8 request.

### 9 **VI. SPECIAL MASTER**

#### 10 **A. Background**

##### 11 **1. Motion**

12 Plaintiffs contend the reprocessing remedy is only likely to be effective if it is overseen by  
 13 one or more special masters and that the Court is authorized to appoint a special master under both  
 14 Rule 53(a)(1)(C) of the Federal Rules of Civil Procedure and ERISA. *Id.* at 27-28 (citing  
 15 *Donovan*, 716 F.2d at 1236-1237). Plaintiffs further assert that appointment of a special master is  
 16 particularly appropriate here because UBH's breach of its fiduciary duties to the classes included a  
 17 conflict of interest. *Id.* (citing *Huizinga v. Genzink Steel Supply & Welding Co.*, No. 1:10-CV-  
 18 223, 2013 WL 4511291, at \*12 (W.D. Mich. Aug. 23, 2013), amended in part, No. 1:10-CV-223,  
 19 2013 WL 12249781 (W.D. Mich. Oct. 11, 2013)). Plaintiffs argue that ERISA even permits  
 20 courts to remove plan fiduciaries who have breached their fiduciary duties, though Plaintiffs do  
 21 not request that remedy here. *Id.* at 28-29 (citing 29 U.S.C. § 1109(a); Restatement (Third) of  
 22 Trusts § 37, cmt. D (2003); *Martin v. Feilen*, 965 F.2d 660, 673 (8th Cir. 1992); *Donovan v.*  
 23 *Bryans*, 566 F. Supp. 1258, 1268 (E.D. Pa. 1983)).

24 Plaintiffs ask that a special master be appointed to oversee UBH's compliance with both  
 25 reprocessing and prospective injunctive relief and that the special master be authorized to appoint  
 26 one or more associate special masters as necessary, such as a psychiatrist with special expertise in  
 27 mental health and substance use disorder. *Id.* at 29 (citing *Triple Five of Minnesota, Inc. v. Simon*,  
 28 No. CIV.99-1894(PAM/JGL), 2003 WL 22859834, at \*2 (D. Minn. Dec. 1, 2003) ("The special



1 master may hire accountants, real estate consultants, attorneys, or others as necessary to assist him  
 2 in carrying out his duties under this Order.”); Order at 1, *State of Illinois v. City of Chicago*, Case  
 3 No. 17-cv-6260 (N.D. Ill. Apr. 1, 2019), ECF No. 725 (noting that the special master will  
 4 “manage a large team of deputy monitors, subject matter experts, and community engagement  
 5 specialists”); Academy of Court Appointed Masters, Sample Appointment Order 3: Where Master  
 6 Will Serve as Monitor in a Class Action, Appointing Special Masters And Other Judicial  
 7 Adjuncts: A Handbook for Judges and Lawyers (2d ed.), at 44 ¶ 11 (“The Monitor shall have the  
 8 authority to employ and/or contract with all necessary attorney, paralegal, administrative, and  
 9 clerical staff within a budget cap approved by the Court.”), available at [https://www.uww-](https://www.uww-adr.com/zupload/zgraphcontent/uploads/pdfs/acambenchbook-11-20-09.pdf)  
 10 [adr.com/zupload/zgraphcontent/uploads/pdfs/acambenchbook-11-20-09.pdf](https://www.uww-adr.com/zupload/zgraphcontent/uploads/pdfs/acambenchbook-11-20-09.pdf)). They propose that  
 11 within 14 days of the Court’s order on remedies, they will submit three candidates for the special  
 12 master position, along with a detailed order of appointment. *Id.* at 29 n. 28.

13 With respect to reprocessing, Plaintiffs ask that the special master be authorized “to take  
 14 any steps they deem necessary to ensure UBH’s faithful compliance with the remand order,  
 15 including but not limited to reviewing some or all of the reprocessed claims and underlying  
 16 documentation to ensure UBH’s faithful application of the guidelines ordered by the Court;  
 17 ensuring adequate procedures are in place for class members to submit additional records to  
 18 complete their administrative records; and reporting to the Court on the status of reprocessing and  
 19 UBH’s compliance therewith.” *Id.* at 30. With respect to training and internal policy remediation  
 20 (the prospective injunctive relief), Plaintiffs ask that the special master be authorized to oversee  
 21 UBH’s training program and changes in UBH business practices.

## 22 2. Opposition

23 UBH opposes the appointment of a special master, arguing that appointing a special master  
 24 is “the exception and not the rule” under Rule 53. Opposition at 52 (citing *New York, S. & W. R.*  
 25 *Co. v. Follmer*, 254 F.2d 510, 511 (3d Cir. 1958) (“references to masterships, although provided  
 26 for by the federal rules, should be very sparingly used by district judges.”); *Bartlett-Collins Co. v.*  
 27 *Surinam Nav. Co.*, 381 F.2d 546, 550 (10th Cir. 1967)). It contends Plaintiffs’ request for a special  
 28 master is “unsupported, as there are no complicated questions of fact that require a special

1 master’s attention at this time.” *Id.* It further asserts that there is no evidence that it has failed to  
2 comply with prior court orders, and if Plaintiffs believe at some point in the future that UBH is not  
3 adopting appropriate guidelines or conducting the reprocessing in a manner that is consistent with  
4 the FFCL they may request appointment of a special master at that time. *Id.* According to UBH,  
5 appointment of a special master is unjustified because it is a sophisticated entity capable of  
6 managing its own compliance. *Id.* at 53 (citing *Rolland v. Cellucci*, 198 F. Supp. 2d 25, 45 (D.  
7 Mass. 2002), *aff’d sub nom. Rolland v. Romney*, 318 F.3d 42 (1st Cir. 2003); *E.E.O.C. v.*  
8 *Prospect Airport Servs., Inc.*, No. 2:05-CV-01125-KJD, 2012 WL 3042693, at \*4 (D. Nev. July  
9 25, 2012)).

10 UBH argues further that there is no support for Plaintiffs’ argument that the special master  
11 should be permitted to appoint associate special masters who are psychiatrists. UBH argues that  
12 the “matter will be remanded to UBH to exercise its discretion under the ERISA plans” and “[t]hat  
13 discretion cannot be usurped by ‘associate special masters’ just because they also have clinical  
14 expertise.” *Id.* at 53. Finally, it contends Plaintiffs’ proposed remedies order is flawed with  
15 respect to the procedures for appointing a special master under Rule 53, which permits *any* party  
16 to propose a special master and requires that all parties are given notice and an opportunity to be  
17 heard as to the adequacy of the proposed special master. The proposed order is inadequate, UBH  
18 contends, because it specifies that Plaintiffs will submit a filing that identifies three candidates for  
19 the position of special master but does not include any provision allowing UBH to propose  
20 candidates or to respond to Plaintiffs’ proposed candidates. *See* Plaintiffs’ Proposed Remedies  
21 Order § V.

### 22 3. Reply

23 Plaintiffs contend the record in this case amply demonstrates that a special master is  
24 required to ensure UBH complies with the Court’s order with respect to reprocessing and  
25 injunctive relief. Reply at 79. It argues that UBH’s reliance on *New York, S. & W. R. Co. v.*  
26 *Follmer*, 254 F.2d 510, 511 (3d Cir. 1958) for the proposition that appointment of a special master  
27 is “the exception and not the rule” is misplaced because at the time that case was decided, Rule 53  
28 was more restrictive than it is now and expressly stated that appointment of a special master was

1 “the exception and not the rule.” *Id.* (citing *La Buy v. Howes Leather Co.*, 352 U.S. 249, 254  
 2 (1957)). It also argues that neither *Rolland v. Cellucci* nor *E.E.O.C. v. Prospect Airport Services*  
 3 supports its assertion that oversight is not necessary because in both of those cases the defendants  
 4 had largely agreed to the remedial measures at issue, in contrast to UBH here. *Id.* at 80.

5 Plaintiffs agree with UBH that the Court’s remedies order should be consistent with Rule  
 6 53. *Id.* at 81. In Plaintiffs’ Post-Hearing Revised Proposed Remedies Order, Plaintiffs revised the  
 7 language of Section V. to conform to the procedures specified in Rule 53.

### 8 **B. Discussion**

9 Rule 53(a)(1)(C) of the Federal Rules of Civil Procedure allows for the appointment of a  
 10 special master to “address pretrial and posttrial matters that cannot be effectively and timely  
 11 addressed by an available district judge or magistrate judge of the district.” The Court concludes  
 12 that requirement is met here. UBH abused its discretion in administering the class members’  
 13 plans, placing its financial interests before its duties to plan members and depriving members of  
 14 their right to determinations of coverage that were consistent with their plans. UBH misled  
 15 regulators. Many of the high level UBH executives who testified at trial were evasive and offered  
 16 testimony that was not credible. And UBH has opposed virtually every form of relief Plaintiffs  
 17 request. Under these circumstances, oversight of the reprocessing remedy and prospective  
 18 injunctive relief is necessary to ensure that UBH complies with the Court’s remedies order.  
 19 Furthermore, the size of the class and the magnitude of the undertaking, especially with respect to  
 20 reprocessing, supports the appointment of a special master.

21 The Court finds that it is premature to decide whether associate special masters will be  
 22 needed but will as part of the process of appointing a special master establish a process for the  
 23 special master and/or the parties to request the appointment of associate special masters if they  
 24 believe it is appropriate.

## 25 **VII. RETENTION OF JURISDICTION**

### 26 **A. Background**

27 Plaintiffs ask the Court to retain jurisdiction over this action until the reprocessing remedy  
 28 is complete and the special master has completed their oversight over any other injunctive relief

1 awarded by the Court. Motion at 31 (citing *Lancaster v. U.S. Shoe Corp.*, 934 F. Supp. 1137,  
2 1170 (N.D. Cal. 1996) (remanding to plan administrator under ERISA for redetermination of  
3 benefits eligibility under proper standard and retaining jurisdiction indefinitely) (citing *Copeland*  
4 *v. Carpenters Dist. Council of Houston & Vicinity Pension Fund*, 771 F. Supp. 807, 810  
5 (E.D.Tex.1991) (remanding ERISA action to plan administrator for further proceedings and  
6 retaining jurisdiction “until such time as the court determines that all matters arising out of [the]  
7 action have been finally disposed of”))).

8 UBH argues that it is not necessary for the Court to retain jurisdiction “beyond the time  
9 necessary to approve the new guidelines and oversee the notice period that will be followed by  
10 remand to the administrator because in this case Plaintiffs have relinquished claims for monetary  
11 recovery. Opposition at 56-57. UBH asserts that *Lancaster* is not on point because in that case,  
12 Judge Brazil retained jurisdiction in order to determine attorneys’ fees and prejudgment interest on  
13 the judgment that would ultimately ensue. *Id.*

14 Plaintiffs reject UBH’s argument in their Reply brief, arguing that there is no rule  
15 providing that a court may retain jurisdiction over the remedial process only if the plaintiffs have  
16 sought monetary relief and that *Lancaster* states no such limitation. Reply at 78. They assert that  
17 the Court may – and should – retain jurisdiction to ensure that UBH complies with the Court’s  
18 remedies order so that Plaintiffs need not file a new lawsuit or ask to reopen the case if UBH does  
19 not comply. *Id.*

## 20 **B. Discussion**

21 For the same reasons the Court finds that appointment of a special master is appropriate, it  
22 also concludes that retention of jurisdiction over this case to ensure UBH’s compliance with the  
23 remedies ordered by the Court is warranted. Therefore, the Court will retain jurisdiction over this  
24 action for the duration of the injunction, that is, ten years, unless the injunction is terminated  
25 sooner, as set forth above.

## 26 **VIII. NOTICE TO CLASS MEMBERS**

27 Plaintiffs ask the Court to give notice of the Court’s findings on liability, the remedies it  
28 awards and any actions class members need to take, under Rule 23(d)(1)(B), which provides that

1 “[i]n conducting an action under [Rule 23], the court may issue orders that . . . require – to protect  
 2 class members and fairly conduct the action – giving appropriate notice to some or all class  
 3 members of . . . any step in the action.” UBH does not object to Plaintiffs’ request. Therefore,  
 4 the Court orders that notice be sent to the class members informing them of the Court’s liability  
 5 findings and the remedies is has awarded. The parties should meet and confer on a schedule for  
 6 submitting proposed notices for Court approval and for accomplishing the required notice; they  
 7 should submit their proposed schedule (which should be joint to the extent possible) within 14  
 8 days of this Order. To the extent that the Court has also ordered the parties to submit a proposal  
 9 for handling the class notices required in connection with its Order addressing issues of  
 10 decertification (concurrently filed), the Court requests that the parties submit a single proposed  
 11 schedule that will address all issues related to class notices.

## 12 **IX. CONCLUSION**

13 For the reasons set forth above and in the Court’s February 28, 2019 FFCL and pursuant to  
 14 its authority under ERISA, 29 U.S.C. §§ 1132(a)(1)(b), (a)(3)(a) and (a)(3)(b), and Federal Rules  
 15 of Civil Procedure 23(d) and 53, **THE COURT HEREBY ORDERS:**

### 16 **I. DECLARATORY JUDGMENT**

17 The Court hereby DECLARES as follows:

- 18 1. UBH, which also operates as OptumHealth Behavioral Solutions, administers mental  
 19 health and substance use disorder benefits for commercial welfare benefit plans. In that  
 20 capacity, UBH exercises discretion with respect to the administration of benefits, and is a  
 21 fiduciary with respect to the plans it administers.
- 22 2. UBH has developed Level of Care Guidelines and Coverage Determination Guidelines  
 23 (collectively, “Guidelines”) that it uses for making coverage determinations.
- 24 3. UBH issued an adverse benefit determination to each class member<sup>13</sup> that was based, in  
 25 whole or in part, on UBH’s Guidelines.

26 \_\_\_\_\_  
 27 <sup>13</sup> The final class definitions for the Wit Guidelines Class, the Alexander Guidelines Class, and the  
 28 Wit State Mandate Class, as well as the applicable Class Periods, are set forth in the Court’s  
 Order on UBH’s decertification motion, concurrently filed herewith. The members of the three  
 classes are referred to collectively herein as the “class members.”

- 1 4. UBH's Guidelines are not terms of the class members' plans.
- 2 5. The terms of the plans of each class member of the Wit and Alexander Guidelines Classes  
3 required, as one condition of coverage, that services be consistent with generally accepted  
4 standards of care. UBH uses its Guidelines to interpret and apply those plan terms, and acts  
5 in a fiduciary capacity when it develops, revises and applies its Guidelines.
- 6 6. The class members had a right, under ERISA and their plans, to have UBH adjudicate  
7 whether requested services met that condition according to criteria that were, in fact,  
8 consistent with generally accepted standards of care.
- 9 7. The following standards are generally accepted in the field of mental health and substance  
10 use disorder treatment and placement:
  - 11 a. Effective treatment requires treatment of the individual's underlying condition and is not  
12 limited to alleviation of the individual's current symptoms.
  - 13 b. Effective treatment requires treatment of co-occurring behavioral health disorders and/or  
14 medical conditions in a coordinated manner that considers the interactions of the disorders  
15 and conditions and their implications for determining the appropriate level of care.
  - 16 c. Patients should receive treatment for mental health and substance use disorders at the  
17 least intensive and restrictive level of care that is safe and effective. Placement in a less  
18 restrictive environment is appropriate only if it is likely to be safe and just as effective as  
19 treatment at a higher level of care in addressing a patient's overall condition, including  
20 underlying and co-occurring conditions.
  - 21 d. When there is ambiguity as to the appropriate level of care, the practitioner should err on  
22 the side of caution by placing the patient in a higher level of care.
  - 23 e. Effective treatment of mental health and substance use disorders includes services  
24 needed to maintain functioning or prevent deterioration.
  - 25 f. The appropriate duration of treatment for behavioral health disorders is based on the  
26 individual needs of the patient; there is no specific limit on the duration of such treatment.
  - 27 g. The unique needs of children and adolescents must be taken into account when making  
28 level of care decisions involving their treatment for mental health or substance use

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disorders.

h. The determination of the appropriate level of care for patients with mental health and/or substance use disorders should be made on the basis of a multidimensional assessment that takes into account a wide variety of information about the patient.

8. The UBH Guidelines at issue in this case – *i.e.*, those listed in Trial Exhibit 880 (attached hereto as Exhibit A) – are significantly and pervasively more restrictive than generally accepted standards of care, in the following ways:

a. UBH’s Guidelines place excessive emphasis on acuity and crisis stabilization, while ignoring the effective treatment of members’ underlying conditions.

b. UBH’s Guidelines fail to address the effective treatment of co-occurring conditions.

c. UBH’s Guidelines fail to err on the side of caution in favor of higher levels of care when there is ambiguity and, instead, push patients to lower levels of care where such a transition is safe, even if the lower level of care is likely to be less effective.

d. UBH’s Guidelines preclude coverage for treatment to maintain level of function.

e. UBH’s Guidelines from 2014 to 2017 preclude coverage based on lack of motivation.

f. UBH’s Guidelines fail to address the unique needs of children and adolescents.

g. UBH’s Guidelines use an overly broad definition of “custodial care,” coupled with an overly narrow definition of “active” treatment and “improvement.”

h. UBH’s Guidelines impose mandatory prerequisites for coverage rather than determining the appropriate level of care based on a multidimensional approach.

9. For these reasons, as to each member of the Wit Guideline Class, each and every adverse benefit determination made by UBH based in whole or in part on any of the Guidelines listed in Exhibit A between May 22, 2011 and June 1, 2017, was wrongful and made in violation of plan terms and ERISA.

10. For these reasons, as to each member of the Alexander Guideline Class, each and every adverse benefit determination made by UBH based in whole or in part on any of the Guidelines listed in Exhibit A between December 4, 2011 and June 1, 2017, was wrongful and made in violation of plan terms and ERISA.

- 1 11. The UBH Guidelines at issue in this case also deviate from the ASAM Criteria, published
- 2 by the American Society for Addiction Medicine, in a multitude of ways, including by
- 3 failing to provide for coverage of residential treatment at levels 3.1, 3.3 and 3.5.
- 4 12. Since August 18, 2011, Illinois law has required insurers to use the ASAM Criteria to
- 5 make coverage determinations for treatment of substance abuse disorders.
- 6 13. UBH violated Illinois law between August 18, 2011 and January 1, 2016 because UBH did
- 7 not use the ASAM Criteria to administer claims for substance use disorder treatment and
- 8 UBH's own Guidelines were not consistent with the ASAM Criteria.
- 9 14. Since October 1, 2013, Connecticut law has required insurers to use the ASAM Criteria, or
- 10 a set of criteria an insurer "demonstrates to the Insurance Department is consistent with"
- 11 the ASAM Criteria.
- 12 15. UBH violated Connecticut law throughout the Class Period because UBH did not use the
- 13 ASAM Criteria to administer claims for substance use disorder treatment and UBH's own
- 14 Guidelines were not consistent with the ASAM Criteria.
- 15 16. The "crosswalks" UBH submitted to Connecticut regulators in 2013 and 2015 to
- 16 demonstrate its Guidelines were consistent with the ASAM Criteria materially
- 17 mischaracterized the UBH Guidelines by stating that "the criteria from all 3 ASAM levels
- 18 [3.1, 3.3 and 3.5] are included in the admission criteria for Reside[n]tial Rehabilitation."
- 19 At the time these statements were made to Connecticut regulators, UBH knew them to be
- 20 false.
- 21 17. Since July 10, 2015, Rhode Island law has required that payors including insurers "rely
- 22 upon the criteria of the American Society of Addiction Medicine when developing
- 23 coverage for levels of care for substance-use disorder treatment." 27 R.I. Gen. Laws § 27-
- 24 38.2-1(g) (2015); 2015 R.I. Pub. Laws 15-236 (15-H 5837A).
- 25 18. UBH violated Rhode Island law from July 10, 2015 through the end of the Class Period
- 26 because UBH did not use the ASAM Criteria to administer claims for substance use
- 27 disorder treatment and UBH's Guidelines were not "consistent with" the ASAM Criteria.
- 28 19. Throughout the entire Class Period, Texas Law required insurance companies to apply



- 1 criteria issued by the Texas Department of Insurance (“TDI Criteria”) in making medical  
2 necessity determinations with respect to claims for substance use disorder treatment when  
3 an individual’s plan was governed by Texas law and treatment was sought from a provider  
4 or facility in Texas. 28 Tex. Admin. Code § 3.8011 (1991).
- 5 20. UBH violated Texas law during the Class Period by applying its own Guidelines rather  
6 than applying solely the TDI Criteria to claims covered by the Texas statute.
- 7 21. The Wit State Mandate Class members’ plans and applicable state law required UBH to  
8 use specific state-mandated criteria to make medical necessity determinations. These class  
9 members, therefore, had a right, under ERISA and their plans, to have UBH adjudicate  
10 their claims solely according to the state-mandated criteria. UBH did not do so, thereby  
11 violating ERISA and these class members’ plans.
- 12 22. As to the Wit State Mandate Class, each and every adverse benefit determination made by  
13 UBH based in whole or in part on the Guidelines listed in Exhibit A within the following  
14 periods was wrongful and made in violation of plan terms, ERISA, and the applicable state  
15 law:
- 16 a. Between May 22, 2011 and June 1, 2017 for plans governed by Texas law;
  - 17 b. Between August 18, 2011 and January 1, 2016 for plans governed by Illinois law;
  - 18 c. Between October 1, 2013 and June 1, 2017 for plans governed by Connecticut law; and
  - 19 d. Between July 10, 2015 and June 1, 2017 for plans governed by Rhode Island law.
- 20 23. UBH’s Guideline development process was tainted by UBH’s financial interests  
21 throughout the Class Period.
- 22 24. UBH is a fiduciary within the meaning of ERISA, 29 U.S.C. § 1001 *et seq.*
- 23 25. As a fiduciary, UBH owes fiduciary duties to the participants and beneficiaries of the plans  
24 UBH administers, including the duties set forth in 29 U.S.C § 1104(a)(1).
- 25 26. For all the reasons stated above and in the Court’s FFCL, UBH breached its fiduciary  
26 duties to the class members, including its obligations under 29 U.S.C. §§ 1104(a)(1)(A),  
27 (a)(1)(B), and (a)(1)(D), when it developed, revised and applied the Guidelines.
- 28

1     **II. NOTICE TO THE CLASS MEMBERS**

2           It is hereby ORDERED that the parties will confer on the process for giving notice to class  
3 members and the content of one or more notices to be sent to all class members to inform them  
4 that Plaintiffs succeeded on the merits of their claims, describe the forms of relief ordered by the  
5 Court, and provide detailed information on the procedures governing the reprocessing remedy and  
6 how class members may submit additional information. The Court further directs the parties to  
7 submit, within 14 days after entry of this Order, a joint filing containing a schedule and proposed  
8 process for giving such notice to class members, as well as a proposed schedule for obtaining  
9 Court approval of the content of the notices that will be sent to class members. In developing a  
10 schedule for giving notice to class members, the parties should take into account the implications,  
11 if any, of the Court’s conclusions in the concurrently filed Order addressing decertification issues  
12 (“the Decertification Order”) that the classes must be decertified in some respects, requiring notice  
13 to some class members that they will no longer be class members when the decertification order  
14 goes into effect.

15     **III. REMAND TO THE ADMINISTRATOR FOR REPROCESSING**

16           It is hereby ORDERED that each and every adverse benefit determination meeting the  
17 criteria for Class Membership in this case (each one, a “Remanded ABD”) is hereby remanded to  
18 UBH to be reprocessed in a manner consistent with the Court’s FFCL and this Order. Such  
19 reprocessing shall be completed as follows, all at UBH’s expense:

20     **A. Completion of the Administrative Record**

- 21       1. Class members and/or their healthcare providers may (but are not required to) submit to  
22 UBH additional evidence relevant to the services for which coverage was denied in the  
23 Remanded ABD, including but not limited to (i) medical records and/or other clinical  
24 information concerning the request for coverage at the proposed level of care; and/or (ii)  
25 records substantiating services received at the requested level of care after a pre-service or  
26 concurrent denial, including any bills related thereto, whether or not the class member  
27 submitted a post-service claim to UBH for such services.
- 28       2. UBH shall set up user-friendly processes to enable class members to submit such

1 additional information via mail; fax; and/or an online web portal, at the class member's  
2 option, and to ensure that any such information is promptly added to the class member's  
3 administrative record. The Special Master (discussed in § V, below) shall review and  
4 approve the processes to ensure their adequacy for this purpose.

- 5 3. A class member's submission shall be deemed timely if it is postmarked or received by  
6 UBH within 90 days after the Class Administrator sends the Class Notice pursuant to § II  
7 above. The Special Master shall have the discretion to extend this time period for all class  
8 members, for a subset of class members, or for a particular class member.
- 9 4. If a class member's administrative record remains incomplete after the close of this period,  
10 such that UBH is unable to make specific findings applying the Court-approved criteria,  
11 UBH shall not issue an adverse benefit determination unless UBH first makes a good-faith  
12 effort to contact the provider listed on the relevant request for coverage and attempts to  
13 collect the additional necessary clinical information from the provider. The Special Master  
14 shall determine what steps are sufficient to constitute a good-faith effort for these purposes.

15 **B. Criteria to be Applied Upon Remand**

16 On remand, UBH will re-evaluate only whether the proposed treatment at the requested level  
17 of care was consistent with generally accepted standards of care. In order to make this  
18 redetermination, UBH will conduct a full and fair review of all of the available clinical  
19 information for all services received by the class member at the requested level of care, regardless  
20 of whether the member submitted a post-service claim for such services prior to this Order, and  
21 will apply the following criteria, which the Court has found are consistent with generally accepted  
22 standards of care:

- 23 1. To re-evaluate requests for coverage for the treatment of class members with a primary  
24 diagnosis of substance use disorder, UBH will apply the most recent edition of the ASAM  
25 Criteria, the 2013 edition of which was admitted at trial as Trial Exhibit 662. When re-  
26 evaluating requests for residential treatment of a substance use disorder, UBH shall  
27 approve coverage if the member qualified for services at any of the sub-levels identified in  
28 the ASAM Criteria (*i.e.*, Levels 3.1, 3.3, 3.5, and 3.7).

- 1           2. To re-evaluate requests for coverage of treatment for class members who were adults at the
- 2           time of the relevant treatment with a primary diagnosis of a mental health condition, UBH
- 3           will apply the latest edition of the LOCUS, the 2010 edition of which was admitted at trial
- 4           as Trial Exhibit 653.
- 5           3. To re-evaluate requests for coverage of treatment for class members who were between the
- 6           ages of 6 and 18 at the time of the relevant treatment and had a primary diagnosis of a
- 7           mental health condition, UBH will apply the most recent edition of the CASII, the 2014
- 8           edition of which was admitted at trial as Trial Exhibit 645.
- 9           4. To re-evaluate requests for coverage of treatment for class members who were ages 5 or
- 10          under at the time of the relevant treatment and had a primary diagnosis of a mental health
- 11          condition, UBH will apply the most recent edition of the ECSII.

12           **C. No Retaliation**

13           In reprocessing the class members' requests for coverage on remand, UBH is prohibited

14           from: (i) denying a request on any ground other than the lack of medical necessity or the clinical

15           inappropriateness of the services, as determined according to the criteria required by the Court in

16           § III.B of this Order, except exclusions or limitations UBH explicitly cited in its original written

17           notification of denial to the class member; (ii) re-evaluating any coverage determination made

18           with respect to a class member other than the Remanded ABD; and (iii) seeking to recoup or

19           offset, from the class member or their provider(s), any amounts UBH pays pursuant to this Order,

20           including by withholding or reducing any benefits authorized in connection with any subsequent

21           request for coverage by the class member.

22           **D. Procedures Following Re-Determination**

23           Following a full and fair review, UBH shall issue its benefit determination on remand, as

24           follows:

25                   **1. Procedures in the Event of a Denial or Partial Denial on Remand**

26           If, following a full and fair review of all of the available information and application of

27           the relevant criteria under § III.B of this Order, UBH determines in good faith that coverage is

28           not available to the class member in whole or in part, UBH will issue an adverse benefit

1 determination that complies strictly with 29 C.F.R. § 2560.503-1.

- 2 a. UBH’s determination shall be considered an initial adverse benefit determination for  
3 purposes of ERISA and its implementing regulations, including 29 C.F.R. § 2560.503-1,  
4 and the class member shall be entitled to avail himself or herself of all rights to  
5 administrative appeal, including external appeal, available pursuant to ERISA and the class  
6 member’s plan and/or any causes of action arising from such adverse benefit  
7 determination.
- 8 b. UBH’s written notice of the determination shall include specific and detailed findings  
9 supporting the determination, including citations to the clinical evidence and the specific  
10 provisions of the applicable criteria on which UBH’s conclusion is based. The notice shall  
11 also include specific instructions for appealing the determination, including, where  
12 applicable, instructions on how to obtain an external appeal, and shall inform the class  
13 member of his or her right to file an ERISA lawsuit challenging the new determination  
14 after the administrative appeals are exhausted.

15 **2. Procedures in the Event of Approval of Coverage on Remand**

16 If, following a full and fair review of all of the available information and application of  
17 the relevant criteria under § III.B of this Order, UBH determines in good faith that the requested  
18 services at the requested level of care were consistent with generally accepted standards of care  
19 and therefore coverage should be approved on remand, in whole or in part:

- 20 a. UBH will notify the class member of its determination.
- 21 b. UBH’s written notice of the determination shall include specific and detailed findings  
22 supporting the determination, including citations to the clinical evidence and the specific  
23 provisions of the applicable criteria on which UBH’s conclusion is based.
- 24 c. UBH will then calculate the amount of benefits the class member is owed under the terms  
25 of the applicable plan in effect at the time the request for coverage was originally received.
- 26 i. In calculating the amount of benefits owed, UBH shall include benefits owed for all  
27 services the class member received at the level of care at issue in the Remanded  
28 ABD that UBH finds are consistent with the criteria in § III.B, above, regardless of

1 whether the class member submitted a post-service claim for them prior to this  
2 Order. UBH is not required to cause benefits to be paid for services the class  
3 member received at a level of care that is different than the one at issue in the  
4 Remanded ABD.

5 ii. In calculating the amount of benefits owed, UBH shall apply the financial terms  
6 contained in the class member's plan in effect as of the date the Remanded ABD  
7 was issued, including deductibles, out-of-pocket maximums, co-pays or  
8 coinsurance, coordination of benefits and subrogation. For in-network claims, UBH  
9 shall apply the applicable contracted provider reimbursement rates in effect as of  
10 the date of the Remanded ABD. If, prior to this Order, a class member otherwise  
11 met his or her deductible or out-of-pocket maximum for the plan or calendar  
12 year(s) at issue, UBH shall deem the deductible or maximum to have been met for  
13 purposes of calculating the amount of benefits owed.

14 iii. UBH shall pay to the class member the calculated benefit amount, plus interest  
15 pursuant to § III.E of this Order, within 30 days after UBH adjudicates the claim. If  
16 UBH's records reflect that the class member assigned the benefits to another  
17 recipient, including through a direction to pay a provider, UBH shall make the  
18 benefit payment in accordance with its usual policies and practice relating to such  
19 assignments and/or directions. Where the benefit payment is made, in whole or in  
20 part, to one or more assignees, the recipient(s) of the payment shall also receive  
21 their proportionate share of the interest provided for under § III.E.

22 d. UBH may not offset against the benefits calculated pursuant to § III.D.2.c of this Order  
23 any benefits previously paid to the class member or his or her provider in connection with  
24 other services requested by the member.

25 **E. Interest**

26 UBH shall pay interest on all amounts it is required to pay pursuant to this Order,  
27 calculated at the rate provided under 28 U.S.C. § 1961 (the weekly average 1-year constant  
28 maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System,

1 for the calendar week preceding the date of the judgment, compounded annually) from the date on  
 2 which the bill for services from the provider who provided services to the class member initially  
 3 came due until the date on which payment of benefits is made by UBH.

4 **F. Certification and Reporting**

5 Within 60 days after completing the reprocessing procedures described above for all class  
 6 members, UBH shall submit to the Court the following: (1) a certification that it has reprocessed  
 7 all Remanded ABDs according to the requirements set by the Court; and (2) a report on the  
 8 outcome of reprocessing, including, at a minimum, the following information: (a) the total number  
 9 of requests for coverage, by level of care, that were reprocessed pursuant to this Order; (b) the  
 10 number of class members, by level of care, whose requests for coverage were denied on remand;  
 11 (c) the number of class members, by level of care, whose adverse benefit determinations were  
 12 reversed in whole or in part on remand (including how many were reversed in whole, and how  
 13 many in part); and (d) the number of class members who received a benefit payment following  
 14 reprocessing, and the lowest, highest, median, and average amount of the payments, by level of  
 15 care.

16 **IV. INJUNCTIVE RELIEF**

17 **A. UBH is hereby permanently ENJOINED from:**

- 18 1. Using any of the Guidelines listed on Exhibit A to this Order when making coverage-  
 19 related determinations as to whether services are consistent with generally accepted  
 20 standards of care.
- 21 2. Using, when making coverage-related determinations as to whether services are consistent  
 22 with generally accepted standards of care, any Guidelines that include, alone or in  
 23 combination, as a mandatory prerequisite for coverage, any criterion listed on the  
 24 Consolidated Claims Chart filed in this matter on February 12, 2018 (ECF No. 404-2),  
 25 regardless of whether any such criterion is expressed in facially different language, except  
 26 that UBH is not enjoined from using the following criteria: Common Criteria ¶¶ 4-5 from  
 27 UBH's 2011 and 2012 Level of Care Guidelines; Common Criteria ¶ 6 from UBH's 2013  
 28 Level of Care Guidelines; and Continued Service Criterion ¶ 5 from UBH's 2012 and 2013

1 Level of Care Guidelines.

2 **B. UBH is hereby ORDERED to:**

3 1. Henceforth, and for a period of ten (10) years from the date of this Order – unless this term  
4 is modified by the Court following discovery and briefing at the conclusion of the first five  
5 years this injunction is in effect, make any and all coverage-related determinations under  
6 ERISA-governed plans about whether services are consistent with generally accepted  
7 standards of care according to criteria that are consistent with generally accepted standards  
8 of care, as established in this Court’s FFCL, and the requirements of any applicable state  
9 law.

10 a. Unless applicable state law requires UBH to use different criteria, UBH shall use the  
11 following criteria:

- 12 i. With respect to requests for coverage for the treatment of class members with a  
13 primary diagnosis of substance use disorder, the most recent edition of the ASAM  
14 Criteria. Faithful application of the ASAM Criteria to requests for coverage of  
15 residential treatment requires consideration of the criteria applicable to each of the  
16 sub-levels of residential treatment identified in the ASAM Criteria (*i.e.*, Levels 3.1,  
17 3.3, 3.5, and 3.7).
- 18 ii. With respect to requests for coverage of treatment of adults with a primary  
19 diagnosis of a mental health condition, the most recent edition of LOCUS  
20 published by the American Association of Community Psychiatrists.
- 21 iii. With respect to requests for coverage of treatment of children and adolescents (ages  
22 6 through 18) who have a primary diagnosis of a mental health condition, the most  
23 recent edition of the CASII, published by the American Academy of Child and  
24 Adolescent Psychiatrists.
- 25 iv. With respect to requests for coverage of treatment of children and adolescents (ages  
26 5 or younger) who have a primary diagnosis of a mental health condition, the most  
27 recent edition of the ECSII, published by the American Academy of Child and  
28 Adolescent Psychiatrists.



- 1 b. If applicable state law mandates the use of different criteria from those set forth above,  
2 UBH shall faithfully apply the state-mandated criteria.
- 3 2. With the oversight and approval of the Special Master, UBH shall promptly develop and  
4 implement a program for training UBH’s Care Advocates, Peer Reviewers, external  
5 clinical consultants, and any other personnel who make or have input into clinical coverage  
6 determinations, on the faithful application of the coverage criteria prescribed in § III.B,  
7 above.
- 8 a. UBH shall complete its training of any such personnel who will make or have input into  
9 reprocessing of coverage determinations on remand (see § III, above), to the satisfaction of  
10 the Special Master, within 60 days following the Court’s appointment of the Special  
11 Master. The Special Master shall report to the Court when this initial phase of training is  
12 complete.
- 13 b. UBH shall complete its training of any other personnel covered by this subsection, to the  
14 satisfaction of the Special Master, within 90 days following the Court’s appointment of the  
15 Special Master. The Special Master shall report to the Court when this second phase of  
16 training is complete.
- 17 c. UBH’s training program shall include plans for training new personnel as they may be  
18 hired in the future and for refreshing the training of existing employees on at least an  
19 annual basis. UBH shall be required to obtain the approval of the Special Master on the  
20 design of UBH’s ongoing training program within 90 days following the Court’s  
21 appointment of the Special Master.
- 22 3. With the oversight of the Special Master, promptly develop and implement a program, to  
23 train UBH’s Care Advocates, Peer Reviewers, external clinical consultants, any other  
24 personnel who make or have input into coverage determinations, and all senior and  
25 executive management on UBH’s duties under ERISA, including what it means to be an  
26 ERISA fiduciary and to administer benefit plans solely in the interests of participants and  
27 beneficiaries, as well as the need to comply with plan terms.
- 28 a. UBH shall complete its training of any such personnel who will make or have input into

1 reprocessing of coverage determinations on remand (see § III, above), to the satisfaction of  
2 the Special Master, within 60 days following the Court's appointment of the Special  
3 Master. The Special Master shall report to the Court when this initial phase of training is  
4 complete.

5 b. UBH shall complete its training of any other personnel covered by this subsection, to the  
6 satisfaction of the Special Master, within 90 days following the Court's appointment of the  
7 Special Master. The Special Master shall report to the Court when this second phase of  
8 training is complete.

9 c. UBH's training program shall include plans for training new personnel as they may be  
10 hired in the future and for refreshing the training of existing employees on at least an  
11 annual basis. UBH shall be required to obtain the approval of the Special Master on the  
12 design of UBH's ongoing training program within 90 days following the Court's  
13 appointment of the Special Master.

14 **V. SPECIAL MASTER**

15 The Court will appoint, at UBH's expense, a Special Master to serve as an independent  
16 monitor to oversee and verify UBH's compliance with this Order, including UBH's faithful  
17 implementation of the training program, disclosures and reprocessing procedures ordered herein.  
18 Within 14 days after entry of this Order, the parties shall submit to the Court a filing that (1)  
19 identifies at least three agreed-upon candidates for the position of Special Master (or, in the  
20 absence of agreement, three candidates each) and details those candidates' qualifications for the  
21 position; and (2) attaches a proposed Order of Appointment that sets forth in detail the duties of  
22 the Special Master in accordance with this Order and Federal Rule of Civil Procedure 53.

23 **VI. INTERIM AND FINAL DEADLINES**

- 24 1. UBH's reprocessing of the Remanded ABDs shall begin upon the earlier of (a) UBH's  
25 receipt of additional information pursuant to Section III.A, above; or (b) the conclusion of  
26 the 90-day period for submitting such information, as specified in § III.A.3, above.
- 27 2. UBH shall complete its reprocessing of the class members' requests for coverage within  
28 one (1) year of the earliest date on which the notices required under § II are sent to the

United States District Court  
Northern District of California

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class. The Special Master shall have the authority to extend this deadline either upon the request of a class member or, following a showing of good cause, upon UBH's request.

- 3. The Special Master shall file a report in the docket for this case every 60 days on his/her activities, including the status of the reprocessing procedures. The Special Master shall have the authority to require UBH to report to the Special Master or to the Court on other issues and at other times, in his/her discretion.

**VII. ATTORNEYS' FEES AND EXPENSES AND SERVICE AWARDS TO CLASS REPRESENTATIVES**

The Court directs the parties to confer on Plaintiffs' request for an Order requiring UBH to pay Plaintiffs' reasonable attorneys' fees and litigation expenses, and service awards to the class representatives, and to submit a joint schedule for briefing on Plaintiffs' request no later than 14 days after this Order is entered.

**VIII. RETENTION OF JURISDICTION**

The Court retains jurisdiction over this action for the duration of the injunction, that is, ten years, unless the injunction is terminated sooner, as set forth in § IV.B.1 .

**IT IS SO ORDERED.**

Dated: November 3, 2020




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JOSEPH C. SPERO  
Chief Magistrate Judge