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13 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
14 **FOR THE COUNTY OF LOS ANGELES**

15 BLUE CROSS OF CALIFORNIA d/b/a
16 ANTHEM BLUE CROSS,

17 Plaintiff,

18 v.

19 ALANNA APFEL, and AA
20 INSURANCE ADVOCACY, INC., and
21 DOES 1-100, inclusive,

22 Defendants.

Case No. 25STCV02969

**COMPLAINT FOR DAMAGES AND
DEMAND FOR JURY TRIAL**

1. Fraud
2. Intentional Interference With Contractual Relations
3. Violation of California's Unfair Competition Law ("UCL"); California Business & Professions Code Sections 17200, et seq.

(Amount Exceeds \$35,000)

1 Plaintiff Blue Cross of California d/b/a Anthem Blue Cross (“Anthem”), with knowledge
2 as to its own conduct and upon information and belief as to all others, alleges the following against
3 Defendants Alanna Apfel, AA Insurance Advocacy, Inc., and Does 1-100 (collectively,
4 “Defendants”):

5 INTRODUCTION

6 1. This is a fraud and unlawful business practices case arising from Defendants’ years-
7 long scheme to enrich themselves at the expense of Anthem and its members by submitting
8 fraudulent claims for out-of-network healthcare services that were misrepresented, inflated, or
9 never provided at all.

10 2. This scheme was carried out by Alanna Apfel, on her own behalf and through AA
11 Insurance Advocacy, Inc., an entity through which she presents herself to Anthem members and
12 the public as an “insurance advocate” that will negotiate with Anthem (and other insurers) to
13 maximize reimbursement for certain out-of-network medical expenses.

14 3. In reality, Ms. Apfel generates additional reimbursement not through advocacy, but
15 rather by falsely seeking out-of-network authorizations and creating sham out-of-network medical
16 claims for healthcare services. She then submits those claims to Anthem to obtain reimbursement
17 payments to her member-clients for services never rendered or which are far in excess of what the
18 healthcare providers actually charged and the members actually paid for.

19 4. Ms. Apfel then charges Anthem members a fee for her “services,” typically based
20 on a percentage of these inflated reimbursements as a kickback for submitting the falsified claims
21 on the members’ behalf.

22 5. This is not an isolated case. To date, Anthem has already identified more than \$7.6
23 million dollars in payments that were directly caused by Ms. Apfel’s fraudulent requests for out-
24 of-network authorizations and/or submission of claims on behalf of more than 480 Anthem
25 members.

26 6. Anthem notified Ms. Apfel, through counsel, of the claims in this lawsuit and
27 demanded that Defendants cease and desist their fraudulent conduct and return all overpayments
28 and improper reimbursements but, as of the date of this filing, Anthem has received no response.

1 7. Anthem files this action to recover the funds Ms. Apfel, and the other Defendants,
2 fraudulently obtained from Anthem at the expense of Anthem and its members, and to prevent Ms.
3 Apfel from further victimizing and manipulating Anthem’s members for her illicit gain.

4 **PARTIES**

5 8. Anthem is a California Stock Corporation with its principal place of business in
6 Woodland Hills, California. Anthem sells health insurance and related administrative services to
7 California employers, individuals, and families.

8 9. Alanna Apfel is an individual citizen of California who resides in Los Angeles,
9 California.

10 10. AA Insurance Advocacy, Inc. is a California Stock Corporation with its principal
11 place of business in Los Angeles, California.

12 11. On information and belief, Ms. Apfel is the sole stockholder, officer, and agent of
13 AA Insurance Advocacy, Inc.

14 12. AA Insurance Advocacy, Inc.’s principal address and place of business at the time
15 of its incorporation as of May 21, 2021 was Ms. Apfel’s residential address.

16 13. On information and belief, AA Insurance Advocacy, Inc. was not adequately
17 capitalized, does not maintain minutes or adequate corporate records, and fails to observe corporate
18 formalities to maintain the corporation as a legal entity distinct from Ms. Apfel.

19 14. On information and belief, Ms. Apfel diverted assets from AA Insurance Advocacy,
20 Inc. and/or used the corporation to perform labor, services, or merchandise for herself.

21 15. On information and belief, Ms. Apfel formed AA Insurance Advocacy, Inc. to shield
22 herself from personal liability for her fraudulent conduct.

23 16. Ms. Apfel has acted in bad faith and misused the corporate form to perpetuate fraud
24 against her clients and Anthem, and it would be inequitable to allow Ms. Apfel to use the corporate
25 form to avoid responsibility for her bad-faith, fraudulent conduct.

26 17. AA Insurance Advocacy, Inc. is the alter ego of Ms. Apfel, and Ms. Apfel bears
27 personal liability for all acts she or any other person purported to take as an agent of AA Insurance
28

1 Advocacy, Inc. AA Insurance Advocacy, Inc. is also liable for all actions taken by Ms. Apfel as its
2 agent.

3 18. Anthem is not aware of the true names and capacities of defendants sued herein as
4 DOES 1 through 100, inclusive, (the “Doe Defendants”) and therefore sues those defendants by
5 fictitious names. Each fictitiously named Defendant is responsible in some manner for the
6 violations of law alleged. Anthem will amend this Complaint to add the true names of the
7 fictitiously named defendants once they are discovered. Whenever reference is made in this
8 Complaint to “Ms. Apfel” or “AA Insurance Advocacy, Inc.” or “Defendants,” such reference shall
9 include DOES 1 through 100 as well as the named defendants.

10 19. At all relevant times, each Defendant acted as a principal, under express or implied
11 agency, and/or with actual or ostensible authority to perform the acts alleged in this Complaint on
12 behalf of every other named Defendant. At all relevant times, some or all Defendants acted as the
13 agent of the others, and all Defendants acted within the scope of their agency if acting as an agent
14 of another.

15 20. At all relevant times, each Defendant knew or should have known that the other
16 Defendants were engaging in or planned to engage in the violations of law alleged in this
17 Complaint. Knowing that the other Defendants were engaging in such unlawful conduct, each
18 Defendant nevertheless facilitated the commission of those unlawful acts. Each Defendant intended
19 to and did encourage, facilitate, or assist in the commission of the unlawful acts, and thereby aided
20 and abetted the other Defendants in the unlawful conduct.

21 21. Defendants have engaged in a conspiracy, common enterprise, and common course
22 of conduct, the purpose of which is and was to engage in the violations of law alleged in this
23 Complaint. The conspiracy, common enterprise, and common course of conduct continue to the
24 present.

25 **GENERAL ALLEGATIONS**

26 22. Ms. Apfel holds herself out as an “insurance patient advocate,” who can help
27 patients who have individual or employer-sponsored PPO insurance negotiate with insurance
28

1 companies to cover their out-of-pocket mental health therapy costs, or services provided by an out
2 of network therapist.

3 23. Ms. Apfel also operates under the name AA Insurance Advocacy, Inc., a California
4 corporation of which she is the sole stockholder and officer.

5 24. Ms. Apfel advertises that her clients “typically save \$5,000 to \$45,000+ annually
6 via reimbursements” from their health plans, for which she charges clients a fee upon “successfully
7 negotiat[ing]” with their health plans.

8 25. Ms. Apfel promotes her services primarily to Jewish communities and, on
9 information and belief, recruits her clients principally from these communities.

10 26. Ms. Apfel offers her services to Anthem members and, on information and belief,
11 to members of other non-Anthem health plans.

12 **The Scheme**

13 27. On information and belief, the following is a general description of Defendants’
14 fraudulent scheme, the details of which may vary somewhat among the claims at issue.

15 28. Once Ms. Apfel has been retained by an Anthem member as a “patient advocate,”
16 rather than attempting to negotiate with Anthem to obtain coverage for her client’s out-of-network
17 expenses as advertised, Ms. Apfel instead engages in a brazen fraud to obtain bogus reimbursement
18 payments from Anthem by fabricating claims and falsely representing that these claims represent
19 the out-of-pocket costs incurred by, and that should be reimbursed to, the member.

20 29. Anthem is informed and believes that Ms. Apfel targets Anthem for her fraudulent
21 scheme, among potentially other selected health plans, and in some cases instructed consumers of
22 other plans to seek out and enroll in an Anthem plan through Covered California based on false
23 representations, including by instructing or causing consumers to represent that they lost their other
24 coverage, when in fact they still had other group coverage and were not eligible to enroll in the
25 Anthem plan.

26 30. To initiate the scheme as it relates to an Anthem member, Ms. Apfel typically starts
27 with a request for a “network exception” for the member: a way for the member to see an out-of-
28 network provider so that, in theory, the member can receive reimbursement from Anthem for the

1 full out-of-pocket costs supposedly paid to the provider by the member for that authorized, out-of-
2 network care.

3 31. Because Defendants' scheme depends on obtaining their cut of the fraudulently
4 induced insurance payments from the member, Ms. Apfel goes to lengths to ensure that no in-
5 network option is available (as this would generally result in Anthem making payment directly to
6 the provider). Indeed, to maximize the likelihood that Anthem will authorize the network exception
7 so that she can implement her fraudulent member-reimbursement scheme, Ms. Apfel routinely
8 specifies a lengthy combination of supposed member requirements, including provider specialties,
9 religious requirements, and language requirements (typically including a requirement for a Hebrew-
10 speaking provider), that collectively make it virtually impossible for Anthem to identify any in-
11 network provider matching these requirements.

12 32. When Anthem, predictably, is unable to identify an appropriate in-network provider
13 satisfying Ms. Apfel's numerous requirements, it will authorize the out-of-network referral and
14 provide the member with a network exception which requires Anthem to reimburse the member for
15 the actual out-of-pocket costs paid to that out-of-network provider.

16 33. Under this network exception, once the member receives actual services from the
17 out-of-network provider, that provider will bill the member for service rendered, with the
18 understanding that the member will pay the provider upfront and then submit claims for
19 reimbursement to Anthem supported by the provider's bills (typically in an itemized format, often
20 called a "superbill") as proof of that actual out-of-pocket expense. Unfortunately, that is not what
21 happened.

22 34. Instead, Ms. Apfel's and Defendants' "advocacy" was designed to fraudulently
23 intervene and capitalize on this out-of-network reimbursement process by, depending on the case,
24 grossly inflating or completely fabricating services supposedly rendered by the out-of-network
25 provider and paid for by the member. This caused, and continues to cause, Anthem to pay out
26 millions of dollars to reimburse members for costs they never actually incurred.

27 35. Ms. Apfel was careful to conceal her fraud and hide the fact that she, rather than the
28 member, was causing these false claims to be submitted. She did this in part by taking advantage

1 of Anthem's web portal and/or mobile application that Anthem offers to its members so that they
2 can submit claims for reimbursement online.

3 36. Anthem is informed and believes that Ms. Apfel either creates an online account for
4 the Anthem member or, if the member has an existing account (or was instructed to create one by
5 Ms. Apfel), obtains the member's credentials to log in and submit the fraudulent claims to Anthem
6 on their behalf, without disclosing anywhere that the claims were actually being submitted by Ms.
7 Apfel or at her direction.

8 37. With full access to the member's online account, Ms. Apfel would then submit the
9 fraudulent claims for reimbursement as if she were the member, supported by fraudulent provider
10 bills Ms. Apfel fabricated to cause Anthem to "reimburse" the member for the supposed out-of-
11 pocket costs of the care reflected on those phony bills.

12 38. Anthem is informed and believes that Ms. Apfel would not only fail to disclose her
13 involvement in submitting or directing the submission of the fraudulent claims through Anthem's
14 online portals but would also on some occasions impersonate Anthem members when seeking
15 network authorizations and/or when corresponding with Anthem in connection with the claims.

16 39. In reliance on these fraudulent representations and submissions, Anthem would
17 process the claims in good faith and make what it believed at the time were valid reimbursement
18 payments to the members by electronic deposit into their personal bank accounts.

19 40. As compensation for her efforts in generating the fraudulently obtained
20 reimbursements, Ms. Apfel solicits from the member a kickback in the form of a fee, typically
21 based on a percentage of the of ill-gotten reimbursements paid to the member by Anthem.

22 41. Although Anthem's investigation into the scale and extent of Ms. Apfel's fraud is
23 ongoing, Anthem has identified over 480 affected members and out-of-network claims payments
24 exceeding \$7.6 million for claims Ms. Apfel submitted or caused to be submitted to date, figures
25 that Anthem believes will continue to grow as its investigation continues.

26 42. Anthem is informed and believes that many of Anthem's impacted members who
27 retained Ms. Apfel's "services" likely did not know that Ms. Apfel was carrying out a fraud in their
28 name and are also victims of her misconduct. However, Anthem's investigation is ongoing, and the

1 possible involvement in such fraud by certain Anthem members, out-of-network providers, or other
2 third parties is expected to come to light during the course of discovery, and Anthem will amend
3 this Complaint in such cases accordingly.

4 **Example Claims**

5 43. This is not a case of an isolated, innocent mistake. Anthem sets forth herein example
6 claims that are representative of Ms. Apfel's systematic, fraudulent, and unlawful conduct with
7 respect to more than 480 Anthem members to date. As such, these example claims are intended to
8 be illustrative, rather than exhaustive, and are themselves independently actionable under each of
9 the causes of action set forth in this Complaint.

10 *Member J.B.*

11 44. Anthem member J.B. retained Ms. Apfel to obtain reimbursement for treatment
12 from out-of-network provider Dr. Katrina Rydzewski, PsyD.¹

13 45. Anthem authorized an out-of-network referral/network exception for J.B. to treat
14 with Dr. Katrina Rydzewski on or about March 1, 2024, for treatment from February 1, 2024
15 through January 30, 2025.

16 46. On March 8, 2024, Ms. Apfel submitted a claim for reimbursement, which included
17 a fraudulent bill Ms. Apfel had created showing that J.B. had received 11, sixty-minute sessions of
18 individual psychotherapy from Dr. Rydzewski in February 2024 at a rate of \$1,250 per session, and
19 that J.B. had "paid in full" the balance of \$13,750 to Dr. Rydzewski.

20 47. This bill, however, was entirely fraudulent: Dr. Rydzewski's records reflect that J.B.
21 did not begin treatment with Dr. Rydzewski until May 2024 and did not receive any services from
22 Dr. Rydzewski in February 2024.

23 48. Ms. Apfel submitted similar fraudulent claims for services purportedly rendered,
24 supported by bills Ms. Apfel had fabricated, on March 13, 2024 (9 sessions at \$1,250 per session);
25 April 19, 2024 (15 sessions at \$1,500 per session); and May 21, 2024 (10 sessions at \$1,500 per
26

27 ¹ To protect member privacy, Anthem identifies these members only by their initials for
28 purposes of this public filing.

1 session). The provider's records confirm that J.B. did not receive any of these services from Dr.
2 Rydzewski. The total reimbursement sought for these claims was \$62,500, which Ms. Apfel falsely
3 stated J.B. had paid to Dr. Rydzewski up to this point.

4 49. Also on May 21, 2024, Ms. Apfel submitted another claim for reimbursement on
5 behalf of J.B. along with another fraudulent bill Ms. Apfel had created purporting to show that, in
6 May 2024, J.B. had received 17 psychotherapy sessions from Dr. Rydzewski at a cost of \$1,550
7 per session, and that J.B. had paid \$26,350 to Dr. Rydzewski for this period.

8 50. On June 30 and July 9, 2024, Ms. Apfel submitted additional claims for
9 reimbursement on behalf of J.B. which included still more fraudulent bills Ms. Apfel had created
10 purporting to show that, in June 2024, J.B. had received 4 sessions of psychotherapy from Dr.
11 Rydzewski at a cost of \$1,550 per session, and 15 sessions at a cost of \$2,300 per session, and that
12 J.B. had paid \$40,700 to Dr. Rydzewski for this period.

13 51. On September 3, 2024, Ms. Apfel submitted a claim for reimbursement on behalf of
14 J.B. which included a fraudulent bill Ms. Apfel had created purporting to show that, in July 2024,
15 J.B. had received 13 psychotherapy sessions from Dr. Rydzewski at a cost of between \$250 and
16 \$950 per session, and that J.B. had paid \$6,700 to Dr. Rydzewski for this period.

17 52. In reality, J.B. began treating with Dr. Rydzewski on May 6, 2024. And between
18 May 6, 2024 and June 24, 2024, J.B. actually received a total of 11 sessions of psychotherapy from
19 Dr. Rydzewski at a cost of \$300 per session, for a total out-of-pocket cost of \$3,300.

20 53. In reality, between July 8, 2024 and September 24, 2024, J.B. actually received a
21 total of 16 sessions of psychotherapy from Dr. Lauren Stutman, PsyD, a colleague of Dr.
22 Rydzewski, at a cost of \$300 per session, for a total out-of-pocket cost of \$4,800.

23 54. To summarize, J.B. actually received services totaling **\$8,100** from Dr. Rydzewski
24 and her colleague Dr. Stutman. However, Ms. Apfel created and caused to be submitted on behalf
25 of J.B. fraudulent bills and claims seeking reimbursement from Anthem for **\$136,250** that J.B.
26 purportedly paid to Dr. Rydzewski.

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1 55. Relying on Ms. Apfel’s false representations, Anthem authorized out-of-network
2 care and paid \$136,250 to J.B., in good faith, as reimbursement for the fraudulent claims Ms. Apfel
3 had submitted on J.B.’s behalf.

4 56. On information and belief, Ms. Apfel demanded a kickback from J.B. in the form of
5 a percentage of the fraudulently obtained reimbursement as a “fee” for her services.

6 *Member R.Y. and Patient C.Y.*

7 57. Anthem Member R.Y. retained Ms. Apfel to obtain reimbursement for her daughter
8 C.Y.’s intensive outpatient treatment (“IOP”) at Visions Adolescent Treatment Centers
9 (“Visions”).

10 58. To obtain greater reimbursement than was available for IOP treatment under C.Y.’s
11 health plan, Ms. Apfel first requested and obtained an out-of-network referral/network exception
12 for outpatient professional services from Garth LeMaster, LMFT, a therapist at Visions.

13 59. Based on Ms. Apfel’s representations, Anthem authorized an out-of-network
14 referral/network exception for C.Y., in good faith, to treat with Mr. LeMaster on or about July 25,
15 2024, for treatment from March 1, 2024 through February 28, 2025.

16 60. C.Y. attended Visions’ IOP program 3-5 times per week between March 14, 2024
17 and her discharge on May 13, 2024, and Visions billed the member for 41 days of IOP services at
18 \$750 per day, for a total out-of-pocket cost of **\$30,750**.

19 61. On August 20, 2024, however, Ms. Apfel submitted a claim for reimbursement on
20 behalf of C.Y. which included a fraudulent bill Ms. Apfel had created purporting to show that,
21 during the period C.Y. was in IOP treatment at Visions, C.Y. had received 32 psychotherapy
22 sessions from Mr. LeMaster at a cost of \$1,900 per session, and that R.Y. and C.Y. had paid **\$60,800**
23 to Mr. LeMaster for this period.

24 62. But all services Mr. LeMaster provided to C.Y. during this period, including any
25 psychotherapy sessions, were part of— i.e., “bundled” with—the IOP treatment and thus were
26 included in the \$750 per-day cost charged by Visions, and Mr. LeMaster provided no separate
27 services to C.Y. for which C.Y. was billed or paid out-of-pocket.
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1 the NPI of an entirely different provider, who also happened to be named Joseph Whitcomb but
2 was *located in California*, and then used his NPI, 1457425712, on the fraudulent bill in place of
3 the “real” Dr. Whitcomb’s NPI.

4 73. Unfortunately for Ms. Apfel and her ruse, the Joseph Whitcomb living in California
5 with NPI 1457425712 is not a PsyD or LMFT and has never even met K.S., much less provided
6 any services to her.

7 74. Incredibly, Ms. Apfel’s fraudulent submissions did not stop, and in fact continued
8 after the real Dr. Whitcomb died suddenly on May 18, 2024 while in Europe.

9 75. Roughly one month after his death, on June 16, 2024, Ms. Apfel submitted a claim
10 for reimbursement on behalf of K.S. which included a fraudulent bill Ms. Apfel had created
11 showing that, in May 2024, K.S. supposedly had received 23 sessions of psychotherapy from Dr.
12 Whitcomb at a cost of \$995 per session, including 10 sessions that purportedly occurred after Dr.
13 Whitcomb’s May 18, 2024 death, and that K.S. had paid Dr. Whitcomb \$22,885 for this period.

14 76. Ms. Apfel submitted additional fraudulent claims for services purportedly rendered
15 by K.S.’s deceased provider, supported by bills Ms. Apfel had fabricated, on August 11, 2024 (13
16 sessions at \$1,250 per session) and September 30, 2024 (8 sessions at \$1,250 per session). All of
17 these sessions purportedly occurred on dates after Dr. Whitcomb’s death. The total reimbursement
18 sought for these claims alone was \$26,250, which Ms. Apfel falsely stated K.S. had paid to the late
19 Dr. Whitcomb during this period.

20 77. In total, for the period of January 1, 2024 through December 31, 2024, Ms. Apfel
21 created and then submitted on behalf of K.S. fraudulent bills and claims seeking reimbursement
22 from Anthem for **\$144,580** for services that were not provided and expenses never incurred by K.S.
23 And in reliance on those false representations, Anthem authorized out-of-network care and paid
24 \$144,580 to K.S. as reimbursement for the fraudulent claims Ms. Apfel had submitted on her behalf.

25 78. On information and belief, Ms. Apfel demanded a kickback from K.S. in the form
26 of a percentage of the fraudulently obtained reimbursement as a “fee” for her services.

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1 **Anthem's Preliminary Damages**

2 79. Based on its investigation to date, Anthem is informed and believes that as a result
3 of Defendants' submission of fraudulent requests for out-of-network authorizations and/or claims
4 for reimbursement paid to the above members, and at least 480 others, Anthem has been induced
5 to pay at least \$7.6 million in reimbursement to members for services that could have been provided
6 in-network at a lower cost, were misrepresented, inflated, or entirely falsified. This figure is highly
7 conservative, with the true amount of loss expected to grow dramatically as Anthem continues its
8 investigation.

9 80. Ms. Apfel, along with the other Defendants involved in this scheme, including
10 potentially complicit members, out-of-network providers, and other third parties Anthem has yet to
11 discover, have directly profited from her fraud at the expense of Anthem and the affected members
12 who were likely unaware that Ms. Apfel was making them accomplices to her fraud.

13 81. On information and belief, Anthem's losses due to Ms. Apfel's unlawful behavior
14 are likely to continue unless Ms. Apfel is ordered to cease and desist further fraudulent conduct.

15 **FIRST CAUSE OF ACTION**

16 **FRAUD**

17 (Against All Defendants)

18 82. Anthem reincorporates each of the foregoing paragraphs as if fully restated herein.

19 83. Ms. Apfel, secretly acting on behalf of the member and/or by impersonating a
20 member, used false pretenses to seek inappropriate out-of-network authorizations and/or created
21 and submitted, or caused to be submitted, to Anthem fraudulent claims for services that materially
22 misrepresented the nature and extent of services received by Anthem members, inflated the
23 amounts purportedly incurred and paid by the member, and fabricated services that were never
24 performed.

25 84. Ms. Apfel's representations about the fact, nature, and/or extent of the services and
26 the members' out-of-pocket costs incurred by J.B., C.Y., and K.S., and other Anthem members
27 were false.

28 85. Ms. Apfel knew those representations were false when made.

1 86. Ms. Apfel intended that Anthem rely on her false representations about the need for
2 out-of-network care and/or the out-of-pocket costs incurred by J.B., C.Y., and K.S., and other
3 Anthem members, with the intent and objective to induce and cause Anthem to authorize out-of-
4 network care and ultimately pay the inflated reimbursement amounts demanded.

5 87. Anthem reasonably relied on Ms. Apfel's representations about the purported need
6 for a network exception and, subsequently, the out-of-pocket costs incurred by J.B., C.Y., and K.S.,
7 and other Anthem members, which were made on behalf of, and under the names of, or by
8 impersonating, Anthem members who had obtained authorization from Anthem to receive and be
9 reimbursed for out-of-network services from the specified providers. In fact, Ms. Apfel took care
10 not to use her name or to identify herself or signal her involvement in any of the fraudulently
11 submitted claims, precisely to conceal herself and present as the member to avoid the detection of
12 her scheme, and to ensure that the claims appeared as if they had been submitted by the members
13 themselves, rather than by or at the direction of Ms. Apfel.

14 88. As a direct and proximate result of Ms. Apfel's misrepresentations, fraudulent
15 billings, and/or concealments, Anthem has been harmed by authorizing out-of-network care under
16 false pretenses, paying reimbursements for services that were not performed and/or not
17 reimbursable under the members' plans, or that were grossly inflated compared to the out-of-pocket
18 costs incurred, in an amount to be proven at trial but that, on information and belief, exceeds
19 \$5,000,000.

20 89. Anthem's reliance on Ms. Apfel's representations about the need for out-of-network
21 care and/or the out-of-pocket costs incurred by J.B., C.Y., and K.S., and other Anthem members
22 was a substantial factor in causing Anthem's harms, as Anthem would not have paid the improper
23 reimbursements had Ms. Apfel not created and submitted the fraudulent claims that induced
24 Anthem to pay the requested reimbursement.

25 90. Ms. Apfel engaged in the above-described conduct on her own behalf, as the agent
26 for AA Insurance Advocacy Inc., and, on information and belief, on behalf of or in concert with
27 each of the Doe Defendants.
28

1 91. Ms. Apfel's conduct was intended to and did cause injury to Anthem. Moreover,
2 such conduct was undertaken at the expense of Anthem's members, many of whom sought
3 legitimate advocacy services and likely had no knowledge that they were being made unwitting
4 accomplices to an elaborate fraud.² Ms. Apfel's and the other Defendants' actions therefore easily
5 qualify as despicable conduct undertaken with a willful and conscious disregard of the rights or
6 safety of others. Ms. Apfel misrepresented to and concealed from Anthem both the true extent and
7 nature of the services obtained by Anthem members from out-of-network providers, as well as the
8 amounts billed and out-of-pocket costs paid by those members for services.

9 92. Ms. Apfel misrepresented and concealed these facts with the intent to cause Anthem
10 to pay its members for amounts greater than they were entitled under the terms of their health plans
11 with Anthem, and to thereby deprive Anthem of the overpayments and amounts improperly
12 reimbursed.

13 93. Ms. Apfel's malicious and fraudulent conduct entitle Anthem to an award of
14 exemplary and punitive damages pursuant to Civ. Code § 3294.

15 **SECOND CAUSE OF ACTION**

16 **INTENTIONAL INTERFERENCE WITH CONTRACTUAL RELATIONS**

17 (Against All Defendants)

18 94. Anthem reincorporates each of the foregoing paragraphs as if fully restated herein.

19 95. Each Anthem member's health plan constitutes a contractual relationship with
20 Anthem.

21 96. Ms. Apfel knew of the contractual relationship between Anthem and its members,
22 including J.B., C.Y., and K.S., and other Anthem members, at the time of the conduct described
23 herein. Indeed, the existence of such relationship was a prerequisite to Ms. Apfel's unlawful
24 scheme.

25 _____
26
27 ² Anthem's investigation into possible knowing involvement in the alleged fraud by
28 Anthem members, or other third parties, is ongoing. Anthem will amend this Complaint as
additional information is received during the course of its investigation and discovery in this case.

1 97. Ms. Apfel's conduct in submitting fraudulent requests for out-of-network
2 authorizations and/or claims for reimbursement made Anthem's performance of its contractual duty
3 more expensive and difficult, as it caused Anthem to pay more reimbursement to Anthem members
4 than was permitted under the terms of their health plans and caused Anthem to pay for services
5 never rendered and to reimburse costs that were never incurred by its members.

6 98. Such conduct also damaged the contractual relationship between Anthem and its
7 members in that affected members who were legitimately unaware of and not complicit in Ms.
8 Apfel's fraud have now become swept up in an ongoing investigation into all of the claims Ms.
9 Apfel submitted or caused to be submitted to Anthem. The resulting additional claim processing
10 reviews and associated delays in processing of claims have also made Anthem's performance of its
11 contracts more expensive and more difficult, and placed great strain on its relationship with its
12 members.

13 99. Ms. Apfel knew that this increased expense to Anthem and the disruption of the
14 relationship between Anthem and its members was certain or substantially likely to occur, and Ms.
15 Apfel intended to cause Anthem to incur the additional expense and to suffer such disruption
16 through her submission of fraudulent and inflated claims for reimbursement on behalf of Anthem
17 members.

18 100. Anthem has been harmed by Ms. Apfel's interference in its contractual relations
19 with Anthem members by authorizing out-of-network care requested under false pretenses and
20 paying reimbursements for services that were not performed, that were not reimbursable under the
21 members' plans, or that were inflated compared to the out-of-pocket costs incurred, in an amount
22 to be proven at trial but that, on information and belief, exceeds \$5,000,000. Anthem has also been
23 harmed in the form of having to absorb the additional expense of reviewing and investigating all of
24 the claims Ms. Apfel caused to be submitted, and having to notify and maintain its relationship with
25 its members, many of whom have expressed concern and bewilderment as to why reimbursement
26 of their claims submitted by Ms. Apfel are being delayed.

27 101. Ms. Apfel's conduct in submitting fraudulent requests for network exceptions
28 and/or claims for reimbursement caused Anthem to suffer these expenses along with paying the

1 unwarranted and excessive reimbursements described herein, and therefore is a substantial factor
2 in Anthem's injury.

3 102. Ms. Apfel engaged in the above-described conduct on her own behalf, as the agent
4 for AA Insurance Advocacy Inc., and, on information and belief, on behalf of or in concert with
5 each of the Doe Defendants.

6 103. Anthem demands judgment against Defendants in an amount to be proven at trial,
7 but in no event less than \$5,000,000, plus prejudgment interest at the rate of 7 percent per annum
8 from the date of each fraudulently induced payment.

9 104. Ms. Apfel's conduct alleged herein was taken with the specific intent not only to
10 cause financial harm to Anthem, but also to capitalize on and exploit Anthem's relationship with
11 its members by using them for personal gain while exposing them members to financial harm and
12 potential legal liability, and without any regard for their need for reimbursement for legitimate care.
13 Accordingly, Ms. Apfel's tortious interference was undertaken with malice, fraud and oppression,
14 thereby entitling Anthem to an award of punitive damages necessary to deter such despicable
15 conduct.

16 **THIRD CAUSE OF ACTION**

17 **VIOLATION OF BUS. & PROFS. CODE § 17200 ET SEQ (UCL)**

18 (Against All Defendants)

19 105. Anthem reincorporates each of the foregoing paragraphs as if fully restated herein.

20 106. Business and Professions Code section 17200 et seq. (the Unfair Competition Law
21 or "UCL") prohibits any unlawful, unfair, or fraudulent business act or practice.

22 107. Defendants violated the UCL by engaging in unlawful, unfair, and fraudulent
23 business practices as described herein.

24 108. Defendants' misrepresentations to Anthem with respect to the out-of-pocket costs
25 incurred by Ms. Apfel's clients, as well as Ms. Apfel's misrepresentations to her own clients about
26 her "negotiations" with health plans like Anthem, constitute fraudulent business practices that are
27 likely to deceive the public and are actionable under the UCL.
28

1 109. Defendants' conduct described herein also violates California law, including but not
2 limited to, for example, California Penal Code § 550, which makes it unlawful for any person to,
3 among other things, (1) knowingly prepare, make, or subscribe any writing, with the intent to
4 present or use it, or to allow it to be presented, in support of any false or fraudulent claim or, (2)
5 knowingly make or cause to be made any false or fraudulent claim for payment of a health care
6 benefit. Anthem expects to uncover additional facts during discovery demonstrating further
7 violations of California state and/or federal law by Defendants.

8 110. Defendants' conduct also constitutes an "unfair" business practice under the UCL
9 due to their false representations to members and their interference in the contractual relationship
10 between Anthem and its members, and their deception of and use of Anthem's vulnerable members
11 as vehicles to further their fraudulent scheme, notwithstanding the financial harm and legal
12 exposure to those members, and their desire for legitimate advocacy services.

13 111. Anthem is entitled to restitution of amounts unlawfully and fraudulently obtained
14 by Defendants in an amount to be proven at trial, but which on information and belief exceeds
15 \$5,000,000, plus prejudgment interest at the rate of 7 percent per annum from the date of each
16 fraudulently induced payment.

17 112. Anthem is also entitled to a preliminary and permanent injunction prohibiting
18 Defendants from submitting claims to Anthem on behalf of Anthem members or representing to
19 Anthem members that Defendants will submit claims to Anthem or negotiate with Anthem on their
20 behalf.

21 113. An injunction is appropriate to restrain Defendants' commission or continuance of
22 the unlawful, unfair, and fraudulent acts against Anthem, and Anthem has a right to this relief to
23 remedy the misconduct described herein.

24 114. Because Defendants' misconduct is ongoing, a damages or restitution remedy alone
25 would be inadequate, as injury resulting from currently unknown and future violations of the UCL
26 cannot be determined with certainty, and would require a multiplicity of future litigation to address
27 if not restrained.

28

1 115. An injunction is in the public interest as it would restrain Defendants from further
2 misrepresenting the nature of their services to Anthem members and likely other members of the
3 public covered by other health plans, and protect the public from being made complicit in
4 Defendants’ deceptive, unlawful, unfair, and fraudulent enterprise. Accordingly, Anthem brings
5 this action to enforce important rights that affect the public interest and is therefore entitled to
6 attorney’s fees pursuant to California Code of Civil Procedure (“CCP”) section 1021.5.

7 WHEREFORE, Plaintiff Blue Cross of California d/b/a Anthem Blue Cross asks for
8 Judgment as follows:

- 9 1. Economic damages against Defendants in an amount to be determined at trial, but
10 no less than \$5,000,000;
- 11 2. Restitution of all amounts unjustly obtained pursuant to Cal. Bus. & Prof. Code
12 § 17200, et seq.;
- 13 3. Injunctive relief, as described herein;
- 14 4. Punitive damages;
- 15 5. Pre-judgment interest at the rate of 7% per annum;
- 16 6. Post-judgment interest at the rate of 10% per annum;
- 17 7. For attorneys’ fees pursuant to CCP § 1021.5 and costs of suit incurred herein; and
- 18 8. For such other and further relief as this Court may deem just and proper.

19
20 Dated: February 3, 2025

TROUTMAN PEPPER LOCKE LLP

21
22 By: 

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Blue Cross of California d/b/a Anthem
Blue Cross