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CERTIFIED FOR PUBLICATION

IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA

SECOND APPELLATE DISTRICT

DIVISION FIVE

SUNFA RENEAU, Plaintiff and Appellant, v. YOSHIDA & GARCIA, INC., et al., Defendants and Respondents.	B345787 (Los Angeles County Super. Ct. No. 21STCV21762)

APPEAL from a judgment of the Superior Court of Los Angeles County, Kenneth R. Freeman, Judge. Reversed and remanded with directions.

Nehme Law Firm and Anthony T. Nehme for Plaintiff and Appellant.

Foley & Lardner, Nicholas M. Gross and Emma E. Soldon for Defendants and Respondents.

Defendants and respondents Long Beach Memorial Medical Center (the Hospital) and Yoshida & Garcia, Inc. (Attorneys) notified a tortfeasor's insurance company that the Hospital was asserting a statutory lien against any payment by the tortfeasor or his insurance company to plaintiff and appellant Sunfa Reneau, who obtained medical treatment at the Hospital after a car accident with the tortfeasor. Reneau is insured under California's Medi-Cal insurance.[1] In her complaint, Reneau alleged that the defendants violated the California Unfair Competition Law (UCL; Bus. & Prof. Code, § 17200 et seq.) because their use of the statutory lien under the Hospital Lien Act (HLA; Civ. Code, § 3045.1 et seq.) violated the Medi-Cal Act (Welf. & Inst. Code, § 14000 et seq.).[2]

The trial court sustained the defendants' demurrer without leave to amend, reasoning that the defendants acted with legal authority under the HLA, and Reneau's status as a Medi-Cal beneficiary did not limit the Hospital's legal authority. Based on our review of the HLA, statutes and regulations governing Medicaid (42 U.S.C. § 1396 et seq.; 42 C.F.R. § 430.0 et seq.) and Medi-Cal (§ 14000 et seq.; Cal. Code Regs., tit. 22, § 51000 et seq.), as well as related case law, we reach the opposite conclusion, finding that the Medi-Cal Act prevents defendants from relying on the HLA as authority for their actions, and that Reneau has stated a cause of action under the UCL. We

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[1] The term " 'Medi-Cal' means the California Medical Assistance Program." (Welf. & Inst. Code, § 14063.)

[2] Further statutory references are to the Welfare and Institutions Code, unless noted otherwise.

therefore reverse and remand with directions for the case to proceed on the UCL claim alone.

FACTUAL BACKGROUND[3]

After being injured by Andre Hernandez in a car accident on June 3, 2020, Reneau sought treatment at the Hospital on June 5, 2020. She provided her Medi-Cal card to the admissions manager, who acknowledged that Reneau was Medi-Cal eligible. The Hospital billed Medi-Cal for certain services, but charges totaling $7,683 for other services were not submitted to Medi-Cal and purportedly remain unpaid.

Acting on behalf of the Hospital, Attorneys mailed a letter to Hernandez's insurer, Alliance United, on July 24, 2020. The letter included a notice of hospital lien stating a right to enforce a hospital lien related to Reneau's covered medical treatment under Civil Code section 3045.5. In the letter, the Hospital threatened to file an action against Hernandez and Alliance United to enforce the lien based on the non-submitted, unpaid amount of $7,683.

On or about March 5, 2021, Reneau, Hernandez, and Alliance United entered into a settlement agreement. Reneau agreed to release her claims against Hernandez in exchange for a payment of $7500 from Alliance United. Attorneys continued to attempt to collect on the Hospital's lien. As a result of the

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[3] In accordance with the standard of review on demurrer, the facts relevant to the UCL claim at issue on appeal are taken from the allegations of the operative third amended complaint, together with incidental background allegations from the original complaint.

defendants' practice of asserting a lien, Alliance United has withheld the settlement funds payable to Reneau.

PROCEDURAL BACKGROUND

Reneau filed her initial complaint against the defendants on June 9, 2021. The defendants removed the case to federal court, where Reneau ultimately filed the operative third amended complaint asserting class action claims for violation of federal debt collection law, state debt collection law, and the UCL.[4] In May 2024, the federal district court granted the defendants' motion to dismiss the cause of action for violation of federal debt collection law and remanded the remaining claims to state court.

After remand, the defendants filed a demurrer, which the trial court sustained without leave to amend. Addressing first Reneau's claim under state debt collection law, the trial court rejected Reneau's argument that the Medi-Cal statutes prohibit the defendants from asserting a statutory lien under the HLA against a Medi-Cal beneficiary's settlement with a tortfeasor. The court reasoned instead that the language of the two statutory schemes could be harmonized because the HLA does not carve out an exception for liens asserted to collect for services to Medi-Cal beneficiaries, and because existing case law did not limit remedies under the HLA when the injured party is a Medi-Cal

[4] Reneau brought the claims on behalf of a putative class and subclass of (1) all Medi-Cal eligible California residents who received notice of a hospital lien within four years of the filing of the complaint and (2) all Medi-Cal eligible California residents from whom Hospital attempted to collect a debt through a hospital lien within one year of the filing of the complaint.

beneficiary. Considering the two schemes together, the trial court concluded the provision of the Medi-Cal Act that permits a provider to collect from a "third-party payor who provides a contractual or legal entitlement to health care services" (Welf. & Inst. Code, § 14019.4, subd. (a)) authorized the defendants to assert an HLA lien to collect from the third party tortfeasor, Hernandez, and his insurance company, Alliance United. Relying on its determination that the complaint failed to allege a violation of the state debt collection law, the court also reasoned that plaintiff "may not invoke the UCL to assault the 'safe harbor' provided under the HLA," and sustained the demurrer to Reneau's UCL claim, also without leave to amend.[5] The defendants filed and served a notice of entry of judgment, and Reneau timely appealed.

DISCUSSION

The parties take opposing views on whether the defendants asserted a valid lien against Reneau's settlement proceeds. Reneau contends the lien was invalid because the Hospital was seeking payment for services rendered to a Medi-Cal beneficiary. The defendants contend the lien was valid under the HLA. Because we conclude a hospital cannot assert an HLA lien for services provided to a Medi-Cal beneficiary, we find the lien to be invalid.

The defendants also argue that even if we find the lien invalid, the Hospital's reliance on the HLA provides them safe

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[5] On appeal, Reneau only challenges the trial court's decision on her UCL claim, not her claim under state debt collection law.

harbor protection from UCL liability, and that our finding should not be given retroactive effect. We reject the defendants' safe harbor and retroactivity arguments as well.

A. *Standard Of Review*

"The function of a demurrer is to test whether, as a matter of law, the facts alleged in the complaint state a cause of action under any legal theory." (*Cardenas v. Horizon Senior Living, Inc.* (2022) 78 Cal.App.5th 1065, 1069.) "An order sustaining a demurrer without leave to amend is reviewed de novo. The court exercises its independent judgment to determine whether or not the complaint states facts sufficient to constitute a cause of action as a matter of law. [Citation.] We assume the truth of properly pleaded factual allegations, facts that reasonably can be inferred from those expressly pleaded, and matters that are judicially noticeable. [Citation.] We construe the pleading in a reasonable manner and read the allegations in context. [Citation.]" (*Genis v. Schainbaum* (2021) 66 Cal.App.5th 1007, 1014–1015; *Allied Anesthesia Medical Group, Inc. v. Inland Empire Health Plan* (2022) 80 Cal.App.5th 794, 801.)

B. *Statutory Schemes Governing Payments to Medical Providers When There is Potential Third Party Liability*

To determine whether the defendants asserted a valid lien under the HLA, we first review the legal landscape governing a medical provider's authority to collect payment after providing services to a person injured by a third party tortfeasor.

1. The Hospital Lien Act

The HLA enables hospitals to recover the cost of providing emergency services and ongoing services related to emergency care. (See *Yaffee v. Skeen* (2024) 106 Cal.App.5th 1281, 1300–1307.) Under the HLA, " 'when a hospital provides care for a patient, the hospital has a statutory lien against any . . . settlement received by the patient from a third person responsible for his or her injuries, or the third person's insurer, if the hospital has notified the third person or insurer of the lien.' (*Mercy Hospital & Medical Center v. Farmers Ins. Group of Companies* (1997) 15 Cal.4th 213, 215.) The HLA prohibits an insurer from paying a patient without paying the hospital the amount of its lien, or as much as can be satisfied from 50 percent of the patient's recovery from the tortfeasor or insurer." (*Long Beach Memorial Medical Center v. Allstate Ins. Co.* (2023) 95 Cal.App.5th 710, 713.)

In *Parnell v. Adventist Health System/West* (2005) 35 Cal.4th 595, 607 (*Parnell*), the California Supreme Court held that "a lien under the HLA is based upon a debt owed by the patient to the hospital." Similar to the case currently before us, the underlying case in *Parnell* involved a patient plaintiff who brought a UCL claim against his treating hospital after the hospital filed an HLA notice of lien against any settlement or judgment between the patient and his tortfeasor. (*Id.* at pp. 599–600.) The hospital had already received payment of a negotiated amount for the care provided to the patient in accordance with a provider agreement between the hospital and the patient's health plan, and the hospital asserted the lien to recover the difference

between the hospital's negotiated rate and "the 'actual' cost of the medical services." (*Id*. at p. 599.) After a thorough review of the HLA's statutory text (*id*. at pp. 601–603), the legislative history (*id*. at pp. 603–605), and an analogous statute authorizing counties to file similar liens (*id*. at pp. 605–608), the Supreme Court concluded that the hospital lacked authority to assert the lien because the patient did not owe an underlying debt (*id*. at pp. 607, 609 [holding "that a lien under the HLA requires the existence of an underlying debt owed by the patient to the hospital and that, absent such a debt, no lien may attach"]).

"When a hospital receives payment from a patient and his health insurer at a reduced negotiated rate under a prior agreement in which the hospital agreed to accept that payment as 'payment in full' for its services, the hospital cannot assert a lien under the HLA to 'recover the difference between its usual and customary charges and the amount received from the patient and his insurer.' (*Parnell, supra*, 35 Cal.4th at p. 598.)"[6] (*Yaffee v. Skeen, supra*, 106 Cal.App.5th at p. 1298 [" '[If] hospitals wish to preserve their right to recover the difference between usual and customary charges and the negotiated rate through a lien under the HLA, they are free to contract for this right' when negotiating their contracts with insurers. [Citation]"].)

In announcing its holding, the *Parnell* court expressly disapproved of *Swanson v. St. John's Regional Medical Center* (2002) 97 Cal.App.4th 245 (*Swanson*), to the extent it conflicted with the court's decision. (*Parnell, supra*, 35 Cal.4th at p. 609.)

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[6] The *Parnell* court declined to address whether litigation immunity applied and which of plaintiff's causes of action could move forward, leaving those questions for the trial court to consider. (*Parnell, supra*, 35 Cal.4th at p. 611, fn. 16.)

The disapproved *Swanson* opinion held that the HLA authorized hospitals to pursue payment of their reasonable and necessary charges from a tortfeasor without drawing a distinction between insured and uninsured patients, providing hospitals a safe harbor from UCL claims. (*Swanson, supra*, 97 Cal.App.4th at p. 248.)

2. Medicaid/Medi-Cal

Our discussion focuses on the limitations on a Medi-Cal provider's authority to seek payment for services provided to a Medi-Cal beneficiary[7] after injury by a tortfeasor.

Congress created the federal Medicaid program in 1965 by enacting Title XIX of the Social Security Act (42 U.S.C. § 1396 et seq.). "Medicaid is a medical assistance program for low-income individuals that is jointly funded by the federal and state governments. States' participation in the Medicaid program is optional; however, any state that chooses to participate must develop and implement a state plan that conforms to federal law. (*Harris v. McRae* (1980) 448 U.S. 297, 301.)" (*Daniel C. v. White Memorial Medical Center* (2022) 83 Cal.App.5th 789, 800 (*Daniel C.*).) Federal law "strictly limits the ability of providers to obtain reimbursement for their services," requiring states to limit participation in the state's Medicaid program to providers who

[7] Section 14124.70, subdivision (b) defines the term "Beneficiary" as "any person who has received benefits or will be provided benefits under this chapter because of an injury for which another person or party may be liable. It includes such beneficiary's guardian, conservator or other personal representative, his estate or survivors." For purposes of our discussion, we use the terms "Medi-Cal patient" and "Medi-Cal beneficiary" interchangeably.

accept payment from the state agency as payment in full. (*Olszewski v. Scripps Health* (2003) 30 Cal.4th 798, 812 (*Olszewski*), citing and quoting from 42 U.S.C. § 1396a(a)(25)(C); 42 C.F.R. §§ 447.15 & 447.20.)

California has chosen to participate in Medicaid and has adopted the Medi-Cal Act to implement its state plan, with the California Department of Health Care Services administering the Medi-Cal program. (*Daniel C., supra*, at p. 800.) Consistent with the federal requirements limiting the manner in which a provider may seek payment for services provided to a Medi-Cal beneficiary, the Medi-Cal Act requires participating providers to submit Medi-Cal claims for reimbursement (§14019.3, subd. (c)),[8] and prohibits providers from seeking reimbursement or attempting to obtain payment for the cost of health services from the Medi-Cal beneficiary (§ 14019.4, subd. (a)).[9] In *Olszewski, supra*, 30 Cal.4th 798, the California Supreme Court concluded that the federal statutes and regulations "are unambiguous and limit provider collections from a Medicaid beneficiary to, at most,

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[8] The relevant text states: "Upon presentation of the Medi-Cal card or other proof of eligibility, a provider shall submit a Medi-Cal claim for reimbursement, subject to the rules and regulations of the Medi-Cal program." (§ 14019.3, subd. (c).)

[9] The relevant text states: "A provider of health care services who obtains a label or copy from the Medi-Cal card or other proof of eligibility pursuant to this chapter shall not seek reimbursement nor attempt to obtain payment for the cost of those covered health care services from the eligible applicant or recipient, or a person other than the department or a third-party payor who provides a contractual or legal entitlement to health care services." (§ 14019.4, subd. (a).)

the cost-sharing charges allowed under the state plan, even when a third party tortfeasor is later found liable for the injuries suffered by that beneficiary." (*Id.* at p. 820.)

Under the Medi-Cal Act, it is the state agency, not the provider, that has the right and the duty to recover the reasonable value of the Medi-Cal benefits when a provider renders services to a Medi-Cal beneficiary who has been injured by a third party. (§ 14124.71, subd. (a); *Olszewski, supra*, 30 Cal.4th at p. 811 ["federal Medicaid law requires state plans to recover from liable third parties whenever possible"].) The state agency "may obtain reimbursement by filing an action directly against a third party tortfeasor, by intervening in a Medi-Cal beneficiary's action against a third party, or by filing a lien against a beneficiary's settlement, judgment, or award. [Citations.]" (*Daniel C.*, *supra*, 83 Cal.App.5th at pp. 800–801; see also *Olszewski,* at p. 811 ["the state plan must provide for the mandatory assignment of the beneficiary's rights 'to payment for medical care from any third party' to the state agency")].

In *Olszewski*, the Supreme Court drew a sharp distinction between (a) the state agency seeking reimbursement for Medi-Cal payments and (b) a Medi-Cal provider seeking payment by imposing a lien on any tort recovery. While a Medi-Cal beneficiary must assign any right of recovery from a third party to the state agency, the beneficiary is expressly *not* required to reimburse the health care provider: "Medicaid beneficiaries do not, however, have to assign to providers their right to recover from third parties. Thus, a provider does not have a direct cause of action against a third party tortfeasor and may not independently recover any amount from that tortfeasor." (*Olszewski, supra*, 30 Cal.4th at p. 823.)

Under section 14019.4, subdivision (a), a Medi-Cal provider "shall not seek reimbursement nor attempt to obtain payment for the cost of those covered health care services" with the exception of "a third-party payor who provides a contractual or legal entitlement to health care services." However, "a settling third party tortfeasor is not a 'third party pay[o]r' as that term is used in" section 14019.4, subdivision (a). (*Palumbo v. Myers* (1983) 149 Cal.App.3d 1020, 1034−1035.)

In *Dameron Hospital Assn. v. Progressive Casualty Ins. Co.* (2025) 111 Cal.App.5th 530, 549 (*Dameron*), the court rejected a hospital's efforts to collect a Medi-Cal patient's uninsured motorist benefits, sustaining the insurance company's demurrer to the hospital's complaint. Emphasizing that an insurance company providing uninsured motorist coverage is not "a provider of a contractual or legal entitlement to health care services," the court explained that "under laws that govern the provision of Medi-Cal services in California, providers do not have the authority to ignore a patient's Medi-Cal coverage and instead seek full payment—i.e., payment above Medi-Cal rates—from [the patient's uninsured motorist] insurance." (*Ibid.*)

C. *The Hospital's HLA Lien Was Invalid*

The defendants contend that the Hospital asserted a valid lien under the HLA because nothing in the statutory language of either the HLA or the Medi-Cal Act prohibits such a lien. We disagree. The case law implementing the two statutory schemes makes clear that a Medi-Cal provider lacks authority to seek payment from either the patient or a third party tortfeasor.

Under *Parnell,* a provider treating a privately insured patient cannot use the HLA to seek additional payment beyond what it has agreed to accept as full payment from the insurer, unless it has made contractual arrangements with the insurer permitting it to do so. (*Parnell, supra*, 35 Cal.4th at pp. 598, 607, 609.) The defendants offer no convincing argument for why the same limitation should not apply when a patient is insured under Medi-Cal and the provider has agreed to accept Medi-Cal rates as full payment. The reasoning in *Parnell* is equally applicable in the Medi-Cal context as in the context of a private insurer: if the patient does not owe money to the hospital, the hospital lacks authority to assert an HLA lien. Sections 14019.3 and 14019.4 make it clear that a provider cannot collect from a Medi-Cal patient, and the defendants here do not argue that Reneau owes money to the Hospital. In addition, the Medi-Cal Act requires the patient to assign any right of payment to the state agency, not to the provider, and the statutory scheme tasks the state agency with the primary responsibility for determining whether and how to seek payment from a third party tortfeasor. (*Olszewski, supra*, 30 Cal.4th at p. 811.)

The defendants argue that *Dameron* and *Palumbo* are distinguishable because neither case involved a hospital's authority to act under the HLA, nor did they involve a dispute between a hospital and the Medi-Cal patient. In *Parnell* however, the Supreme Court held that a hospital's use of the HLA is invalid when the patient does not owe a debt to the hospital; in other words, if the hospital lacks authority under the HLA to collect from the patient directly, it also lacks authority to collect from the third party tortfeasor. (*Parnell, supra*, 35 Cal.4th at pp. 600–601, 607 ["a lien under the HLA is based on a debt

owed by the patient to the hospital"].) *Dameron* and *Palumbo* support our conclusion that in the Medi-Cal context, the state agency, not the health care provider, has authority to seek reimbursement for the cost of patient care, and section 14019.4, subdivision (a), prohibits a provider from seeking payment from a Medi-Cal patient, even where a third party tortfeasor may be liable for the patient's injuries. (*Dameron, supra*, 111 Cal.App.5th at pp. 546–550; *Palumbo, supra*, 149 Cal.App.3d at pp. 1024−1034.)

Construing the statutory language of the Medi-Cal Act and the HLA in light of the case law discussed above, we conclude that the defendants' use of the HLA to pursue payment from Hernandez and Alliance United is inconsistent with the Medi-Cal Act's prohibition against collecting from a Medi-Cal patient. The Hospital's lien was therefore invalid.

D. *Unfair Competition Law Claim*

Reneau's complaint alleges the assertion of an invalid lien was an unlawful business practice supporting liability under the UCL. The defendants contend that even if we conclude the HLA lien was invalid, their actions in asserting the lien do not support Reneau's UCL claim. We conclude the Hospital's invalid lien may serve as the basis of a UCL claim; none of the defenses asserted by the defendants apply in this case.

The UCL "prohibits 'any unlawful, unfair or fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising.' (Bus. & Prof. Code, § 17200, see §§ 17203, 17204.)" (*Moran v. Prime Healthcare Management, Inc.* (2023) 94 Cal.App.5th 166, 185.) The law's "purpose is 'to

safeguard the public against the creation or perpetuation of monopolies and to foster and encourage competition, by prohibiting unfair, dishonest, deceptive, destructive, fraudulent and discriminatory practices by which fair and honest competition is destroyed or prevented.' (Bus. & Prof. Code, § 17001.)" (*Ibid.*) " 'In service of that purpose, the Legislature framed the UCL's substantive provisions in " 'broad, sweeping language' " ' [citation] to reach ' "anything that can properly be called a business practice and that at the same time is forbidden by law" ' [citation]. 'By proscribing "any unlawful" business practice, "section 17200 'borrows' violations of other laws and treats them as unlawful practices" that the unfair competition law makes independently actionable.' " (*Abbott Laboratories v. Superior Court* (2020) 9 Cal.5th 642, 651–652.) "However, the law does more than just borrow. The statutory language referring to 'any unlawful, unfair *or* fraudulent' practice (italics added) makes clear that a practice may be deemed unfair even if not specifically proscribed by some other law. 'Because . . . section 17200 is written in the disjunctive, it establishes three varieties of unfair competition—acts or practices which are unlawful, or unfair, or fraudulent.' " (*Cel-Tech Communications, Inc. v. Los Angeles Cellular Telephone Co.* (1999) 20 Cal.4th 163, 180 (*Cel-Tech*).)

While the UCL has a broad reach, it cannot be used to invade " 'safe harbors' " provided by other statutes. (*Cel–Tech, supra*, 20 Cal.4th at p. 182; *Loeffler v. Target Corp.* (2014) 58 Cal.4th 1081, 1125.) "Specific legislation may limit the judiciary's power to declare conduct unfair. If the Legislature has permitted certain conduct or considered a situation and concluded no action should lie, courts may not override that

determination. When specific legislation provides a 'safe harbor,' plaintiffs may not use the general unfair competition law to assault that harbor." (*Cel–Tech, supra*, 20 Cal.4th at p. 182.)

Defendants present three arguments for why Reneau's UCL claim fails, none of which are convincing. First, defendants contend the HLA provided a safe harbor protecting them from UCL liability. As we have explained above, existing statutory and case law provide ample support for the conclusion that in the context of Medi-Cal, the defendants here lacked legal authority under the HLA to impose a statutory lien on Reneau's settlement funds, and we are unconvinced that the HLA provides any protection from liability in the context before us.

Second, the defendants argue that our determination that an HLA lien is invalid in the Medi-Cal context should not serve as a basis for retroactively holding the defendants liable for conduct that was lawful at the time it was taken. In other words, they argue that our legal conclusion that their HLA lien was invalid should not be given "retroactive" or "ex post facto" effect to support liability for violation of the UCL. We find the defendants' arguments unconvincing. The statutes in question were enacted long ago, and several of the cases most pertinent to our analysis, *Palumbo, Olszewski,* and *Parnell*, were decided more than twenty years ago. Nothing about our holding regarding the legal limitations on the Hospital's HLA lien authority is novel or groundbreaking. Instead, we apply long-standing case law to a set of facts that has not yet been the subject of a published opinion.

The defendants argue that we should follow *Olszewski*, where the reviewing court declined to hold the defendant in that case retroactively liable for its reliance on a statute that the court

found preempted by federal law.[10] (*Olszewski*, *supra*, 30 Cal.4th at pp. 806, 827–830.) The defendants try to gloss over an important distinction between the legal authority underpinning the HLA lien in this case and the Medi-Cal lien in *Olszewski*, but we agree with Reneau that the distinction is material. In *Olszewski*, the Supreme Court determined that the code section authorizing the defendant's lien, a section enacted in 1992 as a revision to the Medi-Cal Act in order to permit Medi-Cal providers to pursue payment from tortfeasors, was unconstitutional because it was preempted by federal law. (*Olszewski*, *supra*, 30 Cal.4th at pp. 805, 822, 826 ["federal law is not ambiguous and unequivocally prohibits California from authorizing provider recovery on liens against the entire judgment or settlement obtained by a Medicaid beneficiary from a third party tortfeasor"].) The *Olszewski* court rejected the plaintiff's argument that the revised Medi-Cal statutes (§§ 14214.791 & 14214.74) did not shield the defendant from liability, reasoning that "Californians should be able to presume

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[10] Discussing whether this court should give retroactive effect to our holding, the defendants mischaracterize a quote from *Olszewski* to imply that one of the reasons it declined to apply its preemption holding retroactively was "that the assertion of liens as authorized by validly enacted California statutes is shielded by the litigation privilege." (*Olszewski*, *supra*, 30 Cal.4th at p. 832.) The quoted language comes from a section concerning other tort claims in the case; it is not part of the discussion of whether the preempted code sections can provide defendants a safe harbor from UCL liability. Any argument about application of the litigation privilege is forfeited, because failure to provide proper headings forfeits issues that may be discussed in the brief but are not clearly identified by a heading. (*Pizarro v. Reynoso* (2017) 10 Cal.App.5th 172, 179.)

that statutes enacted by the Legislature are constitutional. Otherwise, we place our citizens in the untenable position of guessing whether their conduct may subject them to penalty even when the Legislature has expressly condoned it." (*Olszewski*, *supra*, 30 Cal.4th at p. 829.) In contrast here, we are not finding any statute to be invalid or preempted; instead, we have determined that the defendants' use of a facially valid statute (the HLA) is invalid in the context where the patient is a Medi-Cal beneficiary. As Reneau points out in her reply brief, she is not seeking a declaration that the HLA is invalid or preempted. Rather, she is alleging that defendants' use of the HLA to assert a lien violated the Medi-Cal statutory scheme, and sections 14019.3 and 14019.4 in particular, making it an unlawful or unfair business practice under the UCL.

Third, the defendants rely on *Olszewski* for their argument that Reneau was required to allege a separate cause of action for declaratory relief. (*Olszewski*, *supra*, 30 Cal.4th at p. 830.) Because the complaint seeks a judicial declaration that the defendants' practices are prohibited and the lien was invalid, we conclude that she may proceed on her UCL claim.

DISPOSITION

The judgment and the portion of the order sustaining the demurrer to the UCL claim are reversed. The case is remanded for further proceedings in accordance with this opinion. Appellant Sunfa Reneau is awarded her costs on appeal.

MOOR, J.

WE CONCUR:

HOFFSTADT, P. J.

KIM (D.), J.