

STATE OF NEW MEXICO  
COUNTY OF BERNALILLO  
SECOND JUDICIAL DISTRICT COURT

LA FRONTERA CENTER, INC., an Arizona  
Nonprofit Corporation d/b/a LA FRONTERA  
NEW MEXICO,

Plaintiff,

v.

Case No.: D-202-CV-2016-00857

UNITED BEHAVIORAL HEALTH, INC., a  
Foreign Corporation; UNITED  
HEALTHCARE INSURANCE COMPANY,  
INC., a Foreign Corporation;  
OPTUMHEALTH NEW MEXICO Operating  
as a d/b/a of UNITED BEHAVIORAL  
HEALTH, INC., a Foreign Corporation and  
BLACK and WHITE Corporations,

Defendants.

**COMPLAINT FOR FRAUD; FRAUDULENT MISREPRESENTATION;  
NEGLIGENT MISREPRESENTATION; BREACH OF CONTRACT; BREACH  
OF THE COVENANT OF GOOD FAITH AND FAIR DEALING; BREACH OF  
CONTRACT—INTENDED THIRD-PARTY BENEFICIARY; AND IN THE  
ALTERNATIVE PROMISSORY ESTOPPEL; AND QUANTUM  
MERUIT/UNJUST ENRICHMENT**

Plaintiff, La Frontera Center, Inc., is an Arizona nonprofit corporation, which conducted business in New Mexico as “La Frontera New Mexico” in 2013 (“La Frontera”). For its Complaint for Fraud; Fraudulent Misrepresentation; Negligent Misrepresentation; Breach of Contract; Breach of the Covenant of Good Faith and Fair Dealing; Fraudulent Misrepresentation; Negligent Misrepresentation; Breach of Contract Intended Third-Party Beneficiary; and/or in the Alternative Promissory Estoppel; and Quantum Meruit/Unjust Enrichment against defendants United Behavioral Health, Inc. a foreign corporation doing business in New Mexico, United HealthCare Insurance

Company, Inc., a foreign corporation doing business in New Mexico and OptumHealth New Mexico operating as a d/b/a of United Behavioral Health, Inc., and United HealthCare Insurance Company, Inc. and defendants Black and White Corporations, alleges as follows:

### **PARTIES AND DEFINITIONS**

1. La Frontera is an Arizona nonprofit corporation which at all times relevant to this Complaint has conducted business in New Mexico. La Frontera supplied behavioral health and substance abuse services to children, families and single adults that were enrolled to receive federal and state funded services in numerous New Mexico counties.

2. Defendant United Behavioral Health, Inc. is a foreign corporation that does business on a national basis and is authorized to and is doing business in New Mexico. United Behavioral Health, Inc. caused events to occur in New Mexico that are the subject of this Complaint.

3. Defendant United HealthCare Insurance Company, Inc. is a foreign insurance company that does business on a national basis and is authorized to and is doing business in New Mexico. United HealthCare Insurance Company, Inc. caused events to occur in New Mexico that are the subject of this Complaint.

4. Defendants United Behavioral Health and United HealthCare Insurance Company conducted business in New Mexico through a “d/b/a,” Defendant OptumHealth New Mexico.

5. Defendants United Behavioral Health and United HealthCare Insurance Company submitted a competitive proposal and were awarded the “Statewide Contract” with the State of New Mexico, Human Services Department (“HSD”) and its 16-member Inter-Agency Behavioral Health Purchasing Collaborative (“Collaborative”) to act as New Mexico’s “Statewide Entity” to establish, operate, manage, and pay for the delivery of behavioral health and substance abuse services to children, families, and adults

enrolled through the Collaborative's various agency programs.<sup>1</sup> The initial effective dates of the Statewide Contract were July 1, 2009 through June 30, 2013.

6. Other United subsidiaries and Black and White Corporations acted in concert with and caused events to occur that are the subject of this Complaint. La Frontera has not been able to ascertain the true name(s) of these entities. When the true names are discovered, the pleadings will be amended accordingly.

7. The Defendants shall be collectively referenced in this Complaint as "United."

8. United promised to deliver services under the terms of the Statewide Contract to persons with mental health or substance abuse disorders that were eligible to receive those services through the Statewide Contract. For the purpose of this Complaint, those persons shall be referred to as "Enrollees" or "United's Enrollees."

9. The Collaborative was established by the New Mexico Legislature in 2004. *See* NMSA 1978 § 9-7-6.4. HSD is a member of the Collaborative and a member of the Collaborative's Executive Committee. HSD is the single state agency authorized under New Mexico law to administer the state's Medicaid program. The state's non-Medicaid behavioral health and substance abuse services and programs are administered by the Collaborative's various member agencies. HSD and the Collaborative entered into a contract with United to supply Medicaid and non-Medicaid behavioral health and substance abuse services to Enrollees.

10. For the purposes of this Complaint, the term "Emergency" or "United's Emergency" means the facts and allegations giving rise to the HSD's emergency, no-bid

---

<sup>1</sup> By law, the Collaborative includes members representing the following 16 state agencies and divisions: Human Services Department (Chair); Department of Health (Co-Chair, alternating annually); Children, Youth and Families (Co-Chair, alternating annually); Administrative Office of the Courts; Aging and Long Term Services; Department of Finance and Administration; Department of Transportation; Department of Workspace Solutions; Developmental Disabilities Planning Council; Division on Instructional Support and Vocational Rehabilitation; Governor's Commission on Disabilities; Health Policy Commission; Indian Affairs Department; Mortgage Finance Authority; New Mexico Corrections Department; Public Education Depart. In addition, the following agencies are represented at meetings: Children's Cabinet; Department of Veterans Services; New Mexico Higher Education. *See* N.M. Stat. Ann. § 9-7-6.4.

procurement of behavioral health and substance abuse services from La Frontera, effective June 27, 2013 through December 31, 2013.

### **JURISDICTION AND VENUE**

11. The Defendants, and each of them, have engaged in acts or omissions as alleged herein, that occurred in the State of New Mexico and, more specifically, in one or more of the following counties: Doña Ana, Grant, Hidalgo, Lincoln, Luna, Otero, Sierra, Santa Fe, and Bernalillo County, New Mexico. Venue is proper in this County.

12. This court has jurisdiction over the subject matter of this Complaint.

### **NATURE OF THE CASE**

13. From July 1, 2009, through June 30, 2013, United agreed to implement and manage New Mexico's Medicaid and State funded programs to deliver services and pay providers for supplying behavioral health and substance abuse services to Enrollees under United's Statewide Contract. As New Mexico's Statewide Entity, United was paid approximately \$370 million annually by HSD. In 2013, the Collaborative's program—created, implemented and operated by United—was about to collapse.

14. This case is about United: (i) failing to perform its promises and duties owed to the Collaborative and to its Enrollees under the Statewide Contract; (ii) covering up its inability to fulfill these promises and duties by blaming United's subcontracted, participating providers for fraud through allegations of non-compliance with United's claims processing system; (iii) convincing both the Collaborative and HSD to recruit several respected and experienced Arizona behavioral health care providers to replace fifteen (15) of United's existing contracted providers to prevent disruption of United's obligation to deliver behavioral health and substance abuse services to New Mexico's children, families and adults enrolled to receive these services; and (iv) refusing to pay La Frontera for services actually rendered by La Frontera to United's Enrollees during the Emergency. Instead, United kept the money appropriated by the State to provide

behavioral health services to New Mexico's children, families and adults. United also kept up to forty percent (40%) of the State funds recouped from United's fifteen (15) terminated providers.

15. This case involves several elements of damages. First, claims for services rendered by La Frontera to United's Enrollees, but never paid by United, totaling \$3.9 million. Second, La Frontera suffered additional costs and expenses of approximately \$2 million caused by United's misrepresentations of fact and concealment of material facts as alleged in this Complaint. La Frontera was assured its costs would be covered if La Frontera agreed to help HSD and United through New Mexico's behavioral health emergency caused by United.

16. United's actions as described below were intentional, malicious, fraudulent, oppressive and committed recklessly with a wanton disregard of La Frontera's rights, and with an utter indifference to the consequences of its actions despite the substantial certainty that United's conduct would result in real and substantial harm not only to La Frontera, but also the tens of thousands of Enrollees it served. As a result, the imposition of punitive damages against United is proper.

17. The amount United owes La Frontera for non-payment of claims is a liquidated debt. The amount was known by United with reasonable certainty at the time United chose not to pay La Frontera. La Frontera has been denied the use of its money since January 2014. Accordingly, La Frontera is entitled to an award of pre-judgment interest on the \$3.9 million liquidated debt from January, 2014 until paid.

18. Payment of claims and reimbursements between providers such as La Frontera and Payors such as United in the healthcare context, constitute an open account as that term is defined by New Mexico law. *See* NMSA 1978 § 39-2-2.1. In the healthcare arena, payment to providers is a connected series of debits and credit entries or a continuation of related series of performances and payment. The parties contemplated a series of connected and related payments, not a single independent transaction.

Accordingly, La Frontera is entitled to an award of its attorney's fees, court costs and expenses incurred in bringing and maintaining this action.

## **FACTS COMMON TO ALL CLAIMS FOR RELIEF**

### **UNITED BECOMES NEW MEXICO'S "STATEWIDE ENTITY"**

19. Through New Mexico's procurement process, on January 22, 2009, United executed the Statewide Contract with the Collaborative to implement the structural framework of programs to deliver state and federal funded behavioral health and substance abuse services to children, families and adults beginning July 1, 2009.

20. The Collaborative is a legal entity with authority to contract for behavioral health and substance abuse services and to make decisions regarding the administration, direction and management of state-funded behavioral health services and Medicaid funds. The Collaborative currently consists of 15 voting member agencies and a total of 21 statutory and *ex officio* members representing governmental entities and agencies.

21. The 2009 Statewide Contract reflected the Collaborative's redesign of New Mexico's behavioral health and substance abuse service delivery model. It contained the Collaborative's values and principles developed by its agencies and stakeholders, and by HSD. Each component of the Statewide Contract was designed to function in conformity with the other components.

22. To ensure the Collaborative's principles and values were correctly framed, implemented, and maintained throughout New Mexico, the Statewide Contract obligated United, the State Entity, (i) to employ a full-time staff person dedicated to overseeing coordination of care for Enrollees; (ii) to seamlessly enroll children, families, and adults for Medicaid and non-Medicaid services; (iii) to create, maintain and process all Medicaid and non-Medicaid eligibility files on each Enrollee for the Collaborative's individual member agencies; (iv) to have in place a coordinated care framework to ensure no disruption would occur in the continuity of care for any Enrollee that transitioned from

one provider to another provider; and (v) to ensure its claims processing system easily linked to its subcontracted providers, contained advanced capabilities that would increase billing accuracy, reduce administrative costs, reduce the likelihood of overpayments and/or fraud, and ensure timely payment to providers.

23. To acquire the Statewide Contract, United represented to the Collaborative that United had substantial national experience in implementing successful Medicaid and state-funded programs on a statewide basis and the expertise in behavioral health managed care necessary and essential to meeting or exceeding the duties and obligations required by the Statewide Contract.

24. One of the express provisions of the Statewide Contract obligated United to employ a person to be its dedicated Statewide Contract Compliance Officer. United was prohibited from assigning or delegating this key management function.

25. United's designated Compliance Officer, responsible for exercising key management functions, was indicted on May 28, 2014, for alleged criminal misconduct relating to allegations of falsifying records. The allegations arise from incidents occurring in 2009, 2010, 2011, and 2012.

26. United promised the Collaborative that United would "ensure that quality behavioral health services, including services funded by Medicaid and various State funding sources, are provided to Medicaid and non-Medicaid consumers; provider network and out-of-network providers are reimbursed timely and accurately; and that services would be delivered to promote prevention, recovery, resilience, and the efficient use of available resources."

27. The Statewide Contract required United to maintain sufficient, qualified staff to fulfill United's operational and network obligations.

28. The Statewide Contract placed quality assurance, oversight, and reporting responsibilities on United. More specifically, United promised to timely track the quality of service performance and regulatory compliance of all its subcontracted providers. United promised to timely report the results of this tracking to the Collaborative.

29. United promised the Collaborative that United would monitor its subcontracted providers and, when necessary, use corrective measures for (i) compliance with clinical requirements; and (ii) compliance with non-clinical claims processing regulations, rules, and policies specified in the Statewide Contract.

30. The Collaborative wrote its key values and principles into the Statewide Contract to obligate United to maintain the integrity of the Collaborative's service delivery model statewide. Standards of performance for integrity of the program were to be measured through documented implementation of "policies and procedures to address prevention, detection, preliminary investigation, and reporting of potential and actual member and provider fraud and abuse." United represented it had all the tools and data systems (claims, encounter, billing records, Enrollees' service plans, etc.) necessary to quickly detect potential provider fraud and abuse, and expeditiously resolve the matter and report the incident to the Collaborative.

31. In the Statewide Contract, the Collaborative recognized that United would deliver services through subcontracted providers. United, however, promised that it would be solely responsible for fulfillment of all Statewide Contract performance requirements. United also promised it would be legally responsible for the actual performance of its subcontracted providers.

32. United promised it would manage and account to the Collaborative for the money United received attributable to each individual funding source as specifically requested and directed by each of the Collaborative's 15 member agencies. United also promised to identify, track, and report all expenses and service utilization correlated to each individual funding source and respective Enrollee.

33. Other provisions of United's Statewide Contract relevant to this litigation include United's promise to the Collaborative that United would:

a. Have in place information processing and information management systems were capable of generating reports and data compilation from all its network providers to timely meet the reporting requirements of the Statewide Contract and all



applicable state and federal statutory and regulatory schemes, regardless of a provider's reimbursement methodology.

b. Implement its policies and procedures to timely detect, prevent, investigate, and report potential and actual instances of fraud and abuse.

c. Designate a Compliance Officer and create a Compliance Committee, accountable to United's senior management that would detect and prevent provider fraud and abuse.

d. Implement and operate its "state of the art" fraud and abuse detection and reporting system software and that United would, together with conducting preliminary investigations, make reports directly to the Collaborative within five business days of becoming aware of any such activity.

e. Have in place an operating, fully functional information management system that would meet both New Mexico and federal data validation and reporting requirements and claims processing obligations. For example, United promised its information management system would generate and store all provider and Enrollee data by segregating the funding from all sources relative to each Enrollee in a readily useable form.

f. Be and remain solely responsible for fulfillment of all the obligations and duties contained in the Statewide Contract with the Collaborative, and to be "legally responsible for all work performed by any subcontractor."

34. HSD, on behalf of the Collaborative, diligently and timely paid United on the first Friday of every month based on the total number of persons Enrolled with United.

#### **UNITED'S PERFORMANCE PRIOR TO CONTRACT WITH LA FRONTERA**

35. United's performance of its promises and obligations owed to the Collaborative under the Statewide Contract was questioned from the beginning. First, within six months, the Collaborative fined United \$1 million for not timely paying its

subcontracted providers for the services they rendered to United's Enrollees. Second, in 2010 and 2011, United instituted a new, electronic billing system through one of its subsidiaries, Netwerkes, Inc. Nevertheless, United's payment performance did not improve, leading to additional fines and sanctions for United's failure to timely pay its subcontracted providers.

36. United represented to the Collaborative that United owned and operated a state-of-the art fraud, waste, and abuse detection and prevention system that was the most advanced program in the Country, specifically tailored to New Mexico's needs. United promised that its unique system was capable of timely detecting fraud and abuse statewide.

37. However, United's "advanced," "state-of-the-art" fraud, waste, and abuse detection and prevention system did not detect fraud or abuse in 2009, 2010, 2011, or most of 2012. Even when United learned of suspected provider billing errors in 2012, United did not notify its subcontracted providers of these suspected billing errors or inform the Collaborative that it had detected what United later called "credible allegations of fraud or abuse." Only after United made a business decision to use its fraud and abuse allegations as a source of more revenue did United reveal the fraud and abuse charges to the Collaborative in September or October 2012.

38. In December 2012 and January 2013, United conducted what it called "pre-audit investigations" of several of its subcontracted behavioral health care and substance abuse subcontracted providers. United's "pre-audit summary" was given to the Collaborative sometime in mid-January 2013. The "pre-audit summary" identified what United called billing errors by its subcontracted providers during United's entire tenure as New Mexico's Statewide Entity (July 2009 through January 2013).

39. Based on United's "pre-audit summary," in February 2013, HSD contracted with Public Consulting Group, Inc. ("PCG") to conduct a confidential audit of 15 of United's subcontracted providers at a cost to New Mexico of \$3 million. These 15 subcontracted providers constituted approximately 87% of the Collaborative's spending

for Medicaid and state-funded non-Medicaid behavioral health and substance abuse services.

40. Although the PCG audit was supposed to be confidential between the Collaborative and PCG, United actually participated “in partnership” with PCG to audit United’s subcontracted providers. The “confidential” final audit report is dated June 21, 2013. Among its findings were the following:

a. United overpaid fifteen of its subcontracted providers approximately \$37.3 million over a three and a half year period (July 2009 – January 2013). United’s overpayment amounted to approximately 15% of the money New Mexico annually paid to United.

b. United’s claims processing system was not capable of timely and properly adjudicating provider claims. United’s promise to use “best practices” in encounter and claims processing in compliance with federal and state statutory and regulatory schemes was not implemented.

41. Three days later, on June 24, 2013, it was publically announced that New Mexico received “credible allegations” that 15 of United’s contracted non-profit providers of behavioral health service had defrauded the program out of \$36 million over a three-year period. These allegations affected 40% of United’s Enrollees, and involved 87% of the money spent through the Collaborative by United.

### **UNITED’S STATEWIDE CONTRACT EXIT STRATEGY**

42. In 2012 United knew that HSD’s newly designed behavioral health services delivery model under New Mexico Centennial Care, would be the subject of procurement in 2012 and become effective January 1, 2014. Under the new Centennial Care model, United would no longer be the Statewide Entity for delivery of all behavioral health and substance abuse services for the Collaborative. United wanted new contracts with HSD after its Statewide Contract expired on June 30, 2013.

43. To achieve its New Mexico contract and company revenue goals, United needed an exit strategy from its Statewide Contract that would expire June 30, 2013. United's four-year Statewide Contract was awarded through New Mexico's statutory procurement process, providing that "[U]nder no circumstances shall this Contract exceed a total of four (4) years in duration." United knew its claims processing system never met its Statewide contract obligations owed to the Collaborative and to United's subcontracted providers.

44. As one component of United's strategy, United sought and received, effective September 4, 2012, a six-month extension on its Statewide Contract through December 31, 2013. The grant of the extension by the Collaborative did not comply with the provisions of New Mexico's Procurement Code.

45. Another component of United's strategy was to cover up its defective data and claims processing system and its mismanagement of state and federal money by blaming its subcontracted providers for billing errors that United characterized as "institutional fraud." In October 2012, United made a written proposal to the Collaborative representing that United could solve the "institutional fraud" problem by terminating United's existing contracted "bad actors" and substituting Arizona providers to "assume wholesale management" of New Mexico's behavioral health services.

46. By blaming its subcontracted providers for United's defective data and claims processing adjudication, United evaded its Statewide Contract obligation to implement the behavioral health delivery model that United promised the Collaborative on January 22, 2009.

47. United's acts and omissions alleged herein created what HSD characterized as the "Behavioral Health Emergency." During the Emergency, June through December 2013, United continued to receive its monthly check from HSD, while at the same time continuing its practice of either non-payment or underpayment to United's out of state Arizona providers for the services they rendered to United's Enrollees.

48. On May 13, 2013, United executed another contract with the Collaborative and HSD, identified as the “Professional Services Contract, Contract Amendment No. 15” (“PSC”). This arrangement essentially ignored United’s responsibility for its program mismanagement, and United’s failure to identify overpayments it made to its subcontracted providers in the first instance.

49. The PSC also gave United a piece of the recovery. United was entitled to receive up to 40% of all state funds recovered from any United subcontracted provider that United accused of fraud. Under the PSC, state taxpayer money paid to and held by United for any suspended provider was to be used “to fund services” later supplied by La Frontera and other Arizona providers.

**LA FRONTERA AGREES TO CONTRACT WITH HSD AND UNITED  
UNDER EMERGENCY CONDITIONS TO PREVENT LOSS OF  
SERVICES TO UNITED’S ENROLLEES**

50. Knowing it mismanaged the Statewide Contract, United’s October 2012 written proposal to the Collaborative suggested that United “import from a neighboring state accredited provider(s) of greater or equal size fully vetted by the State.” United represented to the Collaborative that United’s Arizona network of behavioral health providers could assume wholesale management to maintain uninterrupted delivery of behavioral health and substance abuse services to United’s Enrollees in New Mexico.

51. In November 2012, United’s CEO Andy Sekel contacted La Frontera in Tucson, Arizona to discuss what Sekel characterized as a potential replacement of one of its existing statewide subcontracted providers in New Mexico. In January 2013, United, through Sekel, again contacted La Frontera, making the same inquiry and adding “you should look at this as an investment.”

52. The Collaborative’s first contact with La Frontera was through HSD Director of Behavioral Health Services and the Collaborative’s CEO, Diana McWilliams, in January 2013. McWilliams asked La Frontera’s CEO if La Frontera would have any

interest in helping New Mexico salvage its behavioral health and substance abuse delivery programs that were nearing collapse.

53. In February 2013, another United CEO (Elizabeth Martin), the Collaborative's CEO (McWilliams), and HSD's financial auditor (PCG), all met with La Frontera's management team in Tucson, Arizona to discuss the possibility of La Frontera bringing its Arizona behavioral health operations expertise to New Mexico. The HSD/Collaborative representatives explained that La Frontera could assume responsibilities for ongoing, existing facilities to meet their goal of supplying uninterrupted behavioral health services to United's Enrollees in New Mexico. The HSD/Collaborative's goal was to avoid disruption or delay in services delivered to United's Enrollees after United stopped paying its subcontracted providers.

54. Other meetings between La Frontera, United, and the HSD/Collaborative regarding La Frontera helping New Mexico through its Behavioral Health Emergency occurred in February and March 2013. La Frontera consistently voiced its reluctance to expand into New Mexico for reasons related to complexity, timing and cost. First, La Frontera explained that it had no existing infrastructure in New Mexico. Creation of a suitable infrastructure would be time consuming and costly. Second, the administrative costs to implement operations in a new state were unknown. Third, La Frontera was reluctant to assume responsibility of United's terminated providers' obligations at existing facilities with no expectation of receiving service revenue for several months. Fourth, La Frontera had no New Mexico employees and no expertise regarding United's operating systems in New Mexico.

55. In addressing these concerns the Collaborative's and United's CEO's assured La Frontera that if La Frontera helped New Mexico through United's Emergency, La Frontera "would not lose money; you will be made whole." The infrastructure and administrative costs La Frontera incurred would be covered by United and the HSD/Collaborative.

56. The Collaborative expressed significant concern that the delivery of behavioral health services for its vulnerable population of United's Enrollees could be disrupted if La Frontera, a known provider of quality and timely services, did not help during the Emergency. United claimed that its management experience as the Statewide Entity and its implementation of New Mexico's fully operational statewide program would provide a seamless transition for La Frontera to assume operations of United's existing operating facilities.

57. Based upon United's assurances, and in conformance with La Frontera's non-profit mission to serve children, families and adults suffering from mental illness and substance abuse disorders, La Frontera agreed to help the Collaborative and United fulfill the obligations United owed to its Enrollees under the Statewide Contract during the Emergency.

58. In May 2013, La Frontera, at its own expense, formed a team to organize and implement transition into New Mexico and pledged to do its best to ensure United's Enrollees would not experience disruption or delay in receiving behavioral health and substance abuse services.

59. On June 27, 2013, La Frontera and HSD entered into an emergency, no-bid procurement Human Service Department Professional Services Contract for La Frontera to temporarily assume responsibilities for delivering services in place of United's (yet-to-be-identified) subcontracted providers. In the contract, HSD agreed to reimburse La Frontera's start-up costs until such time as La Frontera could directly bill and be paid by United for the services La Frontera rendered to United's Enrollees. The startup funds and service delivery funds were paid by HSD directly to United, which in turn agreed to disburse those funds to La Frontera.

60. On June 25, 2013, (the day after New Mexico announced the purported fraud committed by 15 of United's subcontracted providers), for the first time, United supplied La Frontera with information regarding some of the locations of the clinics and facilities for which United anticipated it might ask La Frontera to assume service delivery

responsibilities. United also distributed limited information regarding some service requirements.

61. On July 1, 2013, without notice or prior consultation with La Frontera, United notified La Frontera that United had revised the transition plans and proposed service area designations that United had previously assigned to La Frontera.

62. The no-bid emergency procurement contract made La Frontera a “participating provider” under United’s Statewide Contract with the Collaborative. United directed La Frontera to execute various “Facility Participation” or “Provider Agreements” at or near the time La Frontera assumed responsibility to deliver services for each terminated United subcontracted provider. The first such “Participating Agreement” was executed in July 2013, and the last agreement was signed on October 30, 2013.

63. Although La Frontera executed several Participating Provider Agreements with United, the obligations contained in those Agreements regarding La Frontera’s scope of work, service area designations, implementation of transition plans, licensing requirements, payment processes for services and many other components of La Frontera’s assumption of clinical responsibilities were waived or remained unresolved. United’s typical provider contract obligations were inconsistent with United’s actual structural framework of programs to deliver behavioral health and substance abuse services. There was no operating or functional framework for a “seamless” transition by La Frontera into United’s existing subcontracted facilities. The emergency procurement goal was to ensure continued service delivery to United’s Enrollees by La Frontera.

#### **THE AGREEMENT**

64. Fundamentally, the parties’ Agreement was simple and remained the same from day one. La Frontera agreed (i) to timely and appropriately assume responsibility for delivering services at various New Mexico facilities assigned by HSD through United to La Frontera; and (ii) to meet the service delivery needs of United’s Enrollees. For its



part, United promised to pay La Frontera for delivering these services during the Emergency. La Frontera performed. La Frontera delivered the medically necessary services to United's Enrollees during United's Emergency. La Frontera did its part to ensure a workable transition at each facility to protect United's Enrollees from disruption or delay in the delivery of services. United did not perform. United made false representations of material fact to induce La Frontera to agree to help New Mexico survive the Behavioral Health Emergency caused by United.

65. In June 2013 United cut off funding for its 15 subcontracted providers that were subjected to PCG's audit. On July 24, 2013, one of United's contracted providers, Southwest Counseling, ran out of money the day before payroll was due. At United's request La Frontera sent a transition team to Las Cruces to ensure there would be no break in delivery of services to United's Enrollees and to ensure that the facilities' payroll was met. Again, La Frontera performed.

66. Five days later, on July 28, 2013, La Frontera transitioned into five service locations in Las Cruces and was open for business. La Frontera recognized and fulfilled its obligation to deliver outpatient behavioral health and other services to United's Enrollees in Las Cruces. At that time La Frontera was licensed to supply behavioral health and substance abuse services by Arizona and federal agencies. HSD and the Collaborative agreed to acknowledge and honor La Frontera's Arizona and federal licenses as valid in New Mexico for the purpose of delivering behavioral health and substance abuse services during United's emergency.

67. United directed that La Frontera make the transition as much of a "turnkey" operation as possible. La Frontera's efforts to perform a "turnkey" transition for each facility were thwarted by United's many "directives." For instance, La Frontera was directed to keep the existing employees at each facility for 90 days (the same employees that United accused of fraud), and to use existing facilities to maintain continuity of care for United's Enrollees (notwithstanding La Frontera's lack of leases, equipment, or negotiating leverage).

68. La Frontera transitioned into other facilities operated by United's terminated providers over the next three months, through October 2013. La Frontera's transition team acted on short notice. A telephone call from United would trigger another facility transition by La Frontera in a timeframe as short as five to seven days.

69. La Frontera made the transition work. La Frontera assumed clinical, administrative and operational responsibility at clinics and facilities, met payrolls, delivered the services, helped structure the Collaborative's behavioral health delivery model, and implemented the behavioral health programs for each Enrollee population.

70. On the first Friday of every month, United collected its check from the Collaborative, the great majority of which was to be used to pay providers. However, United kept the money for itself rather than pay La Frontera and other providers for their services.

71. Beginning May 13, 2013, under the PSC, United also became entitled to receive up to 40% of any recovery of the \$37.3 million United claimed to have overpaid its providers.

**UNITED MISREPRESENTED ITS STATEWIDE PROGRAMS – THERE  
WAS NO OPERATIONAL MODEL IN PLACE**

72. United represented to La Frontera that when La Frontera transitioned into its provider facilities during United's Emergency, La Frontera would step into United's established and functional service delivery framework that was carefully structured to deliver behavioral health services through an existing and proven delivery model. United represented the transition would be seamless on several levels, including: (i) United's claims and encounter processing system would easily link to La Frontera's system to ensure lower administrative costs and timely payment; (ii) there would be onsite readily available Enrollee information; (iii) Enrollee medical records would be easily accessible onsite; and (iv) to complete the "turnkey" transition, each site would be staffed with experienced employees and fully licensed and credentialed professionals.

73. When La Frontera’s transition team actually got on the ground in Las Cruces, La Frontera discovered that, contrary to United’s representations, United had no framework in place for La Frontera to effectively—much less “seamlessly”—transition into a facility to deliver services to United’s Enrollees. United could not supply La Frontera a list of Enrollees for each facility. United could not provide La Frontera access to United’s Enrollee medical records. Furthermore, La Frontera discovered that the new employees required significant additional training in order to use the systems that United mandated.

74. United also directed that all existing employees for the terminated providers must be retained by La Frontera for at least 90 days. In addition, United directed that all existing employees be re-credentialed, even though the employees had already been recently credentialed by United under the terms of its Provider Manual. United knew that La Frontera could not bill United for services rendered by non-credentialed employees and that La Frontera would suffer significant financial losses as a result of the unnecessary re-credentialing requirement.

75. As a direct and proximate cause of United’s acts and omissions, La Frontera was significantly hampered in its efforts to efficiently transition into facilities to provide behavioral health and substance abuse services to United’s Enrollees. United’s conduct increased expenses and added at least three months of additional structure and implementation work by La Frontera to effectuate the transition. United knew, but did not disclose, that United’s claims processing system would not accept La Frontera’s claims.

76. Notwithstanding these obstacles, La Frontera was committed to its mission of supplying medically necessary behavioral health and substance abuse services to children, families, and single adults. La Frontera prevented United’s Emergency from turning into a catastrophe.

## **LA FRONTERA FULFILLED ITS PART OF THE BARGAIN**

77. La Frontera stepped up to help the Collaborative, HSD, and United survive the Emergency. Nearing the end of its Statewide Contract, United was executing its exit strategy as the Statewide Entity while at the same time seeking to maximize its profit during the Emergency it created.

78. La Frontera's transition into facilities previously operated by United's terminated subcontracted providers was made more challenging due to United's failure to disclose material facts. United did not disclose the fact that La Frontera would have to utilize the same facilities as the terminated providers by first renegotiating facility leases at unfavorable terms with lessors possessing far more leverage than La Frontera. United also did not disclose that when it came time for United to pay La Frontera for the services La Frontera supplied to United's Enrollees, United's claims payment system was not capable of paying La Frontera's claims without significant technical modifications that United subsequently claimed were not possible.

79. From July through December 2013, the Collaborative and La Frontera worked together to try to ensure that the transition process did not disrupt or delay services to United's Enrollees. Using its emergency procurement authority, the Collaborative waived technical requirements contained in United's participating provider agreements and subcontracts during the Emergency period.

## **UNITED CHOSE NOT TO PAY LA FRONTERA**

80. Despite the United's assurances, La Frontera lost money every month it operated in New Mexico. United's misrepresentations regarding the condition of its behavioral health delivery framework caused La Frontera substantial delays in reducing facility expenses and operating costs.

81. In November 2013, United directed La Frontera to send its unpaid claims to one of United's other companies, Netwerkes Clearing House, Inc. United represented to

La Frontera that by using United's clearinghouse, La Frontera's administrative costs would be reduced, and that La Frontera would be paid quickly. United's representations were false. United knew that its claims processing system was not properly synchronized with Netwerkes. United's Senior Director of Regional Operations knew that La Frontera could not submit claims to United through Netwerkes. For example, United supplied Netwerkes the incorrect provider identification number for La Frontera. Accordingly, Netwerkes rejected La Frontera's claims based on Netwerkes' perception that La Frontera was using the wrong provider identification number.

82. La Frontera's first "test run" of unpaid claims sent to Netwerkes occurred in early November 2013. The test run process was intended to ensure the technical aspects for submittal of claims were in place between La Frontera and Netwerkes. United did not supply any training for La Frontera to connect to Netwerkes.

83. United cut its IT claims processing staff and substituted a "liaison" who had no authority to make decisions to ensure La Frontera's claims were properly edited and timely paid. Instead, the "liaison" had to continually confer with other United personnel before any decision on claims processing could occur.

84. Despite United's promise to supply expertise and personnel to cure United's claims processing issues, United made no reasonable effort to enable its system to pay La Frontera for the services rendered to United's Enrollees during the Emergency. All of La Frontera's unpaid claims were received by United no later than January 2014.

85. In February 2014, La Frontera contacted the Collaborative's CFO, asking for the Collaborative's help in getting La Frontera's claims paid by United. United represented to La Frontera that it would address its inability to process La Frontera's claims.

86. In March 2014, United asked La Frontera to resubmit all of its unpaid claims. La Frontera complied by resubmitting all 30,000 of its unpaid claims. On the first day of resubmittal, United's claims payment system rejected all of La Frontera's claims.

United explained that it could not override its own claims processing system that caused the rejection of the claims.

87. United asked La Frontera to again resubmit its unpaid claims over a 10-day period of time and to not submit more than five thousand claims in a single day. La Frontera complied. La Frontera hand-edited 30,000 claims to conform to United's edits because United could not adjust its own claims-processing system. Nevertheless, United rejected all of La Frontera's unpaid claims as "untimely" submitted. To date, La Frontera has not been paid the \$3.9 million plus interest that it is owed by United for services actually delivered to United's Enrollees during United's 2013 Emergency.

88. At a March 2014 meeting attended by La Frontera and United's CEO, Elizabeth Martin, Martin explained United's reason for not paying La Frontera; "We have no more money to pay you, all the money has been spent."

**FIRST CLAIM FOR RELIEF**  
**(Fraudulent Inducement/Fraud)**

89. La Frontera incorporates the previous allegations of this Complaint as if fully set forth herein.

90. Beginning in November 2012 and continuing through November 17, 2014, United made false, misleading and fraudulent statements and representations of fact, or failed to disclose material facts to La Frontera. United's initial purpose was to induce La Frontera to contract with United to supply behavioral health and substance abuse services to United's New Mexico Enrollees. United was attempting to avoid accountability for the Behavioral Health Emergency of its own making.

91. Each of the United entities is responsible for making statements, misrepresentations of fact, or fraudulent inducements to La Frontera as alleged in this Complaint. The original Statewide Agreement, effective January 1, 2009, was executed by the New Mexico Collaborative and United Behavioral Health Inc., United HealthCare Insurance Company through their joint venture called "OptumHealth New Mexico."

However, at the time of the filing of this Complaint, the New Mexico Secretary of State's Corporation Bureau does not have, nor has it ever had, OptumHealth New Mexico as a listed entity. Instead, OptumHealth New Mexico is designated as a "service mark" of United Behavioral Health Inc.

92. There were 18 amendments to the Statewide Contract. Beginning with Amendment Five in November 2011, the person executing the amendments on behalf of the United Entities was the CEO of OptumHealth Behavioral Health Solutions Inc., wholly owned by United Behavioral Health Inc.

93. United's first contact with La Frontera in November 2012, regarding the solicitation of La Frontera's services to New Mexico, came from the CEO of United Behavioral Health's wholly owned subsidiary, OptumHealth Behavioral Solutions Inc. United's CEO, at the first face to face meeting with La Frontera in February 2013, represented herself as an employee of OptumHealth New Mexico. In March 2013 United's representative negotiating for La Frontera's services in New Mexico was a Senior Director of Regional Operations employed by United Behavioral Health Inc. or OptumHealth Behavioral Solutions Inc.

94. In June 2013 La Frontera executed a Professional Services Contract with the New Mexico Human Services Department under New Mexico's sole source and emergency procurement procedure. The Contract stated that "[T]he HSD desires for the Contractor (La Frontera) to undertake and provide all services that were previously provided by the Behavioral Health entity identified by HSD by no later than seven (7) calendar days after receiving HSD's notice. In order to provide such services and until such time as the Contractor (La Frontera) is able to bill OptumHealth for Medicaid and non-Medicaid services . . . ." In Contract Amendment Fifteen to the Statewide Contract, United promised the Collaborative that when United stopped paying its existing providers, the state and federal money United received would be used by United to pay for the services supplied by La Frontera.

95. On July 8, 2013 La Frontera executed the first of several Facility Participating Provider Agreements with United Behavioral Health Inc. to become a “Participating Provider” during the Emergency in order to be paid for the services rendered by La Frontera to United’s Enrollees. United represented to La Frontera that United operated “under the brand OptumHealth New Mexico” to pay its contracted providers. However, the Facility Participation Agreement required La Frontera to submit claims for payment or services to United Behavioral Health Inc., not OptumHealth New Mexico.

96. United’s employees actually working on the ground and dealing directly with La Frontera at various times represented they were acting on behalf of OptumHealth New Mexico, United Behavioral Health Inc., OptumHealth Behavioral Solutions Inc. and CEOs of unidentified United Entities. It is not yet known which United employee was on the payroll of which United Entity.

97. Among the false, misleading, fraudulent statements and misrepresentations of fact and failures to disclose material facts by United were the following:

a. United represented that La Frontera would be made whole regarding expenses and incurred costs. At the time, United knew that, given the financial uncertainties, La Frontera was not willing to assume responsibilities to deliver behavioral health and substance abuse services in New Mexico to United’s Enrollees without assurances that costs and expenses would be paid by HSD and United.

b. Prior to agreeing to supply services for United’s Enrollees in New Mexico, La Frontera conducted due diligence to determine whether the potential revenue would sufficiently cover costs and expenses. The information supplied by United to La Frontera regarding the number of Enrollees and the acuity of United’s Enrollee population to be serviced was knowingly false. Accordingly, financial models developed by La Frontera were inaccurate.

c. United knowingly misrepresented that it maintained sufficient and qualified staff to do its part to ensure a seamless transition by La Frontera into United’s



facilities supplying services to United's Enrollees. United's representation was false, and made with the goal of inducing La Frontera.

d. United represented it had in place a fully functional information management system for all data validation and required reporting on both Medicaid and non-Medicaid Enrollees. United represented all enrollee data was segregated by funding source for each of the Collaborative's agency members. United's representation was knowingly false.

e. United falsely represented that La Frontera's assumption of the responsibility to deliver services at specific United facilities would include properly and timely licensed and credentialed employees.

f. United falsely represented that technical policies contained in the Provider Participation Agreement were waived for the transition Emergency.

g. United knowingly misrepresented that its claims processing and adjudication system, Netwerkes, would easily interface with La Frontera for prompt payment of claims for services.

h. United represented that United would pay La Frontera for the services La Frontera rendered to United's enrollees. United's representation was knowingly false when made.

98. These misrepresentations, misstatements and omissions of material fact were false when made and United knew they were false or United recklessly concealed these material facts from La Frontera.

99. La Frontera reasonably relied upon United's misrepresentation of facts and failure to disclose material facts when La Frontera agreed to assume responsibility over the delivery of services to United's Enrollees at designated facilities in New Mexico. La Frontera would not have agreed to contract with or supply services for United in New Mexico if United had fully disclosed material facts, including the following:

a. United's claims processing system to pay its contracted providers was not capable of handling the operational complexities necessary to meet its obligations to subcontracted providers under the terms of United's Statewide Contract.

b. United's information management processes and information systems were not capable of supplying La Frontera a list of United's Enrollees for each of the facilities where La Frontera was asked to take over and supply Behavioral Health Services.

c. Existing facility employees and professionals already credentialed by United were disqualified from supplying services at those facilities. Each employee needed to be re-credentialed in order for La Frontera to be paid for the services supplied to the United Enrollees.

d. United had a highly technical and rigid reimbursement processing system for contracted providers. United knew it would not be modifying that system to accommodate La Frontera's claims for services rendered.

100. The false statements, misrepresentations, and omissions of facts by United were material, and made with the intent of convincing La Frontera to contract with United to transition into United's participating provider facilities to supply services to United Enrollees. United intended to deceive and did deceive La Frontera into helping United survive its Emergency in 2013.

101. La Frontera did not know or have reason to know that United's statements and representations were false when they were made.

102. La Frontera reasonably relied upon the truth of United's statements and representations in making its decision to transition into United's former contracted provider's facilities, to supply behavioral health services to United's Enrollees, and to incur the significant costs required to perform this Emergency transition.

103. La Frontera had a right to rely on United's statements and representations.

104. United's conduct, as described herein, was willful, wanton, malicious, reckless, oppressive and fraudulent, and resulted in substantial harm to La Frontera.

105. As a direct and proximate result of United's false statements and representations, and La Frontera's reasonable reliance thereon, La Frontera has been damaged in an amount to be proven at trial, but no less than \$6 million, plus La Frontera's costs, expenses and attorneys' fees, plus interest.

**SECOND CLAIM FOR RELIEF**  
**(Negligent Misrepresentation)**

106. La Frontera incorporates the previous allegations of this Complaint as if fully set forth herein.

107. United supplied La Frontera with misleading information to guide La Frontera's business decisions for the benefit of United. La Frontera would not have transitioned into United's facilities and provided behavioral health and substance abuse services to United Enrollees in New Mexico had United represented the true nature of United's virtually non-existent behavioral health care delivery and payment system for its Enrollees and subcontracted providers. United could not even supply La Frontera with the names of United's Enrollees at facilities La Frontera took over during the Emergency.

108. United had an obligation to disclose material facts regarding its inadequate operational and service delivery and payment framework for its New Mexico behavioral health and substance abuse Enrollees. United made material misrepresentations of fact to La Frontera as alleged above.

109. Rather than pay La Frontera for the services La Frontera rendered to United's Enrollees, United instead manipulated its claims processing system knowing that La Frontera's claims would not be processed for payment. United intended for La Frontera to rely on United's misrepresentations and ultimately denied 30,000 legitimate, unpaid claims as "untimely filed." It was reasonably foreseeable by United that La Frontera would be harmed if the claims payment information supplied by United was incorrect or misleading.

110. On November 17, 2014, United gave La Frontera a final notification that United would not pay any of La Frontera's unpaid claims for the services La Frontera rendered to United's Enrollees during the 2013 Emergency.

111. United knew the information it supplied to La Frontera was false when supplied, had no reasonable basis to believe that the information was true, or failed to exercise reasonable care in communicating or supplying material information to La Frontera.

112. At all times relevant hereto, United knew that La Frontera was receiving and relying upon the information United supplied.

113. La Frontera received the information United supplied and was the intended recipient of that information.

114. United intended that La Frontera would rely upon the information United supplied and La Frontera did rely on United's representations.

115. As a direct and proximate result of its justifiable reliance on the information supplied by United, La Frontera has suffered substantial monetary losses.

116. As a direct and proximate result of its justifiable reliance on the material information supplied by United, La Frontera has been damaged in an amount to be proven at trial, but no less than \$12,651,000, plus La Frontera's costs, expenses, attorneys' fees, and interest.

**THIRD CLAIM FOR RELIEF**  
**(Breach Of Contract)**

117. La Frontera incorporates the previous allegations of this Complaint as if fully set forth herein.

118. La Frontera entered into two agreements, one with United and one with HSD. Under its agreement with United, La Frontera promised to deliver behavioral health and substance abuse services to United's Enrollees during United's Emergency. La Frontera was able to participate as a United contracted provider under the no-bid

procurement contract La Frontera executed with the State of New Mexico. United agreed to pay La Frontera for the services La Frontera delivered to United's Enrollees. La Frontera performed its obligations.

119. United breached its promise to pay La Frontera for the services La Frontera delivered to United's Enrollees during the Emergency.

120. The acts and omissions of United, as set forth in this Complaint, constitute multiple acts in breach of United's contract obligations owed to La Frontera. United's conduct, as described herein, was willful, wanton, malicious, reckless, oppressive and fraudulent, and resulted in substantial harm to La Frontera.

121. La Frontera is entitled to pre-judgment interest on all outstanding amounts due and owing as alleged above. The debt United owes La Frontera is liquidated, due and payable since January 31, 2014. La Frontera is also entitled to interest on the judgment to be entered against United.

122. As a direct and proximate result of United's multiple breaches of its contracts with La Frontera, La Frontera has been damaged in an amount to be proven at trial, but no less than \$3.9 million for unpaid claims and \$2 million for expenses incurred by La Frontera due to United's breach, plus costs and attorneys' fees.

**FOURTH CLAIM FOR RELIEF**  
**(Breach of the Covenant of Good Faith and Fair Dealing)**

123. La Frontera incorporates the previous allegations of this Complaint as if fully set forth herein.

124. A covenant of good faith and fair dealing is implied in United's contracts with La Frontera.

125. In their dealings with La Frontera, each of the United Entities failed to act in good faith, putting their interests above not only those of La Frontera, but of United's Enrollees and the Collaborative.

126. To the extent that United had discretion in the fulfillment of its contractual obligations to La Frontera, United exercised that discretion in a manner that constitutes one or more breaches of the covenant of good faith and fair dealing through its acts and omissions alleged above.

127. United, through its affirmative actions impaired the rights of La Frontera to receive the benefits that were to flow from its contractual relationship with United. United's conduct as described in this Complaint was willful, wanton, malicious, reckless, oppressive and fraudulent, and resulted in substantial harm to La Frontera.

128. As a direct and proximate result of United's breach of its duty of good faith and fair dealing, La Frontera has been damaged in an amount to be proven at trial, but no less than \$12,651,000.

129. La Frontera is entitled to pre-judgment interest on all outstanding amounts due and owing as alleged above. The debt United owes La Frontera is liquidated, due and payable January 31, 2014. La Frontera is also entitled to interest on the Judgment to be entered against United in this case, plus La Frontera's costs, expenses and its attorneys' fees.

**FIFTH CLAIM FOR RELIEF**  
**(Breach of Contract—Intended Third-Party Beneficiary)**

130. La Frontera incorporates the previous allegations of this Complaint as if fully set forth herein.

131. At the time that La Frontera agreed to assist United in responding to its Behavioral Health Emergency in New Mexico, La Frontera was an intended third-party beneficiary of the Statewide Contract and the Amendments thereto between the United Entities and the Collaborative. This fact was repeatedly confirmed by both United and the Collaborative during the time leading up to La Frontera's first facility transition on July 28, 2013.

132. The Statewide Behavioral Health Services Contract between the

Collaborative and United obligated United, as the Statewide Entity, to timely execute all the requirements contained in the Statewide Contract. The primary purpose of the money paid by the Collaborative to United was for United to reimburse the services supplied by the Participating Providers to United's Enrollees.

133. Designated administrative functions that United promised to perform were paid for by the Collaborative. One of those functions was implementation of a functioning claims processing system easily accessible and available to Providers that would result in prompt payment of claims.

134. Statewide Contract Amendment Eleven dated September 4, 2012, extended the Statewide Contract termination date from June 30, 2013 through December 31, 2013. During the following month, October 2012, United suggested that the Collaborative agree to terminate United's largest Participating Providers and "import from a neighboring state" substitute providers. By "importing" La Frontera, from Arizona to New Mexico, United and the Collaborative could ensure that quality care and services would continue to be delivered to United's Enrollees.

135. Statewide Contract Amendment Fifteen between the Collaborative and United was executed by United on May 17, 2013. The primary purpose of this Amendment was to terminate what United referred to as the "bad actor" providers and to allow substitution of La Frontera as a Participating Provider in United's network. The Amendment also obligated United to use the money not paid to United's existing providers to fund the services to be supplied by La Frontera.

136. On June 19, 2013, La Frontera executed an Emergency No-Bid Contract with HSD for La Frontera to become one of United's Participating Providers and to supply services previously provided by United's "bad actors" identified by HSD. The contract's expiration date was December 31, 2013. The contract authorized reimbursement funding for La Frontera's startup expenses until La Frontera was able to bill United for the Medicaid and non-Medicaid services supplied by La Frontera to United's Enrollees.

137. On or about July 8, 2013, La Frontera and United Behavioral Health executed the Participating Provider Agreement allowing La Frontera to supply services to United's Enrollees as a participating provider, and to be paid for those services by United.

138. As an intended third-party beneficiary of the Statewide Contract, La Frontera was entitled to rely on United to fulfill its obligations as the Statewide Entity to have in place a proven, operating statewide behavioral health and substance abuse delivery framework and to timely pay La Frontera for the medically necessary services supplied by La Frontera to United's Enrollees.

139. Pursuant to the terms of the Statewide Contract, HSD and the Collaborative paid United \$178 million from July through December 2013 to, among other things, pay La Frontera's claims for services. In addition, at the time United terminated payments to 15 of its subcontracted providers, June 24, 2013, United held \$18 million designated to pay claims for services already rendered by United's terminated providers. United agreed with the Collaborative to use that money to pay the claims for the Arizona providers, including La Frontera. La Frontera was an intended third-party beneficiary of the Collaborative/United agreements. United refused to fulfill its obligation owed to La Frontera.

140. The acts and omissions of United, as set forth above, constituted multiple acts in breach of its agreements with HSD, and its duties owed to La Frontera as an intended third-party beneficiary under the Statewide Contract and the amendments thereto. United's conduct as described herein was willful, wanton, malicious, reckless, oppressive and fraudulent, and resulted in substantial harm to La Frontera.

141. As a direct and proximate result of United's multiple breaches of its contractual obligations to La Frontera under the Statewide Contract, La Frontera has been damaged in an amount to be proven at trial, but no less than \$3.9 million for unpaid claims, \$2 million for expenses incurred by La Frontera caused by United's breach, plus costs and attorneys' fees.



142. La Frontera is entitled to pre-judgment interest on all outstanding amounts due and owing as alleged above. The debt United owes La Frontera is liquidated, due and payable since January 31, 2014. La Frontera is also entitled to interest on the Judgment to be entered against United.

**SIXTH CLAIM FOR RELIEF**  
**(Promissory Estoppel, Pled in the Alternative)**

143. La Frontera incorporates the previous allegations of this Complaint as if fully set forth herein.

144. To induce La Frontera to help resolve United's behavioral health Emergency, United promised La Frontera that United would pay La Frontera for the services La Frontera rendered to United's Enrollees. La Frontera incurred expenses and costs during the transition. United kept the money that should have been paid to La Frontera.

145. United's promises and misrepresentations were material to La Frontera's decision to transition into United's provider facilities and provide services to United's Enrollees.

146. In transitioning into United's provider facilities and providing behavioral health services to United's Enrollees, La Frontera materially changed its position at a great cost to La Frontera.

147. United should be estopped from denying its promises to pay for services rendered by La Frontera to United's Enrollees and La Frontera's related costs and expenses.

148. As a direct and proximate result of its reliance on United's promises, La Frontera has been damaged in an amount to be proven at trial, but no less than \$6 million, plus La Frontera's costs, expenses and attorneys' fees.

**SEVENTH CLAIM FOR RELIEF**  
**(Quantum Meruit/Unjust Enrichment, Pled in the Alternative)**

149. La Frontera incorporates the previous allegations of this Complaint as if fully set forth herein.

150. United induced La Frontera to provide services to United's Enrollees in New Mexico, and United received payment from the State of New Mexico for delivering those services. Rather than using the money from the State to pay La Frontera's claims for services provided to United's Enrolees, United kept the money itself. United has unjustly benefited at the expense of La Frontera.

151. United has been unjustly enriched by its unlawful failure to reimburse La Frontera, including the value of the funds withheld (\$3.9 million), as well as the value of any benefit United derived, directly or indirectly, as a result of unlawfully withholding payment.

152. La Frontera has suffered substantial loss as a result of providing services for which it has not been paid, and it would be manifestly unjust to allow United to retain any benefit as a result.

153. United holds the complete value of its unjust enrichment in constructive trust for La Frontera.

**WHEREFORE**, La Frontera respectfully requests this Court enter judgment in its favor and against each of the defendants, jointly and severally, for the following:

1. Damages for breach of contract for non-payment of claims in an amount not less than \$3.9 million;
2. Damages and expenses incurred by La Frontera resulting from United's false representations in an amount not less \$12,651,000;
3. Pre- and post-judgment interest on La Frontera's contract damages on the liquidated amount of \$3.9 million calculated from January 31, 2014 until paid;

4. Damages allowed under New Mexico law for United's breach of the implied obligation of good faith and fair dealing implied in all contracts in an amount not less than twelve million six hundred fifty-one thousand dollars (\$12,651,000);
5. Punitive and/or other exemplary damages in an amount as allowed by New Mexico law;
6. All of La Frontera's costs and expenses incurred as a result of United's fraudulent inducement and fraud;
7. Judgment of constructive trust against United, to disgorge United's unjust enrichment, in the full amount of the direct and indirect benefit that United retained as a result of its unlawful failure to pay La Frontera's claims;
8. Judgment to estop Defendants from denying promises to pay La Frontera for the services La Frontera delivered to United's Enrollees in New Mexico from July through December 2013;
9. All of La Frontera's attorney's fees, expenses and costs incurred in bringing and maintaining this action; and
10. For such other and further relief as the Court deems just and proper.

RESPECTFULLY SUBMITTED this 9th day of February 2016.

**MONTGOMERY & ANDREWS, P.A.**

By: /s/ Stefan Chacon  
Deborah E. Mann  
Stefan R. Chacón  
David H. Johnson  
100 Sun Avenue NE, Suite 410  
Albuquerque, NM 87109  
P: (505) 884-4200  
F: (505) 888-8929  
[dmann@montand.com](mailto:dmann@montand.com)  
[schacon@montand.com](mailto:schacon@montand.com)  
[djohnson@montand.com](mailto:djohnson@montand.com)

*Attorneys for Plaintiff  
La Frontera Center, Inc., d/b/a  
La Frontera New Mexico*