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28 *Attorney for Plaintiffs*

**IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

**IN AND FOR THE COUNTY OF MARICOPA**

RICHARD OSEI-YAW AKOWUAH and  
LINDA BOAHEN AKOWUAH,  
individually, and as Owners/Members of  
Richlin Regal Residency, LLC; RICHLIN  
REGAL RESIDENCY, LLC, an Arizona

Case No.: CV 2025-003344

**COMPLAINT**  
**Tort Non-Motor Vehicle: Negligence,**

**COPY**



JAN 28 2025  
CLERK OF THE SUPERIOR COURT  
G. FARLER  
DEPUTY CLERK

1 limited liability company; ALONZO  
2 WILLIAMS, individually, and as  
3 Owner/Member of Arizona Children's  
4 Group, LLC; ARIZONA CHILDREN'S  
5 GROUP, LLC, an Arizona limited liability  
6 company; FRANCINE ROBERTSON,  
7 individually, and as  
8 Owner/Member/Manager of Legacy House  
9 Community Services, LLC; LEGACY  
10 HOUSE COMMUNITY SERVICES, LLC,  
11 an Arizona limited liability company;  
12 LAMECK NYAKWEBA, individually and  
13 as Owner of Preferred Behavioral Services,  
14 LLC, Excellent Care, LLC, and Preferred  
15 Care Solutions, LLC; PREFERRED  
16 BEHAVIORAL SERVICES, LLC, an  
17 Arizona limited liability company d/b/a  
18 PBS; EXCELLENT CARE, LLC, an  
19 Arizona limited liability company;  
20 PREFERRED CARE SOLUTIONS, LLC,  
21 an Arizona limited liability company d/b/a  
22 PBS; TIMOTHY WESTBROOK,  
23 individually, and as Owner/Member of  
24 Camelback Recovery Treatment Center,  
25 LLC; CAMELBACK RECOVERY  
26 TREATMENT CENTER, LLC, an Arizona  
27 limited liability company; BINTY  
28 KOROMA and AHAJI KOROMA,  
individually, and as Owners/Administrators  
of Koroma Family Wellness, LLC;  
KOROMA FAMILY WELLNESS, LLC, an  
Arizona limited liability company;  
SUSANA RODRIGUEZ, individually, and  
as Owner/Member/Manager of Solace  
Behavioral Health, LLC; LARRY WILEY,  
individually, and as  
Owner/Member/Manager of Solace  
Behavioral Health, LLC; PATRICK  
VANONI and TRACY VANONI,  
individually, and as  
Owners/Members/Managers of Solace

**Negligence Per Se, Aggravated  
Negligence, Defamation, Tortious  
Interference with Business Contracts,  
Negligent Infliction of Emotional  
Distress, Respondeat Superior, Racial  
Discrimination, Lack of Due Process,  
Failure to Comply, Breach of Contract,  
Breach of the Covenant of Good Faith  
and Fair Dealing, and Punitive Damages**

**Tier 3**

**JURY TRIAL DEMANDED**

1 Behavioral Health, LLC; SOLACE  
2 BEHAVIORAL HEALTH, LLC, an  
3 Arizona limited liability company d/b/a  
4 SONDERCARE BEHAVIORAL HEALTH;  
5 CARRIE LICKLIDER, individually, and as  
6 Owner/Member of Your Care Now Mobile  
7 Medical, LLC; YOUR CARE NOW  
8 MOBILE MEDICAL, LLC, an Arizona  
9 limited liability company; CELESTE  
10 ELLIOTT, individually, and as Director of  
11 Central Homes Health Services INC.;  
12 CENTRAL HOME HEALTH SERVICES  
13 INC., an Arizona corporation; ELIZABETH  
14 BRYANT, individually and as  
15 Owner/Member of Mind Apple Behavioral  
16 Health, LLC and Mind Apple Behavioral  
17 Health Services, LLC, MIND APPLE  
18 BEHAVIORAL HEALTH, LLC, an  
19 Arizona limited liability company; MIND  
20 APPLE BEHAVIORAL HEALTH  
21 SERVICES, LLC, an Arizona limited  
22 liability company; KATHY WIGGINS,  
23 individually, and as Owner and CEO of  
24 Core Health Services, INC.; CORE  
25 HEALTH SERVICES, INC., an Arizona  
26 corporation; LATOYA WILLIAMS,  
27 individually, and as Owner/Administrator of  
28 Unique Integrated Care, LLC; UNIQUE  
INTEGRATED CARE, LLC, an Arizona  
limited liability company; ENOCH  
AMOA, individually, and as  
Owner/Member of Healing Touch Behavior  
Health, LLC; HEALING TOUCH  
BEHAVIOR HEALTH, LLC, an Arizona  
limited liability company; TIANA OWENS,  
individually, and as Chief Executive Officer  
and Director of The Restoration Circle INC.;  
THE RESTORATION CIRCLE INC.; an  
Arizona corporation; LINDA WATSON,  
individually, and as Owner/Manager of  
Saving Livez, LLC; SAVING LIVEZ, LLC,

1 an Arizona limited liability company;  
2 GENASHA COTTON and MELVIN  
3 SHARPE, individually, and as  
4 Owners/Members/Administrators of Pillars  
5 of Life, LLC; PILLARS OF LIFE, LLC, an  
6 Arizona limited liability company;  
7 CYNTHIA SAMSON, individually, and as a  
8 Member of The Least of LLC; THE LEAST  
9 OF LLC, an Arizona limited liability  
10 company; SAMI TALAB, individually, and  
11 as Owner/President/Chief Executive  
12 Officer/Operator of On Time Med Trans  
13 INC.; ON TIME MED TRANS INC., an  
14 Arizona corporation; OMER FADLALLA,  
15 individually, and as Owner/Member of Fast  
16 Care Transportation, LLC; ALI  
17 ALKARORI; individually, and as  
18 Owner/Member of Fast Care Transportation,  
19 LLC; FAST CARE TRANSPORTATION,  
20 LLC, an Arizona limited liability company;  
21 GRADY SMITH, individually, and as  
22 Manager of Jeremiah 29:11 Counseling  
23 Services, LLC; LORIE SMITH,  
24 individually, and as a Behavioral Health  
25 Technician of Jeremiah 29:11 Counseling  
26 Services, LLC; JEREMIAH 29:11  
27 COUNSELING SERVICES, LLC, an  
28 Arizona limited liability company; ASHEL  
CHINGAYA, individually, and as  
Owner/Member of Small Victories Wellness  
Center, LLC; SMALL VICOTIRES  
WELLNESS CENTER, LLC, an Arizona  
limited liability company; ANDRE  
MILLER, individually, and as  
Owner/Operator of Fosters House, LLC;  
FOSTERS HOUSE, LLC, an Arizona  
limited liability company; CARMEA BASS,  
individually, and as Owner/Member of  
Setting Foundations, LLC; SETTING  
FOUNDATIONS, LLC, an Arizona limited  
liability company; AYO A. GLANTON,

1 individually, and as Owner of Stepping  
2 Stone Treatment Center LLC; STEPPING  
3 STONE TREATMENT CENTER LLC, an  
4 Arizona limited liability company,

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Plaintiffs,

vs.

THE STATE OF ARIZONA, a body politic;  
GOVERNOR KATIE HOBBS, in her  
official capacity; ARIZONA HEALTH  
CARE COST CONTAINMENT SYSTEM  
(AHCCCS), A PUBLIC ENTITY;  
CARMEN HEREDIA, DIRECTOR OF  
AHCCCS, in her official capacity; OFFICE  
OF THE ATTORNEY GENERAL;  
ATTORNEY GENERAL KRIS MAYES, in  
her official capacity; ARIZONA  
DEPARTMENT OF HEALTH SERVICES,  
(AZDHS); JENNIE CUNICO, DIRECTOR  
OF ARIZONA DEPARTMENT OF  
HEALTH SERVICES, in her official  
capacity; CENTENE CORPORATION, a  
foreign corporation, AND JANE DOES I-X;  
JOHN DOES I-X; ABC CORPORATIONS  
I-X; AND XYZ PARTNERSHIPS I-X

Defendants.

Plaintiffs, by and through their undersigned attorneys, and for their Complaint  
against Defendants the State of Arizona; Governor Katie Hobbs, in her official capacity;  
Arizona Health Care Cost Containment System (“AHCCCS”); Carmen Heredia, in her  
official capacity; Office of the Attorney General; Attorney General Kris Mayes, in her  
official capacity; Arizona Department of Health Services (“AZDHS”); Jennie Cunico, in

1 her official capacity; and Centene Corporation, a foreign for-profit corporation,  
2 (hereinafter referred to collectively as “Defendants”) allege as follows:  
3

### 4 INTRODUCTION

5 1. Mental health challenges are a pervasive concern in the United States,  
6 affecting an estimated one in five adults,<sup>1</sup> with certain populations experiencing much  
7 higher rates of mental health disorders.  
8

9 2. In fact, studies show American Indian communities have disproportionately  
10 higher rates of mental health issues, including high rates of substance use disorder of both  
11 illicit drugs and alcohol than the rest of the U.S. population.<sup>2</sup>  
12

13 3. As individuals struggle with mental health conditions and/or substance use  
14 disorders, access to comprehensive behavioral health services has become increasingly  
15 critical.  
16

17 4. Behavioral health facilities, providers, and clinicians play a crucial role in  
18 treating and supporting individuals facing mental health conditions and substance abuse  
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21  
22 <sup>1</sup> Substance Abuse and Mental Health Services Administration (2023). Key substance use  
23 and mental health indicators in the United States: Results from the 2022 National Survey  
24 on Drug Use and Health (HHS Publication No. PEP23-07-01-006, NSDUH Series H-58).  
25 Rockville, MD: Center for Behavioral Health Statistics and Quality, Substance Abuse  
26 and Mental Health Services Administration. Retrieved  
27 from <https://www.samhsa.gov/data/report/2022-nsduh-annual-national-report> .

28 <sup>2</sup> Bassett D, Buchwald D, Manson S. Posttraumatic stress disorder and symptoms among  
American Indians and Alaska Natives: a review of the literature. Soc Psychiatry  
Psychiatric Epidemiol. 2014 Mar;49(3):417-33. [PMC free article] [PubMed] [Reference  
list].

1 disorders. These providers offer a range of essential services, including individual and  
2 group therapy, medication management, crisis intervention, and case management, all  
3 aimed at assisting patients in managing their symptoms, improving their overall well-  
4 being, and fostering mental wellness and recovery.

5  
6 5. The Arizona Health Care Cost Containment System (hereinafter  
7 “AHCCCS”) is Arizona’s Medicaid agency which offers health care programs, including  
8 behavioral health services, to serve lower-income individuals who meet certain  
9 requirements.  
10

11 6. Plaintiffs are or were licensed State of Arizona behavioral health facilities  
12 and providers, as well as non-emergency medical transportation (“NEMT”) providers,  
13 who entered a Provider Participation Agreement (“PPA”) with AHCCCS, providing a fee-  
14 for-service health plan, including *inter alia*, the American Indian Health Program  
15 (“AHIP”).  
16

17 7. At least two Plaintiffs are licensed State of Arizona behavioral health  
18 providers who applied for a PPA with AHCCCS, but did not enter a PPA due to  
19 AHCCCS’s moratorium on new applications policy in effect from 2023 to 2024.  
20

21 8. Under the PPA, Plaintiffs agreed to provide services and subsequently bill  
22 and receive payment from AHCCCS for said services.  
23

24 9. Between January 2, 2023, and March 14, 2023, state and federal law  
25 enforcement agencies initiated criminal investigations into numerous AHCCCS-  
26 authorized behavioral healthcare providers regarding claims of fraud perpetrated by sober  
27

1 living homes, specifically involving providers who allegedly promised behavioral health  
2 services for substance abuse—primarily to American Indian populations—for services  
3 that were never actually provided.  
4

5 10. Plaintiffs, however, are dedicated, hard-working healthcare and non-  
6 emergency medical transport (“NEMT”) providers who were targeted by AHCCCS and  
7 other State of Arizona agencies identified below due to their race and/or ethnicity, or their  
8 association with individuals of certain races or ethnicities, and erroneously accused of  
9 engaging in fraudulent activity as part of AHCCCS’s scheme to avoid compensating  
10 Plaintiffs for their services. In most situations, Plaintiffs were either suspended or  
11 terminated and excluded, or all of the above, from providing services through AHCCCS.  
12

13 11. Plaintiffs were required by the Arizona Department of Health Services  
14 (“AZDHS”) to maintain an operational business and remain in compliance with AZDHS  
15 licensing requirements while at the same time being denied the ability to provide services  
16 and generate income in accordance with the PPA.  
17

18 12. At all times relevant hereto, Defendants identified below were understaffed,  
19 mis-trained, and lacked the resources to properly investigate allegations into purportedly  
20 fraudulent activity. Rather than performing their due diligence, Defendants elected to  
21 employ inexperienced and under-qualified employees who improperly self-adjudicated  
22 their unsubstantiated allegations of fraud, thereby stripping Plaintiffs of the ability to  
23 operate, assist the American Indian community, and/or earn a living.  
24  
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1           13. At the same time, and in response to the sober living homes scandal,  
2 AHCCCS, along with its directors, managers, agents, and employees, orchestrated a plan  
3 to eliminate and prohibit Plaintiffs as behavioral health providers by implementing tactics  
4 such as systematically delaying claims (slow-payment), outright denying claims (no-  
5 payment), suspending payment and/or terminating of the PPA, excluding the provider  
6 and facility from Medicaid for a period of five (5) years, recouping alleged overpayments,  
7 and imposing Civil Monetary Penalties (“CMPs”).  
8  
9

10           14. Under this scheme, Defendants failed to properly investigate allegations of  
11 fraudulent activity attributed to Plaintiffs who were licensed healthcare providers and/or  
12 NEMT providers. Instead, Defendants unlawfully targeted Plaintiffs on the basis of race,  
13 ethnicity, and/or affiliation; constructively shut down Plaintiffs’ services by implementing  
14 improper, nontransparent claims processing and denial practices; in many cases,  
15 wrongfully suspended and/or terminated and excluded Plaintiffs without substantiated,  
16 credible allegations of fraud; and designated Plaintiffs as “dangerous facilities” and/or  
17 perpetrators of fraud and published their information to the public via the Internet using  
18 “the list.” Defendants then made every effort and employed any potential excuse to forge  
19 a “credible allegation of fraud” on which they could loosely rely to support their decision  
20 to deny Plaintiffs the ability to operate, be compensated, or provide services in violation  
21 of the PPA and Plaintiffs’ Constitutional Rights.  
22  
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1           15.    The State of Arizona, through AHCCCS, along with its officials, directors,  
2 managers, agents, and employees acted with gross negligence and deliberate indifference  
3 toward the Plaintiffs, thereby causing them significant damage and irreparable harm.  
4

5           16.    The damages and losses for Plaintiffs, both personally and professionally,  
6 are devastating and for many, fatal to their livelihood, and in some cases, fatal to their  
7 patients. The carelessness Defendants exhibited in targeting, failing to investigate, and  
8 subsequently suspending and/or terminating Plaintiffs' ability to provide services has  
9 resulted in total devastation to Plaintiffs, many of whom have lost homes, liquidated  
10 retirement accounts and other investments, lost businesses, suffered broken personal and  
11 professional relationships and reputational damage, and too many other individual losses  
12 to enumerate here. However, the Providers' personal and professional losses pale in  
13 comparison to the devastating impact AHCCCS's scheme had on the Plaintiffs' patients,  
14 and specifically their American Indian patients.  
15  
16  
17

18           17.    The State's desire to avoid embarrassment and protect its reputation in the  
19 wake of the sober living scandal has unjustly overshadowed the Plaintiffs' constitutional  
20 rights and protections guaranteed to them by the Constitution of the State of Arizona and  
21 the AHCCCS PPA.  
22

23           18.    The State's sham investigations, which were conducted in a superficial  
24 manner and lacked due diligence, and the subsequent suspension of payment and/or  
25 termination of Plaintiffs' PPAs were unacceptable, unjustifiable, and below the requisite  
26 standards of care and due process.  
27  
28



1           25.    RRR is a licensed State of Arizona Behavioral Health Residential Facility  
2 (“BHRF”).

3  
4           26.    Plaintiff Alonzo Williams (“Williams”), individually and as Owner/Member  
5 of Arizona Children’s Group, LLC (“ACG”), an active domestic limited liability company,  
6 conduct business in Maricopa County, Arizona, located at 142 West Ivanhoe Place,  
7 Chandler, Arizona 85225. At all relevant times, the acts that led to this Complaint all  
8 occurred within Maricopa County, Arizona.  
9

10           27.    ACG is a licensed State of Arizona Child Behavioral Health Residential  
11 Facility (“CBHRF”).  
12

13           28.    Plaintiff Francine Robertson (“Robertson”), individually and as  
14 Owner/Member/Manager of Legacy House Community Services, LLC (“Legacy”), an  
15 active domestic limited liability company, conducted business in Maricopa County,  
16 Arizona, located at 11404 W. Willow Lane, Avondale, Arizona 85392. At all relevant  
17 times, the acts that led to this Complaint all occurred within Maricopa County, Arizona.  
18

19           29.    Legacy is a formerly licensed State of Arizona Counseling Treatment  
20 Facility, which was located at 11747 N. 19<sup>th</sup> Avenue, Suite 104, Phoenix, Arizona 85029.  
21

22           30.    On November 11, 2024, Plaintiff Robertson voluntarily surrendered  
23 Legacy’s Arizona Department of Health Services (“AZDHS”) license.  
24

25           31.    Plaintiff Lameck Nyakweba (“Nyakweba”), individually and as Owner of  
26 Preferred Behavioral Services LLC d/b/a/ PBS (“PBS”), an active domestic limited  
27 liability company, conducted business in Maricopa County, Arizona, located at 11418 W.  
28

1 Rosewood, Avondale, Arizona 85392. At all relevant times, the acts that led to this  
2 Complaint all occurred within Maricopa County, Arizona.

3  
4 32. PBS is a formerly licensed State of Arizona Outpatient Treatment Center  
5 (“OTC”)/Type 77 with an associated sober living home.

6 33. On May 31, 2024, Plaintiff Nyakweba voluntarily surrendered PBS’ AZDHS  
7 license.

8  
9 34. Plaintiff Nyakweba, individually and as owner of Excellent Care LLC  
10 (“Excellent Care”), an active domestic limited liability company, conduct business in  
11 Maricopa County, Arizona, located at 14029 N. 39<sup>th</sup> Avenue, Phoenix, Arizona 85053. At  
12 all relevant times, the acts that led to this Complaint all occurred within Maricopa County,  
13 Arizona.

14  
15 35. Excellent Care is an actively licensed State of Arizona BHRF.

16  
17 36. Plaintiff Nyakweba, individually and as owner of Preferred Care Solutions  
18 LLC (“PCS”), an active domestic limited liability company, conducted business in  
19 Maricopa County, Arizona, located at 1340 E. Maldonado Drive, Phoenix, Arizona 85042  
20 (“Maldonado Drive”) and 2651 North 50<sup>th</sup> Avenue Phoenix, AZ 85035 (“50<sup>th</sup> Avenue”).  
21 At all relevant times, the acts that led to this Complaint all occurred within Maricopa  
22 County, Arizona.

23  
24 37. PCS is a formerly licensed State of Arizona BHRF. On February 7, 2024,  
25 Plaintiff Nyakweba voluntarily surrendered the AZDHS licenses for Maldonado Drive  
26 and 50<sup>th</sup> Avenue.  
27

1 38. Plaintiff Timothy Westbrook (“Westbrook”), individually and as  
2 owner/member of Camelback Recovery Treatment Center LLC (“CRTC”), an active  
3 domestic limited liability company, conduct business in Maricopa County, Arizona,  
4 located at 4527 N. 16<sup>th</sup> Street, Suite 200, Phoenix, Arizona 85016. At all relevant times,  
5 the acts that led to this Complaint all occurred within Maricopa County, Arizona.  
6

7 39. CRTC is a licensed State of Arizona OTC/Type 77.  
8

9 40. Plaintiffs Binty Koroma and Ahaji Koroma (“Plaintiffs Koroma”),  
10 individually and as Owners and Administrators of Koroma Family Wellness, LLC  
11 (“Koroma”), an active domestic limited liability company, conducted business in  
12 Maricopa County, Arizona, located at 1457 W. Southern Avenue, Unit 3(A3), Mesa,  
13 Arizona 85202. At all relevant times, the acts that led to this Complaint all occurred within  
14 Maricopa County, Arizona.  
15

16 41. On June 13, 2024, Plaintiffs Koroma sold Koroma to Audrey Pope, the  
17 present Member of Koroma’s LLC, who is not a party to this action.  
18

19 42. Koroma is a licensed State of Arizona OTC/Type 77.  
20

21 43. Plaintiffs Susana Rodriguez, Larry Wiley, Patrick Vanoni, and Tracy Vanoni  
22 (“SonderCare Plaintiffs”), individually and as Owners/Members/Managers of Solace  
23 Behavioral Health, LLC d/b/a SonderCare Behavioral Health (“SonderCare”), an active  
24 domestic limited liability company, conduct business in Pima County, Arizona, located at  
25 6390 E. Broadway Blvd., Suite 100, Tucson, Arizona 85710. At all relevant times, the  
26 acts that led to this Complaint all occurred within Pima and Maricopa Counties, Arizona.  
27

1           44.    SonderCare is a licensed State of Arizona OTC/Type 77.

2           45.    Plaintiff Carrie Licklider (“Licklider”), individually and as Owner/Member  
3  
4 of Your Care Now Mobile Medical LLC (“Your Care Now”), an active domestic limited  
5 liability company, conduct business in Maricopa County, Arizona, located at 1022 S.  
6 Meadows Drive, Chandler, Arizona 85286. At all relevant times, the acts that led to this  
7  
8 Complaint all occurred within Maricopa County, Arizona.

9           46.    Plaintiff Licklider is a Certified Nurse Practitioner and Registered Nurse in  
10 the State of Arizona.

11           47.    Your Care Now is a mobile medical business, which is not required to be  
12 licensed by the AZDHS as it is not considered a facility. Through Your Care Now,  
13 Plaintiff Licklider treated patients, conducted medical evaluations, managed acute and  
14 chronic conditions, and educated patients on health and lifestyle choices.  
15

16           48.    Plaintiff Celeste Elliott (“Elliott”), individually and as Director of Central  
17 Home Health Services Inc., (“Central Home”), an active domestic corporation conduct  
18 business in Maricopa County, Arizona, located at 5060 North 19th Ave., Ste 300-29,  
19 Phoenix, Arizona 85015, are residents of Maricopa County, Arizona. At all relevant times,  
20  
21 the acts that led to this Complaint all occurred within Maricopa County, Arizona.  
22

23           49.    Central Home is a licensed State of Arizona Behavioral Health Counseling  
24 Facility (“BHCF”).  
25

26           50.    Plaintiff Elizabeth Bryant (“Bryant”), individually and as Owner/Member of  
27 Mind Apple Behavioral Health, LLC, an active domestic limited liability company,  
28

1 conducted business in Maricopa County, Arizona, located at 42211 N. 41<sup>st</sup> Drive, Suite  
2 A153, Anthem, Arizona 85086. At all relevant times, the acts that led to this Complaint  
3 all occurred within Maricopa County, Arizona.  
4

5 51. Mind Apple Behavioral Health, LLC is a formerly licensed State of Arizona  
6 OTC/Type 77.  
7

8 52. Plaintiff Bryant held a personal provider AHCCCS license as a Psychiatric  
9 Mental Health Nurse Practitioner.

10 53. Plaintiff Bryant, individually and as Owner/Member of Mind Apple  
11 Behavioral Health Services, LLC, an active domestic limited liability company, conducted  
12 business in Maricopa County, Arizona, located at 42211 N. 41<sup>st</sup> Drive, Suite A157,  
13 Anthem, Arizona 85086. At all relevant times, the acts that led to this Complaint all  
14 occurred within Maricopa County, Arizona.  
15

16 54. Mind Apple Behavioral Health Services LLC is a formerly licensed State of  
17 Arizona BHCF.  
18

19 55. Plaintiff Kathy Wiggins ("Wiggins"), individually and as Owner and CEO  
20 of Core Health Services, Inc. ("Core"), an active domestic business corporation, conduct  
21 business in Maricopa County, Arizona, located at 314 E. Thomas Road, Phoenix, Arizona  
22 85012. At all relevant times, the acts that led to this Complaint all occurred within  
23 Maricopa County, Arizona.  
24

25 56. Core is a licensed State of Arizona OTC/Type 77.  
26  
27  
28



1 57. Plaintiff LaToya M. Williams (“Williams”), individually and as  
2 Owner/Administrator of Unique Integrated Care, LLC (“Unique”), an inactive domestic  
3 limited liability company, conducted business in Maricopa County, Arizona, located at  
4 2000 E Southern Avenue #102-104, Tempe, Arizona 85282. At all relevant times, the  
5 acts that led to this Complaint all occurred within Maricopa County, Arizona.  
6

7 58. Unique is a formerly licensed State of Arizona behavioral health provider.  
8

9 59. From 2015 to 2019, Unique was licensed by AZDHS as a BHRF.  
10

11 60. From 2016 to 2024, Unique was licensed by AZDHS as an OTC/Type 77.  
12

13 61. On March 29, 2024, Plaintiff Williams voluntarily surrendered Unique’s  
14 license.  
15

16 62. Plaintiff Enoch Amoah (“Amoah”), individually and as Owner/Member of  
17 Healing Touch Behavior Health LLC (“Healing Touch”), an active domestic company,  
18 conducted business in Pinal County, Arizona, located at 32954 North Pebble Creek Drive,  
19 San Tan Valley, Arizona 85143 (“Pebble Creek”) and 993 W. Pagoda Avenue, San Tan  
20 Valley, Arizona 85140 (“Pagoda”). At all relevant times, the acts that led to this  
21 Complaint all occurred within Pinal and Maricopa Counties, Arizona.  
22

23 63. Healing Touch is a formerly licensed State of Arizona BHRF.  
24

25 64. On November 15, 2023, Healing Touch voluntarily surrendered its AZDHS  
26 licenses.  
27

28 65. Plaintiffs Genasha Alyce Cotton (“Cotton”), and Melvin Sharpe (“Sharpe”),  
individually and as Owners/Member/Administrator of Pillars of Life, LLC (“Pillars”), an

1 active domestic limited liability company, conducted business in Pinal County, Arizona,  
2 located at 1515 E. Florence Blvd., #101, Casa Grande, Arizona 85122. At all relevant  
3 times, the acts that led to this Complaint all occurred within Pinal and Maricopa Counties,  
4  
5 Arizona.

6 66. Pillars is a formerly licensed State of Arizona OTC.

7  
8 67. On October 22, 2024, Pillars voluntarily surrendered its AZDHS license.

9 68. Plaintiff Tiana Owens (“Owens”), individually and as Chief Executive  
10 Officer and Director of The Restoration Circle Inc. (“Restoration”), an active domestic  
11 for-profit business corporation, conduct business in Maricopa County, Arizona, located at  
12 9393 N. 90<sup>th</sup> Street, Suite 102, #120, Scottsdale, Arizona 85258. At all relevant times, the  
13 acts that led to this Complaint all occurred within Maricopa County, Arizona.  
14

15 69. Restoration is a licensed State of Arizona OTC/Type 77, which is located at  
16 2412 W. Greenway Road, Suite B-1 & B-2, Phoenix, Arizona 85023.  
17

18 70. Plaintiff Linda Watson (“Watson”), individually and as Owner/Manager of  
19 Saving Livez, LLC (“Saving Livez”), an active domestic limited liability company,  
20 conducted business in Maricopa County, Arizona, located at 9303 7<sup>th</sup> Street, Suite 3 & 4,  
21 Phoenix, Arizona 85020. At all relevant times, the acts that led to this Complaint all  
22 occurred within Maricopa County, Arizona.  
23

24 71. Saving Livez is a formerly licensed State of Arizona Counseling Facility.

25  
26 72. On July 17, 2023, Plaintiff Watson voluntarily surrendered Saving Livez’s  
27 AZDHS license.  
28

1           73. Plaintiff Cynthia Samson (“Samson”), individually and as member of The  
2 Least of LLC (“Least of”), an active domestic limited liability company, conduct business  
3 in Maricopa County, Arizona, located at 2509 N 114th Avenue, Avondale, Arizona 85392.  
4 At all relevant times, the acts that led to this Complaint all occurred within Maricopa  
5 County, Arizona.  
6

7           74. Least of is a licensed State of Arizona BHRF and is pending affiliation with  
8 the Gila River Indian Community.  
9

10           75. Plaintiff Sami Talab (“Talab”), individually and as Owner, President/Chief  
11 Executive Officer, and Operator of On Time Med Trans Inc. (“On Time”), a domestic  
12 corporation, conduct business in Maricopa County, Arizona, located at 1637 E. Van Buren  
13 Street, Phoenix, Arizona 85006. At all relevant times, the acts that led to this Complaint  
14 all occurred within Maricopa County, Arizona.  
15

16           76. On Time is a licensed State of Arizona NEMT provider for the Gila River  
17 Indian Community, Navajo Nation Corporation, and the Hopi Tribe.  
18

19           77. Plaintiffs Omer Fadlalla (“Fadlalla”), and Ali A. Alkarori (“Alkarori”),  
20 individually and as Owners/Members of Fast Care Transportation LLC (“Fast Care”), a  
21 domestic limited liability company, conducting business in Maricopa County, Arizona,  
22 located at 3612 W. Dunlap Ave, STE G, Phoenix, Arizona 85051. At all relevant times,  
23 the acts that led to this Complaint all occurred within Maricopa County, Arizona.  
24

25           78. Fast Care is a licensed State of Arizona medical transportation provider.  
26  
27  
28

1           79. Plaintiff Grady Smith (“G. Smith”), individually and as manager of Jeremiah  
2 29:11 Counseling Services, LLC (“Jeremiah”), an active domestic limited liability  
3 company, conducted business in Pinal County, Arizona, located at 2725 Barks Canyon  
4 Trail, Apache Junction, Arizona 85119. At all relevant times, the acts that led to this  
5 Complaint all occurred within Pinal and Maricopa Counties, Arizona.  
6

7  
8           80. Plaintiff Lorie Smith (“L. Smith”), individually and as a credentialed  
9 Behavioral Health Technician (“BHT”) employed by Jeremiah, conducted business in  
10 Pinal and Maricopa Counties, Arizona.  
11

12           81. Jeremiah is a formerly licensed State of Arizona OTC.

13           82. On April 11, 2024, Plaintiffs voluntarily surrendered Jeremiah’s AZDHS  
14 license.  
15

16           83. Plaintiff Ashel Chingaya (“Chingaya”), individually and as Owner/Member  
17 of Small Victories Wellness Center LLC (“Small Victories”), an active domestic limited  
18 liability company, conducted business in Maricopa County, Arizona, located at 15640 N.  
19 7<sup>th</sup> Street, Building B, Phoenix, Arizona 85022. At all relevant times, the acts that led to  
20 this Complaint all occurred within Maricopa County, Arizona.  
21

22           84. Small Victories is a formerly licensed State of Arizona OTC, which was  
23 located at 5060 N. 19<sup>th</sup> Avenue, Suite 304, Phoenix, Arizona 85015.  
24

25           85. On September 17, 2024, Plaintiff Chingaya voluntarily surrendered Small  
26 Victories’ AZDHS license.  
27

1           86. Plaintiff Andre Miller (“Miller”), individually and as owner and operator of  
2 Fosters House LLC (“Fosters”), an inactive domestic limited liability company, conducted  
3 business in Maricopa County, Arizona, located at 701 E. Main Street, 309, Mesa, Arizona  
4 85203, are residents of Maricopa County, Arizona. At all relevant times, the acts that led  
5 to this Complaint all occurred within Maricopa County, Arizona.  
6

7           87. Fosters House LLC is a formerly licensed State of Arizona OTC, which was  
8 located at 1844 E Dana Ave, Mesa, AZ 85204.  
9

10           88. Plaintiff Carnea Bass (“Bass”), individually and as owner/member and  
11 Chief Executive Officer of Setting Foundations, LLC (“Setting”), an active domestic  
12 limited liability company, conducted business in Maricopa County, Arizona, located at  
13 4150 W. Peoria Avenue, #217/218, Phoenix, Arizona 85029. At all relevant times, the  
14 acts that led to this Complaint all occurred within Maricopa County, Arizona.  
15

16           89. Setting is a formerly licensed State of Arizona OTC.  
17

18           90. On September 25, 2023, Plaintiff Bass voluntarily surrendered Setting’s  
19 AZDHS license.  
20

21           91. Plaintiff Ayo A. Glanton (“Glanton”), individually and as  
22 owner/administrator of Stepping Stone Treatment Center LLC (“SSTC”), an active  
23 domestic limited liability company, conducted business in Maricopa County, Arizona and  
24 was located at 3035 E Southern Avenue, Phoenix, Arizona 85040. At all relevant times,  
25 the acts that led to this Complaint all occurred within Maricopa County, Arizona.  
26

27           92. SSTC is a formerly licensed State of Arizona Counseling Facility.  
28

1 93. On August 5, 2024, Plaintiff Glanton voluntarily surrendered SSTC's license.

2 94. At all relevant times, Defendant State of Arizona was a body politic  
3 organized under the laws of the State of Arizona.  
4

5 95. At all relevant times, Defendant Katie Hobbs ("Defendant Hobbs") was the  
6 Governor of the State of Arizona and is named in her official capacity.  
7

8 96. At all relevant times, Defendant AHCCCS was a public entity and agency of  
9 the State of Arizona that offers health care programs to serve residents of Arizona.

10 97. At all relevant times, AHCCCS acted through its directors, managers, agents,  
11 and employees.  
12

13 98. At all relevant times, Defendant Carmen Heredia ("Defendant Heredia") was  
14 the *de facto* Director of AHCCCS of the State of Arizona and is named in her official  
15 capacity.  
16

17 99. At all relevant times, the Office of the Attorney General of the State of  
18 Arizona was a public entity and agency of the State of Arizona that serves as the chief law  
19 enforcement and prosecutorial agency for the State of Arizona.  
20

21 100. At all relevant times, the Office of the Attorney General acted through its  
22 directors, managers, agents, and employees.

23 101. At all relevant times, Defendant Kris Mayes ("Defendant Mayes") was the  
24 Attorney General of the State of Arizona and is named in her official capacity.  
25  
26  
27  
28

1           102. At all relevant times, AZDHS was a public entity and agency of the State of  
2 Arizona that licenses certain medical providers, specifically behavioral health facilities  
3 and providers.  
4

5           103. At all relevant times, AZDHS acted through its directors, managers, agents,  
6 and employees.  
7

8           104. At all relevant times, Defendant Jennie Cunico (“Defendant Cunico”) was  
9 the Cabinet Executive Officer and Executive Deputy Director of AZDHS and is named in  
10 her official capacity.  
11

12           105. At all relevant times, Defendant Centene Corporation owned and operated  
13 the Arizona Complete Health-Complete Care plan (“AzCH”), which currently serves  
14 approximately 209,600 AHCCCS members throughout Maricopa, Pinal, and Gila  
15 counties as well as the entire southern geographic area including Pima County.  
16

17           106. Defendant Centene Corporation is a domestic corporation with its principal  
18 place of business located at 7700 Forsyth Blvd, St. Louis, Missouri, 63105-1807.  
19 Defendant Centene Corporation may be served via its statutory agent, C T  
20 CORPORATION SYSTEM, 3800 N. Central Avenue, Suite 460, CENTRAL AVE,  
21 PHOENIX, Arizona.  
22

23           107. Defendants JANE DOES I-X; JOHN DOES I-X; ABC CORPORATIONS I-  
24 X; and XYZ PATNERSHIPS I-X, are individuals, corporations or partnerships and/or  
25 business entities which caused the events laid out in this complaint to occur in the State  
26 of Arizona. These Defendants are sued fictitiously until discovery reveals their true  
27  
28

1 identity. These Defendants' liability to Plaintiffs, for causing and contributing to the  
2 damages sustained by Plaintiffs, is not fully known at this time but may include causes of  
3 action for negligence or other torts described herein. Plaintiffs will seek leave to substitute  
4 their true identities upon learning of same.  
5

6 108. At all relevant times, all individual, corporate, and state defendants listed  
7 above are collectively referred to as "Defendants." The term "Defendants" refers to all  
8 named or fictitiously named Defendants, in their individual or collective capacity. At all  
9 times herein, Defendants were acting by and through their duly authorized agents,  
10 employees, or contractors.  
11

12 109. At all relevant times, Defendants had prior knowledge of, approved, and  
13 actively participated in the misconduct and omissions of their employees and agents.  
14 Additionally, after these actions were completed, the corporate employers, officers,  
15 directors, and managing agents ratified, condoned, and accepted the benefits of these  
16 wrongful acts and omissions.  
17

18 110. At all relevant times, Defendants were acting by and through officers,  
19 employees, agents, and contractors, who were acting within the scope of their employment  
20 and authority, such that these entities are bound by, and vicariously liable for, the conduct  
21 of their officers, agencies, employees, and contractors.  
22

23 111. At all relevant times, Defendants are directly liable for their own negligence,  
24 recklessness, and other tortious conduct in the hiring and supervision of the officers,  
25 employees, agents, and contractors whose conduct gives rise to this action.  
26  
27  
28



1 **GENERAL ALLEGATIONS**

2 112. Plaintiffs reallege all prior paragraphs of this Complaint and incorporate all  
3 other allegations as if fully set forth herein.  
4

5 113. The State of Arizona founded AHCCCS in 1982 as Arizona's Medicaid  
6 program, a federal health care program jointly funded by the federal and state governments  
7 for individuals and families who qualify based on income level.  
8

9 114. AHCCCS is a \$22 billion program that contracts with health plans and  
10 providers to bring care services to more than 2.2 million Arizonans.<sup>3</sup>  
11

12 115. According to the AHCCCS 2025-2029 Strategic Plan, the budget will  
13 exceed \$25 billion.<sup>4</sup>

14 116. Pursuant to A.R.S. § 36-2903, Defendant AHCCCS contracts with licensed  
15 medical providers who provide a variety of care, including physical, long-term care, and  
16 behavioral health services.<sup>5</sup>  
17

18 117. Behavioral health services are provided through supervised day, therapeutic  
19 day, and medical day programs. Services include, but are not limited to, individual and  
20 group mental health therapy, medication management, crisis intervention, case  
21 management, and substance abuse treatment.  
22  
23  
24

25  
26 <sup>3</sup> <https://www.azahcccs.gov/AHCCCS/AboutUs/index.html>

27 <sup>4</sup> AHCCCS SP (SFY25-29) Final as approved (azahcccs.gov)

28 <sup>5</sup> A.R.S. 36-2903.

1 118. On or about October 1, 2018, Defendant AHCCCS modified its terms by  
2 combining physical and behavioral health services into a single plan called AHCCCS  
3 Complete Care plan.  
4

5 119. Through the AHCCCS Complete Care plan, AHCCCS sought to  
6 "...streamline the service delivery system for members who had previously needed to  
7 coordinate physical and behavioral health benefits through two separate health plans, while  
8 also simplifying the payment streams for the services received by members."<sup>6</sup>  
9

10 120. AHCCCS used two primary fee structures: (1) Fee-for-Service and (2)  
11 Managed Care.  
12

13 121. In the Fee-for-Service model, "states will employ or contract directly with  
14 providers for the care of Medicaid enrollees."<sup>7</sup> Therefore, AHCCCS contracts directly  
15 with a medical provider who bills for services rendered.  
16

17 122. In the Managed Care model, "states are permitted to enter into contracts with  
18 private and non-profit Managed Care Organizations ("MCOs") who in turn use their  
19 market leverage to negotiate rates and contract with a network of providers adequate to  
20 meet the needs of their members."<sup>8</sup>  
21  
22  
23  
24

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25 <sup>6</sup> AHCCCS Complete Care: The Future of Integrated Healthcare Delivery

26 <sup>7</sup><https://www.azahcccs.gov/AHCCCS/Downloads/What%20is%20AHCCCS%20Managed%20Care.pdf>

27 <sup>8</sup><https://www.azahcccs.gov/AHCCCS/Downloads/What%20is%20AHCCCS%20Managed%20Care.pdf>  
28

1 123. Through its MCO program, AHCCCS patients can be enrolled in number of  
2 health care plans such as Arizona Complete Health (“AzCH”), Mercy Care, and  
3 UnitedHealthcare Community Plan.  
4

5 124. Patients enrolled in the MCO may receive treatment from a provider who  
6 contracts with the MCO, in which case reimbursement for claims is primarily coordinated  
7 by the MCO.  
8

9 125. American Indian Medicaid patients may enroll in the MCO or AIHP  
10 program. As it does with other MCOs, AHCCCS notifies AzCH of suspensions,  
11 terminations, exclusions, and other actions concerning providers who participate in both  
12 Fee-for-Service and MCOs.  
13

14 126. American Indian Fee-for-Service members may choose between the AIHP  
15 or a managed care plan.  
16

17 127. The introduction and expansion of Fee-for-Service resulted in a significant  
18 increase in enrollment in the AIHP.<sup>9</sup>  
19

20 128. The increase in American Indian Fee-for-Service enrollment in AIHP  
21 resulted in a rise in the number of behavioral health providers.  
22  
23  
24

---

25  
26 <sup>9</sup> Today, AHCCCS serves the American Indian population through their Complete Care  
27 Regional Behavioral Health Agreements (“ACC-RBHAs) and the Tribal Regional  
28 Behavioral Health Authorities (“TRBHAs”). TRBHAs are divided geographically  
throughout the State of Arizona.

1           129. In March 2020, Defendant AHCCCS paused several administrative  
2 requirements, including provider registration fees and onsite visits, in response to the  
3 COVID-19 pandemic. Medical providers, specifically behavioral health providers, were  
4 prohibited from entering American Indian reservations. As a result, these providers were  
5 restricted from accessing some patients and their families.  
6

7  
8           130. On or about January 2, 2023, Defendant Hobbs assumed office as the  
9 Governor of Arizona.

10           131. On or about January 23, 2023, Defendant Hobbs nominated Defendant  
11 Heredia to be the director of AHCCCS.  
12

13           132. On or about September 25, 2023, Defendant Hobbs improperly appointed  
14 Defendant Heredia as Director of AHCCCS in violation of A.R.S. § 36-2902(B), which  
15 requires Senate confirmation.<sup>10</sup>  
16

17           133. On or about January 2, 2023, through March 14, 2023, state and federal law  
18 enforcement conducted criminal investigations into AHCCCS-authorized medical  
19 providers in connection with sober living homes fraud.  
20

21           134. In early 2023, Defendant AHCCCS began implementing systemic changes,  
22 including introducing new, untested IT systems, modifying claim submission requirements,  
23 and introducing new identification verification procedures.  
24

25  
26  
27  
28 <sup>10</sup> A.R.S. § 36-2902; CV 2023-019899 *Arizona State Senate, et al. v. Katie Hobbs.*

1           135. The influx of new policies and procedures created significant delays and  
2 inconsistencies in processing claims, answering providers' questions, and addressing  
3 providers' concerns. Additionally, the agency was severely understaffed, undertrained,  
4 and underfunded to implement these new policies and procedures.  
5

6           136. On or about May 2023, Defendant Hobbs, Defendant Mayes, and Defendant  
7 AHCCCS announced their initial findings of credible and willful fraud by sober living  
8 providers specifically targeting American Indian patients, which was referred to as the  
9 sober living fraud scandal  
10

11           137. On or about May 15, 2023, Defendant Mayes indicted eight (8) people on  
12 twenty-five (25) charges related to the sober living homes fraud.  
13

14           138. On or about May 16, 2023, Defendants Hobbs and Mayes held a press  
15 conference to announce that Defendant AHCCCS suspended approximately 102  
16 behavioral health providers.<sup>11</sup>  
17

18           139. On or about the summer of 2023, AHCCCS started to conduct site  
19 inspections of facilities, and later surveys, in which they demanded medical records,  
20 sometimes affording providers less than two hours to produce records, all while lacking  
21 statutory authority to conduct the inspections. AHCCCS and its employees did not advise  
22 providers that they could produce supplemental documents after the unauthorized  
23  
24

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25  
26  
27 <sup>11</sup> AHCCCS News & Updates:  
28 <https://www.azahcccs.gov/shared/News/PressRelease/PaymentSuspensions.html>

1 inspections. AHCCCS used the unauthorized inspections to claim findings of “operational”  
2 errors to support its immediate termination and exclusion of providers, without any  
3 technical assistance or opportunity for corrective action. These “operational” errors were  
4 typically investigated by AZDHS, which is lawfully empowered to conduct inspections,  
5 and, more importantly, are the types of errors in which AZDHS allows providers the  
6 opportunity to implement corrective action plans (“CAPs”) with technical assistance.  
7  
8

9 140. Under 42 C.F.R. § 455.23(a)(1), AHCCCS may suspend payments to a  
10 provider if a Credible Allegation of Fraud (“CAF”) has been identified.  
11

12 141. Pursuant to 42 C.F.R. § 455.23(b), AHCCCS must inform providers of the  
13 reason for their suspension in a Notice of Suspension – Credible Allegation of Fraud (“CAF  
14 Letter”).  
15

16 142. However, AHCCCS routinely failed to notify medical providers of their  
17 suspension. This practice continued when AHCCCS published bulk suspensions in what  
18 became known as “the list,” without providing adequate reasoning setting forth their  
19 general allegations as to the nature of the suspension action.  
20

21 143. On or about October 2023, Defendant AHCCCS suspended a second wave  
22 of behavioral health providers and published an amended “list” claiming that said providers,  
23 including some Plaintiffs identified herein, were suspended based on a CAF, allegations  
24 that were not properly and thoroughly investigated or substantiated.  
25  
26  
27  
28

1 144. Defendant AHCCCS has continued this practice to date. The “list” is  
2 currently available on Defendant AHCCCS’ website.<sup>12</sup>  
3

4 145. As Defendant Mayes stated at the May 2023 press conference, in an attempt  
5 to “shut off the flow of cash to fraudulent billers that have allowed thousands of American  
6 Indian and others to be victimized and exploited,” Defendants failed to properly identify,  
7 investigate, and prosecute truly fraudulent providers while devastating the lives and  
8 relationships of Plaintiffs.  
9

10 146. Instead, the Defendants chose to implement discriminatory measures that  
11 unfairly targeted and harmed legitimate, dedicated providers like Plaintiffs—individuals  
12 who have devoted their lives to assisting others and supporting patients and their families  
13 during some of their most challenging times. Defendants’ actions, policies, and procedures  
14 have destroyed Plaintiffs’ businesses, personal livelihoods, and reputations, leaving a trail  
15 of devastation in their wake.  
16  
17

18 147. By disregarding due process and casting an overly broad net, Defendants  
19 enacted a series of misguided actions—such as failing to pay Plaintiffs in a timely manner,  
20 and/or failing to pay Plaintiffs entirely; decisions—such as suspending payments to  
21 Plaintiffs for services provided and/or terminating Plaintiffs’ PPA; and policies that  
22 adversely impacted genuine, credible behavioral health providers such as Plaintiffs.  
23  
24  
25

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26  
27 <sup>12</sup> [ProviderSuspensionsTerminations.pdf \(azahcccs.gov\):](https://www.azahcccs.gov/Fraud/Downloads/ProviderSuspensionsTerminations.pdf)  
28 <https://www.azahcccs.gov/Fraud/Downloads/ProviderSuspensionsTerminations.pdf>

1 148. Defendant AHCCCS failed to timely pay Plaintiffs in three (3) ways: (1)  
2 failure to pay providers within six (6) months of the date of service; (2) suspension of the  
3 provider and subsequent reliance on non-payment while the provider was suspended; and  
4 (3) reliance on modified rules not in effect at the time of service.  
5

6 149. Defendant AHCCCS failed to pay Plaintiffs for services already provided  
7 within six (6) months as required by A.R.S. § 36-2903.  
8

9 150. Once Plaintiffs were made aware that Defendant AHCCCS was denying  
10 claims and failing to pay for services already provided, Plaintiffs repeatedly attempted to  
11 contact Defendant AHCCCS and escalate their questions and concerns through proper  
12 channels; however, Defendant AHCCCS refused to assist in fully resolving the issues or  
13 providing definitive answers, if Defendant AHCCCS responded at all.  
14

15 151. Many Plaintiffs received guidance, some directly from employees of  
16 AHCCCS, on how to properly comply with all of AHCCCS's requirements to process  
17 submitted claims pursuant to the PPA. Despite following every direction given and making  
18 every effort to comply, Plaintiffs' efforts were futile.  
19  
20

21 152. After six (6) months had passed, Defendant AHCCCS would deny the claims,  
22 citing the expiration of the statutory six-month filing requirement, and intentionally abuse  
23 the statute to avoid paying the Plaintiffs for services rendered.  
24

25 153. Additionally, Defendant AHCCCS avoided payment for services rendered  
26 by suspending payment and/or terminating Plaintiffs pursuant to 42 C.F.R. 455.23(a)(1),  
27 citing "...credible allegation[s] of fraud..."  
28



1 154. 42 C.F.R. § 455.23(d) provides specific requirements for suspending  
2 payment and the mandated referral process to Defendant Office of the Attorney General.  
3 Specifically, Defendant AHCCCS is required to refer the investigation to the Medicaid  
4 Fraud Control Unit, which in Arizona is under the direction of Defendant Mayes as the  
5 Attorney General for the State of Arizona.  
6

7  
8 155. Under 42 C.F.R. § 455.2(3), Defendant AHCCCS may only suspend a  
9 provider if there is a credible allegation of fraud, which requires "...an indicia of reliability  
10 and the State Medicaid agency has reviewed all allegations, facts, and evidence carefully  
11 and acts judiciously on a case-by-case bases." 42 C.F.R. § 455.2(3),  
12

13 156. However, Defendant AHCCCS targeted Plaintiffs and suspended payment  
14 based on a skewed interpretation of claims data, without consulting Plaintiffs, who had  
15 experience providing treatment to American Indian patients, or their patients, or reviewing  
16 medical records,  
17

18 157. So long as the Plaintiffs' claims remained suspended, Defendant AHCCCS  
19 was not required to pay them for services already rendered.  
20

21 158. Finally, Defendant AHCCCS additionally modified billing requirements and  
22 applied rules and requirements not in effect when some Plaintiffs rendered such services.  
23 Once again, when Plaintiffs went through the proper channels to attempt to get assistance  
24 and clarification on how to remedy submitted claims to conform to newly implemented  
25 billing requirements, AHCCCS failed to fully resolve the matters, provide clear answers,  
26 or provide any avenue for Plaintiffs to remain in operation.  
27

1           159. In her May 15, 2023, press conference, Defendant Hobbs politicized the pain  
2 and financial hardship she caused for providers and patients alike.<sup>13</sup>  
3

4           160. By suspending payment and/or terminating legitimate behavioral health  
5 providers, including Plaintiffs, Defendants endangered the well-being of patients,  
6 specifically American Indian patients. Many of these patients, who are struggling with  
7 long-term trauma and addiction, were left without access to critical treatment and support.  
8

9           161. As a result, many patients were forced to navigate their challenges alone,  
10 without proper care or community. Plaintiffs were unable to provide life-saving treatment  
11 and support to their American Indian patients, some of whom died when a facility was  
12 forced to close.<sup>14</sup>  
13

14           162. Despite having lost everything both personally and professionally due to  
15 the Defendants' actions, many Plaintiffs have taken it upon themselves to assist former  
16 patients in locating alternative sources of treatment, in a continued effort to ensure their  
17 continuity of care, and without any financial gain or any other form of compensation.  
18

19           163. Some Plaintiffs have even gone so far as to personally contribute financially  
20 in an effort to sustain their displaced patients' mental health services.  
21  
22  
23  
24

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25  
26 <sup>13</sup> Defendant Hobbs used the May 15, 2023, press conference to attack the prior  
27 administration's handling of fraudulent billing.

28 <sup>14</sup> BREWER WOOD LAWSUIT.

1           164. The devastating result of Defendants' egregious decisions and actions has  
2 victimized not only the innocent, hard-working healthcare providers and medical transport  
3 providers improperly implicated here, but more significantly, the American Indian patients  
4 to whom the providers vowed to provide treatment and other services. The havoc  
5 Defendants have reaped on every aspect of Plaintiffs' lives is insurmountable and  
6 constitutes a gross injustice and clear violation of Plaintiffs' Constitutional Rights.  
7  
8

9                           **A. Richlin Regal Residency, LLC**

10           165. RRR is a licensed State of Arizona BHRF which operated up to five (5)  
11 individual BHRFs located throughout Pinal and Maricopa Counties, Arizona.  
12

13           166. On February 6, 2023, Plaintiffs Akowuah voluntarily surrendered the license  
14 for a BHRF located at 3573 E. Odessa Drive, San Tan Valley, Arizona 85140.  
15

16           167. On February 27, 2023, Plaintiffs Akowuah voluntarily surrendered the  
17 license for a BHRF located at 746 W. Blue Ridge Drive, San Tan Valley, Arizona 85140.  
18

19           168. In addition, RRR operated BHRFs at the following locations: (1) 2864 E.  
20 Bellerive Drive, Gilbert, Arizona 85298 ("Bellerive"); (2) 7872 S. Abbey Lane, Gilbert,  
21 Arizona 85298 ("Abbey"); and (3) 6671 S. Crestview Drive, Gilbert, Arizona 85298  
22 ("Crestview").

23           169. Bellerive was first licensed by AZDHS on August 1, 2020. Abbey was first  
24 licensed by AZDHS on June 1, 2020.  
25

26           170. RRR's Bellerive entered a PPA with AHCCCS on or about June or July  
27 2016. RRR's Abbey entered a PPA with AHCCCS on or about August/September 2017.  
28

1 171. On February 1, 2023, AHCCCS' Division of Fee-for-Service ("DFSM")  
2 Quality Management ("QM") team visited Bellerive. In a letter dated June 14, 2023,  
3 AHCCCS indicated that "the building appeared to be vacant, and there were no persons  
4 present."  
5

6 172. Plaintiffs Akowuah maintain that on February 1, 2023, the house manager  
7 was accompanying patients off-site. RRR policy mandates that if the BHRF has fewer than  
8 five patients, at least one house manager must accompany patients off-site; however, if the  
9 BHRF has five patients or more, both house managers must be present off-site.  
10

11 173. On that date, Bellerive had seven (7) patients, so both house managers  
12 accompanied the patients off-site.  
13

14 174. In the aforementioned letter dated June 14, 2023, AHCCCS notified RRR of  
15 its intention to terminate Bellerive's PPA effective twenty-four (24) hours from receipt of  
16 the Notice of Termination.  
17

18 175. The letter cited two bases for the termination: (1) lack of evidence of  
19 treatment on February 1, 2023, and (2) an unreported Incident, Accident, Death ("IAD")  
20 involving a patient on May 12, 2023.  
21

22 176. On May 10, 2023, said patient was transported to Community Bridges Inc.  
23 for withdrawal management and subsequently transferred to a local hospital, at which an  
24 IAD allegedly occurred.  
25

26 177. RRR did not report the IAD because they were unaware of said incident as  
27 it did not occur at its BHRF.  
28

1 178. In fact, RRR only learned of the incident at a settlement conference with  
2 Defendant AHCCCS nearly a year after the termination.

3  
4 179. RRR provided medical records for said patient, which AHCCCS deemed  
5 deficient because AHCCCS did not receive all the faxed documents. In a letter dated  
6 October 10, 2023, AHCCCS notified RRR of its intention to terminate Abbey's PPA  
7 effective twenty-four (24) hours from receipt of the Notice of Termination and Exclusion.  
8

9 180. The letter further indicated that AHCCCS excluded RRR from participating  
10 in AHCCCS Medicaid for a period of five (5) years.

11 181. The letter further cited "health and safety quality of care concerns" as the  
12 basis for termination and exclusion.  
13

14 182. Curiously, AHCCCS did not suspend payment to Crestview or terminate its  
15 PPA.  
16

17 183. Plaintiffs Akowuah subsequently appealed the terminations.

18 184. In May 2024, AHCCCS and Plaintiffs entered a settlement Agreement.  
19 AHCCCS amended the terminations and removed the exclusion provision.  
20

21 185. By entering the Agreement, Plaintiffs Akowuah and RRR avoided exclusion  
22 and were poised to continue working in the behavioral health field.

23 186. On December 17, 2024, Plaintiffs Akowuah filed a Notice of Claim.

24 187. As a direct and proximate result of Defendants' actions, RRR and Plaintiffs  
25 Akowuah suffered, and continue to suffer damages, including but not limited to lost profits,  
26 an inability to earn a living, severe emotional distress, depression, anxiety, loss of  
27

1 professional reputation, loss of business, and various other economic and non-economic  
2 damages, in an amount to be proven at trial.

3  
4 **B. Arizona Children's Group, LLC**

5 188. ACG has been operating as a CBHRF since November 29, 2019, under a  
6 contract with AHCCCS.

7  
8 189. On March 3, 2023, AZDHS conducted an on-site compliance inspection at  
9 AGC.

10 190. A Plan of Correction ("POC") was submitted by ACG on September 12,  
11 2023, which was rejected twice before Plaintiff Williams submitted a third revision which  
12 was accepted.

13  
14 191. Starting in May 2023, ACG and Plaintiff Willimas began experiencing  
15 widespread and unexplained issues with AHCCCS claims, despite submitting claims in the  
16 same manner as they had since inception.

17  
18 192. Claims were routinely denied for vague and inconsistent reasons, such as  
19 "inappropriate service" and "billings exceeding eligible amounts." These denials were  
20 particularly puzzling because the billing codes and contracted rates had remained  
21 unchanged, with the only variation being client diagnoses.

22  
23 193. In response to these denials, ACG and Plaintiff Williams began submitting  
24 provider contracts with each bill starting in 2023. Despite this, ACG continued to face  
25 payment issues, including "takeback" payments after receiving an explanation of benefits  
26 ("EOB") showing paid claims.  
27

1 194. AGC and Plaintiff Williams requested an audit of these claims, but to date,  
2 they have not received a response from the AHCCCS audit team.

3  
4 195. Between October 2023 and September 2024, ACG submitted extensive  
5 medical documentation for claims, but they continued to face payment delays and denials,  
6 sometimes going four (4) months without receiving payment.

7  
8 196. Throughout 2024, ACG also sought to relocate to a new facility due to rising  
9 rent costs. However, AHCCCS and AZDHS imposed significant obstacles, including a  
10 moratorium on facility changes and resistance from city zoning.

11  
12 197. Despite several attempts to submit requests for approval to transfer facilities,  
13 the process was delayed from October 26, 2024, until January 2025.

14  
15 198. ACG finally received approval on December 24, 2024, but as of January 28,  
16 2025, has still not been contacted for a walk-through or further action, despite multiple  
17 attempts to reach the responsible parties.

18 199. On December 17, 2024, Plaintiff Williams filed a Notice of Claim.

19  
20 200. As a direct and proximate result of Defendants' actions, ACG and Plaintiff  
21 Williams suffered, and continue to suffer damages, including but not limited to lost profits,  
22 an inability to earn a living, severe emotional distress, depression, anxiety, loss of  
23 professional reputation, loss of business, and various other economic and non-economic  
24 damages, in an amount to be proven at trial.  
25

26 **C. Legacy House Community Services, LLC**

1           201. Legacy was first licensed by AZDHS on January 6, 2023. Legacy entered  
2 into a PPA with AHCCCS on January 12, 2023.

3  
4           202. AZDHS conducted site surveys on January 6, 2023, and December 21, 2023,  
5 and found no deficiencies on both occasions.

6           203. On December 12, 2023, AHCCCS's DFMS QM investigators conducted a  
7 site inspection and approved of their observations.

8  
9           204. On June 18, 2024, AHCCCS AIHP Care Management Manager, Shawnda  
10 Summerlin ("Summerlin"), via electronic mail, requested Plaintiff Robertson provide a  
11 census of all current AHCCCS patients receiving services at Legacy.

12  
13           205. That same day, Plaintiff Robertson responded via email inquiring as to the  
14 reason for the request, to which AHCCCS Nurse Care Management Manager, Jessica  
15 Bjerre, replied "we are reaching out for any care coordination needs for our AHCCCS  
16 members."  
17

18           206. Plaintiff Robertson complied and provided fifteen (15) current AHCCCS  
19 clients.

20  
21           207. Plaintiff Robertson also inquired about who would serve as the point of  
22 contact for coordination and care. Plaintiff Robertson did not receive a response.

23           208. On or about August 1, 2024, Plaintiff Robertson was informed by several  
24 patients that they had each received a letter dated July 24, 2024, which indicated that  
25 Legacy was no longer a participating provider with AHCCCS.  
26



1           209. Plaintiff Robertson immediately contacted AHCCCS by telephone and was  
2 informed by a representative that Legacy was not suspended but could not provide further  
3 information.  
4

5           210. Plaintiff Robertson reviewed the AHCCCS APEP system and observed that  
6 all the documents showed as INCOMPLETE.  
7

8           211. Plaintiff Robertson reverified the documents but could not complete a  
9 required field, so she contacted AHCCCS via telephone again and was informed that  
10 AHCCCS needed to fix a missing section. The AHCCCS representative informed Plaintiff  
11 Robertson that she would submit a ticket to correct the issue.  
12

13           212. Plaintiff Robertson placed numerous telephone calls to AHCCCS, yet not a  
14 single representative could provide insight into why she could not access the AHCCCS  
15 portal, why the APEP system showed unverified documents, or why her patients received  
16 a letter indicating that Legacy had been terminated.  
17

18           213. Finally, on August 12, 2024, Plaintiff Robertson received a response from an  
19 AHCCCS representative, which indicated that Legacy had been terminated on July 30,  
20 2024, by AHCCCS' Office of Inspector General ("OIG") and that a certified letter was sent  
21 to the address on file. The date of termination provided was six (6) days after the date of  
22 the letter her patients received.  
23

24           214. However, Plaintiff Robertson received no such letter from AHCCCS via  
25 certified mail.  
26  
27  
28

1           215. Plaintiff Robertson scheduled two separate in-person appointments with  
2 AHCCCS. Her August 9, 2024, request was scheduled for August 13, 2024, at 1:30 PM  
3 MST.  
4

5           216. On August 12, 2024, Plaintiff Robertson received an email declining the  
6 appointment, so she requested a second appointment which was scheduled for August 15,  
7 2024, at 2:00 PM MST. Later that same day, Plaintiff Robertson received a second email  
8 declining the appointment.  
9

10           217. On August 13, 2024, AHCCCS sent a letter dated July 24, 2024, via  
11 electronic mail, which informed Plaintiff Robertson of its intention to terminate Legacy's  
12 PPA effective twenty-four (24) hours from receipt of the Notice of Termination and  
13 Exclusion. The letter further indicated that AHCCCS excluded Legacy from participating  
14 in AHCCCS Medicaid for a period of five (5) years.  
15

16           218. The letter cited "health and safety quality of care concerns" stemming from  
17 the December 12, 2023, site visit, six (6) months prior to the date of the letter, as the basis  
18 for termination and exclusion.  
19

20           219. On August 13, 2024, Plaintiff Robertson appealed the termination and  
21 exclusion and requested a state fair hearing. To date, a hearing has not been scheduled.<sup>15</sup>  
22

23           220. On December 17, 2024, Plaintiff Robertson filed a Notice of Claim.  
24

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25  
26  
27 <sup>15</sup> On December 3, 2024, AHCCCS and Plaintiff Robertson entered into a stipulation to  
28 stay the administrative proceeding.

1           221. As a direct and proximate result of Defendants' actions, Legacy and Plaintiff  
2 Robertson suffered, and continue to suffer damages, including but not limited to, money  
3 for unreimbursed services provided, lost revenue, and being forced to close  
4 Legacy. AHCCCS's termination and exclusion severely impacted Plaintiff Robertson,  
5 Legacy, and Legacy employees and patients, some of whom have relapsed in their  
6 addictions. Plaintiff Robertson currently suffers from stress and anxiety and experiences  
7 difficulty sleeping and various other economic and non-economic damages, in an amount  
8 to be proven at trial.

11                                   **D. PBS, Excellent Care, LLC and PCS**

12           222. PBS was first licensed by AZDHS on or about August 24, 2021. Excellent  
13 Care was first licensed by AZDHS on or about May 22, 2020. PCS was first licensed by  
14 AZDHS on or about July 15, 2019.

15           223. PBS entered a PPA with AHCCCS on or about August 24, 2021. Excellent  
16 Care entered a PPA with AHCCCS on or about May 22, 2022. PCS entered a PPA with  
17 AHCCCS on or about July 15, 2019.

18           224. In a letter dated February 9, 2023, AHCCCS notified PBS that it "imposed a  
19 temporary, system-wide suspension of payments."

20           225. Approximately a week prior to the suspension, AHCCCS's DSFM QM  
21 Investigators conducted a site inspection in response to an anonymous complaint.

22           226. During the inspection, a QM Investigator remarked that the facility looked  
23 great and expressed how impressed the investigator was with the clinic.

1           227. The clinic, which was accredited by the Commission on Accreditation of  
2 Rehabilitation Facilities (“CARF International”), could not remain open to treat numerous  
3 patients who relied on the facility as a crucial source of support.  
4

5           228. In a letter dated October 27, 2023, AHCCCS notified Plaintiff Nyakweba of  
6 its intention to terminate Excellent Care’s PPA effective twenty-four (24) hours from  
7 receipt of the Notice of Termination and Exclusion. The letter further indicated that  
8 AHCCCS excluded Excellent Care from participating in AHCCCS Medicaid for a period  
9 of five (5) years.  
10

11           229. In a letter dated October 27, 2023, AHCCCS notified Plaintiff Nyakweba of  
12 its intention to terminate PCS’ PPA effective twenty-four (24) hours from receipt of the  
13 Notice of Termination and Exclusion.  
14

15           230. The letter further indicated that AHCCCS excluded PCS from participating  
16 in AHCCCS Medicaid for a period of five (5) years.  
17

18           231. The sole basis for the terminations is that Plaintiff Nyakweba failed to report  
19 PBS’ suspension to the very same organization that suspended PBS.  
20

21           232. On December 17, 2024, Plaintiff Nyakweba filed a Notice of Claim.  
22

23           233. As a direct and proximate result of Defendants’ actions, PBS, Excellent Care,  
24 PCS and Plaintiff Nyakweba suffered, and continue to suffer damages, including but not  
25 limited to lost profits, an inability to earn a living, severe emotional distress, depression,  
26 anxiety, loss of professional reputation, loss of business, and various other economic and  
27 non-economic damages, in an amount to be proven at trial.  
28

1 **E. Camelback Recovery Treatment Center, LLC**

2 234. CRTC was first licensed by AZDHS on April 6, 2022.

3 235. CRTC entered a PPA with AHCCCS on April 15, 2022.

4 236. Starting in June 2023, AHCCCS denied and/or failed to adjudicate claims for  
5 services provided.

6  
7 237. In a letter dated November 9, 2023, AHCCCS “imposed a temporary,  
8 system-wide suspension of payments” to CRTC.

9 238. In a letter dated November 20, 2024, Plaintiff Westbrook, through counsel,  
10 appealed the suspension and requested a state fair hearing.

11 239. In a letter dated February 7, 2024, AHCCCS rescinded the Notice of  
12 Suspension.

13 240. In a letter dated August 26, 2024, AHCCCS informed Plaintiff Westbrook of  
14 its intention to terminate CRTC’s PPA effective twenty-four (24) hours from receipt of the  
15 Notice of Termination and Exclusion citing alleged billing fraud. The letter further  
16 indicated that AHCCCS excluded CRTC from participating in AHCCCS Medicaid for a  
17 period of five (5) years.

18 241. In a second letter dated August 26, 2024, AHCCCS informed Plaintiff  
19 Westbrook of its intention to impose a CMP” and assessment totaling \$4,998,668.90.

20 242. In a third letter dated August 26, 2024, AHCCCS informed Plaintiff  
21 Westbrook of its intention to offset overpayments totaling \$3,452,840.66 by recouping the  
22 alleged overbilling.

1           243. In a letter dated September 11, 2024, Plaintiff Westbrook appealed the  
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243. In a letter dated September 11, 2024, Plaintiff Westbrook appealed the  
aforementioned Notices and requested state fair hearings on all three matters. To date, a  
hearing has not been scheduled.<sup>16</sup>

244. In a letter dated October 24, 2024, AHCCCS notified Plaintiff Westbrook  
that his AHCCCS application for Camelback Integrated Health and Wellness, which was  
submitted on April 1, 2024, was denied due to Plaintiff Westbrook and CRTC's  
aforementioned exclusions from Medicaid.

245. This prevented Plaintiff Westbrook from opening said business.

246. Plaintiff Westbrook submitted this application after AHCCCS rescinded its  
suspension, before AHCCCS terminated and excluded him from Medicaid, and nearly six  
(6) months before AHCCCS ultimately denied the application.

247. As a result of the suspension and termination, Plaintiff Westbrook was forced  
to discharge approximately fifteen (15) patients and transfer them to other treatment centers,  
which resulted in significant lost revenue.

248. On December 17, 2024, Plaintiff Westbrook filed a Notice of Claim.

249. As a direct and proximate results of Defendants' conduct, specifically no-  
pay, slow-pay, suspension, termination and exclusion, recoupment and CMP, CRTC and  
Plaintiff Westbrook suffered, and continue to suffer damages, including but not limited to

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<sup>16</sup> On November 13, 2024, AHCCCS and Plaintiff Westbrook entered into a stipulation to  
stay the three (3) proceedings for a period of six (6) months.

1 lost profits, an inability to earn a living, severe emotional distress, depression, anxiety, loss  
2 of professional reputation, loss of business, and various other economic and non-economic  
3 damages, in an amount to be proven at trial.  
4

5 **F. Koroma Family Wellness, LLC**

6 250. Koroma was first licensed by AZDHS on January 30, 2023.

7  
8 251. Koroma entered into a PPA with AHCCCS on April 13, 2023.

9 252. Effective August 15, 2023, AHCCCS modified its billing requirements, such  
10 that a provider must submit supporting documentation, including assessment, treatment  
11 plan, progress note(s), and a consent to treat form, when billing for more than 4 units of  
12 certain services (determined by billing codes).  
13

14 253. Plaintiffs Koroma submitted claims for services provided. Numerous claims  
15 remained adjudicated for months on end. Other claims were denied without explanation.  
16

17 254. Plaintiffs Koroma repeatedly sought clarification from AHCCCS via  
18 electronic mail and the AHCCCS helpdesk. On more than one occasion, AHCCCS failed  
19 to respond to Plaintiffs Koroma's communications for months. For example, Plaintiffs  
20 Koroma filed service tickets on February 7 and 8, 2024. AHCCCS did not respond until  
21 May 8, 2024, over three months later.  
22

23 255. Due to AHCCCS's failure to timely respond, Plaintiffs Koroma were barred  
24 from resubmitting the claims as over eight months had elapsed from the time the services  
25 were provided.  
26  
27  
28





1           264. In a letter dated September 20, 2023, SonderCare wrote AzCH's Executive  
2 Leadership to address the outstanding balance of approximately \$2,900,00.00 in  
3 unadjudicated or denied claims.  
4

5           265. In a letter dated October 3, 2023, AzCH informed SonderCare that it upheld  
6 the denied H2016 claims.  
7

8           266. In a letter dated October 11, 2023, AzCH informed SonderCare that it was  
9 terminating its PPA effective February 8, 2024.  
10

11           267. In a letter dated October 15, 2023, SonderCare replied by requesting  
12 guidance and an opportunity to collaborate on how to improve communication concerning  
13 billing, citing its AHCCCS partnership as "of paramount importance."  
14

15           268. In a letter dated October 16, 2023, SonderCare wrote AHCCCS to address  
16 the unadjudicated and denied claims previously submitted to their MCO, AzCH.  
17

18           269. On October 18, 2023, James Stover, Medicaid Plan President for AzCH,  
19 acknowledged SonderCare's aforementioned communications and scheduled a meeting to  
20 address their concerns.  
21

22           270. On October 19, 2023, AHCCCS' Operations Compliance Officer, Jessica  
23 Blackburn ("Blackburn"), wrote SonderCare via electronic mail requesting clarification on  
24 the claims dispute.  
25

26           271. In a letter dated October 25, 2023, SonderCare responded to Blackburn's  
27 request and provided insight into SonderCare's concerns about the outstanding claims.  
28

1 billing practices, and best practices for treatment of Seriously Mentally Ill (“SMI”)  
2 patients.

3  
4 272. In a letter dated October 27, 2023, SonderCare implored AzCH to revisit its  
5 decision to suspend and terminate the PPA.

6 273. In a letter dated November 15, 2023, SonderCare disputed unpaid  
7 reimbursement claims.

8  
9 274. In a letter dated December 8, 2023, AHCCCS notified SonderCare Plaintiffs  
10 it “imposed a temporary, system-wide suspension of payment” citing alleged billing fraud  
11 as the basis for suspension.

12  
13 275. The grounds for suspension of payment were alleged documentation and  
14 billing errors after the review of 12 member records. This was a result of SonderCare  
15 shifting its billing codes to properly reflect the nature of its services.

16  
17 276. In September of 2023, SonderCare sent documentation to AzCh indicating  
18 that it was changing its billing codes and provided documentation supporting the reasons  
19 for that change.

20  
21 277. SonderCare was never given an opportunity, via a CAP, to address its alleged  
22 documentation and billing errors.

23 278. SonderCare was not notified in advance of this suspension despite never  
24 having been contacted regarding billing errors in the previous three (3) years of operation.

25  
26 279. In a second letter dated December 8, 2023, AHCCCS informed SonderCare  
27 Plaintiffs of its intention to terminate SonderCare’s PPA effective twenty-four (24) hours

1 from receipt of the Notice of Termination and Exclusion citing the termination of  
2 SonderCare's PPA with AzCH.

3  
4 280. The letter further indicated that AHCCCS excluded SonderCare from  
5 participating in AHCCCS Medicaid for a period of five (5) years.

6 281. In a letter dated December 19, 2023, AzCH suspended and terminated its  
7 PPA based on the December 8, 2023, AHCCCS suspension only.

8  
9 282. SonderCare Plaintiffs, through counsel, subsequently appealed the AHCCCS  
10 suspension and termination/exclusion and requested a state fair hearing, which occurred on  
11 August 12, 2024.

12  
13 283. On September 3, 2024, Hon. Velva Moses-Thompson, ALJ, issued a decision  
14 upholding the suspension.

15 284. SonderCare Plaintiffs, through counsel, appealed the decision.

16  
17 285. On October 8, 2024, AHCCCS issued a Director's Decision upholding Hon.  
18 Moses-Thompson's decision with modification.

19 286. On November 12, 2024, SonderCare Plaintiffs, through counsel, filed a  
20 Notice of Appeal for Judicial Review of Hon. Moses-Thompson's decision.

21  
22 287. On November 14, 2024, SonderCare Plaintiffs, through counsel, filed a  
23 Notice of Action and Request for Transmission of Record.

24  
25 288. On June 14, 2024, SonderCare Plaintiffs filed two (2) Notices of Claim, one  
26 for the suspension of payments and one for the termination and exclusion.

1           289. As a direct and proximate results of Defendants' conduct, SonderCare and  
2 SonderCare Plaintiffs suffered, and continue to suffer damages, including but not limited  
3 to lost profits, an inability to earn a living, severe emotional distress, depression, anxiety,  
4 loss of professional reputation, loss of business, and various other economic and non-  
5 economic damages, in an amount to be proven at trial.  
6

7  
8                                   **H. Your Care Now Mobile Medical, LLC**

9           290. Your Care Now entered a PPA with AHCCCS on October 13, 2020.

10           291. On August 18, 2023, Plaintiff Licklider received an SMS text message from  
11 an individual who informed her that her name was on the AHCCCS provider suspension  
12 list.  
13

14           292. In a letter dated August 18, 2023, but received August 21, 2023, AHCCCS  
15 "imposed a temporary, system-wide suspension of payments" against Plaintiff Licklider  
16 under her National Provider Identifier ("NPI").  
17

18           293. In a second letter dated August 18, 2023, but received August 21, 2023,  
19 AHCCCS "imposed a temporary, system-wide suspension of payments" against Your Care  
20 Now.  
21

22           294. As August 18, 2023, was a Friday, the newly suspended providers were  
23 added to "the list" and posted to Defendant AHCCCS's website before Defendant  
24 AHCCCS even informed Plaintiff Licklider about the suspension of payments.  
25

26           295. AHCCCS simultaneously withheld payment on outstanding claims for  
27 services provided.  
28

1 296. Plaintiff Licklider, through counsel, appealed both suspensions and  
2 requested a state fair hearing on each Notice. To date, no administrative hearing has been  
3 scheduled.  
4

5 297. On June 14, 2024, Plaintiff Licklider filed two (2) Notices of Claim, one for  
6 the suspension of Your Care Now and one for her LPN.  
7

8 298. As a direct and proximate result of Defendants' conduct, Your Care Now and  
9 Plaintiff Licklider suffered, and continues to suffer damages, including but not limited to  
10 lost profits, an inability to earn a living, severe emotional distress, depression, anxiety, loss  
11 of professional reputation, loss of business, and various other economic and non-economic  
12 damages, in an amount to be proven at trial.  
13

#### 14 **I. Central Home Health Services, INC.**

15 299. Central Home was first licensed by AZDHS on or about July 19, 2022.  
16

17 300. Central Home entered a PPA with AHCCCS on or about November 18,  
18 2022.

19 301. On November 15, 2023, AHCCCS's DFSM QM investigators conducted an  
20 unscheduled site visit.  
21

22 302. During this unscheduled site visit, AHCCCS demanded documents be  
23 "provided within two hours, or they will not be accepted." Central Home provided the  
24 member records as AHCCCS demanded.  
25  
26  
27  
28

1           303. In a letter dated January 24, 2024, AHCCCS informed Plaintiff Elliotts of its  
2 intention to terminate Central Home's PPA effective twenty-four (24) hours from receipt  
3 of the Notice of Termination and Exclusion.  
4

5           304. The letter further indicated that AHCCCS excluded Central Home from  
6 participating in AHCCCS Medicaid for a period of five (5) years.  
7

8           305. exclude Central Home from participation in the AHCCCS Medicaid system  
9 for five years.

10          306. AHCCCS claimed to have identified the following issues during the site visit:  
11 failure to disclose the addresses for all its service locations; missing treatment plans in two  
12 member records; failure to coordinate care for members who have Tribal Regional  
13 Behavioral Health Authorities ("TRBHA"); documents missing signatures of the staff  
14 members and BHP which AHCCCS equated to "Lack of oversight by a [BHP]";  
15 incomplete personnel records, which AHCCCS identified as "BHP's CPR certification had  
16 expired"; and "Failure to report IAD" to the QM portal. AHCCCS did not communicate  
17 these issues to Central Homes at any time prior to issuing the Termination and Exclusion  
18 letter. AHCCCS used the unauthorized inspection to claim findings of "operational" errors  
19 to support its immediate termination and exclusion of Central Home, without any technical  
20 assistance or opportunity for corrective action.  
21  
22  
23

24          307. Thereafter, AHCCCS published Central Home's name on AHCCCS's  
25 termination and suspension list on its website under its "Fraud Prevention" page. Central  
26 Home remained published on "the list" which is described as a list to report "terminations  
27  
28

1 for reasons that may include, but are not limited to, fraud, integrity, or quality” for over  
2 nine months.

3  
4 308. On January 29, 2024, Central Home, through counsel, appealed the  
5 termination and exclusion and requested a state fair hearing within 60 days.

6 309. Central Home also requested a settlement conference. Central Home has not  
7 been afforded a hearing, let alone within 60 days, in violation of A.R.S. § 41-1092, et seq.

8  
9 310. Through counsel, Central Home responded and rebutted the allegations  
10 AHCCCS leveled against it.

11 311. On October 24, 2024, AHCCCS withdrew and rescinded its Notice of  
12 Termination and Exclusion, reinstating Central Home after it had been shut down for nine  
13 (9) months.

14 312. During those nine months, Central Home sustained significant losses,  
15 including for unreimbursed services provided and billed prior to the wrongful termination;  
16 lost revenue between January and October of 2024 while Plaintiffs appealed the  
17 Termination and Exclusion; personal expenditures to keep the clinic in operation while  
18 AHCCCS engaged in slow and no-pay, including exhaustion of business and personal  
19 resources to retain employees, property, and to support ancillary business functions;  
20 attorneys’ fees and costs to appeal the wrongful termination and exclusion; and defamatory  
21 harm to Plaintiffs’ reputations, impacting their financial well-being and earnings.  
22  
23  
24  
25

26 313. On December 17, 2024, Plaintiff filed a Notice of Claim.  
27  
28

1           314. As a direct and proximate result of Defendants' conduct, Central Home and  
2 Plaintiff Elliott suffered, and continue to suffer damages, including but not limited to lost  
3 profits, an inability to earn a living, severe emotional distress, depression, anxiety, loss of  
4 professional reputation, loss of business, and various other economic and non-economic  
5 damages, in an amount to be proven at trial.  
6

7  
8                   **J. Mind Apple Behavioral Health, LLC and Mind Apple Behavioral Health  
9 Services, LLC**

10           315. Mind Apple Behavioral Health Services, LLC, Mind Apple Behavioral  
11 Health, LLC, along with their Owner/Member Plaintiff Bryant, who held a personal  
12 provider AHCCCS license as a Psychiatric Mental Health Nurse Practitioner (hereinafter  
13 "Mind Apple"), were wrongfully suspended by AHCCCS, causing severe and far-reaching  
14 consequences for the businesses, Plaintiff Bryant, and their dedicated employees.  
15

16           316. The suspensions came without warning, explanation, or communication,  
17 following an unannounced initial inspection from AHCCCS of both locations on December  
18 13, 2023, wherein AHCCCS never gave Mind Apple the inspection report.  
19

20           317. Mind Apple received their CAF letters on December 29, 2023.

21           318. No corrective action plan or guidance was provided, leaving both the  
22 businesses and staff in a state of uncertainty and financial peril.  
23

24           319. Prior to the suspensions, Mind Apple had a contract to provide services with  
25 the Yavapai Apache Nation, however, after the suspensions that contract was terminated.  
26  
27  
28



1 320. Unable to bill for services, Mind Apple was forced to close its doors and  
2 break its leases on four rental properties that had been used to house patients receiving  
3 critical treatment.  
4

5 321. This abrupt closure resulted in the layoff of all of Mind Apple's employees—  
6 95% of whom were American Indian from various tribes, with the remainder being African  
7 American.  
8

9 322. The closure also forced the transfer of numerous vulnerable patients who  
10 were left without the care they so desperately needed.  
11

12 323. For Plaintiff Bryant, who is an enrolled citizen of the Cherokee Nation, the  
13 consequences were even more personal and severe. After AHCCCS suspended her  
14 personal provider ID there were two nursing board complaints that were filed, saying that  
15 Plaintiff Bryant was fraudulently billing AHCCC and was suspended.  
16

17 324. On December 17, 2024, Plaintiff Bryant filed three (3) Notices of Claim.

18 325. As a direct and proximate result of Defendants' conduct, Mind Apple  
19 suffered, and continues to suffer damages, including but not limited to lost profits, an  
20 inability to earn a living, severe emotional distress, depression, anxiety, loss of professional  
21 reputation, loss of business, and various other economic and non-economic damages, in an  
22 amount to be proven at trial.  
23  
24

25 **K. Core Health Services, INC.**

26 326. Core was first licensed by AZDHS on July 19, 2022.

27 327. Core entered into a PPA with AHCCCS on July 26, 2023.  
28

1           328. AZDHS performed its first annual site survey/inspection on July 19, 2022,  
2 and found no deficiencies.

3  
4           329. AZDHS performed its second annual site survey/inspection on July 12, 2023,  
5 and July 14, 2023. The July 14, 2023, site survey/inspection revealed no deficiencies.

6           330. On September 27, 2023, AHCCCS's DFSM QM investigators conducted a  
7 site inspection.

8  
9           331. On October 20, 2023, AHCCCS notified Plaintiff Wiggins of its intention to  
10 terminate Core's PPA effective twenty-four (24) hours from receipt of the Notice of  
11 Termination and Exclusion.

12  
13           332. The letter further indicated that AHCCCS excluded Core from participating  
14 in AHCCCS Medicaid for a period of five (5) years.

15           333. AHCCCS simultaneously withheld payment on outstanding claims for  
16 services provided from September through October 2023.

17  
18           334. On October 30, 2023, Plaintiff Wiggins, through counsel, appealed the  
19 termination and requested a state fair hearing. To date, no administrative hearing has been  
20 held.

21  
22           335. On January 8, 2024, AHCCCS provided an Amended Notice of Termination  
23 of PPA and Exclusion.

24           336. On November 14, 2023, Plaintiff Wiggins, through prior counsel, filed a  
25 Notice of Claim.

26  
27           337. On December 17, 2024, Plaintiff Wiggins filed a Notice of Claim.



1 346. After receiving the Notice of Hearing, Plaintiff Williams requested discovery  
2 from counsel via electronic mail dated May 2, 2024.

3  
4 347. On May 3, 2024, counsel provided discovery to Plaintiff Williams via  
5 electronic mail.

6 348. On May 29, 2024, Unique attended a pre-hearing conference, and agreed to  
7 participate in a settlement conference, which was held on June 11, 2024.

8  
9 349. The settlement conference was unsuccessful to the extent that AHCCCS did  
10 not rescind its suspension. To date, a hearing has not been scheduled.

11 350. On June 14, 2024, Unique filed a Notice of Claim.

12  
13 351. In a letter dated July 24, 2024, AHCCCS requested medical records from  
14 Unique for patients dating back to January 1, 2020.

15 352. On September 30, 2024, Plaintiff Williams submitted the requested  
16 documents.

17  
18 353. As a direct and proximate result of Defendants' conduct, Unique and Plaintiff  
19 Williams suffered, and continue to suffer damages, including but not limited to lost profits,  
20 an inability to earn a living, severe emotional distress, depression, anxiety, loss of  
21 professional reputation, loss of business, and various other economic and non-economic  
22 damages, in an amount to be proven at trial.

23  
24 **M. Healing Touch Behavior Health, LLC**

25  
26 354. Healing Touch was first licensed by AZDHS on September 10, 2021 (Pebble  
27 Creek) and March 25, 2022 (Pagoda).

1 355. Healing Touch entered a PPA with AHCCCS on September 29, 2021.

2 356. In response to a complaint, AZDHS conducted an on-site investigation at  
3 Pebble Creek on October 13, 2022, and were unable to substantiate the allegations and  
4 found no deficiencies.  
5

6 357. On March 22, 2022, AZDHS conducted its first annual site visit/inspection  
7 at Pagoda and found no deficiencies.  
8

9 358. In response to complaints, on January 4, 2023, AZDHS conducted an on-site  
10 investigation of Pagoda and found three deficiencies, all of which were corrected the same  
11 date.  
12

13 359. In response to a complaint, AZDHS conducted an on-site investigation at  
14 Pagoda on April 7, 2023, and April 10, 2023, and found three deficiencies, all of which  
15 were corrected.  
16

17 360. In response to two complaints, AZDHS conducted an on-site investigation at  
18 Pagoda and found no deficiencies.  
19

20 361. On October 3, 2023, AHCCCS's DFSM QM investigators conducted a site  
21 inspection at each location. The AHCCCS investigator's notes contain numerous  
22 inconsistencies concerning what transpired, the timeline of events, and what the EHR  
23 documentation supports.  
24

25 362. On October 24, 2023, AHCCCS notified Plaintiff Amoah of its intention to  
26 terminate Pagoda and Pebble Creek's PPAs effective twenty-four (24) hours from receipt  
27 of the Notice of Termination and Exclusion.  
28

1           363. The letter further indicated that AHCCCS excluded Healing from  
2 participating in AHCCCS Medicaid for a period of five (5) years.

3  
4           364. On November 2, 2023, AHCCCS notified Plaintiff Amoah that it was  
5 amending the Notices of Termination and Exclusion.

6           365. On January 5, 2024, AHCCCS provided an Amended Notice of Termination  
7 of PPA and Exclusion in connection with the Pagoda.

8  
9           366. On January 8, 2024, AHCCCS provided an Amended Notice of Termination  
10 of PPA and Exclusion in connection with the Pebble Creek.

11           367. On October 31, 2023, Plaintiff Amoah, through counsel, appealed the  
12 terminations and requested a state fair hearing, which was held on August 23, 2024.

13  
14           368. On June 14, 2024, Plaintiff Amoah filed two (2) Notices of Claim, one for  
15 each BHRF.

16  
17           369. On October 6, 2024, Hon. Kay Abramsohn (ALJ) issued a decision  
18 upholding the terminations and exclusions.

19           370. On November 6, 2024, AHCCCS issued a Director's Decision, affirming  
20 with modifications the state fair hearing decision.

21  
22           371. As a direct and proximate result of Defendants' conduct, Healing Touch and  
23 Plaintiff Amoah suffered, and continue to suffer damages, including but not limited to lost  
24 profits, an inability to earn a living, severe emotional distress, depression, anxiety, loss of  
25 professional reputation, loss of business, and various other economic and non-economic  
26 damages, in an amount to be proven at trial.  
27

**N. The Restoration Circle, INC.**

1  
2 372. Restoration was first licensed by AZDHS on June 3, 2022.

3  
4 373. Restoration entered into a PPA with AHCCCS on June 23, 2022.

5 374. Between May 2023 and July 2024, AHCCCS denied and/or failed to  
6 adjudicate claims for services provided.

7  
8 375. On March 15, 2024, Plaintiff Owens wrote to AHCCCS via electronic mail  
9 and inquired about the status of unadjudicated claims for services provided January 25-31,  
10 2024.

11  
12 376. On March 25, 2024, AHCCCS employee, Thomas Ussery, responded to  
13 Plaintiff Owens via electronic mail and indicated that AHCCCS was current with  
14 reimbursement.

15 377. Plaintiff Owens repeatedly attempted to address the unadjudicated and  
16 denied claims issue with AHCCCS, including via electronic mail, telephone call, and the  
17 AHCCCS HelpDesk.

18  
19 378. On March 27, 2024, AHCCCS' DFSM QM investigators conducted a site  
20 inspection.

21  
22 379. On April 10, 2024, AHCCCS QM investigators conducted a second site  
23 inspection.

24  
25 380. In a letter dated July 24, 2024, AHCCCS notified EMS of its intention to  
26 terminate Restoration's PPA effective twenty-four (24) hours from receipt of the Notice of  
27 Termination and Exclusion.

1 381. The letter further indicated that AHCCCS excluded Restoration from  
2 participating in AHCCCS Medicaid for a period of five (5) years.

3  
4 382. The letter, dated four (4) months after the first site visit, cites “health and  
5 safety quality of care concerns” as the basis for the termination.

6 383. In a letter dated July 31, 2024, Plaintiff Owens appealed Restoration’s  
7 termination and exclusion from AHCCCS. To date, a hearing has not been scheduled.<sup>17</sup>  
8

9 384. The Restoration Circle received significantly delayed partial payments for  
10 services provided while not receiving payment for some services provided. The  
11 Restoration Circle was terminated on July 24, 2024.  
12

13 385. On December 17, 2024, Plaintiff Owens filed a Notice of Claim.

14 386. As a direct and proximate result of Defendants’ conduct, Restoration and  
15 Plaintiff Owens suffered, and continue to suffer damages, including but not limited to lost  
16 profits, an inability to earn a living, severe emotional distress, depression, anxiety, loss of  
17 professional reputation, loss of business, and various other economic and non-economic  
18 damages, in an amount to be proven at trial.  
19  
20

21 **O. Saving Livez, LLC**

22 387. Saving Livez was first licensed by AZDHS on April 30, 2022.

23 388. Saving Livez entered into a PPA with AHCCCS on June 4, 2022.  
24  
25  
26

---

27 <sup>17</sup> On December 4, 2024, AHCCCS and Plaintiff Owens entered a stipulation to stay the  
28 consolidated proceedings.





1 397. Pillars secured its AZDHS license on November 18, 2022, and received an  
2 unannounced on-site compliance survey in November 2022 and March 2024, which found  
3 no deficiencies.  
4

5 398. However, starting in May 2023, Pillars experienced a drastic shift in its  
6 dealings with AHCCCS. Payments were delayed, in a constant state of pending  
7 adjudication, and were denied, and the company faced increasing difficulties in obtaining  
8 resolutions.  
9

10 399. Pillars would resubmit denied claims attempting to correct any cited issues;  
11 however, the claims would continue to be denied, with no explanation until the required  
12 six months had passed in which the claims would expire.  
13

14 400. By October 2023, Pillars had not received any payment for services rendered,  
15 despite ongoing efforts to engage with AHCCCS.  
16

17 401. These efforts included numerous emails throughout May 2023, phone calls  
18 throughout July and August of 2023, where Plaintiff Cotton constantly sought clarification  
19 and answers, and even in-person visits to the AHCCCS office in September 2023, where  
20 Pillars and Plaintiff Cotton were met with barriers and uncooperative responses.  
21

22 402. Pillars and Plaintiff Cotton finally organized a Google Meet to discuss the  
23 situation; however, no resolution was gained.  
24

25 403. Despite these challenges, Pillars continued to treat patients, believing that the  
26 situation would eventually be resolved. However, by October 22, 2024, Pillars was forced  
27  
28

1 to close its doors due to the mounting financial and operational strain. Pillars subsequently  
2 surrendered its license to AZDHS.

3  
4 404. On June 14, 2024, Plaintiffs Sharpe and Cotton filed a Notice of Claim.

5 405. As a direct and proximate result of Defendants' conduct, Pillars and Plaintiffs  
6 Cotton and Sharpe suffered, and continue to suffer damages, including but not limited to  
7 lost profits, an inability to earn a living, severe emotional distress, depression, anxiety, loss  
8 of professional reputation, loss of business, and various other economic and non-economic  
9 damages, in an amount to be proven at trial.  
10

11 **Q. The Least of LLC**

12  
13 406. In 2019, Plaintiff Samson lost her husband. Inspired by his values and  
14 motivated by her desire to create a meaningful legacy in his honor, Plaintiff Samson started  
15 Least of to provide compassionate care and treatment to patients.  
16

17 407. On February 8, 2023, Plaintiff Samson submitted the AZDHS initial license  
18 application.

19 408. On March 4, 2023, Plaintiff Samson submitted the AZDHS initial residential  
20 health care institution license application.  
21

22 409. On June 9, 2023, AHCCCS implemented a moratorium on enrollment of  
23 certain provider types, including BHRFs.

24 410. In a letter dated June 7, 2023, AZDHS notified Least of that it required  
25 additional information and/or documentation to finalize the application.  
26  
27  
28

1           411. On July 2, 2023, Plaintiff Samson submitted an amended AZDHS initial  
2 residential health care institution license application.

3  
4           412. In a letter dated July 6, 2023, AZDHS notified Least of that it required  
5 additional information and/or documentation to finalize the application.

6  
7           413. In a letter dated October 16, 2023, AZDHS notified Least of that the license  
8 application was deemed administratively complete and directed Least of to prepare for the  
9 initial inspection, which ultimately occurred on March 8, 2024.

10           414. On November 14, 2023, Plaintiff notified AZDHS that the facility was not  
11 ready for an initial on-site inspection. AZDHS postponed the inspection until March 8,  
12 2024.

13  
14           415. On December 9, 2023, AHCCCS extended the moratorium for six (6)  
15 months.

16  
17           416. On March 8, 2024, AZDHS conducted an initial site inspection, which  
18 revealed no deficiencies.

19           417. On March 13, 2024, AZDHS conducted an off-site documentation review,  
20 which revealed Least of was in compliance. As such, on April 1, 2024, AZDHS issued  
21 Least of's license to operate as a BHRF effective through March 31, 2025.

22  
23           418. On June 9, 2024, AHCCCS extended the moratorium for six (6) months.

24  
25           419. On June 29, 2024, Plaintiff Samson submitted Least of's AHCCCS  
26 application and the Moratorium Exemption Request Form.

1           420. On July 5, 2024, Plaintiff Samson resubmitted an AHCCCS Moratorium  
2 Exemption Request Form.

3  
4           421. On July 26, 2024, Plaintiff Samson even paid AHCCCS' \$709 application  
5 fee, despite the moratorium that went into effect during the pendency of Plaintiff Samson's  
6 AZDHS licensing process.

7  
8           422. Despite following all necessary steps in good faith, Plaintiff Samson was  
9 twice denied an exemption and thus, was effectively handcuffed by AHCCCS' moratorium  
10 and the subsequent extension.

11  
12           423. On June 19, 2025, AZDHS again conducted an on-site follow up inspection,  
13 which revealed no deficiencies.

14           424. On December 9, 2024, AHCCCS concluded the moratorium. Plaintiff  
15 Samson immediately filed a new application per AHCCCS instructions.

16  
17           425. On January 21, 2025, Plaintiff Samson met with an AHCCCS representative  
18 to address Least of's application status. Plaintiff Samson had previously submitted  
19 numerous HelpDesk tickets, but AHCCCS failed to provide any update. Upon reviewing  
20 AHCCCS documents, AHCCCS representative informed Plaintiff Samson that Least of's  
21 application had been removed from the system for exceeding the thirty (30) day timeframe.

22  
23           426. Plaintiff Samson resubmitted the application the same day. On January 22,  
24 2025, AHCCCS confirmed that Least of's application was under review.

25  
26           427. Plaintiff Samson remains stuck in a perpetual holding pattern, having been  
27 licensed by AZDHS but lacking the ability to generate income via an AHCCCS PPA.

1           428. Although required to maintain the AZDHS license, Plaintiff cannot accept  
2 and treat patients without a PPA with AHCCCS and continues to incur expenses while not  
3 generating income.  
4

5           429. On December 17, 2024, Plaintiff Samson filed a Notice of Claim.

6           430. As a direct and proximate result of Defendants' conduct, Least of and  
7 Plaintiff Samson suffered, and continue to suffer damages, including but not limited to lost  
8 profits, an inability to earn a living, severe emotional distress, depression, anxiety, loss of  
9 professional reputation, loss of business, and various other economic and non-economic  
10 damages, in an amount to be proven at trial.  
11  
12

13   **R. On Time Med Trans Inc.**

14           431. Plaintiff Talab and On Time entered into a PPA with AHCCCS in 2006.

15           432. Plaintiff Talab founded On Time approximately seventeen (17) years ago to  
16 provide non-emergency medical transportation for patients throughout the State of Arizona,  
17 but primarily in Maricopa County, Arizona.  
18

19           433. On Time transported patients to and from facilities, reservations, private  
20 homes, and medical appointments. On Time then submitted claims to AHCCCS for the  
21 services it provided.  
22

23           434. In 2024, AHCCCS slowed the rate at which On Time's claims were  
24 paid. These claims were unadjudicated.  
25

26           435. Additionally, AHCCCS denied claims without explanation which were  
27 similar to previously paid claims.  
28

1 436. On December 17, 2024, Plaintiff Talab filed a Notice of Claim.

2 437. As a direct and proximate result of Defendants' conduct, On Time and  
3 Plaintiff Talab suffered, and continue to suffer damages, including but not limited to lost  
4 profits, an inability to earn a living, severe emotional distress, depression, anxiety, loss of  
5 professional reputation, loss of business, and various other economic and non-economic  
6 damages, in an amount to be proven at trial.  
7  
8

9 **S. Fast Care Transportation, LLC**

10 438. Fast Care has been providing medical transportation services to AHCCCS  
11 patients since 2012.  
12

13 439. Fast Care has not faced any issues with AHCCCS prior to May 16, 2023, and  
14 holds contracts with multiple tribes, including the Navajo, Hopi, and Gila River.  
15

16 440. Despite a history of successful operations, the company now finds itself  
17 struggling to stay afloat due to AHCCCS's ongoing failure to pay for services rendered.  
18

19 441. Since January 2024, Fast Care has not been paid for services rendered, with  
20 AHCCCS denying or delaying payments for legitimate services.  
21

22 442. These denials, which are allegedly based on coding errors or claims that  
23 drivers were not properly registered, are disputed by Fast Care, as their coding was accurate,  
24 and all drivers were fully compliant with regulatory standards.  
25

26 443. Fast Care's challenges with AHCCCS began in January 2024 with the onset  
27 of slow and partial payments. Despite repeated efforts to resolve the issue, including emails  
28

1 sent in December 2023 to the billing company attempting to address minor and  
2 unsubstantiated denial reasons, the situation persisted.

3  
4 444. On December 17, 2024, Plaintiffs Fadlalla and Alkarori filed a Notice of  
5 Claim.

6 445. As a direct and proximate result of Defendants' conduct, Fast Care and  
7 Plaintiffs Fadlalla and Alkarori suffered, and continue to suffer damages, including but not  
8 limited to lost profits, an inability to earn a living, severe emotional distress, depression,  
9 anxiety, loss of professional reputation, loss of business, and various other economic and  
10 non-economic damages, in an amount to be proven at trial.  
11

12  
13 **T. Jeremiah 29:11 Counseling Services, LLC**

14 446. On June 6, 2023, Plaintiff G. Smith submitted Jeremiah's initial application  
15 to AZDHS's Bureau of Medical Facilities Licensing.  
16

17 447. In a letter dated June 7, 2023, AZDHS notified Plaintiff G. Smith that  
18 Jeremiah's initial application was incomplete. Plaintiff G. Smith immediately corrected  
19 the issues. In a letter dated June 8, 2023, AZDHS notified Plaintiff G. Smith that  
20 Jeremiah's initial application was administratively complete.  
21

22 448. On June 8, 2023, AZDHS Healthcare Compliance Officer Kristopher Olsen  
23 ("Olsen") notified Plaintiff G. Smith via electronic mail that he was the assigned as  
24 surveyor on Jeremiah's application and acknowledged that AZDHS was "experiencing a  
25 number of initial applications...I am booking out 1-2 weeks."  
26  
27  
28



1           449. On June 9, 2023, AHCCCS implemented a moratorium on enrollment of  
2 certain behavioral health provider types.  
3

4           450. On June 13, 2023, AZDHS via electronic mail confirmed receipt of  
5 Jeremiah's modified application as an OTC rather than a Counseling Facility.  
6

7           451. On June 20, 2023, Plaintiff G. Smith requested to schedule a site visit with  
8 AZDHS Officer Olsen, to which Olsen replied that the first available appointment was June  
9 28, 2023.

10           452. On June 21, 2023, Plaintiff G. Smith notified Olsen via electronic mail about  
11 the AHCCCS moratorium, putting AZDHS on notice of the importance of the licensing  
12 timeline.  
13

14           453. On June 28, 2023, Olsen conducted an initial site inspection at Jeremiah's,  
15 during which Olsen made inappropriate comments and facial expressions, was distracted  
16 by his telephone (to wit: making phone calls and sending messages), and requested  
17 additional materials not previously discussed.  
18

19           454. On July 11, 2023, Plaintiff G. Smith filed a complaint with AZDHS via  
20 electronic mail concerning Olsen's conduct during the site inspection and requested a new  
21 surveyor. On the same date, AZDHS Healthcare Compliance Manager Christine Pereira  
22 ("Pereira") confirmed receipt of the complaint via electronic mail.  
23

24           455. On July 20, 2023, Plaintiff G. Smith sought clarification on application  
25 requirements in order to move the application process forward. Ms. Pereira responded via  
26 electronic mail in a curt manner.  
27  
28

1           456. On August 10, 2023, AZDHS Healthcare Compliance Officer Christopher  
2 Magee notified Plaintiff G. Smith that he was the newly assigned surveyor on Jeremiah's  
3 application and scheduled a telephone call for August 14, 2023, and a site inspection on  
4 August 15, 2023.  
5

6           457. Magee conducted the site inspection five (5) days after he was assigned; it  
7 took Olsen twenty (20) days.  
8

9           458. In a letter dated August 18, 2023, AZDHS notified Plaintiff G. Smith that  
10 Jeremiah was in compliance and that a license would be issued.  
11

12           459. In a letter dated August 21, 2023, AZDHS issued Jeremiah a license to  
13 operate as an OTC effective August 15, 2023.  
14

15           460. Between August 21, 2023, and October 13, 2023, Plaintiff G. Smith was  
16 required to obtain a group National Provider Information ("NPI") number in lieu of the  
17 individual NPI number he previously obtained. Plaintiff G. Smith also sought  
18 credentialing from the Council for Affordable Quality Healthcare ("CAQH").  
19

20           461. On October 13, 2023, Plaintiffs completed the AHCCCS Enrollment  
21 Application.  
22

23           462. In a letter dated October 16, 2023, AZDHS notified Plaintiff G. Smith that  
24 an AZDHS site inspection conducted on October 5, 2023, revealed a signage deficiency.  
25

26           463. In a letter dated October 17, 2023, AHCCCS notified Plaintiffs that their  
27 application was denied because the wrong application form was submitted. Plaintiffs  
28 resubmitted their application on October 19, 2023.

1           464. On October 20, 2023, Plaintiff G. Smith appealed the AZDHS Statement of  
2 Deficiencies and provided proof of compliance. The appeal was denied, and Plaintiff G.  
3 Smith paid a \$500 civil penalty on December 14, 2023.  
4

5           465. In a letter dated December 5, 2023, AHCCCS notified Plaintiff G. Smith that  
6 their application was denied due to the moratorium.  
7

8           466. On December 7, 2023, Plaintiff G. Smith submitted a Moratorium Exemption  
9 Request form to AHCCCS.

10           467. On December 9, 2023, AHCCCS extended the moratorium for six (6)  
11 months.  
12

13           468. In a letter dated December 29, 2023, AHCCCS notified Plaintiff G. Smith  
14 that his application was denied due to the moratorium and indicated that Jeremiah did not  
15 meet criteria for a moratorium exemption.  
16

17           469. On June 9, 2024, AHCCCS extended the moratorium for six (6) months.

18           470. On June 15, 2024, Plaintiff G. Smith filed a Notice of Claim.

19           471. On December 9, 2024, AHCCCS concluded the moratorium, nearly eight (8)  
20 months after Plaintiffs were forced to close Jeremiah and voluntarily surrender its AZDHS  
21 license.  
22

23           472. As a direct and proximate result of Defendants' conduct, Jeremiah and  
24 Plaintiffs G. Smith and L. Smith suffered, and continue to suffer damages, including but  
25 not limited to lost profits, an inability to earn a living, severe emotional distress, depression,  
26  
27  
28

1 anxiety, loss of professional reputation, loss of business, and various other economic and  
2 non-economic damages, in an amount to be proven at trial.

3  
4 **U. Small Victories Wellness Center, LLC**

5 473. Small Victories was first licensed by AZDHS on February 7, 2023.

6 474. Small Victories entered into a PPA with AHCCCS on April 10, 2023.

7  
8 475. Between December 2023 and June 2024, AHCCCS failed to process and/or  
9 denied claims for services provided.

10 476. Further, if Small Victories did receive payment, it was delayed and  
11 significantly less than the billed amount.

12  
13 477. However, Small Victories continued to provide treatment to patients. In an  
14 attempt to keep Small Victories operational, Plaintiff Chingaya used his personal and  
15 business resources.

16  
17 478. At a certain point in 2024, Small Victories did not even bother submitting  
18 bills for reimbursement but provided continuity of care for its patients.

19  
20 479. Small Victories Wellness Clinic LLC was forced to close and ultimately filed  
21 for bankruptcy.

22 480. On December 17, 2024, Plaintiff Chingaya filed a Notice of Claim.

23 481. As a direct and proximate result of Defendants' conduct, Small Victories and  
24 Plaintiff Chingaya suffered, and continue to suffer damages, including but not limited to  
25 lost profits, an inability to earn a living, severe emotional distress, depression, anxiety, loss  
26

1 of professional reputation, loss of business, and various other economic and non-economic  
2 damages, in an amount to be proven at trial.

3  
4 **V. Fosters House, LLC**

5 482. Fosters was first licensed by AZDHS on October 11, 2022.

6 483. Fosters entered into a PPA with AHCCCS on October 26, 2022.

7  
8 484. In August 2023, AHCCCS modified its billing requirements. Effective  
9 August 15, 2023, a provider must submit supporting documentation, including assessment,  
10 treatment plan, progress note(s), and a consent to treat form, when billing for more than 4  
11 units of certain services (determined by billing codes).

12  
13 485. Plaintiffs submitted claims for services provided.

14 486. Claims went unadjudicated from August through September 2023.

15 487. Plaintiffs repeatedly attempted to seek clarification from AHCCCS and its  
16 employees through the Helpdesk.  
17

18 488. On more than one occasion, AHCCCS failed to respond to Plaintiffs'  
19 communications for months. For example, Plaintiffs filed numerous service tickets,  
20 submitted questions to the "Service Desk," and emailed with AHCCCS agents and  
21 employees between June 2023 and March 2024. AHCCCS either failed to respond entirely  
22 or would not respond for weeks or months, and after the time for resubmitting claims had  
23 passed.  
24  
25  
26  
27  
28

1           489. Due to AHCCCS's failure to timely respond to Plaintiffs, Plaintiffs were  
2 barred from resubmitting the claims as over six (6) months had elapsed from the time the  
3 services were provided.  
4

5           490. Resubmitting the claim would result in denial as it falls outside the statutory  
6 six-month window in which a provider may file a claim. This is just one of many examples  
7 in which AHCCCS deliberately failed to respond to a provider so that the provider could  
8 not make a claim.  
9

10           491. At the very least, AHCCCS's lack of staffing and training caused the  
11 significant delay, which prohibited Plaintiffs from earning a fee for service.  
12

13           492. AHCCCS's practice of slow-paying and no-paying claims caused irreparable  
14 damage to Plaintiffs' business and eventually led to the termination of the PPA.  
15

16           493. AHCCCS has shown an inability, if not outright refusal, to be transparent,  
17 which has caused irreparable harm to our clients who could not adequately provide services  
18 to their at-risk patients due to lack of payment.  
19

20           494. AHCCCS consistently misled Plaintiffs by failing to process claims, not  
21 responding to inquiries concerning said claims, and ultimately failing to adjudicate such  
22 claims. In that way, AHCCCS engaged and perpetuated a repetitive cycle that kept  
23 Plaintiffs from providing the full and complete care their patients desperately needed and  
24 deserved.  
25

26           495. On June 14, 2024, Plaintiff Miller filed a Notice of Claim.  
27  
28

1           496. As a direct and proximate result of Defendants' conduct, Fosters House and  
2 Plaintiff Miller suffered, and continue to suffer damages, including but not limited to lost  
3 profits, an inability to earn a living, severe emotional distress, depression, anxiety, loss of  
4 professional reputation, loss of business, and various other economic and non-economic  
5 damages, in an amount to be proven at trial.  
6

7  
8                           **W. Setting Foundations, LLC**

9           497. Setting was first licensed by AZDHS on November 19, 2020. Setting  
10 entered into a PPA with AHCCCS on November 30, 2020.  
11

12           498. In a letter dated September 15, 2023, AHCCCS notified Setting that it  
13 "imposed a temporary, system-wide suspension of payments" to Setting citing allegations  
14 of fraudulent billing and failure to report the existence of a previous Board member.  
15

16           499. In a letter dated April 1, 2024, AHCCCS notified Setting of its intention to  
17 terminate Setting's PPA effective twenty-four (24) hours from receipt of the Notice of  
18 Termination and Exclusion. The letter further indicated that AHCCCS excluded Setting  
19 from participating in AHCCCS Medicaid for a period of five (5) years.  
20

21           500. In a letter dated August 26, 2024, AHCCCS notified Setting of its intention  
22 to impose a CMP and assessment totaling \$1,470,180.91.  
23

24           501. In a second letter dated August 26, 2024, AHCCCS notified Setting of its  
25 intention to offset overpayments totaling \$1,349,271.33 minus pending claims totaling  
26 \$28,183.20.  
27





1 provider must provide all documents requests within two hours or said documents would  
2 not be accepted. Prior to this date, AHCCCS had never visited SSTC.  
3

4 508. In a letter dated October 13, 2023, AHCCCS “imposed a temporary,  
5 system-wide suspension of payments” to SSTC in a Notice of Suspension –CAF letter  
6 citing alleged fraudulent billing as the basis for suspension.  
7

8 509. In a second letter dated October 13, 2023, AHCCCS informed Plaintiff  
9 Glanton of its intention to terminate SSTC’s PPA effective twenty-four (24) hours from  
10 receipt of the Notice of Termination and Exclusion citing health and quality of care safety  
11 concerns stemming from a site inspection conducted over a month prior as the basis for  
12 termination. The letter further indicated that AHCCCS excluded SSTC from  
13 participating in AHCCCS Medicaid for a period of five (5) years.  
14

15 510. In a letter dated October 25, 2023, Plaintiff Glanton appealed SSTC’s  
16 suspension and termination/exclusion and requested a state fair hearing on both matters.  
17 To date, a hearing has not been scheduled.<sup>19</sup>  
18

19 511. In a letter dated April 15, 2024, AHCCCS informed Plaintiff Glanton of its  
20 intention to offset overpayments totaling \$2,867,746.32.  
21

22 512. On June 14, 2024, Plaintiff Glanton filed a Notice of Claim.  
23  
24

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25  
26  
27 <sup>19</sup> On December 3, 2024, AHCCCS and Plaintiff Glanton entered a stipulation to stay  
28 the pending administrative proceedings for a period of six (6) months.



1 adequately staff, fund, and train their employees, or conduct proper investigations in order  
2 to establish sufficient evidence to substantiate fraud allegations.  
3

4 518. As a direct and proximate result of Defendants' negligence, Plaintiffs  
5 suffered, and continue to suffer damages, including but not limited to lost profits, an  
6 inability to earn a living, severe emotional distress, depression, anxiety, loss of professional  
7 reputation, loss of business reputation, and various other economic and non-economic  
8 damages, in an amount to be proven at trial.  
9

10 **COUNT 2**  
11 **NEGLIGENCE PER SE**  
12 **(Against all Defendants)**

13 519. Plaintiffs reallege all prior paragraphs of this Complaint and incorporate all  
14 other allegations as if fully set forth herein.  
15

16 520. At all relevant times, Defendants owed a duty to comply with all applicable  
17 statutes, regulations and rules governing the fee-for-service contract (PPA), and to  
18 adequately staff, fund, and train their employees, as well as to conduct thorough and proper  
19 investigations to gather sufficient evidence to support any fraud allegations against  
20 Plaintiffs.  
21

22 521. Defendants, jointly and severally, owed a duty of care to Plaintiffs and to all  
23 others similarly situated, to comply with all applicable statutes, regulations and rules  
24 governing the Fee-for-Service contract (PPA), and to adequately staff, fund, and train their  
25 employees, as well as to conduct thorough and proper investigations to gather sufficient  
26 evidence to support any fraud allegations against Plaintiffs.  
27

1           522. Defendants, jointly and severally, breached their duty to Plaintiffs by failing  
2 to act in a reasonable and prudent manner, by failing to comply with all applicable statutes,  
3 regulations and rules governing the fee-for-service contract (PPA), by failing to adequately  
4 staff, fund, and train their employees, as well as failing to conduct thorough and proper  
5 investigations to gather sufficient evidence to support any fraud allegations.  
6

7           523. Defendants violated A.R.S. § 36-2904 when they failed to make timely  
8 payments or refused to make payments to Plaintiffs completely under the false guise of  
9 purported fraudulent activity.  
10

11           524. Defendants violated part 455 of the Code of Federal Regulations (CFR §  
12 455.23) when they failed to give proper notice of suspension of payments, failed to make  
13 timely payments or refused to make payments entirely to Plaintiffs for services rendered.  
14

15           525. Plaintiffs were, at the time of Defendant AHCCCS' slow-payment, no-  
16 payment, suspension and/or termination, within the class of people whom the statutes were  
17 meant to protect.  
18

19           526. Defendant AHCCCS's failure to comply with the statutes created a failure in  
20 due process and contractual breaches in which the laws are designed to protect.  
21

22           527. Defendant AHCCCS' violation of 42 CFR § 455.23, and A.R.S. § 36-2904,  
23 was the direct and proximate cause of Plaintiffs' injuries and damages.  
24

25           528. Thus, Defendants' negligent acts, errors, and/or omissions constitute  
26 negligence per se.  
27



1           534. Defendant AHCCCS employed investigators and other staff who lacked  
2 experience and training. Upon information and belief, a number of investigators had  
3 limited or no prior experience, in some cases only serving as an investigator for 30 days  
4 before issuing a suspension.<sup>21</sup>

5  
6           535. Defendant AHCCCS and Defendant Heredia failed to fully staff the  
7 executive staff, which is responsible for policy, practice, guidance, and oversight.  
8

9           536. Upon information and belief, to date, Defendant AHCCCS has not filled the  
10 following positions: Deputy Chief Medical Officer, Medical Director, Community Health  
11 & Engagement Assistant Director, and Population Health. Defendants knew, or reasonably  
12 should have known that when they disregarded the Fee-for-Service contract (PPA),  
13 neglected to adequately staff, fund, and train their employees, and failed to conduct  
14 thorough and proper investigations to gather sufficient evidence to substantiate any fraud  
15 allegations against Plaintiffs, it would create an unreasonable risk of harm to Plaintiffs.  
16  
17

18           537. The risk of failing to adhere to due process, disregarding the Fee-for-Service  
19 contract (PPA), and neglecting to adequately staff, fund, and train their employees was so  
20 great that it is highly probable that harm would result to Plaintiffs.  
21

22           538. As a direct and proximate result of Defendants' aggravated negligence,  
23 Plaintiffs suffered, and continue to suffer damages, including but not limited to lost profits,  
24  
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28 <sup>21</sup> FEED testimony.

1 loss of income, an inability to earn a living, emotional distress, depression, anxiety, loss of  
2 business and personal reputation, and various other economic and non-economic damages,  
3  
4 in an amount to be proven at trial.

5 **COUNT 4**  
6 **RACIAL DISCRIMINATION**  
7 **(Against all Defendants)**

8 539. Plaintiffs reallege all prior paragraphs of this Complaint and incorporate all  
9 other allegations as if fully set forth herein.

10 540. Pursuant to Article II Section 36 of the Arizona State Constitution, the "state  
11 shall not...discriminate against any individual or group on the basis of race, sex, color,  
12 ethnicity or national origin in the operation of public employment, public education or  
13 public contracting." Arizona Constitution Art. II § 36.

14 541. Certain Plaintiffs are African and/or African American and/or American  
15 Indian and are members of a protected class.

16 542. Plaintiffs and Defendants entered a PPA, establishing mutual agreements  
17 between the parties and forming a contractual relationship.

18 543. While the Parties were bound by contract through their PPA, Defendants  
19 unlawfully discriminated against certain Plaintiffs on the basis of their race by suspending  
20 and/or terminating Plaintiffs' PPA without conducting thorough and proper investigations  
21 to obtain sufficient evidence to substantiate any fraud allegations against Plaintiffs.  
22  
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1           544. At the same time, many white behavioral health providers, who were  
2 similarly situated as Plaintiffs, were not subjected to suspensions and/or terminations at the  
3 same frequency.  
4

5           545. Through their Bureau of Behavioral Health Facilities Licensing (hereinafter  
6 “BBHL”), Defendant AZDHS completed annual and/or bi-annual site visits for behavioral  
7 health facilities.  
8

9           546. During a visit, an AZDHS employee visually inspected the facility, thus  
10 interacting with facility staff including administrators and owners.  
11

12           547. Shortly after the site visits were completed, numerous Plaintiffs learned that  
13 their contracts with Defendant AHCCCS were suspended.<sup>22</sup>

14           548. Defendant AHCCCS relied on demographic information about the medical  
15 providers through Defendant AZDHS’ site visits to suspend and/or terminate Plaintiffs  
16 without doing their own proper investigations.  
17

18           549. In addition to Defendant AZDHS’ site visits, Defendant AHCCCS conducted  
19 their own site visits through the Division of Healthcare Management (hereinafter  
20 “DHCM”).  
21  
22  
23  
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27 <sup>22</sup> As indicated in the prior count, Defendant AHCCCS failed to notify providers,  
28 including Plaintiff, of the suspension in violation of his/her right to due process.



1 550. QM “is responsible for direct investigations and oversees contractor efforts  
2 related to credentialing and monitoring of health care acquired conditions and other  
3 provider preventable conditions.”<sup>23</sup>  
4

5 551. Defendants’ employees, specifically those assigned to QM, performed site  
6 visits to behavioral health providers throughout Arizona.  
7

8 552. During the statutorily unauthorized site inspection, the QM employee would  
9 routinely meet with the facility owner and administrator(s). Often, said employee would  
10 issue positive verbal and written feedback concerning the facility and its  
11 practices/procedures.  
12

13 553. Shortly after the site visit and despite the positive feedback, Defendant  
14 AHCCCS suspended and/or terminated Plaintiffs.<sup>24</sup>  
15

16 554. Prior to issuing a public suspension and/or termination, Defendants must  
17 conduct a thorough investigation, however, they failed to do so.  
18

19 555. Defendant AHCCCS could have provided a corrective action plan to  
20 Plaintiffs to remedy the area(s) of concern, however, failed to do so.  
21  
22  
23

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24  
25  
26 <sup>23</sup> Health Care Management | Arizona Health Care Cost Containment System (AHCCCS)  
([azahcccs.gov](http://azahcccs.gov))

27 <sup>24</sup> In many cases, the QM report misstated and did not accurately report observations and  
28 conversations with management.

1           556. Instead, Defendants abused the suspension and/or termination process to  
2 cripple minority-owned small businesses, which in turn gravely harmed the American  
3 Indian community who could not receive the care that they needed and deserved.  
4

5           557. On or about November 7, 2023, Defendant AZDHS, Defendant AHCCCS,  
6 and Defendant Hobbs and their representatives, were notified of this fact during a meeting  
7 with the Arizona Chapter of the National Association for the Advancement of Colored  
8 People (“NAACP”).  
9

10           558. In a letter dated November 21, 2023, Defendant Heredia acknowledged the  
11 concerns of racial discrimination.<sup>25</sup>  
12

13           559. Defendant Heredia relied on active law enforcement investigations into  
14 “targeted ethnic groups” as an explanation and acknowledgement that African and/or  
15 African American providers were suspended and/or terminated.<sup>26</sup>  
16

17           560. In response, approximately two (2) weeks after the November letter,  
18 Defendant AHCCCS released a list of suspended and/or terminated Plaintiffs that included  
19 non-African and/or African American providers.  
20

21           561. As a direct and proximate result of Defendants’ unlawful discrimination,  
22 Plaintiffs suffered, and continue to suffer damages, including but not limited to lost profits.  
23  
24

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25  
26 <sup>25</sup> See Letter from Carmen Heredia to Tracy Lopes and Cloves Campbell (Dated  
27 November 21, 2023).

28 <sup>26</sup> *Id.* at 2.

1 loss of income, inability to earn a living, emotional distress, depression, anxiety, loss of  
2 business and professional reputation, and various other economic and non-economic  
3 damages, in an amount to be proven at trial.  
4

5 **COUNT 5**  
6 **LACK OF DUE PROCESS**  
7 **(Against all Defendants)**

8 562. Plaintiffs reallege all prior paragraphs of this Complaint and incorporate all  
9 other allegations as if fully set forth herein.

10 563. Pursuant to Article II Section 4 of the Arizona State Constitution, "no person  
11 shall be deprived of life, liberty, or property without due process of law." Arizona  
12 Constitution Art. II § 4.  
13

14 564. Defendants failed to provide due process when suspending and/or  
15 terminating Plaintiffs' PPAs.  
16

17 565. Under 42 C.F.R. § 455.23 and the terms of the PPA, Defendant AHCCCS  
18 may suspend payments to a provider only if a credible allegation of fraud has been  
19 identified.  
20

21 566. Providers are required to be informed of the reason for their suspension in a  
22 Notice of Suspension.

23 567. CAF suspensions are based on preliminary findings of reliable indicia of  
24 fraud and may be lifted if AHCCCS determines there is no fraud occurring and/or good  
25 cause has been established under 42 C.F.R. § 455.23.  
26  
27  
28

1           568. Upon the conclusion of an investigation, AHCCCS may terminate a provider  
2 and/or lift their suspension.

3  
4           569. A CAF may stem from a variety of sources, including a disgruntled former  
5 employee or competitor provider, and may not be credible at all.

6           570. In a letter dated November 21, 2023, Defendant Heredia indicated that “all  
7 referrals are researched for credibility.”<sup>27</sup>

8  
9           571. However, on at least one occasion, an OIG Investigator testified to the  
10 contrary under oath during an administrative law hearing.<sup>28</sup>

11           572. In that case, the Investigator admitted that she took no additional steps to  
12 investigate the source or veracity of the allegation.

13  
14           573. Defendants terminate providers from the Medicaid program in accordance  
15 with A.R.S. § 36-2930.05 and the terms of the PPA that each provider must sign when he  
16 or she registers with AHCCCS.

17  
18           574. Defendant AHCCCS is required to notify a provider when it suspends and/or  
19 terminates their PPA.

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21  
22  
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26           <sup>27</sup> Letter from Carmen Heredia to Tracy Lopes and Cloves Campbell (Dated November  
27 21, 2023).

28           <sup>28</sup> FEED HEARING

1 575. Defendant AHCCCS admits that “[p]roviders have due process rights,  
2 beginning with the right to a state fair hearing, in order to appeal either their termination  
3 or suspension.”<sup>29</sup>  
4

5 576. Between May 2023 and December 2024, numerous medical providers,  
6 including Plaintiffs, were suspended and/or terminated without notification.  
7

8 577. Furthermore, many Plaintiffs only learned of their suspension after being  
9 notified by a fellow medical provider that their name and company were on “the list.”<sup>30</sup>  
10

11 578. Alternatively, other Plaintiffs only learned of their suspension after they  
12 attempted, albeit unsuccessfully, to log into Defendant AHCCCS’ billing system. It was  
13 at this time that they were informed they could no longer access the billing system because  
14 they were suspended.  
15

16 579. As a condition of suspension, Defendant AHCCCS refused to issue payment  
17 for services already rendered prior to the suspension date.  
18

19 580. Consequently, Plaintiffs were deprived of their property and lack a real venue  
20 to dispute AHCCCS’s determination.  
21

22 581. Many Plaintiffs appealed Defendant AHCCCS’ suspension to the Office of  
23 Administrative Hearings.  
24

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25  
26  
27 <sup>29</sup> ProviderSuspensionsTerminations.pdf (azahcccs.gov)

28 <sup>30</sup> ProviderSuspensionsTerminations.pdf (azahcccs.gov)



1           588. Defendant Hobbs failed to comply with statutory requirements contained in  
2 A.R.S. § 36-2902(B) by appointing Defendant Heredia as Director of AHCCCS.

3  
4           589. Defendant Hobbs attempted to appoint a candidate who was clearly  
5 unqualified to serve as Director of AHCCCS, as demonstrated by Defendant Heredia's  
6 poor management, sweeping policy changes, lack of transparency, and improper staffing  
7 of the agency.

8  
9           590. The Arizona Revised Statutes expressly requires the Governor to obtain "the  
10 advice and consent of the senate" before appointing a state officer.<sup>31</sup>

11  
12           591. A.R.S. § 38 -211(A) states, "[w]hen it is provided by law that a state officer  
13 shall be appointed pursuant to this section, the governor shall nominate and with the  
14 consent of the senate appoint such officer as prescribed in this section."<sup>32</sup> On or about  
15 December 2023 and September 25, 2023, Defendant Heredia acted as Interim Director of  
16 AHCCCS.

17  
18           592. On or about September 25, 2023, Defendant Hobbs withdrew Defendant  
19 Heredia's appointment.

20  
21           593. Subsequently, Defendant Hobbs and Ben Henderson, Interim Director of  
22 AHCCCS, appointed Defendant Heredia the Executive Director of AHCCCS.

23  
24  
25  
26  
27 <sup>31</sup> See A.R.S. § 36-2902(B).

28 <sup>32</sup> A.R.S. § 38 -211(A)

1           594. Ben Henderson then “ratified the appointment, delegated the duties of the  
2 Director to the Executive Deputy Director, and thereupon resigned.”<sup>33</sup>

3  
4           595. The Arizona Senate challenged Defendant Heredia’s appointment and filed  
5 a lawsuit against Defendant Hobbs.<sup>34</sup>

6           596. The Court held “that the Governor has improperly, unilaterally appointed *de*  
7 *facto* directors” including the Defendant Heredia.<sup>35</sup>

8  
9           597. The Court further held that Defendant Hobbs “conceived and implemented a  
10 process to circumvent Senate oversight of her director nominees.”<sup>36</sup>

11           598. In illegally appointing Defendant Heredia, Defendant Hobbs appointed an  
12 ill-equipped, ill-prepared, and under-qualified director who lacked clinical experience, to  
13 Plaintiffs’ great detriment.<sup>37</sup>

14  
15           599. As a direct and proximate result of Defendant Hobbs’ illegal appointment of  
16 Defendant Heredia, Plaintiffs suffered, and continue to suffer damages, including but not  
17 limited to lost profits, emotional distress, depression, anxiety, and various other economic  
18 and non-economic damages, in an amount to be proven at trial.  
19  
20

21  
22  
23 <sup>33</sup> *Arizona State Senate, et al. v. Katie Hobbs*, CV 2023-019899 (June 5, 2024).

24 <sup>34</sup> *Id.*

25 <sup>35</sup> *Id.* at 2.

26 <sup>36</sup> *Id.* at 11.

27 <sup>37</sup> Defendant Heredia also serves on the Board of St. Joseph’s Hospital and Medical  
28 Center, which is a conflict of interest and demonstrates a bias toward corporate healthcare  
entities. By eliminating smaller providers, corporate providers such as St. Joseph’s may  
be awarded state contracts.



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**COUNT 7**  
**BREACH OF CONTRACT**  
**(Against Defendant AHCCCS)**

600. Plaintiffs reallege all prior paragraphs of this Complaint and incorporate all other allegations as if fully set forth herein.

601. Plaintiffs and Defendant AHCCCS entered a PPA, wherein Plaintiffs and Defendant AHCCCS made mutual agreements.

602. Plaintiffs agreed to provide healthcare services to fee-for-service AHCCCS-eligible individuals, as well as those enrolled with a Contractor. In return, Defendant AHCCCS committed to compensating Plaintiffs for the provision of such healthcare services, as outlined in the terms of the agreement.

603. Defendant AHCCCS materially breached the PPA by failing to remit payment to Plaintiffs for healthcare services that were duly rendered in accordance with the terms and conditions of the agreement.

604. As a result of Defendant AHCCCS' breach of the PPA, Plaintiffs were not compensated for services already rendered, leaving them unable to sustain their business operations without revenue. However, it is reasonably probable that, but for the breach, Plaintiffs would have continued to generate profits from both current and future care. Plaintiffs are able to show, with reasonable certainty, the profits that they were making prior to Defendant AHCCCS' breach, the amount in services that AHCCCS failed to pay, and the amount of profits that they would have made in the future.



1  
2  
3 611. Plaintiffs reallege all prior paragraphs of this Complaint and incorporate all  
4 other allegations as if fully set forth herein.

5 612. On or about May 9, 2023, Defendant Hobbs and her staff notified  
6 representatives of the Navajo nation that the State of Arizona intended to take aggressive  
7 action against numerous rehabilitative and sober living facilities suspected of committing  
8 possible fraud.

9  
10 613. Shortly thereafter, Defendants published a list of providers, including many  
11 Plaintiffs, to the website operation rainbow bridge.com. The providers were characterized  
12 as those "AHCCCS has suspended or terminated as of November 24, 2023." The webpage  
13 proceeded to vilify Plaintiffs by stating, "[t]his list will continue to grow as AHCCCS  
14 continues to identify providers against whom a credible allegation of fraud has been made."

15  
16  
17 614. On the "About ORB" page of the Operation Rainbow Bridge website, the  
18 foundation states its mission: the operation exemplifies a modern-day battle, utilizing  
19 social media services, legal resources, and public safety personnel to assist Navajo citizens  
20 who have been victims of Medicaid fraud. The operation seeks to ensure a safe journey for  
21 our people away from dangerous facilities and toward reputable behavioral health centers  
22 or the loving arms of family."

23  
24 615. Concurrently, on the AHCCCS website, there was also a page dedicated to  
25 provider suspensions and terminations which displayed the list and characterized Plaintiffs  
26 as perpetrators of fraud.  
27







1 an American Indian community desperately in need of mental health related treatment and  
2 services.

3  
4 634. At all times alleged herein, Defendants AHCCCS, AZDHS, and the State of  
5 Arizona authorized their respective employees to perform functions, including conducting  
6 investigations and making determinations on Plaintiffs' authority and ability to continue  
7 providing healthcare or medical transport services to its patients and receive payment for  
8 the same.

9  
10 635. The employees assigned and entrusted to make these life-altering  
11 determinations were unexperienced, improperly trained, and unfit to perform full and  
12 thorough investigations into extremely serious allegations that had the magnitude to ruin  
13 the lives and businesses of Plaintiffs. Due to the extreme carelessness shown by these  
14 employees, Plaintiffs have suffered catastrophically.

15  
16  
17 636. At all times alleged herein, employees were subject to Defendants' control  
18 or right to control.

19  
20 637. As a direct and proximate result of the aforementioned tortious acts,  
21 Plaintiffs suffered, and continue to suffer, damages, including, but not limited to lost profits,  
22 emotional distress, depression, anxiety, and various other economic and non-economic  
23 damages, in an amount to be proven at trial.

24  
25 **COUNT 13**  
26 **PUNITIVE DAMAGES**  
27 **(Against all Defendants)**

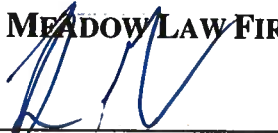





- 1 c. Taxable costs included herein and continuing up until time of trial;  
2 d. Pre-and post-judgment interest;  
3  
4 e. Recovery of attorney fees;  
5 f. Recovery of Plaintiffs' general damages;  
6 g. Recovery of punitive damages;  
7  
8 h. Recovery for Plaintiffs' special damages and all out-of-pocket expenses; and  
9 i. For such other and further relief as the Court deems just and proper.

10 DATED this 28th day of January 2025.

11  
12 **THE MEADOW LAW FIRM**

13  
14 By:   
15 Richard D. Meadow  
16 Ashley C. Crowell  
17 Julia B. Gordon  
18 *Attorneys for Plaintiffs*

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21 By:   
22 Michael S. Burg  
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25 Rachel N. Denning  
26 *Attorneys for Plaintiffs*

27 ORIGINAL filed with the Clerk of the Court  
28 on this 28th day of January 2025.

By: 