

# Federal judge tosses California No Surprises Act lawsuit against HaloMD

Ruling is a major win for top filer of out-of-network bill disputes



By [Tara Bannow](#) – STAT News  
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A federal judge has tossed one of the four pending civil lawsuits against HaloMD, a company that represents providers in No Surprises Act arbitration cases.

The ruling, which grants HaloMD's motion to dismiss, represents a major win for the Texas-based middleman, which quickly rose to become the number one user of the federal arbitration process in the first half of 2025. The judge found that Anthem Blue Cross of California's lawsuit failed to establish a legal basis for invalidating HaloMD's arbitration wins against the company.

Lawsuits from four Blue Cross Blue Shield plans alleged that many of the disputes in which HaloMD prevailed weren't actually eligible for arbitration. The lawsuits claimed to reveal a costly side effect of the process: Providers could potentially game the system to extract more money from health insurers for out-of-network services than they got before the surprise billing law passed.

In the lawsuit that was dismissed, Anthem Blue Cross argued that HaloMD committed fraud by submitting thousands of disputes that were not eligible for federal arbitration, but inaccurately labeling them as

such. The insurer said HaloMD also intentionally initiated far more disputes than the company could respond to.

During the last six months of 2024, for example, Anthem Blue Cross said HaloMD initiated 134,318 disputes, or an average of more than 746 disputes per day. The lawsuit, filed in July 2025, also accused HaloMD and the other defendants of racketeering because they allegedly used interstate wires to conduct their fraudulent schemes.

In her ruling, federal magistrate judge Karen Scott of the Central District of California wrote that Anthem Blue Cross of California's lawsuit failed to establish a legal basis for the court to vacate an untold number of arbitration decisions against the company and in favor of HaloMD's clients.

Scott also agreed with HaloMD and the other defendants that the court lacked jurisdiction over the remaining federal claims because the No Surprises Act generally precludes judicial review of arbitration determinations. She dismissed without prejudice claims that Anthem Blue Cross tried to bring under California laws.

HaloMD celebrated the news in a [press release](#). "Anthem's brazen attempt to weaponize the federal courts and undo an arbitration process it simply doesn't like has been rejected in the clearest possible terms," Patrick Velliky, HaloMD's chief external affairs officer, said in the release. "Their strategy backfired completely."

## HaloMD now files the most disputes of any company

Total number of disputes filed through the federal IDR portal by company and quarter

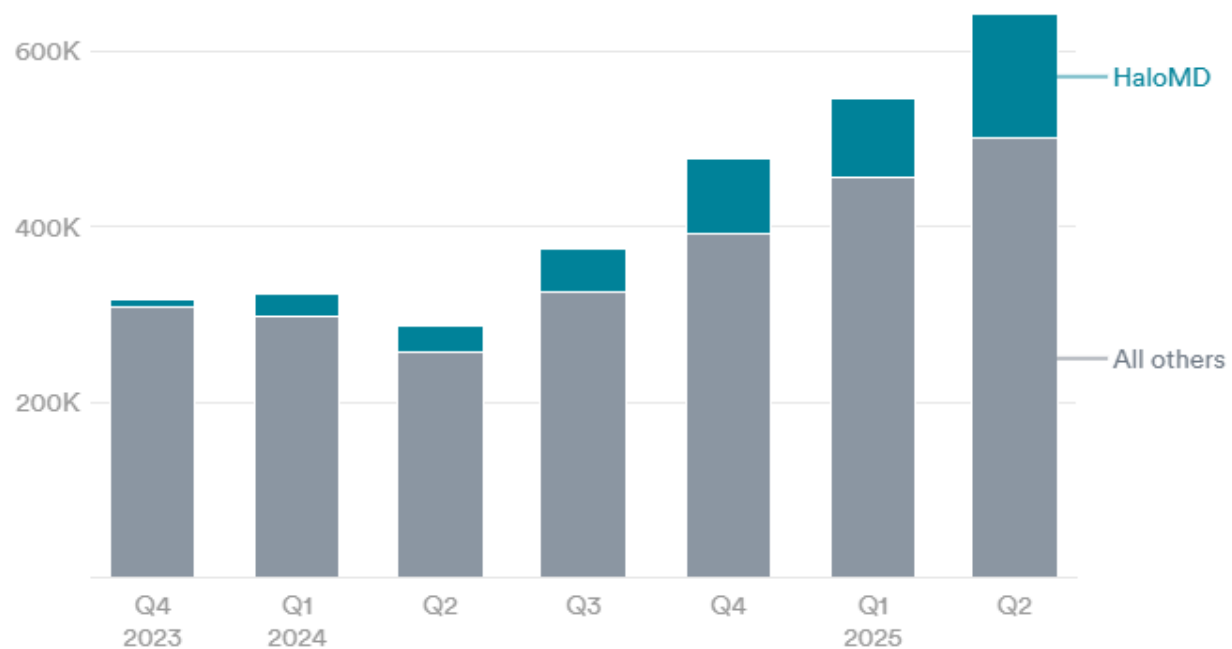


Chart: J. Emory Parker/STAT • Source: Centers for Medicare and Medicaid Services

The press release framed the judge’s ruling as confirmation that the No Surprises Act arbitration process is working as it should and that arbitrators, also known as independent dispute resolution entities, have the final word when it comes to resolving out-of-network billing disputes.

“We are grateful the Court recognized that allowing insurers to relitigate every unfavorable arbitration outcome in federal court would completely undermine Congressional intent,” Justin Carangelo, HaloMD’s general counsel, said in the release.

Anthem Blue Cross, a subsidiary of Elevance Health, said in its own statement that the company strongly disagrees with the court’s ruling, which it said was based on a procedural issue and did not address most of the company’s arguments.

“We believe it misinterprets the No Surprises Act and improperly limits judicial review, and we intend to appeal with confidence in our position,” the company said. “Elevance Health will continue to hold billing

companies and out-of-network providers accountable for practices that we believe drive up healthcare costs and burden consumers.”

On average, Anthem Blue Cross said HaloMD’s payment offers in arbitration were 8,609% higher than Anthem’s median in-network rate for the same services, which it said resulted in awards to HaloMD’s provider clients that exceeded their billed charges by more than \$2.5 million.

In Scott’s 22-page ruling, she wrote that the No Surprises Act allows for judicial review of arbitrators’ decisions only in very specific circumstances. They must have involved corruption, fraud, or immoral, if not illegal, conduct, and that conduct could not have been discoverable during the arbitration. Scott wrote that vacating the decisions would have required a showing of bad faith during the arbitration proceedings that Anthem Blue Cross hadn’t provided, such as bribery, undisclosed bias, or willfully destroying evidence.

In fact, Scott wrote that Anthem Blue Cross’ own complaint shows that the arbitration process allows for participants to tell the arbitrator if they believe a dispute is ineligible.

“If the Court were to adopt Plaintiffs’ position, then nearly every eligibility determination disputed by an [independent dispute resolution] participant would be subject to review in federal court,” Scott wrote. “That would be inconsistent with the [No Surprises Act’s] creation of a streamlined [independent dispute resolution] process for resolving surprise billing disputes and its limitations on judicial review.”

Scott also took issue with Anthem Blue Cross’ argument that arbitrators are financially incentivized to disregard eligibility objections because they only get paid if disputes are found eligible. She noted that the fee structure was part of rules established by Congress. “Such financial incentives are not akin to bad faith or bribery,” Scott said.

The other suits were filed by Blue Cross Blue Shield plans in Texas, Georgia, and Ohio.

HaloMD’s press release included quotes praising the ruling from Alla and Scott LaRoque, the Texas couple that launched HaloMD. Alla

LaRoque has headed HaloMD as its founder and president since the company formed in 2022. The news release refers to Scott LaRoque as HaloMD's CEO. It's unclear when he assumed that role, and the company did not immediately respond when asked when he became CEO.

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