UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS, GALVESTON DIVISION

Horizon Surgery Center, PLLC v. D. Reynolds Company, LLC

No. 3:25-cv-00255, United States District Court for the Southern District of Texas, Galveston Division (December 1, 2025)

SUMMARY

This Memorandum and Recommendation addresses Defendant’s partial motion to dismiss claims arising from alleged nonpayment of medical services under an ERISA-governed health benefit plan. The magistrate judge recommends dismissing the ERISA breach-of-fiduciary-duty claim as duplicative of the denial-of-benefits claim and dismissing the state-law breach-of-contract, promissory-estoppel, and quantum-meruit claims as preempted by ERISA. The recommendation also proposes dismissal with prejudice of the state-law claims.

CASE DETAILS

COURT	United States District Court for the Southern District of Texas, Galveston Division
WRITING FOR THE COURT	Andrew M. Edison
JURISDICTION	United States District Court for the Southern District of Texas, Galveston Division
DECIDED	December 1, 2025
DOCKET	3:25-cv-00255
DISPOSITION	other
PROCEDURAL POSTURE	Defendant moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss the plaintiff's ERISA breach-of-fiduciary-duty claim and its state-law claims for breach of contract, promissory estoppel, and quantum meruit. The magistrate judge issued a Memorandum and Recommendation recommending that the partial motion to dismiss be granted.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded facts as true and views them in the light most favorable to the plaintiff, but disregards legal conclusions, conclusory statements, and naked assertions. The complaint must contain sufficient factual matter to state a plausible claim for relief.

PRECEDENTIAL VALUE	nonprecedential
PARTIES	D. Reynolds Company, LLC v. Horizon Surgery Center, PLLC

TOPICS

motions to dismiss | civil procedure | health law | breach of contract | contracts

PRACTICE AREAS

civil procedure | ERISA | health law | contracts

QUESTIONS PRESENTED

1. Whether Horizon's ERISA breach-of-fiduciary-duty claim under 29 U.S.C. § 1132(a)(3) was duplicative of its ERISA denial-of-benefits claim under § 1132(a)(1)(B).
2. Whether Horizon's state-law breach-of-contract, promissory-estoppel, and quantum-meruit claims were preempted by ERISA § 514(a), 29 U.S.C. § 1144(a).
3. Whether the state-law claims should be dismissed with prejudice.

HOLDINGS

1. A claimant whose alleged injury consists of unpaid or underpaid benefits and whose requested relief is monetary may not proceed under ERISA § 1132(a)(3) when § 1132(a)(1)(B) provides an adequate mechanism for redress. Horizon's fiduciary-duty claim was therefore duplicative and should be dismissed.
2. ERISA § 514(a) preempted Horizon's state-law breach-of-contract, promissory-estoppel, and quantum-meruit claims because each related to the ERISA plan, addressed the federally governed right to receive plan benefits, and directly affected relationships among traditional ERISA entities.
3. Horizon's breach-of-contract claim was preempted by ERISA and should be dismissed with prejudice because the alleged agreement concerned payment for services under the ERISA Plan and Horizon identified no separate non-ERISA contract.
4. Horizon's promissory-estoppel claim was preempted by ERISA and should be dismissed with prejudice because the alleged representations concerned payment of Plan benefits and determining liability required interpreting the Plan's terms.
5. Horizon's quantum-meruit claim was preempted by ERISA and should be dismissed with prejudice because it sought payment for services allegedly unpaid under the Plan and could not proceed independently of the denial of Plan benefits.

KEY QUOTATIONS

> *"Because "a claimant whose injury creates a cause of action under . . . § [1132](a)(1)(B) may not proceed with a claim under . . . § [1132](a)(3)," Horizon may seek recovery from the Plan for allegedly unpaid and underpaid claims only under a denial of benefits theory."*

> *"Because Horizon's state law claims clearly "address areas of exclusive federal concern" and "directly affect the relationship among the traditional ERISA entities," I recommend that each of Horizon's state law claims be dismissed."*

FACTUAL BACKGROUND

Horizon provided medical services to Mary Bruce, a participant in an ERISA-governed health benefit plan administered by Reynolds, between March 19, 2021, and March 18, 2022. Bruce assigned her plan-benefit rights to Horizon. Horizon alleged that Reynolds verified coverage and payment before the services were provided but later failed to pay approximately $579,548.40 in billed charges.

PROCEDURAL HISTORY

Horizon filed an amended complaint alleging an ERISA denial-of-benefits claim, an ERISA breach-of-fiduciary-duty claim, breach of contract, promissory estoppel, and quantum meruit. Reynolds moved to dismiss all claims except the ERISA denial-of-benefits claim. The court recommended dismissal of the fiduciary-duty claim and dismissal with prejudice of the three state-law claims; the parties were given fourteen days to object under Rule 72(b)(2) and 28 U.S.C. § 636(b)(1)(C).

DISPOSITION

other

CASES CITED

- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 556, 558, 570 (2007)
- Cummings v. Premier Rehab Keller, P.L.L.C., 948 F.3d 673, 675 (5th Cir. 2020)
- Benfield v. Magee, 945 F.3d 333, 336-37 (5th Cir. 2019)
- Fifth Third Bancorp v. Dudenhoeffer, 573 U.S. 409, 425 (2014)
- Innova Hosp. San Antonio, Ltd. v. Blue Cross & Blue Shield of Ga., Inc., 892 F.3d 719, 732-34 (5th Cir. 2018)
- Manuel v. Turner Indus. Grp., 905 F.3d 859, 865, 867 (5th Cir. 2018)
- Gearlds v. Entergy Servs., Inc., 709 F.3d 448, 452 (5th Cir. 2013)
- Mertens v. Hewitt Assocs., 508 U.S. 248, 255 (1993)
- Shaw v. Delta Air Lines, Inc., 463 U.S. 85, 91 (1983)
- Egelhoff v. Egelhoff, a minor, by and through her natural parent, Breiner, et al., Egelhoff v. Egelhoff, 532 U.S. 141, 146 (2001)
- Woods v. Tex. Aggregates, L.L.C., 459 F.3d 600, 602 (5th Cir. 2006)
- Holick v. Aetna Life Ins. Co., No. 4:19-cv-02976, 2020 WL 5412635, at *4 (S.D. Tex. Sept. 8, 2020)
- Swenson v. United of Omaha Life Ins. Co., 876 F.3d 809, 810 (5th Cir. 2017)

- Access Mediquip L.L.C. v. UnitedHealthcare Ins. Co., 662 F.3d 376, 383, 387 (5th Cir. 2011), opinion reinstated on reh'g, 698 F.3d 229 (5th Cir. 2012)
- Transitional Hosps. Corp. v. Blue Cross & Blue Shield of Tex., Inc., 164 F.3d 952, 955 (5th Cir. 1999)
- Houston Metro & Spine Surgery Ctr., LLC v. Health Care Serv. Corp., No. CV H-16-1402, 2017 WL 1231072, at *2-*3 (S.D. Tex. Apr. 4, 2017)
- Memorial Hosp. Sys. v. Northbrook Life Ins. Co., 904 F.2d 236, 238, 250 (5th Cir. 1990)
- Young v. Prudential Ins. Co. of Am., No. CIV A H-07-612, 2007 WL 1234929, at *4 (S.D. Tex. Apr. 24, 2007)
