UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF WISCONSIN

R.S., individually and on behalf of A.S., a minor v. Quartz Health Benefit Plans Corporation

22-cv-418-wmc · No. 3:22-cv-00418 · Decided February 5, 2026

SUMMARY

The court addresses an ERISA action challenging Quartz Health Benefit Plans Corporation's denial of coverage for a minor's continued residential treatment for mental health and substance use disorders. Applying the arbitrary-and-capricious standard, the court concludes that Quartz violated ERISA by failing to provide a full and fair review and by disregarding substantial evidence concerning the claimant's substance use disorder and comorbid conditions. The court grants the plaintiff's summary judgment motion on the ERISA benefits claim, denies Quartz's motion on that claim, remands for further proceedings, and grants Quartz's motion on the Mental Health Parity and Addiction Equity Act claim.

CASE DETAILS

COURT	United States District Court for the Western District of Wisconsin
WRITING FOR THE COURT	William M. Conley
JURISDICTION	United States District Court for the Western District of Wisconsin
DECIDED	February 5, 2026
DOCKET	3:22-cv-00418
DISPOSITION	remanded
PROCEDURAL POSTURE	Cross-motions for summary judgment in an ERISA action challenging the denial of coverage for a dependent's residential mental-health and substance-use treatment and asserting a Mental Health Parity and Addiction Equity Act claim.
STANDARD OF REVIEW	For the ERISA benefits claim, the court applied the arbitrary-and-capricious standard because the plan granted Quartz discretionary authority to interpret the plan and determine medical necessity. The court held that Quartz's decision failed even under that deferential standard. The court did not apply de novo review because it found it unnecessary to resolve whether alleged procedural violations independently displaced deference.

PRECEDENTIAL VALUE	unpublished
PARTIES	R.S., individually and on behalf of A.S., a minor v. Quartz Health Benefit Plans Corporation

TOPICS

erisa · employee benefits · insurance coverage · health law

PRACTICE AREAS

ERISA · employee benefits · health insurance

QUESTIONS PRESENTED

1. Whether Quartz's denial of coverage for A.S.'s continued residential mental-health and substance-use treatment was arbitrary and capricious under ERISA.
2. Whether Quartz violated the Mental Health Parity and Addiction Equity Act by applying more restrictive medical-necessity criteria to residential behavioral-health treatment than to analogous skilled-nursing-facility treatment.
3. What remedy was appropriate for the arbitrary-and-capricious denial of benefits.

HOLDINGS

1. Quartz's benefits determination was arbitrary and capricious because it failed to provide a full and fair review, failed to disclose and allow a response to the medical director's report before issuing its final decision, and failed to address substantial evidence concerning A.S.'s severe substance-use disorder and its comorbidity with his other conditions.
2. Plaintiff was not entitled to summary judgment on the as-applied Parity Act claim, and Quartz was entitled to summary judgment because plaintiff failed to develop the claim or present evidence showing that Quartz applied comparable processes and strategies less favorably to behavioral-health or substance-use treatment than to medical or surgical treatment.
3. The appropriate remedy was remand to Quartz for further findings and explanations consistent with the opinion.

KEY QUOTATIONS

> *"Because defendant failed to adequately address plaintiff's substance abuse disorder in denying his request for benefits, defendant failed to provide plaintiff a "full and fair review," in rendering its decision "arbitrary and capricious.""*

> *"Accordingly, the court will remand the case to the plan administrator for further findings and explanations."*

FACTUAL BACKGROUND

A.S., a covered dependent under R.S.'s employee-sponsored health plan, had longstanding behavioral and mental-health difficulties, including conduct disorder, ADHD, severe cannabis-use disorder, dangerous behavior, and threats of violence. Triumph Youth Services provided residential treatment beginning in September 2020, with treatment records documenting ongoing struggles with sobriety, depression, behavioral control, and the skills needed for safe discharge. Quartz denied further residential coverage after December 28, 2020, relying on InterQual criteria and concluding that A.S. lacked a serious emotional disturbance or other qualifying acute symptoms. Quartz's reviewers did not meaningfully address the substance-use disorder, its relationship to the other conditions, or the report of its medical director before affirming the denial.

PROCEDURAL HISTORY

Quartz initially covered A.S.'s residential treatment through October 20, 2020, and later approved coverage through December 28, 2020, but denied coverage for the remaining treatment period. After exhausting administrative appeals, R.S. filed suit under ERISA and the Parity Act. The district court granted plaintiff summary judgment on the ERISA denial-of-benefits claim, denied Quartz summary judgment on that claim, granted Quartz summary judgment on the Parity Act claim, and remanded the ERISA claim to Quartz for further proceedings.

DISPOSITION

remanded

REMAND INSTRUCTIONS

Quartz must conduct further proceedings on the ERISA benefits claim consistent with the opinion, including providing an adequate and full and fair review, addressing the evidence concerning A.S.'s substance-use disorder and comorbid conditions, and providing adequate findings and explanations. The judgment also grants Quartz summary judgment on the existing Parity Act claim, without foreclosing a new as-applied challenge to a future benefits determination.

CASES CITED

- Black & Decker Disability Plan v. Nord, 538 U.S. 822 (2003)
- Firestone Tire & Rubber Co. v. Bruch, 489 U.S. 101 (1989)
- Jenkins v. Price Waterhouse Long Term Disability Plan, 564 F.3d 856 (7th Cir. 2009)
- Zall v. Standard Insurance Co., 58 F.4th 284 (7th Cir. 2023)
- Majeski v. Metropolitan Life Insurance Co., 590 F.3d 478 (7th Cir. 2009)
- Leger v. Tribune Co. Long Term Disability Benefit Plan, 557 F.3d 823 (7th Cir. 2009)
- Mote v. Aetna Life Insurance Co., 502 F.3d 601 (7th Cir. 2007)
- Fessenden v. Reliance Standard Life Insurance Co., 927 F.3d 998 (7th Cir. 2019)
- Raybourne v. Cigna Life Insurance Co. of New York, 576 F.3d 444 (7th Cir. 2009)
- David P. v. United Healthcare Insurance Co., 77 F.4th 1293 (10th Cir. 2023)
- D.K. v. United Behavioral Health, 67 F.4th 1224 (10th Cir. 2023)

- Jette v. United of Omaha Life Insurance Co., 18 F.4th 18 (1st Cir. 2021)
- Sadowski v. Tuckpointers Local 52 Health & Welfare Trust, 281 F. Supp. 3d 710 (N.D. Ill. 2017)
- Love v. National City Corp. Welfare Benefits Plan, 574 F.3d 392 (7th Cir. 2009)
- Ian C. v. UnitedHealthcare Insurance Co., 87 F.4th 1207 (10th Cir. 2023)
- Midthun-Hensen on behalf of K.H. v. Group Health Cooperative of South Central Wisconsin, Inc., 110 F.4th 984 (7th Cir. 2024)
- Rula A. v. Aurora Health Care, No. 20-CV-1816-JPS, 2021 WL 3116143 (E.D. Wis. July 22, 2021)
- Michael D. v. Anthem Health Plans of Kentucky, Inc., 369 F. Supp. 3d 1159 (D. Utah 2019)
- Jonathan Z. v. Oxford Health Plans, No. 2:18CV00383JNPJCB, 2022 WL 2528362 (D. Utah July 7, 2022)
- Gary K. v. Anthem Blue Cross & Blue Shield, No. 1:24-CV-07878 (ALC), 2025 WL 2782409 (S.D.N.Y. Sept. 30, 2025)
- Coalition for Parity, Inc. v. Sebelius, 709 F. Supp. 2d 10 (D.D.C. 2010)