UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA

Sagebrush LLC d/b/a The Edge Treatment Center v. Cigna Health and Life Insurance Company and Cigna Healthcare of California, Inc.

Sagebrush LLC v. Cigna · No. 8:24-cv-00353-MEMF-JDE · Decided April 23, 2025

SUMMARY

The United States District Court for the Central District of California granted in part Cigna's motion for judgment on the pleadings in Sagebrush LLC's reimbursement dispute. The court dismissed the implied-contract and account-stated claims with leave to amend, dismissed the UCL and quantum-meruit claims without leave to amend, and allowed the unjust-enrichment claim to proceed as a quasi-contract claim. The court declined to decide ERISA preemption because the pleadings did not establish that any claims involved ERISA plans.

CASE DETAILS

COURT	United States District Court for the Central District of California
WRITING FOR THE COURT	Maame Ewusi-Mensah Frimpong
JURISDICTION	United States District Court for the Central District of California
DECIDED	April 23, 2025
DOCKET	8:24-cv-00353-MEMF-JDE
DISPOSITION	other
PROCEDURAL POSTURE	Defendants moved for judgment on the pleadings under Federal Rule of Civil Procedure 12(c) after removal from California state court. The court granted the motion in part, dismissing four claims, allowing amendment as to two claims, and leaving one claim in place.
STANDARD OF REVIEW	On a Rule 12(c) motion, the court accepts the complaint's factual allegations as true, construes them in the light most favorable to the nonmoving party, and grants judgment when there is no material factual dispute and the moving party is entitled to judgment as a matter of law. The Rule 12(c) standard is functionally identical to the Rule 12(b)(6) standard, including the requirement that the complaint plead a plausible claim for relief.

PRECEDENTIAL VALUE	unknown

TOPICS

motion for judgment on the pleadings · breach of contract · insurance · unjust enrichment · quantum meruit

PRACTICE AREAS

civil procedure · contracts · insurance · health law · commercial litigation · remedies

QUESTIONS PRESENTED

1. Whether Sagebrush adequately pleaded a breach of implied contract based on Cigna's authorization of treatment and alleged obligation to pay Sagebrush's billed or customary rates.
2. Whether Sagebrush adequately pleaded a California Unfair Competition Law claim seeking restitution when it sought the same amount as compensatory damages and did not allege an inadequate remedy at law.
3. Whether Sagebrush adequately pleaded unjust enrichment or quasi-contract by alleging that Cigna received and retained a benefit from Sagebrush's services.
4. Whether Sagebrush adequately pleaded quantum meruit when its theory depended on California regulation 28 C.C.R. section 1300.71(a)(3)(B) and the services were non-emergency services subject to section 1300.71(a)(3)(C).
5. Whether Sagebrush adequately pleaded an account stated by alleging an agreement on the amount Cigna owed.
6. Whether the pleadings established ERISA preemption of Sagebrush's claims.

HOLDINGS

1. The complaint did not adequately plead mutual assent because Cigna's authorization to cover the services did not identify or establish the amount Cigna agreed to pay. The claim was dismissed with leave to amend because proposed allegations that Cigna knew Sagebrush's rates and had previously paid 100 percent of those rates could support an inference of assent to pay the billed rates.
2. The UCL claim was dismissed without leave to amend because Sagebrush sought the same amount for UCL restitution as for actual damages and did not allege or explain why it lacked an adequate remedy at law.
3. Sagebrush sufficiently pleaded unjust enrichment as a quasi-contract claim by alleging that Cigna received a benefit from Sagebrush's services and retained the value of that benefit by paying less than the alleged value of the services.
4. The quantum-meruit claim was dismissed without leave to amend because Sagebrush's theory relied on a regulation that limits reimbursement for non-emergency services to the amount stated in the enrollee's Evidence of Coverage, making recovery based on reasonable and customary rates legally incompatible with the governing law.

5. The account-stated claim was insufficient because the complaint did not provide grounds to infer that Cigna agreed to pay any specific amount, but the claim was dismissed with leave to amend because the proposed amendments could cure that deficiency.
6. The court did not decide ERISA preemption because the pleadings did not establish that any reimbursement claims were governed by an ERISA plan. Cigna could raise the issue at summary judgment if the existence and applicability of an ERISA plan became undisputed.

KEY QUOTATIONS

> *"For the reasons stated herein, the Court hereby GRANTS IN PART the Motion with leave to amend."* (1)

> *"Judgment on the pleadings is properly granted when, accepting all factual allegations in the complaint as true, there is no issue of material fact in dispute, and the moving party is entitled to judgment as a matter of law."* (2)

> *"Even drawing all inferences in favor of Sagebrush, this allegation has no bearing on how much Cigna agreed to pay for the services."* (3)

> *"A UCL is equitable in nature; damages cannot be recovered."* (4)

> *"The Court finds this sufficient to plead a benefit, which would have been retained at Sagebrush's expense."* (5)

> *"Thus, as Sagebrush's quantum meruit theory is incompatible with the law, the Court finds that the claim is not sufficiently pleaded."* (7)

FACTUAL BACKGROUND

Sagebrush provided medically necessary behavioral-health services to patients insured by Cigna. Before treatment, Sagebrush contacted Cigna to verify coverage and obtain authorization, and Cigna allegedly authorized coverage for the full extent of the services. Sagebrush billed Cigna more than $8.4 million, but Cigna paid approximately $1.1 million.

PROCEDURAL HISTORY

Sagebrush filed the complaint in Orange County Superior Court on August 1, 2023. Cigna removed the action on February 20, 2024, and the court denied Sagebrush's motion to remand on May 13, 2024. Cigna then moved for judgment on the pleadings; the court granted the motion in part, dismissed the implied-contract and account-stated claims with leave to amend, dismissed the UCL and quantum-meruit claims without leave to amend, and allowed the unjust-enrichment claim to proceed as a quasi-contract claim.

DISPOSITION

other

CASES CITED

- Chavez v. United States, 683 F.3d 1102, 1108 (9th Cir. 2012)
- Fleming v. Pickard, 581 F.3d 922, 925 (9th Cir. 2009)
- Lyon v. Chase Bank USA, N.A., 656 F.3d 877, 883 (9th Cir. 2011)
- Dworkin v. Hustler Mag. Inc., 867 F.2d 1188, 1192 (9th Cir. 1989)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 570 (2007)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Schreiber Distrib. Co. v. Serv-Well Furniture Co., 806 F.2d 1393, 1401 (9th Cir. 1986)
- Carrico v. City & Cnty. of San Francisco, 656 F.3d 1002, 1008 (9th Cir. 2011)
- Aton Ctr., Inc. v. United Healthcare Ins. Co., 93 Cal. App. 5th 1214, 1230 (2023)
- Chandler v. Roach, 156 Cal. App. 2d 435, 440 (1957)
- Allied Anesthesia Med. Grp., Inc. v. Inland Empire Health Plan, 80 Cal. App. 5th 794, 809 (2022)
- Pacific Bay Recovery, Inc. v. Cal. Physicians' Servs., Inc., 12 Cal. App. 5th 200, 216 (2017)
- Korea Supply Co. v. Lockheed Martin Corp., 29 Cal. 4th 1134, 1144 (2003)
- Sonner v. Premier Nutrition Corp., 971 F.3d 834, 844 (9th Cir. 2020)
- Astiana v. Hain Celestial Grp., Inc., 783 F.3d 753, 762 (9th Cir. 2015)
- Peterson v. Cellco Partnership, 164 Cal. App. 4th 1583, 1593 (2008)
- Armjio v. ILWU-PMA Welfare Plan, 2015 WL 13629562, at *24 (C.D. Cal. Aug. 21, 2025)
- Cal. Med. Ass'n, Inc. v. Aetna U.S. Healthcare of Cal., Inc., 94 Cal. App. 4th 151, 174 (2001)
- Day v. Alta Bates Med. Ctr., 98 Cal. App. 4th 243, 248 (2002)
- Pacific Bay Recovery, Inc., 12 Cal. App. 5th at 209, 215 (2017)
- San Joaquin General Hospital v. United Healthcare Ins. Co., 2017 WL 1093835 (E.D. Mar. 23, 2017)
- Zinn v. Fred R. Bright Co., 271 Cal. App. 2d 597, 600 (1969)
- Bristol SL Holdings, Inc. v. Cigna Health & Life Ins. Co., 103 F.4th 597, 602 (9th Cir. 2024)