

STRADLEY RONON STEVENS & YOUNG, LLP
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*Attorneys for Plaintiff,
UnitedHealthcare Insurance Company*

UNITEDHEALTHCARE
INSURANCE COMPANY
185 Asylum Street
Hartford, CT 06103,

Plaintiff,

v.

CITY OF HOBOKEN
94 Washington Street
Hoboken, NJ 07030,

Defendant.

SUPERIOR COURT OF NEW JERSEY

LAW DIVISION

HUDSON COUNTY

Civil Action

Docket No. _____

COMPLAINT

Plaintiff, UnitedHealthcare Insurance Company (“UnitedHealthcare”), by and through its attorneys, Stradley Ronon Stevens & Young, LLP, files this Complaint against Defendant, the City of Hoboken (“Hoboken”), for breach of contract or, in the alternative, for promissory estoppel or quantum meruit.

THE PARTIES

1. UnitedHealthcare is a corporation, incorporated in Connecticut, with its principal place of business located at 185 Asylum Street, Hartford, Connecticut 06103. UnitedHealthcare is in the business of providing group health insurance coverage to employers.

2. Hoboken is a city located in the State of New Jersey, with its principal place of business located at 94 Washington Street, Hoboken, New Jersey 07030.

FACTUAL BACKGROUND

3. This action arises out of an Administrative Services Agreement (the “Agreement”) in which UMR, a UnitedHealthcare company, promised to provide administration of Hoboken’s self-funded employee benefit plan for Hoboken’s employees, and Hoboken promised to continue to fund the benefit plan. A copy of the Agreement, effective June 1, 2016, is attached as Exhibit A.

4. The Agreement sets forth UnitedHealthcare’s termination provisions under the section entitled Termination of the Agreement. The sub-section titled Termination Events states that:

This Agreement will terminate under the following circumstances:...(iv) UMR gives [Hoboken] notice of termination because [Hoboken] did not pay the fees or other amounts [Hoboken] owed UMR when due under the terms of this Agreement, (v) UMR gives [Hoboken] notice of termination if [Hoboken] fails to provide the required funds for payment of benefits under the terms of this Agreement...

See Exhibit A at Section 9.2.

5. Hoboken made several payments towards funding the payment of benefits and for fees associated with UnitedHealthcare’s services under the Agreement, though payments were rarely made on time.

6. The Agreement required Hoboken to consistently and fully fund the benefit account. *See Exhibit A at Section 2.1.*

7. The Agreement also required Hoboken to timely pay on a monthly basis the fees that UnitedHealthcare charged. *See Exhibit A at Sections 3.1 and 3.3.*

8. By November 1, 2018, Hoboken had failed to remit fees owed to UnitedHealthcare totaling \$59,911.40.

9. Due to Hoboken's inability to remit payment in full on the past due fees, UnitedHealthcare terminated the Agreement February 1, 2018. UnitedHealthcare has honored all valid claims made through that date.

10. When termination of the Agreement was completed, the amount of past due fees that Hoboken owed to UnitedHealthcare was, and now still is, \$59,911.40.

11. On December 27, 2018, UnitedHealthcare sent a demand letter to Hoboken for the amount Hoboken owed in past due fees, indicating that it expected payment of the total outstanding balance of \$59,911.40.

12. Hoboken did not respond to this demand letter.

13. On February 4, 2019, UnitedHealthcare sent a second demand letter.

14. Once again, Hoboken ignored UnitedHealthcare's efforts to resolve the matter.

15. Counsel for UnitedHealthcare sent a third demand letter to Hoboken via regular mail and via certified mail on April 30, 2019.

16. Hoboken still failed to respond to UnitedHealthcare's collection efforts.

17. Accordingly, on May 23, 2019, counsel for UnitedHealthcare sent a fourth demand letter to Hoboken via regular mail and via certified mail.

18. Hoboken failed to respond to the May 23, 2019 demand letter.

19. On August 8, 2019, counsel for UnitedHealthcare sent a fifth and final demand letter to Hoboken that included a draft complaint to be filed should Hoboken again fail to respond.

20. Hoboken responded to the August 8, 2019 demand letter with an e-mail requesting United reach out to its attorney.

21. After several attempts, counsel for United finally received a response from counsel for Hoboken.

22. After several months, settlement discussions between the parties hit a dead end as a result of Hoboken's continued refusal to substantively discuss settlement terms or offer any evidence substantiating its claims that United should reduce the debt¹.

23. Hoboken has accrued \$59,911.40 plus interest in unpaid fees, and its inaction regarding payment now forces UnitedHealthcare to file this Complaint.

**COUNT ONE:
BREACH OF CONTRACT**

24. UnitedHealthcare incorporates by reference the preceding paragraphs.

25. UnitedHealthcare and Hoboken are parties to a contract for administration of a self-funded employee benefits account.

26. The Agreement is a legally enforceable obligation between UnitedHealthcare and Hoboken.

27. Section 3 of the Agreement requires Hoboken to remit timely payment of fees that UnitedHealthcare charged for its services in relation to the Agreement. *See Exhibit A.*

28. Hoboken breached the contract with UnitedHealthcare by failing to remit timely payment of fees charged by UnitedHealthcare.

29. When UnitedHealthcare terminated the Agreement, Hoboken owed \$59,911.40 as a result of accrued fees.

¹ Counsel for Hoboken claimed that his client had an existing dispute with United regarding fees charged by a broker, and that United should reduce Hoboken's debt as a result of this dispute. Despite multiple inquiries from United, Hoboken offered literally nothing to substantiate the existence of this dispute (let alone the legitimacy of the dispute) besides the bald claim that it existed. As a result, United could not offer a reduction in the amount of the debt.

30. Therefore, UnitedHealthcare suffered damages in the amount of \$59,911.40 as a result of Hoboken's breach.

WHEREFORE, Plaintiff, UnitedHealthcare, respectfully requests judgment in its favor and against the City of Hoboken, for damages, interest, attorneys' fees, costs of suit, and such other relief as the Court deems appropriate.

**COUNT TWO:
PROMISSORY ESTOPPEL**

31. UnitedHealthcare incorporates by reference the preceding paragraphs.

32. Hoboken promised to remit timely payment of the fees UnitedHealthcare charged for its services under the Agreement.

33. Hoboken reasonably expected that its promises to remit timely payment on these fees would cause UnitedHealthcare to take action in administrating the benefits account to cover employee claims.

34. In reliance upon Hoboken's promises, UnitedHealthcare provided services from June 2016 through January 2018 relating to administration of Hoboken's benefits account. Hoboken failed to remit payment in full of the fees charged under the Agreement. Accordingly, Hoboken accrued an outstanding balance of \$59,911.40.

35. Thus, Hoboken's promises should be enforced to prevent injustice to UnitedHealthcare, because Hoboken has not paid the outstanding balance of \$59,911.40.

WHEREFORE, Plaintiff, UnitedHealthcare, respectfully requests judgment in its favor and against The City of Hoboken, for damages, interest, attorneys' fees, costs of suit, and such other relief as the Court deems appropriate.

**COUNT THREE:
QUANTUM MERUIT**

36. UnitedHealthcare incorporates by reference the preceding paragraphs.

37. UnitedHealthcare administrated Hoboken's benefits account from June 2016 through January 2018.

38. Hoboken had knowledge of the benefit conferred on it by UnitedHealthcare – administration of its benefits account – as evidenced by payments it made leading up to the termination of the Agreement.

39. Hoboken accrued a balance of \$59,911.40 due to its failure to remit timely payment of the fees charged under the Agreement.

40. Hoboken retained the benefit of administration of health insurance coverage for its employees through January 31, 2018, and it would be inequitable for Hoboken to have retained that benefit without having paid for its value.

41. The balance due is a reasonable value for the services rendered by UnitedHealthcare, and it is entitled to payment of that value.

WHEREFORE, Plaintiff, UnitedHealthcare, respectfully requests judgment in its favor and against The City of Hoboken, for damages, interest, attorneys' fees, costs of suit, and such other relief as the Court deems appropriate.

Dated: January 27, 2020

/s/ Adam C. Sasso

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*Attorneys for Plaintiff, UnitedHealthcare
Insurance Company*

CERTIFICATION PURSUANT TO R. 4:5-1

Based upon my review of this matter, I certify that I am not aware of any other action pending in any court or before any arbitration proceeding that is the subject of the matter in controversy; nor am I aware of any contemplated action or arbitration. I further certify that it appears that no other individuals or entities need to be joined as parties.

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Attorneys for Plaintiff,
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Dated: January 27, 2020

DESIGNATION OF TRIAL COUNSEL

Please take notice that pursuant to Rule 4:25-4, Adam C. Sasso, Esq. is hereby designated as trial counsel.

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