The Honorable James L. Robart 1 2 3 4 5 6 7 UNITED STATES DISTRICT COURT 8 WESTERN DISTRICT OF WASHINGTON 9 AT SEATTLE 10 RATTIYA UNTHAKSINKUN, SUSAN No. 2:11-cy-00588 AHMADI, KHADDOUJ ATIF, ANNA 11 SECOND AMENDED COMPLAINT SERGEYEVNA PONOMAREVA, AND FOR DECLARATORY AND S.J., individually and on behalf of a class of 12 INJUNCTIVE RELIEF similarly situated persons, 13 Plaintiff. CLASS ACTION 14 v. 15 DOUGLAS PORTER, in his official capacity 16 as Administrator of the Washington State Health Care Authority, 17 Defendant. 18 19 PRELIMINARY STATEMENT I. 20 Plaintiffs Susan Ahmadi, Khaddouj Atif, Rattiya Unthaksinkun, Anna Sergeyevna 21 Ponomareva, and S.J.¹, are indigent, legal immigrants who need state-subsidized health 22 insurance under the Washington Basic Health program for treatment of cancer, a thyroid 23 condition, and other medical needs. They received these benefits until March 1, 2011, 24 when they were disenrolled from the program by the Washington State Health Care 25 26 ¹ Plaintiff S.J. is referred to herein by her initials, pursuant to a stipulation with Defendant. Riddell Williams P.S. SECOND AMENDED COMPLAINT FOR DECLARATORY AND 1001 FOURTH AVENUE INJUNCTIVE RELIEF (No. 2:11-cv-00588) - 1 SUITE 4500

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Authority (HCA). Ten days before disenrolling them, HCA sent Plaintiffs form letters notifying them of the imminent termination of their Basic Health benefits. These letters contained an inaccurate explanation of the reasons and legal authority for the termination of their benefits. Plaintiffs bring this class action on behalf of themselves and others similarly situated against Douglas Porter, in his official capacity as Administrator of the Washington State Health Care Authority ("HCA"), to reverse the State of Washington's March 1, 2011 disenrollment of individuals from Basic Health, to require HCA to reinstate Basic Health benefits to these individuals retroactive to March 1, 2011, and to enjoin HCA from seeking to terminate these members' Basic Health benefits again without first providing them adequate, meaningful and timely pretermination notice of their disenrollment that comports with Due Process requirements.

Basic Health is a state-sponsored health program that provides subsidized health insurance to low-income Washington residents. Their monthly premiums are based on their income level. Until March 1, 2011, immigrants were not excluded from the program based on their immigration status, except for holders of student visas. However, on February 18, 2011, the Legislature passed ESHB 1086, a supplemental budget bill which restricted eligibility for the program. To save money, ESHB 1086 required, inter alia, the disenrollment of all persons not meeting the new criteria "as soon as practicable." In response to ESHB 1086, the HCA sent disenrollment notices that same day to approximately 16,900 people. HCA did not have enough information to determine immigration status for most of these individuals.

Ms. Ahmadi, Ms. Atif, Ms. Ponomareva, S.J., and Ms. Unthaksinkun, as well as approximately 16,000 people, received such a notice informing them that they were being disenrolled because HCA "was unable to verify that [they] legally resides in the United States" (emphasis added). Plaintiffs, who are all Lawful Permanent Residents of the

United States, and numerous other class members submitted additional documentation of their legal status but were not reinstated because the eligibility rules had changed. The reason for the change was the budget restriction that disqualified all immigrants for whom the state did not receive federal Medicaid matching funds under a recent agreement with the federal government. This agreement explicitly states that matching funds are only available for U.S. citizens and immigrants who are "qualified" noncitizens. Under HCA's interpretation of the agreement, HCA would not be entitled to receive federal matching funds for Basic Health services provided to many legal immigrants, including many immigrants who have had federally "qualified" statuses for less than five years' time.

Plaintiffs have ongoing medical needs for which they are unable to afford care, in the absence of their Basic Health coverage. Ms. Unthaksinkun requires ongoing follow-up care for her recent breast cancer surgery. Ms. Atif has a thyroid condition for which she requires medication and ongoing medical monitoring, chronic knee pain, and other medical symptoms she developed recently. Ms. Ponomareva also suffers from a thyroid condition for which she requires medication and ongoing medical monitoring, and has an additional medical condition, endometriosis, for which she may require surgery or other medical treatment. Ms. Ahmadi has used Basic Health to cover necessary medical treatment and periodic screening examinations. S.J. has a breast cyst which requires her to receive periodic radiological scans. Additionally, S.J. is a nursing student and is required by her school to maintain health insurance coverage during the training required to complete the program, from which she expects to graduate in August 2011. Given their families' limited resources, after learning of their disenrollments, Ms. Unthaksinkun and Ms. Ponomareva canceled follow-up medical appointments in March 2011 for their ongoing medical conditions, and Ms. Atif delayed seeking care.

Plaintiffs bring this lawsuit to challenge: 1) their disenrollment and the disenrollment of other lawfully present immigrants from Basic Health while HCA continues to provide Basic Health benefits to similarly situated U.S. citizens and certain legal immigrants; and 2) their disenrollment and the disenrollment of other Basic Health recipients on the basis of immigration status without first being provided adequate, meaningful and timely notice of the proposed termination of their benefits.

This lawsuit is brought pursuant to 42 U.S.C. § 1983 on the grounds that: 1) the Administrator of HCA, through his actions terminating Plaintiffs' and other class members' state-subsidized Basic Health benefits solely to save money, while continuing to provide similar benefits to U.S. citizens and some aliens with similar incomes, paid for with state and federal funds, has violated the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution; and 2) the Administrator of HCA provided constitutionally inadequate termination notices to Plaintiffs and other class members, and in doing so violated the Due Process Clause of the Fourteenth Amendment of the United States Constitution.

II. JURISDICTION AND VENUE

- 1. This Court has jurisdiction under 28 U.S.C. § 1331, because this action arises under the laws of the United States, and 28 U.S.C. § 1343(3) and (4), which confer on the federal district courts original jurisdiction over all claims asserted under 42 U.S.C. § 1983 to redress deprivations of rights, privileges, or immunities guaranteed by Acts of Congress and the United States Constitution.
- 2. Plaintiffs seek declaratory, injunctive, and other appropriate relief pursuant to 28 U.S.C. §§ 2201 and 2202, 42 U.S.C. § 1983, and Fed. R. Civ. P. 23, 57, and 65.
- 3. Venue for this action lies in this District pursuant to 28 U.S.C. § 1391(b). A substantial part of the events or omissions giving rise to Plaintiff Atif's and Plaintiff

Ahmadi's claims occurred in King County, Washington; a substantial part of the events or omissions giving rise to Plaintiff Unthaksinkun's claims occurred in Snohomish County, Washington; a substantial part of the events or omissions giving rise to Plaintiff Ponomareva's claims occurred in Whatcom County, Washington; a substantial part of the events or omissions giving rise to Plaintiff S.J.'s claims occurred in Thurston County, Washington; and, Defendant may be found in the Western District of Washington.

III. PARTIES

- 4. Plaintiff Rattiya Unthaksinkun. Plaintiff Unthaksinkun is and has been a "qualified alien," as defined in 8 U.S.C. § 1641(b), for approximately the past four years and eleven months. She would be eligible for Basic Health but for the citizenship and alien status requirements adopted in ESHB 1086 and in RCW 70.47.020(viii) (as amended in HB1544, on April 29, 2011). Ms. Unthaksinkun and her husband, a member of her household, were enrolled in Basic Health as of February 28, 2011. HCA terminated her Basic Health benefits on March 1, 2011. Ms. Unthaksinkun resides in Snohomish County, Washington.
- 5. Plaintiff Susan Ahmadi. Plaintiff Ahmadi is and has been a "qualified alien," as defined in 8 U.S.C. § 1641(b), for approximately the past year. She would be eligible for Basic Health but for the citizenship and alien status requirements adopted in ESHB 1086 and in RCW 70.47.020(viii) (as amended in HB1544, on April 29, 2011). Ms. Ahmadi and her husband, a member of her household, were continuously enrolled in Basic Health since 2009. HCA terminated her Basic Health benefits on March 1, 2011. Ms. Ahmadi resides in King County, Washington.
- 6. Plaintiff Khaddouj Atif. Plaintiff Atif is and has been a "qualified alien," as defined in 8 U.S.C. § 1641(b), for approximately the past four years and seven months. She would otherwise be eligible for Basic Health, but for the citizenship and alien status

requirements adopted in ESHB 1086 and in RCW 70.47.020(viii) (as amended in HB1544, on April 29, 2011). Ms. Atif and her son, a member of her household, were enrolled in Basic Health as of February 28, 2011. HCA terminated her Basic Health benefits on March 1, 2011. Ms. Atif resides in King County, Washington.

- 7. Plaintiff Anna Sergeyevna Ponomareva is and has been a "qualified alien," as defined in 8 U.S.C. § 1641(b), for approximately the past four years and one month. She would be eligible for Basic Health, but for the citizenship and alien status requirements adopted in ESHB 1086 and in RCW 70.47.020(viii) (as amended in HB1544, on April 29, 2011), and she may still be currently eligible for Basic Health, as HCA may have wrongly applied these alien status requirements and terminated her benefits improperly. Ms. Ponomareva and her husband, a member of her household, were enrolled in Basic Health as of February 28, 2011. HCA terminated her Basic Health benefits on March 1, 2011. Ms. Ponomareva resides in Whatcom County, Washington.
- 8. S.J. is and has been a "qualified alien," as defined in 8 U.S.C. § 1641(b), for approximately the past year and four months. She would otherwise be eligible for Basic Health, but for the citizenship and alien status requirements adopted in ESHB 1086 and in RCW 70.47.020(viii) (as amended in HB1544, on April 29, 2011). S.J. was enrolled in Basic Health as of February 28, 2011. HCA terminated her Basic Health benefits on March 1, 2011. S.J. resides in Thurston County, Washington.
- 9. Defendant Douglas Porter. Douglas Porter is the Administrator of the HCA, which is headquartered in Olympia, Washington. Mr. Porter is responsible for ensuring that the Basic Health program is administered in a manner consistent with state and federal law. Mr. Porter is sued in his official capacity only. He is responsible for all acts taken by HCA. All actions by the Health Care Authority or Mr. Porter were taken under color of state law.

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IV. **CLASS ALLEGATIONS**

- 10. Plaintiffs seek to maintain this action as a class action under Fed. R. Civ. P 23(a) and 23(b)(2).
- With respect to the claim that Defendant's actions violated the Due Process 11. Clause of 14th Amendment of the United States Constitution, Plaintiffs ask the Court to define the class as all Washington state residents who were sent notices by HCA informing them that their Basic Health benefits would be terminated effective March 1, 2011 because of their immigration status and who have not subsequently had their Basic Health benefits reinstated.
- With respect to the claim that Defendant's actions violated the Equal 12. Protection Clause of the 14th Amendment of the United States Constitution, Plaintiffs ask the Court to define the class as all Washington state residents who are immigrants lawfully present in the U.S. (1) whose Basic Health benefits terminated effective March 1, 2011 because of their immigration status and who have not subsequently had their Basic Health benefits reinstated; or (2) in the future would be eligible for Basic Health benefits, but for their citizenship or immigration status.
- 13. Each of the prerequisites to a class action enumerated in Fed. R. Civ. P. 23(a) is satisfied by each of the proposed classes.
- 14. Size of Due Process Class. The class alleging violations of their rights under the Due Process Clause (the "Due Process class") includes at least 11,300 individuals. Specifically, HCA sent approximately 15,400 individuals the February 18, 2011 disenrollment form notice based on immigration status. Approximately 4,100 were reinstated based on an appeal, leaving at least 11,300 disenrolled due to the challenged notices. Size of Equal Protection Class. The class alleging violations of their rights under the Equal Protection Clause (the "Equal Protection class") is of unknown size, but is likely

to consist of well over 100 persons. HCA sent a notice of disenrollment due to immigration status to the approximately 15,400 individuals disenrolled for this reason. An estimated 9,000 people appealed, among whom at least 7,000 persons (9,000 – 2,000) appealed the immigration notice. As of April 4, 2011, HCA had reinstated the Basic Health benefits of 4,099 of these disenrollees, leaving at least 2,901 (7,000 – 4,099) whose appeals were denied or are pending. Even if only 5% of these individuals are lawfully present immigrants, there would be 145 class members. The number is likely to be far higher, and will increase to include individuals who will be denied enrollment in the future due to immigration status.

- 15. Joinder. Joinder is impracticable given the size of the classes, the indigence of class members, the language and cultural barriers that class members face in seeking legal representation and filing individual lawsuits, the geographic dispersion of class members, and the fact that the class includes future, unknown members.
- 16. Common Questions of Law and Fact. This action requires a determination of questions of law and fact that are common to each class.
- 17. With respect to the "Due Process Class," those common questions include but are not limited to: 1) whether HCA violated Plaintiffs' and other class members' constitutional rights by sending them notices that did not satisfy requirements of the Due Process Clause of the Fourteenth Amendment to the United States Constitution prior to terminating their Basic Health benefits; 2) whether Plaintiffs and class members are entitled to declaratory relief under 42 U.S.C. § 1983; and 3) whether Plaintiffs and class members are entitled to temporary, preliminary, and permanent injunctive relief.
- 18. With respect to the "Equal Protection" class, those common questions include but are not limited to: 1) whether HCA's termination of Plaintiffs' and other class members' Basic Health benefits, while continuing to provide Basic Health benefits to U.S.

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citizens and certain qualified aliens who meet the requirements adopted in ESHB 1086, violates the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution; 2) whether Plaintiffs and class members are entitled to declaratory relief under 42 U.S.C. § 1983; and 3) whether Plaintiffs and class members are entitled to temporary, preliminary, and permanent injunctive relief.

- 19. Typicality and Adequacy of Class Representative. The claims of Plaintiffs Ahmadi, Atif, Ponomareva, S.J. and Unthaksinkun are typical of the claims of the classes and will fairly and adequately represent the interests of the classes. Plaintiffs allege that the termination notices that HCA sent to Plaintiffs and class members informing them of HCA's imminent termination of their Basic Health benefits did not provide the adequate, meaningful and timely notice required by the Due Process Clause of the Fourteenth Amendment of the United States Constitution. Plaintiffs further allege that the State of Washington's decision to terminate Plaintiffs' and other class members' subsidized Basic Health enrollment, while continuing to allow and provide enrollment in Basic Health to aliens who meet the citizenship or immigration status requirements adopted in ESHB1086, violates their and class members' rights under the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution. Plaintiffs seek declaratory and injunctive relief that will inure to the benefit of all class members. Plaintiffs' claims are not subject to any unique defenses which would prevent them from vigorously prosecuting this lawsuit or representing the interests of the class.
- 20. Defendant Has Acted on Grounds Generally Applicable to the Classes.

 Defendant, by terminating the Basic Health benefits of Ms. Unthaksinkun, Ms. Ahmadi,

 Ms. Atif, Ms. Ponomareva, S.J., and class members, after sending them materially

 identical form notices, has acted on grounds generally applicable to the classes, rendering

 declaratory and injunctive relief appropriate for the whole Equal Protection class and Due

Process class. Certification of the classes is therefore proper under Fed. R. Civ. P. 23 (b)(2).

21. Class Counsel. Plaintiff has retained counsel experienced in federal court and in class and other complex litigation to represent the class; counsel have the commitment and resources necessary to vigorously represent the classes.

V. STATUTORY AND REGULATORY FRAMEWORK

A. The Basic Health Plan

- 22. Since 1987, the State of Washington has administered Washington Basic Health, a health insurance program that has enabled hundreds of thousands of low-income residents of our state obtain health coverage. The program provides subsidized health insurance to Washington residents who met certain eligibility requirements. The program is administered by the State, but coverage is provided by private insurance carriers through managed care organizations. Since 1993, Washington state law has allocated the powers, duties and functions of Basic Health to the Washington State Health Care Authority ("HCA"). State law also charges the HCA Administrator with administering Basic Health and allocates all powers and duties of the Basic Health Administrator to the HCA Administrator. RCW 70.47.005.
- 23. In order to be eligible to enroll in Basic Health, until March 1, 2011, an individual generally had to be a Washington state resident who: (a) was not eligible for free or purchased Medicare; (b) was not receiving medical assistance from the department of social and health services (DSHS); (c) was not enrolled in Washington Health Program [an unsubsidized health insurance program administered by HCA]; (d) was not confined or residing in a government-operated institution, unless he or she meets eligibility criteria adopted by the administrator; (e) was not a full-time student who had received a temporary visa to study in the United States; (f) resided in an area of the state served by a managed

health care system participating in the plan; (g) chose to obtain coverage from a particular managed health care system; (h) paid or had paid on their behalf their portion of the costs for participation in the plan; and (i) whose gross family income at the time of enrollment met the definition of a subsidized enrollee. WAC 182-24-020(1).

- 24. Prior to March 1, 2011, in order to be eligible to receive state-subsidized coverage from Basic Health, as a "subsidized enrollee," an individual generally was required to have a current gross family income that did not exceed twice the federal poverty level as adjusted for family size and determined annually by the federal Department of Health and Human Services ("FPL"). WAC 188-24-010(a); RCW 70.47.020(a)(9)(v)). Certain foster parents whose adjusted family incomes do not exceed 300% of the FPL are eligible for state-subsidized Basic Health coverage as well. WAC 188-34-010(b); RCW 70.47.020(b).
- 25. Basic Health subscribers are required to pre-pay monthly premiums to receive health insurance for their families through Basic Health. The amount of the premium subsidy depends on family income.
- 26. Before March 1, 2011, an applicant's citizenship or immigration status did not affect her eligibility for enrolling in the Basic Health program, except for those with temporary student visas. RCW 70.47.020(5) (definition of "unsubsidized enrollee"); RCW 70.47.020(9), WAC 182-24-010(a) (definition of "subsidized enrollee"), WAC 182-24-020(1)(e).
- 27. Since 1998, the HCA Administrator has been given the authority to limit enrollment in Basic Health if (s)he determines that acceptance of additional enrollment would exceed limits established by the Legislature, would jeopardize the orderly development of Basic Health, or would result in an overexpenditure of program funds.

 WAC 188-24-020. RCW 70.47.060(6). Under this authority, the Administrator has closed

enrollment in Basic Health from time to time, most recently since 2009.

www.basichealth.hca.wa.gov/press_release/frequently-asked-questions-basic-health-wait-list.html.

B. The Medicaid Program

- 28. Medicaid is a cooperative, jointly funded program between the federal and state governments that provides medical assistance to low-income individuals. 42 U.S.C. § 1396-1396v.
- 29. Washington has elected to participate in the Medicaid program and so must comply with the requirements of the federal Medicaid Act and its implementing regulations, the requirements of Medicaid waiver agreements to which it is a party, and relevant federal and state law.
- 30. Through the Medicaid program, the Secretary of the United States

 Department of Health and Human Services ("HHS") reimburses each participating state for somewhere between 50% and 60% of its costs for eligible healthcare and related services.

 Washington State receives such matching funds for medical assistance services provided through its State Medicaid program and Medicaid waiver agreements.

C. Sec. 1115 Waivers and the "Bridge Waiver"

- 31. Section 1115 of the Social Security Act affords the Secretary of HHS broad powers to authorize States to implement demonstration projects likely to assist in promoting the objectives of the Medicaid statute. 42 U.S.C. § 1315.
- 32. Such projects have included providing health care coverage to individuals not otherwise eligible for Medicaid services under the standard Medicaid eligibility criteria.

- 33. States are entitled to receive federal funding at the federal Medicaid matching rate for allowable services they provide and allowable expenses they incur on such projects. 42 U.S.C. § 1315(a).
- 34. In order to receive authority from the Secretary of HHS to operate such project, a state must submit an application to one of the HHS divisions, the Centers for Medicare and Medicaid Services ("CMS"), and then enter into a written agreement with CMS laying out its terms and conditions.
- 35. Section 1115 gives the Secretary of HHS the authority to waive certain requirements of federal Medicaid law from applying to states' provision of services under these agreements. 42 U.S.C. § 1315(b).
- 36. Prior to January of 2011, Basic Health's costs were financed solely with state funds, along with the premiums paid by subscribers. Prior to March 2011, the State of Washington received no federal funding to operate the Basic Health program.
- 37. On January 3, 2011, the Department received CMS' approval to operate a § 1115 waiver project, referred to therein as the "Transitional Bridge" project. It was anticipated that CMS' approval of the waiver program would enable the state to expand its receipt of Medicaid federal matching payments to include funding for Basic Health services for individuals who would be eligible to enroll in Medicaid in any event, in 2014, under the Affordable Care Act. Bridge Waiver Special Terms and Conditions (hereinafter "Bridge Waiver STC") Sec. II at 3.
- 38. Specifically, under the Bridge Waiver, the State is entitled to receive federal funding for qualified expenditures to provide coverage to "non-pregnant individuals ages 19 through 64 who have countable incomes up to and including 133 percent of the Federal poverty level (FPL) who have not been determined to be eligible for Medicaid or the Children's Health Insurance Program (CHIP), and who are currently enrolled, or become

newly enrolled, in the following [pre-existing] State programs: a. Basic Health;
b. Disability Lifeline; or c. Alcohol and Drug Addiction Treatment and Support." Such individuals are referred to in the Bridge Waiver as "Transition Eligibles."

- 39. Disability Lifeline ("DL") and Alcohol and Drug Addiction Treatment and Support ("ADATSA"), like Basic Health, are two state-administered public benefits programs furnishing health care services to Washington residents. Like Basic Health, these programs existed for some time before the State applied for and received authorization to obtain federal funds under the Bridge Waiver. Like Basic Health, these programs were funded exclusively with state funds, prior to the Bridge Waiver.
- 40. One purpose of the Bridge Waiver was to help the State continue coverage for participants in Basic Health, Disability Lifeline (DL), and ADATSA who would not be eligible for federal matching funds, by offsetting the total cost of the program with federal matching funds for eligible participants. Bridge Waiver STC, Sec. II at 3.
- 41. The Bridge Waiver states that participants in Basic Health who meet the following requirements shall fall within the "Transition Eligibles" population: "individuals ages 19 through 64 who are enrolled in the Basic Health program, and have countable household income at or below 133 percent of the Federal poverty level (FPL); and are U.S. citizens/qualified non-citizens and residents of Washington; and who either do not meet the standards for Medicaid or CHIP eligibility, or who have not been determined to be Medicaid eligible in the initial Basic Health certification or annual Basic Health recertification (within established timeframes). This population does not include pregnant women (including through the 60th day postpartum). There is no resource limit." Bridge Waiver STC, Sec. IV(7)(a)(i) at 7.

VI. FACTUAL BACKGROUND

- 42. On or about February 8, 2011, HCA sent to each household containing members who were Basic Health enrollees a letter requesting that they either submit to HCA the social security numbers for themselves and any household members who were also Basic Health beneficiaries or inform HCA which household members receiving Basic Health benefits did not have social security numbers.
- 43. This letter explained HCA's request for Basic Health recipients' social security numbers as follows: "Due to an agreement recently signed by the state and federal governments, BH is not eligible to receive federal matching dollars to share in the cost of providing coverage for US citizens and qualified non-citizens. Your valid SSN will help us claim these funds so the state can continue providing health care coverage for as many people as possible. If you do not have a valid SSN or are not a US citizen or qualified non-citizen, you will continue to be eligible for BH, unless state funds for the program are no longer available."
- 44. The letter concluded with the instruction to "Please confirm your SSN by completing and returning the form below to Basic Health, PO Box 42683 Olympia, WA 98504-2683 or call us at 1-800-660-9840 no later than February 17, 2011." (emphasis in the original).
- 45. This letter did not state that the enrollees' submission of social security numbers would affect the enrollees' eligibility to continue to enroll in Basic Health. Aside from the social security number information referred to in this letter, HCA never requested immigration status information from Basic Health recipients before terminating their benefits.
- 46. On February 18, 2011, the Washington Legislature passed and Governor Gregoire signed into law ESHB 1086, an "Early Action Budget," which made changes to

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the existing biennial budget through the end of the fiscal year (June 30, 2011) to conform the budget to changes in State revenues and expenses which had become apparent since the current biennial budget was previously passed and amended. Governor Gregoire partially vetoed some provisions of the bill, which are not relevant to this case. ESHB 1086 has been assigned the citation Chapter 5, Laws of 2011.

- 47. Through this bill, Section 213 of the budget was amended to add a subsection 8, which reads as follows: "As soon as practicable after February 28, 2011, enrollment in the subsidized basic health plan shall be limited to only include persons who qualify as subsidized enrollees as defined in RCW 70.47.020 and who (a) qualify for services under 11.15 Medicaid demonstration project number 11-W-00254/10 [the Bridge Waiver]; or (b) are foster parents licensed under chapter 74.15." ESHB 1086, Sec. 213(8). Notwithstanding this budgetary clause, the Legislature did not approve changes to the statutes laying out the criteria for a subsidized enrollee's participation in Basic Health until April, 22, 2011, and the Governor did not sign the bill until April 29, 2011. Compare RCW 70.47.020(9) (2010) with RCW 70.47.020(9) (2011); see also HB 1544 (amending inter alia RCW 70.47.020(9)), available at http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/Session%20Law%202011/1544.SL.pdf (last viewed on May 23, 2011); Washington State Legislature website http://apps.leg.wa.gov/billinfo/summary.aspx?bill=1544&year=2011 (last viewed on May 23, 2011).
- 48. On April 29, 2011 the Governor signed HB 1544 as passed by the Legislature which, among other things, added the following element to RCW 70.47.020(9)'s definition of a "subsidized enrollee" of the Basic Health program:

"(viii) After February 28, 2011, who is in the basic health transition eligibles population under 1115 medicaid demonstration project number 11-W-00254/10."

- 49. HCA has yet to promulgate emergency rules to change the regulations laying out the eligibility requirements for being a subsidized enrollee in Basic Health. *See* WAC 182-24-010. Notably, the current forms of those regulations, and the applicable statutes in effect prior to April 29, 2011, do not include a test for citizenship or immigration status as a condition for eligibility for or enrollment in Basic Health, other than the exclusion of individuals with student visas.
- 50. Responding to the passage and signing of ESHB 1086, and on the same day it was passed, HCA sent letters dated February 18, 2011, to approximately 16,900 enrollees in Basic Health informing them that they would be disenrolled from Basic Health on March 1, 2011 and the premiums they paid would be refunded. Slightly different notices were mailed to enrollees depending on whether HCA was disenrolling them because of their citizenship and immigration status or their family income, or age. HCA translated these notices into Spanish. Upon information and belief, HCA mailed the Spanish-language versions to some enrollees. The remainder of these disenrollment notices sent out by HCA were written in English.
- 51. Upon information and belief, the vast majority of those receiving the notice were Basic Health enrollees for whom HCA did not have enough information to determine immigration status.
- 52. Ms. Unthaksinkun is indigent. At the time this dispute arose, she and her husband, a member of her household, had been enrolled in Basic Health since 2006. As of February of this year, she was paying a premium of \$60/month for this coverage for herself, and her husband paid the same amount in Basic Health premiums, amounting to a total of \$120/month. At that time the highest subsidized premium for a household of her

size and age range was approximately \$400. Ms. Unthaksinkun paid \$120 for her and her husband's Basic Health premiums for the month of March 2011.

- 53. Ms. Unthaksinkun was diagnosed with breast cancer in June of 2010 and has been receiving medical treatment for that condition since then. This treatment included two surgeries, a lumpectomy and mastectomy, in June and August of 2010, respectively. As a result of these surgeries, Ms. Unthaksinkun lost significant arm strength. Until March of 2011, her breast cancer treatment was covered through her Basic Health coverage. Ms. Unthaksinkun relied upon her Basic Health coverage to pay for this medically necessary treatment, without which she is at risk of serious injury or death. On May 13, 2011, HCA notified her lawyer that she would be placed on Basic Health effective March 1 pending the outcome of her administrative appeal. In the event she loses the appeal, any costs incurred for services would be her financial responsibility.
- 54. Ms. Unthaksinkun's doctor instructed her to schedule a medical appointment in March of this year to have a qualified health care professional assess how her surgeries were healing and determine what additional treatment she required. She felt compelled to cancel this appointment, due to her disenrollment from Basic Health and her family's limited resources. Ms. Unthaksinkun's doctor has also told her that it is medically necessary for her to get a medical test in June of 2011 as part of her ongoing breast cancer treatment. She does not know how she is going to be able to pay for this test if her Basic Health benefits are not reinstated prior to that time.
- 55. Ms. Atif is indigent. At the time this dispute arose, she and her son, a member of her household, had been enrolled in Basic Health since 2006. As of February of this year, she was paying a premium of \$53 per month for this coverage for herself and her son. Ms. Atif paid \$53 for her and her son's Basic Health premiums for the month of March 2011.

- 56. Ms. Atif has been diagnosed with hypothyroidism that requires medication to treat it, as well as ongoing clinical monitoring, including lab tests every six months to determine whether her medication levels should be changed. She also has had knee pain since 2009 and requires further evaluation and treatment. Until March of 2011, Ms. Atif's care was covered through her Basic Health coverage. Ms. Atif relied upon her Basic Health coverage to pay for this medically necessary treatment, without which she is at risk of serious exacerbations of her conditions, loss of function, and disability.
- 57. Ms. Atif also recently developed a painful and itchy inflammation in several areas of her body. A doctor prescribed antibiotic medications to treat this condition in March of 2011. Despite having taken these antibiotics as directed, Ms. Atif continues to experience pain and swelling in the inflamed areas. Ms. Atif has delayed returning to the doctor for further diagnosis and treatment of this condition because she does not know how she will pay for the required medical expenses without Basic Health coverage. On May 13, 2011, HCA notified her lawyer that she would be placed on Basic Health effective March 1 pending the outcome of her administrative appeal. In the event she loses the appeal, any costs incurred for services would be her financial responsibility.
- 58. Ms. Ahmadi and her husband have limited income. At the time this dispute arose, she had been enrolled in Basic Health since approximately late 2009. As of February of this year, she and her husband both receiving Basic Health benefits.
- 59. Ms. Ahmadi has used her Basic Health benefits to pay for medically necessary treatment and screenings in the past year, including treatment for illnesses, mammograms and gynecological screenings. Ms. Ahmadi relied upon her Basic Health coverage to pay for this medically necessary treatment and screenings, without which she is experiencing irreparable harm. On May 13, 2011, HCA notified her lawyer that she would be placed on Basic Health effective March 1 pending the outcome of her

administrative appeal. In the event she loses the appeal, any costs incurred for services would be her financial responsibility.

- 60. Ms. Ponomareva is indigent. At the time this dispute arose, she and her husband, a member of her household, had been enrolled in Basic Health since 2006.

 Ms. Ponomareva has been diagnosed with hypothyroidism that requires medication to treat it, as well as ongoing clinical monitoring, including lab tests every six months to determine whether her medication levels should be changed.
- 61. Ms. Ponomareva has also been diagnosed with endometriosis. Her doctor has informed her that she may require surgery or other medical treatment for this condition.
- 62. Until March of 2011, Ms. Ponomareva's care, including the medication for her thyroid condition, was paid for with her Basic Health coverage. Because she was disenrolled from Basic Health, Ms. Ponomareva cancelled her March doctor's appointment to address her thyroid condition, undergo her annual medical examination, and request a referral to a specialist regarding her endometriosis. She currently has less than a 30 day supply of her thyroid medication. An inability to take her thyroid medication may not only negatively impact Ms. Ponomareva's thyroid condition, but also cause her to suffer from considerable and detrimental mood shifts. Ms. Ponomareva is unable to afford health insurance other than the Basic Health coverage she received.
- 63. Ms. Ponomareva relied upon her Basic Health coverage to pay for her medical care, including the medically necessary treatment for her thyroid condition, without which she is experiencing and will continue to experience irreparable harm.
- 64. S.J. is indigent, receiving a monthly income of \$385. At the time this dispute arose, she had been enrolled in Basic Health. As of February of this year, she was paying a premium of \$17 per month for this coverage for herself and her son.

- 65. S.J. paid \$34 for her Basic Health premiums for the months of March and April 2011. After terminating her Basic Health benefits, HCA subsequently refunded those premiums to S.J. on its own initiative.
- 66. S.J. has been diagnosed as having a breast cyst. She is required to obtain a mammogram on an annual basis to monitor this cyst. Because her Basic Health benefits were terminated, she is not making additional appointments for this procedure, as she cannot afford its costs.
- 67. S.J. is currently attending nursing school and hopes to find employment upon graduation in August 2011. The nursing school which S.J. attends requires her to have health insurance to work in health clinic sites, which is a required part of her training.
- 68. S.J. applied for health insurance from the Washington Health Program but cannot afford the monthly \$161 premium, and she is not aware of any other health insurance for which she is eligible and which she can afford.
- 69. S.J. relied upon her Basic Health coverage to pay for her medical care. Without this coverage, she is at risk of being prevented from completing her nursing training and licensure. As a result, S.J. is experiencing and will continue to experience irreparable harm because of HCA's termination of her Basic Health benefits.
- 70. On February 18, 2011, HCA sent notices to Ms. Ahmadi's, Ms. Atif's, Ms. Ponomareva's, S.J.'s and Ms. Unthaksinkun's households, as well as approximately 16,000 Basic Health enrollees who were receiving Basic Health as authorized by RCW 74.07 and WAC 182-24. These notices stated that "Basic Health is unable to verify the member(s) legally resides in the United States....Basic Health requires individuals between ages 19-64 to legally reside in the United States to receive Basic Health coverage." Plaintiff's notice listed her name alone as the household member to whom the termination notice referred. The last sentence quoted above was followed by a footnote stating:

"Chapter 568, Laws of 2009." The act of the Washington State Legislature identified by this citation does not condition Basic Health coverage on the subscriber being between ages 19-64 or legally residing in the United States, nor does it condition coverage on a subscriber's eligibility for federal matching funds under the Bridge Waiver or any similar Medicaid waiver program.

- 71. This form notice failed to inform Plaintiffs Ahmadi, Atif, Ponomareva, S.J., and Unthaksinkun, as well as class members, why HCA found them ineligible. The notice's statement that "Basic Health requires individuals between ages 19-64 to legally reside in the United States to receive Basic Health coverage" is an incorrect statement of the legal requirements for Basic Health enrollment, even under the terms of ESHB1086 and the Bridge Waiver. An individual may lawfully reside in the United States and possess one of a number of different immigration statuses, which nonetheless apparently renders her ineligible to receive Basic Health. For example, HCA has upheld the disenrollment of immigrants whom it understands are lawful permanent residents of the United States. See also 8 U.S.C. § 1641(a) defining "qualified alien"; 8 U.S.C. §§ 1611 1613 defining which qualified aliens are eligible and ineligible for federal public benefits, such as Medicaid.
- 72. Ms. Ahmadi, Ms. Atif, Ms. Ponomareva, S.J., and Ms. Unthaksinkun legally reside in the United States. All are lawful permanent residents of this country. Ms. Ahmadi has resided in the United States since September of 2009 and been a lawful permanent resident since April of 2010. Ms. Atif has lived here with this status since September 20, 2006. Ms. Unthaksinkun has lived here with that status from 1992-1996, and re-entered the country on or before May 31, 2006. Ms. Unthaksinkun's husband is a citizen, making her eligible to become a naturalized citizen, but they have not had the funds to do so. She has continued to be a lawful permanent resident of this country.

- 73. Ms. Ahmadi's, Ms. Atif's, S.J.'s and Ms. Unthaksinkun's immigration statuses apparently render the state ineligible for federal matching funds for them under the Bridge Waiver. Ms. Unthaksinkun's immigration status apparently renders the state eligible for federal matching funds for her as of May 31, 2011.
- 74. HCA apparently concluded that Ms. Ponomareva's immigration status rendered the state ineligible for federal matching funds for her under the Bridge Waiver.
- 75. Additionally, the disenrollment notice HCA sent Ms. Ahmadi, Ms. Atif, Ms. Ponomareva, S.J., Ms. Unthaksinkun and class members failed to provide any individualized explanation for HCA's determination that they did not legally reside in the United States. The notice did not disclose the information relied upon by HCA in concluding that it was unable to verify that they did not legally reside in the United States. It did not disclose what immigration statuses would render one eligible to continue enrollment in Basic Health, nor did it reference any legal authority enumerating or describing those statuses.
- The notices sent to Plaintiffs Ahmadi, Atif, Ponomareva, S.J., and Unthaksinkun along with all class members, stated the following regarding enrollees' rights to appeal this disenrollment: "If you believe the action taken on your account is wrong, we must receive your appeal with 30 days of the date of this letter. Send a written appeal to PO Box 42690, Olympia, WA 98504 with your name, Basic Health ID number, mailing address, and daytime phone number. In your appeal, you must explain the decision you disagree with, why you disagree, what you want to change, and include any documents you have to support your request."
- 77. The notices did not inform Plaintiffs and other class members being disenrolled of their right to request and receive continued Basic Health benefits pending an appeal of their disenrollment. WAC 182-22-320(8).

- 78. Ms. Ahmadi initiated a timely administrative appeal of her disenrollment from Basic Health by HCA. She submitted proof of her immigration status in support of her administrative appeal.
- 79. Ms. Atif initiated a timely administrative appeal of her disenrollment from Basic Health by HCA. She submitted copies of her "green card" (indicating Lawful Permanent Resident status) and her social security number in support of her administrative appeal.
- 80. Ms. Unthaksinkun initiated a timely administrative appeal of her disenrollment from Basic Health by HCA. She submitted copies of her "green card" and other documents in support of her administrative appeal.
- 81. Ms. Ponomareva initiated a timely administrative appeal of her disenrollment from Basic Health by HCA. She submitted copies of her "green card" and other documents in support of her administrative appeal.
- 82. S.J. initiated a timely administrative appeal of her disenrollment from Basic Health by HCA. She submitted copies of her "green card" and other documents in support of her administrative appeal.
- 83. As of April 4, 2011, HCA had received requests from 7,263 households to appeal the disenrollments of approximately 9,586 household members who had been Basic Health subscribers and who had been disenrolled in response to the passage of ESHB1086 (each such request appealed the disenrollment of one or more Basic Health members who had been disenrolled within that household). As of that date, HCA had ruled on approximately 76% of those appeals. The report containing this information did not estimate the fraction of these appeals that had resulted in the reinstatement of disenrolled persons' Basic Health benefits. However, as of March 21, 2011, HCA estimated that it had granted the reinstatement requests in approximately 64% of the appeals, having determined

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that these appellants or a household member had been erroneously disenrolled from Basic Health on March 1.

- 84. HCA sent written adverse appeal form decisions to those whose disenrollment appeals it rejected, informing them of this fact. Concerning enrollees whose immigration status-based disenrollments had been upheld by HCA, the decisions provided an inadequate explanation of the reasons for concluding that appellants did not have an immigration status that qualified for Basic Health eligibility.
- 85. For example, the decisions sent to Ms. Ahmadi, Ms. Atif, Ms. Ponomareva, S.J., and Ms. Unthaksinkun gave the following reason to explain why HCA rejected their administrative appeals: "The information you provided shows the individual(s) listed above entered the U.S. after August 22, 1996, and has not met the five year wait period required under federal law."
- 86. Like this notice, the notices sent to individuals who had been disenrolled due to immigration status did not disclose what information (other than "[t]he information you provided") HCA relied upon to determine that the disenrollee continued to be ineligible for Basic Health benefits, or what immigration statuses would render an enrollee eligible to be reenrolled in Basic Health. Nor did the notices reference any legal authority enumerating or describing those statuses. The only legal authority referenced by these notices was the citation to Chapter 568, Laws of 2009.
- 87. By terminating Plaintiffs' and other class members' state-funded Basic Health benefits, while continuing to provide Basic Health benefits paid for with state funds to Basic Health enrollees who meet the citizenship and alien status requirements adopted in ESHB 1086, the state is discriminating against them because of their status as aliens for the sole purpose of saving money. The termination notice that HCA sent to Plaintiffs and class members informing them of HCA's imminent termination of their Basic Health

benefits did not provide the adequate, meaningful and timely notice required by the Due Process Clause of the Fourteenth Amendment of the United States Constitution as a prerequisite to terminating Plaintiffs' and class members' public medical benefits.

88. Ms. Ahmadi, Ms. Atif, Ms. Unthaksinkun, Ms. Ponomareva, S.J., and members of the proposed class are suffering or will suffer irreparable harm due to the termination of their Basic Health benefits. As a result of HCA's actions, Plaintiff and class members are not able to purchase health insurance or pay for medically necessary health care. Plaintiff and the class members she seeks to represent have no plain, speedy, or adequate remedy at law except by this complaint for injunctive relief.

VII. CLAIMS FOR RELIEF

A. Claim I – Equal Protection Clause

- 89. Plaintiffs re-allege and incorporates herein by reference each and every allegation and paragraph set forth previously.
- 90. HCA has terminated Plaintiffs' and class members' Basic Health benefits authorized by RCW 74.07 and WAC 182-24 solely to save money. At the same time, HCA is continuing to spend state funds to provide Basic Health benefits to similarly situated U.S. citizens and aliens who meet the alien status requirements adopted in ESHB 1086.
- 91. In doing so, HCA is discriminating against Plaintiffs and the classes they seek to represent on the basis of their alien or immigration status even though they are legal immigrants, lawfully present in the United States.
- 92. The state's actions in discriminating against Plaintiffs and class members because of their alienage are subject to strict scrutiny under the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution.

- 93. Saving money is not an adequate justification to discriminate against Plaintiffs and class members in violation of the Equal Protection Clause of the 14th Amendment of the United States Constitution.
- 94. HCA's decision to terminate the Plaintiffs' and other class members' Basic Health benefits, while continuing to provide Basic Health benefits to similarly situated Basic Health enrollees who meet the citizenship and alien status requirements adopted in ESHB 1086, discriminates against the Plaintiffs and class members in violation of the Equal Protection Clause of the 14th Amendment of the United States Constitution.
- 95. HCA's actions deprive Plaintiffs and class members of rights, privileges, or immunities secured to them by the Constitution in violation of 42 U.S.C. § 1983.
- 96. Irreparable harm has occurred as a result of HCA's actions. The balance of harms favors entering temporary, preliminary, and permanent injunctive relief because the harm suffered by Plaintiffs and other class members outweighs any monetary loss to HCA.
- 97. It is in the public interest that the Court grant temporary, preliminary, and permanent injunctive relief to ensure that Plaintiffs and other similarly situated individuals resume enrollment in the Basic Health program pending the outcome of this litigation.

B. Claim 2 – Due Process Clause - Notice

- 98. Plaintiffs re-allege and incorporates herein by reference each and every allegation and paragraph set forth previously.
- 99. The notices that HCA sent Plaintiffs and class members terminating their Basic Health benefits effective March 1, 2011 in response to ESHB1086 did not comply with the Due Process Clause of the Fourteenth Amendment to the United States Constitution.
- 100. HCA's actions deprive Plaintiffs and the class of rights, privileges, or immunities secured to them by the Constitution in violation of 42 U.S.C. § 1983.

- 101. Irreparable harm has occurred as a result of HCA's actions. The balance of harms favors entering temporary, preliminary, and permanent injunctive relief because the harm suffered by Plaintiffs and other class members outweighs any monetary loss to HCA.
- 102. It is in the public interest that the Court grant temporary, preliminary, and permanent injunctive relief to ensure that Plaintiffs and other similarly situated individuals resume enrollment in the Basic Health program pending either: (a) the outcome of this litigation; or (b) the HCA's delivery of timely, adequate and meaningful pre-termination notice that satisfies the Due Process Clause of the Fourteenth Amendment of the United States Constitution to any class member whose Basic Health benefits the HCA again seeks to terminate.

VIII. PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for the following relief:

- (a) That the Court determine that this action be maintained as a class action under Fed. R. Civ. P. 23(a), and (b)(2), defining the classes as proposed above, approving Plaintiffs as adequate class representatives, and designating Riddell Williams P.S. and Northwest Health Law Advocates as class counsel;
- (b) For a declaration that the State of Washington's and HCA's actions in terminating Plaintiffs' and class members' Basic Health benefits because of the lack of program funding violates the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution in violation of 42 U.S.C. § 1983.
- (c) For a declaration that the termination notice that HCA sent to Plaintiffs and class members informing them of their disenrollment from Basic Health did not provide the adequate notice and a pretermination appeal hearing required by the Due Process Clause of the Fourteenth Amendment of the United States Constitution, rendering that

termination of their Basic Health benefits a deprivation of property without due process of law in violation of 42 U.S.C. § 1983.

- (d) For entry of temporary, preliminary and permanent injunctive relief enjoining HCA's termination of Plaintiffs' and class members' Basic Health benefits, to order HCA to reinstate Plaintiffs' and class members' enrollment as subsidized enrollees in the Basic Health program, and to order HCA to restore coverage for eligible medical care received by Plaintiffs and class members since their disenrollment.
- (e) For entry of temporary, preliminary and permanent injunctive relief ordering HCA to reinstate Plaintiffs' and class members' Basic Health benefits, and enjoining HCA from terminating any class members' benefits in the future without first providing adequate and meaningful pre-termination notice, including but not limited to:
- (1) A clear explanation of the specific reasons that HCA believes that the class member is no longer eligible for Basic Health benefits, and a description of the information relied upon by HCA in making such a determination;
- (2) An accurate citation to the legal authority upon which HCA is relying that describes the specific eligibility criteria which HCA believes the class member does not satisfy; and that explains the criteria for continued receipt of Basic Health benefits; and
- (3) A clear statement that the class member is entitled to continued benefits pending an appeal of her benefits termination, including information regarding how continued benefits may be obtained, and any potential liability which the appellant may incur to repay any part of the cost of those continued benefits in the event the appeal of her benefits termination is unsuccessful.
- (f) Waive the requirement for the posting of a bond as security for the entry of temporary, preliminary, or permanent injunctive relief;

- (g) Award the Plaintiffs their costs of this action and reasonable attorney's fees pursuant to 42 U.S.C. § 1988; and
 - (h) For such other relief as the Court may deem just and proper.DATED this 23rd day of May, 2011.

RIDDELL WILLIAMS P.S.

By /s/ Blake Marks-Dias

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