

1 **I. FACTUAL AND PROCEDURAL BACKGROUND**

2 Plaintiffs were enrolled in a health care plan provided by Aleria and Trinity Healthshare,
3 Inc. (“Trinity”) from January 1, 2018 through December 31, 2019. (ECF No. 19 at 1.) Aleria
4 marketed, sold, and administered insurance plans for Oneshare Health, LLC when it was known
5 as Unity Healthshare, LLC (“Unity”) and then subsequently acted in a similar capacity for
6 Trinity. (*Id.* at 2.) Plaintiffs allege Aleria, Unity, and Trinity (collectively, “Defendants”) sold
7 inherently unfair and deceptive health care plans to California residents and failed to provide the
8 coverage the purchasers believed they would receive. (*Id.* at 3.) More specifically, Plaintiffs
9 allege Aleria exploited an exception under the Affordable Care Act by falsely representing that
10 Unity and Trinity were Health Care Sharing Ministries (“HCSMs”), which allowed Defendants to
11 sell illegal insurance plans that did not comply with the minimum basic requirements for
12 authorized health care plans under state or federal law. (*Id.* at 3–5.)

13 Plaintiffs filed the operative First Amended Complaint for this purported class action on
14 June 26, 2020. (ECF No. 19). Plaintiffs allege claims for: (1) illegal contract; (2) violation of
15 California’s Unfair Competition Law; (3) violation of California’s False Advertising Law; (4)
16 breach of fiduciary duty as to Aleria and Trinity; (5) breach of fiduciary duty as to Aleria and
17 Unity; and (6) unjust enrichment against Aleria. (*Id.*)

18 Several motions to dismiss and/or compel arbitration are currently pending. (ECF Nos.
19 36, 37, 38, 45, 50.) Prior to the Court ruling on those motions, Trinity filed a notice of
20 bankruptcy on July 9, 2021. (ECF No. 76.) As such, the Court stayed the action as to Plaintiffs’
21 claims against Trinity. (ECF No. 79.) The Court further noted “absent any argument to the
22 contrary, the action may proceed against the other Defendants.” (*Id.*) Aleria filed the instant
23 motion to stay the case in its entirety on July 30, 2021. (ECF No. 80.) Unity did not join in the
24 motion but instead consented to a stay. (*Id.* at 2 n.3.)

25 **II. STANDARD OF LAW**

26 A district court has the “power to stay proceedings” as part of its inherent power “to
27 control the disposition of the causes on its docket with economy of time and effort for itself, for
28 counsel, and for litigants.” *Landis v. North Am. Co.*, 299 U.S. 248, 254–55 (1936). “A trial court

1 may, with propriety, find it is efficient for its own docket and the fairest course for the parties to
2 enter a stay of an action before it, pending resolution of independent proceedings which bear
3 upon the case.” *Leyva v. Certified Grocers of Cal., Ltd.*, 593 F.2d 857, 863–64 (9th Cir. 1979).
4 “This rule . . . does not require that the issues in such proceedings are necessarily controlling of
5 the action before the court.” *Id.*

6 “Where it is proposed that a pending proceeding be stayed, the competing interests which
7 will be affected by the granting or refusal to grant a stay must be weighed.” *CMAX, Inc. v. Hall*,
8 300 F.2d 265, 268 (9th Cir. 1962). Those competing interests include “[1] possible damage
9 which may result from the granting of a stay, [2] the hardship or inequity which a party may
10 suffer in being required to go forward, and [3] the orderly course of justice measured in terms of
11 the simplifying or complicating of issues, proof, and questions of law which could be expected to
12 result from a stay.” *Id.*

13 III. ANALYSIS

14 Alieria moves to stay this action in its entirety due to Trinity’s bankruptcy proceedings.
15 (ECF No. 80 at 2.) Alieria argues the Court should stay the action pursuant to its discretionary
16 powers because: (1) Plaintiffs’ claims against Trinity are “inextricably intertwined” with their
17 claims against Alieria; (2) Alieria’s right to seek indemnification from Trinity is at issue in
18 Trinity’s bankruptcy; (3) Alieria and Trinity would be prejudiced if the case proceeds without
19 Trinity; and (4) the interests of judicial economy weigh in favor of a stay. (*Id.*)

20 In opposition, Plaintiffs argue the Court should not stay the entire action because: (1)
21 Alieria and Unity are independently liable to Plaintiffs; (2) the Trinity bankruptcy is unlikely to
22 conclude in a reasonable time; (3) prosecution of this matter will not prejudice Alieria; and (4) a
23 stay will not promote judicial economy. (ECF No. 85.)

24 Another district court recently addressed a nearly identical scenario involving these same
25 Defendants and Trinity’s bankruptcy. *See Albina v. Alieria Companies, Inc.*, No. 5:20-CV-496-
26 JMH, 2021 WL 3519460 (E.D. Ky. Aug. 10, 2021). The *Albina* court concluded Plaintiffs’
27 general concerns about delay did not outweigh “the benefit the [p]arties and [c]ourt would receive
28 by the Bankruptcy Court narrowing some of the issues.” *Id.* at *2. The court further concluded

1 “[a]ny prejudice to Plaintiffs would be minimal, and Plaintiffs would not be placed at a tactical
2 disadvantage.” *Id.* The court found the potential prejudice to Trinity in denying the stay was
3 much greater, explaining,

4 Since Trinity would be unable to participate following this Court’s
5 decision and prior to the conclusion of the bankruptcy proceedings,
6 Trinity would be prejudiced by its inability to appeal this Court’s
7 decision or otherwise defend itself either in this Court, the Sixth
8 Circuit Court of Appeals, or during arbitration. If Trinity can
participate again, depending on this Court’s decision, the Parties may
be forced to relitigate certain matters that were decided in Trinity’s
absence or participate in discovery twice.

9 *Id.* For these reasons, the *Albina* court stayed the action in its entirety pending the termination of
10 the automatic stay imposed by Trinity’s bankruptcy. *Id.* at *3.

11 The Court is persuaded by the well-reasoned *Albina* decision, which considered facts
12 nearly identical to those at issue here. As in *Albina*, the parties seem to agree that Trinity’s
13 bankruptcy is proceeding pursuant to Subchapter V of Chapter 11 of the Bankruptcy Code, which
14 “was designed to expedite the bankruptcy process for small business debtors to allow them to
15 reorganize quickly, inexpensively, and efficiently.” *Id.* at *2. Although Plaintiffs argue recent
16 developments suggest the bankruptcy may be unable to proceed under the expedited procedures
17 of Subchapter V, Plaintiffs raise the same general concerns about delay that were rejected in
18 *Albina*. (See ECF No. 85 at 4–5 (“Delaying this proceeding indefinitely will increase the danger
19 of prejudice to Plaintiffs resulting from loss of evidence, including the inability of witnesses to
20 recall specific facts.”)); *Albina*, 2021 WL 3519460, at *2. The Court concludes Plaintiffs’
21 general concerns about delay are insufficient, especially considering the significant prejudice
22 Trinity would suffer in the absence of a stay. *Id.* (“On the other hand . . . a decision limited to
23 Alieria and Unity would decide issues that affect Trinity.”). More specifically, Plaintiffs do not
24 dispute that Trinity’s HCSM status is a key issue in Plaintiffs’ claims against Alieria. An analysis
25 of Trinity’s HCSM status and Alieria’s role in administering plans for Trinity will arguably mirror
26 an analysis of Unity’s HCSM status and Alieria’s role in administering plans for Unity. The Court
27 believes Trinity should participate in adjudicating these overlapping issues to prevent inconsistent
28 decisions and wasted effort. Accordingly, judicial economy weighs in favor of a stay.

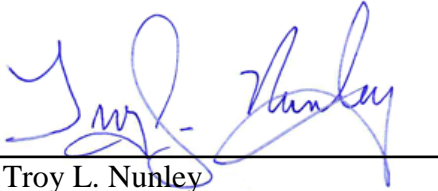
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IV. CONCLUSION

For the foregoing reasons, the Court GRANTS Alera’s Motion to Stay. (ECF No. 80.) This action is STAYED and is now ADMINISTRATIVELY CLOSED pending the termination of the automatic stay imposed by Defendant Trinity Healthshare, Inc.’s bankruptcy proceedings. The case may be reopened at the request of the parties.

IT IS SO ORDERED.

September 9, 2021



Troy L. Nunley
United States District Judge