

**IN THE EIGHTEETH JUDICIAL CIRCUIT COURT  
OF COOPER COUNTY, MISSOURI**

**TIFFANY J. CARMICHAEL,**

**&**

**MICHELLE L. RICE, on behalf of themselves  
and others similarly situated,**

**Plaintiffs,**

**vs.**

**PINNACLE HEALTH CARE SYSTEM, INC.,**

**Defendant.**

**Serve Registered Agent at:**

Joy's Majestic Paradise, Inc.  
14366 SW County Road 3988  
PO Box 144  
Hume, MO 64752

Case No. \_\_\_\_\_

**CLASS ACTION PETITION FOR DAMAGES**

Plaintiffs Tiffany J. Carmichael and Michelle L. Rice, on behalf of themselves and all others similarly situated, allege and aver the following for this class action against Defendant Pinnacle Health Care System, Inc.

**INTRODUCTION AND BACKGROUND**

This action is brought by the Plaintiffs on behalf of themselves and all other similarly situated employees, contractors, and agents of Pinnacle Health Care System, Inc. ("Pinnacle") who have had funds wrongfully withheld from their paychecks by Pinnacle under the pretense that those funds were being used to pay

health insurance premiums.

1. Pinnacle Health Care System, Inc. is the owner of two health care facilities operated under the brand name “Pinnacle Regional Hospital,” with one located at 12850 Metcalf Avenue, Overland Park, Kansas 66213, and the other located at 17651 Highway B, Boonville, Missouri 65233.
2. The Boonville facility was previously known as Cooper County Memorial Hospital. Cooper County Memorial Hospital was built in 1973 after county voters approved a bond issue and the county secured matching federal funds.
3. In February 2018, due to the economic challenges facing rural hospitals in Missouri, Cooper County Memorial Hospital was sold to Kansas City-based Rural Health Group-Consolidated (“RHG”) for \$3.9 million. RHG touted its prior work with more than 800 hospitals, many in rural areas, and the Boonville hospital’s board of trustees expressed its hope that RHG’s experience in management and financial reconstruction would allow the hospital to continue serving the people of Boonville and the surrounding region.
4. In late 2018, the Boonville hospital was acquired by Pinnacle Health Systems, Inc. As stated above, Pinnacle is also the owner of a healthcare facility in Overland Park, Kansas that was previously known as Blue Valley Hospital.
5. Pinnacle told employees (and prospective employees) of the Boonville facility in late 2018 (and early 2019) that as part of their compensation package, the employees (and/or agents and contractors), their spouses, and their dependents would receive health insurance coverage with 100% of the

- premiums to be paid by Pinnacle.
6. In late 2018, Pinnacle had an “open enrollment” for its employees (and/or agents and contractors) covered by the group plan(s), their spouses, and their dependents, enrolling them in health insurance plans with Anthem Blue Cross & Blue Shield (“Anthem”).
  7. In May 2019, Pinnacle informed its employees that effective July 1, 2019, Pinnacle would no longer pay the premiums to Anthem for continued health insurance coverage of its employees, agents, and/or contractors covered under the group plan(s), their spouses, and their dependents.
  8. Another enrollment event was held shortly thereafter, with Pinnacle employees given the option to pay for their own continued coverage with Anthem via deductions from their biweekly paychecks.
  9. As explained in greater detail below, Plaintiffs Tiffany Carmichael and Michelle Rice, both of whom work as Registered Nurses within surgical services at the Boonville facility, selected Anthem plans at that time and agreed to have the premiums for those plans deducted from their paychecks beginning with the pay period of July 1, 2019.
  10. For every pay period since July 1, 2019, Plaintiffs have had funds deducted from their biweekly paychecks for “Medical Ins” – money they understood to be paid to Anthem as premiums for their continued health insurance coverage.
  11. Despite the foregoing, Plaintiffs’ claims for what they thought to be “covered services” with dates of service between July 1, 2019 and present day have

been denied by Anthem.

12. When each of the Plaintiffs separately contacted Anthem regarding the denials of benefits, they were each informed that they have not had any valid health insurance coverage with Anthem since July 1, 2019.
13. Based on the foregoing, Defendant Pinnacle has wrongfully retained funds earmarked for commercial health insurance premium payments from the paychecks of its employees in lieu of timely transmitting those funds to commercial health insurance carriers, and Plaintiffs and the putative class have suffered an appreciable pecuniary loss as a direct result.
14. Plaintiffs have raised the above-described issue directly with management and human resources at Pinnacle, but their concerns have been met with vague recognitions of a “problem with our Anthem account” and imprecise assurances that Pinnacle’s management is “working on it” with Anthem.
15. By converting and/or unjustly retaining these funds, Defendant has unlawfully violated the rights of Plaintiffs and the Class Members as described more particularly below.

#### **JURISDICTION AND VENUE**

16. Jurisdiction is proper in this county because the acts and/or omissions which are the subject of this litigation occurred in Missouri.
17. The tortious acts complained of in this Petition occurred in Cooper County, Missouri, and Plaintiffs’ damages are a direct result of Defendant Pinnacle’s transaction of business in Missouri. Defendants are therefore subject to this Court’s jurisdiction pursuant to Missouri’s long-arm statute, R.S.Mo. §

506.500.

18. Defendant Pinnacle Health System, Inc. is a Missouri corporation, and is therefore subject to the general jurisdiction of this Court.

**PARTIES**

**Plaintiffs**

19. Plaintiff Tiffany Carmichael currently resides in Boonville, Missouri. She has been employed as a registered nurse with surgical services at the Boonville facility since December 2018.

20. Plaintiff Michelle Rice currently resides in Boonville, Missouri. She has been employed as a registered nurse with surgical services at the Boonville facility since February 2019.

**Defendant**

21. Upon information and belief, Defendant Pinnacle Health Care System, Inc. is a Missouri corporation with its principal place of business at 12920 Metcalf Avenue, Suite 250, Overland Park, KS 66213. Defendant owns and operates health care facilities at 12850 Metcalf Avenue, Overland Park, Kansas 66213, and 17651 Highway B, Boonville, Missouri 65233.

22. On information and belief, Defendant Pinnacle is principally owned by Douglas Palzer of Overland Park, Kansas. Pinnacle was incorporated by Francis Palzer of Hume, Missouri.

**ALLEGATIONS COMMON TO ALL COUNTS**

23. In May 2019, Defendant Pinnacle notified its employees, agents, and/or

- contractors that were insured under the group plan(s) offered at Pinnacle that beginning on July 1, 2019, Pinnacle would no longer pay the health insurance premiums.
24. In the weeks that followed, another “open enrollment” was held at Pinnacle, during which employees, agents, and/or contractors of Pinnacle were encouraged to (re-)enroll in a plan if they wished to continue receiving health insurance coverage through their employment or association with Pinnacle.
25. During that enrollment period, Pinnacle represented to its eligible employees, agents, and/or contractors that the premiums for the commercial health insurance coverage would be deducted from their respective paychecks.
26. Pinnacle’s employees, agents, and/or contractors who were offered this coverage during the enrollment in or about June 2019 reasonably relied on Pinnacle’s representation that the premiums for the health insurance coverage would be deducted from their respective paychecks.
27. Plaintiffs and the putative class did in fact have amounts deducted from their paychecks starting with the pay period beginning on July 1, 2019 and continuing through the end of 2019.
28. However, the funds deducted from the paychecks of Plaintiffs and the putative class were not paid in a timely manner to their commercial health insurance carrier.

Plaintiff Tiffany Carmichael

29. Plaintiff Tiffany Carmichael has been employed as a registered nurse at the Boonville facility since approximately November 2018.
30. Plaintiff Carmichael was originally hired by RHG. Shortly after her hiring, Pinnacle purchased the hospital and she was informed that Pinnacle would be paying for the health insurance premiums for her, her spouse, and her dependents.
31. As outlined above, Plaintiff Carmichael was notified in May 2019 that Pinnacle would no longer pay the premiums associated with her health insurance coverage.
32. In or about June 2019, Plaintiff Carmichael selected an Anthem health insurance plan and understood based on representations from Pinnacle that the premiums for her health insurance coverage would be deducted from her paycheck.
33. As of January 2, 2020, \$916.30 had been deducted from Plaintiff Carmichael's paychecks for the pay periods beginning July 1, 2019 and ending December 15, 2019 (\$83.30 per pay period).
34. In early October 2019, Plaintiff Carmichael received medical treatment from Women's Health Associates in Columbia, Missouri.
35. Plaintiff Carmichael understood that Women's Health Associates was an "in network" provider with the Anthem plan she reasonably believed she had.
36. On or about January 4, 2020, Plaintiff Carmichael's claim for benefits was denied by Anthem. When Plaintiff Carmichael called Anthem to inquire about

the reason for the denial, she was informed that she had not had valid insurance coverage with Anthem since July 1, 2019.

37. As a result of the foregoing, Plaintiff Carmichael has incurred demonstrable monetary damages.

Plaintiff Michelle Rice

38. Plaintiff Michelle Rice has been employed as a registered nurse at the Boonville facility since approximately February 2019.

39. Upon her hiring, Plaintiff Rice was informed that Pinnacle would pay the health insurance premiums for her, her spouse, and her dependents.

40. As outlined above, Plaintiff Rice was notified in May 2019 that Pinnacle would no longer pay the premiums associated with her health insurance coverage.

41. Plaintiff Rice selected an Anthem health insurance plan during the following enrollment period in or about June 2019, and understood based on representations from Pinnacle that the premiums for her health insurance coverage would be deducted from her paycheck.

42. As of January 2, 2020, Plaintiff Rice had \$2,474.01 deducted from her paychecks for pay periods beginning July 1, 2019 and ending December 15, 2019 (\$224.91 per pay period).

43. In August 2019, Plaintiff Rice became ill and was hospitalized at Boone Hospital Center in Columbia, Missouri. She understood Boone Hospital Center to be an "in network" provider for her Anthem plan.

44. To date, the claims from Boone Hospital Center are "pending," but Plaintiff

Rice was informed by Anthem that they will ultimately be denied, as she had no active coverage during that time.

45. In December 2019, Plaintiff Rice received treatment from Women's Health Associates in Columbia, which she reasonably believed to be an "in network" provider for her Anthem plan.

46. Plaintiff Rice's claim for benefits related to the treatment provided by Women's Health Associates was denied by Anthem. When Plaintiff Rice called Anthem to inquire about the reason for the denial, she was informed that she had not had valid insurance coverage with Anthem since July 1, 2019.

47. As a result of the foregoing, Plaintiff Rice has incurred demonstrable monetary damages.

#### **CLASS ACTION ALLEGATIONS**

48. This action is brought as a Plaintiffs' class pursuant to Missouri Rule of Civil Procedure 52.08. Plaintiffs bring this action on their own behalf and all others similarly situated, as representatives of the following class:

All persons who, since July 1, 2019, had money deducted from pay checks from any entity that is owned or affiliated with Defendant Pinnacle Health Care System, Inc., purportedly for the payment of commercial health insurance premiums, and who did not have valid commercial health insurance during the corresponding period as a result of Defendant Pinnacle Health Care System, Inc.'s (or the affiliated entity's) failure to timely pay those premiums to the commercial health insurance carrier.

49. The particular members of the class are capable of being described without difficult managerial or administrative problems. The members of the class are readily identifiable from the information and records in the possession or control of the Defendant.

50. The class consists of dozens and perhaps hundreds of individual members and is, therefore, so numerous that individual joinder of all members is impractical.

51. There are questions of law and fact common to the class, which questions predominate over any questions affecting only individual members of the class and, in fact, the wrongs suffered and remedies sought by Plaintiffs and the other members of the class are premised upon an unlawful scheme perpetuated uniformly upon all the class members. The only material difference between the class members' claims is the exact monetary amount to which each member of the class is entitled. The principal common issues include, but are certainly not limited to the following:

- (a) Whether Defendant deducted funds from the paychecks of its employees, agents, and/or contractors for "Medical ins" (according to paycheck stubs) from July 1, 2019 through December 31, 2019;
- (b) Whether Defendant failed to timely pay insurance premiums for pay periods beginning on July 1, 2019 on behalf of its employees, agents, and/or contractors who were offered enrollment in group plan(s) to begin on that date;
- (c) Whether Defendant knew that its employees, agents, and/or contractors who were offered group plan(s) to begin on July 1, 2019 did not actually have valid commercial health insurance;
- (d) When Defendant knew that its employees, agents, and/or contractors who were offered group plan(s) to begin on July 1, 2019 did not

actually have valid commercial health insurance;

- (e) Whether Defendants failed to inform its employees, agents, and/or contractors who believed they had valid commercial health insurance through the group plan(s) offered at Pinnacle from July 1, 2019 that they did not in fact have valid commercial health insurance;
- (f) Whether Defendant represented to its employees, agents, and/or contractors that Defendant would timely pay the premiums for commercial health insurance via pay check deductions from July 1, 2019;
- (g) Whether Defendants' employees, agents, and/or contractors who were offered group plan(s) reasonably relied on Defendants' representation that Defendant would timely pay the premiums for commercial health insurance via pay check deductions from July 1, 2019;
- (h) Whether Defendant profited from not paying Plaintiffs' and the Class Members' commercial health insurance premiums;
- (i) Whether Defendant has been unjustly enriched at the Plaintiffs' and the Class Members' expense through the above described misconduct;
- (j) Whether Defendant is liable to Plaintiffs and the class members based on a claim on money had and received;
- (k) Whether Defendant tortiously interfered with a business relationship between Plaintiffs and their commercial health insurance carriers by

52. Plaintiff's claims are typical of those of the class and are based on the same

legal and factual theories as outlined above.

53. Plaintiffs will fairly and adequately represent and protect the interests of the members of the class. Plaintiffs have no claims antagonistic to those of the class. Plaintiffs have retained competent and experienced counsel who have prosecuted dozens of complex class actions within Missouri and across the nation. Undersigned counsel is committed to the vigorous prosecution of this action.
54. Certification of a plaintiff class is appropriate in that Plaintiffs and the class members seek monetary damages, common questions predominate over any individual questions, and a plaintiff class action is superior for the fair and efficient adjudication of this controversy. A plaintiff class action will cause an orderly and expeditious administration of the class members' claims. Economies of time, effort and expense will be fostered, and uniformity of decisions will be ensured by certification of the class. Moreover, the individual class members are unlikely to be aware of their rights and are not in a position (either through experience or financially) to commence individual litigation against Defendant and their vast resources.
55. Alternatively, certification of a plaintiff class is appropriate in that inconsistent or varying adjudications with respect to individual members of the class would establish incompatible standards of conduct for the Defendant. In addition, as a practical matter, adjudications with respect to individual members of the class would be dispositive of the interests of the

other members not parties to the adjudications, or would at the very least substantially impair or impede their ability to protect their interests.

56. The Defendant has acted or refused to act on grounds generally applicable to the class, thereby making appropriate final injunctive relief or corresponding declaratory relief with respect to the class as a whole.

## **COUNT I**

### **(Tortious Interference with Contract/Business Relationship)**

COME NOW Plaintiffs and for Count I of their Petition for Damages against the Defendant, allege and state as follows:

57. Plaintiffs incorporate all other paragraphs as though fully set forth herein.

58. Plaintiffs and the Class members enjoyed a valid business relationship with their commercial health insurance providers.

59. Defendant was informed and had actual knowledge of the above-described business relationships involving Plaintiffs, the Class Members, and their respective health insurance carriers, including but not limited to Anthem.

60. After informing Plaintiffs and the Class that it would no longer pay the health insurance premiums as described above, Defendant intentionally interfered and prevented Plaintiff and the Class from receiving the benefit of their contractual business relationships with their respective health insurance carriers by failing to timely pay the premiums on behalf of Plaintiffs and the Class.

61. Defendant did so without justification, either in a malicious attempt to procure additional monies that it was not entitled to, or with reckless

disregard for the damage and harm such action would have on Plaintiffs and the Class.

62. Defendant's actions resulted in Plaintiffs and the Class "paying" premiums via pay check deduction but receiving no commercial health insurance coverage, frustrating the benefit of their business relationship and preventing them from enjoying the same.

63. Defendant employed improper and independently wrongful means in depriving Plaintiffs and the Class of the benefit of their business relationships with health insurance carriers, as described in detail above.

64. As a result of Defendant's misconduct of intentionally interfering with Plaintiffs and the Class members' business relationships, Plaintiffs and the Class have suffered actual damages.

## **COUNT II**

### **(Unjust Enrichment)**

COME NOW Plaintiffs and for Count II of her Petition for Damages against the Defendant, alleges and states as follows:

65. Plaintiffs incorporate all other paragraphs as though fully set forth herein.

66. As alleged above, Defendant has engaged in a pattern of subverting the financial interests of Plaintiffs and the class members for its own pecuniary gain.

67. Defendant has been unjustly enriched in that it received and retained the benefits of monies to which it was not entitled to and received in violation of

Missouri law.

68. Said benefits were conferred on Defendant by Plaintiffs and the class members through their employment, and unlawfully obtained to the detriment of Plaintiffs and the class members.

69. Defendant's retention of these funds is unjust because Defendant represented that the funds were being used to pay Plaintiffs' and the Class Members commercial health insurance premiums.

70. Allowing Defendant to retain the aforementioned benefits violates fundamental principles of justice, equity, and good conscience.

### **COUNT III**

#### **(Money Had and Received)**

COME NOW Plaintiffs and for Count III of their Petition for Damages against the Defendant, alleges and states as follows:

71. Plaintiffs incorporate all other paragraphs as though fully set forth herein.

72. As alleged above, Defendant has engaged in a pattern of subverting the financial interests and contractual agreements of Plaintiff and the class members for its own pecuniary gain.

73. The Defendant received and obtained possession of the Plaintiffs' and the Class Members' money.

74. The Defendant thereby appreciated a benefit therefrom.

75. The Defendant's acceptance and retention of these funds is unjust.

76. As set forth herein, Defendant retains monies rightly belonging to Plaintiffs

and the Class Members under circumstances that in equity and good conscience call for the Defendant to pay it to Plaintiffs and the Class.

77. Defendant's retention of these funds is unjust because Defendant represented that the funds were being used to pay Plaintiffs' and the Class Members' commercial health insurance premiums.

78. Allowing Defendant to retain the aforementioned benefits violates fundamental principles of justice, equity, and good conscience.

#### **COUNT IV**

#### **(Fraudulent Misrepresentation)**

COME NOW Plaintiffs and for Count IV of their Petition for Damages against the Defendant, alleges and states as follows:

79. Plaintiffs incorporate all other paragraphs as though full set forth herein.

80. Defendant owed a duty to its employees, agents and/or contractors including Plaintiffs and the putative class to whom it offered enrollment in group plan(s) for commercial health insurance.

81. Defendant and its employees/agents made false representations of material facts to Plaintiffs and the class by representing that the amounts deducted from their paychecks for "Medical Ins" were being used to pay premiums for valid insurance coverage from Anthem.

82. Defendant and its employees/agents knew of the falsity of their statements, and/or made such statements with a degree of reckless indifference to the truth that makes it reasonable to charge Defendant with knowledge of their

falsity.

83. Defendant and its employees/agents intended that Plaintiffs would act in reliance on such statements and representations.

84. Plaintiffs and the Class Members did justifiably rely on such representations made by or on behalf of Defendant.

85. Defendant and its employees/agents knowingly and falsely represented that deductions from the paychecks of Plaintiffs and the Class were being used to procure valid commercial health insurance for Plaintiffs and the Class. Defendant knew that their claims and representations were false and misleading, and that Plaintiffs and the Class would suffer damages as a result. In doing so, Defendants showed a gross indifference, malice, and a reckless disregard towards the financial interests, health, and well-being of Plaintiffs and the Class.

86. As a direct and proximate result of these wrongful acts of Defendant, Plaintiffs and the Class have suffered actual and consequential damages.

#### **PRAYER FOR DAMAGES AND RELIEF**

WHEREFORE, Plaintiffs, on behalf of themselves and all members of the Class, respectfully pray for judgment against the Defendant as follows:

- a) For an Order certifying that this action may be maintained as a class action and appointing Plaintiffs and their counsel to represent the class;
- b) For a declaration that Defendant's actions violated Plaintiffs' and the Class Members' rights under Missouri law as pleaded in Counts I thru

IV;

- c) For all actual damages, statutory damages, penalties, and remedies available for the Defendant's violations of Plaintiffs' and the Class Members' rights under Missouri law;
- d) For a declaration that Defendant, through their actions and misconduct as alleged above, has been unjustly enriched and an order that Defendant disgorge any unlawfully gained proceeds;
- e) For pre-judgment interest as provided by law;
- f) For post-judgment interest as provided by law;
- g) For declaratory relief and a permanent injunction enjoining Defendant from engaging in the unlawful practices as detailed in the paragraphs above;
- h) For an award to Plaintiffs and the class of their reasonable attorneys' fees;
- i) For an award to Plaintiffs and the class of their costs and expenses of this action;
- j) For such other and further relief as the Court may deem just and proper under Missouri law.

**JURY TRIAL DEMAND**

PLAINTIFFS HEREBY REQUEST A JURY TRIAL IN THE ABOVE-CAPTIONED CASE.

Respectfully Submitted,

**BG Law**

/s/ Blake Green

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