

**Community Assistance Resources & Extended Servs.,  
Inc. v New York Quality Healthcare Corp.**

2025 NY Slip Op 34994(U)

December 22, 2025

Supreme Court, Kings County

Docket Number: Index No. 510840/2025

Judge: Anne J. Swern

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At an IAS Trial Term, Part 75 of the Supreme Court of the State of New York, Kings County, at the Courthouse located at 360 Adams Street, Brooklyn, New York on the     day of

P R E S E N T: HON. ANNE J. SWERN, J.S.C.

COMMUNITY ASSISTANCE RESOURCES & EXTENDED SERVICES, INC.,

*Plaintiff(s),*

*-against-*

NEW YORK QUALITY HEALTHCARE CORPORATION d/b/a FIDELIS CARE,

*Defendant(s).*

**ORDER**

Index No.: 510840/2025

Motion Seq.: 006

Return Date: 09/11/2025

*Recitation of the following papers as required by CPLR 2219(a):*

**NYSCEF  
Papers Numbered**

Order to Show Cause and Supporting Documents .....	152-158, 169-170
Affirmation in Opposition and Supporting Documents.....	170-168
Reply Affirmation and Supporting Documents .....	176-181

*Upon the foregoing papers and after oral argument, the decision and order of the Court is as follows:*

**FACTUAL HISTORY**

Plaintiff, a mental health care provider, commenced this action for an alleged breach of contract by defendant, an insurance company. The parties executed a Standard Behavioral Health Services Agreement (the “agreement”) on 12/4/2018 and 12/19/2018 for insurance reimbursement to plaintiff for services rendered to defendant’s members. The effective date of

the agreement was 4/1/2019 and it would renew each year thereafter for a period of one year.<sup>1</sup>

Defendant forwarded the fully executed agreement to plaintiff with a cover letter dated 12/12/2018. In contrast to the executed agreement, the cover letter stated the effective date was 1/19/2019.

By a letter dated 1/24/2025, defendant informed plaintiff that their agreement would not be renewed as of 4/1/2025. Defendant also forwarded letters to plaintiff's patients advising them that plaintiff was no longer an "in-network" provider. The letters further advised the patients that they were to find a new provider but that their coverage would continue for 90 days.

Plaintiff voiced their objections to the non-renewal as being late because the 12/12/2018 cover letter indicating the effective date as 1/1/2019 constituted an amendment to the agreement. Therefore, the plaintiff contended that effective date was changed from April 1 to January 1 for the life of the contract<sup>2</sup> and the non-renewal letter should have been sent no later than 60 days prior to 1/1/2025 [*i.e.*, 11/2/2024].<sup>3</sup>

### **PROCEDURAL HISTORY**

Plaintiff moved by Order to Show Cause for an Order pursuant to CPLR § 6301 seeking a preliminary injunction and directing defendant to continue to pay/reimburse plaintiff for all services provided to defendant's members during the pendency of this action. The Court granted an injunction pending a hearing of the Order to Show Cause. (MS\_001). Defendant moved for

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<sup>1</sup> § 8.1: This Agreement shall continue in effect for a period of one (1) year from the Effective Date and shall thereafter, subject to all required government approvals under the Program Contract and any other required government approvals, shall be renewed automatically for successive one (1) year periods.

<sup>2</sup> § 11.8: ...However, Plan(s) may amend this Agreement through written notification to Provider, which will be deemed to automatically amend this Agreement and take effect immediately if it is not rejected in writing by Provider within thirty days.

<sup>3</sup> § 8.2: ...This Agreement may expire upon any anniversary of the Effective Date, provided that the party desiring not to renew this Agreement provides the other party with at least sixty (60) calendar days prior written notice of its intent not to renew.

an order vacating the injunction, denying plaintiff's request for a preliminary injunction, and dismissing the complaint for failure to state a cause of action (CPLR § 3211 [a] [7]). (MS\_003).

On 5/14/2025, defendant filed a sur-reply in the form of a letter to the Court with exhibits. These papers were rejected and removed from NYSCEF. On 5/15/2025, the motions were orally argued on the record before the Court. The Court reserved a decision on the motions and continued the interim injunction pending a determination of the motions. On 5/30/2025, defendant filed a motion for an order pursuant to 22 NYCRR § 202.8-c granting leave to file a supplemental brief in opposition to plaintiff's motion for a preliminary injunction and in [further] support of defendant's motion to dismiss. (MS\_004).

On 6/27/2025, plaintiff filed an Order to Show Cause seeking an order per Judiciary Law §§ 750 and 753 holding defendant in contempt of Court for violating the interim injunction pending a determination on Motion Sequences #1 and #3. (MS\_005). On 7/3/2025, the Court heard oral argument on the record, continued the injunction and adjourned the Order to Show Cause to 8/7/2025 with defendant's motion for leave to file supplemental briefing. The Court also restored Motion Sequence #1 and #3 to the calendar for 8/7/2025 to issue one decision for all motions. The parties appeared for oral argument on the record on 8/7/2025 and the Court reserved decision.<sup>4</sup>

By an order dated 8/8/2025, the Court denied plaintiff's Order to Show Cause for a Preliminary Injunction per CPLR § 6301 and vacated the interim injunction. Additionally, the Court directed that the defendant was to continue to pay/reimburse plaintiff for services rendered to defendant's members through 9/30/2025 and that the health services agreement was

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<sup>4</sup> The Court issued two interim orders dated 5/15/2025 and 7/7/2025 extending the interim injunction pending a final determination to ensure that defendant's members received their behavioral health benefits during the pendency of protracted motion practice that ensued in this action. (NYSCEF 62 and 103).

terminated as of 10/1/2025. The Court also granted defendant's motion to dismiss this action per CPLR § 3211 [a] [7] and denied plaintiff's Order to Show Cause for contempt per Judiciary Law §§ 750 and 753. (MS 001, 003 and 005). Based on the foregoing rulings, defendant's motion to file a supplemental brief with exhibits was denied (MS 004).

Plaintiff filed a Notice of Appeal with the Appellate Division, Second Department under docket number 2025-10328 and an Order to Show Cause requesting per CPLR § 5518 for the following relief:

(1) a temporary restraining order pending a determination of the motion directing that Plaintiff-Appellane be allowed to treat each of Defendant-Respondent's members for the same number of hours per week as was previously approved by Defendant-Respondent in May 2025; and

(2) a preliminary injunction pending the resolution of this appeal, directing that until 1/1/2026, Plaintiff-Appellant shall be allowed to treat each of Defendant-Respondent's members for the same number of hours per week as previously approved by Defendant-Respondent in May 2025; and

(3) Defendant-Respondent must pay/reimburse Plaintiff-Appellant for such service hours.

The Appellate Court scheduled the Order to Show Cause for 9/5/2025 to be heard on submission and declined to grant interim relief pending a decision. (NYSCEF 181). As of the date of this decision, the Appellate Court has not rendered a decision on Plaintiff-Appellant's application.

On 8/18/2025, plaintiff filed a another Order to Show Cause seeking an order, *inter alia*, to punish defendant for contempt alleging that it was not complying with this Court's order dated 8/8/2025 by failing to continue to pay/reimburse plaintiff for the same level of services and service hours for defendant's members (MS 006). In essence, defendant did not approve the full number of continuing service hours requested by plaintiff.

In opposition, defendant argues that it fully complied with the Court's order. However, defendant exercised its contractual right to review plaintiff's service requests to determine

medical necessity before authorizing the services. It is undisputed that defendant reduced the number of service hours medically necessary for some members. Additionally, defendant also agreed to process and approve some authorization requests based on prior clinical reviews without the need for plaintiff to submit additional requests for authorization.

Defendant reviewed more than 1200 authorization requests during the contested period as follows: (1) 450 requests were denied because they were for patients who are not Fidelis members; (2) more than 200 authorization requests were approved in full (*i.e.*, all requested hours were approved); (3) more than 590 authorization requests were approved in part (*i.e.*, fewer hours than requested were approved), and (4) just over 100 authorization requests were pending because defendant requested additional documentation from plaintiff to support medical necessity.

Defendant further argued that the Court's 8/8/2025 order did not exempt plaintiff from contractual oversight and importantly, as far as patient care is concerned, there has been no interruption of medically necessary services to defendant's members.

The Order to Show Cause for contempt is denied. The plain wording of this Court's order and the underlying record do not support plaintiff's interpretation of the 8/8/2025 order (*Ruffino v Serio*, 206 AD3d 776, 777-778 [2d Dept 2022] [The imposition of punishment for criminal contempt requires a showing that the alleged contemnor violated a clear and unequivocal court mandate.]). The order did not enjoin defendant from exercising its contractual right to approve or deny requests for continued services based on medical necessity. Rather, defendant could not deny services based on the non-renewal of the contract before 9/30/2025 and was ordered to continue to honor its contractual obligation to review and approve service requests for its members through 9/30/2025.

The Court has considered the plaintiff's remaining arguments and finds same to be without merit.

Accordingly, it is hereby

ORDERED that plaintiff's Order to Show Cause is denied in its entirety.

This constitutes the decision and order of the Court.

ENTER:



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**Hon. Anne J. Swern, J.S.C.**

**Dated: 12/22/2025**