Sclafani v Manipal Educ. Ams., LLC

2026 NY Slip Op 31671(U)

April 10, 2026

Supreme Court, New York County

Docket Number: Index No. 650198/2025

Judge: Judy H. Kim

SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY

PRESENT: **HON. JUDY H. KIM** **PART** **04**

Justice

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LEONARD SCLAFANI, KAREN SCLAFANI,

Plaintiffs,

- v -

MANIPAL EDUCATION AMERICAS, LLC,

Defendant.

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INDEX NO. 650198/2025

MOTION DATE 02/28/2025

MOTION SEQ. NO. 002

DECISION + ORDER ON MOTION

The following e-filed documents, listed by NYSCEF document number (Motion 002) 10, 11, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22

were read on this motion to/for DISMISS.

Upon the foregoing documents, the motion to dismiss plaintiffs' complaint pursuant to CPLR 3211 is granted.

FACTUAL BACKGROUND

The following facts are adapted from plaintiffs' complaint and exhibits attached thereto and are not in dispute. Plaintiff Leonard Sclafani worked as an executive at defendant Manipal Education Americas, LLC ("MEA") from February 2009 through June 1, 2024 (*id.* at ¶9). In an agreement dated April 24, 2024 (the "Letter Agreement"), Sclafani and MEA agreed that Sclafani would retire on June 1, 2024, in consideration for which MEA would, among other things, "continue to provide all of the health insurance benefits that [Sclafani was] presently entitled to receive, at no cost to [him] up to and including December 31, 2024" (NYSCEF Doc No. 3, Letter Agreement). The Letter Agreement also provided that the parties would subsequently enter into an additional Separation Agreement, "which agreement shall incorporate the terms and provisions

above set forth," adding that "[i]n the event of any inconsistency between the provisions of the separation agreement and this letter, the terms set forth in this letter shall control" (*id.*).

On June 10, 2024, the parties executed a "Confidential Separation Agreement And General Release Of All Claims" (the "Separation Agreement"). The first paragraph of the Separation Agreement stated that:

> Your group health, dental and vision (UHC/Oxford) insurance benefits will terminate on June 30, 2024, however you may elect to continue your health, dental and vision coverage through Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") and New York. The company will cover the total cost of your medical, dental and vision COBRA coverage for the first 6 months you are covered under CORBA (July 1, 2024 – December 31, 2024). You may elect to continue COBRA coverage after December 2024, at your own expense. COBRA information for continuation of health, dental and vision benefits will be sent to you under separate correspondence.

(NYSCEF Doc No. 4, Separation Agreement [emphasis added]). Paragraph 3(c) of the Separation Agreement provided that MEA would "continue to provide such health (medical, dental and vision) benefits as [it] was providing for [Sclafani] through and including December 31, 2024" (*id.*).

After Sclafani's departure from MEA, he was enrolled, along with his wife, Karen, in a United Healthcare/Oxford healthcare insurance plan pursuant to the Consolidated Omnibus Reconciliation Act of 1985 (the "COBRA Plan") (NYSCEF Doc No. 2, complaint at ¶25). However, under the COBRA Plan, the Sclafanis' insurer "was not obligated to pay any costs and expenses for any healthcare services incurred by plaintiffs … that would have been paid by Medicare under a Medicare Part B plan" (*id.* at ¶¶39-40). Unaware of this, plaintiffs obtained medical and other healthcare services between June 2, 2024 and December 31, 2024 (*id.* at ¶¶28, 31). Plaintiffs were not enrolled in a Medicare Part B Plan during this time, though they were eligible to do so (*id.* at ¶36). As a result, United Healthcare "refused to pay all but a miniscule

fraction of costs and expenses incurred in this period and plaintiffs incurred over $160,000.00 in medical costs (*id.* at ¶¶41-47). Plaintiffs assert that these costs "would have been paid for … in their entirety or with only a minimum contribution by plaintiff" under Leonard Sclafani's insurance coverage as an MAE employee (*id.* at ¶¶28-33) and that these medical costs are, therefore, defendant's responsibility under the terms of the Letter Agreement and Separation Agreement. Plaintiffs commenced this action, asserting breach of contract claims (directly and as a third-party beneficiary) seeking reimbursement of the various medical costs incurred between June 1, 2024 and December 31, 2024 (*id.* at 48-89).

MEA now moves to dismiss the complaint, arguing that the Settlement Agreement only obligated MEA to enroll plaintiffs in COBRA, and that it did so. MEA also argues that Karen Sclafani's claims for breach of contract do not lie because she is not a third-party beneficiary to the Agreements and, in any event, her claims are duplicative of Leonard Sclafani's breach of contract claims. In opposition, plaintiffs take issue with MEA's interpretation of the Settlement Agreement, arguing that under item (f) of the Letter Agreement and section 3(c) of the Separation Agreement, MEA was required to ensure that they paid no more for medical treatment during the six months following Leonard Sclafani's termination than they would have had had he remained an MEA employee. Defendant argues that, reading section 3(c) in conjunction with the "End of Employment Relationship" section of the Separation Agreement, MEA's health insurance obligation were limited only to providing COBRA coverage. The Court is persuaded by defendant's interpretation.

DISCUSSION

As a threshold matter, despite being denominated a motion to dismiss pursuant to CPLR 3211(a)(7), defendant's motion to dismiss falls under CPLR 3211(a)(1). Its position that the Letter

Agreement and Settlement Agreement—attached as exhibits to plaintiffs' pleadings—rebut plaintiffs' allegation that MFA was required to go beyond enrolling plaintiffs in the COBRA Plan, amounts to an argument that documentary evidence "utterly refutes plaintiff's factual allegations and conclusively establishes a defense to the asserted claims as a matter of law" (*Amsterdam Hosp. Group, LLC v Marshall-Alan Assoc, Inc.*, 120 AD3d 431, 433 [1st Dept 2014] [internal citations and quotations omitted]).

Defendants' motion to dismiss is granted.[1] The parties' dispute is, ultimately, a question of contract interpretation. It is well-settled that a contract must "be read as a whole to ensure that undue emphasis is not placed upon particular words and phrases" and "interpreted as to give effect to its general purpose" (*Wilson v PBM, LLC*, 193 AD3d 22, 31 [2d Dept 2021] [internal citations omitted]). "[A]ll terms of a contract must be harmonized whenever reasonably possible" (*Madison Hudson Assocs. LLC v. Neumann,* 44 AD3d 473, 480 [1st Dept 2007]). These principles support defendant's interpretation of the Settlement Agreement. Specifically, section 3(c) provides that MEA shall "continue to provide such health (medical, dental and vision) benefits as [MEA] was providing … through to and including December 31, 2024" but does not specify the benefits MEA was providing to Mr. Sclafani during his employment. Reading the Separation Agreement as a whole, however, this language is readily understood as a reference to the Settlement Agreement's earlier provision that MEA would pay for "medical, dental and vision COBRA coverage" for plaintiffs for this exact period (*see Alden Glob. Value Recovery Master Fund, L.P. v KeyBank N.A.*, 159 AD3d 618, 622 [1st Dept 2018] [the word "default," as used in loan pooling and

[1] The Court declines plaintiffs' request to convert defendant's motion to one for summary judgment. Pursuant to CPLR 3211(c), the Court may convert a pre-Answer motion to dismiss into a motion for summary judgment upon adequate notice to the parties. Notice has not been given and the record indicates that the three exceptions to this requirement are inapplicable (*see Wadiak v Pond Management, LLC*, 101 AD3d 474, 475 [1st Dept 2012]).

servicing agreement synonymous with "Event of Default," defined earlier in that agreement]). Accordingly, as there is no dispute that defendant provided COBRA coverage until December 31, 2024, it honored its obligation under the Settlement Agreement and no breach of contract claim lies.

Accordingly, it is

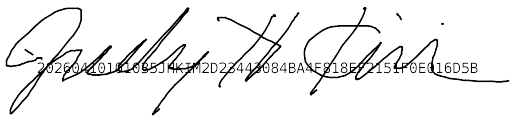
ORDERED that defendant's motion to dismiss the complaint is granted and it is hereby dismissed; and it is further

ORDERED that defendant shall, within twenty days of the date of this decision and order, serve a copy of same with notice of entry upon plaintiffs and the Clerk of the Court; and it is further

ORDERED that such service upon the Clerk shall be made in accordance with the procedures set forth in the Protocol on Courthouse and County Clerk Procedures for Electronically Filed Cases (accessible at the "E-Filing" page on the court's website); and it is further

ORDERED that the Clerk shall enter judgment accordingly.

This constitutes the decision and order of the Court.



4/10/2026
DATE

HON. JUDY H. KIM, J.S.C.

CHECK ONE:	[X]	**CASE DISPOSED**		[ ]	**NON-FINAL DISPOSITION**		
	[X]	**GRANTED**	[ ] **DENIED**	[ ]	**GRANTED IN PART**	[ ]	**OTHER**
APPLICATION:	[ ]	**SETTLE ORDER**		[ ]	**SUBMIT ORDER**		
CHECK IF APPROPRIATE:	[ ]	**INCLUDES TRANSFER/REASSIGN**		[ ]	**FIDUCIARY APPOINTMENT**	[ ]	**REFERENCE**