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11 **IN THE UNITED STATES DISTRICT COURT**
12 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

13 SHAUNETTA EDDINGS, individually
and on behalf of a class of similarly
14 situated individuals,

15 Plaintiff,

16 v.

17 HEALTH NET, INC.

18 Defendant.

Case No. _____

COMPLAINT

**COLLECTIVE AND CLASS
ACTION**

19 **COMPLAINT**

20
21 Plaintiff, Shaunetta Eddings, individually and on behalf of all others similarly
22 situated, by and through her counsel, for her Complaint against Health Net, Inc.
23 (“Health Net”) hereby states and alleges as follows:

24 1. Health Net provides health insurance coverage plans for private
25 individuals, employer groups, state and federal workers, and Medicare enrollees. The
26 plans include, among others, PPO, HMO and HSA plans.

1 **PARTIES**

2 8. Plaintiff, Shaunetta Eddings is a resident of California, and was employed
3 by Health Net as a customer service representative from approximately May 2007 to
4 March 2009. Plaintiff's Consent to Become a Party Plaintiff pursuant to 29 U.S.C.
5 § 216(b) is attached hereto as Exhibit A.

6 9. Health Net, Inc. is a Delaware corporation with its principal place of
7 business in Woodland Hills, California. Health Net does business and is engaged in
8 commerce in the State of California and nationwide.

9 **GENERAL ALLEGATIONS**

10 10. Health Net provides health insurance coverage plans for private
11 individuals, employer groups, state and federal workers, and Medicare enrollees. The
12 plans include, among others, PPO, HMO and HSA plans.

13 11. When an insured has a question or concern, including billing concern, he
14 or she is directed to a Health Net call center for assistance. Plaintiff and the class
15 handle these calls. Plaintiff and the class also handle, among other things, calls from
16 physicians seeking reimbursement for services rendered to patients covered by one of
17 Health Net's insurance plans.

18 12. When a call center worker is unable to satisfactorily resolve an inquiry, he
19 or she is often required to follow up on the call and attempt to resolve the issue at a
20 later time.

21 13. In order for call center workers to meet Health Net's production goals,
22 they are required, among other things to handle an average of 60 such calls per eight-
23 hour shift. This means that in order to progress at Health Net, class members must
24 generally limit the average call length to 8 minutes or less. If a class member can not
25 resolve a call within a short period of time, he or she is posed with the following
26 dilemma: (1) spend time assisting the client and harming the class member's average
27 call time and her success as a Health Net employee; (2) spend time assisting the client
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1 during breaks and after hours; or (3) let the client's insurance dispute fall through the
2 cracks.

3 14. Unfortunately, Health Net's production requirements for class members
4 create a difficult working environment where there simply is not enough time to
5 efficiently complete the required work.

6 15. Because of this significant call volume, Health Net requires its class
7 members to be at their work station ready to take calls at the beginning of their shifts.
8 In fact, if a class member is not ready to take calls even one minute after her scheduled
9 start time, she is subject to discipline. Plaintiff Eddings was reprimanded under this
10 exacting policy.

11 16. In order to be ready to take calls, class members must arrive at their work
12 stations, prepare their work stations, and log into their computers all before the
13 beginning of their shift.

14 17. Similarly, at the end of their shifts, class members are required to perform
15 shut down activities before they can leave, but are not paid for this time.

16 18. Class members are only paid for the time they spend on the phones, if
17 that. They are not paid for the time they spend logging in and out of their computers,
18 the time they spend with weekly install and update programs on Mondays and Fridays
19 taking up to ten minutes each, and the rest of the time they spend performing integral
20 and indispensable preliminary and postliminary work activities.

21 19. Similarly, workers are provided two paid breaks and one unpaid lunch
22 break. Class members are not fully and completely relieved from their work activities
23 during these breaks because their break time runs from the end of their last call to the
24 beginning of their next call. But in order to be ready to take a call, they are required to
25 return from their break early and prepare to take calls. A fifteen minute break,
26 therefore, is in reality only a twelve or thirteen minute break.

1 20. Health Net does not pay class members for these unpaid work activities
2 and does not generally allow class members to add to their time sheets the time they
3 spend performing duties outside of their scheduled shifts while on the phone.

4 21. Health Net could easily and accurately record the actual time class
5 members spend working including, for example, by placing a time clock at the door of
6 the call center. In fact, Health Net requires class members to swipe a security badge
7 that automatically records when they arrive at the call center, but this system is not
8 used for payroll.

9 22. While at least some employees do keep a record of their time, these
10 records do not include all time worked, but rather include only time spent on phones or
11 their scheduled shift times.

12 23. Health Net follows the same policy and practice with respect to its pay
13 policies for all class members.

14 24. All class members are trained in a detailed and extensive uniform training
15 program that lasts up to several months.

16 25. All class members are covered by the same employee manuals,
17 handbooks, and pay policies. And all class members are paid pursuant to the same
18 timekeeping systems and payroll systems.

19 26. The net effect of Health Net's policy and practice is that Health Net
20 willfully fails to pay for all time worked, including overtime, and willfully fails to keep
21 accurate time records in order to save payroll costs. Health Net enjoys ill-gained
22 profits at the expense of its hourly employees.

23 27. Health Net and all of its subsidiaries and affiliates are joint employers
24 under the meaning of the FLSA because (1) the operations of Health Net and its
25 subsidiaries are interrelated; and (2) the companies share common management,
26 including common human resources and compliance oversight.

1 COLLECTIVE AND CLASS ALLEGATIONS

2 28. Plaintiff brings Count I, the FLSA claim, as a nationwide “opt-in”
3 collective action pursuant to 29 U.S.C. § 216(b).

4 29. Plaintiff brings Counts II - VII (the unpaid straight-time wages, unpaid
5 overtime wages, meal and rest period, failure to pay compensation due and owing at
6 the time of termination, and violation of California Business and Professions Code §§
7 17200 *et seq.*), as a class action pursuant to Fed. R. Civ. P. 23, on behalf of herself and
8 as the Class Representative of the following persons:

9 all current and former customer service representatives
10 who worked in Health Net’s California call centers,
11 within the last four years.

12 30. The FLSA claim may be pursued by call center workers nationwide who
13 opt-in to this case, pursuant to 29 U.S.C. § 216(b).

14 31. The state law claims, if certified for class wide treatment, may be pursued
15 by all similarly-situated persons who do not opt-out of the class.

16 32. Plaintiff, individually and on behalf of other similarly situated employees,
17 seeks relief on a collective basis challenging, among other FLSA violations, Health
18 Net’s practice of failing to accurately record and pay for all hours worked, including
19 overtime compensation. The number and identity of other plaintiffs yet to opt-in and
20 consent to be party plaintiffs may be determined from the records of Health Net, and
21 potential class members may easily and quickly be notified of the pendency of this
22 action.

23 33. Plaintiff’s state law claims satisfy the numerosity, commonality,
24 typicality, adequacy and superiority requirements of a class action pursuant to Fed. R.
25 Civ. P. 23.

26 34. The class satisfies the numerosity standards. The class is believed to
27 number in the thousands of persons. As a result, joinder of all class members in a
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1 single action is impracticable. Class members may be informed of the pendency of
2 this class action through direct mail and/or other means of publication.

3 35. There are questions of fact and law common to the class that predominate
4 over any questions affecting only individual members. The questions of law and fact
5 common to the class arising from Health Net's actions include, without limitation, the
6 following:

- 7 (i) Whether Health Net's timekeeping and pay policies violate
8 federal and state law;
- 9 (ii) Whether preparing to take calls and other "off phone" activities
10 constitute "work" within the meaning of the FLSA;
- 11 (iii) Whether Health Net was unjustly enriched by failing to pay its
12 employees the straight-time and overtime wages due and owing
13 to them;
- 14 (ii) Whether Health Net failed to provide adequate meal and rest
15 periods;
- 16 (iii) Whether Health Net failed to pay all compensation due and
17 owing at termination of employment;
- 18 (iv) Whether Health Net's conduct constituted a violation of the
19 California Business and Professions Code §§ 17200, *et seq.*; and
- 20 (v) Whether Health Net's conduct violated the California Private
21 Attorneys General Act.

22 36. The questions set forth above predominate over any questions affecting
23 only individual persons, and a class action is superior with respect to considerations of
24 consistency, economy, efficiency, fairness, and equity to other available methods for
25 the fair and efficient adjudication of the state law claims.

26 37. Plaintiff's claims are typical of those of the class in that class members
27 have been employed in the same or similar positions as Plaintiff and were subject to
28 the same or similar unlawful practices as Plaintiff.

38. A class action is the appropriate method for the fair and efficient
adjudication of this controversy. Health Net has acted or refused to act on grounds

1 generally applicable to the class. The presentation of separate actions by individual
2 class members could create a risk of inconsistent and varying adjudications, establish
3 incompatible standards of conduct for Health Net, and/or substantially impair or
4 impede the ability of class members to protect their interests.

5 39. Plaintiff is an adequate representative of the class because she is a
6 member of the class and her interests do not conflict with the interests of the members
7 of the class she seeks to represent. The interests of the members of the class will be
8 fairly and adequately protected by Plaintiff and her undersigned counsel, who have
9 extensive experience prosecuting complex wage and hour, employment and class
10 action litigation.

11 40. Maintenance of this action as a class action is a fair and efficient method
12 for adjudication of this controversy. It would be impracticable and undesirable for
13 each member of the class who suffered harm to bring a separate action. In addition,
14 the maintenance of separate actions would place a substantial and unnecessary burden
15 on the courts and could result in inconsistent adjudications, while a single class action
16 can determine, with judicial economy, the rights of all class members.

17 **COUNT I.**
18 **Violation of the Fair Labor Standards Act of 1938**

19 **(Brought Against Health Net by Plaintiff Individually and**
20 **on Behalf of All Others Similarly Situated)**

21 41. Plaintiff reasserts and re-alleges the allegations set forth in paragraphs 1
22 through 40.

23 42. At all times material herein, Plaintiff has been entitled to the rights,
24 protections, and benefits provided under the FLSA, 29 U.S.C. §§ 201, *et seq.*

25 43. The FLSA regulates, among other things, the payment of overtime pay by
26 employers whose employees are engaged in interstate commerce, or engaged in the
27 production of goods for commerce, or employed in an enterprise engaged in commerce
28 or in the production of goods for commerce. 29 U.S.C. § 207(a)(1).

1 44. Health Net is subject to the overtime pay requirements of the FLSA
2 because it is an enterprise engaged in interstate commerce and its employees are
3 engaged in commerce.

4 45. Health Net violated the FLSA by failing to keep accurate records and
5 failing to pay for overtime.

6 46. Section 13 of the FLSA, codified at 29 U.S.C. § 213, exempts certain
7 categories of employees from overtime pay obligations. None of the FLSA
8 exemptions apply to Plaintiff or the class.

9 47. Plaintiff and all similarly situated employees are victims of a uniform and
10 facility-wide compensation policy. This uniform policy, in violation of the FLSA, has
11 been applied to all class members.

12 48. Plaintiff and all similarly situated employees are entitled to damages equal
13 to the mandated overtime premium pay within the three years preceding the filing of
14 this Complaint, plus periods of equitable tolling, because Health Net acted willfully
15 and knew, or showed reckless disregard of whether its conduct was prohibited by the
16 FLSA.

17 49. Health Net has acted neither in good faith nor with reasonable grounds to
18 believe that its actions and omissions were not a violation of the FLSA, and as a result
19 thereof, Plaintiff and other similarly situated employees are entitled to recover an
20 award of liquidated damages in an amount equal to the amount of unpaid overtime pay
21 described pursuant to Section 16(b) of the FLSA, codified at 29 U.S.C. § 216(b).
22 Alternatively, should the Court find Health Net did not act willfully in failing to pay
23 overtime pay, Plaintiff and all similarly situated employees are entitled to an award of
24 prejudgment interest at the applicable legal rate.

25 50. As a result of the aforesaid willful violations of the FLSA's overtime pay
26 provisions, overtime compensation has been unlawfully withheld by Health Net from
27 Plaintiff and all similarly situated employees. Accordingly, Health Net is liable
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1 pursuant to 29 U.S.C. § 216(b), together with an additional amount as liquidated
2 damages, pre-judgment and post-judgment interest, reasonable attorneys' fees, and
3 costs of this action.

4 **COUNT II.**

5 **Failure to Pay Straight-Time Wages in Violation of California State Law**

6 **(Brought Against Health Net by Plaintiff Individually and**
7 **on Behalf of All Others Similarly Situated)**

8 51. Plaintiff reasserts and re-alleges the allegations set forth in paragraphs 1
9 through 50.

10 52. Plaintiff alleges that Health Net maintained a practice of paying
11 employees without regard to the number of hours actually worked. Health Net's
12 practice included requiring employees to work off the clock without pay on a
13 systematic and daily basis. In doing so, Health Net inaccurately under-reported the
14 amount of time worked.

15 53. Because of Health Net's failures as alleged herein, class members did not
16 receive compensation for all hours actually worked for Health Net.

17 54. Health Net's respective failure to pay the correct amount of straight-time
18 hourly wages permits a civil suit to recover wages due to Plaintiffs under California
19 Labor Code section 218, as well as recovery of interest, reasonable attorneys' fees, and
20 costs of suit under California Code section 218.5.

21 **COUNT III.**

22 **Failure to Pay Overtime Wages in Violation of California State Law**

23 **(Brought Against Health Net by Plaintiff Individually and**
24 **on Behalf of All Others Similarly Situated)**

25 55. Plaintiff reasserts and re-alleges the allegations set forth in paragraphs 1
26 through 54.

27 56. Throughout the liability period, IWC Wage Order No. 4 (8 C.C.R. §
28 11040) and California Labor Code section 510 required the payment of overtime

1 premium(s) for hours worked in excess of eight in a given workday, forty in a given
2 workweek, or on the seventh day worked in a single workweek. This premium
3 increases to double-time for all hours worked over twelve in a single workday or eight
4 on the seventh day worked in a single workweek.

5 57. Plaintiff and the class often worked in excess of the maximum number of
6 hours allowed by law without payment of the applicable overtime premiums.

7 58. Health Net failed to pay Plaintiff and the class the overtime required by
8 California law.

9 59. Health Net's failure to pay the correct amount of overtime violates IWC
10 Wage Order No. 4 (8 C.C.R. § 11040) and California Labor Code §§ 510 and 1198.

11 60. Because Health Net failed to pay overtime as required by law, Plaintiff
12 and the class are entitled under California Labor Code §§ 218.5 and 218.6 and 1194(a)
13 to recover the unpaid overtime balance, interest thereon, reasonable attorneys' fees,
14 and costs of suit.

15 **COUNT IV.**

16 **Failure to Provide Rest and Meal Periods in Violation of California State Law**

17 **(Brought Against Health Net by Plaintiff Individually and 18 on Behalf of All Others Similarly Situated)**

19 61. Plaintiff reasserts and re-alleges the allegations set forth in paragraphs 1
20 through 60.

21 62. Plaintiff regularly worked in excess of five hours per day without being
22 afforded at least one half-hour meal period in which they were relieved of all duty, as
23 required by California Labor Code §§ 226.7 and 512, and IWC Wage Order No. 4 (8
24 C.C.R. § 11040).

25 63. For each time that a Plaintiff was not provided the required rest and/or
26 meal period, that Plaintiff is entitled to recover backpay wages in the amount of one
27 additional hour of pay at the employee's regular rate of compensation pursuant to
28 California Labor Code §§ 226.7 and IWC Wage Order No. 4 (8 C.C.R. § 11040).

1 Health Net's conduct was also unfair and deceptive, all constituting unfair business
2 practices in violation of California Business and Professions Code §§ 17200, *et seq.*

3 76. Additionally, Health Net's violation of California statutes related to the
4 payment of straight-time wages, payment of overtime wages, meal and rest periods,
5 and the payment of wages due and owing at the time of termination of employment,
6 also constitute unlawful, unfair and deceptive business practices in violation of
7 California Business and Professions Code §§ 17200, *et seq.*

8 77. Health Net continues its unlawful and unfair conduct as previously
9 described. As a result of said conduct, Health Net has unlawfully and unfairly
10 obtained monies due to Plaintiffs and are unfairly competing against law-abiding
11 companies in the marketplace.

12 78. Plaintiffs are entitled to restitution of monies due for a period of four
13 years predating the filing of this Complaint.

14 79. As a direct and proximate result of Health Net's conduct, Plaintiffs are
15 entitled to equitable relief under California Business and Professions Code § 17203,
16 including restitution as well as specific relief to enforce the penalty provisions of the
17 California Labor Code and Fair Labor Standards Act pursuant to Business and
18 Professions Code § 17202.

19 80. Plaintiffs are entitled to attorneys' fees and costs for promoting the
20 interests of the general public in causing Health Net to cease its unlawful and unfair
21 business practices, in an amount according to proof, pursuant to California Code of
22 Civil Procedure § 1021.5 and any other applicable law.

23 **PRAYER FOR RELIEF**

24 WHEREFORE, Plaintiff, on her own behalf and on behalf of all others similarly
25 situated, prays for relief as follows:

26 1. An order certifying that Count I of the action may be maintained as a
27 collective action pursuant to 29 U.S.C. § 216(b);

EXHIBIT A

CONSENT TO BECOME A PARTY PLAINTIFF

Fair Labor Standards Act of 1938, 29 U.S.C. § 216(b)

I hereby consent to be a party plaintiff to the action seeking unpaid wages against Health Net Inc.

Date:

July 21st 2009

Shaunetta Eddings

Signature

Shaunetta Eddings

Printed Name