

IN THE COURT OF COMMON PLEAS
TRUMBULL COUNTY, OHIO

WESTERN RESERVE HEALTH
EDUCATION, INC.
1350 East Market Street, 7th Floor
Warren, Ohio 44483,

Plaintiff,

v.

INSIGHT FOUNDATION OF
TRUMBULL, d/b/a INSIGHT
HOSPITAL AND MEDICAL CENTER
TRUMBULL
c/o Baseer Tajuddin
1350 East Market Street
Warren, Ohio 44483,

and

INSIGHT RESEARCH INSTITUTE
d/b/a INSIGHT HEALTH SYSTEM
FOUNDATION

Serve: Pamela Fritz
4800 South Saginaw Street
Flint, MI 48507,

and

JAWAD A. SHAH, M.D., P.C.

Serve: Ali Madha
4800 South Saginaw Street
Flint, MI 48507,

Defendants.

Case No.

Judge

Jury Demand Endorsed Hereon

COMPLAINT

Plaintiff, Western Reserve Health Education, Inc. ("WRHE" or "Plaintiff"), for its
Complaint, states as follows:

This is an action to recover damages caused by Defendants' breaches of contract and to recover under the alternative theories of quantum meruit and unjust enrichment.

THE PARTIES

1. Plaintiff, WRHE is a Delaware non-stock, non-profit corporation whose principal office is 1350 E. Market Street, 7th Floor, Warren, Ohio 44483. WRHE is a sponsoring institution operating a Graduate Medical Education ("GME") Program, partnering with various medical facilities to provide teaching as well as medical direction and oversight of practitioners during their medical residency.

2. Defendant Insight Foundation of Trumbull, d/b/a Insight Hospital and Medical Center Trumbull ("Trumbull"), is an Ohio non-profit corporation, which, until on or about November 26, 2025, operated as a healthcare provider and hospital. Trumbull suspended its operations on November 26, 2025, after the Ohio Department of Health proposed revoking Trumbull's state licensure. Prior to that, Trumbull had suspended operations of its emergency department in March of 2025. Trumbull's agent for service of process is Baseer Tajuddin, 1350 East Market Street, Warren, Ohio 44483.

3. Defendant Insight Research Institute, d/b/a Insight Health System Foundation ("Insight"), is a Michigan non-profit corporation that owns and operates healthcare facilities and hospitals throughout Michigan, Illinois, and Ohio. Insight's agent for service of process is Pamela Fritz, 4800 S. Saginaw Street, Flint, Michigan 48507.

4. Defendant Jawad A. Shah, M.D., P.C. ("Shah"), is a Michigan professional corporation that serves in an operational capacity over Insight and Trumbull. At all times relevant to this litigation, Trumbull and Insight operated as either agents or alter-egos of

Shah. Shah's agent for service of process is Ali Madha, 4800 S. Saginaw Street, Flint, Michigan 48507.

5. Until its operations stopped in November of 2025, Trumbull was wholly owned and operated by Insight.

6. Upon WRHE's information and belief, at all times pertinent to this litigation, Insight, Trumbull, and Shah shared substantially identical management, business purposes, operations, supervision, and ownership, such that they were alter-egos of one another.

7. Hereinafter, Insight, Shah, and Trumbull are collectively referred to as "the Defendants."

JURISDICTION AND VENUE

8. The court has jurisdiction over this matter under ORC §2305.01, and venue is proper pursuant to the Ohio Rules of Civil Procedure.

BACKGROUND AND FACTS

A. Background of Graduate Medical Education Payment System.

9. In 1985, Congress passed the Consolidated Omnibus Reconciliation Act ("COBRA"), which, through §9202 of COBRA, amended §1886(h) of the Social Security Act to allow for the establishment of a methodology that determines payments to hospitals for the costs of approved GME programs. As amended, §1886(h)(2) of the Social Security Act, along with the implementations set forth in 42 CFR §§413.75 through 413.83, created a payment methodology for the determination of a hospital-specific direct GME payment to cover the costs of the hospital's residency program.

10. Under this methodology, a per resident amount is established by dividing a hospital's allowable costs for GME by number of residents used during that base period, which is typically the hospital's cost reporting period. This per resident amount is then multiplied by the weighted number of full-time equivalent residents working in all areas of the hospital and the hospital's Medicare share of total inpatient days. The result of this calculation is the hospital's direct GME payment. These GME payments help to offset the costs of employing and training residents. This payment presumes the relevant hospital has incurred the costs associated with the employment and training of residents and the incurring of those costs is a condition of payment.

B. WRHE's implicit contract with Defendants.

11. WRHE was formed to sponsor and operate medical residency programs and to perform various medical education activities. WRHE has been recognized and accredited as a sponsor of GME by various accrediting bodies, including the Accreditation Council for Graduate Medical Education ("ACGME"), the body primarily responsible for accrediting all graduate medical training programs.

12. WRHE enrolls residents in GME programs, incurring costs for the education and training of such residents.

13. As part of its residency program, WRHE partners and affiliates with various hospitals (including those owned by Insight) at which WRHE's residents are placed to receive both inpatient and outpatient training experience.

14. Ensuring provision of inpatient and outpatient training is a condition of WRHE's accreditation with ACGME.

15. Specifically, ACGME's Common Residency Program Requirements mandate that when operating a residency program, sponsoring institutions such as WRHE "must designate an effective program structure that is configured to provide residents with educational experience opportunities" and they "must designate a primary clinical site" for such opportunities. In order to effectuate this, the residency program must enter into a letter of agreement with a participating site to "govern the relationship between the program and the participating site" such that the program's residents are given the opportunity to "care for patients in an environment that maximizes communication and promotes safe, interprofessional, team-based care in the specialty and larger health system."

16. WRHE relied upon its agreement with Defendants to provide a sufficient clinical site for WRHE's residency program, as required for its ACGME accreditation.

17. Between November 1, 2024 and June 30, 2025, WRHE maintained a close affiliation with Trumbull, staffing Trumbull with residents. Part of the relationship between WRHE and Defendants was that WRHE's residents who were enrolled in its GME program were to receive certain clinical experience at Trumbull. Defendants agreed to provide residency clinics for WRHE's residents and provide evaluations for WRHE's residents to assist with their education and instruction.

18. During that time that WRHE was supplying Trumbull with residents, Trumbull employed virtually no hospitalists or nocturnists, instead relying upon WRHE's residents to perform the majority of these physician services. Because the residents required certain levels of supervision, and because Trumbull lacked physician coverage to supply such supervision, WRHE's faculty had to supervise its residents and provide clinical

direction and support. This caused WRHE to incur costs and expenses that it would have avoided if Defendants had appropriate coverage at Trumbull.

19. WRHE and the Defendants agreed to meet each calendar year to calculate and agree upon the estimated expenses for the residency program each upcoming academic year. This budget of estimated expenses (“Budgeted Expenses”) would thereafter serve as the baseline for monthly payment from Defendants to WRHE. Specifically, Defendants agreed to submit monthly payments to WRHE in support of the residency program in an amount equal to one-twelfth (1/12) of the annual amount of Budgeted Expenses. Under this payment plan, Defendants would bear full financial responsibility for the expenses associated with the residency program.

20. Under this agreement, WRHE was responsible for payment of its residents’ salaries and benefits, as well as the costs of education for the residents, including costs of books, simulation labs, personalized Board review and training, and examinations to prepare the residents for future Board certifications. The entirety of WRHE’s income is derived from relationships with healthcare providers such as the Defendants, who utilize WRHE’s residents as part of its medical staff, and who are able to submit bills for reimbursement through direct and indirect GME payments, as well as other reimbursement through CMS and Medicaid as a result of the incurred costs associated with hosting the residents.

21. In fact, throughout this time, the Defendants received payments for their expenses through direct GME payments as set forth in section 1886(h)(2) of the Social Security Act, and 42 CFR §§ 413.75 through 413.83.

22. This agreement between WRHE and Insight was reduced to writing in the form of a Master Funding and Services Agreement that described the obligations for both WRHE and Insight, as well as the methodology for the calculation of monthly payment that Insight would owe WRHE for the use of WRHE's residents.

23. Insight accepted the terms of the contractual offer when it allowed WRHE's residents access to Trumbull and utilized WRHE's residents in filling out Trumbull's otherwise non-existent hospitalist and nocturnist physician rosters. In turn, WRHE engaged in specific performance of the terms of the contract by staffing Trumbull with its residents. This specific performance, and the Defendants' allowance of the Trumbull hospital as a site at which the residents were able to gain clinical experience, constituted mutual consideration of the parties to the agreement.

C. The Defendants breached their agreement with WRHE.

24. From November 1, 2024 to June 30, 2025, WRHE provided residents who delivered services to patients at Defendants' hospital under the agreed-upon terms. During that time-period, WRHE incurred costs of the residency program, including but not limited to, payment of the residents' salaries and benefits, as well as the costs of providing the residents with education and training. Throughout this time, and as a direct result of WRHE's provision of residents, Defendants amassed considerable payments in the form of direct and indirect GME payments, as well as payments through increased cost reporting, resulting in higher payments for inpatient hospital admissions.

25. Further, during this time-period, Trumbull operated with extremely limited medical staff. In fact, during this time WRHE's residents made up most, if not all, of

Defendants' hospitalist and nocturnist staff providing nearly all of the hospitalist and nocturnist services given to Trumbull's patients.

26. Physicians who are in their residency are required by law to have supervision. Because Trumbull's medical staff was virtually non-existent during this time period, WRHE's faculty had to supervise its residents when they delivered services at Trumbull.

27. Despite enjoying the financial and service provision benefits associated with hosting WRHE's residents, Defendants failed to render any of the agreed-upon monthly payments to WRHE during this time-period. Instead, Defendants retained the direct and indirect GME payments without making any payments to WRHE.

D. Defendants' improper retention of GME payments.

28. Between November 1, 2024 and June 30, 2025, Defendants received service coverage by WRHE's residents. At the same time, Defendants submitted claims to the Federal government for direct and indirect GME payments, implicitly certifying that Defendants had incurred expenses as a result of employing residents in the Trumbull medical staff.

29. Defendants utilized WRHE's residents to staff their medical staff with full knowledge that they were required to pay WRHE on an agreed-upon expense-based methodology.

30. WRHE relied upon Defendants' representation that it would render payment for the use of WRHE's residents and allowed Defendants to utilize WRHE's residents to serve as Trumbull's medical staff. WRHE's reliance was reasonable, given the fact that Defendants assured WRHE that payment would be rendered at an agreed-upon

rate and it is most certainly reasonable that WRHE expect that Defendants not utilize WRHE's residents for free.

31. Between November 1, 2024 and June 30, 2025, Defendants utilized WRHE's residents to provide services at Trumbull. During the same period, Defendants received direct and indirect GME payments associated with the residency program. Although WRHE performed its obligations and incurred the expenses associated with employing, educating, and supervising its residents, Defendants failed to make the agreed-upon payments to WRHE and retained the benefits associated with WRHE's performance. Throughout the time-period at issue, however, Defendants knowingly refused to render any payments to WRHE for the use of its residents.

32. As a result of Defendants' representations and improper retention of GME payments that were made from the Government for the purpose of compensating Defendants for resident program-related expenses that they had not incurred, WRHE incurred significant damages.

E. Quantum Meruit and Unjust Enrichment.

33. As noted above, WRHE and the Defendants had an agreement whereby WRHE would supply Defendants with residents to work at Trumbull and Defendants would provide payment to WRHE for the use of such residents.

34. However, Defendants never made any payments to WRHE for the use of their residents as members of their medical staff and instead withheld all of the reimbursement that Defendants received from various government and private sources in the form of direct and indirect GME payments, as well as reimbursement through enhanced cost reporting.

35. In doing so, Defendants unjustly enriched themselves at WRHE's expense. WRHE paid for all of its residents' salaries and expenses related to their medical education. Defendants benefitted from the use of WRHE's residents as their medical staff and then benefitted from payments for employing the residents, but withheld all of these benefits and did not make any of the payments to WRHE for the use of the residents.

36. Defendants are liable to WRHE for the reasonable value of services rendered by WRHE's residents on the basis of quantum meruit. *Baer v. Woodruff*, 676 N.E.2d 1195 (10th Dist. 1996).

37. It is well-settled that quantum meruit is "a doctrine derived from the natural law of equity, the basic concept of which is that no one should be unjustly enriched who benefits from the services of another. In order to prevent such unjust enrichment, the law implies a promise to pay a reasonable amount for the services rendered." *Sonkin & Melena Co., L.P.A. v. Zaransky*, 614 N.E.2d 807 (8th Dist. 1992).

38. Both quantum meruit and unjust enrichment claims share the same elements, and these elements are met inasmuch as (1) WRHE conferred a benefit upon the Defendants by allowing WRHE's residents to act as Defendants' medical staff, and Defendants received additional benefit by being able to receive payment from various sources for the use of WRHE's residents; (2) Defendants were aware that they were receiving these benefits; and (3) Defendants retained these benefits under circumstances where it is unjust to do so without payment.

39. Under quantum meruit, Defendants are liable for the reasonable value of the services and payments they received as a result of WRHE allowing its residents to act as Defendants' medical staff.

40. Under unjust enrichment, Defendants are liable to WRHE for the amount that Defendants benefitted from their unjust refusal to render payment to WRHE and retention of benefits from WRHE's residents, as well as retention of direct and indirect GME payments and reimbursement associated with Defendants' inflated cost reports.

F. Breach due to Trumbull closure.

41. As noted, above, from November 1, 2024 to June 30, 2025, WRHE provided residents who delivered services to patients at Defendants' hospital. During this time, Defendants failed to render any payments to WRHE for the use of its residents as part of Defendants' medical staff.

42. In March of 2025, Defendants abruptly ceased operations at and closed Trumbull's emergency department without any notice or warning to WRHE. WRHE therefore was not afforded an opportunity to find an alternative hospital at which WRHE's residents could receive the required inpatient and outpatient clinical experience for emergent care. As a result, ACGME withdrew its accreditation of WRHE's residency programs effective June 30, 2025.

43. The loss of ACGME accreditation for WRHE's residency program resulted in a significant loss of WRHE's faculty and staff. WRHE incurred significant expenses, including but not limited to, expenses related to recruitment to replenish faculty and staff.

44. Further, Defendants represented to WRHE that they would provide a situs for WRHE's residents to receive ongoing clinical training and experience, as required by ACGME for WRHE's accreditation.

45. WRHE relied upon these assurances and representations from Defendants when they provided Defendants with residents to service Trumbull. WRHE also relied

upon the assurance that Defendants would provide Trumbull as the situs for clinical training and experiential opportunities for WRHE's residents, as required by WRHE's credentialing through ACGME when WRHE chose Trumbull as a site for clinical training for its residents.

46. Despite WRHE's reliance on Trumbull as a site for clinical training and education, Defendants abruptly and without warning ceased operations at and closed Trumbull's emergency department in March 2025. Defendants did so after several months of amassing direct and indirect GME payments for themselves, without remitting any payment to WRHE for the use of its residents.

47. The abrupt and unwarned closure of Trumbull's emergency department left WRHE without an alternate site for clinical training and education for its residents, causing WRHE to eventually lose its credentialing by ACGME. As a result of Defendants' failure to continue providing the agreed-upon site for resident clinical training and education, WRHE incurred damages, including damages associated with the loss of its accreditation.

COUNT I
(Contract)

48. Plaintiff realleges and incorporates by reference each of the foregoing allegations as if fully set forth herein.

49. The Defendants entered a contract implied in law or fact when they utilized WRHE's residents as members of their medical staff and received payments, including but not limited to, direct and indirect GME payments for the residents who were performing services at their hospital.

50. The Defendants breached this implied contract when they failed to make any of the agreed-upon monthly payments to WRHE, or to make any payments at all to WRHE for the use of its residents.

51. The Defendants further breached the implied contract when they abruptly ceased operation of Trumbull, leaving WRHE without a situs at which WRHE's residents could receive the inpatient and outpatient training required under WRHE's ACGME accreditation.

52. As a direct and proximate result of these breaches, WRHE sustained damages in an amount to be determined at trial.

COUNT II
(Quantum Meruit)

53. Plaintiff realleges and incorporates by reference each of the foregoing allegations as if fully set forth herein.

54. Defendants owe WRHE on an implied contract/quantum meruit basis for the services at issue.

55. WRHE provided a direct benefit to Defendants by providing Defendants with residents to staff Defendants' Trumbull hospital. WRHE further provided a benefit to Defendants in the form of the ability to not only use the residents as their staff, but also to have the ability to bill for and receive various payments associated with the use of the residents, including but not limited to, direct and indirect GME payments. Defendants were obligated to pay WRHE for the use of the residents.

56. The ability to utilize WRHE's residents as part of Defendants' staff unquestionably had value. Defendants knew that the residents are salaried and that WRHE was paying for its residents' salaries and other expenses. Defendants further knew that the

direct and indirect GME payments as well as other associated payments such as cost report-based reimbursement that reflected the costs of the residents' employ had value. Yet Defendants knowingly accepted and used WRHE's residents to staff their hospital and accepted direct and indirect GME payments for the use of the residents while withholding payment to WRHE.

57. Under prevailing law, Defendants are liable to WRHE for the reasonable payment for the use of its residents, under the theory of quantum meruit. *Baer v. Woodruff*, 676 N.E.2d 1195 (10th Dist. 1996).

COUNT III
(Unjust Enrichment)

58. Plaintiff realleges and incorporates by reference each of the foregoing allegations as if fully set forth herein.

59. WRHE provided a direct benefit to Defendants by providing Defendants with residents to staff Defendants' Trumbull hospital.

60. Defendants billed for and received various payments associated with the use of the residents, including but not limited to, direct and indirect GME payments. Upon information and belief, as a direct result of its use of WRHE's residents in its medical staff, Defendants also gained additional monetary payments through other reimbursement-related means, including but not limited to, inflated cost reporting as well as receipt of enhancements to Defendants' Diagnostic-Related Group ("DRG") rates that it received from various payors.

61. Defendants have unjustly enriched themselves by withholding payment that they are obligated to render to WRHE for the use of its residents.

62. As a result, WRHE has suffered substantial damages in an amount to be proven at trial.

WHEREFORE, Plaintiff, WRHE, prays for the following relief:

A. That the Court award WRHE such damages, in an amount in excess of \$25,000.00 as may be established at trial for the agreed-upon rates of payment that were owed to WRHE for the use of its residents by Defendants in accordance with the Agreement discussed amongst the Parties prior to provision of the residents;

B. That the Court award WRHE such damages, in an amount in excess of \$25,000.00 as may be established at trial for the commercially reasonable value of the services rendered by WRHE for the use of its residents by Defendants in accordance with the theory of quantum meruit;

C. That the Court award WRHE such damages, in an amount in excess of \$25,000.00 as may be established at trial for the amount that Defendants were unjustly enriched through the use of WRHE's residents, for which Defendants failed to render any payment;

D. That the Court enter a judgment awarding WRHE its reasonable attorneys' fees, costs and expenses incurred herein; and

E. That the Court enter judgment awarding WRHE all further legal, equitable and other relief to which it may appear to be entitled.

Respectfully submitted,

s/ Matthew D. Gurbach

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Counsel for Plaintiff

JURY DEMAND

Pursuant to Rule 38 of the Ohio Rules of Civil Procedure, Plaintiff hereby demands
a jury trial on all issues so triable.

/s/ Matthew D. Gurbach

Matthew D. Gurbach