

# Court Allows Key Claims to Proceed in Ghost Network Case Against Carelon Behavioral Health

**NEW YORK, April 1, 2026** – In an important “ghost network” case, a United States District Court has allowed the core claims against Carelon Behavioral Health to proceed. Judge Edgardo Ramos of the Southern District of New York denied Carelon’s motion to dismiss the plaintiff’s case alleging deceptive business practices, deceptive advertising, violations of New York Insurance Law § 4226, claims for fraudulent and negligent misrepresentation, and unjust enrichment claims.

Although the court dismissed plaintiff’s breach of contract and breach of the covenant of good faith and fair dealing claims – because Carelon’s contract was with New York State and not with the individual members – Judge Ramos allowed the alternative argument that Carelon profited unjustly to proceed. The decision leaves intact all the core allegations and positions the case to advance on substantive grounds.

“We are thrilled with the Court’s ruling,” said Steve Cohen of Pollock Cohen LLP, one of the attorneys representing the plaintiffs. “This is an important victory for consumers.”

“Carelon’s victims are a major step closer to getting the justice they deserve,” said co-counsel Jacob Gardener, a partner at Walden Macht Haran & Williams LLP.

The [lawsuit](#), filed by Pollock Cohen LLP and Walden Macht Haran & Williams on behalf of more than 1 million patients, was brought against Carelon Behavioral Health in April 2025. Carelon provides the mental health benefits to state and municipal employees who choose the Empire Plan under the New York State Health Insurance Program (NYSHIP). The lawsuit alleged the health insurance company perpetrated fraud by publishing an inaccurate directory of doctors who supposedly accepted the Empire Plan insurance but, in fact, did not.

The case is 25-cv-03489 (ER).

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