

Bond Case Briefs

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Nazari v. State

Supreme Court of Texas - June 22, 2018 - S.W.3d - 2018 WL 3077659

State brought action against dental services providers alleging fraud in violation of the Texas Medicaid Fraud Prevention Act, and providers counterclaimed for conspiracy, breach of contract, and conversion and brought third-party claims against state contractor administering the program for common-law fraud, breach of contract, promissory estoppel, negligent hiring, negligent supervision, negligence, and gross negligence.

The District Court granted State's plea to the jurisdiction on the counterclaims and granted State's motion to dismiss third-party claims. Providers filed interlocutory appeal. The Austin Court of Appeals affirmed the dismissal of the counterclaims and dismissed the appeal regarding the third-party claims. Providers' petition for review was granted.

The Supreme Court of Texas held that:

- As a matter of first impression, State seeking a transfer of funds is insufficient to preclude protections of sovereign immunity;
- As a matter of first impression, sovereign immunity barred dental service providers from asserting counterclaims;
- As a matter of first impression, sovereign immunity protects State from counterclaims that seek to offset a penalty; and
- The appellate courts lacked interlocutory jurisdiction to address dismissal of third-party claims.