



AMA/Stewart v. Cigna (D. Conn.)

Topics Covered: Managed Care, Patient Rights

Issue

The issue in this case is whether Cigna has violated state and federal law by 1) making misrepresentations to its insureds and to physicians about the money the patients owe their physicians for the services rendered; and 2) failing to reimburse physicians at the rates provided in the physicians' contracts with a third party, MultiPlan.

AMA Interest

The AMA has several policies implicated by this lawsuit, specifically that the AMA will undertake a formal, legal review of ongoing grievous behaviors of the health insurance industry, including a search for potential litigation partners across the medical federation; and communicate with AMA members outcomes in litigating egregious behaviors of the health insurance industry.

Case Summary

MultiPlan, an intermediary between physicians and health insurance plans, offers network enrollment contracts to physicians at a specified percentage of billed charges (sometimes as high as 90%), payable by the insurance company – here, Cigna. Cigna “rents” the network that MultiPlan creates with the enrolled physicians and markets this network to its insureds by, among other things, placing the MultiPlan logo on its insurance cards.

When Cigna pays the bills for physicians covered under the MultiPlan contracts, Cigna will allegedly pay far below the rates agreed to in those contracts. Cigna then sends the patients Explanations of Benefits (EOBs), which state that the patients do not owe any additional money. At times, Cigna will also allegedly tell the patients that the physicians have agreed to the steep discounts.

Plaintiffs are a proposed class of Cigna insureds, who sued Cigna for underpayment of promised health care benefits. The medical associations joined the suit as additional plaintiffs, seeking a declaratory judgment that Cigna's conduct is illegal and an injunction to prohibit Cigna from representing to patients that physicians who sign MultiPlan contracts have agreed to reduce their rates, unless Cigna has signed agreements from the physicians accepting such reductions. The medical societies also seek a court order to require Cigna to pay physicians at the MultiPlan contract rates, going forward.

Litigation Center Involvement

The Litigation Center, along with the Washington State Medical Society and Medical Society of New Jersey, are plaintiffs in the lawsuit.

First Amended Complaint