



American Medical Association v. Connecticut General Life Insurance, 647 Fed.Appx. 76 (3rd Cir. 2016), 477 Fed.Appx. 543 (11th Cir. 2010)

Topics Covered: Managed Care Payments, Payment Issues (for Physicians) and Usual, Customary, and Reasonable Payments

Outcome: Unfavorable

Issue

The issue in this class action lawsuit was whether CIGNA systematically understated its calculation of “usual, customary and reasonable” (UCR) payments for out-of-network medical services.

AMA Interest

The AMA supports fair policies and practices regarding payment for physician services.

Case Summary

The American Medical Association, several state medical societies, and two individual physicians sued CIGNA and its various subsidiaries. The case was consolidated with a parallel class action brought by patients. The consolidated complaint alleged that CIGNA systematically miscalculated the "usual, customary and reasonable" (UCR) amounts paid to out-of-network physicians or received by patients. The miscalculations arose out of CIGNA's use of two databases maintained by Ingenix, a subsidiary of United HealthCare. The complaint asserted violations of ERISA, RICO, and the Sherman Antitrust Act.

After the suit was filed, CIGNA obtained an order from the United States District Court for the Southern District of Florida requiring the AMA and the various state medical societies to show cause why they should not be held in contempt for proceeding with the New Jersey litigation. CIGNA argued that the New Jersey claims were released pursuant to a settlement agreement entered into in 2003 as part of In re Managed Care Litigation; MDL No. 1334, which was litigated in the Southern District of Florida. This was notwithstanding that the claims asserted in the New Jersey litigation arose subsequent to the signing of the earlier settlement agreement, the AMA was not a party to the settlement with CIGNA, and the AMA was not even a party in the In re Managed Care Litigation. The enjoined parties appealed this order to the United States Court of Appeals for the Eleventh Circuit, but the Eleventh Circuit denied the appeal, holding that the proper way to challenge the injunction was through an appeal of an order of contempt.

The New Jersey court dismissed, without prejudice, all claims that the Florida court had ordered dismissed. Also, on September 23, 2011, the New Jersey court found that the plaintiff physicians and medical societies had failed to allege a proper cause of action, and it dismissed their claims. The court held that the physicians had failed to allege an assignment of all benefits under their patients' insurance policies with CIGNA, rather than merely an assignment of CIGNA's payments.

On January 12, 2012, the physician plaintiffs and the medical societies sued CIGNA in the United States District Court for the Northern District of Georgia. The complaint asserted many of the claims that were dismissed by the New Jersey judge.

On January 10, 2013, the Florida court ordered the medical societies to dismiss the majority of their outstanding claims, and on February 4, 2013 the case was dismissed. On February 20, 2014 the Eleventh Circuit affirmed that dismissal.

On June 24, 2014, the New Jersey court dismissed the subscriber claims, which were all the remaining claims in this lawsuit. Another appeal was taken to the Third Circuit.

On May 2, 2016, the Third Circuit reversed the dismissal of the claims of the individual physicians, but it affirmed the dismissal of the medical society claims. Notwithstanding the medical societies had sought only declaratory and injunctive relief, it found that those claims would require individualized proof from medical society members, thereby precluding associational standing.

AMA Involvement

The AMA was a named plaintiff in the case.