

Patients' Lawsuit Against Cigna Proceeds, but AMA and Physician Groups are Dismissed

Healthcare Law Update

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On May 8, 2024, the U.S. District Court for the District of Connecticut ruled that the American Medical Association (AMA) and other physician organizations lack standing to sue Cigna for alleged underpayment of medical claims, but that the patients' claims may proceed.

In 2022, the AMA, state medical societies, including the Medical Society of New Jersey, and patients filed a [class-action lawsuit](#) against Cigna accusing the insurer of using lower-payment methods for non-participating physicians, leading to balance billing for patients and interfering with the patient-physician relationship. The Plaintiffs argued that Cigna's actions were rife with conflicts of interest and manipulations, leading to routine underpayments to physicians. The Plaintiff's further claimed that, while Cigna sometimes applies the contracted rates when processing claims, it does not always do so, and that this inconsistency breached fiduciary duties and violated the Employee Retirement Income Security Act of 1974, as well as state laws. The Court dismissed the AMA and the state medical societies because they did not demonstrate a "concrete and particularized injury traceable to" Cigna's conduct.

The Court found that the allegations did not show that the medical associations' physician members had suffered or would suffer a direct injury, nor that Cigna could be held liable for such an injury. The Court also dismissed the claims that physician members were harmed by the uncertainty they face when treating patients. The Court noted that this uncertainty is no greater than what is typically encountered in the modern healthcare system, where both providers and patients often remain unclear about the out-of-pocket costs for procedures until after claims are submitted, which insurers may deny for various reasons.

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