

Health Law & Business News

Cigna, United Underpaid Out-of-Network Claims, Lawsuit Alleges

By Lydia Wheeler

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- Treatment covered mental health, substance use disorder
 - Both accused of conspiring with third-party to underpay claims
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United Behavioral Health and Cigna Behavioral Health face potential class actions on allegations that they conspired with a third-party vendor to underpay and devalue claims of out-of-network mental health and substance use disorder treatment.

Four lawsuits were filed in the U.S. District Court for the Northern District of California late Thursday on behalf of patients and out-of-network behavioral health providers. United and Cigna were each named in two lawsuits alongside Viant Inc., described in the complaints as a “third party repricer.”

The patients’ lawsuits primarily allege the health insurance companies breached their fiduciary duties to ensure out-of-network claims were properly priced and paid, a violation of the Employee Retirement Income Security Act. The health providers’ lawsuits, meanwhile, allege the insurers breached their contract, engaged in a price-fixing conspiracy with Viant—violation of the Sherman Antitrust Act—and violated California’s Unfair Business Practice statute.

“Cigna and United’s use of Viant to systematically underpay treatment costs for addicts and the mentally ill is, sadly, just today’s example of insurers placing profits before behavioral health patients,” Matt Lavin, a partner at Napoli Shkolnik PLLC in Washington, D.C., and the lead attorney on the case, said in a statement.

The patients’ proposed class actions against United and Cigna include health plan members employed by some of the most respected technology companies in the world, including Apple Inc., Tesla Inc., and Inuit, Napoli Shkolnik noted in a press release.

Representatives from the insurers were not contacted because the complaints were obtained very late on Thursday.

The cases are: Pac. Recovery Solutions v. United Behavioral Health, No. 3:20-cv-02249, N.D. Calif., filed 4/2/2020; Pac. Recovery Solutions v. Cigna Behavioral Health Inc., No. 3:20-cv-02251, N.D. Calif., filed 4/2/2020; LD v. United Behavioral Health, No. 5:20-cv-02254, N.D. Calif., filed 4/2/2020; and RJ v. Cigna Behavioral Health Inc., No. 5:20-cv-02255, N.D. Calif., filed 4/2/2020.

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