

UnitedHealthcare and Cigna Face Lawsuits Over Alleged Automated Claims Denials

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UnitedHealthcare and Cigna are facing lawsuits from members and/or their families alleging the organizations use automated data tools to wrongfully deny members' medical claims. The allegations come around insurers' use of algorithms and artificial intelligence when processing claims or prior authorization requests.

Cigna is facing lawsuits from members and a shareholder following a ProPublica report that alleges the company uses an algorithm to deny large batches of members' claims without any individual review, thus, denying them coverage for particular services.

In March, ProPublica reported that Cigna may be violating state laws by allowing its medical directors to deny large batches of claims without reviewing individual members' files using an automated claims review process called PxDx. The report said Cigna physicians denied more than 300,000 claims over two months in 2022 through the system, which equated to 1.2 seconds of review per claim on average.

In California, two Cigna members filed a class-action complaint against the insurer in July over the alleged issues. Many states, including California, require physicians to review patient files and coverage policies before denying claims for medical reasons. The July complaint claims Cigna bypassed those steps using the PxDx tool.

Cigna has said the *ProPublica* report is "riddled with factual errors and gross mischaracterizations." The company said its claims review process follows industry standards, including processes that have been used by CMS. It also noted that the technology behind PxDx is more than a decade old and does not involve algorithms, artificial intelligence, or machine learning.

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In Minnesota, a lawsuit was filed against UnitedHealthcare on Nov. 14 in a federal court by the families of two deceased Medicare Advantage members. The families allege their relatives were wrongfully denied coverage of medically necessary post-acute care by UnitedHealthcare through the use of an AI-powered algorithm called nH Predict. The algorithm was created by naviHealth, a care management company acquired by Optum in 2020.

The lawsuit alleges the algorithm predicts how long a patient will need to remain in skilled nursing care and overrides physicians' determinations for the patient. The plaintiffs claim UnitedHealthcare set a goal to keep skilled nursing facility stay lengths for MA members within 1% of nH Predict's estimations. Employees who deviate from the algorithm's estimates are "disciplined and terminated, regardless of whether a patient requires more care," the lawsuit alleges. When decisions made by the algorithm are appealed, they are allegedly overturned 90% of the time.

At the federal level, lawmakers asked CMS in November to increase its oversight of artificial intelligence and algorithms used in Medicare Advantage prior authorization decisions. In their letter, lawmakers pointed to advocacy group reports that indicate use of AI in Medicare Advantage prior authorization decisions is resulting in care denials that are more restrictive than traditional Medicare. They asked CMS to require MA plans to report prior authorization data, including reasons for denials; compare guidance generated by AI tools to actual Medicare Advantage coverage decisions; and assess if AI-powered algorithms used in prior authorization are self-correcting.

References: CBS News, Modern Healthcare, Bloomberg Law News