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Health Insurance Giant Sued Over Reimbursements for ‘Telehealth’ Services

UnitedHealthcare (UHC) has been sued for allegedly underpaying claims for covered telehealth services during the COVID-19 pandemic when demand for such services had surged. In doing so, the plaintiff alleges, UHC unreasonably interpreted the written terms of the plaintiff’s health plan, violated ERISA, and breached the fiduciary duties of care, prudence, and loyalty it owed to the plaintiff when carrying out its responsibilities for administering the plaintiff’s health plan.

Plaintiff was a participant in her employer’s ERISA-governed fully-insured group health plan. The health plan provided coverage for telehealth services, including telehealth services received from out-of-network providers. The written terms of the health plan stated that it would pay benefits for out-of-network telehealth services equal to 110% of the amount that Medicare would pay.

The participant regularly received mental health treatment from her out-of-network psychotherapist. Prior to March 2020, these therapy sessions were provided in the psychotherapist's office, and UHC appropriately paid benefits under the health plan. After the COVID-19 pandemic led to widespread business closures in March 2020, however, the psychotherapist began providing the same therapy sessions to the participant via telehealth.

In April 2021, Medicare increased the amounts it pays for most telehealth services, including the participant's telehealth psychotherapy appointments. Even so, UHC allegedly ignored this rate increase and continued to calculate and pay benefits for telehealth services from out-of-network providers using the old Medicare rates. As a result, UHC allegedly underpaid the benefits due to the participant under her health plan, leaving her responsible for paying her psychotherapist the difference out of her own pocket.

Following two unsuccessful appeals to the health plan, the participant commenced this action, arguing that UHC unreasonably interpreted the written terms of the health plan, and violated its obligations under ERISA to administer the plan according to its written terms. In addition, as an ERISA fiduciary, UHC had a duty of loyalty to plan participants and beneficiaries which required it to act "solely in the interests of participants and beneficiaries" of the plans it administers, and for the "exclusive purpose" of providing benefits to participants and beneficiaries. UHC, the participant argues, also owed plan participants and beneficiaries specific duties of care, which required UHC to act with reasonable "care, skill, prudence, and diligence," and in accordance with the terms of the health plan.

Finally, the participant argues, UHC benefited directly from the reduced benefit payments that resulted from its policy of allegedly ignoring the Medicare telehealth rate increase. As the underwriter of fully-insured group health plans, UHC is responsible for paying benefits under those plans from its own assets. As a result, every dollar that UHC pays in benefits cuts directly against its bottom line – while every dollar UHC avoids paying in benefits enhances its bottom line.

Full text of complaint in C.P. v. UnitedHealthcare Insurance Company, 3:22-cv-00850 (D. Conn. July 7, 2022)

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