

Fifth Circuit Reverses High-Dollar Damages Award to Out-of-Network Surgery Center

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In *Connecticut General Life Insurance Company v. Humble Surgical Hospital, L.L.C.*, the U.S. Court of Appeals for the Fifth Circuit, whose jurisdiction includes Texas, reversed a district court's award to Humble Surgical Hospital, LLC, an out-of-network medical provider (**Humble**), of (i) over \$11 million based on underpaid medical benefit claims administered by Cigna under ERISA-governed group health plans and private insurance policies, and (ii) over \$2 million in penalties based on Cigna's failure to comply with ERISA's plan documentation disclosure requirements. (See our [prior newsletter article](#) regarding the district court's decision in this case, including a discussion of background facts.) The Fifth Circuit found that the district court failed to apply ERISA's required "abuse of discretion" analysis to Cigna's decisions regarding benefit claims for Humble's services, which decisions were based on exclusionary language in the plan documents and insurance policies. The Fifth Circuit stated that other courts had upheld Cigna's interpretation of the exclusionary language and found there was substantial evidence supporting Cigna's interpretations. With respect to the reversal of the ERISA disclosure penalties, the Fifth Circuit ruled that these penalties were only applicable to a named plan administrator, which Cigna was not, and specifically rejected the "de facto" plan administrator theory applied by the district court. The Fifth Circuit remanded the case to the district court for further proceedings. *Conn. Gen. Life Ins. Co. v. Humble Surgical Hosp., L.L.C.*, No. 16-20398 (5th Cir. Dec. 19, 2017).