



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

CHARLES R. BLACKBURN,

Plaintiff,

v.

THE CIGNA GROUP,

Defendant

C.A. No. 2023-

**VERIFIED COMPLAINT PURSUANT TO SECTION 220 OF THE
DELAWARE GENERAL CORPORATION LAW**

Plaintiff Charles R. Blackburn (“Plaintiff”), by and through his undersigned attorneys, pleads, upon knowledge as to himself and upon information and belief as to all other matters, as and for his Verified Complaint for inspection of books and records pursuant to 8 Del. C. § 220 against defendant The Cigna Group (“Cigna” or the “Company”) as follows:

I. NATURE OF ACTION

1. This is an action under Section 220 of the General Corporation Law of the State of Delaware (“Section 220”) to compel Cigna to provide to Plaintiff certain books and records.

2. On or around June 27, 2023, Plaintiff, a stockholder of Cigna, through his counsel, served a written, verified demand (the “Demand”) upon Cigna’s Board

at Cigna's principal place of business. A copy of the Demand is attached hereto as Exhibit A.

3. Plaintiff's Demand asserted his statutory right, pursuant to Section 220, to inspect and make copies of certain books and records. Plaintiff seeks access to Cigna's books and records to (i) investigate possible mismanagement and/or breaches of fiduciary duty and other wrongdoing by the directors and officers of Cigna in connection with certain matters; (ii) obtain information to determine whether or not Cigna's directors (collectively, the "Board") are independent and disinterested, and whether they have acted in good faith; and (iii) if appropriate, initiate and prosecute litigation on behalf of Cigna and its stockholders against officers, directors, and/or affiliates of Cigna.

4. Plaintiff's Demand requested that Cigna accept its terms and make arrangements for inspection pursuant to Section 220. Cigna has failed to comply with its Section 220 obligations.

II. PARTIES

5. Plaintiff Charles R. Blackburn currently owns 200 shares of Cigna common stock and has continuously owned Cigna stock since October 2021.

6. Defendant Cigna is a Delaware corporation with its principal executive offices located at 900 Cottage Grove Road, Bloomfield, Connecticut 06002. Its

common stock trades on the New York Stock Exchange (“NYSE”) under the symbol “CI.”

III. FACTUAL ALLEGATIONS

A. Cigna Allegedly Uses An Automatic System To Deny Claims

7. Cigna is a global health company with two growth platforms: (i) Evernorth Health Services (“Evernorth”), which is a pharmacy, care, and benefits solution; and (ii) Cigna Healthcare (“Healthcare”), which is a health benefits provider that purportedly delivers affordable and coordinated healthcare to employers and individuals. In fiscal 2022, Evernorth generated \$140.3 billion in adjusted revenue and Healthcare generated \$45.0 billion in adjusted revenue.

8. On March 25, 2023, *ProPublica* published an article entitled “How Cigna Saves Millions by Having Its Doctors Reject Claims Without Reading Them.”¹ Based on a review of internal documents and interviews with former Cigna doctors and executives, the article stated that Cigna’s review system automatically rejects claims in bulk without doctor review of patient files by deeming certain tests and procedures as “not medically necessary.” Specifically, “[a] Cigna algorithm flags mismatches between diagnoses and what the company considers acceptable

¹ <https://www.propublica.org/article/cigna-pdx-medical-health-insurance-rejection-claims>

tests and procedures for those ailments,” and “[d]enials were then sent to medical doctors, who would reject these claims with no review of the patient file.”

9. The Company’s automatic system allegedly enabled a single doctor to deny thousands of claims per month with a click of a button. The *ProPublica* article stated that in the course of two months, “Cigna doctors denied over 300,000 requests for payments using this method, spending an average of 1.2 seconds on each case,” citing a review of internal documents.

10. The *ProPublica* article posited that Cigna found this method cheaper because it “knows that many patients will pay such bills rather than deal with the hassle of appealing a rejection.” In fact, “[i]n one corporate document, Cigna estimated that only 5% of people would appeal a denial resulting from a [so-called] PXDX review.”

11. There are clear regulatory implications from this practice. As *ProPublica* noted, such a system of “rubber-stamping” computer software “without any additional review” may not comply with state insurance regulations.

B. Cigna Faces Regulatory Scrutiny

12. Indeed, following the publication of the article, on May 16, 2023, the U.S. House of Representatives Committee on Energy and Commerce “requested documents and information related to Cigna’s procedure-to-diagnosis (PXDX) review process.” The Committee highlighted “Why It Matters: 80 percent of

Medicare Advantage coverage denials were overturned, suggesting that Cigna’s PXDX review process is leading to patients paying out-of-pocket for medical care that should be covered under their insurance policy contract.”² The Committee requested, among other things, policies and procedures related to PXDX review, all PXDX review diagnoses lists used to determine whether a test or procedure is medically necessary, and all business impact presentations or memoranda regarding PXDX review.

13. On May 16, 2023, *ProPublica* published a followup article, reporting that “state insurance commissioners contacted in recent weeks criticized Cigna, with several saying they wanted to more closely examine the company’s use of algorithms to deny claims.” For example, insurance commissioner for Washington stated that he and other state regulators were reviewing their records for customer complaints that seem to describe an auto-denial process. Regulators in California and Delaware, as well as the U.S. Department of Labor were scrutinizing Cigna’s practices.

IV. PLAINTIFF’S DEMAND

14. On or around June 27, 2023, Plaintiff through counsel served upon Cigna at its principal place of business a written demand under oath in which

² <https://energycommerce.house.gov/posts/e-and-c-republicans-press-cigna-for-clarification-after-investigative-report-accuses-insurance-company-of-denying-claims-without-reading-them>

Plaintiff demanded to inspect and make copies of certain books and records of Cigna.
See Exhibit A.

15. Plaintiff complied with the provisions of Section 220 relating to the form and manner of making his Demand to inspect and make copies of the books and records of Cigna.

16. Plaintiff provided documentary evidence of ownership in the form of a brokerage statement demonstrating that Plaintiff is a holder of 200 shares of Cigna stock.

17. Plaintiff's demand was for the purpose of "(a) mismanagement and/or breaches of fiduciary duty and other wrongdoing by the directors and officers of Cigna in connection with the matters discussed below; and (b) whether the Board could respond in an independent and disinterested manner to a pre-suit demand or, if not, whether such a demand would be futile and commencement of a derivative action on behalf of the Company is warranted."

18. Consistent with Section 220, the Demand sought production of minutes and materials reviewed, considered, or produced by the Board during which any of the following topics were raised:

a. The policies and procedures related to PXDX review, including but not limited to the diagnoses lists used to determine whether a test or procedure is medically necessary;

b. Any report from an advisor concerning the legality or financial impact of PXDX review; and

c. Internal controls and procedures regarding the approval of claims within the Cigna Healthcare segment.

19. More than five days have passed since the Demand was served, and Cigna has not replied.

V. THE DEMAND IS PROPER

20. The Demand sets forth proper requests for inspection of the Company's books and records. The requests specified in the Demand seek documents directly relating to Plaintiff's proper purposes set forth in the Demand, including investigating potential fiduciary breach issues by some or all members of the Board. As noted above, there is reason to believe that the Company's use of automated systems to deny insurance claims will result in regulatory action and has already caused reputational harm.

21. The information sought in the Demand is necessary and essential to Plaintiff's purposes since it directly concerns his investment in the Company, and is necessary to help Plaintiff determine whether the current Board members are properly discharging their fiduciary responsibilities to Cigna's stockholders such as himself.

22. Plaintiff made the Demand in good faith and with a proper purpose. Plaintiff also described with reasonable particularity its proper purpose and the books and records that he desires to inspect.

23. Moreover, the books and records that Plaintiff seeks to inspect are directly connected with Plaintiff's proper purpose. By satisfying the aforementioned criteria, Plaintiff fulfilled Section 220's requirements to inspect and copy the books and records of the Company, which is Plaintiff's right as a stockholder of Cigna.

24. Cigna's rejection of the Demand, therefore, violates Plaintiff's rights pursuant to Section 220 to inspect and make copies and extracts of the books and records of the Company.

25. By reason of the foregoing, pursuant to Section 220, Plaintiff requests that Cigna be compelled to permit inspection of all books and records identified in his Demand.

COUNT I
(Inspection of Books and Records Under 8 *Del. C.* § 220)

26. Plaintiff repeats and realleges the foregoing allegations if fully set forth herein.

27. The Demand complied with the requirements of Section 220 with respect to the form and manner of making a demand for the examination of books and records of Cigna.

28. Plaintiff's purposes for requesting access to the books and records of Cigna are proper and reasonably related to Plaintiff's interest as a stockholder of Cigna.

29. The books and records requested in the Demand are necessary and essential to fulfill Plaintiff's proper purposes.

30. Plaintiff is therefore entitled to receive copies and/or inspect the books and records described in the Demand.

31. Cigna has failed to provide Plaintiff with any of the books and records requested in the Demand in violation of Section 220.

32. Plaintiff has no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that the Court enter an Order:

A. Compelling Cigna to permit Plaintiff, his attorneys and/or agents to inspect and make copies and extracts of the books and records of Cigna identified in the Demand;

B. Requiring Cigna to pay Plaintiff's costs and expenses, including reasonable attorneys' fees, incurred in the prosecution of this action; and

C. Granting such other and further relief as the Court deems just and proper.

COOCH AND TAYLOR, P.A.

/s/ Blake A. Bennett

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Delaware Counsel for Plaintiff

DATED: September 12, 2023